

The Banking & Payments Show: 2024 trends in banking

Audio

On today's episode of The Banking & Payments Show podcast, we discuss the most important banking trends that we expect to see in 2024. We examine the big headlines from our Banking Trends to Watch in 2024 report, such as risky banking as a service partnerships, the social media players pushing the boundaries of banking, the disruption caused by AI and new developments with digital wallets. In a new segment called "Place Your Bets," using a

total of 10 points, we allocate points to different trends to predict their likelihood of coming true. Listen to the conversation with guest host Marcus Johnson and our analysts Tiffani Montez and David Morris.



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Episode Transcript:

David Morris:

Those providers that are able to show that they do have the tools, that they do follow compliance, that they have been able to follow compliance-related procedures in the past, will be able to separate themselves from the crowd, and, ultimately, strengthen their position in the marketplace and win business. Does that necessarily mean that growth would slow or more a matter of consolidation within the provider space?

Marcus Johnson:

Hello, everyone, and welcome to The Banking and Payments Show, a behind the numbers podcast from eMarketer.

Today is January 23rd, 2024. I'm not Rob Rubin, unfortunately, I'm just Marcus, your guest host for today. We'll be back for the next one. We'll see. Maybe I'll crush this, and Rob will have to wait, but probably not. He'll be in in two weeks. That's when he'll see.

In our last episode, we looked at buy now, pay later trends for 2024. Today, we're going to be discussing banking trends that we expect to see this year. We have two guests helping us to do this.

We start with our everything analyst, principle for banking and insurance, based in California. It's Tiffani Montez.

David Morris:

Woohoo.

Tiffani Montez:

Hey, there, or hey, there, Rob with an accent, otherwise known as Marcus.

Marcus Johnson:

Maybe it is just Rob doing an accent. You'll never know, because it's not video.

Our other person joining us on the show who said that he would try to get rid of me if it meant he could host the podcast, so how nice is David really? Principle analyst covering payments based out of Chi Town, it's David Morris.

David Morris:

It's always a façade when it comes to me, Marcus. Yeah. Great to be here. Nice to see you.

Marcus Johnson:

That's not going to work in court, David. If I go missing, listeners, look for David first. Okay? It's probably him.

Tiffani Montez:

I actually heard the plan, so I'm looking for a payoff, David.

David Morris:

Oh, boy. Yeah. Evidence. Oh no. No circumstantial evidence here. Okay.

Marcus Johnson:

Today, we're going to be doing something a little bit different. Instead of our regular headline segments, we're going to be giving you the headlines from our 2024 trends in banking report, and then going into a bit more detail about each of them. That's going to be what we do upfront, and then in the second half, we're going to introduce a brand-new segment where we'll make some predictions. That segment is called Place Your Bets. At the very, very end, we'll be discussing which predictions we think are most, most, most likely to come true.

Let's start, folks, by setting the table. As we mentioned, we're talking about this report, this 2024 trends in banking report, which was put together by a host of folks, Tiffani, Maria Elm, and David, who we've got here as well.

We start up top by giving you the biggest 2024 trends in banking. The first one, Tiffani, you're on deck to present this first one to us, risky Banking as a Service partnerships will test the trust between FIs, financial institutions, and fintechs. Talk to us about this.

Tiffani Montez:

One of the things that we are noticing in the industry is that we believe that banking, as a service, partnerships, are having their own Milli Vanilli moment. For those of you that aren't familiar with who Milli Vanilli is, Milli Vanilli was a German R&B music act from Munich that was from the late '90s, so think of things like neon lights, big hair, and even bigger beats.

Marcus Johnson:

It was a weird time.

Tiffani Montez:

For context, Milli Vanilli sold more than 300 million singles worldwide.

Marcus Johnson:

Wow.

Tiffani Montez:

They won the Best New Artist Award at the 32nd Grammy Awards, and won three awards at the 17th American Music Awards, but shortly after their widespread success, the duo was actually caught in a lip-syncing scandal.

It turns out that all of their hit singles were actually sung by another vocalist, and the lead vocalist that recorded these albums were actually bribed by record producers and labels, so that they could stay quiet about their behind the scene vocals.

