

Optimising your Alternative Payments: a Global View

A WorldPay insight report into the growing Alternative Payments market

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Introduction

In a world in which cards and cash seem to be everywhere, it can be all too easy to forget about the alternatives.

While plastic might dominate online economies in the West, the tendency can easily be to assume that the same is true elsewhere in the world. The reality, as many merchants have discovered when expanding overseas, is very different indeed.

The growth of the online Chinese economy - expansion that is as rapid as it is vast - is supported in a large way by alternative payments. In nations like Germany and the Netherlands - countries with well-developed eCommerce systems, alternatives too hold great sway with shoppers and merchants alike.

But the popularity of alternative payments is growing, and it is doing so rapidly. In total, we expect the alternatives market to grow by 13% by 2015. This is relevant not just for online retailers who wish to sell to customers in other nations, but to any business with customers who reside outside of their normal focus areas. Catering to those customers today means helping them pay how they want to.

But with more than 230 alternative payment schemes in operation across the globe, even knowing where to start can be hard enough. Companies of all kinds can use alternative payments to their benefit, but to do that they need to understand which schemes are right for them - for their customers, their industry and their business model.

Because of that, strategy is essential. With a service offering that includes more than 200 alternative payment types around the globe, WorldPay enjoys a unique perspective on how such a strategy can be crafted and successfully delivered.

This report, the culmination of months of research into alternative schemes and their varying popularity around the world, has been created to provide a helping hand to anyone looking to take advantage of that opportunity.

Over the next few pages, we provide our views and advice on which alternative schemes could be right for you. We hope you find it useful.

Phil McGriskin
WorldPay Ltd

The WorldPay logo is displayed in white text against a teal background. The word "WorldPay" is in a sans-serif font, with a small "TM" trademark symbol to the upper right of the "y".

Defining Alternative Payments

It's impossible to take an in-depth look at the world of alternative payments without first considering exactly what we mean by those two words. The definition of alternative payments can vary between sectors, countries and even by individual organisation. Indeed, take a peek into the more financially fixated corners of the internet and you'll find rife debate on what qualifies as a "traditional" payment, let alone an alternative.

For the purposes of clarity, this report considers an alternative payment to be any payment that falls outside the sphere of credit or debit card payments. In our view, that includes the following types of alternative payment:

- Real time bank transfers
- Offline credit transfers
- Direct debits
- eWallets
- Paper based payments
- Mobile payments

As a final note on this, when we mention alternative payment "schemes", we are referring to individual offerings provided by branded vendors, rather than 'types' of alternative payment such as direct debit or mCommerce.

About the data in this report

The data has been collected over the last year, via online research amongst 1,820 merchants operating online in the United States of America, United Kingdom, Australia, Canada, France and Germany. We also carried out in depth interviews with 40 global merchants and 10 payments experts.

The data is supplemented by a wealth of WorldPay's own transactional data from around the world, and information from a number of secondary sources, including:

- First Annapolis research
- The Paypers *Buyer's Guide 2010*
- CapitalIQ
- OneSource
- Euromonitor
- Netherlands Chamber of Commerce
- Belgium Chamber of Commerce
- Banking websites
- Company websites
- Company annual reports and press releases
- Javelin Strategy & Research - *Online Alternative Payments*
- Mintel *eCommerce Europe*

A global overview

What's going on at a worldwide level?

Later in this report, we'll take a look at how alternative payments (AP) trends differ - sometimes wildly - between nations and verticals. Before we do that though, it's worth outlining the global AP landscape and where it's headed.

A fast-moving, fragmented market

Overall, AP is growing fast, and in every direction. The market is increasing in volume, in value, and also in breadth. Today AP accounts for €165 billion of global eCommerce transactions across the world - 22 percent of total transactional value.

At the same time, this value is stretched over a wide spectrum of AP schemes. Our estimates place the total number of individual AP schemes currently operating as being in excess of 230 globally, with paper, mobile, e-wallet, direct debit and bank transfer offerings all represented in good measure

As could be expected, the importance of AP, and the popularity of specific AP can be dramatically different across borders - even for countries that neighbour each other. While Germany, the Netherlands and AsiaPac make good use of available AP schemes for instance, uptake of AP in France is particularly low.



Growth and a bigger share of the market

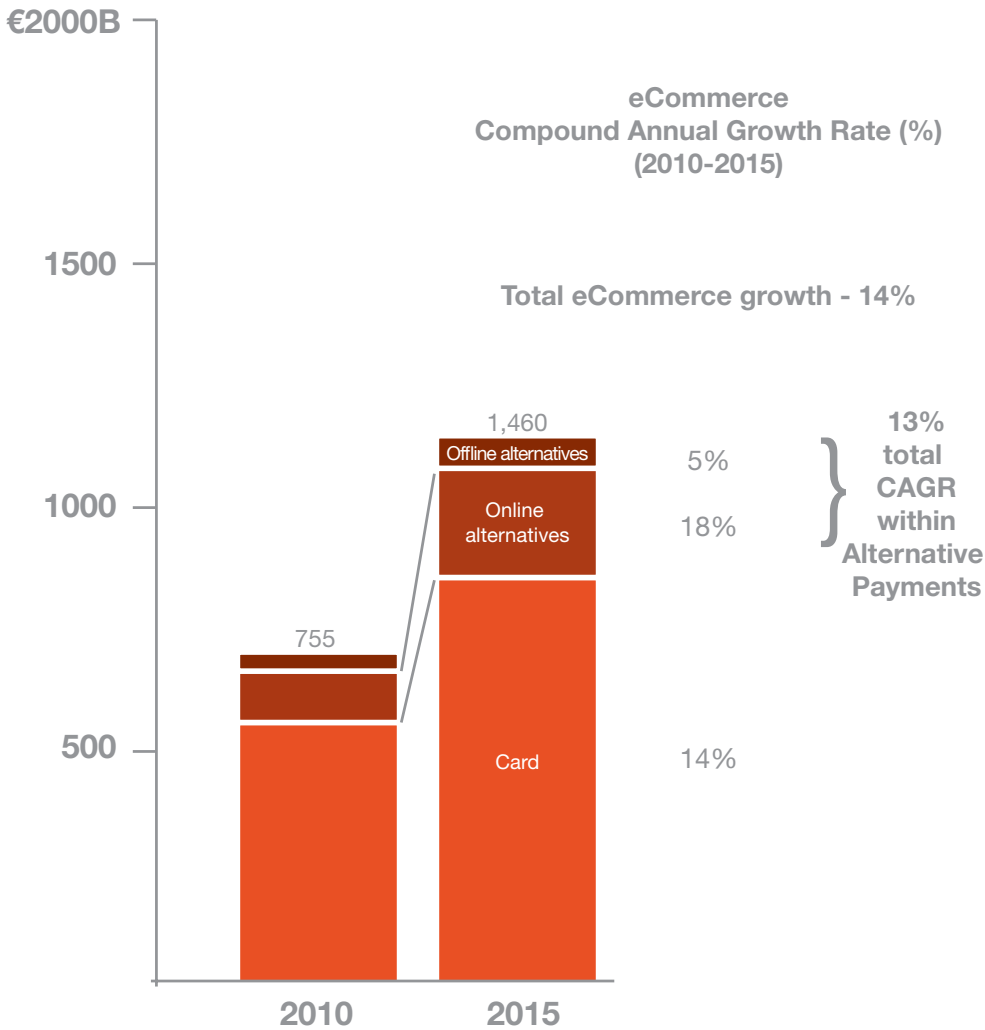
Overall, we expect to see the AP market enjoy a Compound Annual Growth Rate (CAGR) of 13 percent in the run up to 2015. As the overall eCommerce market near doubles from a value of €755 billion today to an expected €1,460 billion in 2015, AP will account for a significant share of that growth.

By 2015, AP growth within eCommerce will outstrip that of cards, particularly in the developing economies such as Brazil and India where the use of cards is much lower.

While that doesn't mean that card payments will dwindle - far from it - Alternative Payments, popular as they are with shoppers in some of the world's fastest growing economies, are almost inherently inclined to enjoy a more buoyant rate of growth.

Over the next few pages, we take a look at why APs are growing so rapidly - and where we expect the greatest gains to be made.

eCommerce transaction values are growing at 14%. Alternatives account for a big part of this growth.



AP BY ‘TYPE’: UPTAKE AND BENEFITS

The AP market is incredibly diverse. The 230+ AP schemes that we considered when compiling this report provide rich coverage and opportunity for global online businesses.

Of course, AP ‘types’ vary in their popularity, so how do you know which ones to include in your payments strategy? Over the next few pages we take a look at some of these types in depth and below is a quick guide to how these types will fare in the next few years:

Type	Share of AP Today	Share of AP by 2015
Real time bank transfer	12%	20%
Offline credit	20%	15%
Direct debits	10%	8%
eWallets	36%	43%
Paper based	22%	14%
Mobile	0.8%	1.2%

Bank Transfers



Real-time:
Particularly compelling for merchants since they offer guaranteed payment and - usually - next day settlement, real-time bank transfers are also growing in popularity at a consumer level. Fuelled by wider access and use of online banking, and offering the combined benefits of bank-level security with card-level ease of payment, we expect real-time payments to make great gains in the next few years.

