

Nordic Payment Report 2022



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Nordic Payment Report 2022

About the Report

Nets Nordic Payment Report is an annual report on payments and related topics for merchants with focus on physical sales locations. The content is based on a consumer survey conducted in all four Nordic countries, Nets' own data from card transactions and contributions from Nets' experts. The main focus is on payments in physical environments, as Nets publishes a separate comprehensive report on Nordic e-commerce.

About Nets

Believing in simplicity and security as the foundation for growth and progress, Nets powers payment solutions for an easier tomorrow for banks, businesses and consumers across Europe. Nets is a part of Nexi Group - a leading European PayTech.

For more information, please see nexigroup.com

Data

Consumer survey

The consumer survey is conducted annually in all four Nordic countries as well as Germany by the market-research company Kantar Sifo on behalf of Nets. At least 1,000 consumers have responded in each country. This year's survey was carried out during April and May.

Nets own card data

Nets own data is based on card transactions in physical sales locations. Growth in both the share of contactless card payments and the retail categories is starting to emerge.

Download the report here:
nets.eu/payments/nordic-payment-report

Strong recovery for physical points of sale and continued changes in payment methods

Physical sales locations, such as bricks-and-mortar retail and other sectors has struggled in recent years due to the pandemic and restrictions. However, this year the physical sectors has bounced back strongly across the Nordic region, as customers returned to their favourite locations and started spending again. Payment methods and related services are also continuing to adapt and evolve. Jeppe Juul-Andersen at Nets summarises this year's report.

Each year we publish the Nordic Payment Report to share knowledge and expertise on payments and related topics within physical sales locations. We map the Nordic consumers' purchasing and payment method habits, using card data from our payment terminals and a large annual consumer survey.

Impressive growth in some physical categories

2022 will be a much better year for many physical points of sale than the previous years, as Nordic consumers returned after the restrictions were lifted. However, with high energy costs, inflation and interest rate hikes, there will be a tough autumn and winter. Nonetheless, it is clear that consumers have been quick to resume their former purchasing habits following the pandemic. Most of us were overjoyed to be able to finally travel again, visit friends and family, go to events, shop in physical stores where we can see and feel the goods, as well as enjoy a convivial atmosphere in restaurants and cafés. All types of physical points of sale can breathe easier again – which is good thing, since we are talking about millions of jobs across the Nordic region.

“It is clear that consumers have been quick to resume their former purchasing habits following the pandemic”

The service industry, for example restaurants, transport and service locations such as hotels etc, were hit hardest by the pandemic and suffered double-digit negative growth. But the category is now recording double-digit positive growth. It is clear how important this is for us all, especially after nearly two years of restrictions. However, some physical merchants did prosper during the pandemic. For example interior design, home building material and plant suppliers, as the consumers spent most of their time at home. But this is now no longer the case and consumption patterns have thus changed again.

E-commerce is here to stay but have tougher times – integrated solutions more important than ever

E-commerce, which has enjoyed considerable growth for several years and did very well – at least for products – during the pandemic, is of course not going away. However, apart from a strong recovery in the travel sector and services such as tickets etc, online sales for products are falling. E-commerce, in particular webshops, are currently facing headwinds. While the travel and service sectors, which suffered tremendously during the pandemic, is making a huge comeback, webshops selling products have it tougher. This is natural following the very strong growth in recent years, and also due to the past couple of years when the pandemic forced many merchants to quickly embrace online sales. Thus, as consumers return to physical sales locations, many webshops are seeing decreased sales. Our Nordic Payment Report however focus solely on physical sales, since we publish a separate report for e-commerce, so check that out for more information on e-commerce.

The pandemic and subsequently changing consumer behaviour have encouraged an increasing number of physical merchants to embrace both e-commerce and user-friendly omnichannel solutions that link the physical with the digital. Payments, which are an important part of this, are becoming increasingly integrated into this customer experience. Many consumers are using services such as Click & Collect, where you buy a product online and pick it up or return it instore. The same applies to Scan & Pay, which is seen in ever more outlets. However, there are differences between individual countries, with such solutions so far proving most developed and popular in Norway. Merchants that offer these solutions enjoy a strong competitive position.

Continued changes in payment methods in physical environments

Payment methods must add value for consumers in terms of convenience, quickness, simplicity and security. The consumers' preferred payment methods are also continuing to change. Payment cards still very much dominate, and we see no sign of this changing any time soon. Mobile payments are however continuing to gain ground and have now reached a milestone: the consumers prefer these more than cash in all Nordic countries. This is even the case in Finland now, where the use of cash has dropped significantly since 2020, closing the gap on the other Nordic countries. However, Sweden is the clear leader when it comes to being less prone to using cash, though this trend seems to maybe bottoming out.

It is important to remember that the vast majority of mobile payments are card-based, even though for example Norwegian Vipps and Swedish Swish are used in some physical environments. Denmark is the Nordic leader in both mobile and contactless payments. The latter payment method is becoming increasingly popular in Sweden, though saturation appears to have been reached in the other Nordic countries. The upper limit for contactless payments acts as a barrier here.

Traditional ways of shopping through separate channels are both dissolving and merging. Customer recognition, so-called tokenisation, where customers are identified by their payment method or other such as a number, offers good opportunities across both channels. In addition, more and increased use of digital payments and increasing cross-channel integration are making more customer data available. This presents opportunities to understand customer purchasing patterns, enabling merchants to customise for example offers and adapt their offer and services. This means benefits for both the consumers and merchants. Consumers nowadays expect everything to function smoothly, regardless of where we buy and how we pay.

Biometrics, digital receipts and loyalty solutions

When it comes to other related payment topics, for example consumer authentication of purchases, we note some changes. Though most consumers still prefer to use a PIN code, both contactless and some biometric solutions such as face recognition are gaining popularity. This is because many consumers use their mobile phone to authorise payments with solutions such as Apple Pay. Biometric solutions are thus already today a reality in physical sales locations, and are in fact more secure than using a card with PIN code. However, during the pandemic when many wore masks, these solutions did not work particularly well.

We have also noted a growing preference for digital receipts, and the majority of consumers in the Nordic region now prefer this rather than paper receipts. But the merchants is lagging behind. The fact that not all points of sale offer these solutions, and the lack

of a common system, means that we are in a bit of a chicken-and-egg situation. However at some point we will reach a tipping point and the use of digital receipts will then really take off. This will also offer multiple benefits for both consumers and retailers.

Loyalty solutions such as customer clubs and bonus point schemes are very popular in the Nordic region, though not quite to the same extent in Denmark. Nearly all Nordic consumers are members of at least one of, if not several, such schemes. The solutions are also increasingly being modernised, with both mobile apps and solutions integrated with payment cards rapidly gaining ground. This too provides multiple benefits for all parties.

We dive into these topics in more detail in this report. Nets overall goal with all this is to help merchants to navigate the complex payment landscape, and to cut through the complexity in order to facilitate better growth.

Finally, we would like to share that Nets has merged with the Italian payment company Nexi. This makes us leaders in payment solutions in Europe and will enable further economies of scale in our operations, security as well as research and development. Despite this, we remain a strong local player in each country, since consumer behaviour and payments differ in each market.

Jeppe Juul-Andersen at Nets



Stores

This category includes brick-and-mortar stores that sell all types of products, except food. The pandemic hit stores hard, resulting in strong negative growth in all the Nordic countries. However, much of the sector did a comeback, as well as in the first half of this year. It is clear that we have missed shopping in physical stores.

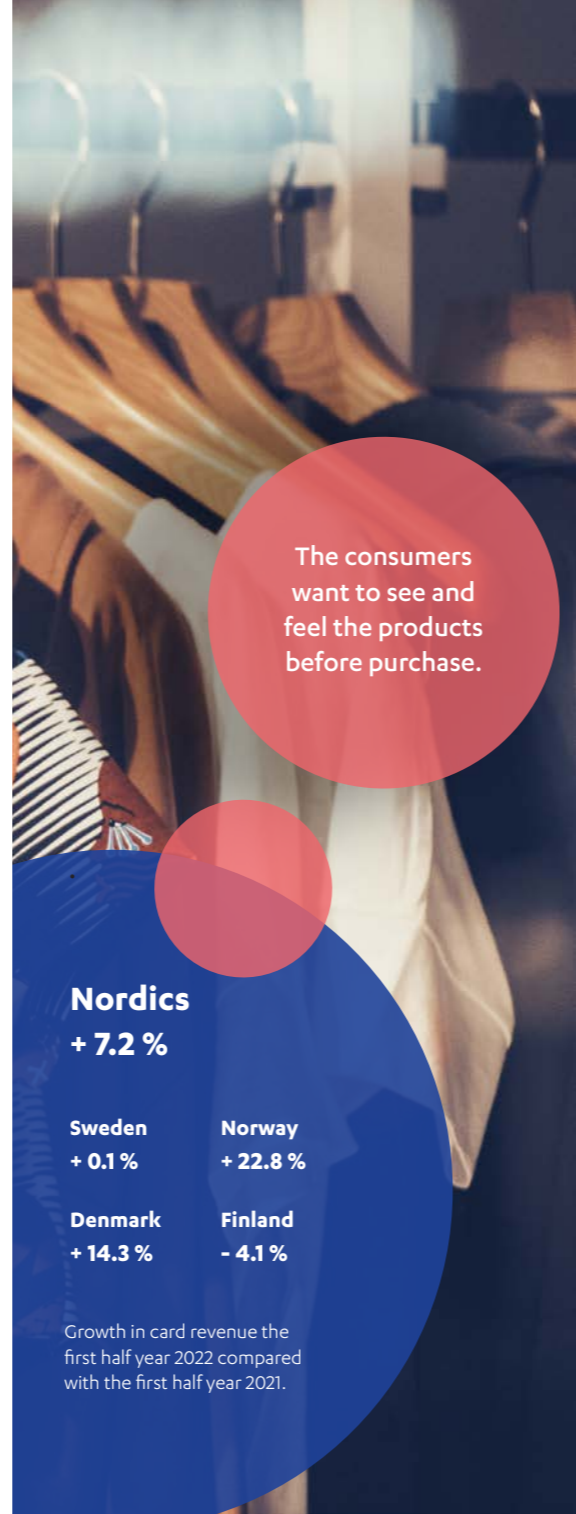
Stores that sell physical products are finally enjoying better times. The pandemic was tough, resulting in negative growth for stores in 2020 – the worst year ever. However, 2021 was better, and 2022 is looking very positive, with year-on-year growth for the entire Nordic region coming in at 7.2 percent for the first half of the year. The situation however varies in the different countries. Growth in Sweden – which never completely locked down during the pandemic – was a modest 0.1 percent. Norway, on the other hand, which imposed extensive lockdowns, notes a strong growth of 22.8 percent. It is therefore clear that the effects of the pandemic on this category were relatively short-lived and that people missed being able to shop in physical stores. Clothes and shoes etc. was the category that fared best in all countries, while building material suppliers were among the losers. However, the current economic climate – with inflation and higher interest rates – is also having an impact.

A high share of household consumption takes place with instore retail. This category has been under strong pressure from e-commerce for many years, but by far the largest share of total sales are still made in physical stores – apart from in the pandemic year of 2020.

According to Nets survey, a clear majority of the Nordic consumers still prefer to shop in physical stores rather than online. Physical shopping offers some clear benefits: people want to go out to visit malls and shopping centres for a fun experience and to be able to see, feel and test the products. It is difficult for e-commerce, which is mainly about convenience, price and range, to compete against the purchasing experience for many different types of products in physical stores.

Consequently, consumers will continue to do most of their shopping in physical stores. However, e-commerce has changed the stores' operating conditions. Geographical location, the shopping experience and niche stores have become more important. Omnichannel solutions that give consumers flexibility across multiple sales channels are in many cases a must.

When it comes to payments in this category, it is still all about the physical experience and flexible payment methods combined with service. Being able to pay with your preferred card or mobile phone is expected. Cash registers are increasingly being replaced by terminals in the actual store floor as well as mobile devices – so-called SoftPOS solutions – which free sales staff to focus on customer service and advice.

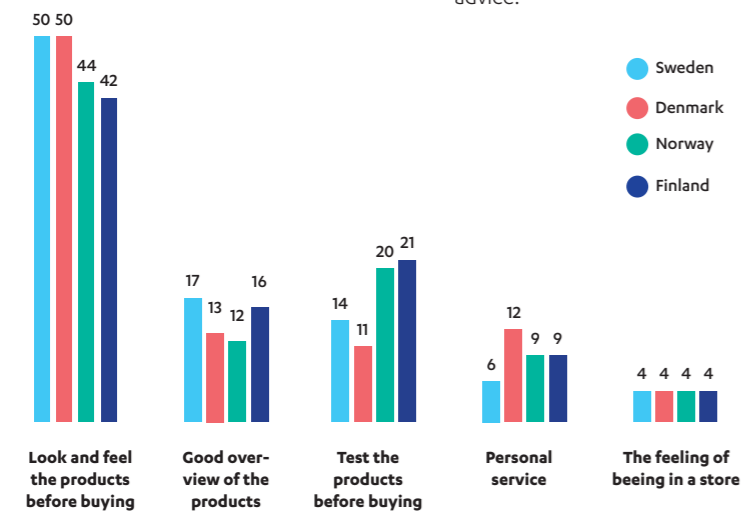


The consumers want to see and feel the products before purchase.

Nordics + 7.2 %

Sweden	Norway
+ 0.1 %	+ 22.8 %
Denmark	Finland
+ 14.3 %	- 4.1 %

Growth in card revenue the first half year 2022 compared with the first half year 2021.

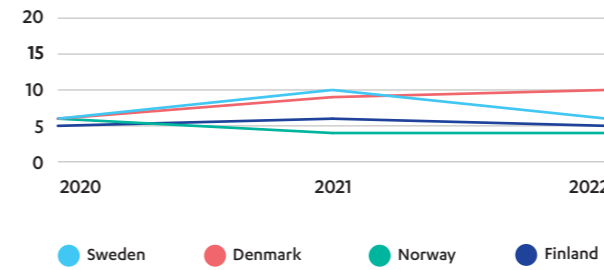


Reasons to shop in physical stores

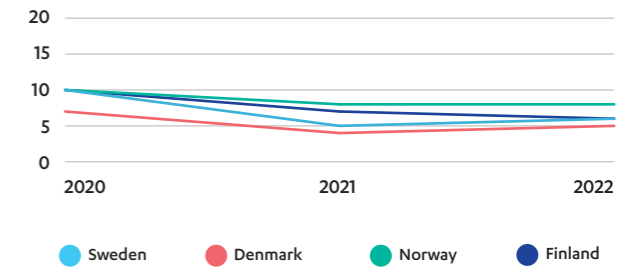
The main reason for up to half of the consumers in all the Nordic countries to shop in physical stores is to see and feel the product – a clear advantage for physical stores in the competition against e-commerce. This is a clear increase compared to last year.

Other increasingly important reasons for shopping instore include a good view of the product range and to test the product before buying. Personal service is also important. "The feeling of being in a store" is increasing slightly.

