Deloitte.

Together makes progress

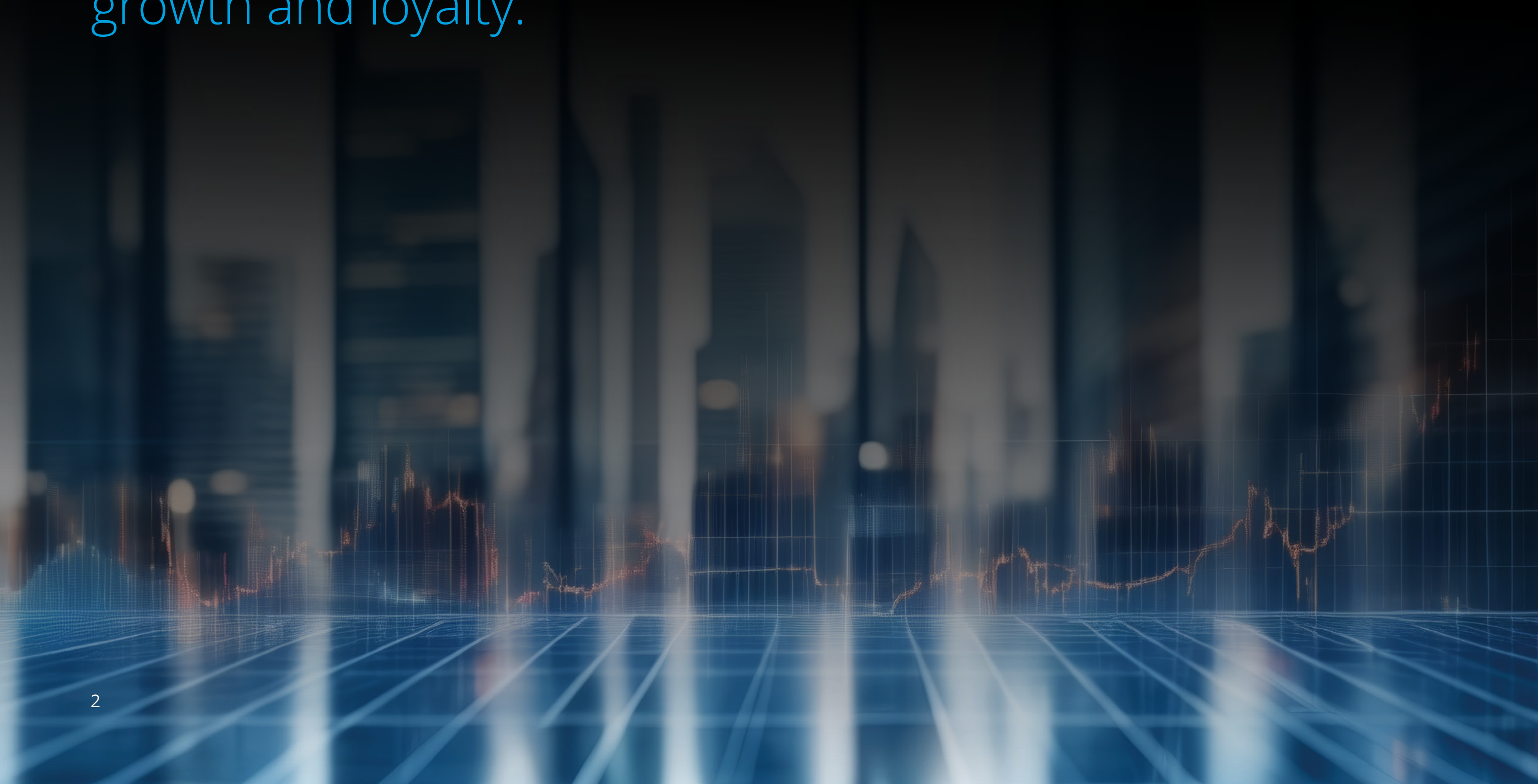
From payment rails to profit engines

Why value-added services are the future of payments

Introduction

The payments industry is at a defining crossroads. As fee compression, commoditization, and a flood of new entrants erode the profitability of traditional transaction models, payment providers face an urgent imperative: transform core capabilities into revenue-generating, experience-enhancing value-added services (VAS).

The future belongs to those who can elevate payments from a utility to a strategic enabler of growth and loyalty.



