Consumers’ initial reactions to the new services enabled by PSD2
Research findings from a pioneering Accenture survey
Taking the pulse of consumers

The introduction of the revised Payment Services Directive (PSD2) will open the way to a whole new generation of payments products and services. But how will consumers respond to these new offerings? And, more importantly, how do they view the radically changed payments and data driven propositions that PSD2 will usher in?

To answer these questions and more, Accenture partnered with University College Dublin (UCD) in a pioneering survey that reveals the initial attitudes and opinions of consumers in the UK and Ireland in relation to these new types of services. The key findings are summarised in this paper.

Five key messages

Our survey findings reveal five key messages – two relating to PISPs, and three to AISPs.

PSD2: the key points

In a nutshell, PSD2 is a data and technology-driven directive that aims to drive increased competition, innovation and transparency across the European payments market, while also enhancing the security of Internet payments and account access.

At the core of PSD2 is a requirement for banks to grant third-party providers access to a customer’s online account/payment services in a regulated and secure way. This “access to account” rule mandates banks and other account-holding payment service providers to facilitate secure access, most likely to be delivered via Application Programming Interfaces (APIs).

To support this requirement, the PSD2 framework defines the roles of Account Information Service Provider (AISP) and Payment Initiation Service Provider (PISP), see Figure 1. While these services are yet to be launched to the market, many providers are already in the process of defining their strategies to capitalise on the opportunities that the new payments ecosystem will create. The contenders for AISP and PISP services include not only traditional and challenger banks, but also a broad spectrum of other potential service providers including retailers, social media networks, telecommunications and FinTech companies.

The insights outlined in this paper represent the voice of the consumer with regard to their perceptions of AISPs and PISPs. Taken together, their views highlight a number of key considerations that we believe should inform providers’ strategies as they design, develop and seek to encourage uptake of these services.

Payment Initiation Service Provider (PISP)

Trusted brands are in pole position to win PISP market share

Merchant acquires, banks, FinTech companies and large merchants would likely have capacity to provide such payment initiation services

Examples

- SOFORT BANKING
- TRUSTLY

Account Information Service Provider (AISP)

Trusted brands are also likely to win the AISP battle

Consumers’ attitudes to AISPs vary widely, depending on their age and the number of banks where an account is held

Examples

- MOVEN
- MINT
Message 1: PISP services are ready for take off

When we asked consumers whether they would be comfortable with a third-party provider initiating a payment on their behalf, just over half said they would, see Figure 2. Considering that these services are not yet operating in this market, this suggests that a significant proportion of consumers are likely to try a PISP product. What’s more, this number is likely to increase as consumers become more familiar and comfortable with the PISP concept.

In terms of transaction volumes, Accenture has estimated that one in every three online debit card transactions will move to a PISP by 2020, and one in every 10 online credit card transactions. In order to benefit from this change and retain consumers once they have moved across, market players considering a PISP-based proposition will need to launch cutting edge products that meet consumers’ rising expectations and demands.

Figure 2: Breakdown of consumers comfortable with PSD2 payment initiation services.

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>12%</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>41%</td>
<td>Agree</td>
</tr>
<tr>
<td>24%</td>
<td>Indifferent</td>
</tr>
<tr>
<td>16%</td>
<td>Disagree</td>
</tr>
<tr>
<td>7%</td>
<td>Strongly Disagree</td>
</tr>
</tbody>
</table>

This suggests that while consumers are open to using PISP services, companies that are not already linked with payment activities in consumers’ minds may struggle to gain market traction and consumer trust. For example, challenger banks received no first or second preference votes at all, and only 3% of consumers said they would use them for PISP services. Similarly, social media providers received only 1% of first preferences, 4% of second preferences and 6% of third preferences.

The research also reveals a number of other key points on PISPs. These include:

Security is the critical factor for adoption of PISP services. 94% of consumers stressed that any new payment service must be at least as secure as the current method they use to undertake transactions.

Online discounts and incentives are not a critical factor in deciding on the adoption of PISP services. Our research shows that while consumers would find some form of discount or free gift relatively appealing, this would not be a determining factor when choosing a PISP service. Instead, the decision really comes down to security and brand.

Merchants’ strategic approach is critical. The large merchants and the partnerships they form will be a vital factor in the adoption of PISP services. New entrants to the market may not be able to generate critical mass unless they can offer a compelling pricing and operating model to merchants. Accenture’s hypothesis is that we will see large merchants and retailers becoming PISPs in their own right, and actively encouraging their customer base to use their own PISP service. This will enable them to displace the payment card from the transaction and bypass a significant portion of the existing Merchant Service Charge.

Message 2: Trusted brands are in pole position to win PISP market share

Consumers were asked to rank in order of preference the companies they would trust to initiate a payment on their behalf. They were given the following list to select from, and the largest three responses in each category, shown in Figure 3.

Figure 3: List of potential PISPs/AISPs under PSD2.

- Social media companies (e.g. Facebook, Twitter, LinkedIn)
- Other technology companies (e.g. Google, Apple)
- Traditional banks
- Aggregators (e.g. Comparethemarket.com/ moneysupermarket.com/Trivago)
- FinTech (e.g. PayPal, Moneydashboard.com/ Transferwise/Stripe)
- Challenger banks (e.g., Tesco, Waitrose, John Lewis)
- Online retailers (e.g. Amazon, Argos)
- Telco’s (O2, Vodafone, Three)
- Utilities (British Gas, Scottish Power)

Although half of consumers are comfortable with the PISP concept, it is clear that at this initial stage they only trust providers that they currently associate with payments. They rank traditional banks as their first preference (76%), with online retailers in clear second place (40%), see Figure 4.

