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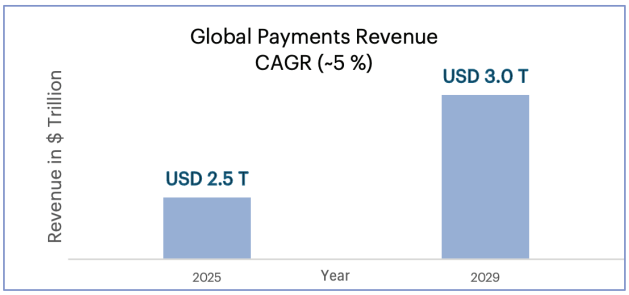
Payment Trends 2026

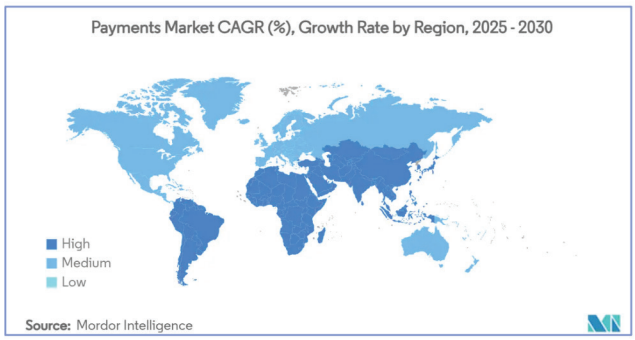
White paper

An RPG Company

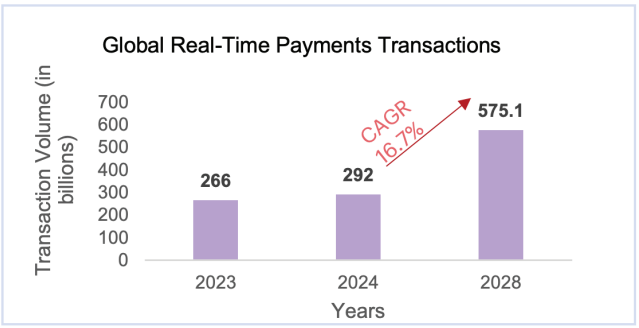
Global Payments Outlook



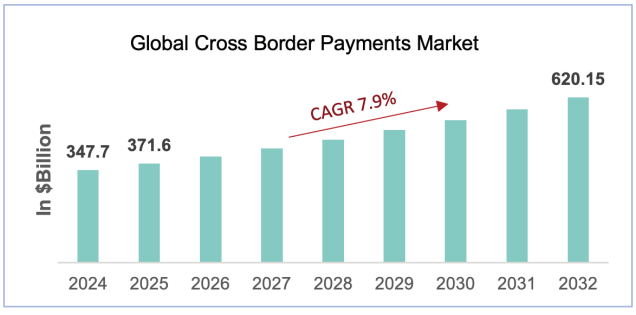
Revenue pools:
Payments industry revenue reached USD 2.5 trillion in 2025, from USD 2.0 quadrillion in transaction value and 3.6 trillion transactions. ***Source***



The payments market will grow fastest in the Middle East and Africa, followed by Asia-Pacific, while North America and Europe see moderate expansion, and Latin America steady gains. ***Source***



Real-time (A2A):
Global RTP growth is led by APAC (largest market), the Middle East (fastest-growing), LatAm via Brazil's PIX, with the US, UK, and South Africa steadily expanding adoption. ***Source***



Cross-border payments growth is driven by rising global trade, digital commerce, and demand for faster, cheaper, real-time fintech-led transactions. ***Source***

Card fraud: Global card fraud losses expected to hit $43Bn by 2026, with $397 – $410Bn over the next decade, driving stronger investment in tokenization, biometrics, and AI-led fraud prevention.

Global digital payments (consumer transactions) transaction value is projected to reach US$26.89Tn in 2026, grow at a 7.63% CAGR to US$36.09Tn by 2030, with 3.81 billion users by 2030.

Wallets: Wallets account for 66% of e-commerce and 38% of POS value in 2024 (~$15.7Tn) and projected to be >$25Tn by 2027.

Stablecoin market cap grew from US$251.7Bn (mid-2025) to US$307.6B (Jan 2026), driven by surging institutional adoption, regulatory clarity, rising cross-border payment use, and increasing integration into financial infrastructure.

Cross-border: 90% of SWIFT payments reach the destination bank within an hour, but only ~43% reach end customers due to domestic frictions (regulatory checks, FX/risk controls, lack of 24/7 rails, manual processing).

This gap creates a strong opportunity for alternative cross-border rails — including interconnected RTP networks, wallet-based payouts, and automated compliance/FX processes — to reduce domestic-stage delays.

