

Executive Summary

How do consumers prefer to pay in 2023? What do they think of emerging payment technologies like virtual reality, the Metaverse, and AI? And how has the ongoing economic uncertainty impacted their payment preferences and spending behaviour?

Every year since 2017, Paysafe has been surveying consumers to find out more about their payment habits and preferences as part of its Lost in Transaction series. This latest report captures research conducted in April 2023 with 14,500 consumers in the US, UK, Canada, Germany, Austria, Italy, Bulgaria, Mexico, Colombia, Argentina, Peru, Ecuador, Chile, and Brazil.

Here are the highlights:

- **The experience economy continues to grow.** Demand for travel, leisure, online video-gaming, and other experiences is strong despite the uncertain economic climate, with 51% of respondents prioritising them over other discretionary spending. That said, consumers are becoming more selective about what they spend. The top spending categories are eating out and takeaways (27%), clothes (25%), streaming services (25%), and travel (17%).
- **Debit cards are the most popular payment method.** 70% of respondents who pay online with debit cards are using them more often than they did 12 months ago. This jumps to 71% among respondents who have changed their payment habits due to the cost-of-living crisis. Debit cards are also the preferred way to pay for many experiences, including takeaways (42%), online video-gaming (30%), and online gambling (26% for smaller bets and 23% for larger bets).
- **Trust in the payment method is paramount for consumers in online video-gaming and online gambling.** 66% of respondents say their level of trust in the payment method influences how much they spend on online video-gaming, and 67% say it influences how much they spend on online gambling.
- **Cost-consciousness is driving buying decisions.** 67% of respondents are more likely to make purchases during Black Friday and other seasonal sales or discounting events, 61% are more likely to repair than replace an item, and 47% have abandoned their cart due to budget constraints.
- **Consumers are increasingly uncomfortable sharing their financial data online.** 52% of respondents prefer not to share financial details online and 68% prefer using online payment methods that don't require them to share their financial details.
- **eCash usage has shot up.** 31% of respondents who have used eCash are paying with it more often than they did a year ago. This goes up to 60% among respondents who have changed their payment habits due to the cost-of-living crisis. 23% of respondents who say eCash is their preferred online payment method would abandon their cart if eCash weren't available at the checkout.
- **Mobile wallets like Apple Pay and Google Pay are edging out cards.** 52% of respondents are comfortable leaving the house without a physical wallet and relying on their mobile wallet to pay for everyday purchases. Even more significantly, 55% think mobile wallets will replace cards completely within the next 10 years.
- **Despite the technology's potential, AI-driven payments are still a largely untapped opportunity.** While the benefits of AI are much discussed, only 14% of respondents indicated they had knowingly used AI-driven payments, such as AI-powered checkouts, smart wallets, and payment chatbots. Appetite is also still fairly low, with only 10% telling us they'd be comfortable using AI-driven payments in two years' time if they became more established. That said, most consumers are aware that merchants use AI for risk-scoring, fraud prevention, and personalisation.
- **Appetite for augmented reality (AR) and virtual reality (VR) payments is growing.** While only 3% of respondents are currently using AR and VR, 27% see themselves using VR payments and 28% see themselves using AR payments within the next two years if these technologies become more widely available and they learn more about them. 26% also see themselves making a purchase in the Metaverse in the next two years if the technology becomes more widely available and they learn more about it.