Why digital wallets pocket more for businesses

— and how to bring them online

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Contents

Executive comments

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The way the world operates is in a constant state of change, including commerce and the way we pay for everyday items. From branch to branchless. Cash to cashless. Card to cardless. Payments look unrecognizable from 12 months ago, due in large part to the adoption of digital wallets like Google Pay and Apple Pay.

The data contained in this report shows that digital wallet acceptance, driven by merchants' adoption, had become increasingly normal, even before COVID-19 struck. Why are merchants turning to digital wallets at such a rate? Because they not only provide a seamless experience for consumers, they are also a driver of growth for businesses.

In the current environment created by the pandemic, the use of digital wallets by merchants is driving customer acquisition, retention, and conversion uplift. The benefits over card payments — a seamless and optimized checkout experience, near-zero chargeback rates, protected data and privacy through strong authentication - are impossible to ignore.

If your business is looking to adopt digital wallet transactions, read this report to find out the benefits and best practices for implementing Google Pay.

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Shepherd Smith
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Digital wallet and mobile payment adoption is currently at an inflection point. Now more than ever, merchants are realizing the immense value that these technologies can provide for their businesses and customers.

Beyond recent increases in customer adoption, benefits like reduced abandonment, advanced security, lower chargeback rates, and higher acceptance rates rank among the compelling advantages that these solutions offer. While over one billion shoppers are expected to make a digital wallet transaction this year,[1] we are confident that this is just the beginning for this thriving global ecosystem.

At Google Pay, our goal is to facilitate commerce while helping merchants and consumers save time and money. Our collaboration with Worldpay is designed to empower businesses with insightful data on recent trends and reinforce the benefits that digital wallet integration can drive for merchants looking to enhance their digital presence. By improving the user experience and enhancing the value that merchants receive from their payment services providers, we believe the incredible growth of digital wallets will have a positive impact on payments for years to come.

G Pay

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1. Worldpay from FIS *Global Payments Report*

The world is reaching for digital wallets

The world is reaching for digital wallets

Over the past few years, mobile payments and digital wallets have seen a surge as more businesses started accepting them and people began paying with them. **In 2019, over 40% of global ecommerce spending came from a digital wallet like Google Pay, Apple Pay, or Alipay**, according to the newest FIS Global Payments Report.[1] The report shows that the trend toward digital wallets will increase dramatically in the next five years, predicting that more than half of all ecommerce transactions will be made with a digital wallet by 2023. McKinsey's 2019 Digital Payments Survey supports this data:

77%
of people in the US made a mobile payment in the last year.[2]

91% of Millenials

80% of Gen X

As digital wallets gain popularity around the world, we wanted to help businesses learn about both the benefits of digital wallets and how to take steps toward implementation. Created in collaboration with Worldpay, this whitepaper offers insights into how digital wallets improve the customer experience and help businesses grow, using information on digital wallets in general and Google Pay in particular.

1. Worldpay from FIS *Global Payments Report*
2. McKinsey's 2019 Digital Payments Survey

What is Google Pay and what does it have to offer?

What is Google Pay and what does it have to offer?

Google Pay is a digital wallet that facilitates faster, easier online checkout for consumers both online and offline. When businesses implement Google Pay within their app or website, customers can check out with just a few clicks using the payment information they've securely saved to their Google Account. This seamless experience leads to a number of benefits for businesses and customers alike, including:

Improved user experience and higher conversion rates

Google Pay increases cart conversion rates by providing a quick and seamless checkout experience for first-time and returning customers. Since customers' payment details are often already saved to their Google Account through previous transactions with YouTube, Google Play, or Chrome Autofill, they don't need to re-enter their card details when they pay with Google Pay. This reduces the number of steps in the checkout flow and saves customers time — leading to fewer abandoned carts. And since consumers tend to be logged in to their Google Accounts already, a huge point of friction with most other offerings is eliminated.

Businesses can also use Google Pay to facilitate faster payments outside of their app or website checkout flow. One example is integrating payments directly into mobile notifications. Through Google Pay, businesses can send notifications that remind customers to complete a purchase, top up prepaid balances, or add funds to items like transit tickets and loyalty cards. Customers can then complete their purchase or top up right from these notifications — they won't need to open a single app. The added convenience helps optimize conversion rates and improve customer satisfaction. Businesses can also leverage Google Pay to build exciting new commerce experiences in the future through services such as the Google Assistant.