The rapid expansion of real-time rails across 70+ countries, the adoption of harmonized ISO 20022 data standards, and the surge of wallet-driven digital commerce (>$25Tn by 2027) are structurally expanding coverage, corridors, and conversion faster than baseline models capture while rising card-fraud losses (~$33.8Bn in 2023, $404Bn projected in 10 years) highlight the need for stronger security as digital payments scale. As these rails interconnect and digital instruments scale, actual market growth is likely to exceed current revenue outlooks.

Key Payments Trends 2026

Agentic commerce: Where AI shops for you

Autonomous AI agents are initiating and completing transactions using programmable money and smart contracts, redefining digital commerce.

Rebuilding payments around AI: Efficiency, accuracy, and zero-ops at scale

AI is revolutionizing payments through intelligent routing, hyper-personalization, automation, and the rise of contextual commerce.

Shifts in global payments regulations: Balancing innovation and control

As global payments accelerate toward real-time and tokenized ecosystems, regulators are uniting around a single paradigm shift: ending reactive oversight by forcing institutions to hardcode compliance, systemic resilience, and shared liability directly into the DNA of their payment architectures.

Cross-border remittances: Faster, cheaper, easier, and more ubiquitous than ever!

Global finance is undergoing a radical shift toward a "network of networks" where AI-driven orchestration and programmable compliance dissolve legacy friction, transforming cross-border remittances into a transparent, real-time, and ubiquitous digital utility.

CBDCs advance wholesale settlement while stablecoins dominate cross-border: Digital currency economy emerges

CBDCs are modernizing wholesale settlement across 130+ pilots, while stablecoins —now ~$300Bn in market cap — dominate cross-border flows, accelerating a programmable digital currency economy.

Cards go smart: Secure, tokenized, green, and wallet-native

Cards are becoming fully tokenized, wallet-native, and sustainable — cutting fraud ~30%, lifting approvals, and redefining issuer-led digital experiences — making them smarter, safer, greener, and fully digital-first.

Reimagined rewards and loyalty: Hyper-personalized, always-on, experience-led loyalty ecosystems

Loyalty is shifting from static, points-based rewards to AI-driven, emotional and experiential value embedded into everyday payments and extended through platform and third-party ecosystems.

Agentic Commerce: Where AI Shops for You

Key market trends

01. Global projections

- Orchestrated revenue in US retail market: $1Tn by 2030.
- Global projections: $3 – $5 trillion in potential value powered by AI-driven autonomous transactions.
- Asia-Pacific emerging as the fastest-growing region.

02. Agentic architecture

- Orchestrate payments via secure APIs and protocol stack.
- Agentic payments now rely on an evolving set of open protocols –
  - MCP for context
  - A2A for orchestration
  - ACP for checkout
  - AP2/TAP/MAP for trust and authorization
  - forming an interoperable foundation for autonomous commerce.
- OpenAI Buy-in-Chat enables in-chat purchase: Shopify and Walmart already live.

03. Precision payment

- Agents as the precision payment interface: Leverage contextual data to tailor activities.
  - Context-aware checkout
  - Fully autonomous execution
- Intelligent payment routing:
  - Adapt across physical and digital checkout flows
  - Across cards, RTP, and tokenized payments
  - Agentic and traditional commerce coexists seamlessly

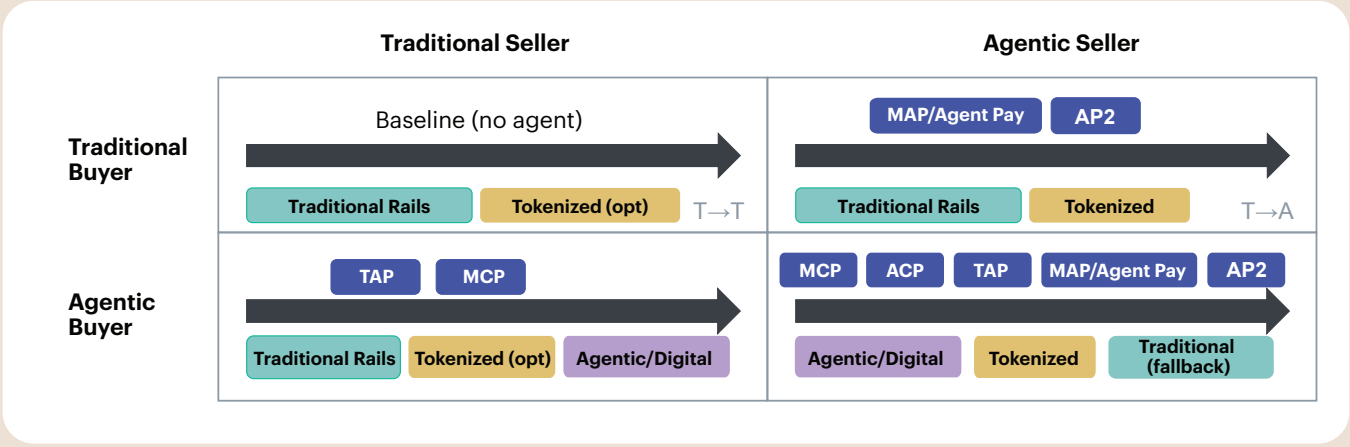
04. Regulatory clarity

Evolving through frameworks such as:

- EU AI Act: Clarifies liability for autonomous AI payments.
- US FTC AI guidelines: Strengthens rules for consent and authentication.
- Singapore MAS AI governance: Reduces compliance uncertainty for payment providers.
- Dubai AI Ethics: Builds trust in agent-driven transactions.

Agentic Commerce Interoperability

All buyer–seller permutations across traditional, agentic/digital, and tokenized rails, with protocols for identity, consent, context, and execution.



Traditional Rails (Cards, RTP/A2A) **Agentic/Digital Rails (API-led)** **Tokenized Rails (Stablecoins, Tokenized Deposits)**

Key imperatives

1. Build scalable, multi-protocol infrastructure

- Support coexistence of all protocols
- Enable agent identity, intent, context, and authorization, and ensure interoperability across networks and merchants

2. Enable consent-first autonomy

- User-defined consent: Spend limits, categories, authentication, subscription, and risk
- Agents operate within defined guardrails
- Safety without compromising automation

3. Optimize real-time multi-rail routing

- Agents decide in milliseconds across cards, RTP, A2A, tokenized rails
- Optimize for cost, speed, and success
- Dynamic routing replaces static payment logic

4. Establish clear accountability and explainability layers

- Agents act economically on behalf of users
- Transparent logic and clear liability models
- Explainability for errors, disputes, and fraud

Sources: • McKinsey • Visa • AWS • CIO • EU-AI Act • USA-FTC • MAS • UAE Act

Rebuilding Payments around AI: Efficiency, Accuracy, and Zero-Ops at Scale

The invisible layer of global payments has reached a critical mass of transformation. For technology leaders, AI is no longer a feature, it is the foundational engine necessary to eradicate legacy tech debt, enforce “zero ops” efficiency, and scale instantly.

Accelerating legacy modernization

- **Gen AI-driven decoupling:** AI agents autonomously map and translate monolithic mainframe logic (COBOL/JCL) to microservices, slashing discovery phases by 60%[1] and mitigating "brain drain.“
- **Agentic migrations:** Automated workflows convert legacy payment rails with 90%+[2] accuracy before human review, accelerating migration timelines from years to months and reducing TCO by 30 – 40%.[3]

Operational excellence (zero ops)

- **Predictive resilience:** ML models analyze network telemetry to predict gateway failures minutes before occurrence, triggering automated zero-touch rerouting to ensure 99.999% uptime.
- **Smart liquidity management:** Shifting from end-of-day batching to real-time, AI predicts intraday liquidity needs across nostro/vostro accounts, aggressively reducing idle capital buffers by 15 – 20%[6].
- **Exception handling and reconciliation:** AI-driven exception handling reduces manual payment investigations by 70%[7] and fast tracks reconciliation, effectively decoupling volume growth from headcount.

AI as the strategic force multiplier

Risk and compliance 2.0

- **Counter-AI warfare:** As bad actors weaponize Gen AI for synthetic IDs, defensive AI is the only viable countermeasure. (e.g., Visa's localized AI scoring blocks >$40Bn in fraud annually)[4].
- **Behavioral biometrics:** Passive, continuous authentication reduces false declines by 35%[5] without adding latency to the transaction flow, directly rescuing top-line revenue.
- **Federated learning 2.0:** Cross-border anomaly detection now occurs without moving data, training models on encrypted signals to catch money laundering rings that traditional rules miss.

Contextual commerce

- **Payload intelligence:** Extracting Level 3 (line-item) ISO 20022 data allows APIs to inject contextual point-of-sale offers (insurance, BNPL) directly into the checkout flow.
- **Hyper-personalized decisioning:** AI predicts user liquidity gaps in milliseconds, enabling dynamic, pre-approved credit that drives significantly higher ARPU compared to generic models.

Key imperatives

AI is the non-negotiable definition of a modern payments business. It is a critical lever capable of delivering zero-ops efficiency while simultaneously unlocking new “contextual revenue” streams. In the instant economy, AI-driven decisioning is not a competitive advantage; it is the baseline for viability.

