

# HOW OFFERING BNPL AND DIGITAL WALLET

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December 2024 Report

PYMNTS  
INTELLIGENCE



# HOW OFFERING BNPL AND DIGITAL WALLET CAN DRIVE eCOMMERCE SALES GROWTH



How Offering BNPL and Digital Wallets Can Drive eCommerce Sales Growth was produced in collaboration with Adobe, and PYMNTS Intelligence is grateful for the company's support and insight. [PYMNTS Intelligence](#) retains full editorial control over the following findings, methodology and data analysis.

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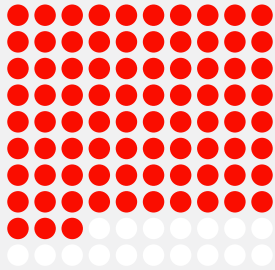


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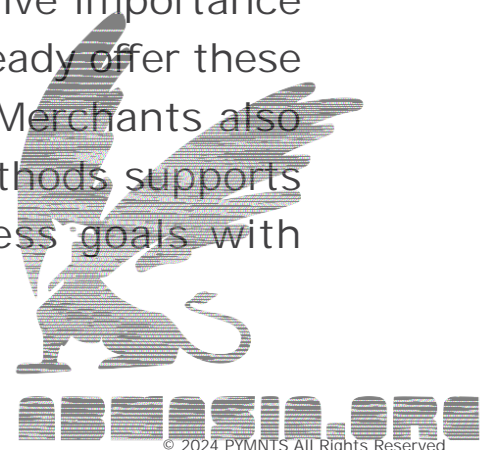
# WHAT'S AT STAKE

**W**hile credit and debit cards still dominate the eCommerce arena, alternative payment methods such as digital wallets and buy now, pay later (BNPL) plans are increasingly becoming popular online payment options due to the ease and convenience they provide. Without the cumbersome process of typing in credit or debit card numbers, the chance that a consumer will complete a purchase increases as well. Consequently, it has become essential for payment processors to offer these alternative payment methods as part of their platforms if they want to keep their customers.

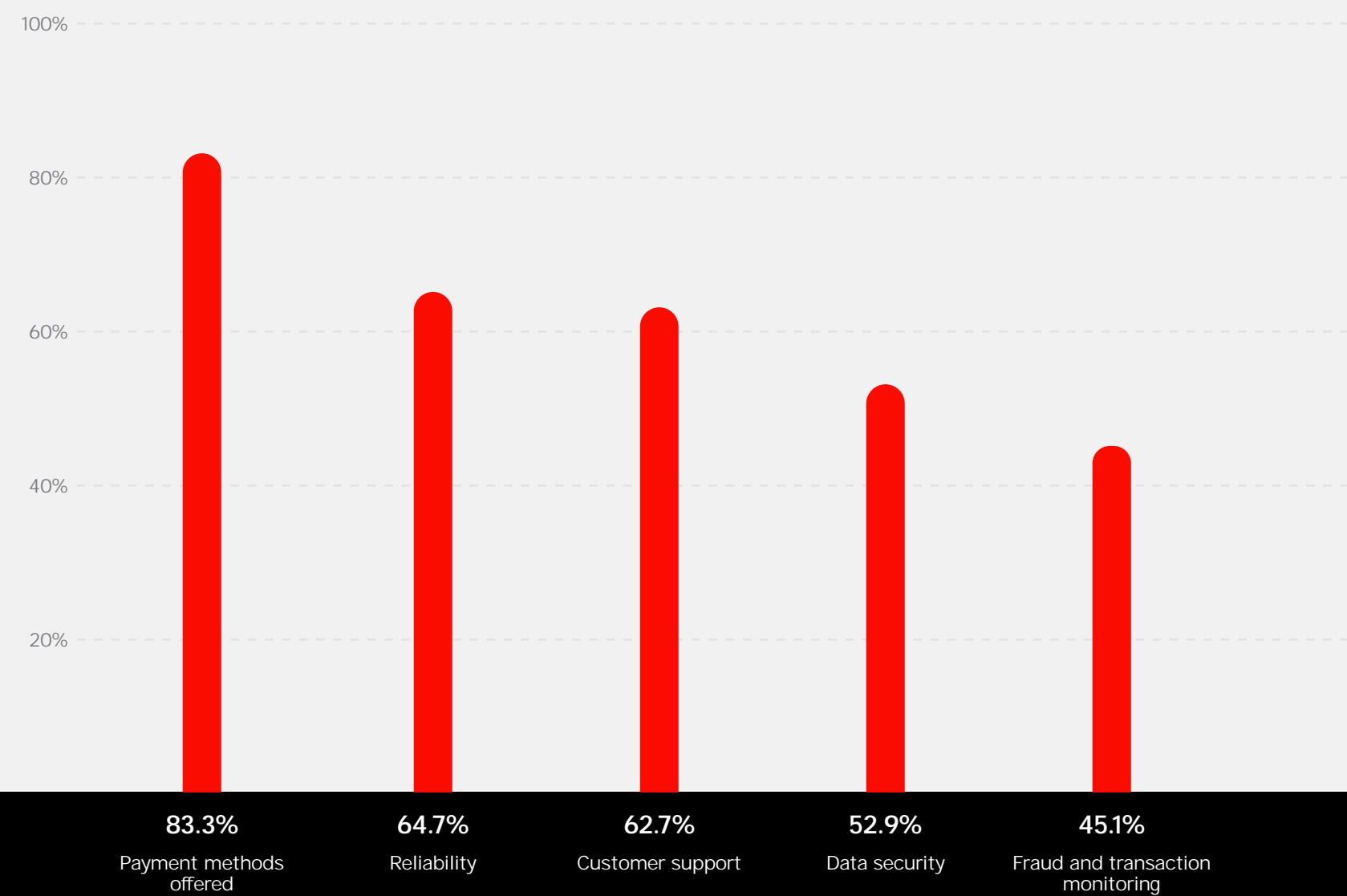
83% 

of merchants **consider the amount of payment methods their processor offers** in their choice of processor.

Most eCommerce merchants prioritize offering digital wallets and BNPL to meet consumer demand, with many willing to switch payment processors to access these options if not currently available. Today, 80% of merchants accept digital wallets such as Apple Pay, Google Pay and PayPal, while 40% provide BNPL options. In fact, 83% of merchants consider the number of payment methods a major factor in selecting a payment processor, underscoring the competitive importance of these options. Although many processors already offer these methods, those that don't risk falling behind. Merchants also recognize that embracing diverse payment methods supports eCommerce revenue growth, aligning business goals with customer preferences.



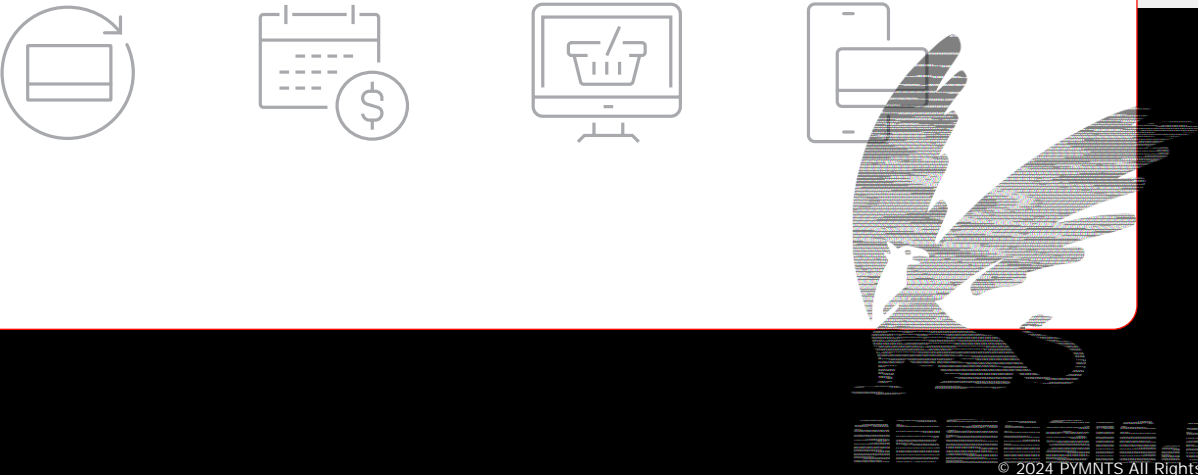
**FIGURE 1**  
**Top factors merchants consider when initially choosing a payments processor**  
Share of merchants citing select factors as important when initially choosing a payments processor



