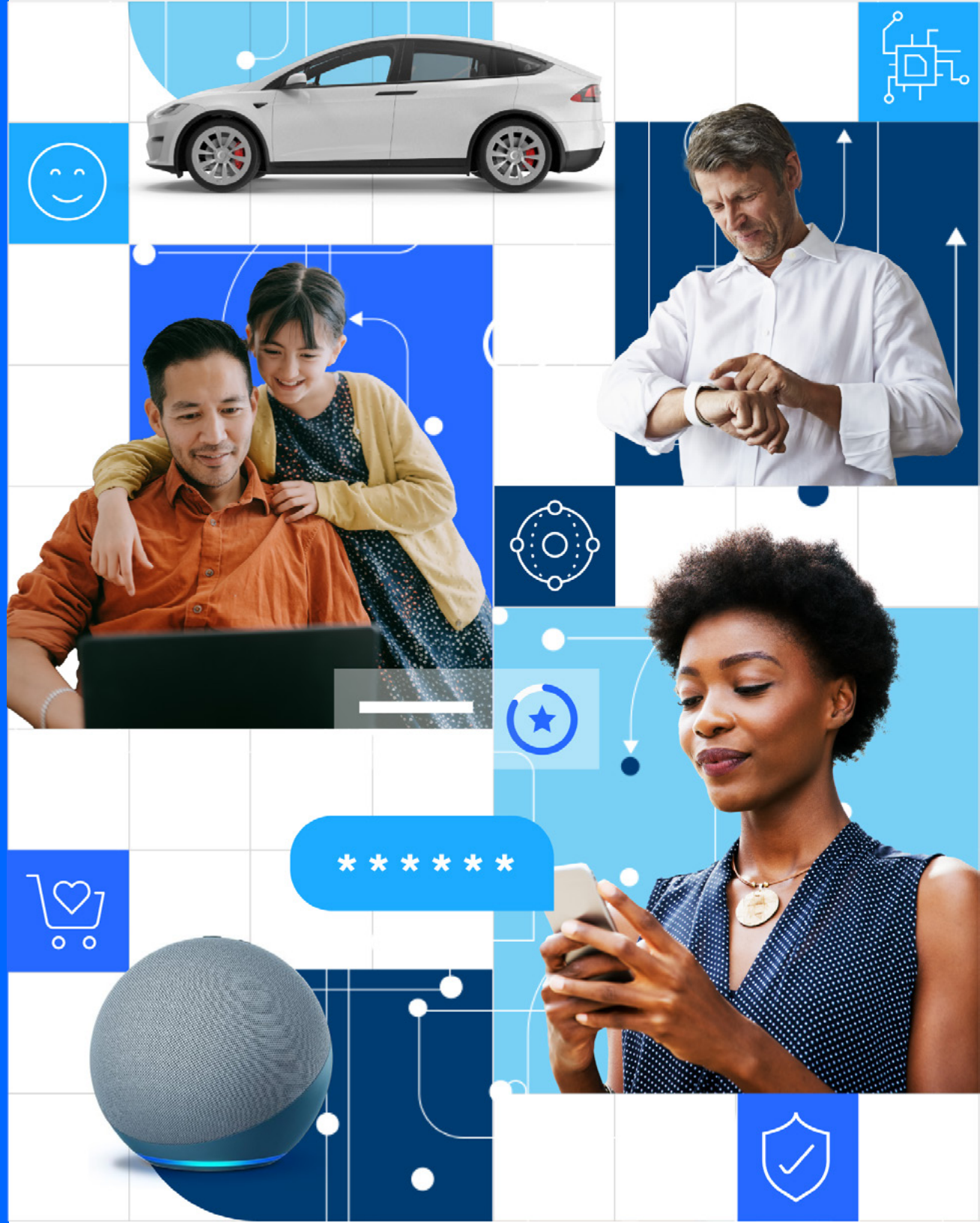


globalpayments

2024

Commerce and Payment Trends Report

Five trends to watch



EXECUTIVE INSIGHT



Cameron Bready

President, Chief Executive Officer,
Global Payments

Transformation and adaptation have always been at the heart of business, and that's especially true now. An unpredictable global economy has forced many leaders into action. And with the rapid advance of new technologies, those who get out in front of major trends are in the best position to benefit from them.

In commerce, businesses of all sizes have experienced a year of disruption and rapid change. Most notably, generative AI is catalyzing transformation and innovation. Already, many businesses are deploying generative AI to rapidly improve customer service and support, enhance security and fraud detection, and support the integrations critical to making payments efficient and powerful. Without a doubt, generative AI represents one of the most impactful trends we have seen in decades.

This and other trends present new opportunities to rethink and reinvent the entire payment and consumer experience at the business level. Whether it's embedded payments, behavioral biometrics or gamification of payments, businesses are on an ongoing journey of innovation and creating fresh experiences for consumers. The result is less friction and more engagement, and the expectation that businesses will keep raising their game.

Of course, that expectation is not just for new ways of handling and processing payments. Some relate to the basics. Take the issue of security and fighting fraud. Businesses can't afford to sit on the sidelines. The technologies and digitalization that drive so many of the

improvements in the payment process are also driving greater exposure to bad actors. As we build new enhancements, we need to think about making the entire commerce and payment process even more secure.

These trends form the center of this year's report. We have spoken with leading industry experts and conducted a global market research study among businesses and issuers to identify five key trends that we believe will make a major impact in the coming year. These are:

- Generative AI
- Embedded payments
- Security and fraud prevention
- Live commerce
- Next-gen digital experiences

Each of these trends reflects a move toward making each transaction—whether in person or online—simpler, more secure and seamless. And all of it is informed by data that makes transactions more personalized.

Consumer needs and expectations are driving these trends. Businesses that want to lead the competition need to understand these trends and find ways to apply them to their own strategies. That kind of proactive approach will put every organization in a position to stay out front, meeting consumers where they want to go next.

Read on to discover how to take your business to the next level.

In 2023, the global economy was flashing red in key markets as high inflation and interest rates persisted. But that hasn't disrupted the transformation we are seeing in commerce and payments.

That transformation was catalyzed by the introduction of generative AI, a technology with significant implications for the global economy. With AI and several other major trends years in the making, global commerce is poised for massive innovation and creativity across every stage of the consumer's buying journey.

And it's none too soon. Consumer expectations are changing. The bar is higher. People want seamless buying experiences. And consumers want protection from increasingly sophisticated fraudsters.

How do you meet expectations and balance priorities in the year ahead? Our 2024 Commerce and Payment Trends Report highlights five top trends that every leader needs to understand and appreciate to propel business growth.

