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Participants in the forum are reminded of their responsibility to observe anti-trust laws

The EBA Anti-Trust Policy is available at the EBA website

https://www.abe-eba.eu/media/azure/production/1352/eba_antitrust_policy_20170602_final_clean.pdf

ABE EBA

EURO BANKING ASSOCIATION

The forum is an open group, where interested stakeholders can discuss and exchange information on industry-wide topics.

Open Forum on Digital Transformation

Banking 2025 and beyond – ingredients for an advanced digital operating model

9 September 2025
Digital meeting

Closed user group

Agenda (1/3)

Banking 2025 and beyond – ingredients for an advanced digital operating model

Welcome and opening remarks
Thomas Egner, Euro Banking Association

Setting the scene and housekeeping
Kate Pohl, Projective Group

Banking 2025 and beyond, key ingredients for an advanced digital operating model
Andrea Monteleone, JPM

In the context of standardisation and digitalisation of financial services, is ISO 20022 a silver bullet?
Leonard Schwartz, SAP Fioneer

Coffee Break

Agenda (2/3)

Banking 2025 and beyond – ingredients for an advanced digital operating model

Panel discussion: APIs are essential to achieving true digital transformation in banking, but are they fit for purpose?
Koen Adolfs, ABN AMRO
Royston Da Costa, Ferguson
Esmiralda-Victoria Porath, HSBC
Moez Habib Thameur, Kyriba
Andreas Frühauf, Laderach
Tarik Zerkti, PRETA

How can the Legal Entity Identifier (LEI) support an increasingly digital ecosystem?
Clare Rowley, Global Legal Entity Identifier Foundation (GLEIF)

Coffee Break

Agenda (3/3)

Banking 2025 and beyond – ingredients for an advanced digital operating model

Reimagining working capital finance – using digital negotiable instruments to make finance more efficient, accessible and secure
Dominic Broom, ETR
Wayne Mills, ETR

Turning payments back into a profit engine
Carlos Figueredo, SAP Fioneer
Sundar Devarajan, SAP Fioneer

Wrap-up

Thomas Egner

Secretary General
Euro Banking Association

ABE EBA
EURO BANKING ASSOCIATION

Kate Pohl

Executive Advisor
Projective Group

ABE EBA
EURO BANKING ASSOCIATION

Andrea Monteleone

Payments Industry Advocacy, Executive Director
JPM

Leonard Schwartz

Head of US Commercial Banking, Cloud Platform Products
SAP Fioneer

SAP Fioneer

ISO20022

Is it a silver bullet for standardisation and digitalisation?

Prepared for: EBA Open Forum on Digital Transformation
9 September 2025

Len Schwartz
Cloud Platform Products, SAP Fioneer

SAP Fioneer: Engineering the future of financial services

Launched
September 2021

JV between
SAP & DEDIQ

FSI
dedicated

6
development hubs

17
countries

22
offices

>60
partners

>450
consultants

>1,200
customers

1,300
staff

Photo by michael podger on Unsplash

Agenda

Where we came from

- The Wild West of standards
- A village of passionate payment practitioners
- I think I can – compelling goals
- Slow start, then lots more steam!

Here is where we are today

But is ISO 20022 a Silver Bullet?

- Definition
- One answer: yes, no, and maybe

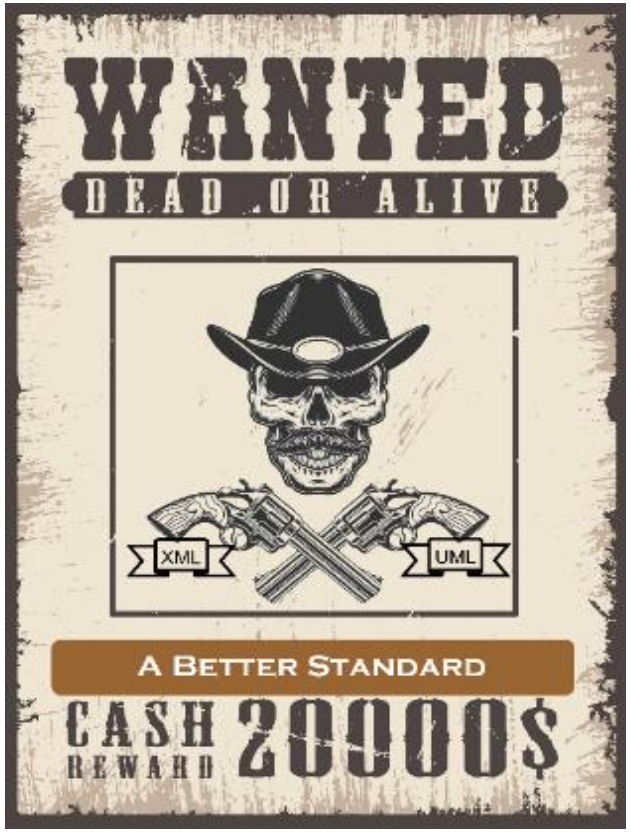
Here is where we can go

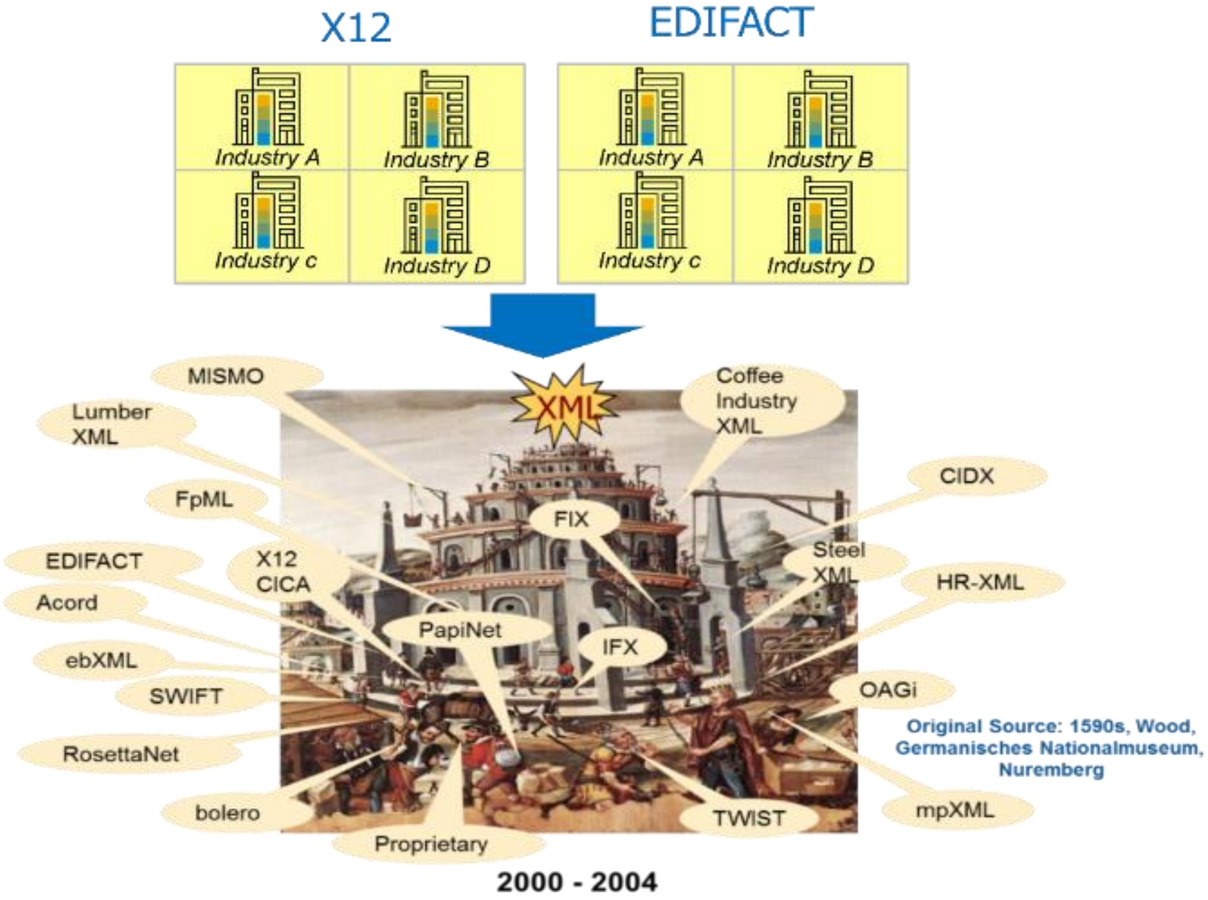
- A better question: is ISO 20022 foundational or transformative
- Improving payment standards

What is your answer?

Where we can from

The Wild West of standards





XML standards exploded after the frustrations of traditional EDI. CNET journalist David Becker noted XML proponents say the explosion of schemas is a testament to the format's success

Where we came from

A village of passionate payment practitioners

that table

Bob Blair JPMorgan

Chris Furness Standard Chartered

Art Brieske Deutsche Bank

Len Schwartz citigroup

Susan Colles Bank of America

Mark Sutton HSBC

Launched MoU

ISTH and the Core Payment Kernel

ISTH: "International Standards Team Harmonization" submitted the ISO20022 Payment Standards

with...