Advanced security and protection

Wherever possible, Google Pay delivers a unique card token to be processed instead of using a customer's actual card number. That means businesses don't handle the card number, mitigating risk by limiting vulnerability to potential data breaches. Google Pay also requires passcode or biometric authentication prior to payment to help minimize fraud and chargebacks. And customer information is safer when stored with Google Pay, where it is encrypted both in transit and at rest.

Increased acceptance and integration across platforms

Because Google Pay delivers a token to be processed instead of actual card details, payment methods saved to Google Pay often continue to work even when the underlying card is replaced. This means users can keep using their saved payment information without updating the expiration date or CVC, and attempted transactions with these credentials aren't automatically declined. Combined with Google Pay's advanced security and authentication features, this feature leads to Google Pay transactions being approved at a higher rate than typical card transactions.

Moreover, when businesses implement Google Pay, they can instantly accept any of the cards saved to a customer's Google Account. That amounts to hundreds of millions of cards worldwide — and businesses can accept these cards across different devices, browsers, and platforms, including Android, Chrome, Edge, Safari, and Firefox. Therefore, implementing Google Pay not only increases acceptance rates for businesses, but helps ensure customers get a consistent, streamlined experience wherever they check out.
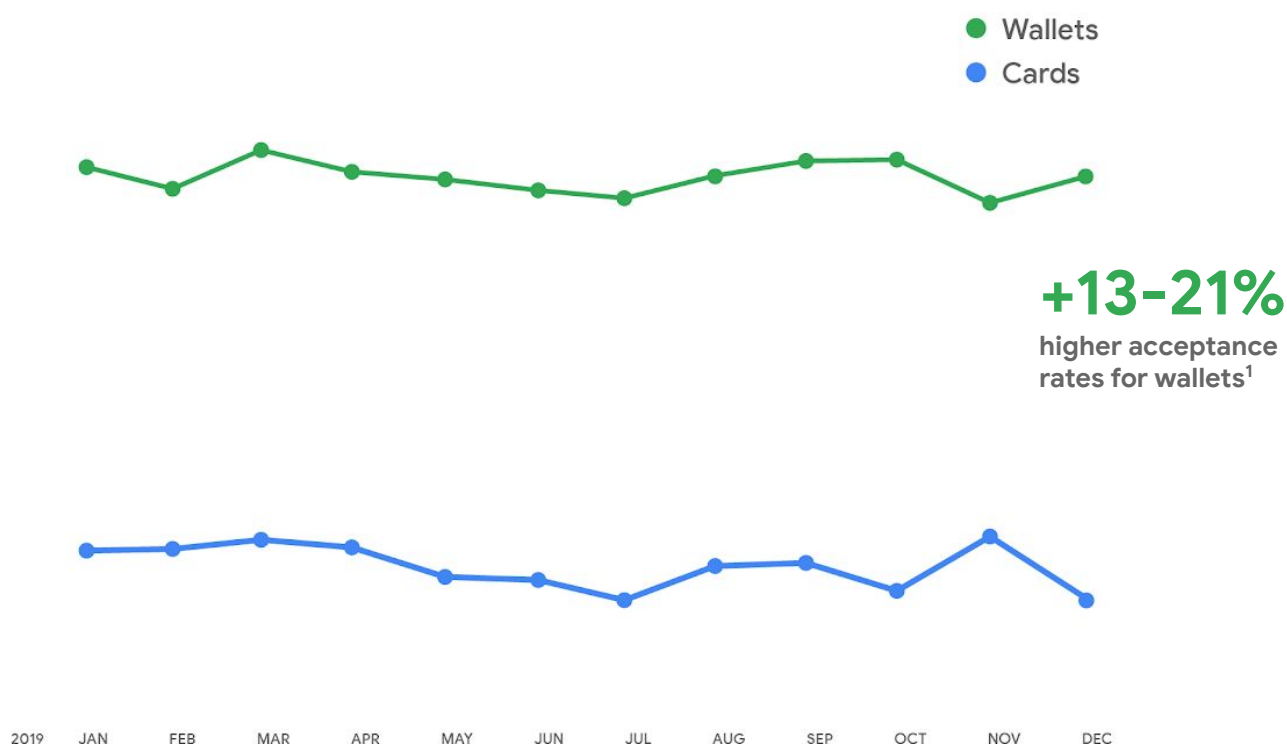
What do the
numbers show?

