

Il Salone dei Pagamenti

Contante vs Pagamenti elettronici

Milan, 4rd November 2020





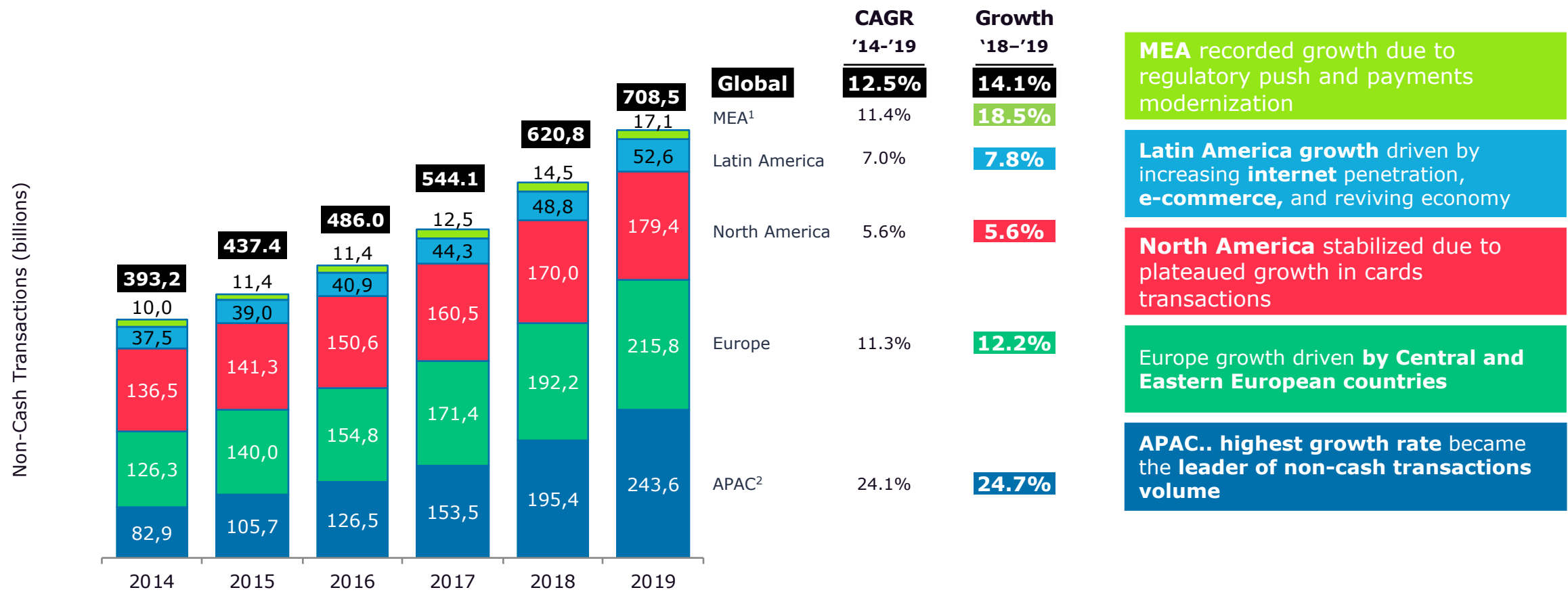
Key Findings from Capgemini **World Payments Report 2020**



Global non-cash transactions volume witnessed a growth of 14.1% during 2018-2019 to reach 708.5 billion transactions



