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The future of payments - Summary of leading Thought Leadership Papers

Pricing Engine information: https://product.novaservices.hu/pricing-engine

Structure of this Thought Leadership Summary

01 Current payment industry growth trend

Summary of the overall growth trends of the payment industry - continuous **growth of non-cash transactions** with **slowing revenue growth** / **shift in transaction shares** away from cards / increasing **importance of VAS** in revenue mix

02 Outlook on long-term strategic industry trends

Presenting long-term trends that will shape the payment industries in the next decades and require strategic preparation to manage the resulting opportunities and challenges for banks - including **transaction routing** / **agentic AI** / **tokenization / regionalization**

03 Immediate impact and opportunities for banks

Zooming in on the impact the growth trends have on traditional acquirer - **margin compression** / **revenue shifts** / **merchant dissatisfaction** / **loss of ecosystem** / **opportunities in the small merchant system**

04 Focus areas to win the near future for banks

Detailing the near-term focus areas for bank acquirers to regain or defend market share - especially **closing the expectation gap** / **payment speed** / **onboarding** / **payment plurality** / **creating a partner ecosystem**

Thought leadership papers summarized

Capgemini: World Payments Report 2026

"The (not-so) silent takeover: Winning back merchants means playing differently" (2026):

https://www.capgemini.com/insights/research-library/world-payments-report/

The 2025 McKinsey Global Payments Report

"Competing systems, contested outcomes", (September 2025):

https://www.mckinsey.com/industries/financial-services/our-insights/global-payments-report

KPMG: Parternering for payment modernization

"How leading banks and retailers are unlocking the future of payments" (2026):

https://assets.kpmg.com/content/dam/kpmgsites/xx/pdf/2026/02/modernizing-payments.pdf?

BCG: Global Payments Report 2025

"The Future Is (Anything but) Stable" (September 2025):

https://web-assets.bcg.com/25/91/2269153c468ca43684442f055cb0/2025-global-payments-report-sep-2025.pdf

BCG: From Merchant Acquiring to Merch. Service

"The Race for End-to-end Merchant Relevance Is On" (2025, White Paper):

https://media-publications.bcg.com/From-Merchant-Acquiring-to-Merchant-Services.pdf

