



HIGHER EDUCATION:

ADAPTING TO A

CHANGING PAYMENT

LANDSCAPE



FOREWORD



The payments landscape is changing at a faster rate than ever, with new innovations giving individuals a rapidly expanding number of ways to pay. Young people in particular are at the vanguard of this change, as they embrace technological changes such as smartphones and watches, which can also be used as payments devices.

As educational institutions are principally catering to this younger demographic, they need to carefully consider how they are meeting evolving payment needs. This could mean adopting Contactless for everyday purchases in a campus environment, or an online payment gateway for larger sums involving fees for tuition, for example.

Without expert help, finding a way through this shifting landscape can be challenging and confusing. We are proud to act as a partner to universities and colleges, helping them navigate a path through the maze of options available to create a tailored solution. A member of our team would be delighted to discuss how we can help you integrate the latest payment technology to the benefit of both your institution and your students.

A handwritten signature in black ink, appearing to read 'Chris Davies', with a stylized flourish at the end.

Chris Davies
Managing Director
Global Payments



There are many considerations that need to come into play when educational institutions put in place systems to take payments from their students.



TIMES ARE CHANGING IN EDUCATION

Universities and colleges must face the reality that, although they exist primarily as places of learning, they also need to behave as businesses. For the first time, many of these institutions are thinking about how they can make themselves attractive to students as their potential 'customers'.

A key driver in the success of any business is the amount of cash flowing through it – and how customers pay for their services. Educational institutions may not realise it, but 'customers' are changing their payment habits, and so they need to keep pace with that change. Implementing the latest technology solutions to accept payments is essential for them to remain competitive in this new business-orientated landscape.

With the funding models for higher education institutions undergoing a sustained, gradual shift from public to private sources, and students experiencing a similar change, the need to consider commercial positioning will only become more urgent. At the same time, the regulatory landscape is becoming more complex. The Office for Fair Access (OFFA) for example, places a duty on higher education establishments to communicate financial information clearly to support equality of opportunity.

As a result, there are many considerations that need to come into play when educational institutions put in place systems to take payments from their students. For universities and colleges for example, there are a number of different cashflows to consider, and so the different preferences and needs for each must be carefully thought out. This can range from paying tens of thousands of pounds for tuition fees to buying a pint for a few pounds in the union bar.

Going Cashless

In our work with higher education institutions, a common trend we have identified is the move away from cash; plastic replacing cash in everyday transactions, a phenomenon which is particularly pronounced among young people who are keen to use new payment technologies.

According to a recent study by the Payments Council, 2015 could be the first year that cashless payments overtake cash payments. What's more, it also predicts that the number of cashless payments is set to increase by 700 million over the next year, while the number of cash payments will drop by 400 million transactions. This is partly due to the increasing popularity of Contactless payments, with TFL enabling Contactless payments in 2014.

At its simplest level, this means using debit or pre-paid cards, particularly now that Contactless has made low value transactions simpler and more convenient. In the near future, this will also come to include mobile payments, powered by near field communication (NFC) technology and digital wallets stored on apps on internet-enabled smartphones.

While consumer adoption of this has so far been measured, this technology is expected to become ubiquitous among millennials approaching university in the next decade, for whom, using a smartphone is second nature. This is also likely to receive a significant boost when Apple Pay is introduced to Europe, which is expected to take place later this year.

These innovations have the double advantage of satisfying demand among students to use cards rather than cash, as well as giving them greater control of their budget and spending. The result is that some institutions are already well on their way to eliminating cash as they seek to create the best experience possible for their students – making campuses cashless.



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This can go beyond cards to meet the requirements of any student event. For example, we have worked with MasterCard to develop pre-paid wristbands that can be loaded with funds from your bank account and then worn securely and used to pay for items in the same way a Contactless card is used (tapped on a terminal). These are an ideal solution for students at campus-based sporting and music events – or even end-of-year balls and parties.

The launch of payment app Yoyo in 2014 was a case in point. Yoyo allows users to pay for things simply and cheaply using their smartphone. The initial trial covered 32 bars and cafes on the campus of Imperial College in London, and around one fifth of college students and staff signed up within eight weeks of launch. The app is now also live at the University of Westminster, University of Greenwich, University of Essex, University of Bedfordshire with five more institutions in the pipeline - Yoyo predicts that it will be accepted on 40 university campuses by the end of 2015.

There's clearly an appetite for new methods of payment among students – but they will come to expect more sophisticated payments as these trends gather momentum in the consumer world. Universities need to consider carefully which apps and services they back in an increasingly crowded market.



