

The Brave New World of Financial Services



By A. Lyle Elias, International Payments Forum Chairman

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The new federal financial reform legislation will most certainly change the financial services landscape in fundamental ways. We can argue all we want about the wisdom of some of its provisions and the inevitable unintended consequences that they will produce. But deal with it we must, for the future of the payments industry hangs in the balance. The brave new world of financial services will not be for the faint-of-heart or those who are set on doing business the same old way. The new financial services landscape will require constant vigilance and proactive rather than reactive strategies. As an industry we must come together to protect our interests and those of our customers, the consumer. Consumers are the ones that do not have a voice in today's political arena and we as an industry must champion their cause. Gone are the days of complicated financial schemes and fee structures; transparency, disclosure and education must be the order of the day.

The new regulatory scheme will make doing business more difficult and costly for everyone and smaller players risk being up out of business by the cost and complexity of compliance. When the Financial Crimes Enforcement Network (FinCEN) announces a new rules change that will require 'Providers and Sellers of Prepaid Access' to register as Money Services Businesses (MSB), the public given 30 days for comments. What will be our response as an industry and how will we organize and craft an intelligent and persuasive response in such a short period of time? This new reality of government mandated regulatory requirements makes even short term business planning all but impossible, because you never know when the next shoe will drop, threatening the very existence of your business and livelihood. Questions must be asked and strategies developed on a broad range of issues that can potentially impact the payments industry as a whole. How will debit and prepaid card regulations impact ATM innovation? Will fees be based on true cost and competitive factors or set by arbitrary one-size-fits-all government dictated models?

The International Payments Forum (IPF), under the auspices of the ATM Industry Association (ATMIA) is going to work to address these issues by organizing the IPF Financial Education Council (FEC) to monitor and keep our members informed on regulatory and systemic threats to the payments industry that are on the periphery of the ATM. Issuers, acquirers, vendors and consumers are all in this together. It is time that we start working cooperatively at the various industry associations' level and through consumer education initiatives to take the lead in dispelling old myths and misconceptions about the payments industry.

The FEC will be coordinating with the ATMIA Committees and with other payments industry associations in crafting a response to proposed FinCEN rules for 'Providers and Sellers Prepaid Access' during the public comments period. Your voluntary participation and cooperation with the IPF FEC is welcomed and your contributions will be greatly appreciated.

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