

Merchant Services

Global Payments and Card Conference
2025



Our Speakers

Ask me about:
Payment
technologies



Juan Garrido

Head of Global Banking
Merchant Product

Ask me about:
Tailored solutions



Galen Robbins

Co-Head of GPS
Specialized Product Sales

Ask me about:
Payment
optimization



Matthew Murphy

Payments Network
Executive



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Payment needs and technologies are rapidly evolving

Card spend

82%

Cards continue to dominate at point-of-sale, with cash projected to constitute 11% of POS transactions in 2028, compared to 82% for cards and 11% for other payment methods¹

Card payment declines

5.7%

Percentage of commercial card payments that are declined, compared to 3.2% for consumer card payments²

E-commerce and card-not-present payments

\$1.7T

Projected size of the U.S. retail e-commerce market by 2028.³

Contactless card technology

80%

Percentage of transactions that occur at contactless enabled merchants⁴

Mobile wallets

187M

Projected number of U.S. mobile wallet users in 2027, which is 72% of total smartphone users⁵



¹ McKinsey US Payments Map, Jan 2025 release. Other payment methods include check, ACH, POS lending, etc.

² Bank of America issuing data

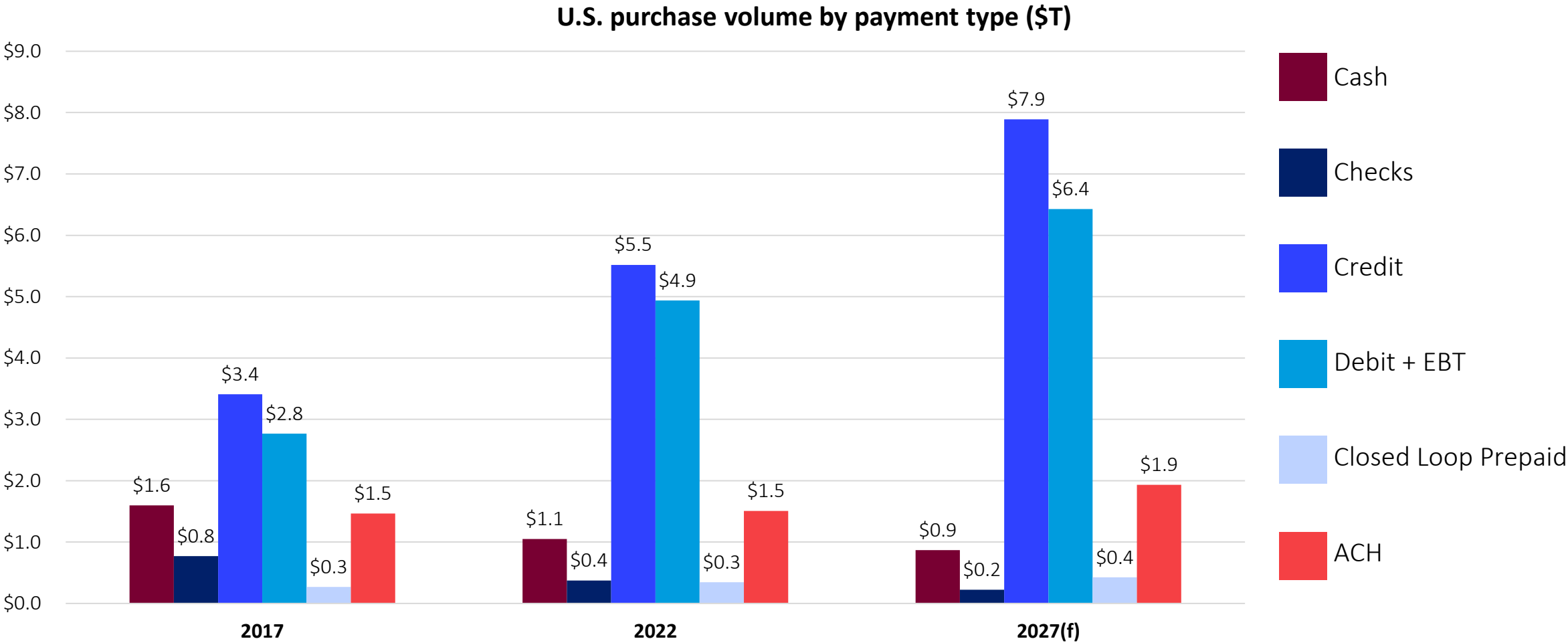
³ Insider Intelligence, February 2024, e-commerce sales projections.

