"Pay Later" API Specification

A Simple Installment Loan Product based on ISO20022

February 2019

Participants

- **Small strategic working group to publish V1.0 of the standard**

- **Rapidly scalable across large number of banks and merchants globally**

'Pay Later' Customer Journey (original requirement)

1. User selects 'Pay by Bank' as the method of payment during the checkout (*note that this may be stored as part of the Merchant's profile for the User*)

2. User authenticates with their bank

3. User selects between 'Pay Now' and 'Pay Later'

4. User selects instalment loan terms

5. User confirms instalment loan terms and accepts terms and conditions

6. Merchant receives payment authorisation

7. Merchant completes order with User

8. Merchant receives payment from Bank, e.g. through Instant Payment scheme

9. Bank services loan with User

Also defined:
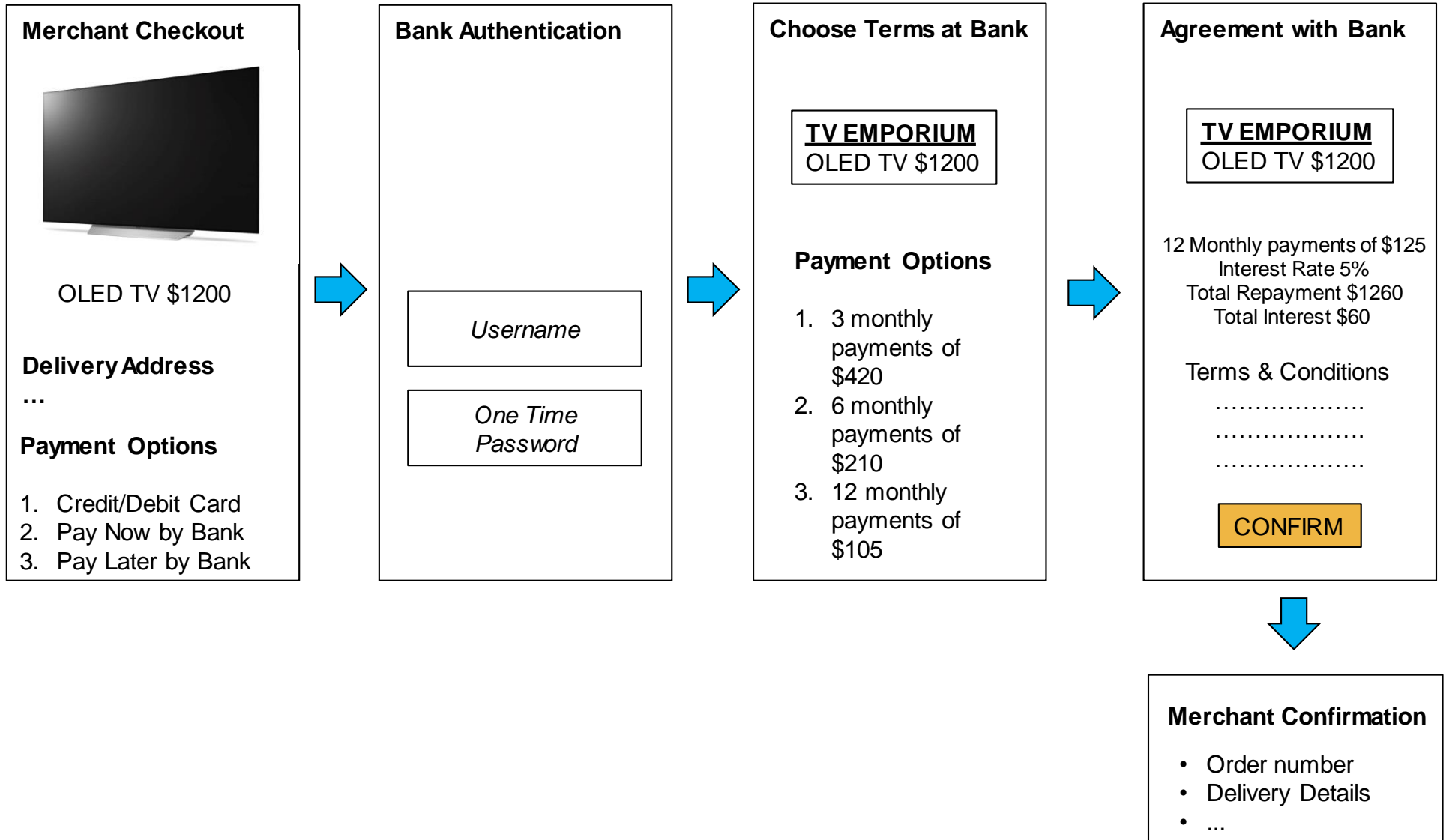
- *Basic Void and Refund flows*