What do the numbers show?

Recent reports demonstrate tangible business advantages for accepting digital wallets. We analyzed global data from Worldpay's Worldwide Payments Gateway (WPG) from Q4 2018 through Q1 2020 to evaluate how typical card transactions compared to digital wallet transactions in terms of acceptance rates, chargeback rates, transaction volumes, and the average transaction value. The following findings give a high-level view of how digital wallets can contribute to growth for ecommerce companies.
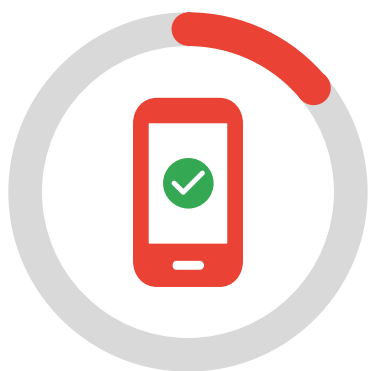
Acceptance rates

Global transaction acceptance rates - 2019

● Wallets
● Cards

+13-21%
higher acceptance rates for wallets[1]

2019 | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC

———————

1. Data sourced from Worldpay's Worldwide Payments Gateway (WPG)

Transaction acceptance rates by region - 2019

+8%   **+26%**   **+24%**   **+14%**   **+19%**

% difference[1]
Average wallet acceptance rate vs. average card acceptance rate

● Wallets
● Cards

UK   EMEA   USA   APAC   CANADA
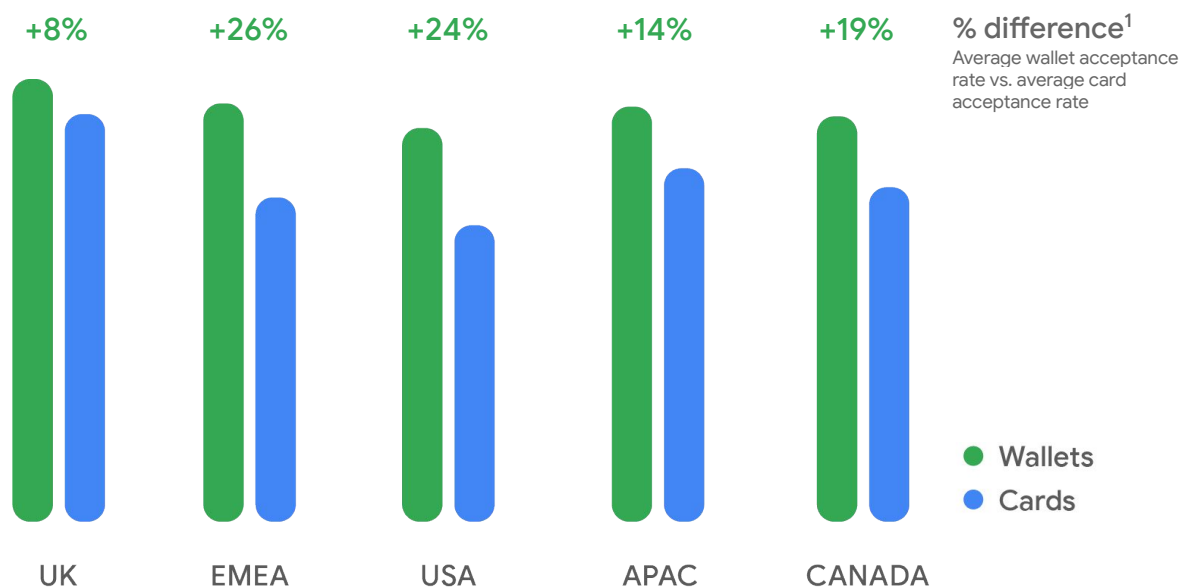
On average, digital wallet acceptance data shows a **17% uplift**[1,2,3] over cards.

There are several reasons why digital wallet transactions are more likely to be accepted than card transactions. One is simply that one-or two-click checkout is physically easier for customers. It minimizes or eliminates the possibility of typos that are common with lengthy checkout forms, especially when customers check out on a mobile device. Another is that customers don't need to manually update expiration dates or CVC codes when their card is replaced. Because the digital wallet updates the information automatically, businesses won't lose out on revenue when a card is lost, stolen, or expired.

