5 Payments Trends to Watch in 2023

The payments landscape was already showing signs of change when the pandemic blew in like a tornado, forever altering consumers' buying habits and expectations. Now, with the first phase of **ISO 20022** set to begin in March 2023, the industry may well be entering an entirely new era. While we can't predict the future, here are **five payments trends to keep your eye on in 2023.**

1 Digital transformation continues full speed ahead

The pandemic fast-tracked digital transformation as financial institutions and corporates rushed to catch up to new providers that offered a more modern payments infrastructure better aligned to a real-time world and customer expectations. Digital transformation is no longer "a nice to have" but rather a strategic priority industrywide. Expect organizations to continue updating technology throughout 2023 to gain efficiencies and compete more effectively.

Nearly **60%** of corporations rate digital transformation as a key priority.[1]

The market is huge…

Global payments revenue is expected to hit **$2.9 trillion by 2030.**[2]

Cashless payment volumes are predicted to increase more than **80%** from 2020 to 2025 and **61%** from 2025 to 2030.[3]

By 2025, smartphones penetration will likely reach **80%** globally.[4]

Competition is fierce…

In the U.S., fintechs accounted for approximately 5% of all banking revenue and as much as 20% in payments-related fields.[5]

2 The customer reigns supreme

All eyes are on the customer. Experience is a key differentiating factor for organizations that want to rise above the commoditization of products and services. Fast, frictionless payments improve the customer experience and add stickiness to the relationship. Streamlining the payments process will help drive business growth in 2023 and beyond.

85% With 85% of all monthly bills paid digitally[6], accuracy, speed and ease-of-use are critical elements of user experience.

53% In fact, 53% of consumers would likely switch to a service provider offering improved billing.[7]

47% 47% of millennials would be willing to pay a fee for a frictionless billing experience.[8]

A bad user experience has tangible business costs:

5% Organizations can lose as much as 5% of their customers due to failed or delayed payments.[9]

20% Nearly 20% of consumers will abandon their cart if a checkout process is too complicated.[10]

3 Payments data enhances benefits of FRAML

The convergence of fraud and anti-money laundering (FRAML) is poised to bring greater focus on payments data in 2023. Sharing payments intelligence across business functions provides a more complete picture of the customer for better risk assessment, faster onboarding and more assured compliance. Linking payments functionality with an organization's FRAML framework and the enriched message formats of ISO 20022 will deliver even greater efficiencies.

38% of global fraud takes place in payments transactions or the distribution of funds.[11]

While the cost of fraud and AML compliance continues to rise, every **$1** of fraud costs U.S. retail and ecommerce merchants **$3.75**.[12]

Estimated financial crime compliance costs across financial institutions worldwide:

$274.1 billion up from $213.9 billion in 2020.[13]

Increasing AML regulation is a key contributor to these costs.

80% of banks see FRAML as a core step toward stronger customer risk assessment,[14] which can temper the rising cost of fraud and AML compliance.

4 Adoption of end-to-end payments platforms makes significant headway

As software and services are increasingly incorporated into payments platforms to provide a more turnkey model, the fragmentation and diversity of payments platforms will continue to grow. Organizations that take steps to integrate their payments platforms, software and services for an end-to-end solution stand to benefit from faster transaction processing, ongoing productivity gains, lower fees, and a better overall client experience.

Up to **72%** of the world has a live or upcoming real-time payments infrastructure.[15]

118.3 billion Number of real-time payments made globally in 2021.[16]

$46.6 billion Consumers and businesses saved $46.6 billion from real-time payments in 2021.[17]

Alternative payment methods are growing. By 2025, they are expected to account for 25% of global non-cash transactions.[18]

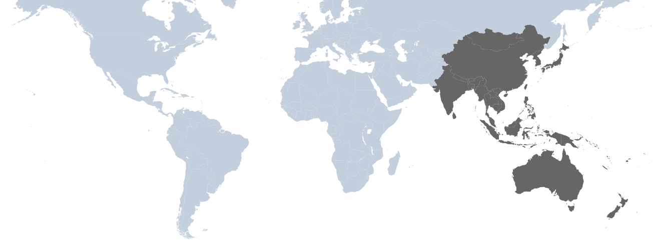
5 Failed payments remain top of mind

The estimated **$118.5 billion**[19] lost to failed payments globally in 2020 was a wake-up call. Failed payments take too big of a bite of the global economy to be sidelined as the "cost of doing business". Instead, they represent a true business cost – both in terms of lost revenue and lost customers. Reducing failed payments is an ongoing priority for organizations in 2023.

