

# CHANGE AT THE CHECKOUT 2025

What online shoppers and ecommerce merchants think about payments

Pay by Bank



Credit / debit card



Other methods



# Change at the checkout isn't on the distant horizon. It's right in front of us



**Lisa Scott**

Chief Strategy Officer TrueLayer

In the world of both ecommerce and payments, a sense of impending change has been with us for a long time now. In the past five years we've seen COVID-19, when online shopping in the UK grew sharply, various card fee increases, and the recent [CrowdStrike outage](#) of August 2024. Throughout all this, merchants and consumers have felt the pain of payment methods that were designed and built for the pre-internet era.

But despite all that, it still feels like change is coming. It hasn't quite arrived yet. In fact, we said as much in [a similar survey](#) we ran in 2021. So, has anything actually changed? To find out, **we surveyed over 1,000 UK shoppers and 300 large ecommerce merchants on their attitudes towards payments and — in particular — Pay by bank.**

The short answer is an emphatic yes. 90% of merchants we surveyed either already have Pay by bank on their immediate roadmap, or are planning to add it soon. And 80% of those with plans to add Pay by bank intend to start building in the next 12 months. The window for first-mover advantage, or even just early adopter status, will soon slam shut for ecommerce merchants.

The picture is similar on the consumer side. Nearly 2 in 3 consumers surveyed feel comfortable using Pay by bank for their online shopping, and 23% already use it for at least some of their purchases. Pay by bank is even starting to see a breakthrough in the 'everyday spend' category. Whether it's on takeaways, tickets, fast fashion or consumer retail, 62% of shoppers who spend less than £50 on their average order are happy to do so using Pay by bank.

And when you look at the wider challenges facing merchants, we are well overdue for something that will solve their ongoing payment challenges. Over two thirds of ecommerce merchants experienced one or multiple outages that stopped them from collecting card payments. Meanwhile, most businesses are dealing with tens of thousands of pounds of chargeback costs every year.

So, we're now at a point where merchants are struggling under the weight of payment-related challenges, and consumers are willing to try out new payment methods. While ecommerce merchants have, in unison, added Pay by bank to their roadmap, the biggest benefits will be felt by those who get to market quickest.

Time to get moving.

# Methodology

TrueLayer and Juniper Research surveyed 1,358 online shoppers and ecommerce merchants. This report presents the findings from a survey conducted by Juniper Research into ecommerce payments. It focuses on attitudes to payments online, including preferences for payment methods and views on security and refunds.

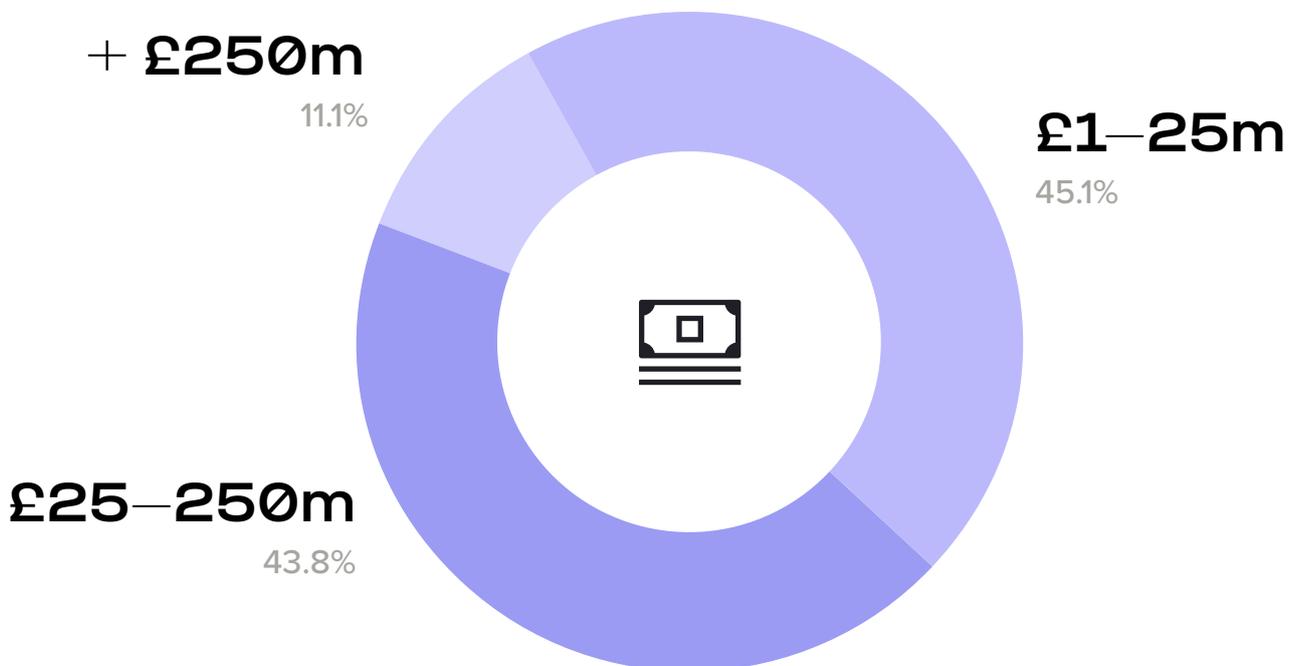
Juniper Research surveyed 1,052 consumers in the UK who shop online at least once a month.

They also surveyed 306 merchants that sell products online with headquarters in the UK, all with annual revenue of at least £1 million. Target industries included: apparel & fashion, consumer goods & retail, consumer electronics, home & garden, food delivery, food & beverage (including groceries), travel, digital goods, and events & ticketing.

Individuals surveyed as part of the merchant survey worked in one/or more of the following areas: payments, product management, ecommerce, finance and executive leadership. Those same individuals identified themselves as managers, directors, VPs, executives and/or founders.

All surveys were conducted in September 2024.

## 0.1 Merchants by annual revenue (£m)



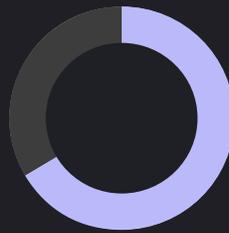
## SUMMARY

# 8 key takeaways

There's a growing usage of and appetite for **Pay by bank** across ecommerce

# 90%

of merchants are planning for Pay by bank or considering adding it to their roadmap.



# 2 in 3

consumers are comfortable paying with Pay by bank if offered. 23% say they've already tried it.

# 74%

of 25-34 year olds are comfortable using a new payment method if offered by a trusted brand.

Shoppers are even happy to try Pay by bank for smaller, regular purchases...

# 62%

of shoppers spending less than £50 in an average online purchase are happy to try Pay by bank.

→ [CHAPTER 1: The growing appetite for Pay by bank](#)



## Ecommerce merchants are more keen than ever for an alternative to card payments

**68%**

of merchants have experienced one or more issues in collecting card payments due to system outages.

**3 in 10**

merchants say reducing costs is their top priority for a new payment method, while **23%** want to drive more sales.

→ [CHAPTER 2: The biggest merchant payment challenges](#)

## Refunds and security top shoppers' payment priorities

**84%**



of consumers expect their refunds to arrive in their bank in a week or less.

**8 in 10**



consumers rank security as a top-three factor in trying a new payment method, 51% rank it #1.

→ [CHAPTER 3: What makes online shoppers tick?](#)

# 1

## The growing appetite for Pay by bank

### Key takeaways

- While only 5% of ecommerce merchants already offer Pay by bank, 9 in 10 have it on their roadmap or are considering adding it.
- Pay by bank adoption is imminent. 80% of merchants considering Pay by bank plan to begin adding it to their checkout in the next 12 months.
- The appetite is strong on the consumer side, too. 23% of consumers have already tried Pay by bank, and 65% are comfortable paying with it if offered.
- Younger shoppers are most likely to try a new payment method — including Pay by bank — if offered by a trusted brand.

