Bottomline

The Payments Intelligence Gap

How innovation is becoming the **X-factor** in making financial institutions more competitive.

Executive summary

This year's Bottomline research is aligned with a new phase of annual reporting on how banks can gain a competitive advantage (**the X-factor**). The underlying data has been gathered from more than 300 payment professionals globally. The results suggest that the industry is entering a new phase of payments modernization. 2026 marks a shift in the level of innovation required for banks and financial institutions to stay ahead of the curve – resulting in a widening gap between pioneering financial institutions and the rest of the pack.

We are also delighted to have commentary from PwC, Chainlink, The Payments Association, Payments:Unpacked, Accenture, Zanders, Pay.UK and the European Banking Association.

For decades, connectivity was the main measure of payments transformation. Banks and non-banking financial institutions needed reliable ways to connect to Swift, domestic clearing systems, instant payment schemes and other payment infrastructures without building and maintaining a separate technical connection to every network. That challenge has largely been solved.

But the questions financial institutions and their customers now ask have changed: where is the payment, will it arrive, will it be rejected, is the beneficiary legitimate, has the transaction been screened appropriately, and can the institution adapt when new regulations, standards, fraud threats or payment models emerge? These pressing questions are more complex than ever and must be answered faster than ever.

Where does your bank sit?

> **"The industry's challenge is no longer connectivity. It is intelligence."**
>
> *– Natasha Lapierre, Global Head of Product Strategy and Innovation, Financial Messaging at Bottomline*

> **"We are witnessing the biggest shift in payments modernisation for a generation.** The focus is moving beyond connectivity, speed and efficiency to the intelligence and outcomes that payment systems deliver. Some financial institutions are pulling significantly ahead, using innovation to improve customer outcomes, strengthen resilience and make smarter decisions. For those simply keeping pace, the risk is a widening competitive gap that could become increasingly difficult to close."
>
> *– Mike Chambers, Payments:Unpacked*



How does your financial institution compare against the industry?

Take the 'Live' Benchmarking Survey for 2027

BIGGEST PROBLEMS FOR MANAGING REGULATIONS AND REDUCING RISK:

65%

of survey respondents cited structured data quality as the biggest barrier to becoming ISO 20022 enabled.

48%

cited third-party, connectivity or concentration risk as the greatest operational resilience risk.

44%

identified mid-transaction fraud detection as the biggest security gap in the payment lifecycle.

0%

said they were very confident they could continue critical payments during a major disruption.

As banks and financial institutions strive to meet these demands, they face underlying challenges. The survey data throws light on which issues are posing the biggest problems for managing regulations and reducing risk.

Meanwhile, financial institutions face a growing wave of regulatory and modernization initiatives globally. These are not isolated compliance exercises. Together, they are exerting pressure on banks and financial institutions to manage richer data, strengthen fraud controls, improve resilience, orchestrate workflows more effectively and deliver greater transparency across the payment lifecycle.

The financial institutions best positioned for this next phase of payments are those turning fragmented infrastructure into intelligent payment ecosystems. According to the data, those exploring innovative new systems are managing to multiply the effect of their modernization, improving outcomes substantially and creating a clear competitive advantage.

About this research

This report is based on Bottomline's 2026 benchmark study of 300+ professionals from banking and non-banking institutions, including C-level leaders across Treasury, Fraud, Operations, Innovation, Product and Technical Implementation. It draws on seven live polls covering Verification of Payee (VoP) and SEPA Instant implementation, ISO 20022 migration, Swift connectivity, payments security, operational resilience, and structured address readiness – alongside an external benchmark poll from Finextra covering cross-border payment pain points and ISO 20022 readiness, used as an independent reference point against the wider industry.



Data reveals the X-Factor for Banks and NBFIs

Over the last six years Bottomline has charted the progress of leading banks and financial institutions. These financial institutions are what we call the Payment Pioneers.

> **"The institutions pulling ahead are using onchain technology to connect data, value, and systems across the payment lifecycle, while applying AI to strengthen decision-making. Together, these innovations compound the impact of modernization, improving efficiency, fraud prevention, and compliance without creating further fragmentation. Through its partnership with Chainlink, Bottomline is advancing this transformation by enabling its bank customers to access onchain payment rails through existing systems and familiar ISO 20022 messaging. Institutions that build greater intelligence and flexibility into their infrastructure will be positioned to move faster as payments evolve."**
>
> *– Andrew McCormick, Head of Institutional, Chainlink Labs*

Where are the Payment Pioneers this year?

Last year a core distinction with the Payment Pioneers was their focus on prioritizing innovative technology for the year ahead. This year we see that the Pioneers are those providing innovative technology and AI integration as part of their current services for corporate customers.

We will share more data on the Payment Pioneers – and how this group is faring in addressing industry challenges – throughout this report.

What is the **X**-Factor?

According to the data, when financial institutions deploy innovation, they don't just upgrade a single process. Innovation multiplies the business value of their entire payments ecosystem across modernization (speed and operational efficiency), connectivity (agility and data standards), and fraud prevention and protection (automated defense and resilience).

Modernization multiplied

2x Processing speed

Payment Pioneers (75%) are twice as likely to report good or excellent payment processing speed compared to peers (33%).

2x Effective capital utilization

Payment Pioneers (58%) are twice as likely to strongly agree they achieved effective management and utilization of capital compared to peers (27%).

Connectivity multiplied

3x Better collaboration

Payment Pioneers also find it much easier to collaborate with industry peers, third-party providers, and regulators (42% vs. 13%).

