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**INTELLIGENT PAYMENT EXPERIENCES DRIVEN
BY A TECHNOLOGY DOMINANT LIFESTYLE**

A Visa Report

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Foreword



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Foreword

A tech-dominant lifestyle has created a demand for intelligent consumer payment experiences



Mandy Lamb

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The rapid introduction of new technology such as Artificial Intelligence (AI) and the Internet of Things (IoT) is transforming how consumers across Southeast Asia shop for goods and services.

Consumers are the ones driving this change as they seek out intelligent payment experiences to provide greater convenience in their everyday lives. To find out more about how technology is changing the way consumers pay across Southeast Asia, we're pleased to present findings from this report - our fifth annual Visa Consumer Payment Attitudes study.¹

This year's report provides a number of interesting insights into the payment behaviour of consumers across the region. Overall, we're seeing a strong drive towards digital payments, with 64 per cent of consumers in Southeast Asia confident of going cashless for a full day, and almost half (48%) believing they could go cashless for three days.

Sixty-eight per cent of consumers are interested in using biometrics to authenticate their payments. This is an important development, given the use of biometrics (fingerprint and facial recognition) to authenticate payments is worth around \$124 billion in 2018 and will be worth more than \$2 trillion by 2023 globally.²

Further, 54 per cent of consumers in Southeast Asia are comfortable using Artificial Intelligence (AI) and

chatbots to perform banking transactions and make bill payments.

However, while technology is improving the payment experience for many day-to-day activities, there is still room for improvement. Transit is emerging as a key category where digital payments can improve the consumer experience. Seventy-four per cent and 84 per cent of consumers are considering using their everyday payment cards for transit and toll payments respectively, to remove the hassle of topping up prepaid cards or handling cash.

These changes are aligned with consumers' growing interest in eCommerce, especially via the smartphone. With the widespread adoption of smartphones in the Southeast Asia region, consumers are leaning towards convenient and secure shopping experiences while on-the-go. New payment technologies and expanded acceptance points also continue to improve consumer experiences.

At Visa, we understand that the customer journey is not a constant, linear path, and we're focused on making the payments experience more intelligent, intuitive, seamless and secure.

We hope that this report will provide useful insights to the industry as we strive to drive the future of commerce and stay ahead of this digital transformation.

¹ The 5th Consumer Payment Attitudes Survey was commissioned by Visa and carried out from July-August 2018, refer to Appendix on page 29 for details
² [https://www.juniperresearch.com/press/press-releases/mobile-biometrics-to-authenticate-\\$2-trillion-of-s](https://www.juniperresearch.com/press/press-releases/mobile-biometrics-to-authenticate-$2-trillion-of-s)



Cashless Payments Continue to Gain Momentum



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Top reasons for increase in cashless payment usage