Never shop (%)



Shop 7-10 times (%)

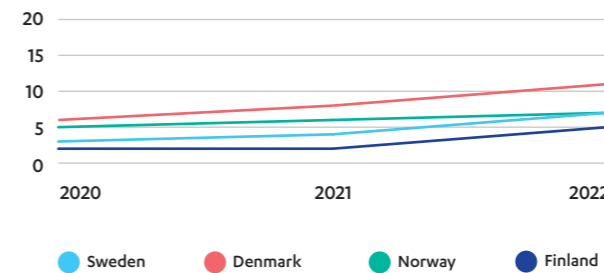


The fact that the pandemic is over is also clearly evident, at least in Sweden, where the percentage of consumers who never shop in physical stores has significantly decreased. The percentage in other countries, perhaps surprisingly, is essentially unchanged. While e-commerce may be having an impact, the fact that we are comparing two very different years means that the question is really how much and how quickly old habits will resume or whether purchasing habits have changed for good. However, in these times of runaway inflation, increasing economic uncertainty is probably also contributing.

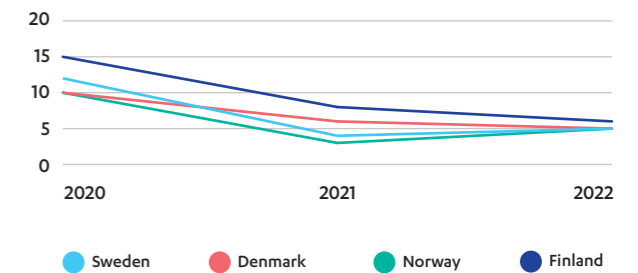
The number of frequent customers, i.e. those who shop within the category seven to ten times a month, remains largely unchanged, with a slight increase in Sweden and Denmark. This is another indicator that habits have not yet returned to normal. If the pandemic does not return and the economic turmoil proves to be temporary, next year's report should provide a more robust assessment of the potentially changing habits of consumers.

Preferred payment method (%)

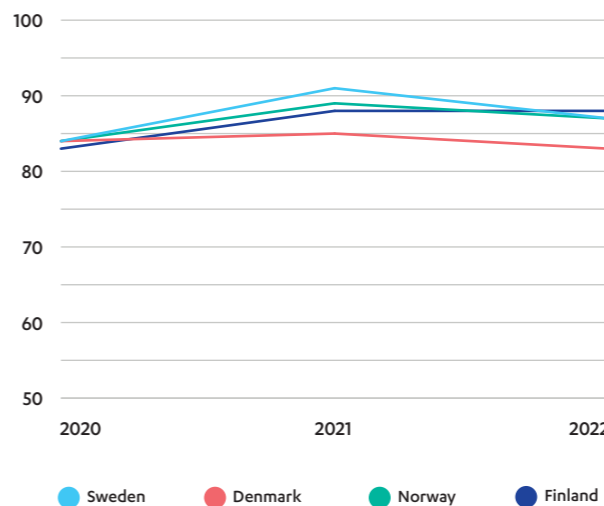
Mobile payment



Cash



Card



Cards remain the consumers' clearly preferred payment method in physical stores in all the Nordic countries. While around nine out of ten consumers prefer cards when shopping in this category, this share is declining slightly. Finns are now the most likely to use cards and Danes the least likely, though the differences are relatively small.

For the first time ever, mobile payments are the consumers' second-most preferred payment method in this category. This means that mobile payments, which are a fairly new but now established payment method, are gaining ground in all countries, and percentage-wise most notably in Sweden and Finland. However, Denmark is the clear leader here, with 11 percent now preferring this payment method. A higher proportion of consumers in all countries except Finland now prefer mobile payments to cash, which represents a historic development.

The percentage of consumers who prefer to pay by cash in stores is around 5 percent, which is largely unchanged from last year. Apart from in Finland however, where there has been a significant fall and the share represents a historic low. However, the percentage in Norway and Sweden is rising slightly, even though the differences are small and not statistically significant.

Food stores

This category includes supermarkets, grocery stores and other physical stores that sell convenience goods and food. Food stores benefited from the pandemic when people were mostly confined to their homes and therefore ate out less. However, growth varied in the Nordic countries during the first half of this year.

The brick-and-mortar food stores had a very good year in 2020 because consumers basically only ate at home. During the first half of this year, however, the picture in the Nordic region is more nuanced. At 62.7 percent, Sweden is displaying by far the highest growth – in particular due to the resumption of the country’s important cross-border trade with Norway, which was shut down during the pandemic. Competition from e-commerce is also having an impact, as many consumers got used to shopping online during the pandemic.

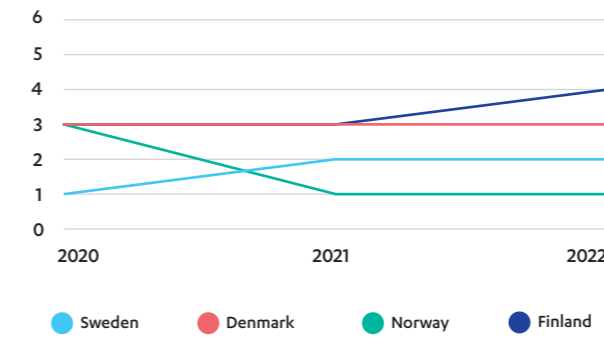
Online grocery shopping has increased steadily in recent years in all the Nordic countries and was given a big boost during the

pandemic: food was among the largest e-commerce categories in all the Nordic countries in 2020. Although the physical stores recorded strong figures during the year, it appears that some changes in consumer behaviour within the category are here to stay.

Despite this, it remains unlikely that e-commerce will radically change the landscape for physical food stores – people forget to buy things, need to make spontaneous purchases and, as already stated, they like to go to physical stores to actually see the goods they are going to buy.

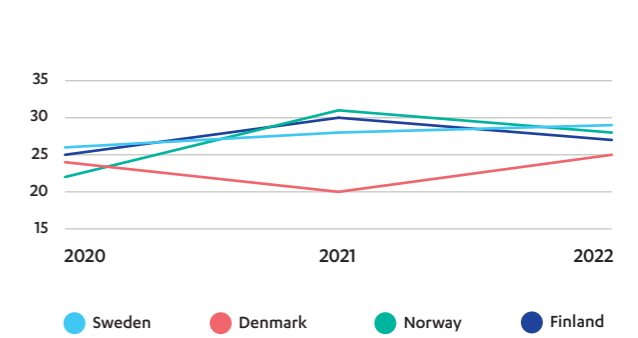
Within payments, it is a lot self-service and mobile solutions where consumers for example, scan and pay for goods themselves, or serve themselves at unstaffed checkouts. The solutions, which have been available for a few years now, are now being rapidly rolled out even in smaller stores. The increase in contactless payments is also strongest in this category. The use of omnichannel solutions, such as click & collect, where consumers order and pay for goods online and then pick them up at the store, also increased significantly within the category during the pandemic.

Never shop (%)



The share of Nordic consumers who never shop in physical food stores has generally remained at the same low level. In Finland however it increased to four percent. It appears unlikely that e-commerce change the consumers’ habits to any large extent within this category. Although online food purchases increased sharply during the pandemic, consumers went to physical food stores more than before the pandemic, mainly because they were eating at home more.

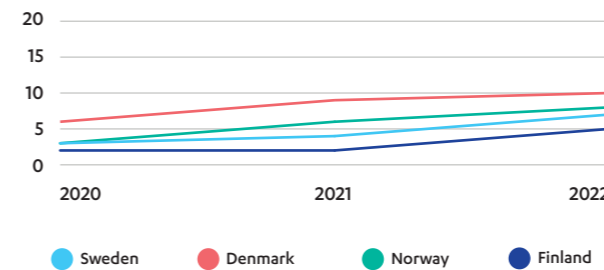
Shop 7-10 times (%)



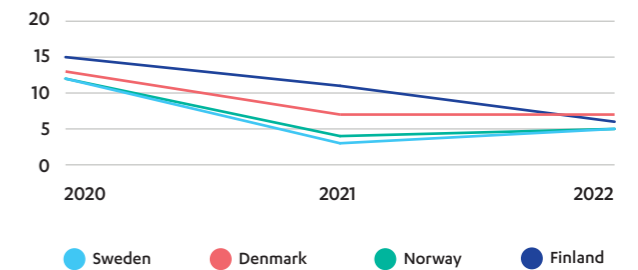
The share of frequent customers, i.e. those who shop seven to ten times a month, is on the other hand decreasing in almost all countries. This is probably due to people eating out more after the pandemic, but it may also in some part be due to the impact of e-commerce. In Denmark, which had by far the lowest share last year, the percentage increased by five percentage points. The increasing tendency to work from home favours the category, while the resumption of post-pandemic life is having the opposite effect.

Preferred payment method (%)

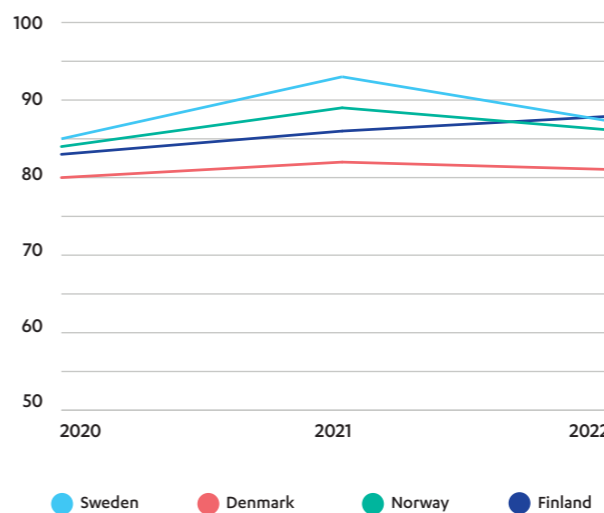
Mobile payments



Cash



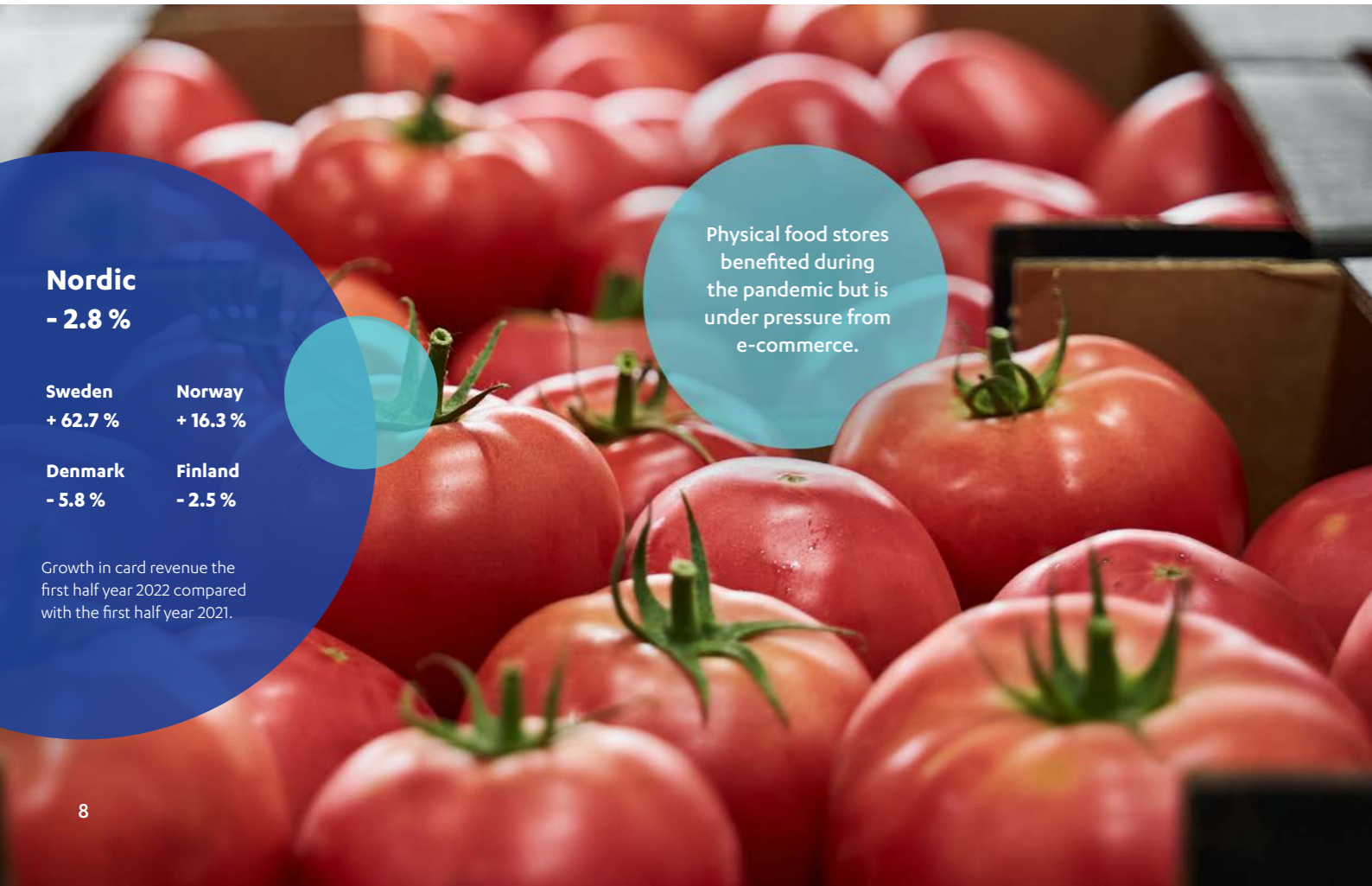
Card



Just over eight out of ten consumers still prefer to pay by card in physical food stores in all the Nordic countries. However, this share is decreasing significantly in Sweden and to a lesser extent in Norway. In Finland, where less cash is now used, use of cards is on the rise and the country now has the highest percentage of consumers who prefer this payment method when shopping in the category.

In this category as well, mobile payments are now consumers’ second-favoured payment method. A trend is beginning to emerge. This payment method is gaining ground in all the Nordic countries – in some cases drastically. With 10 percent, Denmark again leads the way. Norway and Sweden are close behind, but the percentage is increasing most sharply in Finland.

Use of cash to pay in this category has fallen dramatically in all Nordic countries in recent years. Even in Finland, fewer than 10 percent of consumers now prefer cash, which is a noticeable decrease from 2018. Cash is now most popular with consumers in Denmark in this category, though there are small differences. In both Sweden and Norway however, the share is increasing slightly, but it is low levels and minor differences.



Nordic
- 2.8 %

Sweden + 62.7 %	Norway + 16.3 %
Denmark - 5.8 %	Finland - 2.5 %

Growth in card revenue the first half year 2022 compared with the first half year 2021.

Physical food stores benefited during the pandemic but is under pressure from e-commerce.

Restaurants and cafés

This category includes all types of restaurants, fast food outlets, bars and cafés. With people generally confined to home, the pandemic was a very difficult time for restaurants and cafés, and the sector showed incredible negative growth in all the Nordic countries in 2020. However, the category began to make a comeback last year and continued to improve in the first half of this year. Better times at last.

During the first two months of the pandemic, in March and April 2020, turnover in this category was between 40 and 70 percent lower than in the same period in 2019. However, with no restrictions in any Nordic country since around February/March this year, this category is now the big winner. People have longed for the chance to go out and eat, drink and have a coffee after the pandemic. Returning tourists are also very beneficial.

