Commercial payments, reinvented

Your blueprint for accelerating payments revenue growth

Table of Contents

INTRODUCTION

Looking beyond the traditional approach to commercial payments

Transforming payments could capture a $371b opportunity

Traditional banks and payments providers are losing share of wallet—and the associated revenue—to fintechs and bigtechs that are innovating aggressively to provide commercial clients with better payments solutions. The newcomers are succeeding partly because their established rivals are constrained by legacy technology platforms. More important, however, is their mindset: while the incumbents regard commercial payments as a cost of servicing clients, the new players recognize it as an opportunity.

Corporate clients have a critical need for financial flows that are accurate, timely and affordable; without them, the continuity and competitiveness of their business are jeopardized. An array of agile digital start-ups, together with several of the multi-offering tech giants, saw the potential and have responded with tailored, value-added solutions that are easily integrated into their clients' businesses. At the same time, as our latest research confirms, 63% of banks view commercial payments as a cost center.

We surveyed 211 banking and payments executives from around the world and found that most of their organizations are struggling to compete with the fintechs and bigtechs on commercial payments. We also surveyed 223 executives at commercial payments clients across these industries: health and public service, auto and industrial, travel and rail, retail, insurance and telecom. We found that more than half are already using commercial payments solutions provided by fintechs, which have eaten into banks' traditional share of wallet.

However, both surveys confirmed that banks have an opportunity to transform payments into a platform for revenue growth and service innovation. Value-added services are an exciting prospect, with four out of 10 commercial payments clients highly likely to switch to another payments provider if it were to offer these services.

Payments providers and client executives in our surveys both cited accuracy, security and speed of transactions as important factors. But while client executives said the failure of many payments players to offer value-added services was their second-biggest pain point, payments incumbents did not mention it as a crucial issue.

Our models indicate that value-added services are an untapped opportunity for payments providers that could be worth $371 billion by 2028.

What are value-added services?

Value-added services are offerings wrapped around basic payments products that enrich the payments experience and ensure customer intimacy for commercial payments clients. Examples include:

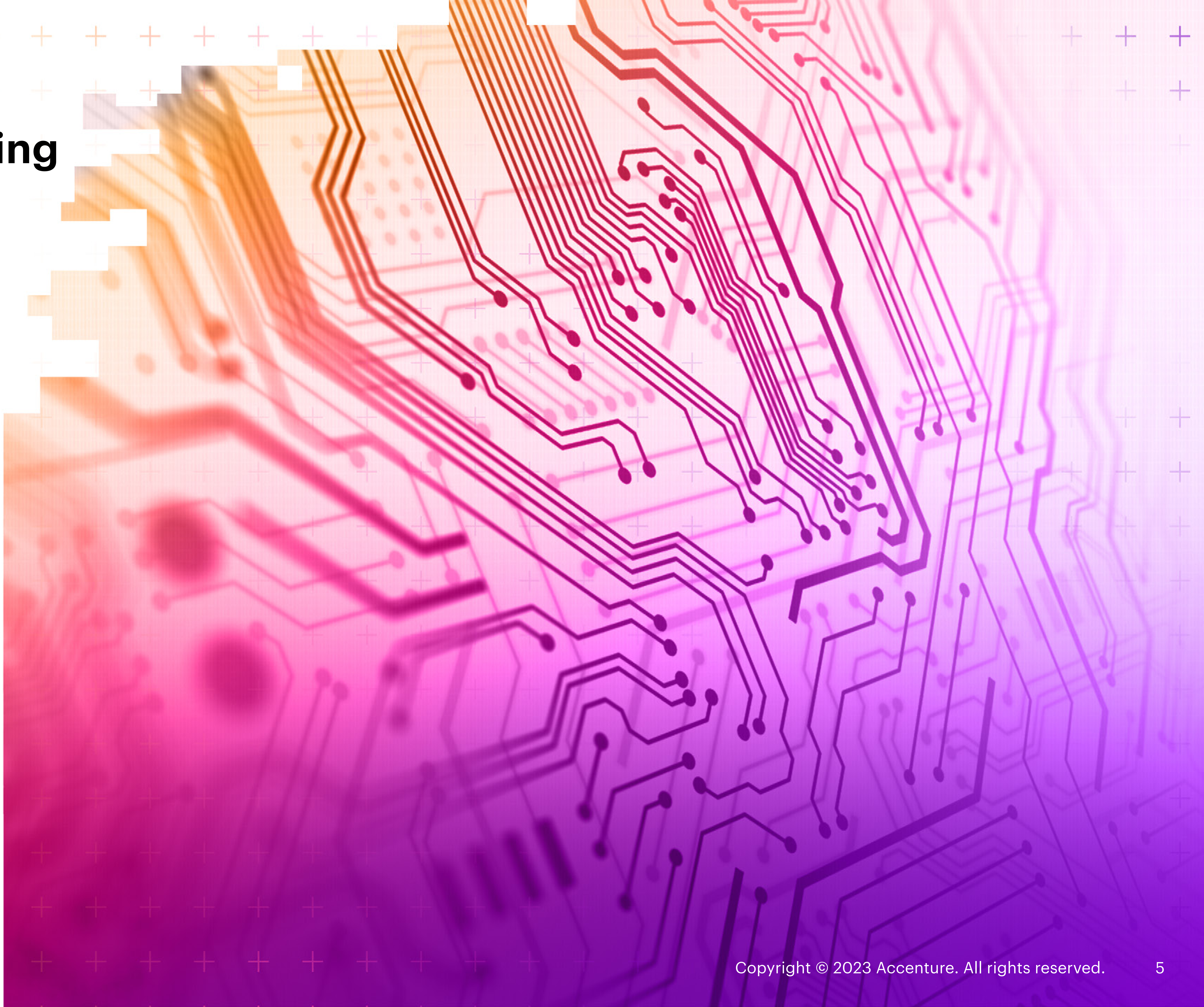
- Advanced fraud management tools
- Automated bill payments
- Biometric payments
- Industry-tailored data insights
- Real-time data dashboards for cash, client and liquidity management
- Advanced credit checking
- Tax and accounting system integration

The digital core: a foundation for reinventing commercial payments

Executives at commercial payments incumbents are increasingly facing similar challenges expressed by their peers in our consumer payments research: growing competition from digital challengers, client impatience with traditional payments pain points, and legacy technologies that constrain their ability to keep pace with an evolving market.[1]

To remain relevant in this changing landscape, payments incumbents must grasp [Total Enterprise Reinvention]—a strategic commitment to continuous, holistic reinvention and a vision that looks beyond conventional benchmarks.[2] The key enabler and foundation of reinvention is a modern digital core that helps drive growth, optimize operations, bolster resilience and fuel competitive advantage.

A digital core comprises a powerful set of secure technologies that seamlessly harnesses the full potential of cloud, data and AI to rapidly create a myriad of new growth and other opportunities for a payments business. This report explores why a strong digital core is fundamental to all the strategic needs of a payments incumbent and how it can provide a competitive advantage.



CHAPTER 1

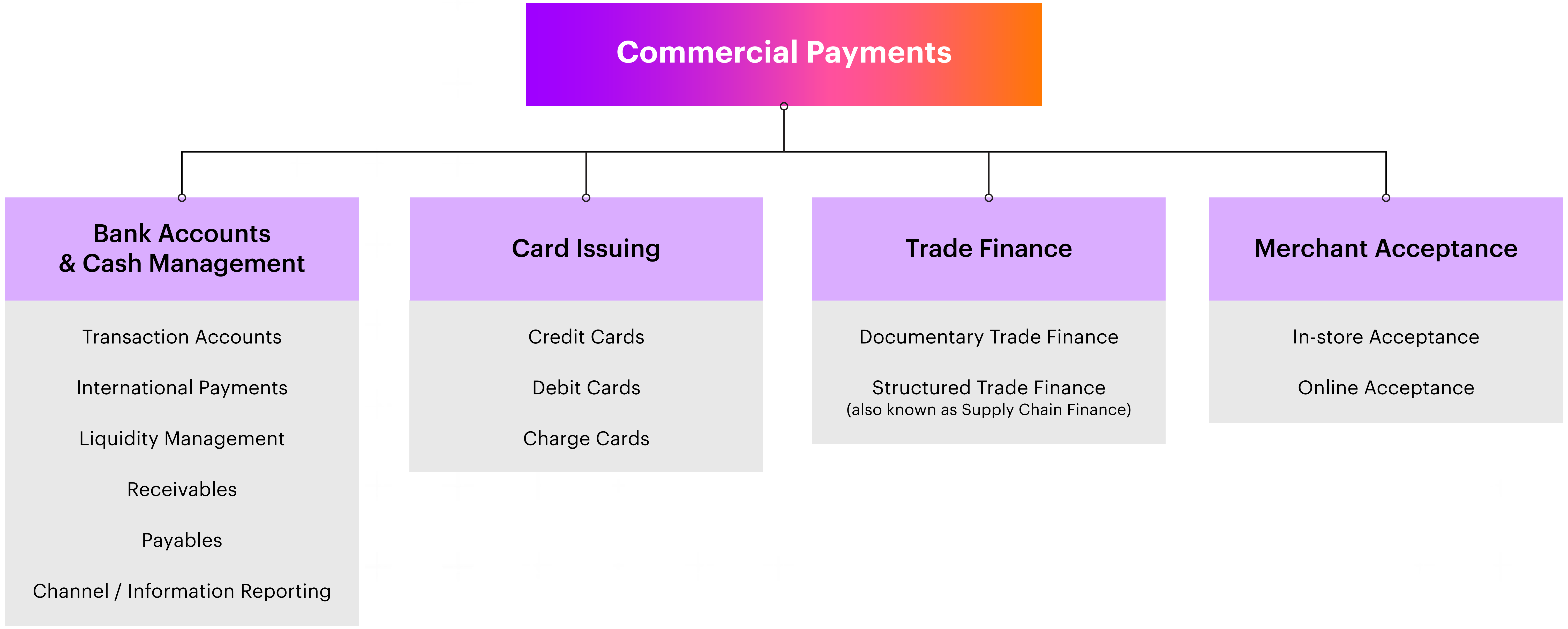
Commercial payments incumbents face increasing disruption

New players are gaining ground

Our survey confirms that commercial payments incumbents are experiencing intensifying disruption. Just like players in the consumer payments sector, most are struggling to keep pace with digital-native competitors that have entered the market over the past few years.

These digital challengers—which include fintechs like Stripe and Square and bigtechs like Apple and Amazon—have muscled into markets such as merchant acquiring and online merchant services with great success. Other players, such as Fiserv, Temenos and Finacle, are disrupting market niches such as cash management. Fintech and bigtech competitors find it easier to compete in payments services since the barriers to entry are much lower compared to other banking services where a license is required. This ease of access makes the environment ripe for many players entering this space.

Figure 1. What services are included in commercial payments?



In some instances, they bypass and compete directly with incumbents; in others, they partner with them. But in all cases, they are redefining the client experience in selected niches where commercial clients report pain points in dealing with banks and payments providers. The result is that most commercial payments clients today use a mixture of fintech and incumbent providers.

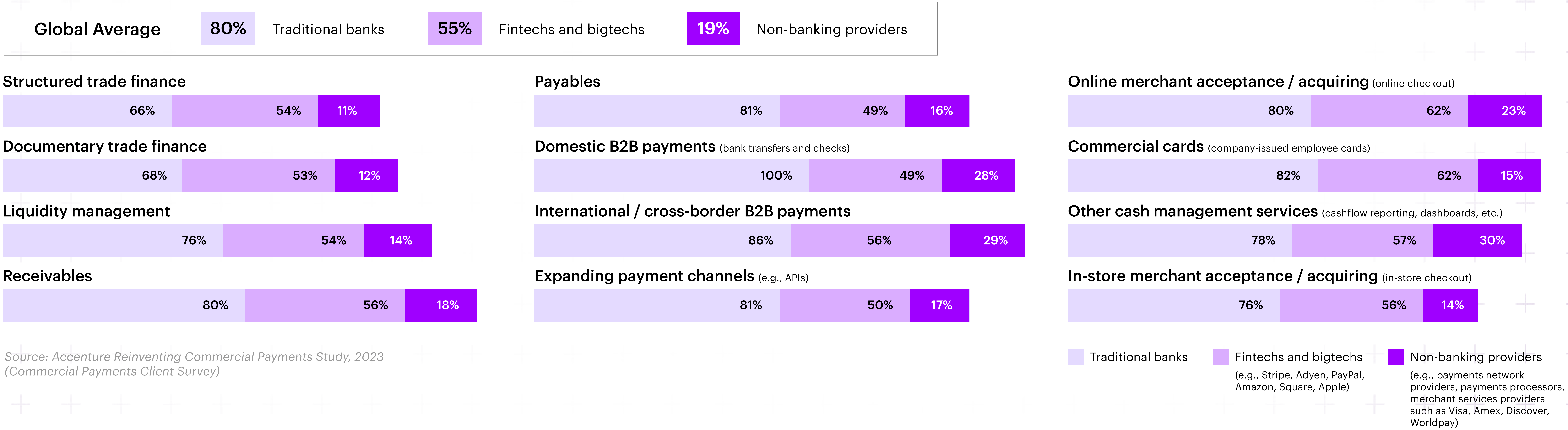
Our commercial client survey shows that the majority use incumbents for most commercial payments services but are also turning to fintechs and bigtechs for many requirements (Figure 2). Just over half (51%) use one type of provider for all payments services, while the balance (49%) use a combination of banks, fintechs, bigtechs and non-bank payments providers to address their needs.

