

worldpay
from FIS

ON THE
PULSE

EXECUTIVE DIRECTION

Defining user expectations for
government payment experiences



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INTRODUCTION

Making and receiving payments from government entities is a daily activity for consumers worldwide. From paying taxes to receiving government support, it plays a big part of day-to-day life.

The way in which these payments happen is constantly evolving to offer convenience and reduce the risk of fraud.

In this report, we investigate the inclusivity of digital payments, the factors that hold consumers back from choosing digital payment options, and the opportunities presented by government-backed digital currencies. For governments around the world, the message is clear: flexibility, simplicity and security are essential for ensuring good payment experiences, but more education is needed to ensure comfort using new payment methods.

FIS commissioned GlobalData and Savanta to conduct and analyze a survey of more than 10,000 consumers worldwide to learn about how they engage with government entities financially, as well as their thoughts and attitudes towards digital money and new currencies.



KEY TAKEAWAYS



Digital payments are more inclusive than cash

Consumers are satisfied with the payment systems in place for dealing with government entities, and there is comfort across countries and age groups with using digital payments. The most important factor for many consumers is simplicity – they want making and receiving payments to be quick and easy, and make decisions based on these requirements.



Cybersecurity concerns are a barrier for digital payments

While consumers' experience of payment fraud is limited, there is still significant concern, which impacts their choices when it comes to making and receiving payments. Greater verification and checks could help to reduce these concerns.



CBDCs emerge as a secure option for government payments

Government-backed digital currencies, known as Central Bank Digital Currencies (CBDCs) present an opportunity to help consumers feel safe, but, while the majority of consumers have heard about CBDCs, many do not really understand them. More work is needed to raise awareness and educate consumers on the benefits. However, those from older age groups are unlikely to be willing to use CBDCs, meaning more considerations will be necessary to keep payment processes inclusive in future.

TYPES OF GOVERNMENT PAYMENTS

Public payments are important throughout a consumer's life

There are many reasons why they need to make or receive payments from the government.

From passport renewals and driving license applications to income tax and marriage certification, these interactions are underpinned by a transaction of some kind. **With more than half of consumers having made at least one government payment in the past year**, ensuring the payment experience is optimal is crucial.



Reasons people paid a government entity in the past year



Income taxes
(self-completion)

39%



Property / real estate
school taxes

34%



Motor vehicle license
and registration fees

29%



Public transportation
fares

28%



Tolls for highway
and bridges

23%



Parking

21%



Other fees paid to
gov. agencies

17%



Traffic tickets and
court fines

16%



Postage / stamp fees

15%



Parks and recreation
fees

10%



Rent payments (if renting
in public sector)

9%



Other loan repayments

7%



Business license
fees

7%



Student loan
repayment

6%



Child support and
alimony payments

4%



Fish and Gaming license
fees

4%

DIGITAL PAYMENTS ACCELERATE GOVERNMENT FINANCIAL INCLUSION

In an increasingly digital world, it is clear that **cash is no longer king**. Even when making purchases in store, only one in five (21%) consumers would choose to pay by cash. With more digital options available, online purchases are made predominantly by credit card (45%), debit card (23%) and services like PayPal or Apple Pay (17%).

When it comes to sending or receiving government payments, the same attitude applies. More than half (56%) of consumers worldwide have made a payment to the government in the past year, such as paying a tax bill, while 31% have received a payment in the past 12 months – and the majority of these are now taking place in a digital format.

Online purchases are made predominantly by



45% credit card



23% debit card



17% Apple Pay

MAKING GOVERNMENT PAYMENTS

All consumers will need to make payments to their government at one point or another. Within the past 12 months, the top reasons people have made payments to the government include income tax (39%), property or school taxes (34%) and to pay for public transportation (28%).

Almost everyone (90%) worldwide is satisfied with their experiences of paying government entities.

Despite an exceptionally high level of satisfaction overall, the data suggests that some changes could improve public engagement with their governments when making payments.

