



Payments today and tomorrow

The view of senior
business leaders



Changing payment technology to gain a competitive advantage

We teamed up with FT Longitude to hear what 500 senior leaders are thinking about the payment landscape today and how their businesses are preparing for the future

From COOs and CIOs to heads of marketing and digital transformation, each respondent was picked for their influence over payment approaches and their detailed knowledge of the tools and partnerships their companies use to manage payments. These leaders worked across 12 diverse sectors, from retail and manufacturing to charities and hospitality.

What we have is a fascinating snapshot of where UK businesses are heading and how they're planning to get there.

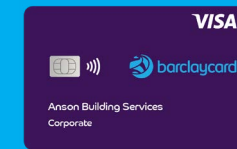


The research was carried out by FT Longitude and Barclaycard Payments and comprised of a survey of 500 senior UK business leaders, at organisations with an annual turnover of at least £10m, as well as a series of qualitative interviews with senior executives with responsibility for payments.

We discovered:

68%

of all businesses see simplicity around security, privacy and ease of payment as a key opportunity to enhance the customer experience



71%

of all corporate leaders are planning to invest in corporate credit card solutions to help them prepare for the future of payment transformation – with 63% also likely to introduce real-time payments

69%

of senior corporate leaders are helping to transform their payments this year by upskilling their workforce, while 68% are increasing automation



76%

of corporates with a turnover above £250m are delivering advanced analytics, more centralised systems and financial integration with third parties in the year ahead – a 19-percentage-point difference over corporate with revenue below £249m

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Making change work for business

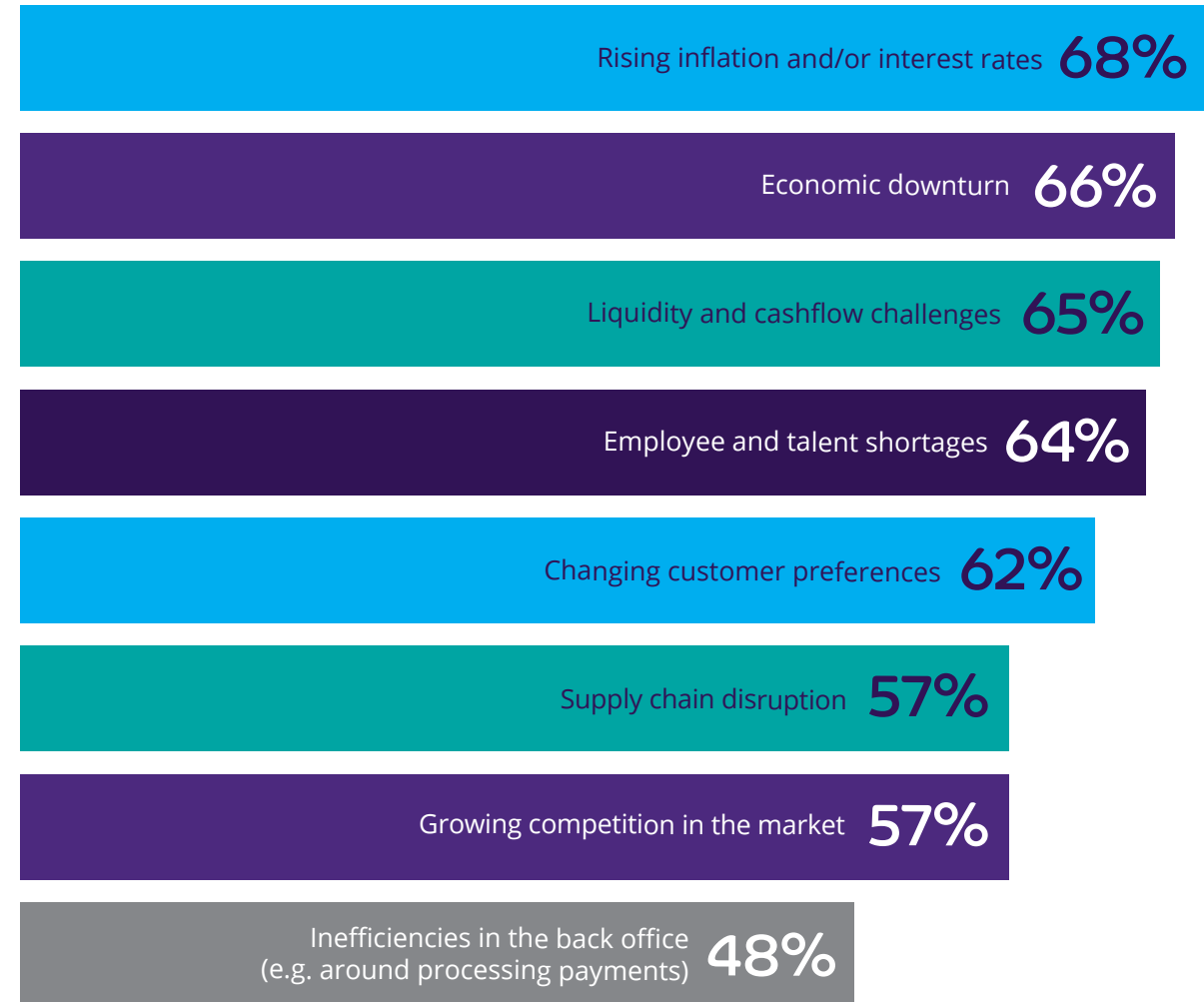
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Which factors are having a negative impact on business performance?