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1. Data sourced from Worldpay's Worldwide Payments Gateway (WPG)
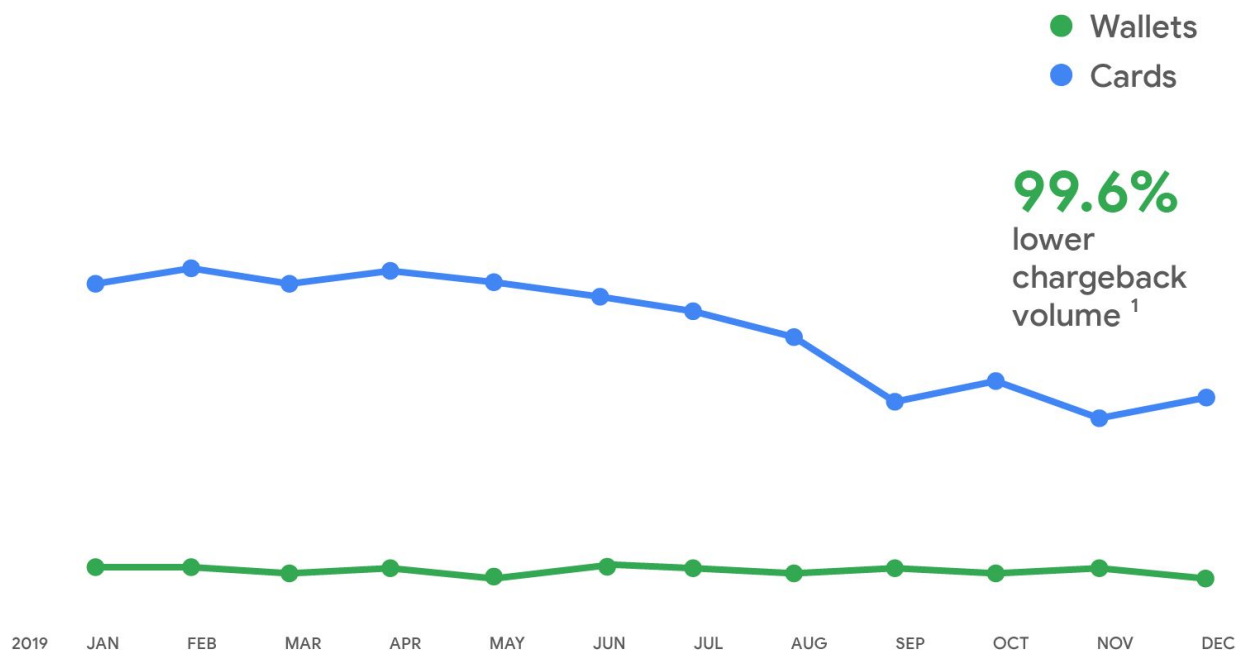2. Larger data set was used on card transactions than wallet transactions due to greater card volumes
3. Merchant results may vary depending on a variety of factors such as their shopper profile, transaction type, vertical, and country

