paymentsnz

PAYMENTS DIRECTION

Insights and perspectives
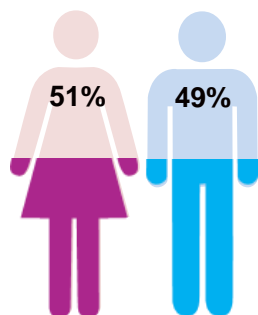
Consumer survey results summary

August 2017

Consumer sample profile

500 People across **New Zealand**

In **March 2017** IPSOS conducted a survey to provide an understanding of New Zealanders' thoughts & behaviors towards current and future payment methods.
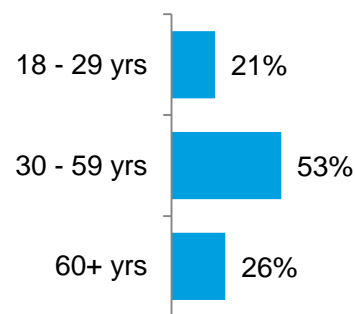
Gender

51% **49%**

Age

18 - 29 yrs	21%
30 - 59 yrs	53%
60+ yrs	26%

Occupation

Manager	**7%**
Farm manager / owner	**1%**
Professional	**16%**
Technician and trades worker	**4%**
Community worker	**5%**
Clerical or administrative worker	**13%**
Sales worker	**4%**
Machinery operator or driver	**1%**
Labourer	**4%**
Student	**6%**
Retired	**16%**
Not currently employed (e.g unemployed, stay at home parent etc)	**14%**
Something else	**7%**

Region

4%	Rest of Upper NI
34%	Auckland City
27%	Rest of Lower NI
11%	Wellington
13%	Canterbury
11%	Rest of the SI

Key areas & insights

Current payment methods

- Cash and EFTPOS are by far the most commonly used payment methods.
- People are generally disinterested in using store cards and cheques.
- However 36% of respondents still use cheques infrequently because they have to.
- Over a quarter of people are frustrated by existing payment methods.
- Ease & convenience are the most important features when choosing a payment method.
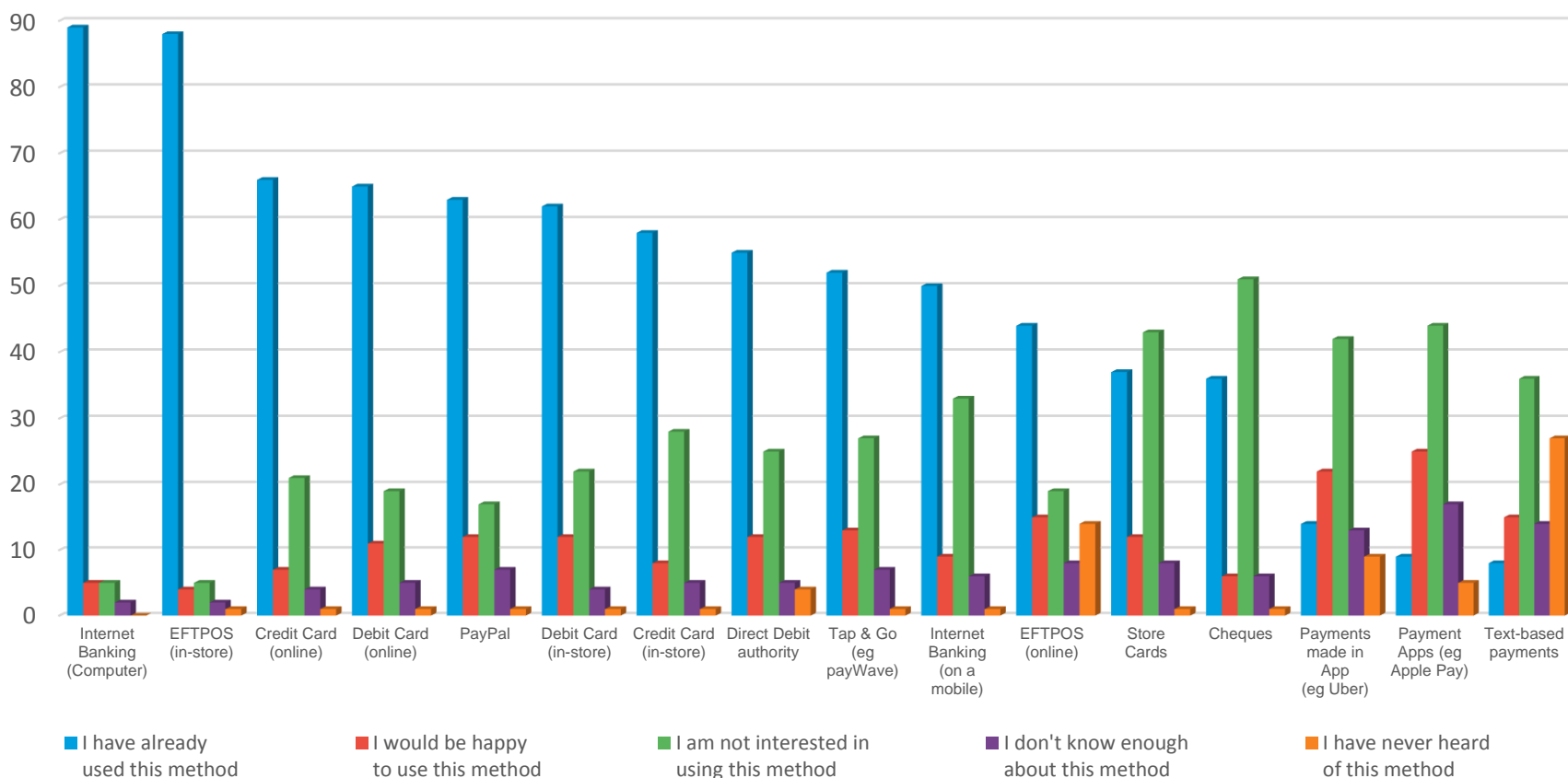
Future payment methods

