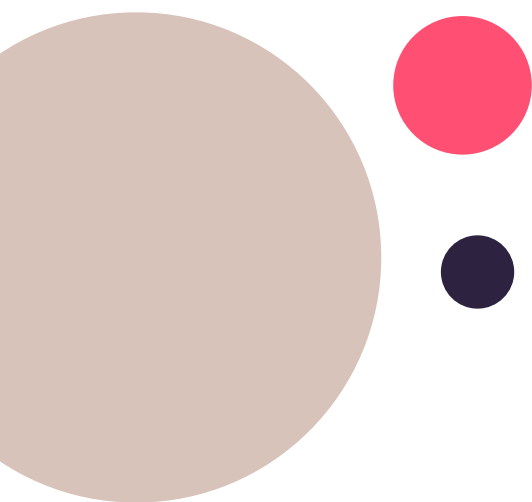


# **Lost in Transaction:** **Finding competitive** **advantage at the** **checkout**

How small and medium-sized businesses (SMBs)  
are accelerating their transformation plans  
through payments

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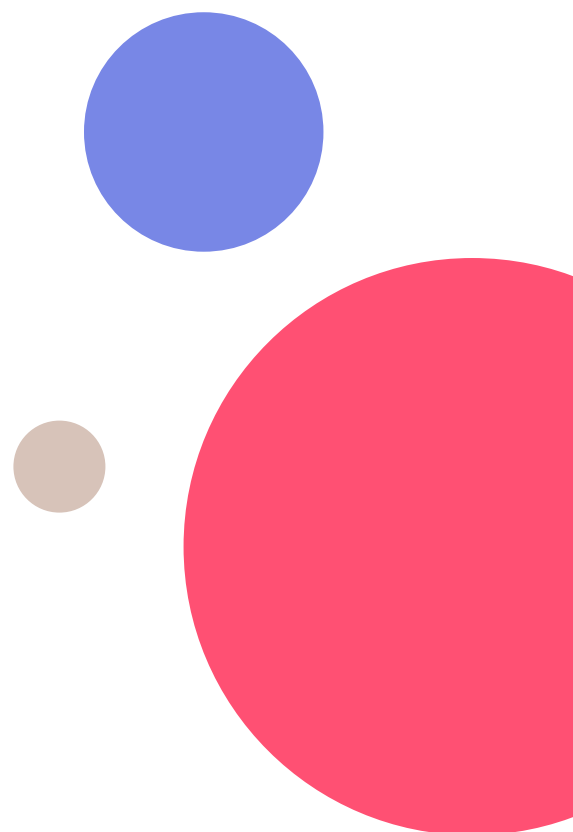
## Introduction

In October 2020 we commissioned a survey of online and in-store small-to-medium-sized businesses in seven countries, to find out more about how they were coping through COVID-19, and their plans for recovery or to accelerate growth beyond the pandemic. We've returned to the same countries 12 months later, adding Brazil to the mix as well, to discover how those plans have matured.

We've spoken to online business in the UK, US, Canada, Italy, Bulgaria, Germany, Austria, and Brazil about the role alternative payments is increasingly playing in customer acquisition and retention. We've also investigated whether cart abandonment and fraud are growing or fading issues, and whether mass acceptance of crypto as a payment method is now a priority.

We've also asked in-store businesses in the US the crypto question, as well as which technology upgrades have made the biggest impacts in the past 12 months, how they see the future of retail payments, and if there is still a role for cash or whether contactless payments have made it obsolete.

Here are the key findings from the research.



# Online businesses

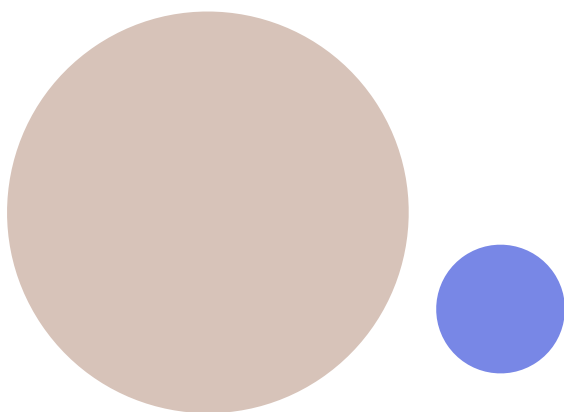


The survey was conducted with 918 payment method decision makers across the US, UK, Canada, Bulgaria, Italy, Germany, Austria and Brazil, of online businesses, with a company size of 1-50 employees, who sell mostly/only to consumers.

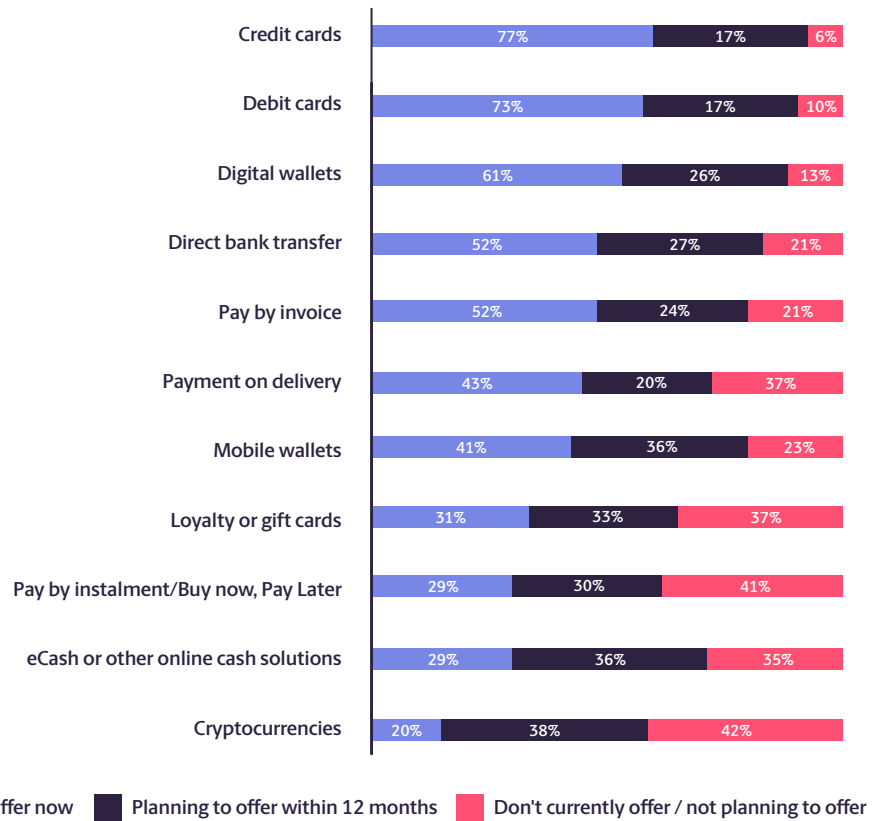
The interviews were conducted online by Sapio Research in October 2021 using an email invitation and an online survey.

## 1. The online checkout is rapidly evolving

- Credit (77%) and debit (73%) cards are the most popular payment methods businesses accept, but alternative payment methods are becoming increasingly important to online businesses. For example digital wallets (61%) and direct bank transfer (52%) are now offered by the majority of online businesses.
- Despite the growth in alternative payments globally, regional payment preferences are still identifiable. For example, digital wallets (68%) and mobile wallets (51%) are more popular in the US, eCash (38%; 34%; 36%) and direct bank transfer (68%; 61%; 65%) are more popular in Italy, Germany, and Austria, and payment on delivery is popular in Bulgaria (68%) and Brazil (55%).
- The payment methods where businesses have seen the biggest percentage growth of consumer spending in the past 12 months are credit cards (67%), digital wallets (67%), and cryptocurrencies (63%).
- And in every country the percentages of businesses that are not considering alternative payment methods is falling. This is true for businesses in almost every country, for almost every payment method.
- Two thirds (65%) of businesses say that consumer payment preferences have changed due to COVID-19, and more than half (52%) say their customers are asking them for more payment options. 63% say COVID-19 has changed the way they think about payment acceptance and a similar percentage (61%) have accelerated their plans to upgrade their checkout.



Which of the following methods do you offer in your online checkout, and which are you planning to offer in the next 12 months?



Payments methods offered by country	US	UK	Canada	Bulgaria	Italy	Germany	Austria	Brazil
Credit cards	79%	69%	77%	66%	81%	77%	77%	86%
Debit cards	82%	68%	69%	71%	71%	57%	72%	84%
Digital wallets	68%	62%	59%	51%	59%	61%	61%	59%
Mobile wallets	51%	47%	33%	32%	42%	47%	36%	31%
Direct bank transfer	35%	50%	39%	59%	68%	61%	65%	56%
Buy now pay later	24%	28%	21%	22%	38%	42%	42%	21%
Pay by invoice	46%	39%	43%	66%	63%	53%	51%	63%
eCash	21%	26%	21%	38%	38%	34%	36%	24%
Crypto	20%	18%	20%	20%	15%	25%	23%	22%
Loyalty or gift cards	27%	28%	30%	30%	27%	34%	42%	31%
Payment on delivery	34%	35%	42%	68%	50%	33%	32%	55%
Other	7%	16%	12%	9%	15%	13%	16%	14%

	Percentage of businesses that are not offering or planning to offer each payment method 2021 vs. 2020	US	UK	Canada	Bulgaria	Italy	Germany	Austria
Credit cards	Don't currently offer/not planning to offer	6%	10%	2%	9%	6%	11%	3%
	Don't currently offer/not planning to offer in 2020	24%	26%	10%	15%	20%	25%	9%
	Change	-18%	-16%	-8%	-6%	-14%	-14%	-6%
Debit cards	Don't currently offer/not planning to offer	9%	12%	11%	5%	14%	22%	8%
	Don't currently offer/not planning to offer in 2020	22%	17%	23%	12%	34%	36%	34%
	Change	-13%	-5%	-12%	-7%	-20%	-14%	-26%
Digital wallets	Don't currently offer/not planning to offer	6%	13%	16%	19%	15%	20%	18%
	Don't currently offer/not planning to offer in 2020	22%	18%	22%	16%	31%	26%	35%
	Change	-16%	-5%	-6%	3%	-16%	-6%	-17%
Direct bank transfer	Don't currently offer/not planning to offer	31%	24%	27%	17%	15%	20%	14%
	Don't currently offer/not planning to offer in 2020	36%	41%	37%	28%	28%	17%	38%
	Change	-5%	-17%	-10%	-11%	-13%	3%	-24%
Buy now, pay later	Don't currently offer/not planning to offer	43%	43%	42%	44%	42%	45%	28%
	Don't currently offer/not planning to offer in 2020	56%	55%	65%	68%	61%	42%	66%
	Change	-13%	-12%	-23%	-24%	-19%	3%	-38%
Pay by invoice	Don't currently offer/not planning to offer	35%	27%	27%	19%	16%	25%	17%
	Don't currently offer/not planning to offer in 2020	52%	49%	58%	45%	45%	27%	46%
	Change	-17%	-22%	-31%	-26%	-29%	-2%	-29%
eCash	Don't currently offer/not planning to offer	46%	39%	40%	26%	29%	38%	26%
	Don't currently offer/not planning to offer in 2020	53%	68%	49%	61%	61%	43%	63%
	Change	-7%	-29%	-9%	-35%	-32%	-5%	-37%
Crypto	Don't currently offer/not planning to offer	42%	47%	44%	36%	50%	48%	32%
	Don't currently offer/not planning to offer in 2020	67%	81%	69%	69%	78%	60%	73%
	Change	-25%	-34%	-25%	-33%	-28%	-12%	-41%

Percentage of businesses that are not offering or planning to offer each payment method 2021 vs. 2020		US	UK	Canada	Bulgaria	Italy	Germany	Austria
Loyalty or gift cards	Don't currently offer/not planning to offer	41%	37%	38%	31%	39%	42%	30%
	Don't currently offer/not planning to offer in 2020	62%	69%	67%	53%	68%	52%	72%
	Change	-21%	-32%	-29%	-22%	-29%	-10%	-42%
Payment on delivery	Don't currently offer/not planning to offer	45%	45%	35%	19%	29%	52%	42%
	Don't currently offer/not planning to offer in 2020	64%	73%	70%	41%	64%	51%	67%
	Change	-19%	-28%	-35%	-22%	-35%	1%	-25%
Other	Don't currently offer/not planning to offer	80%	76%	80%	81%	76%	77%	72%
	Don't currently offer/not planning to offer in 2020	93%	96%	97%	98%	98%	95%	97%
	Change	-13%	-20%	-17%	-17%	-22%	-18%	-25%

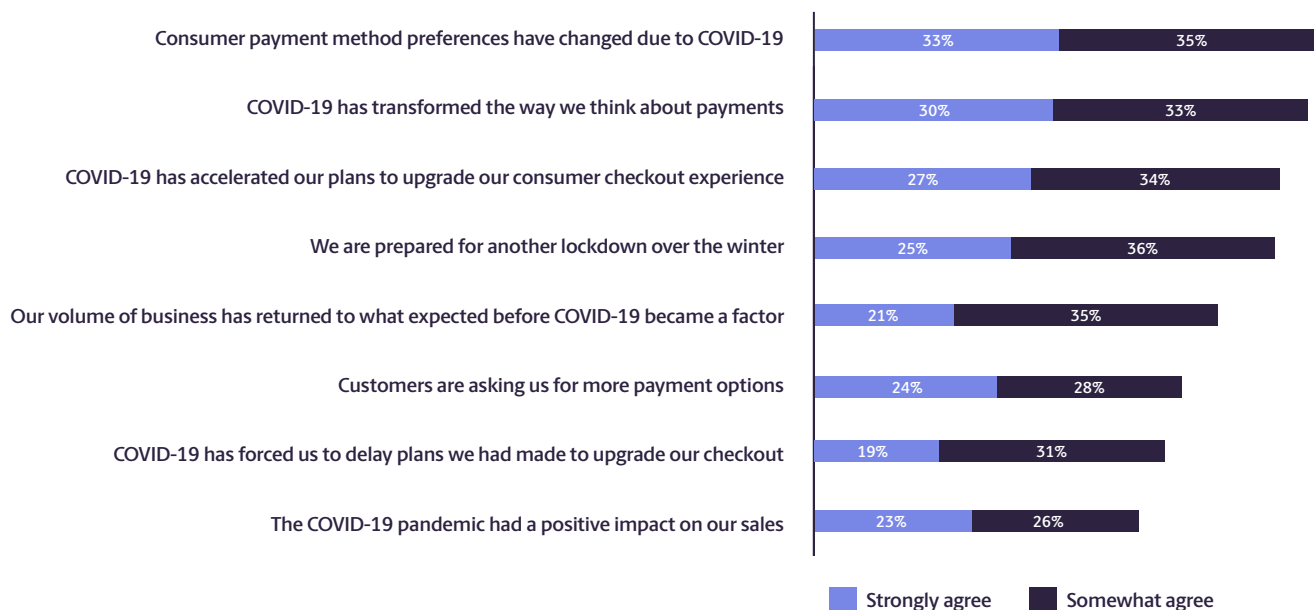
Have you seen a noticeable impact on percentage of sales using any of the following payment methods in the past 12 months?

