

World Payments Report

Nashville AFP

May 2021



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Cashless Future
Hyper-acceleration in action

Move to Digital
Implications for banks and corporates

Cashless Future

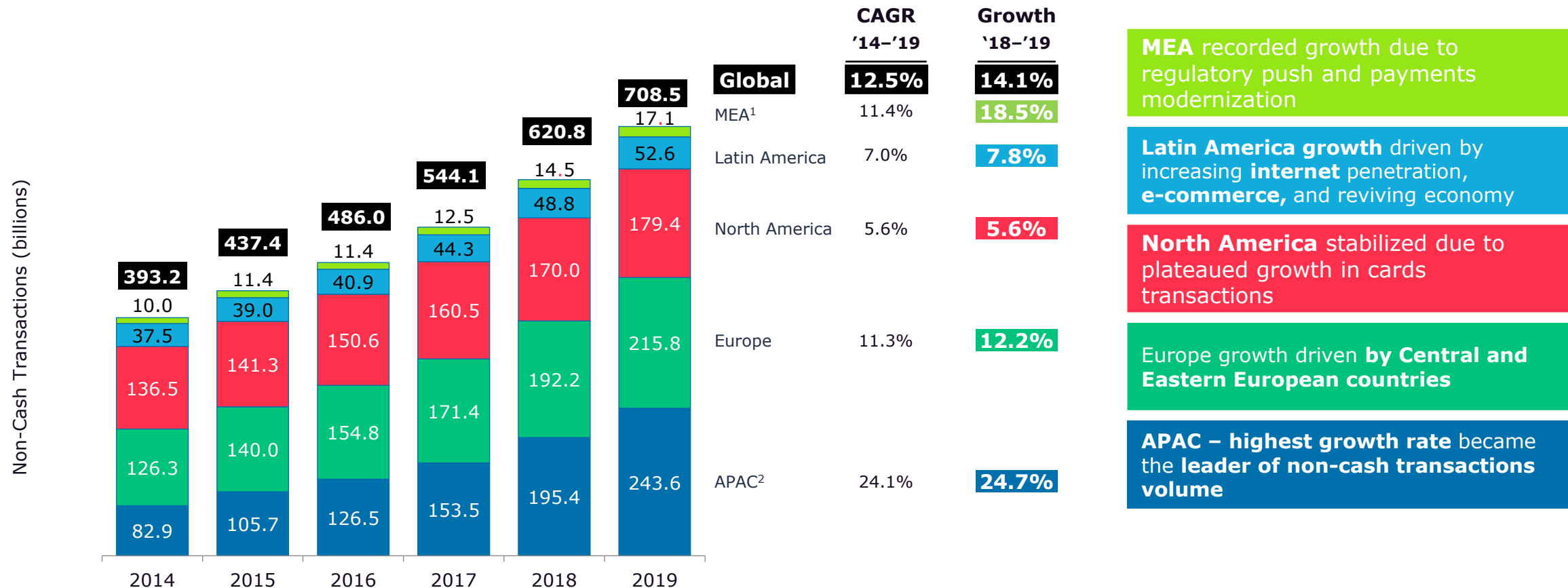
Hyper-acceleration in action





The global volume of non-cash transactions grew by 14.1% during 2018–2019 to reach 708.5 billion transactions

