



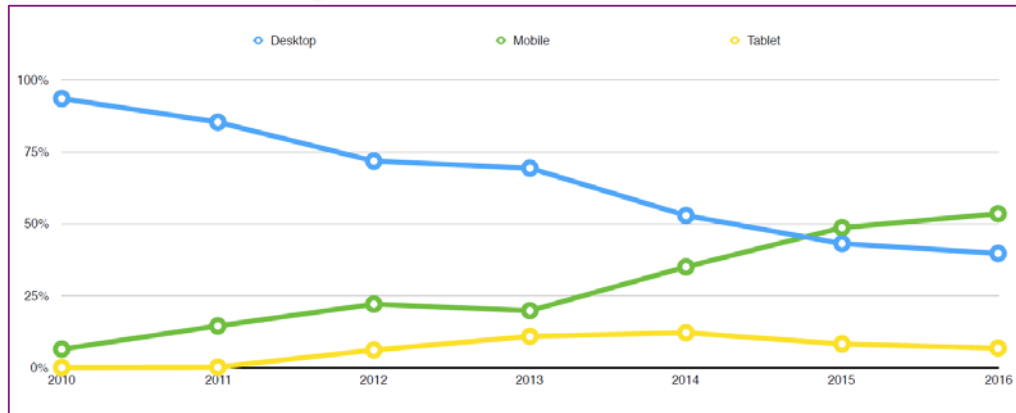
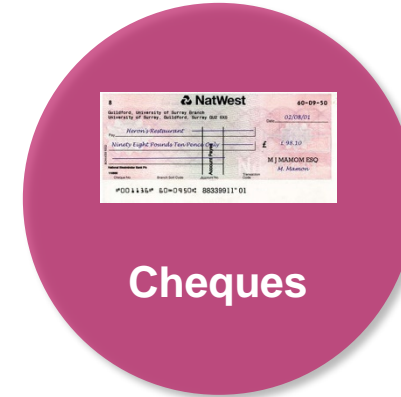
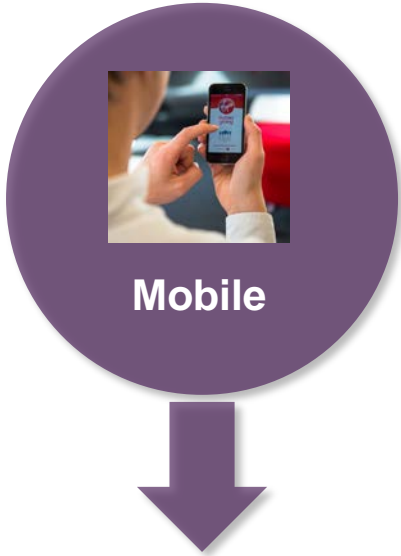
Tech and Trends – The Future of Payments in the UK

Chris Higham – Virgin Money

 @VMGiving

 @rl_chris_higham

How are donations made today?



