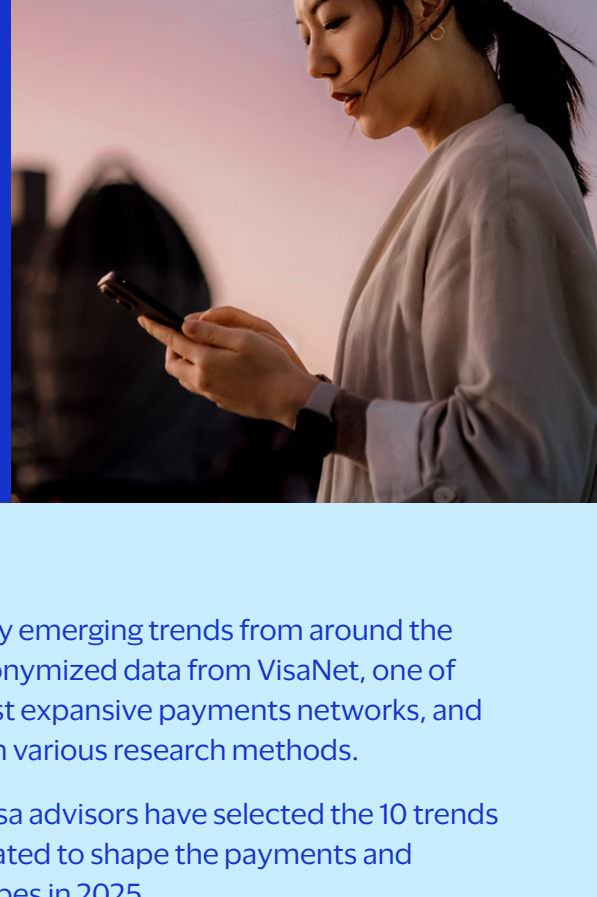


Visa Consulting & Analytics (VCA)

What's influencing payments in 2025: 10 recommendations on business strategy

What will it take for payments-industry leaders to get ahead – and stay ahead – in 2025?



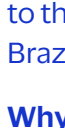
With increasing adoption of digital wallets, contactless payments, open banking initiatives, generative AI (genAI), and advanced fraud-prevention strategies, the payments landscape is evolving rapidly. Driven in part by the expanding use of mobile technology and advancements in financial technology (fintech), the shift offers consumers faster, more secure, and more convenient payment methods.

Amid the high level of activity, it's vital for payments-industry leaders to keep up with the forces shaping the sector. Visa Advisory Services

can help identify emerging trends from around the world using anonymized data from VisaNet, one of the world's most extensive payments networks, and collaborating on various research methods.

In this paper, Visa advisors have selected the 10 trends that are anticipated to shape the payments and fintech landscapes in 2025.

Each month, Visa thought leaders and data analysts will expand upon each of the following trends in the ten-part series: **10 recommendations on business strategy**.

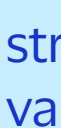


The rise of cardless payments with real-time payments, account-to-account transfers, and open banking

A defining characteristic of the payments landscape in recent years – and one that is set to accelerate in 2025 – has been the rapid emergence of alternative payment methods. Digital payments that operate without traditional card credentials are gaining traction, leveraging real-time payments (RTPs), account-to-account (A2A) transfers, open banking payments, and local consumer wallets. In addition, in some regions, new regulatory initiatives are set to add to the momentum, like Europe's Instant Payment Regulation and Brazil's Open Finance Directive.

Why it matters

Faster alternative payment methods have the potential to offer faster, more secure, and cost-effective solutions, which may help merchants execute more transactions, streamline operations for financial institutions (FIs), and enhance the overall customer experience. As consumers and businesses alike are continually seeking opportunities to simplify their payments processes, issuers offering cardless options, like Tap-to-Pay with a digital wallet, can take advantage of new technologies to help promote innovation and to reduce transaction costs.



