

A RESEARCH PAPER FROM FINEXTRA IN ASSOCIATION WITH FISERV

SEPTEMBER 2019

**fiserv.**

# PAYMENTS TRANSFORMATION: BUILDING A VISION WHICH IS INSTANT, SEAMLESS AND SECURE

**Finextra**

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# 01

## FOREWORD



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FISERV

2019 marks the 5th edition of the annual Fiserv and Finextra global payments survey. Since the 1st edition in 2015 the change, and the increasing pace and scale of change has been the consistent characteristic of the payments landscape, whether at a central infrastructure level or that of individual providers, all driven by rapidly changing customer expectations.

In our daily interactions with financial institutions, of all sizes, around the world, the requirement to move money instantly, seamlessly and securely is now clearly understood. However, our ability, as a payments industry, to deliver on that expectation is still very much ‘work in progress.’ Increasing the speed of money movement for our clients is a marathon and not a sprint and will take some years for the commercial, competitive and technological opportunities, and challenges to be comprehensively addressed. As always in payments, the significant infrastructure changes tend to take longer than initially envisaged, but then happen at a scale and pace that was unforeseen.

Our conversations with clients in the payments industry over the last 12 months have highlighted some new challenges. Visa Direct and Mastercard Send, while both have been available for some years, are now starting to generate more interest in the global payments market. Both players have been exploring how to leverage their existing in-house infrastructures and corporate relationships. MasterCard’s acquisition of Vocalink and, most recently, part of the Nordic payments provider, NETS is a significant move into the account-to-account based payments market. Visa, in the meantime, acquired Earthport, enabling individuals, businesses, and governments to use Visa to send and receive money through bank accounts.

Any review of the significant payments landscape changes over the last 12 months would be incomplete without mentioning two other significant developments.

Firstly, the announcement of Facebook's Project Libra. A blockchain-based global payment network with a new digital currency designed to enable all users of its social media platforms, including those without bank accounts, to send and receive money globally, at a low cost. Industry observers have been quick to point out that such a project cannot sidestep existing regulatory requirements, and it is these requirements that add cost and time to transactions. Libra will have to navigate the same corridors as the 'traditional' financial institutions when it comes to regulation and compliance but given the resources available to Facebook and the scale of the opportunity available to them, it would be foolish to bet against them making a significant impact on the payments market.

A second significant development in the last 12 months has been the large-scale fintech mergers. The tie-up of Fiserv and First Data and FIS and Worldpay has been seen as the coming together of large-scale card and merchant acquiring businesses with the largest providers of bank-based payment solutions. A future in which the bank-based and card-based payment rails start to merge is coming increasingly into focus. We will be continuing to monitor the scale and speed of this development over the coming years.

As ever, the questions included in this years' survey reflect the interests of our clients and prospects. They are keen to understand, amongst their industry colleagues, the relative importance, and progress, in particular areas of the payments business. This year we found a strong alignment of views across most of the topics put forward. The findings highlight again the extent to which the payments landscape remains dynamic and will continue to do so for the foreseeable future. The significant developments in the last 12 months highlighted here, combined with the ongoing, immediate requirements of dealing with real-time, ISO 20022, Instant and SWIFT gpi, and the challenge of addressing the ever-mounting level of customer expectations mean that change will only increase in speed and scale.

I hope that you find the results of the survey helpful and if you want to maximize your chances of successfully navigating the changing competitive, commercial, and technical payments environment then please come and talk to us.



## 02

# STRATEGIC DEVELOPMENTS OVER THE NEXT THREE YEARS

As in previous years, the survey was undertaken online during the summer of 2019, garnering responses from senior executives at banks and financial institutions globally.

Mastercard Send and Visa Direct represent the entrance of these two established global payment network players into the real-time personal payments market. They enable financial institutions, businesses and fintechs to send funds on their customer's behalf to other cards and bank accounts, disrupting banks' existing business. Similarly, agile and smart new fintech market entrants are also expected to pose a disruptive threat to banks.

Perhaps not unexpectedly, the great majority of responders (89%) believe that the monetising of information about payments provides banks with a valuable new income stream. However, this is an area not short of challenges for banks.

For example, banks need to work out both how to make all the data they hold (on multiple systems and in multiple formats) accessible and then decide which of it is commercially valuable, and which not - the key thing is to identify and extract 'actionable data'. Secondly, in retail divisions, the way banks use the data they hold on their personal customers is becoming a minefield for them due to new regulations around consumer protection, GDPR, etc. This may well mean that the corporate market will offer banks the easiest route to market in seeking to generate income from information, particularly in the development of new cash and liquidity management products.

Request to Pay (R2P) is a new instrument providing an additional payments product, more aligned to current customer behaviour giving control of payments timing. R2P is now live in the US, planned for implementation in the UK at the end of 2019 and under discussion in the EU. Fifty-seven per cent of responders believe that new propositions based on the R2P capability will reduce current volumes of bill payments and direct debits.



CHART 1A & B

OVER THE NEXT THREE YEARS, TO WHAT EXTENT DOES MY BANK AGREE WITH THE FOLLOWING:

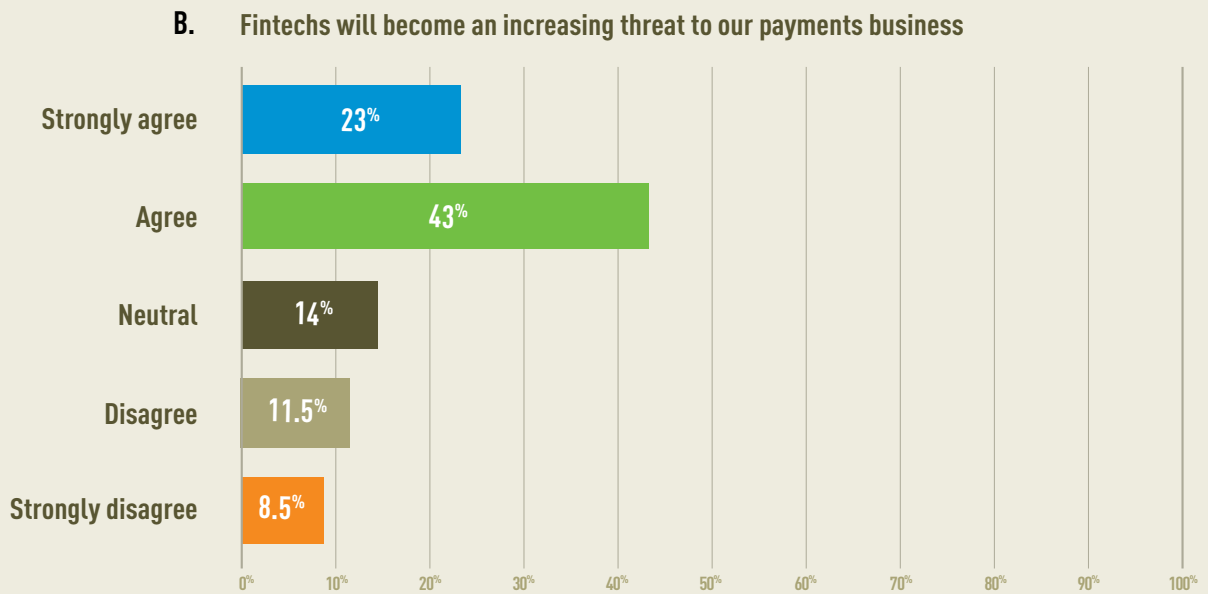
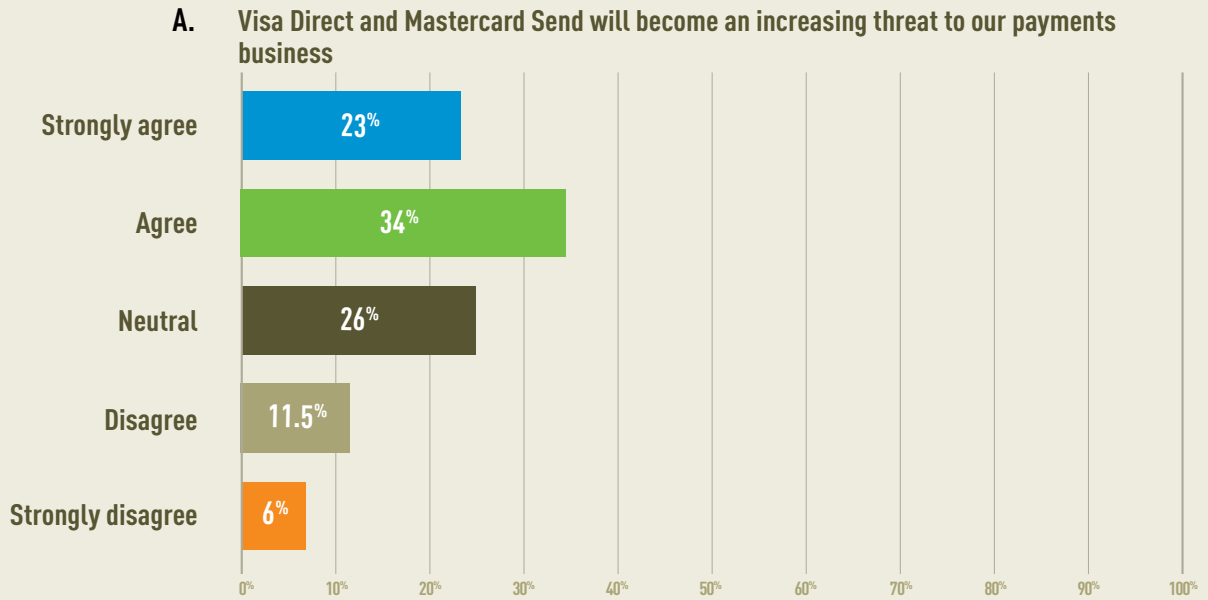
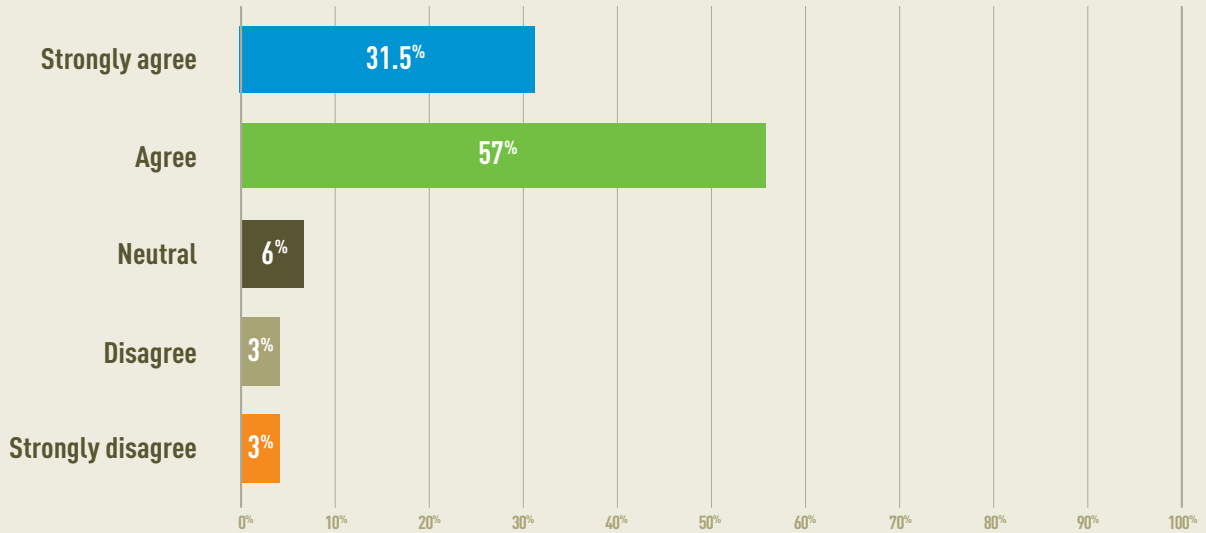


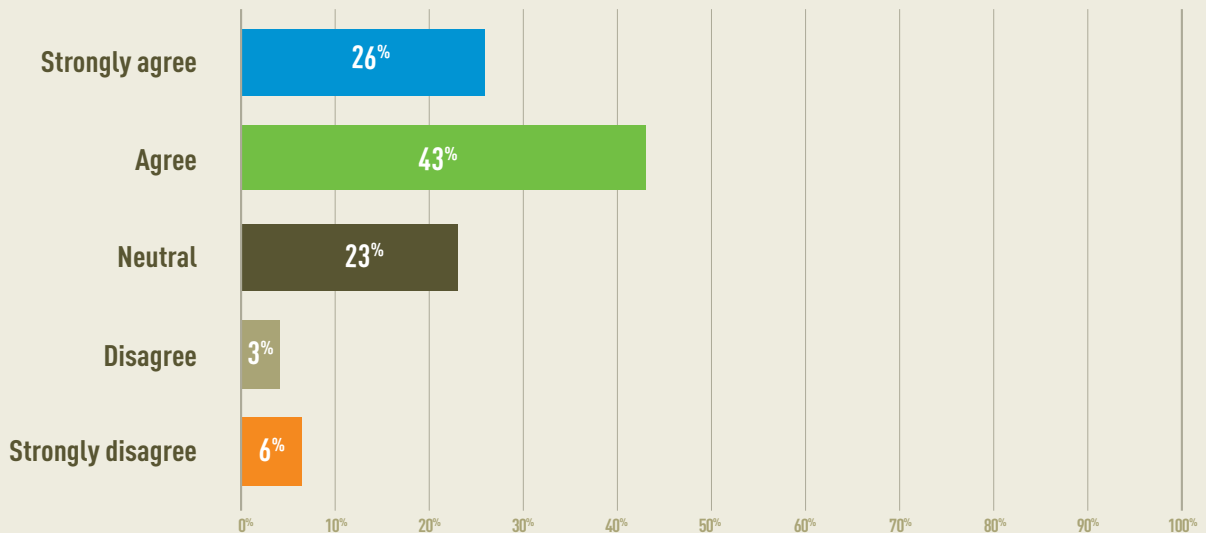
CHART 1C & D

OVER THE NEXT THREE YEARS, TO WHAT EXTENT DOES MY BANK AGREE WITH THE FOLLOWING:

