

Global Insights Report: April 2022

The evolving expectations and experience of the new digital consumer

Today's consumers spend as much time engaging with digital payments as they do with their email, according to our latest research. Indeed, consumers around the world perceive that conducting financial transactions online is becoming easier and more convenient. And it's not just younger consumers or early adopters—people of all ages and incomes are using digital solutions and services to manage their finances.

We surveyed 6,000 consumers and 2,000 businesses from 20 countries worldwide as part of our ongoing efforts to learn more about how, why, and where consumers interact with businesses online. The survey results reveal the rise of a new digitally savvy consumer—one who is increasingly aware of new payment methods, advanced recognition tools, and the use of AI, and has higher expectations of their digital experience.

These consumers are engaged participants in an evolving digital ecosystem, and in many ways they're driving the change. But it's a two-way relationship. In return for their loyalty and trust, they're demanding that businesses meet their expectations for security, convenience, communication, and customer support in ways that makes their work and lives easier.

Read this report to learn more about:



What consumers consider a positive digital experience and the opportunity for businesses



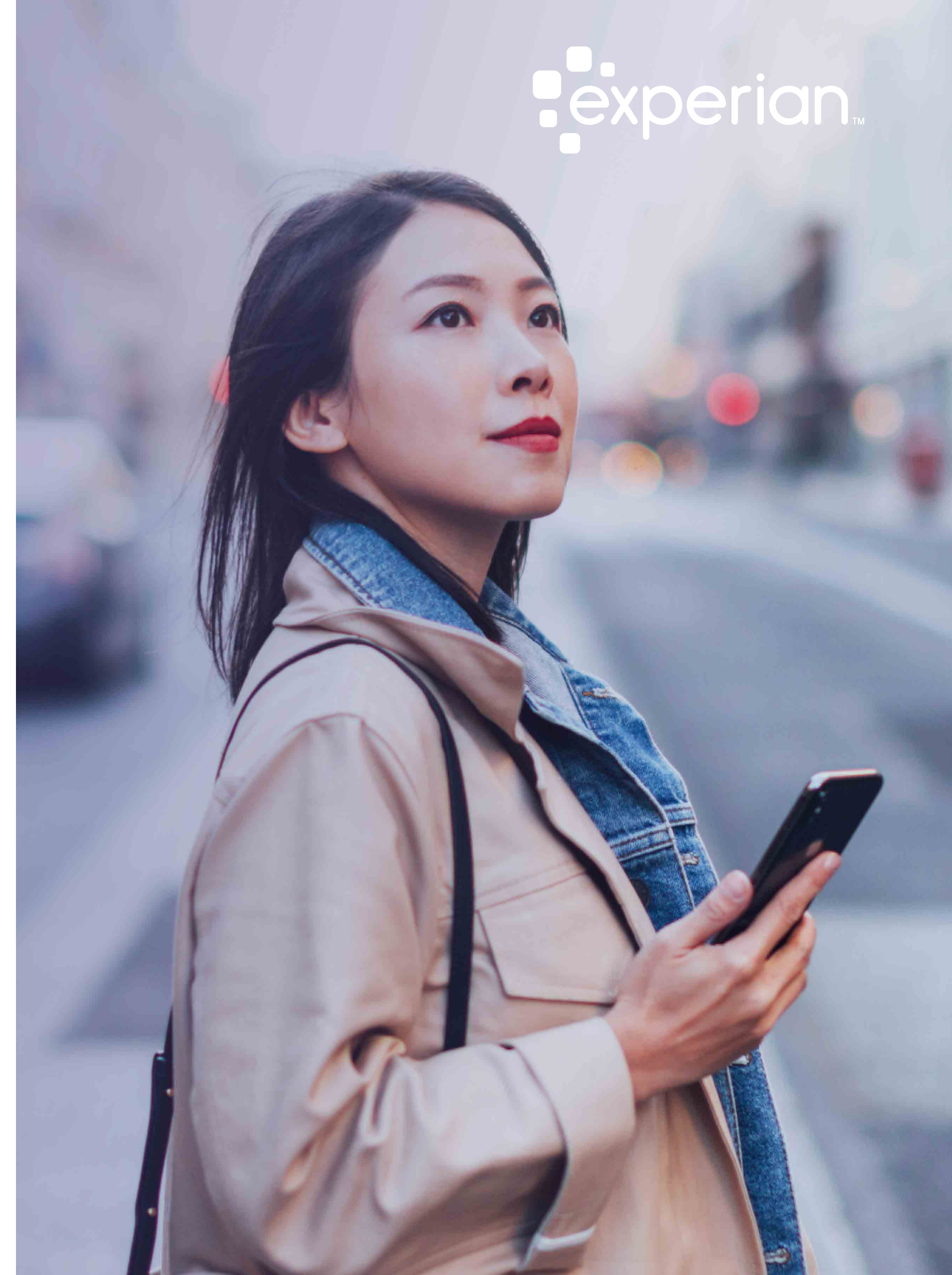
The consumer need—and readiness—for frictionless recognition and security measures



