

# The State Of Retail Payments In 2022

Findings From Forrester's Biennial Study With The National Retail Federation

September 13, 2022

By Lily Varon, Nicole Murgia with Fiona Swerdlow, Gabrielle Raymond, Taylor Hansen

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## Summary

“The State Of Retail Payments” is a biennial study by the National Retail Federation (NRF) and Forrester that profiles US enterprise retailers’ views and decisions about payments. This report outlines key priorities and challenges for retail digital business leaders and payment decision-makers. We asked merchants about their interest in and adoption of much-discussed payment topics such as “buy now, pay later” (BNPL), cryptocurrency, contactless payments, mobile commerce, and the status of their fraud mitigation efforts.

# Merchants Are Focused On Expanding Payment Options And Minimizing Fraud

The biennial “The State Of Retail Payments” study by NRF and Forrester examines attitudes toward and investment levels in critical payment technologies, the latest payment industry trends, and top payment priorities and challenges among top leaders at US retailers and brands. We conducted the survey for this latest study in April and May 2022 and received 75 complete and partial responses from enterprise retail payment decision-makers and digital business leaders. Respondents in this survey:

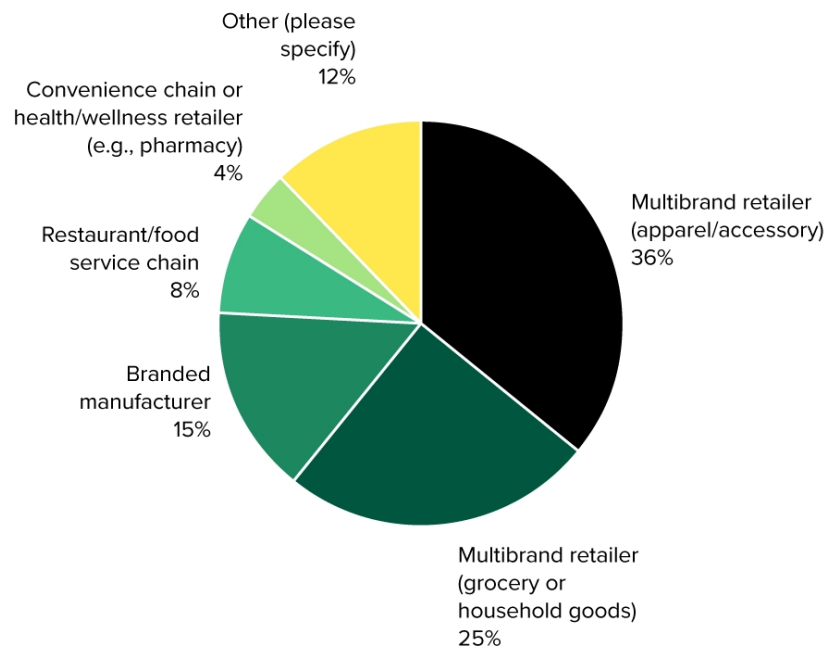
- **Are enterprise multichannel retailers.** Eighty-one percent of respondents surveyed were from multichannel retailers and brands spanning various industries (see Figure 1). Of those multichannel retailers, 63% were from primarily-store based businesses, with 50% or more of their sales coming from physical stores (see Figure 2). Forty percent of the retailers have more than \$1 billion in annual sales, and 12% have \$25 billion or more in annual sales (see Figure 3).
- **Are senior-level payment decision-makers.** The majority of respondents are at the director level or above at their companies, with 31% in the C-suite, including CEOs, CFOs, CIOs, and COOs (see Figure 4). All respondents drive decision-making around the implementation of payments for their enterprises.
- **Put their financial leaders in charge of payments instead of IT leads.** Fifty-two percent of the respondents said that the CFO leads payments at their companies (see Figure 5). Others leading the payment function at their company include the CIO (14%), COO (10%), and CTO (7%).

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## Figure 1

### Respondent Demographics: Industry Breakout

“Which industry best aligns with your company?”



Base: 75 retail and brand professionals

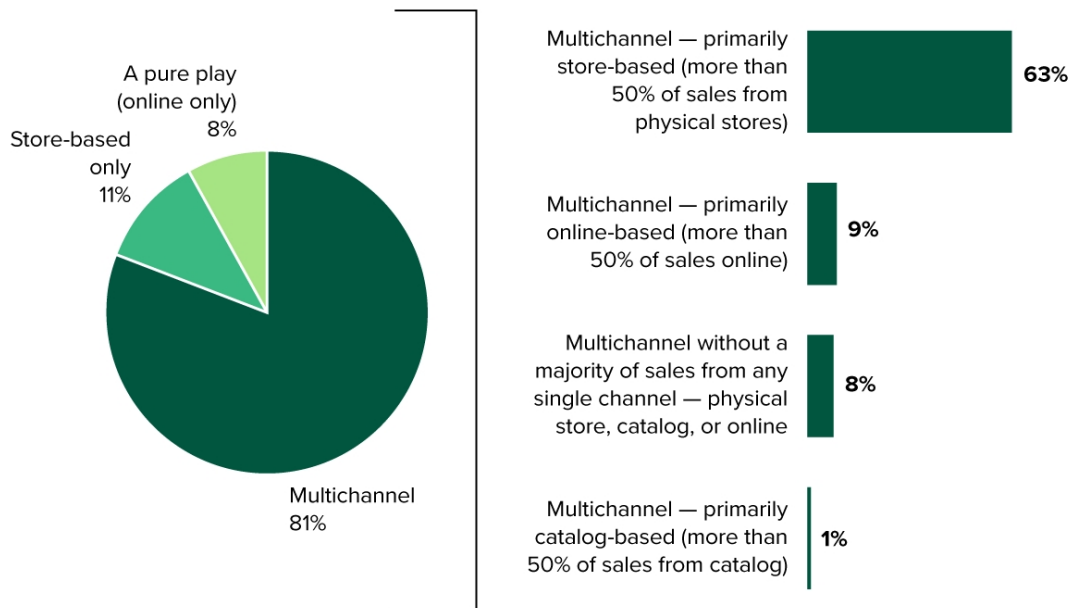
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## Figure 2

### Respondent Demographics: Company Type

“Which type of company best describes you?”



