Electronic Means of Payment

Presentation to the
Semper Workshop

October 1996

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Topics

- The Integration of Payment in the Electronic Marketplace
- The Means of Payment
  - Adaptation of Existing Payment Products
  - New Payment Products
- The Semper Open Architecture
- Conclusions
  - Payment in the Semper Design

Payment Integration

- The Business to Business Model
  - Payment is Outside the Order/delivery Cycle
  - Seller makes a Payment Risk Assessment of the Buyer
  - Payment is made later (typically 60 days)

Payment Integration

- The Consumer Model
  - Payment is an Integral Part of the Order/delivery Cycle
  - Seller receives Immediate Value (cash)
  - Seller obtains a Payment Guarantee from a Bank

The Electronic Marketplace Model

- To Exploit the Global Reach of the Electronic Marketplace requires that Unknown Buyers and Sellers can Transact Business with Confidence
- Sellers demand a Payment Guarantee
- Buyers are Unwilling to Pay at the order stage until there is Trust

Trust in the Electronic Marketplace

- Secure Payment is Not Enough
- Semper Features
  - Trusted User Interface
  - Architecture that supports other Trust Services
    - Trusted Certification of Sellers
    - Binding Offers
    - Fair Exchange

The Means of Payment in a Global Electronic Marketplace

- Adaptation of Existing Payment Products
- New Payment Products

Adaptation of Existing Payment Products

- Fundamental - Only Truly Global Payment Schemes meet the Long Term Requirements of the Marketplace
- Challenges for Global Payment Schemes
  - Existing Infrastructure
  - Decision Processes and Competition/Cooperation Boundaries
    - The SET Payment Protocol

Challenges for Global Payment Schemes

- Cost Structure does not meet the needs of the Content Market
- Business
  - Directories / Research Reports / Training Material
- Home
  - Educational Material / Entertainment and Games
- Longer Term
  - Music and Video

Challenges for New Payment Systems

- Designed for the Electronic Marketplace
  - Cost Structure that meets the needs of the Content Market
  - They have no Legacy Systems to Modify
- They have no Established Base of Merchants and Consumers

Is the Electronic Purse Card the Solution?

- Once the Chip Card Reader is part of the PC
- Familiar Consumer Product - A Physical Card
- Bridges the Physical and Electronic Marketplace
- Cost Structure to support the Content Market

Banking Industry Perspective on the Electronic Marketplace

- The Electronic Marketplace will require a Wide Range of Applications and Trials to Establish Consumer Acceptance
- As in the Physical Marketplace Consumers require a Choice of Payment
- Banks wish to support trials and applications in a framework of Assured Security for the Payment Components

Benefits of the Semper Open Architecture

- Framework for Building Applications
- Faster/Lower Cost Implementation of Specific Applications
- Higher Quality Assured Security and Flexibility
- Achieved Through
  - New Service Modules Integrated via Generic API's
  - New Applications with Loadable Scripts that use the Primitives of the Commerce Layer
  - Security through use of the Layered Architecture

Conclusions

- The Need for Integration of Payment
- The Need for a Secure Marketplace, not just Secure Payment
- Challenges for Existing and New Payment Systems
- The Need for a Secure Architecture
- The Need for Trials
  - Building Trust in the Electronic Marketplace
  - Understanding Consumer Payment Preferences