Once everyone found out that this was lip-syncing and not actually the vocalist, the Grammy was revoked, and there was huge public backlash. Customers who purchased their records actually started burning their records. They started booing them at concerts. It was a huge scandal.

David Morris:

I have a video of Tiffani burning a few of those records.

Tiffani Montez:

Hey, I still like them, even though they had a scandal. The reason that I share this story, and the reason we're making this comparison to Milli Vanilli is that we know that banking, as a service models, are built on layers of partnerships with some of them being shakier than others, and

we're noticing that regulators are starting to take notice now, and they're warning of systemic financial dangers and customers are starting to get nervous.

Really following some meltdowns in the industry recently, there's a lot more attention about the actual fraud and scandals associate with these multiple partnerships, as it relates to Banking as a Service.

Marcus Johnson:

David, what do you make of this one?

David Morris:

To me, it's almost there's this continuing refrain where the emperor has no clothes, whether it's crypto or for a while, buy now, pay later, what was it doing to customers and how is it actually going to be profitable? These nascent technologies that I think we increasingly have difficulty keeping up with, because I would extend the banking, as a service, issue to payments as well.

Payments, as a service, modern credit issuing, this huge raft of these small, newer banks stepping in to offer the services didn't offer them until maybe two years ago. Growing very quickly.

I think the real issue, as Tiffani has already alluded to, is they're growing along with the technology vendors, some of which may be untested in and of themselves and maybe they're growing outside of their comfort zone.

There's I think an issue with them just getting too big, too quickly, and not really being able to be fully vetted in terms of what they're actually providing to the banks.

Marcus Johnson:

Yeah. Yeah. All right, folks. That's our first one. Let's move to our second trend here. David, you're up, sir. What do you have for us?

David Morris:

Marcus, this trend is about social media. Anybody heard about social media? TikTok, Facebook, Instagram and the like.

Marcus Johnson:

No.

Tiffani Montez:

Not even listening to you, because I'm on TikTok right now.

Marcus Johnson:

Thanks, Tiffani.

David Morris:

It's big business, and social media players, like many other participants, they're not stupid. They want to find new ways to be able to monetize the user base, and that's what this is all about, social media platforms harnessing this explosion in social commerce, adding financial services products to their offerings to monetize that engagement and shopping activity.

I'll put this in perspective, our forecasts show that, and this is in the U.S. alone, social commerce sales growing by more than five-fold between 2020 and 2027. 2027, we're expecting those sales to hit almost \$150 billion. There's a lot of potential here to be able to monetize that with financial services being layered into the mix. This is, ultimately, about TikTok doing this.

Marcus Johnson:

Okay.

Tiffani Montez:

We've had others say that they want to start dabbling in social media, and being able to monetize their customer base. Right? We've had Musk, who said that he's going to build a financial super app, so I think there's another example of them making much bolder moves, whether some of these things will come true or not, especially in the timelines that some of them had indicated, but I think for any business, even if you think about social media, they want to monetize their customer base, to David's point.

They're going to look for any opportunity and any interaction, or even transaction, to make money off of that. There's a lot on the table, literally, for them to go after. It will be interesting to see what these players do in the coming years.

David Morris:

This isn't something that's easy to do. We have Facebook operating in the payment space for years. It hasn't been able to really crack the payments code here. To Tiffani's point, Mr. Musk is out there. He talks a lot, and I think we're putting that more in the talk rather than do camp, TikTok, on the other hand, has really been methodically carving out a broader strategy, adding payment licenses in various countries, adding buy now, pay later in other countries, and then I think, most importantly, growing TikTok Shop, its checkout tool, launching that in the U.S. That's where I think there's going to be a lot of traction, even here.

Marcus Johnson:

Really quickly before we move onto our third one, you mentioned cracking the payments code that social media companies tried to, Facebook, in particular, you're referring to. What are they getting so wrong in your opinion? What do social media companies need to do to try to reimagine how to sell this payments idea to their customers?

