

Payments trends

# The Future of Payments, Today

Eight trends that will shape the  
payments landscape in Latin  
America and Europe in 2024.



2024

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The Future of  
Payments, Today

## Intro



As we approach the end of Q1 2024, our industry stands at an inflection point. Though 2023 tested merchants' agility amid global uncertainty, their resilience shone through as they embraced innovation and emerging solutions.

Now, the trends and technologies planted in recent years will bloom and redefine the financial landscape. Our latest paper - The Future of Payments, Today - explores the key trends set to drive the transformation of payments and empower merchants with a roadmap to the future.

From generative AI (GenAI) to social commerce, our whitepaper empowers merchants to stay ahead of the curve.



## The Future of Payments, Today

# 01

## Instant payments gain momentum



With consumers increasingly expecting real-time transactions, instant payments will continue to shape the future of commerce.

As the name suggests, these not only offer greater convenience and efficiency, but also speed up the identification processes for consumers, driving securing transactions and reducing the likelihood of delayed payment executions.

2023 laid the groundwork for the advancement of instant payments across the continent. The European Commission unveiled its Instant Payment Regulation, ensuring real-time execution and settlement of payments across the entire eurozone. In turn, this will enable merchants to rely on Payment Initiation Services (PIS) for commercial use cases.

In short, the regulation will make instant payments a new standard, offering greater convenience, efficiency, and security for consumers and businesses. Additionally, instant payments will be mandated for all Euro transactions between member states, including those EU members not currently using the Euro.

With implementation expected by the end of 2024, merchants have a timely opportunity to ready themselves for the widespread adoption of instant payments. This demands partnering with payments providers at the forefront of enabling real-time transactions.

Ultimately, the advancements in instant payments will empower merchants to offer their customers faster, more transparent payments with robust fraud protection, ushering in a new era for commerce.





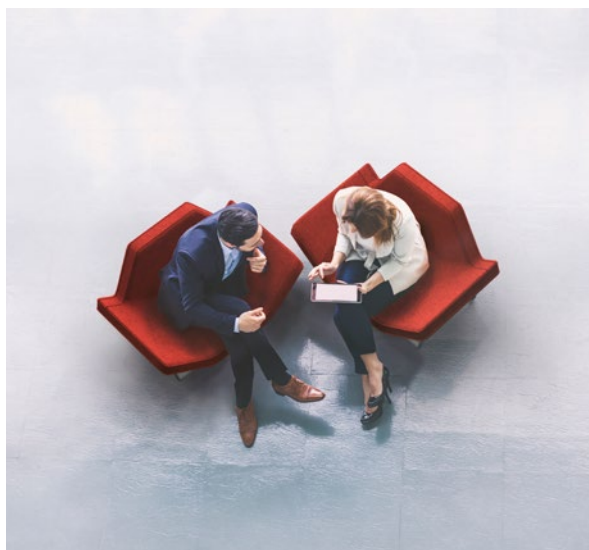
## The Future of Payments, Today

# 02

The value of Variable Recurring Payments becomes crystalline

Business to business (B2B) payments have often lagged behind their consumer counterparts when it comes to innovation and user experience. But that is set to change this year as corporate buyers come to expect the same simple, seamless payments they get when buying items for personal use.

User experience will take centre stage in the B2B world, emerging as a key differentiator. But how can merchants achieve this elevated experience? The answer lies in embracing solutions like Variable Recurring Payments (VRP) and subscriptions. These nuanced services ensure greater visibility, optimisation, and control in B2B transactions.



VRPs are an evolution of the current direct debit scheme, allowing a business to make a series of payments ahead of time to better forecast spend and facilitate more informed financial decisions. Merchants can establish maximum payment limits and adjustable dates, giving the customer control, while providing themselves guaranteed revenue. This caters perfectly to the world of B2B commerce with its longer sales cycles and need for flexible payment arrangements tailored to large purchases. Similarly, subscription models coupled with automated recurring payments allow a predictable cash flow while offering business customers transparency and simplicity.



## The Future of Payments, Today

# 02

The value of Variable Recurring Payments becomes crystalline

While VRPs are in their infancy, the proposed Instant Payment Regulation by the European Commission is expected to unlock their true potential, enabling merchants to rely more on Payment Initiation Services (PIS) for commercial use cases.

Merchants that leverage these tools will differentiate themselves and build loyalty with digitally-savvy B2B buyers through superior user experiences. They will tap into the appetite of modern businesses to optimise cash flow forecasting and gain financial insights from their payment processes.