C. Monetising 'information' about the payment will become a revenue stream



D. New capabilities such as Request to Pay will significantly reduce the volume of bill payments / direct debits



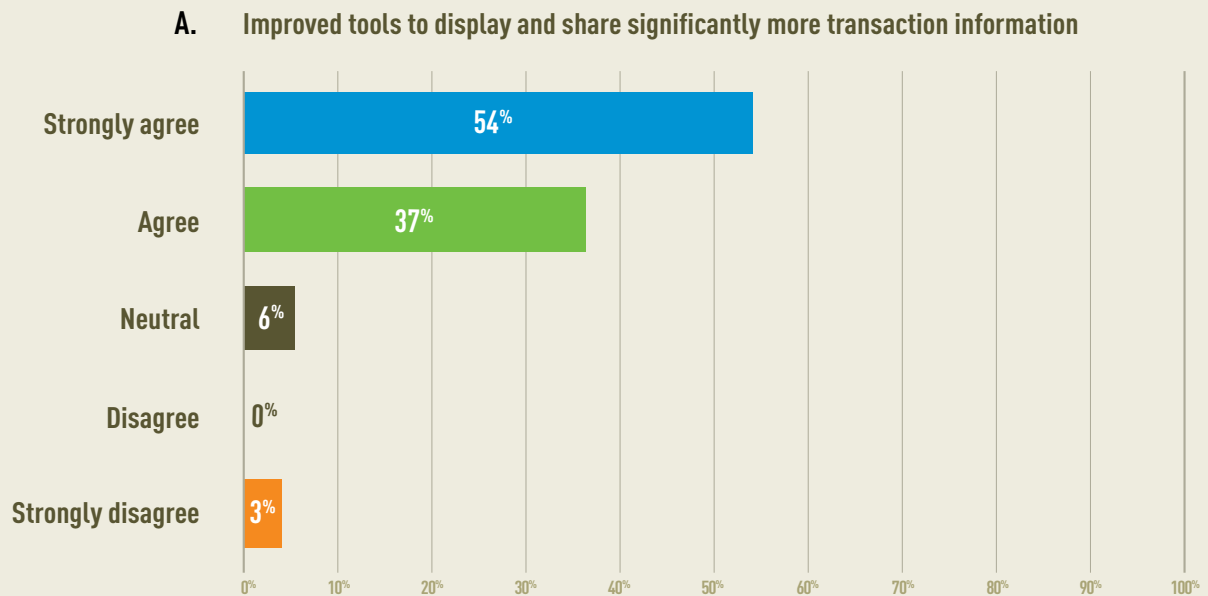
# 03

## KEY COMPETITIVE NEEDS OVER THE NEXT THREE YEARS

Over the last 12 months, a number of items have been identified as being important to banks' competitive positioning in the near future.

CHART 2A

### WITHIN THE NEXT THREE YEARS WHAT DOES MY BANK NEED TO OFFER TO BE COMPETITIVE?



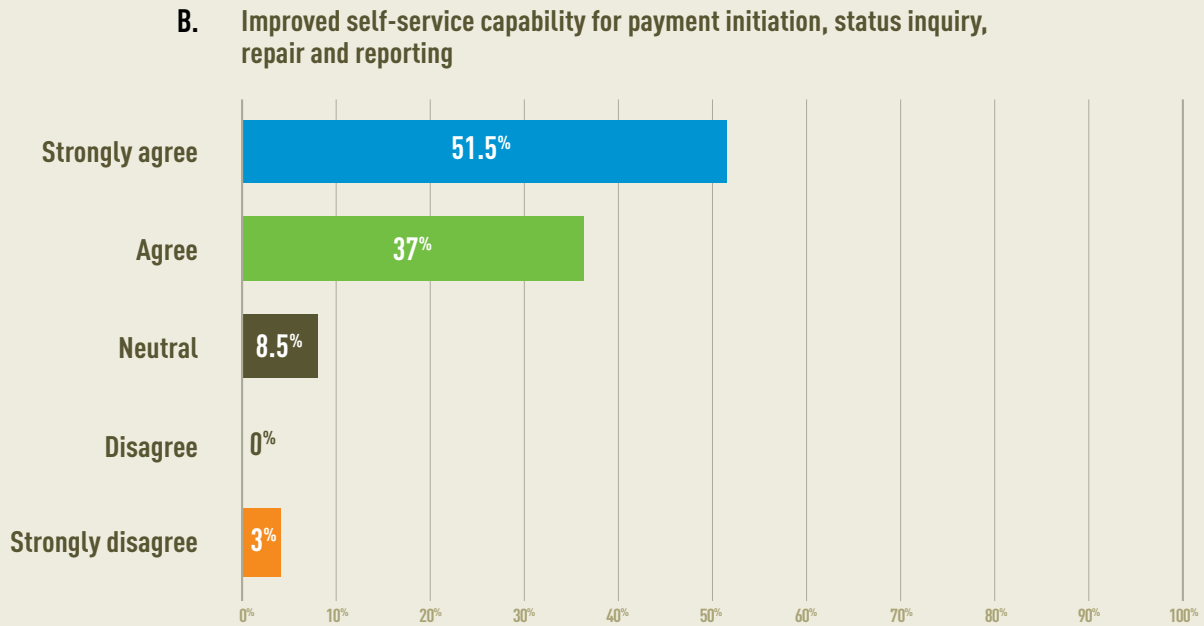
Strong acknowledgement all round (91%), with hardly any dissent, that banks need to improve the tools and means by which they present and share enriched transaction information. Notwithstanding the challenge banking organisations have identifying, extracting and aggregating meaningful data, the question remains how best to deliver on these data in a distinctive and competitive manner to their customers.





CHART 2B

## WITHIN THE NEXT THREE YEARS WHAT DOES MY BANK NEED TO OFFER TO BE COMPETITIVE?



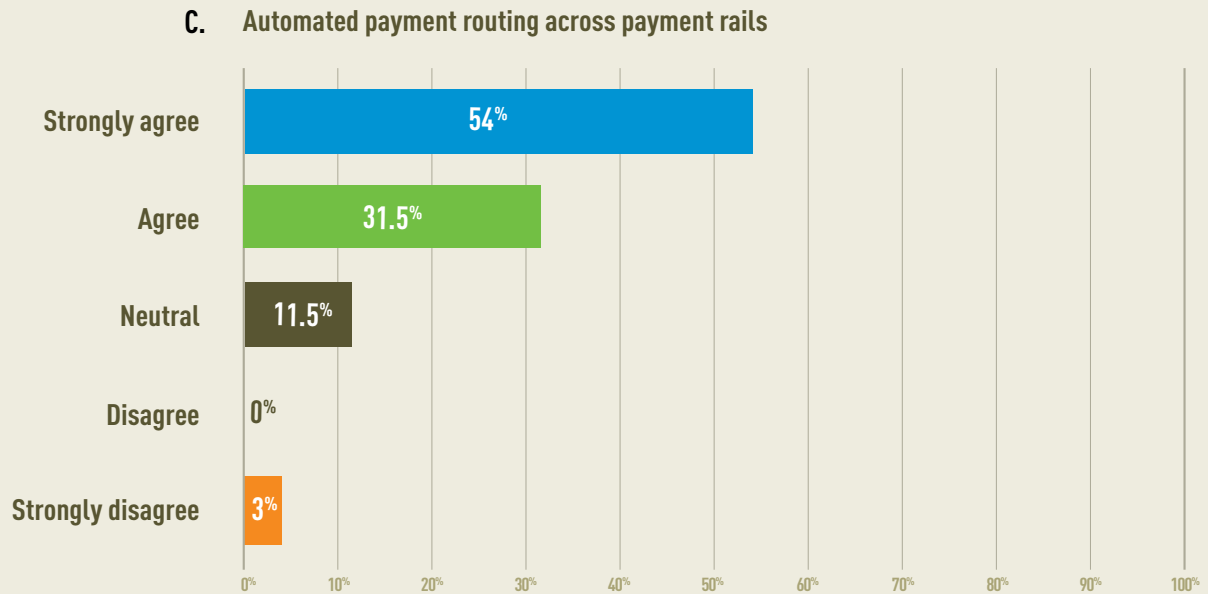
Initiatives such as ISO 20022 support the sharing of data, as do the market drivers of PSD2 and open banking. Leveraging the vast volumes to gain a competitive advantage is the way forward.

The proliferation of mobile devices and digital technology has changed the way business is done. The result is considerable pressure to reduce consumer pricing, cut operating costs and realise the mutual benefits (to banks and businesses) of digital self-service.

There is a need to reduce the current high and often frustrating level of friction in the current ways in which a range of enquires and requests are handled between the two parties. This is represented by the 88% of respondents acknowledging that self-service is the way forward.



**WITHIN THE NEXT THREE YEARS WHAT DOES MY BANK NEED TO OFFER TO BE COMPETITIVE?**



Over the next three years the automated or intelligent routing of payment transactions is the favoured route for 86% of respondents. The selection of the most effective, automated, means of payment transfer is an expected service and, therefore, no longer product driven.

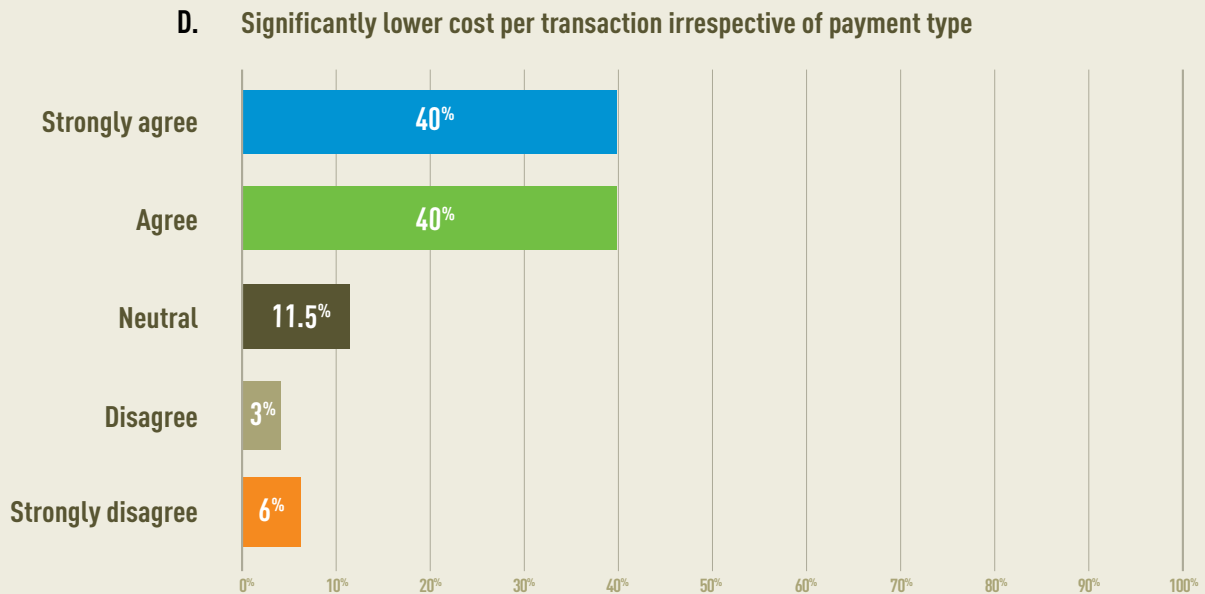
Bulks of global payments to multiple beneficiaries should not be dependent on the business selection of an appropriate payment product, but rather on a bank determining the best means of transit based on the transaction data provided by the customer.

To support this, the multiple payment rails (platforms or networks for moving money domestically and cross-border) will move from their current highly siloed structure to a series of internationally connected infrastructures and this is becoming a reality. The future method of routing and delivering payments is more akin to an Amazon and Google style model and service and one the financial services industry will adopt.



CHART 2D

## WITHIN THE NEXT THREE YEARS WHAT DOES MY BANK NEED TO OFFER TO BE COMPETITIVE?



There is strong agreement (80% of respondents) that payment transaction costs for banks need to continue to fall over the next three years if they are to remain competitive. In a highly competitive market, the disruptive influence of new entrants targeting profitable areas of traditional incumbent bank business along with emerging technologies, will continue to the trend of lower pricing to customers, irrespective of product or destination.