The transformation imperative

Payments firms are under pressure. Global payments revenues grew just 6% in 2024—the slowest pace in a decade—while merchant acquiring margins[1] declined by 30% over the last five years. Regulatory changes such as PSD2 in Europe and the Durbin Amendment in the US have reduced fees payments providers can earn from card transactions by more than 50%. Meanwhile, the competition is intensifying: More than 4,000 fintechs entered the US payments arena in the past two years, providing innovative and value-generating payment services.

What got the payments industry here will not get it to the next stage. To thrive, payments firms must leverage their unique assets—data, trust, and infrastructure—to deliver differentiated value-added services beyond their core transaction-based business model.

Payments firms are under pressure. Global payments revenues grew just 6% in 2024—the slowest pace in a decade—while merchant acquiring margins declined by 30% over the last five years.

Why value-added services, and why now?

The strategic importance of value-added services reached an inflection point. Several powerful market forces have converged to accelerate this shift:

- **Customer expectations are shifting:** Seventy-one percent of customers expect personalized experiences, while 80% of business buyers expect the same personalized experience as consumers, and 77% of businesses refuse to make purchases without personalized content. Consumers and businesses expect payments to be instant, global, and low-cost. Stablecoins—digital currencies tied to stable assets—are meeting these demands by enabling real-time, cross-border transactions with minimal fees. Stablecoins transfer volume grew by 115% since early 2024. Payments firms can create new revenues by enabling contextual services and new digital currencies to their clients (B2C), or to consumers served by their clients (B2B2C).
- **Data is the new currency:** Payments firms possess proprietary transaction data ripe for monetization. Financial institutions that monetize data achieve 1.5 times faster revenue growth; the global payments data monetization market is estimated to reach $7.3 billion as consumers are looking for financial institutions to provide valuable insights.
- **Agentic AI is maturing:** The rise of predictive and autonomous decisioning tools creates fertile ground for smarter fraud mitigation, real-time pricing, and personalized offers. AI can help reduce fraud detection costs by 30% and improve detection accuracy by more than 50% compared to traditional methods.

By 2030, the total VAS market will exceed $1.2 trillion, with margins up to three times higher (nearly 45%) than traditional transaction-based models (about 15%). This shift is not just about top-line growth; it's about optimizing profitability, sustaining market share, and generating long-term differentiation.

To capture this market opportunity, payments firms can anchor on five key opportunity spaces with a strong value proposition and right to win: (1) data monetization, (2) marketing services, (3) loyalty and rewards, (4) digital assets and stablecoins, and (5) AI-enabled fraud services. Let's uncover each of those opportunity areas, with a description of the opportunity, value proposition for payments, and the addressable market.

1 Unlocking growth by monetizing data

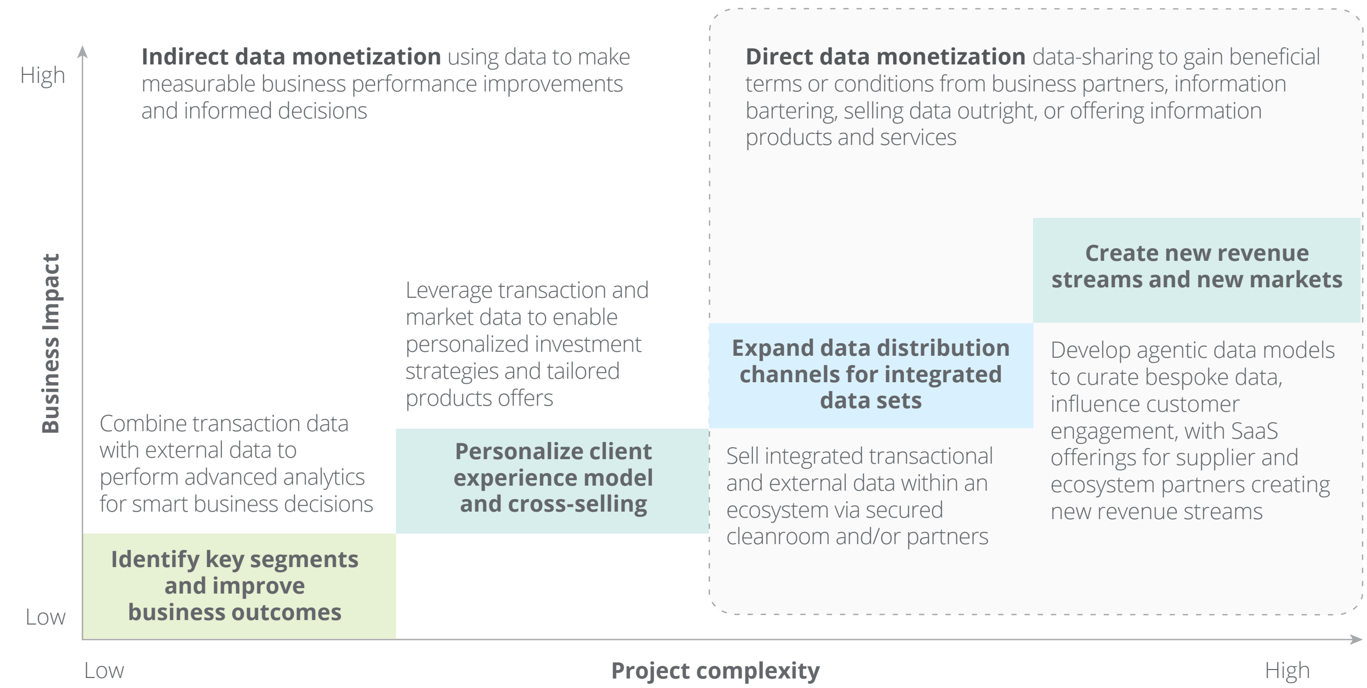
Payments firms are uniquely positioned to capitalize on proprietary real-time data generated by billions of transactions. This proprietary data is a goldmine for actionable insights, powering both direct and indirect monetization models.

