

Digitise  Thrive

THE RISE OF DIGITAL WALLETS

What you need to know to benefit your business.

WHAT IS A DIGITAL WALLET?

Digital wallets are a convenient, electronic way for shoppers to store payment information and passwords for different payment methods and websites digitally, either on their phone or online. Examples include PayPal, Apple Pay, GrabPay and Google Pay.

The shift to digital commerce over the past year has been remarkable. Online retail sales roared ahead in 2020 to \$4.28T USD from \$3.35T USD the previous year¹. For perspective, the increase just slightly exceeded total U.S. eCommerce sales – an effect the same as adding a second United States². From online shopping to contactless payments, consumers adopted new ways to make purchases faster than ever before. Digital wallets have been an essential tool for making it easier for consumers to pay in virtually every environment.

For shoppers, convenience is a key driver for which method of payment they choose – with 53% surveyed putting it at the top of their list. This is

closely followed by the method being secure (52%), quickly processed (44%), and widely accepted by retailers (41%)³. Digital wallets deliver on all these demands, making them highly appealing to consumers.

Projections show that these trends will continue, which means accepting digital wallets is important to your continued business success. With their built-in convenience, security, and ease of use, digital wallets help keep customers happy and attract new shoppers.

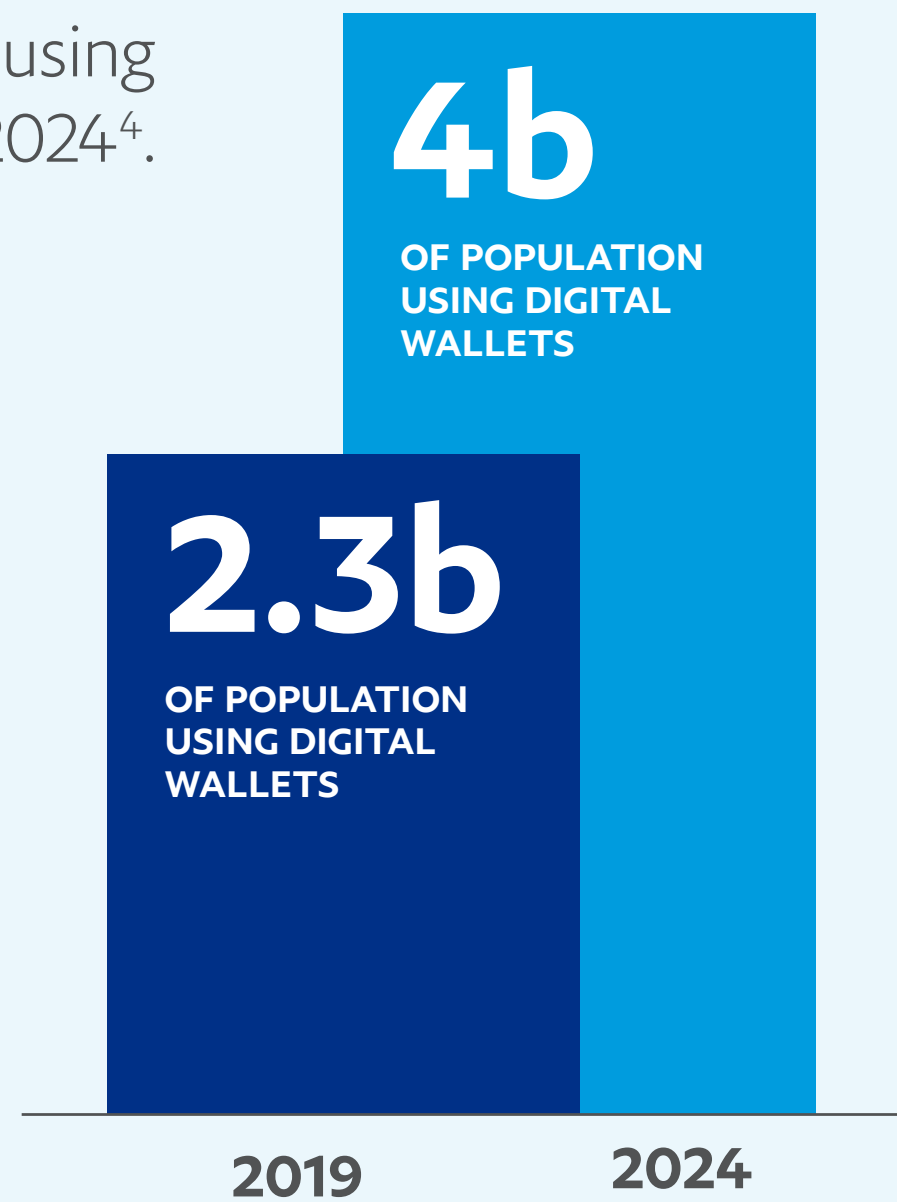
Discover how digital wallets can help you meet customers where they are and how they want to pay, and explore the added business benefits.



