

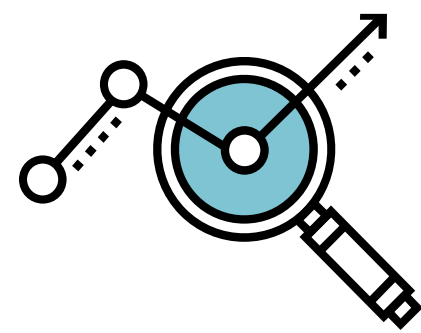


zensar

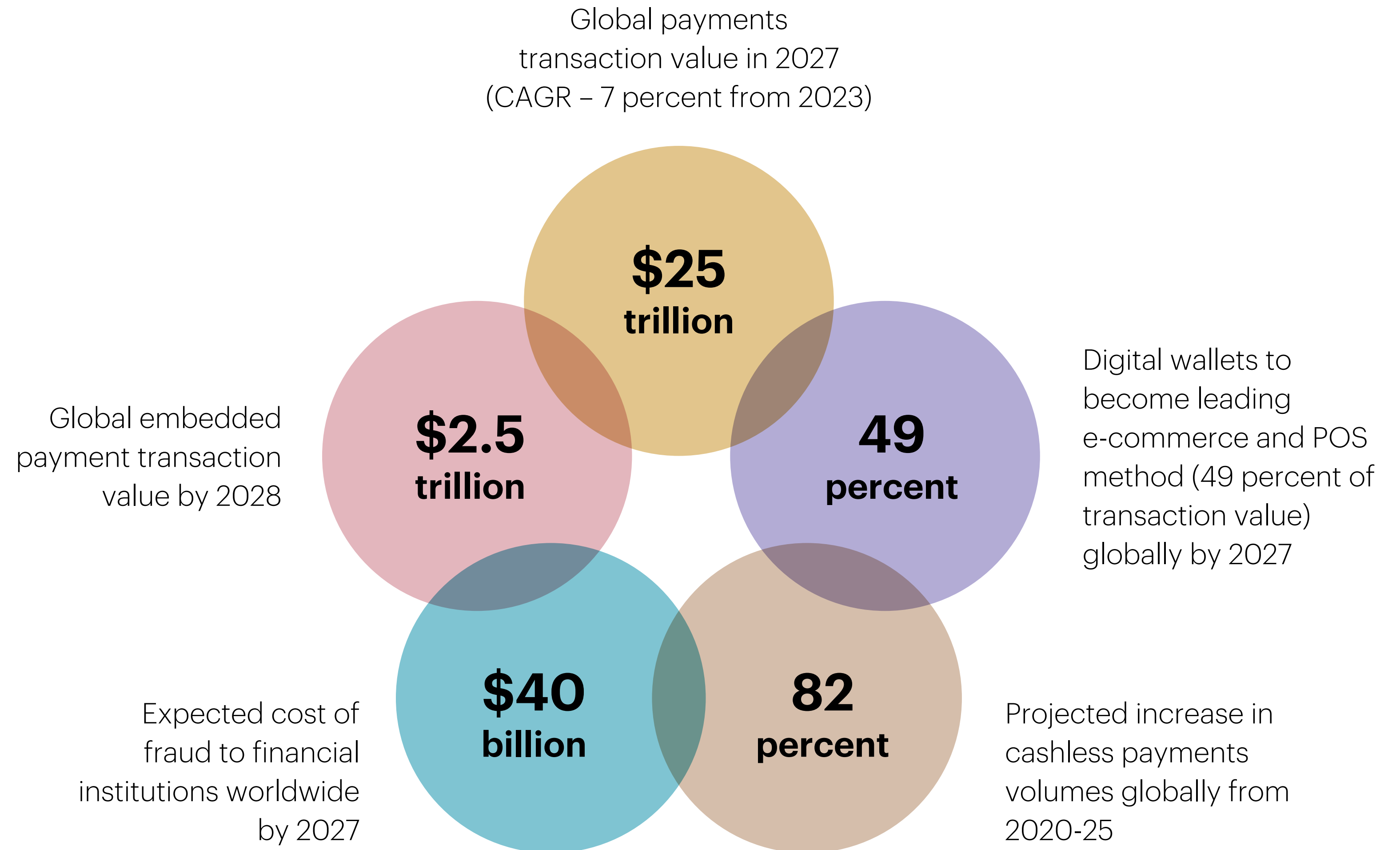
Top Payment Trends 2024

and Beyond

An  **RPG** Company



Payments' state of the market: 2024 and beyond





Top payment trends



RTP everywhere – now also powering corporate banking

Local/regional adoption across the globe for C2B, B2C, B2B, G2P, etc.



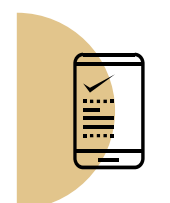
Embedded finance – making cross-industry inroads