Increased security protocols for digital wallet transactions also contribute to increased acceptance rates. Because digital wallets often use tokens and dynamic codes instead of actual card details, customer information is less likely to be hacked. Similarly, two-factor authentication — which is required when customers add a card to a digital wallet — reduces fraud. Therefore, issuers approve digital wallet transactions at higher rates.
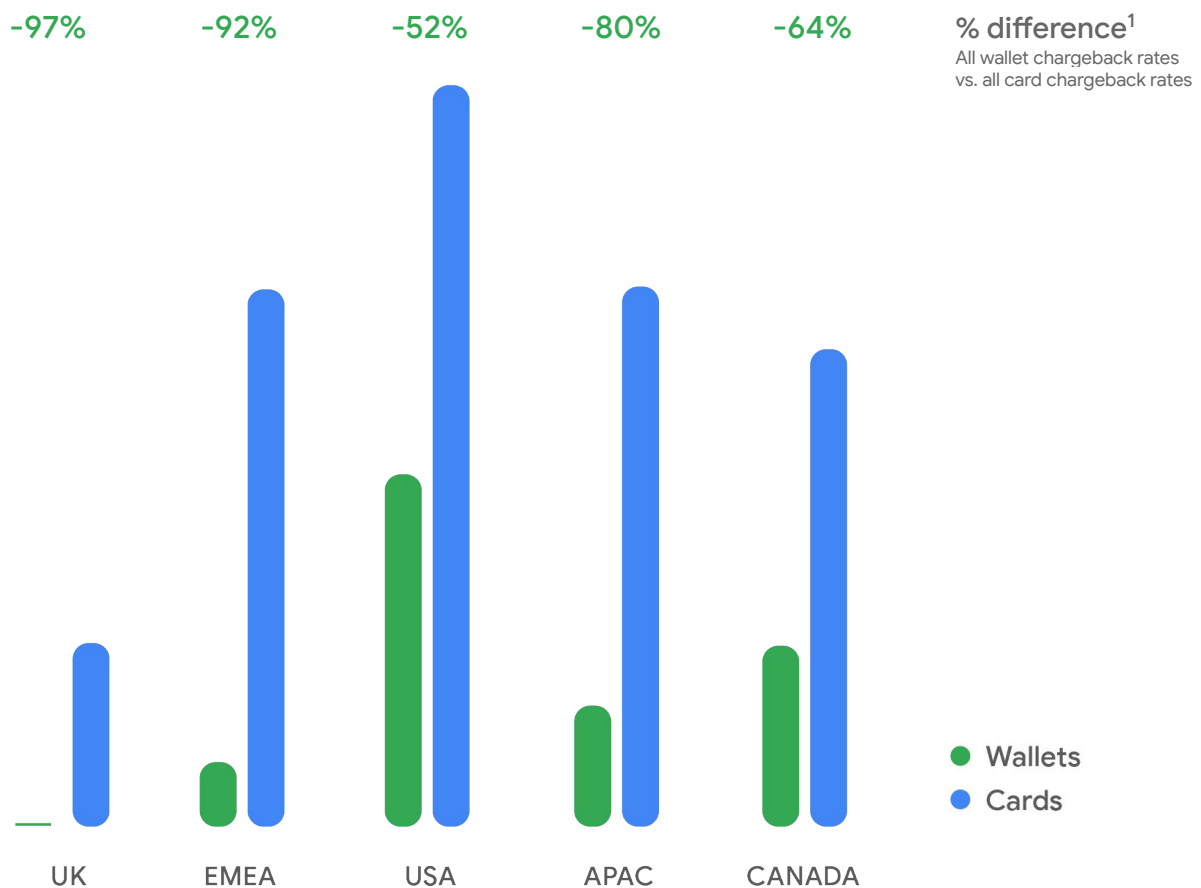
Chargeback rates and fraud

Chargeback rates - 2019

● Wallets
● Cards

99.6%
lower chargeback volume [1]

