



Payments in a Post-COVID-19 World

COVID-19 is undoubtedly one of the biggest challenges we have faced in recent history, both as individuals and a sector. Through this report, P20 is highlighting the essential role played by the global payments industry.

As the world we knew effectively closed down through government mandated lockdowns and shelter in place orders, it became clear why governments consider payment systems critical infrastructure. The world still needed to buy groceries, pay for medicine and send money to friends, family and those in need. It was the global payments industry that kept the wheels of commerce moving, enabling these essential transactions to take place. In this P20 report, we asked how some of the biggest and most influential payments companies have responded, how they see the sector adapting and evolving, and, crucially, what further hurdles may be coming as a result of the pandemic.

The key challenges COVID-19 created for the payments industry are discussed throughout this report, from the overnight transition to home working and practical issues around rapid and secure delivery of government financial support to long-term concerns about how digitizing the payments industry could exacerbate financial exclusion.

Solutions can be found to these challenges and the member companies of P20 have been on the frontline developing them. The following interviews with some of those individuals demonstrate the resilience of the payments sector as a whole.

The global payments industry is leading from the front by example in its response to COVID-19. Each of the industry leaders featured in this report are looking beyond quick solutions to immediate problems. They see the pandemic as a seminal moment: a time when significant change can be implemented and new long-term trends set in motion. These leaders are identifying opportunities to make the payments sector more resilient, agile, user friendly and inclusive.

The global payments industry has responded to COVID-19 with innovation and creativity. Many of the new ideas have been conceived to solve problems today, but will outlast the pandemic, because they are good business practice and improve customer service and experience. For example, banks have launched companion payment cards and extended cash delivery services to ensure that the most vulnerable can continue to access the goods and services they need without leaving the house. Technology companies have developed contactless self-service lockers that can deliver debit cards, cashier checks, and documents for use at financial institutions and credit unions. Digital ID verification has been enabled for bank account openings, so their customers do not have to risk exposure to COVID-19 by visiting a branch.

In order to respond effectively, the industry has been forced to fly the airplane while building it. This ability to innovate in the midst of a global public health crisis that has thrown up unprecedented economic and practical hurdles must be celebrated.

Of course, the challenges faced by economies across the globe go far beyond the payments industry. As Michael Froman, Vice Chairman, Mastercard, has said: "This crisis has underscored how vulnerable individuals and small businesses are to an economic shock." As the voice of the global payments industry, it is our responsibility to investigate how the payments industry can best support itself and the wider economy as we move forward.

P20 brings together industry leaders, regulators and government officials to collaborate on developing solutions to non-competitive issues in the payments industry in the areas of regulation, cyber security and financial inclusion. These are the areas we have identified as critical for enabling our industry to develop securely in a way that is trusted and accessible to all. COVID-19 has placed a magnifying glass on these issues, making our work more vital, and this is reflected in the conversations with our industry's leaders.

I hope that you find these insights valuable.

Duncan Sandys, CEO, P20

About P20

P20 is the voice of the global payments industry and brings together industry leaders, politicians, regulators and government officials to collaborate on creating a more accessible, secure and inclusive payments ecosystem in which commercial competition can thrive for the benefit of all. P20 focuses on developing solutions to non-competitive issues in the payments industry in the areas of regulation, cyber security and financial inclusion.

www.payments20.com

Jessica Richards, Head of Market Development, NatWest

How is NatWest maintaining smooth operations during the COVID-19 pandemic?

In just ten days, we re-engineered our systems and telephony operations to ensure over 500 payments colleagues, including our India-based teams, could work remotely. Today over 95% of our people are working remotely, most for the first time; and the efficiency with which we could do that has set the tone for how we've been able to navigate this crisis.

Payments is a networked industry, so video conferencing has been invaluable. NatWest has been successfully using a range of tools for several years to stay in touch, meaning the lockdown caused minimal communication issues. We are in regular contact with each other to monitor wellbeing, maintain connections, and keep operational activity moving, and have all learned to think creatively. For example, instead of physically presenting at conferences or running workshops we are using a variety of tools to support virtual events, internally and externally, with senior leaders leading by example.

Operationally, our colleagues are doing huge amounts of work to maintain resilience and functionality. There has been a six-fold increase in some of the payments functions we manage, so it has been a challenge, but one managed very successfully so far.

What do you consider the best practices for payments companies during a time of pandemic?

I think NatWest has a duty, one we welcome, to do its utmost to support customers and wider society during situations like this. We have changed a range of our services and products to support customers, such as setting up dedicated phone lines for vulnerable customers and key workers; proactively calling nearly 250,000 vulnerable customers to offer support; extending over 190,000 mortgage repayment holidays and 16,000 interest-free buffers on overdrafts; and matching over £3m in customer donations to the National Emergencies Trust.

For business customers, we have established dedicated teams to ensure the government schemes are implemented from the start; announced a £5bn Coronavirus Working Capital Fund; approved 44,000 Capital Repayment Holidays for up to 6 months on fixed and variable rate lending; and waived connectivity and hire fees on our card acquiring business NatWest Tyl.