⁴ Tap to Pay Quarterly Update, Visa, March 2024

⁵ "Payment Trends to Watch in 2024," *Insider Intelligence*, Jan 2024.

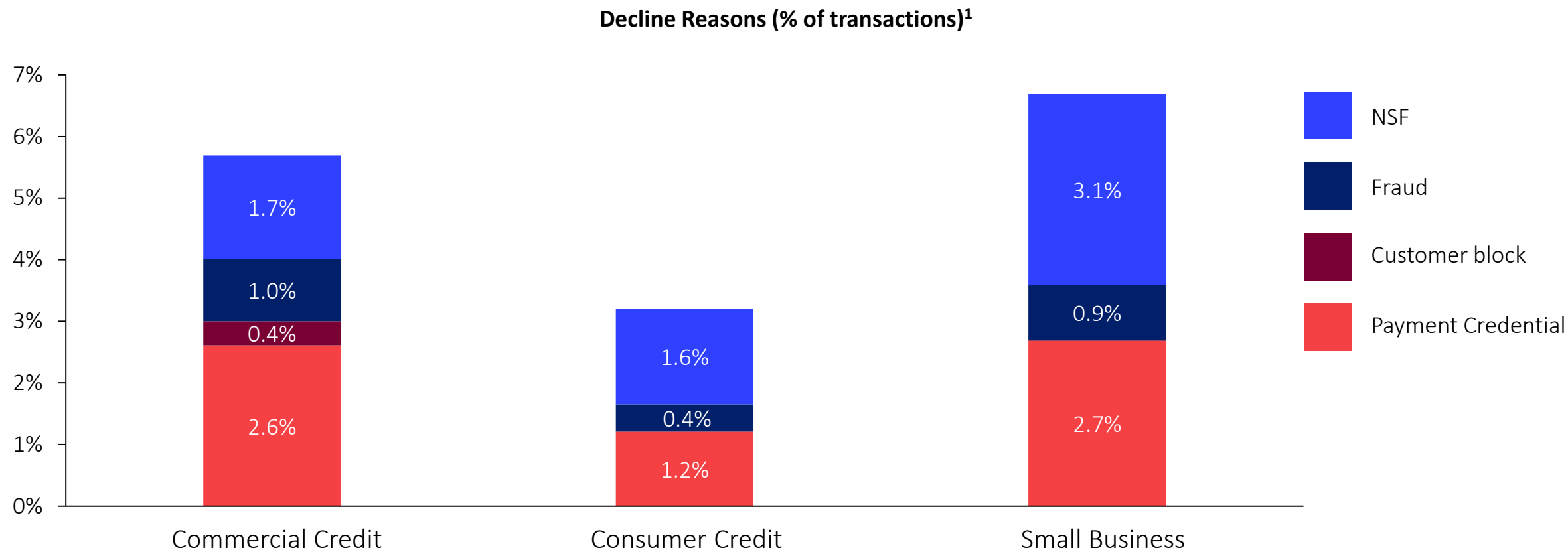
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From 2017 to 2022, paper forms of payments fell from 23% to 12% of U. S. purchase volume



Declines and authorizations display similar themes across commercial and consumer card portfolios

