

Enterprises: **Predict your FUTURE**

**Trends shaping payments, now and ahead**

As we emerge from the pandemic, there are changes to payment experiences that are here to stay, and some that are on the horizon

**What does current payments data tell us?**

**1**

**Contactless is here to stay**

Tap to pay, whether a contactless card or digital wallet, is now embraced by consumers for its speed & simplicity

**3** out of **4**

Contactless card users plan to continue their use of contactless cards, according to TSG research

**90** of the top **100** merchants are contactless enabled

Consumer credit clients spend **2% more** when using newly issued contactless cards

Active contactless card users average **5.7 taps** per month

**2**

**In-person shopping has made a comeback**

Consumers were eager to get back to in-person shopping as pandemic impacts decreased

In Q2 of 2021, brick & mortar retail sales grew **32%**

TSG data shows that **82%** of U.S. retail, restaurant, & grocery spending was made offline the week of May 23rd, 2022 (vs. a low of 69% during the pandemic)

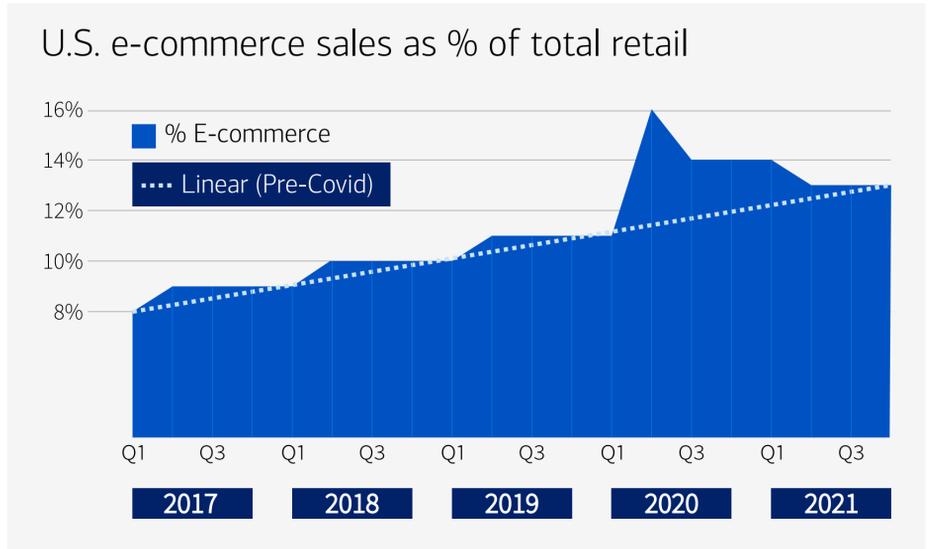
**3**

**E-commerce is still strong, but has challenges**

Current e-commerce share is consistent with strong pre-pandemic trends

**69%** of U.S. consumers choose to store a card on file or have recurring billing set up with their most frequented merchants

Subscription economy merchants have grown **5-8x** faster than traditional merchants



**Despite this growth**

Card not present transactions have **3x** the decline rate of card present transactions

**97%** of shoppers have bailed on an online order because it was too complicated or inconvenient

(55% of those declines are due to invalid card information)

**Merchants are solving these challenges with key tools:**

**Advanced retry technology**

▶ Leverages machine learning to avoid declines from available balance or credit limit issues

**Card on file updaters**

▶ Checks for updated account info  
▶ Implemented with little to no tech changes

**Tokenization**

▶ Fights fraud  
▶ Helps update expired card data automatically

**2%** of tokenized transactions are declined (vs. 7% of card not present transactions)

**Based on all this payments data...**

💰 Consider enabling contactless payments if you haven't already

🛒 Consider the power of an in-store presence

💳 Consider tokenization and card updater technology to reduce declined transactions

**“Tokenization is a great solution to reduce fraud & overall help the performance of a transaction”**

– **Juan Garrido**,  
Head of Merchant Services Product,  
Global Banking, Bank of America

**What new payments technology buzz should be considered? New layers of technology are emerging...**

**Blockchain**

Blockchain provides opportunities outside of cryptocurrency, such as sharing and verifying data **efficiently** and **safely**; saving reconciliation time

**Web 3.0**

Web 3.0 is **setting the stage** for new payment experiences  
In order for payments to succeed in this environment, solutions need to offer **fast** and **reliable** ways to verify identity, facilitate trust, and ultimately make transactions seamless

**Cryptocurrency**

Cryptocurrency is largely an **investment vehicle**, with a lot of instability surrounding the tool as a payment method

**79%** of companies say that integrating ERP systems with real-time or embedded payments is among their top goals

- ▶ **Financial data moves freely**
- ▶ **Immediate settlement**
- ▶ **Easy API integration**
- ▶ **Cardless payment options**

**The metaverse**

**3-5+** years for the metaverse to gain scale  
This enables immersive digital storefronts that will likely heavily leverage card on file and token systems for purchases

**“Can you sell digital goods in the metaverse that complement your offering?”**

– **Rich Clow**,  
Emerging Payments & Strategy  
Executive, Bank of America

▶ **Plan ahead**



**Are you exploring digital experiences?**

For example, Bank of America runs virtual reality training in ~4,300 financial centers to aid employees



**Do you have the knowledge & connections you need?**

Bank of America keeps in close contact with regulators & has centers of excellence on cryptocurrencies



**Do you have a strategy to embrace payment transformation?**

Learn more about how emerging technologies might impact your operation