

samlink

A Kyndryl Company

Future of European Payments



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Introduction

As we stand on the brink of a transformative era in the financial landscape, the evolution of payment systems is not just a technical shift but a profound change that impacts societies, economies, and individuals. The rapid advancements in technology, combined with changing consumer expectations and a more diverse global population, are reshaping how we interact with money. From cashless transactions to the adoption of digital currencies, the payment experience is becoming increasingly instantaneous, secure, and integrated into our daily lives.

Reflecting on the last decade, we have seen a radical shift in consumer behavior and technological capabilities, yet the question remains: *What does the future hold for the payments industry?* This examination delves into the emerging trends that will define payment systems in the coming years, explores the implications of these changes, and offers insights into how stakeholders can adapt to a rapidly evolving financial ecosystem. Together, we will navigate the complexities and opportunities presented by the future of payments—an exciting journey toward a more interconnected and efficient financial world.



Key Takeaways

The future of payments is set to transform dramatically, driven by technological advancements, changes in consumer behavior, and the increasing integration of digital currencies into everyday transactions. This report categorizes these developments into three distinct timeframes:

Mega Trends (10-year horizon): Long-term shifts, such as the rising significance of Central Bank Digital Currencies (CBDCs), the proliferation of decentralized finance (DeFi), and the omnipresence of artificial intelligence (AI) in financial services, are expected to reshape the payment landscape fundamentally.

Near-Future Trends (5-year horizon): Accelerated adoption of biometric authentication, enhanced consumer experiences through seamless ecosystems, and an emphasis on real-time transactions are anticipated to mature within this timeframe, paving the way for more efficient and user-friendly payment methods.

Current Trends (Immediate action): As the financial sector adapts to regulatory changes and growing consumer demands for speed and security, trends such as mobile payment solutions, the integration of environmental, social, and governance (ESG) considerations, and evolving definitions of digital trust will require immediate attention from businesses and financial institutions.

This report concludes with recommendations for various stakeholders, emphasizing the need to innovate and adapt in a fast-changing landscape. By adopting flexible strategies and leveraging technology, organizations can not only remain competitive but also foster trust and security in an increasingly digital economy.

1. Trends That Can Be Seen

In analyzing trends in the payment and financial markets, Samlink Advisory Services has adopted a structured approach by categorizing them into three distinct timeframes, each with its own impact and level of certainty. Here's how Advisory Services have made the division:

1

Mega Trends (10-year Horizon)

These are long-term developments that will fundamentally shape the European payment and financial landscape over the next decade. While there may be numerous trends emerging, the ones selected are those with the highest degree of certainty in terms of their transformative power. These could involve significant technological shifts, regulatory changes, or broader economic and societal evolutions. Examples might include the increasing dominance of AI-driven finance, the rise of decentralized finance (DeFi), or widespread adoption of digital currencies.

2

Trends of the Near Future (5-year Horizon)

These trends are already taking shape but haven't yet fully established themselves in the European context. They are either in the process of being implemented globally or already exist but have yet to reach full adoption in Europe. These trends are seen as inevitable and are expected to mature and integrate into the market over the next five years. Examples may include the integration of blockchain in mainstream banking, advancements in open banking, or the growing influence of fintech partnerships across sectors.

3

Current Trends (Immediate Action)

These are the trends that businesses and IT sectors need to be aware of and respond to right now. These trends are already influencing the market today and require immediate attention for both operational and strategic decision-making. Examples may include the rapid expansion of contactless payments, the need for enhanced cybersecurity measures, or the surge in mobile banking and digital wallets.

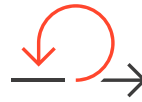
By dividing trends into these three timeframes, Samlink Advisory Services helps organizations anticipate future developments, while also providing guidance on immediate actions to remain competitive in the present and near future.

2. Trends in Mega Level



Societies Change

- ✓ Demographic shifts
- ✓ Globalization vs nationalism
- ✓ Environmental awareness



Demand for Real Time Economy

- ✓ Immediate economy
- ✓ Instant Clearing and settlement – Trust
- ✓ Individualism



Integration on and to technology

- ✓ AI/IoT in Banking
- ✓ Virtual/augmented reality
- ✓ Biometrics



Trust Equation is Changing

Consumers have become more comfortable trusting their financial transactions to brands that are not known as financial institutions.



2.1 Societies Change

As societies have evolved over time, they have reshaped borders, economies, and cultures, impacting numerous facets of daily life, including financial systems. As Europe, along with the rest of the world, undergoes demographic shifts and cultural transformations, the payment landscape is set for significant changes. Samlink Advisory Services highlights a few key elements expected to emerge in the near future.

Change in Credit Card Usage Due to Religious and Cultural Factors

As Europe's demographic make-up diversifies, with a growing population from various religious backgrounds, financial products must adapt accordingly. Islamic finance, for instance, which prohibits the charging of interest (riba), will influence the design of new credit products. Traditional revolving credit, allowing balance carryovers with accruing interest, might be complemented

by products adhering to Islamic principles. This could include instalment-based payment systems, where each purchase counts as a separate transaction to be paid off in fixed instalments. The cost structure of these products might involve fees or profit-sharing arrangements rather than interest, aligning with Sharia law. Such financial products might appeal not only to Muslim consumers but also to those seeking alternatives to traditional credit.

The changing societal landscape, particularly in Europe, will have profound implications for the payments industry. As cultural and religious diversity increases, financial products will need to adapt, moving away from traditional models like interest-bearing credit cards to more inclusive and culturally sensitive alternatives. Simultaneously, the demand for new payment products, especially for global money transfers, will drive innovation and the creation of new payment rails. This evolution will reshape the financial landscape, making it more versatile, competitive, and technologically advanced.

New Payment Products and Global Money Transfer Innovations

Inclusion of the Unbanked: A substantial part of the global population remains unbanked or underbanked, lacking access to traditional financial networks like SWIFT or SIA. To meet the growing demand for cross-border money transfers, especially among migrant communities, new payment products are being developed. These innovations are primarily driven by mobile technology, which is often more accessible than traditional banking infrastructure.

Emerging Alternatives: New entrants in the financial services market are developing alternative payment systems that bypass traditional banking networks. These may include blockchain-based systems, peer-to-peer (P2P) mobile applications, and digital wallets that allow users to send and receive money globally without a bank account. For example, mobile money platforms like M-Pesa in Africa illustrate how non-bank financial products can achieve widespread adoption.