Source: PYMNTS Intelligence  
How Offering BNPL and Digital Wallets Can Drive eCommerce Sales Growth, December 2024  
N = 102: Complete merchant responses, fielded Sept. 25, 2024 – Oct. 10, 2024

How Offering BNPL and Digital Wallets Can Drive eCommerce Sales Growth, a PYMNTS Intelligence and Adobe collaboration, explores the growing need for eCommerce merchants and their payment processors to enable online shoppers to use payment methods such as digital wallets and BNPL when making purchases. We surveyed 102 executives at firms that sell directly to consumers through eCommerce channels between Sept. 25 and Oct. 10 on how meeting consumer demand for alternative payment methods helps them grow their businesses. Our respondents included firms in manufacturing, wholesale trade or retail trade that generate annual revenues ranging from less than \$25 million to more than \$100 million.

**This is what we learned.**

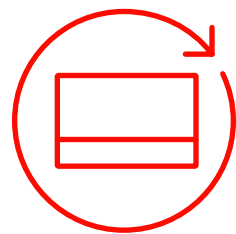


# KEY FINDINGS

01

## DEMAND FOR OPTIONS

Offering a wide variety of payment methods is a must for payment processors since most merchants will switch for better options.



# 63%

Share of merchants that say they would switch their payment processor if it were unable to accept some forms of payment

02

## FALLING BEHIND

While most merchants offer alternative payment methods, such as digital wallets and BNPL, smaller firms tend to offer BNPL less often.



# 33%

Share of merchants generating annual revenues of less than \$50 million that offer BNPL as a payment option, compared to 55% of firms generating more than \$100 million in revenue

03

## BETTER CONVERSION

Merchants that offer alternative payment methods have more eCommerce sales, with small merchants showing the biggest improvement in conversion rates.



# 97%

Share of merchants generating annual revenues of less than \$25 million that say offering payment alternatives has increased their eCommerce sales

04

## POPULARITY QUOTIENT

Merchants offer alternative payment methods to meet consumer demand, signaling how essential it is to offer popular methods to boost sales.



# 93%

Share of merchants reporting that popularity among consumers is a benefit when offering PayPal, compared to 39% that say the same about debit cards



# THE FULL STORY

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Online shoppers value the ease and convenience of alternative payment options, resulting in higher conversion rates and more sales.

Offering a wide variety of payment methods is a must for payment processors, as most merchants will switch for better options.

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While merchants consider many factors when choosing a payment processor, they make the payment methods offered a priority. Data shows 83% of merchants cite available payment methods as important when choosing a payments processor, with one-third saying it is the most important factor. In fact, at 88%, merchants generating less than \$25 million in revenue are most likely to say the payment methods a processor offers are important in their choice. These small firms are also most likely to cite customer support as important when choosing a payments processor. This suggests that small firms rely on alternative payment methods to drive sales, yet they may need additional support to be successful.



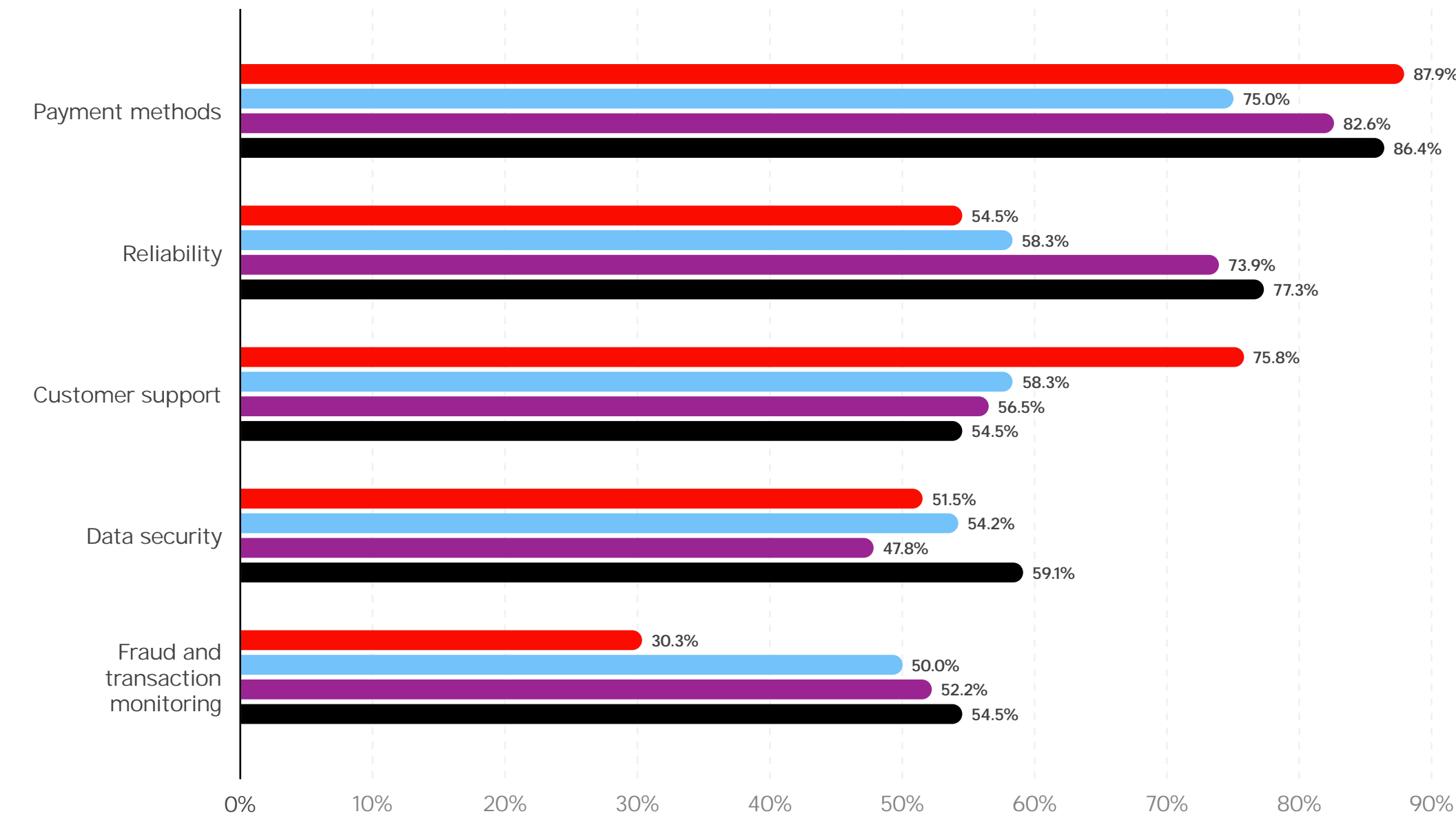


FIGURE 2

Top five factors merchants consider when initially choosing a payments processor

Share of merchants citing select factors as important when choosing a payments processor, by annual revenue

- Less than \$25M
- Between \$25M and \$50M
- Between \$50M and \$100M
- More than \$100M

