Capgemini RESEARCH INSTITUTE

The (not-so) silent takeover:

Winning back merchants means playing differently

The global payments landscape is being transformed

In the last decade, the global volume of non-cash transactions has gone up	From 2024–2029, non-cash transaction growth has a projected CAGR of	By 2029, card payment volumes will fall to	By 2029, instant payment and digital wallet volumes will rise to
4X	16%	47%	32%

Source: Capgemini World Payments Report 2026

As merchants' needs change, can banks catch up?

Merchants have different priorities depending on their size, with a keen focus on:

Operations | **Efficiency** | **Experience**

Where banks are **losing ground** to PayTechs

% of merchants say it's important | % of execs who say they're fully capable of offering it	Need
69% | 13%	Fast, **seamless onboarding**
70% | 19%	**High payment** success rates and **reliable** infrastructure
62% | 26%	**Advanced** fraud prevention and data security
50% | 15%	**Merchant-centric** value propositions

% of merchants say it's important

% of execs who say they're fully capable of offering it

PayTechs surge forward: The story in numbers

	Banks	PayTechs
Cost of onboarding a new merchant	USD 496	USD 214
Time to onboard a new merchant	1–7 days	<60 mins
Using merchant data for segmentation and personalized CX	23%	64%
Deploying innovative tech with GenAI	41%	60%
Rolling out Digital ID	38%	59%
Prioritizing real-time payments as an industry initiative	46%	71%

Banks

PayTechs

As payments shift, banks must shift their focus with it

- Foundational reliability
- Strategic expansion
- Future-driven innovation
- Intelligent optimization

Recommendations: How banks can get back in the game

Refocus with clarity and move nimbly

Banks must compete where they're set to win

- Domestic in-store payments
- Domestic online payments
- Cross-border payments

Evaluate opportunities against robust criteria

- Current strengths and capability gaps
- Merchant segment access potential
- Risk and return
- Strategic alignment
- Partner and acquisition readiness

Choose the right business model

- Keep the business and invest for growth
- Form a strategic partnership or joint venture with a specialist
- Spin off or exit the merchant servicing business entirely

Build the right digital capabilities

- Simplify IT and scale up with a composable, modular core
- Power up services and UX with user-friendly, service-rich tools
- Unlock agility through standardized, plug-and-play APIs
- Expand merchant engagement by teaming up with PayFacs and ISVs
- Optimize onboarding and deploy payment orchestration

Capitalize on marketplace strengths

- Capture rich merchant intelligence at every step
- Activate data for smarter decision-making
- Monetize insights by turning intelligence into tangible business results

68% of merchants trust and prefer banks for their financial services needs

- **78%** cite banks' strong brand reputation
- **74%** value higher levels of regulatory compliance and robust security
- **49%** point to stability and long-term market presence
- **46%** appreciate the broader suite of available financial products

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