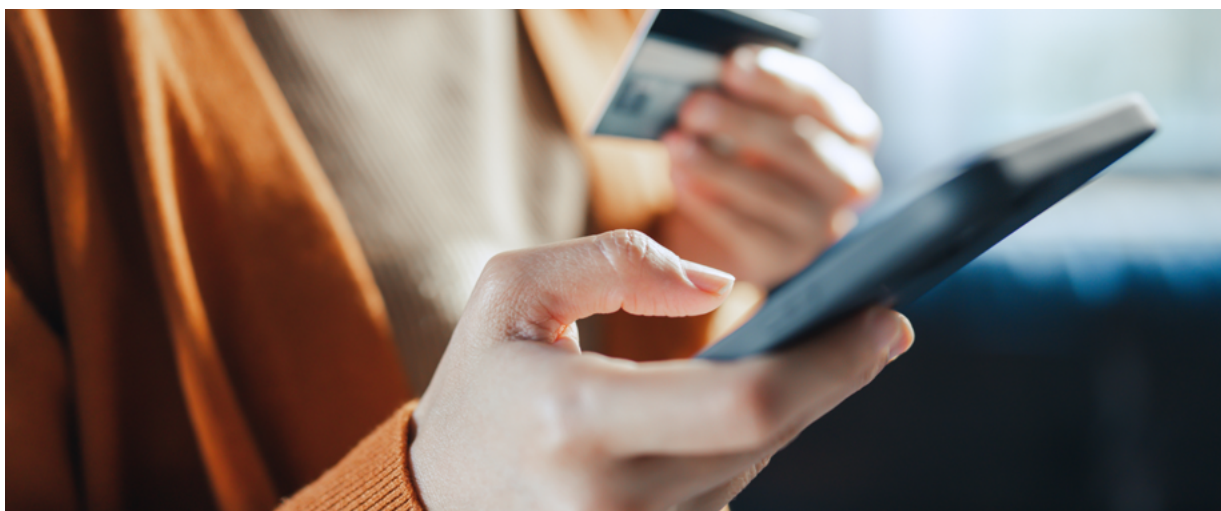
Integration with POS Systems: As these new payment methods are gaining traction, their integration into existing retail infrastructure

becomes crucial. This may involve developing new POS systems or adapting current ones to accommodate payments from emerging platforms. The main challenge will be ensuring interoperability across different systems, especially in a global market facing varied levels of technological adoption.

Impact on Traditional Financial Infrastructure

With the rise of new payment methods, regulatory oversight will become increasingly necessary to ensure consumer protection, prevent fraud, and maintain financial system integrity. As payment systems evolve, transaction security methods will also advance, incorporating technologies such as biometrics, encryption, and potentially quantum computing.

Additionally, traditional financial infrastructures will face challenges. Legacy systems like SWIFT may need to adapt by incorporating technologies and methods from newer systems to stay relevant. This shift could create a more decentralized global financial system, distributing power more evenly between traditional financial institutions and new market entrants.



2.2 Demand for Real-Time

The demand for a real-time economy is increasingly crucial as businesses, consumers, and financial systems evolve. The capability to process transactions, manage treasury functions, and conduct financial operations in real time carries significant implications for economic efficiency, capital utilization, and innovation.

Several key elements are shaping this demand for real-time transactions:

Real-Time Payments for Corporations

For corporations, the ability to manage treasury functions in real time is critical. It allows businesses to monitor and control cash flow, liquidity, and working capital instantly, rather than waiting for end-of-day settlements or delayed processing times. This level of efficiency can significantly enhance decision-making, allowing companies to deploy capital more effectively and reduce the need for costly short-term borrowing.

Real-time payment and financial systems enable companies to optimize their capital utilization. By having immediate access to funds and the ability to make payments instantaneously, businesses can minimize idle cash and reduce the opportunity cost associated with holding liquidity. This frees up capital that can be reinvested in growth initiatives, R&D, or other strategic investments.

Additionally, for multinational corporations, real-time financial systems simplify the management of global operations. Companies can more easily manage foreign exchange risks, execute cross-border transactions, and reconcile accounts across different jurisdictions. This reduces the complexity and cost of maintaining

multiple banking relationships and treasury centers, enabling a more unified and streamlined approach.

Impact on Consumers

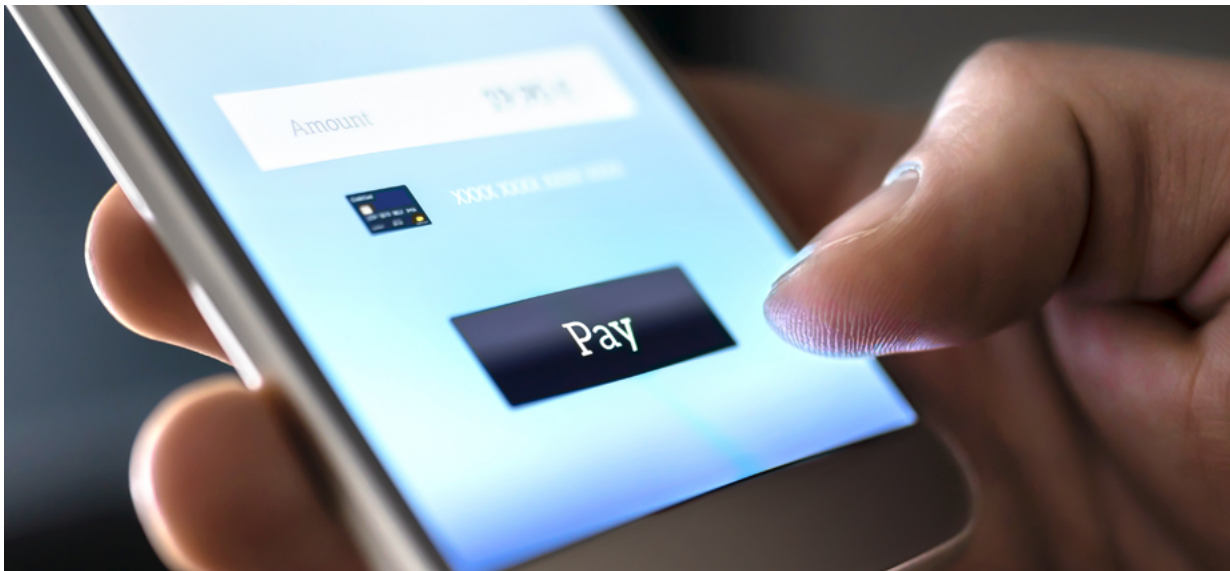
From a consumer perspective, real-time payments mean instant access to funds. Whether receiving a salary, paying bills, or transferring money to friends and family, real-time payment systems offer unparalleled convenience and flexibility. This immediacy can improve financial management for consumers, reducing the stress associated with delayed payments or the need for overdrafts.

Supporting Innovation

The shift to a real-time economy also lays the groundwork for future innovations in consumer services. For example, real-time payments can enable more dynamic pricing models, instant lending decisions, and the seamless integration of financial services with other aspects of daily life, such as smart home devices or automated personal finance tools.

Key Elements of Immediate Economy

The development of real-time payment infrastructure is a cornerstone of the real-time economy. Systems like TIPS and SEPA Instant in Europe, FedNow in the United States, and other real-time gross settlement (RTGS) systems globally are enabling instant transfers of funds between banks and financial institutions. These systems are essential for both corporate and consumer use, facilitating everything from large-scale corporate payments to everyday transactions.



To fully realize a real-time economy, there needs to be integration across financial systems. This means not just instant payments, but also real-time accounting, reporting, and reconciliation. Businesses and financial institutions must invest in technologies that allow for the seamless exchange of information across different platforms and systems, ensuring that financial data is always up to date.

As real-time financial systems become more widespread, ensuring their security and compliance with regulatory standards becomes increasingly important. This includes protecting against fraud, ensuring data privacy, and maintaining the resilience of financial systems against cyber threats.

