

2023

THE YEAR OF STRATEGIC
SHIFTS IN BUSINESS



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Q4 2023 IN REVIEW:

Payments Execs Say
2023 Saw **Strategy
and Expectation
Pivots**

Amid economic turmoil, technological leaps and evolving consumer behavior, the payments and digital commerce landscape experienced unprecedented transformations that rippled across sectors in 2023. These changes demanded adaptability and innovation, shaping strategies in response to evolving consumer preferences and the complex web of macroeconomic dynamics.

Against this backdrop, PYMNTS has gathered insights from 21 industry executives, capturing the key strategies that have shaped business in 2023 and trendlines guiding their approaches to navigate the challenges that lie ahead. Their submissions, compiled in an eBook that can be downloaded [here](#), offer a comprehensive perspective on the emerging trends and pivotal strategies shaping the industry's trajectory in the coming year.

Instant payments, propelled by the launch of the FedNow Service in mid-2023, are set to redefine transactions and digital interactions, driving businesses to seek simpler, faster ways to serve their customers and manage transactions. This development signals a fundamental shift in how financial interactions unfold in an increasingly digital world.

Flexible payments infrastructure remains a cornerstone, promising expanded choices for consumers. This evolving infrastructure also signifies a change for businesses seeking more dynamic and customizable solutions, promising enhanced efficiency and adaptability in conducting financial transactions and managing operations.

In the technology space, generative artificial intelligence (AI) took center stage in 2023, offering enhanced experiences by streamlining transactions and reducing friction. Its commercialization promises more implementation of AI, which is poised to enhance operations and interactions in the upcoming year. However, responsible adoption remains a critical concern amid this progress, highlighting the need to leverage AI's potential while managing its inherent risks.

One critical risk lies in the increasing sophistication of fraud techniques, which have evolved alongside advanced AI technologies. This evolution has intensified the challenges confronting businesses to fight these threats. As technology advances, deploying equally sophisticated measures to counter these evolving risks becomes even more crucial.

Another resounding theme echoing the executives' insights is the importance of customer-centric approaches. Across sectors, the shift toward personalized experiences and tailored customer journeys became paramount for reshaping strategies in 2023. From embedding AI for customized services to maximizing data for customer expansion, the emphasis on consumers continues to reshape operational landscapes across sectors.

The business-to-business (B2B) landscape saw merchants pivoting from top-line growth to bottom-line optimization, shaping winners and losers in technical and product spaces. This recalibration, with a dual focus on growth and optimization, has set the tone for 2024 amid resource constraints. The unprecedented rise in rates also prompted chief financial officers (CFOs) to reassess B2B payment strategies and spearhead innovative approaches, which will be critical tools in 2024.

The pivot toward profitability and sustainable models, a marked departure from relentless user acquisition, underscores a maturation within the FinTech industry. This shift toward sustainable business models reflects a growing realization that long-term success hinges on a solid financial foundation.

Regarding regulation, businesses are transitioning from fragmented solutions to adopting a unified approach for global compliance. While compliance once relied on fear of penalties, today's landscape focuses on centralized platforms, where data incentivizes adherence rather than regulatory enforcement.

Cloud-based transformations and multi-cloud approaches have enhanced operational resilience, yet the challenge of fraud persists, demanding multifaceted strategies blending technology, education and collaboration.

As 2024 beckons, the convergence of these key trends and pivotal shifts defines a payments industry poised for a renaissance — one that promises to elevate experiences, simplify complexities, and drive further innovation across the payments and digital commerce landscape.

NEW PRODUCT DEVELOPMENT, **PAYMENT MODERNIZATION WILL ACCELERATE FASTER IN 2024**

In 2023, payment companies advanced their goal of making the payments experience frictionless, safe and more personalized. Although payment companies began modernizing their platforms and applications on AWS to deliver better experiences over a decade ago, the volume and impact of cloud-based transformation for both established payment companies and FinTechs this year was impressive, and we think the innovation will only accelerate next year.

MARK
SMITH
Head of Global Payments
Market Development
aws

The timing of these efforts coincides with the increasing commoditization of payment processing. This commoditization has pushed payment companies to evaluate and launch more value-added services to better serve their customers and generate new revenue streams. For example, **Stripe Reconciliation** enables companies to accurately capture their revenue from the activity on the Stripe account and reconcile it with their system of record and bank statement. **Plaid** is incorporating alternative data sources such as income and rent payments to assist with credit decisioning and will operate as a consumer reporting agency.

Payment companies are continuing to find ways to deliver seamless payment experiences in new channels and new ways. Stripe is powering contactless payments through tap-to-pay on iPhones for **Alaska Airlines**, the first airline to launch this capability. Software

point-of-sale solutions like this one tap into a previously underserved group of micro-merchants and small businesses. These solutions can help grow merchant acceptance while adding to the portfolio of value-added services which payments companies can offer to their customers.

Cloud-based technology is enabling much of this innovation and is further lowering the barrier to accepting payments. The ability to harness internal and external data and leverage it to provide better customer experiences is one of the key benefits payments companies are realizing from the cloud. Across the board, we've seen massive adoption of artificial intelligence and machine learning to transform payments organizations faster and in ways never before possible with smart routing, improved fraud detection and prevention and hyper-personalized offers. In 2024, we expect most payment companies will not only test or

advance efforts of AI and ML but will also explore the vast potential of generative AI.

Many AWS customers are also looking to partners for complementary data or software to round out their applications and platforms, which speeds up new product release times and the value they can deliver to customers. Data also plays a key role in financial inclusion, with banks and payment customers leveraging additional data to serve more and more consumers — those with varying credit history and even without credit history.

With the proliferation globally of instant payment rails, some payment companies are further diversifying their business to offer merchants and consumers a variety of instant payment methods, including account-to-account payments, cards (credit, debit, gift) and mobile wallets. More financial institutions will need to upgrade

their payment stacks or build new infrastructure to connect to new real-time payments rails and offer real-time payment services to their retail and corporate customers.

These are just a few of the many areas where we're seeing technology play a role in shaping innovation in the industry. It's an exciting time to be in the payments industry, with an increasing number of opportunities to remove friction and increase volume and velocity throughout the value chain. In response, banks and payments companies are moving faster than ever to modernize their platforms and applications, harness data and deliver new products and experiences to customers.

DATA COLLABORATION: UNLOCKING GROWTH AND EFFICIENCY IN 2024

We entered 2023 facing rising interest rates, inflation and growing recession uncertainty. Even with these challenges, many payments businesses — merchants, card issuers and service providers — showed resilience and growth. Key growth drivers included reducing payment friction, creating personalized card experiences, and a focus on data collaborations. In 2024, these strategies will remain pivotal for success.

