

Festive Season Spending: 85 Percent of Indian Consumers See Merchant Acceptance and Ease of Use of Digital Payments Increasing, According to New ACI Research

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Indian shoppers are using digital payment methods — including UPI and eWallets — more frequently this holiday season, but failed transactions emerge as a major concern

NAPLES, Fla. & MUMBAI, India--(BUSINESS WIRE)--Nov. 11, 2020-- Digital payments continue to be the preferred payment method for 39 percent of consumers in India, ahead of debit and credit card payments (26%) and cash (26%), according to a new study conducted during the festive season by YouGov and [ACI Worldwide](#) (NASDAQ: ACIW), a leading global provider of [real-time digital payment software and solutions](#).

Digital payments, including eWallets and UPI payments, were used by 57 percent of respondents more than twice per week for festive season purchases, up from 43 percent a year ago. Increased digital payment volumes are also being driven by “power users,” with one in three (29%) using digital payments at least once per day, up from 15 percent last year.

“It is clear from this year’s data that digital payments are becoming more entrenched in the everyday lives of consumers, and for many, these convenient and secure payment types are undoubtedly the preferred choice,” said Kaushik Roy, vice president & country leader – South Asia, ACI Worldwide. “The pandemic has driven increased usage of ‘touchless’ digital payments —including UPI, which already recorded two billion monthly transactions in October —and contactless cards, which in an offline environment support the hygiene and safety measures being encouraged by the authorities.”

[UPI generated record monthly transactions in October for the seventh consecutive month](#), with 2.07 billion transactions totaling more than Rs 3.86 lakh crore in value. Overall, transactions on the platform have increased nearly two-fold in the past year, with monthly transactions having crossed one billion for the first time in October 2019.

“While there is overwhelming consensus that ease of use of digital payments is increasing, and merchant acceptance has improved since a year ago, some consumer concerns highlight the challenges that lie ahead for banks and payment providers,” continued Roy. “Forty-four percent cite failed transactions as a top concern when it comes to digital payments. Continued successful growth of digital payment volumes —and consumer confidence —will require providers of digital payments infrastructure to ensure they are operating stable, high-capacity systems.”

Other key findings and trends:

Payment behaviors and spending patterns

- Digital payments were the preferred payment method for 39 percent of respondents overall, rising to 47 percent in the 25-34 age group. The over-45 age group preferred card payments and digital payments almost equally (33% and 34%, respectively).
- Only nine percent avoid digital payments completely during festive season, marginally less than a year ago (10%).
- One fifth (21%) used digital payments for purchases Rs. 10-50,000 (USD \$135-675) this festive season. Only 4 percent made purchases exceeding Rs. 50,000 (\$675).
- Two thirds (63%) are using digital payments for groceries and essentials during the festive season. Nearly half of those surveyed used digital payments for electronics, including mobile (48%) and fashion purchases (47%).

Consumer concerns and industry opportunities for digital payments

- Failed transactions are a top concern for 44 percent of respondents, up from 36 percent last year.
- Fewer consumers are concerned about internet connectivity for completing digital transactions compared to last year (32% down from 44%), and fewer are concerned about merchant acceptance infrastructure (15% down from 23%).
- 37 percent cite data privacy as a top concern (40% last year), while 13 percent have no concerns whatsoever.
- The most common fraud-related concern is fake apps or websites that are part of a scam, cited by 42 percent. Forty percent also have concerns around fraudulent KYC (Know Your Customer) updates and fake UPI payment links.
- Although digital payments are the preferred payment method, 45 percent consider cash and payment on delivery as the most secure, ahead of digital (24%), cards (20%) and internet banking (11%).
- Eighty-five percent believe that it is *easier* to use digital payments when making purchases in-store or at merchant locations compared to last festive season.
- Ninety percent believe authorities should continue to encourage digital payments adoption to maintain hygiene, safety and social distancing measures during the pandemic.
- More than 80 percent feel digital payments offer greater financial transparency (better insights into how, when and what money is spent on) compared to other payment methods. Similarly, 84 percent think digital payments offer better promotions, incentives or cashbacks than other payment methods.
- One third (35%) are now more inclined to use contactless digital payments because of guidance from authorities, slightly up from April 2020 (32% in April 2020).
- Twenty-two percent are now exercising greater caution when using digital payments during the pandemic, compared to 28

percent who took more caution in April 2020.

Survey Methodology:

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,008 adults. Fieldwork was undertaken November 3-5, 2020. The survey was carried out online. The figures have been weighted and are representative of all Indian adults (aged 18+) in the following Tier 1 metro areas: Mumbai, Delhi NCR, Chennai, Kolkata, Bangalore, Hyderabad.

About ACI Worldwide

ACI Worldwide powers [digital payments](#) for more than 6,000 organizations around the world. More than 1,000 of the largest financial institutions and intermediaries, as well as thousands of global merchants, rely on ACI to execute \$14 trillion each day in payments and securities. In addition, myriad organizations utilize our [bill presentment and payment](#) services. Through our comprehensive suite of software solutions delivered on customers' premises, through the public cloud or through ACI's [private cloud](#), we provide [real-time payment](#) capabilities and enable the industry's most complete [omni-channel payments](#) experience.

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