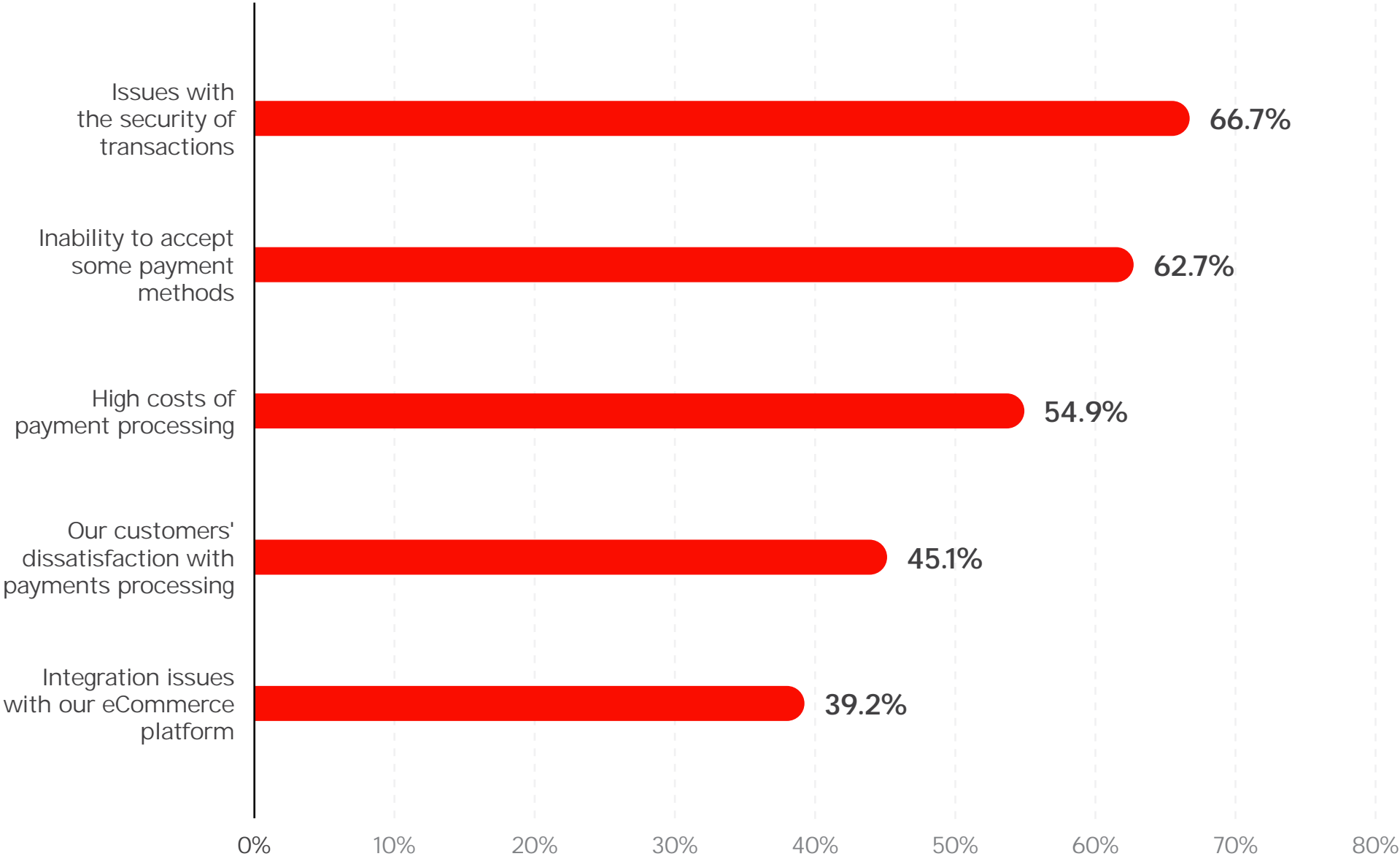


Not only do merchants consider payment method availability when initially choosing a payment processor, but 63% of merchants would consider switching their payment processor if it were unable to accept some payment methods. Although data security was not a top priority in attracting merchants to a processor, it is the top reason merchants would leave a processor, with 67% of merchants citing this reason. The largest companies, those generating more than \$100 million in annual revenue, are most likely to leave a processor because of security issues, with 77% stating this could make them consider switching. Customer experience also matters, with 45% of merchants reporting they would switch if consumers did not like the processing.





**FIGURE 3**  
**Top five reasons merchants consider switching to a new payment processor**  
Share of merchants citing select factors that would most likely make them consider switching to a new payment processor



Source: PYMNTS Intelligence  
How Offering BNPL and Digital Wallets Can Drive eCommerce Sales Growth, December 2024  
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77%

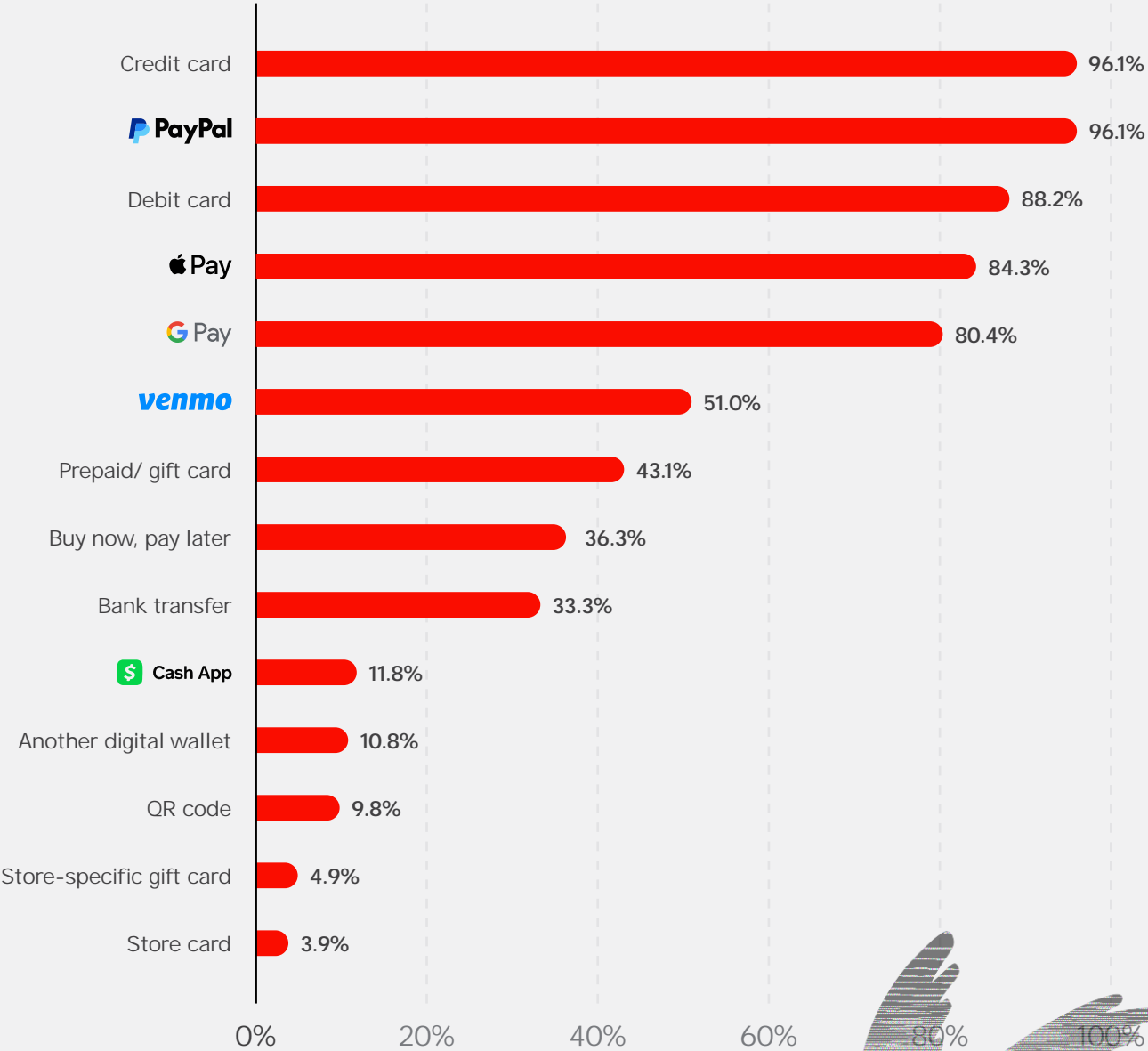
of merchants generating more than \$100 million in revenue **cite security issues as a factor that would most likely make them switch payment processors.**



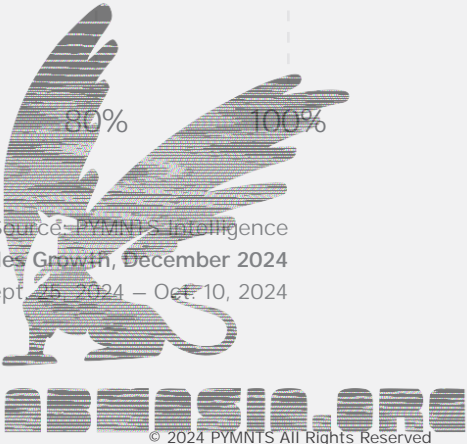
# Most merchants offer alternative payment methods, such as digital wallets and BNPL, though smaller firms offer BNPL less often.

