globalpayments

2025 Commerce and Payment Trends Report

Staying out front: How payments are driving differentiation

2025 Trends Overview

EXECUTIVE INSIGHT

In a global economy being transformed by technology and buffeted by uncertainty and geopolitical risks, businesses are looking for every edge to connect and engage with consumers.

Cameron Bready
Chief Executive Officer
Global Payments

Even as inflation cools and stock market wealth increases, consumers are still cautious. Major markets, both in Europe and Asia, are still experiencing low growth rates.[1,2]

In such an environment, every strategic decision and choice can make the difference for many of the world's leading businesses. That's why this year's trends report is so critical. It outlines six major developments testing the traditional norms of commerce. One such trend — the rise of generative AI — has far-reaching implications that are just now beginning to be appreciated. Even the most advanced AI experts don't know exactly how it will reshape our lives, whether at work or at home.

But as this report makes clear, a major trend like AI can weave its way into our lives quickly, even if its impact is mostly felt behind the scenes, at the operational level. At Global Payments, we spend significant time immersed in these trends. We see them affect the way our clients and customers not only conduct business and manage transactions, but also transform their operations and elevate relationships with consumers.

What we see now suggests that when well-executed and fully enabled, payment experiences can differentiate a business and put it ahead of its competitors.

At a tactical level, payments can be the basis of a new and meaningful brand journey, a source of insight into consumer patterns and a trigger to the business's back end and supply chain to shift course. We are seeing these trends play out across six major categories:

1. **AI and its early wins**
2. **Unified commerce's impact on the back end**
3. **Embedded payments make the B2B leap**
4. **New tools to drive digital security and fight fraud**
5. **The POS as a place of service**
6. **Payment orchestration matures and blossoms**

These trends reflect what our customers are experiencing firsthand. We surveyed hundreds of businesses globally to see what they're investing in and curious about. Their responses provide a valuable backdrop for understanding not just what is happening in payment technologies but also in business as a whole.

It's a dynamic environment, and it's always wise to take the time to understand what's changing. Tracking these trends and seeing how they may apply to your business is a critical step toward market leadership, consumer engagement and business execution.

We hope you will read this report to see what insights apply to your business and how payments are a centerpiece of any growth strategy.

INTRODUCTION

Today, commerce and payments move at the speed of data. Every transaction, every offer, every click, every search and every signal to the supply chain transmits multiple strobes of insight, information and direction to every dimension of a business. And all of it is increasingly flowing through or emanating from payment technologies.

How do you keep up with all of this transformation? The goal of this report is to help understand not only these technologies but also how they are being implemented right now to create efficiencies, reduce friction, improve security and drive growth. Seeing how companies of all sizes — whether enterprises operating on a global scale or small and medium-sized businesses (SMBs) building from a local footprint — put these technologies to work is instructive. After all, these use cases of technology — whether developed for payment transactions or for something else — contain valuable insights for early adopters and fast followers alike.

What's now abundantly clear: Thanks to emerging technologies, the moment of payment no longer represents just one sales transaction. It's how a relationship is strengthened and deepened. It's when critical information is conveyed to the entire enterprise. It's when a consumer pattern is identified. And for so many businesses — especially those still in their earliest stages of growth — it's when scale is achieved, and brands are built.

In the coming year, the trends that are driving investment and attention will continue to coalesce around the payment experience: Making payments faster, more secure, more automated and more personalized.

But, increasingly, we are seeing how payment technology is supporting a revolution in the background: B2B relationships are being rewritten around payment technologies, AI has been turned onto the problem of fraud detection and identity verification, and advanced tools for payment orchestration are closing the time gap between accounts payable and accounts receivable.

Small- and medium-sized businesses are now able to transact like an enterprise business, thanks to payments orchestration technologies, which work to link multiple back-office functions. The sole proprietor of a micro business can turn their mobile phone into a payment acceptance device — using tap-to-phone technology — in a matter of minutes. Travel and hospitality businesses are incorporating search-to-purchase functionality into their marketing outreach offerings, reducing their reliance on middle-men and helping to more easily reach their target customers. Restaurants are leveraging the full benefits of digital-payment processing to better track consumer preferences, leading to more-personalized offerings and a closer relationship. Banks are returning to merchant acquiring so they can use payment technologies to meet all the needs of their clients and learn more about them and their other financial-product needs.

In short, payment technologies now sit at the red-hot center of business execution and transformation. How do you rise to meet this moment of opportunity? Our 2025 Commerce and Payment Trends Report highlights six top trends that every leader needs to understand and consider for their own organization.

GLOBAL INSIGHTS FROM THE EXPERTS

To create this report, we built a foundation of insight from two primary sources. First, we held detailed discussions with leaders deeply familiar with the major trends driving payments, consumer behaviors, B2B transactions and other major technologies. These experts are decision-makers and leaders from leading financial institutions, businesses and payment networks. We also surveyed 600 global professionals who are involved in making decisions on issues related to technology investment and payments. This combination of qualitative and quantitative insight provides a full spectrum of understanding how businesses are approaching the strategic value of the payment experience and related technologies.

DEFINING BUSINESS SIZE

Throughout this report, we refer to three types of businesses: enterprises, which are defined as those with $1 billion or more in revenue; midmarket businesses, which have between $50 million and $1 billion in revenue; and SMBs, which have up to $50 million in revenue. In the SMB category, roughly a fifth of the respondents had revenue of less than $10 million. In the midmarket category, slightly less than half of the respondents had revenue between $50 million and $100 million. These categories are based on definitions from Gartner.[3] We recognize that other definitions for business size exist, but these clearly defined categories allowed us to focus our analysis and our survey.

Here are respondents' answers regarding their revenue.

What is the **annual revenue** of your business?

Less than **$10 million**	6%
$10 million to less than **$50 million**	24%
$50 million to less than **$100 million**	16%
$100 million to less than **$500 million**	10%
$500 million to less than **$1 billion**	9%
$1 billion to less than **$5 billion**	20%
$5 billion or more	15%

AI delivers early wins

TRND ONE

Last year, AI and specifically generative AI (GenAI) were new arrivals to this trends report, and their potential was just beginning to take shape.

Now, AI has moved from theoretical gamechanger to actual impact-maker. GenAI is transforming client services and marketing, while AI continues to prove its role is critical in prescriptive and deterministic use cases, such as fraud protection.

"It's amazing how much data you can filter through to help quickly provide prompts to somebody who is on the phone with a cardholder," says Judith Mc-Guire, senior vice president of global products at Discover® Financial Services. "We're exploring other areas like contract management in which we would make managing documents easier and more automated. That would be very helpful from a compliance perspective."

Judith McGuire
Senior Vice President of Global Products
Discover Financial Services

Operational efficiency is essential to AI's appeal, and that efficiency can be viewed in multiple ways: the acceleration of the flow of mission critical data, the expansion of insights from that data, the ability to make better and more timely decisions from those insights, the expansion of business opportunity and value from those decisions or the reduction in enterprisewide costs. When it comes to the top reasons for integrating AI in embedded payments, biometrics, payment orchestration platforms, unified commerce platforms and tap-to-pay/tap-to-phone, improving operational efficiency ranked either first or second.

"It'll become core to all of the systems," says Brian Greehan, who is head of B2B solutions for TSYS Issuer Solution. "AI can streamline payment processing. When an invoice comes in, an AI tool can analyze it, match it with the budget, approve it, set the payment date and determine the best way to make the payment. In the very near future, those manual days will be behind us."

Brian Greehan

Head of B2B Solutions

Global Payments

Andrew Mathieson
Chief Enterprise Initiatives Officer
Global Payments

As consumers browse products on an ecommerce site, AI can recommend products that may interest them based on historical shopping patterns. Consumers want shopping experiences that are frictionless, easier, more relevant and more intuitive, says Andrew Mathieson, chief enterprise initiatives officer at Global Payments.

While the customer-facing benefits are significant, AI's biggest potential may be in automating simple tasks, speeding response times and handling ordinary customer interactions. In fact, some of the most-promising new applications of AI — such as AI agents — may well reduce operational costs and responsibilities for SMBs. Traditional AI along with GenAI is now being deployed to handle some payroll and HR functions, generate basic marketing reports and product descriptions, serve as virtual assistants, make appointments for customers and remind vendors and clients of upcoming payments.[4] Such outcomes would empower SMBs and in effect democratize AI's use.

In coming years, these AI-empowered functions may extend to inventory management by recognizing items that have been warehoused for a prolonged period and adjusting pricing to clear it, says Mathieson. AI, synergized with GenAI capabilities, may also speed back-office and support functions. For example, it may be trained to "read" and summarize large documents, monitor communications for compliance and internal control issues, and alert company managers to analyze any troubling patterns further.