The category recorded very strong year-on-year growth in all the Nordic countries during the first half of the year. Norway, which imposed extensive lockdowns, recorded a whopping 148.7 percent

growth. All Nordic countries are however noting double-digit growth. Restaurants and especially bars are the winners within the category, and there is also a strong growth in the use of foreign payment cards. There has been a similar increase in company payment cards.

During the pandemic, many restaurants survived by selling online. Players such as Foodora and Uber Eats have gained a firm foothold since the pandemic – a good example of an omnichannel solution, where consumers place their order online and the food is prepared at the restaurant and then delivered to the customer.

As far as payment trends are concerned, - that historically has been strong in the category - has noted a tremendous decrease the past years, is becoming less popular. Mobile payments are however now becoming more popular. And in fast-food restaurants, self-service has been introduced using kiosks where customers can order and pay immediately. Tablets on the table or apps are also used to order and pay in some restaurants. This also helps to alleviate staff shortages. However, providing good customer service is now perhaps more important than ever, and not just for fine-dining establishments. Many – though by no means all – functions can be automated in this category.

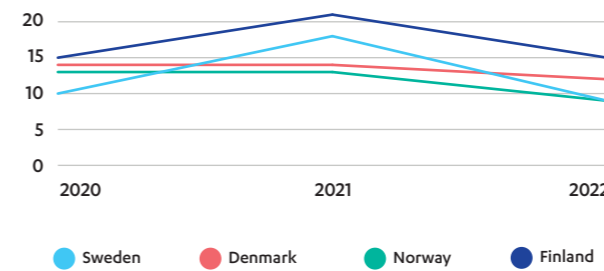
Nordic
+ 69.3 %

Sweden + 56.8 %	Norway + 148.7 %
Denmark + 85.9 %	Finland + 38.4 %

Growth in card revenue the first half year 2022 compared with the first half year 2021.

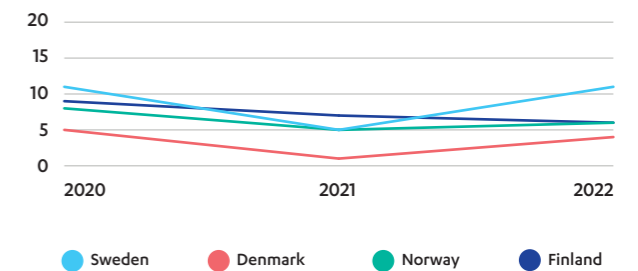
The category suffered a lot during the pandemic but now show strong growth.

Never shop (%)



The share of Nordic consumers who never shop in this category is now falling sharply in all countries. There is no doubt – the pandemic is indeed over. In Sweden, where there is a strong café culture and an extensive range of restaurants in the cities, the percentage has halved to 9 percent. In Finland, where as many as 15 percent still never shop in the category, it has still almost halved.

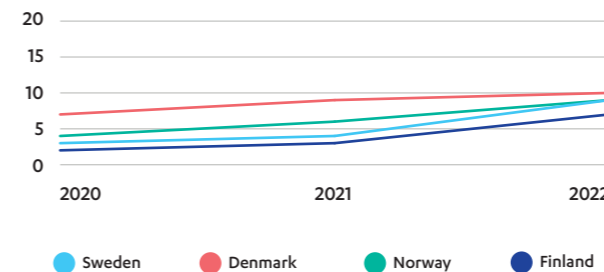
Shop 7-10 times (%)



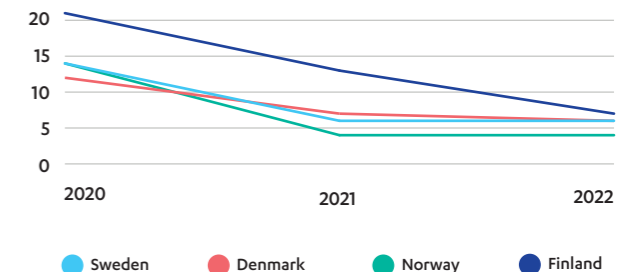
The frequent customers is also increasing strongly. The share of frequent customers has basically doubled in Sweden and Denmark, with the former leading the way with 11 percent. Consumers have clearly missed going out to eat or have a coffee. However, the frequency has not yet returned to pre-pandemic levels. It will probably take a while for old habits to fully return. Despite this, the outlook for the category is good.

Preferred payment method (%)

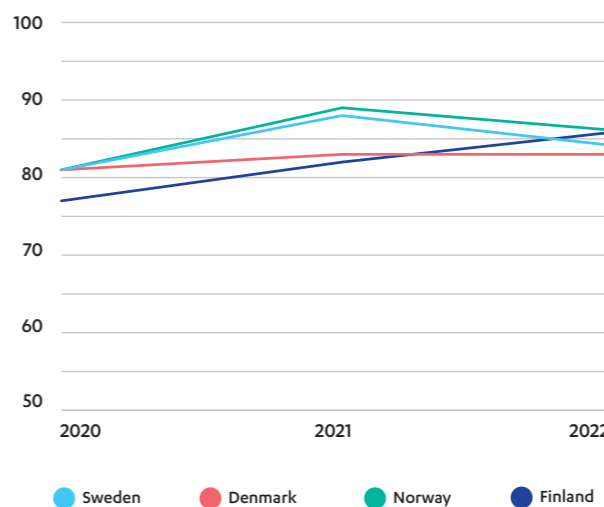
Mobile payments



Cash



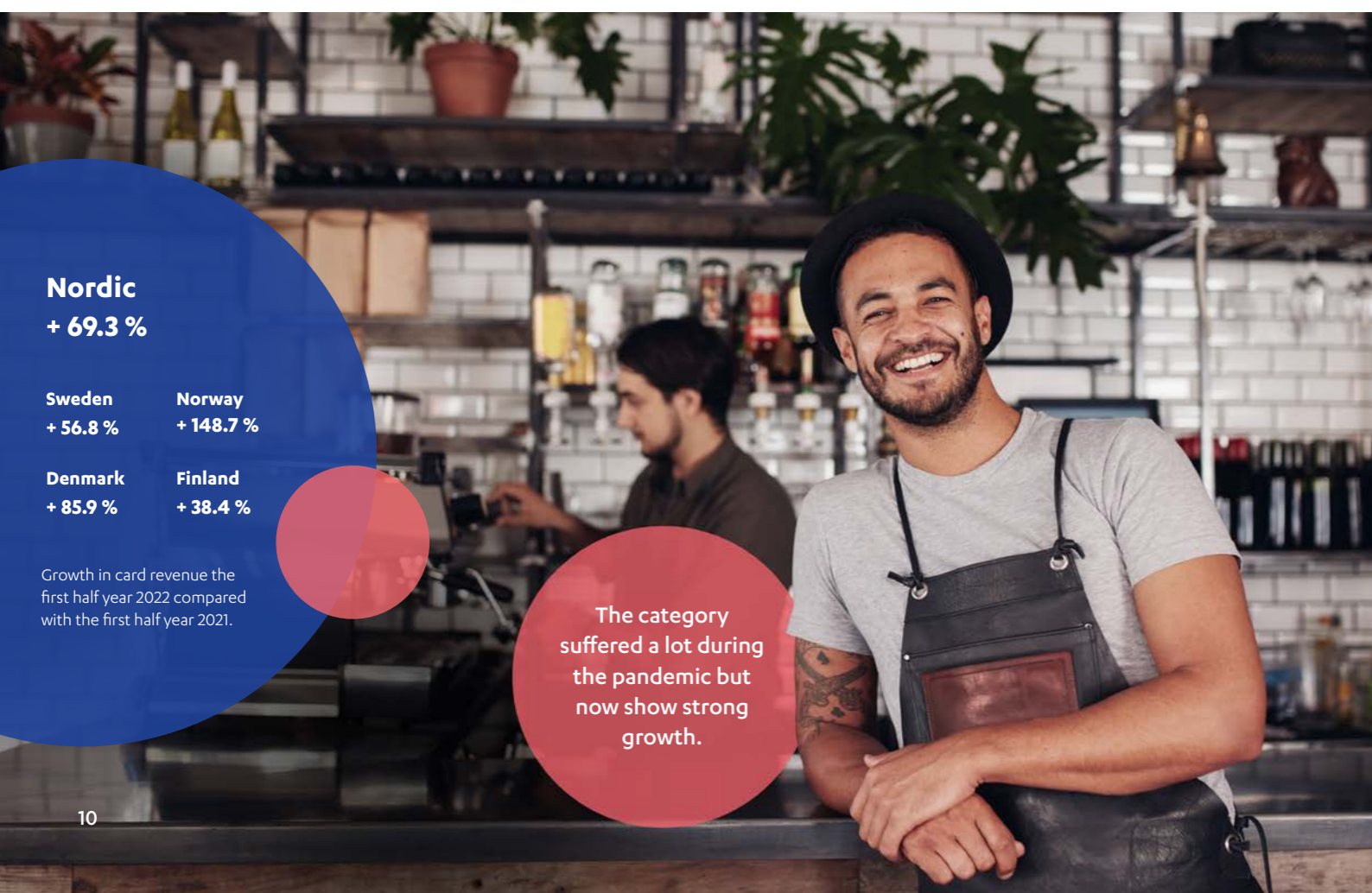
Card



In this category as well, cards still dominate as a payment method in all the Nordic countries. In general, no major differences can be discerned, and roughly eight out of ten consumers prefer to use cards when paying in restaurants and cafés – although this figure is falling slightly. The share in Finland on the other hand is increasing and, at 86 percent, has now reached the same level as Norway.

Cash is no longer king in restaurants and cafés. Now mobile payments are consumers' second preferred payment method in the category. Use of this payment method is increasing and has doubled in both Sweden and Finland. In total, around 10 percent of consumers now prefer to use mobile payments in this category.

Consumers' preference for cash has declined significantly in recent years. This is most notably in Finland, which nonetheless still are in the lead with 7 percent. This represents a historic development for the category. Other countries have essentially remained at the same low level as last year.



Transport

This category consists of public transport, taxis, bus operators, trains, and gas stations. These were not services that consumers used much during the pandemic – perhaps the most static time in human history – which resulted in very large negative growth in all the Nordic countries. However after the pandemic - not unexpectedly - transport has made a strong comeback.

Travel and transportation recorded its worst year ever in 2020. Passenger travel was the lowest in many years – perhaps the lowest ever in the modern era. Factors that had favoured this category in previous years such as growing populations, resilient economies and increasing tourism disappeared almost overnight during the pandemic. The drastic reduction in foreign, domestic and local travel and tourism was a very hard blow.

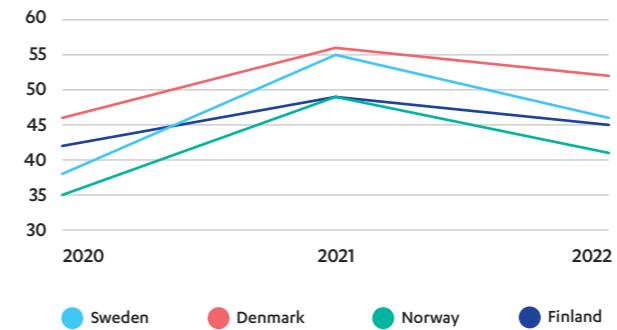
However recently as might have been expected, all types of traffic have increased. We are now seeing traffic jams again, and more people using the metro systems, commuter trains and buses.

The taxi business, which suffered enormously during the pandemic, is now back on track. Overall, year-on-year growth in this overall category during the first half of the year for the entire Nordic region was 30.7 percent. All countries are recording growth, especially Denmark and Norway with around 80 percent. Both gas stations and other transport are increasing, as is the use of both foreign and company payment cards.

However, overall travel habits have changed, in some cases perhaps for good. Some people who mainly worked at home during the pandemic will continue to do so, at least part of the time. The question is to what extent consumers will remain more “static” even after the pandemic, or whether they will return completely to their old habits.

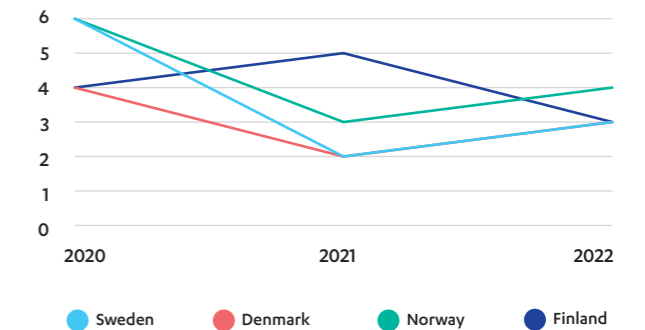
Travel apps and travel cards are the main payment methods in this category. Almost all consumers use this payment method for some travel related service, mainly for public transport, but also increasingly for taxis and trains – this is clearly evident from Nets’ survey. However, in public transport there is a shift in trends, from dedicated prepaid travel cards towards more integrated solutions where the service is linked to the consumers’ preferred payment card.

Never shop (%)



The dramatic increase last year in the share of Nordic consumers who never shop in this category due to the pandemic is now significantly decreasing. The percentage is clearly down in all countries, with only four out of ten Nordic consumers now never buy anything in the category. This is not unexpected, as we are now travelling

Shop 7-10 times (%)



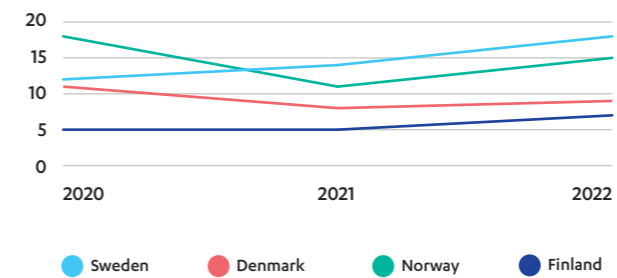
significantly more than during the pandemic. The number of frequent travellers is also rising sharply, but still remains lower than before. This shows that consumers’ travel habits have not yet returned to normal. The question is when this will happen, since at least some of us will still be working from home.

Travel app or prepaid travel card (%)

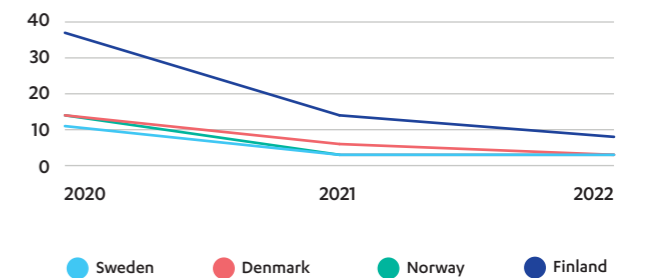
Sweden: 43 Norway: 42
Denmark: 41 Finland: 42

Preferred payment method (%)

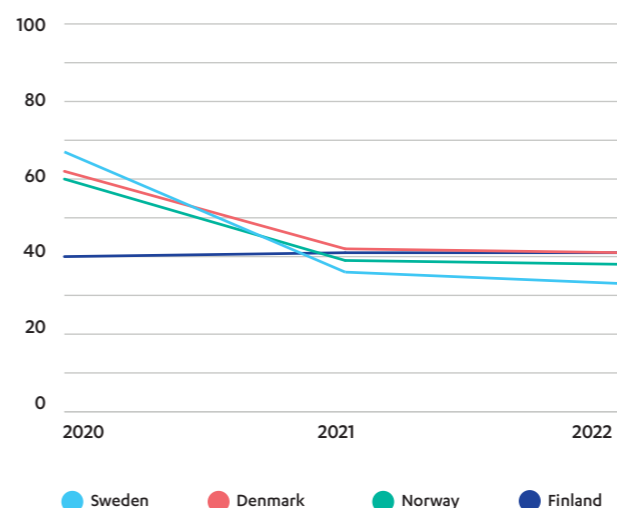
Mobile payment



Cash



Card



Cards are still the most preferred payment method in transport – though nowhere near as in the other categories. This is of course due to the fact that consumers mainly use travel apps or prepaid travel cards to pay in this category, and almost exclusively for public transport. However, the actual payment may have been made in different ways, most likely by card.

