How Innovative Payment Strategies Can Help Tech Companies Go Global

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From cashless transactions harnessing biometrics to mobile wallets, digital payments are enhancing global connectivity and transforming how we shop and spend. The impact is huge: digital payment transactions are valued at $9.46 trillion in 2023 alone. This progress cannot be untethered from rapid change affecting the tech industry. While tech companies fend off economic headwinds, executives still view investing in digital transformation as integral to survival.

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The Asia-Pacific region—comprising 40-plus countries—is particularly fertile ground for emerging payments trends: cashless transaction volumes there are anticipated to rise 109% until 2025 and by 76% between 2025 and 2030.

In this shifting landscape, a trusted and innovative payments partner is key to driving advancement and relevancy for tech enterprises. We spoke with Nazim Ali, Global Co-Head of eCommerce and TMT Sales and Solutions at J.P. Morgan Payments, on global payments innovation and how the firm's expertise and solutions are enabling next-level growth for companies in Asia-Pacific and beyond.

Why are payments a key enabler for tech businesses to grow and scale?

A payment is monetization; it is retention. The quicker and easier that you can make payments (pay-in, payout, FX, fund management) in the tech space, the more it opens the door for growth. Nobody wakes out of bed saying, "I want to make a payment." It's always been contextual. The difference now is payments are available through application programming interfaces (APIs) which create more opportunities for tech companies to embrace adding financial services into their ecosystem and embed payments from an early outset as opposed to outsourcing.

It starts with taking a data-driven approach to measure performance. You can feed payments data into your business, marketing, product and engineering counterparts to figure out what's going well and where do we have opportunities to improve or grow. Payments data become insights so that tech companies can make forward-looking business decisions. If your payment stack allows you to be nimble, allows you to experiment, then you can find new avenues to monetize and create stickiness with users.

Asia-Pacific is more than just a region; it's a collection of countries and different currencies. How are payment innovations evolving there?

Asia Pacific's mix of countries, cultures, regulatory landscapes as well as level of economic development creates a real hotbed for new approaches to payments. The region has had a chance to learn from more mature markets and also has the liberty to take a fresh approach.

Payment apps were able to spur the adoption and growth of e-commerce and going cashless in China. The India Stack as it's popularly referred to in the region are basically the picks and shovels to allow for the country to become digital at scale. It's comprised of several government-led initiatives such as Aadhaar (India's biometric ID system) and an instant payment system that enabled the infrastructure for e-commerce and in turn more cashless adoption for the most populous country in the world with over 1.4 billion people.

In Southeast Asia, the last decade has seen each country stand up a real-time payments (RTP) rails and they're taking it to the next level via bi-lateral agreements to support cross-border transactions via advanced payment systems. In some ways, these Southeast Asian markets, their RTP rails and use cases give us a preview of what we can expect with the rise of open banking in the U.S., and we will see the use cases expand from P2P, B2B to B2C, subscriptions, cross-border and so forth.

How will the next stage of payment innovations affect the tech industry?

Embedded finance is one of the really exciting next waves of payments. It was reported earlier this year that fintech will contribute $1.5 trillion in revenues by 2030 with the Asia-Pacific region making the largest contribution. Embedded finance allows users to complete financial transactions without having to go through traditional finance channels such as a physical bank branch or logging into an online banking portal.

Ultimately, embedded finance allows software-as-a-service (SaaS), social media, gig economy, marketplace and commerce platforms to monetize their user base (whether they are B2C or B2B) by having payment workflows completely within their ecosystem. Users find it a win for the sake of convenience and tech companies have a new incremental source of revenue. Given the affinity between tech and payments companies, we see this sector as the most open to embracing it.

J.P. Morgan Payments is already a trusted payments innovator. How is the company enabling tech clients to more easily offer digital payments and scale?

On the client side, it's important to think about the infrastructure you're building on top of. Specifically, does it allow me to stay nimble? Will I get meaningful ROI on my integrations, my contracting and the people I work with? When I look at things such as uptime, robustness, security and regulations, are they compliant? I might be very familiar with my home market and regulations in the U.S. I may not be as familiar with payment processing in Malaysia. And so do I have a partner that I can sleep at night knowing they stay on top of a rapidly evolving global industry to ensure my business is not exposed to disruption as I pursue my growth goals?

With a payments company it's not just about building a capability—it's about continually investing in depth and breadth. For J.P. Morgan, we spend about $15 billion a year on technology—50% of that is on new products and new platforms. That is what allows us to be an enabler to our clients. I think the other set of questions I would ask is: Do I trust them? Do they challenge me? Do they advise me? Our goal is to give our clients the best solution, not the best RFP response.

Are there other use cases showing how J.P. Morgan Payments is empowering clients?

Firstly, we call our business "Payments" because we combined our merchant acquiring, transaction banking, transactional foreign exchange, trade and working capital and commercial card businesses into one house. And that's really so that we can help our clients across the entire transaction lifecycle. J.P. Morgan Payments embodies our firmwide strategy of being complete, global, diversified and at scale. Complete—because J.P. Morgan Payments can help clients across the entire transaction lifecycle. Global—because we want to help our clients in every part of the globe. Diversified—because we are going to continually invest in the business. And at scale–because we move nearly $10 trillion a day for corporates, governments and financial institutions around the world, hence our clients value our services being scalable, resilient and stable.

Our merchant acquiring business processed $2.1 trillion last year, which reflects the trust merchants have in our capabilities and willingness to invest in new solutions. Our complete "payments toolbox" as I like to call it allows us to have far wider conversations on how we can build payments solutions for them versus monoline financial service and payment service providers.

Another example: marketplaces that find value with Chase being the largest card issuer in the U.S. combined with our merchant acquiring business. Our services allow for faster settlement, our transaction banking capabilities allow for those pay-ins to have streamlined reconciliation with our virtual account management solutions which in turn leads to happier sellers, drivers and merchants who get paid out faster through our payout capabilities. This is an end-to-end example of J.P. Morgan Payments but also how we collectively as a firm empower our clients to grow.

How can payments ultimately enhance the consumer experience–something tech businesses are continually investing in?.

Creating seamless, frictionless customer experiences is a core belief for tech companies and when it comes to payments, the aim is to make them as intuitive and easy as possible. The right payments partner should give you ROI across your financial infrastructure; that means consumers benefit from lesser friction when they pay, the payment experience is localized to their market and tech companies can introduce new use cases with payments to enhance customer engagement.

That's a big part of the Asia-Pacific story and industry-wide, where tech companies are multi-market and increasingly think global from the get-go. When you try to solve for many markets, you early on develop DNA to deal with complexity, hence they lay out their product foundations to localize at scale and hence expect their payment partners to enable them and push the boundaries of innovation.

Payment capabilities have evolved tremendously. Digital wallets and one-click checkout are almost default experiences for tech companies to be competitive. As e-commerce and digital transactions have become larger sales channels, tech enterprises also love the payments data they can harness to generate better customer insights which are shared across departments.

Similar to a video game, whenever there is an improvement, enhancement or innovation in payments, the immediate focus thereafter is getting to the next level. How can we make this even better, faster and cheaper for our customers? To keep up, leading tech companies have understood their entire financial infrastructure including the parts their customers might not see—such as reconciliation, funding and foreign exchange management—must evolve or it will become a bottleneck for innovation and a competitive disadvantage.

All of this makes payments such a fascinating space that is not stagnant. When we finish a project, our clients are already sharing what's next in their minds and asking how they should approach it. That's why I call it a partnership–not client-vendor. We're advising, as your trusted innovator, for where your business should head next.

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