		Overall	US	UK	Canada	Bulgaria	Italy	Germany	Austria	Brazil
Credit cards	Increase	67%	57%	49%	73%	63%	73%	62%	79%	81%
	Decrease	10%	9%	16%	6%	10%	4%	16%	4%	14%
	No change	24%	34%	36%	21%	27%	23%	22%	17%	5%
	Overall % increase	57%	48%	33%	67%	53%	69%	46%	75%	67%
Debit cards	Increase	50%	44%	33%	54%	63%	59%	43%	67%	43%
	Decrease	19%	15%	17%	20%	10%	15%	22%	21%	33%
	No change	31%	41%	49%	26%	28%	26%	34%	12%	24%
	Overall % increase	31%	29%	16%	34%	53%	44%	21%	46%	10%
Digital wallets	Increase	67%	65%	48%	60%	65%	72%	66%	89%	77%
	Decrease	10%	7%	19%	10%	13%	8%	15%	3%	6%
	No change	23%	28%	33%	30%	21%	20%	19%	8%	17%
	Overall % increase	57%	58%	29%	50%	52%	64%	51%	86%	71%
Mobile wallets	Increase	54%	51%	53%	42%	58%	47%	54%	67%	64%
	Decrease	15%	9%	15%	30%	6%	19%	27%	8%	15%
	No change	31%	40%	32%	27%	36%	35%	19%	25%	21%
	Overall % increase	39%	42%	38%	12%	52%	28%	27%	59%	49%



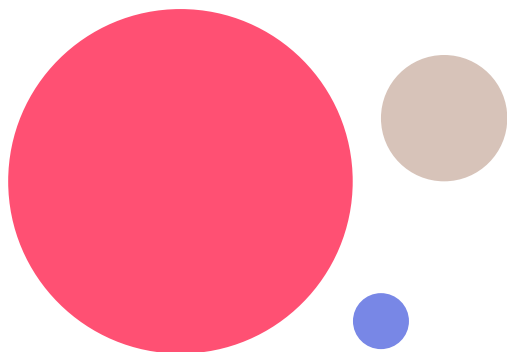
		Overall	US	UK	Canada	Bulgaria	Italy	Germany	Austria	Brazil
Direct bank transfer	Increase	38%	31%	44%	31%	25%	21%	35%	55%	60%
	Decrease	23%	17%	16%	41%	22%	34%	23%	17%	20%
	No change	39%	51%	40%	28%	53%	44%	42%	29%	20%
	Overall % increase	15%	14%	28%	-10%	3%	-13%	12%	38%	40%
Buy now, pay later	Increase	50%	47%	39%	67%	50%	41%	47%	67%	43%
	Decrease	23%	17%	39%	24%	18%	21%	26%	19%	30%
	No change	27%	36%	21%	10%	32%	38%	28%	14%	26%
	Overall % increase	27%	30%	0%	43%	32%	20%	21%	48%	13%
Pay by invoice	Increase	30%	31%	15%	33%	25%	26%	37%	37%	35%
	Decrease	28%	21%	41%	33%	22%	28%	24%	40%	28%
	No change	42%	48%	44%	35%	52%	46%	39%	23%	37%
	Overall % increase	2%	10%	-26%	0%	3%	-2%	13%	-3%	7%
eCash	Increase	50%	59%	38%	24%	56%	38%	57%	53%	65%
	Decrease	22%	17%	27%	29%	13%	36%	26%	22%	12%
	No change	27%	24%	35%	48%	31%	26%	17%	25%	23%
	Overall % increase	28%	42%	11%	-5%	43%	2%	31%	31%	53%
Crypto	Increase	63%	72%	44%	55%	55%	40%	64%	65%	83%
	Decrease	17%	8%	44%	20%	15%	20%	12%	17%	17%
	No change	20%	21%	11%	25%	30%	40%	24%	17%	-
	Overall % increase	46%	64%	0%	35%	40%	20%	52%	48%	66%
Loyalty/ gift cards	Increase	41%	39%	21%	33%	61%	54%	40%	29%	52%
	Decrease	27%	22%	32%	37%	16%	18%	26%	48%	15%
	No change	32%	39%	46%	30%	23%	29%	34%	24%	33%
	Overall % increase	14%	17%	-11%	-4%	45%	36%	14%	-19%	37%
Payment on delivery	Increase	37%	31%	20%	29%	45%	33%	35%	47%	49%
	Decrease	27%	21%	31%	19%	22%	29%	38%	31%	32%
	No change	36%	49%	49%	52%	33%	38%	26%	22%	19%
	Overall % increase	10%	10%	-11%	10%	23%	4%	-3%	16%	17%
Other	Increase	39%	21%	6%	33%	67%	27%	46%	69%	53%
	Decrease	26%	21%	56%	50%	11%	27%	15%	6%	20%
	No change	35%	57%	38%	17%	22%	47%	38%	25%	27%
	Overall % increase	13%	0%	-50%	-17%	56%	0%	31%	63%	33%

## To what extent do you agree with the following statements about the impact of COVID-19 on your business?

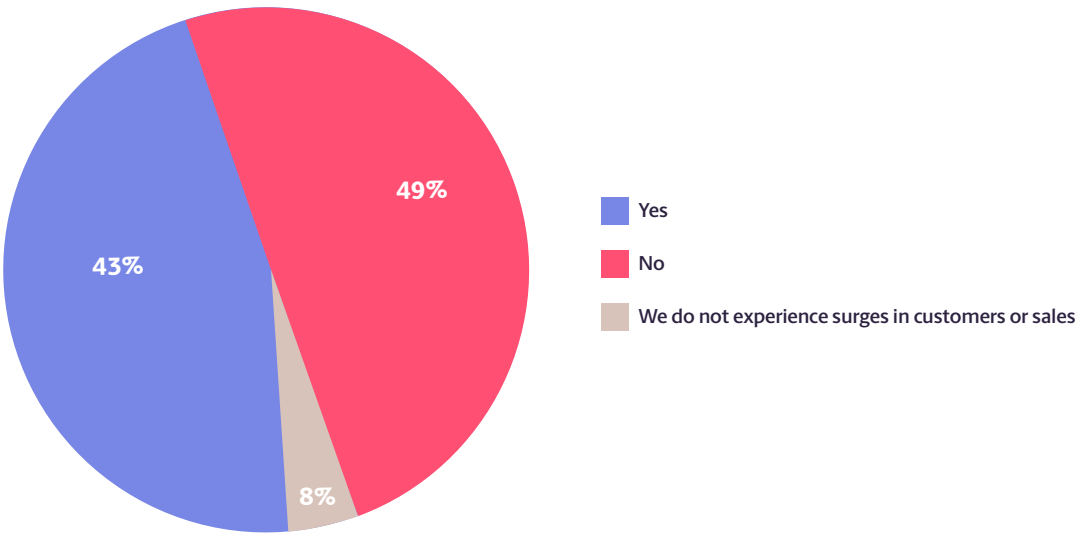


## 2. The importance of the checkout during seasonal spending

- More than four-in-ten (43%) businesses say that they have experienced issues with their online checkout due to surge demand during festive holidays such as Black Friday and Cyber Monday. Only 8% do not experience any surge demand during holiday periods.
- Despite this, 89% are confident in their checkout's ability to cope with a surge in customer spending and the majority (61%) say their payments partner regularly supports them during surge periods. However, only a third (36%) are extremely confident, and in fact the same percentage regularly experience issues with their online checkout due to volumes of customers.
- Over two thirds (68%) of businesses say busy festive shopping periods are important for their revenues, but 61% would prefer a more balanced demand over the whole year than surges at certain points.
- Nearly two thirds (62%) of businesses would strongly consider switching their payment provider if they experienced a checkout failure during a busy period, and in fact 42% have done so. Over half (54%) say that if their checkout fails it is their payment provider's fault.

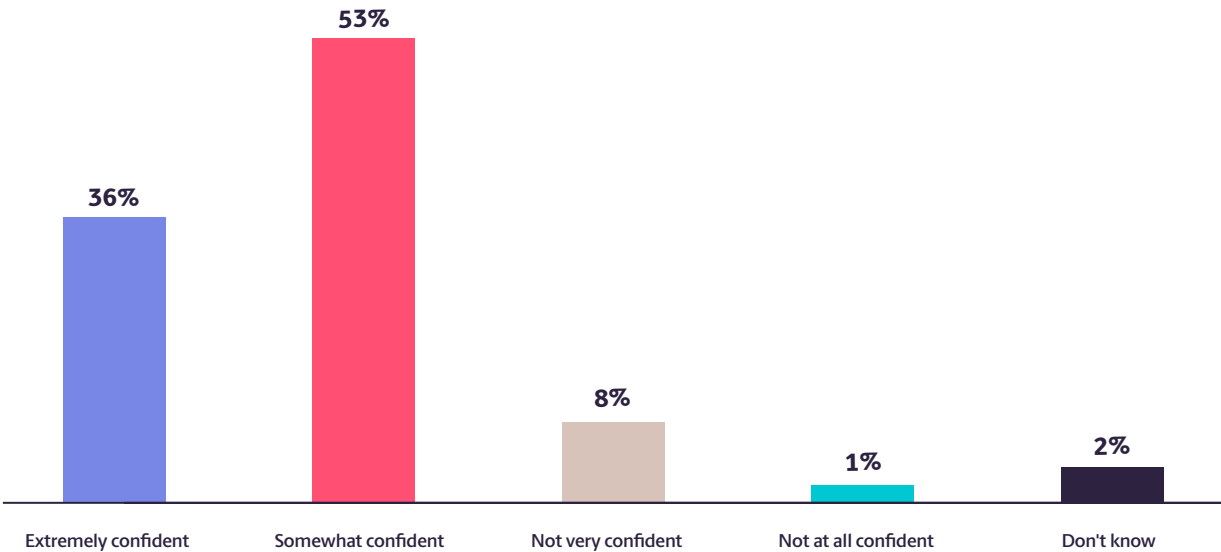


Have you ever experienced an issue with your online checkout with over-activity during surge shopping periods? e.g. Black Friday

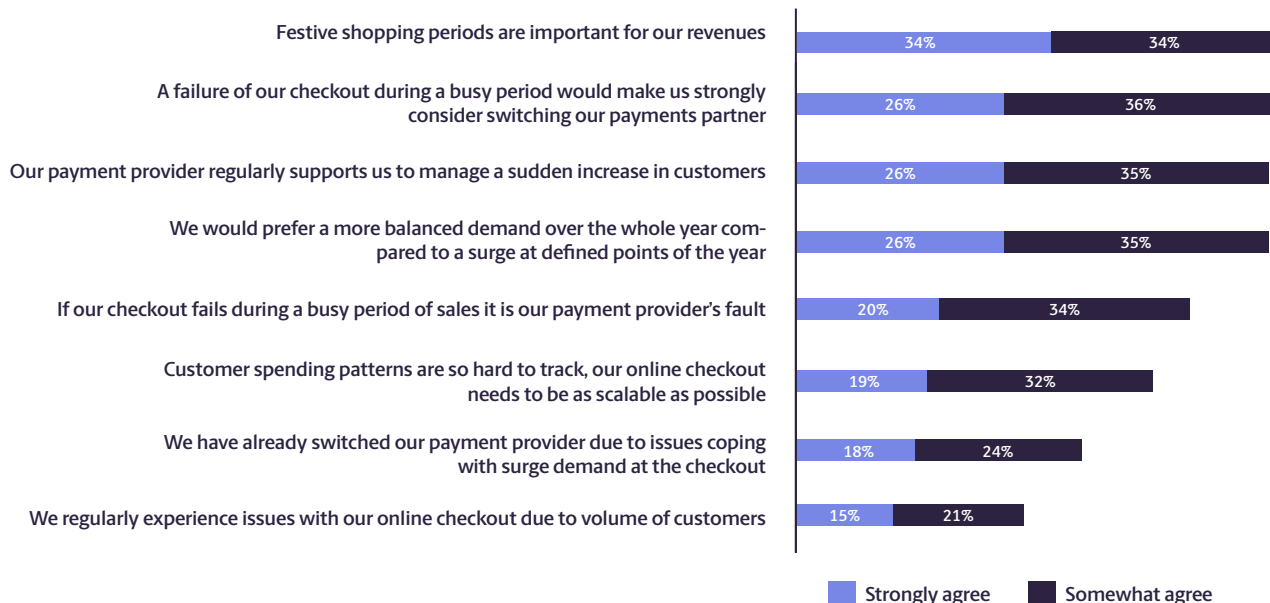


	Overall	US	UK	Canada	Bulgaria	Italy	Germany	Austria	Brazil
Yes	43%	34%	41%	44%	47%	50%	51%	47%	39%
No	49%	58%	52%	47%	45%	40%	47%	47%	51%
We do not experience surges in customers or sales	8%	8%	7%	10%	8%	10%	2%	7%	10%

How confident do you feel in your online checkout's ability to manage a surge in customer spending?



