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Trends in the Electronic Exchange of Value

17th ANNUAL

## Field Guide to Innovative Payments

It's May, so it's time for our annual exercise to seek out and describe the payments players, apart from the big networks, that are rewriting the rules for the digital exchange of value.



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Getting Restaurants Right

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The Payoff From Data



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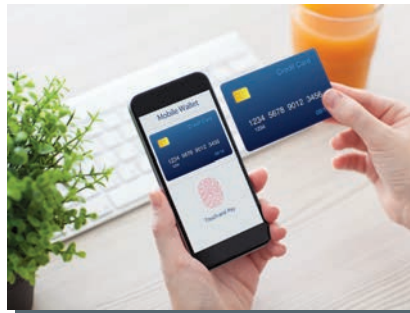
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## A BLOW FOR SANITY

**CAN THE PAYMENTS** industry stop worrying about federal mobile-wallet regulation now?

Let's hope that's the case now that sweeping regulation that would have impacted all major mobile-payment apps in the United States appears to be headed for oblivion. That's the state of affairs after the U.S. House of Representatives last month voted down a bill based on regulation from the Biden-era Consumer Financial Protection Bureau. The House action followed a Senate vote in March that also went against the proposal, which arose at the CFPB last fall in the waning days of the Biden administration.

This latest action against the rule "rolls back the regulatory overhang for payments," Scott Talbott, executive vice president at the Electronic Transactions Association, a Washington, D.C.-based trade group, told us. That's another way of saying the industry is heaving a deep sigh of relief.

So what was this pernicious proposal all about? The rule these bills tried to codify was the CFPB's 259-page payment-apps rule, which the agency first proposed in November 2023. It would have applied to firms that process at least 50 million consumer transactions per year. Combined, the biggest firms covered by the regulation process more than 13 billion transactions annually, according to the CFPB's estimates. The regulation would also have added enforcement capability to the CFPB's remit in this area, where before its actions were limited to examinations.

Areas of supervision under the proposed rule included privacy and surveillance, errors and fraud, and so-called "debanking," or the interruptions consumers may sustain when app service is temporarily lost without notice. "Consumers have reported concerns to the CFPB about disruptions to their lives due to closures or freezes," the CFPB noted in a release issued when the rule emerged.

With both houses of Congress having voted down bills based on the CFPB rule—which formally is known as "Defining Larger Participants of a Market for General-Use Digital Consumer Payment Applications"—it now appears likely that digital-wallet development can proceed unhindered by federal nannies.

Indeed, payments players and consultants celebrated the House vote, which unfolded 219-211 along party lines, with Republicans in the majority. "We're not going to see action to expand the CFPB's remit under this [Trump] administration," payments consultant Eric Grover told us after the House vote, though he warns there could be further contention in the courts over the matter.

If that's the case, let it come. At the very least, some very pernicious rulemaking has been deep-sixed, and mobile-wallet technology can proceed unhindered by overactive government agencies. If these apps fail, let it be because they couldn't properly serve consumers and businesses—not because they offended some bureaucrat's sense of propriety.

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## TSG: STRIPE, ADYEN, AND TOAST GAIN AMONG TOP ACQUIRERS

While the top 10 roster of the largest merchant acquirers in the TSG Directory of U.S. Merchant Acquirers shows little variation from last year—JPMorgan Chase & Co. is still No. 1 at \$2.61 trillion in volume in 2024—smaller players are moving into the upper ranks.

Adyen NV, a Netherlands-based processor moved into the top 10 for the first time, “eclipsing Square (Block), which held that spot last year,” says Alex Ferguson, product manager at TSG, an Omaha, Neb.-based

advisory firm that annually issues the directory. Adyen entered the U.S. market in 2010. Adyen processed an estimated \$333.6 billion in volume in 2024. Square’s 2024 volume estimate is \$187.2 billion.

“The most notable volume gainers were mostly the same movers as in prior years: Stripe, Adyen, and Toast,” Ferguson says via email. “Stripe and Adyen’s growth primarily reflects their strength with enterprise merchants, who grow volumes at a much higher rate than [small and mid-size

businesses] on a year-to-year basis.”

Ferguson says Toast tends to dominate the restaurant industry, “so its continued market growth isn’t surprising. It’ll be interesting to see where they take their newer focus on retail merchants.”

Square, with an estimated 4 million merchants, the most of any acquirer, poses an interesting quandary, Ferguson says. “Over the years, they’ve been thought of similarly with Adyen and Stripe as the pinnacle of emerging entrants and a common entity that ISOs are selling against. Still, their U.S. volume isn’t growing by the leaps and bounds of Stripe or Adyen,” he says.

That may be a reflection of its merchant mix. Though Square is shifting focus to upstream merchants with higher average annual volumes, many of their merchants are small and mid-size retailers and restaurants, he says. “Those segments’ volumes aren’t going to grow at the rate of the enterprise merchants that Adyen and Stripe are

### THE THREE TRILLIONAIRES

(Merchant volume processed in 2024, in trillions)



Note: The top three processors by volume. Source: TSG Directory of U.S. Merchant Acquirers

servicing. Square continues to win and increase its market share abroad while pivoting towards subscription-based revenues recently.”

Overall, acquirers are facing a number of trends, particularly that growth in payment volume may be slowing after big growth during the Covid years.

“What is new and noteworthy is the continual, gradual slowdown in payment volume,” Ferguson says. “Apart from 2020 and the 2021 post-Covid correction boom, U.S. payments volume generally has grown at a steady 9% [year-over-year] rate (2015-2019 9% CAGR, and a 2022 9% YoY growth rate from 2021). Last year was perhaps the first sign of slowing volume growth, at 7%, and this year, credit card volume growth from the payment networks is hovering around 4%-5%.”

Other factors include the market trend toward integrated and embedded services, more products geared to verticals, and consolidation, but, as Ferguson says, there are not necessarily new trends in 2024.

A third element is that the so-called legacy acquirers are not idle. “The industry has become increasingly competitive as incumbent legacy providers continue to develop and/or acquire smart POS and value-added offerings that allow them to compete with innovative entities of the ecosystem across all merchant mix sizes,” he says.

Rounding out the top 10 merchant acquirers following Chase are Fiserv Inc., Worldpay, Wells Fargo Merchant Services, Global Payments Inc., Stripe Inc., Bank of America Corp., Elavon, Braintree, and Adyen.

— Kevin Woodward

# AFTER SOME FIXES, PAYPAL SURPASSES \$30 BILLION IN LOANS

Trumpeting its financing services for small and mid-size businesses, payments giant PayPal Holdings Inc. disclosed this spring it has passed \$30 billion in global loan originations. It has extended more than 1.4 million loans and cash advances to more than 420,000 business accounts worldwide since 2013, the company said.

PayPal, which offers its PayPal Business Loans product in the United States and PayPal Working Capital in the U.S., United Kingdom, Germany, France, Australia, and the Netherlands, says small and medium-size businesses still face a longstanding concern: access to capital.

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“Access to capital is consistently one of the top challenges small businesses face as they look to maintain and scale their businesses,” Michelle Gill, executive vice president and general manager of SMB and financial services at San Jose, Calif.-based PayPal, said in a statement.

“Traditional business loans are not only difficult to secure for small businesses, but the application process can be challenging and prohibitively time consuming. PayPal’s financing solutions have a streamlined online application process with no lengthy paperwork or extensive credit checks, and approved PayPal loans are funded within minutes,” Gill’s statement continued

PayPal launched Working Capital in 2013, followed by PayPal Business Loans, a term-loan product, in 2017. Working Capital is repaid as a percentage of a merchant’s PayPal sales.

U.S. loans under the two programs are provided by Salt Lake City, Utah-based WebBank, a state-chartered industrial bank from which PayPal buys the receivables. Overseas, PayPal extends loans through its international subsidiaries.

The net value of the merchant-loan portfolio at the end of 2024 was \$1.5 billion, up 23% from \$1.2 billion 2023, but still well off \$2.1 billion in 2022, according to PayPal’s annual reports for the last two years. The portfolio suffered a big spike in loan losses in 2023—the net chargeoff rate jumped to 18.8% compared with 4.5% in 2022. The 2023 report blamed “the expansion of acceptable risk parameters in 2022, which resulted in a decline in the overall credit quality of loans outstanding related to our PPBL product.”

Corrective measures appear to

have worked, though they resulted in reduced Business Loans originations in 2023. The net chargeoff rate fell to 5.3% last year, according to the report for 2024.

Last year’s increase in receivables and declines in overdue loans and chargeoffs “was due primarily to the improvement in underwriting and credit quality of the PPBL portfolio,” the latest report says. “In response to changing portfolio performance and macroeconomic environment, we continue to monitor risk and evaluate and modify our acceptable risk parameters. Changes to such parameters resulted in an increase in PPBL originations in 2024.”

Chicago-based payments consultant Cliff Gray of Gray Consulting Ventures LLC says the Covid-19 pandemic, which spread worldwide in 2020, may have played a big role in PayPal’s merchant loan-loss spike.

“The high chargeoff rates in 2023 would make sense as a delayed response to the Covid crisis, which had a striking impact on the SMB space,” Gray says by email, “Many were able to survive for a year or so, but eventually failed, leading to loan chargeoffs.” He adds that “one could argue Covid is a driving factor in the recent surge in surcharging.”

Despite the lending risks, loans to its merchant base can be a profitable revenue source for PayPal, according to Gray. “Merchant underwriting, being essentially the same process as commercial loan approvals, provides all the data needed to make loan decisions,” he says. “PayPal is largely remonetizing their portfolio through products like Business Loans and PayPal Capital, a smart play by any measure.”

— Jim Daly

## THE ZELLE APP ISN'T GOING AWAY, THE NETWORK SAYS

Zelle, the peer-to-peer payments service from Early Warning Services LLC, took steps this spring to clear up misperceptions concerning its decision to limit the capabilities of the Zelle standalone app.

As of April 1, app users could no longer transact or enroll in Zelle. Instead, the app has become more of an information tool for users, who will be able to check their statements through August and receive information about avoiding scams and fraud going forward. Zelle informed app users of the changes in a blog post last October and through in-app messages.

