



Uniquely Yours

Smooth Sailing

Enabling Frictionless Payments



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Introduction



Leveraging industry research, data, and perspectives from JCB, the global payments network, and its key acquiring partner in numerous regions, Worldline, a leader in payment services, this guide examines the key considerations for a seamless payment experience. With a specific focus on Asian consumers and U.S. merchants, it examines the opportunities and challenges of frictionless payments, empowering businesses to thrive now and in the future.

We all appreciate life's little shortcuts, like benefiting from a clean run of green lights on your daily commute, or finding a new checkout open at the grocery store. Conversely, added hurdles create frustration. Payments are no different, especially during economic uncertainty.

The global e-commerce market offers substantial growth opportunities. While \$3.9 trillion was processed in frictionless payments globally in 2020, that figure is dwarfed by the \$8 trillion projected for 2024. Frictionless payments are thus crucial to modern commerce. Consumers expect streamlined experiences, and these payments fuel global economies.ⁱ Unsurprisingly, 69% of U.S. SMBs want faster checkout times.ⁱⁱ

JCB's rising transaction volume indicates a growing demand for frictionless payments among our Asian cardmembers. This mirrors the broader Asia Pacific (APAC) trend, with the contactless payment market projected to grow 22.4%.ⁱⁱⁱ JCB's contactless transactions show continued momentum, though further growth potential exists.

A smooth, frictionless payment experience can unlock the APAC market for U.S. merchants, attracting both tourists and online shoppers. This can reduce cart abandonment, foster customer loyalty, and ultimately increase revenue.

However, simply eliminating checkout steps isn't the solution. Balancing a seamless experience with robust security is crucial for building a safe and trustworthy payment process.

Worldline, a global acquirer and contributor to this guide, confirms that businesses of all sizes seek faster, simpler, and more secure payments. As global commerce expands, facilitating these transactions requires collaboration among payment networks, financial institutions, and technology providers.

Developed in collaboration with Worldline experts, this JCB guide provides a comprehensive exploration of frictionless payments. It equips you with the knowledge and insights to understand both the importance of frictionless payments in modern commerce and how to implement a successful strategy that drives results, fuels business growth, and satisfies customer expectations.

Yutaka Nakazawa

Yutaka Nakazawa, President & CEO,
JCB International Credit Card Co. Ltd.

The World of Frictionless Payments

What are frictionless payments?

A seamless and effortless transaction (either online, offline, or a combination of both), involving the exchange of money for goods and services.

The frictionless payments experience minimizes or eliminates obstacles, complications, and delays traditionally associated with payment processes. This approach uses data and technology to reduce both barriers and the time required to complete a purchase.

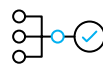
For as long as people have exchanged money for goods and services, merchants and customers have looked for ways to make the buying process simpler. Today's digital age, coupled with external societal and economic circumstances, has only seen this evolution intensify.

According to Capgemini Research Institute, the volume of non-cash transactions was set to reach 1.3 trillion in 2023 worldwide, and digital payments across APAC will increase by 19.8% by 2027.^{iv} Whether at point of sale, or in an e-commerce setting, digital and mobile wallets, credit cards, debit cards, and bank transfer are the most common payment methods.^v

As commerce becomes an increasingly digital affair, merchants must ensure they are keeping up with the expectations of a society that values speed and convenience (65% of APAC consumers are willing to spend more if it means receiving a more convenient service^{vi}) and have greater access to smartphones and high-speed data. A poor experience that requires a lot of steps for someone to complete a purchase can leave merchants trailing the competition as customers look elsewhere.

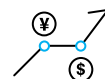
Fortunately, just as technology has advanced to give consumers a wide variety of payment options, innovation in technology such as biometrics and machine learning makes it possible for merchants to limit the number of steps on this digital payment journey compared to years past.

HOW FRICTIONLESS PAYMENTS BENEFIT MERCHANTS:



Increase efficiency

Streamline payments processes and reduce employee oversight.



Increase sales

Improve conversion rate and purchase doubt in a challenging economic climate.



Increase loyalty

Deliver a better experience that keeps customers coming back.



Reduce abandonment

Less frustration means less chance customers go elsewhere.

"Customers today are more impatient than ever when it comes to completing purchases, whether in-person or online, and it's no surprise. After all, the joy lies in the purchase itself, not the act of making a payment. In 2024, cart abandonment rates have reached a staggering 82.4% in the APAC region^{vii}, compared to 73.73% in the Americas. To combat this trend, ensuring a seamless payment process—fast, smooth, and secure—is essential."

