

New Payment Options: Why Consumers Are Trying Digital Wallets, a PYMNTS and Nuvei collaboration, explores consumers' readiness to try new payment methods, such as online bank transfers enabled through digital wallets. We conducted a census-balanced survey of 2,466 U.S. consumers from May 25 to May 30 to measure consumers' experience with and expectations from online bank transfers and other payment methods.

New Payment Options:

WHY CONSUMERS ARE TRYING DIGITAL WALLETS



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PYMNTS | nuvei

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Introduction

Consumers have been experimenting with different forms of payment since well before the Romans minted coins with Caesar's likeness. Modern technology has simply sped up the pace of this experimentation. In an era where digital wallets are becoming common, merchants and bankers are regularly on the lookout for new payment methods that help them strengthen relationships with existing customers and broaden their customer bases.

It helps that consumers still try new payment methods at a steady pace: 52% of consumers tried a new payment method in the past year. The greatest number of these curious consumers chose to try out digital wallets, suggesting that interest in new products is greatest with payment methods that have had time to establish themselves as credible means of exchange. But there has also been some usage of less familiar forms of payment like online bank transfers.



All of this points to an opportunity that merchants and banks have to reach a receptive customer base by rolling out payment products like online bank transfers.

These are just a few of the key findings in *New Payment Options: Why Consumers Are Trying Digital Wallets*, a PYMNTS and Nuvei collaboration, in which we examine consumers' use of new payment methods. We conducted a census-balanced survey of 2,466 U.S. consumers from May 25 to May 30 to measure consumers' experiences with and expectations from new payment methods, such as online bank transfers enabled through digital wallets.

This is what we learned.

1 A majority of consumers used a new payment method in the past year, and younger consumers are leading the way. The youngest consumers are the most willing to try new payment methods: 79% of Generation Z consumers tried one out in the past 12 months, as did 70% of millennials and 66% of bridge millennials. We found less interest in trying new payment methods as consumers get older: Half of Generation X consumers and just 29% of baby boomers and seniors tried new payment methods in the past year.

2 Digital wallets are the most popular new payment method: 59% of consumers who tried a new payment method in the past year used one. Consumers demonstrated a willingness to give all manner of payment methods a first try in the past year, but digital wallets garnered the most usage. This was led by younger generations of consumers, with 66% of Gen Z consumers and 67% of millennials giving digital wallets trial runs. Similarly, high-income consumers demonstrated the most willingness to experiment with digital wallets: 66% of consumers with yearly incomes greater than \$100,000 tried them out last year.

3 Ease of use and convenience power consumers' interest in digital wallets and other new payment methods. Consumers are willing to try out payment methods in large part because they believe these forms of payment will give them advantages like improved ease of use and broader acceptance. Digital wallets offer these benefits: 62% of consumers who adopted digital wallets in the past year say they use them because of ease of use. Similarly, 67% of consumers who have adopted digital wallets in the past year did so because of their broad acceptance by merchants. These factors offer merchants and financial institutions (FIs) a roadmap for designing products that appeal to the largest possible number of consumers.

4 Forty-two percent of consumers who have not used digital wallets say they would be interested in trying them in the next year. Few consumers appear willing to try specific payment methods with which they are unfamiliar. Less than 23% of consumers we surveyed had interest in trying any given payment method they had not used before, except for one. The lone exception is digital wallets: 49% of Gen X consumers, 47% of bridge millennials and 44% of millennials all say they are willing to give digital wallets a try in the next 12 months. The general unpopularity of other options suggests that merchants and banks have to address consumers' reluctance to try new payment methods if they are going to develop a customer base for nascent alternatives such as online bank transfers.

A youth movement in payment tryout

It is a common assumption that the younger you are, the more willing you are to try new things. The data bears this out for the type of consumer willing to try their hand at new payment methods.

Seventy-nine percent of Gen Z consumers tried new payment methods in the past year. However, only 29% of baby boomers and seniors tried new payment methods. PYMNTS' data also found that within younger generational cohorts, the share of each age group that tried new payment methods increases.

Banks and merchants have an opportunity to successfully market digital wallets and other emerging methods like online bank transfers if they recognize the differences among consumer demographics and identify the groups that may be most receptive to new types of payment.

For example, 56% of consumers earning more than \$100,000 annually used a payment method in the last year they had not previously tried. This share slips to 54% for consumers with incomes between \$50,000 and \$100,000 and 46% among consumers making less than \$50,000.

