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Digital payments volumes continue to rise globally as new payments ecosystem emerges

Increased digitization of corporate B2B payments affects regional trends

Paris, New York, October 9, 2017 — Global digital payments volumes are predicted to increase by an average 10.9 percent through to 2020, reaching nearly 726 billion transactions, according to the [World Payments Report 2017](#) (WPR 2017). Released today by [Capgemini](#), a global leader in consulting, technology and outsourcing, and BNP Paribas, a global banking player and recognized leader in transaction banking and cash management, the WPR 2017 estimates that volumes generated by emerging economies will grow by 19.6 percent, or three-times the rate of mature economies. Emerging Asia¹, led by China and India, is projected to grow 30.9 percent in volumes. Worldwide non-cash wholesale transactions by corporates, mid-sized enterprises² and public authorities are estimated to record a CAGR³ of 6.5 percent from 2015 – 2020, or more than 122-billion wholesale transactions.

Global non-cash transaction volumes grew 11.2 percent to reach 433.1 billion during 2014-2015, the highest growth in a decade. Developing markets drove this growth with a 21.6 percent increase. Mature markets increased by 6.8 percent, a nominal rise of over 6 percent in 2014.

Despite increased adoption of digital payments, cash remains in the mainstream, especially for low-value transactions. This year's WPR states that mobility, connected homes, entertainment, and media are expected to boost non-cash transactions in the future, as will alternate channels, including contactless, wearables, and augmented reality.

Increased digitization of corporate B2B payments is affecting regional trends. In Mature APAC⁴ markets, small and medium-sized businesses are using digital invoicing, virtual cards, and cloud-based finance and accounting. In Emerging Asia, charge cards are popular among corporates to simplify and secure supply-chain payments.

¹ Emerging Asia includes China, Hong Kong, India, and other Asian markets

² Mid-sized enterprises refer to businesses that are not as large as corporates but larger than small businesses.

³ Compound Annual Growth Rate (CAGR) measures the average rate of an investment's growth over a variable period of time.

⁴ Mature Asia-Pacific includes Australia, Japan, Singapore, and South Korea

A New Payments Ecosystem Emerges

The WPR 2017 highlights the emergence of a new payments ecosystem driven by a number of converging factors. The dynamic regulatory landscape including the requirements of PSD2⁵ compliance, FinTechs, changing corporate and customer expectations for value-added services, and an increase in payments-enabling technologies represent some of the forces creating change.

“Within this new and dynamic ecosystem, payments industry participants must strategically reassess their roles,” said Anirban Bose, Head of Global Banking and Capital Markets for Capgemini. *“Banks must embrace this opportunity to enhance their offerings in collaboration with FinTechs and third-party developers. Breakthrough technologies and significant industry advances, such as Open APIs⁶, instant payments, blockchain, and regulatory standardization, will encourage collaboration.”*

Opportunity Arises for Corporate Treasurers

The report also looks into the value proposition – as well as the challenges – for corporate treasurers from the new ecosystem, based on findings from the interviews carried out. Corporate treasurers’ demands for better, more reliable end-to-end services are impacting the payments ecosystem. In this time of intense competition, banks can seize the opportunity to nurture business with existing corporate clients and also acquire new clientele. Treasury management is going digital as repetitive task automation allows treasurers to focus on cash forecasting and fraud prevention. In trade finance, banks and FinTechs are exploring blockchain-based smart contracts to optimize processes. In cross-border payments, banks are experimenting internally with blockchain to develop scalable digital payments platforms.

Collaboration and open systems pose security threats within corporate treasuries; however, corporations now expect their banks to help them improve their security infrastructures. In the new payments ecosystem, third-party developers interact directly with a partner banks’ customers, raising questions about data privacy, security and identifying attackers.