Digital wallets

While businesses we surveyed disagreed on where AI would make the fastest inroads, most believe that the technology will enhance the use of digital wallets. Wallets are already popular, allowing cashless transactions from smartphones and other devices. By 2026, about 5.2 billion people, or more than 60% of the global population, are expected to use digital wallets. That's up from 3.4 billion users in 2022, according to Juniper Research.[5]

But AI automation tools are now taking the technology to the next level — "super wallets." These wallets use AI speech recognition to enable voice commands for transferring money, showing account balances, ordering event tickets or other online purchases and providing spending and payment analysis for consumers.[6]

AI-enhanced super wallets can tell a consumer how many times they shopped at a particular store in the past week, identify purchase trends, track the number of times they transferred money to another individual, provide credit scores and track credit score trends.

As a result, AI gives consumers a deeper and more-nuanced understanding of their transactions. The next phase for AI-powered digital wallets will likely include virtual AI assistants and embedded chatbots for customer support.[7]

In our survey, SMB respondents were more than three times as likely to say they were piloting or deploying digital wallets, compared with enterprise respondents (82% versus 25%).

Says Mark Nelsen, head of global consumer products at Visa: "Lots of SMBs love this because there's no incremental cost in terms of extra hardware."

>60%

of the global population expected to use digital wallets by 2026

Mark Nelsen
Head of Global Consumer Products
Visa

Preventing fraud

Fraud detection and prevention are where AI has already had some of the most-significant impact, but GenAI is offering new ways of preventing fraud. It can spot variations in consumer behavior and account activity, flagging potential abuses. Visa and Mastercard are both making major investments in AI-enabled technologies that focus on anomalous patterns and suspicious activity.

"Our GenAI technology scans transaction data across billions of cards and millions of merchants and then alerts Mastercard to new, complex fraud patterns," says Ranjita Iyer, Mastercard's executive vice president, services for North America. "Thanks to this technology, we are able to protect against emerging threats better than ever before."

Ranjita Iyer
Executive Vice President,
Services for North America
Mastercard

Using large language models, AI can help spot fraud by alerting payment processors to activity that deviates from historical norms for each account, thus making payments more secure, says Mark Smith, head of payments market and business development at Amazon Web Services (AWS).

Another area of opportunity is in combatting friendly fraud and illegitimate chargebacks — a major source of losses for online businesses. Traditional approaches to chargebacks involve labor-intensive investigation and confirmation of delivery. New, AI-enabled tools, however, can help discern legitimate chargebacks from fraudulent ones, or detect patterns that suggest the need for a more thorough investigation.[8]

Extending credit

One application of AI that is gaining attention: vetting both potential suppliers and customers to assess their creditworthiness and recommend appropriate products.

"You can offer a much more specific financing arrangement to somebody just because you're able to evaluate a multitude of factors that are specific to that person," says Smith. "So, it's much more personalized and easier." However, he cautions that companies need to remove any bias in their AI models that could prevent consumers from getting a mortgage, qualifying for a car loan or receiving a credit card.

Mark Smith
Head of Payments Market and Business Development
Amazon Web Services

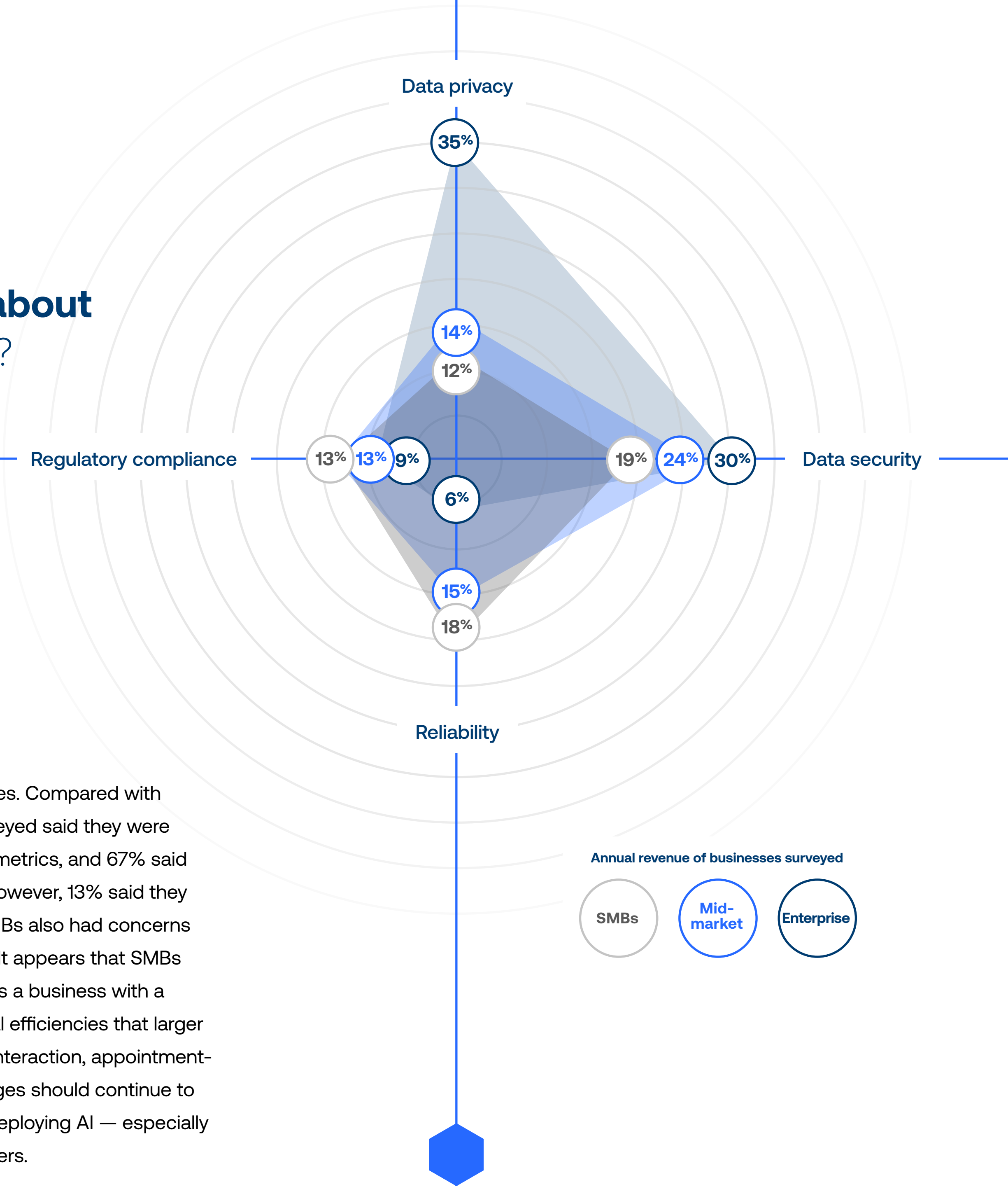
Slow implementation

Despite this belief in AI as a gamechanger, there's a divide between enterprise companies and SMBs and midmarket businesses on how they plan to integrate AI into platforms we highlight in this report.

For example, AI can enhance digital marketing, but adoption depends on merchants' size and sophistication. "We're not seeing that in the smaller businesses, or even really a lot of midsized businesses unless they're partnering with a really strong marketing or loyalty provider," says Laura Wallace, Global Payments' executive vice president and head of client experience and enablement.

Enterprise companies are telling us they're not planning to use AI with embedded payments, payment orchestration platforms or unified commerce platforms — at least for now. Our survey revealed that they are two times more likely to be concerned about data privacy compared with small and midsized companies.

What are you **most concerned about** when it comes to AI in payments?



SMBs, by comparison, are more enthusiastic about AI's possibilities. Compared with enterprise and midmarket businesses, 94% of the SMBs we surveyed said they were testing, deploying or actively using AI to enhance their use of biometrics, and 67% said they were applying it to tap-to-pay/tap-to-phone transactions. However, 13% said they were concerned they did not fully understand the technology. SMBs also had concerns about AI's reliability, compared with just 6% of larger companies. It appears that SMBs are beginning to recognize the democratizing effect of AI: It allows a business with a relatively small revenue footprint to adopt some of the operational efficiencies that larger businesses have begun to enjoy, such as friction-free customer interaction, appointment-scheduling, and other features. SMBs considering these advantages should continue to weigh the benefits against the known risks and complexities of deploying AI — especially as AI comes under closer scrutiny from regulators and policymakers.