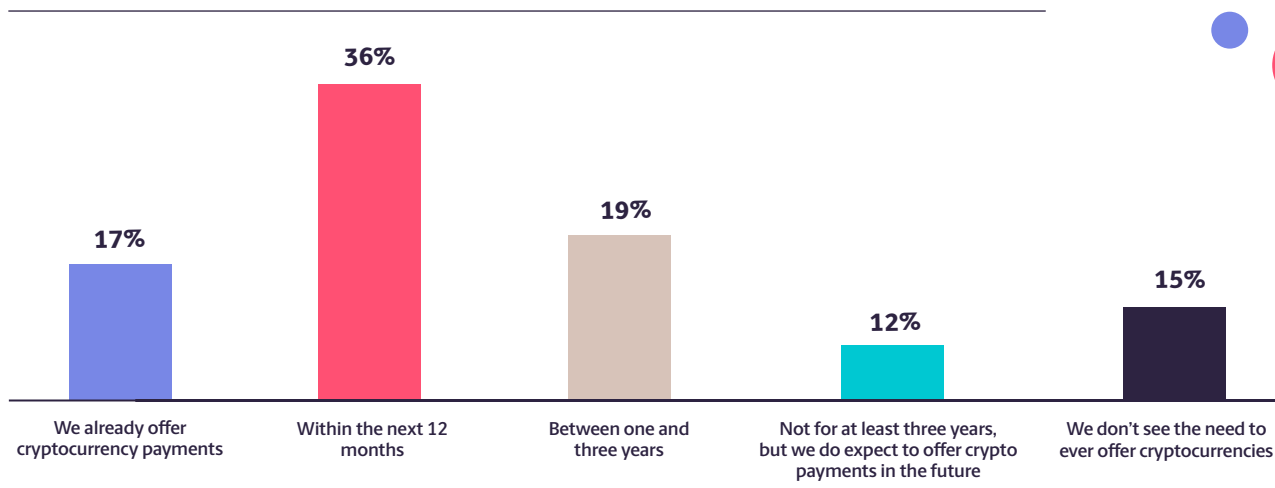
## To what extent do you agree with the following statements?



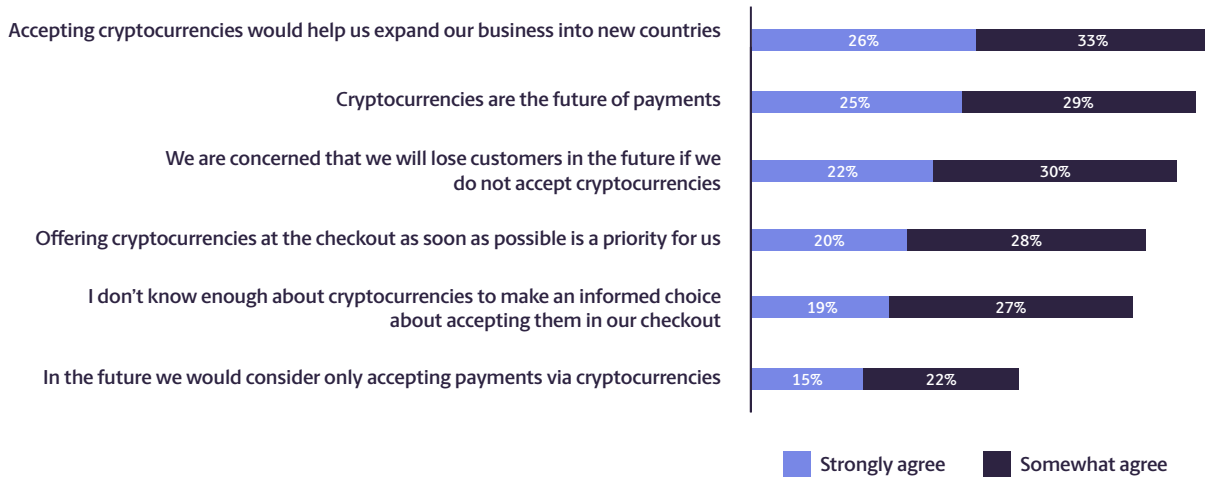
### 3. Businesses are ready to embrace crypto

- The majority of businesses are planning to enable consumers to pay using cryptocurrencies before the end of 2022. When asked about plans to incorporate cryptocurrency payments into their online checkouts, 17% of businesses said they already offered this and 36% plan to offer crypto payments within the next 12 months. Almost half (48%) of all businesses are prioritising offering cryptocurrencies in their checkout as soon as possible.
- Businesses are both focused on winning new customers and protecting existing customers through offering cryptocurrencies. 59% of businesses believe that offering crypto payments will help them to expand into new markets and 52% are worried that they will lose customers in the future if they do not let them pay with crypto.
- Overall, only 15% of businesses don't see the need to ever offer cryptocurrencies in their checkout, despite 46% saying that they don't know enough about cryptocurrencies to make an informed choice about accepting them in the checkout.
- More than half (54%) of businesses already believe that cryptocurrencies are the future of payments and more than a third (37%) are already considering only offering crypto payments in their online checkouts in the future.

## When do you expect to offer cryptocurrencies as a payment method at your checkout?



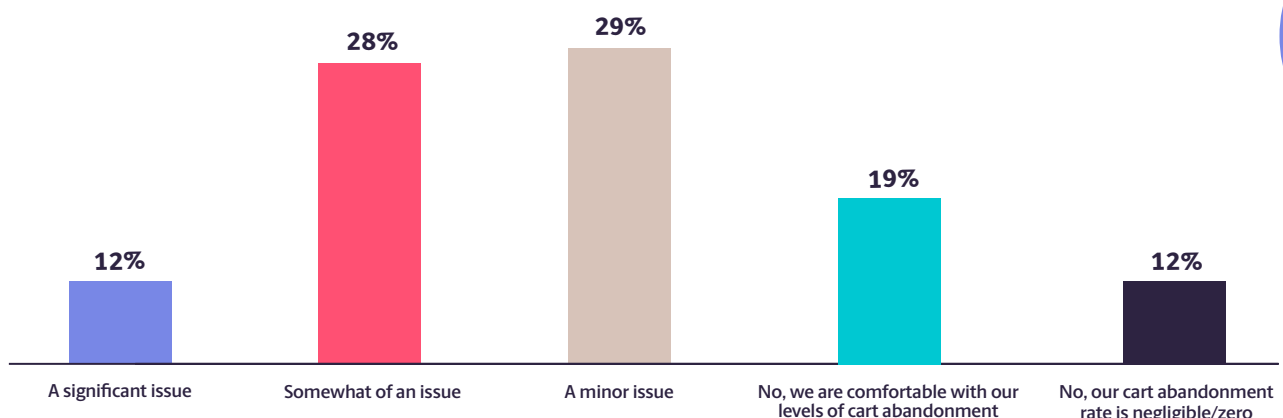
## To what extent do you agree with the following statements about cryptocurrencies?



## 4. Understanding cart abandonments

- 40% of businesses describe the levels of cart abandonments as more than a minor issue for them. This is even higher in Canada (52%), Italy (50%), Brazil (44%), and the UK (42%). Only 12% of businesses describe the cart abandonment at their online checkout as being negligible or zero.
- Half (49%) of all businesses that do experience abandoned transactions have seen an increase in the past 12 months, compared to just 9% that have seen a decrease in the same period. 11% have experienced a significant increase.
- Cards being declined (24%) and not being able to pay with their preferred payment method (16%) are two of the most popular reasons businesses believe they are suffering abandoned transactions, behind consumers only ever wanting to browse (35%).

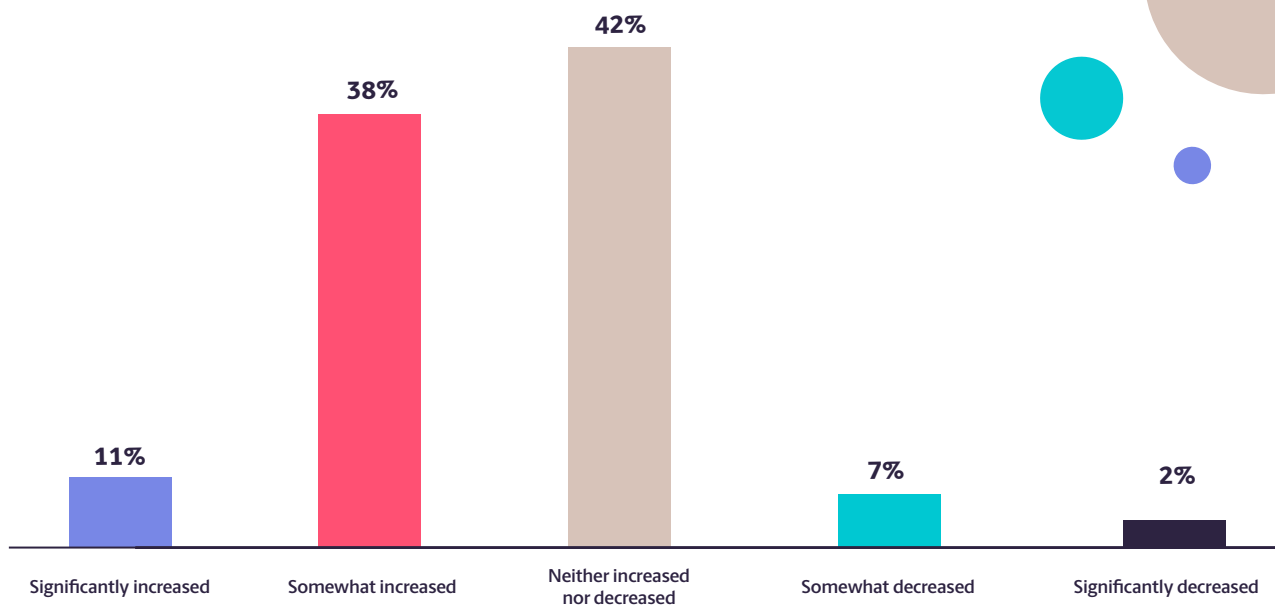
## Are abandonments an issue for your businesses?



## Are abandonments an issue for your businesses?

	Overall	US	UK	Canada	Bulgaria	Italy	Germany	Austria	Brazil
A significant issue	12%	12%	18%	21%	7%	10%	10%	4%	18%
Somewhat of an issue	28%	25%	24%	32%	30%	40%	30%	20%	27%
A minor issue	29%	26%	26%	21%	33%	32%	22%	41%	36%
No, we are comfortable with our levels of cart abandonment	19%	22%	16%	15%	16%	16%	29%	26%	11%
No, our cart abandonment rate is negligible/zero	12%	17%	17%	12%	14%	3%	9%	10%	8%
% Issue	40%	36%	42%	52%	37%	50%	40%	24%	44%

## Has your percentage of abandoned transactions changed in the past 12 months? (asked to those who said yes to experiencing some declines)



	Overall	US	UK	Canada	Bulgaria	Italy	Germany	Austria	Brazil
Significantly increased	11%	10%	6%	16%	8%	9%	13%	9%	16%
Somewhat increased	38%	36%	40%	37%	32%	45%	40%	37%	40%
Neither increased nor decreased	42%	45%	49%	39%	50%	39%	42%	37%	32%
Somewhat decreased	7%	7%	5%	8%	8%	6%	5%	12%	8%
Significantly decreased	2%	2%	0%	0%	2%	1%	0%	4%	3%
% Increased	49%	46%	46%	53%	40%	54%	53%	46%	57%
% Decreased	9%	9%	5%	8%	10%	7%	5%	16%	11%

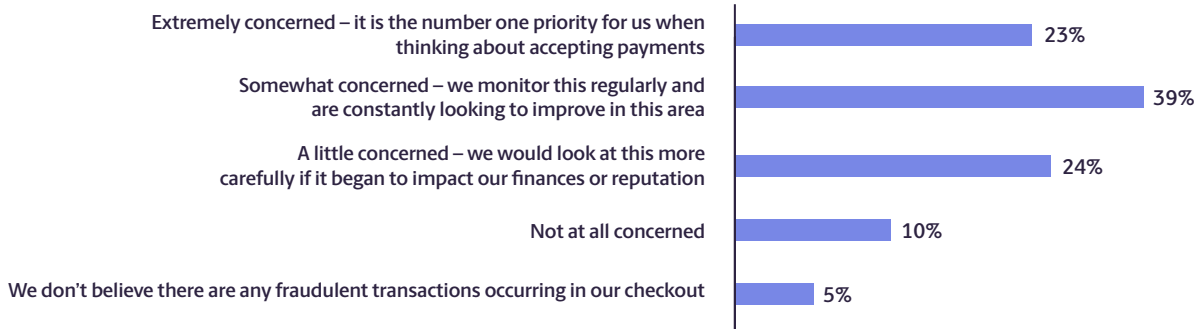
What do you think are the most significant reasons consumers abandon their shopping cart at your site?  
Select a maximum of three.