65%
More Convenient



55%
Hassle-free

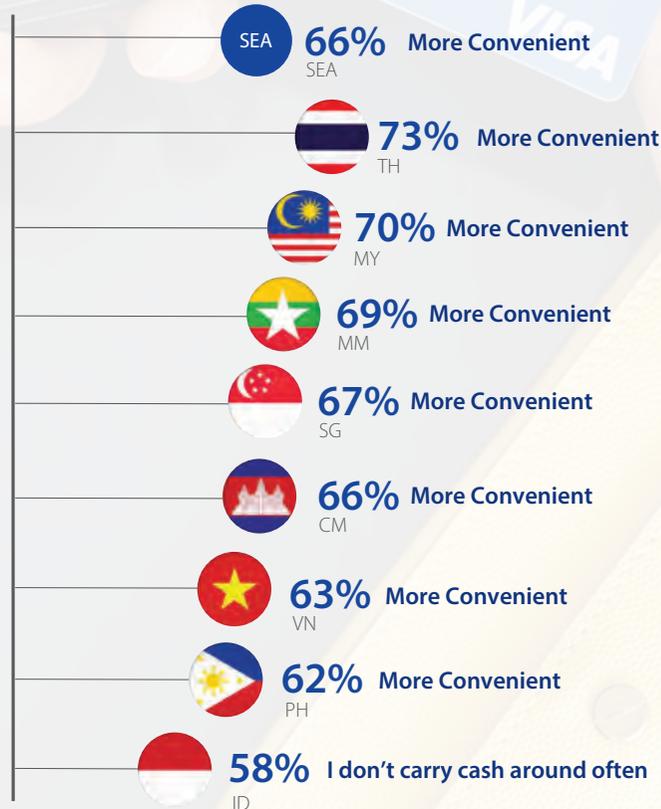


51%
Widely Accepted



49%
Feel more comfortable paying with cashless methods

Top reasons for increase in cashless payments



Consumers in Southeast Asia continue to embrace cashless payments at a rapid pace. They recognise that cashless payments reduce the hassle of regularly visiting ATMs to withdraw cash, eliminate the burden of keeping notes and coins and make tracking of purchases easier and more transparent. It is also evident that merchants are responding to this behaviour by increasing their digital acceptance footprint.

According to this report, more than six out of 10 (64%) consumers in Southeast Asia are confident to go completely cashless for a day. In fact, 48 per cent of consumers in the region are confident to go cashless for three days, a slight increase from the 2017 findings (45%). Consumers expect their use of digital payments to increase overall in Southeast Asia (66%), particularly in Indonesia (77%) and Thailand (70%). This is testament in part, to the effectiveness of a robust payment infrastructure and the support of the various digital and smart nation initiatives in the region.

The top reasons why consumers are carrying less cash in their wallets are that they believe carrying cash is unsafe (57%) and that they use more cards (57%).

Overall, the preference for digital payments is highest in Singapore at 79 per cent, followed by Indonesia (60%) and Thailand (57%).

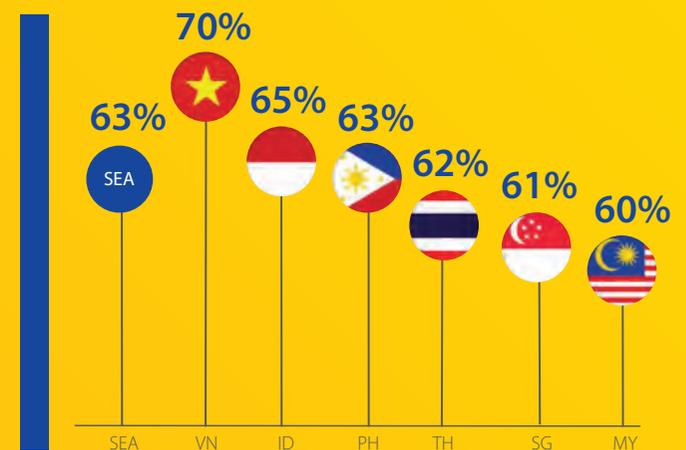


Cashless Transactions at Supermarkets and Hypermarkets on the Rise

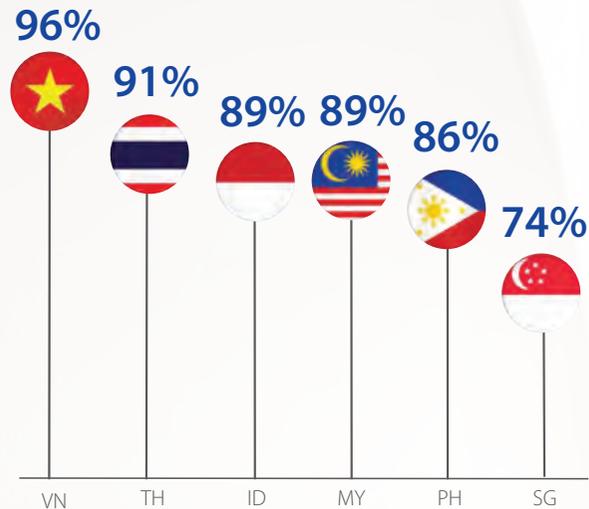
Consumers across Southeast Asia are increasingly comfortable with using digital payments in various retail environments. Sixty-three per cent of respondents expect to increase their use of cashless payments at supermarkets and hypermarkets.

Other popular categories where they are looking to increase cashless payments include large shopping malls (67%), for bill payments (61%) and delivery services (54%).