Unifying the back end of commerce

TREND TWO

As consumers live out their lives online — and do an increasing share of their shopping there — businesses are focusing on building a robust digital presence and ecommerce experience. Social commerce and live commerce O2O (online-to-offline) are just a few of the strategies.

The hidden infrastructure that shoppers don't see — or experience when they click to buy — makes these digital experiences possible. Increasingly, businesses are integrating their back-end operations into unified platforms regardless of where customers – or buyers, in the case of B2B – start or end their purchase process.

"We're seeing more investments in more-unified, integrated end-to-end journeys," says R.J. Ancona, vice president and general manager, B2B product, partnership & client management, merchant services at American Express. "The digitization of payments helps for better predictability and better optimization of the working capital associated with any sort of business."

R.J. Ancona

Vice President and General Manager, B2B Product, Partnership & Client Management, Merchant Services

American Express

Investments in unified commerce are cascading throughout the global economy. Now a mainstay strategy for enterprises — especially in the retail sector — unified commerce is becoming a focal point for SMBs and midmarket companies, and in diverse sectors such as hospitality, our survey shows.

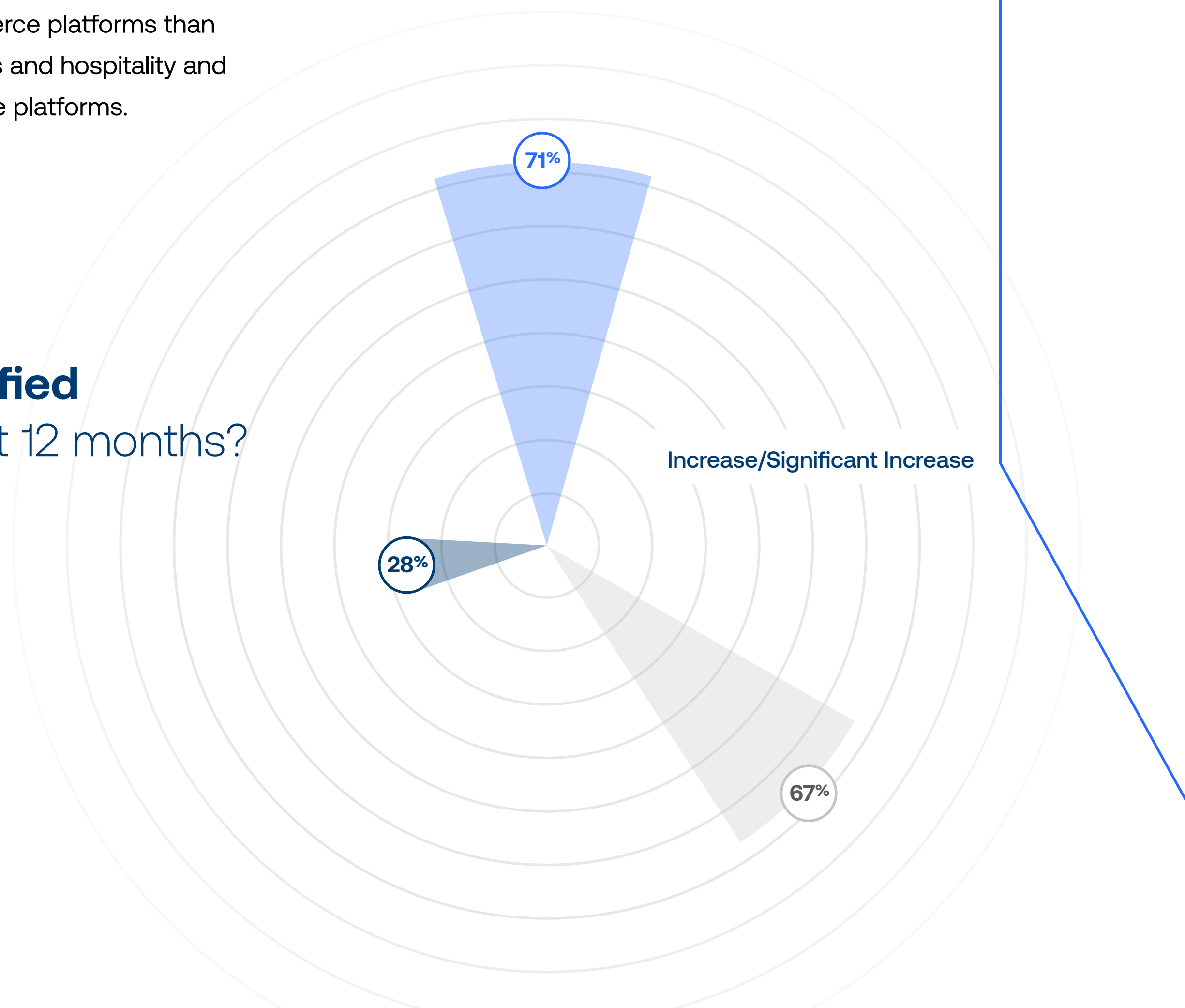
The retail sector was more likely to already be using unified commerce platforms (43%) than the others we surveyed. Among these retailers, 73% have been using the technology for more than five years.

SMBs (67%) and midmarket (71%) companies are much more likely to increase or significantly increase their investments in unified commerce platforms than enterprise-sized companies. Among industries, restaurants and hospitality and leisure are more likely to increase their investments in these platforms.

How will your **investments in unified commerce change** over the next 12 months?

Annual revenue of businesses surveyed

SMBs | Mid-market | Enterprise



The appeal of search-to-purchase

Given the focus of companies on giving consumers friction-free buying experiences, it's not surprising to see the rise of "search-to-purchase." This functionality allows a consumer to use search fields in platforms like Instagram, Google or TikTok to find items and services of interest, and then buy those items without navigating away from the site.

This searching-and-buying feature is driving companies to integrate their social media marketing programs into their operations, supply chains and other critical infrastructure. After all, social media engagement — which is slowing as consumers are choosier in where and how often they spend their time[9] — generates valuable insights into consumer data, creates the potential for a deeper brand experience, and produces actionable data on shifts in intent and demand.

But to maximize commerce, companies need to be able to make the sale within the social media channel, rather than hoping consumers will navigate to a new page.

"Gen Zers are constantly scrolling on Instagram and TikTok, so they're going to search and buy there, versus going to a search engine," says Gilbert Bailey, Global Payments executive vice president for retail POS. "If you can make that decision to buy instantaneous, it just gets the sale. You don't have to go someplace else. You stay in the zone."

Gilbert Bailey
Executive Vice President
Retail POS
Global Payments

Bailey says new ecommerce capabilities developed by Global Payments are helping artisans and merchants automatically create social links for new products, thus giving shoppers a way to do their shopping in one click. He offered a hypothetical example of an artisan who wants to sell their products online.

“A creator can shoot pictures of their pottery, then quickly get links for Instagram and Facebook and places where you could click a link and buy the item,” Bailey says. “It processes the payment, the creator gets the shipping information, and he ships it out. We are looking at how to turn social commerce into something retailers can use, where you build that bridge in the background.”

Financial services companies would be wise to follow the lead of creators and influencers on these platforms, according to Vanessa Colella, Visa’s global head of innovation and digital partnerships.

“There are so many different ways that commerce is not just being technically enabled but also amplifying emotion,” she says. “Our industry should be watching that. The ‘why’ is a lot more about the satisfaction of the experience for people, as opposed to ‘it’s technically popular.’”

Vanessa Colella
Global Head of Innovation and Digital Partnerships
Visa

$12B

TikTok's sales target in the U.S. in the second half of 2024

Live commerce breaks records

Another fast-growing trend: live commerce. Seen as a digital-first way to connect with consumers, live commerce has steadily gained traction after establishing itself in Asia, especially in China. For instance, in 2024 TikTok Shop hosted its first $1 million shopping livestream — a six-hour event for Canvas Beauty that peaked at 10,000 viewers. Just hours before, a separate cosmetic brand surpassed $730,000, setting a then-record for sales. TikTok has said it aims to reach at least $12 billion in sales in the US in the second half of 2024.[10]

Major retailers are also tapping into the popularity of live commerce. Zara is expanding live shopping broadcasts to the UK, Europe and the U.S. — following a successful run in China.[11] There, the events average 800,000 unique viewers per show. And Dyson is among the first brands to produce its own live shopping events — with a regular schedule for its vacuum cleaners and other appliances.[12]

In our survey, 29% of respondents say they're using live commerce as part of their business strategy. Increasingly, live commerce is an extension of the physical store, not a replacement for it. But to make that experience complete, the payment process must be seamless; the consumer wants to continue to interact with the platform, not leave it to complete the purchase.