Accepting digital wallets has become the norm for eCommerce merchants. Almost all merchants surveyed (96%) accept PayPal, while most accept Apple Pay (84%) and Google Pay (80%). Merchants are equally likely to accept PayPal as they are credit cards — an indication of the increasing role of digital wallets in online purchases. In contrast, just 36% of eCommerce merchants offer their customers a form of BNPL other than PayPal. These findings suggest that while credit and debit cards remain a common way to pay for online purchases, consumers are increasingly interested in alternative methods.

**FIGURE 4**  
**Payment methods merchants accept**  
Share of merchants that accept select payment methods for sales to individual customers via their website or mobile app



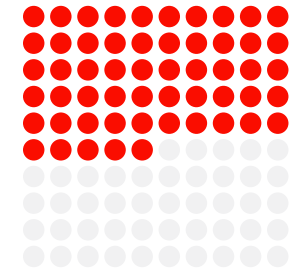
Source: PYMNTS Intelligence  
How Offering BNPL and Digital Wallets Can Drive eCommerce Sales Growth, December 2024  
N = 102: Complete merchant responses, fielded Sept. 25, 2024 – Oct. 10, 2024



As already noted, merchants are interested in offering their customers a number of payment methods and choose payment processors with that in mind. Data shows that, on average, large companies offer about one more payment method than small companies. While merchants generating more than \$100 million in annual revenue offer an average of 6.8 payment methods, those generating less than \$25 million in annual revenue offer 5.9.

Small companies accept digital wallets at the same rate as large companies, but they are about 40% less likely to offer BNPL. Currently, 55% of merchants generating more than \$100 million in annual revenue offer BNPL, compared to just 33% of firms generating less than \$25 million in revenue. These findings suggest many small merchants may not have the resources to add BNPL to their payment method stack and may need to work closely with payment processors to offer that option.

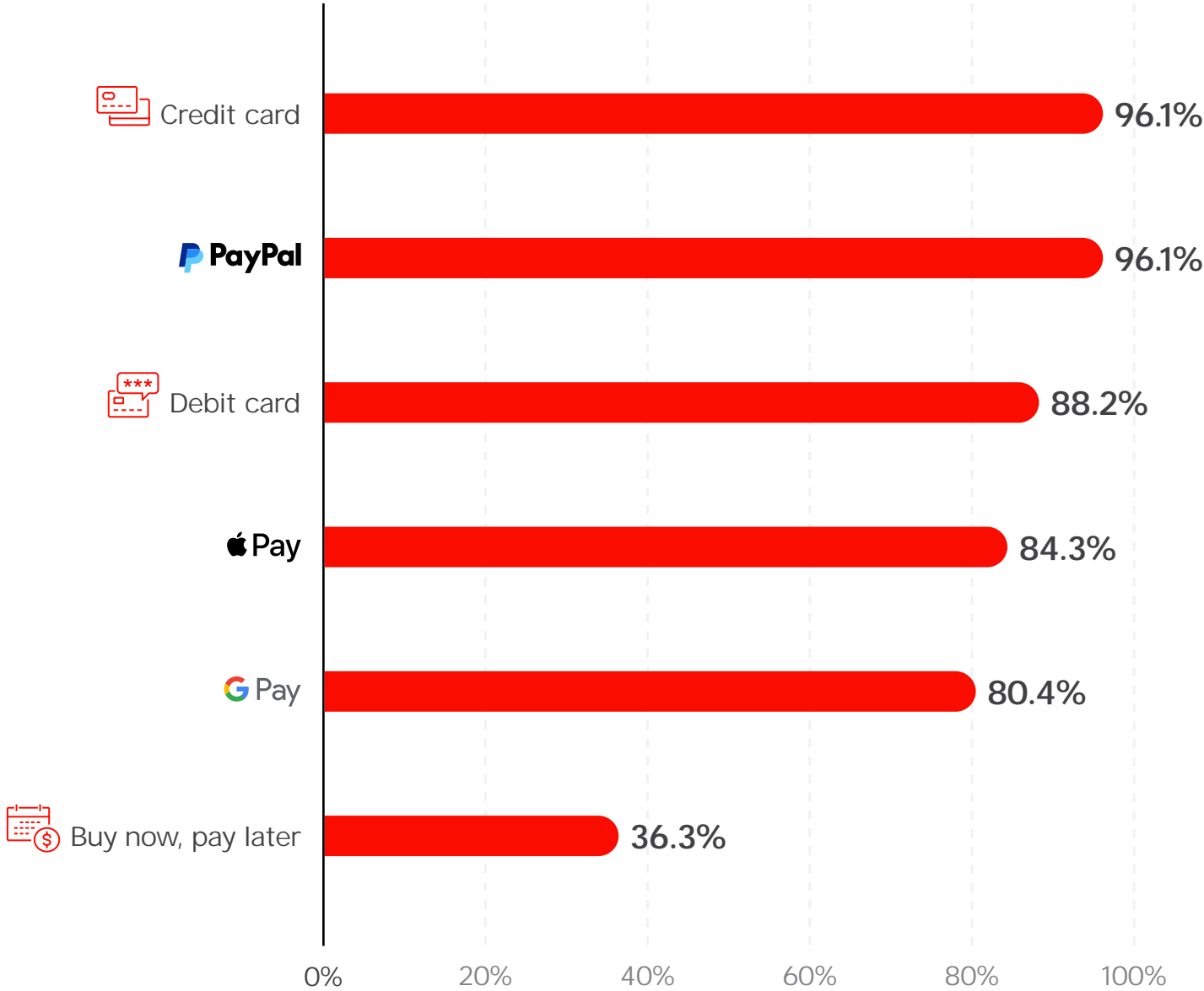
# 55%



of merchants generating more than \$100 million in annual revenue **offer BNPL.**

