



Payments gets personal

How to remain relevant as
consumers seek control

Staying ahead in an increasingly complex game




In the aftermath of the COVID-19 crisis, the tempo of change in consumer behaviors and expectations has hastened. Geopolitical shifts, accelerating digitalization and significant economic turbulence are reshaping how people pay and move their money. At the same time, the friction-free experiences offered by social and e-commerce platforms are setting new benchmarks for consumer payments. With economic volatility growing, consumers are seeking more control over their payments choices.

As payments methods continue to evolve, consumers want to pay anywhere, anytime, anyhow. However, the payments landscape is becoming increasingly complex and fragmented with innovative digital payment providers taking a much larger share of wallet at the expense of traditional providers. Our new report identifies ways leading banks and payments players can increase their relevance in the consumer transaction journey and capitalize on future innovations.



Executive summary: Capitalize on consumer demand for trusted, friction-free experiences



Next-generation consumer payments have been growing at a rapid rate due to changes in consumer behavior, advances in technology and regulation, and the entry of innovative new players into the payments space. Rising inflation and higher interest rates are also changing the dynamics of the market as consumers look to reduce costs.

An Accenture survey of 16,000 customers in 13 countries spanning Asia, Europe, Latin America and North America found that more than half of all consumers have adopted digital payment methods such as digital wallets, many of which displace banks' brands from the customer experience. Traditional payments methods still dominate most markets, but next-gen alternatives are rapidly gaining share.

Our survey found that consumers are frustrated with current in-person and online payment options. Slow transactions, failed payments and a lack of merchant support for their preferred payments options

are among their biggest frustrations. Payments providers need to offer frictionless experiences or risk losing customers to players that offer more flexibility, speed and ease of use.

Furthermore, while consumers trust their banks more than other payments players, they are open to novel ways to pay. Indeed, a third of consumers that use credit cards as their primary payment method for in-person shopping are considering or are willing to switch to alternative payment methods. Half of them plan to switch to non-interest-charging methods as they seek to reduce debt interest.

An Accenture analysis suggests that card-issuing banks that take a timid approach to payments innovation could lose out on 4.6% of total global card and online payments revenues, or \$89 billion, in the next three years. Conversely, banks that rethink their strategies and capitalize on consumers' trust in their stability and security could expand revenues and market share.

Payments leaders can get an edge by supporting their customers' desire for more control and less friction in their payments experiences. They have an opportunity to position their brands front-and-center in payments once again. In addition, these players can maximize payments liquidity and transaction volumes to ensure growth and profitability in a higher interest rate environment.

Leading banks will not only enhance their relevance and drive revenues from new products, but also create opportunities to offer value-added services and revenues that cement customer trust and drive higher levels of engagement. New market entrants such as fintechs and bigtechs, too, can unlock opportunities to drive revenue growth and closer customer relationships through frictionless payments.

A woman with red hair tied in a bun, smiling and winking. A digital face overlay is visible on her face, showing a different expression or features. The background is a soft, out-of-focus grey.

**The future
is digital,
even for
face-to-face
payments**

Next-gen payment methods are gaining share

Traditional payments methods still dominate the consumer payments landscape, with our survey showing high usage of cash, debit and credit cards. However, next-generation offerings such as digital wallets, account-to-account (A2A) and buy now, pay later (BNPL) are rapidly gaining share—and more disruption is incoming from biometrics, machine-to-machine and metaverse payments.

When we asked consumers which next-generation payments they use at least five times a month, we found that 56% use digital wallets, 10% use A2A payment apps and 6% use BNPL. Many of these and other innovations were created by new market entrants such as fintechs and bigtechs in response to emerging and unmet consumer demands. Incumbents thus face both a rising threat and a budding opportunity.

Figure 1. The payments landscape yesterday, today and tomorrow.

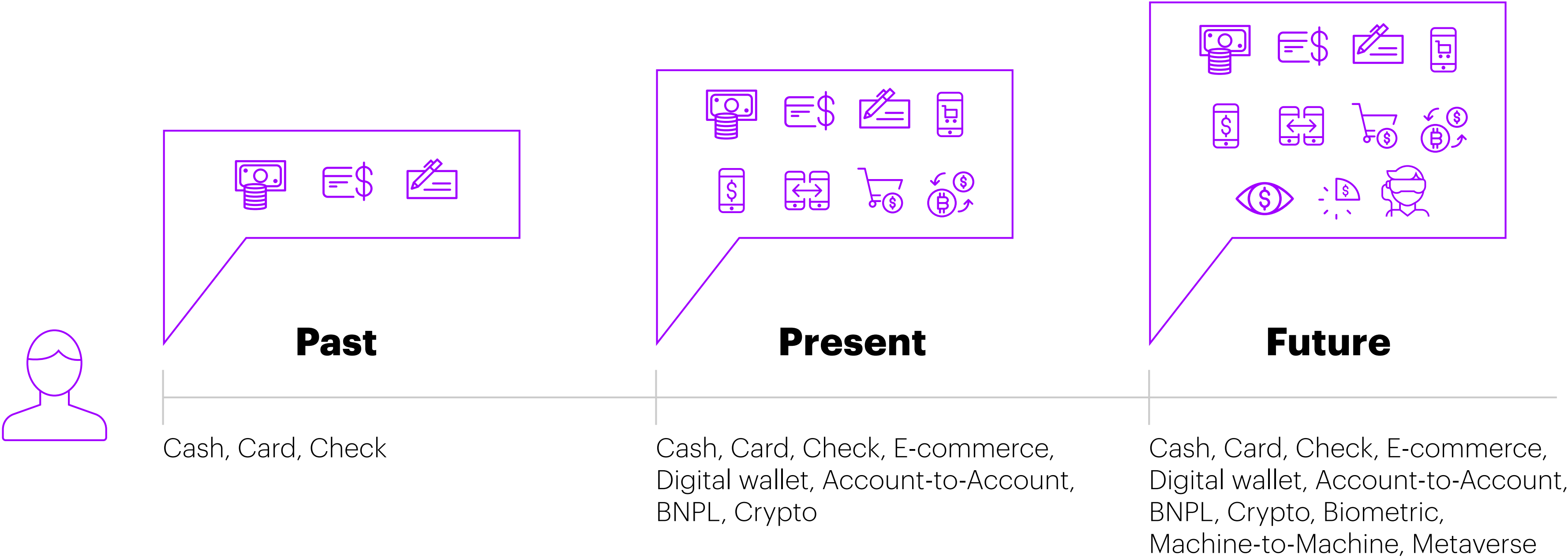
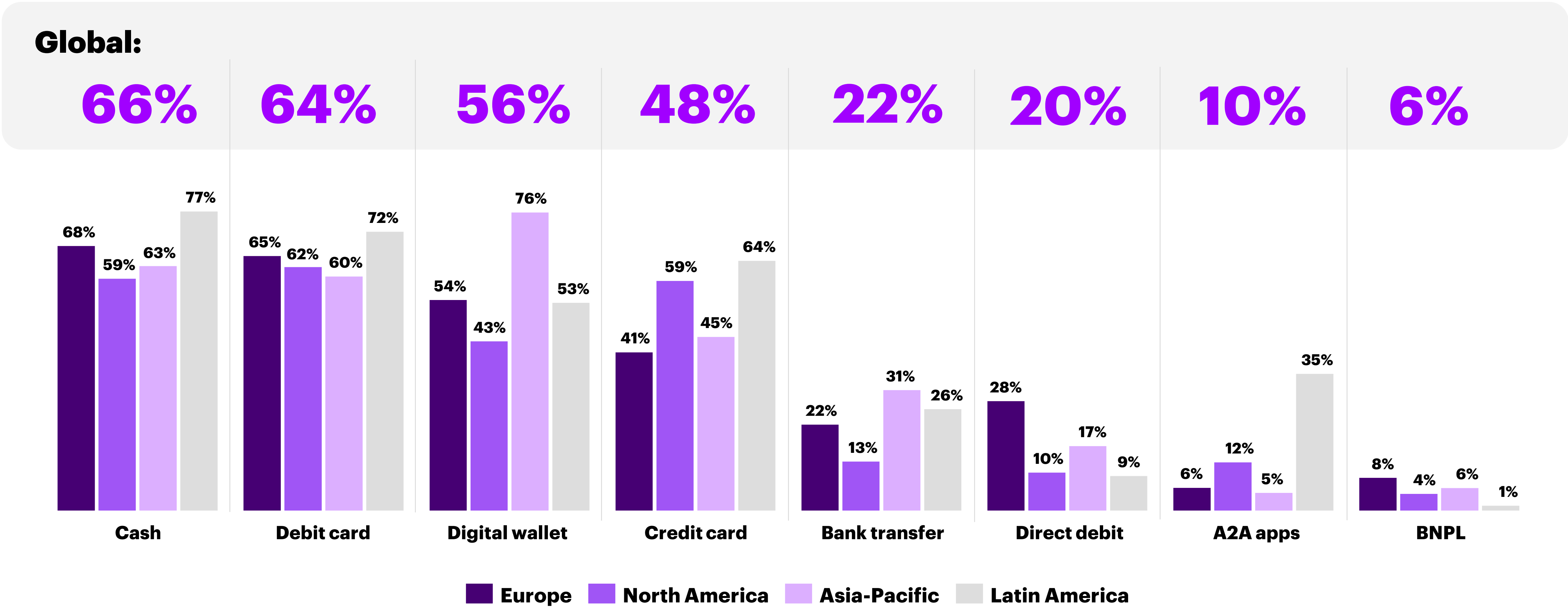


Figure 2. Cash is still dominant, but digital wallet adoption is soaring.

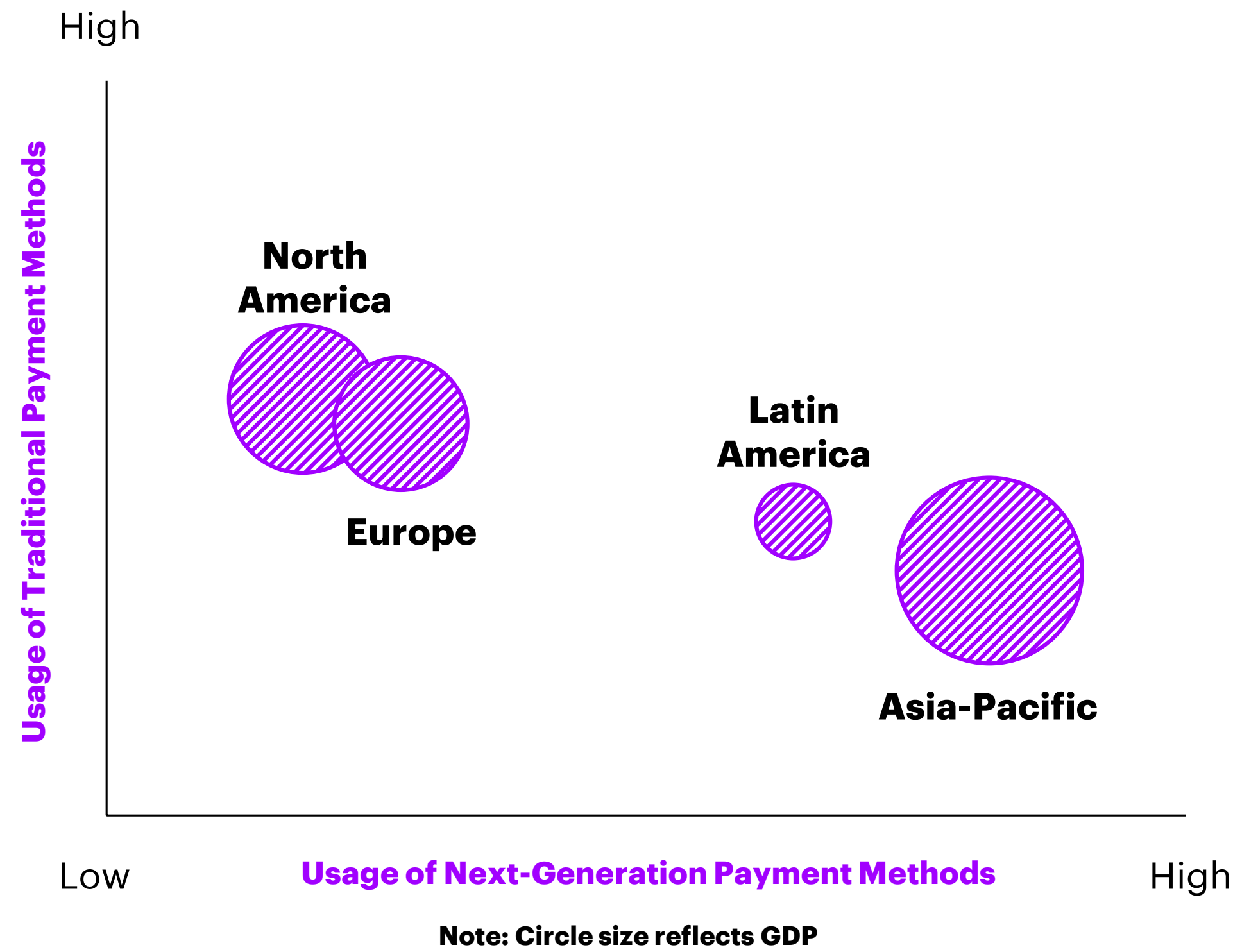
Q: Which of the following payment methods do you use at least 5 times per month?