TRENDS OVERVIEW

TREND 1

Artificial intelligence

Takes center stage



TREND 2

Embedded payments

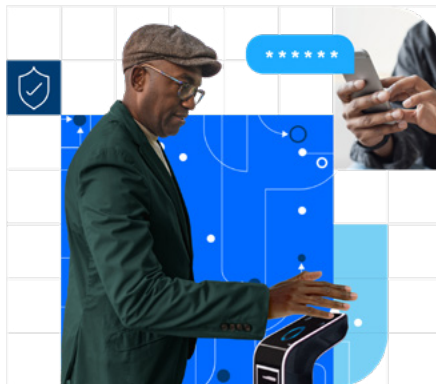
Make them work for your business



TREND 3

Security and fraud prevention

Rise to meet fresh challenges



TREND 4

Live commerce

Makes an impression, and the sale



TREND 5

Next gen digital experiences

Quick, convenient, fun

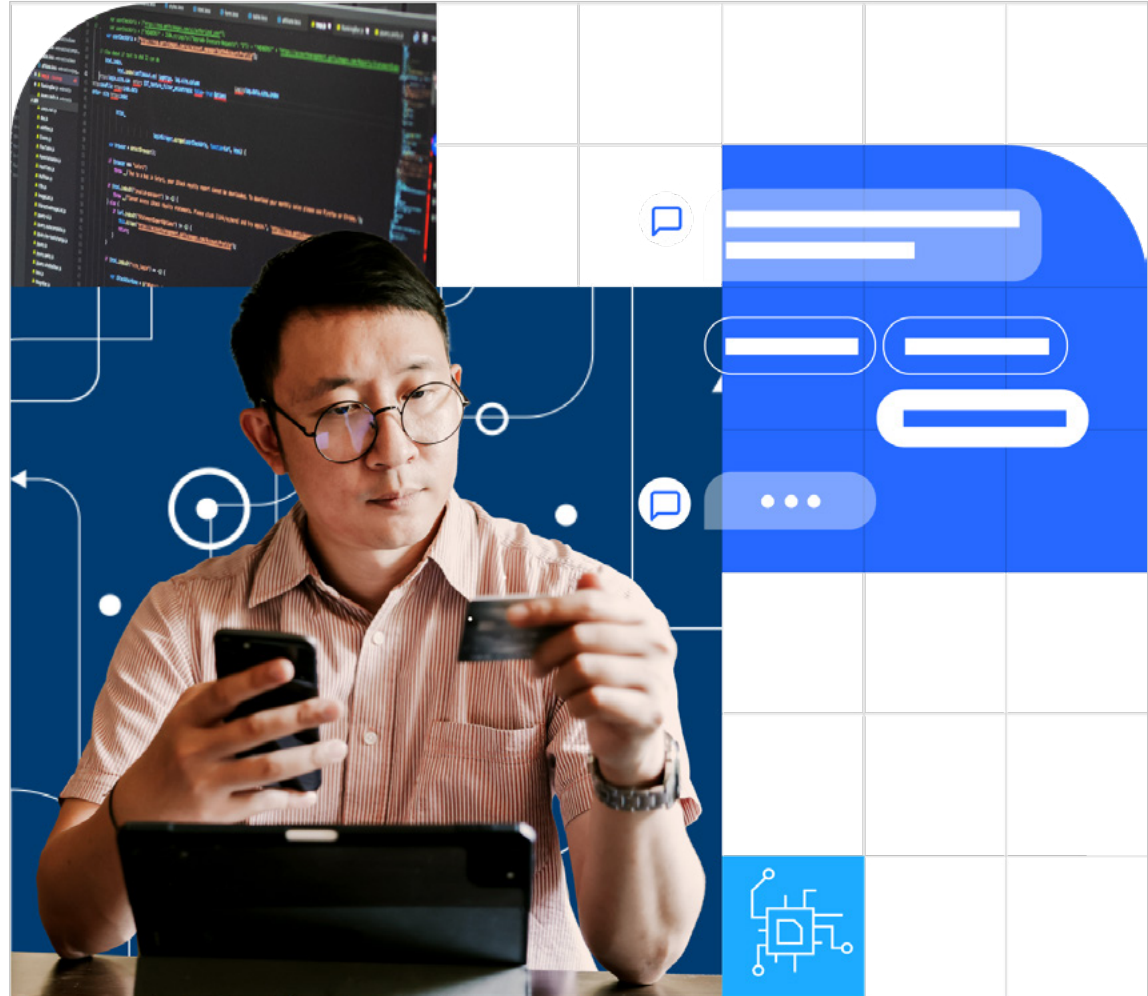


Global insights from the experts

For this report, we held in-depth discussions with innovation leaders, technologists and industry experts from leading financial institutions, businesses and payment networks. We also surveyed 541 global professionals immersed in advancing commerce. What they shared with us suggests that whatever direction the global economy may take, businesses of all sizes are taking the initiative to remove friction from the payment process, deploy the latest technologies to reduce fraud, and deepen their relationship with consumers with each transaction. This report highlights insights from payment experts across the globe—Europe, North America and Asia Pacific—who are tracking the latest innovations and trends in payments and commerce.

TREND 1

Artificial intelligence takes center stage





AI's emergence as a leading business driver is clear. Now that AI has captured the public's attention, it can be used to address many business opportunities—from sales forecasting and customer service to fraud mitigation and more. Business leaders now have access to unprecedented analytical and predictive brainpower—the question is how to use it to gain a competitive edge.

The AI revolution: As big as the internet?

After ChatGPT introduced the world to the power of generative AI, Bill Gates said AI would be a revolution on par with the internet. A bold prediction, but the numbers bear it out.

In commerce, generative AI could rewrite the rules. According to McKinsey, this technology could add \$2.6 trillion to \$4.4 trillion in value to the global economy annually across the 63 different business use cases they analyzed.¹ Of the five greatest impacts by dollar size, three would be in sales, marketing and customer operations, McKinsey says.

“It’s not very often in one’s lifetime that a technology like this comes along with such a wide variety of use cases,” says Vanessa Colella, head of innovation and digital partnerships at Visa.

But which applications of AI make the most sense? That’s a question business leaders are busy trying to answer.





“Virtually every business is trying to understand how to incorporate or integrate generative artificial intelligence.”

Guido Sacchi

Global Payments, SEVP and Chief Information Officer

globalpayments

61%
of companies are
enthusiastic about AI

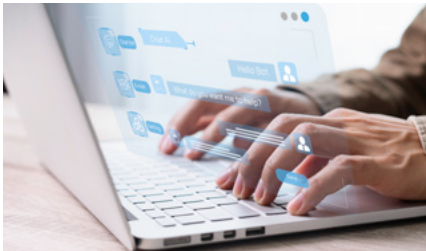
And organizations are recognizing the opportunity.

- Sixty-one percent of companies surveyed are enthusiastic about the impact of AI on their business. However, there is an enthusiasm gap between the types of businesses: Forty-nine percent of small and medium-sized businesses (SMBs) are enthusiastic versus 80% of large and multinational enterprises.
- Forty-seven percent of businesses and 37% of issuers indicate this trend is extremely important to their business in 2024.
- Among businesses, the top three expected applications for AI are customer service (43%), fraud detection (43%) and marketing (40%).

AI is a business force multiplier

For SMBs, enterprises and multinationals, generative AI is a force multiplier. It amplifies existing technologies and investments aimed at improving productivity, efficiency and customer engagement. It lies behind some of the major trends revolutionizing commerce and payments.

- AI-powered biometrics helps speed customers through checkout.
- AI offers the potential to greatly increase the accuracy of fraud detection.
- AI-supported API integrations are faster and less labor-intensive.



SPOTLIGHT

AI's impact on customer service

McKinsey estimates that technology handles roughly half of customer contacts already. Generative AI could handle another quarter. A customer service "bot" powered by generative AI could use details provided by a customer to resolve simple issues immediately, retrieve important information for a customer success representative and recommend next steps. Productivity at customer service centers, McKinsey estimates, could rise by 30% to 45%.²

Why generative AI is transformative



Generative AI marks a new era: While businesses have been using AI for years, generative AI represents an entirely new type of technology.

“Generative AI is self-learning and offers improved predictive capabilities over time,” says Sacchi. “It’s a feedback loop that continuously validates results and feeds them into the model. The model keeps refining itself to produce better results. The generative aspect of it is what is new.”

