

## **Digital Transformation: Trends in Online Payments and Security**

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Speaker



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# Technology, specifically mobile and cloud, transformed how people consume content and data

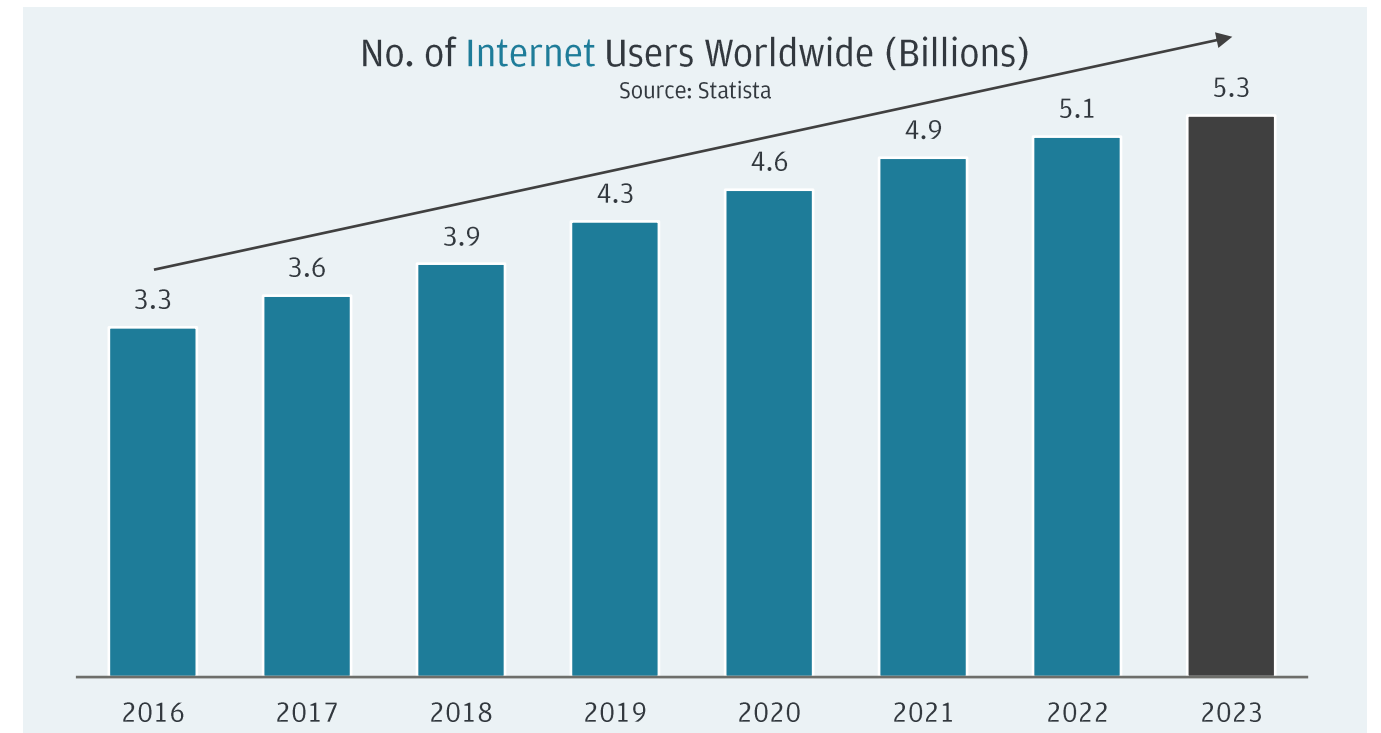
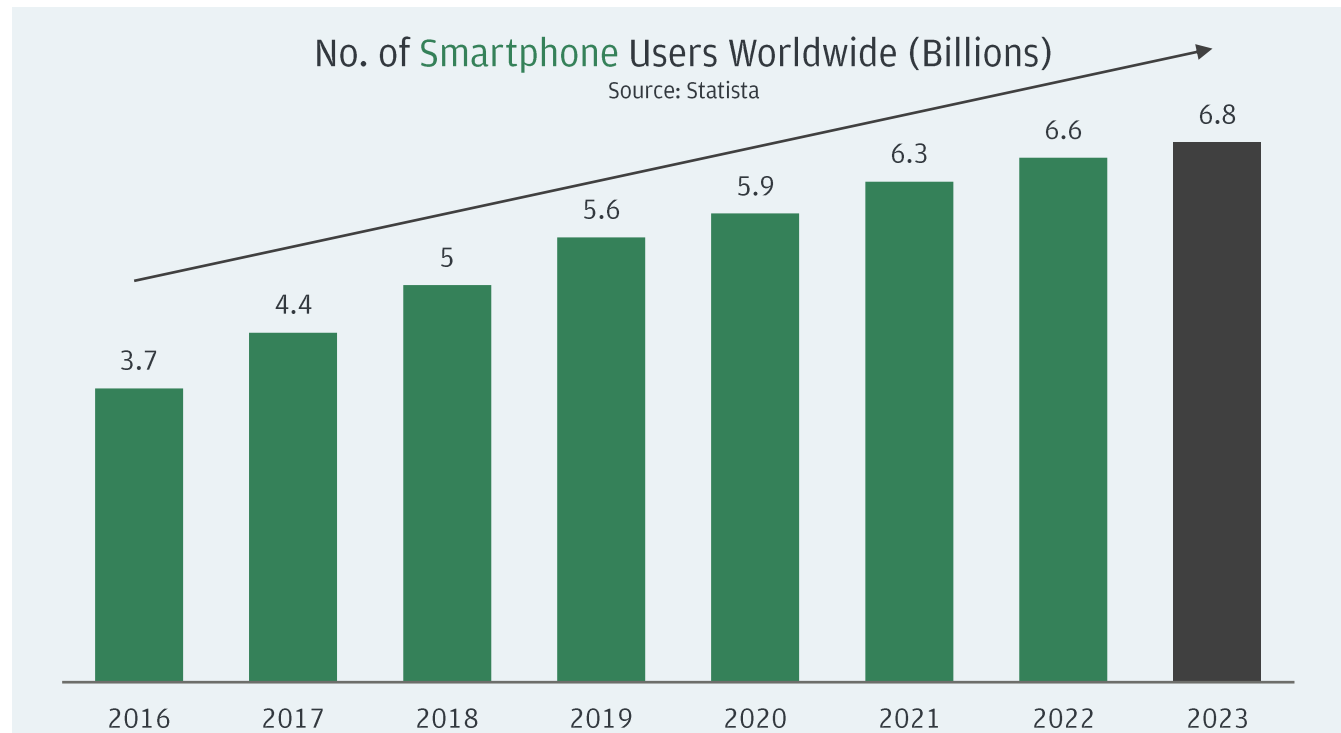
## Global Figures of Internet Usage



