

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

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The digital commerce growth engine

Consumers around the world are increasing their online shopping, especially with everyday digital merchant categories like Online Marketplaces, Food Delivery and Entertainment Subscriptions. It's no wonder, then, **that most consumers across the world are using their Credential on File*** to make the experience seamless, fast and convenient. Therefore, issuers should ensure consumers use their card as default for digital purchases.

To better understand consumer digital commerce behaviors and gain insights into Credential on File, Mastercard partnered with Ipsos, a global research agency, to conduct proprietary consumer research across 15 markets. This report details findings from the research, including:

- **Which** digital merchant categories consumers use most frequently
- **How** the COVID-19 pandemic accelerated digital commerce
- **What** criteria consumers consider for Credential on File
- **How** Credential on File improves the consumer experience
- **Why** consumers change their default digital commerce card
- **What** strategies issuers can deploy to become and remain the default card

**See page 14 for more information on how we've defined Credential on File in this report.*



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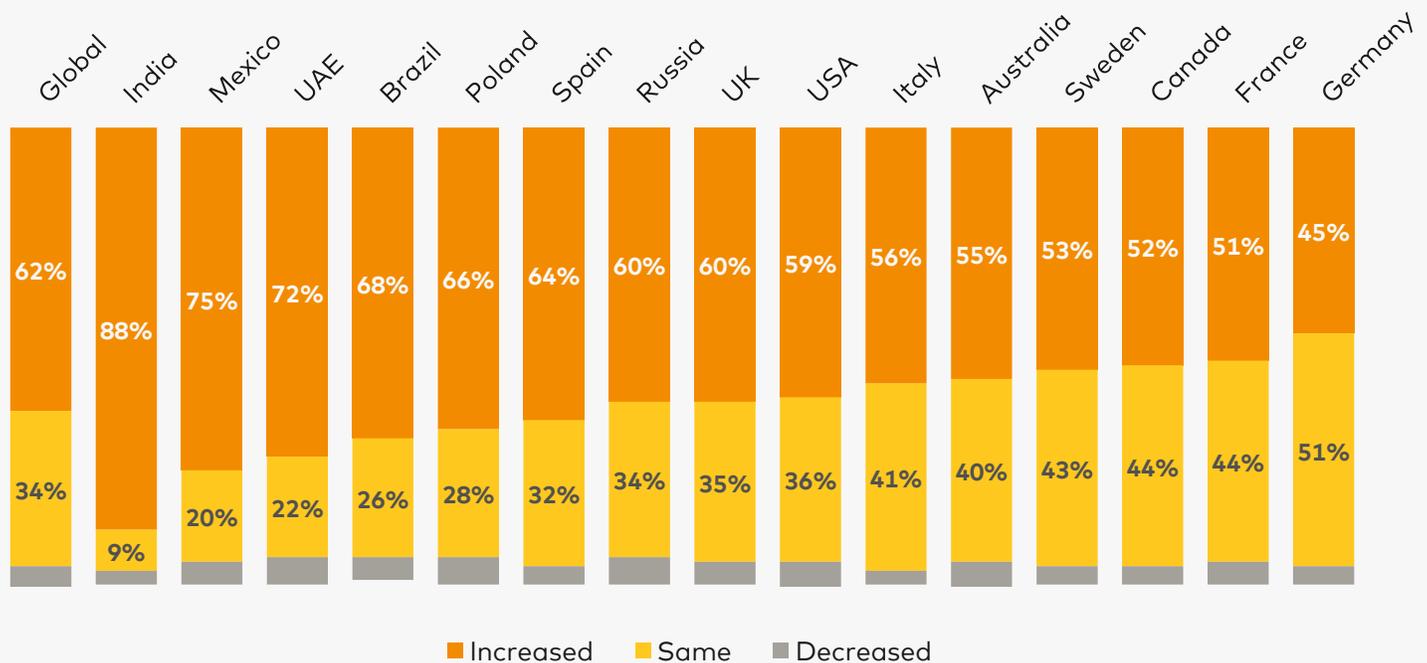
The rise of digital commerce

Digital commerce is increasing around the world, with 62% of consumers globally reporting that they are increasing their online purchases.

