

PYMNTS

CONSUMER INTEREST IN CREDENTIALS VAULTS:

TRADITIONAL FIs FIGHT DIGITAL ALTERNATIVES FOR CONSUMER TRUST

WHAT IS A CREDENTIALS VAULT?

A credentials vault aggregates payment information and stored credentials in a secure environment. It automatically updates the payment information shared with merchants when consumers update their payment methods or change account numbers. As a result, when a consumer receives a new payment card, for example, they only need to update a single source and do not need to painstakingly reenter payment information for every merchant one at a time. These applications also encrypt card information so that the data would be useless to fraudsters in the event of a security breach.

MARCH 2023

Six in 10 consumers currently store credentials to pay for subscriptions and online purchases. This number is even higher among the millennial and high-income demographics, of which 68% and 65%, respectively, use stored credentials when making these payments. While some consumers still painstakingly enter their payment information every time they submit a payment, there is a clear need for the convenience a credentials vault would offer.

Consumers, however, are picky about who they would trust to administer a credentials vault, even if using one would make payments easier for them. The most popular option for consumers remains their own banks, but a substantial number would also be interested in allowing a name-brand FinTech or even a non-financial institution (non-FI), such as Amazon or Google, to administer a vault. Getting consumers to the point where they are ready to adopt these services, however, will require education and reassurance that these services are safe and trustworthy.

For Consumer Interest in Credentials Vaults, PYMNTS surveyed a census-balanced panel of 2,313 United States consumers from Jan. 20 to Jan. 23 to learn about their experiences with credentials vaults, who they would trust to run a vault and whether they would allow a marketplace or business to access their information when using one.

This is what we learned.

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CONSUMER INTEREST IN CREDENTIALS VAULTS:
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PART I:
OPENING THE DOOR TO NEW PLAYERS

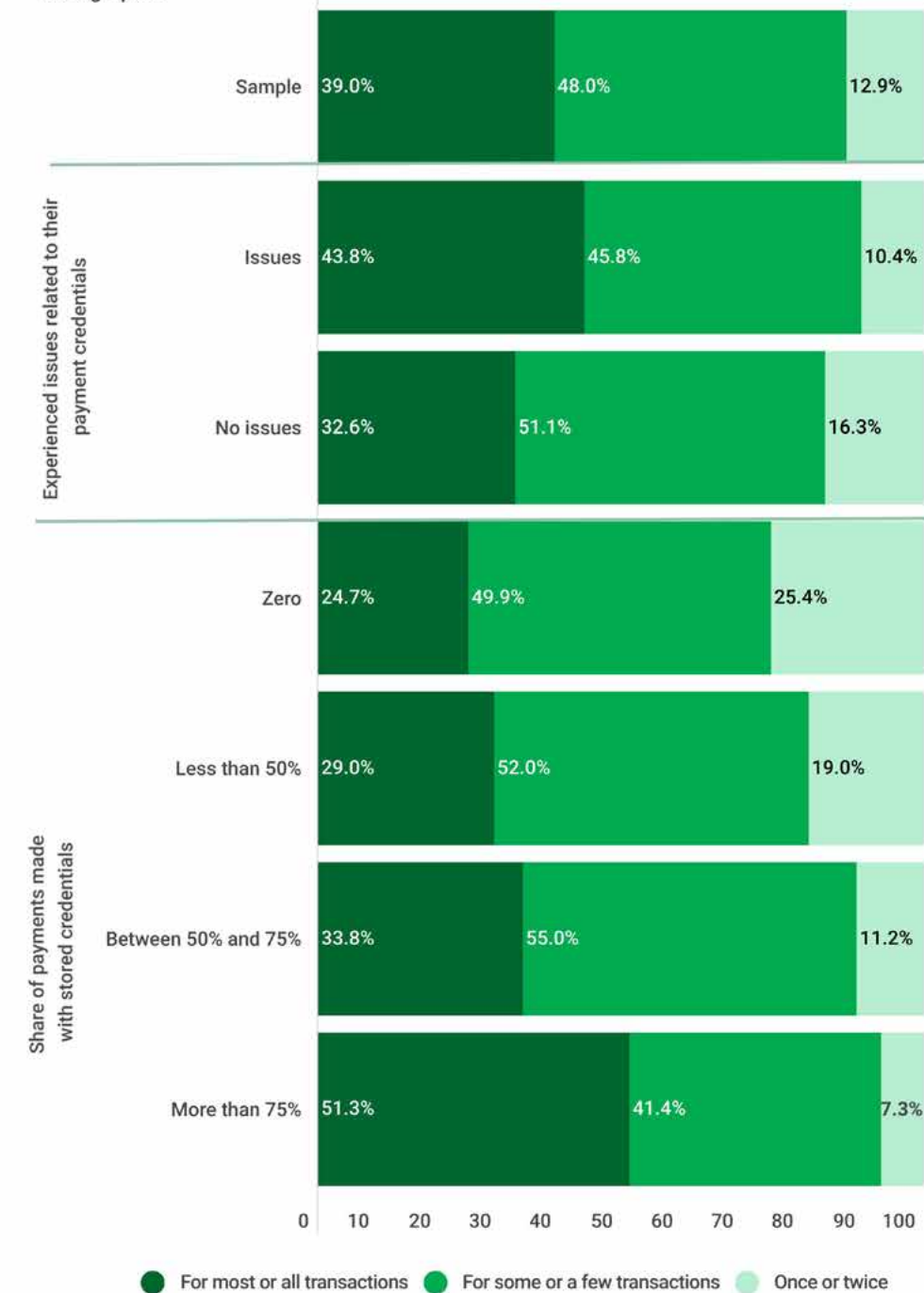
More than half of consumers who regularly pay online using stored credentials say they would use a secure credentials vault for most or all their online transactions.

We found that 46% of consumers who used stored credentials to pay for 75% or more of their subscriptions or online purchases are highly interested in vault use. Furthermore, 51% of these consumers say they would use a vault for most or all of their transactions.

Generally speaking, interest in using a credentials vault correlates with having experienced more issues with payments in the past, such as having a payment declined because the card information was outdated. Consumers who have experienced these issues with their payment credentials are nearly twice as likely to be interested in payment vaults than those who did not experience issues. Forty-three percent of consumers who experienced issues when paying with stored credentials are highly interested in using a vault, compared to 25% of those who did not experience issues.

Figure 1A
Shared credentials' appeal

Share of transactions for which consumers would use a credentials vault to pay, by demographic



Source: PYMNTS
 Consumer Interest in Credentials Vaults: Traditional FIs Fight Digital Alternatives for Consumer Trust, March 2023
 N varies based on month surveyed; N = 2,213: Complete responses in January 2023, fielded Jan. 20, 2023 – Jan. 23, 2023

Consumers trust the providers they transact online with most to provide a payments vault — their bank, PayPal and Amazon. Ultimately, 45% of consumers cite their primary banks as the institution they trust most to provide credentials vault services.