Dan Skaling
Business Development Manager, EVP,
JCB International Credit Card Co. Ltd.
(JCB USA)

Customer Expectations

We live in a fast-paced world where soon can always be sooner. This environment means customers have high expectations when it comes to their payments experience. A seamless, smooth journey is now one of the major differentiators when people are considering whether to make a purchase and, crucially, who to make that purchase with. They don't want to be stopped in their tracks, forced to complete forms that could be auto filled, or be asked for the same details at numerous stages.

To meet these expectations, it is important for merchants to understand exactly what their current and potential customers do want.



Convenience

Whether buying online or in-store, convenience is a priority for most customers. A staggering 97% of consumers have abandoned a purchase because the service was not convenient enough.^{viii} This means not only making sure that a customer's preferred payment method is an option to them, but taking steps to make the journey as clear and streamlined as possible.



Speed

The APAC region currently has the most developed real-time payments market globally (led by Thailand).^{ix} This feeds into the expectation that payments can, and should, be completed quickly and with minimal interruption or delay.

Meanwhile, the prevalence of mobile payments and the convenience of contactless transactions, spanning transport, e-commerce, and dining, not only make customers' lives easier but is increasingly common.



Security

People may expect fewer disruptions to their payments experience nowadays but they still want to be reassured that their personal and financial information is secure. For instance, over 700% increase in volume 2023 vs 2022 in the US.^x The need to secure these types of transactions, and show clearly how you are protecting customer data, has grown with it.

"Our analysis of transaction data indicates a substantial shift in consumer behavior in recent years. The increasing preference for contactless and seamless payment methods continues to rise, driven by the growing demand for quick and hassle-free payment experiences. At Worldline, we have established connections with various payment service providers to facilitate secure and effortless ecommerce transactions through JCB's J/Secure. This integrated approach empowers merchants to embrace frictionless payment options and meet the evolving expectations of consumers."

Kelly Harvin,
Head of Enterprise Indirect Sales, Worldline

Regional and demographic trends:

Merchants must be aware of their customer base to design a frictionless payments journey that works.

- Millennials and Gen Z will make up 72% of the global workforce by 2029. They both expect frictionless experiences having grown up in an era where almost everything is immediately available to them.^{xi}
- 22.3% of Gen Z are likely to abandon a purchase if they have to make an account on a merchant's website.^{xii}
- APAC customers are particularly used to 3DS authentication.^{xiii}
- Taiwan's online shopping market is expected to grow from US\$8.41 billion in 2024 to US\$12.24 billion by 2029.^{xiv}
- Nearly 1.9 million Indians visited the U.S. in the first ten months of 2024, a 27% increase compared to the same period in 2023. This surpasses the total 1.7 million Indian arrivals for the entirety of 2023.^{xv}

"At Worldline, we are dedicated to tackling the specific challenges associated with facilitating smooth payment experiences for tourists, especially regarding cross-border transactions. One key area of focus is improving our payment infrastructure to support a wide variety of international currencies and payment options, guaranteeing an effortless experience for both cardholders and merchants.

In addition, our continuous efforts to broaden our international presence include forming strategic partnerships with payment networks and acquirers. This approach aims to improve the cross-border payment experience and better meet the diverse needs of our global customers."

Kelly Harvin,
Head of Enterprise Indirect Sales, Worldline



Tourism

From attraction tickets and restaurant meals, to shopping and transportation, tourism contributes significantly to income for U.S. merchants and businesses. And expectations around frictionless payments are especially high for this group given potential hurdles relating to language barriers and unfamiliar payment systems.

Eliminating those barriers by providing mobile or contactless payments, and a clear and safe process, can provide the hassle-free experience tourists are looking for. Particularly in the case of APAC travelers, 97% of which bring cards with them vs just 17% taking cash.^{xvi}

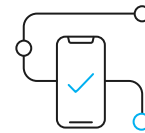
To support this, at JCB, most of our issuing and acquiring partners across international markets now support JCB Contactless.^{xvii}

Making Payments Frictionless

Now we have a better understanding of what is driving the rise of frictionless payment and its importance to consumers, it is time to look at how you can go about developing a successful frictionless payment journey. One that meets current standards and allows you to react as the space evolves moving forward.

Over the coming pages you will learn that frictionless payments...

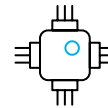
Start with...



The key components

The must have, non-negotiables for any effective frictionless payments journey.

Are made possible with...



Current and upcoming technology

The innovative solutions available to you to help create frictionless payments.

Are not possible without...



The balancing act between frictionless and security

How to build a frictionless payment experience that doesn't leave customers or merchants at greater risk.

Key Components of a Frictionless Payment Journey

A range of components must come together to create the seamless and convenient experience that makes up frictionless payments. No roadmap is identical but there are some common stops on the way...



