

The background features a dark blue gradient with glowing orange and yellow light trails. Various white icons are scattered across the scene, including a Wi-Fi symbol, a globe, a padlock, a person silhouette, a lightbulb, a classical building, a gear, a mail envelope, a shopping cart, and a bar chart. A prominent glowing shopping cart icon is on the right side. In the foreground, a person's hands are visible holding a smartphone. The overall aesthetic is futuristic and digital.

Future of Payments

Brief overview of consumer trends within the payments landscape, including media implications

NBCUniversal

Future of Payments

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Spotlights on new payment platforms/technology

**New Currencies
(ex: Crypto)**

**New Products &
Services
(ex: BNPL)**

**Intersection of
Legacy & Fintech
solutions**

**Changing
consumer
behavior**

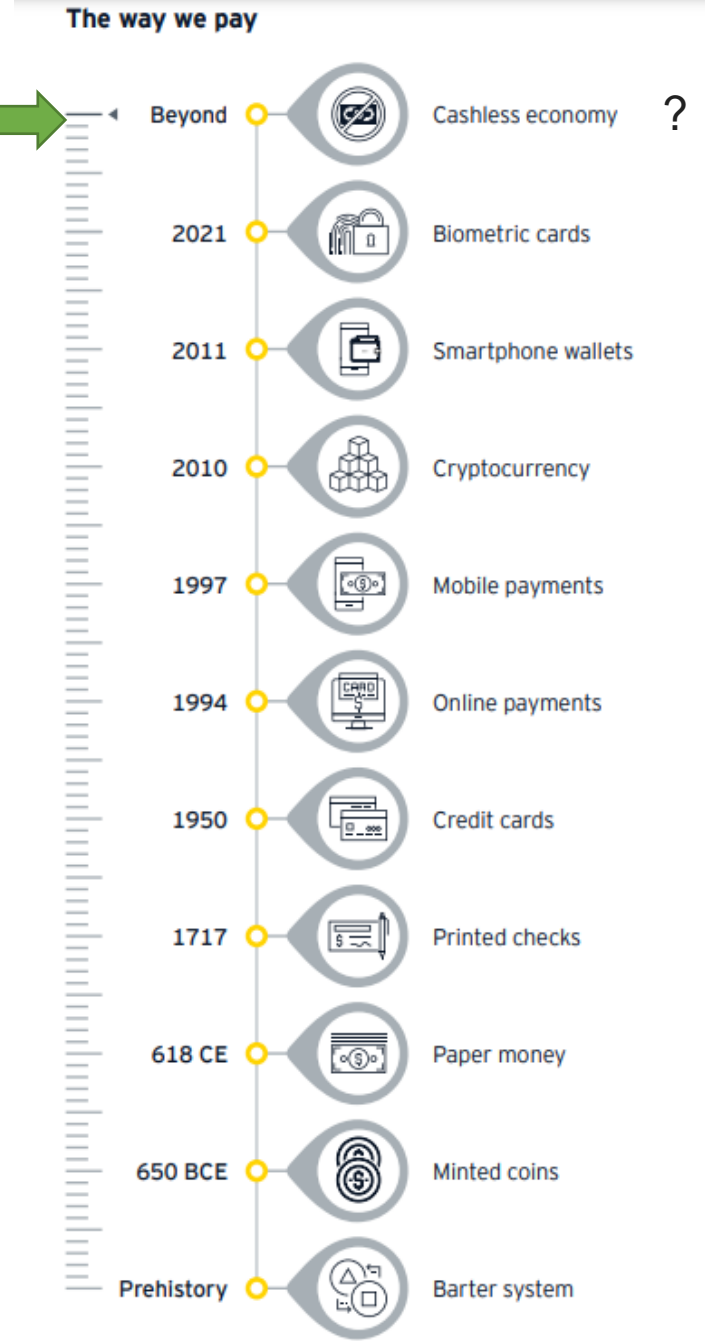
THE PAYMENTS LANDSCAPE CONTINUES TO EVOLVE



**The way consumers
pay continues to
evolve, and now there
are more options than
ever, but the
payments space has
become complex**

Over time, the way we pay has always been evolving...

