



worldpay
from FIS

THE FUTURE OF PAYMENTS DIGITAL CONTENT INDUSTRY

A Worldpay from FIS® x Stylus white paper

PAYMENTS
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Introduction

The digital industry is in a period of growth, with digital dependence reaching historic heights. Digital consumption rose worldwide by **over 30%** during the pandemic, forging new habits set to endure for years to come¹.

Digital consumption rose worldwide by over 30%

This has led to huge innovation in the payments space, driven by the external landscape and consumer attitudes; the uptake of digital and cryptocurrencies, in particular, is revolutionizing the payments industry. More customers than ever now expect to be able to pay the way they want to pay².

In collaboration with global trends intelligence agency Stylus, Worldpay has uncovered the key consumer trends, macro-drivers and demographic nuances that are defining the future of payments for creators of digital products and services, and their consumers around the world.



Generational perspective



To deliver an impactful service for consumers, it's important to first understand how the different needs and nuances of each generation are creating new payment priorities.

Gen Z

Born with mobile phones at their fingertips, digital payments are second nature to the majority of the **Gen Z** generation (born between 1995 and 2009). In the U.K., 45% of Gen Z say they make payments using digital or mobile wallets³.

Highly committed to a sustainable future, Gen Z consumers tend to be more attracted to subscription models that allow them to own less and access more in ways that are better for the planet and their wallet. Globally, 84% of Gen Z subscribe to at least one type of digital content, while 39% have at least one gaming subscription⁴.

As a digital-first cohort, Gen Z prefers to access their content regardless of location and want payments to be as frictionless as possible.

Millennials

Those born between 1981 and 1994 grew up alongside the evolution of mobile devices and the proliferation of the internet, making them digitally savvy and keen to embrace alternative payment methods and currencies that enable them to make the most of their finances.

Millennials tend to favor subscriptions, as they typically enjoy experience and flexibility over ownership. In the U.S., 49% of Millennials have one or more product subscriptions⁵.

They generally expect brand interaction to be convenient, speedy and fun – and to keep them loyal, rewards should be innovative. Globally, 96% of Millennials say companies should find new ways to reward loyal customers⁶.



Gen X

This age group, born between 1965 and 1980 into an analog world, tends to favor more traditional payment methods. **Gen X** is more likely than the younger cohorts to perform their own investigations into new products and services before making a commitment.

While they tend to check the fine print and read customer reviews, this doesn't mean they're scared of digital solutions. In reality, Gen X use digital solutions to streamline their busy lives and help them juggle work and family commitments.

Brands and payment merchants could win their loyalty by ensuring that Gen X gets all the information they need, as well as a speedy and user-friendly service.

Boomers

Sometimes labelled as 'tech-shy', **Boomers** (born between 1946 and 1964) are keen to learn and experiment with digital services, which offer convenience and joy in a world that all generations can sometimes find challenging to navigate. As one in five Brits expect the U.K. to be a cashless society in five years, it's no surprise that 65% of the population are open to using new financial services or payment methods that make processes quicker and more convenient⁷.

Aware of their online vulnerabilities, Boomers are typically keen to limit risk while participating in the digital world. Their trust could be gained by offering adoption guidance and information on the benefits of new payments methods – perhaps taking the form of a bolt-on service. This could prove a useful tool for merchants to increase customer loyalty and stand out from their competitors.

Seniors

Born in 1945 and earlier, the **Senior** generation is perhaps the most wary of the digital world. Despite this, digital solutions can make the world much more user friendly for this cohort. For example, repeat payment systems remove the hassle of making frequent payments, which is why governments are keen to harness the power of digital payment infrastructure to boost financial inclusion. Japan wants to double the ratio of cashless settlements in Tokyo to 40% by 2025 and ultimately to 80%, primarily by educating and including its aging population⁸.

The creation of easily navigable, highly user friendly interfaces will help digital merchants engage with this cohort. The focus should be on accessibility and simplicity.



Macro trends:

New payment priorities in the digital industry

The generational nuances are defining six new priorities in the payments landscape that are set to shape the future of the digital industry.

Trend 1: Seamless and smooth

The global e-commerce market is expected to expand by a staggering US\$1.4TN between 2020 and 2025⁹.

In an increasingly digitalized world, it's become an expectation among consumers that their digital transitions are slick, quick and, above all, convenient. This is accelerating the move towards a cashless future.