In addition, consumers with a somewhat shaky financial status are also more likely to have tried a new payment method this past year than consumers who are more financially secure. Sixty-six percent of consumers who live paycheck to paycheck and have issues paying bills tried new payment methods during the past year, as did 66% of the consumers with credit scores of 650 or less.

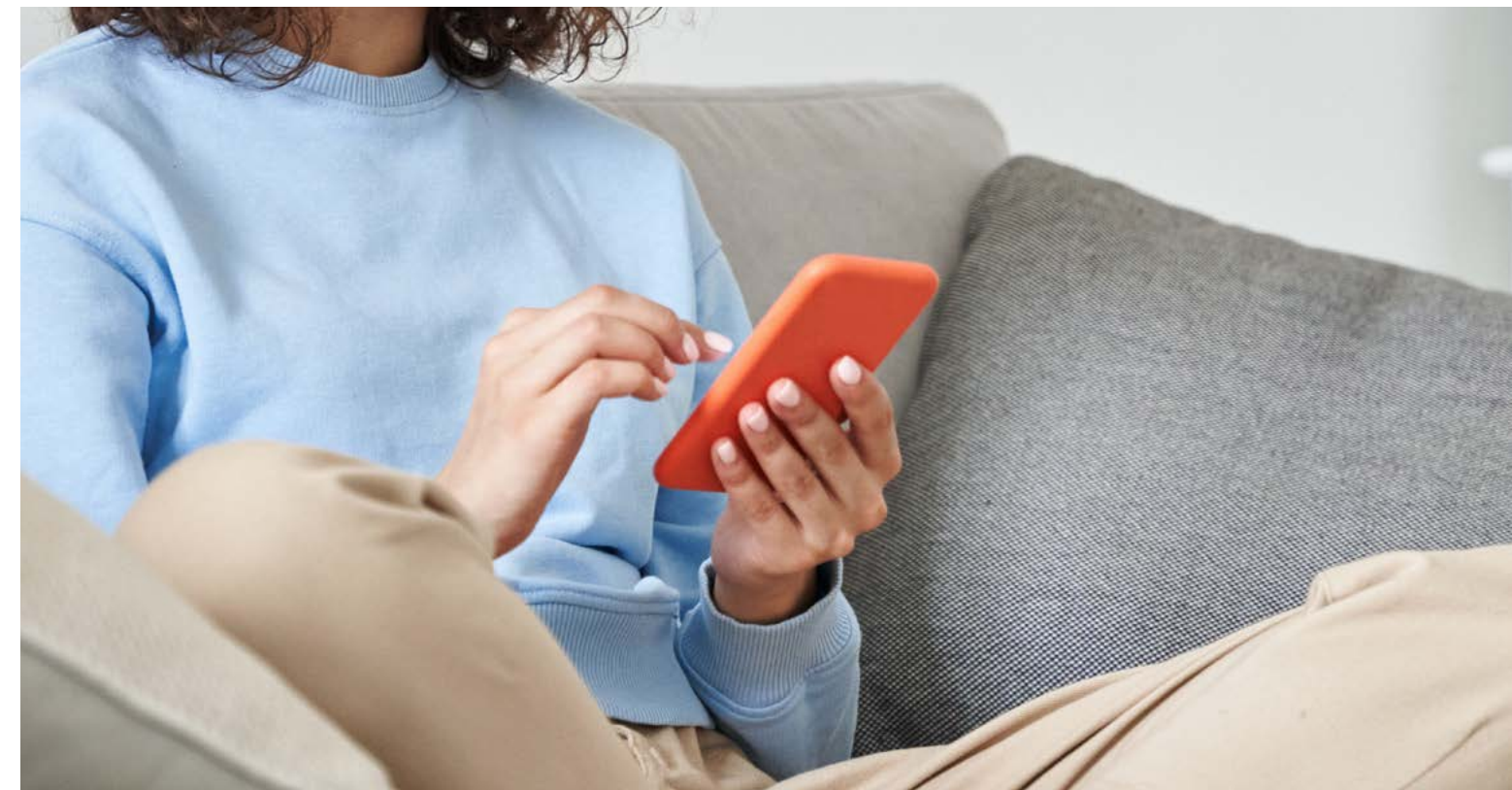
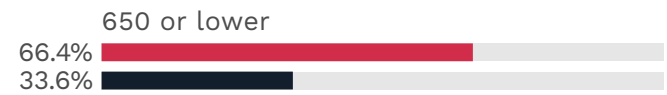
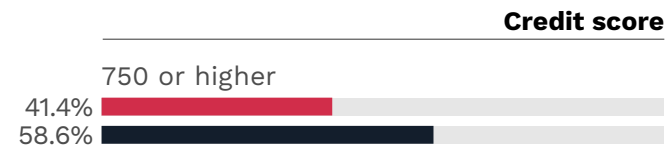
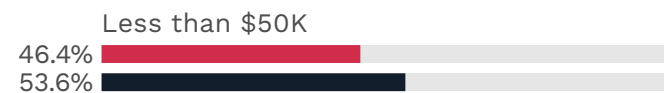
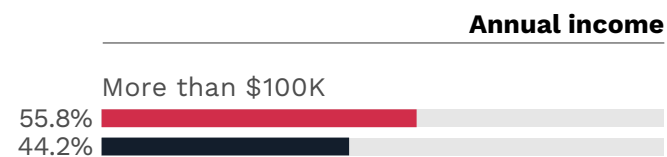
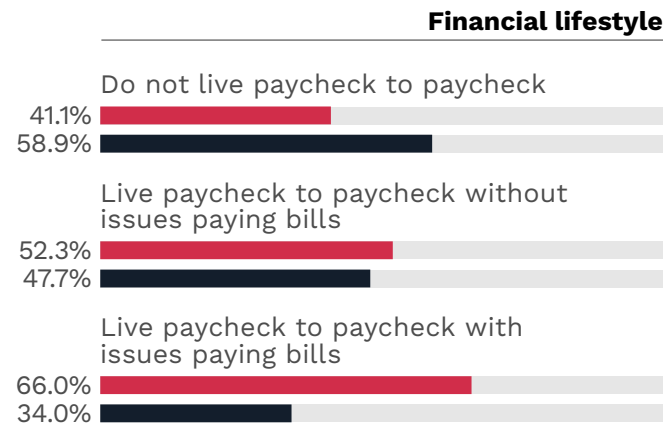
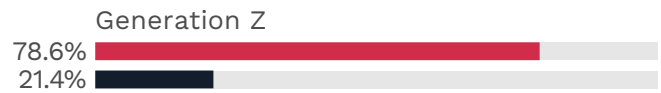
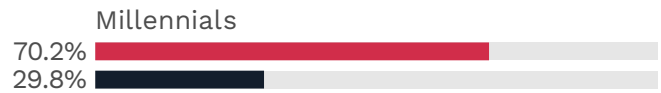
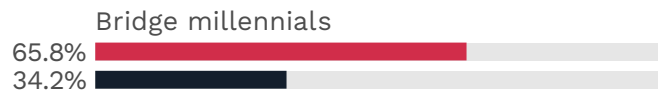
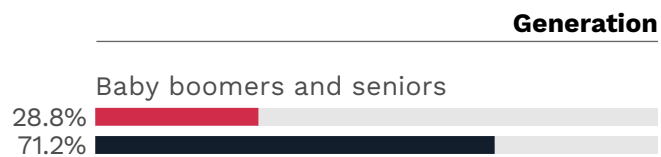
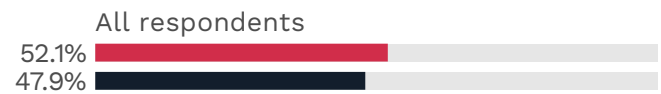


