

PAYMENTS EXPERIENCE PLAYBOOK

What *really* matters
to your customers

What customers want from their payment experiences



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A fast, smooth and secure payment experience is the key to winning customers, fostering loyalty and — ultimately — growing your business. Unfortunately, most brands don't measure up to consumer expectations.

That's the key message from extensive research conducted by TrueLayer and alan. agency.

It may seem surprising that after decades of innovation, online payments remain a problem. What about authorising payments via FaceID and fingerprints? Online wallets? Haven't they solved the payment problem?

The issue is that consumer expectations have risen faster than the industry can innovate. Online payments to some extent still frustrate 87% of consumers.

However, our research with merchants found that standard techniques for improving payment flows are still far from universal, even though they boost conversion rates. Our survey of more than 4,000 consumers showed these methods are now seen as must-haves in the eyes of the payer. In a focus group, one ecommerce shopper was blunt: "There is still room for improvement."

This report outlines:

- What optimal end-to-end payment experiences look like
- How to balance security against convenience, including surprising data on customer views on enhanced security
- How payments via open banking can solve many of these problems — and cut fees at the same time. Our data also shows that consumers now understand and feel comfortable with this payment method

True, designing a great payment experience is difficult. And the introduction of Strong Customer Authentication (SCA) has made it harder still.

But these problems can be overcome by properly resourced, data-driven and customer-focused payments, alongside the four key elements of security, trust, speed and convenience.

There is so much to lose for those who get their payment experience wrong, and so much to gain for those who get it right.

Seven things to know from this report

87%

of consumers are frustrated with their payment experiences

→ **ARTICLE ONE** Payment experiences aren't living up to consumer expectations

Almost half

of companies say integrating a new payment method takes 4 or more weeks

→ **ARTICLE TWO** How to find the right payment tech partners

64%

of consumers say security is the most important factor in making a payment...

But authentication is also a major source of drop-off for customers across all three verticals...

56%

of merchants surveyed believe SCA is harming conversion rates

→ **ARTICLE THREE** Balancing security and convenience in the payment experience

“

Clear, concise error messages are important. If a payment fails, customers want to know why

→ **ARTICLE FOUR** Payment experience advice from industry experts

“

Open banking creates an easier and safer user experience, which is important as people increasingly shop online and as fraud becomes more of a concern

→ **ARTICLE FIVE** How to harness open banking in your payment experience

About the research

To get insight into views of online payments, TrueLayer commissioned an online survey of 4,304 consumers in 10 countries. Of these, 2,000 were in the UK and the others sampled across Germany, Spain, France, Finland, Sweden, Norway, the Netherlands, Australia and New Zealand. To provide further understanding, 10 in-depth interviews were conducted one-to-one with consumers.

To understand merchants' views, TrueLayer commissioned an additional survey of 150 companies offering online payments in the UK, Europe, and Australia/New Zealand. All were engaged in ecommerce, iGaming, financial services, or crypto investing. Online research was conducted by iResearch in 2022.

Additional insights came from three online focus groups of experts in ecommerce, financial services, and iGaming.

Percentages may not add to 100 due to rounding.

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Payment experiences aren't living up to consumer expectations

Customers see room for improvement in online payments. Brands that excel could win a competitive advantage

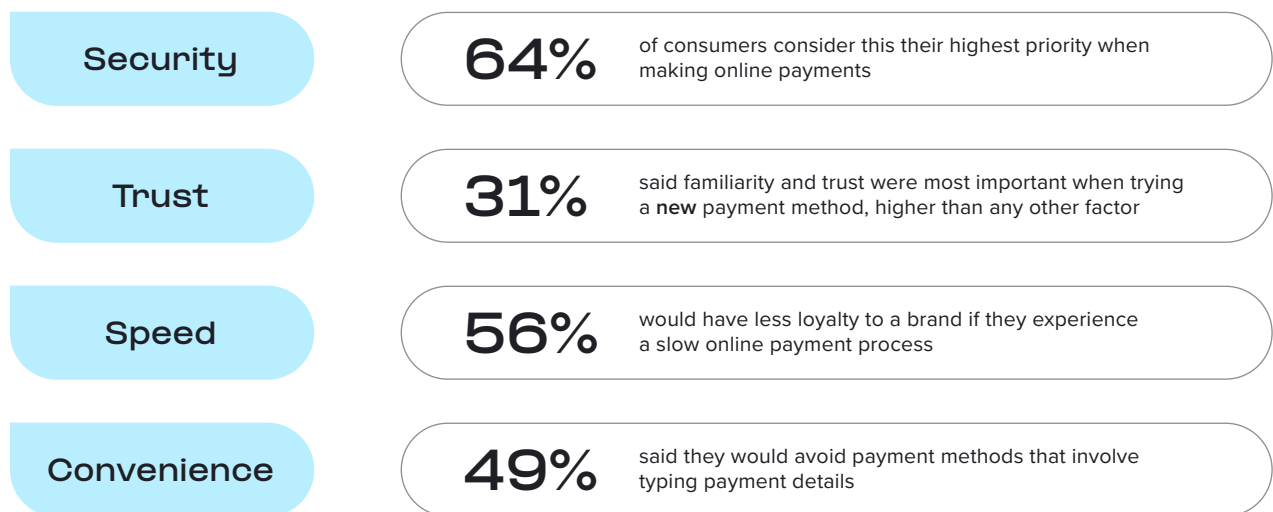
Despite many years of constant innovation, online payments still lag behind customer expectations. We call it the “payments gap” — the gulf between the experience customers expect and what they receive when they purchase, invest, or move money online.

This gap remains wide for consumers surveyed — 87% expressed at least some level frustration in making online payments. One **ecommerce** user said: “My experience of online payments is positive, but on a scale of zero to 10, I’m something like a seven. There is still room for improvement.”

Companies that improve their online payments experience can realise a significant competitive opportunity. Asked if they abandon transactions and try elsewhere if the payment is slow or frustrating, 55% of consumers agreed or strongly agreed. Get payments right and your brand could be serving those consumers.

Four key themes run throughout this report: **security, trust, speed** and **convenience**. If you build a payment experience that fulfils these needs, you can close the payments gap and seize your competitive advantage.

Security, trust, speed and convenience: what consumers want



Failing expectations: speed

As part of the online shopping experience, consumers are now accustomed to the instant, single-click experience possible in dedicated apps using stored payment details.