More than **70%** of organizations are not satisfied with their payment failure rate.[20]

With a **26%** average global straight-through processing rate,[21] there is room for improvement.

Nearly ¼ of delays or failures are due to issues with bank beneficiary name and address details.



In Asia-Pacific, **60%** of organizations reported losing customers because of failed payments.[22]

$12 is the average fee for each rejected or repaired payment.[23]

With some organizations sending over 1,000 payments per minute, even a small number of failed payments adds up quickly in bank fees and time spent identifying and fixing errors.

The ever-evolving payments landscape requires solutions that deliver speed, accuracy and security while prioritizing customer experience at every touchpoint. LexisNexis® Risk Solutions provides payments validation tools and data intelligence that help organizations reduce failed payment costs, improve customer experience, and maximize straight-through processing rates.

Supercharge your payments processes and visit **risk.lexisnexis.com/validate23**

LexisNexis® RISK SOLUTIONS

Sources

1. https://risk.lexisnexis.com/about-us/press-room/press-release/20220519-capgemini-invent-and-lnrs-explore-evolution-corporate-payments
2. https://web-assets.bcg.com/58/30/e7773b6a4c29b79b3673ab21ef66/bcg-global-payments-2021-report-all-in-for-growth-oct-2021-r.pdf
3. https://www.pwc.com/gx/en/financial-services/fs-2025/pwc-future-of-payments.pdf
4. ibid
5. https://web-assets.bcg.com/58/30/e7773b6a4c29b79b3673ab21ef66/bcg-global-payments-2021-report-all-in-for-growth-oct-2021-r.pdf
6. https://www.pymnts.com/consumer-payments/2022/half-of-consumers-would-switch-providers-for-better-bill-payment-experience/
7. ibid
8. ibid
9. LexisNexis® Risk Solutions True Impact of Failed Payments
10. https://baymard.com/blog/checkout-flow-average-form-fields#checkout-form-fields
11. LexisNexis® Risk Solutions True Cost of Fraud™ Global Report, July 2022
12. https://risk.lexisnexis.com/insights-resources/research/us-ca-true-cost-of-fraud-study
13. https://risk.lexisnexis.com/global/en/insights-resources/research/true-cost-of-financial-crime-compliance-study-global-report
14. Chartis research
15. https://www.thunes.com/how-real-time-payments-are-going-global/
16. https://www.aciworldwide.com/wp-content/uploads/2022/04/Prime-Time-for-Real-Time-Report-2022.pdf
17. ibid
18. https://www.fibonatix.com/resources/rise-of-alternative-payment-methods/
19. https://www.prnewswire.com/news-releases/accuity-study-reveals-failed-payments-cost-the-global-economy-118-5-billion-in-2020--301333385.html
20. ibid
21. ibid
22. https://solutions2.risk.lexisnexis.com/true-cost-of-failed-payments-infographic-apac?cmpid=DSC|BAPA|BASUG-20211122-APAC-EN-TCOFP21_APAC InfoG_FNN_Article&sfid=7014G000000j2XyQAI
23. ibid

About LexisNexis Risk Solutions
LexisNexis® Risk Solutions harnesses the power of data and advanced analytics to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. We provide data and technology solutions for a wide range of industries including insurance, financial services, healthcare and government.
Headquartered in metro Atlanta, Georgia, we have offices throughout the world and are part of RELX (LSE: REL/NYSE: RELX), a global provider of information-based analytics and decision tools for professional and business customers.