

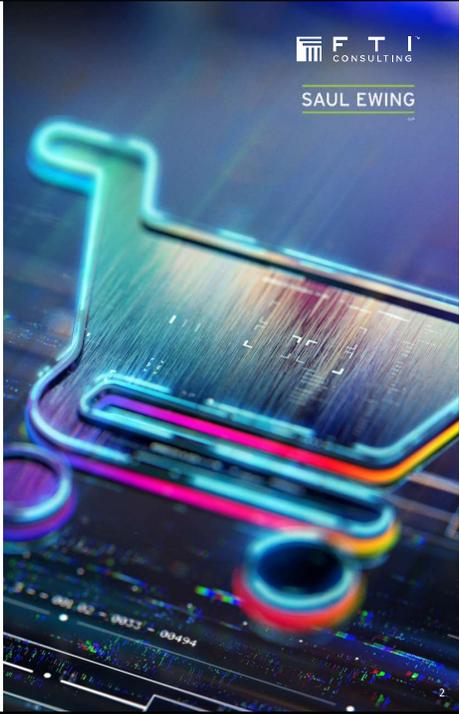
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Payments Trends to Watch for 2026

The payments landscape is undergoing a profound transformation, driven by technological innovation, evolving consumer expectations, and a dynamic regulatory environment. As we look toward 2026, emerging technologies like stablecoins, artificial intelligence (AI), and instant payment systems are poised to redefine how transactions are conducted globally.

These advancements promise faster, more secure, and cost-effective solutions, while also introducing new opportunities and challenges, from decentralized finance to heightened cybersecurity risks.

These changes are front and center for payments, banking, and regulatory executives and practitioners as they will need to understand the key trends shaping the future of payments, including the disruptive potential of stablecoins, the impact of regulatory frameworks, the role of AI in enhancing efficiency and security, and the rise of instant payment systems revolutionizing low-dollar transactions.

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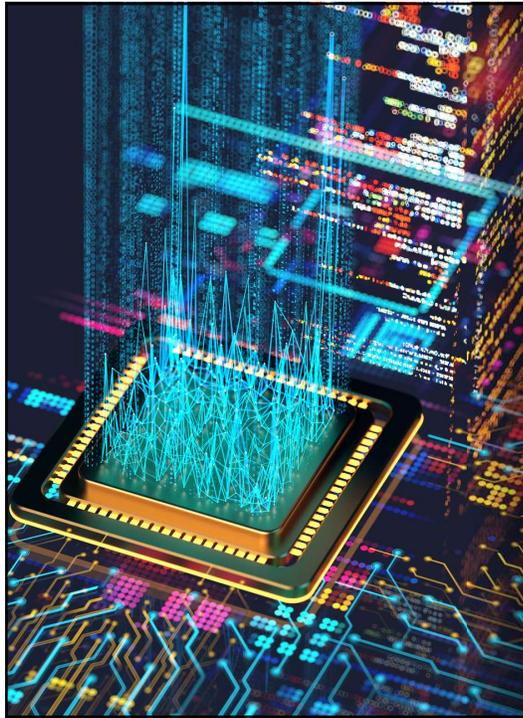


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Trend 1: Stablecoin – A Disruptor?

The rise of stablecoins could be poised to disrupt the traditional payments industry by providing a stable and secure digital currency, enabling businesses and individuals to conduct transactions without the volatility associated with other cryptocurrencies, and ultimately leading to increased adoption, reduced transaction fees, and improved settlement times.

- May enable the creation of **new financial products** and services such as: stablecoin-based lending, investment vehicles, and insurance products, to provide users with more flexibility and options for managing their financial assets.
- Could **reduce friction and costs** associated with traditional payment systems, making it easier and more cost-effective for merchants and consumers to conduct transactions, and facilitating faster and more efficient settlement processes.

Like all new payment vehicles: widespread crypto adoption will require more attention, education, maturity and scalability in the context of traditional payments methods.

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Trend 1: Stablecoin – A Disruptor?

The development of new business models, such as decentralized finance (DeFi) platforms, decentralized exchanges (DEXs), and peer-to-peer marketplaces, will be supported by increasing stability and security of stablecoin, potentially allowing for innovative and inclusive financial systems to emerge.

- Ongoing development and adoption of stablecoins, and blockchain technologies, smart contracts, and central bank digital currencies (CBDCs) will continue to evolve the payment landscape.
- While these technologies have the potential to offer benefits like increased transparency and efficiency, they also introduce new security considerations and risks and require careful implementation and oversight.

