

Cybersource Global Payments Study 2020

Lessons from
top performers



About Cybersource

For over 25 years Cybersource has been putting people at the heart of everything we do. Building flexible, creative commerce solutions that make everyday life easier. Cybersource is a modular, cloud-based payment platform that helps you adapt and grow. We enable customers to reach further, adapt faster and grow stronger.

Disclosure

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About this report

This 2020 Global Payments Study Report highlights the results of an in-depth independent study conducted by Ipsos in January and February of 2020.

This year, 890 payment, fraud and payment analytics specialists in 20 countries completed the payment study, which doubled both the total number of respondents and participating countries compared to the previous study in 2018.

The opt-in sample of payment professionals included a diverse mix of SMB, mid-market and enterprise organizations representing physical goods, digital goods, travel, transportation, entertainment and other types of businesses. The 2020 study was made available in seven languages and included respondents from the North American, Latin American, European, and Asia Pacific regions.

This year's study focused on understanding how leading businesses are approaching today's rapidly changing and uncertain payment landscape, what payment approaches and strategies are achieving the best results, and what organizations view as their top payment challenges and priorities for the coming year. The main objective of the 2020 Global Payments

890

Payment, fraud and payment analytics specialists in eCommerce solutions

22

Countries, and territories

Study Report is to provide you with data, benchmarks and insights you can use to evaluate your current payment priorities and strategy, learn how innovative and forward-looking organizations are staying ahead of changes in the payment landscape, and chart a more confident and informed course into your payment future.

Introduction

When the ipsos team conducted this year’s Global Payments Study Report in January and February, they found that understanding and adapting to rapid change was already a top-of-mind issue for most businesses. In the months since, the definition and scale of that change has obviously taken on new dimensions—in the payment world and everywhere else. During times of major disruption—such as with COVID-19—businesses require the ability to adapt quickly and can be the difference between thriving and perhaps not surviving. The insights in this study can be used to build a more flexible and resilient business model, as well as to deliver a better experience and get better outcomes in normal times.

In this context, the 2020 Global Payments Study Report provides a valuable benchmark—a “baseline of normal” that payment professionals can use to stay focused and grounded as they navigate a year of unprecedented uncertainty. In fact, as you explore the report, you’ll likely find that many of the things that were “top priorities” a few months ago have become “urgent imperatives” today. And as we move forward together, we will certainly all find ways to adapt, accelerate and re-prioritize the findings and recommendations that follow to meet the unique challenges of the coming year.

Profile of a payment leader (and why it matters)

To provide relevant and actionable insights, this report focuses on identifying and highlighting payment practices that define the highest performing organizations in the study. By analyzing the approaches, strategies and techniques these top performers use—and comparing them to average businesses—we

will provide you with a valuable benchmark for assessing and improving your own payment performance.

How did we identify these top performers?

They were the survey respondents with the: **Highest conversion rates. Highest payment acceptance rates. Highest levels of internal satisfaction with their organizations’ payment processes and capabilities.**

Respondents conveyed a strong sense of confidence in their organizations’ ability to protect customers’ payment and loyalty data; the quality of their payment management tools; how well their in-store, in-app and online customer experiences connect and work together; their ability to successfully enter new local and global markets; and the overall efficiency of their payment management solutions.

We hope that gaining a deeper understanding of how top-performing businesses approach payments—and the specific methods they use to achieve success—will guide your organization’s efforts to become (or remain) a payment leader.

Top Payment Challenges and Priorities

What did the Global Payment Study reveal about organizations' biggest payment concerns and priorities for 2020?

It's interesting to note that the study's top performers tend to view the payment landscape somewhat differently—and have different priorities—than the other respondents. Here's a brief snapshot of a few top-of-mind issues:

Top performers named digital transformation as the biggest external factor driving their payment strategies. By contrast, other respondents identified “staying relevant in the context of changing customer patterns and demands” as their most important strategy-influencing external factor.

Businesses are very concerned about fraud. A leading 36% of study respondents said staying ahead of threats and managing fraud is their biggest payment management challenge. Top performers were considerably more focused on using predictive fraud management, machine learning, artificial intelligence and other advanced technologies to combat fraud than other respondents.

Managing the growing number of payment methods and sales channels is also a major concern. Study respondents also named today's growing number of payment methods and managing multiple complex sales channels as another top-of-mind challenge. Notably, the top performers were significantly less concerned about their ability to manage multiple channels than other respondents.

Businesses are building their payment strategies around data security and customer experiences. 86% of respondents identified “security of customer data across payment and loyalty” as an extremely or very important piece of their payment management strategy. 83% placed “providing consistent customer experience across sales channels” in that same category. “Better protect customer data” was also cited as the top priority over the next 12 months across all organizations. At the same time, “increase revenue through increased acceptance” was seen as a considerably more important future priority by top performers.

TOP PERFORMER PRIORITIES:

- Digital transformation
- Predictive fraud management that leverages AI and ML technologies
- Boosting revenue by maximizing payment acceptance.

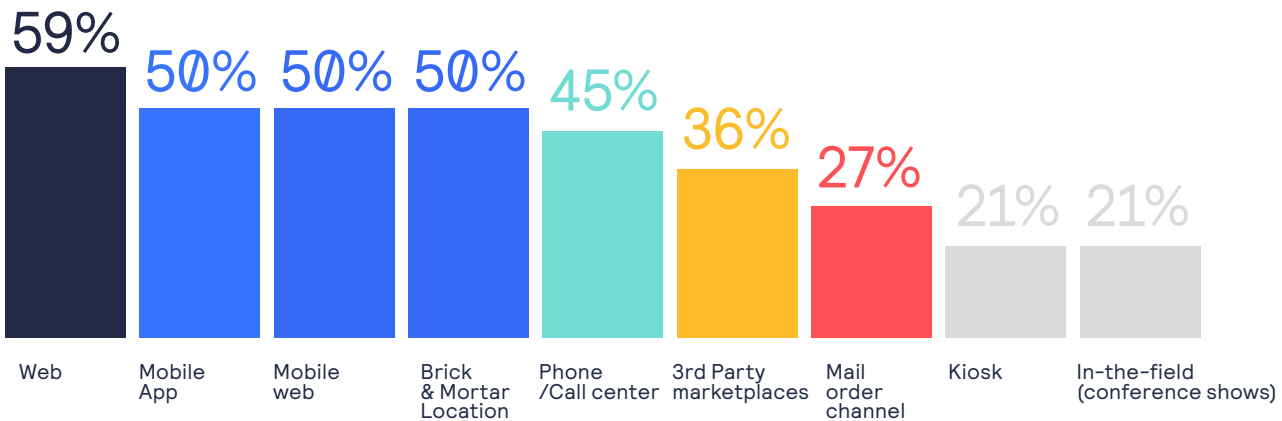
How and where businesses accept payments

Expanding acceptance across multiple channels

The web continues to be the most popular and widely used sales channel by a significant margin, with brick and mortar, mobile app, mobile web and telephone call centers filling in the next four slots.

