

# Build a Payment Mix That Works for You

Discover how you can meet your customers' desire for greater payments choice.



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**1 in 3**

shoppers say they would abandon their cart if their primary payment method wasn't available.<sup>1</sup>



**1 in 6**

have abandoned checkout because the process is too long or complicated.<sup>2</sup>



**60%**

say they want to use their preferred payment method no matter where they are.<sup>3</sup>

# Optimise your payments mix

As payment technology evolves, it is now easier than ever to reach new customers and enable them to pay the way they wish.

Customers also have greater choice and they will select the payment method that best suits their needs. Customers' preference can vary by country, by age-group and by the nature of the transaction. For example, some might prefer credit card or buy now pay later (BNPL) options for big-ticket items but use another method for lower priced items.

The result is that you need to offer a wider range of payment options. If you fail to provide the payment experience customers expect, you could exclude whole segments of customers and lose sales as a result.

It is important to meet customers' expectations at this critical, closing stage of the transaction but, for many large businesses, offering greater choice means increasing internal costs, adding complexity and risk, and reducing internal efficiency.

This guide will help you decide on the payments mix that is best for your business. It will also help you deliver the payment experience your customers expect, while maintaining business agility and profitability.

**“The user experience in terms of usability, trust, and flexibility is everything, especially for the digitally native consumer. The experience PayPal helps us provide is beating all consumer expectations.”**

David Oksman, Chief Marketing Officer, Samsonite<sup>4</sup>

# What are the world's most popular payment methods?

Payment method	Global share of eCommerce <sup>5</sup>		Description	Examples	Supports recurring payments?	Supports refunds?	Supports disputes?
	2020 Actual	2024 Forecast					
<b>Digital wallets</b>	<b>44.5%</b>	<b>51.7%</b>	Generally linked to a card or bank account, wallets securely store payment credentials which can then be used for online and in-person payments.	PayPal, Alipay, Google Pay, Apple Pay, WeChat Pay, PagSeguro, PayPay, GrabPay	✓	✓	✓
<b>Cards</b>	<b>39.5%</b>	<b>34.9%</b>	Credit cards allow cardholders to make purchases on credit, either settling their account at the end of each month or continuing to borrow and pay interest. Debit cards deduct payments directly from a cardholder's bank account. Prepaid cards allow purchases to be made against a preloaded (prepaid) value. Cards are issued by banks and financial institutions and, prior to the emergence of digital wallets, were the most popular way to pay for purchases online.	Visa, Mastercard, American Express, JCB, Discover & Diners Club, China Union Pay, NETS, EPS, Elo	✓	✓	✓
<b>Account-to-account (bank transfer) payments</b>	<b>8.9%</b>	<b>6.3%</b>	These can take different forms but all involve the direct transfer of funds from the customer's account to that of the payee. Examples include direct debit (where the account holder usually signs a mandate enabling the payee to draw funds directly), bank credit transfers (where the customer pushes funds to the payee, and bank redirects (which add an additional layer of verification to the transaction). The increasingly popular "Instant Payment" is an example of account-to-account payments.	Direct Debit, iDEAL, GiroPay, PIX, SEPA, FPS,	✓	✓	✓
<b>Cash-related payment methods</b>	<b>4.6%</b>	<b>2.4%</b>	As well as cash-on-delivery, this method includes kiosk payments (popular in Japan, LATAM, India and Russia) where shoppers print a voucher or receive a reference number and make the payment at a kiosk, convenience store or bank. The kiosk then notifies the seller that payment has been made.	Konbini, Boleto Bancario, Oxxo, 7-Eleven, Pay-easy, QIWI, iNETS	✗	✗	✗
<b>Buy-Now-Pay-Later (BNPL) and other pay-by-instalments solutions</b>	<b>2.1%</b>	<b>4.2%</b>	BNPL is growing quickly around the world. Often popular with younger shoppers, BNPL and other subscription solutions enable the purchaser to spread payment over a fixed, limited number of instalments.	PayPal, Klarna, Affirm, Afterpay, Addi, Atome, Hoolah, Pace, Paidy, Kueski	✗	✓	✓

# Why getting your payment mix right is vital

1 in 3 shoppers say they would abandon their cart if their preferred payment option was not available.<sup>6</sup> Imagine losing one third of your potential sales right at the end of the buying process.