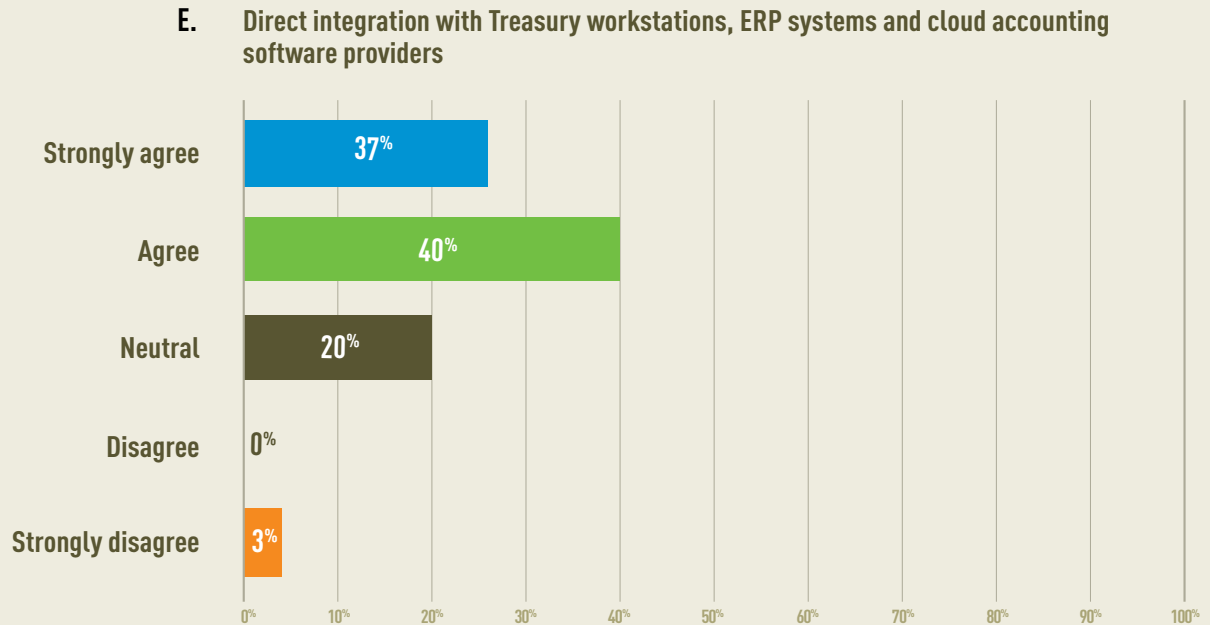
Without the overheads of established banks, a new breed of regulated payment providers compete successfully alongside long-standing financial institutions who are beset with the cost of managing legacy system infrastructures and other overheads.

With the pressure on pricing their only option is to focus on cost reduction and seek a more effective and strategic means of managing their complex systems and processes. They cannot afford to not adapt and change.



CHART 2E

## WITHIN THE NEXT THREE YEARS WHAT DOES MY BANK NEED TO OFFER TO BE COMPETITIVE?



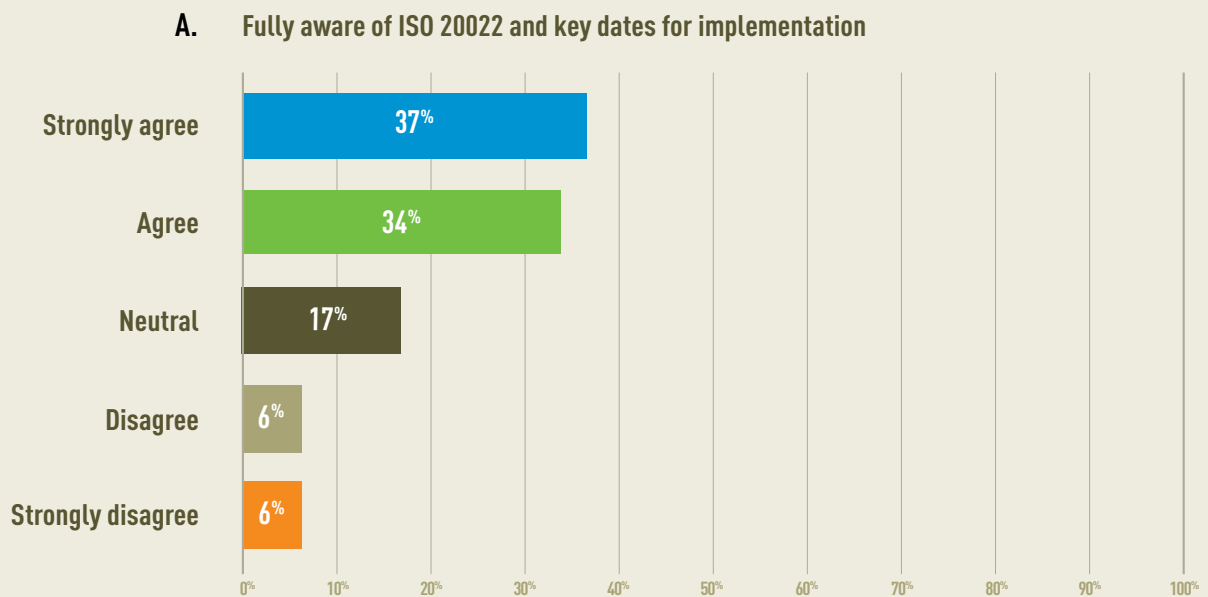
Integrated bank solutions enable businesses to coordinate payment, cash and treasury management services and the survey highlights the increasing shift towards this as a competitive offering.

Seventy-seven per cent of respondents favour a move to direct integration to Enterprise Resource Planning (ERP) and Treasury Management Systems (TMS) to connect and share financial information and gain greater mutual visibility and control of customers' business.

The result should be viewed in the context of how banks meet the demands of changing customer expectations. To satisfy this, and in keeping with the regulatory drivers of open banking and greater competition, there is a shift towards developing partnerships and the use of ecosystems, aided by API connectivity, service-based architecture and, interestingly, hosted cloud solutions.

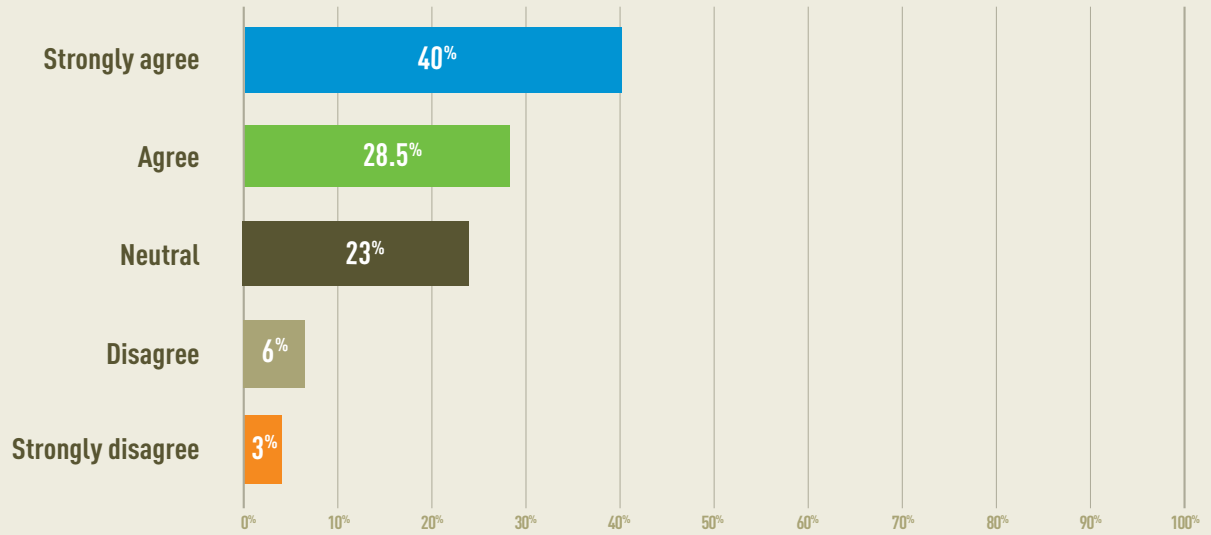
Banks' awareness of the key implementation ISO 20022 dates and their commitment to deliver the necessary mandatory system changes for delivery, as well as their willingness to use the new capabilities to enhance existing customer propositions and systems, is clear.

CHART 3A

**WHAT IS YOUR BANK'S UNDERSTANDING OF ISO 20022?**

## WHAT IS YOUR BANK'S UNDERSTANDING OF ISO 20022?

### B. Fully committed to delivering ISO 20022 by the dates required



### C. Planning to take advantage of new non-payment messages that ISO 20022 will enable

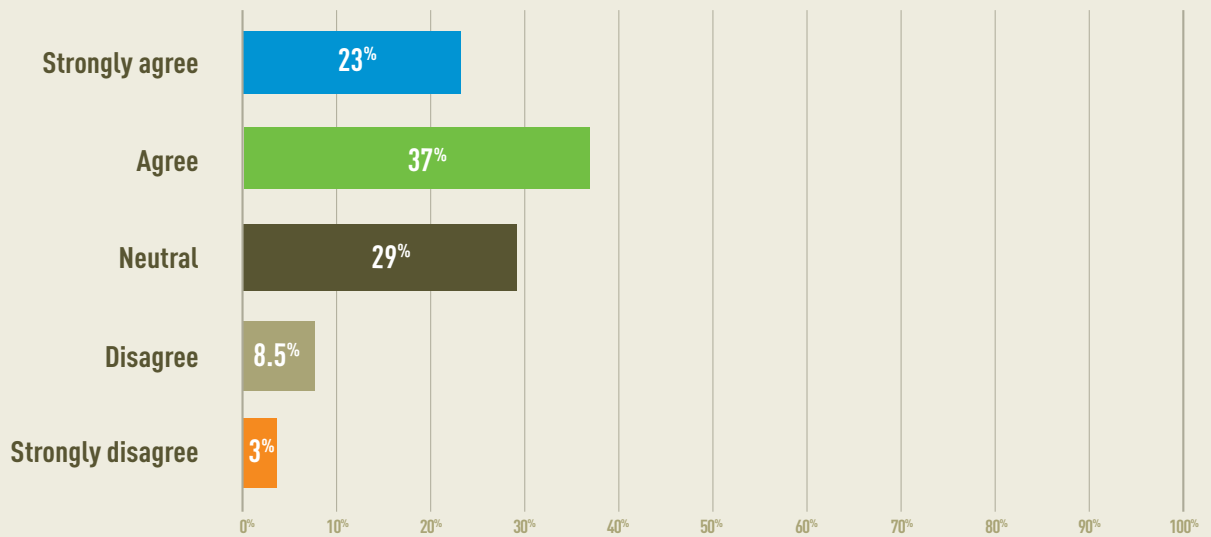
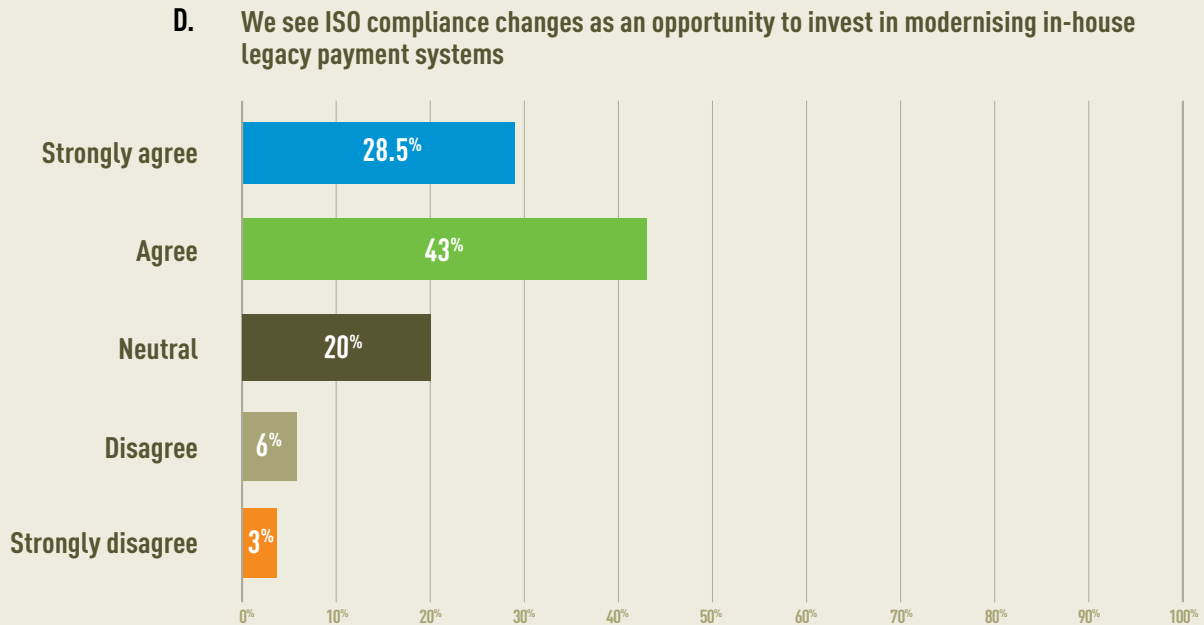


CHART 3D

## WHAT IS YOUR BANK'S UNDERSTANDING OF ISO 20022?



The interesting outcome of the survey is the high level of reported awareness (71%), yet slightly lesser commitment to meeting the delivery dates (67%). But equally, the percentage of neutral respondents suggests a sluggishness that hinders a move to wider market adoption.

The migration to ISO 20022 offers a major opportunity for banks and corporates. The collective market adoption of ISO 20022 enables the transmission and sharing of far richer cross border payments-related data, and higher levels of straight-through processing and compliance-led practices.

Some banks may view the migration as a major IT project, and it does have its complexity, while others see it as a transformation move linking systems and infrastructures globally and a standardised way of communication across borders and industries, with realisable benefits.



