

Credential on File: The Digital Commerce **Growth Engine**



Credential on File: The Digital Commerce **Growth Engine**

© 2020 Mastercard. The information contained in this document is proprietary and confidential to Mastercard International Incorporated, one or more of its affiliated entities (collectively "Mastercard"), or both. This material is intended to be used internally within your organization, and may not be duplicated, published, or disclosed, in whole or in part, without the prior written permission of Mastercard.

Information in this presentation or in any report or deliverable provided by Mastercard in connection herewith relating to the projected impact on your financial performance, as well as the results that you may expect generally are estimates only. No assurances are given that any of these projections, estimates or expectations will be achieved, or that the analysis provided is error-free. You acknowledge and agree that inaccuracies and inconsistencies may be inherent in both Mastercard's and your data and systems, and that consequently, the analysis may itself be somewhat inaccurate or inconsistent.

The information, including all forecasts, projections, or indications of financial opportunities are provided to you on an "AS IS" basis for use at your own risk. Mastercard will not be responsible for any action you take as a result of this presentation, or any inaccuracies, inconsistencies, formatting errors, or omissions in this presentation. Mastercard makes no representations or warranties of any kind, express or implied, with respect to the contents of this document. Without limitation, Mastercard specifically disclaims all representations and warranties with respect to this document and any intellectual property rights subsisting therein or any part thereof, including but not limited to any and all implied warranties of title, non-infringement, or suitability for any purpose (whether or not Mastercard has been advised, has reason to know, or is otherwise in fact aware of any information) or achievement of any particular result. Without limitation, Mastercard specifically disclaims all representations and warranties that any practice or implementation of this document will not infringe any third party patents, copyrights, trade secrets or other rights.



Contents

The Digital Commerce Growth Engine		4
The Rise of Digital Commerce		5
Everyday Digital Merchants		6
Credential on File Accelerates Digital Commerce		7
Becoming the Default for Digital		8
A Seamless Payment Solution		9
Security Concerns		10
Preventing Card Switching		11
The Path Ahead		12
Endnotes		13



The Digital Commerce Growth Engine

Consumers around the world are increasing their online shopping, especially with everyday digital merchants like online marketplaces, food delivery, and entertainment subscriptions. It's no wonder that **most consumers across the world are saving their Credential on File** to make this shopping experience seamless, fast, and convenient. Issuers need to ensure their card is a consumer's default for digital purchases.

To better understand habitual online shopping behaviors and insights into Credential on File, Mastercard partnered with Ipsos to conduct proprietary consumer research across 10 markets. The research has revealed insights into:

- **Where** consumers are shopping online
- **Who** is saving their Credential on File
- **What** criteria consumers consider when they save a Credential on File
- **How** saving a Credential on File improves the shopping experience
- **Why** consumers change their default digital commerce card

