

# The SMB Payment Advantage: Converting Complexity into Growth



Filippo Battaini  
Research Manager,  
IDC Retail Insights,  
Europe



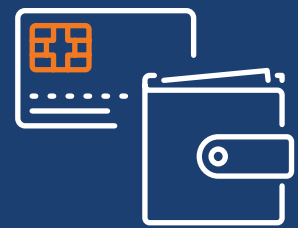


# Summary

Enhanced payment operations are crucial for small and medium-sized businesses (SMBs) to thrive. Modern payment platforms are not just a convenience but a growth enabler, helping SMBs drive conversion, streamline operations and meet evolving customer expectations.

IDC surveyed over **700** retail merchants, including **247** SMBs, along with **8,000** consumers across **the United Kingdom, Ireland, Spain, the Netherlands, France, Sweden, Germany, and Italy**, to learn more about consumers’ expectations at checkout and merchants’ strategies to streamline payment and checkout operations and meet customers’ needs.

## Key findings from the research include:



### Business success requires meeting consumer payment expectations.

Merchants that address what matters most to consumers - including secure payment processing (86%) and user-friendly checkout experiences (61%) - are better positioned to achieve their key business objectives, such as enhancing customer experience and loyalty (68%) and increasing revenue and conversion (65%).



### Technology integration is a key challenge to achieving a modern, effective payment experience.

Despite the desire to modernise their operations, SMBs face significant hurdles. In particular, respondents cited challenges related to technology integration, along with the costs of implementing new technology, as their primary concerns (89%). Additional challenges faced by SMBs include keeping pace with evolving business trends and changing customer expectations (86%) as well as maintaining robust security and compliance protocols (52%).



### Modern payment platforms drive significant business results.

The research reveals that 70% of SMBs plan to implement modern payment platforms within the next year. Still, early adopters report compelling benefits: 92% experienced increased revenue growth, while 86% saw higher average order values. Payment processing efficiency and security improvements were reported by 82% of users.



### Innovation enables customer-centric payment solutions.

Success in today's market requires a strategic approach to payment operations, combining omnichannel capabilities, robust security measures, and diverse payment options. SMBs investing in payment innovation, such as omnichannel checkout and advanced security, can see higher payment success rates, fewer abandoned transactions, and stronger customer loyalty.