Many of the evolutions in payments happen well before the new methods go 'mainstream'



Source: Ernst & Young



Today, consumer adoption of new payment methods & experiences is being driven by several key macro trends & forces



Innovation in platform & technology

Digital innovation, especially in the Fintech space, has created more automated solutions to streamline payments for consumers & merchants



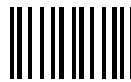
Lack of trust amongst consumers

Consumer mistrust of financial services has remained high in the years following notable data breaches (i.e. Equifax, Wells Fargo)



Retail embracing new payment solutions

There are countless examples of retailers (of all sizes) integrating new payment solutions (i.e. QR codes/contactless, BNPL)



Younger consumers demand for ease and simplicity

While consumers of all ages continue to lean into new payment solutions, Gen Z & Millennials helped to drive initial adoption



Integration of Fintech into legacy ecosystems

Major banks and lenders continue to acquire Fintechs, in addition to investing more in innovation within their existing product lines

The payments landscape has become very complex, but consumers have more options than ever before

What consumers use...

Different Currencies

Cash:



Cryptocurrencies:



How consumers use...

Different Payment Platforms*

Debit:



Credit:



Wire transfers:



P2P:



Retailer Loyalty Cards:



Why we're seeing evolution...

New Payment Technologies*

Mobile Wallets:



Contactless:



BNPL:



Crypto Wallets:



Point of Sale:



Embedded Finance:



*Examples only, not exhaustive

Consumer payment innovation

These examples highlight the diversity in different ways payment trends are evolving

US Adults Who Have Performed Select Finance Activities

Used a service such as Apple Pay, Google Pay, or Shop Pay to make a payment

42%

Made investments or purchased cryptocurrency through a noninvestment app

23%

Sent a payment directly through a social media platform

23%

Used a buy now, pay later (BNPL) service to finance a purchase and repay it in installments

23%

Used/signed up for a co-branded credit card

20%

Bought something within a game/VR

19%

Purchased insurance for a product/service through the platform you bought it from

17%

Paid for something using a wearable device

12%

Shopped at a "just walk out" store where there's no need for a checkout process

11%

Ordered and paid for food from an app connected to your refrigerator

10%

Paid for something using your car

10%

Legacy & Fintech companies are both bullish on the future of Payments

In addition to organic integration of Fintech into legacy payment systems, we also continue to see Fintech acquisitions (by both legacy players & established Fintechs)

“**Visa Buys Swedish Fintech Tink** for \$2.1 Billion After Plaid Takeover Blocked.”

Forbes

“**Mastercard acquires Arcus FI** to enhance payments across Latin America.”

S&P Global

“**Visa acquires Currencycloud**, which makes APIs for remittances and currency transfers, in a \$963M deal.”

TC TechCrunch

“Why **Square Acquired Afterpay for \$29 Billion**: Merchant and CashApp User Acquisition.”

Forbes



The background of the slide features a stylized illustration of a hand holding a stack of credit cards and a smartphone. The hand is rendered in a light green color with simple line art for fingers. The credit cards are stacked and fanned out, showing various shades of green and blue. The smartphone is positioned in front of the cards, also in a light green color. The entire scene is set against a teal-to-green gradient background.

Evolution in **payment platforms & payment technology** has been in response to **changing consumer payment and shopping behaviors...**

Broad consumer spending & payment trends



+3.3%

consumer spending continues to increase vs. pre-pandemic, growing +3.3% in Q4'21



+14%

consumer card spending growth in Feb '22 (highest growth since Nov '21)



+11%

Expected **CAGR for digital payments market** from 2021 to 2025



20%

Of US adults now **own at least some cryptocurrency**



Consumer shopping behavior & payment preference has changed...



In March 2020, there was a shift to how consumers paid. For the first time ever, **card-not-present transaction volume surpassed card-present, and the shift has not reverted back to pre-pandemic levels.**

-Joel Henckel
SVP, US Market Acceptance



CONSUMER SENTIMENT

1 in 2

consider themselves *more digital* than ever before

39%

shop from a smartphone daily or weekly

4.4b

global consumers will *shop from a digital wallet* by 2023

RETAILER RESPONSES & EXPECTATIONS

53%

will accept *more* digital payment options (in 2022)

60%

will add *digital wallets* as a payment option (in 2022)

2.2b

QR-code payment users by 2025 (equating to 29% of all mobile users globally)

A photograph of a person's hand holding a payment terminal in a retail setting, overlaid with a green tint. The person is wearing a watch on their left wrist. The background is blurred, showing other people and store fixtures.

