APRIL 2023

PYMNTS WHAT'S DIFFERENT?

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PYMNTS **WHAT'S** DIFFERENT**?**

Q1 2023 **IN REVIEW:**

Payments Morph to Fit **New Realities**

While some dark first-quarter 2023 recessionary imaginings came to pass — witness the tech job cuts and the collapse of important financial institutions — so far, 2023 isn't the apocalypse many expected. Rather, it's become a time to turn introspection into innovation and action.

Amid a mushrooming of new payment types, methods like ACH are proving their ongoing worth and holding their own. That's true even as long-awaited real-time payments finally become a reality not just in the U.S., but in economies around the world.

Speaking of "around the world," cross-border commerce and emerging markets have assumed a crucial position for the growth of many operations, making localization in payments as important as personalization is becoming in the various offers consumers receive.

Data is burnishing its image with new applications that drive commerce in meaningful ways, like the blossoming interest in areas like receipt-level data. On the broader topic of data — and it is expansive — more top performers in every vertical are intensifying their focus on systems and platforms that turn commerce data into actionable insights, increasing its value enormously.

Cash flow has never been more important, and the smart money is backing platform integrations that manage the process with digital precision and — you guessed it — data.

That's particularly important in B2B, where automating back-office functions for exactitude and efficiency is taking on elevated importance, shining a spotlight on payment processing and corporate spend with instruments like commercial cards that are finding new momentum.

Companies often congratulate themselves on customer-centricity, but the coming months will put definitions to the test as it becomes clear what that term truly means, and which payment firms and merchants operate with a customer-first mindset that's clear to see.

The old wisdom about "bending like a reed in the wind" has never been more applicable as more companies embrace flexibility and agility in their solutions to meet new challenges across a panoply of considerations from product returns to money transfers and beyond.

As high-profile banking collapses resurrect "too big to fail" fears in some quarters, it's forcing companies and consumers alike to rethink not just where they bank, but how to direct investments into growth areas from embedded payments to real-time. In the process, the market will weed out those lacking the expertise and insight needed to scale intelligently.

Managing risk in all its forms has risen to the top of corporate agendas. Companies and their partners are likely to emerge from this season of uncertainty as stronger more resilient players poised for future growth, but that depends on how they define and pursue "growth."

Digital innovation can either collide or converge with legacy systems and solutions. Credit unions are an ideal example of how to handle this transition, embracing some of the most advanced payment capabilities without losing the personal touch they're built on.

Finally, as the metaverse recedes for the moment, other highly advanced areas — like artificial intelligence (AI) — are now a fact of life for both consumers and businesses. The time had come to stop marveling at these innovations and find partners that are already operationalizing AI in everything from eCommerce recommendation engines to cash management.

Meanwhile, at the heart of it, are consumers — 62% of whom live between paychecks with little or no savings cushion — and this makes retail innovation in-store and online a prime directive for companies that want to pass through these storms and come out as trusted brands when the storm clouds blow over, as they inevitably will.

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CHALLENGING TIMES CALL FOR **'RESPONSIBLE CREATIVITY'**

Looking back at Q1, one particularly well-known quote from Warren Buffett comes to mind: "be fearful when others are greedy, and greedy when others are fearful." We are operating in a market with significant ambiguity and fear. From rising inflation rates and geopolitical instability to former technology and payment stalwarts such as Google and Stripe laying off tens of thousands, the established "usual" of nearly two decades has settled into a new "unusual" state of affairs. However, as history has shown us time and again, it's periods like this that bring out the best building as flexibility and creativity rise to bring stability to the unknown.

At Aeropay, we have seen these changes in the payments space firsthand. With many incumbent companies' business models becoming financially challenged in this economy, merchants are looking for flexibility from the platforms that they choose to partner with. The root of this is based on rational thought derived from the fear of instability; if one payment method goes down, a high-growth merchant would want to immediately fall back on another provider lest they lose out on sales. Further, the past several years have shown that customer conversion is directly tied to offering convenience in the form of multiple payment methods; in short, customers want to pay how they want, when they want. Consequently, the appetite for signing multiyear, 100% payment exclusivity contracts in exchange for discounts is significantly tempered.

Because Aeropay has taken an open approach by offering a full-fledged API, flexible implementation options, and a willingness to work with others in the space on behalf of merchants, we have seen a significant lift in interest that has surpassed our initial expectations.

I would be remiss not to refer to the desire for not only flexibility, but also what I like to call "responsible" creativity in meeting our customers where they are. For example, in the cannabis and gaming space, the frequent rise and fall of various payment methods has kindled considerable skepticism as it pertains to picking a payment partner. For those former processing businesses, creativity meant playing in a gray area with a high probability of unsustainability to meet the needs of customers; in many cases, they operated this way with good intentions. We see creativity as taking the established rule set that exists and finding ways to operate faster within that compliant ecosystem. We have often been questioned on our presumed rigidity: when others are doing the latest payment scheme, why are we sticking to our core and trying to make the best ACH payment process the industry has ever seen? Today, we are hearing different feedback, that our steadfast focus on compliance is not only welcomed but encouraged. In fact, I would go as far as to say that our approach has become a competitive advantage in uncertain times. Indeed, during a time of fear and uncertainty, building your business around trust and speed is all that matters.

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FIXING CRYPTO'S **LIQUIDITY PROBLEM** WILL BOOST ADOPTION

Crypto rallied nearly 70% in Q1 of 2023, with a significant rise in March. Even with the SEC's aggressive actions against digital currency firms, bitcoin continues to rise. The positive sentiment around crypto comes partly from reduced public confidence in the fiat financial system, as the U.S. central bank has employed a Quantitative Easing policy and increased interest rates continuously over the latest quarter, while banking turmoil has been sparked by the collapse of Silicon Valley Bank.

Amid positive sentiments on the future of crypto, the industry now faces the challenge of fixing its worsening liquidity problem. The failures of exchanges and lenders such as FTX and Genesis have frozen the market and prompted people across the crypto landscape to seek withdrawals. The absence of liquidity behind these failures has been evident in crypto for a while, but the situation was worsened by contagion coming from traditional financial markets, which have been experiencing their own issues.

With this issue in mind, the top focus of the Airswift/Pelago team this year is building up a crypto liquidity pool designed to increase the liquidity available for facilitating payments, which will only increase crypto's attractiveness as an asset class overall and widen its appeal among investors. Pelago is a decentralized payment protocol that lets merchants accept digital assets easily via a liquidity pool. In order to reduce the complexity of fund aggregation and payment transfers, Pelago has developed an industry-first liquidity pool model that's purpose-built for payments. Liquidity providers who contribute any single crypto asset to Pelago's liquidity pool profit from each transaction that uses their contribution to the pool, without any impermanent loss.

We are also emphasizing the need to ensure that our procedures are compliant, so our solutions incorporate a mix of human expertise and automation. The Pelago protocol is fully computerized, leaving no space for human manipulation in the payment process. However, our team of experts handles on and off ramps in order to provide a smooth, integrated service. We work with world-class, authorized providers to ensure that our clients face no compliance risk, and their funds are safely handled.