Inflation, the economic downturn and cashflow issues are the top three barriers to growth for all businesses.

For 70% of organisations with revenues of £10-£24m, changing customer preferences had the greatest negative impact, along with growing competition, inflation and the economic downturn.

Interestingly, while supply chain disruption (57%) affected businesses of all sizes, it was more acutely felt by corporates with a turnover above £500m, 77% of bosses attributed poor performance to supply issues.



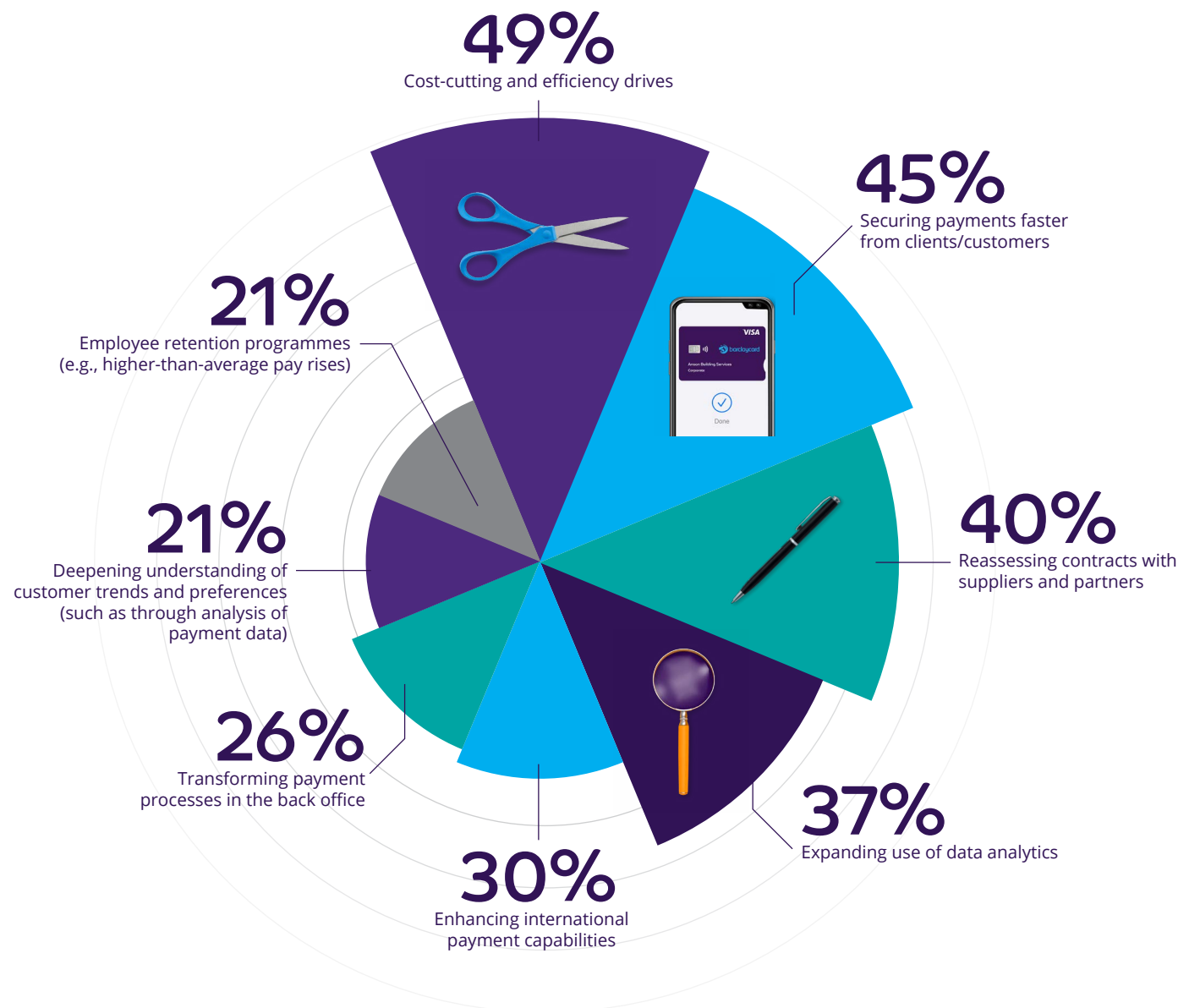
How are businesses building resilience over the next 12 months?

From post-pandemic recovery and spiralling costs to technological change and the sustainability agenda, UK businesses are facing a range of challenges and opportunities. But how are leaders planning to respond to economic uncertainty?

When it comes to building resilience, the top three approaches are:

- **cost-cutting and improving efficiency**
- **securing faster payments from clients/customers**
- **reassessing contracts with suppliers and partners**

For businesses with revenues of £25-£49m, however, expanding use of data analytics (44%) comes before cost-cutting measures (42%). And for bosses of companies with £500m+ earnings, 61% are focusing on reassessing contracts – potentially enabling them to leverage more economies of scale and pressure than smaller businesses.