Here too mobile payments are gaining popularity. This payment method is most popular in Sweden and Norway, where almost one in five travellers prefer to use their mobile phone to pay in this category. However, it is tricky for consumers to know how they actually pay in the category – is it via a travel app, their mobile phone or a payment card? You can read more about this in the section on Mobile Payments.

Cash, which has historically been widely used in transport, mainly due to taxis, is no longer used much at all. Cash payments have significantly decreased the past years, particularly in Finland. However, it should be noted that the statistics are affected by the new answer option in the survey, “Travel app or prepaid travel card”. It is now however basically impossible to pay with cash on public transport and in many cases in taxis too. In Sweden, Norway and Denmark, only 3 percent of consumers prefer to use cash in this category.



Also this category that suffered during the pandemic show strong growth.

Nordic + 30.7 %

Sweden + 22.3 % Norway + 89.7 %
Denmark + 85.9 % Finland + 26.5 %

Growth in card revenue the first half year 2022 compared with the first half year 2021.

Service locations

The services category are physical locations such as hotel, beauty salons, money transfer, tourist attractions, dry cleaning and other locations providing various types of services. This category was in general hard hit by the pandemic but is now showing strong growth in all the Nordic countries – particularly in the hotel industry.

Although consumers tended to have their hair cut basically as frequently as normal during the pandemic - if possible, which varied per country - opportunities to stay in hotels or visit tourist attractions were very limited. Consequently, the category as a whole contracted strongly in 2020, but bounced back in 2021, and even more greatly during the first half of this year.

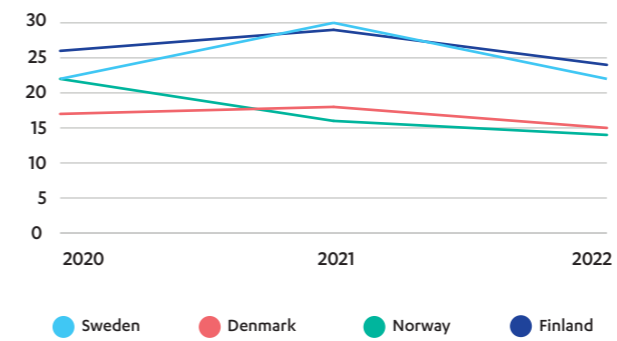
Year-on-year growth for services for the entire Nordic region was 35.4 percent during the first six months of the year. Norway was the clear leader with an impressive 82.3 percent, mainly because the country imposed strict lockdowns during the pandemic. However, all countries are displaying double-digit growth.

The hotel industry is by far the biggest winner, and the strong increase in the use of both foreign and company payment cards clearly signals that the pandemic is over. Not unexpectedly, amusement parks also made a strong recovery. A lot of services affected by the pandemic can now be purchased online. However, most services – such as hairdressers, dry cleaning, attractions and so on – are and always will be consumed in the real world.

The subcategory of services that suffered the most during the pandemic was definitely the hospitality sector, i.e. hotels and tourist attractions and others. There was an almost total lack of tourists. The current positive trend is expected to continue, even if somewhat impacted by the current economic climate.

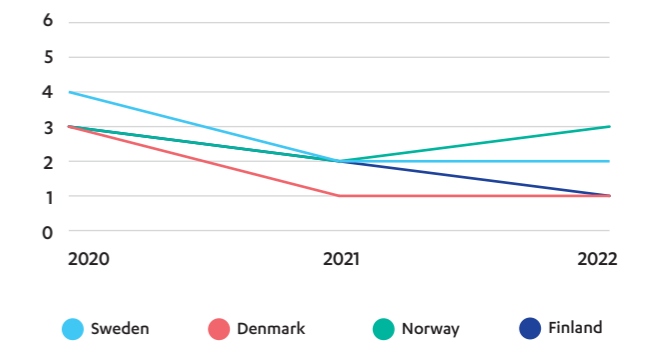
Focusing on the hospitality category, a number of new payment trends are emerging. Unstaffed or at least partially automated payment systems such as self check-in at hotels etc. are becoming increasingly popular. Consumers can pre-book, amend bookings if necessary and pay wherever they are. The roll-out of digitalised hospitality experiences and contactless technology has been strongly accelerated by the pandemic. Seamless payment experiences with integrated loyalty points also offer major benefits.

Never shop (%)



The share of Nordic consumers who never shop at service locations is now dropping sharply in all countries. Although the category includes many different services, which makes it difficult to draw conclusions, it is clear that significantly more consumers are spending within the category. Some subcategories such as entertainment and hotels, which fared very poorly during the pandemic are recovering strongly, while others have essentially continued as normal – people always need to have their hair cut.

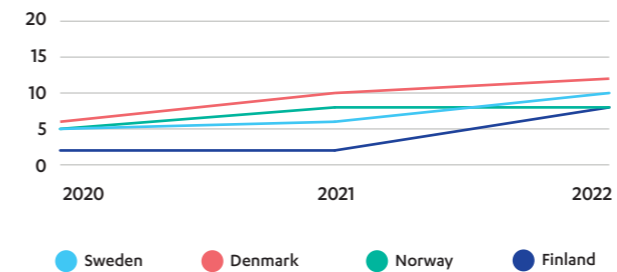
Shop 7-10 times (%)



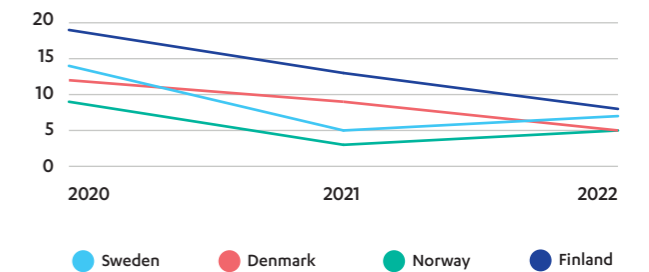
However, the frequent customers remains unchanged. Only a small percentage of consumers still shop frequently in this category. It may take a while for old habits to return and other factors, such as fewer business guests at hotels, more people shopping online and working from home etc., also come into play. It will be particularly interesting to follow developments in this category in next year's survey.

Preferred payment methods (%)

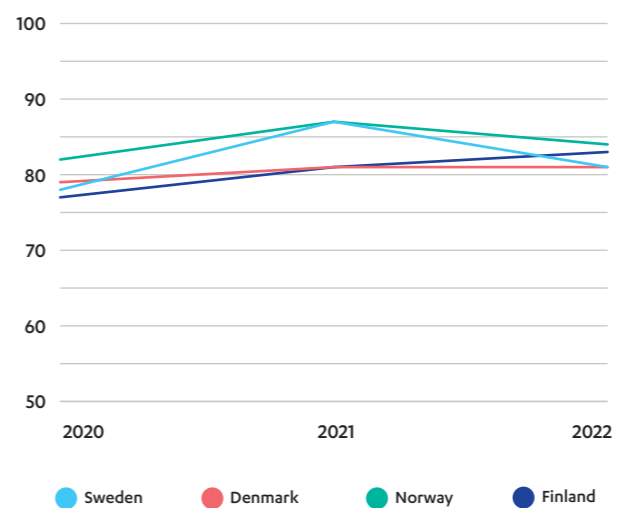
Mobile payment



Cash



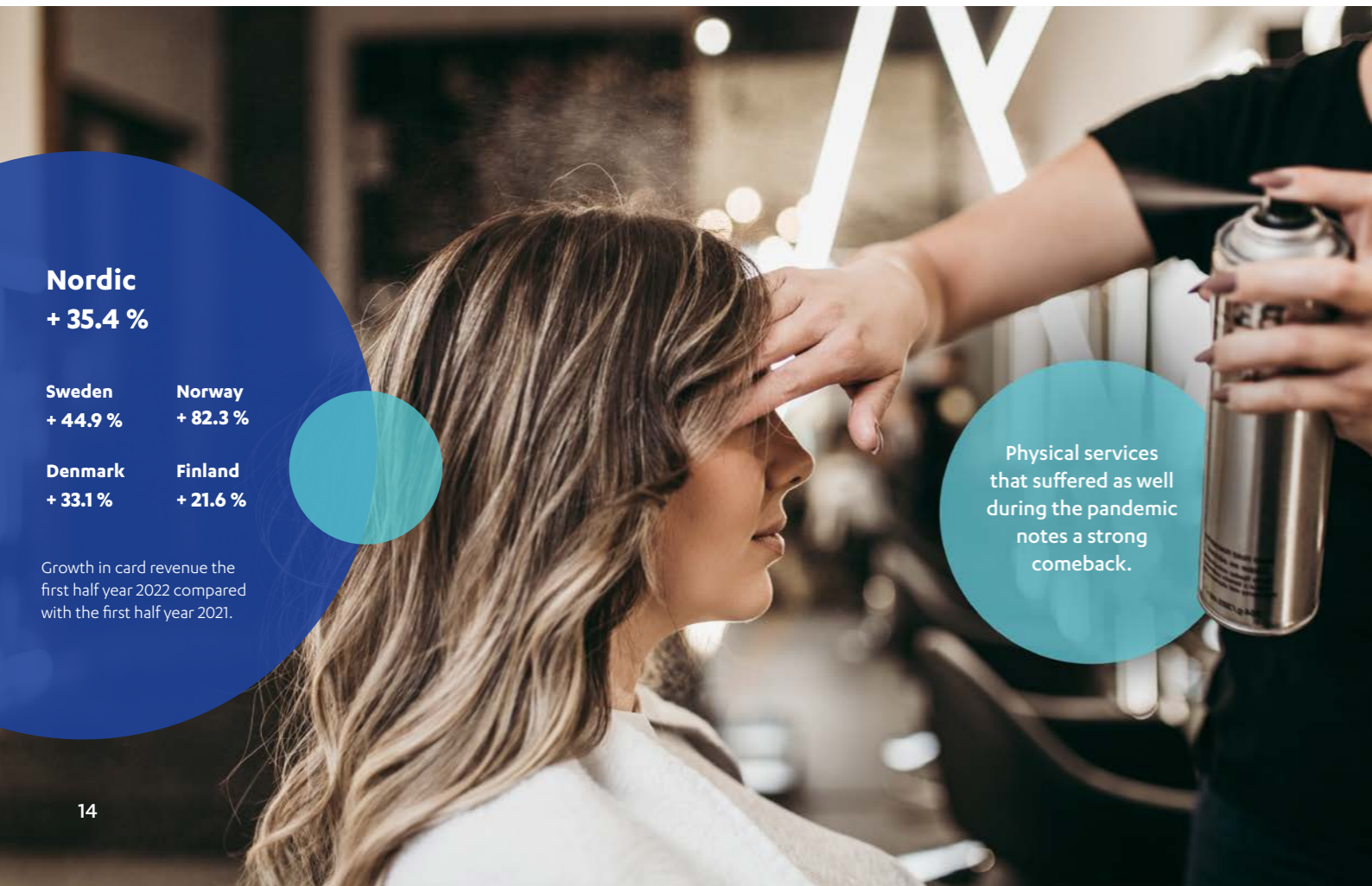
Card



Once more there are no surprises in terms of payment methods within this category – cards are again the most preferred method, albeit at a slightly decreasing. Around eight out of ten Nordic consumers – basically the same in all countries – prefer to use cards at service locations.

As in all other categories, use of mobile payments at service points is increasing. In Finland, where the increase has been relatively constant, the percentage has now almost doubled. The use is also increasing in both Denmark and Sweden, with the former being the Nordic leader.

Cash is becoming less popular at service locations too. In Finland and Denmark, the share of consumers who prefer to pay by cash has halved. In Sweden and Norway, the percentage is increasing slightly, but from low levels and only modestly. The percentage of customers who prefer to use cash within this category is below 10 percent in any of the Nordic countries.



Nordic
+ 35.4 %

Sweden
+ 44.9 %

Norway
+ 82.3 %

Denmark
+ 33.1 %

Finland
+ 21.6 %

Growth in card revenue the first half year 2022 compared with the first half year 2021.

Physical services that suffered as well during the pandemic notes a strong comeback.

E-commerce

Nets publishes a separate report on e-commerce in each country. Just as in this report, the statistics is based on a large annual consumer survey about how they shop and pay online. The report is also published in a number of other countries in Europe.

Download the e-commerce report below:

Sweden:
info.nets.se/ecominsights2021

Norway:
info.nets.no/ecominsights2021

Denmark:
info.nets.dk/ecominsights2021

Finland:
paytrail.com/raportti/verkkokauppa-suomessa-2022



Payments

The way we pay in physical stores has slowly but surely changed in recent years. These changes generally are in line with evolving consumer habits and many things have to be in place for merchants to facilitate transactions. However, in the last couple of years there has been a paradigm shift – for the first time in history cash is no longer the Nordic consumers’ second-favourite payment method.

Consumers don’t change their payment habits easy and new payment processes can often mean major work for merchants. However, in recent years, payment methods have changed like never before. Cash has become significantly less popular and mobile payments are now the second-most popular payment method at physical points of sale.

Card payments continue to dominate – albeit to a lesser extent. This is due to the rise of mobile payments, which however are mainly card based. The infrastructure for card payments in the Nordic region is reputedly the best in the world. Contactless card payments are becoming increasingly popular, in part due to their

very ease of use. Bonus point schemes and other added-value services linked to payment cards are also becoming much more prevalent. In total, around 80 percent of Nordic consumers prefer cards, and most certainly, merchants are still fine with only accepting cards.

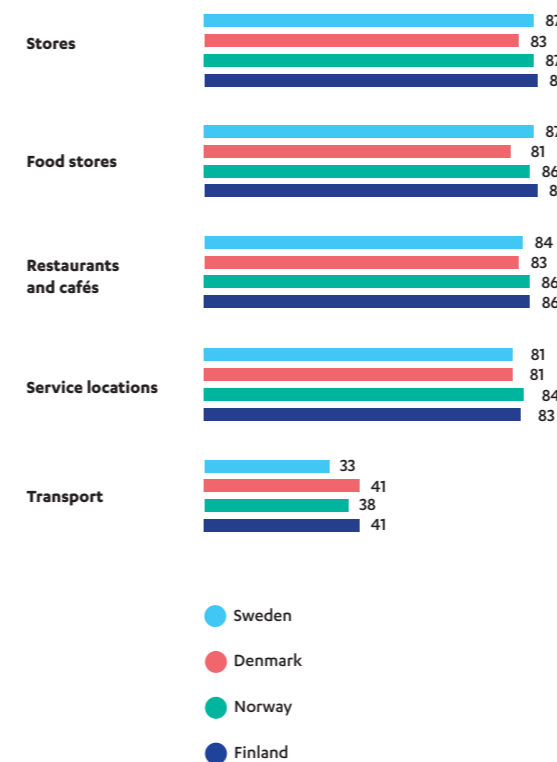
Mobile payments are the most exciting development in recent years. Their popularity among the consumers has steadily increased, and for the first time ever, it is now their second-most favoured payment method. However, not all merchants can accept all mobile payments for physical transactions, in part due to divergent technologies. In addition, new payment brands are now competing to be the consumers preferred mobile payment brand. Mobile payments are now the preferred payment method by around ten percent of the Nordic consumers with physical sales locations.