## The Future of Payments, Today

### 03

Latin America continues to lead in alternative payment methods



Around the world, consumers' payment preferences are changing at pace, driven by everything from their greater demands for convenience and security to their desires to have clearer cost controls while spending online.

But it's not just consumers driving change. Favourable regulatory landscapes are also shifting behaviours. Take two major regional digital-payment frameworks, CoDi in Mexico and Pix in Brazil. Both have incentivised the uptake of faster, simpler and more secure digital payments. Instant payments were already present in Mexico, but CoDi significantly simplified and improved them, providing merchants and consumers with accessible and instant payment options. In Brazil, Pix has strongly encouraged consumers to go digital and challenged traditional payment methods. These, alongside the likes of Transferencias 3.0 in Argentina and others, have revolutionised accessibility to digital payments.

As a result of this, Latin Americans have adopted the boom of alternative payment methods (APMs) en-masse. What's more, this adoption has had a multiplier effect; research shows that when consumers have access to digital payments, they often act as a gateway to other financial services, such as credit and insurance, and people are more likely to use those services to save money, start or expand businesses, manage risk and better sustain financial shocks.

Merchants may have moved quickly to meet these changing needs, but 2024 will be defined by servicing the young, tech-savvy consumers spearheading the adoption of APMs. These future customers have essentially leapfrogged cash and/or plastic cards, heading instead straight to mobile wallets.





## The Future of Payments, Today

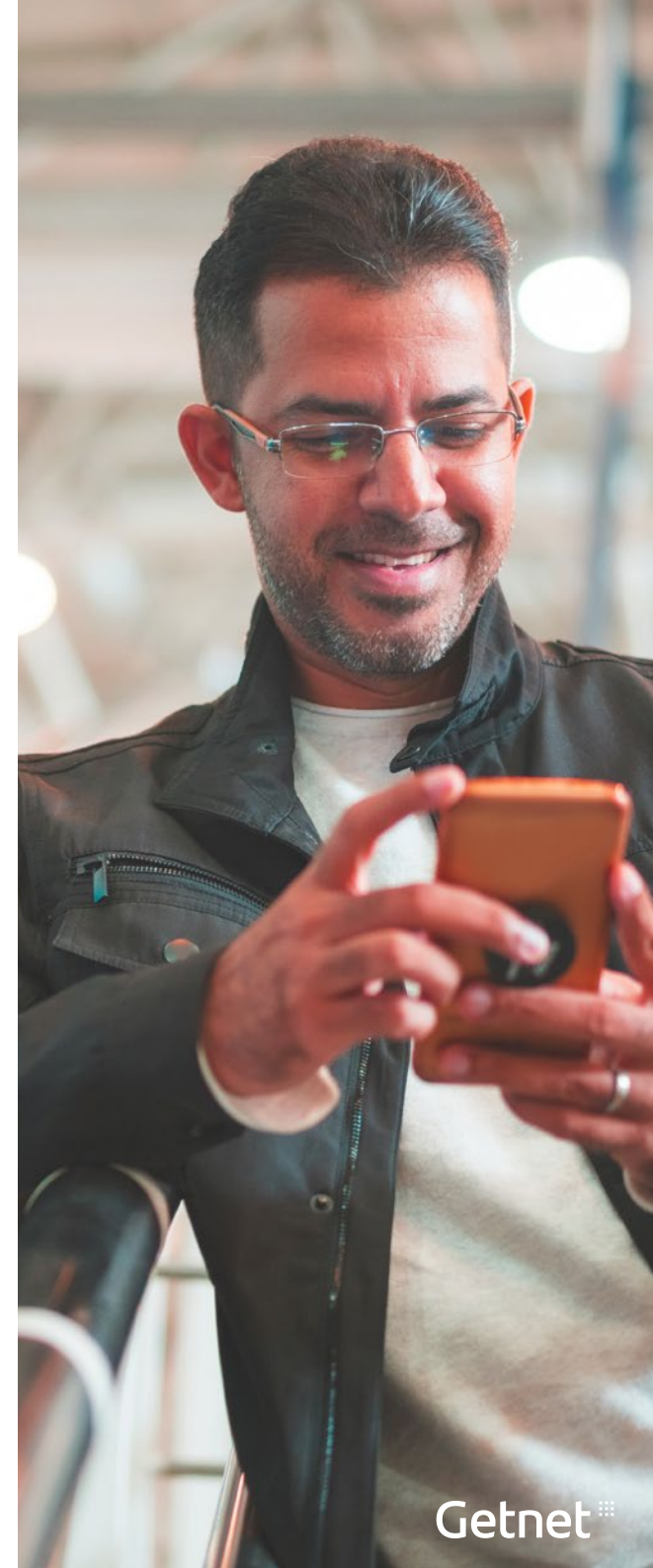
# 04

Cross-border payments  
will develop in Latin  
America and beyond

It's fair to say that eCommerce has boomed in Latin America over recent years, with online retail sales set to account for almost 20 percent of total retail by 2026.