Cashless payments at hypermarkets and supermarkets are expected to increase



Supportive
in using
contactless
payments for
transit



Transforming the Transit Experience

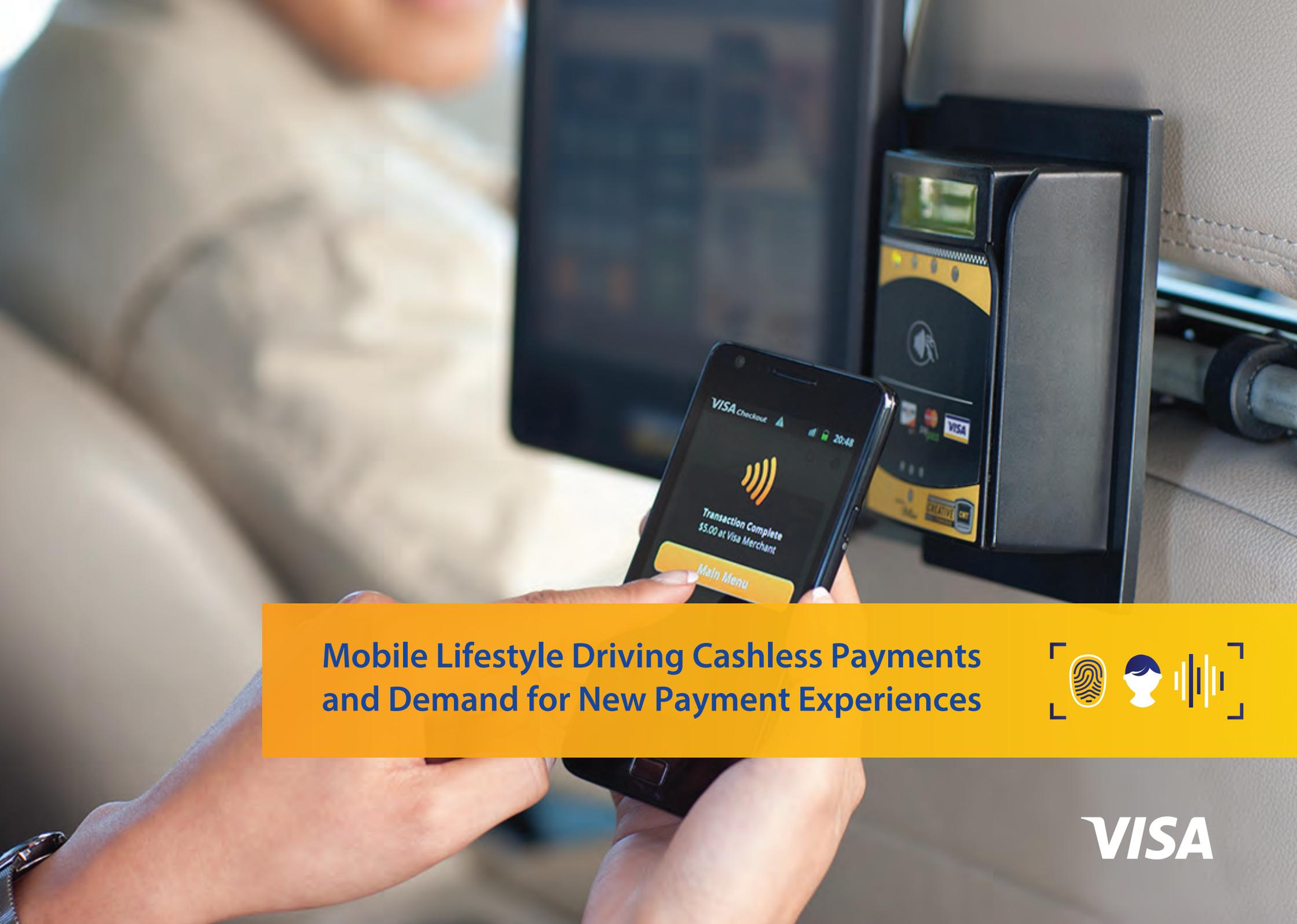
In Southeast Asia, there are significant opportunities for digital payments to improve the transit experience, especially toll payments. Today, 57 per cent of consumers believe toll payments are inconvenient because they are unable to pay if they don't have enough change or their prepaid travel cards have insufficient balance. Close to 70 per cent of consumers think paying directly from their debit or credit cards for toll charges is more convenient than the current mode of payment.