2019 JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

_____
1. Data sourced from Worldpay's Worldwide Payments Gateway (WPG)

Chargeback rates by region - 2019

	-97%	-92%	-52%	-80%	-64%	**% difference[1]**

All wallet chargeback rates
vs. all card chargeback rates

- ● Wallets
- ● Cards

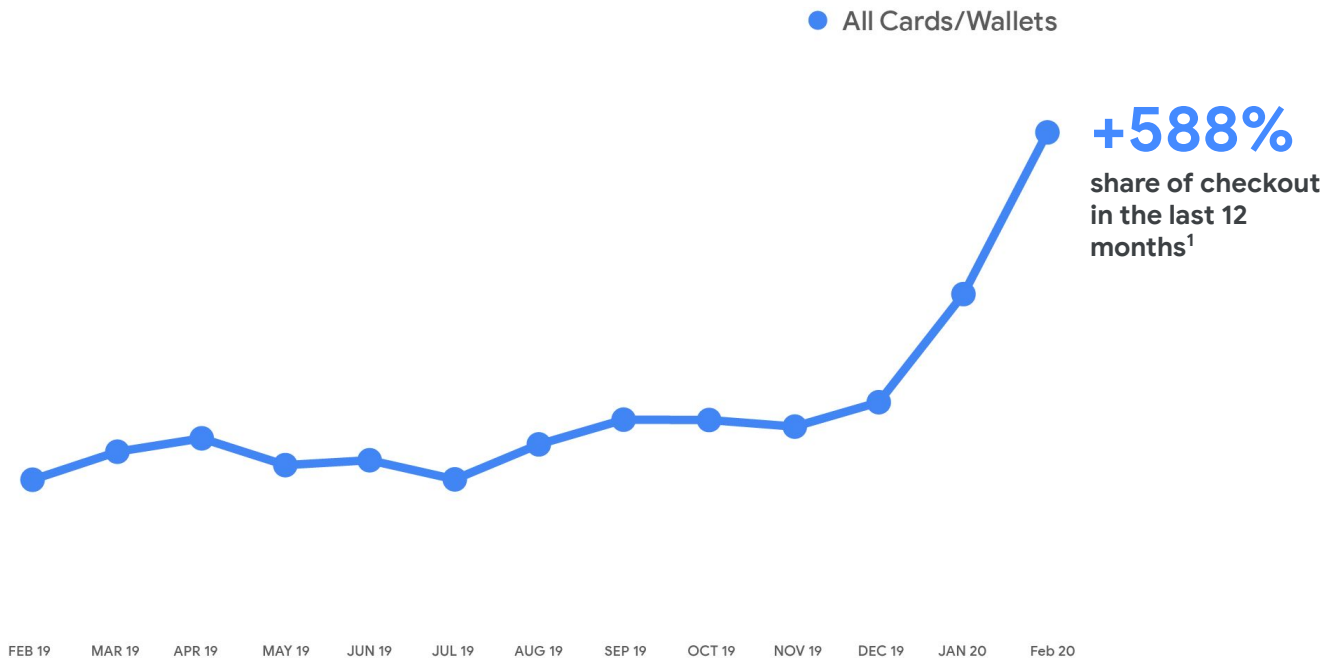UK   EMEA   USA   APAC   CANADA

← [card icon] **10X**   Chargeback rates are over **10 times higher[1]** for card transactions than they are for digital wallet transactions.

This is due to the same increased security protocols mentioned earlier. The greater use of tokens and dynamic codes, along with two-factor authentication, reduce the likelihood of fraud and help to ensure customers' payment information isn't used by hackers.

1. Data sourced from Worldpay's Worldwide Payments Gateway (WPG)

Transaction volumes

Wallet share of all cards settled from Feb 2019 - Feb 2020

● All Cards/Wallets

+588%

share of checkout in the last 12 months[1]

FEB 19   MAR 19   APR 19   MAY 19   JUN 19   JUL 19   AUG 19   SEP 19   OCT 19   NOV 19   DEC 19   JAN 20   Feb 20

4X

In February 2020, the digital wallet share of ecommerce transactions was up almost **four times**[1] year-over-year.

The rise demonstrates tremendous growth over the last year and points to a trend that's expected to accelerate within the next few years. And as customer demand for digital wallets has grown, merchants have followed.
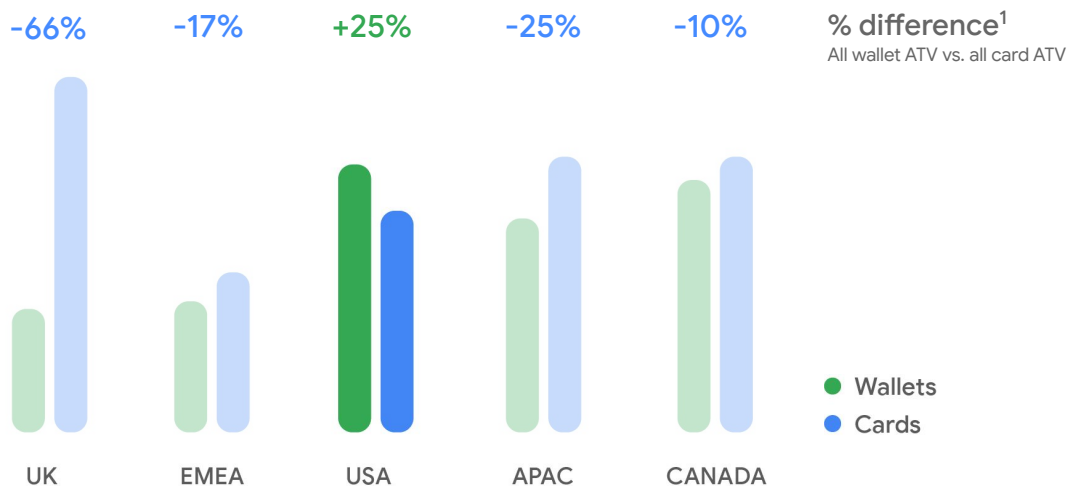
43%

