A Q&A for financial institutions

Keeping up with changes in card payments without compromising consumer expectations

Unlock digital transformation and growth for payments

Card payments are not only essential to moving money between banks, consumers and businesses, but also a key source of revenue for financial institutions. In this Q&A with John Dangoia, Senior Vice President, Cards and Money Movement at FIS®, we explore the landscape of modern card payments and how an integrated card payments ecosystem solves for many challenges institutions are dealing with today.

Q: What are the biggest challenges financial institutions face regarding card payments?

A: The payment industry is changing so quickly, it's an exciting area to be in. But it's also daunting because consumer expectations are so high. The challenges we're seeing the most among our financial institutions clients are four-fold.

The first is **modernizing legacy technology.** Traditional payments platforms are not equipped to address the issues FIs deal with today – from more sophisticated fraud schemes to the incredible increase in mobile transactions. To deliver the digital experiences their customers want and expect, institutions need to make changes to their core systems.

Next is **differentiating their card programs.** On average, consumers own five or more accounts across all types of financial institutions. To become their customers' go-to financial institution, banks need to offer unique and personalized experiences that stand out from neo-banks, fintechs and large FIs.

The third challenge is **understanding and leveraging payments data.** Financial institutions typically have huge repositories of payments data, but many lack the tools and expertise to analyze the information and identify growth opportunities. By investing in payments data solutions that leverage AI and machine learning technologies, banks can gain insights into improving the customer experience and unlocking new revenue streams.

The last – and probably the most important – challenge for FIs is **achieving top of wallet status.** With multiple cards in their wallets, consumers are less loyal to one particular financial institution. This makes it even more imperative for banks to deliver high quality, hyper-personalized financial experiences that cultivate and maintain customer loyalty.

Q: What are the major trends impacting card payments today?

A: We've identified three main trends in card payments that are driving how we help our customers.

The first is that the world is revolving around **the digital experience.** Consumers are increasingly interacting in digital channels. From digital card issuance to push to wallet, consumers – Gen Z and Millennials in particular – expect convenient, seamless experiences from their financial services providers. They want self-service options and the ability to put their money to work 24/7.

Mobile is dominating the retail banking channel. A 2023 McKinsey study of 115 banks in Europe showed that mobile interactions with banking products and services increased 127% from 2019 to 2023 and represent more than 80% of all interactions. According to McKinsey, between now and 2030, mobile is likely to continue gaining share at the expense of all other bank-captive channels. Additionally, more than 90% of consumers say they have used some form of digital payment over the course of the year. The bottom line? Banks need to continue to increase their investment in the digital experience.

The second trend is the rise of **embedded payments.** By removing friction from the purchase journey, embedded payments can become part of the value proposition for financial providers. Institutions can use embedded payments as a distribution channel for financial services like buy-now-pay-later. Embedded solutions can also be used to foster loyalty, such as when a bank's debit or credit card is designated the default payment type in their customers' digital wallets. Because it makes the payment experience so easy, embedded payments are here to stay and only going to become more prolific.

Leveraging **AI and data** is the third trend we're seeing. AI technology is applicable to so many areas of banking, from automating tasks to speeding up customer service and detecting and mitigating fraud. AI-supported solutions are using data to support hyper-personalization of the cardholder experience and drive loyalty experiences. With fraud expected to cost the card industry more than $400 billion over the next decade, it's become even more critical for banks to enlist AI technology to analyze and single out irregularities in spending patterns that manual processes can't detect.

Q: Why should FIs consider the entire payments ecosystem in their card strategies?

A: There are many interdependencies between an institution's payment functions. Legacy systems built on different platforms over several years result in silos of data that are difficult to access and apply to an overall growth strategy.

To increase deposits and cross-sell financial services more effectively, institutions need modern technology that provides actionable insights on their customers and portfolios. By establishing interconnectivity between all back- and front-office systems, you can access the information you need to support supports sales and growth efforts across all departments.

FIS helps financial institutions use card payments to ensure money flows, supporting seamless digital experiences and increased volumes.

UNLOCK PAYMENTS

FIS card payment solutions create seamless digital experiences. Our technology powers the global economy across the money lifecycle.

Money at rest

Unlock seamless integration and human-centric digital experiences while ensuring efficiency, stability, and compliance as your business grows.

Money in motion

Unlock liquidity and flow of funds by synchronizing transactions, payment systems, and financial networks without compromising speed or security.

Money at work

Unlock a cohesive financial ecosystem and insights for strategic decisions to expand operations while optimizing performance.

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