David Morris:

My first thought would be that, ultimately, you're looking at companies that do one thing very well, and they may not be able to do other things necessarily as well. Facebook I think has been very creative in pursuing any number of strategies to harness payments, but, ultimately, what it does well is social media, and messaging.

That's the first thing, and I think that's where Tiffani and I may be aligned on Twitter, where you're looking at a company that may really be underestimating the ability to pull off something that's far more complex than it actually looks like.

Marcus Johnson:

Let's move to our third trend here, banks getting real about the disruptive challenges of generative AI, Tiffani.

Tiffani Montez:

I think what we're seeing now is that banks' GenAI dreams are at a point where they're hitting the snooze button. We know that regulation and data, the challenges around data privacy are dragging down the hype. McKinsey promised that GenAI is a gold mine, but in 2024, we really think that banks are going to spend a lot of their time digging through the red tape.

We know things like regulatory hurdles and data privacy are really big headaches, and, quite honestly, buzzkills for the hype that we saw last year. That's really going to force banks to really scale back their AI ambition.

Also, if we just think about regulation for a minute, we know that in October, President Joe Biden issued an executive order requiring that the U.S. AI companies submit reports on their training models and testing to help safeguard technology from foreign adversaries. Until banks really understand what that new regulation means, I think they're going to exercise extreme caution.

In the meantime, I think they're going to focus on where they can gain the most value with the least amount of risk. That will really be looking at GenAI to create operational efficiency, so really thinking about how to use GenAI to help their employees become more efficient, and, in a lot of cases, more effective.

Marcus Johnson:

Okay. Yeah. There are a lot of ways that generative AI can be used in financial services. You listed a couple in this report talking about employee-facing chats, customer support, risk assessment, things like that.

You're saying that we're going to, first, see employees using generative AI. How is that going to help them in their day-to-day?

Tiffani Montez:

I think from day-to-day, if you think about even a banker, I would imagine they're using anywhere between eight and 10 different systems to do their job every day, different logins, different process, and so when you start thinking about pulling together information in a way that is much more efficient than them having to go system to system, and servicing it much more quickly, there's some efficiency to be gained there.

I think the other part is analyzing that data, and even making recommendations or suggestions on what to do next, and so there are companies in the industry that are creating assistants for employees, so we'll call them employee-facing bots. Companies like Kassisto, and then a second company like Q2, that has a co-pilot that you can use for their employees, so helping them not only get access to information but helping employees do their jobs more efficiently.

Marcus Johnson:

Yeah. Okay. Fourth trend for you folks, we move back to David. He is talking about the digital wallet game. What's happening?

David Morris:

The digital wallet game. Yeah. I think as everyone knows, when you think about digital wallets today, who owns that space from a device perspective? It's not the banks. Right? It's Apple, Google, and the like, and PayPal.

Marcus Johnson:

Yeah.

David Morris:

Fintechs have really buried the banks with respect to being able to own that space. The trend is not necessarily anymore. This is, ultimately, about using Early Warning, if folks know who Early Warning is. This is the bank-backed provider of Zelle, the phenomenally successful product that, from a payment value perspective, has blown past all of these fintech players when it comes to P2P, and Early Warning wants to do the same here with digital wallets by launching the Paze digital wallet this year.

It's off to I think a good start, in the sense that it's, basically, just launched. It's because of that relationship with Early Warning, it can access over 150 million consumer credit and debit cards out of the gate that are held by the seven banks that own it. Those banks, and any other banks that are likely going to sign up, they can automatically opt in those cardholders, and it's got some cool features out of the gate too.

Marcus Johnson:

Yeah. Speaking of cool features, apparently, you're writing that they show users their preferred credit cards, first, which is quite handy, but then it also recommending other payment options that could help maximize card benefits, so helping folks to get the most out of their cards or potentially other payment options that might be beneficial to them, because of their specific shopping behavior.

David Morris:

That's exactly right. Yeah. I think the most innovative feature that they've revealed so far is what you just talked about.

Marcus Johnson:

Yeah. Tiffani, what's your take here?

Tiffani Montez:

My take is just thinking about consumer adoption of this wallet. Right?