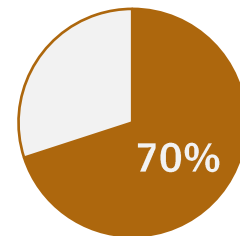
Source: Measuring digital development: Facts and figures (2021). ITU  
Payments are eating THE WORLD (2021)

# Consumer behavior is changing rapidly, driven by scaled consumer platforms, emerging tech maturity and the pandemic as an accelerator of digital adoption

(Almost) Everyone is Connected:

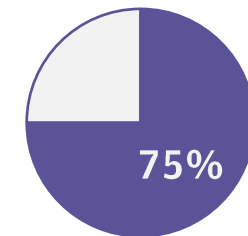


*Businesses and consumers alike are more familiar with and accepting of digital capabilities*



*...of businesses indicate they are undergoing digital transformation*

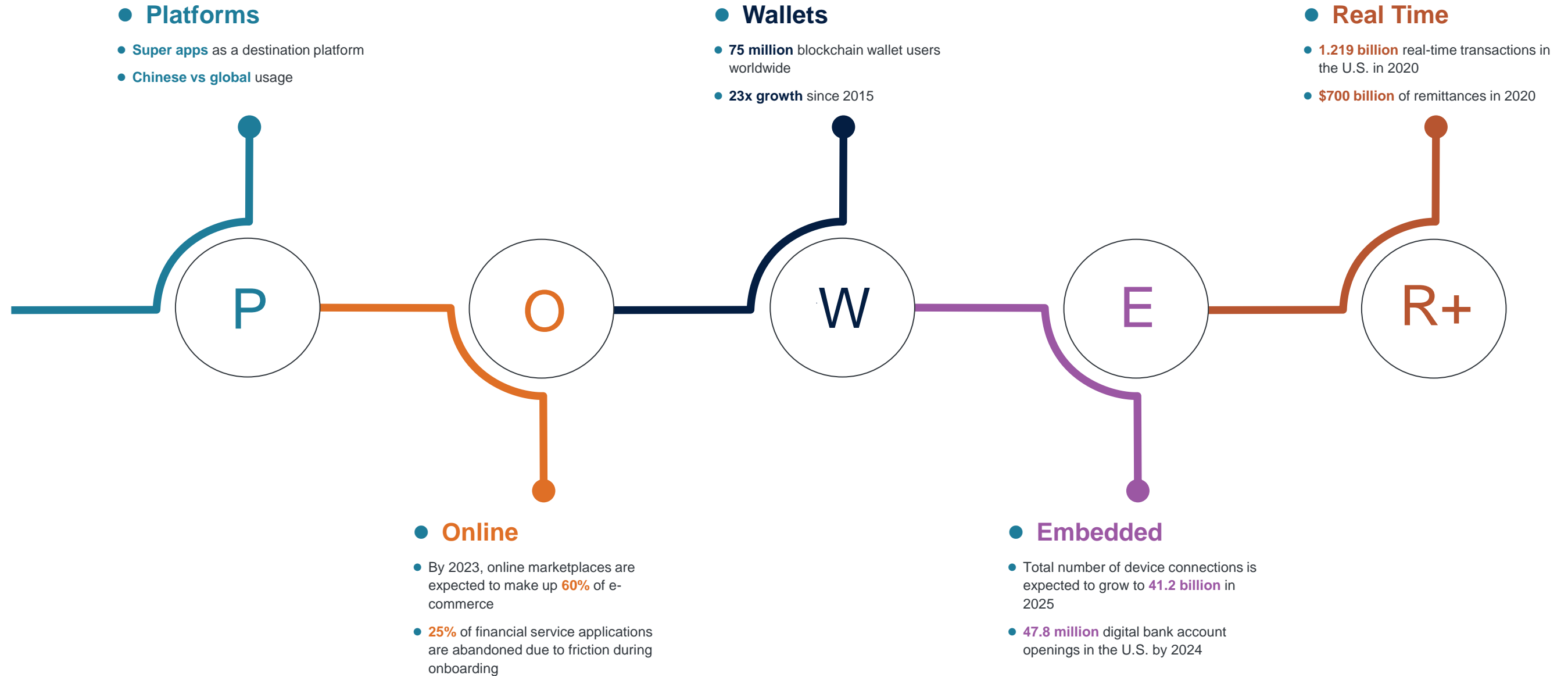
*Millennials are tech savvy and grew up with internet and mobile devices*



*...of the workforce will be made up of Millennials by 2030*

Source: State of Mobile Internet Connectivity, GSMA 2021, 2022

# Payments are eating the world – POWER+ Framework



Source: Payments are eating THE WORLD (2021)

# Top trends shaping the future of digital receivables across industries



## ● Data

•“The world is now awash in data and we can see consumers in a lot clearer ways” - Max Levchin, PayPal co-founder

•Data is critical in providing customer tendencies, cash flow positioning, and potential risk offering insights to make educated business decisions

## ● Digital

•People and businesses continue to move to digital invoicing allowing for faster receipt of payment

•According to J.D. Power, the ‘Billing and Payment’ experience drives up to 58% of total customer satisfaction scores

## ● Automation

•Optimizing invoicing and payments processes with automation streamlines payment transactions and increases accuracy while decreasing costs

