



Top 10 trends for the payments industry in 2024



Expansion across the value chain

Companies will continue to develop offerings that provide customers with more holistic, end-to-end transaction experiences. Specialized ISVs and embedded payments are key enablers of end-to-end experiences that will continue to see growth.



Strategic recalibrations to improve margins

Firms must reevaluate their strategies and business plans, cost structures, operating model, and business portfolios. We expect reduced expenses and sales of business units that are unprofitable and/or do not align with business goals.



Competition via partnerships

Fintechs have enabled their architectures to embed more easily with partners as Software-as-a-Service (SaaS) and banking platforms fight for ecosystem share. Tuck-in deals may increase as startups are unable to secure the capital needed to stay afloat.



Demand for real-time payments

RTP and FedNow increase the opportunity to move money efficiently real time. Interest in B2C and B2B solutions will continue as overlay services are developed and gain traction and scale.



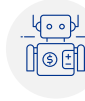
Crypto and BNPL challenges

Both will undergo demand growth and regulatory scrutiny. BNPL losses will rise, while FASB will require crypto assets to be measured at inception and subsequently at fair value. Consolidation in both may create overhauled landscapes in 2024.



Growth in B2B

B2B has room to grow in major offerings, including AR/AP automation, office of the CFO tools, and trade finance. Companies will strive to find value in anything that helps streamline internal processes and costs.



GenAI will change the paradigm

The rise of GenAI will enable unprecedented productivity gains across the workforce. It will enable next-level privacy and security; however, risk will also increase as bad actors use the same tools for identity theft, fraud, and to breach cyber defenses.



M&A as a solution

Payments M&A will continue to be driven by need for global expansion, distribution channels, and larger share of the value chain with a focus on capability plays. Return will be driven by reduced multiples, PEs re-entering the market, and an increase in take-privates.



Customer personalization

Merchants will double down on customer loyalty and enhanced customer journeys to maximize stickiness. GenAI and machine learning tool suites can alleviate the need for employee resources here, and GenAI-enabled journeys will see outsized success.



Working capital

Companies will continue to look internally to reduce costs, refocusing on net working capital via optimization of payment terms with customers (e.g., AR) and suppliers (e.g., AP), solutions (e.g., financing/credit), process streamlining, and improvement of inventory management.

The payments team

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