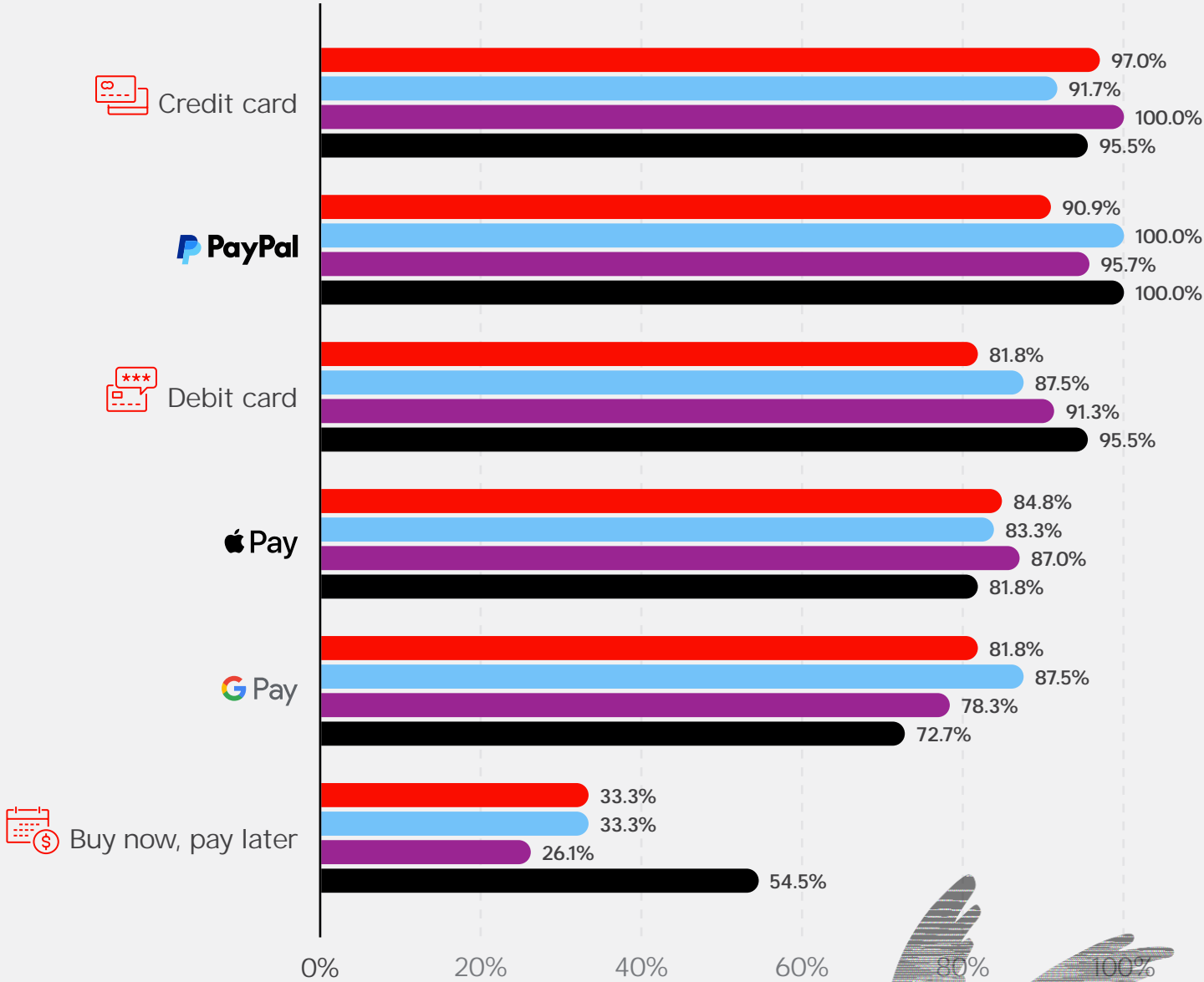


**FIGURE 5A**  
**Payment methods available to customers**  
Share of merchants that make select payment methods available to customers



Source: PYMNTS Intelligence  
How Offering BNPL and Digital Wallets Can Drive eCommerce Sales Growth, December 2024  
N = 102: Complete merchant responses, fielded Sept. 25, 2024 – Oct. 10, 2024

**FIGURE 5B**  
**Payment methods available to customers**  
Share of merchants that make select payment methods available to customers, by annual revenue



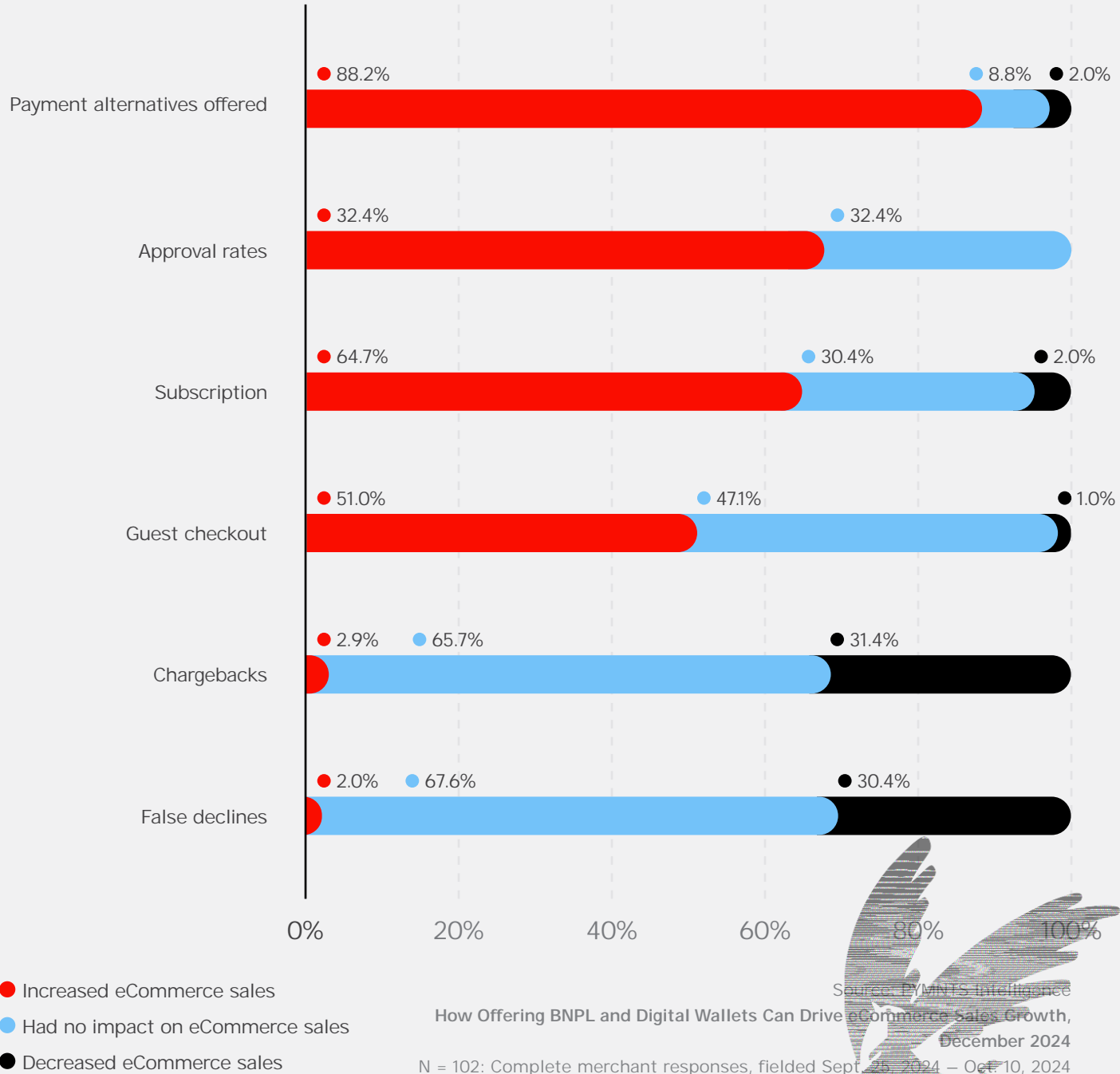
● Less than \$25M  
● Between \$25M and \$50M  
● Between \$50M and \$100M  
● More than \$100M

Source: PYMNTS Intelligence  
How Offering BNPL and Digital Wallets Can Drive eCommerce Sales Growth, December 2024  
N = 102: Complete merchant responses, fielded Sept. 25, 2024 – Oct. 10, 2024

# Merchants that offer alternative payment methods have more eCommerce sales.

PYMNTS Intelligence data suggests that offering alternative payment methods, including digital wallets and BNPL, has a direct impact on merchants' conversion rates. These methods increase eCommerce conversion more than other checkout features, such as offering subscriptions for regularly purchased products or guest checkout. In fact, offering alternative payment methods is 36% more likely to increase eCommerce sales than offering subscriptions and 73% more likely than offering guest checkout. Merchants generating revenues of less than \$25 million were the most likely to report all checkout features had a positive impact on sales, suggesting the smallest businesses make good use of all checkout features.

