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The 2025 McKinsey Global Payments Report

Competing systems, contested outcomes

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This report is a collaborative effort by Felicia Tan, Nilesh Gupta, and Uzayr Jeenah, with Amit Gandhi and Louis Anckaert, representing views from McKinsey's Financial Services Practice.

This year's report dissects the rise of diverse payment rails, the impact of digital assets, and the transformative power of AI, offering a road map for success in a rapidly evolving global ecosystem.

Payments in 2025 are at a turning point. What was once a pursuit of universal efficiency has become a competition among various market systems, each with its own philosophies, capabilities, and constraints. Some focus on control and interoperability through central infrastructure, while others prioritize decentralization, programmability, and private rails. Others are integrating payments into platforms, devices, and networks not traditionally associated with finance.

How money moves is becoming as critical as how much. Whether it's wage payments in Southeast Asia, B2B settlements in Europe, or retail checkouts in Latin America, the design choices being made today are shaping the next decade of payments and will determine who leads, who follows, and who falls behind.

The global financial system is influenced by nonfinancial factors such as tariffs, data governance rules, energy constraints, and national security priorities. The growing divergence in payments reflects the evolution of the broader financial system into a mosaic of regions with different standards, timelines, currencies, and trust anchors.

Against this backdrop, the payments industry remains the most valuable part of financial services, generating $2.5 trillion in revenue from $2.0 quadrillion in value flows, supported by 3.6 trillion transactions worldwide.[1]

[1] McKinsey Global Payments Map.

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The *2025 McKinsey Global Payments Report* offers insights into the future of the sector and what is needed to remain competitive in a rapidly changing environment. The report is based on analyses of McKinsey's Global Payments Map, which includes data from 50 countries, more than two dozen payment methods, and accounts for 95 percent of global GDP. It is organized into three sections:

1. A baseline forecast for industry growth through 2029, including a detailed examination of how economic volatility and policy changes are creating sharply divergent scenarios for margins and revenue mix.

2. Major forces reshaping the payments landscape, including the monetization of AI-native operations and agentic commerce, new models of programmable liquidity, and regulated digital money.