## Merchants have imminent plans to add Pay by bank to their checkout

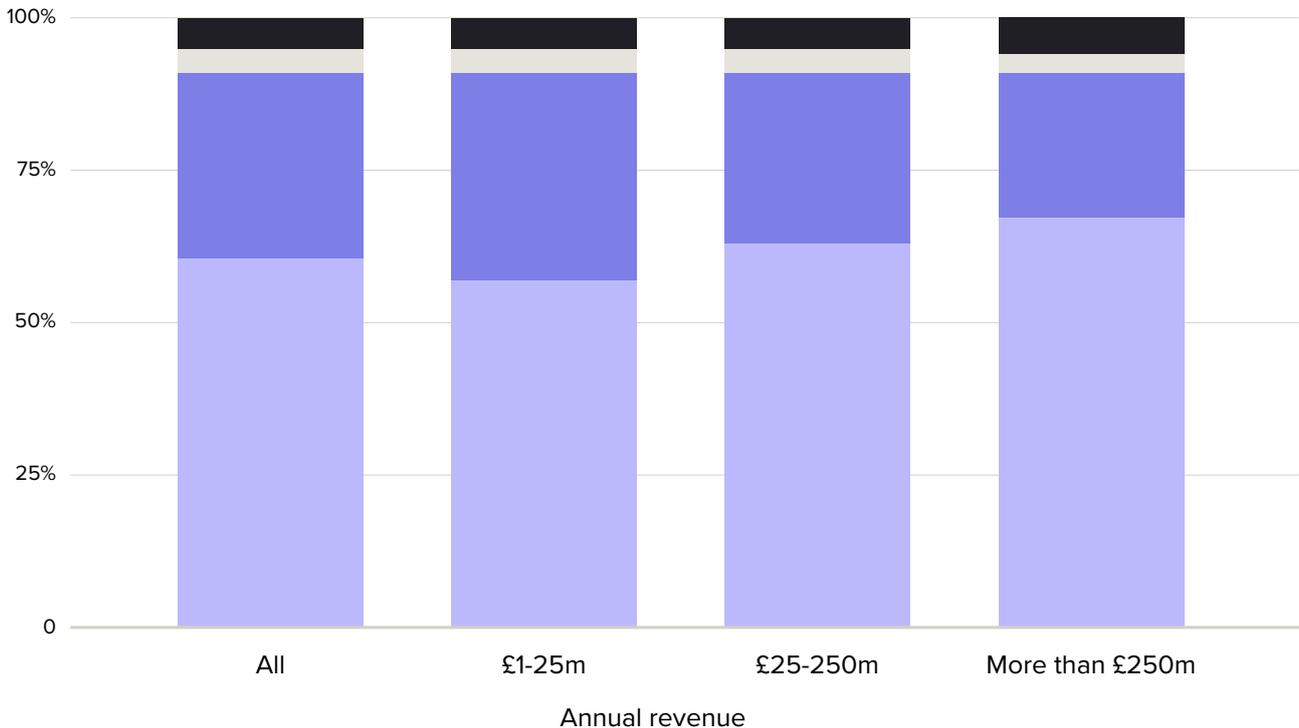
It's clear we're at a tipping point for Pay by bank — and alternative payments — because the overwhelming majority of businesses surveyed (90%) either have it as part of their long-term strategy already (60%), or are considering adding it to their payment strategy (30%).

While the proportion of those already offering it is still low, it will now be a race for the 90% of merchants with Pay by bank in their plans to be part of the early adopters. The early-movers will enjoy the biggest benefits of being quick to market.

This is backed up by the fact that 8 in 10 of those who don't yet offer Pay by bank plan to begin adding it to their checkout **in the next 12 months**. Merchants increasingly recognise both the need for an alternative to cards, but also the urgency.

### 1.1 Is Pay by bank a part of your long-term payments strategy?

- No, it is not a part of our strategy
- We already offer it as a payment option
- We are considering it
- Yes, it is a part of our strategy



**9 in 10**

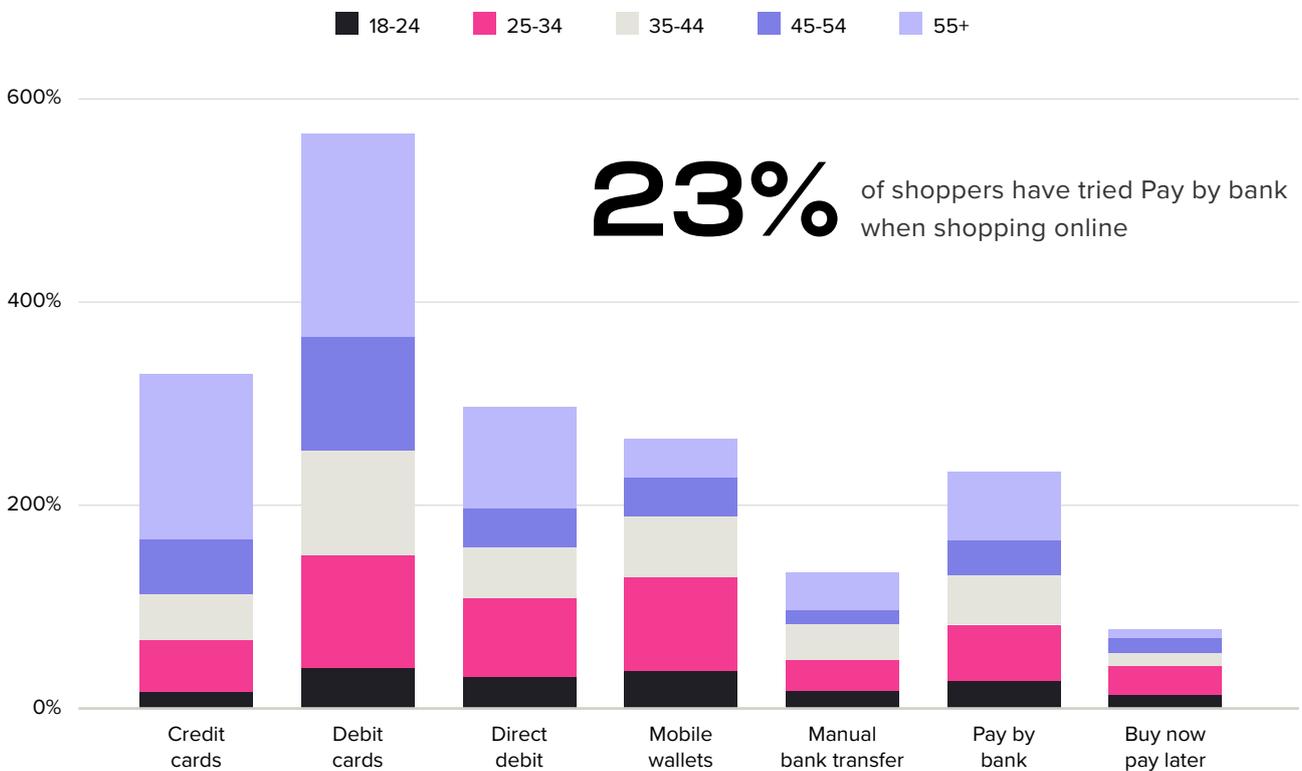
ecommerce merchants have Pay by bank as part of their strategy or are considering adding it.

## Consumers are comfortable trying Pay by bank. Or are already using it

Online shoppers are also increasingly comfortable using Pay by bank to pay for their online purchases. While debit cards remain the most popular, with 57% using it as a regular payment method, **23% use Pay by bank** for some of their online purchases.

While Pay by bank penetration is low for ecommerce merchants, the percentage of those that have already paid via Pay by bank is likely down to shoppers making purchases from several different ecommerce brands. They may have also tried Pay by bank in industries like iGaming and financial services, where merchant adoption is much higher.

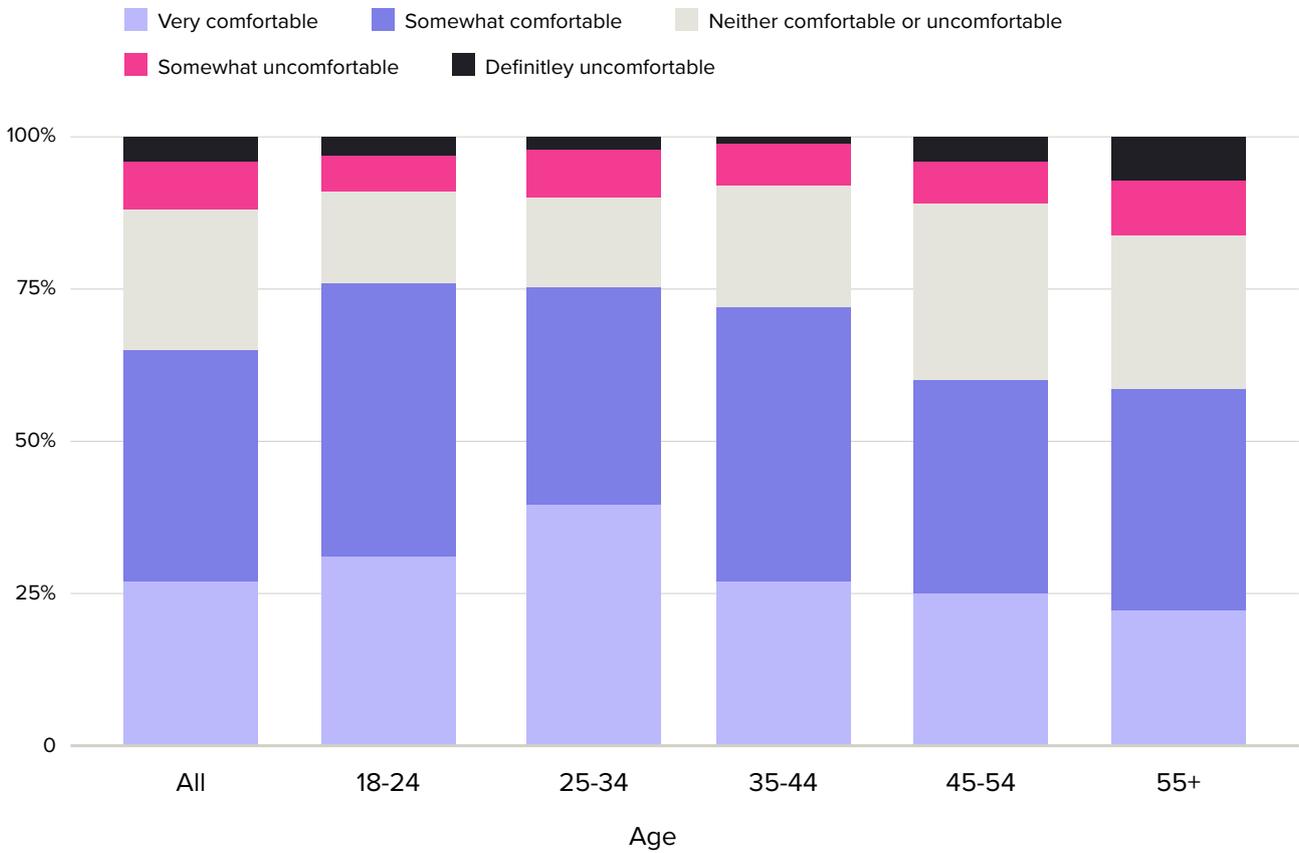
### 1.2 What payment methods have you used when shopping online?