Increased ubiquity of integrated payment experiences



Race to retain revenue, product innovation at core

As-a-service models at the forefront



Unlock agility - payments modernization driven by MACH

Payments modernization driven by MACH to revolutionize digital journey



New-age risk and fraud solutions

Driving an integrated view with Zero Trust architecture and AI-powered solutions




Digital currency - the future of money

Traversing the next frontier in financial transactions



Market expansion through consolidation

Larger players expand reach with acquisitions and consolidations



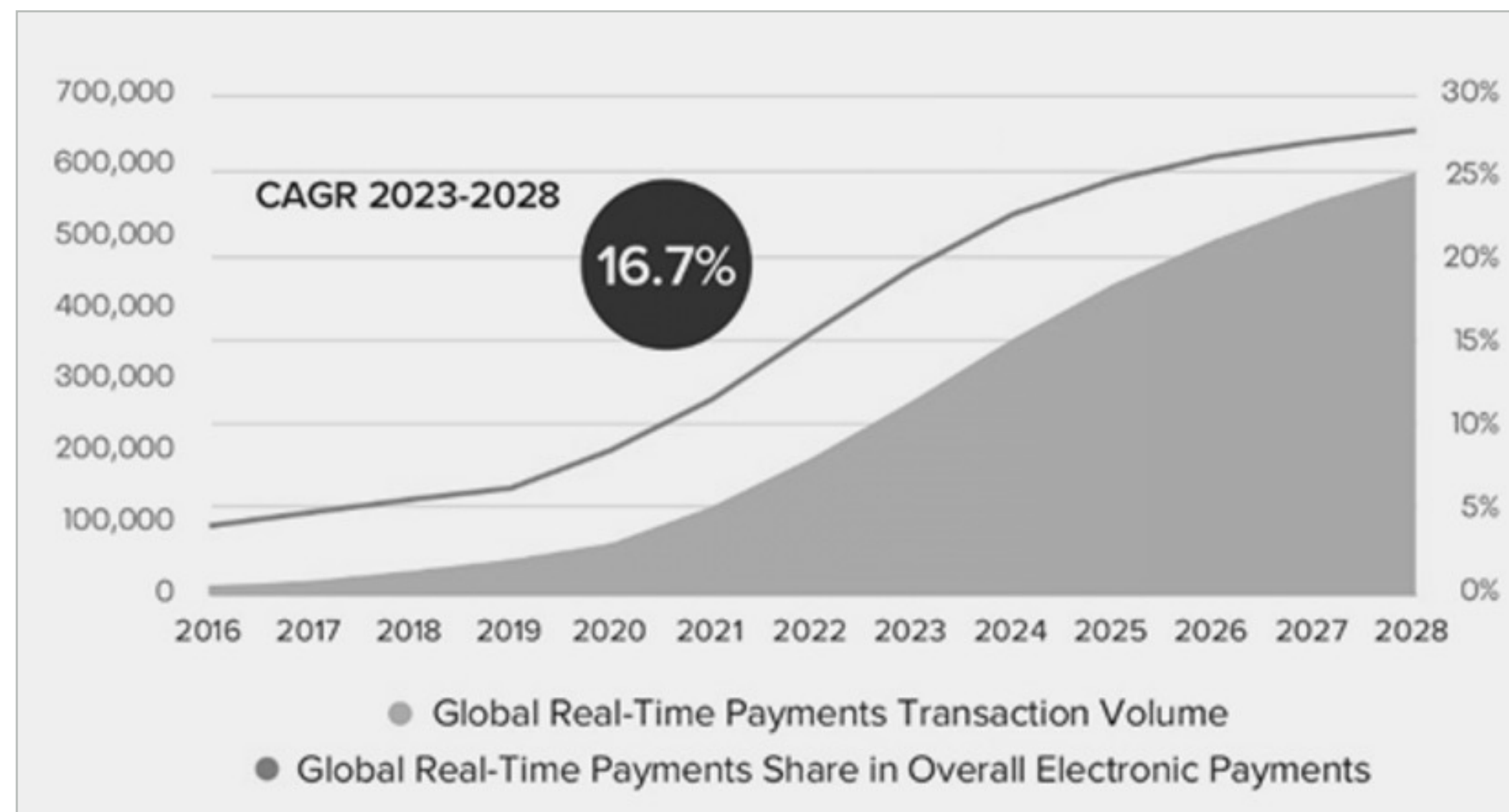
**What do
these entail?
Let's dive in.**



