June 2020

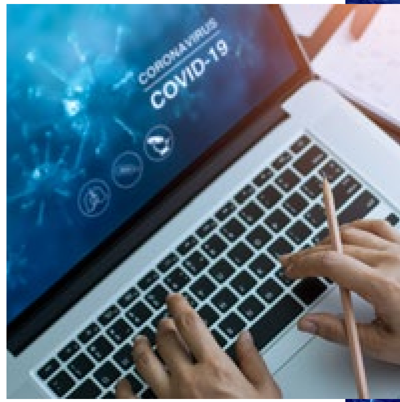
The Digital Payments In A Digital World Playbook series, a PYMNTS and Wirecard collaboration, covers the latest digital payment developments, including relevant online and mobile banking adoption trends. This edition examines how banks and businesses are adapting to consumers' shifting preferences for quicker refunds and access to seamless payment tools, how expanding partnerships between FinTechs and financial institutions can help fulfill those emerging needs and why utilizing data analytics and customer intelligence can lead to more personalized services.

Digital Payments IN A Digital World

PLAYBOOK

Banking Innovation Edition



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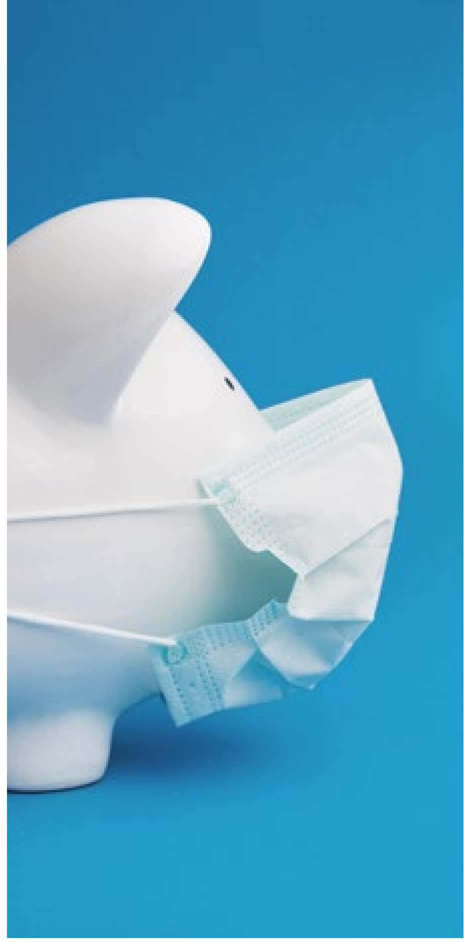

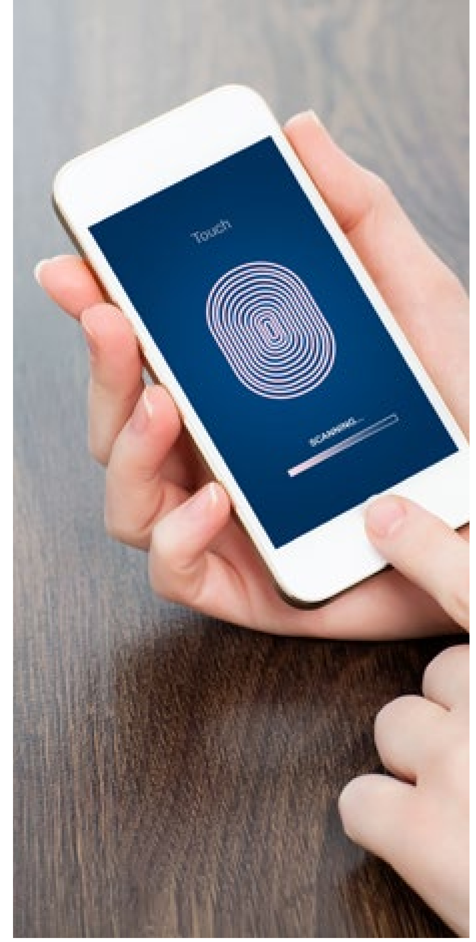

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The Digital Payments In A Digital World Playbook was done in collaboration with Wirecard, and PYMNTS is grateful for the company's support and insight. PYMNTS.com retains full editorial control over the following findings, methodology and data analysis.