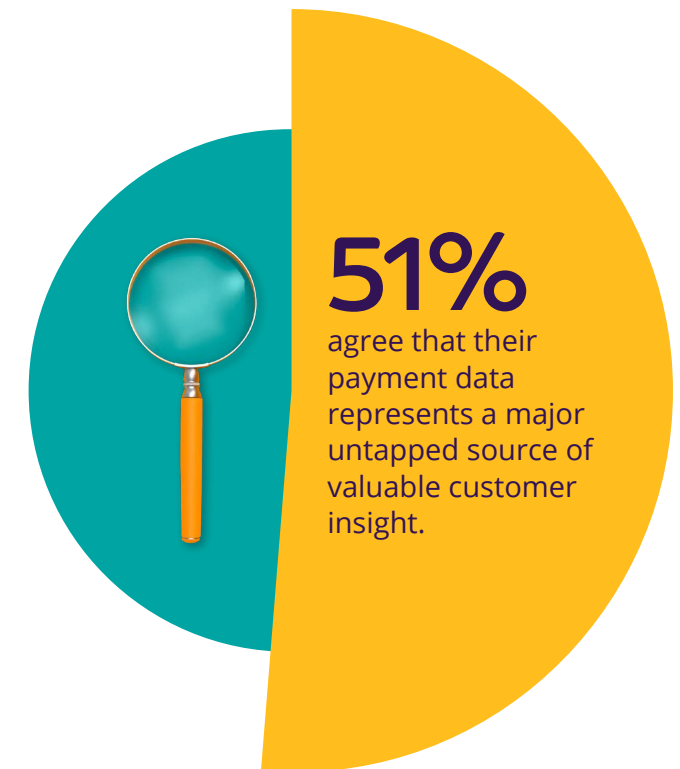
Where can payments create opportunity?

Despite the challenges, all businesses are seeing the opportunities that payment transformation could bring to their business by delivering more valuable data and better insight.

“Whenever we have made progress or changes in payments, it has never been based on purely financial needs. We are always thinking first of customer experience, customer convenience and how we can link that to our business priorities.”

Iñigo Perez

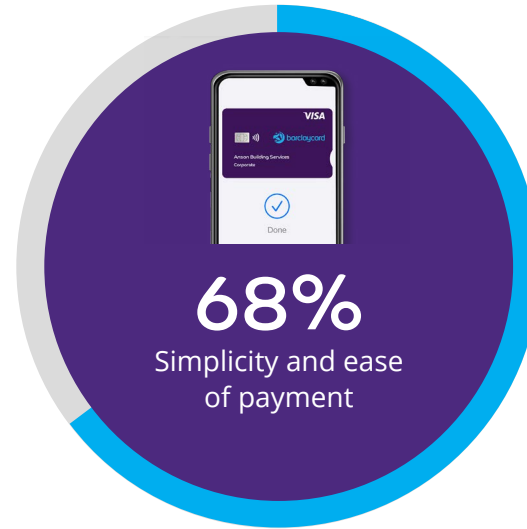
Global Head of Digital Strategy and Transformation,
Vodafone



Where can payments enhance the customer experience most?

Creating a simple, secure and private way to pay across all channels is a major opportunity identified by all the business leaders we spoke to. For bosses of companies with revenues over £500m, a massive 94% felt the customer experience was enhanced by the simplicity and ease of payment (and 87% also thought steps around security and privacy needed simplifying).

Personalised recommendations at the point of sale and the ability to accept international payments were also highly rated by all leaders. Solutions that spoke to a higher business agenda were also supported, with 51% recognising more sustainability information as important and 48% of bosses considering payment solutions that support cost-of-living concerns.



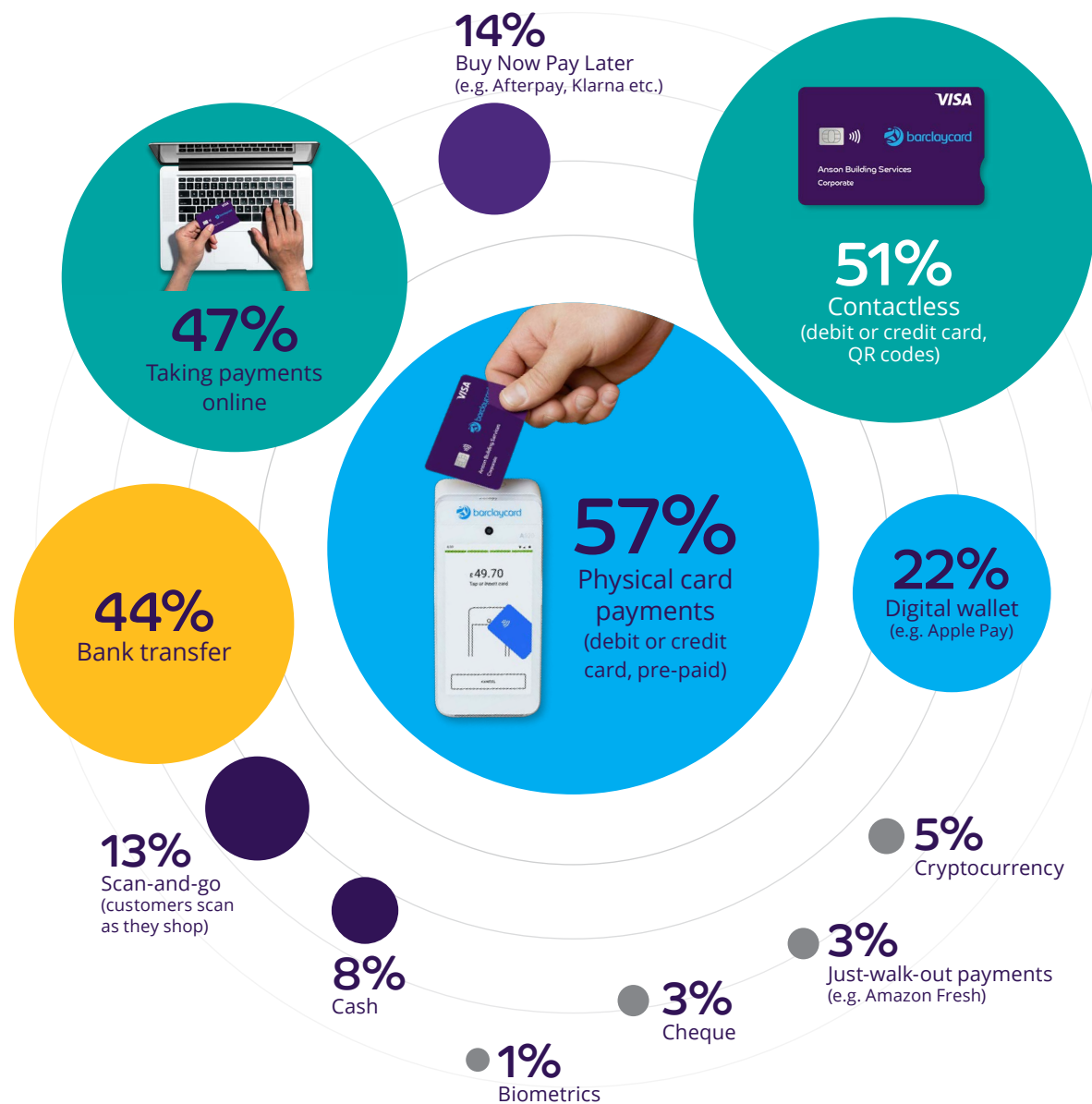
What will customer payments look like in two years?

