



An NMI Exclusive: The Payments Innovation Pulse Report

Version: 1
January 2023



Introduction

In an NMI exclusive and actionable report, we polled 1,000 U.S.-based consumers about their payment preferences, as well as their experiences with the rapidly evolving payments technology flooding the marketplace.

In this e-book, we will break down the data we obtained from October 2022, including consumers' willingness to try new payment options — and how that can help you with merchants around the world as they continue to adjust to the changing landscape.



Table of Contents

- 02. Introduction
- 04. Overview: Open, But Closed?
- 05. Payment methods
- 06. Speed & convenience
- 07. The Takeaway, Part I
- 08. Breaking down the options
- 09. An opportunity
- 09. The Takeaway, Part II
- 10. Education is paramount
- 11. Great expectations
- 11. The Takeaway, Part III
- 12. Let's dive in together



Overview:

Open, But Closed?

Speed and convenience are at the heart of decision-making for the consumers polled, which isn't in itself surprising considering the nature of how purchasing decisions are made in an instant.

In this report, you will see that some **69%** of consumers are willing to try new things when it comes to payment methods, yet **97%** are perfectly comfortable with their current solutions.

On the surface, data like this seems to work against each other, which is why the level of detailed questions that NMI asked is crucial, as you will learn what consumers are looking for and why.

Is it simple awareness of new payment technologies? Does the consumer not understand what they are missing out on in terms of speed and convenience?

Thankfully, the data shows consumers are open to learning — and that's what we'll break down in the rest of this e-book.



69%

of consumers are willing to try new things when it comes to payment methods.



97%

are perfectly comfortable with their current solutions.

Payment Methods

We asked a series of questions to our consumers, the first being “the payment methods consumers used for in-person, in-store purchases over the past six months.”

The results were very “traditional,” which isn’t surprising considering the question is referring to in-person transactions, where many merchants haven’t adopted advanced forms of payments.

Here is a look at some key numbers:



69%

of consumers agree that they’re “always excited to try out new payment technologies or capabilities.”

Younger consumers are even more likely to report eagerness:

83% of consumers ages 18-24 agree or strongly agree.

87% of consumers ages 25-40 agree or strongly agree.

45%

Venmo,
Paypal or
Cash App

30%

Apple Pay,
Android Pay,
Samsung Pay

45% of consumers indicated using payment applications such as Venmo, Paypal or Cash App for in-person purchases—all newer technologies that have become more relevant during the pandemic. Interestingly, these methods outpaced mobile pay solutions (Apple Pay, Android Pay, Samsung Pay) and contactless credit/debit card (card-tap), which **30%** of consumers indicated they had used over the past six months.

Speed and Convenience

In trying to better understand payment choices, we also asked consumers “why they used those specific payment methods for in-person, in-store purchases.”

The results give a great sense of what’s important for a consumer:



84%

Consumers indicated convenience as the most important factor in choosing their preferred payment method.



49%

The ability to quickly choose their preferred payment method was also important to nearly half of the consumers, as “the fastest of the choices available to me” was the second-most important factor.



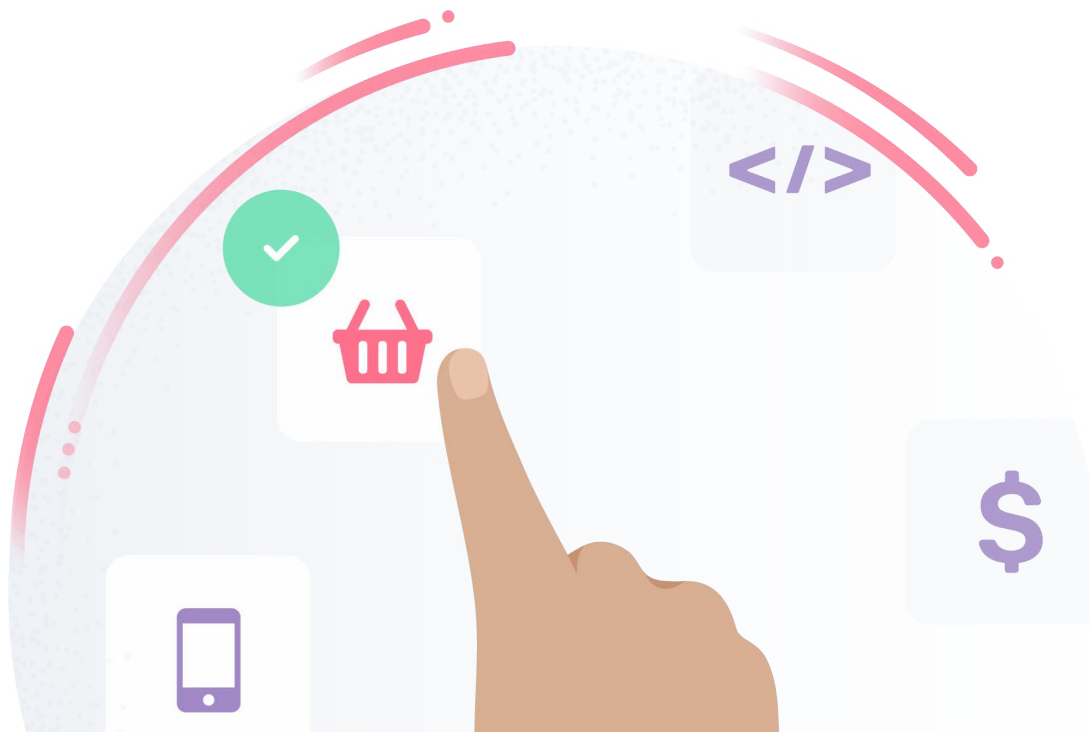
37%

An important third factor was “I understand these payment methods best of the choices,” showing that familiarity was key for more than one-third of those polled.

