

# Global & U.S. Summary

## Global Commerce Unbound: Leap or evolution?

The redefinition of consumer-centric payments



The results of the fifth annual Future of Payments study are in. While we're in the midst of a shift to digital payments, the differences across geographies and generations indicate the transition to consumer-centric payments (more digitally-driven – online, mobile wallets, cards, peer-to-peer, etc.) is not a linear path. As the name indicates, consumer-centric payments are more about people. As a result, the needs of the individual are playing an increasingly powerful role in the payments decision-making process.

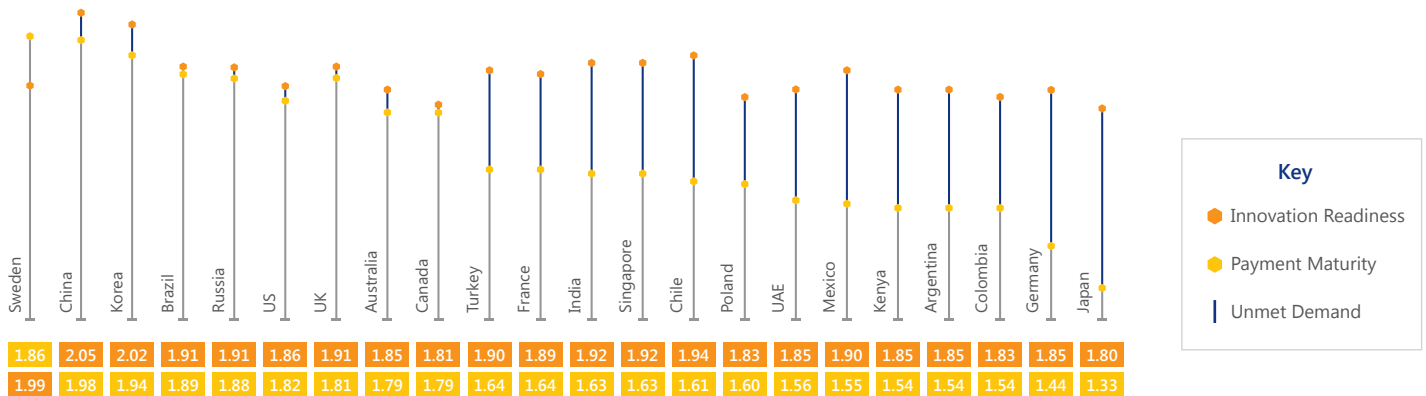
### The Payments Continuum

As new payment channels and methods are introduced and adopted, we have been creating a payments continuum that consumers traverse based on personal preferences, infrastructure capabilities, and societal drivers.

- 1.0 Traditional:** Channels and methods focused on safety and functionality
- 2.0 Consumer-centric:** More digitally-driven options where benefits are centered on user needs
- 3.0 Seamless:** Where payments are fully integrated across experiences and platforms

### Minding the Payments Maturity Gap

While we still see many countries on the cusp of consumer-centric payments, 2019 was the first year that showed a marked gap in payment maturity between various geographies. The appetite for payment innovation is still strong worldwide, but in the U.S., strong payments infrastructure reduces the hunger for innovations and the resulting unmet demand. However, there are significant opportunities for payment advances in the U.S. and around the globe for companies that can deliver on the unique demands that are driving consumer shifts.



### Payments Maturity/Innovation Readiness Continuum

These measures are based on consumer needs, technology adoption rates, market infrastructure, socio-economic dynamics, and the access to, usage of, and appetite for new technology.

### Tracking the Trends

With additional years of data for comparison, this year's results offer the added depth of looking at year over year trends. Likewise, we continue to dive into demographic segment differences, looking at Millennials who are moving away from cash and Gen Z who are increasing usage of debit and are hungry for innovations like AR/VR, crypto currency and biometrics.

# Consumer-centric is People-powered

As the world's largest payments network operating in more than 200 countries and territories, Visa has unique perspective on the ongoing shifts in consumer payments. What has become clear over decades of transactions and the five years of this study is that essential consumer needs shape the changes in the payments landscape: value, innovation, and trust.



## New payment methods must deliver value

This year's research showed that 51% of payment choice drivers were about human-centered needs, from control and convenience to simplicity and personalization. The experience matters.

Internet of Things is growing as people see how these advances can touch their lives. The good news for innovators is that there is significant unmet demand for connected car, smart home, and new retail models.

In the U.S., "others are impressed" is the leading driver of the payment option consumers choose. This may be due to social media pressures and a keeping-up-with-the-latest mentality.



