

Global Payment Trends 2024: A Brave New Landscape

The global payments market is experiencing explosive growth, fueled by the rise of e-commerce and the increasing adoption of digital wallets and contactless transactions. According to a report by Statista, the total transaction value in the Digital Payments market is projected to reach a staggering US\$11.53 trillion in 2024, with a projected Compound Annual Growth Rate (CAGR) exceeding 9.5% through 2028. This translates to a potential market size of US\$16.59 trillion by the end of the decade. In this dynamic landscape, global payment systems play a critical role, enabling seamless cross-border transactions and facilitating international trade.

A global payments system cuts through borders, allowing businesses and marketplaces to send and receive payments around the world in different currencies. These systems are crucial for international trade, especially with the rise of e-commerce.

As consumer habits evolve and technology disrupts traditional models, the industry finds itself at a crossroads. From the surge in digital wallets to the growing influence of artificial intelligence, the landscape is being reshaped at an unprecedented pace. Let's delve into the most prominent trends shaping the trajectory of global payments in 2024, exploring the challenges and opportunities that lie ahead.

Top Payment Trends to watch in 2024

1) The Digital Wallet Transformation



In an increasingly interconnected world, the rise of digital payments has emerged as a defining feature of the modern financial

landscape. Digital wallets are revolutionizing personal finance by offering convenience, speed, security, and

cost-effectiveness, allowing users to manage finances and conduct transactions entirely digitally. Mobile, online, and hardware wallets cater to different needs: mobile wallets store financial information on smartphones, online wallets store it on a web platform, and hardware wallets are physical devices that offer maximum security. These innovations are making traditional cash and card-based transactions a thing of the past.

A study by Juniper Research predicts a digital wallet boom, with spending expected to surpass US\$10 trillion by 2025. This surge is fueled by online shopping and the increasing use of smartphones. Furthermore, integration with technologies like IoT and AI will make digital wallets even more convenient and secure, accelerating their widespread adoption.

2) Account-to-Account Payments (A2A): Gaining Momentum

Although Account-to-Account (A2A) payments are not new, advancements in API technology and the shift towards open banking have provided the necessary payment rails for A2A payments to take off. A2A payments are digital money transfers between two bank accounts. Compared to traditional card payments, A2A payments connect bank accounts directly, eliminating the need for credit or debit card providers as intermediaries. In e-commerce, this also means that A2A payments can be completed without leaving the merchant's page.



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According to the Global Payments Report 2023, A2A payments accounted for around US\$525 billion (or roughly €487.5 billion) in total e-commerce transaction value alone.

3) B2B Buy Now, Pay Later (BNPL): Redefining Business Transactions

Businesses are increasingly turning to B2B Buy Now, Pay Later (BNPL) solutions to improve their cash flow and stay competitive. B2B BNPL allows businesses to spread payments over time, freeing up working capital for other needs. It also levels the playing field by making BNPL solutions accessible even to smaller companies. Additionally, offering flexible payment options has become essential to meet customer expectations and gain a competitive edge.

4) The Real-Time Payments Revolution: Be Fast or Be Last

Real-time payments are revolutionizing money movement by enabling instant, secure transfers 24/7 through online banking, mobile apps, or payment providers. These systems offer significant advantages over traditional methods, enhancing speed, convenience, and transparency.

This technology is transforming the financial landscape and is seen as the future of modern economies. Real-time payments allow individuals and businesses to send and receive money instantly, anywhere in the world. Faster and more secure than traditional transfers, they reduce fraud risk and provide immediate confirmation. Real-time payments are setting the standard for financial transactions, impacting how consumers, businesses, and governments manage payments. As the world embraces digital payments, these systems pave the way for a potential cashless future.

The future of payments is rapidly shifting towards real-time transactions. With cashless payments expected to surge by over 80% by 2025 (PwC), a

significant portion will be real-time. Experts at ACI Worldwide predict that nearly 28% of all electronic payments globally will be instant by 2027. This explosive growth suggests that real-time payments will fundamentally reshape the interconnected financial landscape.

Navigating the Evolving Landscape: Payment Industry Challenges in 2024

The payments industry is undergoing a rapid transformation, driven by innovative technologies and evolving consumer preferences. While this shift offers exciting possibilities, it also presents significant challenges. Some of the key hurdles include:



- **Security and Fraud Prevention:** As payment methods like digital wallets and contactless transactions gain traction, the risk of fraud also increases. This necessitates robust security measures to protect consumer data and maintain trust in the digital payment ecosystem.
- **Balancing Standardization and Localization:** In a globalized world, efficient payment systems require a degree of standardization. However, regional regulations and customer preferences necessitate localized solutions. The challenge lies in finding a balance between these two forces to ensure smooth cross-border transactions.
- **The Future of Cross-Border Payments:** The growth of e-commerce demands seamless cross-border transactions. Navigating regulations, meeting data security requirements, and ensuring efficiency in these transactions remains a complex challenge.
- **The Impact of Artificial Intelligence:** AI offers immense potential for the payments industry, from fraud detection to personalized experiences. However, responsible implementation of AI is crucial to ensure transparency and address potential biases.

By addressing these challenges, the payments industry can pave the way for a secure, inclusive, and efficient future for global commerce.

About the Author: *Alia Noor* is an Associate Partner at Ahmad Alagbari Chartered Accountants and also holds the position of Director VAT in the LEA Consultant & Director Program at Alif Technologies. She has been associated with EY and Unilever Pakistan for external and internal audits. She is the founder and owner of "xpertsleague" a free learning platform. She holds professional qualifications, FCMA, CIMA, and MBA along with Certifications in Oxford Fintech Program, Digital Mindset, COSO Enterprise Risk Management, COSO Internal control, and GCC VAT Diploma.