



From Cash and Cards to APMs: Navigating the Payments Transition

How consumers really chose to pay

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Contents

02	Executive summary
04	Introduction
05	1. How people pay
15	2. Traditional payment methods in a digital world
22	3. Compare and contrast: payments in travel and retail
29	4. Futureproofing through APM adoption
32	Conclusion

Executive summary

In an era of rapid payment evolution, understanding consumer preferences and behaviors has never been more critical.

Our comprehensive study of consumers across the UK and US reveals not just current payment trends, but the deeper psychological and contextual factors driving payment choices.

This research provides invaluable insights into how consumers want to pay, what influences their choices, and offers actionable insights for merchants in the retail and travel sectors looking to optimise their payment strategies.

Strategic Value

This white paper goes beyond traditional payment analysis to explore:

- The complex interplay between purchase context, value, and payment choice
- Consumer trust dynamics across different payment methods
- Critical factors influencing merchant selection based on payment options
- Future payment technology adoption patterns and barriers

Practical Applications

For merchants in retail and travel sectors, this research provides:

- Evidence-based strategies for optimizing payment offerings
- Deep insights into how payment preferences vary by demographic and context
- Clear guidance for integrating alternative payment methods (APMs)
- Strategic framework for future-proofing payment infrastructure

As we move toward an increasingly cashless future, this report serves as both a strategic guide and practical roadmap for merchants navigating the evolving payments landscape. Our findings provide actionable insights for establishing APMs as trusted, long-term options alongside traditional payment methods, while ensuring businesses stay ahead of emerging consumer preferences and technological innovations.

Introduction

At PXP, our mission has always been to drive innovation and deliver cutting-edge solutions that meet the evolving needs of consumers and merchants alike. As the payments landscape continues to transform at an unprecedented pace, understanding the trends and motivations behind consumer choices has never been more crucial.

In today's rapidly changing payments landscape, consumer expectations around payments are evolving as fast as the technology enabling them. The ways people choose to pay, and the reasons behind their choices, have shifted dramatically over the past few years—prompting businesses to rethink their approach to payment strategies.

Let's delve into the key factors influencing consumer payment preferences and behaviours in this new era. Based on comprehensive research, the whitepaper provides useful insights for businesses looking to optimise their payment systems to meet the demands of today's tech-savvy consumers.

From the growing prominence of alternative payment methods (APMs) to the increasing move towards a cashless economy, this paper explores how merchants can align their strategies to not only meet consumer needs but also stay competitive in a fast-moving marketplace. We'll look at the reasons behind these shifts, the opportunities they create, and how businesses can leverage these insights to drive growth.

Understanding the evolution of payments is no longer just an operational concern—it's a strategic imperative. We believe that our research will be a key tool as you navigate the complexities of consumer payments in a digital-first world and will give you the knowledge needed to stay competitive.

—Kamran Hedjri, CEO, PXP Financial



Chapter 1:

How people pay

The payments landscape today is more diverse and dynamic than ever before. With consumers adopting new technologies and payment methods at an unprecedented rate, businesses are challenged to keep pace with these changes. Traditional options like cash and cards remain widely used, but we are seeing a marked shift towards APMs such as digital wallets, Open Banking, and cryptocurrency. However, this shift isn't uniform - our research reveals stark generational differences in adoption rates and surprising contextual patterns in payment preferences.

The Value-Venue Matrix: How Purchase Context Shapes Payment Decisions

In today's dynamic retail landscape, the choice of payment method is increasingly influenced by not just the type of purchase being made, but also its value and context. Our research reveals a clear "£100 threshold effect" where consumer payment preferences shift, and distinct patterns emerge across different retail environments.

The relationship between payment choice and purchase context is more complex than previously thought. While transaction size remains important, our data shows that venue type, consumer age, and regional factors all play crucial roles in payment decisions. Perhaps most surprisingly, we found that traditionally

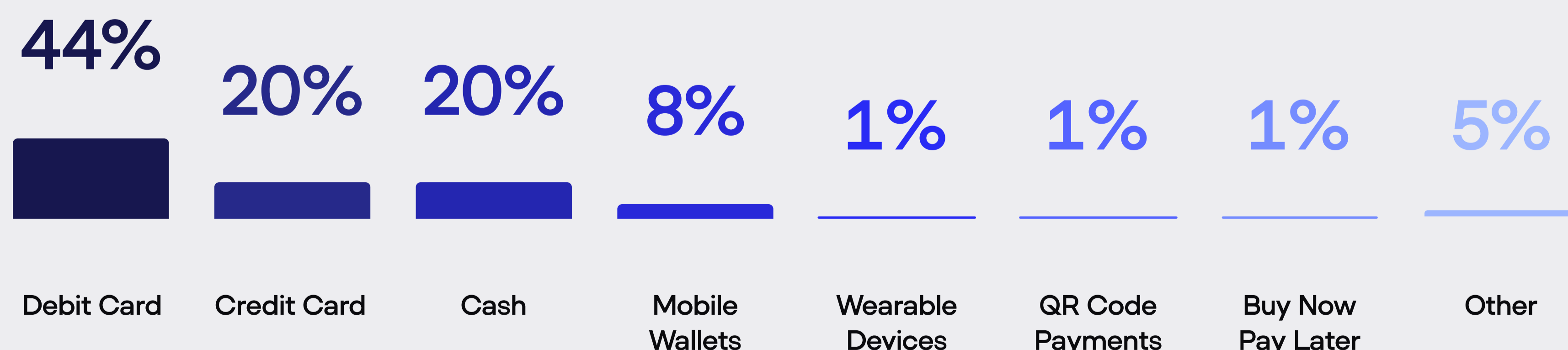
tech-forward retail environments don't necessarily drive the highest digital payment adoption.

The Venue Effect: Where We Pay Matters More Than Method

Our survey examined preferred payment method for in-person transactions in a range of in-store locations, including grocery stores, electronics retailers and hospitality venues.

Debit card is the preferred method of payment for all in-person transactions, with the exception of cruises, where it comes a close second behind credit cards. **Hotels showed a unique pattern, being the only venue with almost equal preference for debit and credit cards (34.0% vs 33.9%),** suggesting distinct risk assessment behavior for travel-related purchases.

*What, if anything, is your preferred method of payment for **in-person transactions**?*

