



# The great consumer payments race

Unpicking the challenges consumers  
face when paying online.



# Ready, steady, pay

When Blockbuster failed to follow consumer demand, the ultimate demise of one of the most famous video rental brands made its way to case studies in business classes globally. The main lesson: those who refuse to adapt will die.

In the payments world, consumer demand for payment methods that suit an ever-plugged in lifestyle, is on the rise. Accelerated by the pandemic but now a mainstay of how people shop online, our research into 2,000 consumers revealed a permanent change to digital payment methods that are highly secure, frictionless and fit for purpose. Account-to-account payments are here to stay.

The stakes are high – customer loyalty, brand power and ultimately, revenue. No brand begins their journey thinking they'll end up in the landfill of Blockbusters. It is reported that more clothing will be sold online than in-store in Britain this year. Three years ahead of originally predicted.

Our take is that merchants have the opportunity to keep their ears to the ground and go toe-to-toe with consumers' demands.



## Challenges consumers face with their existing payment methods

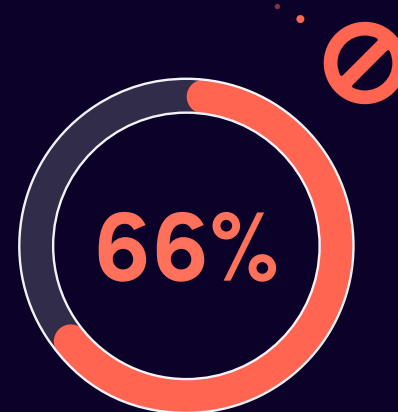
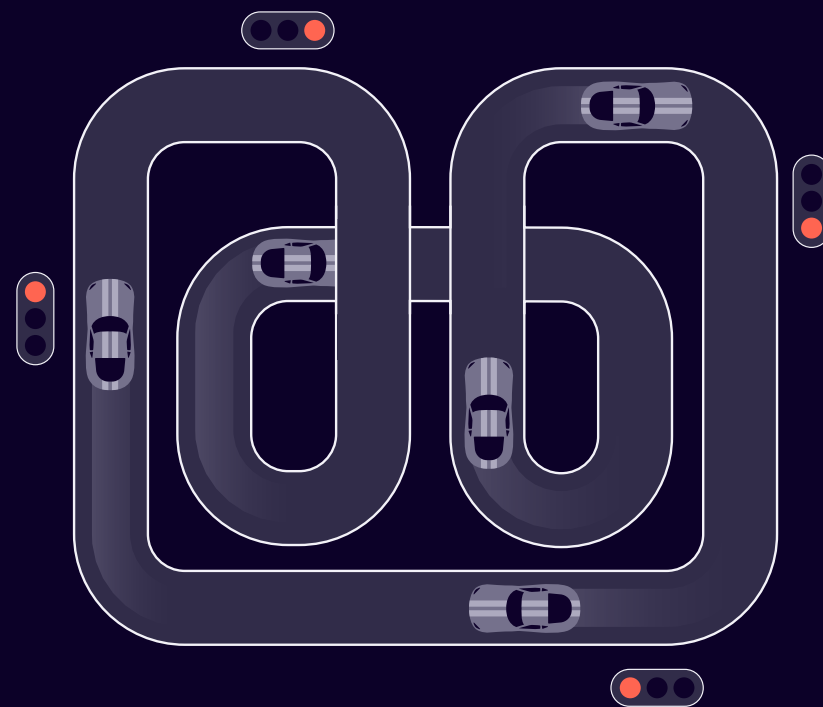
It's a race against time when it comes to consumers adopting different payment methods when checking out.

Today's consumer is tech savvy and wants a great customer experience with every single purchase. Our research found that almost 30% of consumers surveyed are willing to ditch their current payment methods in search of something new. The most significant reason for this came down to a market-wide trend in which inputting card details, shipping information and other personal details have become outdated and cumbersome. This pain point can be found across sectors such as travel, fashion, gaming, hospitality and even food, and has increased the adoption of cardless payments.

When drilling down deeper, we unearthed what consumers need in place when choosing a new payment method. 72% of respondents reported that having to locate their card when checking out is frustrating. Additionally, 72% said they get frustrated when having to enter their card details, with 30% (24-35 years old) agreeing the most. 70% of respondents cited security as their biggest concern when shopping online.