We have also kept over 90% of the branch network open for those who need it, given over our Edinburgh headquarters to be a food distribution centre; and partnered with several charitable organisations to help in the community.

It's also essential that, at times like this, the industry comes together. This P20 initiative, sharing best practices during a pandemic, is a great example of the industry joining forces - even more so given P20's global remit. We're looking to raise the bar to the highest level and the best way to do that is by sharing our learnings.

Another area where we - banks, fintechs and regulators - can have a greater impact by coming together is fighting fraud. Fraudsters will sadly see the pandemic as an "opportunity" and aggressively explore ways to take advantage with tactics including false invoices, ransomware, insecure email systems and social engineering. We have been having some constructive conversations with regulators about the best approaches and prioritising positive customer outcomes, but the battle against scammers should be an alliance, not a competition.

What principles should payments companies be adhering to? What hurdles should they avoid?

Do the right thing for customers, staff, the economy and our communities. The payments industry is excellent at this already, as it has been built up to be resilient and focus on end-users. I would also have to return to the importance of collaborating to reduce fraud. Our industry must work together so that neither NatWest, our customers, our peers, gateways nor their customers lose a penny to bad actors.

How do you think COVID-19 will change the future of payments?

We have already seen significant changes in customer behavior, primarily the shift from physical to digital payments. In the early stages we saw cash machine withdrawals decrease by over 70% and cheque usage almost halve. At the other end of the scale, online and mobile activations and ecommerce transactions have increased.

The question is whether behavior is changing purely due to necessity and will revert once the pandemic is over, or if this will bring forward the tipping point from physical to digital. This will depend on several factors: how long the pandemic lasts and lockdown and social distancing measures are kept in place; merchant behavior and how that impacts customers; and how payments organizations support customers through the transition.

There's also financial inclusion to consider. NatWest is a purpose-led bank, so for us it's essential that we continue to support all customers and ensure that they can choose how they interact with us. We have seen a significant increase in people choosing to go digital, but for those who cannot, we are keeping branches open and supporting in every way we can. In fact, we have launched several initiatives, including delivering cash and a companion card to enable less mobile and more vulnerable people to better manage their finances during this pandemic.

What are the key opportunities and challenges that the payments industry faces as a result of these changes?

I believe that payments are part of the critical national infrastructure, and COVID-19 has shone a light on that. By coming together, our industry will be able to support not just customers but the economy and our communities. It's important to think about how we do that. We do need to focus on resilience, fraud prevention, but we also need to embrace innovation. And we, like many others, are innovating new customer propositions to support customers through this period.

Payments are critical at times like this, but we must also think about the future. The UK payments industry is currently going through substantial changes, i.e. the Bank of England RTGS (Real-Time Gross Settlement) renewal, New Payments Architecture, the next iteration of open banking, and the ubiquity of ISO 20022. We must consider where we're going long term to keep payments accessible and relevant to everyone.

Watch Jessica's video interview [here](#).



"It is in moments such as this where the P20 has a very important role to play in terms of sharing best practice and information, as it is unique in terms of the role it plays and global remit.

Do the right thing for customers, for staff, for the economy and for society as a whole.

As an industry, we must work together so that we don't lose a single penny of our customers' money to bad people.

We have launched a number of new initiatives, including delivering cash and carer's cards to enable people who are less mobile and more vulnerable to survive this pandemic."

Steve Ledford, SVP Product and Strategy, The Clearing House

How is The Clearing House maintaining smooth operations during the COVID-19 pandemic?

We started planning before COVID-19 became a widespread issue in the US as we realized what could happen. Luckily, we have plans in place for scenarios such as a pandemic so we put those into action, and as the crisis escalated we took successively more significant steps. We moved to working remotely where possible earlier than most of the U.S, because we knew it was important to protect both vital infrastructure and our employees.

We've gone much further than most people realized we could in terms of allowing remote working, while maintaining the security and effectiveness of our payment networks. For those employees that do need to go into our operations center, we put strict social distancing and even isolation measures in place very early on, as well as temperature checks and testing. We have A and B teams that never come together, and we've set up separate locations within the operations centers so that those teams don't even come into contact with the same things. We will continue to maintain those measures as long as necessary to ensure that our employees are safe and the networks continue to operate – which they have done 24/7.

In terms of our people, we've been video conferencing because we want to see and talk to our colleagues. In addition to meetings we're also getting together socially, and we have been calling each other just to catch up more than we might have otherwise.

What do you consider the best practices for payments companies operating during a pandemic?

It's easy in any kind of operation to get used to the fact that folks are doing what they're doing. But you need to make sure you know what is actually being done. That has required paper in the past, but try to find ways of getting physical paperwork out of the process. Not only is it more efficient, but it will make sure you're more prepared when you need to have folks working remotely. That kind of planning really helped us a lot as we responded to the pandemic. You can't take a day off; it's something you have to stay on top of every day. And as the situation evolves, you need to evolve with it.

You also need to take care of your people, which is often not well articulated in business continuity plans. Make sure you're taking care of their human needs because your operation can only be as good as the folks doing the work.

What principles should payments companies be adhering to? What hurdles should they avoid?

