Q2 2026 WALLET™ Index Commentary

Executive Summary and Performance Commentary

Digital payment companies delivered overall positive performance in aggregate in Q2 2026. The Nasdaq CTA Global Digital Payments™ Index (WALLET™) was up 8.0% for the quarter, underperforming the S&P 500 (+14.9%). Of the 39 current index constituents, 15 names experienced losses, 1 name experienced triple digit gains, and 15 names experienced double-digit gains. Top performers included Zip (+111.4%) followed by Affirm (+77.9%), Flywire (+50.9%), and Remitly Global (+43.01%). The bottom performers included Stone Co (-23.2%), Pax Global Technology (-21.9%), Fidelity National Information Services (-17.1%) and kakaopay (-16.9%)[1].

The S&P 500 currently tracks 11 constituents that overlap with WALLET, comprising ~2% of its exposure. 28 of WALLET's constituents (~45% of index weight) do not overlap with the S&P 500.

Key Digital Payments News Items

Q2 2026 marked the evolution of the digital payment landscape from legacy transaction rails to an AI-native, multi-rail financial operating system. Payment hubs and fintechs now offer fully embedded financial infrastructure and autonomous liquidity orchestration. AI has moved from a conversational layer to automated, agentic execution. It is being indicated that AI is influencing transaction compliance, automating KYC/KYB and AML screening, with potential to optimize routing and exchange rates in real time which may cut global payment fees significantly[2].

The rise of interconnected, real-time Account-to-Account (A2A) rails and digital wallets has weakened legacy bilateral correspondent models, allowing businesses to optimize routing across both traditional and decentralized networks[3].

Stablecoins are no longer viewed as just speculative crypto assets; in certain jurisdictions they are regulated, and are being explored as parallel payment networks for cross-border settlements, treasury optimization, and B2B payouts. Enterprise users and institutions may seek to capitalize on the 24/7 liquidity and fractional ownership that blockchain technology affords[4].

Moving beyond basic "buy now, pay later" (BNPL), embedded banking may become a key distribution architecture. Vertical SaaS ecosystems are natively integrating working-capital lines, invoice financing, and sector-specific credit facilities directly into merchant and SME workflows[5].

[1] Top and bottom performers, measured on a price return basis
[2] https://www.aciworldwide.com/resources/redefining-the-payments-hub
[3] https://www.kun.global/en/newsroom/17
[4] https://www.jpmorgan.com/content/dam/jpmorgan/documents/cb/insights/technology/jpm-2026-fintech-industry-trends-report.pdf
[5] https://ge.mba/research/top-embedded-finance-trends-2026-the-executive-guide-to-global-financial-transformation

Quarterly Earnings Recap

Overall, WALLET companies that beat revenue and earnings estimates in the most recent quarter did so by an average of 3.0% and 7.8% respectively, while those that missed did so by 2.5% and 13.3% respectively. ~72% of the index weight beat top-line estimates while ~79% beat bottom-line estimates. In aggregate, WALLET companies saw quarterly revenues surge by 9.2% year-over-year. Aggregate quarterly net income grew by 16.6% year-over-year.

	Beats		Misses	
	No. of Firms/Index Weight	Average Beat (%)	No. of Firms/Index Weight	Average Miss (%)
Q2 2026 Revenues	28/71.6%	2.8%	8/27.7%	-2.5%
Q2 2026 Earnings	24/79.1%	16.4%	10/17.0%	-13.3%

Source: Nasdaq Global Indexes, FactSet data as of March 31, 2026
Note: Of the 39 companies, two companies with an index weight of 3.2% have reported but do not have consensus estimates for the bottom-line. Three companies with a total index weight of 0.8% report on a semi-annual basis and do not have reported data.