JEHAN
LUTH

Founder and CEO

 BANYAN

Interoperability Reduces Friction and Sparks Innovation

The launch of the FedNow® Service in 2023, aimed at enhancing B2B payments and competition (with the RTP® Network), has set the stage for real-time payments adoption. However, a key adoption factor to watch is whether industry players can solve for interoperability — the degree to which payment systems directly connect and communicate efficiently with each other. Interoperability has proven to be a catalyst for value-creation elsewhere, such as in the card payments space. An example is Banyan’s data infrastructure platform that can enable any merchant and any financial institution to easily collaborate with many other partners on a range of use cases that activate receipt data and card transaction data.

Personalized Experiences Drive Spending

In 2024, we’ll see a continued trend of personalized and contextualized payment experiences. Merchants and card issuers will adapt to better meet evolving consumer expectations, as was seen in 2023 in the restaurant sector. Leading restaurants leveraged precision payment card promotions — such as offers to drive spend in select menu categories — to spark trial and loyalty behaviors.

Data Collaborations for Growth

Innovative data collaborations emerged in 2023, offering speed, differentiation and operational efficiency. Merchant use cases that gained traction included leveraging item-level receipt data to expand merchant and manufacturer-funded rewards and promotions in bank cardmember marketing channels, as well as the use of precision receipt data to mitigate payment card fraud, disputes and chargebacks. Given merchants’ need for growth, efficiency and adaptability, we expect to see continued demand for data collaborations that open new channels and enhance the payments experience for employees and customers alike.

As we move ahead in 2024, Banyan’s focus is on helping merchants better use their item-level receipt data to open revenue growth and operating efficiencies. Our infrastructure platform is a simple, secure and fast way to connect with other businesses to power a variety of receipt data collaborations at scale. By continuing to invest in our platform, we can do our part to support the flexibility and adaptability that merchants and their financial institution partners desire to navigate marketplace change in 2024.

COMMERCIAL CARDS EVOLVE

AS WORKING CAPITAL TAKES PRECEDENCE

We're calling it now: 2024 is going to be "The Year of the CFO." The unprecedented rising rate environment in 2023 created opportunities for savvy chief financial officers to revisit their B2B payment strategies and take a new approach to their payment toolkit.

DEAN M.
LEAVITT
Founder and CEO



One of the main trends we have seen that will have an impact in 2024 is redefining the role of commercial cards as a tool for working capital. In the pursuit of optimizing financial strategies, corporations are increasingly prioritizing working capital. This trend signifies a paradigm shift from previous decades when rebates held allure for corporate cardholders. The pendulum has begun to swing, with buyers now willing to forgo rebates in favor of extending their days payable outstanding. The driving forces behind this shift are the escalating cost of borrowing, coupled with the scarcity of credit, which have prompted corporations to reassess their priorities. Working capital considerations have taken precedence, reflecting a strategic move toward enhancing financial stability and flexibility.

In rethinking the role of commercial cards, we are also seeing a fundamental change in the cost structure of these payments. A notable shift that has emerged is the trend toward sharing the responsibility for transaction costs. While historically, sellers bore the brunt of these costs, the upcoming year will witness more buyers covering some or all of the transaction costs. The commercial landscape is evolving toward a more equitable sharing of credit card transaction costs, with the size and respective leverage of the entities playing a pivotal role in determining the extent of this shared responsibility. The essence of this trend lies in a newly emerging reevaluation of the value proposition for each party involved in the transaction. This change is also being influenced by laws and regulations allowing for such sharing, particularly in regions where it was previously prohibited.

The cost structure isn't the only element of commercial card transactions that is going hybrid. We are also seeing a high level of interest in multi-modality payments. Specifically, there is a lot of buzz around card-to-account solutions that allow buyers to pay using their commercial card while their suppliers receive their revenue through an account transfer. While this functionality has been in use in the consumer and small- to medium-sized business markets for some time, it is relatively nascent in the large enterprise segment. Boost recently added the designation of Business Payment Solution Provider to its credentials, allowing us to offer this functionality as a core part of our new Boost 100® solution set. In 2024, we will

use card-to-account and other technical innovations to empower our enterprise-level buyers with the tools they need to pay 100% of their suppliers with their commercial card, regardless of the supplier's willingness to accept cards.

These trends further underscore the need for businesses to remain agile in 2024, while they embrace innovative solutions that align with the evolving needs of the B2B ecosystem. By staying attuned to these critical trendlines, we can empower businesses to thrive in an ever-changing economic landscape.

MAKING HEALTH EQUITY A CORE TENET OF BUSINESS OPERATIONS

With the new year upon us, it is imperative to reflect on the lessons gleaned in 2023 and prepare for the challenges and opportunities that will unfold in 2024. Last year, our economy grappled with high inflation and supply chain disruptions, posing considerable challenges for businesses and consumers alike. Nonetheless, the business landscape remains dynamic, shaped by technological advancements, shifting consumer preferences and global economic shifts.

BETO
CASELLAS
Executive Vice President
and Chief Executive Officer
of Health and Wellness
at Synchrony



In response to this ever-changing landscape, several key trends have emerged in 2023, likely to persist through 2024. According to J.P. Morgan's [Outlook 2024](#) report, while inflation is anticipated to stabilize, end-of-year predictions for 2023 indicate slowed growth both domestically and globally, according to projections from the [International Monetary Fund](#). It's crucial for business leaders to monitor these macroeconomic trends and make necessary adjustments to ensure seamless operations.

Among the predictions for 2024, the persistent challenge of hiring and staffing issues in the U.S. economy remains a focal point. Synchrony research underscores

the impact staffing shortages have on healthcare practices, affecting performance and revenue predictability. Business owners should not perceive these challenges as inevitable market consequences; instead, an increasingly adopted solution is outsourcing. For those grappling with staffing challenges, now is the opportune time to explore third-party partnerships to mitigate potential disruptions in the face of further market slowdowns.

In 2024, we might see the savings that people had accumulated during the pandemic exhausted, based on predictions from experts at [Deloitte](#). As a result, it's believed that alongside a slowing economy, consumers will remain cautious

about their spending. In the realm of healthcare, individuals already strained by high inflation rates, escalating out-of-pocket costs, and diminishing coverage from traditional health plans may be compelled to forgo essential care due to financial constraints. Recognizing this, we observe a surge in healthcare consumerism, with more individuals actively seeking cost-effective options.

For me, the top trend to watch in 2024 is how technology and artificial intelligence will impact the consumer experience. Across industries, businesses are shifting to customer-centric models, a transformation largely attributed to digital transformation. Evolving consumer expectations demand

convenience, digital accessibility, streamlined processes and ethical practices. Businesses must align their strategies with these expectations to build lasting relationships and brand loyalty, especially as 73% of U.S. companies [integrate AI](#) into their operations.

With these considerations in mind, Synchrony is proactively working to provide consumers with the most advanced digital integrations to meet their evolving needs. As we forge partnerships and collaborations with other organizations, our aim is to continue delivering new and valuable tools to those who rely on our support most.