Source: Accenture Payments Survey, 2022

Adoption of next-generation payment methods varies by region due to regulation and competition. Asia-Pacific and Latin America are early adopters, while North American and European consumers prefer cash, card and bank transfers.

Figure 3. Next-generation payment method adoption by region.



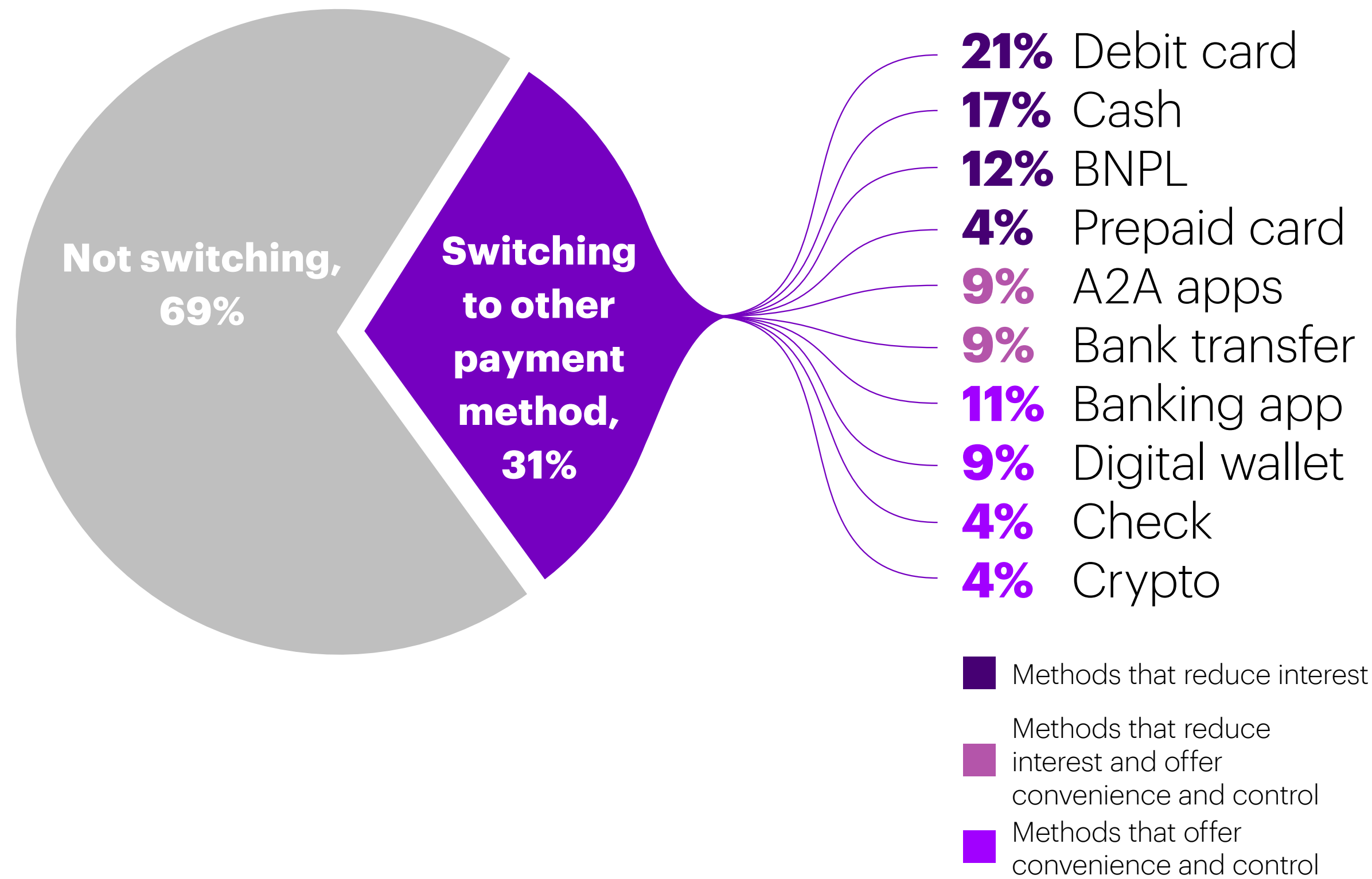
Source: Accenture Payments Survey, 2022; The World Bank, 2022



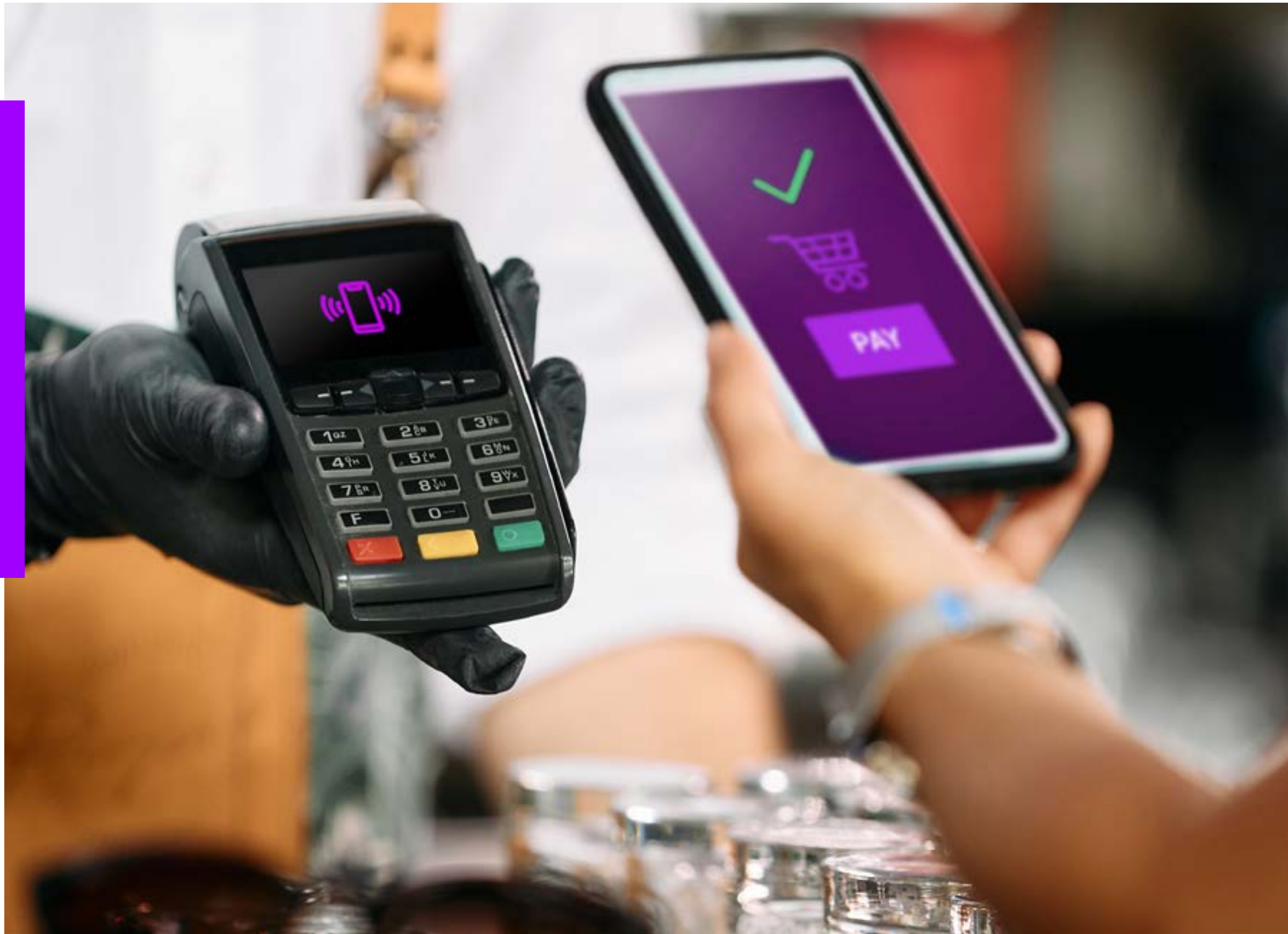
Figure 4. Credit card users switching in-person payment method due to inflation and rising rates.

Q: Would a significant increase in the cost of living cause you to switch to another payment method for in-person shopping?
If so, what would be your preferred method?

Consumers who prefer credit cards when shopping in-person



Macroeconomic conditions, especially inflation and rising interest rates, play a significant role in consumer payments preference. Nearly a third (31%) of respondents who use credit cards as their primary payments method for in-person shopping are considering switching to other payment methods. Half of these are looking to reduce their interest expenses by choosing debit card, cash, BNPL or prepaid card. The other half are planning to switch because they prefer the convenience or control of banking apps, digital wallets or A2A apps for payments.