Whether in public buses, taxis, tolls or supermarkets, consumers are looking for new and seamless forms of payments. These payments are expected to be frictionless.

Consumers in Indonesia would be most likely to consider paying for public transport with a debit or credit card (89%) followed by Vietnam (86%), Malaysia (78%), the Philippines (69%), Thailand (69%) and Singapore (68%).

The top reasons given across all markets for openness to switching to credit/debit cards to pay for public transportation are not having to top-up current transport cards or having to fumble with cash or coins.

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**Mobile Lifestyle Driving Cashless Payments
and Demand for New Payment Experiences**



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51%

making retail transactions or payments via an app

42%

making payments via an app and web browser

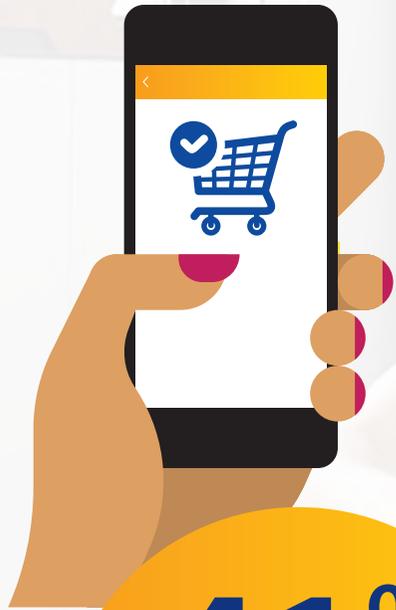
7%

making payments via web browser only

The ubiquitous use of mobile devices has had a major impact on increased usage and acceptance of cashless payments. Consumers in the region are now using their mobile phones for everyday payments. This includes transferring money to friends and family, paying bills, and paying for transportation and meals.

In fact, most consumers in the region (51%) are making retail transactions or payments via an app, with only seven per cent doing so exclusively via a web browser. Forty-two per cent use both. This clearly shows the shift into an app-based economy.

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41%

use their mobile devices to shop several times a week

34%

shop online using desktops



eCommerce – Mobile Devices Preferred over Desktop

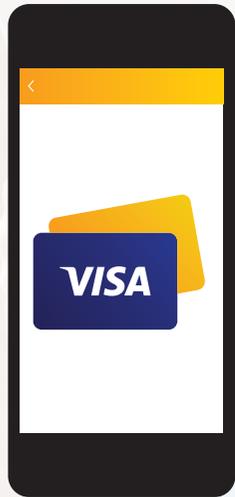
Southeast Asian consumers now prefer shopping using their mobile devices instead of desktops or laptops.

Forty-one per cent of consumers in Southeast Asia use their mobile devices to shop several times a week as compared to 34 per cent who shop online using desktops.

Forty-three per cent of Vietnamese and 39 per cent of Indonesians shop using mobile devices several times a week, making them the most active users of mobile commerce.

As mobile usage becomes more prevalent, we see different concerns amongst users in Southeast Asia using their mobile devices for financial transactions. The top concerns are losing their phones or having their phones stolen and getting hacked or intercepting data on their phones. Consumers are less concerned with whether they're charged the proper amount or being at risk of exposing their financial details.

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Retail shopping is the top category for card-on-file payments for five out of six markets apart from Indonesia, where transport is the number one payment category. Consumers are most interested to use card-on-file mobile wallets to pay for transportation in four out of six countries, including Indonesia, the Philippines, Singapore and Malaysia. In addition, more than half (51%) cite convenience as the top reason for using card-on-file mobile wallet payments.

Top 3 markets that prefer card-on-file payments



Increased Interest for In-app Payments (Mobile Wallets)

Mobile payments have expanded from a niche service for digital consumers to mainstream use in a span of several years. Consumers are introduced to a variety of mobile wallets, with most wallet providers giving consumers the choice of payment methods. Some are card-on-file services, where a payment card is linked to the wallet. Others include having users top up the wallet to ensure there's money credited in the wallet before use.