Physical card payments, contactless, online payments and bank transfers are all thought to be important payment methods for customers in the next 24 months.

Paperless future?

Cash (8%) and cheques (3%) are still expected to play an important role for future customers. Cash was supported by 11% of leaders from companies that earn less than £49 million, but interestingly only 1% of leaders of companies earning £50-£99 million though cash would remain important. For cheques, no leader from a company turning over more than £500m thought they would be significant.

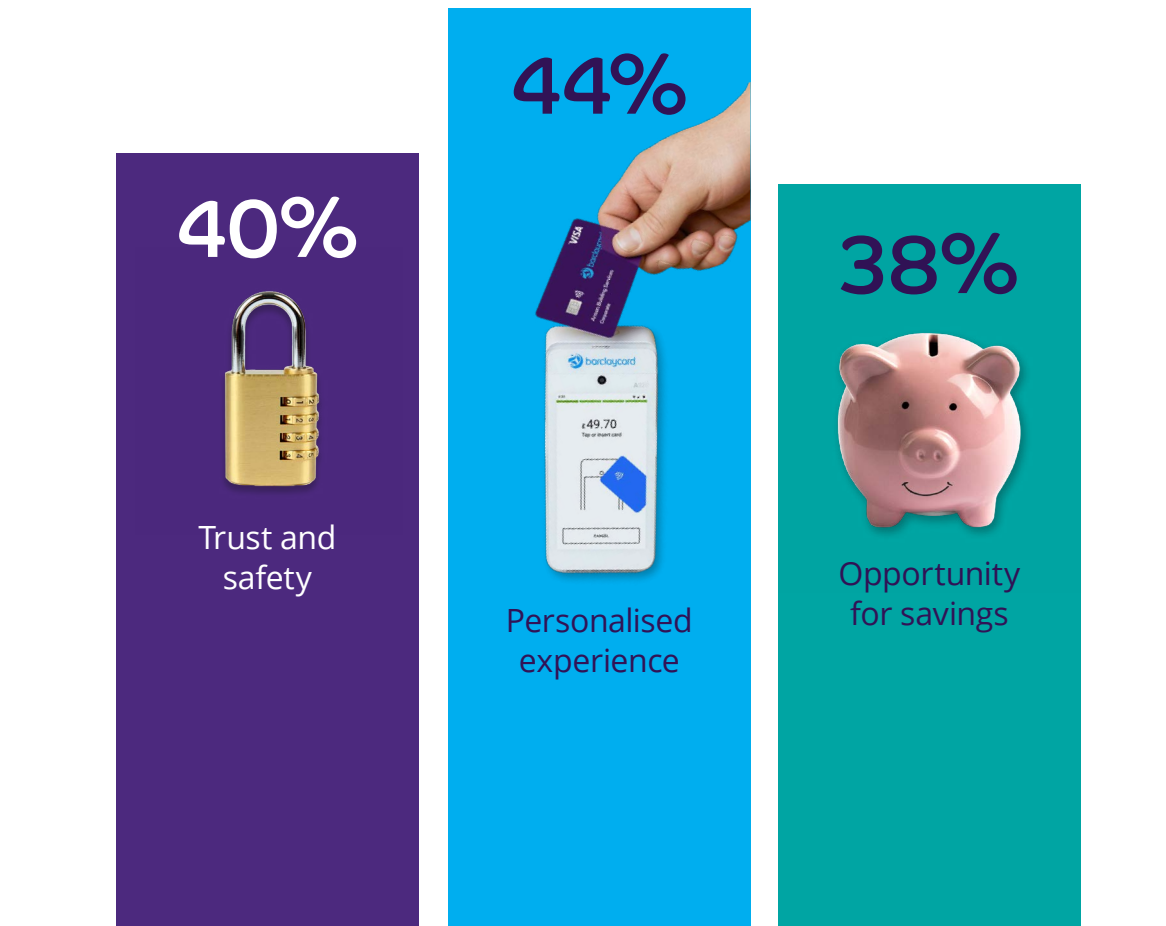
Clearly cash and cheques are losing ground, but more innovative payments, such as cryptocurrencies (5%), aren't quite there yet – although a surprising 23% of leaders from companies with a turnover of £500m+ think cryptocurrency will be important in two years.