	Overall	US	UK	Canada	Bulgaria	Italy	Germany	Austria	Brazil
They were only ever browsing	35%	40%	30%	19%	48%	36%	31%	29%	45%
Their cards were declined	24%	27%	27%	21%	15%	23%	16%	23%	38%
Shipping time	18%	15%	20%	20%	13%	19%	11%	22%	26%
They cannot pay with their preferred method	16%	16%	18%	17%	19%	15%	13%	19%	16%
Unhappy with delivery options	15%	17%	15%	17%	11%	16%	14%	11%	20%
Mandatory customer account for making purchases	15%	7%	15%	19%	20%	17%	22%	21%	9%
Additional fees charged at the checkout	15%	16%	8%	13%	10%	12%	22%	18%	20%
Too much information to enter at the checkout	14%	13%	15%	20%	15%	12%	12%	16%	11%
Checkout doesn't feel secure	14%	13%	13%	17%	22%	9%	16%	14%	7%
Complexity of payment steps	13%	13%	12%	24%	17%	9%	9%	10%	10%
They cannot pay with their local currency	12%	13%	18%	15%	10%	7%	5%	18%	13%
Checkout screen freezes or crashes	12%	13%	13%	13%	15%	14%	14%	10%	5%
Payment approval takes too long	11%	15%	14%	13%	7%	13%	10%	9%	6%
Other	1%	1%	-	-	-	-	1%	2%	2%
None of these	3%	2%	5%	-	6%	2%	3%	4%	1%
Don't know	3%	3%	1%	4%	1%	2%	5%	2%	1%

## 5. Some businesses believe they are an easy target for fraudsters

- The vast majority of online businesses (85%) remain concerned about the level of fraud that is taking place within their checkout, and for almost a quarter (23%) this concern is so severe that it is the main priority for them related to accepting online payments. Only 5% of businesses don't believe there are any fraudulent transactions taking place in their online checkout.
- Half (49%) of all businesses are more concerned about fraudulent transactions now than they were 12 months ago, compared to just 12% that are less concerned. That may be because 41% have actively seen more fraudulent transactions occurring since the start of the COVID-19 pandemic. It may also be related to perceived comparisons with their competitors. A third (33%) of businesses believe that their fraud rates are higher than their competitors, and a similar percentage (34%) believe they are easy targets for fraudsters; only a quarter (24%) believe they have a competitive advantage in this area.
- 70% of businesses would be prepared to decline more transactions overall if it improved their fraud prevention rates, although the same percentage (69%) say they already have all the tools they need to minimise fraud in the checkout.

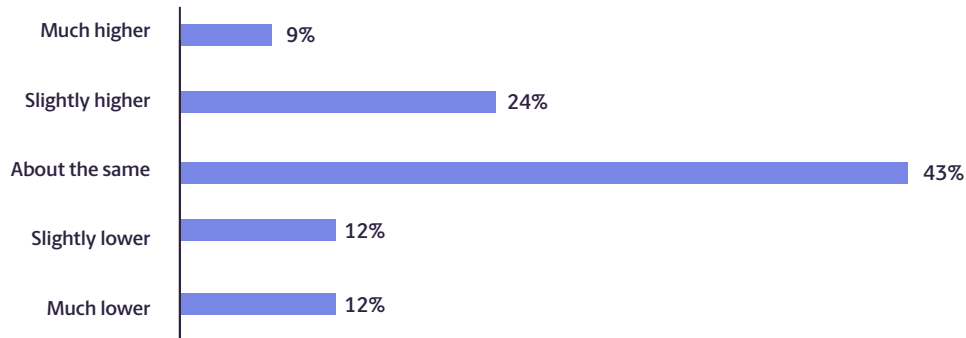
## How concerned are you about fraudulent transactions happening in your checkout?



	Overall	US	UK	Canada	Bulgaria	Italy	Germany	Austria	Brasil
<b>Extremely concerned – it is the number one priority for us when thinking about accepting payments</b>	23%	15%	14%	34%	15%	15%	22%	22%	51%
<b>Somewhat concerned – we monitor this regularly and are constantly looking to improve in this area</b>	39%	40%	33%	30%	40%	53%	41%	40%	32%
<b>A little concerned – we would look at this more carefully if it began to impact our finances or reputation</b>	24%	28%	34%	25%	24%	25%	23%	20%	9%
<b>Not at all concerned</b>	10%	12%	13%	9%	11%	5%	12%	13%	4%
<b>We don't believe there are any fraudulent transactions occurring in our checkout</b>	5%	6%	7%	3%	11%	2%	3%	6%	4%
<b>% Concerned</b>	<b>85%</b>	<b>83%</b>	<b>80%</b>	<b>88%</b>	<b>78%</b>	<b>93%</b>	<b>85%</b>	<b>81%</b>	<b>93%</b>

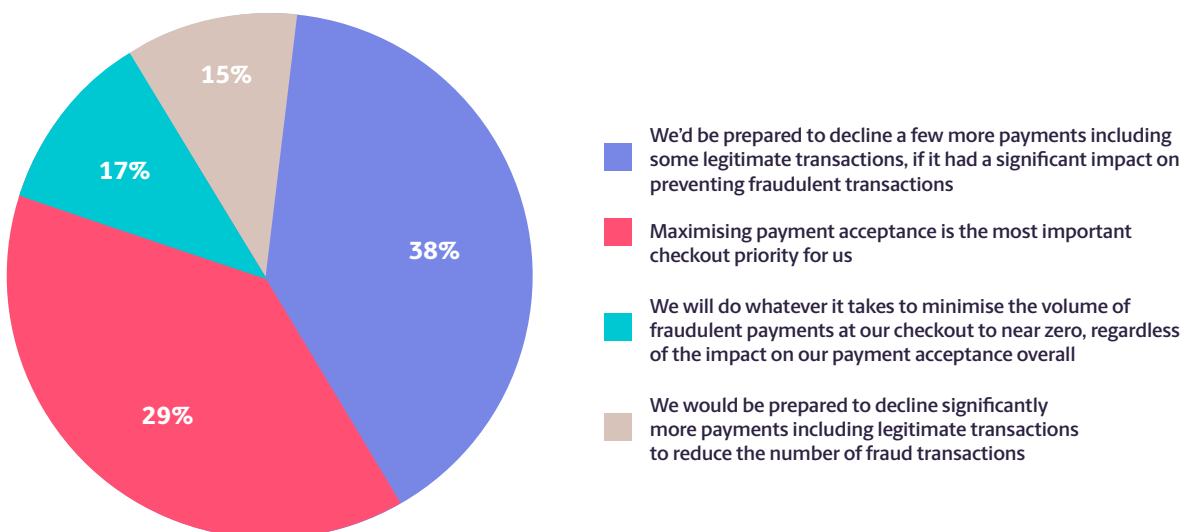


## How do you think your fraudulent transaction percentage compares to your competitors?

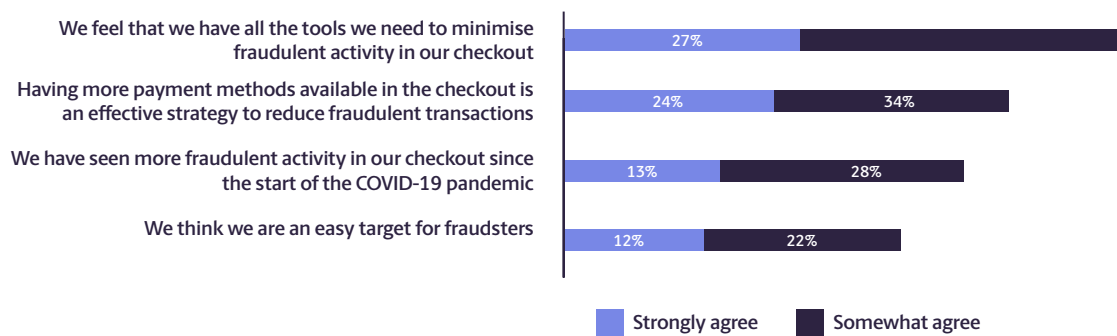


	Overall	US	UK	Canada	Bulgaria	Italy	Germany	Austria	Brasil
<b>Much higher</b>	9%	6%	11%	14%	7%	8%	7%	5%	17%
<b>Slightly higher</b>	24%	17%	23%	24%	18%	41%	32%	29%	18%
<b>About the same</b>	43%	55%	50%	38%	48%	43%	38%	33%	31%
<b>Slightly lower</b>	12%	9%	10%	9%	13%	5%	11%	19%	20%
<b>Much lower</b>	12%	15%	7%	16%	15%	4%	12%	15%	14%
<b>% Higher</b>	<b>33%</b>	<b>23%</b>	<b>34%</b>	<b>38%</b>	<b>25%</b>	<b>49%</b>	<b>39%</b>	<b>34%</b>	<b>34%</b>
<b>% Lower</b>	<b>24%</b>	<b>23%</b>	<b>17%</b>	<b>25%</b>	<b>27%</b>	<b>9%</b>	<b>23%</b>	<b>34%</b>	<b>34%</b>

## When thinking about your checkout, how do you balance the need to prevent fraudulent transactions and maximise payment acceptance?



## To what extent do you agree with the following statements about the security of online payments?



## 6. Relationships with payment providers are evolving

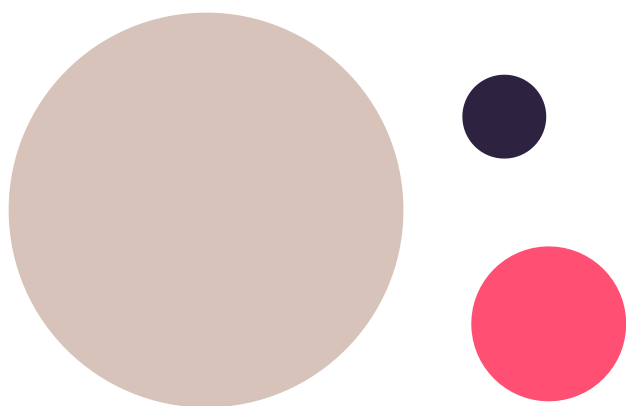
- Reliability (identified by 42% of businesses) has overtaken cost (32%) and security (26%) as the most common priority for online businesses when searching for a payments partner, especially in the US. Ease of integration (22%), offering more payments methods (21%), flexibility of services offered (19%) and differentiation (16%) are all increasingly important to businesses.
- Nearly two thirds (63%) of businesses say that their checkout gives them a competitive advantage and an even greater percentage (68%) say that their payments partner understands their business. However, the majority (51%) say their payments partner could be doing more to support them.
- There is a sentiment among businesses that payments need to become more streamline. 70% of businesses want to simplify their payments technology and partnerships, and 40% agree that payments technology is becoming too complicated. A similar percentage (43%) say managing their payments operations and relationships is taking up too many resources. It is therefore not surprising that offering more payment methods through a single integration (28%) is the second most common reason businesses would switch payments partners after lower costs (39%).
- Payments plays a key role in acquisition (84%), retention (83%) and growth strategy (80%) for the majority of businesses. Three quarters of businesses (74%) see payments as a key way to differentiate themselves from their competition.

What are the key priorities for you when thinking about a payments partner? Select a maximum of three.

	Overall	US	UK	Canada	Bulgaria	Italy	Germany	Austria	Brasil
Reliability	42%	50%	41%	32%	42%	46%	38%	40%	40%
Cost	32%	42%	36%	30%	27%	24%	37%	29%	24%
Fraud management/ security – low chargeback rates	26%	29%	28%	24%	22%	21%	24%	20%	37%
Reputation	22%	22%	28%	19%	33%	19%	20%	13%	22%
Ease of integration	22%	25%	20%	20%	22%	21%	23%	25%	17%
Offers the most payment methods	21%	25%	13%	17%	24%	18%	22%	17%	32%
Flexibility of services offered/futureproofing	19%	17%	13%	21%	25%	21%	12%	21%	23%
Account management/ support	18%	15%	16%	17%	22%	16%	18%	21%	21%
Offer different payment methods that differentiate us from our competitors	16%	14%	11%	16%	21%	19%	13%	20%	19%
Expertise in our sector	15%	10%	14%	15%	22%	20%	16%	20%	11%
Value added services	13%	16%	15%	14%	8%	13%	14%	14%	7%
Supports financial inclusion	11%	11%	14%	20%	7%	12%	11%	8%	11%
Other	0%	0%	0%	0%	0%	0%	1%	0%	0%
Don't know	1%	1%	0%	1%	1%	1%	0%	0%	1%
None of the above	1%	1%	2%	0%	0%	0%	0%	4%	1%

## To what extent do you agree with the following statements?

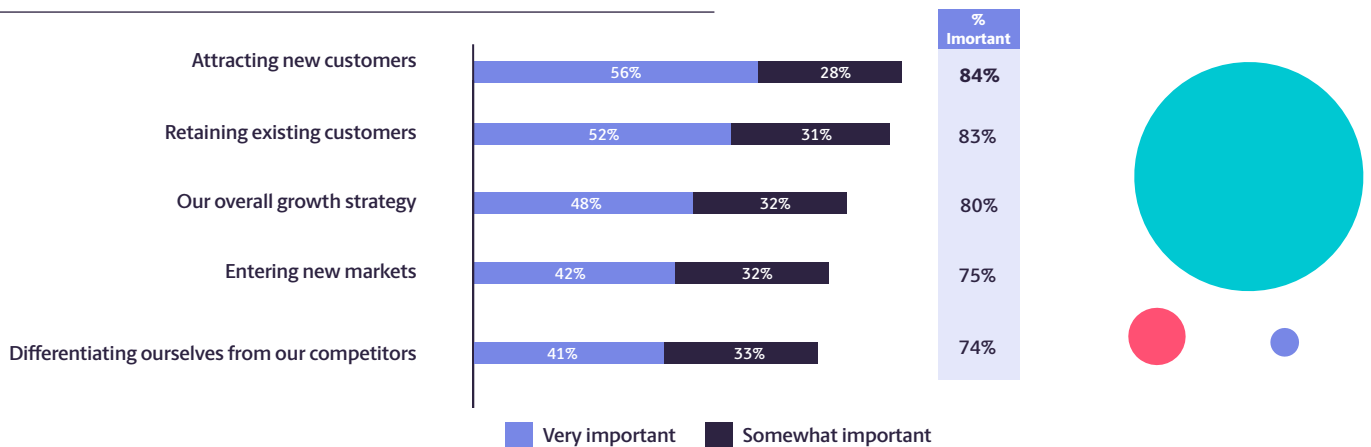
	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree	Don't know	% Agree
<b>Our payment services provider understands our business</b>	29%	39%	21%	7%	3%	2%	68%
<b>We trust that our payments services provider is keeping our customers' data secure</b>	38%	35%	17%	6%	2%	2%	73%
<b>Our payment provider could be doing more to support us</b>	18%	33%	28%	12%	7%	2%	51%
<b>Payments technology is becoming too complicated</b>	15%	25%	24%	20%	14%	2%	40%
<b>We want to simplify our payments technology and relationships</b>	28%	42%	20%	5%	3%	2%	70%
<b>Our checkout is a competitive advantage for our business</b>	25%	38%	25%	7%	2%	2%	63%
<b>Managing our payments operations and relationships is taking up too many resources</b>	14%	29%	26%	17%	11%	3%	43%