Move toward a real-time economy will drive economic growth by reducing friction in financial transactions and enabling faster business cycles. This can lead to increased investment, innovation, and overall economic dynamism. Real-time systems also facilitate the development of new business models, such as on-demand services, dynamic pricing, and real-time supply chain management.

The demand for a real-time economy reflects the broader trend toward immediacy and efficiency in both corporate and consumer financial activities. For businesses, real-time financial systems enable better capital management, more efficient operations, and greater flexibility in responding to market conditions. For consumers, the benefits of real-time payments are clear: greater convenience, improved financial management, and the potential for new, innovative services.

As the infrastructure for real-time payments continues to develop, and as businesses and consumers adapt to the possibilities it offers, we can expect to see significant economic and societal changes. The real-time economy is not just about faster transactions; it's about creating a more connected, efficient, and dynamic financial ecosystem that supports growth and innovation.

2.3 Integration on and to Technology

As we advance further into the 21st century, the integration of technologies such as artificial intelligence (AI), the Internet of Things (IoT), virtual/augmented reality (VR/AR), and biometrics stands to redefine the payments landscape significantly over the next decade. The implications of these technologies will extend beyond mere convenience, impacting security, user experience, and the operational frameworks of financial institutions.

Artificial Intelligence (AI) and the Internet of Things (IoT) in Banking

In ten years, AI is likely to underpin many core functions within banking and payment infrastructure. Advanced machine learning algorithms will leverage big data analytics to provide insights into consumer behavior, allowing financial institutions to offer highly personalized services and predictive financial advice. This level of customization will not only enhance customer engagement but could potentially lead to challenges in data privacy and security regulations.

Simultaneously, the proliferation of IoT devices will automate the payment process on an unprecedented scale. For instance, smart appliances may autonomously handle payments for routine purchases based on consumption patterns, significantly reducing the administrative burden on consumers. However, this shift will require robust security protocols to protect against vulnerabilities inherent in interconnected devices.



Virtual and Augmented Reality (VR/AR)

The next decade is expected to see the maturation of VR and AR technologies in retail and banking contexts. Financial services will likely utilize VR to create virtual environments for immersive customer experiences—enabling users to interact with financial products in a simulated space. AR could enhance physical shopping experiences, providing contextual information about products and facilitating seamless transactions.

While these technologies promise to enhance consumer engagement, they also pose challenges related to the integration of payment systems with AR/VR platforms. Establishing reliable and secure payment gateways within these virtual environments will be essential.

Biometrics

Biometric authentication is set to become far more sophisticated over the next ten years, moving beyond basic fingerprint and facial recognition to include multi-modal systems

that combine various biometric indicators for enhanced security. As consumers become increasingly aware of privacy concerns, financial institutions will need to ensure that biometric data is stored securely and used responsibly.

As the technology matures, biometric methods could replace traditional authentication methods entirely, streamlining the transaction process. However, this transition will necessitate rigorous regulatory oversight to address concerns related to consent, data management, and potential discrimination in algorithmic decision-making.

The convergence of AI, IoT, VR/AR, and biometric technologies has the potential to fundamentally transform the payments ecosystem over the next decade. While these advancements promise increased efficiency, security, and personalization, they also introduce complex challenges that need to be managed effectively. Financial institutions must navigate these emerging technologies with a strategic focus, ensuring that they not only enhance customer experiences but also adhere to evolving regulatory frameworks and ethical standards.





2.4 Trust Equation Is Changing

The statement, “Banking is necessary, but banks are not,” famously declared by Bill Gates in 1994, holds true today as the financial landscape undergoes rapid transformation. Multiple factors are reshaping the trust equation in banking, challenging the traditional roles of banks, and altering how consumers and businesses engage with financial services.

Samlink Advisory Services has identified several key challenges that are redefining the banking sector:

Central Bank Digital Currencies

Central Bank Digital Currencies (CBDCs) mark a pivotal advancement in the evolution of money. Unlike cryptocurrencies such as Bitcoin and Ethereum, which primarily serve as speculative assets, CBDCs are stable, government-backed digital currencies designed as reliable alternatives to cash and private bank-held money. Their

introduction addresses the need for secure, efficient, and versatile currency systems in an increasingly cashless society.

The adoption of CBDCs could significantly alter the role of traditional banks. While banks currently serve as intermediaries by managing accounts and facilitating transactions, CBDCs allow consumers to potentially hold digital currency directly with central banks. This could reduce the reliance on traditional banking services, thereby diminishing the centrality of commercial banks in the financial system and challenging their established business models and potentially reducing their influence over money flows.

As CBDCs gain traction, the trust traditionally placed in banks may shift toward central banks and the digital infrastructure supporting these currencies. The evolving trust equation will increasingly hinge on the perceived security, privacy, and efficiency of CBDCs, alongside the central banks' ability to manage them effectively.

Payment Providers and Fintech Innovations

The digitalization of payments has opened the door for non-bank entities to play a significant role in the financial ecosystem. Companies like PayPal, Square, Apple Pay, and Google Pay have become integral to how consumers make transactions, often bypassing traditional bank or possibly using bank built and maintained infrastructure. These companies offer convenience, speed, and user-friendly interfaces that have attracted a large user base. They have been able to establish themselves as the “top of the wallet card”.

New Trust Landscape

As technology firms and fintechs take on a more significant role in financial transactions, trust is increasingly being placed in the technological infrastructure, data security, and privacy practices of these companies. Consumers will need to trust that their data is secure, their transactions are private, and that the companies they interact with are stable and reliable.

While the role of traditional banks is being challenged, they are not obsolete. Banks still hold significant trust capital, particularly in areas like lending, savings, and financial advice. However, to maintain this trust and relevance, banks must adapt to the changing environment by embracing digital transformation, forming strategic partnerships with fintechs, and developing new products that meet the evolving needs of consumers.

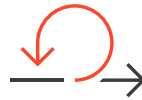
The trust equation is also heavily influenced by regulatory frameworks. As new players enter the financial ecosystem, governments and regulatory bodies must ensure that these entities comply with financial regulations, maintain consumer protections, and operate transparently. Regulatory trust will play a crucial role in legitimizing and stabilizing the evolving financial landscape.

3. Trends of the Near Future



Fragmentation to Central and ledger flows

- ✓ CB - taking more role - Target 2 → TIPS



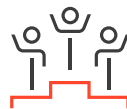
Biometrics

- ✓ From persona SCA not present to present
- ✓ Additional support from tech is here



Ecosystem driving competitiveness

- ✓ From fragmentation to larger entities
- ✓ Subscription economy
- ✓ Consumers will be more a part of ecosystem that also handles the finances, securities and insurances



Data patterns are used to drive decision from both ends

- ✓ AI Decision making based on data, data patterns and yet unknown sources
- ✓ Controlling robotics and automation
- ✓ Regulation?

3.1 The Five-Year Outlook for Biometrics in Payments

As biometric technology becomes increasingly integrated into everyday transactions, it has the potential to revolutionize both online ("card not present") payments and in-person ("card present") scenarios. According to Samlink Advisory Services, the expansion of biometric authentication will significantly enhance security and user experience across the payments ecosystem.

Current State of Biometric Authentication

Presently, biometric methods such as fingerprint scanning, facial recognition, and voice recognition are widely employed on personal devices, including smartphones and tablets. These technologies are effectively leveraged by banking and payment applications to authenticate users and authorize transactions. The enhanced security and convenience features offered by biometrics have contributed to their growing acceptance among consumers.