That has implications for payments architecture: The integration of the payment experience — especially the use of embedded payments to turn intent into purchase — is becoming essential. A unified commerce strategy must include a payments process as seamless as the rest of the consumer's experience, with no hurdles to closing the sale.

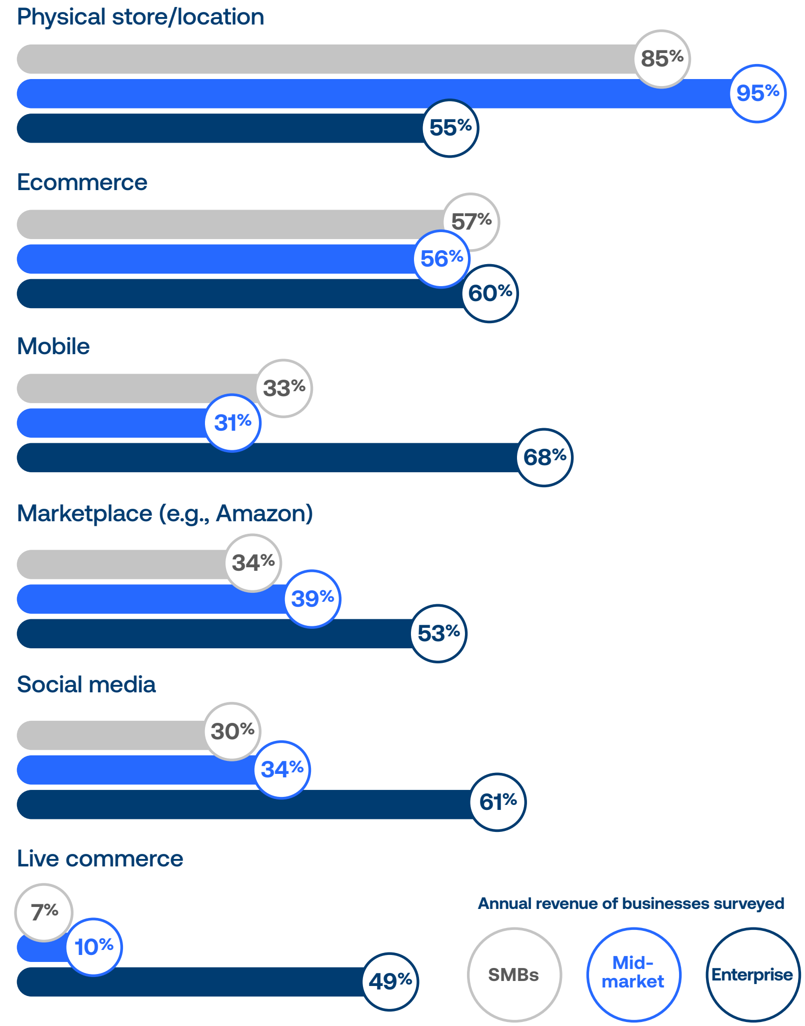
Visa's Colella offers a simple challenge to brands that want to tap into this momentum.

"If you're a merchant, how do you think people know about the products and services that you offer?" she says. "How are they learning about those things? Is there a connection between some of these newer platforms and some of the newer influencers? There are a lot of tools at your disposal. If you're not sure, ask your teenage neighbor."

Physical Locations Still Matter

The importance of ecommerce and channels like social commerce and live commerce cannot be overstated. That said, physical locations and stores remain the highest priority for midmarket businesses and SMBs for the coming 12 months. Even among enterprises, 55% said physical stores would remain a very high or high priority — nearly as high as ecommerce (60%), mobile (68%) and social media (61%). This suggests that there's something special about the connection created in a physical location that an online, mobile or virtual experience can't match. For comparison's sake, while 95% of midmarket businesses and 85% of SMBs say they will prioritize physical stores as very high or high, only 31% and 33%, respectively, said the same about mobile; only 34% and 30%, respectively, said the same about social media. Live commerce and the metaverse are mostly in the single digits among SMBs, as a priority in the coming 12 months. The gap between enterprises and midmarket and SMBs on these emerging sales platforms may be a byproduct of technological maturity and readiness to invest. As with other technologies detailed in this report, midmarket and SMBs may simply be waiting for the costs and risks of new platforms like live commerce to come down.

How will your company **prioritize the following channels** over the next 12 months?



Embedded makes the B2B leap

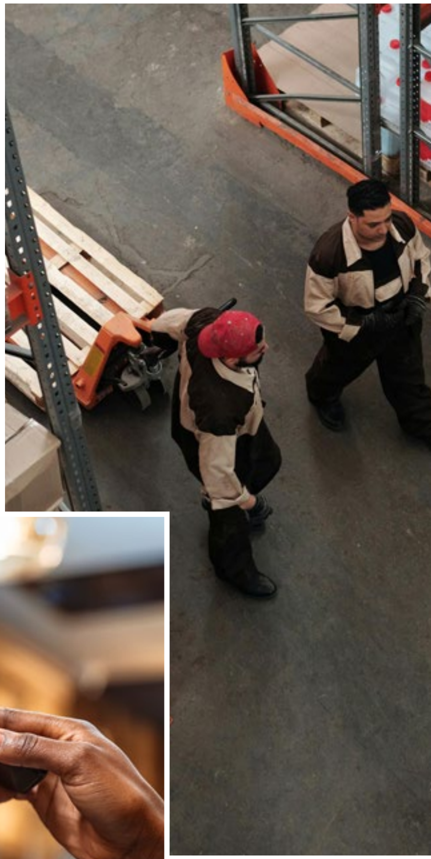
TRENDE THREE

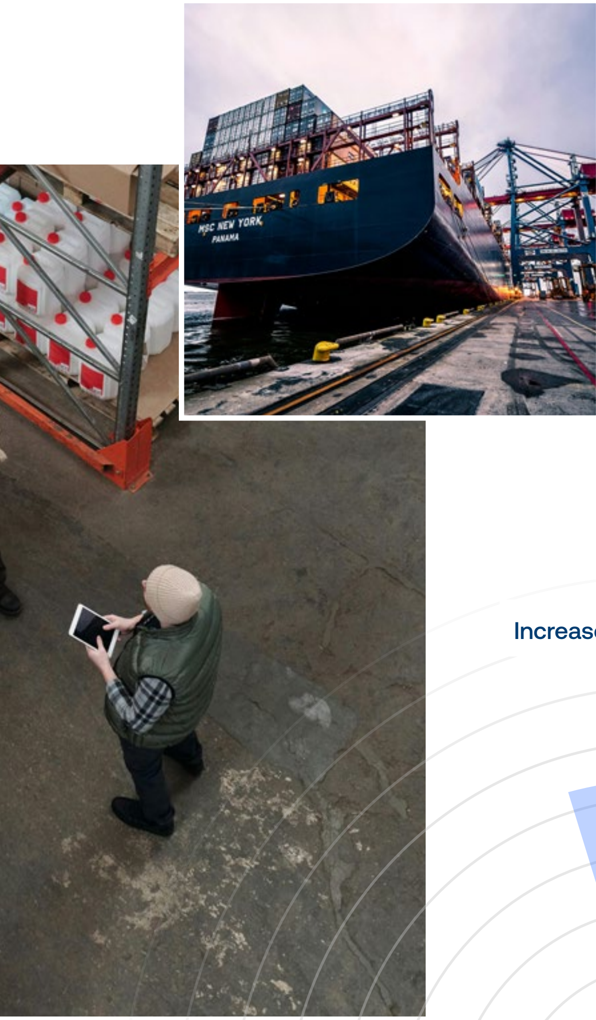
Embedded payments have already re-set customer expectations — so much so that consumer behavior is changing due to the ease with which people can now pay in certain settings. Now, we are seeing a deeper focus on embedded finance — where B2B transactions are built into business processes and supply chains, creating efficiencies for businesses and vendors alike. All the qualities that have made embedded payments attractive are equally powerful in B2B environments.

"In conjunction with B2B spend moving rapidly online since the start of the pandemic, there's finally been a major shift toward the 'consumerization' of B2B payments," says Ancona of American Express. "Meaning, suppliers and buyers want and need their payments experiences to feel seamless and easy, with as few steps as possible. And in B2B, that means embedded payments — or enabling businesses to do more within the platforms and systems they prefer to use — and doing so securely and efficiently."