With crypto rallying this past quarter despite turmoil in traditional finance, the market has proven its resilience amid regulatory challenges and market turbulence. As the Airswift/ Pelago team continues to work on building a liquidity pool, we hope to address crypto's liquidity problem and ensure that Web3 payment transactions are both efficient and compliant. By offering a streamlined and secure payment protocol, we believe that Pelago will contribute to the wider adoption of crypto, and help unlock the full potential of this promising asset type.

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JEHAN
LUTH
Founder and CEO

BANKS CAN GROW REVENUE AMID ECONOMIC UNCERTAINTY VIA **COMMERCE DATA CAPABILITIES**

Maintaining clear business expectations is hard amid the worst inflation in 40 years, ongoing supply chain issues and looming recession. These harsh realities make it easy for businesses to get distracted. But at Banyan, we're focused on delivering our core infrastructure that helps banks and merchants unlock better card payment experiences in today's and tomorrow's economy.

Banking on Top of Wallet Spend Requires Item-Level Data

Consumers and businesses have cut back on big-ticket items but more so on everyday expenses in today's economic climate. For consumers, it's trying to save on household grocery, drug, and convenience purchases. For small and medium-sized businesses (SMBs), it's being more efficient with marketing budgets and finding solutions for tackling technology and data priorities in a resourceful way.

Banks and merchants that want to compete for top-of-wallet spending share can't use a blanket approach to offers, loyalty and rewards — these must be relevant and compelling for *what*, not just *where*, consumers are shopping. Banks and merchants, however, usually can't connect the dots between card transactions and merchant purchase receipt data to tailor card-linked offers (CLO) to customer needs. Our 2022 research with PYMNTS revealed that only 4 in 10 banks and FinTechs use item-level data for most of their operations. But modern, innovative businesses are getting more aggressive here.

Personalizing CLOs to Capture Revenue Targets

Item-level data enables banks and merchants to link promotional offers to *consumers' purchases* (e.g., food vs. fuel at a gas station). This intel can fuel more personalized offer constructs from merchants, including driving traffic to specific categories or higher-margin products. A more granular, precision level of data helps banks and merchants understand how their CLO programs get customers to shift more transaction volume to their cards. A deeper level of reporting allows marketers to attribute revenue to CLOs better and allocate campaign spend more efficiently.

BCG estimates that every $100 billion in a bank's assets can generate as much as $300 million in revenue growth through personalized customer interactions. They also report that two-thirds of consumers want their banks to be more like Amazon — guiding them to better-value items relevant to their shopping desires. CLOs underpinned by item-level data offer insights on further innovating products and designing tailored promotions and experiences that bolster loyalty among consumer and SMB customers.

The Offer's on the Table

We know item-level data works whether the economy is bullish or bearish. The real opportunity for banks to gain top-of-wallet spending engagement is overlaying item-level data to create more relevant offers specific to everyday categories and items. Certain banks, merchants and CLO program providers might also require customized data infrastructure capabilities to enable adoption of item-level data offers.

As we look ahead to the rest of 2023, I expect to see banks and merchants work more closely together to serve their joint customers. And the right infrastructure partner can enable a faster, more tech resource-efficient path to unlocking revenue opportunities.

COMMERCIAL CARDS HELP MANAGE CASH FLOW AND CAPTURE SPEND

While market signals have been varied and the economic environment is uncertain, it is clear that payment digitization continues to be a priority for CFOs who are eager to avail themselves of solutions that help reduce costs, expand working capital, eliminate fraud and remove manual processes from their operations. Large companies are focused on managing how they make and receive payments, and there is still significant opportunity to adopt digital payments for invoice-based spend. From Boost's perspective, this spotlight has created new and exciting opportunities. The COVID pandemic accelerated an existing a push to automate payment processes which has created positive tailwinds for commercial cards. As Boost comes off our most successful quarter to date, I remain bullish on the potential for 2023 to be another year of significant growth.

There are now a host of technology-enabled options to optimize payments that directly impact the bottom line and commercial cards have emerged as the clear winner for both the accounts payable (AP) and accounts receivable (AR) sides of the business. In today's interest rate environment, working capital tools are more important than ever and commercial cards give buyers an efficient way to manage their cash flow and receive incremental revenue through issuer rebates. Additionally, capturing incremental card spend is a top priority for many financial institutions so they promote the latest commercial card technology like virtual cards. Flexible pricing and dynamic rules are becoming mission-critical tools to secure incremental spend and help CFOs manage their payment activity.

As commercial card usage increases on the AP side, suppliers are actively seeking new solutions to accept card payments in a cost-effective and efficient manner. We are seeing that traditional consumer-based acquirers are typically not able to meet suppliers' complex requirements including rules-based straight-through processing (STP), customized reporting and interchange optimization. As we head into the remainder of 2023, I am excited about partnering with additional acquirers to help them utilize our purpose-built B2B technology. Boost Intercept, our patented STP platform, serves as a bridge between traditional acquirer/processors, helping them quickly and easily offer B2B solutions to their clients.

In a world of macroeconomic uncertainty, our focus is clear: digitize B2B payments to help guide the payment ecosystem through these dynamic changes. We are going to stay focused on communicating the value of automation and digitization, helping our clients and partners future-proof their businesses with cutting edge technology, actionable insights and added security.

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KRISTIAN
GJERDING
Co-Founder and CEO

NAVIGATING THE CHOPPY WATERS OF **CROSS-BORDER'S UNSTOPPABLE RISE**

While the modern payment landscape is constantly evolving, the unstoppable rise of cross-border transactions is a true contender for the industry's defining trend of the decade, and Q1 2023 was no exception. Despite global recession fears, the forecast for international payments — across B2B and B2C — remains positive, with the Bank of England estimating its value could hit $250 trillion by 2027. Meanwhile, positive indicators, such as low unemployment and increased spending in certain categories, are cause for optimism.

As we know all too well, international payments are often perceived as slow, expensive and complicated. Cross-border transactions typically take two business days to process and settle, complicated by the many external remittances at play. Every step in the process, from purchase to routing, verification, fulfilment and settlement, presents another opportunity for friction, delay and frustration for the customer. Dealing in different jurisdictions has legal implications. Similarly, taxation rules differ from country to country presenting merchants with yet another compliance burden to handle, alongside the inefficiencies created by operational payments systems. There is also the emerging problem of data protection.

While this trend persists, we anticipate that many businesses will be forced to grapple with the wide-ranging challenges presented by managing cross-border transactions. Customers now expect a seamless, simple payments process as standard, and the sellers who can't offer that will miss out on huge opportunities and limit their growth potential.

Our prediction is that the businesses that fail to tackle these challenges head-on will fall behind, burdened by issues such as cost, processing times, security and legal concerns. On the flip side, the businesses that take advantage of new payment platforms, such as payment orchestration, will begin to understand payments as a strategic advantage. By onboarding payment orchestrators, merchants can save time and money, access new markets, and unlock efficiencies across multiple acquirers and/or payment service providers (PSPs). Businesses can expand their offering and diversify to serve additional geographies, providing a hedge against regional and economic turmoil, which is particularly important in today's climate. Better still, by optimizing cross-border transactions, organizations can increase revenue and save valuable time and money.