Cash as payment method has plummeted the past years, a trend that was accelerated by the pandemic. However, it now seems to have reached such a low level in the Nordic region that its popularity as a payment method is no longer decreasing significantly, except in Finland, which has lagged behind its Nordic neighbours. Even in restaurants and cafés, cash is no longer the second-most popular method of payment. The relative cost of cash handling for merchants is also rising, since only a small percentage of consumers now pay with cash.

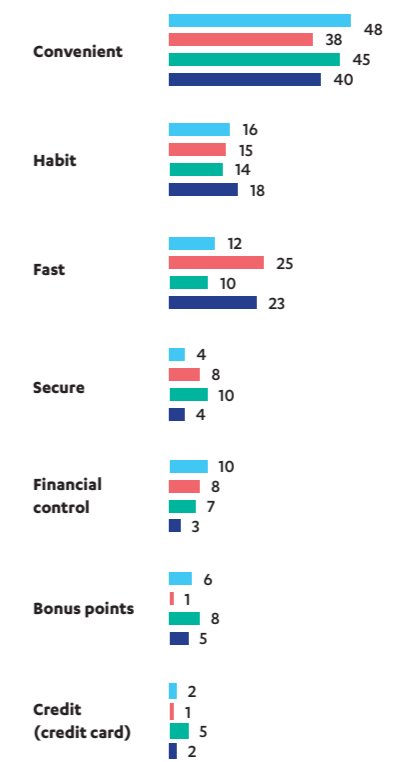


Payment cards

Prefer card payments (%)



Reason to prefer card payments (%)



Cards are still by far the most popular payment method among Nordic consumers. Although not quite to the same extent as before, cards dominate in all categories and countries. Around 80 percent of consumers prefer this payment method at physical points of sale, except in the transport category, where this percentage is much lower due to travel apps and pre-paid travel cards. Germany can be used as comparison: here cards and cash are roughly equally popular, claiming between 40 and 50 percent each.

The trend towards more use of payment cards that has been evident for a long time – mainly at the expense of cash payments – has now been broken. The reason is the rise of mobile payments. However, as already mentioned, the international mobile payment solutions are linked to a payment cards and use the card infrastructure. Despite this, consumers tend to regard mobile payments as a separate payment method.

Consumers prefer to pay by card, mainly because it is the easiest and fastest way of paying – and also out of habit. So, no real changes from last year.

Cards linked to bonus points and other loyalty solutions are increasingly driving card use, especially in the food store category, but also in other categories. Businesses are increasingly introducing solutions where the loyalty is linked to the primary payment card and bonus points are thus registered directly with the purchase. You can read more about this in the section on Loyalty Solutions.

However, consumers do not regard cards as the most secure form of payment, even though few have actually been victims of card fraud and the consumer protection is high. Banks’ and issuers’ real-time fraud protection is also constantly improving.



Contactless payments

Contactless card payments are hard to beat as a payment method. They are quick and easy to use, and consumers are now very used to them. The usage continues to increase throughout the Nordic region, although a saturation point appear to have been reached in some countries.

Contactless payment – or tapping – can be used without entering a PIN code for transactions under approximately EUR 50. As the technology has become more widely available and the payment limits have been raised, the use has markedly increased throughout the Nordic region in recent years. The pandemic also significantly accelerated this trend since paying contactless is made without touching the payment terminal.

Nearly all the cards issued to consumers by the Nordic banks can now be used contactlessly. In addition, virtually all merchants' payment terminals now accept contactless payments. The technology is called NFC, which is the same technology used by international brands to process mobile payments.

The Nordic countries are generally acknowledged as world leaders in contactless payments. This is partly because card and

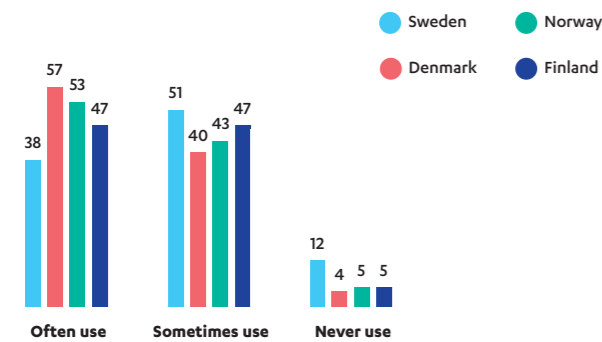
mobile payments dominate and partly because the infrastructure for the technology is more or less in place everywhere. Around 90 percent of Nordic consumers use this payment method. Use is also increasing strongly in other European countries. In Germany for example, where card payments are gaining popularity, three-quarters of consumers now use this payment method – but not near in the same frequency as in the Nordic countries. As mentioned, the pandemic has encouraged many consumers across the world to go contactless.

Developments in the Nordic region and many other countries will probably follow those in Denmark, which has long been a leader in this area, and where both the percentage of consumers who use contactless payments and the percentage of all card payments made contactlessly has steadily risen to around 90 percent.

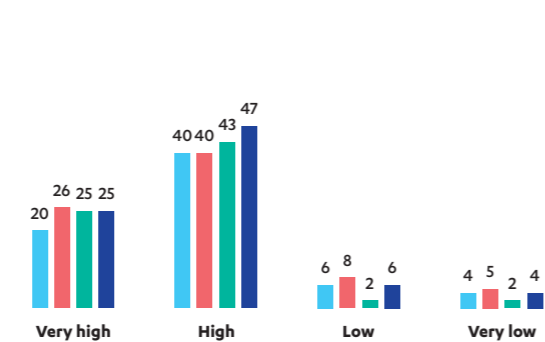
The Nordics are world champions in contactless payments.



Use of contactless payments (%)



Values contactless payments (%)



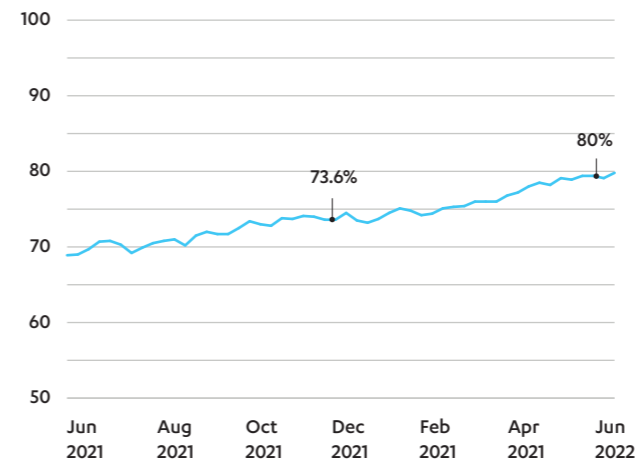
As many as 95 percent of consumers use contactless payments in Denmark, Norway and Finland. More than half use them frequently. Sweden comes in last, but usage has increased significantly with almost nine out of ten consumers now using the payment method. The percentage of frequent users is also sharply rising.

Appreciation of contactless payments has also grown strongly in recent years. Around seven out of ten consumers in all the Nordic countries now value the payment method highly or very highly. This compares to just below 20 percent in 2018.

Share of contactless payment out of all card payments

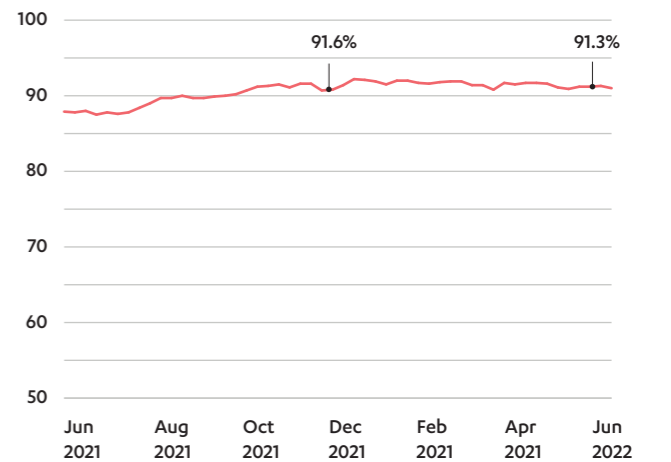
Sweden Denmark Norway Finland

Sweden



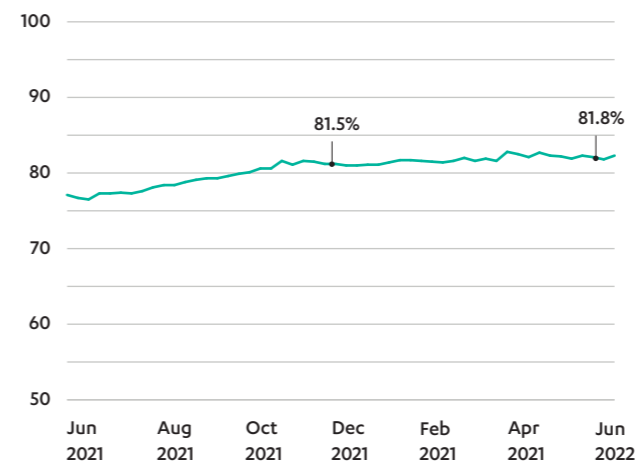
Sweden, which was slow to generally adopt contactless payments, is closing the gap on its neighbours. Usage has increased sharply in Sweden in recent years, according to Nets' own card data. In 2021, the share of all card payments made contactlessly rose from 62 to 73 percent, climbing further to 80 percent in the first half of this year.

Denmark



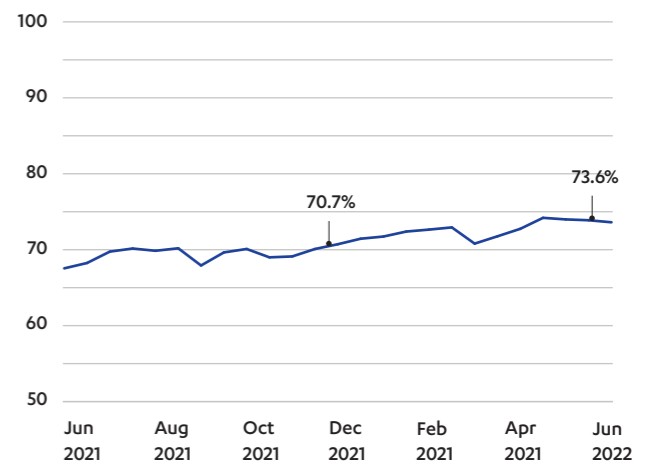
Denmark is still the Nordic champion in contactless payments – probably also in the world. The Danes were the first Nordic country to adopt this payment method, and at the end of 2021 the percentage of all card payments made contactlessly was as high as 90 percent. However, the fact that this is only an increase of three percentage points from the previous year suggests that a ceiling may have been reached. In the first half of this year, the percentage remained stable at around 90 percent.

Norway



Norway, which was also slow to generally adopt contactless payments, has seen a dramatic increase in use of the payment method since 2020. The share of contactless payments more than doubled, reaching 80 percent at the end of 2021, and remained stable at this level in the first half of 2022.

Finland



In Finland, the share of contactless payments has been relatively high for some time. Like the Danes, the Finns were early adopters, but progress has been slowed by the 50 euro limit for purchases and where one has to insert the card into the payment terminal. The increase in both 2020 and 2021 was therefore modest. In the first half of this year, the share remained stable at around 73 percent.

Cash

Cash still dominates across the world. But not in the Nordic region, where cash nowadays isn't even the second-most preferred payment method for consumers at physical points of sale. With the digitalisation, the use of cash has declined sharply throughout the Nordic region, and the pandemic only accelerated this trend. However, a bottom can potentially be discerned.

Nordic consumers hardly use cash at all these days. The amount of cash in circulation has been decreasing for many years and is now lower than ever in all the Nordic countries. In the last two years, and especially this year, something historic has happened – cash has ceded its position as consumers' second-most preferred payment method to mobile payments. In Finland, cash and mobile payments are now roughly equally popular, which represents a landmark development.

More and more merchants are also choosing not to accept cash. This is because the relative cost of handling cash is getting higher due to the fixed costs involved. For many merchants, it simply no longer pays to accept cash.

Sweden, which uses less cash than any other country, is leading the way. Sweden's central bank expects Sweden to be the first country in the world to be cashless – by 2030. However, it is a complex issue, and a number

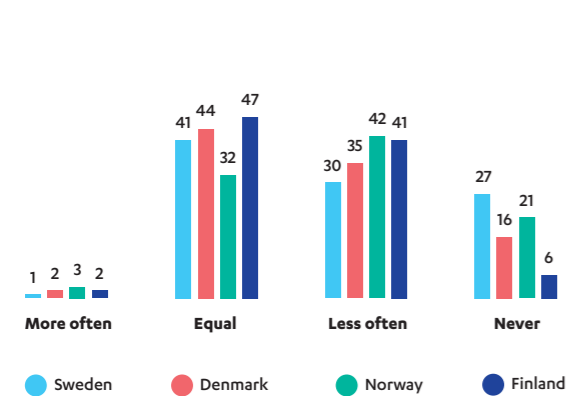
of individuals, organisations and authorities are resisting this. The reasons are for example Sweden's central bank's role, the risk to vulnerable groups and the potential vulnerability of society without cash as a backup payment method. Until all the answers can be provided, cash will continue to be available. National banks in several countries have also adopted ambitious plans and projects to develop and introduce a digital currency in order to counter this trend. This will be a very interesting development to follow, with potentially wide-ranging implications. However, for merchants, the question is simpler – will we make any money by accepting cash, and is it legal to go cashless?

It is important to monitor the consumers' views on cash as a payment method. The share of consumers who think that cash is important has clearly decreased in recent years, with the majority now believing this not to be the case. However, attitudes would appear to be changing slightly.



The majority of the Nordic consumers do not think cash is important.

Use of cash pre and post Corona (%)

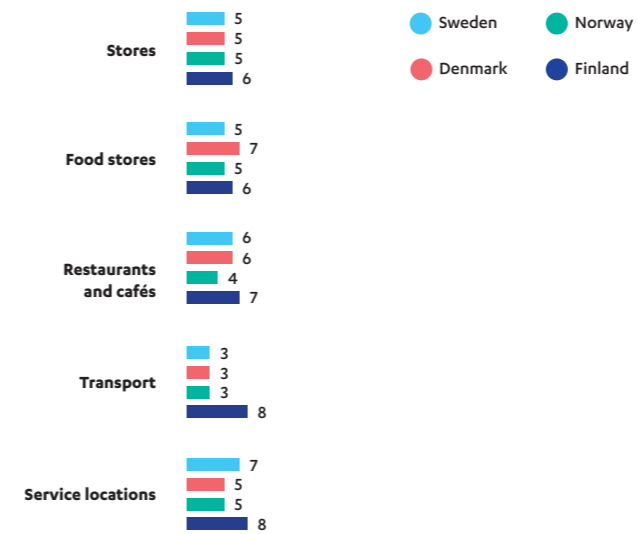


The pandemic accelerated the trend towards less cash use in all the Nordic countries – especially in Finland. This was partly to mitigate the risk of spreading infection when handling cash, and partly due to increased digitalisation in the form of contactless card and mobile payments. The fact that more and more physical sales locations no longer accept cash has also contributed.

