

Retail Payment Options - UK - 2021

Report Price: £2195 | \$2995 | €2600

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

This report looks at the following areas:

- The impact of COVID-19 on the payments market.
- A look at the key innovations and competitive strategies relating to payments.
- Consumer attitudes towards the use of cash.
- Consumers use of, and reasons for using, buy now, pay later to make purchases.
- An analysis of consumer preferences for different payment methods and how this varies by the type of purchase being made.
- Consumer attitudes towards the use of cryptocurrency as a method of payment.

61% of consumers used cash less, or stopped using it entirely, as a result of the COVID-19 pandemic, while just a third expect to increase the amount they use cash once pandemic restrictions are lifted.

COVID-19 has transformed the way we pay. The enormity of the event had a habit-busting effect on consumers who abandoned cash and adopted contactless alternatives. The raising of the contactless limit to £45 led to a surge in use, while the rapid growth in ecommerce accelerated interest in the BNPL space and other online payment options.

As pandemic restrictions ease some consumers will return to pre-pandemic spending behaviours. Cash is likely to see a small uptick in use along with wider transactions – 27% of 18-24s say it is their preferred way to pay in bars and restaurants. However, the pandemic has changed the future direction of payments. Having embraced alternative payment methods, many have found these alternatives provide a much better solution to their needs and have little interest in going back.

Debit cards dominate the payments landscape, having overtaken cash payments in 2017. However, debit card use declined in absolute terms during



“It has been a transformative year for the payments sector with the pandemic acting as a catalyst to regulatory, technological and behavioural change. Cash use has plummeted, contactless payments have surged, and consumers have made use of ‘buy now, pay later’ (BNPL) as shopping moved online.”

– Thomas Slide – Associate Director – Financial Services

Buy this report now

| | |
|----------|---|
| Visit | store.mintel.com |
| EMEA | +44 (0) 20 7606 4533 |
| Brazil | 0800 095 9094 |
| Americas | +1 (312) 943 5250 |
| China | +86 (21) 6032 7300 |
| APAC | +61 (0) 2 8284 8100 |

Retail Payment Options - UK - 2021

Report Price: £2195 | \$2995 | €2600

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

2020. By contrast, the number of payments going through the Faster Payments service surged 21%. As the availability of Open Banking payments increases, Faster Payments will take a greater share of payments. Indeed, Faster Payments have the potential to erode the current dominance of debit cards by offering a simpler, cheaper and faster way to send money directly between bank accounts.

MINTEL

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

EMEA +44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

OVERVIEW

- **Key issues covered in this Report**
- **COVID-19: Market context**
- **Economic and other assumptions**
- **Products covered in this Report**

EXECUTIVE SUMMARY

- **Impact of COVID-19 on payment options**

Figure 1: Short, medium and long term impact of COVID-19 on payments, July 2021

- **The market**
- **Cards gain share even as transactions decline**
- **The pandemic causes a sharp decline in the use of cash**
- **Faster Payments experiences steady growth**
- **Online sales surge during lockdowns**
- **BNPL industry faces new regulation**
- **Companies and brands**
- **New entrants drive innovation among BNPL incumbents**
- **Crypto payments stymied by volatility**
- **PayPal enjoys a highly differentiated brand image**
- **The consumer**
- **Debit options preferred as big-ticket spending is restricted**

Figure 3: Payment methods used most often in-store, 2021

- **PayPal preferred to credit cards for online purchases**
- **Growing use of QR codes presents new payment opportunities**

Figure 5: Use of QR code payments, by age, 2021

- **Growth in ecommerce drives BNPL spending**
- **BNPL's appeal lies in how easy it is to use**
- **Sharp drop in cash use during the pandemic**
- **Lack of acceptance a major factor in driving down cash use**
- **A third plan to increase cash use after restrictions ease**
- **Debit cards preferred for everyday spending**

Figure 10: Plans to increase use of cash after COVID-19 restrictions are lifted, by age, 2021

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

EMEA +44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 11: Preferred payment option, by purchase type, 2021

- **Contactless payments take over**

Figure 12: Payment behaviours experienced in the last 12 months, 2021

- **Gen Z and Millennials view BNPL as a safer option**

Figure 13: Attitudes towards payments, 2021

ISSUES AND INSIGHTS

- **COVID-19 has busted habits and changed the future of payments**
- **BNPL providers forced to adapt as new players enter the market**
- **Giving consumers choice and control**