- Safety & security are the most important features when considering a future payment method.
- Improving speed and availability of payments is extremely important to people; they want near-instant payments 24/7 and to know when funds will be received.
- There is reluctance to share payments data with 3rd parties.

Adoption of new technology

- Young people are the most willing to adopt new payment technologies.
- There isn't a great appetite for biometrics, but fingerprint & eye recognition would be the most acceptable.
- Non-bank branded mobile payment apps need to do more to increase awareness before people will consider using them.

Current payment methods: Awareness & usage

EFTPOS, credit & debit cards remain the most widely used methods of payment whilst store cards and cheques are the payment types respondents were least interested in using. There is also some reluctance to use mobile based payment technology.

Legend:
- I have already used this method
- I would be happy to use this method
- I am not interested in using this method
- I don't know enough about this method
- I have never heard of this method

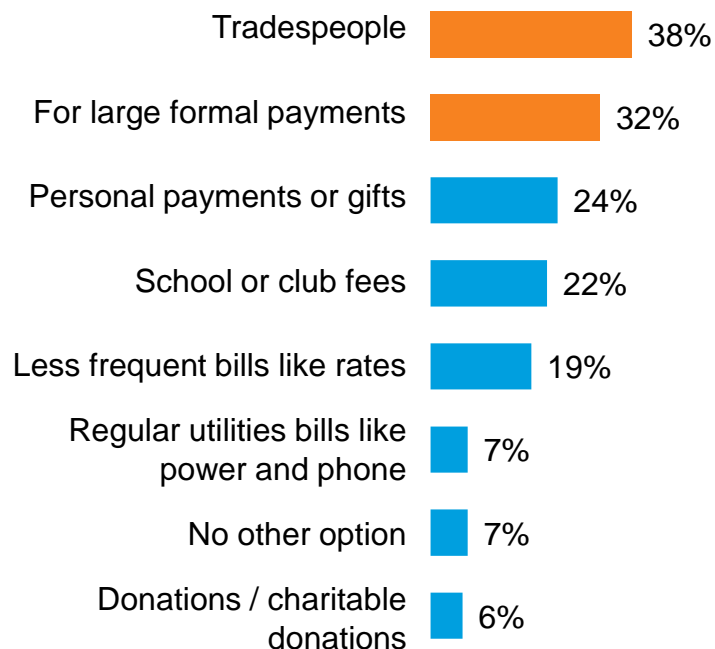# Current payment methods: Frequency of use

Cash and EFTPOS are the most frequently used options, with Tap & Go also regularly used. Mobile banking is becoming more popular than internet banking on a computer. Payment apps and text-based payments are the least likely to be used.