DIGITAL WALLETS ARE GAINING POPULARITY

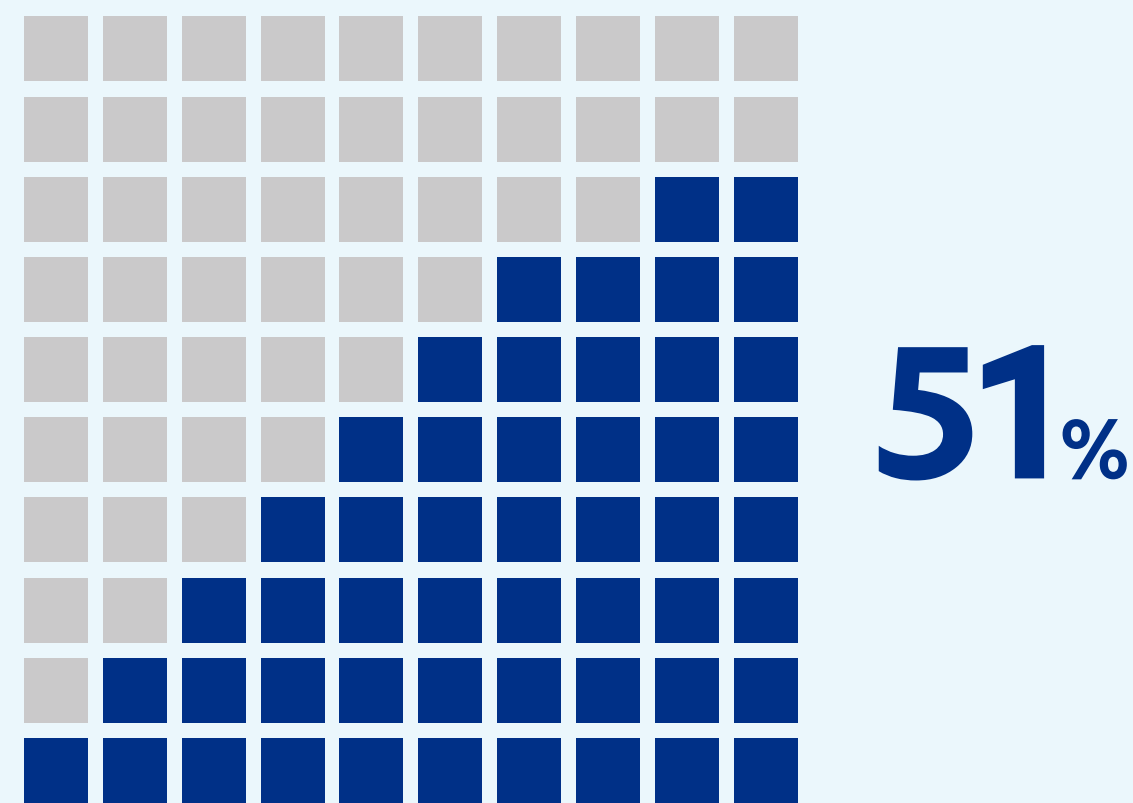
DIGITAL WALLETS POPULARITY

50% of the world's population will be using digital wallets by 2024⁴.