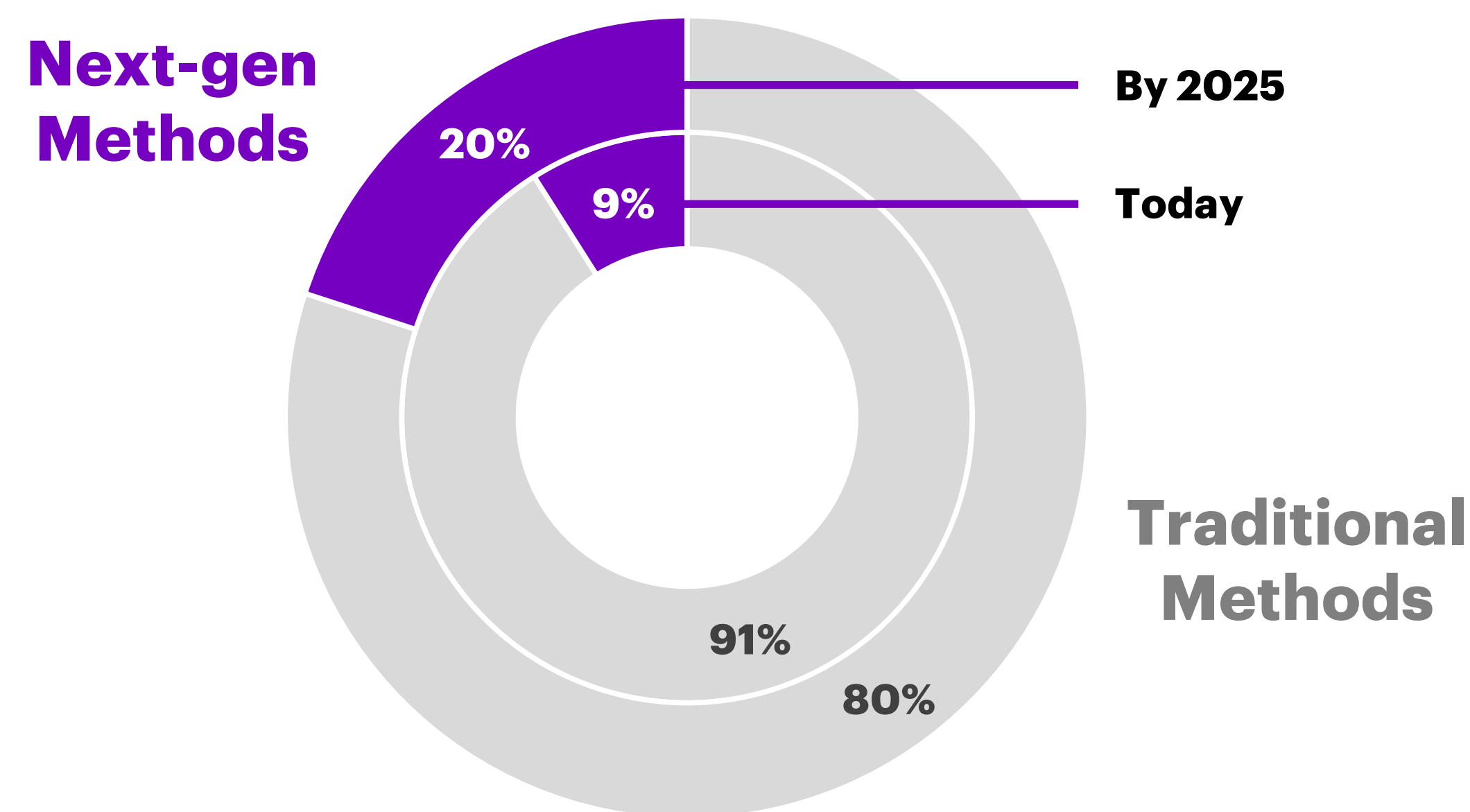


Source: 2022 Accenture Global Consumer Payments Survey

The channel and size of the transaction influence how consumers choose to pay

Figure 5. Next-gen payments as the primary in-person method are likely to grow in three years.

Q: Do you currently prefer to use traditional or next-generation payment methods? Which do you expect to be using in three years' time?



Note: Traditional payment methods include cash, cards, check and bank transfers, while next-generation payment methods include digital wallets, account-to-account payments, BNPL and crypto payments.

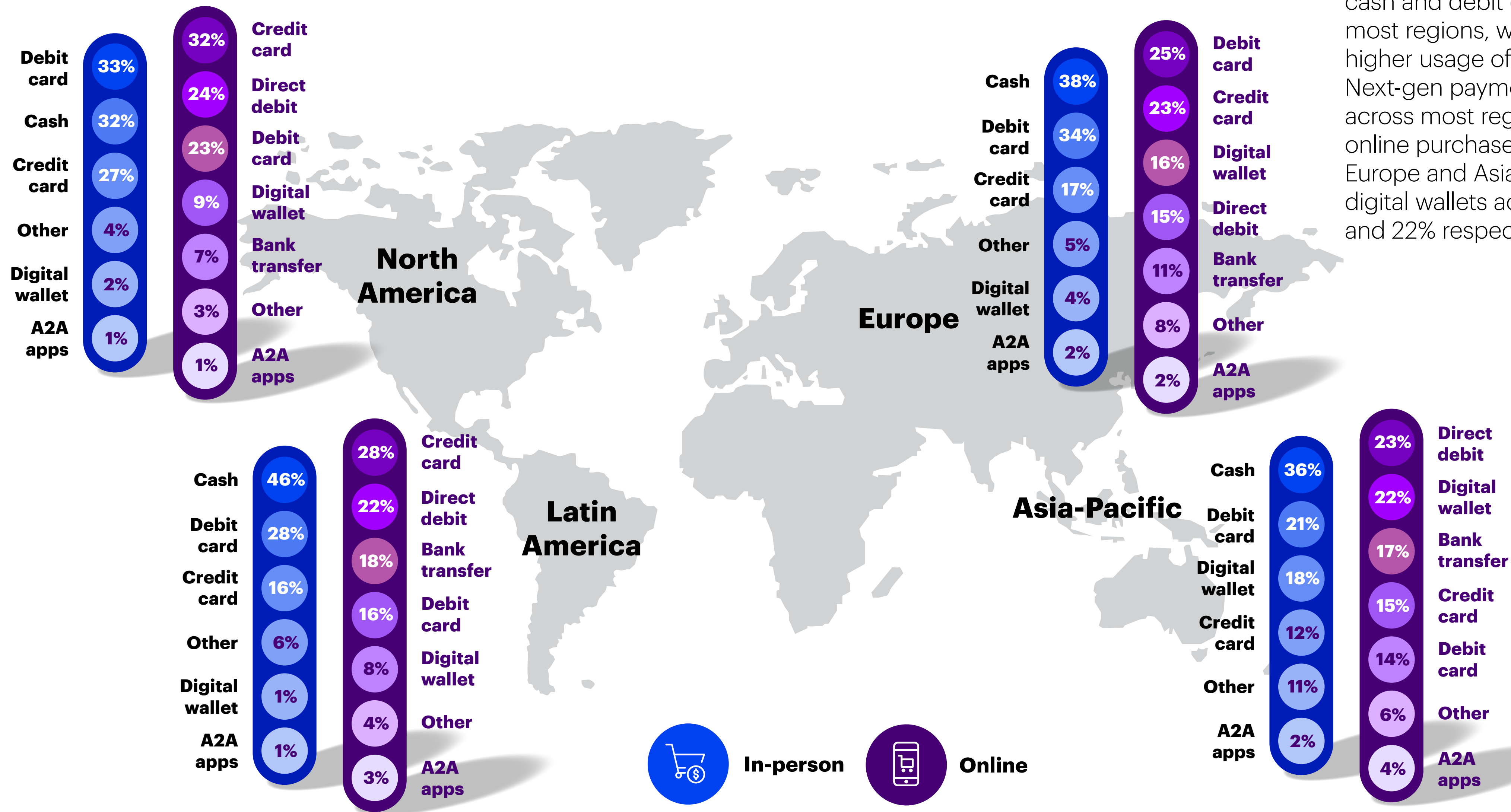
Source: 2022 Accenture Global Consumer Payments Survey

Our survey found that next-generation payments have taken off in the online world—20% of respondents use one or more next-gen methods for e-commerce, especially for small purchases. But a similar trend is affecting the real world—9% of consumers use these methods as their primary way to pay for face-to-face transactions. This number is expected to double in the next three years.

In most territories, consumers tend to prefer to use cash and debit cards for smaller in-person purchases such as groceries, clothes and transportation. A higher percentage of consumers in Asia-Pacific use digital wallets for small purchases than in the other regions. For larger face-to-face purchases such as appliances and travel, consumers tend to use cards, especially credit cards.

Next-gen payment methods are widely used for online purchases, especially for small-ticket items in Europe and Asia-Pacific. But cards are still preferred by the majority of consumers in the US.

Figure 6. Top primary payment methods for small-ticket items.

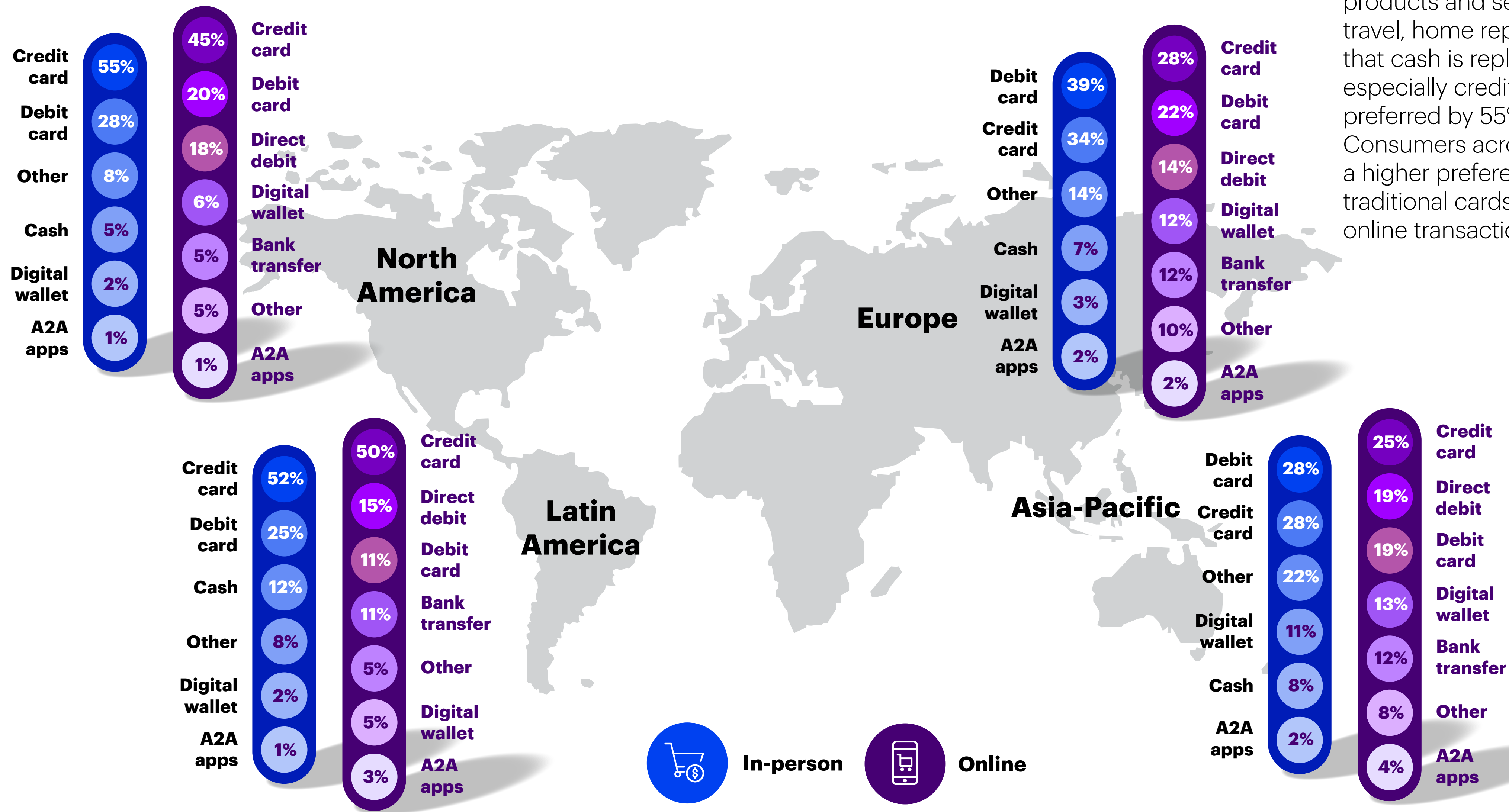


For small-ticket in-person purchases, cash and debit cards are used in most regions, while Asia-Pacific has a higher usage of digital wallets (18%). Next-gen payments are widely used across most regions for small online purchases, especially in Europe and Asia-Pacific, where digital wallets account for 16% and 22% respectively.