Trust in tech companies such as PayPal or Amazon to provide a vault has increased since September 2022. In September 2022, 40% of consumers trusted PayPal to provide a vault, and 37% trusted Amazon. These shares increased in January 2023, reaching 49% for PayPal and 43% for Amazon.

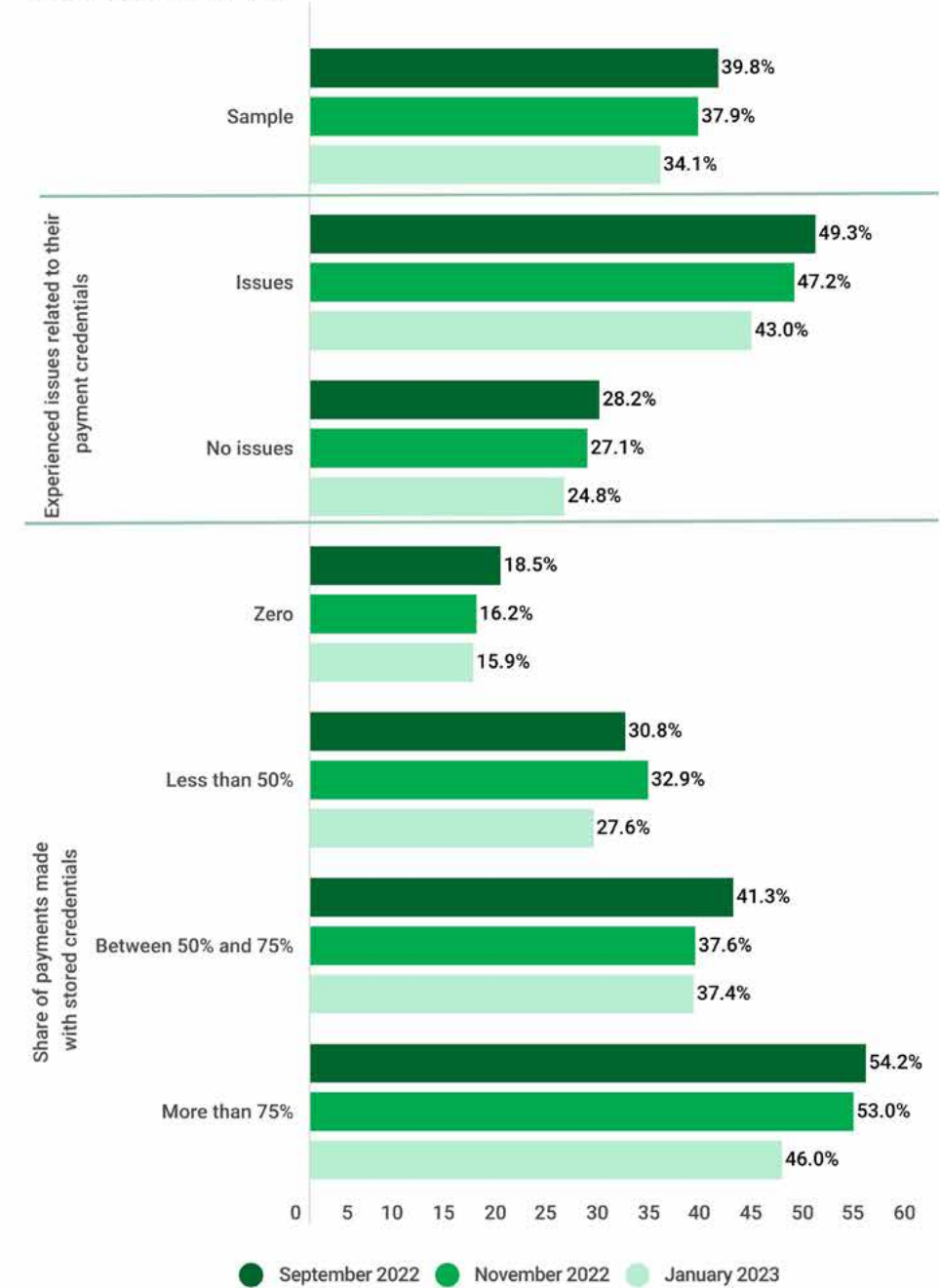
Consumers continue to say they trust their primary banks to provide a credentials vault, far more so than non-FIs such as Amazon or PayPal. Fifty-nine percent of consumers trust their primary banks to provide a vault service, and 45% consider them the provider they would trust the most to provide this service.

Interestingly, consumers more interested in using a vault tend to trust non-FIs more than banks to provide this service. Among highly interested consumers, 64% would trust a non-FI or FinTech to provide the vault service. Among those who are just slightly interested in using a vault service, the share drops to 46%.

