

Yes to more payment options but just as backup

Many of us don't spend a lot of time thinking about payment options. Making a payment is painful, it's a normal but uncomfortable activity. Yet we now have more payment options than ever before. Choice can mean power. But the latest ING International Survey of 13,000 people shows many aren't grabbing it



In some parts of Europe, many people feel very strongly that the more payment options they have, the better. However, attitudes are not consistent across all countries.

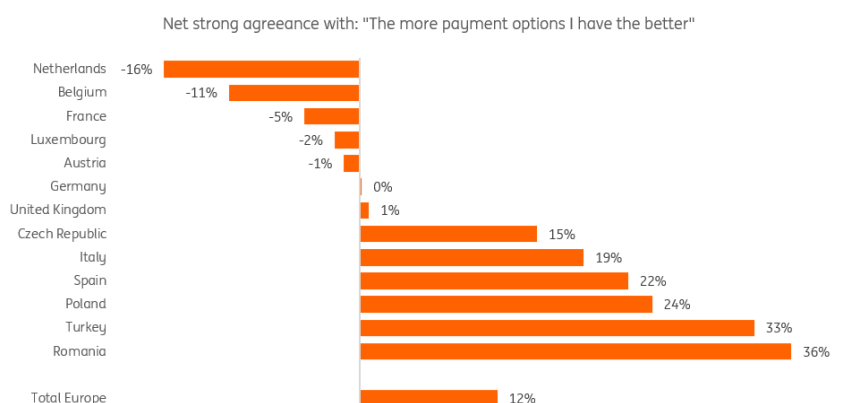
In addition, despite many wanting choice, most people, regardless of where they are from, use just a handful of payment options both in-store and online. The main reason we use new or different methods is we must adapt to what's on offer from the merchant. Not because we want to.

These are among the main findings of the latest ING International Survey on how we spend our money. Just under 13,000 people in 13 European countries were asked how they pay and why they use their selected payment methods.

When asked how true or untrue the statement "The more payment options I have, the better" is,

25% across Europe considered the statement to be completely true. Opposed to this, 13% considered the statement not true at all. Subtracting the untrue from the true responses gives a net figure of 12% who consider the statement to be true.

But there was considerable variation between countries ranging from a net low of -16% in the Netherlands, to a high of 36% in Romania.



Values calculated by subtracting the percentage of people in each country who say the statement 'The more payment options I have the better' is completely untrue, from the percentage who say this is completely true. Other response options were 'mostly true', 'somewhat true' and 'slightly true'. Sample size: 12,824.

Preferences require local practicality

Not surprisingly, there is a socio-economic element to wanting and using different payment options. For example, survey responses show that people are more likely to take advantage of payment choice if they are working. Those employed full-time use an average of 5.3 different payment methods, compared to 4.0 for those who are not working due to being unemployed. Similarly, those with a master's or PhD use an average of 5.7 different payment methods, compared to 3.7 for those who did not finish high school. Consistent trends are also seen across incomes, those earning more than €7k per month use an average of 6.0 different payment methods, those without an income use an average of 3.1.

In short, it is not enough to have a choice, particularly regarding new digital options, you must have the means to take it. Unsurprisingly, people who own lots of technology devices -- the most tech savvy among us -- also tend to use more options. Own 8 different devices and you will use an average of 10.2 different payment options, compared to the 3.1 that are used by those who own one piece of technology. This is potentially also a reflection of an early adoption mentality. Own more tech devices, be open to experimenting with the latest trends.

Survey responses also suggest a link between a preference for more traditional means of payments, such as cash, and an aversion to multiple payment options. The Netherlands, Belgium, France, Austria and the UK were, for example, the locations where more people said the statement "The more payment options I have, the better" was completely untrue. These countries were also where people were more likely to disagree with the statement "I would be happy to leave my wallet and cash at home when I go out".