Seventy-five per cent of respondents in Southeast Asia currently use card-on-file services to pay for their transactions while 67 per cent finance their mobile wallet transactions by topping up the wallet. In terms of preference, more respondents choose to store their payment card information on file and transact per purchase via an app (58%), while 42 per cent prefer prepaid wallet options.

Consumers in the region are increasingly paying for goods and services via in-app payments. Popular app categories include ride-hailing (Go Jek, Grab), food delivery (Food Panda, Deliveroo) and retail (Lazada, Shopee).





Top reasons
for using
credit card
for in-app
payments



63%
More
efficient



61%
Hassle-free



49%
Don't need to
remember how
much credit I
have in my wallet

The Ubiquitous Use of Smartphones and Increased Payment Acceptance is Influencing the Growth in Mobile Wallet Usage

In Southeast Asia, about half of consumers have more than two mobile wallets on their mobile phones. Fifty-one per cent of consumers in the Philippines have more than two mobile wallets, followed by Singapore at 46 per cent, and Indonesia at 44 per cent. However, the increase in use of mobile wallets is not linked to ownership of mobile devices.

We believe the growth in mobile wallet usage is attributed to consumers embracing the benefits of digital payments and national policies being rolled out in the region to encourage a digital economy such as the Smart Nation initiative in Singapore and Thailand 4.0.

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Top reasons why consumers are open to merchant prompted promotions



29%

Receive alerts for best offers



28%

Save time



19%

Overall usefulness

Intelligent Customer Experiences

Consumers are open to having financial service providers anticipate various ways to provide the best services and experiences for them. They are looking at intelligent experiences tailored specifically for them at every touch point in their lives.

Eighty-seven percent of respondents in Southeast Asia are open to receiving offers from financial institutions or merchants, based on their past purchase patterns. In addition 85 per cent are interested in receiving prompted offers that are related to their search requests or recent purchases.

The top reasons given for being open to merchant prompts or promotions are the ability to receive alerts for best offers (29%), the opportunity to save time (28%) and overall usefulness (19%).

Simplicity and Convenience is Key

Consumers are also demanding seamless experiences in their everyday payment journey. Currently, almost half of consumers in Southeast Asia have more than two mobile wallet apps on their phones. Singapore and the Philippines rank highest in ownership of mobile apps.

Consumers in Singapore (48%) and the Philippines (48%) are most frequent users of in-app payments, higher than the regional average of 41 per cent.

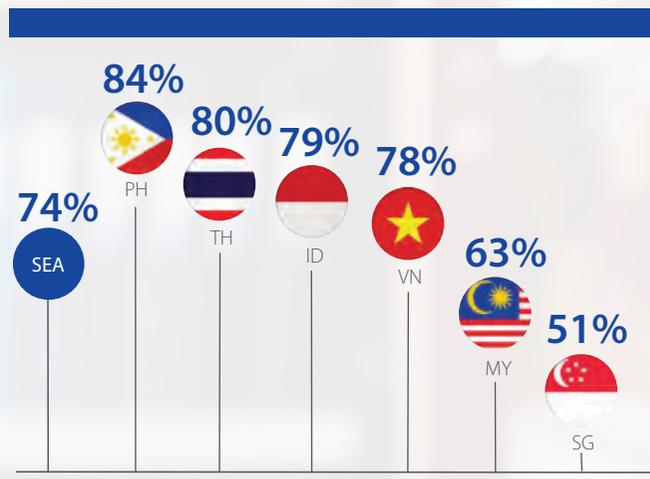
Most consumers in Southeast Asia believe having a variety of mobile payment choices at their disposal is good, but one third of consumers find it too confusing.

As numerous mobile wallets and payment apps are being introduced in the markets, 92 per cent of respondents prefer a single app from which you can do everything - from transferring money, to making a purchase online, to paying bills seamlessly. They believe this is better than using multiple apps for various functions and settings. Malaysia and Indonesia rank highest (97%) in terms of preference for using a single app instead of multiple apps, followed by the Philippines and Vietnam (92%).