Figure 1B

Shared credentials' appeal

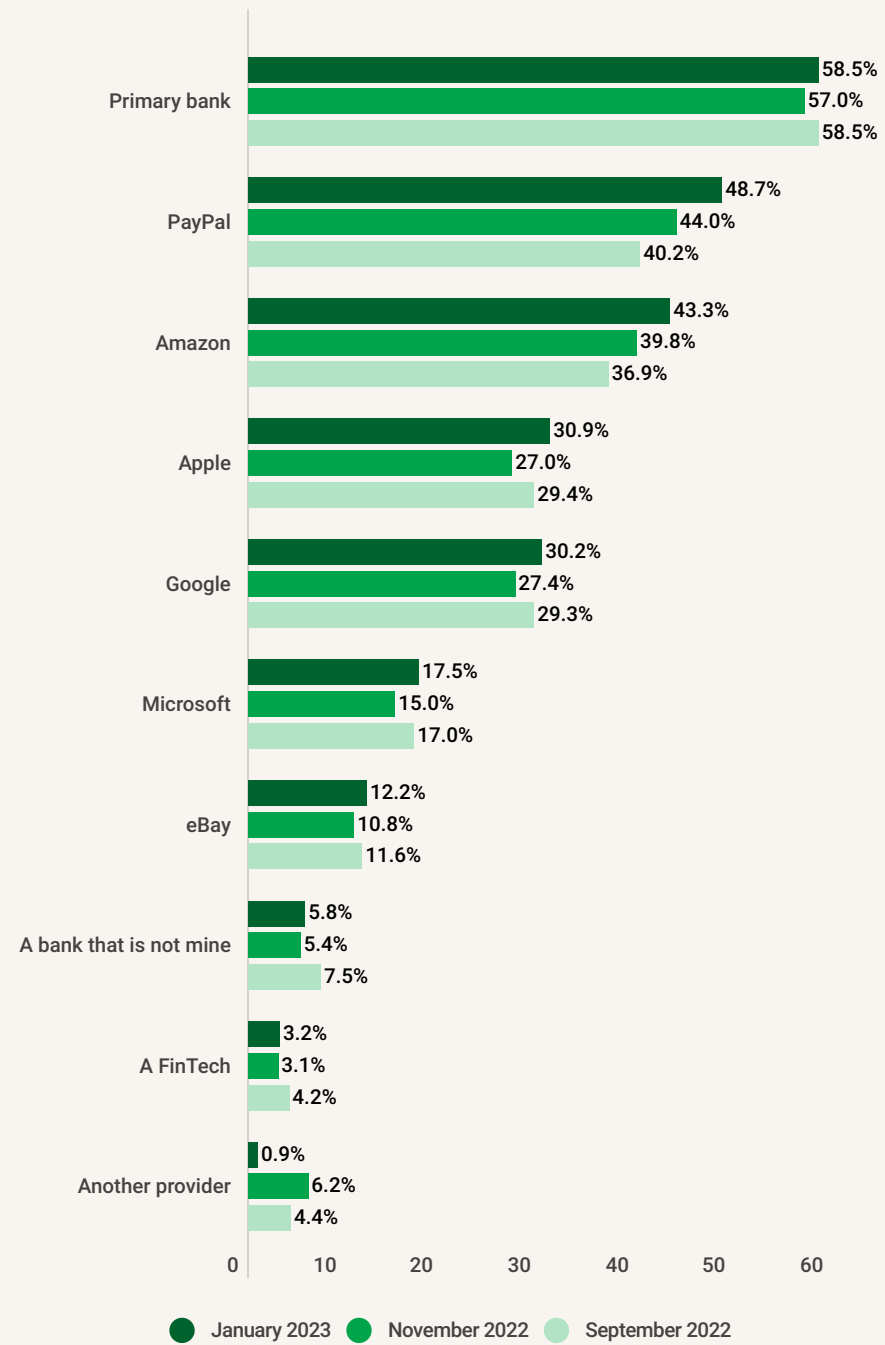
Share of respondents who are very or extremely interested in using a credentials vault, by demographic and over time



Source: PYMNTS
 Consumer Interest in Credentials Vaults: Traditional FIs Fight Digital Alternatives for Consumer Trust, March 2023
 N varies based on month surveyed; N = 2,213: Complete responses in January 2023, fielded Jan. 20, 2023 – Jan. 23, 2023

Figure 2A
Who consumers trust to provide vault services

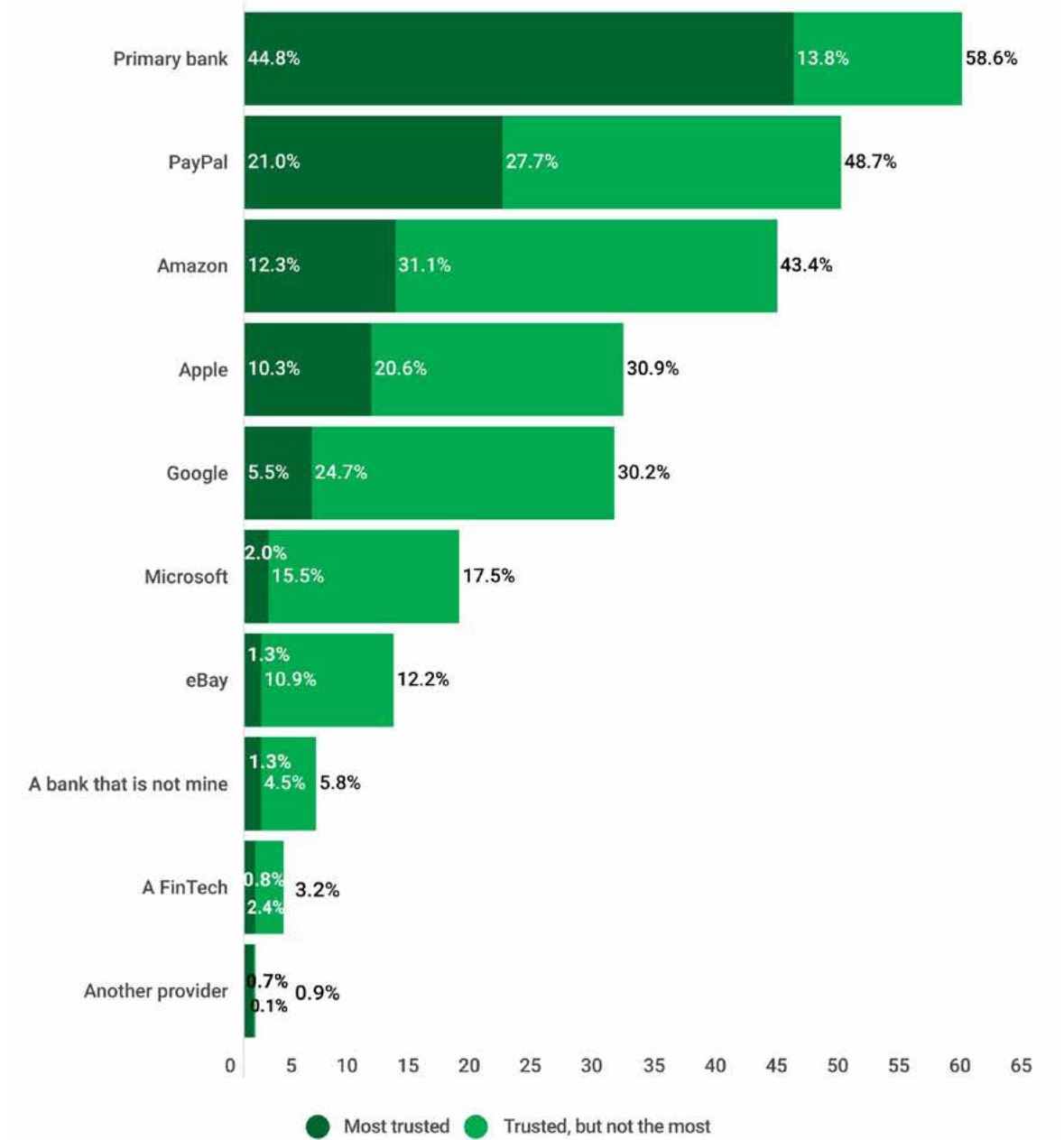
Share of consumers who say they would trust select companies to provide a credentials vault