The normalisation of digital payments and the mainstreaming of Buy Now, Pay Later (BNPL)



The value consumers want in exchange for sharing their personal data



Introduction



The new digital consumer



The new norm in payments



Increased online activity, increased concern



The trust-security connection



A relationship of equals



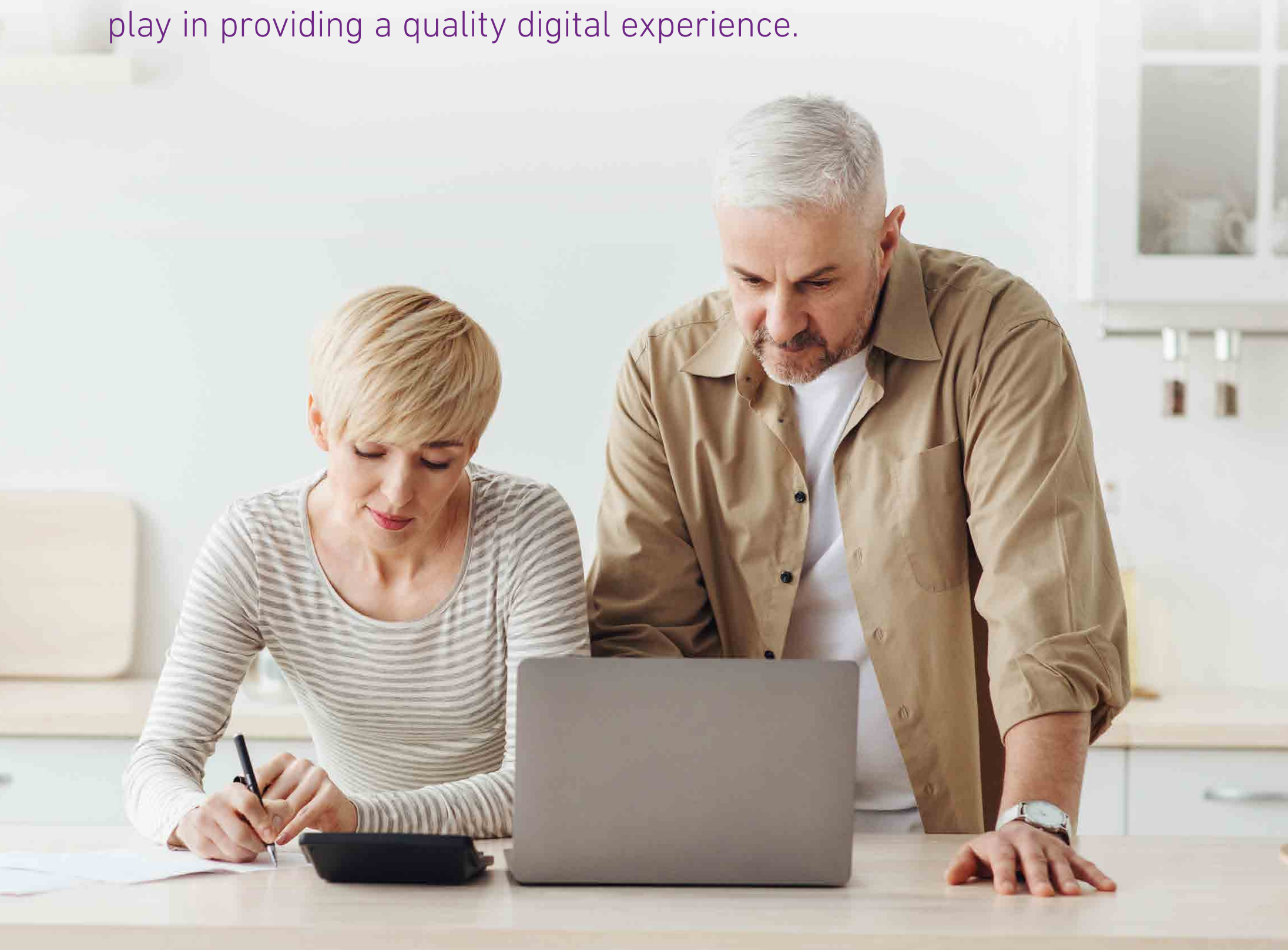
Digital consumers, digital opportunity





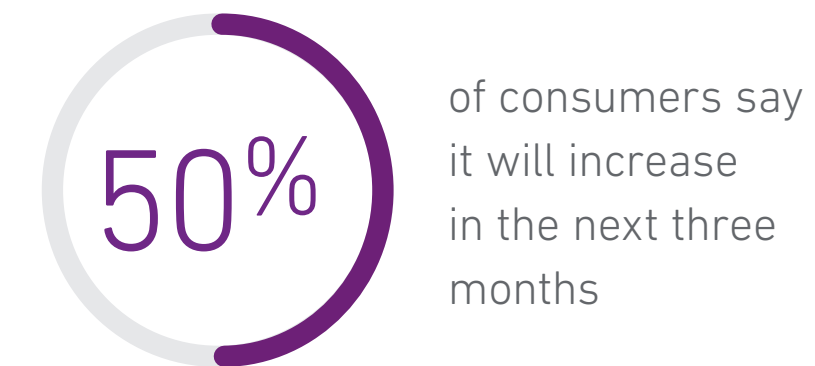
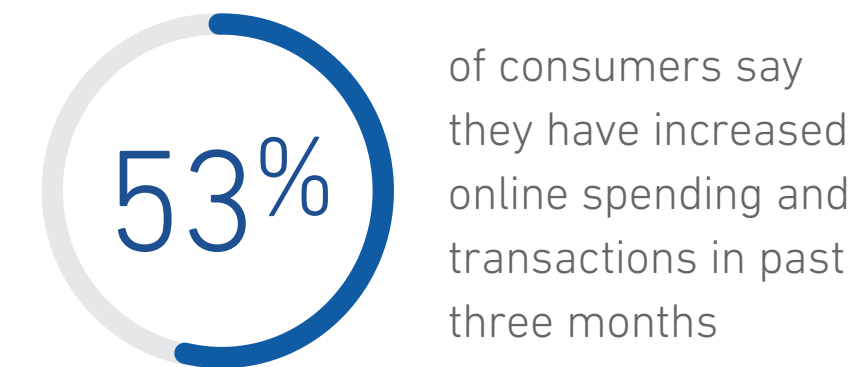
The new digital consumer

