

A LOOK FORWARD

What Executives Wish

for America And the World In 2021

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What Executives Wish for America And the World In 2021

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It started with a simple premise. PYMNTS asked a cross-section of the companies we work with to give us their take on their wishes for the world as we approach 2021. In addition, we wanted to know how these companies and executives were planning for a new era when businesses and the economy start to bounce back.

Lest anyone think the responses were predictable and safe, think again. What we heard from this group was inspiring, hopeful and promising. It's not just the potential end of the pandemic that created this output. It was the sum total of a year that was part tragic, part dramatic and all exceptional as the digital-first economy galloped toward its fulfillment and arguably saved

the overall economic picture from looking a lot worse than it did. As one executive writing for this project put it, 2020 represented "innovation under adversity."

It's almost impossible not to look back at 2020 when considering 2021, and every company has its story to tell. But the project was about the

business dynamics that will define the year. A few themes stood out from the companies and executives that submitted responses to our request. The first was the move from digital transformation to digital acceleration. Companies are not going to be satisfied with the progress made during 2020's digital transformation. They will continue to push the issue, taking accelerated business models like buy now, pay later into the new year, and doubling down on innovations that will serve the consumer's wish to keep their hands off everything from cards to packages.

The second trend that stood out from these responses is collaboration. Yes

there's an old school way of looking at the current digital payments landscape. But these responses indicate that the legacy world of financial services will move closer to the new school of FinTechs and APIs during 2021. And the world of exclusive access to financial products will meet the new world of inclusion. Readers will learn about the technologies that make companies hopeful in 2021, but they will also be surprised to see more intangible elements. Some words that appear often in this collection: agility, opportunity, resilience, adaptability and yes, unpredictability. All of these will be essential ingredients in continuing to connect to consumers to commerce and each other in the new year.

INNOVATION WILL **ACCELERATE THE DIGITAL ECONOMY** IN 2021

DEBBIE GUERRA

Executive vice president of merchant payments
and payments intelligence solutions

Looking ahead to 2021, I believe that secure digital transformation will remain a priority globally as individuals, businesses and economies begin to bounce back from the events that have so challenged us all in 2020.

A Year of Innovation in the Face of Adversity

Digital and omnichannel consumer journeys have accelerated during 2020, as click and collect, buy online pick up in-store (BOPIS), and contactless payments and touch-free shopping have all seen an enormous boost this year.



Payments technology has been a critical enabler for these in-demand services, and that will be the case as we see the digital shift continue into next year and beyond.

Increasingly, real-time payments and the use of diverse new payment methods are gaining traction — responding to both merchant and consumer preferences, while at the same time challenging the traditional value chain that characterizes the payments ecosystem.

Even eCommerce merchants (who are, by nature, more digitally enabled) are increasingly adapting their business models to evolve to new consumer demands. To remain relevant in the future, brick-and-mortar retailers in particular must

respond to the pace of change and embrace the new expectations and needs of their customers.

As economic uncertainty still persists, the reliance on new forms of credit is also expanding globally, as “buy now, pay later” schemes, subscriptions and installment payment options are becoming increasingly mainstream. Consumers have choice. They are making their voices heard. They engage with companies that listen. While generational differences in buying behaviors clearly exist, those gaps are narrowing. I hope and trust that consumers will continue to use their voices, and that merchants will continue to listen, adapt and innovate in an effort to become even more customer-centric.

Challenges and Opportunities Ahead in 2021

Merchants are expected to deliver enhanced consumer experiences while balancing data protection and fraud prevention across all channels. This is one of the biggest ongoing challenges they face, and merchants will need the right tools in place to get that balance right. For example, universal omni-tokens are a powerful ally in this area, since they enable merchants to securely and confidently create unique customer payment experiences.

2021 is likely to be the year when omnicommerce moves from hype to reality. Whether it’s a grocery store, drugstore, fuel company, convenience store, telco or a general

retailer, every organization has evolving needs that omnicommerce solutions will need to rapidly address. Even after the pandemic subsides, the digital acceleration we experienced in 2020 will not — it is here to stay.

At ACI, we are excited about the rapidly evolving payments landscape and the opportunities it affords. We are optimistic that 2021 will deliver a safer work environment, healthier families and new opportunities for social engagement and commerce. We stand ready to embrace the new normal, and to provide consumers, merchants, intermediaries and financial institutions with the necessary solutions they need to respond to these challenges.



2021: A BRIGHT FUTURE FOR PAYMENTS

MANISH GURUKULA
CEO

A common refrain from many people is: “I can’t wait for this year to end!” Looking back, there were plenty of reasons to impatiently wish for 2020 to end and rush into 2021. However, I am thankful for being in the payments space, which was a bright spot in many ways in an otherwise dreadful year.

The behavioral changes that were necessitated by the global pandemic will have lasting impacts on the payments space, and in a positive way. The rapid spike in the adoption of contactless payments was driven by businesses looking to



MANISH
GURUKULA

Alacriti

reopen and serve customers safely without putting them at risk. This concern for lowering the risk for shoppers shifted into an increase in blended experiences like buy online, pick up in person. The continuing adoption of online shopping has also grown the market for buy now, pay later (BNPL) options, which many see as a flexible option for consumers during the difficult times many are facing today. These are all positive evolutions, even in the worst months of 2020.

Arguably the greatest evolution has been with real-time payments. The Clearing House’s RTP® network is moving closer to its goal of ubiquity with their announcement in

September that financial institutions that hold 70 percent of demand deposit accounts have access to real-time payment capabilities via FinTechs connected to the network. Also, Nacha’s upcoming expansion of Same Day ACH — expanding their availability by two hours — will mean that more accelerated payments will enter the ecosystem in 2021. Consumer demand for faster payments is also increasing. A recent survey that PYMNTS conducted showed that 30 percent of consumers consider access to real-time payments a key factor when selecting a financial institution. That shouldn’t be a surprise as the benefits to consumers are significant: immediate payroll,

immediate payments for workers in the gig economy, instant payouts for insurance claims, etc. The U.S. has been behind much of the world in real-time payments adoption, so I’m happy to see us catching up.

My hope is that businesses have a 2021 New Year resolution to further lean into these changes that started to accelerate in 2020 and make them new standards for consumer experiences. As the world moves back into “normal times,” we should continue to build on those innovations — with a focus on making the payment seamless and instant in those experiences.

“ THE BEHAVIORAL CHANGES THAT WERE NECESSITATED BY THE GLOBAL PANDEMIC WILL HAVE LASTING IMPACTS ON THE PAYMENTS SPACE, AND IN A POSITIVE WAY. ”

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

2020: **BETTER CONNECTED** THROUGH REFLECTION AND FOCUS

TALBOTT ROCHE
CEO

As the months of sheltering in place continue, many of us have wondered about how to maintain — or even build on — our most important connections. Surprisingly, physical distancing may actually help us to become better connected, providing room for reflection, focus and ultimately, more meaningful connections. It has been fascinating to see how the payments industry has leaned in, helping to make these connections possible in new ways.



This year has compelled many of us to realize the true importance of community. The lack of in-person interaction, while witnessing the devastating impact of the pandemic, has inspired many to support and strengthen ties to our communities — and payments have been an important mechanism. Digital and prepaid payments have sped relief pay to those who need it most. According to our research, 38 percent of respondents have used gift cards or eGifts for some kind of charitable action since the COVID crisis began.¹

Apart from charitable activations, a digital payments revolution has

been accelerated — as consumers increasingly shop online, order ahead or opt for “touchless” payment options. Looking ahead, the industry has an opportunity to build on this momentum. New digital payment solutions like eGift and QR codes can deepen connections between brands and consumers, while supporting new curbside and order ahead shopping experiences. These innovations will persist long after the pandemic is over.

Going forward, it won't be enough for mobile wallets to merely store debit or credit card payment credentials. From cash to rewards and gift cards,

mobile wallets must transition to support all forms of tender and buying experiences. Retailers and consumers are looking to seamlessly earn and spend points, rewards and gift cards across an omnichannel shopping experience. We must also bridge the gap between cash and digital payments for underbanked, unbanked and cash-preferring customers. I see the payments industry being well-poised to build better connections between consumers and businesses.

Though we're not physically together, we're all in this together. This year, we have traded in-person

meetings, lunches and business trips for conference calls and Zoom meetings. Sequestered to our homes, we have been forced to more deeply consider with whom we need to interact, in many cases, leading to deeper relationships with those most important to our work and our life. Similarly, the payments industry is at that breaking point of clarity. The payment solutions that will rise to the top in 2021 and beyond will be those that meaningfully connect consumers and brands. My goal for Blackhawk Network and my challenge to the industry is simple: use payments to forge better connections.

¹ The “Paying for Things and Giving Gifts During a Crisis” report is based on the findings of an internet-based survey conducted by SurveyMonkey on behalf of Blackhawk Network on March 31, 2020. The sample size included 1,067 respondents ages 18+.

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WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

MASTERCARD: **BUILDING AN INCLUSIVE ECONOMY**

SUDHIR JHA

Mastercard senior vice president and head of Brighterion

2 020 has been a very interesting year. For the first time in my life, we've had so many changes and big events at the same time. But I remain optimistic.

I'm hoping that commerce and financial institutions (FIs) continue to think of this as a chance to build communities and grow the economy in ways that are future-looking, such as finding businesses that can be funded to come back to life.

SUDHIR
JHA



“WHILE THERE HAS BEEN A MASSIVE SHIFT TO DIGITAL PAYMENTS THIS YEAR, **CLOSE TO 50 MILLION PEOPLE IN THE U.S. REMAIN UNDERBANKED.**”

At Mastercard, we committed \$250 million over five years to support small businesses around the world and \$8 million to U.S. community development FIs to digitize loan processes and ensure capital flows securely to underserved businesses.

My wish is not only do we get people back in the system, but also get people into the system who were not there before. We've launched innovative programs in more than 125 countries, successfully bringing 500 million previously unbanked individuals into the formal economy. Our goal is to reach 1 billion by 2025.

While there has been a massive shift to digital payments this year, close to 50 million people in the U.S. remain underbanked. We're working with 200-plus cities across the U.S. to enable digital financial aid disbursements, provide data science expertise to enable channel investments for underserved communities, provide cybersecurity and fraud assistance, and increase access to vital city programs.

It is both interesting and enlightening to see so many good things happening during such a turbulent time. That makes me hopeful for the future.

ALSO LOOK FORWARD
WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

PAYMENTS CAN BE THE **'DIGITAL GLUE'** FOR RETAILERS

CHUCK HUANG
Founder and CEO

2 020 will be remembered by most as a year of trial. But we at Citcon believe it will also be marked as the year that prompted stunning innovation across industries.

Merchants that had focused on getting customers to increase time in stores switched to efforts to decrease time in stores, with digital payments playing a key role. At the same time, familiarity with digital created by these merchant efforts drove eCommerce penetration. Some measures suggest



we saw three to five years' worth of eCommerce growth in seven months.

This positions global consumer marketplaces for a dramatic shift. Demographics that avoided eCommerce channels are there now and will continue to be so. Omnichannel is no longer a buzz term but a survival requirement for the industry. Even small companies with little to no previous digital connection with their customers have suddenly become digitally dependent, with COVID having thrust them into the world of QR-based menus.