Key benefit: Customer money is present in their bank account at the time of purchase

Key weakness: Real-time bank transfers require hosting or redirection

Example schemes: Ideal, Giropay

Offline credit:
Where real-time transfers prosper, we expect offline credit to suffer. Highly popular with German shoppers, and with decent penetration in the Spanish and Italian markets, offline credit schemes store some payment details offline for processing at a later date. With younger consumers becoming ever more familiar with real-time transfers, we expect to see natural migration away from offline credit.

Key benefit: Transfer is confirmed before goods are shipped or processed, so no risk of chargeback

Key weakness: Because of their nature, it can take time before merchants receive the funds from an offline credit transfer. It also gives consumers more time in which to cancel a purchase, creating the potential for reduced order completion

Example schemes: Boleto Bancario, Acceptgiro

eWallets



Direct debits:	
Limited mainly to low-value or subscription based items, direct debits are not relevant to all. The added risk of chargebacks also make direct debits a less compelling AP proposition than others, though they remain popular amongst both consumers and merchants for regular, predictable payments such as subscriptions mentioned above. As such, we expect to see little change in this small, but established AP type.	
Key benefit:	Easy to use, and natural customer retention (over a defined period of time)
Key weakness:	Because direct debits tend to be scheduled - regardless of whether the customer has sufficient funds, they can carry a high risk of chargebacks. There is also an inevitable time lag
Example schemes:	Direct Debit, Direct Entry, FPX
Dominated as it is by some of the biggest names from the raft of AP schemes worldwide, we expect overall growth within eWallets to be led by established giants such as PayPal and Alipay - to the detriment of some of the smaller vendors. With the rise of generations raised using eWallets as the natural choice for online purchases, we still predict a period of sustained, aggressive growth. eWallets are currently, and will continue to be, the leading force in AP.	
Key benefit:	Customer money is present in their bank account at the time of purchase
Key weakness:	eWallets can carry a higher transaction fee. This method often relies on redirects
Example schemes:	PayPal, Alipay

Paper based



The paper based AP spectrum is a broad one. From cheques to postal orders and even cash on delivery, many different ways to pay are covered under this single umbrella.	
Just as eWallets are expected to gain traction as younger shoppers emerge, we expect paper based AP types to fall away as online methods become more popular. As a result, we believe that paper based payments will see the greatest market loss by 2015.	
Key benefit:	No chargeback risk
Key weakness:	Time lag, lower order completion and high costs
Example schemes:	Cheques, cash on delivery

Mobile



According to research house IDC, 472 million smartphones made their way to shop shelves during 2011 ¹ . Some estimates value the worldwide ‘App’ industry at some £12 billion ² by the end of 2012.	
While this consumer surge may be fuelling the purchase of digital content however, mobile payments currently possess the smallest overall share of the AP market and we do not expect that to change any time soon. Limited by comparatively high fees, as well as the risk that customers fail to pay for their purchase, premium mobile payments are mainly used for items with appropriately low margin costs, such as gaming or gambling.	
Key benefit:	Ease of use
Key weakness:	Because this method relies on customers paying their mobile bill, there’s a certain integral risk to this strand of AP. Merchant fees for using this kind of service can also be as high as 50%, so choice of partner is key
Example scheme:	Boku

NB: this relates to premium SMS and USSD based payments, not mobile wallets, direct mobile billing or mobile WAP. This means that consumers send a payment request via a Short Message Service (SMS) text message or by sending an Unstructured Supplementary Service Data (USSD) to a short code. A premium charge is then applied to their phone bill or their online wallet.

¹ IDC, Worldwide Smartphone 2011 - 2015 Forecast Update, www.idc.com/getdoc.jsp?containerId=230173

² Business Wire, http://www.businesswire.com/portal/site/home/permalink/?ndmViewId=news_view&newsId=20100316007140&newsLang=en

Fraud characteristics of AP

While fraud rates within alternative payments are typically low, they are not zero. Significant attacks on banks and eWallets alike have taken place in the last couple of years, with phishing and ‘pull’ scams used to drain accounts.

The diversity of alternative payments can make it difficult to provide overall characteristics, but fraud within AP is categorised mainly by the lack of cohesive standards - no chargeback monitoring program exists for example, and there are no security requirements as we see with standards such as the PCI-DSS.

This can make it complicated to manage fraud within AP, as different threats exist by payment type. With real time bank transfers for instance, shoppers can purchase an item and then immediately clear their account, allowing for authorisation but not settlement. Here, it is vital to dispatch goods only on settlement. Phishing can also impact on bank-based AP, with no ‘second factor authorisation’ leaving some financial institutions open to ‘key logger’ software.

Overall, the relative lack of data within AP (compared to card payments) makes it more difficult to identify, track and defend against fraud. As a result, working with an experienced AP partner can be vital to getting the right recommendations and consultancy to defend against fraud in a way that’s right for your business.

Any long-term AP partner needs to provide its customers with a thorough fraud management service, setting up defences and rules that are flexible enough to cope with different payment types and allow customised rules to be set by service type. This, the ability to set different fraud rules to be set by type of AP service and the provision of access to proprietary black lists should be top of mind when looking for a partner in the fight against AP fraud.

DRIVERS FOR GROWTH

We’ve looked at how we expect different AP types to grow - now let’s take a general look at why.

Several factors influence AP growth across different sectors and different geographies but first, let’s consider some of the factors that are stimulating AP growth generally.

Technology

Just as it did with eCommerce, technological innovation is fuelling AP. At a ‘push’ level, AP vendors continue to break new ground with technology, providing customers with faster, smarter and more efficient ways of paying for goods and services.

At a ‘pull’ level, new goods and services such as online games and virtual items demand new ways of paying. The recently announced partnership between Xsolla and ZipZap, for instance, will provide ‘tweens’ and teenagers with a way of purchasing virtual goods for online games without requiring access to a credit card.

A new generation of shoppers

In more established, card-based economies, lack of consumer awareness can hurt adoption of alternative payments. As Benjamin Ensor and Elena Giovannini state in Forrester’s report Which New Payment Systems Do Europeans Use?, “although there are many new payment systems in Europe... many Europeans don’t even know that alternative payment systems exist.”

However, consumer awareness of AP will continue to rise. As a younger generation of shoppers comes online, we believe that they will play a key role in adoption of alternatives. A 2009 Edgar Dunn & Company report demonstrated that younger (18-30 year old) consumers are most likely to be receptive to alternative payment methods’. Older shoppers (65+) are the least likely.

As new generations emerge, this trend will only continue.

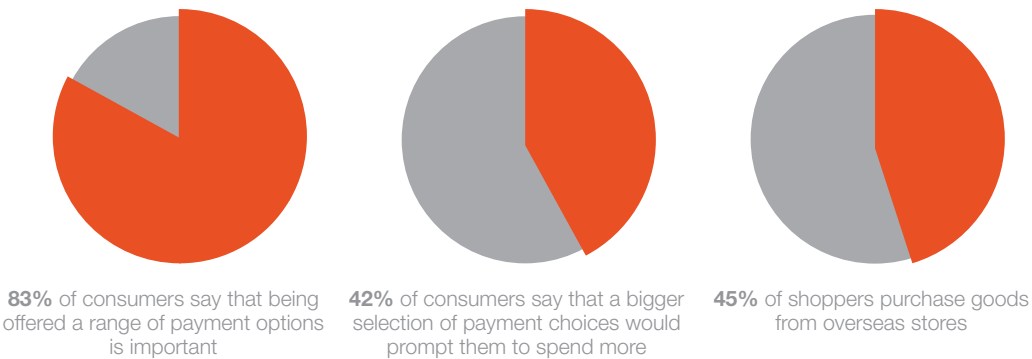
The profitability of choice

If consumer ‘awareness’ of AP is growing, driven by a younger generation of shoppers, then so too is demand.

In a separate WorldPay research project that explored the views of more than 19,000 online shoppers, 83 percent of consumers said that being given a range of ways to pay for goods and services was important. 42 percent said that a bigger selection of payment choices would help prompt them to spend more online.

Overall, 45 percent of shoppers now purchase from overseas stores.

This has major implications for merchants around the globe. With almost half of all online shoppers looking abroad for goods, helping them pay how they want is key to gaining their custom.



The stratospheric rise of developing online economies

Alternative payment schemes are already thriving in many developing economies. In China, Alipay accounts for billions in revenue alone, while in India real time bank transfers dominate the eCommerce landscape.

These nations are expected to soar economically in the next few decades. China’s online economy will swell by 2015, with a Compound Annual Growth Rate (CAGR) of 22%. So too will Brazil, growing at 18%. And India’s eCommerce market is set to explode, with an expected CAGR of more than 40%.

The high penetration of AP in these locations now provides strong reason to believe that alternatives in these nations will expand in tandem with their aggressive economic growth.

A digital future

Just as iTunes and other digital stores have revolutionised the way that we purchase music, the same is happening elsewhere within the content and entertainment worlds. Books, video games, television shows, movies and more can now all be purchased online.

As this trend takes hold and our mobile devices become ever more sophisticated it is logical to assume that AP types that are currently popular with buyers of digital content will only continue to gather pace. For more on digital content, see the ‘AP by vertical’ section of this report.