7x Greater integration agility

Payment Pioneers (50%) are significantly more likely to have good or excellent agility when integrating new payment solutions vs. other financial institutions (7%).

Protection multiplied

4x More likely to detect fraud

33% of Payment Pioneers show high confidence in detecting fraud vs. 7%. They also show much greater fraud maturity compared to peers.

8x Better compliance automation

58% of Payment Pioneers report a good or excellent ability to automate compliance requirements compared to 7% of peers.

INSIGHT 1

Regulation is accelerating the shift to intelligence

Financial institutions are dealing with simultaneous pressures around standards readiness, implementation planning, structured data quality, fraud detection, operational resilience and cross-border complexity. In a poll about cross-border payments, **35%** of respondents cited compliance and regulation as their biggest challenge. A further **35%** selected transparency and tracking as their biggest issue.

That pressure is being driven by a global wave of regulatory and market change. This spans everything from ISO 20022 to Swift Case Management, real-time payments, Verification of Payee, AML and financial crime reforms, Basel 3.1, open banking, T+1 settlement, PSD3/PSR, Swift CSP and the G20 cross-border payments agenda.

It is interesting to see that **44%** said enhanced fraud detection was the future capability they most wanted from VoP. This suggests that institutions increasingly view verification as part of a broader intelligence and fraud prevention strategy rather than just as a compliance requirement. Together, this data begins to tell a clear story about how intertwined modernization, connectivity, and fraud prevention have become.

For decades, banks and financial institutions strove for connectivity. This connectivity enabled them to send payment instructions across Swift, domestic clearing systems, instant payment schemes and other infrastructures without building every connection themselves.

But now, operations teams, fraud teams, corporate customers and regulators need to know more. Banks and financial institutions must understand whether a message is valid, whether the beneficiary is legitimate, whether the payment will be rejected, whether the customer can see what is happening, or whether the payment could move across future rails without a major rebuild.

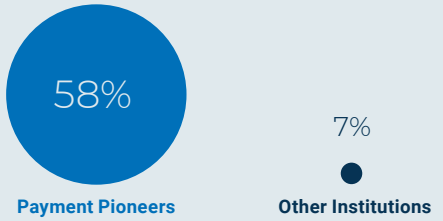
The X-Factor

It's clear that financial institutions need to see what is happening, understand why it is happening, intervene when risk emerges and adapt when conditions change. The data suggests that innovative financial institutions are meeting these challenges more readily than the rest of the industry.

Payment Pioneers – those deploying innovation – appear to find it much easier to tackle compliance in a joined-up, intelligent way:

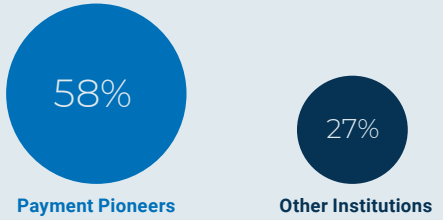
8x Better compliance automation

58% of Payment Pioneers report a good or excellent ability to automate compliance requirements **compared to 7% of peers.**



2x More confidence meeting future compliance

Payment Pioneers are twice as likely to expect success with industry mandate compliance in the next 12 months **compared to other financial institutions.**



INSIGHT 2

The gap between ISO ambitions and reality

When respondents were asked about the biggest barrier to moving from being 'ISO ready' to becoming 'ISO enabled', **65%** cited structured data quality. This was significantly higher than legacy integration, chosen by **19%**, and investigations or case management workflows, selected by **10%**.

Yet when asked what institutions expect ISO 20022 to deliver, the most prized use case over the next 12 to 24 months was higher straight-through processing rates, cited by **38%** of respondents. More efficient investigations followed at **29%**, while fraud and sanctions screening was identified by **24%**.

The implication is clear: financial institutions see great value in richer data, but the first challenge is making that data usable.

The updated structured address deadline makes this data challenge more pressing. From 2027, structured or hybrid address formats will be required to continue processing cross-border transactions, with fully unstructured address information being phased out. Structured and hybrid formats require institutions to capture, validate and transmit specific address elements in the correct fields, including town name and country. Non-compliant messages risk rejection, turning structured data quality from a back-office enhancement into a time-sensitive operational requirement.

The result is that richer standards only create value when payment data can be validated, enriched and operationalized before the transaction enters the flow. Those who treat ISO 20022 as a standards migration are unlikely to achieve the higher straight-through processing rates that respondents prize. To see the full benefits of the new standards, the key is to treat ISO 20022 as a data intelligence challenge.

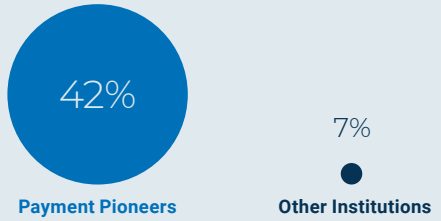
The X-Factor

Challenges around interoperability and regulatory standards are increasingly about data quality and orchestration. Financial institutions need capabilities that help them validate, enrich, normalize and apply payment data across multiple processes, rather than simply transmitting richer messages.

Payment Pioneers are providing innovative technology and AI integration as part of their current services for corporate customers. The data shows that this group are much more likely to be ahead of the curve with standards and processing speed too.