More than eight out of 10 clients said that for cost reasons they would like to use a single provider for all their needs. However, few providers have the comprehensive capabilities to meet all needs. It is thus unsurprising that 56% of payments incumbents reported that competitive solutions from fintechs and bigtechs are eroding their share of wallet.

Figure 2. Who is being used for which commercial segments?

Q: Which of the following payment services does your organization use and who provides them?

Multiple responses allowed, as clients may use more than one provider for each segment.

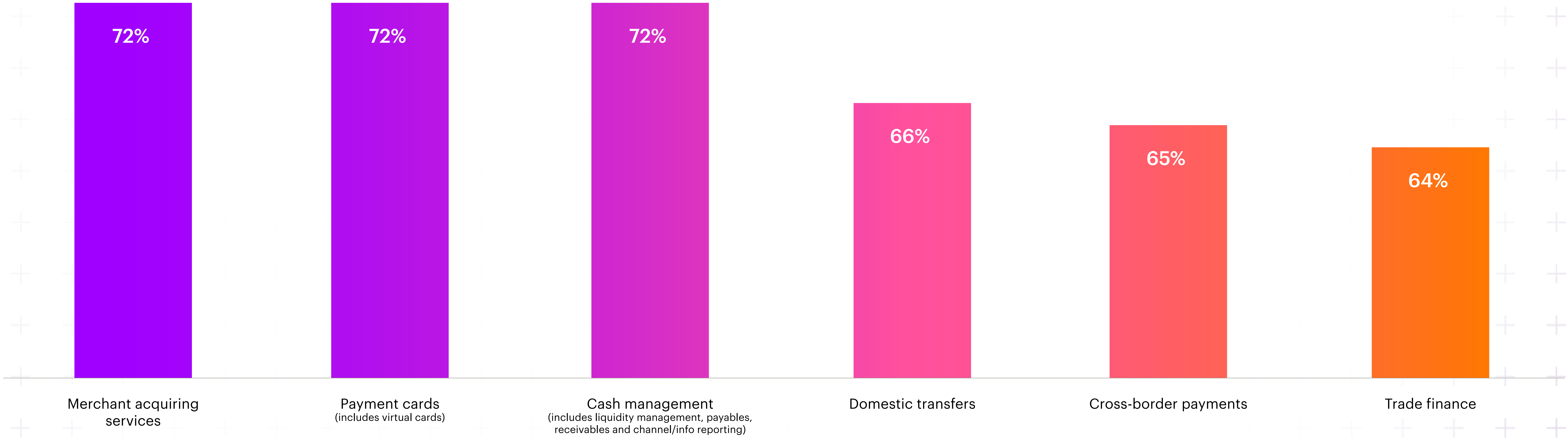


Source: Accenture Reinventing Commercial Payments Study, 2023 (Commercial Payments Client Survey)

Most (72%) payments incumbents agreed that it is hard to compete with fintechs and bigtechs in merchant services, payment cards and cash management—areas where digital-native players have managed to scale their businesses at high speed (Figure 3). Incumbents have, however, remained dominant in domestic B2B transactions, cross-border payments, payables and receivables.

Figure 3. Incumbents are struggling to compete.

Q: To what extent do you agree that it is hard to compete with fintechs and bigtechs in the following areas? **A:** “Agree” plus “Strongly Agree”.



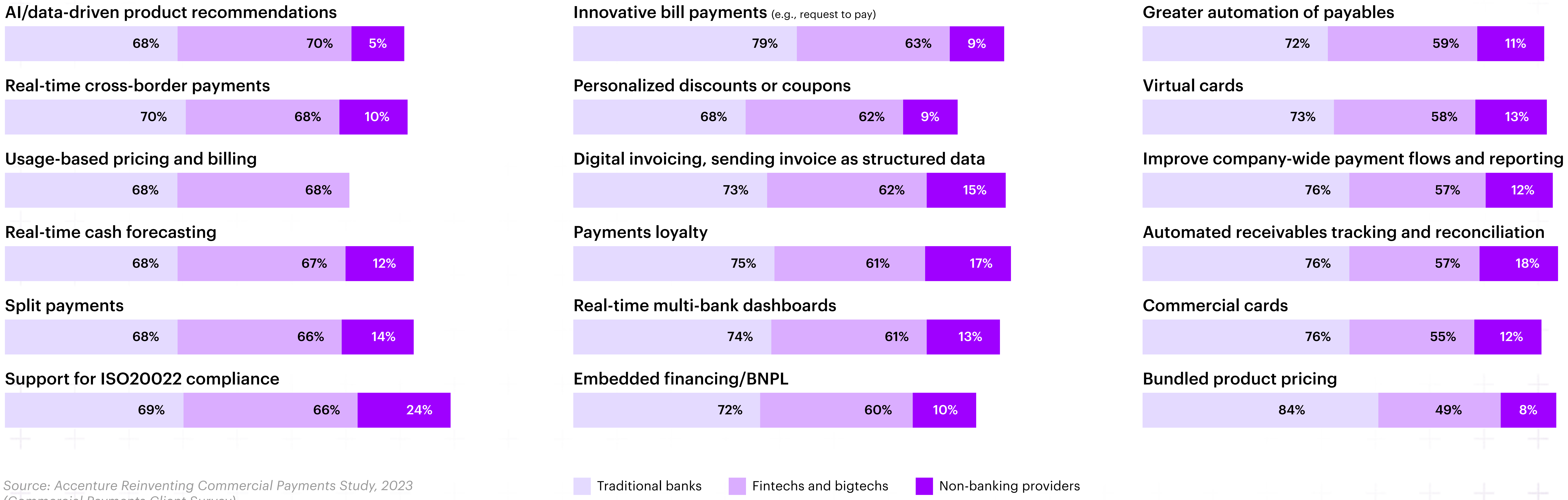
Source: Accenture Reinventing Commercial Payments Study, 2023 (Banking and Payments Provider Survey)

Fintechs and bigtechs may have started out with basic services, but they are rapidly moving up the value stack. Incumbents are facing tougher competition from digital challengers in the provision of advanced commercial payments solutions such as split payments, usage-based pricing and billing, real-time cash forecasting, real-time cross-border payments and AI- and data-driven product recommendations (Figure 4).

Stax Payments, for example, offers a reconciling and reporting platform for large enterprises. Its real-time reports allow retailers to track sales trends, manage offers and monitor customer traffic.[3] Kyriba, meanwhile, provides AI-driven cash flow forecasting as part of its liquidity management offering.[4] And Stripe today offers a wide range of services under liquidity management, receivables and payables.[5]

Figure 4. Commercial clients source advanced payments services from a variety of providers.

Q: Who currently provides the following payment product offerings to your organization? Multiple responses allowed.



Source: Accenture Reinventing Commercial Payments Study, 2023 (Commercial Payments Client Survey)

The shackles of legacy technology

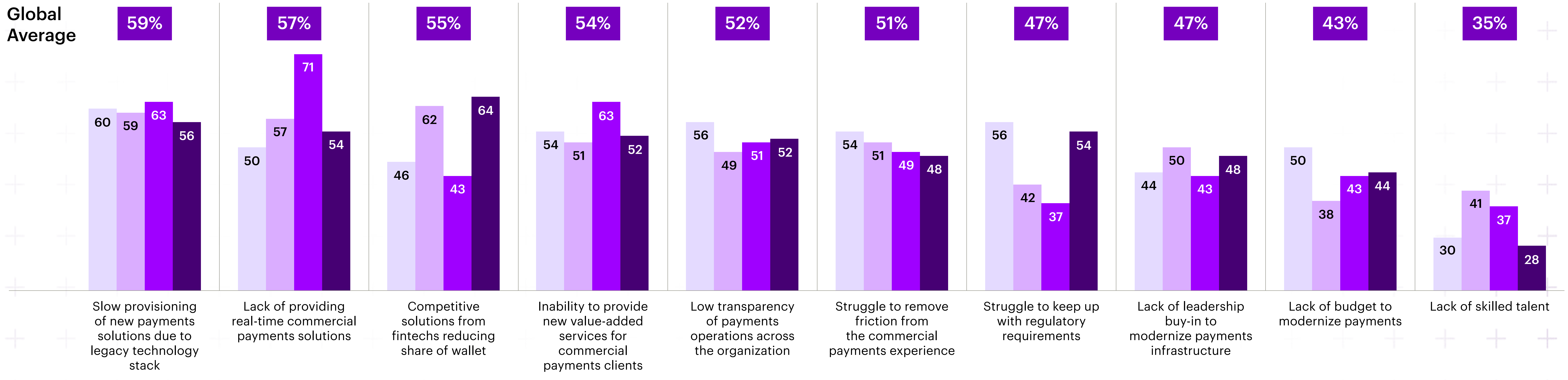
Banks and payments providers need to commit to continuous, holistic reinvention if they are to defend their market share from aggressive digital challengers and increase their salience in a changing market. Our survey shows that banks are aware the competitive landscape is shifting, but their continued reliance on legacy technology constrains their ability to innovate.

Close to six out of 10 banking and payments executives across all markets agreed that their organization struggles with slow provisioning of new payments solutions due to a legacy tech stack (Figure 5). Nearly as many agreed they cannot provide real-time payments solutions to their clients—with Latin American payments incumbents highlighting this as their greatest concern.

As noted earlier, half of the survey respondents said the erosion of their share of wallet by competitive fintech solutions is a major challenge—this is a particular concern for those in Europe and Asia-Pacific. Some 54% across all markets said an inability to offer innovative value-added services such as advanced data dashboards and fraud detection is one of their top challenges.

Figure 5. Banks and other incumbents face an array of challenges.

Q: What are the key challenges your organization is facing in providing commercial payments services?



North America | Europe | Latin America | Asia-Pacific

Source: Accenture Reinventing Commercial Payments Study, 2023 (Banking and Payments Provider Survey)

“

Modernizing the technology stack from a legacy-based system is a big challenge. You can either take a piecemeal approach to modernize your legacy technology and then build castles on top of that, or you start over with fresh technology. **Now is the time to decide what you want to do.** ”

Regional Lead of Liquidity Products
Global Tier 1 Bank
Latin America

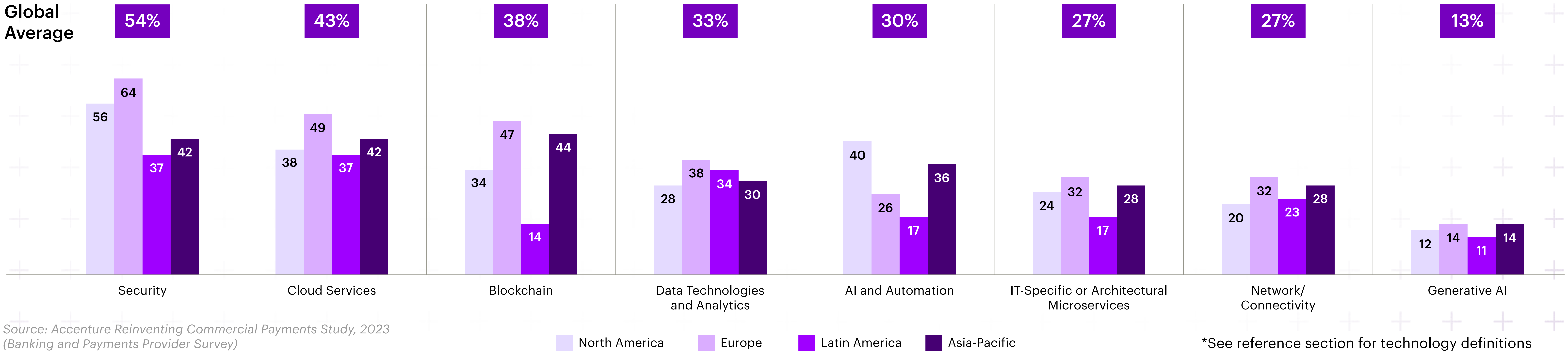
The survey results indicate that most incumbents face an urgent need to modernize their commercial payments tech stack and build a digital core that becomes a competitive advantage. This will provide the foundation on top of which they can build innovative payments solutions leveraging cloud, AI, data and automation to improve innovation and reduce time to market.

Yet, for now, most incumbents are prioritizing investments in security over enhancements in agility and services. This is adding to the legacy problem. Only 30% of banks have adopted high levels of automation and AI in their commercial payments division, while 43% have adopted cloud and 27% network connectivity to a high degree (Figure 6). Latin America and Asia-Pacific trail the North American and European markets across most technology investments.

> "Most incumbents are aware of the shifting competitive landscape and the impact of the constraints imposed by their legacy architecture. **However, they are still struggling with the trade-off between investments with short- and medium-term impacts, such as security enhancements, which is one of their major concerns,** and long-term impacts, such as architecture modernization through cloud, AI and automation."
>
> **Edlayne Burr**
> Growth Markets Payments Lead, Accenture
> LinkedIn

Figure 6. Top technology investments by banks in the commercial payments business.

Q: To what degree has your organization adopted these technologies* in your commercial payments division? **A:** "To a very high degree".



