

## Transforming Payments: New Rules, New Winners?

The US \$300bn Payments Business is undergoing significant transformation. It is now generally accepted that fee income will drop significantly through regulatory and customer pressure. Further, banks will also have to be more efficient in their Payments operations and technology. However, there is still a lack of clarity on how quickly to respond to these new rules of the game and how to quantify the situation objectively. It is also critical to understand how to develop and implement the right strategic choices from an increasingly confusing set of opinions and options. The winners will be those that make good choices with good timing.

### The New Rules of the Game

**1 Fee income will drop significantly**  
Don't waste valuable time avoiding the inevitable. Plan for a future without healthy Payment fees. Re-think why you need a Payments business.

**2 The middle is no place to be**  
The market will polarise towards large players that build capacity to offer payment processing for others, or those that get out of the business of processing payments completely.

**3 'Customer is King' means more than advertising**  
The customer's voice is strengthening in volume and tone. Customers increasingly believe they know what good Payments services should and could look like to them. But what they perceive they get today is a long way from either, without a good explanation.

**4 Expect the unexpected – no one really knows**  
The next five years will see major and unpredictable changes in customer and competitor behaviours. The first round will go to those who guess first changes best – but the ones left standing at the end will be those with flexibility to respond best to new changes.

**5 "In God we trust. Everyone else must bring data"**  
Know the *real* numbers of your payments business.

### Spotting the Winners

- Attend any Payments conference and you can spot a few people willing to admit that they've been planning, investing and acting on this already. It's probably because they want to sell their payment processing services to others in the future. Nevertheless, they are more likely to be winners than the many still struggling to get colleagues across the bank into meetings "to discuss SEPA".
- Will you be in the payments processing business in five years time? If so, how will you scale up to the necessary volumes to make it cost-effective? If not, how will you outsource such a core function, especially at a time when the revenue stream is so unpredictable? The winners have answers already.
- The outright winners in the payments business will innovate after listening and engaging with customers strong enough to speak out about what's wrong today. However, in this area, there should be time for "fast followers", but only those prepared beforehand for swift and decisive responses.

### Infosys – Your Partner for Payments Transformation

<b>Selecting &amp; Planning the Right Strategy</b>	<b>Role of Payments:</b> Customer/ Geo/ Competitive Strategies, Customer Needs	<b>Business Operating Model:</b> Insource/ outsource/ white label	<b>Commercial Targets &amp; Constraints:</b> Revenues/ volumes/ margins/ investments	<b>Financial Model &amp; Forecasts:</b> Base case & scenarios	<b>Change Programme:</b> Business, process, people & technology changes
<b>Developing New Services and Capabilities</b>	<b>Customer Intimacy:</b> Corporate customer requirements from payments and banks	<b>Capabilities:</b> Get payments products to market in weeks/ days rather than months	<b>Innovation:</b> Look outside to other industries and technologies, or inside at failures/ exceptions for potential areas of innovation		
<b>Creating Operational Flexibility &amp; Efficiency</b>	<b>Process Infrastructure:</b> Centralised payments infrastructure for handling payments processing (in house/ outsourced)	<b>Scalability:</b> Automate & minimise manual intervention	<b>Organisation Structure:</b> Align with process & scalability plans	<b>Technology:</b> Smooth information flow within & beyond organisation boundaries	
<b>Preparing for an Outsourced Payments Industry</b>	<b>Goals &amp; Accountabilities:</b> Linked to business outcomes	<b>Partners/Customers:</b> Align & understand other stakeholders	<b>Governance:</b> Measurement & metrics, management & reporting, continuous evaluation against goals & expected outcomes	<b>Costs:</b> Understand all aspects of costs including hidden costs	<b>Skills &amp; Capabilities:</b> What remains/need to be developed in your organisation

**Infosys Technologies**
● Banking Experience
● Payment Technology Expertise
● Outsourcing Pioneers
● Execution-focused Consulting

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Catalytic IT enables enterprises to transform their business by leveraging IT as a catalyst. This is an evolutionary and self-funding transformation journey. The portfolio of Microsoft technology integrated solutions and services under Catalytic IT enables enterprise businesses and their employees to realise a simplified, flexible IT environment.

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##### India

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For more information, contact [paymentsolution@infosys.com](mailto:paymentsolution@infosys.com)

#### About Infosys

Infosys (NASDAQ:INFY) defines, designs and delivers IT enabled business solutions. These provide you with strategic differentiation and operational superiority, thereby increasing your competitiveness. Each solution is delivered with the industry-benchmark Infosys Predictability that gives you peace of mind.

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