

# WHAT THE DATA SAY

 BNY MELLON  
AiteNovarica

CHOOSING BETWEEN PAYMENT CHANNELS

Emerging payment tools, such as real-time payments and digital wallets, all show very strong levels of growth.

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# Executive Summary

**C**hange in the payments industry is constant. While the popular assumption is that all payment methods are becoming smarter and more sophisticated, the adoption rates among these newer channels are more nuanced.

Legacy payment tools including checks and batch processed payments remain among the most widely used payment mechanisms by commercial organizations, in part because of how they are embedded in so many operations.

The COVID-19 pandemic has accelerated the shift to more modern channels. Offering a range of payment options will remain critical, with so many choices available. But emerging electronic payment tools, such as real-time payments and digital wallets, all show very strong levels of growth across all markets. Newer ones such as cryptocurrencies are likely to remain relatively niche, with slow adoption rates among organizations not currently using them and high levels of growth among ones that are.

This white paper is based on end-user data that provides an up-to-date look at how businesses pay and how this may change in the near future. Key takeaways can be found on page 5.

**1 ACH, Electronic Funds Transfer (EFT), SEPA Credit Transfers and Bacs payments all remain critical payment mechanisms,**

accounting for an average of nearly 30% of payment volumes among existing users in North American and European markets.

**2 Emerging payment methods, including digital wallets and cryptocurrencies, have the highest levels of growth, but only among existing users.**

Other high-growth digital payment methods include Zelle, where 75% of existing business users reported an increase, and Real-Time Payments (RTP), where 68% of current users grew their transaction volumes over the past year.

**3 76% of North American businesses used checks to make a payment in the past year,**

suggesting that checks remain one of the most widely used payment tools in the U.S. and Canada, despite emerging digital payment channels.

**4 Immediate payments, in the form of SEPA Credit Transfer Instant (SCT-Inst) and Faster Payments, have a strong foothold in Europe and the U.K.**

Some 67% of European firms report having made an immediate payment in the past 12 months. In contrast to this, only 46% of U.S. businesses surveyed report using RTP in the past 12 months.

**5 Adoption of cryptocurrencies is mixed.**

Only 7% of European businesses and 10% of North American businesses not currently adopting cryptocurrency as a method of payment report they intend to use them in the next 12–24 months.

The new  
fintech players  
are creating  
significant  
competitive  
pressure.

## — Introduction

Since the earliest versions of currency emerged, in the form of coins and bills, payments have been critical to all forms of commerce, and banks have been at the center of it. Only recently, however, has the variety of payment options begun to expand, and these now include a wide variety of traditional and emerging payment methods, operating on a number of payment rails, each with their own unique characteristics.

The payments landscape is increasingly crowded, as legacy payment channels linger. **While newer payment tools may receive the most hype, businesses continue to utilize legacy tools** since omitting them from their existing workflows is challenging.

At the same time, **the ongoing pandemic has undoubtedly accelerated many existing payment trends and the ongoing shift to newer payment forms.** For financial institutions (FIs) and payment providers, understanding the lived experience and ongoing needs of businesses is critical in offering them a compelling and ultimately functional payment offering.

### METHODOLOGY

This report is based on an online survey of 790 employees of midsize and large corporates in seven North American and European countries (Canada, France, Germany, Italy, Spain, U.K. and the U.S.) that Aite-Novarica Group undertook in the second quarter of 2022.

Respondents are employed in a range of industries. They work in operations, finance, accounting, payments strategy, or treasury/control and are knowledgeable about their organizations' finance, treasury and payments operations. The respondents represented in the pool generate annual revenue/turnover of at least US\$20 million, GBP10 million or EUR10 million. The data for the total sample has a three-point margin of error at the 95% level of confidence.

# Payments Transformation

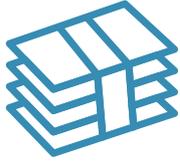
Most businesses today use a combination of methods when paying their suppliers and partners. While newer, more efficient payment methods may exist, integrating these into commercial payment workflows is often easier said than done.

As a result, while newer “better” forms of payment may be available to businesses, older legacy payment tools typically offer a well-established level of functionality, hold wide acceptance rates, and are already integrated into payment workflows and payables processes.

TRENDS	IMPLICATIONS
<b>1</b> <b>Regulatory pressure is rising</b>	In major markets, bodies such as the European Union, U.K. Pay and Payments Canada are mandating the deployment of new payments infrastructure and capabilities that financial institutions are obligated to pursue. This includes the development of instant payments, open banking initiatives and the transition to ISO 20022 messaging standards.
<b>2</b> <b>Payments competition is rife</b>	The rise of fintechs has brought new opportunities and capabilities to the field, with established providers such as banks partnering with fintechs to solve payment gaps. The new fintech players are creating significant competitive pressure for all players to enhance their offerings through better functionality and more user-friendly design.
<b>3</b> <b>Innovation is running high</b>	The growth in electronic payments has beat all expectations over the past 20 years. Credit card giants, such as Visa and Mastercard, continue to invest huge sums into both acquisitions and new product development. Private equity and venture capital funding into the payments space also remains very high, higher than the broader tech market, giving ample runway for investment into emerging fintechs.
<b>4</b> <b>Legacy payment methods remain</b>	The cost of payments transformation has meant that many commercial organizations are still reliant on older payment methods, including checks. The pandemic, however, has upended business practices for many organizations, leading to faster adoption of electronic payment mechanisms.

TABLE A

SOURCE: AITE-NOVARICA GROUP



## Paper-Based Payment Methods

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### CASH

Physical cash.

*Global*

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### CHECK

A check is a draft upon an account that is used to instruct a bank or other financial institution to transfer funds from the payor's account to the payee's account.

*Global*

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Some **businesses, just like financial institutions, are further along in their payments journey. Those businesses often have a more explicit and aggressive strategy for payments modernization as a competitive differentiator**, and see a benefit to increasing their own efficiency, and better real-time integration of payments data into back-office systems and processes. Businesses with more advanced payment capabilities can also benefit as their end customers and business partners prefer to use these newer payment channels, ultimately driving sales.

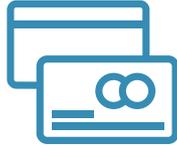
In many other instances, the range of options in use is a direct result of newer payment options becoming available from their existing payment providers. This includes from their banks, payment gateways and payables providers. As payment providers expand their solutions, the range of payment options available to businesses is expanding, even if commercial end users have not explicitly asked for them. Payments diversification is increasing in all markets, with businesses now having more payment options than ever before. **Those who ignore these new options risk falling behind in both their operational efficiency and appeal to customers and partners.**

Longer term it is likely that some older legacy forms of payment will continue to shrink as others gain in market share. **The usage of legacy payment tools, such as cash and checks, remains stubbornly high in many markets and will likely remain part of the mix for the foreseeable future.** There is no single payment mechanism poised to sweep the market, and diversification will remain a key market feature.

Table A on page 7 provides a brief overview of some of the key market drivers that impact payments transformation globally.

