SEPTEMBER 2021

THE **WAY** **PAYMENTS** ARE **NOW** DONE

WHAT DEFINES YOUR CLIENTS' PAYMENTS ROUTINE TODAY?

PYMNTS.com

TABLE OF CONTENTS

PYMNTS.com THE **WAY PAYMENTS** ARE **NOW** DONE

33 PAYMENT EXECS POINT TO PAYMENTS' 'NEW NORMAL'

What's new initially feels unfamiliar, but with practice and necessity, ultimately becomes the 'new normal.' In this eBook, 33 C-Suite payment executives weigh in on how the pandemic forced consumers to embrace new contactless forms of payment as something they needed, until it became something familiar and preferable.

What begins as a seismic shift gradually becomes the new normal.

After all, repetition breeds familiarity. Familiarity breeds adoption, until what was once unfamiliar, or perhaps even uncomfortable, becomes second-nature.

That's especially true in payments, where the pandemic has made us all shift to new payment modalities, and any number of alternative payment methods – online, in many cases – with haste.

In this e-Book, we asked 33 C-suite executives to give a sense of what's changed in the past year – and to predict what's to come.

The way it's always been done? Well, that's anathema – and, increasingly, cash has become anathema, too. Contactless debit and credit were quickly embraced amidst fears of germs – and now those payment methods are prized for their convenience.

The payments experts who weighed in here reflect on the ways FinTechs have helped bring new ideas to the forefront of consumer payments. But we'd be remiss in glossing over the fact that companies have had to adapt, too.

After all, the pivot to working from home means everything has been done remotely, which in turn means that spend management has had to abandon slow, manual processes.

Behind the scenes, infrastructure considerations have been top of mind for traditional financial institutions (FIs), platforms and merchants, all in a bid to meet consumers where they want to be met. FIs have had to drastically reconsider the branch setting.

Most of these behavioral shifts will remain in place after the pandemic is finally in the rearview mirror, the respondents said – while buy now, pay later (BNPL) options will continue to offer consumers convenience and visibility into cash flow.

If there are common themes as to what are part and parcel of the new "normal" for payments, they would be "choice" and "speed." The lines between physical and online commerce are blurring, but we all want to be able to make the transactions we need to make 24/7 – with a range of options on hand.

Read on to see what's changed – and the changes that remain just over the horizon.

THEJO
KOTE
Founder and CEO
airbase

THE GROWING IMPORTANCE OF **SPEND MANAGEMENT** FOR TODAY'S COMPANIES

2021 was a very interesting year – not only for Airbase, but also for the spend management sector as a whole.

Just take a look at recent activity in this particular area of FinTech — we're seeing a significant shift in payment systems for company spending. This has been made possible by the opening up of the payment infrastructure, allowing software companies to build deeply integrated workflow products. Companies are waking up to the fact that if they don't change their approach, they face an increasingly archaic world of slow, manual processes.

This has been reflected in the millions of dollars invested in the industry, with the likes of Airbase, Ramp and Brex raising impressive figures in their respective funding rounds.

I believe the world is becoming aware of what spend management software is, and that's seen a major shift in how companies' payments routines have shaped up in the last year.

The growth in the sector is no surprise to me. The problem spend management solves is something I witnessed myself, and it's what inspired me to create Airbase to address the need for one platform to manage all company spend.

I started the company as a response to something I saw too much of while running my first business: well-educated people sacrificing vast amounts of their time doing low-value work. My talented finance team got bogged down in the chaos of approvals, reimbursements and repetitive, manual bookkeeping tasks. What's more, inefficient processes and inadequate tools meant that I could not get an on-demand, real-time view of what we were spending as a company.

As I learned more, I came to realize that the status quo for accounts payable (AP) in small and mid-market companies was broken. Using the concepts that are central to our product design approach at Airbase, we have taken a holistic view of the entire process, and have developed a deep understanding of our users' needs to solve the problem.

Spend management frees up time from manual tasks and provides the tools for finance and accounting professionals to contribute insights, analysis and strategic thinking, making them more valuable to their companies.

We're seeing an upward trajectory of companies adopting a spend management model to provide an intuitive, complete platform for all non-payroll company spend.

Our network is frustrated with legacy systems and processes that create high levels of manual work, slow monthly closes and ineffective cost controls. The rise in remote workforces triggered by the pandemic further magnified those frustrations. Companies have grown accustomed to a remote working approach, and the efficiencies created by a consolidated spend management platform have offered a competitive advantage to globally distributed teams.

This year has shown that my pre-existing concerns surrounding the broken systems within companies and how they manage their spend are valid. Now, the rest of the world is rapidly starting to take notice — and this is just the beginning.

Spend management is a crucial innovation whose time has come.

© 2021 PYMNTS.com All Rights Reserved

MARK
SMITH
Head of Payments for Financial Services
aws financial services

CONTACTLESS PAYMENTS CONTINUE TO DRIVE **NEW WAVES OF INNOVATION**

COVID-19 caused a shift in the way banks and payments providers engage with customers as the number of cash transactions and in-person visits to branches diminished. As a result, many financial institutions (FIs) accelerated their digital transformation journey to provide streamlined, end-to-end omnichannel experiences that include contactless payments — one-touch or cashierless options — delivered in real time. I expect that this customer-centric drive toward contactless will continue to inform new waves of innovation in payments and personal finance post-pandemic.

Contactless payments include a wide range of applications, from tap-to-pay debit and credit cards to mobile wallets installed on a customer's smartphone to payment solutions that send texts to a customer to complete the purchase without needing a mobile wallet. A recent global Mastercard survey indicates that 74% of customers (consumers) said they will continue to use contactless payments in the future. For consumers, flexible, convenient, touchless transactions are no longer a perk — they are a necessity.

Financial institutions are increasingly using AWS to harness vast amounts of previously siloed data to develop a better understanding of customer preferences, provide a holistic customer view to enhance service, and offer new and relevant products and services, such as contactless payments. These firms understand that decisions must be made quickly and accurately, using historical and real-time data combined with cutting-edge tools like behavioral biometrics, artificial intelligence (AI) and machine learning (ML) to prevent fraud on transactions and ensure customer trust. For example, last year, Venmo, a rapidly growing peer-to-peer (P2P) payments app with over 60 million+ active users, rapidly evolved to quickly respond to market demand for a contactless solution among both businesses and consumers. Venmo used AWS services to build and roll out new contactless products in as little as six weeks.

"We were able to develop and release a solution that enabled Venmo customers to present and share a way to receive contactless payments and to pay at QR code-accepting merchants, and went from literally zero lines of codes to beta in six weeks," said Nick Ciubotariu, Venmo CTO, at his AWS Reinvent 2020 session.

Another customer, BBVA, the global financial services group, wanted to enable contactless payments via near-field communication (NFC) in its mobile banking app, made by placing a mobile phone near a payment terminal. However, the solution needed to comply with all international and country-specific standards for its products — and mobile contactless payments are subject to particularly strict rules. BBVA knew that developing a new, internationally compliant solution could be expensive and complex since it operates in 35 countries. Using AWS, BBVA was able to build and implement a PCI DSS-compliant solution and reduced costs by 80% with on-demand scaling.

As demand rises for contactless payments – driven by exogenous factors like COVID-19 or interest in new form factors like wearables – payment companies and banks that build applications and platforms in the cloud, like Venmo and BBVA, will have an advantage. They will be able to identify changes in customer preferences and quickly and securely build, test and launch new and innovative ways to pay.

© 2021 PYMNTS.com All Rights Reserved

TRANSFORMING BANKS INTO **BNPL PACESETTERS**

The physical constraints and financial insecurity brought on by the global pandemic last year no doubt set the stage for today's rapidly increasing adoption of buy now, pay later (BNPL). While not a new concept, BNPL options became more attractive to cash-conscious consumers seeking alternatives to unfavorable short-term credit offerings. With increased transparency, the ability to even out cash flow and budget over a clear period of time, BNPL fits the bill. Literally.

Fast-forward to today: Having been the only unsecured lending asset class to experience high-double-digit growth during the pandemic, BNPL is now a booming marketplace, one that is expected to capture $995 billion of consumer spend by 2026 – four times its 2021 projected volume.

But most financial institutions aren't banking on that BNPL revenue. Well, not yet.

According to McKinsey's Consumer Lending Pools data, banks stand to lose up to $10 billion in annual revenues to the ever-expanding roster of merchant-centric FinTechs, which are capitalizing on FIs' inadequate response to increased merchant demand for timely, flexible customer payment options at the point of sale.

So, as I see it, there are billions of reasons that banks need to get into the BNPL space – which is exactly why Amount is helping our bank partners do just that.

Right now, Amount is one of the few FinTech companies in the U.S. working directly with large FIs to empower them to compete and win in BNPL. Hampered by inefficient and inflexible infrastructure, banks are struggling to provide merchant partners with timely, best-in-class BNPL options that drive greater conversion, average order size and repeat purchases.

Yet when considering existing BNPL providers, the options aren't that great for merchants. Typically, FinTechs charge merchants high fees as a percentage of the purchase amount or high flat fees per transaction. Plus, most of the big-name BNPL players aren't white-labeled, which is pivotal to driving long-term brand loyalty.

We realize that the only way banks stand to win against the BNPL providers is to beat them at their own game with more value, convenience and security, which banks are inherently positioned to do. Banks' lower cost of capital translates to better rates and greater savings for merchants and consumers. Heavily regulated and compliant by nature, banks are better equipped to meet looming BNPL regulations.

By empowering our bank customers with a modular and flexible BNPL solutions platform, they can embed white-labeled BNPL products within a merchant's checkout journey, creating seamless, friction-free payment experiences that turn customers into high-value brand loyalists. It's a win for the customer. It's a win for the merchant. And it's a win for the bank.

While FinTechs may appear to be winning at BNPL, it's still early innings – and most banks have yet to even get in the game. With Amount, that's all about to change.

© 2021 PYMNTS.com All Rights Reserved

STEVE
PINADO
President

SUPPLIERS PUT THE PEDAL TO THE METAL TO **CONVERT B2B BUYERS TO DIGITAL PAYERS**

In the B2B space where Billtrust's customers exist, if 2020 was the year of digital acceleration, accounts receivable (AR) teams are going beyond merely speeding up in 2021. They are firmly putting the pedal to the metal to convert their buyers to digital payers.

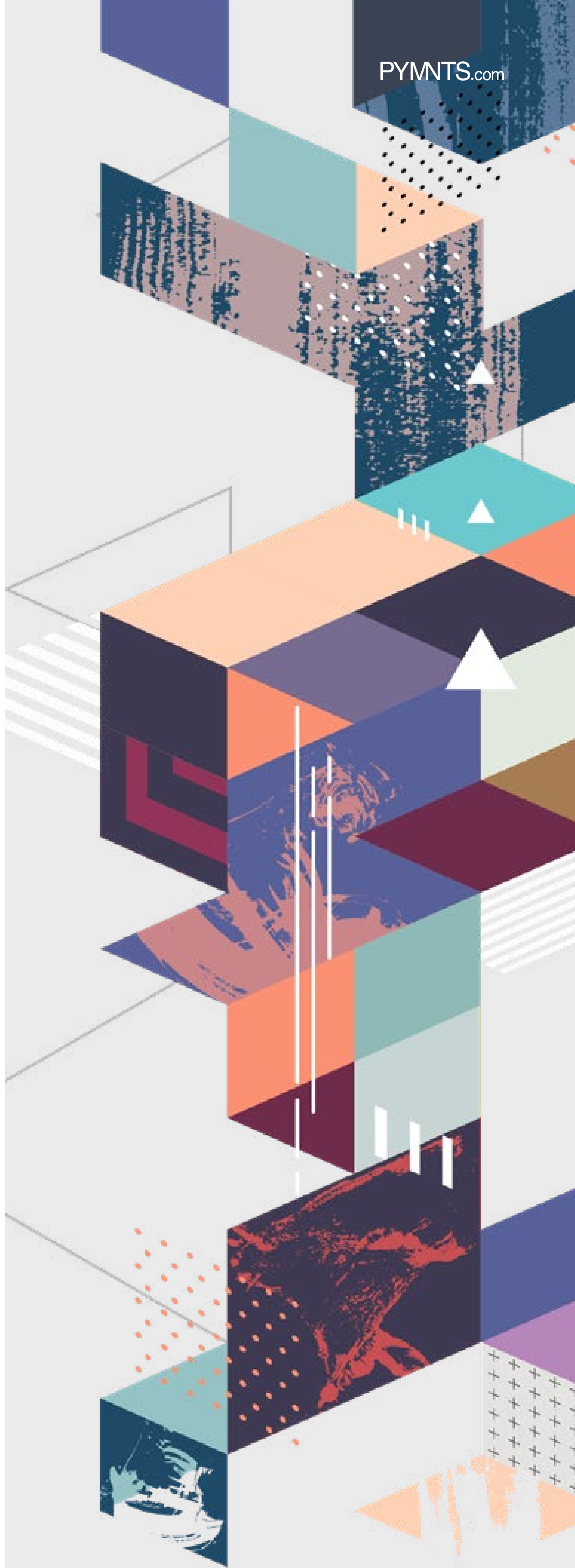
In early 2020, companies not already embracing a digital payments strategy found themselves exposed, scrambling to maintain cash flow once their AR teams were sent home and mail delivery became more of a marathon than a sprint. If there was any silver lining in the events of the last 18 months, it's that a normal routine for B2B AR teams now involves conducting targeted campaigns to convince their buyers to pay electronically. In fact, this is the top area that AR teams want to address in the next 12-36 months, according to a recent Billtrust-sponsored study.

In a post-COVID world, many companies have learned the hard way that steering buyers away from legacy payment methods like checks is necessary for survival. Although we are well over a year past the original employee exodus, remote work is still occurring, with the delta variant slowing what many thought would be a faster return to the office. Postal delivery speed has also not improved. Converting buyers to digital payers and accelerating cash flow has significant implications on a company's financial well-being, and Billtrust is proud to lead the way in helping companies leverage our technology and tackle the tremendous challenge of delivering a "complete payment" – capturing full remittance in addition to the payment itself.