As consumers accelerated their move online to access products and services to manage their financial lives digitally, their expectations for security, privacy, and convenience have all increased. They've gained a rapid education in the role those factors play in providing a quality digital experience.



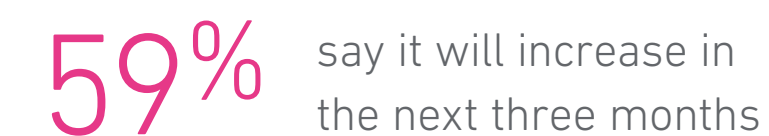
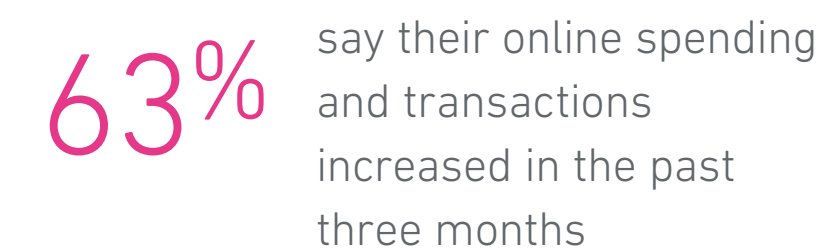
But this growing digital engagement requires more customer support. Consumers that we surveyed are still experiencing poor-quality online experiences, though this is trending downwards. Companies that can support longstanding and new digital customers in every channel stand to win their loyalty and trust.

