JUNE 2020

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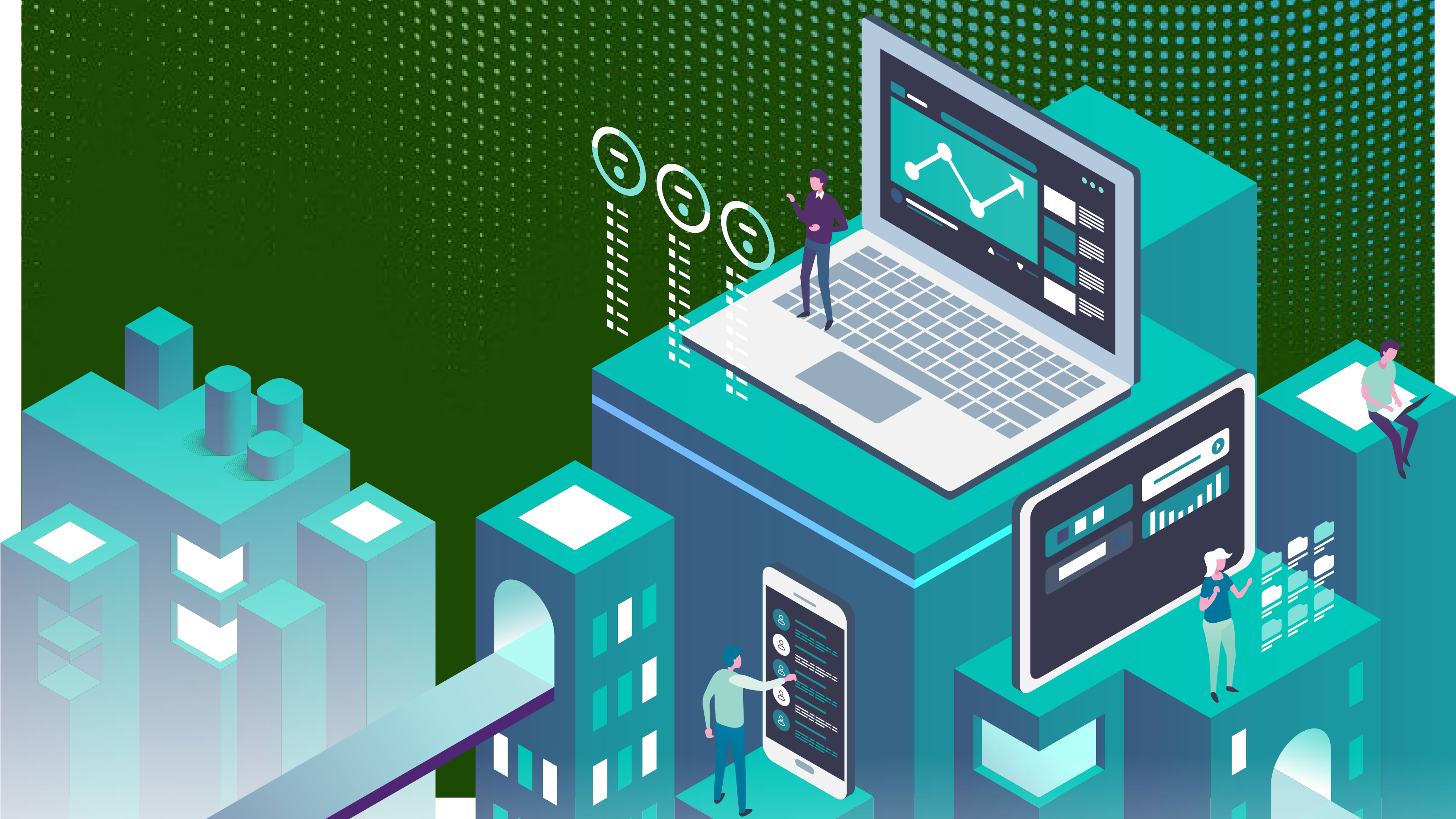
POWERING THE DIGITAL SHIFT 2020

RESTART | REINVENT

What you are doing to power 2020s digital shift?



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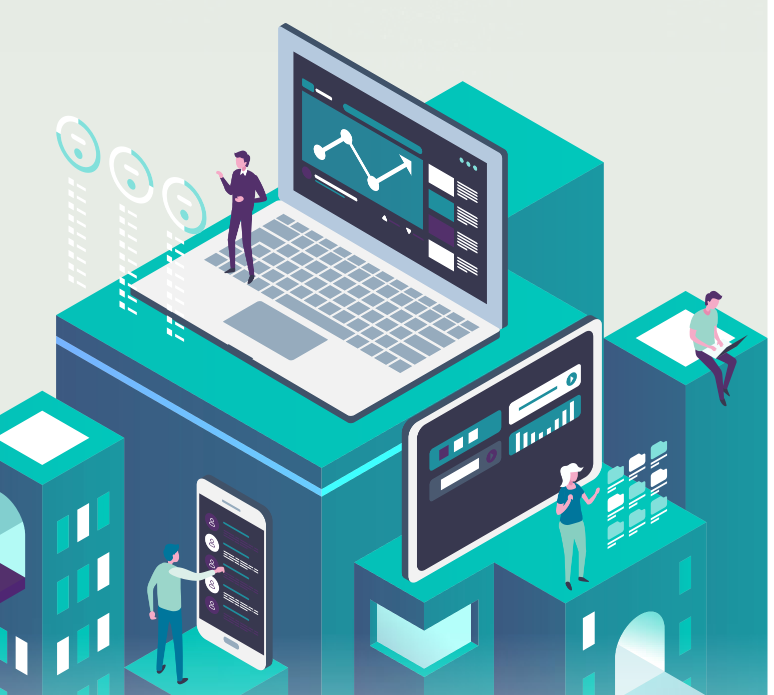
HOW 35 EXECUTIVES ARE POWERING THE GREAT DIGITAL SHIFT OF 2020 (AND BEYOND)

The pandemic may be here for a while. But bit by bit, economies are reopening and taking tentative steps toward normalcy. The "new normal," however, for firms across any industry — but especially across the payments and commerce spheres — must include a "digital-first" mindset.

We queried 35 payments executives about their individual efforts to fast-track the leap to digital and recount what has happened in the past 12 weeks — and what will need to happen moving forward to keep that digital shift in play.

The reinvention runs the gamut, as businesses became work-from-home by necessity. Within financial services, the move pointed to a need for banks and financial institutions (FIs) to examine legacy systems.



One thing is certain: The seismic shifts have shone a spotlight on the fact that cash (and even plastic cards) has seen – and will continue to see – dwindling use. Alternative and digital payments will remain ascendant – and virtual cards and mobile wallets will likely see a wholesale embrace rather than incremental adoption.

As digital payments become ever more mainstream, consumers will demand seamless interaction with their financial institutions, which means FIs must look at ways they can pivot from branch-based experiences, yet deliver those same high-touch services through digital channels. To get there, according to some of the executives we queried, agility is key, and responding to end users' demands will be paramount.

That may entail shifts in the way payments get done, in terms of speed. As more consumers and businesses use digital, contactless means of transacting, instant payments will likely be increasingly in focus, which demands infrastructure overhauls.

Underpinning it all, of course, is data – the information FIs will need to leverage (and which may already be on hand) to personalize various channels of interaction, to make them intuitive and valuable to the end users.

For merchants, the digital shift means recognizing that consumers have made the leap to doing everything from home and from their phones in what is likely to be a permanent manner. That means companies must increasingly offer order-ahead and curbside pickup options, for example.

Corporate payments innovation is also on the horizon, according to our respondents. Business travelers, for example, can use virtual commercial cards across mobile devices. B2B payments, long paper-based, are moving toward bits and bytes. The change has been a long time coming.

The year is only half over, and change and uncertainty have been the only constants –

yet change and uncertainty foster innovation that lasts far longer than turbulent times. Read on to see what's next in the great (and continuing) digital shift.

MARK PUTMAN

General Manager of Payments

THE DEMISE OF THE PAPER CHECK AS A USEFUL METHOD OF PAYING WORKERS

If the recent and continuing health crisis has demonstrated one thing, it is that compensating people via paper checks is unreliable, unsafe and untenable. And as the leading provider of payroll in the United States (we pay roughly one in six Americans), ADP fully understands the process and is committed to the ideal of a world where all workers can receive their pay electronically.

In a time of crisis, people most urgently need access to their money — to safeguard and provide for their loved ones and family. And not being able to provide swift access is tantamount to denying them relief. We saw the breakdown of several essential systems in the early days of the pandemic, and mail service was one of the first such systems to face disruptions in several parts of the country.

Paper paycheck production is a complex operation, involving activities like shipping (during several steps of the process) and employees physically reporting for work in office locations (to carry out essential printing and packaging). Needless to say, the world at large experienced a breakdown in both of these activities. For example, the federal government estimated that people receiving their stimulus checks (authorized by the CARES Act) by mail might face a five-month delay — long enough to defeat the purpose of the funds in the first place.

A paper check can be fraught with other shortcomings, too — it passes through nearly a dozen hands before reaching the worker. As a society, we have learned rather painfully to be mistrustful of communal surfaces like paper money — and a paper check is another such surface. It can also be lost, stolen or otherwise misplaced. Besides, a worker actually may need to pay money to access their own compensation — if they do not have a bank account and need to use a check-cashing service to access their money — to the tune of $8 per paycheck. Considering that 25 percent of U.S. households are unbanked or underbanked, the scale of this problem comes into sharper relief.

This raises the necessary question that we need to confront right now: Are paper checks really the best we can do for our workers? Paying them via cash or check can lock them out of the digital economy, where unbanked and underbanked U.S. workers can experience new efficiencies and comforts that can make their lives better.

We need to encourage all employers to promote the benefits of electronic pay. There are several zero-fee products in the market that can help both employers and employees to do just that.

There still exist certain regulatory barriers for fully electronic payment systems in many states, which mandate or otherwise require employers to continue to offer paper checks. A removal of these barriers, as well as education of employers and workers, can move us closer to a future where workers' access to their hard-earned money is a safe, repeatable, reliable and touchless process.

WE NEED TO ENCOURAGE ALL EMPLOYERS TO PROMOTE THE BENEFITS OF ELECTRONIC PAY. THERE ARE SEVERAL ZERO-FEE PRODUCTS IN THE MARKET THAT CAN HELP BOTH EMPLOYERS AND EMPLOYEES TO DO JUST THAT.

BRETT NARLINGER

Global Head of Commerce

OMNICHANNEL PAYMENTS HELP RETAILERS FIND THEIR FOOTING WITH THE DIGITAL SHOPPER

Many consumers are trying omnicommerce solutions for the first time, and still expect the highest levels of service and availability. Brands that thrive, and will continue to do so, are those that actively look for ways to overcome new challenges by creating enjoyable, seamless experiences to engage customers across the channels they find most valuable. This includes prioritizing a truly seamless experience and choices like in-store pickup, curbside delivery, and expedited shipping at no additional cost.

Over the coming months, retailers also need to prepare for the continued — and maybe even swifter — move to mobile. Mobile wallet adoption was already on the rise before the crisis, with the potential to generate billions in the U.S. by 2021. With this digital shift, there will likely be fewer retailers accepting cash, but there will still be a need or desire for consumers to spend cash, creating demand for a way to push cash through to the digital marketplace.

We recently conducted some research[1] to examine how U.S. consumers want to pay at the point of sale (POS) to provide retailers with more clarity on closing the gap between digital and physical shopping experiences. According to our pre-COVID research, seven in 10 shoppers surveyed said they were interested in adding cash to an app or digital wallet like iTunes, Netflix, or Uber while in-store, and if they were able to, 68 percent of those surveyed said they would shop in the store more often than they normally would.

At Blackhawk, we're working to allow a consumer who is a gamer at home to add their cash to their PlayStation or Xbox account via a pre-staged barcode on their phone. They can walk up to the grocery store, scan the barcode, hand the cash to the cashier and have it deposited directly into their PlayStation or Xbox account. We're seeing use cases like that globally, and we expect to see them proliferate.

Although there will still be a disconnect between digital payments and in-store POS at many retailers, I suspect adoption will increase at a much faster rate as we emerge from this crisis. This means a huge opportunity for engagement and for driving foot traffic to stores by leveraging omnichannel payments experiences and better acknowledging the digital shopper.

The transformation and shift toward digital has always been inevitable. This situation just helped accelerate retailers' realization of the need to meet consumers' eCommerce demands in order to survive and thrive in this environment. As retailers start reopening stores and bringing employees back, optimizing eCommerce solutions will likely be a priority for many, if it wasn't already.

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AS RETAILERS START REOPENING STORES AND BRINGING EMPLOYEES BACK, **OPTIMIZING eCOMMERCE SOLUTIONS WILL LIKELY BE A PRIORITY FOR MANY,** IF IT WASN'T ALREADY.

[1] "Emerging Payments" is an online survey conducted by Leger on behalf of Blackhawk Network between Oct. 3 and 22, 2019. The sample size included 2,219 American respondents.

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CERIDIAN

WARREN PERLMAN

Chief Information Officer

ROLLING PAY INTO THE FUTURE

Nearly three in 10 (28 percent) of U.S. adults have no emergency savings, according to Bankrate's latest Financial Security Index. Almost one-fifth of Americans making more than $100,000 live paycheck to paycheck, while nearly one-third (30 percent) said an unexpected expense of less than $500 would make them unable to meet other financial obligations.

This trend only became more painfully obvious with the probability of an economic recession brought on by the coronavirus pandemic. The need for all Americans to be able to sustain themselves using savings for at least a few months is heightened during a time of crisis.

Yet, the unfortunate reality is that the average American lives paycheck to paycheck, with no money in the bank, stuck in a cycle of dependence on predatory loans and credit.

Currently, employers pay their workers in arrears on a bi-weekly or semi-monthly basis, meaning that many of those faced with a financial emergency between pay periods will likely turn to high-interest loan products. As Americans head back to work, the case for disrupting conventional payroll practices has never been clearer, and we expect on-demand pay technology to become a mainstay on the path to recovery and beyond.