Worldwide volume of non-cash transactions (billions), 2014–2019



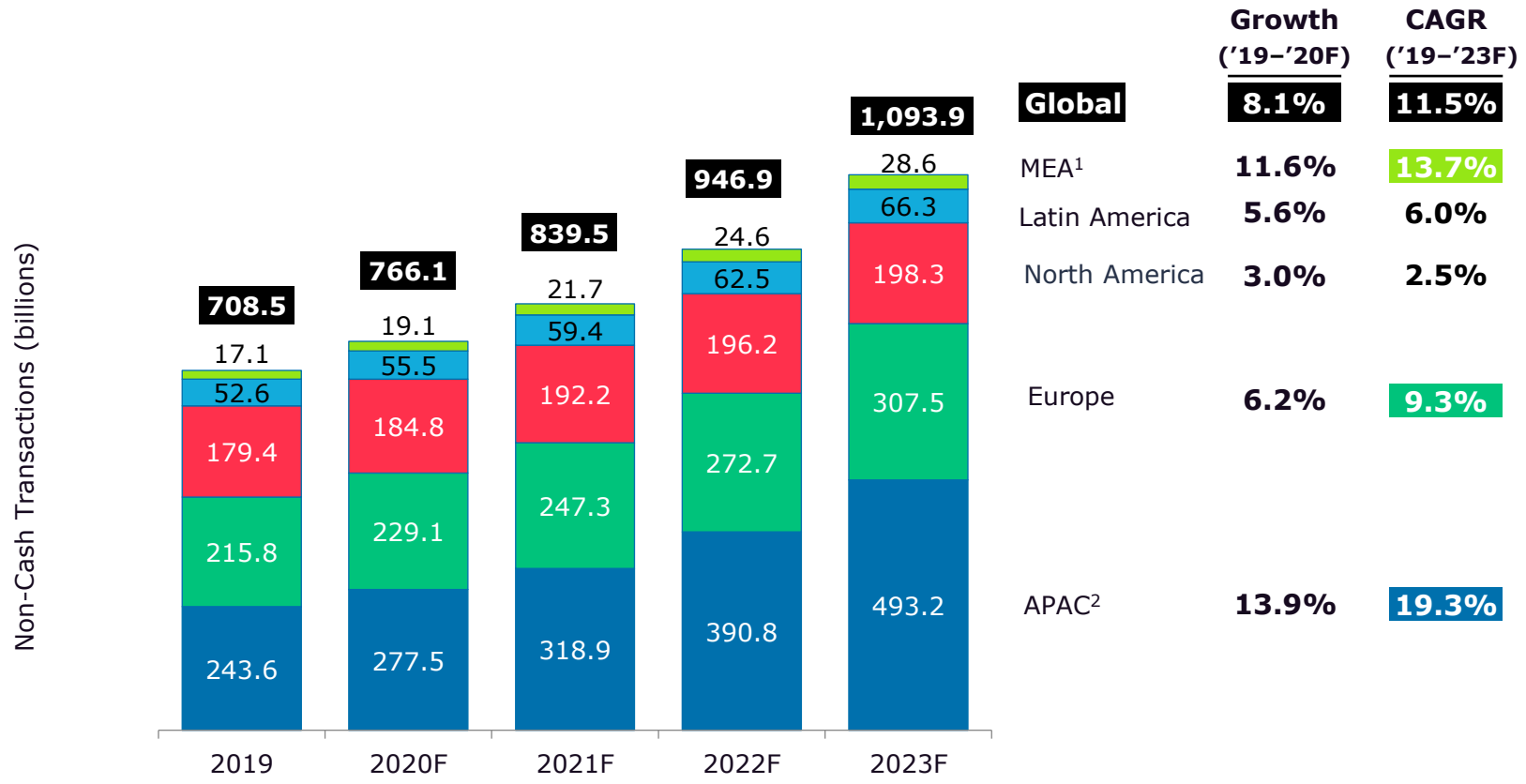
The global volume of non-cash payments is increasing steeply, owing to the growing consumer propensity for digital transformation and the proliferation of smartphones.

1. MEA: Middle East and Africa (includes Saudi Arabia, UAE, Israel, South Africa, and other GCC as well as African countries).
 2. APAC: Asia Pacific (includes India, China, Japan, Singapore, South Korea, Hong Kong, Australia, and other South East Asian markets).