The paradox of choice

Having extra payment choices is a zero-cost arrangement. It's not necessarily irrational to want

options, even if they aren't used. They can be handy if something goes wrong. Keep cash in case the card payment system fails. Similarly, with Google and Apple Pay, if a wallet is left at home, tapping a phone can be a useful backup. But research also suggests there is such thing as too much choice.

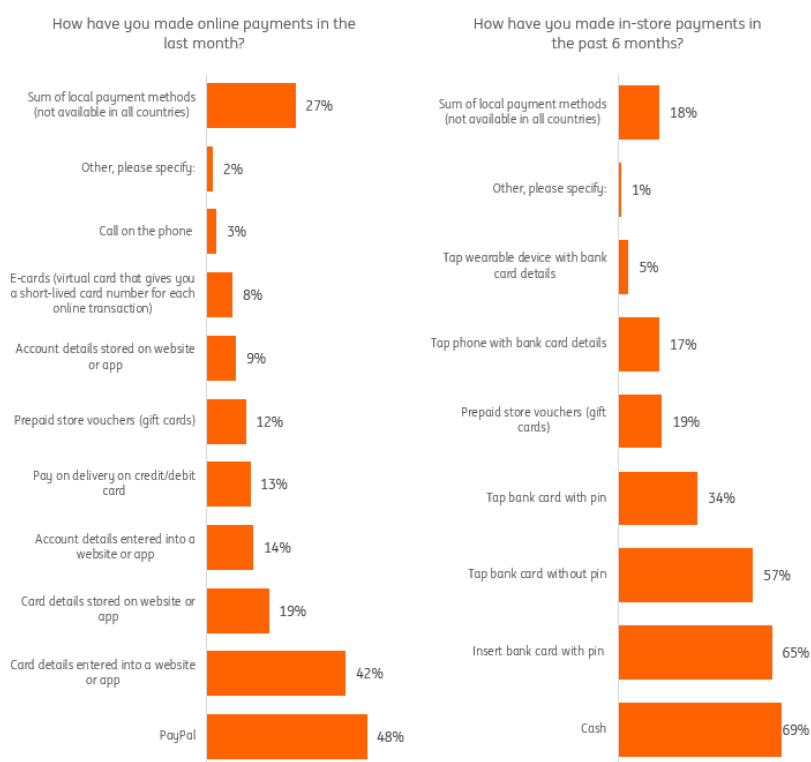
So many choices, so little time

This dichotomy between having options and actually using them may have to do with the cognitive process known as "choice overload" first introduced by Alvin Toffler in his seminal 1970 book "Future Shock". A celebrated [study](#) in 2000 by Columbia University's Sheena Iyengar and Stanford University's Mark Lepper, professors of business and psychology, respectively, found that less, not more, could well be better. Their research found that people are more likely to buy something or be able to choose if given an array of six options than they are if offered 30 -- the opposite of what the marketing industry has long believed. On top of that, people expressed more satisfaction with their eventual choice if they had been offered fewer options.

The magic amount of options

Despite disparate attitudes towards wanting multiple payment options, consistent with the notion of choice overload, uptake is relatively consistent. Most people tend to use between four and six methods to make payments in-store and online across the 13 European countries surveyed.

In the last six months, three in-store payment options – cash (69%), bank card with pin (65%), and tapping a card without a pin (57%) – were used by more than half of survey respondents. To make online payments over the past month, two options dominated -- entering card details on a website (42%) or using online payments system PayPal (48%). The other options we presented could largely be considered emergency backups.



European averages shown. The question regarding instore payments reflected a six-month timeframe rather than one to account for the effects of the coronavirus lockdown. Sample size: 12,824

Survey responses unsurprisingly suggest that popular options are those that are secure and convenient. We want making a payment to be quick, but we must also trust it. Comfort in familiarity also therefore plays a role. Very few Europeans -- just 4% -- say they prefer to use their phone to pay for small expenses in-store, over all other options, for example.