Here’s how businesses are putting generative AI to work.

Enhancing operational efficiencies for clients. API integrations for businesses are often rigorous and time-intensive. “A point of friction for a lot of companies in their integrations is taking the time to build APIs to capture and push all the necessary information,” says Adam Mitchell, EVP of product, technology and enablement at Global Payments. “Generative AI’s ability to streamline and automate software development will lead to more integrations like shopping carts, CRMs and email marketing tools.”



Boosting customer support. Chatbots have become commonplace customer service tools for many businesses. Generative AI-powered chatbots, however, are poised to make significant strides in meeting and anticipating customer needs.³ They’ll be able to answer common queries about payment balances, order statuses and returns, freeing up customer service teams to address more complex or sensitive issues (see Spotlight).



“I think you’re going to see a huge reduction in call volume at customer service centers. AI will free up support teams to dig into really hard-to-solve, complex problems.”

Adam Mitchell

Global Payments, EVP of Product, Technology and Enablement



Managing fraud and risk. Generative AI opens the door to better fraud detection.⁴ Right now, fraud detection systems have too few “genuine” or strong fraud cases to analyze and learn from. With generative AI, you could produce synthetic examples of fraud based on the patterns established by actual cases.⁵ These sequences would, in turn, help improve fraud-detecting systems. Generative AI is like a coach to an athlete who needs to train for rare but critical game situations.

Delivering friction-free payments and authentication. Amazon’s “pay-by-palm” technology allows customers to pay by scanning their palms on a point-of-sale (POS) device in some of the company’s Whole Foods stores. Using biometric authentication, generative AI and machine learning, pay-by-palm can speed shoppers through checkout.⁶ Behind the scenes, AI-powered technology is authenticating the customer’s identity and processing their payment, another step towards making the payment experience “invisible” for customers. “The authentication space is ripe for further innovation,” says Sacchi. “People want maximum security with minimum friction.”

BUSINESS TAKEAWAY

While generative AI first wowed audiences by generating poems, essays and even websites from the simplest prompts, its full impact will be felt as companies turn their power on business use cases.

“Every time we get a big, fundamentally different type of technology, the initial use cases start out kind of clunky. Yet over time, it raises the bar for what customers expect,” says Visa’s Colella. “Those expectations seep into consumers’ hearts and minds and once they’re there, they don’t go away.”

Generative AI tools are already finding their way into many platforms and applications used by businesses of all sizes. These tools

are powerful, and when thoughtfully applied to key business functions, AI can boost team productivity and potentially transform the way your customers experience your brand and business.



TREND 2

Embedded payments:

Make them work for your business



The pandemic pushed millions of consumers to rely on embedded payments, where they can make a purchase without leaving their favorite website, social media channel or mobile app. It's a trend we've been watching for several years. But now, embedded payments are exploding across commerce and in unexpected industries. In the five-year period ending in 2026, the global market for embedded payments is expected to surpass \$138 billion, a more than threefold increase.⁷ The value of embedded payments to consumers is clear. And businesses can take advantage of a trove of customer data through a streamlined payment experience.



Meeting consumers where they are



Today, businesses beyond commerce are putting embedded payments to work: In everything from healthcare to utilities to real estate, enterprises recognize that consumers welcome the low-friction process. And in certain cases, embedded payments are essential to the sector's future. For instance, software vendors for residential landlords have evolved from providing property management solutions like parking or maintenance to handling payments.⁸

“Just as life on Earth seemed to suddenly burst on the scene, we’re going to see a Cambrian explosion of embedded payments,” says Vanessa Colella, global head of innovation and digital partnerships at Visa. “It’s the confluence of three elements: consumer behavior, new technologies and industries eager to integrate that technology.”



Why the technology matters

The linchpin to widespread adoption is the sophistication and reliability of the underlying technology. Thanks to advances in fintech, businesses of all sizes have access to a growing suite of embedded payment products—whether their core business has anything to do with finance or not. For instance, businesses can tap into technology partners that can act as payment processors. Through collaborations and innovation, businesses can convert their online platforms into one-stop payment gateways.⁹

“The technology is there,” says Luc Teboul, partner, transaction banking engineering at Goldman Sachs, where he focuses on digital first corporate cash management and payments. “We have a lot of financial engineering around the flow of funds, and we make the client’s life easier by bringing payments into one place.”

That work in the background translates into a transformed customer experience.

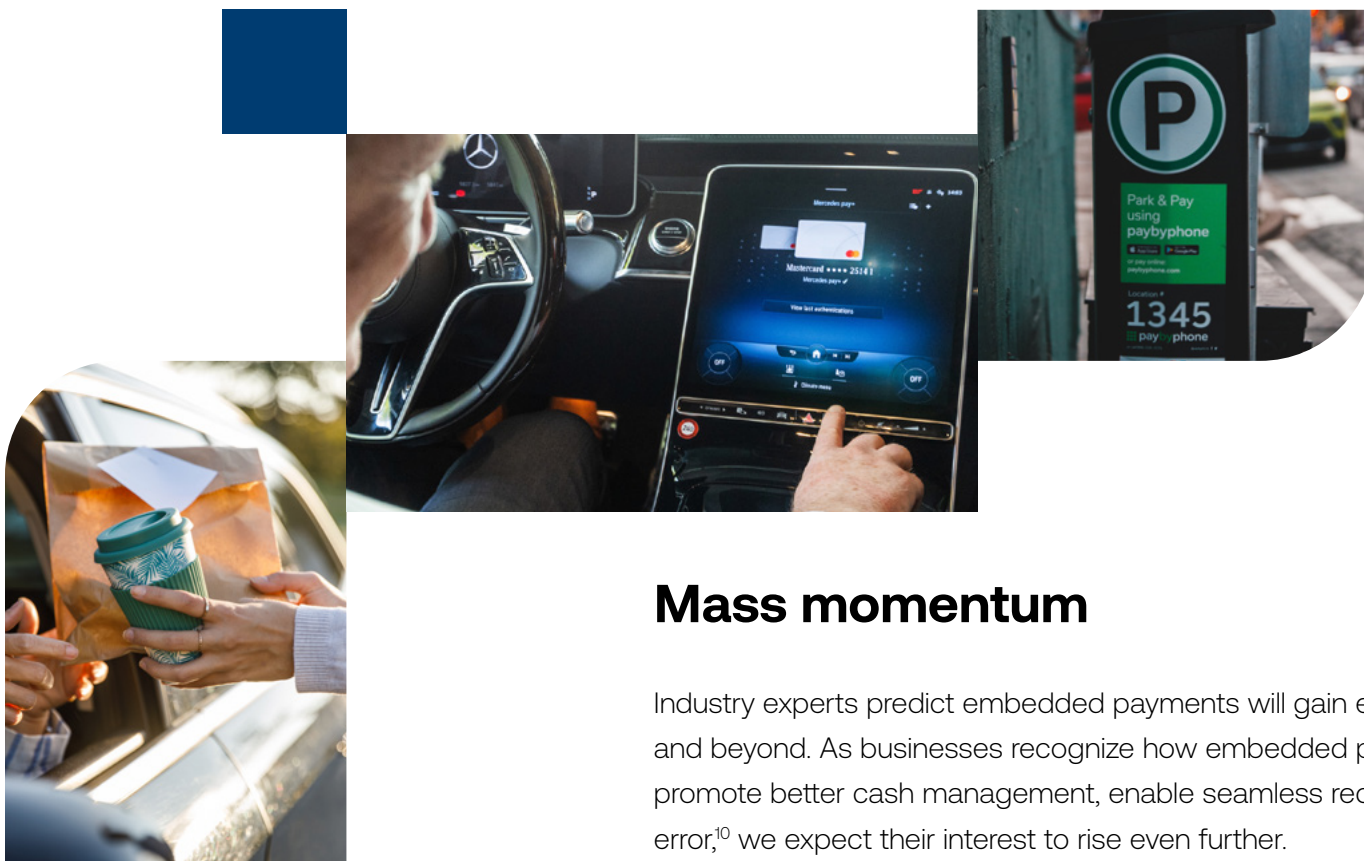


“This is what we call contextual commerce, allowing the business to meet the cardmember where they are, reducing the friction in the checkout process. Whether it’s buying something through your favorite social media app, or making a purchase directly in your vehicle, the payment experience will be natively woven into the customer journey.”