•Companies can reduce cost by 85% moving digital compared to paper invoicing

## ● Emerging Payments

•Payment methods continue to evolve as more and more consumers lean into utilizing Digital wallets

•Global digital wallet adoption rate is expected to reach 75% by 2025

● surpassing credit cards as most used payment method in 2025

## ● Fraud Protection

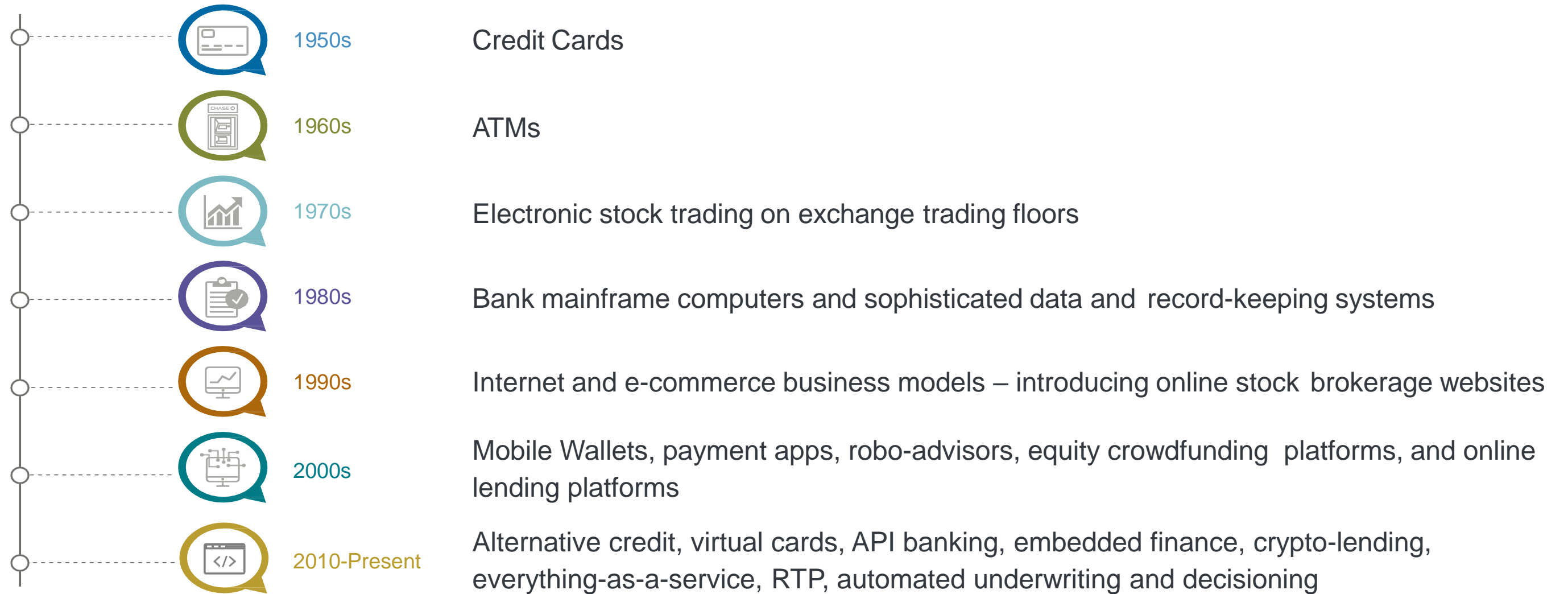
•As payments move digital, fraud protection is highlighted as a top receivables focus

•Capturing sensitive data ensuring PCI Compliance and NACHA Guidelines on account validation services is at the forefront heading into 2022

•Emergence of validation steps on web debits as a requirement

# Financial services innovation through the years – Quite spectacular really.....

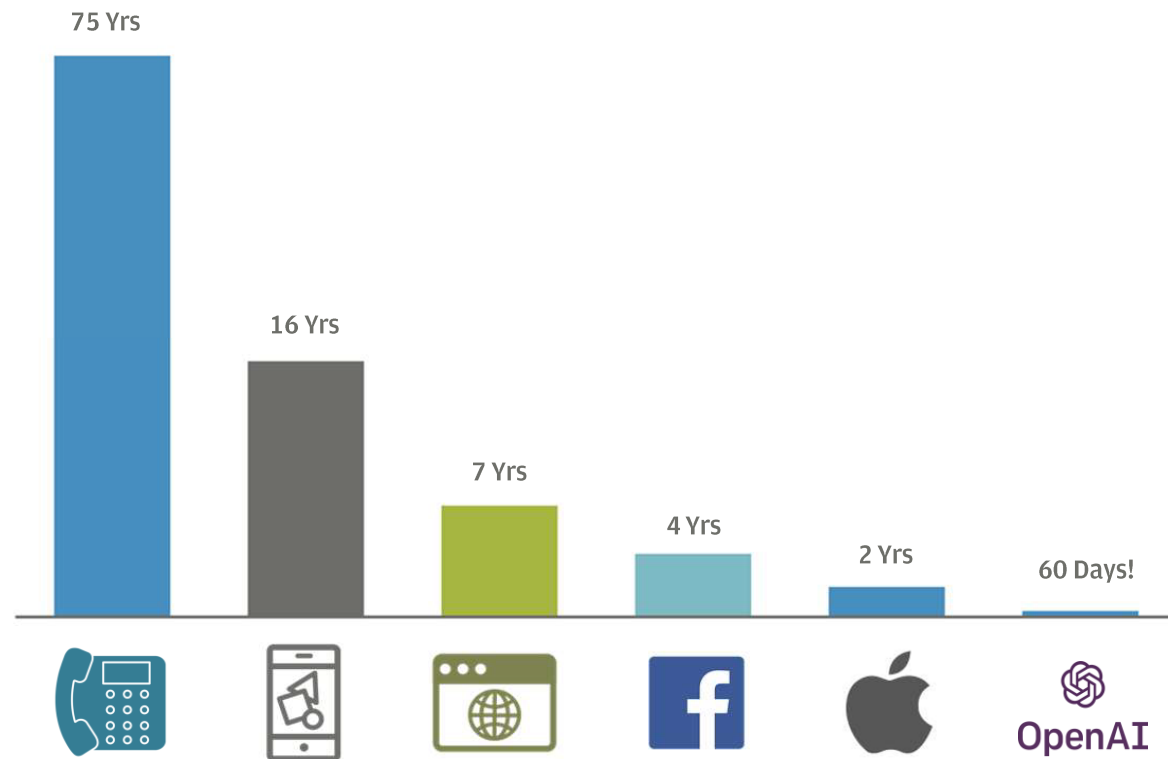
Innovation in financial services has existed for a long time



# This transformation has long lasting implications as market dynamics increasingly become defined by new tech

The pace of technology adoption has increased exponentially.....