Preference for single app instead of multiple apps



Interest in making mobile contactless payments



Top preferred categories for mobile contactless payments

- Convenience stores
- Retail stores
- Hypermarkets / Supermarkets



Contactless Payments - from Cards to Phones

Most respondents (80%) are aware of mobile contactless payments, and awareness is highest in Singapore (95%), Vietnam (81%) and Thailand (88%).

Mobile contactless payments have seen increased usage compared to two years. Currently, seven out of 10 respondents used this mode of payment and 77 per cent of consumers have used contactless payments more than they did two years ago. Some of the top features of mobile contactless payments include convenience, ease of checkout and speed.

Top spend categories for mobile contactless payments



Awareness of QR Payments



81%



93%



86%



81%



78%



75%



70%



QR Codes

QR codes are now being used for a broad range of payments. In some Southeast Asia markets, QR payments are commonly used in coffee shops, quick-service-restaurants, or public transportation.

Of those surveyed, 81 per cent are aware of QR payments and 75 per cent are interested in using them. The countries most aware of QR payments are Thailand (93%), Singapore (86%), Vietnam (81%), the Philippines (78%), Malaysia (75%) and Indonesia (70%).

Some of the top benefits given for using QR payments are faster transactions (63%) and ease of use (60%).

QR payments are accepted region-wide across various merchant categories. The most popular usage for QR payments are at retail stores (55%) and fast food outlets (53%).



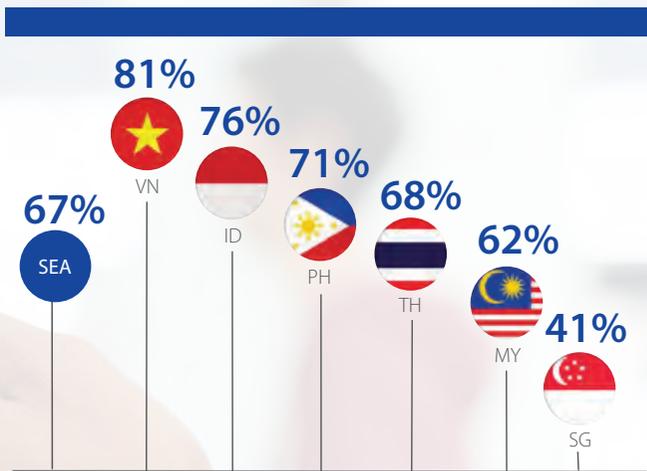


Future of Commerce

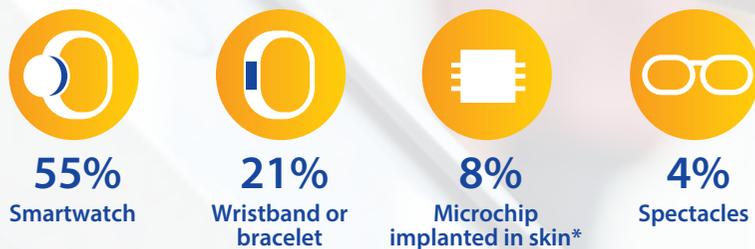


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Interest in using wearables



Most preferred type of wearable



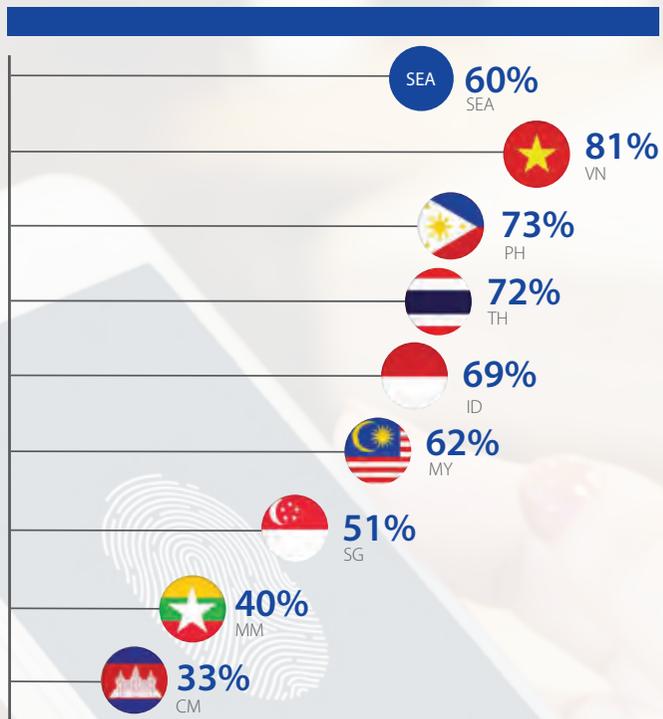
* Microchip implanted in skin is a futuristic payment technology concept only