However, the top performers in the study were more likely to support most or all of the top four channels on the list—especially web, mobile web and mobile app sales.

Currently supported sales channels global totals:

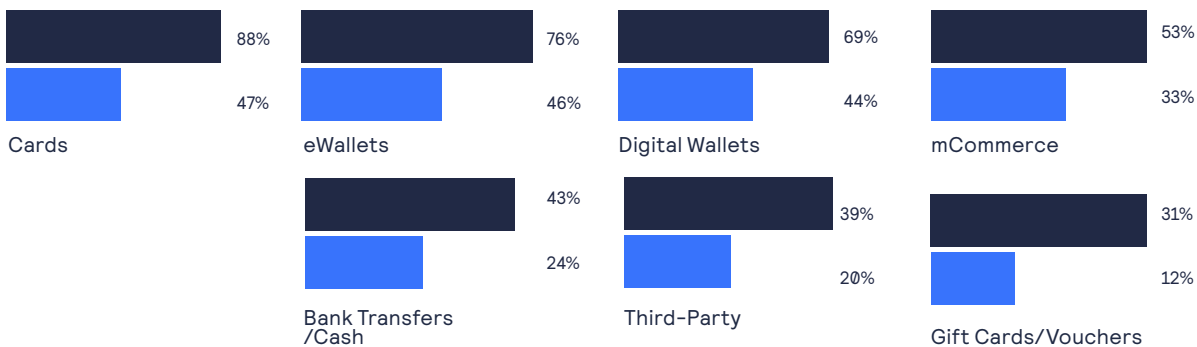


QUESTION ASKED: Which, if any, of the following sales channels does your organization currently support? (Select all that apply.)

Embracing a growing number of payment methods

Traditional payment cards continue to be the most common and widely accepted payment method among study respondents. But over the past 12 months, payment leaders have pushed to offer their customers a more diverse range of options. By far, the most common reason for adding new payment methods was the desire to improve customer experiences, and **payment leaders were also more likely to support all of the different payment methods** identified in the study.

Payment methods currently accepted/added in past 12 months:

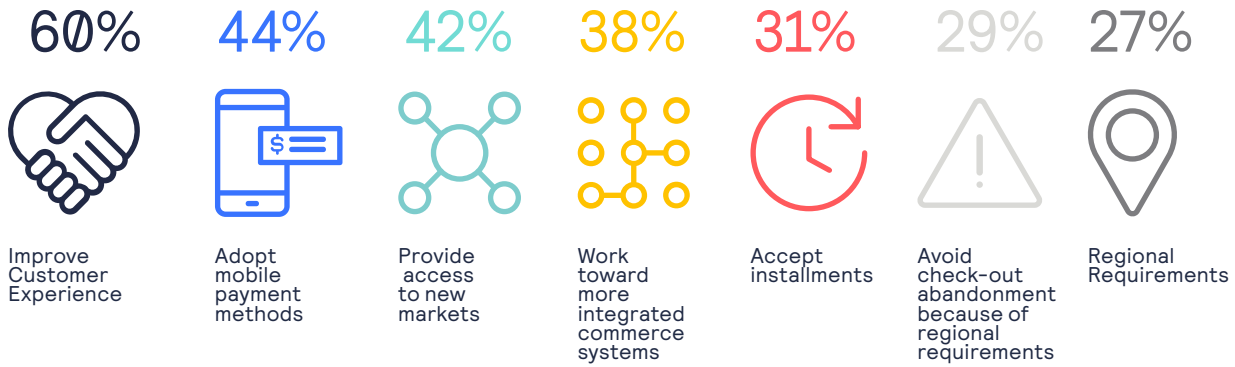


■ Currently accepted payment methods
 ■ Payment methods added in the past 12 months

QUESTION ASKED: 1. Which, if any, of the following types of payment methods does your organization currently accept in your three largest markets? 2. Which, if any, of the following types of payments methods did your organization add over the past 12 months?

How and where businesses accept payments

Reasons for adding new/local types of payment methods over the past 12 months:



QUESTION ASKED: Which, if any, of the following are reasons why your organization added new/local types of payment methods over the past 12 months?

How and where business accept payments

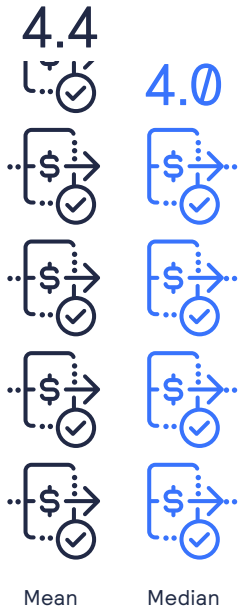
The advantages of connecting to multiple payment processors and merchant acquiring banks

On average, organizations have formed connections with more than four different payment processors (gateways) and more than three different merchant acquiring banks. **Leaders maintain a far greater number of merchant acquiring relationships, not just for overall flexibility, but to improve geographic coverage, give access to distinctive technology or capabilities, maximize authorizations and maximize uptime.**

22%

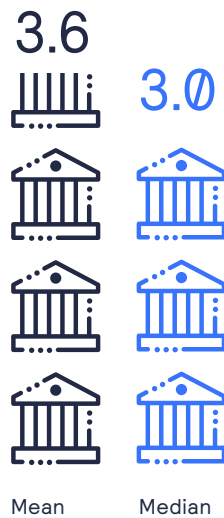
of organizations use 5 or more merchant acquiring banks