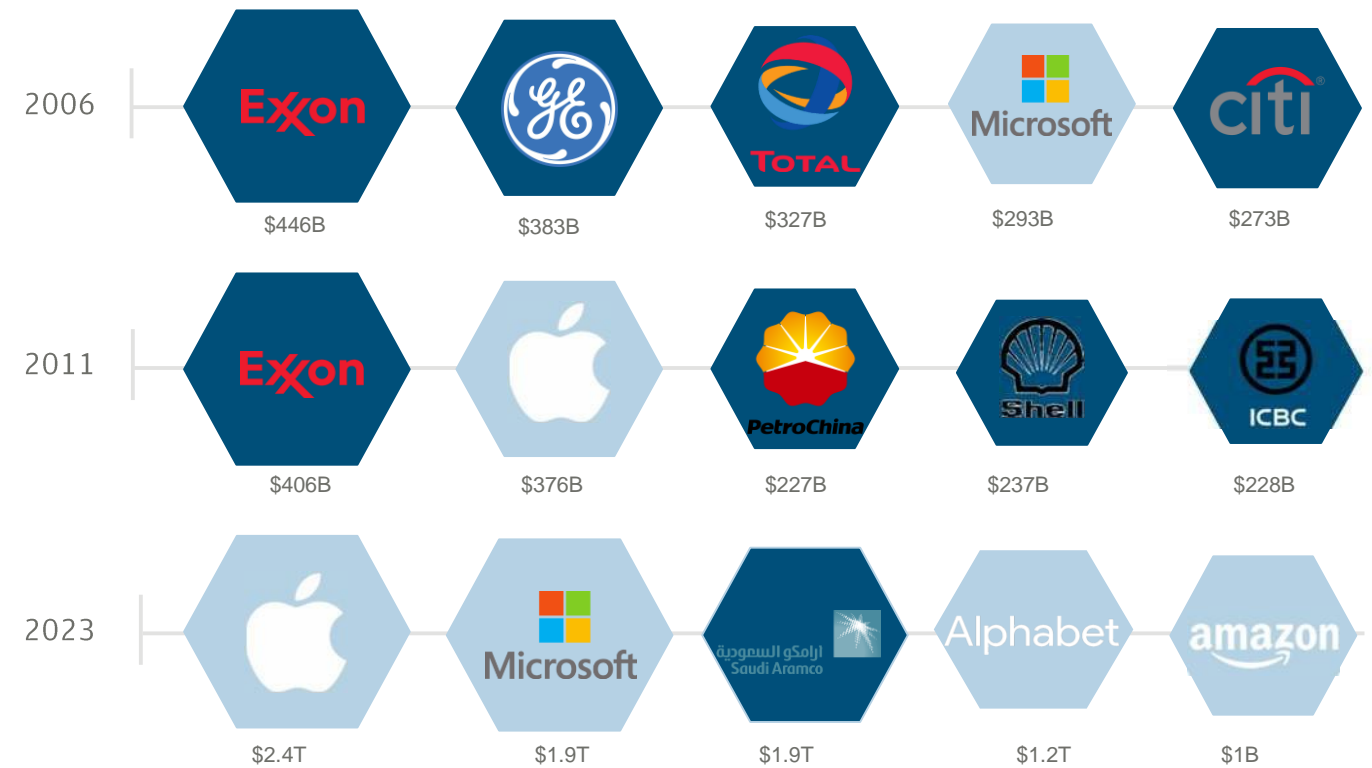
Time to reach 100M users



...dramatically shifting how the world perceives value

Top 5 Publicly Traded Companies (by Market Capitalization as of 2/2023)

Tech (light blue hexagon)  
Other (dark blue hexagon)



*Data is the new oil*



Meanwhile, organizations are elevating digital transformation as a top priority

### Board of Directors

**69%** Accelerated digital business initiatives after COVID



### Executives

**79%** Increased budgets for digital transformation



### Treasury & Payments





**64%** Will accelerate digital transformation after COVID



Digital transformation in organizations have been estimated to accelerate by 6 years<sup>4</sup>

Source: 1. Gartner 2020; 2. Twilio via Forbes 2020; 3. JPM Proprietary Survey 2020; 4. Overall estimate of enterprise' digital transformation – Twilio via Forbes 2020 ([link](#))

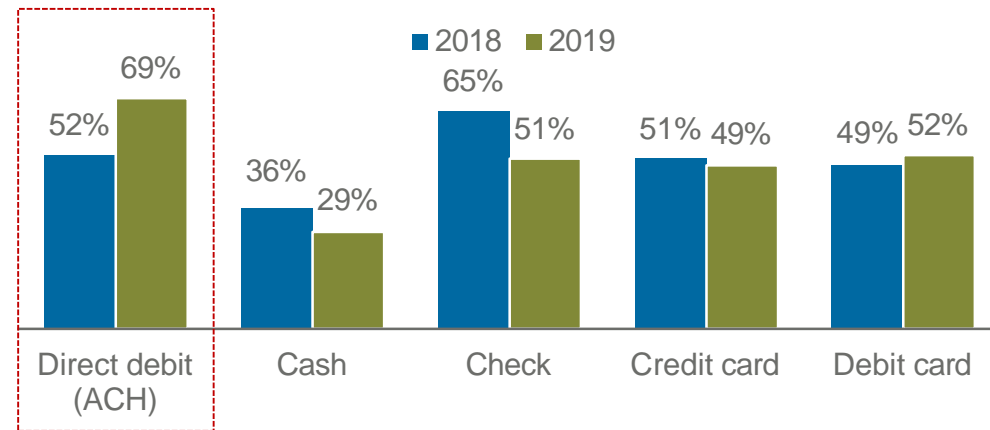
What is driving digital adoption... Both payers and billers are motivated to go digital