Worldwide Non-Cash Transactions Volume (billions), 2014-2019

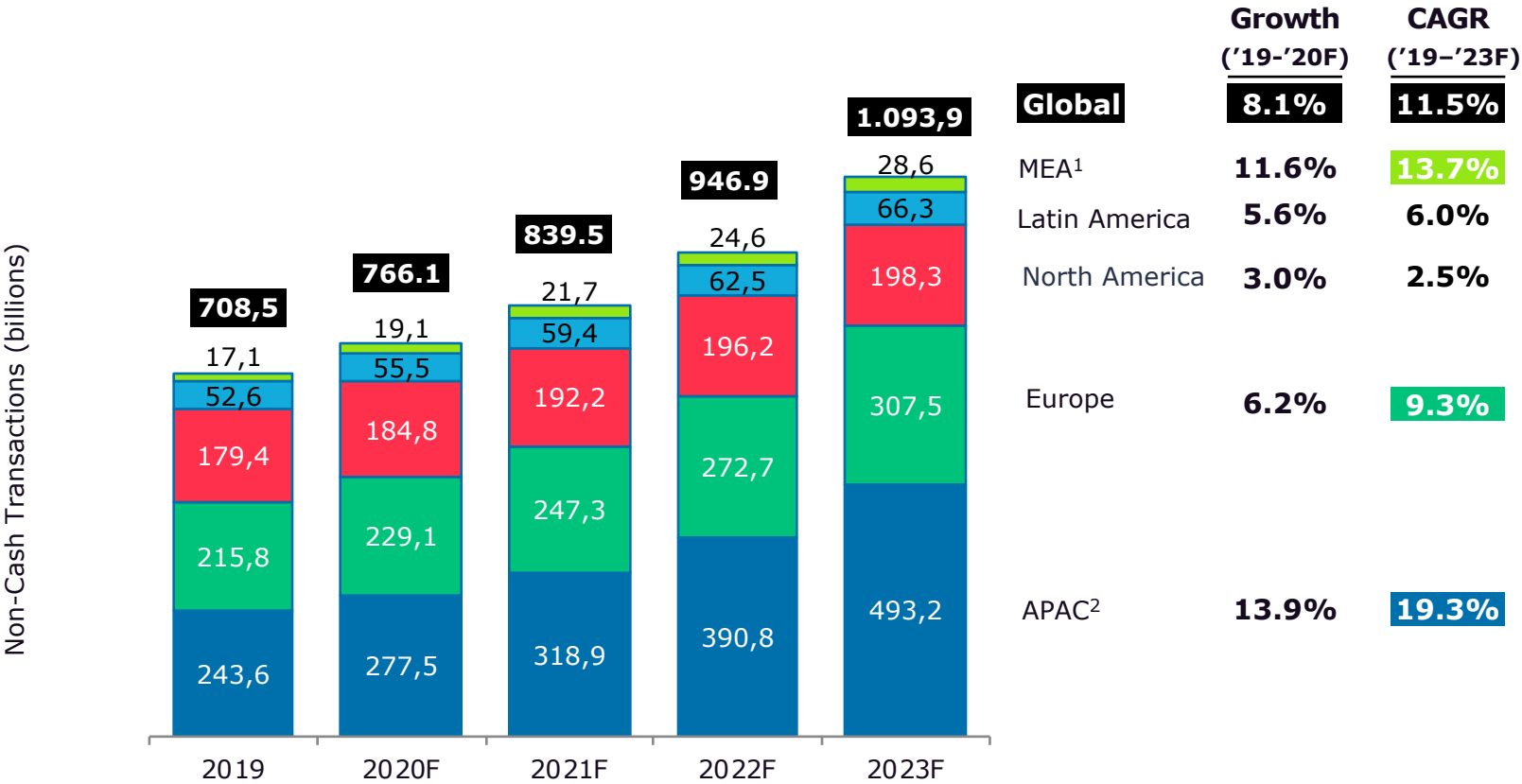


The global non-cash payments volume is increasing steeply, owing to the growing enterprises and consumer propensity towards digital transformation and proliferation of smartphones.

Non-cash transactions volumes are estimated to grow at 11.5% CAGR (2019-23) to reach 1.1 trillion



Worldwide Non-Cash Transactions (billions), by region, 2019–2023F



Burgeoning **eCommerce** segment, **mobile payments** and **digital wallets** are driving the growth across regions

Europe (+9.3% CAGR) and **MEA (+13.7% CAGR)** are also anticipated to show promising growth

APAC is expected to constitute **45% of the total volume by 2023**

India and **China** are expected to drive the region's phenomenal +19.3% CAGR during 2019-23

Consumer behavior, COVID-19, contactless and real-time payments adoption are driving hyper-acceleration of a cashless future.