Overall, the growth and emerging regulatory guidance around stablecoins, and the resulting products and technologies, are expected to impact the payments industry, driving innovation, reducing costs, and increasing access to financial services for individuals and businesses around the world.



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Trend 2: Regulatory Compliance is still a Thing

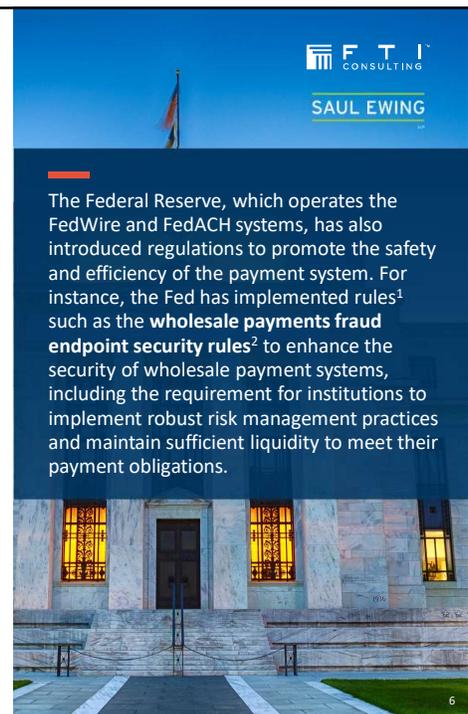
Payment networks and governing bodies such as NACHA, the Federal Reserve (Fed), and the Society for Worldwide Interbank Financial Telecommunication (SWIFT) play critical roles in facilitating transactions and are subject to various rules and guidelines.

In the United States, NACHA, which oversees the Automated Clearing House (ACH) network, has implemented several regulations to enhance the security and efficiency of transactions. **The most notable is the implementation of Same Day ACH, which enables faster payment processing.**

Additionally, NACHA has introduced rules to combat fraud and increase transparency, such as the requirement for originating depository financial institutions (ODFIs) to conduct risk assessments and implement effective risk management practices.

¹ London Stock Exchange Group. (2024, July 11th). "Nacha's new rules: are you ready?". Risk Intelligence Insights. <https://www.lseg.com/en/insights/risk-intelligence/nachas-new-rules-are-you-ready>

² Board of Governors of the Federal Reserve. (2022, July). Cybersecurity and Financial System Resiliency Report (pg. 10). <https://www.federalreserve.gov/publications/files/cybersecurity-report-202207.pdf>



The Federal Reserve, which operates the FedWire and FedACH systems, has also introduced regulations to promote the safety and efficiency of the payment system. For instance, the Fed has implemented rules¹ such as the **wholesale payments fraud endpoint security rules**² to enhance the security of wholesale payment systems, including the requirement for institutions to implement robust risk management practices and maintain sufficient liquidity to meet their payment obligations.

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Trend 2: Regulatory Compliance is still a Thing

On a global scale, SWIFT, which facilitates cross-border payments, has implemented measures to enhance the security and transparency of transactions, such as the introduction of the SWIFT Global Payments Innovation (GPI) initiative, which enables faster and more transparent cross-border payments.

The payments industry is also subject to regulations related to data protection and consumer protection:

- The General Data Protection Regulation (GDPR) in the EU and the California Consumer Privacy Act (CCPA) in the US are examples of regulations that require payment networks and financial institutions to implement robust data protection practices and provide consumers with greater control over their personal data.

Financial institutions in the payments space will need to implement robust risk management practices, through collaboration with the risk and compliance functions, to combat fraud, financial crime and to enhance security. This collaboration will enable increased adoption of instant payment processing technologies. Further risk and compliance should be overseeing the business in implementing global initiatives for transparent cross-border payments.



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Trend 3: Continued Cybersecurity Threats in Digital Payments

The increasing digitization and interconnectivity of payment systems have introduced new vulnerabilities, making them more susceptible to cyberattacks. Financial institutions and consumers are at risk of falling victim to various types of attacks, including phishing, ransomware, and DDoS attacks. Examples such as the recent treasury stablecoin RFI highlight the new focus on the issues surrounding stablecoin technology.³

API Vulnerabilities and System Penetration

Application Programming Interfaces (APIs) play a crucial role in facilitating communication between different systems and applications in the digital payment ecosystem. However, APIs can also introduce vulnerabilities that can be exploited by attackers, including:

- Insecure authentication and insufficient input validation
- Inadequate encryption, allowing sensitive data to be intercepted and exploited

Attackers may use these vulnerabilities to penetrate payment systems and move money, such as:

- By bypassing authentication mechanisms,
- Manipulating transactions through API exploitation, or
- Injecting malicious code into payment systems.