1

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Seamless integration

Integrating the payments system with other elements of the business operation such as the customer relationship management (CRM) system can provide a more personalized customer experience – using customer data like purchase history and payment preferences to speed up the payment process.

Payment options

Integrating different payment methods and options are important. Especially when your customer base is made up of people from different regions where, for example, contactless is more common, a particular card issuer is dominant, or they are used to paying using a mobile wallet.



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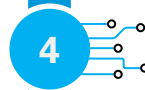
Transparency

The clearer consumers are about exactly what they are paying for, and how much it will cost, the less likely they are to be frustrated or made to feel like their journey is being taken off track. Clear pricing and payment information throughout the journey builds trust.

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Fewer steps

The be-all-and-end-all of frictionless payments is a quick experience with minimal waiting time. Eliminating unnecessary pain points across the purchase experience is important. For example, introducing auto-fill on form submissions or quick identification processes.



4

Technology

Creating these ideal frictionless payments journey may seem daunting, but there is technology available to help make the process easier for merchants of all sizes. And, as innovation continues, it is becoming easier to introduce.

Below we have outlined four prominent technologies enabling both a frictionless and secure experience for merchants and consumers:

Tokenization

Replacing individual payment information with unique tokens reduces the risk of data breaches. Because it replaces sensitive personal and financial information of the customer, this is also one of the leading ways to mitigate fraud without adding steps to the purchase journey.

NFC tag payments

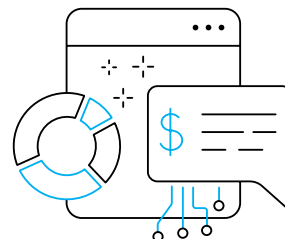
NFC tags improve usability as they can be used without launching an app, and they do not require expensive devices. As well as enabling speedy payments without requiring any action from the store, because NFC tags are small and do not require power they increase flexibility in where you can place them.

This is expected to speed up the payment process for stores and locations not adopting cashless payment such as stadiums, arenas and temporary event venues where crowd dispersion is necessary, as well as small-scale stores.



AI and machine learning

Artificial intelligence (AI) and machine learning (ML) can conduct the level of data analysis required to provide a secure payment experience. For instance, it can look up IP addresses and retrieve payment logs without delaying purchase time for customers to authenticate themselves. AI is also being used to provide valuable customer support more quickly and consistently, adding to a better customer experience and reducing wait times.



With digital buyers on the rise, AI is also a viable – possibly vital – tool to analyze massive amounts of data and combat fraud losses. Worldline has witnessed firsthand the role of AI and ML in their fraud detection and prevention strategies and is a prime example of how AI can be tailored to specific needs. For instance, their Fraud Data Lake solution provides a global market perspective to enhance their models, while tailored AI models crafted using client-specific datasets can pinpoint distinct transaction patterns.

Biometrics

Biometrics are a secure, fast way to verify user identity and provide robust protection. Fingerprint or facial recognition can replace time consuming steps in the payment process such as completing forms or two-factor authentication and code retrieval.

We are already starting to see retail stores introducing biometric authentication to provide a frictionless in-person experience. For instance, some retail stores utilise radio-frequency identification and contactless mobile transactions secured by biometrics. The number of contactless mobile transactions secured by biometrics is expected to increase by over 520% between 2020 and 2025.^{xviii} This trend is supported by the fact that more than 80% of smartphones worldwide now have built-in biometrics capabilities.^{xix}

Contactless mobile transactions secured by biometrics is expected to increase by over

520%

between 2020 and 2025.

“The integration of AI within the financial services and payments sector signifies a pivotal shift. It is revolutionizing the industry through tailored customer interactions, improved risk evaluation, and insightful predictions, while also addressing ethical implications. AI is truly redefining the landscape of this field.”

Michael Bilotta, Head of Digital Business, Worldline

Staying Secure

Consumers expect a seamless and smooth payment journey when making purchases online - with minimal barriers or delays - making transactions more convenient, quicker and their lives easier.

But it's important not to sacrifice security when meeting these expectations as threat actors are lurking in the shadows to impact customers and reputation. With \$48 billion lost to fraud each year by ecommerce companies, it pays to stay secure.^{xx} And it is important to customers, too, even if they do want a quick and convenient experience, with 49% of Asia Pacific online shoppers citing fear of fraud as a barrier to cross-border shopping.^{xxi}

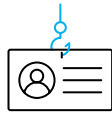
Finding the balance between frictionless and fraud prevention is crucial.