Directly, payments providers can offer anonymized data products, benchmarking dashboards, and analytics platforms to merchants and partners—enabling smarter business decisions and targeted growth strategies. Indirectly, this data underpins better pricing, hyper-personalized offers, loyalty strategies, and operational efficiencies.

The size of the prize is significant: By 2030, data monetization in payments could generate more than $100 billion in annual revenue globally. Payments providers' trusted relationships and regulatory expertise position them as the natural stewards of this data, ensuring privacy and compliance while unlocking new value for clients.

Figure 1 illustrates data monetization plays, including their business impact and complexity, for payments firms.

Figure 1. Data monetization impact and complexity matrix



Illustrative

	Data	Insights	Predictive	Agentic
Issuers	Anonymized transactions data	Buyer consumption/ flows/behaviors dashboard	Predictive channels and times driving conversion per segment	Agentic card activation across behaviors/segments
Retail	Payment transactions across segments	Product performance analytics	Next-best-offers insights and dynamic return predictions/management	Automated professional services (e.g., tax, loan application)
FinTech	Payment rails service disruption data	Payment service disruption and optimization insights	Forecast of payment transaction disruptions	Automated optimization of payment networks
Government	Industry benchmarks (e.g., expenses, growth of tourist spending)	Spending patterns across states/regions	Prediction of tourism influx	Automated activation of regional campaigns
Consumer	Agentic/automated shopping	Financial wellness	Monthly financial spending reduction (e.g., forecasting budget tool)	Behavioral analytics (e.g., spend analytics)

Source: ACI, Prime time for real-time report 2024; Pymnts.com, Alternative Payments, April 24, 2025; Payments Intelligence; Juniper Research 2023; AFP, Payments Fraud and Control Survey, 2024; Juniper Research 2024; American Banker; Mastercard 2023 earnings; Pymnts.com estimates, 2024; Grand View Research

2 Expanding into marketing services

As customers expect highly personalized experiences and cookies data becomes less relevant, brands are scrambling for high-quality, consented data that can fuel their marketing campaigns. Payments providers, with their rich troves of first-party transaction data, are uniquely positioned.

While creative agencies win through creativity and MarTech companies bring state-of-the-art marketing technologies, neither have the data edge of payments firms. Payments firms are uniquely positioned to combine creative propositions with leading marketing technologies and unique data to offer cost-effective, high-performing marketing services. Payments firms can leverage data and AI to serve brands in a differentiating way across the marketing life cycle (figure 2).