While changing buyer behavior is difficult, there are proven methods to achieve success, beginning with suppliers offering the digital channels their buyers prefer, then identifying which customers are most likely to convert and have the largest impact.

We are happy to report that we're seeing progress. While a 2019 AFP study found that paper checks made up 42% of B2B payments, there are good signs that B2B check use is slowing, with our recent study reporting 19% and recent PYMNTS data showing 25%.

It can take a variety of methods to convert buyers to digital payers. Whether through strategically targeted outreach or participation in a payments network like our Business Payments Network, accelerated digital efforts ultimately protect companies' bottom lines while helping to drive a post-pandemic economic rebound. Businesses can never again take cash flow for granted – and I am proud to help lead a company like Billtrust, which has been a catalyst for long-overdue change.



© 2021 PYMNTS.com All Rights Reserved

HYBRID PAYMENTS: THE KEY TO UNLOCKING THE CONNECTED ECONOMY

In a time of increasing change for businesses and people, the current global climate has accelerated the digitization of payments at a much quicker pace than previously envisioned. For Blackhawk Network, broader adoption of mobile payments has been critical to reshaping the commerce experience for both retailers and consumers.

This digital payment acceleration has become critical to creating a customer experience that is convenient and contactless. And retailers that are leaning into this trend will be rewarded. Blackhawk Network surveyed shoppers and found that most will spend more money with retailers that offer more digital payment methods.

Along with shopping more frequently (69%) and spending more (54%) at retailers where they can use digital payments, most shoppers surveyed (85%) also reported that digital wallets have made shopping easier. Furthermore, bar code payments have allowed an increasing number of retailers to sell or retail digital goods, expanding their proposition in-store.

But getting consumers to use their mobile wallets is just the first step – and in a post-pandemic world, our role is to continue to innovate. We must drive additional value into an integrated payment experience, including coupons, rebates and incentives to enhance value for consumers, in a way that does not overtask retailers' existing operations. The biggest winners in the next phase of the payments race will be those providing enhanced choice in a seamless experience to consumers, while making it effortless for retailers.

Over the last year, we have all adopted a more digital lifestyle, and the reality of future payments is hybrid. We have evolved our expectations in work, in life and in payments to expect hybrid interactions and transactions. In fact, 63% of respondents to our research are more likely to shop at a retailer if it accepts the digital payments they use. We must better connect physical and digital payments to cater to customers' preferences for both.

The brands that are finding success in recovery and growth are also those that actively seek solutions to new challenges by creating fresh, seamless experiences to engage customers across the channels they find most valuable. The key will be for retailers to invest in their digital platforms.

© 2021 PYMNTS.com All Rights Reserved

PATIENTS ARE EMPOWERED CONSUMERS, AND THEY EXPECT **PERSONALIZED PAYMENT OPTIONS**

The pandemic has profoundly impacted the healthcare industry, spurring innovation and driving transformation in countless areas. This includes many financial aspects of healthcare, from how providers share cost information and request and receive payment, to how patients pay for health and wellness purchases and manage their overall healthcare spending.

Focusing on payments specifically, the changes we've seen represent an acceleration and amplification of trends that were already underway before the pandemic began. These trends are often summarized by the label of "healthcare consumerism," which reflects the reality that today's patients are behaving more like traditional consumers, bringing the same preferences, expectations and behaviors to healthcare that they have for other kinds of purchases.

Specifically, we see patients demanding a more retail-like healthcare payment experience in a few key ways. First, they expect a safe, seamless shopping process from end to end, including the intuitive integration of technology to enable contactless commerce. This can include things like using QR codes to access online payment portals or credit applications, paying balances via digital or mobile transactions, and exchanging cost and invoice information via direct-to-device communication.

Secondly, they increasingly want highly personalized experiences that fit their specific needs. We've seen a notable increase in providers leveraging contextual commerce, which allows patients to engage with providers and complete transactions from anywhere at any time. To make this happen, more and more providers are assessing current platforms and processes and employing new patient-facing technology and solutions that reduce friction and improve the overall patient experience.

Finally, in addition to delivering more effective, seamless experiences across more channels, patients are looking for options to help them effectively manage out-of-pocket healthcare payments. This has been a focus of CareCredit, part of Synchrony's health and wellness platform, for more than 30 years. CareCredit was a pioneer in offering dedicated financing for health and wellness expenses not covered by insurance – and today, with rising healthcare costs and the prevalence of high-deductible health plans, the need for flexible payment solutions is greater than ever.

In fact, we partnered with PYMNTS to conduct a research study this summer that found patients spent an average of $1,148 on out-of-pocket medical expenses in the past 12 months.[1] Not surprisingly, 45% of consumers surveyed said they would be interested in using financing to pay for healthcare costs over time.[2]

As these aspects of healthcare consumerism have gained traction, Synchrony has helped many healthcare providers navigate this transition and offer new and better experiences for their patients. Even before the pandemic, we were investing significantly in our digital capabilities and prioritizing technology innovation to develop new solutions for our clients and their customers.

For example, we've enabled healthcare providers to deliver personalized customer experiences within a mobile application, allowing patients to engage when and how they prefer, from the security and convenience of their own devices. Because we already had the technology and infrastructure in place, we were able to adapt fairly nimbly — and help our clients in healthcare and other industries to do so — when the pandemic arrived, and so many experiences had to become virtual, digital or contactless nearly overnight. Now that patients and providers alike have enjoyed the benefits of these new payment routines, we believe they are likely to endure long after the pandemic is a distant memory.

---

[1] Consumers' Healthcare Financial Experiences and Patient Loyalty, PYMNTS.com and CareCredit, July 2021

[2] Ibid.

MATT
CLARK
President and Chief Operating Officer

WHY FOCUSING ON THE **SUPPLIER EXPERIENCE** PAYS OFF

There's no denying that the pandemic has caused a major shift in payments strategies in B2B and B2C transactions. From increasing the need for liquidity and cash availability, to supply chain disruption and supplier solvency challenges, and practical matters like remote working, the priority for companies to fully digitize has been fast-tracked.

However, automation is not as simple as deciding to move paper check payments to electronic methods like ACH. With what are often already overtaxed internal resources, conducting such a transition may be difficult when companies do not possess the manpower or data capture security measures needed to inspire and facilitate adoption by wary suppliers. Adding to the challenge is that some payments programs are too heavily oriented toward a commoditized approach, emphasizing virtual cards over all else. Suppliers end up pushing back on electronic payments and feeling that they are at the mercy of their buyers.

This environment is a form of banking by way of payment method, even in the design of payment terms. Buyers are looking for longer terms to conserve their working capital and improve the return on their expenses. For suppliers, who are already stretched thin themselves, offering extended terms drives the need to increase pricing and seek other cost-oriented approaches to create an offset from that delayed capital. That's why, when it comes to digital transformation, it's important to employ a payments partner that can act as an extension of your team and offer flexibility in the methods supported. Ideally, the most effective program is designed to provide a holistic and programmatic approach that identifies the best approach for all involved, and enables it easily and securely.

The trend we see is that our clients are no longer comfortable with a "one-size-fits-all" approach, instead favoring a supplier-friendly process that enables the buyer to support and protect their supplier by enabling payment methods that meet both businesses' needs regarding payment type and timing.

In concert with this supplier-supporting approach, another key element that ensures adoption and success is a "supplier center of excellence," which provides suppliers with the visibility and control they desire. We recommend the deployment of a centralized portal where a supplier can self-service and manage sensitive information housed in a highly secure environment, and where they can get vital payment status information.

Lastly, the "cherry on top" of a successful digitization program is to provide a live contact center that is supported by your payments partner but branded to your company and its needs. This should be made available to address any of a supplier's concerns.

These central points for interaction and support increase supplier satisfaction with your program and provide answers to critical questions, such as "what is the status of my payment and when can I expect to get paid?" If you answer these fundamental questions in an easy and supplier-friendly way, increased participation in your electronic payment processing program will follow.

© 2021 PYMNTS.com All Rights Reserved

MERCHANTS FACE OFF AGAINST **EVOLVING FRAUD TACTICS**

As businesses expand eCommerce capabilities, more consumers are starting purchases in digital channels — and completing them there if they can. Unfortunately, higher volumes of digital transactions can also bring more fraud attempts to merchants of all sizes.

Fraudsters are becoming increasingly sophisticated with testing merchants' systems to determine which ones are likely vulnerable or under-protected. Tactics like friendly fraud, card testing, phishing and identity theft are quickly becoming the leading means of attack in the midst of an accelerating shift toward digital. COVID spurred accelerated growth in digital commerce, and what followed was an increase in fraud attempts and fraud rates by revenue for around three in four merchants globally, with merchants in Asia Pacific and enterprise and mid-market merchants especially impacted.

When it comes to the tools used to fight these new fraud trends, merchants are rethinking their fraud management tactics, opting to rely more heavily on a handful of widely used solutions as opposed to nice products with specific capabilities. In fact, Cybersource's Annual Fraud Benchmark Report found that the average number of tools merchants have in place has dropped by roughly half, from 10 in 2019 to five this past year.

With the rapid growth in digital transactions, traditional manual review practices in fraud prevention can easily become overwhelmed by the volume of activity. With that threat looming, businesses have turned to advanced machine learning models to automate risk detection and increase risk scoring accuracy, all while evaluating larger numbers of transactions in real time. In an eCommerce setting, with countless transactions happening at any given time, minimizing the human element goes a long way toward improving speed, efficiency and accuracy in the fraud management process.

With the massive amounts of data occurring with eCommerce, global scale in your data set will help a machine learning model learn that much faster and have the ability to train itself on the latest technologies and consumer shopping preferences (i.e., mobile or BOPIS). Machine learning models are better positioned to maximize internal and external datasets, help manage fraud accurately and protect revenue – at a lower cost to the business.

The world is going digital. Whether it is contactless payments in-person or eCommerce in general, consumers are seeking out new ways to make everyday purchases. And as consumers change their behaviors, so too have fraudsters, opting to shift their tactics online.

Tackling fraud is an always-on effort and can prove challenging for businesses that need to balance customer experience with security and efficiency in transactions. As the world continues to embrace the shift to digital commerce, tools like machine learning, coupled with customizable business rules, will allow merchants to both fight fraud and generate a better customer experience in the process.

© 2021 PYMNTS.com All Rights Reserved

THE REVOLUTION IS HERE FOR **B2B BUYERS**

Whether B2B or B2C, our clients are looking for flexibility to meet shoppers' and buyers' demands. Increasingly, that includes an expanding suite of buy now, pay later (BNPL) options. We're seeing the buying power rise for a digital-first generation of shoppers, who might not have access to credit cards due to inadequate credit history or are looking for a way to stretch their budgets, without incurring interest payments on credit cards. Even countries where shoppers typically prefer cash options are seeing a rise in BNPL purchasing.

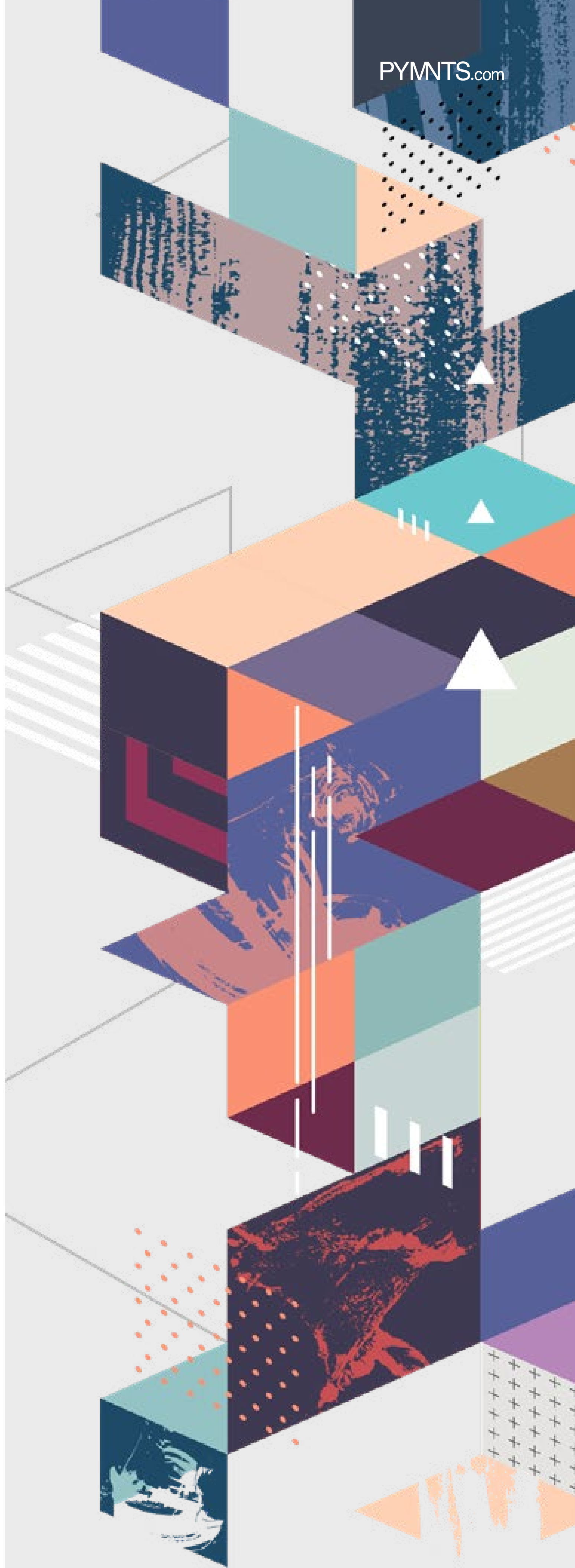
This is not just a B2C phenomenon. In a digital-first world, B2B companies must also address the revolutionary changes in customer expectations brought on by both a new generation of buyers and the permanent shifts from COVID-19 impacts. B2B buyers who require a variety of payment options, including net terms, now expect their purchases to be transacted with the ease and convenience of an Uber transaction, and to be made digitally. With options like our offering with TreviPay, which provides a seamless eCommerce solution with net terms and invoicing at checkout, B2B buyers can enjoy a frictionless consumer-like transaction – and merchants can protect their cashflow while scaling their B2B programs across the world.

