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Frictionless payments & wallets

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From cashless to frictionless

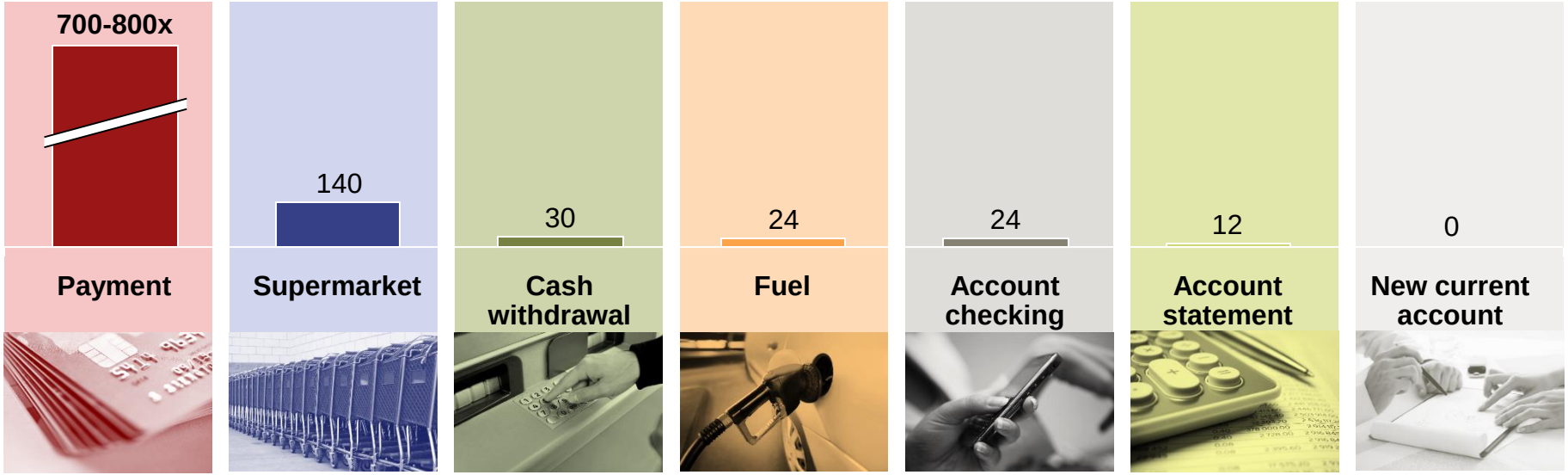
Non-cash payments have grown 6 percent annually across Europe over the past decade. We estimate that by 2022 there will be more cashless transactions in Europe than those using cash. Around the same time, one in 10 non-cash payments will be made through alternative payment methods, typically with providers other than a consumer's primary bank. This is a wake-up call for traditional providers, as the alternatives will end up with the bulk of a transaction's profits.

Across all different payment situations, however, a few trends are seen as driving change, and specifically leading to the rise of cashless transactions: i) Connected consumers with a growing preference for cashless, ii) Connected devices with new situations for commerce and services, iii) lower costs for merchants and billers, and iv) deeper integration of services. These trends are leading to a major change on the horizon: the need for seamless payments as frictionless commerce rises.

"Frictionless" commerce occurs when a consumer purchase is automatically initiated without an explicit consumer purchase decision. Instead, purchase decisions are made on behalf of the consumer, with his or her advance consent, using real-time, integrated data from preferences, past behaviors, sensors, and other sources of contextual data. Any move to frictionless commerce requires seamless payments to keep pace. With orders being pre-filled and automatically or at least conveniently authorized such as fingerprints or facial recognition, this is a big step forward from what we could call the "traditional digital" offerings now widespread in both physical and digital channels.

Payments: Essential part of daily life & high frequency business

Frequency per year
(Germany)



Source: A.T. Kearney

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