JUNE 2025

CITIZENS 2025

PAYMENT TRENDS:

Survey of 300 finance leaders finds they’re solving for speed and security in payments

Citizens

KEY INSIGHTS

- Companies report a mix of fraud-mitigation techniques, with signs that real-time fraud mitigation is potentially a standout in terms of effectiveness.
- The progression toward real-time payments and all-digital transactions continues, though nearly half of midsize businesses are still using checks.
- B2C payment alternatives, which include platforms like Venmo, PayPal and Zelle, declined in popularity among midsize businesses after peaking in 2024.
- Fraud is a concern for most, and smaller businesses appear to suffer from fraud more frequently, compared to larger businesses.
- Among new technologies, AI and embedded finance API tools are popular in treasury functions.

Treasury teams are embracing tech, though holdouts remain

In Citizens' fourth annual survey on payment trends, leaders at midsize businesses report an increased focus on fraud prevention and payment speed, among other key trends.

Institutions, from businesses to governments, are marching slowly but surely toward an all-digital payment future—and many are adopting new technologies and tools, including AI and embedded finance APIs. Still, the old ways are hard to retire. And as every treasury leader knows, payment mix is also about meeting the preferences of contractors, vendors, and employees.

> "**While checks and ACH are still relevant, we are clearly seeing a prioritization of faster, more efficient options**–especially in B2B as businesses rethink how payments are orchestrated. The symbiotic relationship between APIs and real-time payments enables instant experiences at the point of need–though integrating into legacy platforms could be a challenge and the speed of money movement raises the need for AI-based risk management tools."
>
> **- Michael Cummins, Head of Treasury Solutions**

Midsize businesses rely on an assortment of payment methods

As in the 2024 Payment Trends survey, treasury leaders still report that their businesses rely on a mix of payment types. Instant payments top the list, with 73% of businesses indicating that they use either Real Time Payments (RTP) or FedNow, the two instant payment platforms. Payment speed is a key priority for midsize businesses, driving interest and adoption of instant payment options. Second in popularity is B2C payment alternatives, which include platforms like Venmo, PayPal and Zelle—though these payment types did decline in popularity from a peak in 2024.

ACH and wire transfers remain a mainstay of payment types, used by more than half of all businesses. Use of virtual credit cards climbed for the third year in a row, possibly driven by fraud-protection efforts.

TREASURY TEAMS ARE EMBRACING TECH, THOUGH HOLDOUTS REMAIN

Payment methods used	Total	
Instant payments	73%	
B2C payment alternatives	70%	Significantly down from 84% in 2024
Automated Clearing House (ACH)	56%	
Wire transfers	55%	
Virtual cards	52%	
Physical credit cards	52%	
Checks	47%	

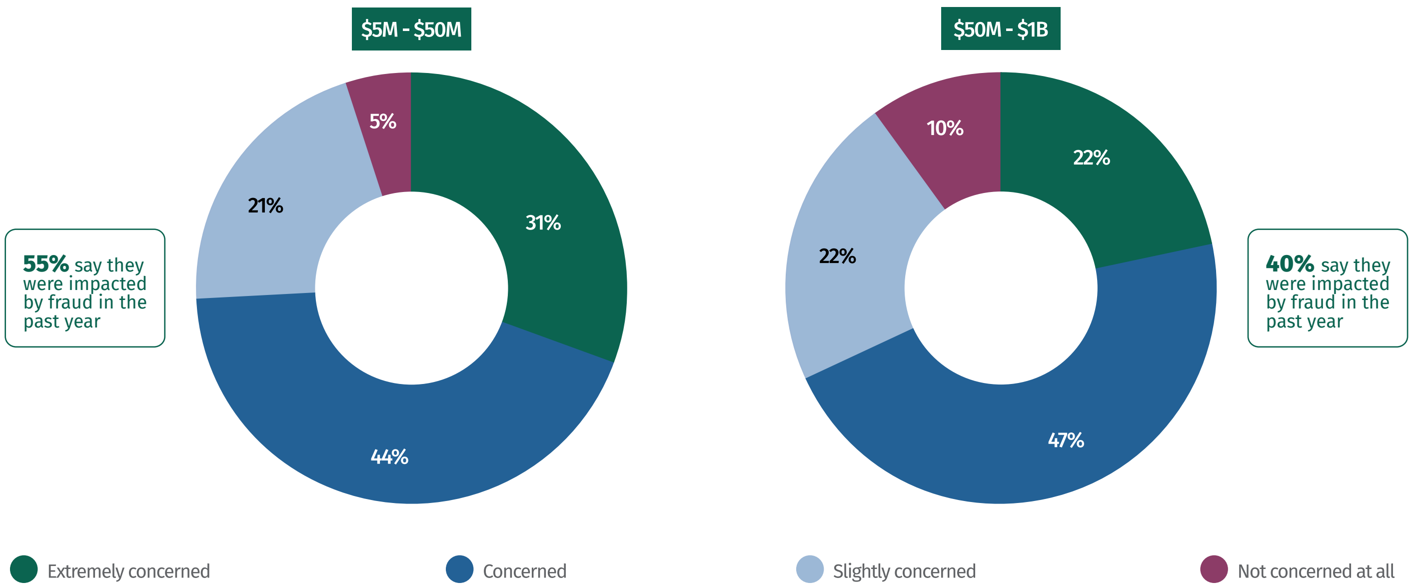
> **The market has, and will continue to, rapidly shift to support for instant payments.** The proliferation of APIs, expansion of the value chain, transition to cloud-native platforms, and AI/tokenization are all actions in motion across the payments landscape that will continue to ramp up with greater instant payment adoption."
>
> **- Taira Hall, Head of Enterprise Payments**

