

Payment Technology Trends ISOs, ISVs Must Watch in 2023

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Introduction

ISOs and ISVs planning for 2023 may be hesitant to move forward with emerging and alternative payment technologies. Adopting new technology requires investment, and many companies worry there's insufficient demand to justify the costs.

However, research shows that consumers and merchants are willing – and excited – to use innovative payment technologies. If you don't provide the functionality your customers require, your competitors will.

This year, omnichannel solutions, flexibility and total solutions will define the payments industry, with customers pushing for contactless payments, Buy Now, Pay Later (BNPL) and biometric payment options. Below, we'll explore the payment technology trends ISOs and ISVs should watch in 2023 and what you can do to maintain your competitive edge.

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Changing Business Models Require New Payment Solutions

The early 2020s changed how consumer-facing businesses operate, including the tech solutions they need to be successful. To keep up with changing customer expectations, merchants are looking for ISOs and ISVs to deliver a more holistic payment solution that includes flexible, omnichannel capabilities, new payment avenues and full-commerce enablement.

OMNICHANNEL SOLUTIONS

In an omnichannel environment, departmental silos are removed so customers can have a streamlined experience across channels. For example, a customer could purchase something online, then reach out to a customer service representative to check their order status or change their payment method. With this model, data flows freely between channels.

Omnichannel capabilities are crucial, especially as the lines blur between digital and physical payments.

Studies show that [B2B customers prefer omnichannel](#)—no matter their industry. Unfortunately, these customers are more willing than ever to switch providers to gain an omnichannel experience.



ISOs and ISVs that offer their clients payment solutions that enable transactions on any channel will be able to capture more sales and seamlessly manage omnichannel processes like Buy Online, Pickup In-Store (BOPIS) and on-site ecommerce returns. Reporting from one payment gateway also saves time during end-of-day reporting and is more cost-effective than using disparate solutions for counter, online, in-app and unattended kiosk sales.

Enabling payment transactions on new channels will allow your partners to enhance customer experiences, save time and reduce costs. To maintain market share in 2023, consider partnering with an experienced payments company to [integrate omnichannel](#) solutions into your offerings.



FLEXIBILITY

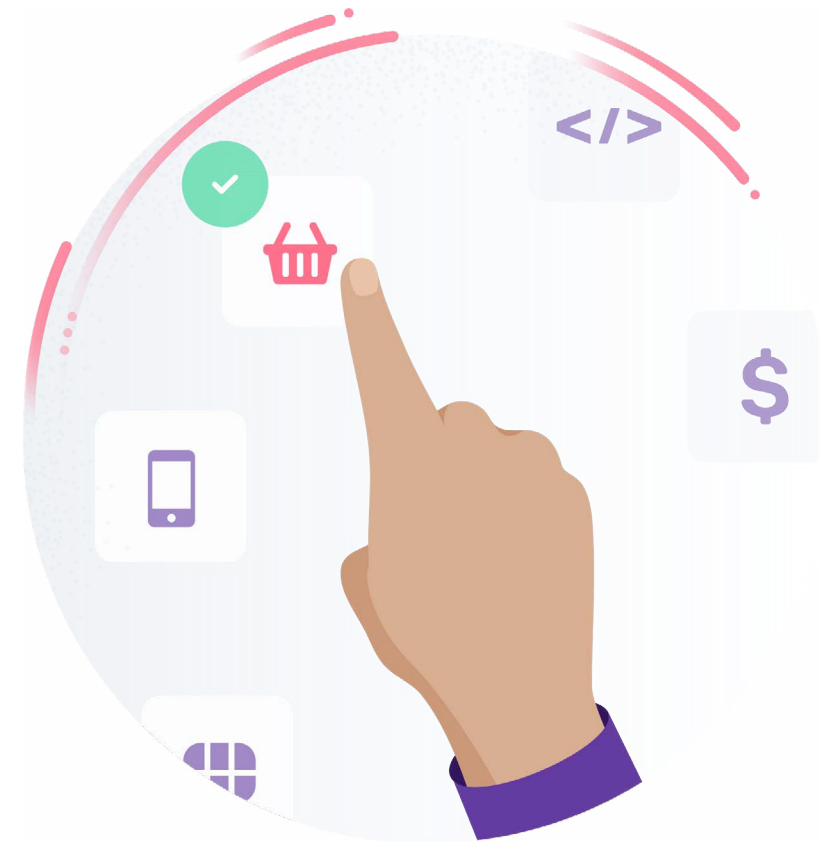
Your merchant partners have devoted considerable time and resources to adapting to change and want a solution that enables them to be agile. Omnichannel payments gateways allow merchants to ramp up business on new channels while navigating disruption from economic issues and shifting demand.

