



## PayThink For banks, P-to-P is just the beginning of catching up to startups

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The newly launched Zelle may look like PayPal 1.0 from 2001 on the surface, but it does reflect a growing acceptance among U.S.-based banks and financial institutions around the importance of facilitating and improving peer-to-peer money movement.

Some of the most successful recent innovations in payments have involved peer-to-peer services of some sort to begin with, before they evolved into larger services in the end. Just look at Venmo, SquareCash, WeChat Pay, Pay TM and, of course, PayPal.

But that is just the tip of the iceberg for the rapidly changing payments business. No longer is payment and the movement of funds between individuals or businesses the long pole in the tent. These things must also take place within an environment that a user is comfortable with and receives more value from. That is where big banks can participate and derive new revenue sources.



Bloomberg News

Banks need to look at their back-end services as a platform. Partnering and integrating the bank's platform with major retailers and brands will be an important step for big banks. Opening up their mobile banking apps and payment credentials for retail-branded experiences from within the banking app environment carries significant value for the retailer and will generate an exciting new revenue stream for the bank through sales based revenue sharing from the brands. Imagine in-store and online experiences where your favorite bank's mobile app acts as a secure interface for branded interactions and actual transaction enablement.

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Speaking of successful platforms, the widespread use of social media platforms and the derivative concept of social payments, like Venmo, offers an opportunity for banks to integrate and grow. The user base and engagement across these large social platforms far exceeds the total usage the banks can ever envisage from their respective mobile banking apps. This offers an opportunity for early movers to establish themselves in



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a popular alternative to checks and credit card payments, are another area just waiting to explode in the U.S. Most of the rest of the world has already adopted ACH, and this has led to some interesting new use cases. One can look at how mobile payments are leveraging real-time ACH to great success in countries like China and India, enough to make it the default payment rail for all transactions. Not only has it ushered in a new era of digital transactions, but these markets have completely leapfrogged widespread, card-based transactions to favor mobile-based transactions instead.

**Don't fear evolving points of commerce.** Lastly, consumer interaction form factors are changing, and the definition of a smart device is no longer restricted to mobile phones. Cars, thermostats, appliances, even highways are all becoming points of commerce, and banks need to quickly adapt to this new reality and be prepared to integrate and expand with them.



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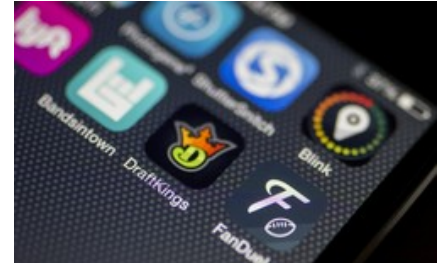
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