Entering payment details is a common pain point, with 59% of customers feeling this to some extent. One **ecommerce** focus group participant from the UK said: “Sometimes I have to type my card number every time, even when it's the same company. It's annoying. I have to insert my details again and again.”

73%

say that slow or frustrating payment will make them abandon a transaction and try elsewhere

Simple steps like auto-populating payment details and offering one-click payments can help reduce this frustration.

Joshua Fernandes, Head of Product at TrueLayer, notes that “thoughtfully and intentionally caching all those details sounds basic, but many merchants fail to do it, slowing down the experience.”

Among companies taking online payments, 19% do not offer auto-populated forms. **iGaming** sites are leaders here: only 8% fail to provide this. Yet those using auto-populated forms typically saw improved conversion rates — more than half (55%) reported conversion rates increasing by more than 60%.

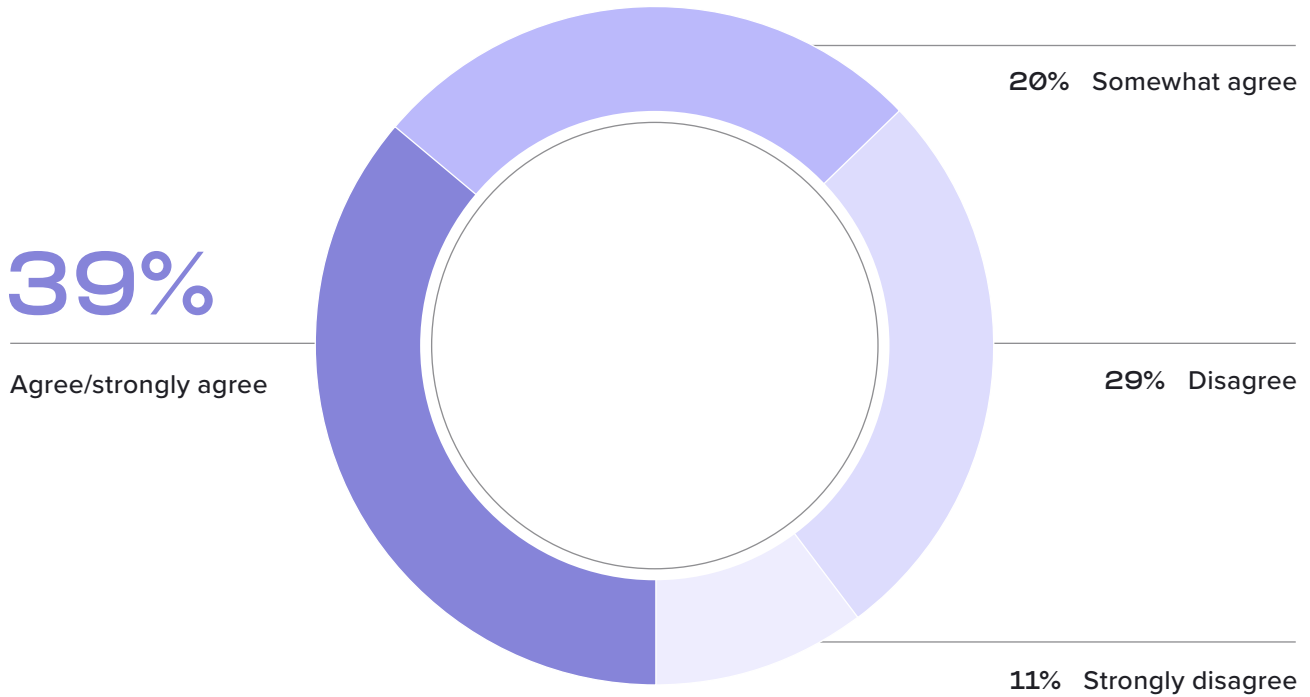
For one-click payments, the impact on conversion rates is similar, with approaching half (44%) of merchants saying conversion rates were boosted by more than 60%. Yet 18% of businesses don't offer it. **Financial services** firms, in particular, are passing up its advantages: 26% said they do not implement one-click payments.

This underlines a key point: many still don't understand the importance of speed in a payments experience

Failing expectations: choice and confusion

Many businesses think they are helping customers by offering a long list of payment options. This is particularly the case in **iGaming** and **crypto investing**. One iGaming expert said: “We offer as many methods as possible because you need to cover players that want to use cash, vouchers, e-wallets, cards, and online transfers. We also want more than one option to give them fallbacks and allow testing.”

I feel frustrated if I am required to enter my card or bank details to complete an online payment



19% of merchants do not offer auto-populated forms



18% do not offer one-click payment



However, the data shows that a long list of payment options can leave consumers confused. More than half of consumers (62%) said they would feel confused or overwhelmed by more than five payment methods. In crypto investing, it's as high as 74% of users.

Many companies are becoming adept at deploying new payment methods, as the data in chapter two shows. However, the cumulative effect can be bewildering. Payment method selection is the third-highest drop-off point during a transaction, beaten only by authentication and entering payment details.

ARTICLE ONE CONSUMER PAYMENTS EXPERIENCE

How should companies decide on the number of payment methods they offer? Lee Gabriel, Head of Payment Propositions at Metro Bank, says they should first analyse what consumers expect. Card payments are still the most popular and a must-have for almost every ecommerce business, for example. But consider the types of customers you serve and seek the optimal options for this segment. Less can be more.

Failing expectations: communication and trust

Trust is essential to any good payment flow. If someone feels misled, they won't stick around to complete their payment, let alone become a loyal customer. That's a big problem for merchants: for 55% of **ecommerce** businesses, returning customers make up half their sales or more.