Number of connections with payment processors/gateways:



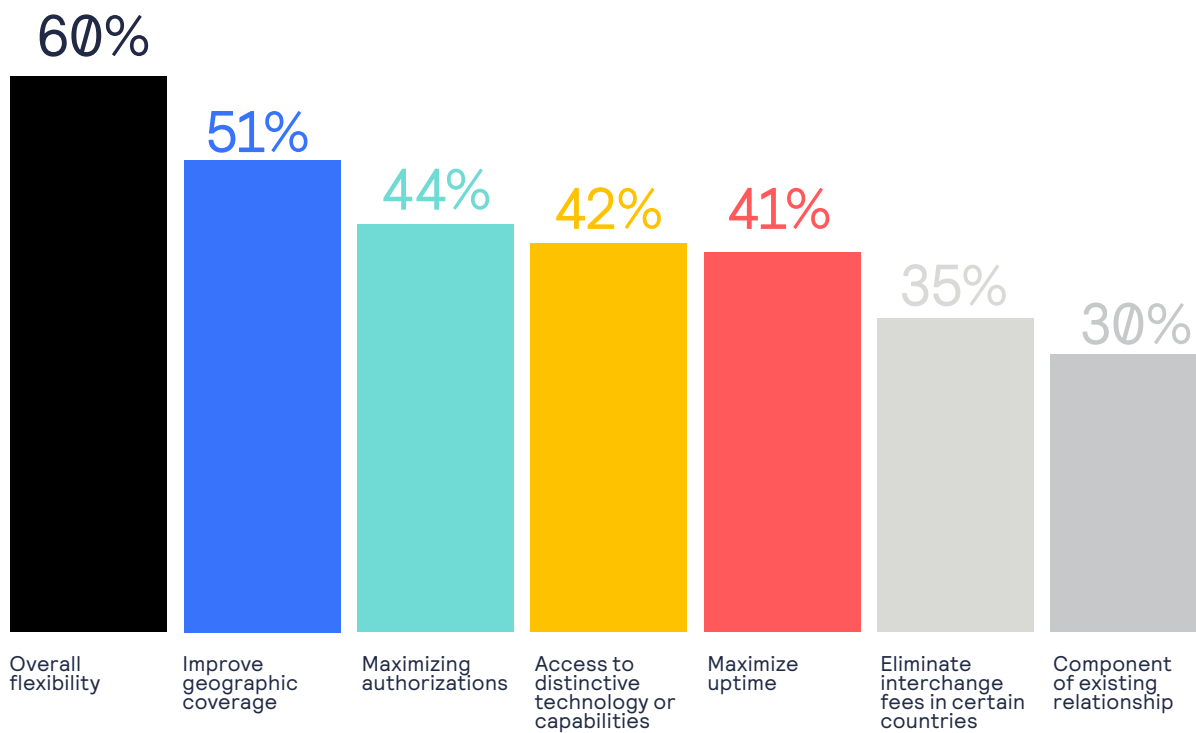
QUESTION ASKED: How many payment gateway or processor connections does your organization currently support?

Number of relationships with merchant acquiring banks:



QUESTION ASKED: How many merchant acquiring banks does your organization currently use?

Reasons for multiple acquiring relationships:



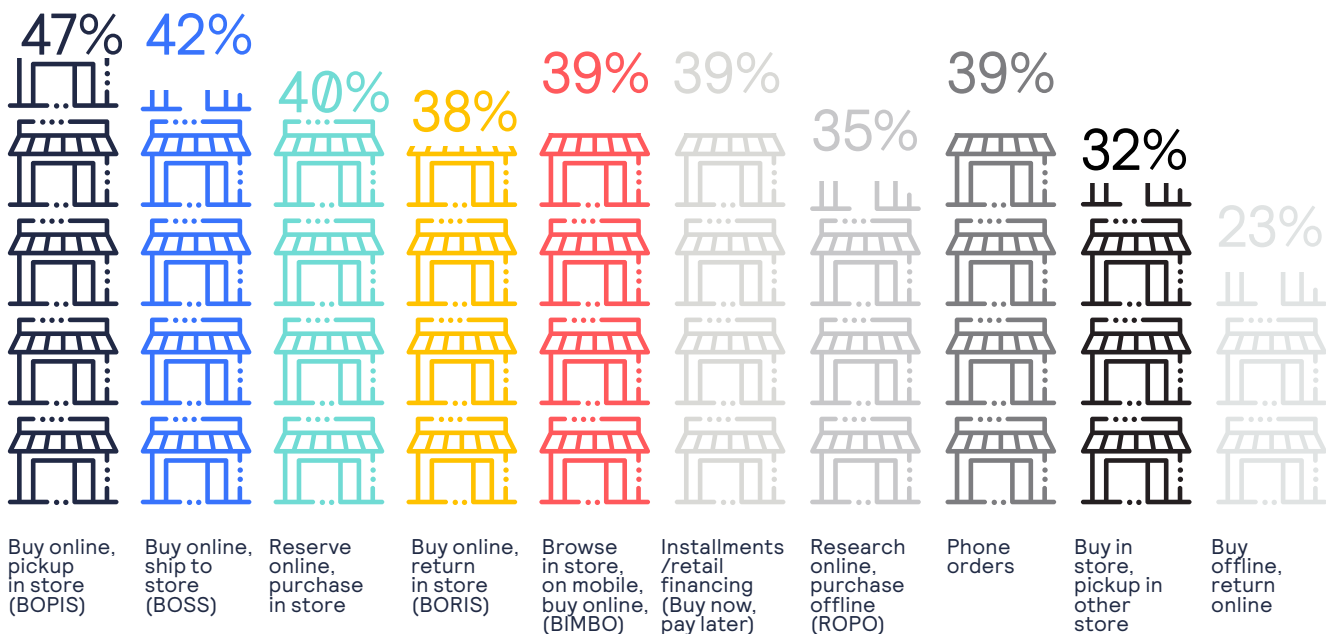
QUESTION ASKED: Which, if any, of the following are reasons why your organization has multiple acquiring relationships?

