

Predict your future

The data and trends shaping payments

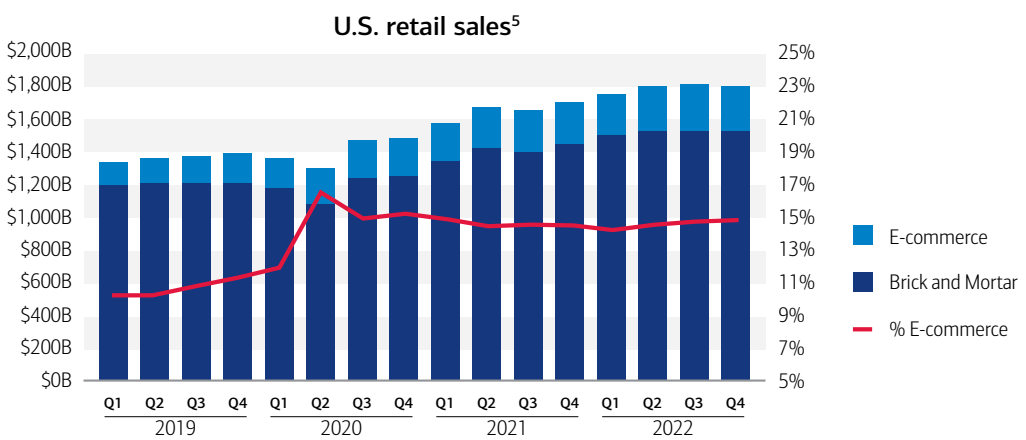
From the continued strength of e-commerce and the return of in-store shopping to digital wallets and open banking, the payments world is in flux. What changes are here to stay, and what developments can we expect?

How are consumers shopping and paying?

1. People are still shopping online, but they're also returning to stores

This is creating a hybrid model that combines both approaches.

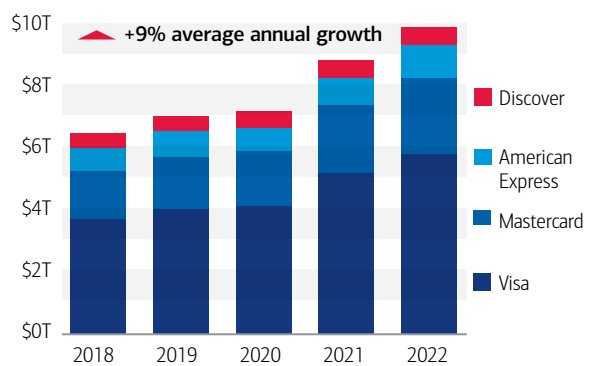
- E-commerce remains strong — it's stabilized at around **15% of total retail sales**, up from around 11% pre-pandemic.¹
- By 2027, the U.S. retail e-commerce market is expected to be worth **over \$1.7 trillion**.²
- 72%** of people say in-store shopping is still part of their lives.³
- In-store sales are expected to be over **\$6.6 trillion** in 2026, up over 8% vs. 2022.⁴



2. Card payments are still growing

While Visa payments **grew 10% year over year** from 2021 to 2022, that's down from 17% growth from 2020 to 2021.⁶

U.S. card purchase volume by major card network⁹

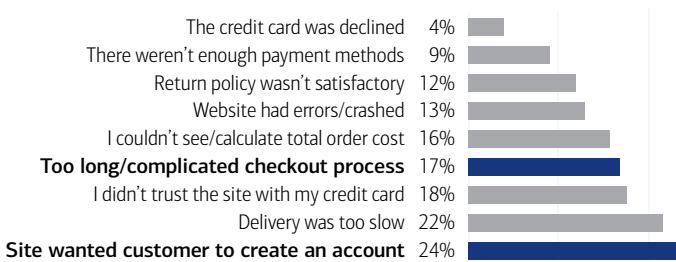


3. Consumers are embracing new payment methods

- Solutions like Buy Now Pay Later now account for **\$70 billion** in annual loan originations.⁷
- They're growing at an average **annual rate of 9%**.⁸

Where are consumers experiencing friction?

Reasons for abandonments during checkout¹⁰



68% of e-commerce shopping carts are **abandoned** before a purchase is completed.¹¹

One in three consumers want faster checkout when shopping in person.¹²

66% have experienced **lengthy checkout wait times** in the past three months.¹³

74% are sometimes willing to **desert their transaction** if the wait is too long.¹⁴

Which solutions can help?