Figure 2. End-to-end marketing life cycle powered by data and AI

Marketing research and insights	Marketing strategy	Creative development	Delivery and optimization	Measurement
Customer insights Collect customer data across channels and assess behaviors to synthesize near-real-time trends.	**Marketing and media plan** Suggest target audiences, messaging, and channel strategy based on customer data.	**Visuals and card design** Generate creative designs across assets (e.g., cards, website, emails) aligned with audience needs and brand architecture.	**Digital operations** Leverage autonomous coding capabilities to set up campaign UI pages and automate repetitive workflows (e.g., testing).	**Sentiment analysis** Classify social media posts by sentiment and extract keywords to identify what is resonating and areas of potential risk.
Customer segmentation Design customer segments and provide insights on specific audience behaviors.	**Budget optimization** Optimize marketing budget allocation, with clear insights on spend by segments, regions, products and channels.	**Content creation** Produce/translate creative content (images, audio, videos, copy) at scale, tailored to key audiences and optimized for SEO.	**Campaign activation** Execute (personalized) campaign across channels (web, emails, socials) and continuously refine to optimize effectiveness.	**Test and learn (reporting)** Test marketing campaign, analyze results with reports, and scale using an AI-driven experimentation platform.
Competitive analysis Assess competitor's moves, effective practices, and suggest competitive marketing strategies.	**Risk assessment** Assess content risk based on predefined risk drivers (e.g., inaccurate audience targeting, inconsistent branding).	**Partner marketing** Create co-branded campaigns (brief, designs, content), incorporating logos and value propositions from both brands.	**Audience curation** Generate curated content and campaigns based on targeted audience insights and behaviors.	**Control and risk flags** Automate marketing controls to review and flag needs for campaign modifications.

By leveraging AI and real-time insights, payments firms can help brands (e.g., merchants, issuers) create and deliver personalized content at scale, optimize campaigns, and measure return on investment with precision to optimize marketing spending allocations.

The global payments-driven marketing services market will reach $80 billion in annual revenue by 2030. However, to succeed in this space, payments firms will need to partner with MarTech and platform companies to accelerate time to market and optimize investment efforts.

3 Reimagining loyalty services to win

Loyalty programs aren't new, but few are done well. The best ones don't just offer points; they deepen relationships, strengthen emotional connection, and deliver true customer value. Payments firms can leverage data and insights to personalize loyalty experiences that will resonate with key audiences. They can further use their existing payment relationship to help brands reach customers at the point of sale, with their valuable loyalty propositions in integrated payment ecosystems. Their unique position at the point of sale allows them to seamlessly integrate loyalty into the payment experience, increasing relevance and stickiness for merchants and consumers alike.

Given the impact of effective loyalty programs, brands are looking for help (figure 3): 70% of consumers spend more with brands they're loyal to, and merchants invest five times more in retaining customers than acquiring new ones. By 2030, loyalty-as-a-service is expected to be a $120 billion global market.

Payments firms can act as the connective tissue across loyalty programs, driving continuous growth and customer satisfaction.

Figure 3. Measurable benefits of loyalty programs

70%

70% of consumers spend and engage more with brands whose loyalty program they are a member of vs. brands for which they are not

5x

The cost to attract a new customer vs. retaining an existing one

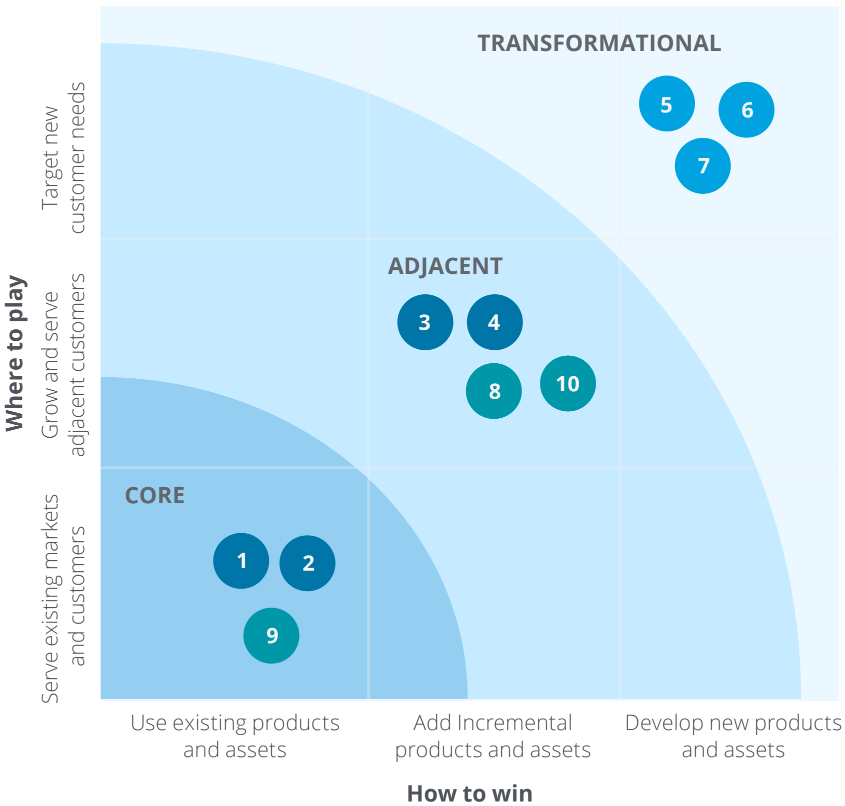
55%

55% are more likely to recommend a brand or retailer if they are a member of its loyalty program

Source: Deloitte analysis

The innovation matrix in figure 4 illustrates use cases that payments firms can consider to win in the loyalty-as-a-service space, with a balanced portfolio of core and transformational propositions.