Of those who were satisfied with their experience of making payments to the government, half (50%) say that payments are quick and easy to make, but **only one-third (33%) were satisfied that their government accepts their preferred method of payment**. Just 29% agreed that it was simple and easy to find out how to pay, suggesting that clearer communication might be warranted.

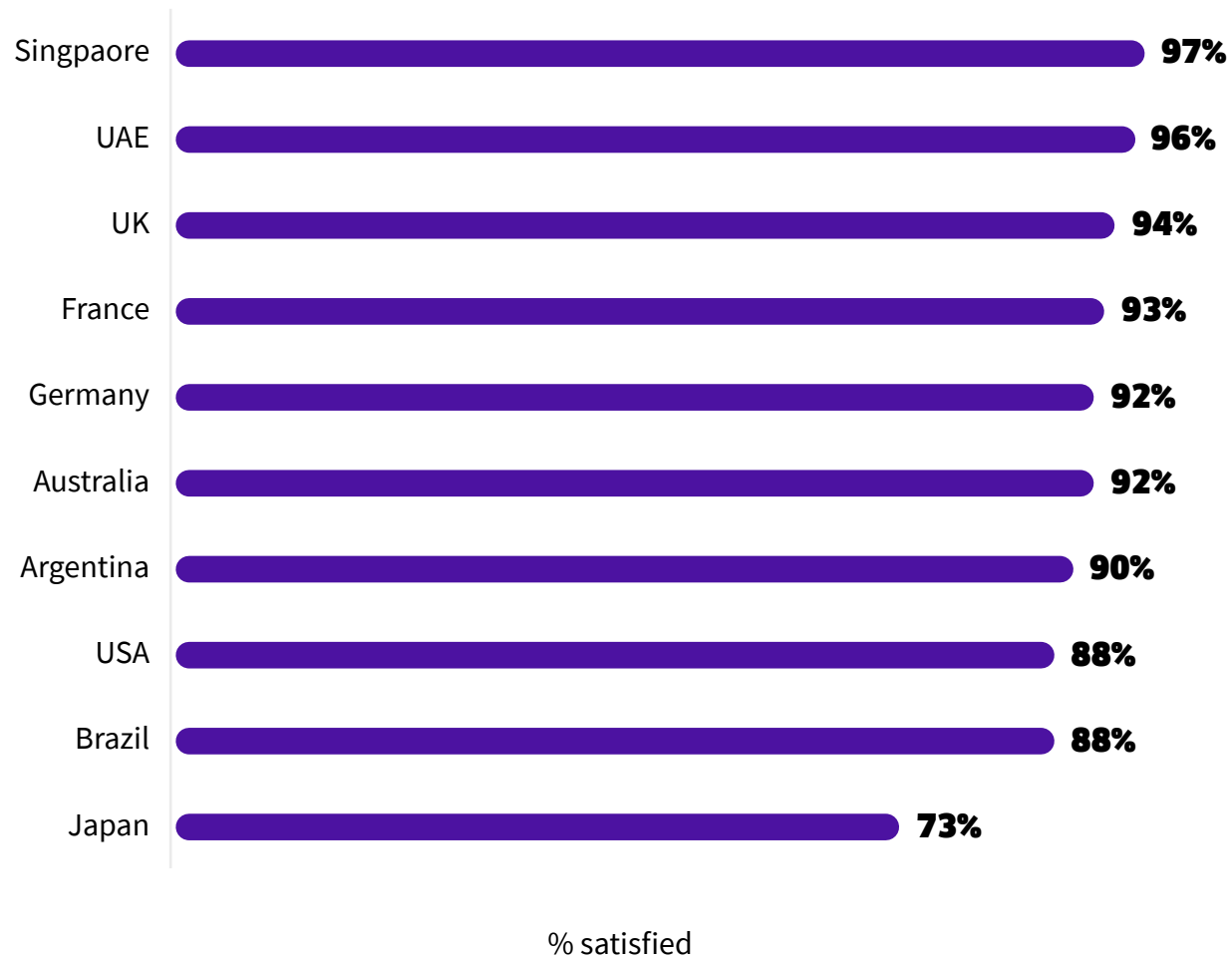
Consumers based in Singapore and the UAE are the most satisfied (97% and 96% respectively) with paying government entities.

