



Arvato Payments Review

Essential insights for e-commerce success in new markets

Cross-border e-commerce is opening up a world of opportunities for retailers. You can reach out to dozens of new markets, and find millions of new customers. E-commerce also puts a world of choice in the hands of consumers, who think nothing of going abroad to find what they want. They might be looking for a better price, a better selection or better service. Give them what they want, and the world is yours.

But you need to know what you are getting into. The consumers in your new markets can behave completely differently to the ones you know from home. You can't rely on experience from your home market when you are trying to win over and keep customers in another country. That's why we have produced the Arvato Payments Review, to provide you with the knowledge and insights you need when you are expanding into new markets.

How to succeed in cross-border e-commerce

The Arvato Payments Review brings together extensive quantitative research with insights from our experts to provide the big picture when it comes to Payment Methods, Risk and Fraud, and Consumer Behaviour in 14 of the most vibrant e-commerce markets in the world.

We examined more than 200 primary sources and compiled the most essential information into a convenient guide to each country. By combining the figures from a wide variety of research, we could provide a holistic view – rather than relying on a single source.

Each country guide looks at key demographics and financials, the top online retailers, legal requirements, and consumer behaviour and expectations when it comes to things like delivery and returns. We also look in detail at how consumers prefer to pay in each market, identifying local payment heroes and the optimal mix of payment methods.

As well as success factors, it is also important to understand the downsides. We take a close look at risks in each country in terms of the types of fraud that can emerge and what you can do to minimise your exposure.

In addition to the country guides, you can also compare markets in terms of key parameters to see how they stack up against each other.

Your customers are comparing you with your competitors

Comparison is at the heart of cross-border e-commerce. Smart consumers shop around, and with online shopping they know of a better deal with the click of a mouse or tap of their phones. The research in our Arvato Payments Review confirms our observation that some markets are more open to shopping across national borders, while others are more content with their local retailers. Why some and not others? For some markets, consumers are simply happy with what they can get locally: the selection, service and prices match their demands, so there is no need. But there are often other factors that play into this.

Trust is one of the big ones. Consumers who are reluctant to shop internationally are often concerned about how warranties and returns will work if they buy cross-border. There might even be an inherent bias towards local retailers, who consumers perceive to be more reliable, or faster, when it comes to delivery. Another important factor here is accessibility: markets such as France and Germany express a clear preference for sites in their own languages.

But even in more conservative markets, cross-border shopping is becoming more popular – when it is done well. It comes down to providing consumers with what they are looking for: better prices, more choice, a richer all-round experience. With the most successful cross-border retailers, consumers don't care if they are domestic or international: they get what they want, quickly, cheaply and efficiently.

The key is to remove as much friction as possible, knowing and anticipating consumer demands and wishes. That boils down to knowledge and insight into the market. What are the legal requirements? Do consumers want a site in their own language? Do they expect next-day delivery? How do they want to pay?

Finding the optimal payment mix

Payments are at the heart of this review. Our research confirms that local payment heroes are essential for successful business. If you don't use Carte Bancaire in France, or iDEAL in the Netherlands, or offer open invoice in Germany, you are not in the game. The insights we are offering go beyond which payment methods to provide: in some markets, you would be well advised to work with a local card acquirer so you don't miss out on conversions.

A local partner can help in other ways. This is especially important to retailers entering a new market and not only with payments but also logistics and deliveries, returns and customer service. Many retailers choose to work with a partner who can help in one or more of these areas, especially during launch, to assist with local insights and information, payments, logistics, and even service centres. It's a sure-fire way to hit the ground running and establish a good reputation among your new customers.

All this information is vital for you when entering new markets. And you will find it here. Once you know what to expect, your business will have a real competitive edge – regardless of where your customers are.

Contact

If you have questions or want to know more about what Arvato can do for you, you are welcome to contact Emma Solman, Marketing Manager:

emma.solman@arvato.com

About the Arvato Payments Review

The Arvato Payments Review provides retailers with country-specific information on payments and fraud-related topics in 14 of the most vibrant e-commerce markets in the world – 13 in Europe plus the USA – so they can make the right decisions in their e-commerce payment strategy.

The e-commerce payments landscape is becoming more and more fragmented. Not only do payment methods vary from market to market but consumers are becoming more sophisticated.

Alongside advances in technology, changes in banking regulation are clearing the way for new players to enter with solutions that are designed around convenience, safety and simplicity – all heavily supported by strong mobile adoption and advances in authentication technology such as biometric identification.

In this rapidly evolving world, retailers looking to expand their business internationally often lack objective insight into local market conditions as well as relevant advice on payments and risk management. The Arvato Payments Review provides that insight and advice.

Methodology

The Arvato Payments Review has been compiled by Arvato Financial Solutions, a division of Arvato Bertelsmann, and business consultancy mm1. The findings are based on secondary research and analysis by consulting firms such as McKinsey, BCG, and AT Kearney, as well as

reports from payments and e-commerce associations such as the Merchant Risk Council, facts and figures on e-wallets and other payment schemes and providers, and news articles. The Arvato Payments Review also features recommendations and advice from Arvato experts in the areas of payment methods, fraud and risk, and consumer behaviour.

Arvato Financial Solutions

Arvato Financial Solutions delivers a complete suite of financial services that improve business processes while delivering a better overall customer experience. Cutting-edge solutions covering everything from risk assessment, payments and invoicing to debt collection and management ensure convenience in every transaction. Part of Arvato Bertelsmann, Arvato Financial Solutions is Europe's third-largest integrated financial service provider specialising in the retail/e-commerce, telecommunications, insurance, banking and healthcare industries.

finance.arvato.com

MM1

mm1 supports large companies in digital transformation and designing products and processes for an increasingly digital world. Some 50 consultants provide services ranging from developing connected business strategies and business models to ensuring efficient operational implementation. mm1's customers include companies in the telecommunications, media, consumer electronics, financial services and automotive industries.

mm1.com

How to read this report

Important definitions

Cross border sales: the percentage of domestic and cross-border e-commerce in a country.

Ease of Doing Business Index: The higher a country's ranking in the World Bank Group's Ease of Doing Business Index, the more business-friendly local regulations are when establishing a presence there.