HARNESSING TECHNOLOGY FOR AN UNCERTAIN FUTURE

The first quarter of 2023 was filled with competing — and often, diametrically opposed — economic themes. From interest rate hikes to bank failures to inflation cooling to ongoing supply chain shortages, the best way to sum up the quarter is with a Magic 8 Ball response: "Ask Again Later."

While the economic uncertainty is unlikely to abate anytime soon, our message to customers has been remarkably constant — focus on what you can control and forget about the rest. We can't predict the future or change what we are not sure of, but we absolutely can focus on doing more with less and processing more in the businesses we run.

The payment friction that exists in B2B commerce is a constant struggle for suppliers who want to get paid faster and buyers who want to pay slower. What's more, it continues to be messy, with analog, manual and error-prone connections between the two. The impacts of this lack of control are felt at an enterprise level, impacting the top and bottom line of businesses. And that doesn't include buyer/supplier disputes that can arise, leading to lost time and funds on both sides of the equation. Not something any organization wants to deal with, especially with a cloudy economic forecast lurking in the background.

This is simply the reality of the situation that we are dealing with today — and it's widely accepted that this is nothing more than "BAU" for B2B. But it doesn't have to continue to be this way.

We are now seeing a universal trend emerge with companies applying — and optimizing — technology and automation to streamline business practices, while simultaneously preparing for future uncertainties. Advancements in innovation and process automation have helped spearhead organizations' ability to better anticipate, manage, and even predict financial risk.

In today's environment, organizations need an efficient means to unearth actionable data, unveil new insights and capture meaningful analytics in real time. Having such a tool kit with technology solutions and automated processes can proactively guide sound payment decision making and allow companies to steer through uncertain times and even "future-proof" their business.

As we look to future quarters, my advice for companies would be to embrace technology in strategic payment functions to improve cash flow and consistency and anticipate operating and financial requirements. In doing so, they can gain a greater understanding of purchase patterns, cash flow management and payment cycles. With the right technology and capabilities in place, companies can simplify critical business processes to deliver greater ROI, productivity and efficiency.

IN UNCERTAIN TIMES, **ACCURATE DATA** IS MORE IMPORTANT THAN EVER

As Q1 nears its end, the lingering uncertainty from Q4 has morphed into a heightened fear about the economy. The recent SVB collapse and regional bank failures spell tighter financial conditions for all, with repercussions cascading through the small and medium-sized business (SMB) ecosystem.

At Enigma, our team is focusing on how we can help stem the risk in the ecosystem and offer our customers the intelligence they need. In these uncertain times, accurate data is indispensable for informed decision-making. It's our duty to equip our clients with timely information, enabling them to navigate risks and make confident choices.

We're urging our team to remain hyper-attuned to client needs and put in extra time on support. Right now, our customers need empathetic partners who can help them come up with innovative ways to navigate the market changes. Our team is dedicated to ensuring every customer receives the help they need to adjust their data strategy amid the economic flux.

This is a moment when many companies are losing resources. Teams must adapt and learn how to accomplish more with less. Data is the key to boosting efficiency and maximizing the impact of limited resources. As the gravy train of recent years derails, companies must adjust or be left behind.

Despite the challenges that lie ahead, I see a silver lining: a chance to sharpen our focus on value and prioritize what truly matters. Access to the right data — and the know-how to use it — will be the game-changer that propels some companies to emerge from 2023 with a larger market share.

MIKE
KRESSE
SVP, Head of Products and Services, B2B and Money Movement

FOCUS ON **CLIENTS, INNOVATION** AND **SIMPLIFICATION**

The beginning of 2023 has seen continued momentum in a number of exciting, global money movement initiatives, i.e., "Pay To" in Australia, P27 in the Nordics, FedNow in the U.S. and NPA in the U.K., which published their specifications in Q1, just to name a few. That said, these initiatives are set against the backdrop of an "ever-looming" recession, economic and industry headwinds, and once in a generation cost increases in wages, goods and services.

Certainly, much of what has happened in Q1 was not anticipated, but the focus of our business and the direction for our teams remains the same:

1. **Client-Centricity:**
   Stay close to, and focus on, our clients

2. **Innovation:**
   Innovate in areas where FIS is strong, and clients have a growing need

3. **Simplification:**
   Standardize our offerings, simplify delivery, and shorten time to value

Client Centricity

I've learned a number of truths about clients over the last 30 years:

- No clients = no business: Your business does not exist without clients

- Ask your clients — It is such a simple activity that too few leaders remember:

  - *If you want to know the parts of your business that work great, ask your clients*
  - *If you want to know the parts of your business that cause pain, ask your clients*
  - *If you are wondering if a new capability should be built, ask your clients*
  - *If you are looking for adjacent market opportunities, ask your clients*

- We are all clients — we should create an experience for our clients that we would want

Innovation

It is important to focus our investments and our efforts in market growth areas where we have proven that we can deliver strong solutions for our clients. It is so easy to get distracted by the latest trend, but if we draw near to our clients and listen to their needs, we will have a properly prioritized roadmap.

I tell my team that we need to focus on "core," i.e., what we know we are good at, and not "more." We will remain focused on what we do well and invest in solutions that drive value for many of our clients vs. focusing a large amount of investment on a solution for a single client.

Simplification

Client executives across the world have given me a consistent message over the past two years: "Please help us to deploy the standard offering for your solutions."

There are four reasons they give:

- We want to take full advantage of the capabilities in the solution that you have built

- We don't want to perpetuate our existing process, but want to move to efficiency

- We want to get up and running as soon as possible

- We want to ensure that future upgrade costs and total cost of ownership are minimized

While 2023 is certainly starting off in an unexpected way, focusing on clients, innovation and simplicity will help any organization win the day.

TREVOR
MURPHY
Chief Operating Officer and Co-Founder
FlexPay

ECONOMIC HEADWINDS CREATE OPPORTUNITIES TO INCREASE EFFICIENCY

Q1 crystalized the expectations we had as we entered 2023 that economic headwinds are growing. The combination of customer acquisition slowing down for our customers, worrisome trends in spending levels by both businesses and consumers, and of course the recent uncertainty in the banking system, are all negative pressures on our growth and market outlook.

We are actively working with our teams to increase the operational efficiency of our businesses. We are intent on driving more output from our operations and driving better results from our GTM and customer success teams.

The positive side, however, is that we know our customers are also focused on finding efficiencies to increase profitability in order to offset slowing growth. So, while the current environment is forcing us to look inward to improve our efficiency, this also creates new opportunities for us as our value proposition is acutely aligned to the market's current focus on increasing revenue and profits from existing operations.