Digital wallets streamline online and POS payments

The overall number of transactions and dollar volume coming from digital wallets have increased — in 2022, **65% of consumers** had tried one.¹⁵

10% of POS transactions are now made by **digital wallet**.¹⁶

67% of stores **accept ApplePay**, with more to come.¹⁷

But there's room for improvement: **71%** of the time, online shoppers enter their information manually.¹⁸

Contactless cards get people through the checkout faster

49% of cards in use have contactless capabilities, **up 48%** year on year.^{19, 20}

92 of the **top 100 merchants** accept contactless.²¹

78% of transactions occur at **contactless-enabled merchants**.²²

High decline rates are an issue for e-commerce. What's the solution?

- **Merchant and transaction history**, giving insight into customer behavior.
- **Real-time data**, which uses advanced technology to examine a decline reason and then applies rules to determine whether to retry, without significantly impacting transaction times.
- **Tokenization**, which tends to have lower risk and higher authorization rates.

14%

Decline rate for card-not-present transactions, compared to 1% for card-present.²³

What new payments are emerging?



Paze: A new digital wallet from trusted banks

- An emerging solution operated by Early Warning® and offered by participating financial institutions — including seven of the nation's largest banks.
- Aims to streamline the consumer experience, reducing abandoned purchases and decline rates.
- Uses data from participating banks to pre-populate fields, and deploys special security features to protect against fraud.



Real-time payments (RTP)

These include Zelle®, BillPay and Pay by Bank. There's been rapid global growth, but it's only just beginning to gain traction in the U.S., with the major banks, including Bank of America, making consumer accounts eligible.



Embedded finance

It's already expanding, with some companies integrating Buy Now Pay Later solutions at checkout for a seamless experience.

195 billion+

RTP payments processed **globally** in 2022.²⁴

13 billion+

Estimated **North American** RTP transactions by 2027.²⁵



Open banking

- Progressing faster in Europe and China than in the U.S., but opportunity is growing.
- When it does take off in the U.S., may allow third-party providers to offer solutions that use APIs to improve the customer experience, data quality and security.
- May offer faster settlement, ideally at a lower cost.

The **U.S. market** is expected to double to **\$51 billion** by 2026.²⁶

Consumers account for **60%+** of transactions, but B2B and B2C growth likely.²⁷

To us, payments are more than transactions — they're a relationship, powered by innovation and insight. For more information, contact your Bank of America representative.

Sources:

¹ U.S. Census Bureau. February 2023. Quarterly Retail E-Commerce Sales Report (seasonally adjusted).

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ Company reports.

⁷ McKinsey & Company. February 2023. Payments Outlook for 2023.

⁸ Ibid.

⁹ Company reports.

¹⁰ Baymard Institute. 2022. Reasons for Cart Abandonment — Why 68% of Users Abandon Their Cart.

¹¹ Ibid.

¹² Research Insights. 2022. Hybrid shopping, sustainability, and purpose-driven brands.

¹³ PWC. February 2023. Global Consumer Insights Survey 2023.

¹⁴ Waitwhile. June 2022. The State of Waiting in Line.

¹⁵ TSG Survey. October 2022.

¹⁶ Bank of America issuing data.

¹⁷ Insider Intelligence.

¹⁸ PYMNTS and NuData Security. May 2021. Securing e-commerce study.

¹⁹ Share of active consumers is defined as contactless active cards or card-present active cards for the month.

²⁰ Visa. December 2022. Tap to Pay U.S. Update.

²¹ Ibid.

²² Ibid.

²³ Visa Analytics Platform. March 2023. Bank of America acquiring data.

²⁴ ACI Worldwide and GlobalData, Prime-Time for Real-Time (2023).

²⁵ Ibid.

²⁶ Bain & Company, Embedded Finance: What It Takes to Prosper in the New Value Chain (2022).

²⁷ Ibid.

BANK OF AMERICA

"Bank of America" and "BofA Securities" are the marketing names used by the Global Banking and Global Markets divisions of Bank of America Corporation. Lending, derivatives, other commercial banking activities, and trading in certain financial instruments are performed globally by banking affiliates of Bank of America Corporation, including Bank of America, N.A., Member FDIC. Trading in securities and financial instruments, and strategic advisory, and other investment banking activities, are performed globally by investment banking affiliates of Bank of America Corporation ("Investment Banking Affiliates"), including, in the United States, BofA Securities, Inc. and BofA Securities Prime, Inc., which are registered broker-dealers and Members of SIPC, and, in other jurisdictions, by locally registered entities. BofA Securities, Inc. is a registered futures commission merchant with the CFTC and a member of the NFA.

Investment products offered by Investment Banking Affiliates:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
-----------------------------	--------------------------------	-----------------------

©2023 Bank of America Corporation. All rights reserved. 5890573 05-23-0762