AP BY VERTICAL

Knowing which AP types and schemes are proving most popular at an industry level can be invaluable, allowing you to analyse, predict and react to the trends affecting and originating from your own customers.

Naturally, just as AP spending varies by geography, so too does the relative size of vertical sectors. In the US for instance, the majority of eCommerce spending takes place within the retail, travel, airlines and services sectors, with digital content, insurance and financial and government services fighting for the scraps. And in the UK, a significant amount of online spending goes on insurance and financial services.

Compare that picture to the rest of Europe however, and the picture is vastly different. While retail maintains a second place spot almost universally, the remainder of European eCommerce spending goes on travel and airlines, global retail, services and gaming and gambling.

Other than serving to illustrate that the online habits of various countries are fundamentally different, for our purposes, this comparison principally demonstrates that a combination of factors drive AP adoption: not just regional consumer preference, but the spread of certain industries and verticals, the AP schemes they offer, and the anticipated growth of these verticals.

In some cases, AP can simply be better ‘suited’ to a specific industry, in others adoption is being fuelled by industry expansion in a region in which AP is the norm. Here we look at some of the world’s biggest online verticals and where they stand in terms of AP penetration.

In which verticals is AP taking off?

	UK	Rest of Europe	US	Asia Pacific	Other emerging
Gaming & Gambling	13-19%	62-68%	N/A	N/A	N/A
Adult	13-19%	36-42%	27-33%	54-60%	78-84%
Video Games	13-19%	46-52%	27-33%	54-60%	77-83%
Digital Content	13-19%	37-43%	27-33%	32-38%	65-71%
Global retail	8-14%	35-41%	19-25%	33-39%	N/A
Telecom	9-15%	28-34%	15-21%	27-33%	48-54%
Ticketing & Entertainment	9-15%	32-38%	15-21%	27-33%	62-68%
Services	9-15%	43-49%	15-21%	27-33%	42-48%
Insurance & Financial	9-15%	23-29%	15-21%	27-33%	62-68%
Airlines	2-8%	27-33%	5-11%	19-25%	35-41%
Travel	2-8%	19-25%	5-11%	19-25%	35-41%
Retail regional \ local	4-10%	30-36%	12-18%	21-27%	31-37%
Gov., Education, & Utilities	9-15%	17-23%	12-18%	26-33%	N/A

NB: Due to the diverse and fragmented nature of the industries in question, it is not possible to provide 100 percent accurate figures around adoption rates. As a result, the data presented below contains a six percent margin of error



HIGH PENETRATION

Gaming and gambling

eWallets have carved a particular niche in the gambling industry. With online casinos allocated the - now controversial - 7995 Merchant Category Code (MCC), and some American Issuers choosing to block these transactions, the need for a genuinely ‘alternative’ way of paying became pressing for gamblers.

With Paypal also choosing not to support gaming transactions, at least initially, specialised eWallet providers including Skrill, Neteller, and ClickandBuy have capitalised on providing payment methods within gambling.

Adult

Two major factors drive the uptake of alternatives in the adult industry: an understandable demand for personal privacy, and the fact that some of the card schemes refuse to accept transactions made with adult sites and vendors. While card usage remains high in markets in which age verification is needed, elsewhere AP enjoys adoption rates as high as 84 percent in emerging markets.

Video games

In an industry so often associated with younger generations, the prevalence of AP is easy to understand. With many micro-transactions, game add-ons and more purchased by those too young to have access to a credit or debit card, alternatives represent an easy solution for funding their gaming habit. In total, we see more than 60 percent of virtual goods transactions made via AP.

Digital content

With much of today’s digital content delivered and paid for using mobile devices, AP is in many ways a natural fit. With transaction amounts being typically small and many customers familiar with direct purchasing via their mobile phone, AP is enjoying strong success alongside the mobile device revolution. Elsewhere, where content is delivered on a subscription basis, Direct Debits are a popular choice amongst many online shoppers.



MEDIUM PENETRATION

Global retail

As discussed earlier in this report, the dominance of eWallets such as Paypal in buoyant eCommerce economies translates into good AP penetration within global retail. P2P auction sites such as ebay have a particular positive impact on AP adoption in this vertical.

Telecoms, ticketing and entertainment, services

More than any others, these verticals are led primarily by AP adoption within specific geographies. As evidenced by the data, where AP is more widely used in a region or country, so too does it enjoy greater penetration within these sectors. In areas where card usage is heavier, AP adoption rates drop away.

Additionally, because many shoppers make repeat purchases with the same vendor within these sectors, there is a smaller degree of variability when it comes to payment choice - i.e., once a consumer has used AP once with a telecoms provider, they will continue to do so.

LOW PENETRATION

Airlines and travel

With transactions in these industries tending to be high value ones, card payments still dominate in locations like the UK and US. Nonetheless, in markets in which AP types like bank transfers are more common, alternatives do enjoy sizable penetration within airlines and travel, a trend we expect to grow as large AP schemes such as a Paypal expand their offering to include a range of global airlines.

Local and regional retail, government, education and utilities

As is the case with telecoms, ticketing and entertainment and services in the medium penetration bracket, AP usage in these verticals tends to echo the pattern of adoption within the specific geographic market. Where customers are more familiar with paying using alternatives, it becomes a natural choice within local retail.



AP GROWTH BY VERTICAL

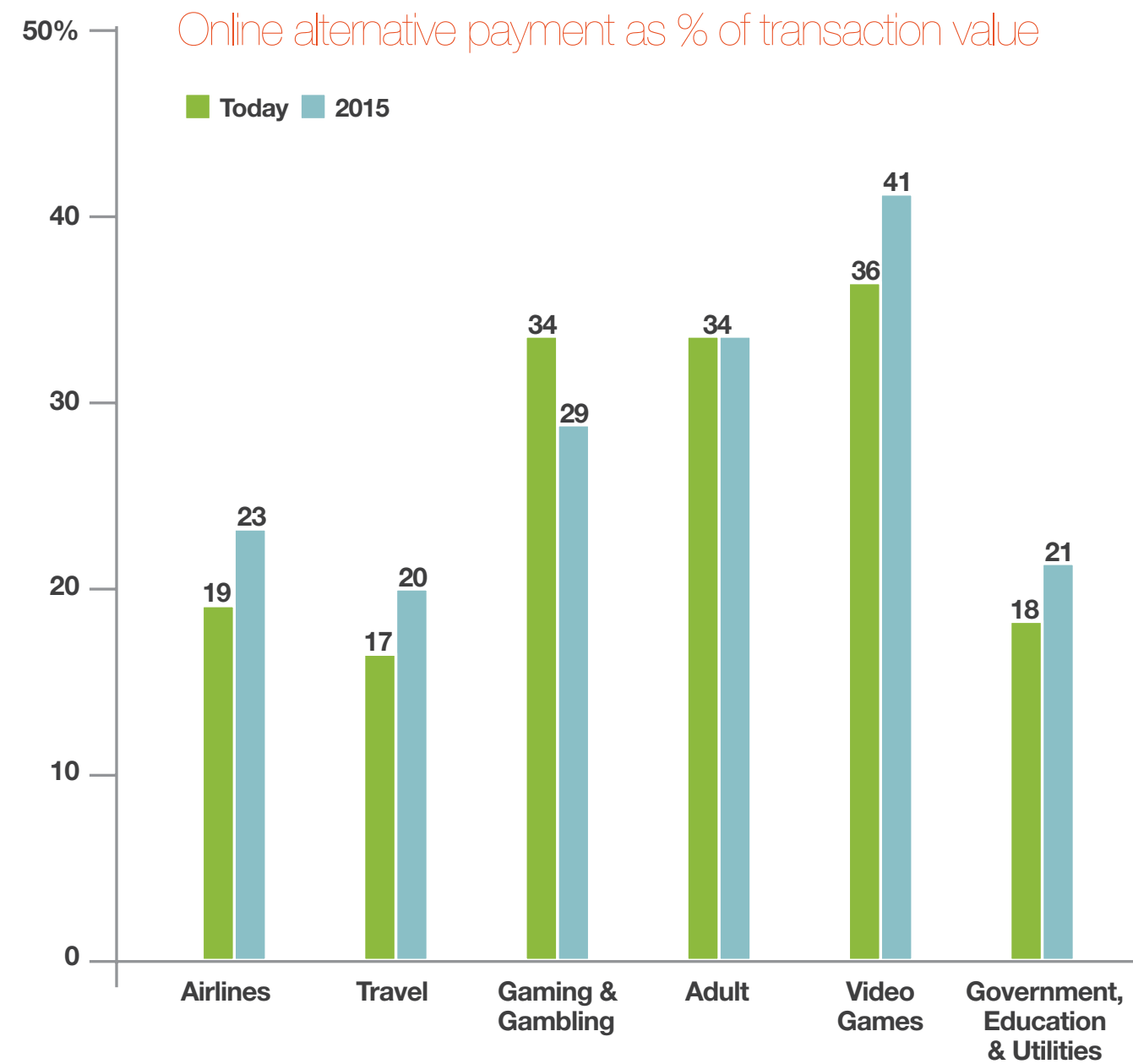
As evidenced by the chart overleaf, our research leads us to believe that alternatives will enjoy near-unanimous growth across sectors and we foresee a widespread increase in the percentage volume of online payments made via AP by 2015. Only the gaming and gambling industry, subject as it is to increasingly strict regulation, and the adult sector, in which we expect age verifications via cards to remain in place, will buck that trend.