Source: Capgemini Financial Services Analysis, 2020

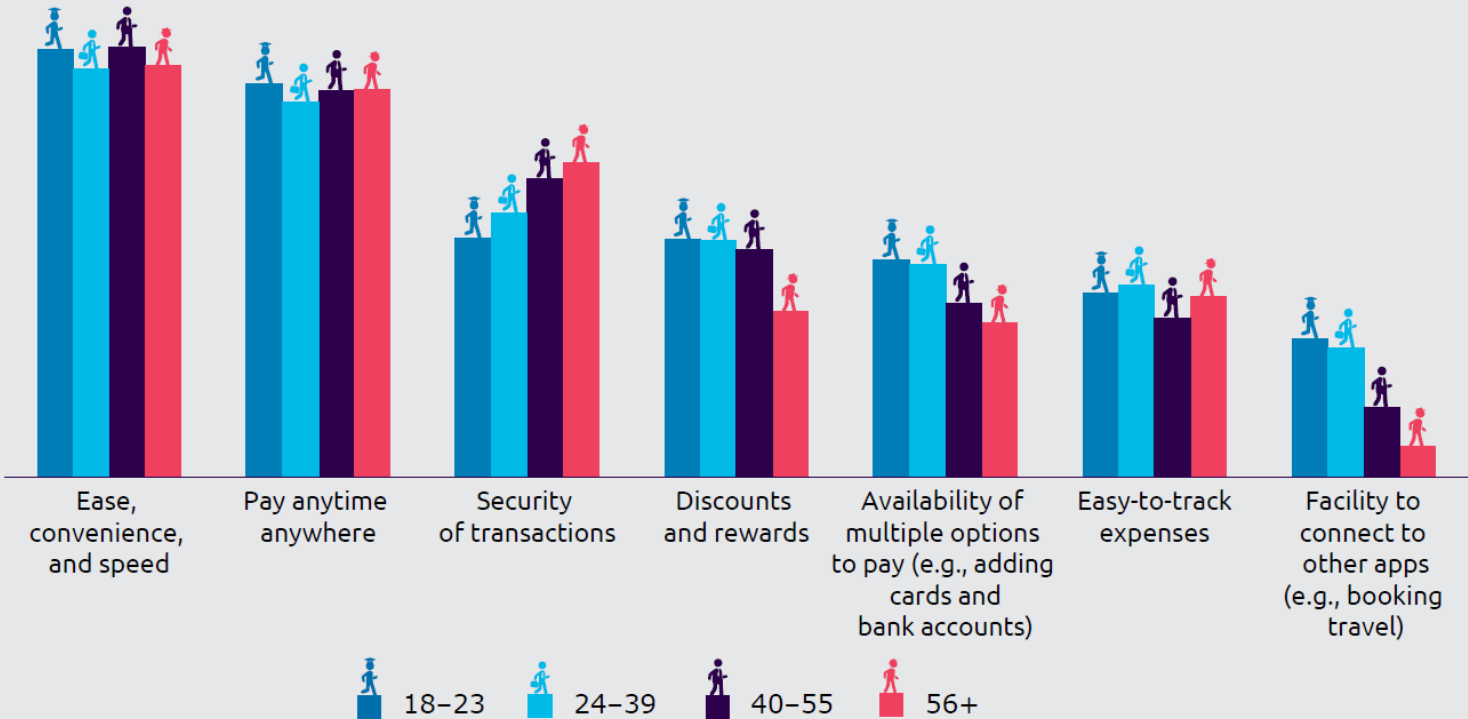
1. MEA: Middle East and Africa (Includes Saudi Arabia, UAE, Israel, South Africa, and other GCC as well as African countries)
2. APAC: Asia Pacific (Includes India, China, Japan, Singapore, South Korea, Hong Kong, Australia and other South East Asian markets)

Alternative payments can boost the non-cash payments' growth trajectory



Digital wallet's and QR-code payments are expected to peddle the next growth story of non-cash transactions. The number of digital wallet users is on a trajectory to increase from 2.3 billion in 2019 to nearly 4 billion by 2024 – 50% of the world's population

What motivates consumers to use digital wallets/QR code-based mobile apps?



