



2025 PAYMENTS STRATEGY REPORT

How payment innovation is helping finance leaders achieve revenue growth

The convergence of banking and payments is giving the most innovative businesses a new way to boost their payments strategies and leave their competition behind.



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The world of payments is changing.

Once simply a way to move money, today payments are converging with banking, offering companies the opportunity to get ahead. Whether it's growing their business, boosting their reputation or becoming more efficient – converging payments with banking can help.

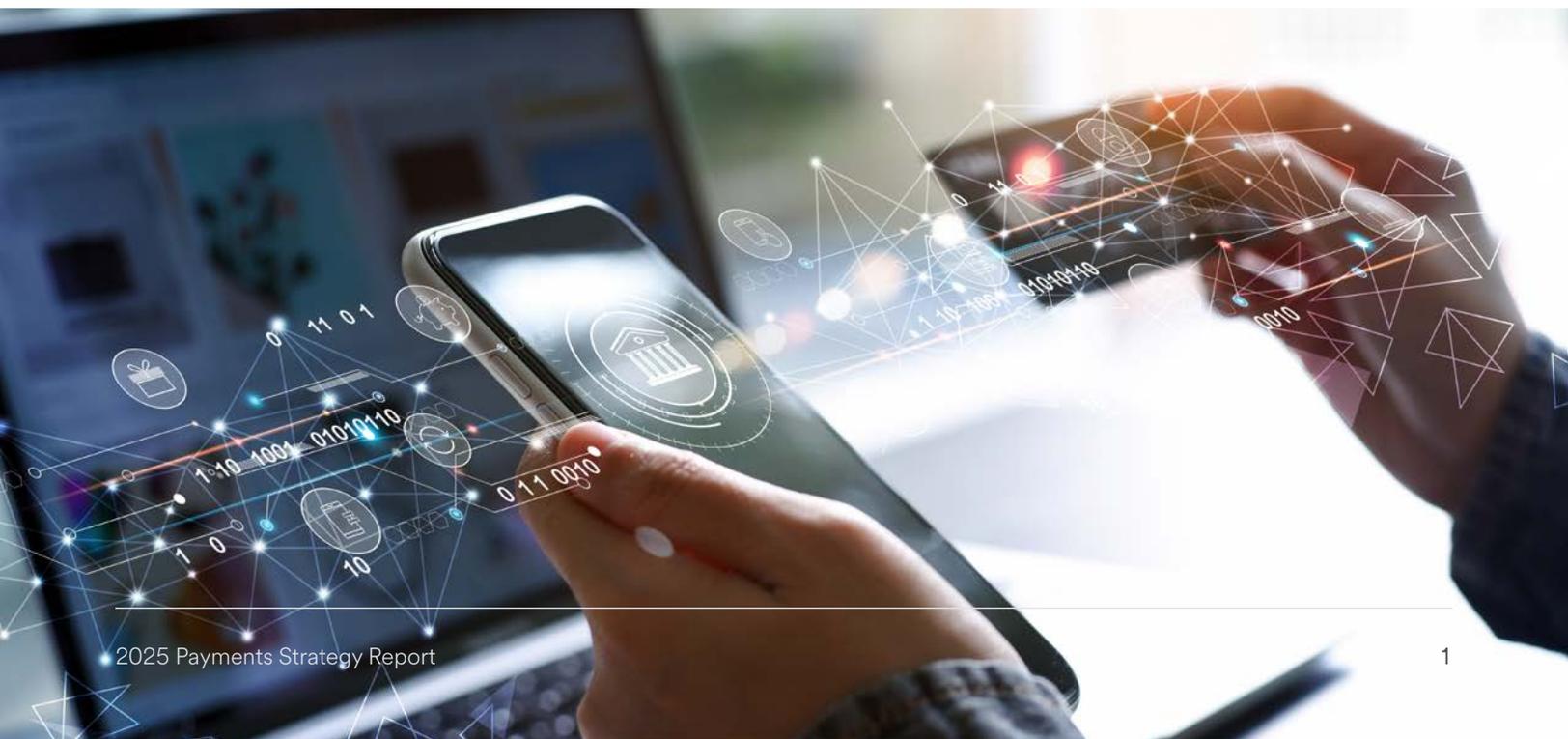
When you buy a car, forward-thinking dealerships allow you to apply for finance at the point of sale and add ready-made subscription packages for insurance and car maintenance. When you shop at your favorite retail store, in addition to an array of digital wallets, you can tap into buy-now-pay-later options to purchase big-ticket items. Even when you engage with the government, mobile wallet payments linked to your bank account make things like paying fines or renewing your driver's license much easier. The simplicity and convenience of these options is clear to see.