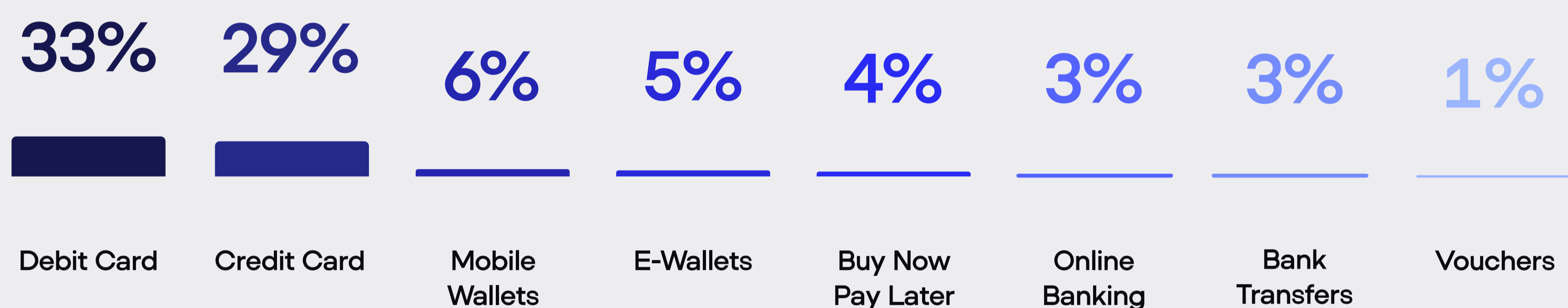


When Value Transforms Payment Choice

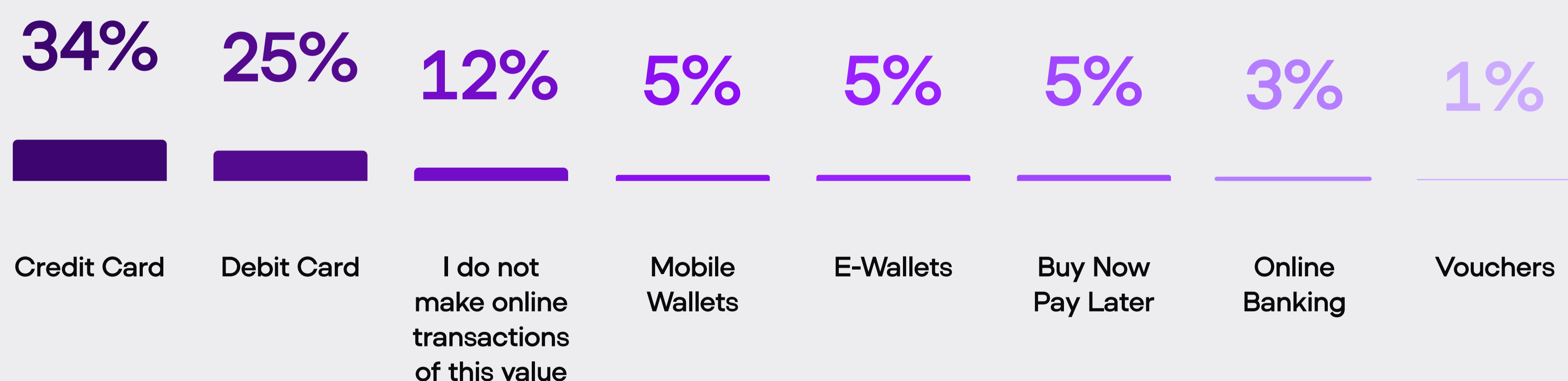
Debit cards dominate online purchases under £200, but for high-value purchases over £200, credit cards become the preferred method with 33.9% of respondents choosing it. This value-based shift shows clear consumer

preference changes, with credit cards and BNPL options seeing increased usage for higher-value purchases as consumers prioritize payment protection and flexibility.

*What, if anything, is your preferred method of payment online for **medium ticket value (£51-£200)**?*



*What, if anything, is your preferred method of payment online for **high ticket value (£201+)**?*



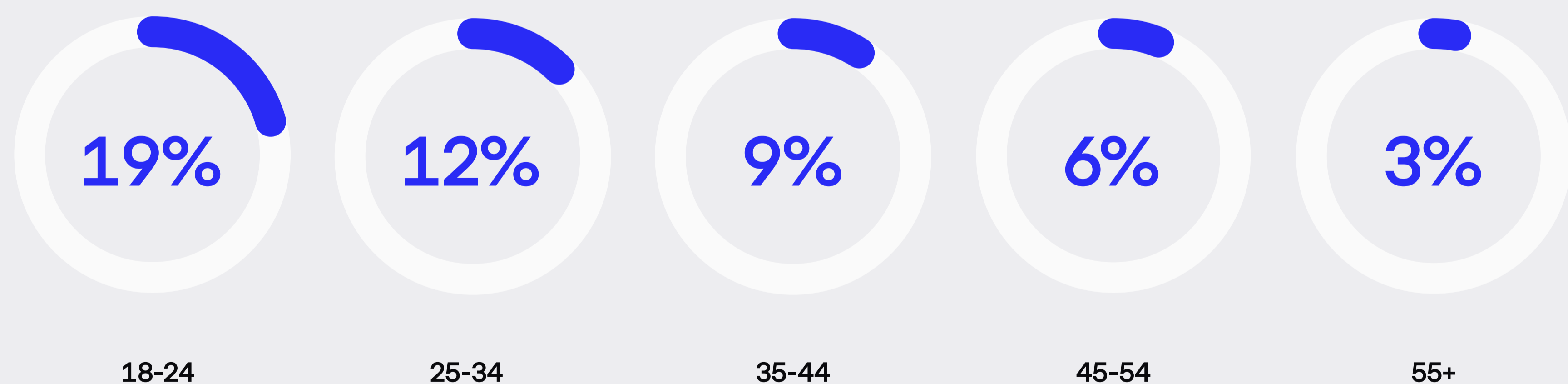
The Digital Divide: Understanding the Generation Gap in Payments

While digital wallet adoption shows promising growth, our research reveals a stark “digital adoption cliff” - the most dramatic generational gap we’ve seen in payment technology adoption. Almost **19%** of 18–24-year-olds use apps like ApplePay and GooglePay for in-store grocery purchases, compared to just **3%** of over 55s. In fact, more than a fifth (**21%**) of 18-24-year-olds use these payment methods daily, while less than **2%** of over 55s do the same. This gap is particularly noteworthy given that it’s wider than typical technology adoption patterns across generations.

*What, if anything, is your preferred method of payment for **In-store grocery**?*

Almost 19% of 18–24-year-olds use apps like ApplePay and GooglePay for in-store grocery purchases, compared to just **3%** of over 55s.

Mobile Wallets (e.g., Apple Pay, Google Pay)



According to a separate study by [Statista](#), global mobile wallet transactions are expected to reach \$1.8 trillion by 2025, while the [2024 Global Payments Report](#) reveals that the value of transactions made via digital wallets is expected to

double from **15%** to **31%** by 2027, while debit card transaction value will decrease from **28%** to **23%** over the same period. But for these figures to be met, there are consumer frustrations that need to be addressed.

PXP Advice for Merchants

Ensure a seamless mobile wallet experience by addressing common consumer frustrations like slow transaction speeds and compatibility issues, optimise your point-of-sale (POS) systems to support multiple mobile wallets. You should also ensure staff are trained to assist with any digital payment issues. This will help you meet consumer expectations as the trend toward mobile wallet payments grows, capturing a larger share of this rapidly expanding market.

Frustrations and priorities

Security remains front of mind when it comes to reasons why people choose or reject a payment method. More than half (52%) of respondents cite security as the most important thing when choosing a payment method, rising to 62% in the 55+ age group. This stark generational divide in security priorities reveals one of the most significant challenges in payment adoption.

Almost half (45%) of respondents view credit/debit cards as the most secure way to make online purchases, with less than 5% viewing BNPL as most secure. This reveals a clear trust gap between traditional and emerging payment methods that needs to be bridged.

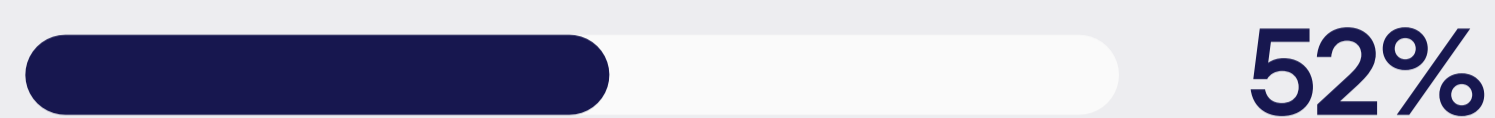
Overall, 39% are most frustrated about fraud and security risks when using payment services, with hidden charges/fees a close second.

Here we see a fascinating generational divide: younger people tend to be more concerned about hidden fees than security, while the reverse is true for older respondents. This represents a fundamental shift in how different generations view payment risks.

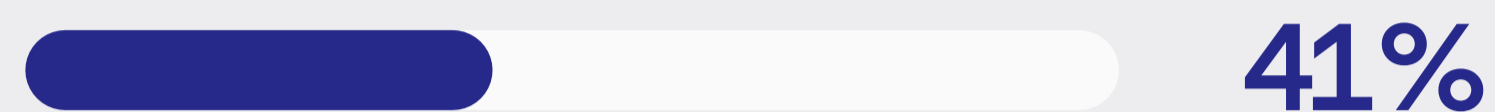
A key finding emerges in the disconnect between perception and behavior. While digital wallets and mobile payments are not widely viewed as secure ways to make online purchases (12% and 9% respectively), their usage continues to grow. This is largely driven by convenience – something that 41% of our respondents value most in a payment method. This “trust-usage paradox” suggests that convenience often trumps security concerns in actual payment behavior.