The intersection of retail & payments



"Payments can be the **conduit to deepen connections between brands and consumers**, solving their problems, meeting their demands and creating better, more meaningful shopping and payment experiences,"

Talbott Roche
Chief Executive Officer

**Blackhawk
Network**

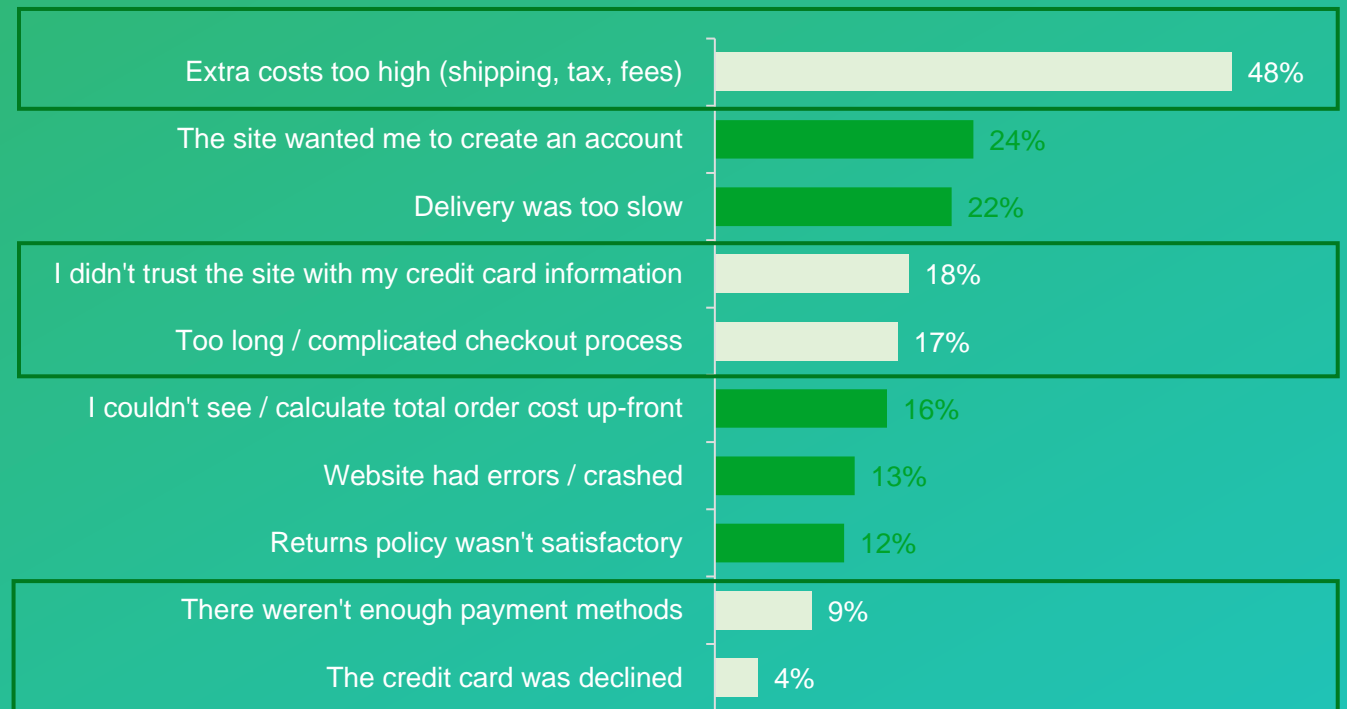
Payments can significantly impact the customer shopping experience, and retailers' bottom lines

Poor online payment & checkout experiences results in **cart abandonment** while poor in-store experiences result in **lowered foot traffic**

70%

of online shopping carts are **abandoned**.