Regular Input

CSTP: Corporate STP! (The point of the standards was to improve STP)

CGI: Common Global Implementation. Renewed CSTP effort

41 contributing and observing members growing to 350 members!

Where we came from

I think I can* – compelling goals

**The Little Engine that Could*

The goals:

"…drive a single "Core Payment XML Kernel" that can be used globally by any corporate, irrespective of size and sector and by any servicing bank regardless of location…"

- Integrates the end-to-end payment experience
- Provides a single, industry agnostic, representation of a payment
- Improves tracking and reconciliation
- Reduces operational cost
- Facilitates interoperability between market participants
- Increases the customer value of payment related utilities
- Enables supportability through easily available tools

Core principles:
Collaboration between banks, corporates and service providers, be practical and business focused when making tradeoffs, be XML-forward

Gartner Analyst, 2003 ISTH Launch Conference Call: "This [the payment kernel] is a really great idea. It is a shame it will probably never happen."

SAP Fioneer

Where we came from

Slow start then lots more steam!

2003
ISTH Formed
Starts consolidating standards

2004
Payment Messages Published by ISO, ISO20022 RMG/SEGs formed
Expanded ISTH to CSTP
Joint Bank meetings with corporates

2007
Columbia RTGS

2008
EPC adopts ISO 20022 for SEPA CT

2009
EPC adopts ISO 20022 for SEPA DD and will grow from 41 to 350 over time

2013
CNAPS2 (China), Reserve Bank of India RTGS

2015
LCH.Clearnet

2016
SWISS SIC

2017
TCH RTP

2018
Australia NPP

2020
PIX Brazil
G20 endorsement

2021
FedNow, Sarie (Saudi Arabia)

2022
SAMOS (South Africa), BIS CPMI Harmonisation report, RENTAS (Malaysia), BAHTNET (Thailand)

2023
Target 2, NZ , Canada Lynx, SG MEPS, ZIPPS (Zambia), CHAPS (UK), Aani (UAE)

2024
SEPA migrates to version 2019 (EU), CHATS (HK), CHIPS (US), KEPSS RTGS (Kenya)

2025+
Fedwire, SWIFT Migration, Canada RTR, Zengin/Japan Cross Border, UK Faster Payments,
ISO 20022 mandatory structured address

Big call out to SWIFT & EPC as **accelerators of progress**!

SWIFT

European Payments Council

Here is where we are today

- Although in a recent survey, 48% of participants defined improved [transaction] transparency and better fraud monitoring and management as the main benefits of ISO 20022, 33% saw the ability to leverage structured/enhanced data [for value added services to customers] as a benefit and additional benefits have been identified:
  - Enhanced customer experience and self-service opportunities
  - More precise tracking and tracing
  - Better straight through processing rates
  - Improved interoperability between systems
  - Improved liquidity insights
- ISO20022 has become the lingua franca of payments, spoken in at least 70 countries. It has become the preferred language of
  - Instant Payments schemes (SEPA Instant, RPT, FedNow, RTR, Pix, Sarie, Aani, Faster Payments (future))… And Australia's plan to replace BECS (batch payments) with Instant Payments through NPP could foreshadow the future.

Here is where we are today

  - RTGS systems (Fedwire, CHIPS, Target 2, Columbia, Bank of India, CNAPS, SIC, Rentas, BHATNET, Lynx, SAMOS, NPP, KEPSS, ZIPSS, MEPS…), By end 2025, an estimated 90% of RTGS payments will use ISO 20022 with growing adoption to support the G20 cross border goals (2027)
- But there are hurdles:
  - Low value domestic systems have been slower to move
  - 48% of US financial institutions will implement the minimum requirements for Fedwire and Swift and are not considering further changes at this time
  - 41% of global banks surveyed say end-to-end processing chain readiness is the greatest challenge for broad and consistent ISO 20022 adoption.

But is ISO 20022 a Silver Bullet?

Definition

Definition, noun

- One of the few weapons that are effective against a werewolf… or other supernatural being (Wikipedia)
- Something that very quickly and easily solves a serious problem —usually singular (Merriam-Webster)
- ½ Gin, ¼ Lemon Juice, ¼ Kummel. Shake well and pour into a cocktail glass (Harry Craddock’s 1930 The Savoy Cocktail Book)

SAP Fioneer

But is ISO 20022 a Silver Bullet?

One answer: yes, no, and maybe

YES	MAYBE (but not yet)	NO (probably)	NO (not yet)
Focused on a complex problem	Simple, singular, solution	Fast implementation	Definitive/consistent
Domestic and cross border payments, especially when combined with remittance detail and exception and investigations processes, is a complex problem!	Local variations jeopardize speed and simplicity Content and real benefits are constrained by existing backend systems and tools SEPA, MX, Fedwire, FedNow, CHIPS, RPT all use different implementations	Backends at banks and corporates need to be adjusted Shifts in clearing systems happens slowly to minimize risk Skimming ISO 20022 for minimum compliance is faster than fully using ISO 20022's capabilities	Use of strings for regulatory reporting Remittance detail inconsistencies Inconsistencies in local instrument data requirements Unstructured options Status message variations

Alternative Answer: *There are no real silver bullets for building standards. There are only good practitioners, good partners and good products.*

Here is where we can go

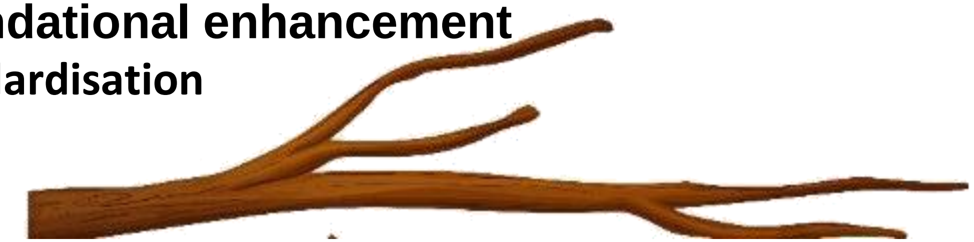
A better question: is ISO 20022 foundational or transformative

Q: Is ISO 20022 a silver bullet for standardization and digitalisation?

A: Silver bullet? No. We do think it is **foundational**, especially as usage grows across payment systems. It is increasingly a good foundation for interoperability and building enhancements using the data ISO 20022 can provide. But it isn't **transformative to payments** and the payment landscape."

--Large Canadian bank during SAP Fioneer interview on payments

Foundational enhancement
Standardisation



Transformative revolution
Digitalisation

are two different branches in the payment landscape

ISO 20022 is not done with its journey.