FIGURE 1:
Consumers' willingness to try payment methods

Share of consumers who have tried payment methods in past year, by demographic

■ I used a new payment method.
■ I did not use a new payment method.



56%
of consumers earning more than \$100,000 annually tried a digital payment method in the past year.

Source: PYMNTS
New Payment Options: Why Consumers Are Trying Digital Wallets, November 2022
N = 2,466: Complete responses, fielded May 25, 2022 – May 30, 2022

What payment methods will consumers try?

Consumers have demonstrated a willingness to try new forms of payment, especially digital wallets: Nearly six of 10 consumers adopted digital wallets as a new payment method in the past year. We found the strongest usage among younger generations and upper-income consumers.

Data shows that 66% of consumers earning more than \$100,000 each year, 66% of Gen Z consumers and 67% of millennial consumers tried out digital wallets as a payment method in the past year.

Credit cards, debit cards, prepaid cards and store cards were collectively the second-most commonly adopted payment method this past year, with 53% of consumers trying them. Cash and checks came in third, with 30% of consumers adopting them.

Leading the rest were online bank transfers, which 12% of consumers adopted in the last year — more than the share who adopted either cryptocurrency or buy now, pay later. As was the case with digital wallets, younger and upper-income consumers showed the most willingness to use the transfers, suggesting that the strengths of the method may be positioning it for notable growth.