HICHAM
OUUGHIRI
Co-Founder and CEO
enigma

AI FUELS A TECH RESURGENCE

GOING INTO 2024

2 023 was quite a volatile year and a refreshing dose of “welcome back to reality.” The end of a ZIRP-fueled technology industry boom was supposedly written all over the wall. From the **shockwave of constant industry layoffs** to SVB’s collapse, prospects looked bleak in the beginning of the year. As the year went on, economic data kept getting slightly better “against all odds,” and a paradoxical narrative started to emerge. How could we not **shake this feeling of a failing economy** despite all the data pointing to the opposite?

For most of the year, financial institutions (FIs) had prepared for the riskiest of environments as capital became incredibly constrained in the VC and credit markets. However, a story slowly emerged that who's who of Wall Street had been raising **large private credit funds** to compete in an almost new economy of rising credit rates.

Stocks like Affirm came into the year with a nose dive but are exiting with true momentum. Large tech carried the market into a boom on the backdrop of momentous progress in artificial intelligence (AI). ChatGPT grew to 100 million users in only two months, **faster than any internet application** in its infancy. In the background, FinTech went back to basics and executed on becoming profitable. Though many growth-stage companies

folded or saw their valuations dwindle, companies became healthier and more focused. A determined execution started to give confidence to a deflated tech sector and private investment activity picked up again in Q4.

This resurgence in the tech sector, underpinned by AI, is not just a rebound; it's a renaissance. AI-forward financial and payments companies will build new experiences that give agency to the customer and continuously reduce complexity. From form fills and documentation to financial analysis and stress testing, AI will take over massive workloads.. Risk management and fraud detection will reach new levels of precision, rapidly democratizing underwriting best practices and outcomes.

When it comes to 2024, a top playbook for us at Enigma is investing heavily into AI on one hand and continuing 2023 back to basics on the other. We build data products for the hungry algorithms powering this next-generation economy, from sales and marketing insights to risk analytics and compliance screens. Our business is run lean with a maniacal focus on the quality of insight we deliver to our customers. This foundation allows us to push the boundaries of our product by spending time innovating on our technology and data. Though the air still hasn't fully cleared on the economic recovery (e.g. **ballooning consumer** and national debt or global macro political concerns), we are feeling excited more than ever about the year to come. The pace of progress and innovation is exhilarating and it's a real thrill to be in the throes of it.





CASEY
KLYSZEIKO

Head of Carat and
e-Commerce

fiserv.

OPTIMIZING COSTS WHILE **INVESTING IN EXPERIENCES**

In a year of strategic shifts, many businesses opened 2023 navigating a choppy macroeconomic landscape. Inflation was slowing but remained persistent, and global tensions continued to apply pressure to the supply chain. Meanwhile, consumer spending, the biggest driver of the economy, was showing a degree of resilience that was compelling online businesses to invest in new consumer experiences, an investment that would prove particularly wise if spending slowed and competition for dollars grew.

As a result, throughout 2023 we saw businesses prioritize two simple concepts: optimizing costs and maximizing payment choice. By accelerating innovation in these areas, businesses were able to operate more efficiently throughout the year, while building deeper, more unified experiences with consumers for the long haul. Here are a few innovative ways we saw this play out.

Advancements in Digital Wallets

Originally positioned as a tool offering consumers more convenience and simplicity at checkout, the utility of digital wallets has progressed significantly. In 2023, we saw large merchants increasingly use wallets within their retail-branded apps to create focal points for consumer engagement.

By integrating omnichannel wallets within apps, retailers began to streamline disparate elements of the customer journey such as loyalty, rewards, financial services, and health and wellness. The result is a reimagined experience that allows businesses to create more value for customers, moving a retailer's digital wallet from simply being a payment source to being a dynamic financial hub allowing customers to earn, shop and save through a centralized location, online and in-store.

A Rise in Pay-by-Bank

As wallets become a hub for more payment activity, merchants are capitalizing by driving adoption of payments options that can strengthen customer retention and streamline operational costs.

One leading example in 2023 was an increase in merchants deploying pay-by-bank solutions. As simple as the name sounds, “paying by bank” is just that — allowing a consumer to link their bank account information within a digital wallet to pay for goods or services. This account-to-account payment method allows the merchant to offer loyalty incentives or discounts to the consumer while also improving operational efficiency — a true win-win.

The Platformization of Business

From retailers and service-based businesses to niche verticals like rentals and logistics, industries of all types began uncovering new use cases for using software in 2023. This “platformization” of business is occurring rapidly and creating

significant opportunity, with businesses embedding payment flows through software platforms to enhance buying experiences for their customers, streamline their own operations, and create new revenue streams within their business models.

As we work with our clients to plan for 2024, we're having similar discussions around operational efficiency and customer experience — with more global brands viewing payments as a conduit to improving both. Whether that means delivering financial services through wallets, maximizing use of alternative payments, diving deeper into embedded capabilities or investing in digital experiences that streamline customer journeys, these calculated investments will shape the future of commerce.

2023: THE YEAR OF **ADVANCING TECHNOLOGY FOR PAYMENTS SECURITY** AND MEETING CONSUMER EXPECTATIONS

As we reflect on 2023, it's evident that the year has been a crucible of transformation for the payments and digital commerce sectors. Faced with economic volatility and shifting consumer behaviors, industry leaders have had to recalibrate their strategies, leveraging technological advancements to stay ahead. As we venture into 2024, it's crucial to examine the key trends that have emerged and how they are shaping the future trajectory of the business.

MIKE
WALTERS
CEO
FORM3

One of the most significant trends in 2023 was the rapid advancement in technology transformation within the banking sector. With consumer expectations at an all-time high, banks faced the daunting task of updating and replacing their existing technology stacks. This process, pivotal for maintaining competitive edge and customer satisfaction, required a delicate balance: ensuring uninterrupted services while integrating new technologies. The adoption of cloud-based platforms emerged as a linchpin. These platforms not only provided the necessary flexibility and scalability but also ensured enhanced resilience, a factor that regulators across the United Kingdom, Europe and the United States have emphasized.

In the realm of payments, 2023 witnessed a continued push toward innovation. Banks realized that to retain and grow their customer base, the payments experience needed to be seamless and done

in real time, both domestically and across borders. This required substantial upgrades not only in banks' internal capabilities but also within the payment chain network. The anticipated acceleration of instant payments in the U.S., fueled by the integration of the FedNow® Service, stands as a testament to this trend. Banks have started planning this capability for their customers, recognizing its potential in shaping the future of payments.

A strategic shift was also observed in the adoption of multi-cloud approaches to payments. As digital payment volumes surged, the need for a scalable and flexible infrastructure became paramount. The multi-cloud model, with its inherent contingency capabilities, ensured uninterrupted services regardless of individual cloud performance. This not only bolstered operational resilience but also aligned with regulatory expectations.