We believe these changes are lasting. While some small companies will use omnichannel facilitators, like the DoorDashes of the world, to connect to their customers online, costs and lower profitability will drive many of them to look to create a digital glue between the customer in the store and their life outside it.

That digital glue is payments. Progressive retailers have paved the way for this with email collection at registers, enabling them to connect their customers' behavior in-store with them online. This helps decrease the cost to market to customers, improving profitability and giving brick-and-mortar shops an asset online.

But this is not just a marketing strategy, it's also an insight engine when used well. A customer in a store can be sampled upon payment by surveys in email receipts, providing continuous feedback that drives loyalty.

As the payment digital glue increases in criticality, driving penetration of digital payments for retailers will become more essential. Missing out on young people who don't have credit cards doesn't just mean having to bear the handling cost of cash transactions. It also means losing a potent lifelong connection with the young person online. Retailers who offer payments that these young people are familiar with won't just

win their loyalty in-store, but online as well.

All of this is on top of the enhanced safety driven by contactless payment. While COVID may have been a once-in-a-lifetime event, the thought that it may come again will leave biological antifragility an enterprise concern for years to come.

The antifragility will be facilitated by payments across the full enterprise in multiple ways, making consumers and businesses less likely to see a COVID-like economic devastation ever again. And that is something every executive should look forward to.

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

HOW 2020'S CHALLENGES HAVE HIGHLIGHTED **THE WORLD'S RESILIENCE**

MANISH KOHLI

Global head of payments and receivables

C OVID-19 has been an extraordinary test for governments, financial market infrastructures, banks, corporates and consumers around the world. While all prudent organizations have business continuity plans to enable them to function following unexpected events, few anticipated the potential scale of the pandemic or the far-reaching consequences it would have on companies' supply chains, factories, offices and customers.



Now, with the benefit of nine months' hindsight, it is worth reflecting on how the world quickly adapted to this unprecedented event. Governments, banks and companies around the world sprang into action almost overnight with the introduction of stimulus measures, lockdowns and remote working contingencies. The world's resilience has been impressive.

That resilience has two components. First is the strength of the connection and bonds that unite us across communities, countries, companies and business relationships. The willingness of people to go the extra mile to support those they care about has been edifying. At Citi, we are proud to have played our part, helping clients

achieve their objectives, safeguard their employees and protect their businesses in some of the toughest times we have ever seen.

The second component is technology, which has been critical to addressing our challenges. Numerous developments that were previously underway — most notably the shift of our business and personal lives online — have dramatically accelerated. At Citi, our consistent investment in digitization and robust infrastructures has been invaluable in enabling our clients to switch to remote working with minimal to no disruption, and to help achieve visibility and control across their payments, collections and other treasury functions.

For 2021, as an industry we must hope for the best while preparing for the worst. We will continue to enhance our resilience and prepare for a range of scenarios. With luck, this same level of resilience won't be actively required.

As we transition to a new year and a new environment, where the rollout of vaccinations globally begins to create a prospect of some stability, we must draw on the lessons of 2020 to build a more productive and prosperous world. No one underestimates the scale of the challenges we still face. But there is the potential for strong growth following the shock of COVID-19 and the firepower stimuli unleashed by governments and central banks

around the world to combat its economic impact.

Moreover, as companies pivot to growth, they must harness the "can-do" spirit that defined 2020 and adopt a more open mindset and new digital tools for a post-pandemic world. At Citi, we can help clients adapt rapidly to this evolving environment because of our robust digital capabilities, capacity to innovate and global footprint. Whether implementing digital collections, enabling cross-border receivables or facilitating cross-border instant payments, our vision is always to deliver simple, global and digital solutions to our clients. That vision is more important than ever as we all work toward the common goal of driving economic growth.

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WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

PAYMENTS: GETTING BACK TO NORMAL IS NOT GOOD ENOUGH

DAVID DISQUE
President

Corporate Spending Innovations (CSI), like many other businesses, witnessed the substantial impact the pandemic had on industries across the globe, such as travel, hospitality and many others. We looked at the challenges from a financial and payments perspective and worked with our customers to assist them with the overnight change of working from remote environments.



There were invoices and checks going to empty offices and accounts payable departments that were forced to send staff into the office to keep day-to-day operations up and running. CFOs became painfully aware that digitizing AP, especially payments, was an initiative that should have been implemented years ago. They faced critical challenges, including damage to their supplier relationships due to late payments and cash flow shortages.

If you look for a silver lining in the global pandemic we faced in 2020, we saw families and friends grow closer and not take each other for granted. In some ways, our very existence relied heavily on digital connections for our work and

personal life. As consumers, we are all connected to family and friends through the internet, smartphones and online meetings. What CSI would like to see for America, and for the world in 2021, is for businesses to reach the same level of B2B payment digitization to survive and thrive in 2021 and beyond.

We believe that more and more businesses will discover that payments automation is no longer a nice-to-have, but a must-have, and that companies worldwide will embrace technology and innovation as the payments ecosystem evolves to meet the changing landscape of digital business. Most companies are driven by the challenges experienced over the last eight months. We all

need to be prepared for what is coming next. With innovations like cloud-based payments workflow, automated and integrated AP, robotic process automation, straight-through processing, artificial intelligence and advanced data analytics, we believe that AP departments will become truly touchless environments.

As the B2B payments market reinvents itself through advanced technologies, we will see more collaboration where there once was competition. Banks, networks and FinTechs will continue to strengthen their partnerships to explore the power and business value of electronic automation. We will focus on helping businesses of all sizes and in all industries to

achieve greater efficiencies, reduce costs, increase security and find new sources of revenue through payments automation.

Finally, it is our belief that AP departments will expand beyond tactical execution centers and transform into profit centers — and that innovation, technology and automation will reach new heights to take us to the next generation of digital business.

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WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

TECHNOLOGY AND COLLABORATION WILL BE KEY IN 2021

CARLEIGH JAQUES
General manager for Cybersource and Authorize.Net

2 020 was, without a doubt, the most challenging year ever; not only personally, but as a leader. As leaders, we are tuned to making data-based decisions and we always have unknowns, but we like the ratio between known/unknown to be the proverbial 80/20 or better. This year flipped all that on its head: 80 percent unknown/20 percent “sort of known.” And the unknowns spanned the future of commerce, business model viability, social and economic access, equity issues and community health, among others. It was frustrating, maddening, emotionally draining and exhausting. But it also



brought out incredible mobilization, creativity and generosity — which was the inspiring antidote we all have needed.

Within payments, we saw tremendous agility, activation and creativity. We saw how vitally important going digital is to payments, commerce and life as a whole. While we were already well on the path toward contactless payments and truly integrated digital commerce channels — where the lines between physical and digital would overlap, if not blur — the need for physical distancing, fewer physical touchpoints and online options greatly accelerated that path. Visa, Cybersource and a plethora of other technology providers are now speedily innovating to make sure that anyone, anywhere, can pay for anything digitally. And rather than providers or merchants having to “steer” consumers in this direction, consumers lead the way with

profound demand and overnight behavioral shifts.

As we begin 2021, I have three wishes for everyone.

One, that we continue to use technology to our advantage. Technology is powering our increasingly digital world to make life easier and more accessible to all.

Two, that we collaborate more within the payments industry and with others in the greater commerce ecosphere. If there’s one thing we have seen this year, it’s that collaboration is key to our survival. We saw monumental examples in the scientific community where researchers worked together to bring vaccine options to fruition in record time, and within the medical community where staff from some hospitals volunteered to help staff at other hospitals who had been hit harder. We also saw communities coming together to effect real change

in response to the racial inequities that continue to be a problem and rally around our local small businesses who needed support now more than ever. It’s no secret that when people come together, great things happen. Really, flexible technology (going back to my first wish) helped enable much of that collaboration whether in science, medicine, community engagement or commerce.

And three, I hope we collectively never take for granted how many players there are in the global economy and how vital each one of them is — particularly our small businesses. They aren’t just commerce engines, they are the lifeblood of our communities. I think it means a lot to each of us to walk down the street with our friends and families and have real social engagement with our communities. Saying “hello” to the dry cleaner or “cheers” to the owner of the pizzeria, matters. And small and medium-

sized businesses (SMBs) provide a huge number of critical jobs. From the supply chains, to the delivery drivers, to the essential employees stocking shelves, fulfilling orders and ringing you up, everyone is equally necessary. We saw how the global shutdowns impacted inventories and scarcity. We saw how delivery drivers of all kinds — commercial and gig economy — kept the wheels turning even when they threatened to grind to a halt. After this year, I hope we realize how essential everyone already was and that people are the key ingredient to our success.

As the economy continues to bounce back and we look to the future of how business is done, I truly feel that it will take this healthy combination of people, inclusive collaboration, and technology to get back to where we were and beyond.

2021: THE POSITIVE IMPACT OF PAYMENTS

MATT CARPENTER

Senior vice president, market director, Elan Financial Services

The COVID-19 pandemic has drastically changed the world, our lives and our businesses — possibly forever. For the last nine months, many of us have been learning how to work remotely, communicate remotely, learn remotely, socialize remotely and more. In the midst of these struggles, the payments industry has risen to the occasion and innovated to become an even more integral part of the economy and people's lives.

Throughout the pandemic, payments have been an invaluable tool to connect, support and enact change. Whether through



digital payments for grocery runs or donations to local and national causes, consumers have embraced payments as a tool to support their day-to-day goals.

As we enter 2021, it is my wish that we continue to embrace payments as a powerful tool we will use to create the new reality we will see post-pandemic, as our communities recover and prepare for what's next.

At Elan Financial Services, this means we need to continue to think about how to engage our partners within today's reality and how to help those partners serve their customers in new ways. We need to be ever mindful of constituents facing different struggles or seeking new opportunities. And, as normalcy starts to reemerge, we need to be ready to help our partners best serve

their customers in innovative ways through payments.

We've worked hard to enable consumers to adopt contactless payments in a seamless manner. The pandemic has generated a surge in mobile wallet usage so that payments can be made without ever touching a card. As a result of this groundswell, we've focused a great deal of our attention on the ability to instantly provision new and existing card credentials into digital wallets. Additionally, new and reissued cards are being delivered with contactless technology.

When the pandemic forced consumers online, the fraudsters followed suit, and we are committed to protecting our partners' cardmembers in this digital space. Investments in artificial intelligence

(AI) and machine learning became critical. From real-time identity proofing and credit line access strategies to online card transaction protections and safer online payment options, Elan provides layers of security so cardmembers can use their cards with far greater confidence.

Financial institutions are also learning that their digital strategies must deliver the same level of service excellence that a customer might expect in a branch. As such, Elan has focused its development pipeline to prioritize and invest in technologies that allow customers to be more self-reliant. This focus includes new do-it-yourself (DIY) servicing capabilities, including enhanced functionality to facilitate payments, report suspected fraud and send reminders when accounts

are past-due. We also now offer authentication mechanisms coupled with DIY assistance tools for making account changes.

