

AutoRek

Report

The Future of Payments Operations 2026

The Great Payments Paradox: Racing Toward
Real-Time While Running on Manual



Executive Summary

The payments industry is at a defining inflection point.

Transaction volumes continue to rise at unprecedented speed. Regulatory expectations—particularly around safeguarding and client money—are no longer abstract future concerns but time-bound obligations. At the same time, emerging technologies such as AI, blockchain, and real-time payment networks are fundamentally reshaping how value moves through the global economy.



Nick Botha

VP Payments and Retail Banking, AutoRek

Yet the 2026 Payments Survey reveals a striking contradiction at the heart of the industry.

Payments organizations are racing toward a future defined by real-time controls, intelligent automation, and interoperable digital infrastructure—while still running critical operations on manual processes, fragmented data, and legacy systems.

This tension defines what we call The Great Payments Paradox:

- > **67%** say instant payment networks are accelerating the need for real-time controls
- > **96%** are adopting AI in some capacity
- > **24%** expect nearly a quarter of payment volume to flow through blockchain rails by 2030

And yet:

- > **69%** cite manual processes and limited automation as their biggest scalability constraint
- > Only **33%** say they are fully prepared for upcoming safeguarding deadlines
- > **54%** remain only partially implemented on ISO 20022

The result is a growing operational gap—one that **increases cost, amplifies risk,** and **threatens scalability** just as payments volumes and expectations reach new highs.

