Introduction

As technology continues to expand at an exponential rate, changing the way we live and the way we interact with one another, industries across the board are having to adapt to ensure they are equipped to handle these changes and deliver the end-user experience consumers have come to expect. The payments industry is no exception, and with new innovations — from AI to biometrics — a digital transformation is well underway. However, the rate of this transformation varies significantly across the globe.

Card payments are still prevalent in the UK and Australia, whereas the United Arab Emirates is leading the charge in payments via PC and tablet, as opposed to mobile. Developing countries are facing further challenges, including a proportion of the population who are unbanked and without smartphones. Nonetheless, each of these countries is still ripe for expansion in digital payments — and all countries can and should take learnings from the trends that are proving to be most successful across the board.

There are significant payoffs to be made from getting payments right. In 2016, US consumers spent $12.8 billion online during the five-day period from Thanksgiving Day through Cyber Monday.1 Predicting trends, knowing your market and providing the right payment platform is mission critical to a retailer’s success. The race is on in each market to find the right way to engage with a changing population’s payment needs.

However, with all of these opportunities come challenges. Infrastructure varies significantly across the globe, which in turn impacts payment habits. Some would argue less economically developed countries with little legacy infrastructure are able to catch up with the latest technology much faster than experts first anticipated because they are able to implement mobile technology very quickly, but there are implications in each market that need to be addressed, such as security and financial literacy to name a few, which of course impacts overall market demand for digital payments.

This playbook provides a snapshot of what payment innovations look like in select markets: the US, UK, Australia, India, Singapore, United Arab Emirates, Brazil and Mexico. The content highlights preferred payment methods, overall trends for consumers and retailers, and learnings that can be applied to other markets that will ensure they are set up for success and able to reach their potential growth in digital payments.

1 https://www.practicalecommerce.com/Sales-Report-2016-Thanksgiving-Day-Black-Friday-Cyber-Monday
United States

Preferred Payment Methods

Cash, checks, and eChecks are still more common than other markets.¹

Cash, checks, and eChecks are still more common than other markets.²

17% of US mobile buyers have used a mobile wallet to pay for products or services.³

Nearly 1/2 of US digital buyers aged 18 or older surveyed in May 2017 by American Express said they rarely, or never, use cash for purchase.⁴

Small Business Acceptance

While 34% of US small business owners are interested in exploring mobile wallet payments⁵, several owners cite expenses and security as a reason not to accept mobile payments.

Nearly 1/2 of US digital buyers aged 18 or older surveyed in May 2017 by American Express said they rarely, or never, use cash for purchase.⁶

48% of businesses are accepting alternative payments (includes credit and debit cards).⁸

Country Shopping Holidays ¹³

Black Friday | Cyber Monday | Super Saturday | Boxing Day

(52.8 million) (50.8 million) (76 million)

Payments Offered by the Government and Businesses

BUSINESSES IN THE US

48% are now accepting alternative payments. 63% are accepting non-cash transactions.⁹

38% of businesses plan to implement NFC acceptance in the next 12 months.¹⁰

48% of small retailers accept NFC / contactless payments.¹¹

48% of small businesses open to new payment trends but still have reservations.¹²

48% of small businesses open to new payment trends but still have reservations.¹²

Small Business Acceptance

SMALL BUSINESSES OPEN TO NEW PAYMENT TRENDS BUT STILL HAVE RESERVATIONS.

While 34% of US small business owners are interested in exploring mobile wallet payments¹⁰, several owners cite expenses and security as a reason not to accept mobile payments.

18% of businesses are accepting alternative payments (includes credit and debit cards).¹²

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Payment Gateway Services

3

4 DOING GLOBAL PAYMENT INSIGHTS TO ACHIEVE GROWTH AT SCALE
Top Social Buying Networks

<table>
<thead>
<tr>
<th>Platform</th>
<th>Estimated Mobile Phone Penetration in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>64%</td>
</tr>
<tr>
<td>YouTube</td>
<td>52%</td>
</tr>
<tr>
<td>Pinterest</td>
<td>32%</td>
</tr>
<tr>
<td>Instagram</td>
<td>31%</td>
</tr>
<tr>
<td>Twitter</td>
<td>27%</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>22%</td>
</tr>
</tbody>
</table>

Country Penetration

**Estimated Mobile Phone Penetration in 2017 is 81%**

Top 3 Industries with Mobile Payment Adoption

- Transportation apps
- Online tickets
- Gaming

How Has Fraud Been Impacted by New Payment Technologies?