Wearables Take a Leap Forward

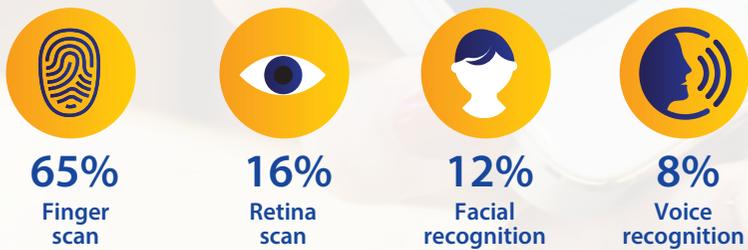
There has been an explosion of devices and connectedness in recent years, and this trend will continue to intensify, with wearable technology being the frontier for the adoption drive. Its everyday usage and application make it naturally aligned with payment authentication for the cashless society movement.

Southeast Asian consumers are curious and interested in wearables as a form to pay, with 55 per cent aware of this technology, and 67 per cent interested to use it.

Interest in using biometric authenticated payments



Preferred methods



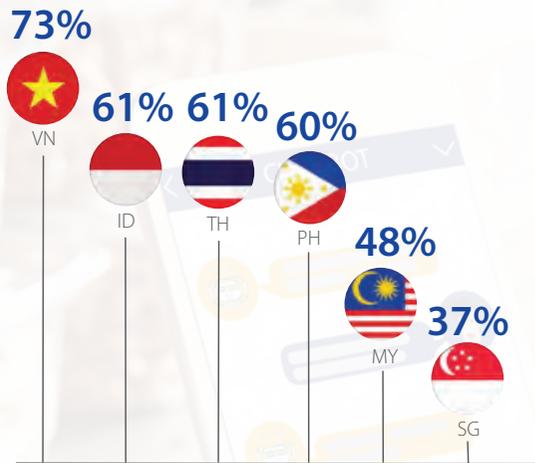
Biometric Authentication Technology

With an added layer of security that this new technology provides, consumers' shopping experiences are not only more seamless, but also secure.

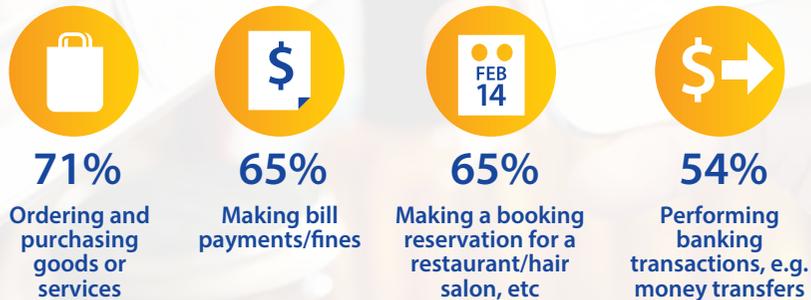
The value of mobile payments authenticated by biometrics via fingerprint and facial recognition is set to exceed \$124 billion in 2018, and predicted to be \$2 trillion by 2023, according to reports from Juniper Research.

Sixty-eight per cent of consumers in Southeast Asia are interested in biometric payments and authentication, a further testament to the receptiveness of consumers trying new payment technologies.