**FIGURE 6**  
**How checkout features impact eCommerce sales**  
Share of merchants describing how select checkout features impacted eCommerce sales to customers in the last 12 months



# 77%

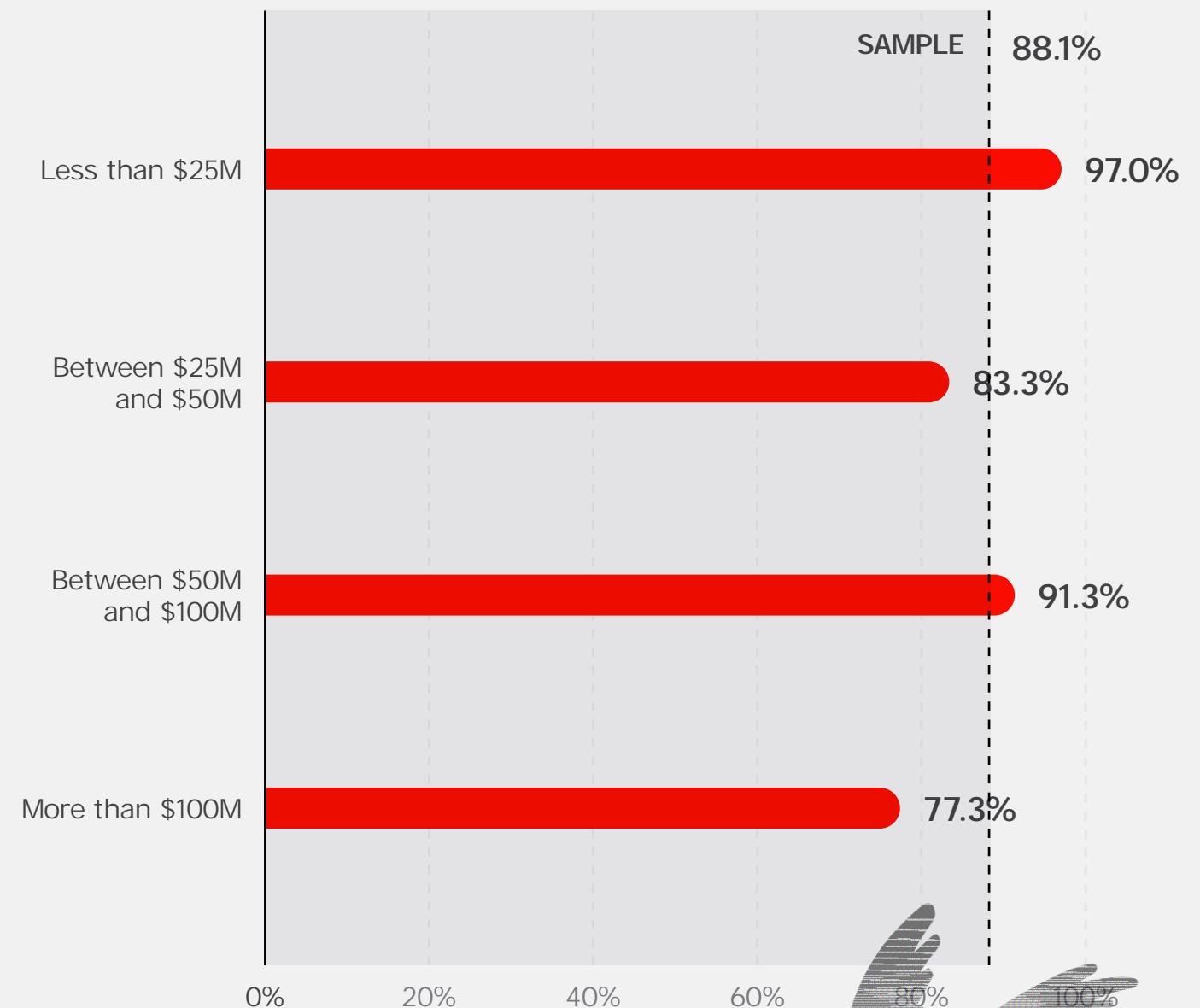
of merchants generating more than \$100 million in annual revenue **say accepting alternative payment methods increased their eCommerce sales** over the last 12 months.

A deeper dive into merchant sales shows a correlation between offering payment alternatives and higher merchant revenue — for small firms especially. While all merchants report that offering payment alternatives increased their eCommerce sales over the past 12 months, doing so had the largest positive impact among small merchants. Merchants generating less than \$25 million in revenue are 25% more likely to report that offering payment alternatives increased their sales than those generating more than \$100 million. These findings highlight how central alternative payment method acceptance is to small merchants' sales and revenue growth.

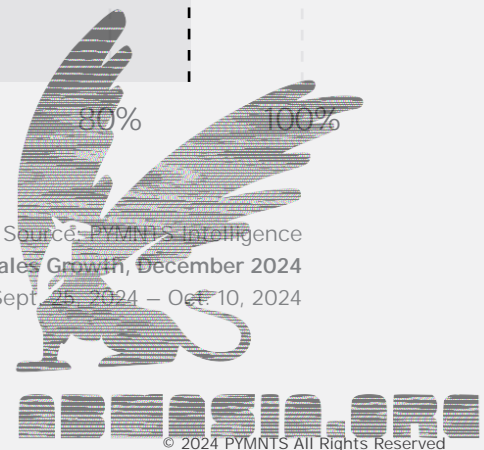
FIGURE 7

**Alternative payment methods increase eCommerce sales**

Share of merchants citing alternative payment methods increased eCommerce sales over the past 12 months, by annual revenue



Source: PYMNTS Intelligence  
How Offering BNPL and Digital Wallets Can Drive eCommerce Sales Growth, December 2024  
N = 102: Complete merchant responses, fielded Sept. 25, 2024 – Oct. 10, 2024





Merchants offer alternative payment methods to meet consumer demand, signaling how essential it is to offer popular methods to boost sales.

Consumer demand for alternative payment methods drives merchant adoption. Convenience and consumer preferences are important factors for more than half of merchants reporting that alternative payment methods are among their top three payment methods for individual consumers purchasing on a website or mobile app. As seen in Figure 8, merchants are most likely to say they accept PayPal because they consider it a popular payment method among consumers, followed by Google Pay. Merchants are also 2.4 times more likely to consider popularity among consumers when offering PayPal compared to debit cards, which only 39% of merchants see as popular with consumers. Only 64% of merchants say they accept Apple Pay due its popularity among consumers, yet 75% cite the ease of use and convenience Apple Pay provides consumers.