Executive SUMMARY

Digital has become the new constant, whether consumers are seeking banking services online or at brick-and-mortar locations. Consumers now use multiple digital devices to check their bank balances, make retail purchases or pay bills, and they expect digital payments to be swift and finalized as quickly as possible. Their expectations have only advanced during the COVID-19 pandemic as public health concerns have led to many brick-and-mortar financial institution (FI) branch closures in the European Union, United Kingdom and United States, among other regions. The outbreak has changed the financial landscape so broadly that many consumers only have access to — or only want to use — online and mobile tools, which puts pressure on banks to make sure their digital offerings provide good user experiences.

These entities, as well as the digital banks and FinTechs cropping up worldwide, are working to enable the seamless banking experiences today's consumers need. Online banking tools' proliferation before the pandemic meant that customers who already used digital products have not dealt with the same drops in service that might have occurred a few decades earlier. FIs have been slowly building out digital platforms — often with the help of third-party providers or

emerging FinTechs — for years, and these moves are now proving essential. Customers who favor branches are tentatively moving to digital, too, with FIs registering an increase in both online and mobile banking sign-ups. eCommerce purchases have also jumped as individuals order necessary items online to weather stay-at-home and social distancing directives.

Interest in convenience extends beyond availability, though. Customers expect transactions to be as quick, seamless and secure as possible. They are also becoming more

interested in contactless options for their speed and convenience, and 51 percent of American consumers are now using such options. Banking applications and payments are also seeing growth, with financial app downloads rising by 60 percent in April.

Digital shifts in regions like the EU and the U.S. are somewhat expected, with consumers in both more frequently interacting with financial and payment providers through digital channels. The COVID-19 pandemic appears to have strengthened this growth, however, exposing the number of consumers who already view digital payments as the norm and illustrating that such solutions must be sophisticated enough to keep their attention. One-third of those surveyed since the outbreak said in a recent study that they planned to up their digital and mobile banking tool usage, for example.

Banks and FinTechs are working to ensure these customers have access to the digital tools they need, including mobile payments. This means it is imperative for both FI types to craft the most seamless and convenient tools for digitally minded consumers. FinTechs are working with banks and offering well-rounded access to payments, online accounts and even social messaging tools for more comprehensive customer experiences, and they are opening up additional services to small businesses that also need quicker access to digital banking tools. These groups must work to satisfy a broad spectrum of customers, too. An overabundance of friction points can cause those who are already using online and mobile banking tools to consider switching to competing services, while those new to digital banking are searching for services that fit their unique financial and payment needs.

The pandemic has also exposed some of the lasting challenges that might affect fully digital banking relationships in the future. FIs are confronting outdated core banking infrastructures and growing global competition as they race to help customers transact easily, securely and without friction. Worldwide responses to the outbreak could result in the rapid adoption of the tools necessary to make such relationships a reality, but only if FIs and their provider and FinTech partners can match their offerings to customers' wants and needs in a post-COVID-19 world.

The Digital Payments In A Digital World Playbook, a PYMNTS and Wirecard collaboration, examines how FIs and businesses are enabling innovative digital payment experiences, keeping pace with customers' demands and adapting to the digital transformation brought about by the COVID-19 pandemic's impacts on consumer payments and behaviors.

Executive Insight

Which kinds of products and services can help banks retain their personal banking and small to mid-sized business (SMB) customers' trust?

"Shifting consumer and business approaches to financial products are driving permanent demand for faster and more flexible banking services. Digital payment technologies enable banks to meet evolving customer needs in everything from refunds and consumer incentives to [business-to-business] payments. Many of us are banking from our mobile phones these days. Sixty-three percent of consumers say they're more inclined to try digital apps — a call for banks to offer more and better mobile-enabled services.

Strengthening customer trust requires secure, personal and easy-to-use payment portals and tools. Banks working with forward-thinking partners to meet these changing preferences are well-positioned to build strong, lasting customer relationships in our digitally transformed world."

SETH BRENNAN,
Managing director of Wirecard North America

By The Numbers

Click the icon to read more.