Base: 75 retail and brand professionals

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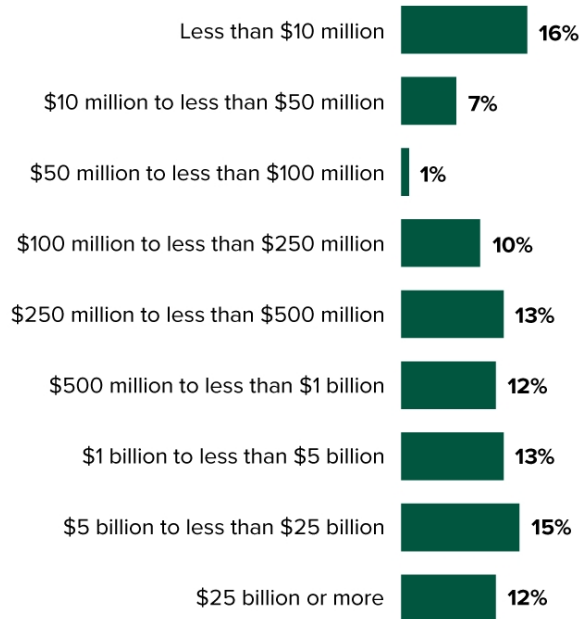
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### Figure 3

#### Respondent Demographics: Annual Revenue

**“For the fiscal year 2021, what was the annual revenue of your company across all channels?”**

(If your fiscal year 2021 is not yet complete, then please estimate)



Base: 68 retail and brand professionals

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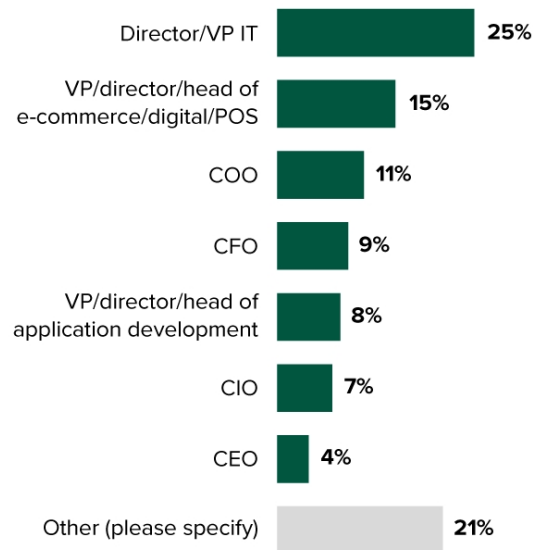
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**Figure 4**

**Respondent Demographics: Role Breakout**

**“Which title best describes your position at your company?”**



Base: 75 retail and brand professionals

Source: “The State Of Retail Payments In 2022,” an NRF study conducted by Forrester

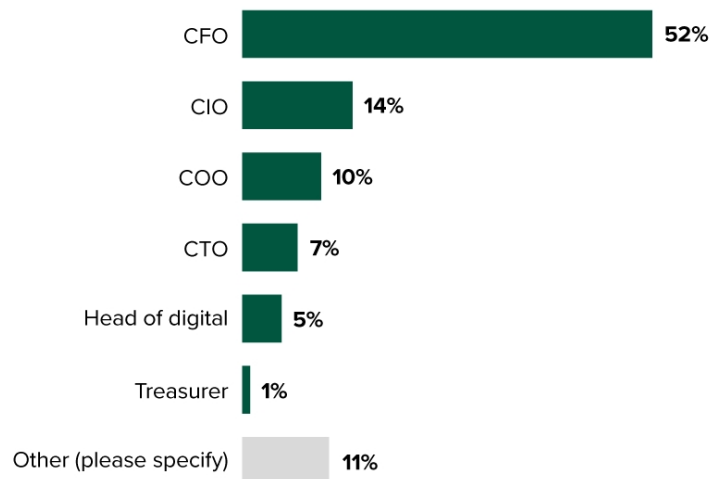
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## Figure 5

### Respondent Demographics: Leader Of Payment Function Within Company

“Who ultimately leads the payments function within your organization?”



Base: 75 retail and brand professionals

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## Consumer Behavior, Fees, And Security Concerns Drive Merchants’ Top Payment Initiatives

Similar to past years, reducing fees and fraud mitigation efforts topped the list for merchants’ payment priorities in 2022. This year, a few initiatives such as improving security and implementing new emerging digital and mobile payment types became more of a priority for retailers than they were in years past. Merchants surveyed indicated that their priorities over the next 18 months include (see Figure 6):

- **Reducing fees from processors and gateways.** Reducing fees from processors or gateways topped the list of in-store payment initiatives: 36% of retailers said the initiative is a top priority for their organization in the next 18 months. Reducing fees was also highly ranked for online priorities, landing fifth among 16 payment related initiatives that we specifically listed. One potential solution to reduce processing fees is debit rail routing: 57% of retailers surveyed report that they currently use debit rail routing to optimize transaction costs.

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- **Implementing new payment types and supporting omnichannel scenarios.**

Implementing new digital and mobile payment types landed at number six for both in-store and online initiatives, a significant jump [from 2020](#). Supporting omnichannel scenarios also made the list of top priorities, ranking second for in-store and fourth for online initiatives.