E-commerce turnover is defined by the Global Online Measurement Standard for B2C E-Commerce. Accordingly, business-to-consumer e-commerce turnover includes all online transactions between businesses and consumers on desktop computers, laptops, tablets, smartphones, and other devices both offline and online. B2C e-commerce turnover includes value-added tax or other sales taxes, delivery costs and apps, but excludes returns.

eGDP: the proportion of goods and services bought online in comparison to GDP. The rankings stated come from e-commerce association Ecommerce Europe.

Fraud rate: the percentage of total sales lost because of fraud each year.

Logistics Performance Index: The World Bank's benchmarking tool *Logistics Performance Index* is a measure of a country's logistical friendliness with around 160 countries ranked on their trade logistics performance.

Mobile adoption: smartphone use as a percentage of the total population.

Mobile commerce: the ability to conduct commerce using a mobile device, for example mobile phone, smartphone, tablet or other mobile equipment.

Manual order review rate: the percentage of e-commerce transactions manually reviewed by retailers.

Explanatory notes




Issuer landscape: the percentage of traditional 3D Secure and risk-based authentication programs by market.

Market demographics: the local population over 15 years of age and the corresponding percentage of internet users and online shoppers.

Relevant payment methods

The term 'cards' includes both credit and debit cards. The number of consumers using a payment method is indicated by blue dots (one blue dot is equal to 10%).

'Trend' points to the future popularity of a payment method, whereas 'risk' indicates the level of threat associated with a payment method. Arvato uses the following symbols to give its assessment:

-  strong increase expected
-  no change expected
-  strong decrease expected

-  high risk
-  moderate risk
-  no risk

Austria

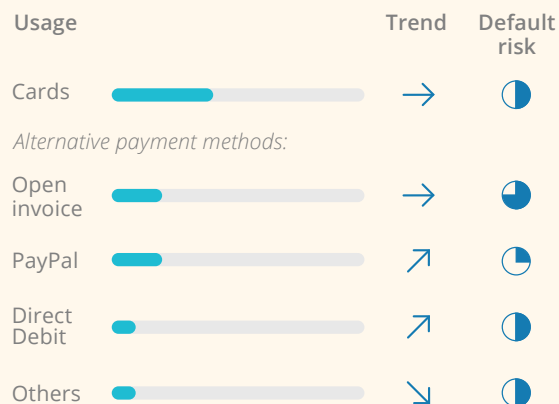
Executive Summary

In comparison with the other DACH markets, Austria is a relatively small e-commerce market with credit card, open invoice and online bank transfer as the prevalent payment methods



Credit cards are relatively popular as they are seen as a secure method for cross-border payments.
Open invoices, pay-after-delivery and PayPal are also popular payment methods.

Payment methods



Arvato's take on this market

- Austria has a high number of cross-border e-shoppers who prefer credit card as it is perceived to be the easiest way to make international payments.
- Physical goods are preferably paid for via open invoice/pay-after-delivery or PayPal. Services and digital content are more often paid for via credit card or PayPal.
- If open invoice is not supported, payment conversion drops significantly (31%). PayPal should also be supported, as on average 19% of customers terminate their checkout process if it is not offered.
- Due to its size and the high share of e-commerce spending, Austria is very suitable as a test market for new products and shops.

Specific card information

Card schemes:



61%



36%



2%


others
1%

Local acquiring recommended?

No.

Further information

Due to the relatively high share of cross-border shopping, Austrian consumers are also used to paying with credit cards domestically.

Specific information on APMs

- Instalments or account solutions are standard, and "nice to have" as part of a pay-after-delivery solution.
- When offering open invoice without partners, internal credit and risk management as well as accounts receivable and collection services are necessary.

Local payment hero:



Open Invoice

Required payment methods



Open Invoice



Credit Cards



Direct Debit



PayPal

Watchlist

N/A

Belgium

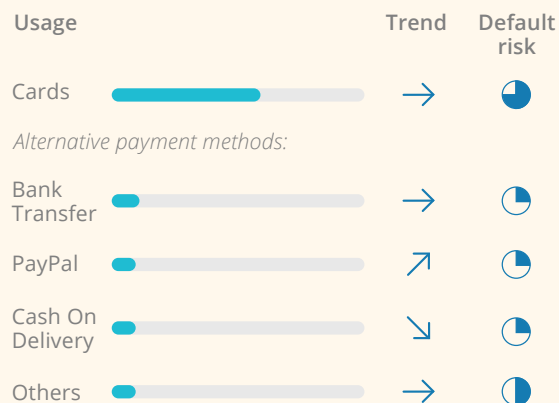
Executive Summary

After a slow start, Belgium is now one of the fastest-growing e-commerce markets in the world. It is relatively easy to enter without offering additional local payment methods right away



Bancontact is a debit payment method with strong consumer authentication, making risks negligible.
Bancontact is linked to a bank account and can be used in-store and online via a card or mobile app.

Payment methods



Arvato's take on this market

- The current relative share of cards versus APMs is expected to remain stable for the remainder of this decade.
- Use of credit cards is very popular. The local loyalty scheme rewards consumers for using their credit cards. Consumer card protection has further boosted popularity.
- Similar to MasterCard and Visa debit card payments, the interchange fees for Bancontact have been capped at 0.20% of the transaction amount. Moreover, the Bancontact interchange fee has been capped at €0.05 for online transactions. This will further reduce fees for merchants and will entice merchants to increase acceptance.

Specific card information

Card schemes:



Local acquiring recommended?

Yes.

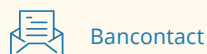
Further information

86% are Bancontact/Mister Cash cards. To ensure high acceptance rates, local acquiring is advisable (via EMS or Wordline connections).

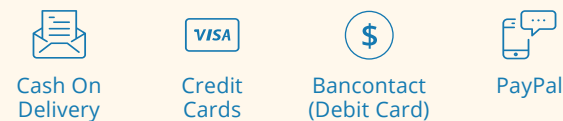
Specific information on APMs

- Bancontact allows customers to initiate real-time card transactions to buy products and services. Bancontact is linked to a bank account and can be used in-store, online and via a mobile app.
- Bancontact transactions do not have the same chargeback risk commonly associated with card payments.
- Over 80% of all Belgians online retailers offer Bancontact.