## PAYMENT RAILS HAVE A DIRECT IMPACT ON THE END-USER EXPERIENCE

While payments diversification is growing, it is important to understand that all payment mechanisms have their own unique capabilities and features, which result in differing payment experiences. It is important for banks and service providers to understand their clients' needs and provide the appropriate experience for a transaction's specific context. Corporates should think about not only using different channels to manage their own payables and receivables more effectively to optimize their working capital, but also consider using payment experiences that can enhance both customer and vendor relationships.



## Established Electronic Payment Methods

### ACH/EFT

An Automated Clearing House or “ACH” transaction is an electronic transaction that requires a debit from an originating bank and a credit to a receiving bank. Exclusive to the U.S., ACH is operated by Nacha. Electronic Fund Transfers (EFT) are the Canadian equivalent of U.S. ACH payments.

*U.S. & Canada*

### FUEL/FLEET CARD

A card used primarily for automotive fuel and other transport-related expenses.

*Global*

### SEPA CREDIT TRANSFER/ BACS

SEPA Credit Transfer (E.U.) and Bacs (U.K.) are batch payment systems enabling payment clearing and settlement within one business day, and are equivalent to ACH/EFT payments in the U.S.

*U.K. & Europe*

### WIRE

Wire payments are operationally similar to RTGS/Chaps/Target2 but are colloquially referred to as wire payments within North America. These payments are operated on the CHIPS and Fedwire systems in the U.S. and on Lynx in Canada.

*U.S.*

### RTGS/CHAPS/TARGET2

Real-time gross settlement systems (RTGS) are payment networks for large-value transactions; e.g., Chaps (U.K.), Target2 (E.U.).

*Global*

### CORPORATE CARD

Corporate cards, sometimes called T&E cards, are commercial credit or charge cards that are typically used for travel and entertainment.

*Global*

### SAME-DAY ACH (U.S.)

ACH batch payment cleared within the same day the payment is initiated.

*U.S.*

### INTERNATIONAL/CROSS BORDER PAYMENT

Payments sent across an international border using a specialist payment mechanism, such as correspondent banking or a third-party fintech providers; e.g., Swift, Transfermate.

*Global*

### EMPLOYEE’S PERSONAL CREDIT/DEBIT CARD

Employees will make a purchase through personal payment mechanisms and then submit an expense claim to their organization.

*Global*

### PURCHASING CARD

A card used primarily for procurement purposes.

*Global*



# Emerging Payment Methods

## OPEN BANKING PAYMENTS

Payments initiated through a third party that connect to the originator’s bank through standardized APIs. Legally mandated in the U.K. and E.U. As of yet underdeveloped in North America.

*U.K. & Europe*

### A2A

Typically, mobile or online-led services that enable users to move funds from a payor’s bank account to a payee’s bank account, without use of the card network rails. Often consumer-centric but growing in commercial use; e.g., Zelle (U.S.), Interac e-Transfer (Canada), PayM (U.K.), Paylibre (France), Bizum (Germany).

*Global*

## VIRTUAL CARD NUMBERS

A 16-digit card number that enables users to make payments electronically. Typically, single use and not tied to a physical card.

*Global*

Many of the established electronic payment methods (see Table B on pay 9) can suffer from relatively slow clearing and settlement times of several days, or can have a high cost per transaction, such as per cross-border payment, or interchange rates for commercial cards. Table B on page 9 summarizes these established payment types.

Emerging payment methods, by contrast, are all characterized by significantly higher levels of speed, efficiency and data richness. **Data richness is critical as payments become more embedded into a host of new services and platforms**, and it can drive significant efficiencies for corporate and business users. Many of these newer payment methods, however, remain at a relatively early stage of development, with lower levels of acceptance by payees, and/or requiring investment to deploy them. Nevertheless, they are growing in most markets, such as Faster Payments in the U.K., and they are at the forefront of much investment and development in payments today. These emerging tools are outlined in Table C below.

## RTP

Real-Time Payments, operated by The Clearing House, is a U.S. immediate payments system launched in 2017. The system is not mandated by regulators, and will soon face competition from the FedNow immediate payment system when it launches in mid-2023.

*U.S.*

## SCT-INST/FASTER PAYMENTS

SEPA Credit Transfer Instant (SCT-Inst) and Faster Payments (U.K.) are immediate payment systems enabling for the real-time clearing and settlement of payments within their respective jurisdictions and are mandated by centralized regulatory authorities.

*U.K. & Europe*

## CRYPTOCURRENCY

Decentralized cryptographic currencies that enable users to make transactions without a centralized authority. Examples include Bitcoin and Ether.

*Global*

## DIGITAL WALLETS

Digital payment services that allow users to store payment credentials and send funds. Typically, online or via a mobile device; e.g., PayPal, Apple Pay, Google Wallet.

*Global*

## PUSH-TO-CARD

Transactions where funds are sent, in real or near real time to a receiver’s card account; e.g., Mastercard Send, Visa Direct.

*Global*

## Current Payment Methods Used

Payment tool diversification has been an ongoing trend and the penetration levels of various payment mechanisms is now strong among commercial end users globally. This section provides an overview of usage in the previous 12 months.

### U.S., CANADA LIKE CHECKS

Despite the hype and attention paid to emerging payment methods, well-established payment tools remain the most broadly used in North America. As shown in Figure 1 opposite, **76% of respondents have used checks in the last 12 months.** ACH/EFT transactions were being used by 73% of respondents, corporate cards by 68% and purchasing cards by a further 67% of respondents.

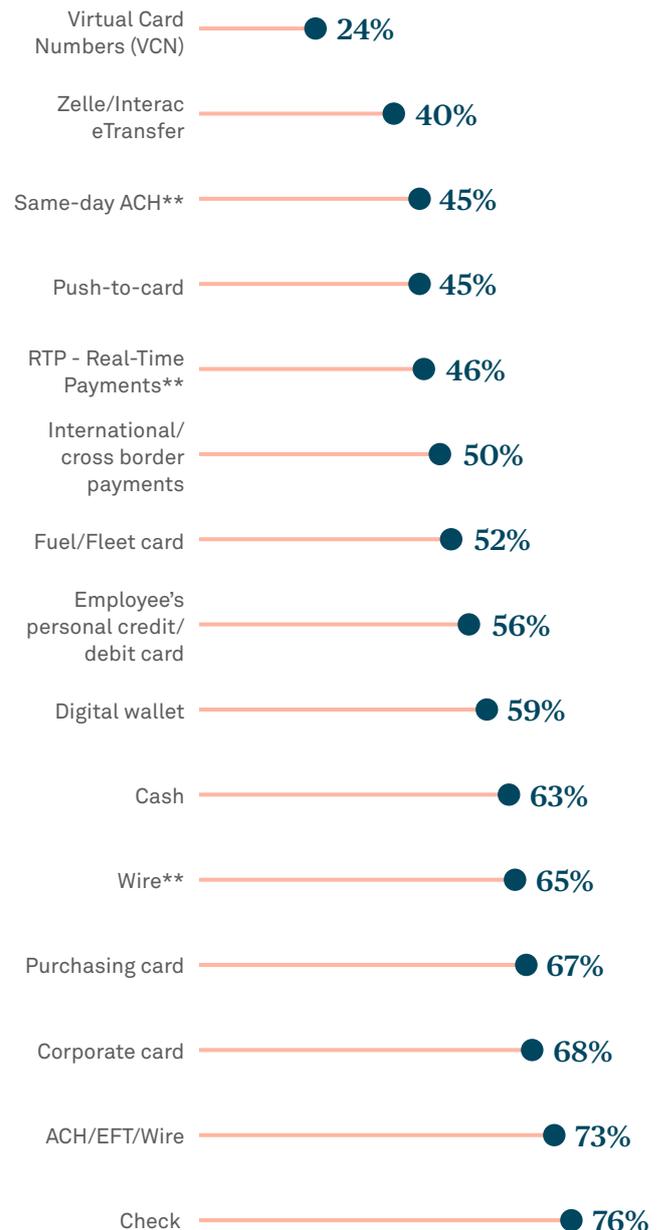
**Newer forms of payment saw a more mixed level of penetration, with 59% of Canadian and U.S. respondents having made a payment using digital wallets,** 46% reporting use of RTP from The Clearing House (TCH) and 45% having used same-day ACH. Virtual card numbers were used by nearly a quarter of respondents.