Source: Accenture Payments Survey, 2022

Note: 'Other' includes checks, cryptocurrency, pre-paid vouchers, banks' apps, bank transfers and buy now, pay now.

Figure 7. Top primary payment methods for big-ticket items.



For face-to-face purchases of larger products and services (appliances, travel, home repair etc.) we found that cash is replaced by cards, especially credit cards—which are preferred by 55% of US consumers. Consumers across all regions have a higher preference for using traditional cards for larger online transactions.

Source: Accenture Payments Survey, 2022

Note: 'Other' includes checks, cryptocurrency, pre-paid vouchers, banks' apps, bank transfers and buy now, pay now.

Digital wallets: the most popular next-generation payments option

Since they're often used to digitize a consumer's existing debit or credit card, digital wallets straddle the worlds of traditional and online payments. Three out of four (75%) digital wallets are linked to a credit or debit card and use traditional card rails rather than replacing them. The introduction of a convenient next-generation experience on top of a card which the customer already owns has helped to drive significant adoption.

Consumers who participated in our survey are already making more use of digital wallets than credit cards. More than half (56%) of respondents use digital wallets more than five times a month to transact, compared to 48% who use their credit cards that often. Most (60%) consumers who use digital wallets use more than one, due to individual use cases offered by wallet providers.

Wallets from major retailers or hospitality brands, for example, offer perks such as loyalty rewards and may only be used to purchase products and services from those brands. Wallets such as PayPal, Apple Pay and Google Pay can be used at a far wider range of merchants. Much of the innovation in digital wallets has been driven by non-banks, such as the bigtechs.



What is a digital wallet?

A digital wallet is an application that allows you to pay from a mobile device so that you don't need to carry your cards around with you. It securely stores your payment information and passwords. You enter and store your credit card, debit card, or bank account information on your phone or tablet. You can then use your device to pay. Digital wallets require you to connect to a debit or credit card or to top up your account with funds. You authenticate payments using biometrics, a passcode or a one-time PIN.

Major digital wallet players are continuously expanding their solutions to be more competitive. PayPal, for example, has come to market with a BNPL solution. In the third quarter of 2022, it processed nearly \$5 billion in BNPL volume, up 157% from the prior year.¹

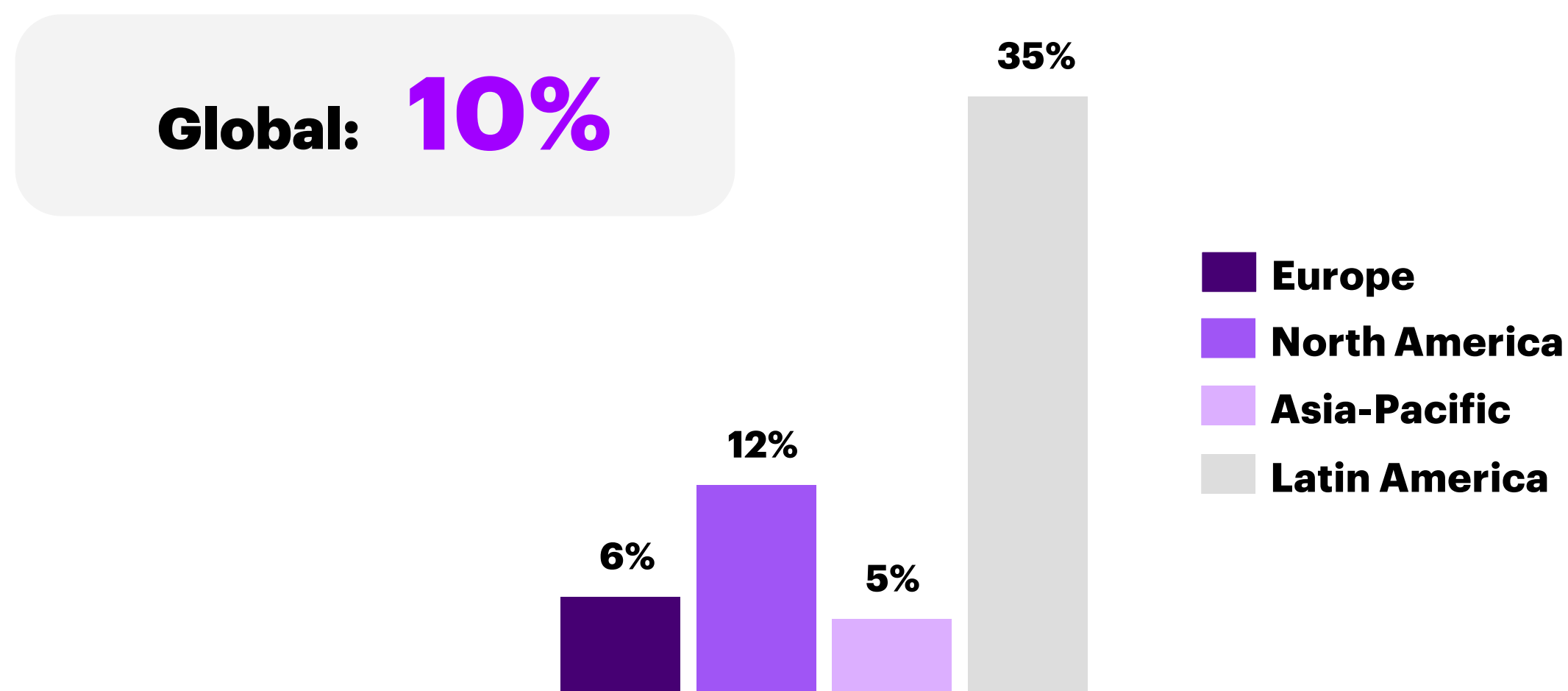
Fintechs like Revolut are also driving innovation. Revolut offers a single app that enables users to exchange currencies, send money through social networks and spend with a multi-currency card everywhere Mastercard is accepted.

The pioneers in digital wallets are continuing to innovate, adding new products and valued services to their wallets in an effort to grow their share of their customers' spend. Apple, for instance, has added a digital card to Apple Pay. Apple Pay is also a contender in the BNPL market and has rolled out tap-to-pay features to compete with other contactless payment providers.

The early movers managed to secure a strong foothold in the markets they targeted, but only a few players have established themselves as major contenders in more than one or two markets.

Account-to-account (A2A): An emerging alternative to card payments

Figure 8. The share of consumers in each market who use account-to-account payment at least five times a month.



Source: Accenture Payments Survey, 2022

Our survey reveals that A2A adoption is rapidly ramping up, with 10% of all respondents using the method at least five times a month.

A2A payments are lightly regulated or unregulated in many markets. This means there is a higher risk of fraud than with traditional payments. Despite high-profile social engineering and phishing scams on A2A services, consumers are willing to take the risk because A2A payments are fast and convenient. From a merchant perspective, A2A transaction fees are lower than those of cards.

A trend to watch for is A2A enabling underbanked nations to improve financial inclusion, leapfrog cards and move directly to digital wallets for the mass market. Consider the high levels of A2A usage in Latin America, where cash was traditionally king because of the high costs associated with cards and alternative payment methods.

What is A2A?

Account-to-account payment involves moving money directly from one account to another without the need for additional intermediaries or payment instruments such as cards.

In 2020 the Central Bank of Brazil launched an A2A payments system called PIX.² Merchant transaction fees for PIX are only 0.22% compared to 1% for debit cards and 2.2% for credit cards. Two years later, 69% of Brazilians report that they use PIX at least five times a month. Nations where A2A adoption could follow a similar trajectory include India and Mexico.

Responsible BNPL: Bringing robust vetting to an unregulated segment

Buy now, pay later is the digital evolution of the installment and layby payments options that some retailers have offered for years. BNPL has high consumer appeal because it helps people stretch their budgets and shields them from interest payments.

Our survey respondents said they would double their usage of BNPL for online shopping in the next three years. Some 40% of respondents said they would be more willing to adopt BNPL if it was provided by their primary bank. In response to demand, incumbents like JPMorgan Chase³ in the US and TD Bank in Canada⁴ are dipping their toes in the water.

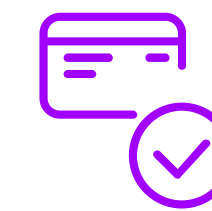
Banks tend to charge interest on their BNPL offerings, albeit at a lower rate than on their credit cards. But banks' entrance into BNPL could bring more stability to a sector that is mostly unregulated. By applying robust vetting and credit scoring criteria, banks can help prevent consumers from overextending themselves.

For banks, BNPL embedded into cards or as a standalone product represents an opportunity to promote financial wellbeing and help their customers optimize their finances via responsible lending. With consumers looking to reduce interest payments at this time of rising inflation and interest rates, BNPL could be a compelling way for banks to expand their product set.



6%

of consumers already use BNPL at least 5 times a month



62%

of current BNPL users think it could replace their credit cards⁵



40%

of consumers would be more willing to use BNPL if provided by their primary bank

Source: 2022 Accenture Global Consumer Payments Survey

What is BNPL?

Buy now, pay later is a short-term financing option that offers consumers the credit they need, often at the online or physical point of sale, to make purchases without immediate payment. The credit is usually repaid in interest-free installments, with fees incurred only if the repayment is late.

Consumers are considering alternatives for cross-border payments

Most consumers still use traditional options such as bank transfers (45%) and traditional money remittance providers (33%) for cross-border payments. However, they are increasingly willing to consider alternatives that are faster, easier, more convenient, and more affordable—for example, money remittance mobile apps (used by 10% of our survey respondents) or fintech-provided peer-to-peer apps (10%).