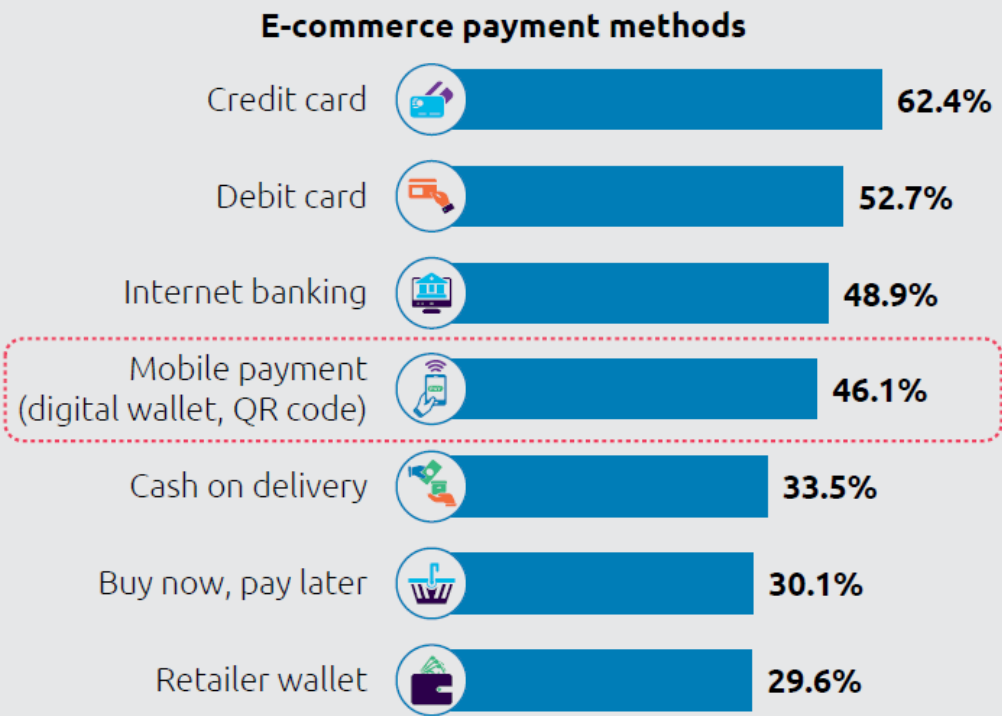
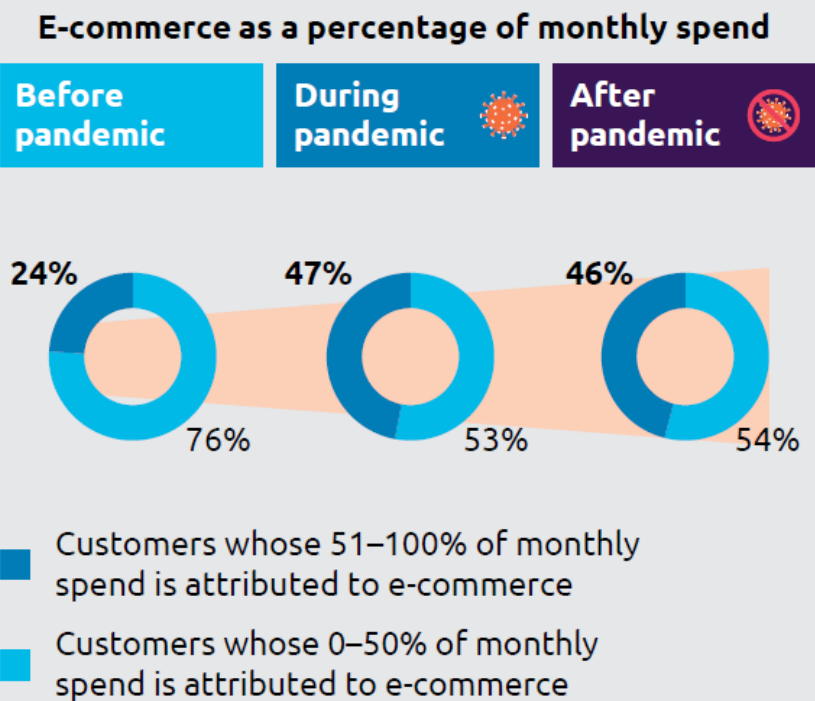
Speed, convenience, and customer experience are the decisive factors for the adoption of payments methods and instruments in the future