Non-cash transaction volumes are estimated to grow at 11.5% CAGR (2019–23) to reach 1.1 trillion

Worldwide non-cash transactions (billions) by region, 2019–2023F



A burgeoning **eCommerce** segment, **mobile payments**, and **digital wallets** are driving growth across regions

Europe (+9.3% CAGR) and **MEA (+13.7% CAGR)** are also likely to show promising growth

APAC is expected to constitute **45% of the total volume by 2023**

India and **China** are expected to drive the region's phenomenal **+19.3% CAGR** between 2019–23

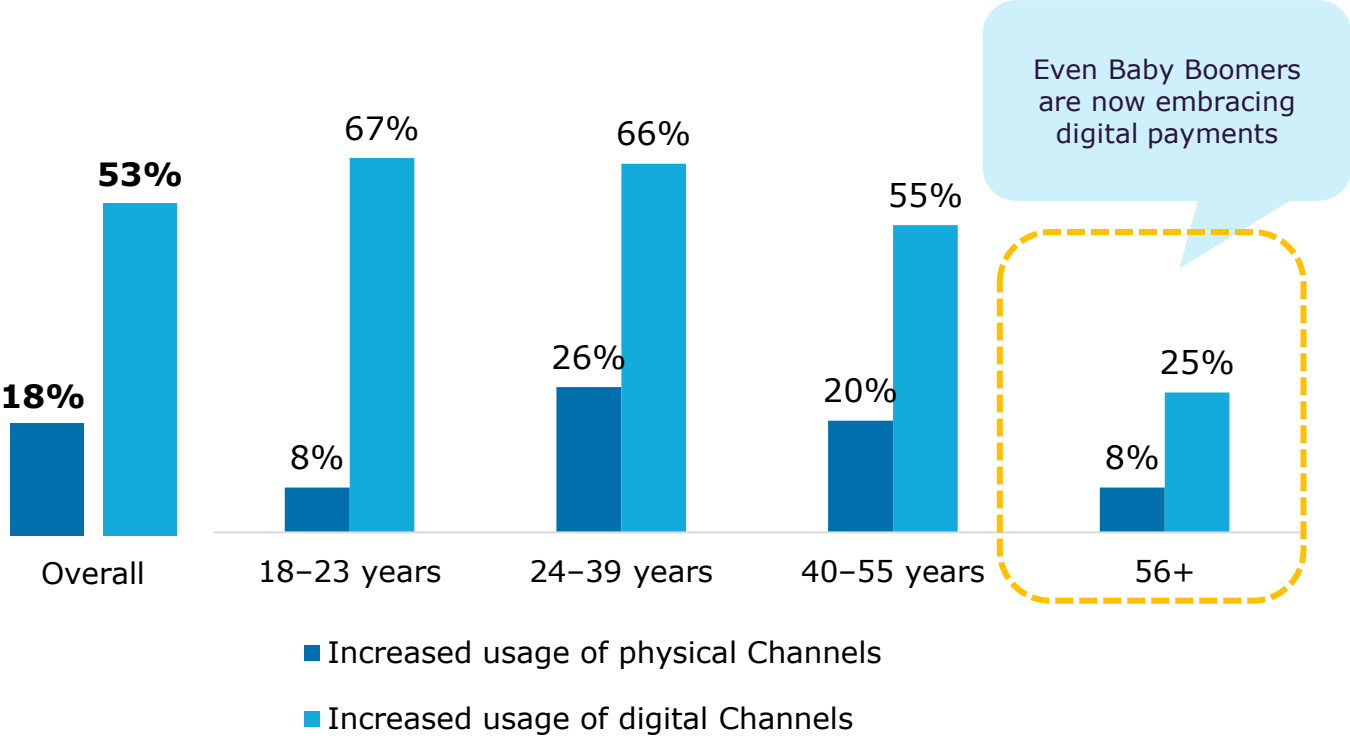
Consumer behavior, COVID-19, and adoption of contactless and real-time payments are driving the hyper-acceleration of a cashless future.

