

COVID-19

Consumer Spending Insights: Payment Methods

TSG conducted a survey of 483 consumers in the U.S., with the goal of understanding the impact COVID-19 has had on the way the U.S. consumer pays for goods and services. The survey was conducted on April 20, 2020. The following results are perspectives of consumers across all U.S. regions and household incomes.

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77%

of surveyed consumers are either **highly concerned** or **moderately concerned** about the germ spread when inserting a debit or credit card into **payment terminals**. Concern was shared across all regions and age groups.

State and local regulatory bodies have even issued guidelines and recommendations urging merchants to offer **contactless payment options** in order to **protect consumers**.

This unanticipated benefit of contactless payments is certainly being highlighted in today's current global climate.



↓ **Credit/Debit card usage has declined since the start of the pandemic...**

38%

of respondents who regularly used cards before the pandemic have **decreased** or completely stopped the use of **credit/debit cards** since the pandemic.

Respondents aged **45+** have found their card payment use **substantially less affected** compared to demographics younger than them.



...but despite concerns of germ spread at the point of sale, consumers are planning to increase spend.



51%

of respondents expect their spending at **brick & mortar** stores to **increase** once restrictions are lifted.

Merchants have been heavily impacted during the pandemic as a result in changes to **consumer behavior** and spending. Their ability to maintain and adjust business logistics will rely on balancing many operational aspects including **payment processing**.

🦠 **Contactless payments could slow the spread of germs, but adoption is low...**

Consumer Perception of Contactless Payments

23%

of respondents believe an adequate number of stores have contactless solutions

42%

believe not enough stores have contactless solutions

7%

feel contactless is too complex to use

3%

Other

25%

are not familiar with contactless payments

Consumer education and **merchant adoption** are the primary hurdles for contactless payments in the United States. Until ubiquitous adoption of contactless terminals are achieved by merchant outlets, consumers will likely stick to what they know with dip/swipe.

*Demographics between **ages 18-29** appear to have **more awareness of contactless payments** and exhibit **higher usage** of contactless payments than other demographics.

VISA

*According to the survey, the **majority** of consumers who have a contactless card have a **contactless Visa card**.



mastercard.

*However, it is interesting to note that consumers in the **45-60 age demographic** are slightly more inclined towards **Mastercard** than Visa.

*Multi-dimensional cuts of data may not be statistically significant

Digital wallets are having a moment, as the pandemic pushes adoption...



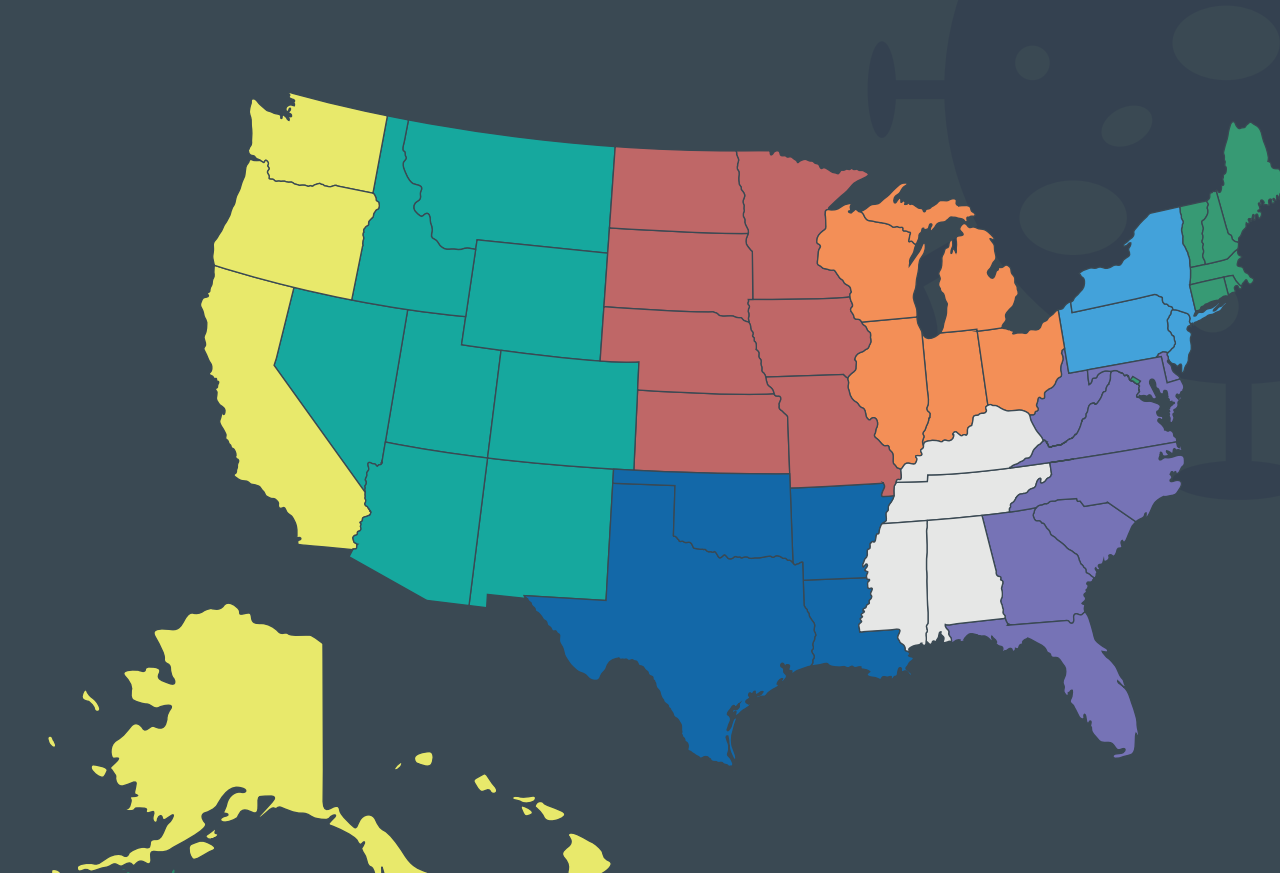
43%

of regular mobile/digital wallet users stated they have **increased usage of mobile/digital wallets** since the pandemic.