51%

Share of American consumers who are now using **contactless payments**

60%

Increase in financial **mobile app** downloads between February and March

55%

Portion of Americans making changes to **retirement savings** contributions due to COVID-19

17%

Growth of U.S. digital banking apps' revenue from February to March

15%

Increase in **online account openings** at community FIs during COVID-19

Digital Payments IN A Digital World PLAYBOOK

FEATURE STORY

WHY WSFS BANK IS RELYING ON QR CODES, MOBILE MESSAGING

To Enhance Customer Loyalty

Digital banking technologies and payment tools are now mainstream in the financial industry. More than three-quarters of U.S. consumers used mobile banking applications to check their account balances in 2019 and 47.8 percent of millennial consumers have considered switching to digital-only banks.

The trend in consumers heading to online and mobile financial tools amid COVID-19-related stay-at-home orders follows a well-established pattern, but the pandemic appears to have boosted growth. Sixty-three percent of Americans report being more likely to try digital banking products right now, for example, and banks have seen rushes in online account sign-ups. The crisis has not so much created a need for digital transformation as enhanced its necessity, Lisa Brubaker, executive vice president and chief technology officer for Delaware-based community bank WSFS Bank, told PYMNTS in a recent interview. The bank operates branches in Delaware, New Jersey and Pennsylvania, and she was not surprised that customers switched to digital tools during the pandemic.

"[COVID-19] certainly has also expanded people's awareness that we need to continually be vigilant and look for other opportunities to make additional investments where they are warranted," Brubaker said. "It has given us a broader perspective on making sure we continue to look around [and] see what is happening out in the world, out in our industry."

This digital banking focus has prodded FIs to look closely at how customers are responding to digital financial and payment solutions, she added. Innovative digital tools have become critical to keeping financial entities competitive over the past several years, with many turning to partnerships with FinTechs or outside payment partners to create more personalized solutions. Exploring such technologies and how consumers are leveraging them will be critical during the pandemic as well as in its aftermath.

Highlighting mobile's importance

Innovating for the future requires that FIs analyze how consumers are using their products and consider what should be done to upgrade them if and when users' behaviors highlight their weak points. WSFS Bank is focused on helping customers conduct both routine and complex financial tasks without interacting with ATMs, which could harbor lingering germs, or speaking face-to-face with bankers during the pandemic, Brubaker said. The FI is relying on quick response (QR) codes to protect customers from COVID-19 exposure while still enabling seamless service. The feature allows users to tap a section of WSFS Bank's mobile app to bring up QR codes that can be scanned at ATMs, preventing them from having to touch the terminals to enter their PINs.

"[The tool] does not require that [customers] use a card or actually have much contact with the ATM itself," she said. "[Customers] snap the QR codes, the machine dispenses the money and off [they] go. We had seen a pretty good adoption of that service from our customers prior to the pandemic because it does offer additional convenience and security, but in this era, where people are hesitant to be in physical contact with things, it has certainly seen an increase."

WSFS Bank's myWSFS mobile messaging offering has seen similar uptake, she said. It allows customers to select bankers based on their profiles and chat with them via the app. Its QR code and chat functions use customers' smartphones as their first points of contact — which is especially beneficial while branches remain closed during the pandemic — and draws on the knowledge that more consumers now bank across channels and still expect seamless services in each.

"Most of our customers are multichannel users," Brubaker noted. "It is really [about] the channel of preference or convenience at the time that they are doing their transactions. I would say mobile … continues to gain more traction over online [tools] because everyone has their devices with them."

Digital and mobile tool adoption will likely continue after the pandemic, she added, but FIs considering their future innovation plans must keep in mind that consumers tend to use multiple banking channels — including branches.

Branches' changing role

WSFS Bank's brick-and-mortar locations have seen steady use during the COVID-19 outbreak as consumers must still conduct complex financial tasks, like finalizing mortgages, in person, Brubaker said. Virtual tools such as mobile messaging can help, but they have not yet supplanted face-to-face conversations for these tasks because consumers want to sit down with financial professionals when they want advice about buying homes, she said. The bank is still operating approximately 50 percent of its branches, but the pandemic has affected how these branches are run. All are currently drive thru-only operations, which could indicate new trends in how consumers bank in the future.

"We are able to do a lot of the services that customers need just through the protection of the drive-thru serving as that physical barrier," Brubaker said. "We are evaluating now what our transition back to a more open service model would look like for our banking offices when it is safe to do so, but I would say we have been surveying our customers since we have gone to the drive thru-only arrangement and we seem to be meeting most, if not all, of their expectations."