Index Additions & Deletions (June 30, 2026)

- No additions and deletions made to the index

New Digital Payments Products Announced in Q2 2026 (AI-Related in Bold)

- In June 2026, Mastercard launched AP4M which allows AI-driven software agents and machines to autonomously execute, permission, and settle payments at scale. It provides credentialing, spending limits, and programmatic permissions for AI agents so they can securely transact across different ecosystems. It supports guaranteed multi-rail settlement across traditional cards, bank accounts, and regulated stablecoins. Over 30 industry partners are supporting the launch, including Aave Labs, Alchemy and Anchorage Digital[6].
- In April 2026, Visa launched Intelligence Commerce Connect platform which enables AI agents to make payments and merchants to accept agentic transactions through a single integration. It is currently in pilot with select partners including Aldar, AWS, Diddo, Highnote, Mesh, Payabli, and Sumvin, with broader rollout planned for the rest of 2026[7]. Announced at Visa Payments Forum, Agent Score assesses the trustworthiness of AI agents' initiation transactions, with the Agentic Directory serving as a registry for credentialed agents[8].
- In May 2026, Fiserv launched agentOS, an operating system designed to help financial institutions deploy and manage AI agents across banking workflow, developed in collaboration with Open AI and AWS. Six financial institutions are co-developing the platform, with two running agents in beta. Broad availability is expected by August 2026[9]. The company is also launching a proprietary

[6] https://www.mastercard.com/us/en/news-and-trends/press/2026/june/mastercard-launches-agent-pay-for-machines.html
[7] https://www.businesswire.com/news/home/20260408772335/en/Visa-Opens-the-Door-to-AI-Driven-Shopping-for-Businesses-Worldwide
[8] https://usa.visa.com/about-visa/newsroom/press-releases.releaseId.22491.html
[9] https://www.fiserv.com/en/solutions/instant-payments.html

stablecoin designed to facilitate interbank money movement[10]. The stablecoin is slated to go live in July. Additionally, the company is continuing to build agentic capabilities for Clover merchants, with features expected to be showcased at Investor Day[11].

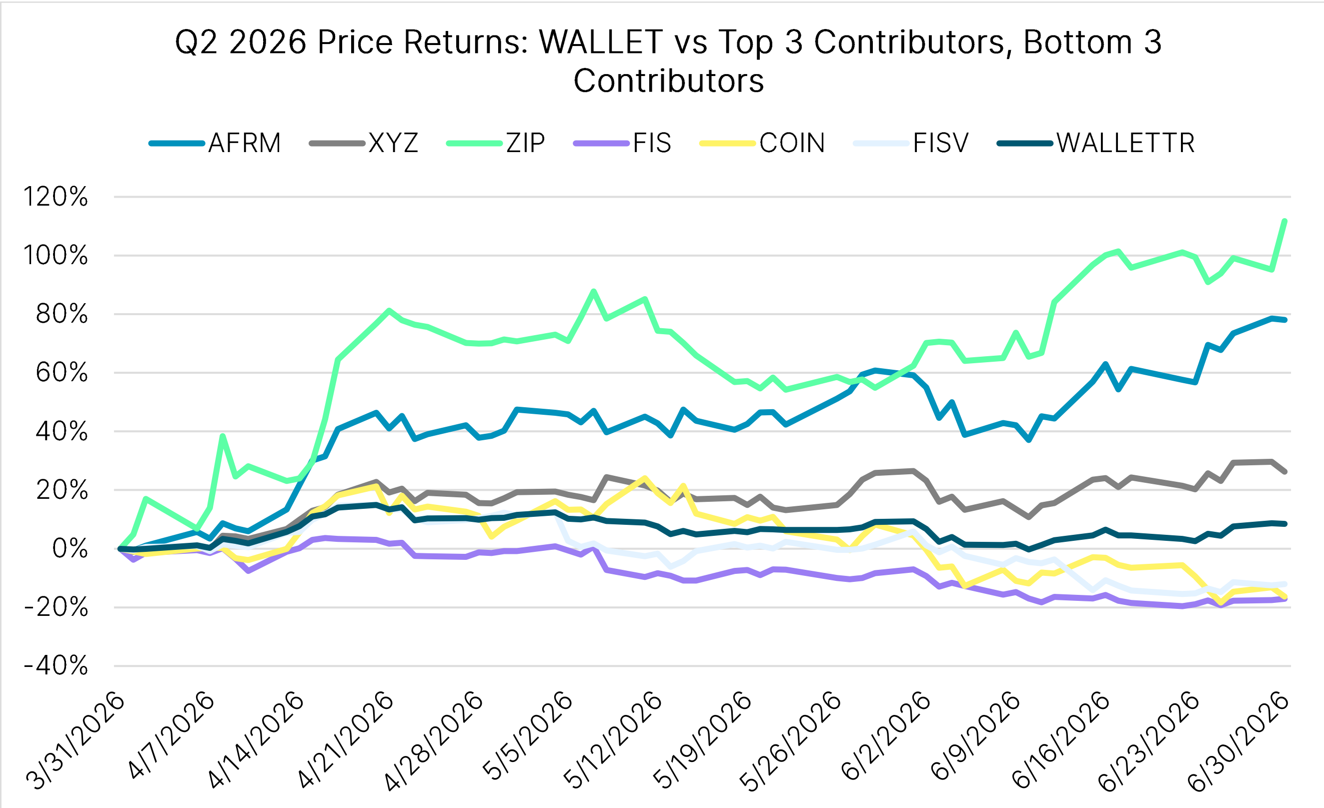
Digital Payments M&A and IPO Activity in Q2 2026