This is why we introduced Dayforce Wallet, an industry-first pay solution that leverages the Dayforce platform's unique continuous calculation capabilities to enable on-demand payroll that accounts for the appropriate taxes, deductions and garnishments. This allows for an accurate, real-time payment as opposed to an estimation, without any direct fees for the employee or employer. As countries continue to navigate the implications of COVID-19, we see employers giving employees access to their wages as soon as they're earned, as both a basic right and as necessary for financial security.

The payroll status quo of paying workers in arrears is longer relevant or acceptable – the data clearly show that to be true. And in recent years, the payroll landscape has been evolving to meet this need. New work structures, the fluidity of today's workforce and increased financial stress have only forced employers' hand, and will continue to produce new innovative ways for companies to pay their people.

Whatever the future holds, we believe a much-needed, employee-centric change to paying people is far overdue, and in the next few years, all leading organizations will pay their people on a daily basis. In the same way that we're witnessing many office workers' reluctance to return to the workplace even after the pandemic, people won't want to return to an outdated payment system. Today's employees want a work experience similar to their lifestyles: online, on-demand and self-serve. The winning organizations will be those that leverage modern technology to become smarter in how they operate.

WHATEVER THE FUTURE HOLDS, WE BELIEVE A MUCH-NEEDED, EMPLOYEE-CENTRIC CHANGE TO PAYING PEOPLE IS FAR OVERDUE, AND IN THE NEXT FEW YEARS, **ALL LEADING ORGANIZATIONS WILL PAY THEIR PEOPLE ON A DAILY BASIS.**

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MANISH KOHLI

Global Head of Payments and Receivables, Citi Treasury and Trade Solutions

DIGITAL INNOVATION IS FUELING THE REEMERGENCE OF BUSINESS

To say these are unprecedented times would be a gross understatement. Never before have we faced a scenario in which our clients, the market infrastructure, our vendors and all of our own teams are operating in a sustained contingency mode. For the majority of us, a walk downstairs in the morning has become the new commute.

There is no doubt that much has changed in a very short period of time. Some have even suggested that the pandemic is promoting an increasingly nationalistic approach to business, and that globalization is on the wane. However, we believe the reality is far more nuanced. While some businesses are looking to source goods and materials closer to home, in most cases the efficiency, diversity and effectiveness of the globalized economy has never been more important. And the strength of the payments infrastructure has proven resilient in the face of this adversity, while others have not.

As countries around the world begin to carefully reopen their economies, we are starting to see several important trends emerge:

Acceleration to Digital

Back before conversations were dominated by talk of COVID-19, the buzz was all about digital transformation. What started as a progressive adoption of digital channels and the consequent erosion of analog processes has now resulted in a race to eliminate paper. Digital processes are invariably transferable to a remote working environment, while paper processes are not. As a result, our focus on eliminating paper and enhancing the client experience is sharper than ever.

The pandemic has also refocused client demand on doing business through digital-only solutions. This has accelerated an expected trend. As of today, clients are leveraging more than 50 unique APIs to connect. There has been tremendous usage on an annual basis between March 2019 and March 2020, with API volumes multiplying four times.

Growing Criticality of Resilience

In the face of the sweeping nature of the ongoing global disruption over the past three months, businesses of all shapes and sizes have had

their resilience put to the test. Robust operational resilience is now a non-negotiable component of any business engagement. By the very nature of our industry and regulatory requirements, banks have made resilience a core competency. This will continue to be a critical and fundamental area for any payment provider, large or small.

A Flight to Network

Now more than ever, clients are placing a premium on gaining a deeper view of the network. Because business is often conducted across so many different parts of the world, many companies struggle to keep up with regional restrictions and regulations, especially during a crisis. This has led many to see the advantages of working with a single banking partner who can provide a global window into the world of payments. The ability to tap into both global and local expertise has become more valuable in this time of marketplace unpredictability, volatility and rapid change.

As the global economy reawakens from its forced slumber, things have changed – we will work differently, sell differently and buy differently. The digital economy is here, and those payment providers that are global, digital and fully resilient will lead the reemergence.

conferma pay

SIMON BARKER

CEO

BUSINESSES ARE ON A MISSION TO DIGITIZE PAYMENTS

The pandemic triggered seismic shifts in the way people behave and interact with traditional forms of payment. As businesses around the world start to reopen, we have seen guidance recommending contactless payments to avoid unnecessary touchpoints between customers and retailers.

Jumping Straight from Cash to Digital

There has been a great deal of speculation concerning the end of cash, a topic that has often dominated conversations about the future of payments. The coronavirus health crisis has accelerated the need to switch to digital payments, making cash and plastic redundant in the corporate world.

At the height of lockdown, cash volumes in Spain dropped by 90 percent. In the U.K., the number of ATM transactions was down 62 percent – and Austria, among the first countries to reopen bars and restaurants, has not seen a bounceback to pre-COVID levels of cash volume.

The popularity of alternative and digital payments has been growing rapidly around the world, particularly in regions such as China, where at the start of 2020, nearly half of in-store purchases were made digitally. Just as people in emerging markets leapfrogged a generation of fixed telephony and jumped directly to mobile, the same behavior trend is likely to manifest in payments around the world.

We are about to witness the world skipping the physical wallet of plastic cards and jumping directly from cash to truly digital and mobile payment methods.

An End to Plastic

The majority of digital wallets are still enabled by traditional plastic cards behind the scenes, and that's the elephant in the room for many banks.

Issuing plastic cards relies on a real-world supply chain, with a factory and distribution setup that's as vulnerable as any other physical process during a crisis. In fact, some issuers really did find it hard to maintain these operations at the height of the COVID-19 pandemic. Really, when a mobile wallet acts as the proxy for a card, and all a card really represents is a string of 16 digits that link to a specific account, why is a plastic card needed at all?

Our issuing partners are asking this question more and more often, and in the B2B world, commercial cards and purchasing cards (p-cards) are rapidly being replaced by virtual cards. They are typically provided on a one-off basis to cover each purchase, and can include spend controls such as amounts, merchant codes and validity. The additional controls and authentication measures that mobile wallets can deliver are crucial for businesses that administer funds to thousands of employees.

We are seeing more and more issuing banks championing virtual cards that feed directly into mobile wallets, doing away with plastic once and for all.

Accelerating the Speed of Innovation

Once a sleepy backwater of the payments world, the speed of corporate payment innovation is quickly reaching parity with the consumer world.

Thanks to our own work with Visa, their issuing partners can place virtual commercial cards on mobile for the first time. This is significant because it means a traveler can now use contactless payment methods for all on-trip expenses s such as restaurant bills, taxis and upfront air and hotel cost – with an Apple Pay or Google Pay wallet.

Business travelers once made those payments using cash or plastic, but as travel begins again, we expect travel managers to empower their people with the safest, most touchless payment experience possible.

As we continue to re-evaluate our behavior in light of the pandemic, it has become clear that payments will move to mobile at an ever faster rate.

JEFF CHERNIVEC

Senior Vice President, Strategy

THE DIGITAL SHIFT

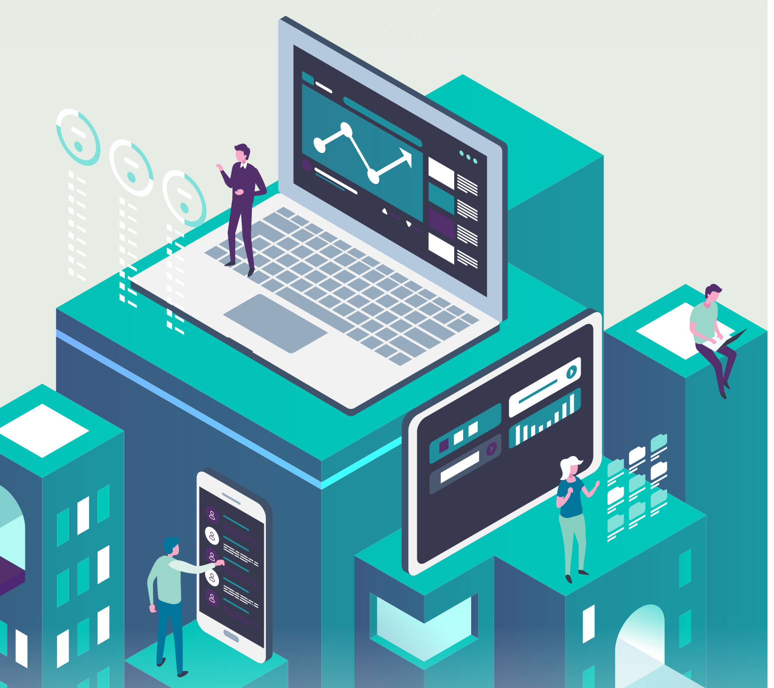
There are many opportunities that we see emerging in the second half of 2020. Economies are starting to open and there's already been a significant spend recovery in the past couple of months. Credit card issuers will see even more recovery in the coming months. Issuers will likely retool their underwriting strategies to address the near-term risk impacts of COVID-19 to reengage in card marketing efforts. While I see this more as a necessity than an opportunity, as issuers move past short-term assistance with customers hit hardest by the pandemic, they will need to shift their focus to managing risk over the remainder of 2020 and into 2021.

As customers have been forced to shift to a digitally-focused interaction with their financial institution (FI) clients, they will no doubt demand the same level of service and capabilities regardless of channel. FIs will need to take a hard look at their digital strategy and service capabilities and focus on ways to deliver the same level of service as they would in a branch. Card issuers will need to continue to develop and deploy means of contactless card usage and instant card access via digital wallets. Marketing people will need to work closely with their technology teams to determine how to effectively deliver cross-sell and card offers in digital customer interactions.

From all that I have read about the response of financial institutions, I have been highly impressed with the focus on helping customers ease the financial burden of the pandemic. FIs were quick to implement ways for card customers to skip payments and stop interest accruals.

I think the lasting lesson is the need to balance the impact on customers with the need to manage the inherent risk brought on by such a crisis. I think the other lesson is the need for flexibility and speed of response. No other event in our lifetime has had such a dramatic impact on card customers' purchase habits and interactions with their surroundings.

FIs WILL NEED TO TAKE A HARD LOOK AT THEIR **DIGITAL STRATEGY AND SERVICE CAPABILITIES** AND FOCUS ON WAYS TO DELIVER THE SAME LEVEL OF SERVICE AS THEY WOULD IN A BRANCH.



Entersekt

SHERIF SAMY

Chief Growth Officer

THE PANDEMIC IS DRIVING CROOKS ONLINE, TOO

The coronavirus pandemic accelerated the adoption of digital technologies faster than anyone could have anticipated at the beginning of 2020. We've watched businesses across every industry go through nearly a decade's worth of digital transformation in just three months because they've had no choice. In this post-COVID-19 world, the majority of consumers have had to shift to eCommerce even for basic essentials, and banks, financial institutions (FIs) and retailers have had to meet people where they are — at home. This, coupled with the shift to cashless, has led banks to rethink how they can offer their physical services in an online world without jeopardizing their business. In turn, an opportunity has opened up for banks to rethink their business model and offer more advanced digital services.

A lot of today's banks already have fundamental services available online or via mobile – e.g., viewing an account balance, ordering a credit card online and depositing checks. However, banks are beginning to look into technologies that can power more advanced services to cater to the consumer's overall financial well-being, as we can no longer rely on physical-only services. Although consumers have been willing to try new digital tools as they avoid stepping into physical environments, significant numbers have been reluctant to try digital channels unless they are truly forced. Many consumers still prefer to have a physical component to their shopping or banking experience — in retail, consumers still want to see and feel products before buying them online, and in banking, there are those who still prefer to withdraw physical cash from an ATM or speak with a financial advisor in person for advice or complex transactions like applying for a mortgage. Therefore, we will see banks and retailers — including "mom-and-pop" shops that may not be equipped with a strong, user-friendly eCommerce platform — invest in the latest technology to build their digital presence alongside their physical offering.

But this also brings a degree of risk. We're now seeing a 20 percent increase in fraudulent activity as a result of the massive shift to digital brought on by the coronavirus (e.g. COVID fraud), where fraudsters send phishing emails to consumers to lure them into giving up their digital credentials by posing as their bank (or retailer, or credit card provider) of choice. These fraudsters are also carrying out "smishing" and "vishing" attacks via SMS message and "robo" calls, a method that was gaining traction among fraudsters before the pandemic began. In April alone, the Federal Trade Commission reported that 18,000 Americans fell victim to these coronavirus-related scams, with losses totaling $13.4 million. As technology empowers businesses to reach their customers in new ways, it also opens up additional channels for fraudsters to take advantage of vulnerable consumers. This begs the question: How can banks, retailers and financial institutions strike the right balance between offering advanced services to customers while flattening the overwhelming spike in fraud? If a bank is helping a customer open an account or transfer funds, how do they know the person they're helping is the legitimate consumer?

As the world quickly transitions to digital, banks and retailers would do well to build a digital ecosystem with strong device and customer identity signals, removing dependency on SMS codes and calls and, instead, establishing signals based on a customer's preferred method of interaction that is complemented by a token assigned to the customer's device of choice (e.g. laptop, desktop or mobile phone). In this way, businesses can build a 360-degree view of every customer and can validate their identity each time they use their preferred entry point to make a transaction, while enhancing consumers' trust in the brand.

ethoca

ANDRE EDELBROCK

CEO

AS DIGITAL PURCHASES GROW, SO TOO DOES THE NEED FOR CLARITY

As individuals, families and businesses do their best to adjust to a world with COVID-19, one thing is for certain: We're quickly adopting an increasingly digital lifestyle.

According to Mastercard's SpendingPulse™, which tracks overall retail sales across all payment types, eCommerce in the U.S. in April and May made up 22 percent of all retail sales — up from 11 percent during the same timeframe in 2019. That means more money was spent online in the U.S. during that period than the last 12 Cyber Mondays combined.

For the brick-and-mortar environment, things are changing dramatically as well. Based on a

Mastercard weekly survey launched on April 27, almost seven in 10 consumers say the shift to digital payments (such as contactless) will likely be permanent, and nearly half of consumers plan to use cash less — even after the pandemic subsides.

With this surge in digital activity comes the possibility of an increase in disputes, chargebacks and friendly fraud — which for some industries already reach upwards of 80 percent (source: Ethoca). The end result? A rise in poor customer experiences, increasing costs and lost sales. As for what's driving this problem, one of the most common causes is transaction confusion.

'I Didn't Buy That … Did I?'