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AMIR
WAIN
Founder and CEO

BUILD YOUR BUSINESS **TO PIVOT QUICKLY**

None of us can predict the future. However, we can control our reaction time when the unexpected happens and new challenges arise. Companies need to closely look at the competencies within their organizations and their partners' organizations in order to quickly solve current and future problems.

Change is the one constant in business, and I focus on ensuring that i2c can quickly adapt for change. Looking at recent history, the lesson is clear: Building our businesses for greater agility and flexibility has become critical. Today, leaders who can consistently harness disruptive events will have a strategic advantage against the competition.

In recent years, low interest rates and high market liquidity made funds easier to access while companies received ever-higher valuations for growth. Profitability and cash flow were afterthoughts. To make matters worse, inflexible bets and losing sight of business fundamentals were compounded by a failure to inject businesses with the kind of readiness required.

How Difficult Is Change for Your Organization?

Today's headlines are just another cycle of economic ups and downs — and one can argue that the cycles between periods of volatility and crisis are getting shorter. This is why we remind our partners that agility — the ability to change and execute in a compressed timeline — is among the most valuable core competencies you can build into your culture and business.

At i2c, we've made agility a major tenet across our product and organization. We empower our clients with the building blocks and self-service interfaces to quickly react to new market conditions as opportunities arise — regardless of use case, product or region. And in anticipation of change, we invest 1 million man-hours each year into adding new building blocks to our unified banking and payments platform to provide not only what customers are looking for today, but also what they need in the future.

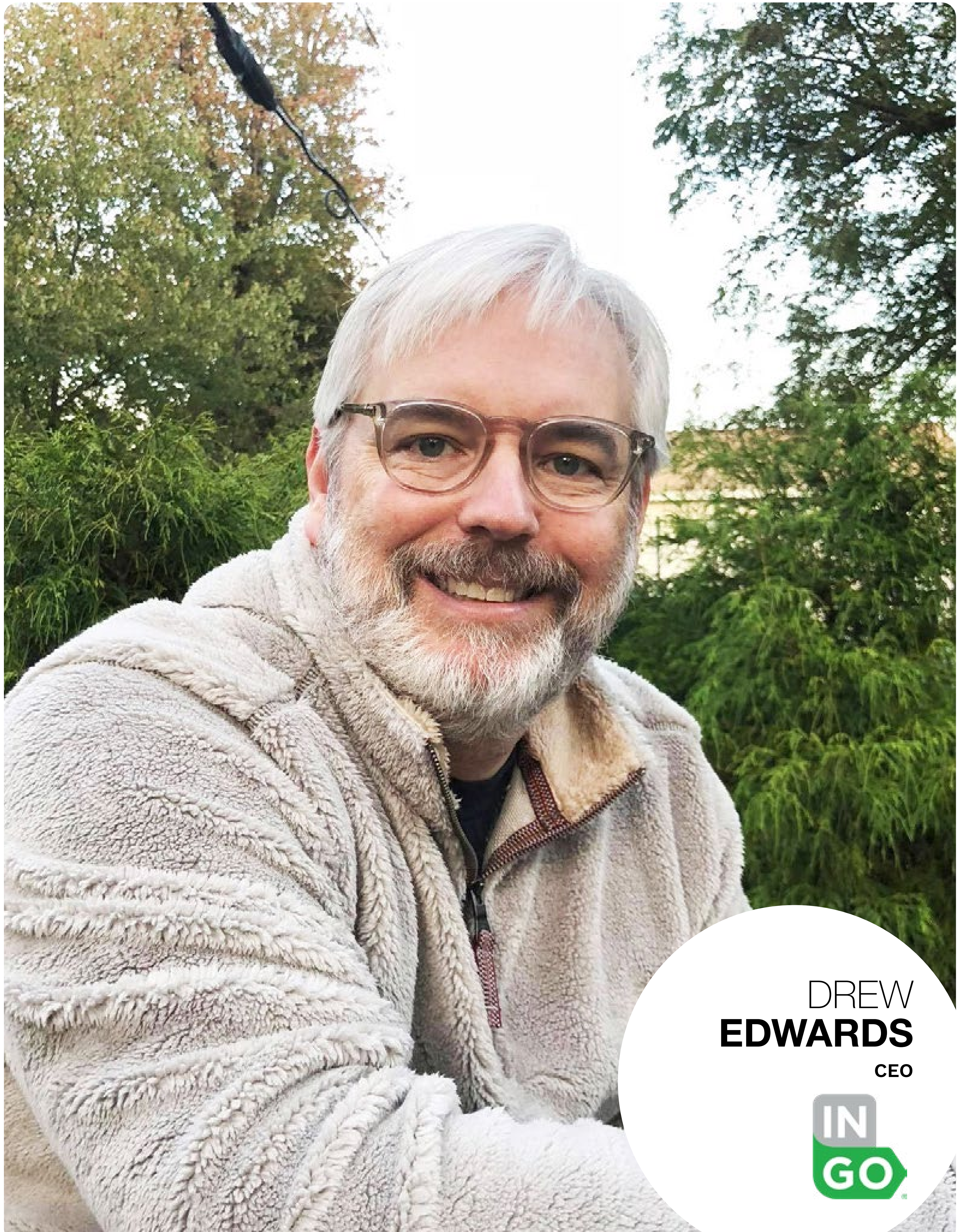
Looking Ahead, Here's What We See

Businesses that can survive change keep customer needs at the forefront. While it may feel safer to cater to existing customers and stick with what your company "knows," many truths that would be ignored with this approach. Building strategies that go beyond meeting the status quo will deliver relevant and personalized value for both today and tomorrow's consumers.

This new wave of consumers expect personalized and relevant financial services to meet a broader range of needs beyond current product constructs such as checking accounts and credit cards. Product-specific platforms service one of these needs and organizations must weave together a number of platforms to service consumers. That approach will not work moving forward; a unified platform approach will be needed.

When we look at demographics, we see that baby boomers are no longer the majority. A wave of millennials and next-generation consumers is entering the market. Therefore, products that are servicing the needs of existing consumers may not align with what the new consumer is looking for.

These new consumers expect personalized and relevant financial services to meet a broader range of needs beyond digital access to their money.



CHOOSE **PAYMENTS PARTNERS** WISELY

The recent unexpected and speedy failure of Silicon Valley Bank injected even more uncertainty into what the future holds. But it also provides an important lesson on the dangers of creating single points of failure.

Companies that held all their deposits and assets at the bank as well as the bank's own over-exposure to one industry in particular both shine a spotlight on the need for safer paths to scale. This is a critical lesson for payments industry leaders trying to activate growth strategies for the remainder of 2023.

It's clear that payments will play a critical role for adjacent industries this year. Sectors like gaming and real estate are adding in financial services layers to their core product experiences using embedded finance solutions — think instant payouts, insurance and buy now, pay later (BNPL) options to enhance their customer experiences.

Chief among these layers is embedded payments or embedded instant. Consumers expect instant money movement into and out of all their accounts, safely and at the press of a button. Whether they are opening a new account, sending money to a friend or collecting a payout on a sports bet — they expect brands in every industry to deliver on the promise of money mobility. And they will vote with their wallets if their expectations are not met.