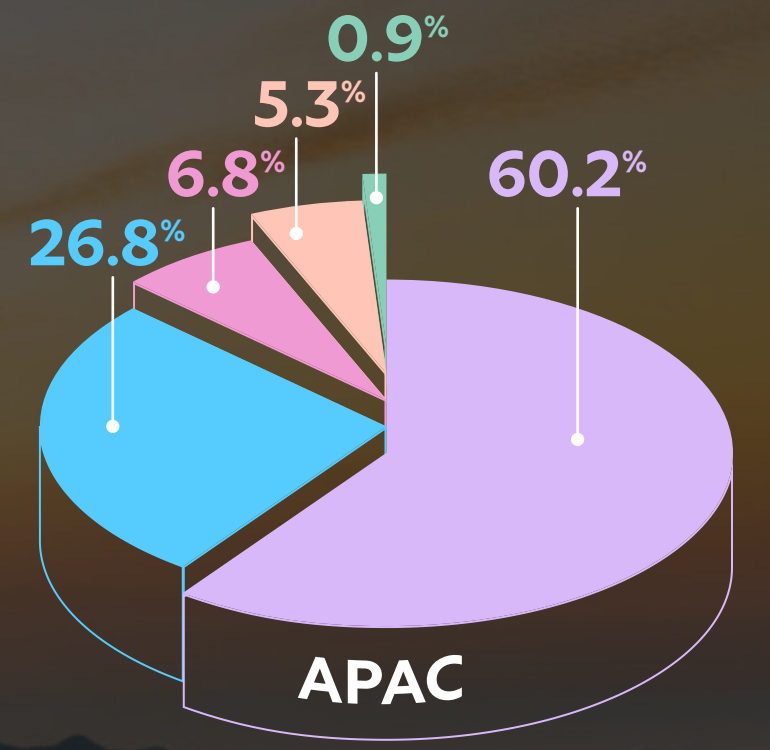
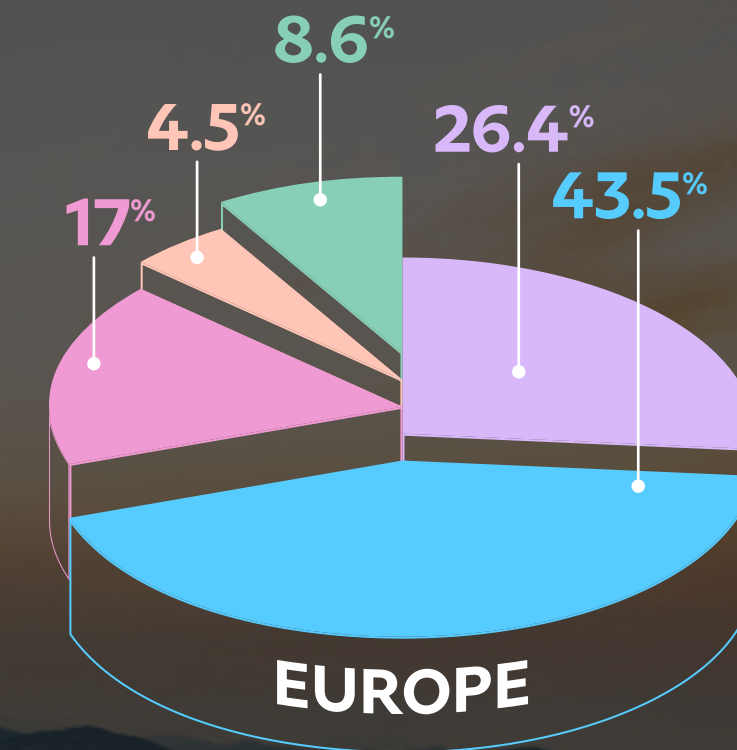
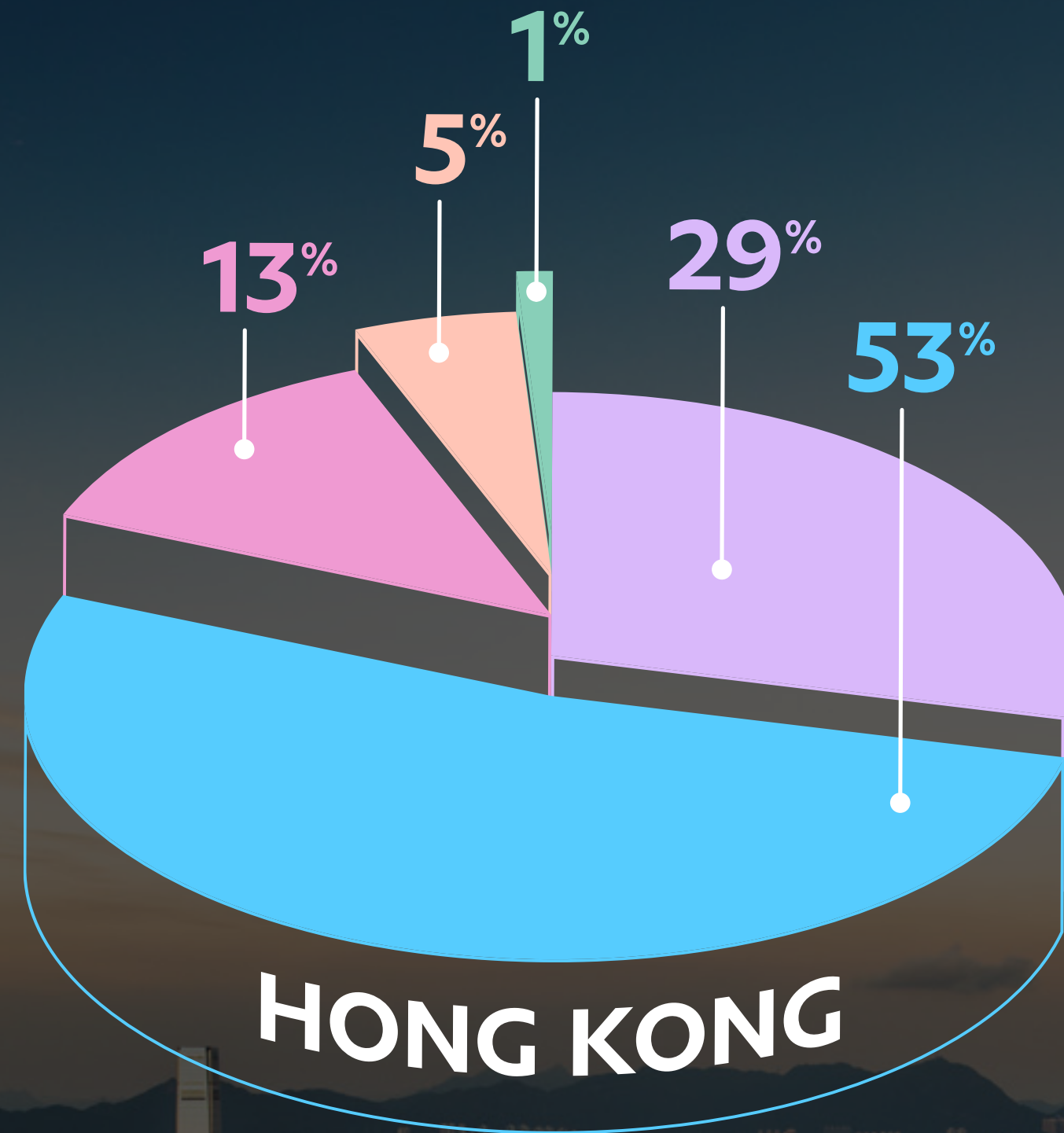
But offering every possible payment is not the answer, either. Too much choice leads to customer confusion, frustration and choice paralysis.<sup>7</sup> Offering – and managing – too many payment choices from different providers adds complexity and cost to internal operations, reducing operational efficiency. **More than half (51%) of businesses say that the complexity of managing multiple payment solutions/partners is either very or critically challenging.**<sup>8</sup>