RTP everywhere – now also powering corporate banking

Local/regional adoption across the globe for C2B, B2C, B2B, G2P

Global real-time payments transaction volume



575.1 billion | 16.7 percent CAGR | 27.1 percent of e-payments

RTP schemes



India - UPI



Brazil - PIX



Australia - NPP



Malaysia - RPP

Recent and upcoming



US - FedNow



SA - Payshap



Canada



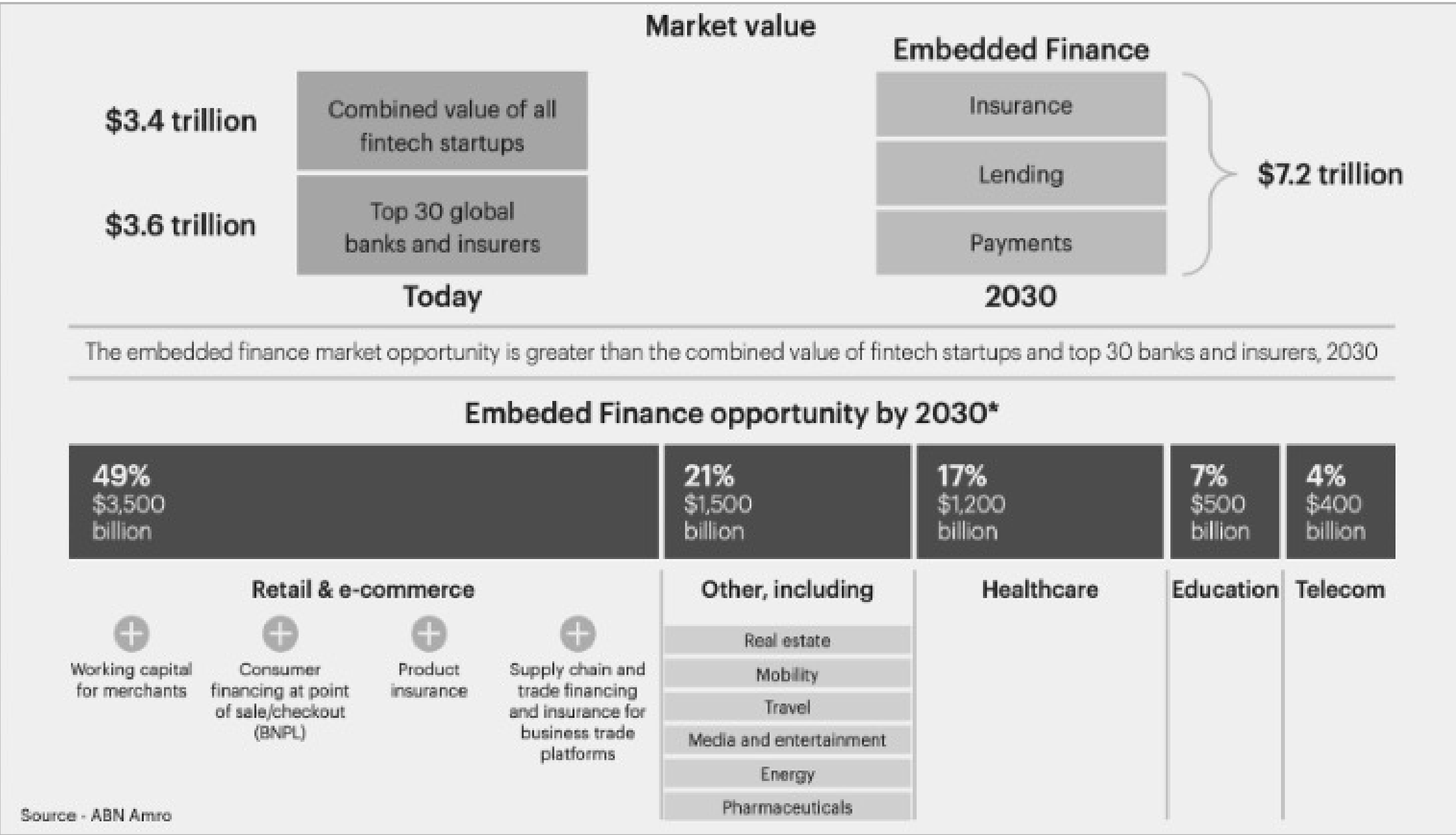
Namibia

- ▶ RTP is driving the demand for **flexible and faster settlement options at lower costs**, unlocking the value adds to most B2B and G2P use cases. The recently launched FedNow RTP supports B2C, where billers can send a request for payment to their customers through the FedNow service.
- ▶ **RTP in the B2B market** is expected to grow rapidly, powering corporate banking, encompassing all types of traditional and digital payment experiences.
- ▶ **Adoption of ISO20022** in domestic RTP is on par with global industry standards and will gain greater interoperability to facilitate transparency and standardization.
- ▶ Extension of domestic/regional **RTP infrastructure for cross-border remittances**, driven by economic partnership across countries. E.g., collaboration between India and Singapore.
- ▶ Preference for A2A transfers and regulatory implications are putting pressure on card networks and challenging their market dominance.



Embedded finance (EF)

Making cross-industry inroads



- ▶ **Cross-industry convergence:** EF will enhance the ability of non-financial institutions, such as Amazon, Apple, Uber, Starbucks, CVS Healthcare, etc., to provide financial services more seamlessly and deliver customized offerings.
- ▶ **Industry collaboration:** Wider collaboration between EF ecosystem players such as banks, big tech, fintechs, paytechs, etc. will drive the introduction of new innovative EF products in the future.
- ▶ **Regulatory scrutiny:** As EF expands, we expect regulators to re-calibrate rules and advancements, define minimum service levels, and ensure consumer data protection and data privacy.
- ▶ **CX driving brand engagement:** As consumers increasingly seek value and meaningful rewards, EF will emerge as a strategic tool for driving engagement with brands such as Apple Pay, Apple Cards, Uber Eats, Uber Cards, etc.

- Embedded finance is a multi-trillion opportunity estimated at **\$7.2 trillion by 2028**
- EF market is expected to grow at **28.5 percent CAGR** for the period 2023-2029
- Retail and e-commerce represent the biggest industry vertical in terms of the market value of EF applications