Local payment hero:



Required payment methods



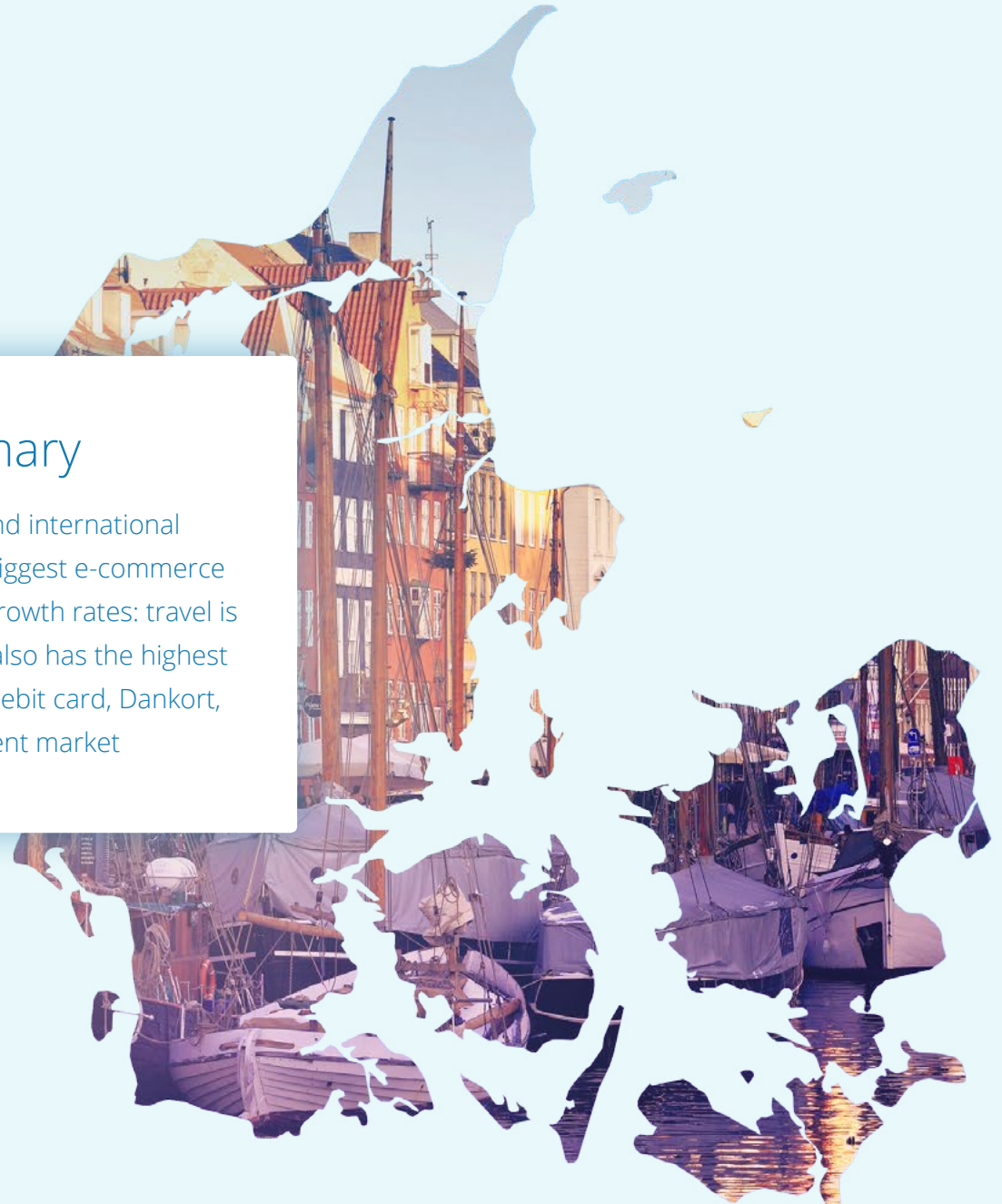
Watchlist

Sofort Banking AfterPay

Denmark

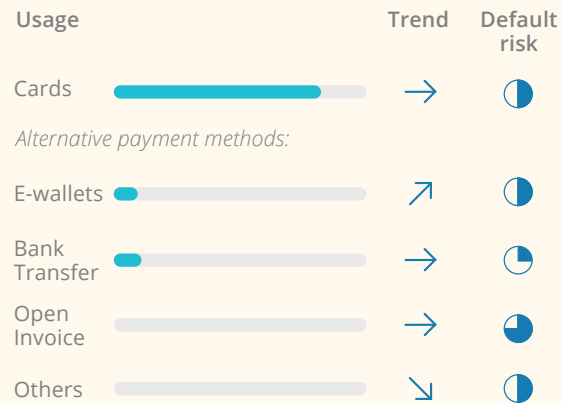
Executive Summary

Taking into account both domestic and international e-commerce shopping, Denmark is the biggest e-commerce market in the Nordics, with tremendous growth rates: travel is the strongest segment online. Denmark also has the highest card share in the Nordics. The national debit card, Dankort, still dominates the online payment market



Cards are popular, open invoices less so. The national debit card Dankort dominates in all age groups.

Payment methods



Arvato's take on this market

- Geographically, Denmark is a relatively small market, without the strong mail-order tradition present in other Nordic markets. This, combined with limited access to personal data and a lower ability to validate for credit-worthiness, is a likely explanation for the success of card payments, and the relative lack of success for open invoice or pay-after-delivery solutions compared with other Nordic markets.
- It is not so strange, then, that e-wallets are increasing in use in Denmark, with the ability to use the same solution both online and offline driving consumer adoption. In particular, Danske Bank's wallet solution MobilePay has come to play an increasingly important role: nearly three-quarters of all Danes have used MobilePay for money transfers. All other Danish banks have recently decided to terminate their own initiatives and allow their customers to use MobilePay.
- In the near future, the payment market is likely going to be more fragmented than today, with new players entering with solutions that are convenient, safe and simple - a development heavily supported by strong mobile adoption in the Nordics and the presence of strong identification solutions such as fingerprints, device ID and mobile Bank-ID.

Specific card information



Local acquiring recommended?

Yes.

Further information

Just like its Nordic neighbours, Denmark is going cashless: there is a 2030 deadline for completely eliminating banknotes.