Marcus Johnson:

Yeah.

Tiffani Montez:

And where consumers are already really conditioned to either use Apple Pay or Google Pay, and even the positioning that financial institutions are going to have to do to educate people on it, and then get them to understand what it is and what it does, and how it might be different.

I bring this story up, because this week I realized my debit card had expired. I don't know why the bank never sent me a new one, but it's been expired for two months, which shows you how often I actually use that debit card, but when I called to say like, "Hey, you should have sent me a debit card," I don't know, "Probably months ago. I have a card that's expired that I don't even use, and now I'm never going to use it, because, let's be honest, it doesn't work."

It was interesting when I reordered that card, that the bank branded adding it to a Google Wallet. Right? They're like, "Would you like me to add that to your Google Wallet?" There's going to be some significant coaching and things from an operational perspective that banks are going to have to really think about, if they want this to take off, and have the right positioning for that product. It's going to be an uphill battle.

Marcus Johnson:

Yeah.

David Morris:

Yeah. I completely agree with what Tiffani is saying. I think the one piece of good news is they can communicate to a customer whose card has expired in the wallet to update it, and it doesn't automatically update, but they're actually starting to crack that code. I think there's tremendous runway here to be able to actually compete at scale against these entrenched players.

This year is all about being able to market the product to consumers, and you have to get the merchants onboard.

Marcus Johnson:

Yeah. All right, folks, there are four big trends for you for 2024. We've got risky Banking as a Service partnerships will test the trust between financial institutions and fintechs, we've got, secondly, a wave of social media players will push the boundary of banking with bold new ventures, third up is banks getting real about the disruptive challenges of GenAI, and, fourth, Paze will put banks back in the digital wallet game.

Now it's time for a brand-new segment called Place Your Bets. We have four predictions for you related to each of those four trends that we talked about in the first half. Each guest, Tiffani and David, will have 10 points each to distribute amongst them depending on the likeliness they think each prediction will have of coming true. If David gives most of his points to prediction two, that's because he thinks that is a prediction that's most likely to happen.

All right, folks, we're going to go with Tiffani first. Her prediction is, as I mentioned, based on that Banking as a Service trend that we mentioned in the first half. Tiffani, in 30 seconds, hit us with your first prediction.

Tiffani Montez:

First prediction is that banks are going to tighten their governance process, and that will slow Banking as a Service partnerships in higher risk business lines. We already started to see a decline in executive interest in providing Banking as a Service offerings to fintech companies over the next couple of months, but as there is more red tape, we expect to see there be slower growth for Banking as a Service partnerships in the coming year.

Marcus Johnson:

David, you're holding your 10 points very close to your chest. You're like, "Do I want to spend any of these on this prediction?" What do you want to ask Tiffani to get a bit more information

before you start putting some points down on this one?

David Morris:

All right. Before I put my chips on the table here-

Marcus Johnson:

Exactly.

David Morris:

Gambling's never really been my forte, so, I don't know. We'll see how I do. I would actually, by way of counterpoint, Tiffani, what would you say about the notion that this would, ultimately, help a number of the BAAS providers out there, the technology vendors, those that are able to show that they are separated, the wheat separates from the chaff?

Those providers that are able to show that they do have the tools, that they do follow compliance, that they have been able to follow compliance-related procedures in the past, they'll be able to separate themselves from the crowd and, ultimately, strengthen their position in the marketplace and win business. Does that necessarily mean that growth would slow or more a matter of consolidation within the provider space?

Tiffani Montez:

The growth slowing is probably going to be attributed to the second portion that you just said, which is that we know this is complex. We know that in a lot of cases the banks that are doing business with the fintech companies or even the fintech companies that are doing business with the banks, there's lots of layers there.

You have to not only trust that the partnership that you form with them in the beginning holds true and doesn't change and there isn't something that either party is doing, that the other person may not be aware of, that is introducing other risk, but I think at the end of the day, that there is significant fallout, that we started to see last year, that is going to pick up this year.

As a result of that, to your point, we are going to start to see some Banking as a Service providers fold, and those partnerships end. As a result of that, that will really be truly slowing growth in the coming year.

