

2022 Amex Trendex: Payment Security Edition

Balancing Secure Payments with a Seamless Checkout Experience



DON'T *do business* WITHOUT IT



Merchants continue to seek the right balance between delivering a frictionless checkout experience and providing payment security. The good news is Consumers are more comfortable taking extra steps to authenticate their payments if it means greater fraud protection.



88% of Merchants and **55% of Consumers** reported experiencing fraud in the past year:

75% of Merchants say they **currently offer enhanced security requirements** on their website or mobile app

91% of Merchants agree that **multiple security procedures** for online transactions reduce fraud levels for their company

79% of Consumers agree that **payment authentication using multiple methods** (passwords, PINs, etc.) protects them from fraud

72% of Consumers feel more confident about the security of their personal and payment data **when asked for more information to verify their identity**

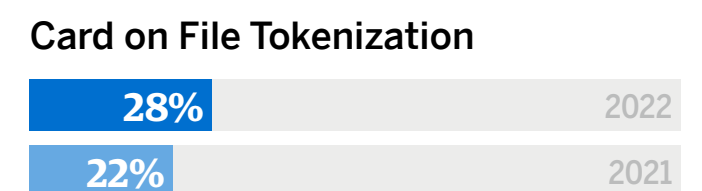
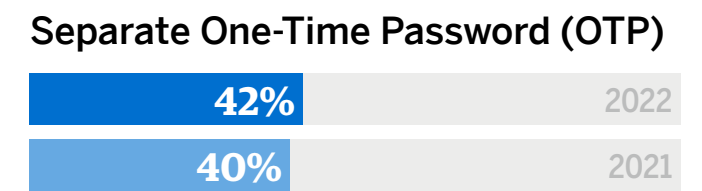
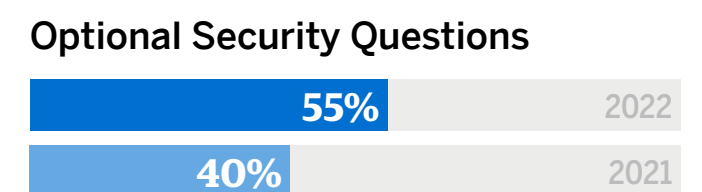
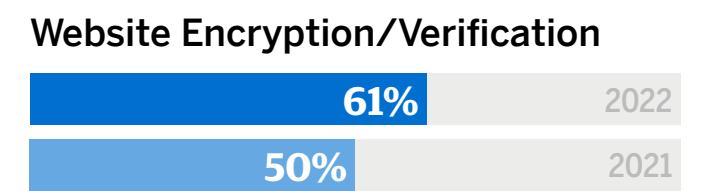
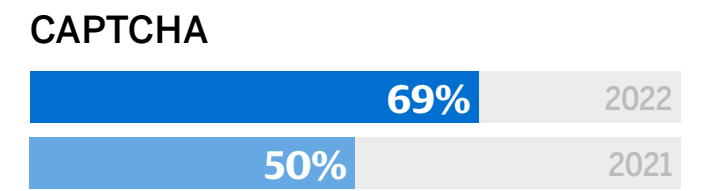
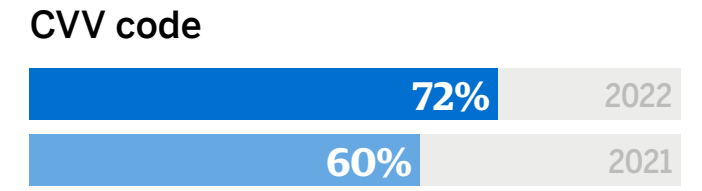
Accelerating the Fight Against Fraud

There has been an overall increase in the use of most security procedures compared to 2021 and many Merchants use more than one fraud prevention method for securing online customer transactions (via web or mobile).

However, there is still opportunity to take advantage of lesser used authentication methods such as **biometrics on customer devices (30% in 2022)** and **card-on-file tokenization (28% in 2022)**.



MERCHANTS USING FRAUD PREVENTION METHODS



Cart Abandonment is Still an Issue

On average, merchants estimate more than a quarter (27%) of online sales are abandoned before a sale is complete. Three-quarters of Merchants say this is at least the same (37%), if not more (39%) compared to last year. While online shoppers give a variety of reasons for dropping out of transactions, data suggests that **use of authentication methods is less likely to drive cart abandonment.**

SHOPPERS ARE ABANDONING WHEN...