The picture is mixed, however, spending amounts and consumer behaviour varies in between markets. Merchants attempting to break into countries such as Brazil, Mexico and Chile will struggle if they adopt a one-size-fits-all policy. In addition, Latin American does not always offer the 'click-of-a-button' foreign exchange and payment transactions that organisations are accustomed to in other markets, such as Europe. Further, the high costs of intermediation, processing cut-off times and lack of interoperability are some of the factors which make intercontinental trade within the market challenging. In addition, Latin America's fragmented payments landscape and high unbanked population further exacerbate the issue.

Despite these obstacles, 2024 will bring change to the region. The Latin American financial market infrastructure is undergoing drastic changes, driven by regulations around instant payments, open banking, and central bank digital currencies, aimed at promoting financial inclusion and wide access to the digital economy. Additionally, infrastructure improvements in several countries are expected to help grow electronic payment revenues, and payment service providers are working on modernising local payments and processing to enable seamless and secure cross-border transactions.





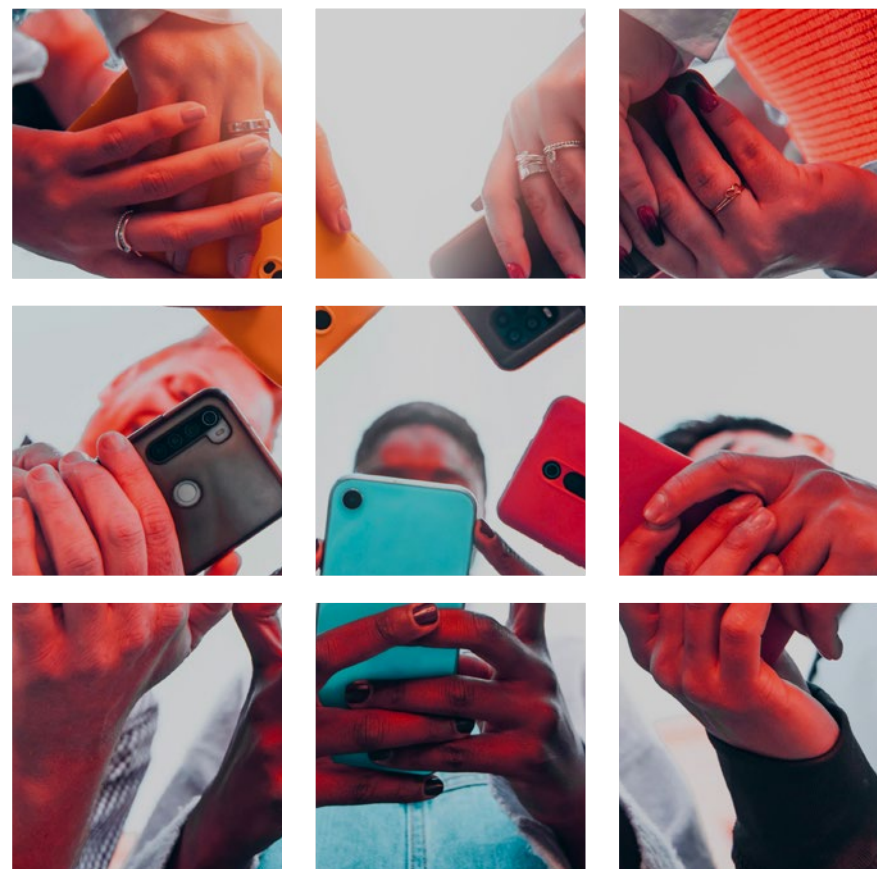
## The Future of Payments, Today

05

Social commerce continues its ascendancy

As Gen Z (those born between 1997-2012) continues to mature and enter the job market, young people are finding themselves with disposable income they didn't have before employment. This is a young, highly digital demographic, and many are flocking to shop on the social platforms where they already spend time, like TikTok and Instagram. In fact, social commerce is projected to see [34%](#) annual growth in Western Europe through 2025 as eCommerce goes where the users are.