Effective Payment Management Practices, Approaches and Techniques

Exploring new and expanded retail approaches

Beyond traditional in-store and online shopping, retail businesses are actively finding new ways for customers to shop, pay for, and receive their products. This trend will likely accelerate and evolve quickly in the coming months as businesses look to adopt more “zero-touch” curbside payment and pickup options. Once again, payment leaders in the study demonstrated their commitment to variety and flexibility. They were more likely to provide ALL of the different retail approaches (excluding phone orders)—with a strong emphasis on the “buy online, pickup in store” and “in-store pickup” options.

Retail approaches utilized:

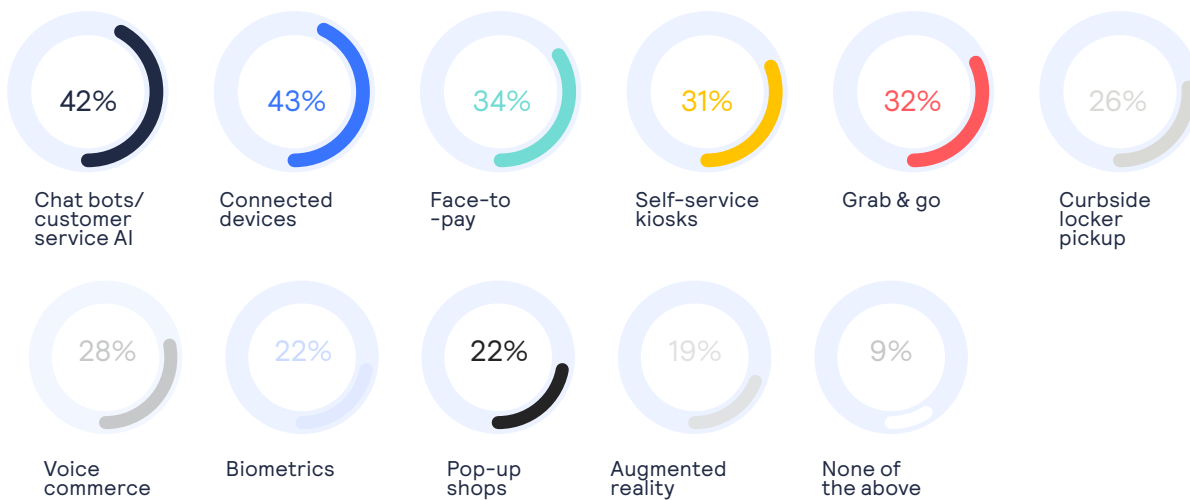


Using new technologies to enhance customer experiences

More businesses are turning to high-tech options like chat-bots, customer service AI and connected devices to deliver more efficient and effective customer experiences at a lower cost. However, **payment leaders in the study also understand the value of a balanced approach**, and although they place a strong emphasis on AI and connected devices, **they are more likely to offer all of the most common customer experience options.**

Customer Experiences Offered

Customer experiences offered



QUESTION ASKED: Which, if any, of the following customer experiences does your organization currently offer?

Improving payment security and customer confidence with tokenization

Today, nearly 6 in 10 of the study respondents use tokenization to protect their customers' payment information and other sensitive data. Not surprisingly, a **significantly higher percentage of our top performing organizations use tokenization**—and not just for payment security. Payment leaders recognize that tokenizing data also helps boost customer confidence and trust, facilitates PCI-DSS compliance, makes it safer and easier to manage loyalty program data, and enables better overall customer experiences.

Reasons for utilizing tokenization:



QUESTION ASKED: Which of the following reasons does your organization utilize tokenization?

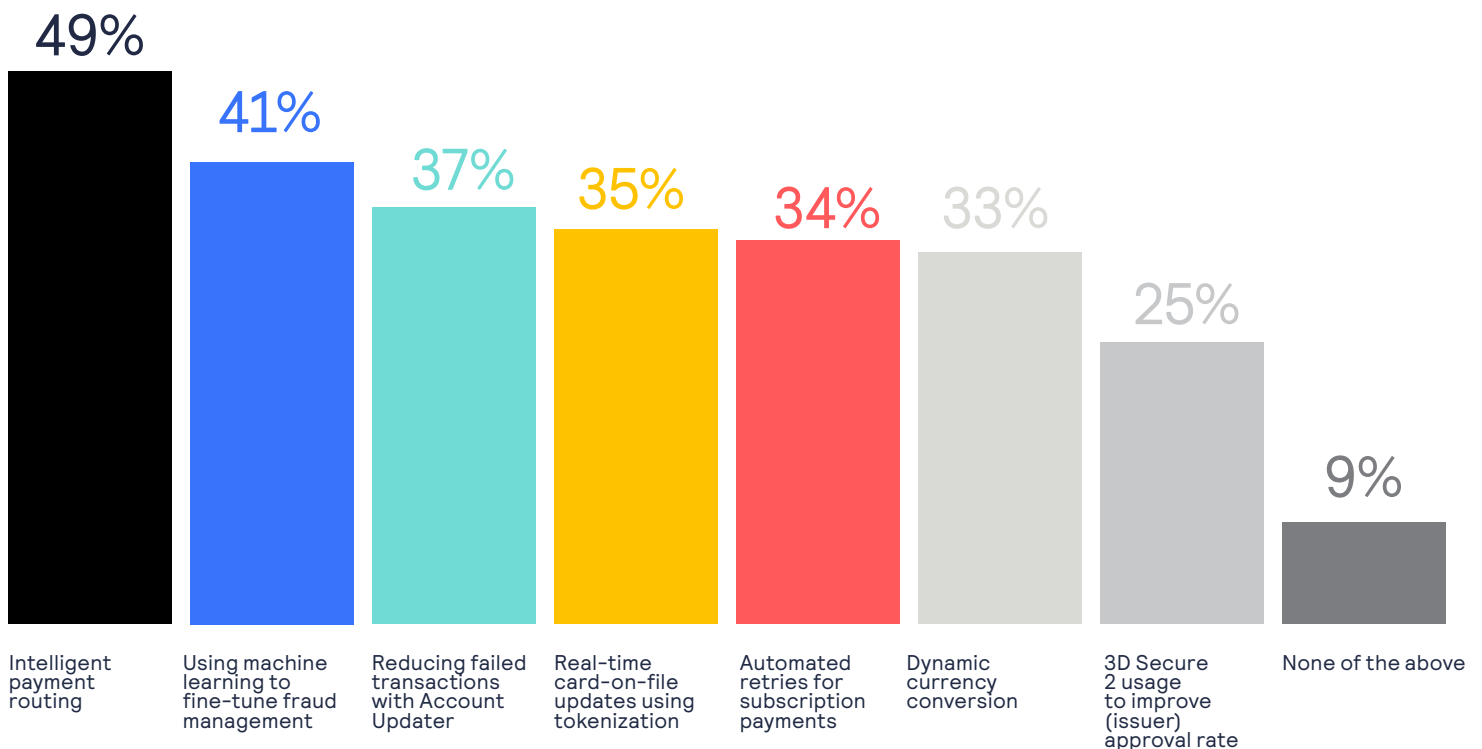
Effective Payment Management Practices, Approaches and Techniques