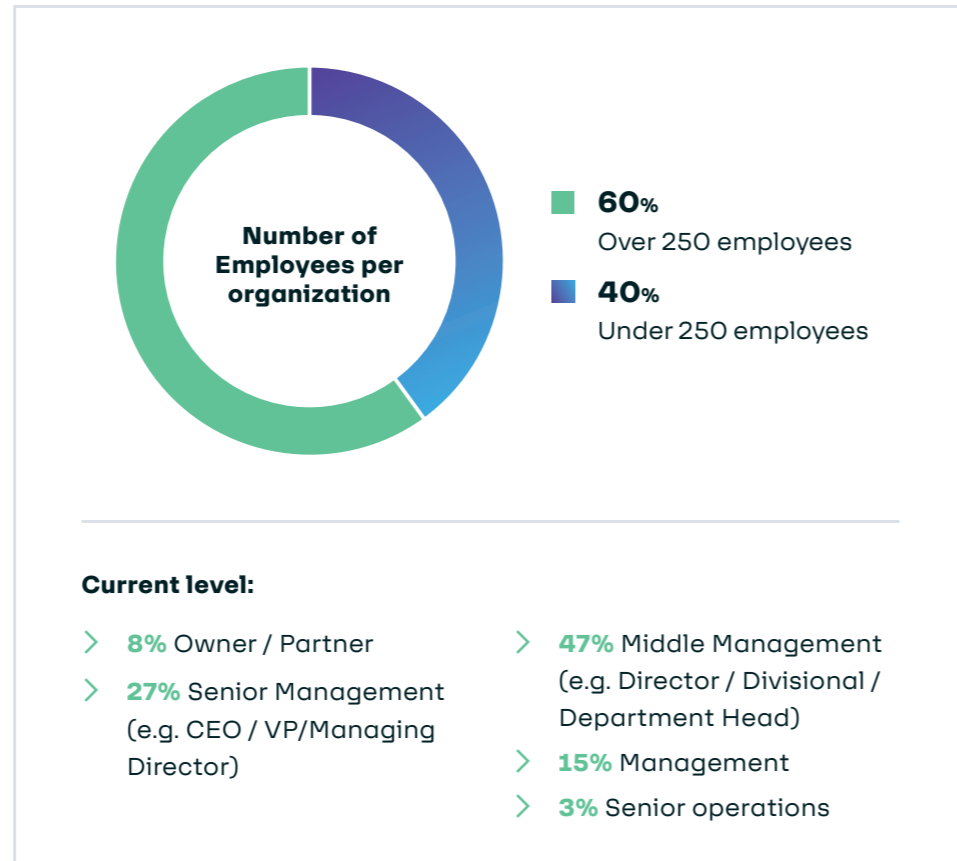
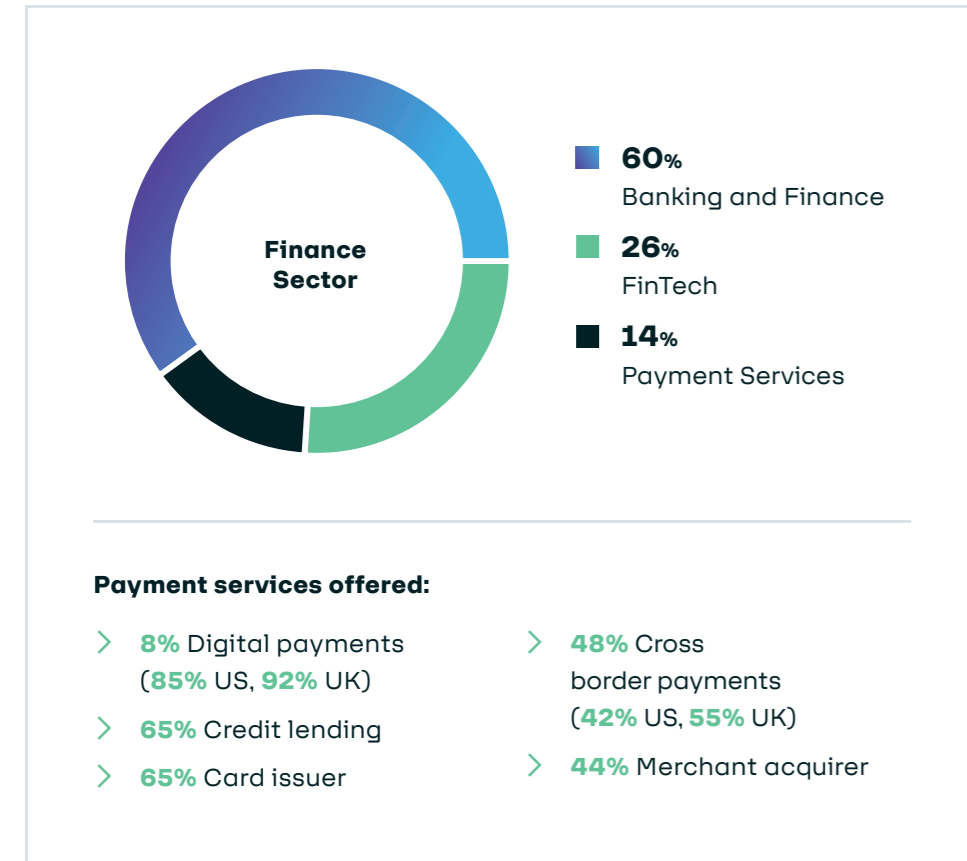


What's new and different this year:

- New focus on blockchain, stablecoins, and CBDCs as expected volume-growing rails
- Greater emphasis on:
 - > **Execution and operational readiness**
 - > **Safeguarding and client money compliance**
 - > **AI maturity and real-world constraints**

Survey Methodology

AutoRek conducted **250 online interviews** with senior finance sector managers, or above, about their organization's experiences with payment services and payment data. Interviews were split evenly via field research across the United Kingdom and the United States of America in November 2025.



Key Research Findings

- > Data Fragmentation
- > Scaling Payments
- > Safeguarding Under Deadline Pressure
- > AI Everywhere—With Real Constraints
- > Blockchain, Stablecoins, and the Next Rails

Key Research Findings

This report explores **five mega-trends** shaping payments operations over the next 12 months and outlines what payments leaders must do now to close the gap between ambition and execution.