Fraud continues to be a concern for businesses

Nearly all midsize businesses are concerned about fraud. The mix of fraud threats seems to grow more complex every year, as bad actors use technology to design more sophisticated methods of business email compromise, account takeovers, social engineering and other types of AI-powered fraud. Smaller businesses seem to struggle even more with the issue. 55% of smaller businesses (annual revenue $5M to $50M) reported that they were impacted by fraud in the last year, compared to 44% of larger businesses (revenue $50M to $1B).

> **"For SMBs, enhanced protection against fraud, such as flagging and immediately addressing suspicious activity, is key.** Advanced tools that do so safeguard businesses and play a crucial role in speeding up payment processes, ensuring that transactions are both secure and efficient."
>
> **– Mark Valentino, President and Head of Business Banking**

SMALLER COMPANIES REPORT MORE FRAUD, HAVE HIGHER CONCERNS



Payment types do have some relationship to [fraud trends](). While new technology may seem like the top fraud threat, checks are actually known for being especially prone to fraud and theft. When the U.S. government announced its plan to sunset paper checks in 2025, it noted that checks are 16 times more likely to be reported lost or stolen, returned undeliverable, or altered, compared to electronic fund transfers[1]. Still, many people believe checks are less susceptible to tech-driven fraud activities, since they are physical items. But the evidence is compelling—there is an association between check usage and incidence of fraud. Among companies who did experience fraud last year, 53% say they use checks. Those who did not experience fraud were less likely to use checks at 42%.

COMPANIES REPORTING FRAUD USE MORE CHECKS, FEWER B2C PAYMENTS

Usage of B2C payment alternatives

- **66%** Among companies who did experience fraud, 66% say they use B2C payment alternatives
- **73%** Used by 73% of companies who were fraud-free