This provides an opportunity for merchants to ditch traditional payment methods that are out of date, slow and clunky. With Open Banking powered account-to-account payments, merchants can offer smoother, faster checkouts without sacrificing strong customer authentication.

The ultimate impact of this on merchants could result in a loss of revenue right at the end of the shopping journey. 66% of respondents said they either 'sometimes' or 'often' abandon a purchase because they don't have a card handy.



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## What's important when considering a new payment method

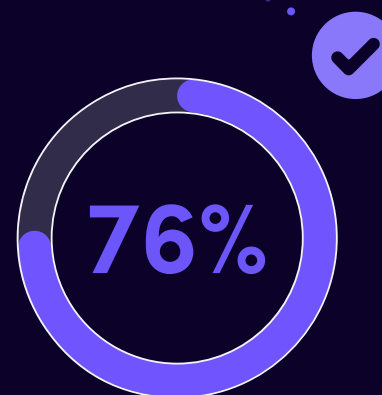
It's clear that consumers are in search of payment methods that meet their needs.

In our recent Luxury Retail Report, we found that 62% of higher household income respondents will take their shopping somewhere else due to a poor payment experience from the retailer. When asked to rank what would be important when considering a new payment method, consumers listed security as the top priority, followed by convenience and then speed.

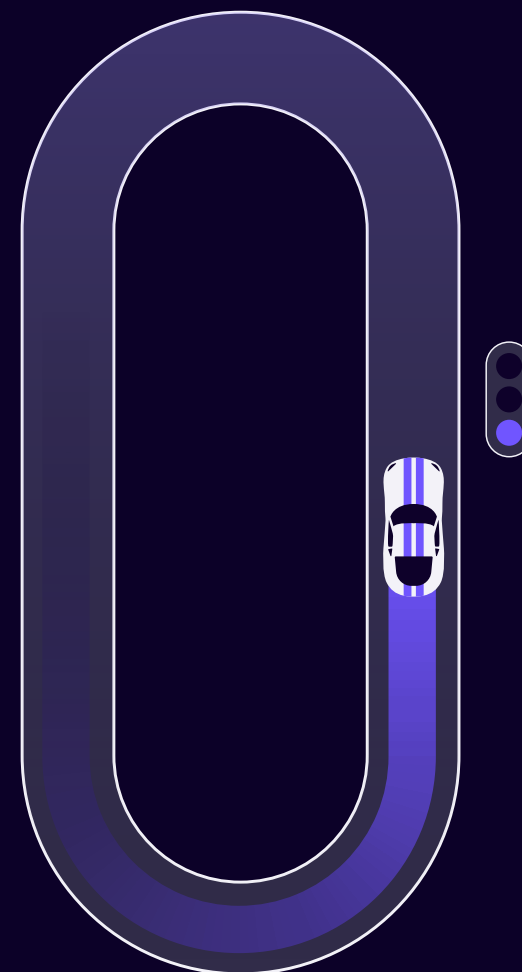
However, none of these exist in isolation. We found that even though security was at the top of their lists, it goes hand in hand with a payment flow that can also provide speed and convenience.

This was further highlighted with 76% of respondents saying they expect to check out in a few steps, and more than half expect a mobile-first payment method. Additionally, a whopping 60% said not having to manually enter their card details, would lure them into using a new payment method.

This, by far, is the biggest single indicator of what consumers are asking for. Consumers want a holistic payment method that ticks all boxes every single time they check out. Account-to-account payment methods allow consumers to pay from their banking app, eliminating the need for card details and, in turn, speeding up the checkout process and reducing cart abandonment for merchants.



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# The market is ready for account-to-account payments

The pandemic gave people no choice but to shop online.