Gen Z relies heavily on influencer endorsements and user reviews in making purchases. Merchants who can tap into these trends by enabling in-app social commerce and partnering with relevant creators will be well positioned to drive sales. Offering buy buttons, in-feed shoppable video, and in-app checkout eliminates friction for impulse, socially driven purchases.



But payments also must be seamless - once they click buy, getting Gen Z to complete the transaction means saving payment details within apps and offering methods like digital wallets that enable one-click checkout. Promoting instalment plans and deferred payment options also matches Gen Z's needs for transparent financing and avoiding sticker shock.





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06

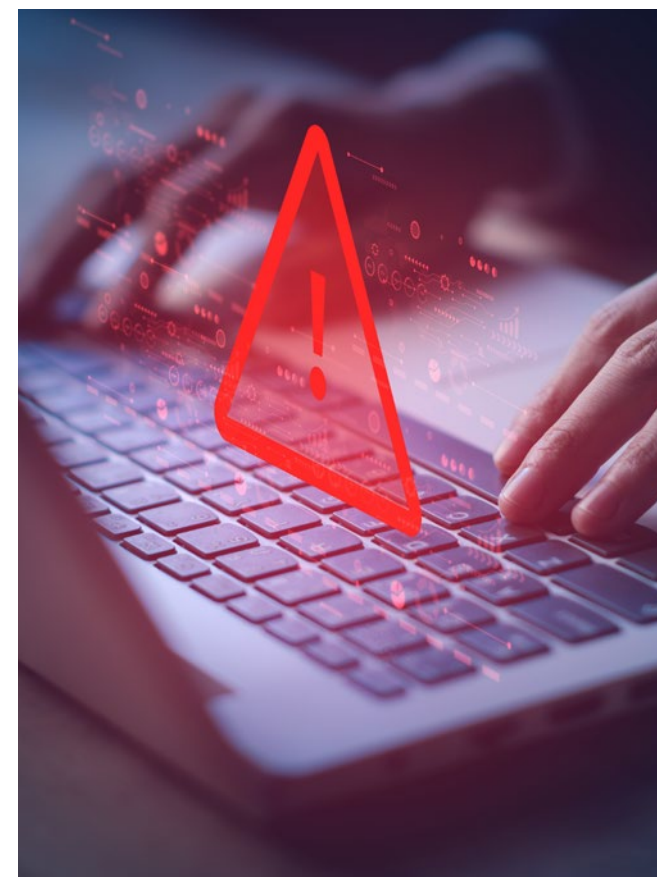
Fraud protection  
levels up

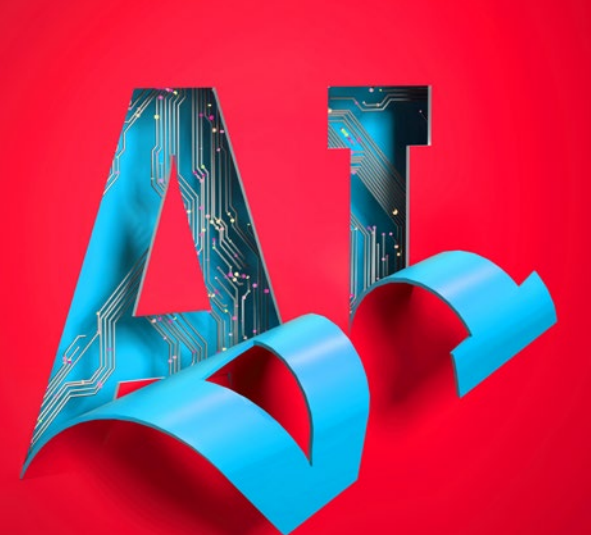
Fraudsters sadly grew significantly bolder and more sophisticated in their attempts to syphon spend in 2023.

According to the latest data, Latin Americans fall prey to online scams more than any other region. This could be because pace of digitisation is occurring so quickly. In 2023, **80%** of the population in Latin America and the Caribbean used the internet, up from **77.9%** the year before and above the global rate of **66.3%**, according to the International Telecommunication Union. At present, a lack of regulation and judicial investigations, coupled with the world's highest share of unprotected data, is resulting in poor safeguarding against attacks. In a survey conducted in 2022 of global retailers, it was found that on average, **3.7%** of all e-commerce orders in Latin America were fraudulent.