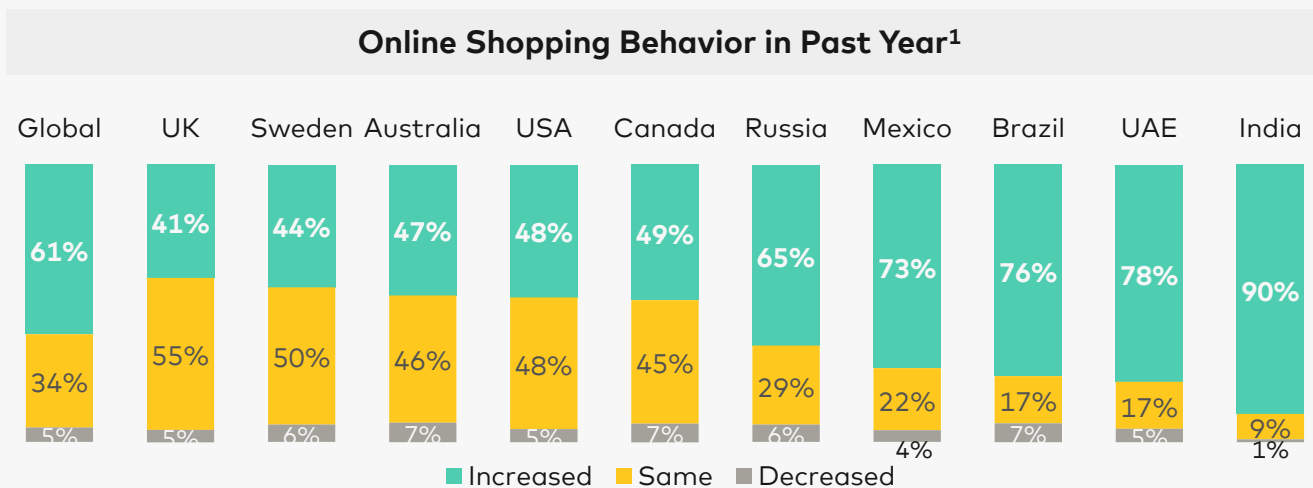


The Rise of Digital Commerce

Consumers are shopping online now more than ever, with 61% of consumers globally reporting that they are increasing their online shopping – and that was before COVID-19.

A closer look into these shopping behaviors around the world shows that consumer shopping frequency differs by market. More consumers in emerging markets report that they are increasing their online purchases, with 65% or more of consumers in Russia, Mexico, Brazil, UAE, and India reporting that they have increased their online shopping over the past year.

Meanwhile, in more established digital markets such as the UK, Sweden, Australia, the USA, and Canada, between 40% - 50% of consumers report that they have increased their online shopping in the past year.



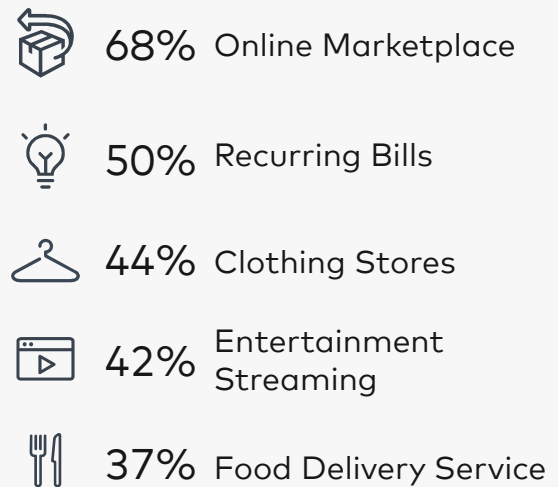
Credential on File: The Digital Commerce **Growth Engine**

Everyday Digital Merchants

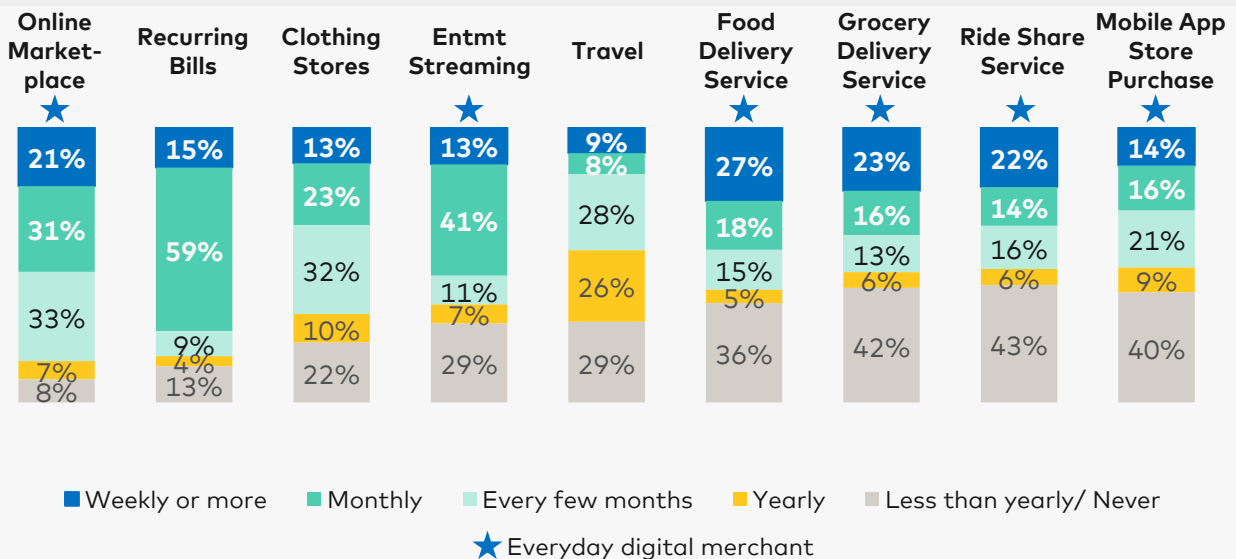
While consumers are increasing their online purchases, shopping behavior differs depending on the type of merchant. Some merchant types are more established than others. For instance, 68% of consumers shopped at an online marketplace in the prior three-month period, whereas only 37% of consumers had shopped at a food delivery service.