3. Investment priorities for operators navigating a transitioning system, focusing on agility, architecture, and trust.

Chapter 1: Payments revenue in a new economic era

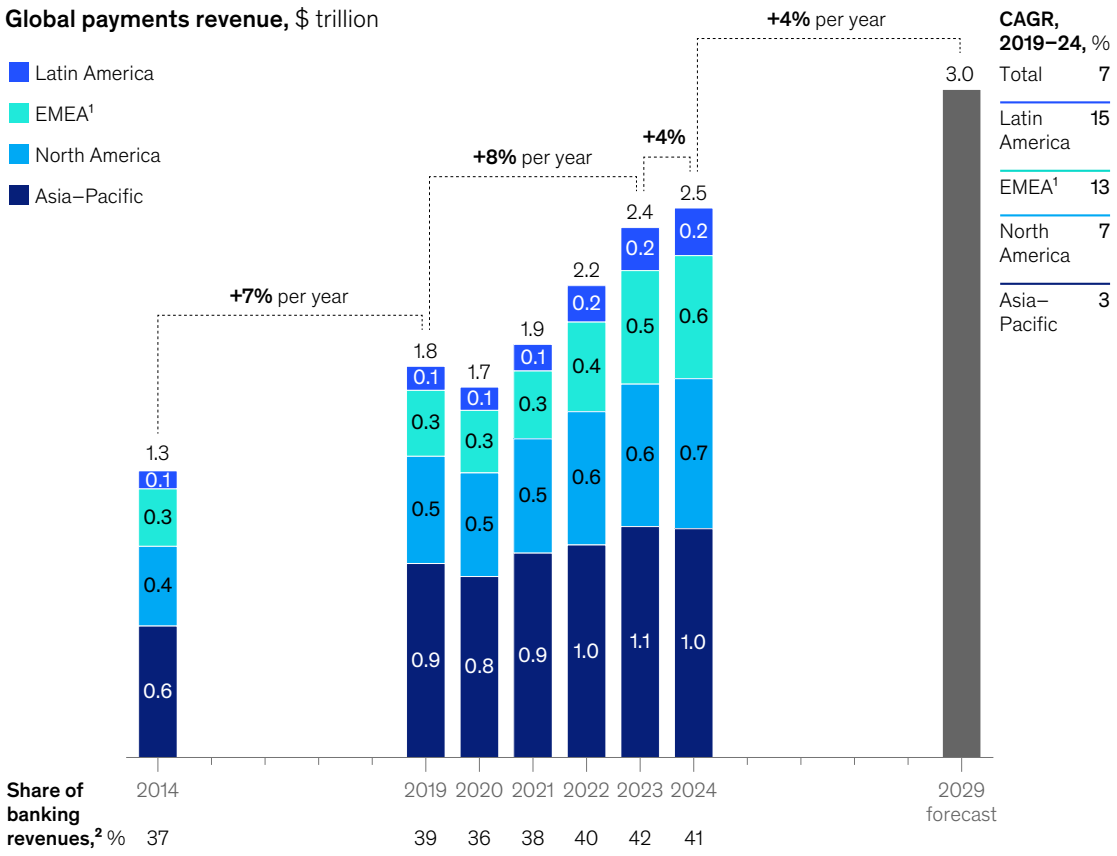
From 2019 to 2024, global payments revenue increased on average by 7 percent annually. Interest income made up 46 percent of total revenues in 2024, supported by higher rates. In 2024, payments revenue growth slowed to 4 percent, a notable drop from the 12 percent increase in 2023. This deceleration was caused by peaking interest rates, a more muted macroeconomic environment, structural changes toward lower-yield payment methods, and ongoing fee pressures. Regionally, Latin America grew by 11 percent, while Europe, the Middle East, and Africa (EMEA) and North America increased by 8 percent and 5 percent, respectively, and Asia–Pacific (APAC) shrank by 1 percent. Nonetheless, payments is still the most valuable subsector in finance. In 2024, payments gave an average 18.9 percent return on equity, with some players earning more than 100 percent.[2]

However, as rates have peaked and started to decline in several key markets, and deposit behaviors have changed, net interest income is projected to grow more slowly, at about 2 percent per year through 2029, assuming no major disruptions. Meanwhile, growth in transaction-based revenue is expected to slow as consumers increasingly use lower-cost payment options like account-to-account transfers and digital wallets. At the same time, ongoing pricing pressures, especially within card-based ecosystems, combined with regulatory scrutiny and the rise of platform-driven payment experiences, are squeezing fee-based revenue models. Accordingly, we expect revenue growth to continue growing at 4 percent annually through 2029 (Exhibit 1). That number may range from as little as 3 percent in the case of global disruptions to as much as 6 percent with accelerated productivity improvements. At a growth rate of 4 percent, the total market size will reach $3.0 trillion by 2029.

[2] McKinsey Global Payments Map.

Exhibit 1

Global payments revenues increased 4 percent globally in 2024.



Note: Figures may not sum to listed totals, because of rounding.
[1]Europe, Middle East, Africa; growth projections exclude Russia.
[2]Total banking revenues (fee and interest) before risk cost.
Source: McKinsey Global Payments Map