In terms of principles – look after your people and make sure that you're planning ahead. It's also important to collaborate, and that's where P20 has been invaluable. It was valuable before, thanks to the contacts we made and the cyber security exercises we undertook together, for example, but during the pandemic it's reached new levels of importance. Not only have we put much fraud and cyber security work to use, but we've been able to reach out to contacts in the UK and ask, 'How are you dealing with this?'

The biggest hurdle to avoid is overdependence on paper-based processes, including the need for people to physically sign forms. We've seen a big uptake in electronic contracts and e-signatures.

How do you think COVID-19 will change the future of payments?

Firstly, there will be more desire to move to digital payments, and we'll find that we didn't need as many of the physical processes as we thought. Digitizing payments isn't just about the limitations caused by the pandemic, but additional benefits like certainty of payment and the ability to pay new people and entities easily. As we all know, supply chains were disrupted by COVID-19. One of the ways companies dealt with that was onboarding new suppliers, who wanted assurance that they would get paid. So instant and assured payments, like you would see through the RTP network in the U.S or Faster Payments in the UK, became crucial.

Changes in the way people work are already manifesting in payroll processes. The use of pay on demand to pay people working outside their traditional roles, such as retail workers in temporary roles as their physical store is closed, at the end of their shift is surging. We're also seeing increased use of instant payments to enable just-in-time payroll, which was already happening but has been accelerated by COVID-19. I think these changes will persist post-pandemic.

Working remotely is also an extension of a prior trend. The search for talent has led many companies to employ folks outside their immediate area. We're going to see more widespread adoption of this, because we've learned that it works.

What are the key opportunities and challenges the payments industry may face as a result of these changes?

When you digitize, you need to figure out how to deal with the backlog of paper processes. We found ways to move forward, but need to make sure we design solutions for the long run, not just the pandemic response. The good news is that I think we're able to do it. Throughout COVID-19, our industry has been able to rapidly adapt, so I think we're up to the challenge of making those kinds of changes permanent where it makes sense.

We are also learning there are things that work better in person, such as brainstorming and workshopping. We've been able to replicate that through video conferencing, but I think there will always be a need for some folks to get together in the office sometimes.

Watch Steve's video interview [here](#).



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Sara Castelhana, Managing Director and EMEA Head of Payments and Digital Product, J.P. Morgan

How is J.P. Morgan maintaining smooth operations during the COVID-19 pandemic?

As a global leader in moving money, it's crucial that J.P. Morgan continues to operate at full capacity to support our clients. Money needs to keep moving even if people can't! To this end, our business continuity teams have been diligent at preparing for various scenarios and crises.

We've seen hurricanes in the U.S. and other natural disasters all around the world, and have remained operational throughout. COVID-19, though, is completely different, as we had to move quickly to enable our people to work from home no matter where they were based. It's amazing how the technology we use has been able to support this - we are able to have multiple concurrent calls and video conferences on various platforms, so that we can continue with business as usual. Increasing our use of video conferencing in particular has been vital for ensuring we all stay connected to one another.

Fundamentally, though, the reason we have succeeded in this is our people. Everyone has adapted quickly to their new working environments and are still working hard to deliver for our clients. At J.P. Morgan we have been focused on the well-being of our employees because we understand that it can be challenging to adapt to a different work-life dynamic so quickly, but so far it's working really well. One event my team has implemented is a weekly video-conference quiz that brings the whole team together. It's helping us all stay connected to each other and gives us a place to have the non-work-related conversations that you would usually have with your colleagues during the week.

What do you consider the best practices for payments companies during a time of pandemic?

Leveraging this time to test out your business continuity plans is crucial. With everybody working from home, payments companies need to continue to operate - but more than that, they need to increase controls over their environment. We have been investing time into delivering webinars for our clients, both on general cyber security and suggested best practices during a situation like COVID-19, where everyone is working remotely. Unfortunately, large-scale working from home presents an opportunity for criminals to prey on weaker links, whether that's personal devices or home WiFi networks, so companies need to have clear policies and guidelines in place to help prevent security breaches. The focus should be on making sure that the new processes that you're implementing still fundamentally control the work environment.

For example, this time is an opportunity to review who's got signature authority on bank accounts and investigate alternative document signing methods. We have been working with our clients on putting e-signature processes in place to add an additional level of security when approving financial transactions.

What principles should payments companies be adhering to? What hurdles should they avoid?

We're working to four key pillars: flexibility, agility, maintaining relationships and security.

Flexibility and agility apply both to new remote access capabilities and internal training. Many roles even recently would have been challenging to do remotely, and this crisis has demonstrated that with the technology now available, so much can be achieved from non-traditional working environments. In addition, make sure that you're spending time cross-training personnel so that your employees are ready to assume multiple roles if needed. With most people getting some time back from their now non-existent commute, it's a great opportunity for your people to receive training in other areas of the business. This will help enable them to be flexible with their role if needed.

In terms of maintaining relationships, reach out to your key

customers, suppliers and third-party vendors to help them understand your contingency situations. It's important to stay close to your suppliers in order to help ensure your ecosystem is strong end-to-end. And, of course, stay close to your clients. Make sure that you understand their pain points and working conditions so you can continue to help them regardless of their specific scenarios.