It is difficult to predict how branch banking will change in the pandemic's aftermath. Drive thru-only banking has been particularly popular with banks during the outbreak and could lead FIs to reconsider how they interact with their customers at brick-and-mortar locations. Banks must be sure their revamped branches or products fall within consumers' expectations, though. This could mean revising how they approach the creation of these products, with potential partnerships with digitally savvy FinTechs being one way they could put new strategies in place. Watching which tools consumers are utilizing during the pandemic and, more importantly, which they are leaving by the wayside is essential to determining what those banks should consider for the future.

News&Trends

Changing PAYMENT NEEDS

Mastercard renews digital connectivity pledge

The pandemic has also shone a light on Americans who are still reliant on in-branch financial tools. Card network Mastercard is among those looking to bring online tools to individuals and SMBs that have not yet gained access to digital banking networks. The financial services firm has promised to connect 1 billion individual consumers and 50 million SMBs to digital payment systems by 2025, several years after it pledged to bring 500 million consumers onto online banking networks in 2015. Its 2020 initiative was heavily influenced by the COVID-19 pandemic, according to company statements.

Mastercard has also stated it will help unbanked Americans, a group that included 25 percent of U.S. households in 2019, collect their stimulus checks by allowing them to load the funds onto network-supported prepaid debit cards. This will give consumers faster access by eliminating the need to wait for checks.

How digital-focused responses to COVID-19 could help kill the check

Banks and businesses are dealing with the COVID-19 pandemic's negative short-term financial effects, but its long-term impacts could bring about some positive changes for online banking. Consumers who have grown used to digital tools may not want to return to balancing brick-and-mortar and online banking habits and may become more frustrated with lingering legacy financial processes like check disbursements, Sean Healey, head of issuing product, North America, for technology and financial services provider Wirecard, noted in a recent interview with PYMNTS.

Checks are familiar to businesses and customers, he said, but they no longer match the speeds and service today's global digital banking ecosystem demands. The COVID-19 pandemic has highlighted this as consumers forced to wait for paper stimulus checks and businesses relying on check-based systems to pay vendors grow unhappy with their weaknesses. This could lead to a decline in check use in favor of digital payment tools in the pandemic's aftermath, Healey noted. FIs that no longer need to support checks and outdated tools could also focus their attention on more innovate technologies and features.

Online account opening rises during the pandemic

Responses to the COVID-19 pandemic may lead to long-term changes in how customers interact with their banks, including the way they open accounts. Internet searches for "open bank account online" have increased, according to one recent study, and online account opening has also risen 14.5 percent since stay-at-home orders went into effect. Account closures have meanwhile declined 28 percent.

Catering to customers who want to open digital accounts is a competitive undertaking, however, as many are searching for FIs with which they can create accounts and begin transacting almost instantly. This means banks will need to carefully consider the data and security measures their onboarding processes include. Those with slower processes risk losing these consumers to competitors.

News&Trends

Banking IMPACTS

March bank closures provide possible glimpse of banking's future

The COVID-19 pandemic has prompted thousands of U.S. businesses to close their brick-and-mortar locations over the past two months. FIs like KeyBank operator KeyCorp, PNC Financial Services Group and Trust Financial added to the tally of physical branches that were closed for public safety in March. PNC closed approximately one-quarter of its 2,400 branches in March, following the lead of JPMorgan Chase, which has ceased operations at 20 percent of its U.S. locations. The latter also heeded public health experts' advice regarding limiting the spread of the virus and reduced hours at branches that remain open. Fifth Third Bank switched to drive-thru and appointment-only contact during the same month.

These closures forced FIs to take closer looks at the financial features that customers could still use, including those offered online and through mobile devices. Many banks appear to be leaning on their digital platforms and programs to interact with more customers as well as adjusting to their employees remotely fulfilling customers' requests. Both shifts could mean dramatic changes for banking once the virus has dissipated as consumers are growing more accustomed to digital-first relationships with their FIs.