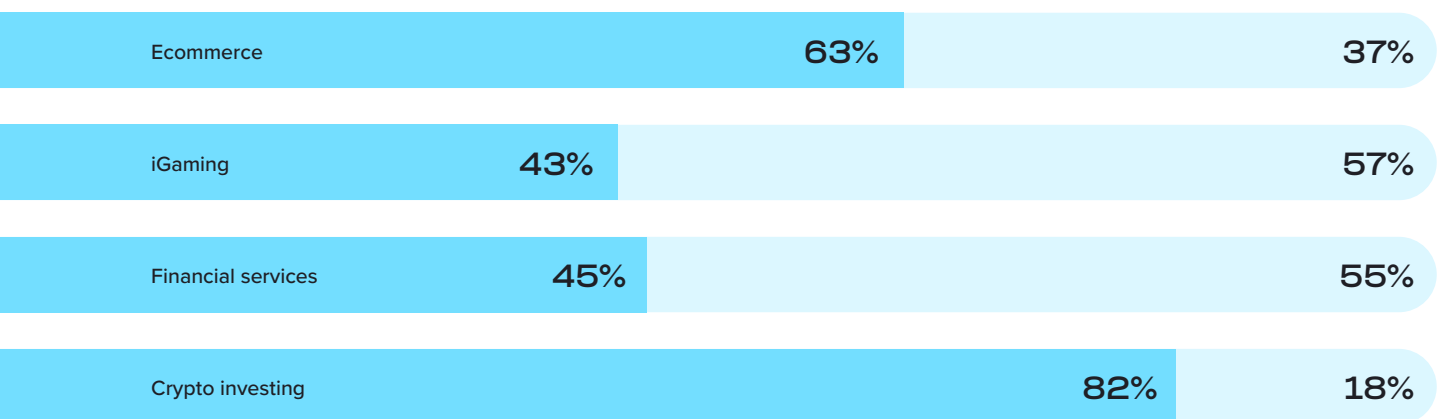
That's why effective messaging and communication is so important. It can foster trust even in a negative scenario. Take failed payments, a fact of life. Merchants reported that even the most reliable payment methods fail around 30% of the time. When this occurs, do you give customers a vague error message? Or helpful feedback and a route to other forms of payment?

One user experience (UX) expert in **iGaming** said he worked on a game with 200 potential payment dead ends, from entering a wrong card number to problems using face ID. But the game only offered three error response variants to players.

"We need to try as hard as possible to finish the transaction by explaining to the user what exactly went wrong and improve communication between us," he said. "That includes improving inclusivity in communications with people with

How many payment options do merchants say are ideal?

5 or less more than 5



conditions such as dyslexia throughout the payment process and guiding and meeting expectations at each point. They should always know exactly what to do and never meet dead ends.”

Providing greater transparency doesn't have to be painful, either. “One of the most beautiful things you can do with your interface is make a payment failure flow delightful. But most merchants don't do this,” Fernandes says.

“ To me, instant means pretty much within 30 seconds. I want instant to be instant

Financial services user

“For example, if a card fails, explain why and suggest the next best method. Rather than just saying ‘try again later’, which could cause frustration, say ‘your bank is down, try again in an hour’. And if it could work soon, automatically try again repeatedly so the user doesn't have to.”

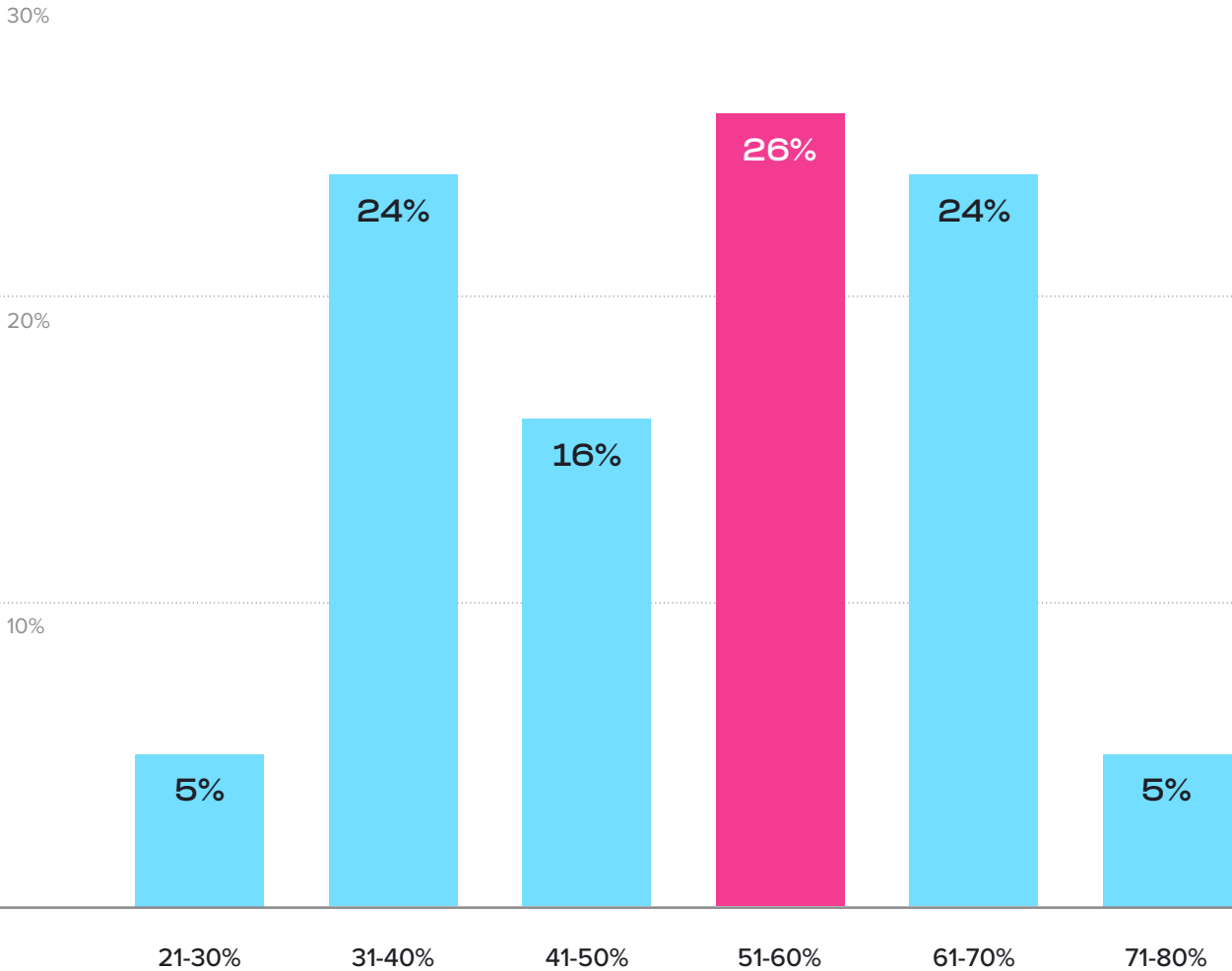
More broadly, trust is built with good communication and transparency on pricing. This can be a particular challenge if prices are changing fast — consumers won't react well if they return to a site to complete a transaction and the cost has increased.