The payments mix you choose will depend on the country and demographics of your customers and the type of business you are in.



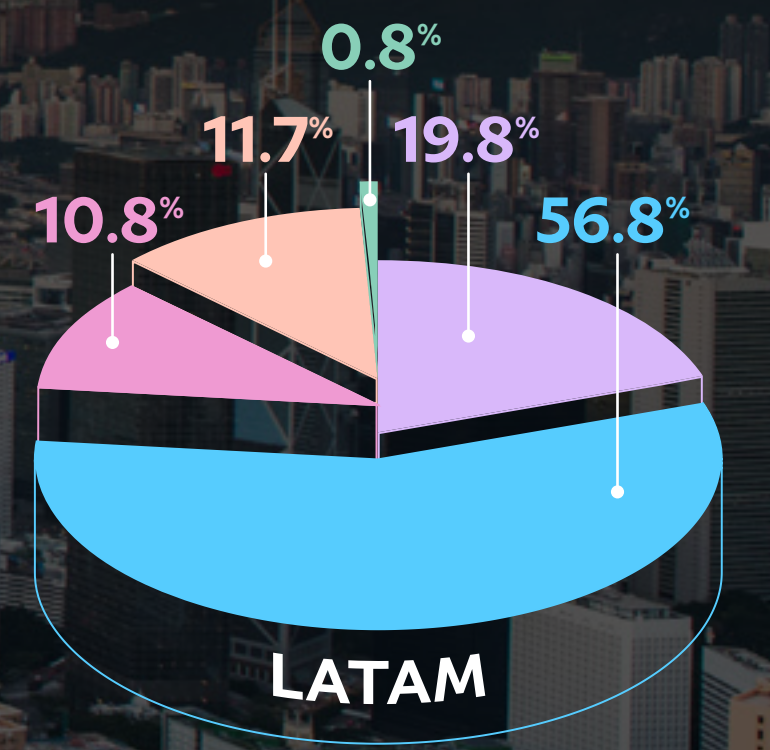
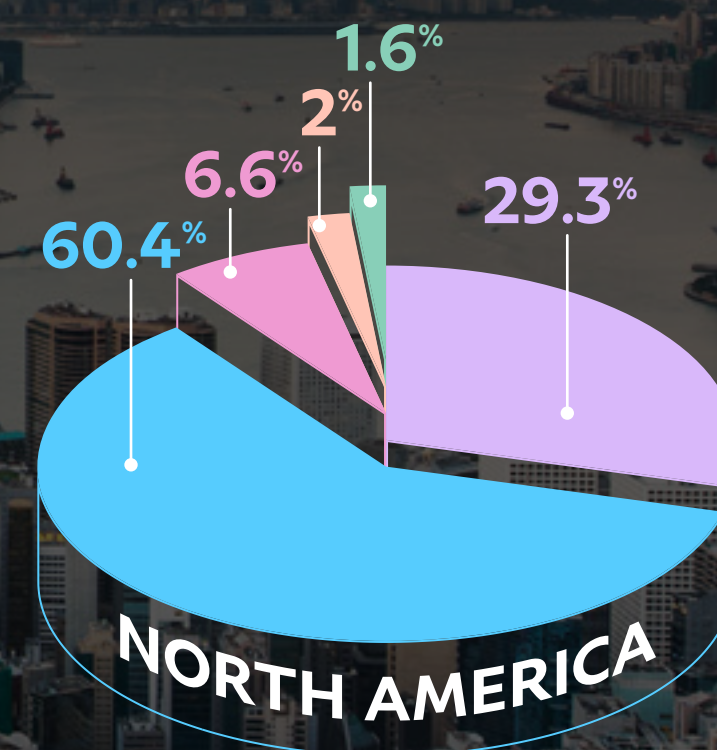
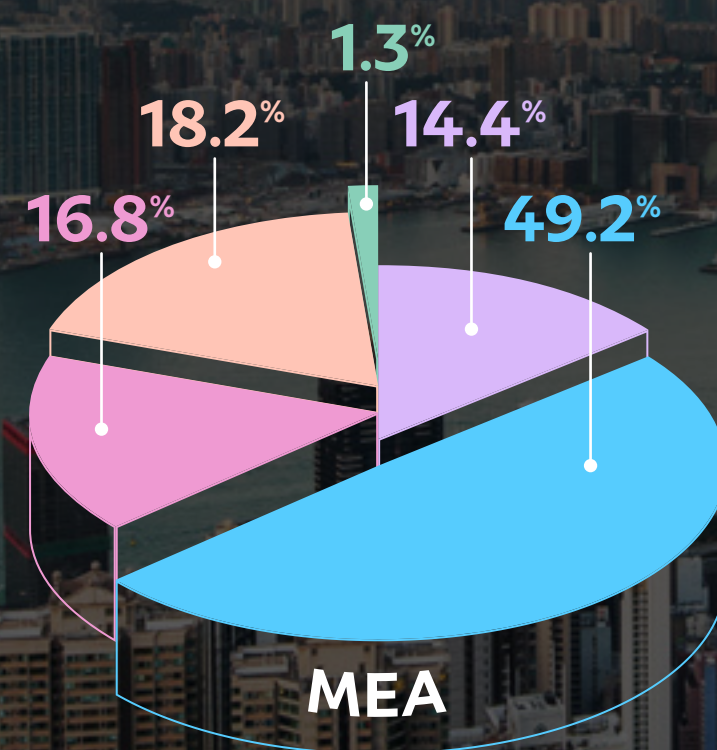
## How payment preferences vary by geography<sup>9</sup>

If you sell in different countries, you need to offer the choices your customers will prefer. These can vary dramatically.