Finally, I can't overstate the importance of being alert and proactive in your security processes, as cyber fraud is likely to increase during the COVID-19 pandemic.

How do you think that COVID-19 pandemic will change the future of payments?

The world has been moving towards more digitized payment processes, and this pandemic has been a catalyst for an increase in the proportion of payments that are digital. For example, instead of going to the supermarket, more of us are now ordering and paying for groceries online.

I also think that it is challenging conventional thinking around remote working and flexibility. COVID-19 has shown that, with access to the right technology, we are able to do the majority of our work from home. This raises questions about how the payments workforce of the future will operate.

What are the key opportunities and challenges that the payments industry may face as a result of these changes?

This whole experience has provided an opportunity for people to get closer to their teams and clients. Having regular interactions as you're managing uncertainty brings you closer because everybody is going through similar things at the same time. As such, I think it's going to cement a lot of working relationships.

Furthermore, I think COVID-19 has highlighted the sheer importance of being able to move money. J.P. Morgan moves six trillion dollars a day and facilitates all types of payments. We help ensure salaries and bills are paid and that our most vulnerable customers can make the transactions they need to. Fundamentally, financial transactions are the backbone of global societies - this is an opportunity for the payments industry to demonstrate its value.

Watch Sara's video interview [here](#).



"It's really important to stay close to your suppliers in order to make sure that your ecosystem is strong end to end."

Make sure that you're spending time cross-training personnel so that your employees are ready to assume multiple roles if needed.

Money needs to keep moving even if people can't!"

Jim Johnson, EVP and Head of Merchant Solutions, FIS

How is FIS maintaining smooth operations during the COVID-19 pandemic?

You find out a lot about an organization during tough times, and I think FIS has been at its finest during this period. The ability for over seven billion people around the globe to be able to access their money, check their retirement balances, and make essential purchases 24/7 is critical, and we're at the heart of that.

Where we had to act particularly quickly was regarding government stimulus packages. The Paycheck Protection Program required massive changes to our infrastructure. Those changes, that would typically take several months, were completed by FIS in just a few weeks. We also run the food stamp program for more than half the U.S. states, which did not allow for online grocery purchases before COVID struck. We were able to build and deploy online purchasing in less than two weeks.

Our biggest challenge was the transition to remote working. We're a company of over 60,000 people, and in the first three weeks of this pandemic, 44,000 of them began working at home. We're talking thousands of people in the Philippines, India, Europe, Brazil, the US, and other locales - huge numbers. Many of the team members in question did not have the necessary infrastructure at home when the pandemic began. So we had to procure laptops for everyone, ensure they had appropriate connectivity and bandwidth for the work that we do, and, crucially, maintain data integrity and security throughout the whole process. This was a monumental task, and it took everything we had. Happily, our client base has been thankful for the tireless effort our team put in.

Overall, FIS' resilience has been incredible, and much of that is to do with our flexibility and the preparation we did before COVID-19.

What do you consider the best practices for payments companies during a time of pandemic?

For me, best practice during a pandemic is really about best practice before a pandemic. All large companies have business continuity plans, but what we have all discovered is that you need a plan that accounts for unforeseen events such as not being able to get to any sites globally. The reason that FIS has handled COVID-19 so well is because we were prepared for the unexpected and we had a crisis management plan designed exactly for this situation.

When our backup location for India was the Philippines, and local governments declare that our sites are not available, we didn't have to ask 'What next?' because we already knew - the protocol

was in place, the call list had already been defined, and executive management processes to enable quick decision making had been agreed. So to me, best practice in a pandemic is to already have the infrastructure and process map in place for when a situation arises that hasn't occurred before - a black swan response plan, if you will.

What principles should payments companies be adhering to? What hurdles should they avoid?

We need to be flexible, prepared, and security conscious.

Security flaws are probably the biggest hurdle to watch out for. Moving to remote working was a huge transition that needed to be done quickly, or with not enough thought for unintended consequences, though, and you may not have appropriate controls in place to prevent security or data integrity compromises. In the payments sector, any form of security breach can be disastrous, for the company and its customers and end users. That's why security is a foundational principle of P20, and why so much of my work with the organization has related to fraud and security. It simply cannot be neglected.

How do you think COVID-19 will change the future of payments?

The move from cash to card to electronic transactions was already happening, but I think that convergence will progress much faster now. Use of contactless cards in particular will really ramp up. We have offered contactless cards for several years, but most of our customers have wanted to wait and see how demand developed. Now, they're queuing up to reissue their cards with contactless functionality.

On the merchant side, there are so many that historically only undertook brick and mortar transactions. Now, restaurants and retail outlets are moving rapidly towards order ahead and curb side pickup capabilities, and they want digital transactions to work like in-store transactions. Plus, they want their reporting and settlement to work the same. Therefore, there's an opportunity to bring a lot of new value into the financial services segment.

What are the key opportunities and challenges that the payments industry faces as a result of these changes?