Micro driver: Digital acceleration

Businesses are three times more likely to say that at least 80% of their customer interactions are digital in nature than they were before the pandemic¹⁰. Ease of use is a key driver - consumers are gravitating towards digital solutions that can be accessed from their fingertips and are simple and efficient.





Trend 1: Seamless and smooth

Key trend themes

The desire for **frictionless purchasing** has fast-tracked the growth of digital transactions. Connected devices (IoT) and the use of artificial intelligence (AI) are streamlining the buying process and making it easier than ever for people to pay their way. Frictionless purchasing is here to stay, but it's important for businesses to note it works both ways. Refunds are also expected to be frictionless transactions, with 70% of consumers saying they won't spend again until they receive their refund and 36% stating that they'd spend more if offered a faster refund¹¹.

Many in the business ecosystem, including banks, are aware of the desire by consumers to simplify global transactions by making **all currencies welcome**. In fact, 60% of central banks worldwide are currently exploring digital currencies¹².

This increased consumer desire for instant, low-cost payments has resulted in financial institutions worldwide working together to create simple, standardized systems for harmonizing global payments, leading to more **payments without borders**. Global cross-border payment flows are expected to reach a value of \$250TN by 2027¹³.

Trend in action

Consumers tend to look for speed, ease and simplicity with every digital transaction they make. The launch of VibePay in the U.K. in September 2021 is a great example of frictionless purchasing in play; this innovative app allows users to instantly pay or request payment from others with their voice (via Siri), with no fees.

In September 2021, Twitter started enabling users to tip their favorite content creators on the platform using Bitcoin. Twitter stated that it wanted "everyone on Twitter to have access to pathways to get paid." Could this be the means to reduce friction surrounding micropayments?

Finally, we're experiencing innovation in cross-border transactions. The Chinese monolith Tencent has partnered with EasyTransfer and WeRemit Tuition Pay to simplify tuition payments for overseas students. Users can pay via a WeChat-based tuition remittance service, allowing overseas payments to 80 countries to be made in just 3 minutes.



Trend 2: Safe and secure

Global payment fraud losses have more than tripled since 2011 and are projected to cost over \$40BN by 2027¹⁴.

Although consumers enjoy the convenience of smart digital purchasing, many are increasingly wary of data harvesting practices and cybercrime. Digital payment merchants can build trust and loyalty by placing user safety at the heart of their business, beefing up cybersecurity and working with customers to ensure that all potential threats are identified and dealt with appropriately.



Micro driver: Mass mistrust

A considerable 71% of global consumers are worried about hackers and cyberattacks¹⁵.