While these processes may take time to fully develop, the growth of embedded finance in consumer settings is assured. By 2030, three-quarters of online consumer payments globally will be processed through nontraditional financial services providers.[14] That includes the widespread use of digital wallets like Apple Pay (used by almost 1 in 5 Americans and 640 million people worldwide).[14]

As a growing presence in non banking platforms, like commerce-linked apps or in-car transactions (such as the use of an electric-vehicle charger), embedded payments create a cycle of simplified payments. Merchants establish a direct payment connection with consumers. Consumers complete transactions with one click or tap. And, in certain cases, businesses enjoy the benefits of holding stored value on behalf of consumers — making some of them bigger financial institutions than banks.[15]

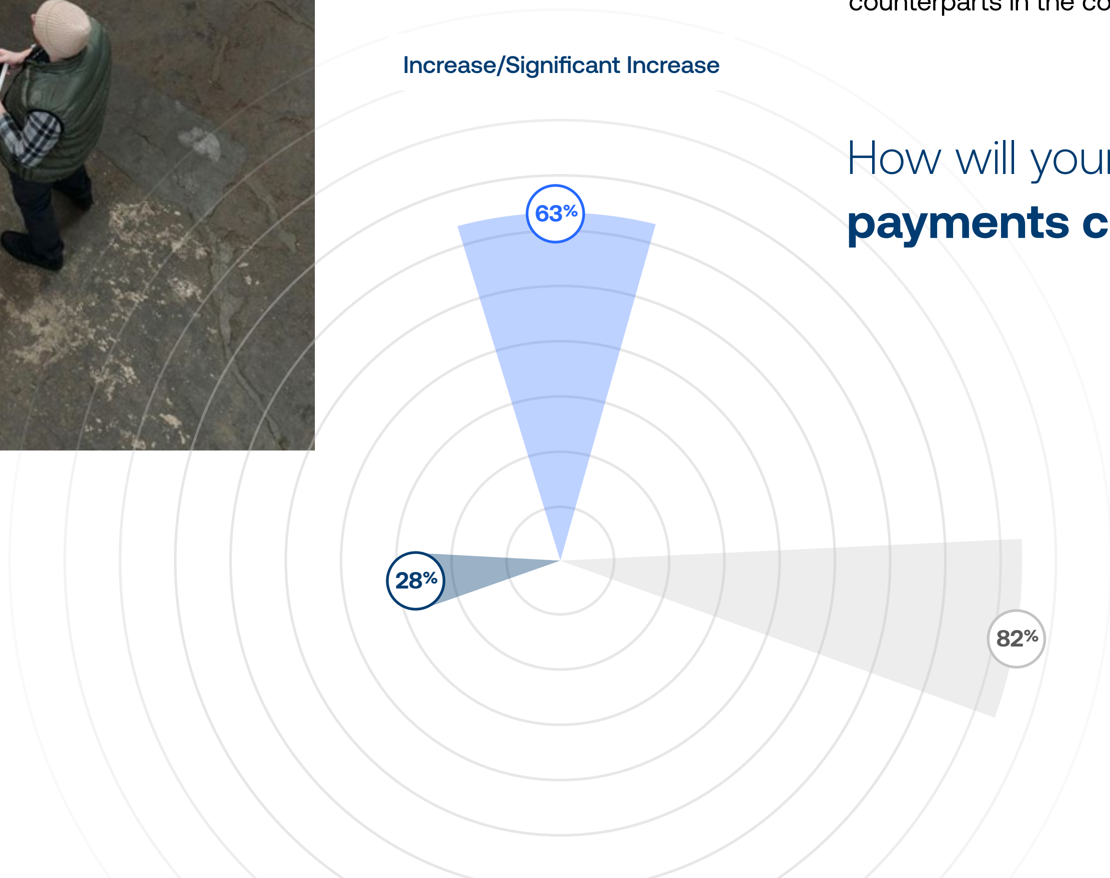




"Embedded finance changes way more than tech or process flow," says Visa's Colella. "It changes what you buy. It changes who you trust. It changes behavior."

Embedded payments have become table stakes among enterprise companies. But SMBs and midmarket businesses are recognizing the opportunity — and stepping up their investments and capabilities to build embedded payments. Our survey shows that 3 in 4 enterprise-sized businesses (76%) report more than five years of experience using embedded payments. Meanwhile, SMBs (82%) and midmarket companies (63%) are much more likely to increase or significantly increase their investments in embedded payments compared with their larger counterparts in the coming year.

How will your **investments in embedded payments change** over the next 12 months?



Annual revenue of businesses surveyed

SMBs · Mid-market · Enterprise

Among key commerce sectors, retailers were most likely to have been long-term users of embedded payments (74%). The automotive, restaurant and hospitality industries expressed the most interest in exploring embedded payments.

And from a B2B perspective, businesses are looking for known, trusted partners who can handle their full accounts payable and accounts receivable. According to Ancona of American Express, they're seeing these investments pay off — by helping reduce payment cycles, improve cash flow management, and simplify reconciliation efforts.

Pay by bank, reducing costs

A major driver of in-app payments is retailers who want consumers to use their own app and preferred payment method, largely to reduce the payment fees that would otherwise take a portion of every transaction. In-app payments could comprise as much as half of overall social commerce payments by 2030 — around $95 billion in the US alone.[16]

Embedded payments that use the pay by bank model rely on the automated clearing house (ACH), which carries reduced fees for merchants relative to other payment methods. For retailers, the benefit of incorporating such payment options on ACH-linked accounts is to reduce transaction fees, but they also forgo the substantial benefits of credit cards, which tend to drive higher consumer spend.

~$95B

in-app social commerce payments by 2030 in the U.S. alone

Across Europe, the popularity of pay by bank — also known as account-to-account, or A2A — is increasing. A2A payments often offer lower costs of payment acceptance than most other payment methods, including card payments. The rise of A2A has been pronounced in certain markets, such as India, Poland and the Netherlands. In Finland, Germany, the Netherlands, Spain and the U.K., pay by bank is now one of the top-three payment methods. One-third of consumers ages 18 to 29 use it either daily or weekly.[17]

Where A2A has taken a significant share of payments, it's because it offers a relatively seamless payment experience in mobile apps, mobile checkouts and POS terminals. And while it hasn't taken a meaningful share of payments in the U.S., that could change with the rise of embedded payments and intelligent wallets," said Nick Corrigan, Global Payments' head of international revenue.

In addition, the Council of the European Union has required that all payment service providers enable their customers to send and receive euro payments within 10 seconds across the EU and European Economic Area.

"Embedded payments raise the bar on what consumers expect," says Mathieson of Global Payments. "I just sent you money. You should see it in your app. I just processed a refund through Amazon. Everything should just work, and I should experience that instantaneously. The expectation now is 'everything instant.'"

Are you sure you want to leave?

For businesses, one useful feature of embedded payments is the technology's potential to reduce cart abandonment. Studies show that consumers abandon 70% of carts[18] when they have second thoughts about costs, get frustrated with the checkout process or simply decide to delay the purchase. In our survey, 37% of respondents said they'd offer discounts in excess of 10% to reduce cart abandonment.

"For years, merchants have been talking about how to minimize cart abandonment," says McGuire of Discover. "Going to a checkout page that looks and feels different and requires manual entry is a good way to have cart abandonment. So, anything that you can do to improve that experience, and embed the payment, embed the shipping information, all that improves the sales for the merchant. Click-to-pay helps minimize the friction."

New targets for embedded finance

In our survey, 100% of respondents in North America said embedded payments have improved operational efficiency. Businesses clearly are seeking these improvements as nearly half (48%) expect to lower overall costs by using and accepting faster/instant payments, according to the U.S. Federal Reserve.[19]

Ancona from American Express agrees: "Not only do automated payments processes increase operational efficiency, but they also add visibility and predictability to how businesses manage their finances and their overall business. And the positive business outcomes from that cannot be overstated."

Another area of promise: lending. Even in credit-averse regions like Japan, embedded lending solutions are giving consumers access to loans without separate credit applications or without having to leave merchant platforms.[20]

"We have more customers that want new ways to input lending opportunities and financing options right in the payment experience," says Amazon's Mark Smith. "To do that, you need to have a lot of data and be able to identify, authenticate, screen and onboard quickly — all that happens with data and security. As these experiences get better and better, the embedded finance part is going to become more common."

Turning digital identity into digital security

TRENDFOUR

Increasingly, payments and security are part of the same systems and are built in tandem, with a goal of high interoperability. Payment technology firms — as well as governments and banking institutions — are experimenting with biometrics, tokenization and other digital security measures to combat one of the biggest challenges facing the payment ecosystem: the growing sophistication of identity theft, fraudulent transactions and other cyberattacks.