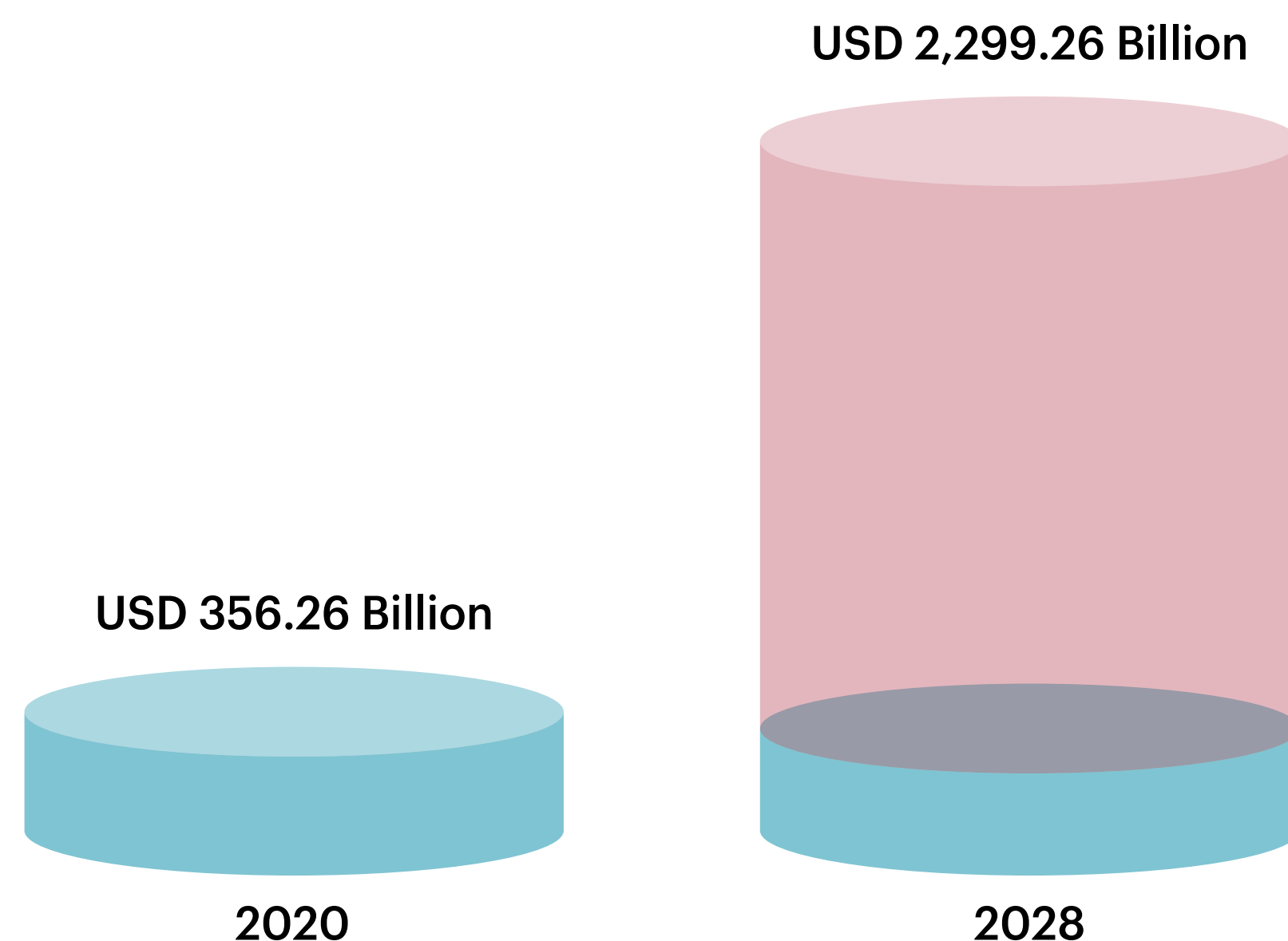
1. <https://www.abnamro.nl/en/commercialbanking/embedded-finance/index.html>



Race to retain revenue, product innovation at the core

As-a-service models to the fore

Global banking as-a-service market



Banking as-a-service market to grow at a CAGR of 26.2 percent

Inflationary pressures, interest rate corrections, and challenges in asset quality in a post-COVID era put pressure on the top and bottom lines. FIs are forced to explore new revenue streams to expand their services, fend off competition, and increase market reach.

OPEX drives transformation

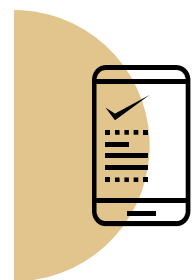
We observe an uptick in the adoption of as-a-service solutions. With a squeeze in technology budgetary spends, this enables incremental transformation through OpEx models. For instance,

- Digital cards as-a-service (Goldman Sachs)
- PayFac-as-a-service (Stripe)
- Data as-a-service (Bank of America)

Digital innovation

Products adopting an insight-led design approach will continue to be at the forefront, enabling seamless customer experiences:

- Super apps (Uber, PayPal)
- Digital wallets (Apple Pay, Venmo, Google Pay)
- Contactless payments (American Express Expresspay, Visa payWave, Mastercard Contactless)
- Alternative cross-border payments (Mastercard, Visa)



Unlock agility

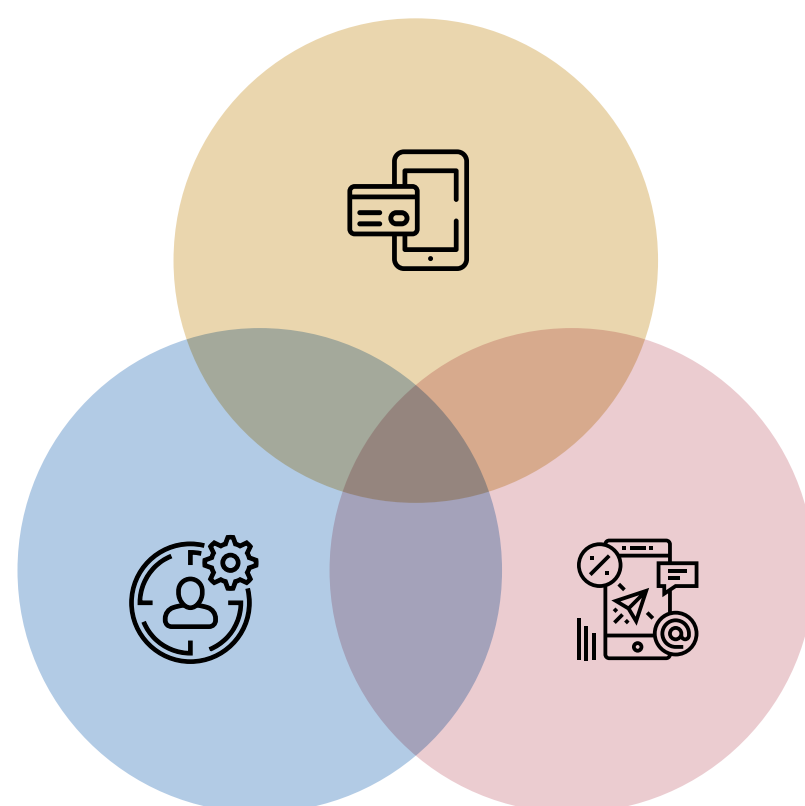
Payments modernization driven by MACH to revolutionize digital journey

