CONSUMERS CONFIRM SMART PAYMENTS ADOPTION

A report prepared by Transaction Network Services
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Executive Summary

The number of connected devices in households is growing at a rapid rate as several family members now own their own wi-fi connected devices all with payment capabilities. Tablets and smart phones are now being joined by voice assistants and even wi-fi fridges in some homes. With a connected car in the driveway, smart payments are now bigger than ever before and growing exponentially.

In this report we reveal the findings of a recent independent survey conducted in the UK, US, and Australia which investigates and highlights:

- Consumer attitudes to new payment technologies
- Differing opinions by age and gender
- How many consumers have made a payment via a voice assistant
- The desire for convenient payment options
- Whether wi-fi enabled devices are making our lives easier
- Which countries are leading the way with the greatest adoption levels
- If security is a barrier to new payment technologies
About this Report

Transaction Network Services (TNS) commissioned an independent online International Survey by Kantar TNS in January 2019 which covered 1,046 UK adults, 1,050 US adults and 1,022 Australian adults.

The survey asked respondents to agree or disagree with a series of statements which reflected their attitudes to and experiences with connected devices, new payment technologies, voice assistants and their willingness to make payments via a variety of methods.

The following analysis includes comparison of age groups. Please note that within the UK and Australian survey the lower age bracket was 16-24 years old, while for the US this age group is 18-24 years old.
1. Voice Assistant Payments Emerge

Of those that own a voice assistant, 26% said that they have used it to make a payment.

Voice assistants are rising in popularity and more and more households are purchasing these smart devices as they become more robust. Using just a wake word, they are on hand to order you a takeaway, help your child with their homework, turn your lights on and off and now even make payments for you.

Research carried out by Juniper* expects 93 million smart speakers to be in use by the end of 2019, but as stories around their security frequent the press, will consumers trust them to make their payments?

Our survey revealed that of the respondents that own a voice assistant, 26% globally have used it to make a payment. US adults led the way while those living in the UK were the least experienced.

More men than women reported they had made a payment via a voice assistant.

Graph 2 – Respondents who have used a voice assistant to make a payment, as a percentage of total voice assistant owners, by gender

The younger generation were keener to try out the technology while only 5% of those aged between 55 and 64 years that confirmed they owned a voice assistant had used it to make a payment.

Graph 3 - Respondents who have used a voice assistant to make a payment, as a percentage of total voice assistant owners, by age
Is it security fears that are preventing this group of people from partaking or a fear of the unknown? It’s a simple task to use a voice assistant to gain information but to trust it to make a payment and give it access to your data is a risk, especially in today’s current climate with a host of scammers and fraudsters out there waiting to intercept your personal information.

Our survey posed the question of security directly and nearly three-quarters, 74%, stated that security concerns would stop them from making a payment via a voice assistant with the Australians most concerned.

*Graph 4 - Numbers by country with security concerns*

Women were slightly more concerned than men as 76% of women said security concerns would stop them from making a payment via a voice assistant compared to 71% of men.
2. Connected Cars Sought After

Consumers in the US are most likely to purchase a car with payment capabilities

The latest innovation shaping the car industry is connected cars which use the internet to enable the driver to carry out a range of functions like starting and stopping the vehicle, get real time traffic information and make payments from the dashboard.

Nearly half, 48%, of everyone surveyed said they would be eager to purchase a car with payment capabilities when available. Americans were most likely to do this while Brits were least likely.

*Graph 5 - Numbers by country willing to purchase a connected car with payment capabilities*

It would be reasonable to expect that adoption figures will rise for connected cars as they become widely available and consumers recognize the benefits of these new capabilities. Paying for fuel and/or parking via these cashless in-car payment systems could become the norm offering consumers a simple, seamless payment experience even if they’ve left home without their wallet. Payments can be made via an app on the car touchscreen meaning you don’t even have to get out of your car.

Over half, 57%, of those that we surveyed agreed that if they owned a connected car they would be willing to make a payment for the likes of fuel or parking via the dashboard.
Men were more enthusiastic than women when it came to making payments via a car dashboard.

*Graph 6 - Numbers by gender willing to make payments via car dashboard*
3. Consumers Crave Convenience

66% confirmed that they are always looking to use the fastest or most convenient payment option as long as it is secure.

As online shopping becomes commonplace and accessible from a variety of devices it saves consumers valuable time. They can order groceries via their phone in their lunch hour at work, send birthday cards and gifts online or book and pay for concert tickets without even leaving home.

Over half, 53%, of everyone we surveyed agreed that they had made one or more payments on a portable connected device in the last month with the highest figures coming from America.

Graph 7 – Number of respondents that have made one or more payments by portable connected device in the last month, by country
When asked if making payments via wi-fi enabled devices had made their life easier, 64% agreed, this was most prevalent in the lowest age group.