THE MARKET – KEY TAKEAWAYS

- **Cards gain share even as transactions decline**
- **Faster Payments experience steady growth**
- **Online sales surge during lockdowns**
- **BNPL industry faces new regulation**
- **Government takes action to protect cash**

THE PAYMENTS LANDSCAPE

- **Cards gain share even as transactions decline**
- **Cash use declines sharply**
- **Faster payments continue to grow steadily**

Figure 14: Payment volumes, 2015-20

- **Contactless accounts for more than a quarter of all payments**

Figure 15: Contactless payments, 2015-20

- **Open Banking payments accelerate rapidly**
- **Consumers continue to repay credit cards**

Figure 16: Monthly changes of total sterling net credit card lending to individuals (in sterling), Jan 2018- April 2021

MARKET DRIVERS

- **Social spending struggles to recover as lockdowns ease**

Figure 17: Value of CHAPS payments received by large UK corporates from their credit and debit card processors, by category, 2020-21

- **Online sales surge during lockdowns**

Figure 18: Internet sales as a percentage of total retail sales, January 2017- May 2021

- **Consumers are becoming comfortable with QR codes**
- **Cash machine numbers continue to decline**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

EMEA +44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 19: Number of cash machines, 2000-20

- **Value of withdrawals starts to recover as lockdown eases**

Figure 20: Value of ATM transactions, 2016-21

- **'Paradox of banknotes' is compounded by COVID**

Figure 21: Value of total sterling notes and coins in circulation, 2011-21

REGULATORY AND LEGISLATIVE CHANGES

- **Contactless limit extended to £100**
- **SCA deadline extended for the second time**
- **BNPL providers face new regulation**
- **Government takes action to protect access to cash**
- **Exploring the possibility of BritCoin**
- **ASA clarifies guidance for BNPL advertising**
- **UK Supreme Court upholds ruling against Mastercard and Visa**

COMPANIES AND BRANDS – KEY TAKEAWAYS

- **New entrants drive innovation among BNPL incumbents**
- **Crypto payments stymied by volatility**
- **PayPal enjoys a highly differentiated brand image**

COMPETITIVE STRATEGIES AND INNOVATION

- **Industry leaders target the BNPL space**
- **'PayPal Pay in 3' launches in the UK**
- **Barclays enters BNPL space**
- **HSBC invests in Divido**
- **Moving BNPL beyond partnerships**
- **Zilch launches 'tap & pay-over-time' option**
- **Klarna shopping app introduces pay-in-3 to all online retailers**
- **LayBuy brings BNPL to store**
- **Curve Credit plans to rival Klarna**
- **Big retailers seek to take control of credit options**
- **John Lewis launches short term interest-free credit for purchases up to £35k**
- **IKEA launches BNPL option for orders over £99**
- **Adding flexibility to the payment process**
- **Mastercard and VISA launch Request to Pay application**
- **GoCardless rolls out Instant Bank Pay**
- **Mode seeks to tempt people to Open Banking with cashback in Bitcoin**
- **Tomato Pay launches in the UK**
- **Click to pay rolls out in the UK**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

EMEA +44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

- **Implementing Crypto payments**
- **Visa and Mastercard prepare for a crypto future**
- **PayPal enables cryptocurrency checkout**
- **Bottlepay enables Bitcoin payments via social media**
- **Opening up from the 'walled garden' approach to crypto**
- **Increased contactless limit offers opportunities for wearables**
- **Rings merge fashion and function**
Figure 22: The K Ring
- **Beyond wearables – using the human body to pay**
- **Payment implants take wearables a step further**
- **Amazon tests 'pay-by-palm' functionality**

BRAND RESEARCH

- **Brand map**
Figure 23: Attitudes towards and usage of selected brands, 2021
- **Key brand metrics**
Figure 24: Key metrics for selected brands, 2021
- **Brand attitudes: AMEX approach to loyalty helps define the brand**
Figure 25: Attitudes, by brand, 2021
- **Brand personality: Negative headlines lead Klarna to be viewed as less ethical**
Figure 26: Brand personality – macro image, 2021
- **Visa and Mastercard are reliable, reassuring and competent**
Figure 27: Brand personality – micro image, 2021
- **Brand analysis**
- **Visa holds a trusted and highly regarded position**
Figure 28: User profile of Visa, 2021
- **PayPal stands out from the crowd**
Figure 29: User profile of PayPal, 2021
- **Mastercard is highly recommended but less likely to deliver an excellent experience**
Figure 30: User profile of Mastercard, 2021
- **Apple Pay offers a progressive and exclusive brand image**
Figure 31: User profile of Apple Pay, 2021
- **Klarna – a progressive brand suffering from negative press**
Figure 32: User profile of Klarna, 2021
- **Google Pay – an accessible brand that lacks differentiation**
Figure 33: User profile of Google Pay, 2021
- **American Express - a prestigious brand that rewards loyalty**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