COMMON FRAUD RISKS DURING THE PAYMENTS JOURNEY:



Data breach

Threat actors gain unauthorized access to your information.
E.g. credit card details, personal data.



Identity theft

Stealing your personal information to impersonate you.



False declines

Legitimate transactions wrongly rejected causing a poor user experience and shopping cart abandonment.



Account takeover (ATO)

Access to user accounts exploited for fraudulent transactions.

SOLUTIONS THAT DON'T ADD EXCESSIVE FRICTION:



J/Secure

Although 3DSecure for JCB is not mandated in the U.S., merchants can adopt this authentication method to prevent false approvals and identity theft. Additionally, this shifts liability to a card issuer when the transaction is authenticated.



PCI DSS

Make sure you are compliant with the latest Payment Card Industry Data Security Standard (PCI DSS) – a requirement for merchants who accept or process payments.



Machine learning

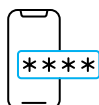
Continuously analyze transaction patterns, identify outliers and adapt with minimal inconvenience.



Biometric authentication

A secure way to verify user identity and provide robust protection.

E.g. fingerprint or facial recognition.



Tokenization

A method to mitigate the risk of fraud exposure caused by data compromise by replacing a primary account number (PAN) with a unique Payment Token.



Customer education

Being better informed about security best practices creates a safer digital payment environment and prevents avoidable risks.

“Synthetic fraud, which merges real data with fake information to evade identity checks, is increasingly prevalent. To combat this threat, it's vital to identify data with a short history or low integrity for early detection of such activities.”

Kelly Harvin,
Head of Enterprise Indirect Sales, Worldline

Conclusion

As stalwarts of the financial services eco system, JCB and Worldline have witnessed the growing expectation for simple, easy payments gain momentum. From both a global payment network and global acquirer perspective, it is clear that U.S. businesses must cater to these expectations today and tomorrow if they are to remain competitive.

Frictionless payments need to be factored into any merchant's strategy moving forward if they are to build rapport with customers from different regions and demographics. Although consumers worldwide do not all have the same priorities, this guide has shown that there is a common consensus when it comes to frictionless payments. They want a simple, streamlined process that is both fast and secure.

Those merchants that can implement such a process stand to benefit from increased revenue and loyalty. At a time when competition for purchases is increasing, many consumers are taking a more cautious approach to spending, and the methods people prefer to use when parting with their money are evolving.

Thankfully, there are technologies and processes that have been shown to reduce the steps needed in the payments process while maintaining a safe process for both customer and merchant - allowing you to embrace a new omni-channel approach, that means you can meet customer expectations.

At JCB, we are continuously looking at ways to support merchants of all sizes in enabling frictionless payments. From developing J/Secure so that risk-based authentication is conducted without adding delays when a cardmember pays at your online store, to prioritizing security via tokenization – making your payment journey safer.

It is by embracing these solutions – and continuing to understand the make-up of your current and potential customer base – that you can thrive in today's fast-paced digital economy.

About JCB

JCB is a major global payment brand and a leading credit card issuer and acquirer in Japan. JCB launched its card business in Japan in 1961 and began expanding worldwide in 1981. Its acceptance network includes about 53 million merchants around the world. JCB Cards are now issued mainly in Asian countries and territories, with more than 164 million cardmembers.

As part of its international growth strategy, JCB has formed alliances with hundreds of leading banks and financial institutions globally to increase its merchant coverage and cardmember base. As a comprehensive payment solution provider, JCB commits to providing responsive and high-quality service and products to all customers worldwide.

For more information, please visit: www.global.jcb/en/

About Worldline

Worldline [Euronext: WLN] helps businesses of all shapes and sizes to accelerate their growth journey – quickly, simply, and securely. With advanced payments technology, local expertise and solutions customised for hundreds of markets and industries, Worldline powers the growth of over one million businesses around the world. Worldline generated a 4.6 billion euros revenue in 2023.

For more information, please visit: www.worldline.com

Get in touch

As a global payments provider with a large presence and number of cardmembers in Asia, JCB is well placed to support you in your efforts to implement effective frictionless payment methods. To speak to us about this, or any other aspects of working with JCB, please reach out to: ask@jcbusa.com

We would like to express our gratitude to the following individuals for their valuable contributions to this whitepaper:

Yutaka Nakazawa, President & CEO, JCB International Credit Card Co. Ltd.

Michael Bilotta, Head of Digital Business, Worldline.

Kelly Harvin, Head of Enterprise Indirect Sales, Worldline.

Dan Skaling, Business Development Manager, EVP, JCB International Credit Card Co. Ltd. (JCB USA).

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THANKS FOR READING



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in this study or JCB services, please
contact: marketing@jcbeurope.eu