What matters most to your customers about how they pay?

A personalised experience is seen as mattering most to customers, followed by trust and safety. Surprisingly, ease of access and use was only seen as important to customers by a small handful of bosses, although it was rated as important by 38% of leaders in government and public sector organisations (where payment transformation has traditionally been seen to be slow).

The opportunity for saving was number one for leaders in businesses with £10-£24m turnover – with 51% rating it as important to customers (followed by 40% for personalised experience).

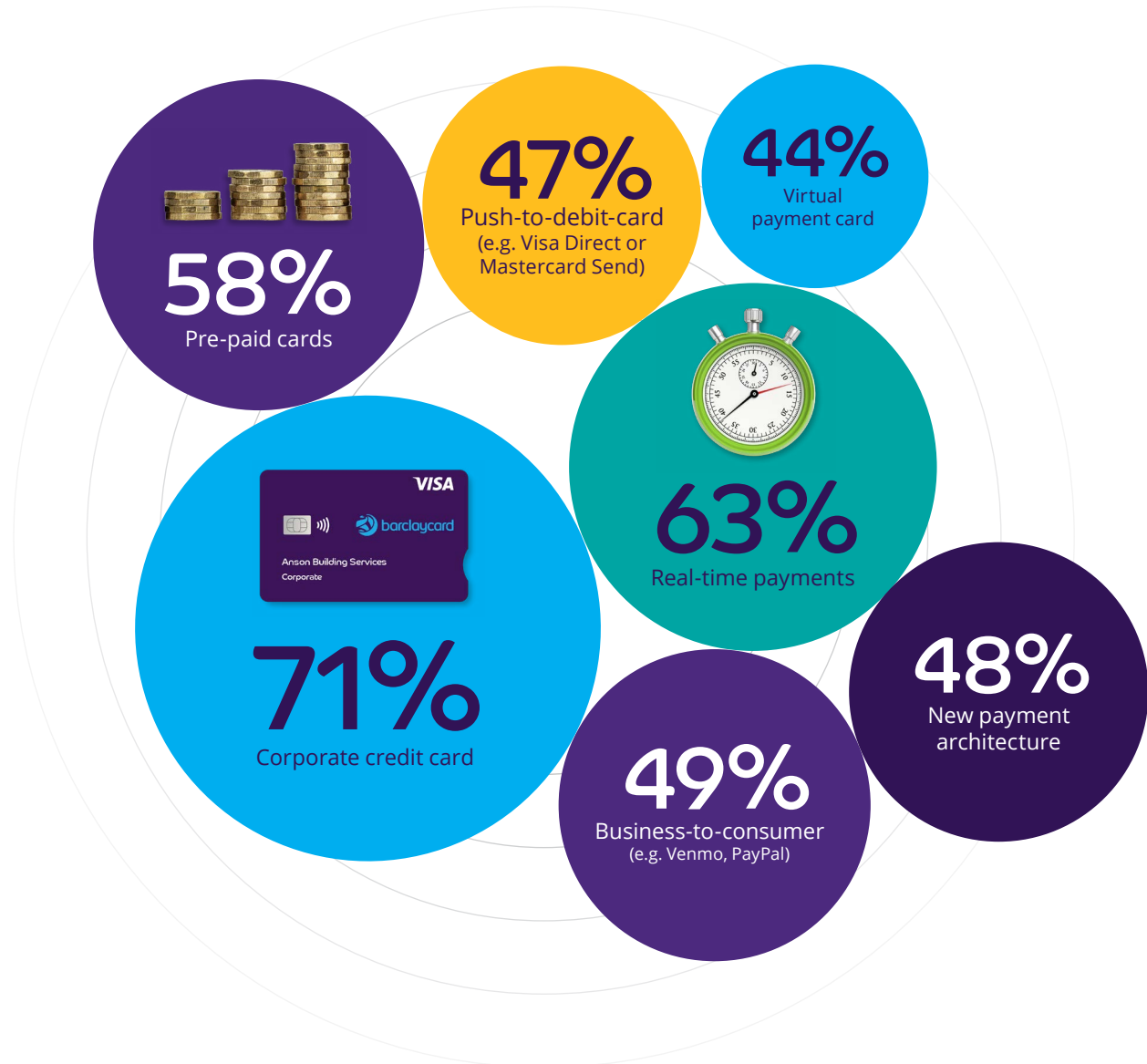


How are companies investing for future payment transformation?

Investment in accepting corporate credit cards (71%) is a key choice for bosses preparing for the future, followed by real-time payments and pre-paid cards.

Interestingly, investment in pre-paid cards was more likely for corporates with a turnover under £249m compared to those with higher revenues, with an 11-percentage-point difference.