What, if anything, is most important to you **when choosing a payment method?**

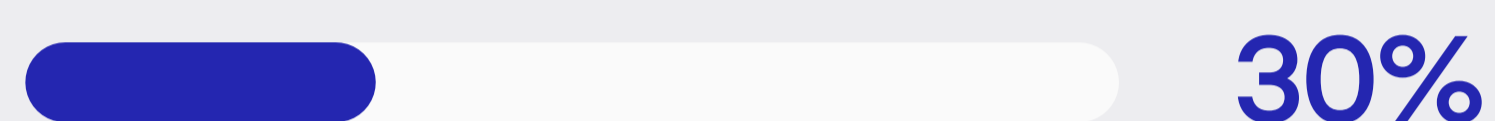
Security



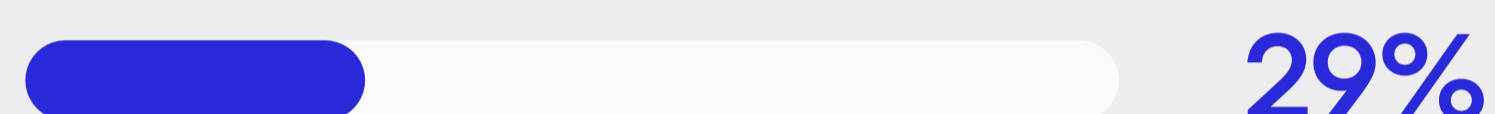
Convenience



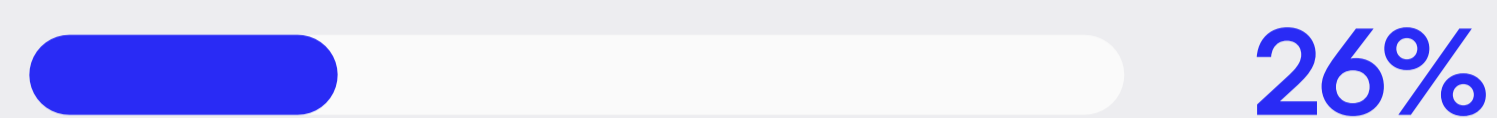
Speed of Transaction



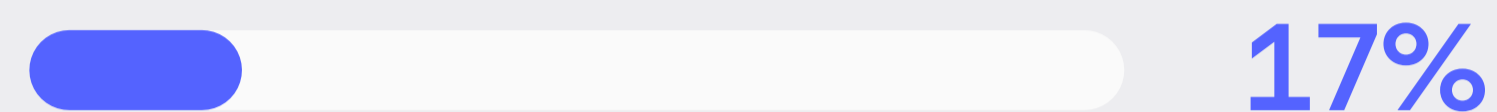
Rewards/Points



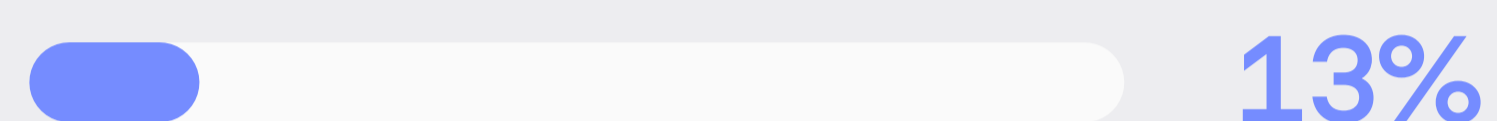
Lower Fees



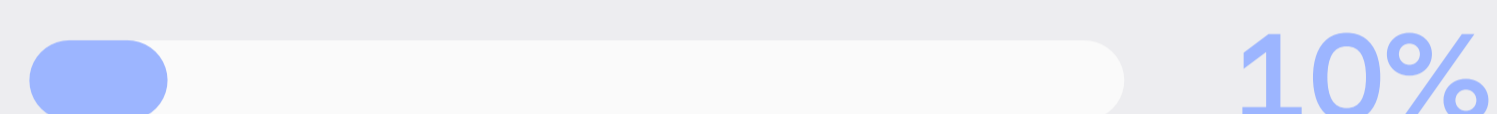
Familiarity



User Experience



Exchange Rates



It is now the job of fintech businesses, in collaboration with merchants, to show that alternative and digital payment methods are also secure.

This can be achieved by:

- **Clearly communicating security features:** describe the layers of security they employ, such as encryption, two-factor authentication (2FA), tokenisation, and fraud monitoring.

- **Simplifying the onboarding process with security:** ensure the onboarding process is intuitive and easy to follow. If the user experience is frictionless yet secure, it helps foster trust.
- **Providing case studies and statistics:** share data on the number of secure transactions processed, the low incidence of fraud, and how security threats are managed.
- **Focussing on control and convenience:** Highlight how APMs give consumers more control over their financial data with secure, quick payments, and are often safer than carrying cash or using traditional cards.

Build trust by showing how security powers your payment innovations

Alternative payment methods enhance security through encryption and tokenization, protecting sensitive data and reducing identity theft risk. These methods limit the exposure of users' details to merchants, thereby reducing the chances of data breaches.

Many also implement two-factor authentication (2FA), adding an extra layer of security during transactions. Additionally, **some platforms offer built-in fraud protection and streamlined dispute resolution processes**, making it easier for consumers to recover funds in case of fraudulent activity.

Furthermore, certain options, such as cryptocurrencies, provide greater anonymity, appealing to users concerned about privacy.

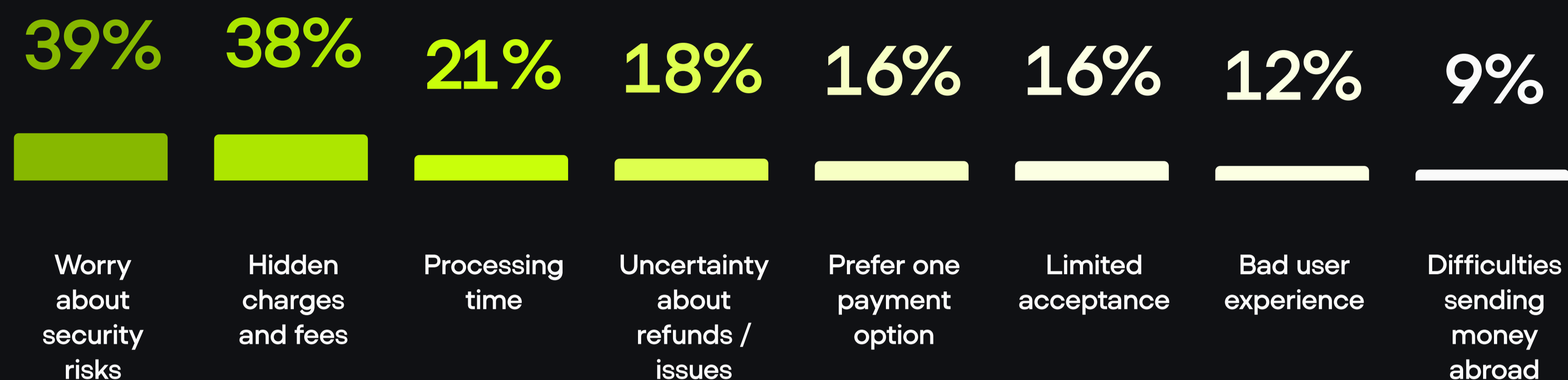
Of course, when it comes to boosting consumer trust, we must also mention the importance of Open Banking. Open Banking was introduced in the UK through the 2018 Open Banking Initiative, mandated by the Competition and Markets Authority to promote competition and innovation within the financial sector.

The US, while not having a formal regulatory mandate, has seen the development of Open Banking through industry-led initiatives and evolving guidance to enhance data sharing.

The intention of this framework is to ensure consumer information is accessed only with explicit consent and is protected through robust encryption and regulations, such as GDPR and PSD2 in the EU. By fostering transparency and enabling direct connections between banks and payment providers, Open Banking minimises fraud risks and unauthorised access. This increased security helps drive adoption of alternative payment methods in everyday transactions.

By positioning APMs as cutting-edge and secure, fintechs can appeal to both tech-savvy consumers and those concerned about data safety.

What, if anything, **frustrates you the most** about using payment services (excluding cash)?