Sources: • How AI is Paying Off in the Tech Function • Cloud Pricing & Migration Comparison • Saksoft: Business Model Canvas Analysis • Inside the Engine of Global Commerce • Arcot for Issuers (TechDocs) • Liquidity FLEX ResearchGate Paper • Payments Investigation and Case Manager

Shifts in Global Payments Regulations: Balancing Innovation and Control

Key market trends

01. Mandating operational resilience and accountability

- **Liability shift:** Following the UK's mandatory reimbursement for Authorized Push Payment (APP) fraud, global regulators are pushing for "shared liability" models that hold receiving banks, telcos, and platforms accountable for scams.
- **Operational resilience:** With the EU's DORA fully applicable, 2026 marks a shift where "resilience" is a board-level mandate. Continuous stress-testing of third-party cloud supply chains is a regulatory baseline.

02. Institutionalizing stablecoins and tokenized deposits

- **The MiCA compliance cliff:** The July 2026 MiCA1 grandfathering deadline forces a binary choice: regulated E-Money Tokens (EMTs) become the standard for payments, while non-compliant stablecoins face delisting.
- **Basel III and institutional entry:** The Jan 1, 2026, implementation of Basel crypto-standards2 introduces major capital differentials between Group 1 and Group 2 crypto assets, strongly incentivizing banks to prefer compliant, fully-backed stablecoins and tokenized assets to avoid punitive capital charges.

03. Converging digital identity with AI oversight

- **Identity wallets:** Regulations like eIDAS 2.0 are driving the convergence of "Identity" and "payment" into single "log-in-and-pay" flows, reducing friction while meeting strict AML/KYC requirements.
- **AI governance:** Regulators are mandating that core risk models in credit and fraud must generate mathematical explainability (XAI) to pass algorithmic audits.

04. Globalizing real-time rails via ISO 20022

- **ISO 20022 maturity:** As the co-existence period ends, the global standard for rich data is mandatory. Regulators are now focused on using this data for real-time AML monitoring and sanctions screening.
- **Cross-border interlinking:** G20 targets for 2027 are driving regulators to actively remove friction and allow domestic rails to interlink (e.g., UPI + PayNow models expanding globally).

Initiatives by major players

EU (ECB and Parliament)

PSD3 and digital euro: Finalizing the "Payment Services Regulation" (PSR) to unify rules; digital euro pilots enter the preparation phase, focusing on offline privacy to compete with private EMTs (e-money tokens).

USA (Fed)

Moving past the "Clarity Act" debates to enforcement; The Fed is focusing on regulated stablecoin issuers gaining access to master accounts, provided they meet strict "bank-like" supervision standards.

Global (BIS & FSB)

The BIS and central banks are moving Project Agora (tokenized deposits) from concept to pilot, to solve cross-border friction by unifying wholesale banking on a programmable ledger.

Key imperatives

1. Operationalize "resilience by design"

- Compliance is no longer just about financial stability; it is about technical stability.
- Payment firms must implement real-time third-party risk management and proven exit strategies for critical cloud providers (as per DORA) to avoid regulatory freeze-outs.

2. Prepare for "authorized" fraud liability

- With regimes such as the UK's mandatory reimbursement for APP fraud, the "buyer beware" era is dead. Systems must move beyond verifying identity to verifying intent using real-time behavioral biometrics to stop social engineering pre-flight.

3. Build for "regulated" programmability

- With MiCA and Basel III in full force, "programmable money" moves from innovation labs to regulated balance sheets. Banks must build offerings around tokenized traditional securities (Group 1a) and fully-backed, regulation-compliant stablecoins (Group 1b).
- Treasuries must upgrade infra to handle multi-rail settlement, managing liquidity across both ISO 20022 fiat rails and 24/7 tokenized ledgers.

4. Embed compliance into the rail

- With instant payments, compliance checks (sanctions/AML) cannot be post-transaction.
- Automated compliance must be embedded into the message flow (ISO 20022) to settle in seconds without compromising regulatory obligations.

Sources: ESMA: Markets in Crypto-Assets Regulation (MiCA) Transitional Phase
OSFI Canada: Capital and Liquidity Treatment of Crypto-asset Exposures

Cross-Border Remittances — Faster, Cheaper, Easier, and More Ubiquitous Than Ever!

Key market trends

01. Interlinked Real-Time Payment (RTP) networks

- **Network of networks:** The era of bilateral connections is ending.
  - Project Nexus has gone live1, creating a multilateral "network of networks" connecting instant payment systems in ASEAN and India.
  - PAPSS is interconnecting African Central Banks to allow trade in local currencies.
  - UPI has been the most aggressive in establishing cross-border linkages, processing >100 billion annual transactions2.
  - BRICS has formally piloted BRICS Pay, an initiative designed to interconnect national payment systems across BRICS countries.
  - CIPS enables large-scale cross-border RMB clearing and settlement, connecting over 4,900 banking institutions across 189 countries and regions.
- **A2A dominance:** Cross-border A2A transactions are projected to surpass $11Bn in 2026 as businesses bypass card networks for direct bank rail settlement.