Making payment authorizations more efficient, intelligent and secure

As payment management processes become more complex, businesses are actively pursuing new approaches and techniques to make payment authorizations safer and more efficient. Nearly 75% of the organizations in the study currently use third-party data to facilitate authorizations. This includes taking advantage of intelligent payment routing among multiple gateway providers (based on authorization rates) or among multiple acquirers (for declined transactions).

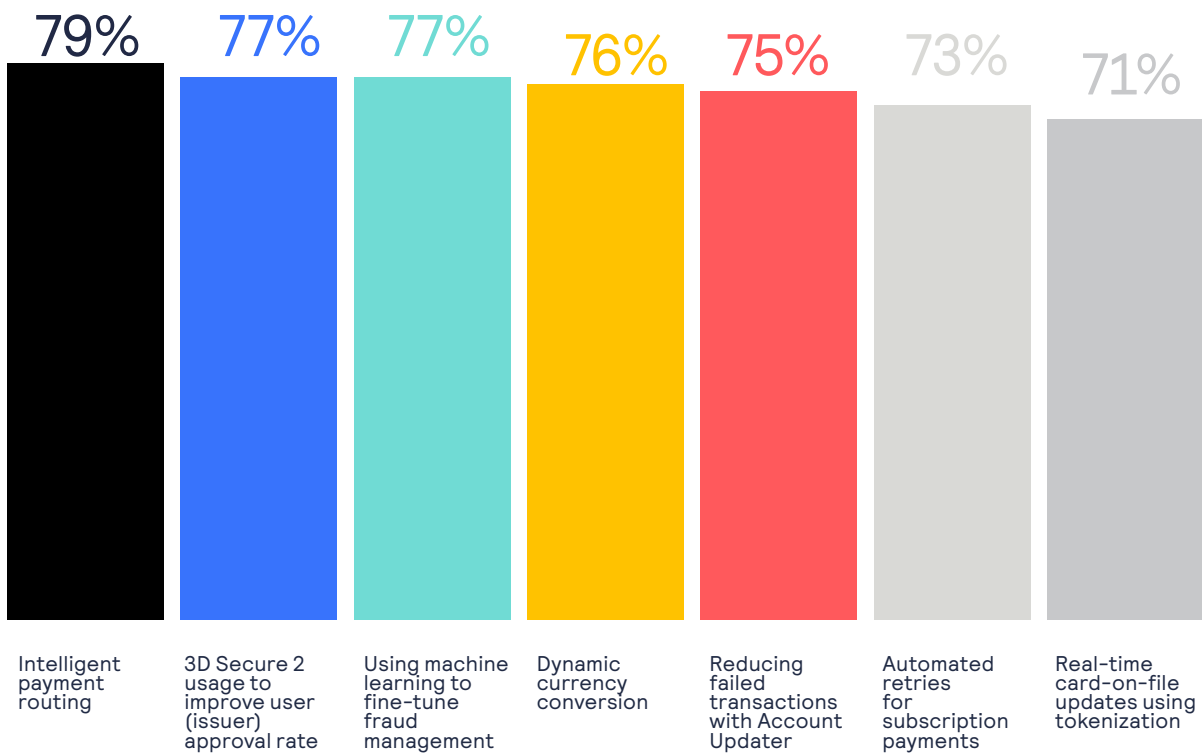
Many organizations are also using machine learning to fine-tune their fraud management rules, as well as taking advantage of automated account updaters, tokenized real-time card-on-file updates, and automatic retries on subscriptions to reduce failed transactions. **As part of the same familiar pattern, the performance leaders in the study made greater use of all these authorization approaches and techniques, especially machine learning to fine-tune fraud management and intelligent payment routing, and were more likely to use third-party data in conjunction with authorization.**

Authorization-related approaches and techniques:



QUESTION ASKED: Which, if any, of the following authorization-related approaches and techniques does your organization use?

Use of third-party data in payment authorizations:



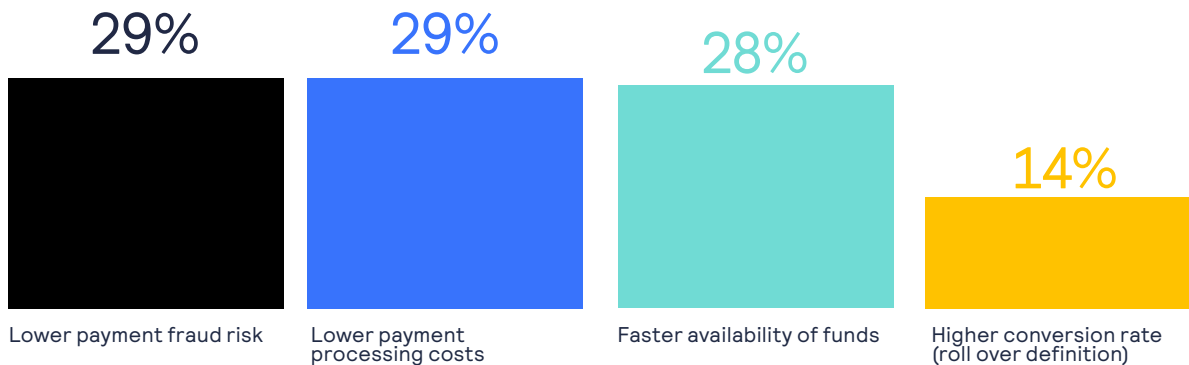
QUESTION ASKED: Does your organization use any third-party data in association with any of these?