Real-time payments then are no longer a luxury or an option. Brands must deliver on the promise of instant money now or risk losing both current and potential customers.

For companies seeking to add a layer of embedded instant to their core product experience, the lesson of Silicon Valley Bank should ring loud and clear. When dealing with payments, risk management foundations matter and functional connectivity from the lowest price enabler isn't always the best long-term option.

Companies handling significant payment volume have serious sums of money and equity at stake. Confidence and security comes from working with experienced, time-tested partners with diversified DNA.

In particular, search for partners that exhibit superior network reach, compliance expertise, risk and fraud tools and customer support capabilities. And do your homework — look for those that have longevity in the industry, with a blue-chip client roster, whose team has a deep history in the sector, and that have willing client references. Without these, companies are taking on unnecessary risk for a crucial, client-facing aspect of their business.

Because the reality is that payments are never 100% guaranteed — there are too many elements in the process that can go wrong, and often for a good reason. Relying on the easy path to embedded instant payment will turn a failed one-time payment into a lost customer. While a partner with experience that has redundancy in its systems and that is willing to engage in real time to troubleshoot solutions will turn a failed payment into a customer-saving experience.

As payments leaders search for partners to help them stand out in a rapidly evolving and crowded field, they would be wise to choose the safe path to scale in 2023.

GO BACK TO THE BASICS

In some ways, the first quarter of 2023 was a continuation of struggles that began in 2022. A fresh round of layoffs greeted the new year, proving financial stability is top-of-mind for many.

Some industries are seeing a slowdown in sales, but overall consumer activity is actually on the rise. Consumer spending in the U.S. went up 1.8% in January — the highest increase since March 2021.

The influx in spending came as wages and salaries shot up 0.9% with personal income increasing by 0.6%. While this is good news, we shouldn't be overly optimistic.

Because as recently as Q4 2022, U.S. household debt was rising at the fastest pace we've seen since 2008. American consumers carry heavier credit card, mortgage and auto loan balances than before the pandemic. And payment delinquencies are rising because consumers are borrowing more with credit cards as inflation-driven costs increase.

What this means is that today's consumers aren't as financially sound as they once were.

So even though there are signs of economic improvements, businesses need to stay vigilant for the remainder of the year. No cutting corners for potential revenue or taking on more risk than necessary.

One of the foundational principles of business is understanding that not everyone is an ideal customer. Universal acceptance introduces unnecessary risk. It's more important than ever before to make sure you know who you are doing business with.

I recommend businesses invest time and resources into a quality risk management strategy. And big data can help.

Set key performance indicators around variables such as propensity to spend, shopping habits and other relevant demographics. And then use data to make informed, accurate decisions about customers — with the greatest return on investment and lowest risk.

Once bad customers have been weeded out, look for ways to increase revenue from good customers. This is another business basic that has become increasingly important during these difficult times.

Because investors are pulling back. They are no longer asking, "how fast are you growing?" Instead, they are asking, "how safe is your growth?"

If investment funds are dwindling, businesses are more dependent on the revenue they are able to generate. Again, the temptation is to broaden the sphere of influence. However, the actual secret to success is doing more business with a smaller, safer audience.

In times of economic slowdown, it is easy to neglect fundamentals for fear of compressing margins or growth. But instead of looking to expand in new, aggressive ways, go back to the basics. If you do, you'll be well positioned to grow exponentially as the market softens.

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CHIRO
AIKAT
EVP, U.S. Market Development, North America

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MONTGOMERY
SVP, Digital Partnerships, North America

PRIORITIZING DIGITAL PAYMENTS AND INNOVATION TO SUPPORT **NEXT-GEN COMMERCE**

Chiro Aikat:

We are experiencing a seismic shift in how we pay and get paid. Cash is no longer king and over the past few years, we've seen a significant acceleration in people's acceptance of digital payments. Whether we look to the next quarter or the next decade, we expect to witness significant innovations that will shape the future of commerce, transform how we think about exchanging goods and services, and deliver intelligent experiences. Our teams at Mastercard are focusing on how this will play out across two areas: creating immersive commerce journeys and investing in digital payments.

First, we're thinking about creating immersive and frictionless commerce. Digital commerce has transformed how we shop, pay and engage with brands and is an integral part of our lives. With the arrival of better connectivity and emerging technologies, we can imagine next-gen commerce creating intelligent consumer journeys that weave in and out of digital and physical worlds. Our digital solutions today — including Click-to-Pay, installments and tokenization — can support customers as they prepare for a future of intelligent experiences, and we're focused on building even more robust digital infrastructure to support customers as the world evolves. One example of this is through open banking, which is helping us build new networks to enable consumers to leverage their data for services. We are prioritizing acceleration, expansion and growth around the world.

Second, we're focusing on investing in digital payments. Digital payment usage is continuing to rise. Following the pandemic, 85% of people said they used at least one emerging digital payment, according to a global consumer survey of 35,040 respondents in 40 countries conducted by the Harris Poll and Mastercard. We've built a robust digital infrastructure with a suite of acceptance and payment services. However, the physical, digital and virtual worlds will continue to blend. That will lead to hyper-personalized, tech-enabled commerce experiences. We are continuing to invest in scaling our digital infrastructure so consumers can seize its opportunities ahead, while navigating risks.

Tim Montgomery:

As Chiro mentioned, since the start of the pandemic, people all over the world have become increasingly reliant on trusted digital services that are simpler, more seamless, and instantly available. Mastercard makes it a priority to equip people and organizations across the ecosystem with the networks, tools and solutions they need to realize their full potential and propel digital payments forward. Meeting these demands requires collaboration, which is why Mastercard prioritizes partnerships. We see ourselves as an ingredient for innovation, and we collaborate with a diverse range of companies around the world, from FinTechs to governments and non-governmental organizations, to create disruptive products and solutions that break the status quo.

One area I have directed my team to focus on with our partners is embedded finance, which is about meeting the consumer or business where they are and making it simple to transact, allowing for differentiation and increasing customer loyalty. For example, we're collaborating with Uber to provide drivers with instant access to their earnings via the app. We've also partnered with Instacart to make it even easier for consumers to access and apply for credit cards — right where they already spend their time. These solutions add value by improving the user experience while also increasing efficiencies for platforms, technology companies and financial institutions.

Another area we're focusing on with our partners is commercial payments, at both embedded payments and industry levels. According to Mastercard's Business Payments 2022 study, companies are increasingly recognizing the advantages of digitizing business payments, which include more data, more control and more automation.

BANKING CRISIS HIGHLIGHTS NEED FOR **SPEND MANAGEMENT**

We finished the first quarter with a solid customer base of over 1,000 businesses and a strong annualized TP-run-rate, allowing us to head into the challenging economic headwinds of Q2-Q4 with a strong value proposition and a nearly recession-proof offering for CFOs.