### GLOBAL E-COMMERCE PAYMENT METHODS

- Digital Wallets
- Cards
- Bank Transfer and Direct Debit
- Cash Related
- Other





In Hong Kong mobile wallet adoption was 86.6% in 2021, one of the highest rates in the APAC region.<sup>16</sup>

Digital wallets are the world's preferred payment method for online purchases (44.5% of eCommerce transactions volume<sup>10</sup>). They are also expected to overtake cash and cards for in-store payments. But usage varies from over 60% in APAC to just 14.4% in MEA.<sup>11</sup>

Similarly, the popularity of cash fell during the pandemic, but it remains common, even for eCommerce payments, in countries where many people don't have bank accounts.

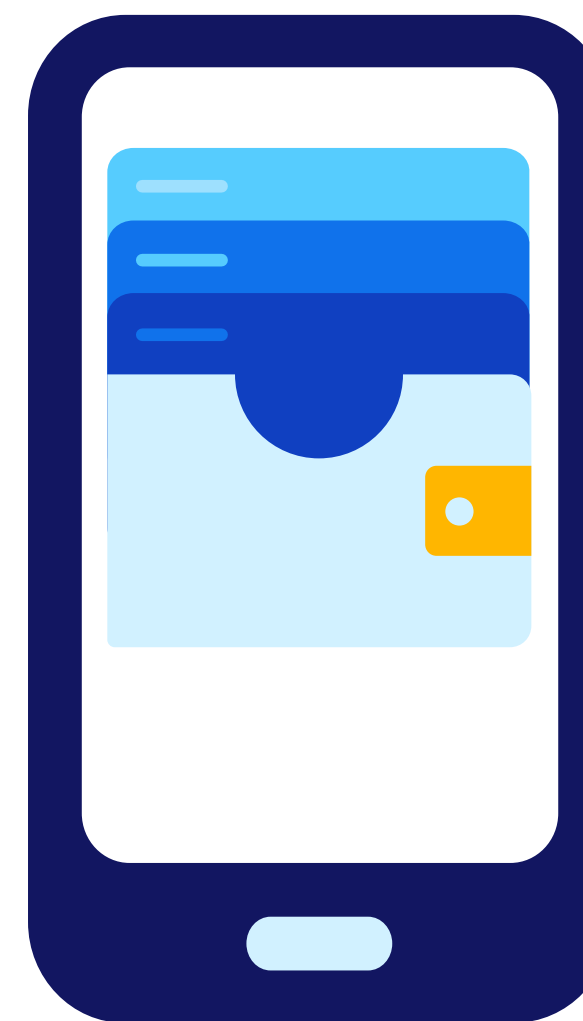
**Cash-on-delivery is close to zero in North America but still 16.4% (1 in 6 transactions) across the MEA region.**<sup>12</sup>

As you plan your payments mix, it is important to consider how the market is moving, so you don't get left behind.

Choose a provider, like PayPal, that can manage digital wallets, cards and alternative local payment methods all from a single integration with your existing infrastructure. PayPal is able to provide a wide range of payment options relevant to different regions and keep them up to date. This will improve your operational efficiency and reduce the burden of regulatory compliance.

Also, ensure the payments provider you select can provide your business with global and local insights on payment and fraud trends.

The Asia-Pacific (APAC) region is a leader in the use of digital payments. Already, nearly half (46%) of APAC's consumers prefer to use digital wallets.<sup>13</sup> **Across the region, 68% expect to use digital wallets in 2021/22,<sup>14</sup> and 94% say they will consider using at least one emerging payment method, such as QR codes, digital wallets, instalment plans, cryptocurrencies, biometrics and others.**<sup>15</sup>



Digital wallets are used in **44.5%** of eCommerce transactions.<sup>10</sup>

# How payment preferences vary by age-group

It's no surprise that Generation Z and millennials (roughly 18–30-year-olds) are the age groups most comfortable with newer payment methods. Whether it's the adoption of digital wallets or BNPL, the younger cohort are in the lead.