- **Combating fraud and improving security.** In 2022, combating fraud ranked third on the list for in-store and second for online payment-related initiatives. Reducing chargebacks, another fraud-related initiative, is also a key priority for retailers, ranking fourth on the list for in-store and third for online initiatives. Lastly, improving security (fraud, management encryption) jumped to the top of the list of online initiatives, with a significant 42% of retailers including it on their list of priorities. However, fewer retailers included it on their list for in-store priorities, indicating that security may be a bigger concern for online transactions than in stores.



**Figure 6**

**Top-Ranked In-Store And Online Payment-Related Initiatives**

**“What are your top three payment-related initiatives over the next 18 months?”**

(Top six responses shown)

Online	In-store
1. Improving security (fraud, management encryption)	1. Reducing fees from processors/gateways
2. Combating fraud	2. Supporting omnichannel scenarios (e.g., BOPIS, returns)
3. Reducing chargebacks	3. Combating fraud
4. Supporting omnichannel scenarios (e.g., BOPIS, returns)	4. Reducing chargebacks
5. Reducing fees from processors/gateways	5. Reducing fees from networks
6. Implementing new emerging digital and mobile payment types (e.g., Apple Pay, “buy now, pay later”)	6. Implementing new emerging digital and mobile payment types (e.g., Apple Pay, “buy now, pay later”)

Base: 75 retail and brand professionals

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## Contactless, “Buy Now, Pay Later,” And Other Payment Methods Gain Traction

In 2020, merchants saw consumers quickly adopt contactless payment methods (e.g., Apple Pay) and opt for alternate pickups (e.g., “buy online, pick up in-store” [BOPIS], curbside) in an effort to avoid COVID-19 exposure. Since then, digital payment options have only increased in popularity, and consumers continue to seek out new ways to interact with their retailers. In order to meet their customers’ needs, retailers are:

- **Continuing to implement various digital payments.** Apple Pay and PayPal are table stakes online: 78% and 74% of retailers already accept or have plans to implement the payment methods, respectively, on their websites in the next 18 months (see Figure 7). In-store, Apple Pay and Google Pay lead the pack, with 80% and 65% of merchants either offering or planning to implement the payment

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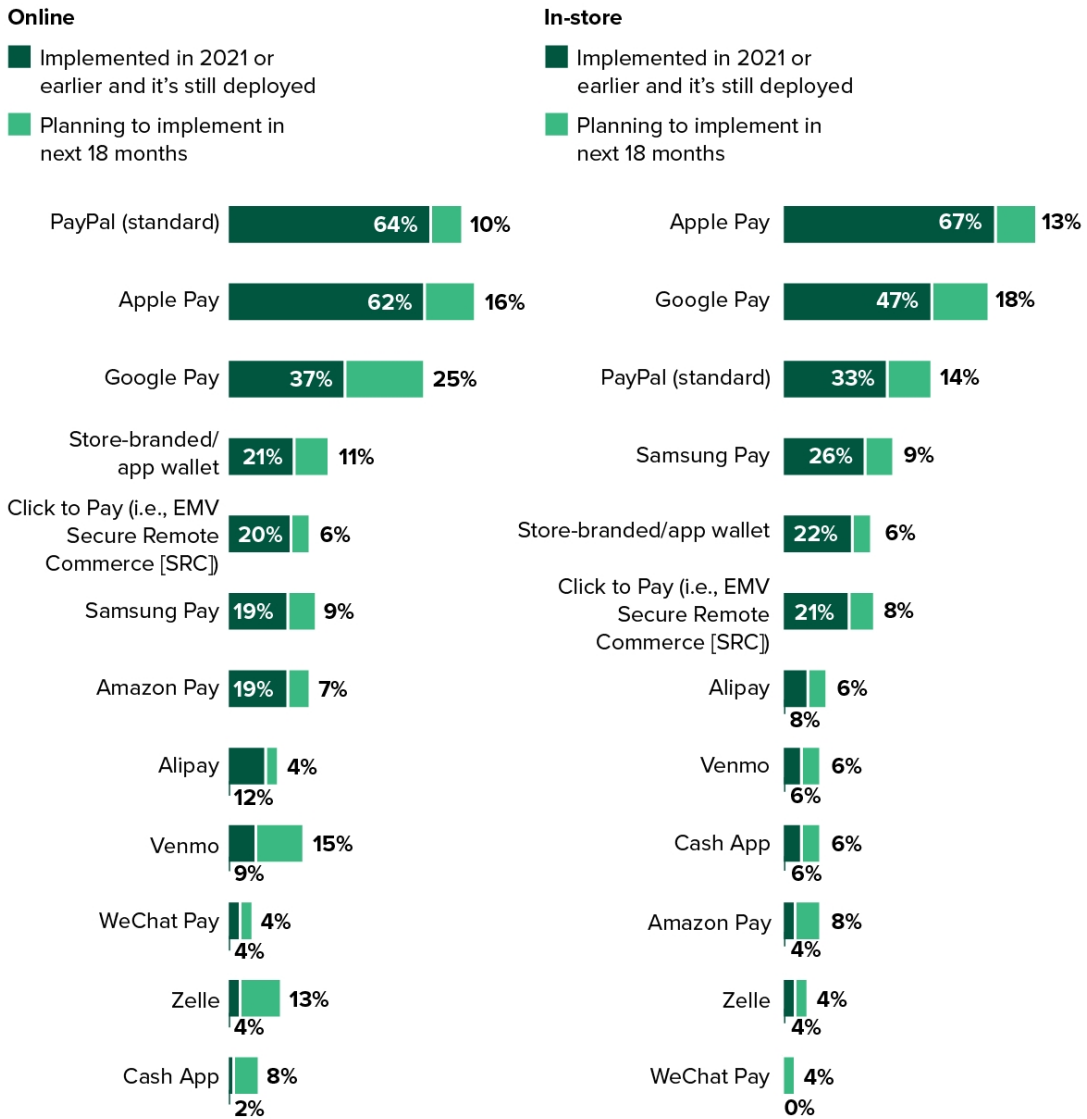
methods, respectively, in their stores within the next 18 months. While actual implementation of other methods was relatively low, we did see a few noteworthy trends when it came to offering traditionally P2P payment methods. While only 9% and 4% of retailers currently accept Venmo and Zelle payments, respectively, on their websites, 15% and 13%, respectively, have plans to implement the two payment methods within the next 18 months.