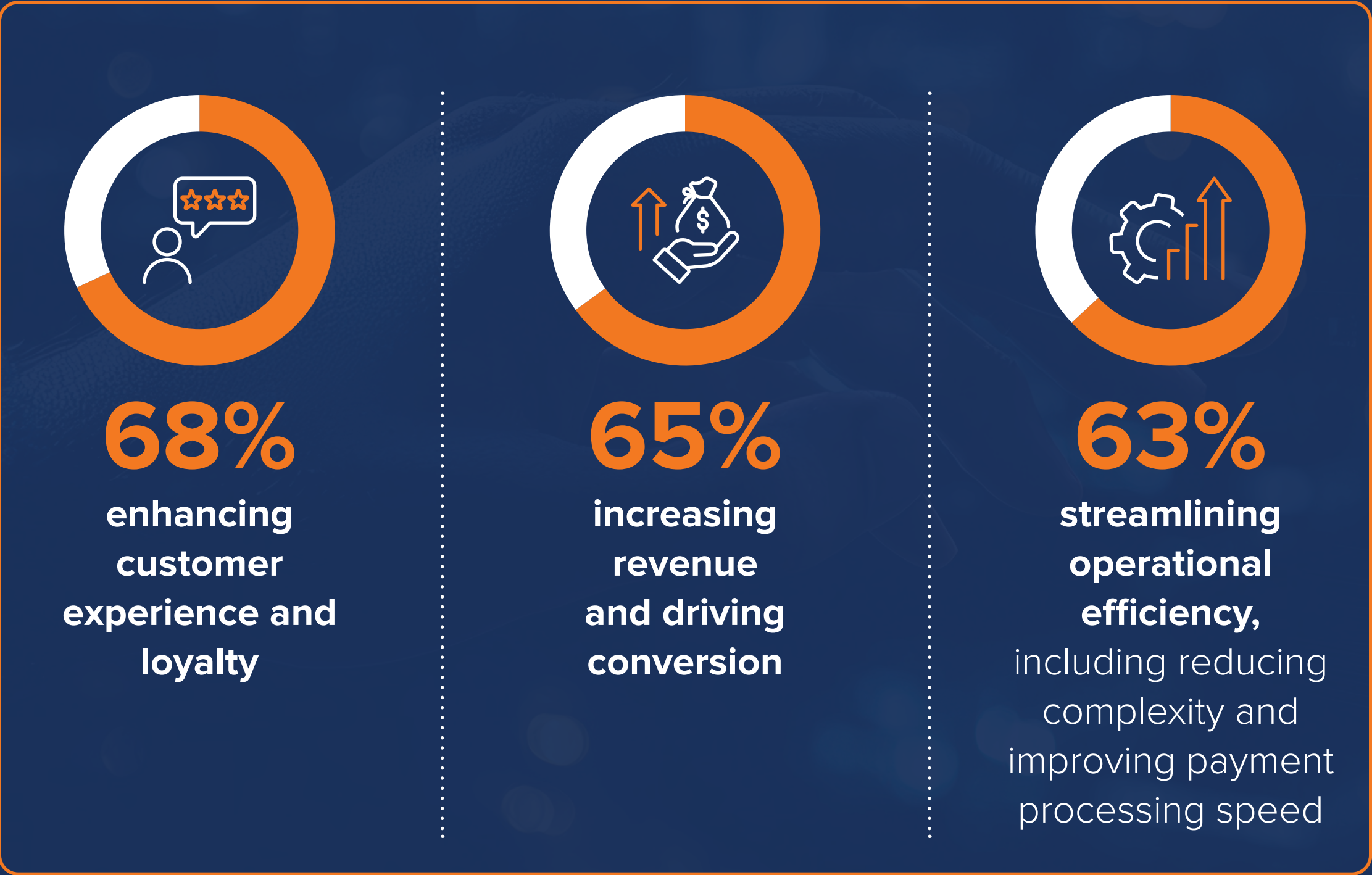


# Big Picture – Enhancing Retail Operations for Competitive Advantage

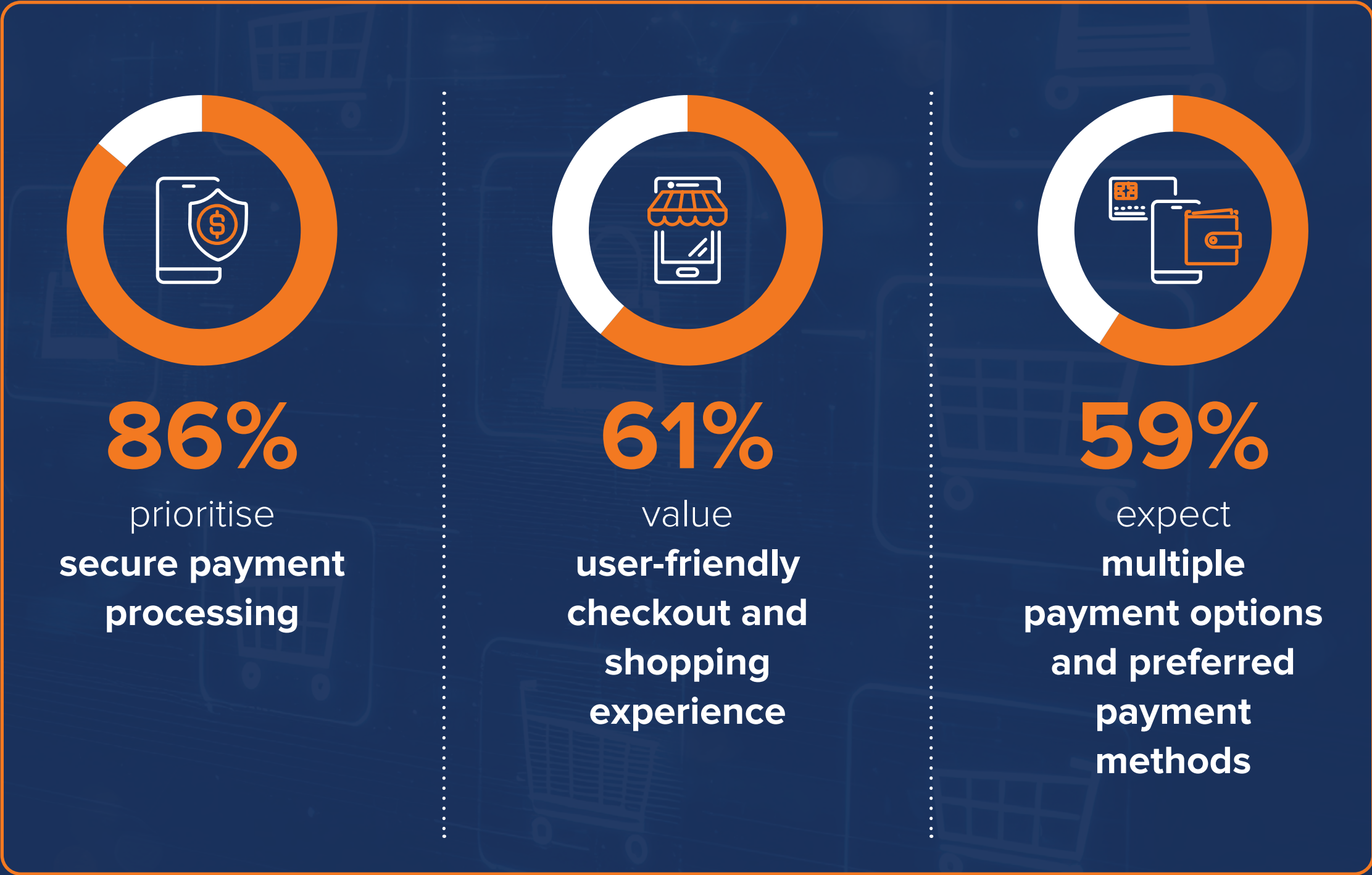
Merchants face a challenging trading environment with increasingly demanding consumer expectations. To help achieve key business objectives, retailers must prioritize meeting customer needs, particularly around payment experiences. Secure and straightforward payment processing is crucial to customers, and addressing these expectations directly improves customer experience while supporting merchants' growth and efficiency goals.

In today's competitive market, **SMBs** cited a number of **business objectives that are guiding their strategies**.

## Top merchant objectives include:



## Key factors important to consumers when deciding where to purchase include:






# The Challenge – Navigating Complexity in Modern Commerce

It is no surprise that technology and innovation play a critical role in navigating today’s complex commerce landscape. The real challenge for businesses is not recognising this fact — it is making considered strategic decisions to modernise operations effectively. To capitalise on commerce opportunities, forward-looking companies take deliberate steps to digitise everything from payment settlement to customer experience, finance, operations, reporting, and compliance.

While upgrading operations has become a necessity, the following **challenges can hinder companies' modernisation efforts:**

1



**Technology Integration and Costs**

89%

including difficulties with integrating new technologies into existing systems, high costs associated with implementing new technologies, and difficulties in integrating new payment solutions or features with existing infrastructure.

2




**Competitive and Customer Experience**

86%

including staying competitive with rapidly evolving business trends and technologies, frictions in the customer journey, and ensuring the shopping experience meets customer expectations.

3




**Security and Compliance**

52%

including cybersecurity, fraud, and risk management vulnerabilities, regulatory and compliance requirements and maintaining customer trust and data privacy in payment processes.


In upgrading payment capabilities, it is important for merchants to review and address common issues that are likely to cause shoppers to abandon their carts during the checkout process.