A wave of online spending and transactions—and more to come



The hyper-engaged consumer

Hyper-engaged consumers ages 25-39 are undertaking more digital activities than their older cohorts:



Consumers are coalescing around positive online experiences

The top contributors to a positive digital customer experience are:



Feeling secure about the transaction



Convenient access to the service or product

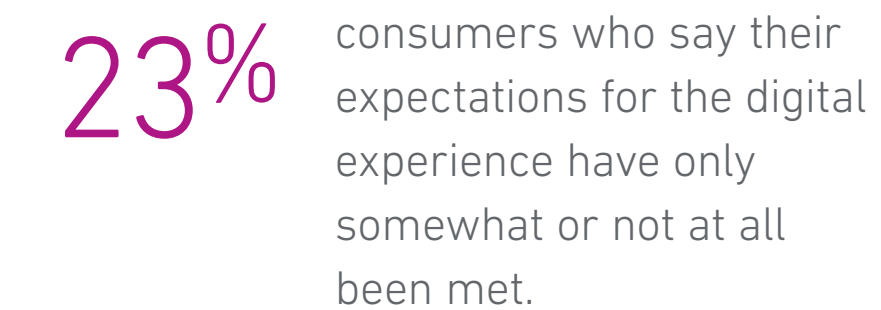


Recognition that makes for an easy log-in to an account

When it comes to managing financial transactions online, consumers show preference for digital channels. To complete these transactions, they prefer:

1. Retail mobile apps
2. Retail banking website
3. Credit card mobile apps

Businesses have room to improve



That is down from 30% of respondents who reported the same at the end of 2021

The online experience-brand-loyalty connection



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The new norm in payments

There's no doubt that digital has disrupted payment methods. Mobile wallets, online banking, and Buy Now Pay Later (BNPL) are now expected and often-used payment options. In fact, consumers report they're engaging with digital payments as much as they engage with email.



The rise and reach of new payment methods provides businesses with an opportunity to prioritise financial inclusion—and many are doing just that. Sixty percent of companies in the U.S. and U.K. say they're spearheading some form of financial inclusion programme. These new payment methods give consumers who've lacked access to traditional banking, lending, and credit cards additional financial options.

Mobile wallets now rival traditional credit card payments

Consumers appreciate the speed and security of mobile wallets, using them as frequently as traditional credit cards.

In the last six months:

62% say they've used mobile wallets

63% say they've used traditional credit cards

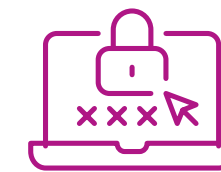
64% say they've used direct debit payments

A need for speed

Consumers place a high value on fast transactions. When it comes to payment methods, they value:



Speed



Security

BNPL is here to stay

While BNPL still lags behind mobile wallets and credit card payments, awareness of BNPL and its use is increasing, especially among higher income households, suggesting that it is headed for the mainstream.

18% have used BNPL in the past six months

57% say BNPL could replace their credit card

71% perceive BNPL as secure

The reasons for BNPL

Avoid credit card debt:



- 80% of US consumers
- 70% of UK consumers

Preferred payment method:



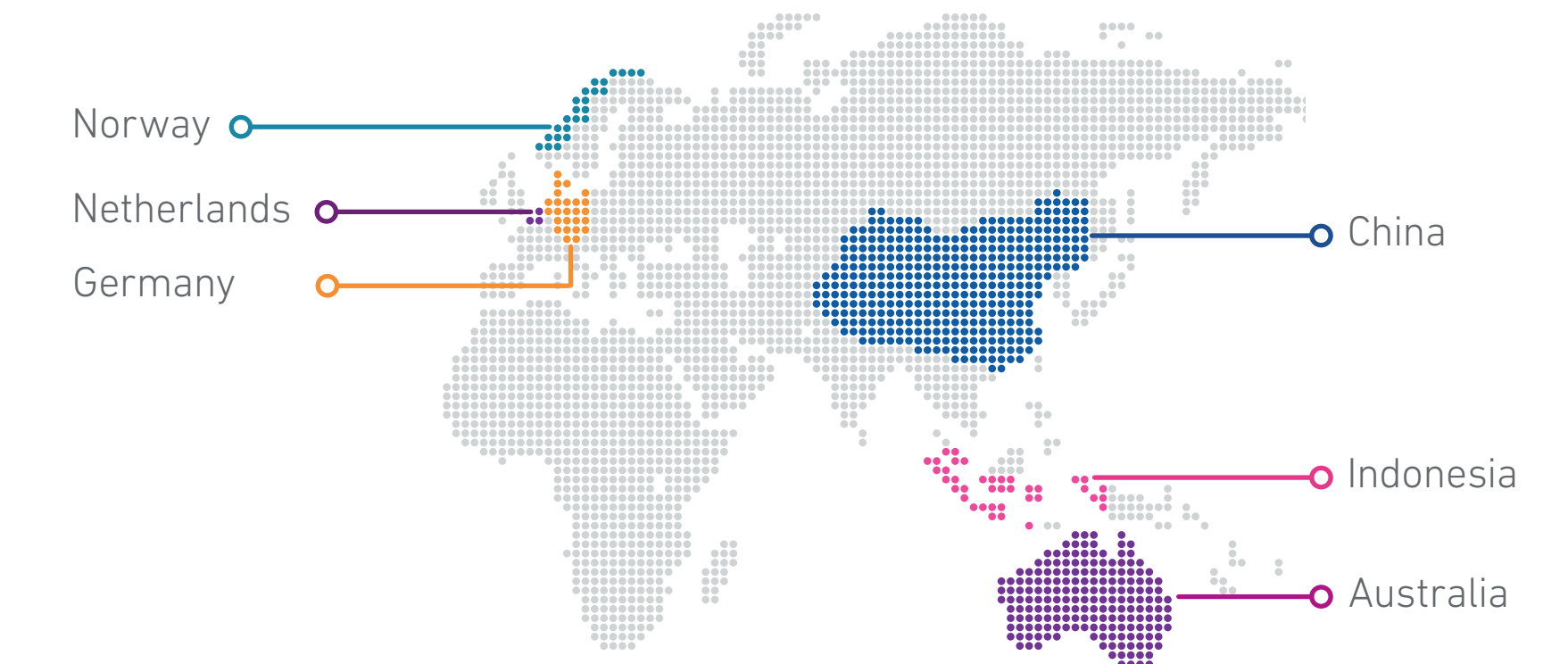
- 80% of Indonesian consumers
- 60% of Norwegian consumers

For purchases outside of budget:



- 60% of German consumers

Where is BNPL most in use?



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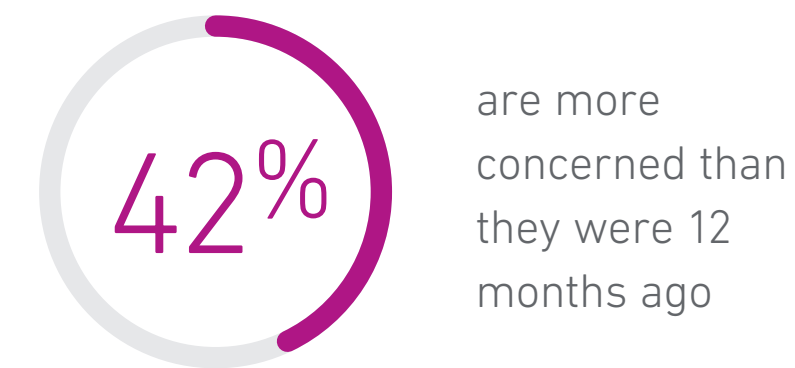
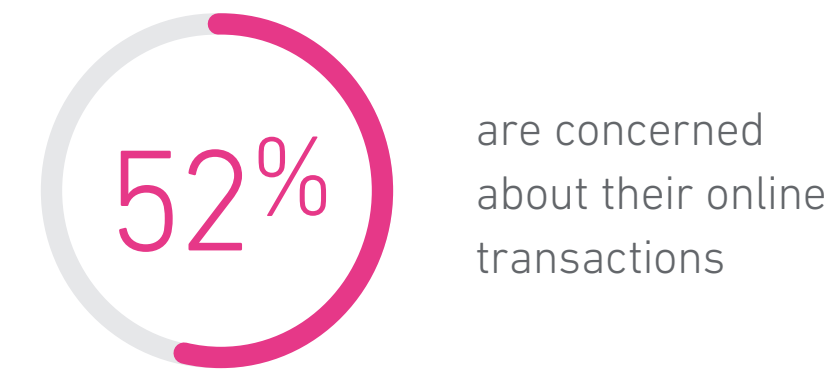
Increased online activity, increased concern