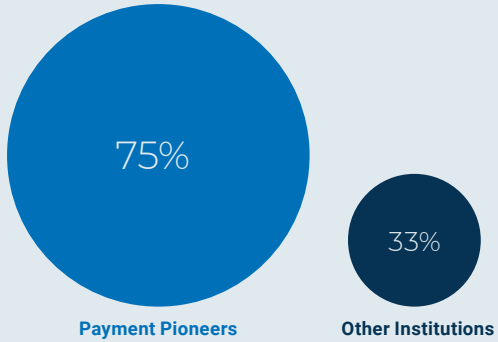
6x More likely to leverage ISO 20022

42% of Payment Pioneers say they have already identified multiple use cases leveraging ISO 20022 **(compared to 7% of peers).**



2x Processing speed

Payment Pioneers (75%) are twice as likely to report good or excellent payment processing speed **compared to peers (33%)**.



INSIGHT 3

The Hidden Cost of Late-Stage Failure

When it comes to operational resilience, it is clear that up-time is no longer top of mind.

When respondents were asked about the greatest resilience risk, **48%** cited third-party, connectivity or concentration risk. A further **33%** chose fraud disrupting payment processing. These findings show that resilience is no longer only a technology continuity issue. It is also a dependency, ecosystem and security issue. The confidence data is even more revealing.

WHEN ASKED ABOUT CONFIDENCE IN CONTINUING CRITICAL PAYMENTS DURING A MAJOR DISRUPTION:

0% SAID THEY WERE VERY CONFIDENT

50% SAID THEY WERE SOMEWHAT CONFIDENT

14% ADMITTED THAT THE SCENARIO HAD NEVER BEEN TESTED

Swift Case Management is a clear example of why resilience increasingly depends on workflow intelligence. The transition of payment cancellations, exceptions and investigations into Swift Case Management and ISO 20022 means institutions must handle investigation requests, cancellation workflows and responses through newer case-based processes. Requirements in 2027 reinforce the need for faster exception handling, better operational visibility and more integrated case management across the payment lifecycle.

"Operational resilience has become a strategic imperative for financial institutions operating in an increasingly unpredictable world. The challenge is no longer how to recover from a localised outage, but how to continue delivering critical payment services when entire regions, providers or jurisdictions become unavailable. Organisations need to move beyond location-based recovery models towards capability-based resilience, embedding redundancy, automation and adaptability into their operating model from the outset. Regulators are rightly raising expectations, but true resilience is about more than compliance. It is about maintaining trust, protecting customers and ensuring the flow of money continues under any circumstances. The institutions that treat resilience as a core competitive capability, rather than a regulatory obligation, will be best positioned to navigate future disruptions."

–Manit Mehra, Managing Director, Accenture

One of the clearest operational challenges facing financial institutions is that payment problems are often discovered too late. A wrong account format, missing field, incomplete address, invalid purpose code or destination-specific formatting issue may only be identified after the payment has already been submitted and rejected. By that stage, the institution has already incurred the cost of investigation, customer contact, manual repair, resubmission and delay. This is where modernization must move beyond faster processing.

The real opportunity is to shift from post-failure repair to pre-failure intelligence. Financial institutions that validate, enrich and monitor payment data earlier can reduce operational drag, improve customer experience and strengthen resilience.

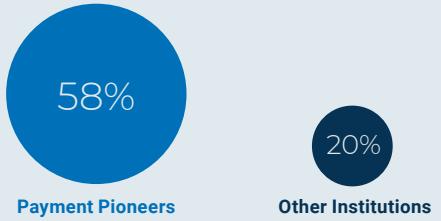
> **"Faster payments are valuable, but faster failure is not. Institutions need to prevent avoidable errors before payment initiation, not simply repair them after rejection."**
>
> *– Tim Eustace, Chief Product Officer – Financial Messaging at Bottomline*

The X-Factor

How are the Payment Pioneers measuring up when it comes to operational resilience? These leaders, who are providing innovative technology and AI integration as part of their current services for corporate customers, are also far more likely to outstrip their peers in operational areas. The result is great optimism for growth in the near future.

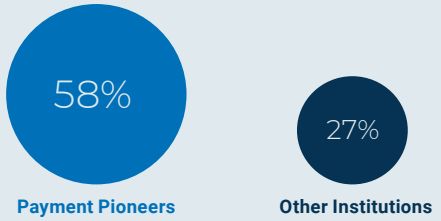
2.5x Operational Efficiency

58% of Payment Pioneers achieved good or excellent operational efficiency and resilience **compared to 20% for other financial institutions.**



2x Effective Capital Utilization

Payment Pioneers (58%) are twice as likely to strongly agree they achieved effective management and utilization of capital **compared to peers (27%).**



INSIGHT 4

Fraud does not start with a payment

The data suggests a market tension around fraud prevention. Institutions increasingly recognize that fraud risk exists across the payment lifecycle, but many controls remain concentrated around isolated transaction monitoring, disconnected fraud tools and rules-based workflows.

Institutions are not starting from a place of complete uncertainty. When asked about confidence stopping fraud before release, **52%** said they were somewhat confident and **43%** said they were very confident. Only **5%** said they were not confident.

Yet in the payment lifecycle security poll, **44%** identified mid-transaction fraud detection as the biggest security gap. Pre-payment validation was cited by **28%**, while end-to-end visibility was highlighted by **19%**.

Confidence should not therefore be mistaken for completeness. If mid-transaction detection remains the largest gap, institutions may have controls in place but still lack the ability to detect, assess and interdict suspicious payments while payments are in motion.

Even in Verification of Payee – a pre-payment control – **44%** of institutions identified enhanced fraud detection as their most-wanted future capability. This suggests that fraud detection gaps persist across the payment lifecycle, not just in flight.