However, omnichannel capabilities are only one piece of the puzzle; ISOs and ISVs must enable their merchants to be flexible in other ways, such as:

- How they process payments
- The types of payments they accept (ecommerce, contactless, etc.)
- The processors they integrate with

For example, working with a hardware-agnostic payment gateway will allow your clients to redesign their processes as needed without being confined to specific payment terminals. This flexibility gives consumers more options while allowing merchants to avoid unexpected delays.

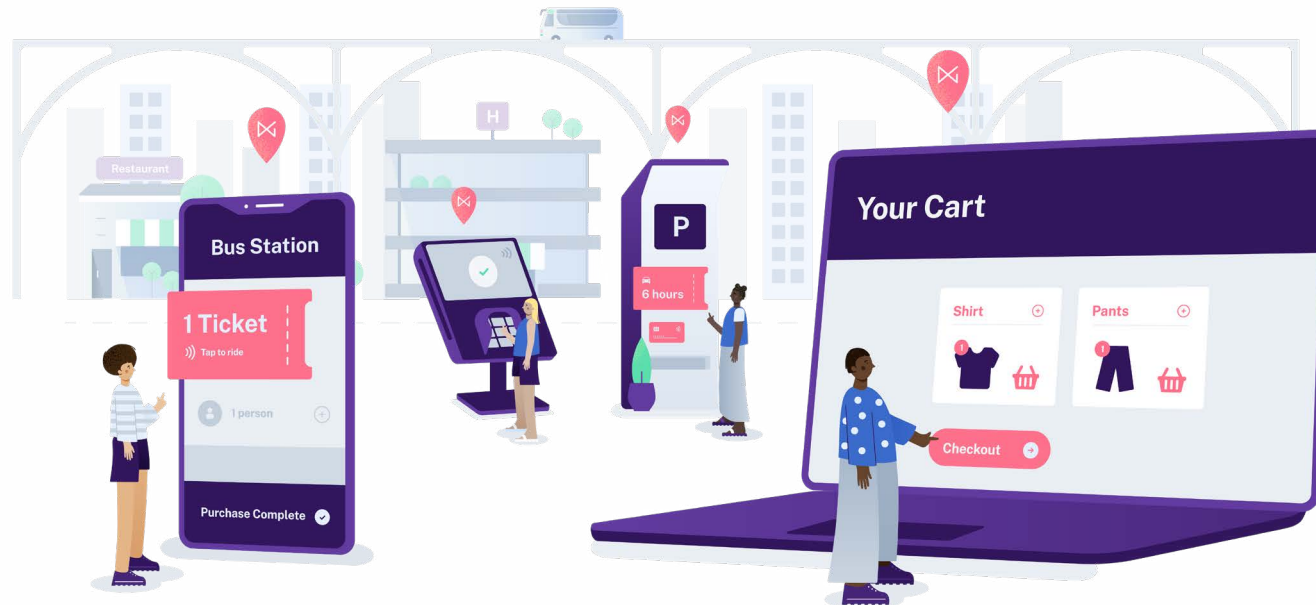
Your clients need a payment solution that will help them grow their businesses. Providing them with the flexibility to design processes and create unforgettable customer experiences will set you apart as the payment partner who removes roadblocks rather than adding to them.



FULL COMMERCE ENABLEMENT

Selling one part of a solution can be challenging. Virtually all merchants prefer full commerce enablement solutions that include POS software, payments, and ancillary solutions (such as loyalty and customer relationship management). They expect their tech stack to work seamlessly with their payment solution and want to work with a provider who is familiar with their business and can resolve issues quickly.

ISOs and ISVs that partner to provide full commerce enablement position themselves for greater success. This model allows ISVs to meet industry-specific software needs and enables ISOs to integrate payments into a broader market. By partnering with a payment gateway like NMI, you can build stronger, longer-lasting relationships and meet your clients' technology needs with a single solution.