In the context of "Card Not Present" transactions, biometrics are frequently integrated with multi-factor authentication (MFA) systems, which help to mitigate fraud risks and ensure that the individual initiating the payment is the legitimate account holder.

Challenges in "Card Present" Transactions

Despite advancements in biometric authentication for online payments, the adoption of these technologies in physical point-of-sale (POS) environments has progressed at a slower pace. Many retail transactions still depend on traditional methods such as PINs, signatures, or contactless cards, which fail to fully exploit the capabilities of biometry.

A significant obstacle to implementing biometric authentication at POS terminals is the absence of a standardized ecosystem. The disparate systems utilized by various vendors, retailers, and financial institutions complicate the establishment of a seamless biometric authentication process, imposing barriers to integration.

The Future of Biometric Authentication in "Card Present" Scenarios

Looking ahead, as biometric technologies continue to advance and as regulatory frameworks adapt to support their integration, we can expect the emergence of more robust authentication ecosystems. Such systems will standardize the application of biometrics across multiple platforms and devices, thereby facilitating broader adoption in physical retail settings.

Moreover, we are likely to witness the development of interoperable authentication platforms that enable secure sharing and verification of biometric data among different entities within the payments ecosystem. These frameworks will ensure that an individual's biometric identity can be reliably utilized across various retail environments, financial institutions, and service providers.

To realize widespread implementation of biometrics at physical POS terminals, considerable investment in infrastructure will be essential. This includes upgrading POS systems to accommodate biometric inputs—such as fingerprint scanners and facial recognition technologies—and ensuring that these systems are integrated with backend authentication services.

Impact on Retail and Payments

As biometric authentication becomes more prevalent in retail POS systems, the shopping experience is expected to become both more efficient and secure. For instance, customers may authenticate payments seamlessly by scanning their fingerprint or face at checkout, eliminating the need for physical cards or PINs. This enhanced convenience is anticipated to boost customer satisfaction and potentially increase sales for retailers.

Retailers will need to adapt their POS systems to support biometric technology, which may involve significant investments in both hardware and software capable of interfacing with an integrated authentication ecosystem.

For this transformation to take root, a collaborative network of stakeholders—including technology providers, retailers, and financial institutions—must be established to facilitate the necessary hardware integration. Furthermore, biometric solutions must be positioned to address genuine consumer needs or enhance convenience to drive broad-scale adoption.

Considerations for the Future

The increased reliance on biometrics raises important considerations regarding consumer data privacy and security. Ensuring that biometric data is securely stored and utilized in compliance with relevant privacy regulations is paramount. If centralized biometric data storage is not managed properly, it may become vulnerable to cyberattacks and data breaches.

Governments and regulatory bodies will play a crucial role in shaping the trajectory of biometric authentication. They will need to establish guidelines and standards governing the use of biometrics in payments, specifically concerning data collection, storage, and sharing protocols.

For biometric authentication to achieve widespread applicability in physical retail environments, industry-wide standards and protocols must be developed to ensure interoperability across various systems and devices. Collaboration among technology providers, financial institutions, and retailers will be essential to create a cohesive ecosystem supporting the successful adoption of biometric payment solutions.





3.2 Ecosystem Driving Competitiveness

As the market evolves from fragmentation to larger, integrated entities, the nature of transactions, consumer behavior, and economic structures are set for substantial transformation.

From Fragmentation to Larger Ecosystems

The payments landscape is gradually shifting away from a fragmented market characterized by numerous niche players to one dominated by expansive ecosystems. Technology giants like Apple, Google, and Amazon are increasingly integrating payments, financial services, and even insurance into their broader ecosystems. This consolidation allows these companies to provide seamless, end-to-end financial solutions, reducing consumers' reliance on multiple service providers.

These larger entities are not only consolidating within the payments space but also expanding their service offerings both horizontally—by integrating with e-commerce, social media, and transportation—and vertically, by providing financial products such as loans, insurance, and investment services. This trend creates ecosystems where consumers can manage all their financial needs within a single platform, enhancing convenience while simultaneously concentrating market power.

The Rise of the Subscription Economy

The subscription economy is set to gain prominence as consumers increasingly prefer access to services over outright ownership of products. From streaming services to software subscriptions and even automobile leasing, this model emphasizes recurring

payments, managed through centralized platforms, thereby strengthening the role of integrated ecosystems.

For businesses, the subscription model offers predictable revenue streams, facilitating improved financial planning and investment in customer retention strategies. However, it necessitates robust payment infrastructures capable of handling recurring billing, subscription management, and safeguarding customer data.

As subscription services expand, consumers are likely to become more entrenched within specific ecosystems that manage not only their entertainment or software subscriptions but also their finances, insurance, and other services. This trend could deepen reliance on a few dominant platforms, complicating the process of switching to alternative providers.

Consumers Within Comprehensive Ecosystems

In these larger ecosystems, consumers will engage in a wide range of financial transactions, accessing services that include savings accounts, investments, insurance, and loans. These offerings will be intricately interconnected, facilitating a seamless financial experience. For example, an integrated ecosystem may automatically allocate funds according to consumer behavior, optimizing spending, savings, and investments.

These ecosystems will capitalize on vast amounts of data to deliver personalized financial solutions. By analyzing spending habits, income patterns, and even social data, providers can tailor financial products—such as customized credit lines, insurance

policies, and investment portfolios—to meet individual consumer needs. While this level of personalization enhances the consumer experience, it simultaneously raises critical concerns regarding data privacy and security.

As consumers become more embedded within particular ecosystems, their loyalty to these platforms is likely to increase due to the convenience and integrated nature of services offered. However, this intertwining of services can also lead to higher levels of consumer lock-in, making it increasingly challenging to transition to alternative service providers.

Implications for Financial Institutions

Traditional financial institutions, including banks and insurers, must adapt to this transformative landscape. To remain relevant, they may need to partner with or integrate into these larger ecosystems, delivering their services through platforms dominated by technology giants rather than directly to consumers.

In order to compete effectively, financial institutions must innovate their service offerings, adopt emerging technologies such as distributed ledger technology for secure and transparent transactions, and collaborate with fintech companies to produce more agile solutions. They should also focus on differentiating themselves in areas that tech giants may overlook, such as personalized financial advice or complex product offerings tailored to diverse consumer needs.

3.3 Data Patterns

Big data has been a transformative force in various industries, including finance, where it has enabled the creation of credit scoring models and predictive analytics. However, the potential of data in consumer payments is only beginning to be fully realized. Financial institutions, particularly banks, have a unique opportunity to leverage the vast amount of transactional data they hold to offer more personalized, meaningful services to their customers.

From Credit Scores to Real-Time Financial Advice

Evolving Beyond Credit Scores: Traditionally, banks have used consumer data primarily to assess creditworthiness through credit scores. These scores have been instrumental in determining the likelihood of a customer repaying loans. However, as data collection and analysis capabilities advance, banks can move beyond static credit scores to more dynamic, real-time financial insights.