The report also highlights a key challenge in the new payments ecosystem: the lack of standardization caused by national regulators’ different standards and individualized interpretations. Bruno Mellado, Global Head of Payments and Receivables, BNP Paribas comments, *“Multinational banks and corporations seek better industrywide standardization and harmony among regulations. As security issues are overcome, increased collaboration and partnership within the new payments ecosystem will create business value for corporates, banks, and FinTechs. The new ecosystem may diminish most, but not all, challenges faced by banks and corporates. Industry participants can prepare for uncertainties as the payments ecosystem develops by working with banks and partners with the appropriate expertise.”*

Impact of KRIs on the Regulatory Landscape

Key regulatory and industry initiatives (KRIs) aimed at competition and risk reduction are called out within the report as complicating the regulatory landscape, by stimulating service provider competition and disrupting traditionally inert segments of the payments value chain. However, KRIs have the potential to improve standardization and transparency, which are expected to bring substantive and long-term innovation to customers. KRIs introduced since the publication of World Payments Report 2016 focus on digital currency, reduction of cash, FinTechs, and APIs.

⁵ Payment Services Directive 2 (PSD2) is an EU directive, administered by the European Commission which opens up accessibility to customer data in banks to increase competition for payments services.

⁶ APIs stand for application programming interfaces
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The report also covers the challenges faced by stakeholders while implementing PSD2 regulation in Europe. When the revised PSD2 is rolled out in January 2018, Europe will take an important step toward becoming a fully interoperable digital market. Far-reaching effects across banks, payment service providers (PSPs), FinTechs, and corporates are expected. However, the WPR 2017 highlights that a lack of regulative coordination and integrated data management among EU banks may create conflicting objectives and competing agendas while diminishing expected standardization and transparency. KRIs around instant payments, cash reduction, and cybersecurity could act as catalysts for payment services providers to create solutions that enhance customer satisfaction.

World Payments Report 2017 Methodology:

This year's World Payments Report offers insights on the payments markets in the following regions grouped by geographic, economic, and non-cash payment market maturity criteria: North America: Canada and the United States, Europe, Mature Asia-Pacific, Emerging Asia, Latin America and CEMEA⁷. Primary research for WPR 2017 included an online survey that was distributed to industry participants across banks, FinTechs, non-bank FSIs, and corporates in June 2017. Executive interviews were also conducted. Findings from the survey and interviews have been incorporated into analysis throughout the report.

Download the World Payments Report 2017 at www.worldpaymentsreport.com.

About Capgemini

With more than 190,000 people, Capgemini is present in over 40 countries and celebrates its 50th anniversary in 2017. A global leader in consulting, technology and outsourcing services, the Group reported 2016 global revenues of EUR 12.5 billion. Together with its clients, Capgemini creates and delivers business, technology and digital solutions that fit their needs, enabling them to achieve innovation and competitiveness. A deeply multicultural organization, Capgemini has developed its own way of working, [the Collaborative Business Experience™](#), and draws on [Rightshore®](#), its worldwide delivery model.

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About BNP Paribas

BNP Paribas is a leading bank in Europe with an international reach. It has a presence in 74 countries, with more than 192,000 employees, including more than 146,000 in Europe. The Group has key positions in its three main activities: Domestic Markets and International Financial Services (whose retail-banking networks and financial services are covered by Retail Banking & Services) and Corporate & Institutional Banking, which serves two client franchises: corporate clients and institutional investors. The Group helps all its clients (individuals, community associations, entrepreneurs, SMEs, corporates and institutional clients) to realise their projects through solutions spanning financing, investment, savings and protection insurance.

In Europe, the Group has four domestic markets (Belgium, France, Italy and Luxembourg) and BNP Paribas Personal Finance is the European leader in consumer lending.

BNP Paribas is rolling out its integrated retail-banking model in Mediterranean countries, in Turkey, in Eastern Europe and a large network in the western part of the United States. In its Corporate & Institutional Banking and International Financial Services activities, BNP Paribas also enjoys top positions in Europe, a strong presence in the Americas as well as a solid and fast-growing business in Asia-Pacific.

⁷ CEMEA includes Poland, Russia, Saudi Arabia, South Africa, Turkey, Ukraine, Hungary, Czech Republic, Romania, and other Central European and Middle Eastern markets
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