## Innovation drives excitement

While adoption of bold new approaches can take time, interest in alternatives like biometrics, AR/VR, wearables, and digital issuance, and other advances is strong, particularly in markets where lacking infrastructure makes leapfrogging approaches all the more impactful.

U.S. consumers use card-based payment methods 18% more than the global average.



## Trust is the essential ingredient

Our financial systems are based on trust. And the assurance of security and trust in the brands handling their money is still key for consumers.

This year's research shows that trust is still important, but it is evolving in new ways with concepts like neobanking (banking without branches). While adoption of this model is still limited, consumers surveyed were interested and wanted to know more.

54% of U.S. respondents are interested in a neobank versus 77% of global consumers.

For payment networks and providers, traditional banks, merchants, and tech companies, these needs and the payments experience are driving consumer behaviors. As digital wallets, peer-to-peer payments, and conversational commerce gain more ground and shift the ways consumers think about everyday transactions, we're seeing incremental shifts in the landscape. While recently it has been an evolution, the bigger question is whether we are on the verge of the next big leap?

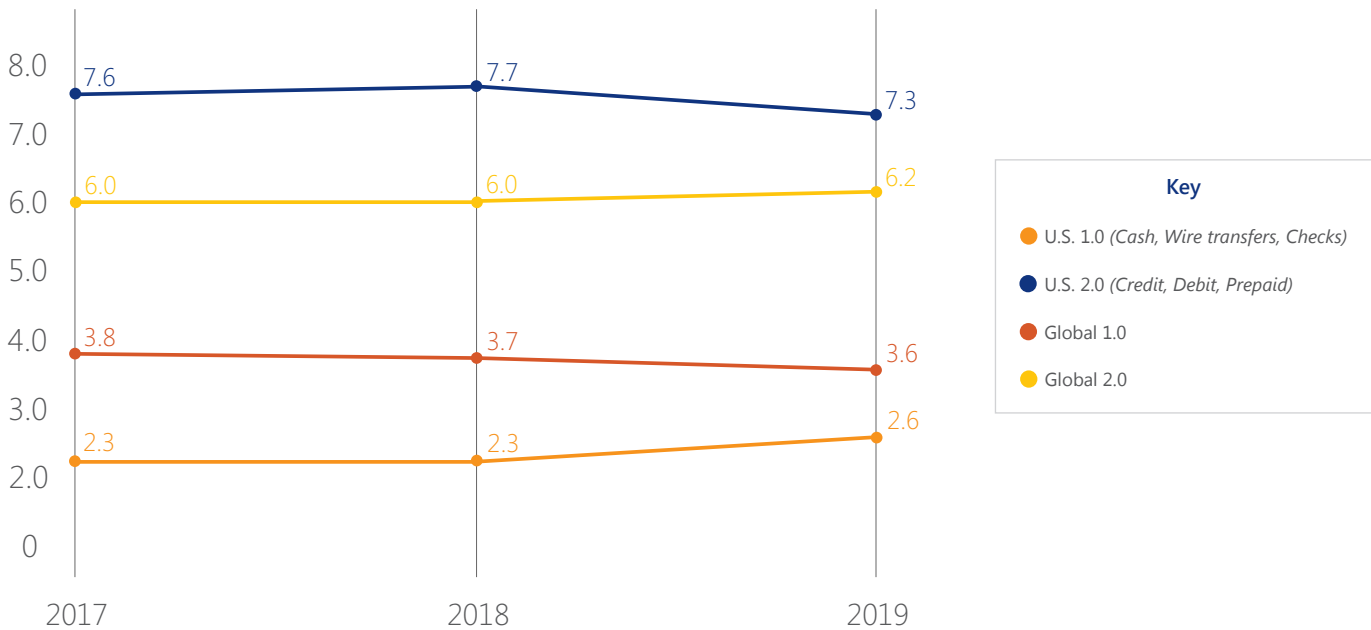
## Select Global Research Findings

- Usage of card-based payment methods is highest in India, China, Kenya, and Singapore
- Gen Z use of debit has increased by 39% since 2017
- Interest in Internet of Things use cases is high:
  - 46% interested in tap to pay for transportation
  - 42% want to pay for things without leaving their car
  - 41% hope to pay at retail with biometrics
- Millennial usage of QR codes and mobile app payments increased by 60% since 2017
- Gen Z usage of QR codes has increased by 75% and mobile app payments by 50%

# Key U.S. Research Findings

While the U.S. has leapfrogged in some payment innovations, this year's results show lower unmet demand. U.S. consumer adoption of consumer-centric payment methods has outpaced global numbers, but future interest in specific payment innovations is somewhat muted. While the need for value, innovation, and trust continue to drive payment behaviors, the U.S. path in the shift to consumer-centric payments is unique.