The Takeaway: Part I

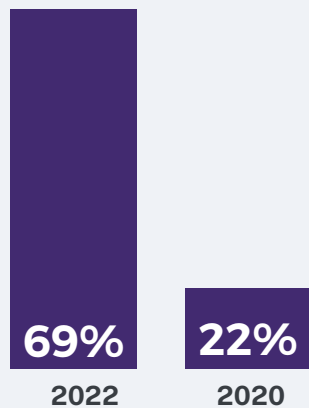
In 2022, speed and convenience largely dictate consumer payment preferences. Younger consumers in particular are eager to try new offerings that offer these benefits — and demand will only increase as familiarity with new payment technology grows. Merchants and payment technology partners must meet consumer enthusiasm with technology that enables frictionless, end-to-end payment experiences.

In addition, there must be a built-in familiarity with the technology being offered, as comfort is key to consumers building repeated habits in payment choices.

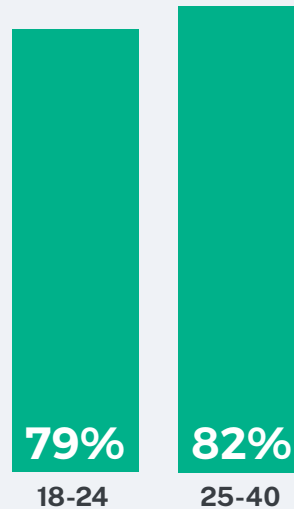


Breaking down the options

To gauge use cases and familiarity with new payment technologies, we analyzed consumer experiences with three payment innovations: contactless payments, BNPL and biometric payments.



69% More than two-thirds of consumers polled have utilized a form of contactless payment technology for an in-person purchase — a dramatic increase from a 2020 NMI poll where only **22%** of consumers said contactless credit/debit cards or mobile payments were their preferred in-store payment method.



The numbers are even stronger for younger consumers. Respondents ages 18-24 and 25-40 are the most likely to use contactless payments, at **79%** and **82%**, respectively.



94% of consumers are familiar with buy-now-pay-later (BNPL) financing options, but of the **46%** of consumers that haven't used the method, **44%** say it's because they don't feel the need to pay in installments, while **14%** are concerned about debt.

An opportunity

In the survey, NMI also looked for significant opportunities for growth — and biometric payments do present as one ripe for further development.



36%

of consumers have used biometric payment technology for a purchase, while 91% are familiar with the technology.



47%

Of consumers indicated that they'd use the technology if a business offered it.

The Takeaway: Part II

The appetite is there, as consumers are excited about new payment technologies, which is driving significant growth for options such as contactless. The biggest obstacle that consumers face in today's marketplace is a lack of knowledge, which ultimately impacts the speed that they've indicated is key as they make decisions. To ensure speedy adoption of these new technologies, their value must be clarified by trusted payment authorities — such as banking outlets that have a direct relationship with the consumer.

Education Is Paramount

We hinted at it on the previous page, but there's no way around it: Consumers are willing to try new things, but they must be communicated with and educated about the advantages of advanced technology.

Here is a look at how consumers arrive at adopting new choices:



46%

Of consumers find out about new payment technologies or capabilities with their current payment tools from their bank or financial institution.



38%

Of consumers learn about new technology or capabilities from their credit or debit card issuer.



36%

Of consumers learn about new payment technology through word of mouth, while social media also plays a significant role at 35%.

Great Expectations

While social media, testimonials and peer recommendations all factor in, consumers demand that their financial institutions keep them in the loop on new options for payments:



66%

Of consumers want their financial institution or card issuer to inform them about new payment technologies or capabilities with their current payment tools.



46%

Of consumers say that educational materials provided by their financial institution as the leading driver of what would convince them to try new payment options.

The Takeaway: Part III

While consumers are eager to try new things, they also want to do their homework before jumping in with both feet. They look to their trusted partnerships to help guide them, particularly that of banks, financial institutions and debit/credit card issuers. This puts these institutions in a prime spot to influence how technology is utilized in the payment innovation space. Once buy-in happens from the consumer, it is also important that payment experiences continue to improve, staying competitive in the crowded payments marketplace.



Let's dive in together

The Payments Innovation Pulse Report is good for all of us — it provides an update in a space that has seen massive growth in a short amount of time. It keeps us honest, but also clearly shows the path forward — where speed and convenience are paramount, with key stakeholder relationships with banks and other financial institutions continuing to be paramount as we all look to continue to push innovation.

At NMI, we've got an entire toolbox of options to help you continue to push the envelope for your clients, while also providing materials that can help educate consumers on why adoption of something new is good for them.

Please make sure to reach out to NMI today to see what thousands of other ISVs and ISOs are already experiencing — a true partnership with innovation as our mutual rallying cry.



Contact us

NMI USA:

+1 (847) 352 4850 | +1 (800) 617 4850
NMI Headquarters, 1450 American Lane
Suite 1200, Schaumburg, IL 60173

NMI EU:

+44 (0)117 930 4455
NMI Bristol, Programme, 4th Floor
All Saints' Street, Bristol, BS1 2LZ, United Kingdom