Source: PYMNTS
 Consumer Interest in Credentials Vaults: Traditional FIs Fight Digital Alternatives for Consumer Trust, March 2023
 N varies by month surveyed; N = 2,313: Complete responses in January 2023, fielded Jan. 20, 2023 – Jan. 23, 2023

Figure 2B
Who consumers trust to provide vault services

Share of consumers who say they would trust select companies to provide a credentials vault, by level of trust

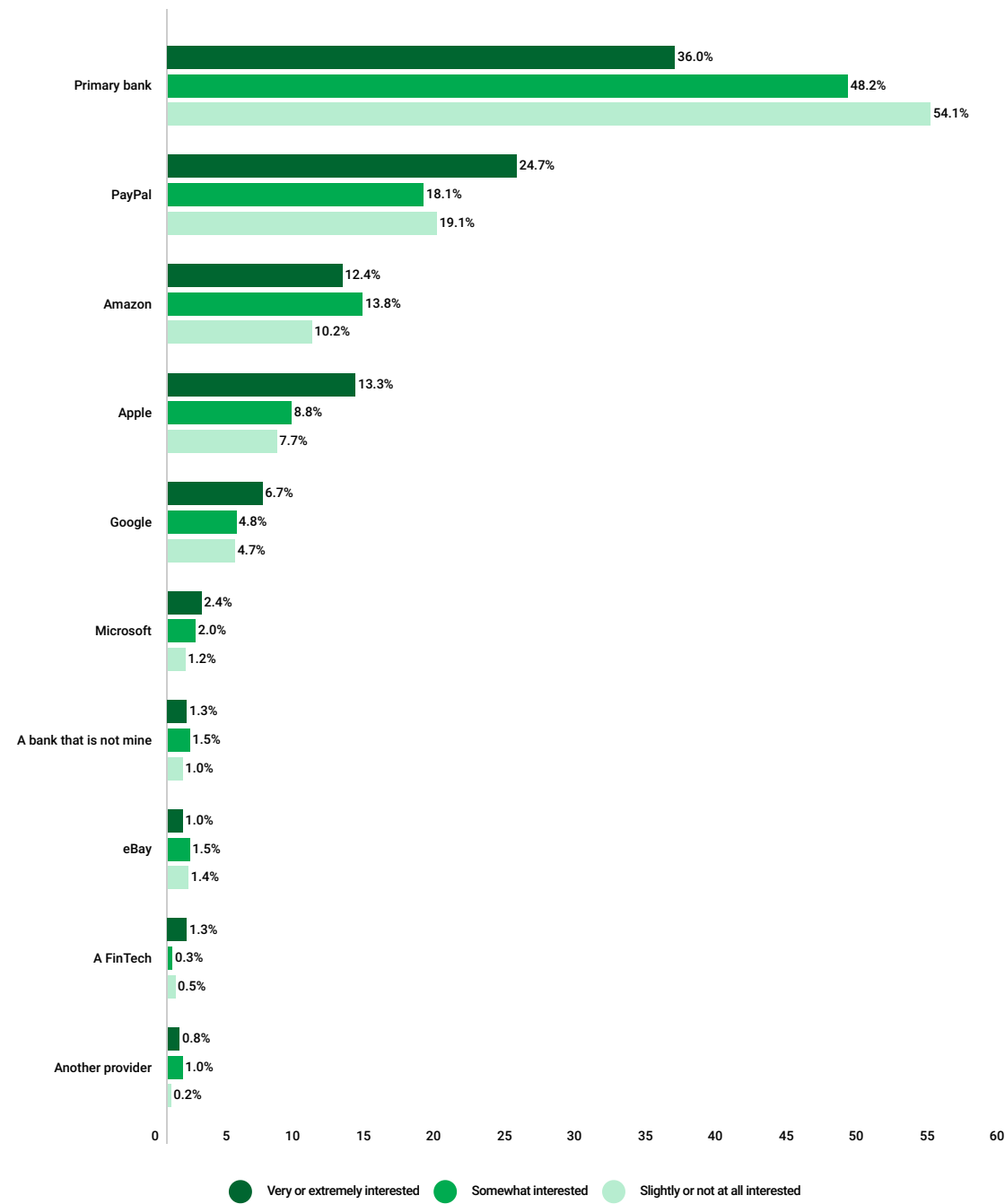


Source: PYMNTS
 Consumer Interest in Credentials Vaults: Traditional FIs Fight Digital Alternatives for Consumer Trust, March 2023
 N varies by month surveyed; N = 2,313: Complete responses in January 2023, fielded Jan. 20, 2023 – Jan. 23, 2023

Figure 2C

Who consumers trust to provide vault services

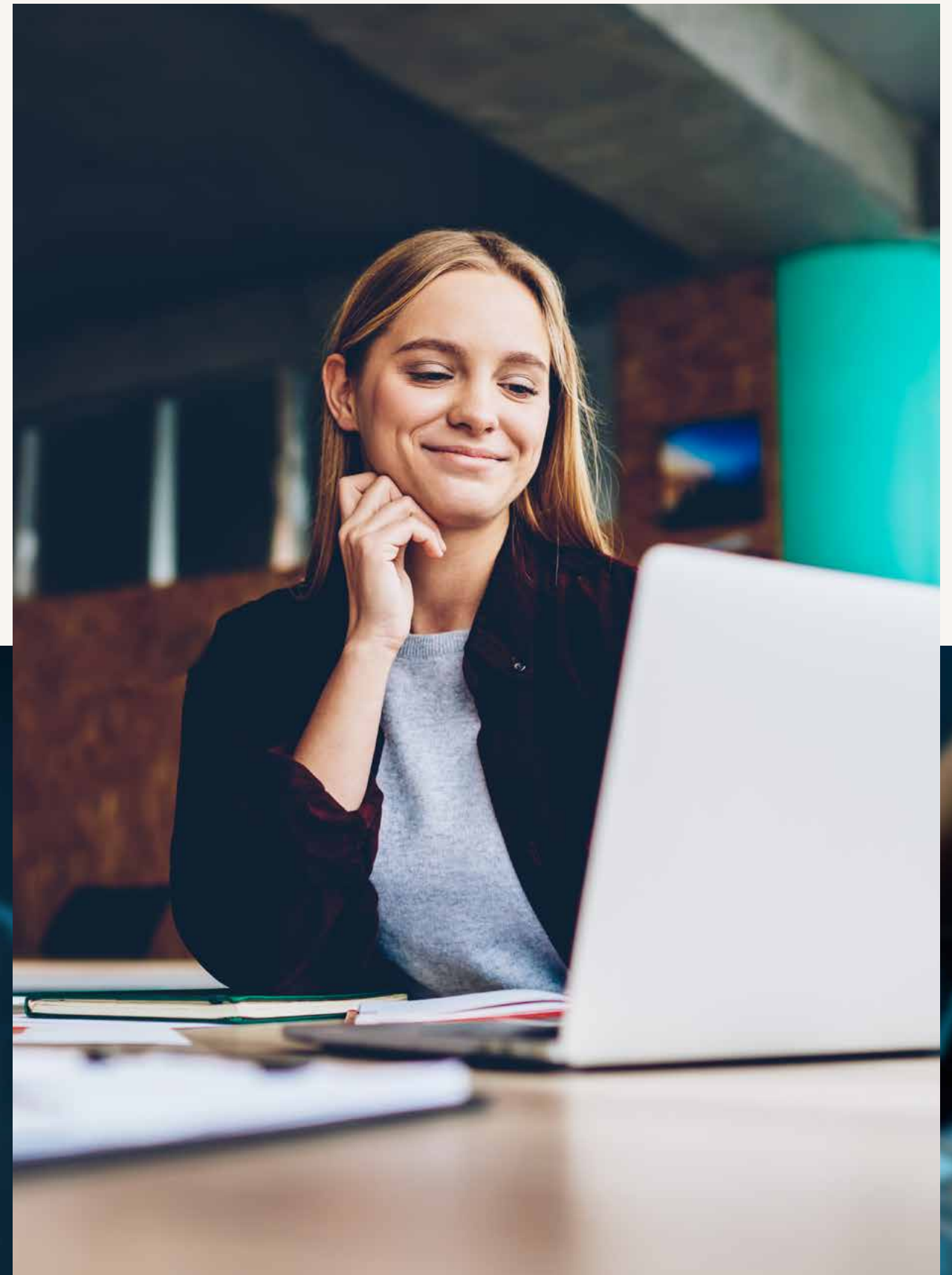
Share of consumers who say they would trust select companies to provide a credentials vault, by level of interest in using a vault