Managing additional complexity

As we can see from the data on the next page, the complexities of managing AP by vertical can be challenging. Lessons learned in one arena or geography don't necessarily transfer, and AP needs to be implemented in a structured, methodical way.

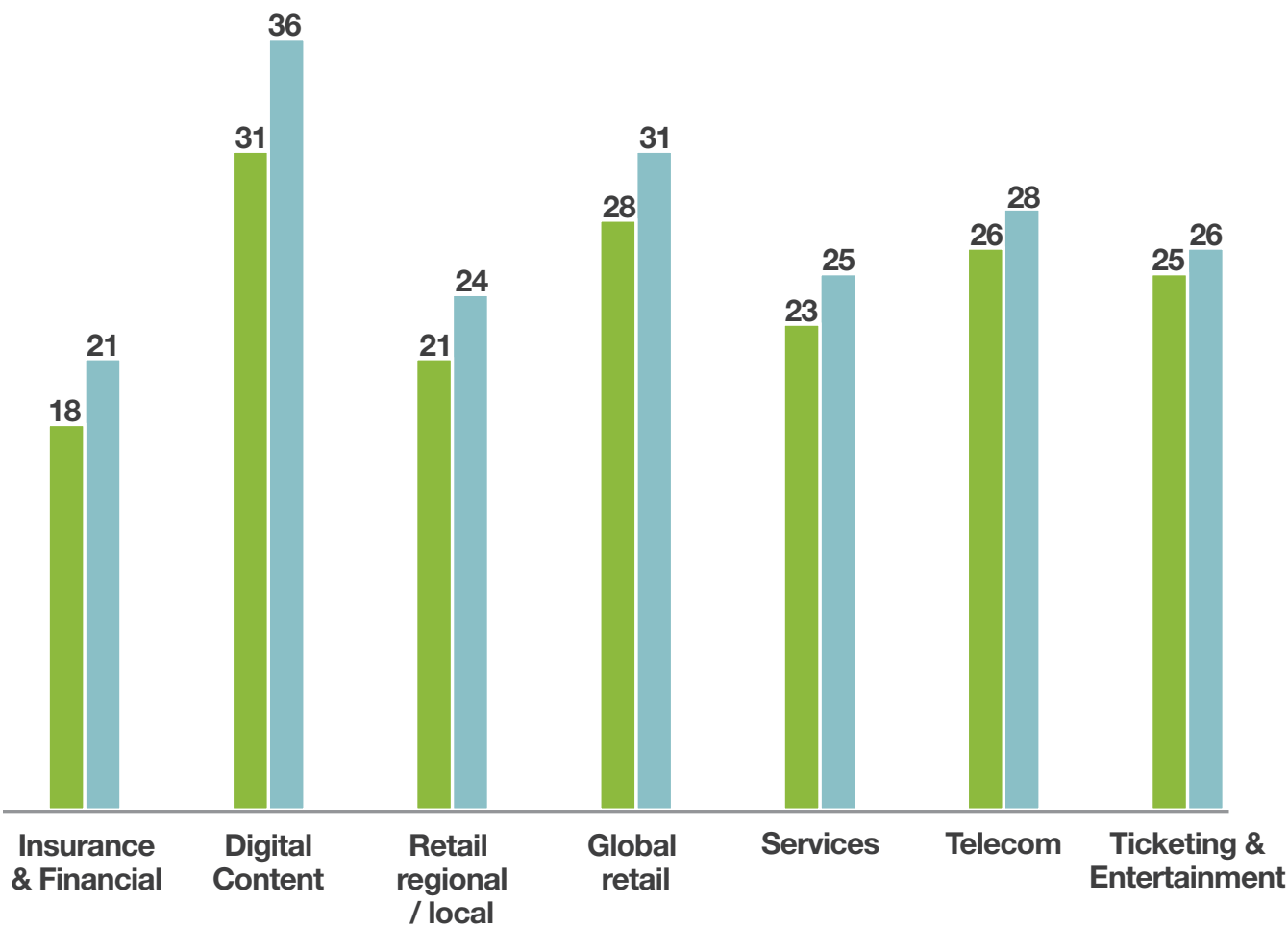
Managing customer expectations is also key, and ensuring that you are able to deliver the same quality of service no matter which scheme or AP type you choose to use can be integral to ongoing success.

With that in mind, it's worth highlighting that many AP schemes make no allowance for customer refunds. Even big, well-subscribed schemes like iDEAL and Boleto Bancario have no dedicated refunds process, and so working in partnership with a payments processor that can deliver on that fundamental service offering can be essential to maintaining good customer relations - especially when those customers may be located further afield than normal.



Airline / Travel
Growth with overall increase in alternative penetration in underlying markets as use of PayPal increases and further alternative payment options are added.

Gaming / Gambling
Lower penetration in markets where gambling will be regulated, as share of alternatives is replaced by card payments (assumes Germany, France and Spain to be regulated)



Adult
Assumed to stay flat as some markets require card payment for age verification and few further alternative payment options are expected to be added.

Others
Growth from low base in line with overall increase in alternative penetration in underlying markets as further alternative payment options are added.



AP ACROSS THE GLOBE

AP penetration across the globe varies hugely. In Germany for instance, alternatives are by far and away the leading choice for eCommerce payments, founded on a market in which direct debits are frequently used for online purchasing. Just a short hop across the Atlantic however, and AP makes up just 17 percent of overall eCommerce in the US, debit and credit cards being the favoured purchasing choices.

Understanding why these differences exist and what they mean is vital for merchants who already operate in those territories, or are considering doing so in the future. As a result, this chapter looks specifically at the prevalence of AP types, specific schemes and specific considerations in some of the most economically important global markets.

Country Profiles

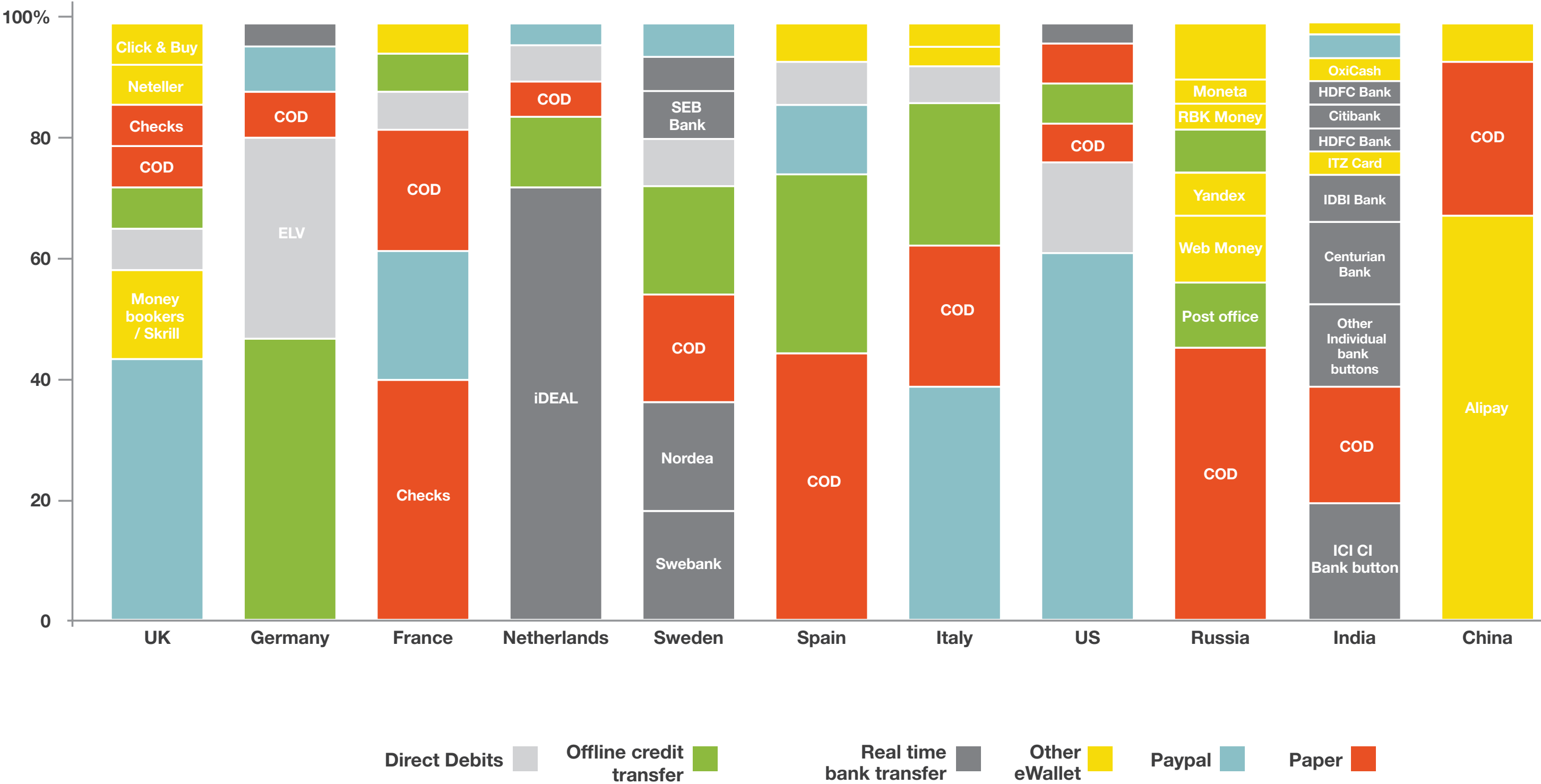
Over the next few pages we take a look at how shoppers from countries around the world view alternative payments, particularly in the context of economic standing within that market.