Source: *Accenture Reinventing Commercial Payments Study, 2023 (Banking and Payments Provider Survey)*

*See reference section for technology definitions

The promise of gen AI in commercial payments

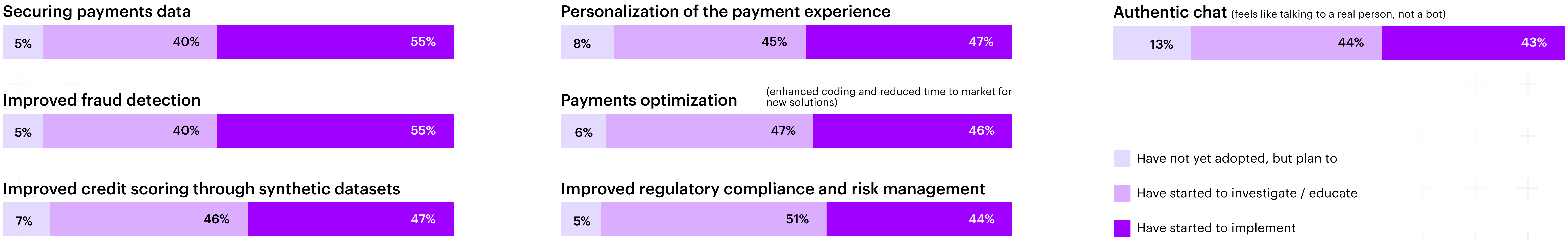
Generative artificial intelligence (gen AI) is still in its early stages of adoption among banks and payments providers, with only 13% making significant investments (Figure 6). However, our survey shows that nearly all bank and payments executives believe the innovation will be crucial to their payments modernization effort. Most (85%) indicated that their organization will be at a disadvantage if it fails to invest in the technology. As noted earlier, a strong digital core is an essential enabler of next-generation technology, which includes gen AI. Most organizations are unable to implement gen AI to the degree desired with their current data architectures and infrastructure.

The majority of respondents said they would develop gen AI solutions in partnership with other banks (70%) or fintechs (68%). Among the early adopters that have started implementing the technology in commercial payments, the top areas of investment are securing payments data, improved fraud detection and advanced credit scoring using synthetic datasets (Figure 7).

Deutsche Bank's innovation team is exploring gen AI use cases in areas such as gaining insights into client behavior, enhancing operational efficiency, and making investment decisions. It is developing software code to increase productivity, implementing AI chatbots for employee and client queries, and accelerating risk calculations.[6]

Figure 7. Some early adopters in banking are investing and implementing gen AI for payments.

Q: What are your plans to use generative AI for the following activities within commercial payments?



Source: Accenture Reinventing Commercial Payments Study, 2023 (Banking and Payments Provider Survey)

CHAPTER 2

The voice of the commercial payments client

Commercial payments pain points

The survey of banking and payments incumbents shows that many of these traditional players are losing ground to digital challengers. This indicates that commercial banking clients are dissatisfied with various elements of the services and products they are receiving from the established sector. Indeed, our survey of commercial payments clients shows they have a number of frustrations with their providers.

Structured trade finance, documentary trade finance and liquidity management are the areas where they are most dissatisfied. Retailers and public sector entities cited domestic B2B transfers and cross-border payments as their greatest pain points, while for telecoms and public service clients, it is online merchant acceptance (Figure 8).

Figure 8. Challenges with commercial payments services offered by current provider.

Q: Which areas of payments are most challenging for you in terms of your current service provider?

Answers based on a cumulative ranking of respondents' top 5 challenges.

	Cross-industry Average	Retail	Auto / Mobility / Rail	Travel / Airlines	Telecom	Insurance	Public Service
Structured trade finance	**43%**	**41%**	**40%**	**48%**	**41%**	**46%**	**33%**
Documentary trade finance	**40%**	27%	**38%**	**64%**	**46%**	**43%**	30%
Liquidity management	**38%**	40%	**40%**	**55%**	22%	31%	27%
Receivables	37%	38%	35%	42%	27%	**40%**	30%
Payables	33%	27%	33%	33%	35%	37%	30%
Domestic B2B payments (bank transfers and checks)	31%	**47%**	33%	27%	35%	29%	**33%**
International / cross-border B2B payments	29%	**44%**	23%	27%	16%	17%	**33%**
Expanding payment channels (e.g., APIs)	27%	24%	15%	21%	19%	**40%**	24%
Online merchant acceptance / acquiring (online checkout)	24%	22%	23%	21%	**46%**	20%	**33%**
Commercial cards (company-issued cards for employee expenses)	23%	18%	20%	27%	19%	31%	24%
Other cash management services (cash flow reporting, dashboards, etc.)	22%	27%	18%	15%	**41%**	17%	30%
In-store merchant acceptance / acquiring (in-store checkout)	19%	13%	20%	9%	27%	29%	27%

Source: Accenture Reinventing Commercial Payments Study, 2023 (Commercial Payments Client Survey)

Most challenging payments areas (shown in bold)

“**It’s not surprising that payments in trade finance face the biggest challenges.** Payments here are always contingent upon approval by multiple parties, and **trade is the area that has been slowest to automate and digitize.** While there have been significant efforts recently to improve, **the sector will be playing catch up for some time to come.**”

Kimberly Kacal
North American Payments Lead, Accenture
LinkedIn

Commercial payments clients said weak fraud prevention, the lack of value-added services and the difficulty of adding new payment methods are the most significant causes of dissatisfaction. But this varies from one aspect of commercial payments to another. For example, the lack of value-added services is a greater problem in cross-border B2B payments than in merchant acceptance.

In documentary trade finance, clients highlighted speed of transaction as the second biggest pain point and ease of use as another major concern (Figure 9). Our trade finance report identified similar issues 12 months ago, so clearly incumbents have yet to resolve these pain points for their clients.[7]

Figure 9. Top product pain points for commercial clients.

Q: What are the biggest product pain points you experience with your current payments providers?

	Structured Trade Finance	Documentary Trade Finance	Liquidity Management	Receivables	Payables	Domestic B2B Transfers	Cross-border Payments	Expanding Payment Channels	Online Merchant Acceptance	Commercial Cards	Other Cash Management	In-store Merchant Acceptance
Weak fraud prevention solutions	56%	41%	35%		38%	40%	32%	39%	39%		46%	44%
Lack of value-added services	23%	32%	38%	32%	36%	33%	42%	36%	28%		31%	14%
Difficulty in adding new payment methods or currencies	25%	30%	31%	28%	30%	47%	37%	23%	26%		17%	42%
Online cart abandonment due to checkout friction	30%	27%	26%	33%	38%	21%	31%	26%	24%		42%	
Ease of use	31%	32%	31%	28%	27%	29%	34%	25%	30%	27%	27%	23%
Ease of integration with our organization's systems	29%	29%	26%	26%	27%	24%	31%	30%	28%	31%	29%	33%
Weak regulatory compliance reporting solutions	25%	22%	26%	24%	23%	21%	23%	25%	17%	25%	29%	19%
Lack of capability	12%	18%	26%	28%	20%	23%	18%	23%	33%	35%	15%	26%
Weak geographic coverage	18%	21%	24%	26%	30%	23%	15%	23%	19%	22%	21%	33%
Errors in payments	33%	13%	26%	29%	22%	21%	14%	25%	30%	14%	23%	21%
High cost / fees	25%	22%	24%	22%	23%	20%	25%	20%	19%	24%	17%	16%
Fee transparency / predictability	27%	12%	19%	12%	27%	20%	28%	21%	19%	22%	25%	9%
Slow transaction speed	14%	31%	13%	15%	24%	23%	22%	15%	24%	24%	17%	16%
Inaccurate service fees	22%	16%	19%	20%	16%	36%	14%	23%	9%	9%	13%	19%
Troublesome relationship	9%	19%	14%	23%	22%	19%	14%	21%	20%	20%	21%	16%

Highest ranked product pain points

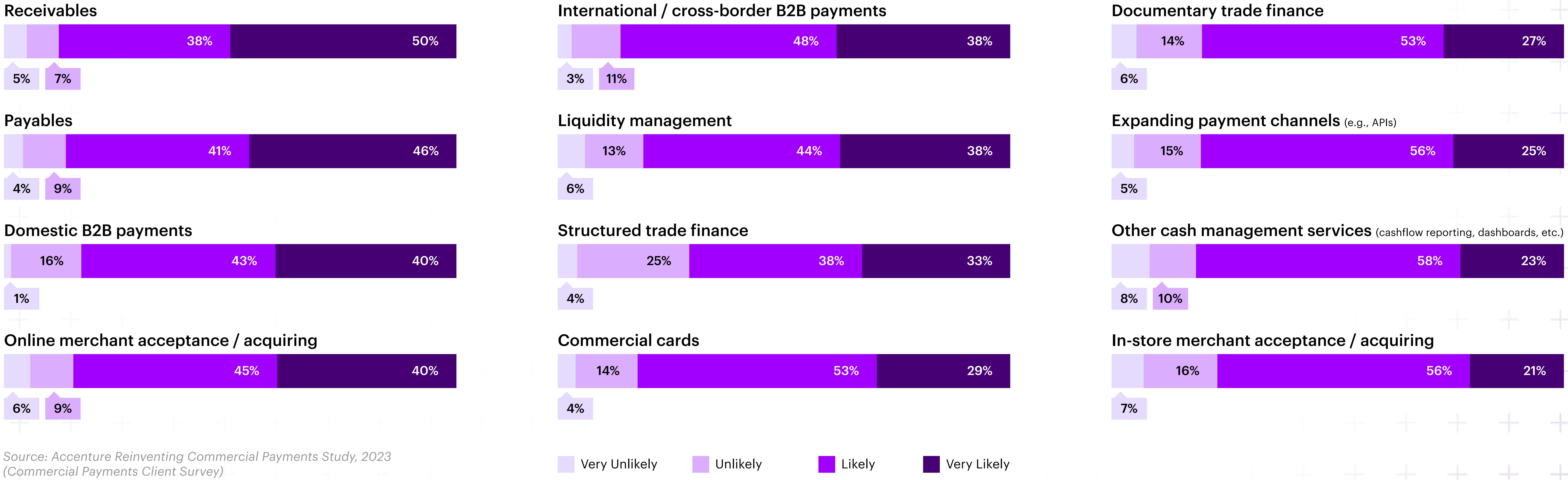
Source: Accenture Reinventing Commercial Payments Study, 2023 (Commercial Payments Client Survey)

Dissatisfied clients are looking to switch payments providers

Our survey found that incumbents that fail to address these pain points may lose clients. Half of commercial payments clients that are dissatisfied with their current receivables provider said they are very likely to switch to another; 46% said the same regarding their current payables provider (Figure 10). Four in 10 clients that use domestic B2B payment or online merchant services are also very likely to switch to a different provider.

Figure 10. Likelihood of switching providers due to service dissatisfaction.

Q: What is the probability that you will switch providers of the following payment services due to dissatisfaction with your current provider?



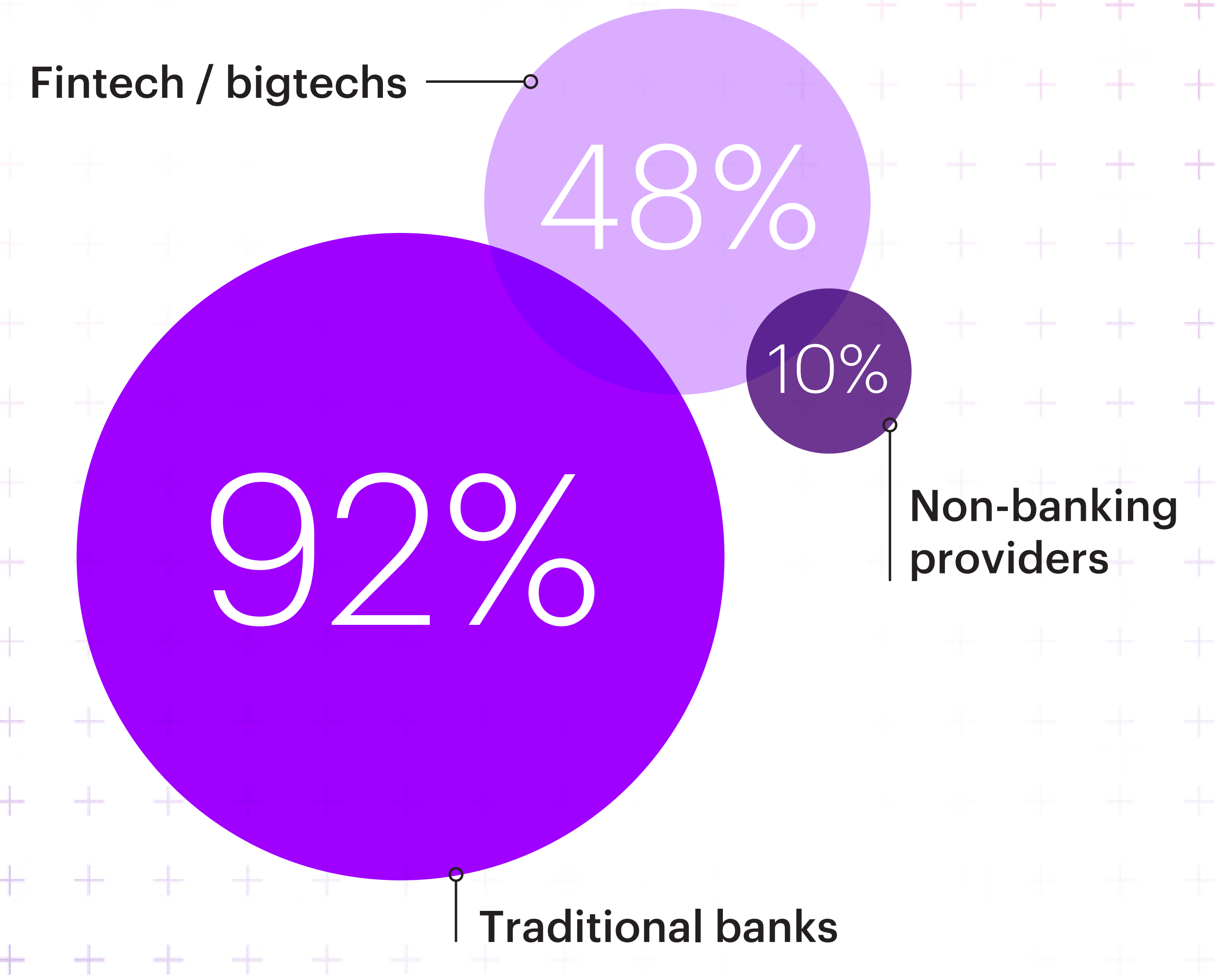
Source: Accenture Reinventing Commercial Payments Study, 2023 (Commercial Payments Client Survey)

An overwhelming majority (92%) of corporate clients who said they were likely to move to a new provider would consider switching to another bank for the same service, while 48% said they would think about using a fintech or bigtech for the same service (Figure 11). This strong preference reveals a growth opportunity for those incumbents that succeed in addressing clients' common frustrations.