By analyzing transaction data, banks can offer customers highly personalized financial advice. For example, if a customer's electricity bill has increased significantly compared to the previous year, the bank could automatically identify this trend and alert the customer. The bank could then provide suggestions for alternative energy providers or tips on reducing consumption based on real-time market data and historical spending patterns.

This shift from reactive to proactive financial management represents a new level of customer service. Banks could, for example, notify a customer if their spending on groceries is consistently exceeding their budget, or if they are on track to save less

than planned for a vacation. These insights could be delivered via personalized notifications through mobile banking apps, helping customers manage their finances more effectively.

The Role of Artificial Intelligence and Automation

Artificial Intelligence (AI) is increasingly being used to drive predictive analytics and automated processes in banking. AI can analyze vast datasets to identify patterns and make predictions about future behavior. For instance, AI could predict a customer's likelihood of defaulting on a loan based on their transaction history, spending patterns, and other external data sources like economic indicators or employment trends.

AI could also be used to create long-term financial forecasts for customers. By analyzing data such as income levels, spending habits, and even life events like marriage or purchasing a home, AI can provide insights into a customer's future financial needs and challenges. This could include predicting retirement savings shortfalls or identifying periods where the customer may need to borrow money.

In the near future, AI could be allowed to automate aspects of financial planning for customers. For example, if a customer is consistently overspending in certain categories, AI could automatically adjust their budget or suggest changes to their spending habits. AI could also help customers optimize their investment portfolios by analyzing market trends and personal risk tolerance.

As banks and financial institutions harness more data to offer personalized services, they must navigate the complex landscape of data privacy. Customers need to trust that their



data is being handled securely and ethically. Financial institutions will need to implement robust data protection measures and be transparent about how customer data is used.

In addition, customers should have control over how their data is used. Banks will need to obtain explicit consent from customers before using their data for personalized advice or predictive analytics. Providing customers with clear options to opt-in or out of these services will be crucial in maintaining trust.

As IoT (Internet of Things) devices become more prevalent, the data ecosystem around consumer payments will expand. Smart home devices, for example, could integrate with banking systems to provide real-time data on utility usage, enabling even more personalized financial advice.

The future may see the rise of integrated ecosystems where banks, fintech companies, insurance companies and merchants of good and services collaborate to offer a seamless financial experience. These ecosystems would use data to provide comprehensive personal experience within a single platform or as an on entity toward the end customer.

Ultimately, the use of data patterns in consumer payments is about enhancing the customer experience. By providing timely, relevant, and personalized advice, banks can deepen their relationships with customers and differentiate themselves in an increasingly competitive market.

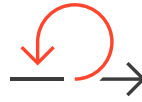
The ability to harness data patterns in consumer payments represents a significant opportunity for financial institutions. By moving beyond traditional credit scoring and using AI to analyze real-time transaction data, banks can offer highly personalized financial advice that meets the evolving needs of their customers. However, this shift also requires careful consideration of ethical and privacy issues, ensuring that customer data is used responsibly and transparently. As financial institutions embrace these changes, they will not only improve customer satisfaction but also position themselves at the forefront of the next generation of banking services.

4. Current Trends



Digital Euro - Ledger - Virtual currency

- ✓ CBDC-e-Krona, e-CNY, e-Euro etc.
- ✓ Smart Money - ledgers
- ✓ Distributed ledgers



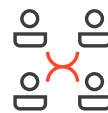
Demand for speed - Instant Clearing

- ✓ Innovations
- ✓ Corporate cashflows - trade
- ✓ Speed monetary process



Payment regulation

- ✓ DORA - Recovery
- ✓ SEPA ISO 20022 3/24
- ✓ SCT Inst - 10 sec., confirmation of payee, 24/4
- ✓ PSD3 & PSR



Omnichannel challenge for consumer

- ✓ Payment platforms
- ✓ From fragmented to consistency in UX → Simplification to merchant pain points
- ✓ Seamless integration



Crossborder Payments and new entrants

- ✓ TIPS
- ✓ EBA - SCT Inst



Mobile Solutions - Wallets

- ✓ Swish, MobilePay, Vipps
- ✓ Apple, Googlepay - card based
- ✓ Facebook, AliPay, Venmo
- ✓ Etc.

4.1 Trust Equation Is Changing

European banks are navigating a complex landscape of current and forthcoming regulatory changes aimed at enhancing the harmonization, stability, transparency, and efficiency of the financial system. These regulations, driven by the European single currency union and various regional frameworks, impose significant demands on banks to adapt their operations, technologies, and compliance mechanisms.

Key Regulatory Initiatives

DIGITAL OPERATIONAL RESILIENCE ACT (DORA):

DORA aims to strengthen the digital operational resilience across the financial sector. It mandates that all firms establish robust safeguards against cyber threats and implement measures to withstand, respond to, and recover from various ICT-related disruptions.

Compliance with DORA requires banks to enhance their ICT risk management strategies, establish comprehensive testing frameworks, and ensure coordinated incident reporting. This initiative necessitates significant investments in technology and training. Practically, banks will need to conduct regular risk assessments, implement incident response plans, and invest in staff training to ensure all employees understand their roles in maintaining operational resilience.

SEPA ISO 20022 (EFFECTIVE MARCH 2024):

The Single Euro Payments Area (SEPA) strives to harmonize payment processing across the Eurozone. ISO 20022 serves as a global messaging standard for electronic data interchange between financial institutions,

which is expected to enhance the efficiency and transparency of cross-border payments. For banks, this transition means they must upgrade their payment systems and back-end infrastructures to support the new standard, requiring significant technological investment. Banks will also need to implement necessary training for their staff to adapt to these changes and ensure that all departments involved in payment processes understand the new data structures. This can lead to improved payment tracking, enhanced reconciliation processes, and better customer service overall.

SCT INST (SEPA INSTANT CREDIT TRANSFER):

The SCT Inst framework enables instant payments within the SEPA zone, allowing transactions to be processed in less than 10 seconds, 24/7. This system supports the confirmation of payee functionality, enhancing both security and user experience.

Practically speaking, banks will need to develop the infrastructure to support real-time payment processing, which includes core banking systems to handle high volumes of instant transactions. The integration of advanced fraud detection mechanisms will be essential to safeguard against increased transaction speeds, ensuring that real-time systems can operate concurrently without compromising security.

PAYMENT SERVICES DIRECTIVE 3 (PSD3) & PAYMENT SERVICES REGULATION (PSR):

PSD3 and PSR aim to modernize and enhance the regulatory framework for payment services and electronic money institutions. These regulations focus on improving consumer protection, fostering innovation, and ensuring a level playing field in the payments market.

For banks, compliance will involve implementing stronger customer authentication processes and enhancing transparency around fees. This means that banks must be more upfront about their fee structures and ensure that their pricing models are understandable and competitive. Moreover, the regulations push for greater adoption of open banking practices, which will require banks to develop APIs that allow third-party providers to access banking data with customer consent. This can lead to increased competition and innovation in the services offered to consumers.

Impact on European Banks

The evolving regulatory landscape places multiple demands on European banks:

Technological Investment: Banks must invest in new technologies and upgrade existing systems to comply with emerging standards like ISO 20022 and support instant payments. This includes enhancing cybersecurity measures to meet DORA requirements.

Operational Adjustments: Compliance with new regulations necessitates significant operational changes, including revisions to risk management practices, reporting protocols, and customer authentication processes.

