

Research indicates payment markets to pass \$5tn by 2020

A new study from Juniper Research has found that Visa and MasterCard's distinct evolutionary strategies in digital payments will underpin the success of a market expected to increase from \$3.8 trillion globally this year to more than \$5 trillion by 2020.



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The new report, '*Strategies for Payment Providers: Opportunities, Risks & Competition 2017-2021*', pinpointed MasterCard's two-pronged approach. The company is developing partnerships with third party wallets from players such as Apple and Samsung, while also introducing its own API-based wallet.

It also argued that Visa's attempts to reduce friction in online payments through the implementation of one-click login (Visa Checkout) will increase conversion rates and overall online customer spend.

Best-in-class payment providers

Meanwhile, the study identified best-in-class players across the digital payments ecosystem, placing the following companies at the head of their respective Juniper Leaderboards:

- Digital Wallets: PayPal
- PSPs (Payment Service Providers): First Data

- Telco Payment Providers: Vodafone

The research claimed that PayPal's decision to enable in-store, NFC payments using HCE (Host Card Emulation) was a potential game-changer for the US digital wallets space, enabling the company to leverage its strength in online payments. It also highlighted First Data's strengths in integrated payments; the company processed nearly 90 billion transactions in 2016, and commended Vodafone for the continuing success in payments via its subsidiaries in sub-Saharan Africa.

Flexible, localised solutions needed

The research also defined a series of key strategic approaches for players across the digital payments market. For example, it argued that PSPs need to be able to offer merchants a range of options, including hosted payment pages and API integration, thereby allowing them to choose how much control they wish to exercise over the process.

According to research author, Dr Windsor Holden, "To succeed in an increasingly competitive environment, it will be essential for PSPs to provide merchants with an array of flexible, localised solutions with transparent pricing structures."

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