Bridging the gap

The key to creating a delightful payment experience is to establish a properly resourced payments function that delivers on consumer expectations in the four categories of security, trust, speed and convenience.

It is essential to be data-driven. “Sometimes it's just difficult to initiate change internally,” Fernandes notes, “for example, if they can't get approvals, or teams are too busy with other projects.”

For ecommerce merchants, what percentage of sales come from returning customers?



Perhaps merchants haven't gathered enough user feedback or data, he says. "But with the right data you can do many things, such as predicting conversion rates in a country, location or at specific times of day for different variants."

Fernandes suggests using more automatic feedback prompts and finding creative ways to gather contextual feedback. Conduct plenty of A/B testing, for example, between different microcopy, prompts, colours and page positions.

But more resources help. "The most successful firms can do this because they have development teams focusing only on the payments journey and end-user payment experiences," says Fernandes.

ARTICLE TWO

How to find the right payment tech partners

An effective partnership can be the key to creating a world-class payment experience. How can you make the right choice for your firm?

Payment technology integrations burn through development resources. To optimise payment technology, it's critical to decide on the kind of technology supplier you need and how to work with them.

Ease of integration varies (see chart on page 13). In **ecommerce** and **financial services**, around a quarter of companies (22%) said integration took less than two weeks. Yet some companies are struggling: 16% of **ecommerce** firms said it took three months or more. Getting the right partner can be critical to reducing deployment time and ensuring a successful integration.

Choosing the right partner

Many different technology partners are available, and one size does not fit all. But most companies need a provider that can adapt to their changing needs. If you're trying to build a global payments experience, flexibility of approach and technology will be critical.

ARTICLE TWO PAYMENT PARTNERS

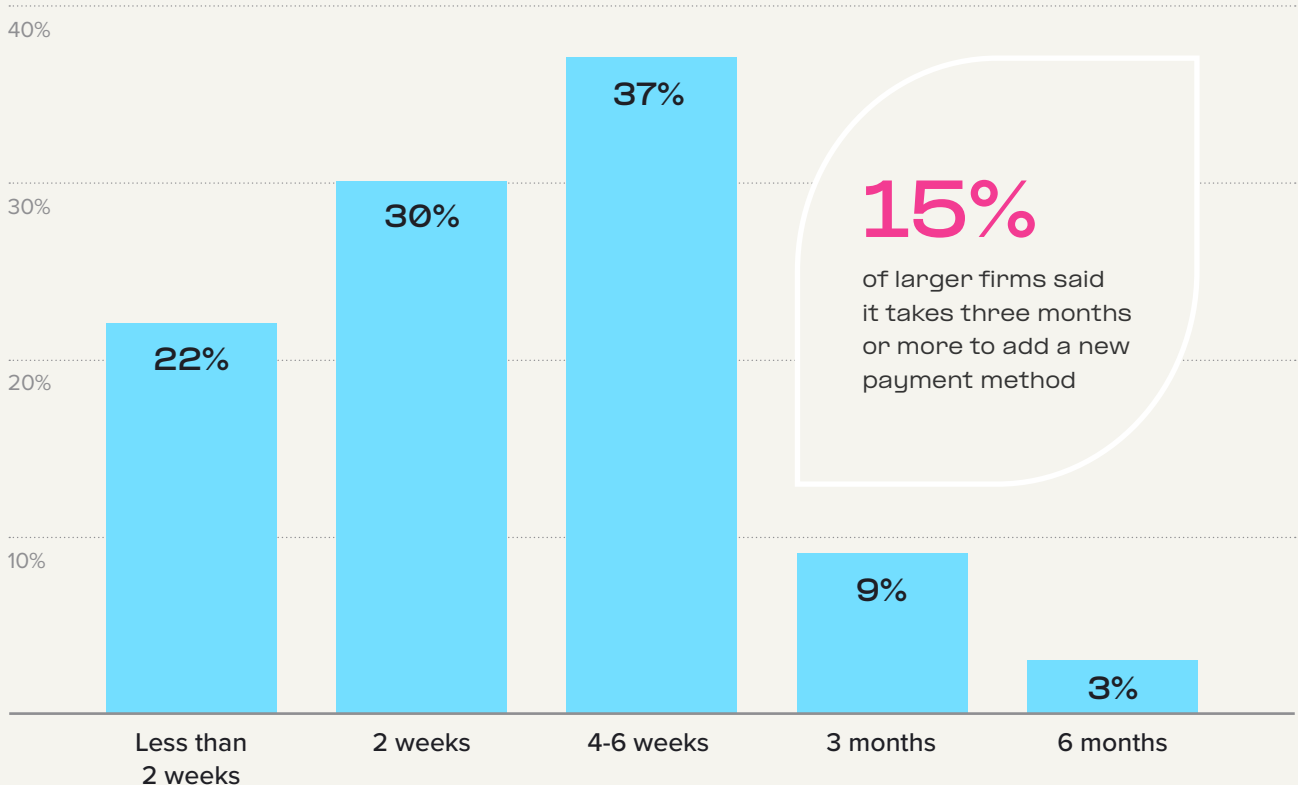
“It’s good to have a partner that provides clear options that can be controlled according to needs,” says Will Johnston, Director of Integration Sales at TrueLayer. “For example, it’s good to have a choice about how quick you want the integration to be, and whether you want more customisation.”

The right partner can help with strategic questions. Do you want to rely heavily on the partner, using a default hosted page and software development kits (SDKs)? Or will you take complete control of the payment experience by building your own front end?

“Having an expert to guide you to the right choice is very important,” Johnston says. “A complementary team can work together to create a powerful user experience.”

Suppliers should also offer guidance on optimising conversion through the payment flow. They should explain which screens are necessary and which are beneficial to support payment conversion. Once mock-ups have been analysed, the flow can be adjusted to fit any unique requirements.

How long does it take to add a new payment method?



Gathering the best data

A good supplier should:

- Offer recommendations based on solid, extensive data
- Provide a wide range of detailed information, including design guides and prototypes
- Guide partners on how to make changes and edits
- Advise on how users will experience specific payment methods

Some companies will require more guidance than others. A business processing millions of payments through an established, commoditised product will likely have substantial in-house experience. But smaller companies with less-established brands tend to need more advice; they may be inclined to follow the supplier's best practice recommendations.