Trend 2: Safe and secure

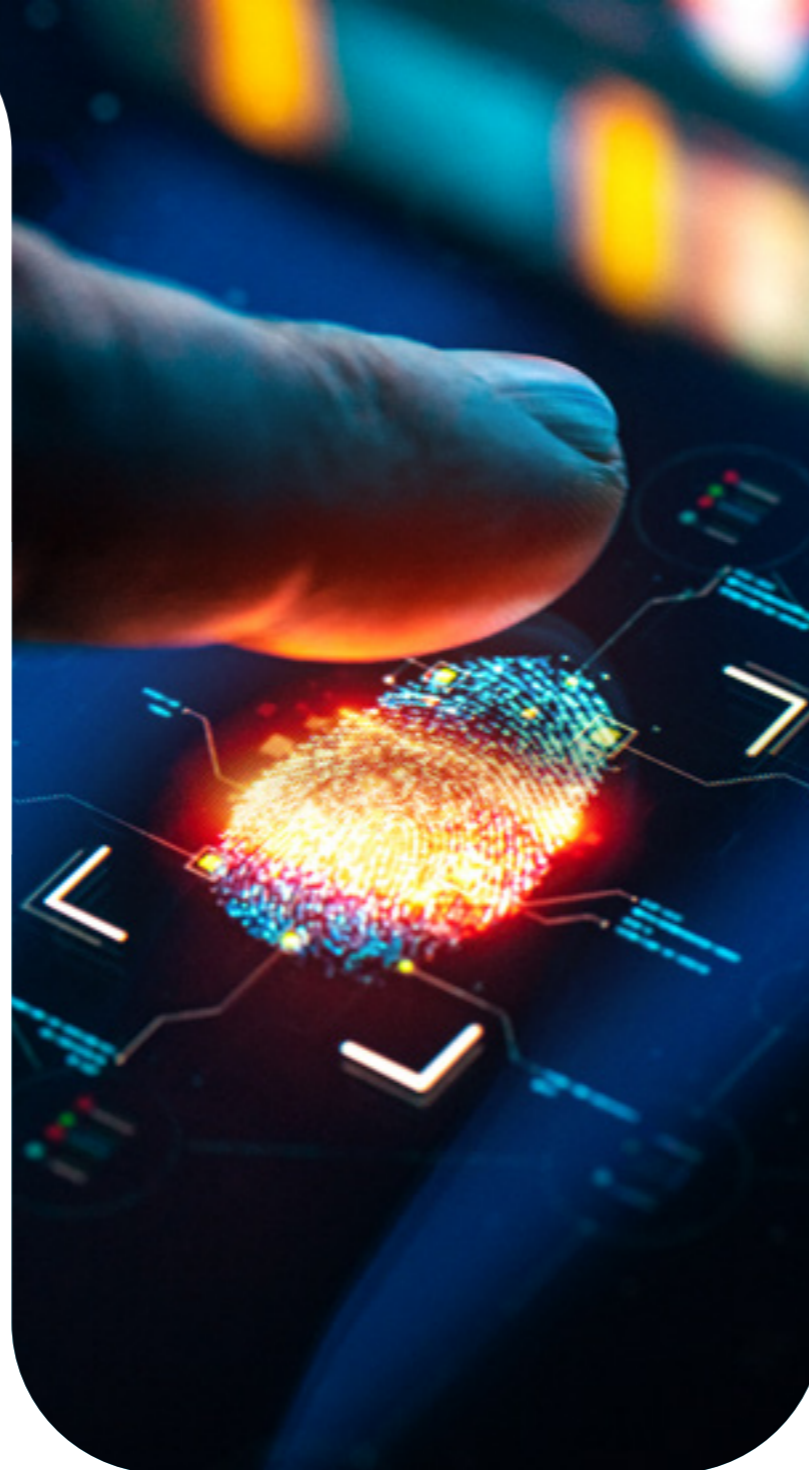
Key trend themes

As consumer expectations from online brands remain high, with 55% stating that security is a crucial concern¹⁶, merchants should offer secure payment solutions that help to win their trust.

Biometric access (such as fingerprints, iris scanners and facial recognition tech) is increasingly seen by consumers as more secure than traditional identification methods, such as PIN numbers and passwords. It can also be quicker and more convenient. Biometrics are poised to move into the mainstream, with commercial rollouts of biometric payment cards in the offing.

Blockchain technology holds many opportunities to radically change how businesses and customers transact. This highly secure, transparent technology is paving the way to a more trustworthy internet, helping to build trust and restore privacy and agency to the end user.

AI-powered privacy tech is fine-tuning data management by upholding transparency, tackling fraudulent payment activities and, ultimately, giving ownership and control of data back to the consumer.



Trend in action

Consumers may enjoy the speed and convenience of smart digital purchasing but they appear to have a low tolerance for data harvesting practices and cybercrime. 65% of U.S. e-commerce shoppers will end relationships with brands after just one instance of data theft or payment fraud¹⁷.

With this in mind, many companies are utilizing next-gen biometrics to ensure the security of customers. Toronto-based Nymi's wristband, for example, is a workplace wearable that uses heart rate or electrocardiogram to verify identity when making a payment.

AI-powered privacy can also help build trust among different generations. Carefully, a life insurance and fintech company, helps senior users organize and protect their finances by sending alerts to nominated family members whenever unusual activity on their account is detected, thus helping to avoid fraud, scams and common mistakes.

To help promote trust in the internet once again, companies like Status are now turning to blockchain technology. Status is a Web 3.0 browser that anonymizes user identities by default and encrypts their communication to ensure private and secure interactions across different apps.



Trend 3: Just for me

74% of European customers want to receive more personalized and customized content when shopping online¹⁸.

Advancements in technology targeting and data analytics have led to personalization becoming a widespread consumer expectation. From customized offerings to relevant rewards and contextualized messaging, there's now the ability to fine-tune payment interactions to individual preferences. Digital e-commerce companies can utilize personalized interactions, emotional engagement and bespoke rewards to help get closer to the customer, building brand loyalty along the way.

Micro driver: Personalization

It's important for digital businesses to offer consumers targeted benefits and rewards based on their purchase behaviors and use gaming mechanisms to supercharge stickability.