Legend: ■ Daily ■ Every other day / weekly ■ Fortnightly ■ Monthly ■ Every 6 months or less ■ Never use this method
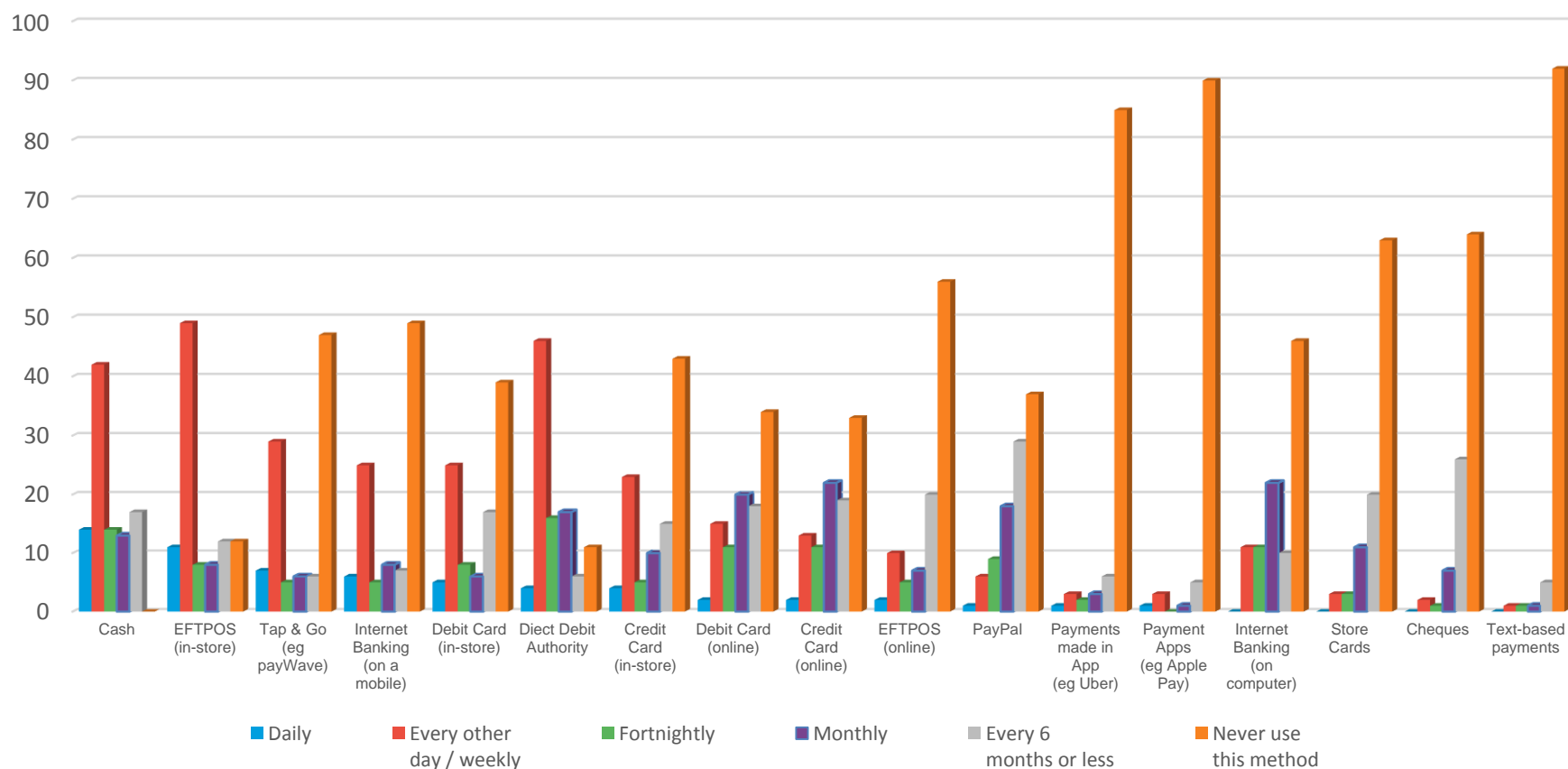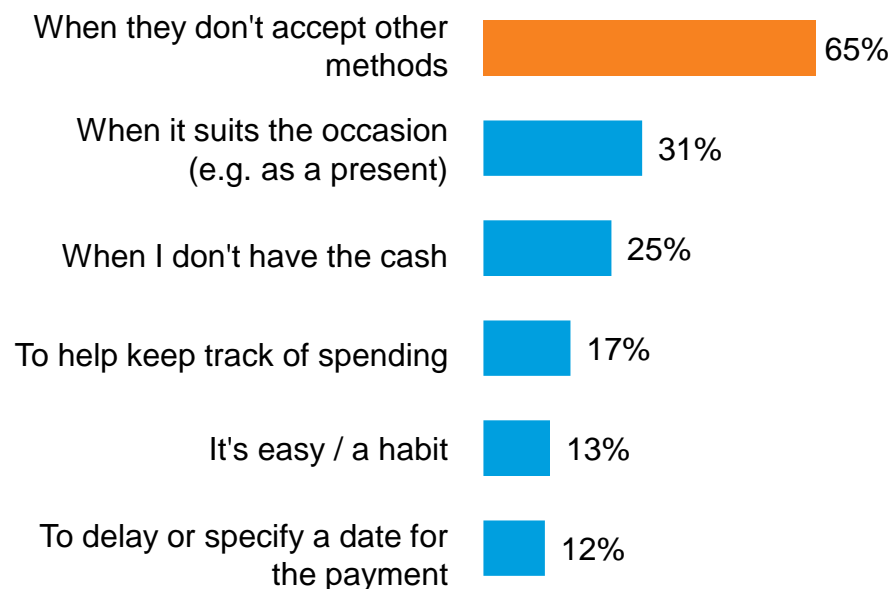
Current payment methods: Use of cheques

Over a third of respondents still indicated they use cheques. They are most commonly used for paying tradespeople or making large formal payments, or because there is no other option available.

Payments you usually use a cheque for

Tradespeople	38%
For large formal payments	32%
Personal payments or gifts	24%
School or club fees	22%
Less frequent bills like rates	19%
Regular utilities bills like power and phone	7%
No other option	7%
Donations / charitable donations	6%

Reasons prefer to use a cheque

When they don't accept other methods	65%
When it suits the occasion (e.g. as a present)	31%
When I don't have the cash	25%
To help keep track of spending	17%
It's easy / a habit	13%
To delay or specify a date for the payment	12%

Current payment methods: Frustrations

Over a quarter of people are frustrated with the payment methods they use. PayPal was the most frustrating with difficulty and complexity cited as a key reason for this. Despite being used so frequently cash is one of the most frustrating methods of payment.
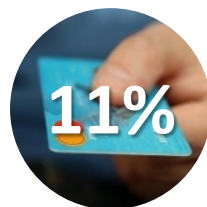
Payment method that frustrates you the most

14%

PayPal

"It can be **hard to use** sometimes and **too complicated.**"
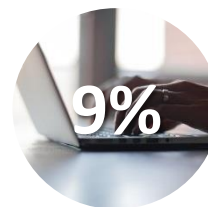
11%

Cash

"**You have to get money out** and there isn't always an ATM nearby."