Additionally, there are several **high frequency merchant types** that have over a fifth of their consumers shopping with them weekly or more often. Many of these merchants are also “**everyday digital**” categories, including online marketplaces, food delivery services, ride share, and grocery delivery services.

% Consumers Making a Purchase in Prior Three Month Period²



Merchant Type Shopping Frequency²



Learn more at [mastercard.com](https://www.mastercard.com)
 For more information on Credential on File,
 contact your Mastercard account representative

Source: Mastercard Credential on File
 Proprietary Research, 2020, Global



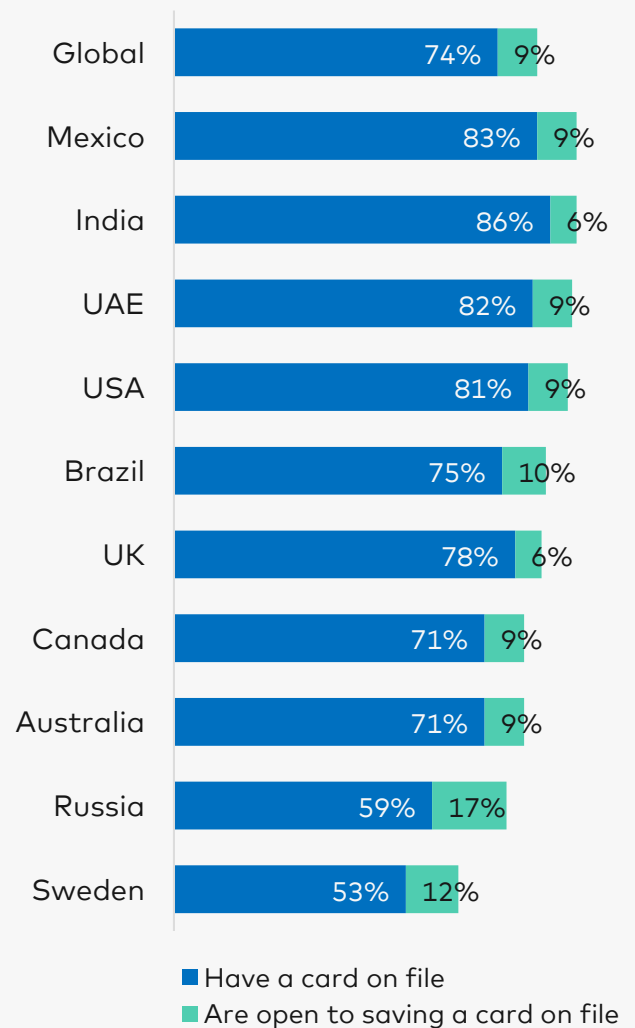
Credential on File Accelerates eCommerce

Frequent shopping with everyday digital merchants is seamless, fast, and convenient when consumers save their payment credentials during the checkout process. It's no wonder that **most consumers across the world are saving their payment credentials**. Globally, 74% of consumers currently have saved their card on file and an additional 9% are open to saving one.

This trend is relatively consistent across markets. Mexico and India have the highest percentage of consumers who have saved or are open to saving payment card details (both at 92%), whereas Sweden has the lowest percentage (65%).

83% currently have a card on file or are open to saving one (global average)

% with a CoF or open to saving one³



Becoming the Default for Digital

As saving payment details is now widespread among consumers, it is more important than ever to **become consumers' default card for digital purchases**. Consumers consider many factors when choosing which card to save online.

A closer look at the factors that are important to consumers when they choose a card to save show that issuers can take concrete steps to become the default card for digital.

These are the top three areas that influence which card a consumer chooses to save:

1 Primary Card

The #1 criteria consumers consider when choosing which payment card to save is **if it's their primary card** and/or linked to their primary bank account. 81% of CoF Users have their primary card saved as default with a merchant.

2 Safety & Security

Payment safety and security is the #2 criteria consumers consider when choosing which payment card to save. Card features like Mastercard Zero Liability and Purchase Protection are table stakes to consumers.

3 Rewards & Offers

Rewards and offers are the #3 criteria consumers consider when choosing which payment card to save. They seek to maximize card rewards (especially true among credit card users) and weigh the offers and incentives they receive for shopping at a specific online merchant.