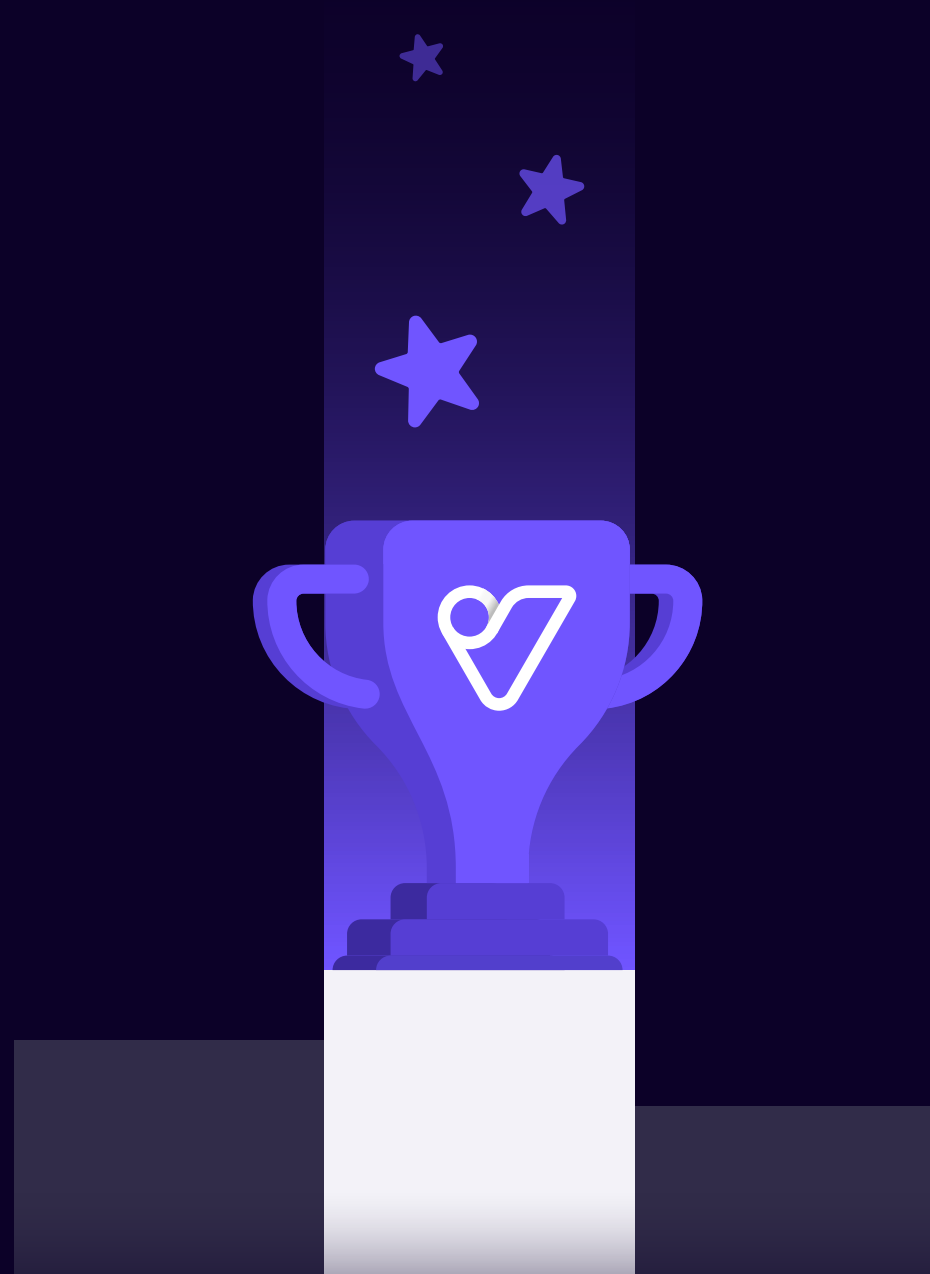
A study by [Juniper Research](#) earlier this year found that payment methods such as Open Banking account-to-account payments are on a rapid rise. It suggests that “merchants ensure payment options match changing user expectations, or they will be rapidly left behind.”

There should be no concern as to whether consumers aren't tech-savvy enough for this adoption. 98.2% of our respondents currently use online banking, and 86% have a mobile app installed on their devices.

These numbers are reflective of ages 24 to 55+. 92% answered positively ('yes' and 'maybe') when asked if they would be willing to try to pay businesses directly from online/mobile banking rather than using card payment.

An alternative to traditional payment methods points to a trend where consumers are at the heart of the journey. But this adoption is also a win for merchants as account-to-account offers lower fees, instant refunds, increased conversions, tighter security and reduction in abandoned carts.

Merchants have the opportunity to take part in the biggest shift in digital payments. Cardless payments are here to stay.



# Questions? Get in touch

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