In payments, merchant adoption of a payment method must drive consumer adoption. So, while Pay by bank usage is growing, more merchants must offer it at checkout for it to reach usage levels near that of debit cards.

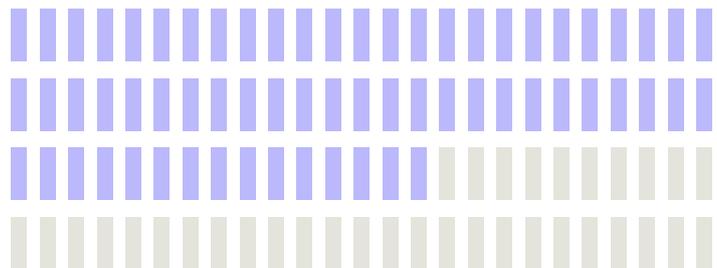
But when asking shoppers about how comfortable they **would be** paying with Pay by bank, 65% of all respondents indicated they would be comfortable. This is particularly high for shoppers aged between 18-44 (75%), showing younger shoppers are most predisposed to trying Pay by bank if offered. Across all age groups, only 12% are uncomfortable with trying Pay by bank, meaning that education at checkout could help sway those still undecided.

### 1.3 How comfortable are you with using Pay by bank as a payment method?



**65%**

of all shoppers would feel comfortable using Pay by bank as a payment method.



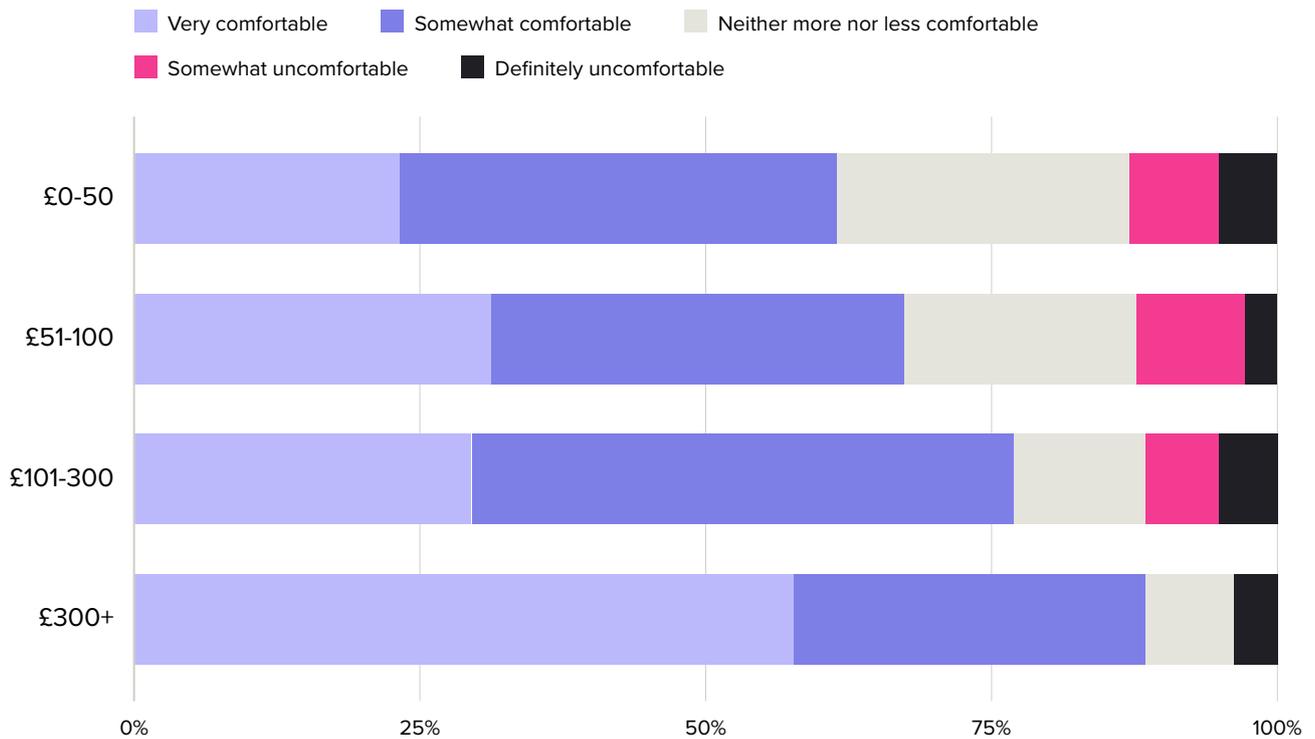
### Pay by bank appetite for everyday spend is catching up to bigger purchases

Brands in travel (like [lastminute.com](https://www.lastminute.com)) and luxury goods have begun adopting Pay by bank, perhaps because their high average order values (AOV) means issues like chargebacks or payment failures are even more keenly felt. This is reflected in shoppers' willingness to try Pay by bank for larger purchases.

77% of shoppers who typically spend £101-300 are happy to pay with Pay by bank, rising to 87% for those spending £300 or more.

When it comes to everyday shoppers — those who typically spend £0-50 — 62% are comfortable with using Pay by bank. While the appetite is lower at this spend level, less than 13% of shoppers in the same spend category are uncomfortable with Pay by bank.

#### 1.4 How comfortable are you with using Pay by bank as a payment method? (average spend)



### Brand trust and payment method trust is a self-powering flywheel

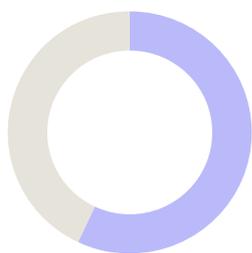
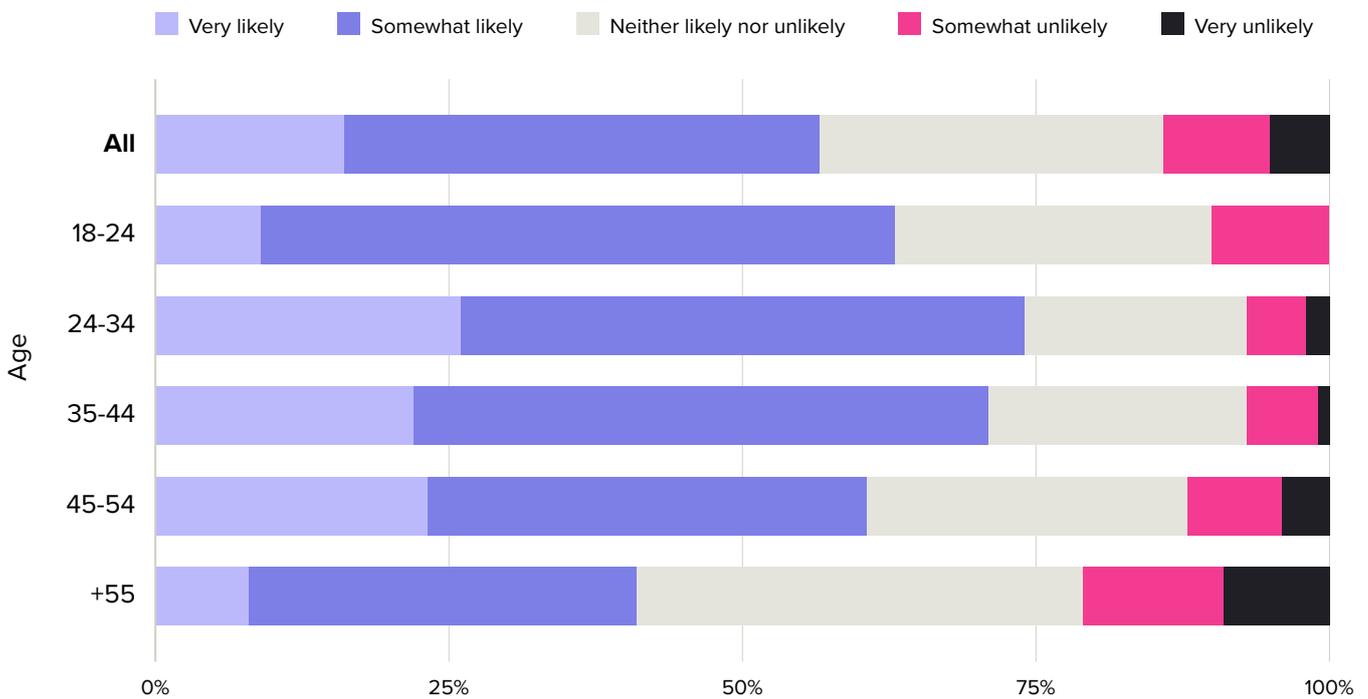
Shoppers are often made aware of a new payment method when offered it at checkout. That first exposure to a new payment method could be via a brand they've never used before or via a brand they know and trust. But does the trust a shopper has with a particular brand actually matter?