However, the clear changes reported in last year's survey were not as evident this year. The share of consumers who use cash less frequently than before the pandemic is now decreasing, except in Sweden, where it remains unchanged.

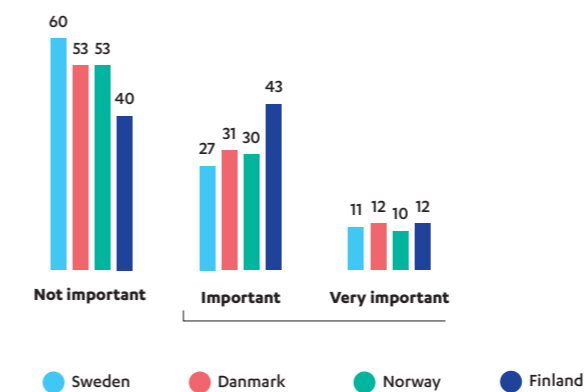
At 27 percent, the share of consumers who never use cash is clearly the highest in Sweden, though this is only a small increase from last year. In Finland, which still comes in last, the share has remained unchanged. In both Denmark and Norway however, the share is even decreasing slightly. Likely since the pandemic is over.

Prefer cash (%)



As already mentioned, cash is no longer the second-most preferred payment method at physical points of sale. In Finland, the popularity of cash is plummeting. In the other Nordic countries, changes from last year are however small. Germany can also be used as reference, where around half of consumers still prefer to pay by cash. However, Nordic consumers now prefer mobile payments to cash in all merchant categories. No category bucks this trend, not even restaurants and cafés, where cash historically has been widely used.

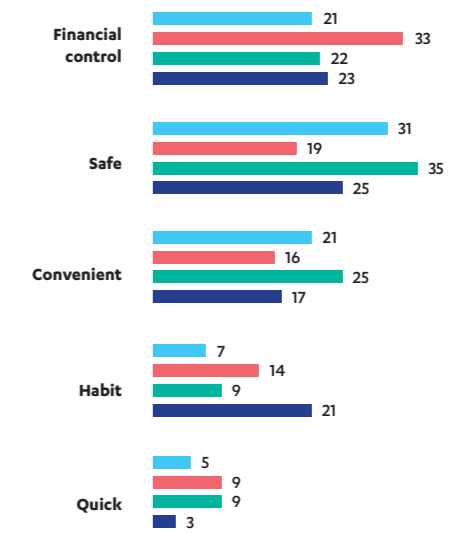
Importance of cash (%)



The majority of the Nordic consumers do not think that cash is important. In Finland, this percentage is rising sharply. Otherwise, there are small differences compared to last year. However, in the 2018 report, the situation was the opposite: the majority of consumers then thought that cash was important. Sweden still leads the way with six out of ten consumers not regarding cash as important.

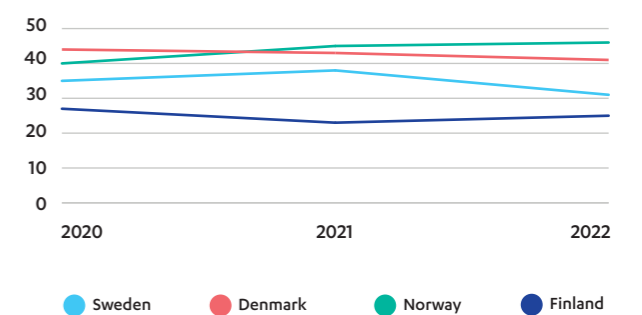
However, the number of people who consider cash to be very important is rising slightly, except in Finland. Whether this marks a trend break or a temporary development remains to be seen.

Reasons to use cash (%)



Consumers who still prefer cash – who can be found in all countries and all age groups, although especially among the elderly – do so mainly because they want to keep control over their finances. They also consider it to be the safest way to pay and to some extent do so out of habit.

Believe in a cashless society (%)



The slow but steady increase for the Nordic consumers' confidence in a cashless society seen in recent years would appear to be coming to an end. This year, the belief in a cashless society is declining drastically in Sweden. Finland, however, the share is increasing slightly, though the country still comes in last. Since there is still no clear picture of what a cashless society would look like, this is understandable.

Mobile payments

This relatively new payment method has slowly but surely gained ground in recent years. This year, mobile payments have become the second-most preferred payment method among the Nordic consumers. Denmark remains the leader, but the other countries are all catching up.

Mobile payments in physical sales locations have been available for about five years. In 2017, the global players launched their mobile payment solutions in multiple Nordic markets and more consumers started using the various national mobile payment schemes. Since then, usage has steadily increased every year.

Although it would be an overstatement to claim that there has been a breakthrough this year, mobile payments are now the Nordic consumers' second-favourite payment method at physical points of sale, further marginalising cash payments.

Several factors are continuing to influence consumers' use of mobile payments in physical sales locations. Alongside positive factors, such as the payment method's speed and ease of use, a number of obstacles remain. Some are attributable to the use of two different technologies: standard contactless payments provided by international mobile payments and national mobile payment schemes that either use a QR code, number or Bluetooth. An interesting

battle is underway in the world of mobile payments: global giants such as Apple and Samsung in partnership with Mastercard and Visa on the one side, and bank-backed national players on the other.

The fact that the banks have been slow to introduce international mobile payments has also had an impact. But things are changing now. The unrivalled convenience of contactless card payments is another factor.

Retailers may find this change complicated and struggle to keep up with the various types of mobile payments and technology. However, since virtually all payment terminals now accept contactless payments, Apple Pay and several international solutions have become a convenient choice, because these use the same technology as contactless cards.

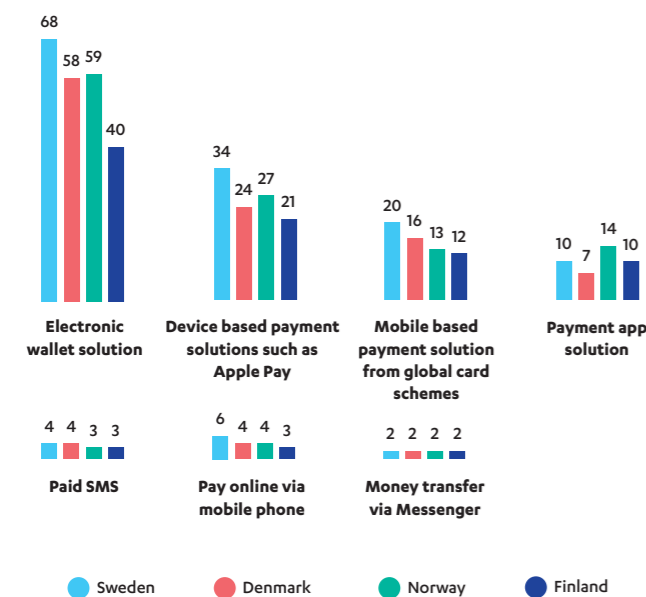
National mobile payment providers such as MobilePay and Swish have created relatively flexible solutions such as QR codes that can be integrated without installing additional equipment at the terminals.



The use of mobile payments increases across the Nordics.

This means that mobile payments will continue to increase as a payment method in physical settings. Apple Pay, which is the leading international player in the Nordic region, will surely continue to increase, as Google Pay also appears to be doing. However, in light of the strong brand positions among consumers and increasingly flexible technical solutions, the conditions for national mobile payments are also relatively good. Nonetheless, it remains unlikely that mobile payments will radically change the payment landscape.

What is considered a mobile payment? (%)

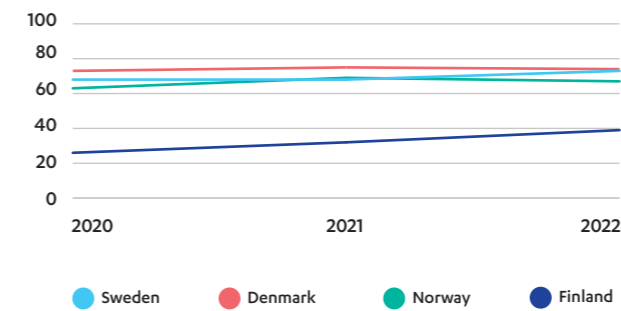


How you define mobile payments depends on who you are. For retailers, the term obviously means either the international or national mobile payment systems. However, for consumers, it could refer to paying another person or a point of sale with an electronic wallet solution, i.e. a local mobile payment, or a payment solution linked to a device by their payment card. It could also include purchasing something from a website using their mobile phone or an app.

A clear majority of Nordic consumers still consider mobile payment to be an electronic wallet solution like the national brands in the Nordic region, especially MobilePay in Denmark and Finland, Swish in Sweden and Vipps in Norway. While the share is roughly the same as last year, use in Finland is increasing sharply.

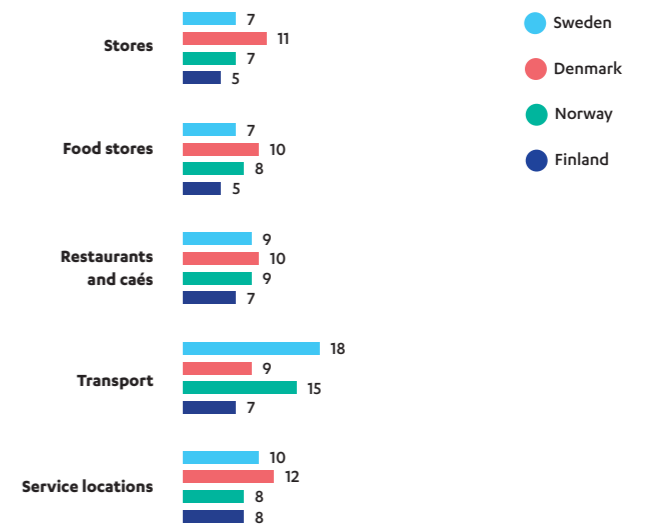
The next-largest group of consumers – which has increased significantly but is still a long way behind – believe that these are device-linked payment solutions such as Apple Pay or Samsung Pay. In other respects, the differences compared to last year are small.

Usage of mobile payments in physical locations (%)



As already mentioned, Nordic consumers' use of mobile payments at physical points of sale has increased steadily in recent years. The proportion of people who use this payment method in physical sales locations is now around 70 percent and is increasing in Sweden and Finland, although the latter still lags behind its neighbours. Denmark is again the leader, though with the same share as last year. MobilePay has been successful as the app is a standalone that has been linked to multiple solutions. More banks in the Nordic region are now also promoting Apple Pay. Swish in Sweden and Vipps in Norway have been slow to introduce flexible solutions within physical sales locations, but are now stepping up.

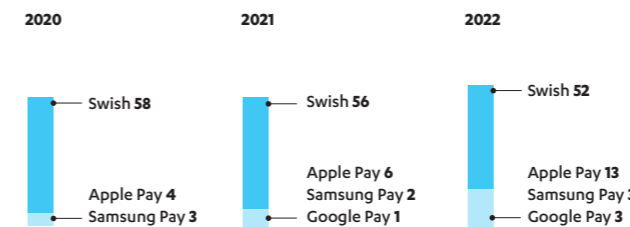
Prefer mobile payments (%)



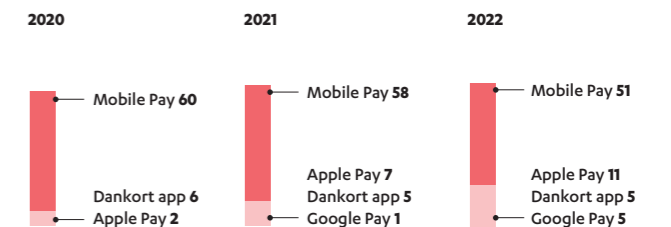
Although Nordic consumers' preference for mobile payments within the categories has increased in all countries in recent years, the share is still not very high. However as mentioned, the ousting of cash as the second-largest payment method in almost all categories and countries is a landmark development. Here too, Denmark leads the way, with around 10 percent of consumers favouring this payment method. In Finland, mobile payments are now roughly equally as preferred as cash.

Preferred payment brands

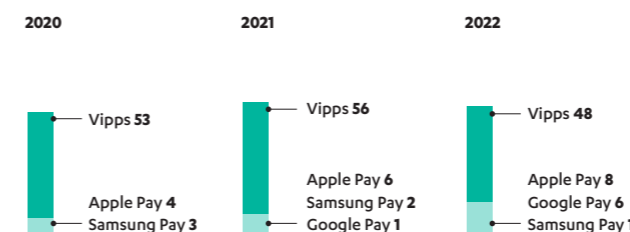
Sweden (%)



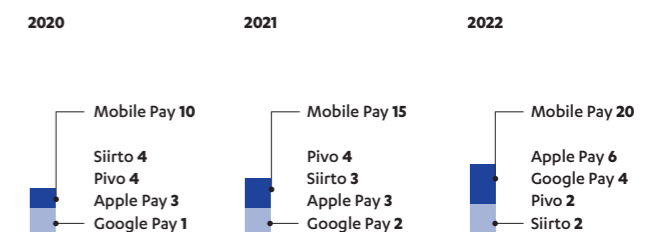
Denmark (%)



Norway (%)



Finland (%)



The national brands are still by far most preferred in the Nordic region. More than half of the consumers in Sweden and Denmark prefer these mobile payments, and almost half in Norway. However, these solutions are losing some ground to the international brands. Apple Pay and Google Pay are gaining the most.

In Finland, the picture is still fragmented as there are a number of different brands. Here, the banks have not agreed to jointly invest

in one brand as in the neighbouring countries. This makes it tricky for consumers to choose between different brands and get routine. Similarly, merchants can struggle to know which brands to accept as payment. Danske Bank has a strong position in Finland and promotes MobilePay. This approach has paid off – the brand is continuing to grow, and is significantly larger than the national brands. However, Apple Pay is also more preferred than the national brands.

Omnichannel/ Unified Commerce

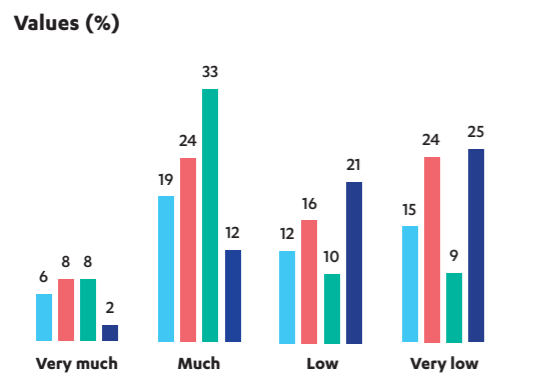
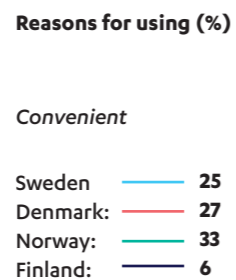
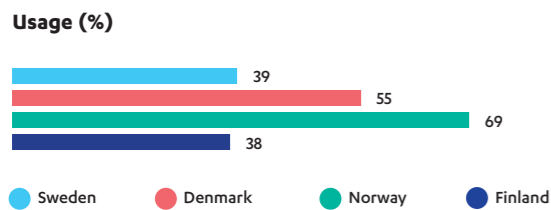
Omnichannel has been around for several years. And more recently unified commerce has emerged. Broadly speaking, both concepts involve taking a holistic approach to the sales, both physical and digital. This means providing a seamless customer experience across channels. In Norway for instance, as many as seven out of ten consumers use click & collect.