Cost Implications: The costs associated with implementing these regulatory changes can be substantial, impacting profitability. Banks need to allocate resources effectively for system upgrades, staff training, and ongoing compliance efforts.

Opportunities for Innovation: While regulations present challenges, they also offer avenues for enhanced security,

improved customer service, and increased innovation. Regulations like PSD3 could foster greater competition within the payments sector, propelling banks to develop new services and improve customer experiences.

Barriers to Entry: However, the stringent regulatory environment can serve as a barrier to entry for new market entrants, raising the threshold for competition. This aspect may protect established banks from emerging fintechs and other competitors but may also necessitate that these institutions continuously innovate to meet evolving customer needs.

European banks are under considerable pressure to comply with a series of stringent regulatory changes. By proactively adapting to these changes, banks can establish compliance while positioning themselves for future growth in a rapidly evolving financial landscape. Furthermore, fostering a culture of innovation and resilience will enable banks to thrive amid these challenges and enhance their reputation as trustworthy financial partners. On the other hand – heavily regulated industry gives also protection from new entrances and rises the threshold to enter the market.



4.2 Digital Trust in Banking World and in Payments

In an age where online transactions and digital interactions are increasingly prevalent, maintaining digital trust in the banking sector is critical for financial institutions. The reputations of banks can quickly be compromised if security breaches or fraud incidents occur, leading to a loss of consumer confidence. As we enter a new era characterized by AI-generated scams and sophisticated phishing schemes, it is essential for banks to implement strategies that ensure consumers feel safe and secure in all their financial dealings.

Banks should implement cutting-edge security measures like multi-factor authentication (MFA), biometric verification, and robust encryption techniques. These features provide consumers with greater assurance that their transactions and personal data are protected against unauthorized access.

By employing AI and machine learning algorithms to detect unusual transaction patterns, banks can identify and mitigate

potential fraud in real time. These AI-driven systems analyze transaction data for anomalies, flagging suspicious activities regardless of whether the transaction occurs via card or account-to-account transfers. Implementing alert systems that promptly notify customers of suspicious activities can enhance their sense of security.

Enhance Transparency and Communication

Clear Communication on Security Measures:

Banks must proactively communicate their security protocols and the measures taken to protect consumer data. Transparency about how customer information is managed and the technologies employed can foster trust.

Incident Reporting and Response Plans:

In the event of a security breach, banks should have clear protocols to inform affected customers and provide guidance on protective measures. A transparent and responsive approach during crises can reinforce consumer confidence.



Emphasize Consumer Education

Educational Initiatives on Digital Security:

Banks should conduct extensive awareness campaigns that educate consumers on recognizing common scams and safe online practices, such as verifying sources, using strong passwords, and identifying phishing attempts.

Resources for Financial Literacy: Offering tools and resources that help consumers understand their rights and responsibilities regarding online transactions can empower them to make informed decisions while reinforcing trust in their financial institution.

Participation in Youth Financial Education:

Banks should actively engage in promoting financial literacy among younger audiences, including minors. By contributing to educational programs that teach financial concepts, budgeting, saving, and responsible spending,

banks can cultivate a financially savvy generation. Such initiatives not only empower young people but also build long-term trust in banking institutions.

Reinforce Regulatory Compliance

Adherence to Data Protection Regulations:

Compliance with regulations such as the General Data Protection Regulation (GDPR) should not be viewed merely as a legal obligation but as a trust-building measure. Banks must ensure that they handle consumer data responsibly and transparently.

Regular Audits and Third-Party

Assessments: Conducting regular security audits and engaging third-party experts to evaluate security measures can demonstrate a commitment to maintaining high standards of data protection.

Enhance User Experience (UX)

Intuitive and Secure Digital Interfaces:

Financial institutions must ensure that their banking and payment interfaces are user-friendly while incorporating robust security features. A positive user experience can enhance customer satisfaction and encourage engagement.

Responsive Customer Support: Providing timely, knowledgeable, and accessible support can help customers navigate any issues related to their accounts or transactions, promoting trust and loyalty.

Leverage AI for Fraud Prevention and Detection

AI-Driven Fraud Detection Systems:

Advanced AI systems can analyze vast amounts of transactional data in real time, identifying patterns and flagging anomalies that may indicate fraudulent activity. Whether transactions are card-based or account-to-account, AI can provide early warnings and insights that help prevent unauthorized access and theft.

Adaptive Learning Algorithms: AI evolves continuously by learning from both legitimate transactions and detected fraud cases, helping financial institutions to refine their fraud detection systems. This adaptive intelligence ensures a proactive approach to emerging fraud tactics, enhancing overall security.

Foster a Culture of Trust

Building Long-Term Relationships: Banks should focus on nurturing long-term partnerships with consumers based on reliability, accountability, and responsiveness.

Active engagement with customers and addressing their feedback can significantly enhance trust.

Community Engagement Initiatives:

Banks can build goodwill and strengthen trust by actively participating in community initiatives, highlighting their commitment to social responsibility and ethical practices.

Prepare for Emerging Threats

Stay Ahead of Cybersecurity Trends:

As potential threats evolve, banks must remain vigilant and continuously update their security measures to address emerging risks, such as those created by AI-driven scams.

Collaboration with Cybersecurity Experts:

Partnering with cybersecurity firms can provide banks with insights into the latest threats and help develop adaptive strategies to mitigate risk effectively.

As we navigate a landscape fraught with advanced threats and evolving consumer expectations, banks must prioritize the maintenance of digital trust. By strengthening security protocols, enhancing transparency, leveraging AI for fraud prevention and detection, emphasizing consumer education—including initiatives aimed at youth financial literacy—and fostering a culture of trust, financial institutions can create an environment where consumers feel secure in their financial transactions. As a result, banks that actively work to build digital trust will not only enhance customer loyalty but also position themselves favorably in a competitive marketplace.



4.3 Demand for Speed

The demand for speed in both consumer and corporate payments is transforming the financial landscape. This trend is driven by the need for instant clearing, which accelerates cash flows and offers numerous benefits to businesses and consumers alike. While card products and schemes have managed to create near-instant flows through mechanisms like balance checks, the future is leaning toward account-to-account transactions, where instant clearing will become the norm.

Instant Clearing and Its Importance

Instant clearing refers to the immediate processing of transactions, ensuring that fund reservations are transferred and available almost instantly. This process is essential for multiple reasons:

For corporates, instant clearing improves liquidity management, enabling better financial planning and operations.

Consumers benefit from the convenience of immediate payment confirmation, leading to a smoother purchasing experience and practically—leading to new innovations where check of balance is a must factor.

In Europe, instant settlement capabilities already exist, but widespread adoption is still constrained by the reliance on traditional banking systems. As these systems evolve, instant settlement will likely become more prevalent, further streamlining financial transactions.

Innovations Enabled by Instant Clearing

The shift toward instant clearing is poised to drive several innovations and change consumer behavior significantly. Some of the potential use cases are described below.

The IoT ecosystem will expand, allowing consumers to pay for appliances and services on a usage basis. For example, instead of purchasing a refrigerator, consumers could pay a small fee each time they use it, similar to utilities such as electricity and water. This model promotes cost efficiency and flexibility.