The short answer is yes, with 57% likely to try a new payment method if offered from a brand they trust, rising to 74% for 25-34 year old shoppers. This shows merchants with high brand loyalty are particularly well placed to introduce a new payment method to their existing shoppers.

Shoppers who shop online most frequently — regardless of the size of their purchases — are most confident in trying a new payment method offered by a trusted brand. 75% of those who shop online everyday are willing to give a new payment method a try, compared to 46% who shop between once a week and once a month.

Interestingly, almost three times as many shoppers would trust a brand that offered Pay by bank more, than those that would trust it less. Again, younger shoppers place higher trust in brands that offer Pay by bank.

**1.5 How likely would you be willing to use a new payment method if it was available from a trusted business you shop with?**



**57%**

of shoppers are willing to try a new payment method if offered by a trusted brand.

**3 in 4**

25-34 year olds are willing to try a new payment method if offered by a trusted brand.

# What is Pay by bank?

Pay by bank is the common term for a specific type of account to account (A2A) payment, which lets consumers easily and quickly transfer money directly from their bank account to another person's account, one of their own personal accounts or — most importantly — to a business. Pay by bank combines a seamless user experience where payments settle instantly, with bank-grade authentication that makes each payment safe and secure.

Underpinned by open banking — a model that allows third parties to access a customer's financial data with their express consent — Pay by bank is increasingly popular among UK consumers, with [20 million successful payments](#) taking place in August alone.

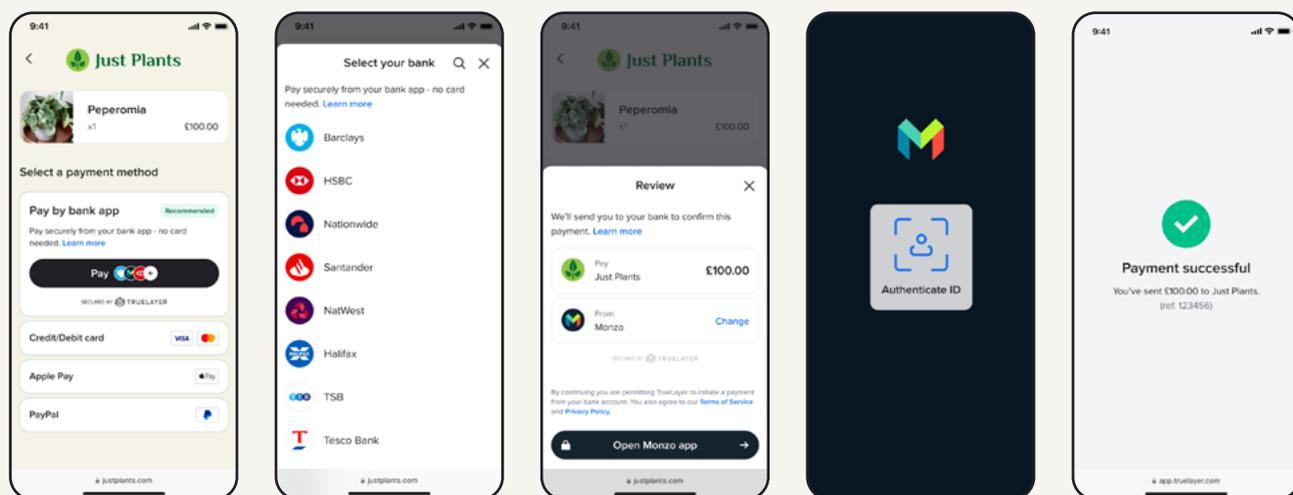
# 75%

YoY growth in open banking payments in the UK.

# 20.5m

successful open banking payments in the UK in September 2024.

When paying by Pay by bank, a shopper simply selects 'Pay by bank' or 'Pay by bank app' at checkout, which starts the payment flow. The shopper then selects their bank, and they are then seamlessly redirected to their bank app to confirm the payment using biometric authentication (or similar). They are then automatically redirected back to the merchant's website, and they are notified the payment was successful. **The whole process takes as little as 30 seconds.**



A typical example of an open banking payment flow.

# 2

## What are the biggest payment challenges facing merchants in 2024?

### Key takeaways

- Reducing costs and driving sales are the top priorities for most ecommerce merchants.
- 68% of merchants have experienced one or more issues in collecting card payments due to system outages, and therefore merchants are looking to reduce their dependence on card payments.
- While 97% of businesses say offering instant refunds would probably or definitely increase customer loyalty, only 3% said improving the refund experience was their top priority when choosing a new payment method.
- Chargebacks continue to be a costly issue for merchants of all sizes, with several enterprise merchants spending upwards of £1 million managing and fighting them each year.

## Merchants are looking for a way to balance reducing cost and growing sales when it comes to payments

What drives a merchant to consider adding or replacing a payment method at checkout? Our research found two reasons stand out above all others: **reducing costs and driving sales**. While payments used to be seen as a back-office function, where cost efficiency was paramount, it's now clear that payments are expected to also lead to growth.

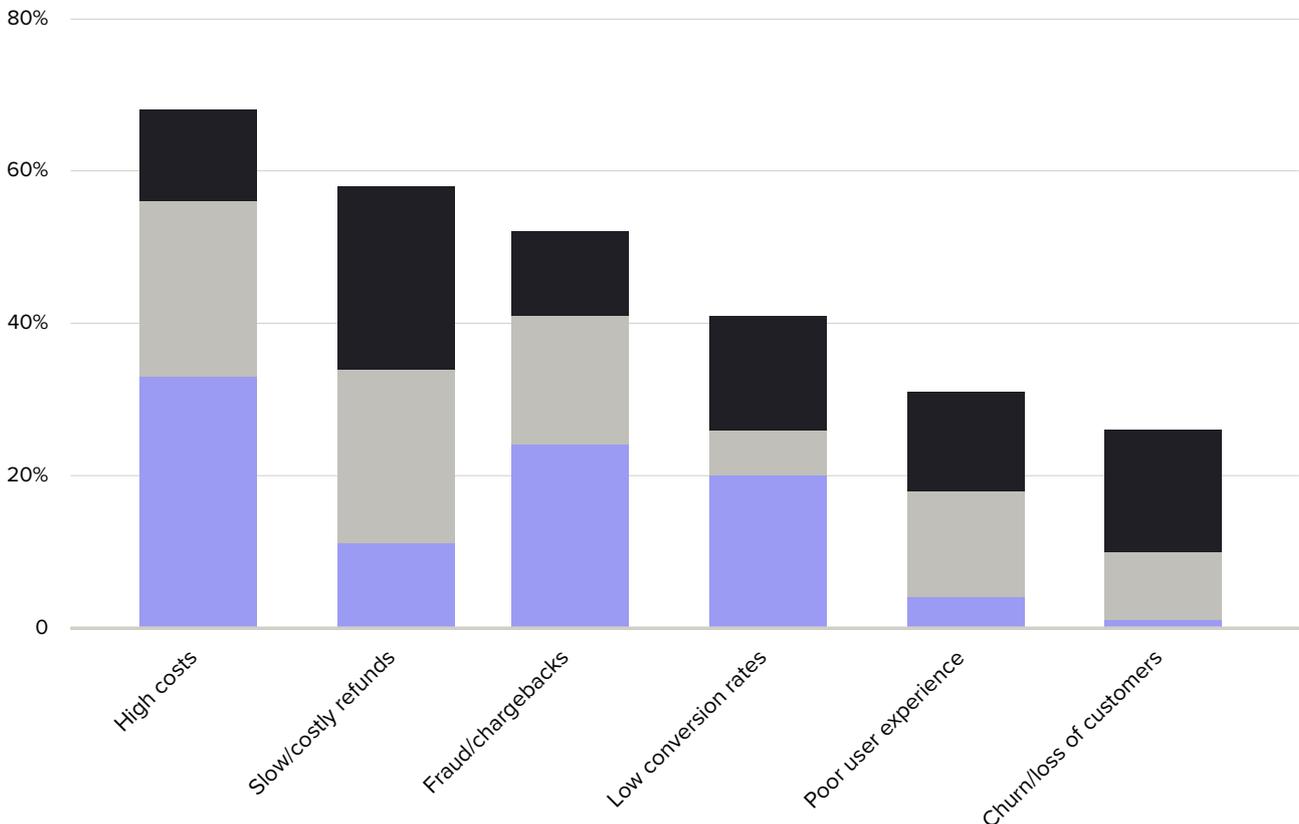
When asked “what are the biggest pain points with your current payment providers?”, 68% identified high costs, while 58% identified reducing costs as one of their **top priorities** for choosing a new payment method.