As well as issues such as AP penetration within these global markets, we investigate how their online economies are faring, and their overall status - whether as front runners, domestic-oriented, international-oriented or emerging markets*.

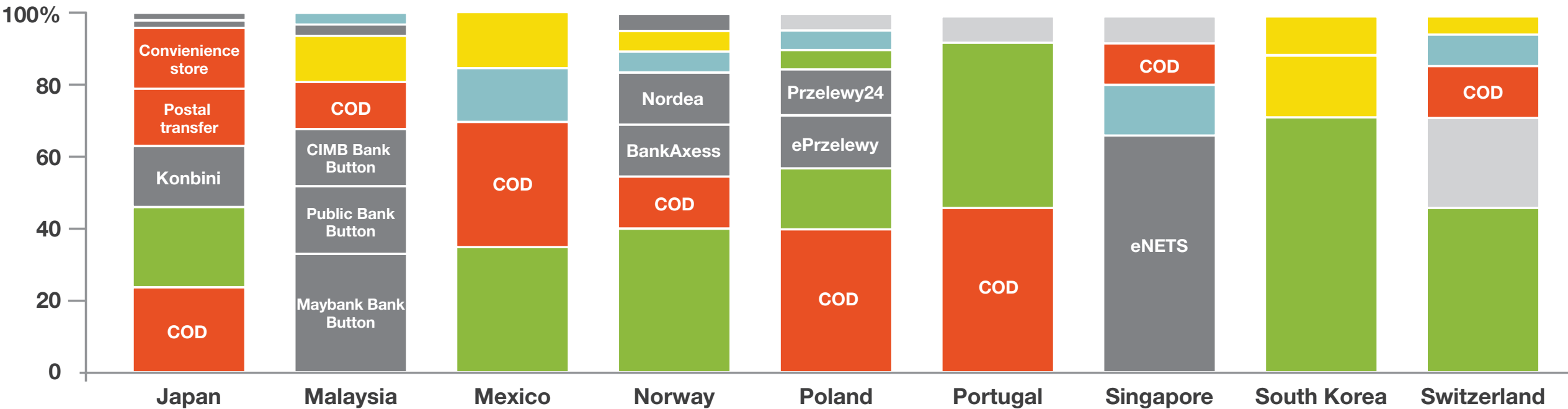
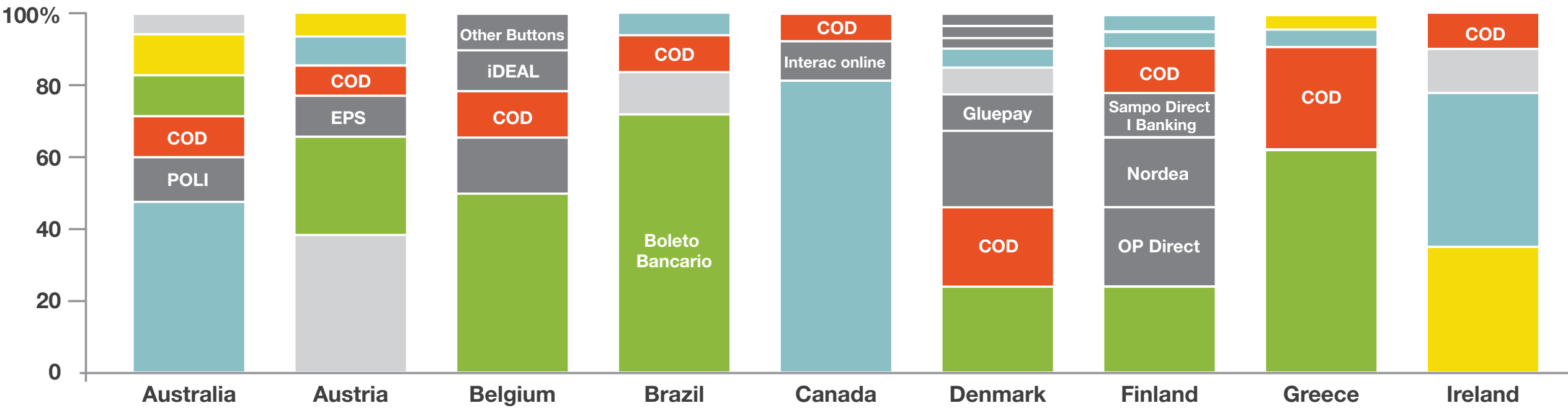
On pages 30 to 33 are charts detailing uptake of specific AP schemes within these global markets. From page 34 onwards we profile specific global markets in detail.

*Front runners have relatively high rates of both domestic and cross-border consumer purchases. International-oriented countries have lower than average rates of domestic purchasing but higher than average rates of cross-border purchases. Domestic-oriented are the reverse. Emerging markets have lower than average rates of both domestic and cross-border purchasing. (source: InnoPAY 2010)

Market share of AP schemes by country (major markets)



Market share of AP schemes by country (smaller markets)





Australia

MARKET SUMMARY

Australia has good internet access, with over 72% of households with Internet access. Around 69% of Australians with Internet access at home went online shopping in the last half of 2009 (source: Australian Bureau of Statistics).

CURRENCY:

Australian Dollar (AUD)

ECOMMERCE PENETRATION:

6.1 million internet users

PREFERRED PAYMENT METHODS:

Credit card, PayPal, Bank Transfer

LOCAL PAYMENT METHODS:

Cash on delivery, POLi, BPAY

ECOMMERCE PROFILE:

Domestic-oriented

POPULAR ONLINE PURCHASES:

Travel goods and services, entertainment tickets, household goods, books, clothing, music, computer software, e-government services



Austria

MARKET SUMMARY

Austria has good internet penetration, with over 70% of households and 98% of businesses having Internet access. 49% of online users recently purchased goods or services over the Internet (source: Eurostat). ELV as well as multibank payment method EPS (the Austrian multi-bank online banking based payment solution) represents more than a third of all online payments. MasterCard and Visa credit cards represent another third. The remaining third is comprised of many smaller payment services such as Paybox (source:InnoPAY 2010). Mobile payments are a popular payment method, with Paybox supporting over 5 million users.

CURRENCY:

Euro (EUR)

ECOMMERCE PENETRATION:

4% of business turnover

ONLINE BANKING:

23.4% use online banking

PREFERRED PAYMENT METHODS:

ELV, Multi-bank, Mastercard, Visa

LOCAL PAYMENT METHODS:

ELBA-Payment Raiffeisen Bankengruppe, Netpay Erstebank, POP Bank Austria Creditanstalt, Banküberweisung, Paybox, cash on delivery, Direct Debit, real time bank transfer

ECOMMERCE PROFILE:

International-oriented

ECOMMERCE GROWTH RATE:

8%

POPULAR ONLINE PURCHASES:

Books, music, video/DVD/games, clothing, electronic equipment, computer software, travel & hotel, events



Belgium

MARKET SUMMARY

Belgium has good internet penetration, with over 73% of households and 97% of businesses having Internet access. 49% of online users recently purchased goods or services over the Internet (source: Eurostat). Belgium consumers primarily use cards and online bank payment methods to pay online. The introduction of Maestro online debit card payments in 2009 has impacted on the way Belgians pay online. (source: InnoPAY 2010). Acceptgiro is a payment method used in European countries such as Belgium, Netherlands and Germany whereby merchants send customers a ready-prepared cheque to sign.

CURRENCY:
Euro (EUR)

ECOMMERCE PENETRATION:
3.4% of business turnover

ONLINE BANKING:
36.7% use online banking

PREFERRED PAYMENT METHODS:
MasterCard, Visa, Bank Transfer, PayPal

LOCAL PAYMENT METHODS:
AcceptGiro, Bank Transfer, Cash on Delivery, Bancontact Mister Cash, Neosurf prepaid card

ECOMMERCE PROFILE:
International-oriented

ECOMMERCE GROWTH RATE:
8%

POPULAR ONLINE PURCHASES:
Clothing, music, video/DVD/games, books, electronic equipment, computer software, travel & hotel, events



Canada

MARKET SUMMARY

Canada has excellent internet penetration, with 77% of households having Internet access. Canadians used the Internet in 2009 to place orders for goods and services valued at \$15.1 billion, up from \$12.8 billion in 2007. The increase resulted from more online shoppers and a higher volume of orders. In 2009, about 39% of Canadians aged 16 and over used the Internet to place more than 95 million orders (source: Statistics Canada). Credit cards and PayPal are the most popular payment methods (source: Nielson Survey 2007).