Inside WALLET Index Activity:

- In June 2026, Adyen announced it has entered into a definitive agreement to acquire enterprise billing platform Orb through a reverse triangular merger. The total consideration for the transaction is $335 million, which Adyen may finance entirely from available cash resources. Headquartered in San Francisco, Orb provides an infrastructure engine that tracks real-time usage data and translates complex pricing contracts for global enterprises.[12]
- In April 2026, American Express agreed to acquire New York-based agentic AI expense management fintech Hyper. The financial terms of the deal have not been disclosed. Founded in 2022, Hyper operates a back-office automation platform that utilizes AI agents to simplify finance workflows, featuring a flagship personal AI assistant that can review and file expenses in real-time via text[13].
- In April 2026, Adyen signed a definitive agreement to acquire 100% of the shares in Talon.One, a Berlin-based provider of customer loyalty software, for €750 million. The transaction, which remains subject to regulatory approvals and is expected to close in H2 2026, may be financed via available Adyen cash resources[14].

[10] https://investors.fiserv.com/news-releases/news-release-details/fiserv-launches-new-fiusd-stablecoin-financial-institutions
[11] https://www.theglobeandmail.com/investing/markets/stocks/FISV-Q/pressreleases/1986756/fiserv-investor-day-sets-ai-clover-roadmap-to-revive-growth-and-top-12-eps/
[12] https://www.adyen.com/press-and-media/jtrg4qd7j3p4rj
[13] https://www.fintechfutures.com/m-a/american-express-acquires-hyper
[14] https://www.talon.one/blog/adyen-to-acquire-talon-one

Top 3 and Bottom 3 Contributors to Performance



Source: Bloomberg

Top 3 Index Performance Contributors in Q2 2026[15]

Company	Symbol	WALLET Contribution Percentage (%)	Average WALLET Weight (%)	Q2 2026 Total Returns (3/31-6/30)	YTD 2026 Total Returns
Affirm	AFRM	2.98%	5.4%	77.9%	9.6%
Block	XYZ	1.24%	4.7%	26.3%	16.8%
Zip Co	ZIP	0.88%	1.5%	109.0%	-1.5%

Source: Bloomberg

[15] Bloomberg Intelligence

Affirm (AFRM)[16]

- The stock was up 77.9% from March 31, 2026 – June 30, 2026.
- The stock rose on the heels of a stellar earnings beat, a series of positive analyst reactions, and major funding partnerships.
- The company reported Q3 revenues of $1.04 billion, representing a 32.6% year-over-year increase. Its earnings per share (EPS) of $0.30 beat the consensus estimate of $0.17 by a massive 76.5% margin. The Affirm debit card emerged as a major growth engine, with active card users surging 130% year-over-year to 4.4 million. The company achieved its 10th consecutive quarter of over 30% GMV growth, recording $11.6 billion for the quarter, bolstered by an expanding network of over 515,000 active merchants. Thirteen analysts raised price targets by an average of 11% post-earnings, with no cuts.
- The stock started the quarter near its 52-week low (~$42), providing a compressed base from which positive catalysts had an outsized impact.