Instant clearing enables more dynamic subscription services where payments can be adjusted in real time based on usage or consumption.

Smart Contracts and Decentralized Finance—The speed of instant clearing can facilitate smart contracts and DeFi applications, allowing for immediate execution of financial agreements and transactions without intermediaries.

This will create an impact on consumer behavior. As instant clearing becomes more ubiquitous, it will influence how consumers interact with financial services and make purchases. We could probably see more increased spontaneity in purchases: With the assurance of immediate payment processing, consumers may feel more confident making spur-of-the-moment purchases as well as greater adoption of pay-per-use models: The convenience of paying only for what is used, enabled by instant clearing, will likely encourage consumers to adopt more flexible payment models.

4.4 Digital Currencies and Ledgers

Central Bank Digital Currencies (CBDCs) are emerging as a significant development in the global financial system. As cash usage declines and digital transactions become increasingly prevalent, central banks around the world are exploring CBDCs as a way to modernize their monetary systems and ensure that central bank money remains relevant in a digital age. The introduction of CBDCs like the E-Euro will have wide-ranging implications for payment systems, banking infrastructure, and financial stability. Here's a detailed analysis of the potential impact and the considerations for financial institutions:

As societies move toward cashless transactions, central banks must ensure that their currency remains accessible and usable in digital form. CBDCs are designed to fulfill this role, offering a state-backed, digital equivalent to cash that can be used for everyday transactions.

The introduction of CBDCs will likely transform payment systems. Being wallet-based, CBDCs can be stored on digital devices, used for instant payments, and integrated with various financial services. This could simplify payment processes, reduce transaction costs, and increase the speed of settlements. However, it also means that existing payment infrastructures, including those managed by commercial banks, will need to adapt to accommodate these new forms of digital currency.

Impact on Banks and Ledgers

If the legislative process leads to a situation where commercial institutions have the obligation to receive and distribute the public money (CBDC) on behalf of their customers, they will need to integrate CBDCs into their existing ledger systems. Traditional bank ledgers, which record deposits, withdrawals, and transfers, will need to be upgraded to handle the secure storage, tracking, and transfer of digital currencies. This may require significant changes to the underlying architecture.

Securing CBDCs will be a critical concern for financial institutions. Unlike traditional money, which can be physically stored and secured, CBDCs are entirely digital and vulnerable to cyberattacks. Banks will need to invest in advanced cybersecurity measures to protect these digital assets. This includes encryption, multi-factor authentication, and real-time monitoring systems to detect and prevent unauthorized access or transactions.

The introduction of CBDCs will also affect consumer-facing channels. Banks will need to update their digital banking platforms, mobile apps, and payment interfaces to support CBDC transactions. This could involve developing new wallet functionalities, enabling real-time transfers, and providing customers with tools to manage their digital currency holdings. The user experience will be a key factor in the adoption of CBDCs, so banks must focus on creating seamless and intuitive interfaces.

Strategic Considerations for Financial Institutions

As per beginning of today, financial institutions must assess the potential impact of CBDCs on their operations and systems. This includes

understanding how CBDCs will interact with existing payment rails, evaluating the need for infrastructure upgrades, and identifying potential challenges in implementation. Banks should also consider how CBDCs will affect their business models, particularly in areas like payments, savings, and lending.

Samlink Advisory Services would like to emphasize that as financial institutions undertake major payment-related development projects, they should incorporate considerations for CBDCs from the outset. This proactive approach will help avoid unnecessary rework or retrofitting of systems in the future. By planning for CBDCs now, banks can ensure that their systems are future-proof and capable of handling the new demands that digital currencies will bring.

The introduction of CBDCs will also have wider impact on organizational structure via new regulatory requirements. Banks will need to work closely with regulators to ensure compliance with evolving rules regarding digital currencies. This includes adhering to anti-money laundering (AML) and know-your-customer (KYC) regulations, as well as meeting any new standards set for the handling and reporting of CBDC transactions.

CBDCs also present opportunities for innovation. Banks could develop new financial products and services based on CBDCs, such as programmable money, smart contracts, or instant cross-border payments. These innovations could provide competitive advantages and open new revenue streams.

The adoption of CBDCs is expected to be gradual, with central banks carefully piloting and testing these digital currencies before wide-scale rollout. However, the direction is clear, and financial institutions should prepare for a future where CBDCs play a central role in the monetary system.

4.5 Mobile Solution and Omnichannel Challenge

In today's rapidly evolving financial landscape, the trend toward mobile solutions and the integration of omnichannel payment experiences is becoming essential for fostering meaningful banking relationships. One of the key initiatives driving this transformation is the SEPA Request to Pay, which enhances payment interactions and provides consumers with greater flexibility and control over their transactions.

Streamlining User Experience:

As payment platforms evolve, the focus is shifting from fragmented systems to a more consistent user experience (UX). By simplifying processes for merchants and consumers alike, organizations can address common pain points such as complicated checkout procedures, multiple payment options, and varying user interfaces. A unified and seamless experience encourages consumer trust and satisfaction.

Seamless Integration Across Channels:

The acceptance of mobile payment solutions has increased significantly, and businesses must prioritize seamless integration across all channels—online, in-app, and in physical stores. Omnichannel payment strategies allow consumers to enjoy cohesive payment experiences regardless of the platform they choose. For instance, customers might wish to start a transaction on a mobile app and complete it at a physical location, or vice versa. Ensuring a smooth payment helps to increase customer loyalty and enhance overall engagement.

Flexibility and Control through SEPA Request to Pay:

The SEPA Request to Pay framework allows consumers to initiate payment requests and approve transactions at their convenience, promoting a more proactive approach to managing finances. This shift empowers consumers as they can authorize payments when it suits them, reducing the frustration



often associated with traditional payment methods. Moreover, it enhances transparency and liquidity for merchants by ensuring timely payments.

Addressing Omnichannel Challenges:

Despite the benefits of mobile solutions and omnichannel strategies, challenges remain. Merchants must navigate complex regulatory environments, varying payment preferences, and issues concerning data security and privacy. It is essential for them to invest in robust infrastructure and stay updated on consumer behavior trends to effectively address these challenges and adapt their strategies accordingly.

The integration of mobile solutions and the implementation of omnichannel payment strategies are pivotal for creating meaningful banking relationships today. By focusing on user experience consistency and leveraging innovative frameworks like SEPA Request to Pay, financial institutions and merchants can enhance customer satisfaction, drive engagement, and foster loyalty in an increasingly digital economy.

Cross-Border Payments and New Entrants

The landscape of cross-border payments is undergoing significant transformation as new entrants into the financial services sector provide innovative solutions that challenge traditional methodologies. With advancements in technology and changes in consumer behavior, these players are streamlining cross-border transactions, enhancing user experience, and increasing accessibility.

Emerging Payment Solutions:

Platforms such as Swish, MobilePay, and Vipps are gaining popularity in various regions, particularly in Scandinavia. These services offer quick, user-friendly mobile payment solutions that facilitate seamless domestic and cross-border transactions. Such platforms allow users to send and receive money instantly, often integrating directly with existing banking accounts to enhance convenience.