Source: Capgemini Financial Services Analysis, 2020

As shoppers turn to e-commerce post-pandemic, many explore mobile payments



The number of consumers **who make 51-100% of monthly purchases via e-commerce nearly doubled** during the pandemic, and the transition from retail to e-commerce will continue even after the virus has been contained.



Digital/mobile wallets are set to be the preferred eCommerce payment method with a 52% market share by 2023



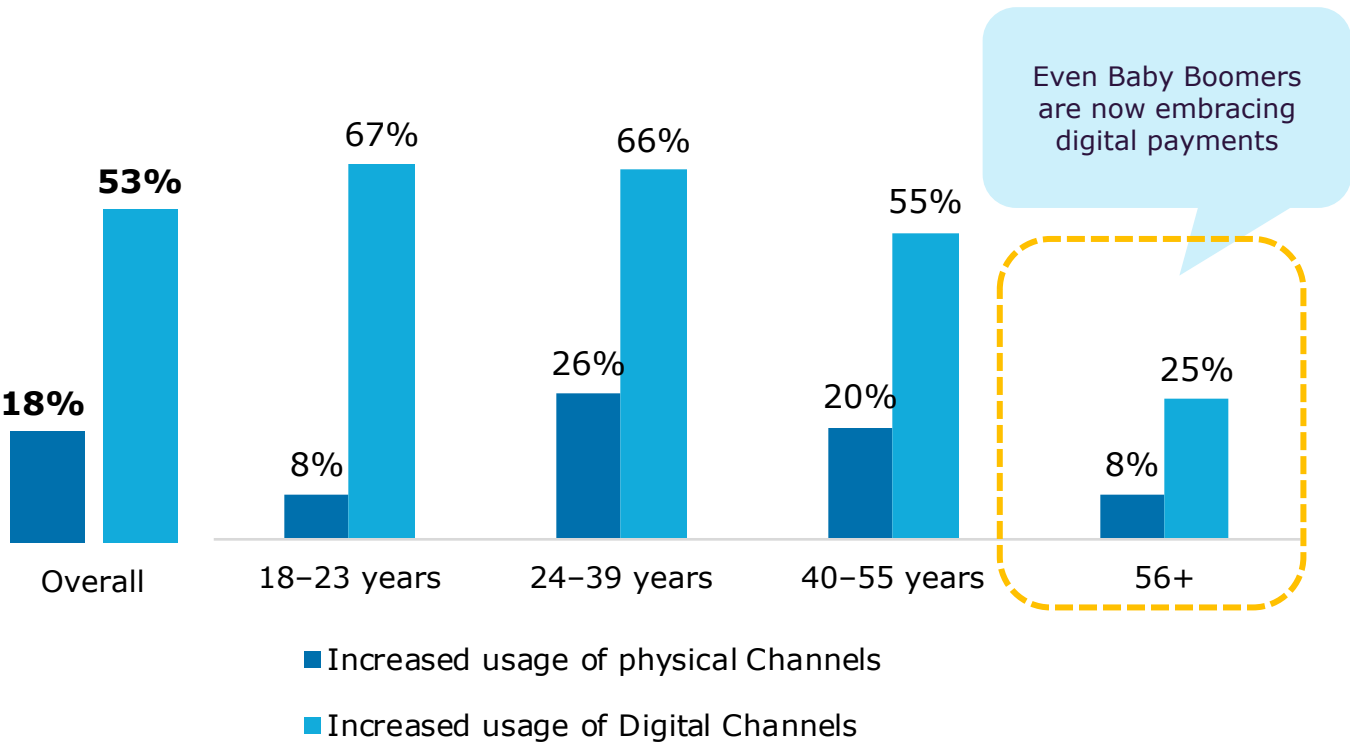
Trends

PB

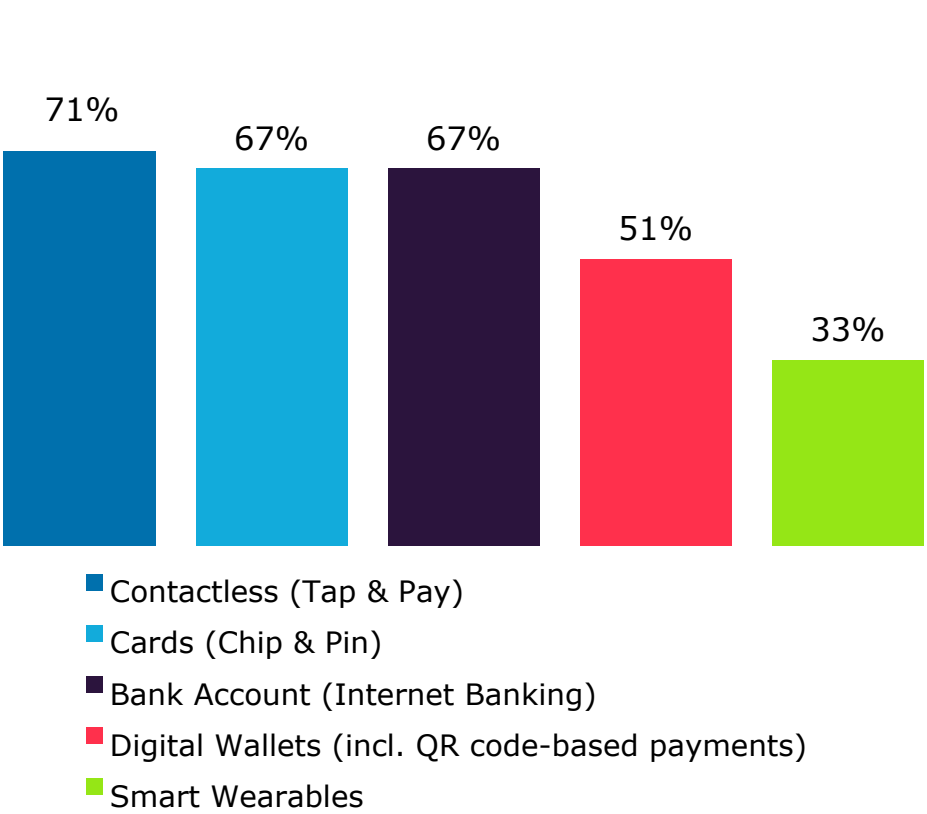
Retail customers: Multi-generational shift to digital channels and digital payment methods is on the RISE



Increase in retail payment channel usage, May-July, 2020



Pushed by COVID-19, contactless has emerged as the preferred payment method, globally



As the digital divide between age groups is blurring, “Almost” everyone is digital NOW.
Digital Payments is no longer a competitive differentiator.