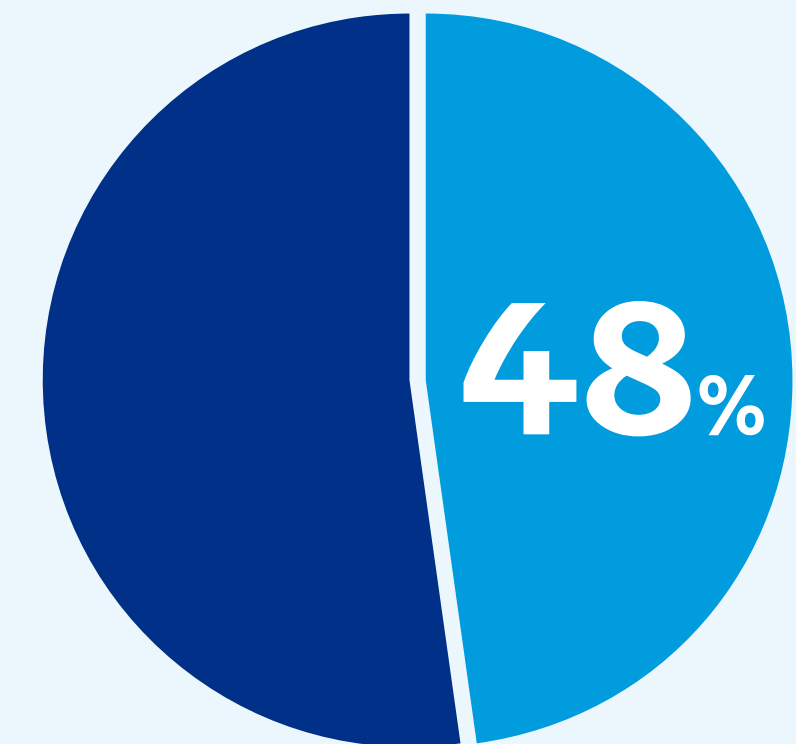
DIGITAL PAYMENTS GROWING

Digital payments have grown **12%** year over year and are expected to grow **51%** by 2023⁵.



DIGITAL WALLETS PREFERRED

48% of current online shoppers worldwide prefer digital wallets as a method of payment⁴.



WHAT YOU NEED TO KNOW

With more consumers using digital wallets, making sure you can accept those payments is important. From capturing immediate opportunities, building stickiness and loyalty, to making sure you are future-ready, digital wallet availability and capabilities should be a key consideration when picking the right payments platform for your business.

The business advantages of digital wallets:

1. **A faster way to pay** can help you close more sales.
2. **Connect with more customers** by offering payment options they trust.
3. **A greater sense of security** increases shopper confidence.
4. **Efficient access to funds** can improve financial management.
5. **Adapt to new consumer demands** with a future-ready solution.



1

A FASTER WAY TO PAY CAN HELP YOU CLOSE MORE SALES

Consumers have made it clear — convenience and speed are important. Research has shown that shoppers have little patience. A delay of just five seconds in site loading can reduce sales by up to 4%⁶. And each additional second of delay decreases sales even more.

Cart abandonment is a big challenge for merchants. On average, 69.8% of carts worldwide are abandoned before checkout is complete⁷. With the most fields to fill out, payment is often where shoppers get frustrated. In fact, one in five shoppers abandon their carts when the checkout process is too complex⁷.

When you are considering what payment options to offer, look at the checkout experience. Some are better than others. Avoid routing customers to a different site to complete payments. And while you want customers to see

the options they prefer, too many choices can be overwhelming. Giving your customers the option to pay with a digital wallet can help speed up checkout, eliminate frustration at having to enter payment information, and reduce the risk of cart abandonment.

With PayPal, you can showcase the options your customers are looking for. And PayPal Checkout help make sure the most relevant payment methods are shown. A quick click and your customer can select their preferred digital wallet, credit cards, or other ways to pay easily.



2 CONNECT WITH MORE CUSTOMERS BY OFFERING PAYMENT OPTIONS THEY TRUST

With digital wallets, you have the flexibility to grow your customer base domestically and internationally. They can help expand your online shopper base, which is important considering 49% of merchants expect online sales to increase this year⁸.

And digital wallets that offer familiar, local payment options can help make your business more appealing to shoppers in your area. For shoppers in your local market, you know your audience best. Consider their needs and offer a digital wallet that delivers on their priorities from a brand they trust.

With such a large shift to online shopping, it's not at all surprising that many businesses are looking beyond their borders to expand. Today, 25% of merchants surveyed in 13 markets are preparing

to sell internationally to access new audiences and increase profit margins⁸.