What is Changing? – Cheque Imaging

Overnight clearing

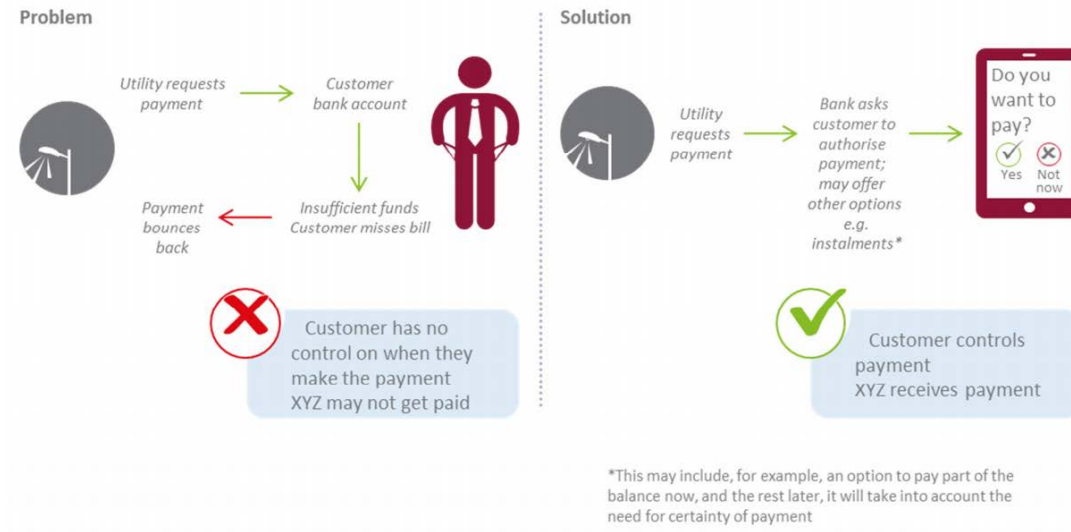
Pay in via app or on-premise scanner

Branch and existing channels retained



What is Changing? – PSR Forum

Request to Pay



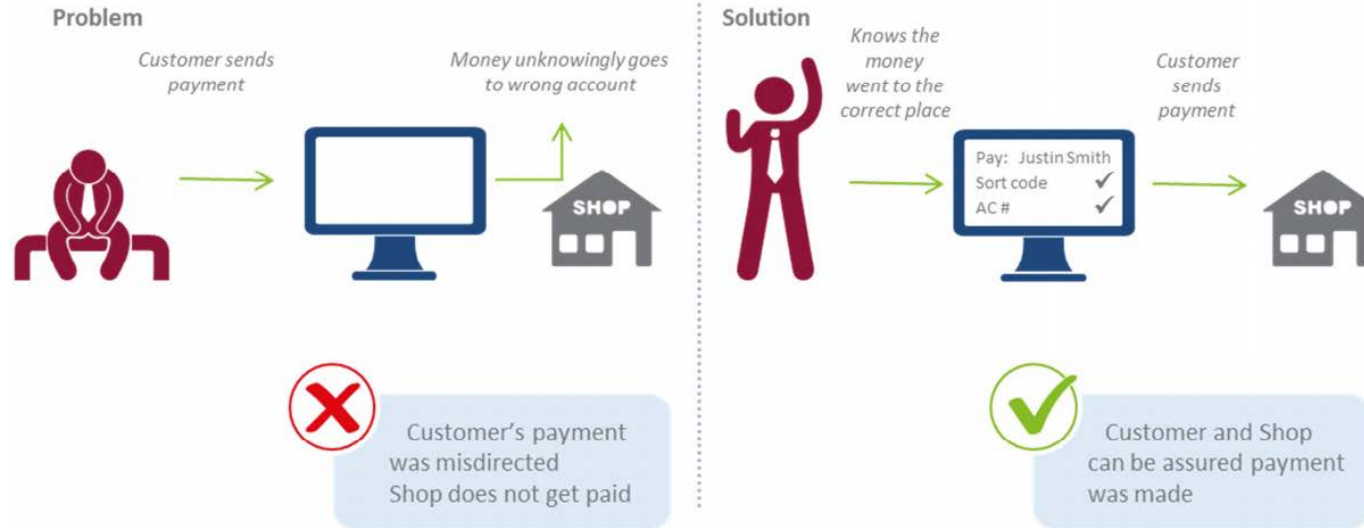
Source: A Payments Strategy for the 21st Century - Putting the needs of users first



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What is Changing? – PSR Forum

Payment Assurance



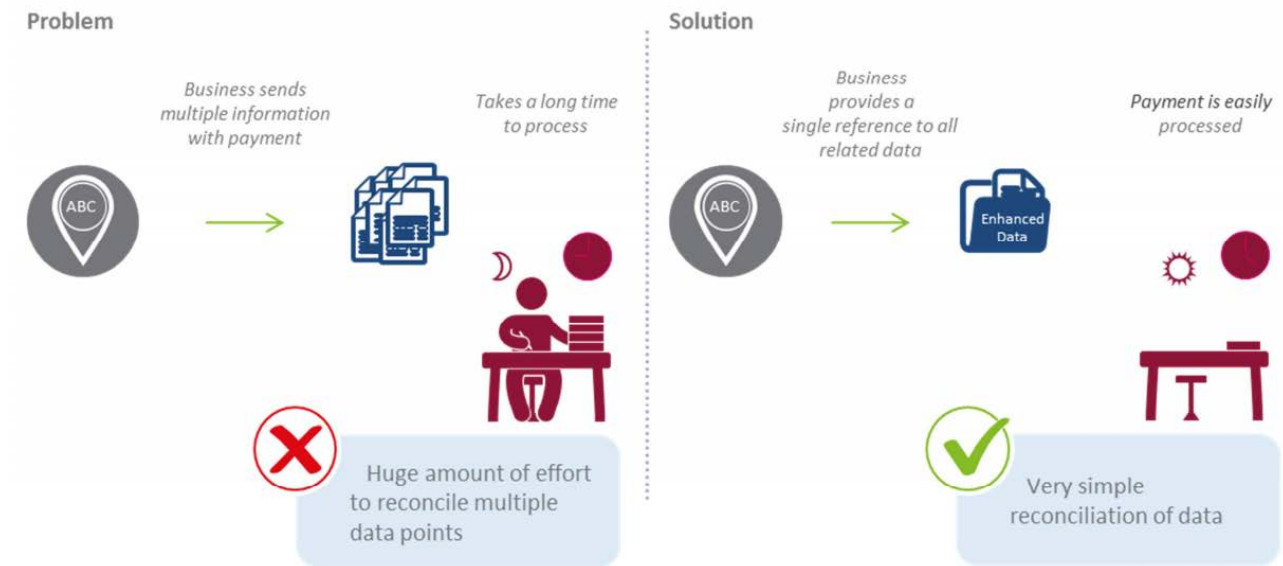
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What is Changing? – PSR Forum