KeyBank adjusts operations for digital-first banking focus

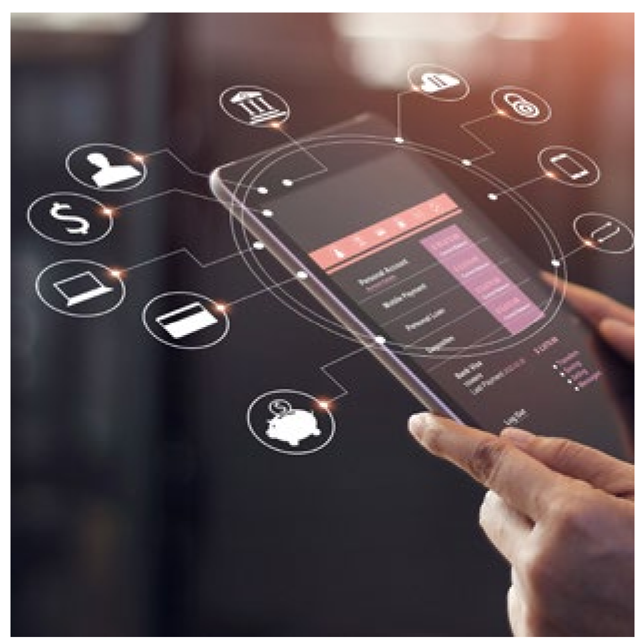
FIs have been utilizing digital platforms for years, but shuttering branches has created new challenges for online banking. Many customers still prefer to open new accounts in person, for example, including 64 percent of baby boomer and 56 percent of Generation Z consumers. This is not possible during the pandemic, however, and banks that are now operating online-first or online-only must take more comprehensive views of their digital services to better satisfy customers. That means using communication systems that can help banks answer consumers' queries, Jamie Warder, executive vice president and head of digital banking for KeyBank, told PYMNTS in a recent interview.

KeyBank is using such a conversation system to make personalized recommendations to its customers, using data analytics that factor in age, income levels and other details to provide these suggestions. This is helping the FI reach more of its customers during the pandemic when many of its 1,197 brick-and-mortar branches have temporarily closed to minimize exposure risks, Warder said.

FIs report online banking, legacy infrastructure issues

Capital One, JPMorgan Chase and PNC Bank are among the FIs relying on online banking systems, but they appear to be experiencing a few hiccups. Increased digital transaction volumes led each to report outages and glitches the day the Internal Revenue Service (IRS) was expected to send many stimulus checks to U.S. citizens. Capital One experienced issues with its mobile and online banking services, and the company responded to customers' inquiries on Twitter with a note that it was working on the problem. PNC also reported that customers have had problems accessing its online platform as the rising volume of customer requests puts its network under strain.

Customers are relying on digital platforms for their financial needs, meaning banks are being forced to keep up with a growing number of online requests as the pandemic continues. The issue is further complicated because many have not upgraded their digital infrastructures in years, with 43 percent of FIs in the U.S. still running on systems built using the COBOL programming language. This language is more than 60 years old, meaning these networks are straining to handle and process current transaction volumes.



Consumers respond to COVID-19-related financial uncertainties

Online banking struggles are challenging U.S. consumers, too, as many are looking to FIs' support and to federal stimulus checks to help them weather the outbreak. Fifty-five percent of Americans report that they are altering their retirement plans because of the virus's impact, including putting fewer funds into their 401(k) accounts, according to one study. Money used to pay off credit card debt has also decreased by 25 percent since the outbreak as consumers work to save funds for emergencies amid rising economic insecurity. Having seamless and reliable access to digital banking accounts and features is thus critical.

Consumers are turning to technology to address these uncertainties, with mobile banking usage increasing 50 percent since December 2019. Mobile banking tools offer consumers more transparency into their finances, which has become more important throughout the pandemic. While many are searching for other products that offer such control, they do not think their banks can provide them, with 60 percent of consumers reporting that they do not believe their FIs are helping them become financially healthier. Banks must therefore make sure they can enable access to online and mobile tools that allow consumers to track their finances without venturing to branches.

Fed dissolves transfer limit during COVID-19 pandemic

Many consumers have lost their jobs or been furloughed and are dipping into their savings as the outbreak continues to affect the economy. The Federal Reserve Board has responded by eliminating limits on bank transfers and cash withdrawals from savings accounts during the crisis. It also dropped its primary credit rate 150 basis points in March, bringing it down to 0.25 percent and thus allowing consumers with lower credit scores or incomes to access credit products. Both changes were made to give consumers access to needed funds as the pandemic continues.

The Fed's moves are short-term but still have intriguing implications for online banking's future. Such measures are bringing consumers with lower credit scores or incomes into the digital banking world, affording them opportunities to access financial products that can help them improve their financial health.