Even though the U.S. and Canada are in many respects very similar markets, closer analysis underlines the discrepancies that exist at a local level. Some established payment methods showed very similar levels of use, including for corporate cards and cash, with both countries near parity. Other methods such as **international payments show some variation, with Canada being more reliant on exports and imports.** Much of the discrepancy between the U.S. and Canada is accounted for by the fact that Canada has a more centralized and interconnected payments infrastructure.

FIGURE 1

## Payment Tool Usage in North America

Q: HAS YOUR ORGANIZATION MADE ANY PAYMENTS USING THE FOLLOWING PAYMENT TOOLS IN THE PAST 12 MONTHS?  
| U.S. & CANADA\*

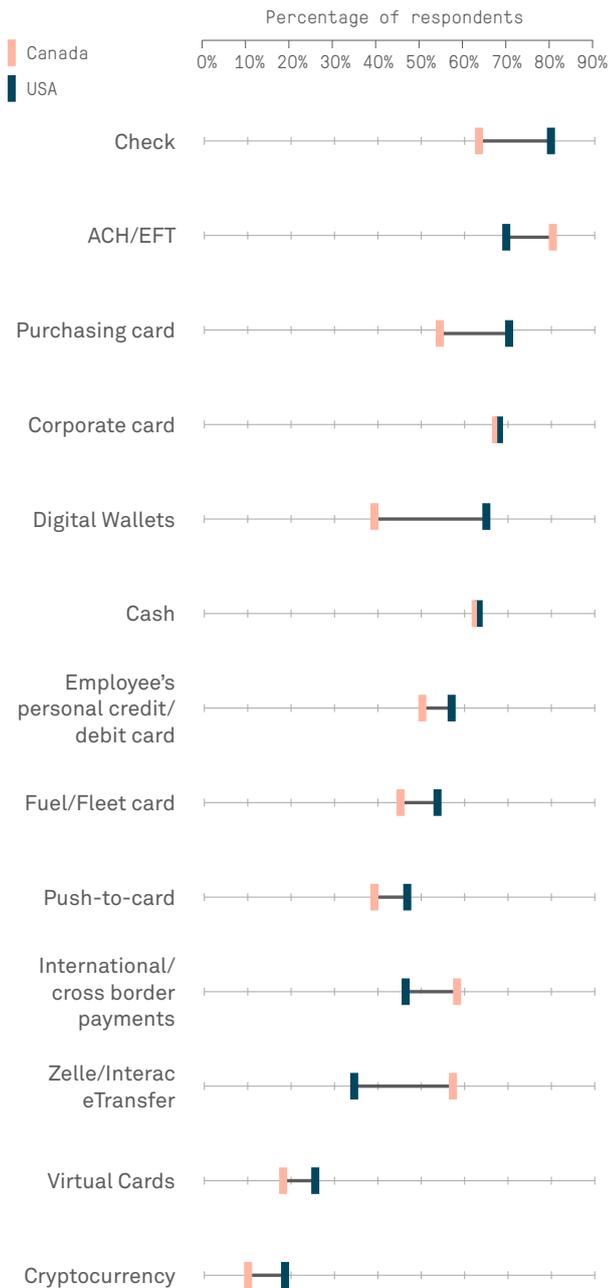


SOURCE: AITE-NOVARICA GROUP | \*Base: 399 | \*\*U.S. Only

FIGURE 2

## Differences in Payment Tool Usage Between the U.S. and Canada

Q: HAS YOUR ORGANIZATION MADE ANY PAYMENTS USING THE FOLLOWING PAYMENT TOOLS IN THE PAST 12 MONTHS? | U.S. VS CANADA\*



While Canadian banks can interoperate easily, the U.S. remains more fragmented and, as a result, is reliant on a variety of payment rails and clearing houses. This can make it more difficult for U.S. consumers and businesses to send a payment from any bank to any bank.

As a result, **while 80% of U.S. respondents reported that they had made a payment via check in the past 12 months, only 64% of Canadians reported doing so.**

In contrast to that is the regional adoption of digital wallets in North America. **Digital wallets are used by nearly two-thirds of U.S. corporates (65%), compared to only 39% of Canadian businesses.** Canada's more centralized and integrated payments infrastructure means there is simply less need to use third-party services like PayPal to make commercial payments because established electronic alternatives are more widely used.

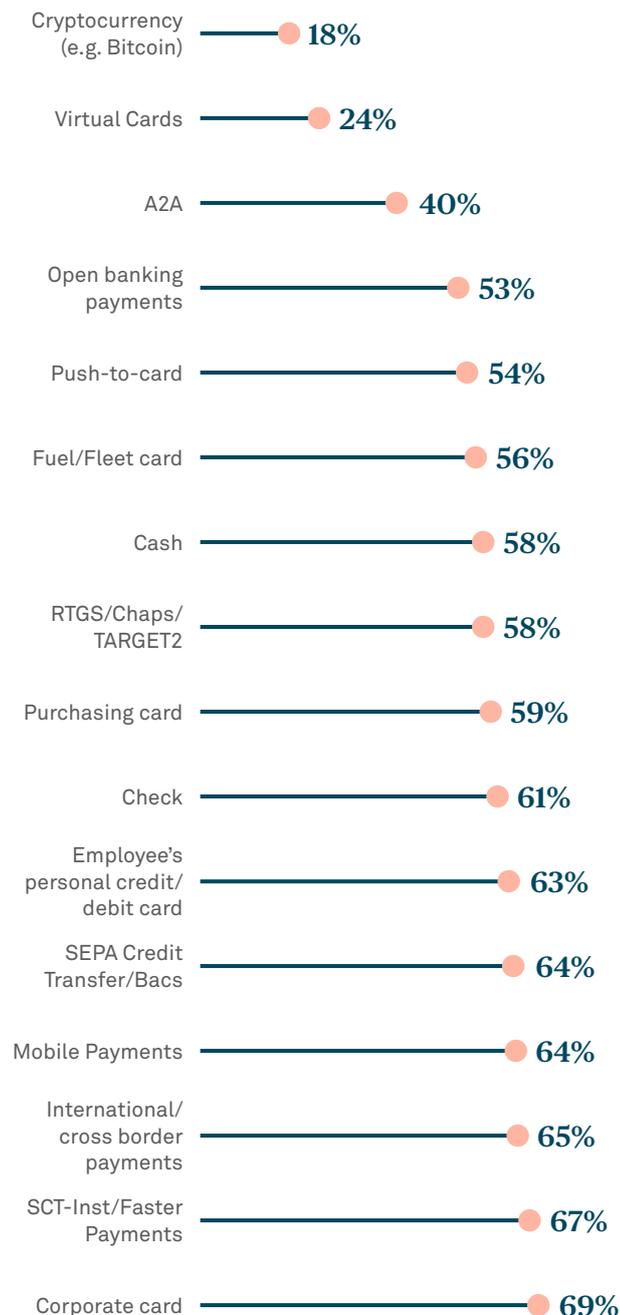
The use of Interac eTransfer is well established in Canada and used by 58% of businesses, having been on the market for nearly 20 years. **Zelle for Business is a much newer payment method within the U.S. and it has reached a 35% level of penetration among U.S. businesses (see Figure 2).**