Tech Giants Entering the Payments Arena:

Major technology companies such as Apple and Google have also made significant inroads into the payments space with solutions like Apple Pay and Google Pay. These card-based systems leverage advanced security features, including biometric authentication, to deliver secure and hassle-free transactions for consumers. Their familiarity and trust as technology providers enhance adoption rates among users.

Social Media and Peer-to-Peer Payment Platforms:

Services like Facebook Pay, Alipay, and Venmo are reshaping how individuals engage in financial transactions. These platforms facilitate peer-to-peer payments with social components, making it easy for users to transfer funds to friends and family. In particular, Alipay has become a dominant force in China, offering a wide range of services, such as bill payments and integration with e-commerce platforms.

Challenges and Opportunities:

While these new entrants enhance competition and provide exceptional user experiences, they also present challenges for traditional financial institutions. Established banks must adapt to the rapid adoption of these platforms by improving their own services, investing in technology, and focusing on user-centric designs. Additionally, regulatory hurdles, differing compliance standards across countries, and concerns related to data privacy and security will require attention from all market participants.

In summary, the rise of new entrants in the cross-border payments space is transforming traditional banking and payment systems. By leveraging technology, enhancing user experience, and providing convenient solutions, these platforms are poised to redefine the future of global transactions. Established financial institutions must embrace innovation and adapt to this evolving landscape to remain competitive and meet the changing customer expectations.





4.6 ESG in Payments

The integration of Environmental, Social, and Governance (ESG) principles into the financial industry has traditionally focused on wealth management, fund allocation, and loan issuance. However, as ESG concerns become increasingly important to consumers, corporations, and regulators, the payment industry is also beginning to embrace these principles. The expansion of ESG considerations in payments offers opportunities for innovation, transparency, and trust-building while addressing growing environmental and social challenges.

Current ESG Initiatives in Payments

Traditionally, the payments industry's ESG efforts have concentrated on the physical aspects of payment products,

such as creating cards from recycled or biodegradable materials. These initiatives aim to reduce the environmental impact of producing millions of plastic cards annually. Some companies have also begun offering digital cards, reducing the need for physical materials altogether.

An emerging trend in the payments industry is the calculation and disclosure of the carbon footprint associated with consumer transactions. Some payment service providers are already providing consumers with data on the environmental impact of their spending. This transparency allows consumers to make more informed choices and, potentially, reduce their carbon footprint through conscious spending.

For consideration, in the near future, payment service providers (PSPs) and banks may be required to provide detailed ESG reports

to both consumers and corporate clients. These reports could include the carbon footprint of individual transactions, the social impact of spending patterns, and governance-related metrics, such as data privacy and security practices.

Beyond simply providing ESG data, payment service providers could play a more active role in guiding consumers and corporations toward more sustainable and socially responsible behaviors. For instance, banks could offer personalized recommendations for reducing one's carbon footprint, suggest more sustainable products, or provide incentives for eco-friendly spending.

For corporate clients, ESG in payments could extend to a comprehensive analysis of their payment practices. Banks could help corporations measure the ESG impact of their supply chains, procurement processes, and operational expenditures. This service could be invaluable for companies looking to enhance their ESG performance and reporting.

Opportunities for Financial Institutions

Development of ESG-Linked Financial Products: Financial institutions can capitalize on the growing demand for ESG-oriented products by developing offerings such as green loans, which offer preferential terms for sustainable projects, or ESG-linked credit cards that reward environmentally conscious spending. These products not only appeal to increasingly eco-conscious consumers but also help banks differentiate themselves in a competitive market.

Enhanced Data Analytics for ESG: Banks can invest in advanced data analytics to provide deeper insights into the ESG

impact of transactions. By leveraging big data and AI, banks could offer consumers and corporations a more nuanced understanding of their ESG footprint, helping them make more informed decisions. This data could also be used to develop new products or services that align with ESG principles.

As ESG considerations become more central to corporate strategy, banks that fail to integrate these principles risk damage to their reputation. By proactively adopting ESG measures, financial institutions can not only avoid potential backlash but also build trust with customers, investors, and regulators.

Challenges and Considerations

Standardization and Regulation: One of the key challenges in integrating ESG into payments is the lack of standardized metrics and reporting requirements. Financial institutions will need to navigate a complex and evolving regulatory landscape as governments and international bodies develop standards for ESG reporting in the payments industry.

While providing detailed ESG data is valuable, banks must also ensure that this transparency does not compromise customer privacy. Striking the right balance between offering meaningful insights and protecting personal data will be crucial.

Successfully integrating ESG into payments will require active engagement with both consumers and corporate clients. Financial institutions will need to educate their customers about the importance of ESG considerations and how they can leverage new tools and insights to make more responsible choices.

5. Epilogue

As we navigate the increasingly complex landscape of payments, it is evident that the future of this sector will be shaped by a confluence of technological innovation, evolving consumer expectations, and the fundamental principles of trust. The transition from traditional banking systems to integrated ecosystems highlights the urgency for financial institutions to adapt to a world where digital interactions dominate.

The exploration of trends such as real-time payments, biometrics, and the evolving trust equation underscores the critical importance of security and transparency in building and maintaining consumer confidence. As digital trust becomes a cornerstone of consumer relationships, banks and payment providers must prioritize robust security measures and proactive communication strategies to reassure customers in an era marked by sophisticated fraud tactics and data privacy concerns.

Moreover, the rise of the subscription economy, the impact of Central Bank Digital Currencies (CBDCs), and the integration of Environmental, Social, and Governance (ESG) principles further illustrate the dynamic nature of the payments landscape. Financial institutions that embrace these trends and actively engage with consumers—especially younger generations—will not only foster loyalty but also redefine their relevance in a rapidly changing market.

While challenges abound, the potential for innovation and improvement within the payments ecosystem offers genuine opportunities for advancement. By investing in education, enhancing user experiences, and leveraging emerging technologies, banks can position themselves as trusted partners in their customers' financial journeys.

In conclusion, the future of payments is not only about technology but also about understanding and addressing the human element—a commitment to maintaining trust, nurturing relationships, and revolutionizing the way individuals interact with their finances. As this new era unfolds, financial institutions have the unique opportunity to lead the way, transforming challenges into growth and ensuring a more inclusive and secure financial future for all.



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Tomi Mölsä is a passionate financial analyst and industry expert with experience in the banking and financial services sector. Driven by a deep-seated belief in the power of technology to transform lives, he has dedicated his career to exploring the innovative trends that are reshaping the future of payments.

With a strong background in payment systems and digital finance, Tomi has witnessed firsthand the incredible impact that digital solutions can have on individuals and businesses alike. His journey through various financial institutions and fintech companies has not only equipped him with invaluable insights but also inspired a commitment to advocating for transparency and security in an evolving landscape.

Tomi believes that every payment carries a story, and by improving the systems behind these transactions, we can enhance lives in profound ways. His work focuses on empowering consumers and organizations to thrive in an increasingly digital world, particularly through the study of future payment technologies and emerging trends.

When not immersed in the latest industry trends, you can find Tomi exploring innovative financial tools, enjoying a good book, or engaging in thoughtful discussions about technology, society, and the future of finance. With an unwavering commitment to fostering understanding and resilience in the financial sector, he looks forward to the exciting possibilities that lie ahead for financial technology and its potential to change lives.



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