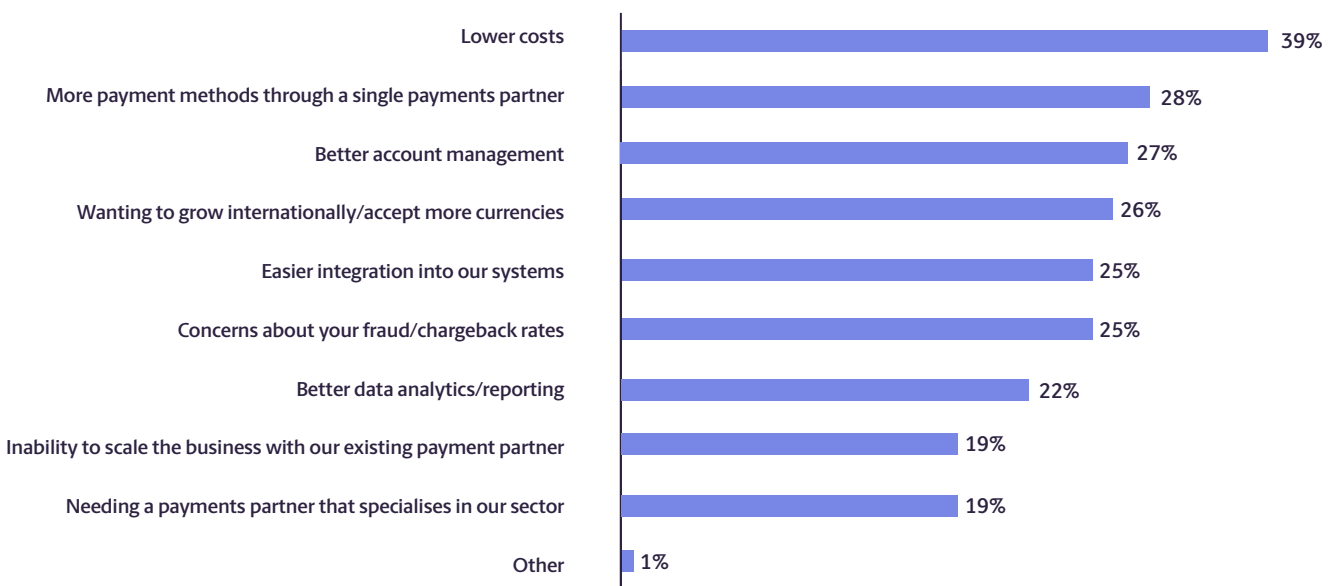
## Would you pay a premium for additional support for the following services? Select all that apply.

	Overall	US	UK	Canada	Bulgaria	Italy	Germany	Austria	Brazil
<b>Risk management and dispute resolution</b>	36%	38%	24%	36%	36%	42%	29%	36%	43%
<b>Account management</b>	33%	33%	27%	25%	40%	31%	29%	37%	45%
<b>Banking services</b>	33%	35%	30%	44%	29%	25%	30%	40%	31%
<b>Unique analytics and reporting</b>	31%	32%	25%	29%	31%	27%	29%	40%	34%
<b>Payments consultancy</b>	28%	27%	13%	29%	27%	20%	29%	35%	45%
<b>Integration consultancy</b>	22%	24%	18%	16%	24%	23%	16%	22%	34%
<b>None of these</b>	13%	17%	23%	13%	10%	12%	13%	2%	9%

## How important do you consider payments for the following?



## What would persuade you to switch your payments partner?



# In-store businesses

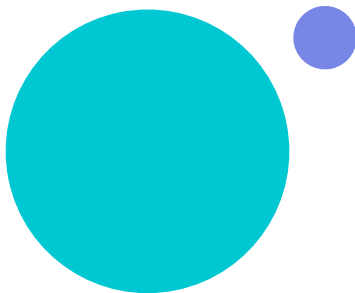


The survey was conducted with 201 payment method decision makers across the US, of in-store businesses, with a company size of 1-50 employees, who sell mostly or only to consumers.

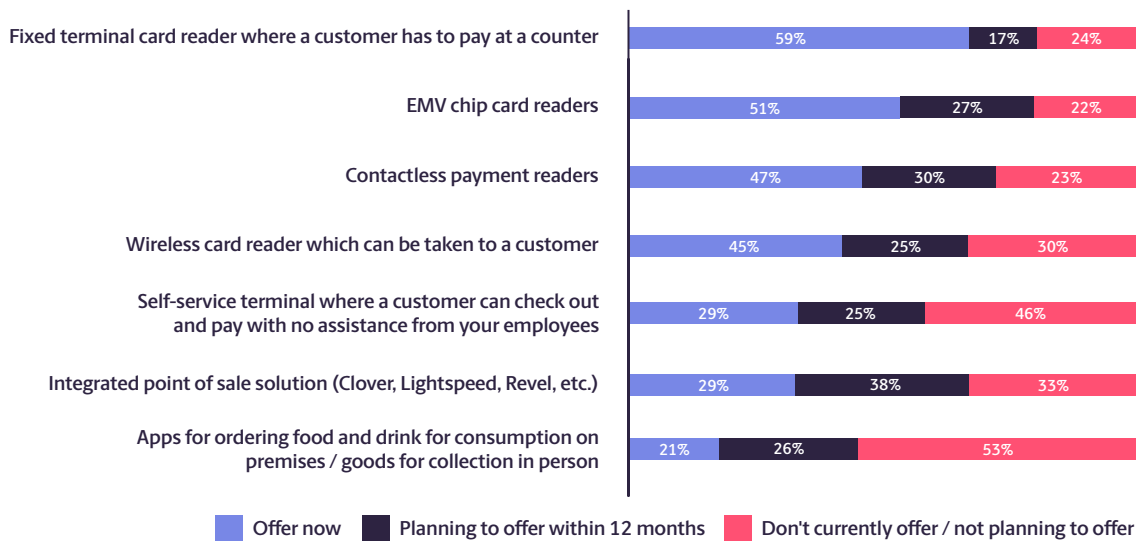
The interviews were conducted online by Sapio Research in October 2021 using an email invitation and an online survey.

## 1. Businesses are embracing new payment methods and payment technology

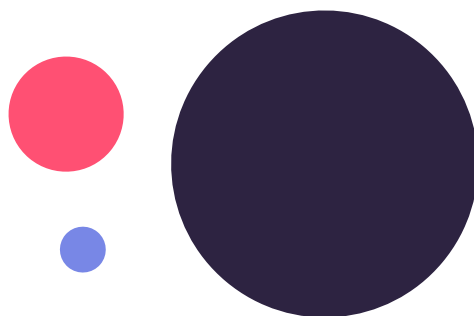
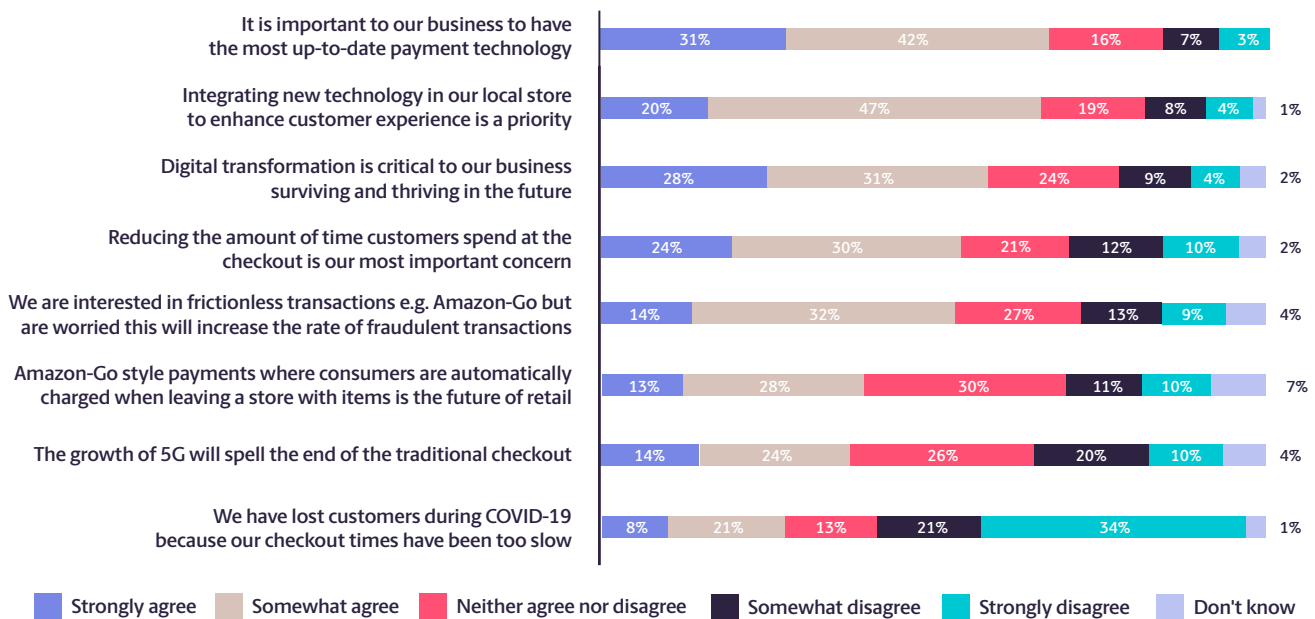
- Fixed terminal card readers where the consumer has to pay at the counter (59%) is still the most popular form of checkout with US small businesses, but other payment methods are growing in popularity. The majority of US small businesses (51%) now have EMV enabled card readers and approaching half (47%) offer contactless payment readers. Self-service terminals and in-store purchasing apps are also growing in popularity. 54% of businesses already offer or are planning to offer the former within 12 months, and 47% already offer or are planning to offer the latter.
- There are clear motivations for exploring new technology when it comes to payments. More than half of businesses (54%) say that reducing the amount of time customers spend at the checkout is their most important concern and 30% have actually lost customers during COVID-19 because checkout times have been too long. And many (60%) view digital transformation as being critical to their business surviving and thriving in the future. This includes the checkout for many businesses; 41% believe frictionless checkouts are the future of retail and 39% say the growth of 5G will spell the end of the traditional checkout.
- COVID-19 has also been a contributing factor to the growth of new payment technology. 61% of businesses say COVID-19 has changed how consumers want to pay, and for 58% this has transformed how they think about payments. Over half (51%) of businesses have accelerated their plans to upgrade their consumer checkout experience due to COVID-19.
- Overall, three quarters (73%) of businesses say it is important to them to have the most up-to-date payments technology, and for two thirds (67%) integrating new technology into their local stores to enhance customer experience is a priority.



## Which of the following payment methods do you offer in your checkout, and which are you planning to offer in the next 12 months?

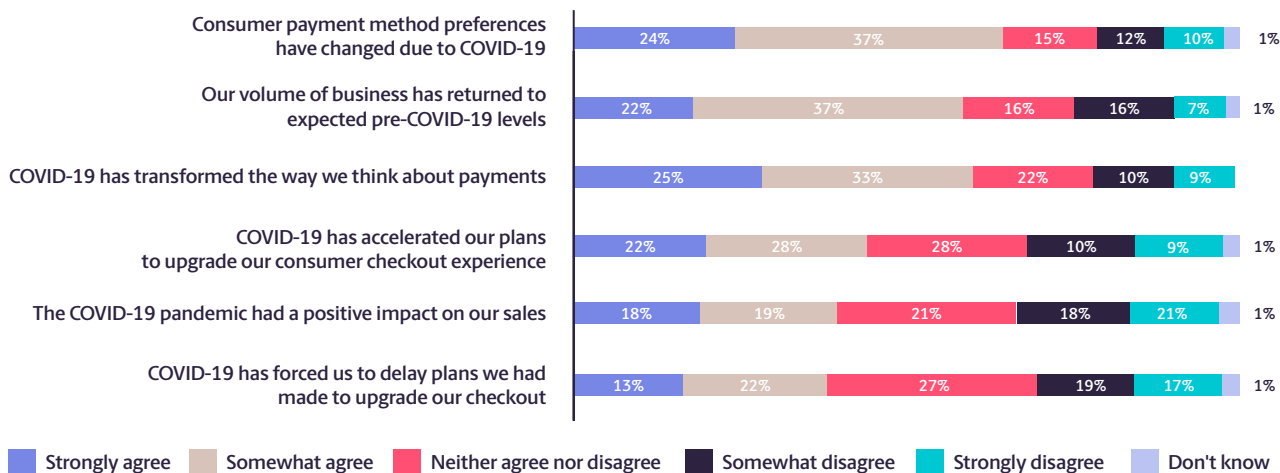


## To what extent do you agree with the following statements?





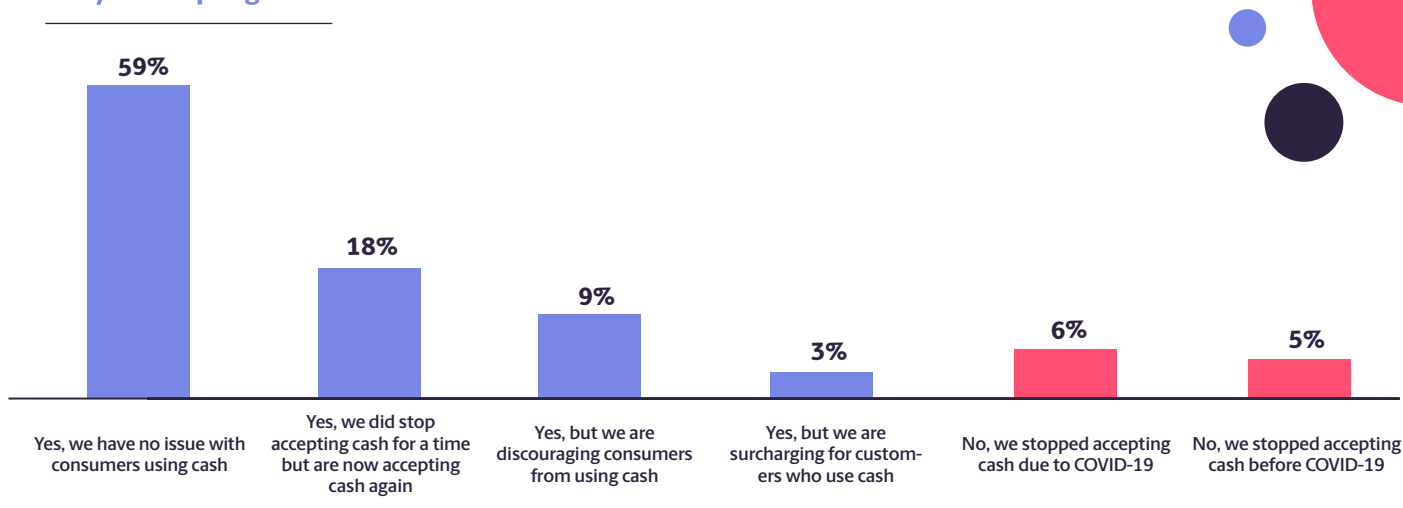
## To what extent do you agree with the following statements?