Ecommerce fraud was 33% higher in 2016 than the previous year, due to fraud attempts being more difficult because of EMV adoption. Mobile device owners are increasingly using financial alerts for their credit cards and bank accounts to help them reconcile their spending, avoid fees, and be aware of fraudulent activities.

64% of mobile phone owners surveyed in 2016 indicated they receive alerts to warn of a potential fraud attack, payment card balances, transactions, or coupon expiration, up from 60% in 2015 and 52% in 2014. Financial alerts appear vital for mobile payments given that 92% of mobile payment users receive them.

Overall, the US is making progress, but due to its sheer size and existing infrastructure, progress may appear slower than some would have expected. But, having said that, amongst a younger generation, newer payment methods are more popular, and Facebook has overwhelming social buyer influence.
The UK has 3.5 cards per capita, which is the highest in Europe. 23

The number of contactless POS terminals in the UK surpassed 0.45 million, up by 45% in 2015. 26

41% of businesses are accepting alternative payments (includes credit and debit cards). 29

Payments offered by the Government and Businesses

**Card Acceptance**

<table>
<thead>
<tr>
<th>Year</th>
<th>Retail Transactions</th>
<th>£647 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>15 billion</td>
<td>(£1.05 billion)</td>
</tr>
<tr>
<td>2016</td>
<td>15 billion</td>
<td>(£1.42 billion)</td>
</tr>
</tbody>
</table>

(11% increase on 2015)

Fraud losses on UK-issued payment cards increased by 9% to £618 million in 2016. This was the 5th consecutive year of increase and higher than the peak of £609.9 million seen in 2008. 27

Payments UK forecasts that the value of contactless card transactions in the UK will reach £9.46 billion ($12.77 billion) in 2025, up from £1.05 billion ($1.42 billion) in 2015. 28

**Preferred Payment Methods**

24% of UK mobile buyers have used a mobile wallet to pay for products or services. 24

**Consumer Buying Trends**

The British Retail Consortium (BRC) reported that 2016 was the first year for which the share of debit card purchases surpassed cash for all retail transactions in the UK. When combined, debit, credit and charge were used for 54% of retail purchases last year. 25

Banks are also entering the mobile payment space, with Barclays’ Pingit service accounting for 0.05% of transactions. Offline cash-based payments are rarely used, and are made up mainly of cash on delivery (0.9%) and pre-paid accounts (0.3%). 21

**Small Business Acceptance**

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**Value of Contactless Card Transactions**

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**2016 Retail Transactions**

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**Preferred Online Payment Methods**

<table>
<thead>
<tr>
<th>Method</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Card</td>
<td>42.3%</td>
<td>42.6%</td>
</tr>
<tr>
<td>Debit Card</td>
<td>42.3%</td>
<td>42.6%</td>
</tr>
<tr>
<td>Bank Transfer</td>
<td>16.2%</td>
<td>15.6%</td>
</tr>
<tr>
<td>E-Wallet</td>
<td>0.7%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Other</td>
<td>2.8%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

**Number of Cards per Capita**

The UK has 3.5 cards per capita, which is the highest in Europe. 23

**Payment Method for UK E-commerce Customers**

<table>
<thead>
<tr>
<th>Method</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cards</td>
<td>78%</td>
</tr>
<tr>
<td>E-Wallets</td>
<td>16.2%</td>
</tr>
<tr>
<td>Direct Debit</td>
<td>7.8%</td>
</tr>
<tr>
<td>Other</td>
<td>7.2%</td>
</tr>
</tbody>
</table>
Contactless is becoming more popular with the UK, which has the highest cards per capita in Europe. Figures for digital wallets also look encouraging, but it is clear there is still a long way to go when it comes to mobile payments – the share of the market here is still small.

Fraud is a factor in new eCommerce payment types that has led to demands from merchants to be able to screen new payment types.36
Preferred Payment Methods

THE DOMINANT PAYMENT METHOD
CARDS

More than 50% of consumer payments in 2016 were made with cards.

PREFERRED PAYMENT METHODS (%) FOR TRANSACTIONS

Australian consumers use debit cards more frequently than credit cards.

57% CARDS
37% CASH
1% INTERNET / PHONE BANKING
2% CREDIT
4% OTHER
0.2% CHECKS
3% PAYPAL

19% of Australian mobile buyers have used a mobile wallet to pay for products or services.