Overall, fraud can no longer be treated as a single checkpoint inside the payment process. As payments become faster, more digital, more cross-border and more interconnected, fraud risk can emerge before a payment is initiated, while it is being processed and after it has been executed.

Regulation is also intensifying this lifecycle security challenge. Verification of Payee requirements make beneficiary validation a central control in the payment journey. At the same time, AMLR/AMLA developments in July 2027 are strengthening expectations around transaction monitoring, beneficial ownership data, sanctions compliance and group-wide AML governance.

This aligns with the direction of travel under the Payment Services Regulation, which introduces mandatory payee-name and IBAN verification for all credit transfers, expanded APP fraud liability where a PSP fails to meet Verification of Payee or transaction monitoring requirements, and an explicit impersonation-fraud reimbursement framework. The implication is clear: verification, fraud scoring, transaction monitoring and case management need to work as connected controls, not separate checkpoints.

> "We're seeing a change in the way financial institutions approach AI and fraud prevention. Rather than using AI simply to automate existing controls, there's a growing focus on combining behavioural, transactional and contextual data to spot unusual activity and assess risk earlier in the payment process.
>
> That matters as payments get faster, because there's less time to intervene when something looks wrong. Being able to draw on a wider range of signals and make informed decisions quickly is becoming much more important. AI can play a significant part in that, but it's only as effective as the data behind it, the way different controls work together and, ultimately, the expertise of the people using it."
>
> **–Benjamin David, Head of Intelligence, The Payments Association**

The future of fraud prevention must therefore be lifecycle-based:

Pre-transaction

Before payment initiation, institutions need stronger verification, beneficiary validation, sanctions screening, customer screening and structured data quality. The goal is to stop fraudulent or invalid instructions entering the payment flow at all.

Mid-transaction

While payments are in motion, institutions need behavioural analytics, transaction monitoring, dynamic risk scoring and the ability to hold or block high-risk payments before funds are released.

Post-transaction

After execution, institutions need investigation workflows, case management, link analysis and historical pattern detection to identify mule networks, anomalies and emerging fraud typologies. They also require the secure storage of messages.

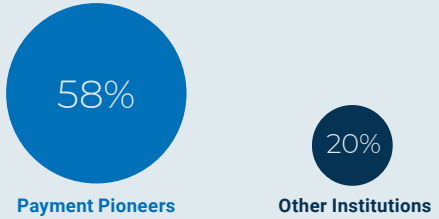
> **"Fraud does not start with a payment, so fraud prevention cannot start with the transaction."**
>
> *– Eric Choltus, Product Director*
> *Payment Fraud Defense at Bottomline*

The X-Factor

Payment Pioneers are ahead of the game with fraud detection processes. It seems that implementing innovation for corporate customers also multiplies the likelihood that an institution will see strong outcomes on fraud detection.

2.5x More automated fraud detection

58% of Payment Pioneers report a good or excellent ability to automate fraud detection **compared to 20% for other financial institutions.**



4x More likely to detect fraud

33% of Payment Pioneers show high confidence in detecting fraud **vs. 7%.** They also show much greater fraud maturity compared to peers.



INSIGHT 5

From network access to ecosystem orchestration

The industry's original challenge was connectivity. Today's challenge is interoperability. Most institutions can exchange payment messages. Far fewer can seamlessly combine payment data, status information, validation services, fraud intelligence and customer-facing visibility across multiple schemes, rails and providers.

The Swift connectivity and case management data illustrates this shift. When asked about preparedness for Swift Case Management in May 2026, only **5%** said it was already implemented. **32%** said implementation was in progress, **32%** said they were planning, and **32%** said they had not started.

This suggests that many institutions are still at an early stage of preparing for more integrated case management capabilities and is why the industry successfully petitioned to move the deadline out from November 2026 to as yet to be confirmed date. Yet the perceived value is clear. **43%** said better case management is important for operational efficiency, while **25%** said it is very important for customer experience.

Swift Case Management is also driving a change in how financial institutions must tackle connectivity and network access. The requirement is not simply to connect to Swift. Institutions must be able to receive, process, respond to and manage investigation and cancellation workflows – and everything must be done in a structured, case-based and ISO 20022-aligned way. That requires workflow integration, data normalization and operational visibility, not network access alone.

Structured address readiness shows a picture of progress mixed with ongoing work. In May 2026, **69%** said they were in project for the structured address deadlines in November 2027 as part of improved E&I, **14%** said they were ready now, and **4%** said they had not started.

"The UK payments ecosystem is built on some of the most resilient and trusted infrastructure in the world, supporting billions of transactions and underpinning the movement of trillions of pounds across the economy every year. As the industry continues to modernise, the challenge is not simply introducing new technologies, but ensuring innovation can be delivered alongside the security, stability and reliability that customers and businesses depend on. Orchestration is emerging as a critical capability because it enables institutions to connect legacy and modern infrastructures, simplify complexity, support interoperability and prepare for a multi-rail future. While the investment required should not be underestimated, the real measure of success is the long-term value it creates through greater resilience, flexibility and operational efficiency across the payments ecosystem."

–David Morris, Chief Operating Officer, Pay.UK

This reinforces a broader message: readiness is not only about meeting a deadline. It is about whether institutions can turn standards, data and workflow change into better operational outcomes.

The same principle applies to connectivity more broadly. Connecting payment schemes alone is no longer enough. Institutions need to normalize data across schemes, expose meaningful status information, access third-party intelligence through fewer integrations and configure payment decisioning without waiting for development cycles.