Here is where we can go

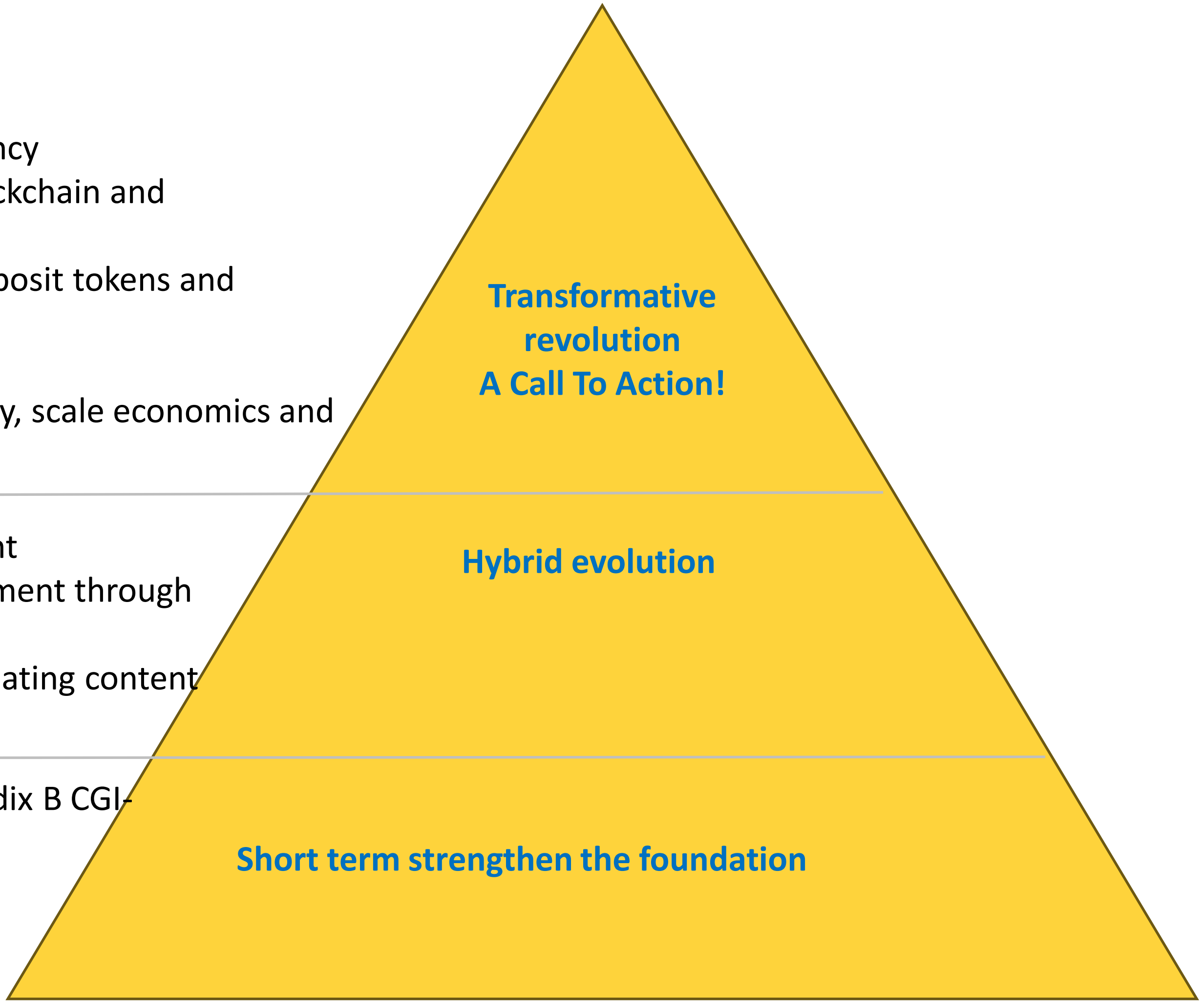
Improving payment standards

- Refocus “standards” from message format to content rules and consistency
- Making digitalisation active not passive. Reengineer payments using blockchain and tokenization
- Embrace replacing the physical with virtual assets – e.g. -stablecoins, deposit tokens and CBDCs
- Reengineer how information flows between payment applications
- Work to consolidate and reduce payment rails to improve interoperability, scale economics and reduce implementation variations

---

- Harness data use through AI for remittance, compliance, customer insight
- Enhance customer experience through end-to-end integration from payment through exception management
- Modify message rules to reference authoritative source rather than repeating content (e.g. – URL to remittance data with identity check)

- Eliminate payment instrument and reg reporting inconsistencies (appendix B CGI-MP)
- Expand standardized content (e.g. – LEI)
- End use of unstructured data
- Harmonize similar implementations



ISO20022

Is it a silver bullet for standardisation and digitalisation?

What is your answer?

Follow us

www.sapfioneer.com

Coffee Break
10:20 – 10:30 CET

During coffee break, do not “leave the meeting”
(i.e., stay connected while muting your sound and turning off your camera)

Panel Discussion

ABE EBA
EURO BANKING ASSOCIATION

Clare Rowley

Head of Business Operations
Global Legal Entity Identifier Foundation (GLEIF)

ABE EBA
EURO BANKING ASSOCIATION

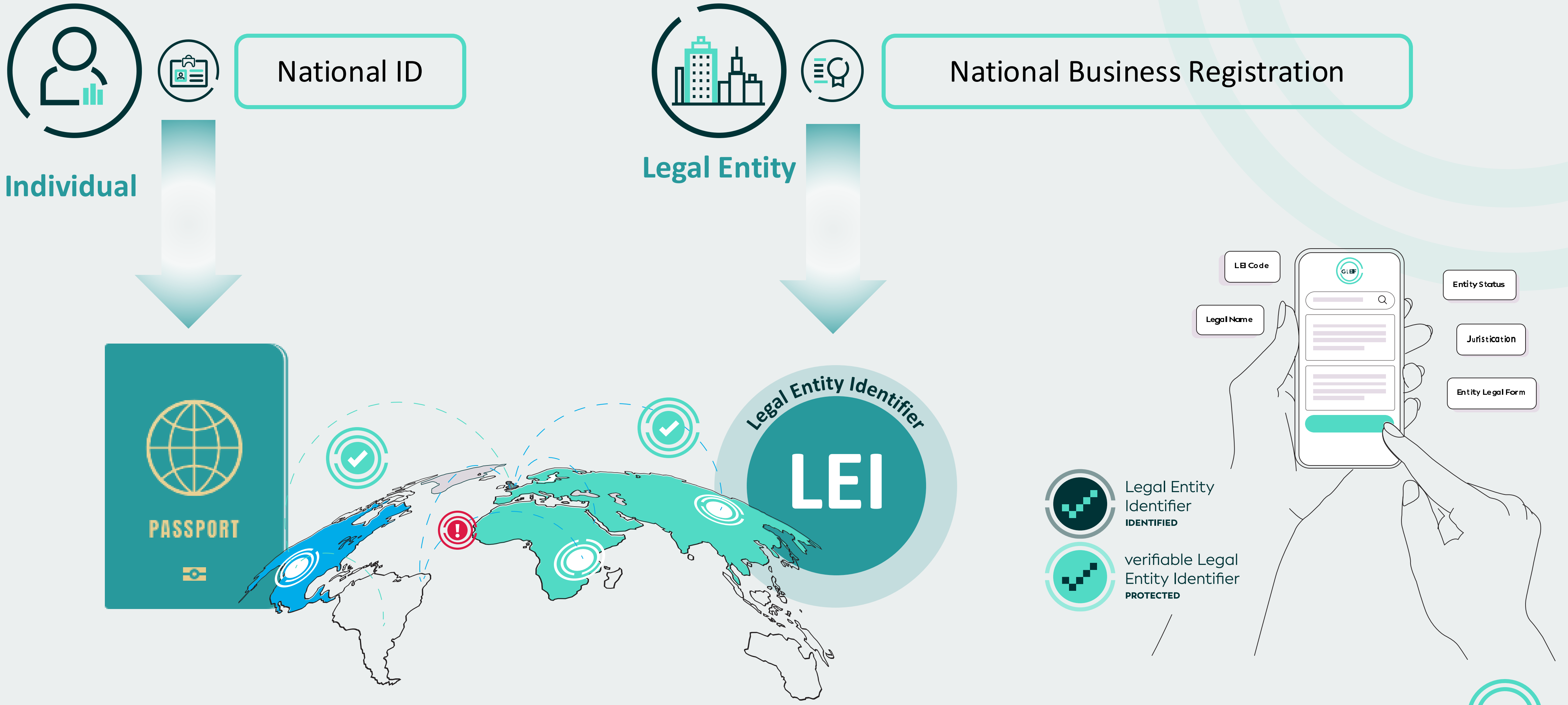
How can the Legal Entity Identifier (LEI) support an increasingly digital ecosystem?

Euro Banking Association - Open Forum on Digital Transformation

2025-09-09

Clare Rowley, Head of Business Operations
Global Legal Entity Identifier Foundation

The Passport for Legal Entities

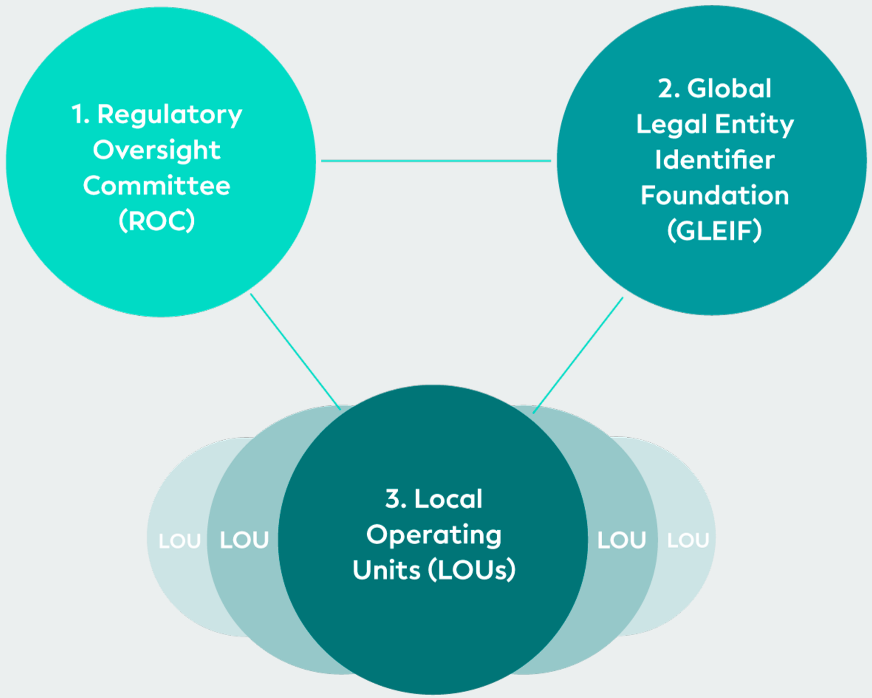


Introducing the Global LEI System

The Financial Stability Board (FSB) and the Group of Twenty (G20) have endorsed the LEI, Global LEI System and GLEIF.