11%

Tap and Go

"Sometimes **have paid without wanting to** use this method when my wallet has been too close to the EFTPOS machine."

9%

Direct debit
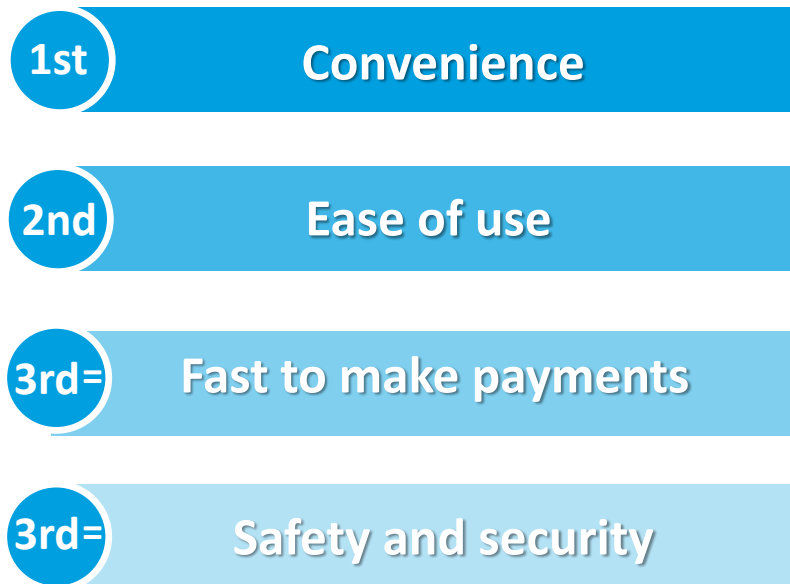
"All **the forms to fill in** and sign…"

8%

Internet banking

"I'm not sure if the **payment has gone through.**"

Future payment methods: Current v future features

People opt for easy and convenient payment methods today, but demand safety and security when considering a new method in the future. The response indicates that a new payment method would need to be proven as safe and secure before consumers buy-in to any additional benefits.

Important features for <u>current</u> payment methods

1st	**Convenience**
2nd	**Ease of use**
3rd=	**Fast to make payments**
3rd=	**Safety and security**

Important features for <u>future</u> payment methods

1st	**Safety and security**
2nd	**No extra charges**
3rd	**Ease of use**
4th	**Fast to make payments**
5th	**Convenience**
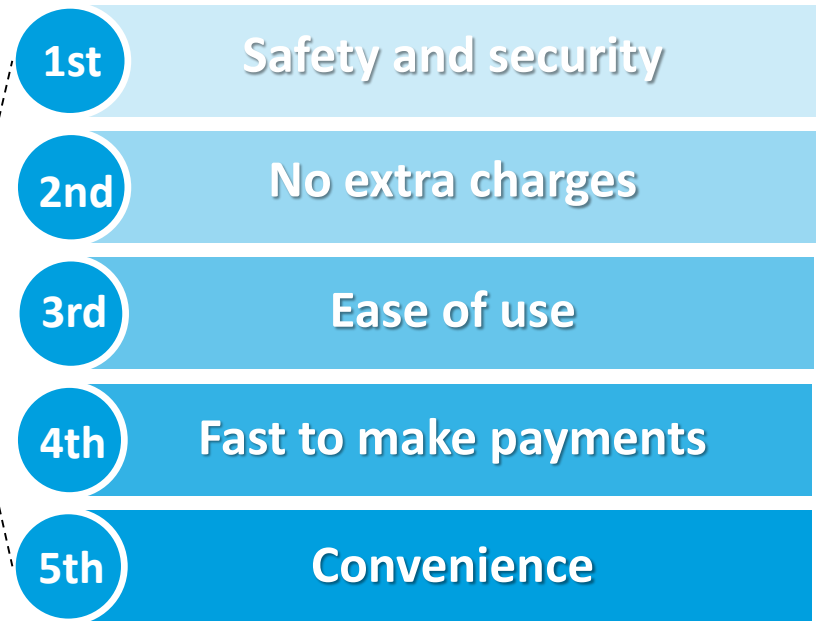
Future payment methods: Important features

Features relating to speed were the most popular when respondents were asked to allocate points to future payment features. Future technologies were considered less important in their own right; they would need to speed up the payment process to be considered.