Cardholders reviewing online statements on their phones or desktops often have trouble deciphering the brief, unclear descriptions that accompany each purchase, or they mistake genuine transactions made by other members of their household for fraud. This uncertainty leads cardholders to contact their card issuer to dispute unrecognized transactions — unnecessarily, in many cases. The solution? Convenient access to greater purchase transparency.

Ethoca and Aite Group recently surveyed 1,000-plus U.S. consumers and found that even before the "new normal" set in, 72 percent engaged with their financial service providers' website or mobile application at least once a month. Within those apps, 96 percent want solutions that make detailed transaction information available on demand. The most sought-after features were:

- A picture of the printed receipt
- The date and location of delivery for online purchases
- A full list of products purchased
- link to refund and return details for the purchase

The good news is that these solutions are available now, and are already generating positive results. A merchant interviewed by Aite Group said that when their customers are given clarifying purchase details by the card issuer, customer confusion is eliminated, and they avoid pursuing unnecessary claims 65 percent of the time. As for issuers, digital receipt services have been shown to reduce inbound transaction inquiries from cardholders by 15 to 30 percent (source: Ethoca). That's a win for issuers, merchants, customers and commerce.

This growing need for clarity and a better post-transaction customer experience goes beyond digital purchases made through a mobile device, desktop or in-person. As connected devices and the Internet of Things continue to advance, there will be an even greater need for consumers to quickly determine what was purchased, so they can distinguish between what's fraudulent and what's legitimate.

2020 has been a year of change and uncertainty. At Ethoca and Mastercard, we believe that providing on-the-go and on-demand clarity into what consumers have purchased will deliver a little peace of mind — something we all need these days.

FastSpring

DAVID NACHMAN

CEO

BUSINESSES NEED TO FOCUS ON PRODUCT INNOVATION AND ADOPT A DIGITAL-FOCUSED BUSINESS MODEL

The opportunities I see emerging in the second half of 2020 are centered around business reinvestment in growth, product development and business model adaptation. FastSpring provides a full-service eCommerce experience for sellers of digital goods, and we discovered that software sales have increased very meaningfully in this environment. On average, our customers are growing 50 percent faster during the pandemic than before.

Evidence shows that the acceleration in digital sales will not be temporary in nature. It wasn't driven by promotional activity, and it wasn't the result of existing customers "pulling forward" future demand by making purchases now that they would have made sometime in the near future. In contrast, the acceleration of growth can be explained almost entirely by an influx of first-time buyers.

We know from past data that a very high percentage of first-time buyers become repeat customers, so our customers likely have increased the overall market for their solutions. Given these trends, there is a strong case to be made for our customers to increase investment in product development in order to continue offering innovative products that are successful despite the recent upheaval. If the increase in the sale of digital goods is lasting, which I believe it will be, failure to invest and innovate will likely result in falling behind.

It is also critical that online sellers can create outstanding eCommerce user experiences. I believe one of the lasting impacts of the pandemic will be a dramatic acceleration in the move to frictionless eCommerce, with a greater focus on global payment capabilities. Every company that sells through both offline and online channels has seen a dramatic shift to eCommerce, which is definitely here to stay. Much of this shift in demand likely comes from buyers who historically have not been tech-savvy.

As a result of these two factors, the benefits of improving the commerce experience have gone up substantially. Companies utilizing an eCommerce model will be investing more resources and attention in optimizing their online experience to drive more online conversions because the economics of such investment is much more favorable. This will result in the "bar being raised," and poor eCommerce experiences will cease to be tolerated by buyers.

The pandemic has highlighted the importance of product and business model innovation. We have seen incredible business model innovation in all forms of services in recent months. Previously, purely physical businesses like gyms and yoga studios have offered online courses with great success. I believe that for many, this hybrid delivery model is here to stay. Similarly, many restaurants and stores offer curbside or parking lot delivery by leveraging technology. This, too, i likely here to stay. It's clear that there are very few business models that can't have a successful online component, and that customers in many cases will view this as a real benefit — now and into the future. If you are an offline business that isn't figuring out how to develop an online offering, you will likely be left behind by competitors.

COMPANIES UTILIZING AN ECOMMERCE MODEL WILL BE INVESTING MORE RESOURCES AND ATTENTION IN OPTIMIZING THEIR ONLINE EXPERIENCE TO DRIVE MORE ONLINE CONVERSIONS **BECAUSE THE ECONOMICS OF SUCH INVESTMENT IS MUCH MORE FAVORABLE.**

NUNO SEBASTIÃO

Co-Founder and CEO

MACHINE LEARNING STABILIZES BUSINESS CONTINUITY DURING COVID

Financial institutions (FIs) have been undergoing a digital transformation for several years now – but in many ways, it was the coronavirus pandemic that truly ushered in the digital banking era. CNBC reports there was a 200 percent jump in new online banking registrations in April alone. And in a recent Novantas survey, 60 percent of respondents indicated they would continue with online banking in a post-COVID-19 world.

For FIs, this sudden shift to digital transactions likely resulted in skyrocketing fraud alert rates. Organizations may have had to engage in relaxation strategies, which could inversely impact their fraud appetite, as they had to let more transactions through without reviewing them. The risk is real. Plus, there's the fact that we're in the "right now" era. Consumers want access anytime, anywhere and with any device, creating a situation where businesses' continuity plans are challenged and stressed.

Large financial institutions have operational centers worldwide, but because the pandemic is global, organizations could not refer to a backup site. Ultimately, some businesses had to throw their business continuity playbooks out the window. Complete fraud and customer service teams are working from home. It will be interesting to see what the transition plan will be to get back to the office – if they all go back. I predict there will be before-COVID and after-COVID scenarios. Businesses won't go back to the way things were before COVID-19, but by having a proactive mindset and iterating on what worked during the crisis, they could create something better than what they had before.

This is where the power of advanced machine learning really comes into play. In our experience, clients running machine learning models haven't had to change thresholds; the models handle the transactional changes brought on by the lockdown and reopening fairly easily. Alert rates have stayed flat and fraud detection has gone unchanged. This highlights an opportunity to increase operational efficiencies and meet customer demands.

Almost four months into the COVID crisis, everyone we work with – from partners to clients to employees – struggles with relentless uncertainty. We've found that the most potent way to counter this is to keep people connected. For employees, we've developed in-depth health and wellness programs and increased internal communications. For some clients, we've held virtual roundtables; for all clients, we've provided the flexibility to ensure proper fraud/risk business continuity to protect not only our direct customers, but also the customers they serve.

THE RISK IS REAL. PLUS, THERE'S THE FACT THAT WE'RE IN THE "RIGHT NOW" ERA. CONSUMERS WANT ACCESS ANYTIME, ANYWHERE AND WITH ANY DEVICE, CREATING A SITUATION WHERE BUSINESSES' CONTINUITY PLANS ARE CHALLENGED AND STRESSED.

FIS

MIKE KRESSE

Senior Vice President,
Card Payments and Money Movement

YOU CAN'T TOUCH THIS

Global economies went through different stages of hibernation over the past three months. During that time, financial ecosystem providers (financial institutions (FIs), issuers, acquirers, technology providers) stood the test in ensuring that commerce in our globally connected economy continued to happen. When a consumer ventured out to procure critical goods and services, transactions went through. When hospitals needed to pay for critical supplies, payment capabilities and funds were available.

Had our financial ecosystem suffered from the supply chain interruptions caused by manufacturing drop-offs in other sectors, we'd be in a much different, and worse, place. Instead, commerce continued, and a great number of digital opportunities have emerged. The opportunity to educate on digital banking and payments, and the opportunity to fully enable touchless commerce, is greater than it has ever been — and the technology is already in place to make it happen.

In January, those that had enabled wallet technology on their phones had a hit-or-miss checkout experience. Often, the consumer had to ask whether that type of transaction was supported at the merchant – and in some cases, the answer was no. For those who didn't want the ambiguity, pulling out a physical wallet seemed to work just as well. Today, we are cautious about how many different things we are touching when we are out. Cash is a potential carrier. A contactless card still needs to be tapped. In most cases, loyalty still needs to be typed in. How do consumers procure their goods and services without touching different surfaces?

In January, commercial clients, especially in the United States, were still printing checks for their B2B and B2C payments. Is that inefficient? Does it create more opportunities for fraud? Is it costly? Does it delay payment receipt? Does it require touching paper in most cases? Yes to all. In a society where we have already enabled real-time disbursement of funds to both consumer and commercial accounts, why are checks still prevalent?

In January, if I owed a friend $20 to pay for lunch, I would likely hand them cash. Even though there are several digital P2P services available, cash was easy. Now, how would I hand them cash in the era of social distancing? Do I ball it up and throw it to them? Why would I expose someone to that risk?

As we've worked with our clients during these uncertain times, the above examples are representative of the dynamics that have made full digital enablement the No. 1 priority. Taking all touch and all friction out of the transaction lifecycle is critical, and if our clients don't have these services available, our clients' clients will choose another partner.

The global pandemic has accelerated the adoption of digital banking and commerce by five years. The technologies exist to enable this. The winners will be the ones that bring this full experience to life for their customers.

THE GLOBAL PANDEMIC HAS ACCELERATED THE ADOPTION OF DIGITAL BANKING AND COMMERCE BY FIVE YEARS. THE TECHNOLOGIES EXIST TO ENABLE THIS. **THE WINNERS WILL BE THE ONES THAT BRING THIS FULL EXPERIENCE TO LIFE FOR THEIR CUSTOMERS.**

NANDAN SHETH

Senior Vice President,
Head of Global Digital Commerce

DIGITAL TRANSFORMATION HITS OVERDRIVE

In just over three months, digital commerce adoption among consumers has grown exponentially, accelerating many businesses' nascent digital transformation plans into overdrive. How these transformations materialize will define the second half of 2020.

At the forefront of that digital wave has been the grocery industry, an essential business compelled to innovate quickly to manage growing demand and deliver new commerce experiences. Digital grocery spend has grown as much as 10 times since the start of the year, and we believe that digital growth is an indicator of what other businesses can expect when they get back to business.

As we work alongside merchants to innovate for their digital needs for Q3, Q4 and beyond, a few common innovation trends are rising to the top.

A Digital Payment Option for Every Need

Merchants are looking to enable new digital shopping experiences, including curbside pickup, buy online and pick up in-store (BOPIS), and more advanced commerce experiences like scan-and-go. As the enablement of contactless payments continues to gain steam, payment methods like installment payments, pay by ACH and QR code-based payments will see new levels of consumer adoption.

Merchants have also shown a keen interest in making digital commerce and payment options available to all customers — best epitomized by grocers' recent rush to accept online EBT payments for the first time.

Payment choice is becoming a key differentiator to creating positive consumer experiences, and the ability to connect each experience into a single omnicommerce strategy will allow businesses to create increased value for their consumers.

Growing Demand for Digital Payouts

Just as changing consumer behaviors are accelerating the adoption of digital commerce, they are also creating a greater demand for digital payout methods. The digital disbursement of funds enables businesses to move money with the same flexibility, convenience and positive experiences created by digital commerce — while enabling contactless interactions and instant funds delivery.

Emerging use cases for digital disbursements include digitizing tip payments from employers to waitstaff, claims payments from insurers to claimants and winnings from casinos to players.

Security Can't Be Ignored

A result of the acceleration of digital commerce is that security and fraud risks will become more pervasive and complex, and cybersecurity resilience will become a significant lever of competitive advantage for many businesses in a digitally-enabled future.

As our clients embrace this digital commerce revolution, they understand that securing their customers' transactions with innovative fraud solutions is fundamental to their ability to deliver on the digital commerce experiences today's consumer is demanding.

AS THE ENABLEMENT OF CONTACTLESS PAYMENTS CONTINUES TO GAIN STEAM, PAYMENT METHODS LIKE INSTALLMENT PAYMENTS, PAY BY ACH AND QR CODE-BASED PAYMENTS **WILL SEE NEW LEVELS OF CONSUMER ADOPTION.**

flywire

RYAN FRERE

Executive Vice President of Global Payments

DIGITAL IS THE NEW NORMAL IN PAYMENTS

The coronavirus crisis has created an urgency around digitization unlike anything seen before. Whereas digital was once an opportunity for a competitive advantage for forward-looking businesses, today it's a basic matter of survival. We're seeing organizations move more quickly to automate more of their front- and back-end processes like payments and receivables — to facilitate remote work requirements, meet changing customer needs and gain new operational efficiencies. None of these things are really new, but they are accelerating existing issues and trends, including the following:

Digital Expectations

In the current environment, instant, digital, always available, low-cost solutions are table stakes — for both businesses and their customers. Yet, many organizations still struggle to offer their customers a reasonable payment experience — the ability to pay when they want, how they want, with whichever method they choose. Unless payments are brought in line with digital-native services, organizations face customer experience, retention and acquisition challenges. Conversely, when handled properly, payments can unlock valuable insights that can help organizations deliver better services.

End-To-End Digitization

It starts on the front end of the business — how companies engage with their customers in the billing and payment process dictates how easy it is to automate those processes on the back end. The more digital the end-to-end process is, the easier it is to automate and make touch-free, which is the new preferred (and required) way to transact.

Global/Local

The pandemic has made connectivity a high priority given the increase in remote work and pay. As the world becomes more connected, it is easier than ever to access goods and services — no matter where you are in the world. At the same time, delivering that experience in a seamless manner is more complicated than ever. To compete on the global stage, organizations need to deliver a more local experience. This requires unifying fragmented systems, navigating a fast-moving regulatory landscape and delivering on idiosyncratic customer needs.

Combining Technology With Human Touch

Digital transformation is a journey with multiple connected intermediary goals striving toward continuous optimization across processes, divisions and the wider ecosystem – but it requires more than technology alone. People don't want digital for everything. Face-to-face interactions have increased in value as they become scarcer. Organizations need to find harmony between people and technology. Not to be trite, but the combination needs to equal more than the parts.

One Size Fits No One

Organizations require payment experiences that are customized to their industry, business and customers. Unfortunately, most payment services are off-the-shelf when they should be tailored to fit. Rather than working with existing systems, processes and people, "one size fits all" payments work against them. As a result, organizations risk losing time, money and customers.