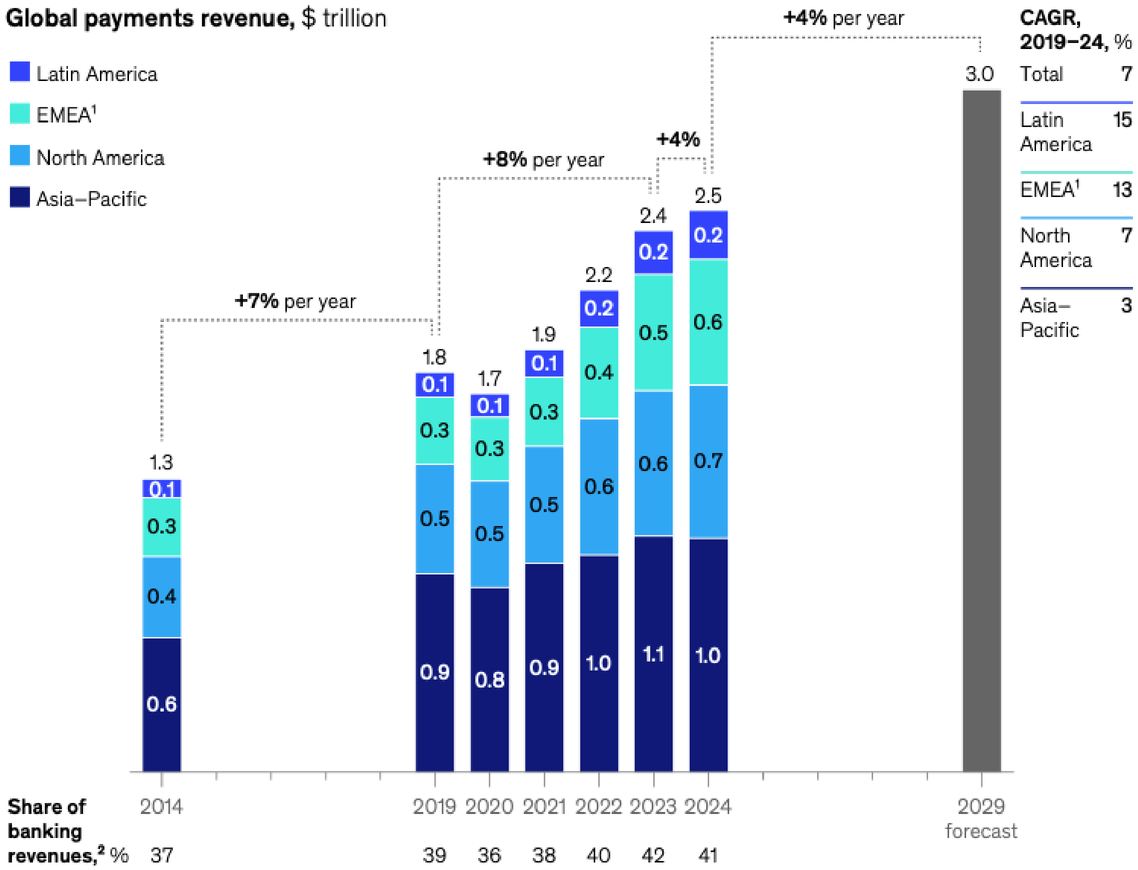
01

Payment development and trends

"Revenue Is Up, but Slowing" (BCG)

Exhibit 1

Global payments revenues increased 4 percent globally in 2024.



Note: Figures may not sum to listed totals, because of rounding.
[1]Europe, Middle East, Africa; growth projections exclude Russia.
[2]Total banking revenues (fee and interest) before risk cost.
Source: McKinsey Global Payments Map

Extract Page

Drivers are peaked interest rates, a move towards lower-yield payment methods and ongoing fee pressure

After compound annual growth of over 8% since 2019, growth has slowed down and is expected to stay at 4% over the next 5 years.

(Source BCG and McKinsey)

"Latin America will lead with double-digit annual transaction-related revenue growth, followed by the Middle East and Africa at 9%. Europe as a whole will expand by close to 7%, with Eastern Europe growing by roughly 13%—far outpacing Western Europe's 4.3% and North America's 5.6%."

(BCG Global Payments Report 2025)

02

Long-term strategic industry trends

Outlook 1: Payment Orchestration or Dynamic Transaction Routing

BCG: “Smarter Routing and Authorization to Boost Margins”

“Acquirers can adopt dynamic transaction routing to optimize payment paths based on real-time variables such as fees, foreign exchange rates, network latency, and approval likelihood.

The intelligent routing logic operates in real time, powered by rules engines or machine learning (ML) models that ingest contextual data at the time of transaction. By implementing a decision tree or ML-based scoring model, the system can evaluate all available routes and select the one that is best aligned with the defined KPIs and critical objectives.

The benefits are especially pronounced in cross-border and multicurrency environments, where optimization can materially reduce costs and lift success rates."