93% 

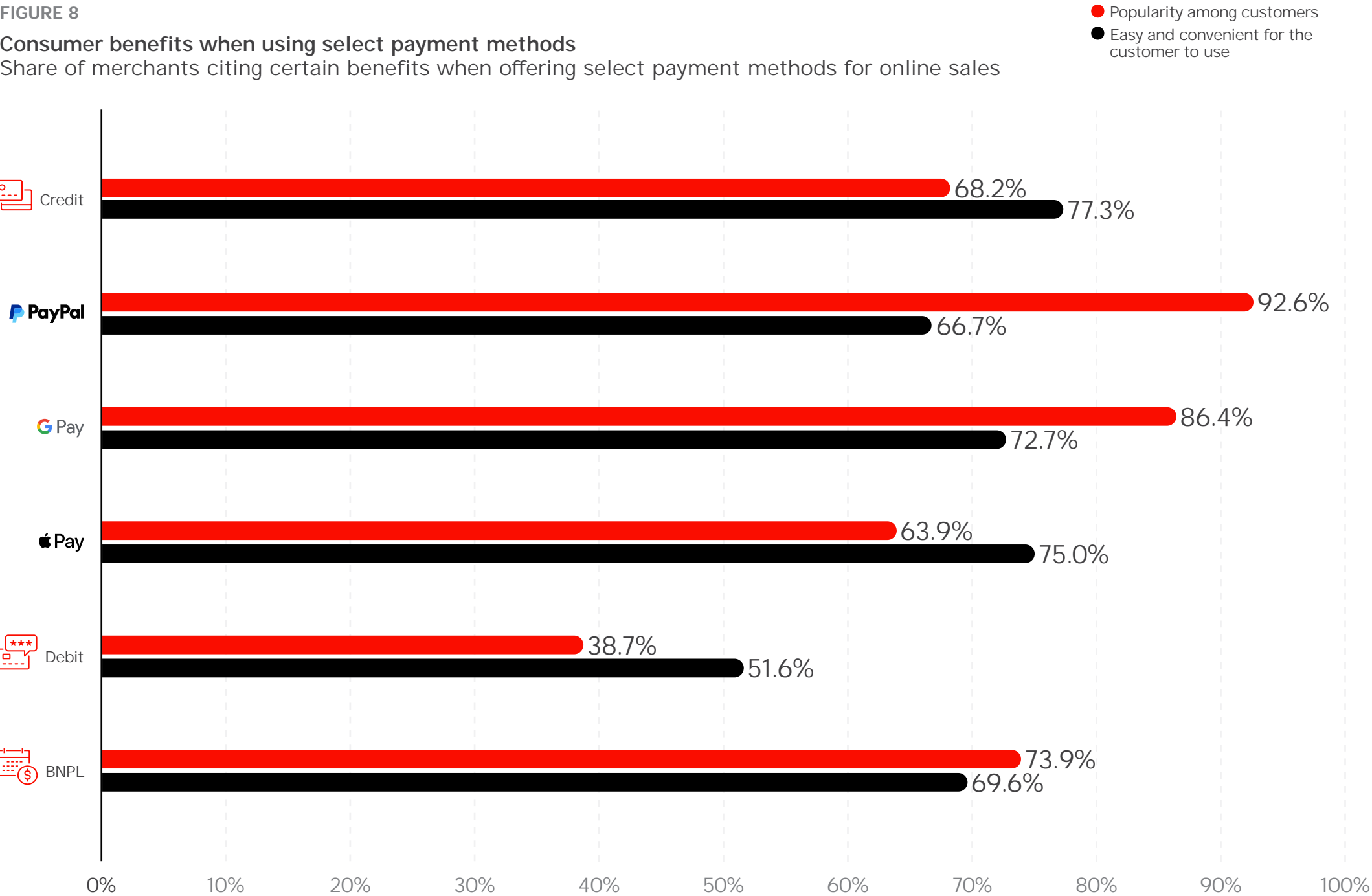
of larger merchants who offer BNPL say **its popularity among consumers is a benefit.**

When it comes to BNPL, merchants note they benefit from its popularity among consumers and its ease of use and convenience at similar rates. There do not appear to be large differences in the benefits of accepting alternative payment methods across revenue brackets. One exception is that large companies, at 93%, are more likely to report that BNPL's popularity among consumers is a benefit than small companies, at 44%. Overall, these findings showcase how essential it is for payment processors to offer these methods so merchants can boost their sales.



FIGURE 8

Consumer benefits when using select payment methods  
Share of merchants citing certain benefits when offering select payment methods for online sales

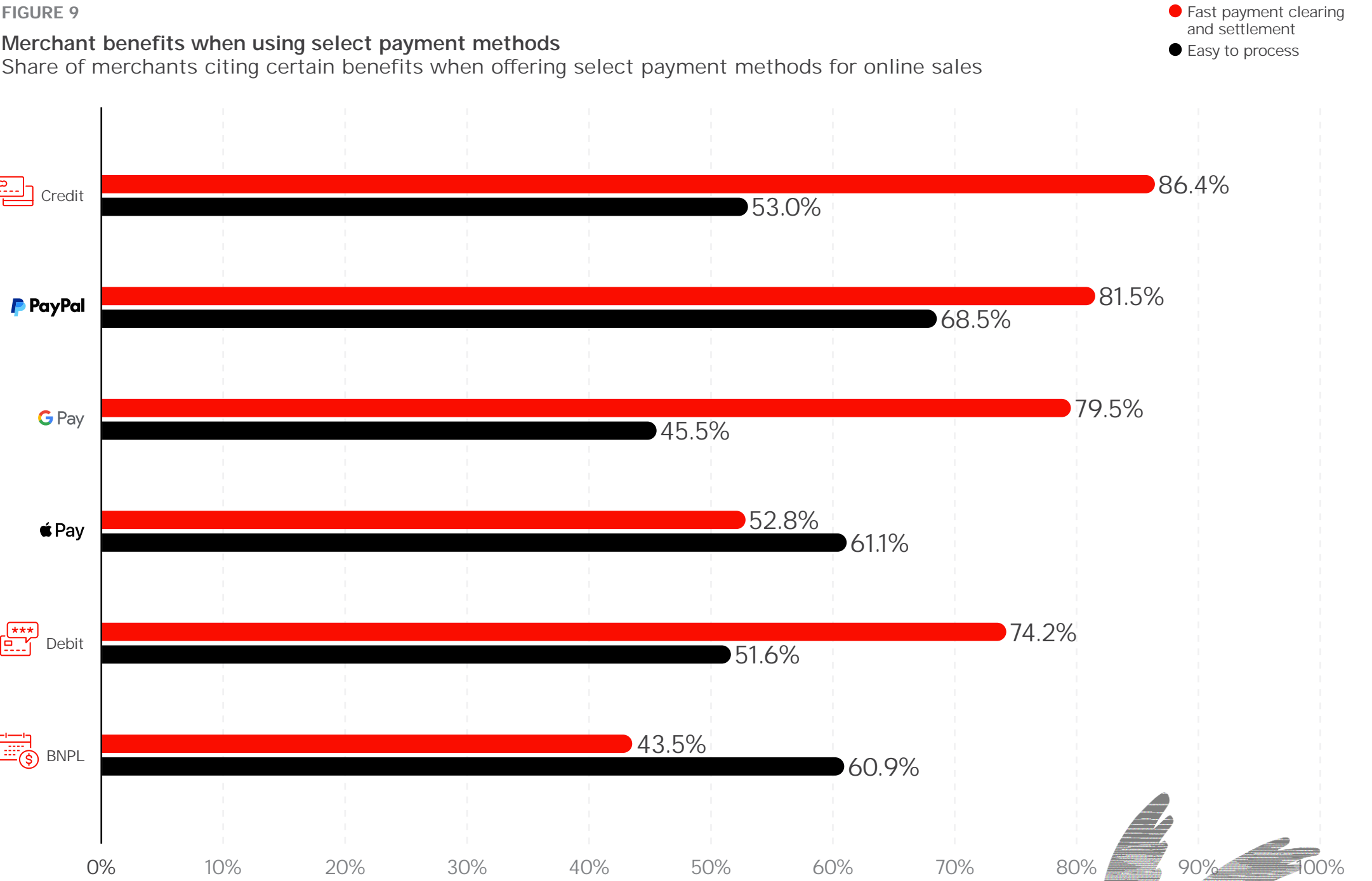


75%  
of merchants  
cite the ease  
and convenience  
of Apple Pay as  
a benefit of offering  
the payment method.

Source: PYMNTS Intelligence  
How Offering BNPL and Digital Wallets Can Drive eCommerce Sales Growth, December 2024  
N varies and represents merchants that cited select payment methods among their top three payment methods for sales to consumers using eCommerce channels, fielded Sept. 25, 2024 – Oct. 10, 2024

Merchants also report benefits for themselves when accepting alternative payment methods. About half report that alternative methods are easy to process, with more merchants reporting that PayPal, Apple Pay and BNPL are easier to process compared to credit and debit cards. However, at 86%, credit is still on top in terms of speed for clearing and settlement. In contrast, 82% of merchants state PayPal has fast payment clearing and settlement, and 80% say the same for Google Pay.

The data shows mostly minor differences between the shares of merchants across revenue brackets citing the benefits of accepting alternative payment methods. Interestingly, merchants are 2.4 times more likely to cite popularity among consumers as a reason to offer PayPal compared to other digital wallets like Google Pay and Apple Pay. These findings suggest that both merchants and consumers benefit when merchants accept alternative payment methods.