Few organizations disagree with the need to digitize their billing and payment processes, especially in the wake of a global pandemic. But getting there on their own can be costly and complex. In our experience, "billers" don't want to own the payment process. As the requirements get more demanding, they want solutions that can shield them from the complexity and risk of payments so they can focus on their core business.

giact

MELISSA TOWNSLEY-SOLIS

Co-Founder and CEO

THRIVING IN THE NEW NORMAL

In a remote work environment, tech companies like ours have a lot of advantages. But as people, we had to meet the moment.

The shift to digital exclusivity started as news of the pandemic made its way to the U.S. Even in those early days, we knew things were going to change. We just never dreamed it would demand the change we're seeing today.

One of the most important tasks during that period was to re-evaluate our approach to teamwork, culture and connection.

First, we needed to find a way to connect with our employees and solve problems quickly. One of the ways we did this was through larger meetings via video conference. Instead of one-off conversations in the office, broader teams met. Getting everyone together helped us respond to issues more efficiently. It's also allowed us to have fewer meetings, which has been a welcome change. The experience has made us better, more efficient communicators. And as a result, we estimate our productivity has increased by 15 to 20 percent.

Other areas of change were in our sales and marketing efforts. As trade shows were postponed and canceled, we quickly shifted our marketing approach, opting for a robust digital strategy. This included the issuing of topical studies, thought leadership pieces and webinars. Our sales team, too, had to adjust as more customers and prospects transitioned to working from home. While the sales team has always taken a digital-first approach, they've had to find new ways to keep customers engaged. Out of this shift, we were able to double our revenue numbers for two consecutive months, in April and May.

To boost morale and incentivize sales, we also found fun ways to engage staff. These included games and incentives for employees who met their targets. The games have been a big hit and have provided some much-needed levity. The fun, interactive engagement has also helped keep employees energized and excited about work.

The virtual work environment has also helped us to grow as a company. Without worrying about physical office space, GIACT has been actively hiring to keep up with demand. Virtual meetings have also allowed us to develop a more efficient interview process and hire more staff, faster.

As we enter into the new normal, our hope is to capitalize on the progress we've made. For the foreseeable future, for example, we will have at least half of our staff working from home. We will also continue to heavily invest in our most important asset — our staff — through 100 percent employer-paid healthcare packages and benefits for employees and their families.

At the end of the day, through the digital transformation we experienced, we haven't just been able to survive — we've been able to thrive. It's a testament to GIACT's leadership, our staff and our collective resolve.

AT THE END OF THE DAY, THROUGH THE DIGITAL TRANSFORMATION WE EXPERIENCED, **WE HAVEN'T JUST BEEN ABLE TO SURVIVE — WE'VE BEEN ABLE TO THRIVE.**

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AMIR WAIN

Founder and CEO

THE PAYMENTS INDUSTRY WAS READY

As most businesses and industries have struggled over the past 12 weeks, the payments industry was ready with the necessary infrastructure, products and services to support the digital shift.

What has changed is the demand for certain payment types above others. The physical limitations of shelter in place have redefined how businesses and consumers make payments. Volumes have shifted to eCommerce, mobile wallets and contactless payment solutions and accelerated the trend away from plastic or cash.

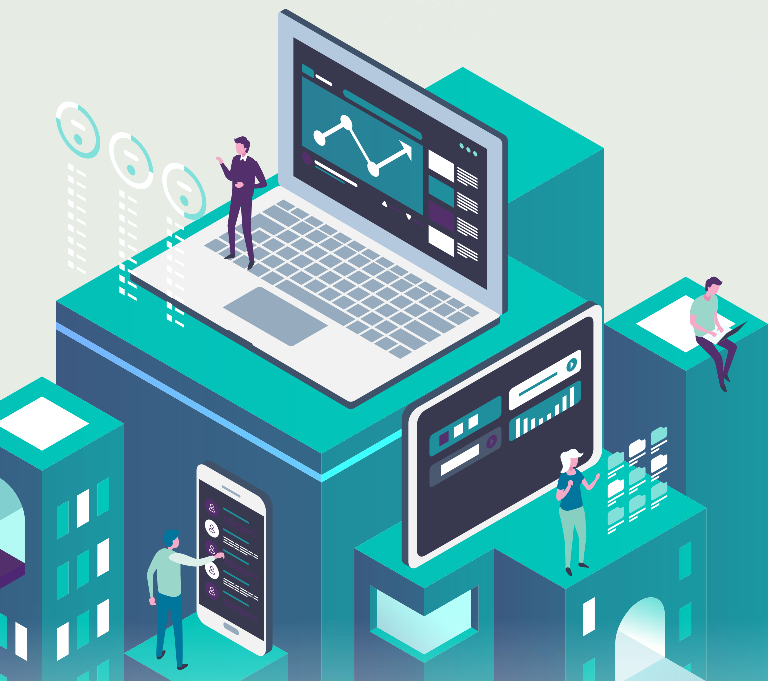
I would also argue that what has happened in the past three months is no different from what we see with every market shift, except for the pace at which it has happened. It normally takes years for trends to become the "new normal." COVID-19 has dramatically sped up this timeline.

Sustained business success is dependent on business readiness to adapt to the changes in the market conditions, including the evolving needs of customers. In this particular case, businesses that were not prepared for the shift to digital and eCommerce are vulnerable.

Financial institutions (FIs), which have yet to update legacy systems and are unable to respond quickly to change, are suffering. Just as important as the need for traditional FIs to adapt their systems to the new digital reality is the need for FinTechs, with their high customer acquisition costs, to leverage partners with best-of-breed commerce/payments infrastructure building blocks that will afford their solutions the security, breadth of service, compliance and global reach of the larger FIs.

If nothing else, this crisis reinforces that the future is and always will be uncertain. By making agility a core competence and using an agile infrastructure, you'll be ready for whatever the future brings — including the next pandemic.

SUSTAINED BUSINESS SUCCESS IS DEPENDENT ON BUSINESS READINESS TO ADAPT TO THE CHANGES IN THE MARKET CONDITIONS, INCLUDING THE EVOLVING NEEDS OF CUSTOMERS.



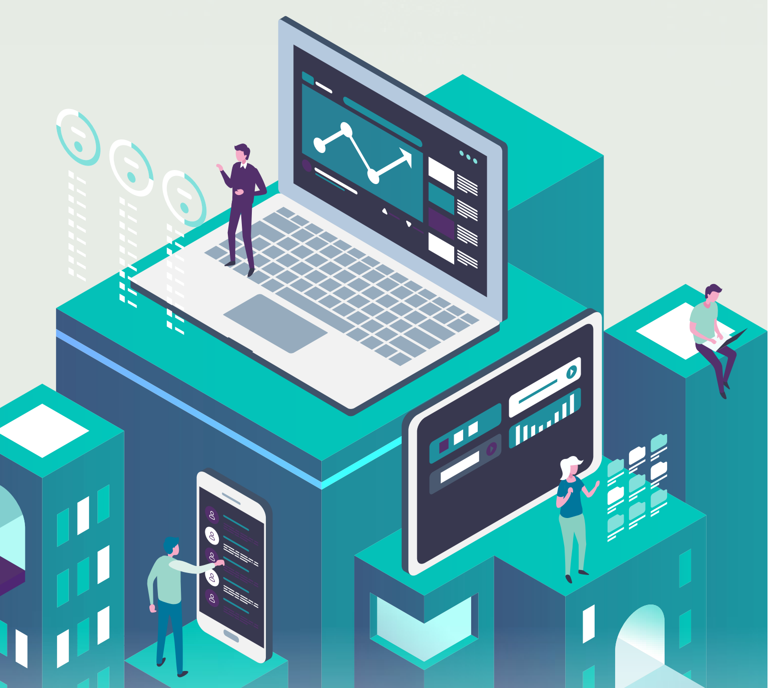
INGO

DREW EDWARDS

CEO

THE SHIFT TOWARD A MODERN DISBURSEMENTS EXPERIENCE

While the world continues to walk a tightrope – on one side balancing how to slow the spread of COVID-19 and on the other side dealing with how to reopen the economy – new behaviors and interactions have taken shape. In some ways, this may only be a temporary shift until we have an approved vaccine, but when it comes to digital adoption, signs point to the fact that many of our behaviors are here to stay. A recent McKinsey study showed that "75 percent of people using digital channels for the first time indicate that they will continue to use them when things return to 'normal.'"



As consumer and business digital adoption has catapulted over the last 12 weeks, when it comes to payments, there are certain status quos we will no longer accept. Remember the old adage "cash is king?" Well, maybe not, when you consider how many hands have touched that piece of paper.

Take another kind of paper – checks. Not only are they slow to arrive to the people who need the money (just ask the government, which, because of antiquated payment systems, was forced to send millions of stimulus funds this way), but they also present the risk of transmitting the virus. Does anyone really want to venture inside a bank these days, when remote, online options are readily available?

The emerging opportunities for payment innovators across industries will enable them to deliver a customer experience where consumers and businesses can use digital, contactless solutions that move more transactions online and beyond cash and check.

For disbursements specifically, the opportunity is also for a more modern solution – one that is ubiquitous, digital, 24/7 year-round and on-demand, and offers the ability to provide people with a choice in how they receive their funds, with many instant payment options.

While shelter-in-place mandates forced many into adopting digital solutions, the shuttering of the economy and the subsequent layoffs and stimulus package highlighted the critical need for innovation around faster disbursements for consumers and small businesses. Those impacts to livelihoods are lessons that will hopefully drive the call for innovation across government and businesses alike.

WHILE SHELTER-IN-PLACE MANDATES FORCED MANY INTO ADOPTING DIGITAL SOLUTIONS, THE SHUTTERING OF THE ECONOMY AND THE SUBSEQUENT LAYOFFS AND STIMULUS PACKAGE **HIGHLIGHTED THE CRITICAL NEED FOR INNOVATION AROUND FASTER DISBURSEMENTS FOR CONSUMERS AND SMALL BUSINESSES.**

J.P.Morgan

SARA CASTELHANO

EMEA Head of Payments and Digital Product

THE WORLD IS QUICKLY MOVING TO INSTANT PAYMENTS

2020 has been a challenging year, with COVID-19 directly impacting the global economy and the full extent still to be realized. We saw businesses forced to close at a moment's notice and companies migrating to full work-from-home arrangements. The global pandemic has given us obstacles to overcome, but at the same time has provided an important catalyst for change.

One area COVID-19 has spotlighted is digital banking, as unprecedented amounts of payments have become electronic and are required to be made instantly: 24 hours a day, seven days a week, 365 days a year.

We have seen instant payment traffic increase exponentially, putting an increased focus on the infrastructure required to make this happen. Instant payments have been vital in helping the economy, allowing businesses and consumers to immediately access funds, and giving the economy the kick-start it requires as we emerge from the pandemic.

The increase in electronic payments has also propelled us closer to becoming a truly cashless society, underlining the importance of digital infrastructure and ensuring an optimal client experience. But this situation creates challenges, too. Focusing on customer preference of payment across all segments — including cash — enables businesses to improve their reach and personalize their services to gain customer adoption.

With the increased focus of digital client experience comes the need for businesses to visualize transactions in real time. The use of SWIFT gpi, for example, provides a complete track-trace function, much like that of a courier. It enables improved cash management controls, heightened visibility and reassurance, all of which are vital in day-to-day business operations in these unique times. Indeed, it has never been more important for our clients to understand where their cash is.

One positive outcome of the global pandemic has been witnessing how businesses can adapt to uncertain situations and challenge the status quo. Going remote has sped up the pace of the move to digital. Prior to COVID-19, the world was reliant on wet-ink signatures and the physical delivery of documents. The great adoption of electronic signatures during this time has allowed us to be faster, efficient and more agile — especially during the client onboarding process, which can be cumbersome and time-consuming with the requirement of various signatories. We have seen how quickly we can change – and to continue this momentum, we need to keep pushing forward and adopt this new environment as our BAU.

Finally, the current situation has underlined the importance of trust, partnership and preparation, among both clients and employees. Clients look to us to be thought leaders and experts in our fields. They also rely on us to develop, implement and oversee the best payment technology and solutions — before, during and after the current crisis. We could not have adapted to this situation without the behind-the-scenes preparation and scenario planning, or the resiliency of our workforce, which is committed to delivering best-in-class client service and experience.

ONE POSITIVE OUTCOME OF THE GLOBAL PANDEMIC HAS BEEN WITNESSING HOW BUSINESSES CAN ADAPT TO UNCERTAIN SITUATIONS AND CHALLENGE THE STATUS QUO. **GOING REMOTE HAS SPED UP THE PACE OF THE MOVE TO DIGITAL.**

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BRAD WISKIRCHEN

CEO

OPPORTUNITIES AND LESSONS: HOW THE PANDEMIC ACCELERATED THE SHIFT TO DIGITAL COMMERCE

In a 2019 PYMNTS eBook much like this, we made predictions for eCommerce in 2020 and the next decade. I recall writing about the role that artificial intelligence (AI) would play in protecting the complete customer journey.

Just six months into the new decade, we've seen that play out in ways we couldn't have predicted in 2019. With the pandemic spurring overnight digital transformation and innovation, the roles that fraud prevention, customer experience and AI play in commerce have grown faster than ever. This introduces new opportunities, as well as reasons to reject the status quo and lasting lessons.

Opportunities: New Channels of eCommerce

With an unprecedented number of physical locations closed, brick-and-mortar retail and restaurants needed to adapt quickly in order to stay open. For many, this meant expanding new channels of eCommerce, such as buy online, pick up in-store (BOPIS), delivery offerings, mobile order-ahead and more.

Some of these companies experienced a steep learning curve — not only did they need to find a way for customers to shop and pay, but they also needed to create a method for pickup, delivery and authentication. During this shift in behavior, a negative experience could cause a loyal customer to abandon a brand or switch to a more convenient option.

Rejecting the Status Quo: Cumbersome Manual Reviews and Customer Insults

In uncertain times, customers want their necessities to arrive quickly. For example, expedited shipping increased 305 percent year over year in mid-March as people began to stock up. That urgency doesn't allow for cumbersome approval processes. Fast, accurate approvals are also essential for mobile order-ahead at restaurants, as consumers often expect meals within minutes of placing their orders.