This is all made possible thanks to the convergence of banking and payments that's happening across industries. This convergence seamlessly

integrates an array of financial services with payment solutions, and the benefits for all are clear. Businesses enjoy increased organizational efficiency through reducing admin complexity. And customers are able to manage everything in a single touch point, simplifying the experience.

And it's powerful: 66% of businesses we surveyed say they're embracing new opportunities because of this convergence. Our research shows that organizations that do capture this opportunity achieve significantly better business outcomes than the ones that don't, including improved revenue, operational efficiency and reputation.

In this report, we explore today's payments landscape and dive into why combining banking and payments is helping companies get ahead. We will analyze an elite group of Payment Innovators who are embracing this opportunity convergence presents, and delve into the business benefits they have achieved.



Payments strategy is moving up the corporate agenda.

The way businesses accept and process payments has become a hot topic for companies across all industries. Payments were once considered a functional process for moving money; today, an advanced payments strategy can help organizations achieve real business outcomes, such as sustainable growth.

U.S. Bank research from 2023 found that just 28% of businesses described their payments strategies as advanced. But, at the time, there was growing acknowledgment that improving the way they managed payments would boost their business resilience. And, today, the number of businesses that say their payments strategies have advanced has shot up to 42%. Why is this happening?

1. Emerging technology

Artificial intelligence (AI) is transforming businesses. In 2025, it's expected that there will be 379 million users of AI tools globally – three times as many as in 2020. By 2030, the number will almost double again to about 729 million.¹ The rise in AI helps pave the way for rapid automation within the payments space.

1.4B expected number of people making payments with facial biometrics this year.³

Other technologies are also growing rapidly. The market size for blockchain solutions is set to grow at a rate of 90% between 2025 and 2030 due to escalating demand for secure transactions.²

And this year, the number of people making payments with facial biometrics is expected to reach 1.4 billion.³

These three technologies alone are transforming payments rapidly, offering businesses new opportunities to become more innovative and boost efficiency. But it's hardly surprising that companies are struggling to keep pace.

Nearly two-thirds (64%) of companies say it's hard for them to keep up with payment acceptance technologies and customer preferences. This rapid advancement in payments technology means they will have to determine a strategy that helps them identify and implement what works best for their organization.

2. A rise in fraud

Another reason companies want to bolster their payments strategies is to mitigate the risk of fraud. Emerging technologies, such as AI, blockchain and biometrics, are helping companies to do this. And they are right to do so, because the risk of fraud is significant.

According to the Association for Financial Professionals, 80% of organizations were the victims of payment fraud attacks or attempts in 2023 – up 15% on the previous year.⁴ A range of payment types are vulnerable to fraud, including checks, ACH and wire transfers.

