



Payment Balance: Security and Convenience at Digital Checkout

The 2024 Amex Trendex Payment Security Edition



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Balancing safe and swift.

Whether they're shopping online or in-store, customers want to get through checkout without hassle. Merchants want the same—a simple, smooth experience that reduces the likelihood of customer dissatisfaction and helps keep customers coming back.

But few of us are ready to sacrifice our security for convenience, and keeping payment details safe is a top priority for both customers and merchants.



Trends in the 2024 Amex Trendex Payment Security Edition show that with the aid and ubiquity of tech advances, **merchants are getting closer to finding equal measures of simplicity and security.** The survey also shows that **consumers' concerns vary according to age**—different generations view security differently, and they measure convenience on a different scale, as well.

No matter how merchant and customer perspectives differ, ultimately the goal is the same:

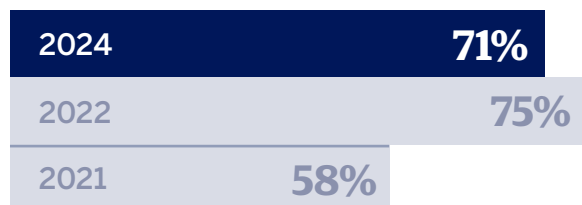
Finding balance between frictionless checkout and secure payments.



Merchants...



88% of merchants surveyed across the U.S. agree that **ensuring the security of online payment transactions is more important than providing a fast and easy payment process** for the customer. This is unchanged from 2022.



71% of merchants surveyed say they **currently offer enhanced security requirements** such as one-time passwords, push notifications, or others at checkout to ensure customers of the security of their payment card information. This is down somewhat from 75% in 2022 but still significantly higher than 58% in 2021.



Consumers...



82% of consumers surveyed agree that when shopping online, they **are willing to take extra steps during the checkout process** to authenticate their payment information, up somewhat from 80% in 2022.



84% of consumers surveyed agree that **payment authentication** using multiple methods to confirm a customer's identity **protects them from fraudulent transactions**, an increase from 79% in 2022.



75% of consumers surveyed agree that they **feel more confident about the security of their personal and payment information** if asked to provide additional information to verify their identity when making an online purchase, up from 72% in 2022.

Convenience is key for online consumers.

Preferences for convenient online checkout options have remained consistently high over the past few years. Especially, but perhaps not surprisingly, among Gen Z and Millennial segments.



Simple security is in demand.

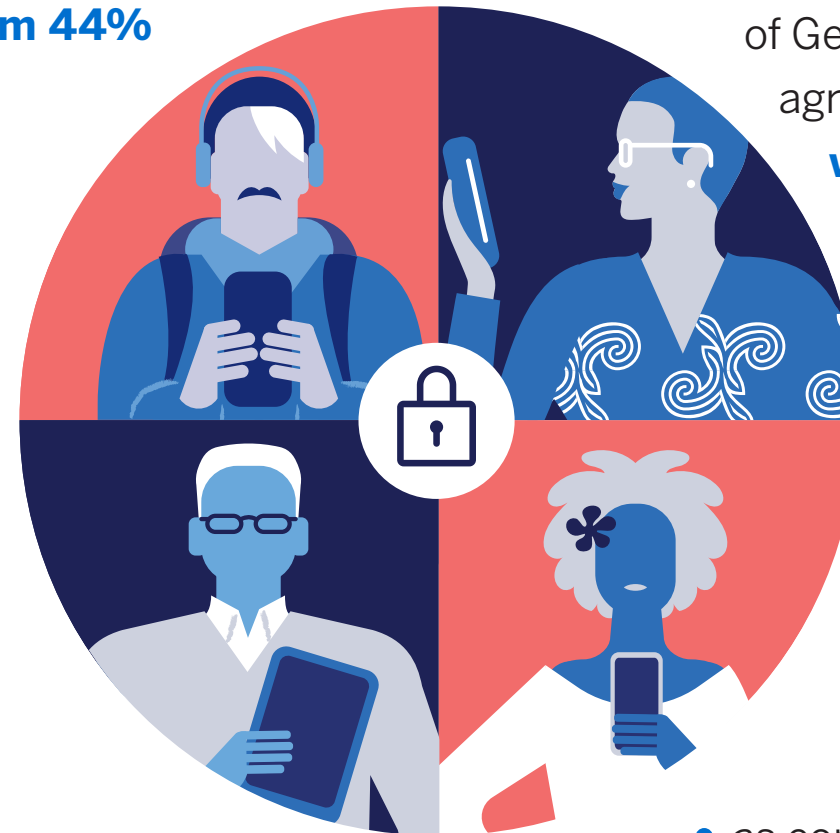
40% of consumers surveyed agree that the **security procedures (passwords, PINs, verification, etc.)** required when shopping online make the checkout process **confusing and cumbersome**. This illustrates an upward trend over the past five years—from 32% in 2019 to 38% in 2021 and 2022.