The next stage of connectivity is therefore not more connections. It is orchestration: one consistent way to see, interpret and act on payment intelligence across schemes, providers and rails. To stay ahead of the competition, institutions must focus on orchestrating information.

> **"Taking a broader view given the growing interest in tokenisation, for corporate treasurers, interoperability will determine whether tokenised deposits become genuinely useful treasury money or simply create new pools of fragmented liquidity—enabling value to move seamlessly across banks, networks, currencies, payment rails, and treasury platforms. For commercial banks, delivering this connectivity can become a key differentiator: turning tokenised deposits into an interoperable liquidity service that improves 24/7 cash mobility, reduces fragmentation, and unlocks new treasury use cases."**
>
> *– Mark Sutton, Senior Manager at Zanders*

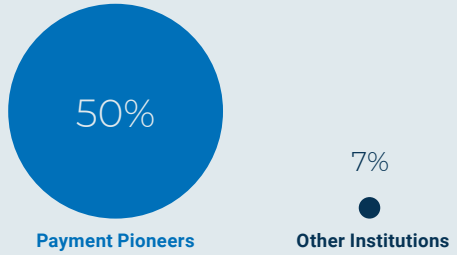
The X-Factor

When it comes to orchestrating information and integrating with third-party providers, Payment Pioneers are once again seeing strong outcomes relative to the rest of the pack.

These innovators report dramatically better integration agility and collaboration – implying strong information orchestration across the financial institution.

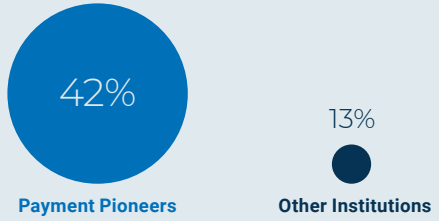
7x Greater integration agility

Payment Pioneers (50%) are significantly more likely to have good or excellent agility when integrating new payment solutions **vs. other financial institutions (7%).**



3x Better collaboration

Payment Pioneers also find it much easier to collaborate with industry peers, third-party providers, and regulators (**42%** vs. **13%**).



INSIGHT 6

We need an antidote to operational complexity

Cross-border, real-time and future rails are creating an extremely complex operational outlook for many banks and financial institutions.

G20 cross-border payments targets loom: with targets for speed and access by the end of 2027, followed by transparency and cost by 2030. But the data shows that many financial institutions lack confidence in hitting these deadlines.

12% of our survey respondents said they would miss all of the targets. A further **23%** said they would try but are not confident that they will meet any of the targets for the dates specified. **27%** said they would meet some of the targets, but not by the specified dates.

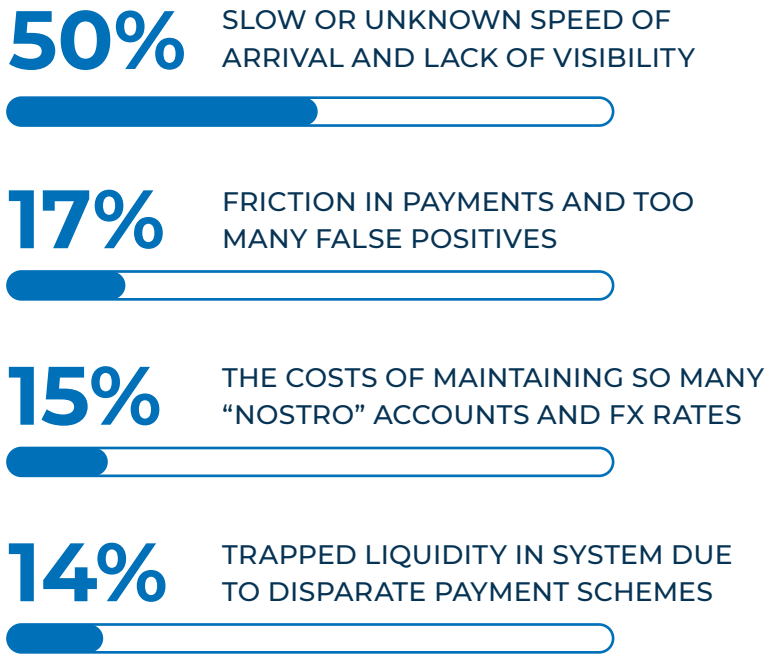
Respondents were asked in our survey about their biggest pain point when sending cross-border business payments – and the results show a broad spread of issues.

Real-time payment models add further pressure. Requirements for 24/7 availability and Verification of Payee mean that faster payment execution must be matched by earlier validation, stronger fraud analytics, real-time decisioning and more automated exception handling.

Given these challenges, it's unsurprising that many financial institutions highlight barriers on their journey towards meeting real-time payment standards. In particular, **40%** of respondents cited legacy infrastructure as their greatest challenge in adopting real-time or instant payments.

Instant payments reduce the time available for exception handling, fraud intervention and manual decision-making. This makes upstream validation, lifecycle fraud detection, real-time visibility and operational resilience more important.

BIGGEST PAIN POINT WHEN SENDING CROSS-BORDER BUSINESS PAYMENTS:



Finally, emerging settlement models also introduce new considerations for the industry. Blockchain-based settlement, tokenized assets, stablecoins and future digital settlement infrastructures are generating significant interest. However, adoption remains constrained by fragmentation, interoperability challenges and uncertainty around which models will achieve scale.