David Morris:

I think this is good for three points, Marcus, at least.

Marcus Johnson:

Wow. Right out of the gate. Okay. Three down for David. Tiffani, I know this is your prediction and you've got some others we've got to hit, but how are you feeling about this one in the moment in terms of points?

Tiffani Montez:

I feel pretty strongly about this one, compared to the other ones.

Marcus Johnson:

More than three?

Tiffani Montez:

Yeah. At this point, I would say five.

Marcus Johnson:

Five down?

Tiffani Montez:

Five of my points to this one.

Marcus Johnson:

Wow.

David Morris:

Wow.

Marcus Johnson:

All right. We've got some high rollers. Let's move to our second prediction. David, what have you got for us? This prediction, obviously, related to a wave of social media players pushing the boundary of banking with bold new ventures. What's your prediction?

David Morris:

I think that when you put in the word regulatory hurdles, I become skeptical. I think that there's a road here, a political road, that TikTok has got to take that is a difficult one, because it's owned by ByteDance and China and so forth, and global tensions, I think that'll take a while to suss out.

I think, though, at a literal level, is TikTok Shop going to explode? Yes. Without a doubt. Bloomberg already has reported this week, making Tiffani's prediction come true, that there's an expectation that U.S. [inaudible 00:19:23] on TikTok Shop is going to grow tenfold in 2024.

If you're looking at it that way, I give this an emphatic yes.

Tiffani Montez:

I agree with you, David. If I think about in the actual full report, we talk about TikTok, and we also talk about X, if I had to pick one of the two companies, I think where we'll see traction is TikTok, and later when you ask me what my points are about and where I'm hedging, I'm going to make my comment based on TikTok.

I think TikTok is going to do what it always does, and it's going to continue to build its payments infrastructure following where it is launching TikTok Shop.

Where I think that they're going to become challenges, if I single out the United States for just a minute, there are going to be significant regulatory hurdles for them in the U.S. I think that will prevent them from successfully creating a payments infrastructure this year. Is it possible that its years later? Perhaps, and I think they'll continue to hold steady to that actual strategy. I just don't think it's going to happen this year.

Marcus Johnson:

Okay. This point as well in the report about bank marketing, and doubling down on consumer trust, that could work against some of these social platforms. Right? You've got this stat in here about 60% of consumers saying they would consider banking with a traditional bank or credit union, according to our October 2023 U.S. Banking and Consumer Habits Survey. Just 3% would consider TikTok and 2% X. It seems like this perhaps is the counter to anything social media is doing is banks saying, "We're the trusted institutions. Don't even worry about those folks."

David Morris:

I think there's definitely a lot of value to that. I think you're also wanting to distinguish between this larger financial services apparatus that is down the road versus engaging directly with TikTok and buying something from TikTok, because I think it's important to remember how powerful this live streaming commerce that TikTok is going to be, basically, driving, what a powerful proposition that is.

If you think about being entertained and an impulse purchase, and winding that together, that's live stream commerce on TikTok. To me, that's very frightening, because we're already buying too much crap at the front counter at every retail store we go to. TikTok's going to really be able to push that in new ways, and I think that's powerful consumers, and there's also a tremendous marketing boon to TikTok as a result, because of the brands and products that are going to want to be a part of that.

Marcus Johnson:

Tiffani, do you have something there?

Tiffani Montez:

Only to sort of echo on what David's comments are is that I think if you start looking at trust around financial products and where consumers give that trust to, it's not social media brands. It is traditional banks, and even probably, if I was to throw another player in there, big tech firms, that they trust more, so I don't know that I think beyond payments that there's going to be a lot of trust in social media brands to provide a broader set of banking products and services.

Marcus Johnson:

This sounds like very few points that Tiffani is going to be putting down. What do you think, Tiffani? What are we parting with here?

Tiffani Montez:

I'm going to give some points, but I'm going to think about it at a more of a global level versus focusing on the United States, because if I focused on the United States, I would say something very different. I do think that TikTok is going to continue, again, to build a payments infrastructure based on the rollout of TikTok Shop.