News&Trends

Digital INNOVATIONS

Banking-as-a-service grows during the pandemic

FIs are also considering how to manage their products as the pandemic affects consumers' behaviors and needs. It has exposed how quickly banks need to release new products and how important accurate and fresh data is to development, Nigel Verdon, CEO of open banking solution and application programming interface (API) provider Railsbank, explained in a recent interview with PYMNTS. This requires a fundamentally different way of thinking about banking, he said, casting it as a client-facing service rather than FIs being simple fund depositories.

Banking-as-a-service (BaaS) has been present the financial industry for the past couple of years as open banking initiatives in the EU and the U.S. bring FIs greater amounts of banking data. The pandemic has shown banks that have not yet made this strategy shift that they need to think about which tools and technologies they can use to provide more holistic experiences for customers, Verdon said. This could mean offering more innovative services — such as microlending or microsavings solutions that allow customers to access smaller funding amounts — designed with individual consumers in mind.

ITM interest surges as branches remain closed

Fifty-four percent of consumers still depend on bank branches in some capacity, which means FIs need to help these users access their accounts and funds. Interactive teller machines (ITMs) are one option to help support these users' needs even when branches are closed. These machines are similar to ATMs in that they allow customers to check their account balances and deposit or withdraw cash, but they are also equipped with video screens that enable users to speak with tellers. This allows customers to address more complex financial questions without making appointments or waiting in long lines to make their queries in person.

Michigan Consumers Credit Union installed ITMs at some of its branches prior to the COVID-19 pandemic, and the machines have become a main point of communication with members during the outbreak. They are located within the credit union's branches, which are otherwise open by appointment only to help minimize health risks. These tools' virtual natures can help branch-dependent users access needed services while meeting social distancing protocols.

Banking apps see revenue increase

Customers who are not dependent on branches appear to be utilizing digital and mobile tools more often to fulfill their financial needs amid stay-at-home mandates. One recent report found overall in-app purchasing grew 22 percent over two weeks in mid-April, while digital banking application revenues expanded 17 percent during the same period. The number of users trying mobile tools also seems to have increased during the COVID-19 pandemic, with virtual banking app downloads and installations rising 60 percent.

Banks must offer seamless support for these tools to avoid frustrating consumers, however. Mobile outages or digital glitches that would be irritating under normal conditions could be particularly distressing during the pandemic as customers cannot simply visit brick-and-mortar branches to solve their problems. FIs are also competing with FinTechs and P2P applications for space on consumers' smartphones, with Google and Indian payments firm PhonePe both seeing more consumers download their apps during this period. Google Pay saw 15.6 million downloads in February, for example, and PhonePe experienced 6 million. Consumers appear to be turning to such apps to make transactions that would otherwise be conducted on bank-branded apps, making them a growing concern for FIs and proving that enabling mobile simplicity is essential.

Quontic Bank, MANTL work together for digital deposits

Ensuring businesses and consumers can easily access online banking tools is becoming a competitive differentiator, and FIs are turning to FinTechs to help them craft innovative solutions to stand out from the pack. New York-based Quontic Bank has teamed with account solutions and technology provider MANTL to build an upgraded online deposit service for its platform. The solution uses MANTL's banking software and know your customer (KYC) technologies to help customers onboard within minutes. Quontic Bank will also use it to speed up deposits, which will help the FI save money because it will not have to take valuable time confirming consumers' details.

Deposits are not the companies' only focus. The pair has also created a new savings product, called the Drawbridge Savings Account, to help add funds to its BeTheDrawbridge campaign, which provides money to SMBs during the COVID-19 pandemic. The company will offer those who deposit funds into these Drawbridge Savings Accounts a 0.50 percent annual percentage yield (APY) on balances up to $250,000. That interest will then be donated to New York City-based businesses currently suffering outbreak-related financial strains.

Why FIs Must Master

TOMORROW'S DIGITAL BANKING NEEDS TODAY

The COVID-19 pandemic has ushered in immediate, large-scale operational changes for FIs in the EU, U.K. and U.S. Brick-and-mortar branches shuttered as social distancing measures were enforced and customers subsequently turned to mobile apps or websites to fulfill their banking needs rather than risking in-person visits. Online account openings have increased 14.5 percent for community FIs in the U.S. during the past two months, for example, and mobile banking app downloads saw a 60 percent jump.

