

## The Future of Payment Transactions and the Unprepared

Organizations have finally realized that the key to success in this digital world is to evolve continuously in order to remain competitive and relevant to consumers. The way in which all businesses accept payment transactions is quickly becoming the next battleground of innovation, according to recent findings in the global payments insight survey.

Consumers are now surrounded by a wealth of technology and expect businesses to lead the way with innovation. The rise in new payment capabilities represents a wealth of opportunities for businesses, but are they too busy protecting and defending the status quo?

The global payments survey revealed many interesting talking points such as the revelation that 25 percent of organizations stopped accepting cash last year. With a rapidly growing number of customers managing their finances electronically and using their cards or smartphones to pay for goods and moving away from cash, further disruption and innovation in payment systems is easy to predict.

These changes in consumer behavior, combined with advances in technology, are fueling investment into next-gen biometric authentication, targeted messaging and real-time payments. In a growing list of countries around the world, including many on the African continent, if you forget your wallet or purse when you go out with friends, you simply transfer some cash electronically from your phone. No need for any involvement with a bank or rushing home to pick up the card. A friend and a smartphone is all they now need. If this is already happening in other countries, it will happen here as well.

We already know that people are using less physical cash and that this trend is only going to continue. The fact is that cashless card and smartphone payments are on the rise, especially throughout Europe. The level of investment being made to meet customers and their higher expectation level means we know what will happen

This is what I call a Hard Trend, a future fact, and once we know what will happen, we can create an anticipatory mind-set to ensure businesses are ready to capitalize on the opportunities that change offers.

It will be the organizations that are in a position to enable new payment methods through innovation that will gain a significant advantage over their competition. The problem that many businesses are about to face is that they are simply not flexible enough to drive rapid and sometimes disruptive innovation in anything.

Digitally connected consumers reside in a world of instant gratification where the likes of Uber and Airbnb have simplified everything. We have become accustomed to effortless one-click

experiences online. If your organization is not making your customers' lives easier, it will cease to be relevant to them.

Investing heavily into improving customer experience also comes with an element of risk that can be reduced if you are basing your decisions on what you know will happen – the Hard Trends that are shaping the future. It's easy to see that as the cost of processing payments is rising, it is prompting an equal amount of focus on increasing the efficiency of all payment methods used by a business.

In recent years, the highest level of concern is focused around cybersecurity. The conversation around protecting customer information and their payment credentials has now made its way into boardrooms. Reputational damage caused by a breach cannot be undone easily or quickly and has the high potential of closing the doors of any business.

When it comes to credit card payments, the U.S. is catching up to Europe now that most consumers have a chip in their credit card. But unlike the chip-in-card systems in Europe, the second half of the security process has not been widely implemented – having the card holder type in their unique PIN after inserting their credit card in the machine. Without this step, anyone who has your card can fake a signature and complete the transaction.

We all know the future is having your credit card virtually in your smartphone, along with your driver's licence, passport and other important documents that use multiple biometrics to identify you, and a one-time token generated by your phone to release funds without exchanging your card number or other information about you. I am already using this method and love it. Whenever I have to pull out my chip-in-card credit card, I know I'm buying from a company that is using old technology and their system is putting me at greater risk. It's the past, not the future.

The new currency across all industries is speed, convenience, security and simplicity. These four areas illustrate the new standard of customer expectation equally relate to how a successful business should be run too.

Over the last few years alone we have witnessed the disappearance of many huge brand names that were guilty of being reactive rather than pro-active, or better yet, pre-active to future known events. The ACI report revealed that 59 percent of organizations are not confident that they are flexible enough to drive innovation in payments.

My calculations would suggest that the remaining 41 percent would have a significant advantage over the old guard. Once again, it's easy to predict the future when armed with the knowledge of where we are and where we are heading. There is no longer room for any excuses or burying your head in the sand like an ostrich.

If nearly six in ten payment executives are unprepared for the growing competition in payments, there is a huge incentive to change the path right now. Organizations need to

prepare for the inevitable by seizing the opportunity and collect their reward of a competitive advantage or face the consequences that come with doing nothing.

Will your business be the one following the Hard Trends and encouraging an anticipatory mindset to lead the way through innovation? Or will you simply carry on regardless, doing things the same way you have in the past? Your answer to this question could determine if you still have a business in five years.



**About the Author:**

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