Opportunity-wise, I think we're going to leapfrog a couple years in our evolution to more digital payments and technology. The challenge is that bad guys are going to evolve as well. So for example, chip and PIN has been rolled out across the card present payments world to combat fraud, but a large proportion of those payments are going to move to card not present - as will fraudsters. So keeping up with their algorithms and schemes will be a challenge for the whole industry.

Consumer expectations are also a challenge, as they have been set by companies like Amazon, who have been in the game for several years, have robust architecture, and have created a phenomenal customer experience. As the financial services industry goes digital, end users will expect that level of customer service and ease of use as well. As a sector, we'll need a huge focus on meeting those expectations.

COVID-19 has been disastrous, and very difficult in many different ways. But at the same time, I think it's made our industry stronger. It accelerated some changes we already saw coming, and those changes will benefit not only the clients we serve, but the billions of people who transact every day and work hard to put their hard-earned money in a safe place. There are exciting days ahead.

Watch Jim's video interview [here](#).



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Martina King, CEO, Featurespace

How is Featurespace maintaining smooth operations during the COVID-19 pandemic?

Well, let's start by saying that a global pandemic that completely changes the way in which all companies are run is not something that any business school prepares you for!

Our priority was ensuring everyone on our team was safe and well protected, and to look after their families, because COVID-19 has had an enormous ripple effect through all of our communities. Thankfully, I'm not aware of anybody on our customer side or on our team who's been too badly affected as a result of ill health. We then took steps to ensure that we were giving our customers the right level of support to protect their end users.

The data going through payments organizations is changing dramatically - card not present (CNP) transactions have increased exponentially, for instance, while the use of cash has plummeted. Our systems have needed to be able to respond to that, and thankfully, they have. Adaptive payments systems need very little human intervention as the algorithms are automatically learning the new patterns of behavior from the new data flows.

What do you consider the best practices for payments companies during a time of pandemic?

Flexibility is key because everything has changed, so we have to respond to the different environment. How we're interacting; how we're shopping; how payments are being processed; it's all completely transformed.

Companies also need to look after their people, we refer to that as "holding the band together". Working remotely and being in lockdown is tough for people living alone, and it's also really challenging for team members who have young children at home. So we put a program of different events in place to ensure that we are in regular contact. As the line between being at home and being at work has blurred, including usual working hours, team members' families are now involved and children and partners often join our weekly all hands.

We also introduced a daily 8am exercise class in each local territory, as well as yoga and mindfulness classes, to ensure that people stay motivated, comfortable and healthy while working remotely.

Holding the band together also applies to the wider industry, not just your team. Featurespace has been involved with P20 since its inception and is strongly aligned with its mission to support the payment sector globally. Our company mission is to serve the payment sector, so it's been a real privilege for us to be involved.

What principles should payments companies be adhering to? What hurdles should they avoid?

Apart from flexibility, clarity is key: clarity of communication, of message, and of support. Your people need to know that all internal communications are authentic messages being sent from the company leaders. Only then will the teamwork and collaboration that is mission critical through significant change really come to the fore.

This also applies across your customer base. The feedback we've received from our customers is that we've been there for them. We had deployments going on across the world, and our deployment teams had to be brought out of those territories back into their homes. So now, all of those deployments are taking place remotely. When you're trying to organize and work with customers that are running their teams remotely, and your team are working remotely, it requires a level of dedication to each other that is truly exceptional. So, again, an awful lot of it comes down to people - the way we work together, the interactions that we have, the trust that exists, and the honesty that must prevail

through these difficult times. And it's those values that matter during a situation like COVID-19.

How do you think COVID-19 will change the future of payments?

Firstly, cash has taken a beating. We are all shopping from home, which means shopping online. As such, CNP transactions have increased exponentially, and the way in which consumers are engaging with merchants has changed dramatically too. Contactless spending limits should increase. And of course, what merchants are really worried about are chargebacks and bad debt - all those cash related issues that come to the fore in a crisis. We have witnessed banks speeding up their digital transformation programs. Payment organizations will continue to prioritize their move to real time along with realizing the multitude of benefits from centralized data platforms.

What are the key opportunities and challenges the payments industry may face as a result of all these huge changes?

All the same opportunities in payments remain as before; there are just a few additional challenges now. One is the decrease in transaction volumes and shifting data, which has caused a decrease in revenue for payments organizations. Responding to that has been a real challenge. While everyone was in growth mode before the pandemic, now cash conservation has become most important. Ultimately, cash is what's needed for companies to survive.

Another is fraud. Bad actors are opportunists - their modus operandi hasn't changed, it's just that the current environment has enabled them to be much more proactive as they are playing on consumers' fears. One of the best things that we can do is to make sure that consumers are aware. A lot of work has gone into educating consumers, which is applaudable, but there are still huge numbers who are caught out. That's when you need to rely on great systems to solve the problem because, as a data challenge, it's beyond the capabilities of humans. That's why anti-fraud systems are at the forefront of machine learning, which is an exciting area for us to be involved with.

Watch Martina's video interview [here](#).



"How we're interacting; how we're shopping; how payments are being processed; it's all completely transformed.

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Clarity is key: clarity of communication, of message, and of support."

Philip McHugh, CEO, Paysafe

How is Paysafe maintaining smooth operations during the COVID-19 pandemic?