To expand your audience, be sure that the digital wallet platform you choose offers strong transaction security, provides global reach, supports local currencies, and includes trusted regional payment options. Removing friction and anxiety for your customers should be your number one goal.

Welcoming new customers and new currencies can feel daunting, but with a payment solution

recognised and trusted around the world, you have a head start. PayPal Commerce Platform supports many different payment methods, including digital wallets, credit cards, and local payment methods. Plus, with more than 400 million active users and support in more than 100 currencies, PayPal is a trusted payment method that can help you connect with customers all over the world.



3 A GREATER SENSE OF SECURITY INCREASES SHOPPER CONFIDENCE

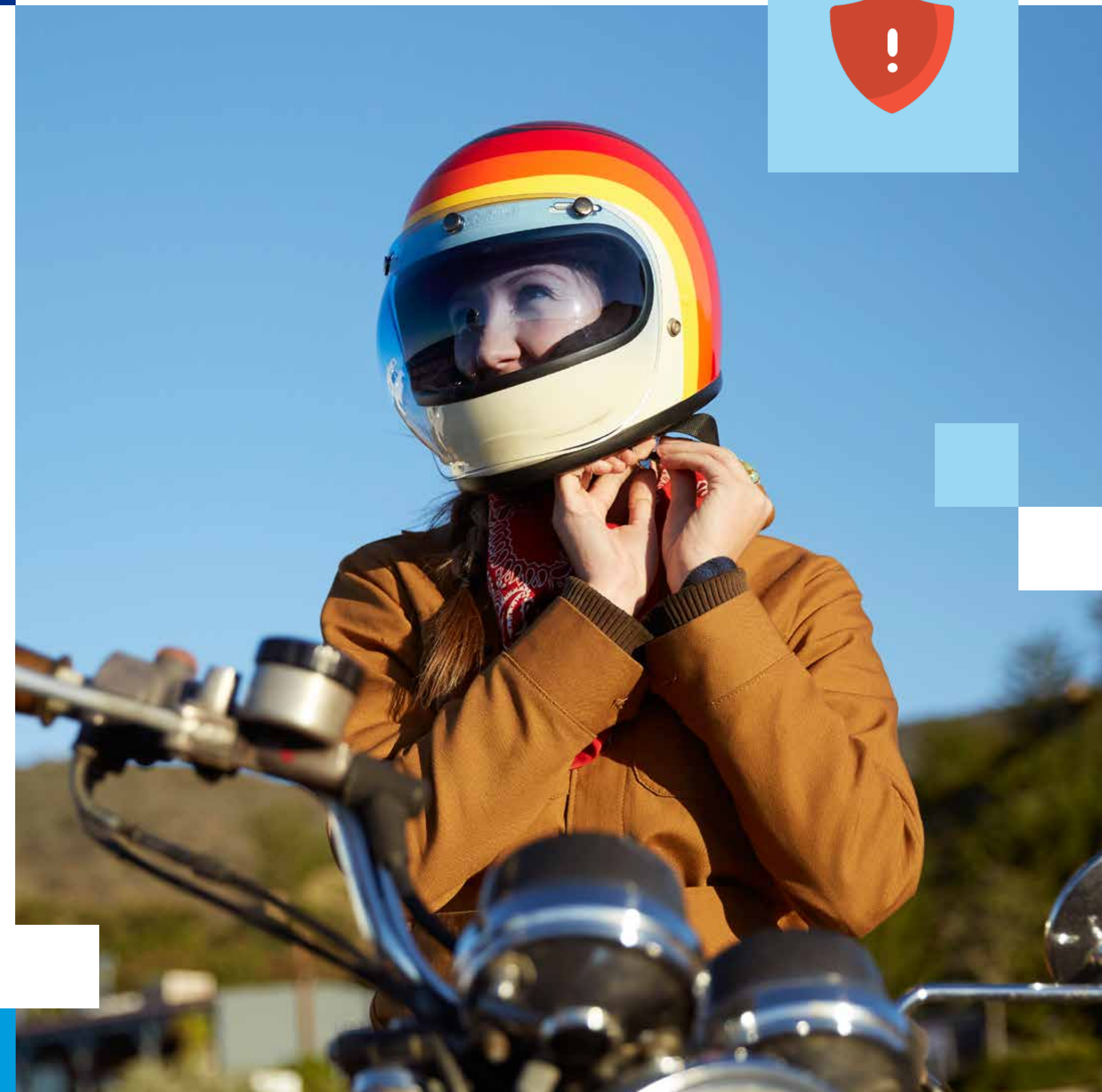
Digital wallets give consumers additional control of payment security. With the ability to use device security features and biometric tools like fingerprints and facial recognition, shoppers' confidence in digital wallets is deepening.

