The answers we gathered as part of the survey are now available in this state of the market infographic below. We hope that the results below provide you with peer-to-peer industry feedback and the latest trends relating to payments.

The Payments Association conducted a survey with both our members and the wider industry.
Q1 Where did our respondents come from?

- 55% UK
- 22% Europe
- 8% Americas
- 5% Africa
- 3% Middle East
- 2% Australia & Oceania
- 5% Asia
- 63% C-level/VP/Director
- 37% Other
- 3% Other
Q3 Which industry segments do our respondents represent?

- Banking / credit institutions: 17%
- Card issuer processor acquirer scheme / network: 12%
- Card program - own brand card program or program manager: 2%
- Card hardware - pos terminals card manufacturer atm's other: 2%
- Non-bank financial institution - emi pi pisp aisp: 12%
- Solution provider - kyc mobile apps saas platform etc: 19%
- Crypto: 2%
- Government and regulatory: 3%
- Professional services - law audit accountancy etc: 8%
- Investment-community: 1%
- Media and trade associations: 1%
- Other services - consulting marketing pr etc: 19%
- Retailer: 2%

Q4 Who took the survey?

- The Payments Association members: 36%
- Wider industry: 64%
Q5 Who are the respondents customers?

(In this question respondents were given the option to choose more than one answer. The percentage represents each answer chosen by the respondents)

- 43% Merchants
- 64% Banks
- 27% Consumers
- 55% Enterprises
- 23% Other

Q6 What do you see as the biggest challenge ahead for the payments sector?

- 21% Financial crime and cyber-security threats
- 25% Compliance with new regulation and policy
- 14% Keeping up with digital transformation
- 13% Implementing new payment methods
- 4% Wider/macro economic downturns and shifts
- 5% Understanding what the customer wants
- 13% Streamlining backend infrastructure and processes
- 5% Other

Other Answers included:
- Delivering sustainable long-term value
- Education and adoption of Cryptocurrency as a payment type
- Recruitment, skills and talent
- The potential impact of AI
- Reinventing business models

Please share why you chose the above answer:

- Moving into the future you will see more and more in the crypto payments space, with it being NEW, there will be a great amount of education that will go along with the process to help further the adoption of Crypto as a payment type.

- FS institutions and other businesses have invested poorly on modernisation of infrastructure and given the fast-paced change of customer demands and digitisation, it will be a serious effort to properly modernise infrastructure - particularly where cross-border payments are concerned.

- Technology is changing and developing at a rapid pace with consumer adoption not far behind. There is a danger of technology outpacing regulation that could lead to increased fraud and criminality. Financial institutions must ensure that they keep up, if not be one step ahead of innovation.

- New-age customers are more demanding and want a personalized experience. Banks and enterprises need to design human-centric experiences to accommodate different user personas. Understanding users’ expectations is a challenging and time-consuming task. Additionally, it is very difficult to incorporate the expectations of different users in omnichannel experiences.

- There seems to be an increase in (advanced) threats from phishing and cyber attacks towards FIs and their clients. Now, with the advancement of AI technology speeding ahead, there is concern there that criminals will start incorporating that into their tactics, making it even harder for FIs to thwart off attacks from them and harder to protect their clients or at an even greater financial cost to do it, which would then be passed down to their customers, as well.

- Financial services firms and the vendor ecosystem are relatively strong on strategy and rhetoric but very poor on executing a strategy that solves legacy tech/industry compatibility AND compliance/ risk BUT ALSO modern delightful customer experience. Something is always sacrificed.
### Q7 Where is the biggest opportunity for the payments sector? 

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial inclusion and ESG</td>
<td>9%</td>
</tr>
<tr>
<td>Digital currencies</td>
<td>11%</td>
</tr>
<tr>
<td>AI</td>
<td>7%</td>
</tr>
<tr>
<td>Connected and/or embedded commerce</td>
<td>22%</td>
</tr>
<tr>
<td>Cross-border payments</td>
<td>9%</td>
</tr>
<tr>
<td>Open banking</td>
<td>15%</td>
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<tr>
<td>Real-time payments</td>
<td>19%</td>
</tr>
<tr>
<td>Digital wallets</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
</tbody>
</table>