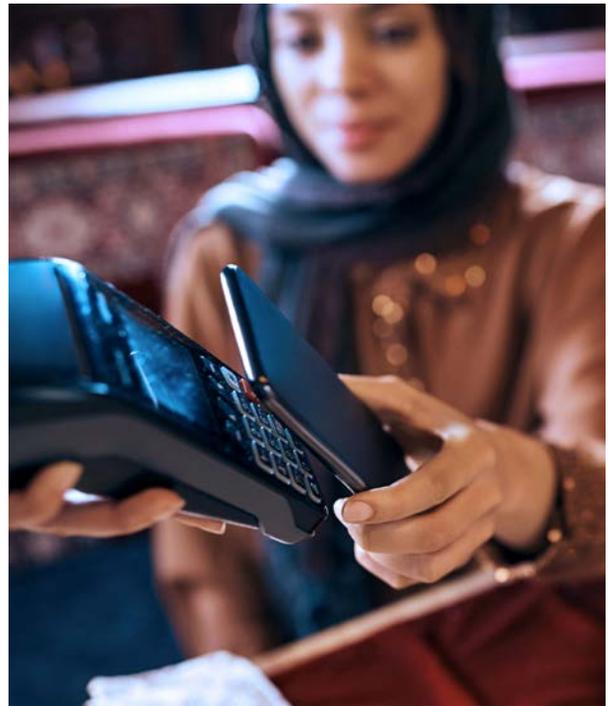
Our research shows that finance leaders are worried: more than half (59%) say it has never been more difficult to keep their payments strategies up to date with evolving fraud threats.

3. Changing customer preferences

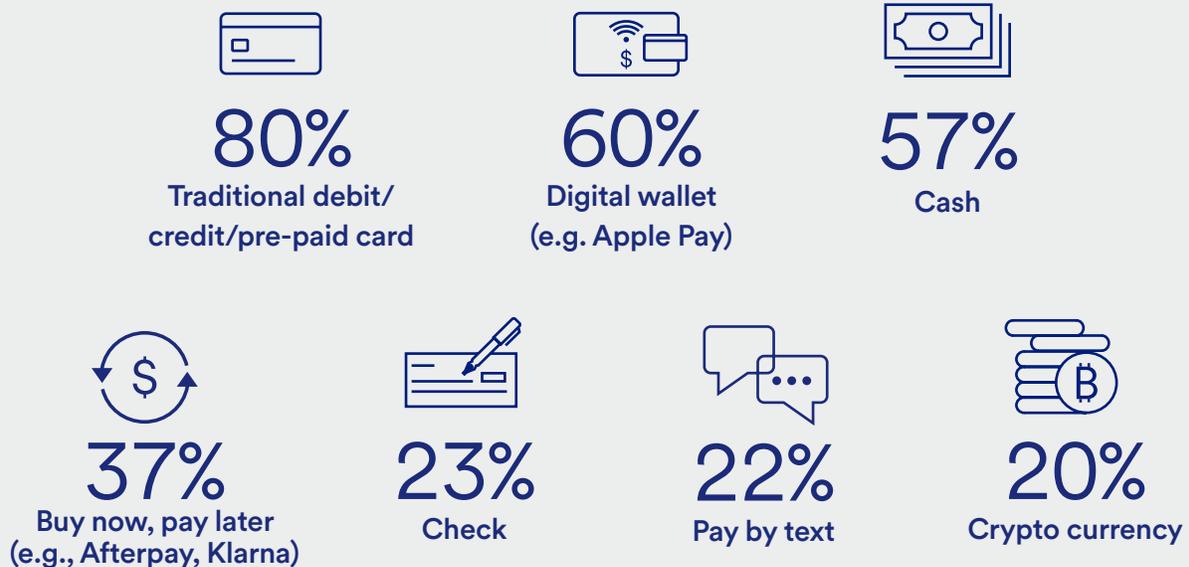
Companies succeed or fail according to whether they can keep up with customer preferences, and payments are no exception. More than six in 10 companies (62%) know their customers have high expectations: consumers now want integrated payment solutions that allow them to manage all their interactions with a business in one place

The payments landscape changes quickly. For instance, in 2023, digital wallets were only the fourth most-popular payment method for customers. They have now jumped to second place, leapfrogging cash.

Alone, any of these factors would be enough to push payments up the company agenda, but the combination of all three is even more powerful. Companies understand that they must respond if they're going to keep up with their customers and their competition.