Source: PYMNTS

Consumer Interest in Credentials Vaults: Traditional FIs Fight Digital Alternatives for Consumer Trust, March 2023

N varies by month surveyed; N = 2,313: Complete responses in January 2023, fielded Jan. 20, 2023 – Jan. 23, 2023



PART II:
BUILDING A VAULT WORTH TRUSTING

More robust data protection and better checkout experiences are the main reasons consumers want to make payments using credentials vaults.

Consumers who trust their bank to provide a vault are particularly interested in data protection. Thirty-six percent of consumers consider stronger data protection the most important feature of using a vault. Those who would trust their primary banks to provide the service are more likely to feel this way, at 43%.

While data protection is also the most important feature for consumers who trust a FinTech or non-FI to provide a vault, more than two-thirds of FinTech and non-FI users say fast checkouts are a key feature influencing their interest in a vault. In contrast, 58% of those who would prefer to use vault services from their primary bank believe fast payments are the most important feature.

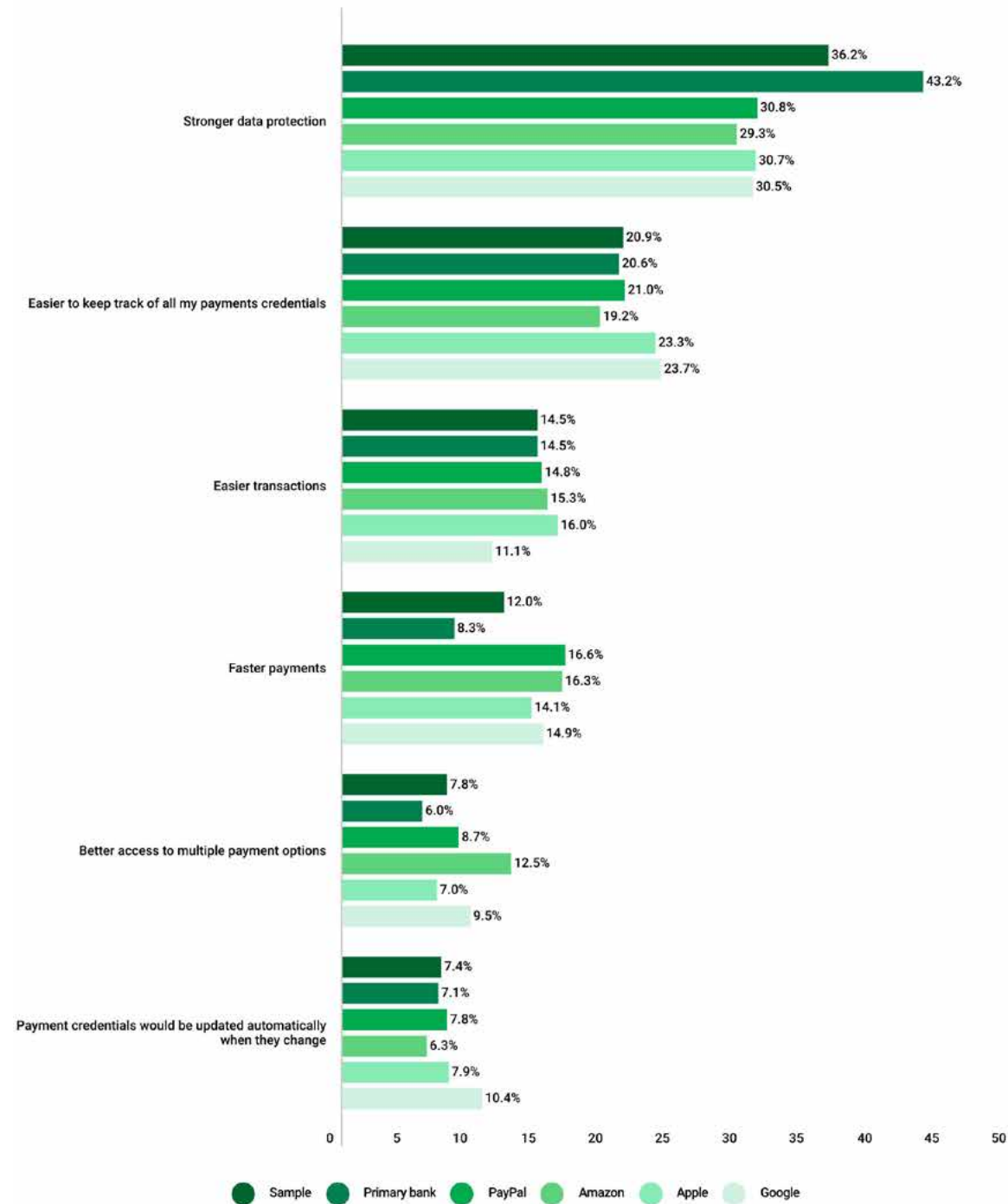
Consumers who use stored credentials to pay for 75% or more of their subscriptions or online purchases are more interested in non-security-related features than those who use stored credentials for a lower share of purchases. Sixty-seven percent of consumers who use stored credentials for 75% or more of their purchases consider fast payment processing a key feature influencing their usage of a vault. For consumers who use stored credentials to pay less than 50% of the time, the share drops to 56%, indicating that fast payment processing motivates these consumers significantly less. After all, the more consumers pay with stored credentials, the more interested they are in streamlining the payment process.