UK vs US

Although UK and US consumers are very much aligned in many attitudes towards payments, our survey results demonstrate some key differences in how consumers in each region prefer to pay.

This regional divergence reveals how infrastructure development and historical adoption patterns continue to influence current payment behaviors.

UK consumers show less concern about fraud, which could be due to a greater awareness of various protections like chip and PIN, chargebacks, 3D-Secure and other security protections. Our data shows a **15%** higher trust in digital payments among UK consumers compared to US users.

It's worth noting that chip and PIN was introduced to the US 10 years after the UK, so consumer and merchant awareness is still catching up. Perhaps as a result, our US respondents are heavier users of cash across all in-store sectors.

Meanwhile, we found that UK consumers are ahead of their US counterparts in using bank transfers across all online ticket values, including high ticket values. This digital payment confidence is reflected in the numbers: UK consumers are **23%** more likely to use bank transfers for high-value purchases, matching the growth of Open Banking and account-to-account transactions in the UK.



Key takeaway

We've uncovered a fascinating “trust-usage paradox” in alternative payments. While credit and debit cards remain most trusted, the £100 mark is where preferences shift - below this, convenience wins; above it, security matters most. Despite lower trust in APMs (only **12%** view digital wallets as secure), their usage grows because of convenience. So, while the payments industry has delivered on convenience and innovation, building trust and raising awareness of the security elements of APMs should now be the focus.

UK consumers are also much heavier users of contactless payments across all in-store segments, with adoption rates exceeding US levels by **28%**. This gap is likely due to more widespread open loop acceptance (take public transport on buses and the London Underground as a good example of this in everyday action) and a more established chip and PIN infrastructure that smoothed the path to contactless.

The starkest differences emerge in payment priorities: US consumers value rewards and points significantly more (**35% vs 23%**), and show **10%** higher sensitivity to fees than UK users. These differences reveal fundamental variations in how each market views the value proposition of payment methods.

PXP recommends a few practical steps all merchants can implement to build trust in APMs:

01 **Highlight security features at checkout**
Include clear information about the security measures of available APMs (for example, encryption, two-factor authentication) on the checkout page. Visual cues such as trust badges or security icons can reassure customers that their payment details are protected.

02 **Educate customers with informative content**
Create blog posts, FAQs, or short videos explaining how APMs work and their security features. It's important to use accessible language to break down complex security protocols so consumers can understand how these measures keep their data safe.

03 **Offer trust-boosting incentives**
Consumer offering a limited-time promotion, such as a small discount or loyalty points, for customers who try an APM.



Chapter 2:

Beyond Technology: Payment choices in a digital world

There's never been more choice when it comes to how to pay, but despite innovations such as contactless and mobile payments, cash and cards continues to play an important role in everyday spending. Let's explore which payment methods are gaining ground in different regions, and what does our survey reveals about the ongoing reliance on traditional payment methods in an increasingly digital world?

Future of cash across regions

The UK has been rapidly moving toward cashless payments, particularly in the wake of the pandemic, which accelerated the decline in cash usage.

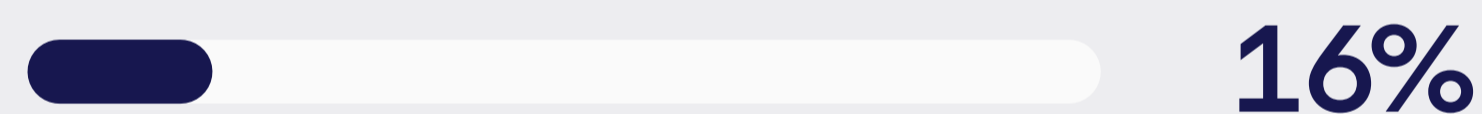
According to recent reports:

- Cash handles less than **15%** of UK transactions, while cards and digital payments like mobile wallets and contactless payments lead.
- Contactless grows due to increased transaction limits, moving from an initial limit of £10 to £100, making it easier for consumers to shift away from cash.

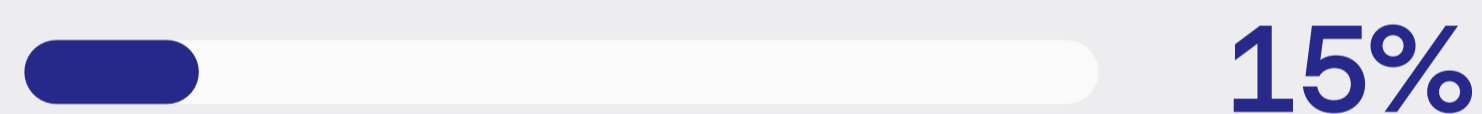
- The UK's regulatory environment has encouraged innovation, including the rollout of Open Banking, which has helped alternative payment methods (APMs) such as bank-to-bank transfers and digital wallets gain ground.
- Public transport systems, retail stores, and even smaller businesses are now equipped to accept cashless payments, further reducing the reliance on cash.

How frequently, if at all, do you use **physical cash**?

