

Five UK banks to sign for mobile payments with Zapp

Anthemis Case Study - Zapp

Five UK retail banks will be adding revolutionary new mobile payments infrastructure Zapp to their smartphone and tablet apps to allow consumers to make real-time, 24/7 payments to retailers and businesses directly from their bank accounts. Zapp was unveiled last year by VocaLink, the operator of the UK's national payments infrastructure.

We played a key role in identifying mobile as a significant opportunity for VocaLink and making Zapp a reality. Over a period of 18 months, we shepherded the idea through from a high-level concept to the defined product proposition that will launch later this year. We developed the product definition and customer proposition from scratch and worked across the company to establish outlines, rules and regulations for Zapp to operate as a scheme within the UK and on a cross border basis. In addition, we were also involved in the naming, design, logo creation and branding of Zapp.

VocaLink is responsible for the Faster Payments real-time payments service alongside the Bacs and direct-debit schemes, as well as for the switching infrastructure behind the LINK scheme that connects over 65,000 ATMs. VocaLink's systems currently process more than 90% of salaries, more than 70% of household bills and almost all state benefits within the UK. It is precisely this reach that makes the Zapp proposition so powerful, to potentially become the new standard for mobile payments in the UK.

Convenience, security and transparency are being billed as the main consumer benefits of Zapp: Consumers will be able to pay merchants without sharing long card numbers, while at the same time seeing their real-time bank account balance before they pay for anything. To make this happen, Zapp will be integrated directly into consumers' existing mobile banking apps and will provide consistent consumer-to-business payment capabilities across all commerce channels--mobile, online and in-store.

For merchants, Zapp's main benefit is instant interbank mobile fund transfers that speed up payments, alleviating cashflow problems that small businesses and micro-merchants in particular, may currently experience. And the simplicity of the Zapp payment process may also lead to fewer abandoned shopping carts and higher customer conversion for retailers. Zapp also favours merchants by sidestepping the traditionally high rates of interchange with its direct bank-to-bank connectivity, which translates into a potentially cheaper means of accepting payments. This is similar to what we are currently seeing in the US with the MCX initiative, but the difference is that MCX has been retailer led.

At the POS, the ongoing debate about the optimum last-mile technology seems to have led to other recent mobile payment initiatives often basing their entire value proposition on the supposed benefits of the contactless system. Zapp, on the other hand, will remain open to integration with all relevant POS technologies (NFC, QR code or any other retailer system), and it is VocaLink's real-time bank-to-bank platform that remains the focus for user adoption and ubiquity.

Zapp's ultimate aim is to make payments easier for merchants and consumers, simplifying the retail payments value chain in the process. Zapp brings mobile payments to the mainstream—a first for the UK.