Omnichannel – and now unified commerce – are becoming more important because consumer habits have changed, and people are doing significantly more shopping both online and via their mobile phones. More and more physical merchants of all types – including small independent restaurants – are now selling online or have mobile solutions. For larger brick-and-mortar merchants, managing the two different sales channels has been and remains a challenge. The most successful are those who manage to connect the two channels, but this is easier said than done.

Broadly speaking, it is about offering customers seamless and smooth experiences that blur the boundaries between physical and digital commerce. For example, click & collect – where customers order something online and simply pick it up or return it in the store.

Omnichannel and unified commerce offer many opportunities, and benefit both consumers and merchants. Brick-and-mortar stores can, for example, offer home delivery from the webshop to consumers who try on clothes in store but cannot find the right size or colour they are looking for at the time. In addition to customer benefits and increased sales, merchants can also realise several other benefits through more flexible and integrated systems, such as more efficient management of sales and access to valuable data on customers' purchasing behavior. However, this requires system updates and integration between platforms – major projects that need to be implemented without disrupting sales. Nonetheless, omnichannel and unified commerce is the future and merchants could risk falling behind the competition if they fail to meet consumers' expectations.

Click & Collect



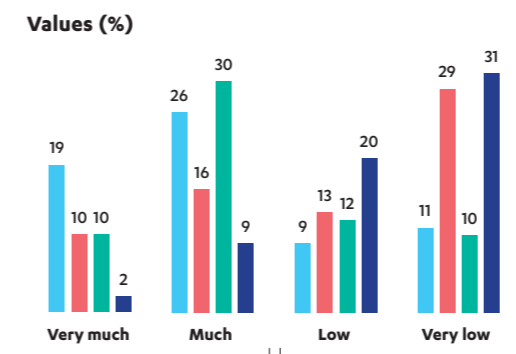
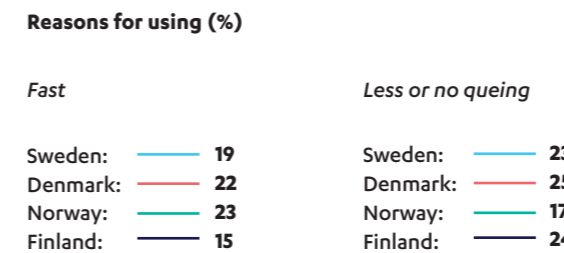
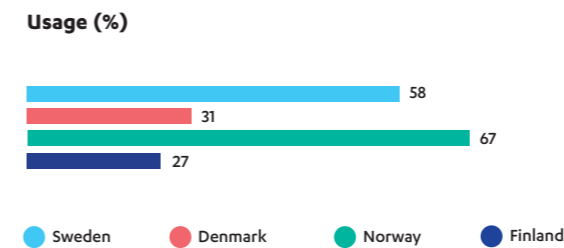
New ways of buying

New digital ways of purchasing are also increasingly introduced in physical sales locations. These are mainly automated services such as scan & pay and self-service, which have become increasingly popular in the Nordic region in recent years and provide multiple benefits for both consumers and merchants.

Are you still queuing at the grocery store and exchange a few words with the cashier, or do you just go to the self-service check-out? Would you rather go to a staffed checkout in the fast-food

restaurant or use the touchscreen terminals where you order and pay yourself? New ways of buying and consumers' habits are changing rapidly. With scan & pay, the consumer manages the entire purchase themselves, including payment in the store, by scanning the goods – using either the store's solution or their mobile phone. Self-service is an automated purchasing method where consumers at places such as fast-food restaurants or cinemas order and pay themselves using touchscreen terminals. The new purchasing methods benefit both parties: they are quick and convenient and involve less queuing for consumers and provide a more efficient purchasing process for the merchants.

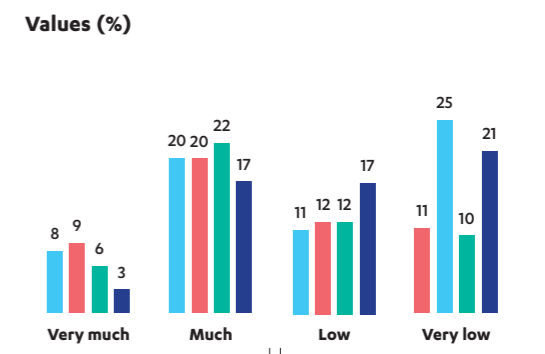
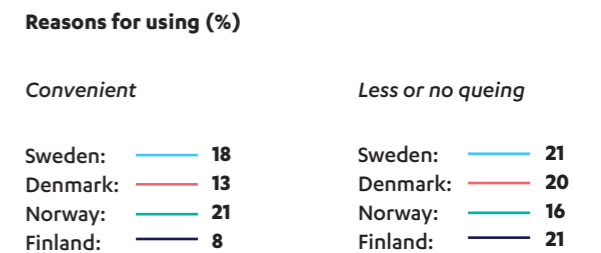
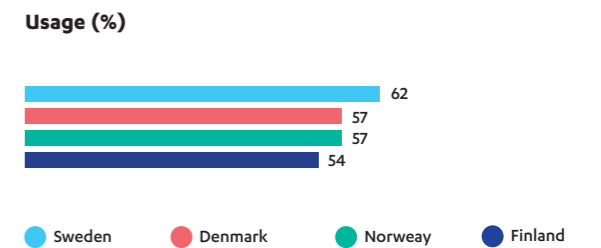
Scan & Pay



Scan & Pay is clearly most popular in Norway and Sweden. A clear majority in these countries use this purchasing method, a lot more than in their neighbouring countries. However, in Denmark and Finland too, businesses are increasingly rolling out scan & pay, and the trend is set to continue.

This purchasing method is considerably more popular in Sweden and Norway, where about four out of ten consumers appreciate scan & pay. It is significantly lower in both Denmark and Finland, though once again, this is expected to increase in line with usage. Consumers' main motivation for using this purchase method is that it is fast and reduces queuing.

Self-Service



Self-service, i.e., automated orders and payments via a touchscreen terminals, is used by the majority of consumers in all the Nordic countries. Virtually all fast-food chains and cinemas now employ these solutions. Some retail chains, restaurants and cafés are also starting to introduce this purchasing method.

However, consumers seem somewhat reluctant to embrace this. Whether it is because they find having to look up the products themselves too much of an effort or because they would rather talk to a person is unclear. For merchants however, the benefits of such solutions are obvious as they streamline the purchasing process. Consumers' main motivation for using this purchasing method is once again convenience and less queuing.

The share of consumers who use click & collect is clearly the highest in Norway and Denmark. As many as seven out of ten consumers in Norway use this purchasing method. Retail was an early adopter of click & collect in these countries, but the purchasing method is now becoming increasingly popular in Sweden and Finland too. The pandemic accelerated this trend.

Consumers in Norway and Denmark also clearly value click & collect the most. Once you've tried and gotten used to it, the benefits become clear. Finland and Sweden have significant ground to make up here, but appreciation should increase as more consumers try the purchasing method.

The main benefit for consumers from using click & collect is of course convenience. About a third of consumers stated this, apart from in Finland, which has historically lagged behind here. The convenience is obvious: consumers place an order online and then pick up the item on their way home. Another benefit is that you don't have to queue, which the Danes in particular appreciate.

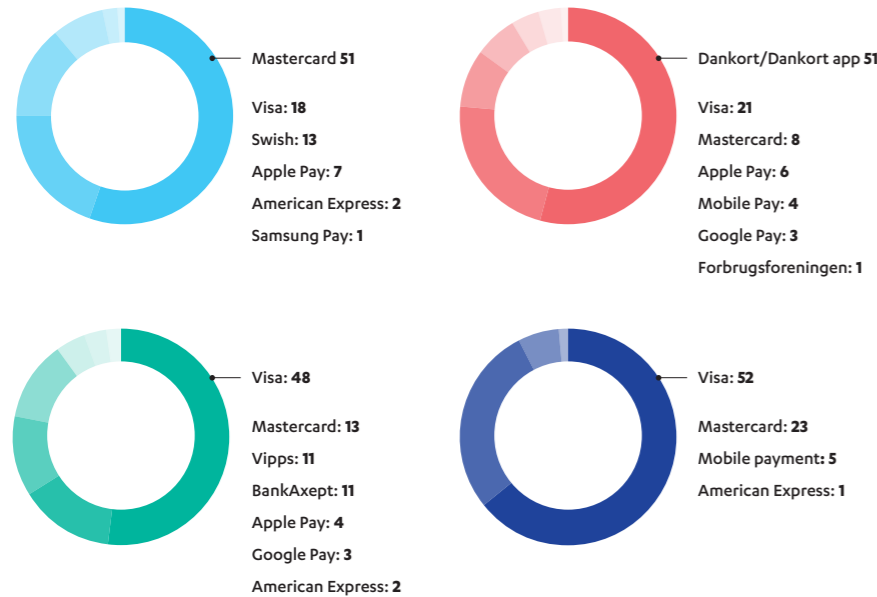
Payment brands

The payment brands preferred by Nordic consumers in physical sales locations are largely the same as last year. The global brands dominate, mainly due to the popularity of card payments. However, some national brands are also performing well and international mobile payments are gaining ground.

Visa and Mastercard are still clear favourites among the Nordic consumers at physical points of sale, especially in Sweden and Finland. In Denmark on the other hand, the national card scheme Dankort dominates, despite losing some ground to mobile payments. Danske Bank will however now offer Dankort with Apple Pay. In Norway too, the Norwegian card scheme Bankaxept is fairly popular, and is also under pressure from mobile payments.

As such, the global brands are encountering increasing competition from mobile payment brands, both national and international. The latter are of course linked to a payment card and currently mostly using the global card schemes. National mobile payment brands have gained considerable ground in Sweden and Norway in recent years, however no larger volumes in physical sales locations. In Sweden, national mobile payment Swish is now decreasing slightly, while Apple Pay is increasing strongly. In Norway, Vipps has also lost some ground to Apple Pay. Google Pay is becoming more popular in both Norway and Denmark, albeit from a low starting point.

(%) Sweden Denmark Norway Finland



Cancelled purchases

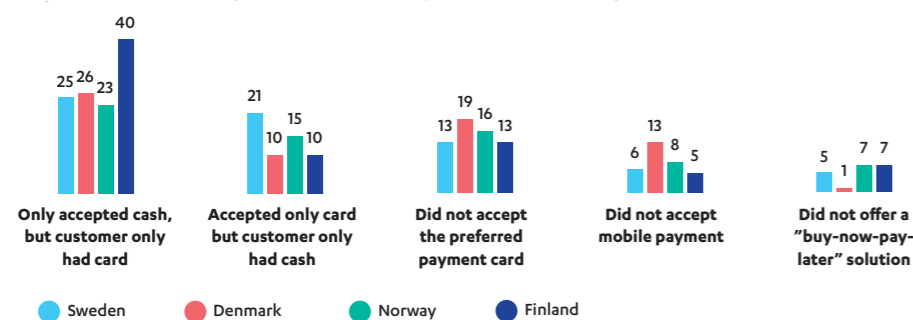
When a consumer abandons their purchase in physical stores because of the payment method, the merchant loses out. The consumer simply goes elsewhere. More than half of all Nordic consumers have cancelled purchases due to this, leading to lost sales for the merchants.

The main reason for cancelled purchases is still that the physical sales location only accepted cash. However, significantly fewer Nordic consumers state that they have cancelled purchases due to this. This is particularly the case in Norway and Finland, where the share has fallen dramatically. This is probably because merchants have realised that only accepting cash is no longer commercially viable.

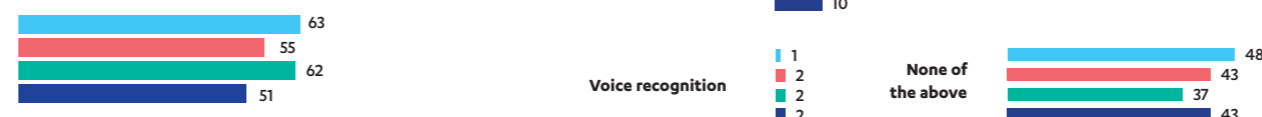
The second main reason is that the merchant only accepted cards but the consumer only had cash. Here, Sweden leads the way with an increasing percentage of such cases, while in Denmark the number has almost halved. In some ways, a battle is still raging between cards and cash, with the latter losing out but still clinging on. Another reason is that the sales location did not accept the specific card that the consumer wanted to pay with, however, small differences compared to last year. The marked increase in instances of mobile payments not being accepted in Finland is probably due to the fact that more consumers have adopted the payment method than actual merchants. Instances of the sales location not having a pay-later solution are decreasing in all countries.

Overall, the most beneficial approach is to offer a wide range of payment methods – as long as they are profitable. As a merchant, it is important to keep a close check on this.

Reasons for cancelled purchases (%)



Customers that cancel purchases due to payment method (%)

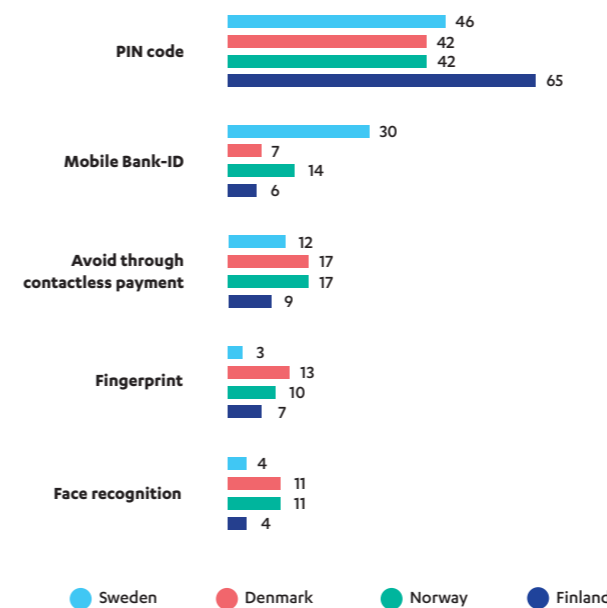


Authentication

Some physical sales locations already verify the identity of consumers biometrically using fingerprints or facial recognition. Although this type of technology will become more and more common, it will take time to really break through. This is because of the costs for the merchants and consumer attitudes.

How purchases are authenticated, i.e. approved by the consumer, is an important part of the payment process. The part of the process must be easy and fast, and of course secure. Biometric technology is developing at pace and becoming better and cheaper. However, for a retail chain with many stores to implement this technology in terms of hardware would be very expensive and time consuming.