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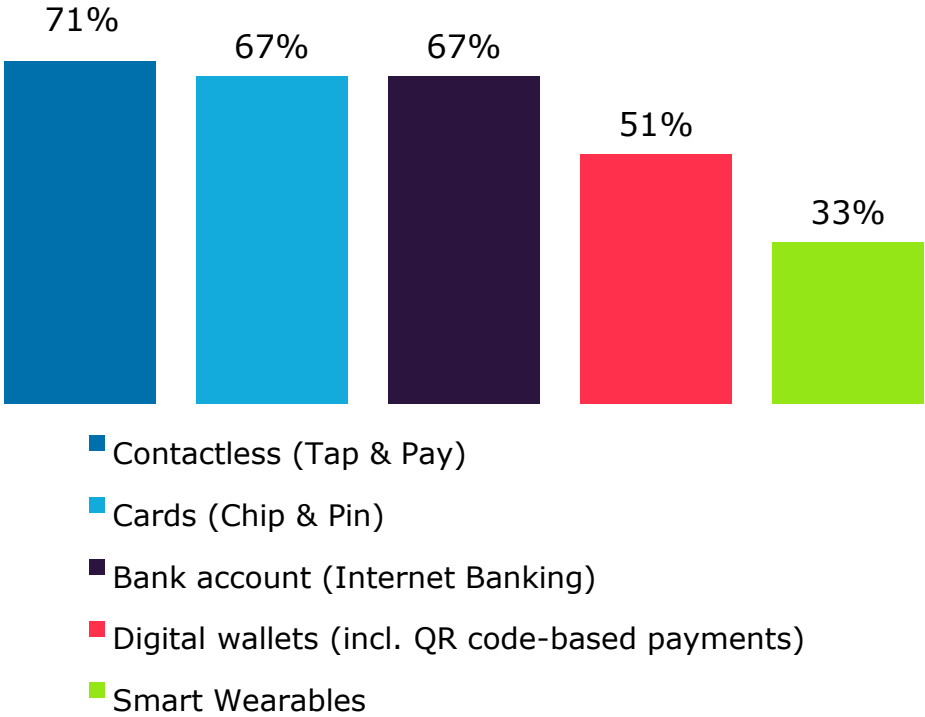
Multi-generational shift to digital channels and digital payment methods on the rise



Increase in retail payment channel usage, May–July, 2020



Pushed by COVID-19, contactless has emerged as the preferred payment method, globally