The move was prompted primarily by low transaction volume through the app. About 2% of total transactions were conducted through the app, which can be downloaded through an app store, the network says. Zelle adds that transaction volume through the app has always represented a “small share of total transactions.”

Zelle rolled out the app when the P2P service launched in 2017 to serve consumers whose financial institutions had not joined the network. At the time of its launch, Zelle had 30 financial institutions on its network. The app made it possible for two consumers whose financial institutions were not on the network to send and receive funds through Zelle.

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The number of financial institutions on Zelle has since swelled to 2,200, making it easy for consumers to use the P2P service through a financial institution's Web site or mobile app. As a result, the network says it no longer sees a need to maintain a separate app for transactions.

"Zelle is not going anywhere," a Zelle spokesperson says by email. "It is still available through more than 2,200 banks and credit unions. This change is only related to the seldom-used standalone app consumers downloaded from their app stores and is something we've communicated about with app users since October 2024. Zelle is widely available at U.S. financial institutions, and the standalone app saw so little use relatively, that we decided to make this change."

Zelle users' preference for financial institutions' Web sites or apps is not surprising given that Zelle is a "bank-driven initiative," unlike PayPal's Venmo or Block Inc.'s CashApp, Ariana-Michele Moore, strategic advisor, retail banking and payments

## ZELLE IN NUMBERS

(Total for 2024, or as of end of 2024)

### USERS

**151 million**, up 12% from 2023

### TRANSACTIONS

**3.6 billion**, up 25%

### VOLUME

More than **\$1 trillion** for the first time, up 27%



at Datos Insights, says by email. "Eliminating the separate Zelle app simplifies the offering and drives the emphasis on in-app/on-site usage," Moore says. "This move is also consistent with how Paze is offered." Paze is the online checkout service from Early Warning.

So far, the changes to the standalone app have been well

received by consumers, as Zelle says it has seen virtually no consumer complaints on social media about the move. In communication channels where there has been "some confusion" about the move, people are encouraging standalone app users to use Zelle through a participating bank, the network says.

In February, Zelle announced dollar volume sent over the network in 2024 totaled a record \$1 trillion, up 27% from a year earlier. A few weeks later, the Consumer Financial Protection Bureau dropped its case against the network and three of its bank owners (Bank of America, JPMorgan Chase and Wells Fargo) for what the agency claimed were failings by the defendants to protect consumers from fraud.

In response to the allegations, Zelle points out that more than 99.9% of payments over the network have had no reports of fraud or scams since its launch.

— Peter Lucas

### MONTHLY MERCHANT METRIC

## Total Gross Processing Revenue %

This is sourced from The Strawhecker Group's merchant datawarehouse of over 4M merchants in the U.S. market. The ability to understand this data is important as SMB merchants and the payments providers that serve them are key drivers of the economy.

All data is for SMB Households defined as households with less than \$5M in annual card volume.

**Metric Definitions:** (Only use definitions related to an individual month's release)

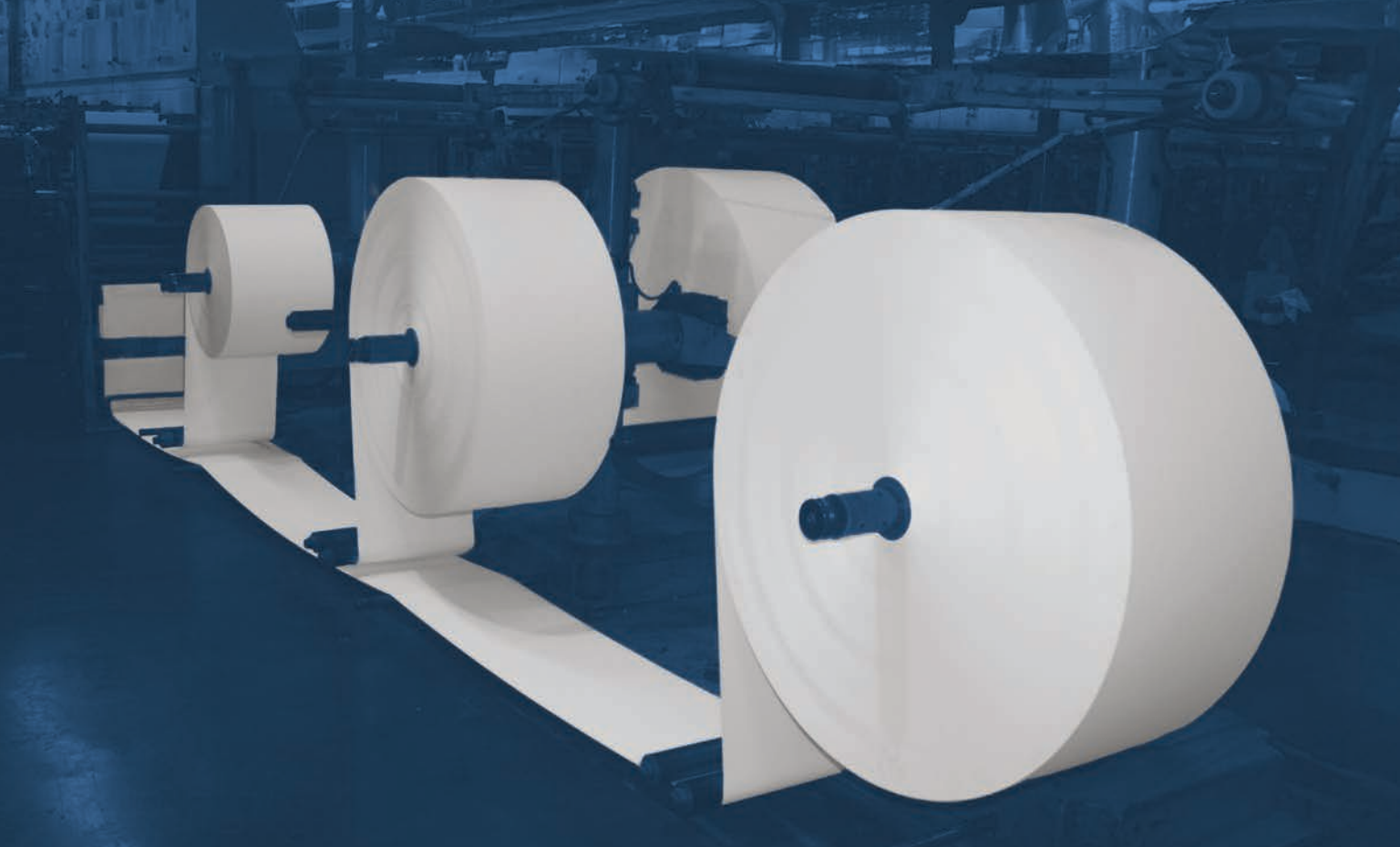
**Household** - Standalone Merchants are considered as a Household with one store and Chained outlets under a common ChainID are combined together and considered as one single Household

**Total Gross Processing Revenue %** - Sum of total discount, total transaction fee revenue and total other fee revenue divided by total volume

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Q3'23	2.848%
Q4'23	2.841%
Q1'24	2.854%
Q2'24	2.887%
Q3'24	2.920%
Q4'24	2.896%
Feb'25 (T3M)	2.894%





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# ACCOUNTING FOR THE 21ST CENTURY

**WHEN LUCA PACIOLI** SOME 500 years ago pioneered the transition from single-entry to double-entry bookkeeping, the craft of accounting was jolted into new horizons. Industrial practice became so much smoother and better organized.

We are looking today at a similar jolt emanating from the emerging technology of digital money.

Computerized accounting today keeps track of numerical values, stating account owner Alice has an amount of money, \$1,000, available for payment. When Alice pays Bob \$300, the number in that account is adjusted to \$700, while Bob's account is increased by \$300. Payment is expressed through a note that passes from Alice to Bob, initiating an adjustment to both accounts.

Bob's account now lists an amount of money, \$4,700, which includes the recent \$300 adjustment. If Bob pays Carla \$1,250, there is no indication whether or not this payment includes the \$300 that originated with Alice. Merging money into a larger account cuts off traceability.

Similarly, dividing large sums into many small payments, which in turn are redivided again and again, creates dark accounting zones. As Elon Musk has shown, accountants today have a great deal of power to route money to serve hidden agendas.

This poor accounting visibility hinges on the fact that money is

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represented in our computers as a number only. To cure this temptation to fraud and abuse, it is necessary to represent cyber money as a value attached to a cyber identity. So, in the above example, the \$1,250 Bob pays to Carla will show whether that sum contains the \$300 given to Bob by Alice. If Alice tells Bob that the money she paid him should not be paid to Carla, then this condition will be visible to anyone Carla wishes to pay with that money, and the money will be regarded as contaminated and will be refused.

Similarly for division. No matter how many times a sum of money is divided, it holds its original identity through these divisions.

Cyber identity can keep track of the history of a given sum of money—its chain of owners. Blockchain and similar technologies ensure that accounting data are kept in a large number of distributed copies, making it virtually impossible to make changes to a single central accounting book.

Think of the impact on street crime thanks to CCTV cameras in public places. Crime itself is down by one-third, and the conviction rate

doubled. Expect a similar impact on accounting abuse.

As the global economy gets more integrated, accounting becomes more complicated. The need for identity-bearing digital money increases. As long as we handle global money with digitization devoid of identity, we build a bigger temptation for large-scale fraud and abuse.

Regrettably, there are powerful forces standing in the way. Mainly, value stability and privacy. As exemplified by the most prominent digital coin, Bitcoin, value is whimsical, hardly a basis for a well-founded world trade and universal payment system. The solution to this value instability is rather simple. Non-digital money should be traded against digital-money claim checks that, when returned, claim the amount paid for them. No algorithmic balance, not very stable, but not a guaranteed stablecoin, a simple one-on-one. As to privacy, this is a challenge that has been properly resolved by cryptography to ensure the equivalent of the Fourth Amendment. Only a court order can pierce holder privacy.