Specific information on APMs

- The national debit card, Dankort, still dominates as the favourite type of online payment throughout all age groups.
- The co-branded cards can be acquired via the VISA processing route (with the VISA fees). To also enable the "pure" Dankort cards, e-retailers have to reach agreement with the local acquirer Nets and need to register with a Danish CVR number (Dankort transactions are priced around €0.18-0.25).

Local payment hero:



Dankort and Dankort co-branded VISA

Required payment methods



E-wallet



Credit Cards



Online Bank Transfer

Watchlist

MasterPay

ApplePay

Finland

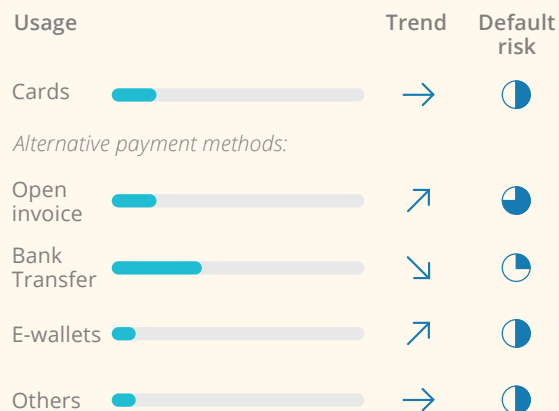
Executive Summary

With young consumers already used to cross-border shopping, older segments of the Finnish population are now catching on quickly to online shopping. The Finnish e-commerce sector is still dominated by online bank transfers and card payments, and is yet to fully exploit the benefits provided by other APMs



Finland is at the forefront of open invoice payments, which are the second most used payment method in the market after bank transfers.

Payment methods



Arvato's take on this market

- Online bank transfer is the dominant choice of consumers in Finland.
- Finland is at the forefront of open invoice payment: this alternative payment method is the second most-used in the market.
- Credit and debit cards are equally popular. Finns are slightly more cautious about providing personal data and information than other Nordic consumers. This could mean that m-commerce adoption will be slower than in other Nordic markets. Carrier billing is preferred by many Finns when using their mobile phone to shop.
- In the near future the payment market is likely going to be more fragmented than today, with new players and initiatives like Siirto* entering with solutions that are convenient, safe and simple.

**Siirto is the recently announced joint effort of the three largest Finnish banks to provide real-time mobile payments for online and offline as well as P2P.*

Specific card information

Card schemes:



N/A



N/A



N/A



others
N/A

Local acquiring recommended?

No.

Further information

The Finns make almost twice as many cashless transactions than the average EU citizen (per capita)

Specific information on APMs

- Instalments or account solutions are standard, essentials as part of the open-invoice payment method.
- Most invoice solutions are financed by third-party providers. There are a few major suppliers such as Arvato and Klarna.

Local payment hero:



Open Invoice

Required payment methods



Open Invoice



Credit Cards

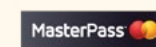


E-wallet



Online Bank Transfer

Watchlist



France

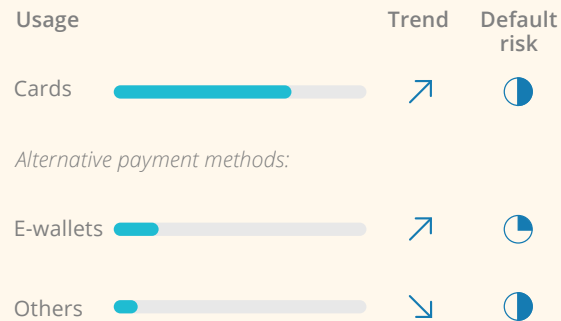
Executive Summary

France is a mature e-commerce market with modest growth rates. French payment methods are strongly geared towards the use of Carte Bancaire



The Carte Bancaire card is by far the most popular payment method – 95% of French consumers have one. Alternative payment methods have been very slow in gaining traction among both consumers and institutions.

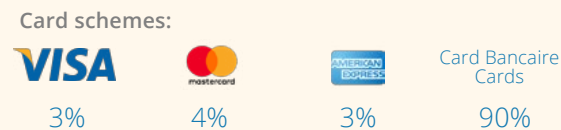
Payment methods



Arvato's take on this market

- Cards from Carte Bancaire, an interbank scheme that requires a connection to a local acquirer, dominate the payments landscape. 63 millions cards have been issued and 95% of French consumers own one.
- Alternative payment methods have been very slow in gaining traction among both consumers and institutions.
- Paylibis, a French bank-owned e-wallet that contains cards supported by Carte Bancaire in France, has three times as many users as PayPal.
- We see low authorisation rates in France for PayPal (77%) for physical goods.
- Merchants processing via the local CB network are likely to enjoy higher approval rates.

Specific card information



Local acquiring recommended?

Yes.

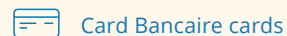
Further information

Carte Bancaire cards dominate the payments landscape.

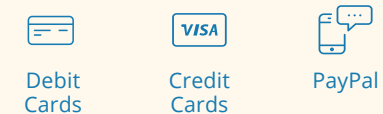
Specific information on APMs

- 95% of consumers own a Carte Bancaire card; 63 million cards have been issued. The vast majority (approx. 95%) are co-branded cards and bear the Carte Bancaire and MasterCard or Visa logo.
- These cards can be processed on the local Carte Bancaire network.
- Merchants processing over the local CB network benefit from slightly better approval rates

Local payment hero:



Required payment methods



Watchlist



Germany

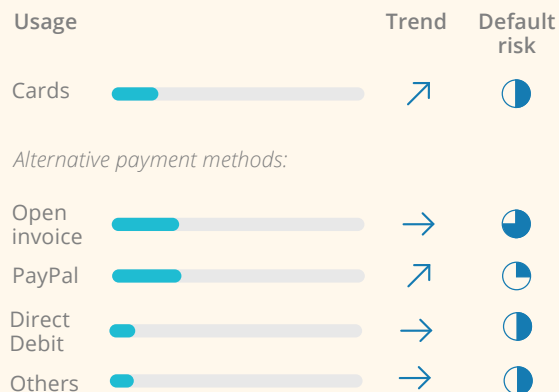
Executive Summary

Germany is the second-biggest e-commerce market in Europe, with tremendous growth potential. The country's diverse payment landscape is dominated by local payment methods with challenging complexities



Open invoices are the long-standing preferred payment method, while there is growth in brands offering digital invoicing. Locally issued electronic cash and debit cards are also popular.