SOURCE: AITE-NOVARICA GROUP | \*Base: 399

FIGURE 3

## Payment Tool Usage in Europe

Q: HAS YOUR ORGANIZATION MADE ANY PAYMENTS USING THE FOLLOWING PAYMENT TOOLS IN THE PAST 12 MONTHS? | U.K. & EUROPE\*



### EUROPE, U.K. FAVOR CARDS

The European and U.K. payments landscape remains more uniform than North America's. Across the region, corporate cards are the most widely used, with 69% of respondents reporting they had used them in the last 12 months. Newer forms of payment, notably SEPA Credit Transfer Instant (SCT-Inst) and the U.K.'s Faster Payments, also hold a high level of market penetration with 67% of organizations using them.

The growth of immediate payments in Europe has been greatly aided by strong regulatory mandates to launch these capabilities, which are typically available at little cost for commercial users. Faster Payments in the U.K. is one of the more well-established immediate payment platforms globally, having first launched in 2008.

Newer forms of account-to-account (A2A) payments, driven by a host of regional deployments such as the U.K.'s PayM, France's PayLib and Germany's PayDirekt, are also gaining traction with 40% penetration (see Figure 3). While largely consumer focused, these services enable users to make payments between bank accounts, without the need for existing card rails, typically in real time. Their use among commercial organizations is growing, including for B2C disbursements, the gig economy and paying suppliers.

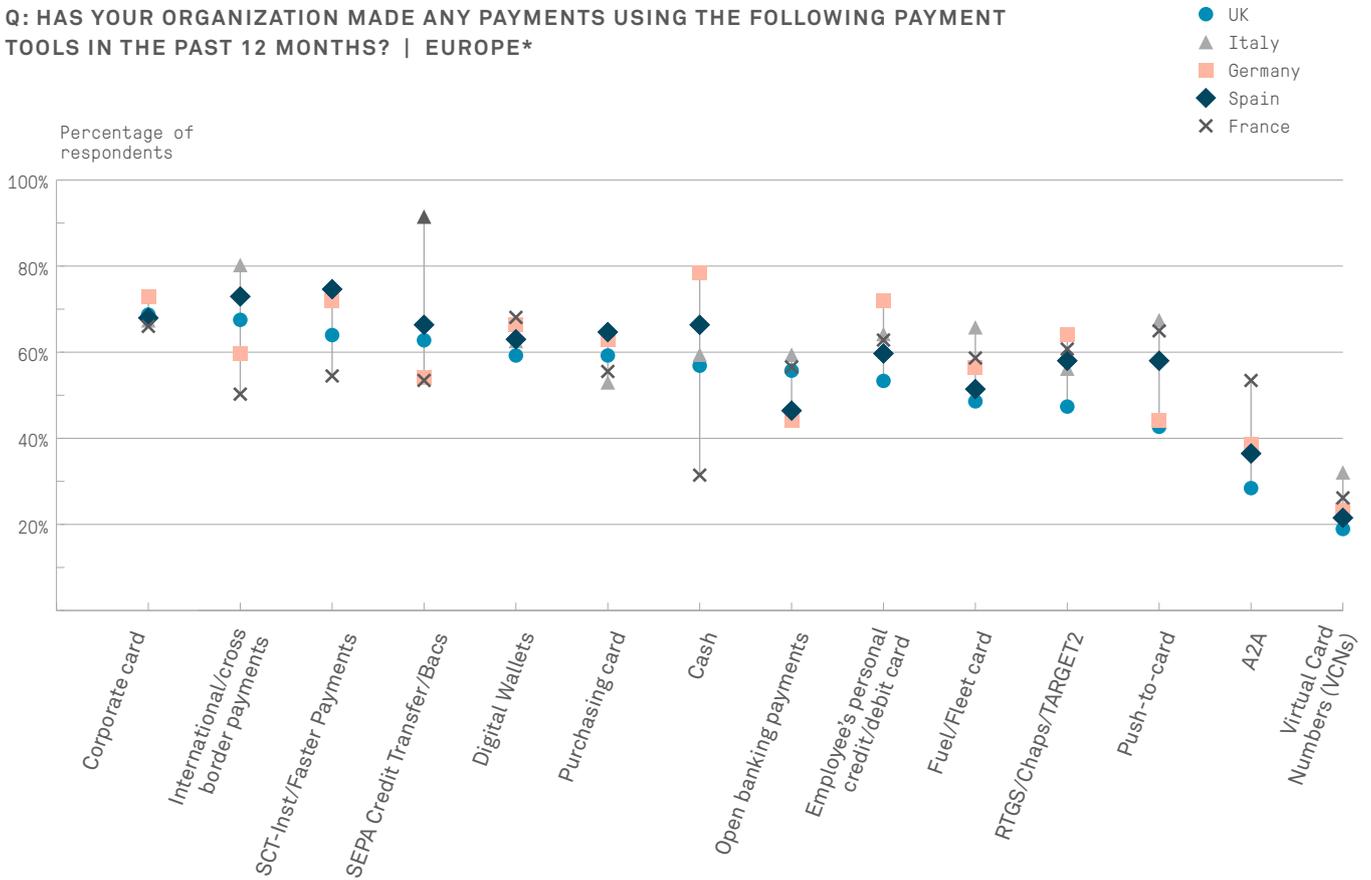
**Despite Brexit, the U.K. has always been a fore-runner of payment infrastructure modernization,** notably through the launch of Faster Payments a decade before the launch of SEPA Credit Transfer Instant (SCT-Inst), and more recently the ongoing development of its own open banking initiative.