In future, financial institutions will need to operate across traditional payment networks, instant payment schemes and emerging digital settlement models. The challenge is not simply whether new settlement models are technically possible. It is whether institutions can adopt them without creating parallel infrastructures, duplicated compliance processes and additional operational complexity.

The critical requirement is optionality. Financial institutions cannot afford to lock themselves into one future rail too early, but they also cannot ignore emerging settlement models. Traditional and digital settlement rails will need to coexist for many years.

The future payments ecosystem will reward institutions that can move across rails, schemes and settlement models without multiplying operational complexity.

"The future of payments will be multi-rail, but it should bring more choice, not more complexity, to end users. And it shouldn't come with added fragmentation, multiple liquidity pools and operational challenges for payment service providers either. In Europe, there are many state-of-the-art building blocks that can be re-used and combined to make cross-border payments faster and more transparent. This will help ease the industry's move to OCT Inst and other promising new developments in the cross-border space."

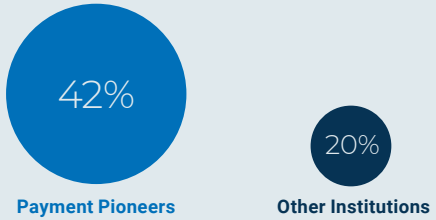
— David Renault, Head of Service Development, EBA CLEARING

The X-Factor

How are Payment Pioneers managing the operational complexity of today's payment landscape? The innovative technologies deployed by these leaders correlate with better visibility of cash. In other words, it seems that innovative financial institutions are much more likely to be able to run multiple rails, schemes and settlement models without operational complexity becoming unmanageable.

2x Clearer cash visibility

42% of Payment Pioneers have a single view of cash or mostly automated view across the institution **compared to 20% for other financial institutions.**



"The banks leading the next era of global finance are embracing new technologies to make an increasingly complex payments landscape easier to manage. Our work with Bottomline supports that shift, with Chainlink connecting existing banking systems to blockchain networks through infrastructure banks already use. Banks need the freedom to adopt new settlement models at scale without rebuilding their operations or adding complexity for the people running the business."

— Fernando Vazquez, President, Capital Markets, Chainlink Labs

INSIGHT 7

AI shows great promise for improving data quality

AI is one of the most powerful areas of opportunity in payments. As this report has already highlighted, those implementing innovative technology and AI integration are more likely to be achieving strong outcomes in other key areas.

However, the survey data shows that while AI may be widely used within banks and financial institutions, levels of direct integration within payment systems vary significantly. Even leading institutions have not implemented fully autonomous AI systems. This is perhaps unsurprising, since in regulated financial services, the greatest opportunity lies in using AI to enhance judgement, improve consistency and accelerate decision-making. However human expertise remains critical in assessing context, handling exceptions and recognising nuances that may not be evident from data alone.

Looking ahead, the data suggests that many financial institutions are prioritizing AI integration over the next 12 months. **48%** of survey respondents said that it was either a critical or high priority, with a further **19%** citing it as a moderate priority.

LEVELS OF AI INTEGRATION WITHIN PAYMENT SOLUTIONS:

36% HAVE NO AI INTEGRATION

25% HAVE BASIC INTEGRATION

(e.g. customer support chatbots and basic paperwork handling)

21% HAVE INTERMEDIATE INTEGRATION

(e.g. AI-driven fraud detection, automated reconciliation)

14% ALREADY HAVE ADVANCED INTEGRATION

(predictive analytics for cashflow and smart routing)

4% ARE NOT SURE

0% ARE FULLY INTEGRATED

(AI-native system making autonomous decisions)

Financial institutions increasingly need support with structured data quality, purpose of payment coding, destination-specific rules, address validation, fraud detection, investigations and regulatory requirements that vary by corridor and jurisdiction. AI has the potential to improve data quality before payment initiation, reduce avoidable repairs, increase straight-through processing rates and help institutions adapt more quickly to changing requirements.

This matters because rigid systems can only flag what they have been explicitly programmed to detect. They are not designed to identify emerging data-quality issues, changing corridor requirements or unknown exceptions until the operational consequences begin to appear.

While AI does promise to dramatically improve data quality, AI outputs need to be traceable, auditable and understandable to the people responsible for acting on them. The regulatory direction also makes explainability essential. AMLR/AMLA developments increase expectations around transaction monitoring, beneficial ownership identification, sanctions compliance and governance, while PSD3 and PSR increase pressure around fraud governance, strong customer authentication, outsourcing oversight and transaction monitoring gaps.

In regulated payments environments, AI cannot be a black box. The system should support decision-making, rather than obscuring processes and thereby increasing operational or regulatory risk.

The X-Factor

The insights about AI implementation in this chapter throw light on why Payment Pioneers might be seeing better outcomes than their peers on average.

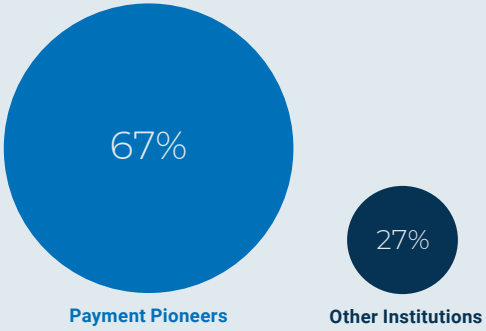
Structured data quality was cited as the biggest barrier to becoming ISO 20022 enabled by 65% of respondents in one of the research polls.