\$433 billion

Expected FI spending for
payment infra upgrades in 2024

\$13.7 billion

Global API management
market size by 2027

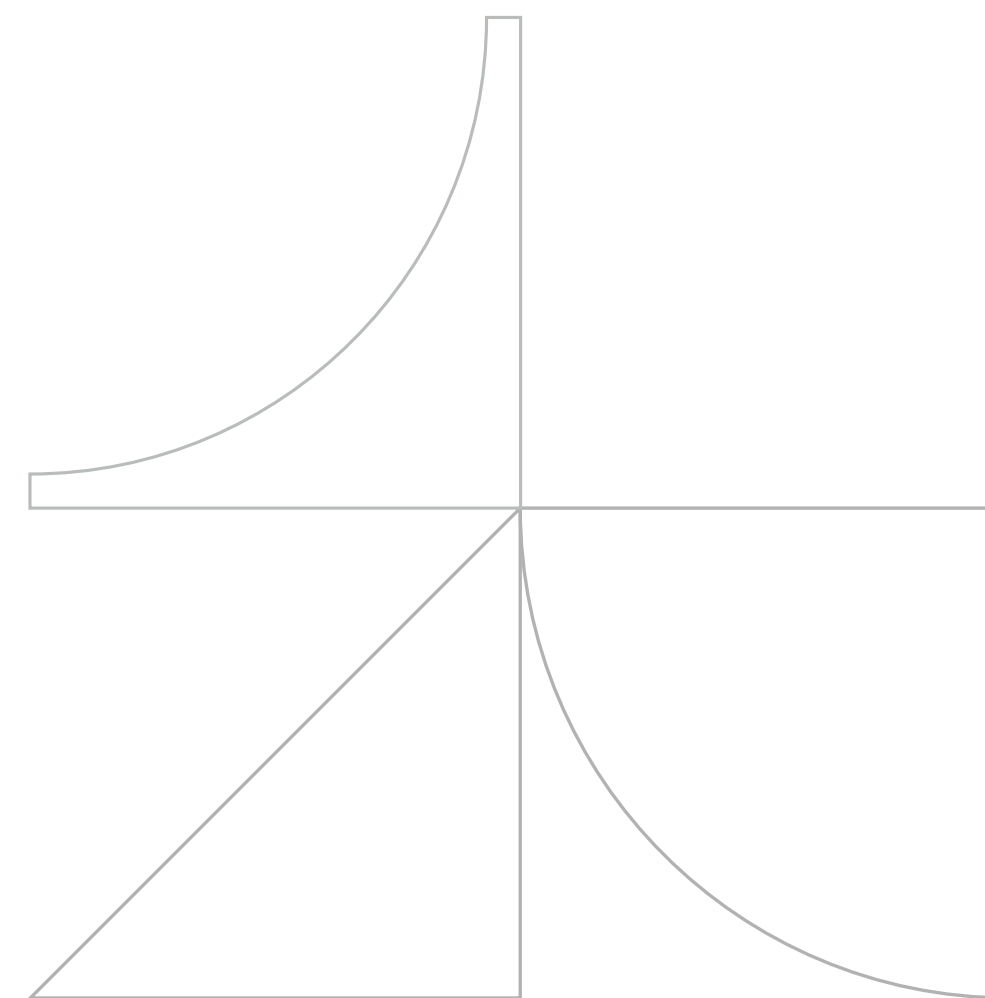


\$36.77 billion

Global microservices
market by 2030

Bank spending on cloud computing services is forecasted to grow **more than 16 percent a year through 2024** to **\$77 billion**, compared to 4.5 percent annual increases in their overall IT budgets.

- ▶ **Payment orchestration:** Plug-and-play experiences are driving payment modernization, with players offering as-a-service models. Microservices-driven payment orchestration will be a critical component of modern payment systems.
- ▶ **API first:** With the modernization and advent of microservices, AP integration options will play a pivotal role in new-age architecture to balance the new with the legacy.
- ▶ **Clouderization:** Modern payments platforms will follow a cloud-native architecture, enabling highly scalable, performant, and cost-effective payment services.
- ▶ **Headless architecture:** CX is evolving fast, and continuous experience upliftment is needed. To enable faster rollout with minimal impact/dependency on mid-office and back-office, we believe the headless architecture approach to have an uptick.