Benefit	Payers	Billers
 <p><b>Payment Speed</b></p>	<p>Digital tools <b>reduce time in making payments</b> by increasing convenience and access</p>	<p><b>Decreasing Days Sales Outstanding</b>, because moving digital gets you paid faster</p>
 <p><b>Security</b></p>	<p>High confidence that <b>payment information will be guarded</b> and delivered successfully</p>	<p><b>Decrease risk of fraud and achieve PCI Compliance</b> with less effort</p>
 <p><b>Engagement</b></p>	<p><b>Provide payer choice with an easy-to-use interface</b> including multiple payment methods and channels</p>	<p>Digital interaction with payers <b>improves client and constituent experience</b></p>
 <p><b>Data Access</b></p>	<p>Digital tools enable payers to <b>stay informed on end-to-end payment status</b></p>	<p><b>Drive business decisions</b> with access to <b>payment data insights</b></p>

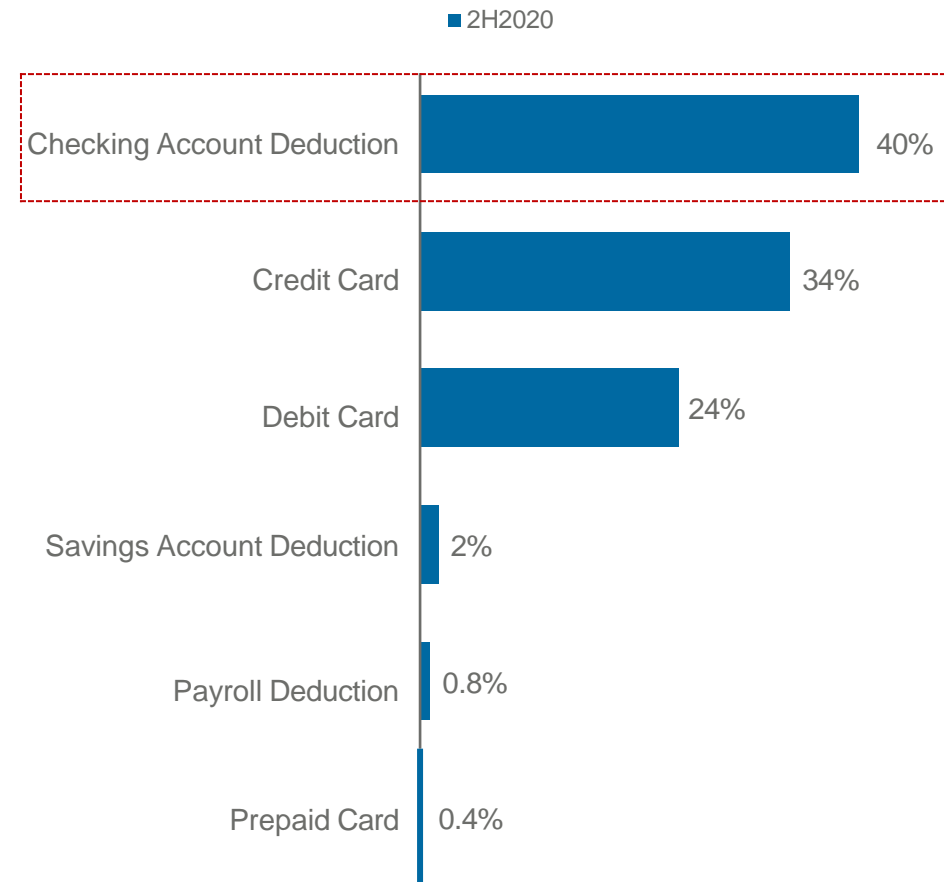
# ACH prevails with Stored Payment Credential and Recurring payments

**Direct debit (ACH) and automatic recurring payments are the norm**

Forms of payment used for household in typical month (% using once or more)<sup>1</sup>



**Preferred method for making recurring bill payments**

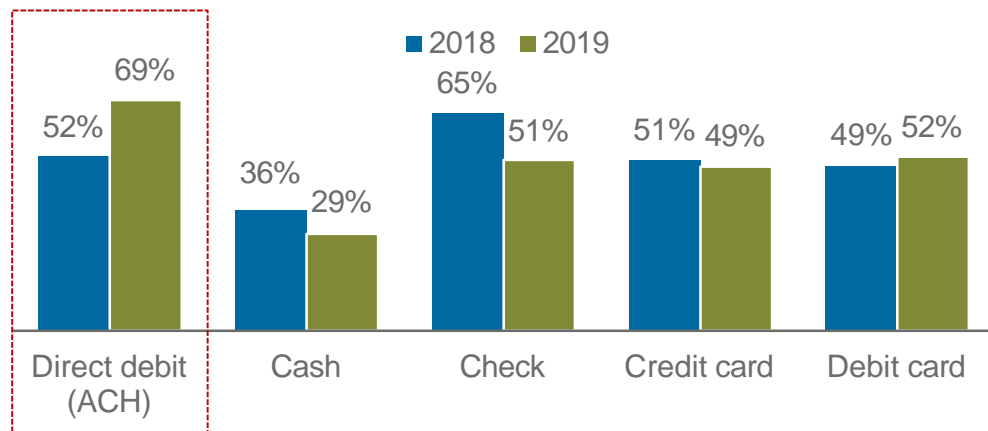


Source: <sup>1</sup>Consumer payments 2020 Fiserv report (survey conducted on US consumers from Nov 18–Dec 4, 2019) ; ACI Speedpay® Consumer Pulse Survey, 2020