Paul Martin

American Express, VP, Global Emerging Payments and Strategy





Mass momentum

Industry experts predict embedded payments will gain even more momentum in 2024 and beyond. As businesses recognize how embedded payments can drive repeat sales, promote better cash management, enable seamless reconciliation and reduce payment error,¹⁰ we expect their interest to rise even further.

- Forty-four percent of businesses said embedded payments would be extremely important to them in 2024.

Some high-profile use cases are driving awareness of the trend and its power.

Starbucks' loyalty app, which allows customers to load funds, earn rewards and pre-order drinks, held more than \$1.8 billion in deposits as of the second quarter of 2023. By this calculation, that makes Starbucks bigger than 90% of individual US banks by deposit size.¹¹



“No longer do I stand in line to order: Payments are embedded, and I don’t even think about them. I walk to the coffee shop, the coffee’s sitting there ready to go, and I pick it up. These changes all feel small, but they are transformative.”

Vanessa Colella

Visa, Head of Innovation and Digital Partnerships



In the background, creating deeper consumer connections

Embedded payments foster customer loyalty. As the transaction fades into the background, companies can create positive brand experiences and deeper connections with their customers.

One example of this is in personal vehicles, as companies like Mercedes-Benz are exploring ways to turn cars into payment devices. In 2018, the company launched its own payments company, Mercedes pay. Customers can now pay for car-related products, services and upgrades from their vehicle using a built-in biometric fingerprint sensor. Mercedes pay is operational in more than 40 markets globally.¹²

\$600b

market size of connected
vehicle commerce by 2030

- A recent study from Ptolemus Consulting Group says the connected vehicle payments market could reach \$600 billion by 2030.¹³

“Anything that removes friction is beneficial,” says Latha Youngren, chief marketing officer, Tripleseat, an event management platform for hotels, restaurants and special venues. “When you take a flight now, they have your credit card information associated with your seat, so you can order a drink and they just bring it to you, and there’s literally no issue about payment.”

Of course, the advantage of offering embedded payments is not just about removing friction. Now, businesses will have a pipeline of data and analytics, collected automatically, to enhance customer experiences.¹⁴

Mark Smith, head of payments and market development at Amazon Web Services, says the challenge is taking huge data repositories and turning them into growth opportunities: “It’s about mining that data to find the new product or business opportunity to set them apart from their competitors.”

BUSINESS TAKEAWAY

Tap into the convenience of embedded payments

You don't have to be an expert in payments to take advantage of the rise of embedded payment solutions. The technology exists to allow non-financial businesses to offer a seamless buying experience within the customer journey.

“Payment solutions have evolved from just the acceptance and processing of the payment to a much richer offering included in an overall experience,” says Sacchi. “It’s a software-driven solution. The payment is still a very important part of the experience, but now the overall user experience really dominates—and that is what matters to the consumer.”

Embedded payments can boost customer satisfaction—and your bottom line. The seamless process can build trust. The lack of friction can reduce cart abandonment. And the convenience can encourage repeat purchases—all thanks to evolving technology that’s readily added to your current payment systems.



TREND 3

Security and fraud prevention rise to meet fresh challenges



Digital, mobile and social commerce channels promise to remove friction for consumers. But these channels also create more opportunities for fraud, identity theft and other criminal activities. Some estimates say 35% of ecommerce transactions are malicious.¹⁵ Over the next decade, fraud is expected to cost the card industry over \$400 billion.¹⁶ And every dollar lost to fraudulent transactions costs businesses \$3.75 because of restocking, chargebacks and other indirect costs.¹⁷ But businesses can defend themselves, helped by new technologies, and leaders are putting these new tools to work.



62%

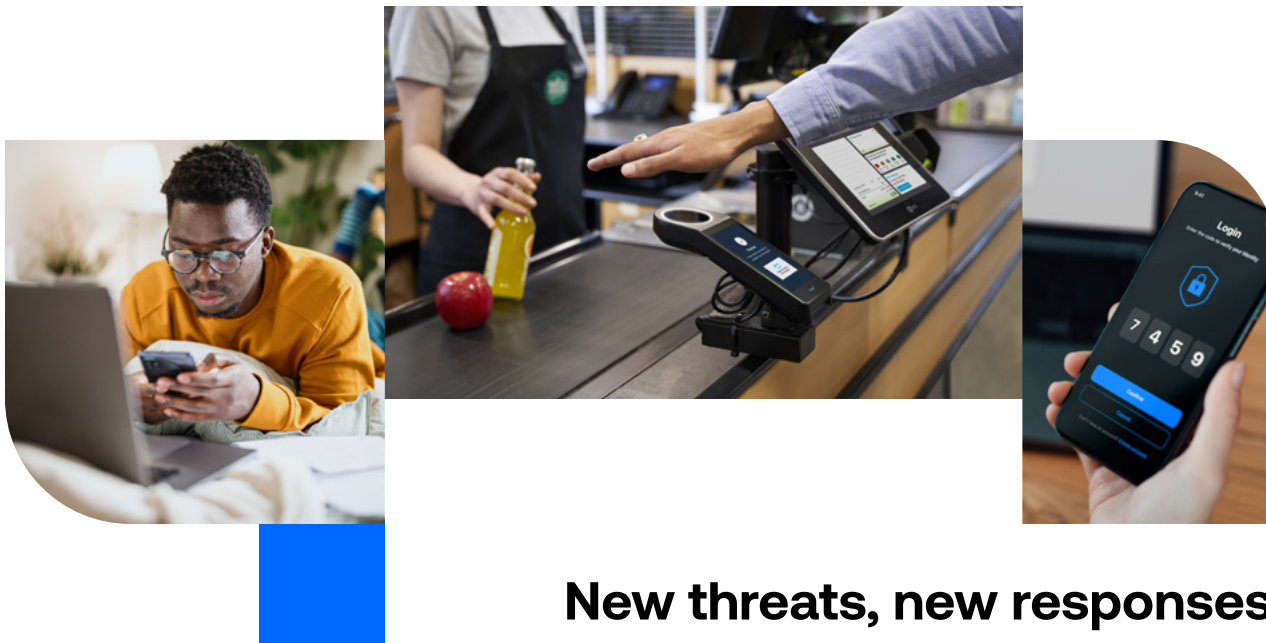
of businesses say
reducing payment fraud
is an urgent concern

Customers expect privacy

Another dimension of security is privacy. In 2021, data breaches occurred more than 4,100 times globally, equating to about 22 billion exposed records.¹⁸ The US has been particularly hard hit. In 2022, more than 422 million US individuals¹⁹ and their personal records were exposed, considering that many individuals are victims of multiple compromises. Among credit card users, 44% reported two or more fraudulent charges in 2022.²⁰

Though threats can come from many sources, consumers and policymakers expect companies to take the lead in protecting their privacy and sensitive data—and business leaders know it.