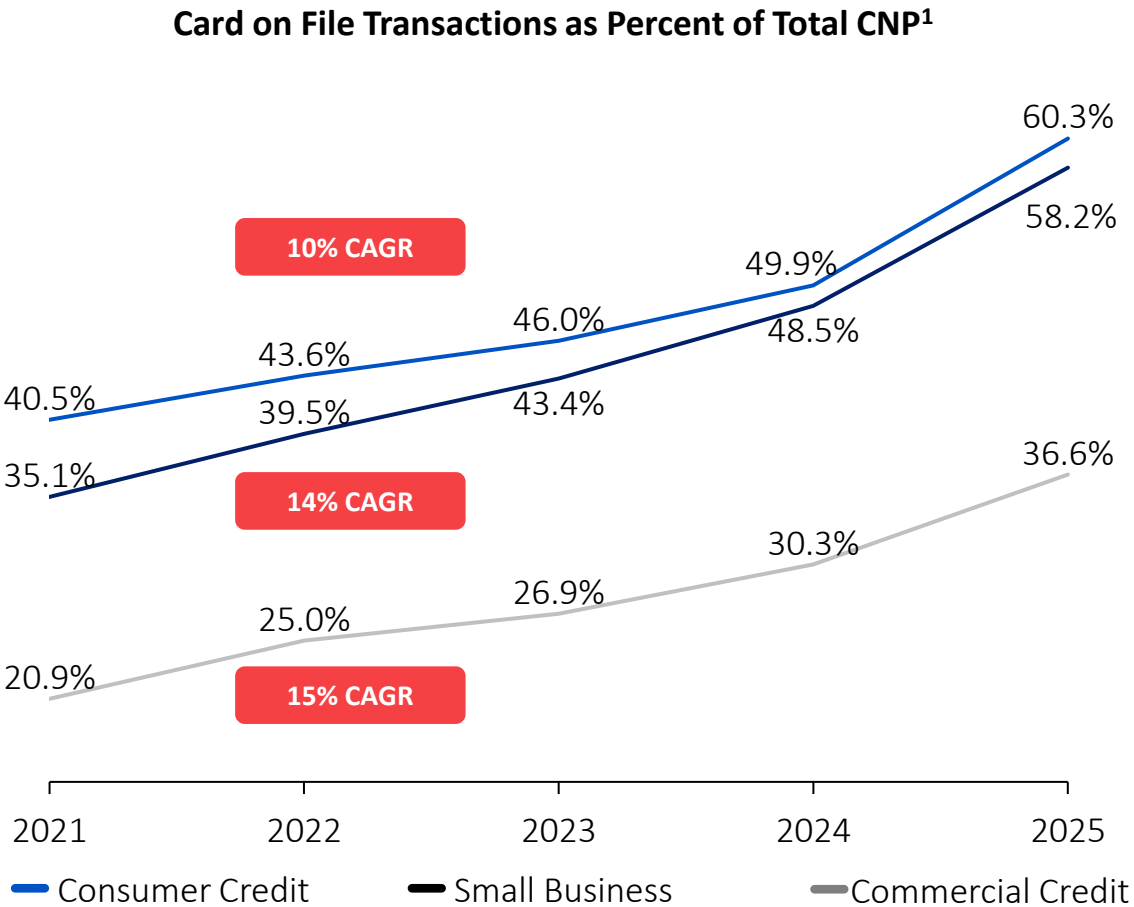
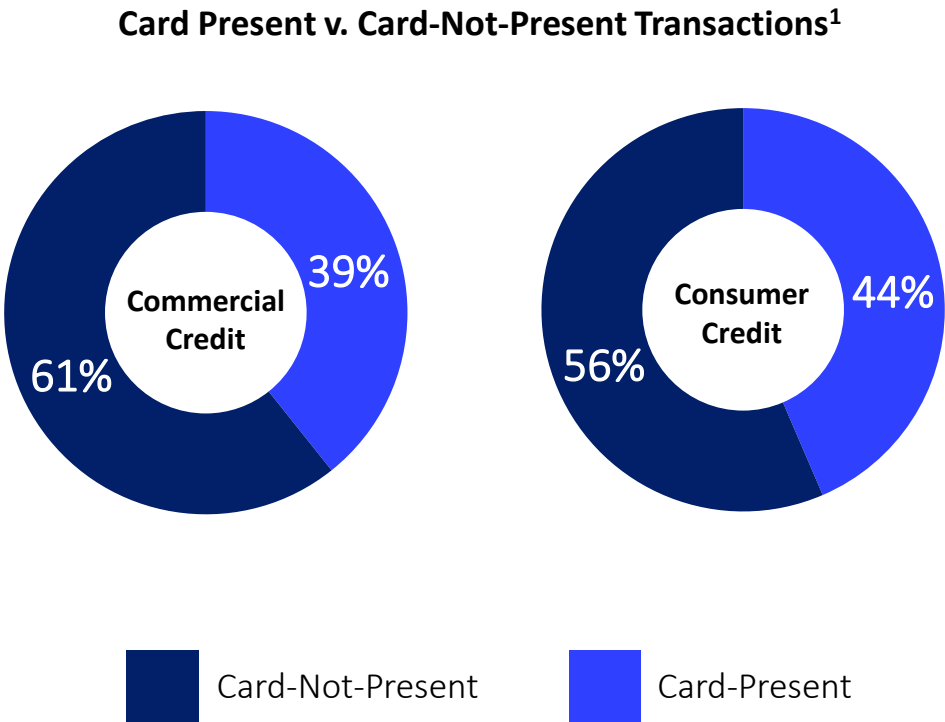
Invalid payment credentials comprise a larger share of commercial card declines than does fraud