In recent research on the worldwide uptake of BNPL, Global Data noted that “Age has been a major determinant of BNPL use, and the increased prominence of millennials in the economy means BNPL use should accelerate.”<sup>17</sup>

**Various research studies have found that younger shoppers are very comfortable with BNPL and that 28% of 18–39-year-olds are more likely to shop at a retailer again if they offer a BNPL option.**<sup>18</sup>

Millennials and Gen Z customers are the age group most likely to use cryptocurrencies and digital payments too where 42% would prefer to make purchases with their smartphones.<sup>19</sup>

At the other end of the age scale, seniors (those over 66) largely prefer card payments. They grew up writing cheques or using cash and they are the age-group least likely to use smartphone apps, peer-to-peer payments or online banking.<sup>20</sup>

“Age has been a major determinant of BNPL use, and the increased prominence of millennials in the economy means BNPL use should accelerate”

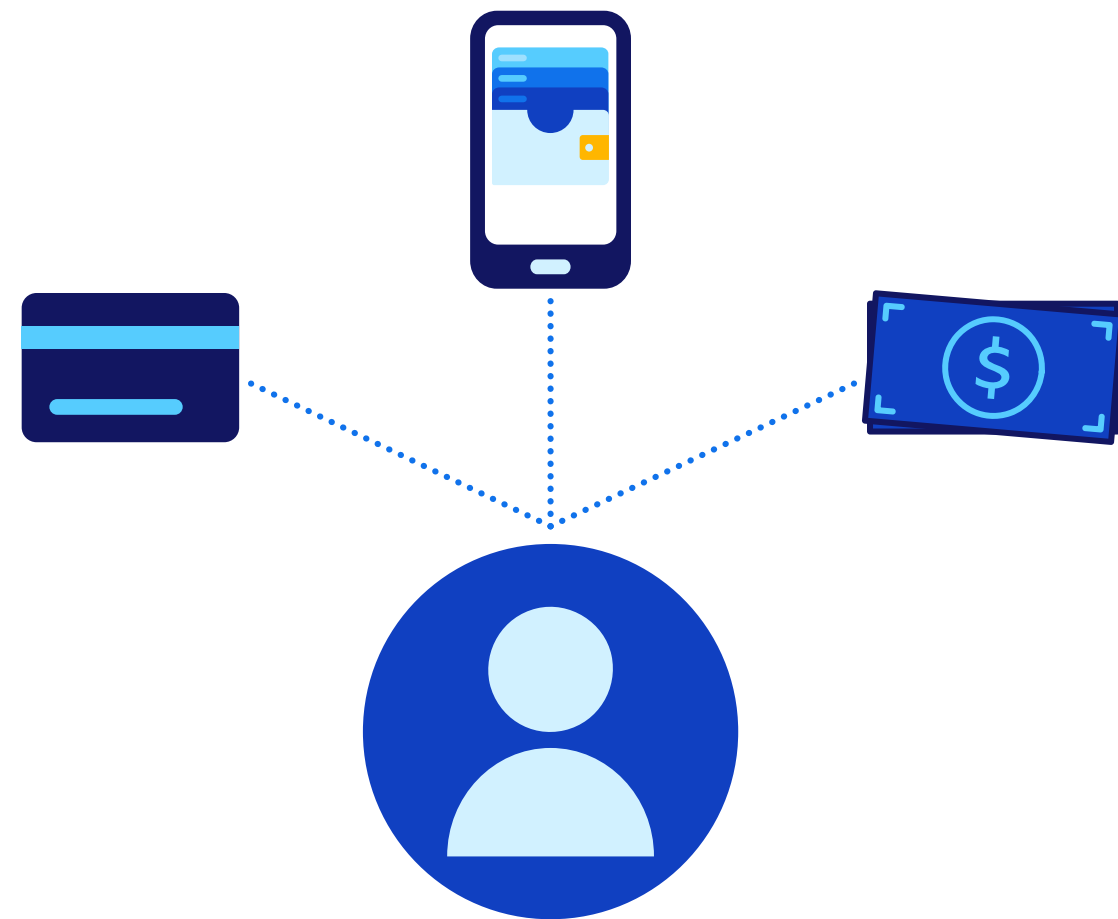
Recent research on the worldwide uptake of BNPL, Global Data<sup>17</sup>





# How payment preferences vary by sector

Different payment methods are more suitable for different situations and customers are generally comfortable using a range of methods and selecting the one that best suits a situation.



For example, they may choose a bank direct debit to make regular payments to a trusted provider. They may prefer the added security of digital wallets for eCommerce transactions, but prefer card (or even cash) for in-person payments.