Like many digital companies, the strength of our internal technology was a revelation. All our 3,400 team members have been successfully working remotely using Microsoft Teams, and productivity has actually improved in many areas. We do have people for whom working from home is more challenging, but in our latest internal wellbeing survey, 93% of our team members were happy working at home and wanted that option retained in some form going forward.

We're past the first chapter of remote working due to COVID-19 – now it's almost business as usual, just in a pandemic context. Keeping our people safe and happy is fundamental to maintaining smooth operations, so we're tracking mental health and having lots of conversations about wellbeing in general. It's something we're very focused on because human interaction is definitely an issue, and it impacts different teams differently. Our sales and business development teams are probably feeling it more, because their roles were primarily about external engagement and meeting people. Now, of course, it's much more digital. Our developer community has certainly been impacted, but a large proportion of them worked remotely before COVID-19 so are used to this style of collaboration.

What do you consider the best practices for payments companies during a time of pandemic?

The top priority should be getting the balance right between ensuring that your team are staying safe and healthy and staying focused on the business. The way that you achieve that is listening to and communicating with them. We've been communicating extremely transparently at all levels, so that all team members know we're doing the right things to take care of them and making the right decisions to safeguard the business, so it can grow and succeed after the pandemic has passed. Once that balance has been achieved, then companies should be recognizing and actually getting excited about the fact that they can operate and succeed in this environment.

Industry collaboration is also important. Even prior to the pandemic, payments was an industry where no one could do it alone. There are large players, new players, regulators, banks and pure fintechs, and some of us are good at certain parts; some of us at others. The fact is, you need coordination. That's why P20 is so important, because it drives coordination in a unique way due to its global focus, senior board, and mixed membership of banks, fintechs and regulators. In a world with COVID-19, that level of coordination is going to increase. Companies will need to depend on one another, collaborate, and work closely with regulators.



"Keeping our people safe and happy is fundamental to maintaining smooth operations.

P20 drives coordination in a unique way due to its global focus, senior board, and mixed membership of banks, fintechs and regulators.

The core trends impacting payments have not changed, just accelerated.

In our recent surveys, 50-60% of people said they're willing to try an online payment or a new digital payment type."

There is also the question of how governments will react to the massive debts and job losses. There's going to be a lot of change, and payments will be impacted. As such, having a strong association that fosters transparent language, good debates and transatlantic topics has only increased in importance since COVID-19.

What principles should payments companies be adhering to? What hurdles should they avoid?

Payments companies need to support and listen to their teams through this next stage of the pandemic, but they should be injecting normalcy too. We're still ensuring that our corporate goals are clear and that our team's focus is on the right areas, and we're still commemorating things like Paysafe Day, our annual celebration of culture, reward and recognition at Paysafe.

In addition, you need to make sure people are taking the time they need for mental and physical wellbeing, and crucially, that people are still taking proper time off. It can be tough when working remotely to draw a hard line between work and home, so you have to create that line, lead by example, and encourage people to step away from their desks.

How do you think COVID-19 will change the future of payments?

There's a lot of talk about COVID-19 creating a true global reset of the economy and the payments sector. I think this is only partially true, because the core trends impacting payments have not changed, just accelerated.

The move from instore to e-commerce, to omnichannel, to having robust, global technology platforms – these were already trends. The difference is that they are no longer 'nice-to-haves'; they're a must for every merchant we deal with. The changes we have to make are the same, we just have to move faster.

I think how we work and interact with each other will change more permanently. We will still have office space, but can we reduce our office footprint by 30-50%? How do we redesign the offices? Can we start hiring outside our existing geographical footprint? I don't think we'll ever go back to what was normal.

What are the key opportunities and challenges that the payments industry faces as a result of these changes?

Like everyone else we're seeing huge swings. Card present transactions dropped dramatically and are only now starting to recover, and online and digital payments have taken off. About 65% of Paysafe's revenues are ecommerce based, so we're well positioned to ride an accelerated wave towards more digital and omnichannel payments compared to other players in the market. So that's an opportunity.

In some recent international research we did among 8,000 consumers, 42% said they're shopping online more following the COVID outbreak. This figure grew to 54% in the US. 56% said they'd tried a new digital payment type. That appetite is a threat to traditional payments, but a real opportunity for companies that can deploy multiple payment types and support digital companies. We think that's very exciting for the industry as it will create more competition and more choice for consumers.

Furthermore, our e-cash business, where you use cash to buy digital products, is actually growing over 20% right now. Some people aren't comfortable using certain payment types – they prefer cash, but are having to transact in a digital world, so having a solution that can bridge that has real appeal. That's a huge opportunity for us.

Watch Philip's video interview [here](#).

View from Alastair Lukies CBE, Founder/CEO, Pollinate & Member, Prime Minister's Business Council

London feels very different at the moment, as I'm sure all cities around the world do. The 11 to 12 million people commuting into the city to work every day have disappeared, and the usually thronged historic landmarks are eerily quiet. It's disconcerting.