Block (XYZ)[17]

- The stock was up 26.3% from March 31, 2026 – June 30, 2026
- The shares gained primarily due to soaring gross profit growth, robust lending margins in its Cash App ecosystem, and heightened investor optimism driven by aggressive AI-focused restructuring following a strong quarter and upbeat forward guidance.
- The company reported total net revenues of $6.1 billion and adjusted EPS of $0.85 per share, significantly beating analyst consensus estimates of $0.68 per share[18].
- The company accelerated gross profit growth and boosted full-year guidance targets (projecting adjusted operating income margins to reach 27%), which signaled structural improvements to its underlying business[19]. Consumer lending surged dramatically with Cash App Borrow originations nearly tripling, delivering highly lucrative gross margins for the platform. Management's pivot to a leaner, AI-driven operating model—including the deployment of productivity tools like Builderbot and Moneybot—bolstered operating leverage[20].
- Favorable analyst re-ratings, such as a prominent double-upgrade from Piper Sandler, ignited upward momentum and prompted investors to view Block shares as significantly undervalued heading into the second half of the year[21].

Zip Co[22] (COF)

- The stock was up 109% from March 31, 2026 – June 30, 2026.
- The stock rose primarily driven by an earnings beat and guidance upgrade in mid-April, followed by the announcement of a Stripe partnership announcement and bullish analyst commentary.

16 https://ir.remitly.com/static-files/32529430-4e0d-418c-bea3-e5d38c74a529
17 https://investors.ibotta.com/
18 https://finance.yahoo.com/markets/stocks/articles/block-xyz-q1-earnings-surpass-215509545.html
19 https://www.reuters.com/business/block-quarterly-profit-jumps-resilient-consumer-spending-2026-05-07/
20 https://thebull.com.au/news/block-shares-continue-on-to-new-2026-high-with-street-bullish/
21 https://finance.yahoo.com/markets/stocks/articles/block-stock-just-scored-double-210604374.html
22 https://ir-capitalone.gcs-web.com/static-files/

- The company reported US TTV (Total Transaction Value) growth above 40% year-over-year in April, with US credit outcomes on track to come in below 1.75% for TTV (Total Transaction Value) in Q4. It also announced the integration of Stripe's Shared Payment Tokens (SPTs), enabling its buy-now-pay-later offering to be embedded in AI-driven agentic commerce checkout experiences.

Bottom 3 Index Performance Contributors in Q2 2026[23]

Bottom 3 Contributors	Symbol	WALLET Contribution Percentage	Average WALLET Weight (%)	Q2 2026 Total Returns (3/31-6/30)	YTD 2026 Total Returns
Coinbase Global	COIN	-0.75%	3.3%	-16.3%	-35.4%
Fidelity National Information Services	FIS	-0.74%	4.1%	-16.2%	-40.3%
Fiserv	FISV	-0.56%	3.9%	-12.1%	-26.9%

Source: Bloomberg

Coinbase Global (COIN)[24]

- The stock was down 16.3% from March 31, 2026 – June 30, 2026.
- The stock came under pressure due to an earnings miss, a 14% workforce reduction and a sharp crypto market selloff in early June. The total crypto market cap and trading volumes fell by more than 20% quarter-over-quarter. As a result, Coinbase's core transaction revenue dropped by 23% sequentially.
- The company reported Q1 total revenues of $1.41 billion, a 31% year-over-year decline, as falling token prices drained trading activity. The company swung to a net loss. The company's total revenue of $1.41 billion fell short of consensus analyst estimates, which prompted lowered price targets and downgrades from major financial firms like Baird and Barclays.