¹ Bank of America issuing data

Majority of spend is Card-Not-Present (CNP) – more so for commercial cards

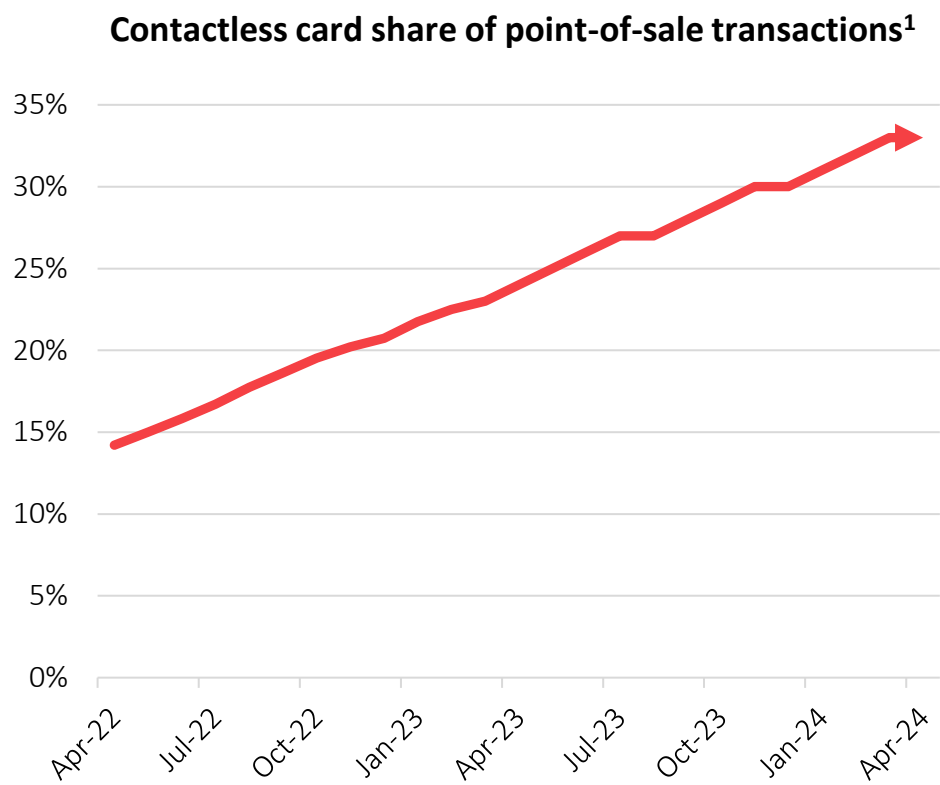
Card on File is growing faster for Commercial Cards than Consumer or Small Business



¹ Bank of America issuing data

Increasingly popular contactless cards reduce wait times and friction

Cardholder preferences for faster, more hygienic checkout experiences are driving a boon in contactless card payments



80%

Debit and credit cards provide contactless functionality – **all Top 25 issuers** have contactless cards ²