What has been so heartwarming, though, is that after the initial shock and trauma of global lockdown, people have pulled together. We have used technology to keep conversations going, start new conversations, share learnings and experiences and give each other support. We're seeing some of humanity's worst fears realized, but in parallel, we're also seeing some of the best of humankind, and P20's activities are a great example of this. I think that's why we're seeing a renewed appreciation for P20 and what it can help accomplish.

Collaboration

When thinking about the impact that COVID-19 will have on fintech, I think it's important to recognize that fintech is not new. It has a 'brand name' now but it has been around for a long time. You only have to consider the members of P20; the biggest payment schemes in the world, like Visa, Mastercard and China Union Pay, have been driving innovation in financial services for decades.

These are highly competitive companies; companies that directly compete with each other on a day to day basis for shareholder returns. Despite this, they recognize the societal importance of having a balanced payments industry with right touch, so that we can flatten the playing field and democratize access to financial services. So within the P20 they have put down their competitive swords, as it were, and brought their best and brightest together to collaborate on how we can develop policies and education that helps world leaders, business leaders, and consumers around the globe understand the importance of a sustainable payments ecosystem.

The importance of payments

COVID-19 has shown just how much we have to be grateful to fintech for. If we didn't have all of the tech available to us that we do, from contactless payments and ecommerce through to the ability to digitally transfer money, lockdown would be much more challenging. Payments are the lifeblood of economies. Payments show us everything we need to know about commerce – knowing where people are spending their money and who those people are is crucial in an increasingly opaque digital world.

This really shows why fintech as a movement needs to continue at pace, and will do so. Of course, there will be winners and losers. Certain business models are slowing down, and the current climate is challenging and requiring some companies to rapidly pivot. But that is what fintech is all about – adapting and challenging yourself to constantly improve what you do.

Humanity has consistently learned to live alongside new challenges. It's about taking on board the learnings and this applies to payments too. The P20 must continue to look at the past and learn from our experiences but we must also ask ourselves what payments can do to make peoples' lives easier. We've seen some amazing examples of that here in the UK. In the merchant acquiring world, we've seen businesses that had never transacted online secure 720 new orders on their first day as a digital business.

Financial inclusion

One thing that must be forefront of all our minds is financial inclusion, because there are still millions of people that don't have access to digital payments technology. We see in emerging markets, and markets that most of all need access to financial

services, that payments is that first and last mile. This is where mobile technology becomes so important, as it's through your mobile phone that you can access the technology of the world. That device, thanks to members of the P20, gives you the ability to identify yourself; to send money to friends and family; to purchase goods; to secure microloans. Fundamentally, payments are integral to being able to trade your way out of poverty. Commerce begins with an exchange of value and that exchange of value is payments.

Although many fintechs are trying to get cash out of the ecosystem, and that certainly seems to be the direction in which the world is going, that cannot occur at a cost to users or society as a whole. It's the responsibility of this group to demonstrate clearly, through education, infrastructure, regulation, distribution, and connectivity, why it's better to use modern day payment tools like contactless and mobile payments instead of cash.

This is crucial because people have reasons for using cash. It's not just about a shadow economy – cash is easy to understand. Many people have not had the opportunity to build trust in many of the things that we all take for granted, like government guarantees over our regulated clearing banks, so there's a huge amount of education to be done. You can't expect someone to stop using something just because you think it's a good idea.

This is one of the reasons that P20 is so important. Of course, there are lots of individual closed loop examples, pocket solutions and even Countrywide initiatives, like M-Pesa, of where this has happened. Our role is to bring that information together and share those learnings.

I think of it a bit like the metamorphosis of the financial services industry. There are fintechs can do some things slightly better than an incumbent bank can. And P20 has to take those capabilities and ask, how do we bring together the best of the ideas and then educate the world as to why payments can be a democratizing movement for the good of society?

Where next?

The P20 has a great opportunity to send a message to the world that if we have a well-run, well-integrated, globally available payments ecosystem, then we're giving people a level playing field, wherever they are, however they want to manage their money, whatever their business. And that's what P20 is all about.

Watch Alastair's video interview [here](#).



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20 Actionable Best Practice Steps

The interviews contained within this report should be a source of inspiration to all businesses across the sector because they demonstrate the agility and innovation inherent within the payments industry.

More than that, though, they provide tactical ways for payments companies to address the COVID-19 crisis and other crises that may follow.

Many of these action points fall into one of our three pillars.

Regulation

Payments fraud has increased during COVID-19, and this is something that all P20 members are diligently working to reduce. As Jessica Richards said, this is an area where we can hugely increase our impact by working in tandem with regulators to ensure positive customer outcomes.

- Don't wait for regulators to contact you in times of crisis. Instead, reach out proactively with your ideas and concerns. You will get more out of your relationships with regulators if you view them as your partners, not your adversaries.

Cyber Security

One recent study showed that [more than half](#) of accountancy, banking and finance professionals surveyed felt that they could get away with more risky behaviour around data protections while working remotely. As so many of us are working remotely, with a significant proportion intending to do so for the foreseeable future, ensuring a controlled environment must be a top priority for all payments and financial services companies. Sara Castelhana of J.P. Morgan advised that companies need to have clear policies and guidelines in place to help prevent security breaches, which is addressed in the first action point below. In addition, we have distilled five other recommendations from our experts' insights.