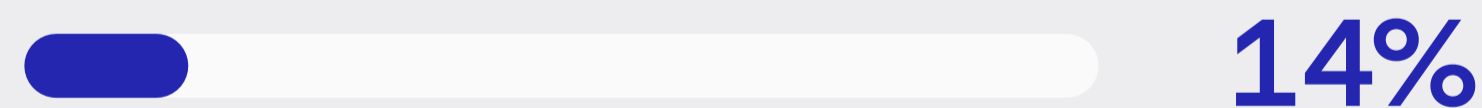
Once a week



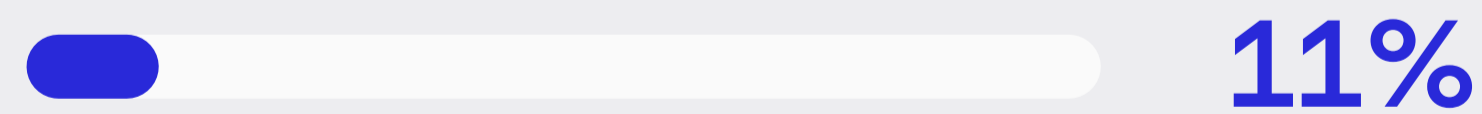
2-3 days a week



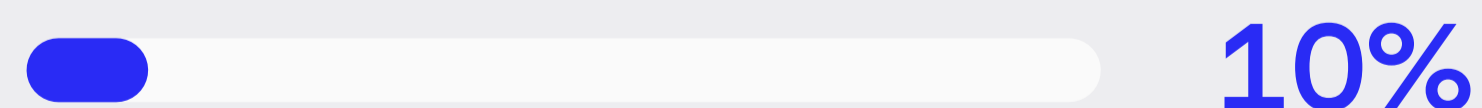
Every day



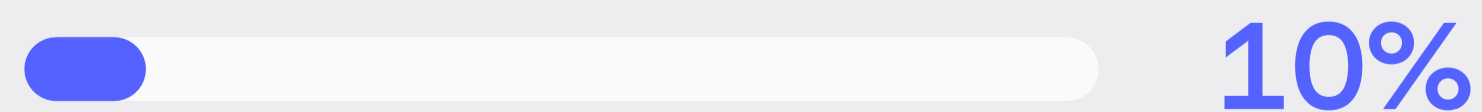
Once every 2 to 3 weeks



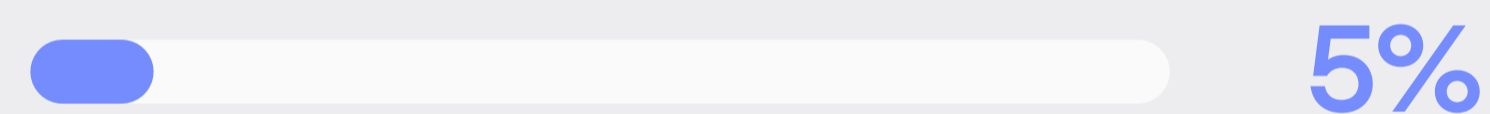
Once a month



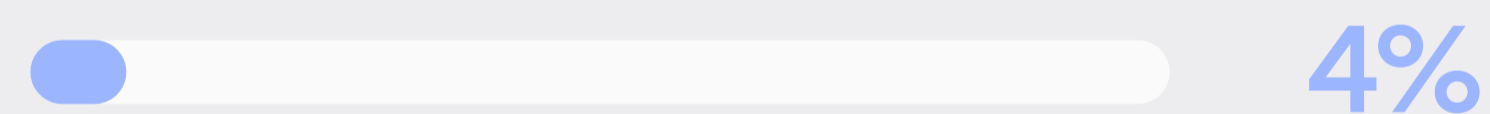
4-6 days a week



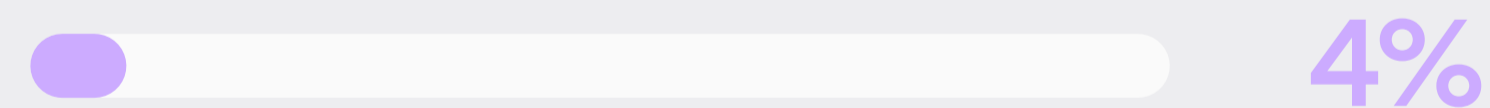
Never and wouldn't miss it



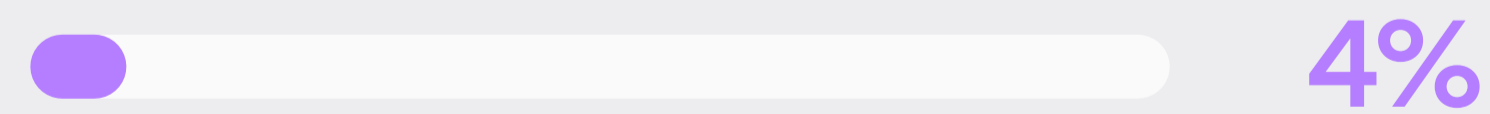
Once every 2 months



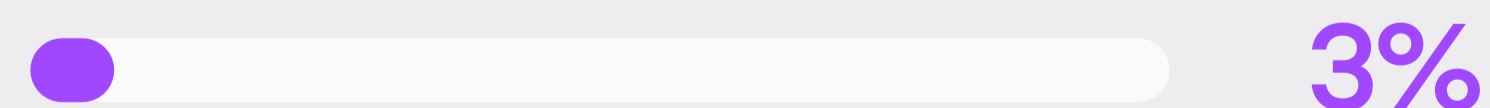
Once every 3 to 5 months



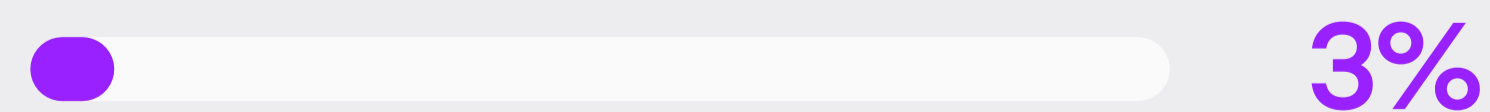
Never but want it to stay



Once every 6 to 11 months



Less than once a year



Additionally, UK-based financial institutions and fintech companies have been more proactive in promoting cashless initiatives, with many banking services already offering seamless digital payment experiences.

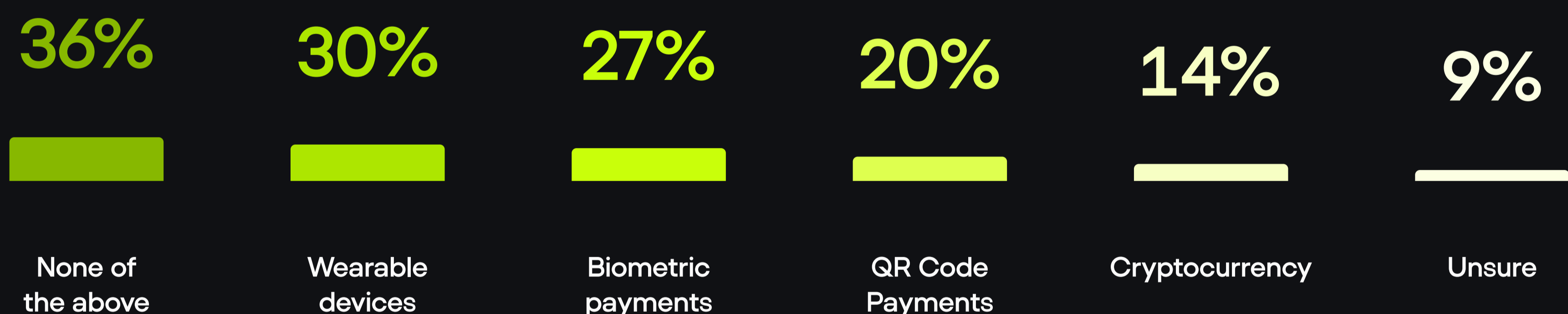
The US shows a different picture, with slower cashless adoption. Cash usage remains higher and cash is still seen as a preferred payment method by some consumers. **Additionally:**

- Card dominate the US payments landscape, but there has been a slower uptake of APMs like digital wallets and peer-to-peer payment platforms.

- Cultural and regulatory differences across states means that adoption rates vary widely depending on region and demographic.
- The US financial infrastructure is more reliant on legacy systems, and innovation in payment methods, including Open Banking, has been slower compared to Europe.

Yet change happens, especially with younger consumers using mobile wallets (e.g., Apple Pay, Google Pay), contactless cards, and peer-to-peer platforms like Venmo and PayPal. However, cash still holds a place, particularly among older consumers.

Which of the following, if any, are you open to using?



How open are consumers to trying new payment methods?

Debit card transactions **overtook cash in the UK**, and consumers have continued to click, swipe and tap at checkouts in ever greater numbers. This marked a significant shift in payment preferences.

Despite these figures, our survey reveals that cash still matters - **14%** use it daily, with more 18–24-year-olds (**20%**) than those 55+ (**17%**) using cash for groceries.

Only 6% said that they wouldn't miss cash, while 35% said they wouldn't miss ApplePay/Google Wallet and wearables if they disappeared.

With so many APMs and a tech-savvy generation entering the consumer market, why do cards and cash endure across demographics? Simply because people use what they trust, and trust what they know. Familiarity is key, but does not happen overnight. While we're seeing a transition to digital payment methods, this shift is happening at different rates across age groups and regions.

This generational divide is particularly evident in attitudes toward new payment technologies. Our survey found that while **36%** of respondents overall would not be open to using wearables, biometrics, QR code payments or crypto, this resistance varies dramatically by age. Among 18-24 year olds, only **14%** express reluctance to try new payment methods, while this figure jumps to **56%** for those 55 and older. This stark difference suggests that

payment innovation needs to account for varying levels of digital comfort across age groups.

There are several reasons for this, besides generational differences and openness to tech. Regional infrastructure affects adoption too. QR codes see less use in the EU and US but lead in Asia-Pacific.

Among all alternative payment methods, cryptocurrency shows the lowest willingness for adoption at **15%**. Yet, younger demographics show more openness to exploring crypto payments, aligning with broader patterns of digital payment adoption.

Open Banking and APM growth

Open Banking powers a new era in payments, with the UK and Europe leading the transformation. By connecting banks directly with merchants, we're creating faster, more secure payment flows that benefit everyone. In markets where Open Banking thrives, we see dramatic growth in account-to-account transfers and digital wallets, giving customers more ways to pay while helping merchants reduce costs.

The US and other regions show different adoption patterns, creating a dynamic landscape of payment innovation.

While some markets embrace Open Banking's full potential, others move at their own pace - influenced by local regulations and banking infrastructure. This creates opportunities for forward-thinking merchants who connect early with tech-savvy customers seeking modern payment options.

As Open Banking grows, it's transforming how payments flow across the global commerce ecosystem.

The backlash against stores going cashless

More businesses are boosting cashless payments promoting card and APM usage, aiming to benefit both merchants and consumers.