However, the year wasn't without its challenges. APP fraud continued to be a formidable issue. Banks had to navigate the complex landscape of social engineering and sophisticated scams, prompting a re-evaluation of their security measures. The fight against such frauds required more than technology; it necessitated clear customer communication and education, alongside collaboration with Big Tech.

Looking ahead to 2024, these trends underline the strategic shifts necessary for navigating the challenges ahead. As the payments landscape continues to evolve, financial institutions must adapt, integrating technological innovations while maintaining a

steadfast focus on security and customer experience. The journey toward digital transformation is not just about staying competitive; it's about reshaping the way businesses interact with their customers in an increasingly digital world.

The year 2023 has set the stage for a transformative 2024. The trends observed have not only shaped business strategies but have also paved the way for a more resilient, efficient and customer-centric payments ecosystem. As we step into the new year, these trendlines will undoubtedly be at the top of every industry executive's watchlist, guiding their approach to meet the challenges and opportunities that lie ahead.

DATA DEPTH OVER CUSTOMER BREADTH: THE PUSH FOR PERSONALIZED DIGITAL FINANCIAL EXPERIENCES IN 2024

For years, financial services and non-financial brands have built products and solutions with two goals in mind: customer acquisition and customer expansion. But now, the pressure to deepen digital relationships with customers is mounting. The good news is banks and financial services companies are sitting on a wealth of data. But that data is still severely underutilized. The key to acquiring and expanding customer relationships is building products around the customer and not the other way around. In 2023, we've seen the impact of this shift play out through three key trends that will accelerate in 2024.

DAVID
FEUER
Chief Product Officer


01

The need for comprehensive, connected data. Banks and financial brands have more data than ever. But legacy, monolithic infrastructures have kept that data siloed. This has led to decisions being made from partial datasets, creating an incomplete picture of each customer. This siloed approach has also made it impossible to gain usable customer experience insights since each digital touchpoint is isolated. Banks and financial brands looking to truly elevate the customer experience must embrace digital transformation via a modernized tech stack that supports comprehensive, connected data access to maximize the value of each customer interaction.

02

Making customer-centricity a reality. Being customer-centric isn't a buzzword; it's a make-or-break business strategy. The integration of technology and data has advanced rapidly over the past year in ways never imagined 20 years ago. Banks and financial brands must adapt accordingly and build financial services around how customers are interacting with them. They can start by tapping into value created by micro-moments made during digital banking interactions to create deeper relationships. Buy now, pay later is the perfect example. BNPL flipped the old layaway model and changed how consumers and businesses engage with financial providers and retailers — creating an entirely new flexible lending model. By creating

products around these micro-moments, banks and financial service providers can develop hyper-customized, customer-centric financial experiences that create more value for the end user than ever before. And they can do it at scale.

03

The fraud arms race is crushing the customer experience. Banks are racing to integrate advanced AI and machine learning-driven anti-fraud tools into their fraud management systems. But anti-fraud is still often characterized in terms of the battle against the fraudsters, and not in support of the customer experience. We must instead flip that equation to build products and solutions that start with the customer, versus just the systems and algorithms. Instead of starting

with a goal of simply preventing fraud, banks must first start with the ideal customer experience. Fraud prevention is a natural extension of that experience. When you change how you approach fraud, brands can begin to use customer data to proactively protect them and subsequently enhance their digital financial experiences, build trust and elevate their relationship with that brand.

In 2024, the need to derive value from data will accelerate rapidly as banks and financial brands race to win the digital financial customer experience. Whether the goal is to support customer acquisition or customer expansion, it all comes down to data. And the capability to access and use that data meaningfully to support what consumers and businesses need, and when they need it most.

UNDERSTANDING ARTIFICIAL INTELLIGENCE: HOW AI COMPLEMENTS HUMANS, NOT REPLACES THEM

Artificial intelligence is no longer shrouded in mystery. Instead, it's becoming increasingly pervasive in our lives. Generative AI capabilities have elevated AI and machine learning by introducing a new level of abstraction. The true power of technology lies in its ability to simplify complex processes for users. As generative AI becomes more commercialized in 2024, this simplification will make it easier to implement and more efficient to use. Technology continues to evolve at an unprecedented pace, driven by the widespread integration of generative AI. However, this integration is the result of years of experimentation, research

AMIR
WAIN
CEO



and investment, much like the digitization process. AI deployment across various applications did not happen overnight but there are many issues that require users to be cautious, especially those of us in the financial services businesses. Due to quality and regulatory requirements, users should adopt an augmented approach that combines both the human element and AI.

Generative AI has already brought about significant changes in how end-users interact with data-rich environments. Organizations should seek to use AI in specific areas where this technology can drive efficiency and process optimization, with compliance being a prime example. Ensuring 100% compliance in financial services is challenging, but generative AI can help reduce costs and improve compliance quality. i2c, for instance, uses natural language processing tools to process customer contact center data in real time, identifying

issues more efficiently than before. However, a human element still remains essential for quality control and ensuring compliance.

It is crucial to understand that AI should augment rather than replace human efforts. Users need to have the skills and experience to understand how nuanced queries and an understanding of the technology's intricacies are very important to getting good results from AI. The technology already offers advances in areas like fraud detection, customer acquisition and retention and real-time personalization, but efficiency and convenience are vital considerations.

Users of generative AI need to be aware of the potential for the technology "hallucinating," or generating fabricated results, which poses especially daunting challenges for financial services firms. Given the industry's stringent quality and compliance standards,

a cautious approach is necessary. Implementing a compliant framework around the technology that uses the human element is essential to avoid risks and ensure responsible use.

Next year will be very exciting as we watch AI continue to become more mainstream with various organizations. However, everyone needs to understand the importance of responsible adoption to prevent rogue users from harming the technology's potential. In this ever-evolving landscape, businesses must stay ahead of the risks and continue harnessing the transformative power of AI.





DREW
EDWARDS
CEO



2024: A PIVOTAL SHIFT FOR INSTANT PAYMENTS

In the ever-evolving landscape of payments, the demand for innovative solutions that foster growth opportunities for clients has become more pronounced than ever. The trajectory of instant payment technology, a gradual ascent over the years, is poised for rapid expansion as we enter 2024.

We find ourselves at a tipping point, where instant, reliable and secure payment transactions are becoming not just a desire, but a consumer expectation. The shift is fueled by a shift in awareness of what's both possible and practical, brought on by adoption by some key players.

The Changing Nature of Work: Gig Economy as Trailblazers

The shift toward a gig-based economy has been a catalyst for transformative changes in how people get paid. Technological advancements have allowed companies to transition from check-based disbursements to instant payments, leapfrogging traditional ACH methodologies.