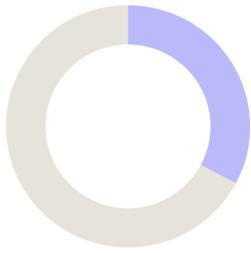
# 68%

of ecommerce merchants identified high costs as a major pain point.

### 2.1 What are the 3 biggest pain points with your current payment providers?

■ Challenge #1   ■ Challenge #2   ■ Challenge #3





# 33%

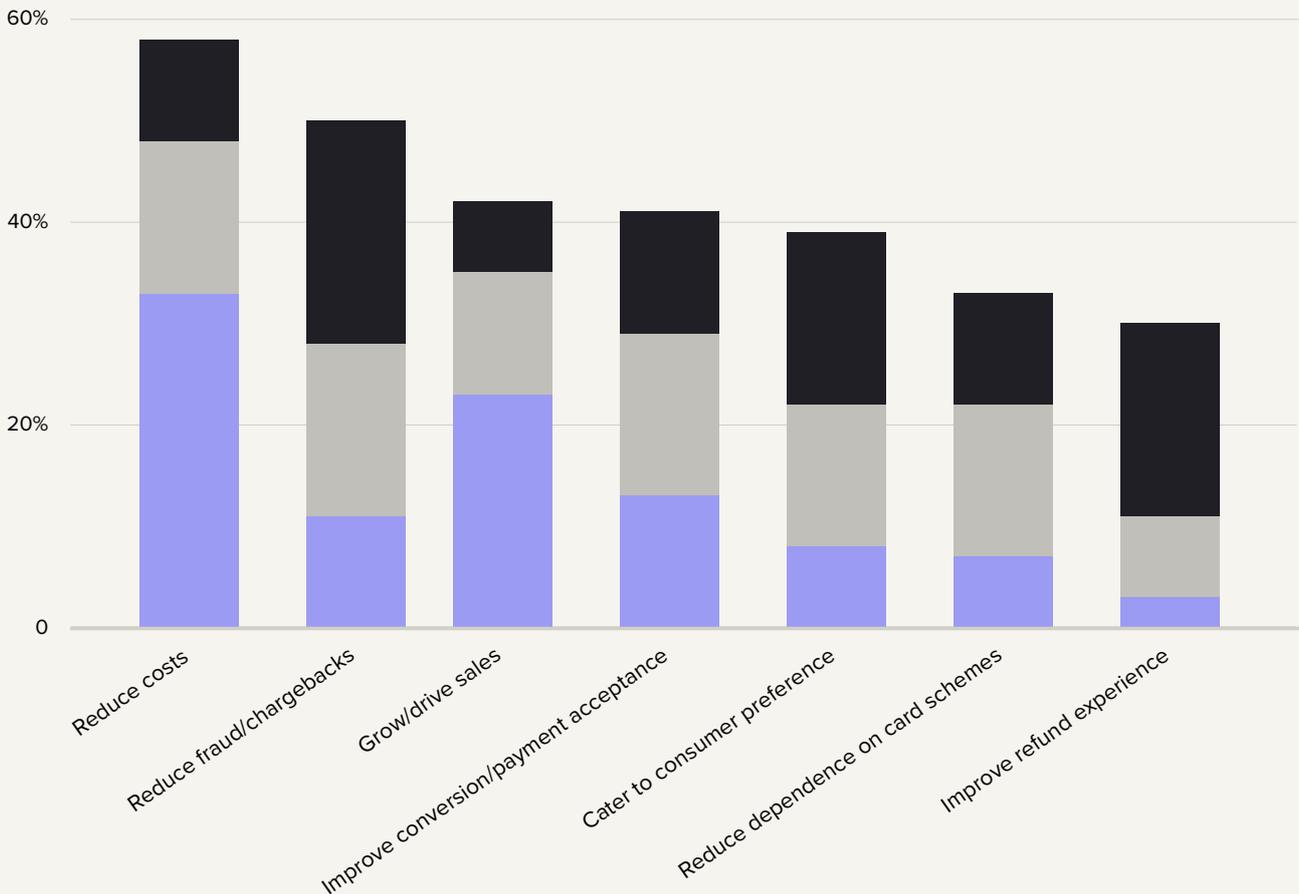
of e-commerce merchants want to reduce their dependence on card schemes.

# 7 in 10

e-commerce merchants considering adding Pay by bank to checkout chose 'reduce costs' or 'grow/drive sales' as their #1 priority.

## 2.2 How would you prioritise the benefits of adding a new payment method at checkout?

Priority #1    Priority #2    Priority #3



While reducing costs was the #1 priority for the biggest proportion of merchants (33%) when choosing a new payment method, growing/driving sales was the next-most cited #1 priority for 23% of merchants. Reducing fraud and chargebacks is a factor for over half of merchants, but it was only a top priority for 11%.



Reducing costs and driving sales stood out even more for those merchants considering adding Pay by bank to their checkout. 36% cited reducing costs as **the #1 priority**, while 31% said driving sales.

## Merchants understand how the refund experience can build loyalty, but don't prioritise it with the same conviction

When asked “do you believe that offering instant refunds would increase the likelihood of your customers shopping with you again?”, 97% of merchants said it would definitely or likely increase the likelihood. While perhaps not surprising, it cements that the overwhelming majority recognise it has an impact on shopper behaviour.

# 97%

of ecommerce merchants say refunds will likely increase the likelihood of a consumer shopping with them again.

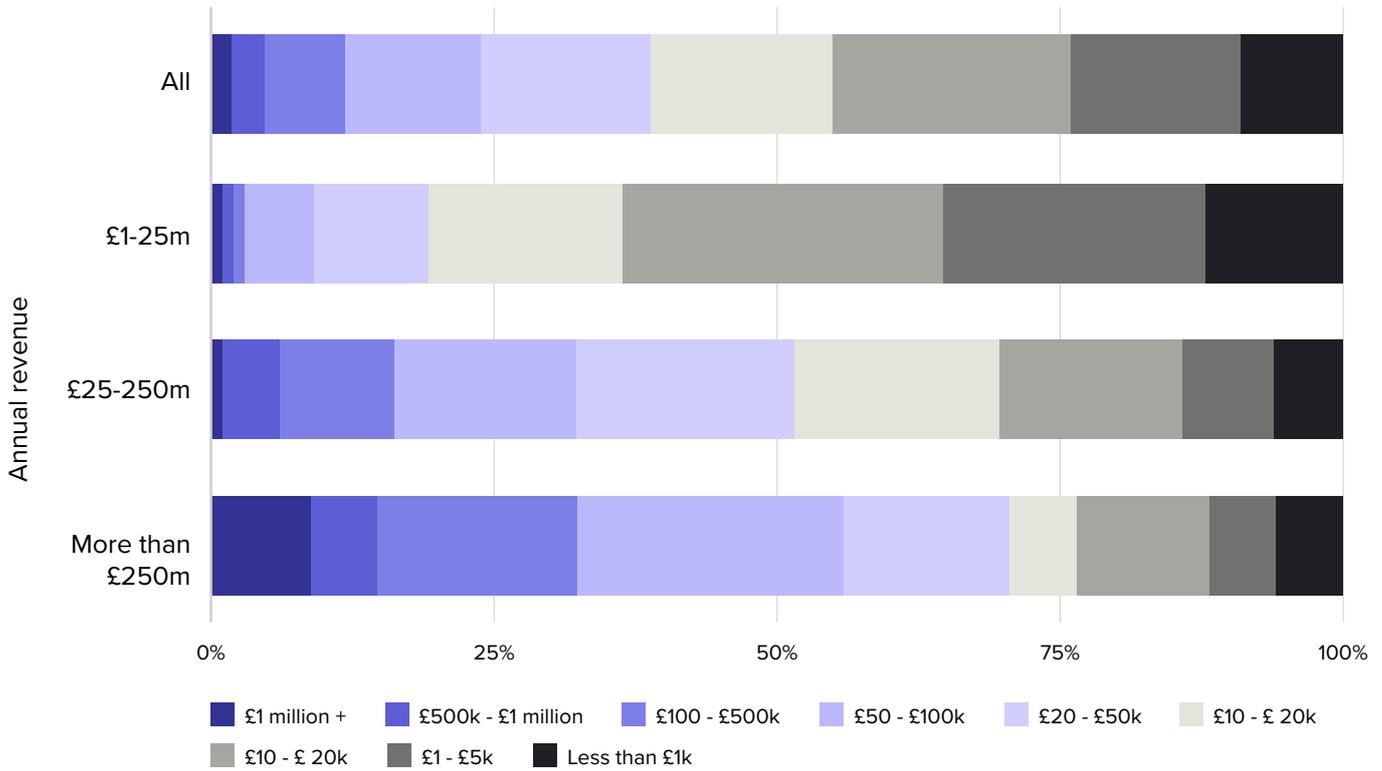
While improving the refund experience features in most merchants' pains and plans, it is rarely the top pain. **58% of merchants identified slow or costly refunds** as a top-three pain point — second to only high costs — **but only 11% ranked it first**. It ranked even lower on priorities for a new payment method, with only 3% ranking it as their top factor.