Proportion of points-out-of-100 allocated towards each feature based on level of importance

Use money within 5 minutes — 23

Send and receive money every day of the year — 22

Pay bill with one-click — 14

Information auto-attached to bank statement — 13

Biometrics Authorisation — 11

Pay by mobile number or email address — 9

Mobile digital wallets — 8
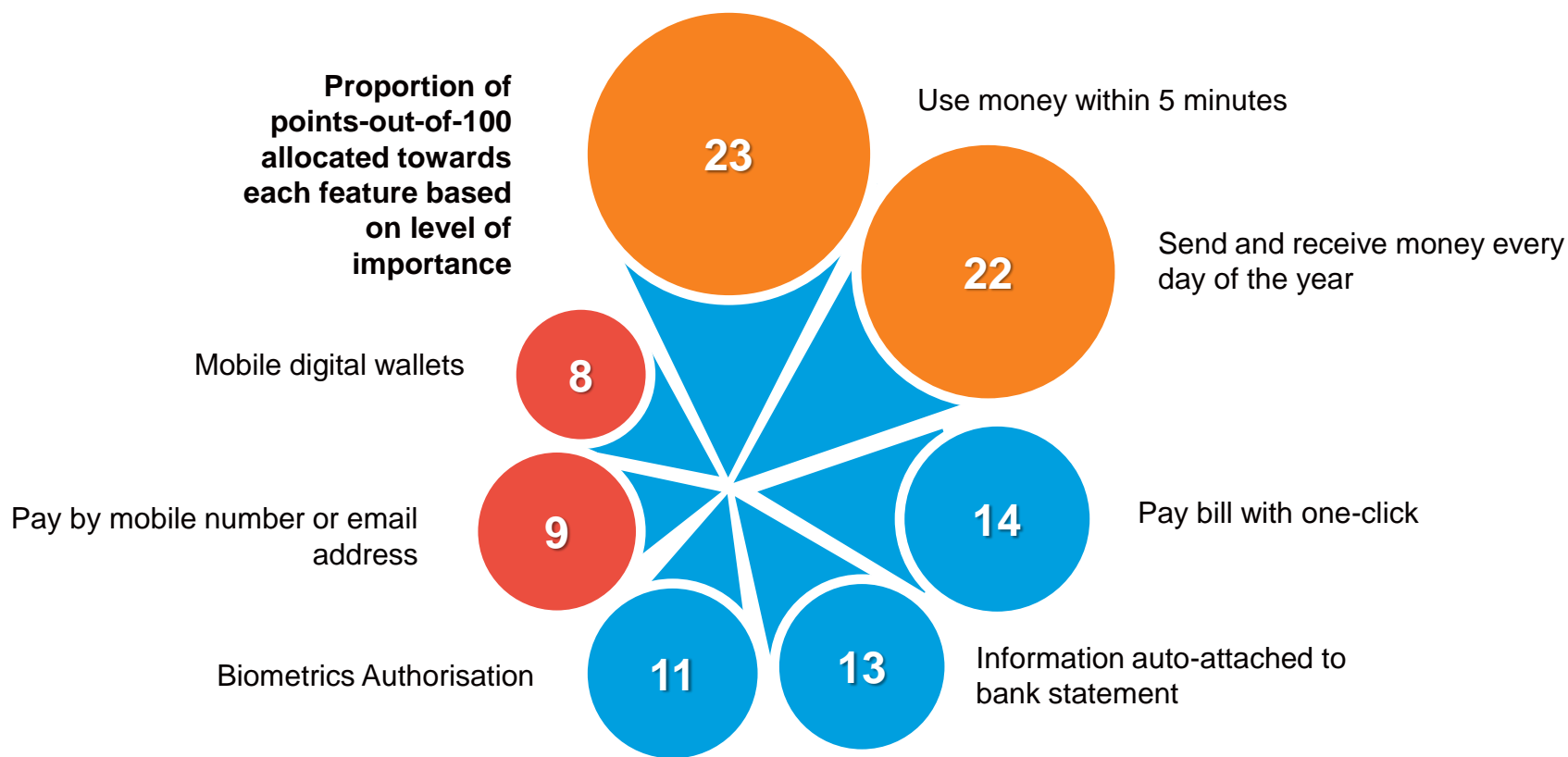
Future payment methods: Timing of payments

Over two-thirds of people want payments to be processed within an hour. This is a change in expectation from 2015 where the majority of respondents expected instant payments. Those who expect instant payments are also likely to 'love tech' (62%), be students (58%) or 18-29 years of age (52%).

2015 | | **2017**

	2015		2017
Instantly (within 5 minutes)	53%		38%
Between 5 minutes and an hour	12%		32%
Overnight	9%		17%
Within 24 hours	5%		7%
At a day and time that I specify	12%		2%
No preference / don't know	9%		4%

65% (2015: Instantly + Between 5 minutes and an hour)