Composed of public authorities from around the world

Ensures the operational integrity of the Global LEI System



Issue LEIs to legal entities

Organizational Identity in Global Regulations

EU
- MifID II, MMF Regulation, Solvency II, AIFMD, Market Abuse Regulation, CSD Regulation, Prospectus Regulation, Securitization Regulation
- SFTR EBA Recommendation, Credit Rating Agencies Regulation

Canada
- Equity and debt securities reporting

USA
- Home Mortgage Disclosure reporting
- Repo Market participants
- Swap data reporting
- Funds and investment firms reporting

Mexico
- OTC Derivatives and repo market participants

Argentina
- OTC Derivatives market participants

China
- China Customs requires LEI for imports from 29 countries
- Roadmap for LEI adoption published by PBOC

Japan
- OTC Derivatives market participants

Singapore/Hong Kong
- OTC Derivatives market participants

South Africa
- OTC Derivatives market participants

India
- OTC Derivatives market participants, corporate borrowers, non-derivative market and large-value payments participants

Australia
- OTC Derivatives market
- ASIC Derivative Transaction Rules (Reporting)

GLEIF

Organizational Identity in ISO 20022

```
<Cdtr>
  <Nm>EDP SA</Nm>
  <PstlAdr>...</PstlAdr>
  <Id>
    <OrgId>
      <LEI>529900MUFAH07Q1TAX06</LEI>
    </OrgId>
  </Id>
</Cdtr>
```

EDP RENOVAVEIS SOCIEDAD ANONIMA

Policy Conforming

as of 2025-06-05 10:00:00+02:00

Current Data | Events and Changes | Show XML | vLEIs

LEI Code 529900MUFAH07Q1TAX06

(Primary) Legal Name	EDP RENOVAVEIS SOCIEDAD ANONIMA
Registered At	Central Mercantile Registry (Central Mercantile Registry) Registro Mercantil Central (Registro Mercantil Central) Spain RA000780
Registered As	A74219304
Jurisdiction Of Formation	ES
General Category	GENERAL
Entity Legal Form	Sociedad Anonima (es) 5RDO
Entity Status	ACTIVE
Entity created at	2007-12-04 00:00:00+01:00
OpenCorporates ID	es/74219304
QCC Code	QESY4WHWYG
ISIN Code	ES0127797019 ES0127797043
S&P Global Company ID	44669801

Parents — Hide

Parents | Published Relationship | Lapsed Relationship | Reporting Exception

EDP, S.A. (Direct Parent) | EDP, S.A. (Ultimate Parent)

Children — Hide

Direct children (70) | Published Relationship | Lapsed Relationship

EDP RENOVAVEIS SOCIEDAD ANONIMA

- ΑΙΟΛΙΚΟ ΠΑΡΚΟ ΦΘΙΩΤΙΔΑΣ - ΕΡΗΜΙΑ ΜΟΝΟΠΡΟΣΩΠΗ ΑΝΩΝΥΜΗ ΕΤΑΙΡΕΙΑ (Direct)
- INTERNATIONAL SOLAR ENERGY S.R.L. (Direct)
- PALMA HIVE SL (Direct)
- PEDREGAL HIVE SL (Direct)
- ΕΝΕΡΓΕΙΑΚΗ ΑΡΒΑΝΙΚΟΥ ΕΤΑΙΡΕΙΑ ΠΕΡΙΟΡΙΣΜΕΝΗΣ ΕΥΘΥΝΗΣ (Direct)
- BALNACRAIG BATTERY STORAGE LIMITED (Direct)
- HARRINGTON FRANKLIN LIMITED (Direct)
- Fransol 21 (Direct)
- Fransol 27 (Direct)
- Fransol 14 (Direct)
- KS NL13 B.V. (Direct)
- KSD 12 UG (haftungsbeschränkt) (Direct)
- Kronosol 12 (Direct)
- KRONOSOL 15 (Direct)
- Kronos 18 Fain (Direct)
- NEO SOLAR PRZYKONA II SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ (Direct)
- FARMA FOTOWOLTAICZNA PAKOSŁAW SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ (Direct)
- EDP Renewables SH Project Limited Partnership (Direct)

FATF Recommendation 16 – Payment Transparency

- The LEI is explicitly referenced within the interpretive note to Recommendation 16.
  - Where the originator or beneficiary of a cross-border or domestic payment/value transfer is a legal person, the LEI may accompany the transaction.
  - The LEI is listed alongside other recognized identifiers such as the BIC and unique official identifiers.

- Confirmation of payee/Verification of alignment of information

- Implementation deadline: 2030

EU Legislative Framework

Leveraging LEI in Counterparty Identification

AML-Regulation (AMLR)

LEI referenced for facilitating customer due diligence during the onboarding of legal entities.

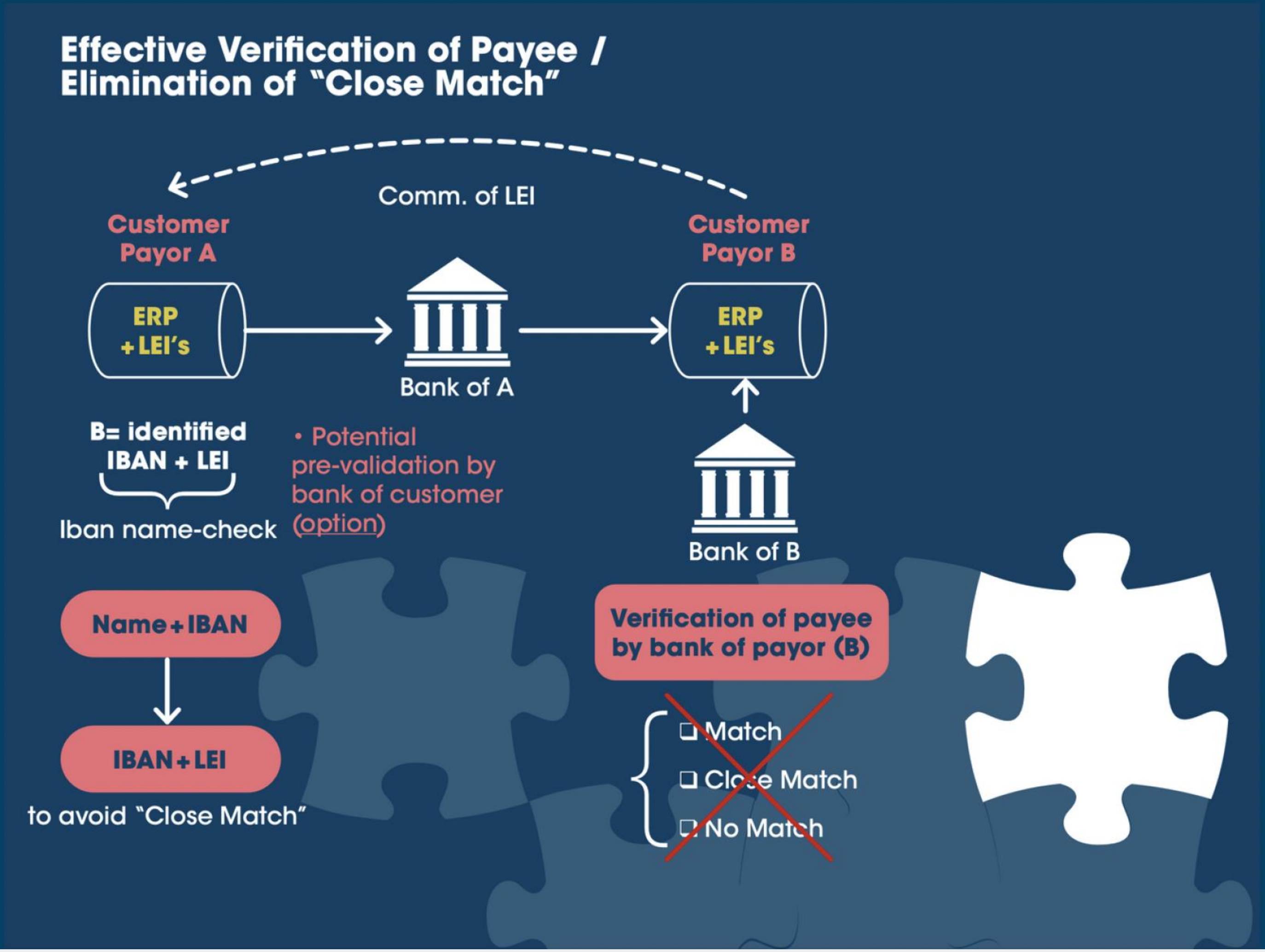
Instant Payments Regulation (IPR)

LEI facilitates payee confirmation and IBAN-Account Name matching. PSPs can allow users to use the LEI for LE credit transfers.

Transfer of Funds Regulation (TFR)

Use of the LEI, where available, for the identification for both originators and beneficiaries.

