



# Adapting and innovating payments

for the next-generation  
consumer



**The world is evolving rapidly, led by a digital transformation that we are witnessing and welcoming every day.**

Whilst there's little doubt that change is happening, unravelling the 'why' is more complicated—regulation, competition, innovation, and AI are all seen as key drivers.

Another key reason are the behaviours, expectations, and perspectives of digital natives, especially Millennials, Gen Zs and Gen Alphas, who have grown up with the internet at their fingertips. Their preferences have changed the way we interact with each other, and the world. It's totally different today than a decade ago, and in 12 months' time, it will almost certainly have evolved again.

Nowhere is this more apparent than in the way we pay. Understanding this can help shape our future payment strategies.

**So, if it all starts with digital natives, then it surely makes sense to stand in their shoes and explore how they pay.**



# Meet Maya



**Maya doesn't carry cards or cash; she doesn't need to.** Everything she requires for payments is in one place—her digital wallet on her phone.

When it comes to paying in store, she just uses her phone's contactless capability—no plastic, no PINs, no hassle. All she ever needs to think about is which card or app to use, but that's typically a decision she makes well before getting to checkout.

**The key for Maya is ease, convenience, and value.** These are the driving forces behind her payment choices. In her mind, this describes her digital wallet. Ensuring that consumers like Maya can pay with their phones, wherever they are, is key to being a preferred shopping destination.

**51%**

of Gen Z say digital wallets supplement all or most physical wallet features.<sup>1</sup>

**40%**

of Gen Z prefer social media over search engines to search for products.<sup>2</sup>

**30%**

of Gen Z choose 'go-to' brands for new products or services.<sup>6</sup>

## Online shopping has changed completely with the rise of social media.

Typically, the approach involved a search engine. Maya, however, scrolls through social media instead, where she discovers clothing, accessories, and more, all tailored to match her interests.

When Maya sees something she likes on social media, she clicks on the post and is directed to the merchant's site. It's likely that she hasn't shopped with this merchant before, and even if she has, she probably isn't a regular customer and may not have an account.

**Irrespective of the situation, she expects her online shopping experience to be consistent, seamless, and secure.**

If it's not, then there's a high risk that Maya will abandon her cart. Online, nearly 70% of carts are

abandoned,<sup>3</sup> and data shows this can translate to nearly \$260 billion in lost revenue, which could be recovered by simply optimising the checkout experience.<sup>4</sup>

## Of course, Maya does have a few go-to brands that she shops with regularly.

She'll already have her card details saved with them, because of the ease and convenience when she goes to pay, but also because businesses typically offer additional value in exchange for loyalty. Per Visa data, 69% of CNP transactions are at merchants who have cards saved on file.<sup>5</sup>

With her payment details saved, Maya expects every purchase to be effortless, and for the brands to keep her information secure. What's more, she expects to be rewarded, with exclusive discounts or tailored recommendations.



**She's a loyal customer, but only to a point.**

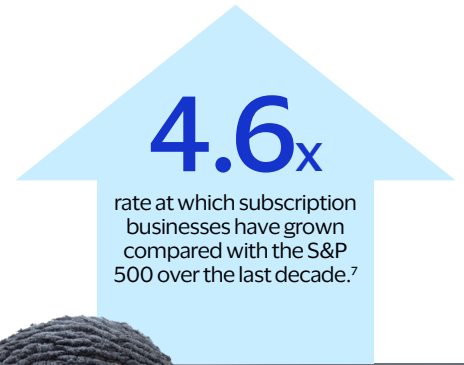
**VISA**

**Maya's lifestyle is centered around convenience—which means subscriptions are perfect for her.**

Beyond music and films, she uses them for barista coffees, skincare products, and her gym membership.

Indeed, more and more of her daily needs are provided to her through a subscription—largely because with this model, once set up, the payment just works.

**She relies on these services to work every time. For her, it's key that the payments continue without her ever needing to step in.**



**Digital natives are redefining the payment landscape. Their expectations can be driven by a need for ease, convenience, and value.**

**And yet, their expectations are not always fulfilled.**

When they shop in-store, they can pay with their phones. It's a more seamless experience, with minimal friction. But the same cannot be said for every online payment in the current landscape.



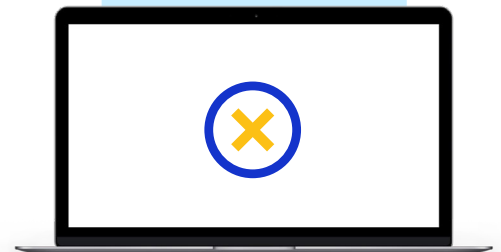
For instance, when shopping with a new online merchant, they may not have the option to pay with a single click or to use their preferred payment method. Often, they need to find a card and type in the details, a tedious task for what could be an instant purchase. The security of payment information isn't always assured, with fraudulent merchant sites and potential data breaches posing a risk.

Even when their details are stored with a merchant or subscription service, the experience isn't always seamless. Take when their payment

details change—they typically need to enter new information, a task that is easily forgotten for a while, putting the customer relationship at risk.

**3-4x** higher fraud rates for online payments than face-to-face.<sup>8</sup>

The crux of these problems is that payment experiences are inconsistent even for recurring payments such as subscriptions due, to PANs changing or expiring. **This can result in a loss of loyalty, with merchants facing basket abandonment and issuers losing top-of-wallet position.**



# So, how can we achieve consistency?

We believe digital natives are shaping the future, and everyone else is following.

Therefore, these inconsistencies need to be addressed wherever there is a gap between the expectation and the reality.

By adopting the right technology, **it's possible for payments to be completed with the tap of a finger, in the blink of an eye**—whenever and however transactions are made.

This technology enables payment details to be updated automatically,

and to ensure consistency across devices. It's not just a distant dream. Visa's solutions can deliver all of this, right now.

## The good news? The technology to deliver seamless, ubiquitous experiences already exists.



For those shopping with new merchants, Click to Pay can offer a seamless guest checkout, without the need to create an account or store details.



Meanwhile for regular shoppers or subscribers, Visa Account Updater Suite lets them pay without ever worrying about renewing their payment details when they change.



Forget one-time passcodes, cardholders can verify their identity and pay effortlessly with fingerprint or face recognition using Payment Passkeys. No matter where, with which device, or even vehicle they are using.



We're already seeing evidence that early adopters are capturing hearts and minds in the digital payments space—constantly innovating and delivering the solutions that digital natives demand.

**Visa offers solutions that can deliver these services to benefit everyone. Our solutions are easy to implement and can provide immediate value to you and your customers.**



## Want to learn more?

To find out more about our partner programme, or our new technologies, [go to our website](#) or [get in touch with your AE](#).

Sources:

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