Contrast this with shopper behaviour (explored in more detail in [Chapter 3](#)). 80% of shoppers say the time it takes to receive a refund affects their decision to shop with an ecommerce website again.

## Chargebacks and failed payments continue to be costly for most merchants

Chargebacks continue to be a costly pain for many merchants. 53% identified it as a top-three pain point. While 24% listed it as their #1 pain, the figure was higher for those with more than £250 million in annual revenue (29%). Of the industries included in the survey, luxury goods (66%) and consumer electronics (61%) were the most likely to identify chargebacks/fraud as a pain, likely due to high average order values (AOV).

### 2.3 How much do chargebacks cost your business each year?



Our survey included merchants range from £1 million in annual revenue to above £250 million, so the average annual chargeback figure naturally increased depending on annual revenue.

56% of businesses with over £250 million annual revenue spend over £50,000 on chargebacks annually. 9% of those spend over **£1 million in chargebacks annually**, showing it can be a damaging problem even for the biggest ecommerce merchants.

### 2.4 What proportion of payment attempts made by your customers fail each year?

Legend: Less than 1% (light blue), 1-2% (medium blue), 2-5% (light grey), 5-10% (medium grey), 10-20% (pink), More than 20% (black)



For payment failures, which hamper conversion rates, 63% of all businesses saw at least 2% of their payments fail in the last 12 months, while more than a quarter see more than 5% of all payments fail. The problem was particularly pronounced in luxury goods, where 41% of all respondents saw more than 5% of their payments fail.

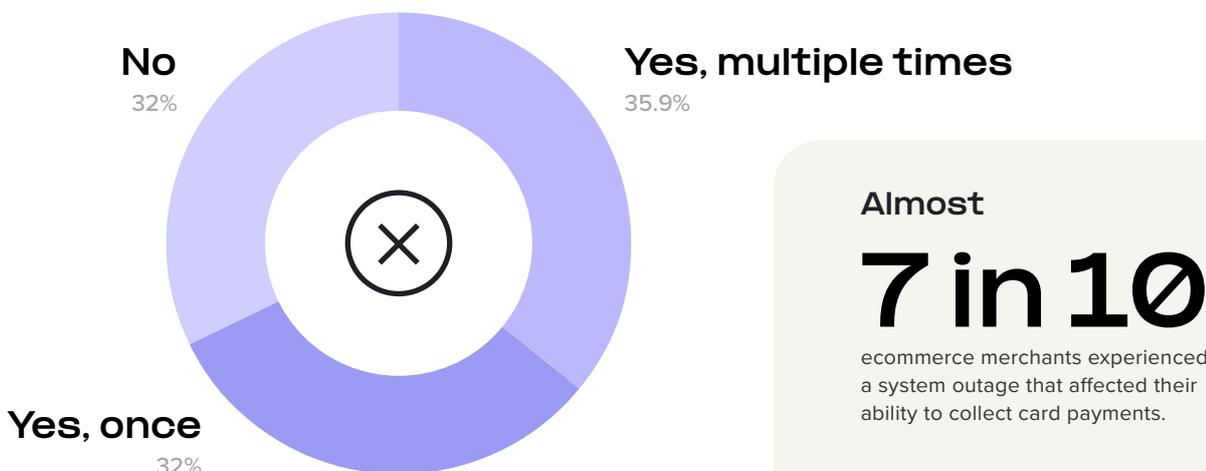
Both of these areas are ripe for further improvement. Reducing chargebacks would save costs, and increasing payment acceptance would improve end-to-end payment conversion rates and drive growth.

## Payment challenges have increased merchants' desire to reduce their dependence on card payments

August 2024 saw the now infamous CrowdStrike outage, which temporarily took down technological infrastructure across the globe. Card schemes were also reported to be offline for some period of time. While far from the first card outage, it highlighted the challenges merchants face in collecting payments, especially if they only offer card payments at checkout.

68% of merchants have experienced at least one outage that affected their ability to collect card payments in the last 12 months. 36% have experienced multiple outages. While it's not the top reason for merchants choosing a new payment method, reducing dependence on card schemes is a consideration for 33% of businesses (and 41% of businesses with revenue over £250 million a year).

### 2.5 In the past 12 months, has your company experienced any issues with collecting card payments due to a system outage?



# 3

## What makes online shoppers tick?

### Key takeaways

- Perceived security is the most selected #1 factor for shoppers when choosing a payment method of checkout.
- Factors that discourage consumers from making a purchase are varied, but include being forced to pay with a payment method they don't recognise, having to share personal details and being required to put in lots of information.
- Refunds are an underappreciated factor in consumer buying behaviour, with 8 in 10 saying the time to receive a refund affects their decision to shop with a retailer or not.
- Shoppers still primarily trust credit cards for larger purchases, but younger shoppers are less wedded to cards than older shoppers, even for high-value shopping.

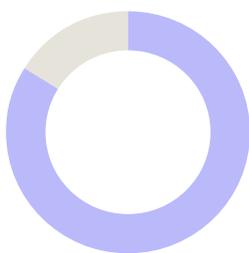
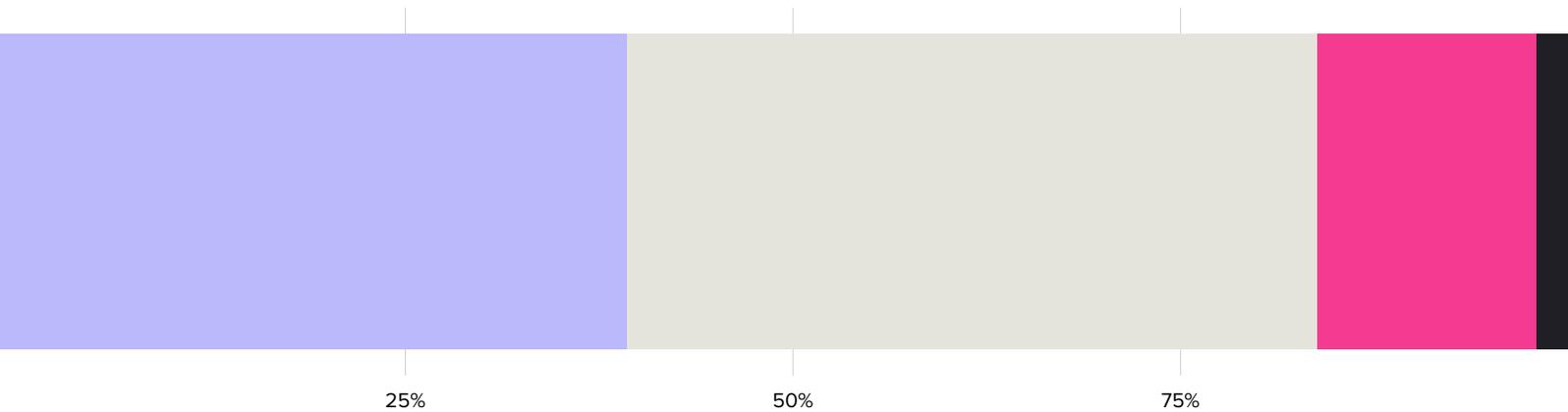
## Refunds are an underappreciated factor in ecommerce payments

While refunds are a top-three challenge for 58% of merchants, only 3 in 10 classed it as a top-three priority when choosing a new payment method. Compared with consumer attitudes, who see refunds as a major factor in online shopping, it's still clear that a better refund experience is underappreciated by merchants. For example, 84% of shoppers would be willing to wait a maximum of one week to receive a refund, while 40% expect it in less than one week.

And it's not just customer satisfaction that is affected by refund waiting times. It can affect buying behaviour, too. 80% of shoppers say the time it takes to receive a refund definitely or probably affects their decision to shop with an ecommerce website again. In short, if you're slow to pay out refunds, you could lose that hard-earned customer.

### 3.1 If you needed to return an item you purchased online, how long would you be happy to wait for a refund?

■ Less than one week   ■ 1 week   ■ 2 week   ■ 3 weeks or more



# 84%

of shoppers are happy to wait for one week, at most, for their refund.