Transforming Business with Enhanced Security through LEIs



 | Author: Clare Rowley, Head of Business Operations | | GLEIF Public 2025-09-09

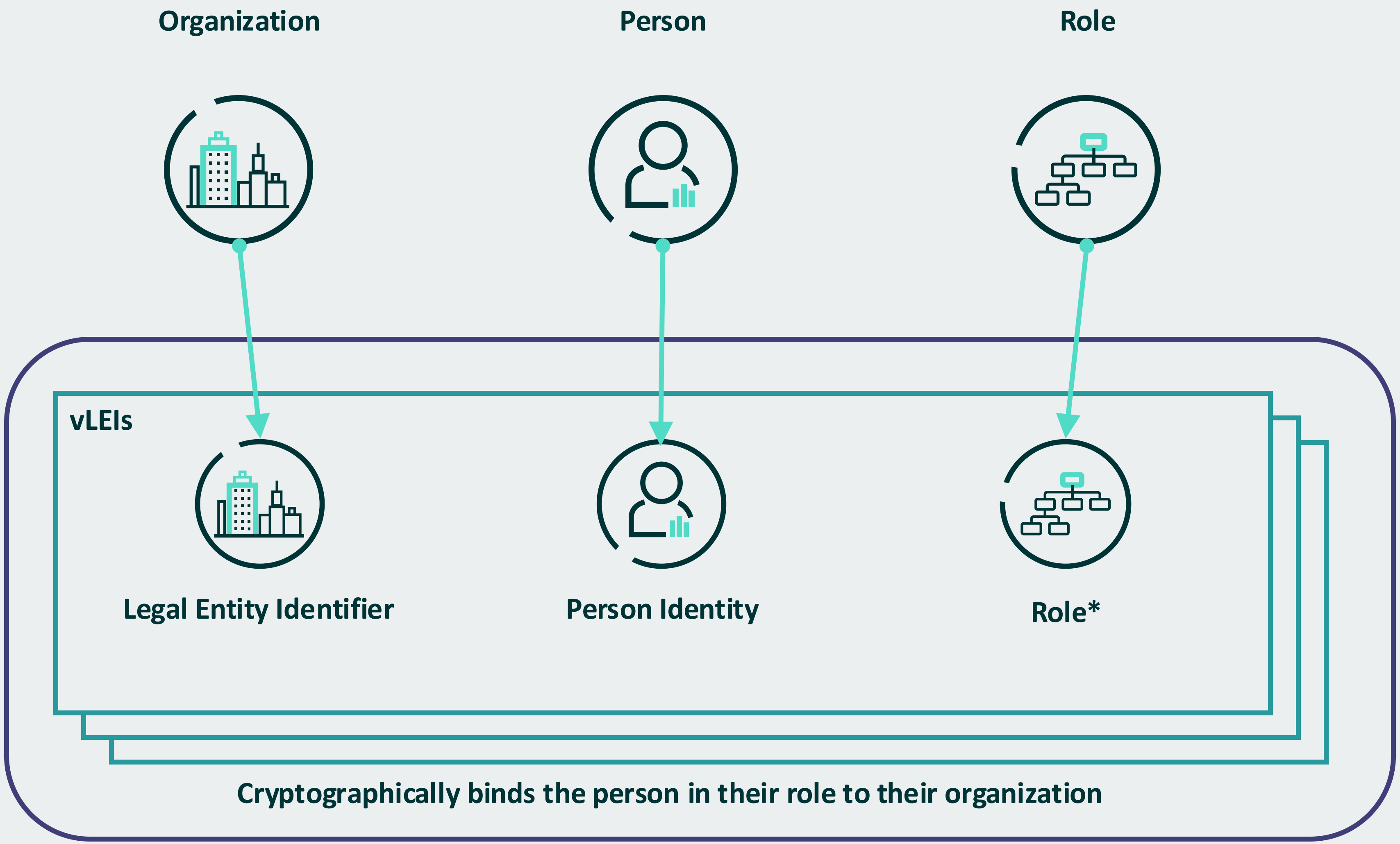
Global Digital Finance (GDF) and GLEIF released joint proposal on LEI in KYC/KYB

- GDF and GLEIF published a joint proposal exploring how leveraging the LEI can address key pain points in due diligence processes, particularly those arising from manual and fragmented client identification methods.

- Through a real-world application of Zodia Markets onboarding Deus X Pay, the proposal described below 4 steps of digital onboarding using the LEI:

  1) Retrieving LEI Data of the client via GLEIF API
  2) Storing Client Profile
  3) Verifying LEI Policy Conformance
  4) Requesting Additional Documentation

Organizational Identity: Connecting Organizations, Persons and Roles



Real World

Digital Representation

- Two types of vLEI Role Credentials
- For official roles- Official Organizational Role vLEI Credentials
- For functional role – Engagement Context Role vLEI Credentials

Limitations

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Coffee Break
11:40 – 11:50 CET

During coffee break, do not “leave the meeting”
(i.e., stay connected while muting your sound and turning off your camera)

Dominic Broom

Co-founder and CEO
ETR

Wayne Mills

Co-founder and CPO
ETR

EBA Open Forum

Reimagining Working Capital Finance

Dominic Broom & Wayne Mills

9th September 2025

The "Big Bang" equivalent for working capital finance

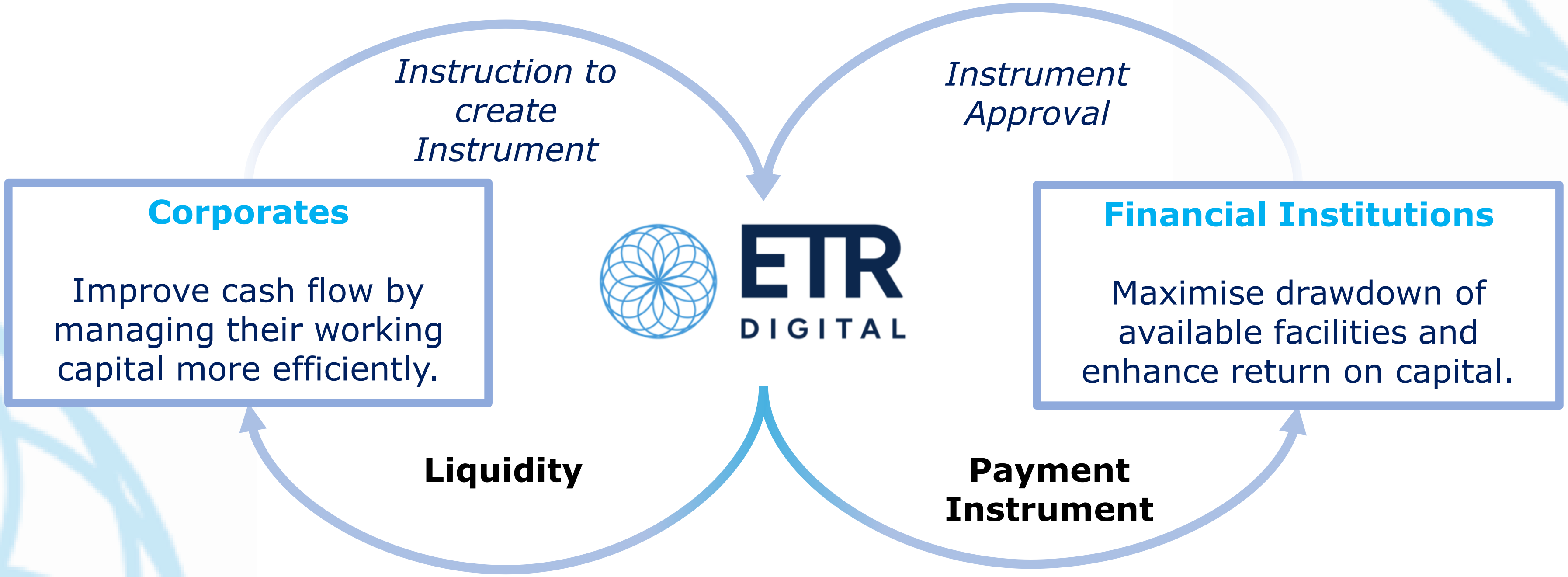
- Consensus support from major trading nations and organisations coupled with enabling legislative change is driving global adoption of digital negotiable instruments (DNIs), leading to the fusion of working capital finance and capital markets.

- Sellers and buyers of goods use DNIs (e.g. promissory notes and bills of exchange) to finance their working capital needs.
- Technology, such as delivered by ETR Digital, makes it possible to digitise these instruments, delivering efficiencies, savings and opportunities for businesses and lenders.

Banks can deliver value by driving liquidity to corporates via the next generation of digital negotiable instruments, making the finance of working capital faster, cheaper, fairer and more secure.

So how do DNIs work?

- ETR Digital provides transformational technology that enables Corporates to access working capital whilst providing Financial Institutions with highly secure, referenceable, transferable and enforceable instruments.
- The technology has been developed and tested over the past 24 months, so is market ready.
- Utilising world leading digital signature technology that is accepted in approx. 100 countries to prove the validity of the instruments, ensures legal enforceability of the DNI.



How DNIs enhance the provision of working capital finance?

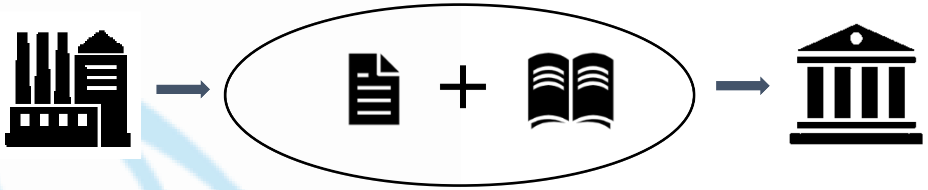
DNIs Deliver

Operational Efficiency	Reduce transaction processing times by up to 80%
Financial Efficiency	Corporates can utilise facilities more effectively
Working Capital	Attain “sector leading” working capital performance
Supply Chain Security	Improve payment terms and secure supplier loyalty
Legal Efficiency	Easily enforceable financial instruments
ESG Compatibility	Supports ESG goals by eliminating the paper problem
Auditability	Provides instant and permissioned audit access
Data Security	Assets encrypted to highest available standards

New Working Capital Finance Opportunities
Comparing non-negotiable vs. negotiable instruments

- An invoice is not a negotiable instrument.
- Invoice finance based on complex contractual assignment.
- Assignment of invoice is inextricably linked to underlying commercial contract.