Figure 4. Loyalty ambition matrix



Illustrative examples ● **Offers** ● **Rewards** ● **Tools**

1. **Card-linked offers**
Enables consumers to receive automatic discounts or cashback when paying with enrolled cards at participating merchants

2. **Retail media/targeted ads**
Advertising solutions embedded in payment ecosystems (apps, wallets, online banking) allowing brands to target users with contextual offers based on real-time spend insights

3. **Points-based loyalty programs**
Structured systems where users earn points for spending and redeem them for travel, gift cards, products, or cashback

4. **Coalition/multi-merchant programs**
Loyalty ecosystems where users can accumulate and redeem points across multiple brands or retailers

5. **Pay with points/linked payments**
Allows users to redeem loyalty points directly at checkout or online; tokenized credentials (card numbers or wallet IDs) act as loyalty identifiers

6. **Voucher and gift card rewards**
Digital reward systems that issue e-vouchers, gift cards, and prepaid codes as part of loyalty campaigns, employee rewards, or promotions

7. **Merchant marketing tools**
Tools for merchants to create, launch, and track marketing campaigns, including promotions, coupons, A/B tests, and personalized offers via email/SMS

8. **Built-in merchant marketing tools**
Easy-to-use dashboards for merchants to create, schedule, and track promotions

9. **Segmented, modular loyalty offerings**
Configurable loyalty program templates tailored for specific merchant types (e.g., SMBs, restaurants, retail chains)

10. **Gamified and Web3 loyalty**
Loyalty programs enhanced through gamelike mechanics (e.g., scratch cards, challenges) or Web3/NFT-based

Source: Deloitte analysis

4 Orchestrating digital assets to grow

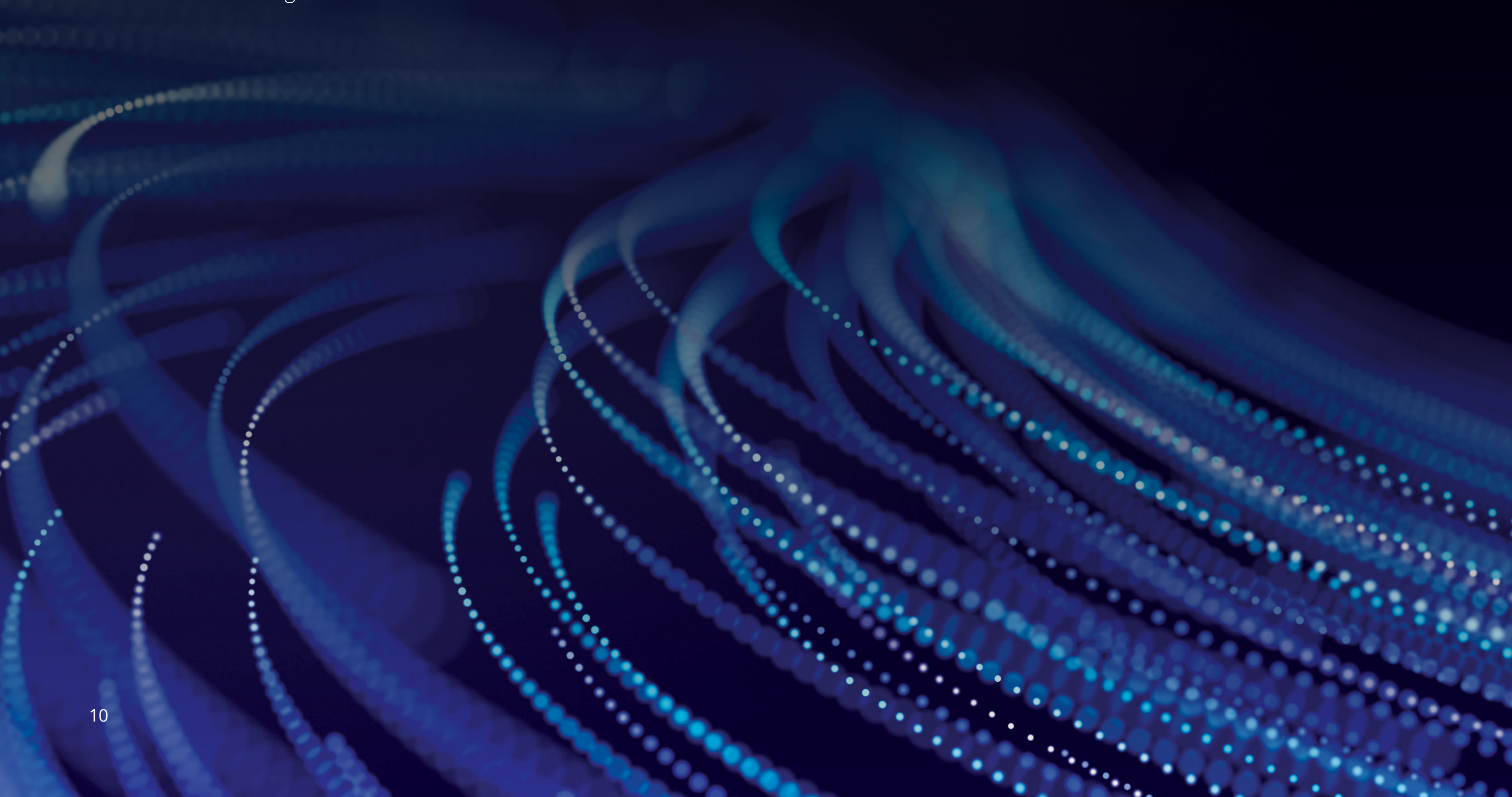
What once seemed futuristic—stablecoins, tokenization, on-chain treasury management—is rapidly becoming reality. Stablecoins, digital currencies tied to stable assets like the US dollar, are transforming payments by enabling instant, low-cost, cross-border transactions. In 2024, global stablecoin transaction volumes reached $27.6 trillion.