49%

of **Gen Z/Millennials** surveyed agree that security procedures are cumbersome, **an increase from 44% in 2022.**

32%

of Gen X/Boomers agree, **consistent with 33% in 2022.**



87%

of **Gen X/Boomers** surveyed say they are willing to take extra steps (to ensure security when shopping online)

as compared to

77%

of **Gen Z/ Millennials.**

Do I have to type this in again?

69% of consumers...



surveyed agree they would rather **pick from a list of existing personal payment methods** when shopping online than key in payment information every time. This is consistent with 2022 and a small dip from 2021 (70%).

55% of consumers...



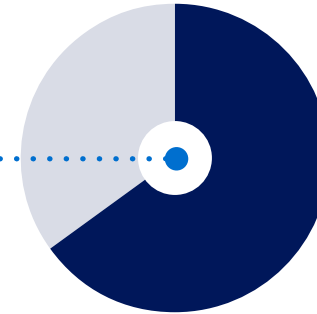
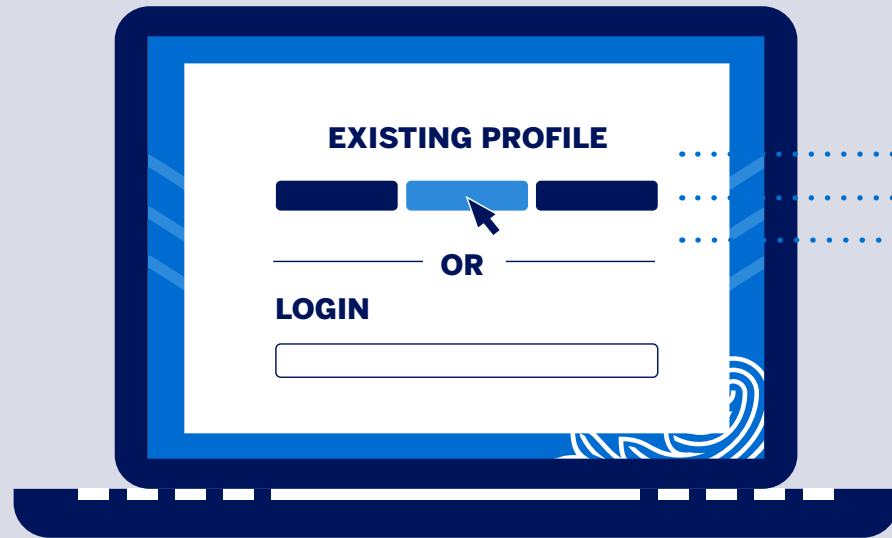
surveyed agree they would prefer to **log into a site using an existing profile** instead of creating a new account with a business. This is a small dip from 2022 (56%) and a slight increase over 2021 (50%).

48% of consumers...

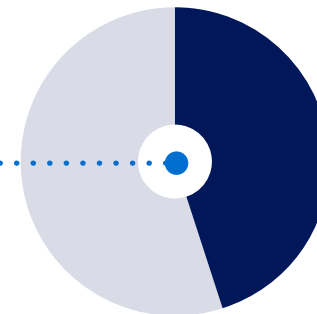


surveyed agree they **are comfortable with having** their browser **store payment information** that can autofill when making an online purchase. This reflects a modest increase over 2022 (45%).

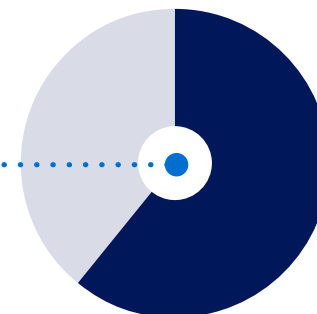
Check this out.



69% of Gen Z/Millennials prefer to **log into a site using an existing profile** instead of creating a new account with a business. This shows a continued increase over 2021 and 2022, when it was 66%.