Figure 11. Banks are still the most popular payments provider.

Q: Which type of alternative payments provider would you consider if you were to switch from your current provider?

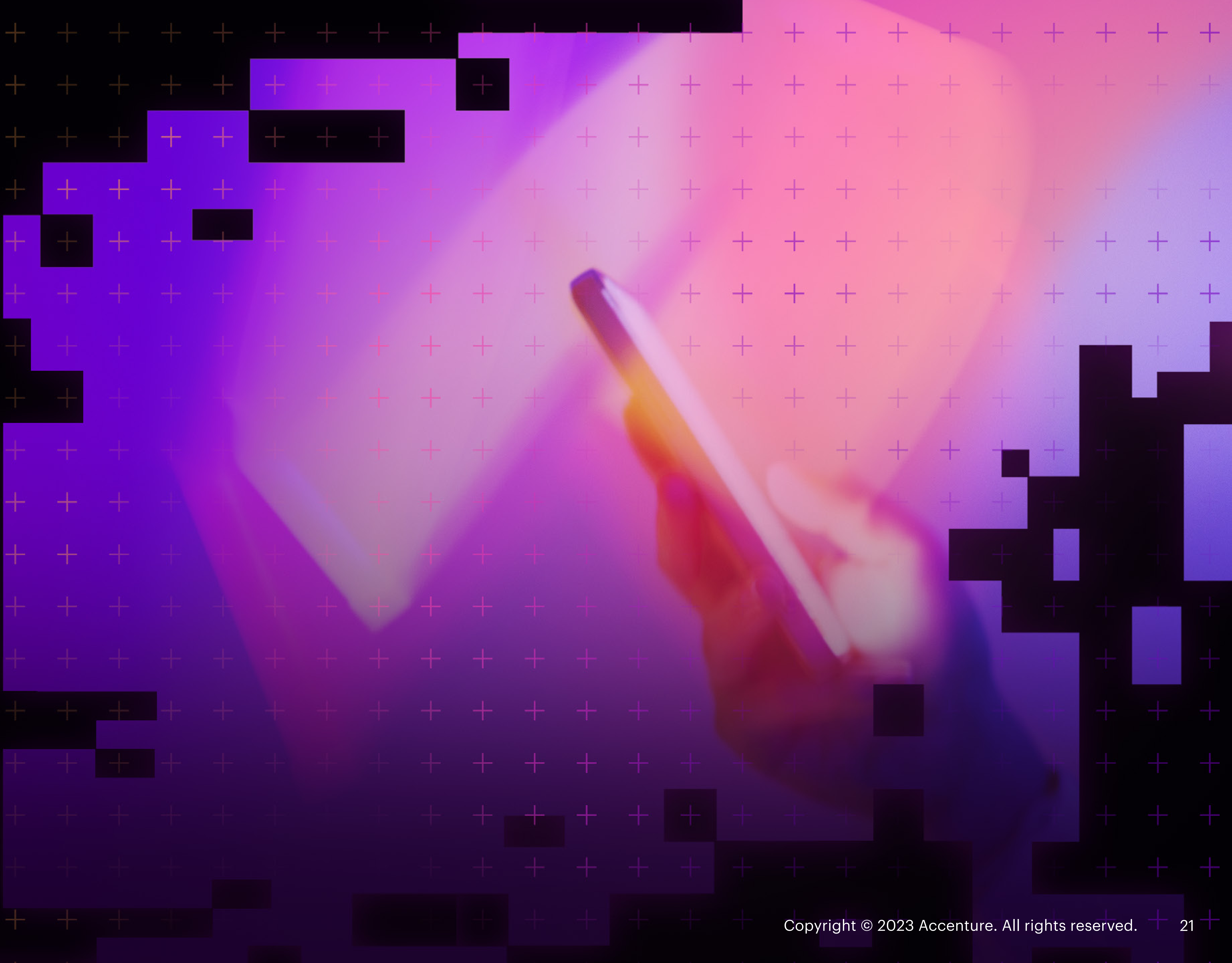
Multiple responses allowed.



Source: Accenture Reinventing Commercial Payments Study, 2023 (Commercial Payments Client Survey)

> In the current high interest rate market environment, **payment deposits are like gold dust** as a source of liquidity for banks. Every bank is looking for **quality deposits at the lowest cost** to maximize potential returns on these deposits. Payments is crucial in this regard, and it doesn't surprise me that **94% of banks in our survey agree that payments is crucial to enhance client satisfaction and relationships with the clients. This is because the importance of payments for these clients is only increasing.**

Sulabh Agarwal
Global Payments Lead, Accenture
LinkedIn

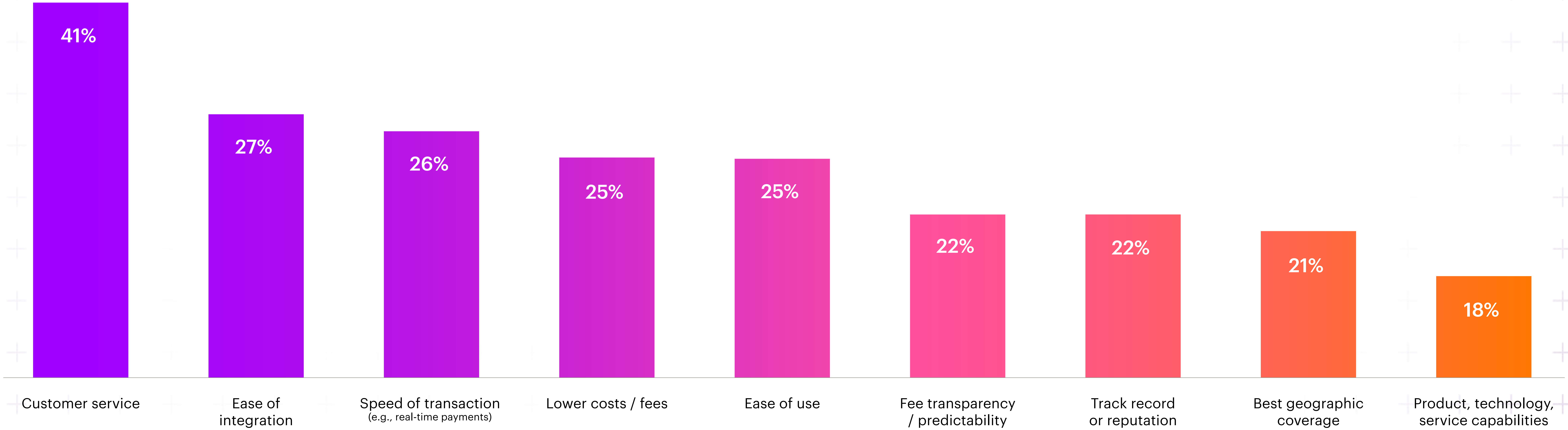


Service and cost are key factors for selecting a provider

The top attributes for corporate clients choosing a bank as a payments provider include strong customer service (41%) followed by ease of integration (27%) and speed of transaction (26%). Other factors such as lower cost or fees (25%) and ease of use (25%) also play a significant role (Figure 12). In today's competitive market, service levels are non-negotiable, and payments players need to ensure competitive cost and ease of integration to avoid being displaced by alternative providers.

Figure 12. The top drivers for choosing a payments provider.

Q: Rank the top three key drivers that led you to choose your current bank providers.



Source: Accenture Reinventing Commercial Payments Study, 2023 (Commercial Payments Client Survey)

CHAPTER 3

Value-added services could unlock huge revenue potential

Value-added services: the missed opportunity in commercial payments

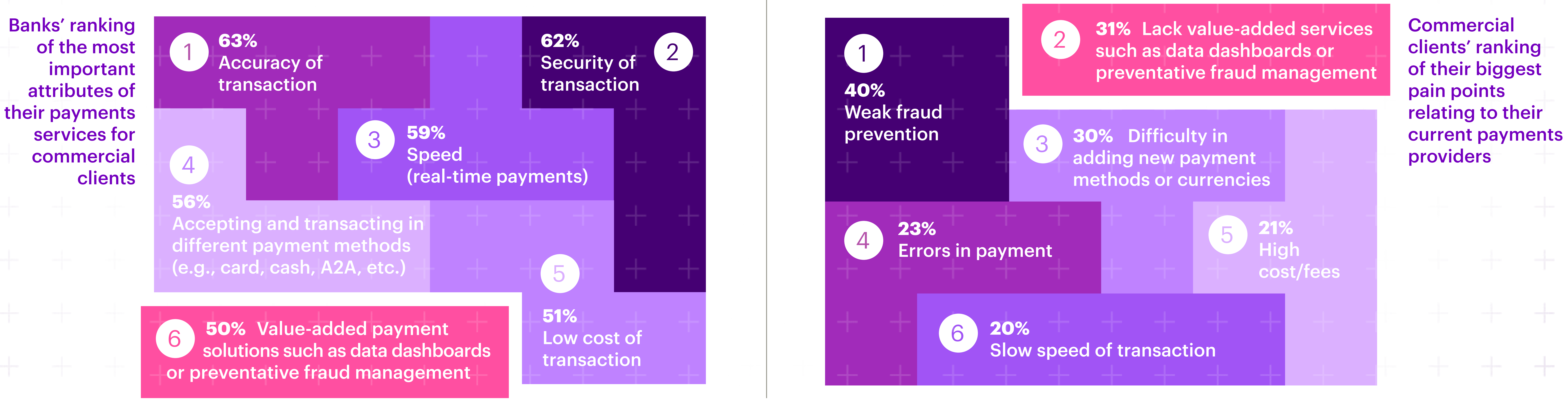
The key question that payments incumbents face today is how they can drive higher levels of client satisfaction to drive higher client retention and attraction rates as well as greater share of wallet. Our survey of banking and payments executives and our survey of executives at commercial clients show that payments incumbents have a sound understanding of their clients' priorities and challenges.

Incumbents ranked accuracy, security and speed of transaction as the attributes that are most important to their commercial clients. This lines up with the top pain points named by executives at commercial payments clients, namely errors in payments, weak fraud prevention, and slow speed of transaction. But the client survey uncovers demands for value-added services that banks are not addressing effectively (Figure 13).

Figure 13. Banks' perception of their clients' priorities versus client challenges.

Q: How important are the following attributes of payments to your commercial clients?

Q: What are the biggest product pain points you experience with your current payment providers?



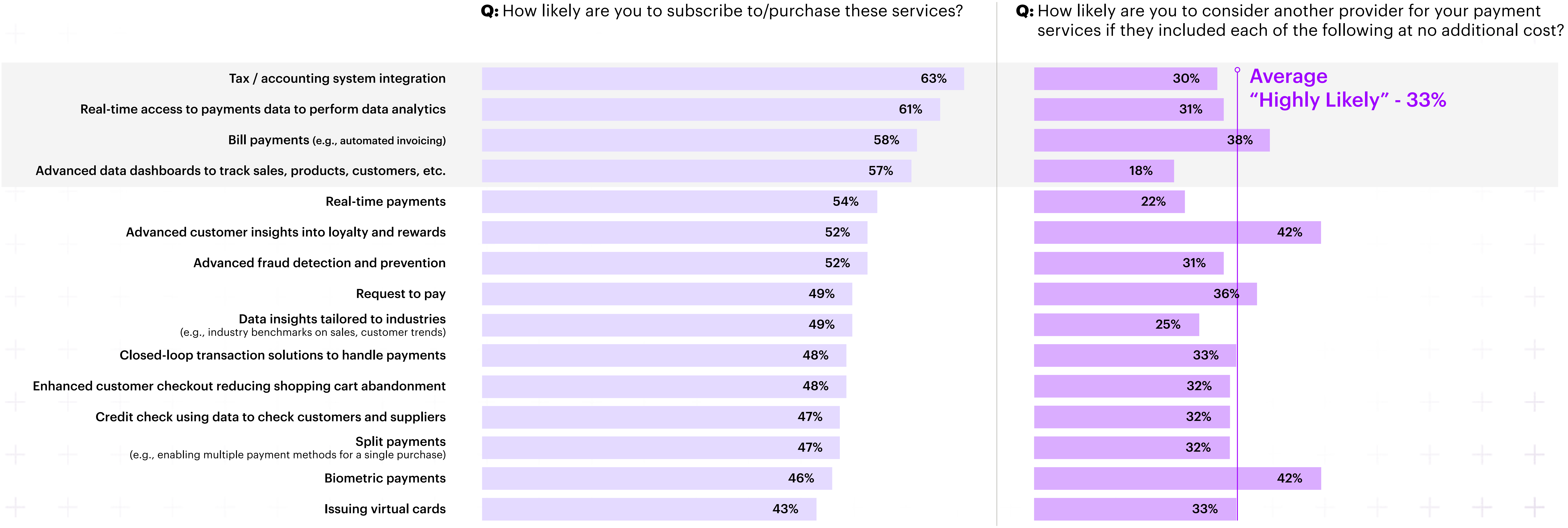
Source: Accenture Reinventing Commercial Payments Study, 2023 (Banking and Payments Provider Survey and Commercial Payments Client Survey)

This indicates leading banks have a compelling opportunity to leverage value-added services to transform payments into a platform for revenue growth and service innovation. On average, clients are willing to pay 8.1% of their annual payments costs towards value-added payment services, which could represent $371 billion in value over the next five years.