The road is clear. The obstacles are not technology, not rationality. They are unfounded fear, ignorance, greed, and criminal interests. There is no shortage of well-studied digital-money solutions (BitMint is one example) waiting for inspired financial leadership. **DT**



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# LETTERS FROM THE HOUSE BETOKEN A REGULATORY STANCE

**A SERIES OF** letters from the House Financial Services Committee provides clues about how regulation may evolve in the new administration.

The Republican member of the committee sent nine letters dated March 28 and March 31 to the heads and acting heads of a variety of agencies, including banking regulators, the Consumer Financial Protection Bureau, the Securities and Exchange Commission, and the Financial Stability Oversight Counsel.

As of mid-March, we were still waiting for confirmation of a permanent comptroller of the currency, a new chairman at the Federal Deposit Insurance Corp., and a new director of the CFPB. But the letters offer recommendations for what the acting heads of the agencies should do to prepare for their successors.

The letters focus primarily on reducing regulations. A letter to Russell Vought, acting director of the CFPB, recommends putting medical debt back onto credit reports, redefining overdraft so that it is not credit, and removing the credit card fee cap, among other suggestions. It also says earned wage access products should not be classified as credit and that the payday-lending rule should be updated so it does not cover buy now, pay later products.

A letter to the Federal Reserve encourages withdrawing a proposal



BY BEN  
JACKSON

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to lower overdraft fees, citing fraud costs.

The letter to the FDIC applauded the agency for withdrawing its proposed brokered-deposits rule, which would have increased costs for fintechs. It also said the rule on record-keeping for deposits from fintechs is overly broad and suggests that the agency solicit more comments from stakeholders.

Another theme that emerges in these letters is that the Committee would like to see regulatory agencies take a more hands-off approach to banks that use distributed ledgers and hold digital assets. In a March 31 letter to the FDIC, the Federal Reserve, and the Office of the Comptroller of the Currency, the committee encourages the agencies to withdraw supervisory letters that would put restrictions and requirements on banks using these technologies.

But there are signs the committee still expects regulators to take an active role in watching the industry.

A March 28 letter to the Fed, FDIC, and OCC says the agencies' most recent update to the Community Reinvestment Act should be rescinded

or modified to reduce its complexity. Note that it does not call for getting rid of the CRA altogether, which the committee might easily have done.

Another paragraph in the same letter stands out for being different in tone. While the letters generally push for less regulation and less guidance, this letter refers to guidance issued in 2023 on managing risk in third-party relationships. Here, the letter changes tone and says that the guidance had good intentions but missed the mark:

“The emphasis on banks’ sound management of potential risks arising from their third-party relationships throughout the relationship life cycle, while logically valid, was not accompanied with clear and objective expressions by the Federal banking agencies as to what third-party risk management practices would be consistent with the agencies’ expectations. The agencies should revise the existing guidance or issue new guidance that provides greater clarity to financial institutions and their third-party vendors.”

This suggests the Committee is okay with rolling back some rules, but it still expects regulators will be busy. So don't reduce your compliance and government-relations teams.

Instead, make sure your compliance policies and procedures are up-to-date and ready for change. **DT**

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# acquiring

## HOW RESTAURANTS ARE RACING TO CONSOLIDATE THEIR TECH STACKS

After years of cobbling together disparate systems, restaurants are rethinking their technology and learning that multiple vendors may not be a good thing.

BY PETER LUCAS

**RESTAURANTS BEGAN JUMPING** into the digital revolution feet first about a decade ago. When the Covid 19 pandemic hit, that pace accelerated as restaurants scrambled to open new customer channels, such as curbside pickup, delivery, and ordering kiosks.

Tech vendors, many of them startups, were only too eager to oblige. They began offering an array of applications and hardware that could transform restaurants from a single-channel operation, in which customers ordered and paid for their meal at the table or the counter, to businesses that engage with customers in multiple ways.

Now restaurants are finding that, in their rush to build out their tech stacks, they have created a disparate collection of customer-facing, kitchen, and back-office systems that are loosely connected at best. They can't always communicate or share data with one another.

The result is what has been described as a "lot of walled gardens" that make it difficult to connect systems, says Noah Glass, chief executive and founder of Olo, a New York-based restaurant-technology provider. Now, restaurants are looking to consolidate their tech stacks to unify the flow of data across all channels and simplify tech maintenance and upgrades.

A recent study by restaurant-technology platform provider Qu Inc. found that 64% of restaurants surveyed cited technology and systems consolidation as a priority, followed by 58% saying they were targeting better online-ordering strategies, and 55% wanting improved data orchestration and analytics.

"Digitalization with restaurants increased fast during the pandemic, but now is starting to level off, which is prompting restaurants to take the time to understand what a unified tech stack means to their business," says Qu chief executive Amir Hudda.



## WATCH THAT TECH STACK

As restaurants rethink their technology strategy, an opportunity is arising for technology providers to integrate the hodge-podge of systems already in place or replace them with single platforms.

“Multiple vendors means multiple contracts with multiple sets of terms, which can lead to friction when it comes to managing the tech stack,” says Oliver Ostertag, general manager, operator cloud for PAR Technology Corp. “When businesses have multiple technology vendors, they can’t always move quickly internally. Plus, they can get better terms and economics from working with a single vendor.”

For restaurant technology vendors, capitalizing on the opportunities to deepen existing customer relationships and attract new ones by consolidating the tech stack starts with understanding what restaurants want and need in their technology.

While restaurants have always been fast-paced, low-margin businesses with relatively high employee turnover, they are increasingly feeling pressure to improve operating efficiencies in today’s economic climate. The higher cost of goods, supply-chain issues, a shortage of labor, and consumers’ evolving expectations for dining out are all factors putting more pressure on restaurants to control costs and do more with less.

“Restaurant owners and operators recognize that juggling disconnected systems creates complexity that costs them time and money,” says a spokesperson for Toast Inc. “Many restaurants feel the pressure of low margins and high competition. A consolidated solution offers

[restaurant] operators more ways to quickly reach new customers, build brand loyalty, and help generate revenue growth outside of traditional dine-in sales.”

With a consolidated tech stack, restaurants can make more informed decisions about how to run their business. For example, through an inventory-management application, managers can track best-selling items on the menu and see the cost to prepare those items based on the cost of ingredients, then determine whether the item is being appropriately priced.

## ‘SMART DATA’

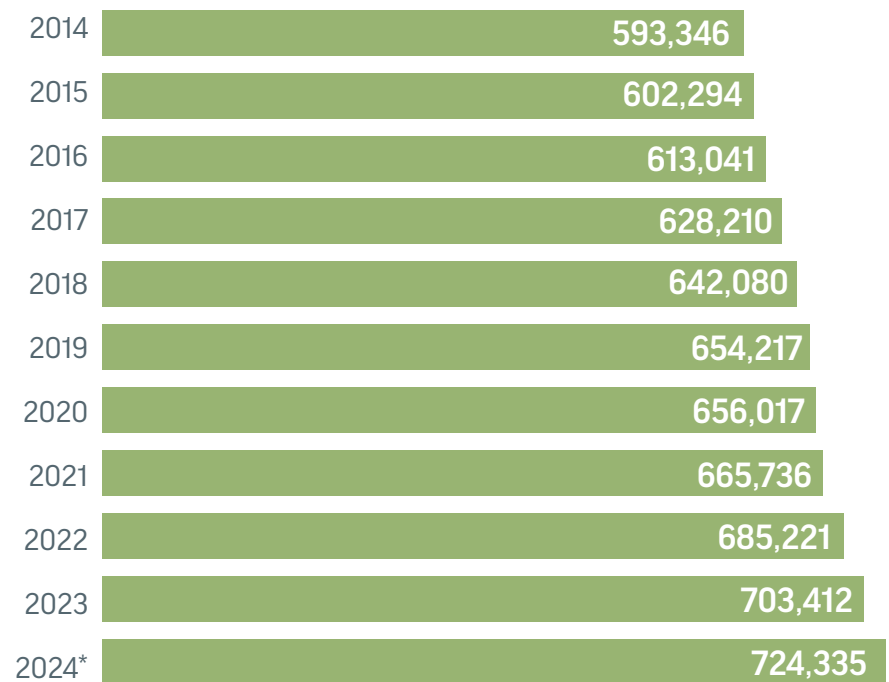
Such capabilities are just scratching the surface with respect to how tech consolidation can improve margins, sources say.

Lightspeed Commerce Inc., for example, is developing a pricing index for restaurants that will compare the cost of a menu item to the cost for the same item at a competing restaurant, using aggregate data. This information can help restaurants determine on which items they can raise prices to increase profits, such as cocktails, without turning away customers.

“Technology should help drive profits,” says Adoniram Sides, senior vice president of hospitality for Lightspeed. “By understanding how the cost of ingredients affects pricing, restaurants can see the price-cost relationship for an item and how their pricing compares relative to competitors. We see pricing apps as an exciting space.”

## RESTAURANTS GROW 22% IN 10 YEARS

(Number of establishments)



\*Through the third quarter Source: U.S. Bureau of Labor Statistics

Lightspeed's pricing app builds on similar capabilities within its platform that enable restaurants to compare their performance to that of local competitors using aggregate data. Comparisons are made based on the type of restaurant, such as fine dining, casual or quick service, and the type of cuisine each restaurant serves.

"In most cases, restaurants get this data anecdotally," Sides says. "It is not possible to get this kind of data without tech consolidation."

Another benefit of tech consolidation is uniformity of data across all applications. For example, items may be referenced one way in the app that manages orders flowing into the kitchen and differently in the inventory-management app. Items may also be referenced differently across ordering systems for different channels, such as curbside pickup, delivery, and in-restaurant orders.

"Tech consolidation can make sure that items are referenced the same way across all apps and channels, which reduces the noise in the data between systems," Hudda says.

One benefit for vendors from tech consolidation is the opportunity to use that data to make recommendations. Par Technology's PAR OPS platform, for example, provides restaurants with operational insights, such

as sending a notification when the inventory is low or certain food items are nearing their expiration date.