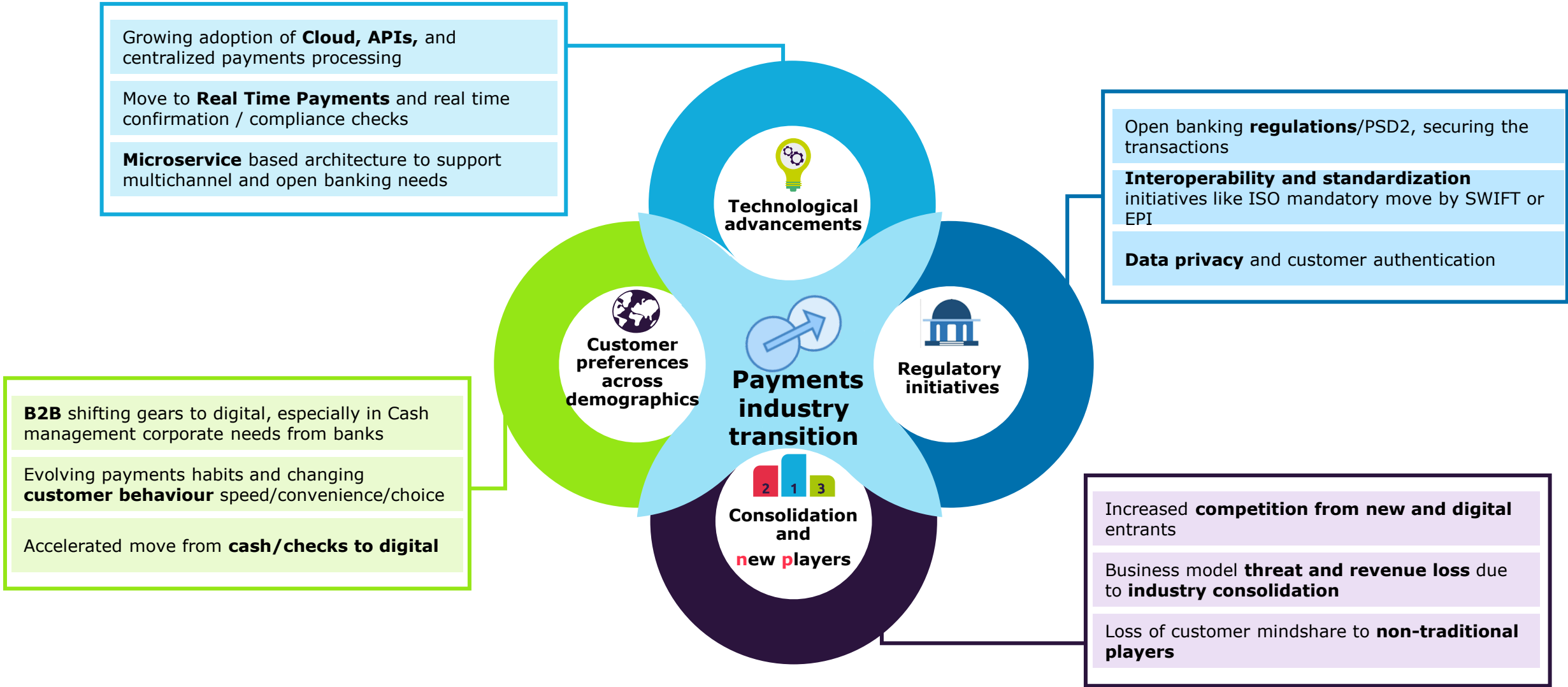


Because the digital divide between age groups is blurring, “almost” everyone today is digital.



Move to Digital Implications for banks and corporates

The payments landscape is being reshaped by multiple transformational factors



Source: Capgemini Financial Services Analysis, 2020



Customer engagement

- Provide seamless experience as **invisible payments** are on the rise
- **Fraud** reduction
- Build trust to ensure **customer loyalty**
- Develop **digital capabilities** for business sustainability
- **Engage with B2B customers** through technology



Technology and operational readiness

- **Technology transformation** is the need of the hour
- Push to **reduce the cost of payments**, reorienting from Capex to Opex
- Build **resilient systems**, especially to counter **business and operational risk**
- Focus on **self-help portals/automation** for corporate customers
- Improve **straight through processing** (STP) and **real-time capabilities**



New revenue streams

- Focus on **deriving valuable services from payments data**
- **Evolving** beyond payments to integrated solutions (budgeting for corporates, shared utility infrastructure, etc.)