Trend 3: Just for me

Key trend themes

Many consumers are coming to expect **personalized interactions** across their purchasing journeys. They want their individual needs to feel tailored at every step, and they notice when this is missing. 71% of consumers expect personalized experiences from brands and 76% feel discontented when they do not receive it¹⁹, so brands have work to do and provide unique experiences to improve affinity with their customers.

The most pioneering payment solutions are creating interfaces that pinpoint users' subtle emotions to highlight real **emotional engagement**. Customization is set to become the norm when it comes to purchasing, including Smart UX (user experience) design, tokenized technology for securely retaining payment details and innovative behavior-learning AI.

Brands and businesses could also enhance consumer loyalty by offering **bespoke rewards** and payment models that reward consumption. 85% of U.S. consumers would like the ability to select benefits and rewards that are personalized based on previous purchases and individual preferences²⁰.

Trend in action

PayPal embraced the need for personalized interactions when it launched its 'super app' in September 2021. This centralized platform houses a range of financial tools, such as direct deposit, bill pay, a digital wallet, peer-to-peer payments, shopping tools, crypto capabilities and more. The app uses a highly personalized dashboard to support consumers interested in shifting their finances to neobanks.

Personalized interactions and emotional engagement go hand-in-hand for Israel's bartending avatar, Cecilia AI, which chats with patrons via a screen before helping them prepare cocktails. Cecilia's script can be customized, and its customer analysis function learns unique patron behavior to ensure the service is completely tailored to the customer's requirements.

Brands now also deploy game-centric mechanisms to engage and recognize their consumers, and make them feel part of a community. SkillCore, for instance, uses gamification to help streamers and content creators reach financial autonomy within their community. Creators can customize their page with benefits and bespoke rewards that members can redeem by completing a quest.

Trend 4: Financial wellness

Financial wellbeing affects all sectors, with 27% of those in the U.K. that earn between £10-30k experiencing almost the same level of financial worries as 24% of those earning over £90k per year²¹.



Micro driver: New health paradigm

The \$4.5TN global wellness economy has boomed – indeed, it’s growing twice as fast as the global economy. Globally, 73% of consumers believe wellness is essential to a brand’s strategy²².



Trend 4:

Financial wellness

Key trend themes

A variety of new payment mechanisms are arriving to help consumers don **austerity armour** that aims to preserve their hard-earned cash. Micro-investments pinned to spending and smart-budgeting tools linked to retailer debit cards are among the most promising innovations in this field.

Financial coaching is also growing in popularity, as consumers across all generations look to build better financial habits. As a result, they're turning to financial providers for personalized advice, smart savings assistance and budgeting lessons. At the time of writing, #personalfinance videos on TikTok, which range from budgeting to saving tips, had reached 5.3 billion views²³.

Fiscal healing is also on the agenda, with financial self-care taking the form of spending journaling and money management exercises, among other things. Providers that can incorporate healing elements into their service directly, or into brand messaging are strongly positioned to build engagement.



Trend in action

Payment merchants may wish to look at adding bolt-on services for e-commerce that steer consumers toward better financial literacy and practices.

Charlie is an app that aims to improve financial well-being by helping consumers visualize their debt and use AI to calculate how much time it will take to pay off (by making minimum or adjusted payments). It connects to the user's bank account, learns their financial habits to suggest simple money-saving tricks and lets people set personal rules to

U.S. investment company Morningstar provides us with a good example of bolt-on financial coaching services. Their AI-based digital tool, MoneyTalk, utilizes a robot avatar to encourage couples and families to discuss financial concerns and provide them with tailored advice and resources.



Trend 5: Kind finance

More than 83% of global consumers would pay more for a product that was ethically sourced²⁴.

Increasingly driven by personal values and beliefs, consumers are now looking to brands to build a more equal, positive and environmentally friendly future. As a result of this growth in conscious consumerism, ethical transacting is playing a more important role than ever in the payment journey. It's vital that businesses within the digital industry, from not-for-profit organizations to social media companies, can understand this growing need for kind finance. Brands should look at the payment solutions available to them and consider how they can improve inclusivity and accessibility to financial services.



Micro driver: Collective consciousness

It's important for digital businesses to offer consumers targeted benefits and rewards based on their purchase behaviors and use gaming mechanisms to supercharge stickability²⁵.