Unlocking cross-border strategies and enhancing value propositions for affluent individuals

For many payments-industry leaders, the "affluent" consumer segment continues to be a significant and profitable growth area for businesses who serve them—however, their needs and preferences can prove complex. Affluent consumers tend to travel widely and frequently, so there is a need and an opportunity for payments-industry leaders to develop more tailored strategies for affluent clients, focusing on cross-border transactions, travel and expense management and exclusive experiences, offers and assistance.

Why it matters

Affluent and aspiring luxury customers can tend to have elevated expectations of service quality and offerings. Knowing and expecting these particular consumer demands can help businesses enhance loyalty and boost revenue through premium offerings. By focusing on cross-border strategies and personalized value propositions, payments-industry leaders can tap into the lucrative affluent market, develop strong relationships and help maximize profitability. With a strong, deeply embedded affluent payment proposition, it becomes easier to anticipate and prepare for a wider set of consumer concerns including tax optimization, retirement products, cashflow planning, or active portfolio management.

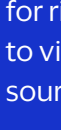


Advanced strategies to combat application fraud and identity theft

As security protocols around digital payments transactions become more sophisticated and elaborate, so too does cybercrime. Bad-faith actors on the internet are increasingly focusing on techniques such as application fraud and identity theft. Application fraud involves deceptive methods – including stolen credentials and/or false information – to apply for financial services. Cybercriminals, posing as individuals, approach FIs applying for credit, which contributes to the increase in identity theft cases. Application fraud may manifest itself in the form of either first- or third-party fraud, and this threat is expected to grow rapidly, especially as payments-industry leaders expand or migrate to digital acquisition models.

Why it matters

As opposed to transactional fraud, the ability to mitigate application fraud risk remains limited. Several challenges, such as limited availability of off-the-shelf risk score models, minimal recourse for recoveries, and other market nuances, like credit bureau maturity, for example, have played a part. Important measures include a combination of factors such as a robust risk-mitigation framework and strategy, effective risk-scoring and list-management capabilities, and strong onboarding controls. This proactive approach not only helps prevent company losses but also helps safeguard reputation with consumers.