One global bank views it as ‘the biggest change in payments since SEPA’ and argues against managing it as stand-alone project meeting the basic mandatory requirements, ‘It is more than an IT project’.

There is a 60% leaning towards planning for and taking advantage of the new non-payment messages ISO 20022 enable, albeit more agree (37%) than strongly so. The question generated the highest level of indifference (29%), suggesting a number of respondents seemingly have yet to acknowledge or appreciate the opportunities. Perhaps the ‘standards’ changes are not seen as significantly transformative at this time, but it is a mandatory migration and banks must view it in this way. Such changes should be considered in terms of their value as part of the industry move to improve payments processes globally. They can also have a positive impact on business models and new information-led services to customers.

In question C it’s notable that only 23% strongly agree that they are planning to take advantage of non-payment messages in ISO 20022 (and 60% is the lowest combined Agree-Strongly Agree). While in A, responses show there is a general understanding of ISO 20022, the responses to C conveys a lack of conviction or confidence that this is a change they can draw business advantage from.

**77% of respondents favour a move to direct integration to Enterprise Resource Planning (ERP) and Treasury Management Systems (TMS) to connect and share financial information and gain greater mutual visibility and control of customers’ business.**





# 05

## SWIFT GPI

SWIFT's Global Payments Initiative (gpi), is a reformation of the way cross-border payments are handled. While SWIFT gpi provides several distinct advantages, three stand out:

- Improvement to the time and speed payments are credited to their end beneficiaries, now measured in minutes and not hours or days;
- End-to-end tracking of payments through unique transaction referencing hence the ability to easily and instantly trace their status from remittance to receipt, and
- Greater transparency of the associated costs.

CHART 4A

### WHAT IS YOUR BANK'S AWARENESS OF SWIFT GPI?

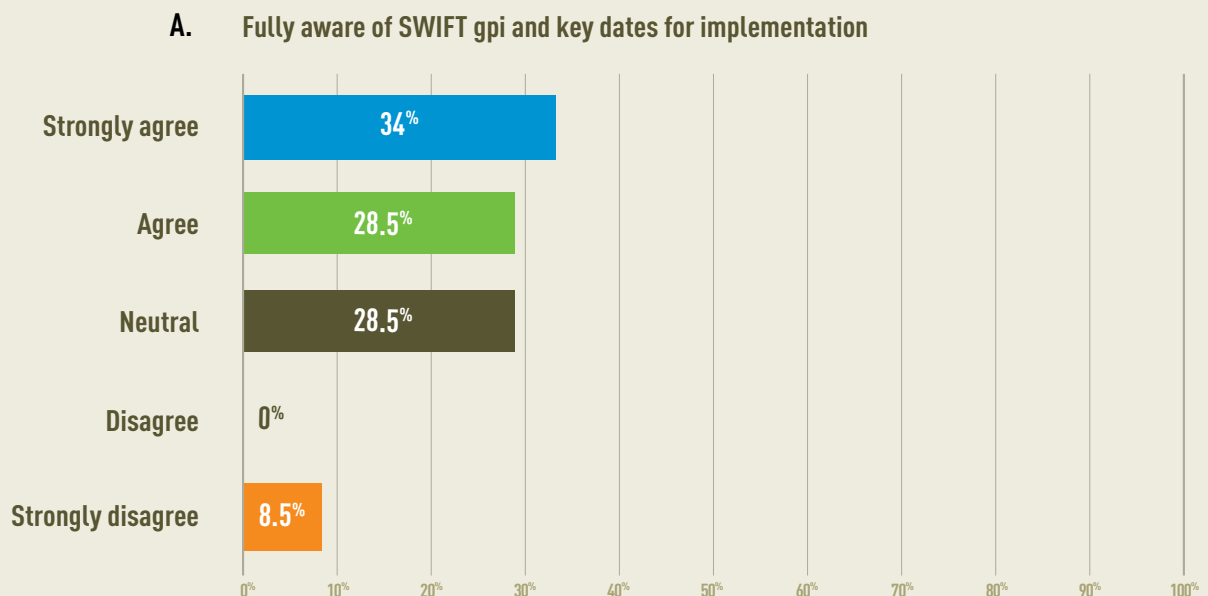
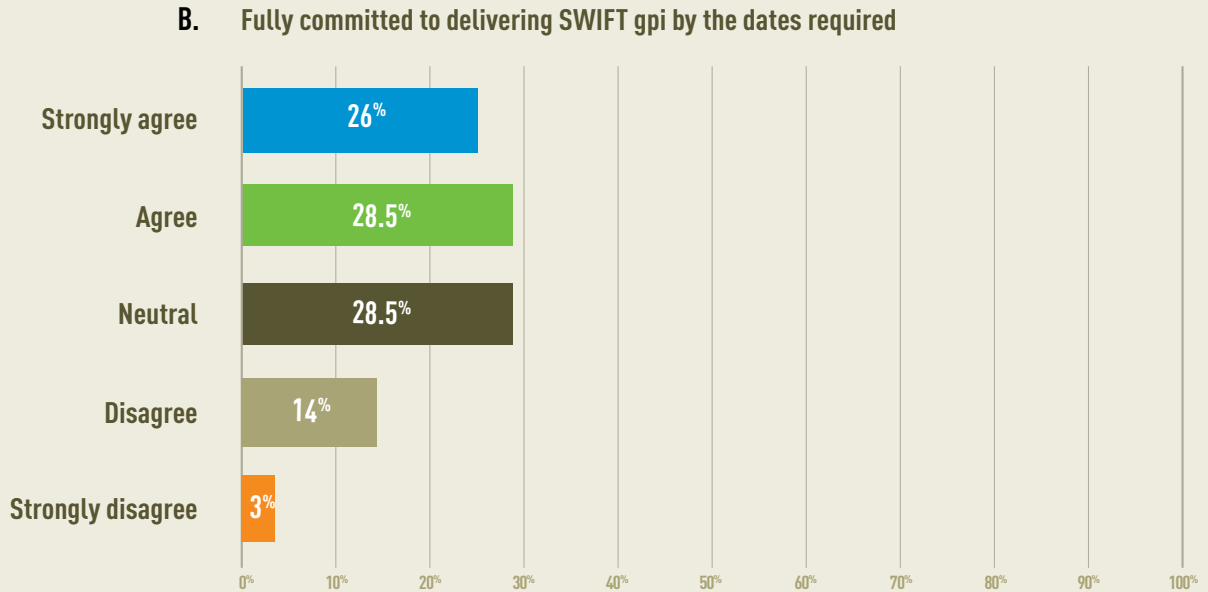


CHART 4B

## WHAT IS YOUR BANK'S COMMITMENT TO SWIFT GPI?



A higher level of respondents strongly declare awareness (34%) of the key dates for implementation, while the figure drops to 26% in terms of commitment to them. The same margin of difference if you include responders who agree-awareness 63%, commitment 55%.

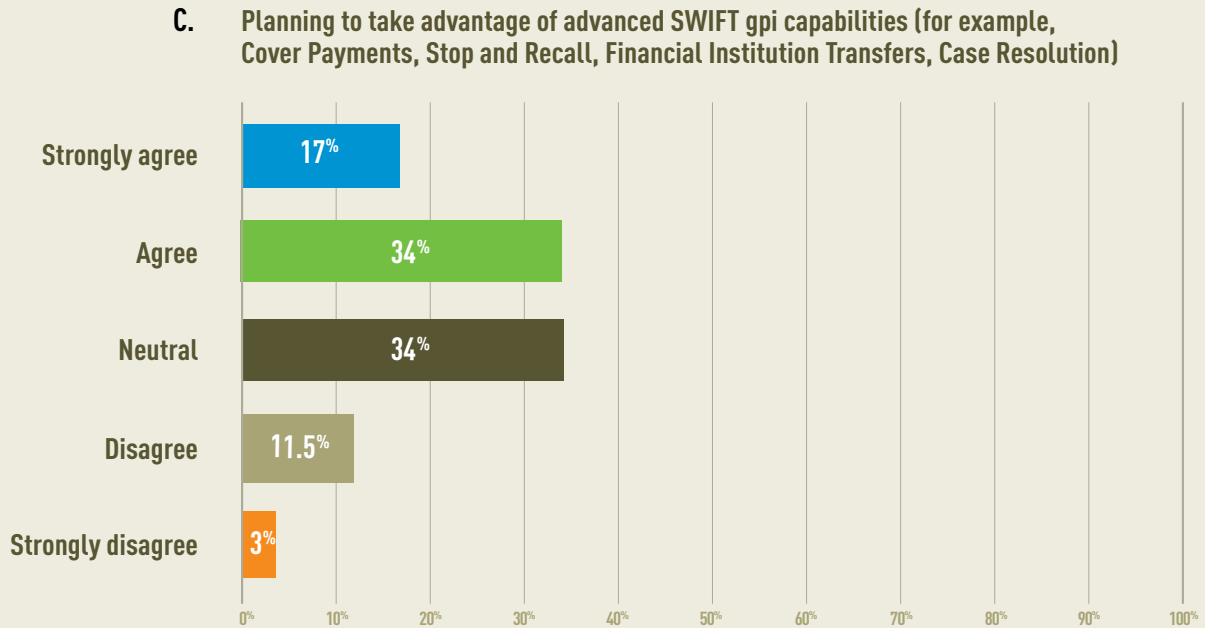
In both cases, 29% consider SWIFT gpi as having no marked positive benefits to their business. For them the jury is out.

Yet SWIFT see it as the 'largest change in cross border payments over the last thirty years'. For many banks it is transforming correspondent banking, and today SWIFT gpi is used to send billions of payments daily, more than 50% of total traffic.

There is clearly a 'long tail' of banks yet to accept or commit to the initiative and the go live dates. How the industry and SWIFT respond to this in order to realise the overall improvement it brings to cross border activity is a challenge.

With regard to banks' views on additional or advanced capabilities within gpi, a high number stood neutral, at 34%.

## WHAT IS YOUR BANK'S VIEW OF SWIFT GPI'S ADVANCED CAPABILITIES?



There is also a marked drop in those who strongly plan to take advantage. There is clearly more to be done around promotion of the benefits and applying pressure to those banks on which the industry depends to implement the service.

Equally, this might result in a distinctive separation of banks' handling of cross border payments speedily and delivering enhancements to customers such as track and trace. Banks with a global presence and reach are certainly better positioned to take advantage of SWIFT gpi while others may be restricted to sticking to basic mandatory expectations.



# 06

## KEY DEVELOPMENT AREAS OVER THE NEXT THREE YEARS

Real-time fraud prevention came out top in terms of priorities for bank IT spending on their payments infrastructure and platforms over the next three years.

