

Visa Consulting & Analytics

10 key trends shaping the payments landscape

We asked our team of advisors, data scientists and economists at Visa to identify key trends that we believe will have a big impact on the payments landscape over the coming year.



The sustained consumer shift to digital

Trend #1

Consumers expect digital:

E-commerce spend, both domestic and cross-border, has remained strong and stable relative to 2019 at well above the pre-COVID trend line even as pandemic effects fade.¹

Why does this matter?

There is no going back — the growth in online transactions has accelerated, so every player in the ecosystem needs to invest accordingly.

Continued growth of Buy Now, Pay Later (BNPL)

Trend #2

BNPL is expected to soon outperform all other forms of unsecured lending and to **top \$1 trillion in annual gross merchandise volume by 2025**.² Others predict it will **grow by up to 20% annually until 2023 and grab 13% of the unsecured credit market**.³

Why does this matter?

The rise of BNPL, such as Visa's network-based solution, spells opportunity for issuers and acquirers to bring new BNPL functionality to their customers.



Crypto staying power

Trend #3

The crypto boom of 2021 has staying power. In Q1, Visa credentials in crypto wallets had more than \$2.5 billion in payments volume, which is already 70% of the payments volume for all fiscal 2021.⁴ Consumers are also intrigued by crypto: a recent Visa survey indicates 83% of consumers surveyed are interested in their bank offering a crypto card, with 39% reporting they'd even switch bank accounts to get access to this emerging currency.⁵

How ecosystem players can participate:

1
Enable customers to buy and sell cryptocurrencies and stablecoins

2
Offer crypto as a reward mechanism on fiat spend

Why does this matter?

Crypto looks to be here to stay, which brings new opportunities for payments players to meet emerging customer needs, enable alternative payments and to create new revenue streams.



Digitization of B2B payments

Trend #4

In the B2B ecosystem, we expect to see an increasing digitization of B2B payments driven by new solutions from fintechs and new market entrants that have the potential to reshape cross-border money movement.

Why does this matter?

In the B2B space, payment players should increase focus on the experience with an emphasis on innovation, convenience, security, and speed.

Digital transformation of small and micro businesses

Trend #5

92% of North American small and medium-sized business (SMBs) updated their business models, **40% of them introduced virtual services**,⁶ and **1.7 million SMBs** turned to Shopify to open online storefronts.⁷

Why does this matter?

To service today's SMBs and micro businesses, financial institutions need to look beyond traditional banking products and support their end-to-end digitalization journeys.



The 'bounce back' of travel

Trend #6

The robust international travel recovery that started in the fall as borders reopened resumed in February as Omicron impact faded. Border restrictions were lifted quickly and pent-up demand for travel remains very high. As more restrictions are lifted, cross-border travel is expected to recover and should make some gains for the peak summer travel season.⁸

Why does this matter?

Payments players need to be ready by spotting emerging trends and stay relevant by ensuring their travel-related incentives meet new demands.



Mobile as an all-in-one commerce solution

Trend #7

Although all forms of digital payment are growing strongly, in-app payments and mobile commerce (also known as mcommerce) are outperforming the wider market.⁹

Shopify says of its Shop Pay digital wallet: It's **70% faster** than conventional online payments, **lifts conversion rates by a factor of 1.72** and is regularly used by more than **40 million shoppers**.¹⁰

Why does this matter?

Players in the payment ecosystem should consider investing in a truly seamless experience designed for mobile.



Payment form factors continue to evolve

Trend #8

Beyond paying with a card or mobile wallet, new form factors are popping up. For example, Visa's working on turning a luxury car into a fully secure, always-on payment device — that can enable drivers to make in-car payments using just their fingertips.¹¹

Why does this matter?

Payments players should consider alternative form factors in their technical architectures, using techniques like delegated authentication and cloud tokens.



The subscription economy is here to stay

Trend #9

The digital era is shaping consumers lifestyle and adoption of subscription services. Consider the numbers:

<p>Apple's subscription services entertain more than</p> <p>825m users¹²</p>	<p>Disney+ reached nearly</p> <p>130m subscribers¹³</p>	<p>HelloFresh sold nearly</p> <p>1Billion meals in 2021¹⁴</p>
--	---	---

Why does this matter?