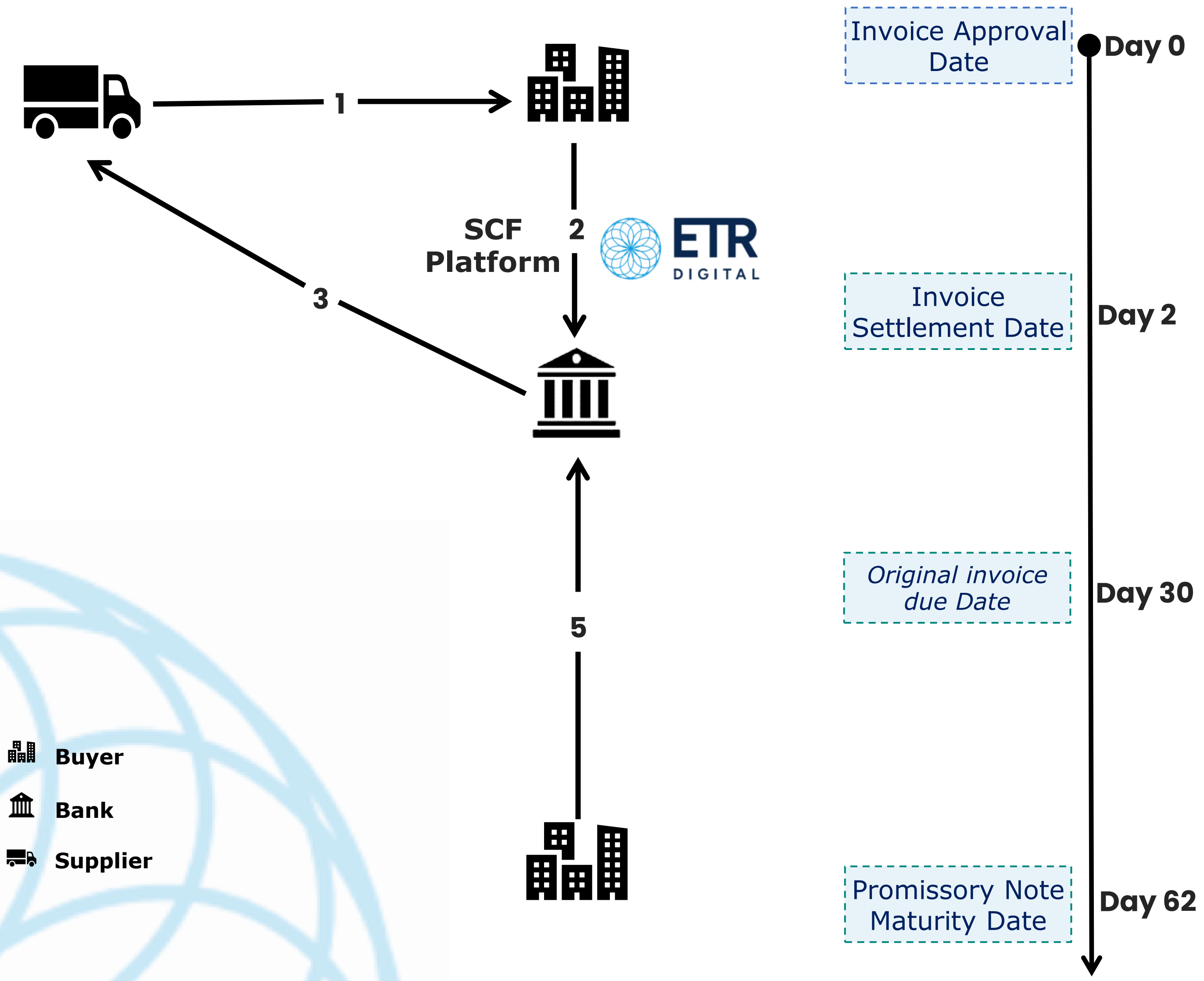
- Bills of Exchange and Promissory Notes are negotiable finance/payment instruments.
- Transfer of ownership of a bill of exchange takes place by simple indorsement.
- DNIs are statutorily recognized worldwide and are agnostic towards platforms as well as towards any legal structure.



Challenges:
- Prohibition of assignment in supply contract?
- Assignment only effective by registration?
- Defence or set-off

- Negotiable finance instruments create an independent payment obligation that cannot be cancelled solely on the basis of a dispute between the underlying parties to the transaction.

Use Case 1: Supplier Finance



1) The supplier sends the buyer invoices (30-day terms) which have been selected for and early settlement. Buyer/debtor uploads approved invoice data onto platform.

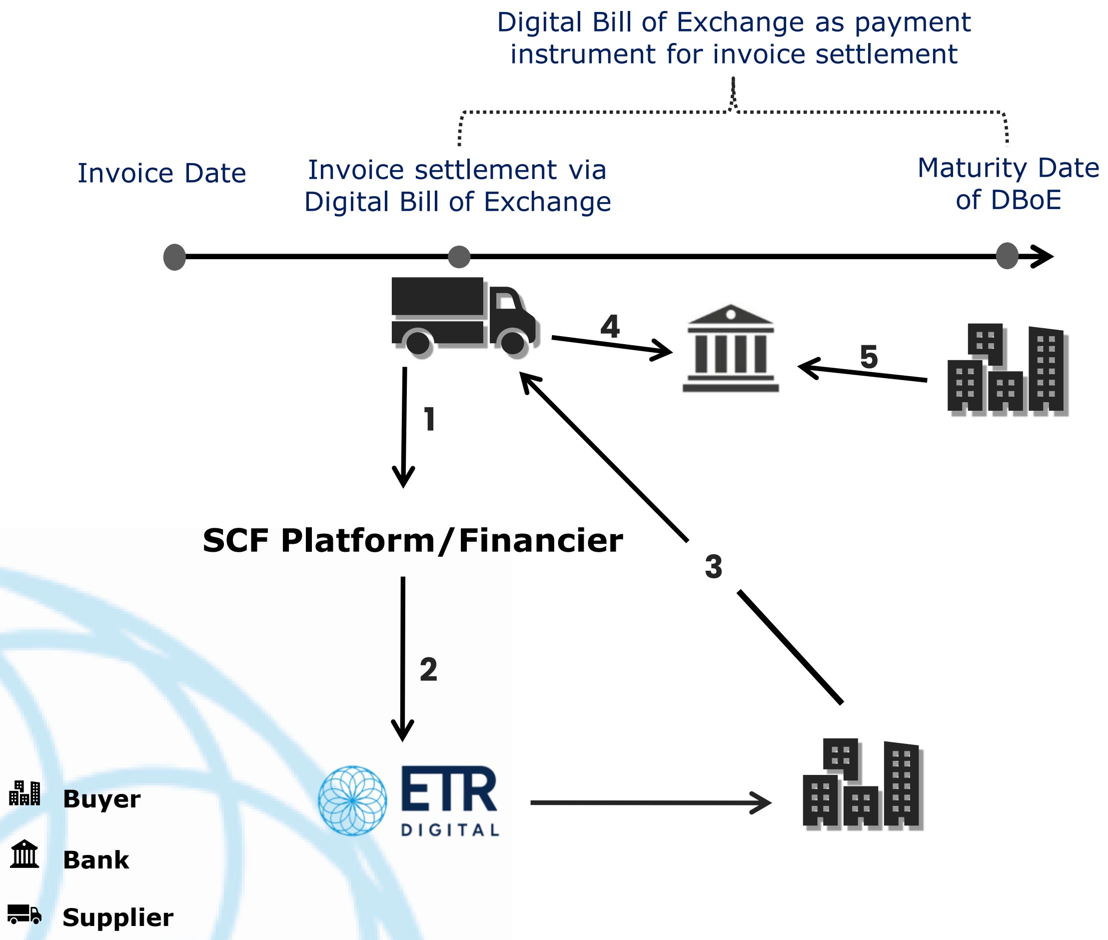
2) DPN is created with a maturity date of 60 days and offered via platform to financer.

3) Financer approves DPN and remits the discounted price of the invoices to supplier (ahead of invoice due date).

Buyer extends payment terms by an additional 30 days with issuance of a Digital Promissory Note (DPN) with a tenor of 60 days, giving them 60 days to settle original invoice value

4) At maturity of DPN, buyer/debtor remits DPN amount to financer and financier retires DPN.

Use Case 2: Streamlined Receivables Finance



1. Supplier uploads invoice data to platform and selects invoices to be paid with a Digital Bill of Exchange (DBoE).
2. DBoE is minted via ETR Digital platform and forwarded to the respective buyer.
3. The buyer accepts DBoE on ETR Digital platform, which is returned to the supplier.
4. Supplier endorses DBoE to Financing Bank who remits purchase price to supplier.
5. At maturity of the DBoE buyer remits DBoE amount to Bank (or subsequent holder).