Fidelity National Information Services (FIS)[25]

- The stock was down 16.2% from March 31, 2026 – June 30, 2026.
- The stock came under pressure due to management turnover (including the resignation of its Chief Product Technology Officer), balance sheet re-leveraging from massive note offerings, and investor skepticism amid a broader reset.
- The company reported adjusted EPS of $1.36 vs $1.29 and revenue of $3.295 billion vs $3.277 billion. However, Q2 guidance was the focal point, with adjusted EPS of $1.45-$1.49 vs $1.49 estimate and capital revenue market growth guided at 3-4% vs analyst expectations of 7%, citing license timing shifts and lending macro volatility.

[23] Bloomberg Intelligence
[24] https://investors.affirm.com/static-files/
[25] https://investors.adyen.com/events/earnings-call-h2-2025

- The company reported revenues of $3.3 billion, representing a 30.1% increase year-over-year, with pro forma revenue growth of 6.5%. It reported free cash flow of $474 million, a 111% increase year-over-year. It reported adjusted EBITDA margin of 39.6%, a year-over-year expansion of 87 basis points.
- Management reiterated its full-year 2026 outlook, projecting revenues of $13.77 to $13.85 billion and full-year adjusted EPS between $6.22 and $6.32.

Fiserv (FISV)[26]

- The stock was down 12.1% from March 31, 2026 – June 30, 2026.
- The stock fell due to an abrupt CEO change, a Q1 earnings revenue miss and an analyst downgrade.
- The company reported Q1 adjusted EPS of $1.79 versus $1.57 estimate, with organic revenue coming in at -4% vs -1.9% estimated, and adjusted revenue missing consensus expectations. Full year adjusted EPS guidance of $8-$8.30 and organic revenue growth of +1%-+3% were reaffirmed, though organic revenue growth was below consensus.
- The company announced that CEO Mike Lyons who was appointed only in May 2025 stepped down to become CEO of Truist Financials. The timing of the leadership transition amid ongoing strategic initiatives, including core banking stabilization and Clover growth raised concerns among analysts.

Industry Trends

AI-powered fraud defense and digital identity scale up

- Fraud prevention is entering a new era powered by autonomous intelligence and foundational models that optimize approvals and combat threats without manual intervention. These innovations are fueled by the same AI and data capabilities that drive agentic commerce and digital wallet adoption[27].
- Fraud losses are projected to exceed $485 billion annually, driving rapid adoption of AI-driven detection, tokenization safeguards, and biometric authentication[28].

Sector Consolidation Accelerates via M&A

- Digital payments M&A is accelerating as firms transition from pure processors to full-stack financial platforms, with consolidation driven by cross-border scale, non-card rails, and next-generation infrastructure (AI, stablecoins, real-time payments).
- Adyen made two acquisitions — Talon.One (€750 million) and Orb — signaling a strategic shift toward acquiring AI-native capabilities. Global Payments completed its ~$24 billion acquisition of Worldpay, creating the largest merchant processor globally, while FIS simultaneously acquired Global Payments' Issuer Solutions business[29,30].

[26] https://edge.media-server.com/mmc/p/mkeqt8z8
[27] https://www.mastercard.com/us/en/business/payments/merchant-cloud/insights/payment-trends-in-2026.html
[28] Fintech Monthly Monitor: The Ascent of AI
[29] https://www.adyen.com/press-and-media/jtrg4qd7j3p4rj
[30] https://investors.globalpayments.com/news-events/press-releases/detail/469/global-payments-announces-agreements-to-acquire-worldpay

B2B & Cross-Border Payments Digitization Deepens

- Digitization in B2B and cross-border payments is accelerating as businesses transition toward real-time, multi-rail, and embedded payment solutions, driven by the need for speed, lower cost, global reach, and operational efficiency. Payment orchestration is evolving into foundational infrastructure for global digital commerce, with merchants embedding AI-optimized routing, token-first security, and real-time compliance into single API surfaces[31].
- Mastercard projects cross-border B2B payment flows to grow from $0.7 trillion in 2024 to $1.4 trillion by 2030, with LATAM identified as a particularly underserved market[32].