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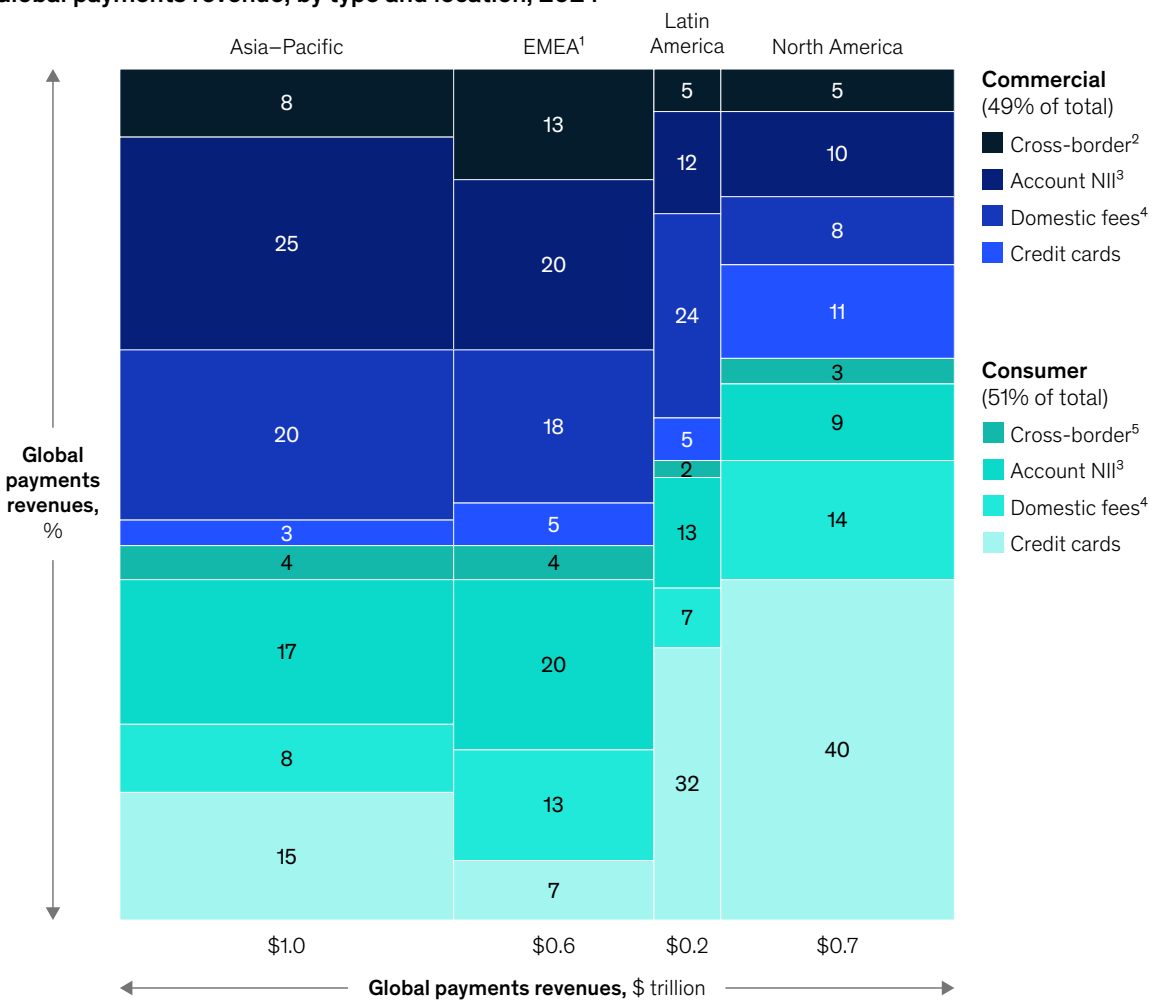
Trends and dynamics beneath the top line

Overall, payments revenues are almost evenly split between consumer and commercial, but the composition varies significantly among regions (Exhibit 2). North America leans toward consumer payments, due to the widespread use of credit cards as a primary payment and lending method, reflecting mature consumer credit markets and strong card loyalty programs. APAC tilts commercial, with 25 percent of revenues from commercial account net interest income (NII), highlighting the depth of corporate banking relationships and dependence on deposit-based income in fast-growing economies. EMEA features a more diversified mix, with 20 percent of revenue from commercial account NII linked to trade and treasury activity, and 20 percent from consumer account NII supported by Europe's higher savings base. Latin America, like North America, also leans toward consumers, with consumer credit cards constituting 32 percent of total revenues, reflecting the importance of revolving credit and consumers' reliance on installments.