Usage of checks

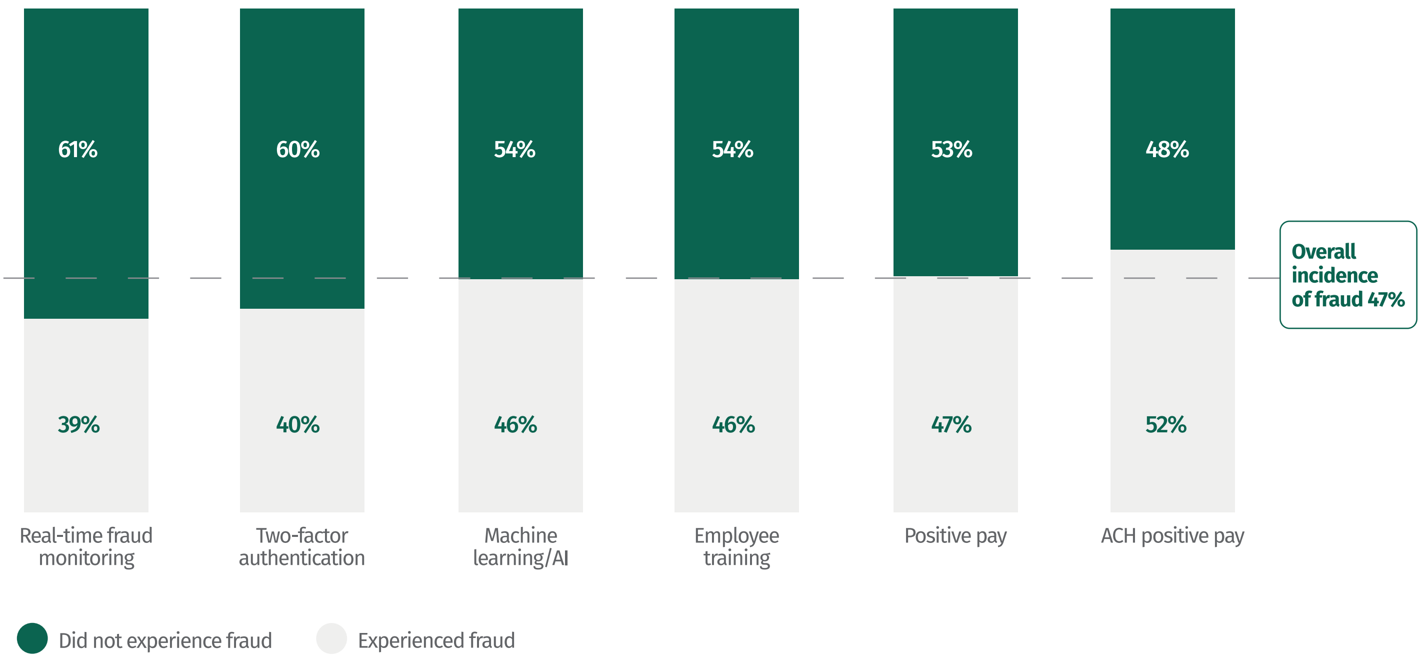
- **53%** Among companies who did experience fraud, 53% say they use checks
- **42%** Used by 42% of companies who were fraud-free

Impacted by fraud | Not impacted by fraud

Most companies confirm that they have some type of fraud mitigation strategy at their organization. Customer authentication is the most commonly used method. Real-time fraud monitoring is also popular—and it stands out from other methods for potential effectiveness. Those who did not experience fraud in the last year were much more likely to say that they used real-time fraud monitoring, compared with companies who did report recent fraud.

COMPANIES THAT USE REAL-TIME FRAUD MONITORING EXPERIENCE THE LEAST FRAUD

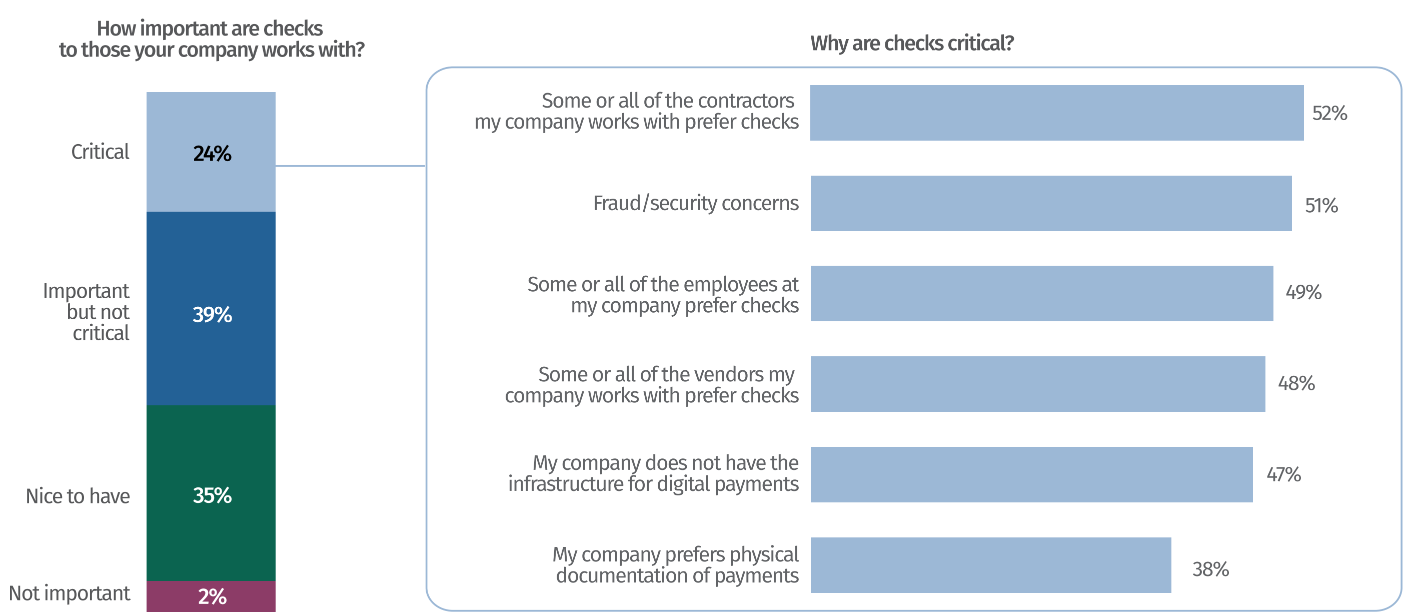
Fraud incidence among companies that use each kind of mitigation method.