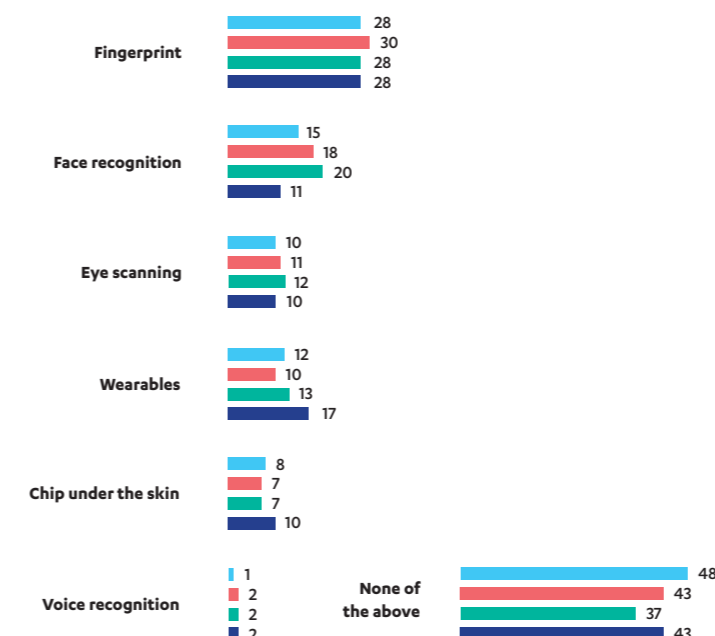
Preferred authentication (%)



The younger generation are as unfamiliar with signing to authorise a purchase as they are with CDs, both of which have been consigned to history. However, most consumers still prefer to use the trusty old PIN code, though not as many as before. The use of mobile bankID, has on the other hand increased due to the national mobile payments, most notably in Sweden and Norway. The use of contactless payments has risen sharply in all countries in recent years, with consumers displaying a strong and growing preference for this method.

There is no doubt that new biometric solutions represent the future when it comes to authentication. There is no code to steal and the method is very secure. Fingerprints and facial recognition, which are already used in physical sales locations – because they are available in many mobile phones – are now roughly equally widespread. This is despite the fact that facial recognition has basically ousted fingerprints as a form of authentication for mobile phones. Smart payment cards with embedded fingerprint readers are also already on the market in the Nordic region and it will be interesting to see how this develops.

Consideration of authentication (%)



Consumers are generally becoming less sceptical about biometric authentication. However, roughly four out of ten consumers still prefer not to use these methods to authorise purchases. This is though a substantial reduction from 2018 as well as a slight decrease from last year. However, unfamiliar consumers and privacy issues are slowing progress. It is vital that the industry is transparent and assures consumers that their biometric data is stored securely and is not shared or used for other purposes.

Fingerprints are still the main technology that consumers can consider using. However, this method is losing some ground to facial recognition. Roughly one in ten consumers would be happy using eye-scanners and wearables, such as smart watches. A slightly smaller and declining share could consider having a chip under their skin. Voice recognition still comes in last – it is one thing to ask Alexa to change your music at home, quite another to loudly use your voice into a machine at the cash register with people around.

Digital receipts

Receipts are also an important part of the payment process. Partly because they are legally required and partly because it is important to be able to show a receipt when exchanging or returning an item. Consumers also increasingly prefer digital receipts over paper receipts. This not only benefits customers but also the merchants and the environment.

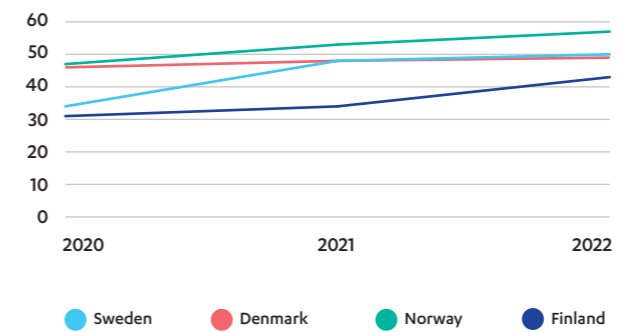
An enormous amount of paper receipts are printed in the Nordic countries each year. We're talking about several billion receipts a year in the Nordics alone, which corresponds to hundreds of thousands of trees and a massive amount of energy. Most of the time, consumers don't even want the receipt and it goes straight in the bin, thrown away by either the cashier or the customer a moment later. Some consumers stuff their wallets with them. It is also easy to lose paper receipts that are important when returning or exchanging an item.

Clearly, digital receipts are the future. And consumers now expect the same digital simplicity for receipts in physical stores that they have come to expect from online shopping. Digital receipts are always easily accessible and cannot be lost in the same way as paper receipts. We can also save a lot of trees and energy if consumers use digital receipts instead of paper ones. It also allows for a better communication channel with customers – with each digital receipt, you can send the customer a relevant message. And why not a members-only offer?

The use of digital receipts will only continue to rise. It is actually a fairly simple change for both retailers and consumers, although there are a number of things that need to be in place from a technical perspective. Consumer behaviour changes rapidly once people learn how well digital receipts work, and this can create new benefits and opportunities for merchants.

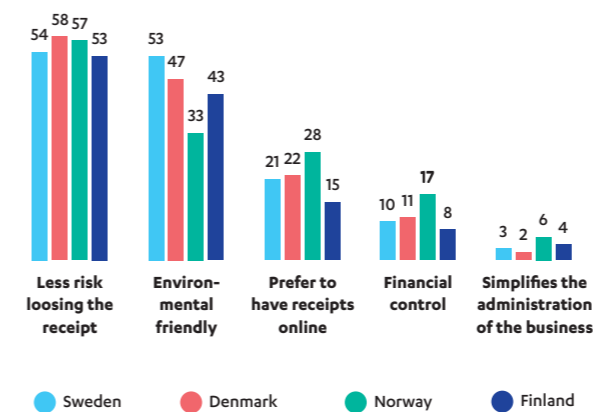
Digital receipts are very popular in the Nordics

Prefer digital receipts (%)



Consumers' preference for digital receipts has increased sharply in the Nordics in recent years. Around half of all consumers now prefer digital receipts to paper receipts. Norway is still in the lead, with a clear majority of consumers preferring digital receipts. In Sweden, the preferring of digital receipts has grown strongly in recent years, and Sweden now has a slight lead over Denmark. Finland is last but has seen a significant increase since last year.

Reasons to prefer digital receipts (%)



To prefer or not to prefer digital receipts

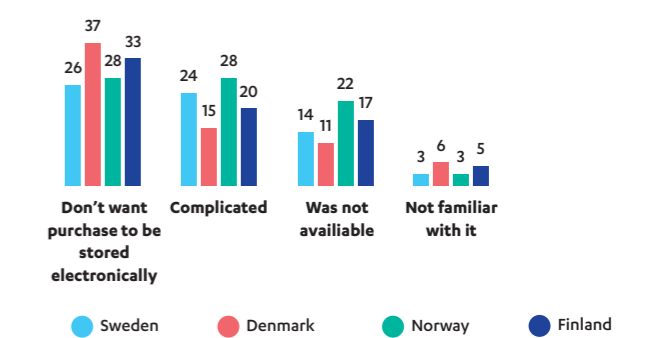
Nordic consumers' biggest reason for preferring digital receipts continues to be that there is no risk of losing them. A majority of consumers in all countries think along the same lines. The second biggest reason is the environmental aspect, which nearly half of consumers consider important. In the Nordics as a whole, Sweden has the most consumers who consider the environmental aspect important, while Norway has the fewest.

Another reason for using digital receipts is that consumers prefer to have everything stored online. To some extent, this is because it gives people better control over their personal finances. A small percentage of consumers also prefer digital receipts because they make business administration easier – digital receipts can be easily sent to their company's finance department.

However, there are reasons why some Nordic consumers still prefer paper receipts. The biggest reason by far is still that they don't want their purchases to be stored electronically – an important privacy issue. Suppliers must ensure that the digital receipt information is stored securely and is not used for other purposes. Consumer trust is key.

Additional reasons are that consumers perceive digital receipts as cumbersome, which is only natural because they are still new and unfamiliar. However, the number of merchants not offering digital receipts is decreasing in all countries, as is the percentage of consumers who don't know what digital receipts are.

Reasons not to prefer digital receipts (%)



Storebox makes it easy to implement digital receipts

You can easily implement digital receipts with Storebox, which is part of Nets and the only supplier of digital receipts available in all Nordic countries.

Storebox's digital receipt solution is easy to integrate into payment systems. Customers provide their phone number when they register. Then, they can be identified in the store via the payment card registered in the system. The service also works with certain mobile payment solutions such as Apple Pay and Google Pay.

This solves the most important problem with digital receipts – knowing where to send the receipt without having to spend time asking customers for email addresses. The system seamlessly takes care of both identification and delivery of the receipt in the background, without the cashier's involvement. Customers receive their receipts via an app in real time. It is also possible to include attachments such as warranty documents or product user manuals, and stores can add images in their messages along with the receipt.

With digital receipts a lot of energy and trees can be saved.

Loyalty solutions

Loyalty solutions i.e. memberships and customer clubs with bonus points and special offers, are extremely popular among Nordic consumers. Both merchants and customers benefit – they receive discounts or offers and thus more likely return.

In the Nordics, nearly all consumers have signed up for at least one loyalty programme with a physical merchant. These days, competition is increasingly fierce and commerce is more fragmented than before, making loyal customers worth gold. Loyalty programmes have become an important strategic issue, often demanding the attention of executive management. As more and more companies offer both physical and online shopping, a holistic view of loyalty programmes has also become important.

Loyalty programmes no longer depend on customers providing a long number at the cashier, handing over identification, physical stamp cards or other separate plastic cards. These old-fashioned solutions are neither convenient for customers nor cost-effective for merchants. Customers can use an app or the payment card that they have linked to the loyalty programme. This makes the payment

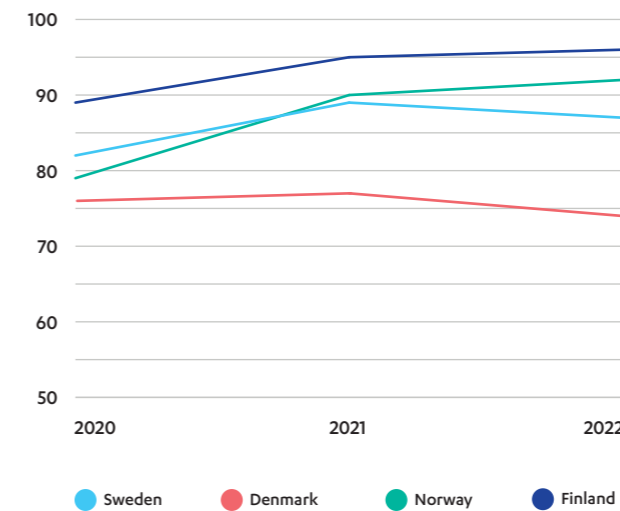
experience smoother, and the bonus is registered directly when making their purchase. This also reduces costs by avoiding the need for distribution and management of separate membership cards or other solutions. The increasing use of mobile payments is also a driving force for integrated loyalty solutions, as consumers often only have their mobile phone with them.

Most large grocery stores now have solutions where they have the loyalty solution integrated with the payment card. Other types of businesses – everything from retail to petrol stations – are also implementing this. But there are still many merchants that are lagging behind in the loyalty mindset and are consequently not utilizing the benefits.

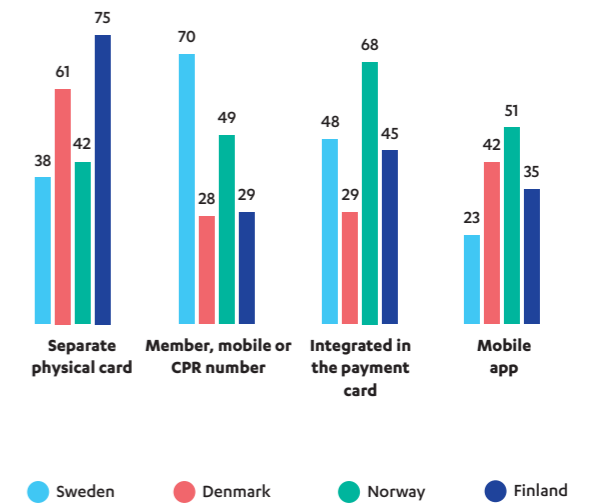
Modern loyalty platforms, which can be integrated across multiple sales channels – a seamless loyalty solution – are much more beneficial for customers. It also provides opportunities for merchants to gather valuable information. For instance, the customer data from various sales channels can be collected and used to evaluate customer behaviour and analyse customer segments, as well as gather information about what the customers think of the products or services. Merchants that offer a modern solution gain valuable opportunities to create even more loyal customers and save money with more cost-effective solutions.

In the increasingly tougher competition, loyal customers are worth gold. Loyalty programs have thus become an important strategic issue.

Have a loyalty solution (%)



Type of loyalty solution (%)



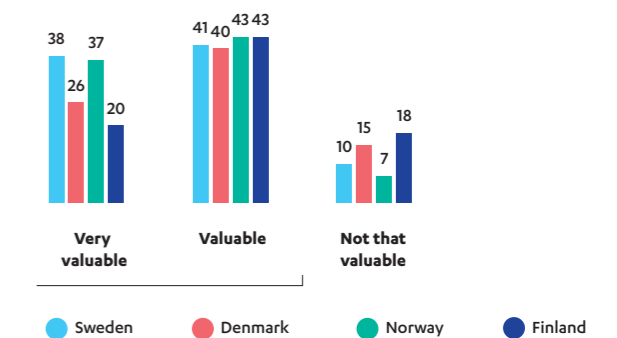
Loyalty solutions are very well established and popular with the Nordic consumers. Usage has increased in recent years and virtually all consumers now have this, with the exception of Denmark. But nearly nine out of ten Nordic consumers have at least one loyalty solution, and two-thirds use several. Overall, this adds up to more than ten million consumers in the entire Nordic region.

The modernisation of loyalty solutions has gained momentum in recent years in the Nordic region. These days, solutions that are integrated into payment cards are about as widely used as traditional solutions, i.e. separate physical cards or where you provide a membership number. These modernised loyalty solutions create a significantly smoother payment experience for consumers and provide good benefits for merchants. However, developing an own app can be complicated and expensive.

A simple solution where bonus points are registered instantly is considered valuable

Around seven out of ten Nordic consumers value loyalty solutions where the bonus points are registered at the time they make the payment, i.e. loyalty solutions that are fully integrated with the payment method. A third of consumers value this very highly. It is a clear increase from 2018 and there is no doubt that consumers appreciate these more modernised solutions.

Values instant registration of bonus point regardless of payment method (%)



Three tips for creating effective loyalty programmes

1. Make loyalty seamless

The first and most important step is tokenisation, which means linking the purchase to the customer – preferably via their primary payment method such as card. By implementing a platform that enables this, retailers can scrap separate loyalty cards or long membership numbers and create a truly unified solution with loyalty across all channels. This also provides retailers with valuable data about customers’ shopping behaviour.

2. Create a community

By uniting customers around common interests, you can create an even stronger and more engaging loyalty programme. This requires a platform that makes it possible for customers to get involved, for instance by sharing their experiences and benefitting from other customers’ tips, thoughts and reviews. Creating a sense of purpose in the loyalty programme can also deepen the sense of belonging and increase members’ emotional connection to the brand.

3. Use data to personalise the experience

Merchants can use data from both sales channels to personalise and customise the loyalty solution for their members, which in turn strengthens loyalty. This can include customised offers that ensure satisfied customers – but with a strong focus on data integrity, ensuring that customers only experience benefits from the data collected about their purchasing patterns.



nets::

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