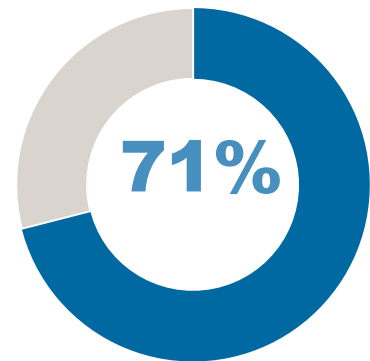
# Consumers want seamless, on-demand payment experiences

## Direct debit (ACH) and automatic recurring payments are the norm

Forms of payment used for household in typical month (% using once or more)<sup>1</sup>



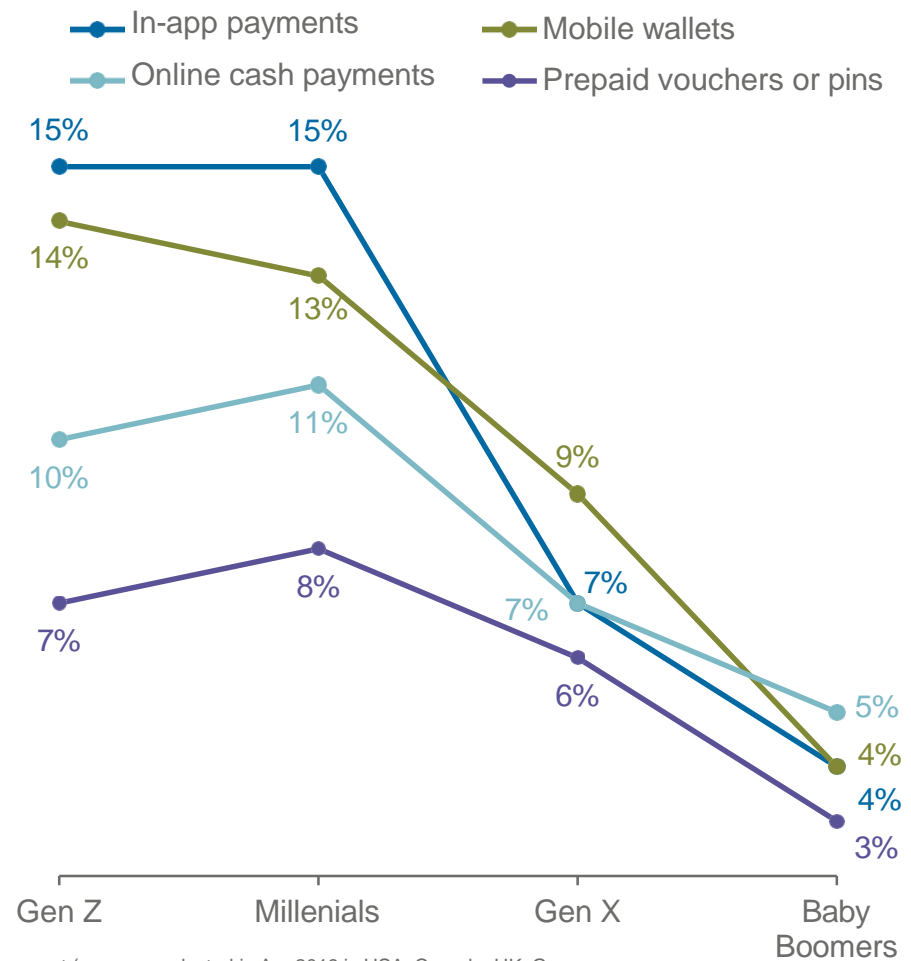
Consumers of all ages are currently use automatic or recurring payments<sup>1</sup>



Source: <sup>1</sup>Consumer payments 2020 Fiserv report (survey conducted on US consumers from Nov 18–Dec 4, 2019) ; <sup>2</sup>Paysafe report (survey conducted in Apr 2019 in USA, Canada, UK, Germany, Austria, and Bulgaria)  
 Note: Generation Z (16-24-year-olds), Millennials (25-39-year-olds), Generation X (40-54-year-olds), and Baby Boomers (over 55-year-olds)

## Younger consumers are driving the diversification of the payments landscape

Regular use of alternative payment methods by age demographic<sup>2</sup>



# What is omnichannel versus multichannel and why should you care?

How many different interaction channels are used to interact with billers each year?

Average consumer: at least 2

Average millennial: 4

A unified, omnichannel platform provides your business...

- ✓ **Full visibility** into all interactions / transactions in a single dashboard
- ✓ **Simplified reconciliation** regardless of channel and payment method
- ✓ **Streamlined and intuitive experiences** for constituents with minimal data entry

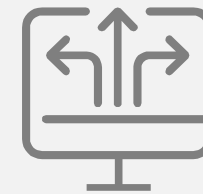
Receiving payments can be challenging—but it doesn't have to be