48%

U.S in-person payments made with a tap (card or mobile wallet)²

~80%

of transactions occur at contactless-enabled merchants²

287

of the top 300 merchants are contactless enabled²

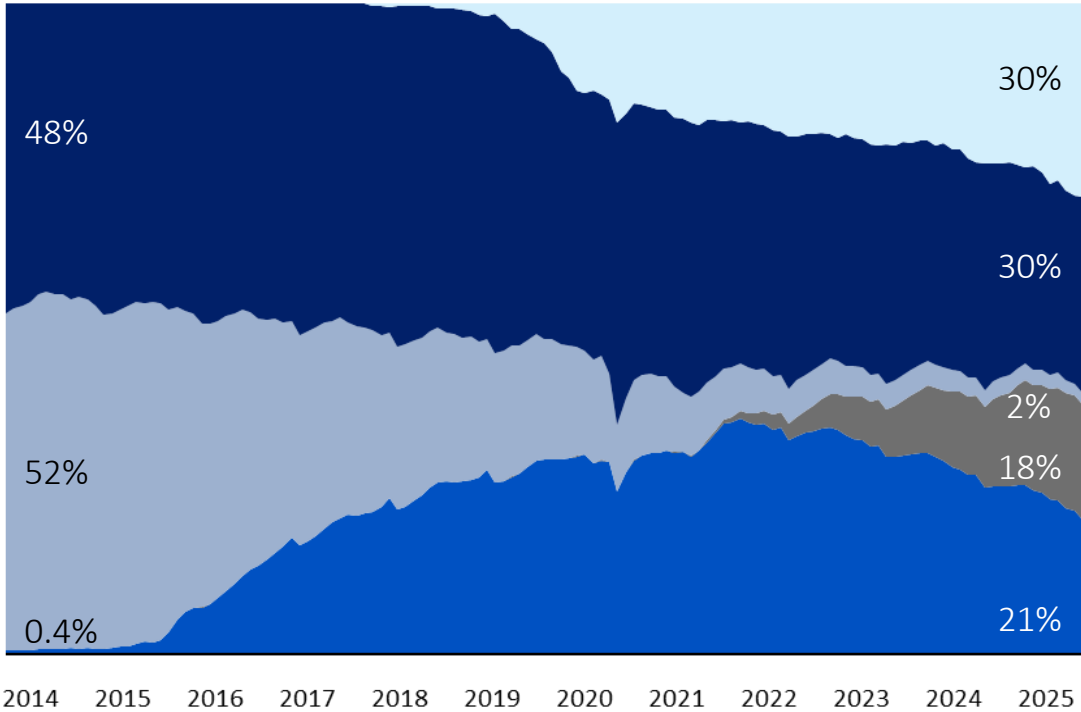


¹Bank of America issuing data
²Visa. March 2024. *Tap to Pay US Update*.

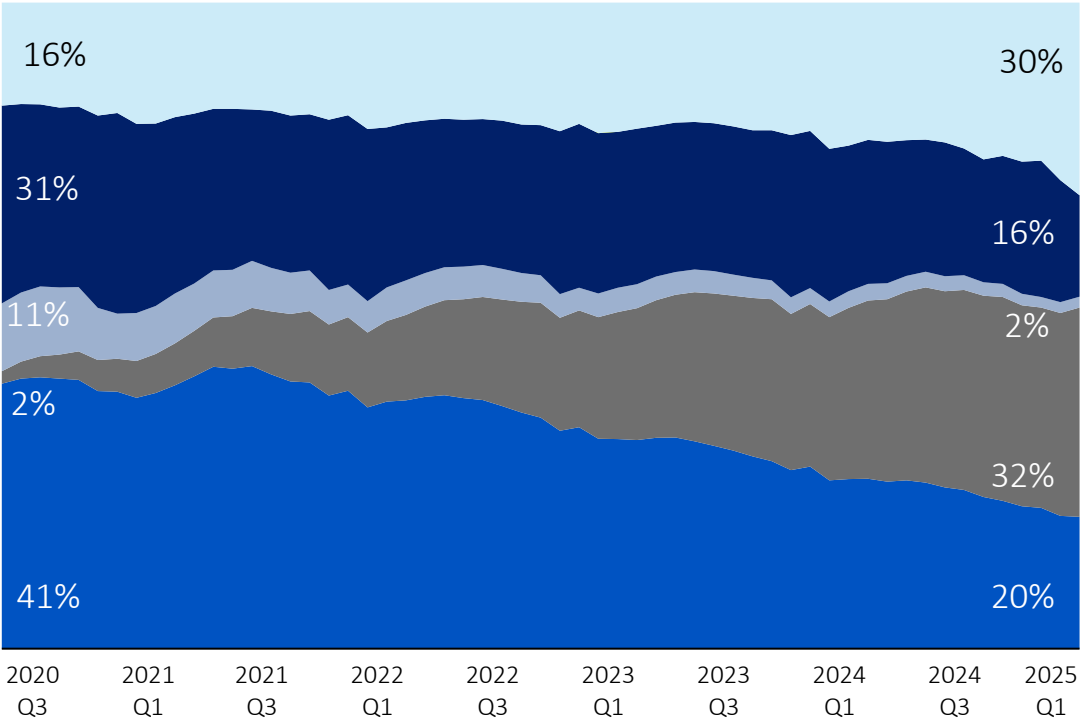
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The rising popularity of paying by contactless cards is seen across our commercial **and** consumer card portfolios