Small Business Acceptance

For smaller businesses, such as cafés, the availability of a contactless card terminal is likely to have increased the speed at which they can handle card payments, potentially lowering the overall cost of accepting cards.

Similarly, a reduction in interchange fees for small/contactless card payments by one of the international card schemes occurred in late 2012. This may have contributed to a greater willingness by some businesses to accept cards for low-value purchases. Additionally, the reduction of interchange fee may have reduced the incentive to specify a minimum spend for card transactions.

Payments Offered by the Government and Businesses

Australia’s growth in digital payments is enabled by the high number of POS devices.

TERMINALS PER MILLION INHABITANTS

40,130
AUSTRALIA
36,331
CANADA
32,750
ITALY
31,096
SINGAPORE
30,254
SWITZERLAND

53 Australian banks and credit unions now support digital credit and debit card payments via Apple Pay.

New mobile payment options are growing on Australian consumers.

Year over year Android and Apple Pay usage continues to increase.

Android Pay, launched in July 2016 is available in 53 banks and credit unions.
**Consumer Buying Trends**

Australia is a firm candidate for a cashless society because of its fast increasing use of contactless card payments, the development of new digital cash substitutes (such as mobile P2P payments) and the high adoption of smartphones (89% in 2016). 

Cash continues to be used more often for lower-value transactions – it was the most common way of making payments of $10 or less in 2016, accounting for over 60% of these small payments.

Credit and debit cards combined were the most frequently used means of payment in the 2016 survey, overtaking cash. Cards are increasingly being used for lower-value transactions, reflecting the adoption of contactless “tap and go” functionality at the POS.

**Country Penetration**

Estimated mobile phone penetration in 2016 was 81%.

Fraud is definitely becoming more of a concern for merchants. The growth with online payments has led to a growth in fraud. In Australia, the take up of 3DS authentication is low due to the perceived poor user experience, so merchants are beginning to require fraud scrubbing solutions.

**Country Shopping Holidays**

Easter | Near Christmas | Melbourne Cup (first Tuesday in Nov) | Mother’s Day (first Sunday in May)

**Top Social Buying Networks**

83% UK respondents that interact with brands on social

48% Made a purchase after watching a branded video

**Top 3 Industries with Mobile Payment Adoption**

Just under a fifth (19%) of mobile wallet users residing in Australia have used a mobile wallet to pay for food and drinks.

**How Has Fraud Been Impacted by New Payment Technologies?**

Fraud is definitely becoming more of a concern for merchants. The growth with online payments has led to a growth in fraud. In Australia, the take up of 3DS authentication is low due to the perceived poor user experience, so merchants are beginning to require fraud scrubbing solutions.

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2. RDP 2017 Report
4. Payments Down Under Report
Preferred Payment Methods

The use of cards became very common in India in 2016. The value of card payment transactions grew by 15% during 2016, with the primary drivers of growth being pre-paid cards and debit cards. The banked population in India is now at 66%.

Mobile phones account for 11% of ecommerce sales.

Alternative payment methods, such as NetBanking transactions, account for nearly 35-45%.

Mobile wallet transactions carried out via mobile wallets have grown by an astounding 500% between 2014 and 2016.

Payments Offered by the Government and Businesses

Mobile payments and QR-based payment methods are fast gaining popularity in India, primarily due to under penetration of POS devices. UPI and Paytm have both seen tremendous growth post-demonetization and have become two of the top players in India’s payments market. Right before demonetization, UPI, which allows users to send peer-to-peer (P2P) payments across participating banks, was seeing roughly $15 million monthly in payments volume via its interface. Just one month later, this figure jumped to $106 million. By March, it reached $359 million.

Furthermore, Paytm, India’s leading mobile wallet, saw immediate jumps in usage and adoption. Because of this, the firm added 20 million users in the first month after demonetization and more than 50 million by February, surpassing 200 million – helping the company reach 1 billion transactions in 2016.

Small Business Acceptance

Retail category penetration has increased to 60% reach and has grown to 37.5 million users.

Cash on Delivery (COD) is still a big component of ecommerce payments.

Upwards of 50% of payments are paid using COD.

There has been an increase in mobile wallets, but most Indian acquirers also run their own mobile wallets to compete with players like Paytm, Mobikwik, and Freecharge.

Consumer Buying Trends

Analysts forecast the mobile commerce market in India to grow at a CAGR of 71% over the period 2012-2016.