Effective Payment Management Practices, Approaches and Techniques

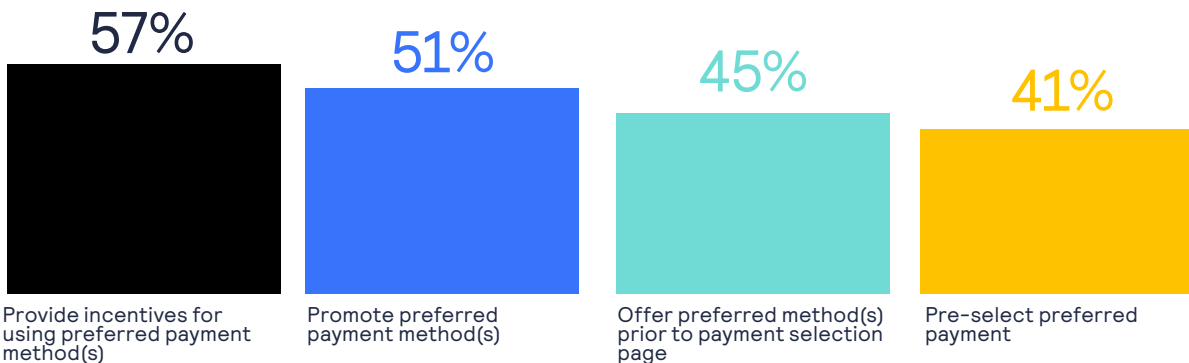
Encouraging customers to use safer, lower-cost payment methods

Not all payment methods are created equal, and eight in ten survey responders indicated their organizations take active measures to encourage customers to select payment methods that are less risky, carry lower processing costs and make funds available more quickly. **We found that payment leaders are not only more likely to guide customers to specific payment methods, but do so much more so to lower risk. These leading organizations are also much more likely to utilize incentives (discounts, loyalty points, free shipping, etc.) and pre-select the preferred payment method on checkout pages.**

Reasons for encouraging preferred payment method(s):



Reasons for encouraging preferred payment method(s):



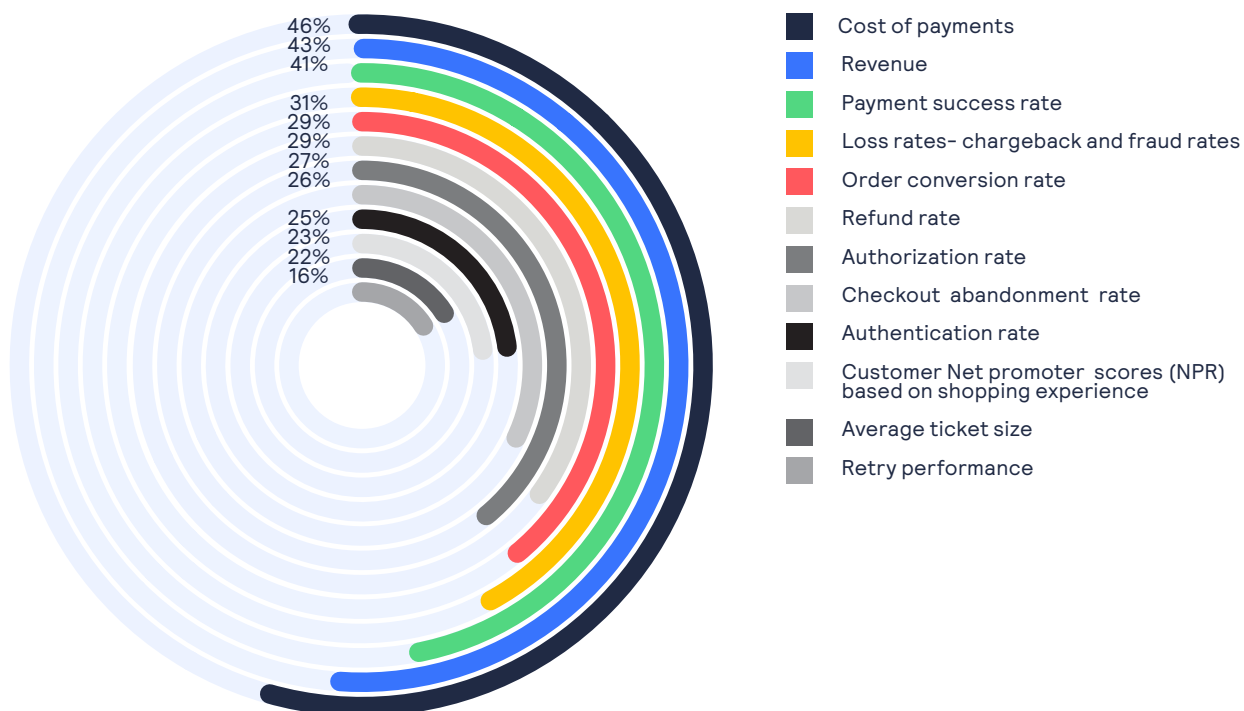
QUESTION ASKED: In what ways do you encourage customers to select one of your preferred types of payment method(s)?

Finding the Right KPIs for Measuring Payment Management Success

What are the best, most informative metrics for measuring payment management success and tracking progress and improvements?

Overall, the cost of payments, revenue, and payment success rates were considered to be the three most important KPIs. **Payment leaders, who tend to track more payment KPIs than others**, also identified loss rates (which are tied to chargebacks and fraud), checkout abandonment rates, and order conversion rates as important KPIs—along with retry performance success and customer NPS.

Extremely important payment management KPIs:



QUESTION ASKED: Which, if any, of the following payments management key performance indicators (KPIs) are extremely important to your organization?