70% (2017: Instantly + Between 5 minutes and an hour)
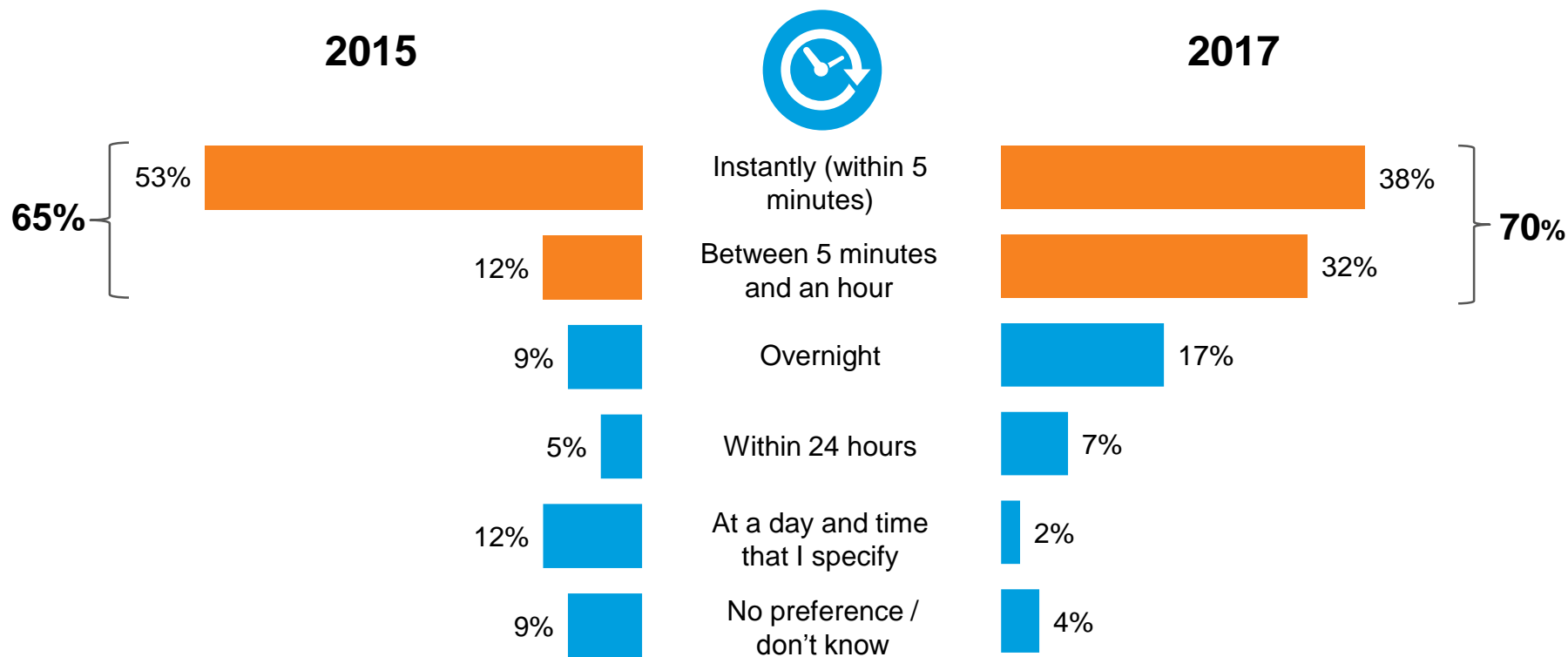
Future payment methods: Availability of funds

84% of people advised that it is important to know *when* funds will be received and available to use. There was no significant demographic differences for this question; the desire for this information is seemingly universal.

84%

45% — Very important

39% — Quite important

10% — Neither important, nor unimportant

3% — Quite unimportant

2% — I didn't know there were different times

1% — Very unimportant
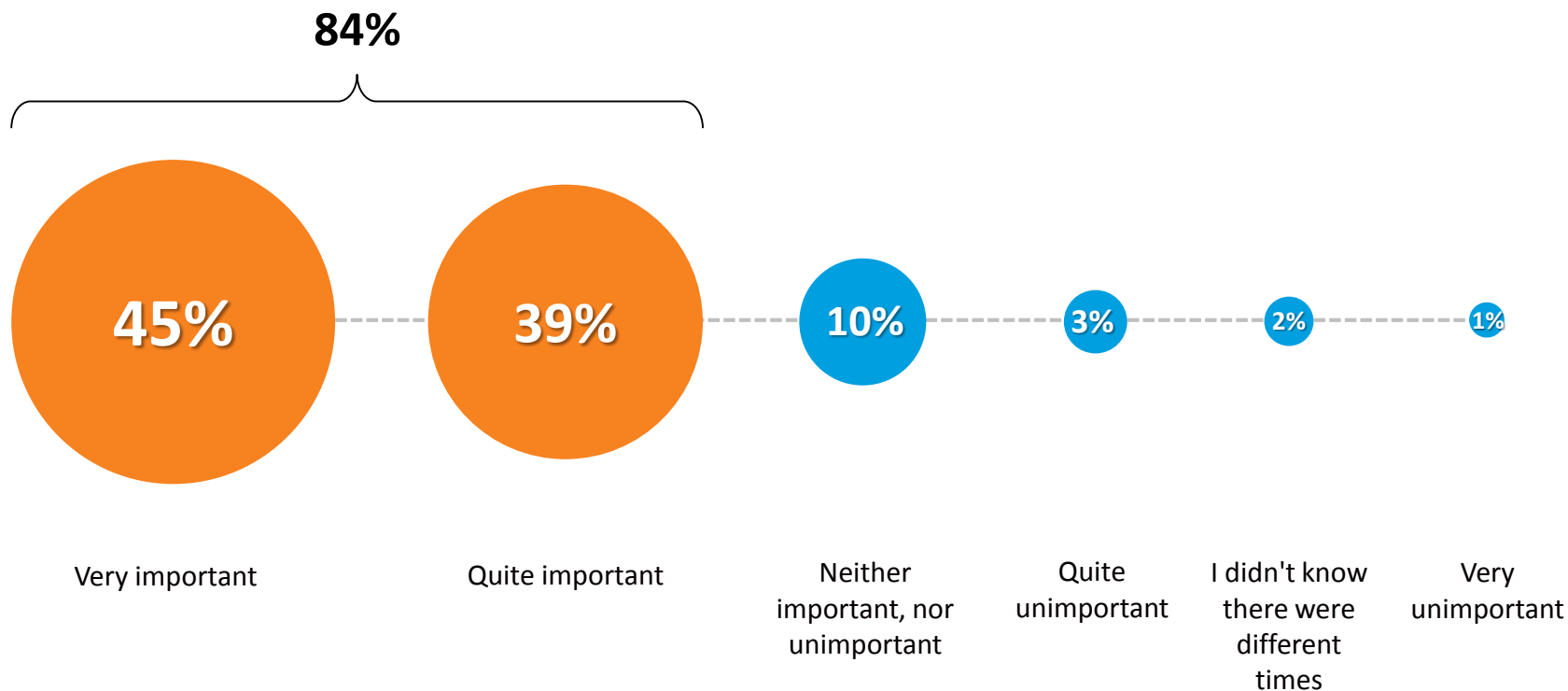
Future payment methods: 3rd party payments data