Early adopters from the gig economy played a pivotal role in unlocking the potential of instant payments, enabling gig workers to receive their earnings essentially in real time. This not only eliminated the need for businesses to hold large amounts of cash, but also set the stage for broader instant payment adoption across a variety of industries.

Embracing Change: Smokestacks and New Industries

As the gig economy embraced instant payments, smokestack industries took notice. The appeal of seamless, instantaneous transactions led sectors with conventional payment practices to explore their own potential adoption of instant payments, both to enhance workforce satisfaction and reduce check-issuing expenses.

This trend has led to a wider recognition of the advantages of instant payments across a diverse set of industries. There has been a mindset shift, an understanding that it's to nearly any company's advantage to embed instant payments, in industries ranging from trucking and hospitality to gaming and real estate.

Some have even embraced the idea of monetizing instant transactions for increased revenue — a trend that will only grow in coming years.

Government Endorsement With FedNow

Going beyond push-to-card and real-time payments rails, forward momentum in instant payments is being fueled by the launch of the FedNow® Service, the instant payment system introduced by the Federal Reserve in July.

This government-led payment initiative marks a strategic move toward modernizing state financial infrastructure. Its adoption signals a broader acknowledgment of the importance of instant payment technology, as well as its security and reliability, even on a government scale.

The launch of FedNow has acted as a stamp of legitimacy for the instant payment revolution, further influencing businesses across industries to explore possibilities for their own operations.

Conclusion: A Transformative Year for Instant Payments

In short, instant access to money is fast becoming a consumer expectation. As companies head out of a COVID-constrained economy and seek new opportunities to streamline growth, instant payments have captured their attention.

2024 is more than just a continuation of this trend — it may be the year when instant payments become an integral part of the financial landscape, reshaping transactions and redefining how businesses and individuals interact in the digital era.

TECHNOLOGY AND SUSTAINABILITY **STRENGTHEN FINTECH APPEAL**



ROMAIN
MAZERIES
CEO
mangopay

Opportunities abound for FinTech in payments in 2024, with artificial intelligence, embedded finance and sustainability among the most interesting things to look out for in the year ahead.

AI is set to play a pivotal role in shaping the FinTech landscape, and we will see this accelerate in 2024.

Companies will use AI to make faster financial decisions, enhance onboarding processes, manage risks effectively and drive operational efficiency.

With models making it easier and cheaper to integrate AI capabilities within digital products, we will see more banks and FinTech companies double down on AI initiatives in hopes to release products that will bring incremental revenue.

We will see a wider range of AI applications in 2024, including creditworthiness assessment, robo-advisory services, algorithmic trading and risk evaluation and management, not only in banking but also in FinTech. This trend will not only set digital products apart but also enhance the overall user experience, raising the bar for business and consumer products.

We also expect to see AI lead a new company culture of an 80/20 rule to deliver innovations and solve workforce challenges by leveraging a small and nimble team as talent acquisition becomes more challenging and costly.

Elsewhere, APIs are making it easier for non-financial companies to embed financial solutions into their products and platforms. We now see insurance, investment and financing experiences embedded within eCommerce experiences.

The growth is even more apparent on B2B eCommerce platforms offering trade credits and other payment terms, all while offering operational efficiency in managing payments within the same ecosystem.

Additionally, Banking-as-a-Service and Wallet-as-a-Service are reshaping the way merchants accept payments as they become the building blocks for more flexible payment flows, providing better visibility and control. The same infrastructure offering can also be used to offer stores of value which are particularly attractive to two-sided eCommerce such as marketplaces to help sellers manage their earnings more efficiently.

Last but certainly not least is the issue of green banking. Some FinTechs are ahead of the curve in terms of sustainability with several neobanks and payment providers making commitments to ESG disclosure and creating more environmentally-conscious financial products and services.

One way that FinTechs and banks are making finance more sustainable is by promoting digital payment solutions. Digital payments are more eco-friendly than traditional payment methods, such as cash and credit cards, as they do not require the production of physical cards or the use of paper receipts.

Another way FinTechs and banks are making finance more sustainable is by reducing their own environmental impact. For example, some banks are committing to becoming carbon neutral and reducing their waste.

These trends are likely to have a positive impact on consumer buying decisions. As more customers become aware of the importance of sustainability, they are more likely to choose financial institutions that are committed to social and environmental responsibility.

Moving into 2024, companies that embrace innovation will lead the charge in shaping the future of FinTech payments.

EMBRACING EMERGING TECHNOLOGY

AS PAYMENT OPTIONS TAKE STAGE

The year 2023 has been a rollercoaster for the financial services industry. From bank closures and regulatory shifts to economic uncertainty and shifting consumer behavior, banks and credit unions have had to adapt quickly. In response to a tumultuous year, financial institutions and FinTech partners alike accelerated digital transformation efforts. Mobile wallets and contactless payments took center stage, data remains paramount and AI dominated conversations across the board.

DOUG
BROWN
President of Digital Banking
NCR VOYIX

As we look ahead to 2024 and beyond, banks and credit unions continue to grapple with how to best meet evolving consumer demand while optimizing margins and continuing to keep up with technological advances. Partnering with leading financial institutions, NCR Voyix is looking at the following as being key differentiators to successfully meet customer experience demands.

Payments Take Center Stage: As money movement options such as mobile wallets, real-time payments, the FedNow® Service, etc., take center stage, banks and credit unions face the challenge of facilitating choice. While not every institution can or should immediately adopt various innovations, they must develop a strategic plan to determine which payment methods are crucial for their unique user base and seek opportunities to deliver immediate value through real use cases. Regardless of which (or all) they

choose to implement, ease of use and simplicity throughout the entire experience will be paramount to success.

More AI Use Cases Emerge: Despite ongoing discussions and concerns surrounding artificial intelligence, tangible AI-powered applications will continue to infiltrate banks and credit unions. AI possesses the capability to enhance efficiencies and make data more actionable than ever before. Rather than replacing individuals, AI will serve to augment them, enabling them to redirect their time and energy toward growth-focused and strategic initiatives. Similar to payments, immediate implementation is not required, but a “wait and see” approach won’t work either. Financial institutions need to have a roadmap that is focused and backed by data based on the needs of the community it serves.

Hyper-Personalization Becomes a Requirement: It’s no longer enough to suggest similar products based on past purchases or broad demographics. Hyper-personalization has to go beyond the obvious, tapping into a wider range of data points to create a truly individualized experience. Embracing hyper-personalization and building a genuine connection with customers and members, regardless of channel, will lead to increased engagement, improved conversion rates, unwavering brand loyalty and, ultimately, a more profitable consumer.

Gig Work Continues to Gain Momentum: With an increasing number of Generation Z individuals expressing a preference for self-employment, and economic hardships pushing people to seek

additional income sources, gig work is experiencing a significant rise. However, this often entails various financial intricacies that may go unnoticed until an issue arises. For financial institutions, there is a great opportunity to better serve this unique segment by providing gig workers with the tools and education to better navigate some of these potential pitfalls and maximize their profits.