1 Mega-Trend

Scaling Payments

Payments are scaling faster than operations

- > **69%** cite manual processes and limited automation as the biggest barrier to scalability
- > Infrastructure cost and data throughput remain challenges, but people-dependent processes are now the primary constraint

2 Mega-Trend

Data Fragmentation

Data fragmentation is the silent operational risk

- > **80%** experience moderate to significant operational impact from fragmented payments data
- > **34%** report significant or severe disruption to reconciliation and monitoring
- > Legacy internal systems and third-party processor limitations are the leading causes

3 Mega-Trend

Safeguarding Under Deadline Pressure

Safeguarding readiness lags regulatory reality

- > Only **33%** say they are fully prepared for upcoming safeguarding and client money deadlines
- > **84%** expect safeguarding controls to require updates within the next 12 months due to regulatory change
- > Fragmented data and limited automation are the most common barriers to compliance

4 Mega-Trend

AI Everywhere—With Real Constraints

AI adoption is widespread — but maturity is uneven

- > **96%** now use AI in some capacity, up from **89%** year over year
- > **61%** cite data security and regulatory risk as their top concern
- > **50%** worry about AI implementation and ongoing maintenance costs
- > Nearly half struggle to integrate AI with legacy systems

5 Mega-Trend

Blockchain, Stablecoins, and the Next Rails

New payment rails are moving from future to forecast

- > Firms expect **24%** of payment volume to flow through blockchain-based rails by 2030
- > CBDCs and stablecoins are increasingly seen as strategic, not experimental
- > Control, reconciliation, and interoperability frameworks are emerging as the next challenge



1 Mega-Trend

Scaling Payments

Growth Is No Longer the Problem—Operations Are

Payments growth is no longer hypothetical. It is operational reality.

As transaction volumes surge, organizations are discovering that scale alone does not guarantee profitability. The survey shows that **manual processes and limited automation remain the single biggest bottleneck to scalability**, cited by **69%** of respondents overall, and rising to **73%** among larger organizations.

While infrastructure cost and data throughput remain concerns, it is people-dependent processes that are most actively constraining growth. Many firms continue to rely on spreadsheet-driven reconciliations, exception handling, and manual controls—approaches that simply do not scale in real-time environments.

The paradox is clear: payments organizations are architecting front-end innovation while Back-Office operations struggle to keep pace.

→ **What this means:**

Scaling payments in 2026 is about more than about adding capacity; it is about removing friction. Firms that fail to automate reconciliation, controls, and exception handling risk hitting a diseconomy of scale just as opportunity peaks.

→ **Why is this happening?**

Payments volumes continue to grow, driven by consumer demand for instant settlement, expanded digital channels, and cross-border commerce. However, many organizations have not modernized their operational infrastructure to match. Legacy systems and manual processes can handle occasional spikes but break down under continuous, high-volume transaction flows.

This tension has been highlighted in industry discussions around the economics of reconciliation, where inefficient operational processes lead to diseconomies of scale, where revenues from increased transactions fail to keep pace with the rising cost of manual operations due to labor-intensive reconciliation steps cannot keep up without automation.

69%
respondents overall

73%
respondents among larger organizations

Say manual processes and limited automation remain the single **biggest bottleneck to scalability**

Implications going forward:

Without significant investment in automation and scalable architecture, firms risk:

- > **Higher costs per transaction**, eroding profitability even as volumes grow.
- > **Operational risk**, as manual processes struggle to deliver timely controls and exception handling.
- > **Inability to compete** with more automated, real-time peers.

In contrast, firms that invest in automated reconciliation and adaptive operational platforms can reduce operational costs, increase throughput, and support **true scale** without proportionally increasing resources.

Key learnings and advice:



Manual processes now limit profitable scale

Rising transaction volumes amplify inefficiencies when reconciliation, exception handling, and controls remain manual.



Automation is a scalability requirement, not an efficiency upgrade

Firms that fail to automate core operational processes risk diseconomies of scale as volumes grow.



Growth strategies must include the Back-Office

Scaling payments sustainably requires modernizing operational infrastructure alongside customer-facing innovation.

“We’re seeing volumes rise faster than operational maturity. Without automation, growth simply compounds inefficiency.”

Murray Campbell, Principal Product Manager, AutoRek



2 Mega-Trend

Data Fragmentation

When Faster Payments Expose Slower Foundations

Data fragmentation has quietly become one of the most pervasive operational risks in payments.