As someone with decades of hard-fought payment experience, I understand the criticality of the upcoming weeks for the business community. It is imperative that CFOs take a proactive approach to assess their exposure and risk in light of recent events. It is clear that many companies must now prioritize their banking setups, diversify their banking services across multiple institutions to maximize their protection under the Federal Deposit Insurance Corporation (FDIC), and develop robust operational safeguards to ensure the continuity of critical functions such as payroll and mission-critical spending.

Heading into Q2, finance teams must seize the opportunity to strengthen their financial resilience and enhance their risk management capabilities. Mesh is no exception. We will continue to prioritize business fundamentals instead of adopting a growth-at-all-costs mindset and we have our annual budget holding us to account.

We are constantly monitoring and reevaluating expenses across the board, with no category left untouched. One of our most significant expenses is software. We use our own platform to purchase and track software subscriptions, look holistically at spend and prevent zombie subscriptions. Additionally, we can set limits and build our company's travel and expense (T&E) policies into corporate cards, providing added assurance that we are staying within budget.

As companies across the globe cut costs, they need help with cash management, including real-time visibility and control over how they spend. The bottom line is that companies shouldn't assume that their current spend is the lowest cost option. Instead, they should frequently review their spending and compare it to relevant benchmarks. By embracing a spend management solution that is connected to all of your business's financial systems, you get a much fuller picture of your organization and can better make informed decisions. These insights help to steer decision-making and allow for flexibility in changing conditions — like unexpected banking crises.

PYMNTS WHAT'S DIFFERENT?

BANKS MUST PROVIDE CUSTOMERS WITH THE **DIGITAL TOOLS** THEY NEED

Amid economic uncertainty, inflation and overall volatility, banks and credit unions have a responsibility to focus on their customers and members and provide them with the tools and resources they need to feel financially secure.

They can achieve this through strategies and initiatives that prioritize consumer needs and help them navigate these challenging times.

01

Offer education and support

Financial literacy programs, online resources and one-on-one consultations with financial advisors are among the most valuable ways financial institutions can offer education and support. By providing consumers with the tools and knowledge they need to make informed decisions, banks and credit unions can help them achieve greater financial security and wellness.

02

Provide flexible solutions

In times of economic uncertainty and volatility, consumers may require more flexibility with their financial services. Banks and credit unions can help by offering flexible loan repayment options, the ability to skip a payment, flexible savings accounts and other customized solutions that meet their individual needs. Financial institutions can provide the support needed to weather this uncertainty and emerge even stronger by utilizing the data it has about each of their customers or members.

03

Prioritize proactive communications

Effectively and proactively communicating is key to ensuring consumers feel supported and informed during times of economic volatility. Banks and credit unions should provide regular updates and information to their customers and members about changes in interest rates, inflation, student

loan repayment options and other economic factors that may impact their finances. Financial institutions can build trust and help their customers and members feel more financially secure by communicating clearly and proactively.

04

Enable digital-first experiences

As more consumers embrace digital, banks and credit unions must focus on digital transformation to ensure they're meeting the needs of their customers and members when and where they need them. This needs to go beyond basic digital banking services and mobile apps to include digital solutions that allow them to properly manage and track their finances. Providing the necessary tools via a digital-first experience, regardless of the channel, enables financial institutions to offer the convenience and flexibility consumers are demanding.

As we push further into 2023, digital continues to grow, trust wanes and economic uncertainty continues to linger, banks and credit unions have a responsibility to help provide financial security and wellness solutions. And as a FinTech provider, it's our responsibility to help them do so — keeping the consumer at the forefront of everything we do. By providing education and support, flexible solutions and tools, proactive communications and digital-first experiences, banks and credit unions can help their customers and members navigate and emerge stronger.

CFO TONE CHANGES FROM 'WHAT CAN AI DO?' TO **'HOW DOES IT IMPACT MY BOTTOM LINE?'**

Inflation, workforce reduction, and the recent banking crisis are numerous issues impacting FinTech today. Thankfully, the rapid advancement of artificial intelligence (AI) has also impacted savvy FinTech with improved cash flow management and margins.

However, accounts payable (AP) automation users who used traditional workflow solutions are now facing department turnover and are not realizing the cost savings they expected. Traditional AP automation solutions transfer work from the finance team to the business with the theory being that the business understands the spend better and should be responsible for managing the approval process. While this type of workflow management product lowers the cost of financial operations, it increases the overall cost of spend management to the company by utilizing higher-cost labor and expensive automation software effectively negating the expected ROI. The pandemic created a generational change in technology where companies don't have the people required to operate workflow solutions and are turning to third-party business process outsourcing — trying to desperately bridge the gap on the workflow solution they see in the market versus what they have the capability to use.

In Q1 2023 our customers asked us things like, "How does the AI work?" The first time a customer sees how quickly AI can understand financial spend and take action on its understanding is an incredible thing to watch. For decades, CFOs have seen workflow solutions that are no longer necessary to process invoices at scale. AI doesn't just replace a lot of work for the customer either, it also replaces vendor headcount. AI automates costly finance workflows preventing billions of dollars in wasted spending.

The market needs to raise its bar and demand solutions that are 100% accurate, processed in real time, and deliver bottom-line value. Best-in-class controls currently exist to protect companies from vendor fraud, keep cash flow safe

and hold vendors accountable. No-code integration is also available to get companies up and running quickly. Automating this tedious work for AP teams frees valuable resources and increases effectiveness.

Customers you wouldn't typically think would be interested in the technology, like legacy manufacturing firms, started asking us detailed questions about receiver operating characteristic (ROC) curves, for instance. Those classic manufacturers now want to find out how advanced AI works and how it impacts operating margins and cash flow.

In the past three months, the tone has completely changed from what can you do, to how do you do it? Customers now see AI has a real impact on their business. They also see how few people they need to run a department. In the future, we'll see a lot more CFOs thinking, "How can we run a department of one?" That's changed considerably. In the next two years, we'll see companies of one.

The pace of development in our space continues as well. CFOs who move quickly will survive, and those who can't … won't. Every year it gets harder to produce returns and finance teams are shrinking.

Roles are changing, and companies and employees need to adapt. End-to-end automation is the key to success, and that means jobs are changing, or will be eliminated. Finance is about results, and the markets want to see immediate, meaningful ROI. Capital markets want to see great efficiency, higher yield and better cash flows. And they'll look for it at the expense of headcount.

MARIO
SHILIASHKI
Global Payments CEO

RETAIL FINANCE CAN BOOST SALES AND PROMOTE INCLUSION

It has become clear that 2023 will be a muted year for consumer retail. While some merchants have presented higher-than anticipated earnings, the same message continues to resonate with the majority: expect slower sales growth over the coming months. The global economic downturn has impacted the wider technology industry, and payment providers are not exempt. At PayU, we have made strategic decisions about where to focus our energies — and were unanimous that this should be further strengthening and innovating our core offering.

While payments providers will have to adapt to another roller-coaster year, there are also numerous opportunities for them to support merchants and increase revenues —from local businesses to global brands — and eCommerce is a bright spot on this horizon. How can merchants capitalise on this online migration, and how can payments partners support them?