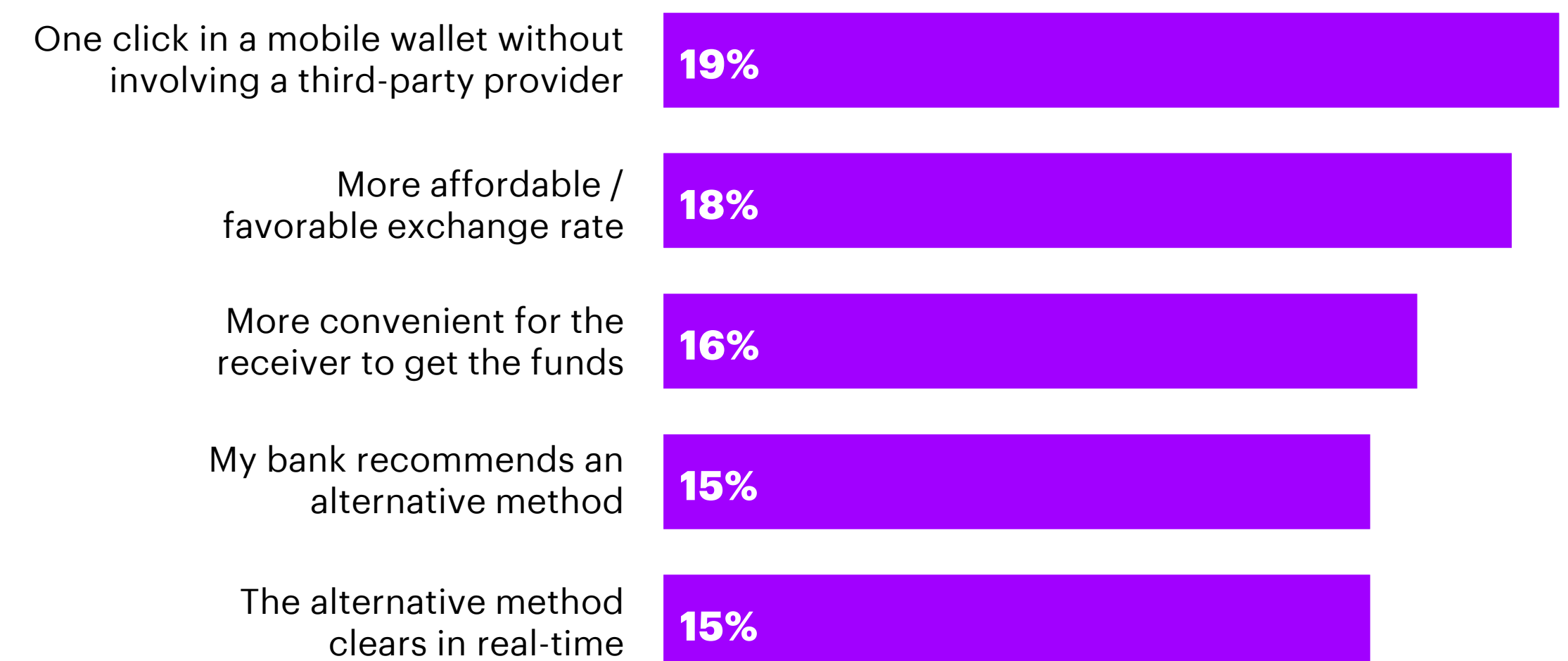
In some growth markets like Brazil, we see higher adoption of fintech peer-to-peer apps, with 29% of consumers preferring this method compared to the 36% who favor traditional bank transfers. These solutions offer a lifeline to unbanked populations in growth markets who traditionally use cash to send money abroad.

For many banks, remittances are an unprofitable sector due to small volumes; in some countries, banks have exited the space. For consumers in emerging markets, fintech applications are faster and more affordable. They also offer people in remote areas a financial service they may not otherwise be able to access.

Among our respondents, one in five claim to own cryptocurrencies. Consumers bought crypto for several reasons: as a long-term investment, out of curiosity or for speculation. However, 17% bought them to have access to an alternative payment method, and 12% claim they use it for cross-border payments.

Figure 9. Reasons most likely to persuade consumers to switch to a next-gen cross-border payments option.

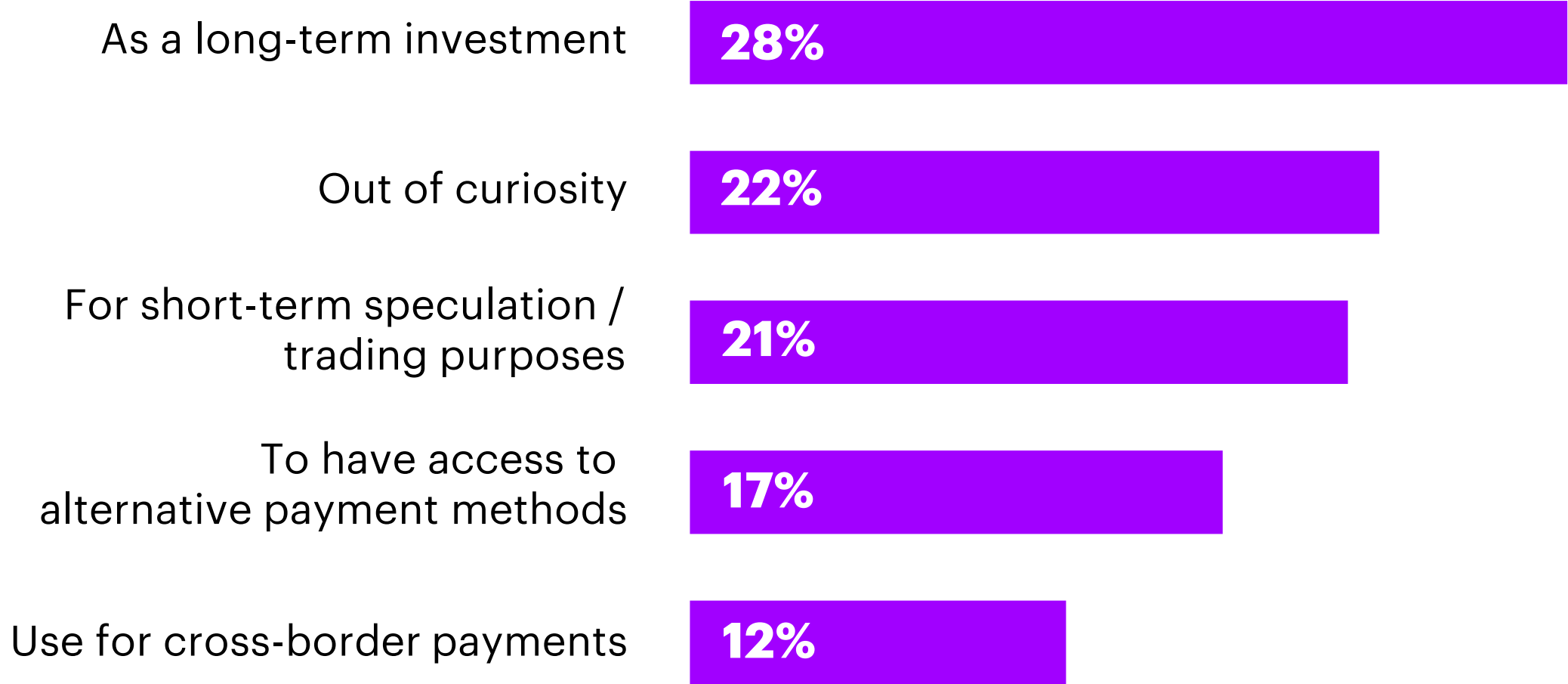
Q: Which of the following factors would convince you to change the method you use for cross-border payments?



Source: Accenture Payments Survey, 2022

Figure 10. The reasons why consumers bought cryptocurrencies.

Q: Why did you decide to purchase crypto currency?



Source: 2022 Accenture Global Consumer Payments Survey

The recent volatility in cryptocurrencies could slow down their adoption, at least until the market becomes more regulated. Central bank digital currencies (CBDCs) could eventually emerge as an alternative, but large-scale deployment is years away.

According to data from the Atlantic Council, 105 countries, representing over 95% of global GDP, are exploring a CBDC and 10 countries have fully launched a digital currency.⁶ Yet a lack of standardization and the complexity of harmonizing regulations across jurisdictions may impede usage of CBDCs for cross-border transactions.

What are the different types of digital currencies?

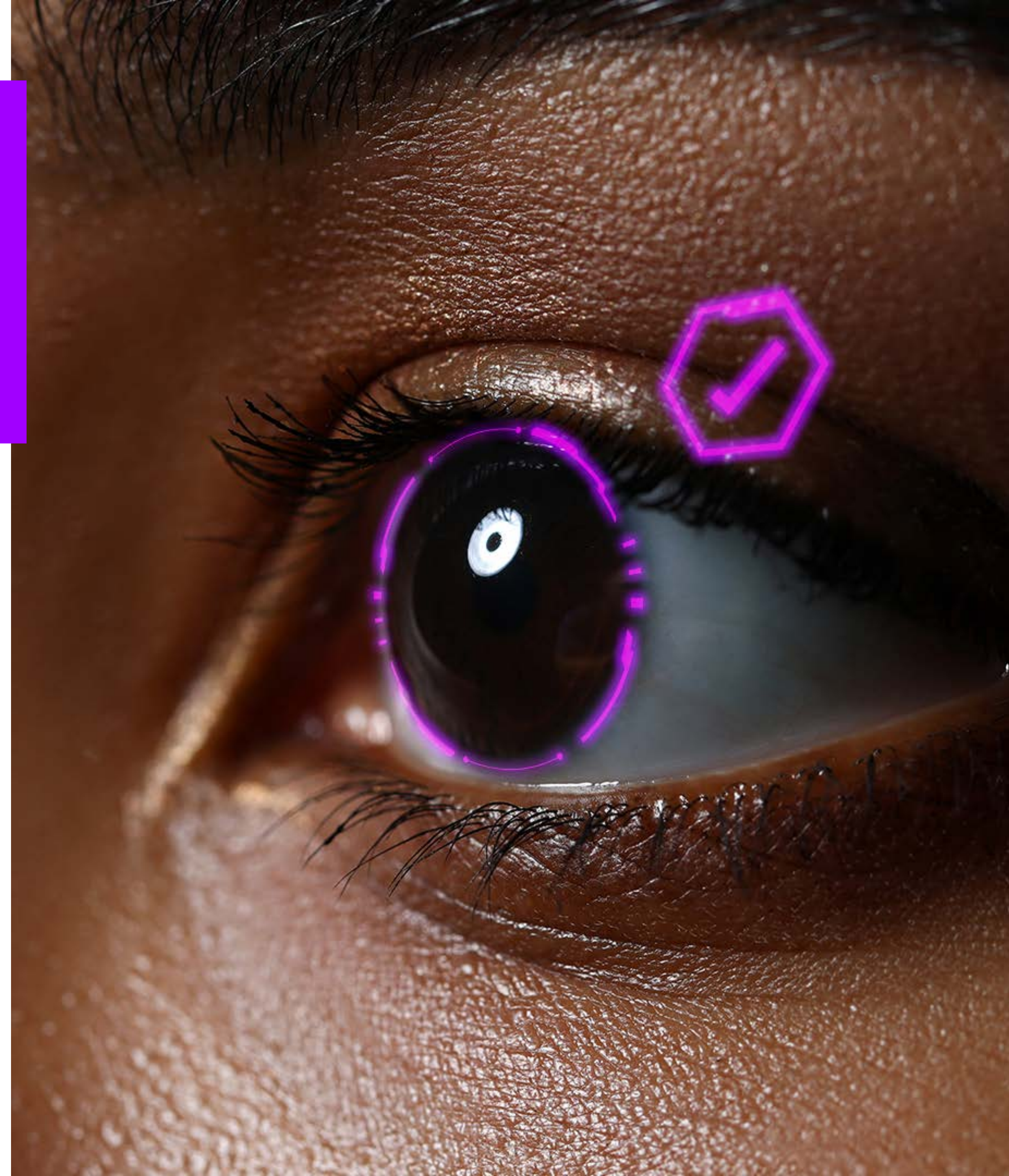
A **cryptocurrency** is a token on a distributed consensus ledger that represents a medium of exchange and a unit of account. It can be obtained, stored, accessed and transacted electronically, facilitating peer-to-peer transactions without going through an intermediary. A **stablecoin** is cryptocurrency designed to have a relatively stable price, typically through being pegged to a commodity or currency. A **central bank digital currency (CBDC)** is the digital form of a country’s fiat currency.

The future is even more seamless, but control remains important

Even when consumers are paying in-person, payments are increasingly becoming a fully digital experience, with new technologies such as biometrics and machine-to-machine payments removing even more friction. While still in its infancy as a transactional channel, the metaverse could also create new opportunities and bring disruption to the payments ecosystem.

Among our respondents, 42% agreed biometrics will be widely used by 2025 and 9% said they would be willing to use it as their primary method of in-person payment by 2025 if it were available. We estimate this could represent \$5.2 trillion in transaction value. Trailblazers such as Amazon, with its palm recognition payments solution, are already preparing for this future.⁷

Machine-to-machine (M2M) payments are automated, real-time payments between connected devices such as digital wallets, smart home devices or autonomous vehicles that require minimal or no human intervention. An example is a connected car paying for gas, battery charging, or parking from a digital wallet, without the driver getting out to present a card.



