

Our financial infrastructure is being rebuilt, and the payments industry is undergoing a radical shift. Payment innovation succeeds when it simplifies the user experience. Despite rapid technological change, consumers still prefer payment methods that are familiar, predictable, and frictionless.

Artificial intelligence is beginning to reshape commerce. Agentic commerce may transform product discovery and purchasing behavior, but adoption will depend on maintaining simplicity and trust.

### **KISS or Keep It Simple Stupid:**

*Successful innovation removes friction rather than creating it.*

We are big fans of the expression KISS, or keep it simple stupid! In our view, simplicity still wins in payments. For all the innovation reshaping payments, consumer behavior remains remarkably consistent. Most shoppers still gravitate toward what feels simple, familiar, and reliable. New technologies may grab headlines, but at the point of sale, convenience and control continue to outweigh novelty.

Despite the growth of digital wallets, agentic commerce, and cashier-less checkout concepts, many consumers still prefer traditional in-person checkout and card-based payments. When given a choice, shoppers often select options that minimize steps, reduce uncertainty, and avoid friction. This preference is not about resistance to technology, but about confidence. Payments work best when consumers do not have to think about them.

This reality creates a disconnect between where retailers are investing and how consumers want to pay. Self-checkout and unattended payment experiences are expanding, yet many shoppers feel pushed into these flows rather than opting in. Complexity, forced account creation, and multi-step checkout processes are common sources of frustration. In contrast, transactions that are quick, intuitive, and predictable leave customers feeling in control.

Cards continue to dominate for this reason. Credit and debit cards remain the default payment method for most consumers because they are universally accepted, require minimal effort, and work consistently across channels. While digital wallets have made progress, particularly outside the US, they have not yet displaced cards as the primary payment choice for everyday commerce. Networks such as Visa and Mastercard have succeeded not by changing consumer behavior, but by embedding themselves invisibly into it.

The lesson for the broader payment ecosystem is straightforward. The most successful payment innovations reduce friction rather than introduce it. New rails, new form factors, and new payment methods must ultimately deliver a faster, simpler, and more reliable experience than what already exists. If they introduce extra steps, uncertainty, or learning curves, adoption will remain limited.

This insight also helps explain why many emerging payment technologies, including real-time payments and stablecoins, are gaining traction behind the scenes rather than at the point of sale. Consumers do not need to

see innovation to benefit from it. The most successful payment systems are those that modernize infrastructure while preserving the simplicity users expect.

In the end, progress in payments is not about offering more choices. It is about making the right choices effortless. The winners will be the platforms and networks that understand that simplicity is not a constraint on innovation, but its ultimate goal.

### Agentic Commerce:

*AI may change how consumers discover products and make purchases, but adoption will depend on maintaining simplicity and trust.*

Payment innovation has rarely been constrained by a lack of ideas. It has almost always been constrained by adoption. New technologies routinely promise faster, smarter, or more personalized experiences, yet consumers consistently gravitate toward what feels simple and reliable. That same dynamic applies today as artificial intelligence begins to reshape how people shop and pay.

This is where the concept of agentic commerce enters the conversation. Agentic commerce refers to AI-driven software agents that act on behalf of consumers to discover products, compare prices, and in some cases complete purchases. Instead of browsing websites or navigating checkout flows, consumers delegate those tasks to intelligent systems that operate based on preferences, budgets, and prior behavior. In theory, this could dramatically reduce friction and decision fatigue.

The appeal is easy to understand. AI agents promise faster discovery, higher conversion rates, and a more personalized shopping experience. Early data suggests that merchants experimenting with agent-driven interactions see meaningful improvements in engagement and efficiency, particularly in retail environments where choice overload is common. For merchants, the incentive to explore agentic commerce is real.

However, the same lesson that governs all payments innovation still applies. Technology only succeeds when it removes friction rather than adds it. Today, most consumers are not yet comfortable allowing AI agents to complete purchases on their behalf. While many are willing to use AI for research or recommendations, full delegation raises concerns around trust, transparency, pricing clarity, and dispute resolution. Consumers want to feel in control, especially at the moment money changes hands.

Merchants and payment providers share similar reservations. Introducing an automated agent between buyer and seller complicates questions around fraud, authentication, chargebacks, and accountability. Existing payment systems are designed around clear human intent and well-defined liability frameworks, making fully autonomous transactions difficult to support without new authentication and governance models. While agentic systems can deliver richer data about shopper intent and budgets, they also introduce new operational and risk-management challenges. As with prior shifts in payments, confidence will be built slowly through experience, not marketing.

This tension reinforces a broader truth about payments behavior. Despite the growth of digital wallets, self-checkout, and cashier-less concepts, most shoppers still prefer straightforward, predictable payment experiences. Cards remain dominant not because they are exciting, but because they work consistently, require minimal effort, and are universally accepted. Even in an agentic world, existing card networks are likely to remain central architects of the ecosystem rather than displaced intermediaries. Innovation that forces consumers into unfamiliar or overly complex flows often feels like friction, not progress.

For agentic commerce to scale, it must pass the same test every successful payment innovation has faced before it. Does it make the experience easier, clearer, and more intuitive? Or does it add opacity and uncertainty? The most likely path forward is incremental. Product discovery and comparison will become increasingly agent-driven, while payments remain anchored to trusted, familiar rails. Over time, as transparency, controls, and safeguards improve, deeper automation may follow.

In the end, agentic commerce is not a rejection of the KISS principle. It is a challenge to live up to it. AI-driven shopping will only succeed if it hides complexity rather than exposes it, preserves consumer confidence, and integrates seamlessly into existing payment ecosystems. As with every major evolution in payments, the winners will not be those with the most advanced technology, but those who remember that simplicity is the ultimate feature.

#### Conclusion:

Payments are becoming digital. Settlement is becoming faster and increasingly programmable. Banking is evolving from physical distribution toward software driven platforms embedded directly into commerce.

These shifts are not cyclical. They represent the continued modernization of the global financial system. Our research and portfolio construction remain focused on identifying the companies building and controlling this infrastructure. As financial systems continue to evolve, we believe the most durable investment opportunities will come from businesses that enable the movement of money, manage risk, and power the next generation of financial networks.

As always, reach out to me to discuss any of these topics and more. I look forward to speaking...



**Warren Fisher, CFA**  
Founder & CEO  
Manole Capital Management  
[warren@manolecapital.com](mailto:warren@manolecapital.com)

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