Understanding the interaction of geography, demographics and business type is critical to developing the optimal payments mix for your business.

In the next few sections, we'll look at a selection of industry types and consider the most appropriate payment types to offer for each.





# Payment priorities for eCommerce businesses

When it comes to eCommerce, speed and convenience are key. Having found the items they want, customers expect a simple checkout experience, and they will quickly walk away if that's not available. Remember, 1 in 6 shoppers have abandoned checkout because the process is too long or complicated.<sup>21</sup>

Digital wallets are the most popular payment method for eCommerce, followed by cards, so it is important to offer both. Consider the demographics of your customers. For example, if you are in the fast-fashion sector, with a younger customer base, wallet-based payments will be even more important. If you sell luxury goods to an older clientele, it will be important to meet their expectations by supporting the cards they prefer.

Also pay attention to your international customers. **International, cross-border eCommerce is expected to be worth US\$2.2 trillion by 2026, growing by a compound annual rate of 17.4%.**<sup>22</sup> If you target specific countries, make sure your customers can pay the way they prefer by offering the payment methods popular in their country. That could be American Express for the US, Apple Pay for the UK, or KakaoPay for South Korea.

When choosing a payments provider look for one with worldwide reach, that can advise on and provide the payment methods that are popular in your own country and in all your target markets. Ensure they can provide modern payment methods such as digital wallets as well as traditional card payments within a single, seamless customer payment experience.

**Recommended for eCommerce:**  
Digital wallets, cards, BNPL and instalments.



As a major, international logistics hub, Hong Kong is well placed for eCommerce businesses to access markets in China, other ASEAN markets and further afield to the large eCommerce markets of USA and UK.<sup>23</sup>



# Payment priorities for online gaming

Speed and uninterrupted gameplay are everything for online gamers. They don't want to be hindered or distracted by cumbersome payment processes.

That's why 1 in 4 online players prefer PayPal.<sup>24</sup> From paying for in-app purchases like skins, characters and DLCs, to signing up for Internet tournaments, PayPal works seamlessly across every top platform.

Online gaming has an international audience, so your payment solution needs to reflect the ways your customers prefer to pay, whether that's an international, mobile wallet like PayPal or Apple Pay, locally preferred payment cards or alternative methods of payments. Solutions like PayPal Braintree enable you to switch on different payment methods as your growing market requires and when available.

Consider the characteristics of your target customers and the type of payments they will make. For example, if your market is largely younger gamers, look at supporting cash-based payment methods for those who don't have bank cards.

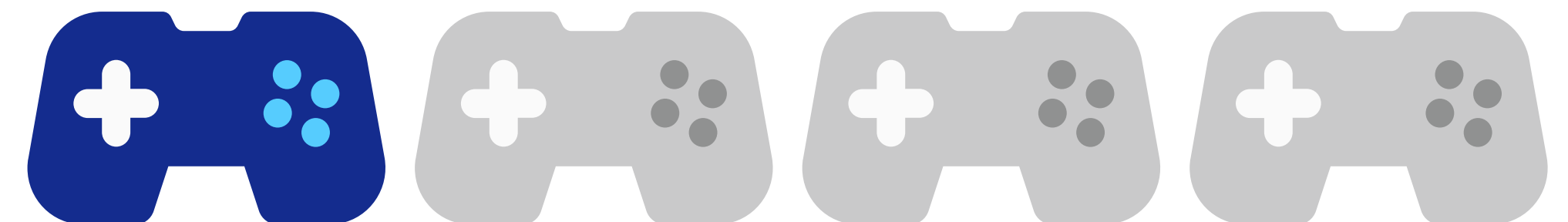
If your game is subscription based, make it easy for gamers to renew by offering payment methods that support recurring payments.

Also, think about mitigating your fraud risk. With high transaction volumes and customers' emphasis on speed, gaming has always been an attractive target for fraudsters. This includes card testing, friendly fraud and phishing or account takeover frauds. [Learn more about the types of payment fraud and how to address them.](#)

To protect your business, customers and reputation, look for a payment partner that offers advanced, real-time fraud detection and prevention.

**Recommended for online gaming:**  
Digital wallets, cards.

**1 in 4**  
online players  
prefer PayPal.<sup>24</sup>



# Payment priorities for SaaS and services businesses

If you manage recurring payments like regular, monthly SaaS subscriptions, you need to consider how payment details can be stored and re-used without requiring the customer to authorise each individual payment. Using a payment service like PayPal that supports vaulting and tokenisation means that customers' payment details are securely stored by the payment platform and can be re-used without individual reauthorisation.