Figure 3A

What drives consumers' interest in vaults

Share of consumers citing select drivers of their interest in using a credentials vault, by the firm they would most trust to provide the service

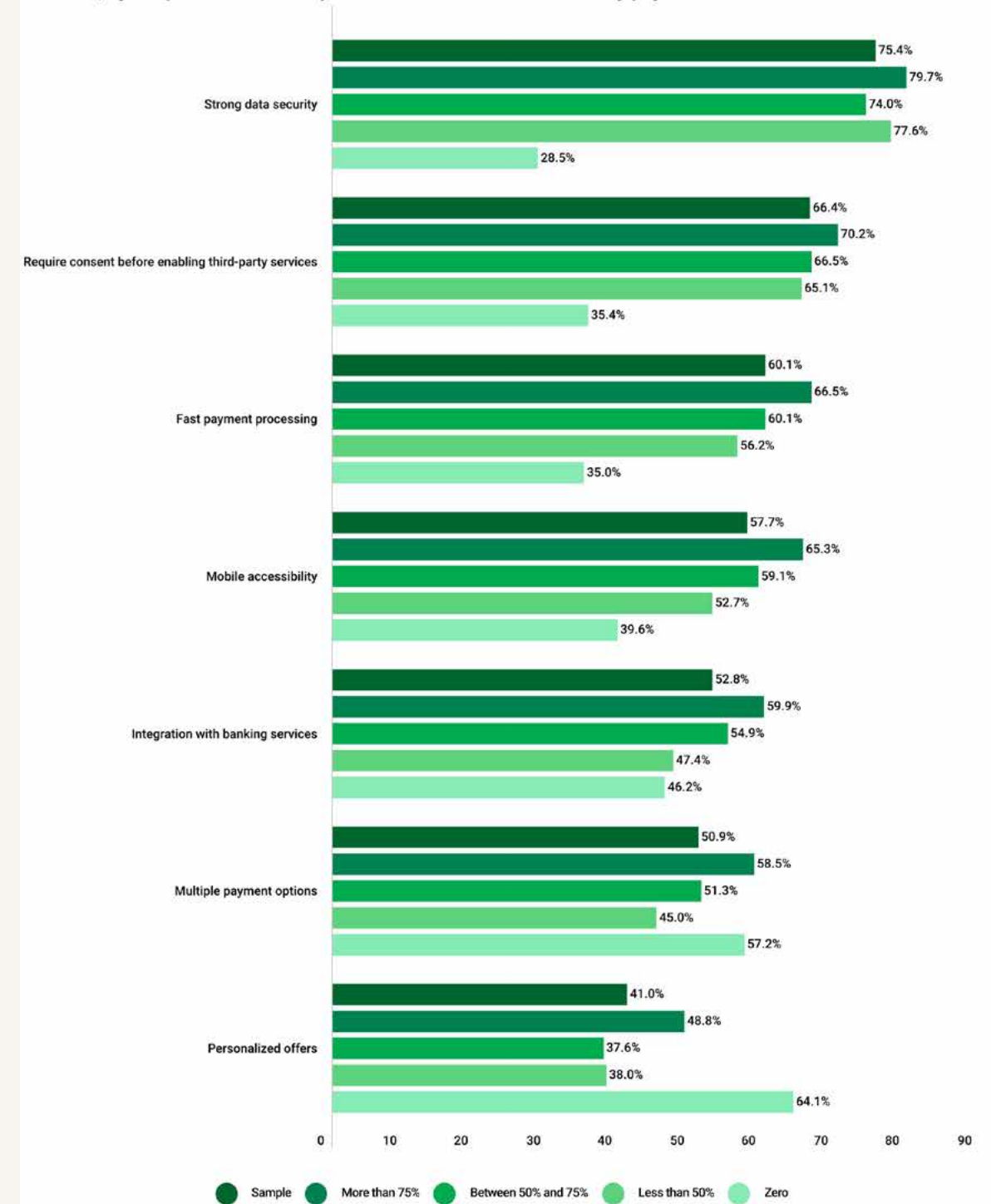


Source: PYMNTS
 Consumer Interest in Credentials Vaults: Traditional FIs Fight Digital Alternatives for Consumer Trust, March 2023
 N = 1,800: Consumers at least slightly interested in using a credentials vault, fielded Jan. 20, 2023 – Jan. 23, 2023

Figure 3B

What drives consumers' interest in vaults

Share of consumers citing select features as very or extremely influential in deciding to use a credentials vault, by the portion of subscriptions and online transactions they pay with stored credentials



Source: PYMNTS
 Consumer Interest in Credentials Vaults: Traditional FIs Fight Digital Alternatives for Consumer Trust, March 2023
 N = 1,800: Consumers at least slightly interested in using a credentials vault, fielded Jan. 20, 2023 – Jan. 23, 2023