Exhibit 2

Asia–Pacific and EMEA revenue pools are more commercially driven, while those in North America are primarily consumer driven.

Global payments revenue, by type and location, 2024



Note: Figures may not sum to 100%, because of rounding.
[1]Europe, Middle East, Africa. [2]Cross-border payments services (B2B, B2C). [3]Net interest income on current accounts and overdrafts. [4]Fee revenues on domestic payment transactions and account maintenance (excluding credit cards). [5]Remittance services and C2B cross-border payment services.
Source: McKinsey Global Payments Map

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Cash usage continues to decline globally, now accounting for 46 percent of worldwide payments, down from 50 percent in 2023. Account-to-account (A2A) payments are gaining popularity, particularly through digital wallets, which now account for approximately 30 percent of global point-of-sale volume, led by markets such as India, Brazil, and Nigeria. As transaction volume shifts toward lower-yield rails, such as instant payments, monetization challenges are rising, particularly in markets with strict regulations on interchange and processing fees. Over time, we expect new economic and fee models to emerge in A2A, potentially following the Indian example,

where banks are beginning to charge payment aggregators for United Payments Interface (UPI) merchant transactions.[3]

Digital adoption is widespread in B2B payments; however, activity is mainly in low-margin channels such as bank transfers and instant payments. To capture value, companies, especially software-centric players, are investing in value-added services, including invoice automation, reconciliation, and working capital tools. These are particularly important in small businesses and sectors such as healthcare, where manual workflows persist.

Finally, new technologies continue to create new opportunities and threats. From tokenized money and digital currencies to AI-based fraud detection and liquidity management, innovation enhances security, efficiency, and reach. Adoption, however, is inconsistent. Regulatory uncertainties, infrastructure gaps, and varying technical standards are causing progress to occur in isolated areas.

Chapter 2: Three forces reshaping global payments

Three structural forces could drastically change how money moves between individuals, businesses, and intermediaries: a more fragmented and regionally focused payments system, the widespread adoption of digital assets for payment purposes, and the transformative potential of artificial intelligence.

1. Fragmentation and regionalization of the payments landscape

The global payments ecosystem is entering an unprecedentedly complex phase, fueled by a highly interconnected world of goods, services, and people. Over the past 30 years, globalization has enabled a smooth flow of money across borders. However, geopolitical events have led some regions and countries to lessen their dependence on global standards and systems. For example, sanctions on Russia have excluded it from international card networks, prompting it to rely on its Mir card for domestic transactions and to co-badge with China UnionPay for international transactions. Some regions and countries are promoting payments sovereignty to reduce their dependence on global intermediaries; the European Central Bank, for instance, is promoting large-scale, Europe-focused systems.

At the same time, technological progress has accelerated the growth of mostly local and regional payment systems. The development of instant payment infrastructure is especially transformative, enabling the creation of user-friendly overlays (notable examples include Pix in Brazil, Bizum in Spain, and UPI in India). Increasingly, interoperability among domestic instant payment systems provides alternative ways to process cross-border payments, offering options beyond traditional standards. Prominent and rapidly expanding examples include the internationalization of Pix in Latin America and the expansion of the National Payments

[3] McKinsey Global Payments Map.

Corporation of India into the Middle East and Southeast Asia. At the same time, the rapid use of stablecoins is creating a new alternative to traditional payments rails.

These geopolitical and technological changes are reshaping the payments landscape, leading to increased regionalization and diversification. A return to the fully globalized payment systems of just five years ago seems unlikely, as the forces driving fragmentation are already in motion. Many alternative payment systems have faced difficulties in growing effectively, however, held back by poor user experiences, unclear value propositions, governance problems, and a lack of supportive legislation in key markets. In some cases, legacy systems have proved resilient enough to bypass or outcompete these novel solutions.