Additionally, attacks on contractors, suppliers, and partners can also compromise security, introducing risks such as supply chain attacks and insider threats.

³ U.S. Department of The Treasury. (2025, May 30th). Treasury Releases Request for Information related to the Executive Order 14247 "Modernizing Payments To and From America's Bank Account". Press Release. <https://home.treasury.gov/news/press-releases/sb0150>

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Trend 4: The Transformative Role of AI in the Payments Industry

AI is reshaping how financial institutions, merchants, and consumers interact in an increasingly digital ecosystem.

As payment providers integrate advanced AI technologies, they are unlocking new opportunities for innovation while confronting critical issues related to accountability, regulatory compliance, and data integrity.



Autonomous AI: Redefining Payment Operations



AI-Powered Fraud Detection and Risk Management



Overcoming Challenges for Responsible AI Adoption



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Trend 4: The Transformative Role of AI in the Payments Industry



Autonomous AI: Redefining Payment Operations

Agentic AI, systems capable of making autonomous decisions without human intervention, has transformed payment operations by optimizing transaction processing, enhancing customer experiences, and proactively addressing anomalies.

AI-powered chatbots provide real-time customer support, resolving queries instantly, while machine learning algorithms analyze vast datasets to detect irregular payment patterns and predict potential issues before they escalate.

However, the rise of agentic AI raises concerns about transparency, accountability, and control, as autonomous systems must balance efficiency with ethical decision-making. Payment providers are also vying for dominance in AI-driven ecosystems, seeking to control transactional flows to maximize revenue through tailored fees and services.

Establishing primacy in this space is critical, as it positions providers to shape the terms of AI-powered commerce, solidifying their market influence in a rapidly evolving landscape.



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Trend 4: The Transformative Role of AI in the Payments Industry

AI-Powered Fraud Detection and Risk Management

AI's ability to analyze behavioral data, transaction patterns, and anomalies in real time has made it a cornerstone of modern fraud prevention.

Machine learning models identify suspicious activities—such as unusual transaction amounts, locations, or frequencies—and flag them for review, significantly reducing unauthorized transactions.

Beyond fraud detection, AI enhances risk management by assessing merchant reliability, predicting customer behavior, and recommending proactive mitigation strategies.

These systems leverage vast datasets to provide actionable insights, enabling financial institutions to stay ahead of emerging threats. Additionally, AI strengthens authentication processes, incorporating biometrics and behavioral analytics to ensure secure, seamless transactions.



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Trend 4: The Transformative Role of AI in the Payments Industry

Overcoming Challenges for Responsible AI Adoption

Despite its transformative potential, AI in payments faces significant hurdles. High-quality, relevant data is essential for effective AI performance, yet incomplete or biased datasets can undermine results.

Financial Crime and Sanctions compliance, including adherence to anti-money laundering (AML) and know-your-customer (KYC) standards, requires AI systems to align with stringent legal frameworks while maintaining operational efficiency.

Moreover, ensuring explainability and transparency in AI decision-making is critical to fostering trust among consumers and regulators, as opaque processes can erode confidence.

By addressing these challenges through robust data governance, regulatory alignment, and transparent AI models, payment providers can harness AI's full potential to deliver secure, efficient, and customer-centric payment experiences that define the future of the industry.



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Trend 5: Instant Payments is Transforming Transactions

The launch of the Federal Reserve's FedNow service in July 2023 marked a pivotal moment in the evolution of financial transactions, ushering in an era of instant payments available 24/7/365.⁴

Alongside Real-Time Payments (RTP) systems, FedNow is redefining the payment landscape, particularly for low-value transactions, by offering unprecedented speed, accessibility, and efficiency. As these instant payment platforms gain traction, they are poised to reshape how individuals and businesses conduct financial exchanges, challenging traditional payment methods and driving innovation across the global economy.