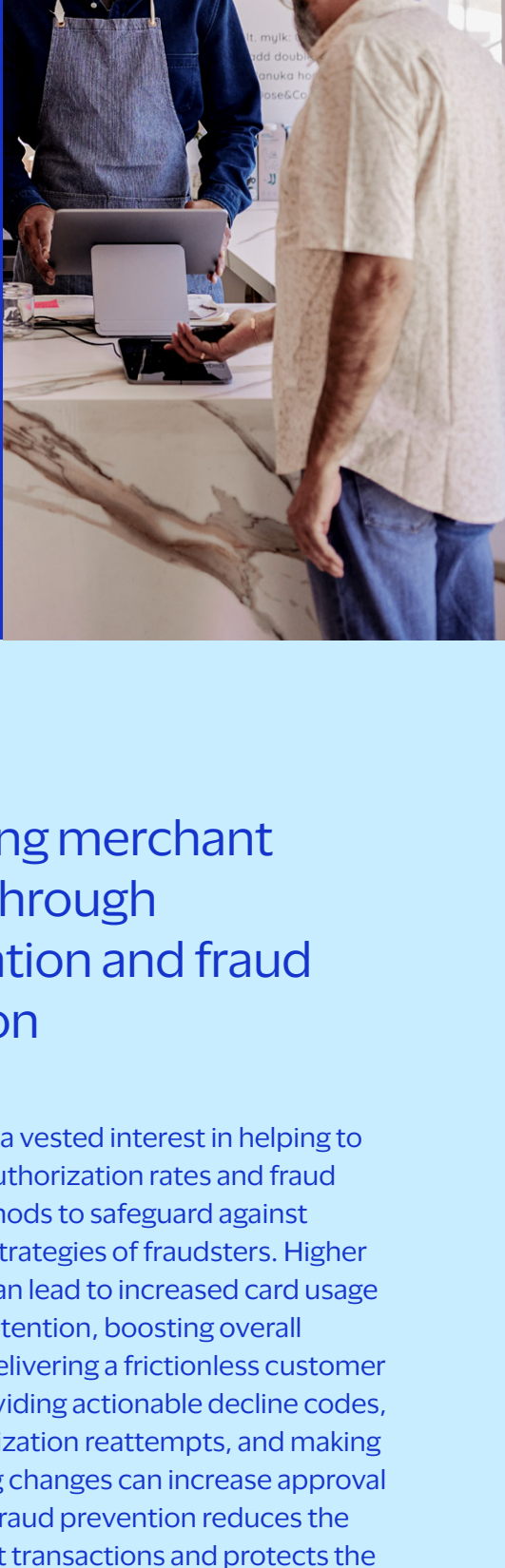


Optimizing small business credit underwriting with data and analytics

Credit-risk underwriting for retail and small-to-medium businesses (SMBs) involves assessing the likelihood of a borrower defaulting on a credit card or a loan. This includes evaluating financial history, credit scores, cash flow, and any collateral. For retail customers, personal credit scores and income stability are crucial. Meanwhile, financial statements, business plans, and industry conditions are typically used for risk-scoring SMBs. The goal is to minimize risk while extending credit to viable borrowers, driving higher efficiencies, and relying on reliable sources of information and verification and support systems.

Why it matters

Smart underwriting is essential to support repayment and profitability. It helps ensure that credit is extended to viable borrowers under the right conditions (e.g., term, spending limits, interest rates, etc.), reducing risk for lenders and enhancing benefits and overall experience for customers. It is particularly relevant for retail customers with informal income such as gig economy work, or limited credit history, as issuers assessing their credit profile and payment capacity will be able to attract more customers, enhance customer retention, and manage losses effectively. This process helps maintain a healthy credit environment and supports economic stability by financing creditworthy individuals and businesses.



Transforming payments with generative AI technologies

GenAI is revolutionizing the entire payments sector, offering new opportunities for both efficiency and innovation. GenAI can automate customer service, enhance fraud detection, and personalize financial products, making the payments ecosystem more efficient and customer-centric. By leveraging AI technologies, like natural language processing and machine learning, payments-industry leaders can deliver more intuitive, responsive, and secure payment experiences.

Why it matters

Because GenAI can help streamline many facets of the payments landscape and can impact both customer experience and operational performance, it is important for payments-industry leaders to adopt this technology and leverage its opportunities to remain competitive in an ever-dynamic industry. A priority for 2025 is to implement a robust generative AI strategy and operating model, encompassing areas like talent, technology, data, risks, controls, and change management.