Enhanced Data

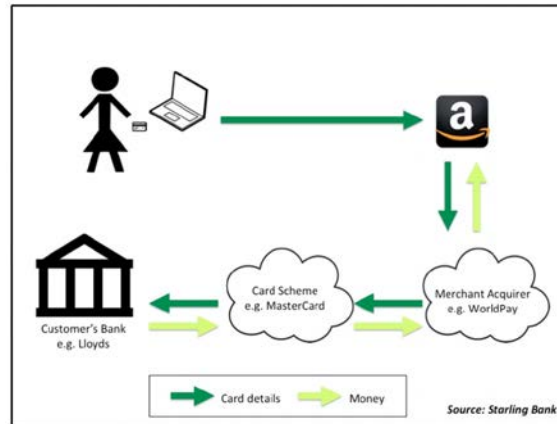
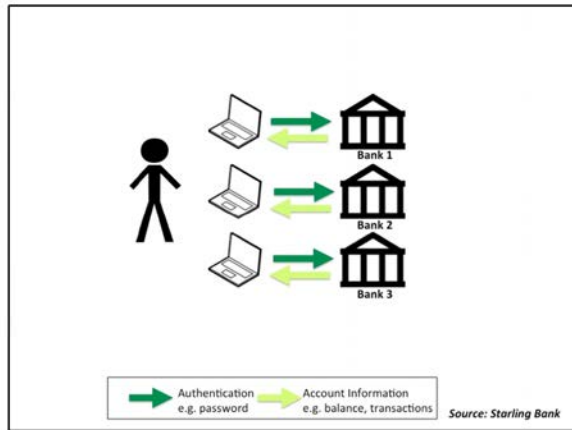


Source: A Payments Strategy for the 21st Century - Putting the needs of users first

What is Changing? – Open Banking

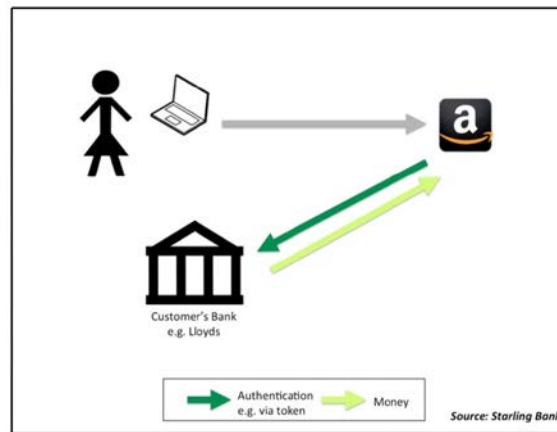
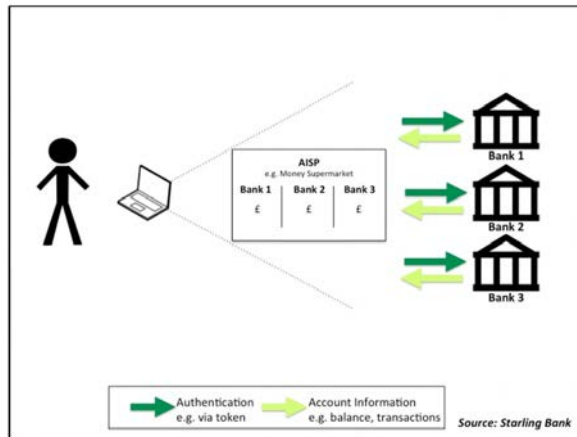
“Banking is necessary, banks are not” – Bill Gates

Now



- Potentially could allow **charities to link directly to donors bank accounts** (or through a third party such as VMG)
- **Reduces costs** associated with card payments and makes “micro donations” more viable
- Could make **financial operations simpler** by allowing direct import/refresh of bank account data
- Could allow creation of innovative donation apps – similar to the “roundup” savings accounts being created in the banking sector

With APIs





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What about the commercial sector?

Account Aggregation

Personal Financial Management

Prompts

Auto Payments/Sweeps

Merchant Linking

Key Takeaways....

- Payments are about to go through a generational shift in the UK
- Banking and the way customers interact with banks is fundamentally changing
- These changes present opportunities and risks to everyone involved in the payments value chain – including charities
- Those that move early and innovate will be best placed to take advantage

Virgin Money Giving & Gift Aid

- Since launch, VMG has collected and paid to charities £78m in Gift Aid – no charge has been made for this service
- We have Agency status with the HMRC ,allowing us to claim Gift Aid on behalf of our charity partners
- Charities who register with VMG must be registered for Gift Aid and are required to sign the HMRC CHV1 form giving us permission to act as their agent.
- We only pay donations and Gift Aid to charity bank accounts that are verified as part of our set up process.
- We provide Gift Aid reports to charities that detail successfully claimed Gift Aid and which donation it is linked to (and any linked fundraisers).
- Our system supports one off and regular donations- this is reflected in our Gift Aid process.

But new legislation introduced in April 2017 with the aim of increasing Gift Aid means that...

- Intermediaries such as VMG can hold a lasting gift aid declaration (GAD) from the customer which runs for the tax year and exempts the customer from being asked gift aid questions again. The intermediaries would be required to maintain and update this register which could introduce extra costs

.....but the biggest threat to Gift-Aid take-up is the rise in donations to crowdfunding sites – something to consider when charities are thinking about funding sources.