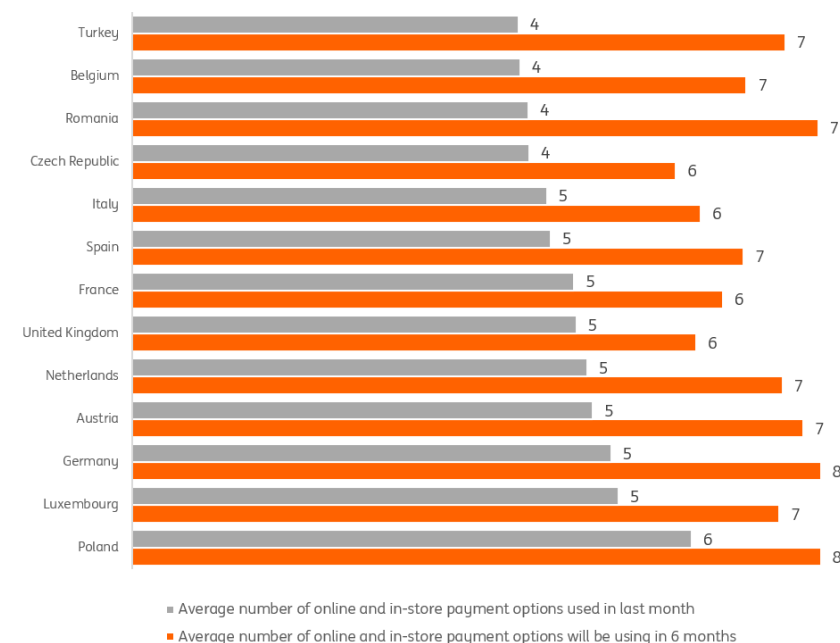
Small in-store payments are driven by convenience, 40% say they select their preferred payment method because it is quick to use and 23% select theirs because it is easy. But for anything larger, security is more influential on choice. For small expenses, 24% say their payment preference is driven by security, moving to 34% for medium expenses and 45% for larger outgoings. Online, security outweighs convenience across all payment amounts.

"People choose to pay in different ways across countries, despite having similar options. In France for instance, credit cards are very popular when shopping online, but Germans tend to prefer direct debit. Sometimes these differences are driven by the choices available: in the Netherlands iDEAL, a local credit transfer scheme, has been very popular for a number of reasons, including the number of available alternatives" - Sara Hlobil, Payments Analyst, ING Payments Centre

Open to more future choices

Across all countries people consistently say they will be using an increased number of payment

options six months from now. There is an interest in having future choice.



European averages shown. Sample size: 12,824

In some ways, this is not surprising. Writing in *Psychology Today*, behavioural scientist [Susan Weinschenk](#) notes that "even though it's not necessarily true, we equate having choices with having control". In a similar vein, Stanford University psychologist [Hazel Rose Markus](#) has suggested that white, middle class Americans see having a choice as a matter of identity.

It's relatively easy to envision adoption, but harder to follow through.

Essential elements of adoption

Many of the payment options on offer are new and, for lots of people, untested. Opportunities to increase awareness and familiarity may therefore support adoption over time. Our survey has continually shown a classic bell curve in people's adoption of new things -- i.e. a slow pick-up of new users until pretty much everyone has joined in and newcomers tail off.

Coordination of use by consumers and vendors can make alternative methods attractive as they grow in scale and availability. In this case, what others are doing matters. If many of our friends adopt a new payment method, for example, it becomes more convenient for us to do the same. Positive social signalling supports adoption, or at least interest in new methods.

Change is inconvenient and riskier than the status quo. Whether people follow through with change depends a lot on what drives it. A disruption, removal of old options or a new, urgent need can all prompt change. But these are not themselves, a desire for change. It is rational to ask, why change a system that already works? Half of the people in our survey (52%) said they use different ways to pay online because they must, the same payment options aren't available from all vendors. It wasn't because they wanted payment variety. Similarly, 49% changed between payment methods in-store due to the availability of options.