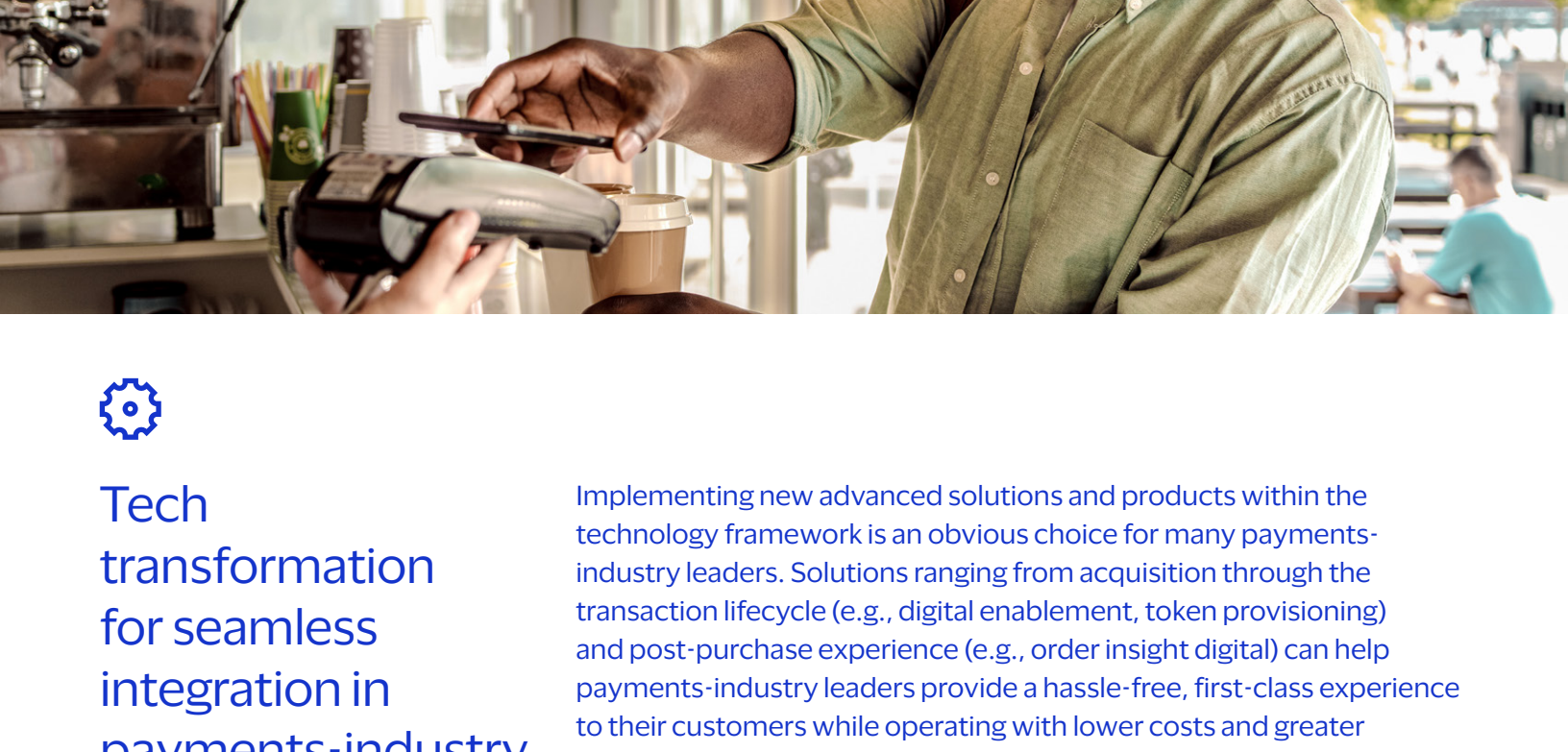


Maximizing merchant success through authorization and fraud prevention

Merchants have a vested interest in helping to optimize their authorization rates and fraud prevention methods to safeguard against rapidly shifting strategies of fraudsters. Higher approval rates can lead to increased card usage and customer retention, boosting overall revenue while delivering a frictionless customer experience. Providing actionable decline codes, reducing authorization reattempts, and making initial processing changes can increase approval rates. Effective fraud prevention reduces the risk of fraudulent transactions and protects the merchant's financial health in an ever-evolving environment.

Why it matters

Reducing fraud and improving transaction authorization can significantly enhance merchant profitability and customer satisfaction. By implementing advanced fraud detection systems and helping to optimize authorization processes, merchants can reduce false declines, protect against fraud, and help ensure a smoother, more reliable payment experience for their customers. To get it right, merchants should call on deep technical expertise and an understanding of the inner workings of the payment ecosystem.

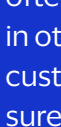


Tech transformation for seamless integration in payments-industry players

Implementing new advanced solutions and products within the technology framework is an obvious choice for many payments-industry leaders. Solutions ranging from acquisition through the transaction lifecycle (e.g., digital enablement, token provisioning) and post-purchase experience (e.g., order insight digital) can help payments-industry leaders provide a hassle-free, first-class experience to their customers while operating with lower costs and greater efficiency. The problem? Solution implementations require significant technical bandwidth and product knowledge to implement promptly. By collaborating with an implementation partner with domain and product expertise, payments-industry leaders can achieve seamless integration of innovative products within their technology framework.