Figure 4: Consumer preference of potential Payment Initiation Service Providers under PSD2.

<table>
<thead>
<tr>
<th>First preference for a PISP provider</th>
<th>Second preference for a PISP provider</th>
<th>Third preference for a PISP provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Banks 76%</td>
<td>Online Retailers 40%</td>
<td>Traditional Retailers 9%</td>
</tr>
<tr>
<td>Online Retailers 7%</td>
<td>Fintech 19%</td>
<td>Other Tech Providers 16%</td>
</tr>
<tr>
<td>None of the Above 7%</td>
<td></td>
<td>Traditional Retailers 15%</td>
</tr>
</tbody>
</table>
Message 3: Trusted brands are also likely to win the AISP battle

During the survey, it was explained to consumers that an AISP ("MoneyManager") can use their banking data (such as account balance, last 90 days’ transactions, regular payments inflows/outflows, bills and subscriptions, and product holdings) to provide them with tailored financial products and potentially money-saving opportunities or incentives. We explained that this would also be subject to the customer providing their consent for their data to be used in this way. As with PISPs, we then asked them to rank their preferences for the type of organisation they would use as an AISP. The largest three results in each category are shown in Figure 5.

A comparison of consumers’ responses for AISPs and PISPs reveals some striking similarities. Consumers rank traditional banks as their first choice for the AISP role (65%), and then online retailers in clear second place (40%). Once again, this suggests that challenger banks, social media networks and other technology companies are going to find it difficult to convince consumers that they can be trusted to provide AISP services. It seems they will only win market share if they can convince consumers that they are 100% secure, and that their user experience and analytics engines are far superior to those of other parties in the market.

Message 4: Trust remains essential when handling sensitive banking information

While sharing personal data with companies has become an accepted norm for consumers in the digital society, our research confirms that allowing access to more sensitive banking data is still a concern for most consumers, with 70% stating that they would not trust a third-party provider as much as an established bank, see Figure 6. AISPs need comprehensive and robust data sharing strategies and practices that are easily and clearly explained to consumers.

![Figure 6: Consumer level of trust in sharing banking data with non-banks](chart.png)

Would you trust a third party as much as a bank with your data?

- Would trust a third party as much as a bank: 30%
- Would not trust a third party as much as a bank: 70%

First preference for a AISP provider

- Traditional Banks: 65%
- Online Retailers: 24%
- None of the Above: 3%

Second preference for a AISP provider

- Online Retailers: 40%
- Fintech: 17%
- Utilities: 9%

Third preference for a AISP provider

- Traditional Retailers: 18%
- Fintech: 14%
- Other Tech: 14%
Message 5: Consumers’ attitudes to AISPs vary widely, depending on their age and the number of banks where an account is held

In our study, some of the most surprising findings on AISPs were those for consumers with multiple banks. Before conducting the research, our assumption was that the higher the number of banks, the more demand there would be for aggregation services.

This turns out not to be the case, as shown in Figure 7 – and the explanation appears to lie in the demographic information. Looking across our survey sample, consumers between 55 and 64 years old emerge as the least likely to try AISPs services, with more than half (52%) advising that they would not trust anyone to aggregate their account information. This contrasts sharply with the 18-to-24 year old age group where only 15% would not trust anyone to provide this type of service i.e. 85% of this age group would trust a third-party to aggregate their data.

The 55-to-64 year old bracket is also the demographic group most likely to hold an account with five or more banks. However, another interesting conclusion from the findings is that more than 50% of those surveyed holding accounts with four banks would try an aggregation service. This again looks like very good news for those AISPs that succeed in combining a high-quality customer experience and strong analytics functionality to provide new and value-added services to their users.

As with PISPs, our research also reveals a number of other key points on AISPs. These include:

**Personal Financial Management** is a likely selling-point. In addition to this study, Accenture also undertook digital consumer research in the UK in early 2016. One of the findings was that consumers would be very attracted to a service that could warn them if they were likely to bounce a payment. AISP services will be able to provide this, boosting their attractiveness.

**Business, corporate and SME customers** will be ready buyers. Accenture’s view is that these customers will be heavy users of AISPs services, given their tendency to be multi-banked and their need for real-time account information to give them visibility into their financial position.

Figure 7: Customer willingness to try MoneyManager (AISP) based on number of banks where an account is held.
Conclusion

Traditional banks and online retailers have a head-start – but must work to stay ahead.

The journey is only just starting towards PSD2 implementation and the arrival of new PISPs and AISPs on the financial services scene. These brand new services are already generating high levels of customer interest, and this will only increase over time as consumers see the benefits of competition in the market.

Our survey shows that traditional banks and online retailers have a great initial starting point. It will now be up to them to capitalise in this head-start by delivering products that provide a superior customer experience and security. The other players in the market have a lot of work to do, and must build trust quickly if they are to compete effectively with the strong established players.

But however the battle plays out, what’s clear is that we have a tremendously interesting period ahead of us. Accenture is excited about helping our clients to navigate through and capture the opportunities from these new data and payment driven services.
Methodology

Accenture partnered with the University College Dublin (UCD) Marketing Development Programme to conduct 800 face to face surveys in Dublin and London between February and June 2016. A face-to-face approach was chosen to ensure research participants understood the PISP/AISP concepts fully. This was an urban study consisting of consumers aged 18 – 64 who have conducted an online payment or used online banking facilities in the past 12 months. A proportionate quota sampling methodology was used to ensure a representative sample of the population in each location based on gender, age and social class. Results from each market have been aggregated as there was not a statistically significant difference between markets.
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