Consumers Are Ready and Willing to Use Innovative Payment Technology

The stage is set for merchants to implement new payment technologies, and consumers are excited about the opportunity to pay in new ways. [NMI surveyed 1,000 U.S. consumers](#) in October 2022 and found 69% of consumers are eager to try new payment solutions.

Driven by convenience, speed and security, new payment methods offer much-needed features and enhancements, including:

CONTACTLESS PAYMENTS

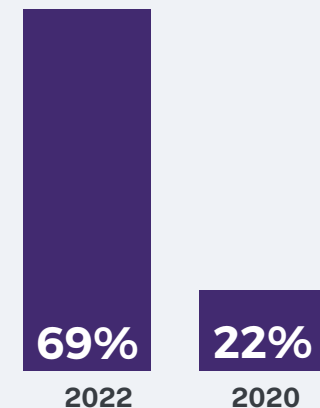
Whether using a card or mobile wallet, consumers want quick, easy contactless payments. The need for contactless payments has soared in the past two years. Since then, the convenience of tapping or waving a card or smartphone near a card reader to pay has solidified its place in mainstream use.

In our recent survey, we found that 69% of consumers preferred contactless payments in 2022—up from just 22% in 2020. In contrast to many traditional payment options, contactless payments are safer and more convenient for the average user.



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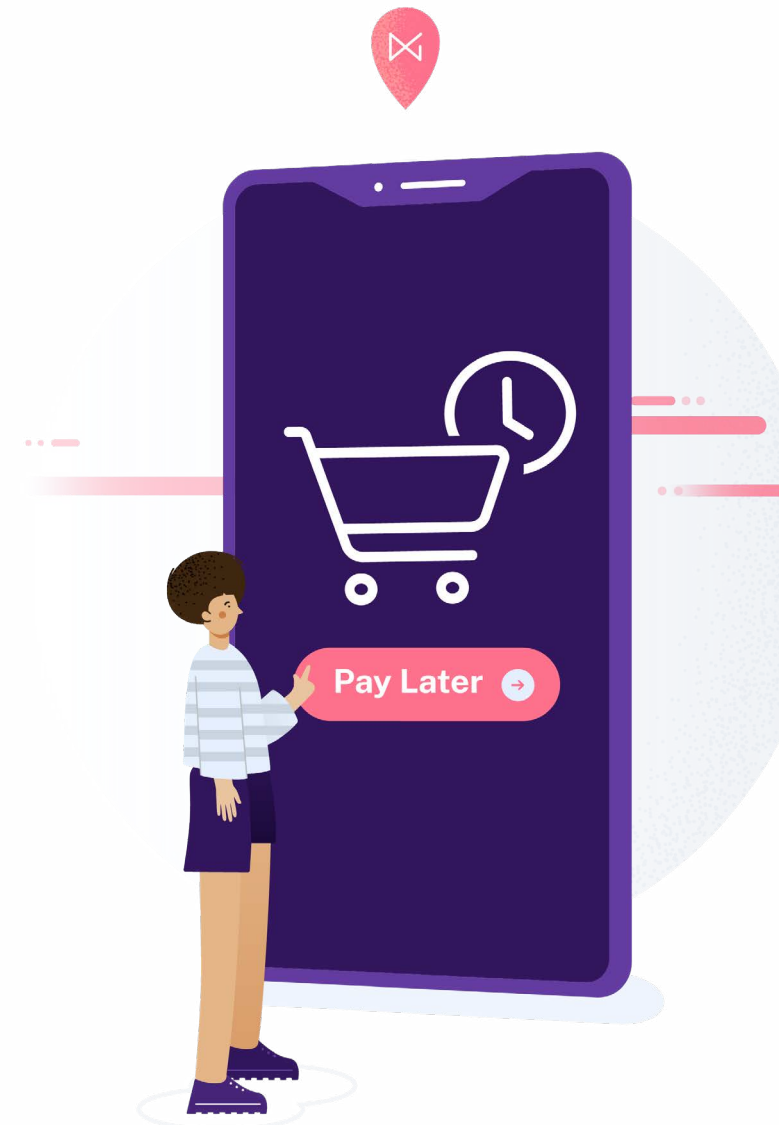
Consumers can pay by simply tapping or waving a contactless card or smartphone with a mobile wallet near a merchant's mobile POS, payment device or kiosk equipped with near-field communication (NFC) technology.

ISOs and ISVs that offer contactless payments, such as tap to mobile, will enable more merchants to meet consumers' demands for flexible payment options.