Some established tools, notably corporate cards, purchasing cards and digital wallets, show similar usage rates, while others such as International payments, SEPA Credit Transfers and even cash show a much wider variety of adoption. For

SOURCE: AITE-NOVARICA GROUP | \*Base: 391

## Payment Tool Usage by European Country

Q: HAS YOUR ORGANIZATION MADE ANY PAYMENTS USING THE FOLLOWING PAYMENT TOOLS IN THE PAST 12 MONTHS? | EUROPE\*



instance, while **79% of German respondents reported making a cash payment in the last 12 months, only 32% of French companies report the same.** In this instance, the variability in payment tool usage can also reflect cultural habits and preferences, with the Germans in general more open to using cash for payments, as opposed to the more card-centric French.

**Likewise, SEPA Credit Transfers were reportedly used by 92% of Italian firms but only 54% of French and German companies.** This is driven by the fact that SEPA Credit Transfers are managed in Italy via a third-party intermediary — the CBI — which connects corporate entities to the Italian financial services market for cash management capabilities. As a result, the unique structure of Italian commercial payments is compliant with EU regulations but maintains its own context. These figures are shown in Figure 4 above.

## Payment Volumes

While the range of payment options in use by commercial organizations is growing, most businesses continue to see an overall reliance on more established payment tools when it comes to their payments. Even among large and midsize corporates, the scale of some players compared to others can quickly skew the overall market total and underplay the importance that some tools may have for their end users. As such, this section highlights the relative importance of these payment tools to their current users rather than an outright market share.

### NORTH AMERICA

In line with their greater levels of penetration among U.S. and Canadian businesses, **ACH/EFT and checks hold the highest average share of monthly transactions by value among users** as outlined in Table D below. On average, these two payment methods accounted for 20.7% (ACH in the U.S.) and 21.9% (EFT in Canada) of monthly usage.

**The major presence of ACH/EFT has been fueled in recent years by the growing shift away from slower, paper-based mechanisms to electronic payments.** Checks are often perceived by many organizations as a necessary evil that, while not as efficient as other payment mechanisms, remain ubiquitous in terms of acceptance and important to many specific types of transactions, such as rent payments, utilities and taxes. **The use of checks saw a notable decline as a result of the COVID-19 pandemic, in part because it became more problematic to mail paper to thinly staffed offices.**

Corporate cards hold a high level of penetration among large and midsize corporates, with close to 68% of the respondents reporting that their organization had made payments using these tools

TABLE D

## Average Monthly Share of Payment Types, by Value

Q: USING YOUR BEST ESTIMATE, WHAT PERCENTAGE OF YOUR BUSINESS PAYMENTS BY VALUE WERE PAID USING THE FOLLOWING PAYMENT TOOLS IN THE LAST 30 DAYS? | NORTH AMERICA\*

	U.S.	CANADA
ACH/EFT	20.7%	21.9%
CHECK	14.8%	22.6%
CORPORATE CARD	10.0%	13.2%
CRYPTOCURRENCY	8.2%	10.9%
DIGITAL WALLETS	11.8%	16.0%
EMPLOYEE'S PERSONAL CREDIT/DEBIT CARD	9.4%	11.0%
FUEL/FLEET CARD	8.6%	10.1%
INTERNATIONAL/CROSS BORDER PAYMENT	10.9%	16.3%
PURCHASING CARD	9.5%	14.3%
PUSH-TO-CARD	10.8%	13.8%
RTP	9.9%	N/A
SAME-DAY ACH	9.7%	N/A
VIRTUAL CARD NUMBERS	7.6%	8.2%
WIRE	13.3%	N/A*
ZELLE/INTERAC ETRANSFER	10.5%	16.8%

SOURCE: AITE-NOVARICA GROUP | \*Base: 399

There has been a growing shift away from slower, paper-based mechanisms to electronic payments.

in the past 12 months. **Credit cards only accounted for about 10% of average transactions by value among users in the U.S., however, and closer to 13% in Canada.** Given the slowdown in business-related travel because of the COVID-19 pandemic, it is likely that overall corporate card activity has been subdued and cards may have scope for further growth in the near term.

#### **EUROPE & THE U.K.**

Unlike North America, where traditional payment methods hold the largest share of payments among their users, the European and U.K. markets show a higher level of fragmentation with newer payment technologies winning.

SEPA Credit Transfer/Bacs payments hold the highest average share of transactions amongst users, ranging from 29.5% of transactions by value in the U.K to 23% in Germany. This high share of average transactions among users is likely inflated by the fact that in many markets, **SEPA Credit Transfer and Bacs payments are the primary methods for delivering payroll directly** into employee accounts, capabilities for which the U.S. tends to rely on ACH or checks.

SCT-Inst and Faster Payments also hold relatively strong levels of usage, accounting on average for 15.4% of transactions among users in Italy and 11.4% in the U.K. Interestingly, even the newest forms of payment in Europe and the U.K. hold a relatively high average level of transactions by value, with open payments accounting for up to 12.1% of transactions among German users. **The broad mix of payment tool transaction values in Europe again highlights the fact that the payments universe remains fragmented.**

Large-value RTGS/Chaps/Target2 transactions also hold a relatively high average share of business transactions by value among existing users, accounting for an average of 13.9% of transactions by value in Spain and 13.8% in the U.K.

TABLE E

## Average Monthly Share of Payment Types, by Value

Q. USING YOUR BEST ESTIMATE, WHAT PERCENTAGE OF YOUR BUSINESS PAYMENTS BY VALUE WERE PAID USING THE FOLLOWING PAYMENT TOOLS IN THE LAST 30 DAYS? | EUROPE AND U.K.\*

	U.K.	ITALY	GERMANY	SPAIN	FRANCE
SEPA CREDIT TRANSFER/ BACS	29.5%	25.4%	23.0%	24.0%	25.5%
RTGS/CHAPS/TARGET2	13.8%	8.5%	11.0%	13.9%	12.9%
INTERNATIONAL/CROSS BORDER PAYMENT	13.5%	11.3%	10.8%	15.6%	11.3%
DIGITAL WALLETS	13.2%	9.8%	14.1%	9.3%	13.7%
SCT-INST/FASTER PAYMENTS	11.4%	15.4%	12.9%	12.8%	11.8%
OPEN BANKING PAYMENTS	11.0%	11.7%	12.1%	8.0%	11.9%
PUSH-TO-CARD	10.7%	8.9%	9.8%	10.3%	15.0%
PURCHASING CARD	9.8%	8.7%	10.0%	10.9%	13.4%
CRYPTOCURRENCY	9.4%	8.3%	7.1%	6.1%	7.7%
VIRTUAL CARD NUMBERS	9.1%	8.2%	9.4%	8.8%	7.2%
EMPLOYEE'S PERSONAL CREDIT/DEBIT CARD	9.1%	9.6%	10.5%	9.4%	10.1%
A2A	9.0%	N/A	11.4%	9.0%	11.0%
CORPORATE CARD	8.6%	7.7%	10.1%	8.4%	10.8%
FUEL/FLEET CARD	7.6%	7.9%	10.0%	8.8%	9.4%

[Aite-Novarica Group notes that Lynx is an interbank payment method not typically made directly available to business and corporate customers and as such was not included in this survey]

SHARE OF EXISTING  
USERS PROJECTING  
GROWTH IN THE  
NEXT 12 MONTHS

## Anticipated Growth

Most payment methods are expected to see an increase in use over the next 12 months across both North America and Europe. Growth is highest among emerging digital payment formats; however, even well-established electronic forms of payments are expected to increase.