Source: BCG 2025 Global Payments Report

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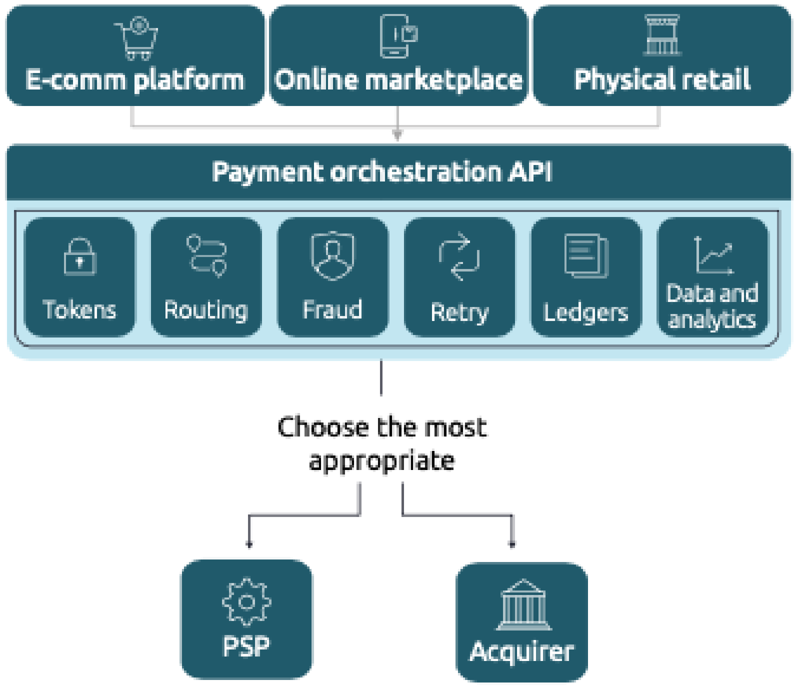
Capgemini: Payment orchestration drives scalab merchant processing

Figure 17.
Streamline payment processing through orchestration



Source: Capgemini Research Institute for Financial Services Analysis, 2025.

03

Immed. impact and opportunities for banks

“One of the top issues is margin compression.” (Capgemini)

“As acquiring became increasingly commoditized, profit margins shrank, making it harder for banks to differentiate themselves.”

“Intense competition and relentless pricing pressure have eroded profitability, turning what was once a strategic advantage into a less attractive proposition.

- Technology has added another layer of complexity. Keeping pace with modern payment infrastructures demands steep investments, and the cost of upgrading legacy systems continues to rise.
- Evolving and increasingly complex regulatory requirements are intensifying compliance burdens. Constantly changing rules demand significant investment in monitoring, reporting, and governance, stretching banks’ resources and operational capacity.
- The operational costs of maintaining aging platforms further compound the issue. Legacy systems are costly to maintain and hinder innovation, making it difficult for banks to compete with agile, tech-driven, more focused, and specialized competitors.”

(Capgemine 2026 World Payments Report)

“Revenue [is] shifti across the value chain (BCG)

“Core payments acceptance [..] under pressure ..

… as pure transaction processing commoditizes, driving growth in value-added services and embedded finance.

Software-payments integration now accounts for the largest share of the acquiring revenue pool.

Fintechs and vertical software players are moving into high-value adjacencies—merchant onboarding, payout orchestration, and real-time treasury—putting incumbent banks and payment monoline providers on the defensive in some segments.”

(BCG 2025 Global Payment Report)

04

Focus areas to win the near future for banks

“Banks must address gaps to compete and succeed”

“Gaps persist across both business and technology domains, including missing segment strategies, inconsistent onboarding policies and underdeveloped capabilities like payment orchestration and digital KYC”

Figure 11.
Most banks aren’t ready to scale their merchant services

	Ready	Somewhat ready	Not ready
Business readiness	Merchant pricing strategy Cross-sell strategies	Dedicated leadership structure for merchant acquiring initiatives Established partnerships with POS providers, fintechs, or payment networks Merchant risk assessment, onboarding, and underwriting policies in place	Merchant relationship management and support structure Segment-specific merchant strategies Formal business cases developed with ROI and revenue projections
Tech and infrastructure readiness	Chargeback/dispute management infrastructure	POS/m-POS integration capabilities Merchant dashboard with analytics and settlement insights API-based integration with payment networks Reconciliation and settlement engine for multi-channel merchant payments	Payment orchestration capabilities Merchant onboarding platform with digital KYC Value-added service modules Integration capabilities with merchant tools

Sources: Capgemini Research Institute for Financial Services Analysis, 2025; World Payments Report 2026 bank payment executive survey, N=210.

These challenges aren’t just operational – they’re strategic.

Without addressing foundational readiness, banks risk falling behind more agile competitors.

Closing these gaps is essential to meeting evolving merchant expectations and competing at scale.“

(*Capgemini 2026 World Payments Report*)

Improve profitability to fund future challenges

Implement a stable, high volume pricing capability - allowing you to price from any network source, any combination of parameter in real time.

Book a discovery

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