Meeting the needs of all institutional stakeholders

DNIs support alignment of functional needs across financial institutions to enable…

Relationship-Driven Sales:

1. Grow market share
2. Increased facility utilisation
3. Increase client retention

Maintaining Risk Discipline:

1. Improved business insights
2. Supportive regulatory regime
3. Universally enforceable instruments

Client-Centric Product Delivery:

1. Modern product evolution
2. Meeting corporate demand
3. Easy to implement

Supportive Legal Reform:

1. Legal recognition of DNIs
2. Global reform underway
3. Established principles maintained

Enhanced Working Capital Finance:
Benefits For All Stakeholders

Supplier	Buyer	Banks/NBFIs
WIN	**WIN**	**WIN**

Supplier

- Better access to working capital
- Lower funding costs
- Security of payment
- Speed of execution
- Assured settlement of full invoice value
- Less admin

Buyer

- Maintain control of Supply Chain
- Strengthen relationships with Suppliers
- No minimum volume requirements
- No negative impact on financial KPIs
- Lean and simple implementation
- Potential extension of payment terms

Banks/NBFIs

- Higher volumes & limit utilisation
- Greater transactional security
- Fully fungible and easily transferrable
- End to end transaction audit trail
- Simple enforceability of instrument
- Enables business with currently ineligible suppliers

LIQUIDITY

Q&A

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Carlos Figueredo

Global Head of Payments
SAP Fioneer

Sundar Devarajan

Director Business Solutions
SAP Fioneer

Turning Payments Back Into a Profit Engine

Rethinking payments as a market challenge, not just an IT problem

Sundar Devarajan & Carlos Figueredo for SAP Fioneer
September 2025

CONFIDENTIAL

Payments once delivered ~35% of bank revenues, but structural decoupling is eroding that position

Payments are no longer a guaranteed profit centre but a strategic liability. This erosion is driven by two key forces: an internal "**Legacy Doom Loop**" and an external "**Two-Front War**" against competition and fraud.

The greatest internal spend apart from keeping the lights on is regulatory spend. Global banks spend on regulatory compliance are set to grow **over $30billion – almost 35% of total IT spend** (across CAPEX and OPEX) in the next year.

The payments value chain has become increasingly fragmented, complex.

The payments challenge is now an **accumulation** of not just "technical debt" but "**ecosystem debt**."

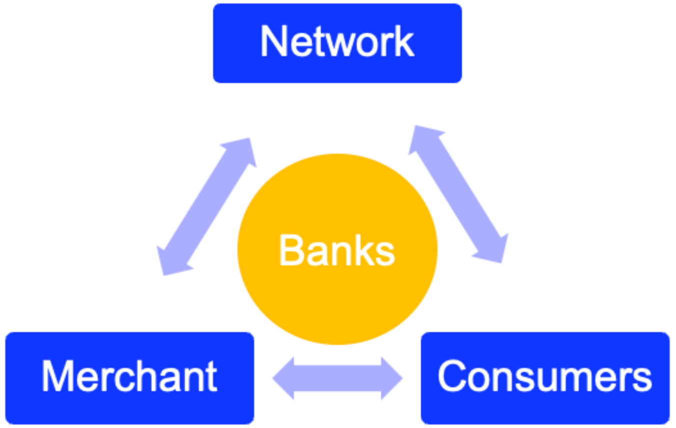
Risk asymmetry: liability rules (e.g., UK APP fraud reimbursement) redistribute risk across the ecosystem.

Increased security and new payment schemes.

Legacy systems, rising fraud, and growing complexity are squeezing margins and stalling innovation. Incremental fixes haven't delivered.
To thrive, banks need a new approach—one that simplifies architecture, embeds compliance, and enables real-time innovation at scale.

Commoditization Challenge: Lost Pricing Power for Banks

Commoditization has turned payments into a scale-driven utility, where banks struggle to differentiate and margins are steadily eroded. Regulatory caps on interchange, intense competition in acquiring, and the dominance of global schemes have stripped banks of pricing power. While volumes continue to grow, the profit pools attached to them are shrinking, forcing banks into a race to the bottom. In this environment, payments risk being seen purely as a cost of doing business rather than a source of strategic value.



How does commoditization affect

01 Regulatory Squeeze

Interchange caps → issuers earn less than they did pre-2015 EU regulation; profit pool structurally reduced.
Cross-border disputes → post-Brexit caps create legal and political uncertainty, undermining predictability of revenues.

02 Margin compression in Acquiring

Acquirer side margin compression → fierce competition in acquiring drives merchant service charges (MSCs) down to near-zero spreads.
Merchant pressure → retailers, especially large ones, demand lower fees, reducing acquirer profitability further.

03 Scheme dominance

Scheme dominance → Visa and Mastercard capture non-capped fees, leaving banks as price-takers with limited leverage.

04 Rising Cost & Emerging Alternatives

Shift to account-to-account / instant payments → threatens card-based economics and fee income.
Rising compliance & tech costs → fraud monitoring, PSD3, and instant payments regulation increase costs without margin uplift.

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AI is maturing so are our use cases for Banks

Generative AI for Hyper-Personalization • Embedded AI platforms that goes beyond text	• Embedding AI at platform level enables us to dynamically craft personalized campaigns, conversational prompts at scale. Eg: Voice activated payments and real-time facial authentication.
Preserving Privacy & Federated • Compliance as an asset using AI	• Sensitive payment data remains on-device or within a secure enclave, while models learn collaboratively across distributed datasets. • Aligns with GDPR and banking secrecy laws, enabling AI without exposing raw transaction data.
Reinforced learning for dynamic risk optimization • Simulation of what-if scenarios to enable better decision making	• Our AI agents learn optimal fraud controls, pricing, and credit limits by simulating billions of transaction outcomes. Fioneer has unique advantage of handling end to end data which enables agents to learn better. • Improves approval rates without compromising fraud prevention.
Explainable • Infusing transparency in decision making automation.	• Regulators (like EU AI Act) demand transparency. Our Next-gen AI models include **explainability layers**, making risk decisions auditable for regulators and clients. • Builds trust with customers when transactions are blocked or flagged.
Tokenization Synergy • Future of decentralized payments	• Including AI to enhance **contract validation** and fraud monitoring in tokenized payments including that of digital currencies like stablecoin transactions. Accelerates adoption of programmable money. • Key for future payment infrastructures where AI ensures compliance in decentralized networks.
Smart Payment Platform • Beyond a payment hub + AI integration	• Intelligence built directly into payment infrastructure • supports real-time transaction monitoring, pattern detection, and “next-best-action” guidance—all embedded within the payment engine.

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All Roads Lead to Data: The Hidden Gem that can Tip the Scales for Banks

Banks have access to massive amounts of payments data. In an environment of heightened competition and contracting net interest margins, monetizing payment data has become a strategic imperative for banks. What is triggering this

- Millions of UK consumers already consent to share account and payments data.
- Every payment now carries structured data (invoice number, purpose, counterparty ID) – currently most of it is unstructured.
- Account-to-account wallets give banks direct access to merchant + consumer payment patterns.
- Open Banking leads to Open Finance and moves beyond payments into other banking instruments.
- Legal frameworks now enable consented data sharing across industries (IoT, utilities, finance).

Strategic Pillar	Drivers for revenue	Target Customer	What we do
VRP Revolution	Direct Fees, Indirect Revenue	B2B, B2C	APIs, Embedded Finance and real-time analytics
Standardise & Structure Data	Direct Fees, Indirect Revenue	B2B	ISO 20022 adoption, AI based intelligent formatting
Hyper-Personalization	Indirect Revenue (Increased LTV, Cross-Sell)	B2C	Aggregated Data across ecosystem for Single customer view
Embedded / Inclusive Lending	Direct Revenue (Loan Origination Fees, Interest)	B2C, SME	Open Banking Transaction Data, Alternative Credit Scoring Models
Establishing DaaS Partnerships	Direct Fees (Subscription/Licensing)	B2B	Anonymized, Aggregated Payments Data