The latter, however, were more likely to be investing in new payment architecture (57%) compared to those corporates with turnover under £249 (47%), and were 8 percentage points more likely to invest in real-time payments.



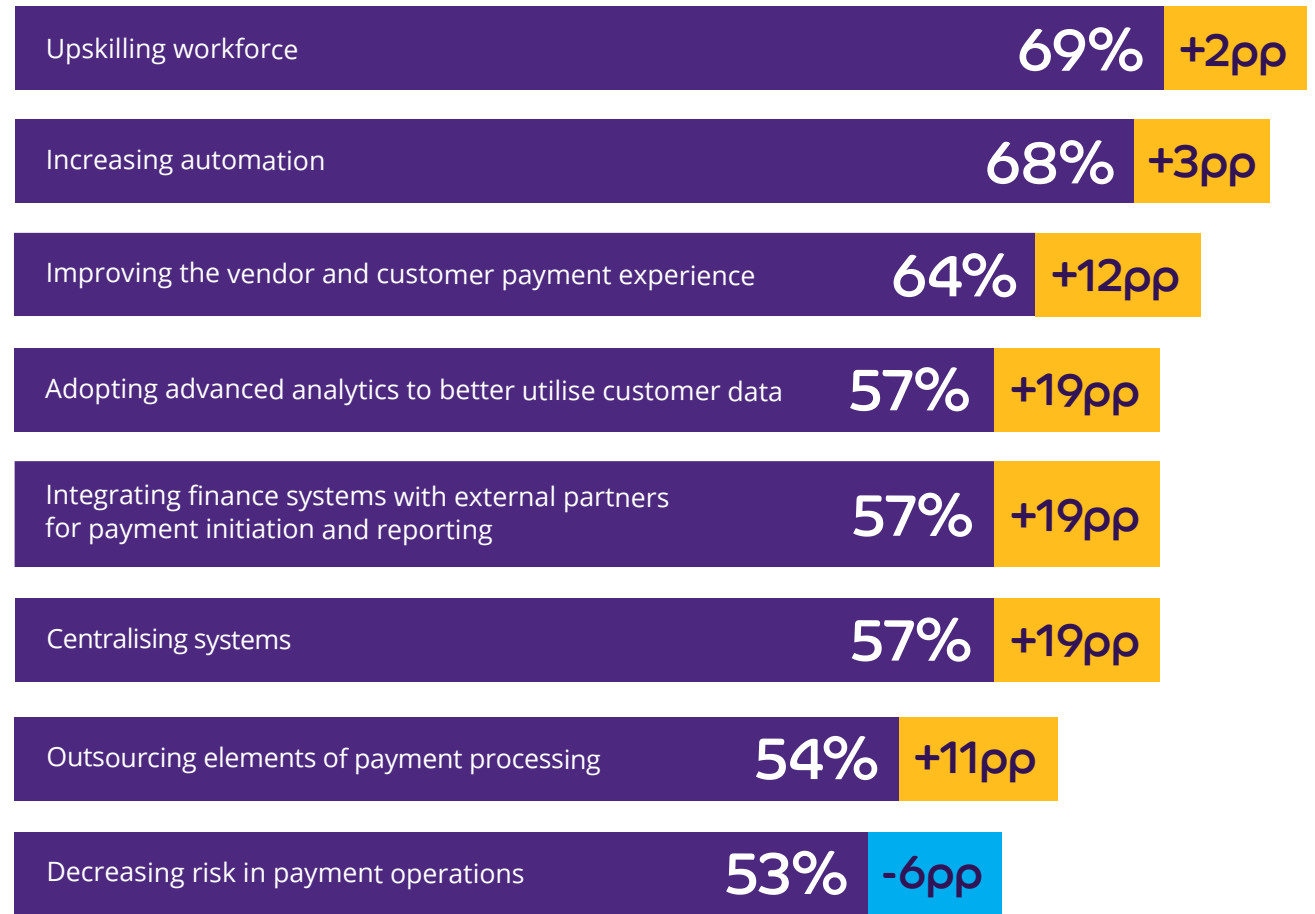
What are leaders doing to transform payments this year?



Our top-level results show that leading initiatives being implemented by business leaders are upskilling the workforce, increasing automation around payments and improving payment experiences.

However, corporates with a turnover above £250m are more likely to be rolling out the adoption of advanced analytics (76%), integrating finance systems with external partners (76%) and centralising systems (76% – rising to 100% for corporates with over £500m turnover).

Only when it came to decreasing risk in payment operations were corporates with turnovers under £249m more likely to be taking action than their larger counterparts in the next 12 months.

Corporates with a turnover under £249m (percentage point difference for those above £250m)



  Percentage point difference between corporates with less than £249m turnover and those with turnover above £250m.

What's getting in the way of payment transformation?

Lack of skill in-house, competing initiatives and market uncertainty were seen by leaders as the biggest challenges to payment transformation according to leaders across all businesses.

However, when we dig deeper into the numbers, we see that competing initiatives were a more pressing issue for corporates with turnovers above £250m – 76% of leaders in these businesses thought it their greatest obstacle, compared to 47% for corporates under £249m turnover. These same larger businesses were also less affected by market uncertainty (29% versus 50%).

Corporations earning less than £249m also faced more scepticism within their own leadership – 33% compared to 18% for those earning more.