- **Increasing the presence of “buy now, pay later” (BNPL) options.** In the past three years, consumer awareness and adoption of [BNPL has skyrocketed](#). According to [Forrester’s 2022 data](#), 15% of US online adults have used Afterpay, Affirm, Klarna, PayPal Credit, or Pay in 4 (with PayPal) in the past three months to make a purchase. To keep up with consumer demand, nearly half (43%) of respondents surveyed have already implemented at least one BNPL option on their sites (see Figure 8). With so many providers in the BNPL market and as consumer [brand allegiance grows](#), it’s no surprise that retailers are implementing multiple BNPL options: 25% of respondents now offer two or more BNPL options online.
- **Wary of jumping on the crypto bandwagon.** Just 4% and 2% of respondents have implemented Bitcoin or another crypto payment on their site, respectively (see Figure 9). Additionally, 65% of retailers do not expect their organizations to accept crypto in the next three to five years. The top reason: 64% of retailers surveyed cite the lack of consumer demand. Other reasons include regulatory uncertainty (59%), exchange rate volatility (42%), and risk and complexity issues with know your customer (KYC) and anti-money laundering (AML) (42%).

**Figure 7**

**Merchants Continue To Implement A Variety Of Digital And Contactless Payment Types**

**“What are your firm’s plans to adopt the following payment types and methods?”**



Base: 48 to 61 retail and brand professionals

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**Figure 8**

**Merchants Begin To Offer “Buy Now, Pay Later” Payment Methods Online And In-Store**

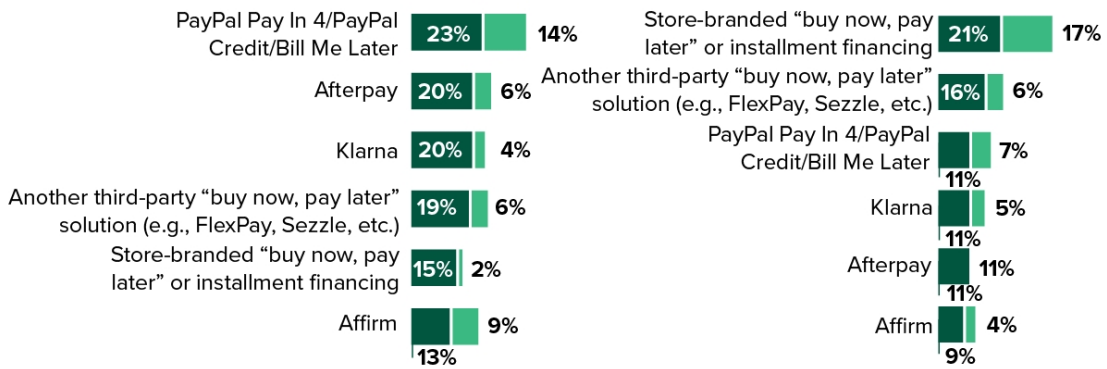
**“What are your firm’s plans to adopt the following payment types and methods?”**

**Online**

- Implemented in 2021 or earlier and it’s still deployed
- Planning to implement in next 18 months

**In-store**

- Implemented in 2021 or earlier and it’s still deployed
- Planning to implement in next 18 months



Base: 51 to 57 retail and brand professionals

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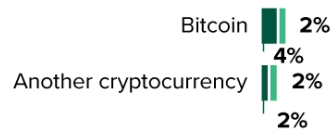
## Figure 9

### Few Merchants Implement Cryptocurrency As A Payment Method Online And In Stores

#### 9-1 “What are your firm’s plans to adopt the following payment types and methods?”

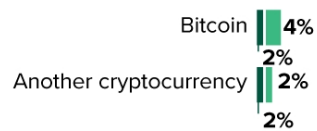
##### Online

- Implemented in 2021 or earlier and it’s still deployed
- Planning to implement in next 18 months



##### In-store

- Implemented in 2021 or earlier and it’s still deployed
- Planning to implement in next 18 months