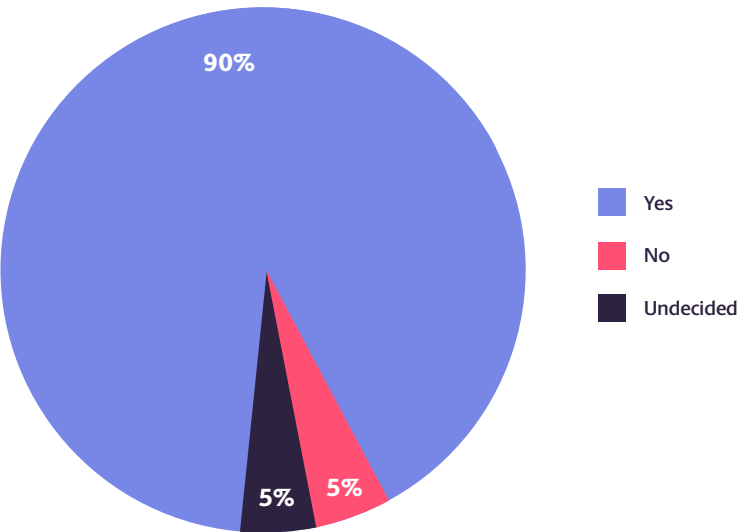
## 2. There is still a clear role for cash for most businesses, despite the rapid rise of contactless payments

- The vast majority of small businesses (89%) are still accepting cash payments, although only 59% have had no issue with consumers using cash throughout the COVID-19 pandemic. And this isn't going to change in the near future; 90% of businesses are planning to accept cash in the future, with only 5% already committed to not offering cash.
- When asked why it was important to offer cash to their customers, 59% of businesses that offer cash payments said that offering as many payment methods as possible was a key reason. A third (33%) of businesses said that their customer base includes consumers that rely on cash payments and a quarter (25%) believe their customers prefer to use cash. 35% say it is easier for them as a business to accept cash payments.
- Only 27% of businesses that have stopped accepting cash point to consumer demand as a reason for doing so; the most popular reason (36%) is that they are embracing future technology more generally.
- But contactless payments continue to grow. Almost three quarters (73%) of businesses already accept contactless payments and three quarters (76%) of those that aren't plan to do so. And businesses that do accept contactless have noticed an increase in consumer usage; 83% say the percentage of contactless transactions has increased, compared to 1% that say it has decreased.

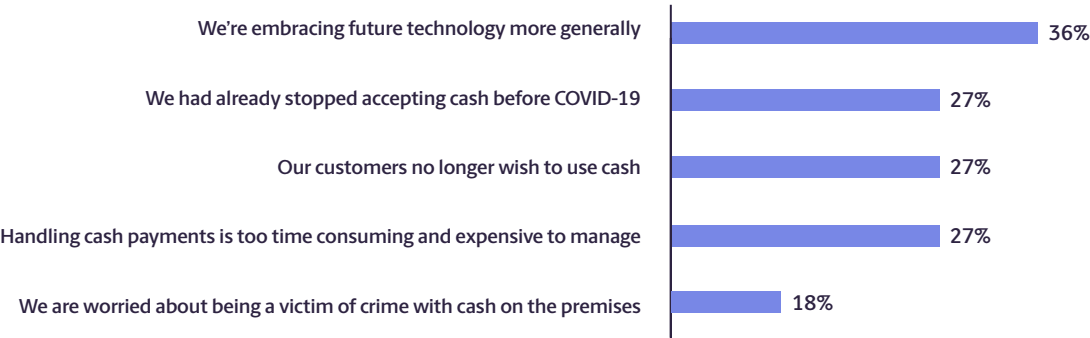
### Are you accepting cash?



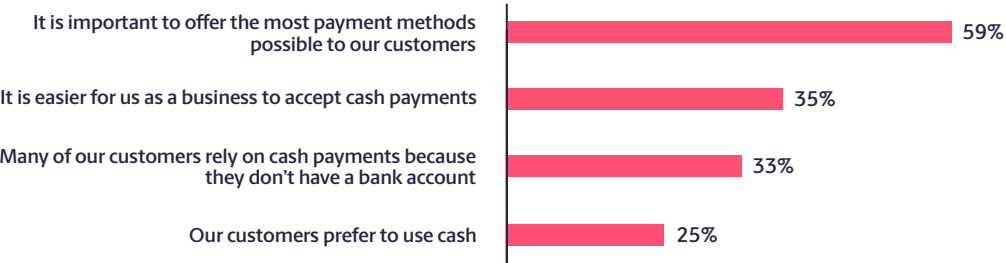
Are you planning to accept cash in the future?



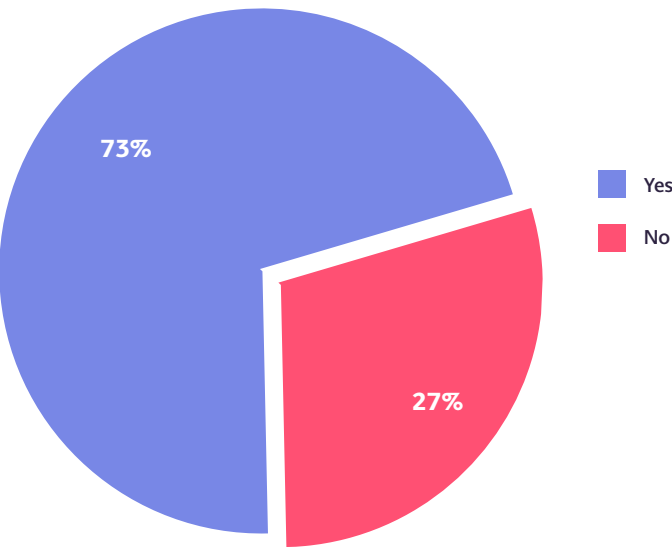
Why are you planning to not accept cash in the future? Select a maximum of two.



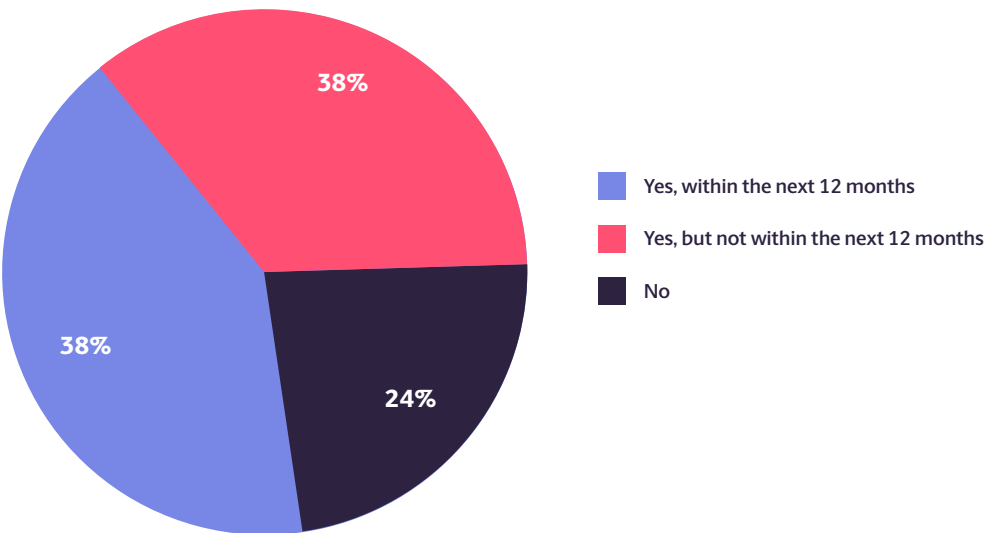
Why are you planning to accept cash in the future? Select a maximum of two.



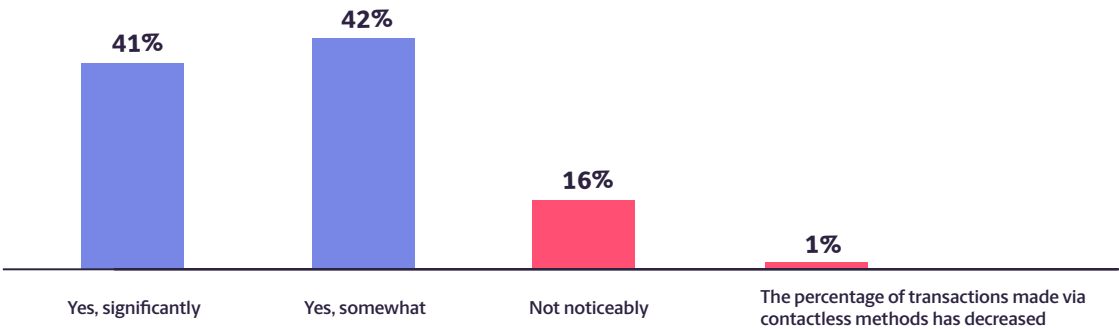
Do you accept contactless payments? (i.e. mobile wallets e.g. Apple Pay and/or contactless cards)



Do you have any plans to accept contactless payments in the future? (to those that do not offer contactless currently)



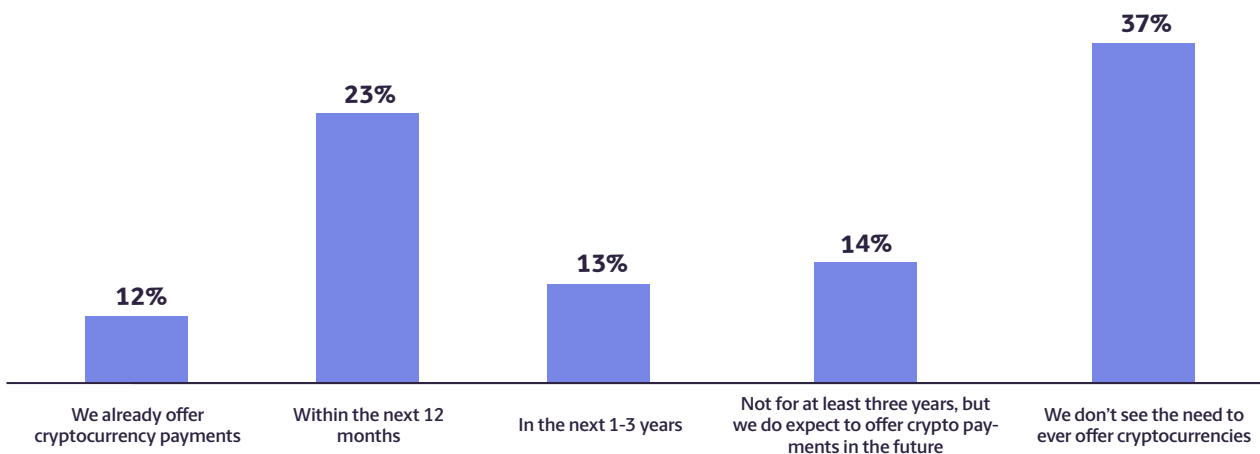
Has the percentage of transactions made via contactless methods in your store increased month-on-month during the past 12 months? (to those that accept contactless payments)



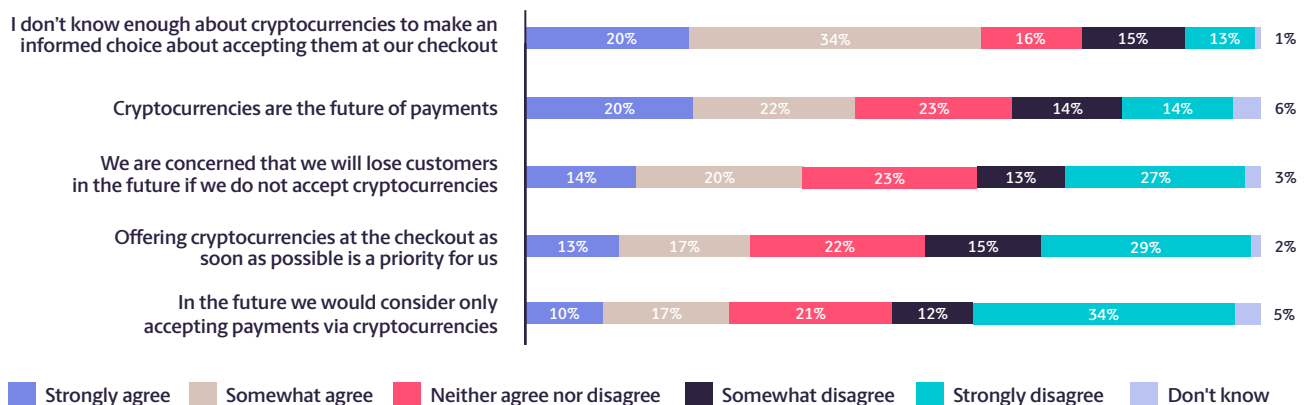
### 3. Crypto is already on the radar of many SMBs

- More than one-in-ten (12%) small businesses offer cryptocurrency payments acceptance in some format, and a further 23% aim to offer crypto acceptance within the next 12 months. Almost a third (31%) of businesses have prioritised offering cryptocurrencies as soon as possible. Overall, only 37% of businesses say that they don't ever see the need to offer crypto as a payments option.
- Despite this commitment to offering crypto payments, the majority (54%) of small businesses still don't know enough about cryptocurrencies to make an informed choice about accepting them at the checkout.
- However, for 42% of businesses cryptocurrencies are the future of payments, and in fact a quarter (27%) are already considering only offering payments via cryptocurrencies.