Consequently, the payments landscape is moving toward two possible outcomes, both of which are more fragmented than today: a multirail ecosystem with global passkeys, or increased localization and the decline of worldwide standards.

Scenario 1: A multirail ecosystem with global passkeys
In an optimistic scenario, geopolitical tensions would stabilize or decline, and payments standards would remain strong, functioning like a global passkey for multiple payment and customer types. Offerings would vary in scope, from online shopping to a range of services, and in depth, from cross-border finance for a particular sector to simple money transfer for many.

Actors in this environment would need to navigate several challenges, including the difficulty of monitoring and regulating payment flows through multiple payment systems, significant variability in economics among different use cases and systems, and the requirement for technical integration between systems. This could lead to the emergence of facilitators and aggregators that can seamlessly integrate multiple systems.

In this scenario, payment systems would be more fragmented than today and innovation and specialization could thrive, enabling a variety of solutions to coexist and serve diverse market needs.

Scenario 2: Escalated fragmentation and the erosion of global standards
Less optimistically, if global trade and commerce continue to face major challenges and geopolitical tensions grow, countries may increasingly rely on local and regional alliances, moving away from the worldwide exchange of goods, services, and people. This scenario may transpire if global actors fail to create a framework for the coexistence of global and local systems. It would likely be accompanied by an inevitable move toward regionalized payment systems.

In this scenario, countries and regions would prioritize resilience and self-reliance, resulting in more bilateral agreements, intermediary currencies, and alternative payment systems. This would lead to a significant divergence from global standards. Over time, regional systems and payment methods could dominate use cases, fundamentally transforming the financial landscape. International connectivity could become more challenging, with significant implications for the payments technology stack, particularly for institutions with a multiregion or global footprint. This might accelerate the adoption of stablecoins and tokenized currencies.

While international connectivity would be more straightforward under the first scenario, both mark a move away from the unified global payments landscape of the past, leading to more fragmentation, complexity, and localized solutions. For businesses and financial institutions, adapting to this new reality will require flexibility, innovation, and a deep understanding of the forces driving the movement of money.

2. Accelerated adoption of stablecoins and tokenized money

Stablecoins and tokenized money are becoming an increasingly important part of the financial system, although they have not yet reached the critical tipping point for widespread adoption. The industry is growing rapidly—stablecoin issuance has doubled since early 2024—but its role in the broader global payments landscape remains somewhat limited. With daily transaction volumes around $30 billion, stablecoins still represent a fraction of the trillions of dollars transacted worldwide each day.

Several factors, however, indicate that they are approaching a breakthrough toward broader acceptance. One of these is the growing clarity of rules for issuing and operating stablecoins in the United States (the recently passed Genius Act), the European Union, the United Kingdom, Hong Kong, and Japan. These frameworks address key areas such as licensing, reserve management, and anti–money laundering and know-your-customer requirements. This increased clarity is likely to lower barriers to entry, particularly for traditional financial institutions, and boost confidence in stablecoins. How well these frameworks align across regions will be crucial in determining the viability of cross-border stablecoin operations.

Meanwhile, the technological infrastructure supporting stablecoins is advancing rapidly. Key improvements include increasing throughput by shifting transaction processing from the main network to an expanded Layer 2 and adopting more-efficient consensus protocols. User-facing technologies such as digital wallets and bank-grade custody solutions are also becoming more reliable and easier to access, while the growth of advanced on-chain analytics tools is enhancing security and compliance.

Perhaps the most compelling reason to adopt stablecoins is the growing demand for their use in real-world applications. Although they initially gained popularity in more niche areas like crypto-trade settlement, their potential is now recognized in a broader range of use cases: tokenized deposits can allow customers to earn intraday returns while being instantly accessible; stablecoins can provide an alternative way to settle cross-border payments by providing an “always on” real-time version of the correspondent banking network; and in regions with volatile currencies, stablecoins backed by major global currencies can provide consumers a hedge against inflation. Institutional uses, such as B2B treasury management, supply chain financing, and repurchase agreements, are beginning to emerge. In addition, the “programmable” nature of stablecoins may enable new use cases, including solving escrow problems and enabling government benefits to be restricted to certain spend categories.