Source: Capgemini Financial Services Analysis, 2020

B2B customers: The digital shift has started permeating into the B2B space as well



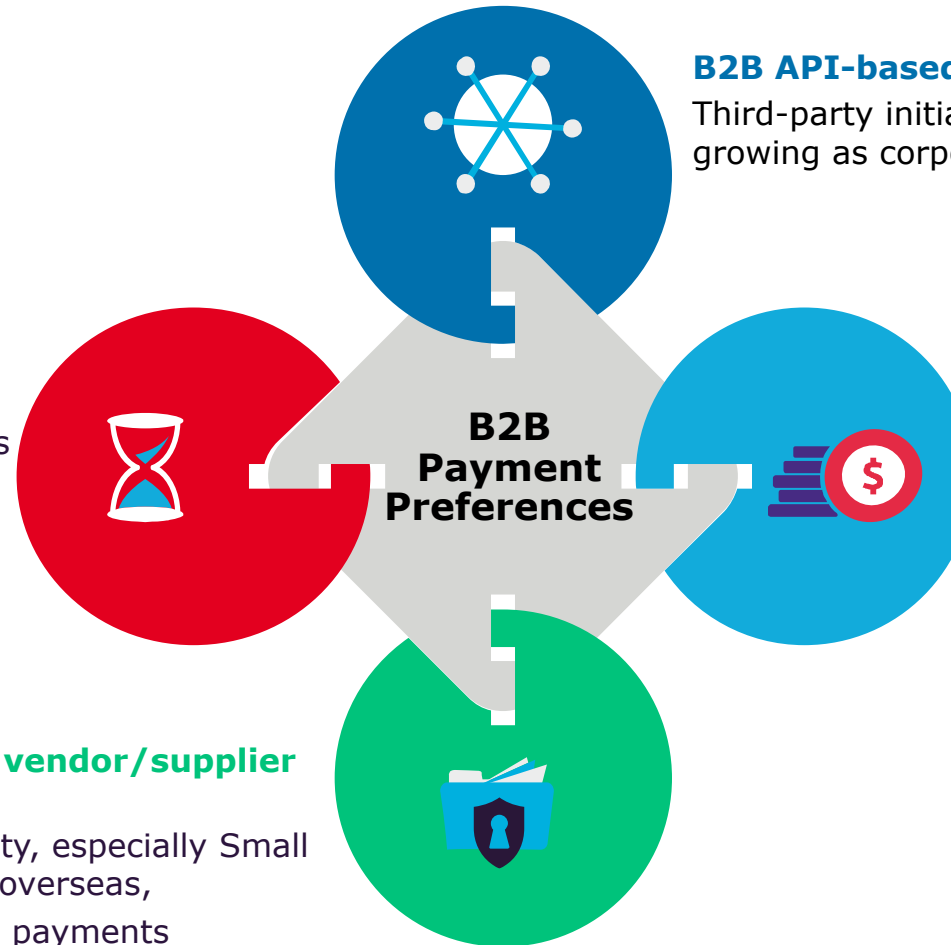
Shifting B2B payments preferences

Instant payments

Instant payments-based B2B payments are expected to grow at a higher rate

Mobile payments/B2B wallets for vendor/supplier payments

Digital wallets are growing in popularity, especially Small businesses that want to collect funds overseas, e-commerce companies, gig economy payments



B2B API-based payments

Third-party initiated payments through APIs are growing as corporates trust increases on non-banks

B2B payment virtual cards

In the US, as check and ACH payments move to virtual cards, nearly 20-25% of account payables volume is expected to be driven by virtual cards

Nearly 60% of corporates rate digital transformation as the key focus in 2020-21.



New players are joining the payments landscape

BIGTECH

Today BigTechs are mainly focused on the **retail side** of the value chain and their attempts to penetrate the **B2B market may be delayed**, in light of recent anti-trust charges.