## Key concerns among consumers when shopping online include:



**74%**

**Security Concerns During Transactions**



**68%**

**Friction in the Checkout Process**



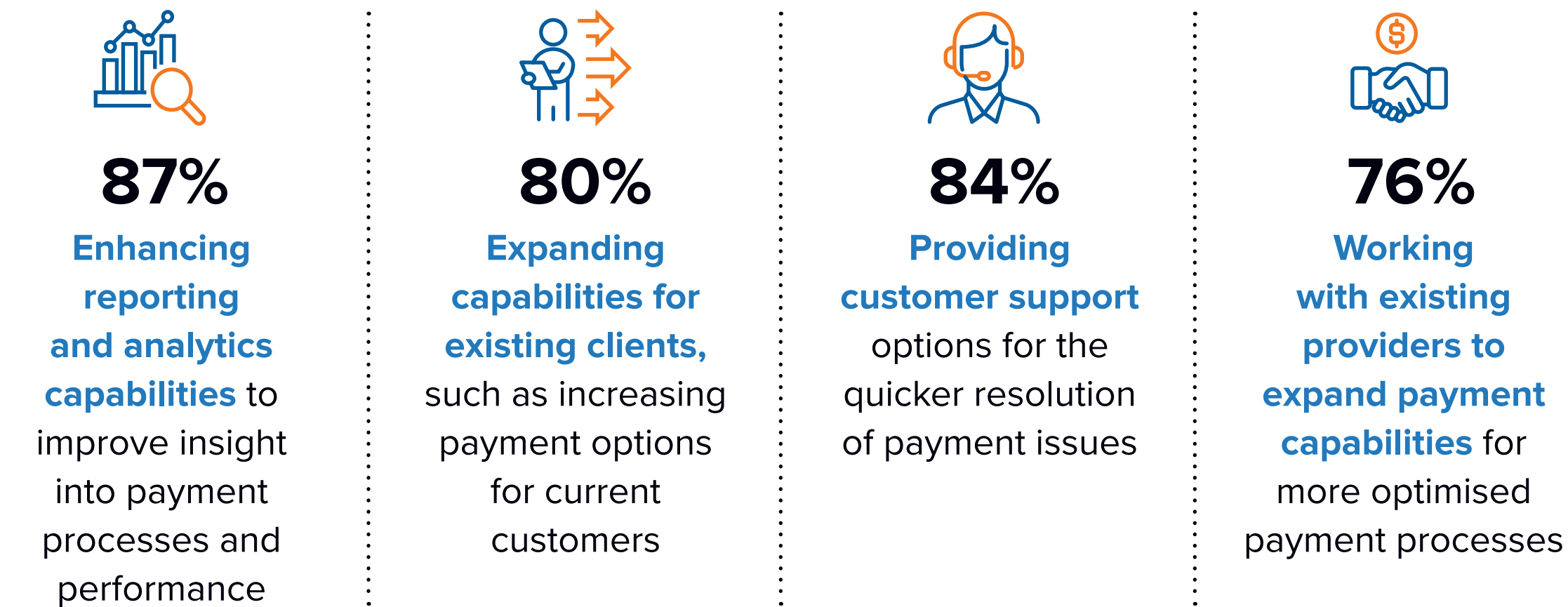
**59%**

**Lack of a Preferred Payment Method**

# Innovate to Meet Customer Needs

Striving for seamless operations can require IT platforms that provide management control and agility to adapt to market changes. Payment innovation helps to enable small businesses to adapt and customise payment options to meet diverse customer needs. Payment platforms include capabilities like card processing, invoicing, buy now pay later (BNPL), and deferred rates. These innovations help merchants respond to customer buying preferences by offering more payment choices and ensuring customers can pay from any device, anywhere.

SMBs are adopting several **key strategies to streamline their operations**, including:



SMBs' adoption of key payment capabilities and strategies can help contribute to improvements across several areas, including:



It is crucial for businesses to focus on **key payment-processing features that consumers value**, including:



Modern payment platforms can play a crucial role in helping businesses streamline operations and meet evolving customer expectations. By improving reporting and analytics, expanding payment options, and providing strong customer support, these platforms can help contribute to higher payment success rates, enhanced security, and better customer satisfaction. In a constantly changing market, these capabilities are essential for staying competitive.