Security at the Core

First, the payments sector will continue its path toward total digitization. This must be done with security at the core. Research has found that cumulative global merchant losses to online payment fraud between 2023 and 2027 will exceed $343 billion.

With many retailers now taking an omnichannel approach, it is critical that they are equipped with reliable fraud prevention and monitoring tools and up-to-date security protocols, such as network tokenization, PCI and 3DS.

Emerging technologies, such as machine learning and artificial intelligence (AI), will also play a key role in fraud detection and prevention. AI-based algorithms can identify and flag true anomalies. This means they can distinguish between genuine and fraudulent transactions far more accurately than rule-based systems, generating fewer false positives.

Regulation is also changing; 2023 will also be a key year for merchants to work with their payments providers to ensure they are ready for the looming PCI DSS v4.0 deadline.

Enhanced Payment Rails

Second, as merchants see cross-border eCommerce grow and as consumer retail continues to globalize, the need for fast, secure and reliable international payments will grow. Critically, these must not result in lost revenue from inefficient currency conversion. Key to this is the creation of payment rails that effectively meet the demands of modern merchants. New business models, coupled with innovative payment rails, can enable less expensive and more efficient cross-border payments, addressing the industry need for delivering funds efficiently.

Meeting Changing Preferences

Finally, demand for checkout finance — largely buy now, pay later (BNPL) options — has also continued to rise this year. While the cost-of-living crisis has stimulated this growth, it's now reported that older people with higher incomes are the fastest-growing group of users of deferred payment schemes.

With new regulations incoming, merchants must be able to depend on fully compliant payments partners. I believe that retail finance (if provided responsibly and ethically), can be a powerful tool for financial inclusion, and support merchants with increased sales, higher transaction values, reduced cart abandonment and access to new customers. In short, innovative lending schemes should be encouraged, providing that they are responsible and transparent to protect consumers from bottomless debt pits. For this reason, payment partners must work with merchants to demonstrate that they're ethically sound, compliant and solving a genuine customer need.

GAME-CHANGING BUSINESS TRENDS PRESENT OPPORTUNITIES TO CAPTURE NEW SUCCESSES

Current Market State Defied Expectations but Wasn't a Surprise

Small business owners seek more confidence in the banking industry's current state. They need it for their business's future, working capital, and potential investment income. However, the steadily declining number of business owners who aren't satisfied with their banks are now in a position to question and scrutinize the safety of their money. In addition, they are wondering if their current banking partners can withstand a crisis.

However, this leaves the door wide open for payments and non-traditional banking service providers offering one embedded financial solution or platform. The top companies can prove they are more equipped to manage accounts and diversify risks (cybersecurity, fraud, and the current economic environment), handle collecting/storing/sending money, and offer robust payment and banking functionality as well.

Our Current Outlook — Helping Businesses of All Sizes

Priority is positioned to handle the growing needs of businesses looking for a banking alternative. This is through the credibility, backing, and solvency of FDIC-insured financial institutions and with the technology of our embedded finance platform that helps businesses streamline their payments and accounting operations.

Last year, our decision to accelerate investment in Passport, our Unified Commerce platform combining full-featured payments and banking as a service, emerged as the solution for many of our customers who found themselves in recent banking sector instability and the generally waning confidence in the banking industry among businesses. We invested in Passport because we believe in what the platform could do and how it can solve the problems businesses face. In addition to handling all forms of payments — credit, debit, ACH, checks, even lockbox capabilities and wires — Passport's self-directed account opening process only needs an email for customers to get started.

Even beyond the recent pressures from inflation and the economic downturn, we put our money and dedication into improving our platform and our process. This is because we believe in where the future of payments is heading. We remain confident and keenly focused on opportunities, investing in our processes to get customers set up with new accounts in less than 30 minutes with KYC and AML verifications. We provide transparent and secure unified commerce solutions for today's businesses.

Our current pace and new partners' adoption of Passport as a solution to collect, store and send their money fueled our results in Q4 of '22, and we expect to continue doing so.

Our Focus for the Rest of 2023

We are committed to meeting the growing demand of partners and business owners, simplifying the customer experience, and making it easy to solve problems for businesses through applications that best fit businesses regardless of size. Whether that is a small business operator choosing from the MX™ Merchant and MX POS suite, a finance professional adopting CPX® for automated payables or an enterprise partner connecting to us via our API, we help customers through the financial solutions and tools that best fit their needs.

We predict the industry will drive more businesses to alternative solutions that offer enhanced transparency, speed of cash flow and diversification of banking system risk that traditional platforms cannot deliver.

DAVID **METZ**
CEO
Prizeout

Q2 FOCUS MUST BE ON **UTILIZING RESOURCES** AND **LEVERAGING CREATIVITY**

Q1 2023 humbled the industry. Within the span of a couple of months, we saw the consolidation of companies and assets, we saw more talent hit the market than ever before due to layoffs, we saw funding dry up and capital being reined in, only to be spent on things that produced guaranteed ROI. And it all came to a head in March when we watched the downfall of Silicon Valley Bank, the first bank run in over 100 years.

The truth is, in recent years, money was flowing freely, funding was never-ending for ideas that sometimes never came to fruition, and companies without products saw unexpected valuations. We're seeing this come to an end, and that's not necessarily a bad thing.

Moving into Q2, we will see a lot more intentionality, focus, and direction on how companies are choosing to spend money and make money. I believe the culture of "disrupt" is temporarily on pause, and the culture of necessity is on the rise. I predict that the companies left standing in 2023 will be those that are creating products that are not just "cool," but rather essential and solving real and tangible problems for all walks of life.

At Prizeout, we serve nearly a dozen industries across gaming, crypto, government and financial institutions, and work with consumers, partners and merchants. We help consumers gain more purchasing power on their cash withdrawals and support merchants with their customer acquisition while supporting partner growth.

As we move into Q2, I've counseled my teams to focus on industries that have the highest ROI - and right now, we see that as financial institutions. While we continue to nurture all of our verticals, our focus for Q2 is on credit unions and banks. After a Q1 of planning, creating a CUSO to provide our technology to credit unions, and attending credit union tradeshows, we're now ready to execute and help members get more purchasing power on their withdrawals while supporting their local communities and merchants. We're going live in April and can't wait to see how our technology will support the millions of credit union members nationwide and the merchants we will help get new customers. Simultaneously, we'll be rolling this out with banks.

At the end of the day, running a business is a tough endeavor that includes blood, sweat and tears. Over the next year, many a lot of industries and competition will begin to thin out by virtue of running out of funds. Now is the time to leverage creativity and utilize resources — and one of the best resources entrepreneurs have, is fellowship. My prediction and hope is that businesses will exercise more of their creativity, support each other and focus on what truly matters.

PYMNTS WHAT'S DIFFERENT?