A hands-on testing experience is also critical. Suppliers often need to see how a flow performs when faced with a large payment volume. This process lets them iterate on the flow, improving it over time.

“Imagine a flow that has already had millions of users. The supplier uses that to hone their experience with A/B testing and other methods to maximise conversion rates,” says Johnston. “Then compare that to a flow with only thousands going through – they may not have such robust recommendations and best practices.”

What do organisations think is the most—important value—add of a new payment option?

Industry	Top ranked	Second priority
Ecommerce	Risk/transaction monitoring	Supporting customer KYC
iGaming	Supporting customer KYC	Risk/transaction monitoring
Financial services	Supporting customer KYC	Reporting and analytics Risk/transaction monitoring
Crypto investing	Supporting customer KYC	Reporting and analytics

ARTICLE TWO PAYMENT PARTNERS

Maintaining an effective partnership

Finally, look to build a longer-term partnership with your payment technology supplier. Try to connect stakeholders in both businesses, including product leaders and commercial functions. A good partner will provide all the people and resources necessary to ensure customers get the best payment experience, one that's convenient, clear, familiar and secure.

Once established, you can go deeper and connect user experience, technology and operational teams. These deeper relationships can, for example, help make the flow as convenient as possible for returning customers who have already achieved a sense of clarity and safety.

A good partnership can also help you better understand how users relate to specific payment methods. You can use these insights to customise and optimise that experience, aiming to boost conversion rates. Effective partnerships are also vital to balance security and convenience, as discussed further in the following article.

Checklist: choosing the right payment partner

Will the tech partner help you provide clear, convenient, familiar and secure payment flows?

Once the customer has gained familiarity and trust in your payment flow, can the provider boost convenience and optimise conversion rates?

For example, can the supplier design journeys for different needs (such as first-time and returning customers)?

What is your tech partner's experience in your industry?

Do they have testimonials and case studies from similar companies?
Are they happy to put you in contact with comparable clients?

How will your supplier support you?

How will they build relationships with your internal teams, both now and in the future?

What documents or educational resources can a provider offer?

Look for design guides or other technical materials to help you understand processes.

Which programmes does the supplier use to build experience flows?

Can they show you prototypes, templates, defaults and best practice flows designed in these programmes? Can you edit and customise these to your specifications?

Read more about finding a payments partner that can drive your payments experience in [Open banking payments: a buyer's guide](#)

ARTICLE THREE

Balancing security and convenience in the payment experience

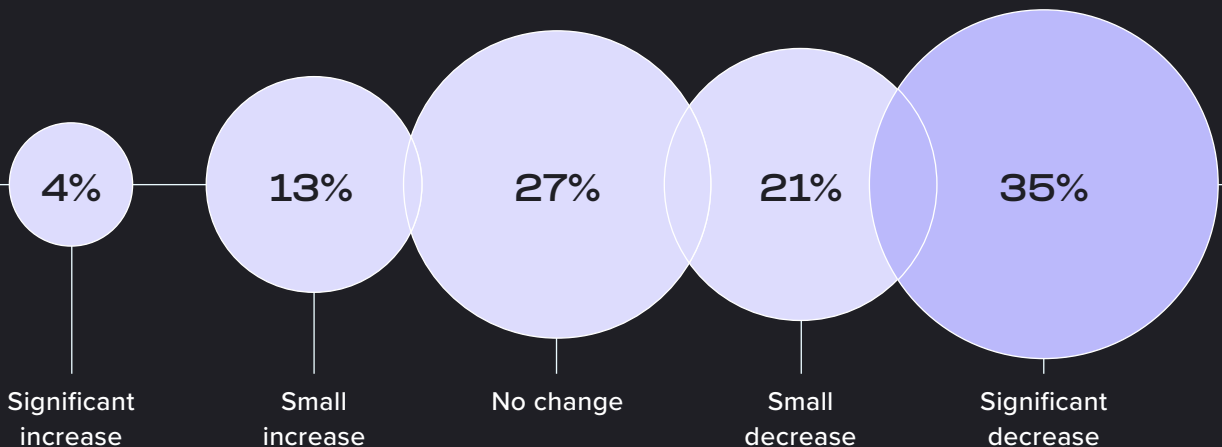
Strong Customer Authentication (SCA) has made it more important than ever to design a secure yet frictionless payments process.

Security and convenience are fundamental customer expectations when making a payment, but merchants often struggle to achieve both. Balancing these conflicting priorities is a critical challenge.

The stakes are high: Juniper Research estimates that globally merchants will lose \$343 billion (about £269 billion) to fraud between 2023 and 2027. **Ecommerce** losses through fraudulent purchases of physical goods make up about half of this total, while the next two categories consist of losses linked to **financial services** and money transfers, respectively.

The research firm warns that fraudsters are altering their tactics to beat countermeasures, such as account takeover fraud, which can help them defeat more advanced account verification countermeasures.

How has SCA affected your conversion rates?



Security trumps convenience — to a point

Regulators are responding with rules to tackle payments fraud. In the EU and UK, this includes Strong Customer Authentication (SCA) requirements, which mandate biometric authentication or text messages to verify some payments. The Faster Payments bank transfer system now also offers confirmation of payee, which makes it more difficult for fraudsters to receive payments meant for others.

These measures reflect a broader demand for payment security. Around two thirds (64%) of consumers said this was the most critical factor in making a payment. By contrast, 17% said “familiarity and trust of the payment method” were the most important. Only 6% cited speed and convenience.

And while consumers dislike friction when paying, they’ll tolerate it if it enhances their safety. Some 56% said they expect more steps when making higher-value payments. One focus group participant said: “If it’s a higher amount, then we should get at least one authentication step so our details are safe.”

56%

of consumers expect more steps when making a high-value payment

SCA has harmed conversion rates

But there’s a limit to this patience. Companies offering online payments must strike the right balance between security and customer experience. Authentication causes more drop-offs than any stage in the payments process, with 24% of payment failures happening at this step.

More than half of surveyed companies offering online payment (56%) say implementing SCA has decreased card conversion rates. In **ecommerce**, 36% of merchants described the drop-off as “significant”.