Worse than a long manual review is the risk of insulting a good customer by turning them away because of a false positive. Unsophisticated fraud prevention strategies couldn't adapt as the pandemic changed both how people shopped and what they bought. Suddenly, ordering 10 bottles of hand sanitizers at 3 a.m. might not be as unusual as it once seemed. Supervised machine learning or rules engines alone can't catch these nuances in real time. Next-generation AI that combines both supervised and unsupervised machine learning with a robust data network of trust and risk signals can better identify what good or risky orders look like today.

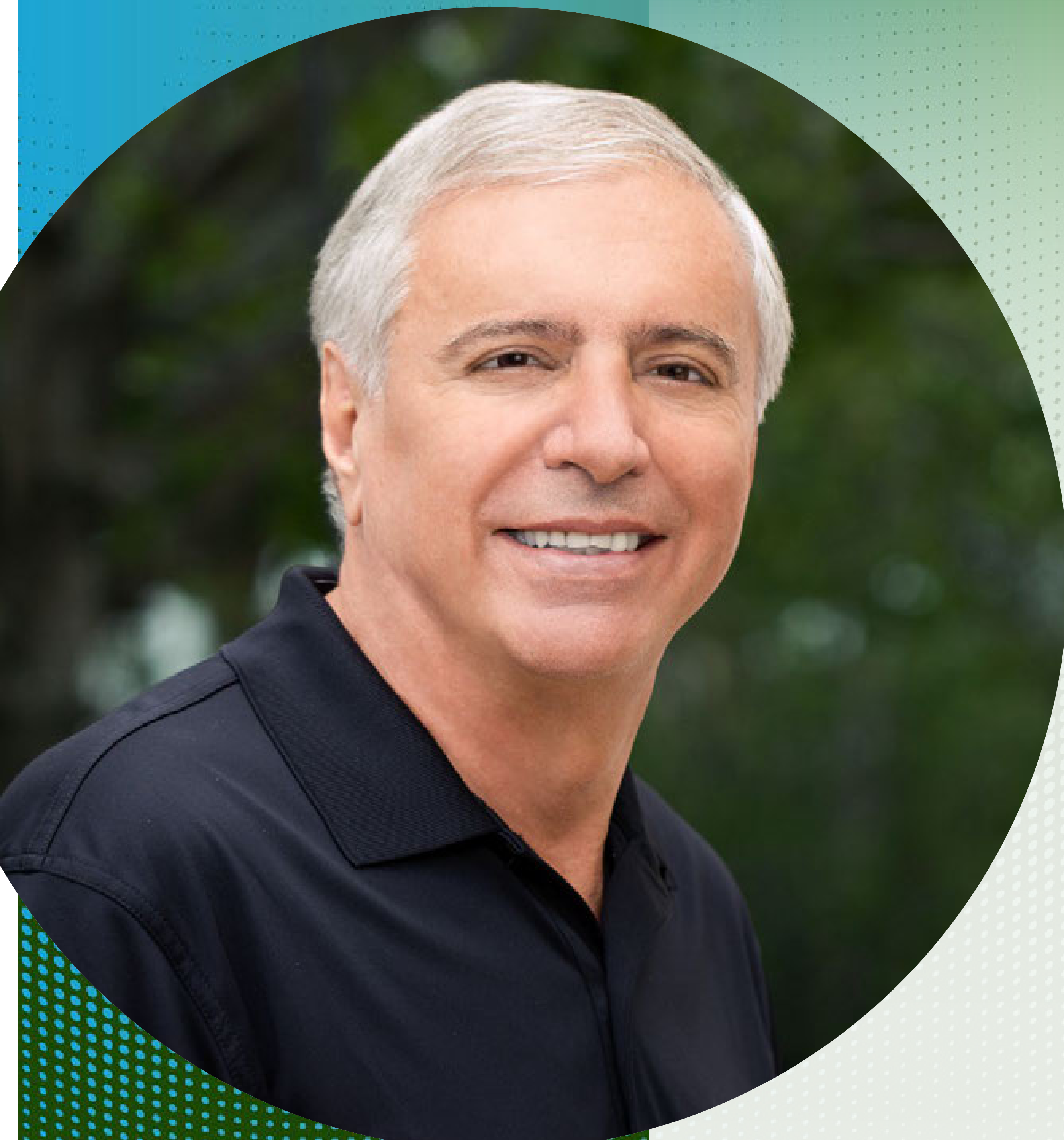
This means eCommerce businesses, whether well-established or just entering the digital learning curve, must take an approach that suits their needs. An AI-driven platform coupled with flexible policies can be customized while also reducing manual reviews, false positives and chargebacks.

Lasting Lessons: AI-Driven Fraud Protection Across the Customer Journey

As the pandemic accelerated in March and April, we saw digital transaction volumes skyrocket for many industries, like vitamins, wellness, electronics, pet supplies and others. In April, purchase volumes for crafts and online wine were up more than 600 percent from the average February week. Handling that volume while maintaining exceptional customer experiences and preventing fraud requires an adaptable solution that can make accurate decisions in real time.

And the "shove" toward eCommerce means more businesses are offering new digital experiences, including memberships, accounts, loyalty points and more — each representing a unique area of the customer experience that should be protected.

A lasting lesson in 2020: Digital transformation is inevitable, and the companies that can protect the entire customer journey while delivering exceptional experiences will have the advantage.



melissa

RAY MELISSA

CEO

POST-COVID BUSINESSES WILL STOP TREATING BAD DATA LIKE SOUR MILK

With the economy starting to ramp up again as the lockdown eases, it's time for businesses to reimagine best practices to drive growth. Taking better care of customer data is one area that will result in immediate returns.

Customer data has an expiration date, just like milk in the fridge. Without regular intervention, customer data degrades at 2 percent each month and 25 percent over the course of a year.

This is exacerbated by more consumers providing contact data via their mobile devices. Inputting data on a small screen increases the risk of mistyping. In fact, approximately 20 percent of addresses entered online contain errors such as spelling mistakes, wrong house numbers and inaccurate postal codes.

But you don't have to throw out "bad" customer data like you would spoiled milk.

Issues with incorrect data, such as customer names, addresses, email addresses or telephone numbers, can be easily fixed. Industry-leading data cleansing and verification services – including address autocompletion, real-time email verification, HLR mobile lookup and others – provide data quality for easy onboarding and cleansing existing customer records. This is very important, with studies revealing that it costs five times as much to acquire a new customer as it does to retain an existing one.

Usually, "bad" customer data just needs a little cleaning to help the business reengage and sell to a customer. And in these challenging times, nobody can afford to discard customer data.

It's also important to fill in any gaps and enrich customer data with location and demographic intelligence as part of the ID verification process. This helps to deliver a 360-degree single customer view (SCV) — something that can aid future marketing and sales efforts.

As businesses look to reopen and rethink how they do business, it's time to move away from considering customer data as "bad" in today's economic environment. Instead, all data should be recognized as being valuable, as it may hold the key to driving growth.

All it takes is a best-practice approach with customer data quality to ensure that data is "good" and that its value is maximized to drive growth and profitability.

AS BUSINESSES LOOK TO REOPEN AND RETHINK HOW THEY DO BUSINESS, **IT'S TIME TO MOVE AWAY FROM CONSIDERING CUSTOMER DATA AS "BAD"** IN TODAY'S ECONOMIC ENVIRONMENT.

MERCHANTE

SHIM STEINMETZ

Chief Financial Officer

THE RISE OF B2B eCOMMERCE DURING COVID-19

As we move into the second half of 2020, one thing is certain: Digital commerce is here to stay. Great business leaders have an uncanny ability to pivot during hard times — and for good reason: The economy demands it.

Considering the impact that the COVID-19 pandemic has imposed on the U.S. economy, companies have been forced to evolve their business models and focus on liquidity. This means that small and medium-sized business (SMB) owners are rethinking how they collect and distribute funds and are embracing the shift toward digital commerce. B2B companies can benefit from the same digital commerce model used by successful B2C companies. Online transactions aren't new in 2020, but they'll be much more common as we navigate the global economic stabilization over the next 18 to 24 months.

For B2B companies, this shift toward digital transactions should positively impact the way those businesses bring money in. For example, paper checks have long been the status quo for B2B payments like invoices, but businesses — especially accounts payable and accounts receivable professionals — should be leveraging the advantages of digital payment technology in 2020. Comparatively, digital payments are more secure and less expensive than paper checks. When you factor in the time you can save, along with the potential reduction in days sales outstanding (DSO), by moving from paper checks to digital payments, the trend toward digital transactions seems long overdue.

Businesses should also explore ways to update their payroll methodologies in how they pay employees and contractors. Payment facilitators and industry innovators have developed new and modern payroll products and services, and businesses can leverage these options to pay their workers daily. This can be a real game-changer for businesses in retaining the best workforces. Daily pay isn't something that was on the radar for most businesses 10 years ago, but it's a viable option in 2020.

Over the past several weeks, growing businesses have demonstrated their ability to adapt to the changing economic landscape. Businesses are resilient, and it's no secret that some of the most important innovations come during times of crisis. We've learned that businesses and their employees are creative problem solvers, and while a global health pandemic may have been the catalyst for a higher adoption rate of digital transactions, we also know that innovative payment technologies will sustain B2B and B2C transactions moving forward.

AS BUSINESSES LOOK TO REOPEN AND RETHINK HOW THEY DO BUSINESS, **IT'S TIME TO MOVE AWAY FROM CONSIDERING CUSTOMER DATA AS "BAD"** IN TODAY'S ECONOMIC ENVIRONMENT.

STEPHEN RITTER
Chief Technology Officer

EVEN IN A REMOTE WORLD, INTERPERSONAL RELATIONSHIPS REMAIN KEY

With COVID-19, we now welcome everybody to the digital economy. The value — and need — to verify people digitally is now unavoidable. To avoid potential fraud, companies and individuals alike need to know with certainty that the people buying their products and interacting with them online are who they claim to be.

Under social distancing guidelines, companies and consumers are no longer tied to conducting business at physical locations. We are processing digital transactions at unprecedented levels. Likewise, with businesses no longer able to conduct standard interview and background checks in person, they need to verify new employees to confirm they are trustworthy and do not present a risk to the company or its customers.

There is a saying that "necessity is the mother of invention." In 2020, necessity will drive the expansion of, and new developments in, digital identity verification in our everyday lives.

The new status quo is no status quo. As a CTO, I am excited about the technology shifts we're seeing. We are challenging our own perceptions and assumptions. Every company has to rise to the challenge and create completely new ways to engage with internal teams and customers.

A common assumption was that collaboration inherently suffers in remote environments. In fact, collaborative efforts can be more effective when we're remote. We spend less time traveling, waiting for meetings and focusing on other day-to-day time wasters. Now, we hop on video calls, instantly connect with people around the globe, share screens and collaborate without missing a beat. I'm a huge believer in the power of in-person connection, but I'm also excited that now, face-to-face meetings will be even more valuable when they do occur.

For businesses to survive, resisting digital transformation is no longer an option. Unfortunately, businesses that weren't prepared with an adequate cloud infrastructure have suffered greater losses. To thrive, companies must be agile and able to operate remotely.

Lessons From the Pandemic

Relationships are everything. We never know when a crisis will strike; people want to know that whoever they work with has their back and will be there, rain or shine. A customer has to understand that when they stake their reputation on Mitek, they can trust us implicitly to always go the extra mile whenever challenges arise.

Additionally, while we rely on technology for sales presentations, demos or routine check-ins, the intrinsic value of in-person meetings has been reinforced since they are (and will be) rare, at least for the foreseeable future. We will be more purposeful about what we need out of a physical interaction. I believe we will focus these extremely valuable face-to-face moments on building even stronger relationships, having candid conversations and learning how we can improve to become even better partners.

RELATIONSHIPS ARE EVERYTHING. WE NEVER KNOW WHEN A CRISIS WILL STRIKE; PEOPLE WANT TO KNOW THAT WHOEVER THEY WORK WITH HAS THEIR BACK AND WILL BE THERE, RAIN OR SHINE.

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NCR

DOUG BROWN

Senior Vice President and General Manager

EMBRACING CHANGE IN THE WAKE OF A PANDEMIC

Digital acceleration is upon us, now more than ever. In just a few months, the way we interact, live and work has rapidly shifted. Many businesses have had to adapt quickly to pivot their offerings, modify the way they do business and enhance the way consumers buy goods. Digital order-ahead with contactless payments and pickup has become embedded into our "new normal."

Like every industry across the globe, financial services has been no stranger to rapid change. Businesses and consumers are turning to their trusted advisors — their banks and credit unions — for the guidance, advice and tools they need to support their businesses and financial lives.

Countless financial institutions (FIs) have pivoted their offerings and operating models to provide better service and maintain the health and well-being of consumers and employees. Many have realigned their frontline staff to accommodate demand. With little time to prepare, they are quickly bridging the gap between physical and digital channels. They are servicing users remotely through voice, video and chat — maximizing interactive teller machine (ITM) capabilities and live digital chat for everything from conducting complex transactions to scheduling in-branch appointments and pickups.

What's Ahead

The effects of this great pandemic will have a lasting impact. As we enter the second half of 2020, touchless payments and interactions will be a hyper-focus for stores, restaurants and FIs. Subsequently, with infinitely fewer face-to-face interactions, it is essential for FIs to offer expanded self-service capabilities through digital banking, ITMs and self-service kiosks.

Serving the small businesses hit hard by this pandemic will also continue to be a significant focus. The need for frictionless experiences for things like accessing cash flow statements and predictions, optimizing payments and payroll, and loan origination is more critical than ever.

As many consumers, businesses and gig workers are faced with reduced or lost income, personalized financial assistance and advice will continue to be vital. The financial institutions that will stand out and get ahead will be the ones that embrace this transformation and take their personalization efforts to the next level. By leveraging the abundance of data they already have, FIs have the unique ability to humanize the digital channel by delivering personal and contextual experiences and real-time insights and advice — in the exact moment of need.

Avoid Getting Left Behind

This time has certainly transformed our society. It has proven that digital can no longer have a "set it and forget it" operating model, and that the shift toward digital will have an irrevocable impact. Digital, especially mobile, will require acceleration, faster innovation and frequent updates to rapidly surface improved experiences and new technologies.

Banks and credit unions need to embrace a digital-first mindset to provide the touchless conveniences that consumers want to conduct transactions in their day-to-day lives – and that businesses need to maintain operations. They will need to re-evaluate their technology and partners, break down silos and ensure that they have the support and framework to be agile and flexible — or they risk being left behind.

