

PaymentsSource

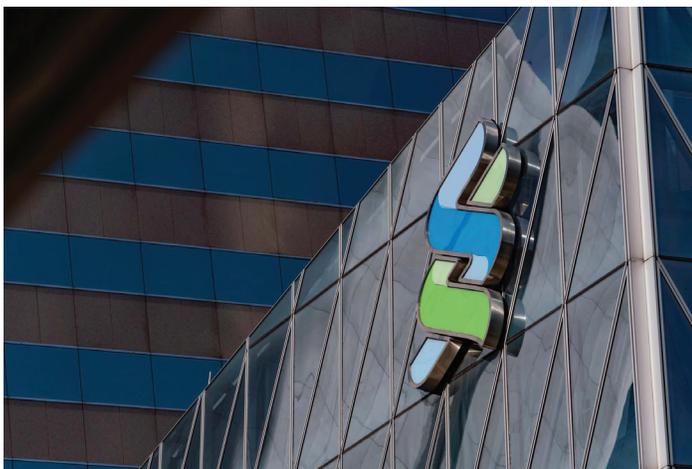
How banks worldwide are taking on P2P fintechs

By Robin Arnfield Published November 18 2019

Up against the rising success of social payments providers like Venmo and Square Cash, banks are deploying more options to keep themselves at the focus of digital payments.

In Q3 2019, Venmo processed \$27 billion in payments, a 64% increase from the same period a year earlier, generating an annual revenue run rate of nearly \$400 million. Square Cash, which has fewer than half the number of users, has an annual revenue run rate of \$600 million.

Against such competition, banks have several options. One tactic is to create a competing network like the U.S. banks' Zelle, which eschews social media tools in favor of a more seamless tie-in to banks' mobile apps. Another is to find a way to embed into the social apps consumers are already using by placing a bank-branded payment button onto phones' on-screen keyboards.



Standard Chartered/Bloomberg News

Mexico's Banco Banorte is one of 20 banks worldwide using technology from Tel Aviv-based PayKey. This enables basic functions such as checking account balances and transferring funds, and it also lays the groundwork for more sophisticated interactions.

"We plan to create a link from the keyboard to our AI-based chatbot," said Olga Emideth Ceja, director of innovation and transformation at Banorte. "Since QR code payments are becoming popular in Mexico, we also want to include a QR code feature in the keyboard."

PayKey also enables bank customers to receive promotions and create PINs in order to initiate cardless ATM withdrawals.

A number of PayKey's clients such as Standard Chartered Bank, UOB, Bank BTPN and Shinhan Bank are based in Asia, where WeChat Pay is dominant. Also, PhonePe, the No. 2 digital wallet in India with over 150 million users, has rolled out PayKey.

Haggai Levy, PayKey's marketing communication manager, said PayKey sees major opportunities in emerging markets where it provides banks with a way to reach underserved customers. "We particularly target mobile wallets, as they are massive in developing countries where people often don't have standard bank accounts," he said.

One example is DaviPlata (Plata means cash) — a mobile wallet provided by Colombia's Banco Davivienda to its customers and unbanked consumers — which has 6 million users. Davivienda has seen a \$3 million increase in P2P transaction volume in DaviPlata since implementing a PayKey button in March 2017 in the wallet, enabling P2P transfers, splitting of bills between friends and prepaid airtime top-up. Davivienda says 83% of its customers' PayKey keyboards are used on a regular basis.

PayKey and Tokyo-based bank SBI Holdings have formed a joint venture, SBI PayKey Asia, to market PayKey's technology to Asian banks and digital wallet providers. SBI, which is also an investor in PayKey, will own 70% of

the venture. “We expect the JV to help us to expand our existing foothold in South-East Asia,” Levy said.

Banks in established markets such as HSBC U.K. subsidiary First Direct, ING in Poland, and Australia’s Westpac also use PayKey.

Standard Chartered spans several markets with its PayKey deployment. It has rolled out its SC Keyboard social banking technology in Korea, Hong Kong, Taiwan, and seven African countries including Kenya and Ghana.

Standard Chartered Korea was the first subsidiary of the international bank to get the SC Keyboard. Following the launch in 2018, Standard Chartered Korea has seen an expansion in mobile banking activity with a 66% rise in end-to-end digital sales year-on-year, and a 7.5% increase in digital adoption year-on-year.

“We’ve customized P2P to reflect the nuances in client needs and behaviors in these 10 markets,” said Kaushik Chowdhury, Standard Chartered’s executive director, card, switch and digital payments. “In Africa, through our SC Keyboard, we’ve positioned ‘Mobile Money’ as a separate functionality due to its popular use for P2P transfers, in addition to mobile wallet and airtime top-up functionalities.”

In Hong Kong and Taiwan, where P2P payments have been widely adopted, Standard Chartered’s PayKey inte-

gration leverages the Faster Payment System back-end to make transfers instantaneous.

“We’ve made P2P transfers more culturally relevant in Taiwan by branding them as a digital ‘red envelope,’” said Chowdhury. “View Balances is the most used functionality in our SC Mobile banking app, and is a standard use case across SC Keyboard in all countries.”

Going forward, Standard Chartered wants to add many of the services that are available in SC Mobile to SC Keyboard. “The aim is to make these services contextual and intuitive for our clients,” Chowdhury said.

In July 2019, Banca Transilvania (BT) launched a PayKey-based keyboard within its BTPay digital wallet. The Romanian bank has 350,000 BTPay wallet users and 3 million total customers, including 1.6 million Internet and mobile banking users.

“The PayKey keyboard gives our customers a simplified experience and a shortened communications gap between us as a bank and our digital wallet users,” Tudor Avram, digital transformation expert at Banca Transilvania, told an Efma conference in October 2019.

BT has integrated three services in its PayKey solution: sending and requesting money between BT customers using phone numbers from the user’s contact list, and checking the balance on all cards added to BTPay.

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