"Data is like oil, the value is not in the product itself, but how it is used," says Ostertag. "To us, smart data is what drive profits, not just data itself."

## INTEGRATED PAYMENTS

Another feature tech providers are seizing upon lies in improving customer-loyalty programs. Toast's platform can automatically track loyalty points earned by consumers enrolled in a restaurant's loyalty program using customers' payment information.

Every time a customer enrolled in a loyalty program makes a purchase, Toast records the payment option used so she earns her loyalty points, even if she doesn't use the same payment method for each purchase. "That streamlined experience is made possible by integrated payments," the Toast spokesperson says.

Another way restaurants can enhance customer loyalty is to use customer-specific data linked to items purchased to develop individualized offers based on a customers' dining preferences. For example, restaurants can use check-level data to develop offers for customers who repeatedly

order a specific wine or cocktail, says Pablo Rivero, chief executive for Resy and senior vice president of American Express Global Dining.

AmEx acquired reservations platform Resy in 2019 and uses it to provide AmEx Platinum cardholders exclusive reservations at some of the most popular restaurants. Resy also informs the restaurant the cardholder is a member of AmEx's Global Dining Access program.

Last year, AmEx built on its Resy foundation with the acquisition of Tock, a restaurant-reservation application, from Squarespace Inc. for \$400 million. Tock provides reservation, table-management, and event-ticketing capabilities to 7,000 restaurants, wineries, and other bookable venues.

"Resy and Tock's integration with Toast and other POS systems helps restaurants streamline operations in multiple different ways, such as automatic table statuses to help them turn tables faster, insights on sales and guest behavior for smarter menu planning decisions, and check-level data for each guest to help them deliver more personalized experiences and communications to those guests," says Rivero.

Integrating those tools with one another allows restaurants to create more meaningful connections with guests, "which is what brings them back again and again – ultimately driving more revenue to the business," Rivero adds.

Along with its acquisition of Resy, AmEx enhanced its restaurant-tech offering by acquiring Rooam, a contactless-payment platform for restaurants, bars, music venues, and arenas, for an undisclosed sum.

"We acquired Rooam to enhance



Peterson: "Every minute a restaurant spends on managing its technology is time away from managing their business."

Resy's ability to connect to a variety of platforms commonly used by restaurants, like POS systems and CRM tools, helping restaurants streamline operations," says Rivero.

## 'A FLIGHT TO SAFETY'

More effective labor management and training is another benefit of consolidated tech stacks. "A unified system makes it easier for restaurants to see who is working and when, which helps with sales to labor ratios," says Qu's Hudda. "It also makes it easier to train staff, since they are learning to work on one platform, which is key, given the churn some restaurants have in staff."

For all the benefits a restaurant can reap on the operations side from tech consolidation, the trend can be viewed as a "flight to safety" for restaurants as consolidation among restaurant-tech providers has begun to winnow the field of players, according to Olo's Glass. "Restaurants want a tech vendor they know will be there long-term," he adds.

Dealing with a single vendor also eliminates the gray areas that can occur when it comes troubleshooting issues on multiple platforms from multiple vendors. "When there are too many tech partners, it can be hard to tell where the issue originates," Glass adds. "Consolidation solves that problem."

If nothing else, consolidating the tech stack can provide restaurants with a true 360-degree view of their business through a single platform. Restaurants are finding that to be a huge plus because many lack the internal resources to properly manage their technology.

"Managing disparate systems can be a tall order for restaurants because most don't have the personnel to do it," says Thad Peterson, a strategic advisor for Datos Insights. "Every minute a restaurant spends on managing its technology is time away from managing their business and the customer experience. Consolidation gives restaurants control over their tech ecosystem." **DT**

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## THE TURNED-ON WALLET

With cards as the foundation, digital wallets are poised to capture more transaction share. Here's what that means for merchants and acquirers.

BY KEVIN WOODWARD

**DIGITAL WALLETS HAVE** been around in the U.S. market for about 10 years, yet they still may not be used by everyone for in-store and online purchases. But ignoring their use—or not anticipating their increased use—could be problematic for many.

Last year, digital wallets comprised 39% of U.S. e-commerce transaction value and 16% of transactions completed at the point of sale, according to the 2025 edition of the Worldpay Global Payments Report, now in its 10th year. By 2030, Worldpay forecasts U.S. digital wallets will account for 52% of e-commerce and 30% of point-of-sale transactions.

Preparing for this growth will take planning and preparation.

“There’s plenty of room for digital wallets to grow. With payment fraud and scams-related losses continuing to increase, digital wallets’ advanced security features, such as encryption and tokenization, safeguard user information and reduce the risk of fraud,” says Guru Sahajpal, assistant vice president of banking and financial services at Cognizant Technology Solutions Corp., a Teaneck, N.J.-based technology consulting and -outsourcing provider.

Jason Pavona, Worldpay general manager for North America, says the same. “There’s plenty of room to move,” Pavona notes. One factor for that view is that some of the arguments that might have impeded digital wallet adoption in the past, such as unfamiliarity or concerns about security, have dissipated among many consumers.

“A lot of the problems that were causing adoption issues with wallets have moved away,” he says. Wallets have gained consumer and merchant trust, and consumers became used to them as a contactless payment tool during the Covid-19 pandemic a few years ago.

“The fact is we all have a phone sitting in our hands all the time when we’re shopping, right?” Pavona says. This enables wallets to move to the right side of trust, he says.



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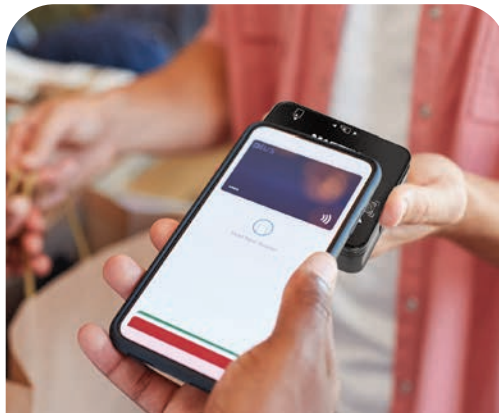
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## GROWING ADOPTION

The chief benefits of digital wallets include ease of use and the reduction of friction in the checkout, whether in-store or online.

“Digital wallets are growing in popularity because they take some of the friction out of point-of-sale and online payments. This is particularly helpful for in-app and mobile Web purchases, where a face scan or fingerprint is much simpler than entering card details on a tiny keyboard,” says Seth Perlman, global head of product at i2c Inc., a Redwood City, Calif.-based payments provider.

“For merchants,” Perlman continues, “digital wallets can remove obstacles that increase the risk of consumers abandoning an online shopping cart or having to walk away from the checkout lane because they left their card at home. Every transaction that doesn’t happen is a lost sale for the merchant, and digital wallets help avoid those lost sales.”

Other data points, too, show growth in digital-wallet use. “Consumer adoption of digital wallets is growing, albeit more slowly than one might expect,” says Sean Gelles, senior director of payments intelligence at J.D. Power. “J.D. Power consumer payments data shows significant growth in consumer adoption of digital wallets, increasing by 4 percentage points from Q4 2023 to Q4 2024, from 48% to 52%.”

“At J.D. Power,” Gelles adds, “we believe this growth can and will continue, provided the industry takes action to overcome obstacles related to consumer awareness of the benefits of digital-wallet technology.”

Merchant preparation for digital-wallet acceptance in store was greatly aided by the EMV conversion, in which merchants were equipped with NFC-capable point-of-sale terminals. These devices are a favored wireless-connection utility for wallets such as Apple Pay, Google Pay, and Samsung Pay.

Ten years ago, these devices were primarily intended to enable contactless card acceptance. But mobile payments made with NFC-enabled digital wallets bloomed along with contactless cards during the Covid-19 pandemic.

## A POWERFUL SIGNAL

Digital wallets should now be on the list of a merchant’s accepted payments methods, says Don Apgar, director of merchant payments at Javelin Strategy & Research. “In the retail environment, tap-and-go is the same whether it’s with a wallet or a card,” Apgar tells *Digital Transactions*.

The more challenging scenario, he adds, is online acceptance. “The key is the online stuff. You have to unlock your digital wallet to pay with it,” he says.

Reducing the friction in using a digital wallet online isn’t necessarily the burden of the wallet provider, suggests Adam Gray, chief transformation officer at Stax Payments Inc., an Orlando, Fla.-based payments provider.

“The friction isn’t in the tech. It’s in the experience,” Gray says. “A significant blocker is uncertainty: if consumers have to ask, ‘Do you accept this?’ they’re likely to revert to a physical card, he adds.

Consumer education about digital wallets is critical. Many consumers don’t realize how secure digital wallets are, observers say. Merchants and providers must communicate the benefits of biometric security, limited data exposure, and fraud protection. This will help consumers shop with digital wallets with ease and confidence, they say.

That assertion is echoed by Gelles. “While users of digital wallets cite security as the third-most-important reason for using them, following speed and ease of use, those who don’t use digital wallets cite security concerns as the primary reason for not using them,” he says.

“This,” he continues, “should serve as a powerful signal to digital-wallet providers to actively promote the security benefits of digital wallets, stressing how they protect consumer account information and provide added security against fraud.”

Other factors, such as the nonpayment uses of a digital wallet, also may encourage digital wallet use. “There are nonpayment uses that need to come on to give people a reason who haven’t adopted to adopt,” says Christopher Miller, Javelin lead analyst, emerging payments.



Gray: “The friction isn’t in the tech. It’s in the experience.”



## Pavona: “We’ve come a long way from people thinking of wallets as being an anonymous transaction.”

That reason could be more states offering digital-wallet provisioning of driver’s licenses or wallets providing more visibility into the user’s full financial holdings, something general-purpose digital wallets do a meager job of now. Though, many Discover cardholders can view transaction and balance information in Apple Wallet now thanks to recent API access Apple has enabled, as has Google Pay.