**Graph 8 – Number of respondents agreeing wi-fi enabled devices have made life easier, by age**

Around two-thirds of those surveyed, 66%, confirmed they are always looking to use the fastest or most convenient payment option as long as it is secure, with Americans being the most motivated by this.

**Graph 9 – Number of respondents always looking for the fastest or most convenient payment option, by country**
Another connected device that has entered the market and oozes convenience is the wi-fi enabled fridge. These have been around for a few years now and are increasing in popularity as they are now more widely available, and competition has driven the price down.

The weekly shop is redefined as groceries can be ordered, paid for and scheduled for delivery via an app on the fridges’ built-in touchscreen display on which you can also watch tv!

45% of respondents agreed that if they owned a wi-fi fridge they would make a payment for groceries via the fridges’ touchscreen or compatible app. Age was a defining factor here as the older generation were much more hesitant.

Graph 10 – Numbers by age agreeing to make payments via a wi-fi fridge

More men were agreeable to making a payment this way with 48% agreeing as opposed to 42% of women.

Another convenience we love today are drive thru’s where you can grab a quick lunch or a coffee on your way into the office in a morning. With payment enabled dashboards now built into some cars you can order your morning coffee ahead and pay for it this way. 53% of those surveyed agreed that they would be willing to order ahead and trust this technology to make their payment for them. The UK were much more hesitant to do this compared to the US and Australia.
Graph 11 – Number of respondents agreeing to order ahead and use dashboard technology to make a payment, by country

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>60%</td>
</tr>
<tr>
<td>Australia</td>
<td>53%</td>
</tr>
<tr>
<td>UK</td>
<td>47%</td>
</tr>
</tbody>
</table>
4. Conclusions

The future of smart payments is a tricky one to define with no clear path obvious. New technologies are constantly coming to market and changing this tumultuous landscape. Our survey showed that, when it comes to the Internet of Things, Americans are ahead, embracing this new technology and eager to adopt the latest payment methods which allow faster, seamless transactions.

It was apparent that while a pleasing number of consumers have already experimented with making payment transactions via voice assistants, around three-quarters in each country expressed security concerns. It is evident that more needs to be done to build trust and to reduce these security fears before consumers are ready to accept this technology, especially in Australia where respondents were the most security conscious.

Today’s busy lifestyles cry out for new technology that saves consumers precious time and our survey highlighted that this is indeed a top priority and payments that offer a simple, speedy and seamless experience are highly sought after.
About TNS and Contact Details

TNS is one of the world’s leading payments connectivity providers and is trusted by hundreds of organizations to securely deliver more than 32 billion payments transactions each year. For over 25 years, TNS has provided innovative data communications solutions to valued partners including merchants, banks, acquirers, processors, ATM operators and deployers, payment service providers and other financial institutions. The company now proudly serves customers in more than 60 countries.

TNS: A global business with regional strength

- 1,250+ active network connections
- Handles communications to more than 108,000 ATMs
- Manages 1 million+ payment-specific SIMs
- Supports millions of point-of-sale terminals
- A level 1 PCI DSS certified service provider
- Offices in 20 countries
- Driving innovation of new technologies, such as encryption and tokenization

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Appendix – Regional and Demographic Survey Components

The survey was conducted by online self-completion interview between January 17th - 21st, 2019 by Kantar TNS.

These online surveys are designed to be nationally representative of adults interviewed across the UK, US and Australia. The survey uses a quota sample (age interlocked with gender, and a regional quota). Post fieldwork correctional weighting within age, gender and region, has been used to ensure the representativeness of the survey.

The lowest age group interviewed surveyed in the US was 18-24, compared to 16-24 in the UK and Australia.
US 2019 survey demographics
1,050 responses received

Gender breakdown
- Male: 50%
- Female: 50%

Age breakdown
- 18 – 24 year olds: 21%
- 25 – 34 year olds: 21%
- 35 – 44 year olds: 20%
- 45 – 54 year olds: 23%
- 55 – 64 year olds: 15%

Region breakdown
- Northeast: 24%
- Midwest: 17%
- South: 38%
- West: 21%

Australia 2019 survey demographics
1,022 responses received

Gender breakdown
- Male: 51%
- Female: 49%

Age breakdown
- 16 – 24 year olds: 18%
- 25 – 34 year olds: 21%
- 35 – 44 year olds: 21%
- 45 – 54 year olds: 18%
- 55 – 64 year olds: 18%

Region breakdown
- New South Wales & Australian Capital Territory: 34%
- Victoria & Tasmania: 28%
- Queensland: 20%
- South Australia & Northern Territory: 8%
- Western Australia: 10%
UK 2019 survey demographics
1,046 responses received

Gender breakdown
- Male: 51%
- Female: 49%

Age breakdown
- 16 – 24 year olds: 19%
- 25 – 34 year olds: 22%
- 35 – 44 year olds: 22%
- 45 – 54 year olds: 20%
- 55 – 64 year olds: 17%

Region breakdown
- North: 36%
- Midlands: 34%
- South: 30%