The pandemic pushed people who were on the fence about a digital-first experience into the eCommerce world. That led to a lot of "aha" moments, as buyers of all generations realized that digital-first B2B experiences can emulate the B2C transactions they have come to know and love. B2B buyers are increasingly looking for more self-service options and greater control over financing.

This means that companies looking to evolve their digital strategy find themselves facing a revolution instead – one that includes payments. The payoff for brands will be greater insights into their customers, and a more data-driven approach that will drive a better customer experience and more conversions.

B2B and B2C brands looking to drive customer loyalty and repeat business are rethinking their payment options – and there's no denying that BNPL is a juggernaut that is increasing conversions worldwide as consumers push for solutions that meet their needs. We will continue to see innovation as open banking takes hold, giving more FinTech companies the ability to interact directly with customers.

Digital took a giant leap forward during the pandemic. We don't think shoppers will turn back the clock, and their desire for convenience – both in how they acquire their goods and pay for them – will continue to drive eCommerce forward.



© 2021 PYMNTS.com All Rights Reserved

LOU ANNE **ALEXANDER**

Chief Product Officer

Early Warning®

FASTER PAYMENTS ARE REDEFINING CONSUMER EXPECTATIONS

When I think about what defines payments today, the word that comes to mind is "fast." And they're getting even faster.

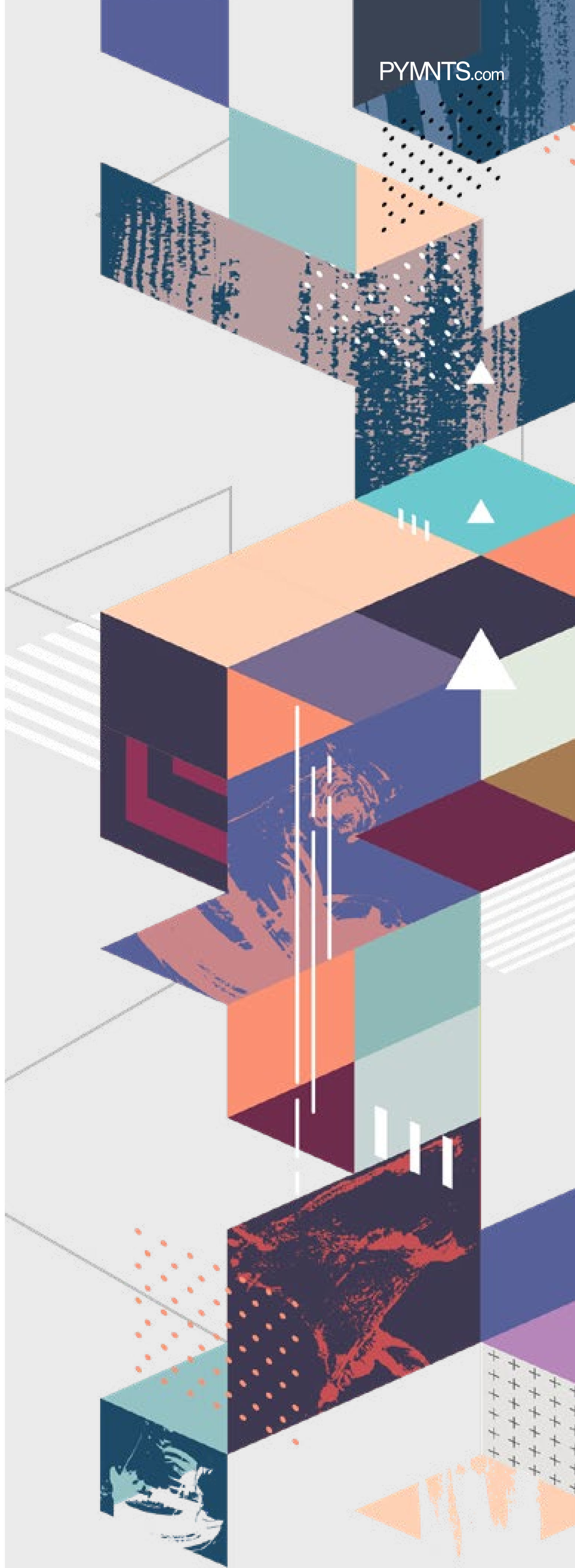
Recently, I sent money to a family member who was a few states away. It only took a few taps in my banking app, and she received the funds in an instant, directly into her bank account. It wasn't too long ago that a similar payment type would have taken about a week, from writing and mailing a check, to depositing it, to waiting for it to clear. This sense of acceleration is something that many customers now consider part of their standard payments routine that wasn't the case a year or two ago.

> In the age of instant gratification and 24/7 everything, **faster payments are becoming table stakes,** and no one wants to be left in the dust.

Over the past year, more than $400 billion flowed through the Zelle Network® on transactions just like mine. Some of these payments were sent by users who had leveraged the service for a while. In other cases, it was the user's first time sending or receiving a peer-to-peer (P2P) payment. They needed a fast, safe and easy – and socially distanced – way to pay back neighbors for groceries, split expenses or send money to someone to help with the hardships of the pandemic. Or maybe they needed to pay a small business or receive an insurance reimbursement.

It's important to note that this increased usage stretches across age groups and demographics. In a 2020 consumer survey conducted by Zelle, nearly 50% of seniors (age 55+) said they were using P2P payments more frequently since the start of COVID-19.

Regardless of their initial reason for trying Zelle, once people experience the speed and convenience it offers, chances are they won't go back to the old way of doing things. What's more, they start to expect the same level of speed and convenience across all the payments they make and receive throughout their lives. Banks and credit unions must recognize this evolution in customer expectations and consider how they are equipped to meet their customers' and members' needs, both today and in the years to come. In the age of instant gratification and 24/7 everything, faster payments are becoming table stakes, and no one wants to be left in the dust.



© 2021 PYMNTS.com All Rights Reserved

THE PUSH FOR A MORE **DIGITAL PAYMENT EXPERIENCE**

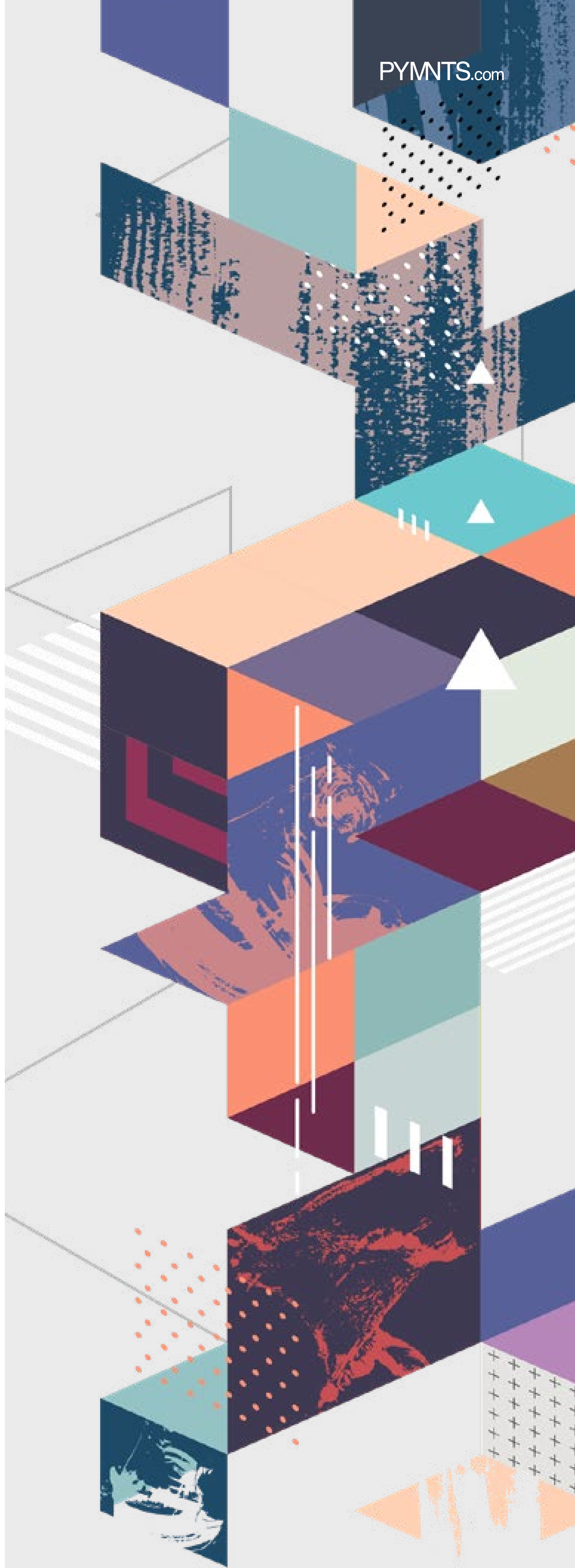
Today, EVO's merchants are interfacing with customers (both consumers and other businesses) that operate more digitally than ever before. The world is experiencing a rapid digital transformation, expedited by the pandemic. These electronically savvy end customers have come to expect their bill-paying process to be digital. They want the ability to make payments from anywhere, at any time. Consumers select vendors in part based on ease of use. Electronic payments mean more payment options, more security and more control over the bill-paying process.

Merchants are responding by not only adopting electronic payments, but also digitizing the rest of the bill paying process, such as delivering invoices electronically and reconciling with the general ledger, etc. Self-service payment options give customers more control over their accounts while reducing the accounts receivable workload for the merchant.

At EVO, our efforts to please both the merchant and their end customers has resulted in a greater focus on integrated technology and more payment options. EVO recently released its proprietary ACH service, which allows merchants to now offer both credit card and ACH within a single solution using EVO's payment gateway, PayFabric.

> Self-service payment options give customers more control over their accounts **while reducing the accounts receivable workload for the merchant.**

In addition, EVO offers a self-service payment portal where customers can log on to view invoices, process payments and even sign up for recurring payments. Customers have the ability to save electronic payment methods in a secure digital wallet, expediting future payments and enhancing security by minimizing the number of times that a raw credit card is provided.



© 2021 PYMNTS.com All Rights Reserved

DAVE **FURA**

SVP, Head of Card Solutions

FIS

CONSUMERS **NOW DEMAND OPTIONS** IN THEIR PAYMENTS EXPERIENCE

Over the past year, consumers have driven the rise of several innovative payment technologies. These technologies have reshaped the consumer experience, as well as their preferences and expectations when it comes to the payments process. Recall what the process of paying for something was a year ago: A customer went into a store to make a purchase, saw what they were looking for and then took it to the checkout area. In most cases, they would either pay with cash or use a debit or credit card.

Now, due to shifting consumer preferences because of the pandemic, the checkout process looks completely different. Those same customers now expect options and instant gratification when it comes to how and when they pay for their items. Whether it is in-person or online, consumers are demanding that the entire process is fast, frictionless and safe as well. This has led to the rapid adoption of technologies such as mobile wallets, contactless payments and buy now, pay later (BNPL) solutions.

Respondents to FIS' 2021 Pace Pulse survey revealed that COVID-19 restrictions have changed many consumer behaviors. The percentage of respondents using mobile wallets or contactless payments at checkout more than doubled from April 2020 to February 2021, while the percentage using mobile payments increased by nearly two-thirds. That growth is expected to continue across generations, as the pandemic has shifted things like menus and instructions to be viewed on mobile device – compelling enough for even the most digitally resistant consumers to start using these technologies. Drastic consumer shifts like these mean that financial institutions and retailers must make sure that paying with a mobile wallet is a viable payment option at their businesses.

The buy now, pay later market is expected to grow 181% by 2024, according to the 2021 Global Payments Report by Worldpay from FIS. In fact, according to the same report, BNPL services rose nearly 78% in 2020 — the biggest leap of all payment types – and is projected to account for 4% of global eCommerce spend by 2024. The concept of post-purchase installment programs isn't new, but the ease of use, flexibility and mutual benefit they deliver at various phases of the value chain have made them one of the fastest-growing segments in payments. Post-purchase installment loans give cardholders the flexibility to make larger purchases, and can increase card use and preference by offering cardholders more choice and control. Organizations can use post-purchase installment loans to add functionality to differentiate their offerings and increase consumer loyalty to their brand.

The payments process is completely different than what it used to be, and it will continue to adapt as new solutions are developed. Technology developers such as FIS are taking on a support role for their customers, pairing them with the right payments technology that delivers on any expectation the end consumer may have for their payments experience.

CLAYTON **WEIR**
CEO and Co-Founder
FISPAN

WHAT **POST-PANDEMIC SUCCESS** WILL LOOK LIKE FOR BANKS AND BUSINESSES

There is no question that innovation in financial services has dramatically accelerated over the past year or so. Customers are getting more and more comfortable doing their personal banking online, and business banking customers are also turning to digital platforms as an alternative to in-person branch visits. Banks are struggling to keep up with this rapid shift in the types of online service offerings their clients are demanding. Because of this move to digital, paper-based and manual processes just don't work anymore for most finance teams. Activities such as physically walking into a bank branch to submit business data or sending and receiving paper checks from the headquarters have had to be eliminated.

Because of this, banks are looking to deploy innovations that will have an immediate impact on the client experience. This is where we've seen a huge opportunity with embedded banking. By embedding the banking experience inside the platforms that business customers use to run their businesses (such as ERPs or accounting software), banks are able to easily provide their business clients with a more automated and streamlined treasury management process. The banks that are ahead of the curve and partnering with FinTechs are beginning to better understand how their customers use their products in context, allowing them to innovate smarter and faster.

The best way for B2B banks to manage the impact of rapidly evolving customer expectations is to partner with agile, innovative FinTech services. Connecting with their clients as much as possible and understanding their needs will be essential in driving the agenda for the banks' new capabilities. Leveraging tech and automation will manage and rise to customer expectations while still allowing for more face time during this transition period to explore and better understand customers' needs and wants.