### A HIGH BAR

Several primary factors, however, will aid digital-wallet adoption, says Adam Neiberg, global banking senior marketing manager at SAS, a Cary, N.C.-based data advisory firm. They are ubiquity, trust and security, education and ease of use.

“Widespread digital-wallet adoption requires infrastructure that allows consumers to use their digital wallets everywhere, without worry. Digital-wallet ubiquity is a prerequisite for the seamlessness and convenience consumers expect,” Neiberg says.

On trust and security, digital wallets benefit from tokenization, he says. “When a customer swipes their digital wallet at checkout, the actual card number is never shared with the merchant. By comparison, with physical credit cards, customers are susceptible to risks like card skimming, stolen card numbers, and hacked merchant systems.”

Convenience, the third factor, is not just about an easy-to-use wallet but rather about banks pushing to get their cards into the digital top-of-wallet space.

“Banks must ask themselves, what are we doing to onboard customers and make it easy for them to enable our card[s] in their digital wallets? From better processes to promotions, banks must consider what will make the switch worthwhile for their clients,” Neiberg says.

Banks, too, have a role to play. “Not only can banks make inroads with digital wallets—they absolutely should, and in many ways, they’re in a prime position to lead in this space,” says Jeff Hallenbeck, head of payments at Forter, a New York City-based digital-commerce trust platform.

“For one,” he continues, “banks already have a massive customer portfolio that they can tap into, including rich customer data, history, and, typically, a variety of payment methods.” These, he says, include checking, savings, and credit and debit cards.

“Where banks have struggled, though, is on the user experience,” he goes on. “Consumers have come to expect digital wallets that feel fluid, modern, and built for mobile, so the bar banks need to meet in order to gain user adoption is quite high.”

### A CHANGED GAME

Bank and fintech competition for digital-wallet status likely will heat up, especially as incentives are offered and more consumers adopt the technology.

Worldpay, in its report, forecasts that U.S. digital-wallet spending will grow at an 11% compound annual growth rate for e-commerce and at 14% for POS transactions from 2024 to 2030.

As Pavona says, “We’ve come a long way from people thinking of wallets as being an anonymous transaction...I think now we’ve gotten to a point where the ease of use and the efficiency of them has changed the game and that will continue to drive that growth.” DT



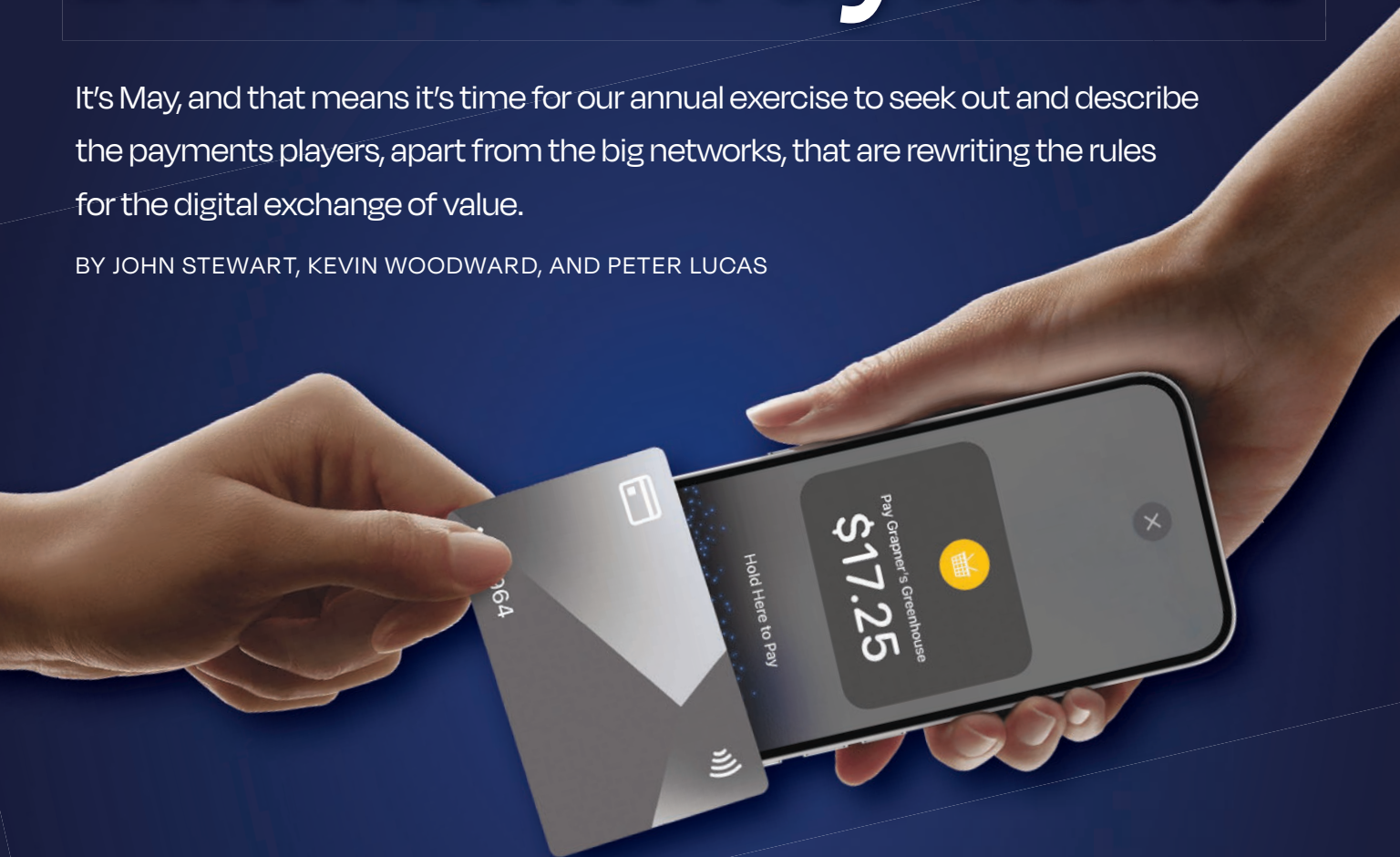
## Sahajpal: “There’s plenty of room for digital wallets to grow.”

17th ANNUAL

# Field Guide to Innovative Payments

It's May, and that means it's time for our annual exercise to seek out and describe the payments players, apart from the big networks, that are rewriting the rules for the digital exchange of value.

BY JOHN STEWART, KEVIN WOODWARD, AND PETER LUCAS



Since 2004, *Digital Transactions* has traced the course of payments innovation through its nimblest practitioners—the startups, the fintechs, the smaller networks, the nonbank arrivistes—and their services and products, their strategies and tactics, their successes and pratfalls. In 2009, we distilled what we were learning about these innovators into a handy guide inside the May issue, and called it a “field guide” to what were then known, somewhat cheekily, as alternative payments.

Well, the guide worked out so well we decided to update it every May. And so you now hold in your

hands the 17th edition. A few years ago, we dropped the “alternative payments” rubric and renamed our effort as a guide to innovative payments. We think the new adjective better fits our purpose in sorting out the varied new pathways the nonbanks, and yes, banks and major networks, are forging for the payments business.

The guide is as much about strategies and tactics as it is about emerging technology and new markets. We invite you to read this guide much as you have since 2009, with an eye to how it might inform your decisions, sharpen your competitive instincts, and

bring to light, perhaps, some developments you had not encountered before—as well as spotlight some potential partners.

*Digital Transactions* generally defines an innovative payment system as any network or consumer interface (a mobile app, for example) that enables payments in a way that relies on or stands apart from a major network and/or stands between that network and the consumer in an important way. We emphasize consumer-facing payment systems, but of course many, if not most,

of the systems profiled here market themselves to merchants to maximize acceptance of their products.

Information for the listings comes from news reports over the past year, company Web sites and spokespersons, and financial filings in a few cases. We mention pricing for the merchant and consumer when it is relevant and publicly available. The “Year Founded” line refers to the year *the particular service* was founded, not the parent company, except in those cases where the two coincide.

## ACCELERATED CHECKOUT

**FIELD NOTES:** Friction, friction, friction. Just once, it’s annoying, but repeated, friction is a blockade and it’s a huge issue for online retailers and consumers, especially as mobile devices are preferred by many. To that end, it’s taken on new importance as PayPal launched its Fastlane checkout service that allows shoppers to complete a purchase in one click. E-commerce platforms Bold Commerce and Adyen added support for Fastlane as did processor Fiserv. Paze, the digital wallet and checkout service from Early Warning Services, was on track for 150 million enrolled cards towards the end of 2024, its stated

objective at launch in 2023. Bank of America and U.S. Bank are among the most recent Paze backers to complete Paze enrollment, with retailer GNC onboard as an acceptor. Paze lists 29 merchants in its online directory. Card brands, too, are paying attention to checkout friction. “Complications don’t work for them,” Bill Dobbins, head of acquiring and enablement at Visa Inc., said at a 2024 conference. The explosive growth in digital wallets is evidence of that. “Whether it’s Google or Venmo, or most recently the bank-led introduction of Paze into the market, growth was explosive.”

## ACCOUNT TO ACCOUNT PAYMENTS

**FIELD NOTES:** When it comes to what makes a payment option attractive to consumers and merchants, account-to-account payments have the key ingredients: real-time transfer of funds, convenience, and a lower cost of acceptance than credit cards. Given those characteristics, it’s not surprising that account-to-account (often abbreviated as A2A) payments are rapidly growing across the payment-industry landscape. A2A payment volume is expected to grow 19% annually to more than \$200 billion in 2027, when it will represent about a 5% share of digital commerce in the United States, according to management-consulting firm McKinsey &

Co. Visa took a big step in A2A payments in Europe when it announced a system called Visa A2A, starting in the United Kingdom, to enable consumers to pay bills directly from bank accounts. As part of its A2A service, Visa will offer a formal dispute-resolution process that provides U.K. consumers with a way to check transactions. In addition, the use of new authentication technologies, such as biometrics, could help reduce unauthorized transactions. A 2024 Fiserv Inc. survey found that 32% of respondents make use of account-to-account payments for transactions such as bill payments.