Elan will continue to develop differentiated expertise and talents that will help us support our partners' needs. In 2021, I hope we see continued significant innovation around new ways to help consumers and small businesses rebuild their financial stability and conduct their day-to-day lives. I think any hope of returning to previous norms will quickly pass, as a further heightened level of innovation and change will become the standard as we move forward in the 21st century.

Wishes to all for a safe holiday season and a positive outlook heading into 2021.

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

ENGAGING CUSTOMERS WHEREVER THEY MAY BE

ROYAL COLE

Senior vice president, head of FI payments

When asked to reflect on the year that was 2020, I couldn't help but think of the messaging that FIS and other organizations published in late 2019. Inspiring slogans and taglines such as "Forging into the New Decade!" or "Catapulting into the New Roaring 20s" seemed to be everywhere. Then we were all introduced to COVID-19, which has affected just about every single person, industry and business on Earth. Organizations have been forced to adapt and change in almost every way. For example, FIS, like many companies, had to take on the challenge of moving

a global workforce to work from home in a matter of days in order to keep processing transactions and powering the financial ecosystem.

Despite these turbulent times, organizations have kept to their 2019 messaging. This year has spawned innovation and creativity that has not been seen for some time. Financial institutions are now offering and accepting close to every form of payment type, from person-to-person payments to real-time payments. These types of solutions have gone from an upcoming convenience to an absolute necessity to face the new normal.

Earning and retaining consumer loyalty requires engaging digital

experiences that serve customer needs for safety, reliability, service and overall experience. That means meeting customers and engaging them on their terms, where they are, when they need you. Omnichannel payment solutions of the future will need to be built for maximum flexibility within existing channels, with an emphasis on digital-first and, when needed, digital-only. Some organizations have even gone so far as to revamp their entire loyalty programs in order to offer consumers rewards that are customized to fit what they need. In some cases, this has allowed individuals to use their loyalty points as actual currency to buy essentials at a time when we all may be watching our spending very closely.

With all that being said, my hope for 2021 is that we can get back to seeing the faces of our family, friends and colleagues safely. The ability to build relationships with face-to-face contact will not only improve people’s headspace, but will help with business-related activities as well.

It cannot be said enough how proud and thankful I am for how each of us has been able to overcome the many challenges of the past year — and to have done all of it virtually. I look forward to building and improving relationships in 2021 so that we may capitalize on the innovations that have come as a result of this past year.

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 PAYMENT
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 ”

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

EMBEDDED BANKING

WILL POSITION BUSINESSES TO THRIVE POST-PANDEMIC

LISA SHIELDS
Founder and CEO

My wish for 2021 is that as small businesses across the country emerge from the ruin of 2020 and reopen their doors, they can fully participate in sophisticated global supply chains and act as local point-of-service distribution centers.

My hope is that banks, payments providers, and FinTech companies will be able to collaborate to launch the services and solutions that can remove the technical burden for business users and eliminate the need for them to become



INITIATIVES LIKE OPEN BANKING **CAN HELP UNLOCK FINANCIAL DATA FOR SMALL BUSINESSES** AND LET THEM SHARE IT WITH MANY POTENTIAL LENDERS.

payments experts, allowing them to focus on growing their business.

The groundwork has been laid to make finance embedded in a more standardized way. Initiatives like open banking can help unlock financial data for small businesses and let them share it with many potential lenders. Some small businesses have been left out of relief programs, and have felt the burn, or even been forced to shutter. This may have happened because they don't meet the requirements or because banks refused them based on standard pre-pandemic criteria. Part of the reason some tech companies (such as Amazon and Shopify) have gone into small business lending is that

they hold cash flow and accounts receivable data for their customers that allow them to underwrite efficiently. But banks hold vastly more raw data. By partnering with FinTechs and payments companies in 2021, this raw data can be contextualized to bring underwriting efficiency to more categories of Main Street businesses.

Even brick-and-mortar small businesses have transitioned in the last year to online order acceptance, cloud procurement and cloud accounting. Facilitating digital invoice exchange between global buyers and small business suppliers or integrating SMB foreign exchange and contract financing services are

examples of massive opportunities for payments providers in 2021 that are ready for the taking. By connecting the tools and services that small businesses use with electronic payments rails, digital B2B commerce can become an invisible and ubiquitous part of daily life on Main Street.

At FISPAN we are very bullish on the future and the role that banks can play by connecting their products and services to the business applications used by their clients. By starting to make banking and commerce embedded in a democratized way, businesses will be positioned to thrive, which will in turn enable communities to thrive.

LOOK FORWARD
WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

I WISH FOR **EMBEDDED PAYMENTS** TO BECOME UBIQUITOUS IN 2021

RYAN FRERE

Executive vice president and general manager, B2B

Payments have typically been the exclusive domain of banks, card issuers and FinTechs — distinct from a product or service offering and usually requiring distinct motions for both the buyer and seller to complete a transaction. But that is changing — slowly but surely.

We are seeing payments become an inextricable and largely invisible part of customers' experiences with different product or service providers. Payment capabilities and related financial services are increasingly being embedded into software that

The Flywire logo, consisting of the word "flywire" in a lowercase, sans-serif font, is positioned inside a white circular graphic.

enables both buyers and sellers to minimize friction at the point of sale, enhance engagement and drive higher margins.

Ridesharing is an example we all know well. The payment process is woven entirely into the service via software. There is no need to fumble with cash or hand a payment card to the driver — it happens automatically. Apple iTunes is another. Virtually all cloud-based subscription services use some form of embedded finance. There is no separate payment motion involved to utilize the service.

Most of the examples we know of today are on the B2C side. That's no surprise, given the pace of innovation in B2C versus B2B payments over the years. But the pandemic has changed that, creating

an unprecedented urgency around digitizing B2B payments. I hope we can leverage that urgency to prioritize a lot more examples of embedded finance on the B2B side in 2021.

To get there will require solutions that integrate directly into an organization's existing AP and AR workflows, whether that means connecting to the business' ERP system or streamlining processes and complexities with global FX, reconciliation and cash flow management. It doesn't have to be complicated, though. It's really more of an easy-to-access payment service via APIs than a new piece of enterprise software.

We already have good examples of embedded B2B finance to go by in manufacturing, technology and professional services:

- A limited number of firms are using embedded payments to streamline the international invoicing and AR processes with their customers. This enables overseas customers to be invoiced and to pay in their local currency while allowing the biller to reconcile those receivables in its financial system of record and currency. This simplifies a typically complex, costly and slow process for both parties.
- B2B sellers are also using analytics and artificial intelligence (AI) to automate the offer of flexible credit terms to business customers at the point of sale, reducing risk for the merchant and increasing the consumer's buying power. This eliminates a multi-step process that often has negative effects for both the buyer and seller.
- For many travel businesses, such as agencies, tour operators or destination management companies, approximately 80 percent of the monies they take in from their clients have to be distributed to multiple parties involved in delivering the travel experience. Some are using embedded finance via a preferred payment channel to streamline this process, manage currency risks and provide better visibility from end to end.

Over time, as FinTech continues to be embedded into financial and increasingly non-financial products, it will become a less and less visible element that will add an increasingly critical level of value to both sides of the B2B relationship.

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

FORGET SPACE — 2021 IS **A DIGITAL ODYSSEY**

DAVID BRIGGS
Founder and CEO

From a business and consumer perspective, 2020 has been both intensely transformative and cripplingly recessive. There have been mighty winners, but also horrific declines. Although travel has been the poster child for COVID's negative impact on commerce, cash has also been deleted from many aspects of daily life in Europe and North America.

2021 will therefore be an interesting recovery story as some of COVID's business victims, such as travel, rebound at a ferocious pace, while others never do.

A professional headshot of David Briggs, a middle-aged man with short brown hair and blue eyes, smiling. He is wearing a dark suit jacket, a white dress shirt, and a dark tie. The background is a plain, light color.

DAVID BRIGGS

The GeoGuard logo, which consists of the word "GEOGUARD" in a blue, sans-serif font, centered within a white circle.

GEOGUARD

The Reign of Cash Is Over: Digital Is King

Cash is sure to be one of COVID’s victims that never recovers. Many retailers will never remove their “CASH NOT ACCEPTED” signs, and consumers, led by the youngest, will abandon the practice of carrying paper currency in a wallet.

What will this mean for the payments and commerce sectors, and how will it impact our focus as we all recalibrate for the new world order? For some startups and challengers, this change will accelerate their rollout and drive the innovation they have been advocating for years. For others who are slower to adapt or more oriented toward the old-world order (ATM manufacturers, for example), the post-COVID world will be brutal.

Digital-First Will Be First

From the area we know best, iGaming, this dichotomy of winners and losers has been clear. Land-based gaming and its long reliance on cash and in-person visitation (mostly from older demographics) has been nearly obliterated in some places, and the fear is that a large portion of these establishments will never reopen.

Those savvy digital-first operators, led by DraftKings, have soared and are set to ride the updrafts of the extreme channel shift that COVID has prompted.

These companies saw extraordinary growth, and that looks set to continue, even after the world settles down to “normal.” Scaling these organizations (and the likes of ours

that support them) is a tremendous challenge, and most of 2021 will simply be holding on through hyper-growth. Compared to being on the wrong side of COVID’s impacts, this is a good problem to have, but not one to be underestimated, nonetheless.

New Kids on the Block vs The Empire: A Battle for Dominance

Competitive pressures are sure to change as the dust settles and consensus is reached that the “new kids on the block” who have rocketed to pre-eminence in 2020 are no longer niche/early-adopter players, but now the mass-market category killers. The empire(s) will strike back for sure, as those once-dominant players that still have firepower make a final effort to wrest control of the

future from the canny upstarts who stole the lead during lockdown.

And consumers will, I am sure, just be happy to have some options on the table again — to travel, to visit land-based merchants and yes, even have the exotic thrill of paying for something in cash again.

However, once the nostalgia of old-school 2019 life is over and we are in late 2021, the future will be irreversibly digital.



IT'S TIME TO FIGHT BACK

MELISSA TOWNSLEY-SOLIS
Head of GIACT

Fraud was red-hot in 2020. Its impact was felt by consumers and businesses alike, compounding an already precarious financial outlook.

Fraudsters targeted consumers when they were most vulnerable — as they struggled to keep their jobs and families healthy. According to the FTC, Americans issued over 200,000 complaints and lost more than \$145 million in COVID-related scams alone.



Businesses also increasingly found themselves the target of highly sophisticated fraud schemes. Particularly stunning this year was the volume of business email compromise (BEC) attacks, which, according to the FBI, is already a \$2 billion-a-year business.

Well-funded and organized fraud operations, meanwhile, continued to amass more capital, manpower and technology.

It's time to fight back.

Businesses across the U.S. have already begun to pick up the mantle, recognizing the severe financial damage that can result from fraud.

What's more, businesses have also begun to experience whiplash for not prioritizing the security of their customers. For example, we sponsored a study, developed by Javelin Strategy & Research, that found that "over 60 percent of fraud is self-identified by consumers using various monitoring techniques."

That's a recipe for negative reviews and frustrated feedback on social media.

For the benefit of these businesses, my hope is that they recognize that they can no longer afford to continue operating at the status quo. Even as we exit the nightmare of COVID and look forward to brighter days ahead, it's more important than ever for businesses to take a comprehensive

approach to their fraud prevention strategies.