- Have an airtight remote working policy that covers everything from device security and anti-virus solutions to the privacy settings on your video-conferencing tool of choice.
- Educate all employees on the varied cyber security risks to which the payments industry could be vulnerable to ensure they understand that devices and systems can be infiltrated in many more ways than easily spotted phishing emails.
- Implement e-signatures and other technologies that support remote customer identification.
- Provide dedicated devices for working from home, including routers if the information on employee devices will be particularly sensitive and therefore valuable to cybercriminals.
- Maintain momentum on consumer fraud awareness programs. The industry's achievements in this space are notable but there is much more to be done.
- If you are not already investigating the opportunities in artificial intelligence and machine learning for improving fraud detection, start now. Algorithms utilizing machine learning can identify patterns in datasets too big for effective human analysis – like transaction records – which can be enormously helpful in identifying and reducing fraud.

Financial Inclusion

Digitization must be done in such a way that it does not exclude the most vulnerable. Financial inclusion is vital to growing the global economy in a sustainable way. COVID-19 has accelerated digitization trends, as discussed by Philip McHugh, but we must

work together to ensure that rapid evolution of our payment systems increases financial inclusion, instead of decreasing it.

- Add financial inclusion as a crucial area for discussion early in product development to ensure that new digital products will not be a cause for concern to vulnerable populations, who are worried about being left behind. Make asking if new tools and services will increase financial exclusion, and if so, how this can be mitigated, part of the product development process.
- Schedule a dedicated meeting to take a hard look at your current product portfolio. Ask yourselves whether your products have any barriers to accessibility that could be addressed.
- Make financial inclusion a core part of your CSR program. Talk to other industry players and see if there are opportunities to collaborate to increase impact.

Beyond the P20 Pillars

Education

The key to digitizing payment processes in a fair and sustainable way is education. As Al Lukies said, the payments industry cannot expect people to stop people using cash just because we understand the value of digital payments. Our industry has to take responsibility for educating people and businesses on how digital payment technologies can improve their financial lives.

- When launching new digital products, even when you are rushing to launch in a crisis, include accessible material explaining how it works and why it is beneficial to consumers and / or businesses. Design this material with consumers in mind, keeping it free of payments jargon.

Preparation

In Jim Johnson's words, "Best practice during a pandemic is really about best practice before a pandemic." This applies to any crisis that the payments industry and wider economies might face. Taking the following actions will ensure that your business continuity plans are as strong as possible.

- Create a black swan contingency plan that takes nothing for granted. Make a list of worst-case scenarios and establish the processes for addressing them – right down to call lists and expedited decision-making processes.
- Run crisis scenario drills every year to identify any flaws that have arisen and ensure they are still fit for purpose.
- Revisit and review all crisis management plans every 6 months to take emerging technology and commercial changes into account.
- Reduce dependence on paper-based processes wherever possible, particularly the need for people to physically sign documents. When working remotely, physical processes can be a significant drain on time and resource.
- Launch an internal program focused on cross-training personnel. This will ensure that in the event of a crisis that impacts your workforce, your employees are ready to assume multiple roles if needed.

Relationships

The payments industry is one built on relationships, and even through a crisis, these relationships must be maintained. As Martina King put it: "An awful lot of it comes down to people – the way we work together, the interactions that we have, the trust that exists, and the honesty that must prevail." So, when the world is changing rapidly, or you're unable to take your colleagues, clients

and partners for lunch, or both, how can you continue to nurture relationships?

- In times of crisis, talk to your existing customers to understand what would help them, and therefore, your prospects. You don't need to guess. Reach out proactively and ask what products or functionality they need to adapt. At the moment, for example, many restaurants and retail outlets are moving rapidly towards order ahead and curbside pickup capabilities, and employers are launching just-in-time payroll. Call your customers that haven't done so and ask if you can help them get there. You will be positioning yourself as an enabler of business continuity – and a helping hand.
- Stay close to your suppliers. In order for you to stay strong, your ecosystem must be strong end-to-end. Again, reach out proactively; don't wait for them to come to you. This way, if there is a problem, you will be the first to know and will be able to respond quickly.
- Keep in touch with your team. Without your people, your company would be unable to function at even a basic level, let alone add value to your customers. Schedule virtual team-building and social activities and ensure that they take place within working hours, as your employees may be struggling with childcare or care of other relatives when working from home. Implement a policy where line managers must check in with employees on how they are coping with external circumstances on a minimum fortnightly basis.
- Embrace remote working and use it to widen your talent pool.

There are many points here to consider. For most payment organizations, even those who have coped admirably and even thrived through the COVID-19 crisis, there is even more that can be done. As we slowly start to come out the other side of the pandemic itself, even as the economic implications are only just beginning, it would be easy to brush best practice aside and focus on getting back to business as usual.

However, as second and even third waves of COVID-19 are developing across the world, and we face many more crises in the future, this is no time for procrastination. As the Chinese proverb goes, "The first best time to plant a forest is twenty years ago. The second best time is today."

Duncan Sandys, CEO, P20





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