Many consumers are more concerned now about the security of their online transactions and activities than they were a year ago. Meanwhile, consumer awareness and understanding of advanced, frictionless security methods is growing rapidly.



As a result, there's a window for businesses to leverage new recognition approaches. Doing so may improve customer perceptions of security, add convenience, and increase consumer trust.

Security concerns grow



The concern is highest among high-income groups, which are also the most engaged online

But consumers feel supported



Identity theft is a top concern

Globally, identity theft was the top online security concern. Consumers are also worried about:

1. Identity theft
2. Email, phone, and phishing scams
3. Stolen credit card information
4. Online privacy
5. Fake news/False advertising

There are regional differences in concerns. For instance, identity theft and stolen credit card information far outpace other worries in the U.S. Privacy is a top concern in China. And more than 50% of respondents in Malaysia and Peru are worried about deepfake fraud.

Gaining an edge with biometrics

For consumers in the U.S., Brazil, India, and South Africa log-in recognition is a stronger driver of quality online experiences. Biometrics are providing an opportunity to improve login recognition and security.

Consumers report they feel most secure when encountering the following:

- 81% Physical biometrics
- 77% PIN codes
- 76% Behavioural biometrics



Consumers also think more highly of businesses that use biometrics

- 62% of consumers say physical biometrics enhances the online experience
- 59% of consumers say behavioural biometrics enhances the digital experience



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The trust-security connection

Consumers believe that businesses have the responsibility to keep their customers' information safe. Increasingly, they prefer recognition and security approaches that are effortless and frictionless.



Younger consumers are paying keen attention to online security issues. Two-thirds of consumers —ages 25 to 39— say they've noticed businesses making efforts to improve security over the past year.

The top reasons consumers trust online transactions:



45%

Belief that businesses have in place strong security measures that consumers cannot see



42%

Belief that businesses will be able to effectively resolve any issues that consumers experience while online



41%

Businesses use more security steps while online



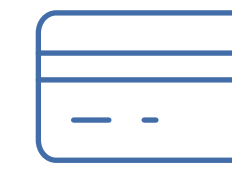
40%

History with businesses online and no problems in the past

Organisations that consumers trust the most:



Payment system providers
(e.g., PayPal, WePay, Zelle, Venmo)



Traditional credit cards
(e.g., VISA, Mastercard)

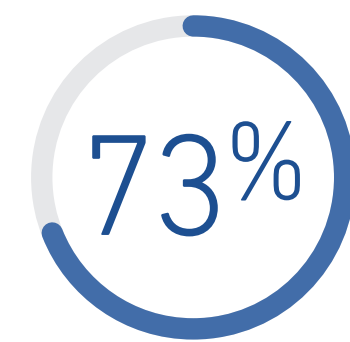


Technology providers
(e.g., Apple, Samsung, Google)



Streaming Services
(e.g., Amazon Prime, Netflix, Hulu)