Global ecommerce fraud is increasing, with losses expected to exceed $343 billion in the five-year period that ends in 2027.[21] In 2022, North America had the highest fraudulent transaction value globally, accounting for more than 42% of global ecommerce fraud.[22] In Europe, Germany and France were the hardest hit, while Latin America experienced a staggering 20% ecommerce revenue loss to fraud.

The US has trailed countries in Europe and Asia in advanced identity authentication, but new datasets that are being sent to the issuers, and new technologies such as passkeys, which replace passwords with an auto-generated unique number for each transaction, are being introduced. The keys are stored in a cloud-based vault or on a specific device, which the user accesses with their device sign-in. The passkeys can be shared across devices, making them more secure and easier for customers to use.

“We're at a precipice,” Amazon’s Mark Smith says. “The industry has been running in a certain way for decades now, and we’re finding new ways to modernize the actual infrastructure of payments.”

$343B+

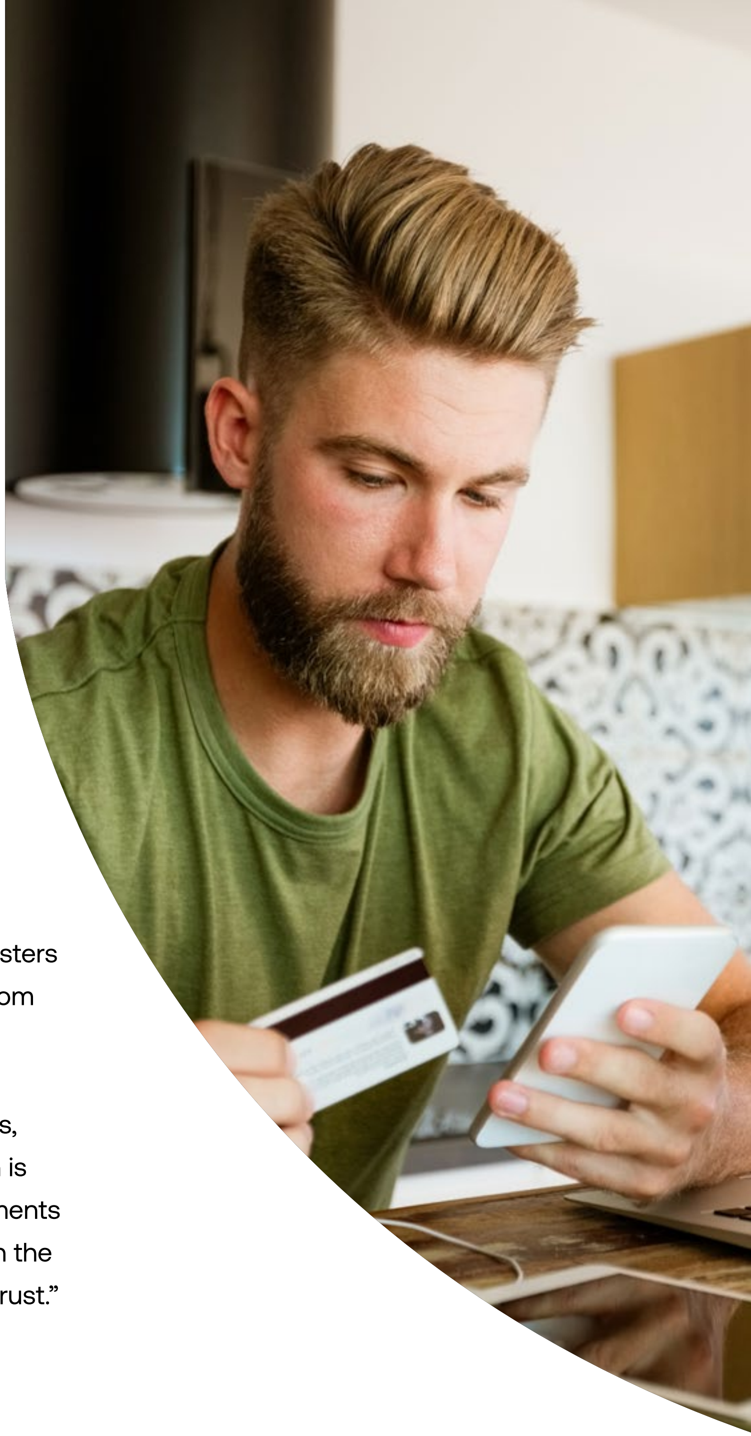
in losses from global ecommerce fraud expected from 2022-2027

A key reason the US fell behind: The market is more fragmented and often slower to upgrade to new standards. But that's changing.

"Unlike other parts of the world where you can authenticate yourself in your mobile banking app, U.S. banks really never deployed that," Visa's Nelsen says. "If you think about what happened in Europe over the past six years, they had regulation requiring strong customer identification. That required the European banks to invest in strong customer authentication technology, which is why you see much lower fraud rates in Europe, and approval rates in Europe are so much higher relative to the U.S. The merchants do the heavy lifting in the U.S."

A key driver of security investments is the rise of AI-enabled fraud. Because of AI's massive power, bad actors can use it to constantly check security systems for weaknesses. Relatively new AI tools can make it easier for fraudsters to attempt mass "phishing" efforts on consumers and businesses. Losses from these attacks are now measured in the billions of dollars.[23]

"Payment providers are working to make passkey technology more seamless, says Colella of Visa. "It's an area that has been clumsy for a long time, which is one reason why we've built our own passkeys designed specifically for payments and built on the latest FIDO (Fast Identity Online) standards. This is an area in the payment space to really watch because it's so foundational to establishing trust."



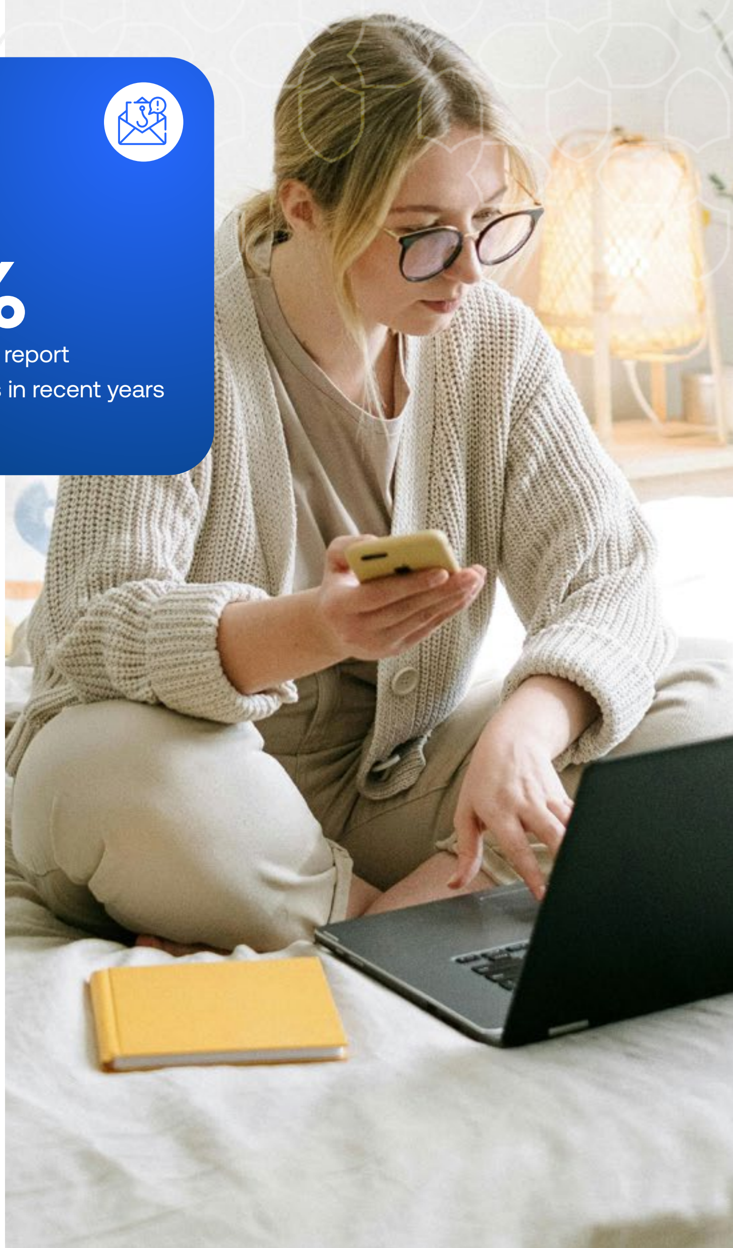
Discover, meanwhile, recently introduced Discover Enhanced Decisioning, which quickly authenticates data that confirms a customer's identity. Data comes through the authorization request or via API (Application Programming Interface), and the issuer receives enhanced data to make an authorization decision in real time. So far, the system has reduced fraud, and merchants like the frictionless nature of the process, says McGuire of Discover.