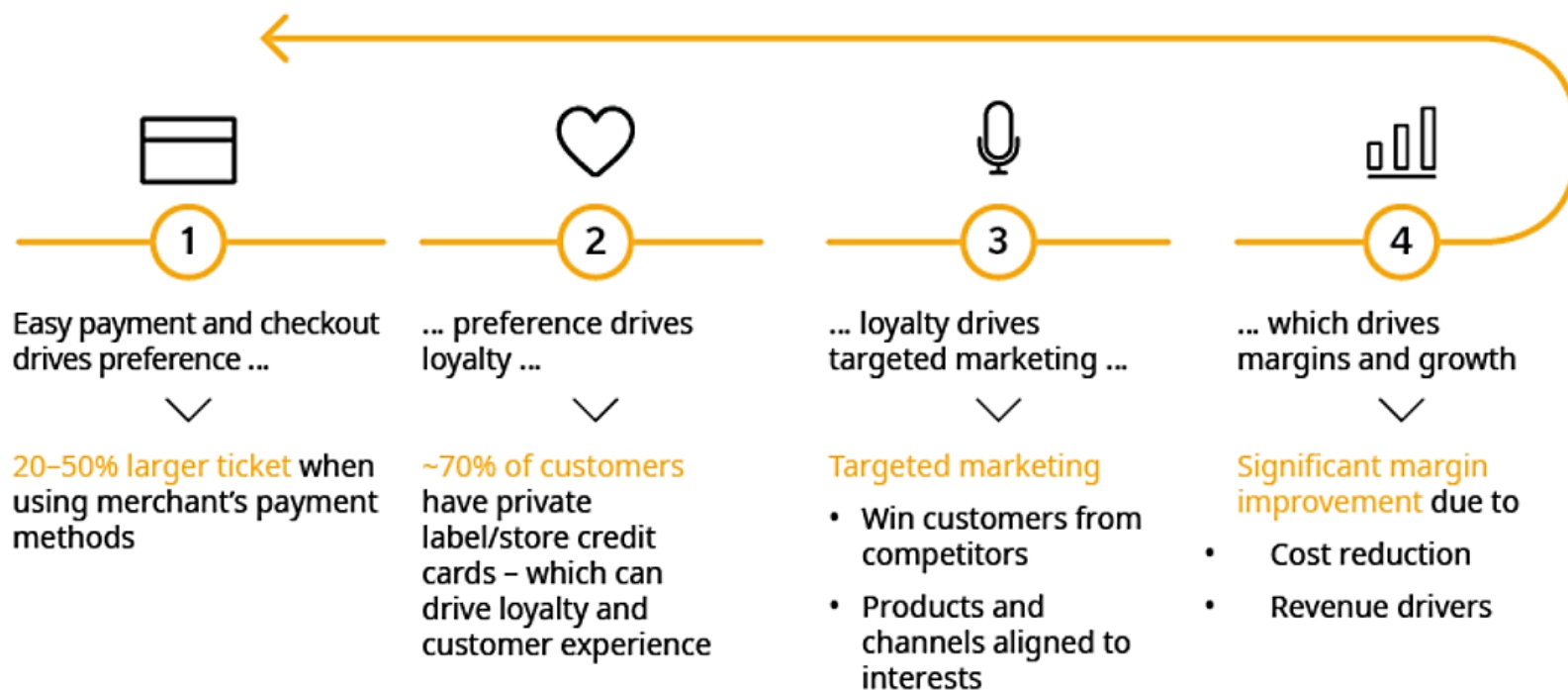
5 of the top 10 reasons for abandonment are directly related to payments



Seamless payment experiences can boost transactions in the short *and* long-term

There is no neutral ground...

Good payment experiences drive repeat engagement, while bad payment experiences end customer relationships.



Retailers are improving their payment experiences in a range of ways...

Payment Type or Experience	Example	Customer Benefits	Retailer Benefits
Alternate forms of payment	A retailer accepting cash, credit, PayPal/Venmo, Crypto, Zelle, etc.	Pay with whichever payment method is preferred	Higher conversion, lower abandonment, higher cross-border (global) sales
Contextual / Content Commerce	Instagram checkout, NBCU Shoppable TV, any shoppable content, etc.	Frictionless experience and seamless checkout	Increased transactions
New Fintech Services	Buy Now Pay Later (BNPL)	Improves accessibility to higher cost items with flexible payment plans	New customer acquisition, lapsed customer retention
Owned & Operated Payments	Retailer Branded Credit Card	Rewards, exclusive offers, new lines of credit	Increased loyalty, increased spending/visits, mitigate extra transaction fees

... and these changes are being implemented and adopted quickly

Alternate Forms of Payment

36% of small to medium sized businesses now accept crypto as a form of payment

Contactless credit card adopters undertake 5 more transactions per month (on avg.) for retail goods vs. non-adopters

Content Commerce

Social commerce is expected to grow at a 31.7% CAGR between 2020 and 2027, hitting \$605B

New Fintech Services

65% of retailers plan to add BNPL as a payment method in 2022

12% of consumers have shopped at a “just walk out” store where there’s no need for a checkout process

52% of e-commerce payments will be facilitated via **mobile wallet** by 2023

Owned & Operated

83% of brands plan to increase spending on loyalty by 5% or more in the next 12 months.

86% of US consumers belong to a retailer loyalty program (at least one)

BNPL is being embraced by some of the biggest names in retail

KEY INSIGHT:

For merchants, BNPL can translate into **20-30% higher conversion rates** and **30-50% higher average ticket sales**



NORDSTROM

“At Nordstrom, we are constantly **evaluating and evolving to enhance the customer experience** in-store and online. Part of the Nordstrom customer experience now includes flexible payment options”



“With Klarna, we continue to see **higher spend per visit** and **increased acquisition of new younger customers**, 45% are under 40. Our goal is to convert all these new customers to Macy's loyal customers, who return for future purchases.”