## Value



Use of mobile and desktop payments both globally and in the U.S. is on the rise.

### Mobile Phone Payments

(past 10 everyday transactions)

	2018		2019	
	U.S.	Global	U.S.	Global
Total	1.1	2.0	1.6	2.3
LEC	1.7	2.2	2.2	2.6
Millennial	1.4	2.2	1.9	2.5
Gen Z	2.4	2.3	1.7	2.6

### Desktop/Laptop/Tablet Payments

(past 10 everyday transactions)

	2018		2019	
	U.S.	Global	U.S.	Global
Total	2.2	2.5	2.7	2.3
LEC	2.3	3.0	3.3	2.7
Millennial	2.2	2.5	3.2	2.4
Gen Z	1.4	2.4	2.1	2.1

### In-store

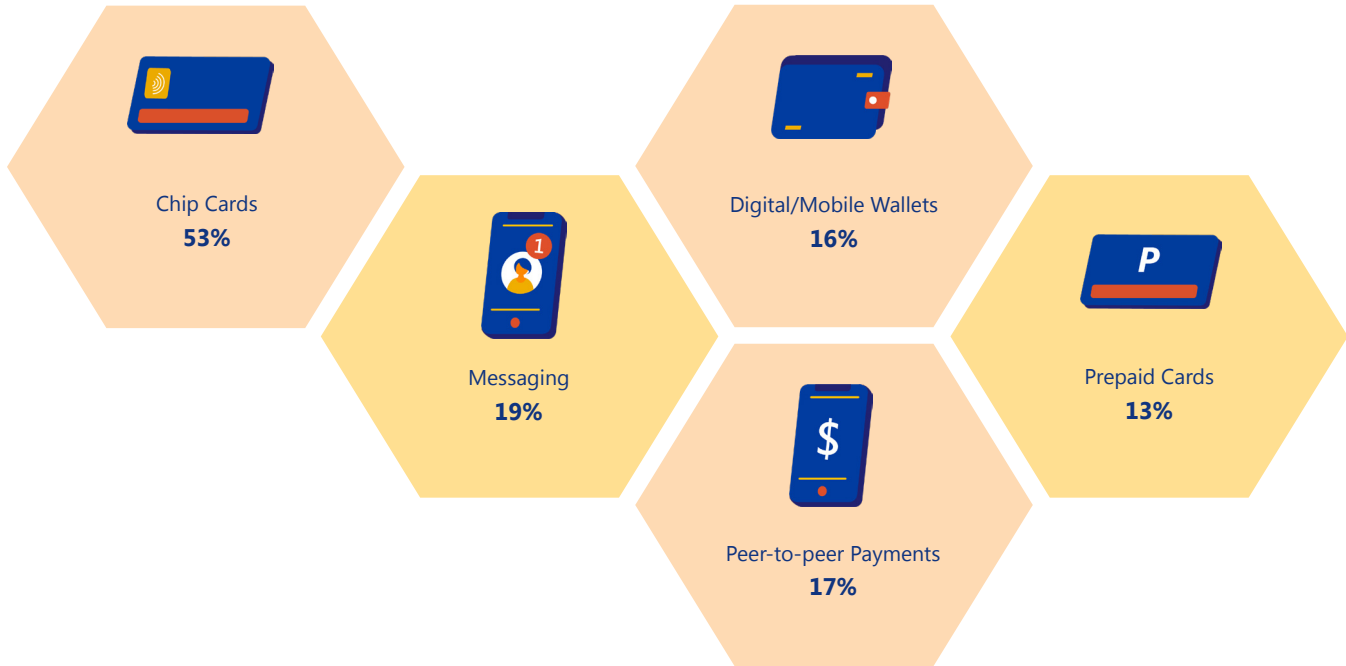
(past 10 everyday transactions)

	2018		2019	
	U.S.	Global	U.S.	Global
Total	6.8	5.5	6.8	5.5
LEC	6.0	4.8	6.0	4.7
Millennial	6.3	5.2	6.3	5.1
Gen Z	6.3	5.3	6.3	5.3

# Key U.S. Research Findings

## Innovation

The greatest usage of payment innovations in the U.S. include:



The greatest unmet demand (interest minus usage) for payment innovations in the U.S. include:



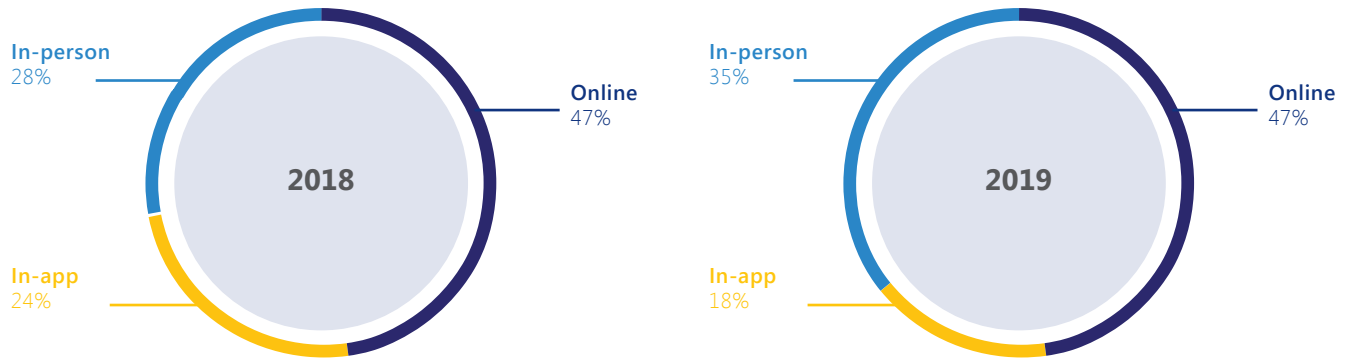
As Internet of Things use cases become more real, the greatest unmet demand in the U.S. is for:

- Refrigerator that automatically orders groceries: 20 (vs. 31 globally)
- Ability to pay for gas, food, or other items without leaving the car: 19 (vs. 33 globally)
- Tap to pay for transportation: 17 (vs. 30 globally)

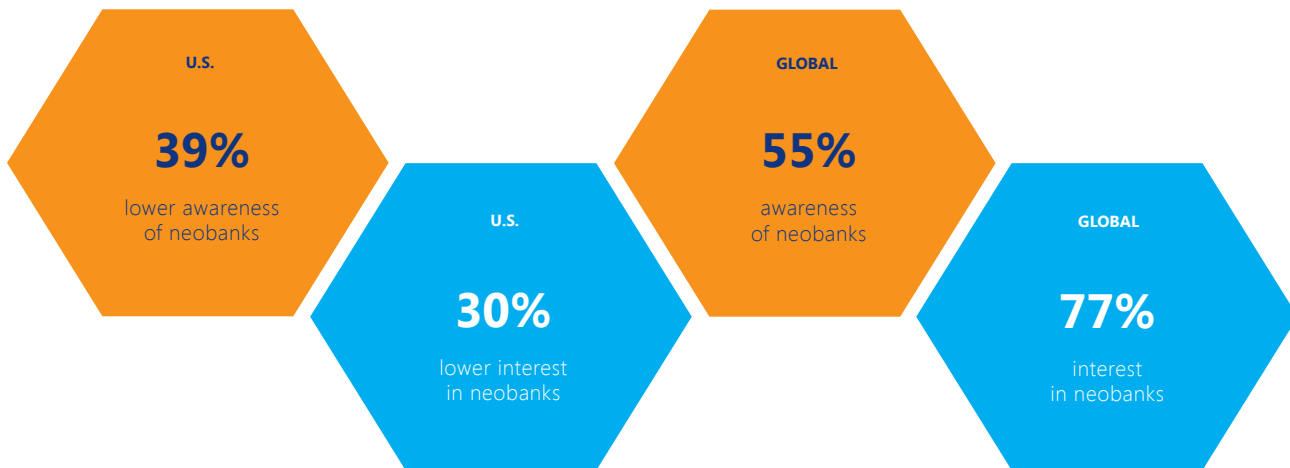
# Key U.S. Research Findings

## Trust

Counter to the global trend, U.S. consumers have shifted from in-app to in-person banking this year based on self-reported activities.



Likewise, U.S. consumers had 39% lower awareness of neobanks (without branches), and 30% lower interest in this new banking model.



### Research Details

The 5th annual Future of Payments study conducted in 2019 captured responses from more than 8,000 consumers from 22 countries, including US, Canada, UK, France, Poland, Germany, Sweden, Turkey, Mexico, Brazil, Argentina, Chile, Colombia, Australia, China, India, Japan, South Korea, Singapore, Russia, Kenya, and UAE.