These figures represent a snapshot from the second quarter of 2022, a period when most economies remained relatively robust, and many markets experienced ongoing post-pandemic increases in economic activity (alongside high levels of inflation). **Those macro forces may decrease the overall volume of payments activity if business activity slows, but they are unlikely to displace the overall shift toward emerging and electronic payment methods.**

### PROJECTIONS IN NORTH AMERICA

In line with their recent adoption rates, digital wallets are expected to see the most growth over the next 12 months, with 80% of existing users expecting to see an increase in activity, and only one in five (19%) expecting their usage to remain stable.

Some 70% of cryptocurrency users expect to see an increase, albeit from a low base of current users (see Figure 5). **RTP is also expected to see a continuing level of strong growth, with 70% of users anticipating an increase.** Given that RTP holds a substantially larger footprint than cryptocurrency, this suggests a potentially significant increase for the broader U.S. immediate payments market.

Cash and checks show a robust level of expected growth among users. While 27% of cash users expect to see some level of decline in the next 12 months, this is in contrast to the 45% of users who expect to see an increase in use. Only check users expect to see a higher level of decline (36%) as opposed to increases (33%).

While the growth among existing payment tool users is positive in North America, interest in using new payment tools among non-users remains more mixed. Figure 6 shows that same-day ACH and corporate cards both have the highest levels of interest among non-users,

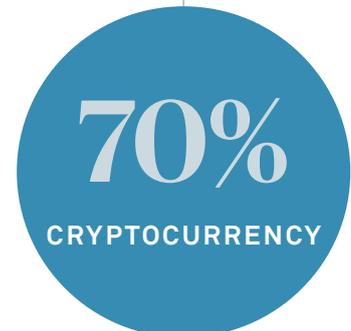


FIGURE 5

SOURCE: AITE-NOVARICA GROUP | \*Base: 399

## Anticipated Payment Method Growth Among Users

Q. THINKING ABOUT THE NUMBER OF TRANSACTIONS, HOW DO YOU THINK YOUR ORGANIZATION'S USAGE OF THE FOLLOWING PAYMENT TOOLS IS LIKELY TO CHANGE OVER THE NEXT 12 MONTHS? | NORTH AMERICA\*

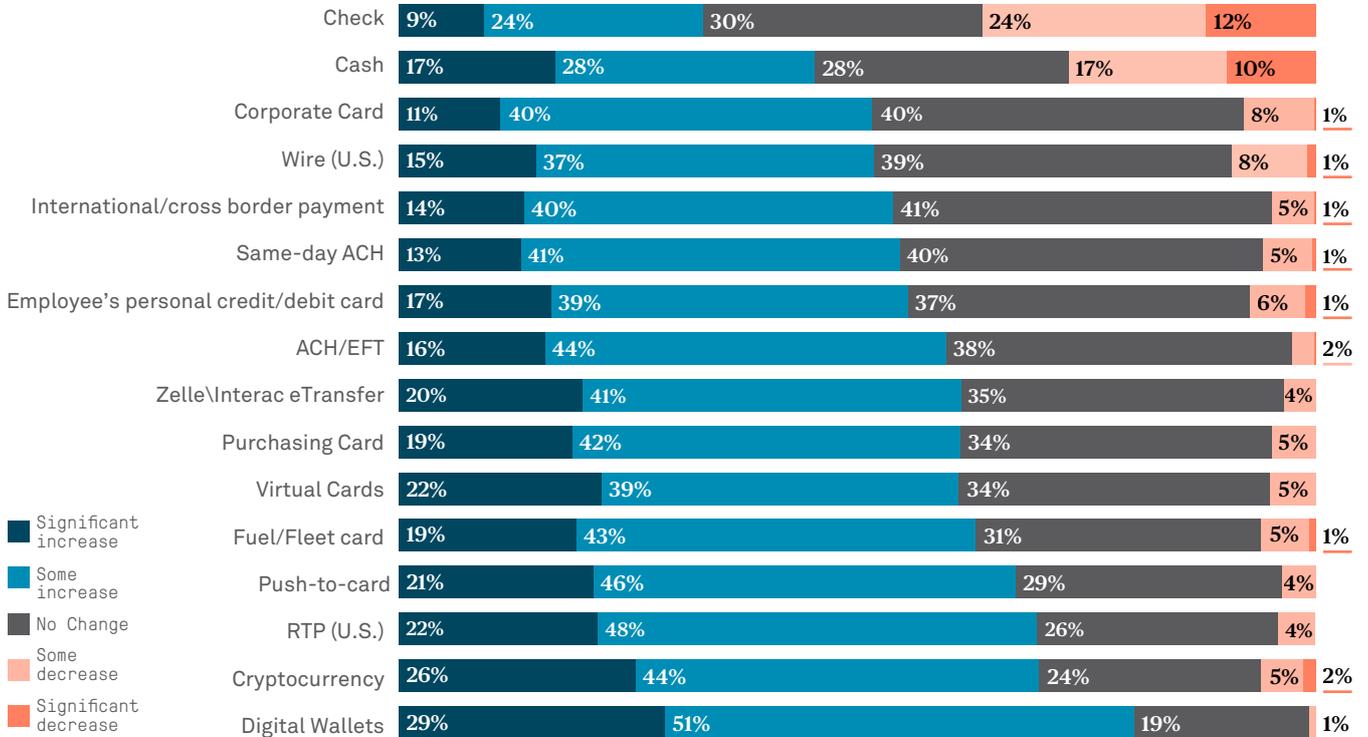
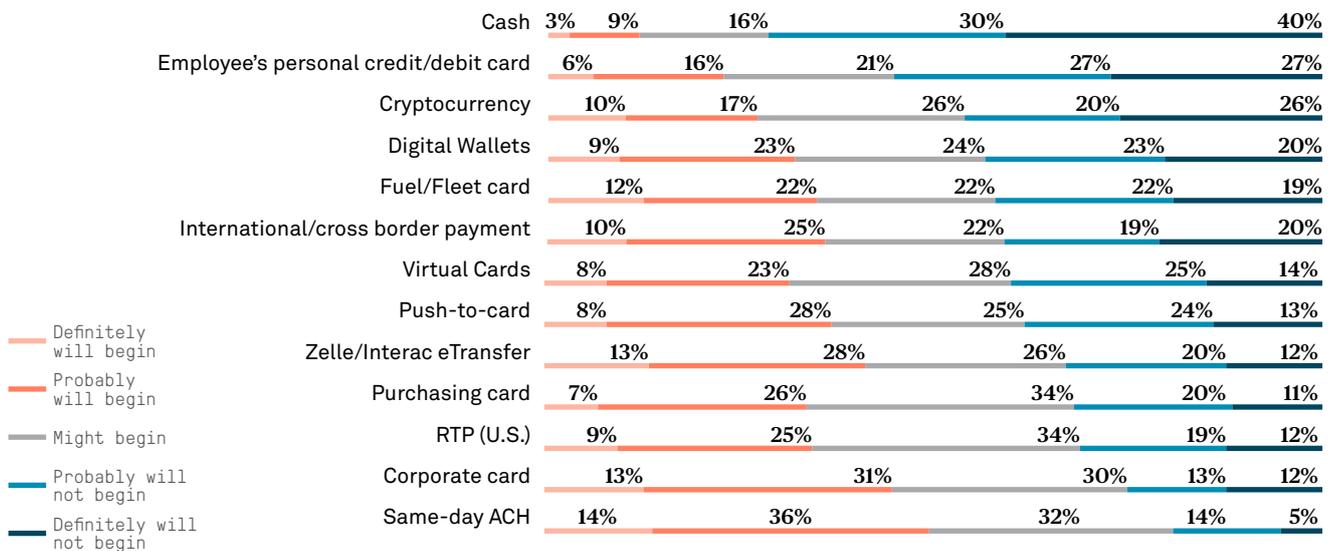