Payment methods



Arvato's take on this market

- Germans are very risk averse: they avoid incurring debt and providing personal financial information online: credit card penetration is therefore very low (approx. 30%).
- 95% of the relevant population has a bank account and therefore access to direct debit and online bank transfer.
- Open invoice is highly relevant for product categories with high return rates and order values, such as fashion; it is popular among all age groups, especially among customers over 55. The classical open invoice is declining but new (mostly branded, online) solutions are picking up.
- The e-wallet paydirekt was founded in 2014 by German banks and is currently supported by few German merchants.
- Direct debit is highly suitable for increasing customer loyalty and further the best payment method for subscription-based models. Instalment services are also gaining popularity in Germany. Offering the right mix of payment methods is crucial.

Specific card information

Card schemes:



Local acquiring recommended?

No.

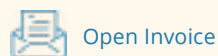
Further information

Only slightly more than 30% of the population possess credit cards.

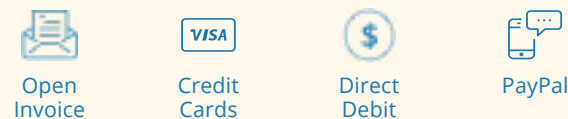
Specific information on APMs

- When introducing open invoice, retailers can expect a dramatic increase in payment checkout conversion because open invoice is among the most preferred payment methods in Germany.
- When offering open invoice without partners, internal credit and risk management as well as accounts-receivable and collection services are necessary.

Local payment hero:



Required payment methods



Watchlist

Paydirekt AfterPay

The Netherlands

Executive Summary

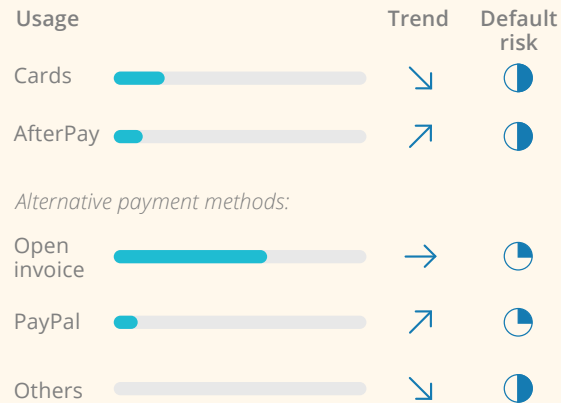
The highly developed Dutch e-commerce market has the advantage of widespread, affordable and easy-to-handle payment methods for retailers





iDEAL is the local payment hero. This secure platform boasts no chargeback risk, and refunds can be easily initiated by the retailer.

Payment methods



Arvato's take on this market

- For local and international merchants aiming at Dutch consumers, iDEAL is crucial for success and a must-have to ensure maximum conversion.
- 23% of all iDEAL payments are carried out on mobile devices.
- Under the Single European Payments Area (SEPA) direct debit payments are increasingly used for recurring and cross-border payments.
- Peer-to-peer payments are growing – interesting new players in this field are Bunq & Tikki (social P2P payments)
- National banks are slowly preparing for the adoption of PSD2 regulations, opening up their infrastructure with open-APIs for third party providers.
- **Keep in mind:** New bank challengers, like Bunq, are entering the market slowly and gaining a foothold. Challengers are adopting the newest standards of (mobile) payments and customer authentication.

Specific card information

Card schemes:



Local acquiring recommended?

No.

Further information

Since more than 50% of Dutch consumers are at least fairly concerned about online banking fraud, 3D secure adoption rate is relatively high.

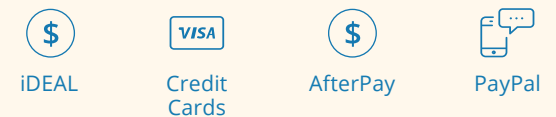
Specific information on APMs

- After selecting iDEAL and the respective bank, consumers authorise the payment in their online banking portal or their mobile banking app with a 5-digit pin. The funds are irrevocably routed via a SEPA credit transfer.
- No chargeback risk. Refunds can be easily initiated by the merchant.

Local payment hero:



Required payment methods



Watchlist

AfterPay®

Norway

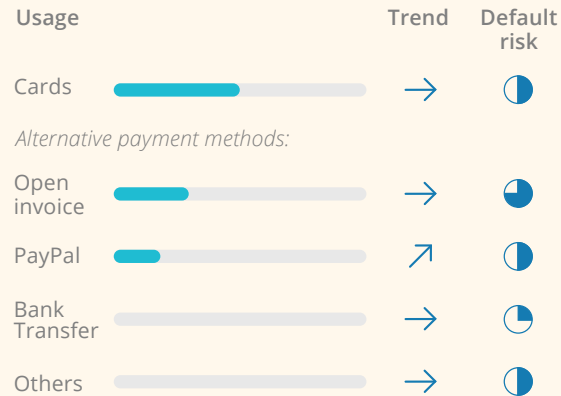
Executive Summary

Norway, a relatively small country but with one of the highest purchasing powers and internet penetration levels in the world, has a booming e-commerce market. Credit cards dominate the payments landscape, while PayPal is also relatively strong



While PayPal and cards are popular, e-wallets are increasing in use.
The ability to use e-wallets both online and offline is driving consumer adoption.

Payment methods



Arvato's take on this market

- PayPal has a dominant market share, while direct payment via online banking is declining, especially in the rising subscription services industry.
- Cards and wallet solutions are also increasingly popular for subscription services covering everything from newspapers, books and music to groceries and health care. Overall, frictionless payments are key to boosting conversions, especially for mobile purchases. This also means that e-wallets are increasing in use in Norway, with the ability to use the same solution online and offline driving consumer adoption.
- Vipps has become a huge success, and a third of consumers have used it already. In the near future, the payment market is likely going to be more fragmented than today, with new players entering with solutions that are convenient, safe and simple - a development supported by strong mobile adoption in the Nordics and the presence of sophisticated identification solutions such as fingerprints, device ID and mobile bank ID.