Percentage distribution of entry mode types among Commercial transactions¹



Percentage distribution of entry mode types among Consumer transactions¹



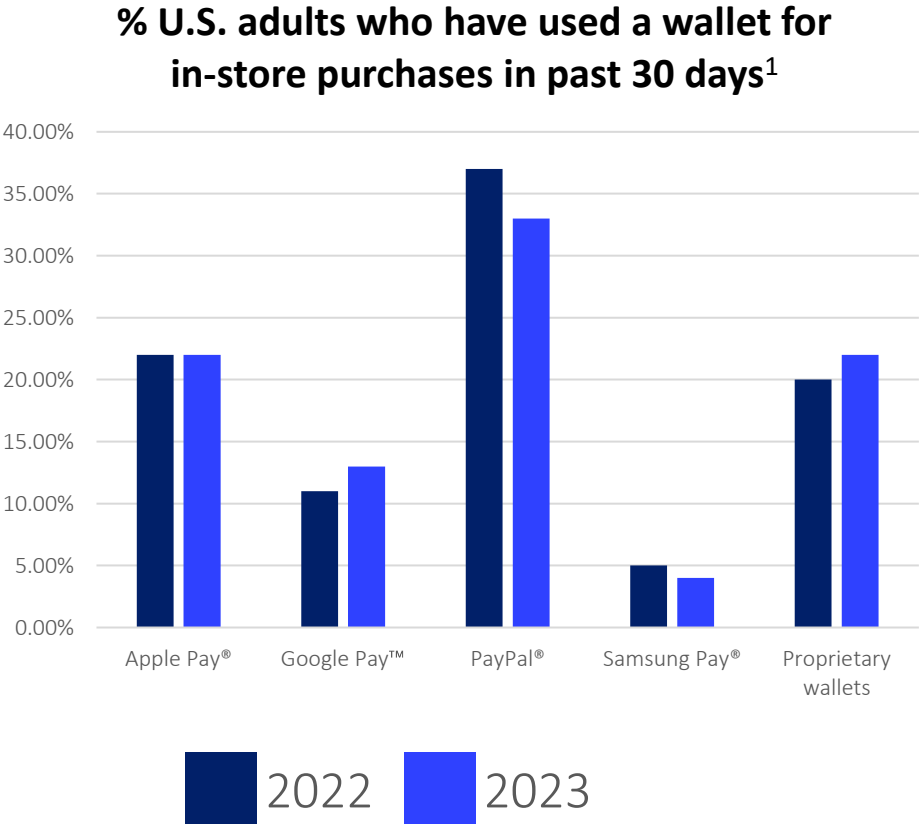
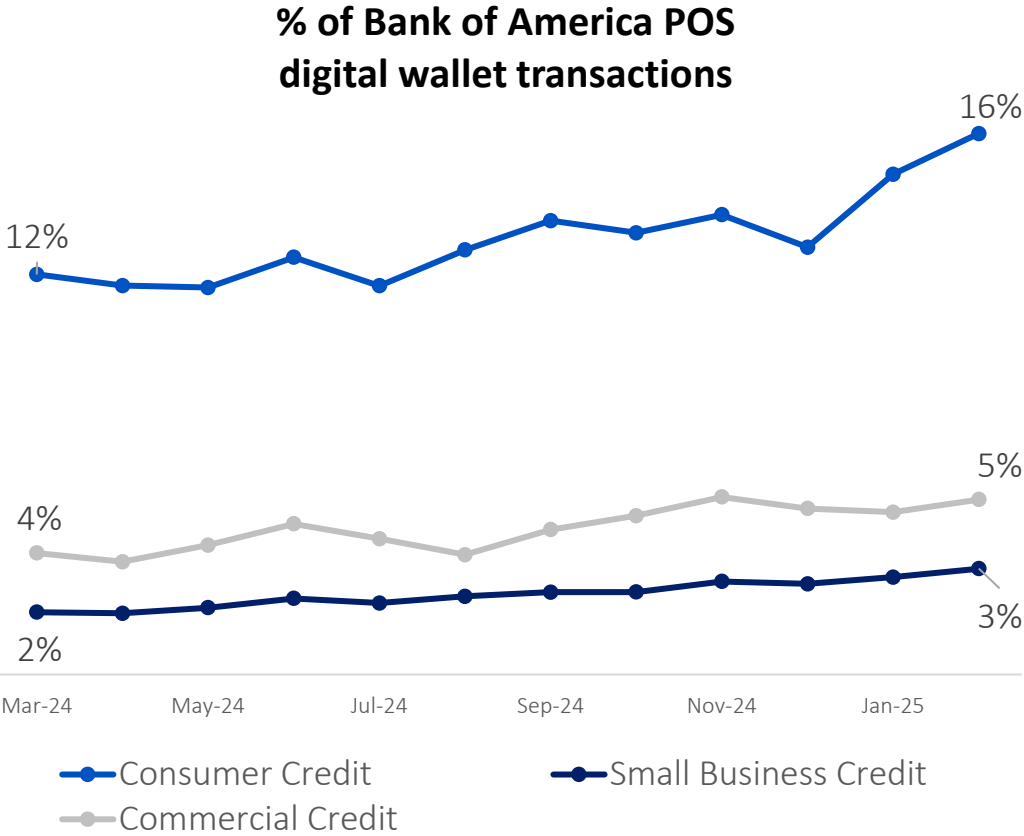
COF Ecomm² Magstripe Contactless Chip