CHART 5A

### OVER THE NEXT THREE YEARS MY BANK WILL SIGNIFICANTLY INCREASE INVESTMENT IN THE FOLLOWING:

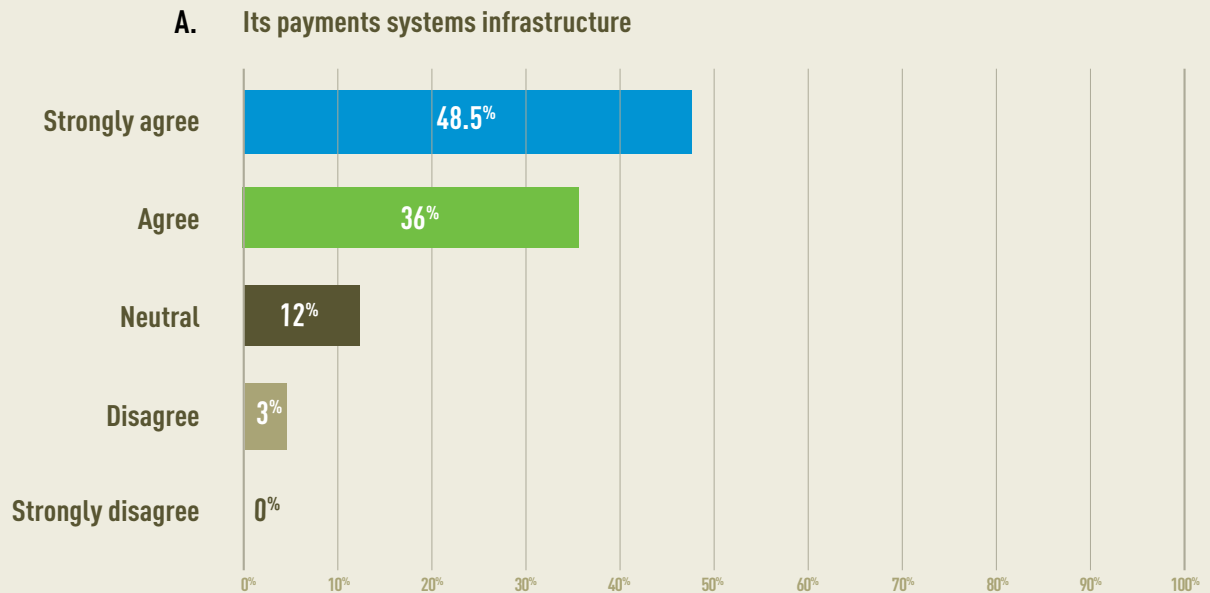


CHART 5B & C

## OVER THE NEXT THREE YEARS MY BANK WILL SIGNIFICANTLY INCREASE INVESTMENT IN THE FOLLOWING:

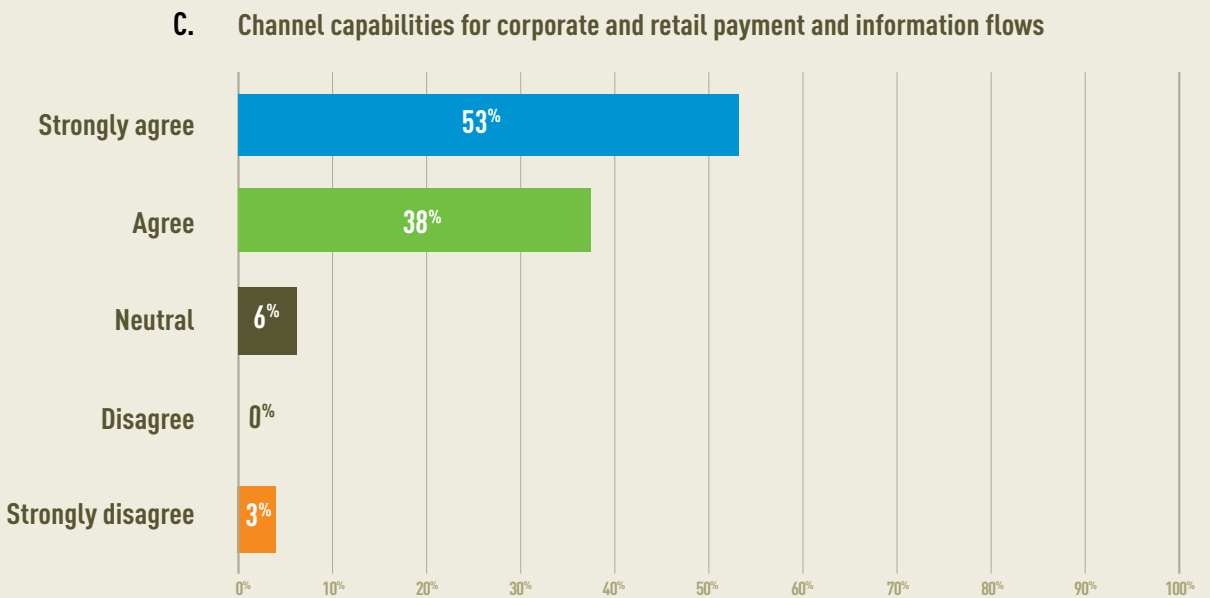
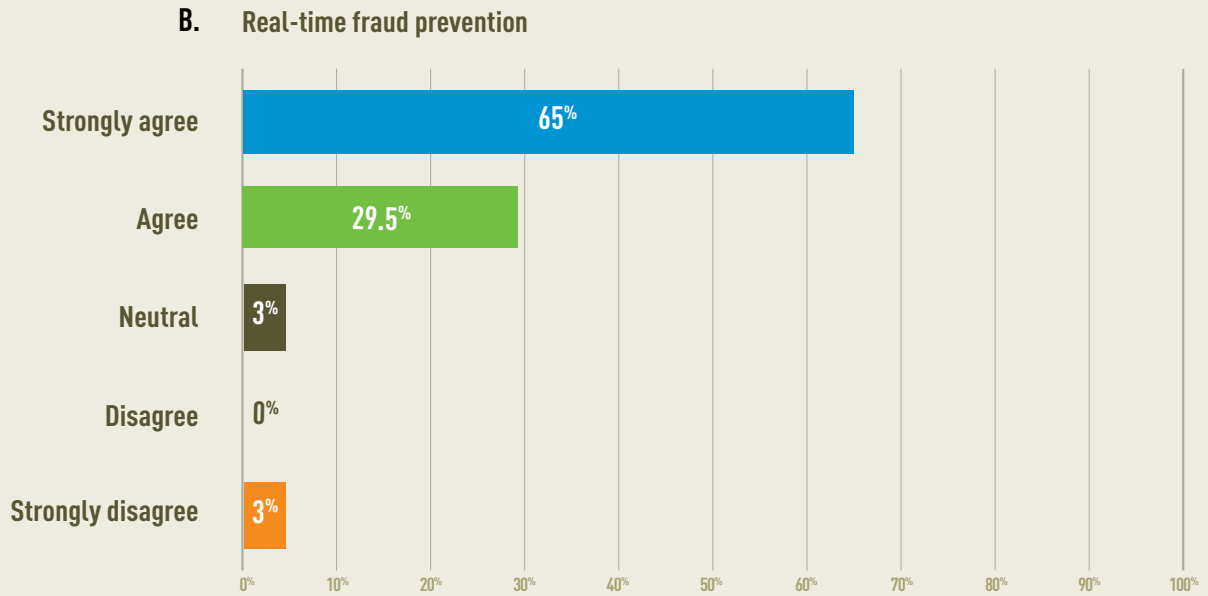
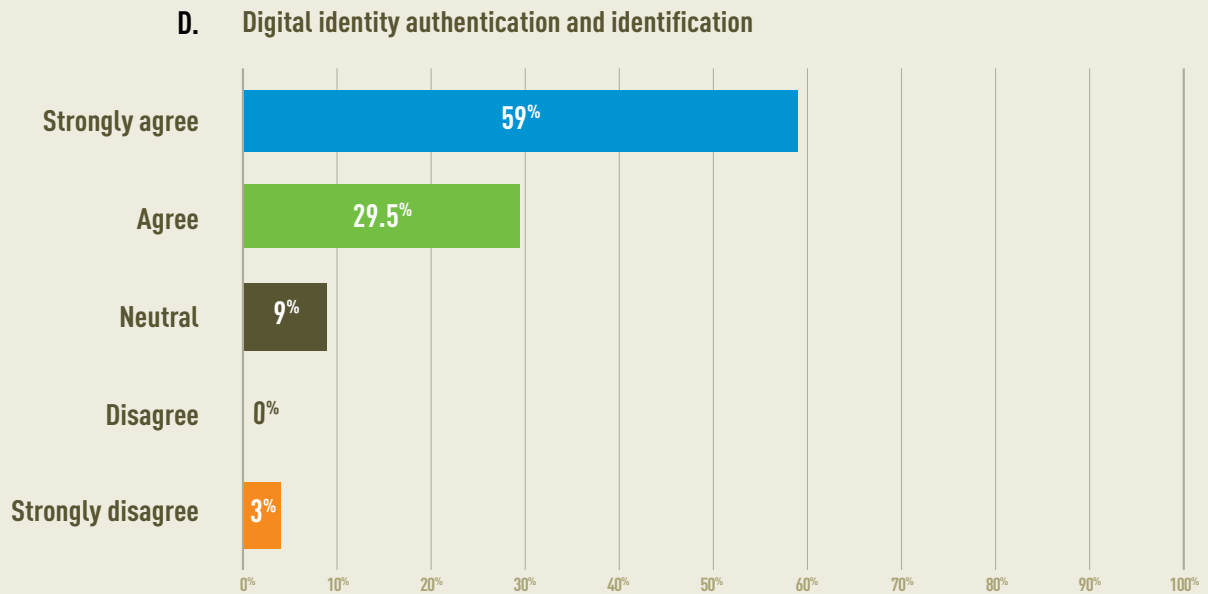


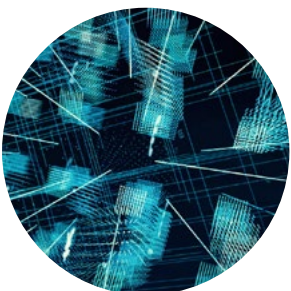
CHART 5D

## OVER THE NEXT THREE YEARS MY BANK WILL SIGNIFICANTLY INCREASE INVESTMENT IN THE FOLLOWING:



Moves toward fully digital commerce and to real-time / instant on a national, regional and even global basis cause the majority of banks to review the capabilities and overall 'fit-for-purpose' status of their payments infrastructure and systems. By combining the Strongly Agree and Agree responses to the questions, a priority order for bank projects focused on the topics raised are as follows:

1. Real-time fraud prevention, with 94.5%
2. Channel capabilities, with 91%
3. Digital identification and authentication, with 88.5%
4. Payments systems infrastructure, with 84.5%



The very low scores for Disagree and Strongly Disagree for each of the topics raised demonstrates the key importance attached to all of them by banks.

Whilst most banks are actively working on improving their overall payments infrastructure and systems, the key area of concern is around the identification and prevention of cyber crime. With the cost of cyber crime projected to reach \$6trn a year by 2021, up from \$3trn in 2015 (according to a 2019 report by Cybersecurity Ventures and Herjavic Group), the priority given to this topic by banks is entirely understandable. The move to instant payments exacerbates the issue as once funds have been paid in real time they are often irretrievable- particularly if the transaction itself is fraudulent or the beneficiary a criminal.

Linked to this topic are both a bank's channel capabilities and its use of digital identities and transaction authentication. In a world dominated by smart phones and similar devices, banks must make sure that their digital capabilities (usually delivered via bank specific apps) remain competitive whilst introducing friction only as necessitated by risk mitigation and control. Furthermore, the need for robust customer identification and transaction authorisation is now often subject to regulatory and compliance requirements as, for example, Strong Customer Authorisation (SCA), required under PSD2.

**Moves toward fully digital commerce and to real-time / instant on a national, regional and even global basis cause the majority of banks to review the capabilities and overall 'fit-for-purpose' status of their payments infrastructure and systems.**



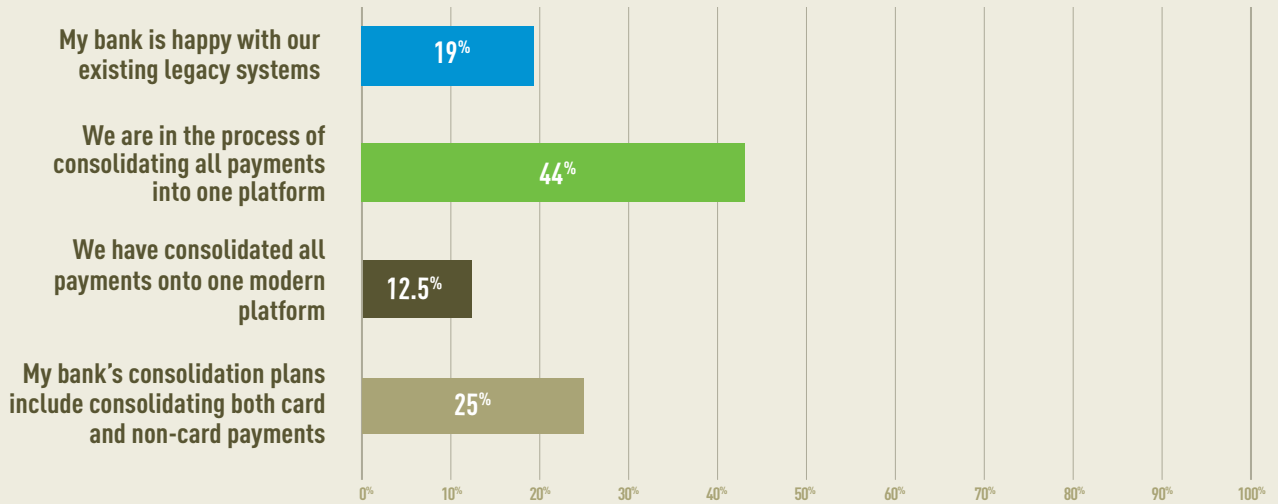
# 07

## PAYMENTS TRANSFORMATION JOURNEY

The results given in the previous section demonstrate that most banks are currently working on improving their overall payments infrastructure and systems. This leads to banks' payments-related projects and where these stand in terms of progress.

CHART 6

### WHERE IS YOUR BANK ON ITS PAYMENTS TRANSFORMATION JOURNEY?





The results suggest that very few banks believe their payments systems have reached the end of the development journey and that the majority of banks are still transforming themselves in this area. Indeed, some organisations profess to not even having an agreed end-state at which they are aiming, and seek instead to continually evolve as determined by changing market conditions, customer expectation, regulation and competitive trends.

Most banks are in the process of consolidating their payments processing (44%), and second to this come banks who are happy to meet their ongoing business needs by developing their existing systems (19%). Those which have already consolidated onto a single platform come next, at 12.5%.

That 25% of responders said their bank had consolidated both card and non-card payments on a single platform is somewhat surprising as these business lines are often controlled by different divisions of the bank- differing divisions having different business priorities, different customer expectations and being subject to different regulators.

