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WHY FINANCIAL INSTITUTIONS MUST ADOPT PAYMENT PLATFORMS INTO THEIR DIGITAL PRODUCT DEVELOPMENT

When the Covid-19 pandemic forced the closure of businesses in 2020, people quickly moved to online shopping, ordering and delivery. Now that things are opening up, and supply chains are normalizing, customers are married to the ease and convenience of all that e-commerce has to offer. And this trend is here to stay. According to *Forbes*, 20.8 percent of retail purchases are expected to take place online in 2023. That number will grow to 24 percent by 2026.

Financial institutions are now finding the need to not only develop more sophisticated digital products, but also to include an integrated, multi-channel digital payment strategy, as well. Customers today want access to payment platforms with functionality, speed, security, reliability and a seamless user experience.

It's a tall order. But for banks and credit unions to keep their customers happy—and hold their own in a ruthlessly competitive environment—developing this kind of integration is a necessity. Payment gateways are a crucial piece of the digital product development process, and banks and other financial institutions will have to offer a variety of digital payment solutions if they want to keep their customers.

Delivering Customer-Centric Service

Your customers today are more technologically savvy, which means they expect to pay for something quickly, conveniently and safely. They also expect to conduct financial transactions easily online and in real time, taking only a few minutes to complete their business.

They also want options in how they pay: using credit and debit cards, mobile payments like Apple Pay, Stripe, Venmo and PayPal, or even other currency exchanges such as Bitcoin. And they expect to do all of this in a secure environment, one that does not expose them to fraud or phishing schemes.

Adding to this digital complexity, your customers also want to track their payments, follow their order history, quickly search for financial transactions or run reports that can help them track their expenses or do their taxes. And they expect to do all of this at the touch of a screen.

To put it succinctly, your customers today are more sophisticated in their banking and financial needs and your digital products need to match and exceed that sophistication. And a big part of that equation is developing digital products that seamlessly integrate with today's most popular payment platforms.

Those financial institutions that don't take this integration into account will be left behind.

Contending with Increased Competition

Without question, digital technology has significantly disrupted the financial services industry. And new payment platforms are cropping up seemingly every day, offering a robust combination of features that can be hard to keep up with.

This competition is healthy in that it leads to greater innovation, while certainly adding value. But with the glut of these platforms comes more increased competition. Are you able to compete at the level you need to today? In five years?

Keep in mind that your current and future digital products also need to keep pace, while continuing to offer best in class service and convenience.

Developing such digital products on your own, ones that meet all of these requirements, can be challenging and costly. But the investment will be worth it. To compete effectively in today's digital "Wild, Wild West", you have to develop digital technology that is state-of-the-art in both payment integration and ease of use.

Prioritizing Security as a Central Focus

Not surprisingly, payment security is a critical factor in giving your customers peace of mind. Whether it's advanced encryption features or fraud detection characteristics, today's digital products are smart, sophisticated, and a requirement for those financial institutions who want to retain and grow their customer base.

Customers who use payment platforms expect their transactions to be accurate and their data and personal information to be protected. Having your digital products safely integrate with today's payment platforms will not only ensure customer privacy and protection, but also build loyalty and trust.

But that's just table stakes. Newer security measures for digital payment platforms now include features once thought impossible a few years ago: biometric authentication, such as facial recognition and fingerprint identification, multi-level encryption and two-factor authentication. And now, the introduction of artificial intelligence and machine learning will only add to the complexity of these digital tools. Can you meet the challenge?

Addressing Real-Time Payments

In an accelerated and growing payments landscape, financial institutions worldwide are facing more technical, operational and customer services challenges than ever before.

Customers expect financial and payment transactions to be processed in real time, 24/7, through a myriad of digital payment gateways. While these gateways offer lightning speed and convenience, they also raise the bar in complexity, security and compliance for banks and credit unions.

For customers, payment transactions seem to take only a few seconds. But you understand that the lag time between purchase and processing, which can take anywhere from 24 hours to several days to clear accounts, can present issues in transaction control and security, which opens the door to greater risks of fraud.

This constantly evolving digital payment environment is now pushing financial companies to upgrade and onboard sophisticated technology in order to standardize operations and monitor transactions. Some of these operations are requiring the wholesale restructuring of business processes. And that may be the most difficult challenge of all, as many of these institutions are now trying to transform older legacy technology into sleek digital highways.

But transform, they must. Like it, or not, real-time payments are here to stay. Financial institutions will have to adopt this technology because customers now expect to do business digitally, and some of the competition is already way ahead.

Magnifying Your Reach

The marriage of digital products and payment gateways now allow financial institutions to serve customers all over the United States, and indeed, throughout the world. According to *Forbes*, the global e-commerce market is expected to total \$6.3 trillion in 2023. Users now access payment platforms through websites, mobile phones, social media, and other online channels.

This nearly limitless digital outreach give banks and other financial institutions the ability to open new markets and create significant revenue streams.

But this will only happen if your digital products are multi-faceted and seamlessly integrate. You will have to address multiple development and implementation challenges. For that, you will need an experienced partner who can help you navigate the digital product development process in an efficient and effective way.

Digital transformation is not optional. As more customers shift toward digital payments, banks, credit unions, and other financial institutions will have to develop sophisticated technologies and digital products and then integrate them into their service offerings. They will need to make this a priority going forward if they want to remain competitive in the marketplace, strengthen customer security, enhance brand reputation and grow their revenue and customer base.

3Pillar Global is here to help with your digital transformation strategy, shift your cultural mindset, and build modern data products and platforms for an evolving market. [Contact us](#) today to speak with a 3Pillar expert.