FIGURE 2A:
The consumers adopting new payment methods

Share of consumers who have adopted select new payment methods in the past year

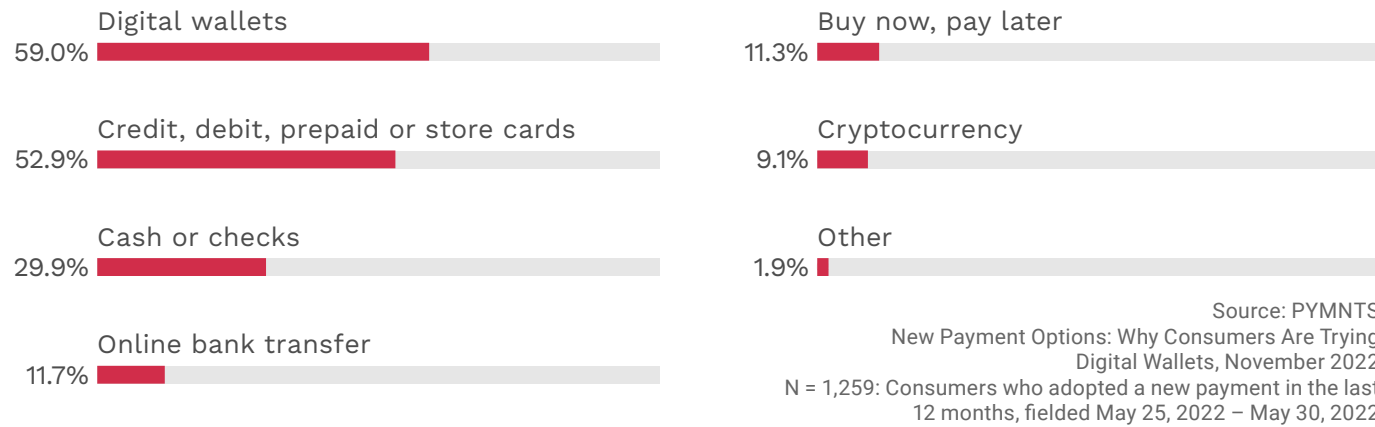


TABLE 1:
The consumers in each generation adopting new payment methods

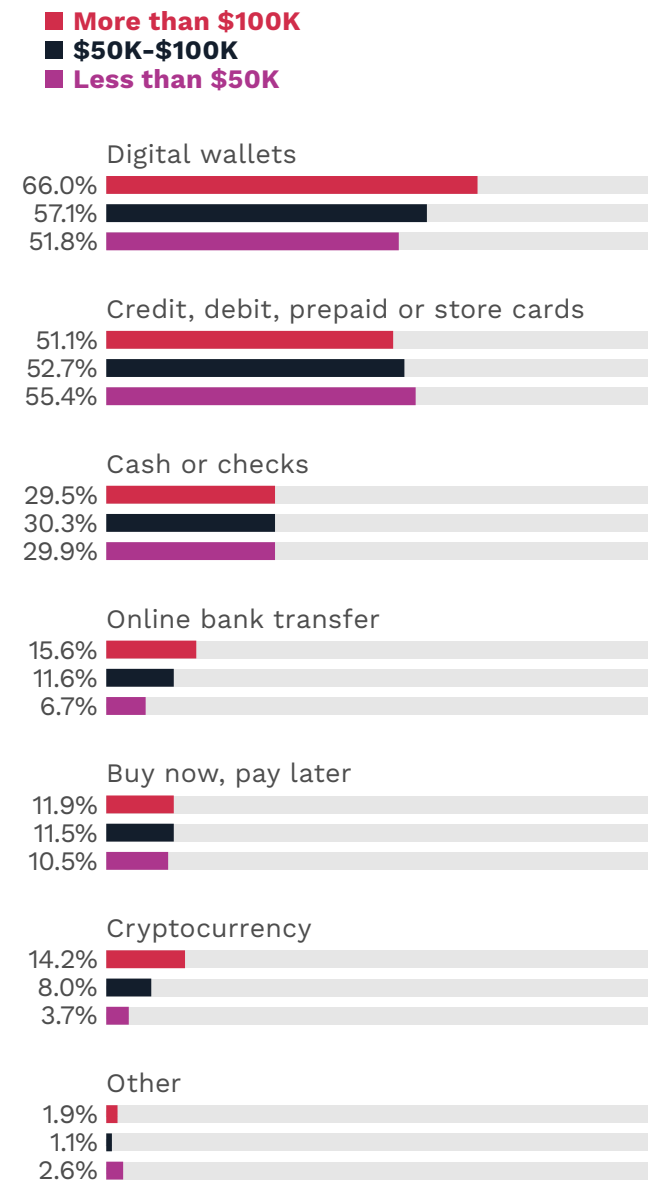
Share of consumers who have adopted new payment methods, by generation