Source: PYMNTS Intelligence  
How Offering BNPL and Digital Wallets Can Drive eCommerce Sales Growth, December 2024  
N varies and represents merchants that cited select payment methods among their top three payment methods for sales to consumers using eCommerce channels, fielded Sept. 25, 2024 – Oct. 10, 2024

# DATA FOCUS

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Concerns about the time and money required are preventing merchants from switching processors.

Payment processors that can convince merchants that switching processors will require little time and investment may be able to gain more market share.

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Switching processors can be costly for merchants, and this is the biggest inhibitor when merchants consider switching processors. In fact, 59% of merchants cite the time required for implementation as a factor reducing their likelihood of switching to a new payment processor, with 14% saying it is the most important factor. Another 49% cite high implementation costs as a factor, with 24% saying it is the most important factor in their decision to switch payment processors.

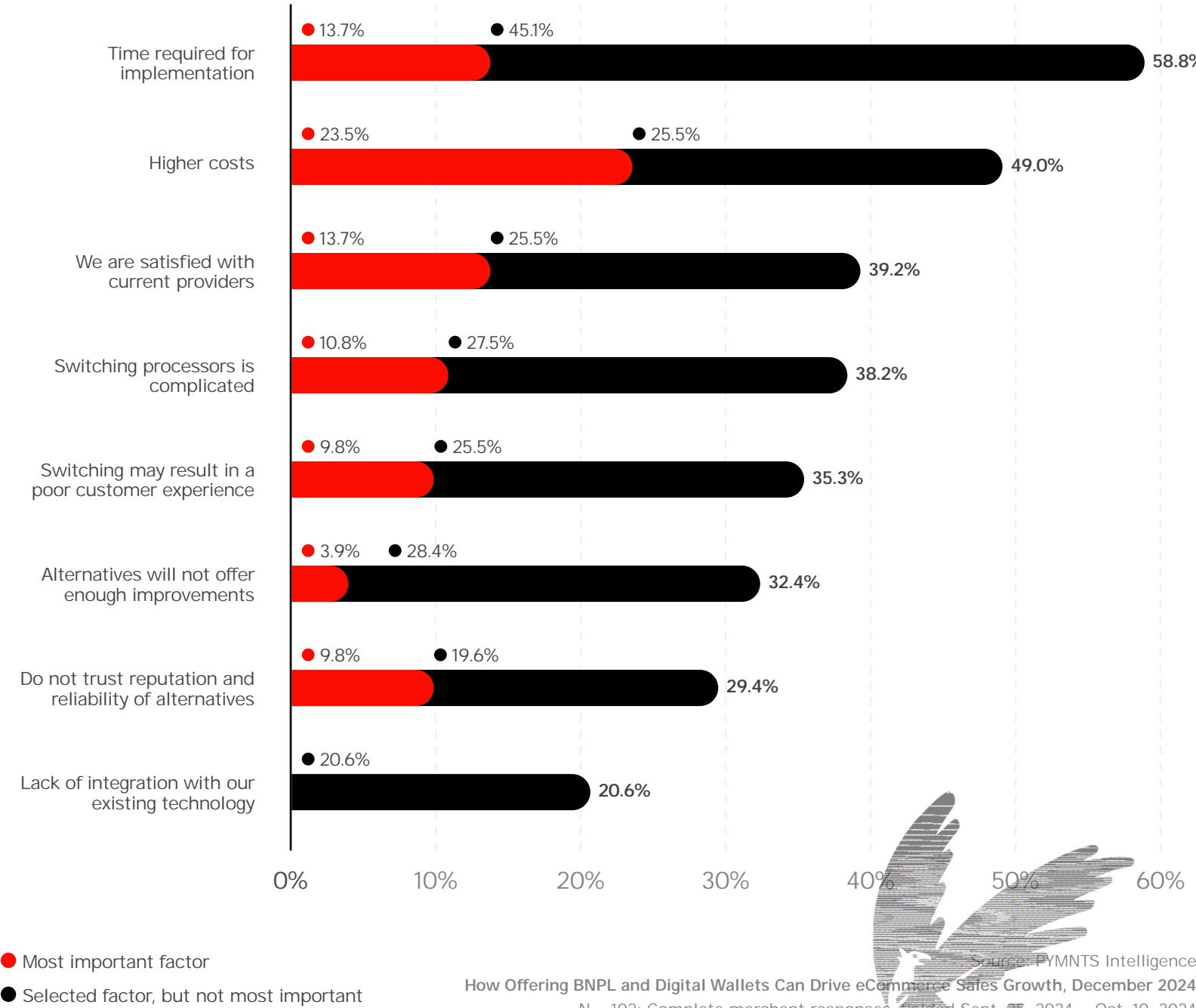


24%

of merchants cite **high costs related to switching** as the most important reason preventing them from changing payment processors.

Among revenue brackets, merchants generating between \$25 million and \$50 million are the most likely to report that both time and money are factors inhibiting their switch to a new payment processor. While 83% say the time required for implementation is a factor, 75% cite the high cost, suggesting these smaller merchants may have limited resources to switch to a new payment processor. Payment processors looking to gain more market share need to convince merchants that the time and financial investment will either be low or that the long-term gain will be worth the short-term costs.

**FIGURE 10**  
**Top factors inhibiting the likelihood of merchants to switch payment processors**  
Share of merchants citing select factors inhibiting the likelihood they will switch to a new payment processor, by level of importance



# ACTIONABLE INSIGHTS



## 01

Merchants consider payment method availability the top priority in their choice of payment processor, so much so that they will switch payment processors if they are unable to accept some forms of payment. Smaller online merchants value payment method availability the most in their choice of processor — a fact payment processors cannot ignore when marketing to this segment.



## 02

Most merchants now accept alternative payment methods, such as digital wallets and BNPL. Smaller firms match larger ones in offering digital wallets but fall behind in BNPL offerings. This suggests that payment processors serving smaller firms should add BNPL support to their platforms. Moreover, small firms not offering BNPL are missing an opportunity to meet the growing consumer demand for this payment method.



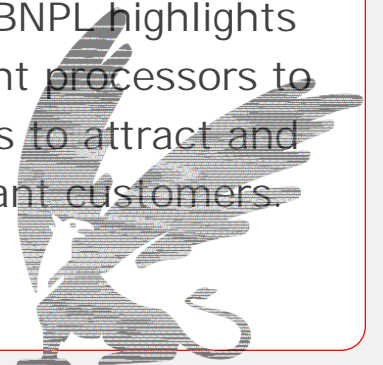
## 03

Merchants that accept alternative payment methods have more eCommerce sales. Small merchants that offer these methods have the biggest improvement in their conversion rates. In fact, the smallest businesses are the most likely to report all checkout features had a positive impact on their sales. These findings highlight the importance of payment method availability and other advanced features to small firms.



## 04

Consumer demand is a driving factor in merchants' acceptance of alternative payment methods. The popularity of these payment methods and the convenience they provide are important factors more than half of merchants consider when adding alternative payment methods to their online platforms. The role of consumer demand for digital wallets and BNPL highlights the need for payment processors to offer these methods to attract and retain their merchant customers.



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# HOW OFFERING BNPL AND DIGITAL WALLETS

## METHODOLOGY

**H**ow Offering BNPL and Digital Wallets Can Drive eCommerce Sales Growth, a PYMNTS Intelligence and Adobe collaboration, explores the growing need for eCommerce merchants and their payment processors to enable online shoppers to use alternative payment methods, such as digital wallets and BNPL, when making a purchase. We surveyed 102 executives at firms that sell directly to consumers through eCommerce channels between Sept. 25 and Oct. 10 on how meeting consumer demand for alternative payment methods helps them grow their businesses. Our respondents represented firms in manufacturing, wholesale trade or retail trade and generate annual revenues ranging from less than \$25 million to more than \$100 million.

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December 2024 Report

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# ABOUT

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