02. Geopolitical forces: Fragmentation and friend-shoring

- **Sanction-proofing:** Nations are building parallel rails to "sanction-proof" their economies. Projects such as mBridge allow central banks to settle trade directly in CBDCs, bypassing Western correspondent banking and the USD.
- **Splinternet of payments:** Global liquidity is fragmenting into regional blocs. Friend-shoring is pushing trade into local currency corridors (e.g., INR-AED, CNY-BRL), reducing reliance on the USD.

03. Fintechs: Wallets and stablecoins as new alternatives

- **Web3 as a backend:** Fintechs use regulated stablecoins (USDC, PYUSD) on high-speed Layer-2 blockchains for B2B flows. Stablecoin settlement volume now exceeds $10 trillion annually3 cutting settlement from T+2 days to seconds at near-zero cost.
- **Wallet-to-wallet ecosystems:** The primary interface has shifted from "bank-to-bank" to "wallet-to-wallet" with super-apps (Grab, WeChat, MercadoLibre) enabling gig workers to earn, hold, and spend multi-currency funds without touching traditional bank accounts.

04. Regulatory push

- **Compliance-as-code:** To hit the G20 cost/speed targets (≤3% cost, 75% of remittances to arrive within one hour, with the rest arriving within the same business day)4, compliance has moved from manual post-transaction checks to AI-powered pre-transaction validation.
- **Strict travel rule:** FATF-aligned jurisdictions (e.g., EU, UK, Singapore) mandate 2026 rules requiring crypto and fiat transfers over $1,000 to carry identity data5.

Initiatives by major players

BIS Innovation Hub

Project Nexus has gone live, standardizing connectivity between the instant payment systems of ASEAN nations and India. This allows a sender on UPI (India) to send funds instantly to a PayNow (Singapore) proxy ID.

Major fintech wallets now utilize USDC and PYUSD on backend Solana/Layer-2 networks to move value across borders for fractions of a cent, off-ramping to local currency only at the final mile.

These players have evolved into software platforms, offering local account credentials globally. They allow gig workers and platforms to treat cross-border payments like domestic transfers, erasing the concept of "international" fees.

Key imperatives

1. Build multi-rail interoperability

- Single-clearing dependency is obsolete. Build intelligent routing engines that seamlessly switch between SWIFT, multilateral RTPs (e.g., Nexus), and Layer-2 blockchains in milliseconds based on real-time liquidity, cost, and latency.
- Native ISO 20022 integration is a hard prerequisite.

2. Operationalize "compliance-as-code"

- Eradicate manual post-transaction reviews. Embed AML, KYC, and strict travel rule logic directly into the orchestration layer.
- Utilize programmable money frameworks where regulatory validation executes autonomously before funds are permitted to move.

3. Enable AI-driven orchestration and pre-validation

- Instant cross-border settlement requires 100% STP.
- Deploy AI to pre-validate beneficiary details, network availability, and FX rates at the exact point of initiation.

4. Create transparent all-in pricing

- The legacy "hidden FX spread" model is dead. Backend systems must be upgraded to expose exact exchange rates, fixed fees, and precise settlement times via API before the transaction commits, matching the user experience standards set by top-tier fintechs.

Sources: BIS Official Announcement: Project Nexus completes comprehensive blueprint
NPCI Data via Economic Diplomacy Division
Citi GPS: Stablecoins 2030 Report
FSB: G20 Targets for Enhancing Cross-border Payments
ComplyAdvantage: FATF Travel Rule Guide

CBDCs Advance Wholesale Settlement, While Stablecoins Dominate Cross-Border: Digital Currency Economy Emerges

Key market trends

01. Leading initiatives

- **China:** e-CNY live in 25+ cities and expanding cross-border payments with Hong Kong.
- **Singapore (MAS)**: First wholesale CBDC settlement; tokenized asset trials by 2026.
- **India:** Digital rupee adoption rising(CBDC) from ₹234 crore to ₹1,016 within one year; ARC Stablecoin leaning toward a stablecoin-based structure.
- **USA:** PayPal launched PYUSD stablecoin for merchant checkout and P2P transfers.

02. Cross-border focus

- BIS's **mBridge** aims to streamline international CBDC settlements and foster global interoperability.
- **South Africa and URC:** Discussions on a **Universal Reserve Currency (URC)** gaining traction to simplify cross-border payments in Africa.
- Stablecoin-based cross-border settlements pilots are underway, led by major networks and fintechs.