## APPLE PAY

**PARENT:** Apple Inc.

**HEADQUARTERS:** Cupertino, CA

**FOUNDED:** 2014

**WEB:** [apple.com/apple-pay](https://apple.com/apple-pay)

**FIELD NOTES:** Apple Inc. marked the 10th anniversary of the introduction of Apple Pay in October and said the payments service is now supported by more than 11,000 banks and networks globally and has attracted “hundreds of millions” of users in 78 markets around the world. Apple Pay also was instrumental in the development of network tokenization. With a need to mask actual card numbers in the mobile wallet, Apple worked closely with the card brands on network tokenization. In 2024, Apple Pay ended its proprietary buy now, pay later service, having launched Apple Pay Later

in 2023, in favor of third-party providers like Affirm Inc. and Klarna AB. Apple has self-funded Apple Pay Later through its Apple Financing LLC subsidiary. Apple also added Tap to Cash to the roster of payment options via the Wallet app, which enables two iPhone users to send funds to one another when each phone is held next to the other. It also works with Apple Watches. Digital wallets, like Apple Pay, are forecasted to have 30% of the point-of-sale payment share by 2030, the Worldpay Global Payments Report 2025, predicts, up from 16% in 2024.

# BLOCKCHAIN

**FOUNDED:** 2010

**FIELD NOTES:** Cryptocurrencies like Bitcoin and Ethereum may get a lot of attention, but the backbone of digital currencies—the blockchain, or distributed ledger—is garnering its share of notice. Two U.S. banks recently made the first tokenization via blockchain of U.S. dollar demand deposits held at a bank, with the resulting transfer and redemption of stablecoins for a customer. MoneyGram International Inc. also added support for cash-in transactions from local fiat currencies to USD in partnership with OwlTing Group, a blockchain-technology company. And processor Nuvei Corp. launched a blockchain-based payment service for merchants in Latin America. Blockchain may also benefit from a

U.S. government initiative to foster more cryptocurrency transactions. A Florida-based car dealer recently added crypto acceptance via BitPay Inc. Mastercard Inc. says blockchain-technology firm Ondo Finance is among the latest to join the Mastercard Multi Token Network. The blockchain also garnered attention as notable entities such as PayPal Holdings Inc. added its stablecoin, PYUSD, for Xoom users, and processor Stripe Inc. re-enabled crypto acceptance for merchants, having stopped in 2018. Stripe merchants can accept the stablecoin USD Coin on the Ethereum, Solana and Polygon blockchains and Pax Dollar on Ethereum and Solana.

# BNPL

**FIELD NOTES:** Buy now, pay later services bloomed during the Covid-19 pandemic and now have become an entrenched payment option, but the installment payment option is not unchanging. In fact, its future may be full of changes if a survey from J.D. Power that shows Generations Y and Z, Millennials and those born between 1997 and 2013, favor BNPL more than other generations. Today, BNPL is forecasted to reach \$111.2 billion in global volume by 2029. It's a hotly competitive payments method. Affirm Holdings Inc. is notable because Walmart Inc. dropped it as its BNPL provider, replacing it with rival Klarna AB. While a sting, the loss was unlikely to significantly

harm Affirm, an equities analyst said. Affirm has a win with Shopify Inc. expanding the installment payment option into Canada via the Ship Pay Installments program that is managed by Affirm. Sezzle Inc.'s consumer education program, MoneyIQ, has been successful with users completing an average of 11 modules. And funding of BNPL payments has been an issue with Zip Co. Ltd. halting enrollment of credit cards as funding source and JPMorgan Chase forbidding its credit cards to be used BNPL services. Apple Inc. also shuttered its Apple Pay Later service in 2024 in favor of third-party providers, having launched in 2023.

# CASH APP

**PARENT:** Block Inc.

**HEADQUARTERS:** San Francisco, CA

**FOUNDED:** 2013

**WEB:** Cash.app

**FIELD NOTES:** Cash App is a darling of parent Block Inc., and apparently, many users. Block says it was Cash App to be the “top provider of banking services in the United States that earn up to \$150,000 per year.” To get there, Block is making Cash App, which launched in 2013 as a peer-to-peer payment app, a central part of its plans, along with loans and Afterpay, the BNPL provider it acquired in 2021, to convince consumers to use Block's services. Block says as of December, Cash App had 57 million users in the United States generating an average of \$1,255 of inflow revenue in the fourth quarter. In March, Block received Federal Deposit Insurance Corp.

approval to make consumer loans through its Cash App Borrow feature. Block has positioned Cash App Borrow as an alternative to other short-term borrowing options for consumers, such as payday loans. As of Dec. 31, the average Cash App Borrow loan was less than \$100 and was repaid in a month, Block says. It's not all stellar for Cash App, though. The New York Department of Financial Services in April fined Block \$40 million for what the agency labeled as “significant failures” of its Bank Secrecy Act/Anti-Money Laundering compliance program. Block did not admit to any wrongdoing, but said it was glad to put the matter behind it.

# CLOVER

**PARENT:** Fiserv Inc.

**HEADQUARTERS:** Milwaukee, WI

**FOUNDED:** 2012

**WEB:** Clover.com

**FIELD NOTES:** Almost 12 years after First Data, now Fiserv Inc., acquired point-of-sale system maker Clover, Fiserv continues to reap benefits of the popular POS system. Having established a solid base of merchant customers in the United States, Clover launched in Australia in March, bringing the total number of countries where it's available to 11. Selling Clover has been a boon for processor Paysafe. “We're doing really well selling Clover,” Bruce Lowthers, Paysafe chief executive said in March, estimating the technology has helped drive sales in the small-business channel by a “low teen” percentage year-over-year. Merchant services firm SurgePay also enlisted Clover for an integration with its ClearLine marketing platform.

That service enable small and mid-size merchants to display marketing and customer-engagement messages at the point of sale. They can use it for targeted offers, social media interaction, and feedback through Clover POS terminals. In October, Clover a couple of new devices and more functions across restaurants, service businesses, and retailers. It also added employee management, payroll, customer loyalty programs, and gift card integrations as well as new financial services products like cash discounting, cash advances, and instant and same-day transfers. Clover also was one of the top three POS systems for small businesses in the first-ever 2025 Small-Business Point-of-Sale System Scorecard from advisory firm Javelin Strategy & Research.

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## EMBEDDED FINANCE

**FIELD NOTES:** Marrying financial services with unrelated applications for business, or embedded finance, is among the latest tools payments providers have wielded to encourage merchant stickiness while creating more revenue generation. It's a trend that is solidly part of today's merchant services product mix. Among the recent of these is Shopify Finance, a service from Shopify Inc., the e-commerce and point-of-sale platform. Shopify Finance is a unified tool for various financial services, such as its credit card, working capital funding, bill payments, and tax assistance. In related news, processor Fiserv Inc. announced in 2024 it would

build financial services into a digital platform for drivers affiliated with DoorDash, the delivery service. Dubbed the DoorDash Crimson Program, it offers drivers access to a debit card and rewards program. Embedded finance is top of mind even for large payments companies affiliated with banks. "When I think about payments, it's about how do I get it as fast as I can," Ron Karpovich, J.P. Morgan Payments managing director, head of client solutioning for embedded finance and solutions, told *Digital Transactions*. "To me, embedded finance is how do I get them a stored value that is valuable to [merchants]."

## JP MORGAN UNIFIED COMMERCE

**PARENT:** JPMorgan Chase & Co.

**HEADQUARTERS:** New York, NY

**FOUNDED:** 2014

**WEB:** [JPMorgan.com/payments](https://www.jpmorgan.com/payments)

**FIELD NOTES:** J.P. Morgan Payments offers a digital wallet, payment acceptance, a payment gateway, and yet other services. But perhaps its most ambitious product is a unified commerce platform that offers in-store, online, and mobile-checkout capabilities. For merchants, the platform offers a single access point to view consumer-transaction and marketing data. This differs from the more familiar omnichannel commerce experience, which connects multiple channels through multiple pieces of software. Instead, unified commerce enables merchants to sync their online store with in-person sales. That, according to JPMorgan, makes it easier for

merchants to keep track of what's happening across all sales channels in real time. Consumers are said to benefit from the technology by having the ability to engage across multiple channels while shopping, powered by a single platform and while getting a consistent shopping experience, regardless of channel. With unified commerce, according to JPMorgan, merchants can simplify payment-related business processes and offer consumers the option to use their preferred payment method. As a result, merchants can conduct business while allowing consumers to transact however they please, J.P. Morgan says.

## GENERATIVE AI

**FIELD NOTES:** A car needs gas (or electricity) to run, and likewise artificial intelligence software requires fuel—in other words, data. Much of that data must come from consumers, and they have decidedly mixed feelings about sharing it. They see some value in giving up personal data if they get a customized shopping experience, according to a survey by Bain & Co., but they expect the machine to work for them in return—to help make purchasing decisions, for example, and to assist with finding products

they're seeking. But many shoppers won't use gen AI in any case, with some expressing distrust of the technology and others simply saying they don't need it. What would help, experts say, is clear policies on data use and protection, along with transparency about how the technology works and how it uses data. So is gen AI friend or foe? As this technology wins increasing adoption in the payments industry, much will depend on how well the industry keeps it in its lane.

## GOOGLE WALLET

**PARENT:** Google

**HEADQUARTERS:** Mountain View, CA

**FOUNDED:** 2022

**WEB:** [wallet.google](https://wallet.google)

**FIELD NOTES:** Google Wallet succeeded Google Pay in 2024, and these days Google appears determined to make the app successful in a world full of digital wallets. That effort includes functions not strictly related to payments, such as updates on the status of that train you're waiting for, storage of passes for kids (with parental consent), and, possibly, the ability to show an ID or even a passport. Indeed, since it took over from Google Pay, the wallet has been adding new features at a fast clip. One of the latest is

automatic updates of stored loyalty cards. It's all quite a turnaround for Wallet, which operated as a standalone app until 2018, when it was merged with Android Pay to form Google Pay. It re-emerged in 2022 as a wallet to store digital cards and passes, only to end up as the surviving wallet product for Google last year. Its U.S. user count swelled 5.1% in 2024 to 48.6 million, according to data firm Oberlo, but it still lags well behind such apps as Venmo and Zelle, which are chiefly person-to-person payment apps.