To navigate successfully, bank and credit union executives should prioritize flexibility, continuous innovation and a customer-centric approach. For continued success and to best meet consumer demands, embracing emerging technologies and collaborating with leading industry partners will be a must.



RAHUL
HAMPOLE
Head of Payments
 **PLAID**

INSTANT PAYMENTS SPEED NEED FOR **FRAUD PREVENTION**

Instant bank payments will be an inevitable part of business going into 2024. This provides a number of benefits to businesses that are looking to offer better and more instantaneous experiences. It's also a more cost-efficient way to move money. With the RTP® Network and the FedNow® Service gaining traction this year, we expect companies to look at ways to lower the barrier to entry for consumers by delivering incentives and new experiences that will encourage broader adoption. We expect use cases like bill pay and rental payments to see broad adoption, with eCommerce right behind.

However, while enabling rapid access to funds has its conveniences, fraudsters also crave speed and convenience. As financial flows accelerate, the need for upfront fraud prevention during customer onboarding will be paramount. Savvy consumers will demand it as well. According to a Plaid survey, 76% of FinTech users prefer to verify their identity when signing up for a new service.

Thankfully, sophisticated identity verification and authentication technology to mitigate fraud is also emerging. Next year, I expect businesses will take a step toward implementing bulletproof solutions to confirm users are who they claim to be during sign-up without introducing friction. Liveness checks, ID validation, geolocation and biometric tracking will become the price of entry for FinTechs planning for an instant, on-demand payments environment with little patience for fraud.

Also emerging are network-based anti-fraud solutions that break down silos to deliver a more comprehensive and robust risk and fraud prevention solution. I expect more companies will take a network-based approach to assessing fraud across the user journey — from initial sign-up to money movement and ongoing use. Players that can bring network-based anti-fraud solutions at scale will become critical to broad adoption of instant bank payments.

With FedNow's innovation, the stage is set for fast, secure money movement to drive FinTech growth into a new decade.





CHUCK
FAGAN
President and CEO



CONSOLIDATING FOR SUCCESS

Set against a backdrop of rapid evolution and advancement, credit unions and other financial institutions had front-row seats to experience firsthand all of the shifts and changes impacting the ever-changing payments landscape in 2023. Underscored by an uncertain economic and geopolitical climate, the credit union and financial services industries have also been faced with interchange regulation, digital solutions dominating consumer consciousness, new players and solutions, evolving consumer preferences and more.

With a spirit of innovation and collaboration driving the credit union industry forward, alongside technologies reshaping the needs of credit unions, now is not the time to reconsider or slow investments in innovation. On the contrary, a policy of perpetual innovation is necessary to keep pace with not only other financial institutions, but also the many tech companies that have entered the financial services space in recent years.

As credit unions and other industry partners look to embrace innovation and invest in the tools and technologies needed to meet the needs and expectations of today's modern members, consolidation has become a prominent trend — and is poised to continue influencing credit unions and the ways in which they do business next year and beyond. According to [Credit Union Times](#), the first half of 2023 saw nearly 75 credit union merger and acquisition transactions. In August, the two major credit union trade groups, the National Association

of Federal Credit Unions and the Credit Union National Association, announced their intent to merge, followed by PSCU and Co-op Solutions, two leading credit union service organizations and financial technology solutions providers, agreeing to combine in late 2023.

The reason behind all of this consolidation: Credit unions and other industry organizations are finding they are stronger together than they are apart. Per the [August 2023 PYMNTS Credit Union Tracker](#), a study found consumer satisfaction dropped slightly behind banks' scores for the fourth year running (75/100 for credit unions compared to 78/100 for banks). With the rapid speed of change across the industry, many organizations are left with a difficult choice: merge with other like-minded organizations and combine resources or run the risk of being outshined by other financial institutions or FinTechs with more resources and capabilities to devote to innovation.

By coming together, not only are these organizations aiming to better position themselves for success, but they are also helping the credit union industry as a whole by maintaining membership, attracting new potential members and enabling increased investment on bigger picture initiatives. For PSCU and Co-op, for example, the combination is a transformative opportunity to bring together talented employees, complementary solutions, key partnerships and client relationships to create the premier FinTech solutions provider for credit unions. Not only will the combined organization be a more competitive player in the payments ecosystem, but it will provide credit unions with integrated FinTech solutions that deliver personalized, connected experiences to members.



BALANCING INNOVATION, **REGULATION AND PROFITABILITY WILL BE KEY IN 2024**

In 2023, the payments and digital commerce landscape experienced significant transformations, driven by economic uncertainties and shifts in consumer behavior. Industry executives observed pivotal changes, technological advancements, and strategic shifts that have become integral to navigating this evolving terrain.

CHARLIE
YOUAKIM
CEO



One key trend that emerged was the heightened importance of regulatory considerations within the FinTech space. As the industry matures, regulators worldwide have become more proactive in establishing frameworks to ensure the stability and security of financial systems. This trend is particularly evident in areas such as credit building, where regulatory oversight is crucial to fostering responsible lending practices and protecting consumers.

In response to the evolving landscape, businesses in the payments and digital commerce sector have increasingly focused on compliance and collaboration with regulatory bodies. Striking the right balance between innovation and

adherence to regulatory guidelines has become a strategic imperative. This trend is expected to continue into 2024, with regulatory frameworks playing a pivotal role in shaping the industry's trajectory.

Another notable trend has been the industry's drive toward profitability. The economic turmoil of recent years has underscored the importance of sustainable business models. FinTech companies are placing greater emphasis on achieving profitability rather than solely prioritizing user acquisition. This shift reflects a maturation of the industry, with a growing recognition that long-term success requires a sound financial foundation.





ALICE
KATWAN
President of Revenue
SOVOS

NEW REALITIES OF GLOBAL COMPLIANCE DEMAND A NEW APPROACH

The year 2023 highlighted a new reality for businesses: Governments' demand for data is on the rise — in terms of both volume and speed — as they continue to realize the benefits of transaction data. This rapidity of change, combined with global variances, are outpacing the required reaction time for most businesses.

Globally, more than 19,000 tax jurisdictions exist, and nearly all of them are undergoing some level of digital transformation. Examples of this dot the globe. In the United States, we see a concerted effort to lower reporting thresholds and push eFiling initiatives; in EMEA, there are new mandates in countries such as France and Poland, and the introduction of VAT in the Digital Age.

The Mandate Motivation

Over the past decade, regulatory bodies have realized how to better leverage technology to increase transparency and eliminate fraud for the purposes of spurring economic activity and closing tax gaps. This is not taking place in a vacuum; consumers have also been demanding greater transparency and trust due to the amount of

personal and financial data they are required to share. These changes ultimately create unnecessary burdens on business, which lead to inefficiency and higher costs.