#### When do you expect to offer cryptocurrencies as a payment method at your checkout?



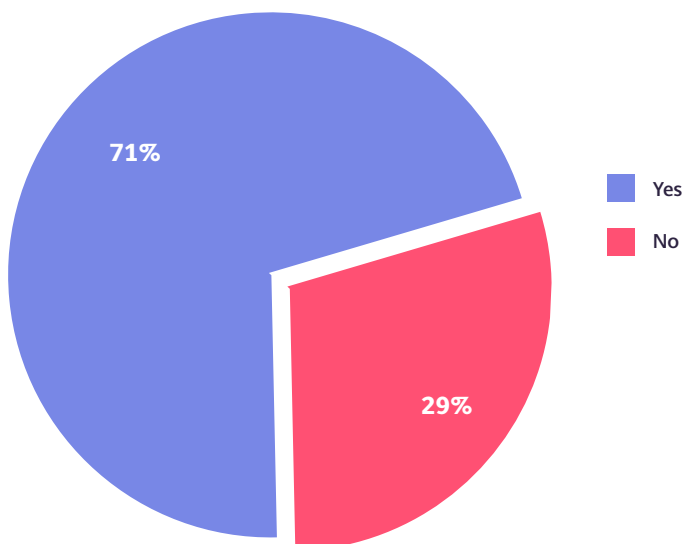
#### To what extent do you agree with the following statements?



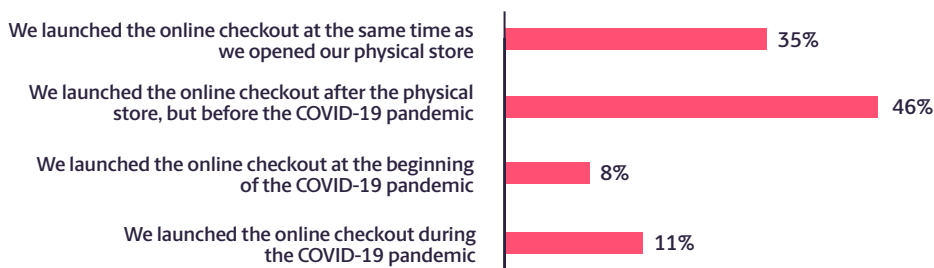
#### 4. The shift to omnichannel, and the impact of COVID-19

- 71% of US small businesses that primarily sell through a physical store now also have an online checkout, and of these one-in-five (19%) launched their online checkout as a result of the COVID-19 pandemic. Of those that don't, 43% are planning to launch an online presence in the future.
- 41% of businesses were already focused on shifting to an online payments-first business model before COVID-19, but 42% say the pandemic forced them to refocus towards online sales.
- The majority (53%) of businesses think consumers will mostly shop online in the future, however only a small minority (18%) are considering closing their physical store and offering online payments only.
- And shifting sales to online is still a key strategy for small businesses for the next 12 months. 22% of businesses plan to grow next year by shifting their focus to online sales and 17% plan to grow through launching an online checkout.

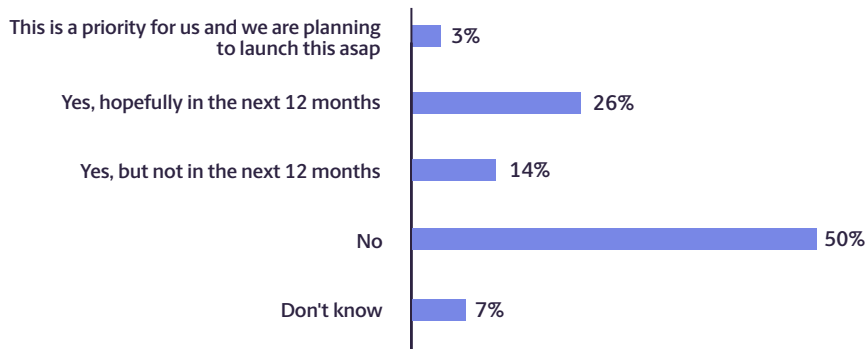
##### Can consumers also pay for products/services from you online?



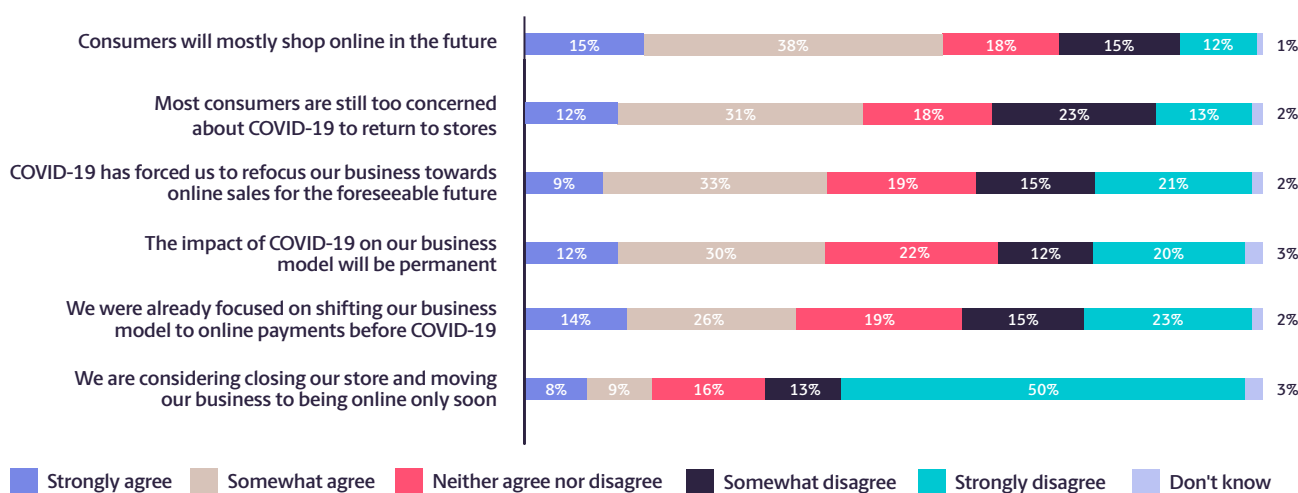
##### When did you launch your eCommerce site or online checkout?



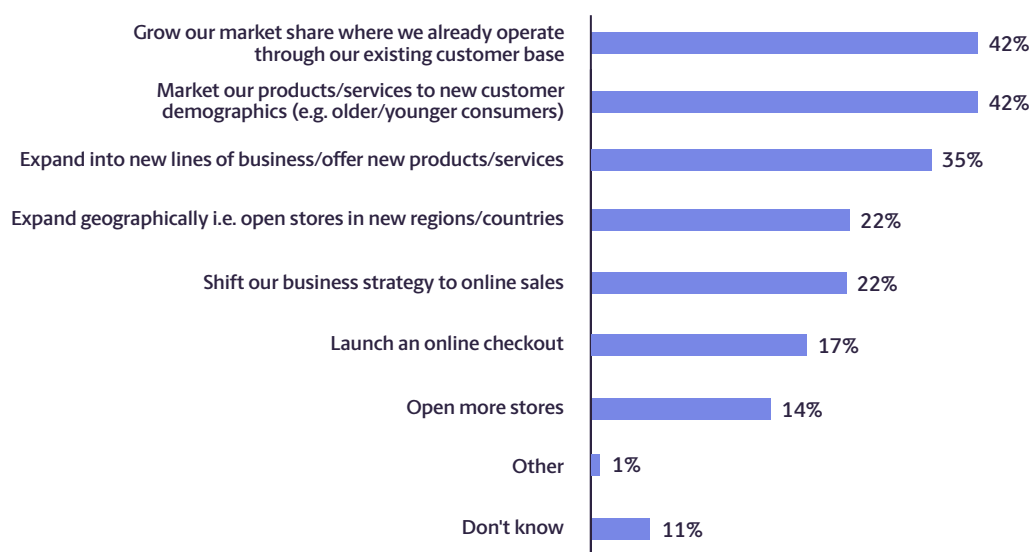
## Are you planning to launch an online checkout/eCommerce site in the future?



## To what extent do you agree with the following statements?



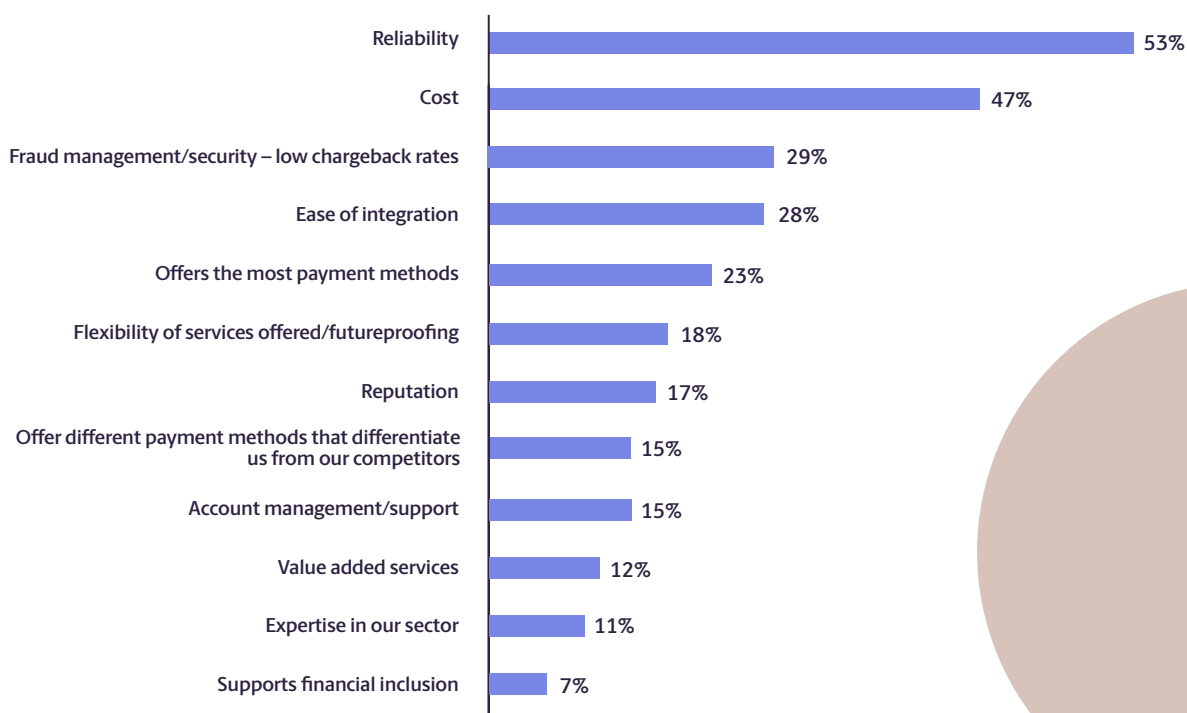
## How do you plan to grow your business in the next 12 months?



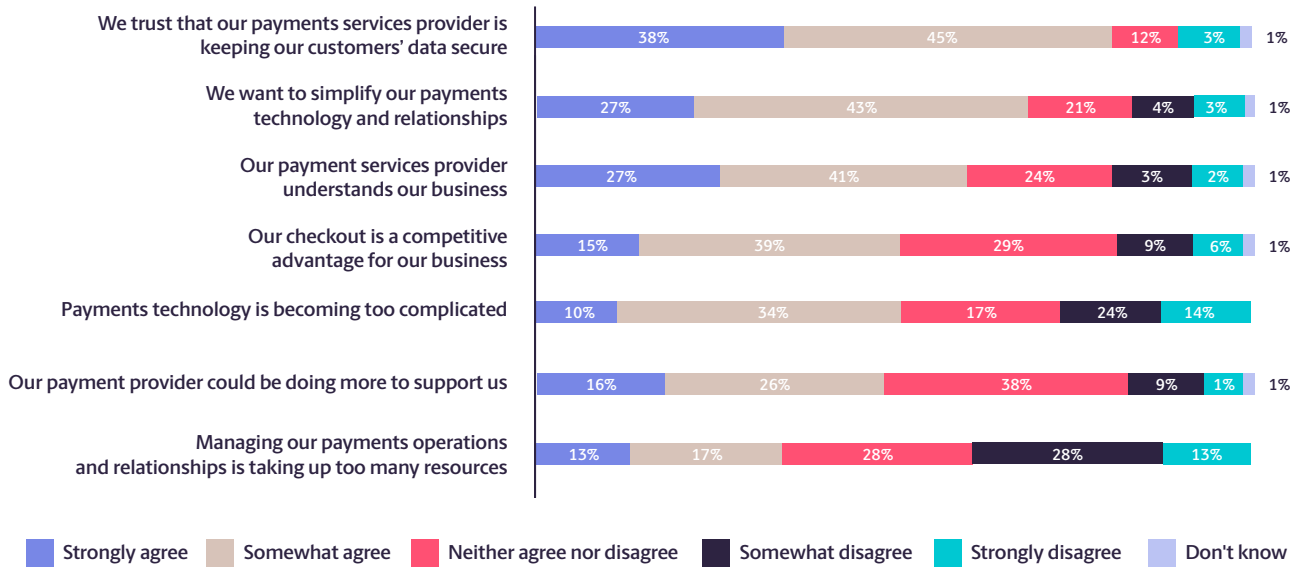
## 5. Where businesses differentiate payments partners

- As with online-only businesses, reliability (53%) is a key priority for more US SMBs than any other criteria when selecting a payments partners, ahead of cost (47%). Fraud management (29%), ease of integration (28%), and offering more payment methods (23%) were also important criteria for a significant percentage of SMBs.
- Close to three quarters (72%) of businesses say payments is important for differentiating themselves from their competitors, but only 55% describe their checkout as a competitive advantage currently. There may be a disconnect between businesses and their payment provider; only 69% say their payments partner understands their business and 42% say that their payment provider could be doing more to support them.
- As with online businesses, the majority of SMBs recognise the importance of payments for retaining customers (85%), attracting new customers (82%), and overall business growth (80%).
- Close to half (47%) of small businesses are currently using a POS/business management system, and two thirds (64%) of those that do so use it for payment acceptance. The main reasons businesses gave for using a POS were efficiency (62%) and saving time and money (60%).