## NETWORK TOKENIZATION

**FIELD NOTES:** Network tokenization has been exploding in recent years. In 2024, Visa inc. processed 12.6 billion network tokens, a 40% increase from the previous year, and up from 1 billion token in 2020. Mastercard Inc. which debuted tokenization in 2014, processes 1 billion network tokens a week. Separate from the tokens used by acquirers to help with PCI Security Standards Council compliance, network tokenization helps mitigate the risks of providing sensitive card details. The technology does so by providing additional controls that limit the risk typically associated with compromised, authorized, or fraudulent use of primary account numbers

both in-store and online. As a result, network tokenization has enabled mobile wallets such as Apple Pay and Google Pay to thrive and made it easier for consumers and merchants to manage subscription payments and card-on-file payments. In e-commerce, tokens better secure transactions and help reduce the risk for merchants while boosting their conversion rates. To help make the technology more attractive to merchants, which view the technology as another way for the networks to levy transaction fees, Visa announced in 2022 a 10-basis-point reduction in interchange for card-not-present transactions using a network token.

## OPEN BANKING

**FIELD NOTES:** Open banking was thrust into the limelight in January when the Consumer Financial Protection Bureau declared that standards for the data-sharing practice would be developed under the aegis of the Financial Data Exchange Inc. Any final rule is expected to require financial institutions, credit card issuers, and other financial-services platforms to share

data at a consumer's direction with other companies that offer competing products. FDX, a standard-setting body, had already developed its own code for financial data sharing when it took on its new role for open banking. The CFPB had already released in October a finalized personal financial-data rights rule intended to govern the sharing of this information.

## PAYMENT ORCHESTRATION

**FIELD NOTES:** In a nutshell, payment orchestration is the management of diverse payment methods, processors, and networks within a single platform in a way that delivers smooth payments processing for businesses worldwide. With the profusion of currencies, networks, and processors, that's a tall order, but it's also a lucrative trade for those who can make it work. Merchants benefit from a single point of contact for any payment,

without the need for multiple integrations. Processors can profit from adding payment types while heeding regulations and keeping a lid on fraud. The challenge now for providers is that the market is getting crowded, leading experts to advise players in the market to differentiate themselves by focusing on smooth checkouts, risk management, and cloud-native platforms.

## PAY BY BANK

**FIELD NOTES:** The latest example in pay-by-bank emerged in April with Pay with Spire Inc., which said its platform lets merchants accept pay-by-bank transactions without the need for integrations and at lower costs than credit or even debit cards. The service is already in use at 55,000 merchant locations, according to Spire, which says it is now working with Discover Network to enable automated clearing house transactions.

Also known as account-to-account payments, pay-by-bank allows users to initiate transactions directly from their bank accounts, bypassing the usual networks while offering benefits. The service typically uses networks such as the automated clearing house network, the Federal Reserve's FedNow system, or the RTP Network, a system owned by many of the nation's biggest banks.

## PAYPAL

**PARENT:** PayPal Holdings Inc.

**HEADQUARTERS:** San Jose CA

**FOUNDED:** 1998

**WEB:** PayPal.com

**FIELD NOTES:** PayPal took on new energy last year under a new chief executive, Alex Chriss, who arrived with big ambitions and a determination to wake up what he regarded a sleepy giant. Chriss immediately focused on PayPal's checkout technology and on transforming the company into what is more a commerce platform than simply a payments company. Indeed, early this year the company said it is building a commerce API that will

let merchants identify customers, inform merchants what customers are looking for, enable discounts, and speed checkout through a loyalty card that materializes in the shoppers' digital wallet. The new initiative includes a link to Verifone, a point-of-sale terminal maker, whose devices will undergird PayPal's strategy to move further beyond e-commerce and into physical stores.

## REAL-TIME PAYMENTS

**FIELD NOTES:** In the world of instant payments, all eyes have been on the Federal Reserve, which in the summer of 2023 launched FedNow, a payments network that now claims more than 1,000 participating financial institutions, up from just 35 at the launch. But the Fed has competition from fintechs and from The Clearing House Payments Co., which in 2017 started up its Real Time Payments Network. In February,

RTP processed its biggest payment yet, a \$10-million transaction. The payment came after the network raised its per-transaction cap tenfold the day before. TCH is owned by 20 of the largest banks in the country. Now that both systems are proven, the U.S. market is looking more than ever at the advantages and use cases of instant payments for both commercial and consumer scenarios.

## SECURE REMOTE COMMERCE

**PARENT:** American Express, Discover, Mastercard, Visa

**FOUNDED:** 2019

**WEB:** EMVCo.com

**FIELD NOTES:** Secure remote commerce, better known as click-to-pay, is a standardized system that provides a secure and streamlined online checkout experience for consumers by enabling purchases with a single click, thereby eliminating the need to manually enter credit card information. The goal is to allow a consumer to use a preferred payment card online with the same confidence she feels when using the same card in a physical store. The payment method has become so popular, MasterCard announced in March it is working with banks, fintechs, merchants, and other partners to phase out manual card entry for e-commerce in all markets by 2030 in favor

of a one-click experience compatible with any ecommerce platform. Mastercard plans to combine its click-to-pay app with tokenization and biometric authentication to phase out manual card entry and static passwords. To help make it easier for merchants to embed click-to-pay, Mastercard is enabling its bank partners to make click-to-pay a default card feature through cardholder auto-enablement. According to Visa, click-to-pay helps boost authorization rates 4.3%. Global payments provider Adyen, which uses Visa's click-to-pay solution, is seeing a 4% lift in authorizations, compared to traditional guest checkout.

## SOCIAL MEDIA PAYMENTS

**FIELD NOTES:** The growing popularity of social media payments can be attributed to enabling consumers to make purchases or send money within the social media platform they are using, rather than switching to another app. Another popular feature is the ability for users to share purchase information and recommendations, which can lead to word-of-mouth marketing that can influence purchase decisions within the users' social network community. Payment is initiated by linking a payment method, such as a card, bank or PayPal account, to the social media account. In January, X (formerly Twitter), announced it is partnering with Visa Inc. to offer real-time

payments on the social media platform. The move brings X one step closer to executive chairman Elon Musk's vision of creating an "everything app." Payments will be facilitated by Visa Direct, Visa's instant money transferring service. In February, payment processor Moov Financial Inc. announced it will process payments for the Truth Social platform and Truth+ video streaming service, both owned by Trump Media and Technology Group Corp. The deal is expected to help Trump Media monetize aspects of its platform and offer subscription services on Truth+, which are planned to launch later this year.

## STRIPE

**PARENT:** Stripe, Inc.

**HEADQUARTERS:** San Francisco, CA & Dublin, Ireland

**FOUNDED:** 2010

**WEB:** stripe.com

**FIELD NOTES:** Fintechs are constantly innovating and Stripe Inc. is no exception. Known primarily for its payment processing software, Stripe recently applied for a Master Acquiring Limited Payment Bank charter in the United States. If approved, the charter will give Stripe the ability to process transactions through the Visa and Mastercard without a sponsor bank. Stripe has direct member relationships with networks in other countries, such as the United Kingdom. Applying for the MALPB charter enables Stripe to offer a "broader range of options to support" its users and "complements" the work it does directly with

banking partners across the U.S., Stripe tells Digital Transactions. Other ways Stripe keeps innovating include its partnership with Spade, a provider of real-time merchant intelligence for card issuers, to enable issuers on the Stripe platform with data to verify a merchant's identity during the authorization process. Issuers can use the data to improve authorization rates, reduce chargebacks, prevent fraud, and gain insights into cardholder spending patterns. Stripe had payment volume of \$1.4 trillion in 2024, up 38% from the prior year, and is used by half of the Fortune 100, including PepsiCo, NewsCorp, and Comcast.

## TAP TO PAY (iPhone and Android)

**FIELD NOTES:** After being slow to gain traction in the United States after its introduction in the early 2000s, Tap to Pay is well on its way to becoming ubiquitous. A key driver of the technology's adoption by merchants is its ability to streamline paying at the point of sale for consumers, while helping merchants modernize their POS technology, processors say. Delta Air Lines Inc. has adopted Tap to Pay on iPhone for its U.S. flights. The move, made in conjunction with processor Elavon Inc., has reduced friction for in-flight purchases. Delta flight attendants are now equipped with iPhones fitted with a payment-acceptance app, instead of dedicated point-of-sale devices. Earlier

this year, processor NMI announced a tap-to-pay feature driven by Mastercard Inc.'s Cloud Commerce app for Android smart phones or tablets. The service will enable small merchants using those devices to accept electronic payments without adding new hardware. The technology has even found its way into the crypto currency market. Digital payments provider Flexa Inc. has introduced tap-to-pay for cryptocurrency transactions by enabling blockchain payments via NFC-enabled hardware wallets without a mobile phone or internet connection. The contactless-payment method enhances digital-asset usability, Flexa says.

## VENMO

**PARENT:** PayPal Holdings, Inc.

**HEADQUARTERS:** San Francisco, CA

**FOUNDED:** 2009

**WEB:** venmo.com

**FIELD NOTES:** Given Venmo's status as the granddaddy of peer-to-peer payment networks, it's no surprise parent PayPal Inc. is positioning it as the go-to money movement app. At its investor day earlier this year, PayPal outlined plans to grow Venmo's revenue to more than \$2 billion by 2027. Key to achieving that goal will be attracting customers ages 18 to 29 with mid-to-high incomes that may be new to managing money and want to build financial independence, the company said. During the fourth quarter of 2024 Venmo handled \$75.6 billion in transaction volume or 17% of PayPal's total volume.