Adding to the tension is a fundamental lack of strategy in global and regional compliance management. In response, most companies have addressed each mandate or rule change as a single issue and have not applied a broader, end-to-end solution approach. This is problematic for several reasons. First, the lack of a global view of your compliance posture leads to conflicting data and costly mistakes. Second, it creates a significant resource drain on IT and finance organizations to manage multiple — sometimes hundreds of — different point solutions.

2024: Year of Connected Compliance

As 2024 approaches, we are witnessing more of the same. Tax authorities around the world have either already announced new mandates and guidelines or are actively planning for them. However,

I predict that this will be the year where businesses leave their point solution purgatory once and for all. They will pivot and start to embrace a holistic strategy through a platform approach to global compliance.

Why am I so confident? We've seen it before. The global compliance industry is closely mirroring what has taken place in several other core technology categories including customer relationship management and enterprise

resource planning. History tells us from both of these examples that volume and complexity overwhelmed organizations' abilities to track and manage information and processes with any sense of reliability or data integrity. The result? The market demanded a larger, more robust and capable solution.

In the early days of compliance, the stick was the primary motivator wielded by government entities — be compliant or face the consequences of costly audits, fines and possibly even loss of a business license. Today, we find that the data and insights uncovered through a centralized compliance platform is the ultimate carrot.

PAYMENTS TEAMS
STRIVE TO
**BALANCE GROWTH
WITH OPTIMIZATION**

2 023 was the year that merchants pivoted from top-line growth to bottom-line optimization. This shift in focus proved to be the dominant factor that helped drive product and technical winners and losers.

JUSTIN
BENSON
CEO



Bottom-line optimization resulted in several notable shifts in the payments industry. This included price wars at the largest processors in the United States and the resulting fallout for major industry players. Technologies like network tokenization, with their promise of higher authorization rates and lower interchange and other cost-saving tools, moved to the forefront of interest for many merchants.

We also witnessed a wane in enthusiasm for alternative and local payment methods. Although they were typically thought of as helping capture incremental revenue by offering multiple choices to consumers, the complexity of managing so many different payment methods for a relatively small percentage of total revenue came under scrutiny in a more resource-constrained world.

In terms of payments orchestration, our customers moved from a primary focus of using orchestration for global expansion to honing in on creating the right set of routing and rules to maximize the success rates of payments already in hand. Many of our customers use failover to re-route transactions when a preferred gateway is down, alongside customizing routing logic to increase acceptance rates, lower costs and develop effective payment architecture across geographies.

Looking ahead to 2024, we believe the year will be a lessons-learned blend of the last two years — with the focus shared between growth and optimization. This careful calibration will be done with an eye on our more resource-constrained reality.

Payments continue to grow and remain highly complex and critical to businesses everywhere. Enabling payment technology, like orchestration, will continue to play an essential role in helping payment teams focus on optimization, payment method vault management and connectivity.



DRIVE TO SURVIVE 2024: WHICH FINTECHS WILL PIVOT TO PROFITABILITY?

If any trend has defined 2023, it has been the “FinTech winter” that caught many optimistic but unprofitable organizations off guard earlier this year. With unforeseen layoffs and missed earnings estimates dominating the headlines — even more than generative artificial intelligence — many in the FinTech space have had to rethink their once rosy growth aspirations. Even more challenging, as the winter frost did not thaw as hoped, many organizations did not survive the year (or will not next year).

JIM
McCARTHY
CEO
thredd

Achieving profitability (or minimizing cash burn) is no longer a future aspiration but rather a near-term necessity for those organizations that want to be viable payments providers in the coming years. While the lofty days of the previous FinTech summers meant that a cocktail of speculation, hope and access to easy (and low-cost) capital could sustain a business, the reality of 2023 and beyond is that it takes real products with paying customers combining to drive sustainable revenue, and profits are table stakes.

As we look toward 2024 with continuing scarcity of available capital, there are many founders and leaders scratching their heads about achieving success in the coming years.

From my perspective, the future is bright for quality firms — those with a solid customer base, a clearly defined strategy and the ability to

execute. I became CEO of Thredd, a U.K.-based leader in issuer processing services, this autumn, so I am keenly focused on our journey to continued success in the U.K., Europe, APAC and the U.S. My view is that organizations that maintain unwavering focus on profitable growth will emerge winners in 2024 and beyond.

I'm particularly optimistic (and anyone who knows me appreciates that this is not my default position) for FinTechs that don't get out in front of their skis this year. I'm not using that winter analogy to be cute, but rather to drive home the point that the leaders of 2024 will be those that deliver, not those that overpromise. Quality organizations that are signing, implementing and retaining growth-oriented customers, rather than simply hoping for future success will create the foundations of long-term viability.

In 2024, the winners in the FinTech space will be those with depth — depth of reliable services, delivery and solid financial backing. 2023 culled the more obvious speculative firms, but space will be further winnowed this coming year by discerning buyers in the payments market. Firms providing real value to clients, consumers and shareholders will be well positioned. To win the larger, more strategic business means that even well-funded organizations must tighten their belts to keep their sights set on delivering a product roadmap that anticipates future payment trends but does not over-reach demand.

Specifically, payments FinTechs that provide cardholder and client experiences that exceed expectations in terms of frictionless global access and control will come out on top. The winners in this space will be able to balance the buzzwords of generative AI, etc., with investments that truly improve the payments experience through the eyes of the users.

Here's to an amazing 2024 — a year in which the industry, funding and competitive pressures will create the lasting payments diamonds.



CLARK
DUMAS
Head of Merchant Success



2024: **THE YEAR FOR PAY-BY-BANK**

Tightened budgets have led many merchants to question certain expenses as “the cost of doing business.” With the **money supply shrinking** and corporate interest obligations increasing, B2C companies are increasingly exploring alternative payment methods to achieve efficiency and alleviate the rising cost of card processing.

As merchants vet APMs, many will seriously consider pay-by-bank as a viable option. The sentiment will be furthered by four other trends helping to garner popularity for pay-by-bank: the unending toll swipe fees have on merchant revenue; innovation in real-time payments and the continued excitement around the FedNow® Service; the desire for more value in payment processing; and an increasing interest in micropayments as a way to enhance subscription-based revenue models.

The Unending Problem of Swipe Fees: U.S. merchants paid \$126.4 billion in credit card **processing fees** in 2022, a 20% increase from the previous year. The persistent connection between the profitability of incumbent banks and interchange-fee-generated revenue from card-based transactions suggests that swipe fees aren't going away.

In 2024, more merchants will tighten their budgets and stop accepting swipe fees as the cost of doing business. Instead, they'll build strategies to incentivize consumers to use pay-by-bank alternatives such as bonuses, discounts, charitable donations with every transaction and more. Consumers will become more comfortable with pay-by-bank options and open banking, creating a domino effect across industries.