Two thirds of people aren't comfortable sharing payments data with 3rd parties even if it makes their lives easier and will be of benefit to them. Professionals and 'those who like to get new tech upgrades' were the most likely to be willing to share their data, whilst the most reluctant were those who are retired.

66%
Uncomfortable

5%

27%

32%

34%

2%

Very comfortable

It could be ok but I would need control over data sharing

Not very comfortable, only if I had to

I would not be happy at all

Don't know / other
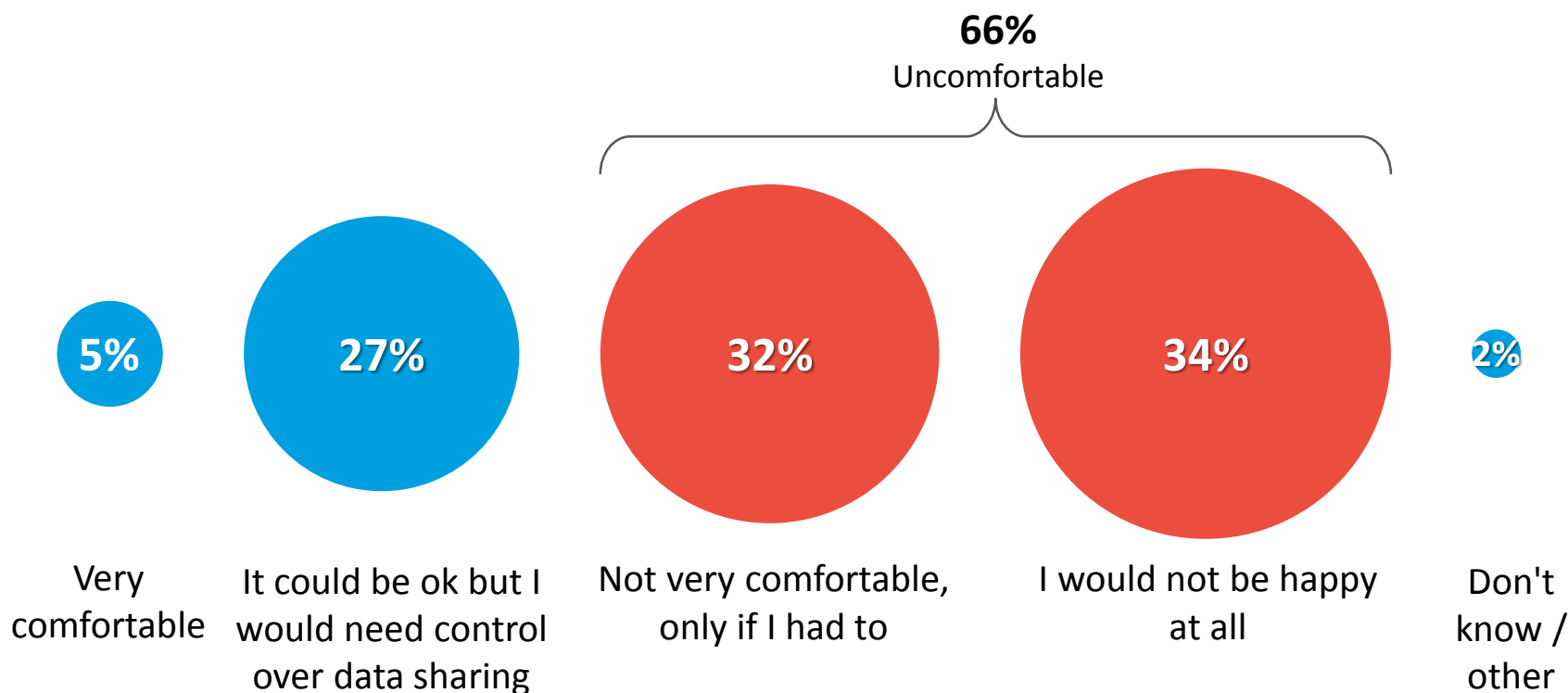
Adoption of new technology: Age

Younger people (18-29) are the most willing to adopt new technologies, however nearly half would still prefer to wait, don't have a preference, or indicated they don't tend to adopt new technology. The 60+ demographic would be least likely to adopt new technology.