BUY NOW, PAY LATER (BNPL)

Another trend that has been quickly gathering steam is Buy Now, Pay Later (BNPL), which allows consumers to divide payments into several installments. This payment method enables consumers to stretch their budget while avoiding credit card debt and interest charges.

BNPL has become a popular payment option online, and it's becoming more common in-store. To use BNPL in-store, consumers typically request a one-time use virtual card in the BNPL app. That card is then stored in a virtual wallet that users can access whenever they want to shop in person.



Buy Now Pay Later has a broad range of use cases -even in the rental market. Several payment companies, including [Flex, Circa and Best Egg](#), have partnered with property managers to give residents flexible payment options. BNPL solutions improve the rental experience, reduce the time for property managers to collect late fees and mitigate default risks.

However, because BNPL is so new, it is largely unregulated -something the [Consumer Financial Protection Bureau](#) hopes to change. Although BNPL is still in flux, gateway providers dedicated to ongoing compliance can help you navigate the shifting regulatory environment and continue to meet customer expectations.

As inflation rises and budgets tighten, ISOs and ISVs can help merchants capture more sales from cash-strapped consumers by making it easier to pay over time. By working with a payments company that partners with leading BNPL fintechs, you can enable smooth BNPL transactions at the checkout.

BIOMETRIC PAYMENTS

Of the three payment technologies we asked consumers about in our recent survey, biometric payments had the lowest adoption rate at 36%. However, that doesn't mean you should ignore this payment trend in 2023. Biometric payments allow customers to use a fingerprint, facial scan, or other biometric identifiers to authenticate a purchase.



36%

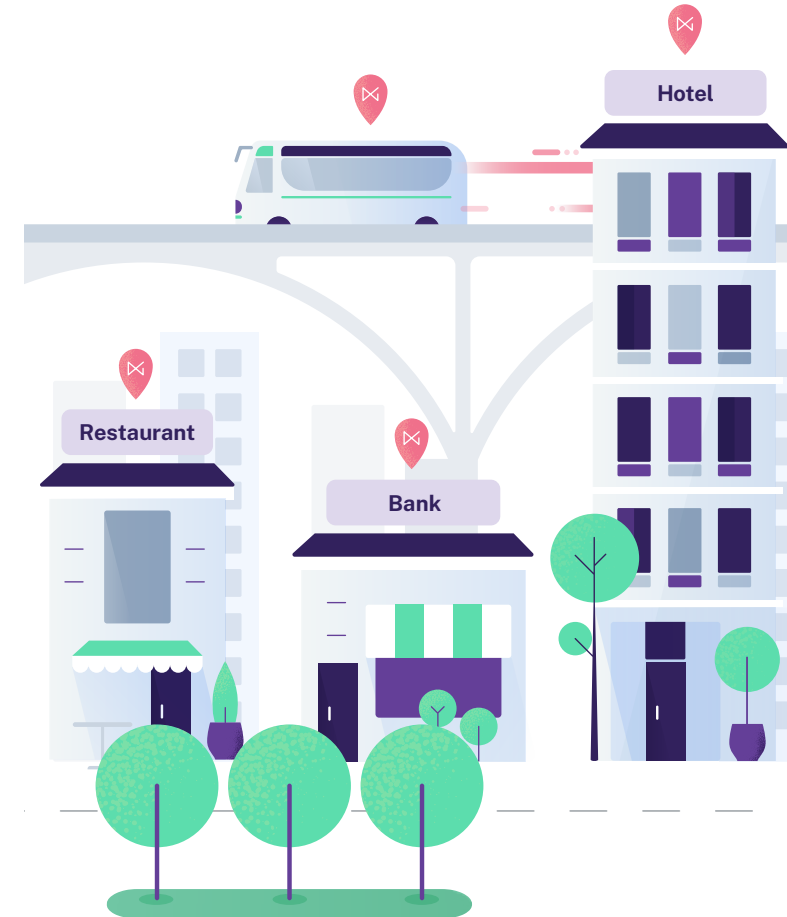
of consumers have
used biometric payment
technology for a purchase.

Nearly half of the respondents unfamiliar with this option said they would use it if merchants offered it.

Biometric payments remove friction from payments. With this method, consumers don't have to carry payment cards, use a mobile wallet or remember a PIN – it only takes a quick scan to pay. This feature also enhances security. While bad actors may find ways to use stolen cardholder data to authenticate purchases, it's nearly impossible to replicate features like fingerprints, iris scans or facial scans. After consumers register for biometric payments, their identifying information is encrypted and tokenized to maximize safety.