Note: Consumers could select more than one response.



Credential on File: The Digital Commerce **Growth Engine**

A Seamless Payment Solution

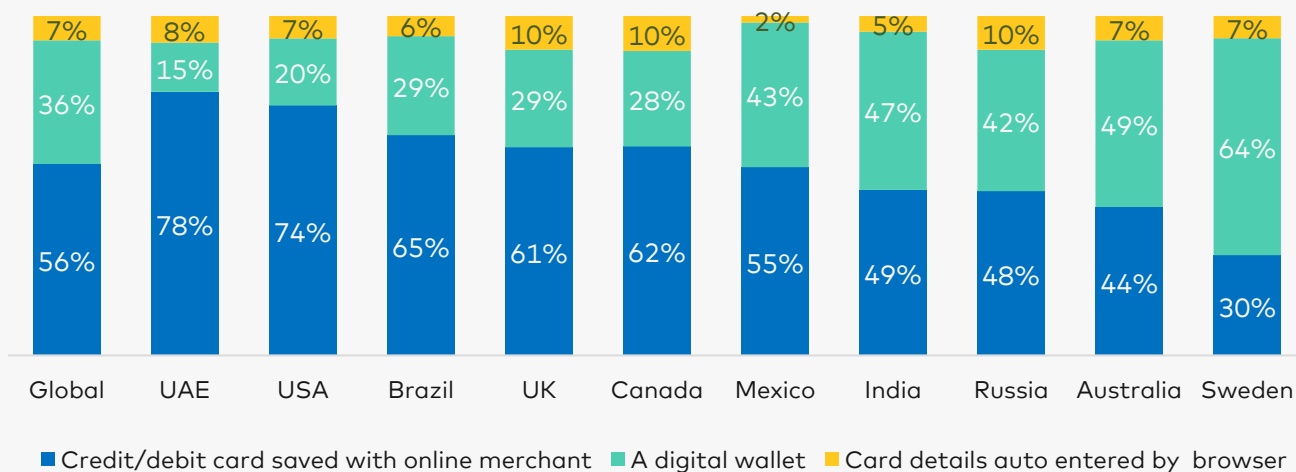
Saving a **Credential on File** is so widely adopted because it helps consumers have a **seamless experience**. The majority of consumers agree it makes paying online faster and more convenient. There is no need for consumers to take out their card and re-enter in their payment details for each purchase.

76% agree using a saved card makes paying online or in app **faster**

71% agree using a saved card makes paying online or in app **more convenient**

Consumers save their payment details in many different ways. Globally, the most preferred way to save a payment credential is saving a credit or debit card directly with a merchant (56%), followed by digital wallets (36%) and a browser auto-entering card details (7%). Preference for storing a debit/credit card is highest in the UAE and USA, whereas consumers in Sweden and Australia prefer a digital wallet.

Preferred Type of Saved Credential⁴



Note: Calculated among those consumers who prefer using saved credentials & excludes those who prefer manual entry of payment details

Learn more at [mastercard.com](https://www.mastercard.com)
For more information on Credential on File,
contact your Mastercard account representative