EMEA +44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 34: User profile of American Express, 2021

- Reading word clouds

THE CONSUMER – KEY TAKEAWAYS

- The pandemic has transformed how we pay
- Debit options preferred as big-ticket spending is restricted
- Growing use of QR codes presents new payment opportunities
- BNPL reaches the mainstream
- Pandemic helps drive BNPL spending
- PayPal taps into existing user base to expand into BNPL
- Young people think BNPL offers a safer option compared to credit cards
- Cash won't bounce back, but it continues to play an important role
- Sharp drop in cash use during the pandemic
- A third plan to increase cash use after restrictions ease
- A quarter of 18-24s prefer to use cash in bars/restaurants

IMPACT OF COVID-19 ON CONSUMER BEHAVIOUR

- The pandemic has transformed how we pay
- Contactless payments are here to stay
- Drop in the use of cash will be permanent
- The pandemic offers opportunities for QR code payments

PAYMENT METHODS USED

- Debit cards dominate in-store spending
- A fifth use cash as a backup

Figure 35: Payment methods used most often in-store, 2021

- PayPal preferred to credit cards for online purchases

Figure 36: Payment methods used most often online, 2021

- One in five has made a payment by QR code

Figure 37: Use of QR code payments, by age, 2021

USE OF BUY NOW, PAY LATER

- A quarter use BNPL

Figure 38: BNPL options used in the last 3 months, 2021

- BNPL offers an easier way to pay
- Young people are driven by recommendation

Figure 39: Reasons for using BNPL as a payment option, 2021

IMPACT OF COVID-19 ON CASH USAGE

- COVID drives a huge drop in cash usage

Figure 40: Impact of COVID-19 on use of cash, 2021

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

EMEA +44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

- Falling use of cash driven by businesses rather than consumer choice**
Figure 41: Reasons for using cash less compared to before the COVID-19 outbreak, 2021
- A third plan to use cash more after restrictions are lifted**
Figure 42: Plans to increase use of cash after COVID-19 restrictions are lifted, by age, 2021

PREFERRED PAYMENT OPTIONS

- Debit cards dominate day-to-day spend**
- Credit cards preferred for big-ticket purchases**
- Cash could make a comeback as bars and restaurants reopen**
Figure 43: Preferred payment option, by purchase type, 2021
- It's not just older people who prefer cash**
Figure 44: Preferred payment option when buying food/drink in bars/restaurants, by age, 2021
- Young people are most interested in using credit options**
Figure 45: Preferred payment option when buying technology products online, by age, 2021

PAYMENT BEHAVIOURS

- Contactless payments take over**
- A balance of security and speed**
Figure 46: Payment behaviours experienced in the last 12 months, 2021
- Accept digital wallets to reduce checkout abandonment**
Figure 47: 'Having a preferred payment option refused meant I have been unable to complete a purchase, by most used payment type for in-store purchases, 2021

ATTITUDES TOWARDS PAYMENTS

- Consumer trust in contactless payments enables increase in limit**
- Young people think crypto should be more widely accepted**
Figure 48: Attitudes towards payments, 2021
- Gen Z and Millennials view BNPL as a safer option**
Figure 49: 'Buy now, pay later is less risky than using credit cards', by generation, 2021
- Consumers remain committed to cash, just not as a payment option**
Figure 50: 'There will always be a need for cash', by age, 2019/2021

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

EMEA +44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

Retail Payment Options - UK - 2021

Report Price: £2195 | \$2995 | €2600

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

MINTEL

APPENDIX – DATA SOURCES, ABBREVIATIONS AND SUPPORTING INFORMATION

- **Abbreviations**
- **Consumer research methodology**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

EMEA +44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100



About Mintel

Mintel is the **expert in what consumers want and why**. As the world's leading market intelligence agency, our analysis of consumers, markets, product innovation and competitive landscapes provides a unique perspective on global and local economies. Since 1972, our predictive analytics and expert recommendations have enabled our clients to make better business decisions faster

Our purpose is to help businesses and people grow. To find out how we do that, visit **[mintel.com](https://www.mintel.com)**.