Fewer than half are using checks

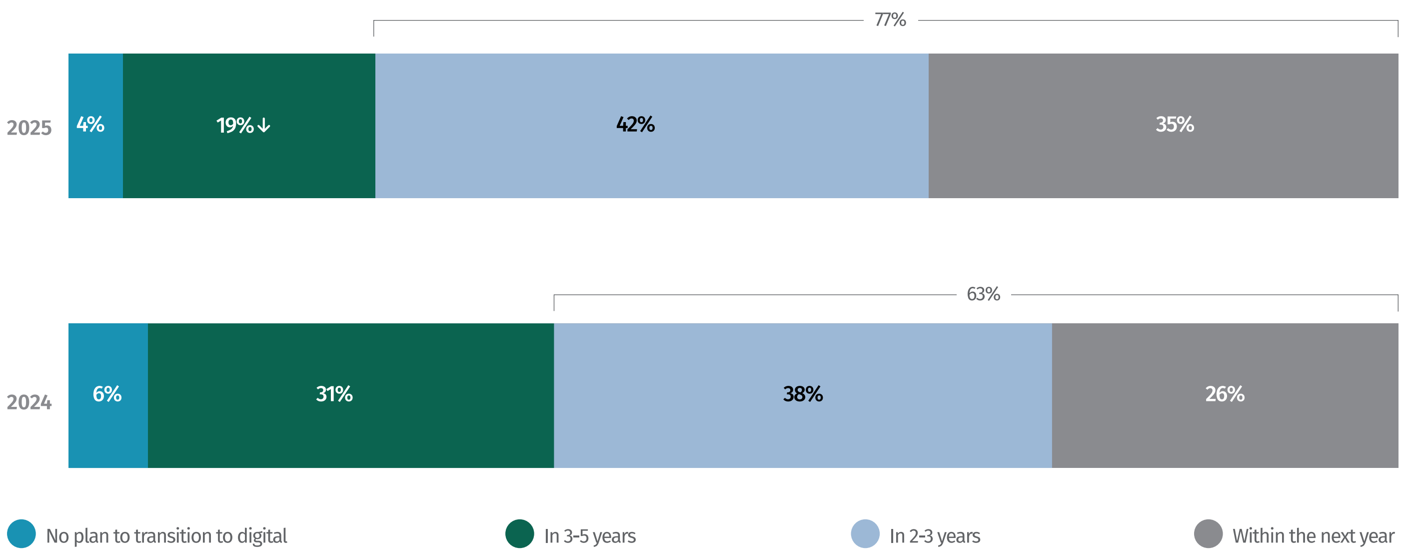
While check usage persists, it has decreased notably from 2024 (59%). Among companies that use checks, many say their use is driven by the needs of their contractors, vendors, or employees. However, quite a few do cite fraud as a reason why they stick with checks—misguided, perhaps, but still a reflection of what a large role fraud plays in payment decisions and preferences.