According to the survey, **80%** of organizations experience moderate to significant operational impact from fragmented data, with **34%** reporting that it creates significant or severe disruption. The primary culprits are familiar: multiple internal legacy systems and third-party processor data limitations.

Despite years of modernization efforts, payments data remains distributed across formats, platforms, and providers—making end-to-end visibility difficult and real-time controls elusive.

ISO 20022 adoption highlights this challenge. While **83%** say they are at least partially implemented, only **29%** are fully migrated and live. More than half remain in coexistence mode, introducing additional complexity at precisely the moment when richer data should be reducing it.

→ **What this means:**

Payments leaders are increasingly layering reconciliation and control platforms over existing systems, or building centralized data hubs, to regain visibility. Data architecture, rather than transaction speed, is emerging as the true foundation of modern payments operations.

→ **Why is this happening?**

The growth of payment types and networks—including instant payments, cross-border transactions with richer data standards like ISO 20022, and evolving rails—has vastly increased the volume and diversity of payment data. Yet, many organizations still rely on disparate systems and siloed infrastructure that cannot easily integrate or unify this data.

As a result, firms experience operational friction when matching, reconciling, and analyzing data across formats and counters. Data utilization is a key limitation in payments processing, with poor interoperability and inconsistent data structures limiting visibility and decision making.

 **80%**
organizations experience moderate to significant operational impact from fragmented data

 **34%**
organizations report that it creates significant or severe disruption

Implications going forward:

The ongoing data fragmentation means that:

- Fragmented operational data **slows real-time decisions**, increasing exception backlogs.
- **Post-trade risk and compliance gaps widen**, undermining confidence in reporting.
- Firms that advance data centralization and normalization, through standardized message formats like ISO 20022 and unified reconciliation platforms, will be better able to **deliver real-time control and analytics**.

Organizations that address fragmentation proactively will gain faster insights, better operational control, and stronger regulatory readiness.

Key learnings and advice:



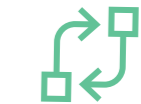
Fragmented data undermines real-time ambition

Multiple systems, formats, and providers prevent end-to-end visibility and slow operational response.



ISO 20022 increases urgency, not complexity tolerance

Partial implementations create coexistence challenges that must be actively managed, not deferred.



Unified data foundations unlock control and confidence

Centralized data hubs, reconciliation overlays, and standardized formats are becoming essential enablers.

“Fragmentation doesn't just slow reconciliation, it undermines confidence in decision making.”

Murray Campbell, Principal Product Manager, AutoRek

3 Mega-Trend

Safeguarding Under Deadline Pressure

Compliance Has Moved from Policy to Execution

Safeguarding has evolved from a theoretical compliance discussion to an execution challenge with defined timelines.

In our survey, only **33%** of respondents say they are fully prepared for upcoming safeguarding and client money compliance deadlines. Half report that implementation is still in progress, while others remain in planning or early discussion stages.

The core challenge is operational readiness rather than simply awareness:

- > **84%** expect their safeguarding controls to require updates within the next 12 months due to regulatory evolution.
- > Fragmented data, limited automation, and reconciliation across entities are the most cited barriers.

As instant payments and cross-border complexity grow, safeguarding expectations increasingly demand **real-time visibility, automated controls, and defensible audit trails**—capabilities legacy environments struggle to support.

→ **What this means:**

Firms that treat safeguarding as a Back-Office afterthought risk regulatory exposure and erosion of customer trust. Those that embed safeguarding into automated reconciliation and control frameworks are better positioned to adapt as rules evolve.

→ **Why is this happening?**

Regulators around the world are tightening expectations for safeguarding and client money controls, based on a recognition that operational failures and fragmented data can expose customers to risk. Safeguarding, once considered a policy exercise, is now a live operational requirement with deadlines and regulators expecting demonstrable controls embedded in daily processes. Dynamic regulatory expectations have made safeguarding a core operational priority rather than a periodic compliance task.