A closer look into these behaviors shows that more consumers in emerging markets are increasing online shopping, with more than 70% in India, UAE and Mexico reporting they increased their online purchasing in the past year.

Meanwhile, closer to 50% of consumers in Germany, Canada and France have increased online shopping in the past year.

Changes in Online Shopping Behavior in Past Year¹



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, 2021, Global



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Credential on File accelerates digital commerce

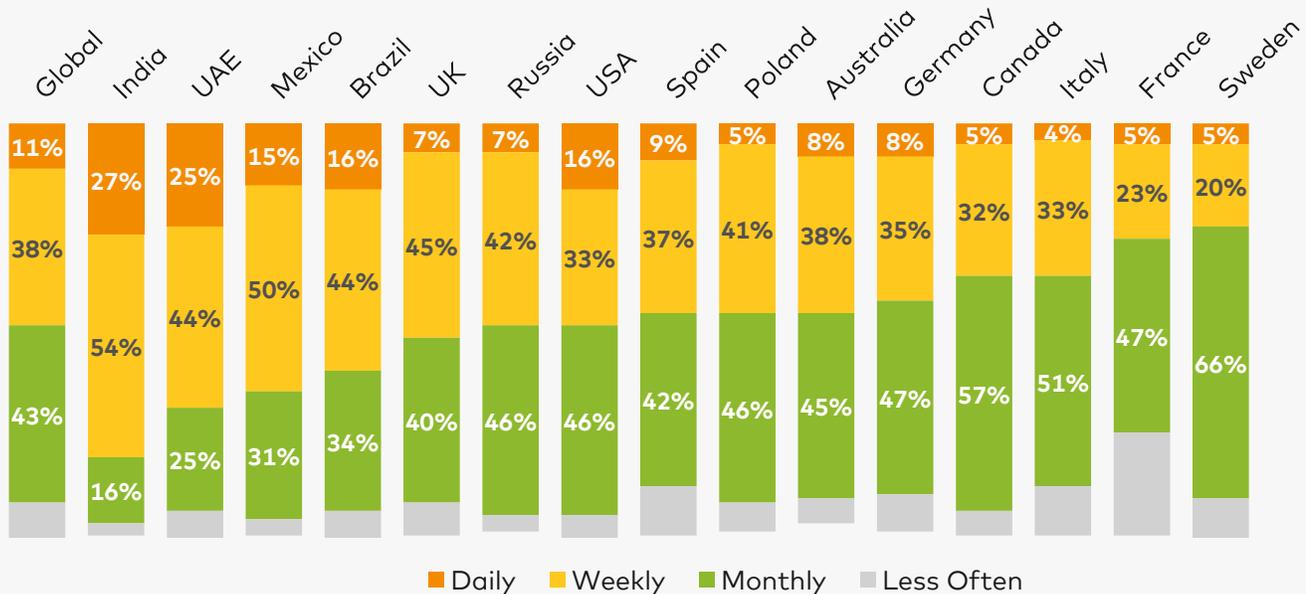
The check-out process is seamless, fast and convenient when consumers use saved payment credentials. It's no wonder that **most consumers across the world are saving their payment credentials.** Globally, 79% of consumers currently have saved a card on file or are open to doing so.

79%

currently have a card on file or are open to saving one

Consumers habitually use digital merchants where their credentials are saved. 91% of consumers are shopping online at least monthly, 49% at least weekly and about 1 in 10 daily. Consumers in emerging markets report that they are making online purchases most frequently, with more than 65% in India, UAE and Mexico shopping online at least weekly.