Specific card information



Local acquiring recommended?
No.

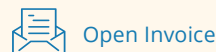
Further information

Credit cards remain the most popular way to pay online.

Specific information on APMs

- Instalments or account solutions are standard, essentials as part of the open-invoice payment method.
- Most invoice solutions are financed by third-party providers. There are a few major suppliers such as Arvato and Klarna.
- Payment by invoice is both used and preferred mostly by women and by older generations.

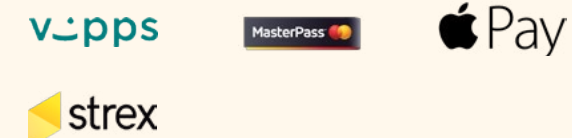
Local payment hero:



Required payment methods



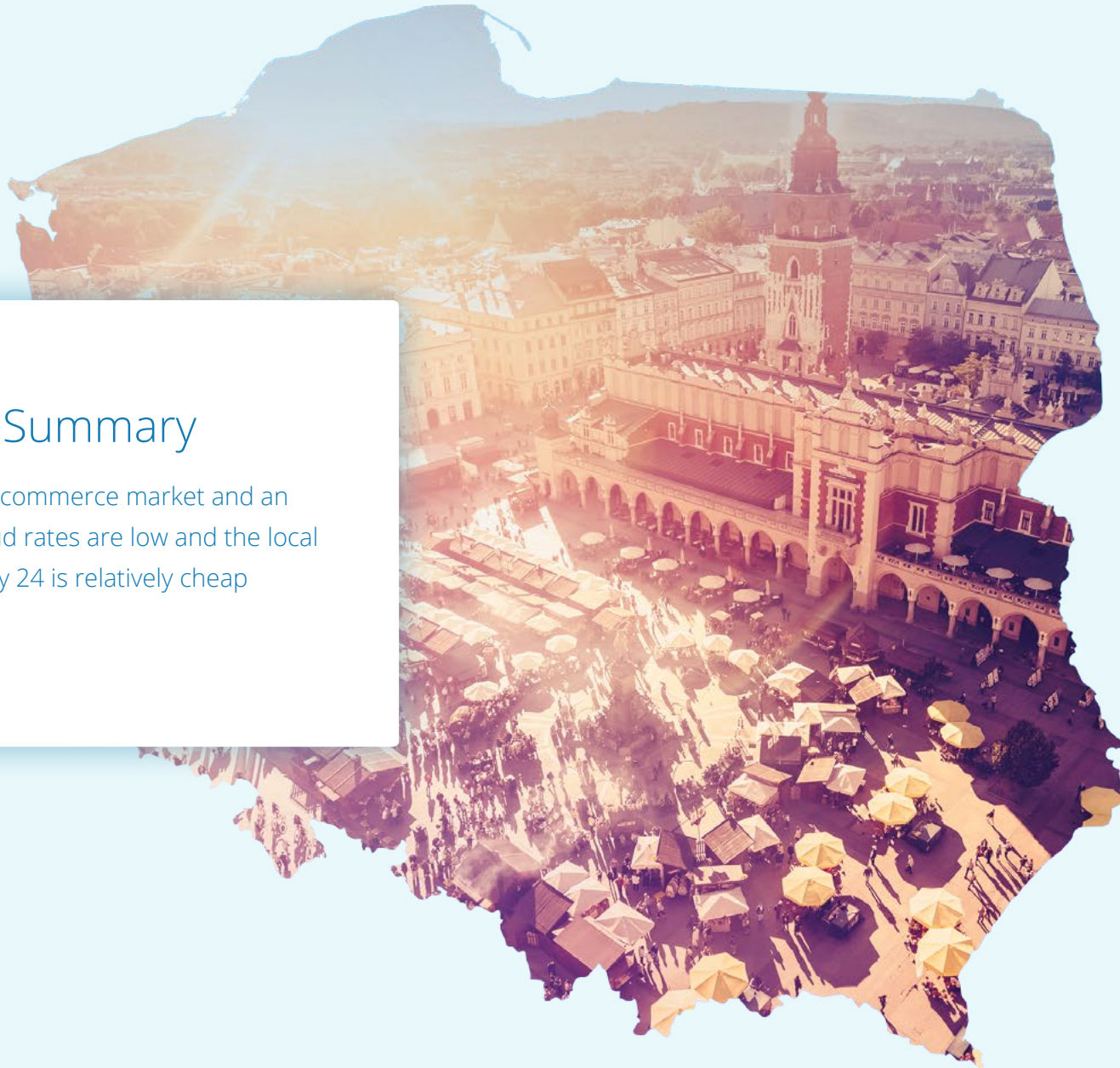
Watchlist



Poland

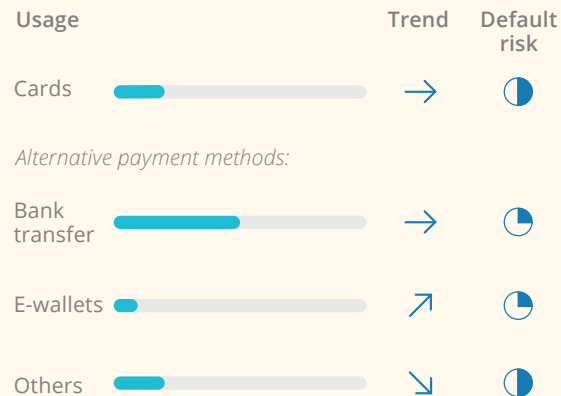
Executive Summary

Poland is a fast-growing e-commerce market and an opportunity for retailers: fraud rates are low and the local payment hero Przelewy 24 is relatively cheap



Credit and debit cards are relatively unpopular, with validated bank transfers being the most popular mode of e-commerce payment.

Payment methods



Arvato's take on this market

- The Polish market is easy to enter, with no local entity required and like-for-like settlement supported.
- Credit cards have a relatively low share of the payment market, which is dominated by bank transfers. Debit cards are more popular than credit cards.
- Bank transfers can be divided into online and offline bank transfers. The most widely used online bank transfer service is Przelewy24.
- E-wallet service PayU is gaining in importance as it is easy to use and is tailored to the Polish market (offers bank transfer solutions). BLIK is the most developed mobile payments service.
- Poland is the worldwide leader in terms of the proportion of cards issued with contactless payment functionality.

