

# P2P: The FI Perspective



MAINE BANKERS ASSOCIATION

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# Agenda



- Definition
- Landscape
- Examples
- Risky Business?
- The Future
- Questions

# How hard can it be?



bank p2p service providers

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# Defining P2P



- The ability to send money electronically (and securely) between friends, family and others
- For Banks: Offered through email and mobile from within a banks' existing portal
- For service providers: Offered through a third party application, closed loop application or a combination of both

# Landscape



- **PayPal still clear market leader**
  - And still continuing to innovate
    - ✦ B2C, P2P, POS
    - ✦ Developer community
- **Financial Institutions entered the market more aggressively in 2010**
- **FI's offerings are primarily service provider offerings**
  - ZashPay
  - PayPal
  - clearXchange
- **Consumer Interest**
  - Mobile
  - Consumers want to make P2P payments – but not necessarily for splitting the check for dinner

# Benefits for FI's



- Generate new transaction- based revenue
- Respond to consumer demands
- Attract new customers
- Reduce paper costs
- Promote “Going Green”
- Accelerate mobile banking adoption

# Benefits for Consumers



- Send money to anyone using existing applications
- Make payments using something you know
- Leverage options- recurring, immediate
- Receive payments electronically
- Track payments more easily

# Examples



- ZashPay
- Paypal
- clearXchange
- QuickPay



# ZashPay



- Lets you use your preexisting checking account, regardless of bank or credit union affiliation — there's no need to establish a new account
- Is endorsed and adopted by more than 1400 U.S. banks and credit unions and 35 million customers
- Is available everywhere in the U.S.
- It's a fast and convenient way to keep track of where your money is going
- Is easy to use — send and receive money with just a name, and either an e-mail address or mobile phone number
- You receive instant notifications upon sending or receiving money
- Works on your Mac or PC, as well as mobile devices

# ZashPay

[What is ZashPay?](#)[How it works](#)[Send money](#)[Get money](#)[Help](#)[Sign up](#)[Sign in](#)

## Fees

If you send money to someone through the ZashPay website, you as the sender will be charged a 75-cent fee.

**The receiver does not pay a fee.**

If you use ZashPay to send money to someone through your bank's website, the fee will vary and is determined by each bank.

Action		Fee
Sign up	→	FREE
Get money	→	FREE
Send money	→	75 cents per transaction*

\*If sent through zashpay.com.  
If sent through a financial institution's website, the fee will vary  
and is determined by each financial institution.

# PayPal



- **In numbers:**

- PayPal's 2011 annual revenue was \$4.4 billion, up 28 percent year over year.
- PayPal's international business accounted for about half of total revenue in 2011.
- PayPal revenues represented more than 38 percent of eBay Inc. revenues in 2011.
- PayPal's net Total Payment Volume for 2011, the total value of transactions, was more than \$118 billion, up 29 percent year over year.
- Merchant Services processed \$78 billion in Total Payment Volume in 2011, up 36 percent year over year.
- Cross-border trade accounted for approximately 25 percent of PayPal's Total Payment Volume.
- PayPal did approximately \$4 billion in mobile payment volume in 2011 – more than 5 times the mobile payment volume it did in 2010.
- PayPal expects to process \$7 billion in mobile payment volume in 2012.

# clearXchange



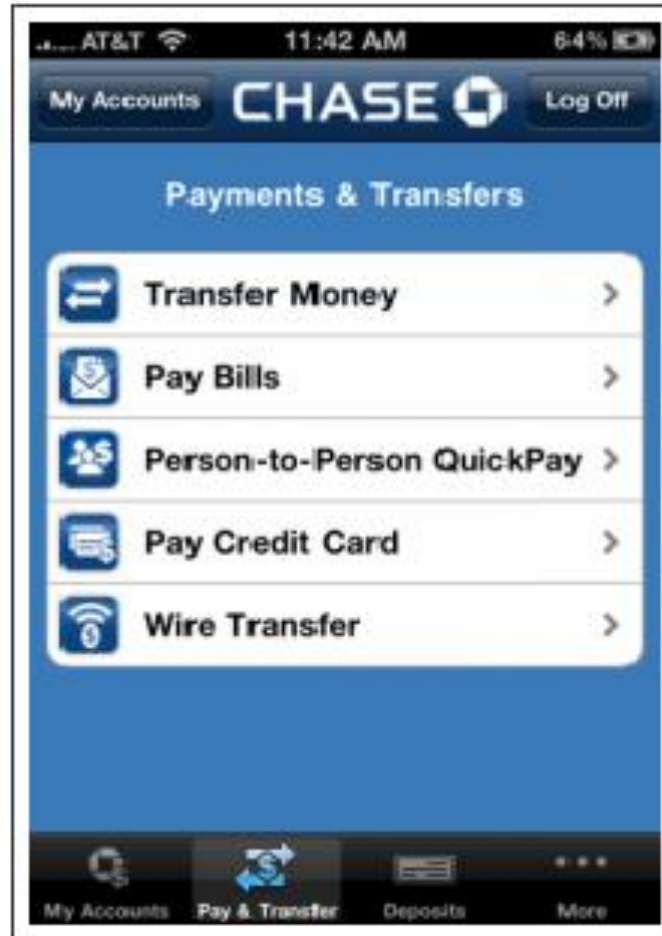
- The first U.S. P2P payment network created by financial institutions for financial institutions
- Equally owned by Bank of America, JPM Chase, and Wells Fargo
- Formed May 2011
- Uses email address or mobile number

# clearXchange



- ***For a fee (fee waived for a limited time):*** Make transfers to another person using the recipient's mobile number or email address.
- ***No fee:*** Make transfers to other customers using the recipient's account number. Most customers may also use Bill Pay to send money to individuals without charge.

# Chase QuickPay



# Mistakes Happen



Your mom and I are going to divorce next month

what??? why! call me please?

I wrote Disney and this phone changed it. We are going to Disney.

# Controls in P2P



- Real time information
- Challenge questions
- Multi modal
- NACHA
- Enhanced security with mobile



# Built-in Controls



- Identity verification during the enrollment process protects
- A unique user name and password
- Secure Socket Layer (SSL) encryption
- Automatic sign-out if you have been inactive for a period of time

# The Future



- Typical daily news blurb:
  - Startup Venmo just launched its first product, a P2P payment app that encourages users to share their payments on social networks.
  - The app lets users with a credit card or linked bank account send payments to friends via text message, but it also lets them include a note about the payment. It then asks them to share the notes on their Venmo activity feed, as well as on Facebook, Twitter and Foursquare. The idea is to make payments between friends more *fun* and to link them with social events.

# Is the Future Here?



# Not to be outdone...



# Darinslist



- Do my customers want this?
- Are my competitors doing this?
- Have I asked my customers if they want this?

# Darinslist Continued



- Does my current online banking provider offer P2P as an add-on?
- Can this only be used between my customers?
- Does the sender have to key in BAN, RT?
- What encryption is provided?
- How are disputes resolved?
- What am I liable for?

# Questions



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# More Questions?



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