Trend 5: Kind finance

Key trend themes

More mindful of the climate impact of their expenditure, consumers are increasingly looking for **eco action**. 45% of consumers said they're making more sustainable choices when shopping and will likely continue to do so²⁶. Thus, financial brands that can help consumers track, quantify or optimize their spending habits for a reduced carbon footprint will build trust and loyalty with this eco-conscious cohort.

About 1.4 billion adults worldwide remain unbanked, but identifying and providing for these consumers has the potential to add up to \$250BN to global GDP^{27,28}. **Inclusion is imperative**, and financial brands have the opportunity to reach underserved consumers by removing barriers to access and tailoring services to their individual circumstances.

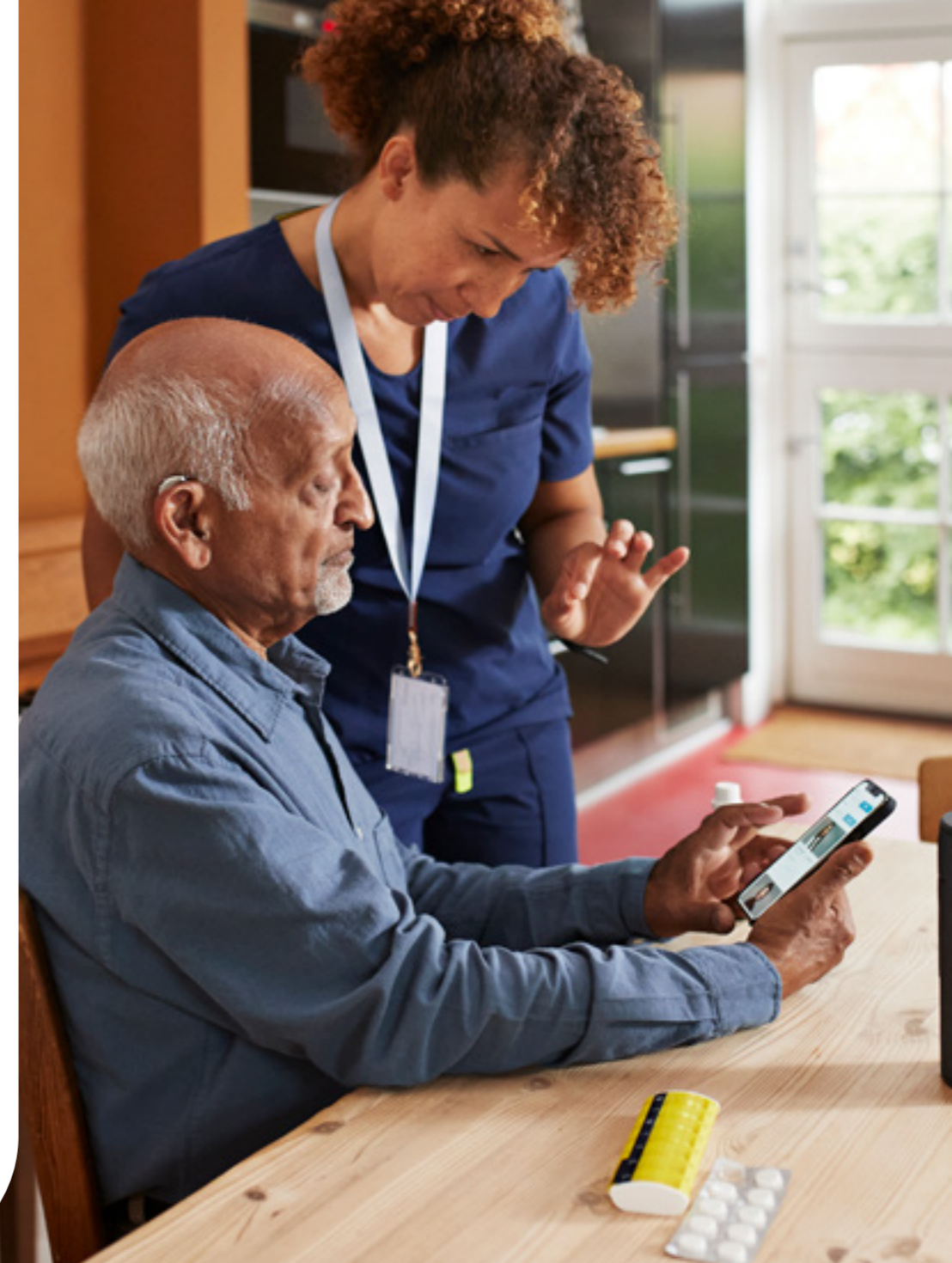
Research shows that consumers will champion brands that represent their desire to make a meaningful difference from a social standpoint and lead the way in addressing societal issues. 73% of global consumers say brands must act now for the good of society²⁹.