| | Generation Z | Millennials | Bridge millennials | Generation X | Baby boomers and seniors |
|---|--------------|-------------|--------------------|--------------|--------------------------|
| • Digital wallets | 66.2% | 67.1% | 62.7% | 55.6% | 40.1% |
| • Credit, debit, prepaid or store cards | 43.8% | 58.1% | 57.6% | 50.4% | 54.4% |
| • Cash or checks | 34.9% | 30.8% | 30.2% | 25.8% | 28.5% |
| • Online bank transfer | 14.6% | 13.4% | 13.1% | 9.0% | 9.3% |
| • Buy now, pay later | 13.0% | 11.4% | 10.2% | 12.4% | 8.3% |
| • Cryptocurrency | 5.2% | 16.5% | 16.0% | 6.3% | 1.8% |
| • Other | 0.2% | 0.6% | 1.0% | 3.9% | 3.5% |

Source: PYMNTS
New Payment Options: Why Consumers Are Trying Digital Wallets, November 2022
N = 1,259: Consumers who adopted a new payment in the last 12 months, fielded May 25, 2022 – May 30, 2022

FIGURE 2B:
The consumers adopting new payment methods

Share of consumers who have adopted new payment methods, by income level



Source: PYMNTS
New Payment Options: Why Consumers Are Trying Digital Wallets, November 2022
N = 1,259: Consumers who adopted a new payment in the last 12 months, fielded May 25, 2022 – May 30, 2022

62%
of the consumers who adopted digital wallets in the past year say ease of use was a reason they started using them.

Payment product priorities for curious consumers

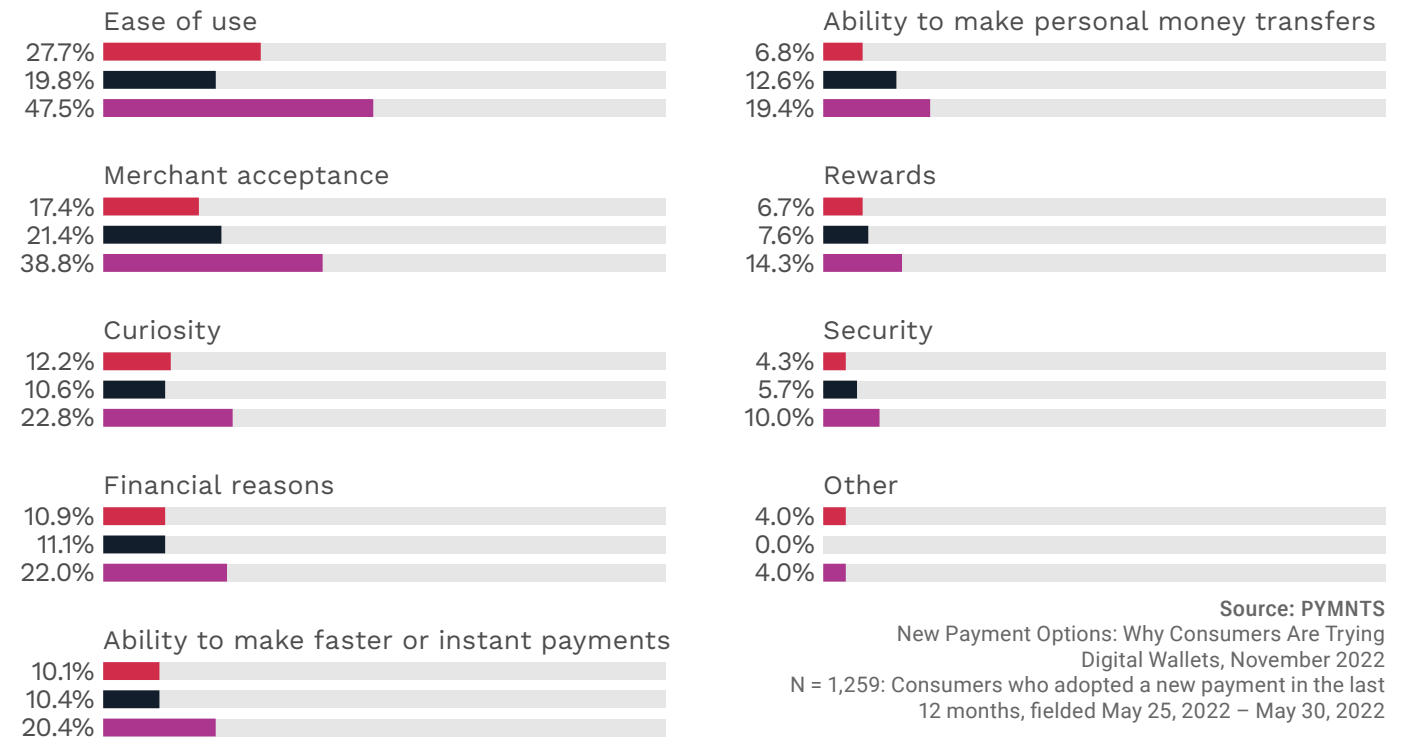
Payment products that add friction are unlikely to win over consumers. PYMNTS’ data found that ease of use is more important than all other factors in a consumer’s decision to adopt a new payment method.