45% of Gen X/Boomers prefer this **login method** (using an existing profile instead of creating a new account with a business), down from 49% in 2022.



61% of Gen Z/Millennials surveyed are **comfortable storing payment info in a browser**—up from 54% in 2022—compared to 38% of Gen X/Boomers, which remains the same as 2022.

Cart abandonment is a major concern for merchants.

Naturally, merchants want online purchases to be safe. They also don't want customers to get frustrated halfway through the checkout process (because they've had to verify their identity yet again) and end up walking away from the sale.

A majority of merchants surveyed, in fact, report that they want to keep security requirements to a minimum and simplify the process even more for customers. But that majority is shrinking.



61% of merchants surveyed agree that they **keep the security requirements for online payments to a minimum** to ensure a fast and easy transaction process for the customer. This majority is shrinking, from **71% in 2022** and **74% in 2019**, which could suggest a **growing emphasis on security**.

74% of merchants surveyed agree that their **online checkout experience needs to be simplified** for customers. However, this is down from **79% of merchants in 2022 and 2019** who agreed online checkout experienced needs to be simplified.

Getting carts through checkout.



An estimated **24.5% of online sales are abandoned before the sale is complete**, according to merchant survey responses. This shows a **continued decline** over previous years: **27% in 2022, 34% in 2021, and 37% in 2019**. In addition, fewer merchants surveyed report seeing an increase in cart abandonment compared to the previous survey: **29% vs 39% in 2022**.

And while that's good news, it's only part of the story. According to survey respondents, the number of **merchants who are unsure about the impact of cart abandonment** on online sales has **more than doubled** since the previous survey: **15% vs 6% in 2022**.



Why consumers walk away.

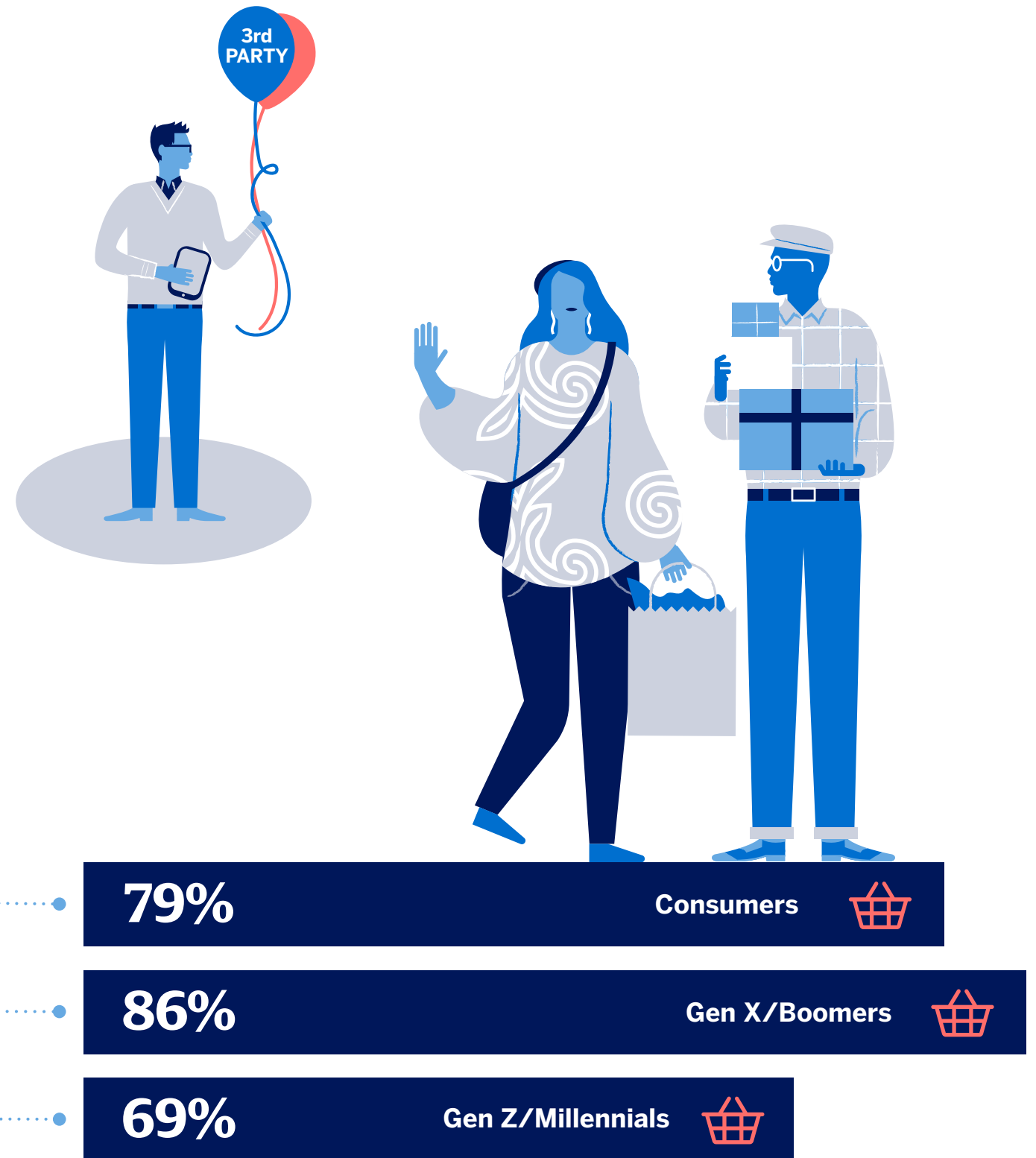
According to the survey, cart abandonment often happens when third-party payment sites get involved and consumers get leery.