Payment Leadership Means Staying Ahead of Change

There is one central, overarching characteristic that every top performer shares: they all successfully embrace the challenge of thinking beyond and staying ahead of change.... The ability to adapt to change has never been more important than it is right now.

The 2020 Global Payment Study Report highlights dozens of specific practices and techniques that payment leaders have used to improve their payment performance.

But there is one central, overarching characteristic that every top performer shares: They all successfully embrace the challenge of thinking beyond and staying ahead of change, rather than simply keeping up with their competitors and peers.

In practical terms, this means proactively investing in processes and strategies that make their organizations more agile, adaptable and responsive to new payment requirements. Payment leaders have a more sophisticated and nuanced view of the total payment landscape. They consistently support more sales channels, payment methods, retail options, and payment connections than other businesses. They actively seek out and adopt the latest, most effective payment approaches and techniques. And they know how to measure their performance and progress more accurately and in greater depth.

Of course, the ability to adapt to change has never been more important than it is right now. So as we move deeper into this period of uncertainty, we hope you can use the insights in this report to guide your payment management efforts, think beyond the barrage of day-to-day challenges you face, stay ahead of the big, inevitable changes that are coming, and move into a bright payment future.

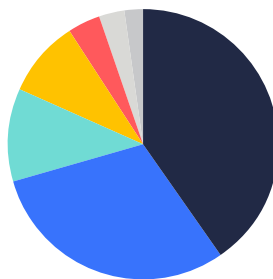
Appendix

2020 Global Payments Study Report Respondent Details

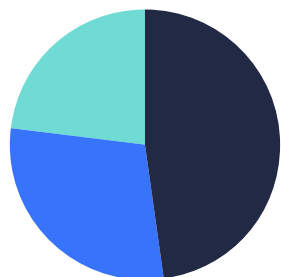
890 respondents Surveyed in 20 countries and territories.



■ 32% APAC
■ 28% North America
■ 22% UK/EU
■ 17% LATAM



■ 40% Physical goods/Retail stores
■ 30% Digital goods
■ 11% Services
■ 9% Travel/Transport/Entertainment
■ 4% Telecom/Utilities/Insurance
■ 3% Restaurants/QSR
■ 2% Other



■ 48% Upto 50M
■ 29% \$51M-500M
■ 23% \$501M+

North America	250
Canada	100
United States	150

LATAM	150
Argentina	25
Brazil	45
Chile	25
Colombia	10
Mexico	40
Peru	5

UK/EU	200
France	50
Germany	50
United Kingdom	100

APAC	290
Australia	45
New Zealand	5
China	100
Hong Kong	15
India	30
Indonesia	7
Japan	25
Korea	15
Philippines	21
Taiwan	15
Thailand	12

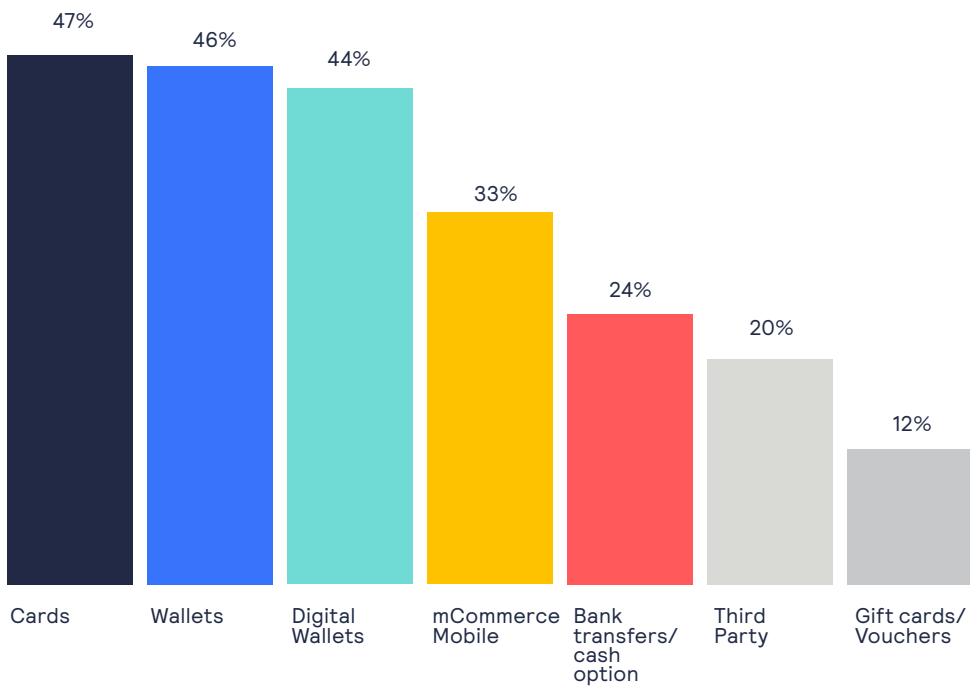
Appendix

Respondents percentage of total revenue from eCommerce:



- 31% 50-74%
- 24% 25-49%
- 21% 75%+
- 12% 1-24%
- 7% Don't know
- 5% Cannot disclose

Payment types accepted in top 3 markets:



Appendix

Payment conversion rates by regions and verticals

Mean Conversion Rates:

	Region					Revenue Size		
	Total	N/A	LATAM	EU	APAC	Up to \$50M	\$51-\$500M	\$501M+
Cards	48%	57%	48%	50%	41%	51%	44%	50%
Bank transfers/cash	41%	43%	36%	45%	42%	44%	36%	44%
Digital wallets	38%	45%	29%	42%	35%	35%	36%	43%
mCommerce	36%	45%	28%	40%	32%	32%	34%	43%
eWallets	35%	40%	26%	40%	35%	33%	33%	42%
Gift cards/vouchers	33%	43%	22%	40%	29%	31%	30%	39%
Third-party	32%	36%	20%	35%	34%	29%	30%	38%

Median Conversion Rates:

	Region					Revenue Size		
	Total	N/A	LATAM	EU	APAC	Up to \$50M	\$51-\$500M	\$501M+
Cards	45%	65%	50%	50%	30%	50%	35%	44%
Bank transfers/cash	27%	20%	22%	30%	29%	30%	20%	30%
Digital wallets	21%	28%	18%	27%	22%	20%	25%	30%
mCommerce	20%	25%	20%	25%	15%	18%	20%	20%
eWallets	20%	20%	10%	25%	20%	20%	20%	25%
Gift cards/vouchers	15%	20%	10%	20%	10%	10%	15%	15%
Third-party	15%	18%	10%	20%	15%	12%	15%	18%

Appendix

Payment conversion rates by eCommerce revenue categories

Mean Conversion Rates:

	% Revenue is eCommerce			Industry						
	Total	<50%	>51%	Goods/Retail	Digital	Restaurants/QSR*	Services	Telecom*	NET: Travel/Transport/Entertain*	Other*
Cards	48%	45%	50%	55%	39%	46%	52%	55%	46%	48%
Bank transfers/cash	41%	41%	40%	47%	34%	36%	50%	38%	35%	63%
Digital wallets	38%	33%	41%	44%	34%	36%	32%	29%	32%	31%
mCommerce	36%	32%	39%	44%	30%	33%	33%	36%	31%	11%
eWallets	35%	30%	39%	40%	32%	32%	39%	24%	29%	30%
Gift cards/vouchers	33%	28%	37%	42%	25%	34%	27%	29%	31%	24%
Third-party	32%	29%	34%	42%	27%	30%	17%	31%	27%	13%

Median Conversion Rates:

	% Revenue is eCommerce			Industry						
	Total	<50%	>51%	Goods/Retail	Digital	Restaurants/QSR*	Services	Telecom*	NET: Travel/Transport/Entertain*	Other*
Cards	45%	45%	45%	56%	30%	33%	50%	60%	49%	35%
Bank transfers/cash	27%	30%	25%	35%	20%	20%	50%	26%	15%	57%
Digital wallets	21%	20%	26%	30%	20%	31%	18%	20%	20%	10%
mCommerce	20%	20%	20%	25%	15%	30%	8%	15%	20%	10%
eWallets	20%	15%	25%	25%	20%	25%	20%	14%	15%	15%
Gift cards/vouchers	15%	10%	15%	20%	10%	20%	6%	10%	12%	3%
Third-party	15%	15%	15%	28%	10%	30%	6%	14%	15%	10%

Appendix

eCommerce acceptance rates by region and vertical market

Mean Acceptance Rates:

	Region					Revenue Size		
	Total	N/A	LATAM	EU	APAC	Up to \$50M	\$51-\$500M	\$501M+
Cards	53%	61%	50%	57%	45%	53%	51%	55%
Bank transfers/cash	44%	50%	38%	46%	42%	47%	41%	45%
Digital wallets	40%	46%	31%	46%	36%	36%	41%	44%
mCommerce	36%	41%	28%	41%	34%	32%	35%	43%
eWallets	36%	40%	27%	42%	34%	33%	35%	41%
Gift cards/vouchers	32%	43%	19%	40%	26%	29%	30%	39%
Third-party	30%	35%	16%	35%	32%	26%	28%	39%

Median Acceptance Rates:

	Region					Revenue Size		
	Total	N/A	LATAM	EU	APAC	Up to \$50M	\$51-\$500M	\$501M+
Cards	50%	75%	50%	60%	38%	50%	50%	60%
Bank transfers/cash	30%	33%	20%	30%	25%	30%	22%	30%
Digital wallets	25%	32%	20%	30%	20%	20%	30%	25%
mCommerce	20%	20%	18%	27%	13%	16%	20%	22%
eWallets	20%	20%	15%	25%	20%	15%	20%	20%
Gift cards/vouchers	10%	18%	10%	20%	10%	10%	10%	10%
Third-party	10%	20%	10%	15%	15%	10%	10%	20%

Appendix

eCommerce acceptance rates by industry and revenue category

Mean Acceptance Rates:

	% Revenue is eCommerce			Industry						
	Total	<50%	>51%	Goods/Retail	Digital	Restaurants/QSR*	Services	Telecom*	NET: Travel/Transport/Entertain*	Other*
Cards	53%	51%	54%	58%	45%	51%	58%	56%	49%	43%
Bank transfers/cash	44%	44%	43%	48%	37%	43%	60%	38%	39%	55%
Digital wallets	40%	38%	41%	45%	37%	40%	37%	29%	35%	11%
mCommerce	36%	34%	38%	40%	34%	36%	35%	30%	32%	18%
eWallets	36%	32%	38%	41%	33%	36%	37%	22%	29%	24%
Gift cards/vouchers	32%	29%	34%	41%	25%	32%	26%	25%	31%	11%
Third-party	30%	27%	33%	37%	27%	30%	27%	21%	27%	16%

Median Acceptance Rates:

	% Revenue is eCommerce			Industry						
	Total	<50%	>51%	Goods/Retail	Digital	Restaurants/QSR*	Services	Telecom*	NET: Travel/Transport/Entertain*	Other*
Cards	50%	50%	56%	70%	40%	48%	70%	60%	50%	35%
Bank transfers/cash	30%	30%	25%	30%	20%	34%	90%	22%	25%	52%
Digital wallets	25%	20%	25%	30%	22%	33%	20%	15%	20%	5%
mCommerce	20%	20%	20%	20%	15%	29%	10%	20%	20%	18%
eWallets	20%	20%	20%	20%	18%	30%	20%	10%	20%	10%
Gift cards/vouchers	10%	10%	10%	15%	10%	20%	5%	10%	10%	3%
Third-party	10%	10%	15%	20%	10%	20%	10%	10%	12%	5%

Flexible Commerce Solutions

We helped kick start the eCommerce revolution in 1994 and haven't looked back since. Through global reach, modern capabilities, and commerce insights, we create flexible, creative commerce solutions for everyday life—experiences that delight your customers and spur growth globally. All through the ease and simplicity of one digital platform to manage all your payment types, fraud strategies, and more. Knowing we are part of Visa and their security-obsessed standards, you can trust that your business is well taken care of—wherever it may go.

Payment acceptance



Risk and fraud management



Payment security



Unified commerce payment solutions



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