One UK **ecommerce** customer who typically did online shopping using her laptop reported problems if she didn’t have her phone on hand or its battery was dead. “It doesn’t seem that there’s another option for me to authorise the payment,” she complained.

How to benefit from SCA

As the survey data reveals, SCA can also offer opportunities for merchants. Some 17% of companies using online payments said SCA had increased conversion rates, at least to a small extent.

ARTICLE THREE SECURITY VS. CONVENIENCE

So how can merchants turn it to their advantage? Options include:

Enhance trust from consumers: SCA may lead to a long-term improvement in trust in online payments, but can it benefit individual merchants in the shorter-term? In **ecommerce**, 21% of companies reported at least a small increase in conversion rates. For **iGaming**, this was 26%. It's possible SCA has benefitted newer companies that need to build reputation quickly.

Rework your payments experience: Rodrigo Zepeda, Co-Founder and Managing Director of Storm-7 Consulting, says it is critical to overcome complexities in authentication processes to provide secure, convenient experiences.

SCA typically authenticates via the user's phone. According to Zepeda, innovative merchants should find alternatives that can make it easier for customers to complete a payment, making two-factor authentication more straightforward for every demographic.

Larger firms may have the resources to make this happen. Some 26% of companies with more than 1,000 employees reported that SCA had caused a significant drop-off in conversion rates. By contrast, for companies with fewer than 250 employees this figure was 39%.

Switch to digital-native payments: Ronny Wittig, a partner in consultant Bain & Company's Financial Services practice, says open banking payments are constructed to be SCA-compliant from the start. This makes user flows more seamless and maintains a balance between security and convenience by design.

The lesson from SCA, then, is that companies offering online payments don't choose security versus convenience. The best in class offer *both*.

What are the top three reasons consumers might try a new payment method?

1

31%

Familiarity and trust with brand

2

21%

A security guarantee or badge

3

17%

Discount or other monetary incentive

ARTICLE FOUR

Payment experience advice from industry experts

Ecommerce

Tailor payment flows to each market



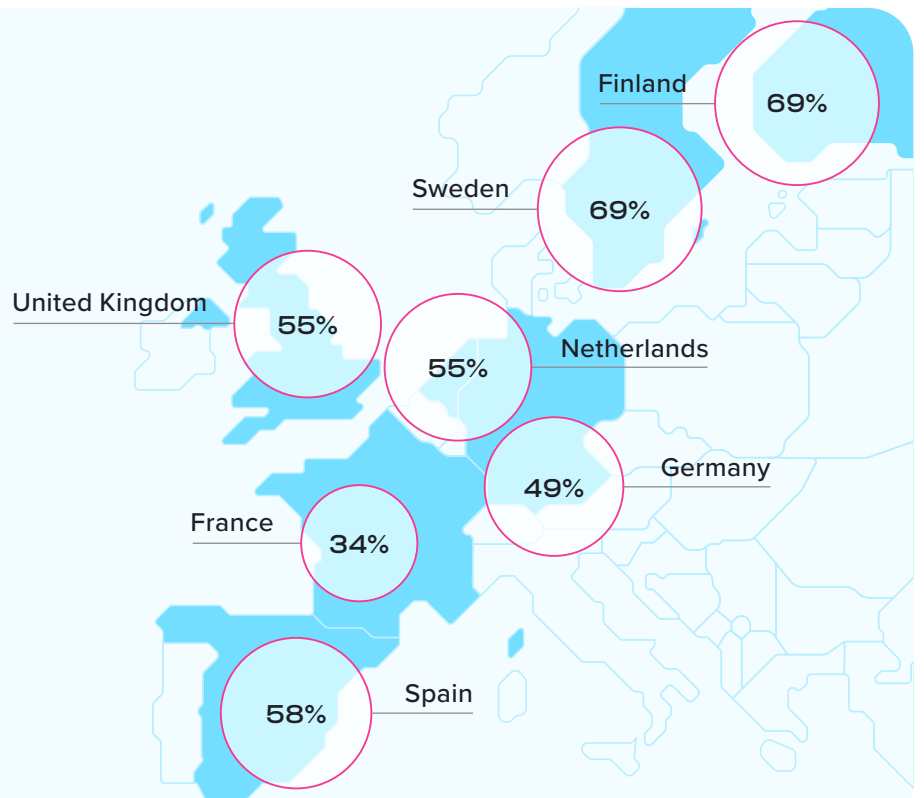
Payments expectations vary by country, age, income group and more. It's essential to embrace these differences when designing payment flows.

One ecommerce specialist gave an example: "Germans tend to prefer flows broken into steps as that gives them confidence. UK consumers tend to think faster is better."

When designing your payment experience, consider which payment methods are most popular in your target markets. Different countries use different payment methods, so make sure you're offering the most appropriate options. This will help you cater the experience to your customers' needs and avoid unexpected errors.

Percentage of consumers who say they are familiar with "open banking payments"

Consumers were asked about this specific phrase in their local language and were not given additional help with recall





Ecommerce

continued

Move at your customer's pace

Yes, consumers want to speed throughout the payment process. But don't be hasty — 29% said they would also feel worried if a transaction happens too quickly.

This is particularly true with big-ticket transactions. A specialist in online grocery sales recommends running tests with real consumers to gauge their preferences. Sometimes “positive friction”, slowing down the process, can add reassurance.

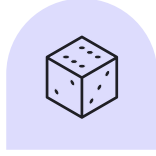
“For example, users sometimes say they want to pause before submitting the payment if they're making a transaction over a certain amount,” the specialist said. “But if it's just £40, they want it to be quick.”

Hidden charges kill trust

When customers make a purchase, they want to know that the price they see is the price they'll get. Hidden fees, variable prices or difficulties with discount codes can upset them, causing cart abandonment and decreasing brand loyalty.

“We have a lot of design critiques trying to figure out how to explain that an advertised price may not be what you're charged,” said one ecommerce payments expert.

Communicating these differences transparently is crucial to building trust with customers. It can be hard work, but it's essential to ensure consumers feel fairly treated.



iGaming

Be transparent with fees

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Speed up your withdrawals

Fast withdrawals, payouts and refunds are a major concern for all verticals listed here, but this factor is particularly important in iGaming. One in four players expect withdrawals to be instant, and 27% expect to receive their funds within an hour.

iGaming providers already recognise the importance of fast withdrawals — 59% provide payouts within an hour. But there's still room for improvement. Payment methods like open banking can facilitate faster payouts, creating a better experience for players.