Banks should continue to be open to new ways of thinking and working with new partners. In partnering, serving or investing in innovation by way of technology upstarts, financial institutions (FIs) are able to position themselves for future growth and adaptation through real-time, easy access to products, services, data and channels. This enables them to deliver a product or service that truly resonates with their customers and meets them where they are with the current challenges they face in a rapidly growing digital market.

We are looking forward to watching banks, payment providers and FinTech companies launch new services and solutions that can help small businesses across the country emerge from the pandemic. I think the greatest opportunity for economic recovery and success post-pandemic lies in banks being better able to serve their small business clients.

© 2021 PYMNTS.com All Rights Reserved

LIRON
DAMRI
President and Co-Founder

RETAILERS NEED TO COMBAT FRAUD AND FALSE DECLINES **TO WIN LIFETIME CUSTOMERS**

Over the course of the past year, the volume of online shoppers grew at twice the rate as before the pandemic. New shoppers have created opportunities for businesses, but have also introduced surface area for fraud and abuse.

Since new shoppers lack history and context, it's not surprising that their transactions are five to seven times more likely to be declined than other customers. To make matters worse, 40% of shoppers who are declined on their first visit won't return, and one-third will end up seeking out the competition.

40% of shoppers who are declined on their first visit won't return, and one-third will **end up seeking out the competition.**

The vast majority of those are false declines, and so businesses have lost revenue and customers.

These same new shoppers have proven (based on our dataset) to be more likely to reuse passwords and less likely to properly secure their data. As a result, between 2019 and 2020, we saw account takeovers (when a fraudster attempts to gain access to an account with stolen credentials) decline by 5% while bad actors harvested data. In 2021, they put that data into action, with account takeovers growing by 55% year over year.

Therefore, an emerging business routine includes the effort to make better decisions about eCommerce interactions — especially as it pertains to new shoppers. Forter has been supporting this effort with our Persona Graph. Across our network of customers, we have built a dataset of more than one billion online personas. Now, when any of our customers interacts with a new shopper, they are pattern-matched to the entire dataset. If the shopper has transacted elsewhere, there is context on their trustworthiness. If they have not been seen across the network, personas like theirs can be used to offer a precise decision on whether to accept or reject a transaction.

In this way, we are helping businesses start relationships with new shoppers and significantly growing the customer's lifetime value.

© 2021 PYMNTS.com All Rights Reserved

RON
DICHTER
Chief Revenue Officer
fortispay

CHOICE AND CONVENIENCE: DEFINING CONSUMER PAYMENTS TODAY

From swiping a magnetic strip in person to instant orders and payment plans, many of us did not anticipate the level of rapid development that would expand throughout the payments industry over the last two years.

The buying power and payments preferences once in the hands of businesses shifted to consumers the moment our lives went virtual. Consumer behaviors, physical restrictions, changes in purchasing needs and threats of economic collapse influenced change and set new expectations for consumers today.

A year ago, small businesses were struggling to compete with big brands emerging in eCommerce. Today, the end customer has just as much as of an opportunity to choose local goods and services as they do to order from Amazon.

Over the last 12-24 months, third-party connectivity has changed the way customers tackle errands, pay for services and even order food. The convenience of accomplishing several tasks in one central location wasn't as openly available as it is today. Now, vendor partnerships and point-of-sale connectivity allow consumers to book reservations, pay for gift cards and pre-pay for meals – all from the same app.

And prior to 2020, layaway was an almost-forgotten concept left in the 90s. As we move closer to 2022, that same concept has been revived and rebranded through buy now, pay later (BNPL) platforms, which enable customers to make purchases with installment plans.

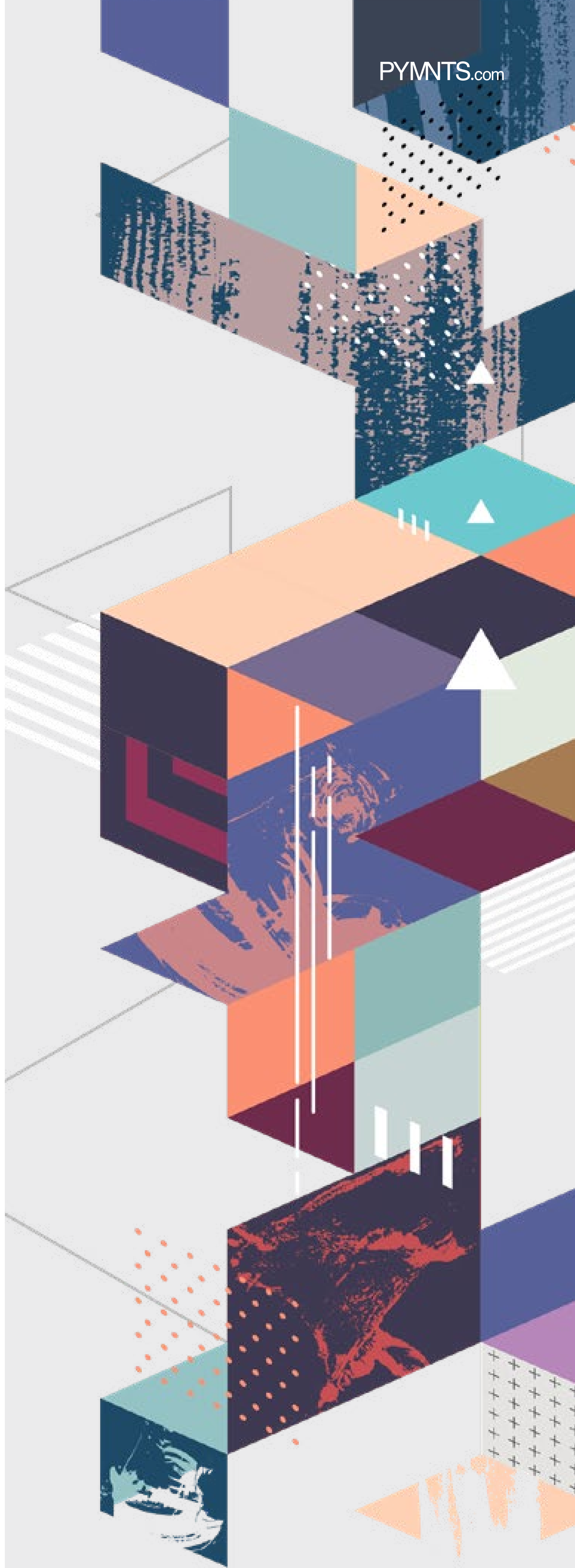
Competitive local eCommerce, third-party connectivity and BNPL strategies are innovations that became reality for the payments industry this year – but together, they're merely products of the choice and convenience that define consumers' normal payments routine.

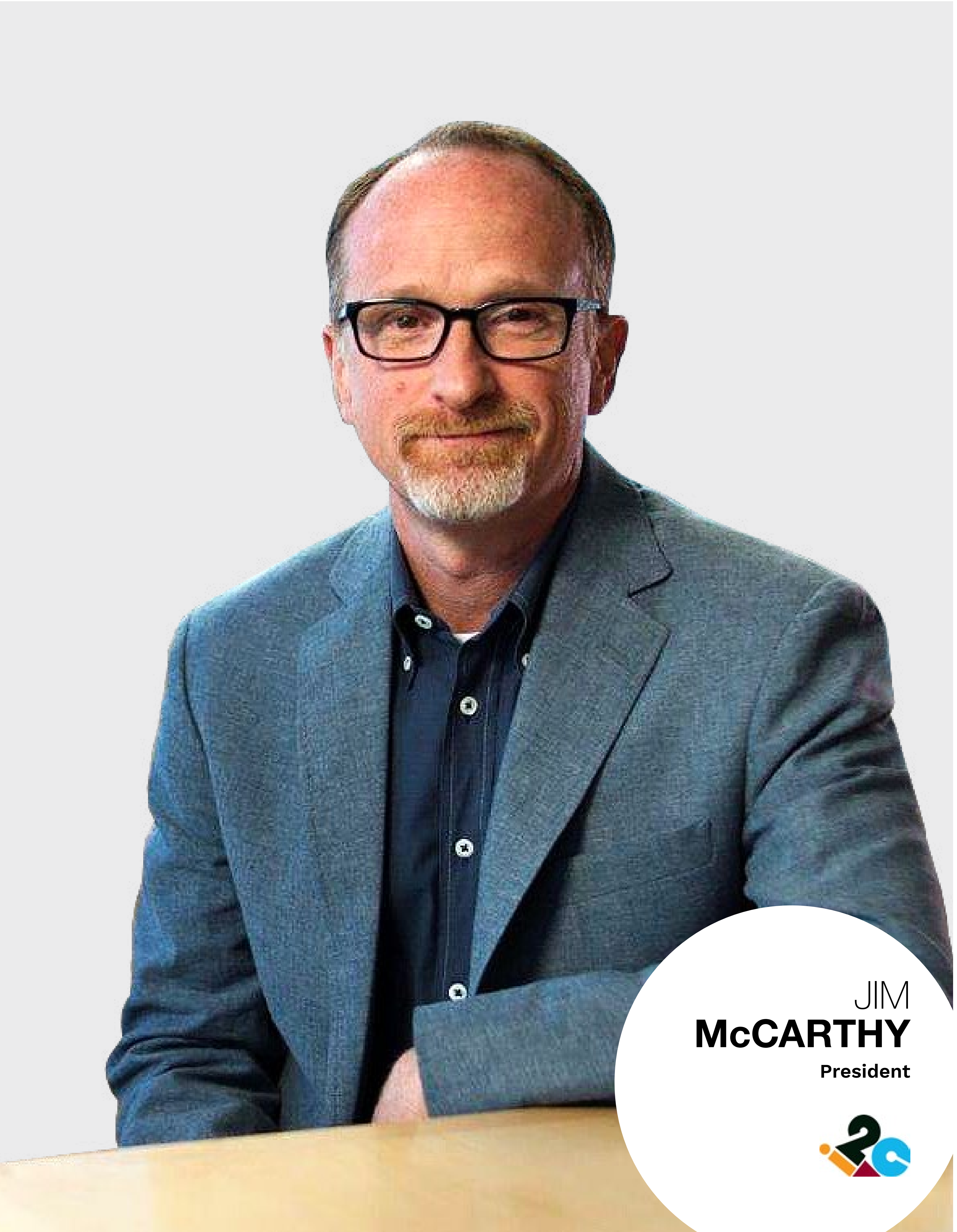
As technology disruptors bring new capabilities and integrations to market, more streamlined functions will inevitably shape our payments experience. Open Table, Shopify and Afterpay are all growing examples of how choice and convenience impact our payments needs and expectations. Consumers want personalization and options. Gone are the days that customers face limitations at checkout.

Our payments ecosystem is rapidly changing – not only because the pandemic uprooted the industry, but because consumers have taken control of their payments needs and expectations. Over the last two years, FortisPay has focused on curating tailored commerce experiences that further enable choice and convenience in payment routines.

Through enhanced core integration capabilities, payment facilitation, third-party connectivity, award-winning APIs and strategic acquisitions – such as with EpicPay or Swype at Work – FortisPay helps businesses simplify payment systems and meet their unique commerce needs as the industry grows and transitions.

Competitive local eCommerce, third-party connectivity and BNPL platforms show us how the industry has transformed since the dawn of the pandemic, but payments capabilities will continue to innovate and evolve. We believe choice and convenience for the consumer is here to stay, even if today's perception of the "normal payments routine" differs from tomorrow.





JIM
McCARTHY
President

AMID A HOST OF CHANGING ROUTINES, **AGILITY AND RELIABILITY** BECOME MORE CRITICAL THAN EVER

Over the last year, we've witnessed a host of changing routines across the end-user spectrum, influenced at first by necessity and later, it would seem, by a growing comfort with and openness toward new payment experiences. From getting food delivered to forgoing bank branches and cash, consumers and businesses have learned dozens of new routines and continued to create new ones amid an abundance of options.

Sure, the shift to digital payments was well underway before storefronts closed and safety precautions accelerated adoption – but as consumers had to make more of their purchases online or via contactless payment methods, many new routines were introduced.

Did some of our usual resistance to changing routines wane in 2021? If so, is it temporary?

The Card Is Still Important

According to Visa's recently published survey, nearly 50% of consumers would not shop at a store that did not offer contactless payments at the beginning of the pandemic, and many methods of contactless payments are up year over year from this initial surge, such as the 30% increase in tap-to-pay usage among U.S. consumers.

While the shift may have started over health concerns, Oracle finds that 96% of all current users intend to continue using contactless payments post-pandemic. These takeaways and others not only illustrate the lasting importance of the card, but also what feels like a wide-open or shifting state of payments, where assumptions are quickly turned on their heads and agility becomes more critical by the day.

At our organization, we're supporting the transition the way we always have – by listening to issuers, whether they're banks, FinTechs or other enablers, and not assuming we know what they need, but rather co-creating with them in whatever way their vision and the environment require.

As further proof of the shifting landscape and need for agility, a recent PYMNTS report noted that while Apple still holds a large share of the mobile wallet market, in-store mobile wallet use had declined by 26.2%. I'm not sure very many people saw that coming.

Enabling an Ecosystem

Why is this? Could it be that as the context changed, the practicality of the card came into clearer view?

Maybe the ability to dip, swipe or tap a bank-issued smart card without having to unlock a phone or lower a mask suits someone just fine in one situation, while having the same card virtually in an app for making a quick balance inquiry or bill payment is equally convenient just moments later.

These changing patterns and expectations underscore the importance of the supporting ecosystems and platforms that interconnect them and are tasked with delivering varied user experiences reliably and consistently. In other words, it's probably a good time to talk about table stakes. For example, does the inability to reach customer service in a pinch or a declined authorization not only aggravate the customer, but possibly push them away from one routine and leave them open to another?