This single barrier does not sit in isolation – it is the common thread running through nearly every other challenge in this report. Late-stage failures driving up operational cost are structured-data failures caught too late. Pre-transaction fraud controls depend on structured data quality to stop bad instructions before they enter the flow. And orchestration across schemes and rails is only possible once the underlying data is structured consistently in the first place. When financial institutions fix structured data quality, they solve multiple problems at once.

Given the number of advantages this technology offers, it's no surprise to see that Payment Pioneers are significantly more optimistic about business growth in the near future.

2x More optimistic about growth

Pioneers future growth & retention outlook for the next 12 months is more than double that of their peers (**67%** vs. **27%**).



Conclusion: The next advantage is intelligence

The message from the data is clear: modernization is necessary, but it is not sufficient.

Financial institutions have made progress on connectivity, transformation and network access, but the next competitive challenge is different. It is the ability to see more, understand more, automate more and adapt faster across the full payments lifecycle.

The findings from this year's research point to a common challenge. Financial institutions are not struggling because they lack connectivity. They are struggling because visibility, intelligence, validation, fraud controls, compliance processes and customer insight remain fragmented across too many systems.

Innovative technologies and AI implementation will play a key role in solving all of these challenges. Our Payment Pioneers are testament to how much more effectively banks and financial institutions can operate when they deploy intelligent technologies as part of their payment systems.

The industry's next challenge is therefore not modernization alone. It is innovation through orchestration: transforming fragmented payment infrastructure into intelligent payment ecosystems that bring together payments, data, fraud intelligence, compliance controls, customer visibility, AI, APIs and emerging technologies in a more agile, adaptable and intelligent operating model.

> **"Connectivity gets the payment there. Intelligence determines whether it gets there faster, safer, cleaner and with greater business value."** – Edward Ireland, Product Director – Financial Messaging at Bottomline

Institutions that succeed will move beyond simply connecting payments. They will create intelligent payment ecosystems capable of anticipating risk, adapting to change, reducing operational complexity and delivering better outcomes for customers, operations teams and regulators alike.

In the next phase of banking and payments transformation, connectivity will be expected. Intelligence will be the differentiator.

"The most successful financial institutions are no longer designing for a fixed end state. In a payments landscape defined by constant regulatory change, evolving customer expectations and ongoing technology innovation, organisations must be built for continuous adaptation. The starting point is a clear vision of the customer experience you want to deliver, with technology serving as the enabler rather than the objective. The next phase of payments transformation will not be determined by the introduction of new payment rails alone, but by how effectively institutions connect, orchestrate and optimise the capabilities they already have. Those that take a strategic approach to connectivity can reduce complexity, increase agility and turn payments infrastructure into a source of competitive advantage."

–Sumitha Fernandez Musoles, Payments Director, PwC UK

Solution spotlight: Global Pay Connect

Today's banks and financial institutions are expected to do more than move money. Modern payments demand visibility, intelligence, compliance and resilience, not just message delivery.

To stay competitive, institutions need a smarter way to manage connectivity, compliance, fraud prevention and operational resilience, while building a foundation for future innovation through AI, automation and intelligent payments data.

Global Pay Connect brings these critical capabilities together in a single AI-powered platform. Designed to simplify operations, reduce costs and stay ahead of change.

Connecting traditional, real-time and emerging payment networks, Global Pay Connect streamlines financial messaging, automates workflows and provides the visibility and control needed to manage payments with confidence.

Discover how Global Pay Connect helps financial institutions optimize payments faster today while preparing for the opportunities of tomorrow.

Global Pay Connect. One platform. Total control of your payments future.



With Global Pay Connect, you can:

- Simplify and consolidate payments connectivity
- Reduce operational complexity and costs
- Strengthen compliance and fraud prevention
- Improve visibility across the entire payments ecosystem
- Create a foundation for innovation such as AI-driven automation and API integration

About Bottomline

Bottomline helps businesses transform the way they pay and get paid.

A global leader in business payments and cash management, Bottomline's secure, comprehensive solutions modernize payments for businesses and financial institutions globally. With over 35 years of experience, moving more than $16 trillion in payments annually, Bottomline is committed to driving impactful results for customers by reimagining business payments and delivering solutions that add to the bottom line. Bottomline is a portfolio company of Thoma Bravo, one of the largest software private equity firms in the world, with more than $170 billion in assets under management. For more information visit **www.bottomline.com**.

Own the primary customer relationship with unified financial messaging, commercial digital banking, B2B payments, and fraud and security solutions.

About the author

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Zhenya has more than 25 years of experience in the Financial Services sector, specialising in payments over the last 12+ years. Her key focus areas within payments, messaging, and connectivity include real-time domestic and cross-border payments, payment verification, and ISO 20022. Zhenya is an ambassador for the award-winning Women of Fintech community, part of the organisational committee of Women in Alliances, a member of the prestigious 100 Women in Finance, was listed in the Innovate Global Women in Fintech Power List 2022/2024, and, was a one of three shortlisted for the European Women in Payments "Positive Disruptor of the Year Award" 2024. Top 100 Influencer UK Bank Tech 2026, Finally, Zhenya is a long-running judge for Banking Technology's PayTech Awards.



Appendix

How to read this report

Throughout the report, statistics are used as indicators of wider industry shifts. Individual findings should therefore be viewed not as isolated data points, but as part of a larger transformation taking place across the payments ecosystem.

Taken together, the research suggests the industry is moving beyond a traditional focus on connectivity and infrastructure towards payment ecosystems that are increasingly intelligent, secure, interoperable and adaptive.