The focus on increased digital security comes as 89% of organizations report phishing attacks in recent years, and the dangers have increased with remote work and the growing vulnerability of traditional multi-factor authentication methods.[24]

"Fraud ends up being a tax on everyone," says Mathieson of Global Payments. "Everyone wins if we can reduce this, because someone's got to pay for it. It gets baked into the cost of services."

Against the onslaught of cyber threats, it's little wonder that retailers are incorporating machine learning, AI, risk-scoring and behavioral analysis to identify fraud. Increasingly, firms are recognizing the vulnerability of their systems and turning to emerging identification technology to close the gaps.

89%
of organizations report phishing attacks in recent years



Biometrics

Biometrics — such as fingerprint ID, facial recognition, retinal scans, or vein patterns — identify customers by their physical characteristics.[25] Because they are more difficult to fake than a stolen password, they are increasingly popular for data security.[26] Thirty-one percent of the companies we surveyed said they were investing in biometrics to improve security. And of those who had adopted it, 96% reported a very high or high positive impact.

Companies also said biometrics lead to improved customer experiences (85% said it has a very high/high impact) and operational efficiencies (93% very high/high impact).

“You go into a retail store, and your face is scanned,” says Bailey of Global Payments, “You walk in, and you pick out a few beverage items, retail items, and you walk out; you give your digital wallet, and that’s how you pay.”

The challenges with biometrics are multifaceted and complex, starting with the issue of securing the consent of individuals whose biometric information is captured, and then securing that data effectively. As a result, many enterprises prefer other security measures such as passkeys or tokenization, which avoid many of the regulatory and privacy concerns associated with biometrics.[27]

"In most cases, it's not cost effective," says Laura Wallace of Global Payments. However, 88% of the SMBs we surveyed were more than twice as likely to increase their investments in biometrics compared with their midmarket or enterprise counterparts. This may be because SMBs are less likely to have already invested in biometrics, whereas this technology may already be in use with larger organizations. Alternatively, it is also possible that SMBs are more willing than larger companies to trust technology partners to safeguard customer data, and therefore they are moving more quickly.

Laura Wallace

Executive Vice President
Head of Client Experience and Enablement

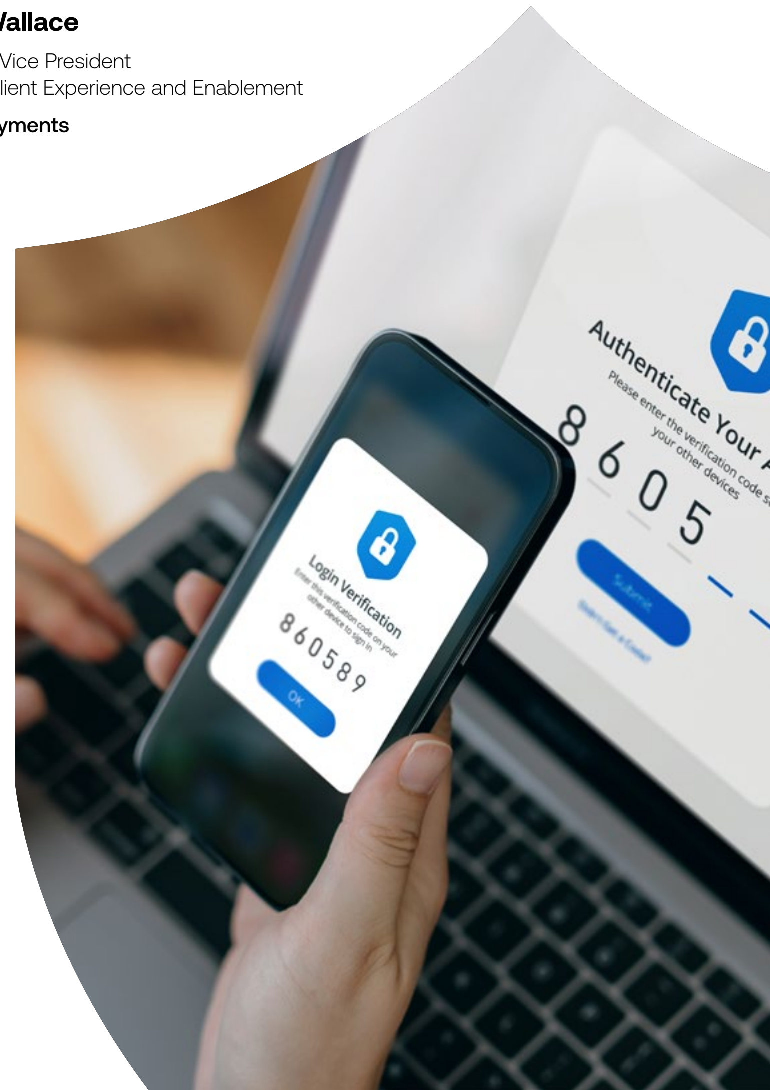
Global Payments

Payment cryptograms

Another emerging security tool is payment cryptograms, or tokens — encoded messages that validate transactions. Users unlock their devices using biometrics or a passkey, and the device has a payment credential assigned to it.

"This is something we've been working on for 10 years. It's finally at a point where the technology is ready to be adopted by everyone," says Visa's Nelsen.

Cryptograms may be particularly helpful in reducing friction for cross-border payments. Some $290 trillion worth of transnational transactions are expected by 2030, but right now, the transactions remain mired in inefficiencies, high fees and delays.[28]



Cryptograms can avoid exchange fees, foreign transaction fees, tariffs and taxes, while ensuring the transactions are completed faster and more securely. Tokenization converts sensitive data into unique digital tokens that can be securely and efficiently transmitted across borders using standardized definitions, reducing the need for complex verification processes. At the same time, existing payment systems can deploy tokens, regardless of location or regulatory environment.[29]

Amazon is testing a cloud-enabled service, Amazon Payment Cryptography, for customer card processing, automating key exchanges and consolidating payment cryptographic functions.

Security drives tap to everything

Tap-to-pay grew rapidly amid COVID and the focus on personal safety in the pandemic. Now it's being driven by a focus on security of another kind.

A little background: Various players in the payment space, including Global Payments, offer the ability for businesses to accept payment entirely through their phones. For example, GP tom[30] operates as an app and accepts any kind of payment: If a consumer chooses to pay by card, they simply tap their card against their mobile device. The underlying technology of such contactless payment makes in-person payment far more secure. First, contactless technology involves tokenization, protecting consumer data from any third-party interception. And second, when contactless payment is enabled by a phone, it integrates authentication of identity by using biometric data, such as Face ID, thus reducing the risk of fraudulent purchases. The technology has particular appeal for midmarket businesses and SMBs.

Visa is rolling out Tap to Everything, which will allow a card user to authenticate their identity by tapping their card against their mobile device.

Apple dominates the North American tap-to-pay market, but that will change as other entities deploy the technology. In 2024, EU antitrust regulators accepted assurances from Apple that it will open its Tap to Pay payment technology to competitors. As part of the agreement, Apple agreed to allow third-party developers to access its NFC (near-field communication) technology, access security features like Face ID and let users set any wallet as a default payment option.[31]

"Issuers could create their own payment app or third-party wallets to create NFC-type tap-to-pay technologies using their apps," says Visa's Nelsen. "You'll see a lot of innovation happening in the digital wallet space."

Also, US retailers have been slower to adopt tap-to-pay, in part because many had invested in chip-insert technology, which retailers in Europe had largely leap-frogged, says Theresa Gongora, EVP, merchant solutions at Global Payments.

Among European respondents to our survey, 68% said they would be increasing investments in tap-to-phone/tap-to-pay solutions.

In our survey, retailer respondents (66%) were most likely to indicate moderate or high interest in tap-to-phone/tap-to-pay. Latin America was the region with the highest interest (77%). Respondents in Asia Pacific (92%) were most likely to be piloting or deploying tap-to-phone.