However, this shift often overlooks what consumers value most: choice. Critics highlight concerns around accessibility, privacy, and inequality. Cashless systems can exclude vulnerable groups like the elderly, low-income individuals, and those without bank accounts, creating barriers for those who rely on cash. Additionally, many worry about privacy, as cashless transactions leave a trackable digital footprint. While the move toward a cashless society may be inevitable, businesses need to prioritize consumer needs and encourage APM adoption in a more inclusive and thoughtful manner.



PXP tips for encouraging APM usage:

01 Educate consumers

Highlight the benefits of APMs, such as speed, security, and convenience. Use simple messaging to explain how APMs work and address any concerns about privacy or security.

02 Offer incentives

Different payment methods can be tied to specific promotions or loyalty programmes; offering discounts for using a particular credit card can attract customers and drive sales.

03 Ensure a seamless experience

Make sure APMs are easy to use, with fast and frictionless checkout experiences both online and in-store. Streamlined processes will make adoption more attractive.

04 Promote security

Reassure customers that APMs are safe by emphasising the security features such as encryption and two-factor authentication, which make digital payments more secure than carrying cash.

05 Provide multiple options

Support a variety of APMs, including mobile wallets, bank transfers, and BNPL options. Offering choice will cater to different preferences and increase adoption.

PXP Advice for Retail Merchants

The best way to address backlash against cashless policies is to ensure your store accepts both digital and cash payments. Practical steps merchants can take to successfully navigate the digital transition:

- **Maintain a balanced payment strategy:** Ensure that both traditional payment options and APMs are available at checkout across different channels. This approach caters to the broadest customer base, supporting those who prefer established methods while accommodating younger, tech-savvy consumers.
- **Analyse your customers preferences:** Use transaction data to assess which payment methods are most popular among different customer segments. This will help you to optimise your offerings, and strategically promote APMs where adoption is most likely.
- **Communicate the value of payment options:** Clearly explain the benefits and reliability of all available payment methods, including APMs. Highlight security, convenience, and any incentives for using APMs to encourage their use, while reassuring customers about continued access to familiar payment options.

Key takeaway

While adoption of APMs is growing, particularly as younger, tech-savvy consumers become bigger spenders, even they prefer tried-and-tested payment methods in certain contexts. Merchants need to consider this a transitional period where traditional and alternative payment methods should both be treated as important and carefully weigh the pros and cons of going cashless.



Chapter 3: Beyond the Everyday: How travel changes payment behaviour

In today's rapidly evolving digital landscape, consumer preferences for payment methods are shifting across industries, notably in travel and retail; two sectors that are integral to the global economy. They also represent two contrasting types of spending – everyday/frequent purchases vs yearly holidays/occasional travel. What drives a consumer to choose contactless payment for their morning coffee might be entirely different from how they decide to pay for a hotel stay.

The data shows distinct “payment personalities” emerging across these sectors as the retail-travel divide transcends age groups and regions. Even the most digital-savvy consumers, who readily use mobile wallets for retail purchases, show more conservative payment choices when it comes to travel. This behavioural shift offers valuable insights into how context influences payment decisions.

Travel: Where Payment Priorities Shift

Our research reveals a fundamental shift in how consumers approach payments when traveling compared to everyday retail. While convenience drives retail payment choices, travel brings different priorities to the forefront.

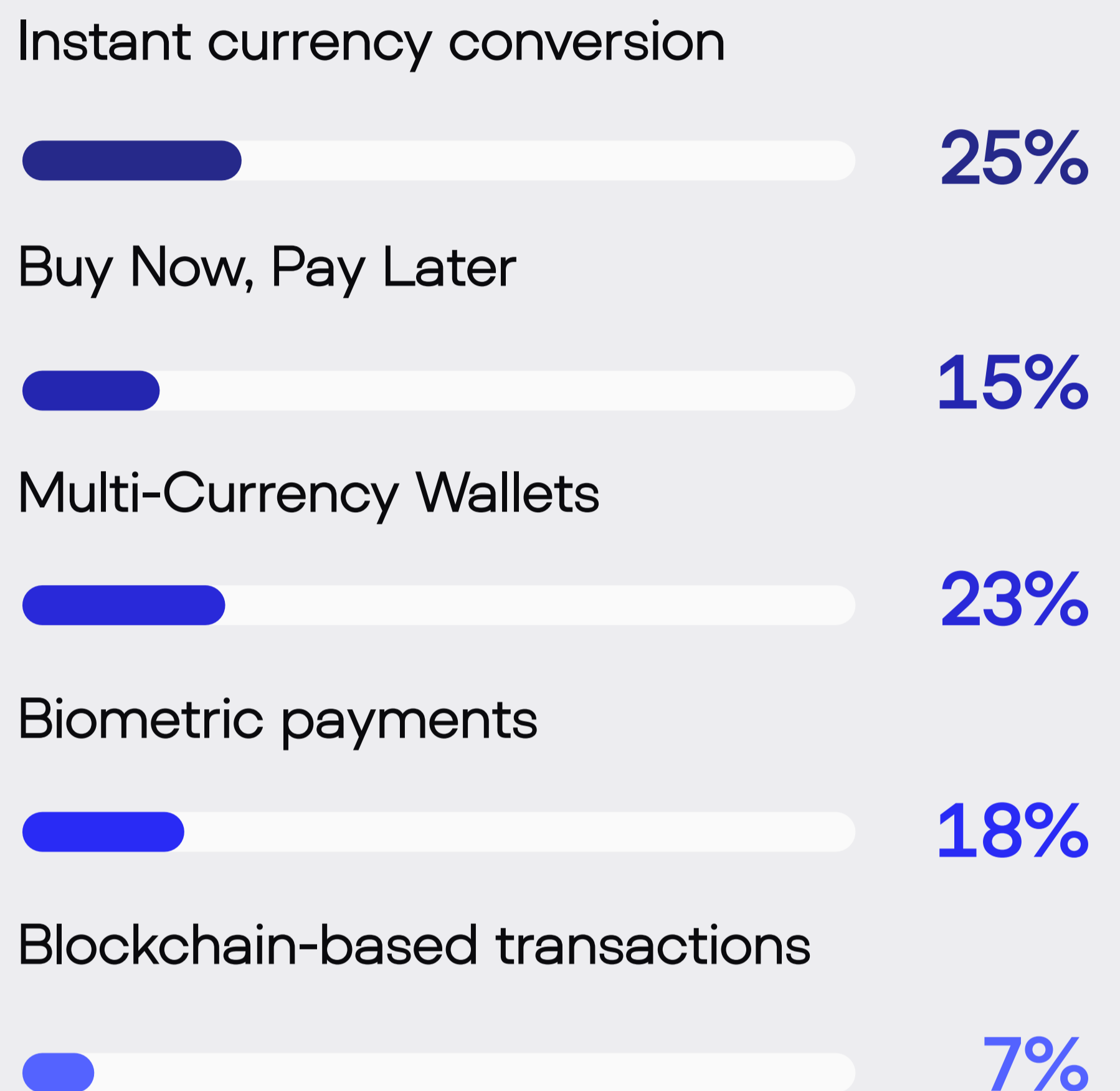
An overwhelming **80.6%** of travelers rate payment method acceptance as their top concern, followed by concerns about foreign card charges (**71.0%**) and instant currency conversion (**65.2%**).

These priorities show distinct regional patterns. UK consumers demonstrate higher concerns about foreign card charges (**75.3%** vs **66.3%** in US) and prioritize currency conversion features (**67.4%** vs **62.8%**), likely reflecting more frequent international travel.