This is important because as online commerce grows, fraud is increasing as well. And the cost to sellers is significant – \$3.36 USD for every \$1 in fraud chargebacks⁹. Making sure your shoppers have a payment solution with built-in transaction security is critical.

As a matter of fact, 52% of consumers have chosen their preferred method of payment because it is secure¹⁰. For 29% of consumers surveyed, having a well-known brand is important, so be sure to consider a digital wallet from a brand your customers know and trust. When your customers

feel protected, it gives them confidence which can help you convert more sales.

Buyer protection and transaction security have long been a PayPal advantage. With 3D secure 2.0 encryption and transaction monitoring available in many markets, PayPal uses the latest fraud tools to minimise chargebacks and reduce false positives. As a result, 50% of shoppers cite security and 41% point to buyer protection as the reason they choose PayPal over other payment options¹⁰.



⁹. Lexis/Nexis Risk Solutions, *True Cost of Fraud Study E-Commerce/Retail Edition*, 2020. ¹⁰. PayPal commissioned Ipsos MORI PayPal Cross-border Insights, 2021. n=13,000, 13 markets. Online survey of adults (aged 18+ who have purchased online in the past 3 months) between December 2020-February 2021.

4 EFFICIENT ACCESS TO FUNDS CAN IMPROVE FINANCIAL MANAGEMENT

Economic slowdowns over the past year have made cash flow a growing concern for small businesses. According to a study by Mastercard®, 38% of small business owners in the U.S. and Canada say they are experiencing cash flow issues due to late payments and slow processing times for cash and checks¹¹.

This makes digital payments even more important. In fact, 57% of small businesses say they have increased their use of digital services for B2B payments because of increased speed, security, and transparency¹¹.

Fast settlement and quick access to funds are essential to making the most of your cash flow. Accepting digital wallets through a proven payment platform can enable fast access to funds and efficient, cost-effective currency exchange for sales in other countries.

When considering which digital wallet to accept, be sure to evaluate how the platform can meet your operational needs. One key question is how quickly payments are typically processed and what that means for your access to funds. And if you plan to sell internationally, you will also want to understand any costs related to currency exchange.

PayPal makes it easy to accept digital wallets and other digital payments to simplify financial management. With a single control panel for managing and settling transactions plus fast local payouts how and when you need them, you have the tools you need to make the most of your business.