Some 60% of commercial payments clients said they would be highly likely to purchase each of the following value-added services: value-added tax system integration, real-time access to payments data insights, bill payments, data dashboards and real-time payments (Figure 14). However, around 33% said they would consider another provider if it offered value-added services at no additional cost.

This suggests that incumbents shouldn't look at value-added services primarily as a monetization play—they should instead consider it as a way to build scale and improve client satisfaction and retention.

Figure 14. Likelihood of clients adopting value-added commercial payment services.



Source: Accenture Reinventing Commercial Payments Study, 2023 (Commercial Payments Client Survey)

> One of the most **important aspects to monetizing payments data** is the ability to **efficiently convert that data into relevant and timely insights** which your target clients are prepared to pay for. Sector-based, regionally focused, or risk-centered insights can all be used as a **basis to monetize data sets.**

Head of Transaction Banking Solutions,
Corporate & Institutional Coverage
Tier 1 UK Bank

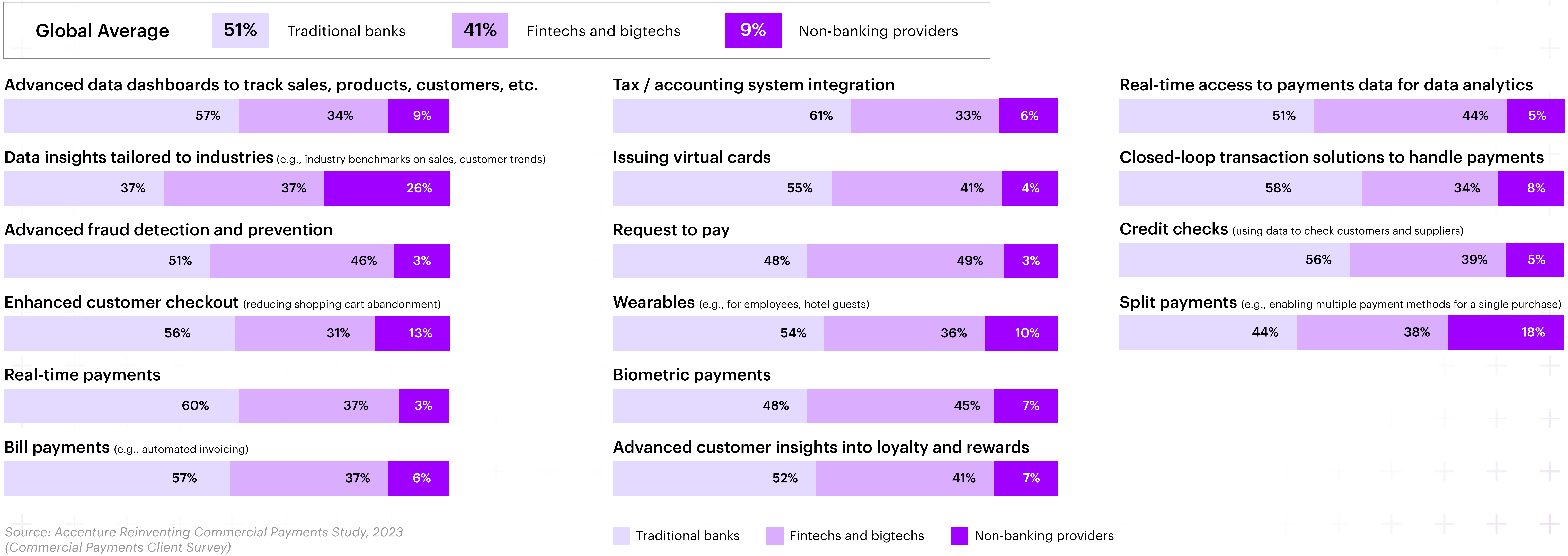
The opportunity for banks lies in the fact that most clients would prefer to receive value-added services such as closed-loop transactions, loyalty, credit checks and data dashboards from incumbents (Figure 15). On average, 51% of clients would prefer to receive value-added services from their bank, with this number rising to almost 60% for services such advanced data dashboards, real-time payments and bill payments.

Value-added services in action

Citi unveiled a single, integrated platform for digital payment acceptance and electronic bill presentment in 2022. The solution allows commercial clients to collect payments across a range of US payment methods and provides “world-class digital billing capabilities through a single contracting structure”.[8]

Figure 15. Preferred provider of value-added commercial payment services.

Q: Who would be your preferred provider for the following services?



Source: Accenture Reinventing Commercial Payments Study, 2023 (Commercial Payments Client Survey)

CHAPTER 4

The shape of future growth in a changing market

Are banks' investment priorities aligned with growth areas?

If value-added services are a competitive edge for banks, in which areas should they use them to gain market share and turn commercial payments into an engine for growth?

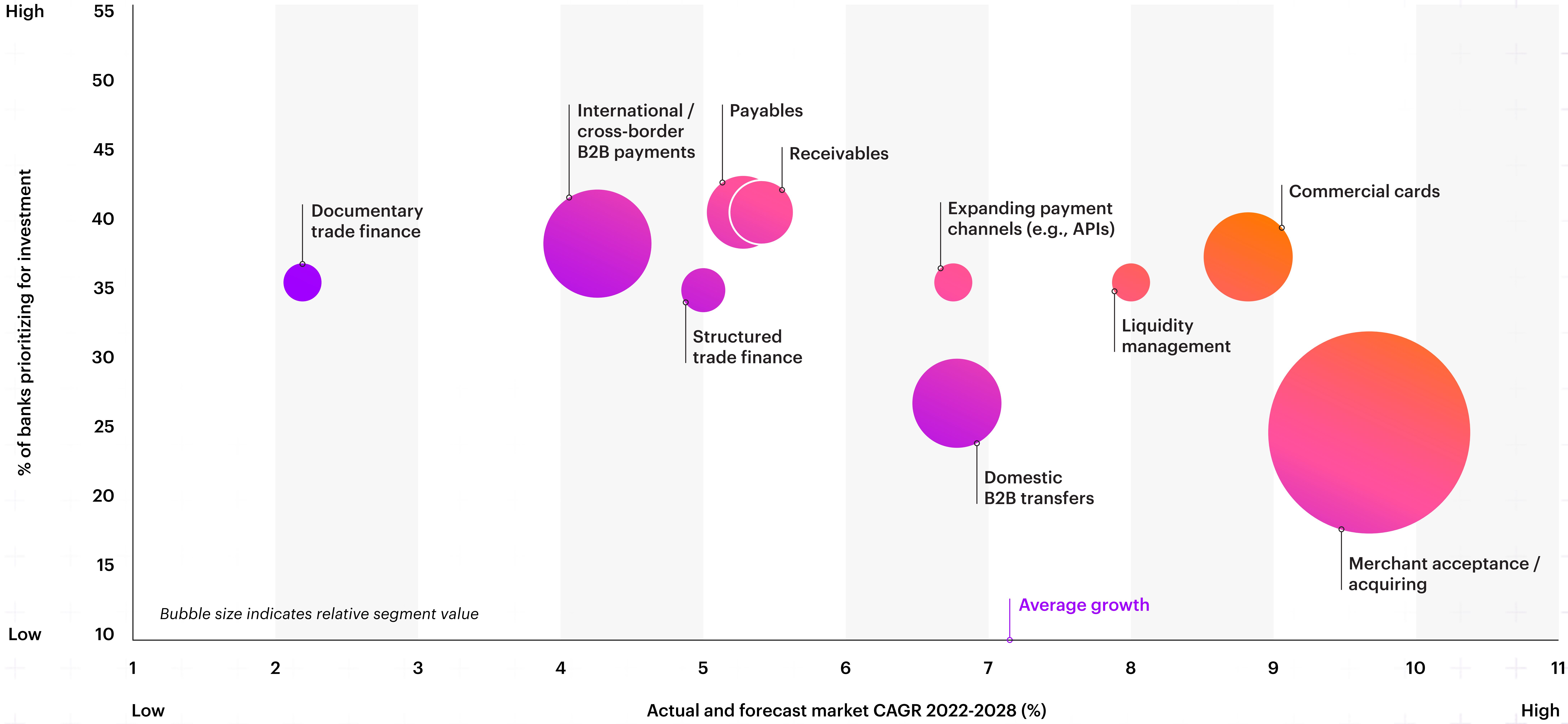
Accenture's proprietary models forecast that the total commercial payments revenues of banks and non-banks will grow at a compounded annual rate (CAGR) of 7.2%, from $827 billion in 2022 to $1.26 trillion in 2028.

Our projections indicate that merchant acceptance will be the fastest-growing segment in commercial payments, with a CAGR of 9.6% over the next five years. But only 26% of banks have prioritized it for investment (Figure 16). Conversely, 36% of banks are prioritizing documentary trade finance, which is the slowest-growing area (2.2% CAGR) and one of the smallest revenue opportunities.

The commercial card segment, which we expect to grow by 8.8% a year, is a key priority for 36% of banks. Liquidity management is a priority for 36% of banks and is expected to grow at 8% a year. The biggest priorities for banks are payables (41%) and receivables (41%), which are expected to grow by 5.3% and 5.4% respectively.

> “While merchant acceptance, commercial cards and domestic transfers are forecast to grow north of 6%, **banks are prioritizing investment in payables and receivables, and are modernizing their legacy systems** to provide core payments services to their business, corporate and institutional clients. This **enables them to remain relevant to the basic needs of their clients and then to turn their attention to value-added services in a modular fashion.**”
>
> **Ryan McQueen**
> Australia & New Zealand Payments Lead, Accenture
> LinkedIn

Figure 16. Banks' investment priorities in commercial payment segments.



Source: Accenture Global Data Revenue Model

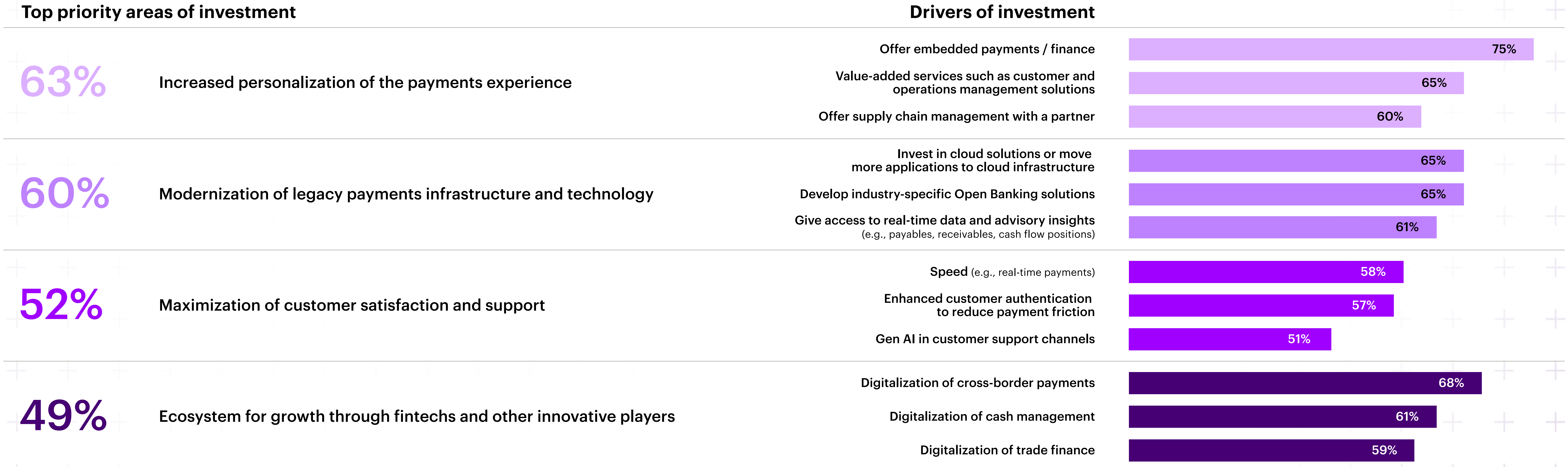
Investments in payments transformation

In addition to prioritizing product investments, incumbents also need to consider how to transform their wider payments experience and infrastructure. Some 63% of banks are earmarking investments in greater personalization of the payments experience (Figure 17). These investments include offering embedded payments solutions, value-added client solutions and supply chain management solutions.

Around 60% are investing in modernizing their legacy infrastructure, with a focus on cloud, open banking and real-time data insights. Half (52%) are investing in maximizing client satisfaction through real-time payments, enhanced client authentication and gen AI technologies for client support channels. Nearly as many (49%) are investing in an ecosystem strategy for growth. These banks are looking to digitize their cross-border, cash management and trade finance offerings.

