



Mike's review of the year – 2009



January 2009	February 2009	March 2009	April 2009
<p>The year started on a gloomy note. While I was laid up with a broken leg, I could read about all the financial businesses stuck fast on the Goodwin Sands. The symptoms of this were an inability to make decisions, or even to decide who should be making decisions. Meanwhile I realised the extent to which payments for medical treatment are a separate business, and operate very differently in each country. France, Germany and Taiwan all use chip cards to help the information and payment flow – this seems a good idea.</p>	<p>The winter conference season saw two contrasting but interesting events: the European Switches Forum ESF+ is open to switch operators only, while ECAF in Berlin is an open event that has grown very rapidly in the last two years. Both discussed interchange, and all the entrenched positions were repeated (loudly in Berlin, more reasoned at ESF+). Although there is little doubt that interchange will continue to drop, everyone must accept that if merchants want to pay less, cardholders will end up paying more.</p>	<p>Another meeting of the Retail Contactless Liaison Group. There are still several operational and commercial issues to resolve before high-volume multiple retailers accept these transactions, but a tipping-point will come in the UK in 2010 as the increased contactless limits start to cover a round of drinks and more people realise they actually have a contactless card. In the meantime the schemes must stop saying “this is a no-brainer for retailers” and address the issues that remain.</p>	<p>Working with KPMG to produce a report on the future of global payments. Last time we did this everyone said the future would be a continuation of the past; now they acknowledge that the priorities have been reversed; although payments businesses are still profitable, most find it impossible to secure investment approval for customer-facing projects, while internal efficiency gains (eg removal of paper) are at the top of the list. Look out for several rounds of corporate restructuring in 2010 – 11, with newcomers holding the best cards ...</p>
May 2009	June 2009	July 2009	August 2009
<p>Did some work on the new Toronto transport card. PRESTO. The technology model here is similar to Oyster, slightly updated. But the business model is more ambitious: closer to that of Octopus – will that work in the Canadian environment? Meanwhile TfL goes public with its plans to accept contactless cards at the gate, which is likely to set a trend for several other cities. I'm working on the business requirements and middle-office components of this.</p>	<p>A major Scandinavian bank is looking to centralise its card processing and reduce its number of platforms – it's surprising more banks aren't yet following this route (see April). Many other banks are now working on their strategy for replacing Base24, which will not be maintained after November 2009. Legacy platforms are an increasing problem in the payments industry, and make it difficult to keep up with the welter of new compliance requirements.</p>	<p>Social reunion of the Chip and PIN team, many of whom are still in touch although few of us are still in payments. It remains one of the best projects any of us has worked on. Quite often in payments there is a need to manage proactively the relationship between two sectors: banking and retail, transport or telecoms. But this is rarely done; the Payments Council is not set up to do this and everyone else says “not my job” ☹</p>	<p>Holidaying in Italy, I'm reminded that this country is like a little Asia within Europe – despite a slightly fragmented infrastructure, users are enthusiastic about new technology. They love their <i>fonini</i> and have a multi-network system for buying a wide range of things, from parking time to theatre tickets and insurance. The PostePay card is also by far the largest prepaid card network in Europe. We need some of these companies to expand elsewhere in Europe!</p>
September 2009	October 2009	November 2009	December 2009
<p>As the investment industry returns from its summer holiday, it seems to have shaken off its hangover (see January). There is a sudden rush of M&A activity, which keeps me interested and busy. Most in play are relatively conventional processors and PSPs: the new technology businesses are still quite high risk. Regulators and Governments don't make life easy with their separate, sometimes conflicting and often changing agendas.</p>	<p>Presented at the S1 Payments conference in S Africa. As well as the usual opportunity to savour the wine, this reinforced my view that mobile payments are developing quite differently in Africa and Asia from the developed world. Here the mobile minute is the main tradable currency – much more stable than the naira or shilling – and many more people have mobile accounts than bank accounts. This is a more successful business model than the bank-centric one being promoted in the developed world.</p>	<p>At Cartes there is little new on display, but some of the things that were new in 2007 or 2008 are real in 2009.</p> <p>On 2nd November the Payment Services Directive comes into force. Many payment service providers become criminals, since they have neither registered nor sought exemption. The PSD is a much bigger issue than many people believe.</p>	<p>As Dubai comes perilously close to default, it's a good time to remember that we have still not worked out a good way to identify every counterparty in a transaction and the level of risk they bear. There is a fairly urgent need to provide more background data linked to financial messaging systems; it's unrealistic to think that the clearing systems themselves could or should carry all these data. But who will manage these systems? <i>Quis custodiet ipsos custodes?</i></p>

Best wishes for the Year of the Tiger!