Specific card information



Local acquiring recommended?

No.

Further information

Before allowing an online purchase, Polish issuers require customers to register their cards. Otherwise online purchases are declined.

Specific information on APMs

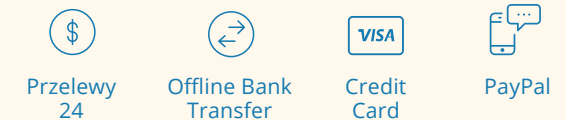
- It allows dealers to offer a risk-free online payment method.
- Shops need an account at one of the 30 banks that support the Przelewy24 payment method. In addition, a Przelewy24 acceptance agreement is required.

Local payment hero:

Przelewy 24

(online bank transfer) is an online bank transfer platform. After selecting the bank, the buyer confirms the payment with a transaction authentication number (TAN).

Required payment methods



Watchlist



Spain

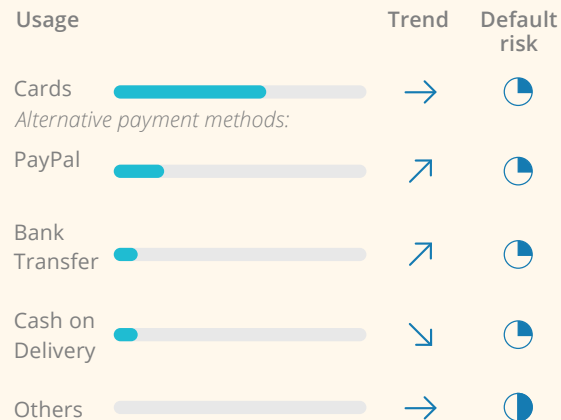
Executive Summary

Spain is the largest e-commerce market in Southern Europe with great potential in digital business such as travel and ticket sales



Open invoices have recently been introduced in Spain, but debit and credit cards are most popular, with 85% of the population in possession of at least one.

Payment methods



Arvato's take on this market

- Over 85% of the population have at least one debit or credit card. Prepaid virtual cards are increasingly popular for online purchases.
- Thanks to the growing mobile market, many mobile initiatives are emerging: Spanish banks, mobile network operators, payment providers, retailers and financial institutions are developing solutions such as Orange Cash, Bankinter's Mobile Virtual Card and Vodafone SmartPass.
- Open-invoice solutions were recently introduced by smaller merchants.
- Mastercard launched its MasterPass solution in December 2016 with CaixaBank, one of the biggest banks in Spain.

Specific card information

Card schemes:



Local acquiring recommended?

Yes.

Further information

Although card use is high, most involves debit cards linked to a closed loop network. Local acquiring is recommended.

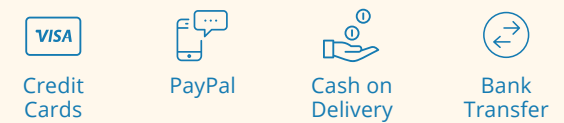
Specific information on APMs

N/A

Local payment hero:

N/A

Required payment methods



Watchlist



Sweden

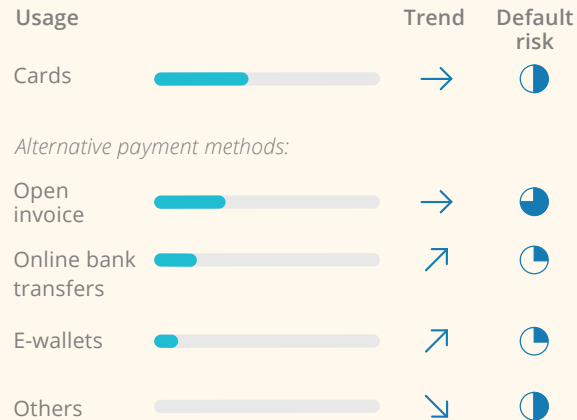
Executive Summary

Sweden, one of the most cash-free countries in the world, is the largest e-commerce market in the Nordics and leading the way in pay-after-delivery. With a thriving FinTech scene and many early adopters, Sweden is a testing ground for payment solutions



Sweden is quickly moving towards a cashless society. Well-secured debit card payments are popular, but pay-after-delivery invoices are growing in popularity, as are mobile payments.

Payment methods



Arvato's take on this market

- Credit cards remain the most popular way to pay online. Cards (especially when stored for the customer) and wallet solutions are still popular for rising subscription services covering everything from newspapers, books and music to groceries and health care.
- Sweden is at the forefront of open-invoice payments: this alternative payment method is the second most-used in the market.
- Along with its Nordic neighbor Denmark, Sweden is on its way to becoming a cashless market: e-wallets are increasing in popularity, with the ability for consumers to use the same solution online and offline driving adoption.
- This trend is supported by Sweden's Immediate Payments Scheme (BiR); in particular, Swish, a wallet solution provided by the four largest banks, is playing an important role. Almost two-thirds of Swedish consumers have embraced Swish, which was recently extended from P2P and physical point-of-sale payments to include e-commerce payments. In addition, Mastercard's solution, Masterpass, was promoted more heavily in 2016.
- The proportion of people shopping via mobile devices has always been high in Sweden and now exceeds 50%. In the near future, the payments market is likely to be more fragmented than today, with new players entering with solutions that are convenient, safe and simple -- a development heavily supported by strong mobile adoption in the Nordics and the presence of strong identification solutions such as fingerprints, device ID and mobile Bank-ID.

Specific card information

Card schemes:



Local acquiring recommended?

No.

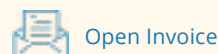
Further information

Sweden is on the way to becoming a cashless country. In 2015, only 20% of all consumer payments in Sweden were made using cash, compared to a 75% average for the rest of the world.

Specific information on APMs

- Instalments and account solutions are standard, a "need to have" as part of the open-invoice payment method.
- Most invoices are financed by third-party providers. There are a few major suppliers such as Arvato (AfterPay) and Klarna.
- Open invoice applies particularly to retail, rather than digital goods. Invoice payments are more popular among women.