Why it matters

As technology implementation backlogs increase, accessing experienced delivery teams with deep product knowledge can provide a seamless implementation experience to improve customer satisfaction and loyalty, resulting in greater retention and customer lifetime value. Having an implementation partner who grasps the innovation happening across the customer journey (e.g., acquisition, card use, post-purchase) will help position payments-industry leaders to further acquire, engage, and retain clients.

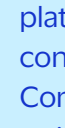
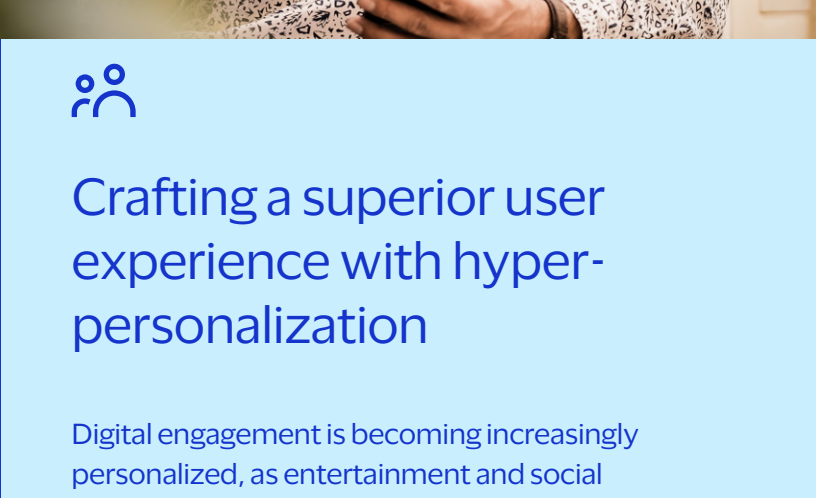


Maximizing profits by mastering Customer Lifetime Value

When a financial institution onboards a new customer, there is typically no surefire way to determine its long-term value to the company. Yet, this is the type of long-term thinking that often characterizes a strong, profitable business in other sectors. In payments, a focus on customer lifetime value (CLTV) can be one of the surest ways of enhancing a portfolio's value. This includes good practices in CLTV calculation and modeling, approaches to CLTV distribution over the lifecycle, and ways to improve CLTV, along with segmentation, opportunity identification, and profitability levers in credit issuance.

Why it matters

Understanding and optimizing CLTV helps FIs prioritize long-term profitability over short-term gains, fostering sustainable growth. By analyzing customer behavior and preferences, institutions can tailor their offerings to increase retention, cross-sell opportunities, and overall customer satisfaction, leading to a more profitable and resilient customer base.