Over the past 18 months, several high-profile announcements, partnerships, and mergers and acquisitions have demonstrated the industry’s commitment to capturing value through tokenized assets.

The widespread adoption of stablecoins, however, introduces risks that must be carefully managed. While there is increasing regulatory clarity in key markets, the lack of a clear, consistent regulatory framework across jurisdictions could create uncertainty and the potential for market disruption. In particular, if an issuer did not have full reserves backing a stablecoin, it could lead to a loss of trust and value falling below its intended peg, and the failure of a major stablecoin could ripple across the broader financial system, affecting other markets.

In addition, for stablecoins to achieve widespread adoption, end-user perceptions of them must change from that of a temporary bridge between fiat currencies to a form of money to be held. If and when the majority of customers retain funds in stablecoins, it would disrupt the deposit funding and revenue models of traditional financial institutions.

The rise of stablecoins also aligns with the broader trend toward multirail payments; for example, merchant acquirers accepting cards, A2A, and stablecoins in a single solution. Leading players are already making significant strides, with PayPal now accepting a range of digital assets as forms of payment, and others deploying solutions such as Coinbase's stablecoin-linked debit card and imminent credit card propositions. Other providers may want to ensure they can support stablecoin-related use cases that are relevant to their customers; this will require deciding whether to develop proprietary capabilities or partner with aggregators and facilitators.

3. The transformative potential of artificial intelligence

Payments players are exploring and deploying AI technologies. While some are pursuing opportunities to boost customer engagement, most AI efforts to date have focused on reducing costs and enhancing productivity in areas such as transaction optimization, software engineering, fraud detection, and risk management.

In transaction processing, for example, companies including PayPal use AI to analyze, predict, and optimize payment routes based on factors such as transaction costs, processing times, and network congestion.[4] Others, are using AI to help automate reconciliation and settlement, which are still done manually in most institutions. Some, such as Visa, use AI to make settlements more efficient by using insights into clearing and settlement cycles, expected delays, and other variables to better time fund transfers, reduce operational costs, and ensure real-time payment finality.[5]

Organizations such as JPMorgan Chase are making software development more efficient by using AI-automated code generation to replace outdated systems and develop new features.[6] Companies are also using AI-based testing and debugging to simulate scenarios and identify potential problems, and to automate time-consuming tasks such as documentation.

In risk and fraud management, AI applications have evolved from existing advanced analytics capabilities. AI is now used to enhance risk scoring and fraud prevention, as well as to address emerging issues such as deepfakes and synthetic fraud. Capital One has advanced its fraud detection systems from pattern recognition to a more sophisticated AI system that recognizes the behavioral patterns of its customers.[7] Other players are leveraging AI to automate client onboarding for both retail and wholesale customers—a first step in managing the substantial back-office costs of financial crime management and compliance.[8]

Meanwhile, the rise of agentic AI is creating a new battleground as providers compete to control the edge, where AI agents can operate independently to select, optimize, and transact on humans' behalf. Agentic commerce is starting to gain momentum with major players, including Visa, Mastercard, PayPal, and Stripe, which have launched various enabling solutions (for example, tokenized payment credentials and agentic checkout), often in collaboration with AI-native companies like OpenAI. At the same moment, players like Shopify are trying to restrict the use of agentic check-out to their proprietary partnerships.