Interest in using AI chatbots to make payments



Comfort level in using AI chatbots for everyday purposes

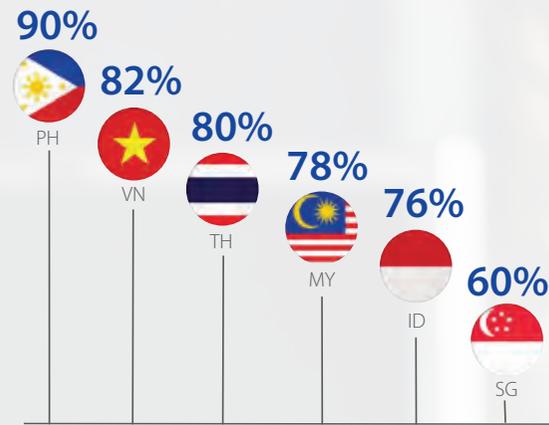


Engaging with Chatbots and AI

An AI chatbot is a computer or an artificial intelligence program which can conduct conversations and simulate how a human would behave as a conversational partner. A chatbot or voice assistant can respond and perform actions based on the conversation that takes place. Currently, chatbots or voice assistants have been used to answer live queries, update calendars, help with online shopping, pay bills and even make bookings. Examples of these are the Google Assistant, Amazon Alexa and Apple's Siri.

Fifty-seven per cent of respondents in the region are interested in using chatbots or voice assistants for payments. Consumers in Thailand are most familiar with AI chatbots, but the Vietnamese are most interested to use such technology.

Likelihood to try self-checkouts

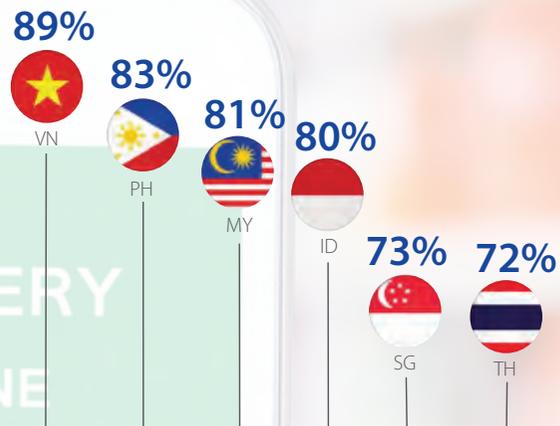


Self-service Technology

Self-service technology has continued to grow in Southeast Asia with more consumers in the region aware of, and using, self-checkout options. This technology is also creating new opportunities in improving efficiency and customer service for retailers, health care providers, restaurants and government institutions.

Consumers in Southeast Asia are aware of self-service technology and 38 per cent have tried it. Seventy per cent of consumers in Singapore have tried using this service, followed by Vietnam (44%), Malaysia (36%), Thailand (31%), Indonesia (29%) and the Philippines (21%).

Comfort level shopping at a frictionless concept store



GROCERY ONLINE



BUY NOW

Future of Retail – Frictionless Payments

Globally, there are new store experience concepts with no queues or checkout required. Consumers download the app, enter the store, take the products off the shelves and leave. There is no payment at POS or via the app and payment is completely frictionless.

Eighty-two per cent of respondents in Southeast Asia are aware of the self-checkout concept, while 47 per cent are aware of the concept store. There is significant interest in this new mode of shopping. A large number of the respondents (80%) are comfortable using this new concept store and 96 per cent of this group say they will try it out.

Interestingly, what consumers dislike about frictionless payment concepts is that there isn't a hard copy receipt to check their purchases (35%) and they're unsure if they are comfortable having their data assessed by AI to recommend products and services (32%).

About The Report

We conducted the annual Visa Consumer Payment Attitudes Survey to understand the behaviours of digital consumers and to identify areas where we can drive greater adoption of electronic payments. The latest survey was conducted among 4,000 consumers in Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam in August 2018.

Southeast Asia regional average does not include Myanmar and Cambodia, unless indicated.

Reference

1. Mobile biometrics to authenticate \$2 trillion of sales by 2023, driven by over 2,500% growth
[https://www.juniperresearch.com/press/press-releases/mobile-biometrics-to-authenticate-\\$2-trillion-of-s](https://www.juniperresearch.com/press/press-releases/mobile-biometrics-to-authenticate-$2-trillion-of-s)

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