Definitions

Financial institutions refers collectively to banks, payment service providers, non-bank financial institutions, fintechs and other regulated organizations involved in originating, processing, managing or supporting payment services.

Payments modernization refers to the shift from fragmented payment infrastructure to intelligent, interoperable payment ecosystems that use AI, APIs and orchestration to enhance efficiency, resilience, adaptability and innovation.

Payments innovation addresses yesterday's challenge being managing the complexity of connectivity and regulatory change and today's challenge is connecting an entire ecosystem in an agile, flexible and intelligent way.

Payments intelligence refers to the ability to combine payment data, operational visibility, fraud insights, compliance controls, customer information and decision-support capabilities to improve outcomes across the payment lifecycle.

Payment ecosystem refers to the networks, infrastructures, schemes, technologies, service providers and participants that collectively enable the movement, processing and management of payments.



Research highlights

The following research highlights provide a consolidated view of the statistics from our annual survey that is referenced in this report. These findings are drawn from the 2026 research data section covering industry polling on Verification of Payee, ISO 20022, payment lifecycle security, operational resilience, Swift connectivity, case management, structured address readiness and cross-border payments.

1. Verification of Payee and SEPA Instant Payments

Most-wanted future VoP capability

44%

said enhanced fraud detection was the future capability they most wanted from VoP.

What this indicates:

VoP is being viewed as more than a compliance or scheme-readiness requirement. Institutions increasingly see verification as part of a wider fraud prevention and payment confidence strategy.

2. ISO 20022 readiness and value realization

The ISO 20022 findings point to a clear data quality challenge. Institutions are not simply focused on message migration. They are looking at how richer structured data can improve processing, investigations, fraud controls and sanctions screening.

Biggest barrier to becoming ISO enabled

65%

cited legacy integration.

19%

cited legacy integration.

10%

cited investigations or case management workflows.

Highest-value ISO 20022 use case over the next 12 to 24 months

38%

cited higher straight-through processing rates.

29%

cited more efficient investigations.

24%

cited fraud and sanctions screening.

What this indicates:

ISO 20022 should be positioned as a data intelligence opportunity, not simply a technical migration. Structured data only creates value when institutions can validate, enrich and operationalize it effectively.

3. Payment lifecycle security

Fraud and security concerns are concentrated around the live payment flow. Mid-transaction fraud detection is the standout gap, reinforcing the report's argument that fraud prevention must operate before, during and after payment execution.

Biggest security gap in the payment lifecycle

44%
cited mid-transaction fraud detection.

28%
cited pre-payment validation.

19%
cited end-to-end visibility.

Confidence stopping fraud before release

52%
were somewhat confident.

43%
were very confident.

5%
were not confident.

What this indicates:

Many institutions have confidence in their ability to stop fraud before release, but the wider lifecycle picture shows significant gaps. Fraud prevention cannot rely on isolated transaction monitoring alone.

4. Operational resilience and continuity

Operational resilience concerns are increasingly linked to ecosystem dependencies, third-party risk and fraud disruption. The most striking finding is that no respondents said they were very confident they could continue critical payments during a major disruption.

Confidence continuing critical payments during a major disruption

0%
were very confident.

50%
were somewhat confident.

14%
said the scenario had never been tested.

Greatest resilience risk

48%
cited third-party, connectivity or concentration risk.

33%
cited fraud disrupting payment processing.

What this indicates:

This is one of the strongest proof points in the report. It shows a clear resilience gap between operational intent and tested confidence.

5. Swift connectivity, case management and structured address readiness

The Swift-related findings show institutions are progressing, but many remain in planning or early implementation stages. This supports the report's argument that connectivity is evolving into a broader orchestration and workflow challenge.

Preparedness for Swift Case Management

5%
had already implemented.

32%
were in progress.

32%
were planning.

32%
had not started.

Swift structured address readiness

69%
were in project.

14%
were ready now.

4%
had not started.

Importance of better case management

43%
said better case management is important for operational efficiency.

25%
said better case management is very important for customer experience.

What this indicates:

The data reinforces the need for better workflow integration, operational visibility and customer-facing payment intelligence. Case management is not only an operational issue. It also affects customer experience.

6. Cross-border payment challenges

Cross-border payments remain a pressure point for financial institutions, particularly around compliance and regulation. This supports the report's wider argument that faster payments must be matched by better control, visibility and intelligence.

Biggest cross-border payment challenges (according to poll data)

35%

cited compliance and regulation as their biggest challenge.

35%

cited transparency and tracking as their biggest challenge.

What this indicates:

Cross-border modernization is not only about speed. It is about managing complexity, regulation, standards, visibility, screening and customer expectations across multiple jurisdictions and rails.

7. Regulatory events driving the intelligence gap

The regulatory and industry timeline reinforces why the payments intelligence gap is becoming urgent. Key events include ISO 20022 structured address requirements in November 2026, Swift Case Management changes in 2027, annual Swift CSP attestations, Verification of Payee Phase 2 for non-Eurozone PSPs in July 2027, AMLR/AMLA implementation milestones from 2026 to 2028, PSD3/PSR timelines from 2026 to 2028, Basel 3.1 implementation, and G20 cross-border payment targets for speed and access by 2027 and transparency and cost by 2030.

What this indicates:

Regulation is no longer simply a compliance overlay. It is reshaping the payment operating model by requiring better data quality, stronger fraud controls, faster investigations, more resilient infrastructure, stronger security governance and improved cross-border transparency.