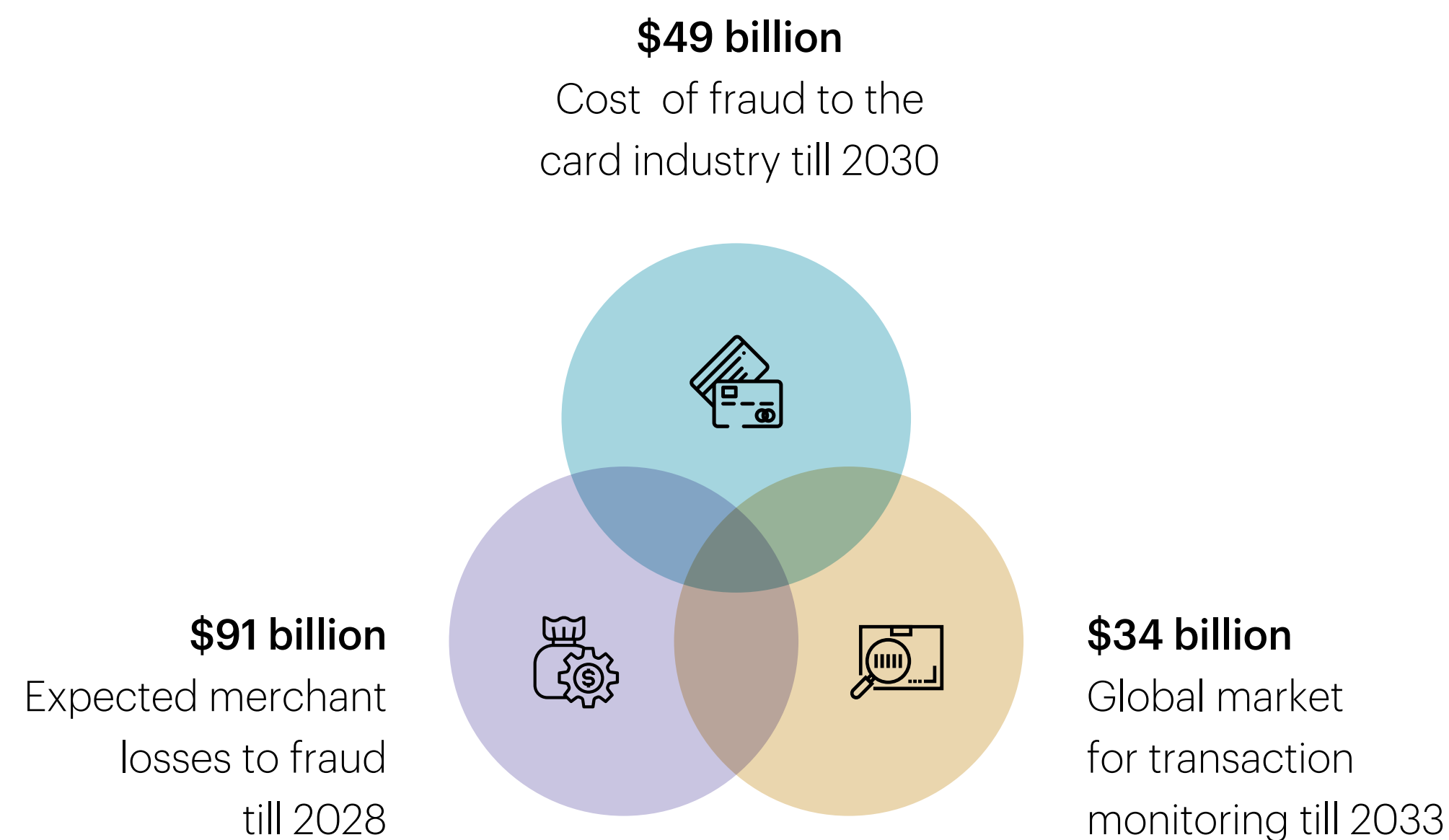


1. <https://www.marketsandmarkets.com/Market-Reports/api-management-marke>
2. <https://diginomica.com/why-banks-are-taking-multi-cloud-approach>
3. <https://www.linkedin.com/pulse/microservices-market-insights-trends-2031-prdigest-riu1e>



New-age risk and fraud solutions

Driving an integrated view with Zero Trust architecture and AI-powered solutions



- ▶ **AI-powered risk scores:** AI technologies in transaction monitoring will leverage **federated training** to generate comprehensive real-time risk scores by replacing the manually defined rules-based approach with advanced ML models.
- ▶ **Single-pane-of-glass view:** We foresee the swift adoption of a consolidated transaction monitoring platform leveraging Zero Trust architecture with a single-pane-of-glass view. This will be pivotal for enhancing holistic fraud detection, risk monitoring, and insight-based decision-making.
- ▶ **Audience services for transaction risk and fraud** to become imperative:
Transaction topology and behavior and risk scores
Transaction profile (end-to-end journey)
Sample use cases: suspicious card usage, EMV fallbacks, AML monitoring, etc.
- ▶ **Global information sharing between FIs: Exchange of fraud-related data** at an international level will be the leading future trend. E.g., pilot group b/w SWIFT and 10 leading FIs such as BNY Mellon, Deutsche Bank, DNB, HSBC, Intesa Sanpaolo, etc.

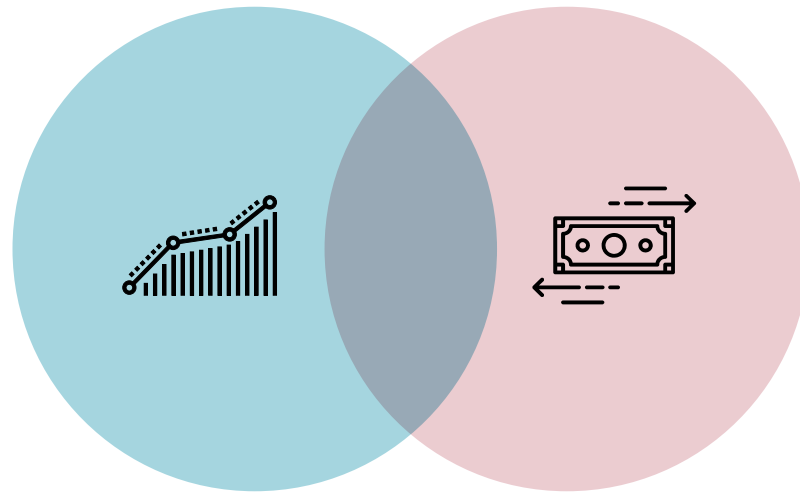
1. <https://www.juniperresearch.com/press/losses-online-payment-fraud-exceed-362-billion/>
2. <https://eftsure.com/statistics/payment-fraud-statistics/>
3. [https://www.futuremarketinsights.com/reports/transaction-monitoring-market#:~:text=Transaction%20Monitoring%20Market%20Snapshot%20\(2023,14.2%25%20from%202023%20to%202033](https://www.futuremarketinsights.com/reports/transaction-monitoring-market#:~:text=Transaction%20Monitoring%20Market%20Snapshot%20(2023,14.2%25%20from%202023%20to%202033)