¹ Bank of America issuing data
² Manual Ecommerce and manual terminal key entry

Digital wallets appeal to consumer desires for streamlined, simple solutions

Increased merchant acceptance and consumer trust have led to a rise in digital wallet use at point-of-sale – both among standard digital wallets (such as Apple Pay®) and proprietary, merchant-specific wallets



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¹Insider Intelligence. December 2023 and December 2022. Which Payment Methods Have US Adults Used to Make In-Store Purchases?

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What is PazeSM?

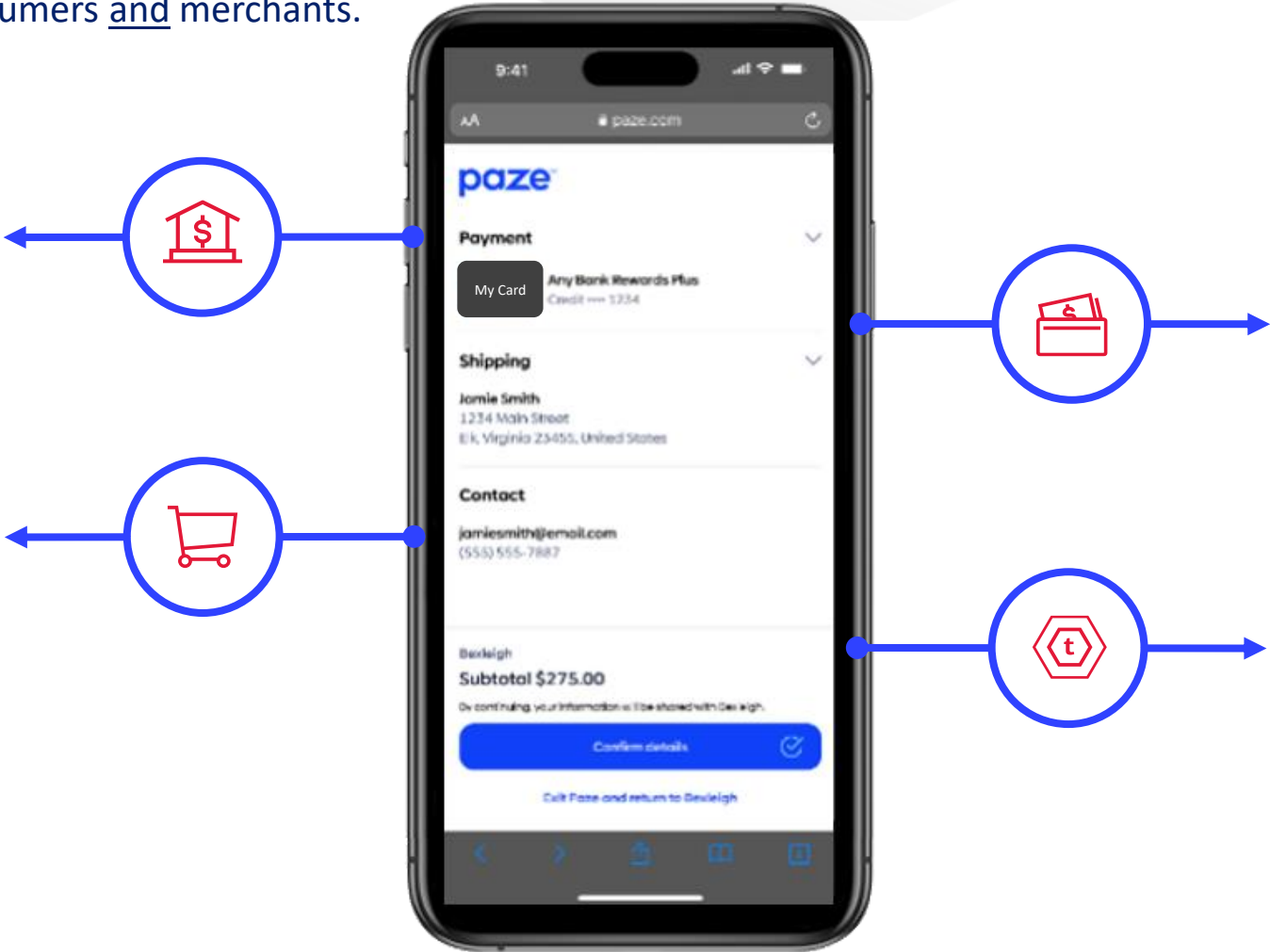
A reimagined digital wallet that helps reduce friction and simplify checkout, solving the key obstacles in e-commerce with an experience that benefits consumers and merchants.