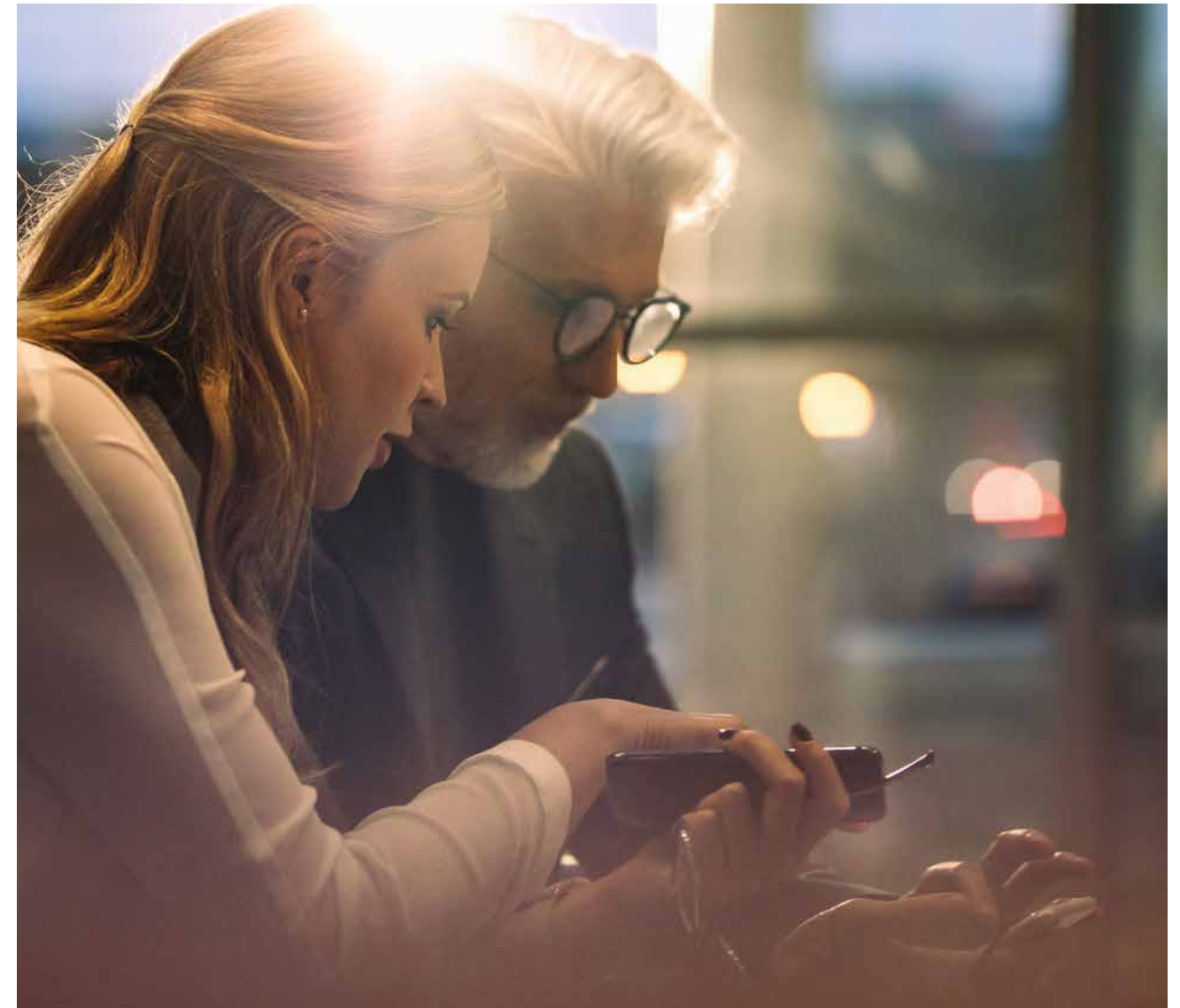
PART III:
THE VAULT USER OF THE FUTURE

Currently, just 2 in 10 consumers would switch to shopping with online merchants that accept payments from a credentials vault, indicating a need for vault providers to educate consumers.

Fifty-four percent of consumers say they would trust FinTechs or non-FIs to provide a vault, and 33% of these consumers would switch to merchants that link to a vault service.

In contrast, just 14% of those who say they prefer traditional banks would be very or extremely likely to switch. Forty-eight percent of consumers who say they find it very or extremely difficult to track their stored credentials are highly likely to switch, with convenience and ease of use serving as a draw for these consumers.

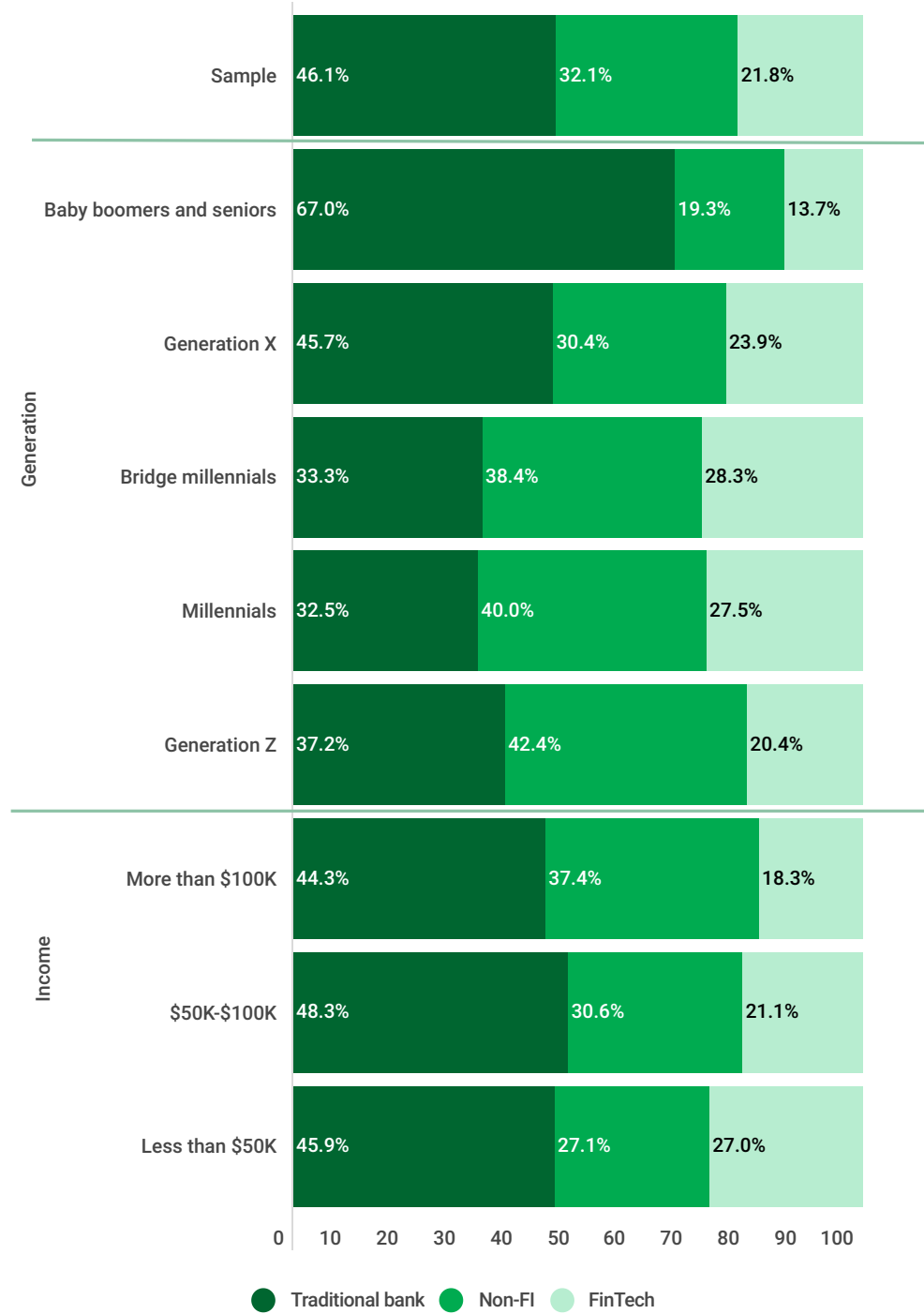
Consumers with five or more stored credentials are more likely than consumers who store fewer credentials to switch to a merchant that offers a vault, indicating that the ideal vault-using consumer is a consumer who already regularly stores data and wants greater convenience and security along with these services they already use.