Nearly 7 in 10 (69%) of consumers making payments online want their funds transferred back to the original payment method. Creating these shortcuts can quickly improve the payout experience for your players.



Financial services

Use APIs to automatically fetch signup information for new customers

Auto-population allows financial services firms to harness the speed and convenience of one-click payments. As a result, it's popular among consumers — 84% of financial services firms that use auto-population benefit from increased conversion rates.

Auto-population with APIs is creating significant improvements in payment experiences, according to focus group experts in banking and wealth management. But in crypto investing, it's harder to prefill details because so many currencies, tokens and coins are involved.

“We’re addressing that by encouraging users to follow specific steps because that leads to fewer problems,” says one expert in the space.

Settle later to accelerate deposits

Delayed settlement can create headaches for financial services companies from trading apps to asset management firms. A customer can see their money has left their account, yet it's not available to use. Their funds are in limbo, which can be frustrating and concerning.

To combat this, some financial services companies are taking a risk-based approach, allowing funds to be accessed ahead of settlement. One expert talked about experimenting with calculating "behaviour points" for a customer and allowing those with a high total to transact before settlement.

Companies would still need to perform KYC checks and other compliance measures to pre-approve the deposits. While this can increase risk for the provider, it creates a more immediate experience for users.

ARTICLE FIVE

How to harness open banking in your payment experience

Consumers are reassured and ready to use open banking. Are you ready to reap the benefits?

Open banking payments deliver all four key payment requirements: **security, trust, speed and convenience**. And consumers have noticed.

Asked about open banking payments (defined as “making an instant bank payment directly from the website where you’re paying”), more than half (55%) of UK consumers said they were familiar with it. Only 12% said they weren’t familiar with it at all.

That level of familiarity breeds confidence. Customers inherently trust payment methods if they use the word “bank”. As the table on page 25 shows, the word “bank” can be combined with “instant”, “direct” or “payment” and the result is the same: around 60% of consumers feel the platform will be trustworthy. In the UK consumer interviews, one said: “I prefer to pay using the bank. It’s just more secure.”

Companies across multiple sectors are capitalising on this perception by building open banking into their payment processes. Some 31% of businesses say they offer the service, including 30% of **iGaming** providers, 26% of **financial services** companies and 24% of companies with an **ecommerce** presence.

Part of this popularity stems from the benefits open banking brings to the payment experience.

“Open banking payments create an easier and safer user experience, which is important as people increasingly shop online and as fraud becomes more of a concern,” says Will Johnston, Director of Integration Sales at TrueLayer.

Strong Customer Authentication (SCA) comes baked in with open banking payments, offering a smoother authentication process for consumers. Meanwhile, merchants can benefit from increased conversion rates, reduced payment operation costs and greater efficiency across markets, as Johnston notes.

ARTICLE FIVE OPEN BANKING

“As open banking is pan-European Union, merchants can gain vast efficiencies by using one payment method across all EU markets, rather than multiple local methods,” he explains.

What are open banking payments?

With open banking, financial institutions allow trusted and regulated third parties to access accounts and initiate payments with the customer’s permission. With the introduction of [variable recurring payments](#) (VRPs), it’s even offering an alternative to methods like direct debits or card-on-file.

In the UK, this involves the use of application programming interfaces (APIs). The aim is to increase transparency and give customers more freedom and control to move and manage their money.

Open banking increases transaction speeds, giving merchants quicker access to funds. But it also offers a better experience for the customer. For example, through services such as payment initiation services (PIS), consumers can pay from their bank without entering card details. This helps drive more efficient and seamless payment experiences.

Open banking complies with SCA by design; it is not an add-on process that damages the customer’s experience. This benefits all sectors, especially **e-commerce**, but also compliance-heavy industries such as **financial services** and **iGaming**.

Who is extremely/somewhat familiar with open banking as a payment method?

Consumers were told this is “making an instant bank payment directly from the website where you’re paying”

53%

of all consumers surveyed

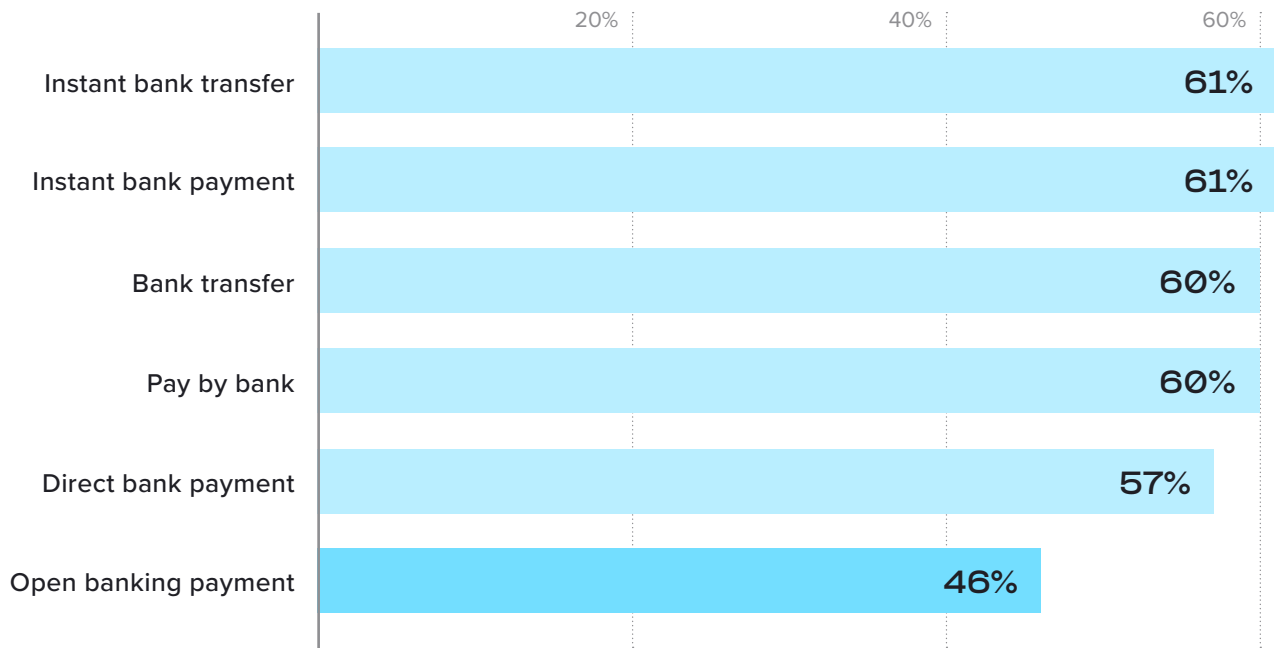
60%

of consumers over 55

67%

of UK consumers with income over £48K

What proportion of consumers says these payment methods sound very or somewhat trustworthy?