Digital currency

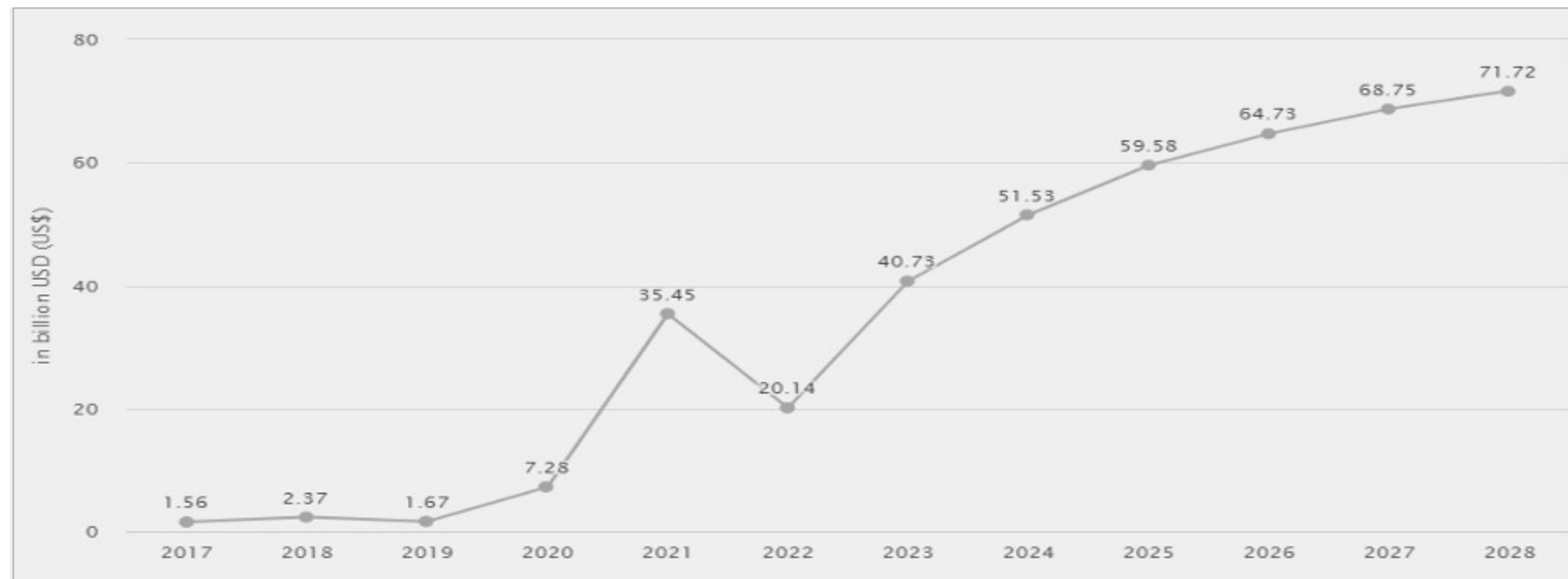
The future of money

\$213 billion
CBDC transaction value
to exceed \$213 billion
by 2030 globally



92 percent

92 percent of the total
value transacted via
CBDCs will be paid
domestically by 2030



Market value of cryptocurrency market is expected to reach
USD 72 billion in 2028, at a CAGR of 8.6 percent

- ▶ **Programmable money:** We foresee CBDCs being increasingly used for fit-for-purpose use cases such as LPG and agriculture subsidies, remittances, and closed-loop expenses (e.g., fuel, electricity, and telecom bills).
- ▶ **Interoperability:** In our opinion, standardization efforts and regulations will adapt to address CBDC interoperability challenges between countries.
- ▶ **Emerging use cases:** CBDC will accelerate the inter-bank process by automating transaction and settlement. Other futuristic use-cases include government securities and forex trade.
- ▶ **Fiat-to-crypto conversion:** Cryptocurrency exchanges integrating fiat-on-ramps will facilitate seamless conversion of fiat currencies into cryptocurrencies.
- ▶ **Crypto expansion:** Established cryptocurrency exchanges and ETFs will undoubtedly continue to expand offerings and services, such as the addition of new cryptocurrencies and features.

1. CBDC Transactions to Exceed \$213 Billion by 2030 Globally | Press (juniperresearch.com)
2. <https://cbdctracker.org/>
3. <https://www.statista.com/outlook/dmo/fintech/digital-assets/cryptocurrencies/worldwide>

Consumers are accepting CBDC:
■ Digital Rupee: 1 million transactions a day
■ Digital Yuan transaction value in June 2023 was USD 249.27 billion\



Market expansion through consolidation

Larger players expand their reach with acquisitions and consolidations

Examples of recent acquisitions



- ▶ We foresee that mergers and acquisitions between big banks and networks to protect themselves against the **fintech threat will gather pace.**
- ▶ Continuous innovation challenges in the **digital economy** will catalyze greater collaboration between banks and big tech, especially in tier 2 and smaller banks.
- ▶ Fintechs coming-of-age will flex their M&A muscle to **bolster revenue streams** – seeking acquisitions that add value to their tech or product set.
- ▶ **Anti-trust regulatory measures** are expected to hinder or prohibit big tech's M&A activities within the industry to discourage monopolistic behavior.