PARTNER PREFERENCES, FRAUD REMAIN THE BIGGEST ISSUES FOR CHECK HOLDOUTS



Most companies say they intend to transition to all-digital payments at some point in the future. In fact, their timeline looks shorter than last year. Among those who still use cash or checks, one third plan to shift to all-digital in the next year, while another 42% say it will be in the next two or three years.

COMPANIES SHOW MORE URGENT TIMELINES FOR TRANSITION TO DIGITAL
When does your company plan to transition to exclusively digital payments?



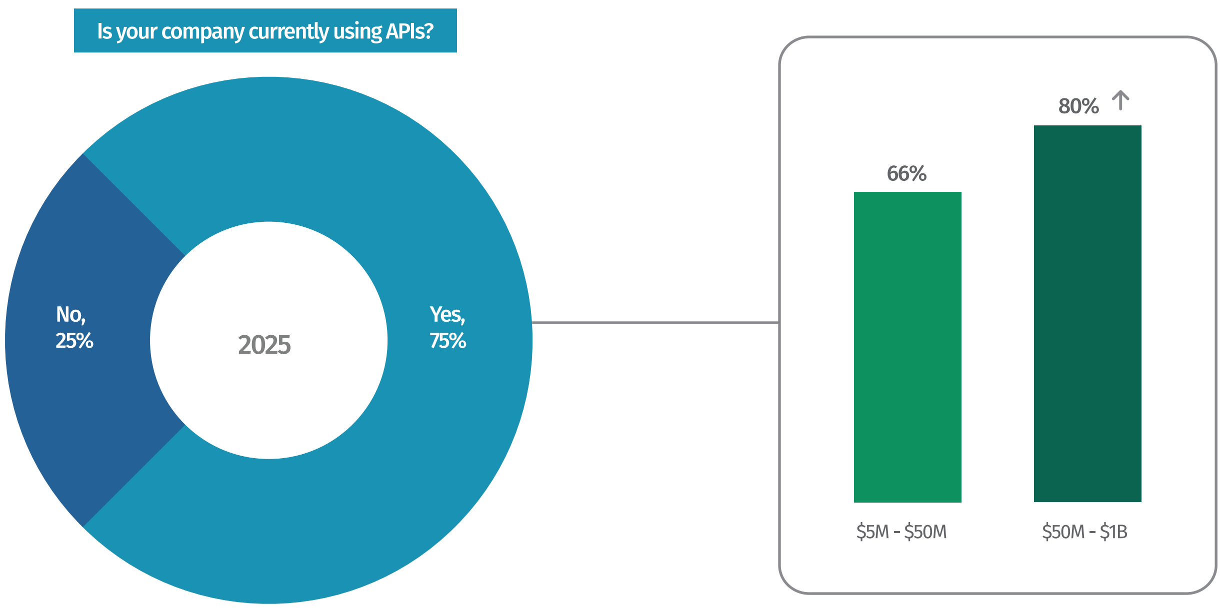
AI also remains an important subject for leadership teams as they continue to adopt it for new uses and assess its benefits. Treasury executives are using AI in multiple functions, especially customer authentication and other fraud-protection tools. Automation, speed and customer service are also efforts where they are applying AI capabilities. Larger companies are especially likely to use AI to boost payment speed.

Emerging practices: Embedded-payment APIs, AI tools

Emerging technologies are always an interest for midsize companies. This year's survey asked treasury leaders if they were leveraging payment APIs to create a more dynamic ecosystem for payments engagement. These tools allow finance managers to integrate their payment systems directly into their enterprise risk platforms (ERPs) or other enterprise software. Such APIs are popular, with 66% of smaller companies and 80% of larger companies deploying them for convenience and other reasons.