I would give that trend, for that particular component, three points.

Marcus Johnson:

Three points? Okay. Tiffani, you are fast running out of points. That's eight points down already, two to go. Maybe she's going to shuffle some up, we'll see. David, what do you think for this one? How many points?

David Morris:

Based on how Tiffani framed that, I would be positive about it as well, maybe just a little less so, I'd say two points.

Marcus Johnson:

Two points, David?

David Morris:

Yeah.

Marcus Johnson:

Okay. All right.

David Morris:

I'm going to hedge my bets here.

Marcus Johnson:

Five down for David. Let's move to our third prediction. This one, of course, is based off of banks getting real about the disruptive challenges of generative AI. Tiffani, what's your prediction here?

Tiffani Montez:

I think what we'll see is there'll be significant learning that goes on with GenAI, as I mentioned earlier, in the employee-facing experience, but as the year goes on, we're going to start to see that banks will apply what they've learned against GenAI solutions for bankers, and push those experiences to customer-facing virtual agents.

We've already seen this happen with one bank already this year in Europe, I think it's called Bunq, B-U-N-Q, where they launched their first generative AI platform that is customer-facing, so I think we've already seen it. Is it an awesome deployment? I think the verdict is still out about how well it actually works, but we've already seen one example of a neobank that has launched a generative AI-driven platform.

Marcus Johnson:

Tiffani, what, as consumers, can we expect to see from banks in some of these generative AI virtual assistants? As a banking customer, how would I expect to use one of these in the next year or two?

Tiffani Montez:

I think what we'll see is the chatbots that are already out in production today are going to be able to communicate in much more customer-friendly ways, so think about content that is a lot more engaging and informal, being able to produce videos based on the question that a consumer was asked, and then the answer to that question.

Think about things like personalized images, so I think what we're going to start to see is much more personalization in chatbots than we've seen in the past.

Marcus Johnson:

David, what are you thinking, sir?

David Morris:

Yeah. I really like the way Tiffani framed it. I think it's really a matter of when you think about all of the regulatory and compliance hurdles, what is a bank reasonably comfortable doing this year with respect to GenAI and to what degree it would implement generative AI into its chatbots? I think Tiffani nails that, that reasonable limit, because you do have to get past open banking hurdles, and to be able to harness data in a way that can really move the needle for consumers to get at things like how about a tool that helps you pick a card? How about a virtual assistant that actually guides you to investment options based upon your account history? That stuff is not going to happen, I don't think. Maybe I'm wrong, Tiffani.

Marcus Johnson:

Not going to happen this year or ever?

David Morris:

Oh, it'll happen.

Marcus Johnson:

Just not this year?

David Morris:

I think that's the kind of layered generative AI new information proposal that's going to be around the bend.

Marcus Johnson:

Okay.

David Morris:

The way Tiffani framed it, I'd give this a five but that means I won't have any points left for the trend I wrote.

Tiffani Montez:

We'll be in the same boat.

Marcus Johnson:

All right. David's run out of points. Tiffani nearly has-

David Morris:

I give it a four. Yeah.

Marcus Johnson:

He's going four? Okay.

David Morris:

Yeah. Definitely.

Marcus Johnson:

You could reallocate at the end, but he's going four, so David's got one point left, unless he changes anything. Tiffani, you have two points left. Would you like to reallocate some?

Tiffani Montez:

Yeah. I'm going to have to reallocate. I'd give this one two points.

Marcus Johnson:

Okay. Two points.

Tiffani Montez:

Four, three, two, one. Yeah.

Marcus Johnson:

You've currently got five, three, two.

Tiffani Montez:

I'm going to go to four, three, two.

Marcus Johnson:

Oh, you're moving? Okay. Four, three, two. Okay. She's got one point left.

David Morris:

We each are going to give my little trend one point?

Marcus Johnson:

Unfortunately. There's nothing left. I told you guys, you shouldn't have spent so much in the beginning. Oh my goodness.

David Morris:

I could tell Tiffani was headed that way out of the gate.

