Box 2.10

NEW PAYMENT SERVICES BUSINESS MODELS

Royal Decree-Law 19/2018, which transposes into Spanish legislation the second payment services directive (PSD2), regulates two new payment services (payment initiation and account information) for the first time.

The inclusion of these two new services has encouraged the emergence of new and different business models, mainly for three reasons: the legal certainty afforded by the new regulatory framework, the competition stoked by the emergence of new providers and technological developments.

The new services are based on third-party providers (TPP) – payment initiation service providers and account information service providers – accessing users' payment accounts at other payment service providers. Such access, which requires the account holder's prior and express authorisation, under no circumstance grants the TPP access to the funds held in the account.

Turning to the account information service, business models incorporating a "fourth party" that has a business and contractual relationship with the TPP and the payment services user are becoming increasingly commonplace. In these fourth-party models, the information obtained by the TPP is not directly provided to the account holder. Instead, with the latter's authorisation, the information is provided to the "fourth party" so that it can offer the account holder certain additional services (e.g. financing, personalised offers, business services, etc.) whose swift and efficient provision would not be possible without the information provided by the TPP.

A prime example of these new business models would be using the payment account information of merchants' customers to feed credit scoring tools, thus enabling merchants to decide online about the possibility of financing their customers' purchases and the related financing conditions.

The possibility of combining the payment initiation service and the account information service has encouraged sophisticated forms of these services to emerge.

For example, business models geared towards managing firms' cash. Here, the ability to view online aggregate information about one or more payment accounts can be combined with the possibility of reacting instantaneously to that information, ordering payment transactions from the same interface used to view the information. Thus, instant access to all manner of personalised reports (forecasts, reconciliations, etc.) is enhanced by the opportunity to immediately take full advantage of that information through the appropriate fund movements.

Also, this business model may be used by both the firm benefiting from the aforementioned services, when it is the recipient of the information, and by providers specialising in this type of tool, which, with the firm's authorisation, would act as "fourth party" as described above.

Payment initiation service providers are improving the user experience by enabling payment at physical stores via the initiation of transfers that could be ordered through the payment initiator, by using QR codes for instance.

Lastly, there is no obligation to provide these payment services on an exclusive basis, which allows for business models where entities are their own providers of these services. An example of this would be insurance or management companies, where these payment services are used to more efficiently pursue the business or professional activities constituting their main corporate purpose.

However, given that this regulatory framework is relatively recent, the new business models are in their infancy and novel forms of interaction between the parties will likely emerge in the future.