Forty-eight percent of consumers say ease of use was important to them when adopting a payment method, and 28% of consumers identified it as the most important factor. The second most important reason for adopting a new payment method in the past year was its acceptance by merchants: 39% of the consumers who adopted a new payment method in the past year found merchant acceptance important, and 17% of those consumers considered it the most important factor.

FIGURE 3A:
Why consumers choose new payment methods

Share of consumers citing select factors as important when they adopt new payment methods

■ Most important concern
■ Important, but not most important
■ Total



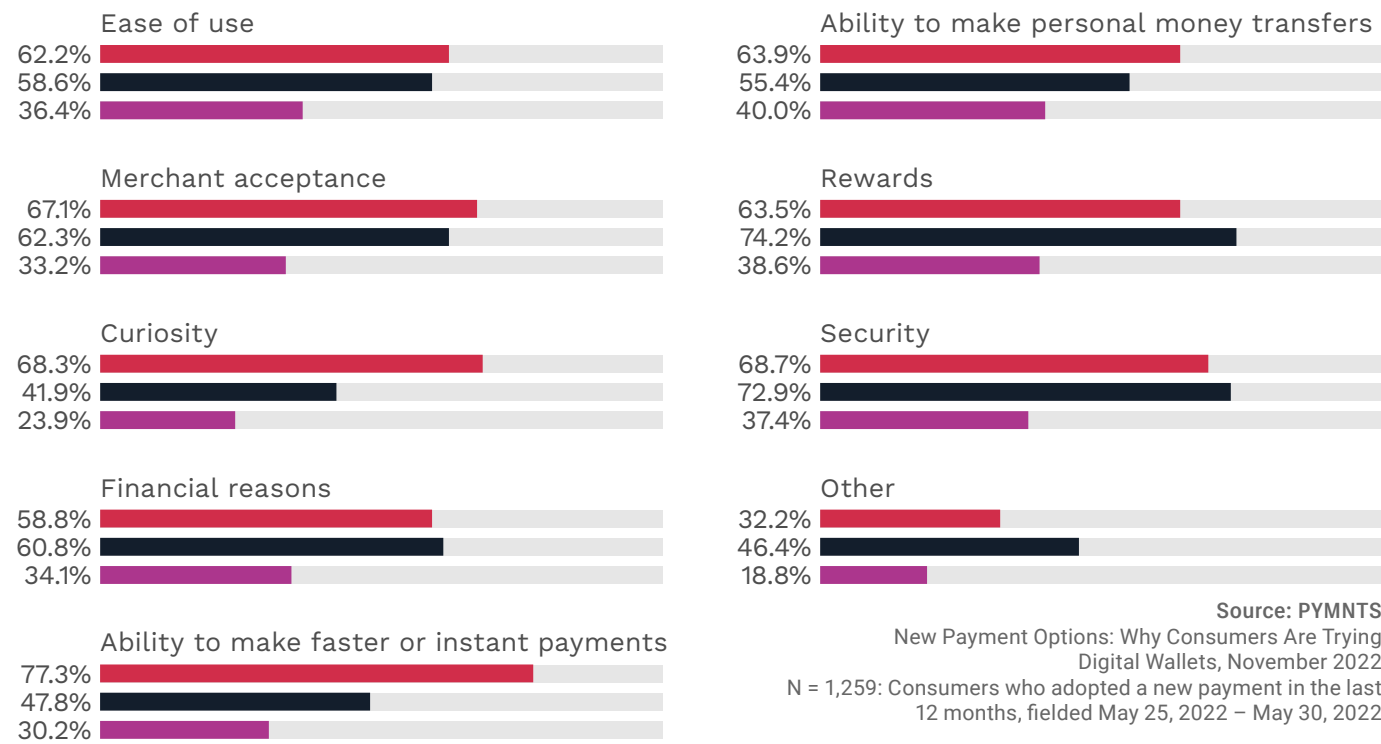
Source: PYMNTS
New Payment Options: Why Consumers Are Trying Digital Wallets, November 2022
N = 1,259: Consumers who adopted a new payment in the last 12 months, fielded May 25, 2022 – May 30, 2022

These priorities help explain why digital wallets have taken off. Sixty-two percent of the consumers who adopted digital wallets in the past year say ease of use was a reason they started using them, and 67% of the consumers who chose to try out digital wallets say acceptance by merchants factored into their decisions.