CURRENCY:
Canadian Dollar (CAD)

ECOMMERCE PENETRATION:
39% purchased online in 2009

PREFERRED PAYMENT METHODS:
Credit card, cheques, MOTO, cash on delivery

LOCAL PAYMENT METHODS:
Multi-bank (Interac online), cash on delivery, Real time bank transfer, Cash voucher, Instadebit

ECOMMERCE PROFILE:
Front Runner

ECOMMERCE GROWTH RATE:
10%

POPULAR ONLINE PURCHASES:
Travel services; entertainment products such as concert tickets; books and magazines; clothing, computer software, jewellery and accessories.

Country focus



China

CURRENCY:
Chinese Yuan (CNY)

PREFERRED PAYMENT METHODS:
eWallets, Credit cards, Debit cards

LOCAL PAYMENT METHODS:
Alipay, China UnionPay, Tenpay, 99 Bill, YeePAY

ECOMMERCE PROFILE:
Front Runner

ECOMMERCE GROWTH RATE:
58%

POPULAR ONLINE PURCHASES:
Jewellery, photography, food, toys, iTunes, consumer electronics

China represents one of the world’s most fiercely expansive online economies. Data shared by the Boston Consulting Group in late 2011 shows that while less than 10 percent of the nation’s urbanites bought goods online in 2006, that figure was 23 percent by 2010. The expectation is that by 2015, 44 percent of China’s urban population will be buying online.

In this fast growing market, AP enjoys a healthy presence. Our data shows that 37 percent of China’s online spend is made using alternatives, equating to some €20 billion in revenues.

In many respects, China ‘acts’ in the same way as the US when it comes to alternatives. This fast growing market is dominated by a single eWallet solution - the ubiquitous and widely accepted Alipay enjoys more than 60 percent of market share - with a few other eWallets and Cash on Delivery (around 20 percent) completing the picture.

Whether the Chinese AP market will continue to look this way in the face of major growth in the next few years is up for debate - but all the indications are that alternatives will continue to make up a sizable chunk of eCommerce spending.

- Merchant recommendations:*
- Ensure that you offer Alipay as standard when considering any expansion out towards a Chinese audience. Other important payment options include Tenpay, 99 Bill and YeePAY
 - Also, the growing China UnionPay will be hugely significant in China and AsiaPac in the next 6 to 12 months



Czech Republic

MARKET SUMMARY

The Czech Republic has moderate internet penetration, with 60% of households and 96% of businesses having Internet access. 15% of online users recently purchased goods or services over the Internet (source: Eurostat). Czech consumers, like others in Central and Eastern Europe, in great majority pay by cash-on-delivery followed by bank transfers and credit cards. E-wallets and pre-paid cards are also used. 70% to 80% of online purchases take place via mail order (source: InnoPay 2010).

CURRENCY:
Czech Koruna (CZK)

ECOMMERCE PENETRATION:
15% purchased online in last 3 months

PREFERRED PAYMENT METHODS:
Cash on delivery, bank transfer, Mail order

LOCAL PAYMENT METHODS:
Cash on Delivery, Bank Transfer, eKonto

ECOMMERCE PROFILE:
Domestic-oriented

POPULAR ONLINE PURCHASES:
Electronic equipment, clothing, cosmetics, computer hardware, books, music, video/DVD/games, sporting goods



Denmark

MARKET SUMMARY

Denmark has excellent internet penetration, with over 86% of households and 98% of businesses having Internet access. 54% of online users purchased goods or services over the Internet (source: Eurostat). Credit and debit cards are used for the vast majority of online payments in Denmark (89%). Most of these are via the Danish national debit card Dankort that can be used both offline at points of sale as well as online. Other payment methods used in Denmark are online bank payment methods (7%), invoice (2%) or cash-on-delivery (1%). (source: InnoPAY 2010)

CURRENCY:
Danish Krone (DKK)

ECOMMERCE PENETRATION:
54% purchased online in last 3 months

ONLINE BANKING:
23.4% use online banking

PREFERRED PAYMENT METHODS:
MasterCard, Visa, Dankort

LOCAL PAYMENT METHODS:
Online Banking, Invoice, Cash on Delivery, Dankort, ewire, Glue pay

ECOMMERCE PROFILE:
Front Runner

ECOMMERCE GROWTH RATE:
8%

POPULAR ONLINE PURCHASES:
Books, music, video/DVD/games, clothing, electronic equipment, computer software, travel & hotel



Estonia

MARKET SUMMARY

Estonia has moderate internet penetration, with 68% of households and 95% of businesses having Internet access. 13% of online users recently purchased goods or services over the Internet (source: Eurostat). Online bank transfers are mostly used for paying online in Estonia. Credit cards are rarely used. Estonia is an emerging market with expected strong growth in domestic e-commerce (source: innoPAY 2010).

CURRENCY:
Euro (EUR)

ECOMMERCE PENETRATION:
13% purchased online in last 3 months

PREFERRED PAYMENT METHODS:
Bank transfer, Cash on delivery

LOCAL PAYMENT METHODS:
Bank transfer, Cash on delivery, Swedbank, Glue pay

ECOMMERCE PROFILE:
Emerging Market



France

MARKET SUMMARY

France has good internet penetration, with over 74% of households and 97% of businesses having Internet access. 42% of online users recently purchased goods or services over the Internet (source: Eurostat). Credit cards are the dominant online payment method. PayPal (8 million users) ranks second in the top of the most popular on-line payment systems in France. To a much lesser extent cash-on-delivery and alternative payment methods are also used. (source: InnoPAY 2010). Local payment methods and PayPal are preferred payment methods in France, as they are far less likely to be declined by local banks.

CURRENCY:
Euro (EUR)

ECOMMERCE PENETRATION:
42% purchased online in last 3 months

ONLINE BANKING:
49.9% use online banking

PREFERRED PAYMENT METHODS:
Visa, PayPal

LOCAL PAYMENT METHODS:
Cash on Delivery, Cheque, Carte Bancaires, Sofort, Neosurf, Ticket Premium

ECOMMERCE PROFILE:
Front Runner

ECOMMERCE GROWTH RATE:
8%

POPULAR ONLINE PURCHASES:
Clothing, books, music, video/DVD/games, cosmetics, electronic equipment, computer hardware, travel & hotel

Country focus



Germany

- CURRENCY:**
Euro (EUR)
- POPULATION:**
81.8 million
- ECOMMERCE PENETRATION:**
48% purchased online in last 3 months
3.3% of business turnover
- ONLINE BANKING:**
38.6% use online banking
- PREFERRED PAYMENT METHODS:**
ELV, Bank Transfer, MasterCard, Visa
- LOCAL PAYMENT METHODS:**
ELV, Bank Transfer, GiroPay, Sofort
- ECOMMERCE PROFILE:**
Domestic-oriented
- ECOMMERCE GROWTH RATE:**
8%
- POPULAR ONLINE PURCHASES:**
Books, music, video/DVD/games, clothing, electronic equipment, computer hardware/software, travel & hotel computer software, travel & hotel

We’ve made mention of Germany a couple of times already in this report, and for good reason. In terms of global AP ‘behaviours’, Germany looks and acts like no other country. It is (backed closely by the Netherlands) the global leader in AP adoption with alternatives taking home 66 percent of a total eCommerce value of €45 billion.

The lion’s share of this transaction volume lies within bank managed offline credit transfers, indicative of a market in which online credit card penetration is relatively low, and the popular Girocard debit card was not designed with online use in mind. Paypal and other eWallets account for less than 10 percent of AP transaction, as do paper based payments and real-time bank transfers.

Closely matching offline credit for market share in Germany is a form of direct debit payment, the Elektronisches Lastschrift Verfahren (ELV). More commonly known as Lastschrift or Bankeinzug, ELV is a direct debit native to Germany, but makes up some 28 percent of its AP market.

Merchant recommendations:

- Ensure that offline credit and ELV / direct debit transactions are your standard trading measures
- Consider supporting these with both Cash on Delivery and Paypal. Although accounting for only 10 percent of the market, they outweigh card spending of any kind online



Greece

- MARKET SUMMARY**
Greece has moderate internet penetration, with 46% of households and 92% of businesses having Internet access. Only 9% of online users recently purchased goods or services over the Internet (source: Eurostat). Credit card, PayPal, debit cards and Cash on Delivery are popular payment methods in Greece. (source: innoPAY 2010).
- CURRENCY:**
Euro (EUR)
 - ECOMMERCE PENETRATION:**
9% purchased online in last 3 months
 - ONLINE BANKING:**
Data not available
 - PREFERRED PAYMENT METHODS:**
Credit card, PayPal, debit cards and Cash on Delivery
 - LOCAL PAYMENT METHODS:**
Cash on Delivery
 - ECOMMERCE PROFILE:**
Emerging Market
 - ECOMMERCE GROWTH RATE:**
Data not available
 - POPULAR ONLINE PURCHASES:**
Computer hardware/software, travel & hotel, books, music, video/DVD/games, clothing, electronic equipment



Hungary

- MARKET SUMMARY**
Hungary has moderate internet penetration, with 60% of households and 88% of businesses having Internet access. 10% of online users recently purchased goods or services over the Internet (source: Eurostat). Cash-on-delivery is most often used to pay online followed by bank transfers and credit cards. E-wallets and pre-paid cards are used to a lesser extent (source: InnoPay 2010). Money transfer and cash by buyer are also popular (source: Nielson Survey 2007).
- CURRENCY:**
Hungarian Forint (HUF)
 - ECOMMERCE PENETRATION:**
10% purchased online in last 3 months
 - ONLINE BANKING:**
No data available
 - PREFERRED PAYMENT METHODS:**
Cash on delivery, bank transfer, credit card
 - LOCAL PAYMENT METHODS:**
Cash on delivery, bank transfer, money transfer, cash, Abaqoos
 - ECOMMERCE PROFILE:**
Emerging Market
 - ECOMMERCE GROWTH RATE:**
No data available
 - POPULAR ONLINE PURCHASES:**
Books, video/DVD/games, electronic equipment, clothing, computer hardware, hotel



Ireland

MARKET SUMMARY

Ireland has good internet penetration, with over 72% of households and 95% of businesses having Internet access. 28% of online users recently purchased goods or services over the Internet (source: Eurostat). Debit and credit cards are used to pay online. Laser is a popular card-based payment method in Ireland, with nearly 3 million cards in circulation. Maestro and Visa Electron are also used (source: innoPAY 2010).

