

6 Trends Impacting the Future of Payments

Blockchain. Cryptocurrencies. Mobile payments: The internet of things: Fintech has sure got its hands full.

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Fintech underwent a revolution of sorts this past year with the rise of crypto assets: Cryptocurrencies like Bitcoin and Ethereum have been dominating financial news outlets, and other applications of blockchain technology are being explored to streamline different elements of finance.

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As blockchain technology continues to filter into the mainstream, it's important for entrepreneurs to keep an eye on the effects it has on payments, in particular. Here are six trends in fintech that are poised to change the way we pay – and receive payments.

1. Government regulation

While the popularity of cryptocurrencies in 2017 proved that it has the potential to gain mainstream acceptance, the volatility of crypto tokens has caused considerable concern among financial regulators around the world.

International Monetary Fund chief Christine Lagarde, for instance, has said “it’s inevitable” that cryptocurrencies

will come under government regulation. And the Securities Exchange Commission and the FBI, this past December, began to crack down on shady practices associated with crypto fundraising.

In addition, top government officials at the World Economic Forum have expressed concern over the technology. And U.S. Treasury Secretary Steven Mnuchin indicated that regulation would be directed toward markets participating in illicit activities, although Mnuchin did not elaborate on what such regulation of crypto markets might entail.

2. Blockchain P2P transactions

While current popular crypto assets struggle to function as reliable methods of payment due to their volatility, a new breed of cryptocurrencies called *stablecoins* aims to solve this problem. By utilizing either complex economic models to manage supply and demand or by collateralizing their tokens with real world assets, these startups are creating stable and trustworthy crypto platforms.

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As some of the more promising players in this field of tokens gain more traction, expect cryptocurrencies to be accepted as salary and general payments in the near future. With all of the speed and security benefits that crypto offers, it will be hard to ignore the impact stablecoins will have on financial markets.

3. Cryptocurrency use by consumers and businesses alike

Bitcoin and Ethereum have a total market volume of around \$500 billion dollars. But there are very limited ways for people to spend cryptocurrency because most merchants simply don't

accept them. Blockchain development is still at an early stage, and many of the needed tools and infrastructure simply don't yet exist.

A Silicon Valley-based blockchain startup called OPEN Platform is solving this problem by creating an application programming interface (API) to enable application developers to connect to OPEN's API and begin accepting cryptocurrency immediately, with no technical knowledge required.

Just as Stripe simplified credit card payments for merchants with an easy-to-implement API, OPEN aims to simplify payments over the blockchain.

4. Generation Z-friendly

Accenture predicts that, by 2020, Gen Z will make up over 40 percent of United States customers. As financial institutions begin to deal with a generation that's never known a time before Google and the internet, it would not be surprising see the payment and banking industries begin to shift in a way that's friendlier to the younger generation.

One of the main demands of Gen Z is user experience, making UX design extremely valuable for businesses competing for the attention of this new generation. Its members view customer experience as the prime differentiator between competing companies, making simple payment transactions more important than ever.

5. Mobile payments

Mobile payments have become immensely popular, with platforms like Venmo making money transfers very simple. More companies are jumping on the bandwagon and begging to offer financial solutions that allow people to pay for goods, pay one other or split bills on the go without having to wait a long period of

time for money to transfer.

6. The internet of things

Another recent buzzword, the internet of things (IoT), describes the integration of devices in the home, in public and in stores, using the internet. This integration allows centralized control of a variety of elements in an environment as well as the ability to interact easily within each element.

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As IoT becomes more popular in homes around the country, expect companies to follow the example Amazon is beginning to set: “If you want to buy something, just tell Alexa.” This means utilizing the internet of things for easy and simple payments – and connecting up more and more with the new trends in fintech.

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