Acquisition goals

- Capital One will now be one of the biggest payment-processing networks in the country, competing against three larger networks: Visa, MasterCard, and American Express
- Visa can now offer innovative payments and banking products to clients within a single cloud-native platform and expand its presence in Latin America
- FIS will be able to deliver optimized embedded finance and post-trade services



In conclusion

Payments will break industry barriers and provide seamless and personalized experiences that empower industries and consumers in unprecedented ways.



Industry thoughts on payments



“Next 10 years, we can expect people to pay ‘with a smile!’”

Michael Miebach, CEO - MasterCard

“When I say payments, I actually mean someone’s entire financial life. If it involves money, it’ll be on our platform. Money or securities or whatever.”

Elon Musk, CTO - X

“The convergence of payments with adjacent industries will redefine the role of payments in everyday life.”

Ryan Mac, CEO - VISA





About us

This paper is a yearly release from the BFS Industry Solutions Group (ISG) at Zensar, presenting our view of the top payment trends in the market.

Who is Zensar?

Zensar stands out as a premier technology consulting and services company, embracing an experience-led everything philosophy. We are creators, thinkers, and problem solvers, passionate about designing digital experiences that we engineer into scale-ready solutions to deliver superior engagement for high-growth companies.

10,300+ employees

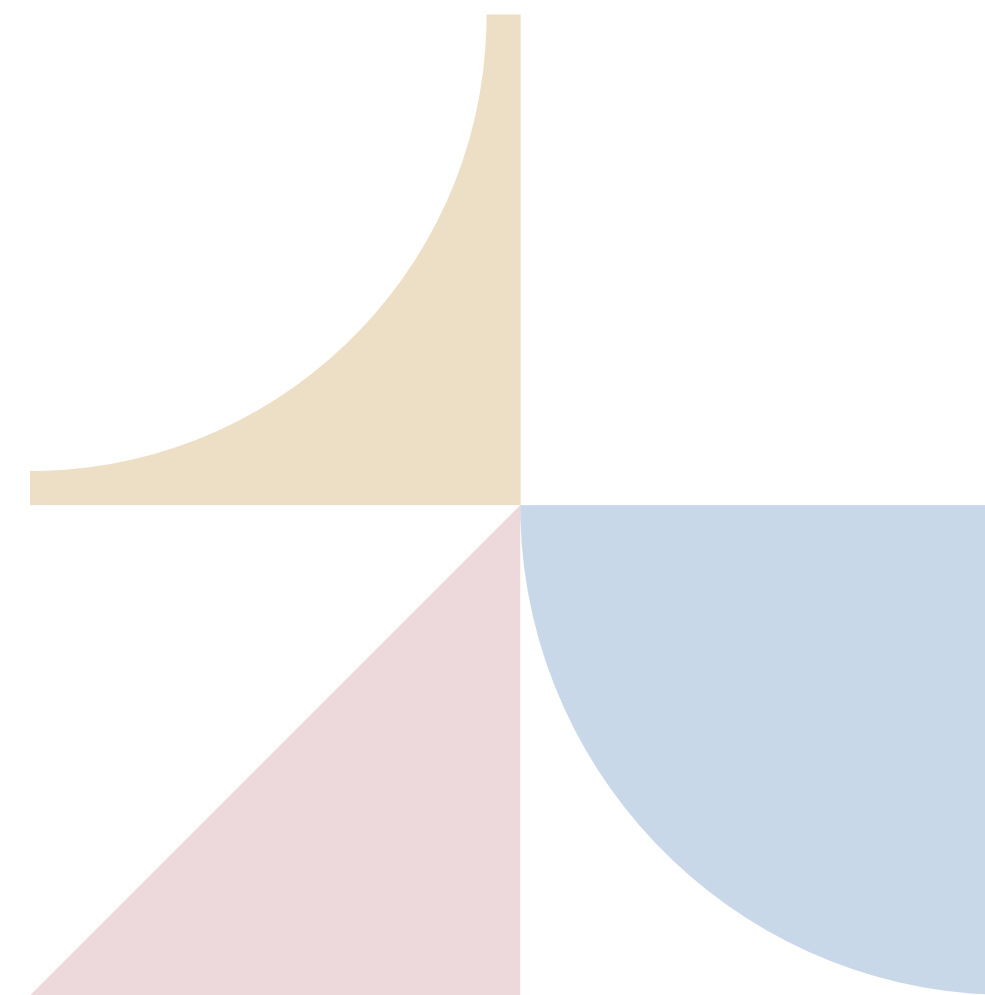
30+ locations worldwide

145+ global clients

\$592Mn FY24 revenue

Who is ISG?

ISG is the cornerstone of our engagements at Zensar , differentiating with 'domain-driven everything,' innovation, and empowering client engagement.



Authors:

Ashutosh Sharma, Global Head - BFS Industry Solutions Group

Visweshwaran N, Global Head - Cards and Payments ISG

Nachiketa Mitra, EVP, Global Head - BFSI

Pradeep Kumar Balakrishnan, Sr. Manager - Consulting

Shivam Vashishtha, Sr. Manager - Consulting

Prajakta Barapatre, Sr. Business Analyst

Sharon Anusha Andrew, Sr. Business Analyst



At Zensar, we're 'experience-led everything.' We are committed to conceptualizing, designing, engineering, marketing, and managing digital solutions and experiences for over 145 leading enterprises. Using our 3Es of experience, engineering, and engagement, we harness the power of technology, creativity, and insight to deliver impact.

Part of the \$4.8 billion RPG Group, we are headquartered in Pune, India. Our 10,000+ employees work across 30+ locations worldwide, including Milpitas, Seattle, Princeton, Cape Town, London, Zurich, Singapore, and Mexico City.

For more information, please contact: info@zensar.com | www.zensar.com