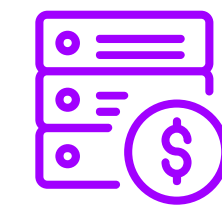
In fact, many consumers are already making small automated purchases, such as paying tolls with a transponder fitted to their car. Among our respondents, 42% said they would use M2M payment for low value transactions, but they still want control over their transactions. Some 58% are afraid of losing track of their payments if automated machines pay on their behalf.

Meta—the owner of WhatsApp, Instagram and Facebook—has led investment into the metaverse. The company recently revamped and rebranded Meta Pay, a possible first step toward creating a digital wallet for the metaverse.⁸ We found that 58% of consumers are afraid to transact in the metaverse as they don't trust the payment providers. But 50% would be more comfortable transacting in the metaverse if their primary bank facilitated the transaction.



42%

of respondents would use machine-to-machine payments for low value purchases



58%

are afraid of losing track of payments if automated machines pay on their behalf

Source: 2022 Accenture Global Consumer Payments Survey

“I’d like to see a feature that makes it a little easier for me to access my digital wallet. Being able to just use my face or fingerprint recognition would be great.”

Amy, 38, Tucson, US



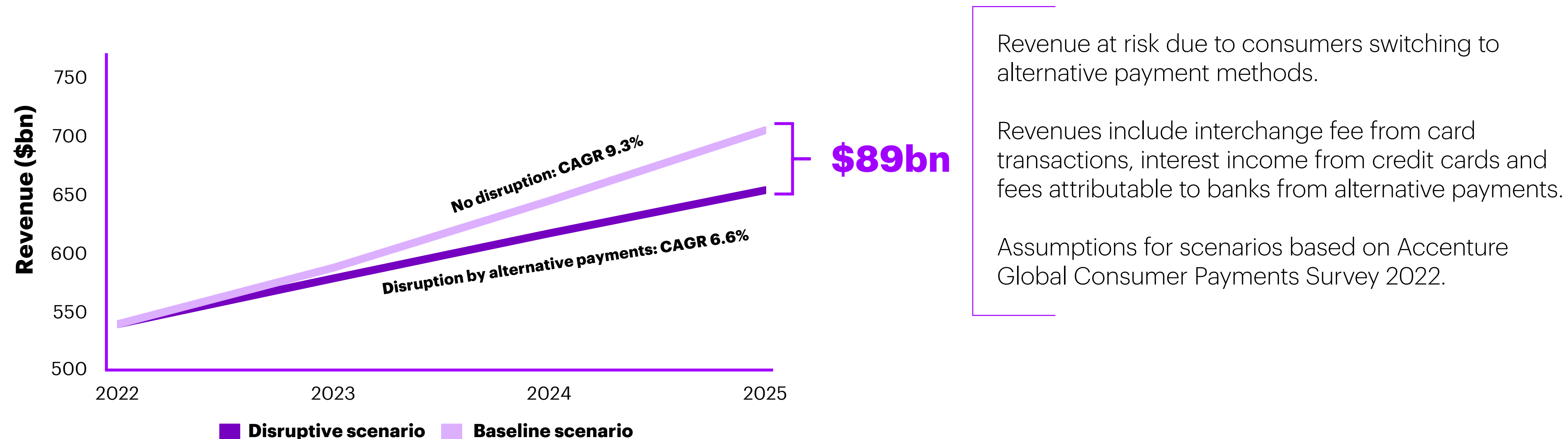
Turning disruption into opportunity for growth

Revenues are at risk as competition heats up and consumer behaviors evolve

Based on the trends we uncovered in the survey and an analysis of global payments revenues, Accenture believes there is significant revenue at risk for banks that are slow on the uptake when it comes to investing in next-generation payments options. Our analysis suggests that disruptions in payments mean that 4.6% (\$89 billion) of banks' payment revenues between 2022 and 2025 are at risk.

North America accounts for \$34 billion of the total revenue at stake, followed by Asia-Pacific (\$24 billion) and Latin America (\$25 billion). In Europe, where more than 55% of consumers do not make regular use of credit cards, only \$4 billion is at risk.

Figure 11. Payments revenues at risk of disruption.



Source: Accenture analysis based on GlobalData

Trust is an advantage for banks—but it's not enough

In a time of economic volatility and evolving customer expectations, banks have an ace in the hole: consumers trust traditional financial institutions more than they do bigtechs, fintechs and other next-generation players. Battered by the COVID-19 crisis and facing rampant inflation, consumers are gravitating towards financial brands that project stability and security.

Consumers have faith that banks are not only financially stable, but also that they can be trusted to offer a secure environment for transactions. They are confident that regulators will step in when fraud or bankruptcies arise. By contrast, consumers' confidence in next-generation payments providers and newer instruments such as cryptocurrencies has been shaken by high-profile incidents of fraud and mismanagement.

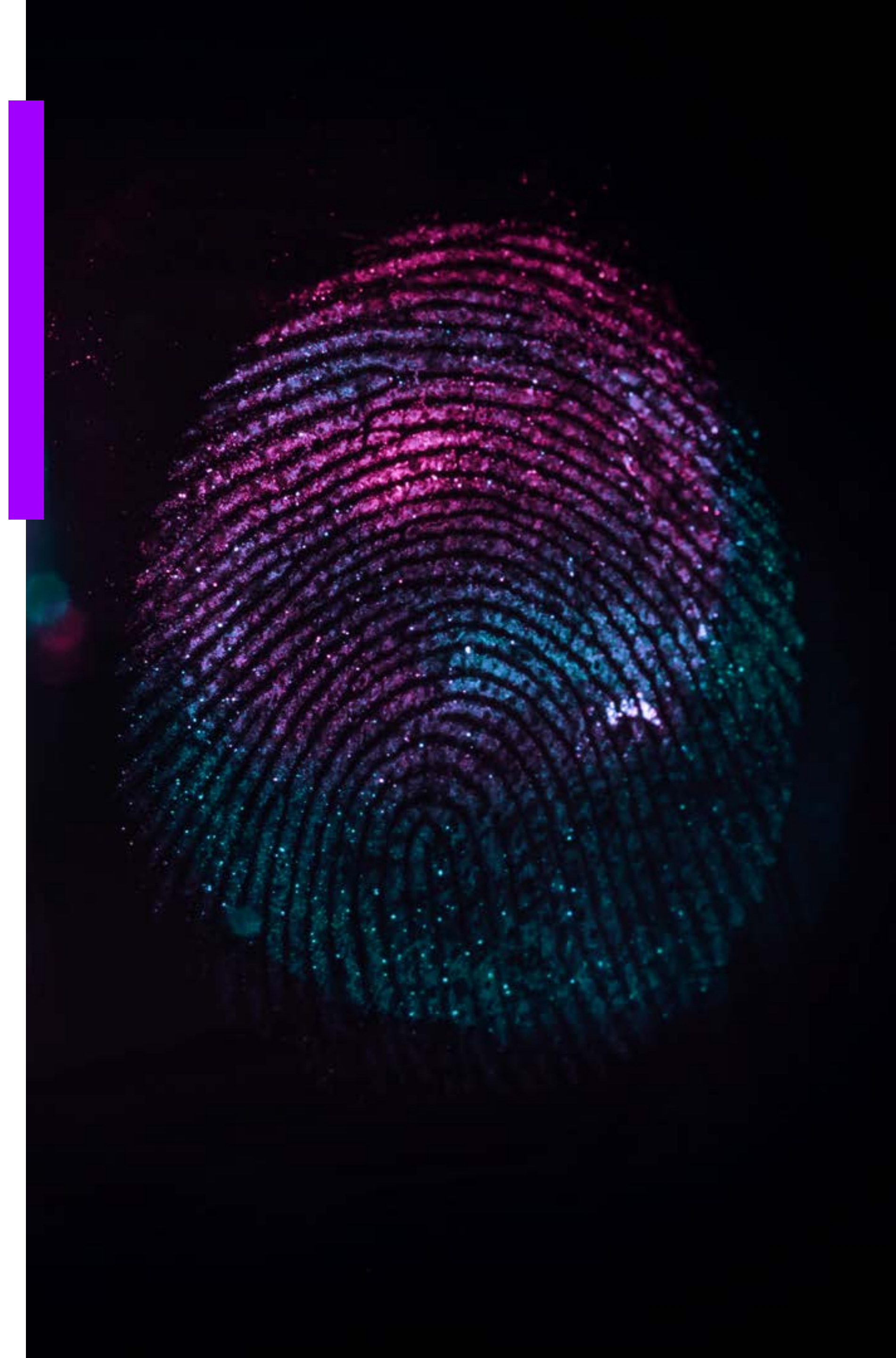
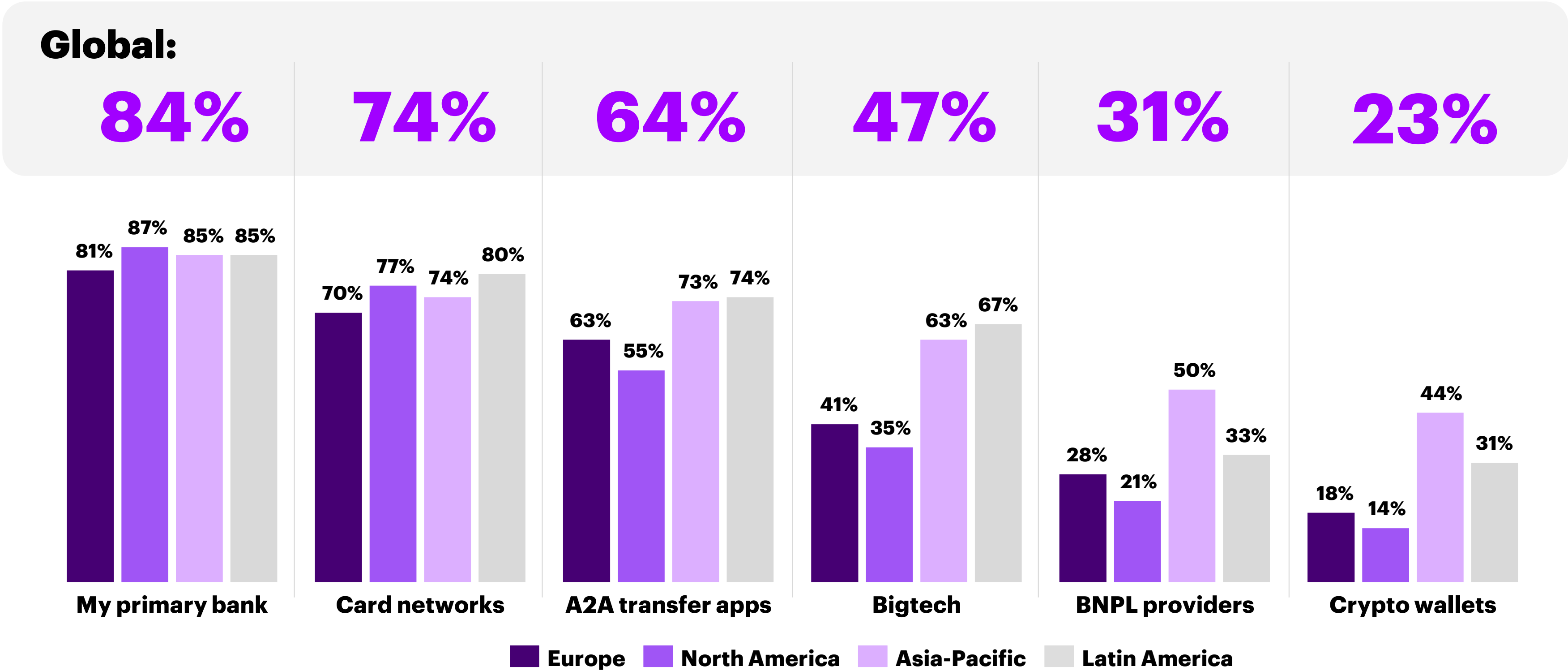


Figure 12. Banks are trusted to offer secure payments.