Unlocking Efficiency for Low-Value Transactions



Driving Adoption and New Opportunities



Navigating Risks and Ensuring Success

⁴ Board of Governors of the Federal Reserve. (2023, July 20th). Federal Reserve announces that its new system for instant payments, the FedNow® Service, is now live. Press Release. <https://www.federalreserve.gov/newsevents/pressreleases/other20230720a.htm>



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Trend 5: Instant Payments is Transforming Transactions



Unlocking Efficiency for Low-Value Transactions

Instant payment systems like FedNow and RTP are transforming low-dollar transactions by delivering significant advantages over legacy payment methods. These platforms enable near-instantaneous fund transfers, eliminating the delays associated with traditional wire transfers and ACH systems.

This immediacy enhances cash flow for businesses and provides consumers with instant access to funds, fostering greater financial flexibility. By streamlining processes and reducing reliance on intermediaries, instant payments lower transaction costs, making them an attractive option for everyday purchases, bill payments, and peer-to-peer transfers. Robust security measures, including advanced encryption and authentication protocols, further ensure that these transactions are protected against fraud, building trust in the system.



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Trend 5: Instant Payments is Transforming Transactions

Driving Adoption and New Opportunities

The widespread adoption of FedNow and RTP is fueling a surge in transaction volumes, particularly for low-value payments, as financial institutions and businesses embrace their convenience and cost-effectiveness.

This shift is enabling innovative use cases, such as real-time payroll, instant refunds, and same-day vendor payments, which enhance operational efficiency and customer satisfaction.

However, the rise of instant payments is disrupting traditional systems like ACH and wire transfers, prompting financial institutions to rethink their strategies and invest in modern infrastructure to stay competitive.

The scalability of instant payments also supports emerging digital economies, including gig work and e-commerce, where speed and reliability are paramount.



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Trend 5: Instant Payments is Transforming Transactions

Navigating Risks and Ensuring Success

The rapid growth of instant payments introduces new challenges, particularly in managing risks associated with real-time processing and third-party integrations. The nature of these transactions leaves little room for error or fraud detection, necessitating advanced risk management frameworks.

Financial institutions must prioritize third-party risk assessments to secure partnerships and protect against vulnerabilities in the payment ecosystem. By leveraging AI-driven analytics and robust compliance measures, organizations can mitigate risks while maintaining consumer confidence.

As instant payment systems continue to evolve, their ability to deliver secure, efficient, and accessible solutions will cement their role as a cornerstone of the future financial landscape, fundamentally transforming how money moves in 2026 and beyond.



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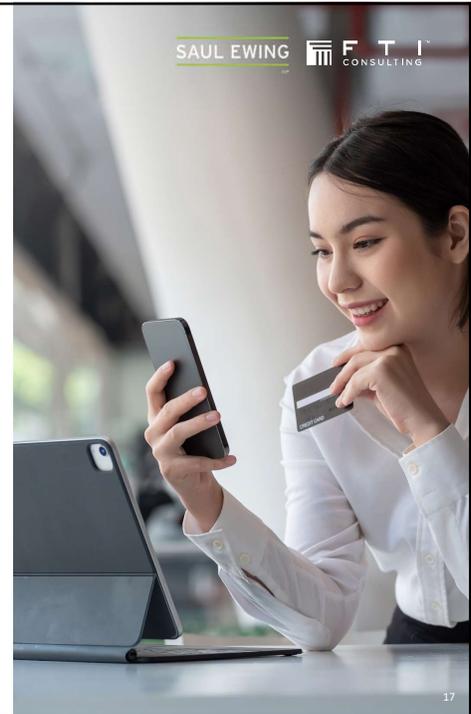
Conclusion

The payments landscape is undergoing a significant transformation driven by emerging technologies, evolving consumer expectations, and a dynamic regulatory environment.

The ongoing developments attributed to stablecoins, regulatory compliance, cybersecurity threats, AI adoption, and instant payments are redefining the future of transactions. As these trends continue to evolve, they have potential to deliver faster, more secure, and cost-effective solutions, while also introducing new opportunities and challenges.

The successful navigation of these issues will be critical for financial institutions, merchants, and consumers to stay ahead in the rapidly changing payments landscape. Ultimately, the future of payments will be shaped by the ability to harness the potential of these new technologies while mitigating their associated risks and challenges.

FTI Consulting has extensive experience helping financial institutions, payment companies, and payment intermediaries navigating these complex issues. Reach out if you would like to discuss these critical topics further.



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