CURRENCY:
Euro (EUR)

ECOMMERCE PENETRATION:
28% purchased online in last 3 months

ONLINE BANKING:
28.4% use online banking

PREFERRED PAYMENT METHODS:
MasterCard, Visa, Laser, Maestro

LOCAL PAYMENT METHODS:
Laser

ECOMMERCE PROFILE:
International-oriented

ECOMMERCE GROWTH RATE:
8%

POPULAR ONLINE PURCHASES:
Travel & hotel, books, music, events, video/DVD/games, clothing, electronic equipment, computer software

(source: innoPAY 2010).



Italy

MARKET SUMMARY

Italy has moderate internet penetration, with 59% of households and 95% of businesses having Internet access. Italy is the fourth largest e-commerce market in Europe, and one of the fastest growing e-commerce markets in Western Europe; but in spite of high online penetration, only 25% of online Italians regularly purchase goods. Italian buyers are likely to use a mix of payments when purchasing online, with credit cards, PayPal, COD (Cash on Delivery), and gift and prepaid cards all having nearly equal shares of online retail payments in Italy.

CURRENCY:
Euro (EUR)

MARKET SIZE:
60.3 million

ECOMMERCE PENETRATION:
9 purchased online in last 3 months

ONLINE BANKING:
26.9% use online banking

PREFERRED PAYMENT METHODS:
Credit cards, PayPal, Cash on Delivery

LOCAL PAYMENT METHODS:
Cash on Delivery, CartaSi, Neosurf

ECOMMERCE PROFILE:
Emerging Market

ECOMMERCE GROWTH RATE:
8%

POPULAR ONLINE PURCHASES:
Clothing, travel & hotel, books, video/DVD/games, music, electronic equipment, computer hardware, events, sporting goods



Japan

MARKET SUMMARY

Japan has good internet access, with over 75% of the population with Internet access. Japan is the third largest e-commerce market in the world and the largest in the Asia-Pacific region and is growing faster than the US market (source: Glenbrooke Ecommerce Market Analysis, 2007). Credit card is the most popular payment method, followed by Cash on Delivery and bank Transfer. JCB the only international credit card brand based in Asia and accepted in 190 countries. Originating in Japan, JCB currently has 64.21 million card members and 16.41 million merchants.

CURRENCY:
Japanese Yen (JPY)

ECOMMERCE PENETRATION:
99.18 million internet users /75.3%

PREFERRED PAYMENT METHODS:
Credit card, bank transfer, cash on delivery

LOCAL PAYMENT METHODS:
JCB, bank transfer, cash on delivery

ECOMMERCE PROFILE:
International-oriented

ECOMMERCE GROWTH RATE:
22%

POPULAR ONLINE PURCHASES:
Groceries, books, video/DVD/games, clothing, cosmetics, travel & hotel



Luxembourg

MARKET SUMMARY

Luxembourg has excellent internet penetration, with 90% of households and 97% of businesses having Internet access. 47% of online users recently purchased goods or services over the Internet (source: Eurostat). Cross-border purchases in Luxembourg reached 38% in 2009.

CURRENCY:
Euro (EUR)

MARKET SIZE:
0.5 million

ECOMMERCE PENETRATION:
47% purchased online in last 3 months

ECOMMERCE PROFILE:
International-oriented

Country focus



Netherlands

- CURRENCY:**
Euro (EUR)
- POPULATION:**
8.37 million
- ECOMMERCE PENETRATION:**
52% purchased online in last 3 months
- ONLINE BANKING:**
52.9% use online banking
- PREFERRED PAYMENT METHODS:**
iDEAL, Bank Transfer, credit card, PayPal
- LOCAL PAYMENT METHODS:**
iDEAL, AcceptGiro, Incasso/Machtigen
- ECOMMERCE PROFILE:**
Front Runner
- ECOMMERCE GROWTH RATE:**
8%
- POPULAR ONLINE PURCHASES:**
Books, music, video/DVD/games, clothing, electronic equipment, computer software, travel & hotel

In some respects, the Netherlands is the opposite of the UK in terms of why it makes for a good AP focal point. Although the eCommerce market there is underdeveloped in terms of overall value (contributing ‘just’ €7 billion to the global total), it is a market that is heavily dominated by AP with two thirds of payments made using alternatives (a neat 66 percent).

Of that 66 percent, the vast majority of spend is made using iDEAL, a native real-time bank payment method launched in 2005. Research conducted independently for iDEAL in 2010 showed that some 89 percent of Dutch shoppers were aware of the service , and this is reflected by our own data, which suggests that more than 70 percent of all AP transaction were made using the service during that year.

Offline credit transfers, cash on delivery and direct debits are the most popular secondary choices for AP in the Netherlands, with Paypal and other eWallets failing to grab the market as they do so cleanly elsewhere.

Merchant recommendations:

- iDEAL needs to be front of mind for any merchant targeting Netherlands shoppers. A serious percentage of the eCommerce market will remain out of reach without it
- While iDEAL can be expected to cater to the majority of your shoppers, gaps can be filled by allowing for those who prefer cash on delivery and offline credit transfers



Norway

- MARKET SUMMARY**
Norway has excellent internet penetration, with 90% of households and 98% of businesses having Internet access. 53% of online users recently purchased goods or services over the Internet (source: Eurostat). Cards are the most common way to pay online (61%). Online bank transfers (18%) such as through the multibank service as well as in-voices (12%) are also used to pay online. Cash-on-delivery (5%) and e-wallets (4%) are much less popular. (source: innoPAY 2010)
- CURRENCY:**
Euro (EUR)
- MARKET SIZE:**
4.86 million
- ECOMMERCE PENETRATION:**
53% purchased online in last 3 months
- ONLINE BANKING:**
34.4% use online banking
- PREFERRED PAYMENT METHODS:**
ELV, Multi-bank, MasterCard, Visa
- LOCAL PAYMENT METHODS:**
ELV, Paybox, EPS (multi-bank), ewire
- ECOMMERCE PROFILE:**
Front Runner
- ECOMMERCE GROWTH RATE:**
8%
- POPULAR ONLINE PURCHASES:**
Books, music, video/DVD/games, clothing, electronic equipment, computer software, travel & hotel



Poland

- MARKET SUMMARY**
Poland has moderate internet penetration, with 63% of households and 91% of businesses having Internet access. 20% of online users recently purchased goods or services over the Internet (source: Eurostat). The most popular methods of payment are cash- or card on-delivery and by bank transfers. Bank transfers are often standard credit transfers, sometimes initiated offline, but can also be conducted through one of the many mono-bank online bank payment methods. Credit cards, e-wallets and pre-paid cards are used as well but to a lesser extent. (source: InnoPay 2010)
- CURRENCY:**
Polish Zloty (PLN)
- ECOMMERCE PENETRATION:**
20% purchased online in last 3 months
- ONLINE BANKING:**
23.4% use online banking
- PREFERRED PAYMENT METHODS:**
Bank transfer, cash on delivery, credit cards
- LOCAL PAYMENT METHODS:**
Bank transfer, cash on delivery, money transfer, Przelewy24
- ECOMMERCE PROFILE:**
Emerging Market
- ECOMMERCE GROWTH RATE:**
61%
- POPULAR ONLINE PURCHASES:**
Books, clothing, electronic equipment, computer hardware, music, cosmetics, automobile parts



Portugal

MARKET SUMMARY

Portugal has moderate internet penetration, with over 54% of households and 95% of businesses having Internet access. 10% of online users recently purchased goods or services over the Internet (source: Eurostat). Credit card is the preferred payment method, followed by Bank transfer, cash on delivery, PayPal and debit card. (source: Nielson Consumer Confidence Survey)

- CURRENCY:**
Euro (EUR)
- MARKET SIZE:**
10.6 million
- ECOMMERCE PENETRATION:**
10% purchased online in last 3 months
- ONLINE BANKING:**
17.2% use online banking
- PREFERRED PAYMENT METHODS:**
Credit card, cash on delivery, bank transfer
- LOCAL PAYMENT METHODS:**
Cash on delivery, bank transfer, debit card, Multibanco
- ECOMMERCE PROFILE:**
Emerging Market
- ECOMMERCE GROWTH RATE:**
8%
- POPULAR ONLINE PURCHASES:**
Books, electronic equipment, clothing, computer hardware/software, travel & hotel, events



Singapore

MARKET SUMMARY

Singapore has good internet access, with over 3.23 million internet users. Credit card is the most popular payment method, followed by debit card, cash on delivery and bank transfer. eNETS is Singapore's largest online payment gateway, with a footprint extending across the Asia-Pacific. Currently, all users of DBS/POSB, UOB or Citibank Internet Banking can pay for goods and services via eNETS' Direct Debit service. This translates to coverage of more than 90% of all Internet Banking users in Singapore.