Aligning technical capabilities with client's digital expectations

Demand for payment choice creates opportunity



ACH Check Wire Cards

ACH Check Wire Cash

Cash Check

Push towards
speed, convenience, and choice

ePayables

Instant payments

Instant payments-based account transfers

Push to card

Instant P2P through bank rails

Digital wallets

Virtual cards

Open APIs

Push to wallet

QR code

Social media payments

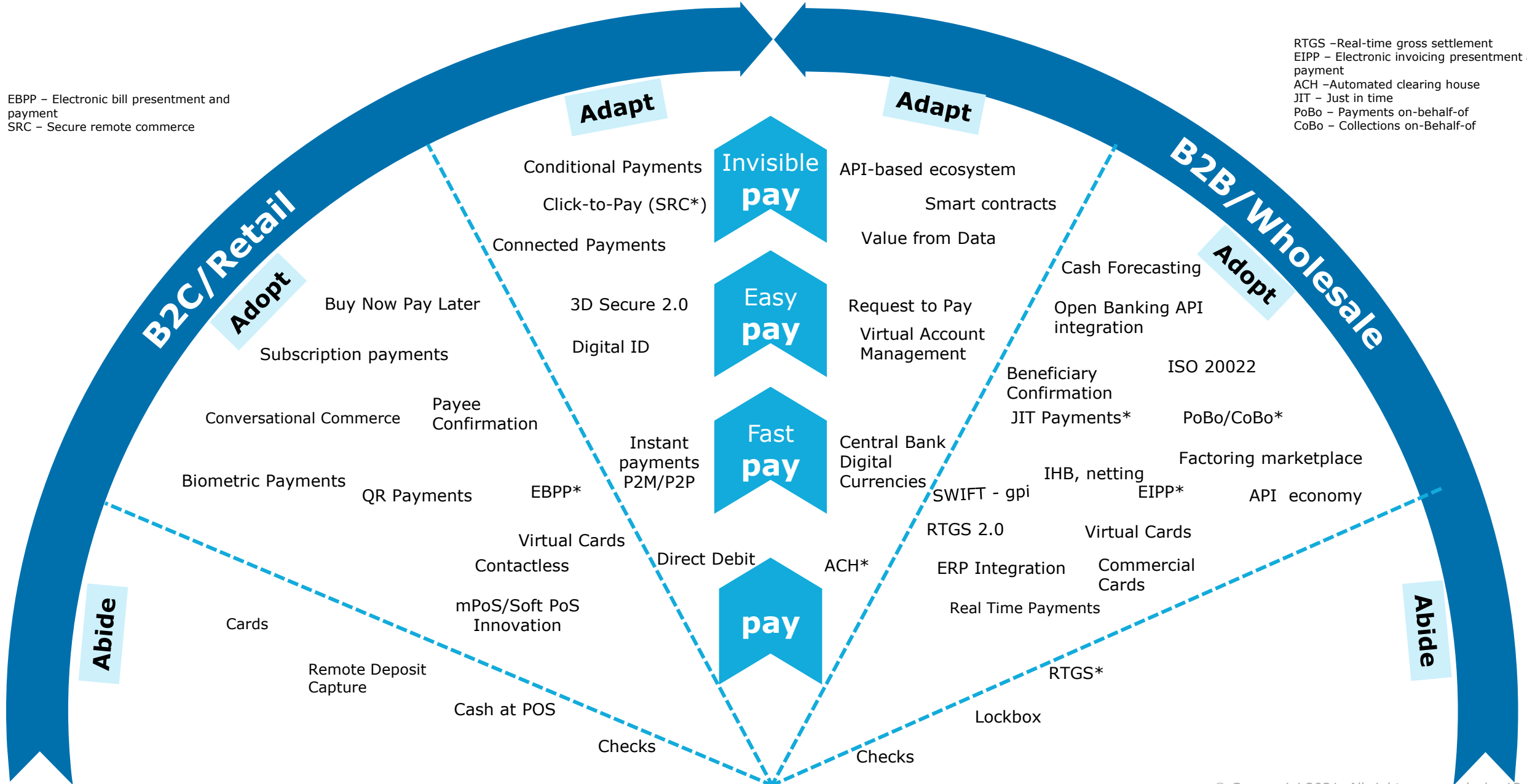
Source: Capgemini Financial Services Analysis, 2020