As businesses and consumers come to expect more digitally enabled convenience in their day-to-day transactions, it will become increasingly important that those experiences rest on reliable and secure infrastructures that can handle not only volume growth, but a multitude of moments.

What Will Normal Look Like in 2022?

It's difficult to say whether we are witnessing a new level of openness on the part of end-users, lasting shifts in routines, or just an acceleration of trends that were already in the making. Regardless, the stage has been set for an unpredictable world where rapid innovation and resilience are vital. Maybe next year, you'll be paying for gas with your car, sending a remittance overseas to Mom via cryptocurrency or trying BNPL for the first time. If we've learned one thing over the last year, it's that almost anything is possible.

MATT
COLE
CEO of Secure Enterprise Transactions

IDEMIA
augmented identity

MOBILE PHONES: CONNECTING THE PHYSICAL AND DIGITAL PAYMENT EXPERIENCE

The rise in global smartphone adoption has created a culture of immediacy and constant innovation that has penetrated all sectors, accelerating the need for innovation in areas such as the financial industry, where client interactions remain. Over the past 18-20 months, the pandemic and ever-growing "everything now" culture has accelerated the transformation of traditional customer interactions and replaced many of the remaining physical touchpoints – including branch visits, paper account statements and card activation – with digital equivalents. These digital-first experiences blend the best aspects of the physical and digital worlds to reach on-the-go customers where they are and whenever they need. The link: the smartphone.

Mobile Banking Apps for an Enriched Cardholder Experience

Amid the pandemic and its resulting lockdowns, banks realized cardholders were heavily dependent on bank branches and physical card supply chains. Mobile banking apps have simplified and streamlined many processes that once required a trip to the bank.

For example, in the case of lost or stolen cards, mobile applications give banks a means to instantaneously provision a card that customers can use immediately and store in their third-party wallet app (Apple Pay, Google Pay, Samsung Pay, etc.), or access via the bank's mobile application. The flexibility offered by these new digital-first feature allows consumers to immediately get access to a digital form of payment means via their smartphone while waiting for the replacement card to be shipped.

Today, from their mobile banking app, cardholders can activate their card, report lost or stolen cards, order replacement cards, set spending limits, and automatically and immediately view recent card activity to identify and dispute suspicious transactions, or even benefit from rewards after each purchase.

Digital Wallets: Convenient Means for Contactless Payments

Going beyond applications, the mobile phone is no longer "just" a channel to access digital products or services, but also a vector for contactless payments via third-party digital wallets (i.e. Apple Pay, Google Pay, Samsung Pay, etc.) and mobile banking applications.

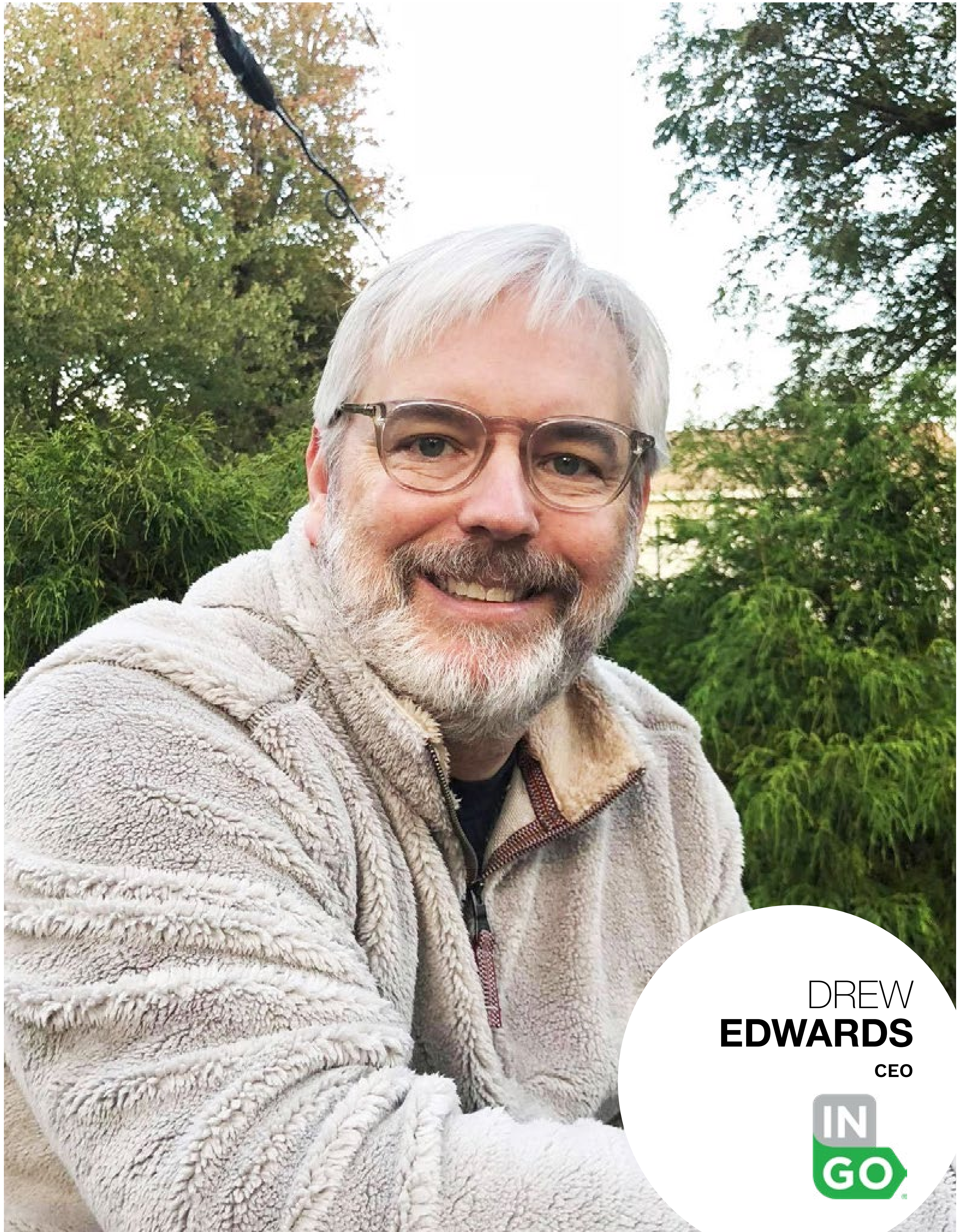
The mobile phone plays a central role in the payment experience by addressing the need for contactless interactions. Once "nice-to-have," contactless payments have quickly become an essential service. They offer customers a simple way to pay, either with the tap of their phone or the scan of a QR code. These capabilities provide fast, intuitive experiences that are also hygienic and highly secure.

Today, more and more smartphones are equipped with biometrics via fingerprints or face recognition, allowing strong customer authentication (SCA) to secure transactions and enabling all sensitive operations to be performed through the device.

Smartphones: Ensuring Connections With Digital-First Customers

The banking ecosystem is well aware of what the consumer wants: simplicity and instantaneity – and innovative services don't hurt, either. To cater to these evolving consumer expectations, it's crucial to offer a broad spectrum of services.

The future of card payments is clearly pressing forward, as more and more physical card features blend with smartphone features. As a result, mobile banking apps are bound to become the preferred channel for consumers to access banking services and manage their cards across physical and digital form factors. Smartphones give consumers the keys to their own banking and payment experiences, offering adaptable services that can meet all their needs. Card issuers can take the best of the physical and digital worlds to forge a fantastic user experience, avoiding any friction or disruption.



INCREASING THE POWER AND PENETRATION OF **P2P PAYMENTS**

In a year when life experiences were defined by physical separation and virtual connection, it's no surprise that the same trend dominated payments.

Unable to exchange cash in-person or visit a bank to cash a check, people turned to mobile to send to and receive money from one another. In fact, a recent study found that nearly 80% of consumers used person-to-person (P2P) payments over the course of the last year.

While people have used P2P payment apps for years, this is an astounding rate of penetration. Anecdotally, the number of both users and use cases rose during the pandemic. From paying for virtual services to patronizing delivery apps, instant mobile payments became an easy, routine payment consideration for many people.

However, even with this high rate of adoption, there are still barriers to ubiquity and untapped opportunities in the sector. For mobile P2P payments to move from a “nice-to-have” convenience to a “must-have” standard, the industry needs its Esperanto.

Current mobile P2P payment apps operate much like the dawning days of instant messaging. In the early 2000s, users of AOL, Yahoo!, ICQ and others could only message friends and families on the same platform. Similarly, today, you can only send and receive money if the two parties are using the same app.

Looking to pay your piano teacher or your fantasy football league dues using PayPal, but they only have Venmo? It’s an impossible transaction to complete unless one of you downloads the other app, creates a profile, then links their bank account. For instant P2P payments to become as simple and ubiquitous as swiping a credit card at checkout, they must connect to one another using the payments equivalent of a universal language.

That is fast becoming a reality with the launch of the new Ingo Money open-loop P2P network. The industry’s first pay-anyone, cross-platform P2P money transfer network can reach 4.5 billion consumer accounts – including credit, debit and prepaid cards as well as digital wallets and bank accounts – making it possible to instantly route money to anyone, natively.

That means Sally can send her share of the rent to her roommates from her bank’s app and have it arrive in their bank accounts. Ditto for her sister’s credit card for Sally’s share of lunch, and again into her yoga instructor’s Venmo account – simply by selecting them as recipients. The network does the rest.

As more apps and businesses tap in, open-loop P2P payments have a chance to become the default P2P payment option for consumers. With 97% of Americans owning a cellphone and 85% a smartphone, the power to pay anyone, anywhere is literally in the palm of nearly everyone’s hand.

© 2021 PYMNTS.com All Rights Reserved

HASSAN
ISSA
Chief Operating Officer

Limonetik

CLIENTS' PAYMENTS ROUTINE: **A JOKE OR UTOPIA?**

The new clients' payments routine is a world with cashless and digital transformation. So can we still talk about a payment routine for consumers?

It is a fact that the payment industry has been shaking with new technologies and trends. When it comes to payment, we can't simply rely on a routine. The internet explosion in the 2000s and today's technology-driven consumerism have changed everything for consumers looking to make purchases at physical stores or online retailers alike, who are now faced with an emerging array of new digital payment options.

According to a Statista report, in 2023 it is estimated that there will be 1.31 billion proximity payment transaction users, up from 950 million users in 2019 – a jump of users of alternative forms of mobile payment options, like mobile apps for online shopping, mobile payments at the POS, and special mobile payment options such as mobile wallets. There is no doubt that digital payments will become the worldwide standard of tomorrow.

Technologies are evolving to the great benefit of the customer, both via eCommerce and in-store. Because of the many and varied payment methods, it is no surprise that more and more in-store merchants are supporting mobile payments to reach this tech-savvy audience. This is where near-field communication (NFC) has become a standard feature on most mainstream smartphones as a contactless payment solution.

Additionally, the increasing support of OEM-Pay providers for transit payments, such as Alipay, Apple Pay or Google Pay, has been one key enabler in a number of markets. This shift in consumption has been driven largely by changing demographic trends for millennials. The smartphone has become the essential comforter for these populations, as well as for emerging countries that are no longer using cash, but instead are relying on group vaults and peer-to-peer transfers for regular and unbanked people, too. This new way of consumption convinced elders to adopt it as well.

With the population taking an interest in consumption, shopping methods have spread out. Whether online or at a store, people want to be able to purchase goods and pay for them using their preferred methods. Businesses must question themselves about how to best meet the needs of each consumer. This is because consumers, even in given populations, have a particular consumption – which means businesses will be catering to different desires with their products or payment method services. Consumers are also being conditioned to expect their payments options to be fast, easy and secure, creating expectations for which forms of payment they will be able to use with different types of merchants.

The payments industry is not just a vital cog in the global economy; it's the connector between consumers and merchants. The future of payments looks bright, as more legislation and globalization are expected to take shape to fuel further innovation. Payments connect people from all over the world through their always-on devices, whether online or in brick-and-mortar stores. Payments allow the poorest to acquire basic goods. More than a simple means for financial exchanges, they have become a crucial social link and form of community recognition. Payments can't be considered a routine – they represent a society-wide interaction.

© 2021 PYMNTS.com All Rights Reserved

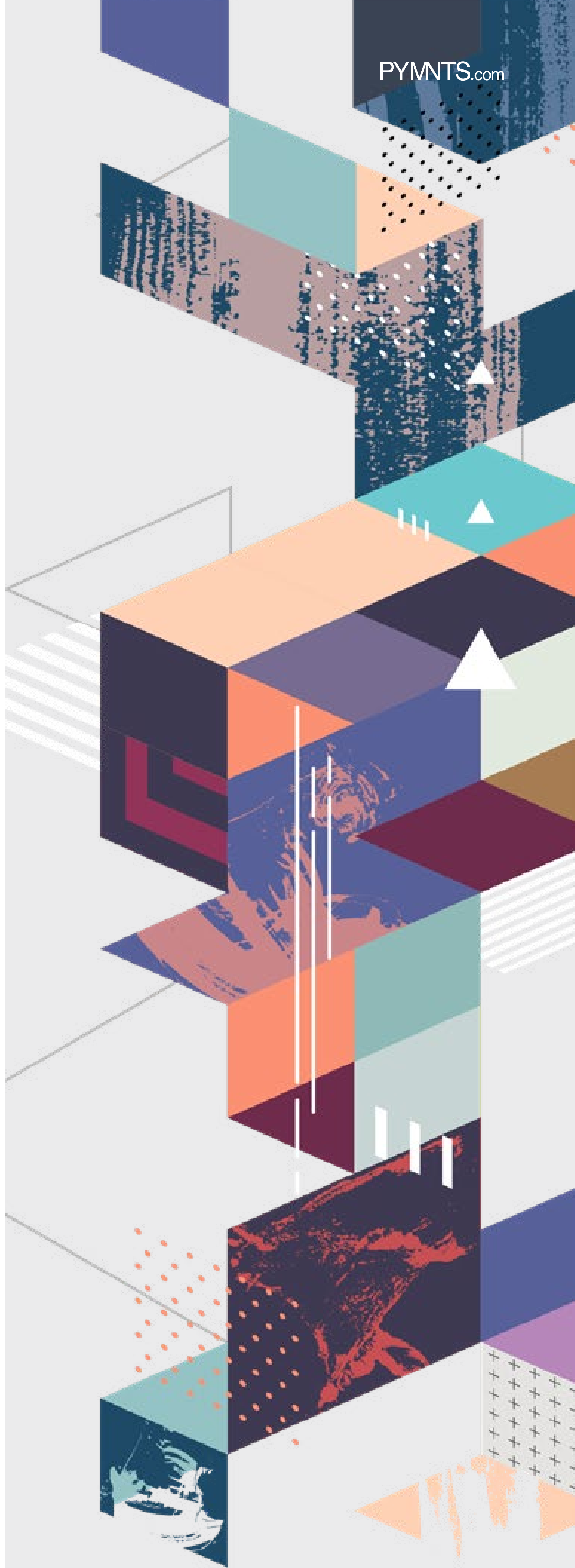
SIMON
LAW
Co-Founder and CEO
LoginID

THE **'NEW NORMAL'** OF THE DELIVERY BUSINESS

There are a lot of changes to the way things are being done as the world recovers from the pandemic, but if I had to think about one particular thing that impacts a customer but does not directly involve them is the "new normal" in the delivery space.