My hope is that small businesses, which make up the backbone of our economy, hear this message as well. And that they fight back, too. It's important for everyone that Main Street gets back on its feet.

The approach to fraud in 2021 should be one that looks at holistic solutions and considers every step of the customer lifecycle. Too often, businesses put up a patchwork of solutions, adding them piecemeal as issues arise, like plugging leaks in a boat in the middle of the ocean. Fraudsters are sure to take advantage of that mindset, scoring big as they find vulnerabilities and leaving businesses to founder.

2020 was a tough enough year already. As a nation, we experienced loss and hardship. Good people lost their jobs. Contracts with vendors ran dry. It should be a reminder to take nothing for granted.

Here at GIACT, we plan to continue doing what we've been doing every day for the past 16 years: to innovate, to fight and to stay a step ahead of fraud. 2021 will be a particularly strong year as we look to integrate new data assets, product sets and areas of expertise from our position as a Refinitiv company. We know that in the year ahead, fraud networks will not give up the fight. And neither will we.

ALSO LOOK FORWARD

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

EMBRACING CONNECTEDNESS AND UNPREDICTABILITY

AMIR WAIN
Founder and CEO

My foremost wish for the world as we approach 2021 would be a heightened realization for how truly interconnected we all are, and a greater appreciation for unpredictability and the wisdom of preparing —not just now while the loss is fresh in our minds, but also as a way of carrying ourselves moving forward.

As far as payments are concerned, I think the world witnessed the case for why they need to be electronic and digital, and why the systems on which they rest need to be more



agile and better prepared for the unpredictable.

The fact is that the future of payments is not predictable, and the events of 2020 may well be an indication of how we ought to be planning for the future. I'm reminded of how logical a choice insurance is after a disaster, and how easy it is to see as an added expense before one occurs.

In my own case, one might say I've taken unpredictability as a given. "Relentless preparedness," as a colleague put it, has served our company well. Dealing with a lot of abstraction and contemplating a lot of contingencies is not easy. It takes

much time and overhead to build agility and reliability into systems, but it's encouraging to know that embracing such an approach and making it part of our foundational organizational and technical structure made a difference in people's lives this year.

This spring, when our client PayActiv needed to quickly enable virtual cards and digital provisioning as a result of the pandemic, it was fortunate that they were able to satisfy that urgent need and make the adaptation on the same platform they were already using. The ability to "conceive and configure" — to look within their own context and choose the right way forward — helped see

them through an unforeseen event, and through nature's unpredictability.

As part of our collective planning for 2021, perhaps we ought to give thought to how our organizations think about technology and, in particular, agility.

You see, timelines are not really of our choosing. Neither will we get to choose the next world-altering event. My wish today is that our people and organizations part with false isolationist ideas and that we come to see unpredictability as a norm that we all prepare for to the best of our abilities and to our collective benefit.

“
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 A LOT OF
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 ”

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

BANKS AND FINTECHS, **TOGETHER AT LAST**

DREW EDWARDS
CEO

As I write this, it has been reported that the first COVID-19 vaccine was just administered in the U.S. While the swift development and upcoming rollout is a very hopeful step toward the end of this pandemic, the vaccine by itself will not be enough. The economic fallout and resulting financial challenges that many Americans face still weigh heavily and will need to be addressed.

From a payments perspective and how our industry might help, my wish for America and the world in 2021 is for banks



and FinTechs, like Ingo Money, to *partner together* in order to fast-track the modernization of payments for the future. By creating a digital disbursements experience with recipient choice, consumers and small businesses will have an ability to be paid faster and often instantly, to an account of their choosing, thereby giving them better access and control over their cash flows.

If we look back at the last few years, we have been approaching a tipping point for banks and FinTechs to collaborate to bring instant digital payments to ubiquity. The notion of faster payments took hold in 2019 when the gig economy platforms Uber and Lyft introduced the option to get paid on demand. Adoption went through the roof as many drivers, living paycheck to paycheck as many Americans do, touted the

benefits of reduced financial stress and the ability to pay their bills on time. FinTechs began working directly with early adopters in the lending and insurance verticals to deliver instant payment options that could save them money, differentiate their offerings and drive customer loyalty.

Then in 2020, the coronavirus hit. Physical stores shuttered, handling cash became undesirable and we saw a massive shift toward using digital in how we shop, pay and communicate. The CARES Act resulted in the distribution of \$2.2 trillion in relief, but not without major challenges. Examples included improper payments, fraud and tens of millions of people waiting weeks for paper checks to arrive. This put a major spotlight on just how antiquated the government's disbursements infrastructure

had become — and their need to modernize.

All of these events point to the fact that the demand is here for a modern, digital disbursements experience. Both government entities and businesses are asking their treasury banks for solutions. The tipping point is that we are now seeing an accelerated openness for banks and FinTechs to work together, leveraging the banks' expertise with treasury banking and FinTech's experience with innovation. The belief is that each party can help solve the problems of the other, and together can better solve their clients' disbursement challenges.

We already have several large bank partnerships in place, and can already see the impact as two of the nation's largest insurance

companies have moved business to these treasury banks to access true disbursements modernization. My wish, and even a prediction for 2021, will be that this is the year more treasury banks embrace partnerships with FinTechs and start taking modern disbursement solutions to their clients that include recipient choice with ubiquity.

As the world gets smaller with digital experiences connecting us all, it's clear that a broadly available modern disbursements experience accelerates with large treasury bank interoperability, and with those banks recognizing that partnering with FinTechs is a $1 + 1 = 3$ equation. Jointly, we can bring digital, instant payments to hundreds of millions of people around the world who want and need faster, more convenient access to their money.

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

RAPID DIGITIZATION AND A NEW FOCUS ON ESG CONSIDERATIONS ARE NOW PART OF HOW THE GLOBAL TRADE INDUSTRY FUNCTIONS

NATASHA CONDON
Global head of core trade

It's clear that the global pandemic has been a huge challenge for global trade and its associated payment flows, causing a significant drop in trade activity all over the world. While it has caused an acceleration in some of the macro trends in the trade space such as digitization, some of the effects of COVID-19 might be transient in comparison with other factors that have been at play in 2020 — including an evolving world order and the reconfiguration of supply chains in response to geopolitical change.

J.P.Morgan

That said, there are several key developments we have witnessed this year that we believe are now part of how the global trade industry functions and that we hope will continue as the economic turmoil subsides.

Rapid digitization was an obvious and immediate impact of the pandemic: Paper documents couldn't move, trade transactions were halted and ships were stuck at ports. Digital solutions simply had to be up and running swiftly in order to enable clients to continue to do business at a crucial point, and those solutions are unquestionably here to stay. The industry doesn't want to be in a position where challenges caused by stuck transactions aren't able to be remedied just because there isn't a digital channel available. These changes represent a significant

improvement compared to where we were a year ago — but in order to achieve true digitization in the trade space, the many platforms that have arisen globally must start to effectively interoperate.

During the initial stages of the pandemic, there was also a huge focus on managing liquidity in a challenging environment and ensuring that it could reach the various parts of the supply chain, particularly those smaller counterparties. What played out, and what perhaps challenged expectations, was a determination among corporates to drive sustainability by using this liquidity to ensure that a diverse range of counterparties could maintain their operations. That is something else that we expect to continue into 2021 and beyond. It means keeping trade

flowing, but also reconfiguring how the global trade industry functions.

More generally, we've seen a new focus on ESG considerations in the trade space this year, and we expect that those platforms that offer the capability to provide data and tools to support corporate ESG goals will have a significant competitive advantage in the future. For example, our supply chain finance partner Taulia is currently working with a sustainability audit company so that anyone using the Taulia platform for e-invoicing, supply chain financing or dynamic discounting will also be able to monitor the sustainability performance of their suppliers in real time, without the need to build their own connection to an ESG platform. This kind of value-added connectivity will be increasingly important to competitiveness. It's here to stay.

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WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

DOING WHATEVER IT TAKES TO **PROTECT PARTNERS AND CUSTOMERS** FROM DIGITAL FRAUD

BRAD WISKIRCHEN
CEO

First and foremost, my wish for 2021 is good health and recovery for the people — the doctors, nurses, healthcare workers, first responders, small business owners, teachers, students, citizens and so many more — affected most by the coronavirus pandemic. When I think about how the events of 2020 have affected payments, eCommerce and fraud prevention, I think about how quickly things changed. Some industries saw dramatic changes in transaction volumes, in either direction, overnight. Others adopted eCommerce models for the first time and



were caught off-guard by the deluge of risk and fraud that accompanied it.

Any business that engaged in eCommerce, especially in 2020, experienced the pressures and impact of fraud throughout the customer journey. As a result, consumers and business owners paid more attention to digital interactions than ever. Without a doubt, the coronavirus accelerated the adoption of digital interactions by three to five years, depending on which experts you listen to. So, with my wish for health and recovery also comes a wish for a digital transformation that's free from fraud.

As early as spring 2021, I anticipate consumers will begin to re-engage with companies in industries that primarily operate in the digital space

that were heavily affected by the coronavirus: travel, entertainment, ticketing and events. This activity will grow as people become more confident in their ability to re-engage in life as they knew it due to the availability of coronavirus vaccines.

As the post-coronavirus era emerges, the overall economy could bounce back quickly, just as the digital economy grew unexpectedly quickly in 2020. There will be tailwinds for the historically strong players in the verticals that were most damaged. And there will be a stronger digital economy for brick-and-mortar businesses. However, it's important to acknowledge that there could be a drag on the economy for restaurants and those who have engaged in face-to-face business. It's likely that we'll

come out of the fog of COVID to find many that businesses we frequented prior to COVID are gone.

For the businesses that remain, evolving and maintaining digital strategies will be a competitive advantage. eCommerce companies will need to think about the entire customer journey and how to establish identity trust at any point, even more so than in previous years. In particular, customer accounts will be vulnerable, as businesses encounter a greater number of account takeover attacks. Any business engaged in digital commerce or digital interactions with their customers would be remiss to not address account protection by early 2021.

At Kount, the center of our 2021 preparations is our mission to do whatever it takes to protect our partners and customers from digital fraud. Part of that is helping our partners and customers understand that it's time to flip the script from fraud prevention to establishing identity trust with actionable insights and advanced data. As new digital interactions between our customers and partners and their end consumers develop, establishing identity trust will be essential for preventing and responding to new threats. We will work with our partners, customers and the industry to elevate fraud prevention throughout the customer journey, so businesses can stay ahead of the evolving eCommerce trends.

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

FINANCIAL INSTITUTIONS WILL NEED TO **CONTINUE INNOVATING**

DOUG BROWN

Senior vice president and general manager, NCR Digital Banking

I am simply amazed at how well my team, my clients and the industry pulled together in 2020 to conquer significant business and societal challenges. As a result, our communities have grown stronger and I think we have a newfound sense of confidence in our ability to handle change. What I hope we bring with us from 2020 is a positive and caring attitude for all with a passion for continued positive change.