Payment types that are most popular with consumers today



AI and automation power payments transformation.

Companies are rapidly integrating AI and automation into their payment strategies. Among all payment strategy developments anticipated for the coming year, AI- and automation-driven initiatives come out on top.

For instance, 67% of companies plan to invest in upskilling their staff to work more with AI and automation, and they plan to increase their use of the technologies in internal and external payment acceptance processes (65% and 60% respectively).

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Finance professionals have big ideas for how these technologies can improve their payments strategies in the months ahead. For instance, an AI- and automation-fueled payments system can support system integration, offering automated reconciling, and driving overall operational efficiency. AI brings the brainpower, and automation provides payments efficiency.

But AI and automation offer more than potential – they’re already benefiting organizations, particularly around efficiency.

Another area where companies are seeing benefits from using AI in their payments strategies is fraud detection and prevention. As we know, fraud is a major issue for companies, so it’s no surprise that 38% of businesses rank it among the top areas where AI and automation are helping how they approach payment acceptance. Fraud risk is a serious issue in payments – particularly when transacting internationally. And AI can help in other ways here: nearly 80% of companies say that AI is helping them to overcome issues in cross-border payments.

Areas of payments where AI/automation is most benefiting companies

Operational efficiency

39%

Fraud detection and prevention

38%

Invoice processing & management

35%

Risk management & compliance

33%

Cost reduction

32%

Payment reconciliation

26%

Customer behavior analysis

24%

Provide customers financing options

21%

Improving supplier relationships

19%

Reducing human error/inaccuracies

18%

Payments transformation is stifled by challenges.

Our research shows that organizations are placing more significance on their payment strategy, and that companies are starting to use technology to improve processes. Pockets of innovation around AI in particular show great promise.

65% of companies plan to increase their use of AI and automation technologies in internal payment acceptance processes.



Companies face three major barriers to transforming their payments



About half of companies (49%) say they don't have enough **budget** to transform their approach to accepting payments. It's the top challenge they face.



Nearly half (48%) of companies say they don't have access to the **latest technology**.



46% indicate they struggle to demonstrate sufficient **returns on investment** to transform their organization's approach to accepting payments is the third-biggest challenge identified. Accessing the budget for payments transformation projects can be difficult.

Some companies are going further with their payments strategies.



Businesses that get payments innovation right enjoy significant benefits.

Meet the Payment Innovators.

Our research shows that businesses that get payments innovation right enjoy significant benefits. The results are worth the effort.

A small section of our total survey sample (29%) demonstrates this. They describe their own payments strategies as being advanced, and they say they are embracing the opportunities created by the growing convergence of banking and payments. We call this elite group the Payment Innovators.

They're spread fairly evenly across industries, but are more likely to be larger companies: 83% have annual revenues of more than \$500 million.

Our research shows that the Payment Innovators significantly outperform the rest of the organizations in the survey on every business metric. This suggests that embracing the convergence of banking and payments can be linked to strong business performance.

Our research also shows the Payment Innovators are much better prepared to deal with the fast-paced environment of payments:

- » **70%** of the rest of the organizations say they can't keep up with customer preferences and new technologies, compared with 51% of the Payment Innovators.
- » **61%** of the rest say it's never been harder to keep their payments strategy up to date with evolving fraud threats, compared with 53% of the Payment Innovators.



By tapping into advanced payments strategies, Payment Innovators set themselves up for success.

Areas of business performance that respondents say have improved in the past 12 months

Reputation



Operational efficiency



Customer satisfaction



Revenue



Employee productivity



Expense management



Employee retention



There's a lot to learn from the Payment Innovators.

The Payment Innovators have a valuable advantage. But how did they get there?

1. They embrace the convergence of banking and payments.

The Payment Innovators do two crucial things: they have advanced payments strategies, and they are embracing new opportunities because of the growing convergence of banking and payments. By tapping into this growing opportunity early, they are setting themselves up for success.