Online Shopping Frequency in Past Year²



Learn more at [mastercard.com](https://www.mastercard.com)
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Source: Mastercard Credential on File
Proprietary Research, 2021, Global

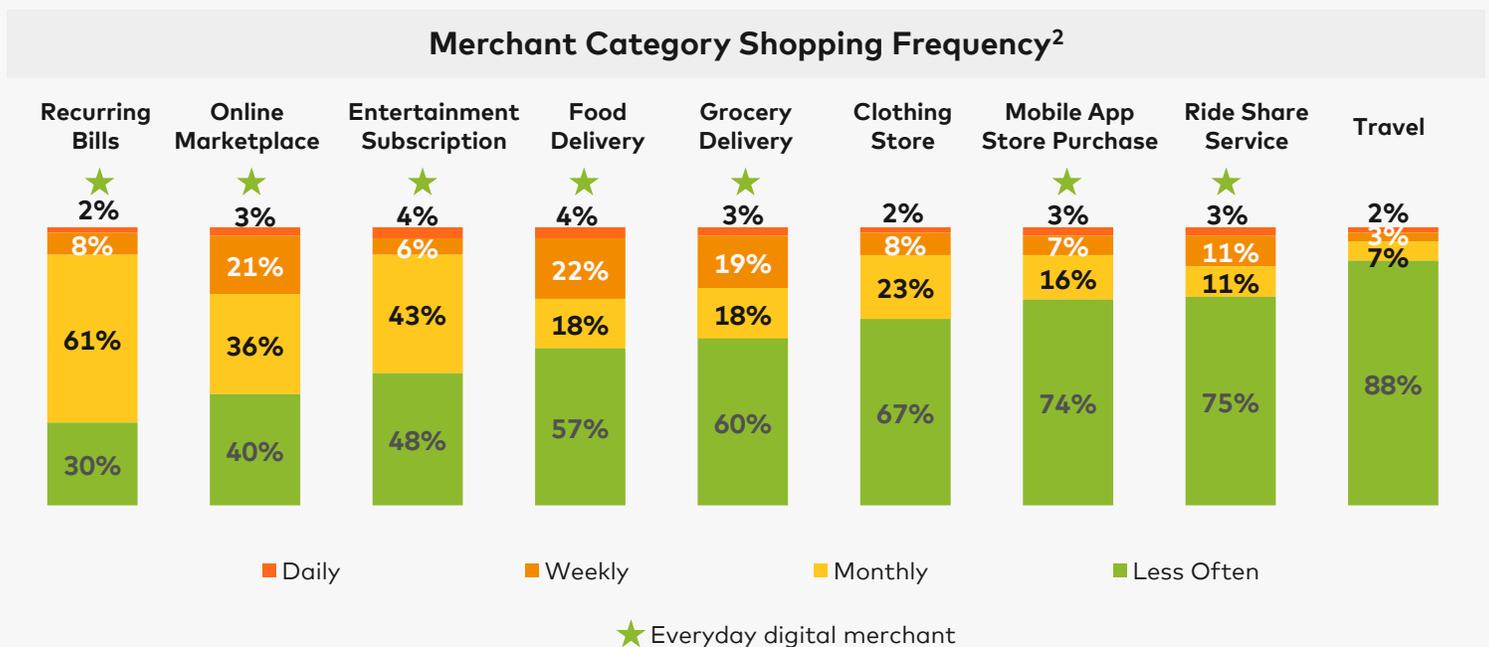


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Everyday digital merchants

Consumer behavior differs depending on the type of merchant, with some merchant categories having broader adoption. For instance, 74% of consumers shopped at an Online Marketplace in the prior three-month period (Aug 2020 – Nov 2020), whereas 40% of consumers had used a Food Delivery Service.

There are several **high frequency merchant categories** that have over 40% of their consumers using them monthly or more often. These include **everyday digital** categories, such as Online Marketplaces, Food Delivery and Grocery Delivery.



The COVID-19 pandemic heavily influenced shopping frequency at these merchant categories. For instance, Food and Grocery Delivery services have high weekly or daily use; meanwhile, Ride Share services and Travel have less frequent use, as travel opportunities were limited in 2020.



A shift in behavior

The COVID-19 pandemic rapidly changed how consumers shopped. Many consumers shifted purchases online for safety and simplicity.

72% agree that online purchases make it easier to deal with the impact of the pandemic

Consumers express a strong interest in supporting small businesses that have an online presence, but few save their credentials when they shop with small merchants. **Mastercard Click To Pay** can help drive digital commerce with small businesses.

66% agree they like being able to support small businesses that now have an online presence

Furthermore, as shopping online becomes the norm, consumers are expanding the breadth of merchant categories and the number of merchants they use. This is particularly true for Online Marketplaces, Food Delivery and Grocery Delivery.