Trend in action

Consumers are viewing life through a more considerate lens and are more socially and environmentally conscious than ever. Brands, big and small from across the globe, have recognized this.

Meta-owned WhatsApp has launched a payments service through the United Payments Interface (UPI) for consumers in India. They aim to increase financial inclusion by providing up to 20 million users with open banking services through the app, using the country's Aadhaar biometric identification system to reach off-radar locals.

Start-up Pledjar rounds up users' purchases, whether they're buying lunch or paying a monthly bill, and donates the spare change to partner charities, including WWF, Refuge and Runnymede Trust. The Pledjar app is free and is the first charity fundraising app to use open banking technology.



Trend 6: Life stage support

More than 6 in 10 Gen Z consumers say their mobile device was their most popular method for digital purchases³⁰.

Naturally, different generations of consumers have different priorities and preoccupations. Finance brands and payments providers that are able to identify these different needs and tailor their products or services accordingly may gain an advantage. One smart option could be to refine online payment journeys to facilitate the needs of different generations, whether that's via a phone service or an adaptive user interface.



Trend 6:

Life stage support

Key trend themes

People aged 18 to 30 crave financial reassurance and easy ways to simplify their money management. These needs can be met with gamified, goal-oriented budgeting tools and generous brands' philanthropic acts of debt relief. Educational tools and services that demystify their financial constraints could also prove useful to these new adults trying to get ahead.

The second-act phase of life, which hits thirty-, forty- and fifty-somethings, often sees mid-lifers planning to start their own businesses or rethinking relationships. Brands could be well positioned to support this through financial guidance and schemes that tap into their entrepreneurial mindset.

With the COVID-19 crisis bringing more seniors online, many e-commerce providers are considering ways of demystifying the digital world and bridging the digital divide for older consumers. Simplifying payment journeys could prove crucial to retaining the spending of the later-year allies. It's vital that older people feel valued and included, and digital providers can help this by making their products and services accessible across all markets. APAC's aging market value is estimated to hit \$4.56TN by 2025, growing 43% from \$3.2TN in 2020³¹ and it is expected that 1 in 6 people globally (1.4 billion individuals) will be aged 60 years or over by 2030³².



Trend in action

Till is a financial platform that's bridging the gap between different generations of consumers. A collaborative family financial platform that encourages young consumers to become smart spenders, the platform uses either physical or digital debit cards to allow 8- to 18-year-olds to set up subscriptions to brands like Netflix, giving younger generations experience in making regular payments.

Amazon Pay's #AbHarDinHuaAasan campaign aims to help digitally-savvy consumers in India support their older family members with digital technology. One scenario shows a Gen X consumer educating an older family member on why and how to shift to digital payments, showing the brand's support and recognition of a generation taking responsibility for educating boomer and senior parents on the convenience and safety of digital transactions.

Conclusion

E-commerce has exploded as people increasingly perform digital transactions in all aspects of their lives, from their homes to work and even to school.

What customers are looking for, in our ever more digital world, is the ability to pay their way in a seamless and smooth fashion that's also safe and secure. One clear solution to this is the adoption of biometric systems, which are quick, easy and able to alleviate a lot of the fraud concerns as the individual is required to be present to make a transaction. Personalization is also key to customer satisfaction, with offerings such as financial coaching or bespoke rewards helping make customers of all generations feel closer to the business while building brand loyalty and engagement.

As the digital industry moves towards 2025, it does so with a fresh understanding of the customer payment journey, as illustrated by the drivers, trends and case studies explored in this report. Speed, safety and convenience remain non-negotiable, but the digital brands that will benefit the most from this exciting new landscape are those with the agility that enables them to pivot to meet customers' changing requirements and expectations.

Payments 2025 is a thought leadership campaign launched by Worldpay from FIS® to highlight the key trends shaping the future of payments. Using our many years of experience and leveraging our vast network of specialists from across the payments industry and beyond, we share expert opinions and recommendations as well as explore the social, economic, technological and environmental factors that will inform the future and help our merchants to prepare for tomorrow.

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