The responsibility is on businesses to provide security



of consumers say the onus is on businesses to protect them online



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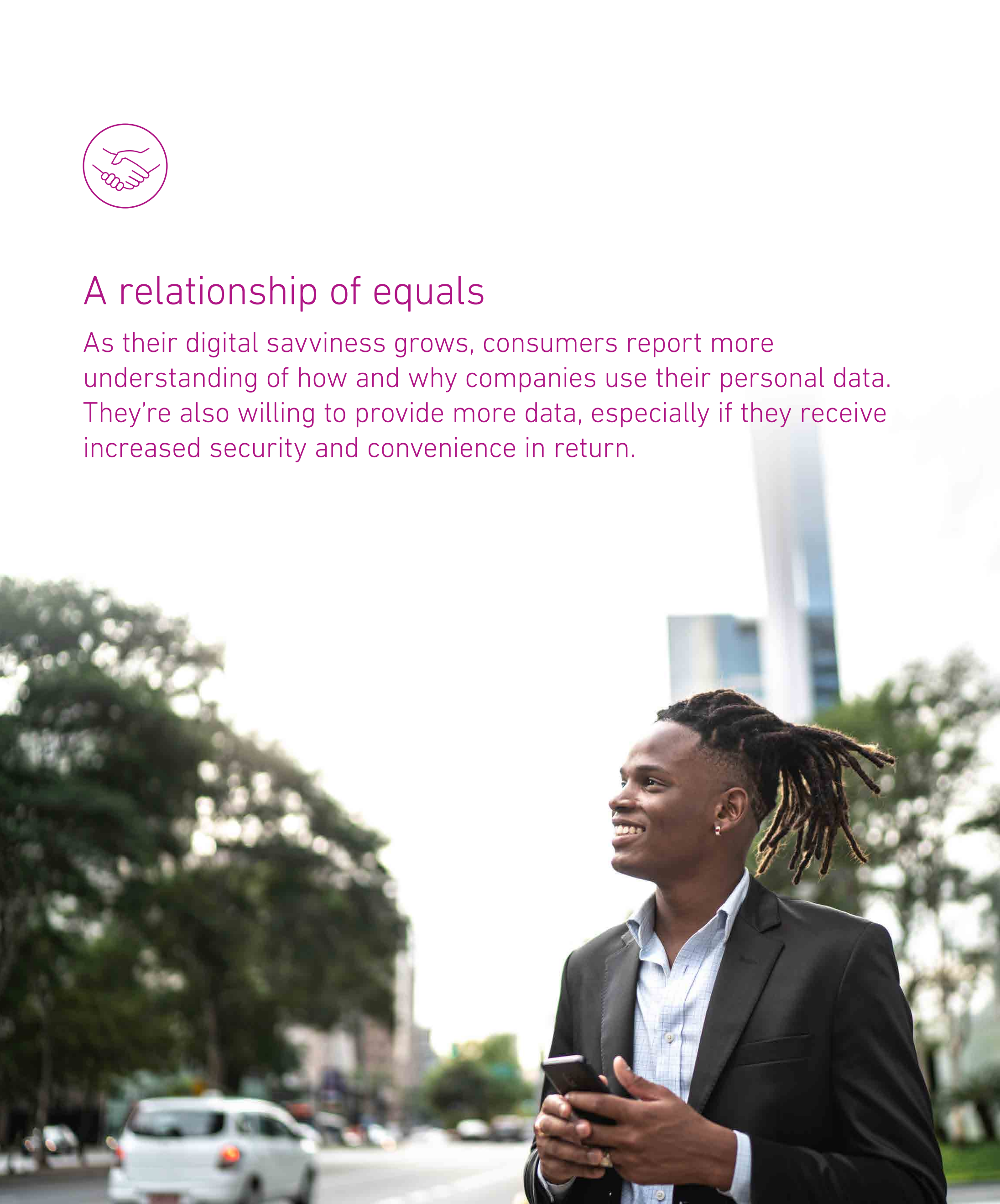
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As their digital savviness grows, consumers report more understanding of how and why companies use their personal data. They're also willing to provide more data, especially if they receive increased security and convenience in return.

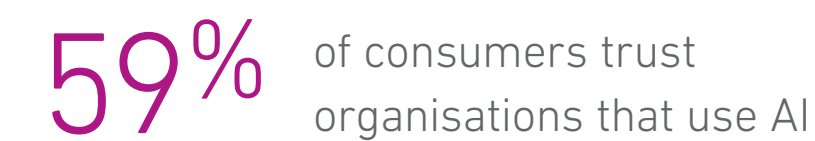
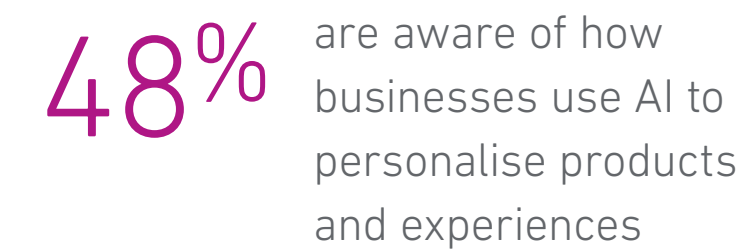


Overall, consumers want more control over how their information is used and shared. By improving their communication, businesses can avoid leaving consumers feeling powerless or taken advantage of—and instead create engagements that are mutually beneficial.