But 2024 will see merchants increase their protection against threats. With the ongoing growth of e-commerce, adopting a multi-layered approach to fraud prevention is a must, as is the deployment of best-in-class tools. This encompasses machine learning algorithms, AI, risk-scoring abilities, behavioural element analysis and rich data networks. Latency in fraud detection needs to be reduced through real-time monitoring. Merchants should ensure they work with payments partners who have boots on the ground expertise in the latest regional threats.

Ultimately, fraud is the price of doing business in an increasingly digital world. Merchants who invest now in sophisticated fraud capabilities tailored to their Latin American customer base will gain back the trust of consumers who expect air-tight security. They can – and will – turn the tables on fraudsters and take back control of the revenue lost to malicious attacks.





The Future of  
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07

Generative AI  
continues to  
disrupt payments



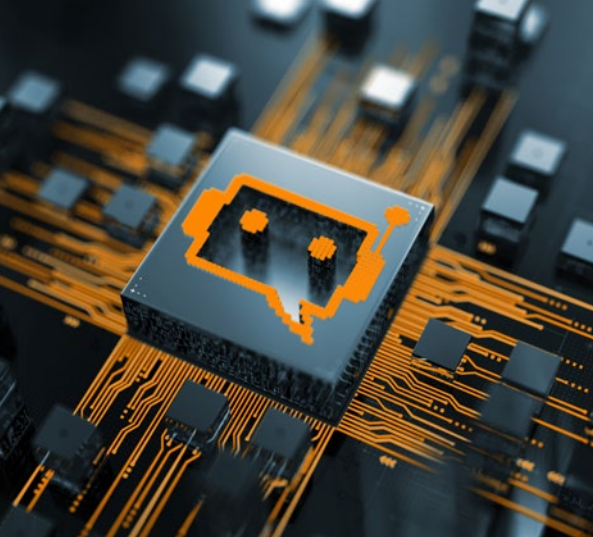
Over the past year, GenAI has not just reshaped industries, but has sparked the beginnings of a revolution. Payments too have seen widespread changes.

By synthesising vast amounts of data in seconds, GenAI models such as ChatGPT, Claude and Bard have created highly customised payment experiences at an individual level. While still a nascent technology, they have opened new possibilities for hyper-personalised marketing and engagement, fine-tuned to individual consumers' preferences and behaviours. Likewise, GenAI could optimise internal payment processes and identify new revenue opportunities tailored to each merchant's business.

But GenAI's use cases won't just apply to improving user experience. Fraud prevention

and security will reach new levels as AI models detect anomalous transactions and forge new protections in real-time against emerging threats. Streamlining compliance could also be achieved as regulatory filings and reports are automated by AI. In short, GenAI models allow payments to become smarter, faster, and more dynamic.