Due to the new social distancing mandate, delivery drivers in the food or retail space are now leaving the food or the ordered goods at the customer's doorstep and, as proof of delivery, taking a picture of the physical address with the delivered item in front of it. Previously, there would have been the typical knock at a door or ringing of a bell, an exchange of pleasantries and delivery of the product. Taking a picture, however, does not guarantee that the intended person has, in fact, received their package (think of rental scenarios, shared entrances or other scenarios).

A better way to support this interaction would be a system where the driver is able to notify the customer that their item has been delivered in a few taps or clicks versus taking a photograph and continuing on with their other deliveries. The customer would receive a notification and be able to instantly verify that they have, in fact, received their goods. This way, there is stronger proof of the transaction successfully taking place, and no opportunity for friendly fraud to occur.



MORE TECH ISN'T ALWAYS THE ANSWER

One of the most interesting sessions at September's London Tech Week was a conversation between CNBC journalist Karen Tso and Sebastian Siemiatkowski, the founder of Klarna.

Siemiatkowski made the point that sustainable disruption is about new business models, not just better technology. That is true for a firm wanting to stake out a place in the market, but it's also true at the societal level.

It prompted a thought about the challenge that disruptive payments models have brought to financial inclusion in much of the West. A few years ago, pricing models across the payment chain made card transactions for small purchases uneconomic – way past the point of technology – and societal adoption would have allowed them.

We can quibble about why that was – and the traditional players in this space have a case when they say they were simply pricing the capital costs of the legacy payments architecture – but the fact of the matter is that if you tried to buy a Mars bar with a Visa card, you'd have to deal with one very annoyed shopkeeper.

Now, particularly in big cities, many vendors are card-only. The pandemic has accelerated the trend for obvious reasons, but that acceleration has only been made possible by disruptive models, which have outcompeted the legacy players on cost and found technology solutions to make card payments possible outside of fixed premises.

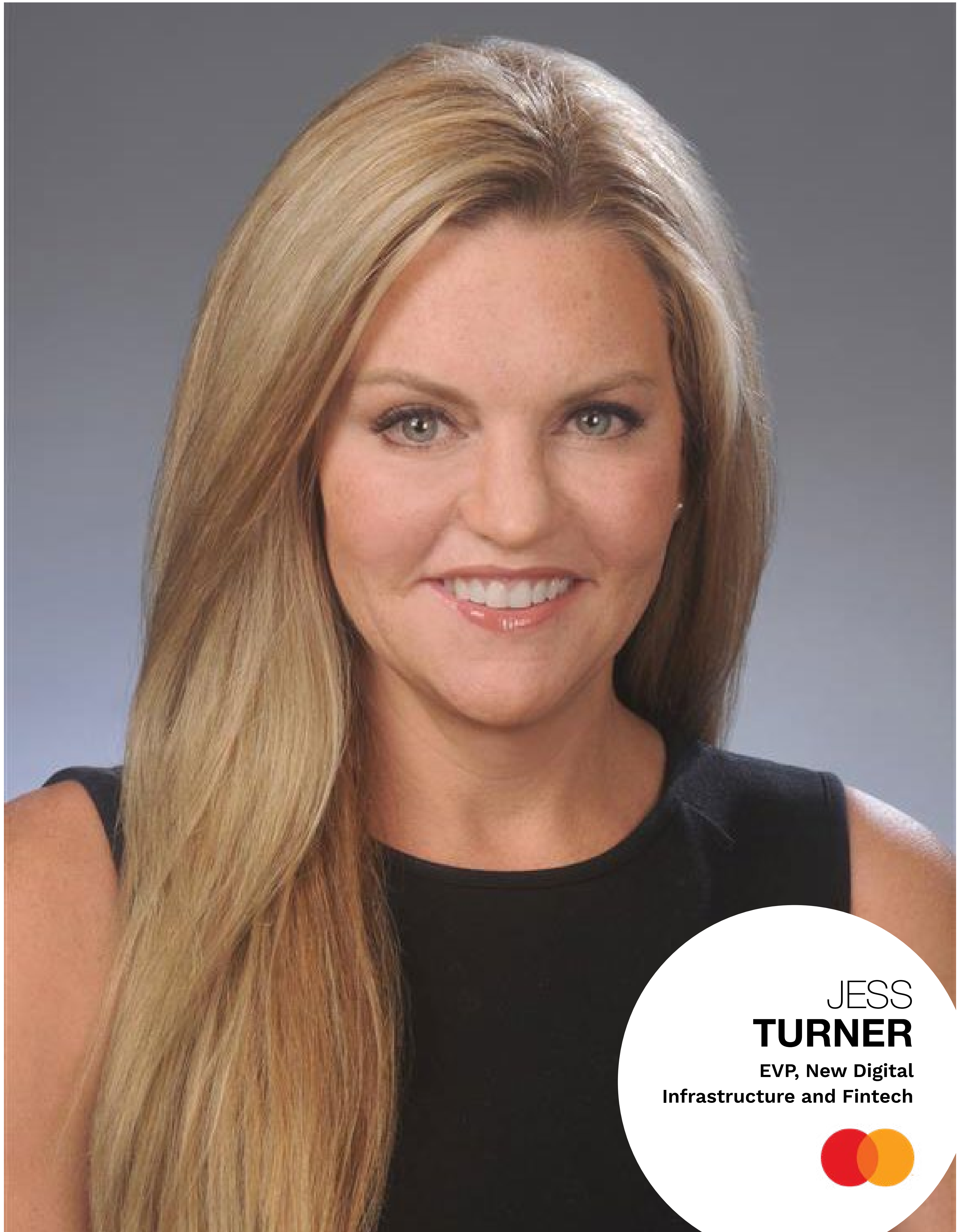
The problem, of course, is that the business model that has brought small transaction vendors into the cashless economy has yet to find an answer for the vendors' customers that the model excludes.

There are many reasons a person may not be able to go cashless, and being unbanked is perhaps the least common. People deep in their overdraft are often unwilling to put cash in the bank. Victims of domestic abuse often keep cash to retain some measure of independence. Some workers are paid in cash daily. In practice, a 100% cashless model is unviable.

This problem is well-documented. The U.K. government has just closed a consultation on access to cash, which was a thoughtful piece of work. However, it does include what seems an important confusion. The report notes that most of us in the U.K. live within one kilometer of an ATM. ATMs are operated by legacy banks, which are under enormous political and regulatory pressure to maintain coverage – so the substance of the problem is the ability to use cash, not withdraw it.

Currently, cashless vendors are largely in the discretionary spend space – coffee, pastries, office lunches. But the speed of adoption suggests that will change. We should be uncomfortable that anyone is excluded from simple pleasures like a flat white, but the problem becomes systemic if it becomes hard to buy groceries or sanitary products using cash.

New payments models – accelerated by the pandemic – risk tipping cash toward unviability. At a societal level, the solution is not further technological innovation nor access to technology, but a model that recognizes the need to keep cash as an option, everywhere.



ACCOUNT OPENING AT THE SPEED OF **CUSTOMER EXPECTATIONS**

As we contend with in-person restrictions, the demand for and use of digital financial services has grown. Mobile banking, account opening or making real-time payments are now not only our first reflex, but often a necessity. Mastercard's 2020 Global State of Pay study found that 73% of consumers and 67% of small businesses had used mobile banking apps to manage their finances and make payments in the past 12 months, and 53% of consumers said they were using them more now than they had before.

Consumers want flexibility in how they manage their finances, and true financial services innovators are delivering experiences that provide this choice. Opening checking accounts online is increasingly part of a consumer's normal payments routine, and it is powered by open banking, which has also seen significant acceleration during COVID-19 and is expanding globally. Nearly two-thirds (64%) of the checking accounts opened during the height of the pandemic were submitted either online or on a mobile device with more than eight in 10 banking app users reporting the experience was "easier than they thought." That's largely due to open banking.

Digital account opening is here to stay, and consumers expect to open an account in seconds. But issues like manual uploads and micro-deposits add delays. Open banking introduces new ways for financial institutions and apps to verify account ownership and authenticate credentials for opening and funding accounts. The balance of risk, compliance and customer experience is delicate – efficiency can't compromise fraud prevention. Trust is critical in our hyper-connected digital environment, and the consumer must be at the center of control, ensuring greater transparency.

That's why we have a solution that provides secure, lightning-fast account verification. Mastercard's open banking network is removing friction points in the account setup, onboarding and funding process. Open banking introduces new ways for FIs to verify account ownership and authenticate credentials for opening and funding that include account owners, account details, and balances that boost sign-ups and reduce abandonment. The connectivity is also useful when customers have an existing relationship with an FI, but want to move money or add services. Data services help FIs verify account details and balances in milliseconds, while moving money accurately and securely.

With the rapid emergence and global expansion of open banking, the money experience will never be the same. At Mastercard, we are redesigning our network to power the future of payments and services. A global open banking network, coupled with our existing multi-rail expertise, empowers our partners to better serve consumers and their changing expectations with digital experiences.

© 2021 PYMNTS.com All Rights Reserved

STEPHEN
RITTER
Chief Technology Officer
Mitek

CAMERAS, WIPES AND SWIPES **REPLACE CASH**

In the last two years, companies and consumers alike have been forced to prioritize health and physical safety above all else. Around the globe, we moved into our homes and outside of our comfort zones.

As many of our transactions moved online, we had to figure out how to strike a balance between convenience and security. Before the pandemic, we built trust by looking a vendor, teller or customer in the eye. We relied not on evidence, but on our instincts and experience with someone in person to judge their trustworthiness. Today, we use a combination of data, documents, biometrics and behavior to gain the confidence we need to trust digital interactions.

This abrupt move to online commerce affects all generations.

Baby Boomers

Consider my own parents, members of the Baby Boomer generation, who were late adopters of technology, apps and smartphones. Yet because their health was most at risk, they adopted mobile banking virtually overnight. They gave up getting to see their favorite banker in person and were no longer comfortable touching germ-laden ATMs. Many of their generation who originally weren't sure they even trusted debit cards went straight to making mobile deposits on their phones. Consumer use of mobile deposit that would have taken 10 years in normal times only took 10 months to achieve during the pandemic.

Generation X

When it comes to Gen X, I'll pick on myself for a moment. You'd think a CTO of a technology company would already be using only technology for payments, but not in my case. I liked supporting my local businesses, and that often meant paying in cash. Now, I often use a delivery service to support that business, and I regularly use a combination of Zelle, PayPal and Venmo for peer-to-peer payments. I also now use Apple Pay because while I don't always carry my wallet, but I do always carry my phone. Recently, I had my phone screen fixed and it broke the Face ID function. I've lived without Face ID for three weeks, a massive inconvenience after getting used to transparent and passive security. Even though I'm a technologist steeped in AI, security and biometrics, I didn't realize how integral Face ID had become until it was gone.

Kids

In the past, I would have sent my soon-to-be-teenage daughters to the store with cash or, even scarier, my credit card. Instead, they now both have their own debit cards with GoHenry. Using modern-day technology, I can manage how much money they spend, and they are learning financial hygiene.

Looking to Find Trust in the Digital World

So, what do we all have in common? We all learn by doing. Now that most of us have, in our own ways, come to count on the speed and convenience of online commerce, we aren't going back.

Rightfully, this widespread adoption of these kinds of digital finance technology is shining a bigger spotlight on the safety of online transactions. People want to know if their online transactions are safe. The good news is that they are, for the most part, safer – especially for banking, where far fewer people "touch" your money.

Now, it's also true that processing more transactions online opens new doors for fraudsters to enter. Security, fraud and crime are still big concerns in new ways, and that's why fraud prevention is key. It's our job to be 10 steps ahead of the fraudsters, identifying their patterns and mitigating risk. People are right to be concerned and to ask questions. And ultimately, tech companies own the responsibility to protect people's money, data and identities online.

That's why I am proud that my company and many others exist to ensure that the way we do business online is safe and secure.

GO DIGITAL, GO LOCAL

In the early months of the pandemic, there was a lot of attention on the "newly" digital economy. Businesses of all sizes, from all industries and locations, rushed online to remain competitive and survive as markets went into lockdown.

But the trend toward digitization wasn't new; it was decades in the making, and consumer expectations had long been evolving to prioritize personalized, online, user-friendly, instantaneous experiences. All that really changed was the scope – it was no longer sufficient for only the biggest brands and merchants to be online. Now, even the mom-and-pop corner shop had to turn to digital commerce to stay relevant.