Real-Time Payments and FedNow Adoption: The entrance of FedNow combined with the existing RTP Network® will enhance the value that pay-by-bank already brings to consumers: convenient access to fast funds. Combining the directness and simplicity of pay-by-bank with the immediacy of real-time rails is a natural integration for use cases like wallet funding, insurance claims, online gaming, sports betting and more.

Value-Wrapped Payments: Open banking solutions, including pay-by-bank, will excel in an era where merchants are looking to get more value out of their payments. Bank-grade data retrieved via open banking APIs allow merchants to couple value-added use cases like identity verification with payments, streamlining and personalizing the user experience.

Micropayments: Subscription-based revenue models are being threatened by inflation and supply chain disruption. More consumers are doing away with subscriptions

to make room for more necessary expenses. Modern consumers could be empowered to control their media consumption and restore their purchasing power with micropayments. Instead of a monthly subscription fee, they could pay for one article or TV show. However, swipe fees make cards an unsustainable option for micropayments. To derive tangible economic benefits from micropayments, subscription merchants will need to consider a cost-cutting alternative with a streamlined UX, i.e., open banking powered pay-by-bank.

BUSINESSES LEADERS MUST RECOGNIZE VALUE OF **MULTI-LENDER FINANCING PROGRAMS**

This year, there were pivotal shifts and strategic advancements in consumer financing and merchants' integration of financing into their businesses. Innovation, efficiency and customer-centric solutions have been needed in the face of an evolving economic landscape.

Pre-qualification has emerged as an advantage for many merchants, offering shoppers a seamless experience to discover financing programs that align with their needs and budget. This method efficiently connects customers to suitable options, minimizing hard credit inquiries and redundant data entry, and helping them confidently say "yes."

ED
O'DONNELL
CEO



Post-COVID, businesses are looking to enhance efficiency and develop processes that benefit their shoppers, staff and overall business. By establishing a streamlined, multi-lender application process, shoppers can be guided to their ideal financial solutions. Versatile's all-in-one portal for transaction processing, coupled with data and analytics capabilities, empowers stakeholders with actionable insights and data.

Merchants are becoming hungry for valuable, high-quality data and are increasingly adept at analyzing and leveraging their data. They need enhanced analytics to consolidate data from varied facets of the multi-lender financing journey and understand their financing program's performance. The incorporation of third-party demographic data further enriches merchants' insights, enabling a deeper understanding of their program's effectiveness.

Versatile has partnered with leading identity verification companies, Prove and Intellicheck, to equip merchants with advanced tools that mitigate risk and streamline the application process. The integration not only validates data efficiently but also enhances the shopping experience by reducing fraud potential, thereby benefiting businesses and their customers.

As 2024 begins, business leaders must recognize the value of comprehensive, multi-lender financing programs. These programs are designed to cater to customers across the credit spectrum, fostering robust relationships between merchants, lenders and credit providers.

Our forward-looking strategy involves deeper integration with everyday business tools and technologies, ranging from point-of-sale systems to patient management and identity

validation solutions. This year, we aim to continue streamlining the consumer financing process, offering businesses enhanced security, clearer visibility, and more efficiencies in their operations and programs.

As we move forward into 2024, Versatile Credit is dedicated to being at the forefront of innovation, working hand in hand with our partners and clients to navigate the ever-evolving landscape of consumer financing to provide them and their shoppers with great tools and experiences. Together, we will continue to shape a future where technology and innovation continue to drive success and growth.





ROB
CAMERON
 Global Head of
 Acceptance Solutions
VISA

IN 2024, OPEN INFRASTRUCTURE CAN SOLVE COMPLEX PROBLEMS — AND SIMPLIFY COMMERCE



In the past few years, we saw the ease of the consumer payments experience bleed over into how businesses want and need to conduct business. As consumers, there is now the technology, the data and the desire for businesses around the world to win us over at every turn. If something doesn't suit us, we walk away from it — because we know a better, easier, more suitable option is out there for us. In 2024, I expect to see a notable shift to more modular, platform agnostic infrastructure in payments technology to meet these needs for businesses.

What does that actually mean? It means being able to use products and services that businesses need, as they need them. Don't have a good token solution? Add one on top of what you currently have. Need a better omnichannel experience? You don't have to unseat your entire payments gateway to make that happen. It means network-agnostic payments services and the ability to plug component parts into an existing tech stack. It's what Amazon Web Services did for the cloud. But by bringing that over to payments, we can solve truly complex problems.

Here's what to watch in the year ahead.

The Power of Connectivity

To truly deliver a flexible, frictionless and inclusive user experience, infrastructure must be capable of connecting to front-end software for customer transactions and managing back-end components such as fraud prevention and payment disputes. Payments experiences

are increasingly embedded in the software that businesses use to run their operations, such as Salesforce for an enterprise and Shopify for a small business. To achieve connectivity across the industry, there will be an increasing focus on partnerships between payment businesses and independent software providers to deliver competitive services to the market. The right relationships for connectivity can make all the difference in gaining a competitive edge.

The Rise of Modular Solutions

Businesses in 2024 will increasingly embrace modular solutions, a transformation that enables them to tailor their payments systems to meet evolving consumer expectations. The shift involves integrating open tools, allowing businesses to add or enhance specific features without overhauling their entire payments architecture. The modular approach creates a network-agnostic plug-and-play solution, offering flexibility

in solving even the most challenging problems. In practice, this means using products and services that businesses need as they need them. If a merchant needs a good token solution, it can be added. If a business requires a better omnichannel experience, its entire payments gateway won't have to be unseated to make it happen.

An Open Platform for Complex Challenges

As more people, businesses and governments adopt digital payments, greater demand will be placed on the infrastructure required to process these transactions. Keeping pace with consumer-driven payment complexities can be difficult for even the largest businesses in the ecosystem. Businesses of all sizes now understand the importance of a modern payments infrastructure that's secure, flexible and customizable to their needs.

To stay competitive in today's economy, we'll see businesses adopting open payments platforms

that can aggregate payments services modularly, allowing businesses to configure and use only what they need. Cloud-ready solutions like the Visa Acceptance Platform will be at the forefront of this transformation, offering a level of security and a broad ecosystem of technology partner solutions that businesses can't build on their own without heavy investment. With the advancements in open platforms, businesses will have even more power to seamlessly move existing integrations from preferred vendors onto the platform, fostering connectivity and collaboration within the payments ecosystem.

In 2024, more open and flexible payments infrastructure will mean more choice for businesses that rely on it. We will not only see more payments companies transform their infrastructure but more and more businesses benefit from these new layers and capabilities. As a result, our world of commerce will become a bit simpler to operate.

ABOUT

PYMNTS®

PYMNTS is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.



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