Mobile commerce currently contributes 3% of total ecommerce, (approximately $450 million), but mobile commerce grew 800% from 2012 to 2013.

Country Shopping Holidays

Just before the festival of Diwali (generally in Oct or Nov every year)
Top Social Buying Networks

- WhatsApp
- Facebook
- Instagram

53% of online consumers in India make mobile purchases for entertainment services, cinema, theatre shows and sport games.  

Country Mobile Penetration

| Country Mobile Penetration in 2017 | 299.4 million |

Top 3 Industries with Mobile Payment Adoption

- Utilities/Bill Payments
- E-Tail
- Travel

How Has Fraud Been Impacted by New Payment Technologies?

Since India is a 100% 2nd Factor Authentication market, the most common type of reported online fraud involves skimming.

Due to its population size alone, India is a market to watch. As more and more people get online, we are going to see an explosion in the market. Estimated mobile penetration is only at 299 million people now, but based on 100% smartphone penetration and the current population of India exceeding 1.3 billion (and still rising), they have a long way to go. COD is the dominant payment type in India, making up 37.5% of all transactions.
Preferred Payment Methods

PayPal

The use of mobile commerce in Singapore is skyrocketing, with current value sales of m-commerce surging by 137% between 2013 and 2016 to reach SGD1.6 billion.\(^7\)

Singapore is one of the first territories outside of the US to accept Apple Pay, Samsung Pay and Android Pay.\(^8\)

Country Mobile Penetration\(^9\)

<table>
<thead>
<tr>
<th>Country</th>
<th>Mobile Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple</td>
<td>11.3%</td>
</tr>
<tr>
<td>Android</td>
<td>8.8%</td>
</tr>
<tr>
<td>Google</td>
<td>5.2%</td>
</tr>
<tr>
<td>Samsung</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

Consumer Buying Trends

High smartphone penetration bodes well for mobile payments in Singapore, though contactless cards are also popular. Apple Pay retains 11.3% of the mobile wallet market, followed by Android at 8.8%, with Google (5.2%) and Samsung (4.7%) taking a smaller percentage of the market.\(^10\)

Payments Offered by the Government and Businesses

The government of Singapore’s push towards a **cashless society** is set to spur exponential growth in m-commerce over the forecast period 2016-21 with the category set to increase in value at a CAGR of 19% at constant 2016 prices to reach SGD3.8 billion by 2021.\(^12\)

Singapore is one of the first territories outside of the US to accept Apple Pay, Samsung Pay and Android Pay.\(^8\)

Ultimately, Singapore’s use of mobile commerce is skyrocketing, with value sales of m-commerce surging by 137% between 2013 and 2016, and this is unsurprising, given the government’s support to go “cashless.”\(^86\)
Preferred Payment Methods

PC remains the main device for remote payments in the UAE, with 77% of total remote purchases made through PCs. Whilst the use of tablets and mobiles is growing at a faster pace, they constitute about 10% and 14% of remote purchases, respectively.87

During 2016, the UAE saw an increase in cashless transactions, although cash accounted for 75% of the total consumer payment transactions. Pre-paid cards are expected to emerge as a key category in the financial cards and payments landscape defined by more conservative lending and borrowing behavior.90

With a CAGR of 31% by 2021 for commerce through tablets and 25% for mobile remote commerce this is a high-growth area.98

Payments Offered by the Government and Businesses

Pre-paid cards accounted for 80% of total card payment transactions in 2016, and these type of cards are used mostly to pay for public transportation.93

According to press sources, more than 50% of the POS terminals in the country are NFC enabled.95

Small Business Acceptance

The government has led various initiatives to move towards a cashless economy. This has included the development of various e-wallets and pre-paid cards.93

The Emirates Identity Authority continue to work towards integrating Emirates ID cards with the banking networks to develop technology and infrastructure to use the card in place of financial cards at ATMs.93

The United Arab Emirates remains digitally advanced on the world stage, but surprisingly, PC remains the main device for remote payments in the UAE, with 77% of total remote purchases made through PCs. Although the use of tablets and mobiles is growing at a faster pace, they constitute about 10% and 14% of remote purchases respectively. Similar to Singapore, the United Arab Emirates’ government believes in a move towards a cashless economy.