- CURRENCY:**
Singapore Dollar (SGD)
- ECOMMERCE PENETRATION:**
3.23 million internet users
- PREFERRED PAYMENT METHODS:**
Credit card, debit card, bank transfer, cash on delivery
- LOCAL PAYMENT METHODS:**
eNETS
- ECOMMERCE PROFILE:**
International-oriented
- ECOMMERCE GROWTH RATE:**
8%
- POPULAR ONLINE PURCHASES:**
Travel & hotel, events, clothing, books, video/DVD/games, computer software



Spain

MARKET SUMMARY

Spain has moderate internet penetration, with over 59% of households and 96% of businesses having Internet access. 17% of online users recently purchased goods or services over the Internet (source: Eurostat). 62% of Spanish online buyers use credit cards when paying online, the highest penetration in Western Europe. Direct debit, cash on delivery and PayPal are also used.

- CURRENCY:**
Euro (EUR)
- ECOMMERCE PENETRATION:**
17% purchased online in last 3 months
- ONLINE BANKING:**
35.2% use online banking
- PREFERRED PAYMENT METHODS:**
Credit card, PayPal, debit card, cash on delivery
- LOCAL PAYMENT METHODS:**
Cash on delivery, Direct debit, bank transfer, Domiciliacion Bancaria, Sofort, Neosurf, la Caixa, Teleingreso
- ECOMMERCE PROFILE:**
International-oriented
- ECOMMERCE GROWTH RATE:**
8%
- POPULAR ONLINE PURCHASES:**
Travel & hotel, events, clothing, electronic equipment, books, music, video/DVD, computer software



Sweden

MARKET SUMMARY

Sweden has good internet penetration, with over 88% of households and 95% of businesses having Internet access. 50% of online users recently purchased goods or services over the Internet (source: Eurostat). Cards (35%), online bank transfers (30%) and invoices (28%) have a roughly equal share of the online payments market and together represent over 90% of the online payments market. Cards used in Sweden are the international card brands. Online bank payments are offered by individual banks such as Nordea, Handelsbanken, SEB and Swedbank. Cash-on-delivery (3%) and e-wallets (3%) are also used.

- CURRENCY:**
Sweden Kronar (SEK)
- ECOMMERCE PENETRATION:**
50% purchased online in last 3 months
- ONLINE BANKING:**
48.4% use online banking
- PREFERRED PAYMENT METHODS:**
Cards, Bank Transfer, Invoices
- LOCAL PAYMENT METHODS:**
Nordea, SwedBank, Cash on delivery, ewire, Glue pay
- ECOMMERCE PROFILE:**
Front Runner
- ECOMMERCE GROWTH RATE:**
8%
- POPULAR ONLINE PURCHASES:**
Books, music, video/DVD/games, clothing, electronic equipment, computer software, travel & hotel



Switzerland

MARKET SUMMARY

Switzerland has good internet penetration, with over 70% of households and 98% of businesses having Internet access. 49% of online users recently purchased goods or services over the Internet.

Credit cards are the most popular payment method, followed by Bank and postal transfer, PayPal and Cash on delivery (source: Nielson Online survey). More than two million private customers use postal accounts and the PostFinance Card. Shoppers can make payments and withdraw cash worldwide in CHF or request an EUR card to withdraw in EUR without exchange losses.

CURRENCY:
Swiss Franc (CHF)

ECOMMERCE PENETRATION:
No data available

ONLINE BANKING:
15.9% use online banking

PREFERRED PAYMENT METHODS:
Credit cards, bank transfer, postal transfer, cash on delivery, PayPal

LOCAL PAYMENT METHODS:
e-banking(PostFinance), Cash on delivery

ECOMMERCE PROFILE:
International-oriented

ECOMMERCE GROWTH RATE:
Unknown

POPULAR ONLINE PURCHASES:
Books, music, video/DVD/games, clothing, electronic equipment, computer software, travel & hotel

Country focus



The United Kingdom

CURRENCY:
British Pound (GBP)

POPULATION:
62 million

ECOMMERCE PENETRATION:
60% purchased online in last 3 months
7% of business turnover

ONLINE BANKING:
46.1% use online banking

PREFERRED PAYMENT METHODS:
Credit card, debit card, PayPal

LOCAL PAYMENT METHODS:
Maestro UK, Cheque, cash on delivery

ECOMMERCE PROFILE:
Front Runner

ECOMMERCE GROWTH RATE:
8%

POPULAR ONLINE PURCHASES:
Video/DVD/games, Books, music, clothing, electronic equipment, computer software, travel & hotel, groceries, toys

To be clear, the UK is not a leader in Alternative Payments. AP equates to just 11 percent of eCommerce in the United Kingdom, less than it does in the US and far behind AsiaPac and Germany thanks to the high proliferation of payment cards here. But with total UK eCommerce revenues standing at €142 billion at present (almost matching the rest of Europe at €157 billion), even a comparatively lowly 11 percent warrants further investigation.

As it does in many other ways, the UK AP market echoes that of the US - to an extent. Paypal is dominant force here, with just under half of the total market. This is where the similarities end, however, and the remainder of the UK market is divided relatively evenly across a range of AP schemes.

Skrill (previously known as Moneybookers) narrowly takes second place here, followed in short order by direct debits and offline credit transfers. Cash on delivery and cheques boast a similar share of the market, with eWallets Neteller and Click and Buy completing the picture.

- Merchant recommendations:*
- For a ‘small’ AP market, the UK is still diverse. Paypal should be a natural consideration, but not the only one
 - A combination of the paper based, eWallet and bank transfer schemes outlined above should be the aim for anyone looking to ensure that their payment bases are covered in the UK

Country focus



The United States

- CURRENCY:**
US Dollar (USD)
- ECOMMERCE PENETRATION:**
77% of households
- POPULATION:**
310.8 million
- PREFERRED PAYMENT METHODS:**
Credit card (Visa, MasterCard, Amex, Discover), debit card, PayPal
- LOCAL PAYMENT METHODS:**
Discover, ACH (Automated Clearing House)
- ECOMMERCE PROFILE:**
Front Runner
- ECOMMERCE GROWTH RATE:**
10% (in 2011, Forrester)
- POPULAR ONLINE PURCHASES:**
Books, music, video/DVD/games, clothing, electronic equipment, computer software, travel & hotel

The US currently generates a staggering €274 billion in eCommerce transactions, 36 percent of total global spending in this area. The value of AP enabled transactions here is important by virtue of volume if nothing else, with any percentage of this massive market set to represent a high value almost by default.

While it may not demonstrate the level of uptake that we see in Germany or AsiaPac, the AP market in the US is undeniably healthy. Overall, AP transactions account for 17 percent of all eCommerce spend, some €46.6 billion comprised of paper based payments, direct debits, offline transfer and - most prominently - eWallets.

In fact, to suggest that eWallets account for the majority of AP transaction value in the US is somewhat inaccurate. The reality is that Paypal dominates the market, accounting for around 70 percent of all AP spend made in North America.

Due to the overall size of its eCommerce market, the US was one area in which we sought specific data around AP. Of the merchants we spoke to, around 70 percent reported that they had noticed an increase in alternative payments in the past 12 months. And our forecasts suggest that by 2014, AP will account for 19 percent of total online payment volumes, up from 17 percent today.

Merchant recommendations:

- For anyone trading within the US, offering Paypal to your customers should be a given.
- Consider how to use direct debit schemes to greatest effect. Even if your business model is not subscription based, direct debits can provide a convenient and assured way for customers to spread payments for more expensive items or services.



Final words

Implementing a global strategy simply and effectively
The opportunity to use AP as a way of gaining competitive advantage is huge. At the same time, planning and implementing a strategy for alternative payments can be a time intensive exercise for even the best-prepared business.

What is ‘right’ within AP for an individual company can be hugely different even between two companies that share similar ‘DNA’. But alternative payments are clearly vitally important for merchants of all kinds.

In a separate survey conducted for this report amongst 2,000 merchants from around the world, AP was viewed as being just as important to their business as products like card acquiring and process and fraud and risk management. Alternative payments are htting their stride, and merchants are not looking back.

However you approach alternative payments, and whatever the circumstances of your business, a few points are equally important to all. Firstly, ensure that you know what your business needs from AP. Research into the market can only help shape your strategy.

From there, you need to find a partner that can help you drive rapid adoption amongst your customer base. That partner also needs to be able to advise you on the strategic decisions within AP, with the data and expertise to back those decisions up.

And finally, test, test and test again. Make the most of optimisation analytics and make sure that conversion rates reflect the work that has gone into your implementation.

By following these rules, AP can be a huge success for any global business.

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WorldPayTM

Let's get together and see what
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Email: mrc2012@worldpay.com

Call us:

US: +1 800 200 5965

UK: +44 845 301 6251

www.worldpay.com