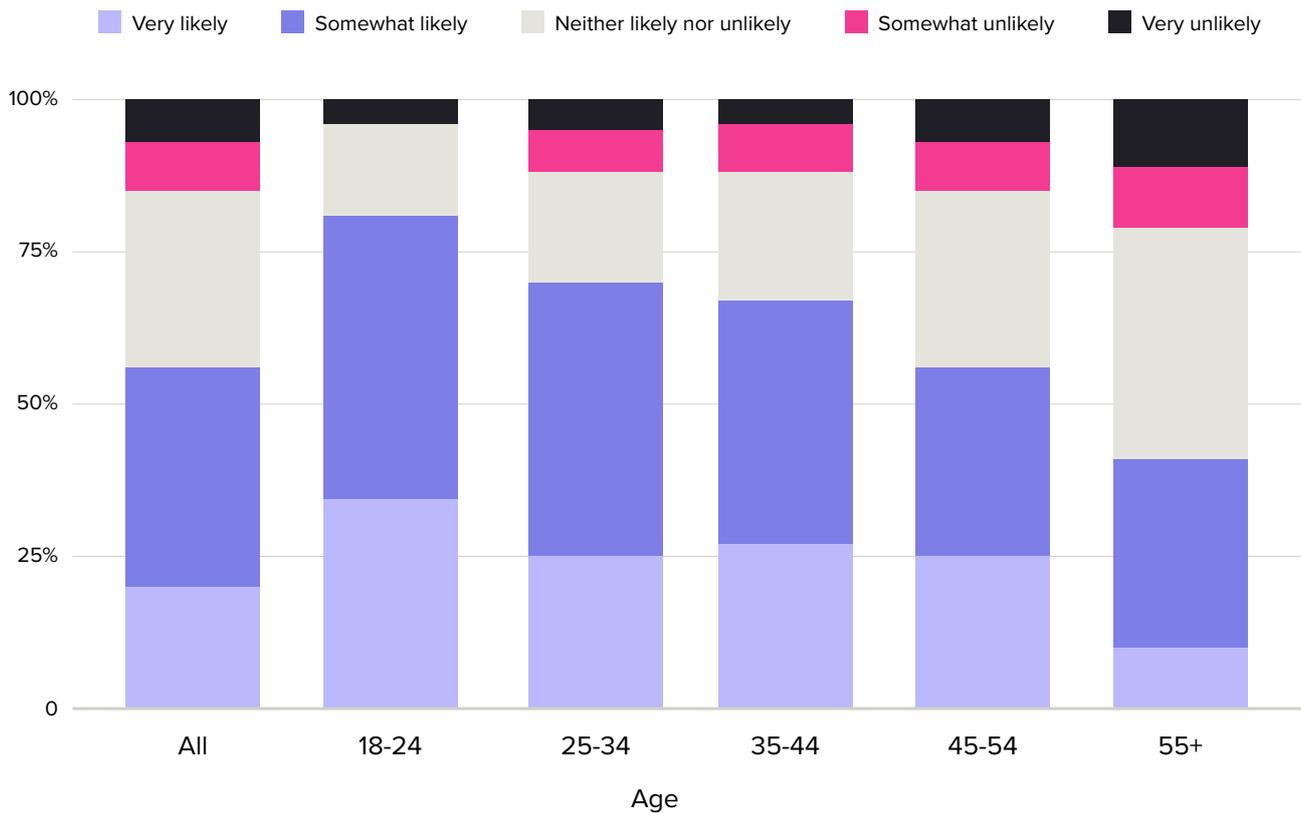
# 8 in 10

shoppers say the time it takes to receive a refund affects their decision to shop with an ecommerce brand again.



The promise of a quicker refund experience can potentially be one of the biggest factors in convincing shoppers to pay with Pay by bank. 56% say they would be more likely to try Pay by bank if it would cut their refund time in half. Interestingly, the contrast between younger and older was at its greatest here. 81% of 18-24 year olds consider themselves more likely to try Pay by bank for the promise of quicker refunds, while only 41% of 55+ would say the same.

### 3.2 How likely would you be to use Pay by bank to make a purchase if this would reduce your refund time by 50%?



## Security and trust is still a big concern among consumers

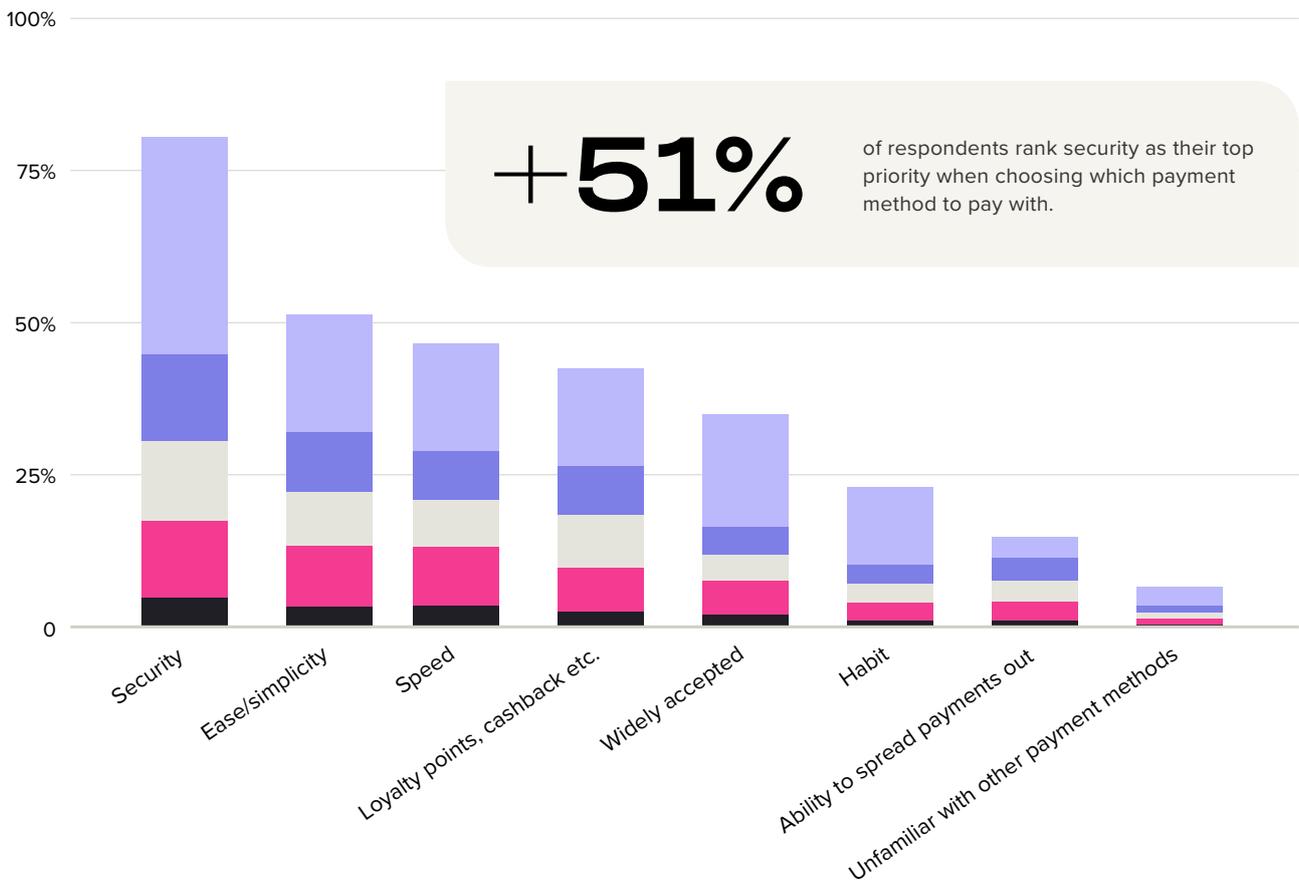
When asked to select their top three reasons for choosing a payment method at checkout, “I believe the payment method is secure” was selected by 80% of all respondents. The next most chosen, “I believe it will be easy to pay with the payment method.” was selected by 51% of respondents.

Interestingly, 51% who listed security as a factor, selected it as their single most important factor, more than double the next nearest factor (Loyalty points, cashback, or other benefits offered at 24%). This clearly shows that for most consumers that security is an important factor when selecting a payment method, and for over half it is a prerequisite.

With shoppers aged 55+, **security is even more important**, with 85% of respondents citing it as a top-three factor when trying a new payment method and 57% putting it at number one. This could explain why 55+ shoppers are the most predisposed to shopping with credit cards, where the built in security and peace of mind is well established (see figure 3.4).