2015

2016

65%

53% — Instantly (within 5 minutes) — 38%

12% — Between 5 minutes and an hour — 32%

70%

9% — Overnight — 17%

5% — Within 24 hours — 7%

12% — At a day and time that I specify — 2%

9% — No preference / don't know — 4%
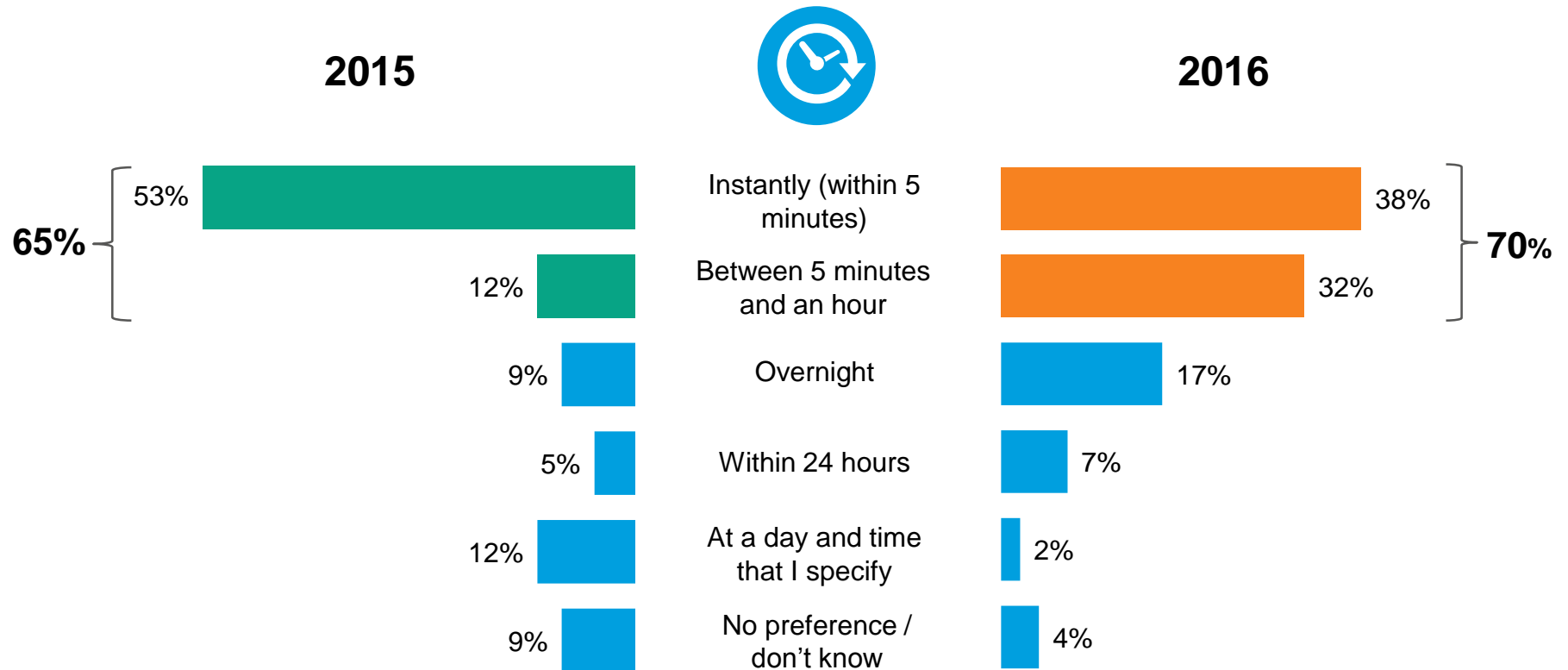
Adoption of new technology: Biometrics

Very few of the respondents have used biometric technology. From the options given people would be most happy to use fingerprint and eye recognition technology.

	Fingerprint recognition	Eye recognition	Face recognition	Voice recognition	Vein patterns in fingers or palm
I have already used this method	7%	2%	3%	2%	1%
I have heard of this method, am happy to use it	36%	30%	25%	17%	17%
I have heard of this method but am not interested	26%	30%	33%	39%	26%
I have not heard of this method but am open to using it	15%	14%	16%	14%	16%
I have not heard of this method	16%	24%	23%	28%	40%

Adoption of new technology: Non-bank apps

The majority of respondents are unfamiliar with the range of non-bank branded mobile payment apps presented to them and very few had used these in the past.

	Pay	Google wallet	Alipay.com	pay	WeChat Pay	SAMSUNG pay
I have already used this method	4%	3%	3%	2%	2%	1%
I would be happy to use this method	10%	11%	4%	9%	4%	6%
I am **not** interested in using this method	29%	20%	12%	18%	12%	16%
I don't know enough about this to method	28%	21%	12%	23%	10%	17%
I have never heard of this method	29%	45%	69%	48%	72%	60%