30% of consumers are using a BigTech for payment services

- High **technological capabilities**
- **KYC** and **onboarding** with fully digital and seamless customer experience

FINTECH

FinTechs are **blazing a B2B path** by leveraging their **proven retail payments success formula**. Globally, **regulators are backing the FinTech ecosystem** as the path to payments enhancements
60% of interviewed banks consider partnership crucial to speed up innovation

- **Lean and agile** organizational structures
- **Culture** of launch fast, take risks, leverage partners (open platform)

CHALLENGER BANKS

Challenger banks are **storming the B2B** payments front as well. They are leveraging their technology acumen and the cloud to make payments processes leaner and more agile.
50% of consumers are already using challenger banks for some payments

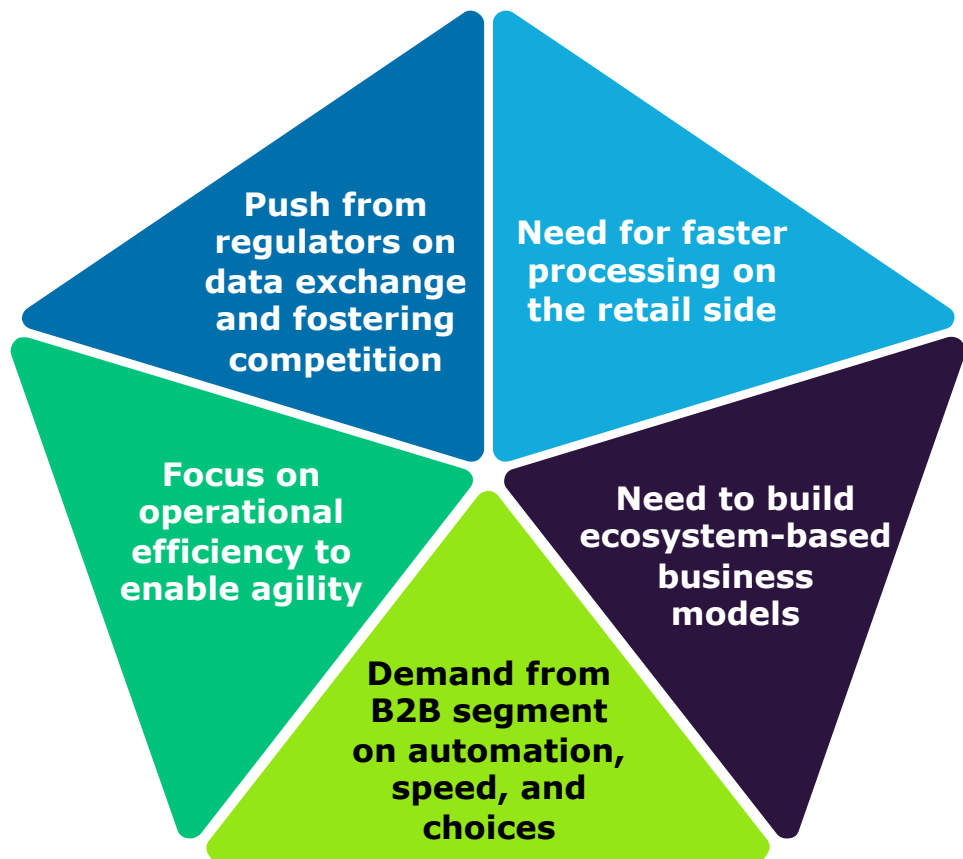
- **Agile digital stack** with high scalability enabled by **microservices** and **open-platform architecture**
- Focus on delivering a delightful **customer experience**

What role should banks play?

Banks are prioritizing the technology game in order to meet the expectations on speed, accuracy, and choice



Prioritize modernization: call to action



Almost **68%** of banks say the biggest threat of not executing on a payments transformation plan is losing existing clients and prospects.

Digital transformation (**65%**) and client visible innovation (**45%**) are rated as the top 2 drivers for future initiatives

50% of banks cited legacy infrastructure as the biggest challenge to pursue Open Banking apart from lack of technological readiness

As new players are already masters at the digital game, there are not many options for differentiation.



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