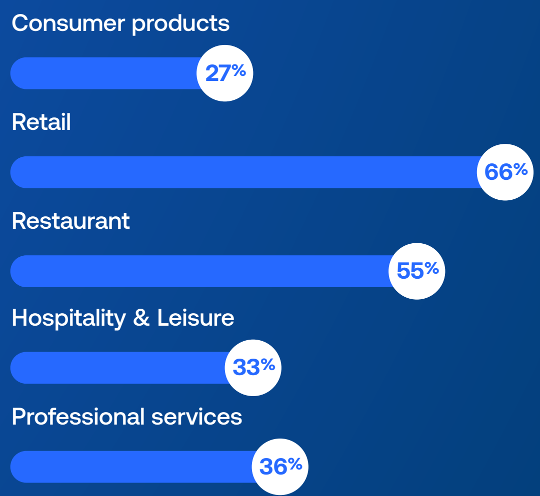
However, it's not just restaurants or hospitality businesses that are getting in on the action for tap-to-pay. Another industry example to watch is transit.

"We're seeing a rapid deployment of open-loop transit payments globally," says McGuire of Discover. "You tap through the turnstile with your phone or your card. It eliminates the need for a separate transit card. It is a huge convenience for people who use transit on a regular basis."

Theresa Gongora
Executive Vice President
Merchant Solutions
Global Payments

What is your level of interest in **tap-to-pay/tap-to-phone?**

Moderate/high interest:



"POS" means place of service

TREND FIVE

The payment experience has become one key milestone in a larger consumer journey. Instead of "point of sale," think of it as the "place of service" informing all the other milestones. What happens at the POS creates a vast trove of data on customers. It helps businesses better understand them and their intent to purchase. And the instantaneous information transfer at the POS feeds critical, real-time information into the supply chain, driving efficiencies in tracking and managing inventory, reducing returns, and ultimately improving pricing strategies.

Consider what we're seeing with restaurants as they integrate payments with delivery. The search function has become integrated with both payment and delivery or pickup options so the consumer can not only find the restaurant they want to order from but also choose what to order and how it will arrive — all in one integrated search and payment experience. In the end, the most ideal payment experience, from the consumer's perspective, is no experience at all. The purchase is the payment.

The sale, then the intel

Businesses are getting more than sales from the deal. New digital payment processing tools allow businesses to glean critical customer data. In the case of a restaurant, it can mean knowing — and even suggesting — the kinds of personalization consumers typically make when they order. This customer intelligence creates a far more dynamic experience than a card-present payment which might give the merchant only the order total.[32]

Gilbert Bailey of Global Payments notes that the sophistication of these integrated payment systems results from rising consumer expectations at the POS. Increasingly, merchants can get payment hardware, build a loyalty program, design an email marketing campaign and customize their ordering platform in one package.

When integrated with AI, POS systems will become a proactive partner in helping to manage a business. For example, a restaurant's POS can recommend drink or appetizer orders based on prior purchases. Or, a bar's AI-enabled POS could encourage price specials on drinks likely to entice customers at certain times of day, or even in certain types of weather. AI could use POS data to help such establishments better manage inventories and identify possible times when more (or fewer) employees are needed.

Untapped opportunity for SMBs

The power of POS-generated data — together with the possibility of deeper relationships with their clients — explains why banks are starting to return to merchant acquiring, a business they once viewed as nonessential or unprofitable. When banks process credit card and debit card transactions on behalf of a company or merchant, it gives them access to real-time data and insights on their clients — and also gives them a broader platform from which to sell other financial products.[33]

Global revenue for the merchant acquiring sector could rise by 6.9% annually through 2027, reaching $100 billion by the end of that period, according to Boston Consulting Group. Small and medium merchants with fewer than 250 employees comprise 70% of the revenue base.[34]

70%
of global revenue expected to be comprised of small to medium merchants through 2027

Payment orchestration

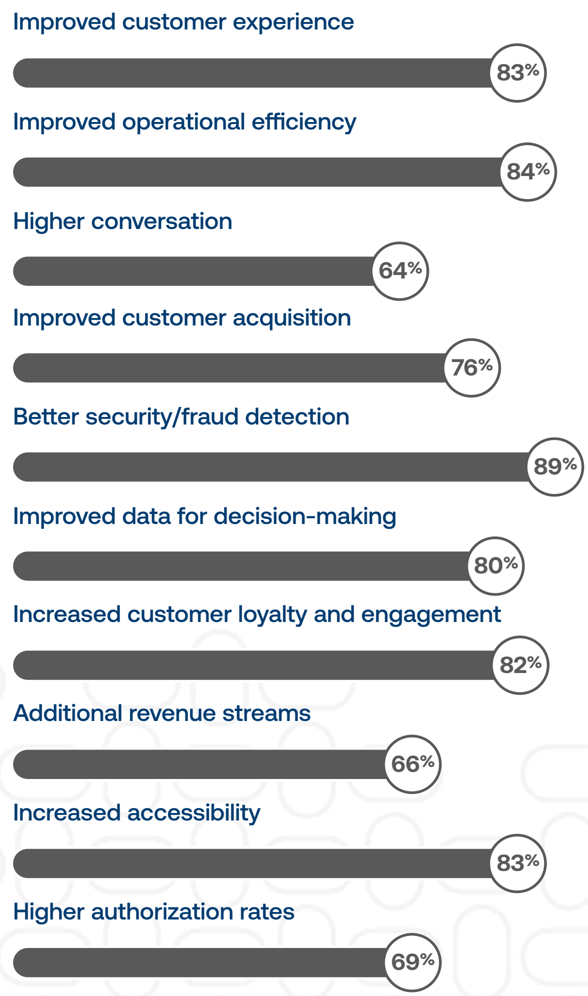
TRENDSIX

Payment orchestration is a mature technology; It has been used by businesses for years to route and process payments among many payment providers, which is critical in promoting financial transparency, integrating multiple financial platforms and banks and administering payments to reduce loss or fraud. According to our survey, it's been widely used for five years or more by 76% of all businesses. Yet its importance continues to grow.

In the coming year, 35% of businesses told us they will increase investments in payment orchestration platforms. The other 65% say they do not plan any changes, presumably because many have already added the capabilities.

The benefits of payment orchestration, according to nearly all businesses (89%), are comprehensive and systemic. They cite improved operational efficiency, customer experience, accessibility, security and fraud prevention. With the emergence of new AI tools, these outcomes are expected to improve even more, the survey showed.

How much **positive impact has a payment orchestration platform** had on your business's success?



Adam Mitchell

Executive Vice President and
Head of Core Payments

Global Payments

As payment orchestration platforms become more sophisticated, they offer new ways for software vendors to interact with their merchants, says Adam Mitchell, EVP and head of core payments for Global Payments.

Consider what payment orchestration can do for a large retail site that has thousands of vendors. Right now, shoppers who purchase an item through the retailer's site pay the retailer directly, and the retailer, in turn, pays the vendors. With payment orchestration technologies now available, the retailer can disperse those funds to vendors instantly as payments come in. Both the retailer and vendors are paid far more efficiently and quickly, reducing friction on the back end and making commerce more efficient for everyone. Another benefit: orchestration platforms can handle different forms of payment — real time, ACH, virtual cards, even paper checks — through a single interface (particularly pertinent in B2B payments).

Such payment orchestration creates opportunities to help reduce fraud. Because payments are processed automatically, companies will need to customize payment policies for each customer, approve workflows that comply with those agreements and manage payment schedules. With the platform enforcing those routine schedules and policies, it's far more difficult for a fraudulent invoice or unauthorized payment to slip through, says Ancona of American Express.

CONCLUSION

This report demonstrates that payment technologies and the payment experience help businesses differentiate themselves — and help some take market leadership positions.

We are seeing several investment patterns: Enterprise players are taking early positions in emerging technologies, understanding that the risks of being early are outweighed by the rewards of exploring and implementing potentially powerful new capabilities. SMBs and midmarket businesses are more likely to wait and study many emerging technologies. That puts them in a position to leapfrog incremental investments and quickly gain access to leading-edge technologies when they're ready for implementation. The one exception to this rule — AI, where the risks have put many enterprise players on the sidelines while SMBs and midmarket businesses are more willing to be early adopters.

The right investment strategy and pace are up to you: What's clear is that every business in every sector must engage the latest innovations in payments. Invest now, or invest later, but study the trends and make a plan — that's the clear path to market leadership and winning.

METHODOLOGY

The information 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 Financial Services, Mastercard and Visa.

A global online survey was conducted in July and August 2024 and included 600 respondents comprising payment decision-makers and decision-influencers from SMBs, midmarket organizations, enterprises and multinationals in North America, Asia, Europe and Latin America.

We also conducted additional research and analysis of publicly available data sources and industry thought leadership. References to publicly available information are provided.

THANKS

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

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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 North America, Europe, Asia Pacific and Latin America.

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

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Innovation that delivers.