The virus's impact has not been solely responsible for this rush to digital, but it has given the trend a push. Eighty percent of Americans noted in February that they would rather use online banking platforms than visit branches, meaning consumers have been using such options long before stay-at-home orders required them to do so. The COVID-19 pandemic has removed the choice and forced FIs and customers to interact via digital platforms, though, and brick-and-mortar branches have become auxiliary services with limited use for more complicated financial tasks for those who remain branch-dependent. The resulting shifts could have profound impacts on digital financial tools' growth in markets around the world.

FIs must therefore prepare for a future in which banking preferences and strategies depart from tradition and customer interactions must be reimagined from a digital perspective. Many have been carefully coordinating their digital offerings to move away from outdated core banking infrastructures, but they must pick up the pace on their innovations. Digital technologies that can be quickly developed and integrated into banks' platforms, particularly those that enable faster payments, will therefore be critical. The following Deep Dive examines how digital banking preferences are evolving as well as the ways FIs and FinTechs are responding — and partnering — to stay competitive.

Confronting digital banking reality

Innovating for the future requires FIs to confront lingering assumptions about digital banking and what users expect from the industry. Seventy-three percent of banking customers access online accounts at least once per month, according to a 2018 study, and a growing number are checking their finances on mobile more often. Customers worldwide clicked to open their banking, FinTech or mobile wallet apps more than 1 trillion times in 2019, another report noted, and the appetite for such services is growing in markets like Japan and India as well. Finance app interactions jumped 95 percent in the latter country between 2018 and 2019, while the former saw a 30 percent rise in consumers accessing these applications during the same time frame. These customers have become accustomed to digital banking tools, however, meaning their banks and FinTechs must develop creative ways to retain them.

Banking customers are searching for personalized solutions rather than general tools, and offering such solutions is one way to incentivize customers to stick with one provider instead of seeking another. This includes being able to easily switch between bank accounts, access data-driven insights into their finances, swiftly receive refunds and disbursements and, perhaps most importantly, the ability to quickly and conveniently make payments. Digital financial tools have become staples for customers over the past few decades, meaning banks that provide only basic digital support will fall noticeably behind on innovation. Forty-five percent of U.S. consumers noted in one recent study that they have used some kind of mobile wallet since the outbreak began, and they are also reporting more interest in contactless payment solutions.

Consumers' familiarity with online and mobile tools indicates they are thinking differently about banking than they did in past decades. Adoption is set to continue, too, with users largely expecting more personalization as these products grow in popularity. Reliance on digital banking and payment tools also means FIs must seamlessly support an increasing number of digital consumers, a task that has become even more critical in light of recent events.

45%

of U.S. consumers have used a **mobile wallet** during COVID-19.