BANKS AND CREDIT UNIONS NEED TO EMBRACE A DIGITAL-FIRST MINDSET TO PROVIDE THE TOUCHLESS CONVENIENCES THAT CONSUMERS WANT TO CONDUCT TRANSACTIONS IN THEIR DAY-TO-DAY LIVES – AND THAT BUSINESSES NEED TO MAINTAIN OPERATIONS.

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RAJESH VENKATESH

Chief Product Officer

COVID-19: OPPORTUNITY FOR COMPANIES TO RETHINK BUSINESS PROCESS

Recent studies have shown the unprecedented impact COVID-19 has had on digitization. According to Forbes, the money transfer space has seen four years' worth of digital growth in the two months following the COVID outbreak. As consumers continue to turn to digital payments, the most innovative companies will utilize this opportunity to completely rethink their business processes and look to provide greater convenience and trust to consumers beyond just digital checkout. This is a chance for companies to revamp existing processes to drive greater productivity and cost savings, either through digitizing their supply chain in payments to suppliers and vendors or via internal processes like payroll disbursements for employees.

Improving the Spend Management Process

One way that FinTechs can help businesses is by improving their expense management processes. For instance, Nium has utilized its card-issuing license with Visa to help companies cope with employees' expenditure requests. With the majority of employees working from home for the foreseeable future, approvals for corporate expenses may be delayed, hindering productivity. Nium's solution allows employees to complete these charges with less holdup while still letting companies maintain overall control through the introduction of category restrictions and spending caps.

The combination of Nium's flexible API tools and turnkey infrastructure and Visa products also allows us to support different use cases for business expenses across various business models and platforms, from companies looking to reconcile T&E for employees to businesses looking to pay suppliers and vendors overseas to innovative technology companies looking to send payments to their community.

Cash Flow Is Still an Issue

For many businesses, though, the challenge in adopting new processes or even sustaining until post-COVID-19 lies very much in cash flow issues. This is even more evident in recent months, with the pandemic creating an uncertain economic climate and a sharp spike in the number of delayed payments by SMBs.

Nium's consumer and SMB arm, InstaReM, launched a service called BizPay to help SMBs gain cash flows without the need to go for yet another bank application. The service utilizes credit limits in corporate cards and converts them into working capital to help businesses make payments, including commercial rent, utilities or other supplier payments, even if they do not accept cards. The solution is unique not only because it makes use of an existing resource that is not being fully utilized (corporate credit cards are typically used for travel expenses), but also because it does not require the beneficiary or the supplier to directly accept cards. Once a business includes their corporate credit card as a payment source on the BizPay platform, payments can be made to any corporate entity as a beneficiary at a very affordable and competitive price.

An unprecedented crisis such as the ongoing pandemic calls for path-breaking solutions. For businesses, this means an opportunity to stop, reflect and take action on measures that will ultimately result in growth. For FinTechs, this would mean an opportunity to reexamine and provide innovative solutions to help businesses not only survive, but thrive in this world of the "new normal."

AN UNPRECEDENTED CRISIS SUCH AS THE ONGOING PANDEMIC **CALLS FOR PATH-BREAKING SOLUTIONS.**

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JULIE NEGRETE-ANDERSON

Founder and Chief Operating Officer

EMBRACING ACCOUNTS PAYABLE AUTOMATION: THE PAPER VACCINE

Recent events have irrevocably changed the way finance departments operate, bringing to light glaring issues with the current processes. While other departments may have abandoned manual, paper-based strategies years ago, accounts payable (AP) and finance departments held their ground on practices that seem to have changed little since the 1970s. However, in the wake of COVID-19, that may no longer be an option.

For years, there has been a quiet shift in the B2B payments space. Paper checks — once dominant in all areas of commerce, now extinct for most consumers — have slowly lost ground, slipping to a meager, yet still surprising, 42 percent of all B2B payment types in 2019. Paper invoices, on the other hand, still dominate finance departments today. Paper-based invoice processing is particularly prevalent in the U.S., where they account for 75 percent of all invoices.

Finance departments already had a massive paper problem before COVID-19 closed offices around the globe.

Paper processes are expensive, costing businesses an estimated $45 billion to $150 billion per year. Taking a holistic approach to calculating the cost of paper, it's easy to understand why the impact is so high. Beyond the material expenses, there's also the time wasted on manually entering data, GL coding, routing invoices, stuffing envelopes and hand-signing high-dollar checks. There's also the risk of fraud, security breaches, errors from missing information, inaccurate reporting and the inability to take advantage of early-pay discounts.

Paper has been the culprit all along. It's just more apparent now.

Over the last few months, AP professionals have regularly been required to don their PPE and head into the office to open invoices, scan and route them, print checks and stuff envelopes. CFOs have had checks hand-delivered to their doorsteps or unusual rendezvous points for signing. Some companies have gone so far as to have mailed invoices to home addresses, where they can be scanned for approval. For many businesses, this has become the "new normal."

The good news is that it doesn't have to be. It's easier to eliminate paper from AP than ever before.

Technological advancements have paved the way for businesses to adopt automated solutions in less than 30 days, with no massive ERP

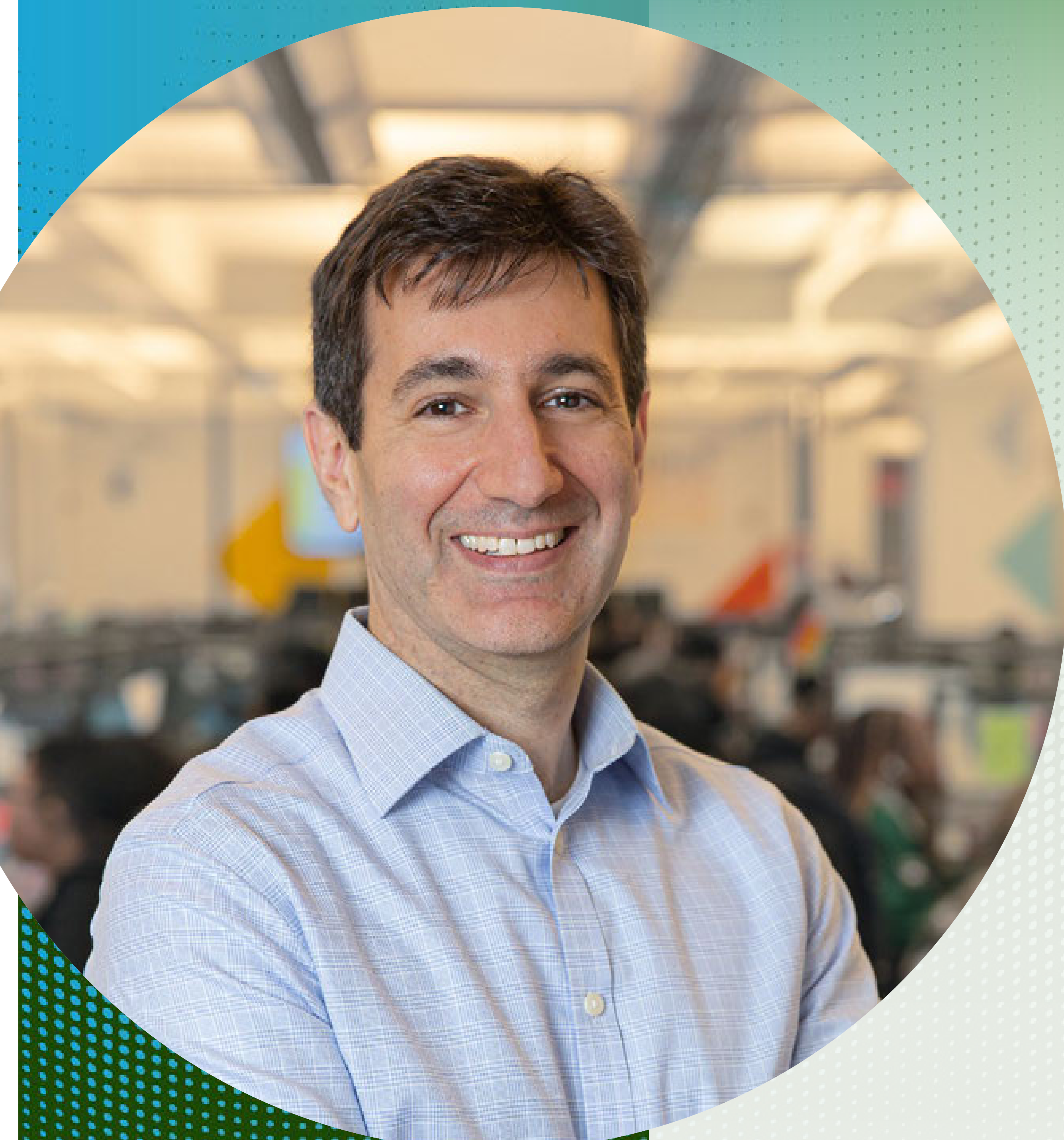
system upgrade projects required. The best solutions feature easy integration into existing legacy systems, ERPs and accounting systems – and, as a bonus, without a huge consulting bill.

Automated invoice processing saves an average of 19 hours per week, and the entire process can be handled from home or at the office. Moving to eInvoicing and invoice automation entails more than just eliminating physically mailed invoices. The right solution should also move emailed invoices into an automated workflow. It's just that easy.

Payment automation can enable businesses to quickly and easily make no-touch payments with the click of a button, moving up to 90 percent of all payments into an electronic format. AP payment automation will allow businesses to print paper checks from home or at the office, removing the need to spend several days in the office every month and creating an AP department that can operate fully remotely if necessary. Businesses will also have the ability to earn monthly rebates with virtual cards, turning AP spend into profit.

The race for automation in all areas of business is now underway. Finance departments are sprinting to find new solutions that streamline processes, cut costs, enable remote functionality and ensure business continuity.

AP automation is the key to success for finance departments in both the pre-COVID-19 and post-COVID-19 worlds.



Payoneer

SCOTT GALIT

CEO

ADAPTING TO A HYBRID FUTURE

As we usher in the second half of 2020, there is much that remains to be seen. The most pressing, of course, is how long the COVID-19 pandemic will continue to impact our everyday life. There is no way to know what next week will hold, let alone next quarter. So I would take with a grain of salt any expert who claims to know the permanence of a trend or makes statements like "never again will we see..."

However, this doesn't discount the massive changes that have impacted consumer and business markets, and it doesn't undercut the lessons we can take away from this crisis. Regardless of what the future holds, we can say with confidence that flexibility, adaptability and a lean, digital approach to doing business is, for most firms, for the right strategy for the rest of 2020 and beyond.

What we've seen since the start of this crisis is that every business needs to think and act like a digital business. It doesn't matter if you're a corner store or a big-box retailer – customers need to be able to order online and get delivery. Whether consumers return to physical retail when they feel safe to do so or not, their exposure to digital commerce means a large portion of them will continue to shop online, so it's hard to imagine too many purely physical retailers succeeding. The growth of eCommerce started long before this pandemic, but it has certainly been accelerated several years forward as a result.

Perhaps the most important and challenging aspect of this shift in business is the importance of the new digital experience. Customers — both consumer and B2B alike — will not accept a bad or clunky online experience. With physical location being less important, businesses that invest in their digital storefronts, in secure and seamless payments and in speedy deliveries will win the loyalty game.

For this reason, 2020 will be the year when businesses invest in filling their information and skill gaps to take advantage of digital commerce. For software-as-a-service (SaaS) providers, we expect headwinds and tailwinds. Unfortunately, this extended period of shutdowns and slow economic activity means fewer businesses will be around in the latter half of the year. On the other hand, the ones that do make it through will need more tools to manage the digital world.

In addition to tools, many will seek talent to fill these new needs. In these leaner times, dedicated talent may be too costly, or unavailable. We expect a massive rise in the use of freelancers, as businesses need to quickly pivot and have gotten used to remote workers.

This opens up the discussion of how work trends in general will shift. It's hard to imagine workers accepting the status quo of five days a week, 50 weeks a year in the office. Long commutes and extensive travel demands will similarly be tough to swallow. That said, I don't think we're facing a world where 100 percent work-from-home will be the norm. People are missing and craving in-person connections. They want to engage with their teams, customers and industry colleagues.

All of this points to a future where the world is more blended. Businesses will mix the physical with the digital. Workers will be a combination of work-from-home and in-office, local and remote. Similarly, commerce will see an increasing mix of domestic and international activity. As we look toward the end of 2020 and further ahead, it is time for businesses and payment providers to ensure they're ready for a more balanced path.