Marcus Johnson:

David, do you want to explain the last prediction? Which is going to get very few points because we've run out, not because it's not going to happen but this is based on Paze putting

banks back into the digital wallet game. What's the prediction here?

David Morris:

The prediction here, Marcus, is that Paze is going to hit a 2% share of digital wallet purchase value by Q4 of 2024. I think that some people may look at that as aggressive. You do have just a tremendous amount of work to do with respect to setting up the infrastructure, with getting buy-in from merchants, getting buy-in from consumers, so this year's clearly about laying the groundwork in that way, but I think we don't want to underestimate the ability of Paze to be able to woo merchants with added bells and whistles as this year goes on, layering data sharing into the mix, point of sale offer benefits, that could start to move the needle a little bit, and get to 2% by the end of the year.

Marcus Johnson:

2%? Folks may hear that and think, "2% but wait, you said that is actually pretty aggressive," but you don't associate 2% with being an aggressive number. Explain to folks why 2% is aggressive.

David Morris:

Because there's some themes that have come up during this show, and one of them is don't underestimate how difficult things are, and how long they take, and I think that's definitely true in this case.

Marcus Johnson:

And who they're up against.

David Morris:

And the competition is unbelievable. Apple has perfected this. I would not rule out PayPal in the mix either.

Marcus Johnson:

Yeah. My second question is who do they take this 2% from? Do you see one of these folks suffering more so? Is it PayPal? Is it Apple Pay? Is it Venmo? Google Wallet? Which one is Paze going to steal this 2% from?

David Morris:

I think it's going to be the device-agnostic wallets.

Marcus Johnson:

Okay.

David Morris:

PayPal, for instance. You're going to have more loyalty that you're going to run up against with an Apple Pay, because people are so entrenched into the Apple ecosystem, so it's going to be the third party, device-agnostic wallets.

Marcus Johnson:

Tiffani, after hearing this trend, you've only got one point to spend, but do you want to reshuffle or do you think this is the least likely?

Tiffani Montez:

I think I said this earlier, I think it's going to be an uphill battle. There's already pretty significant adoption for the other wallets, and so I think that 2% doesn't sound aggressive, but I think that it somewhat is. I think it's probably going to land closer to 1%. If I just stick to the context of the actual prediction, and the fact that I only have one point left, one point it is. If you're not first, you're last.

Marcus Johnson:

David, sticking with the one point, sir?

David Morris:

What am I, three, three, two?

Marcus Johnson:

You've got three, two, four, one.

David Morris:

I'm going to go three, two, three, two then. Yeah. I've got to back my own prediction here a little bit. Tiffani, I don't argue your point. Maybe at the end of the day, its can success be

measured, barely having made a dent, and 1% is pretty good too. We'll see how that shakes out.

Marcus Johnson:

Consensus, you guys have seven whole points for the most likely prediction here is fewer new Banking as a Service partnerships in 2024 compared to 2023, five points each to the next two, that's TikTok creating regulatory hurdles, big banks releasing consumer-facing generative AI virtual assistants this year, and then just three points, Paze hitting that aggressive 2% share of digital wallet e-commerce by Q4 of this year.

Well-played, folks. Very, very good indeed. The full report, if you want to read all of it in its entirety is Banking Trends To Watch In 2024: Banking as a Service, GenAI, TikTok, X, and Digital Wallets Will Reshape The Market. It was written by Tiffani, David, and Maria Elm.

Thank you so much to my guests for today's episode. Thank you to Tiffani.

Tiffani Montez:

Pleasure to be here as always.

Marcus Johnson:

Thank you to David.

David Morris:

Thank you, Marcus. Always good to see you and, Tiffani, of course, always a pleasure.

Marcus Johnson:

Yes, indeed. Thank you to Rob for letting me step in and guest host this one. I crushed this one, Rob, so take the month off, my friend. I've got your next episode. I'm, of course, kidding. For the love of God, come back.

Thank you so much to everyone for taking time to listen in. Thank you to Todd, our editor. You can listen into the next episode, February 6th, where Rob will be back to talk to you all about artificial intelligence in banking.