We're at the wrong party.

79% of consumers surveyed say they are not likely to complete a transaction when they are automatically directed to a third-party payment site that they do not recognize. According to the survey, this is the lead barrier to checkout.

86% of Gen X/Boomers surveyed are more likely to abandon their cart in this situation (when they are automatically directed to a third-party payment site that they do not recognize for payment).

69% of Gen Z/Millennials surveyed are likely to abandon carts in the same scenario.



Third-party sites are not always a deterrent, however. If consumers are automatically directed to a payment site they are familiar with, the likelihood to abandon the transaction is **significantly reduced: To just 43%.**

52% of consumers surveyed, however, report they are **not likely to complete the checkout process** if they are required to **type in a login and password**—even when directed to a third-party site they're familiar with.

On the other hand, **84% of consumers** surveyed are likely to **complete a transaction** if asked to **enter a one-time code** sent to their mobile.



The use of biometrics (such as a fingerprint) on a third-party site to complete a transaction has surveyed consumers relatively divided, with **55% who say they would complete the transaction and 45% who say they are not likely to complete the transaction.**



72% of Gen Z/Millennials surveyed report they are very or **somewhat likely to complete the transaction using biometrics** on a third-party site, **compared to just 44% of Gen X/Boomers.**

Merchants continue investing in security.

Again, when it comes to security at checkout, it all comes down to the customer. **Merchants implementing security measures are doing so to ensure a secure payment environment**—because the customer is always top of mind.

When considering their options for the **types of security measures** to implement:



57% of merchants surveyed give very significant consideration to the **impact on the customer experience**.



56% consider customer demand for increased security.



57% of merchants surveyed give very significant consideration to the **staff training and education** necessary for implementation.



25% of merchants' tech/IT budget, on average, goes to payment security improvements, and six in ten say they have plans to increase this investment in 2025.



Fraud remains a challenge for merchants.

Fraud across all channels remains a challenge for merchants to address. 75% of merchants surveyed report their company experienced fraud in the past year, down from 88% in 2022, but in line with 76% in 2021 and 77% in 2019.