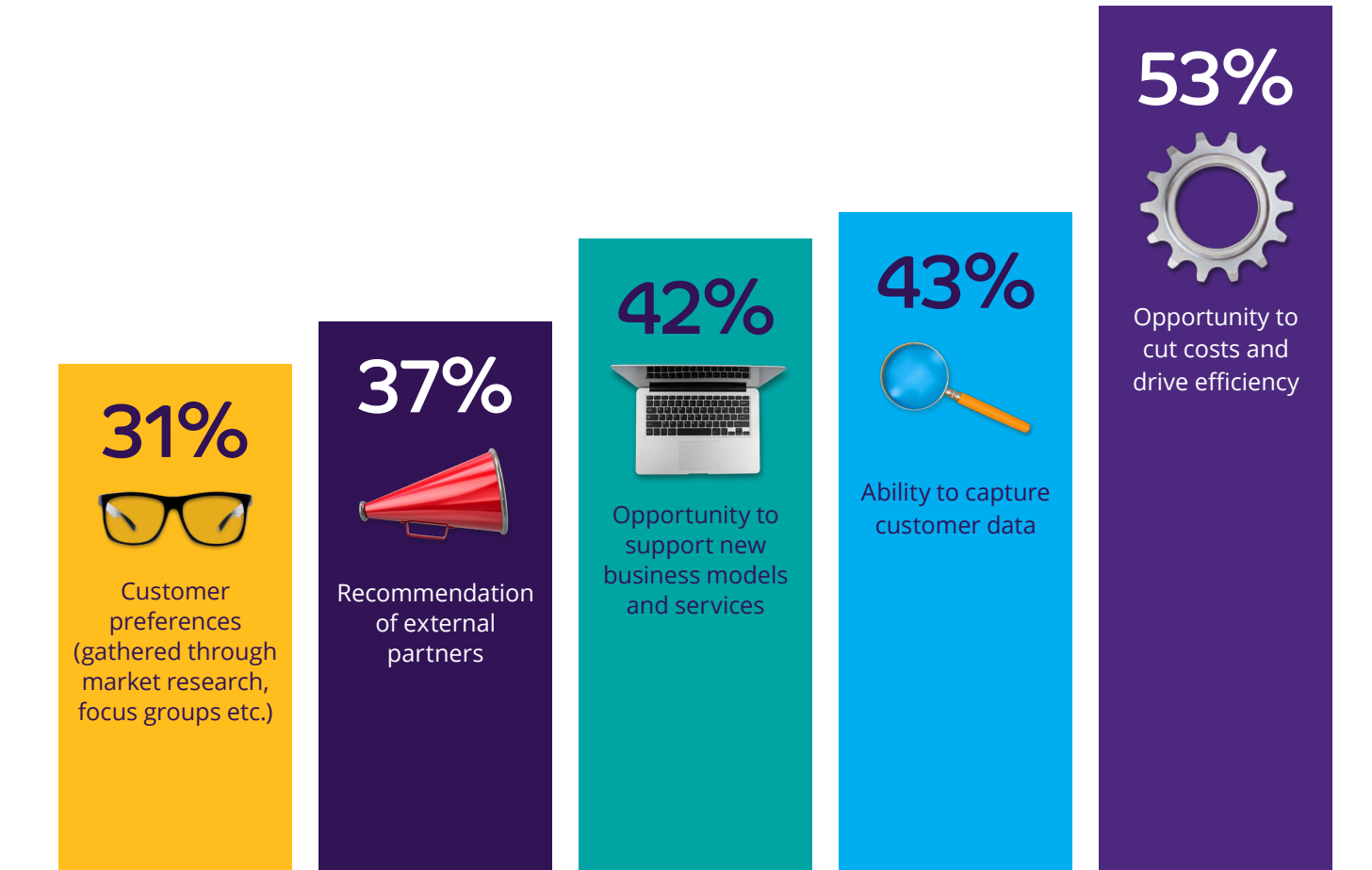


What influences investment in payment technology?

The need to reduce costs and drive efficiencies is heavily influencing the tech that all businesses are adopting. Senior business leaders are also looking at the ability to capture customer data – probably with an eye on both customer insight and personalisation opportunities.

Interestingly, although the opportunity to support new business models and services was rated third by all businesses, this was the number one influence for corporates with £250m+ turnover with 61%, compared to 39% among corporates with revenues under £249m. Other differences were less pronounced.

As well as customer preference, less than a third of leaders said they were influenced by making sure systems could work together (29%), ease of use for staff (29%) and cost of implementation (36%).



Where do businesses gain insight on customer trends?

Analysing payment data to uncover current and future customer needs isn't just about having the skills to look at your own payment data, but also the ability to combine and compare results with other data sources.

It's no surprise, then, that around 83% of businesses work with an external provider to dig into their data and find valuable insight.

However, with a 10-percentage-point difference between them, 91% of corporates with a turnover above £250m work with an external data provider compared to 81% of companies with a turnover under £249m.