In addition to third-party payment partner integration, some retailers are also creating their own payments products & services

More Consumer Touchpoints

17% of consumers bought insurance directly through a retailer for a product they purchased from the same merchant



Creating New Currencies

Walmart is preparing to create its own cryptocurrency and has also recently acquired several fintech start ups



Acquiring Payment Services

Amazon acquired emerging fintech brand, Payfort, in 2017, which was ultimately relaunched as Amazon Payment Services in 2020





Topline Media Spend Insights

Media spend growth is evident in several areas of Payments:

Overall growth for FY'20 vs. FY'21

Crypto media spend growth

+530%



BNPL media spend growth

+323%



B2B Payments media spend growth*

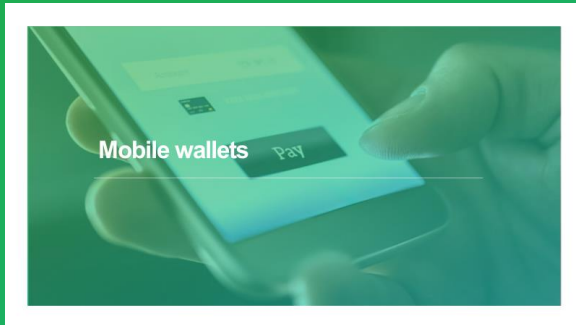
+35%



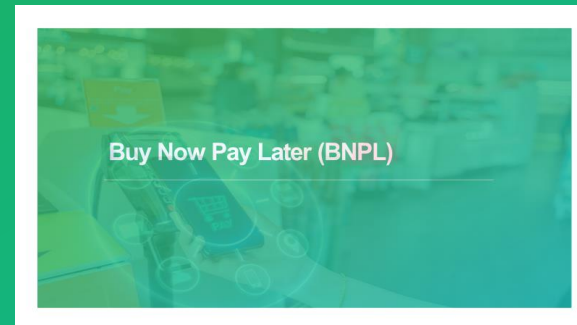
Sources: MediaRadar, eMarketer
*B2B Payments growth is a projection for FY'22

For specific sub-category insights, please *click* any of the below:

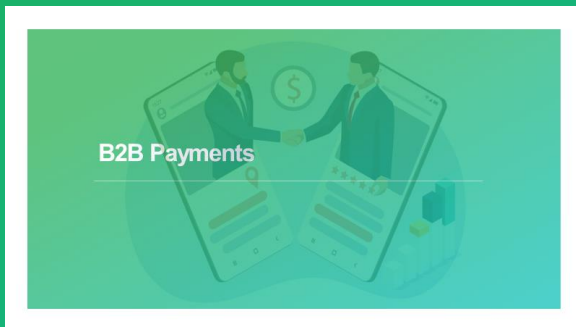
Mobile wallets



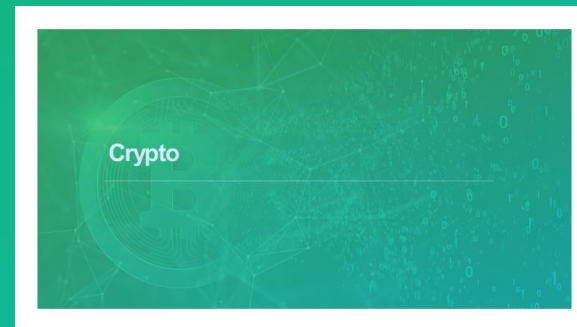
Buy Now Pay Later



B2B Payments



Cryptocurrencies



A hand holding a smartphone with a 'Pay' button on the screen, overlaid with a teal gradient.

Mobile wallets



With the **increased acceptance of digital transactions**, coupled with **consumer preference**, there's going to be an **acceleration in digital wallet usage**, even more than there already has been.

Dave Duncan
EVP, chief product officer

**Global
Payments**

CONSUMER AUDIENCE & MERCHANT INSIGHTS

Digital Wallet Examples:



By the end of 2021,

101m

US consumers used a mobile wallet for payment
(+10% growth vs. 2020, and accounting for 43% of total smartphone users)