Stay on Top of Payment Technology Trends

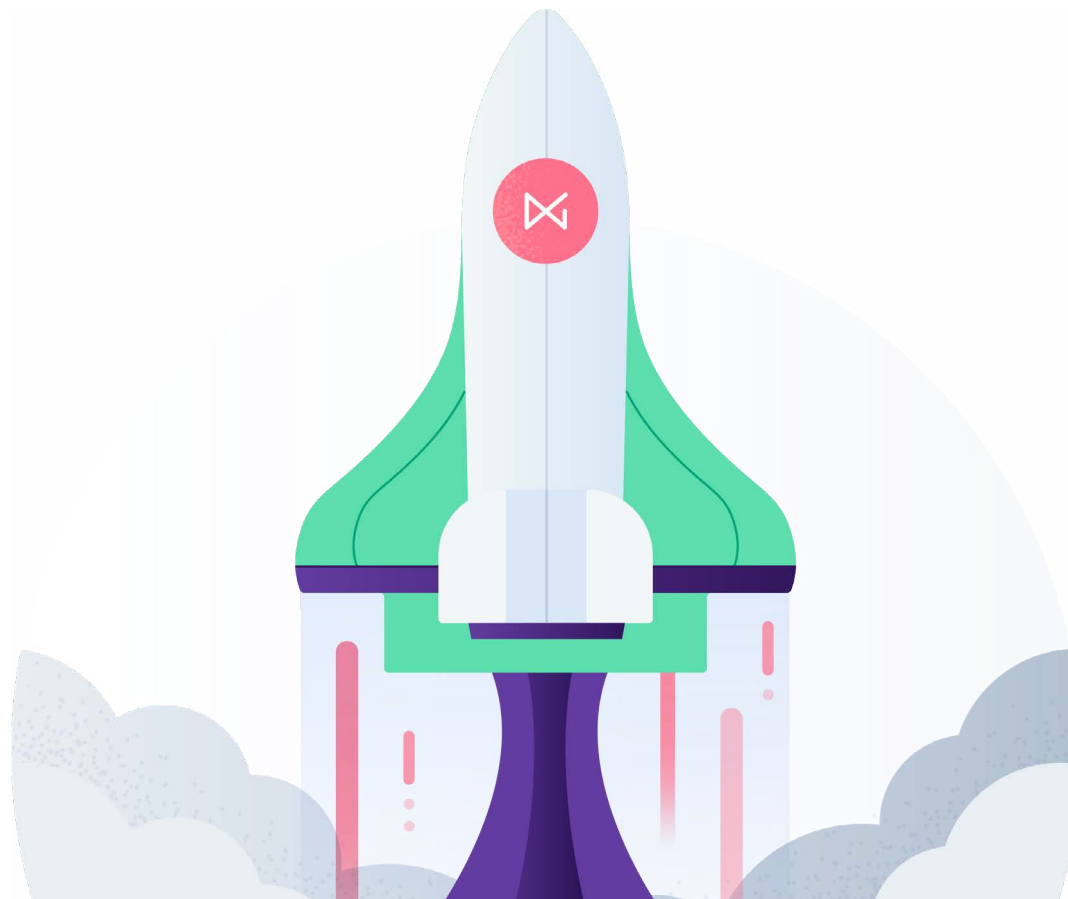
The demand for innovative payment technologies is growing. Consumer-facing companies are looking for the flexibility and business continuity that full-commerce payment gateways provide. As a payment solutions provider or software vendor, your clients expect an integrated solution with a variety of features and payment methods. ISOs and ISVs who provide POS solutions, loyalty programs, CRM applications, and payment methods like contactless payments, BNPL and biometric payments will differentiate themselves as merchant-first providers.



In 2023, customer loyalty is up for grabs. Merchants expect their payments partners to provide cutting-edge solutions that will enable their businesses and are willing to go elsewhere if their needs aren't met. Omnichannel payment solutions, full-commerce enablement and innovative payment options are no longer a luxury – they're a necessity.

A payments partner on the leading edge of innovation that closely monitors consumer and industry trends can help you make the best decisions for your business in 2023.

[Contact our team of experts](#) to learn more or schedule a consultation.





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