### 3.3 What are the top three factors that impact your choice of payment method?

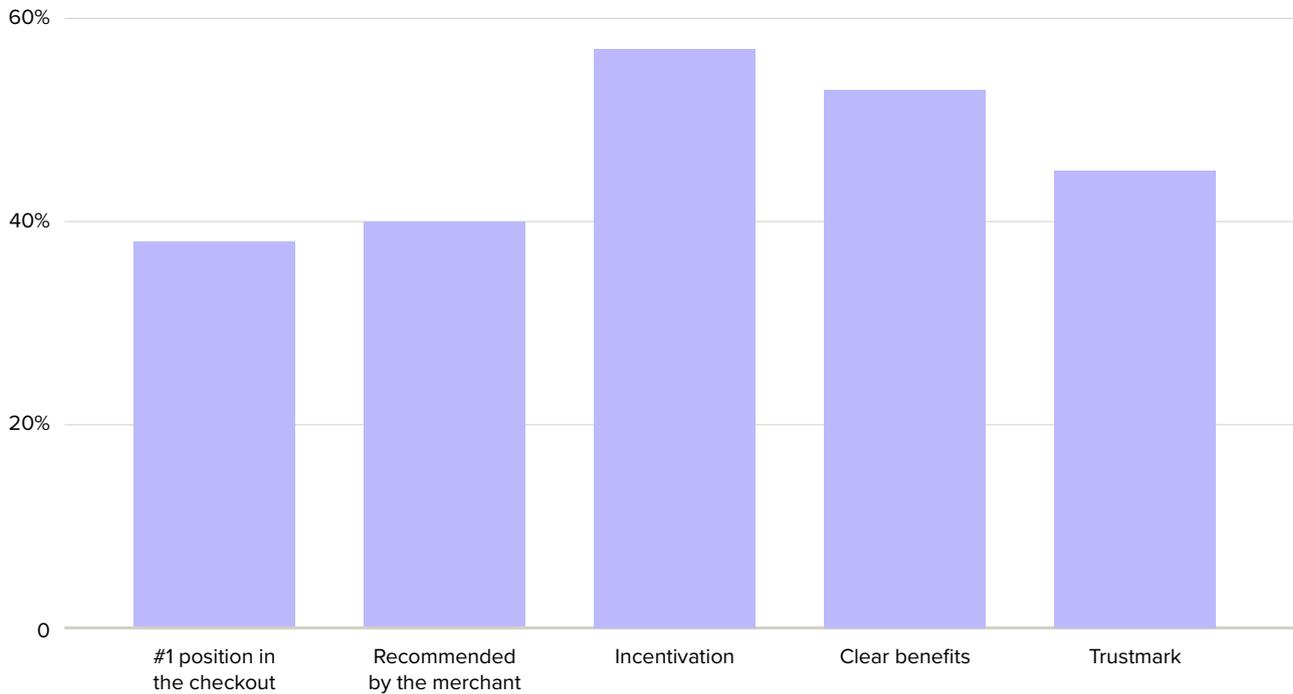
18-24 25-34 35-44 45-54 55+



### Incentives and education can be the key to unlocking new payment method adoption

While shoppers may be willing to try a new payment method if offered, there is still a high likelihood that they will be presented several other payment methods at checkout. So what makes them try something new, over choosing something they already know? While there's no silver bullet — every single option (see figure 3.4) presented to shoppers was selected at least 38% of the time — incentives and education come out on top.

### 3.4 When you reach the checkout/payment page, which of the following would affect your decision to try a new payment method?



57% of shoppers say an incentive for purchasing would influence their choice, while 53% say they would be more likely to try if “the benefits of the payment method are explained.” Discounts or extra loyalty points on the first purchase using a payment method are a simple way to increase consumer adoption. And, as we know shoppers rank security, ease and speed most highly, showcasing these benefits at checkout will likely also help.

“ About 85% of our transactions are from returning customers who continue using the Pay by bank option.

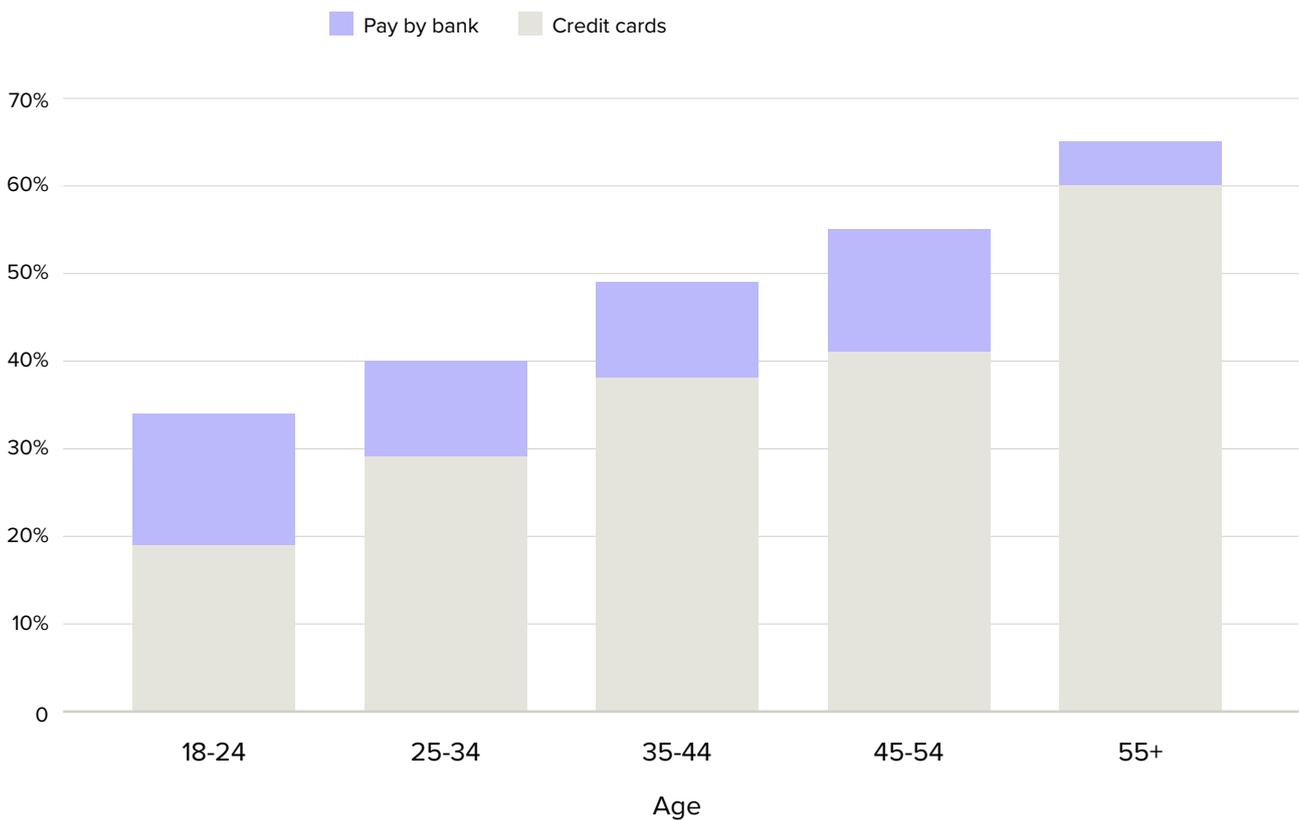
**Andy Witzendorf**  
Chief Technical Officer, [JamDoughnut](#)

## Shoppers still trust credit cards for larger purchases, but younger shoppers are more open to using Pay by bank

As we saw in chapter one, shoppers are most willing to try Pay by bank for what we might call everyday purchases. But what about the bigger purchases they make, typically less often? When asked “If your transaction was over £200, which payment method would you feel most comfortable using?”, 45% said credit cards and only 9% said Pay by bank.

While it’s clear that the perceived security of credit cards resonate with shoppers, the divide was less stark for customers aged 18-24. In this bracket, only 19% selected credit cards, **while 15% chose Pay by bank**. Younger shoppers are clearly less wedded to traditional payment methods.

### 3.5 If your transaction was over £200, which payment method would you feel most comfortable using?



**18–24 year olds are three times more likely to feel most comfortable using Pay by bank for £200+ purchases than 55+ shoppers.**

# Ready to upgrade your checkout with TrueLayer?

Pay by bank can help you drive sales, build loyalty and offer a more secure way to pay.

TrueLayer is Europe's leading open banking payments network. We power smarter, faster and safer payments online and in-app.

Five ways TrueLayer can help you drive revenue, increase customers satisfaction and improve operational efficiency:

- 1 Streamline your checkout and boost sales:**  
Reduce drop-offs at checkout with natively integrated SCA and no manual data entry. And say goodbye to failed payments.
- 2 Minimise chargebacks:**  
Protect customers with greater security and virtually eliminate chargeback costs.
- 3 Offer instant refunds:**  
Offer customers account-to-account payments and refunds that settle in seconds.
- 4 Cut payment fees and operational costs:**  
Reduce transaction and operational costs. Remove payment intermediaries and their associated costs.
- 5 Build a more resilient checkout:**  
Diversify your checkout with an increasingly alternative to online card payments.

## CASE STUDY

# lastminute.com

How Pay by bank led to a 20% higher average order value

## Resilient

lastminute.com saw Pay by bank spike during the CrowdStrike outage, as card payments went offline.

## +20%

20% increase in AOV (average order value) for purchases using Pay by bank.

## Increased conversion

lastminute.com also uses Pay by bank as a sales recovery method when other payments fail.



What I liked the most from working with the TrueLayer team is the competency they possess and they're forward-thinking. They acknowledge and prioritise what is relevant for us in terms of our business goals.

**Nicola Bettari**

Fintech and Payments Director, Lastminute.com

## Talk to us

We're here to help you make the most of **Pay by bank**.

[GET IN TOUCH](#)

# About this report

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## TrueLayer

TrueLayer is Europe’s leading open banking payments network. We power smarter, safer and faster online payments by combining real-time bank payments with financial and identity data. Businesses big and small use our products to onboard new users, accept money and make payouts in seconds, and at scale.

## Juniper Research

Juniper Research has, for over two decades, provided market intelligence and advisory services to the global financial sector, retained by many of the world’s leading banks, intermediaries, and providers. We identify and appraise high-growth market sectors, including market sizing and forecasting, together with competitive analysis, strategic assessment, and business modelling.