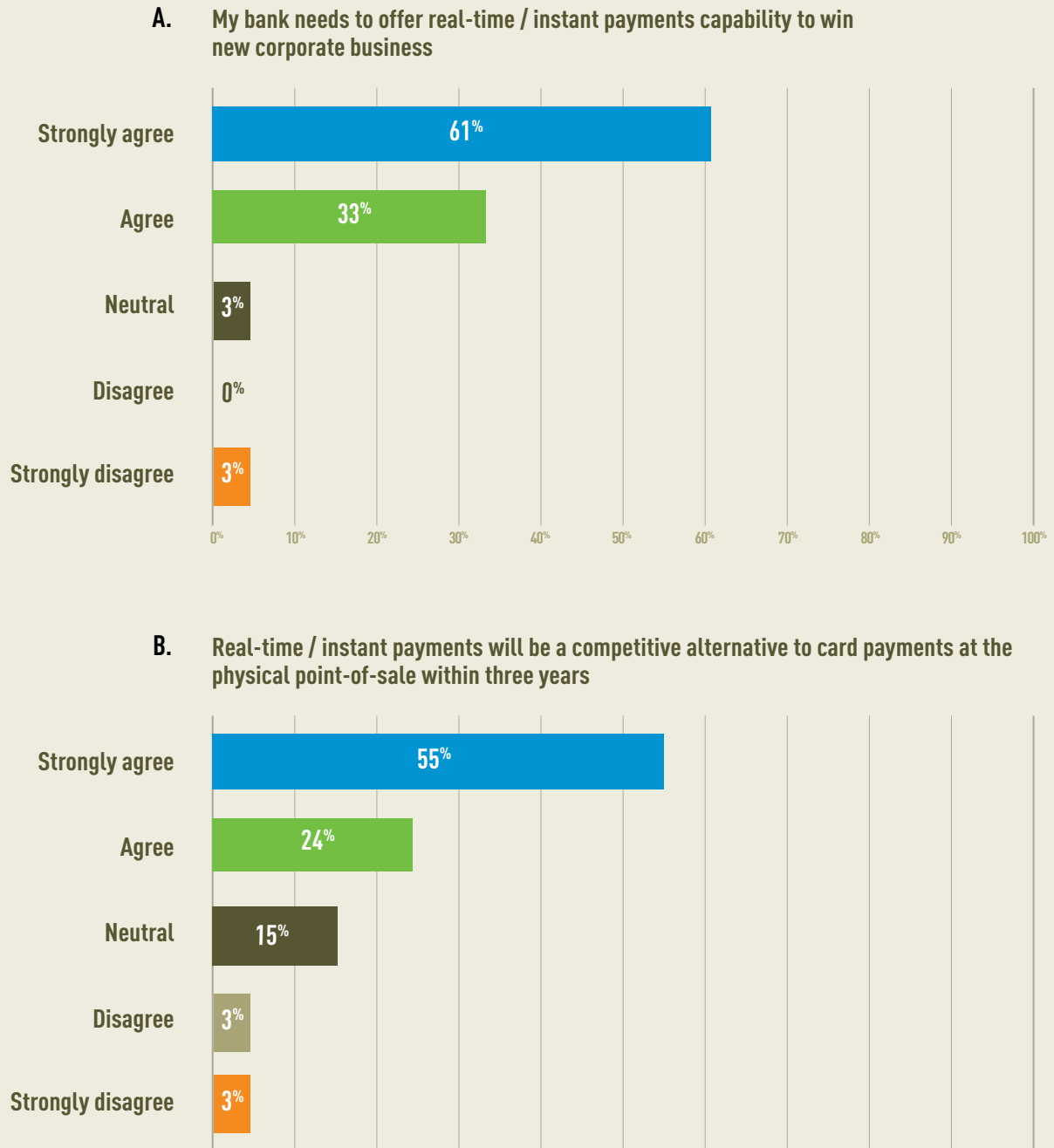
**In today's digital environment the growth and adoption of instant or real-time payment schemes reflects the need for banks, incumbents and new players, to offer the service to win new corporate business. It is without challenge a basic expectation of service when opening an account and 94% of respondents share this view.**



# REAL-TIME / INSTANT PAYMENTS

CHART 7A &amp; B

TO WHAT EXTENT DO YOU AGREE WITH THE FOLLOWING STATEMENTS?



**In looking at the future adoption of instant or real-time schemes, two thirds of respondents feel government regulation is a key driver although this is challenged by many (21%).**

In today's digital environment the growth and adoption of instant or real-time payment schemes reflects the need for banks, incumbents and new players, to offer the service to win new corporate business. It is without challenge a basic expectation of service when opening an account and 94% of respondents share this view.

Globally, there is a huge surge in the deployment of instant payment schemes offering 7/24/365 availability, with consumers demanding greater transparency and immediacy when moving their money.

Financial institutions are responding to this need and will continue to do so, and many more schemes are in the planning or development phase. The industry has yet to reach ubiquity but is heading in this direction and it is clear that instant payments is the 'new normal' for electronic bank transfers.

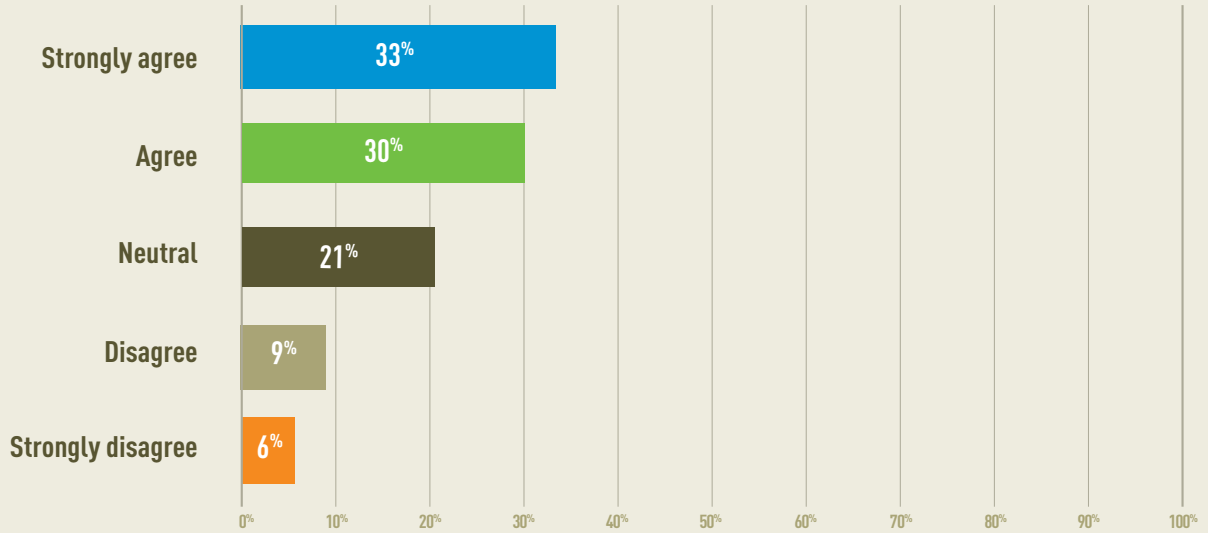
The extent to which such schemes are a competitive alternative to card payments at the physical point-of-sale in the near term will continue to attract attention. An interesting development is the blurring of card and non-card payments and 79% of respondents see this as a significant shift.

The extent to which governmental pressure is essential in driving banks to develop and implement instant payments, and whether SWIFT gpi can support banks in their real-time payments implementations is a compelling area to probe.

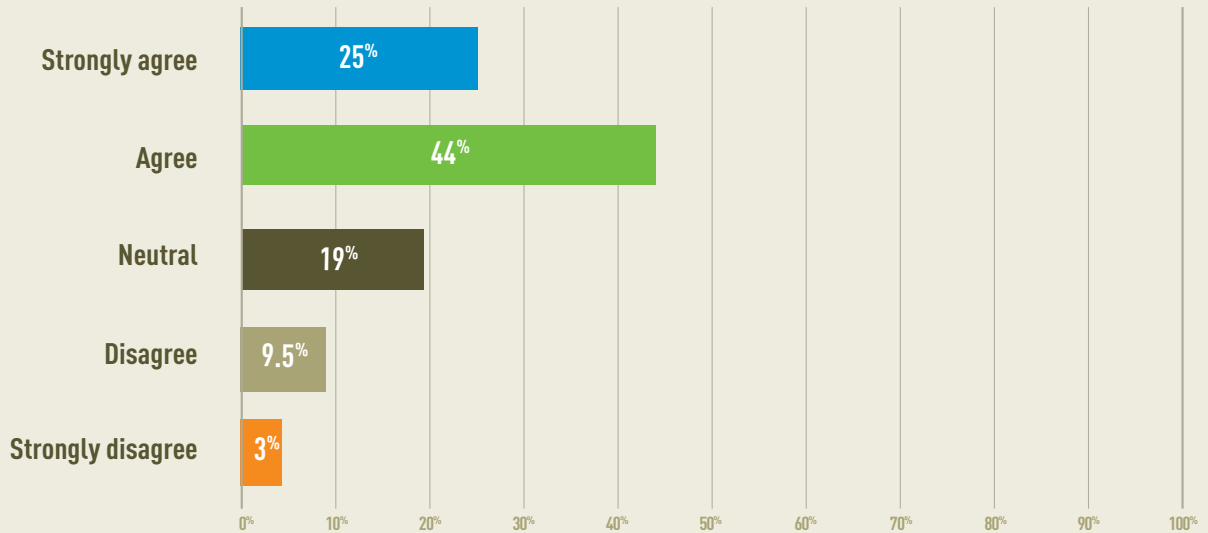


### OVER THE NEXT THREE YEARS, TO WHAT EXTENT DOES MY BANK AGREE WITH THE FOLLOWING REGARDING ITS PAYMENTS SYSTEMS:

C. Real-time / instant payments need government regulation to encourage adoption



D. Real-time / instant payments via SWIFT gpi will help banks remain competitive in cross-border payments



In looking at the future adoption of instant or real-time schemes two thirds of respondents feel government regulation is a key driver although this is challenged by many (21%).

The widespread roll-out of instant payments globally is the future and this will unquestionably continue apace, something the survey responses support. Sixty-three per cent of respondents also feel government regulation further encourages the introduction of such schemes and the arrival of many new payment providers (including fintechs) will drive adoption, competition and choice.

Rapid technology developments and a thirst for 'instant everything' in other industries is reflected in financial services, not just in the movement of money but in the managing and visibility of cash flows as well. The encouragement of new players with direct access to schemes offering instant payments as a basic requirement of opening an account is also a welcome addition. The trend will continue globally.

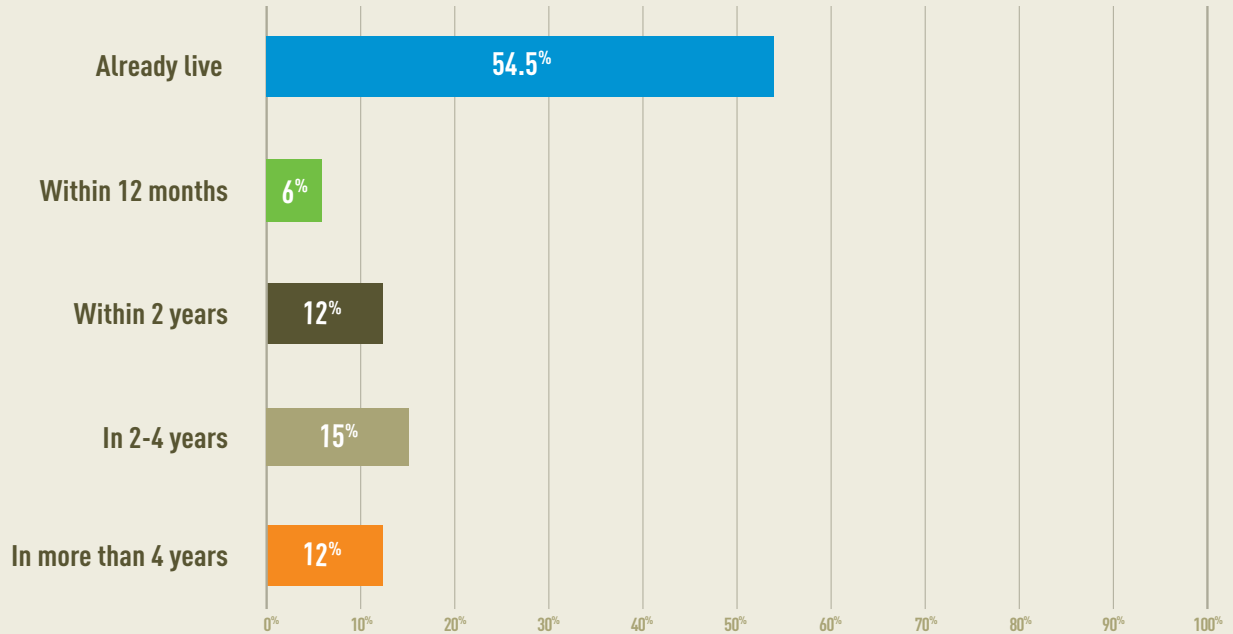
We have already commented on the transformational impact of SWIFT gpi and the significant volume of cross border payments transacted through this initiative. Positively, 69% of respondents believe it helps the banking industry gain a competitive advantage in an increasingly congested market.

**The extent to which instant payment schemes are a competitive alternative to card payments at the physical point-of-sale in the near term will continue to attract attention. An interesting development is the blurring of card and non-card payments- 79% of respondents see this as a significant shift.**



CHART 8

**WHEN DOES YOUR BANK EXPECT TO HAVE REAL-TIME / INSTANT PAYMENTS CAPABILITY LIVE?**



**TIMESCALES FOR INSTANT PAYMENT ROLL-OUT**

The figures show 55% state their banks offer instant or real-time capability today. In contrast, 39% claim it will take two or more years to implement.

This question was also asked in our 2015 survey and the response is worth comparing:

When does your bank expect to have RT payments live ?	2015	2019
Already live / within 12 months	33%	60.5%
Within 2 years	33%	12%
Within 2 – 4 years	30%	15%
In more than 4 years	4%	12%

So, in 2015, 96% of responders said that they would have real-time / instant payments capability live within four years. Fast forward to 2019, and only 54.5% say that they are already live- with a further 6% saying that they'll be ready within 12 months. And 27% are saying that it will still take them more than 2 years to have a capability live.

Hence it's clear that the expectations from 2015 haven't been realised by a large proportion of banks, and still a good proportion are saying that it will take them two, or even four, years more to deliver. As noted above, the key message here is that there is a very long tail to the implementation of real-time / instant payments due to the time it takes to achieve full reachability and ubiquity of offering across the multiple banks and financial institutions either on a pan-country, regional or, indeed, global basis.