Several market forces are driving the shift:

- **Customers** are moving funds from traditional bank deposits to yield-bearing stablecoins, changing how money flows through the financial system.
- **New competitors** emerging as nonbanks can now issue stablecoins, reshaping the payments landscape.
- **Banks and payments firms** are upgrading risk, compliance, and blockchain capabilities to keep up with new risks and opportunities related with new digital currencies.
- **Workforce skills** are evolving as financial institutions train staff to support digital asset products and client needs.

With regulatory clarity provided by the GENIUS Act 2025,[2] payments firms can confidently offer stablecoin-based products, anchored on defined rules and risks. This levels the playing field and encourages innovation, while protecting consumers and the resilience of the financial system.

Payments providers are uniquely positioned to lead this transformation. By embedding stablecoins into cross-border and both B2C and B2B flows, supporting tokenized loyalty, and building programmable money rails, they can unlock new revenue, reduce costs, and outpace emerging competitors. Their expertise in settlement, compliance, and treasury management makes them natural leaders as digital assets reshape the industry.



5 Differentiate with trust and AI-driven fraud services

In today's rapidly evolving digital landscape, traditional fraud prevention tools are struggling to keep pace with sophisticated threats like deepfakes, AI-generated phishing, and account takeovers. These challenges present a unique opportunity for payments providers to differentiate themselves by offering advanced fraud prevention solutions that not only protect but also enhance customer trust and business resilience. Payments firms can transform fraud-related challenges into competitive advantages by offering AI-driven fraud services:

- **Modular fraud APIs:** Modern fraud APIs can intelligently tailor defenses by risk level and channel, allowing businesses to customize their protection as threats evolve. These APIs leverage the advanced analytics of payments firms and continuously learn from new fraud patterns, ensuring organizations respond rapidly to emerging risks without major infrastructure changes. Transparent reporting and explainable decisioning help clients understand how threats are being managed, building lasting trust in the system.
- **Proactive fraud detection:** Solutions can proactively monitor identity, authentication, and transaction activity, using sophisticated pattern recognition to spot even the most subtle signs of fraud—such as deepfakes or synthetic identities—before they impact customers. By minimizing false positives and providing real-time alerts, these systems not only safeguard transactions but also deliver a seamless payment experience for legitimate users, reinforcing customer confidence at every touchpoint.
- **Embedded tools for SMBs and platforms:** Embedding fraud tools in the workflows of SMBs, merchants, and platforms can make advanced protection accessible without specialized expertise. These solutions automatically adapt to each business's risk profile and scale as they grow. Built-in privacy safeguards and clear, actionable dashboards ensure that both businesses and their customers feel secure, supported, and informed.