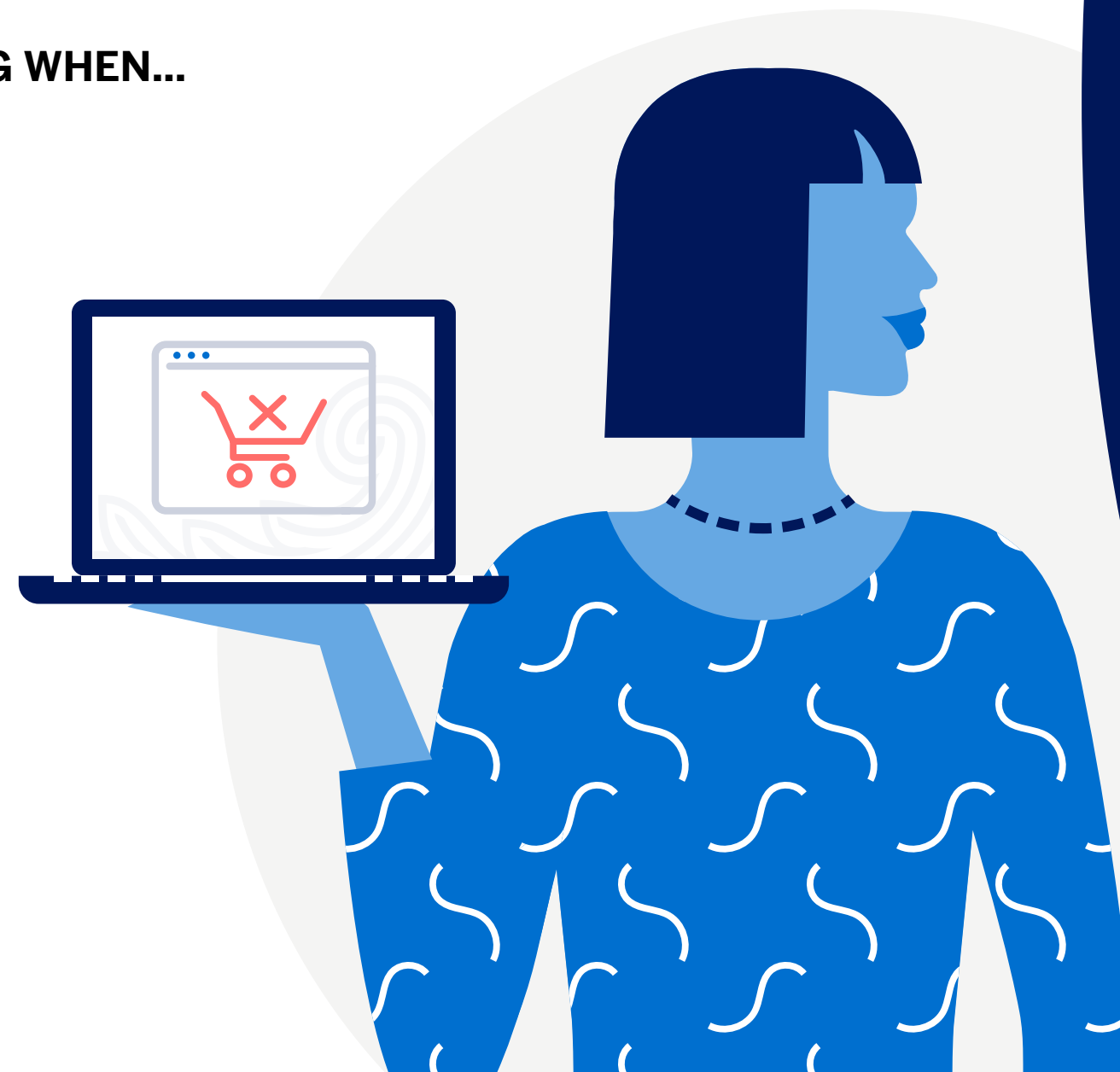
...they are directed to **unrecognized third-party site** for payment



...their card has **expired**



...they are directed to **recognized third-party site** for payment



SECURITY MEASURES ARE LESS LIKELY TO LEAD TO ABANDONMENT



82% of Consumers say they are still likely to complete a transaction if they are asked to use a **one-time code** sent to their mobile device