- Sixty-two percent of businesses say reducing the amount of payment fraud is an urgent concern, more than any other issue.
- Fifty-five percent of total businesses rank “security of customer data” as the most important trend going into 2024.



New threats, new responses

Omnichannel commerce means omni threats—and businesses recognize they must take extra measures to protect payment systems. That’s how advanced technologies like AI and sophisticated identity verification systems such as AWS’ continuous authentication protocols point to the future.

“The concept of continuous authentication to verify identity throughout an entire session, rather than just at login, is one way we’re working with customers to prevent unauthorized access and decrease fraud risk,” says Mark Smith, head of payments and market development at Amazon Web Services.

Such security measures and solutions aim to envelop the consumer at every touchpoint of the buying journey, using data and various scoring mechanisms.

How technology is changing the game

While AI and machine learning have been part of the crime-fighting toolkit for years, generative AI is a new propulsive force in fraud management.



“Generative AI is particularly powerful in training your existing fraud detection tools, because it can generate more genuine-looking fraud events to help create a broader pool of potential genuine-looking risk scenarios.”

Kate Weiler

Discover Financial Services, Director of Payment Services Risk



“The most prevalent use case for AI we’re seeing from customers is around fraud prevention and credit extension—being able to make quick decisions and continually train and develop AI machine learning models to make the right decisions based on the customer,” says AWS’ Smith. “We’ve got some really savvy fintechs and established companies that are updating their fraud prevention platforms right now.”

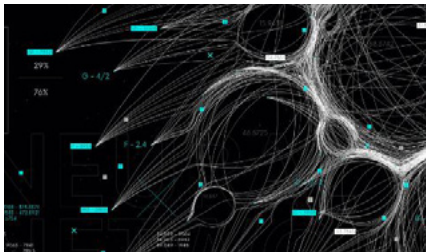
Generative AI has also given businesses the power to identify and defend against attacks in real time.

“Generative AI, as well as machine learning, has the ability for more real-time processing than anything we could do in our back office,” says Weiler.

Fraudsters, however, use this same technology in increasingly sophisticated ways, such as in phishing attempts and bulk email attacks. And while rules and practices on using AI responsibly are being written every day, those don’t matter to criminals.

“Fraudsters are going to be aggressive in leveraging these models because they’re not constrained by what we’re constrained by,” says Adam Mitchell, EVP of product, technology and enablement, Global Payments.

The underlying message: It’s a spy vs. spy world where the tools get sharper, the stakes get higher, and businesses can’t afford to sit on the sidelines.



SPOTLIGHT

Using neural networks to fight fraud

As with any criminal act, digital fraud is often pursued in a coordinated way by groups of individuals. But finding these bad actors is challenging. They often hide behind multiple digital identities and use sophisticated software to cover their tracks. Amazon Neptune, a graph database solution, can create a fraud graph that stores and maps the relationships between multiple people. Using email addresses and accounts, phone numbers, favored POS locations and other information that fraud networks might share, a fraud graph can quickly map out a connected but complex network, helping organizations (and law enforcement) home in on the criminals behind some of the most coordinated and damaging digital attacks.²¹

How businesses are fighting fraud now

Globally, businesses are responding to the threat of fraud in many ways. Policies such as PSD2, a European Union rule in force since 2019, have increased security around electronic payments. PSD2 has led to further improvement in verifying consumer identities and their accounts. Since these changes have been in full effect, fraud rates in Europe have fallen by 70% and approval rates have steadily increased, according to Mastercard.

7%

more businesses are
considering MFA in 2024

But even without regulatory action, businesses are actively fighting fraud using tools developed in recent years.

Multifactor authentication (MFA): Asking consumers to use more than one form of authentication to accurately verify their identity can be extremely effective in blocking most automated cyber-attacks,²² bulk phishing attempts and even three-quarters of targeted attacks.²³ However, it may require a customer to key in a code sent to their email or perhaps answer a secret question.

- Seven percent more businesses are considering introducing MFA in 2024 than those who introduced it in the past 12 months.

Encryption: By encrypting information while it's transferred from one system or device to another, businesses can prevent fraudsters from accessing data or corrupting files. If the data is intercepted in transit, it is scrambled and unusable. The card data is decrypted only once it reaches the merchant provider so the transaction can be processed.

Network Tokenization: Network tokenization is a vital part of secure digital payments, revolutionizing how sensitive payment data is stored and managed by major card networks like Visa, Mastercard, Discover and American Express. It helps enhance security, streamline payment processes, boost approval rates and reduce transaction costs, positively impacting conversion and revenue. Network tokens are linked to specific card networks, not acquirers or third parties, and can be updated if card information changes. Once provisioned, network tokens can be used for all transactions, even if the card is replaced, ensuring up-to-date card data and preventing declines due to card issues, improving user experience and authorization rates.



“Network tokenization was introduced in the market some years ago with the first digital wallets, but we have continued to expand the use of tokenization throughout ecommerce to continue to protect transactions.”

Silvana Hernandez

Mastercard, EVP, Product and Engineering



- Six percent more businesses are considering introducing tokenization in 2024 than those who introduced it in the past 12 months.

As technology evolves, we see even more advanced solutions for fighting fraud, including tools that use multiple data streams to identify and prevent fraud.

Behavioral biometrics: AWS is working to detect fraud by pioneering new authentication methods. For example, technology will be able to track individual behaviors such as the ways users hold their phone as they complete a transaction to ensure bots aren't making payments. "It's a really interesting fraud prevention technique," says AWS' Smith. "It's not like the traditional, multifactor authentication of a fingerprint, facial scan, or a one-time passcode. It adds friction to a potential attack."



SPOTLIGHT

Discover Commerce Xchange

Discover has a powerful ability to reduce fraud and resolve potential customer chargebacks through its Discover Commerce Xchange (DCX).²⁴ This platform combines operational and business data to provide customers more specific information about where their recent purchases were made. For some customers, that information is more recognizable than, say, a business address or a parent company's name. "That reduces overall call volume and confusion among cardholders. They will better recognize their own transactions this way," says Discover's Weiler.

BUSINESS TAKEAWAY

For businesses ranging from SMBs to multinationals and financial institutions, security is a core competency in building trust with the customer while fortifying business operations. This task is complicated by the very nature of digital, mobile and social commerce and payments, which create new avenues for attacks aimed at stealing data or compromising operations.