Of all mobile wallet POS transactions,

34%

are from 25–34-year-olds

High income consumers represent

39%

of all mobile wallet users

Spend volume via mobile wallets will grow

4x

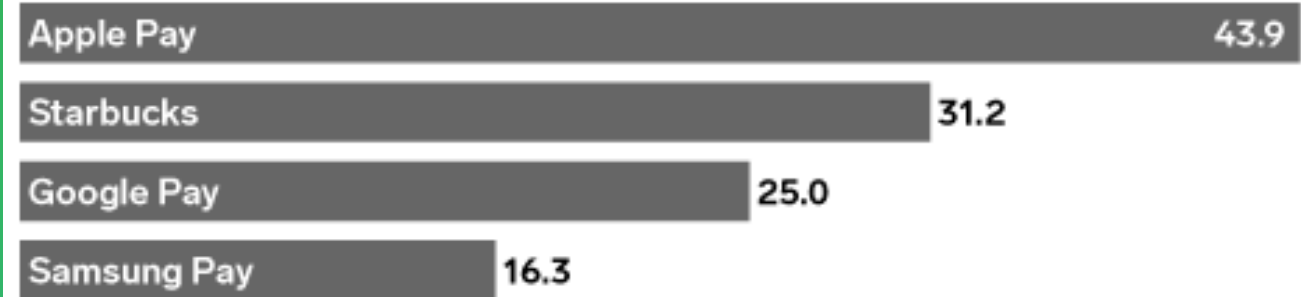
faster than user growth



SHARE VOLUME & SHARE OF USERS BY MOBILE WALLET

US Proximity Mobile Payment Users, by Platform, 2021

millions



Note: ages 14+; mobile phone users who have made at least one proximity mobile payment transaction in the past 6 months; includes point-of-sale transactions made by using mobile phones as a payment method; excludes transactions made via tablet

Source: eMarketer, March 2021

264708

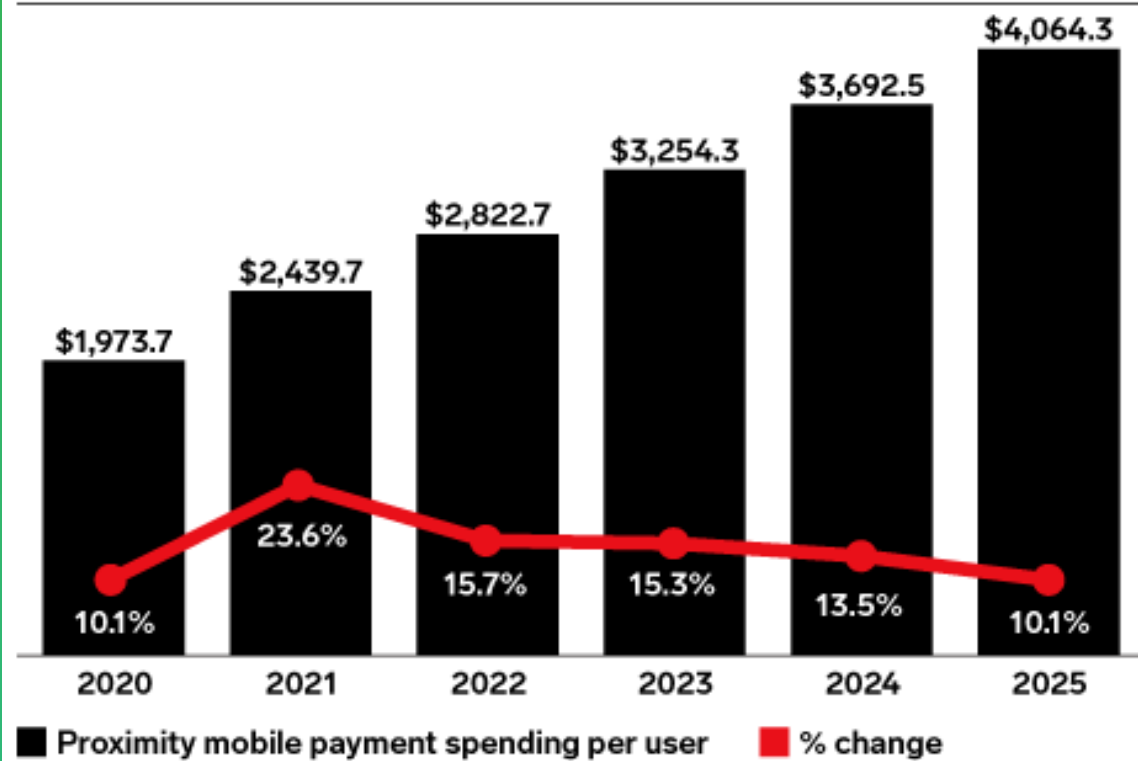
eMarketer | [InsiderIntelligence.com](https://www.insiderintelligence.com)