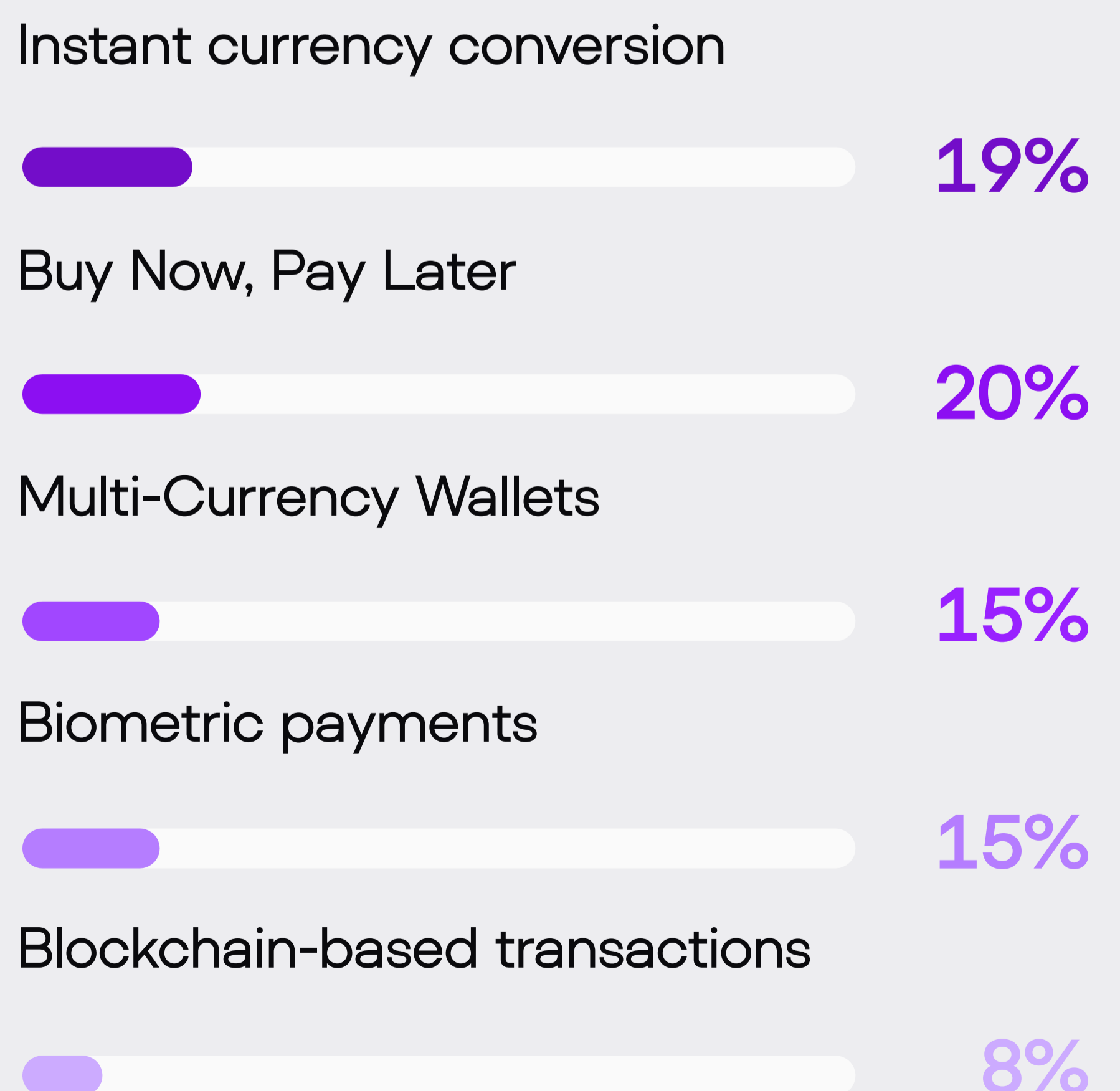
Meanwhile, US travelers show stronger interest in bill-splitting capabilities (**58.4%** vs **47.3%** in UK), possibly due to the wider adoption of payment apps like Venmo and Cash App.

What features or technologies would you prioritise for an ideal payment experience while traveling?

UK



US



PXP Advice for Travel Merchants

- Streamline BNPL checkout flow during booking process
- Display clear payment timelines and terms upfront
- Make BNPL option visible early in the booking journey
- Ensure transparent communication about payment schedule

Multi-currency functionality shows a similar generational divide. While 48.4% of all travelers consider multi-currency wallets important, this rises to 63.5% among younger travelers (25-34) but drops to 32.5% for those 55+. This pattern suggests a generational shift in how travelers approach currency management and international payments.

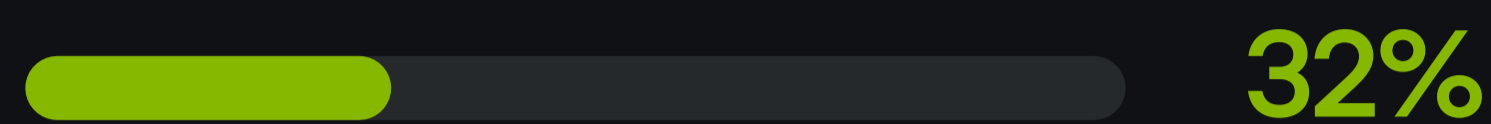
PXP Advice for Hospitality Merchants

- Prioritize wide payment acceptance: it's the top concern for 80.6% of travelers
- Promote bill-splitting capabilities, especially for US customers
- Highlight currency conversion features and foreign charge policies
- Ensure staff are trained on digital payment options

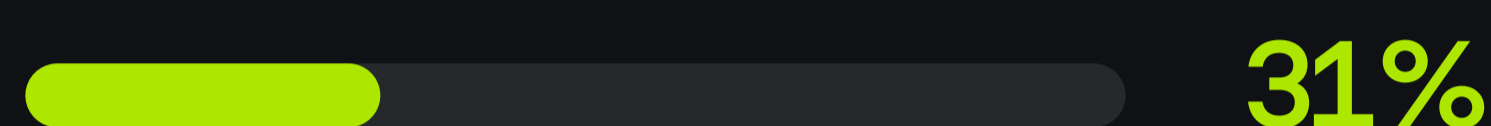
The emergence of new payment technologies is reshaping payments in hospitality. Virtual cards are gaining significant traction, with 27.5% of travelers prioritizing them - rising to 36.8% among 18-24 year olds. Similarly, BNPL is becoming increasingly relevant in travel, with 41.4% considering it important for their travel experience. However, this varies dramatically by age: 53.5% of 18-24 year olds find BNPL important for travel, compared to just 24.2% of those 55+.

What, if anything, would make you more likely to **choose one retailer over another** based on payment options?

Exclusive discounts for using certain payment methods



Availability of contactless payments



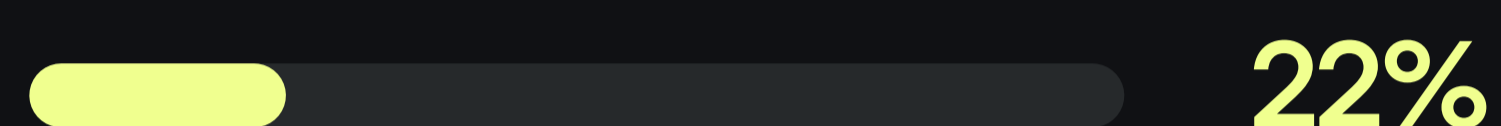
Integration with loyalty programs



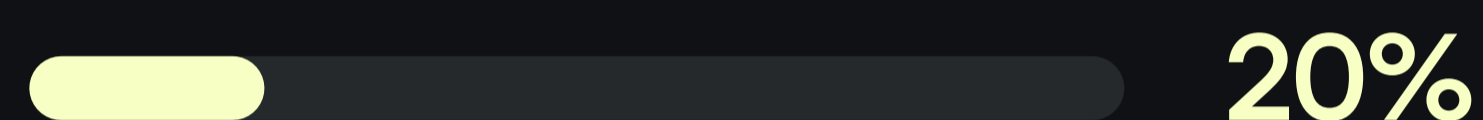
Ability to split payments across multiple methods



Nothing in particular



Option to use Buy Now, Pay Later



Retail: What drives payment choice

32% of respondents would favour a retailer that offered exclusive discounts for using certain payment methods. Availability of contactless is also ranked highly by 31% of overall respondents, rising to 39% among 25–34-year-olds.

Integration with loyalty programs influences 26% of consumers' retailer choice, making it the third most important payment-related factor.

The ability to split payments is also significant, with 23.4% of respondents citing this as a reason to choose one retailer over another.