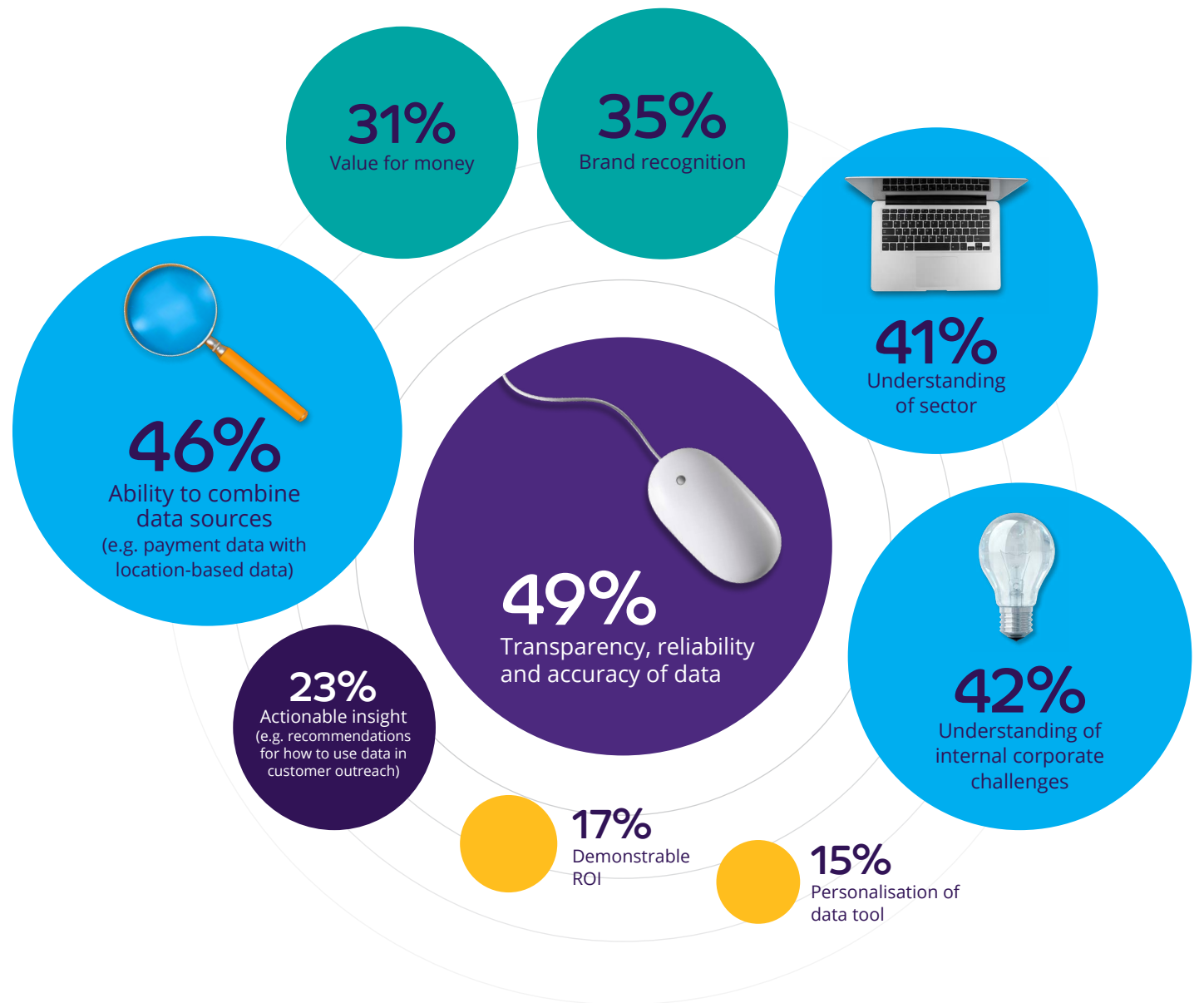


What should an external payment data provider offer?

When it comes to selecting an external payment data provider, most businesses are looking for a partner who can deliver transparent, reliable and accurate data (49%), combine data sources (46%) and understand any internal corporate challenges (42%).

Sector understanding was important for 42% of corporates with a turnover under £249m, an 8-percentage-point difference over the 34% of corporates who earn more. This gap is even greater between those with sales of £10-£24m (50%) and those turning over £500m+ (28%) – a 22-percentage-point difference.

Interestingly, this relationship was reversed for transparency, reliability and accuracy of data, with 62% of £500m+ corporates valuing it compared to 39% of £10-£24 million businesses – a 23-percentage-point difference.



Making change work for business: the payment expert's view

How should businesses be responding to the cost-of-living crisis and the resulting squeeze on household budgets? Being able to understand your customers more profoundly can shape your business strategy and, ultimately, help you win greater market share.

It's not surprising that more than half of respondents agreed that payment data represents a major source of valuable consumer insights. We live in an age of data. Most modern businesses are collecting data at an almost unimaginable rate.

Unlocking the answers

The secret to unlocking insight from that data is the right analysis. We've developed tools that allow us to help businesses make strategic decisions based on the power of data.

At a micro level, we can use spend data to optimise business operations – finding ways to streamline processes, free up working capital and support vulnerable suppliers.

At a macro level, we can reveal consumer behavioural trends to help drive commercial strategy and open opportunities – showing where to invest in your customer experience and identifying key areas for growth.

Seeing the bigger picture

Whatever your challenges today or your ambitions for tomorrow, we can help you use your data to navigate the change towards a brighter future. For us, the payment part is just the start of how we can help.

Marc Pettican

Head of Barclaycard Payments



Want to know more?

Speak to your relationship manager, call us on **0800 096 8237*** or ask our payment specialists to [call back](#).

Find out more at barclaycard.co.uk/business/corporate-solutions



*Monday to Friday, 8.30am-6pm.

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The payment part is just the start



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