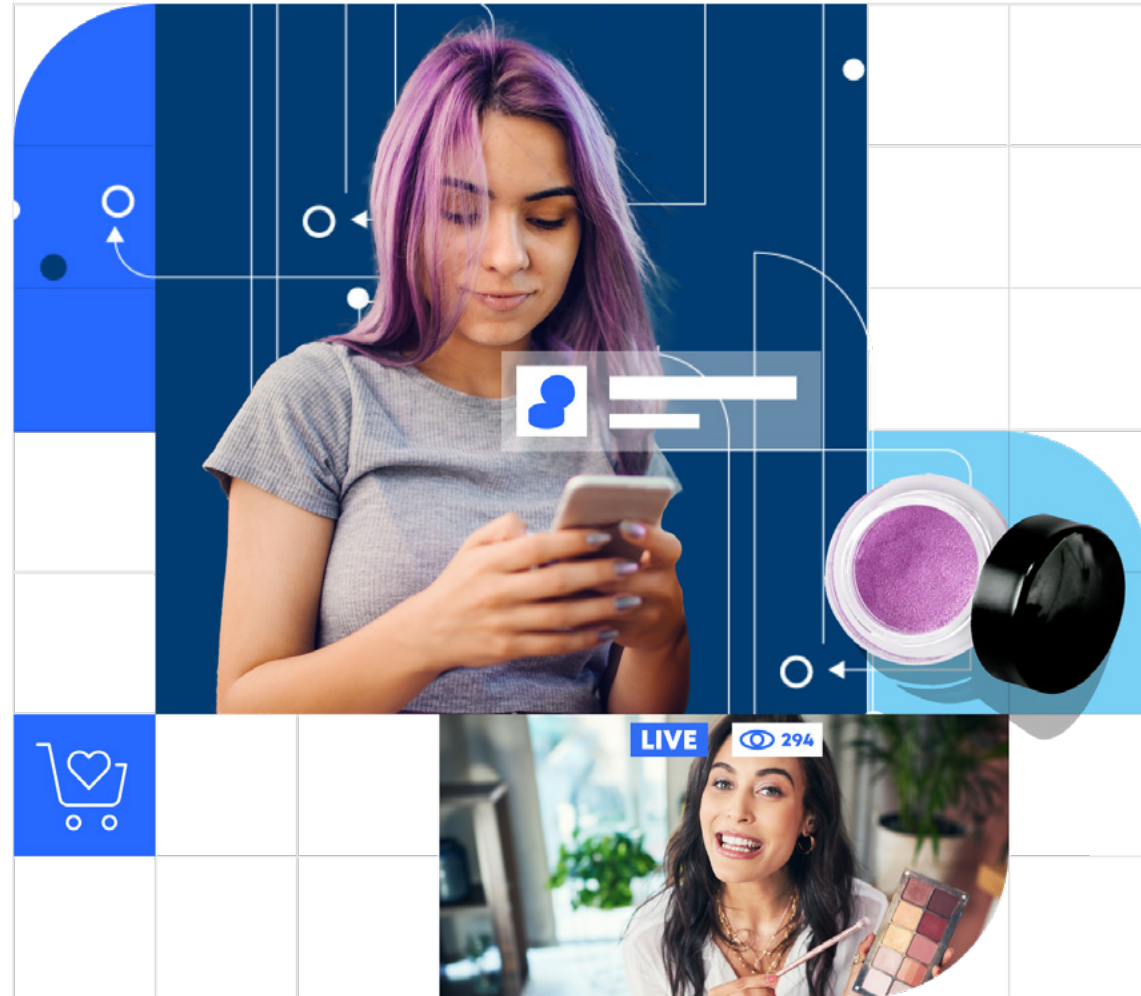
The challenge is to leverage technologies that remove friction from the customer experience without exposing the consumer or the business to unseen risks. Increasingly, businesses will find that cutting-edge technologies such as AI and strong security protocols can help them meet customer expectations while also providing valuable protections.



TREND 4

Live commerce

makes an impression, and the sale





Nearly a decade after it debuted in China, live commerce is entering the global marketplace with force.²⁵ Shoppers worldwide are engaging with hosts in livestreamed programs. Encouraged by what they see, these consumers are making purchases on the spot. It's a trend that we mentioned in our 2023 report but warrants its own spotlight this year. Live commerce not only introduces more customers to a brand, but also creates energy and instant demand, helping businesses succeed in a crowded marketplace.

A regional sensation goes global

The online Chinese marketplace Alibaba first held a shoppable livestream for its annual Singles' Day event in 2016,²⁶ igniting the phenomenon. Live commerce brings star power to the purchasing moment and has proved to be particularly effective for sales of apparel and beauty products. Customers stream to see influencers and celebrities promote lipstick and other products. Categories including food, furniture and books are now being sold in live commerce events.

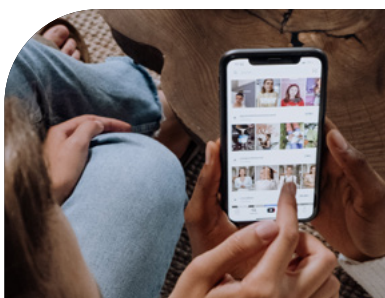
26%

of businesses already
use live commerce

With only a camera, a mic, a streaming platform and broadband, businesses of any size can reach new customers. A Chinese livestreamer sold \$650,000 of beef jerky in livestreamed events, multiplying sales by 30 in just two years.²⁷

Will others follow Asia?

Coresight Research estimates livestream shopping will account for more than 5% of total US ecommerce sales by 2026.²⁸ Growth in live commerce could address one of the biggest issues digital platforms face: abandoned carts. In the Americas, nearly three-quarters of shopping carts (72%) get abandoned²⁹ before purchase because of barriers like complicated checkouts.³⁰ Live commerce removes much of this friction. Shoppers don't need to create an account because their payment details are already embedded in the session, creating a smoother shopping experience.



Live commerce, in numbers

- More than a quarter of businesses (26%) are already harnessing the power of live commerce. Seventeen percent say they have introduced live commerce in the past 12 months. Twenty-three percent say they plan to roll out live commerce over the next year.
- Expect more investments in online infrastructure to make this happen. Three of every four businesses say they're actively contemplating expanding or refining their online channels in 2024.
- In 2022, about \$500 billion in goods were sold through livestreaming, an eightfold increase since 2019.³¹
- Live commerce accounted for 32% of purchases via digital commerce channels in a six-month period, according to a 2023 report by the marketing intelligence company WARC and Google. The study looked at 16 countries spanning Africa, Asia, Australia, Europe and North America.³²
 - With Asia leading the way, live commerce is attracting more interest. In our survey, 35% of respondents in Asia said they are considering introducing live commerce, with 23% percent in North America and 15% in Europe saying the same.



Billions of eyes

The momentum behind live commerce shows no signs of letting up. TikTok recently partnered with live-selling software provider CommentSold to enable live-selling integrations with TikTok Shop.³³ The company has even gotten into the logistics business to support these live-commerce ambitions, opening fulfillment centers in the US and the UK.^{34,35}

Now comes augmented reality (AR) technology, which could allow customers to try out products virtually before buying.

“We are seeing edge cases where the digital and physical worlds overlap,” says Guido Sacchi, SEVP and chief information officer at Global Payments. “The consumer might see a digital good, but it can ultimately become a physical product available for purchase.”

In 2023, Vice Media announced a content partnership with the game-streaming platform Twitch. The collaboration incorporates live shopping and ecommerce opportunities.³⁶ Twitch offers a significant market opportunity for live commerce. Its users log two billion minutes of video watched every day, equivalent to eight years of videos each month.³⁷

Big players getting into live commerce

Meta has discontinued its live-shopping features, but other tech giants including eBay and Google are all investing in and testing live commerce. In the US, Amazon kicked off Prime Day in July 2023 with a full day of live commerce.³⁸

Walmart has launched live commerce with a series of events headlined by entertainers and beauty influencers. Some of the events have a DIY component. For instance, sports fans can tune into an event and learn how to whip up snacks for game day. Expectant parents can watch live-commerce events to learn how to prepare for the arrival of their newborn, with products available for purchase. Walmart is promoting the sessions to generate the anticipatory buzz of a movie premiere—complete with trailers.³⁹



SPOTLIGHT

China: Live commerce trailblazer

According to McKinsey, 57% of live-commerce sellers in China have used the shopping format for more than three years. That compares with 5% to 7% of live-commerce sellers in Europe, Latin America and the United States. China is also the leader among frequent live shoppers, with 87% of consumers tuning in to a live-shopping event at least once per month. Again, other regions lag China. In Latin America, 64% of individuals surveyed were frequent live shoppers. In Europe, 52% reported attending a live-shopping event at least once per month. Among respondents in the US, 43% were frequent attendees.⁴⁰

BUSINESS TAKEAWAY

A clear opportunity, with some risks

The opportunity is clear: Companies that embrace live commerce could see upward of 25% top-line growth, according to Deborah Weinswig, CEO of Coresight Research. But what risks come with that growth? As with all forms of social commerce, the risk of fraud, identity theft and other security issues remain.⁴¹ And given how dependent live commerce is on buzzy social media content and the recruitment of talent and influencers, businesses will need to plan carefully and refine their strategies quickly.