## THE SOLUTION: one platform to boost your payment potential

### ● YOUR CHALLENGE:

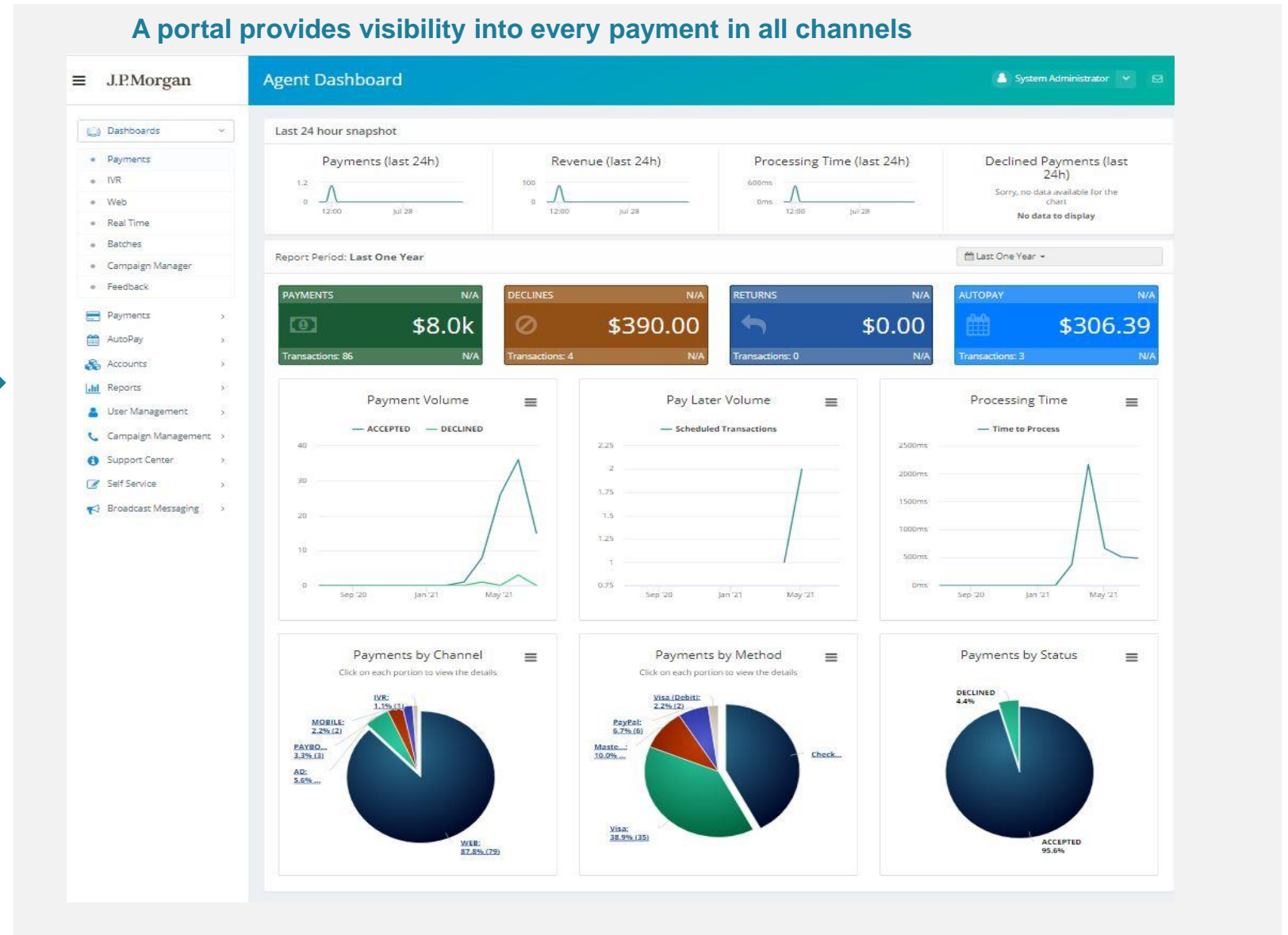
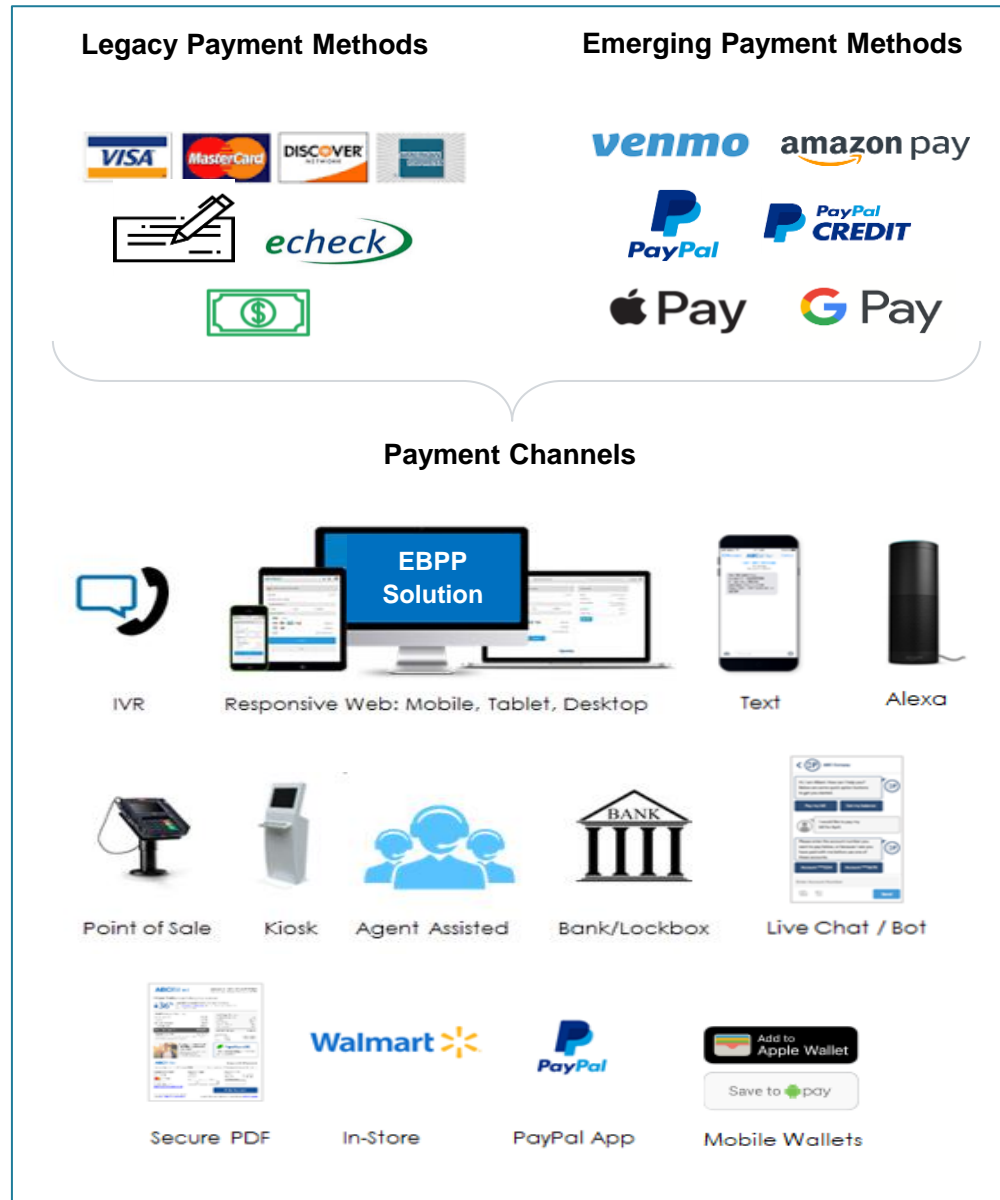
- Your constituents want an easy, convenient digital experience when paying taxes
- Your constituents want multiple payment methods and channel options
- You have manual processes internally
- Reconciliation can be difficult: Your end-to-end accounts receivable process is spread across several platforms