As it relates to banking and the financial ecosystem, we passed a real-world extreme stress test. From spinning up



LOOKING AHEAD, BANKS AND CREDIT UNIONS MUST GO BEYOND JUST CROSS-SELLING AND FOCUS ON **BUILDING TRUST WITH INDIVIDUALIZED TOOLS AND GUIDANCE.**

the ability to process Paycheck Protection Program (PPP) loans in days, to executing projects four times faster than usual, to working 100 percent remote, leadership teams had to pivot, learn and adapt on the fly. It's been a year of rapid change.

As digital took center stage for much of 2020, banks and credit unions operated in a much more dynamic model. Customer experience transcended channels, and we all learned to harness the organization and technology to connect experiences with customers in a more profound way. As banks continue to accelerate their digital transformation roadmaps, de-channeling experience and

providing connected experience will be paramount. The end-to-end integration of channels through to the back office will require an enterprise technology platform that allows institutions to be agile and respond quickly.

The pandemic put a great deal of stress on millions of consumers and businesses. Layoffs swept across the country, and small businesses struggled to stay afloat. Consumers and businesses needed tools and advice to manage their financial situation — and this year has put a renewed focus on those needs. Data and personalization was the key to helping customers in 2020. Looking ahead, banks and credit unions

must go beyond just cross-selling and focus on building trust with individualized tools and guidance.

2020 has been a year of anxiety, stress, frustration and challenge. But it has also been a year of acceleration — giving financial institutions the chance to evolve and accelerate in ways they never thought possible. In 2021, things aren't going to slow down. If financial institutions want to remain relevant and provide the experiences their customers expect, they will need to continue moving at lightspeed. The institutions that revert to old ways of doing things will likely find themselves going the way of the dinosaurs.



AMERICA: LET'S KEEP THE SPIRIT OF INNOVATION

SETH BRENNAN
CEO

In my experience, businesses and people learn and grow best under pressure. But don't just take my word for it — scientific research shows that constraints are actually conducive to productive breakthroughs and meaningful change. Budgetary restrictions or a tight timeline can push teams to leave the comfort of complacency and discover value beyond their previous expectations.

But let's be reasonable. 2020 posed more limitations on American businesses than many of us have ever had to — or should have to — contend with. When COVID-19 struck,



north
lane

organizations that were thriving just a few months prior temporarily shut their doors, found new ways of doing business and implemented austerity measures — all while offering support to employees grappling with the far more personal ramifications of this global health crisis. This happened amid political turbulence and a nation divided in its attitudes regarding not just COVID-19, but also the critical issues of the day.

At the same time, these complex challenges led to meaningful innovation that will outlast the pandemic — particularly in the payment space. Restaurants adapted their ordering and payment systems and changed their menus, making virtual and takeout-friendly options commonplace. Retailers found new footing on eCommerce

marketplaces and adapted brick-and-mortar locations to serve as fulfillment centers. And making payments touchless, faster and more flexible has arisen as a top priority with benefits far beyond meeting the present moment's challenges.

Here at North Lane, the extraordinary demands of 2020 led us to discover that we could deploy a custom-branded, payment disbursement program in a single day. Our client required immediate digital delivery of emergency funds to workers impacted by COVID-19. Necessity sparked invention and the drive to implement the program — from signature to launch — overnight. Frankly, we weren't sure if we could pull it off — but we did. The payment landscape as a whole has evolved with similar speed, enabling

businesses and consumers to stay agile in the face of unprecedented needs.

The truth is, there's no going back to slower-moving pre-pandemic times, and continued growth means embracing both the operational efficiencies and the new consumer mindset that has emerged from this crisis. It's our job to keep building on these breakthroughs — whether that's with faster digital B2B payments or simpler cross-border commerce. In 2021 and beyond, my hope is that we will maintain the flexibility, agility and spirit of innovation we honed this year — removing constraints that aren't conducive to progress, and making it possible for everyone to shop, pay and work anywhere in the world.

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WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

BALANCED APPROACH **TO ENSURE ZERO MARGIN** BETWEEN POLITICS AND TECHNOLOGIES

ANGÉLICA LEÓN
Chief Strategy Officer

2 020 seems to have been a turning point for digitization and an opportunity to reassess major business disciplines and operating models across all industry sectors. With the effects of supply-chain shocks and corresponding shake-up in the microeconomic scenes, this year was a challenge for many established companies, while new players have sought to position their business models to capture the market share of incumbent organizations.



With the key theme of disruption, and its corresponding regulatory response to facilitate progressive innovation, one hope that I have for the world is more on the socioeconomic side — the one that sometimes acts as the “invisible hand” in economics. As technologies continue to converge and reevaluate current norms in the business environment, there has been much tumult from the political aspects of many tech-leveraging companies. There will always be parties inclined to exploit these motives, where technologies become ever more omnipotent, and syndicates and public sectors are initially inclined to steer away. I wish to see that for 2021, the world will discover a more balanced approach that doesn't stifle

competitive rivalry from new service models, while ensuring that there is an implicit sense of responsibility and accountability.

Legacy banks tend to be more risk-averse toward emerging financial technologies, only to explore our playbook at a later stage. In terms of the overall competitive rivalry, especially in these more fragmented markets, the focus around technology-leveraging platforms revolves around ensuring their market control, without the forward-thinking orientation that we hope to see as their foundation.

At OMNi, we have pivoted our core business focus and development to offer an alternative to the

public for its payment needs, beginning with integrating our e-wallet functionalities to be more interoperable. From that point on, we have focused on further vertical development by developing QR-enabled payments built on a closed and independent payment network, which has now given OMNi the competitive edge as the first provider of such payments in our region.

These directions were accelerated due to the uncertainty in our business environment while we decided to leverage this opportunity for greater mass adoption for these new features. Although it may have been risky for any startup to drastically pivot its core offerings — in our case, from mobility solutions

to financial services — we are confident that this has generated greater impact and ROI from the development of our proprietary technologies around an urgent need for the local economy.

Overall, this year has been one of the most disruptive times in our memory — and for many businesses, there have been both fortunate and unfortunate events. With OMNi and the market environments in which we operate, it has been a moment where the playing field has been leveled, truly showcasing the capacity of more agile “Davids” to redefine the competitive dynamics against the heavier “Goliaths” in many industries.

A LOO K F O R W A R D

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

2021: THE YEAR OF SMALL BUSINESS

YITZ MENDLOWITZ
Founder and CEO

Looking back on what has been a challenging year, my thoughts are on small businesses. We've seen first-hand how local establishments have struggled. In my neighborhood, many staples of the community have closed. So, it is my sincere hope that in 2021 small businesses are able to surmount the challenges of the pandemic and thrive.

From conversations with friends and reading newspaper statistics, I know that Americans are dedicated to increasing their support of local businesses going forward. I hope

The PAAY logo is a white circle containing the word "PAAY" in a bold, blue, sans-serif font.

that these good intentions make a difference and allow small businesses to persevere.

I know that through my work I have also endeavored to support them. As an entrepreneur, I recognize the challenges of adapting to new circumstances. One hurdle that many of these businesses faced for the first time was the transition to eCommerce. With the shift to online shopping greater than ever, businesses were forced to convert to online. But in many cases, your local pizza shop or bookstore never expected to do so and were not prepared.

Even as they converted to online payment transactions, they faced yet another major challenge: online payment fraud. It is estimated today

that 86 percent of all chargebacks are probable cases of chargeback fraud and for every dollar of fraud committed, U.S. retailers incur \$3.13 of costs. This represents an ongoing problem the industry has faced. The rails of the payments industry were not built for eCommerce and have long remained that way.

But eCommerce fraud solutions like our EMV 3DS have offered relief. Earlier iterations of EMV struggled to perform user authentication without disrupting the consumer. Our EMV 3DS addresses these shortfalls and is designed specifically for remote commerce transactions.

We've seen businesses' investment in 3DS increase rapidly. At PAAY, we have seen a YoY growth of over 150 percent in new customers.

Those businesses that converted saw their chargeback rates drop almost immediately and we are over the moon to have been able to contribute to businesses' survival by making the transition to an "eCommerce first" model smoother.

I believe that businesses can prepare for 2021 by prioritizing the implementation of these remote payment security solutions. The adoption won't only be important for the duration of the pandemic but it will also set businesses up for success in years to come.

Previously, younger generations made the majority of eCommerce purchases. But as a result of the pandemic, older generations were forced to adapt as well. Now more comfortable with delivery, curbside

pick-up and shoppable social media, these groups will only continue to increase their online buying habits. This growth in the eCommerce shopper demographic further validates why eCommerce is here to stay.

As the PAAY team looks ahead, we are working to continue empowering our customers by providing them with secure payments. Many small businesses are not converting to fraud prevention techniques because they don't know they exist or why they need them. Having never run an eCommerce business before, they don't know about the dangers of card-not-present fraud. But with an effective fraud prevention solution, businesses can successfully adapt. We're here to help them do just that.

ALSO LOOK FORWARD

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

THE PAYMENTS INDUSTRY CANNOT BE COMPLACENT ABOUT **SUPPORTING SMALL BUSINESSES**

JONATHAN HUGHES
Co-founder and CEO

The COVID-19 pandemic of 2020 has required the world's governments to make some incredibly difficult trade-offs, including weighing preserving public health, personal liberties and the ability for people to earn a living and run their businesses.

Unsurprisingly, most of the world has prioritized public health. However, as we look forward to more effective vaccines becoming available in 2021, we must seek to rebalance this, and help individuals and small businesses get their finances back on a sound footing.

A photograph of Jonathan Hughes, co-founder and CEO of Pollinate, standing in a hallway. He is smiling and wearing a dark blazer over a blue t-shirt and light-colored pants. The hallway has a wooden floor, a metal railing, and recessed ceiling lights. A large, semi-transparent watermark of his name "JONATHAN HUGHES" is overlaid on the bottom left of the image.

 pollinate

Pandemic or not, payments provide the lifeblood of small businesses. The good news is that throughout 2020, the payments industry has been rapidly innovating and seeking to simplify and automate processes for merchants and consumers alike. But we could be doing more. As an industry, we, together with our regulators, have a duty to ensure that every business can be paid by its customers in an efficient, safe, risk-free and economical way. This is even more important as we support businesses coming out of the crisis.

The payments industry has always excelled at efficiency, as is evident in the myriad FinTechs and banks

that are constantly pushing to reduce friction end to end for their customers and partners. And from a safety angle, we've seen COVID-19 act as a catalyst for many merchants to start accepting card payments, and particularly to embrace contactless as a method of reducing the risk of passing infection between staff and customers.

Fraud and security issues are significant problems faced by all businesses, but small businesses often have less resources to recover. In the wake of the pandemic, many were forced to digitize — perhaps before they were ready — and will continue to have very valid concerns

around how to protect themselves from the risk of fraud.

Finally, a challenge to the industry — in an environment that is increasingly complex — is how to make payments simpler and more cost-effective for small businesses as they look to rebalance their books. In the U.K., many banks, including NatWest, waived fees for a period of time to help their merchant partners alleviate financial strain. There is an argument for our industry to reconsider how to become fairer and more transparent around charging fees to entrepreneurs and merchants, as we collectively look to boost economies around the

world and encourage more small businesses.