Source: Mastercard Credential on File
Proprietary Research, 2020, Global



Security Concerns

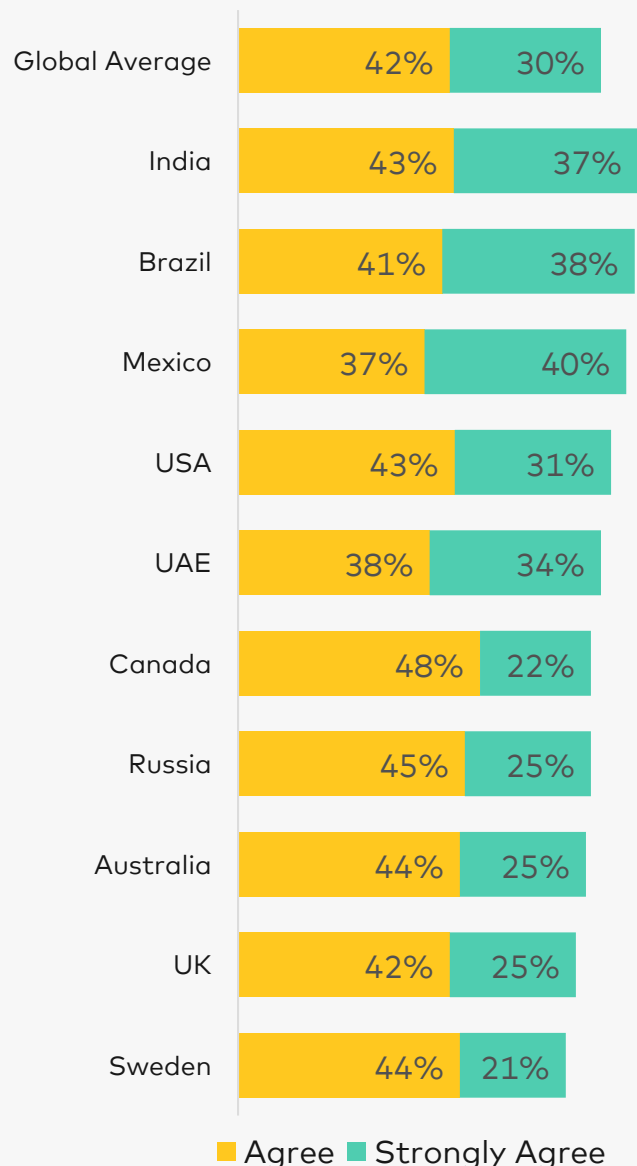
While consumers are increasingly adopting Credential on File, they still have some lingering concerns during checkout.

Many consumers are concerned about the security of their payment details and worry about fraud and identity theft. This is especially true in India, Brazil, and Mexico where over 75% of consumers are concerned about their card details being stolen.

Thankfully, there are solutions to address these concerns. Issuers should communicate to their cardholders about the safety and security benefits of their card, such as **Mastercard ID Theft Protection™** and **Mastercard Zero Liability**.

72% Agree or strongly agree they are concerned about someone stealing their saved card details

% Agree the risk of someone stealing saved card details concerns them



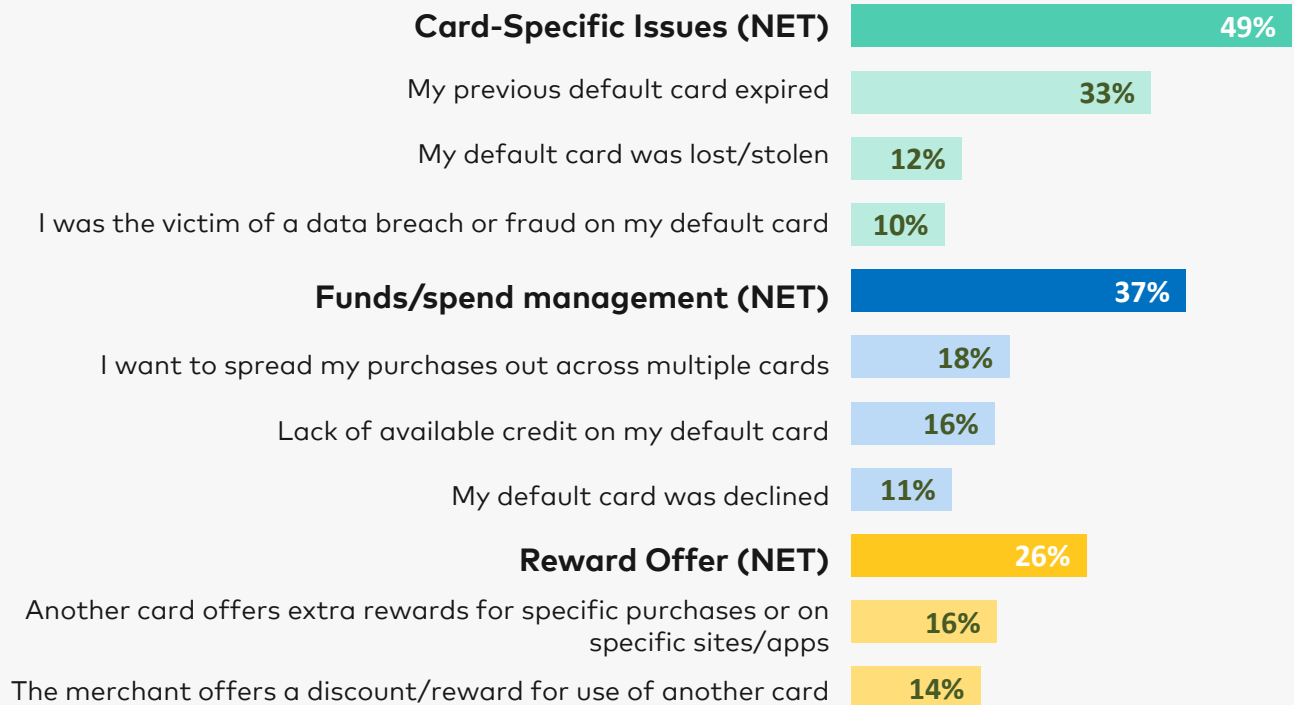
Preventing Card Switching

While it's critical to be the consumer's default for digital payments, it's also important to maintain this status. 56% of consumers with a card on file report that they have changed their default payment card in the past year.