What conclusion can we draw from this? There has been a global spurt in the demand for the instant movement of payments, often with a government push and customer demand, and the number of schemes has significantly increased.

However, as in responses to other industry initiatives evidenced in the survey (ISO 20022 and SWIFT gpi), there is a long tail, the period of time it takes to achieve a mass market of adoption.

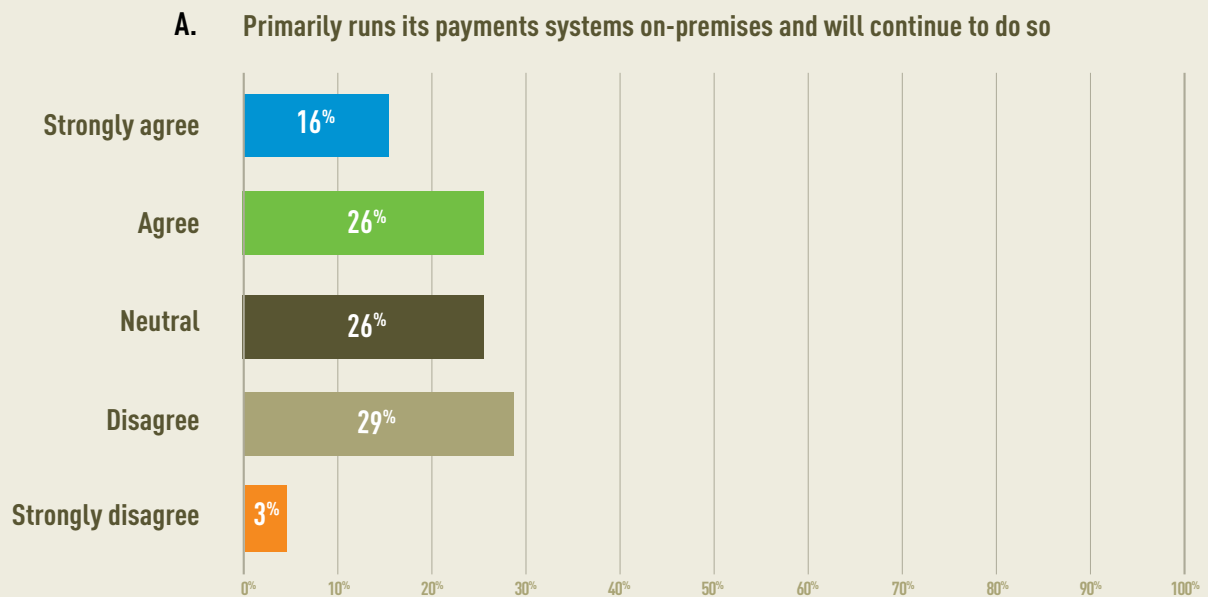


# PAYMENT SYSTEMS: OVERVIEW OF THE NEXT THREE YEARS

The responses to questions around operating model demonstrate that a fundamental shift in bank thinking away from a focus on full self-provision toward the use of specialist third-party providers is occurring. Increasingly, banks are realising that hardware and software are not the business of banking, and that the pendulum has swung away from the traditional self-reliance, on-premise IT model toward the cloud and managed services.

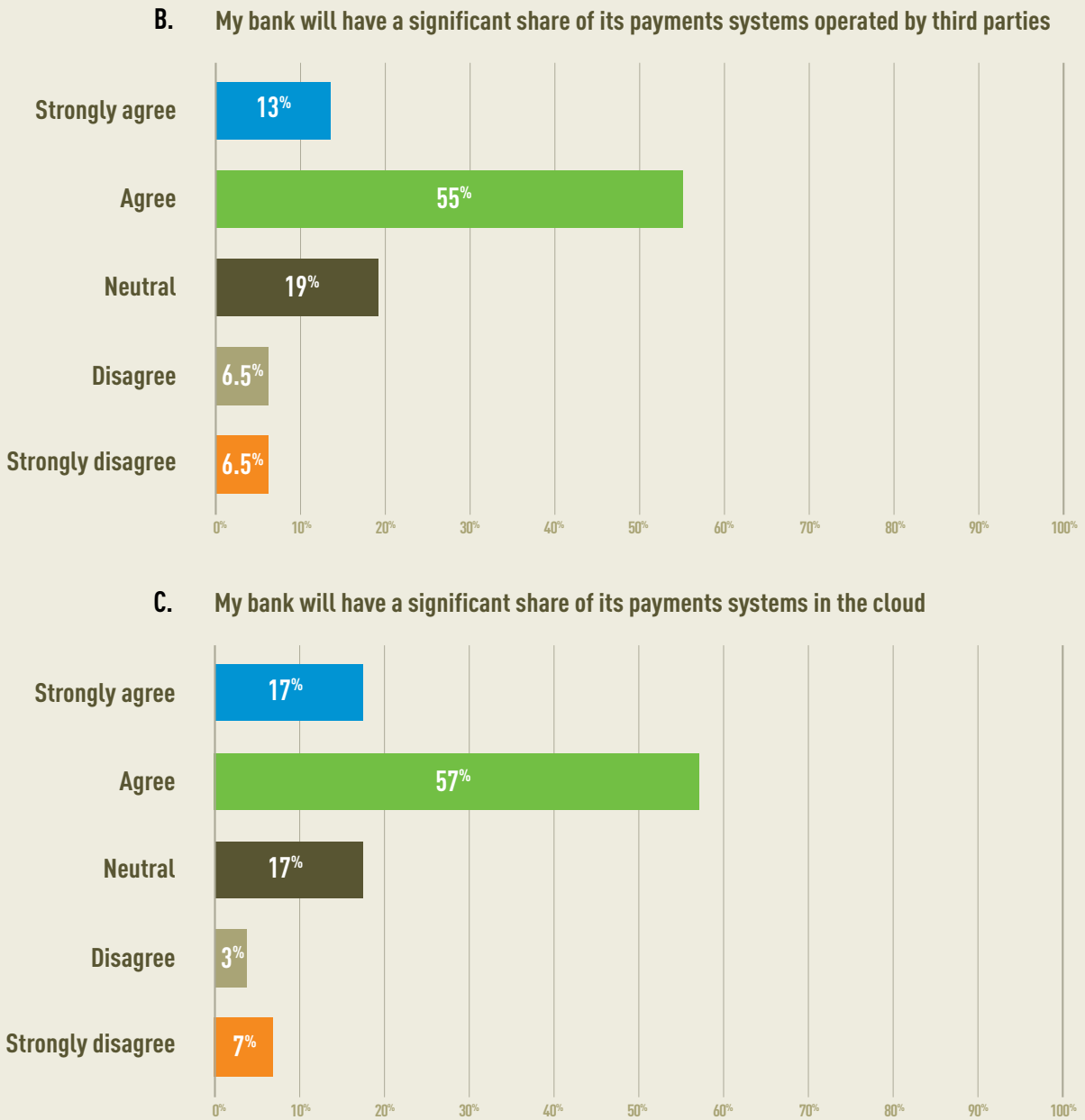
CHART 9A

**OVER THE NEXT THREE YEARS, TO WHAT EXTENT DOES MY BANK AGREE WITH THE FOLLOWING REGARDING ITS PAYMENTS SYSTEMS:**





**OVER THE NEXT THREE YEARS, TO WHAT EXTENT DOES MY BANK AGREE WITH THE FOLLOWING REGARDING ITS PAYMENTS SYSTEMS:**



Looking at the responses there is a strong commitment to on-premise led solutions with 42% favouring this as their primary approach. This is off-set by 68% favouring third parties running a significant part of banks’ payment systems and, building on this, 74% anticipating that a large part of these systems will be managed in a cloud environment (with only 10% intending not to do so). There is clearly a shift towards developing third party relationships and strong interest in migrating to hosted cloud solutions.

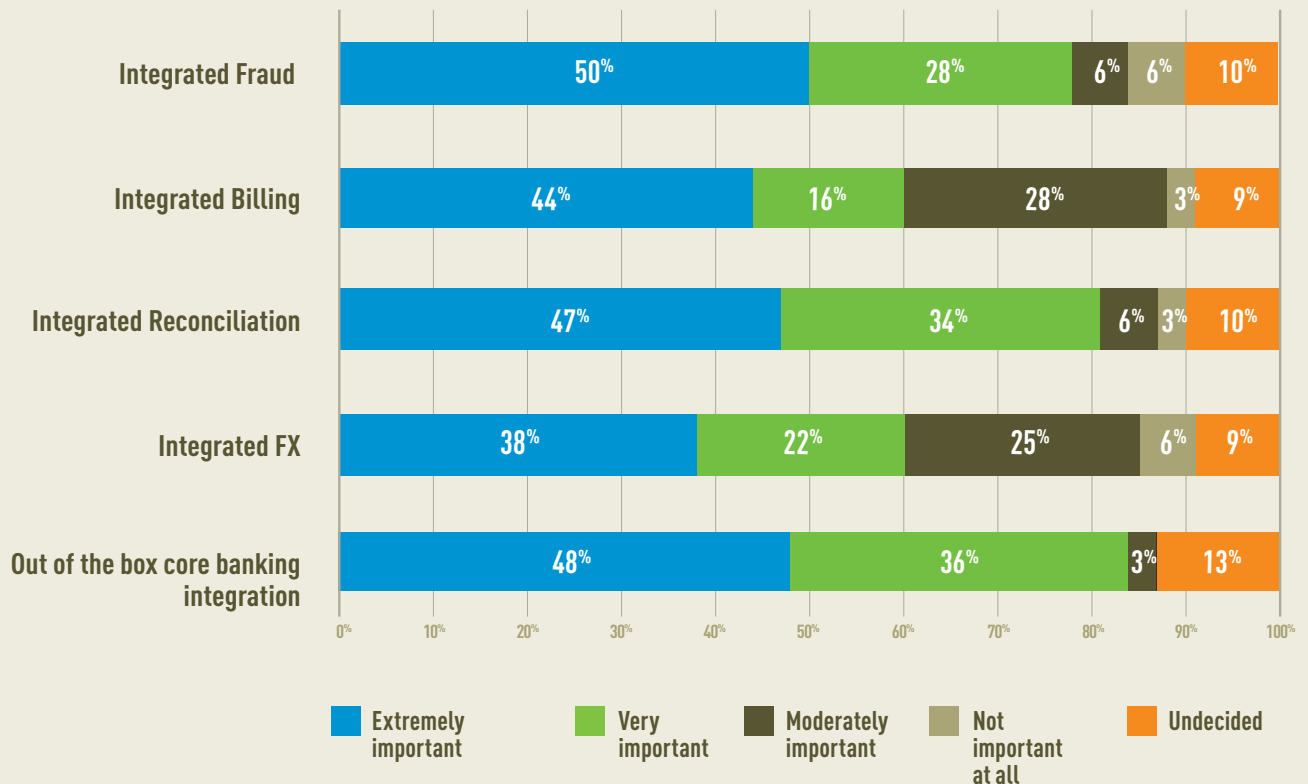
# 10

## KEY REQUIREMENTS FROM PAYMENTS SYSTEM VENDORS

As banks work more collaboratively and strategically with vendors, the relative importance of various aspects of functionality when banks are considering buying a payment system comes to the fore. Most capabilities were deemed relatively important for an integrated vendor offering, with none being seen as unimportant:

CHART 10

WHEN LOOKING AT A SOFTWARE VENDOR FOR PAYMENTS, HOW IMPORTANT IS IT FOR THEM TO OFFER THE FOLLOWING CAPABILITIES AS PART OF THEIR STANDARD PAYMENT OFFERING?



Focusing on those aspects ranked 'Extremely Important', the outcome differs in one main area if you subsequently include 'Very Important'. In the first instance Integrated Fraud ranks highest (50%) followed closely by Out of the Box Banking Integration and Integrated Reconciliation. Add both levels of importance and Out of the Box scores highest (84%). Integrated Reconciliation is second with 81% and Integrated Fraud follows with 78%.

You can assume the first three ranked capabilities are essential with the two others attracting a 60% response measured in the same way.

This is the first time we have asked these questions about integrated product sets for billing. It is deemed essential that fees and charges applied to payments are consistent with those charged by a bank's other product types. This is borne out by responses to the question around priorities in billing in section 12.

Looking at the responses there is a strong commitment to on-premise led solutions with 42% favouring this as their primary approach. This is off-set by 68% favouring third parties running a significant part of banks' payment systems and, building on this, 74% anticipating that a large part of these systems will be managed in a cloud environment (with only 10% intending not to do so). There is clearly a shift towards developing third-party relationships and strong interest in migrating to hosted cloud solutions.