Consumer Buying Trends

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According to press sources, more than 50% of the POS terminals in the country are NFC enabled.95

Retail remains the leading industry in proximity payment solutions, accounting for 62% of total mobile proximity payments.86

Beam Wallet had been an early winner in leading the proximity payment segment as a startup specializing in mobile payments using Bluetooth technology.96

Mastercard partnered with Beam Wallet in 2016 to allow Beam Wallet users to pay at terminals accepting Masterpass payments, opening the gateway to over 250,000 global locations for the Beam Wallet app.96

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Preferred Payment Methods

Mexico is on par with most of Latin America due to its mobile payment landscape. 19% of internet users aged 18-34 use mobile wallet for payment, and 3 in 4 use cash.\(^\text{19}\) 

Payments Offered by the Government and Businesses\(^\text{102}\)

Prospera is an example of a government strategy focused on financial inclusion.

Prospera works with Bansefi – a social development bank in Mexico that not only issues pre-paid cards for Prospera financial benefit but also considers financial inclusion.

Consumer Buying Trends

PayPal has partnered with América Móvil, one of the top telecom carriers in Latin America to launch payment apps. América Móvil has 284 million subscribers worldwide and 73 million subscribers in Mexico.

América Móvil takes over 67\% of the wireless market in Mexico.\(^\text{103}\)
Mexico clearly has ground to make up but is making positive steps to closing the gap on financial exclusion. As it is, banking providers play a large role in Mexico, with 30.5% of transactions paid for by card and 29.9% made by bank transfer, with 14.2% made in real time. In addition, security is a large issue when it comes to payments, with a large value lost to fraud. Once infrastructure is secure, payment trends will start to become more apparent.

Security is one of the predominant challenges regarding payments in Mexico. There is still important value lost to fraud, which has increased along with growth in the use of financial cards. 72% of monetary claims that consumers presented in 2015 were attributed to fraud. Security is one of the predominant challenges regarding payments in Mexico. There is still important value lost to fraud, which has increased along with growth in the use of financial cards. 72% of monetary claims that consumers presented in 2015 were attributed to fraud.

How Has Fraud Been Impacted by New Payment Technologies?

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Preferred Payment Methods

There's also a strong contingent of people who plan to use these methods in the future. Nearly half intend to use non-cash and non-card services a lot over the next three years.

Most interestingly in Brazil, phone penetration continues to rise and Facebook and YouTube retain large areas of the social market, so they have huge potential reach and influence over buying decisions.

Consumer Buying Trends

63% of Brazilians feel that mobile payments are more convenient.

Top Social Buying Networks

- Facebook: 48%
- YouTube: 35%
- Twitter: 15%
- Snapchat: 14%

Country Mobile Penetration

- Estimated mobile phone penetration in 2016: 48.2%

Brazil

Payment Gateway Services

Ecommerce sales

Mobile will make up roughly one-quarter of ecommerce sales in Brazil and Mexico this year. By 2020, about one-third of retail ecommerce sales in Brazil and Mexico will come via mobile devices.

Most interestingly in Brazil, phone penetration will continue to rise and Facebook and YouTube retain large areas of the social market, so they have huge potential reach and influence over buying decisions.

Ecommerce sales

63% of Brazilians feel that mobile payments are more convenient.
Conclusion

In the last few years, we have witnessed a revolution in payments, transforming both how consumers make purchases as well as the opportunities available to retailers. Digital wallets and other smartphone methods of payment are gaining market share, but in all markets, card and bank transfers are still hugely popular.

As consumers start to use more and more alternative payment methods, businesses small and large will be expected to keep up. In 2018, payment options will mean everything to consumers. According to a ClickandBuy survey, over 50% of regular online shoppers will cancel a potential purchase if their preferred payment method is not available.\footnote{116 https://www.betaout.com/blog/10-most-common-reasons-for-shopping-cart-abandonment-tips-to-overcome-them/}

In addition, online social networks are starting to play a vital role in the purchase process of 84% of the most senior B2B buyers. 75% of B2B buyers and 84% of C-level/vice president (VP) executives surveyed use social media to make purchasing decisions.\footnote{117 https://cdn.londoncalling.co/wp-content/uploads/cs-social-buying-linkedin-whitepaper1.pdf} It’s becoming more common for retail sales to be driven by social networks, and we are seeing consumers also being influenced by social networks.

Finally, mobile payments also offer a significant growth opportunity, with current levels of penetration still relatively small in many markets.

The next few years in payments will be a particularly interesting time, as we are likely to see even more opportunities open up as a result of innovation. Consumers and retailers alike should be ready to embrace staggering levels of digital transformation, which, if implemented according to consumer demand in each market, should have extremely positive outcomes.