Consumers tried **new merchant categories...**

...and **increased the number of merchants** they used

48%



Grocery Delivery

56%

44%



Food Delivery

56%

27%



Online Marketplace

45%

% started using the category since the pandemic began³

% used 1+ new merchants in the category⁴



Becoming the default in digital

Because using a Credential on File is widespread among consumers when they shop online, 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.

Issuers can take concrete steps to become the default card for digital purchases. These are the top three criteria 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. 79% of Credential on File users save their primary card as default with a merchant.

2 Safety & Security

Consumers consider **safety & security benefits** when choosing which payment card to save. Card features like Mastercard Zero Liability and purchase protection are table stakes.

3 Rewards & Offers

Consumers are motivated by **rewards and offers** when choosing which payment card to save. They seek to maximize card rewards (particularly credit card users) and weigh the offers and incentives with online merchants.

Note: Consumers could select more than one response..



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A seamless payment solution

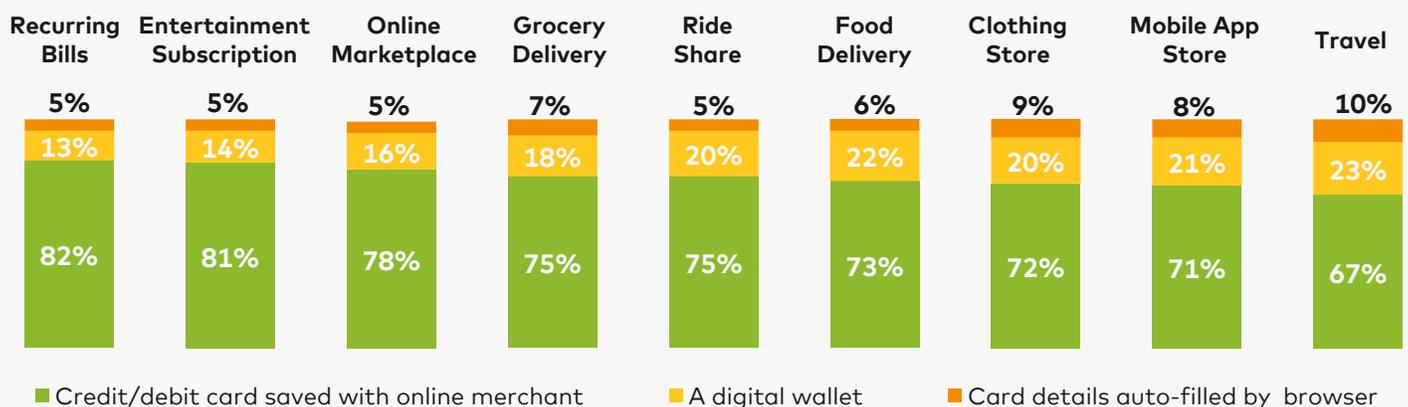
Using a **Credential on File** is widely adopted because it delivers a seamless consumer experience. Most consumers agree it makes paying online faster and more convenient. There is no need for consumers to take out their card and re-enter their payment details for each purchase.

74% agree using a saved card makes paying online or in app **faster**

66% agree using a saved card makes paying online or in app **more convenient**

Consumers prefer to save their debit or credit card directly with a digital merchant.* This preference is highest at Recurring Bill merchants, Entertainment Subscriptions and Online Marketplaces, where roughly 8 in 10 prefer using a debit or credit card they saved directly with the merchant.