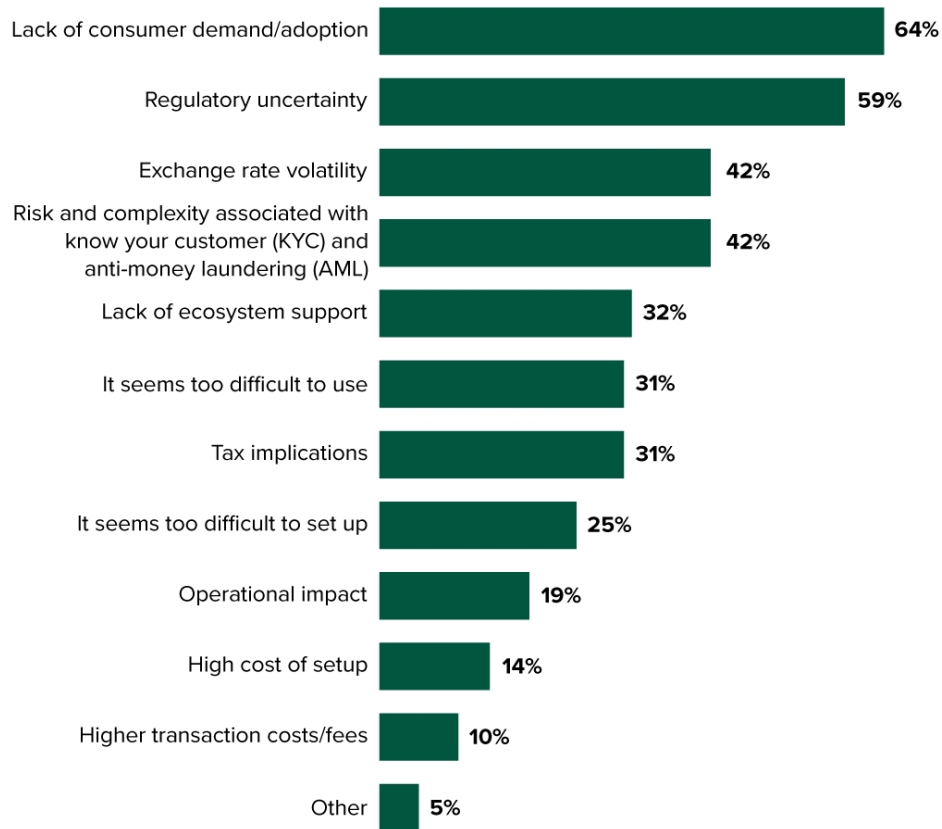


Base: 53 to 59 retail and brand professionals

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**9-2 “Please indicate what challenges you’ve experienced in accepting cryptocurrency. If you’re not accepting crypto, please indicate what challenges keep you from adopting.”**  
 (Multiple responses accepted)



Base: 53 to 59 retail and brand professionals

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## Payments Are Expanding Beyond Traditional Touchpoints

Consumers constantly change how they [interact with retailers](#), including how and where they pay. Today’s consumers want to be able to purchase products and services on a host of different devices, platforms, and channels. To address the need for access to payments across digital touchpoints, retailers are:

- **Keeping up with mobile commerce capabilities.** Sixty-seven percent of respondents saw their mobile remote payments volume increase in 2022 as a percentage of their total e-commerce sales since 2021 (see Figure 10). Additionally, of respondents surveyed, 83% are either regularly using (i.e., reached

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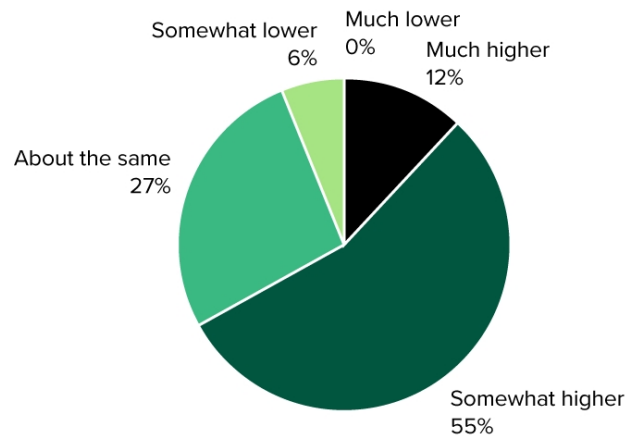
critical mass) or in some stage of planning or implementing an optimized payment experience for smartphones. Other devices, like tablets and smartwatches, are also top of mind for merchants: 55% are at some stage of planning or implementation of an optimized payment experience for tablets and 47% for smartwatches.

- **Accepting payments across conversational interfaces.** Consumers today [are increasingly comfortable](#) using chat to make and/or inform purchases. According to [Forrester's 2022 data](#), 21% of US online adults have used a chatbot to place an order for a product or service (including food) in the past six months. In turn, retailers are directing more focus to payments acceptance via conversational interfaces: 51% of retailers are in some stage of planning or implementation of payment acceptance on chat on the mobile website or app, followed by 44% on SMS/mobile text messaging and 36% on third-party instant messaging platforms.
- **Exploring other innovative payment experiences.** Innovations in areas like conversational interface are also expected to rise in the coming years: 35% of retailers reported that live chat innovation is something they expect to invest in or plan for in their payment strategies over the next 24 months (see Figure 11). As the [buzz around social commerce](#) continues to grow, 32% of retailers report that they expect to focus on the ability to purchase through social media over the next 24 months. Other innovations related to payment strategies include artificial intelligence (31%) and RFID technology (24%).

**Figure 10**

**Merchants Are Investing In Payments Experiences Across Conversational Interfaces**

**10-1 “How does your volume of mobile remote payments as a percentage of your total e-commerce sales in March 2022 compare with March 2021?”**

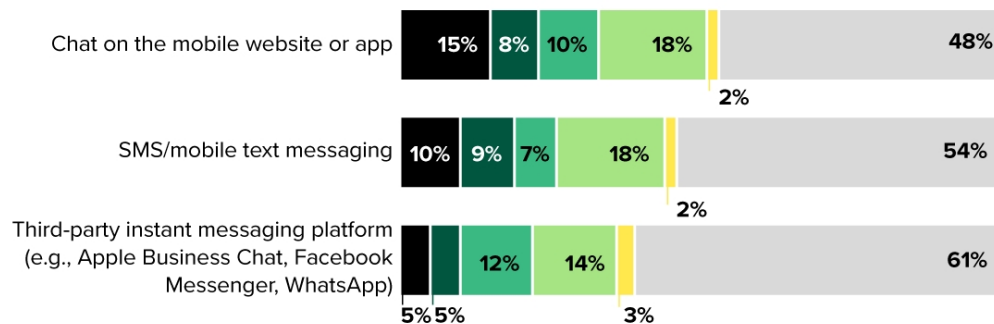


Base: 49 retail and brand professionals

Source: “The State Of Retail Payments In 2022,” an NRF study conducted by Forrester

**10-2 “Which of the following best describes your firm’s payments acceptance in the following conversational interfaces?”**

- Regularly used (i.e., reached critical mass)
- Piloting
- Generally available and early adoption
- Planned predevelopment
- Implemented in the past; abandoned it
- Not in development and no plans to develop



Note: Percentages may not total 100 because of rounding.