56% have changed their default card in the past year

Much can be done to help prevent this card switching. The most common reason a consumer changes their default card is due to card-specific issues, such as card expiration, the card being lost/stolen, or fraud on the card. These issues can be prevented by implementing digital solutions such as **Mastercard Automatic Billing Updater or MDES for Merchants**. Beyond card-specific issues, consumers also consider spend management and reward offers when they change their default card for digital payments.

Top Reasons for Changing Default Card⁶



Note: Consumers could select more than one response.

Credential on File: The Digital Commerce **Growth Engine**

The Path Ahead

Consumers are increasing their online purchasing, especially in emerging markets. They are increasingly shopping with high-frequency everyday digital merchants such as online marketplaces, food delivery services, and grocery delivery.

It's no surprise that saving a Credential on File is becoming more commonplace with consumers around the globe, with 83% currently having a card on file or open to saving one. Saving a Credential on File makes the online checkout process faster and more convenient for cardholders. **Merchants** should continue to focus on frictionless checkout experiences via Credential on File.

For **Issuers**, being a consumers' default card for digital purchases is more important than ever. Issuers should educate their cardholders about this seamless checkout experience to drive habitual spend with digital merchants.

Credential on File is the growth engine of digital commerce. Issuers, merchants, and payment companies must continue to innovate around the process of saving credentials to ensure it remains seamless, secure, and simple for consumers as they increase their online shopping.



Endnotes

Terminology

There are three key terms to know:

Digital Commerce

Any transaction not made with a physical card is a digital transaction – whether online, over the phone, in-app, or via mobile in-store.

In this report, consumers who were surveyed made at least one purchase online in the prior three months.

Credential on File

Credential on File (CoF) is a process in which a cardholder explicitly authorizes a merchant to save their payment information.

In this report, references to CoF behavior correspond to consumers' self-reported behavior of saving card details with a merchant.

Consumers

All consumers surveyed in this study were e-commerce consumers, meaning they made at least one purchase online in the prior three months.

In this report, references to consumers refer back to these e-commerce consumers.



Endnotes

Research Methodology

These are some of the findings of a proprietary Mastercard survey conducted by Ipsos between December 9 – December 27, 2019. For this survey, a sample of 4,004 adults age 18+ who have made a purchase from an online merchant in the past 6 months were interviewed in each of 10 countries: The United States, Canada, Mexico, Brazil, India, Australia, Russia, Sweden, the United Kingdom, and the United Arab Emirates.

The sample for this study was randomly drawn from Ipsos' online panel, partner online panel sources, and "river" sampling and does not rely on a population frame in the traditional sense. Ipsos uses fixed sample targets, unique to each study, in drawing a sample. After a sample has been obtained from the Ipsos panel, Ipsos calibrates respondent characteristics to be representative of the country's population using standard procedures such as raking-ratio adjustments. The sample drawn for this study reflects fixed sample targets on demographics. Participants were then screened on their claimed online purchasing behaviors to qualify for the survey.

Statistical margins of error are not applicable to online non-probability polls. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error and measurement error. Where figures do not sum to 100, this is due to the effects of rounding

1. "Over the past year, have your online purchases and payments...?" eCommerce consumers, n=4,004
2. "How frequently do you make purchases online using a website or app at each of the following types of merchants?" eCommerce consumers, n=4,004
3. "For each of the following types of merchants, do you currently have your payment card details saved?" eCommerce consumers, n= 4,004
4. "When you make a purchase or payment online using a website or app, how do you most prefer to pay for your items?" eCommerce consumers, n= 4,004
5. "How strongly do you agree or disagree with the statement: The risk of someone stealing my saved card details concerns me?" eCommerce consumers, n= 4,004
6. "Why do you change the default payment card that you have saved with online merchants?" Current CoF Users (Rep) n=2,720