Percentage of consumers who trust organizations to provide a secure environment for payments and purchasing.



Source: Accenture Payments Survey, 2022

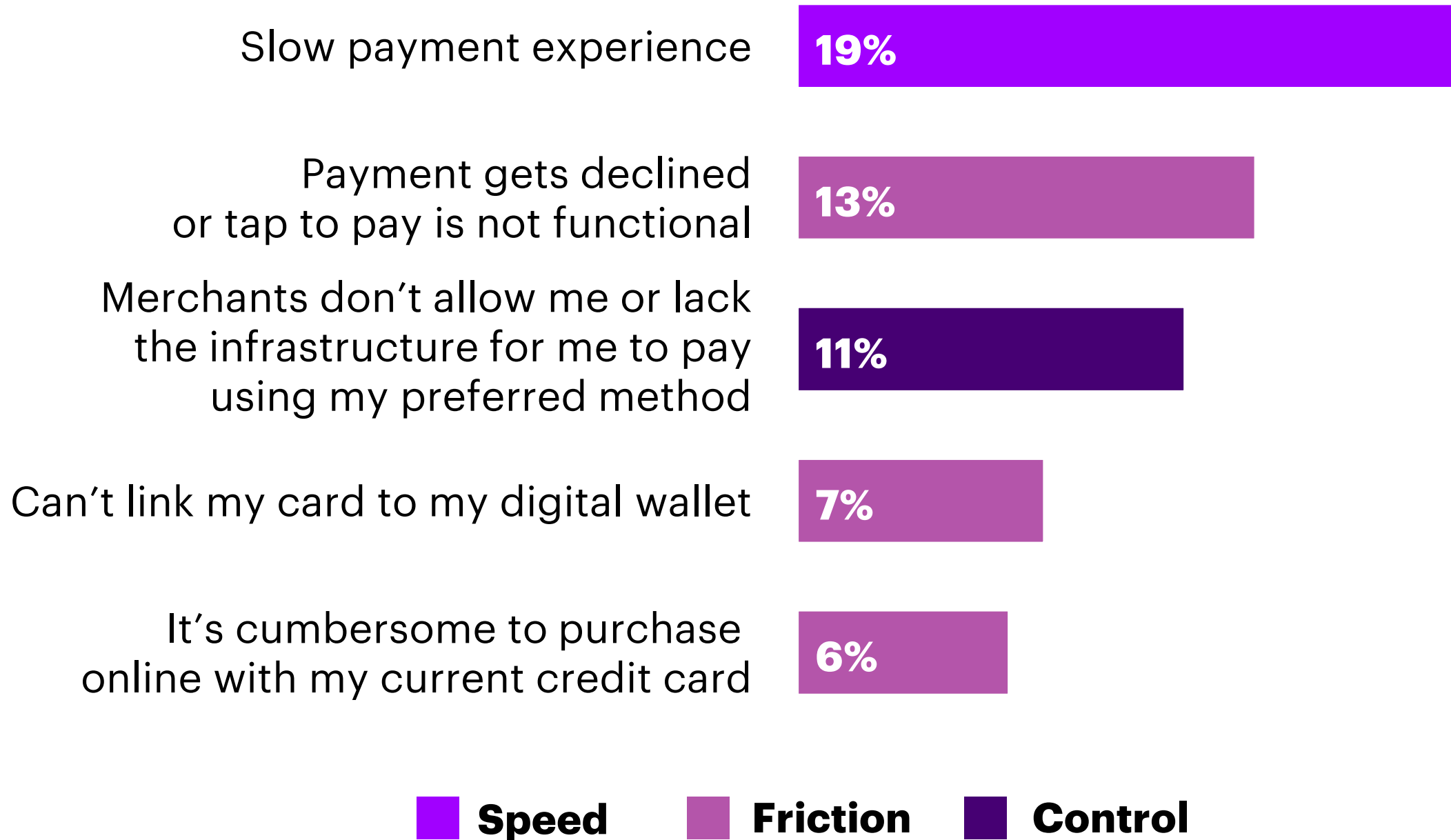
Our research indicates 84% of consumers trust their bank, compared to just 31% who trust BNPL providers. Because they trust banks to secure payments, more than a third (38%) would be willing to use next-generation payments instruments such as BNPL and crypto if provided by their main bank. This offers banks an opportunity to step in with solutions that level the playing field with new entrants.

That said, banks cannot count on trust alone as a competitive edge that will last forever. While consumers have less trust in next-gen payment solutions and providers, they are still willing to try alternatives to their banks' traditional offerings. This is especially true when they are frustrated with their banks' payments experience or if they have needs that the bank is not addressing.

Consumers want friction-free experiences, but control matters too

Figure 13. Consumer payments frustrations.

Q: What are your greatest frustrations with current payment methods?



Source: 2022 Accenture Global Consumer Payments Survey

Our survey reveals that consumers are frustrated with current in-person and online payment options. Slow transactions, failed payments and a lack of merchant support for their preferred payments options are among the biggest frustrations consumers reported in our survey. Banks need to offer frictionless experiences or risk losing customers to players that offer more flexibility, speed and ease of use. It is not surprising that the key drivers for adoption of next-gen payment methods are solutions that address the frustrations.

Fintechs are identifying new areas of consumer friction and delivering innovative solutions.

In a landscape characterized by rapid technology evolution and economic uncertainty, consumer needs are evolving fast. Agile fintechs are already responding to emerging consumer needs. Our survey found that 39% of respondents would like to get paid as they work (earn as you work) each day rather than weekly or monthly. Fintechs like GajiGesa⁹ in Indonesia and Symmetrical.ai¹⁰ in Poland already offer solutions that allow employees to get their salary on demand earlier rather than on the date of the scheduled money transfer. Collaboration with these fintechs could enable banks to stay ahead of the curve.

Consumers are eager to adopt streamlined solutions that offer flexibility, speed, and ease of use, without sacrificing security. According to the survey, security is a key advantage of digital wallets. Consumers also appreciate

seamless money transfers and tap to pay. They don't just want payments to be easy—they want options that help them to control their budgets and manage their financial wellness.

Figure 14. The attributes of digital wallets which consumers value most.



Source: 2022 Accenture Global Consumer Payments Survey

“I’ve stopped using my debit card as much and I’m using cash just to be able to budget easier, feel more in control, less tempted to overspend. I can only spend what’s in my purse, so I don’t go looking around for little extra treats to give myself.”

Lyndsey, 44, Rochdale, UK.

Is the super-app's time at hand?

One way that banks could address consumers' demand for solutions that help them control their payments and financial lives is by developing super-apps. Our research finds there is a growing segment of consumers ready to embrace apps that offer full visibility of payments together with disparate financial products like savings, cashback, rewards, investments, and wealth management.

Today, there are only a handful of true super-apps—such as Line in Japan—most of them in Asia-Pacific. But our research suggests that the time for super-apps may finally be at hand in other markets, too. Furthermore, we are seeing players as disparate as PayPal, Revolut and even Twitter move towards becoming super-apps.

What is a super-app?

A super-app is a mobile or web application that can provide multiple services including payment and financial transaction processing. It is a self-contained commerce and communication online platform that embraces many aspects of personal and commercial life including activities such as travel, entertainment, traffic updates, personal services from providers such as doctors, and more.

India's Paytm¹¹ and PhonePe¹² offer not only payments options and financial products (insurance, equity trading) but also train tickets and cinema bookings. Paytm already has 300 million users in India and aims to deliver financial inclusion to 500 million consumers, in a country where 13% of the adult population is unbanked¹³.

Not all consumers will seek the same journey. Some are likely to desire payments options that are simply fast, convenient, secure and easy to understand. Furthermore, 56% of users want the convenience of a single app for all payments, and 60% want a single app which tracks payments from multiple payment providers, giving them greater transparency and control.

Others yet might be interested in apps that combine financial and lifestyle options in one place. From the consumer's perspective, ease of transacting is the most important feature in a super-app, followed by control and convenience. Many consumers value having transparency of their purchases and the ability to consolidate shopping and reward programs in a single app.

There will be nuances in in super-app adoption between different customer segments and markets. But our survey shows that banks are well positioned to capitalize on consumer trust to offer super-apps. Among respondents, 43% said they trust that their bank's app is secure and would be happy to use it for as many everyday life activities as possible.

56% of users want the convenience of a single app for all payments

60% want a single app which tracks payments from multiple payment providers, giving them greater transparency and control

Source: 2022 Accenture Global Consumer Payments Survey

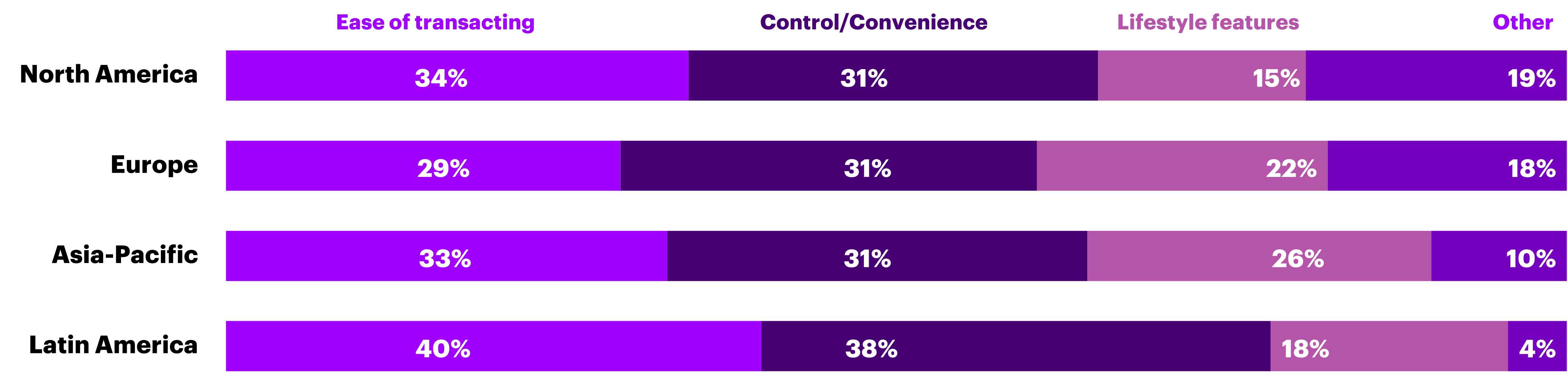


Avo super-app drives consumer engagement for Nedbank

Avo from Nedbank in South Africa is a super-app that aggregates services and goods from a variety of providers. The app started out as a platform to buy groceries, order a meal, or access services like plumbing. It has since expanded into offerings such as Avo Auto—an end-to-end virtual vehicle mall.¹⁴ Avo has grown to 1.5 million users and 21,000 merchants since it was launched in 2020.

Figure 15. Features that would encourage consumers to adopt super apps.


Q: Which attributes would be most likely to persuade you to use a super-app?



Source: 2022 Accenture Global Consumer Payments Survey

“I would love to have a digital wallet able to link to a store’s loyalty system and process all your payments in one place.”

