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American Express Insights, A Question of Balance:

Delivering a Convenient *and*
Secure Checkout Experience
in Online Commerce





It's a debate that has been front and center for years in the financial services sector, and it revolves around a basic premise. What's most important: providing a payment experience that is fast, efficient, flexible and convenient, or delivering a systemic and robust secure-payment-acceptance process that can mitigate fraud and ensure data privacy? It's not a simple question to answer.

All stakeholders—including consumers, merchants and card issuers—want security in online payments. However, if security procedures become disruptive or cumbersome, they run the risk of frustrating consumers and causing them to abandon their purchases during the checkout process. So where is the nexus for security and convenience in the eyes of consumers and merchants? Are any conveniences considered expendable for achieving greater security?



American Express commissioned a survey among both merchants and consumers to find insights into this debate. The following is a sample of the findings.

Online Sales Occur in Multiple Ways



Merchants indicated that well over half their sales on average occur either online (**38 percent**) or through a mobile app (**24 percent**).

Consumers reported that they, on average, use four different payment options when making purchases online.

For their part, merchants reported that they offer their consumers an average of five different payment options.

But Providing Flexibility is Not Always Simple



The merchants also stated that, on average, **35 percent** of their IT budgets are earmarked to go to improving consumer experiences, while **27 percent** of budgets are earmarked for data security measures related to the payment process.

Managing multiple payment platforms can be expensive, with some **81 percent** of responding merchants citing set-up and integration costs as significant considerations for delivering multiple online payment options to consumers.



Security Is Paramount



88 percent of merchants reported that they believe that ensuring payment transaction security is more important than providing fast-and-easy online payment process.

Yet **69 percent** of responding merchants say they keep security requirements to a minimum just to expedite online transactions.

Consumers also recognize the risks of putting in their personal and payment information when shopping online. According to the survey, shoppers have personal and/or payment information on file with five different retailers on average, and they have concerns:



75 percent report that they are worried about protecting the privacy of their personal information when shopping online.

61 percent fear having their credit card or banking information compromised.

83 percent say they will only shop online with known, reliable merchants.



Fraud Concerns Can Hinder Sales Activity

If consumers are not comfortable with their perceived level of security when making a purchase online, they said they take appropriate action to protect their personal and financial data:

85 percent of consumers surveyed say they have abandoned a transaction at least once in the past year when they reached the checkout page.



Nearly half (49 percent) cite security concerns as a reason for this action.

33 percent stated they would abandon their transactions if asked to provide additional personal information at checkout.

27 percent say they would abandon the transaction due to a long checkout process.



Bridging the Gap Between Convenience and Security

Consumers were also asked about a secure online payment program that provides tokenized payment information to retailers when they are shopping online—ensuring the security of their information and a checkout process that would not require them to key in their payment information. According to the survey:



64 percent say they are likely to enroll in this program.

69 percent would be willing to provide the retailer with authenticated personal payment information upon checkout.

For their part, merchants also expressed interest in a program that provides them with an integrated solution for offering their consumers multiple payment options, eliminating the need for them to store consumer payment card information and resulting in a more secure and convenient checkout process for consumers.



81 percent of merchants surveyed think it would create a seamless checkout experience, and would have a positive impact on revenue.

72 percent agree that their business would benefit from technology that eliminates or reduces the need for storing consumer payment card information.

89 percent would consider using an integrated system that provides the consumer's payment information at checkout.



The survey suggests that consumers and merchants recognize that implementing new measures to strengthen data security are essential for improving the consumer experience and overcoming the checkout abandonment syndrome. The old concerns that security and convenience are competing seem to be abating. Solutions such as W3C Web Payments Specifications, FIDO-based authentication, EMV® 3-D Secure, EMV® Payment Tokenisation, among others, and new solutions such as EMV® Secure Remote Commerce provide merchant choice to create a better digital experience for their consumers and narrow the gap between convenience and security.

¹ Research Method:

The American Express Digital Purchasing Survey 2018 was conducted among U.S. consumers and merchants that offer online/mobile payment options to their consumers. The consumer portion of the study is based on an overall sample of 1,002 respondents weighted to U.S. census based upon gender, age, education, race and region. Unless otherwise noted, responses among consumers represent those who have made an online purchase three or more times in the past 12 months based on self-report. The sample size of n=775 has a margin of error of +/- 3.5 at the 95% confidence level. The anonymous survey was conducted online August 23 – 28, 2018.

The merchant portion of the survey was conducted online among a sample of 400 business leaders in the U.S. who have responsibility for making decisions regarding consumer payment options, IT/data security, or online sales strategy and planning. Respondent companies must offer credit/debit card or digital payment options to their consumers in addition to online/mobile channels. The sample for the study came from an online panel. The business sample has a margin of error of +/- 4.9 at the 95% confidence level. Fieldwork was conducted August 31 – September 10, 2018.

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