

The Future of Payments: Key Trends and Regulatory Challenges

Client Alerts

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As the fintech and payments industries evolve in 2025, businesses, financial institutions, and regulators must adapt to rapid technological advancements and shifting regulations. The rise of real-time payments, embedded finance, and digital assets is transforming the financial landscape, requiring companies to stay ahead of these developments to remain competitive.

To explore these issues, industry leaders convened for a fintech event examining the future of payments. Sara Elinson, Americas Fintech and Payments M&A Leader at Ernst & Young-Parthenon, and Pati Partelow, Managing Director at Ernst & Young, shared insights on key industry trends, regulatory shifts, and strategic opportunities for businesses. The discussion was moderated by Jenner & Block Partner Laurel Loomis Rimon, co-chair of the firm's Fintech and Crypto Assets Practice, who guided the conversation on the evolving payments ecosystem and regulatory landscape.

The Evolving Payments Landscape

The US payments system is a complex network of financial institutions, payment processors, and technology providers that facilitate transactions across multiple payment rails. Traditional methods such as cash, checks, credit, and debit cards, ACH, and wire transfers continue to play a role, but newer innovations like real-time payments, blockchain-based transactions, and digital wallets are rapidly reshaping the industry. Payment facilitators, processors, and merchant acquirers are playing increasingly specialized roles in managing transactions, compliance, and risk, while regulatory bodies such as the Payment Card Industry and Independent Sales Organization are adapting to address emerging challenges.

Embedded finance is also transforming industries by integrating financial services into non-financial platforms, such as ride-sharing, e-commerce, and gig economy applications. Financial technology platforms are enabling seamless, behind-the-scenes transactions that improve customer experience and operational efficiency. Integrated payment solutions are becoming more common, particularly in business-to-business (B2B) and small business environments, where payment processing is embedded within software systems that also manage invoicing, scheduling, and

customer interactions. This trend is streamlining operations and reducing the friction traditionally associated with payments.

Real-time payments are becoming a necessity as businesses and consumers demand faster, more seamless transactions. Solutions such as real-time payment networks are leading the shift toward instant, 24/7 money movement. Businesses are increasingly using real-time payments for payroll, disbursements, and supplier payments to improve liquidity and working capital management. While faster payments reduce settlement risk, they also introduce new fraud challenges, requiring businesses to invest in enhanced security measures and regulatory compliance.

Regulatory and Compliance Considerations

Regulatory scrutiny is increasing, particularly around fraud prevention, consumer protection, and anti-money laundering (AML). The Consumer Financial Protection Bureau and state regulators are reviewing merchant fees, chargeback policies, and compliance with transparency rules. State-level initiatives, such as Illinois' proposal to eliminate interchange fees on sales tax and gratuities, are adding complexity for merchants and payment providers.

The rise of stablecoins is likely to impact digital payments, as financial institutions and payment providers start to embrace stablecoins and blockchain settlements, presenting new considerations for compliance requirements.

Looking Ahead: Strategic Implications for Businesses

The payments industry is undergoing rapid transformation, driven by technological innovation, evolving consumer expectations, and shifting regulatory frameworks. Businesses are adapting by embracing embedded finance and integrated payments, aiming to enhance customer experience and operational efficiency. At the same time, businesses must stay ahead of regulatory developments to ensure compliance with evolving standards for fraud prevention, anti-money laundering and sanctions requirements, consumer protection, and digital asset oversight. As payments become faster, more digital, and more deeply embedded in everyday transactions, companies must navigate these changes strategically to maintain a competitive edge in the evolving financial landscape.

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