Figure 17. Banks' top priorities to transform commercial payments.

Q: Which of the following are your organization's top three priorities to transform the commercial payments offering for the next 2-3 years?



Source: Accenture Reinventing Commercial Payments Study, 2023 (Banking and Payments Provider Survey)

CHAPTER 5

The building blocks of a digital future in commercial payments

Paths to commercial payments reinvention

Business-as-usual isn't going to be enough for incumbent banking and payments providers to keep up with the pace of fintech and bigtech innovation or the rapid evolution of commercial clients' requirements and expectations. Leading players in this field will recognize it's imperative not only to modernize their business with a strong digital core, but also to embrace the principle of continuous reinvention.

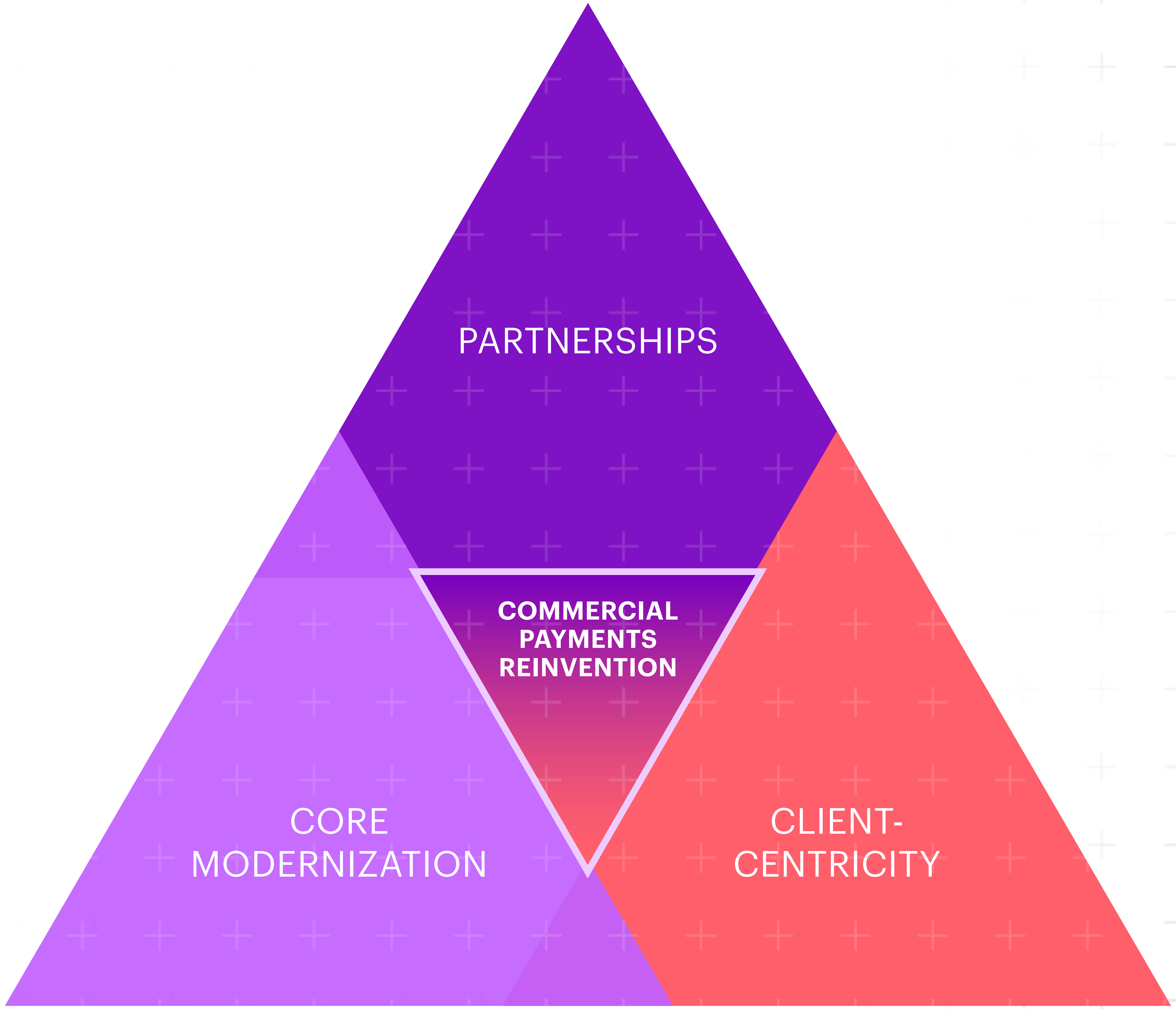
The right place for future leaders to start is to envisage what commercial payments will look like in five or ten years' time, decide the role they intend to play in that future, and scope the capabilities they will need to succeed.

A successful reinvention strategy will be based on three pillars: core technology modernization, ecosystem partnerships and client-centricity.

1 Modernize the core

2 Forge ecosystem partnerships

3 Become obsessed with client-centricity



1 Modernize the core

A modern digital core will enable banks and payments providers to reduce time to market for innovative offerings, enhance their existing products, enrich client value and collaborate more effectively with ecosystem partners. It will also help them prepare for new payment types and standards, such as real-time payments services and ISO 20022 compliance.

The digital core includes enterprise-wide enabling technologies such as a cloud-first infrastructure, security by design, composable API integration, data and AI foundations and platform enablement, among others. It replaces the traditional tech landscape of stand-alone parts with interoperable pieces that are intentionally integrated and can continuously evolve to meet the needs of the business.

Banks can win by migrating from legacy siloed payments operations and establishing an industrialized payments operation with a hub architecture. Typical outcomes from these investments include a 30% reduction in IT spend, a 10% increase in client acquisition, and a 25% reduction in the cost of full-time operations employees.

2 Forge ecosystem partnerships

Leading fintechs and bigtechs show how incumbents could partner with commercial clients to create embedded payments solutions that retain existing clients, bring value to all parties and create new revenue streams. Half (49%) of payments incumbents said that engaging in an ecosystem strategy to grow in partnership with digital players is among their top three priorities for the next three years. Partnerships with commercial clients are equally important to the development of tailored solutions that better serve the end customer.

J.P. Morgan future-proofs payments via cloud migration

US banking giant J.P. Morgan acquired payments fintech Renovite Technologies in 2022 to support its strategy to put more of its IT in the cloud. Renovite's cloud-native, merchant-acquiring capabilities are helping the bank to better serve its clients. As the Renovite platform integrates with J.P. Morgan Payments, merchant acquiring clients will be able to accept more methods of payment around the globe.[9]

Partnering to deliver a leading-edge cash management solution

BNP Paribas has partnered with Cashforce, a leading working capital and cashflow forecasting software-as-a-service provider, whose platform integrates with leading treasury management and ERP systems. The Cashforce solution and its ready-to-build ERP connectors have been integrated into BNP Paribas' Centric portal. Clients can use a self-service interface to access automated, customized reports and dashboards.[10]

3 Become obsessed with client-centricity

It has become clear that while economy and convenience are essential attributes of a winning commercial payments proposition, clients also value solutions that are tailored to their unique needs. A shift towards integrated offerings, personalized pricing and bespoke solutions will enable banks to capture a greater share of wallet.

To this end, banks can offer value-added payments services that capitalize on the demand from commercial clients for solutions that integrate treasury, payments and retail clearing. This can enable them to protect transaction margins that are threatened by increased competition in traditional commodity payments services.

Our survey shows that 87% of banks are prioritizing investment in embedded payments solutions, while 65% are focusing on value-added services. Such investments are key to personalization of the payments experience for commercial clients. To have a significant impact on the client, real-time data flows are crucial.

Banks and payments providers should also leverage application programming interfaces (APIs) for instant data sharing and real-time dashboards for enhanced account reconciliations and much more. Some 44% of clients are planning to connect their ERP systems to their payments providers by means of APIs. This will open opportunities for clients to enhance data-led decision-making and reduce data silos.

Italian bank uses APIs to drive new revenue opportunities

An Italian bank started a multi-year transformation journey to become the national leader in digital payments. An API strategy played a pivotal role in creating new revenue opportunities. The bank estimates that integrating APIs could lead to 5-8% new revenue growth and allow it to connect to more than 80% of the Italian banking system.[11]

A commercial payments blueprint built on clients' needs

Commercial payments incumbents face rising client expectations and growing competition from new digital challengers. Yet those that seize the imperative to look beyond traditional best practices can transform commercial payments from a low-growth segment or even a cost center into an engine for revenue growth.

There is a unique opportunity for forward-thinking payments incumbents to build a competitive moat and accelerate growth by providing value-added services to commercial payments clients. But leading banks and payments providers also realize that they cannot be all things to all clients, and they cannot bet on every segment in the market.

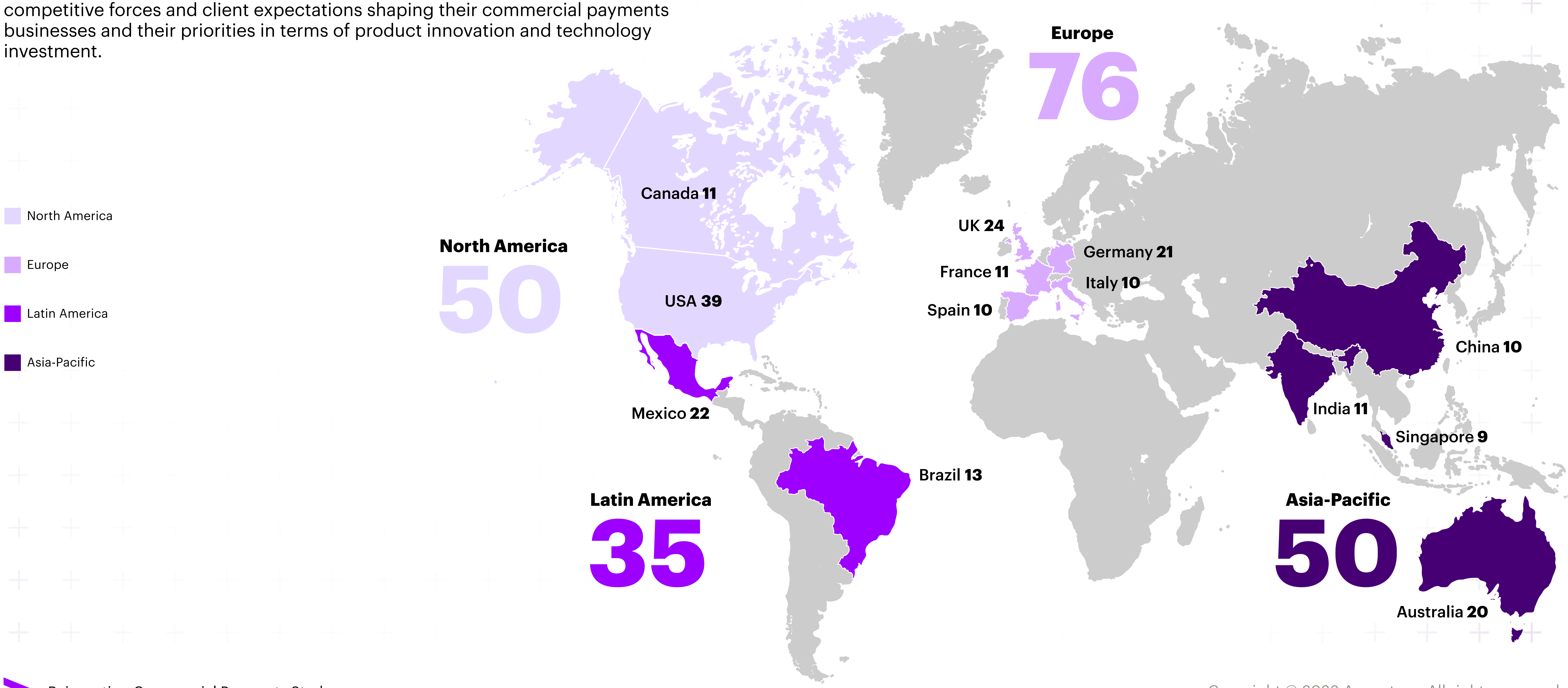
Incumbents should therefore look at digital challengers not only as competitors, but also as potential partners, keeping in mind that service levels, cost, integration and speed of transaction are the top attributes when clients select a payments provider. Fintechs and bigtechs may be able to help them rapidly scale in areas where they currently lack the capability to deliver rich value-added services, where they cannot meet clients' expectations of personalization, or where the potential margins and revenues are too low to justify investment.

Whichever routes they follow, successful commercial payments companies will use the evolving needs of their clients as their blueprint. They will imagine what payments will look like in five or ten years' time, decide the role they intend to play in that future and continually scope the capabilities they will need to succeed in a fast-changing landscape.