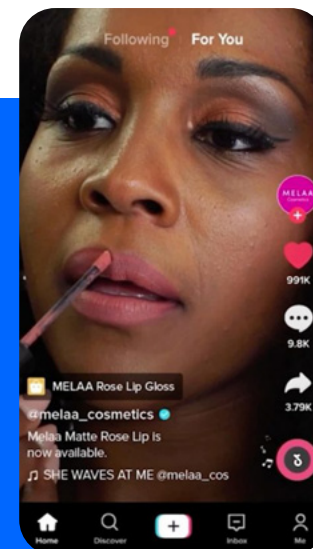
But the potential is real, precisely because live commerce has taken root among the demographics that have made social media so powerful for businesses of all sizes. Social media users are not only young and tech-enabled. They're also deeply engaged in what they experience on social media

platforms. Social media use has exploded over the past two years to two hours and 27 minutes per day on average.⁴² And importantly, social media users are far more likely than other consumers to buy online.⁴³

Some tips to get started?

- Keep an eye on brands and influencers in your industry who've shown success through their livestreams.
- Model your approaches on the best strategies from tech giants like TikTok, Amazon or Google.
- Stay adaptable as tech, regulations and consumer desires change.

Live commerce presents a big opportunity in 2024 and beyond. And your future customers might already be looking for you on their favorite online and social media apps.



TREND 5

Next-gen digital experiences

—quick,
convenient, fun



Consumers have come to appreciate how various payment systems can remove friction from the purchasing experience. Now, the latest technologies are delighting customers before they even realize what they need. Whether it's the acceleration of contactless payments, which provide customers a simple, in-the-moment way to close a transaction, or gamification⁴⁴ of commerce and payment experiences, companies are finding new ways and tools to delight the consumer, and possibly set up the next sale.





\$10t

estimated
global transaction value
of contactless
payments by 2027

Making commerce memorable

Technologies that amplify a company's ability to serve the market—such as mobile points of sale—are not only creating new opportunities for growth, they're also creating memorable moments and new dimensions of engagement with the consumer so they want to come back to the site, the store and the brand.

- Thirty-six percent of businesses introduced cashierless checkout over the past year, 44% are using it now, and 21% are considering using it in 2024.
- Tap-to-pay will be the most important payment method for hotel organizations in 2024 (65% of hospitality/accommodation businesses say they plan to prioritize this payment method).

Speeding the customer through checkout

Some of the tools used to streamline payments are familiar. But as the technologies become increasingly sophisticated, they are being adopted by a wider range of businesses.

Phone-to-phone contactless payments: According to Juniper Research, contactless payment transactions will grow to more than \$10 trillion by 2027.⁴⁵ Contactless payments aren't new, but their use cases are expanding. The latest contactless payment to enter the scene: phone-to-phone payments. Tap to Pay on iPhone and Tap to Pay on Android use near-field communication technology (NFC) to accept secure payments seamlessly through an enabled phone. Tap to Pay on iPhone also supports Apple Pay, contactless credit and debit cards, and other digital wallets. Customers make a payment by holding their iPhone, Apple Watch or other contactless payment device near the merchant's iPhone. It's quick, convenient and secure. And businesses can now accept contactless payments without the need for additional hardware or payment terminals.



“Phone-to-phone payments are going to drive a lot of change on the acceptance side. Mobile points of sale and soft POS are going to provide previously underserved populations of micro-merchants, small businesses and merchants the ability to easily open things like pop-up stores and other outlets for selling goods and services.”

Mark Smith

Amazon Web Services, Head of Payments and Market Development



Gamification of payments: For years, businesses have added games and contests to their platforms to give customers reasons for coming back. But now, we are seeing new examples of gamification of payments to motivate and reward customers. Using game mechanics can encourage people to pay for purchases, subscriptions or donations by making the experience more engaging and enjoyable. Gamifying payments can also build loyalty by encouraging and rewarding repeat purchases.



SPOTLIGHT

Gamification drives engagement

Paytm is bringing payment gamification to India. First, the company provided 10% discounts to consumers who used the Paytm wallet to make a payment. Once Paytm had built a large-enough base of customers, the company shifted its customers to a game—every fifth and tenth customer now get cash back. For the customers, the incentive is to engage more often because they are rewarded with more chances to win a discount.⁴⁶

Autonomous checkouts: A form of cashierless checkout, autonomous checkout allows customers to shop for products in a store and complete their purchases without the need for traditional cashier interactions or manual payment processes. Instead, the entire checkout experience is automated, helping businesses eliminate long lines and wait times. One popular example is Amazon’s Just Walk Out⁴⁷ technology, which allows customers to browse, select their items and then just walk out. It all starts when you

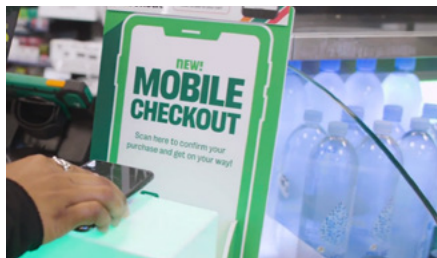
enter the store by using Amazon One’s palm payment, the store’s app or your payment card on your way in the door. A combination of cameras, shelf sensors and AI technology is then used to track items “purchased”. When you’re ready to go, simply walk out—and your payment is processed seamlessly in the background.



SPOTLIGHT

No lines, no waiting with autonomous checkout

At the American Express Shop at Barclays Center in Brooklyn, shoppers can walk in, scan their Amex card, help themselves to the merchandise and food and beverages they want, and then their cards are automatically billed for the items they take. The average basket size is approximately 5% larger, the conversion rate is 80%, and the average amount of time spent shopping is six to seven times less than at traditional concession stands. Meanwhile, Amex shoppers are rewarded for using their card in a way that they value most: No lines, no waiting and no missing the action.⁴⁸



SPOTLIGHT

Added convenience—through autonomous checkout

7-Eleven has rolled out largely automated convenience stores in Taiwan using a combination of Internet of Things, smart shelves with AI technologies such as weight sensors, infrared-light curtains and ID confirmation. These tools capture how a consumer moves through the store, puts items in a cart and walks out while the transaction happens in the background.⁴⁹ Other convenience stores, including Tesco, Circle K and Hudson are experimenting as well with autonomous checkout stores.⁵⁰

BUSINESS TAKEAWAY

Surprise is a selling point

For years, businesses have been adding layers of unseen technology to speed customers through transactions. These enhancements are a direct result of efforts by payment and technology companies to build novel payment experiences that are smooth and secure. Autonomous checkouts, phone-to-phone contactless payments and gamified payments are removing friction, improving revenue and importantly, introducing elements of fun into payments. In short, payment technology is not just about closing the sale anymore. It's about setting up the next one.



