



FROM PLASTIC TO PIXELS

ARE YOU PREPARED FOR THE SHIFT IN CUSTOMER PAYMENT PREFERENCES?

UK digital wallet transactions to be worth £210 billion by 2033

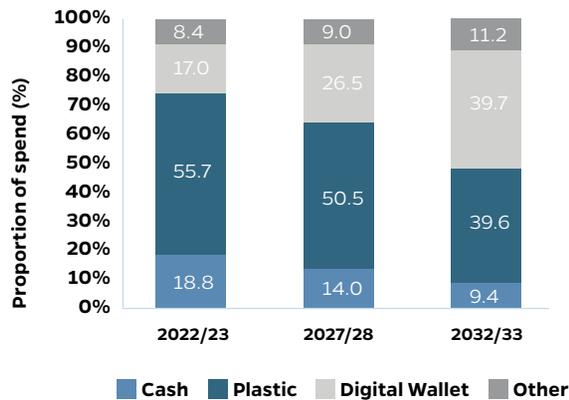
1. In the next five years, digital wallet use is set to surge by 76.3% - well ahead of other rising payment methods, including, transactions through loyalty points and Buy Now Pay Later (BNPL). Within 10 years, digital wallet transactions will overtake those made with physical cards.
2. Shoppers' expectations in technology are rising as they expect seamless omnichannel experiences and place increasing value on integrated loyalty schemes, BNPL options and personalised offers.
3. Affluence impacts the current use and willingness to use digital wallets. Digital wallets already represent 21.5% of retail and hospitality spending among the most affluent - twice the proportion compared to the least affluent.
4. However, the rise of digital wallets is a risk to excluding some of the most vulnerable in society. Some respondents have no intentions of using digital wallets over the next five years. Half of these customers are in the bottom two affluence groups, aged over 55.
5. Grocery, clothing and restaurant businesses are set to benefit the most from the digital wallet transformation.

New research by **FreedomPay** and **Retail Economics** shows that the UK is on the brink of a digital payments transformation, with digital wallet purchases set to surpass card transactions within ten years. Currently, around a fifth (17.0%) of retail, leisure and hospitality spending is made through digital wallets; this compares to over half (55.7%) by plastic, and a fifth (18.8%) for cash. This is set to rapidly increase to £127.7bn in 2027/28 (£72.5bn currently). By 2033, the share of digital wallet payments is set to more than double to 39.7%, equating to £210bn.

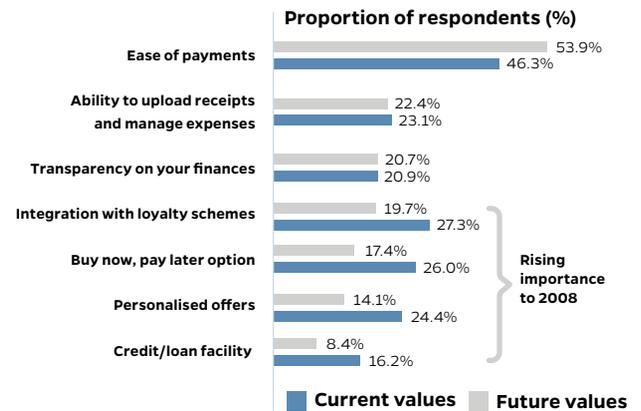
What are digital wallets?

Digital wallets are financial transaction apps that securely store payment information in one place. Effectively, they are an electronic version of a cashless physical wallet that relies on authentication and data encryption for access. Examples include: payments through mobile apps such as Google Pay, Apple Pay, PayPal, the Tesco Clubcard app via smartphone, or wearable devices (e.g. smartwatch).

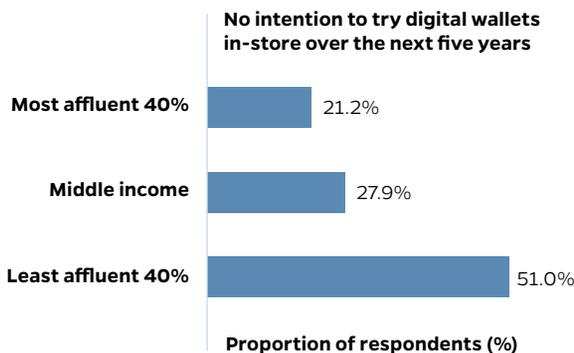
Digital wallet spending to overtake plastics within the next decade



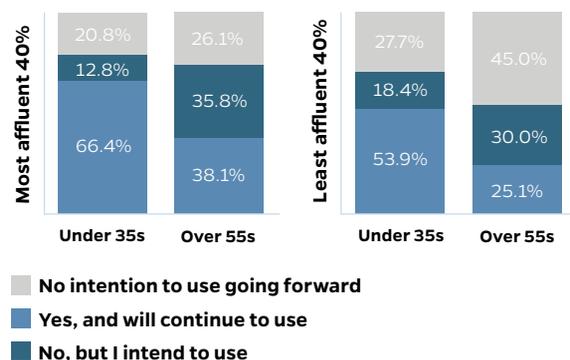
The value of digital wallets is evolving at pace over time



Some of the most vulnerable are at risk of shunning digital wallets and exclusion



Younger, more affluent customers are leading digital wallet adoption



ABOUT FREEDOMPAY

FreedomPay's Next Level Commerce™ platform transforms existing payment systems and processes from legacy to leading edge and enables merchants to unleash the power of pay. As the premier choice for many of the largest companies across the globe in retail, hospitality, lodging, gaming, sports and entertainment, foodservice, education, healthcare and financial services, FreedomPay's technology has been purposely built to deliver rock solid performance in the highly complex environment of global commerce. The company maintains a world-class security environment and was first to earn the coveted validation by the PCI Security Standards Council against Point-to-Point Encryption (P2PE/EMV) standard in North America. FreedomPay's robust solutions across payments, security, identity, and data analytics are available in-store, online and on-mobile and are supported by rapid API adoption. The award winning FreedomPay Commerce Platform operates on a single, unified technology stack across multiple continents allowing enterprises to deliver an innovative Next Level experience on a global scale. Find out more at www.freedompay.com

ABOUT RETAIL ECONOMICS

Retail Economics is an independent economics research consultancy focused on the consumer and retail industry. We provide independent thought leadership on major economic and retail trends and analyse their impact on the industry. Retail Economics provides proprietary data on sector growth, behavioural trends, channel performance and forecasts. Find out more at www.retailconomics.co.uk