By integrating these intelligent, transparent, and user-friendly capabilities, payments providers can use the fight against evolving fraud to distinguish themselves in the market—strengthening relationships, protecting value, and earning trust in a rapidly changing digital landscape.

Payments firms can anchor their next-generation fraud services leveraging AI and trust on a proven business framework, enabling brands to govern, manage, and operate their business while mitigating fraud.

Figure 5. Deloitte's integrated fraud framework

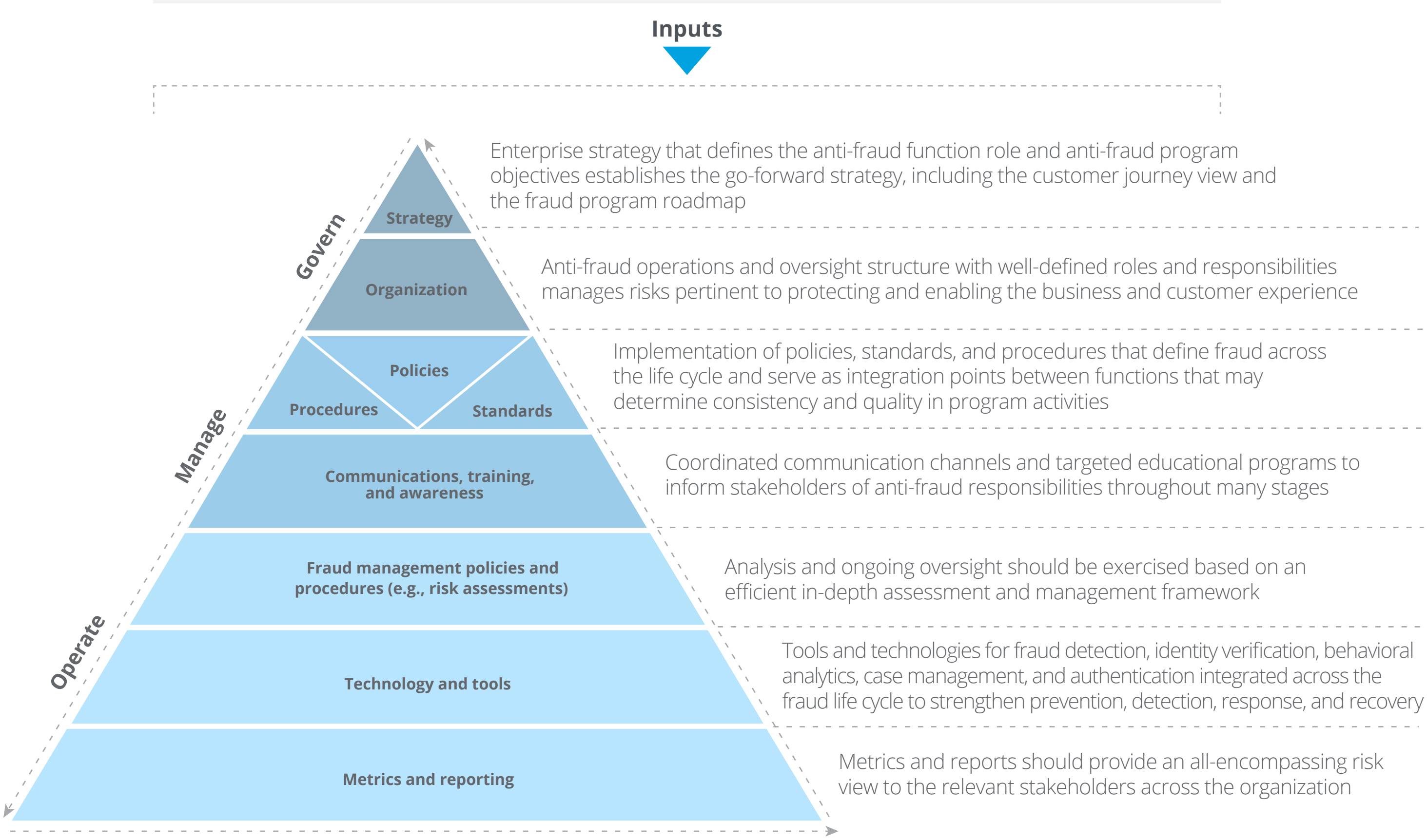
As payment models evolve to meet consumer demands for speed and convenience, integrating robust fraud protections from established systems is essential—and beyond technical controls, foundational risk management practices must be revisited and enhanced.