Offered by financial institutions

Paze is a service operated by Early Warning Services, LLC and offered by financial institutions of all sizes as of 2024. Currently, Paze is offered by seven of the nation's largest banks, including Bank of America.

Working for merchants

Paze easily integrates into a merchant's existing checkout process, allowing merchants to design their own Paze experience based on their business needs.



Offering a convenient experience for consumers

With Paze, consumers' eligible debit and credit cards are consolidated into one wallet, simplifying checkout to just a few clicks. Customers never need to enter full card numbers or download a third-party app.

Secured by tokenization

Card credentials are exchanged for tokens that are securely shared when customers check out at participating merchants. Consumers don't share their sensitive actual card numbers with merchants, and tokenized transactions have led to reduced fraud and higher transaction approval rates.¹



¹ When compared to non-tokenized transactions. Tokens have led to a 28% reduction in fraud rates and 3% increase in approval rates. Visa (August 2024). "Visa Tokens Surpass Physical Visa Cards in Circulation." Use of security solutions is not a guarantee that your systems will not be breached or guarantee that you will be compliant with the Payment Card Industry Data Security Standard or Payment Network Rules.

Innovation focuses on delivering increasingly seamless payments experiences

Key commerce trends



Omnichannel experiences and payment optionality

Why it matters

To consumers

- Ability to engage with merchants when and how they want
- Seamless transitions between online and in-store shopping experiences

To merchants

- Merchants meet customers where, when, and how they want – driving loyalty and competitive advantage

Bank of America initiatives



Volume indicators

- 7.6 billion transactions processed annually¹
- \$460.1B sales volume processed annually¹
- 173K merchant locations¹



Frictionless checkout

- Improved, fast and streamlined check-out experiences

- Reduced cart abandonment
- Increased sales conversion



- More than 140 million eligible credit and debit cards available, enabling e-commerce transactions for U.S. consumers²
- Enabled at 20+ merchants across the United States, in a range of industries including apparel, beauty, gifts, grocery and electronics.³



¹ Data Source: Bank of America, 2023
² Eligible cards generally include cards that consumers have recently used to transact online.
³ <https://www.paze.com/merchant-directory>

What's Next:

- Expect the continued shift away from paper payments, focus on card-not-present payments, and the growing use of contactless cards
- Educate corporate card users about the impact of payment credentials issues on card declines
- Anticipate a future emergence of digital wallets in the corporate card space



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