# Boosting SMBs Operations and Profitability Through Modern Payment Platforms

Most SMBs surveyed are implementing modern payment platforms to help streamline their commerce operations and to support capabilities such as multiple payment options, multi-currency payments, risk management, and reporting functionality.



Adopting innovative payment solutions helps businesses stay ahead of the competition and meet evolving customer expectations, with a positive impact on top and bottom lines. Modern payment platforms can help save time, reduce manual work, and help increase profitability without significant upfront investment.

A modern payment platform helps to ensure a seamless experience for shoppers, enhancing business operations while providing other benefits such as faster revenue growth and greater payment process efficiency.

## SMBs that have already adopted a modern payment platform report:

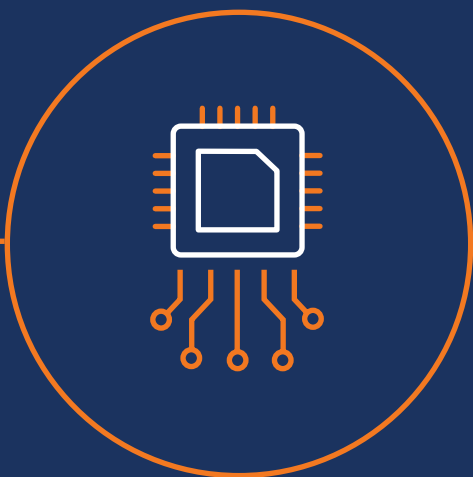




# Four Best Practices for Streamlining Commerce and Payment Operations

With **83%** of SMBs either already using or planning to implement modern payment platforms in the next 12 months, businesses are recognising that payment innovation is no longer optional, it is a critical driver of growth.

**Merchants can consider the following best practices for success:**



1

**Leverage Technology:**

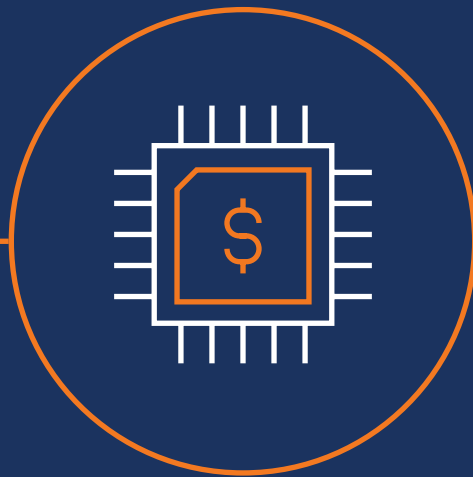
Integrate omnichannel solutions, efficient payment processing, and robust data security to meet the high consumer demand for secure payment processing and a user-friendly checkout experience.



2

**Address Commerce Challenges:**

Manage cybersecurity, remove customer journey frictions, and integrate new technologies to address key consumer concerns such as experiencing friction in the checkout process and security issues during transactions.



3

**Adopt Innovative Payment Solutions:**

Implement IT platforms for agility, customise payment options, and use full-stack solutions to cater to the diverse payment preferences of consumers.











4









**Utilise Modern Payment Platforms:**

Support multiple payment options, ensure seamless experiences, and enhance security and profitability to align with consumer expectations for trusted and secure payment processing systems and a frictionless, easy-to-navigate checkout process.

# Annex

## Merchant Survey Results









Key business objectives								
	 UK	 IE	 ES	 NL	 FR	 SE	 DE	 IT
Enhancing customer experience and loyalty	48%	60%	63%	92%	72%	78%	77%	72%
Increasing revenue and drive conversion	67%	76%	69%	76%	50%	85%	66%	63%
Streamlining operational efficiency	61%	64%	46%	76%	75%	48%	60%	71%