The Commerce Evolution

Today, the participants in the digital ecosystem are incredibly diverse, as are their business models. We're seeing an evolution within digital commerce as companies strive to separate themselves from their competitors and find new revenue models. Platforms that were purely consumer ad-driven, like Google and Facebook, are now plugging eCommerce directly into their businesses. SMBs are also evolving, with many "graduating" off marketplaces and looking to sell directly to customers all over the world. The need for easily integrated payment solutions has never been greater, and the expectations for these payments experiences have been raised.

This increasingly connected economy has driven one of the most important new trends within payments: the necessity to offer a variety of localized and alternative payment methods. Today's digital businesses sell across borders, and their customers expect a tailored checkout experience. Suddenly, integration with a single gateway or payment service provider (PSP) is insufficient, while implementing a whole host of payment providers requires significant resources. Merchants of all sizes are finding themselves unprepared for the complexity this level of localization requires, and are seeking out technological solutions.

Choice = Satisfaction

Businesses want to be able to get their funds quickly, in any global currency and in any form that they need to best conduct their business. Some want the ability to have a virtual card so they can pay for the everyday needs of their business using easily accessible network rails. Some want to pay vendors through simple account-to-account payment methods, whether they are external, like ACH or wire transfers, or internal, like a ledger transaction between accounts. Some want to send money to hold in their eWallets or investment accounts. And others like the safety and security of leaving their money in a USD-denominated account, as opposed to being forced to take money in a more volatile local currency.

Timing also plays into choice. The ability to get a working capital advance to fund their business ahead of receivables is critical to driving a flywheel effect, which allows for a much faster growth rate compared to only relying on cash that is readily accessible.

Overall, the ability to get paid when, how and where you want is becoming an expectation for businesses' clients today. At Payoneer, we're continuing to invest in flexibility for our customers, making every payment a local one and allowing for maximum choice in their use of their hard-earned funds.

TODAY'S RESTAURANTS **TAKE CUES** FROM eCOMMERCE

During a recent trip to London, I stopped in at a coffee bar, ambled up to the counter, ordered an Americano and reached into my pocket to pay the £2. My action was met with a look that bordered on horror. "Sir, we don't take cash," the barista said in her crisp London way.

I immediately pulled out my phone and tapped it. But what I experienced was part of a sea change that happened slowly, then all at once. For years now, we've been watching as China switched to a mostly cashless society, with the likes of Alipay and WePay taking over nearly every transaction. We saw Apple and Google put the technology in their phones to make mobile payments easy – but much of the world, especially here in the U.S., remained reluctant to take it up, particularly in restaurants.

We were told that restaurant guests craved that personal interaction. They wanted to order from a server and complete the transaction with a smile. That's why every restaurant transaction involved "the handoff." It was that moment when the guest flagged down the server, got the check and handed over a physical payment. It didn't matter if you dined in a high-end steakhouse or at a QSR – at some point, you handed something to a human and they completed your order. Honestly, it wasn't all that long ago that American restaurants first started bringing the transactional device to the table instead of taking your credit card to the register. We're slow to adjust.

Then the pandemic changed everything.

Today, a growing number of restaurant transactions happen via the phone. Restaurants that stubbornly remained "cash only" even into 2020 realized that such a position has become impossible since most ordering shifted to digital. In many cases, a restaurant handoff doesn't involve a human at all – instead, guests scan a QR code or go to a mobile website, order, and then either take the food home or eat in the restaurant dining room.

This digital engagement involves more than just changing the way money gets transferred – it also means we're learning more about our guests and customers than ever before. We know their dietary preferences, when they come in, when they stop coming in, what drives their purchases, how much they spend with every transaction and millions of other data points.

Payments now has the opportunity to become the center of a loyalty marketing engine that makes the physical restaurant operate more like an eCommerce company, with data optimizing everything along the way. Understanding a person's dietary needs means a restaurant can offer a dynamic menu. Knowing that a person is likely to come in on Tuesdays at 9 a.m. means that if the person misses a visit or two, they can be enticed back with just the right offer at the right time.

So next time I'm in London, I hope the barista knows how I like my Americano even before I tap that phone on the counter – and not just because I speak with an American accent.

COVID DRIVES SMALL BUSINESSES RE-PLATFORMING – AND **A RENAISSANCE IN DIGITAL PAYMENTS**

In 2020, small businesses were scrambling, figuring out how they need to adapt to doing business remotely. From construction companies, manufacturers and wholesalers to the software platforms supporting these SMBs, businesses had to quickly retool to survive.

Office lockdowns and remote work protocols exposed how much small businesses had previously relied on physically receiving and processing vendor bills and client payments. Almost overnight, everybody realized they needed comprehensive digital methods to keep their cash flow running. For many businesses, paying suppliers quickly is inherently tied to their revenue stream, so paying quickly and communicating payment delivery with suppliers is paramount.

Despite a limited number of B2B payment solutions on the market, last year more and more businesses changed the way they pay and get paid by shifting into online payments and payment acceptance. Questions of cost versus benefits had to be answered. The majority of small businesses thought that their business models would never support online payments, even if their clients had to resort to credit cards to compensate for short-term cash shortages.

But in the last few years, the online payments market innovated and offered an incredible new dimension. A business could now pay with a credit card online, even if their vendor did not accept cards – and vice versa, could also get paid via credit card without any additional cost.

With less effort, less expense, faster receipt of payments and more cash flow flexibility on both sides, 2020 became a year when many manual, legacy payment and accounting practices fell by the wayside, and companies of all sizes finally started embracing the promise of digital payments automation.

Plastiq led this movement by allowing SMBs to pay their suppliers and to get paid by customers in a simple platform that's easy, fast, secure and reliable to use. It separates the funding source from the disbursement method, so if a construction company wants to pay for materials on their credit card but the vendor still wants to receive a paper check or wire, Plastiq makes that happen. To make it easier still, suppliers don't even need to be signed up on Plastiq to get paid – although doing so unlocks numerous benefits at no additional cost.

When it comes to accepting payments, Plastiq gives each business a unique URL that can be used on digital invoices, sent by text or email, or hosted on their website. One click takes the customer to a payment page. Or they can use a single line of code and embed a seamless checkout experience in their own online order flow. For anyone accustomed to the status quo of waiting on payments or spending time tracking down those payments, Plastiq's digital acceptance opened up a new world of far more efficient ways to operate.

Solutions that solve these SMB challenges existed prior to the pandemic, but they tended to be far too expensive or complicated for a typical small business. The millions of low-tech SMBs finally had a transformational solution for their new cash flow and payment automation challenges that had all the flexibility they needed, but with simplified workflows and integration capabilities.

Now we're seeing many small business pay all their expenses by credit card, which helps them hold onto their cash, extend payment terms and improve cash flow. They can make high-volume payments without bank-like limits complicating their ability to pay. And they can even quickly pay overseas suppliers by card, locking in inventory, building trust with their critical vendors and oftentimes getting early-pay discounts.

We went a step further in accelerating this trend by enabling partners to offer these advanced payment capabilities to their customers right inside their own platforms. Plastiq Connect includes our set of APIs and tools that enable seamless integration of our novel B2B payment options. In as little as few weeks, a partner can be up and running with everything Plastiq has to offer, all on their own sites.

The pandemic challenged SMBs in ways we've never experienced before. The ability to adapt became a pressing need. But by embracing that change and applying it to their old ways of paying and getting paid, those businesses that have adapted are successfully navigating the turmoil and thriving again.

DENISE
STEVENS
SVP, Chief Product and Digital Officer
PSCU

TOUCHLESS PAYMENTS: EASE, CONVENIENCE AND SAFETY DRIVES ACCELERATED ADOPTION

The COVID-19 pandemic has been an impetus for change, forcing consumers to alter their behaviors in many aspects of their lives. Some innovations that were considered "nice to have" prior to the pandemic have risen to the level of basic requirements in the eyes of consumers, who now expect safer and more convenient choices in how they transact. One such capability is contactless payments, which have increasingly become part of consumers' daily payments routines over the past year.

With consumers transacting digitally more than ever, they expect these payments to be swift and seamless. As hygiene became an important factor in the pandemic era, consumers quickly discovered the convenience of touchless forms of payments. With more and more merchants enabling near-field communication (NFC) technology, widespread adoption of tap-and-go payment methods has given consumers the ability to choose how they pay.

In the Credit Union Innovation Playbook, a PYMNTS and PSCU collaboration, research has shown that contactless credit and debit cards are the most popular payment options with credit union members, followed by mobile wallets. Nearly twice as many credit unions indicated that they are investing in contactless cards than were doing so in 2020.

According to PSCU's monthly Payments Index, contactless transactions leveraging debit and credit cards have more than doubled since January 2020 among the same-store population of credit unions. Mobile wallets have also experienced exponential year-over-year growth and, in recent months, have benefited from the increased volume of card present activity – further illustrating that options like contactless cards and mobile wallets are now necessities.

Looking at demographic data, millennials and Generation Zers are part of the next wave of credit union members who will impact preferences and expectations. These younger generations are digital natives who grew up during a time of rapid technological advancement. They represent a mobile-savvy generation open to embracing new technologies, including an assortment of touchless payment options.

Data indicates that demand for contactless is at an all-time high, with nearly half of millennial and Generation Z consumers making contactless cards their "top-of-wallet" choice. What might have at first seemed like a trend has now become routine for many credit union members.

© 2021 PYMNTS.com All Rights Reserved

RANDY
GUARD
Chief Product Officer
Spreedly

THE RISE OF PLATFORMS (AND PAYMENTS ORCHESTRATION)

In the last year, fueled in part by customers demanding more of their purchases be easily accessible online, platforms are becoming part of the normal payments routine for many merchants and consumers.

COVID pressures have accelerated the move of consumers to online transactions, which has forced merchants to alter their business models to support that shift. But moving online is not a trivial exercise. After all, there are significant complexities in offering services, payments and fulfillment.

That pressure has led to a rapid increase in platforms offering their merchant customers a shortened runway to digital options for selling their goods and services. The accelerating pace of customer demand for online channels is quickly making these platforms necessary investments for merchants.

At Spreedly, we're fortunate to work with many successful platforms across industries and verticals that are pushing the payments envelope in exciting ways.

Craver, for example, has developed a leading mobile app platform that is helping hundreds of local restaurants engage their customers by offering features such as mobile ordering, mobile payment, rewards and loyalty. The Washington Post's Arc Publishing platform offers a purpose-built CMS and payment tools for digital publishers that, for example, reduce time-to-market for a complex content paywalling strategy. Pushpay, a leading online giving platform for churches and nonprofits, is bringing payments innovation to organizations that have historically been tech-hamstrung or slow adopters. Fonteva uses Spreedly to power its Salesforce-based solution for associations and member communities. Their bring-your-own-gateway approach and support for a range of dues and subscriptions models has increased their total addressable market and competitive advantage.

What all these thriving platforms have in common is that they are enabling their merchant partners to focus their resources on the most important, value-add areas of the business by partnering for non-core competency tasks. This in turn accelerates time to revenue for those merchants — and for the platform. These platforms are helping their merchants position themselves to grow faster and more efficiently because valuable resources are freed up to focus on the customer's needs.

However, because platforms aggregate merchants who come to the door with varying levels of payments sophistication and pre-existing vendor relationships, platforms face challenges around flexibility, choice and supporting a wide range of payment providers. They are hyper-focused on providing a great merchant onboarding experience, and are in a position to leverage strong payments flexibility as an important competitive differentiator.

Platforms also have to seamlessly manage complex payments flows. As their merchant base expands globally, APMs, regional compliance and data locality increase in importance.

The need to manage that complexity of payment models across their merchant network means payments orchestration technology is essential to achieving rapid growth and expansion. Platforms that want to succeed are leaning into this rapid evolution of payments. They are working in a durable multi-gateway strategy, and taking advantage of the go-to-market speed they can gain through payments orchestration.

THE NEW NORMAL: B2B PAYMENTS MUST BE LIKE B2C TRANSACTIONS

If there's one thing today's B2B buyers want, it's fast, frictionless online payments. They want the actual B2B payments process, complex as it is, to be as easy as the B2C "buy now" experience.

Thanks to the pandemic, the delta between B2C buyers and B2B buyers has completely collapsed. To quote Forrester Principal Analyst Jay McBain, "Three years of consumer behavior change was squeezed into one year in 2020. … Consumers are now demanding online experiences, happily virtual, wanting seamless digital procurement and provisioning, and wanting everything at the click of a button. … It's all about speed, convenience and remote, whether the buyer is acquiring a Peloton or a software product."

In a recent study conducted by McKinsey & Company, 66% of B2B decision-makers surveyed believe that self-service is now more important to customers than traditional sales interactions — an 18% increase from before the pandemic. And of the 3,600 B2B leaders McKinsey surveyed, 96% have shifted their go-to-market strategy. The online B2B buying experience is changing fast.

But let's be clear: This isn't just a pandemic payments strategy – it's the new normal. In fact, according to McKinsey, 80% of the leaders plan to keep their new selling models. That's why B2B companies must address these customer expectations now, before sales are lost due to slow and clunky online buying experiences.

One key feature of an improved B2B buyer experience is offering multiple ways for first-time purchasers to pay, all with the ease of one-click purchasing. Our new study found that B2B merchants now offer 4.7 payment methods, on average. Of these companies, over 50% currently offer traditional wire transfer, digital wallet payments, traditional credit cards and real-time payments.[1]

But keep in mind that business customers often prefer to purchase on terms. In the shift to digital-first interactions, instant decisioning is critical to grabbing the sale and keeping the customer. Plus, these buyers will spend more, and more frequently, when they have a dedicated financial relationship and credit line with a business. The advantage over the competition is significant when customers know they can easily purchase once they're ready for more stock.

It's important to note that as online sales grow, fraud is likely to increase. It's the nature of eCommerce these days. As more online customers are acquired and globalization accelerates, there is a growing risk of business identity theft and other forms of digital fraud. These days, sophisticated fraud detection processes are absolutely mandatory for companies of all sizes.

At this time, it is more important than ever for B2B merchants to stay in tune with changing consumer expectations, driven by the rising digital generation and accelerated by COVID. And when it comes to B2B payments, now is the time to embrace the new normal and join the B2B payments digital evolution.