INVEST IN INNOVATION TO KEEP PACE IN 2023

Looking back on the first quarter of 2023 and ahead to the remainder of the year, credit unions have faced — and will continue to face — a challenging landscape shaped by macroeconomic concerns, coupled with the need to keep pace with evolving consumer demands and industry product innovations. Economic signals remain mixed, and the prospect of a recession remains top of mind. However, there are positive signals for credit unions. The 12-month inflation rate slowed in January, while unemployment hit a 53-year low. These encouraging trends extend to consumer card purchasing, with credit purchases up by 9% and debit purchases up by 7% year over year, according to data from the March edition of the PSCU Payments Index.

While these numbers make a case for cautious optimism, credit unions must remain vigilant while simultaneously monitoring and adapting to consumers' changing payments expectations. The latest PSCU/PYMNTS.com CU Innovation study found that 64% of members want their primary financial institution to offer more payments capabilities. According to the study, 27% say they would switch financial institutions to find product innovation, and this figure has been increasing steadily for four years. This comes at the same time credit unions are reporting they are scaling back their investments in innovation due to macroeconomic conditions.

These findings highlight that credit unions cannot afford to put innovation on the backburner in the midst of continued consumer card purchasing growth and members' increasing willingness to move their accounts elsewhere in pursuit of enhanced payments capabilities. When faced with resource constraints and other barriers to development investments, leaders should prioritize areas of focus by leveraging data insights on member preferences and behavior. Fortunately, credit unions' access to large amounts of data can help inform decisions on which products and services to bring to market.

Partnering with a credit union service organization or like-minded industry organization is an approach that credit unions should consider in order to confidently make these decisions in a cost-effective way. For example, as a financial technology solutions provider, PSCU supports credit unions on their respective innovation journeys by scaling leading-edge solutions to enhance the member experience. These enhancements often entail expanding the choice and variety of credit unions' payments offerings while providing more personalized and connected experiences — ultimately driving member retention and card utilization.

Attracting and retaining members requires credit unions to strategically plan and invest in innovative digital product and service capabilities that meet members' changing expectations. Even when motivated by economic uncertainty, scaling back on innovation means falling behind and potentially losing members to competitors. Today's investments will ensure credit unions remain ahead of the curve and well-positioned to succeed regardless of the economy's trajectory in the second quarter and beyond.

CHRIS
DEAN
CEO

TREASURY PRIME

FOCUSING ON THE FUNDAMENTALS: OPERATIONS IN THE POST-SVB ERA

As we enter the second quarter of 2023, business leaders are grappling with uncertainty and confusion about the economy. The recent bank runs, at institutions including Silicon Valley Bank and First Republic, are a reflection of this instability. While volatility in the banking sector is not uncommon, the fact that they are happening at such a significant scale is causing some concern about banking confidence. A poll conducted by the Associated Press following SVB's collapse found that nearly one third of Americans have "hardly any" confidence in the nation's banking institutions.

The big question is what's going to happen next, and where will the innovation for payments come from? Historically, startups have been at the forefront of this innovation, but these businesses are often volatile and unpredictable clients, making them challenging for banks to work with. As a result, it is unclear who will power innovation moving forward.

For most organizations, the next several months will likely be a period of focusing on the fundamentals of their business, ensuring that existing clients are satisfied and solving real problems for real people. While this is a healthy and necessary approach, it may mean that there will not be the same level of growth that we have seen in recent years.

Capital environments are also very different compared to where they were even just two years ago. Businesses can no longer afford to try big experiments and hope for the best, knowing that they can raise more money tomorrow. If a company is not profitable, it needs to show that it has strong fundamentals and growth signals, such as revenue growth, margins and unit economics.

In the past, growth was all that mattered, but now unit economics and margins are being scrutinized by investors, boards of directors, Wall Street and the C-suite much more closely. Companies that need to raise money will have to demonstrate a clear understanding of their market and a solid plan for profitability. Investors will be looking for signals that a company has a solid understanding of their business and has a plan to sustainably grow, rather than just focusing on growth at all costs.

As we look toward the future, it is clear that the business landscape is shifting to a focus on strong fundamentals and sustainable growth. While startups have historically been the driving force behind innovation in the payments sector, recent events have highlighted the challenges of working with these volatile and unpredictable clients. The recent bank failures and the resulting uncertainty in the economy have further emphasized the need for businesses to build solid foundations and demonstrate clear plans for profitability. At Treasury Prime, we are actively working on building cutting-edge solutions like our interconnected multibank product — OneKey Banking — to address the current challenges both banks and enterprises are facing with risk mitigation tools, seamless deposits management and compliance offerings. As we enter Q2 of 2023, it is clear that the future belongs to those who can navigate these challenges and build sustainable, profitable businesses.

PYMNTS WHAT'S DIFFERENT?

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VICKI
TURJAN
President and Chief Operating Officer

RETAILERS FIND STRENGTH IN **LEVERAGING CONSUMER FINANCING**

The start of the year brought a strong retail performance that surprised many media observers. However, a closer look at the financing program performance of merchants on Versatile Credit's platform revealed a different story. Our robust analytics engine showed a consistent growth trajectory across all our verticals throughout the year, with no one sector driving the trend. This slow and steady growth highlights the continued demand for financing solutions by consumers and the versatility of our platform to serve a variety of industries.

Financing is no longer just about not having the money; it's about managing your money smartly. Consumers across the board are applying for financing, and merchants are leveraging financing as a part of their sales strategy. They understand that offering great promotional financing options brings customers in the doors and helps drive interest. These promotions are just as effective as sales and discounts.

In all the verticals we service, financing is becoming a key component of a retailer's growth strategy. Merchants are leveraging financing offers to attract customers and convert shoppers at all levels of the FICO spectrum into buyers. Merchants across various industries recognize the power of promotional financing in driving interest and growth and are making it an integral part of their sales approach.

At Versatile Credit, we believe that partnerships are the key to making our offerings better than they could ever be alone. That's why we work with great partners to enhance our offerings and provide the best possible solutions to our customers and partners. We have the data to show that developing strong partnerships with key lenders nets the best results for consumers and merchants. We are encouraging our teams to focus on the friction points our customers and partners are facing, to understand the potential opportunities we have to help be a part of the solution.

We are still navigating an uncertain economy, and it's no secret that many banks are tightening up their approvals. Versatile Credit's platform provides businesses with an array of choices from over 40 providers, addressing procedures of varying sizes and customers across the FICO spectrum. Our technology

is giving businesses the tools to be responsive to these changes, track and measure performance, and make necessary adjustments, including incorporating new providers into their program, ensuring they can continue to serve all of their customers effectively.

The success of the financing program should be measured as diligently as inventory, both in terms of what is presented and when it is presented. Our platform, powered by a robust analytics engine, makes it easy to see if the offers are resonating with consumers. By maintaining a diverse and carefully curated selection of lending partners, we ensure that our customers and partners receive the most effective financing solutions for their needs.

The first quarter of 2023 may have defied expectations, but what's clear is that there is a shift in how consumers are leveraging consumer financing. We're confident that by leveraging our insights and working with our partners, we can help retailers and lenders prepare for the rest of 2023 and meet the needs of their shoppers.

ABOUT

PYMNTS

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.

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