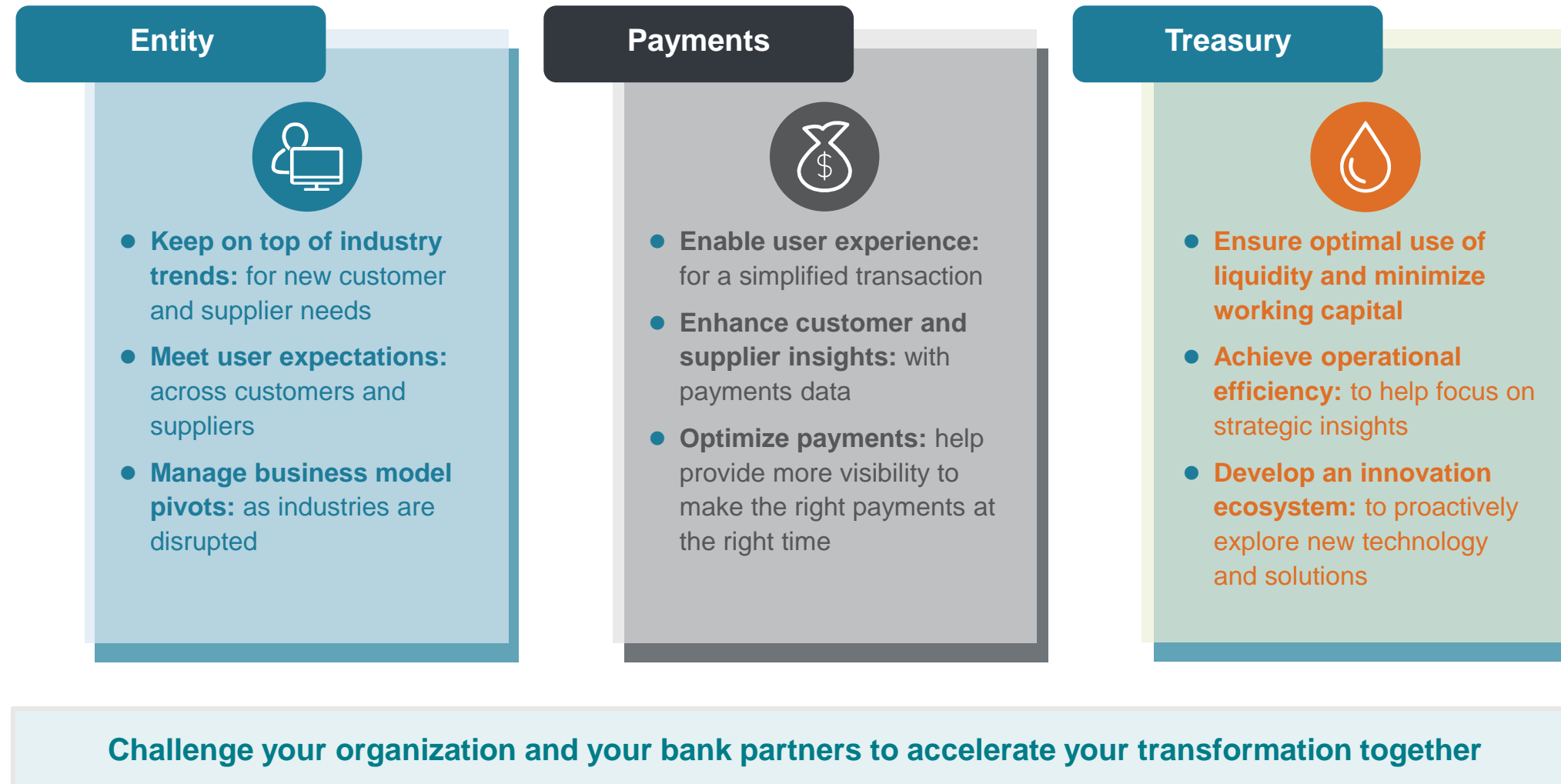
- Faster payment that makes it easier for your constituents to initiate payments—with our digital bill payment solution
- Single unified payment platform with 16 different payment channels
- Campaign manager and custom outbound alerts to drive engagement
- Self-service portal for more control for your constituents

# The right solution should provide 360° view into all payment channels for payments

Provide your constituent an array of options to engage with you and pay!



## End-to-end digital transformation is critical to address the needs across the organization





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## Flexibility, agility, and efficiency enabled by technology will be the keys to success

### 1 | On-demand engagement

- **Constant connectivity** allowing constituents and suppliers to engage whenever

### 2 | Real-time experience

- **End-to-end real-time infrastructure** to support real-time payments, visibility, and experience across your organization

### 3 | Optionality and choice

- **Payment, capability, and connectivity optionality** as consumer demands gain traction in wholesale

### 4 | Data-driven insights

- **Data visibility and usage of data for value-add** to optimize operations and to enhance insights

### 5 | Technology as an enabler

- **Find the right use cases** to scale emerging technology and enable change across your organization