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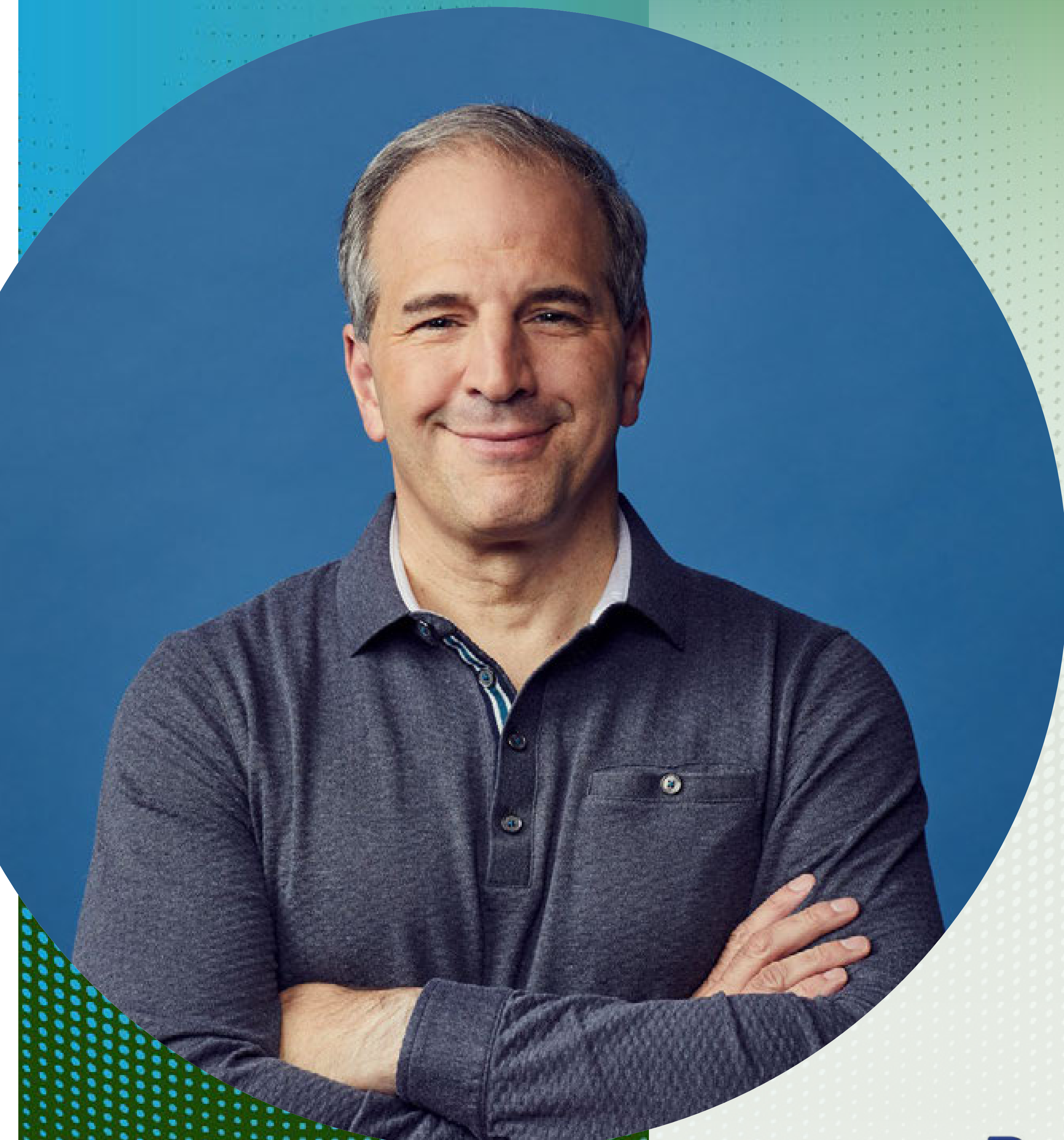

PayPal

JIM MAGATS

Senior Vice President, Omni Payments

HOW BUSINESSES CAN EMERGE FROM THE GLOBAL PANDEMIC IN A POSITION OF STRENGTH

For years, we've seen the consolidation of commerce as companies large and small file for bankruptcy, close their doors and lay off workers. This trend is nothing new, but the global pandemic has dramatically accelerated this consolidation, impacting businesses of all sizes.

A recent UBS report predicted that eCommerce will rise to 25 percent of U.S. retail sales, up from 15 percent last year, and estimated that around 100,000 stores will close in the next five years. Given this shift to online, and especially in light of the pandemic, the remaining businesses that do exist in the physical world need to enable experiences that ensure safe, touch-free transactions.

As cities and states begin to reopen, businesses need to evolve their commerce experiences to ensure they are responding to new consumer demands. So what can businesses do to come out of the pandemic in a position of strength? It comes down to enabling customer choice, helping consumers access the best prices and embracing a commerce environment that blurs the online and physical worlds.

People want to be able to pay however they want, including with cards, digital wallets, alternative payment methods and rewards points. Giving customers choice can drive sales and loyalty. A 2018 Ipsos study found that 25 percent of people have abandoned a transaction because their preferred payments provider wasn't available. For example, the study found that 59 percent of PayPal users have abandoned a transaction because PayPal wasn't an option. The study also found that 44 percent are more likely to shop with businesses that offer a preferred payment provider and a good payments process.

Consumers also want the flexibility to be able to pay when they want. This is especially true today, when many people have had their incomes impacted yet still need flexible ways to pay for things. This could include various credit options, from short- and long-term installment plans to pay after delivery options that begin to separate the buying from the paying experience.

In addition, the economic crisis that resulted from the pandemic has made consumers even more sensitive to price. Consumers who feel confident that they are being presented the best price are more likely to convert. With services like Honey, shoppers can set a target price for an item they want. You could imagine this data presented as aggregated and anonymous demand curves, helping businesses understand exactly what price point will drive a specific percentage of sales.

Finally, where customers want to pay is increasingly online. But more and more, commerce experiences are happening where the physical and online worlds meet. Consumers are demanding experiences like buying online and picking up in store, ordering ahead to skip the line, or using phones to tap and pay or scan a QR code to avoid physical contact while in-store.

Before the global pandemic, consumers preferred experiences like these. But now, consumers are demanding these flexible options. The businesses that quickly adapt to this new commerce landscape can come out of the pandemic in a position of strength.

AS CITIES AND STATES BEGIN TO REOPEN, **BUSINESSES NEED TO EVOLVE THEIR COMMERCE EXPERIENCES** TO ENSURE THEY ARE RESPONDING TO NEW CONSUMER DEMANDS.

PAYTRONIX

JERRY CRESSMAN

Chief Financial Officer

GIVE CONSUMERS A HAND WITH CONTACTLESS TRANSACTIONS

Six months ago, consumers focused on convenience as the primary decision-making factor, asking only, "How do I get through this line the fastest?" Now, they ask, "How do I get through this line touching as little as possible?" Health and safety have become the key drivers for both employees and customers.

Contactless environments will be crucial for companies as they welcome customers back. The pivot here is that customers are expecting brick-and-mortar locations to replicate eCommerce, providing a personalized, contactless experience from entry through checkout.

For easy payment, there are existing solutions that utilize NFC technology, such as tap-and-go credit cards and mobile wallets. But recognizing a loyalty account necessitates a second transaction at the point of sale for most retailers. Today's consumers cringe if you ask them to use a keypad to type their phone number for loyalty program identification. That physical component raises a safety concern, forcing consumers to decide whether the loyalty reward is worth the risk. Now that Paytronix has combined contactless payment and loyalty identification in a single tap, more than 4,000 restaurant locations have been employing this solution through Apple Pay and Google Pay.

COVID-19 prompted both restaurants and convenience stores to offer digital ordering options if they weren't already doing so. Within days of locations shutting down, Paytronix had introduced a rapid-launch digital solution and updated its order and delivery platform with options that facilitated a contactless experience. In June, it launched a contactless solution that enables restaurant guests to order from the table using their mobile device. The flow is similar to that of traditional table service, as multiple orders can be placed until the party is ready to close out the check. The ability to access digital menus, place orders and process payment via a mobile device delivers a satisfying contactless dining experience.

Coupling digital ordering and payment with loyalty identification helps brands predict, personalize and profit from transactions. Those that were first to implement the technology, such as Jimmy John's and Panera Bread, have demonstrated an unmatched understanding of customers' needs and are reaping considerable benefits. Having a top-notch loyalty program has also helped insulate these brands from the full impact of the pandemic. Paytronix has seen a decline of about 40 percent in transactions with loyalty members, whereas non-loyalty transactions have typically decreased nearly 70 percent. Because brands with a loyalty program are likely to recover twice as quickly as those without one, the cost of not knowing their customers is a financial risk that CFOs simply can't afford.

BECAUSE BRANDS WITH A LOYALTY PROGRAM ARE LIKELY TO RECOVER TWICE AS QUICKLY AS THOSE WITHOUT ONE, **THE COST OF NOT KNOWING THEIR CUSTOMERS IS A FINANCIAL RISK THAT CFOs SIMPLY CAN'T AFFORD.**

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DENISE STEVENS

Senior Vice President,
Chief Product Officer

COVID-19: A DRIVING FORCE FOR DIGITAL, CONTACTLESS AND MOBILE WALLETS

Even before the pandemic, shifting consumer preferences were becoming apparent in the digital space, with more consumers adopting online banking, downloading payments apps and changing the ways in which they interact with their financial institutions (FIs). COVID-19 fast-tracked these changing preferences. Fewer people are going into branches and using ATMs. Card-not-present (CNP) transactions have experienced an uptick, with debit CNP volumes up an average of more than 40 percent year over year and credit volumes up nearly 15 percent. Together, these factors have pushed banks and credit unions to take a close look at their strategies and solutions to ensure their offerings are meeting the needs of today's consumers.

Providing robust digital solutions is paramount in a world in which we are grappling with COVID-19 and its impacts. Consumers want the ability to continue transacting and conducting normal banking activities. Whereas they may have previously made an in-person trip to a branch, many consumers are now conducting these same activities from the safety of their homes. They are seeking a similar experience to what they would have in a branch, which means a personalized and customized level of service, as well as ease of use and convenience. Consumers do not want a gap or friction at any point along the way, making it critical for financial institutions to understand and define member journeys and personas in both physical and digital channels.

Many consumers are moving away from cash and looking to alternative methods of payment that limit human contact, clearing a path for contactless cards and other devices, such as wearables. According to a recent Mastercard survey, more than 50 percent of U.S. consumers are now using some form of contactless payments, with nearly 30 percent switching their top-of-wallet card for one that offers more safety and convenience. Not only do contactless options lead to less human contact, but they also allow for faster transactions.

It is also anticipated that the rise of contactless offerings will go hand-in-hand with the adoption of mobile wallets. With payment information loaded and ready to use from their mobile phones, smartwatches or other wearables, consumers now have the opportunity to conduct a transaction at their fingertips.

While COVID-19 may be a driving force behind more members becoming accustomed to banking online and utilizing new solutions for transactions, it is expected that they will continue to operate in these new channels and with these new products moving forward. Once members experience firsthand how easy these offerings are to use, and how well they fit into their overall banking activities to provide a seamless experience across all channels, they will likely adopt these new methods for the long term.

While the pandemic and its economic impacts will eventually subside, the effects felt by banks, credit unions and other FIs will be long-lasting.

MANY CONSUMERS ARE MOVING AWAY FROM CASH AND **LOOKING TO ALTERNATIVE METHODS OF PAYMENT THAT LIMIT HUMAN CONTACT,** CLEARING A PATH FOR CONTACTLESS CARDS AND OTHER DEVICES, SUCH AS WEARABLES.

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Red Hat

ALESSANDRO PETRONI

Head of Financial Services Strategy

BECOMING EFFICIENT, ADAPTIVE AND REAL-TIME TO THRIVE IN A DIGITAL WORLD

The pandemic has exposed the weakness of digital laggards. The effect has been both immediate and profound, a stress test for digital banking and commerce. Notable brands in the United States who relied on physical commerce saw a steep drop in revenue. The pandemic also demonstrated the critical nature of technology to support customers digitally. It remains an open question of whether those that have failed to adapt will be able to recover or will face the unceremonious demise of their businesses due to the pandemic.

It isn't all doom and gloom, though. The pandemic has put the digital economy into overdrive. Companies will have another chance to make fans out of customers who might have been reluctant to transact digitally in the past. Winning over net new digital converts and servicing them through lower-cost channels can help mitigate some of the economic pain from the ongoing pandemic.

The abrupt move to digital banking and commerce has led to significant increases in mobile deposits and payments across the globe. In the United States, for example, Citi saw an increase of 84 percent in mobile deposits in the month of May. In turn, this is accelerating the pre-pandemic trendline in reducing the size of the branch network. The remaining branches and the way customers interact with them will likely never be the same again.

What has become apparent over the past 12 weeks is that organizations that had already started down a path of modernizing their technology and processes to better compete digitally were more equipped to adapt and scale. With critical components migrated to cloud platforms, these businesses were able to automatically adjust capacity based on the deluge of digitally generated traffic.

However, this digital rush has also exposed weak links. Outages were experienced by several banks. The reality is that many banking processes aren't yet able to fully take advantage of the cloud, and are relying on existing systems that can't automatically adjust capacity. Addressing these weak links moving forward will help to ensure that banks can adapt to changing volumes and improve the resilience of their services.

This new "digital normal" might be the nudge organizations need to accelerate the migration of their core banking and payment systems to cloud platforms. It's an area of the bank that has been difficult to modernize in the past due to the cost and complexity of migrating to a cloud platform. At Red Hat, we have made investments with our core banking and payment partners to make it easier to connect to systems and host these critical services on the cloud. We do this knowing our customers wish to progressively modernize their critical banking services on the cloud infrastructure of their choice, without resorting to the painful "rip and replace" approaches of the past.

THIS NEW **"DIGITAL NORMAL"** MIGHT BE THE NUDGE ORGANIZATIONS NEED TO ACCELERATE THE MIGRATION OF THEIR CORE BANKING AND PAYMENT SYSTEMS TO CLOUD PLATFORMS.

Spreedly

JUSTIN BENSON

CEO

2020: THE YEAR OF PAYMENTS FLEXIBILITY

Payments is central to any business — the true lifeblood of the organization. Today's market environment highlights the need for organizations to quickly adapt their payments strategies to support changing market conditions and business needs. Companies are building flexibility into their payments strategies by orchestrating services — including leveraging multiple gateways and other payment services – all with an eye on maximizing revenue by improving success rates.

Here are just three of the more important trends developing:

The Changing Customer Experience

Online payments are surging — the month of April alone saw a 23.5 percent increase in online purchasing volume. We know that the customer's experience with payments is changing. Brands are still tasked with creating an experience that is enjoyable, compelling and keeps people coming back. In many cases, this has shifted to a mostly digital experience. Many customers are having their first exposure to an online payment process with their local grocery store or favorite restaurant for curbside pickup, or are leveraging a totally new platform to access what was once an entirely IRL (in real life) experience. The table stakes is to make these interactions easy, engaging and successful in order to create and maintain loyalty.

A Renewed Focus on Optimization

Alongside the brands that are for the first time venturing into digital payments, there are well-established organizations that now need to step back and re-evaluate their payments strategy in order to make every dollar count. For example, as companies move into online payments, they are evaluating the cost of payments and the success rates they're achieving. Others have new demands for immediate diversification of payment gateways or payment types to ensure business continuity. Still others are finding themselves with an entirely new and unexpected customer segment that they can serve by connecting to another payment service, such as in a new geographical market. How these companies quickly pivot, limit risk and optimize upside will dictate who survives and thrives in this economy.

Opportunity for Innovation

The global pandemic has accelerated evolution in the payments industry, impacting core trends and creating opportunities for all participants. For example, new platforms offering a shortened runway to the customer or easier access to specific goods and services are rapidly becoming necessary. We also see a new generation of innovative startups coming to us, originating from the flux this environment has created. Many services that grew quickly on the back of mobile technology ran into growth constraints via fast, but inflexible, payment stack creation. Today's generation of new startups can avoid those pitfalls by future-proofing for rapid expansion from day one, via a payment orchestration layer. Solving this challenge will enable the evolution to occur faster and more efficiently, and will free up resources to focus on customers' needs.