Tokenisation can also simplify compliance requirements for your enterprise.

Selecting the best payments mix can also help with customer retention, an important concern for every SaaS business. Businesses with above average retention rates grow nearly 50% faster than those below the median rate.<sup>25</sup>

One of the simplest ways to boost retention is to make it easy for customers to pay, and keep paying, for their subscription. From initial onboarding to ongoing, regular subscriptions, payment technology is more central to customer experience in a SaaS business than any other.

The payment solution you choose needs to seamlessly handle introductory offers, changing

subscription rates and automatic renewals. And, it should enable customers to pay using their preferred payment method, wherever they are located.

Managing recurring subscription payments well is essential for fast-growing SaaS businesses so look for a subscription management tool, like [subscriptions on PayPal](#) to help.

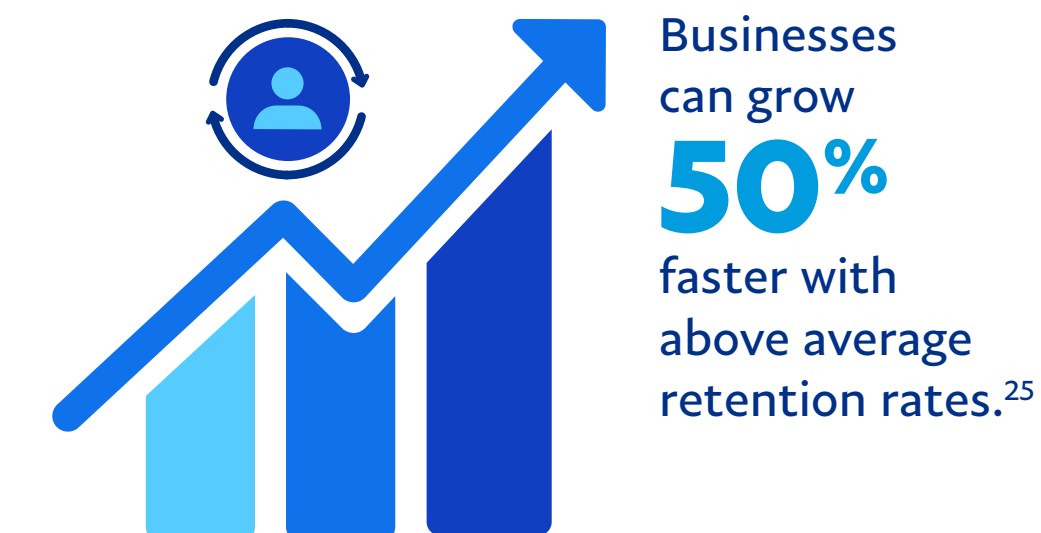
Many SaaS customers are looking for mobile SaaS apps, so make sure your payment technology works equally well on a small mobile screen.

### Recommended for SaaS and services businesses:

Digital wallets, cards, account-to-account payments (such as direct debit).

“PayPal enables us to charge each [customer] with his/her desired recurring amount, meaning the merchant can gradually extend their budget as their business grows. We have been using PayPal for 8 years now and our A/B tests show that offering PayPal as a payment method to our potential clients increases their conversion rate into paying clients by 33%.”

Yariv Dror, Co-founder and CEO, StoreYa.com



# Build the best payments mix for your business

The payment experience you present to customers is a critical part of the overall customer experience. Get it right and you can increase customer loyalty and improve sales. However, a poor checkout experience, where people can't pay the way they prefer, can result in lost customers and lost sales.

To get the optimal mix for your business, it pays to work with an enterprise-grade payments partner that can provide both global scale and local expertise.

PayPal has over 20 years' experience in the payments industry and is trusted by businesses and consumers around the world. With a single integration, PayPal can provide the payment capabilities you need along

with tools to manage fraud. We make it simple to scale your business and enter new international and domestic markets. And, we make everything available from a single dashboard to help streamline your day-to-day operations.

Our network of more than 40 million merchants around the world means we have the scale, expertise, processing capacity and data insights to uniquely position your business to grow, compete, and thrive in today's digital commerce landscape.

With white-glove customer and technical support, we are on hand to work closely with our biggest enterprise customers to anticipate and resolve issues as they arise.



More than **40M** merchants around the world use PayPal.

See how PayPal can help you choose, build and manage the payments mix you need to support your growing enterprise.

[Learn More](#)





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