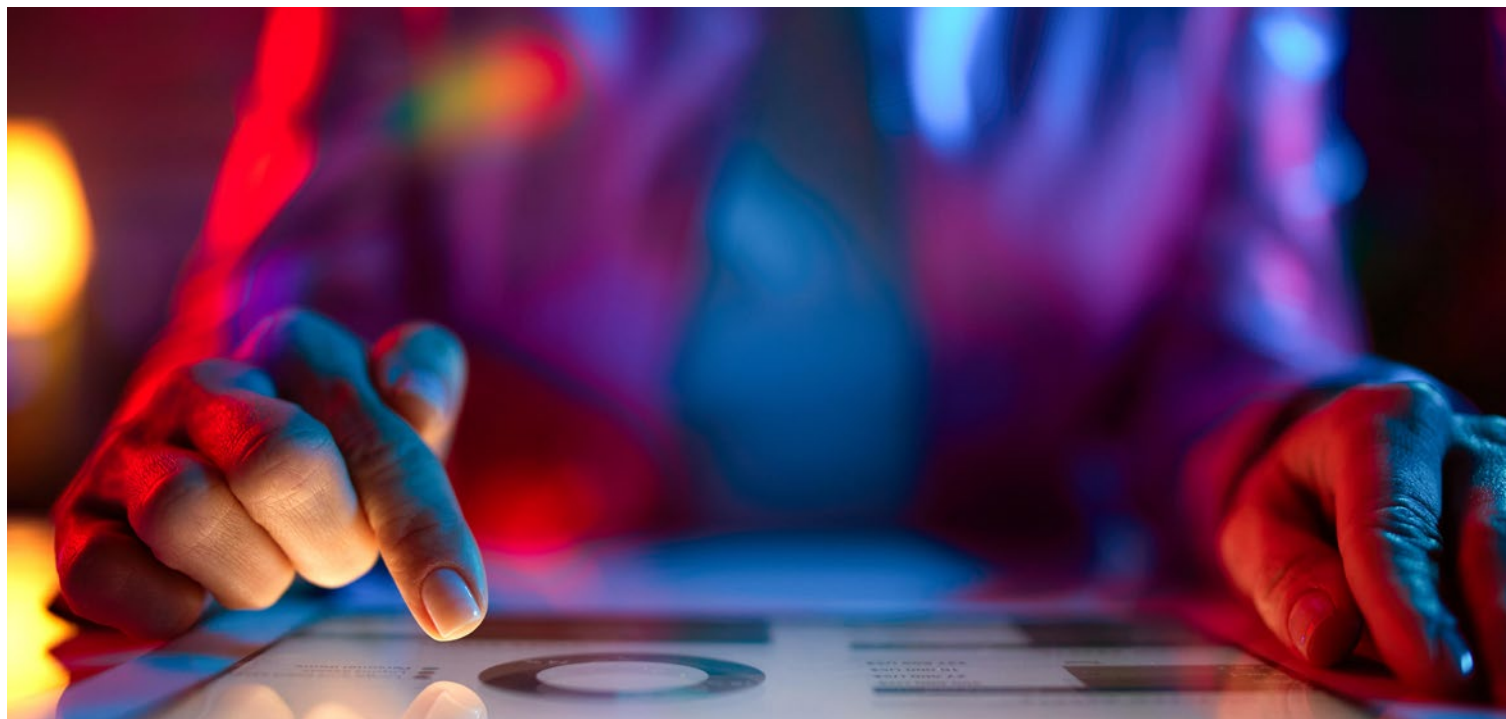
With the march of GenAI, static transactions of the past will give way to intelligent, interactive experiences between merchants, consumers, and technology. Payment providers and merchants that embrace GenAI now will gain an unbeatable competitive edge through previously unimaginable levels of personalisation and automation. Put simply, the future of payments is about to get a whole lot smarter.



## The Future of Payments, Today

08

Value add services bring even more value



Value-added services and loyalty programs could provide the secret ingredient for payments providers looking to build stronger relationships with merchants in Latin America and Europe in 2024.

For instance, dynamic working capital solutions give merchants much-needed flexibility to cover uneven cash flows amid volatile economies. Near-instant approvals and direct account transfers are now feasible exactly when financing needs arise, with no waiting around. For cross-border merchants, currency conversion optimisation eliminates foreign exchange uncertainty so they can set rates and protect margins.

Subscriptions are also expected to continue

strong growth. It's estimated that half the world's consumers now pay by subscription at least **twice a month**. In Latin America, the subscriptions market is expected to register at a compound annual growth rate of **4.2%** until 2027, outstripping the pace of other markets.

Bundling value-added products and loyalty into integrated solutions will provide non-stop value after the transaction. In doing so, payments providers can offer merchants granular data insights to refine offerings further. What's more, this is just the beginning. The advancement of open banking will expand consumer payment options, loyalty and value-added services will be the difference-maker for payments providers in 2024.



## Conclusion

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# Navigating the changing face of payments

The payment trends shaping 2024 make one thing clear - the industry is undergoing rapid transformation. From the rise of emerging technologies like GenAI to shifting consumer preferences for mobile payments, the only constant is change.

For merchants, navigating this evolving landscape to stay competitive demands strategic adaptation and swift execution. No organisation – regardless of their size and heritage - can address these shifts alone. Success lies in partnerships - collaborating with the payments providers who have their fingers firmly on the pulse of innovation worldwide.

The right partner not only understands the nuances of regional markets – such as the fragmentation across Latin America – but will provide insights into the localised alternative payment methods that will dominate purchasing behaviours. At the same time, they offer best-in-class fraud prevention technologies that adapt to new and emerging threats. Finally, a trusted partner stays ahead of trends like social commerce exploding among Gen Z. They enable merchants to optimise experiences before opportunities arise.

Merchants must act decisively to embrace these changes. The Future of Payments, Today serves as a blueprint to guide strategy. It's not enough to just witness payments innovation – instead it's time for merchants to partner with leaders driving it. It's time to thrive in this new era of payments.



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