Preferred Way to Save a Credential⁵



*Calculated among those consumers who prefer using saved credentials

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, 2021, Global



Security concerns

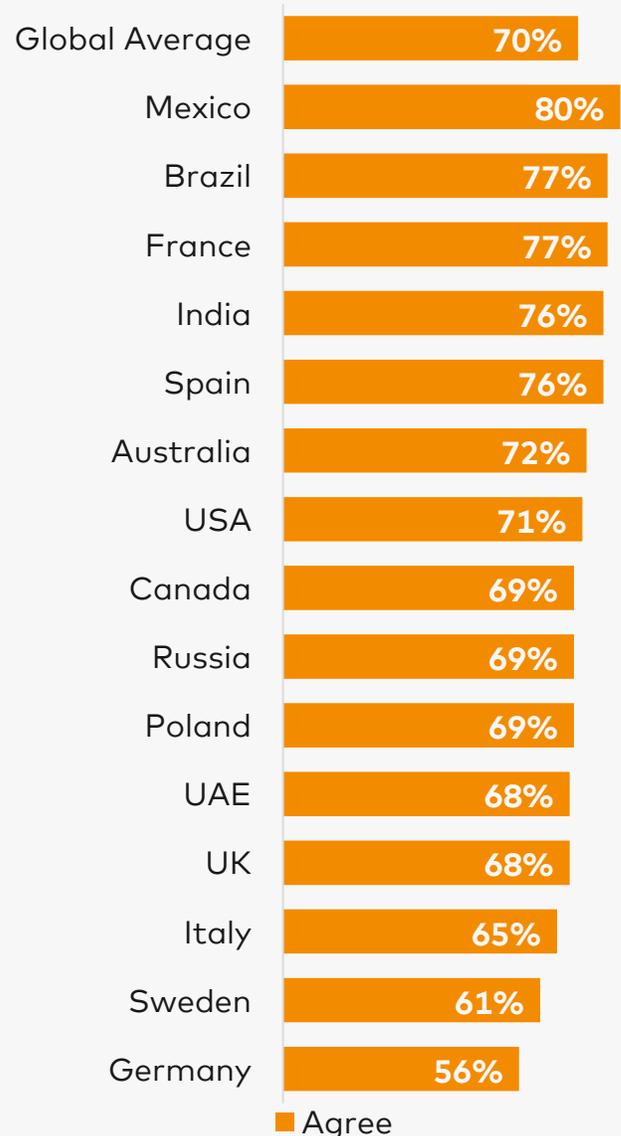
While consumers are increasingly adopting Credential on File, they have some concerns during checkout.

Many consumers are concerned about the security of their payment details and worry about fraud and identity theft. This is especially true in Mexico, Brazil, and France where over 77% of consumers are concerned about their card details being stolen.

There are solutions to address these concerns. Issuers should clearly communicate safety and security benefits to cardholders such as **Mastercard ID Theft Protection™** and **Mastercard Zero Liability**. Repeat or reminder messaging may be particularly beneficial.

70% Agree or strongly agree they are concerned about someone stealing their saved card details