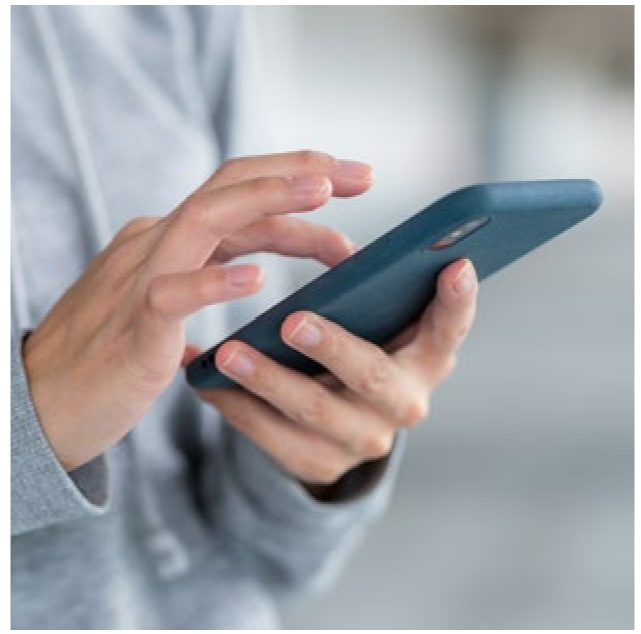
Next-gen banking

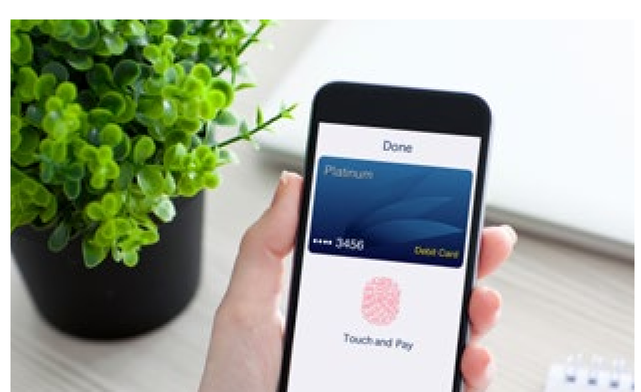
The financial industry largely anticipated a boost in consumers using online and mobile banking tools during the COVID-19 pandemic, but the sheer volume of digital requests and transactions still caught banks by surprise. Quickly and seamlessly responding to these shifts was critical for FIs and necessitated more scrutiny and support for their online and mobile payment solutions.

FIs and their FinTech partners have responded to the pandemic by revamping how they think about payments and examining the methods that have become more important to customers since it began. Consumers are eschewing cash following reports that it could transmit the virus, with those in Germany turning to contactless and online transactions instead, for example. The nation's banks have worked to keep up with this trend: More than half of all transactions in Germany are now contactless, compared to 35 percent prior to COVID-19. Local FIs Raiffeisenbank and Volksbank have teamed up with technology provider Apple to accommodate this volume by allowing customers to make payments with Apple Pay. U.S. consumers have also developed greater interest in such payments, with one recent study finding that 51 percent now use contactless payments of some kind.

The pandemic also appears to be enhancing mobile wallets' and other online payment methods' roles. Digital payment service and wallet provider PayPal saw its overall payment volume grow to $68 billion for Q1 2020, for example — a 22 percent increase from Q1 2019. This shows that many consumers are already thinking of payments as primarily mobile or online activities. The rush of those who are downloading finance, food delivery and grocery apps they can link to their debit cards also shows mobile has become a robust channel for eCommerce and finance in consumers' minds.

Banks and FinTechs must be aware of this shift and consider how best to interact with consumers who want the convenience of mobile as well as personalization from these familiar apps. Those looking to master the digital transformation accelerated by the COVID-19 pandemic must carefully follow these trends and support robust mobile apps, particularly those that enable quick payments or meet more complex banking needs. Partnering with FinTechs and other third-party providers may be the best way for these entities to do so quickly and efficiently.





Digital Payments IN A Digital World Takeaways

DIGITAL IS THE NEW NORMAL.

Most customers today prefer to access banking services online rather than at brick-and-mortar locations, with 80 percent of U.S. consumers in one recent survey stating they would rather use online banking than branches.

- **This shift to digital is particularly noticeable at community banks, where the rates of digital account opening are showing double-digit growth.**

DELIVERING SEAMLESS MOBILE EXPERIENCES IS MORE CRITICAL THAN EVER.

A growing share of banking customers are embracing mobile banking and P2P apps as they limit their movements and practice social distancing.

- **Digital payments and mobile wallets are seeing increased usage, with online payment provider PayPal reporting a 22 percent boost in payment volume in Q1 2020 compared to Q1 2019, for example.**

CONTACTLESS PAYMENT ADOPTION IS RISING.

Customers, whether they are making banking or retail transactions, want to do so in a contactless manner.

- **More banking customers are now using digital wallets, and prefer contactless in-person transactions. Fifty-one percent of American consumers report using touch-free payment options like mobile wallets or tap-and-go methods.**

OFFERING INNOVATIVE BANKING TOOLS IS NO LONGER A CHOICE BUT A NECESSITY.

Banking customers want to engage in innovative and meaningful experiences that are efficient and save time.

- **Customer loyalty is fickle and FIs that fail to offer innovative banking tools will see their customers take their business elsewhere.**

ABOUT

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PYMNTS.com is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

wirecard

Wirecard is a global leader in innovation for digital financial technology, employing more than 5,000 employees in 26 countries. As one of the world’s fastest-growing digital platforms in the area of financial commerce, it provides businesses and end customers alike with a constantly expanding ecosystem of real-time value-added services. Wirecard owns a number of regulated financial institutions in several key markets, and holds issuing and acquiring licenses from all major payment and card networks.

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