Recent McKinsey research found that 10 percent of consumers use AI to start their online shopping journey, and 20 percent would be comfortable asking AI to make a purchase on their behalf.[9] AI agents, however,

[4] "Payment optimization: Maximize approval. Minimize declines," PayPal, accessed September 2, 2025.
[5] "VisaNet +AI," Visa, accessed September 2, 2025.
[6] Ayhan Durak, "How J.P. Morgan developers leverage AI," JP Morgan Chase, April 22, 2025.
[7] Steve Cocheo, "Auto buying fraud is exploding. Capital One is using AI to fight back," *The Financial Brand*, July 23, 2025.
[8] *KYC trends in 2022—A global research report*, Fenergo.
[9] McKinsey Digital Payments Survey 2025.

could do much more. They could analyze consumer data, predict needs, recommend products, and automate tasks like bookings and purchases using conversational interfaces. Initial consumer applications might appear in e-commerce—for example, selecting products and vendors based on price, delivery speed, and return policies—platform services like food or grocery delivery, and booking services such as travel and event reservations. Merchants may need to rethink how they interact with consumers, including how to process payments within AI applications and through autonomous agents. Wallet operators and intermediaries will have opportunities to enhance payment methods for each transaction, for instance, offering a card with superior travel insurance or allowing A2A payments to avoid surcharges.

Chapter 3: The path forward for payments players

As the global payments landscape reconfigures into a mosaic of diverse rails, digital assets, and intelligent AI agents, there will be many possible paths for industry players. In this chapter, we dissect the critical choices facing payments players, merchants, platform providers, and solution specialists. We examine how each segment can position itself to adapt and innovate, capturing value in an environment increasingly characterized by decentralization, programmability, and real-time demands.

Payments providers: Competing for primacy and trust

As AI agents begin mediating more of the consumer journey, traditional methods of differentiation using products and user experience will likely erode. Convenience and personalization will become basic expectations. The main battleground will likely migrate to brand trust and relationships—those players that control the interface, either directly or through embedded channels, will influence consumer decision-making in ways that are sticky and hard to displace.

Meanwhile, we expect that new rails, stablecoins, and programmable money will transform the economics of consumer payments. Intelligent agents optimizing how and when consumers pay could put pressure on interchange revenues and yield spreads, straining the ability of local and regional players to grow and challenge the dominance of global companies. Large financial institutions and solution specialists that have long monetized inefficiencies in settlement, credit, and liquidity may need to reinvent their value propositions to avoid being disintermediated by smaller players and customers.

Winners will be those that create intelligent, embedded, secure, and emotionally resonant experiences centered around agentic journeys that anticipate needs while demystifying complex technologies. As well as intuitive, the user experience should be predictive, explainable, and deeply aligned with the brand's trust promise.

Countries' focus on payment sovereignty and local schemes will benefit local and regional players while hindering global ones. Local players can become trust anchors in domestic systems like instant payments, identity layers, and central bank digital currency platforms, promoting interoperability, connecting networks, and respecting domestic policies. Regional players, such as Wero in Europe or Pix in Brazil,

can lead economic blocs by setting rules for cross-border payments, digital identity, and data governance. Global players might shift toward flexible, open infrastructures that accommodate jurisdictional differences.

Given the challenges of building brand awareness and trust while transitioning to new customer interfaces, global players might consider partnering with emerging regional companies in some geographies.

Merchants: Engaging customers with payments

As consumer expectations continue to rise, merchants will likely need to provide seamless and adaptable experiences that encompass a range of payment methods, channels, and compliance requirements. As AI agents play an increasingly significant role in managing demand, merchants will be prompted to engage customers in new ways and meet new standards for payment orchestration, checkout intelligence, and personalized offers.

Merchant payments providers will likely have to transition from enabling acceptance to offering autonomous payment infrastructure: features such as smart routing, real-time settlement, automated compliance, and dynamic currency optimization will be expected. The big opportunity for merchants lies in creating a commerce-enabling layer that helps them acquire, convert, and retain customers in multiple channels and regions. This layer will include payment acceptance services and promote further integration of merchant software as a service and payments. Those who act early may turn the complexity of regionalized rails and tokenized money into a competitive advantage with programmable APIs and embedded services.