According to Worldpay, there was a **43% increase**[1] in merchant adoption of digital wallets over the past 12 months.
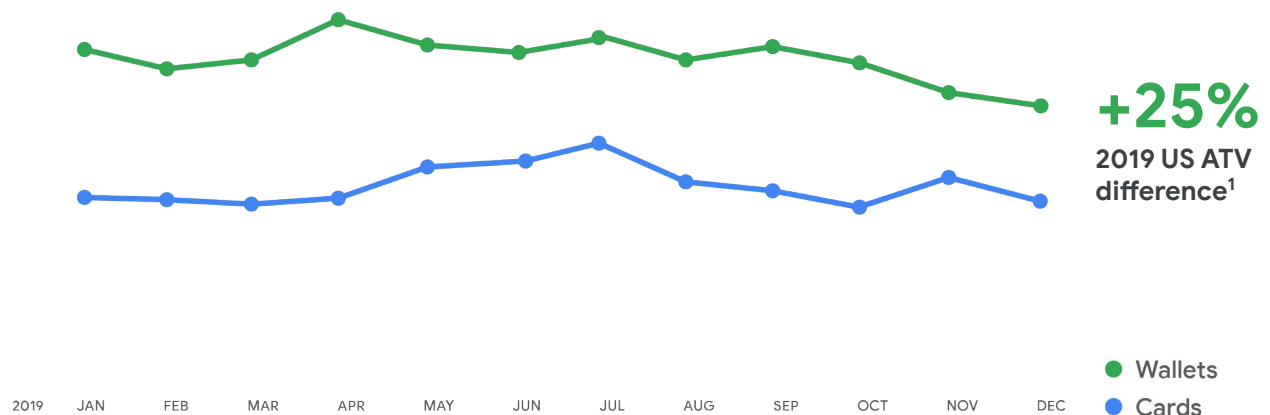
1. Data sourced from Worldpay's Worldwide Payments Gateway (WPG)

Average transaction value

Card and wallet ATV globally - 2019

| -66% | -17% | +25% | -25% | -10% |

% difference[1]
All wallet ATV vs. all card ATV

● Wallets
● Cards

UK   EMEA   USA   APAC   CANADA

Card and wallet ATV USA - 2019

+25%

2019 US ATV difference[1]

2019 JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

● Wallets
● Cards

Even though globally, ordinary card transactions are larger on average than digital wallet transactions, the opposite is true in the United States. **In the US, digital wallet transactions are 25% greater on average than typical card transactions[1].**

The discrepancy is most likely due to the fact that in some countries, such as the United Kingdom, there's a misconception that digital wallets can only be used for low-value transactions. In reality, that's not the case — digital wallets can be used for transactions of any amount online and offline. We predict that with user education and the increasing popularity of digital wallets, the average global transaction amount for digital wallets will eventually surpass that of typical card transactions.

1. Data sourced from Worldpay's Worldwide Payments Gateway (WPG)

How to bring Google Pay into your business

How to bring Google Pay into your business

The Google Pay API enables fast, simple checkout on your website and Android apps, giving you convenient access to hundreds of millions of cards saved to Google Accounts worldwide. Businesses can launch Google Pay in four easy steps:

Step 1 Sign up with the Business Console

If you're just getting started with Google Pay, sign up with the Google Pay Business Console to get a merchant ID. Otherwise, sign in to the Business Console to see your merchant ID. You'll need it for the next step.

Step 2 Implement the APIs

There are five different aspects of API implementation:

- Loading the library and initializing the payments client
- Determining whether your customer is ready to pay with Google Pay
- Adding the Google Pay button to your user interface
- Triggering the payments sheet so your customers can choose a payment method and complete the transaction
- Invoking Worldpay's API

For more information on API implementation, visit g.co/pay/api, the codelabs for Web and Android, or watch an end-to-end integration video.

Step 3 Submit your integration for review

When you finish implementing the Google Pay API, submit your integration through the Business Console. The Google Pay team will ensure it meets the terms of service and follows the brand guidelines. Then they'll follow up with next steps to go live.

Step 4 Launch

Once your integration is approved for launch, simply switch the environment to PRODUCTION and publish your site or application.

Best practices
for implementing
Google Pay

# Best practices for implementing Google Pay

Here are some guidelines to help you give your customers the best experience.