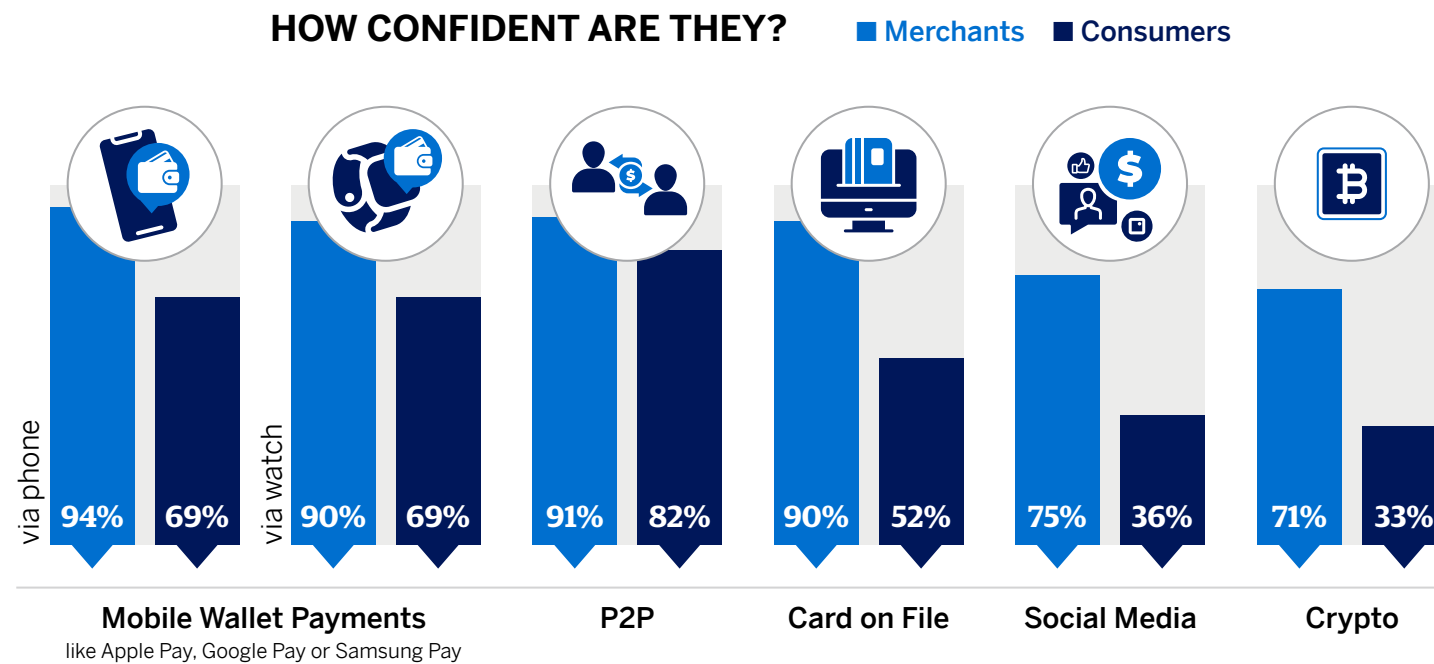
79% of Consumers are willing to answer **security questions**



69% of Consumers say they are still likely to complete a transaction if they are required to use a **login/password** (i.e., no guest checkout option)

Measuring Confidence in the Security of Payment Methods

Merchants generally have higher levels of confidence in the security of payment methods compared to Consumers, who may be less informed.



Merchants and Consumers Want Safety and Convenience

Security remains top of mind for both Merchants and Consumers when it comes to payments. That's why **Merchants are looking to increase their technology investment** to improve payment security while simplifying the payment process. At the same time, **Consumers are more open to doing their part by taking extra steps to ensure their payment information remains secure.**



79% of Merchants agree their **online checkout experience needs to be simplified** for their customers

71% of Merchants keep **security requirements for online payments to a minimum** in order to ensure a fast and easy transaction process for the customer

69% of Merchants intend to **increase investment** to improve payment security and reduce fraud in 2023

79% of Consumers overwhelmingly agree that **payment authentication** protects them from fraud

81% of Consumers are interested in **learning more about what merchants are doing** to secure payment and personal information

Methodology

The Amex Trendex 2022 Payment Security Edition is based on a sample of 1,008 respondents 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 based on self-report. The anonymous survey was conducted online September 19-21, 2022.

The business survey is based on a sample of 411 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. The sample for the study came from an online panel. Fieldwork was conducted September 15-25, 2022.