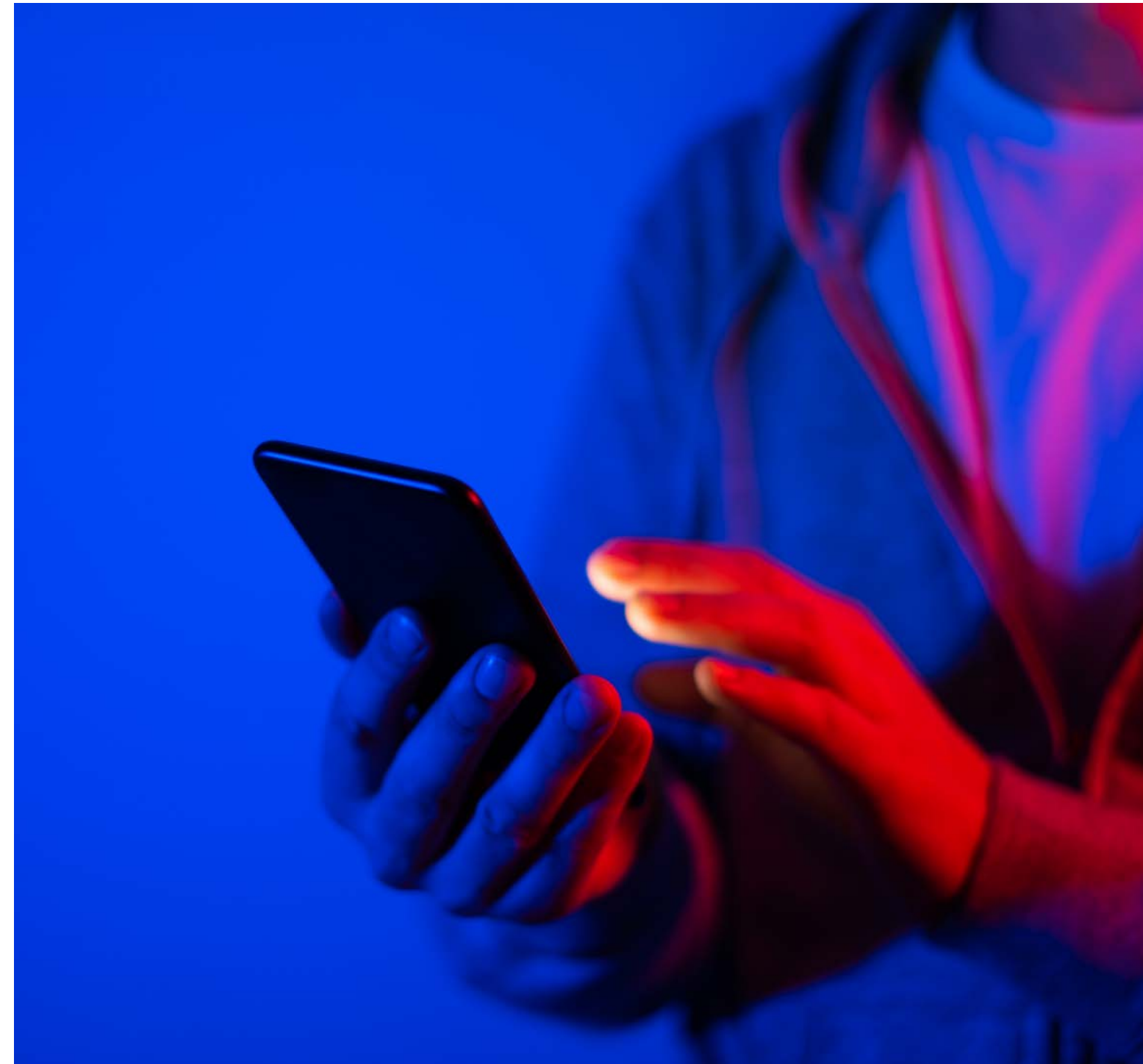
FIGURE 3B:
Why consumers choose new payment methods