03. Stablecoin surge

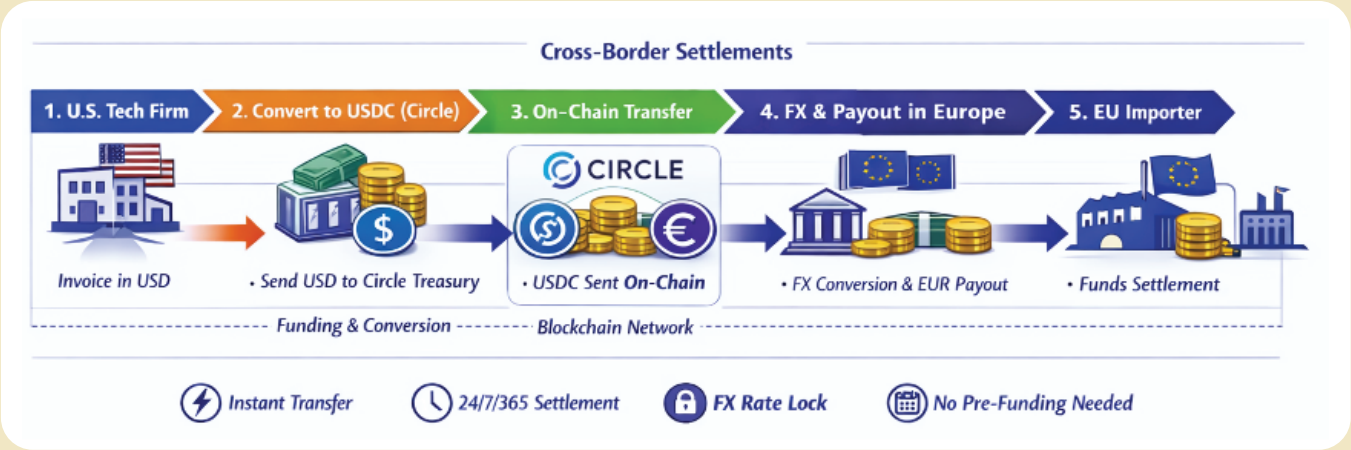
- In 2024–25, stablecoins processed over $33 trillion in annual transaction volume. By March 2026, total stablecoin market capitalization stood at ~$315 billion, dominated by USDT and USDC, with primary use cases in cross-border remittances and B2B payments.
- South Africa: ZARP stablecoin (issued by ZARP Stablecoin Pty Ltd; managed by Inves Capital with reserves held by Old Mutual Wealth) is live and gaining traction for local and cross-border payments.
- Stablecoin - stablecoin settlement (e.g., USDC–EURC) is emerging as a real cross-border rail.
- The stablecoin landscape has expanded with the count of active stablecoins increasing by ~80% — from ~190 in 2024 to 340+ in 2026.
- India: Digital currency shift trending toward stablecoin setups, with PSPs needing stablecoin-ready systems.

04. Regulatory moment

- **EU:** MiCA mandates reserves, licensing, and unified stablecoin rules.
- **U.S.:** GENIUS and STABLE Acts advancing stablecoin compliance.
- **UAE:** ADGM licensing for VASPs with oversight on dirham-backed stablecoins.
- Regulatory clarity emerging globally signals that India's payments industry must prepare for a stablecoin-inclusive framework.

05. Social benefits and offline currency

- India's G-SAFAL and DEEPAM 2.0 enable conditional cash transfers.
- Nigeria's eNaira enables offline CBDC transactions via USSD codes and SIM-based solutions, removing the need for internet access.
- Bahamas' Sand Dollar and Jamaica's JAM-DEX support offline payments via smart cards and mobile wallets.
- USDC increasingly used for humanitarian aid disbursement in emerging markets.
- Jamaica: JAM-DEX supports offline CBDC payments via mobile wallets and smart cards.
- Globally, benefits disbursement is shifting to digital, automated rails for faster, safer payouts.



Stablecoins are used mainly for cross-border and B2B payments, with secondary use in domestic goods and bill payments , followed by trading liquidity and payroll — led by USDT and USDC.

Key imperatives

1. Build infrastructure for CBDC-scale volume and resilience

- With CBDC transactions projected to rise sharply, ecosystems must upgrade for high-throughput settlement, 24×7 resilience, and cross-border interoperability — including network modernization, liquidity routing, and automated reconciliation.

3. Prioritize stablecoins for revenue-generating cross-border use cases

- Focus stablecoin adoption where value is already proven: B2B trade settlement, remittances and payroll, marketplace payouts. Treat stablecoins as a commercial rail, not an experimental asset.

2. Accelerate programmable money infrastructure

- CBDCs and stablecoins must evolve toward programmable settlement —enabling automated payments, conditional transfers, and embedded social benefits at scale.