FIGURE 6

SOURCE: AITE-NOVARICA GROUP | \*Base: 399

## Interest in Payment Tools by Non-Users

Q. HOW LIKELY IS YOUR ORGANIZATION TO BEGIN USING THE FOLLOWING PAYMENT TOOLS IN THE NEXT 12 TO 14 MONTHS? | NORTH AMERICA\*



There is no single payment solution that will dominate the market in the near term.

with 82% expressing interest in same-day ACH, and 74% in corporate cards. Established electronic payment mechanisms are relatively easier to integrate into commercial payment workflows and payables processes and hold a high level of acceptance compared to many emerging payment mechanisms.

**Some 70% of current cryptocurrency users expect to see an increase in usage, but only 10% of non-users report they will begin using this payment tool in the next 12 months to 24 months,** with 53% reporting being at least somewhat open to using it. Digital wallets, likewise, hold a moderate level of interest with 56% of non-users expressing some interest. However, this comes against the backdrop of a much bigger user base than cryptocurrency.

For North American payment providers, the seeming disparity between expected growth among existing and potential payment tool users suggests **that there is no single payment solution that will dominate the market in the near term.** While digital wallets and cryptocurrency are expected to see the most growth by existing users, same-day ACH and corporate cards show the highest level of interest from non-users.

## PROJECTIONS IN EUROPE & THE U.K.

Much like North America, overall usage of most payment methods is expected to increase by most users in the U.K. and Europe, with emerging digital payments seeing the highest expected levels of increase. As shown in Figure 7, some 74% of digital wallet users expect to see more usage over the next 12 months, while **69% of cryptocurrency users are expecting an increase (albeit from a low base).**

Both open banking and A2A capabilities are much further advanced in Europe and the U.K. compared to North America and may be a harbinger of future trends internationally.

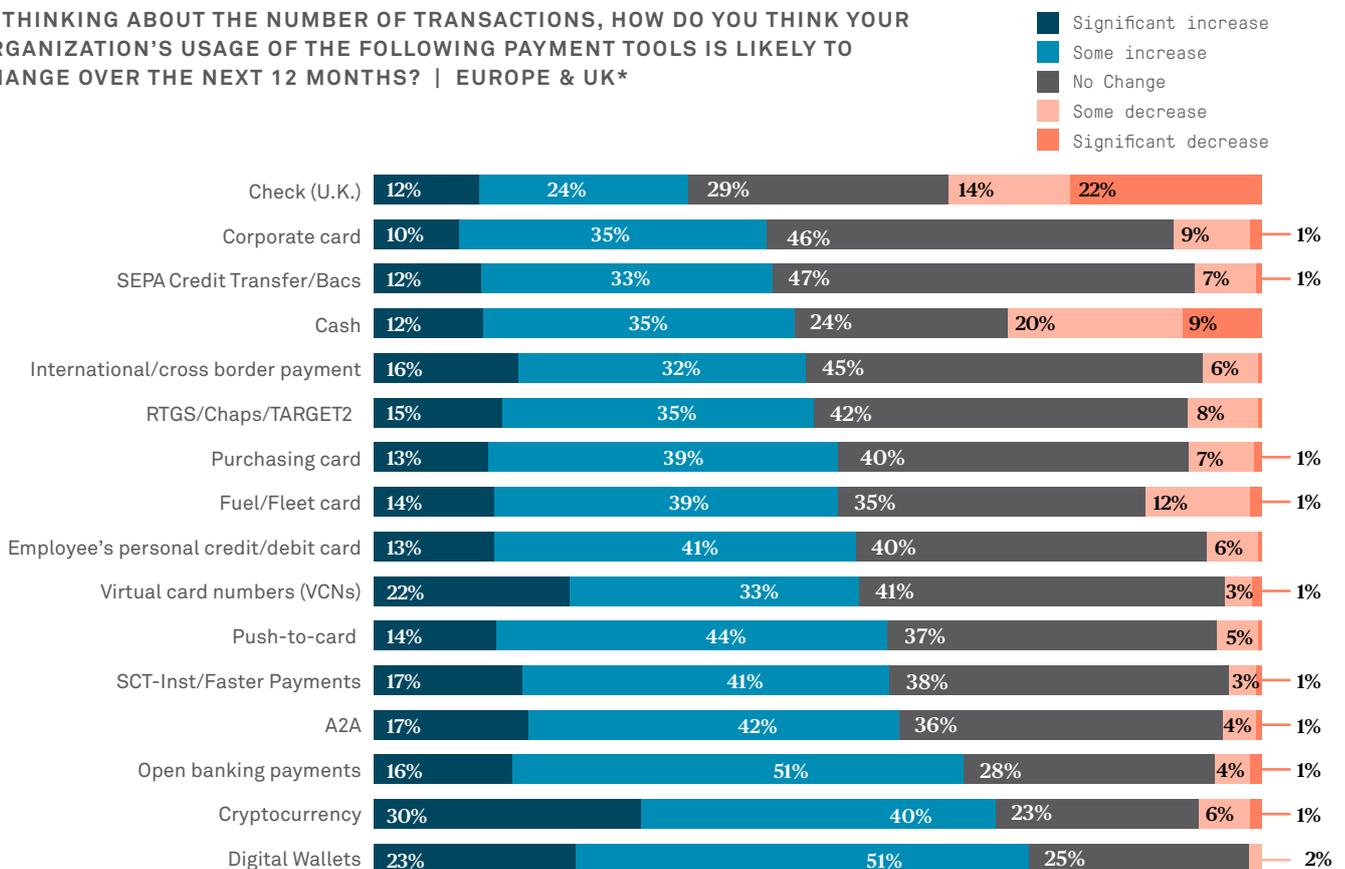
Older, more established payment mechanisms show the lowest levels of anticipated growth. Notably, cash is expected to see a decline by 29% of users. SEPA Credit Transfer and Bacs payments are also expected to see relatively low growth, with a moderate 45% of users expecting to see some level of increase. The decline in SEPA Credit and Bacs payments is largely driven by the growing ubiquity of immediate payments in the form of SCT-Inst and Faster Payments, of which 58% of users expect to see an increase.