5 ADAPT TO NEW CONSUMER DEMANDS WITH A FUTURE-READY SOLUTION

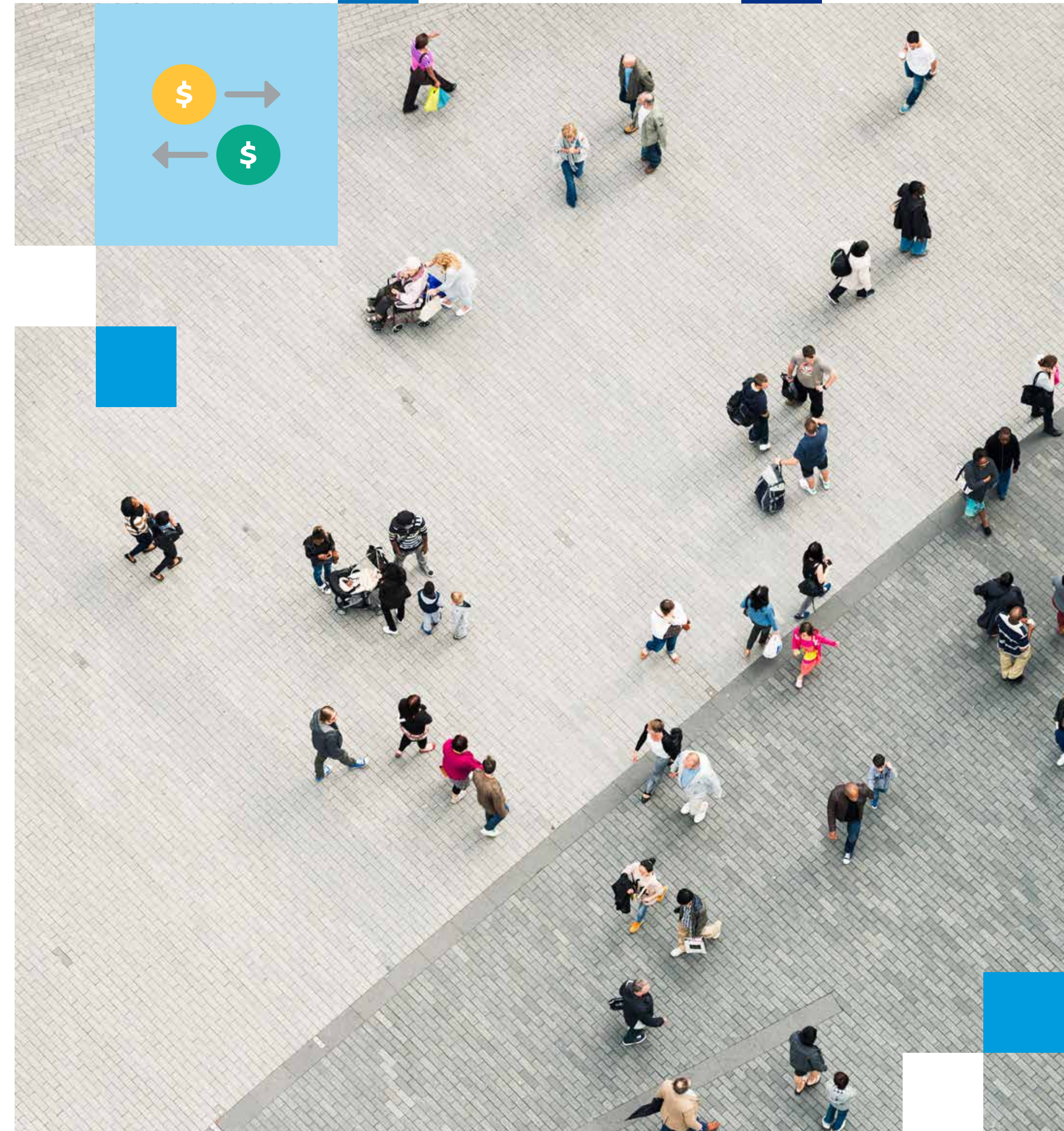
The ability to quickly respond to changing realities kept many businesses afloat in 2020. As digital commerce continues to grow, flexibility can help you keep up with your consumers.

Payment providers are always working on new technology advances to deliver the convenience, security, and personalisation shoppers are looking for. Being able to accept digital wallets at both a global and local scale can make you more adaptable and give you the flexibility to adopt new capabilities.

While 35% of merchants surveyed are prioritising introducing new digital technologies to improve the customer experience over the next 12 months, 29% say the cost of keeping up with new technologies is a concern¹². Solutions that adapt to changing markets and automatically keep you updated are essential. When considering a payment provider, make sure

they have a proven track record of continuously evolving their product roadmap ahead of the curve. Look at who else they support, as well as their experience and expertise in your field.

As digital wallets evolve and new options emerge, you need a payments platform that keeps you current. PayPal has a long history of continuous innovation across payments technology, including wallet capabilities and expanding local options. Helping merchants stay responsive and ready is part of the PayPal experience.



¹². PayPal commissioned Ipsos MORI PayPal Cross-border Insights, 2021. n=5,270, 13 markets. Online survey of merchants (who sell or take payments online) between December 2020-February 2021.

TAP INTO DIGITAL WALLETS AND MORE WITH PAYPAL

As the shift to digital commerce moves even faster, merchants today have to be ready. Give your customers the flexibility they want and convenience they expect by adding digital wallets to your checkout. PayPal can help with a safe, seamless payment experience for you and your customers - anywhere in the world.

[Get Started](#) →