Platform providers: Excelling as ecosystem enablers

Providers of large, multiproduct platforms that span various positions on the value chain and payment rails are well-positioned to upgrade their capabilities with AI and programmable money, helping their customers, including banks, accelerate their innovation. Their breadth enables them to orchestrate full end-customer journeys and act as the control layer for AI agents and programmable finance. As a rich supply of data, they are a resource for decisioning and personalization at scale.

Many of these platforms, however, are already seen as broad but lagging behind specialists in product-specific features. Adding all-purpose new capabilities risks widening the gap with specialist players and encouraging more use of their services.

These platforms will want to consider where to allocate resources and how to effectively introduce new technology to their diverse customer groups, such as banks, merchants, corporates, and individuals. With a clear understanding of strategic priorities, large platforms can leverage their R&D and developer capacities to achieve and maintain a leading position in innovation in specific services.

Solutions specialists: Unlocking niche value

Specialist players, such as cross-border payments specialists, single-rail acceptance providers, and AP/AR automation experts, face opportunities and risks. The fragmentation of payments opens new edge cases and niches where point solutions can excel. However, the rise of agentic workflows and programmable money also threatens to commoditize features that don't have unique intelligence, depth, or leverage.

Success for specialists will likely hinge on serving complex, intelligence-rich use cases and embedding their offerings in platforms and agents. This means being adaptable to regional variations, while retaining the ability to orchestrate broader workflows.

One possible route for a specialist player could be to transform a cross-border payment system into an embedded engine that enables platforms or agents to dynamically route cross-border flows based on real-time fees, FX volatility, and delivery speed, with deep integration into programmable wallets and cash movement optimized among currencies and rails. Another possibility is to develop a KYC/KYB rules engine into a programmable trust layer that provides real-time management of onboarding flows, tailored by agentic systems according to transaction type, jurisdiction, and customer profile.

Six ways to thrive in the next era of payments

There are six core strategies that players can adopt to capture new value at the forefront of a future defined by intelligent, programmable, and interconnected payment flows.

1. Design for intelligent simplicity

As consumers and businesses increasingly depend on agents and automation, trust and adoption will rely on players' ability to simplify complexity while maintaining control. Simplicity, transparency, and personalization must be embedded into offerings.

2. Treat interoperability as infrastructure

Cross-border and multirail transactions will define any foreseeable future scenario. The ability to bridge asset types, jurisdictions, and compliance regimes in real time will no longer be a differentiator. Players will want adaptive infrastructure that supports this natively.[10]

3. Move intelligence to the edge

Decision-making must happen at the point of transaction, in the agent, or within programmable contracts. Routing logic, fraud detection, and liquidity management will need to be embedded directly in software agents, APIs, and workflows, not centralized in batch systems or led by humans.

4. Make compliance programmable

As regulations diverge, scalable players will be those who codify local compliance into infrastructure. Modular policy engines and region-specific logic will supersede manual workflows and hard-coded rule books.

5. Play through ecosystems, not against them

Winning in a modular, programmable world means becoming the layer others build on, whether for intelligence, trust, liquidity, or connectivity. Stand-alone moats will erode, while embedded roles in larger ecosystems will endure.

6. Earn trust upstream

As AI and automation increasingly initiate transactions, firms will want to ensure that transparency, explainability, and error resolution are designed into their systems, so that users and regulators can understand what happened and why.

[10] "The path to enhanced cross-border payment experiences," Swift, June 5, 2025.

The payments industry is not just adapting to new technologies or market shifts; it is fundamentally redefining its foundational structures in response to geopolitical forces, emergent digital paradigms, and the accelerating intelligence of AI. Success in this fragmented but interconnected future hinges on committing to seamless interoperability among diverse rails and embracing complexity. The coming years will reward players who can convert these challenges into opportunities by forging new pathways in a world where agility, innovation, and trust are the most valuable assets.

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