

From quick wins to new business models: corporate views on instant payments

Thomas Egner, Secretary General of the Euro Banking Association (EBA), shares insights on corporate use cases and expectations around instant payments, which the EBA gathered at the Open Forum on Pan-European Instant Payments it hosted in April.



Q: Thomas, what were the key corporate use cases for instant payment (IP) raised at the Open Forum?

TE: The corporate representatives who spoke at the event are active in different industries, so their IP use cases naturally differ from each other. But if you look at them with a helicopter view, their key needs and expectations can be split into the following categories:

1. To fix issues that SCT and SDD have not solved and get rid of internal workarounds caused by these issues;
2. To enhance payment certainty and speed for incoming flows, where relevant, and reduce overall payment cost;
3. To improve their customers' payment experience by offering more choice and/or better service levels;
4. To explore new business models or opportunities that IP may pave the way for.

As you can see, the topics range from process optimisation to highly strategic considerations. Or as one of the speakers put it: from quick wins to new business models.

Q: Can you give us practical examples of these different use case categories?

TE: I am happy to share some of the examples the speakers gave during their presentations:

The representative of STRABAG Property and Facility Services GmbH put a strong focus on topic 1. Making sure that payments with a hard deadline, such as salary payments or tax payments, reach beneficiaries across Europe in time is still a big hassle for multinational players. Thus, he was eager to hook up his real-time ERP system to a real-time payment process with instant notification for transactions where this makes a real difference.

The speaker from IKEA saw SCT Inst as an attractive additional payment option, since many consumers like to pay directly from their accounts as a means to better manage their budget. The use of SCT Inst might even come with discounts, as some merchants may want to encourage the use of this cheaper payment option.

Otto Group, an international multi-channel retailer that also owns the delivery service Hermes, is looking forward to replacing 'Cash on delivery' with SCT Inst payments. Retailers may also consider enhancing service levels, e.g. recrediting customer accounts via SCT Inst the moment they submit a return package. This speaker saw a major value for companies to look into SCT Inst at an early stage and with a cross-functional approach because of the potential of this new payment instrument to give rise to new business models, changing customer behaviour or even entire new industries.

Q: *Did corporates see any IP-related challenges too?*

TE: The speakers at the Open Forum made it clear that more functionality needs to be delivered to make SCT Inst a successful instrument: a Request to Pay option and bulk data files were two examples mentioned. The speakers were also concerned about the reach of this optional scheme and its amount limit. Last but not least, they criticised the burden that a lack of uniform API standards represents and raised concerns about the challenges that may curb a mass-scale implementation of IP at the point of sale.

For more details on the statements and conclusions from the Open Forum on Pan-European Instant Payments, please consult: <https://www.abe-eba.eu/thought-leadership-innovation/open-forum-on-instant-payments/>.