*Younger generations appear to be the primary driver of this trend.

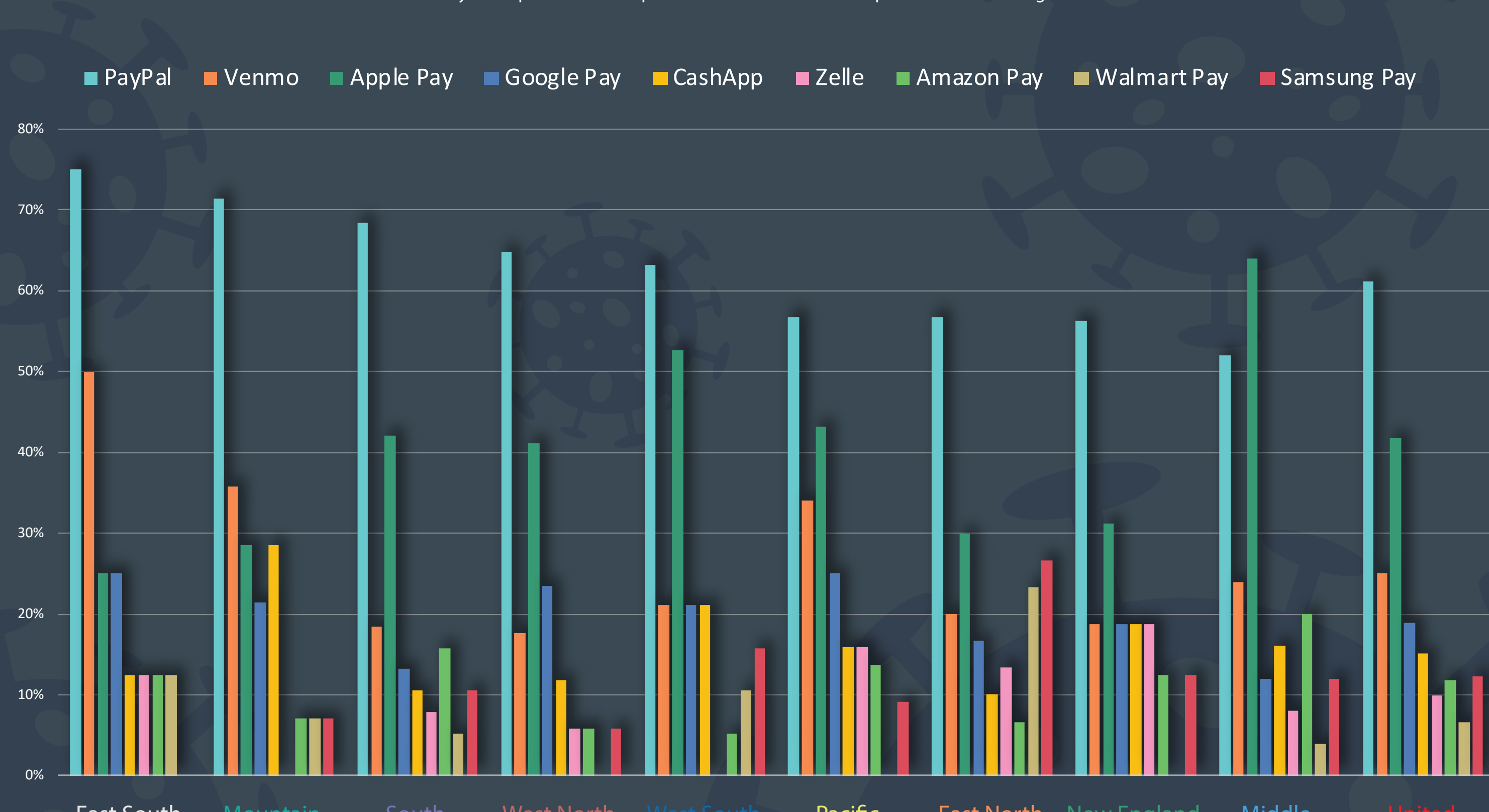
PayPal is the most popular digital wallet in every region except the **Middle Atlantic**, where **Apple Pay** is king.

Pacific Mountain West South Central West North Central East North Central East South Central New England Middle Atlantic South Atlantic



Most Popular Digital Wallets By Region

*Values may not equal 100% as respondents could select their top three most used digital wallets



PayPal is also the leading mobile/digital wallet among all ages, though for younger generations, **Apple Pay** and **Venmo** appear to be gaining popularity.

*Venmo is a subsidiary of PayPal

40%

of consumers who regularly used installment payments before the pandemic have stated they have **increased their usage of installment payments** since the pandemic.

32% of all respondents **wish more stores** offered installment payments.



📈 **... and cash usage continues to decline**

On average only about **52%** of **consumers** surveyed regularly used cash before the pandemic and since the pandemic, **42%** of these respondents stated that they have **decreased their use of cash**, likely in an effort to minimize the spread of germs.

In addition, a majority of consumers also stated that they **do not plan to use cash** regularly once restrictions have been lifted.



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