

DIEBOLD PERSPECTIVE

The dawning of a new payments ecosystem

By Devon Watson, Vice President, Global Software Research and Strategy, Diebold

Twenty years ago you heard, "Will that be cash or cheque?" Yesterday it was, "Swipe or insert your card. Hit the red X for credit." By the end of the year you might be used to hearing, "We now also accept XYZ-Pay."

Welcome to a new age. We're witnessing the dawning of a new payments ecosystem. Like newspapers co-existing with smart devices, hybrids sharing the road with gas-powered vehicles and small tablets plugged into big high-res monitors, consumers want solutions that fit their lifestyle, on their terms.

The traction gained by alternative payments and the continued domination of cash has created a payment option coexistence that delights today's consumers who want endless ways to access their money.

Globally, people aren't ready to cash out

Diebold's CEO, Andy Mattes, is fond of pointing out that reports of cash's death have been greatly exaggerated. For example, over the holiday spending season in the United States, more than 39% of Americans chose cash over any other payment method. In addition, a 2015 report from Link claims that for UK consumers cash remains the most common way to pay. In fact, cash machines were used 2.8 billion times in 2014 to withdraw £189 billion. Statistics around the world reinforce the strength cash still holds with consumers:

- A Gallup poll reveals around 2 billion people in the world are considered unbanked. Lacking access to financial services, they rely primarily on cash.
- MasterCard found that cash accounts for 85% of global consumer transactions.
- A World Payments Report states 357 billion non-cash transactions were made worldwide in 2013, yet 85% of them took place in just 10 countries.

Cash is widely accepted and relatively reliable. As long as those motivations remain, cash will continue to be a dominant force in the payments ecosystem.

Cash is good, but have you seen this technology?

The flip side of the coin is that consumers have never found a channel they didn't like. And the findings released from CGI in late September 2015 show that online banking has become the most preferred service channel regardless of age, income, location or bank type. So if digital is a preferred touchpoint, mobile payments can't be far behind.

Since 2015 was the year Apple Pay resuscitated NFC and moved the needle in mobile wallet adoption, 2016 is shaping up to be the year in which the mobile and payments industries realise a sound business model to make this payment method commonplace.

The main hurdle in the adoption of mobile payments is consumer perception. There is still a fear that data can be stolen. A 2015 Information Systems Audit and Control Association global study found 87% of participants expect to see an increase in mobile payment data breaches within the next 12 months.

Thriving in the same financial ecosystem

As a services-led, software-enabled company supported by innovative hardware, Diebold connects people to their money in secure, convenient and reliable ways. Our Innovation Team uses these emerging payment options in our latest solutions. XPRESSION™ SafeLoad™ provides a secure and convenient method to authenticate a user and enrol them in a new mobile app from their bank – this blends the worlds of cash, cards and mobile in seconds.

Whether it is integrating Host Card Emulation (HCE) or creating contactless payment terminals incorporating mobile authentication with both cash and digital transactions, we continue to implement solutions that bridge the physical and digital worlds of currency – so regardless of a consumer's payment method, we can serve their needs and help them move seamlessly and securely between the two.

It's the dawning of a new payments ecosystem, and the future is looking bright. ■

Have questions about our solutions and how they fit into this new payments ecosystem? Connect with us on Twitter: @DieboldInc



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