# 11

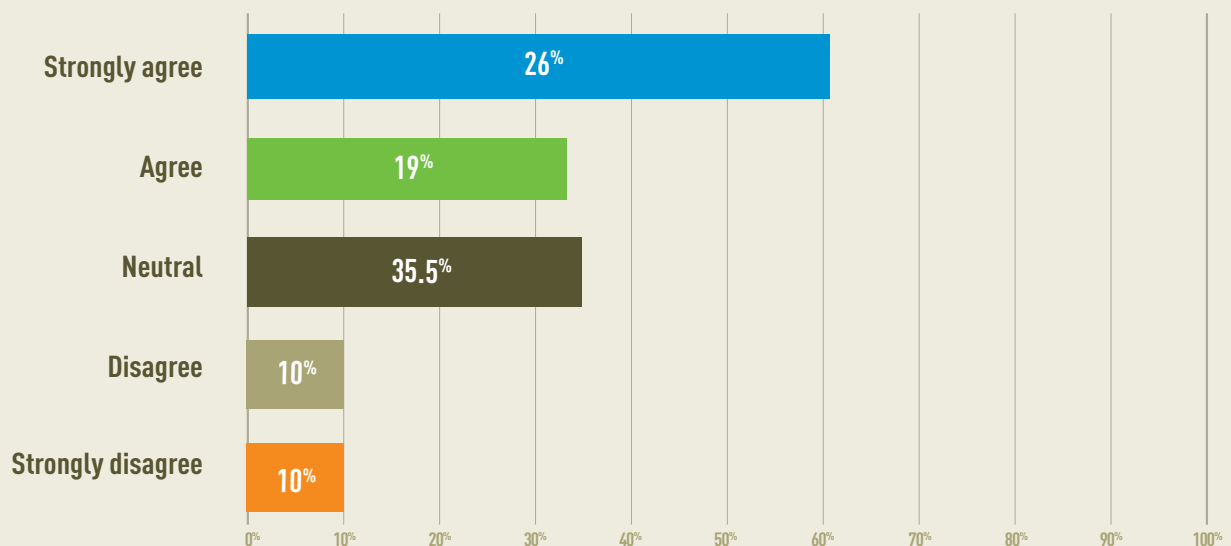
## CONSOLIDATED VIEW OF REVENUE STREAMS

As noted, questions around billing is a new addition to this annual survey. Billing is the beating heart of every financial firm. Yet for many organisations, billing and revenue management is constrained by simple spreadsheets and manual processes.

Currently only 45% of respondents regard their bank as having a fully consolidated view of revenue streams across the bank for internal reporting and improved client billing, meaning that a partially consolidated view is the reality for the remaining 55% of firms surveyed.

CHART 11

**TO WHAT EXTENT DO YOU AGREE THAT YOUR BANK HAS A FULLY CONSOLIDATED VIEW OF REVENUE STREAMS ACROSS THE BANK FOR INTERNAL REPORTING AND IMPROVED CLIENT BILLING?**



This can be a real issue for the purposes of reporting internally, but also externally. Data may flow from a large variety of disparate streams, from different business units, to entirely different parts of the world. Having one source of data is a powerful tool to assist internal reporting. It also allows for significantly more advanced analytics capabilities and increases transparency.

**Harnessing technology to automate billing processes is one of the top priorities for revenue management teams, with 87% of respondents naming it as a primary focus. However, they do not want to sacrifice control in the process.**



# 12

## BILLING, FEES AND REVENUE MANAGEMENT

For many financial firms, outdated and inefficient billing processes cause waste and thereby not only exert a direct, negative effect on the bottom line of the business but also put the firm's reputation at risk.

CHART 12A

**TO WHAT EXTENT ARE THE FOLLOWING A PRIORITY FOR YOUR BANK'S BILLING, FEES AND REVENUE MANAGEMENT?**

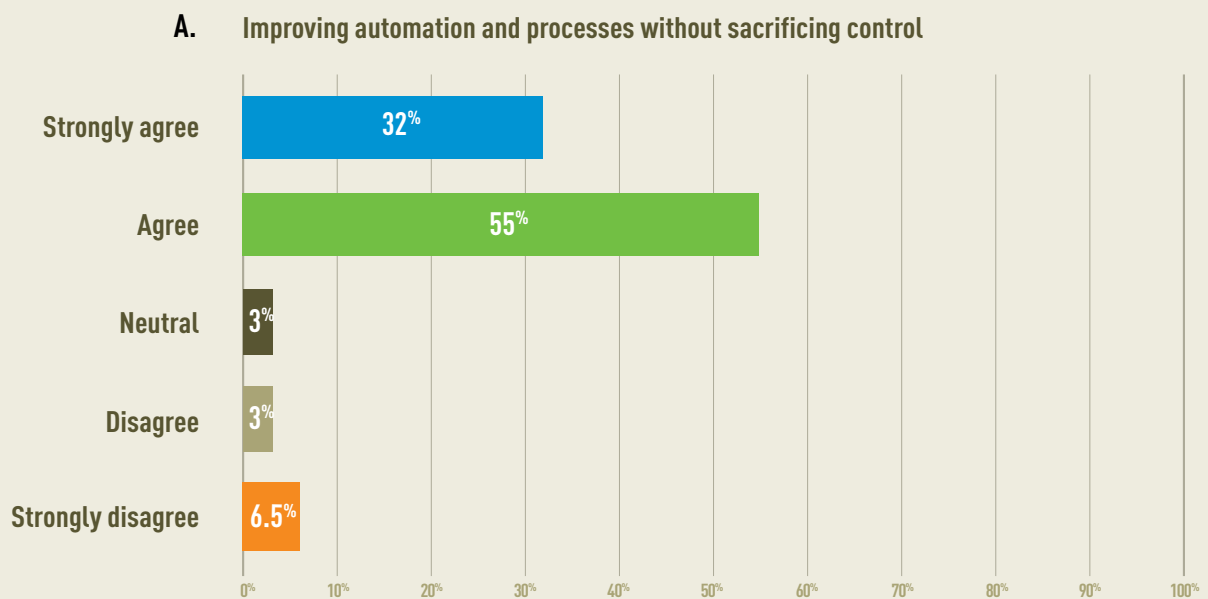


CHART 12B & C

## TO WHAT EXTENT ARE THE FOLLOWING A PRIORITY FOR YOUR BANK'S BILLING, FEES AND REVENUE MANAGEMENT?

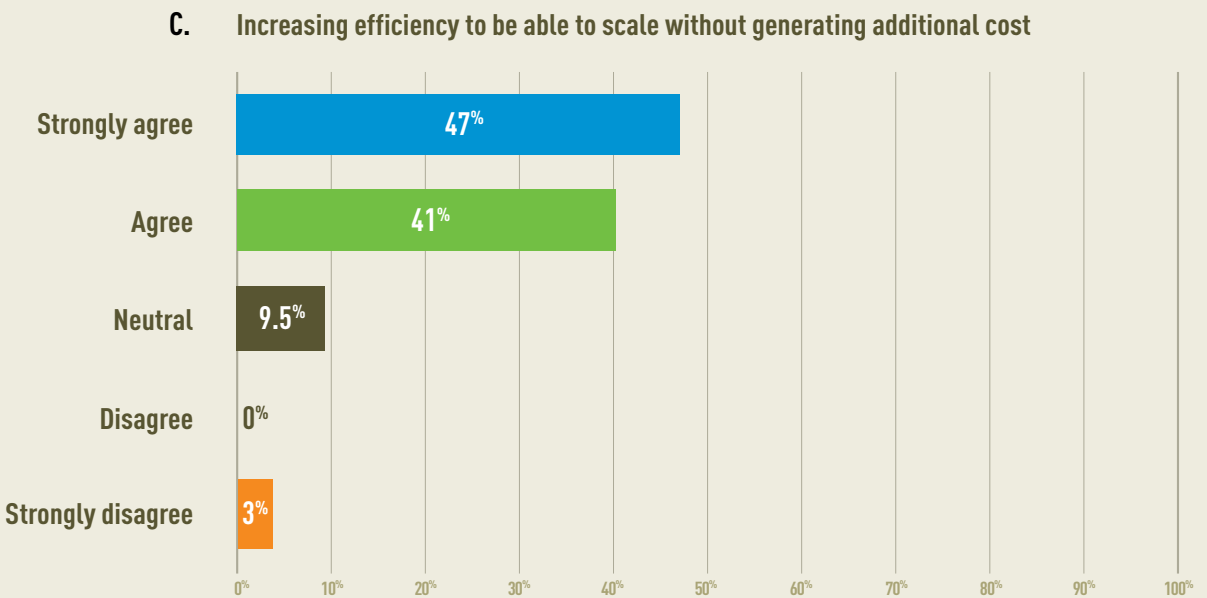
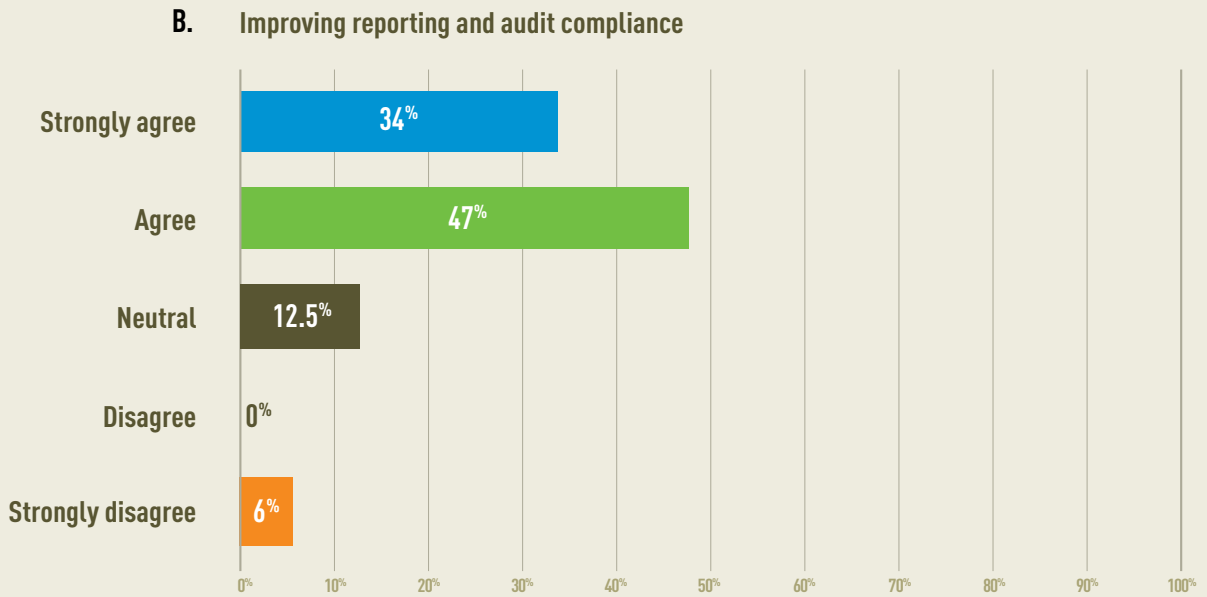
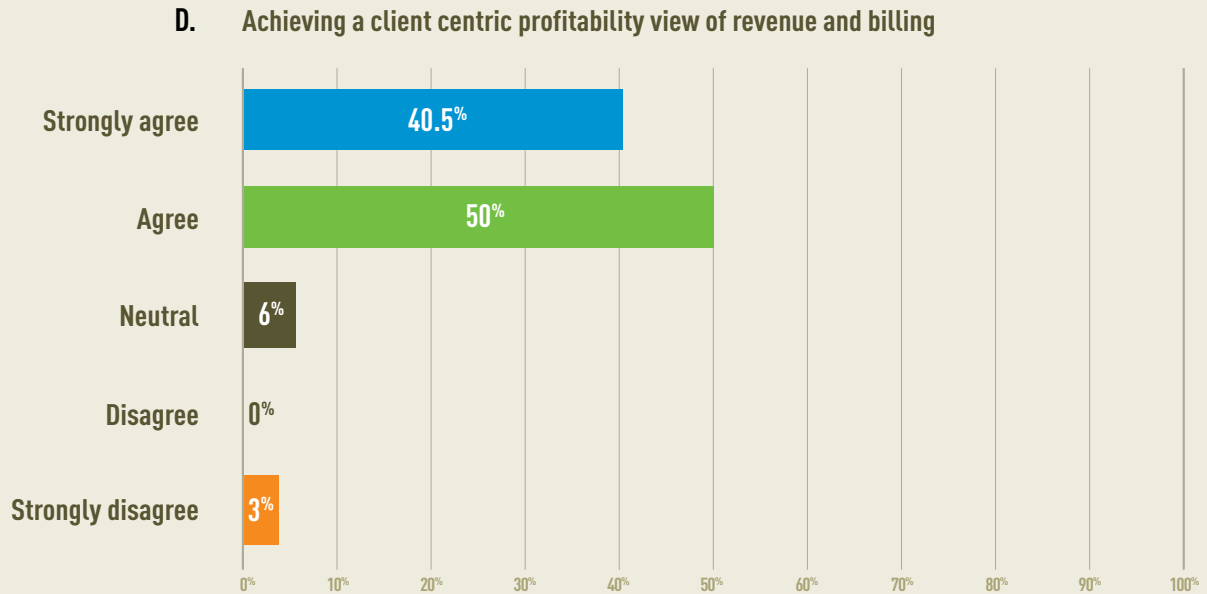


CHART 12D

## TO WHAT EXTENT ARE THE FOLLOWING A PRIORITY FOR YOUR BANK'S BILLING, FEES AND REVENUE MANAGEMENT?



Harnessing technology to automate billing processes is one of the top priorities for revenue management teams, with 87% of respondents naming it as a primary focus. However, they do not want to sacrifice control in the process.

Using automation in this way has several clear advantages for banks and financial institutions. Automated processes help increase efficiency which, as a result, reduces the entire information management and fee processing cycle. This has a direct impact on cash flow and means that the number of full-time employees dedicated to managing these processes can be reduced.

Another top priority for respondents is improving their reporting and audit functionality, which is particularly brought into focus by the increased scrutiny on fee arrangements in the market today. By bringing all data into a central repository, banks and financial institutions are given the access, visibility and control they need to ensure compliance and reduce risk.

Ultimately, revenue management issues manifest as under-billing, over-billing or not billing at all. The challenge is to implement a solution that minimises all three possibilities.



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