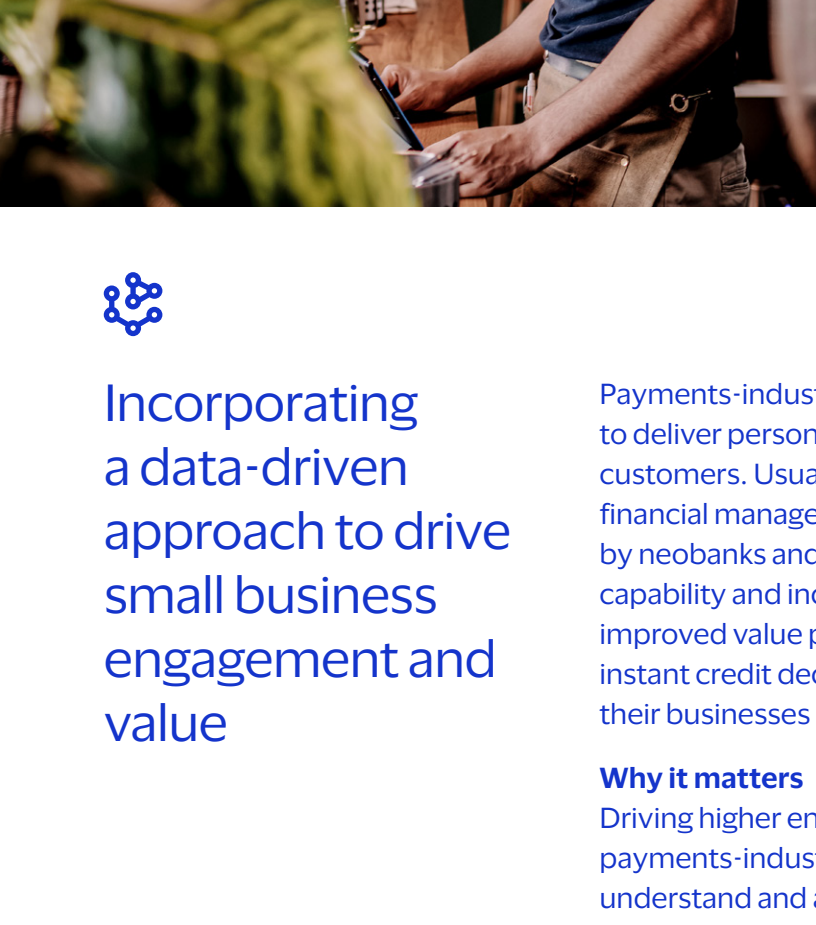


Crafting a superior user experience with hyper-personalization

Digital engagement is becoming increasingly personalized, as entertainment and social platforms like Netflix, Spotify, YouTube, TikTok, continue refining their algorithmic strategy. Consumers have come to not only expect an individualized user experience based on their digital footprints—they expect it. This is personalization at scale. It is made possible by AI-enabled algorithms. Companies that consistently apply personalization strategies to their customers' digital experiences often observe improvements in customer satisfaction, engagement, and retention. This approach can enhance the user experience, potentially driving higher conversion rates and fostering brand loyalty.

Why it matters

During an era in which customer experience is highly valued, offering highly personalized digital interactions can help payments-industry leaders to attract and retain customers, especially in a competitive market like banking. By utilizing data analytics and advanced user experience (UX) / user design (UI) principles, they can create customized, seamless, and engaging digital experiences that resonate with users personally to help nurture loyalty and show differentiation.



Incorporating a data-driven approach to drive small business engagement and value

Payments-industry players understand that it can be a challenge to deliver personalized or attentive support to smaller business customers. Usually, these businesses lack in-house expertise in financial management, making them attracted to the services offered by neobanks and fintechs, which offer intuitive digital, self-service capability and increased functionality, coupled with significantly improved value propositions in areas such as multi-currency facilities, instant credit decisioning, and data feeds and insights that can help run their businesses (e.g., cash flow insights, spend insights, etc.).

Why it matters

Driving higher engagement levels makes economic sense for payments-industry players. It also enables business owners to understand and acquire the type of financial products and services that help them run their businesses better each day. Understanding which businesses to focus on and how to resource key segments can be challenging and, to do it well, requires a data-driven approach.

About Visa Consulting & Analytics

We are a global team of 1500+ payments consultants, digital marketing specialists, data scientists, and economists across six continents.

- Our consultants are experts in strategy, product, portfolio management, risk, digital, and more with decades of experience in the payments industry.
- Our data scientists are experts in statistics, advanced analytics, and machine learning, with exclusive access to insights from VisaNet, one of the largest payment networks in the world.
- Our economists understand economic conditions impacting consumer spending and provide unique and timely insights into global spending trends.

The combination of our deep payments consulting expertise, our economic intelligence, and our breadth of data allows us to identify actionable insights and recommendations that drive better business decisions.

For more information, please contact your dedicated Visa Account Executive, email [Visa Consulting & Analytics](mailto:VisaConsulting@Visa.com), or visit us at [Visa.com/VCA](https://www.visa.com/VCA).

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1. VisaNet data

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