The payments industry has been able to support many businesses and enable them to continue running throughout the pandemic, but we cannot be complacent. We should continue to find new ways to help small businesses weather the storm and thrive in 2021. The new technologies and payments rails that connect consumers and merchants provide a unique opportunity to transform the prospects for small businesses everywhere, but also present huge challenges that we must lean into, not shrink from.

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

ACCELERATED DIGITAL-FIRST STRATEGY DRIVES PRIORITIES FOR 2021

CHUCK FAGAN
President and CEO

2 020 has been a year like no other, yielding unprecedented challenges as the United States faced a global pandemic and civil unrest, among other unexpected events. Our resilience was tested, forcing the world to unexpectedly adapt how we live and work. It was a year in which the credit union philosophy of “people helping people” took on an even deeper meaning, and it was inspiring to see how our industry came together to help and support CU members and each other.

PSCU

As we look to 2021, there are a number of key drivers reshaping how credit unions operate and best meet the needs of their members, with digital solutions and innovations at the forefront of these expectations. 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. COVID-19 has fast-tracked these changing preferences, with digital banking gaining traction and contactless forms of payments rapidly gaining momentum. We continued to see this trend take shape in the results of PSCU’s 2020

“Eye On Payments” study, and expect that it will continue to impact what services we provide in 2021.

My wish for America and the world is that we all continue to exhibit the resilience that has allowed us to persist during these unprecedented times. The challenges we have collectively faced this year will not disappear or resolve when the clock strikes midnight on Jan. 1, 2021. We must remain committed to adapting, adjusting and recovering from any future difficulties we may face, while also continuing to move ahead with a forward-looking approach. With this in mind, we can endure unanticipated events and enable ourselves to innovate and elevate our offerings, services and solutions

to advance our industry and meet the rapidly evolving needs and expectations of consumers.

At PSCU, we have proactively prepared for the shifts in digital habits of credit union members, supporting our owner CUs’ needs for digital modernization by offering a full suite of payment offerings. Contactless and digital issuance will continue to be key growth areas, especially in light of COVID-19, while we also continue to expand our self-service tools and other digital solutions. Building on our momentum in 2020, we are confident that our continued strategic investments — along with our own digital transformation — will leave us well-prepared to assist our

owners in planning for the evolving, digital-first reality that 2021 will bring.

As we enter the new year, which will undoubtedly bring new challenges, now is not the time to de-invest in technology, innovation or talent. Building on what we have learned in 2020, our industry has an opportunity to play a key role in the successful transition to the “next normal” and to support the economic recovery in a post-pandemic world.

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

A BRIDGE TO RECOVERY AND REVENUE

WITH HEALTHCARE PAYMENT TOOLS

DOMINICK COLABELLA
CEO

First and foremost, it is my wish that the Rectangle Health family across America enjoys a healthy and prosperous 2021. This includes our clients and their patients, as well as my team and their dependents. As part of the very industry on the frontline of the pandemic, I continue to witness healthcare professionals responding to incredible challenges with perseverance and fortitude. For the past 27 years, Rectangle Health has supported the healthcare industry, and is committed to helping them emerge through this crisis stronger than ever.



This past year, we've seen healthcare quickly execute massive change in the areas of practice safety and protocols, a striking contrast for an industry that has historically been challenged to implement new processes and systemic changes. Practices may have adopted new technology out of necessity, but it is my wish that they fully embrace the changes and benefits that accompany this technology in 2021. As a result of adopting this change, healthcare practices will continue to recognize the benefits from new, contactless payment processes by seeing significant increases in administrative efficiency, bottom-line numbers and patient satisfaction.

Healthcare practices that offer flexible and convenient types of payment — including contactless

and recurring methods — as early in the patient journey as possible can achieve these positive results. The patient-centric healthcare shift is well underway, and by providing patients with flexible options to pay, whether at the point of care or after business hours have ended, providers meet their preferences while increasing the rate at which they get paid for treatment.

As a healthcare-focused technology company, Rectangle Health is acutely aware of the concerns of the organization. Throughout our company's history, we have not only answered client demand, but have also anticipated the technology that practices will need in order to grow, and that will continue to be our mission in 2021.

Rectangle Health educates practices on the capabilities of our technology that both address patient payment and billing pain points, and also provide streamlined, contactless payment features that speed up the time in which the office receives payment. By giving the patient more ways to pay, practices encourage more timely payments and an improved patient experience. Aligning to a contemporary consumerism model is key to improved patient satisfaction, and that satisfaction is crucial to retaining current patients and attracting new ones.

The new year is a critical time for practices to position themselves to rebound from the challenges of

2020. I truly believe that my wish for a safe and prosperous 2021 for the healthcare industry — and all Americans — can be a reality. It will take tried-and-true hard work, assisted by leading-edge technology to push through and come out stronger than ever. In our market, widespread adoption of new payment methods, remaining intact after the pandemic, paves the way for practices to continue to adapt innovative technology that enhances the provider and patient relationship. Rectangle Health, through its practice management interface and digital payment tools, will continue to support healthcare organizations to recover and thrive.

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

A NEW WORLD ORDER: OUR HOPES FOR THE GLOBAL ECONOMY AND eCOMMERCE INDUSTRY

OLIVIER SCHOTT
Co-founder and chief product officer

Like many others, we at Scalefast are hoping for a swift recovery from the events of 2020 — both in terms of world health and the global economy. With help on the horizon, there is a feeling of hope in the air — yet we know that the effects of this pandemic will continue to play out over the next 12 to 24 months as vaccines are deployed, treatments are developed and the economy begins to come back to life. At Scalefast, we are hopeful that 2021 will bring more of the following: accelerated globalization, the expansion of free trade, and increased



tax and regulatory guidance for retailers as they begin to navigate international eCommerce markets.

Accelerated Globalization to Drive eCommerce Growth

One of the biggest shifts in recent years has been the exponential growth of international data flows and cross-border bandwidth. With the rise of eCommerce and the expansion of mobile and digital technology adoption across the globe, consumers are liberated from traditional marketplace restrictions and are shopping across borders. Brands are selling to the most diverse global coalition of customers ever, as shifts in demographics and spending power continue to accelerate. We hope businesses and retailers will continue looking across

the globe for sales while building international D2C channels that are resilient and digital-first.

Expansion of Free Trade for Accessible Supply Chains and Transparent, Sustainable Sourcing

The expansion of free trade will be critical in the global economic recovery. To jump-start growth, we hope policy makers around the world will consider new trade deals, updated agreements and renewed partnerships to take quick action toward economic stabilization. The pandemic forced many companies to reconsider and rework their supply chains to cope with global disruptions. We hope that companies double down on their commitment to expanding and crisis-proofing

their supply chains with “China Plus One” and other strategies for sourcing and manufacturing. The pandemic, along with other climate disasters we experienced in 2020, is a symptom of a planet pushed to the brink ecologically. We hope that 2021 sees more brands and retailers implementing practices that support sustainability, human rights, labor laws, environmental justice and other ethical business practices.

Increased Guidance for Companies Navigating International Taxation and Regulatory Compliance

Consumers are steadily shifting to eCommerce channels. From groceries and prescriptions to Christmas trees and cars, online shopping is replacing in-person

experiences for even the most traditional of product categories. Mobile, instant, contactless and peer-to-peer payments are increasing exponentially, along with an explosion of buy now, pay later (BNPL) FinTech startups and mobile wallet functionality. Cyber fraud will continue to be a challenge as rates of global poverty increase and more consumers shop online, and we anticipate the downward trend in credit card use to continue. As more companies navigate this new and fractured payment marketplace online, we hope retailers and businesses devote considerable time and resources to navigating and understanding international payment, taxation and regulatory compliance landscape.



IMPORTANCE OF HEALTH AND SAFETY (ALONG WITH PAYMENTS FLEXIBILITY AND OPTIMIZATION)

JUSTIN BENSON
CEO

While there have certainly been shifts in how organizations operate in 2020, our customers have continued to require the flexibility and optimization that payments orchestration brings to their digital payments. These needs have only increased as we've all moved so much of our lives online.

The \$3 trillion eCommerce market is growing faster than ever in the wake of the pandemic. Our customers are merchants

and platforms that operate across many industry verticals, including order ahead and food delivery, eCommerce and digital entertainment, which have grown and expanded significantly in our post-COVID world. Allowing our customers to adapt and grow under these market conditions is core to our mission of supporting an open payments ecosystem.

As these organizations move to capture business online, securely accepting payments from customers and providing a great customer experience is a massive challenge. Merchants are forced to pivot their business model quickly as they struggle to accept payments the way their business requires. We're able to

help solve this challenge by injecting flexibility into digital payments through our Payments Orchestration technology.

We expect to continue to see fast-growing organizations driving adoption of Payments Orchestration. Platform organizations, for example, have leaned heavily into Spreedly in solving real business problems for so many merchant customers (and, in turn, their customers). Payments Orchestration provides the solution to integrate easily with the many gateways and PSPs being brought to the table by their customers. This allows the platforms to onboard new customers and deliver value quickly while also freeing up resources to focus on their core business needs.

In 2021, we also expect to see continued growth in the strategic side of Payments Orchestration, mainly in the optimization of payments. Intelligent routing of transactions and provider-agnostic network tokens are giving merchants the ability to shift payments from a cost of doing business to a true value-add. More importantly, these organizations are seeing real returns in the form of additional revenue as a result.

Overall, the biggest thing we hope to see in 2021 is that everyone stays healthy and safe.

“
PAYMENTS ORCHESTRATION PROVIDES THE SOLUTION TO INTEGRATE EASILY WITH THE MANY GATEWAYS AND PSPs BEING BROUGHT TO THE TABLE BY THEIR CUSTOMERS.
 ”

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

INNOVATIONS THROUGH **UNCERTAINTY**

NAT SALVIONE
Chief commercial officer

The year 2020 will definitely be etched in our consciousness for a long time to come. It has been a year of tragedy and suffering and also disruptive, positive change. It is impossible to reflect on almost any aspect of 2020 without acknowledging the greater geopolitical and cultural forces that shaped it. In the middle of all the uncertainty, however, there has emerged real innovation and my hope for 2021 and beyond is that these innovations continue to thrive. There are two specifically that I'd like to highlight for this eBook: the use of pay-ahead apps and remote team engagement.



TANGO
CARD

Pre-2020 the experience around paying ahead for pickup or delivery was all over the place. It was not that long ago that ordering a pizza for delivery included that awkward moment where you handed the driver your card and they processed the transaction and asked for the amount of your tip. For an introvert like me there was always a moment of anxiety. It also wasn't that long ago when ordering ahead for pickup at a retail location almost guaranteed a misadventure at some point along the perilous journey. Throughout 2020, however, restaurants, retailers and grocery stores have had to innovate to be relevant. The experience of ordering and paying in a socially-distancing world became efficient and predictable — and

we're all the better for it. This past week I sat down in an outside tent for a quick bite. On the table was a QR code to scan and order (with all customizations available right in the browser app). The food came out and was enjoyable. I paid for the meal right in app and left. The whole experience was safe, pleasurable and seamless. I'd enjoy that experience every time — even with no virus. It is clear that how we order and pay is critical for the post-pandemic world.

