



2021 Payment Trends to Watch

The Top 6 Trends in Payment Processing for 2021

What's Trending?

The financial services market and payment industry are constantly changing - and are certainly familiar with disruption. The year of 2020 had major shakeups in the payments industry and beyond. There were many ways B2B and B2C **businesses adapted** to the "New Normal."

From new standards in customer experience to new technologies to sweeping industry change, the REPAY team has made it easy to see the top trends to watch in 2021!

"Almost twice as many employees are working from home as at work."

**-Nicholas Bloom,
Stanford News,
"Snapshot new working economy," June 2020.**

Contactless Payments

Widespread shutdowns and work from home operations caused digital payments and electronic purchasing methods to skyrocket. Contactless transactions enable consumers to pay with a credit card, debit card, or smartcard by using RFID technology or near-field communication (NFC). Payments are made and confirmed similar to swiping, but instead the card is bounced near a POS system.

The transaction is approved or declined without a pin number or signature required. It can be safer and offer more secure data protection than traditional swipe systems for both the cardholder and merchant. A study in March revealed consumer anxieties about COVID and payment methods, with 29% "extremely" or "very worried" about catching it from cash and 22% about paying with a card if terminals or employee-handling could spread the virus (RTI research, 2020). Desire for personal safety turned consumer preference for contactless payments into a requirement or need.

Even pre-pandemic, the shift to contactless payments was imminent and underway: "Global non-cash transaction volumes grew 14% (2018-19) to reach 708.5 billion - the highest surge in the past decade" (World Payments Report, 2020). This growth was likely accelerated due to shifts in attitudes and behavior during the pandemic, although the convenience is driving customer behavior to demand cashless options even after the pandemic is over. Late adopters to contactless payments will likely fall behind the competition.

Omni-Channel Payments

Omni-channel payments refer to the ability to provide all methods, or channels, of collecting payments in the ways in which your customers prefer to pay. In 2021 and beyond, traditional payment processing will no longer suffice.

"The number of consumers who make 51 to 100% of monthly purchases via eCommerce nearly doubled during the pandemic, and the transition from retail to eCommerce will continue even after the virus has been contained" (World Payments Report, 2020). Omni-channel payment processing

solutions have been steadily growing in prevalence because they enable information to flow seamlessly between all channels – and seamlessly amongst any ERP, eCommerce, POS, or AR solution.

Digital B2B Payments

Business-to-business (B2B) payments have been trending toward digital payments for many years. In 2018, \$38 trillion B2B payments were made, of which many were still done by cumbersome paper checks (McKinsey & Company, Global Payments Report, 2018). Processing paper checks is slow, leads to lost payments, and requires postage fees. However, in 2020, we experienced a sweeping digital transformation of B2B billing for small and medium sized businesses. B2B digital processing is being propelled forward by the benefits of Level 3 credit card processing, the solutions that leverage Level 3 savings, and payment processors that offer Interchange Plus Pricing on digital payments. Interchange Plus Pricing plans use a transparent markup by simply passing the interchange costs directly to the merchant. This reduces costs when compared to a flat rate or tiered rate pricing plan. Leave cash and checks in the past and switch to modern methods including B2B digital payments, ACH payments, and online credit and debit card payments.

Many B2B businesses have been launching eCommerce platforms to grow revenue and modernize their brands. Common eCommerce platforms for distributors, manufacturers, and wholesalers include BigCommerce, Magento, Miva, WooCommerce, and PrestaShop. Having a payment processor that integrates with an eCommerce platform and back-end ERP solution streamlines operations and allows information to flow seamlessly. If distributors are not maximizing the use of Level 3 discounts, they are leaving money on the table. Integrated B2B payments automate this process to ensure maximum savings.

Multiple Payments Options

The trend towards paperless invoicing was well underway before the COVID-19 social distancing and remote work guidelines took effect, but few, if any, companies will go back to traditional paper billing after discovering the ease and profitability of online payment portals. Slow, paper-based AR and AP processing methods were not only unsafe during the coronavirus pandemic but sometimes impossible as offices closed and employees switched to remote work.

Online payment portals make payments a breeze and help customers pay their invoices quickly, securely, and easily. Seamlessly integrated payment portals can automatically put funds directly into the business checking account, and pass information to business systems without manual entry - thus reducing labor,



Paper checks are slower to process, result in lost invoices, and accrue postage and check fees.

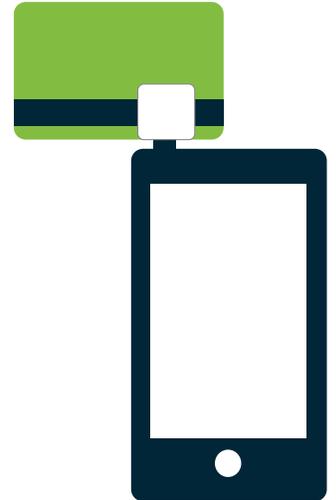
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time, and risk of entry error. Cash flow is essential in this environment. The best online payment portals will be able to read a customer's digital signature, safely tokenize their data, and confer with financial institutions all before authorizing the payment. Look for integrated solutions that connect your software solutions all together (Portals, ERP, AR, accounting software, shopping cart, POS, etc.) with shared tokens for easy reconciliation. Integrated payment systems are bringing the best innovations from the larger payment ecosystem and making them accessible to small businesses. The right integrated payment solution will revolutionize your entire business.

Mobile

Mobile phone payments have been on the rise in recent years. As mobile payments grow in popularity, it is important to differentiate these from other digital payments. A mobile payment is any payment done from your phone, tablet, or other mobile device. Examples include: apps with a payment feature such as Uber, Postmates, and Starbucks, Apple Wallet on iPhones, and SMS text payments. A 2019 study conducted by Juniper Research Group predicts that 50% of the world's population will be using digital wallets by the year 2024.



Faster Payments

As business gets more complex, busy merchants are looking for ways to process payments faster and reclaim time to spend growing their business. The need for merchant services and FinTech solutions providing faster payments is a top priority for many companies. One example of a faster payment is Same Day ACH (SDA). SDA transactions are processed in one single business day, whereas traditional ACH transactions can take up to three business days to distribute funds from payment acceptance. Many companies are investing in new equipment and technologies to facilitate payment systems, quickly send payment data, and avoid bottlenecks.

How REPAY Can Help

As the payments industry changes, REPAY is here to educate you! REPAY is an all-in-one payment processor offering **omni-channel payment solutions** that are integrated into the business systems you use every day. REPAY provides simple and easy to use features, such as our exclusive online payment portal to help you get paid faster. The future of business software is trending towards more friendly interfaces and easier to use programs, and REPAY will be leading the way!

Stay up to date on the future of payments in 2021 and beyond, and get started with REPAY today!