Ever expanding horizon of experience expectations

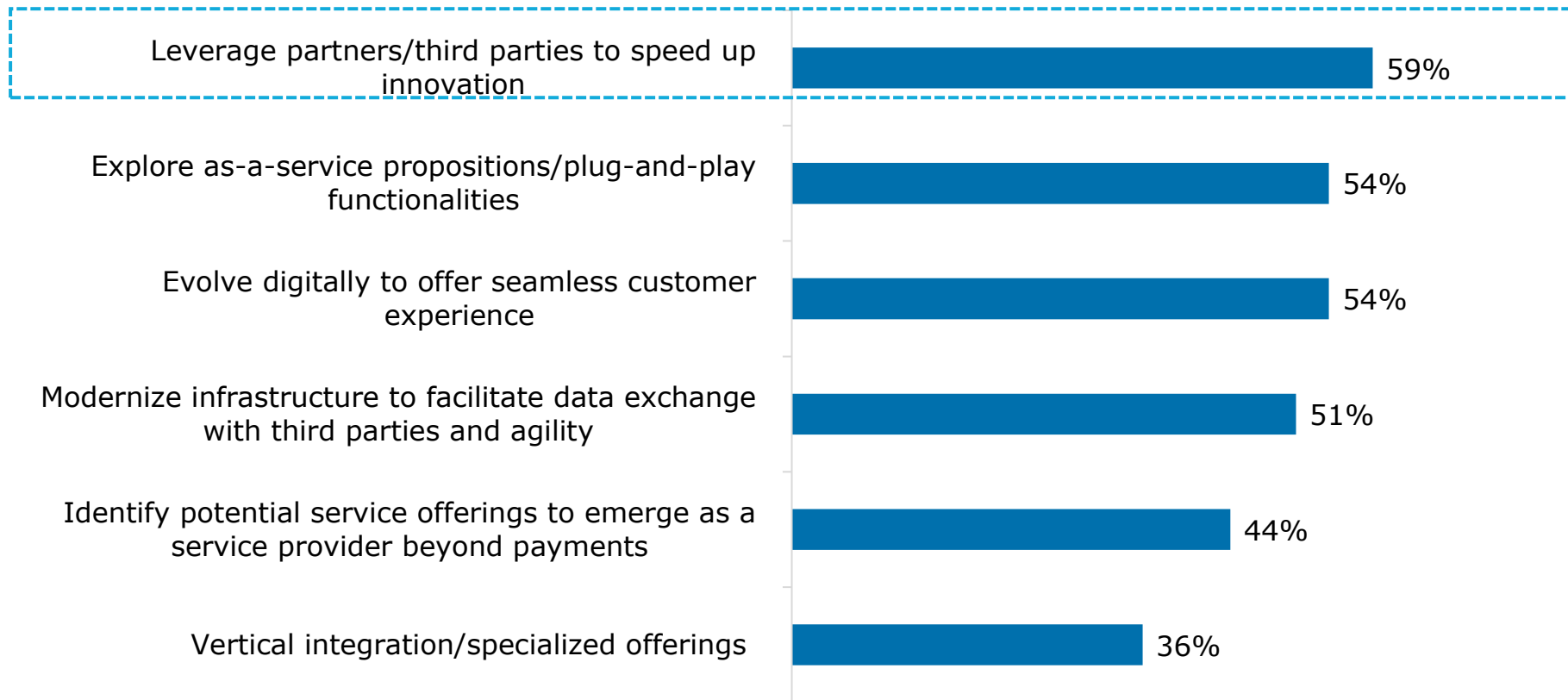


EBPP – Electronic bill presentment and payment
SRC – Secure remote commerce

RTGS – Real-time gross settlement
EIPP – Electronic invoicing presentment and payment
ACH – Automated clearing house
JIT – Just in time
PoBo – Payments on-behalf-of
CoBo – Collections on-Behalf-of



Collaboration key to meeting experience expectations



By adopting the right mix of investing and collaborating, payment firms can quickly acquire digital competence.