AVERAGE ANNUAL SPENDING PER USER

US Proximity Mobile Payment Spending per User, 2020-2025

average annual spend per user and % change



Note: average payment spend per user, per year; point-of-sale (POS) transactions made by using a mobile phone as a payment method; also known as POS mobile wallet payments and POS mobile contactless payments; includes scanning, tapping, or swiping a mobile phone at the POS to complete a transaction; excludes purchases of digital goods on mobile phones, purchases made remotely on mobile phones that are delivered later on and transactions made via tablets

Source: eMarketer, March 2021



Buy Now Pay Later (BNPL)



The recent **surge in BNPL transactions** can be attributed to several factors, including **rising merchant adoption, its omnichannel application, flexibility, and loyal youth consumers.**

Gaylon Jowers,
President

**TSYS Issuer
Solutions**

BUY NOW PAY LATER

CONSUMER AUDIENCE & MERCHANT INSIGHTS

Buy Now Pay Later Examples:



In 2022,

65%

of merchants plan to add Buy Now Pay Later as a payment method

Among demographic groups

44%

Of Gen Z expected to make a BNPL payment in 2022
(37% of Millennials, 23% of Gen X, 9.4% of Boomers)

BNPL payments online are expected to account for

24%

of all global ecommerce transactions by 2026
(up from just 9% in 2021)

BNPL can translate into

20-30%

Higher conversion rate for merchants, and...

30-50%

Higher avg. ticket sales

Even as BNPL grows, there has been concern over its potential negative impacts to consumers

Headlines in the press continue to spotlight the long-term harm BNPL may cause from a debt perspective

“Buy now pay later is **sending the TikTok generation spiraling into debt.**”

SFGATE

“**The Dangerous Rise** of ‘Buy Now, Pay Later’ Offers.”

Forbes

“**The Dark Side of Buy Now, Pay Later:** Risks Facing the Banking Industry.”

THE
FINANCIAL
BRAND.COM

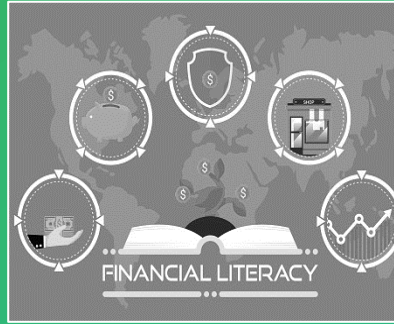
“**The Hidden Dangers** of ‘Buy Now, Pay Later’ Apps.”

WIRED



These concerns are being realized by the younger generations

Younger generations, **inadequately educated in financial concepts**, appear to have used BNPL to make purchases they couldn't afford at the time, **without any plan to afford them via BNPL**



Only

25%

of Americans 23-35 years old demonstrate a basic knowledge of financial concepts



4/5

of BNPL users have said they used the service to avoid credit-card debt



>40%

Of Gen-Z will have used BNPL by the end of 2022

Crypto



CONSUMER AUDIENCE & MERCHANT INSIGHTS

Crypto Examples:

Wallets:



Exchanges:



Currencies:



20%

of US adults now own at least some cryptocurrency

69%

Of US adults still don't "really understand" cryptocurrency

>3X

Expected growth of global crypto market over the next 10 years

1 billion

Crypto users expected worldwide by end of 2022

The crypto investor profile is more diverse than assumed

Perception: *The “Crypto Bro”*

- Primarily white males
- Fairly young (18-30yrs)
- Wealthy (with disposable income)
- Associated with “hustle culture”



Reality: *Diverse and Accessible*

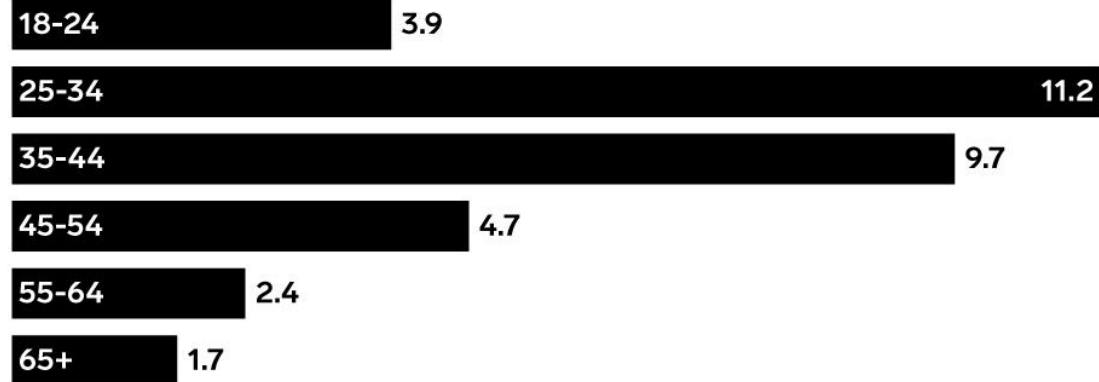
- Significant Female Demo (34%)
- Median age of an investor is 40yrs
- 34% of investors are parents
- 50% of investors have a HH income of <\$30K - \$99K