PayPal chief executive chief Alex Chriss told investors in February that PayPal is committed to "growing active customers" for Venmo and will continue innovate around the P2P service. One such innovation, announced in January, is a partnership with JetBlue Airways Corp. to accept Venmo for online bookings. Venmo is available on JetBlue.com and is scheduled to roll out later this year on JetBlue's mobile app. Venmo also got a boost from EBay Inc. last June when the online marketplace announced its was adding Venmo as a payment option after dropping American Express.

## VISA+

**PARENT:** Visa Inc.

**HEADQUARTERS:** San Francisco, CA

**FOUNDED:** 2023

**FIELD NOTES:** Launched in 2023 to help individuals move money between peer-to-peer payment apps, Visa+ immediately signed PayPal and Venmo. The two P2P platforms use Visa+ to enable their respective customers to move money between one another. Part of the appeal of Visa+ is that users don't need a Visa card to move money. Instead, users set up a personalized payment address linked to their P2P account. To send money, users submit the recipient's payname listed in their digital wallet. Registered recipient accounts are issued a receive-only Visa token. To broaden the use cases for Visa+, such as business-to-consumer, gig worker, creator, and marketplace payouts, several

technology providers have integrated Visa+ into their platforms. The first wave of partners includes DailyPay, an earned wage access platform provider, i2c, a two-wire serial communication protocol that connects integrated circuits for exchanging data, TabaPay, a processor that enables instant payments for fintech, and Western Union, have integrated Visa+ into their platforms. Other payment technology providers to implement Visa+ include Astra, Brightwell, Cross River Bank, and Fiserv, Inc. In April, earned wage access provider Payactiv Inc. launched Visa+ to enable real-time earned wage payments to Venmo and PayPal.

## ZELLE

**PARENT:** Early Warning Services LLC

**HEADQUARTERS:** Scottsdale, AZ

**FOUNDED:** 2011 (as ClearXchange)

**WEB:** ZellePay.com

**FIELD NOTES:** It's been an eventful six months for Zelle. Weeks after announcing record dollar volume of \$1 trillion in 2024, up 27% from a year earlier, the Consumer Financial Protection Bureau dropped its lawsuit alleging Zelle failed to protect users from fraud. Bank of America, JPMorgan Chase, and Wells Fargo, three of the seven bank owners of parent Early Warning, were also named as defendants. A short time later, Zelle had to clear up misperceptions around its decision to no longer allow users of its standalone app to enroll in Zelle or transact, effective April 1. Zelle announced the move in October

2024 and followed up with in-app messages to users. Some media outlets misconstrued Zelle's messaging to mean Zelle users could no longer transact over the network, when in actuality they could do so through the Zelle app on their financial institution's website or mobile app. Zelle responded by emphatically stating its service was "not going anywhere." About 2% of total transactions were conducted through the standalone app. Zelle also used the opportunity to state more than 99.9% of payments have had no reports of fraud or scams since its launch.

No longer just  
a nice-to-have

# endpoint

## MAKING PAYMENTS DATA PAY OFF

Getting the most out of the data exhaust depends on an idea called analytics-as-a-service.

BY CHAD MELEY

Chad Meley is senior vice president, developer relations, for StarTree.



**IN THE FAST-MOVING** world of fintech, every swipe, tap, and online checkout generates more than just a payment. It generates data. And in today's digital economy, that data exhaust is becoming one of the most valuable assets a fintech platform can offer its merchants.

As consumer expectations continue to shift toward immediacy, personalization, and transparency, fintechs are recognizing that real-time analytics can no longer be just a nice-to-have. Instead, it is fast becoming a core differentiator and revenue driver, not just for the platform itself, but for the millions of merchants and developers building on top of it.

The volume and velocity of transaction data processed on modern payment platforms is staggering. Embedded within that data are insights waiting to be unlocked: purchasing behaviors, regional trends, risk indicators, and operational inefficiencies.

Yet, historically, merchants have had limited ability to access and interpret this data. Some have resorted to building their own custom reporting systems, often requiring significant engineering investment and continuous maintenance. Others rely on manual processes or delayed batch reports that arrive too late to be actionable.

This is where the analytics-as-a-service model comes in.

### INSIGHTS-AS-A-SERVICE

Leading fintech platforms are now

providing analytics layers directly within their ecosystems, giving clients real-time visibility into their transaction and payment flows. These insights are made accessible via easy-to-use dashboards and APIs, allowing merchants to generate custom reports, query financial data, and embed intelligence directly into their workflows.

For sectors like e-commerce and software-as-a-service, where business models depend on rapid iteration and real-time feedback, the ability to interact with live data can mean the difference between scaling profitably or getting stuck in reactive mode.

The practical applications of this model span a wide range of use cases:

The practical applications of this model span a wide range of use cases:

- Finance teams can automate reconciliation and month-end reporting with up-to-the-minute data, eliminating manual effort and reducing errors;
- Growth and marketing teams can monitor purchasing patterns and payment funnel drop-offs in real time, adjusting campaigns on the fly;
- Operations teams can detect anomalies, failed transactions, or unusual customer behavior and take immediate corrective action;
- Product managers can explore user-level data to inform feature prioritization and pricing strategies.

With these capabilities baked directly into their payments platforms,



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merchants are not only saving time but also unlocking strategic insights that would be prohibitively difficult to generate on their own.

## ANALYTICS-AS-A-SERVICE

Here are a couple of examples of what I'm talking about.

Stripe's merchant analytics-as-a-service offering empowers businesses to gain real-time insights from their payment data. By providing intuitive dashboards and a flexible interface, Stripe enables merchants to monitor key metrics instantly and at scale.

Stripe's merchant-analytics platform delivers sub-second query performance across billions of transactions, helping its customers make faster, data-driven decisions. This continuous intelligence has become a strategic asset for both merchants and Stripe itself.

Razorpay, a leading payments platform in India, is bringing the vision of merchant analytics-as-a-service to life by delivering real-time visibility into payment success rates for its vast merchant base.

The company enables its teams to monitor transaction performance instantly, identify anomalies before

they impact users, and optimize payment flows across billions of data points. What once required complex batch jobs and delayed insights is now available in subsecond time.

## WHY REAL-TIME MATTERS

The true power of analytics-as-a-service lies in its speed and accessibility. Traditional data warehouses are well-suited for deep analysis and historical trends, but they struggle to meet the demands of real-time, high-concurrency applications.

That's why leading fintech platforms are turning to real-time Online Analytical Processing (OLAP) engines purpose-built for delivering sub-second query performance at scale. By embedding this technology into the fabric of their platforms, fintechs are not just offering a value-added service, they're becoming an indispensable intelligence layer for their customers.

But analytics-as-a-service doesn't just benefit merchants. It's a strategic lever for fintech platforms themselves. By offering built-in intelligence, platforms deepen customer engagement and become more central to their clients' day-to-day operations.

Merchants that rely on real-time insights to drive critical decisions are more likely to remain loyal and grow with the platform over time. It also opens the door to tiered offerings, where advanced analytics features become part of premium service plans or tailored enterprise solutions.

Furthermore, the platform reduces internal support costs by eliminating the need to build one-off reporting solutions for every customer request. It's a scalable, self-service model that benefits everyone involved.

## THE ENGINE

At the heart of this transformation is Apache Pinot, an open-source, distributed real-time OLAP database designed to deliver low-latency queries at massive scale.

Pinot is engineered to support the kinds of high-concurrency, high-ingestion-rate workloads that payment platforms demand. It allows for querying billions of records in subsecond time, with support for high-dimensional filtering and aggregations that make it ideal for powering merchant-facing dashboards and APIs.

Its architecture makes it uniquely suited to serve as the engine for analytics-as-a-service offerings. By enabling real-time insights on top of live data streams, Pinot unlocks a new paradigm, where decisions happen as data arrives, not hours or days later.

We're at a pivotal moment in the evolution of financial platforms. As fintechs serve increasingly sophisticated and fast-moving customers, embedded analytics will no longer be optional. The ability to deliver insights at the speed of the transaction will define which platforms lead the market, and which ones fall behind. **DT**

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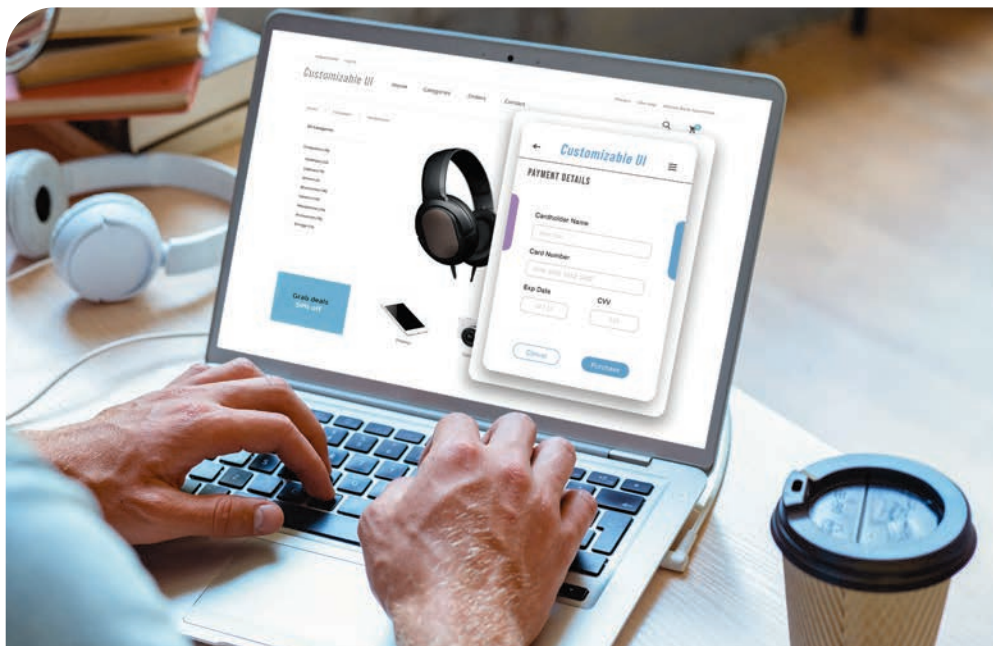


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