**Please share why you chose the above answer**

- **For banks real time payments (domestic and cross border) is one of the biggest opportunity to compete with Fintechs and boutique solution providers. Banks should look beyond plain vanilla payments & find strategic opportunities to create overlay services over RTP. This will give FIs a product moat against the competition.**
- **Covid has changed how many view cash. With technology advancements, the ability to pay/transfer monies digitally will fast become the preferred choice.**
- **Consolidation of payment services via a single channel eg acquiring cards, faster payments, A2A payments, Instalment loans - for Big Ticket Embedded payments or smaller BNPL pay in 3-4 with consolidated settlement and reporting seems to be a good way to go.**
- **Digital currencies offer a vast range of opportunities in the payments sector, including increased efficiency, global accessibility, lower transaction costs, enhanced security and privacy, financial innovation, and the potential for central bank digital currencies. Embracing digital currencies and leveraging their transformative potential can lead to improved financial systems, increased economic inclusion, and expanded possibilities for businesses and consumers alike.**
- **Connected and/or embedded commerce has come to its own in the past couple of years and we are now seeing a number of successful use cases. This trend will accelerate.**
- **Recent legislation (EMI, Open Banking etc) allows more players with more flexible technology to offer businesses opportunities to embed financial services within their customer journey - this creates stickiness and new revenue opportunities.**
- **AI will have the ability to transform the fight against financial crime.**
- **The industry keeps regurgitating propositions as “New”, and it needs to step up and understand what the customer needs as opposed to what it wants to deliver rebranded “Old” stuff.**
Q8: Do you see your budgets changing over the next 12 months?
- 49% increasing
- 34% staying the same
- 17% decreasing

Q9: What area will see the most investment from your business in the next 12-24 months?
- 28% Partnerships and collaborations with other players
- 11% Regulation and compliance
- 11% Customer experience and acquisition
- 11% Technological capabilities and digitalisation
- 5% Other

Q10: Please rank the following barriers to new implementations/improvements in your business by impact (5 being the biggest barrier, 1 the smallest)
- Legacy Infrastructure: 5
- Internal resource: 4
- Costs/Budgets: 3
- Scalability: 2
- Developing a business case: 1

Q11: What is your outlook about the state of the industry for the next 12 months?
- Negative: 3%
- Neutral: 18%
- Positive: 56%
- Very positive: 23%
- Very negative: 0%
What can the vendor community do to help the payments industry over the next 12-24 months?

- Keep “security” at the forefront of their innovation.
- Drive awareness of open banking, new payment capabilities and ways to remove barriers for faster, cheaper development.
- Try and identify ways to help merchants get around their barriers.
- Invest in Fintech companies that are able to release new payments and can innovate.
- Ensure that everything actioned works towards good customer outcomes.
- Understanding better payment industry needs, not just providing solutions to achieve better effectiveness and cost reduction.
- Drive awareness of open banking, new payment capabilities and ways to remove barriers for faster, cheaper development.
- Keep pace with AI use cases.
- Interoperability, upgrade of infrastructures, standardisation.

Who are the organisations or individuals changing the industry right now?

- Driven by end customers’ need, tech companies may create new solutions for customers and gradually solutions are standardized to become industrial norm.
- Blockchain companies and start-ups in the crypto space.
- The regulators (FCA, PSR), institutions (ie. BoE, BoI) and infrastructure providers are actively changing the payments landscape. Interplay between the scheme rails, banking rails, and blockchain rails coupled with new regulatory approaches to Identity, Privacy, Digital Currency, and Safety will fundamentally change the industry. It’s beyond just one player or individual.
- Potentially Central Bank CBDC’s.
- Regulators. Gen-Z and Millennial customers.
- Fintechs able to react quicker to regulatory requirements and consumer expectations.
- Individuals or Organizations not for huge profit but for humankind service.
- I believe the regulators are influencing and shaping the industry, with all the various stakeholders recognising “collaboration” is key towards success and this includes: Retailers, Banks, 3rd parties and Fintechs.
If this was of interest to you, I urge you to join us on 19-20 March 2024 at ExCeL, London where we host Europe’s leading conference on Payments.

Boasting 2 days of networking, 4000 specialised attendees and over 100 cutting edge exhibitors.

Take 2 mins to download and read the event preview

Visit the website here: www.pay360conference.com