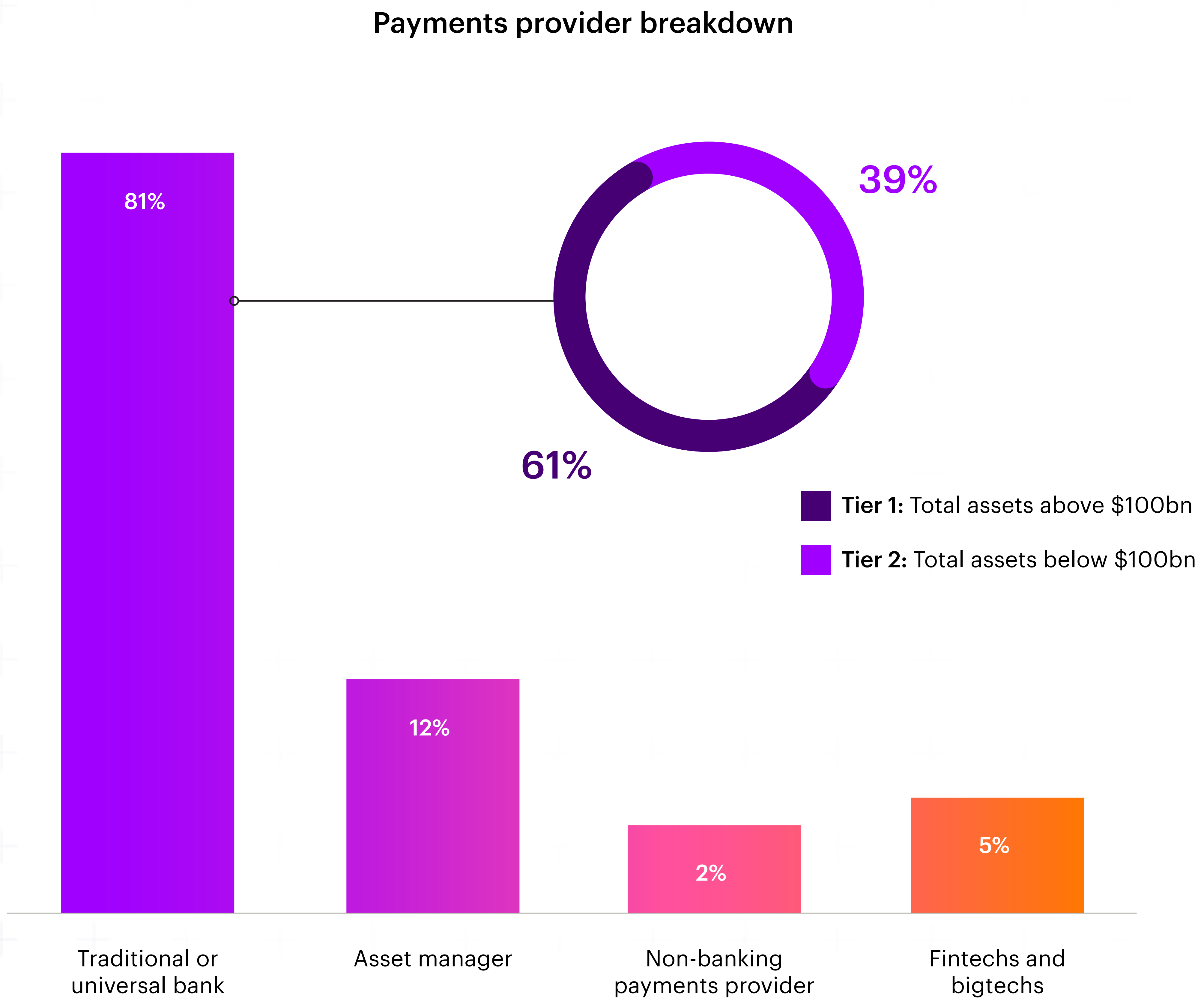
About the research

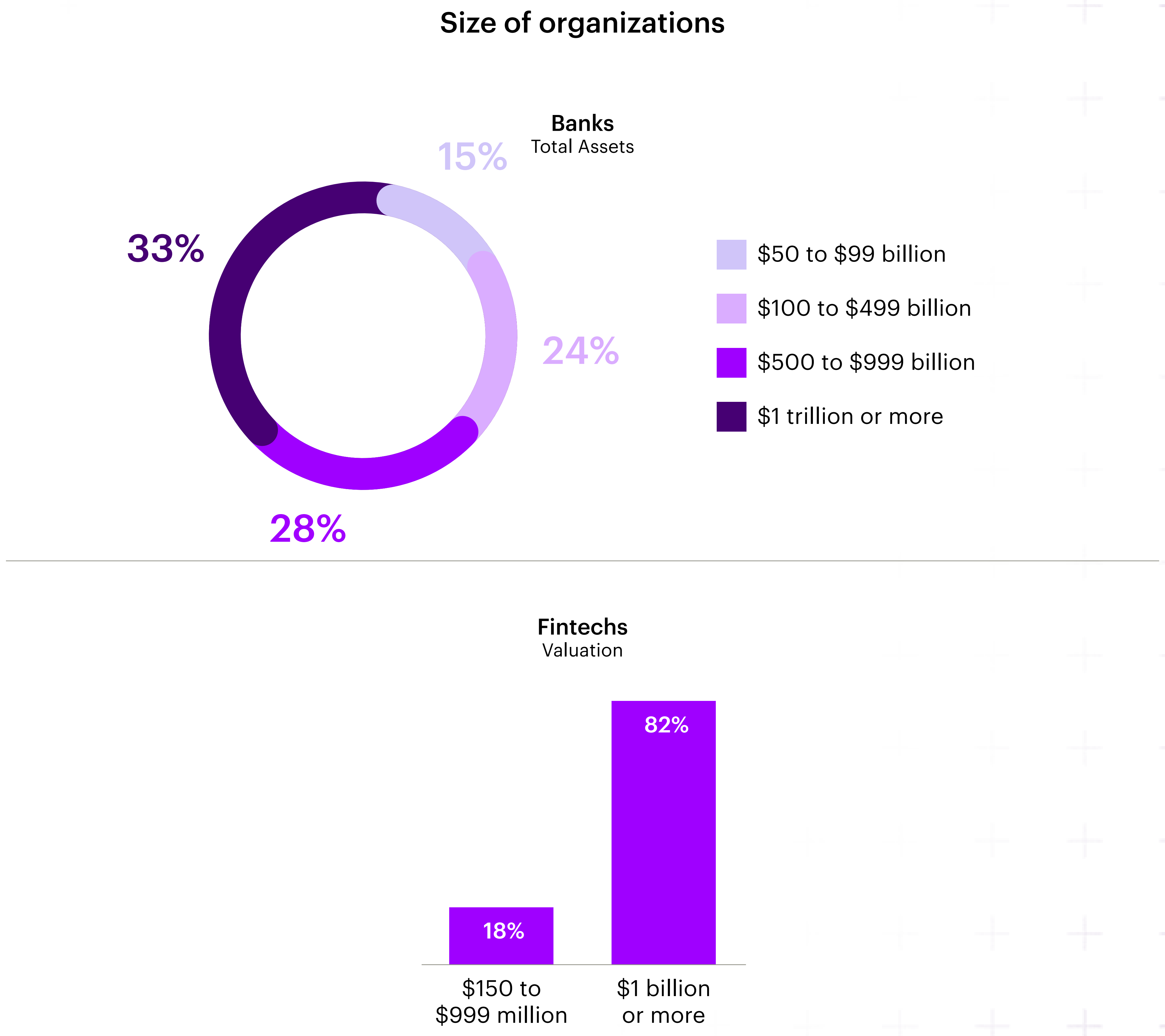
Commercial Payments Provider Survey – Snapshot

We conducted two C-suite surveys to get a well-rounded perspective. In the first, we surveyed 211 bank and payments provider executives to understand the competitive forces and client expectations shaping their commercial payments businesses and their priorities in terms of product innovation and technology investment.



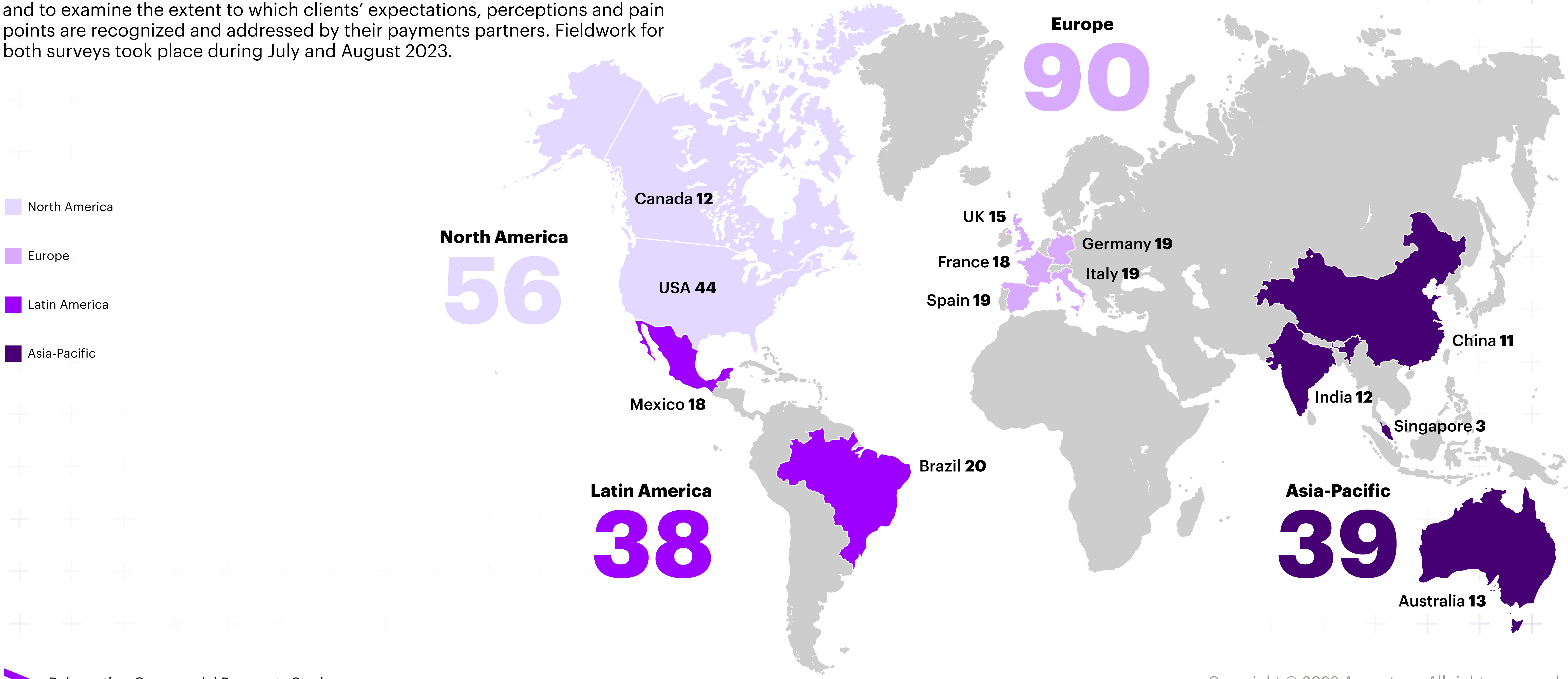
Commercial Payments Clients Survey – Snapshot





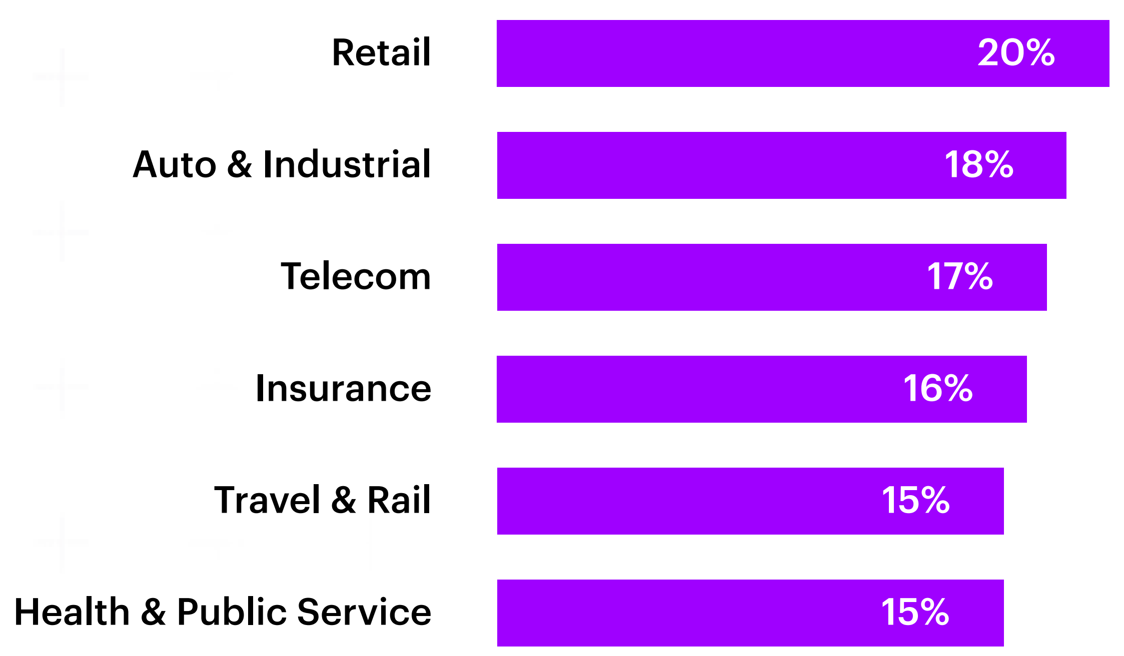
Commercial Payments Clients Survey – Snapshot

The second survey targeted 223 executives in companies that subscribe to commercial payments services. These clients represented the retail, auto and industrial, travel and rail, health and public service, insurance and telecom sectors. This survey aimed to contrast the respective priorities of banks and their clients, and to examine the extent to which clients' expectations, perceptions and pain points are recognized and addressed by their payments partners. Fieldwork for both surveys took place during July and August 2023.