Base: 57 to 61 retail and brand professionals

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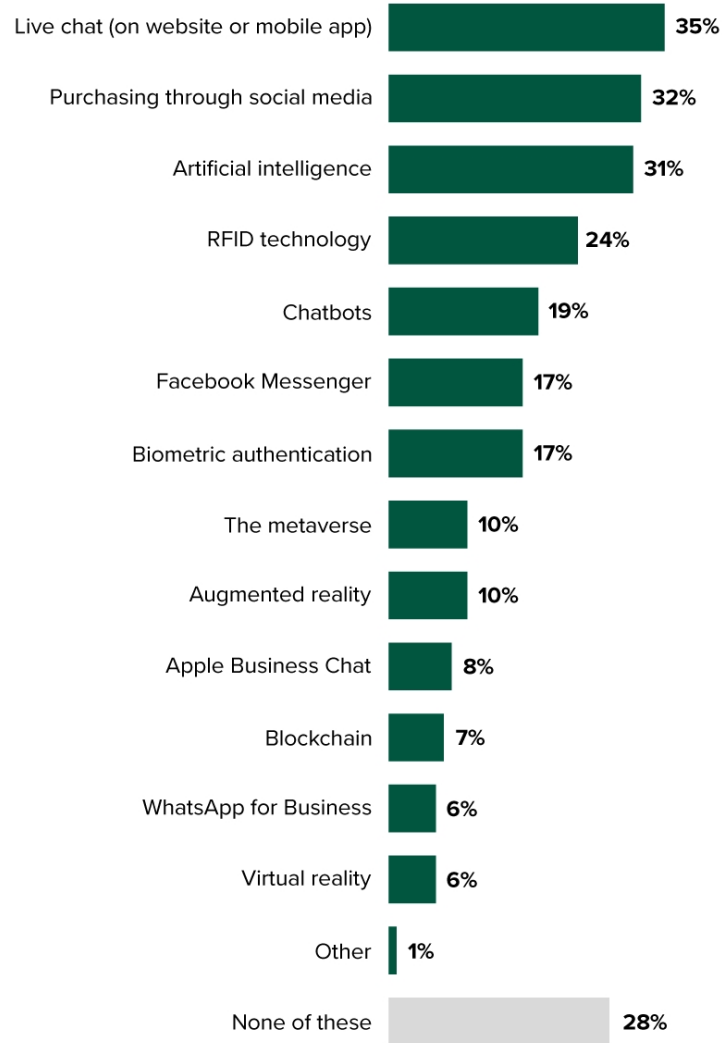


**Figure 11**

**Merchants Are Investing In Payment Experiences Across Channels**

**“Which of the following innovations do you expect to have to invest in/plan for as it relates to your payments strategies over the next 24 months?”**

(Select all that apply)



Base: 72 retail and brand professionals

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# Fraud And Security Risks Still Drive Merchant Payment Decisions In 2022

Since the launch of this biennial study in 2016, fraud and security risks have topped the list of retailers' priorities and planned initiatives, and often as their top concerns (see Figure 12). This year was no different. Some key findings include:

- **Most merchants saw little change in fraud rates.** The majority (65%) of retailers' fraud rates remained the same from the year prior (see Figure 13). However, fraud was still among the top payment-related challenges according to our respondents: 30% included fraud in their top three biggest challenges this past year. Why? One reason is that the percentage of sales lost to fraud was high for some channels. Seventeen percent of retailers lost more than 1% of their online web (card not present [CNP] desktop and mobile web) sales to fraud. On the other hand, mobile app sales (CNP native mobile app) seemed to be more secure: Only 3% of retailers surveyed lost more than 1% of their app sales to fraud.
- **Interest in new authentication measures is rising.** This year, 42% of retailers said improving security (fraud, management encryption) was among their organization's top three priorities. Fully 57% of respondents continue to agree that requiring PINs improves transaction security, but that's down from 71% in 2020 and 95% in 2018. Instead, interest is growing in other areas: 43% of retailers said they would implement PIN and 43% would implement biometrics for credit card transactions if banks enabled them (compared to 30% and 22%, respectively, in 2020).

