2009 Payments Conference
Payments Pricing: Who Bears the Cost?

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Pricing in Payments
A Panoply of Puzzling Paradoxes

• Pricing (revenue) is one half of the profitability formula for payments
• Payments pricing is also a complicated subset of an institution’s overall profitability model
• Pricing policies are also a big part of the overall customer retention/relationship strategy
• Much of this does not seem to match economic theory principles
Pricing and the Payments Revolution

- Price to Recover Cost
- Price to Reward
- Price to Retain
- Don’t Price

? Change Behavior?
Pricing Strategies

- Cover Costs
- Differentiate Services
- Extract Value Added
- Create Incentives
- Create Disincentives
- Introduce Innovation
- Win Market Share
Our Panel Today

- How do business models differ for emerging payments?
- Do new technologies provide price incentives for payments participants?
- In what ways do new payments vehicles threaten legacy systems?