> Embedded finance involves integrating financial services seamlessly into various platforms, whether software applications, brands, marketplaces, or specialized industry/verticalized solutions. **We are excited to be investing in this area as it requires advanced technology, robust APIs, comprehensive risk and control frameworks, and well-thought-out go-to-market strategies.**
>
> **- Taira Hall, Head of Enterprise Payments Strategy**

LARGER COMPANIES SHOWING INTEREST IN EMBEDDED APIs



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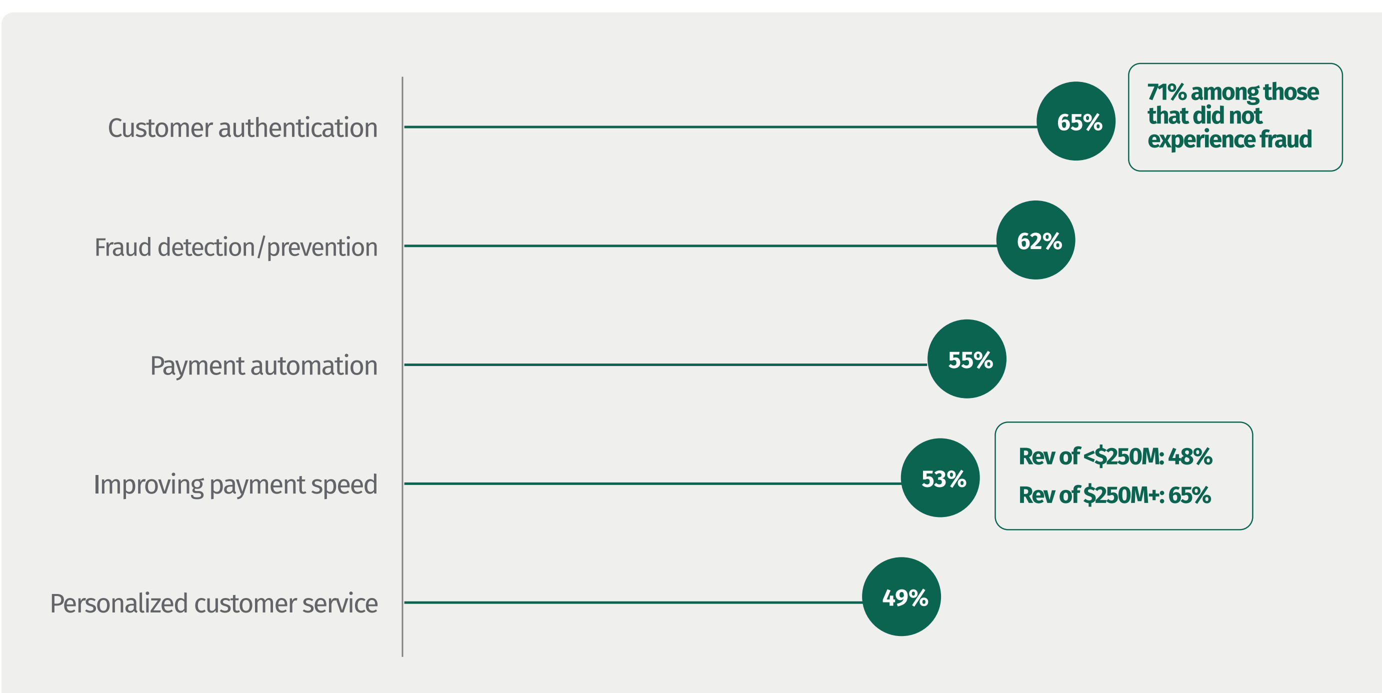
AI TOOLS DEPLOYED FOR FRAUD PREVENTION AND SPEED BOOST

HOW IS YOUR COMPANY UTILIZING AI?



ACTIONS TO CONSIDER

- **Audit your payment partnerships.**
  Given the importance of fraud protection to today's treasury teams, it's important to stay current on the fraud protections and payment systems offered by your banking and other transaction partnerships.
- **Layer your fraud-mitigation tools in a best-practices approach.**
  Companies who report less fraud are more commonly using real-time fraud monitoring and AI for customer authentication. Keep close track of the best practices and implement them in a layered strategy to protect your organization from fraud.
- **Employ new tech to bolster speed and security.**
  Embedded APIs and AI tools will vary for every organization, depending on your specific systems infrastructure. Make sure you are capitalizing on the benefits of new technologies.

Explanation of methodology

CFOs, treasurers and heads of accounting

Decision-makers for their company's accounting or treasury functions

At U.S. midsize companies with an annual revenue between $5 million and $1 billion who operate in nonbanking sectors

Talk to someone at Citizens about Payment Solutions.

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