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Big Ticket Payments

It's not just about creating a cashless experience on campus. Educational institutions must also think about how students pay for 'big ticket' items such as fees and accommodation, which in many cases run into tens of thousands of pounds. The ability to accept debit and credit cards is therefore essential. In many cases, the cardholder may not be the student themselves (a parent or guardian instead for example), so universities must equip themselves for so-called cardholder not present (CNP) transactions, ensuring that rigorous safety and authorisation procedures are in place to prevent fraud.

For overseas students, large payments can be a particularly tricky situation. Different countries operate their own card networks and it's important to avoid implementing a card system that cannot accept certain networks as this may significantly restrict the potential to generate revenue from international students. This is becoming more pressing as the proportion of students originating from emerging markets grows. According to the British Council, the largest numbers of mobile students in 2020 will be from China (585,000).

The Chinese card network UnionPay however has historically not been accepted in the UK. This was a significant issue for Chinese students, as they are also restricted in the amount of Renminbi in cash that they can take out of China when travelling (which fell way below the level of tuition fees, let alone accommodation and living expenses).



In 2012, Global Payments became the first UK card payment processor to roll out acceptance of UnionPay cards. This had a hugely positive impact on Chinese students, who, for the first time could pay using their cards exactly in the same way they would at home. This makes UK universities a more attractive proposition for both students and their families. Acceptance is simply a question of installing a compatible terminal, which Global Payments supplies to educational establishments.

And it is not just Chinese students that educational establishments need to take into account, as education is becoming increasingly internationalised. Demographic changes mean that countries such as India and Korea have rapidly growing numbers of people between the ages of 18-22, and appetite among those young people to study abroad is growing. These regions also operate their own card networks, which were added to Global Payments' expanding list of accepted cards last year under the roll-out of acceptance of both Diner's and Discover brands.



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The Discover Global Network includes Diners Club International, a global payments network with acceptance in more than 185 countries and territories. It also includes Discover Card, the sixth largest US card issued, RuPay, owned by the 10 largest banks in India and the BC Global Card, which is the largest card network in South Korea. In Europe it also incorporates DinaCard, the Serbian national payment card network.

In addition to this, institutions need to ensure that they can also accept American Express (Amex) cards, which are a common choice for US students alongside Diner's and Discover cards.

To give added reassurance to overseas students paying by card, Global Payments also offer innovative terminals which incorporate their 'Dynamic Currency Conversion' (DCC) service known as HomeCurrencyPay. This shows students exactly what they are paying in their own currency, which avoids any nasty surprises for parents at home or for students when planning their own budgets. This transparency will help educational institutions to show that they are open to attracting overseas students.

This will not be the magic formula for every institution. Some may have no or very few foreign students, and need to think about the on-campus payments environment as their priority. What is essential is finding a partner to help them navigate the changing landscape and pick the payment solutions that will help them to grow and develop a future proof business proposition.

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Making The Right Payments Choice

The implementation process is a critical part of starting out on the right foot. We have surveyed our higher education clients and found that having a relationship manager to guide them through the process played an essential part in this. Ensuring that card acceptance, online payment gateways, and the overall payment environment on campus are all aligned is equally important.

Establishing a long-term relationship with the supplier is key. Given the speed with which the higher education landscape is changing, institutions need to be fleet of foot in adapting and responding. This does not necessarily mean replacing systems like for like when changes arrive. Rather, it means being ahead of and prepared for change, leveraging your relationship with your supplier so that you can benefit from the most innovative solution available. This will be indispensable for establishments in developing and maintaining a competitive edge in the increasingly business-focused world of higher education.

It is important to remember that there is no magic formula for all universities and colleges. From the outset each institution should take the time to understand the demographics of their student population and pick the card payment solutions that best accommodate people's differing payment needs and that provide a robust, future-proofed network to maintain and increase cashflow over time.



ABOUT GLOBAL PAYMENTS



Global Payments specialises in card payment processing for customers ranging in size from owner-managed businesses to multinationals in every sector. We operate in over thirty eight countries and every year we process billions of transactions for over one million customer locations worldwide.

By making continuous investments in our technological and processing capabilities, we help businesses of every size make the most of new card payment technologies. Our community of customers is growing every year and we help each one to navigate the rapidly changing world of payments.

Our terminals feature some of the most up-to-date technology in the industry, and we provide a gateway to alternative payment methods from Contactless cards to the latest near-field communication (NFC) enabled mobile phones, stickers and wristbands.

If you would like to learn more about how Global Payments can help your business, please contact us on **0800 731 8921*** or visit **www.globalpaymentsinc.co.uk** for more information about the company and its services.



*Lines are open Monday to Friday, 9am to 5pm excluding Bank Holidays

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