

3.2

The quest for control: why digital wallets are an increasingly popular online payment option

As with mobile wallets, there's been a significant uptick in payments using digital wallets over the past 12 months. Our research found digital wallets to be consumers' third payment method of choice, after debit and credit cards, when paying for online gaming, online gambling, travel, hospitality, leisure, and crypto.

More to the point, 41% of respondents who had used a digital wallet in the previous 12 months told us it was their preferred online payment method. And 20% will abandon their cart if their favourite digital wallet isn't available, which means merchants who don't accept digital wallet payments risk losing a considerable chunk of business.

Interest in digital wallets is also on the rise. 39% of respondents told us they'd pay with them more if they knew more about the technology or it became more widely available.

The fact consumers are more security-conscious than ever before is undoubtedly a large part of the reason for the increased adoption of digital wallets.



49% of respondents think paying with a digital wallet is more secure than using other payment methods. This is likely due to the fact that paying with a digital wallet doesn't require you to enter your financial details whenever you pay online, which is something 52% of respondents told us they don't feel comfortable doing.

Our research suggests the cost-of-living crisis is likely also a factor, with 51% of respondents telling us they value the financial insights they can gain from digital wallets. Insights that can help them stay on budget and make their money stretch further. Digital wallets' ability to integrate with third-party service providers is important to consumers, too.

54% of respondents told us they value being able to connect to third-party apps to make quick bank transfers. 48% value being able to connect to third-party money management tools, while 44% value being able to connect to third-party credit providers for quick access to loans.

That said, while the appetite for digital wallets is greater than ever, the power of incumbency is very much at play.

61% of respondents told us they feel most comfortable using digital wallets that either have been around for a long time or belong to large, well-known brands. So, despite growing appetite for the technology, new and untested digital wallet brands are at a disadvantage compared to established providers.



2 <https://www.elibrary.imf.org/view/journals/063/2023/003/article-A001-en.xml>

3 <https://home.barclaycard/insights/2021/10/a-brief-history-of-contactless-payments/>

4 <https://www.apple.com/uk/newsroom/2014/09/09Apple-Announces-Apple-Pay/>