By helping merchants avoid using card networks, open banking can also:

- Reduce hefty fees and operational costs
- Minimise chargebacks, which are a significant pain point for many businesses
- Eliminate some forms of fraud because users need to authenticate payment with the bank

Finally, open banking has a higher conversion rate than cards because it was designed with digital and mobile use in mind.

Since its debut in 2017, open banking has steadily gained a foothold in UK payments. Adoption is strong: [9.3 million successful payments](#) were made in April 2023, compared to 4.62 million payments in April 2022. Currently, more than [7 million people](#) use open banking each month.

And innovation is continuing. The [EU is reviewing PSD2 regulation](#), which made open banking available to its 400 million bank account holders.

ARTICLE FIVE OPEN BANKING

In the UK, the Financial Conduct Authority (FCA) and the Payments Systems Regulator (PSR) [are working quickly on proposals](#) to improve information flows, facilitate further [VRP adoption](#), and much more.

Industries that benefit from open banking

Many sectors have embraced open banking payments to enable smooth and secure customer experiences.

For **ecommerce** sites in sectors such as food/grocery, retail, luxury, and travel, open banking improves the payment flow by keeping customers on merchants' websites. This enables fast payments through a digitally native, low-cost and convenient payment method. Customers can also authenticate the payment directly, providing a highly secure experience that reduces the risk of chargebacks.

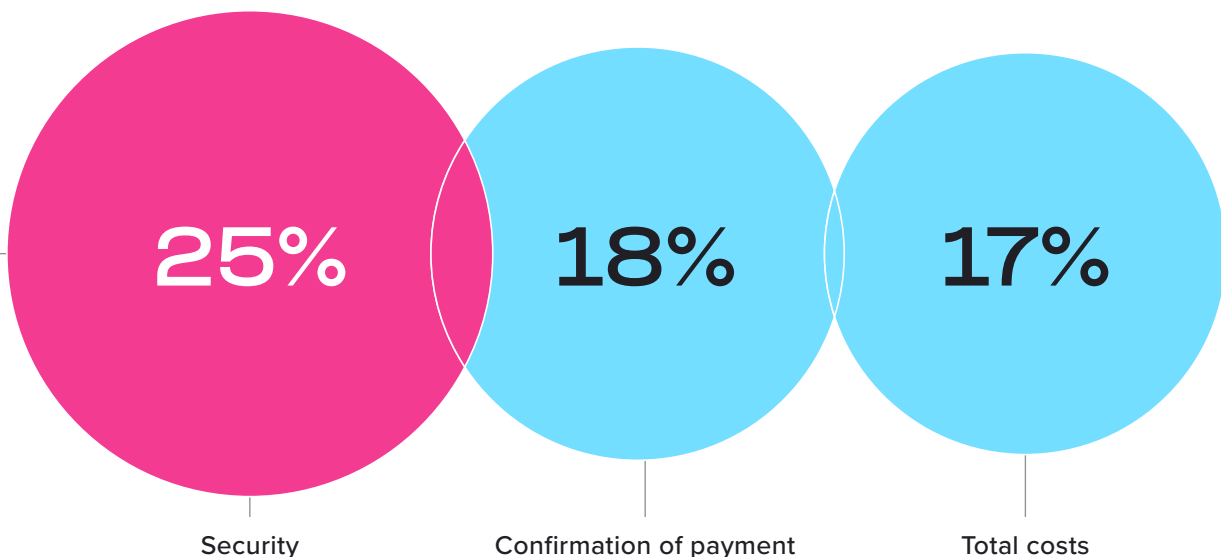
In **financial services**, online wealth management and trading platforms can verify account ownership and authenticate payments directly with a customer's bank. This reduces the risk of fraud associated with other payment methods like cards, boosting user trust.

In **iGaming**, open banking enables rapid pay-ins, extensive security and reduced fraud. For example, it allows customers to use biometrics to authorise transactions, including deposits and top-ups, quickly and safely.

Barriers to open banking payments adoption

While open banking payments adoption remains strong, merchants can still face challenges in implementing it successfully.

Merchants' perception of the top three drawbacks to payment via open banking



ARTICLE FIVE OPEN BANKING

After security, the top barrier to using open banking payments among merchants was difficulty getting confirmation of a submitted payment, an obstacle cited by 19% of respondents.

As TrueLayer's Will Johnston notes, the problem is exacerbated when instant payment rails aren't available. This is especially prevalent in Europe, leaving merchants unaware of when funds arrive.

"But as the EU catches up to the UK, the direction of travel is towards instant payments," he notes. "This barrier will decline significantly."

Even when settlement is not instant, it may be possible to estimate the likelihood that payment will complete. This would then allow merchants to decide whether to provide the goods/services ahead of receiving the funds.

The second-highest barrier, at 18%, was the perceived security of payments. This is despite open banking featuring built-in authentication and being fully validated by regulators and central banks.

"That perception is due to a general unfamiliarity with open banking," says Johnston. "As it continues to gain traction, more and larger merchants will go live with it, and that security barrier will disappear."

Overcoming the barriers

While payment confirmations and perceived security risks remain a challenge, companies in a variety of sectors are already finding ways to address them.

In the expert focus groups, one specialist in **iGaming** ran an email marketing campaign to increase open banking payment adoption, which increased its market share from 1.5% to around 6% in the UK.

Another gaming expert used an inline frame (iframe) — an HTML element that loads other content in-page — to keep users within the payment flow. And another implemented faster deposit methods to save details and improve the flow of the open banking process.

Many of these measures can be adopted by other industries, such as **financial services** and **ecommerce**.

While each method has the potential for success, it's essential to tailor your efforts to your business's needs. As Johnston notes, a practical open banking partner can support you in those efforts.

"A good open banking payments provider should have experts available to advise you about the user experience and marketing improvements you should make to drive adoption," he says.

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