**Figure 12**

**Fraud Is Among The Top Payment-Related Challenges For Merchant Fraud**

**“What are the top three payment-related challenges that your team has faced in the past 12 months?”**

(Please pick your top three)



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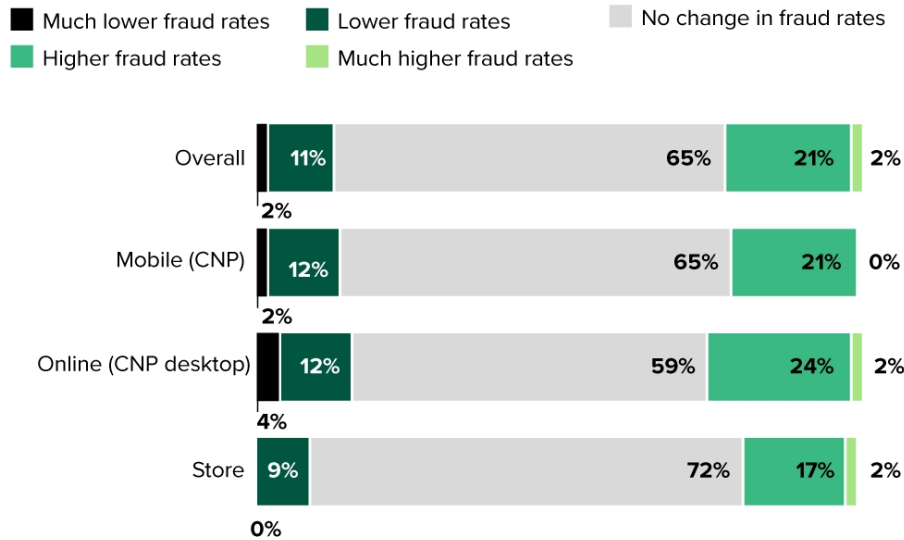
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**Figure 13**

**Fraud Rates Have Remained Unchanged In The Past Year**

**“How have your fraud rates changes in the past 12 months?”**



Note: Percentages may not total 100 because of rounding.

Base: 57 retail and brand professionals

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## Fees Remain A Pain Point For Merchants In 2022

Reducing chargebacks and fees (both from processors/gateways and networks) are top priorities for retailers in both their in-store and online-payment-related initiatives.

However, they also are among the most challenging feats for retailers: 30% of retailers said the cost of payments acceptance (e.g., interchange, processor, and network fees) was a top challenge in the past 12 months, and 21% said the same about chargebacks.

In terms of fees, retailers last year saw:

- **A slight increase in chargebacks.** Thirty-four percent of respondents say they’ve seen increases in chargebacks for online sales in the last year, up slightly from the 30% who said their chargebacks had increased since the start of the COVID-19

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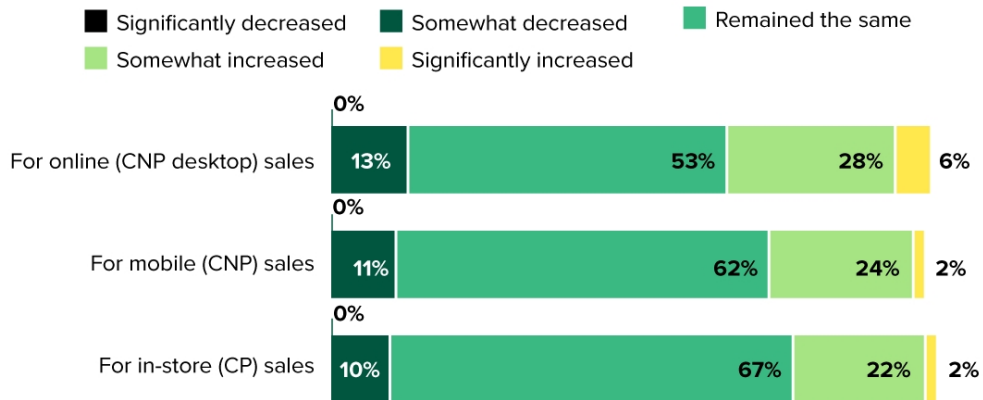
pandemic in our 2020 survey (see Figure 14). However, the amount paid in chargebacks for in-store transactions jumped to 24% in 2022, up from 14% in 2020 (see Figure 15). Keep in mind that the 2020 survey was fielded when many stores were closed to the public, operating at a reduced capacity, or simply not attracting in-store customers because of the pandemic.

- **Much higher interchange fees.** Fifty-nine percent of retailers reported that their interchange fees for online sales increased in the past 12 months, up significantly from the 25% who said their chargebacks had increased since the start of the COVID-19 pandemic in our 2020 survey (see Figure 16). Retailers also saw large increases in interchange fees for both in-store and mobile sales.
- **An overall lack of fee transparency.** Very few retailers actually understand why they are being charged. The vast majority of them reported that their fees from both processors/gateways and networks are either lacking in transparency or not clear at all (see Figure 17). Just 17% of retailers reported that their fees from payment processors or gateways are very clear, and only 10% say the same of fees from payment networks.

**Figure 14**

**Chargeback Rates Have Remained Relatively Consistent Over The Years**

**“How, if at all, has the amount that your company pays in chargebacks changed in the past 12 months?”**



Note: Percentages may not total 100 because of rounding.

Base: 51 retail and brand professionals

Source: “The State Of Retail Payments In 2022,” an NRF study conducted by Forrester

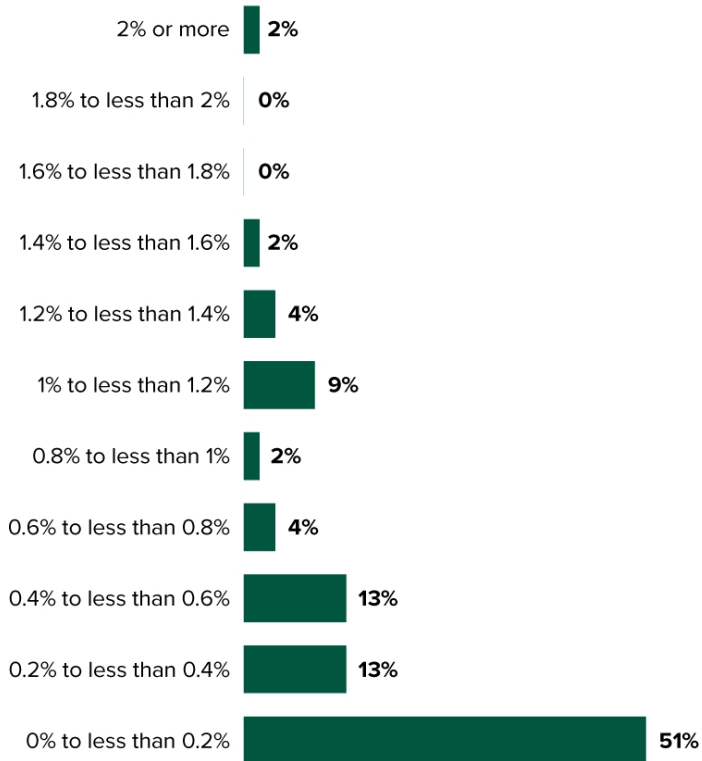
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### Figure 15