% Agree the risk of someone stealing saved card details concerns them⁶



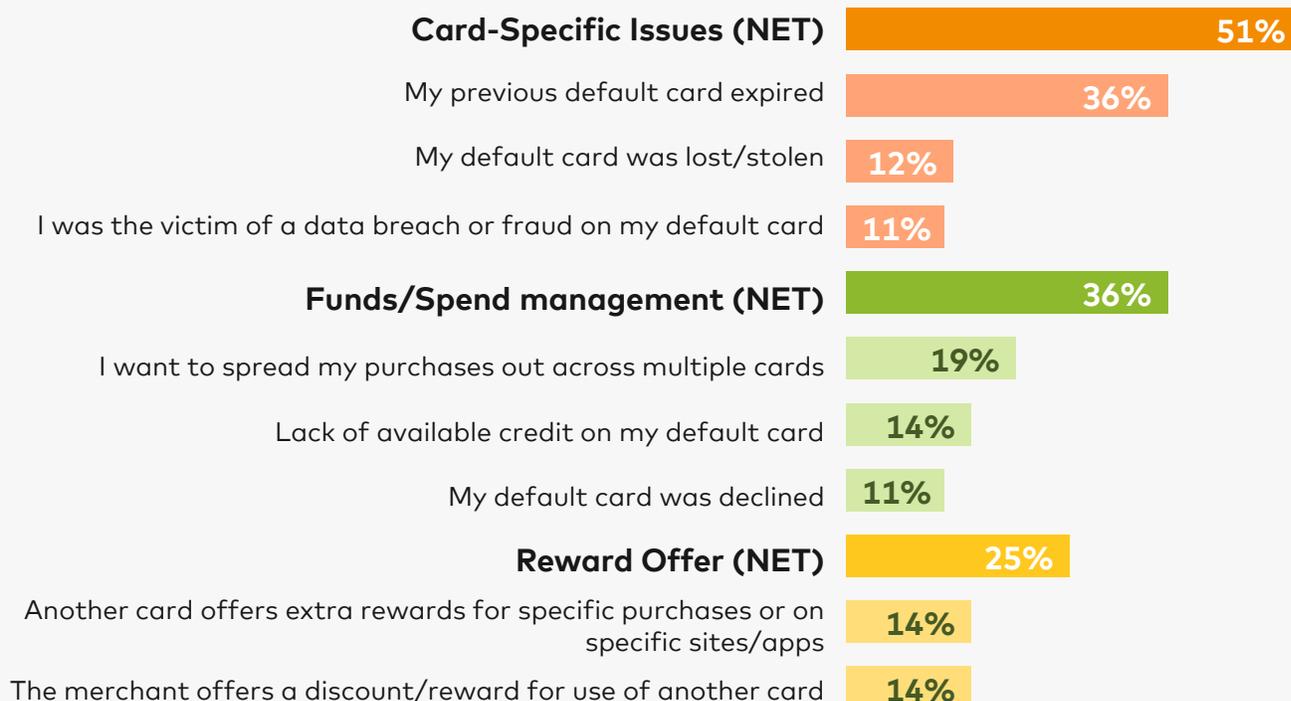
Preventing card switching

While it's critical to be the consumer's default for digital payments, it's also important to maintain this status. According to the research, 51% of consumers with a Credential on File report that they have changed their default payment card in the past year.

51% have changed their default card in the past year

There are solutions to mitigate card switching. Consumers sometimes change their default card due to card-specific issues such as card expiration, the card being lost/stolen, or fraud on the card. These issues can be addressed by implementing digital solutions such as **Mastercard Automatic Billing Updater** or **Mastercard Digital Enablement Services (MDES)**. 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 Card⁷



Note: Consumers could select more than one response.

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The path ahead

Consumers are increasing their online purchasing, especially in emerging markets. They are increasingly using everyday digital merchants such as Online Marketplaces, Food Delivery services and Grocery Delivery services. Consumers expect this change in behavior to last, with many planning to keep using any new digital merchants once the pandemic is over.

63% plan to keep using any new digital merchants and/or services once the pandemic is over

For **Issuers**, being consumers' default card for digital purchases is more important than ever. Issuers can embed everyday digital merchants into the cardholder value proposition and educate their cardholders about security features, with a focus on driving habitual spend with high-growth digital merchants.

Mastercard is the partner of choice when it comes to positioning card benefits to feature everyday digital merchants and offering turnkey marketing materials. **Mastercard Loyalty Solutions** and **Mastercard Managed Services** can help deploy best-in-class marketing campaigns to capture and grow Credential on File spend. Contact your Mastercard account representative to discuss how to optimize Credential on File.



End notes

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 eCommerce consumers, meaning they made at least one purchase online in the prior three months.

In this report, references to consumers refer back to these eCommerce consumers.



End notes continued

Research methodology

These are some of the findings of a proprietary Mastercard survey conducted by Ipsos between November 6 – November 23, 2020. For this survey, a sample of 7,500 adults age 18+ who have made a purchase from an online merchant in the past 3 months were interviewed in each of 15 countries: The United States, Canada, Mexico, Brazil, India, Australia, Russia, Sweden, the United Kingdom, Spain, Germany, France, Italy, Poland, 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=7,500
2. "How frequently do you make purchases online using a website or app at each of the following types of merchants?" eCommerce consumer, n=7,500
3. "How long has it been since you first started making purchases online with each of the following types of merchants?" eCommerce consumers shopped with specific merchant type, n =size varies by merchant type
4. "Over the past year, how, if at all, has the number of specific online retailers/businesses/brands you've used changed with each of these types of digital merchants?" eCommerce consumers shopped with specific merchant type, n =size varies by merchant type
5. "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=7,500
6. "How strongly do you agree or disagree with the statement: The risk of someone stealing my saved card details concerns me?" eCommerce consumers, n=7,500
7. "Why do you change the default payment card that you have saved with an online merchant?" Current CoF Users (Rep) n=2,650