[1] "Optimize Your Payment System to Seal the Deal" is a study conducted by Forrester Consulting on behalf of TreviPay in April 2021. The sample size included 200 global decision-makers of accounts receivable and payments strategy.

© 2021 PYMNTS.com All Rights Reserved

CRAIG
O'NEILL
CEO

BREAKING DOWN BARRIERS BETWEEN CUSTOMERS AND AR TEAMS

In the past year, we've seen that when the pressure's on, businesses will embrace change much faster than we ever thought. The B2B payments experience, and specifically the accounts receivable (AR) function — which until recently had been steeped in manual and paper-based processes — is an especially compelling example of this.

I think back to a survey from last fall, when most businesses (seven out of 10) were only just starting to think about digitizing their AR. When you compare this to more recent insights from this past spring, this timeline has accelerated significantly — 93% of firms now say that they're already implementing AR and accounts payable (AP) technologies.

Accounting departments are getting comfortable with the idea of transforming processes that have been largely untouched for years. Beyond that, they're now clamoring to do so. They fully expect the improvements they make to payments and AR to catalyze and energize their customer experiences and accelerate cash flow. And they've had no choice but to do so, with teams distributed across multiple geographies and COVID-19 restrictions forcing them to critically review their normal payments routines.

Among our clients, we see a hunger for increased collaboration between their AR departments and their customers. The primary causes of payment delays can be traced back to a lack of access to information for both customers and accounting personnel. When customers have difficulty finding the answers to simple questions, like how much they owe, they've no option but to contact their vendor's AR department through antiquated channels. Phone and email are ill-suited for delivering quick responses, but what else can they do?

Businesses that have embraced accounting digitization with customer experience in mind have been able to circumvent traditional payment delays by breaking down the information barriers that typically lead to invoice disputes and discrepancies. By using an AR automation platform that fosters direct communication between AR reps and customers over the cloud, forward-thinking businesses have been able to eradicate the payment issues that have plagued them for decades.

At Versapay, we're seeing increased adoption of AR digitization and automation, but it's happening in a way that reimagines how people on both sides of a B2B transaction interact. Self-service customer payment portals are heavily influencing these changes – which isn't surprising, especially considering that many companies operate outside of the confines of a traditional 9-to-5 business day due to the nature of their industries.

Our clients involved in construction, for instance, need to enable their customers to make payments and access their account details whenever and wherever. With Versapay, those clients are taking payments from contractors around the clock — whether they're at home or on a rooftop.

Versapay is facilitating the transition to a more collaborative model for B2B payments by going beyond automation and connecting AR departments with their customers over the cloud. This results in drastically enhanced efficiencies, accelerated cash flow and an unparalleled, streamlined payments experience.

THE RISE OF **VIRTUAL CARDS**

Two decades ago, cash was king. In the past decade, cards have become the standard. Now, we are seeing virtual cards become the next go-to for consumer purchases.

As all card issuers fight to be top of wallet, the lag time between a consumer signing up for a physical card and that card showing up in the mail is critical. With the prevalence of online spending and contactless payments through services like Apple Pay and Google Pay, one way to close that gap is to offer an immediate virtual card with a different number than the physical card, as soon as the customer is approved and the account is created.

> With a virtual card, the customer would be able to **immediately resume spending** without the hassle and cost of expediting a physical card.

The major benefit of virtual cards is the ease of access and utilization. In most cases, online transactions are completed by the user manually inputting the card number, which is a tedious process. If the card isn't easily accessible at that moment, the user may abandon their cart altogether. By utilizing a virtual card, the user can easily copy and paste all of the card information directly into the online cart, making the experience seamless and low-friction, and thus encouraging the user to utilize that particular card for online purchases.

As another example of the power of virtual cards, consider a cardholder who is on a week-long vacation and loses their card on the second day. Even if they are able to expedite a new card, it takes at least 24 hours to create the plastic card on-demand and another 24 hours to overnight it to the customer. By that time, they are now on day four, without access to their card for critical purchases like food or transportation. With a virtual card, the customer would be able to immediately resume spending without the hassle and cost of expediting a physical card.

This trend has been accelerated by the pandemic — with post office delays and the chip shortage at a peak, coupled with more online spending than ever before, virtual cards have become the fastest way for card issuers to rise to the coveted top-of-wallet spot. Consumers have heightened expectations for their banks and credit card issuers to have an integrated, easy, digital-first and mobile-friendly experience, and virtual cards are helping to ensure that those expectations are met.

© 2021 PYMNTS.com All Rights Reserved

2021: AN EVOLVING DIGITAL FUTURE FOR PAYMENTS AND eCOMMERCE

A year ago, the world was hibernating in the midst of a pandemic. With people spending more time in the comfort of their own homes and looking to meet basic needs – as well as seeking novel entertainment experiences – the convenience of online shopping and digital payments proved to be more popular than ever. Statista reports that in 2020, over two billion people purchased goods or services online, with global online sales surpassing $4.2 trillion.[1]

[1] www.statista.com/topics/871/online-shopping

As consumers emerge from our hibernation, we see they are continuing to reevaluate their spending during an economic and political time that is still in flux and subject to continued change. Through it all, we see that the growth of digital payments has transformed the marketplace – and will continue to do so. The result? Enhanced convenience, security, efficiency and flexibility for the consumer – and increased revenue for eCommerce providers.

Reducing Fraud and Enhancing Security

To ensure strong customer authentication (SCA) and proactively manage payment fraud, a two-factor authentication protocol called 3D Secure 2.0 (3DS2) has been implemented under the Payment Service Directive 2 (PSD2). Aiming to reduce fraud and enhance the security of online card payments, 3DS2 enables businesses to utilize digital payments and securely connect with customers in more places around the world.

In addition, the introduction of eight-digit bank identification numbers (BINs) more securely ties unique identifiers to each individual payment user. Fraud management – proactive and preventive rather than reactive – has never been as sophisticated as it is today, and the systems are only improving as we move beyond 2021.

New Payment Players and Options

Over the past year, the market has welcomed new payment players and options. Stores are increasingly offering personal credit cards and membership programs that reward frequent shoppers with perks and privileges.

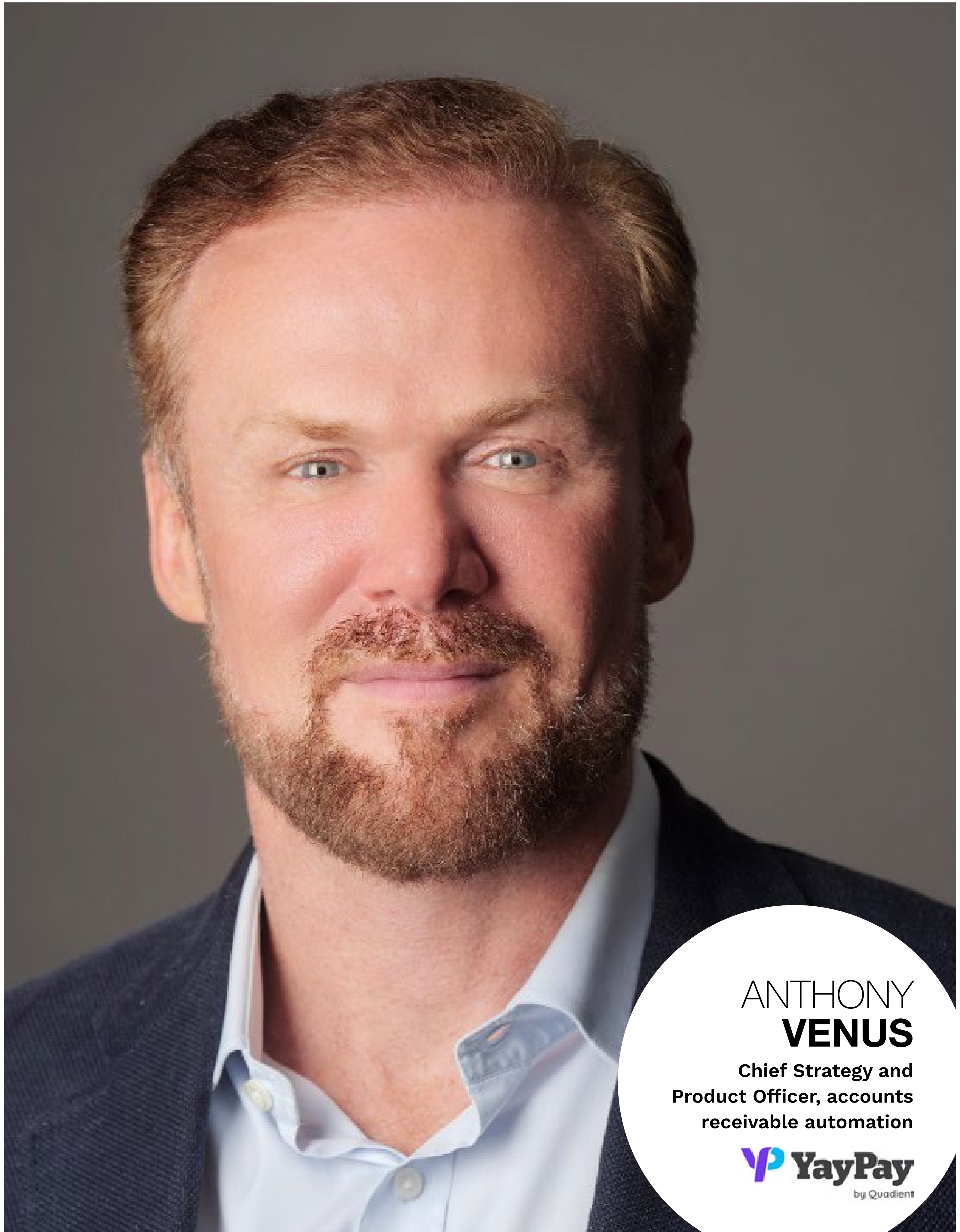
Buy now, pay later (BNPL) platforms like Afterpay, Affirm and Klarna enable online shoppers to break purchase totals into smaller payments with no interest or fees (as long as payments are made on time). eCommerce businesses are partnering with Google Pay and Apple Pay to run promotions that aren't found on any other platforms – and some are even beginning to accept cryptocurrency as a form of payment.

Subscriptions and eCommerce

In the subscription space, savvy eCommerce providers have found new ways to personalize the consumer experience and reduce friction. Retail Consumer Experience found that 63% of consumers expect personalized experiences from their subscription providers.[2] To that end, many are allowing subscribers to self-bundle by picking and choosing aspects of their plans to meet unique needs, which sometimes even means down-selling to find a better fit. And many are also allowing consumers to temporarily pause their subscriptions in lieu of canceling. After all, it's better to pause revenue for a few months rather than lose a subscriber forever.

Ultimately, these new digital payment trends will continue to provide more flexibility to consumers and add customer lifetime value for businesses. Vindicia helps subscription providers remain flexible by engaging with newer payment trends to meet consumers where they are and maintain their relationships.

[1] www.retailcustomerexperience.com/news/consumers-expect-personalization-reveals-report



ANTHONY **VENUS**
Chief Strategy and Product Officer, accounts receivable automation
YayPay by Quadient

THE TECHNOLOGIES THAT ARE **TRANSFORMING AP AND AR**

The business-to-business (B2B) payments landscape has shifted dramatically in the past year, as the global crisis forced back-office functions such as accounts payable (AP) and accounts receivable (AR) into a remote working environment. In AP, what was a paper-driven process in which documents had to be manually matched has become a streamlined, electronic procedure. In AR, companies have adapted to ensure that payments are processed efficiently and cash keeps flowing, no matter where their teams and customers are.

The following technologies have enabled organizations to achieve this. They are being touted as the future of AP and AR due to their flexibility, cost-effectiveness, efficiency, security and customer-centric capabilities. They are what define our clients' payments routine today.

Accounts Payable Payment Portals

Not so long ago, it was only enterprise-level companies that were investing in these portals. The global pivot to remote work pushed businesses of all sizes to invest so they could approve invoices and pay vendors remotely. With liquidity a central concern during the crisis, these portals helped businesses develop a laser focus on their vendor spend, while also dramatically reducing cost by eliminating data entry. Beanworks, a Quadient AP automation company, offers this transformational technology.

Automated Payment Options

YayPay by Quadient's automated options have helped companies pivot to a "set and forget" payment model. These options work by triggering payments automatically at the time that an invoice is issued or due. Recurring payments offer a similar capability, breaking down an invoice into scheduled segments, such as paying $1,000 per week over the course of a month (for a $4,000 invoice). In the past year, these have helped businesses better manage working capital and leverage their people effectively, as they no longer need to spend time chasing payment for invoices where the money is sitting on the account.

Self-Service Payment Options

At YayPay, we have seen a notable increase in the use of our self-service payment portal. Today's workforce can be located anywhere in the world and be working at any time. Our platform's capability to provide an end user with the option to review their account, download invoices, open communications or disputes and pay an invoice – on their own time – dramatically increases a company's chances of being paid efficiently. It also provides a seamless and satisfying customer experience. This was invaluable to our customers during the crisis, as it helped them stay connected to their customers and maintain strong relationships.

Global Payment Options

Global payment options have become more prevalent as businesses continue to expand their reach. Traditional U.S. payment methods do not typically fit into the international market, and this has forced companies to review their offerings.

We work with GoCardless, leveraging the company's payment network to assist customers in faster cross-border payments. In the past year, this has enabled our customers to get cash into their business quickly, no matter where their customers are. We expect more businesses to invest in this capability going forward given the connected economy and the need to power collaboration from anywhere.

ABOUT

PYMNTS.com

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

The Way Payments Are Now Done: What Defines Your Clients' Payments Routine Today? eBook may be updated periodically. While reasonable efforts are made to keep the content accurate and up-to-date, PYMNTS.COM: MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED "AS IS" AND ON AN "AS AVAILABLE" BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS.COM SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS.COM RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS.COM SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS.COM HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS.COM AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS.COM is the property of PYMNTS.COM and cannot be reproduced without its prior written permission.