Shivanjani, 36, Brisbane, Australia



Taking the pain out of payments: four strategies for banks

Making it safe and easy to pay anywhere, anytime, anyhow



Consumers are re-evaluating how they pay in a time of rising inflation and interest rates, but secure and frictionless experiences matter more than ever to them. Banks can increase their consumer relevance, defend wallet share and drive revenue growth with next-generation payments that make it safe and easy to pay anywhere, anytime, anyhow.

PayPal and Apple Pay are examples of digital wallets that have driven above-average adoption and usage by offering a smooth user experience. Amazon Go offers an example of a next-generation payments experience that makes payments even more seamless.¹⁵ Customers at an Amazon Go store never need to wait in line. They simply enter the store, take the products they want to buy, and leave.

The customer's Amazon Go Android app is linked to their Amazon account for billing. After they leave the store, their receipt is available and they are charged using their preferred payment method. Purchase, checkout, and payment at Amazon Go stores are fully automated using technologies such as computer vision, deep learning algorithms, and sensors.

Successful players will tailor their strategies to the competition, regulation and evolving consumer behaviors in their markets. While simplicity and convenience are key, security and reliability are also essential—even a few hours of downtime can create chaos for retailers, service providers and customers alike. So too is

speed—consumers are more insistent than ever that payments are effected in as near to real-time as possible. This places a liquidity burden on financial institutions, which is a more important issue now that global markets are facing a rising interest rate cycle. The growth of digital transactions increases the potential for fraudulent transactions and technology failures. Protecting payments systems from these threats should be a core focus for both banks and non-bank players.

To achieve seamless payments experiences, banks can choose to pursue one or more of the following strategies:

1. Partner to scale

Players following this strategy will scale quickly to ensure rapid adoption of their next-generation payments solutions. Simple customer journeys and the right partners are the keys to success. Banks in many markets have defended core payments revenues by collaborating with each other to lock out new entrants.

In the US, for example, Bank of America, Truist, Capital One, JPMorgan Chase, PNC Bank, U.S. Bank, and Wells Fargo launched the Zelle peer-to-peer money transfer app in 2017. Since then, more than five billion transactions and nearly

\$1.5 trillion have moved across the network.¹⁶ Banks in Poland built the Blik national A2A payments system to avoid losing market share to non-banks.¹⁷

Building on their Apple Card partnership, Goldman Sachs and Apple are introducing high yield savings accounts for Apple Card holders. Under the agreement, Goldman Sachs will administer the zero-fee, FDIC-insured accounts.¹⁸ This partnership has the potential to bring new customers to the bank and provide a significant platform to scale other products in future.

2. Simplicity and speed

Banks that choose this strategy will focus on increasing customer intimacy through deep insight into customers' behaviors and needs. Most banks are already offering banking apps and digital wallets to replace physical branch interactions and digitize payments. While these applications are limited in functionality, usage is high, and customers trust the apps.

Banks can invest in artificial intelligence (AI) and the cloud to contain costs and streamline the experience. Wise is a fintech with a vision of making international money transfers cheap, fair, and simple.

Today it stays true to its core strategy of international payments but has laser focus on reducing friction and cost for its customers. It added an international debit card to its product portfolio to better serve travellers shopping abroad. It serves 13 million customers and move more than \$10 billion per month, saving customers \$3 million a day compared to traditional international payment services.¹⁹

3. Niche focus

Banks can differentiate their payments brands by focusing on customer or product niches. Deep understanding of customer requirements and the right partnerships are essential.

Minna Bank, Japan's first digital bank, launched an innovative banking and payments app which saw more than 1.6 million downloads in the past 18 months. Key to its success is its core customer-centric strategy and a commitment to developing services from the customer's perspective.²⁰

4. Beyond payments

Banks can go beyond payments with online marketplaces or super-apps. Such a strategy can position them in the center of consumers' digital lives. They will need to use dynamic data to understand and respond to consumers' requirements, and are likely to partner with other companies in the ecosystem to identify and resolve customers' unmet needs.

Players such as PayPal illustrate how such a strategy succeeds when banks invest in core technologies such as cloud and AI to enable easier partner integration and speed to market. Part of PayPal's success lies in its ability to partner at scale with players like banks, commerce platforms and other fintechs.²¹

These partners give PayPal access to incredible skills, technology and market entry assets, which it leverages to reduce friction and expand its product portfolio.

Singapore's DBS, meanwhile, collaborates with start-ups through a marketplace enabled by application programming interfaces (APIs). Its open banking marketplace curates a range of experiences from partners in health, cars, education, travel, property and more.²²



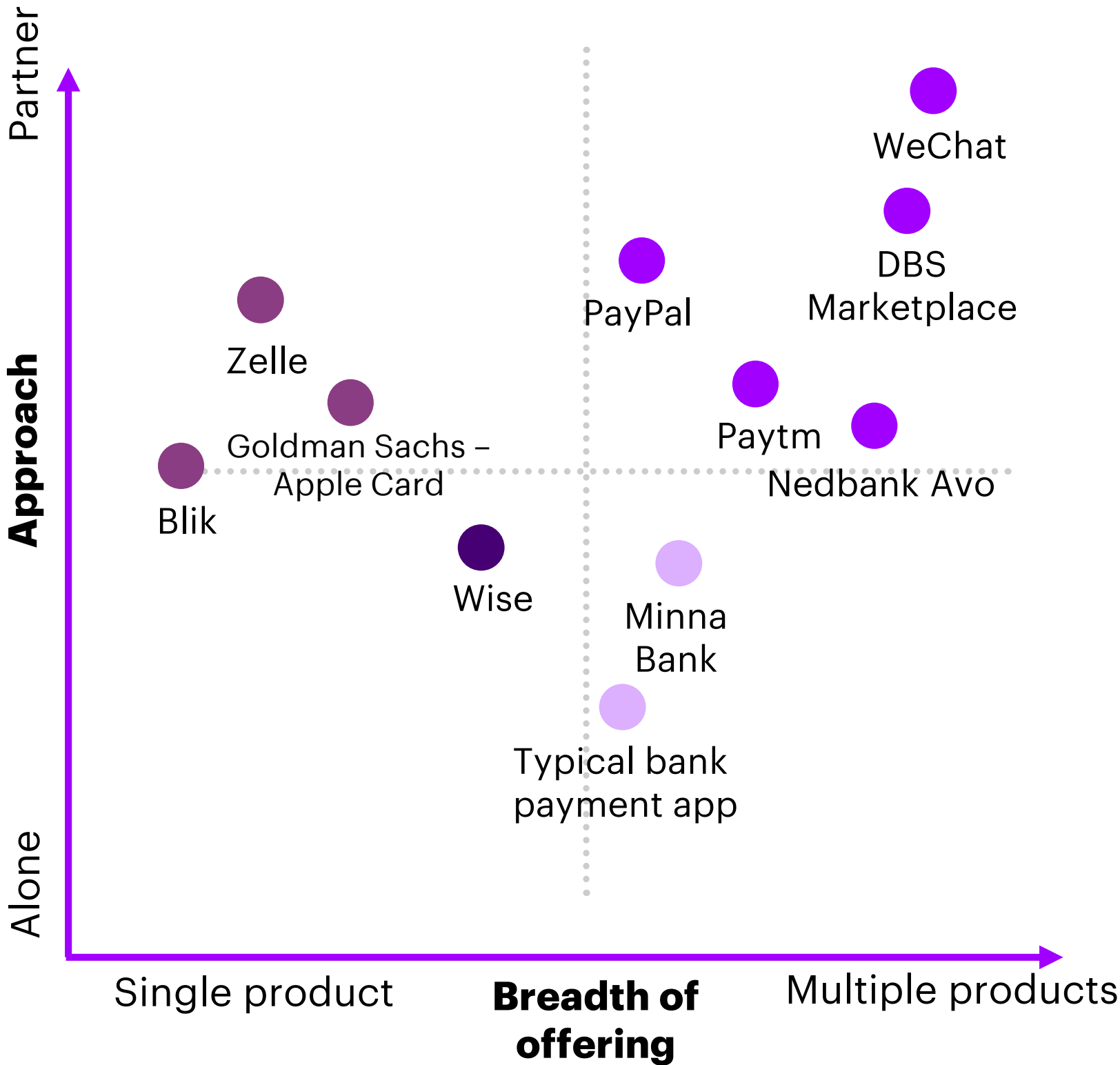
Figure 16. Four potential strategies for banks aiming to grow their payments revenues.

1. Partner to scale

- Customer journey front and center—a differentiator
- Select product sets are key, while choosing partners to scale quickly

2. Simplicity and speed

- Speed and convenience are key differentiators
- Cost containment is key to competitiveness



3. Beyond payments

- Super-app—continued innovation
- Dynamic data—continuous customer monitoring and product integration
- Pro-active new product identification / solving unmet needs
- Ecosystem collaboration is key to success, always enhancing product value
- Technology priorities e.g. cloud, AI to enhance agility and speed to market

4. Niche focus

- Data intimacy—better understanding of customer requirements is key to success
- Differentiate payment product—select partners to enhance solutions and focus on unmet needs

Sources: Accenture Research Analysis

Put a stake in the ground

Banks walk a delicate line between protecting their existing interchange fees and interest income from traditional payments on the one hand, and capitalizing on revenues from new digital payments options on the other. While many banks are making investments in newer technologies, their core focus remains on protecting the integrity of their core banking systems and avoiding risk.

However, as our consumer data reveals, customer behavior is evolving at a rapid pace and new competitors are appearing as quickly to meet any emerging needs that banks are unable to address. In a recent survey, 94% of banking executives agreed that people's lives are changing faster than they can change their business.²³

With rising interest rates pushing up the price of money, both payment providers and consumers are impacted. Consumers are already considering switching to a different primary payment method to reduce cost, while providers find it more difficult to maintain liquidity in the face of growing demands for real-time payment in a rising interest rate environment. Consumers will welcome solutions that give them more choice and control in payments, while providers should ensure liquidity through predictive solutions. The revenue opportunity at stake is significant, and now is the time for banks to choose a strategy that will ensure their future growth and relevance in payments.



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About the research

This report draws on insights from the Accenture 2022 Global Consumer Payments study, a survey of 16,000 customers in 13 countries spanning Asia-Pacific, Europe, Latin America and North America. Fieldwork took place between 10 August and 19 September 2022. The margin of error (at the 95% confidence level) is $\pm 1\%$ at the global level and $\pm 3.1\%$ at the country level. We enriched these insights with a VoxPopMe-powered video survey among 60 consumers based in the UK, the US and Australia in August 2022. We used our proprietary consumer survey data and data provided by GlobalData to estimate the revenue pools for in-person card payments and total online payments. The model included the forecast and scenario analysis.

To estimate the total payment revenue pools for all online payments and in-person card payments, and thereby to calculate the revenue at risk for banks, we examined data provided by GlobalData and UK Finance, and taken from our proprietary global consumer survey run by Accenture Research in August 2022. We included interchange fees from all card transactions, interest income from credit cards, and fees attributable to banks from alternative online payments. Using the consumer survey results and an analysis of recent payment trends, Accenture Research carried out a scenario analysis to estimate the payment methods likely to be used, in future, by consumers in each of the 13 countries in our sample (which together represent 83% of global bank payments revenue). These estimates were extrapolated globally.

The scenario analysis was based on current consumer payment preferences and expected changes in payment flows as indicated by survey respondents. For example, we discovered that some consumers plan to switch from credit cards to debit cards, while others plan to adopt digital wallets instead of cash as their primary method of payment. Our baseline as-is scenario—which is built on our proprietary Accenture Payments Revenue Model—was adjusted accordingly, incorporating inflation, country-specific dynamics, and input from our global payment experts.

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