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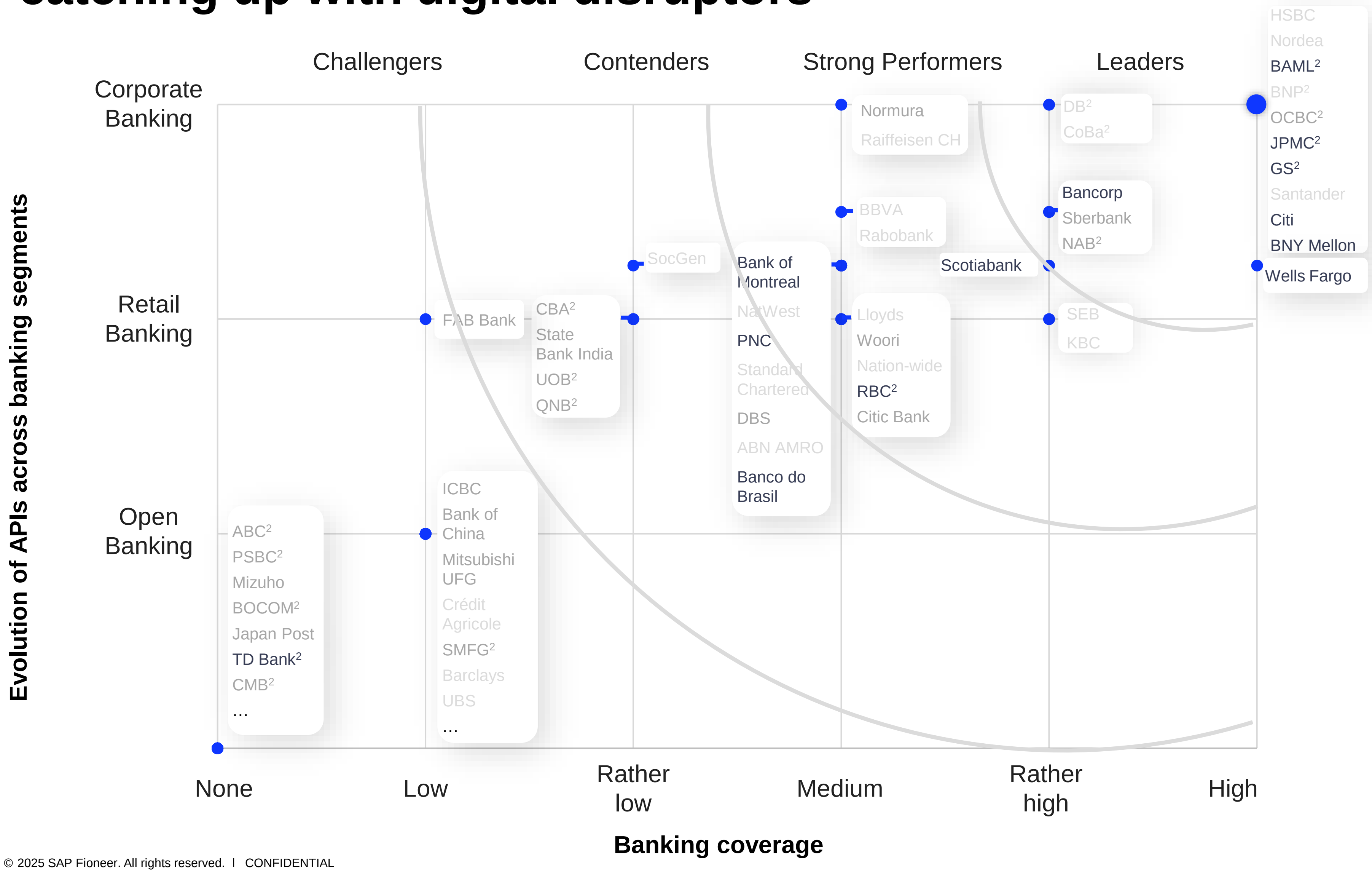
Regulation has accelerated API adoption, yet banks are still catching up with digital disruptors



Observations

- Open Banking & PSD2 regulations in Europe triggered a broader need to develop API products
- HSBC, BNP Paribas are the leading European banks to provide Open APIs across other banking segments
- North American banks are currently accelerating faster in APIfication progress and embedded finance initiatives

1. Analysis conducted by SAP Fioneer in July 2024 based on publically available information through banks' websites, media articles, analyst reports, etc.
2. Abbreviations: ABC – Agricultural Bank of China; PSBC – Postal Savings Bank of China; BOCOM – Bank of Communications; TD Bank – Toronto Dominion Bank; CMB – China Merchants Bank; SMFG – Sumitomo Mitsui Banking Group; RBC – Royal Bank of Canada; CBA – Commonwealth Bank of Australia; UOB – United Overseas Bank; QNB – Qatar National Bank; NAB – National Bank of Australia; DB – Deutsche Bank; CoBa – Commerzbank; BAML – Bank of America; BNP – BNP Paribas; OCBC – Oversea-Chinese Banking Corporation; JPMC – J.P. Morgan Chase; GS – Goldman Sachs

Legend

Americas Europe APJ

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Four areas where we are working with our clients to help them improve their profitability

Payments

Instant/Real Time payments

Real-time Instant Cross-border demand. The demand for real-time cross-border transactions and changing consumer behaviour towards e-payments/e-commerce. Move towards DEAs to lower cost and time to market.

Enhancing correspond bank functions to improve and adopt standards.

DEAs breaking down barriers, as ISV, we work on enhancing data flows and interoperability to make DEAs as operational reality.

Digital currencies/Wallets

Digital Currency Shift is expected to lower transaction fees, facilitate easier cross border payments. with fintechs active in digital wallets transitioning to digital currencies. Due to tap-and-go payments becoming de facto choice for consumers.

Engaged in government sandbox for digital currency to proactively develop and enhance solutions.

Working with partners and customers on possible use cases for stablecoins and digital wallets

Enhancing partner ecosystem for retailers and e-commerce platforms.

Importance & Use of Data

Data is where fintechs and challenger banks are competing with large banks by data becoming a higher revenue stream than payment charges and commissions. A race to the bottom on payment charges is not a revenue model for banks

Working with clients and partners on maximizing data use for new products and services resulting in new customer centric revenue opportunities.

Building various data use cases from various core banking processing.

Risk & Compliance

Digital economy increases risk of cyber security threats. Banks that have already spent heavily on risk scoring and transaction monitoring need to adopt preventive technology (like biometrics) for comprehensive protection.

Building an AFC-Aware

Core security-first APIs

AI-Driven risk intelligence with in-house models

Sustainable & responsible compliance

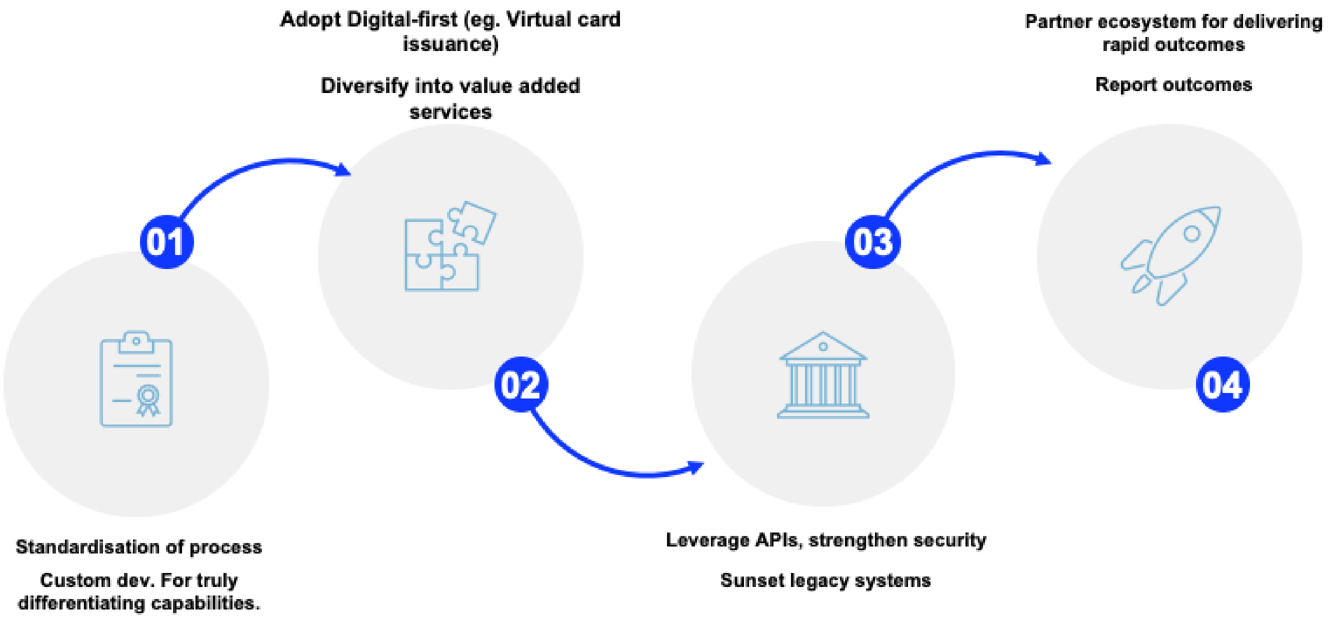
Applied Scenario

How we tackled legacy, compliance and customer experience resulting in customer profit growth.

Who?

A UK-based mutual financial institution that offers banking, savings, mortgages, and insurance services, mainly in the retail market. As a building society, it focuses on providing value through competitive financial products and customer-centric service.

The Transformation Imperative



The outcome

Customer satisfaction

Customers expect their payments to be made on time, and their queries to be answered quickly and fully. The new system promises to deliver on time and provide information instantly on demand.

Resilience and sustainability

Freed from the reality of constant legacy breakages and faults, staff will refocus on developing their business, knowing that the new system is sustainable in every sense – including costs, skills and resilience.

Simplified payments operations

Replacing eight or more legacy applications with a single solution will allow unprecedented streamlining and standardization of payment operations – with the greatest beneficiary being the customer.

Cost Reduction and Revenue Growth

By removing complex pre-processing and consolidating payment processes we were able to reduce the operational cost there by

Key Takeaways: Turning Payments Back into a Profit Engine

- **Payments are under pressure** — Compliance costs, fraud, and fintech disruption have eroded profitability.
- **Legacy systems are the real barrier** — They drain budgets and slow innovation.
- **Winners are modernizing fast** — Cloud-native, API-first, real-time, and AI-driven capabilities are setting them apart.
- **The path forward is clear** — Shift spend from “keeping the lights on” to growth, embrace fintech partnerships, and future-proof with embedded finance and AI.

Summary
“Payments don’t have to be a cost centre. With the right strategy, they can once again become a powerful engine of growth.”

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Next steps

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Wrap-up

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Participants in the forum are reminded of their responsibility to observe anti-trust laws.

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https://www.abe-eba.eu/media/azure/production/1352/eba_antitrust_policy_20170602_final_clean.pdf

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