1. Display Google Pay early in the checkout journey

Incorporate Google Pay as early as possible in your customer's payment journey to reduce the number of steps at checkout and increase conversion rates. This includes placement on single product pages and on the basket page for multi-item checkout.
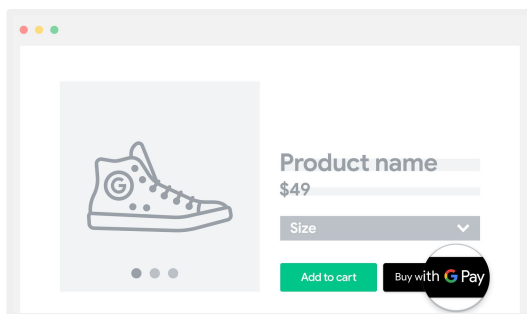

Include Google Pay on your checkout pages next to the standard checkout option, as well as at the top of your list of payment options and above manual payment information entry fields. These additional placements offer customers the convenience and speed of Google Pay no matter where and when they ultimately decide to check out. Read more about these recommended placements in our developer guide.
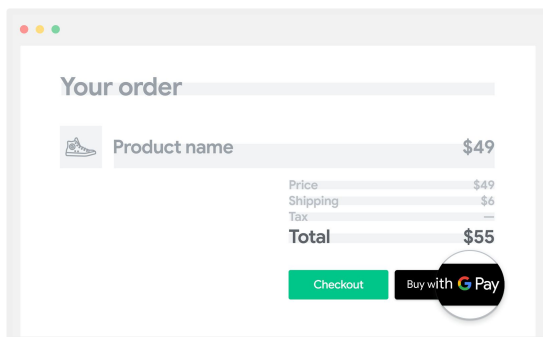
2. Make Google Pay your default payment method

Help new customers skip account setup by setting Google Pay as your app or website's default payment method. Many customers drop off during account setup, so making Google Pay your default payment method can help retain new visitors. Consider setting Google Pay as your default payment method when a customer has a valid payment method on file — which you'll know when `isReadytoPay` returns `true`. Then returning customers won't have to re-enter payment and shipping information because Google Pay will use their saved information.
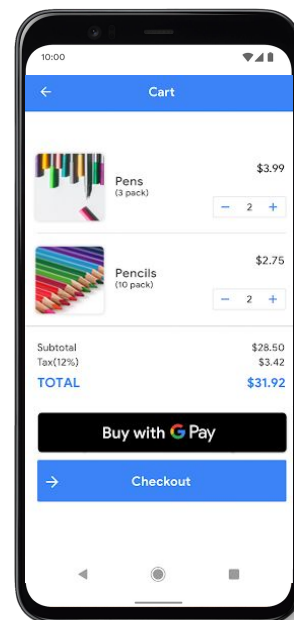
3. Set up dynamic price updates

Dynamic price updates automatically calculate and modify the total price on the payment sheet based on customers' shipping location and preference. This builds trust and loyalty with your business by giving customers full transparency. See this feature in action with the live demonstration.

4. Follow brand and user experience guidelines

Maximize conversions by following the brand and user experience guidelines. These guidelines include:

Use the createButton API to easily implement effective Google Pay buttons across browsers and devices. The createButton API automatically provides high-contrast button options and localization to translate text into your customer's preferred language.

Place Google Pay buttons in multiple places throughout your app or website. We recommend adding it to your product page, checkout page, and above traditional form fields.

To speed up the checkout process overall, optimize for the guest checkout experience and follow up with account creation after the purchase is complete.

Only request the minimum amount of information needed to complete the purchase.

5. Reduce errors with type declarations

Speed up your integration process by installing type declarations in a supported code editor like Visual Studio Code.

JavaScript developers benefit from in-editor API documentation, and code completion reduces the number of errors related to spelling mistakes. TypeScript developers also benefit from real-time type checking and code compilation, detecting errors before they occur.

Install type declarations to your project with npm:

```
npm install --save-dev @types/googlepay
```

6. Integrate with a payment gateway for an instant compliance boost

Minimize costs and legal risks when you integrate with a supported payment gateway like Worldpay. Supported payment gateways are already Payments Card Industry Data Security Standard (PCI DSS) Level 1 compliant — a requirement for any integration. Working with a payment gateway helps to ensure compliance without the added infrastructure considerations and costs for securely handling your customers' payment credentials.

Learn more about Google Pay

[Google Pay for Business](#)

[Worldpay documentation](#)

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