Technology drives opportunity—Are you ready?

In 2023, leaders at businesses of all sizes witnessed the transformative impact of a single technology. Generative AI emerged as a game-changer with immense implications and applications for customer service, fraud prevention, software development and more.



But generative AI is not the only technology making a big splash.

As this report shows, we are seeing many of these technologies deployed more broadly as early adopters demonstrate their effectiveness in driving engagement and reducing friction.

It's an important lesson. Technology doesn't always make a big leap like generative AI. But as trends build momentum, they become powerful drivers of value, as contactless payments and live commerce demonstrate. The question isn't whether these trends matter: It's whether they matter enough to you to invest in them right now.

That's why understanding these trends is essential. Businesses of every size will need to prioritize which opportunities command their investment and focus. With careful study and the right support, leaders throughout our industry will know when and how to grasp these opportunities and win.

METHODOLOGY

The information contained in this report is derived from the following sources:

- In-depth interviews with subject matter experts from Global Payments, Amazon Web Services, American Express, Discover Global Network, Goldman Sachs, Mastercard, Visa and Tripleseat.
- A global online survey that included 541 respondents comprising payments decision makers and decision influencers from SMBs, enterprises and multinationals across North America, Europe and Asia.
- Research compilation and analysis of existing data sources, including publicly available and privately held information.

**We would like to thank
the following experts
for their contributions
to this report:**

Vanessa Colella

Visa, SVP, head of innovation and digital partnerships

Paul Martin

American Express, VP global emerging payments and strategy

Brian Greehan

Global Payments, head of B2B solutions

Silvana Hernandez

Mastercard, EVP product and engineering

Dannell Mastrean

TSYS, EVP strategic accounts

Adam Mitchell

Global Payments, EVP product, technology and enablement

Mark Smith

Amazon Web Services, head of payments and market development

Guido Sacchi

Global Payments, SEVP and chief information officer

Luc Teboul

Goldman Sachs, partner, transaction banking engineering

Kate Weiler

Discover Global Network, director payment risk services

Latha Youngren

Tripleseat, CMO

SOURCES

1. McKinsey & Company, June 2023. [The economic potential of generative AI: The next productivity frontier.](#)
2. McKinsey & Company, June 2023. [The economic potential of generative AI: The next productivity frontier.](#)
3. Computer Weekly, July 2023. [How generative AI fuels customer experience programmes.](#)
4. Fintech Magazine, May 2023. [Will generative AI usher in a new era for fraud detection?](#)
5. Fintech Magazine, May 2023. [Will generative AI usher in a new era for fraud detection?](#)
6. Amazon, September 2023. [How generative AI helped train Amazon AI to recognize your palm.](#)
7. Fintech Weekly, April 2023. [The growing foothold of embedded payments.](#)
8. PYMNTS, August 2023. [Visa's PayFac strategy eyes embedded payments' potential in blue and red oceans.](#)
9. Fintech Weekly, April 2023. [The growing foothold of embedded payments.](#)
10. Transcard, August 2021. [6 ways payees benefit from mbedded payment solutions.](#)
11. Financial Times, May 2023. [Starbucks: Wake up and smell the deposits.](#)
12. FXCintelligence, September 2023. [Mercedes pay+: Turning the car into a payments device.](#)
13. Ptolemus Consulting Group, March 2023. [Connected vehicle payment global study.](#)
14. Payments Hub, May 2023. [Benefits of embedded payments.](#)
15. LexisNexis Risk Solutions, [The true cost of fraud.](#)
16. Payments Dive, December 2021. [Card industry faces \\$400B in fraud losses over next decade, Nilson says.](#)
17. Card Not Present, August 2022. [Each 1% of fraud loss actually costs merchants 3.75%, says report.](#)
18. Security Magazine, February 2022. [Over 22 billion records exposed in 2021.](#)
19. Identity Theft Resource Center, January 2023. [2022 data breach report.](#)
20. Dataprot, July 2023. [Credit card fraud statistics: What are the odds?](#)
21. AWS, [Fraud graphs on AWS.](#)
22. Cybersecurity infrastructure and security agency, [More than a password.](#)
23. Zippia, February 2023. [17 essential multi-factor authentication statistics.](#)
24. Discover, [Enable solutions to enhance customer experience.](#)
25. Android Police, November 2022. [Everything you need to know about livestream shopping.](#)
26. Forrester, November 2016. [What's new for 2016 Singles' Day: Live streaming, VR and AR.](#)
27. The New York Times, April 2023. [The shining promise and dashed dreams of China's live shopping craze.](#)
28. CNBC, June 2023. [Livestream shopping booms as small businesses strike gold on social media.](#)
29. Dynamic Yield, [The average shopping card abandonment rate globally is 71.61%.](#)
30. Fit Small Business, [September 2023. 37 shopping cart abandonment statistics to know for 2023.](#)
31. The New York Times, April 2023. [The shining promise and dashed dreams of China's live shopping craze.](#)
32. WARC, 2023. [Retail's balancing act.](#)
33. The Paypers, August 2023. [CommentSold partners with TikTok.](#)
34. Technode, June 2023. [TikTok forges US warehouse partnership to enhance e-commerce operations: report.](#)
35. Technode, August 2023. [TikTok continues Amazon-life push into commerce with fulfillment services in the UK.](#)
36. ModernRetail, February 2023. [Live shopping promises stronger brand-consumer connections in 2023.](#)
37. MarketSplash, September 2023. [A deep dive into Twitch: 100+ statistics for 2023.](#)
38. Street Fight, July 2023. [Amazon leans into livestream shopping to promote Prime Day deals.](#)
39. Walmart, [Live.](#)
40. McKinsey & Company, July 2023. [Ready for prime time? The state of live commerce.](#)
41. TotalRetail, January 2023. [A new threat for retailers: The rise of the synthetic shopper.](#)
42. Exploding Topics, April 2023. [Worldwide daily social media usage \(New 2023 data\).](#)
43. University of Maryland, September 2017. [Do social media users do more online shopping?](#)
44. B2BPay, September 2021. [Gamification in payments.](#)
45. Juniper Research, December 2022. [Contactless payments: Key opportunities, emerging trends and market forecasts 2022-2027.](#)
46. B2B Payments, September 2021. [Gamification in payments.](#)
47. AWS, August 2022. [Elevate your retail experience with Just Walk Out technology.](#)
48. ChaseDesign, March 2023. [The American Express shop creating an autonomous checkout experience.](#)
49. PRnewswire, July 2023. [TRi and 7-Eleven introduce new unmanned "X-STORE Y".](#)
50. PYMNTS, August 2023. [7-Eleven Australia taps frictionless checkout as shoppers demand convenience.](#)

About us

Global Payments Inc. (NYSE: GPN) is a leading payments technology company delivering innovative software and services to our customers globally. Our technologies, services and team member expertise allow us to provide a broad range of solutions that enable our customers to operate their businesses more efficiently across a variety of channels around the world.

Headquartered in Georgia with approximately 27,000 team members worldwide, Global Payments is a Fortune 500® company and a member of the S&P 500 with worldwide reach spanning over 170 countries throughout North America, Europe, Asia Pacific and Latin America.

For more information, visit globalpayments.com and follow Global Payments on [X \(@globalpayinc\)](#), [LinkedIn](#), and [Facebook](#).

globalpayments

Innovation that delivers.

©2023 Global Payments Inc. All rights reserved. All other trademarks, product names, and logos identified or mentioned herein are the property of their respective owners. (01/2023)