PXP Advice for Retail Merchants

- Offer exclusive payment method discounts: influences 32% of consumers
- Ensure contactless payment availability: critical for UK market (36%)
- Integrate payment and loyalty systems
- Enable payment splitting options: especially important for younger demographics

Contactless payments are more important to UK shoppers (36%) than US shoppers (26%). This is partly due to faster adoption and widespread infrastructure in the UK, where most retailers accept contactless methods. In cities like London, they are also integrated into public transport systems, making them a daily necessity. Additionally, the UK has raised contactless transaction limits, making it practical for higher-value purchases, while US limits have been slower to increase. UK consumers are more accustomed to quick payments for small transactions, whereas US shoppers have traditionally relied more on credit cards, making contactless payments less essential in the US.

The importance of instant currency conversion

Overall, 80% of respondents prioritise having a payment card that's widely accepted when travelling, and 65% value instant currency conversion. But instant currency conversion plays a crucial role in both the retail and travel sectors by enhancing convenience, transparency, and customer satisfaction.

- **In retail:** Instant currency conversion in cross-border e-commerce lets customers view and pay in their local currency, improving transparency and trust. This reduces confusion, boosts conversion rates, and decreases cart abandonment, as customers clearly understand the final cost.
- **In travel:** Travelers often make purchases in foreign currencies. Instant currency conversion at the POS simplifies transactions, removes exchange rate uncertainty, and avoids unexpected fees. This convenience boosts spending as customers feel more confident knowing the exact cost.

In both sectors, providing seamless currency conversion fosters customer trust and promotes smoother, more efficient transactions across borders.

Cross-sector Learnings

The travel and retail sectors can learn valuable insights from each other regarding consumer payment preferences:

- **Convenience and speed:** The retail sector's use of quick, seamless payment options like contactless and mobile wallets is something the travel sector can adopt to reduce wait times during bookings, check-ins, and in-flight purchases.
- **Global payment solutions:** The travel industry, dealing with international customers, often supports multi-currency and cross-border payments. Retailers can follow suit by adopting similar solutions to cater to global customers and expand their market reach through e-commerce.
- **Personalisation and loyalty programmes:** Retail excels in offering personalised payment options through loyalty programmes and targeted discounts. There is scope for travel companies to better integrate payment-linked loyalty rewards, offering incentives at every stage of the travel journey to increase customer retention.

- **Security practices:** The travel industry often deals with higher-value transactions, requiring stringent security measures. Retailers should also adopt advanced security solutions, such as tokenisation and multi-factor authentication, to enhance trust in payment systems.

Meeting diverse payment preferences is challenging as businesses adapt to an ever-changing payment landscape. Sharing strategies can help improve systems, boost efficiency, and better serve global and digital-first shoppers.

PXP advice on how to do it:

Key takeaway

While convenience and speed are important factors in retail payments, flexibility plays a larger role in shaping payment preferences in travel. Both retail and travel businesses should focus on seamless integration of a range of payment options across both online and offline channels, ensuring a consistent experience regardless of the platform.

01 Offer multiple payment options

Support various payment methods across online and in-store channels, letting customers choose their preferred option easily.

02 Ensure platform flexibility

Use adaptable payment systems that handle multiple methods smoothly. Partner with providers offering unified, reliable solutions.

03 Simplify the checkout process

Make checkout intuitive and consistent across online, mobile, and in-store. Minimise steps, enable saved payment options, and allow easy switching between methods.



Chapter 4: Futureproofing through APM adoption

Credit and debit cards are set to remain the biggest digital payment method within both POS and e-commerce, but [growth is set to slow down](#), especially in an offline environment, with APMs expected to grow faster between [2022 and 2027](#) than payments conducted with cards.

As consumer payment preferences evolve and the transition away from cash and cards continues, businesses must recognise ways to remain competitive in an increasingly digital world. Integrating a range of APMs offers a strategic pathway for futureproofing operations, and can significantly attract a broader customer base in several ways beyond catering to diverse payment preferences:

- **Convenience:** By providing multiple options, you make it easier for customers to complete their purchases, reducing friction in the buying process.
- **Increased trust:** Customers are more likely to feel secure when they can use their preferred payment method. At the moment that means offering card payments, but as more consumers embrace digital options, they will trust these methods and expect to use them everywhere.
- **Access to new markets:** Payment preferences vary by region and demographic. Our survey shows 30% are open to wearable payment tech, rising to 41% among 18–24-year-olds. Twice as many UK consumers use mobile wallets compared to the US (11% vs 4.5%). Diversifying payment options allows businesses to reach wider markets, including unbanked or underbanked individuals who rely on mobile money or prepaid cards.



PXP Advice for Travel Merchants

Allow customers to pay with prepaid cards, which are a popular option for those without traditional bank accounts. Prepaid cards can often be purchased at local stores or online, and offering this option can make your services more accessible.

- **Reduction in abandoned carts:** Many customers abandon their carts if their preferred payment method isn't available. By offering a wider selection of payment options, businesses can decrease cart abandonment rates, leading to higher conversion rates.
- **Enhanced customer experience:** A seamless checkout process that includes various payment options contributes to a positive customer experience. Satisfied customers are more likely to return and recommend the business to others.
- **Increased sales opportunities:** Special promotions or loyalty programs tied to specific payment methods can incentivise customers to choose those options, boosting overall sales.

Conversely, relying on a single payment method can lead to disruptions if there are technical issues or outages. By diversifying payment options, businesses can mitigate the impact of such problems. A lack of preferred payment options increases the chances of cart abandonment.

Key takeaway

The payment landscape is constantly evolving with new technologies and methods emerging regularly. Merchants need to have a good understanding of which are most appropriate for their customers. Providing multiple payment options allows customers to choose the method that is most convenient for them, enhancing the overall customer experience and encouraging loyalty.

Future- Proofing Strategies

01 Security- Convenience Balance

- Build trust in new payment methods
- Maintain robust security while reducing friction

02 Generational Consideration

- Adapt strategies for different age groups
- Consider regional variations in adoption

03 Integration Opportunities

- Connect payments with loyalty programs
- Create unified commerce experiences

Navigating the future of payments: A call to action

As businesses and consumers navigate the evolving landscape of payments, understanding customer payment preferences has become critical for optimising the customer experience and staying competitive in an increasingly cashless society. The insights presented in this whitepaper highlight the pressing need for businesses to adapt their payment offerings in response to these shifting behaviours.

The most striking discovery is what we call the “trust paradox” in payments. While traditional cards remain the most trusted payment option, actual consumer behavior tells a different story. We see increasing adoption of alternative methods despite lower trust levels, suggesting convenience often trumps security in real-world choices. This paradox becomes even more pronounced with age, as security concerns peak significantly among older demographics.

Perhaps the most significant insight is the unprecedented generational divide in payment preferences.

Young consumers show strong appetite for digital payments and APMs, while older generations remain hesitant. Similarly, BNPL shows a dramatic split, with younger travelers especially valuing this option. Yet importantly, traditional payment methods maintain their relevance across all age groups.

Regional differences add another layer of complexity. The UK leads significantly in contactless adoption, while US consumers show notably stronger interest in payment rewards. These variations reflect not just consumer preferences, but the profound impact of infrastructure development on payment adoption.

For merchants, success in this evolving landscape requires more than simply offering multiple payment options. It demands understanding how payment preferences shift across contexts, demographics, and regions. The key lies in balancing security with convenience while maintaining the flexibility to serve diverse consumer needs.

The payments industry faces an equally complex challenge. Building trust in alternative payment methods while addressing the security-convenience trade-off is crucial. Moreover, the need for seamless cross-border solutions and unified commerce experiences has never been more pressing.

The future of payments isn't simply about digital transformation—it's about understanding and adapting to how different consumers make payment choices in different contexts. Success will come to those who can bridge the gaps between security and convenience, traditional and innovative, and regional and generational preferences. This isn't just a transition period; it's a fundamental reshaping of how we think about and handle payments.

At PXP Financial, we have always been at the forefront of payment innovation. With deep expertise across the retail, travel, and hospitality sectors, we are uniquely positioned to help businesses, and their customers, embrace the next generation of payment technologies. As your payment partner of choice, we're committed to guiding you through this transformation and ensuring you remain ahead in the evolving world of payments.



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