Which brings me to the second area I hope not only continues but flourishes — remote team engagement. Prior to this year some companies had already nailed how to work effectively remotely, but it was the exception and not the rule. This

year, with a lot of us working from home every day became our reality. This forced all kinds of innovation — the video conferencing app we use seemed like it was adding features every week! Figuring out how to keep our teams motivated and connected week by week proved challenging. Prior to quarantine we loved our happy hours ... I remember in March as the social distancing orders were given, we thought it would be a good idea to replicate happy hour — but remotely. This involved everyone snacking and drinking at home — but with their cameras on. Needless to say, that didn't quite cut the mustard. We had to rethink everything. One thing we did which proved effective was to recognize and reward key accomplishments and employees

virtually. This always involved sending a digital gift card for a delivery service or take-out restaurant. It took us several months before we hit our groove working remotely. Now that we are humming along, I hope this way of working continues. All of the innovations around infrastructure, collaboration apps and video conferencing truly helped. Looking forward, it would be ideal to have a daily choice to work from the office or remotely and both be equally effective.

As we head into 2021 it is clear that we're starting the new year with more uncertainty. One thing we do know though is that the innovations in the payments space will continue and help us through.

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

HOW COVID-19 ACCELERATED THE ADOPTION OF DIGITAL PAYMENTS IN THE CRYPTOCURRENCY SPACE

DANIEL GOULDMAN
CEO

First and foremost, I hope that people are safe and healthy. COVID's damage has been far-reaching in spirit, body and mind in a way we have never experienced in modern history. It has been a dark storm that wreaked havoc over our communities and businesses, leaving empty hospital beds and shuttered businesses in its wake, but there's reason to have hope that 2021 will not be a sequel to 2020.

As to the payments business in 2021, don't call it a comeback; I've been here for years. The "new era" has arrived as the

The Ternio logo consists of a stylized cube icon to the left of the word "TERNIO" in a bold, sans-serif font. The logo is contained within a white circular background.

challenges of 2020 have facilitated an acceleration of the trend toward mobile and digital that was already happening. What was a steady stream is now an unobstructed waterfall.

With payments trending toward digital, it is inevitable that cryptocurrencies will dominate the payments industry in the years to come. Consumer adoption of cryptocurrencies parallels consumer adoption of the internet in the mid-90s. Just as the internet changed the way humans communicated and gained access to information, cryptocurrencies (specifically stabletokens) will change the way humans interact with money. Its impact will be felt by banks, money

services businesses, consumers ... almost every human being on the planet will be directly impacted.

When most people hear cryptocurrency, they think of bitcoin. The truth is that bitcoin is to cryptocurrencies what the Model T was to the automobile industry. Eighty percent of worldwide central banks are presently researching central bank digital currencies (CBDCs), according to a 2020 study by the Bank of International Settlements. Central banks have publicly stated that value transfer on top of blockchain technology is cheaper, faster and more secure than the legacy financial payment networks.

In testimony to the U.S. House Committee on Financial Services, the Acting Comptroller of the Treasury Brian Brooks recently compared cryptocurrencies to the ACH system. He argued that both ACH and cryptocurrencies are private payment networks; while bank ACH is only controlled and accessible by banks, cryptocurrencies are controlled by no one and accessible to anyone.

Out of the 10 largest companies in the world ranked by market capitalization, seven of them directly compete in the payments space. Cryptocurrencies are money-as-software that afford relatively small FinTechs the ability to compete against the multi-national companies worth hundreds of billions.

Blockchain technology, the underlying force of all cryptocurrencies, is going to disintermediate the underlying business models of most financial services and payments industry companies.

Many big brands in the banking/ payments industry have accrued large debts built on business models promising more revenues built on additional fees using old technology. The old gatekeepers will eventually find that the tectonic plates within the payments industry have already moved underneath their feet, but by then it will be too late.

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

2021 INNOVATION GOAL: **BETTER PAYMENTS FOR ALL**

RUSS WATERHOUSE

Executive vice president, product development and strategy

The No. 1 wish on my list — and I hope everyone's list — is the end to the COVID-19 pandemic, which continues to cause so much suffering around the world and is preventing people from living their lives as normal. The inability to “live your life” has repercussions across society and the economy, as people are unable to safely visit loved ones, travel, dine out, meet with friends, attend community events, and so on. Luckily, as I write this, numerous vaccines are being deployed or are in the final stages of testing and approval, which should help to drastically reduce the pandemic's impact by mid-2021.



With the entire nation hurting from the pandemic and as we begin to rebuild in 2021, we need to make sure the payments industry provides better ways to serve everyone, not just micro-targeted solutions that cater to the tech-savvy. The aspiration for true payments innovation should be better payments for all.

With this in mind, financial institutions (FIs) continue to enhance their digital platforms to provide better services and payments for their customers. Many are living paycheck to paycheck, and others who have lost jobs due to the pandemic need to be able to access and use their money instantly. Likewise, small business owners — who are responsible for the creation of 64 percent of new private-sector

jobs annually — and the growing segment of “micro merchants” need faster access to funds during these times of economic stress to purchase inventory, pay bills and pay employees.

On the RTP® network, FIs and their customers are finding innovative ways to offer real-time payments. For instance, more companies are providing “pay on demand.” Grubhub now offers drivers the option to receive a real-time payment so they can access their earnings immediately at the end of every shift. Similarly, micro-merchants, such as a vendor at a farmer’s market or a craft seller on Etsy, are getting instant access to funds through Square. And the merchant acquirer Elavon offers small businesses, such as a local eatery or gift shop, the ability to have

funds sent instantly over the RTP network to their account at the end of every business day.

So, while the big wish for America is to get past the COVID-19 pandemic — which will remove the biggest obstacle to a broad economic rebound — payment providers have a role to play, too. The RTP network provides immediate availability of funds, and as RFP (request for payment) begins to scale in 2021, it will offer consumers a new level of control, transparency, safety and speed. Combined with more FIs joining the network, this will ensure that more individual Americans and businesses have easy, fast, 24/7 access to the money in their accounts. This will, in a small way, help the economy stabilize and grow.

“ THE ASPIRATION FOR TRUE PAYMENTS INNOVATION SHOULD BE **BETTER PAYMENTS FOR ALL.** ”

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

HERE'S TO (BUYER AND SELLER) **UNITY IN 2021**

CHRIS FULLER
President

As we raise our socially-distanced glasses to toast the start of the new year, “unity” will likely be on the minds of many. But that sentiment will take on a different meaning for payments professionals who are weary from years of grappling with the costs, complexities and risks caused by the gulf that exists between buyers and sellers. Payments professionals are more determined to bring buyers and sellers closer together to effortlessly exchange payments and related remittance data, without the need for keying, paper shuffling or time wasted chasing down information. Until recently, resolutions to unite



buyers and sellers rang as hollow as promises to eat better, spend less and work out more.

But a new approach to payments automation makes me optimistic that 2021 will be the year that businesses digitally connect to one another to eliminate friction in the way they pay and get paid.

B2B commerce has long been plagued by high administrative costs, process inefficiencies, long cycle times, data siloes and risk. The operational disruption and economic pressures caused by the pandemic exposed and exacerbated the shortcomings of B2B payments. The late payments caused by B2B payment issues went from being a nuisance to a grave concern.

It's not that buyers and sellers don't want to come together to achieve frictionless commerce — it's that the systems, processes and standards that businesses use for handling B2B payments have stood in the way. The unique logins and passwords, account requirements, file formats and proprietary integrations for various fragmented competing systems limit opportunities for automation, increase fees and result in inefficiencies across the B2B payments lifecycle. Making matters worse, many businesses use spreadsheets to manage payment terms and to reconcile payments and invoices.

Reducing this friction requires new thinking about how B2B commerce gets done.

Why Businesses Will Rethink Payments in 2021

Account-to-account (A2A) automation will make this a reality for more buyers and sellers in 2021.

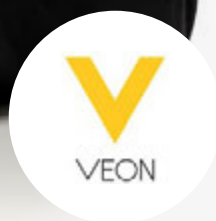
A2A solutions combine request for payment (RFP) functionality, accounts payable and accounts receivable invoicing, ERP integration and payment services onto a single solution.

The RTP network facilitates the immediate transmission and settlement of payments and the exchange of standardized and enhanced remittance data. Invoicing capabilities enable suppliers to instantly present invoices via an e-invoice 24/7/365 for initial or recurring bills in their customers'

preferred online or mobile banking channel. ERP integration connects buyers and sellers and facilitates the exchange of data without the burden of a costly, resource-intensive project. And payment services manage a directory of trading partners, payment terms and preferences, standard reconciliation data and banking accounts details (i.e., the bank routing number and account number).

Digitally connecting buyers and sellers through their banks and ERPs means B2B payments and related data flows can be fast, transparent and more secure. With an A2A solution, this is more than wishful thinking — it's a priority in positioning buyers and sellers for the economic recovery.





WHY WE NEED TO MAKE 2021 THE YEAR OF **DIGITAL FINANCIAL INCLUSION IN DEVELOPING MARKETS**

SERGI HERRERO
Co-CEO

The coronavirus pandemic has fundamentally changed the world we live in, and nowhere is this more apparent than in our perception and use of cash. Yet, as the developed world progresses further into cashless living, for the 1.7 billion people who don't have bank accounts — the world's unbanked population — going cashless is not an option.

This is financial exclusion on a global scale, and as we emerge into 2021, I believe the private sector and governments everywhere must work more closely to improve financial

inclusion and reduce the world's unbanked population. In the meantime, we can build on the experiences of COVID lockdowns to accelerate the development of digital financial services tailored to the needs of individuals and businesses across our emerging markets.

In countries like Pakistan — where 100 million people don't have a bank account — mobile financial services like JazzCash are improving financial inclusion by offering users the ability to transfer money, settle bills and pay for food deliveries via their smartphones. In Pakistan, like many developing nations, young and fast-growing populations are yearning for greater financial inclusion, and JazzCash is enabling a level of participation in the financial economy that was simply not possible before.

At VEON, we believe in the transformational power of communications and the ability

of technology to help individuals achieve their ambitions. In addition to providing access to digital financial services in developing economies, VEON's community-based digital literacy and entrepreneurship programs are harnessing technology and connectivity to improve education provision and livelihood outcomes for previously disadvantaged groups. We are building the skills foundations for greater digital inclusion and the economic growth it empowers. Similarly, we are supporting hundreds of startups across our operating countries to help them achieve commercial sustainability and grow their businesses.

As businesses and economies begin the recovery process from a tumultuous 2020, VEON is well-placed to help our customers while benefiting from the growth opportunities that will inevitably follow.

The dynamic nature of our markets provides us with structural growth opportunities across our rapidly expanding 4G networks and the host of new digital services they enable. For example, our leading digital financial services business in Pakistan, JazzCash, recently surpassed 10 million monthly active users — a rise of around 60 percent over the same time last year. We significantly broadened the reach of the platform in 2020 and benefited from a partnership agreement with Mastercard to extend the benefits of their payments capabilities to merchants and consumers.