"Deadline pressure for 7 May 2026 is very real. fscom's own analysis of the safeguarding audits we undertook last year highlighted weak reconciliation practices, limited second-line oversight and inconsistent breach escalation — all areas the FCA routinely challenges in supervision meetings. Payment and e-money institutions should expect evidence-driven supervision from the FCA. The existence of a templated policy will not be sufficient; demonstrable, effective controls is the expectation."

Alison Donnelly, Director at fscom

Implications going forward:

The shift toward operational safeguarding means:

- > Firms that treat safeguarding as a continuous control function rather than a periodic audit will be **better prepared for evolving regulation.**
- > **Operational readiness**, not just compliance documentation, will determine competitive resilience.
- > Firms that invest in **controls, data visibility, and automated reconciliation** will reduce risk and support growth under regulatory scrutiny.

Safeguarding readiness, therefore, becomes a strategic differentiator rather than just a compliance checkbox.

Key learnings and advice:



Safeguarding is now an execution challenge

Awareness is high, but operational readiness lags behind regulatory timelines.



Data quality and automation determine compliance resilience

Real-time dashboards, automated reconciliations, and traceable data lineage are critical safeguards.



Future-proofing matters more than point-in-time compliance

Controls must be flexible enough to adapt as safeguarding rules continue to evolve.

"Safeguarding is fundamentally a data and controls problem, not just a regulatory one."

Kieran Millar, Principal Product Manager, AutoRek

4 Mega-Trend

AI Everywhere—With Real Constraints

Adoption Is Widespread, Maturity Is Not

AI adoption in payments has reached near-universality. **96%** of respondents now use AI in some capacity, up from **89%** the previous year, with **30%** saying it is widely used across financial operations. However, confidence in scaling AI remains uneven.

The most frequently cited concerns are deeply operational:

- > **61%** worry about data security and regulatory compliance.
- > **50%** cite implementation and maintenance costs.
- > **46%** point to integration challenges with legacy systems.

The survey reveals strong interest in AI use cases, from fraud detection to intelligent data enrichment and automated exception handling, but also highlights that data quality and governance remain the single biggest organizational barrier.

→ What this means:

AI is not a shortcut around operational maturity. Payments organizations that invest in clean, structured, reconciled data will extract far greater value from AI than those layering intelligence on fragmented foundations.

→ Why is this happening?

AI adoption in payments has accelerated not simply because of technological enthusiasm, but because AI promises to unlock value from complexity. With richer messaging standards like ISO 20022 increasing data volume and complexity, traditional rule-based systems struggle with matching, exception handling, and anomaly detection at scale.

AI and machine learning can extract insights, streamline reconciliation processes, and reduce human dependency, but only when supported by governed, consistent data. AI can enhance data sharing, reconciliation, and cost efficiency when organizations invest in data quality and scalable tech stacks.

 **96%**
respondents use AI
in some capacity

61% worry about data security and regulatory compliance

50% cite implementation and maintenance costs

46% point to integration challenges with legacy systems

Implications going forward:

AI's impact will depend on organizational foundations:

- > **Data quality, security, and governance** must be prioritized before AI can deliver reliable outcomes.
- > Firms that integrate AI into automated workflows **will see gains in operational efficiency and insights.**
- > Firms that attempt to bolt AI onto legacy systems without data standardization expose themselves to **increased risk and limited ROI.**

Effectively leveraging AI will separate data-enabled innovators from operational laggards.

Key learnings and advice:



AI adoption is widespread, but impact depends on foundations

Without clean, reconciled, and governed data, AI cannot deliver reliable outcomes.



Regulatory confidence matters as much as innovation

Explainability, auditability, and security remain essential to scaling AI in financial controls.



AI amplifies operational maturity—it does not replace it

Organizations investing in data and automation see greater ROI from AI initiatives.

"AI doesn't fix broken data. It amplifies whatever foundation it's built on."

Jim Sadler, Chief Product, Technology and Operations Officer at AutoRek

5 Mega-Trend

Blockchain, Stablecoins, and the Next Rails

A Structural Shift Is Underway

Digital assets are no longer peripheral to payments strategy.

More than half of respondents are actively testing or developing blockchain use cases, while others closely monitor developments. On average, organizations expect **24% of payment volume to flow through blockchain-based rails by 2030**—a material shift in settlement infrastructure.