However, given the low number of overall consumers who would consider shopping online with a merchant that accepts payments from a credentials vault, it is necessary to educate consumers about these options and be able to offer them secure options they can trust.

Figure 4A

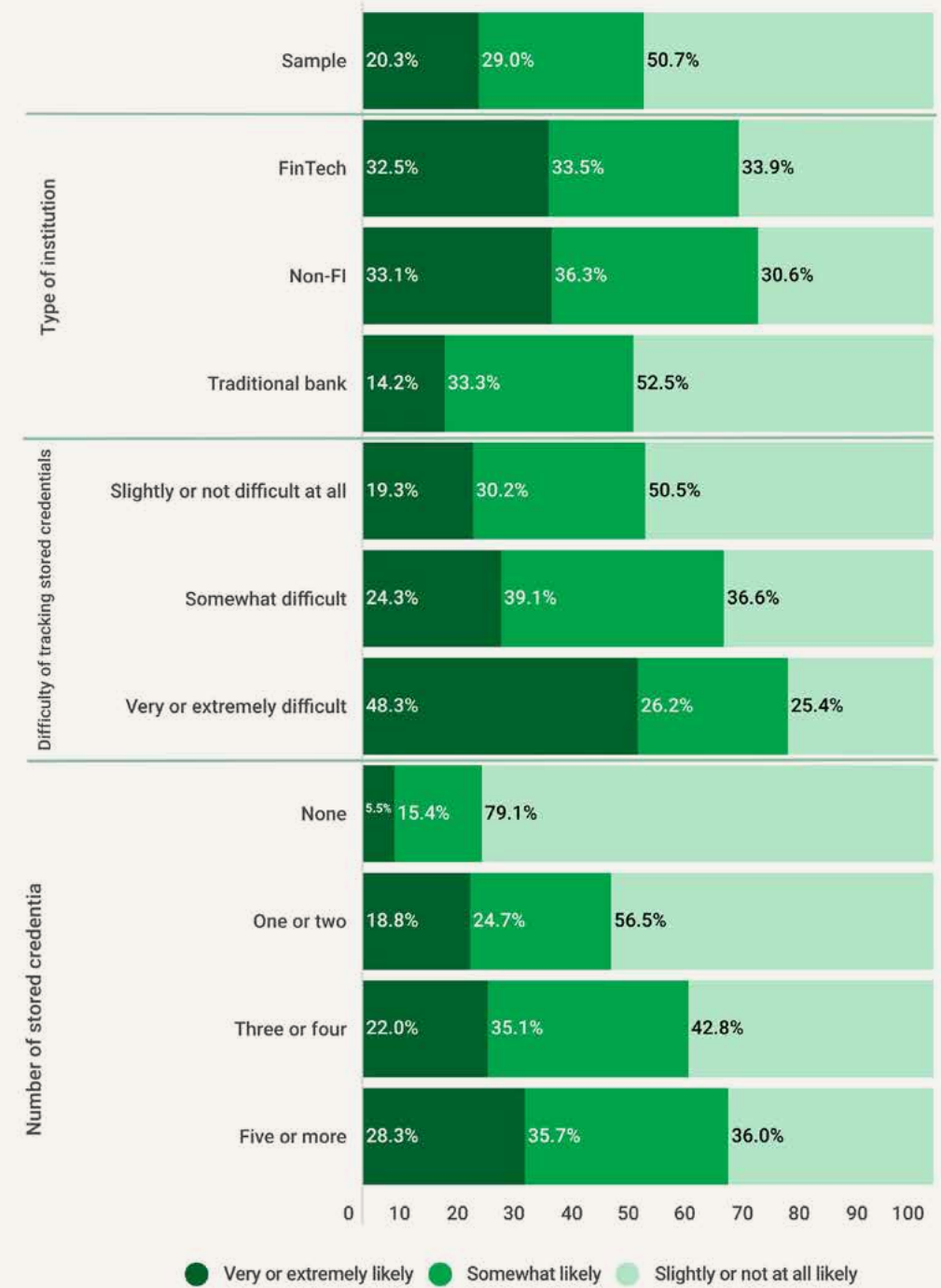
Consumers are open to using vaults offered through FinTechs and Non-FIs
Share of respondents who would most trust select companies to provide credentials vault services, by demographic



Source: PYMNTS
Consumer Interest in Credentials Vaults: Traditional FIs Fight Digital Alternatives for Consumer Trust, March 2023
N = 2,313: Complete responses, fielded Jan. 20, 2023 – Jan. 23, 2023

Figure 4B

Consumers are open to using vaults offered through FinTechs and Non-FIs
Share of consumers citing select likelihoods of switching to a merchant that links to a credentials vault, by demographic



Source: PYMNTS
Consumer Interest in Credentials Vaults: Traditional FIs Fight Digital Alternatives for Consumer Trust, March 2023
N = 2,313: Complete responses, fielded Jan. 20, 2023 – Jan. 23, 2023

CONCLUSION

Credentials vaults offer consumers safer, more streamlined and more convenient ways to store and update payment credentials and make payments. Vaults are becoming more common, but consumers are often still unaware of their benefits, which could help streamline payment processes and make them more secure. Increased efforts to get the word out are necessary to grow the popularity of these services, whether administered by a bank, a FinTech or a non-FI. As these services become more widespread, it will be up to these providers to prove they can offer these services securely and find a way to give themselves a unique path to compete in the market. As the market matures, these firms and traditional banks will likely continue their battle for customer trust and attention.

METHODOLOGY

Consumer Interest in Payments Vaults: Traditional FIs Fight Digital Alternatives for Consumer Trust, an independently produced report from PYMNTS, is based on a survey of a census-balanced panel of 2,313 U.S. consumers conducted between Jan. 20 and Jan. 23. Respondents were 48 years old on average, 52% identified as female and 32% held college degrees. We also collected data from consumers in different income brackets: 36% of respondents reported earning more than \$100,000 per year, 31% earned between \$50,000 and \$100,000 and 33% earned less than \$50,000.

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