Local payment hero:



Required payment methods



Watchlist



Switzerland

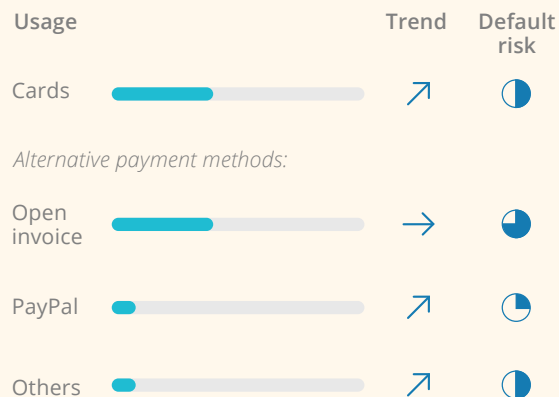
Executive Summary

Switzerland has one of the highest internet usage rates worldwide, coupled with great purchasing power, but is constrained by consumers' reluctance to change



Open invoice and pay-after-delivery are the most popular payment methods for online shoppers.
Direct debit payment is almost non-existent, but a SEPA-ready solution is in development.

Payment methods



Arvato's take on this market

- Open invoice/pay-after-delivery is still one of the most important payment methods for consumers shopping online.
- The Swiss have been slow to adapt to the rising popularity of e-wallet payments as they fear a deterioration of their privacy protection.
- Trust remains an issue for Swiss consumers when adopting alternative payment methods.
- Physical goods are preferably paid for via open invoice and PayPal. Services and digital content are more likely to be paid for using credit card, PayPal and PostFinance.
- Direct debit payments are almost non-existent, but national banks are currently working on a SEPA-ready solution which might change the payment method mix in the future.

Specific card information

Card schemes:



Local acquiring recommended?

Yes.

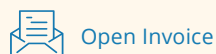
Further information

PostFinance, a national debit card from the Swiss postal service, has gained popularity with consumers but is still not as widely accepted as other methods.

Specific information on APMs

- Credit and risk management as well as collection services are necessary when offering open invoice.
- Customers expect a payment slip attached to their invoice, with the payment reference number filled in.
- Open invoice is more relevant for retail, rather than digital goods. Women tend to prefer invoice payments.

Local payment hero:



Required payment methods



Watchlist



United Kingdom

Executive Summary

The UK is one of the most established e-commerce markets in Europe, backed by a strong logistics network.

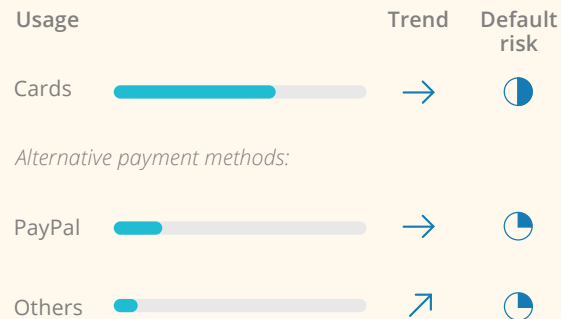
Consumers spend 9.2% of the country's GDP on purchasing goods and services online





Cards, especially debit cards, dominate online payments in the UK. Pay-later invoices and Apple Pay are growing in popularity, but banks are slow to adopt these platforms.

Payment methods



Arvato's take on this market

- The UK online payment market is dominated by credit and debit cards, though debit cards are far more popular than credit cards.
- Apple Pay has been growing in popularity as an alternative payment method. However, it is constrained by slow adoption by certain banks.
- Mobile-optimised (non 3D-secure) and less fraud-prone payment methods such as e-wallets and bank transfers could gain market share in the next few years.
- The interchanges for credit and debit cards have recently been capped by the EU, which might drive card usage in the near future, although fees may increase again after the UK leaves the EU.
- Online "pay later" services may gain further popularity. For instance, Littlewoods Shop Direct and Very.co.uk are now offering three-month payment terms for customers.

Specific card information

Card schemes:



Local acquiring recommended?

No.

Further information

Credit and debit cards are very popular, with the average shopper holding 2-3 cards.

Specific information on APMs

N/A

Required payment methods



Debit Cards



Credit Cards



PayPal

Watchlist

Yoyo Wallet

ApplePay

AndroidPay

United States

Executive Summary

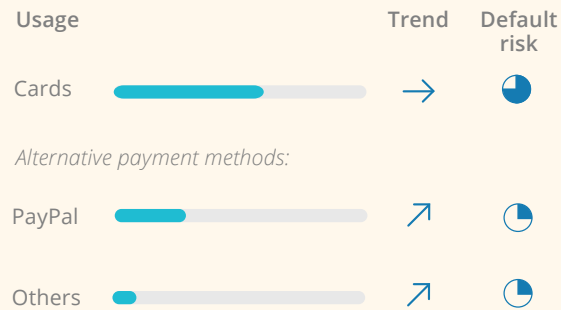
The largest market in the Western world in terms of population, the US is still dominated by card payments and is yet to fully exploit the benefits of APMs





Credit and debit cards are the most common payment methods for online purchases but the digital wallet landscape is rapidly evolving.

Payment methods



Arvato's take on this market

- Credit and debit cards are still the most common payment methods used for online purchases.
- PayPal is still the most popular e-wallet, but is threatened by new digital wallets, such as Apple Pay, Google Wallet and Android Pay, and the proliferation of e-wallets with bank frontrunners, such as Visa Checkout, MasterPass and ChasePay.
- Discover Card has become popular for both consumers and for retailers, so acceptance is important along with Visa and MasterCard.
- TCH, a real-time payments service, is set to come into use during 2017, which might evolve the online payment market.

Specific card information

Card schemes:



Local acquiring recommended?

No.

Further information

2.9 credit cards per capita is the average.
Average 83% authorisation rates in US e-commerce.

Specific information on APMs

N/A

Required payment methods



Credit Cards



PayPal

Watchlist

AndroidPay

ApplePay

Google Wallet

The data contained in this report comes from a wide variety of sources, including financial reports, industry publications, blogs and news stories. During the course of our research we have consulted more than 200 national and international studies. You will find them here under the headings E-Commerce and Payment & Fraud. While every effort has been made to make sure the information presented in the report is reliable, we cannot be held responsible for its veracity. We do, however, stand by the opinions expressed in the report unreservedly.

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