Central Bank Digital Currency (CBDCs) are seen as the most impactful development, particularly in the US, followed by stablecoins for payments and settlements.

While timelines vary, the direction of travel is clear: **interoperability, programmability, and control frameworks** will become central to future payments operations.

→ What this means:

As new rails emerge, reconciliation, safeguarding, and reporting requirements do not disappear—they intensify. Future-ready payments organizations are already designing control frameworks that span traditional and digital rails.

→ Why is this happening?

Emerging settlement rails — including blockchain, stablecoins, and the prospect of central bank digital currencies (CBDCs) — are gaining attention because they promise faster settlement, increased transparency, and programmable money. These technologies align with broader industry trends toward real-time, interoperable global payment ecosystems. Evolving networks and messaging standards like ISO 20022 are pushing firms toward infrastructure that can support richer and faster settlement — and that operational platforms must be agility-ready to integrate with these new rails.

24%
of payment volume to flow
through blockchain-based rails by
2030

Implications going forward:

As blockchain and digital assets grow:

- > Settlement infrastructure becomes more diverse, requiring **new control frameworks**.
- > Firms that build interoperability and transparent audit trails will **gain strategic advantage**.
- > Traditional reconciliation methods will **struggle without adaptation** to distributed ledger and real-time settlement environments.

Firms that embrace these rails with robust operational and control platforms will be positioned to lead in tomorrow's payments ecosystems.

Key learnings and advice:



Digital rails are becoming operational reality

Blockchain-based settlement is moving from experimentation toward measurable volume expectations.



New rails increase, not reduce, control requirements

Reconciliation, safeguarding, and reporting become more complex as payment ecosystems diversify.



Interoperability will define winners

Firms that design controls spanning traditional and digital rails will adapt faster as infrastructure evolves.



"Blockchain isn't replacing payments—it's reshaping how value is controlled and reconciled."

Steve Carlin, VP Product Management, AutoRek

Closing the Paradox: From Ambition to Execution

The 2026 Payments Survey makes one conclusion unavoidable: the industry's biggest risk is not technological disruption; it is operational inertia.

Payments leaders understand where the industry is heading. Real-time payments, AI-driven controls, interoperable networks, and digital assets are no longer speculative.

What remains unresolved is how quickly organizations can modernize the operational core that supports them.

Closing the Great Payments Paradox requires:



Automating reconciliation and controls at scale.



Consolidating fragmented data into defensible, auditable foundations.



Embedding safeguarding into daily operations, not annual reviews.



Treating AI as an outcome of data maturity, not a substitute for it.

The next 12 months will separate those who modernize deliberately from those forced to react under pressure. **In payments, the future is already moving in real time. Operations must catch up.**



"The payments industry is not short on ambition. It is short on operational alignment. The next 12 months will determine whether firms close the gap between real-time strategy and manual reality—or widen it."

Nick Botha, VP Payments and Retail Banking, AutoRek

"The findings of The Future of Payments Operations 2026 report highlight both the strength of the UK payments sector and the scale of the opportunity that lies ahead.

UK firms continue to demonstrate ambition in adopting real-time payments, AI, and emerging settlement rails, reinforcing the UK's position as a leading global payments hub. However, the research also underlines the importance of ensuring that operational capabilities, data infrastructure, and governance frameworks evolve in step with front-end innovation. For payments leaders, this presents a clear strategic priority: sustained competitiveness will depend not just on product and market expansion, but on building resilient, scalable operational foundations that support growth over the long term.

At The Payments Association, we see strong evidence of industry commitment to modernisation and continuous improvement. This report reinforces the value of industry-led best practice in areas such as automation, data integration, and embedded controls, which are essential to maintaining confidence among customers, partners, and regulators alike. By continuing to invest in operational maturity and collaboration across the ecosystem, UK payments firms can strengthen their global standing, respond effectively to evolving market expectations, and position themselves to lead in the next phase of payments innovation."

Benjamin David, Head of Intelligence, The Payments Association



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