Main challenges businesses face, including specific challenges with their current payment solutions								
	 UK	 IE	 ES	 NL	 FR	 SE	 DE	 IT
Technology Integration and Cost								
Enhancing customer experience and loyalty	36%	36%	31%	40%	25%	30%	34%	31%
Increasing revenue and drive conversion	52%	28%	49%	28%	22%	33%	23%	26%
Streamlining operational efficiency	27%	20%	29%	28%	6%	7%	29%	26%
Competitive and Customer Experience								
Staying competitive with rapidly evolving trends and technologies	49%	20%	34%	40%	25%	26%	26%	20%
Friction in the customer journey	33%	36%	31%	28%	47%	41%	20%	31%
Ensuring the shopping experience meets customer expectations	18%	20%	20%	32%	16%	19%	29%	23%
Security and Compliance								
Cybersecurity, fraud, and risk management vulnerabilities	24%	28%	17%	28%	9%	33%	26%	31%
Navigating regulatory and compliance requirements	12%	0%	6%	12%	34%	22%	11%	14%
Maintaining customer trust and data privacy in payment processes	12%	4%	6%	8%	13%	19%	14%	17%



# Annex

## Merchant Survey Results









Merchants' adoption of strategies to optimise payment capabilities								
	 UK	 IE	 ES	 NL	 FR	 SE	 DE	 IT
Enhancing reporting and analytics capabilities	79%	80%	92%	76%	100%	96%	89%	77%
Expanding capabilities for existing clients	64%	88%	86%	76%	91%	89%	83%	89%
Providing customer support options for the quicker resolution of payment issues	85%	76%	86%	72%	88%	85%	86%	77%
Working with existing providers to expand payment capabilities	79%	84%	77%	84%	69%	74%	83%	60%









Status of SMB adoption of a payment platform that supports multiple payment solutions, multi-currency payments, one-click payments, risk management and reporting, and other capabilities								
	 UK	 IE	 ES	 NL	 FR	 SE	 DE	 IT
SMBs about to implement a modern payment platform in the next 12 months	76%	88%	83%	72%	72%	56%	60%	74%
SMBs already leveraging modern payment platforms	6%	4%	9%	8%	3%	19%	26%	17%











# Annex

## Consumer Survey Results

Key factors shoppers consider when deciding to purchase a product or service from a retailer/brand								
	 UK	 IE	 ES	 NL	 FR	 SE	 DE	 IT
Secure payment processing	85%	86%	78%	84%	87%	84%	91%	87%
User-friendly checkout and shopping experience	69%	74%	65%	70%	38%	60%	63%	68%
Multiple payment options/Preferred payment methods	46%	55%	54%	48%	54%	50%	73%	67%

Shoppers' key concerns when shopping online								
	 UK	 IE	 ES	 NL	 FR	 SE	 DE	 IT
Security concerns during transactions	75%	78%	78%	72%	77%	70%	67%	79%
Frictions in the checkout process	67%	70%	73%	66%	69%	69%	59%	75%
Lack of a preferred payment method	58%	59%	61%	55%	59%	59%	57%	65%

Payment-process features considered important by shoppers								
	 UK	 IE	 ES	 NL	 FR	 SE	 DE	 IT
Trusted and secure payment processing systems	95%	96%	93%	93%	94%	97%	97%	96%
Frictionless and straightforward checkout process	93%	94%	93%	90%	94%	96%	94%	94%
Availability of diverse and preferred payment options	77%	83%	87%	81%	84%	86%	93%	92%





PayPal has remained at the forefront of the digital commerce revolution for more than 25 years. By leveraging technology to make sending money and shopping more convenient, affordable, and secure, the PayPal platform is empowering hundreds of millions of consumers and merchants in more than 200 markets to join and thrive in the global economy.

For more information, visit:

[PayPal.com](#)

[About PayPal](#)

[Investor Relations](#)



This publication was produced by IDC Custom Solutions. As a premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets, IDC’s Custom Solutions group helps clients plan, market, sell, and succeed in the global marketplace. We create actionable market intelligence and influential content marketing programs that yield measurable results.



**IDC UK**

5th Floor, Ealing Cross, 85 Uxbridge Road, London, W5 5TH, United Kingdom  
T 44.208.987.7100

[X @idc](#)

[in @idc](#)

[idc.com](#)

© 2025 IDC Research, Inc. IDC materials are licensed [for external use](#), and in no way does the use or publication of IDC research indicate IDC’s endorsement of the sponsor’s or licensee’s products or strategies.

[Privacy Policy](#) | [CCPA](#)