Additional crypto adoption insights

Crypto payment users will reach 5.5M by 2023, a 350% increase over 3 years

US Cryptocurrency Owners, by Age, 2022

millions



Note: individuals who own cryptocurrency (such as Bitcoin, Ether, Dogecoin, etc.) in digital storage/an account

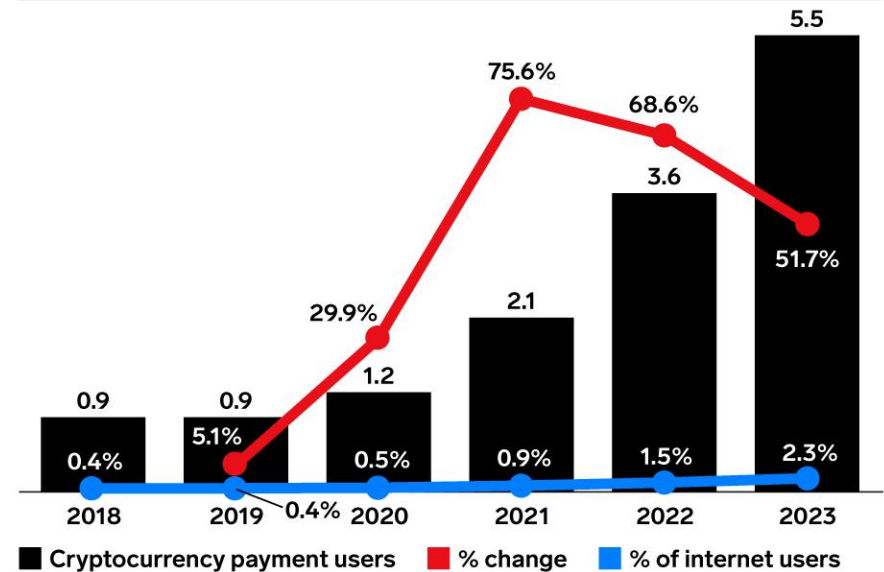
Source: Insider Intelligence, April 2022

274641

InsiderIntelligence.com

US Cryptocurrency Payment Users, 2018-2023

millions, % change, and % of internet users



Note: individuals ages 18+ who have used any cryptocurrency (such as Bitcoin, Ethereum, Dogecoin, etc.) to make a payment for goods or services or to another person in the past 12 months

Source: Insider Intelligence, April 2022

274949

InsiderIntelligence.com

Recent volatility in crypto markets has been a key point of focus

While we still anticipate long term growth, we are keeping an eye on the latest market impacts

***Created to provide stability in the crypto market, stablecoins are pegged to fiat currency - Terra was meant to hold a 1-to-1 value with the U.S. dollar*



JUST HOW FAR THEY'VE FALLEN:

- **Terra, the third-biggest stablecoin**, and sister coin Luna have lost 99% of their value, eliminating nearly \$20 billion**
- **The price of Bitcoin was last down nearly 9%, reaching lows of \$26,848**
- **The price of Ethereum dropped more than 23%, sinking below \$2,000**

IMPACT ON CRYPTO EXCHANGES:

Binance, the world's largest crypto exchange, has halted trading of Terra and Luna tokens on its platform following the meltdown. Other major crypto exchanges have also taken steps to address the incident.

Coinbase warned its users that they might lose access to their holdings if the company ever went bankrupt. The company recently reported a \$430 million quarterly loss and the departure of more than two million users.

B2B Payments





The digitization of B2B payments continues to grow, as evidenced by high valuations of public firms bringing solutions to market and the amount of venture capital money backing a growing number of Fintechs. The tipping point-meaning rapid acceleration away from checks and manual payments – is poised to happen soon.

Dave Duncan
EVP, chief product officer

**Global
Payments**

CONSUMER AUDIENCE & MERCHANT INSIGHTS

B2B Payment Examples:



Reducing checks by 10-50%, equates to

\$1.3 - \$58.3B

In savings each year

Global B2B non-cash transactions will increase to

200B

By 2025

Paper checks for biz transactions still account for

>50%

of the overall transaction value for B2B payments

\$11.3 trillion

Estimated value of global digital B2B payments market by 2026

(+110% growth vs. 2020)



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