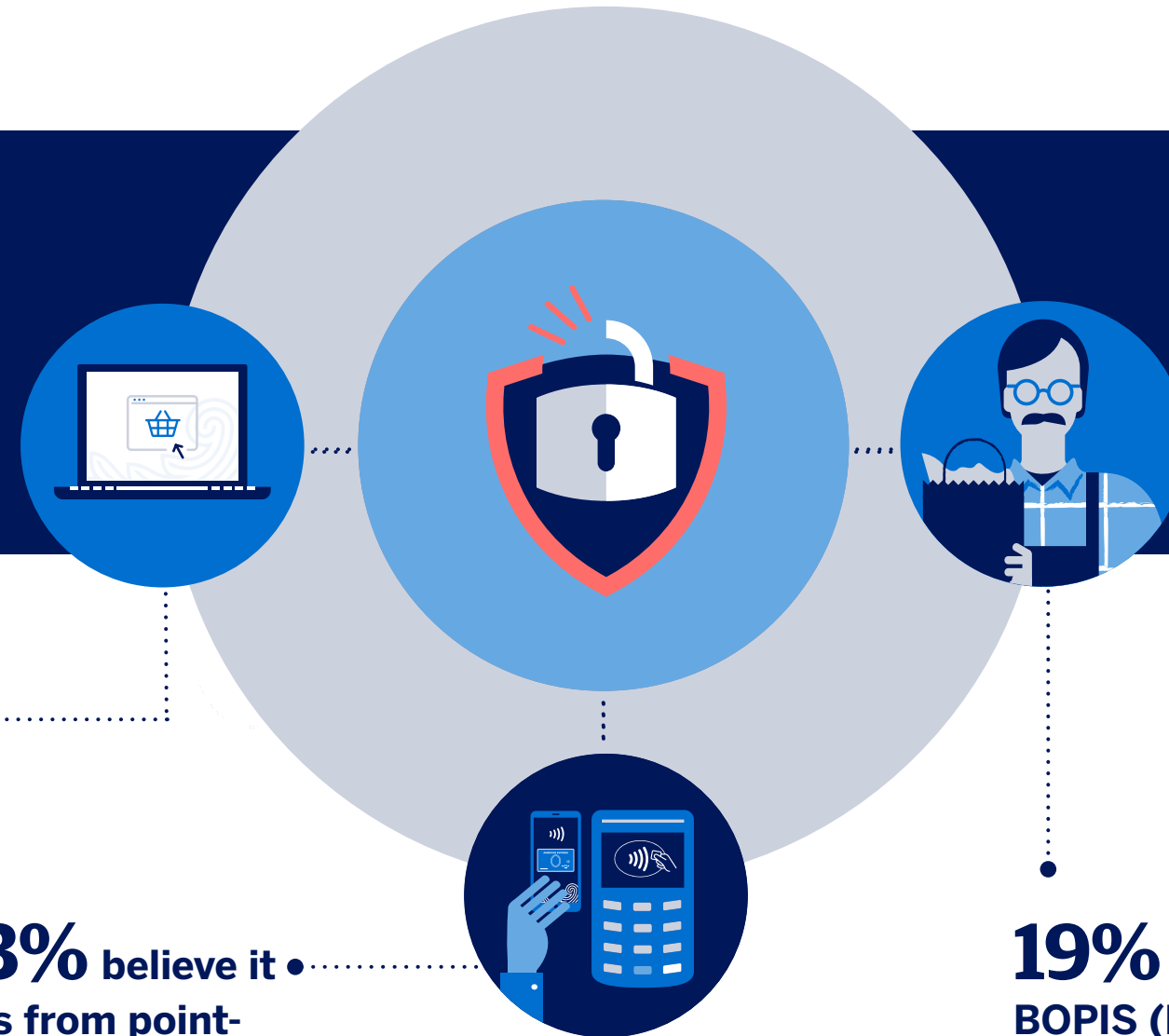
85% of merchants surveyed agree that implementing multiple security procedures for online customer transactions has **reduced the level of fraud** for their company.

64% of merchants surveyed agree that a significant amount of **company time and expense is dedicated to dealing with fraud.** This is down from 73% in 2022.



With the lowest U.S. fraud rates among the major networks for 17 consecutive years and an A- credit rating, American Express creates a secure environment to help encourage spending and customer loyalty. It's essential to our business to combine our technology and infrastructure with new computing techniques to make better risk decisions, provide real-time customer communications and digital credit and fraud servicing.

Here's where fraud is hiding.



According to the survey, **69%** of merchants surveyed who experienced fraud over the past year believe it most likely came from online channels, which is unchanged from 2022.

33% believe it was from point-of-sale purchases, versus 39% in 2022.

19% point to BOPIS (Buy Online, Pick Up In Store) as the source, down from 27% in 2022.

Research methodology:

The Amex Trendex 2024 Payment Security Edition consumer survey is based on a sample of 1,010 adults, 18+, weighted to U.S. census based upon gender, age, education, race and region. Unless otherwise noted, responses are among consumers who have made an online purchase three or more times in the past 12 months. August 2024.

The Amex Trendex 2024 Payment Security Edition business survey is based on a sample of 400 business leaders in the U.S. who have responsibility for making decisions regarding customer payment options, IT/data security, or online sales strategy and planning. Respondent companies accept online or mobile payments, or don't accept online payments but do accept contactless point-of-sale payments. August 2024.



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