Guiding principles

- Improved user experience and fraud-handling efficiency
- Centralization, standardization, and simplification of operational processes
- Increased automation and collaboration

Methodology and accelerators

- Industry-leading practices
- Past fraud management strategy and roadmap experiences, lessons learned



Source: Deloitte analysis

What was once a cost center is now a monetizable service. Providers that offer "fraud-as-a-service" gain credibility, build customer trust, and unlock new monetization models by turning security into a product.

How to win in the VAS landscape

To capture the full value of this transformation, payments firms must:

1. **Define strategic play.** Articulate growth ambition and priorities across value-added service opportunities, such as marketing, loyalty, fraud, and digital assets, and build tailored offerings.
2. **Elevate and commercialize core functions.** Identify leading functional areas of the business that can be offered to business clients as commercial opportunities. Further optimize and scale functional capabilities to turn cost centers into new revenues.
3. **Become data and compliance ready.** Lay the foundation for secure, trustworthy, and compliant platforms and infrastructure.

Figure 6. How Deloitte can help you win in the new VAS landscape

The three imperatives to win in the new value-added services landscape

1

Define your strategic play

Establishing your strategic positioning in the value-added services ecosystem is crucial and requires a detailed approach to integrate agentic and stablecoin solutions

2

Elevate and commercialize functions

Commercializing key functions and capabilities, such as fraud prevention and marketing as a service, will be key to differentiating from the competition as the landscape evolves

3

Become data and compliance ready

Improving technology, data, and compliance readiness is a critical chassis to build new payments capabilities in the future and to build trust with consumers

How we can help you win

Winning strategy

We can help you define your VAS strategy (e.g., offering, value proposition, addressable markets) to win with VAS in an agentic era

Rapid design and build

We can help you design and build market-winning VAS offerings, end to end, from experience, prototype, launch, and scale

Compliant offerings

We can ensure your VAS proposition is compliant with regulatory requirements and includes effective process controls

Value-added services are the most compelling way for payments firms to grow. Leveraging unique assets and brand trust, payments firms are poised to lead the transformation of the payment and commerce ecosystems. By 2030, value-added services will account for 30% to 40% of industry profits, turning payment rails into engines of innovation and sustainable growth.

The shift is already underway. The leaders of tomorrow are acting today.

Authors

Michelle Gauchat
Principal
Banking & Capital Markets
Sector Leader
Deloitte Consulting LLP
mgauchat@deloitte.com

Roy Ben-Hur
Managing Director
Deloitte & Touche LLP
rbenhur@deloitte.com

Karen Radewald
Manager
Deloitte Consulting LLP
kradewald@deloitte.com

Zachary Aron
Principal
Banking & Capital Markets
Payments Leader
Deloitte Consulting LLP
zaron@deloitte.com

Alex Bolante
Managing Director
Deloitte & Touche LLP
abolante@deloitte.com

Daelin Hillman
Senior Consultant
Deloitte Consulting LLP
dhillman@deloitte.com

Menes Etingue Kum
Senior Manager
Deloitte Consulting LLP
metinguekum@deloitte.com

Tanmay Agarwal
Senior Manager
Deloitte Consulting LLP
tagarwal@deloitte.com

Contributors

Ryan Alderman
Principal
Deloitte Consulting LLP
ryalderman@deloitte.com

Jon Valenti
Principal
Deloitte Consulting LLP
jvalenti@deloitte.com

Neda Shemluck
Managing Director
Deloitte Services LP
nshemluck@deloitte.com

Pat McCool
Senior Manager
Deloitte Consulting LLP
pmccool@deloitte.com

Dave Macey
Senior Manager
Deloitte Consulting LLP
dmacey@deloitte.com

Jill Barbano
Senior Manager
Deloitte Consulting LLP
jbarbano@deloitte.com

Madalyn O'Dea
Consultant
Deloitte Consulting LLP
modea@deloitte.com

Ashish Thomas
Manager
Deloitte Consulting LLP
ashthomas@deloitte.com

Ankit Surana
Senior Consultant
Deloitte Consulting LLP
anksurana@deloitte.com

Endnotes

1. Merchant acquiring margins refers to the profit that payments providers make from processing card payments on behalf of merchants—after accounting for all costs associated with providing this service.
2. The GENIUS Act of 2025 sets clear federal rules for stablecoins in the US. It requires all stablecoins to be fully backed by safe, high-quality assets and places them under strict regulatory oversight. Both banks and approved nonbank firms can issue stablecoins, but only under tight controls to ensure consumer protection and financial stability. The Act also restricts stablecoins to payment uses only, prohibiting interest-bearing versions to prevent risky investment activity.

Deloitte.

Together makes progress