Elsewhere, our Ventures division recently invested in ShopUp, Bangladesh's leading full-stack B2B commerce platform for small businesses, becoming its first strategic corporate investor. This has enabled our business in Bangladesh, Banglalink, to extend its support to ShopUp's fast-growing

digital ecosystem of micro, small and medium-sized businesses, which form a vital backbone of Bangladesh's economy, as well as providing us with significant opportunities for developing mobile financial services for ShopUp's users.

I see 2021 as a year of considerable opportunity for VEON. 2020 was a year that brought us closer to our customers as we adapted our products and services to support them through the dark days of lockdown. As a consequence, we enter the new year a stronger company — one that understands the needs of its customers more deeply, and one that has never been better placed to serve them through digital innovation and empowerment.

ACCELERATING SUBSCRIPTION GROWTH IN THE NEW NORMAL

SHARATH DORBALA
CEO

Subscription services have proven resilient in the face of the pandemic. However, as we get ready for 2021 and a post-pandemic world, the secret to continued growth is in taking subscriptions to the next level. Three trends will help subscription businesses meet these goals: bundling, enhancing the user experience and redoubled customer retention efforts.

The recurring revenue bundle is one of the most powerful trends to achieve growth. While it's been a timeless strategy,

SHARATH
DORBALA



over the past year businesses have increasingly latched onto the power of bundling in driving brand affinity, customer growth and retention. There are three major bundling categories:

- **Organic bundles:**

Multiple products/services offered by a single company, such as those typified by tech giants (like the six-in-one Apple One bundle) that have the scale and product diversity to create their own bundles.

- **Aggregator bundles:**

Aggregators are businesses that offer third-party subscriptions to their customer base, like a telecom or bank would offer (for example, the entertainment subscription partners that Verizon offers).

- **Partnership bundles:**

This is when two or more subscription businesses link up to form a strategic partnership (like Spotify and Hulu). Joining forces can deliver new benefits, value or convenience to the existing user base.

With the subscription industry flourishing despite the pandemic, there's more opportunity than ever to find complementary services across the subscription ecosystem that can enhance a company's offering and stand out from the crowd.

Another important 2021 trend will be an increased emphasis on the customer experience, providing a seamless, easy to manage and personalized journey at every step. That means treating each individual user attached to a subscription as a separate person with their own preferences and expectations.

To deliver that kind of experience, companies must go beyond the traditional approach to identity, which has been focused on usernames and passwords. They need to assign individual users their own digital identity and help them manage it across the entire service. That way, subscriptions can continually personalize the experience for each user — curating content according to profile information and activity history, for instance — increasing their stickiness and preventing churn.

Speaking of churn, a continued emphasis on customer retention is a must for growth through 2021. Every subscription business faces churn as a major obstacle to growth. Many businesses are focused on combating active churn when a customer makes the decision to leave on their own accord. However,

reducing passive churn — which is when an account is terminated unwillingly because of payment failure — is a different story.

Despite the efforts in experience enhancements that address active churn, many are less equipped to deal with passive churn. This is because the risk is not well understood, or businesses are not leveraging available tools to successfully deal with passive churn. When addressed with the right approach, reducing passive churn can result in an immediate increase in monthly revenues.

In summary, bundled subscriptions, enhanced user experience and increased customer retention strategies can help subscription businesses succeed in the coming year.



WESTERN UNION: GLOBAL CITIZENS ARE THE HOPE FOR THE FUTURE

HIKMET ERSEK
President, CEO and director

As a migrant myself, I've often written about the courage and resilience of my fellow migrants — or global citizens, as we often call them at Western Union. Many travel vast distances to often-unfamiliar places to work in jobs that usually are deemed essential; others bring their education and lucrative skill sets to places where they can find the highest rewards. Still, others cross borders to study and obtain skills to carry back to their home communities.



What all these people have in common is their motivation: To do better. To do better for themselves, their loved ones, their home countries and — all too often overlooked — their adopted countries. By making themselves and their futures stronger, they make all of us and all our futures stronger.

I'm particularly reminded of this right now, as we (hopefully) turn a corner toward the end of a pandemic that has brought disruption, loss and grief on a scale that respects neither political, social or economic borders.

Last spring, when the fear and upheaval brought by the COVID-19 crisis was becoming apparent to most of us, we at Western Union saw something more:

- In the face of great economic uncertainty, we saw people sending home money to help their loved ones, despite their own fears of economic insecurity;
- As lockdowns across the world closed businesses and kept people inside, we saw unprecedented numbers of customers adopt a work-around, sending and receiving money via our digital tools from the safety of their homes;
- As the need for immediate funds for food, rent and medicine became more acute worldwide, we saw governments and regulators cooperate on bold steps to ease the flow of money across their borders

with alternative-but-stringent identification requirements adapted to a virtual environment.

In times of crisis, we often talk about remittance-senders as “economic first responders,” and such they showed themselves to be this year: first on the scene for their loved ones with their financial support, their courage and their hope.

All of these things, plus the priceless contributions our employees, partners and agents all over the world have made to keep our services working, have left me grateful, hopeful and more in awe than ever of the resilience of migrants and global citizens. Whether a border is geographical, political, economic or technological, these

women and men will not let it stand between them and their dreams of a better future for themselves, their loved ones and their communities, old and new.

So as the year comes to an end, I say thank you to my fellow global citizens for the lesson in resilience and for demonstrating once again how much people can accomplish when they refuse to be held back, are driven by ambition and embrace the possible. As we think about the things and people changed or lost this year, and still to be, I hope we also will think about what we have been shown: Courage. Resilience. Resourcefulness.

LOOK FORWARD

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

2021 INDUSTRY OUTLOOK: **ACCELERATING CHANGE IN B2B PAYMENTS**

JAY DEARBORN
President, Corporate Payments

In many ways, the unforeseen events of 2020 accelerated the digitization of outdated, manual processes for companies around the world. For the payments industry specifically, the pandemic catalyzed transformation that was slowly building up over time but is now viewed as critical to economic recovery — we've reached the digital tipping point. As we head into 2021, there are three key trends to consider when thinking through opportunities within the payments sector:

JAY
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Payments Digitization Will Maintain Momentum

2020 was the year that put digitizing payments on the map. What was once a low-priority, major overhaul quickly became an urgent shift critical to enabling remote working, boosting cash flow, and enabling commerce. We're expecting organizations to continue to invest in their need for modernizing payments processes across the board. With economic recovery at top of mind, businesses will adapt at record speed and modernize wherever they need to in order to cut expenses, improve productivity, and maintain revenue streams. Our new research reinforces this assumption and underpins the digital payments tipping point as a top priority for U.S. executives, with 81 percent of executives from the financial services sector agreeing that technology and innovation in the supplier payments space can help generate new revenue. Respondents from the FinTech subsector see payments as a

catalyst to a new era for the industry. Over three-quarters (78 percent) agree that "Payments transformation will define the next chapter for FinTechs and their customers."

Acquisitions May Continue, But Collaboration Will Thrive

Today's global companies are placing high value on the partners that can help them improve the procurement of goods and services through modern technology. For some entities, partnership is just the beginning, and the end result is a high-profile acquisition. Corporations are attempting to scale these novel solution providers via M&A, but this has propelled the FinTech industry toward exceedingly high multiples and growth at negative returns.

Instead of consolidation, a long-term solution that should be considered is white labeling via partnership. At WEX, we're seeing continued interest in white labeling among the traditional financial institution space,

and we think this will be the key to sustaining healthy momentum, innovation and a competitive peer set within the payments sector. On the FinTech side, some new market entrants have built outstanding software, but possess no entry point into the FIs that could truly benefit from it. For that reason, we're also expecting FinTechs to track down partners that can help bridge their world with that of the larger institutions.

AR and AP Will See the Value in Building a Data Bridge

The AR/AP world will experience a long-overdue shift and data will sit at the center of this shift. Current AR and AP programs speak different system languages and they need a translator. The profound changes in workplace and business models resulting from the pandemic, however, have made this challenging to accomplish internally. We'll see more corporations turn to their trusted FI and technology

relationships for support and guidance. They'll lean on them even more in 2021 to figure out the integration, administration and compliance around payments. In order to fully digitize back offices in the B2B space, businesses will see that you need to couple data with the payment itself and be able to pass that between different AR and AP workflows. In many ways, the payment coupled with the data becomes the passport to bridge the two. A full optimization of the B2B payments process is still years away, but more investment in digitization will create a major milestone in connectivity between AR and AP.

In 2021, WEX is well-positioned to take advantage of these trends. As the needs of our partners and customers evolve, we continue to innovate and introduce new industry-leading solutions. Given WEX's existing broad set of products and capabilities, we are confident in the future and taking advantage of the changes in our industry.

2021 IS THE YEAR OF **RECOVERY AND REALIGNMENT**

JIM JOHNSON
Head of Worldpay from FIS

If 2020 was a year of unprecedented change, I believe 2021 will be a year of recovery and realignment for businesses. With new vaccines providing optimism that an end to the pandemic is in sight, we are seeing the hardest-hit industries, such as restaurants and travel, using the pandemic to retool how they do business. Businesses that can see the opportunity in accelerating their digital transformation plans will set themselves up for future success.

JIM JOHNSON



We've seen remarkable change in how consumers shop in 2020. Years of adoption of digital commerce through online and social shopping was condensed into a few months. Our research shows that over 85 percent of consumers globally altered their shopping behavior in 2020, with a large shift to omnichannel and online options. FIS' Generation Pay survey also found that more than 60 percent of Gen Z and millennials have made purchases via social media, and 42 percent of all payments made during the pandemic were done through mobile devices. Over 3 billion smartphone users are making purchases and posting reviews. This is an indication of the power of optimizing mobile sales channels for retailers in a post-pandemic world.

For businesses to flourish in 2021 and beyond, they'll need to focus on user experiences that emphasize convenience and minimized contact. One of the best examples is the rise of buy online, pick up in store (BOPIS), which blurs the line between eCommerce and brick and mortar. Omnichannel has been a discussion topic in the payments industry for years, but this is what true omnichannel looks and feels like: a seamless user experience between a business' digital and physical presence.

We will also see a proliferation of social shopping that takes new forms, from shoppable posts to artificial intelligence (AI)-generated shopping links based on news and image feeds. What's more, these

highly targeted ads will effectively "disappear" into user feeds, engaging consumers with frictionless experiences that allow them to make in-app purchases. Social channels are retailers' new storefront, and retailers that recognize the significance of social shopping will outperform in the new world of digital commerce and consumer engagement.

Finally, it's important to note that the eCommerce sphere is an overwhelmingly vast digital marketplace, where discovery is often the biggest hurdle for success. One of the best tools for businesses is to offer tangible loyalty programs that reward repeat purchases from both new and established customers. Further, auto-generated

calls to action for customers to review purchases and share their experience on social media — along with other 21st century tactics for online selling — will be vital.

These digital commerce trends were present before the pandemic, moving on predictable paths toward widescale adoption. However, efforts to minimize the spread of COVID-19 revolutionized how consumers pay for goods and services. 2020 certainly challenged all of us, but we will all come out stronger, and the businesses that reinvent themselves to address the digital shift will set themselves up for future outperformance.

WHAT EXECUTIVES WISH FOR AMERICA AND THE WORLD IN 2021

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