

# Is uncertainty stalling payments progress?

**The full effects of such seismic political shifts as the Donald Trump presidency and the UK departure from the EU are yet to be fully gauged, but what is the impact so far on payments, and what should payments companies be looking out for and planning in light of these developments?**

A recent poll on the Card & Payments World Twitter page (@C\_PaymentsWorld) found that Regulation beat Trump and Brexit as the major current concern among payments industry professionals but, beyond these general factors, there are more specific issues.

One is the potential effect that President Trump's attempts to reinforce US borders with the Mexican Wall and immigration country blacklist could have on

cross border money transfers.

There is also the imminent repeal of the US Dodd-Frank Act, introduced after the 2008 financial crisis to control risky bank behaviour, and the cancellation of the Pacific Rim trading agreement.

What impact have/will such developments make on payments acquisitions, launches, investments and announcements.

We asked industry experts for their views and it makes fascinating reading.



Globally it's getting harder for money transfer providers to open bank accounts. With the huge regulatory fines being imposed, risk-reward ratios for banks doing business with anyone but 'Mister Average' are getting worse.

In Europe companies want clarification around passporting and whether the deadlines for introducing PSD2 will be met, along with how the banks will actually open up in reality.

**David Parker, CEO, Polymath Consulting**



The outcomes of the UK Payments Strategy consultation recommending the use of ISO 2022 standards is very good news, as is their acknowledgment that the TISA [Tax Incentivised Savings Association] digital ID and KYC passporting pilots can be incorporated within the wider guidance on ID, verification and authentication. This will mean the payments world will open up to new companies coming in, providing greater choice and flexibility for consumers.

**Andrew Churchill, TISA digital innovation director**

I'm not aware of initiatives being stalled due to political unrest and am optimistic about payments developments. A number of initiatives are progressing from pilots to deployments, SWIFT is experimenting with blockchain technology, Ripple created a panel to develop rules and standard processes for using their blockchain for payments



transactions, so the industry seems to be moving forward.

**Nancy Atkinson, senior analyst, Aite Group**

US relations with Mexico have come under particular pressure as Trump makes his intention to restrict immigration clear.

Mexico's largest source of cash is from remittances coming from Mexicans living in America. In order to fund the proposed wall between the US and Mexico, Trump has suggested possibly taxing the transfers that take place. Either that will result in payment providers



passing that cost on to customers or the possible emergence of a larger black market.

**Pares Davdra, CEO and co-founder Xendpay and Rational**



The more protectionist the US wants to be, the more other countries will reciprocate. US companies, with recent contributions to the payments landscape, such as Amazon, Apple, Facebook and Google were about to take over the world, and it is not surprising they are now very worried about the negative effects this will have for them.

However, as a whole, the current US political climate may well lead to a much stronger European Union and prevent the divergence in the EU predicted by some commentators after the Brexit decision.

**Ralf Ohlhausen, PPRO Group business development director**



EU payments passporting is the big unknown, although it looks like the [UK] rights are going to be lost because we are heading for a hard Brexit.

Once this takes place we will either have Passporting Mark II, which will have most of the characteristics of Mark I but on a country by country basis, or Back Door Passporting, which allows UK payments businesses to set up small operations in a country in the European Union that allows it access to the EU market indirectly.

**Tony Craddock, director general, Emerging Payments Association**

We should welcome a review of Dodd Frank and the Volcker Rule, and all other recent financial regulation. We will not see proprietary [profit-seeking] trading in banks returning to the extent that it puts the whole institution at risk (when it does come back – and it will – there will be severe ring-fencing of assets at risk) but we should



all want to see our businesses better financed with a wide range of financial products.

**Cliff Moyce, global head of financial services at DataArt**