Hesitance to adopt new payment methods is also driven by inertia, which in turn, is influenced by the costs of transitioning from one method to another, considerations of prior investment in current methods, otherwise known as sunk costs, and loss aversion. Research has found inertia directly decreases intention to use mobile payment services and leads to decreased perceived value and [increased perceived](#) threat of doing so.

When we send money to someone else, whether in-store or online, unsurprisingly we want it to be easy, and we want to trust it will work. A natural human affinity for wanting lots of choice but being relatively averse to muddling through the options has been found in extensive research. Here we find payment choices are no exception. Change is tricky, trust takes time and there is a certain reliance on the actions of others, that is networks, for a payment option to really take off.

About the ING International Survey

The ING International Survey promotes a better understanding of how people around the globe spend, save, invest and feel about money. It is conducted several times a year, with reports hosted [here](#). This online survey was carried out by Ipsos from 15 to 27 of May 2020. The total sample size was 12,824 across 13 countries – Austria, Belgium, Czech Republic, France, Germany, Italy, Luxembourg, the Netherlands, Poland, Romania, Spain, Turkey and the United Kingdom. Sampling reflects gender ratios and age distribution, selecting from pools of possible respondents furnished by panel providers in each country. European consumer figures are an average, weighted to take country population into account.

Author

Alissa Lefebvre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Michiel Tukker

Senior European Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Sector Economist, TMT & Healthcare

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT

jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials

Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist

samuel.abettan@ing.com

Franziska Biehl

Economist, Germany

Franziska.Marie.Biehl@ing.de

Rebecca Byrne

Senior Editor and Supervisory Analyst

rebecca.byrne@ing.com

Mirjam Bani

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

mirjam.bani@ing.com

Timothy Rahill

Credit Strategist

timothy.rahill@ing.com

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Oleksiy Soroka, CFA

Senior High Yield Credit Strategist

oleksiy.soroka@ing.com

Antoine Bouvet

Head of European Rates Strategy

antoine.bouvet@ing.com

Jeroen van den Broek

Global Head of Sector Research

jeroen.van.den.broek@ing.com

Edse Dantuma

Senior Sector Economist, Industry and Healthcare

edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist

sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy

gerben.hieminga@ing.com

Nadège Tillier

Head of Corporates Sector Strategy

nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials

suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Paolo Pizzoli

Senior Economist, Italy, Greece

paolo.pizzoli@ing.com

Marieke Blom

Chief Economist and Global Head of Research

marieke.blom@ing.com

Raoul Leering

Senior Macro Economist

raoul.leering@ing.com

Maarten Leen

Head of Global IFRS9 ME Scenarios

maarten.leen@ing.com

Maureen Schuller

Head of Financials Sector Strategy

Maureen.Schuller@ing.com

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

Philippe Ledent

Senior Economist, Belgium, Luxembourg

philippe.ledent@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Inga Fechner

Senior Economist, Germany, Global Trade

inga.fechner@ing.de

Dimitry Fleming

Senior Data Analyst, Netherlands

Dimitry.Fleming@ing.com

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Karol Pogorzelski

Senior Economist, Poland

Karol.Pogorzelski@ing.pl

Carsten Brzeski

Global Head of Macro
carsten.brzeski@ing.de

Viraj Patel
Foreign Exchange Strategist
+44 20 7767 6405
viraj.patel@ing.com

Owen Thomas
Global Head of Editorial Content
+44 (0) 207 767 5331
owen.thomas@ing.com

Bert Colijn
Chief Economist, Netherlands
bert.colijn@ing.com

Peter Vanden Houte
Chief Economist, Belgium, Luxembourg, Eurozone
peter.vandenhoute@ing.com

Benjamin Schroeder
Senior Rates Strategist
benjamin.schroeder@ing.com

Chris Turner
Global Head of Markets and Regional Head of Research for UK & CEE
chris.turner@ing.com

Gustavo Rangel
Chief Economist, LATAM
+1 646 424 6464
gustavo.rangel@ing.com

Carlo Cocuzzo
Economist, Digital Finance
+44 20 7767 5306
carlo.cocuzzo@ing.com