Sources: • CBDC Tracker • RBI • BIS • Citi GPS • Bank of Jamaica • Stable coin Act

Cards Go Smart: Secure, Tokenized, Green, and Wallet-Native

Key market trends

01. Card experience is shifting to tokenized and passkey-native

- The card experience is moving to 100% tokenization with biometric, passkeyss and one-click checkout — eliminating visible card numbers and passwords.
- Industry adopts tokenization as the primary defense against credential theft and synthetic fraud.
- Tokenization cuts online fraud by ~30% vs PAN. Network tokens boost approval rates by 4 – 6% and reduce fraud losses.

02. Digital-first, wallet-native takes over

- Issuers are moving to digital-first card issuance, instantly provisioning cards into Apple Pay/Google Wallet to reduce time-to-first-spend and stay top-of-wallet.
- Virtual-only, wallet-addable cards (e.g., Starling) are accelerating the shift away from plastic.
- With 5.2Bn+ digital wallet users globally by 2026, wallet-native cards are becoming the default consumer choice.
- Acquirers benefit from wallet-native credentials and network tokens, which improve authorization rates and reduce checkout friction across both online and in-store channels.

03. Stablecoins enter the card stack

- Issuers are exploring stablecoin-linked card rails to enable instant conversion and settlement.
- Three operating models emerging: Custodial, Self-Custody , and Hybrid Settlement .
- Issuers and card networks begin supporting USDC settlement and treasury workflows.
- Stablecoin-linked card rails enable near-instant, lower-cost settlement for cross-border and merchant transactions.

04. From plastic to planet-positive cards

- Issuers are transitioning card portfolios to sustainable materials, with 90%+ of cards expected to be recycled or bio-based by 2029.
- Consumer demand high — 70% prefer sustainable cards.
- Banks worldwide (Bank of America, HSBC, Citigroup, CaixaBank, Starling, U.S. Bank, etc.) already issuing recycled or ocean-plastic cards.

Initiatives by major players

- Visa has issued 10 – 12.6 billion tokens, generating $40Bn in incremental e-commerce revenue and saving $650Mn in fraud in the past year.
- Visa has launched stablecoin-linked cards with partners like Bridge and Baanx.
- Visa uses up to 98% recycled plastic and runs recycling pilots.

- Mastercard aims for 100% tokenization and biometric one-click checkout by 2030, reducing reliance on visible card numbers.
- Mastercard has launched stablecoin-linked cards with partners such as MoonPay and OKX.
- Mastercard mandates sustainable materials by 2028, with 1Bn+ green cards already issued.

- Apple Card is fully numberless, with all sensitive card details stored only inside Apple Wallet, reinforcing a wallet-native card model.
- Starling Bank issues virtual cards that can be added to Apple Pay or Google Wallet, letting customers use digital-only cards without needing physical plastic.

Key imperatives

1. Modernize security and authentication

- Rapidly scale tokenization, biometrics, and passkeys to cut fraud, boost approval rates, and deliver frictionless checkout experiences.

2. Default to digital-wallet issuance

- Enable instant add-to-wallet during onboarding and re-issuance so cards are ready to use immediately in mobile wallets . Keep card credentials updated automatically across devices to maintain consistent top-of-wallet usage.

3. Expand virtual and tokenized card usage

- Provide virtual prepaid/gift cards for e-commerce, subscriptions, travel, and business spend to reduce fraud and increase control. Tokenization enhances security while improving authorization performance and reducing operational friction.

4. Prioritize tokenization as today's core security layer

- Continue scaling tokenization and AI-driven fraud detection, as they remain the most effective protection for card, wallet, and A2A payments today.

Sources: • Corbado • Mastercard • Visa • Capital One Shopping • Apple

Reimagined Rewards and Loyalty: Hyper-Personalized, Always-on, Experience-Led Loyalty Ecosystems

Key market trends

01. Loyalty market expansion

- Loyalty management is set to exceed $25Bn by 2029, growing about 15 – 17% annually as digital engagement and AI reshape rewards.
- Consumers want simple, flexible rewards — 86% prioritize financial benefits, and ~80% value flexible earn/redemption.

02. AI-powered personalization becomes the core of loyalty strategy

- AI card-picking: Apps suggest the best card at checkout based on rewards, fees, and usage smarter spend routing.
- AI-optimized redemption: Dynamic, “best-value” guidance helps users choose the most rewarding redemption option.
- Real-time micro-rewards: Context-based nudges (location/behavior/merchant) trigger instant offers to lift spend.

03. Shift to flexible, experience-led, and subscription-based reward models

- Loyalty evolving from points-only to cashback, perks, subscriptions, and experiential rewards.
- 52% of brands now offer experience-based tiers for higher engagement and retention.
- Stablecoin rewards emerge — cards and wallets now offer cashback in USDC/PYUSD, giving users stable, cash-like, globally transferable value.