Pay Later Overview
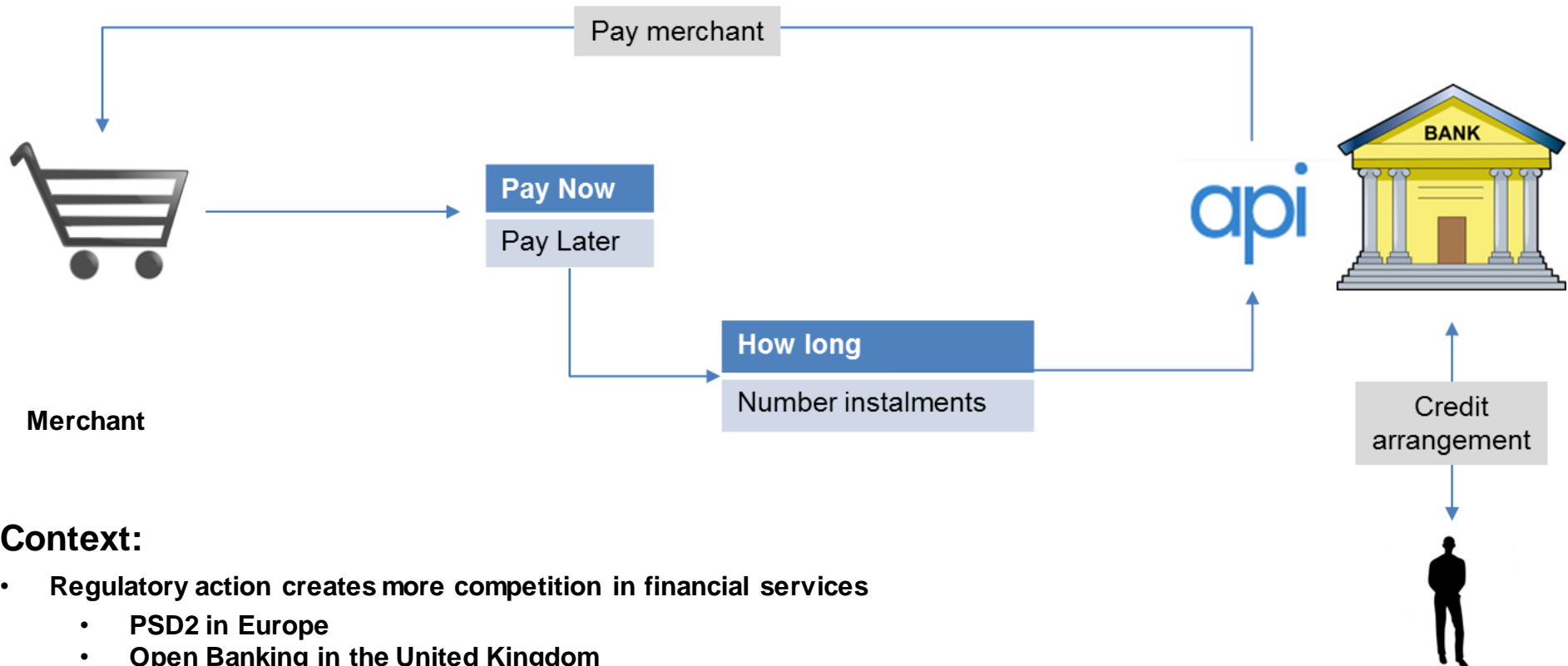
Merchant

Context:

- **Regulatory action creates more competition in financial services**
    - **PSD2 in Europe**
    - **Open Banking in the United Kingdom**
    - **Request to Pay (RTP) developments globally, e.g. UPI in India**
- **Higher compliance costs, lower revenues for banks**
- **Merchants seek frictionless payments, low cost, maximum buying power at point of purchase and reduced fraud and chargebacks**
- **Full alignment with ISO20022**

Example Flow – Existing Bank Customer

Merchant Checkout

OLED TV $1200

Delivery Address
…

Payment Options

1. Credit/Debit Card
2. Pay Now by Bank
3. Pay Later by Bank

Bank Authentication

Username

One Time Password

Choose Terms at Bank

TV EMPORIUM
OLED TV $1200

Payment Options

1. 3 monthly payments of $420
2. 6 monthly payments of $210
3. 12 monthly payments of $105

Agreement with Bank

TV EMPORIUM
OLED TV $1200

12 Monthly payments of $125
Interest Rate 5%
Total Repayment $1260
Total Interest $60

Terms & Conditions
………………
………………
………………

CONFIRM

Merchant Confirmation

- Order number
- Delivery Details
- ...

Technical Standards

- Transport protocol: TLS 1.2

- Authorisation: OAuth2

- Character set: UTF-8

- Architecture: REST

- Data model: ISO20022

- Format: OAS 3.0

ISO 20022 Methodology