Share of consumers citing select factors as important to their decisions to adopt specific payment methods

- Digital wallet
- Card method
- Cash or checks



Source: PYMNTS
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 Digital Wallets, November 2022
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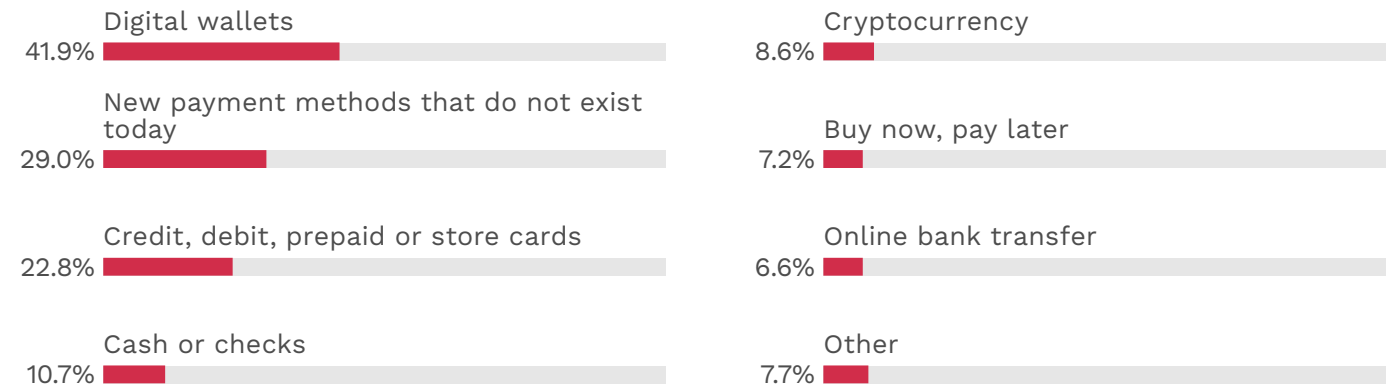
Overcoming the reluctance to try certain payment methods

Our data shows that digital wallets are the lone payment method that many consumers are willing to give a first-time try: 42% of the consumers who have not used them are willing to try them in the next year. Other existing payment methods generate barely half as much interest from consumers.

Twenty-three percent of consumers who have not used credit, debit, prepaid cards or store cards are willing to give them a try in the next 12 months. Cash and checks, at 11%, are the payment methods with the next highest level of interest. Just 6.6% of consumers who have never used online bank transfers are willing to try them in the next 12 months.

FIGURE 4:
Payment methods consumers are ready to try

Share of consumers who would be willing to try select payment methods for the first time in the next 12 months



Source: PYMNTS
New Payment Options: Why Consumers Are Trying Digital Wallets, November 2022
N = 2,466: Complete responses, fielded May 25, 2022 – May 30, 2022

Consumers’ interest in attributes like ease of use and security repeatedly come up in PYMNTS’ surveys of consumers’ payment method preferences. If merchants and banks can demonstrate that certain newer payment methods are easy to use while also protecting consumers’ personal information, they may be able to help nascent methods reach a broader base of consumers.

Conclusion

Many consumers continue to be willing to try out payment methods — particularly digital wallets — for their ease of use and improved merchant acceptance. But there remains a sizable segment of the consumer market that resists trying new methods, and some underutilized payment methods have potential to gain significantly more adoption if their virtues can be better communicated to consumers. The data suggests that the banks and merchants that focus on reaching the most receptive segments of the consumer market — those who have not yet reached middle age and those with high incomes, to name a few — with newer payment products will be best positioned to convert customers' curiosity into better, easier payment experiences.

Methodology

New Payment Options: Why Consumers Are Trying Digital Wallets, a PYMNTS and Nuvei collaboration, explores consumers' readiness to try new payment methods, such as online bank transfers enabled through digital wallets. We conducted a census-balanced survey of 2,466 U.S. consumers from May 25 to May 30 to measure consumers' experience with and expectations from online bank transfers and other payment methods.

About

PYMNTS

PYMNTS is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way companies in payments share relevant information about the initiatives that make news and shape the future of this dynamic sector. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovations at the cutting edge of this new world.

nuvei

Nuvei is bringing payments up to speed. Our future-proof technology allows businesses to accept cutting-edge payment options, optimize new revenue streams, and get the most out of their stack. With a single integration and advanced customization tools, Nuvei delivers flexibility that enables businesses to adapt quickly and enter new markets seamlessly. From finding new opportunities to converting more sales, Nuvei is the innovative platform that accelerates your growth.

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