Card-on-file is more important than ever. Payment players should focus on the user experience — including offering easier ways to update reissued credentials and to cancel unwanted subscriptions.

The growing influence of Big Tech and Super Apps

Trend #10

While some new fintechs are popping up to tackle different parts of the ecosystem, many existing tech players are expanding horizontally. For example:

<p>Meta</p> <p>uses Facebook Pay to allow users to send money to each other and to shop within any of its apps or on third-party websites.¹⁵</p>	<p>Square</p> <p>entered the BNPL space through its \$29 billion acquisition of AfterPay and launched a new business banking proposition.¹⁶</p>	<p>PayPal</p> <p>offers a new consumer wallet that boasts features like enhanced direct deposits, check cashing, budgeting tools, PayPal support, rewards and BNPL.¹⁷</p>
--	---	---

Why does this matter?

Incumbent players face competition, yet they also have the potential to benefit from the newfound attention and ride the waves of change.



For an in-depth discussion with VCA on how the trends outlined above affect your portfolio, please contact your Visa Account Executive, email VCA@Visa.com or visit us at Visa.com/VCA.

About Visa Consulting & Analytics

We are a global team of hundreds of payments consultants, data scientists and economists across six continents. The combination of our deep payments consulting expertise, our economic intelligence and our breadth of data allows us to identify actionable insights and recommendations that drive better business decisions.

1. Visa Q2 earnings
2. USIO blog, Buy Now, Pay Later: Expected to Grow from \$650 billion to \$1 trillion by 2025, July 2021, <https://usio.com/2021/07/02/buy-now-pay-later-expected-to-grow-from-650-billion-to-1-trillion-by-2025/>
3. McKinsey & Company, Buy now, pay later: Five business models to compete, July 2021, <https://www.mckinsey.com/industries/financial-services/our-insights/buy-now-pay-later-five-business-models-to-compete>
4. Visa earnings, Q1 2022
5. Visa Consumer Survey (2021), <https://usa.visa.com/content/dam/VCOM/regional/na/us/Solutions/documents/visa-crypto-consumer-perceptions-white-paper.pdf>
6. GetApp, America's Small Businesses Have Reinvented Themselves, July 2020, <https://www.getapp.com/resources/business-model-change/>
7. Shopify, Second Quarter 2021 Results, 2021
8. Visa Q2 earnings and Visa Business and Economic Insights
9. eMarketer, Global Data Digital Commerce Forecast 2021
10. Shopify Blog, Shop Pay Is the Fastest and Best-Converting Checkout Experience on the Internet, <https://www.shopify.co.uk/blog/shop-pay-checkout>
11. Pymnts.com, Daimler Mobility, Visa Partner to Enable In-Car Payments With Fingerprint Sensors, November, 2021, <https://www.pymnts.com/news/biometrics/2021/daimler-mobility-visa-partner-to-enable-in-car-payments-with-fingerprint-sensors/>
12. Apple Q2 earnings
13. The Walt Disney Company Q1 Fiscal 2022 Earnings, Feb. 9, 2022, <https://thewaltdisneycompany.com/app/uploads/2022/02/q1-fy22-earnings.pdf>
14. Retail Detail, HelloFresh sold nearly 1 billion meals, March 1, 2022, <https://www.retaildetail.eu/news/food/nearly-one-billion-hellofresh-meals/>
15. Meta, Simplifying payments with Facebook Pay, November 12 2019, <https://about.fb.com/news/2019/11/simplifying-payments-with-facebook-pay/>
16. Square, Square announces plans to acquire Afterpay, August 1, 2021, <https://squareup.com/ca/en/press/square-announces-plans-to-acquire-afterpay>
17. PayPal, PayPal introduces customers to new PayPal App, Sept. 21, 2021, <https://newsroom.paypal-corp.com/2021-09-21-PayPal-Introduces-Customers-to-the-Next-Digital-Payments-Era-With-the-New-PayPal-App>