Digital Payments Industry Outlook and Top Headlines from Q2 2026

- The total transaction value in the global digital payments market is expected to reach $26.9 trillion in 2026. During the period 2026-2030, the total transaction value is expected to show an annual growth (CAGR) of 7.6%, resulting in a projected total amount of $36.1 trillion by 2030. Mobile POS Payments is the largest market within Digital Payments, with an expected contribution of $18.9 trillion in 2030. When looking at the industry through a global lens, the country with the largest market for digital payments is China with a cumulative transaction value of $10.9 trillion in 2026[33]. Adoption is largely accelerated by the convenience of mobile devices, NFC tech, QR codes, and the increasing digitization of businesses[34].
- In Q2 2026, retail e-commerce sales in the United States reached $326.7 billion, an increase of 2.7% from the fourth quarter of 2025. According to U.S Census data, by the end of the first quarter of 2026, e-commerce sales accounted for 16.9% of total retail sales in the country[35]. The industry is on track to continue to dominate the digital payments landscape, estimated to generate $1.3 trillion by the end of 2025 and $1.8 trillion by the end of 2030[36].
- According to a study conducted by WorldPay, digital payment innovation first took off online while the in-store experience lagged. QR codes and interoperability are pushing developments in the Asia-Pacific region, while regulatory changes stir in payment competition in Europe. Payment apps will account for 46% of global POS value in 2030 – or $15.6 trillion. Payment apps accounted for 37% of global POS value in 2025, with cash and physical cards representing 63%. The use of payment apps in stores is forecast to grow 135% faster than POS growth globally[37].
- On June 9, 2026, a federal judge granted preliminary approval to Visa and Mastercard's amended $200 billion settlement with retailers over interchange fees — commonly known as swipe fees — resolving decades-long litigation. The amended deal represents a significant expansion from the prior $30 billion settlement that was rejected by a separate judge in 2024, with the court noting it "provides more extensive relief". Final approval proceedings are expected to follow[38].

[31] https://www.jpmorgan.com/insights/payments/fx-cross-border/digital-innovation-transforming-cross-border-payments
[32] https://www.intelligentcio.com/latam/2025/08/13/mastercard-report-outlines-path-to-modernising-cross-border-payments-for-smes-in-latin-america-and-the-caribbean/
[33] https://www.statista.com/outlook/fmo/payments/digital-payments/worldwide
[34] https://www.statista.com/outlook/fmo/payments/digital-payments/worldwide/?srsltid=AfmBOoor77jPenIsARNfjFbiunTapOdbRaQKeU_mz3fWTkfxvSrhwH-u#transaction-value
[35] https://www.census.gov/retail/ecommerce.html
[36] https://www.retaildive.com/news/online-retail-sales-ecommerce-forecast-2030/812833/
[37] https://wp-contentful-test-static-content.worldpay.com/gpr/GPR2026-Digital-Medium-1.pdf
[38] https://www.reuters.com/world/us-judge-oks-visa-mastercard-38-billion-swipe-fee-settlement-2026-06-09/

- Leading into and throughout Q2, payment leaders like Visa spotlighted how bad actors are utilizing advanced AI to steal entire consumer identities—creating a "fraud at scale" issue that is forcing financial institutions to implement shared, AI-powered risk and authentication frameworks[39].

Sources: Nasdaq Global Indexes, Bloomberg, FactSet
The Nasdaq CTA Global Digital Payments™ Index (WALLET™) is tracked by the Amplify – Mobile Payments ETF (IPAY).

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[39] https://corporate.visa.com/en/sites/visa-perspectives/trends-insights/2026-predictions.html