Consumers are more aware that data helps improve their online experience



Consumers are more comfortable and aware of artificial intelligence

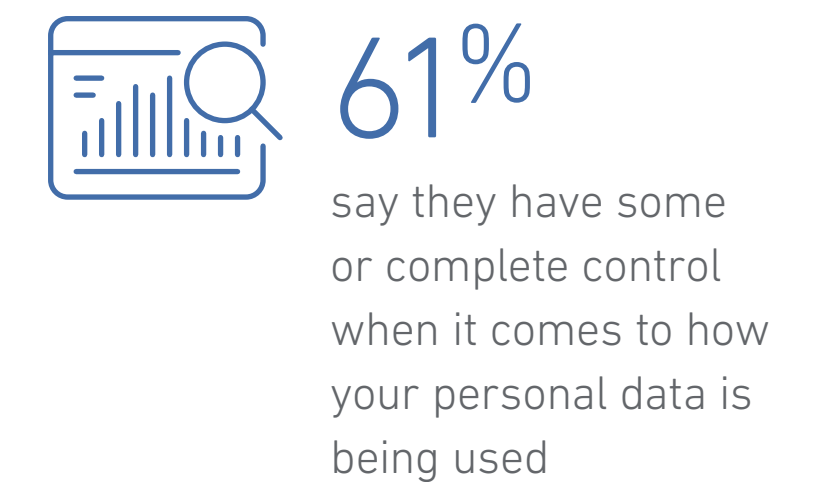


While the majority of Gen Z and Millennials say businesses who use AI generate trust, only 41% of older consumers agreed.

Consumers will share data for increased value



But consumers demand improved communication and control



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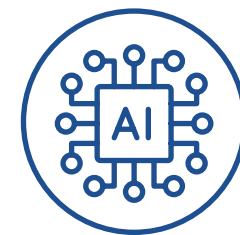


Digital consumers, digital opportunity



Digital consumers, digital opportunity

With digital transactions becoming the norm, businesses have a significant opportunity to gain trust, build loyalty, and grow their customer base. Broadly, this starts with finding ways to ensure that the consumer online experience is secure, frictionless, and supported at every juncture. Businesses that implement an agile approach that stays ahead of consumer expectations and increasingly complex fraud attacks stand to find more success. In addition, businesses should consider:



Leveraging the AI advantage

Collaborate with technology partners to identify additional opportunities for AI models to help improve customer engagement, fraud prevention, credit scoring and more



Incorporating embedded finance

With awareness of digital payments increasing, look for ways to both educate consumers about new and evolving payment method as well as incorporate them into your own suite of payment solutions



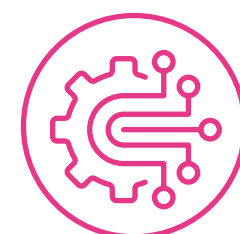
Introducing new, more secure technologies

As consumers increase their online presence and establish strong online habits, offer them new ways to securely login and protect their accounts and data



Educating consumers about how you use their data

Communicate with consumers about how and why their personal data helps improve security and convenience, and provide them with more control over how their data is shared and used



Exploring solutions that aggregate emerging technologies

Look for technology that stitches together numerous capabilities, and provides simple, coherent responses to business users, allowing you to better meet consumer expectations across security, privacy and convenience

Digital is the new norm for payments and financial transactions. Enhance the consumer digital experience and business performance will follow. To learn more about providing frictionless, secure, and convenient digital transactions, check out our [Global Insights blog](#).

Methodology

Experian routinely conducts third-party survey research among consumers and businesses. The findings in this report are taken from fieldwork that was conducted in March 2022. The survey results represent 6,000 consumers and 2,000 businesses across 20 countries, including Australia, Brazil, Chile, China, Columbia, Denmark, Germany, India, Indonesia, Ireland, Italy, Malaysia, Netherlands, Norway, Peru, Singapore, South Africa, Spain, U.K., and U.S.

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