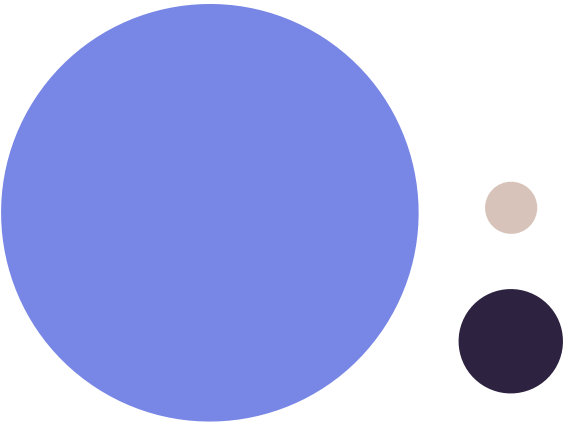
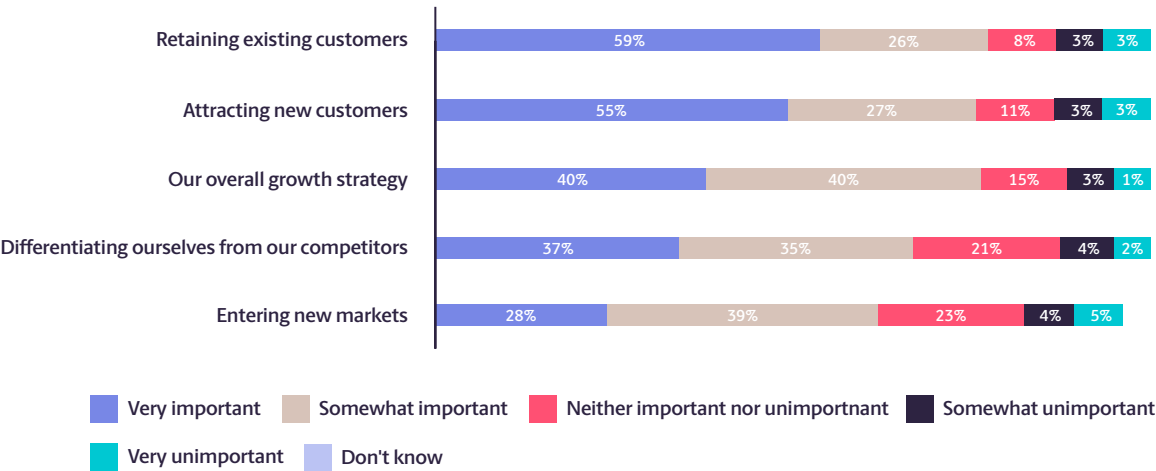
What are the key priorities for you when thinking about a payments partner? Select a maximum of three.



### To what extent do you agree with the following statements about your relationship with your payments partner?

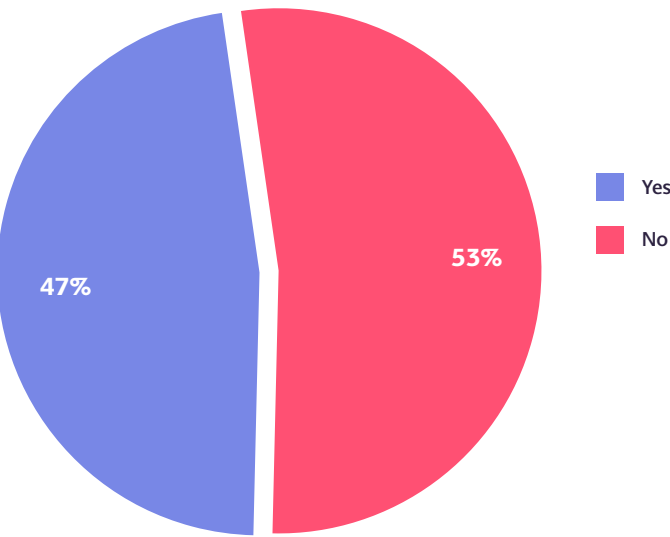


### How important do you consider payments / your checkout for the following?

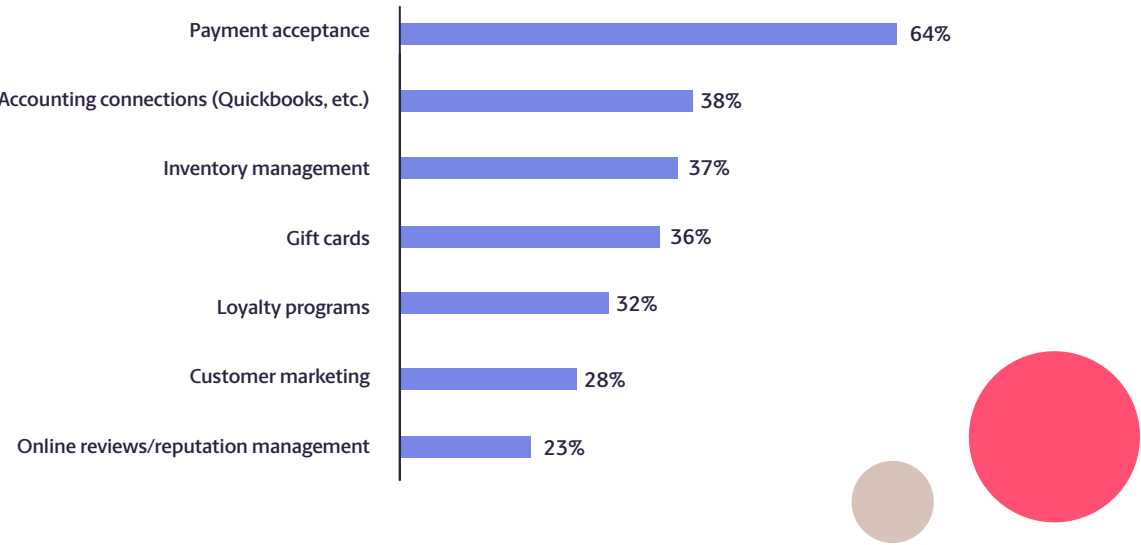




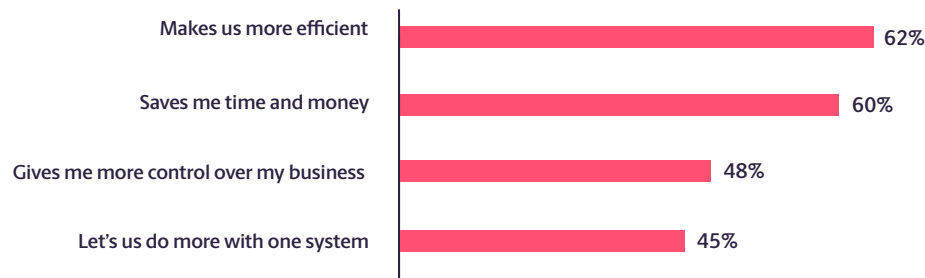
Do you currently use a POS/business management system (e.g. Clover, Revel, Lightspeed)

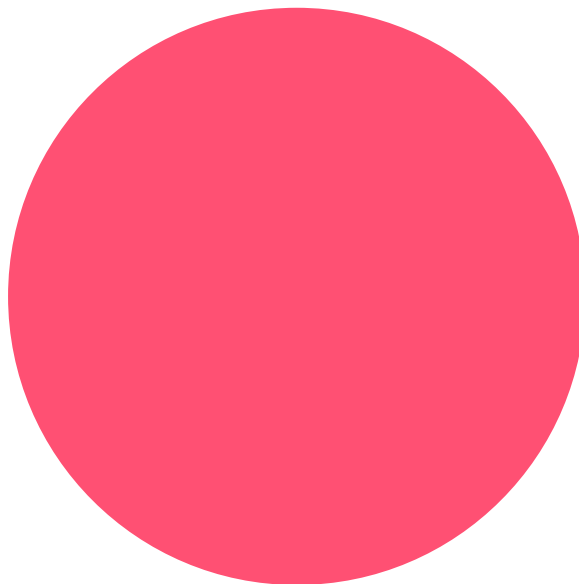
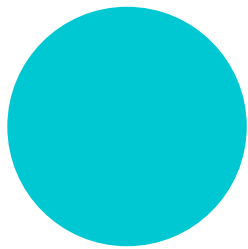


What types of functionalities are you currently using in your POS? Select all that apply.



How do you feel your POS helps your business?

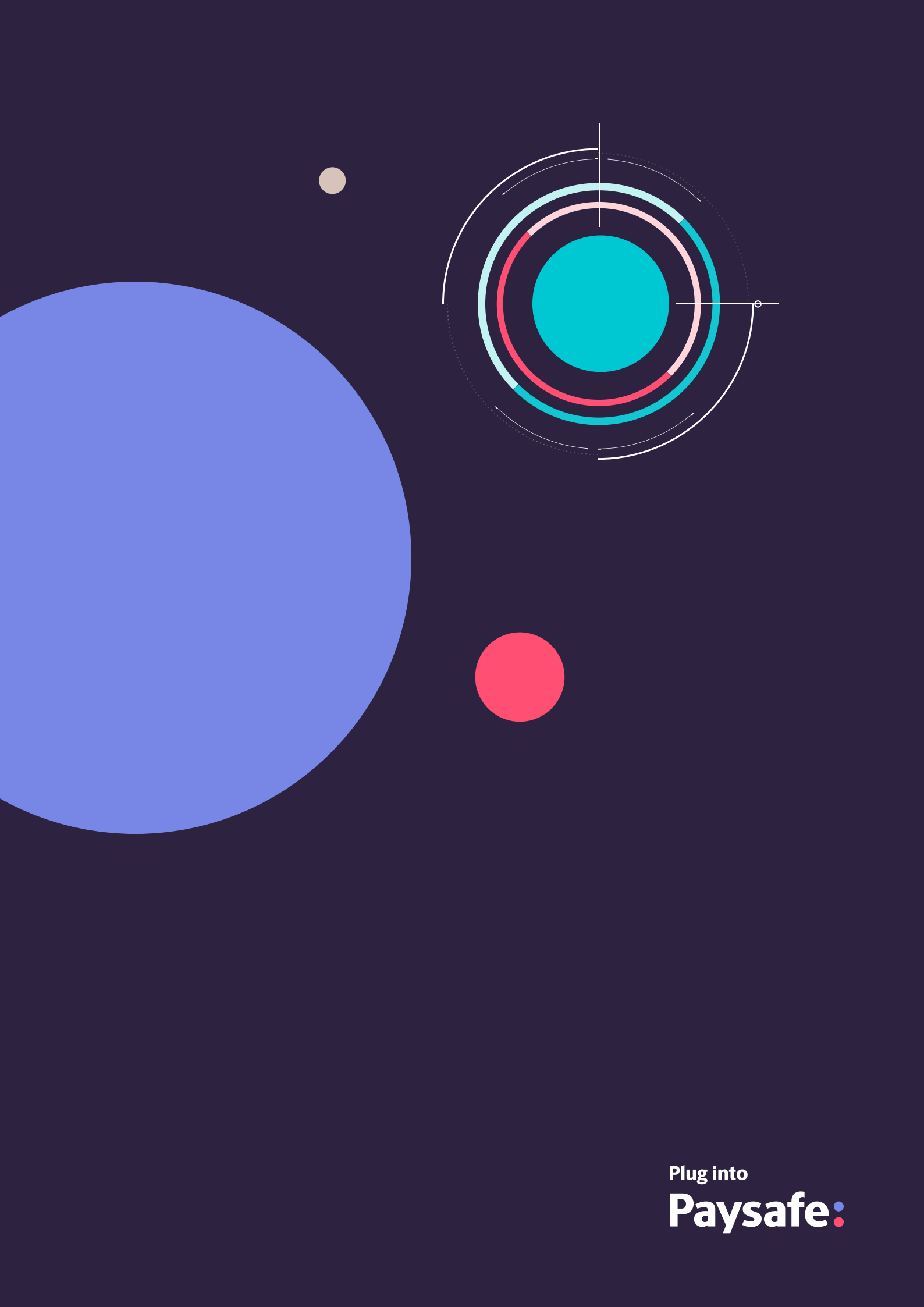




## About Paysafe Group

Paysafe Limited (“Paysafe”) (NYSE:PSFE) (PSFE.WS) is a leading specialised payments platform. Its core purpose is to enable businesses and consumers to connect and transact seamlessly through industry-leading capabilities in payment processing, digital wallet, and online cash solutions. With over 20 years of online payment experience, an annualised transactional volume of US \$100 billion in 2020, and approximately 3,400 employees located in 12+ global locations, Paysafe connects businesses and consumers across 70 payment types in over 40 currencies around the world. Delivered through an integrated platform, Paysafe solutions are geared toward mobile-initiated transactions, real-time analytics and the convergence between brick-and-mortar and online payments.

Further information is available at  
[www.paysafe.com](https://www.paysafe.com)



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