Looking Ahead





Appendix



Fintech partnerships enabling enhanced solutions



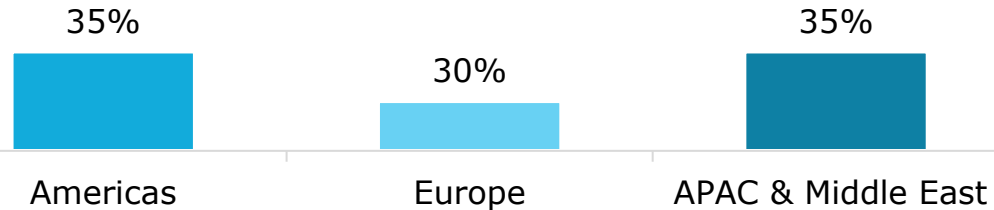
Research Methodology



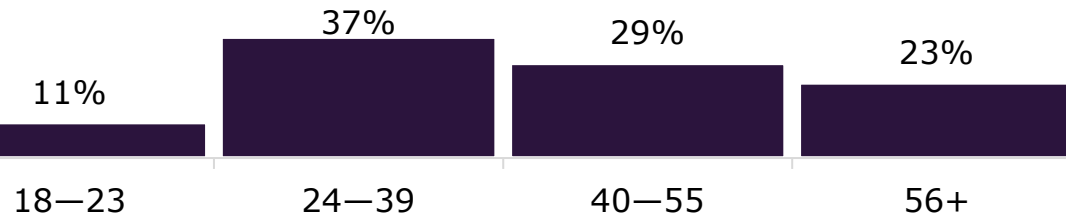
Voice of customer survey: 8,600 customers

July–August 2020

Responses by region



Responses by age



COVID-19-focused customer survey (April)

11 countries

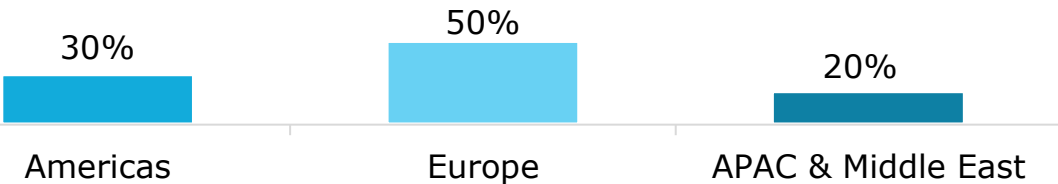
11K respondents



Executive interviews: +45 payments executives

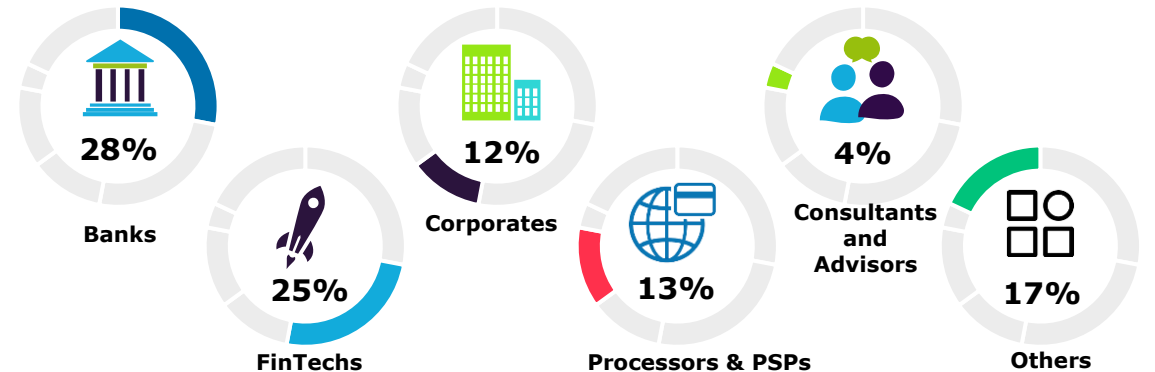
June–August 2020

Number of interviews by region



Industry survey: 235 respondents

June–July 2020



With you today



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People matter, results count.



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