#### Few Transactions Result In Chargeback Fees

**“Of your total transactions over the last 12 months, what percentage resulted in chargebacks?”**



Base: 47 retail and brand professionals

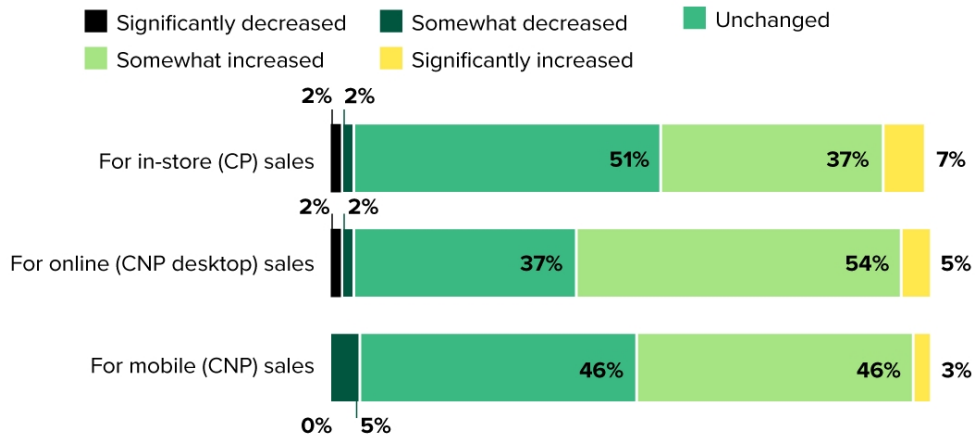
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**Figure 16**

**Merchants Report Interchange Fees Remained The Same Or Somewhat Increased**

**“How, if at all, has the amount that your company pays in interchange changed in the past 12 months?”**



Note: Percentages may not total 100 because of rounding.

Base: 43 retail and brand professionals

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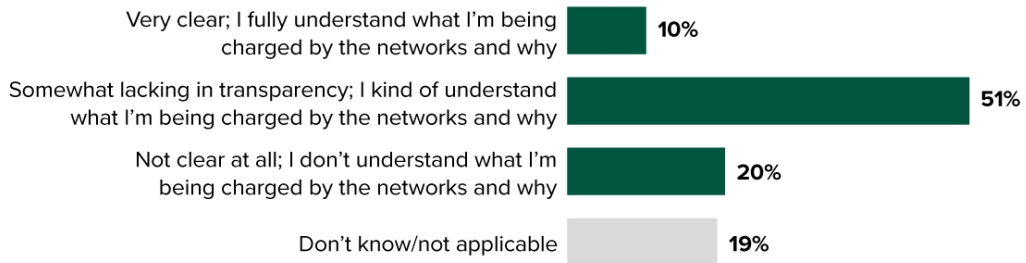


**Figure 17**

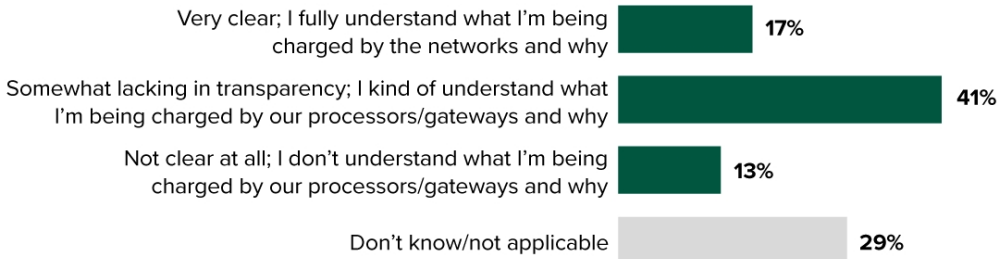
**Merchants Feel A Lack Of Transparency Of Fees For Payment Networks And Processors**

**“How transparent do you find the fees the payment networks and payment processors/gateways are charging your business for payments services?”**

**“The fees the payment networks (e.g., Mastercard, Visa) charge my business are ... ”**



**“The fees the payment processors/gateways (e.g., Cybersource, Fiserv, Worldpay) charge my business are ... ”**



Base: 70 retail and brand professionals

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## Supplemental Material

### Research Methodologies

Forrester fielded an NRF study, “The State Of Retail Payments 2022,” to 75 retail professionals; however, only a portion of survey results are illustrated in this document. The panel consists of volunteers who join on the basis of interest and familiarity with specific marketing and strategy topics. For quality assurance, panelists are required to

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provide contact information and answer basic questions about their firms' revenue and budgets.

Forrester fielded the survey from April 2022 to May 2022. Exact sample sizes are provided in this report on a question-by-question basis. Panels are not guaranteed to be representative of the population. Unless otherwise noted, statistical data is intended to be used for descriptive and not inferential purposes.

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