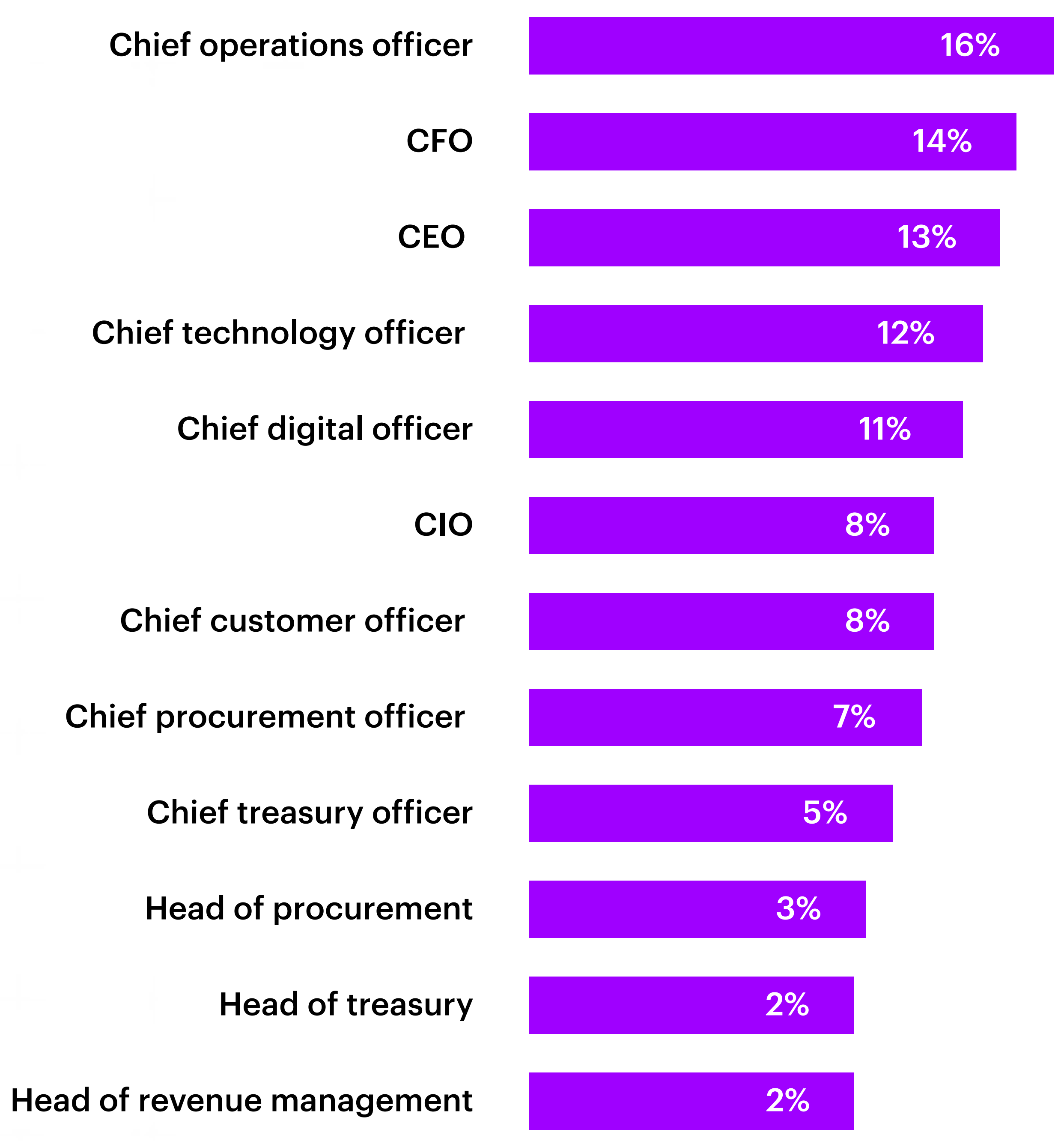


Commercial Payments Clients Survey – Snapshot

Industry breakdown

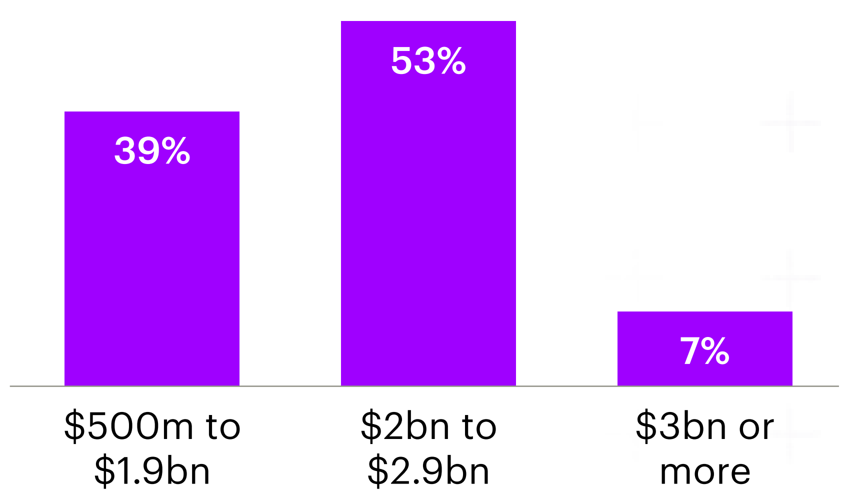


Respondents profile

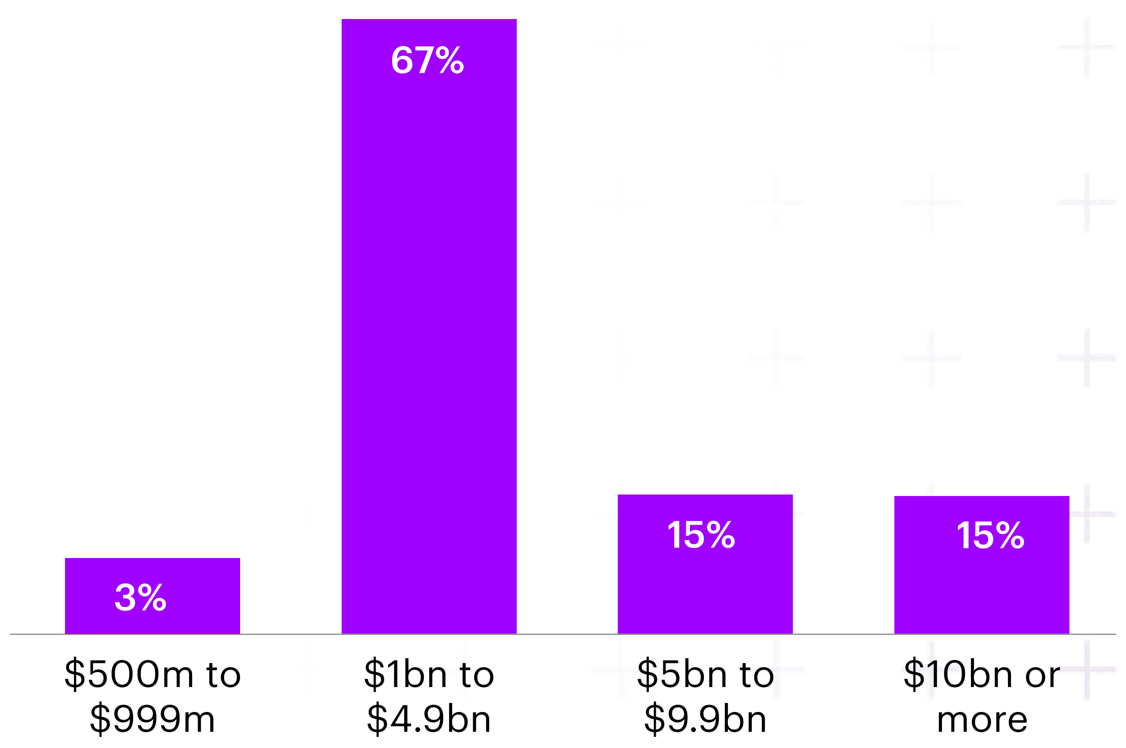


Size of organizations

Cross-industry
Total Revenues



Public Services
Total Budget



Global Payments Revenue Model

Accenture's proprietary payments revenue model estimates the size and growth of the global payments market in revenue terms for both consumer and commercial segments. The model combines bottom-up and top-down approaches and is based on secondary data provided by GlobalData, the World Bank, the European Central Bank, Juniper Research and multiple external and internal expert interviews. The model includes data forecast to 2028.

Calculating the opportunity for value-added commercial payment services:

To calculate the revenue opportunity of value-added commercial payment services, Accenture Research examined our payments revenue model and the survey responses to estimate the payments revenue pools for commercial payment transactions across all payment segments. Accenture included all corporate payments fees: merchant acceptance and acquiring fees, revenues related to business and corporate transaction accounts, bank transfers (including international payments) and cards, as well as cash management and trade finance revenues. Using the survey results and examination of recent payments trends, Accenture used scenario analysis to estimate the future opportunity associated with value-added services.

The baseline as-is scenario, which is built on the proprietary Accenture Payments Revenue Model, was adjusted accordingly, incorporating inflation and country-specific dynamics and input from Accenture's global payments experts.

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Technology definitions

1. **Security:** e.g., cyber threat intelligence (CTI), endpoint detection response, security information event management (SIEM), trust-based architectures
2. **Cloud Services:** e.g., software as a service (SaaS), infrastructure as a service (IaaS), platform as a service (PaaS)
3. **Blockchain:** a distributed digital ledger technology that allows multiple participants to maintain a shared database without the need for a central authority. It is designed to provide transparency, security and immutability to the recorded data
4. **Data Technologies and Analytics:** e.g., data repositories, streaming/real-time data, big data analytics
5. **AI and Automation:** e.g., deep learning, machine learning, expert systems, robotic process automation (RPA), physical robots, natural language processing (NLP)
6. **IT-specific or Architectural Microservices:** e.g., DevSecOps, serverless computing, containers, Kubernetes, continuous integration and continuous delivery (CI/CD)
7. **Network/Connectivity:** e.g., 4G, 5G, wi-fi 6 & 6e, software-defined wide area network (SD-WAN), internet of things, edge/fog computing
8. **Generative AI:** a particular subset of artificial intelligence techniques that involve generating new content or data that resembles a given input dataset (e.g., fraud detection, anti-money laundering, risk assessment, chatbots and virtual assistants)

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As our global lead for payments, Sulabh helps financial institutions and other organizations across the world navigate the shifting payments landscape, combat lost payments revenue, and control and mitigate operational risk throughout the payments value chain. With a career spanning over three decades, Sulabh has directed numerous client engagements ranging from defining strategy to systems integration and implementation. Sulabh's innovative thinking and strategic acumen have been pivotal in driving groundbreaking solutions that redefine the payments landscape. Sulabh speaks frequently as a subject matter expert at major conferences to share his insights on payments industry trends.

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As a Managing Director with 27 years of experience in our Banking practice, Kim is passionate about helping organizations embrace change, simplify, and achieve their vision. Having worked in all segments of commercial banking, from cash management to transaction banking and lending, Kim likes to focus on large-scale transformations, operational excellence, system implementations and mergers and acquisitions. Kim's business acumen helps her effectively bridge the space between business goals and technical solutions.

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Edlayne leads the payments business in Latin America and across developing markets. She has more than 25 years of experience in strategy development – including corporate strategy, market analysis, growth and expansion, customer segmentation and mergers and acquisitions. Her extensive experience at Mastercard coupled with her work across multiple client transformation projects give her a unique perspective on the opportunities available in this fast-evolving market and how to tackle them. She is a frequent speaker at payments and open banking events.

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As the payments lead across Australia, New Zealand and Asia-Pacific markets, Ryan directs a team spanning multiple industries to bring the best end-to-end strategy, technology, and managed services to clients by leveraging our local and global capabilities. With over 30 years of experience, he is a seasoned financial services executive who enjoys working as a fintech advisor, a mentor and an investor. He has product, payments, finance, marketing, strategy and transformation experience, having worked across Australia, New Zealand, Southeast Asia, the US and Europe. Ryan leverages his diverse experience to bring the right engagement approach to each client, seeking practical solutions to complex organizational challenges.

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Hannes leads the global payments research team. He has over 17 years of experience in research, spanning qualitative and quantitative techniques, which he applies to solve real business problems for clients in the banking and payments industry. He and his team have published and contributed to various research papers spanning consumer, commercial payment topics, open banking and business strategy.

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About Accenture

Accenture is a leading global professional services company that helps the world's leading businesses, governments and other organizations build their digital core, optimize their operations, accelerate revenue growth and enhance citizen services—creating tangible value at speed and scale. We are a talent- and innovation-led company with 732,000 people serving clients in more than 120 countries. Technology is at the core of change today, and we are one of the world's leaders in helping drive that change, with strong ecosystem relationships. We combine our strength in technology with unmatched industry experience, functional expertise and global delivery capability. We are uniquely able to deliver tangible outcomes because of our broad range of services, solutions and assets across Strategy & Consulting, Technology, Operations, Industry X and Accenture Song. These capabilities, together with our culture of shared success and commitment to creating 360° value, enable us to help our clients succeed and build trusted, lasting relationships. We measure our success by the 360° value we create for our clients, each other, our shareholders, partners and communities.

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