**Immediate payments remain an area of growth in Europe, particularly on the continent, with 86% of non-users reporting they have some level of interest in using this payment mechanism in the next 12 to 24 months** (see Figure 8). This is followed by international and cross-border payments, with 80% of non-users expressing interest,

FIGURE 7

## Anticipated Payment Method Growth Among Users

Q. THINKING ABOUT THE NUMBER OF TRANSACTIONS, HOW DO YOU THINK YOUR ORGANIZATION'S USAGE OF THE FOLLOWING PAYMENT TOOLS IS LIKELY TO CHANGE OVER THE NEXT 12 MONTHS? | EUROPE & UK\*



SOURCE: AITE-NOVARICA GROUP | \*Base: 391

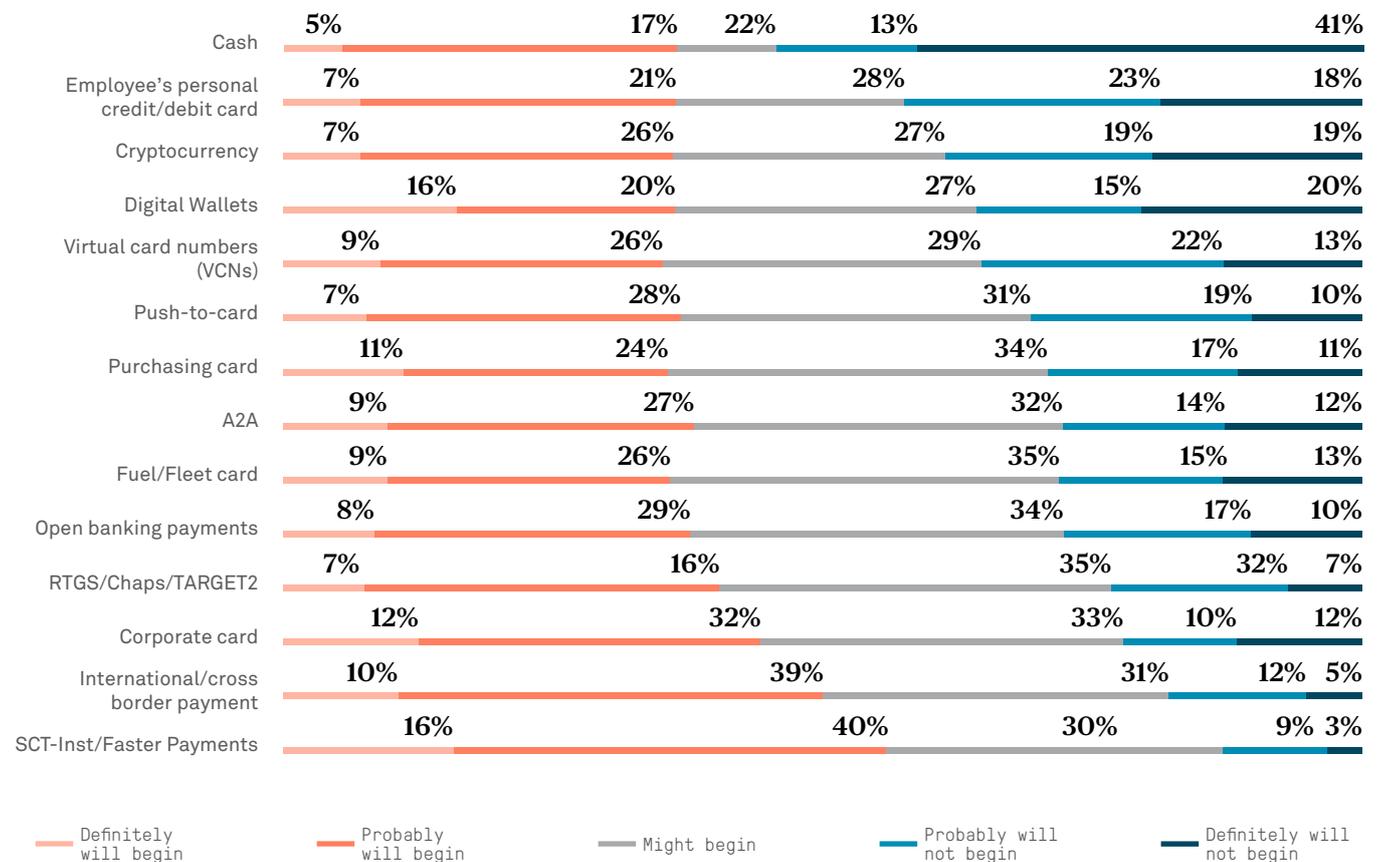
and 76% expressing interest in corporate cards. **The high level of interest in cross-border payments is likely fueled by the challenges facing global supply chains** and the fact that many organizations are now seeking new suppliers and partners. Tools and services that can ease some of the logistical burdens and costs of paying international suppliers and partners are hence likely to only increase in importance.

Much like in North America, interest in cryptocurrency remains relatively low among non-users, even though growth is expected to be high among current users. This indicates that **cryptocurrencies are likely to maintain a dedicated but relatively small base of users** compared to most other payment tool options.

FIGURE 8

## Interest in Payment Tools by Non-Users

Q. HOW LIKELY IS YOUR ORGANIZATION TO BEGIN USING THE FOLLOWING PAYMENT TOOLS IN THE NEXT 12 TO 24 MONTHS? | EUROPE & THE U.K.\*



SOURCE: AITE-NOVARICA GROUP | \*Base: 391

# Conclusion

- 1** The payments mix remains diverse for most commercial enterprises. **While newer emerging digital payment mechanisms are growing, legacy payment tools including checks and even cash remain resilient.** These older payment mechanisms are in many instances a necessary evil from an operational standpoint.
- 2** **Despite the hype, cryptocurrencies show a mixed reception among commercial enterprises as a form of payment.** Although experiencing high growth among existing users, non-users report low levels of interest.
- 3** Digital wallets are both widely used and growing in acceptance. **Banks and financial institutions would do well to seek partnerships and enable wallets where appropriate.**
- 4** New payments infrastructure, notably in the form of **real-time payments and open banking, show positive levels of growth, particularly in Europe** and the U.K., and present opportunities to develop new services and capabilities.
- 5** Seemingly contrasting payment mechanisms such as A2A and push-to-card are seeing similar levels of growth and interest from commercial enterprises. This suggests **payments diversification will not ease anytime soon.**
- 6** Financial institutions have an obligation to understand the context in which their clients make payments. Regional dynamics have an important impact on the options available to business users when it comes to choosing a payment method, and **one-size-fits-all solutions will have limited appeal.**
- 7** Overall growth in payments is strong, with no single solution standing out significantly compared to other solutions. **Financial institutions and payment providers need to develop a multipronged approach that enables a range of payment tools and rails,** rather than focusing on any single point solution.

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