04. Loyalty as an embedded platform capability

- Loyalty is embedded directly into wallets, POS, and super-apps, reaching customers where they already transact (e.g., Alipay, WeChat Pay, Grab, Paytm, Tesco Clubcard, Starbucks in Apple Wallet).
- Rewards are expanding beyond discounts, with growing use of ESG-linked and socially responsible redemptions.
- Banks and brands increasingly rely on API-based loyalty platforms with pre-connected partners, improving speed, onboarding, and operational efficiency (e.g., Epsilon, Comarch, Kobie, SessionM, Annex Cloud, Antavo, Voucherify, Open Loyalty).

Initiatives by major players

- Robinhood Platinum Card — premium, experience-led rewards embedded directly into a financial super-app, shifting loyalty from points to lifestyle benefits.

- Mastercard × Xsolla — loyalty points can be used directly at checkout like cash in gaming, making rewards instantly usable.
- Tesco — Clubcard is now a mobile-first, personalized loyalty app, delivering targeted discounts and driving everyday engagement.

- Pays 3.7% annual rewards in PYUSD when users hold the PayPal USD stablecoin in their wallet.
- Rewards are credited monthly in PYUSD and can be spent at millions of PayPal-accepting merchants.

Key imperatives

1. Shift from points ⟶ experiences
with micro-rewards, experiential tiers, and POS-integrated point-as-currency functionality.

2. Operationalize "compliance-as-code"
enabling wallet integration, omnichannel issuance, and partner ecosystem expansion.

3. Embed sustainability and emotional value
by adding ESG-aligned rewards, social-good redemptions, and community-driven engagement.

4. Shift loyalty from static programs to AI-driven
real-time engagement engines that personalize rewards, experiences, and redemption in the moment.

Sources: • Loyalty • MI report • Mckinsey • Forbes • Mastercard • ebbo • Loyal Thinking • Robinhood

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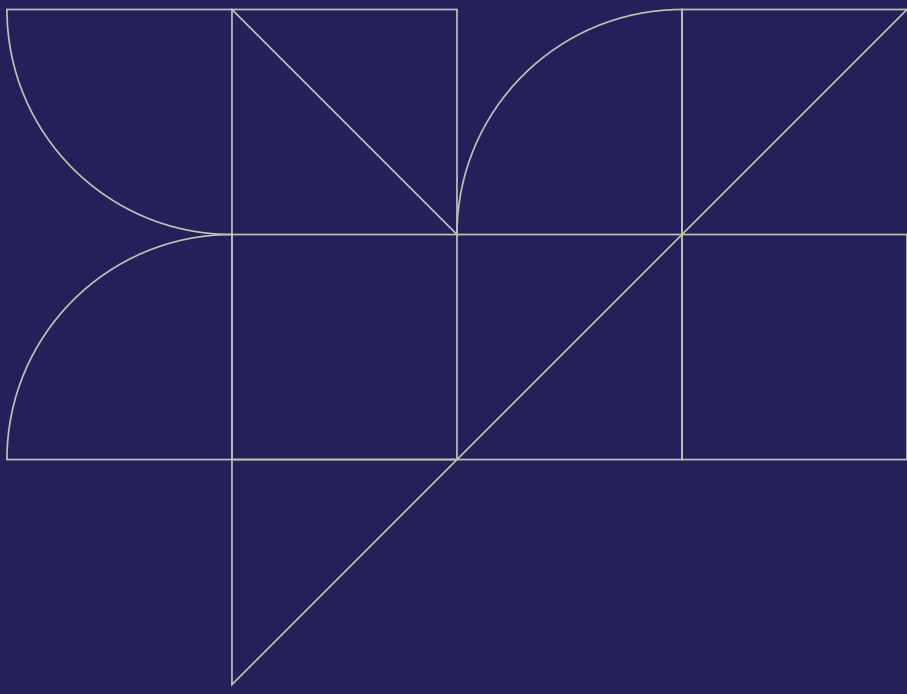

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At Zensar, we're 'experience-led everything.' We are committed to conceptualizing, designing, engineering, marketing, and managing digital solutions and experiences for over 145+ leading enterprises. Using our 3Es of experience, engineering, and engagement, we harness the power of technology, creativity, and insight to deliver impact.

Part of the $4.8 billion RPG Group, we are headquartered in Pune, India. Our 10,000+ employees work across 30+ locations worldwide, including Milpitas, Seattle, Princeton, Cape Town, London, Zurich, Singapore, and Mexico City.

For more information, please contact: **info@zensar.com | www.zensar.com**