2. They are enhancing their workforce with AI and automation.

The Payment Innovators understand the need to keep up with technological change, particularly around automation and AI. Among their top priorities for the year ahead is increasing their use of AI and automation in both internal operations and external payment acceptance processes.

An impressive 79% of the Payment Innovators are automating processes to reduce the amount of time staff need to spend managing payment acceptance operations, compared with just 63% of the rest. What will those employees do with that extra time? The Payment Innovators are transforming the roles of its payments aligned employees as a direct result of increased use of AI and automation (67% of them are doing this, compared with just 49% of the rest). This means these roles will become more strategic or creative, while the technology does the basics.

3. They foster an innovation mindset.

A strong innovation ethos runs through the Payment Innovators, powering their payments transformations. They might already be ahead of other businesses, but they also want to continue to innovate in the future:

- » **72%** of the Payment Innovators say innovating how they accept payments will be a crucial part of their strategy for next year, compared with only 57% of the rest.
- » **84%** of the Payment Innovators say their business would innovate even more in payments if they had more internal knowledge of emerging technologies, compared with only 68% of the rest.

79% 

of the Payment Innovators are automating payment acceptance operations

Key recommendations

1. How to embrace convergence in your organization

The first step to embracing the convergence of banking and payments is to help your team understand the opportunities it presents. Training programs with real-world examples will help bring the concept to life. This will help people to identify and develop ways that they can offer forward-thinking solutions that combine banking and payments.

In addition, developing key partnerships with other companies that can help will also be crucial in delivering converged banking and payments offerings. For instance, buy-now-pay-later offerings can be developed in partnership with banks and other financial institutions.

2. How to enhance your workforce with AI and automation

Identifying ways that AI and automation can help transform your payments strategy is the first step to enhancing your workforce with these technologies. Areas like fraud-prevention can be a good place to start as AI systems can quickly detect anomalies. As AI becomes embedded in your payments team, training and upskilling programs will ensure they are up to date and able to progress with more advanced offerings in time.

3. How to foster an innovation mindset

An innovation culture relies on a combination of knowledge and training, and opportunity to innovate. Payment teams must be trained up on the latest technologies, particularly AI and automation, so they know what tools they have at the disposal. But beyond this, they must also have the opportunity to spend time innovating, away from day-to-day pressures. Set innovation days or challenges could be a way to help build an innovation culture. Senior leadership must champion innovation in payments by showcasing use cases and success stories.



**AI systems can
enhance fraud
detection &
prevention**

Conclusion

Companies are now realizing that payments are so much more than transactions. Having a solid strategy behind how they accept payments can have a real impact on their business metrics – from revenue, to efficiency, to customer satisfaction.

And now the convergence of banking and payments is allowing businesses to create even better customer outcomes, which is good business. Be it buy-now-pay-later options that are available at the point of sale, omni-channel payment solutions that improve customer experience, or products that help reduce the cost of accepting payments, financial institutions such as U.S. Bank are offering a range of ways to help businesses embrace this convergence.

Efficient and cost-effective buying processes like these is what will keep customers going back to the same car dealership, hotel or store and ensures constituents can easily make and track a payment.

Enhancing your payment acceptance strategy should be a top business priority. The Payment Innovators are acting on it – will other organizations follow their lead?

About the research

The data in this report comes from a survey commissioned by U.S. Bank and conducted by FT Longitude, a Financial Times company, in November and December 2024. The survey sample consists of 300 senior finance, treasury and revenue management executives evenly distributed among four sectors: consumer and/or B2B retail, automotive services, lodging, and state and local government. Of the respondents, 60% work in organizations earning \$500 million or more in annual revenue and 40% work in organizations with between \$50 million and \$499 million in annual revenue. All respondents were based in the U.S.



Having a solid payments acceptance strategy creates better customer outcomes.



Sources:

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- 2 <https://www.grandviewresearch.com/industry-analysis/blockchain-technology-market> *
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