THE GLOBAL PANDEMIC HAS ACCELERATED EVOLUTION IN THE PAYMENTS INDUSTRY, **IMPACTING CORE TRENDS AND CREATING OPPORTUNITIES** FOR ALL PARTICIPANTS.

sticky.io

RO BHATIA

Chief Operating Officer

THE RACE TO THE EFFORTLESS EXPERIENCE

Payments are no longer just infrastructure — they are a crucial digital experience factor for consumers. Startup brands are taking advantage, and established players are catching up. At sticky.io, we are seeing the evolution of payments firsthand, and are using this knowledge to educate brands on the "crawl-walk-run" approach they should take to sell directly to customers.

Given the seismic shift to digital, the COVID-19 pandemic is forcing retail to achieve innovation in three to six months that would otherwise have taken three to five years. Payments need to go where consumers expect them now, too.

Payments Drive Digital Experiences for Brands
(and Consumers)

Order-ahead mobile apps from brands like Kohl's, Dunkin' and more are continuing to gain traction. Installment payments are growing in adoption. Rewards programs are given major focus from Amazon (Prime Reload gives Prime members 2 percent cash back when loading money into an Amazon account), and the Visa and Uber partnership lets riders earn rewards at local merchants, delivered seamlessly through their Visa card.

For merchants, working with payment processors who can provide seamless integrations with mobile pay apps and provide a lower-cost mechanism for mobile transactions will give them a competitive advantage. Online businesses need to be flexible in providing various ways customers can buy, and sticky.io is constantly exploring and expanding our local payments solutions to provide more buying flexibility to our customers.

B2B Payments Players Look to Expand

2018 saw a substantial increase in mergers and acquisitions in the payments space as existing players looked to build the platforms required to compete. PayPal made four acquisitions in FinTech, predictive marketing and fraud prevention companies. Adobe acquired Magento, and a host of activity is occurring in Europe as well.

Square and Stripe have expanded beyond payments with third-party integrations to provide the financial infrastructure to help their eCommerce and retail clients succeed. Both take advantage of their unique merchant data. At sticky.io, we've partnered with Square, allowing their customers to quickly and easily launch subscription programs to drive predictable and profitable recurring revenue streams.

More Contactless and Cardless Payments
(Really, This Time)

We've been hearing claims that the era of the card is over since Apple Pay launched years ago. But adoption lagged – especially in the U.S., where many large retailers were slow to implement EMV and contactless tech at the POS. But now things are looking up — and not just for Apple. Retailers and payment providers are introducing or further developing their own mobile payment apps – Walmart is one example.

Most of these alternate payment options are only supported through specific payment gateways. sticky.io's recurring billing platform supports all of the leading digital wallet providers, including PayPal, Apple Pay, Google Pay, Amazon Pay and Affirm.

The pandemic has brought uncertainty to many businesses, but at the same time, it has sparked innovation. Time to market is key, and that's where sticky.io is investing. Helping brands launch their DTC and subscription businesses with the flexibility to sell how their customers want to buy – and fast – is the future of digital commerce.

tipalti

CHEN AMIT

CEO and Co-Founder

PANDEMIC-PROOF FINANCE OPERATIONS ARE CLOUD-FIRST AND GLOBAL

Leaders in corporate finance face a choice right now: be on board with digital payments and commerce to keep business moving, or face the reckoning of being left behind. Digital-first pay-in and pay-out platforms have proven that they're lynchpins to keeping companies running in the realities of a remote, disparate workforce and unpredictable shifts in both revenue and supply chain payments. There are no more excuses for investing in a modern, viable FinTech stack. As 2020 has proven, the cloud has won, and is the only meaningful path for modern financial commerce and operations.

Once a business solves its digital transaction processing issues, they need to start considering how to efficiently and effectively go global. The world economy won't wait for the U.S. to recover. Unfortunately, the U.S. is lagging in getting itself healthy and getting back to business predictably and safely. But other countries have flattened the curve – and it's these countries that can make up for some of the shortfalls as both customers and suppliers. Going cross-border for goods and services will only improve the supply chain availability for the future. And it's no surprise that these transactions have to be digital for the sake of efficiency, fraud protection and auditability.

That's not to say there aren't still overall capacity and logistics issues affecting the global supply chain. Some suppliers can meet their needs, and some cannot. For businesses whose broader supplier community is mission-critical (gig economy, online marketplaces, ad tech, digital media and entertainment), a highly optimized approach to smooth supplier relationships, supplier management and digital onboarding processes is crucial. Those companies need to identify opportunities to retain reliable suppliers to keep their own machines running. Failing to do so increases the risk that goods and services will go to competitors.

As part of those supplier relationships, finance leaders need to realize that everyone is trying to maximize cash flow and extending payment terms. It's a situation that can cascade badly for the greater commerce ecosystem. Like gears turning without lubrication, they'll grind, burn and break. With the help of third-party lenders, businesses can utilize early payment tools to soften the blow on suppliers who are also struggling with those issues. And again, this can't be done manually. In order to scale across the supply chain, early payments have to be part of an integrated accounts payable process.

The positive news is that once you streamline and automate those processes, your company will be in incredible shape when the full recovery happens. While we've seen a slowdown in some sectors, we are basically maintaining our current runway of new customers that are looking to streamline their processes and scale their productivity. There is still business happening, but it's all being done in the cloud.

IN ORDER TO SCALE ACROSS THE SUPPLY CHAIN, **EARLY PAYMENTS** HAVE TO BE PART OF AN INTEGRATED ACCOUNTS PAYABLE PROCESS.

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ZAC COHEN

Chief Operating Officer

THE IRREVERSIBLE SHIFT TO DIGITAL AND ITS CONSEQUENCES FOR THE FUTURE

The COVID-19 pandemic has catapulted the world from "digital-first" to "digital-only" almost overnight, as people have reoriented all aspects of their lives, from work and shopping to socializing and leisure. In doing so, it has underlined how critical it is for businesses to stay ahead of the digital transformation curve.

One of the overarching traits of those brands that have managed to escape this crisis with both credibility and cash reserves intact is the ability to embrace innovation, and to prioritize customer experiences and build more personal, engaging and positive customer relationships.

As consumers, we have become accustomed to overnight delivery, click-and-collect services and online ordering from places that would otherwise have been in-location only, like boutique retailers and restaurants. All of this means the benchmark has been raised significantly – and in the post-pandemic world, businesses cannot afford to deliver anything less than a first-class digital experience for customers, which is both fast and secure.

But looking forward, eCommerce businesses now have an immense opportunity to win the customer experience by enhancing the account creation process. The directive is clear: Deliver an outstanding experience and protect customers at all times on all applications. This means collecting only necessary data and managing it in a secure and compliant way, guarding against identity theft.

Although we are still in the early stages of biometric-based identity proofing and authentication, it is this development that will make or break whether businesses hit this objective or not. This is because organizations will want to ensure that they have access to the broadest possible network with the most appropriate identity data points, based on the level of risk associated with the transaction or activity. These data points will include personal identification information, documents, bank information, behavioral patterns, fraud data, biometrics and more. This breadth and depth of information within a trusted and secure identity network will become the holy grail for companies as they optimize their identity assurance, customer experience and service delivery.

In an ever-more competitive digital economy, brands in all sectors will be tasked to work harder and invest more to attract and engage customers — both existing and new. Consumers want security when they're providing their identity data online, but don't believe that this protection should come at the expense of a first-rate customer experience. Real-time identity verification plays a crucial role in meeting customer demands for both security and speed when signing up for a new account. Those businesses that can onboard people in an optimized way will set themselves up to build strong relationships with their customers that will last a long time after COVID-19 passes.

IN AN EVER-MORE COMPETITIVE DIGITAL ECONOMY, BRANDS IN ALL SECTORS WILL BE TASKED TO **WORK HARDER AND INVEST MORE** TO ATTRACT AND ENGAGE CUSTOMERS — BOTH EXISTING AND NEW.

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VISA

KEVIN PHALEN

Global Head of
Visa Business Solutions

B2B PAYMENTS' PIVOT TO DIGITAL

The uncertainty that has rippled across the economic and public health spheres in the wake of the coronavirus has put pressure on companies to retool what they do and how they do it.

The paper check has defied the odds and has been a go-to B2B payment staple. Technologies come and go, and yet this way of making a payment has remained. However, the movement toward working from home has exposed the inefficiencies associated with paper checks in the B2B payments space. Banks were closed. Paper checks delivered to offices sat in unopened envelopes. Thus, the pivot to digital B2B payments became an immediate priority for businesses.

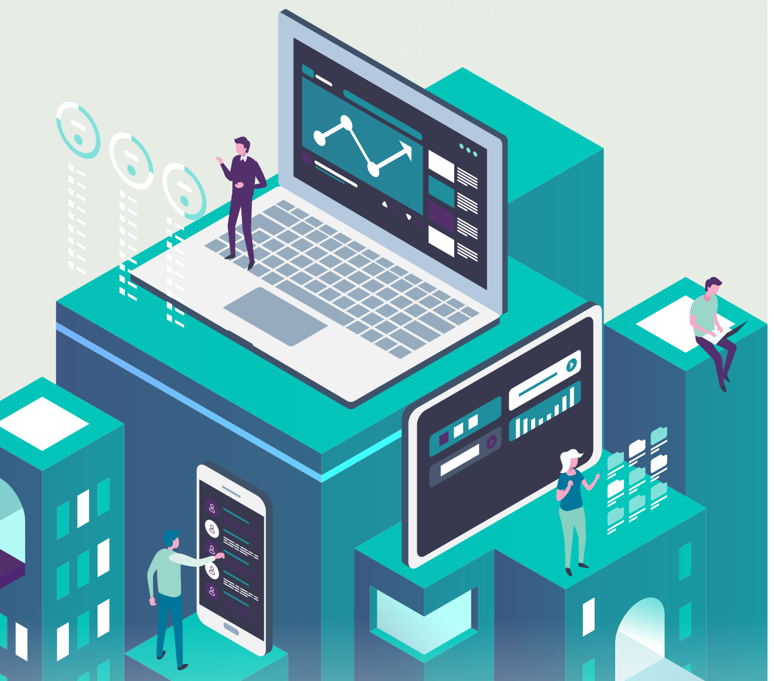
Today, visibility and speed of paying suppliers — and getting paid — are critical for businesses. To meet this need, the payments ecosystem is pivoting away from entrenched manual and paper-based processes. The stage was set for that pivot over the past few years. The trend of consumerization of B2B payments has familiarized individuals with the ease of making payments quickly and across a variety of form factors.

At Visa, together with our partners, we are working with our financial institution clients to deploy tools that help their corporate clients — from SMBs to multinational enterprises — access their funds and gain a better visibility into the overall payment process. That points to the immediate evolution of accounts payable — where digitization, end to end, will go a long way toward phasing out the check.

With such wide-scale digitization in place, all stakeholders in the B2B ecosystem can benefit. Suppliers want to know they are getting the full amounts they are owed — and on a particular date, with certainty. The enterprises making those payments want to have transparency, too, into their cash flow — which improves when not trying to guesstimate when a check is cashed.

Fundamental changes to the B2B payments landscape are taking place today, faster than ever before, helping the ecosystem eliminate inefficient B2B payments processes.

FUNDAMENTAL CHANGES TO THE B2B PAYMENTS LANDSCAPE ARE TAKING PLACE TODAY, **FASTER THAN EVER BEFORE,** HELPING THE ECOSYSTEM ELIMINATE INEFFICIENT B2B PAYMENTS PROCESSES.



SHELLY SWANBACK

President, Product and Platform

ADVANCING WITH COLLABORATION, COOPERATION AND INNOVATION

At Western Union, this crisis has reaffirmed what we have always valued: The work done at every level across the world economy is important and inextricably linked. If this pandemic has taught us anything, it is that no life or livelihood is expendable. The term "essential" took on new meaning as discussions moved from board rooms into Zoom rooms.

Western Union is already showing up differently in the market. In addition to serving our customers within our own ecosystem, we have opened our cross-border, cross-currency platform to enable third parties, including banks and other financial institutions (FIs), to tap into our cross-border platform to provide a seamless experience to their customers.

Market disruptions create business opportunities as well as risks. The crisis has further elevated digital transfers, and we are pleased that the digital strategy we accelerated has allowed us to facilitate that shift for our customers. However, the world is much bigger than only developed markets where digital payments are increasing. There are many economies still heavily reliant on cash, and it is important that we serve consumer and business needs in this significant part of the global economy.

Our business trends show that the flow of money and payments between individuals continues due to their essential nature in keeping economies going. Digital solutions for sending money have seen growth accelerate during the COVID-19 pandemic, with many new digital consumers likely to shift permanently. Digitization has helped support remittance market continuity in the face of reduced mobility. We also believe money transfers relying on informal or unregulated routes are converting to formal money transfers, and may even help stabilize the market as travel restrictions likely remain.

Consumers are highly motivated to support families and loved ones, and are typically resilient in their efforts to do so. Money transfers for savings and investments have experienced pullback as the need to support essential living costs takes priority. Concurrently, our business customers continue to keep ahead of market vagaries while keeping up with the changing market landscape.

As we talk about what "recovery" might resemble or what version of "normal" we'll go back to or move toward, it becomes clear that our purpose and values will ultimately shape this chapter's outcome in our collective history.

Western Union is moving forward with a mindset grounded in collaboration, cooperation and innovation. We continue to place a high premium on connecting people, communities and businesses — so that the global economy creates more opportunities and leads to more inclusive societies, despite the rhetoric of slowing globalization.

Trust is paramount for customers and clients when dealing with financial flows. Now more than ever, it is a particularly important time to listen. Listening helps us understand all the factors that influence decisions — today, tomorrow and also for the future. It enables the translation of this intelligence into real solutions that serve current or evolving needs, whether servicing them through digital or physical channels.

LISTENING HELPS US UNDERSTAND ALL THE FACTORS THAT INFLUENCE DECISIONS — TODAY, TOMORROW AND ALSO FOR THE FUTURE.

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