Both countries indexed above average across the board when it came to reasons to be satisfied with their governments systems, including the process being quick and easy, simplicity of finding out how to pay, government accepting their preferred payment method or channel and low volume of paperwork.

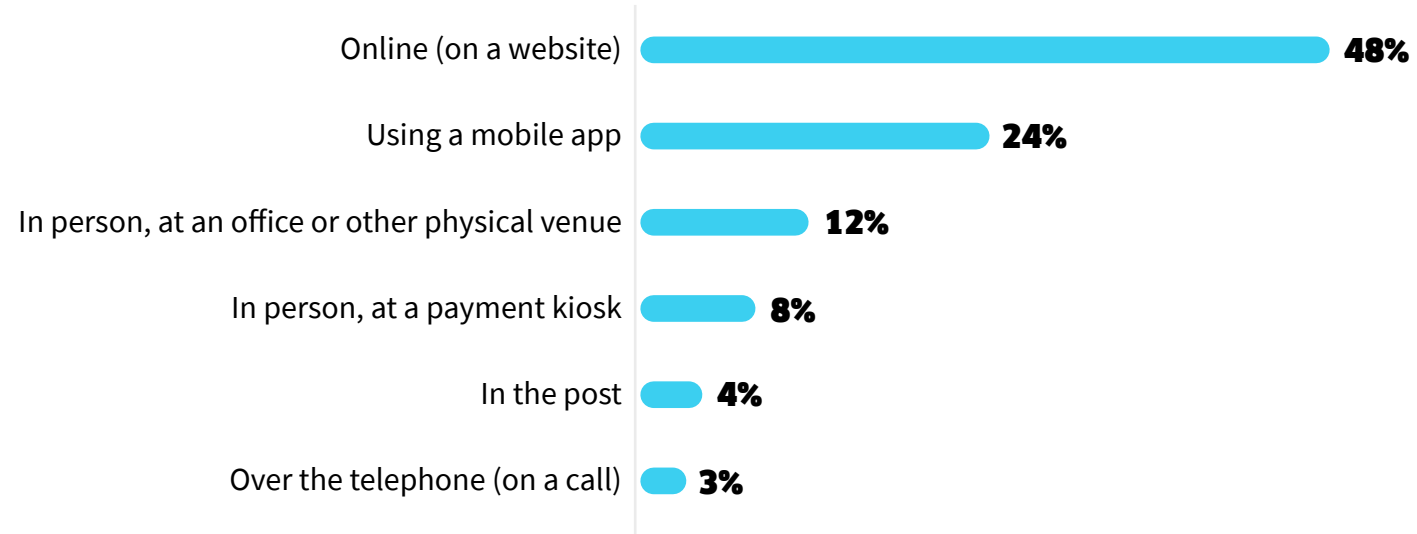
Meanwhile those in Japan are the least satisfied out of all countries (73%) – an outlier within the dataset. Amongst those who were satisfied, only 16% say that it was simple and easy to find out how to pay, and only 17% were satisfied because the government accepts their chosen payment method; in each case, this is only around half the global average. Out of those in Japan who are not satisfied, 32% say it is because they are unable to make payments using their preferred channel, whether online or in person, and 29% say that their government does not accept their preferred method of payment.



How satisfied are consumers with the payment experience?



How do consumers prefer to pay - total



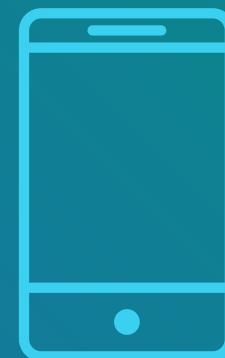


When it comes to making payments to government entities, the majority (72%) of consumers prefer to pay digitally, whether that is on a website (48%) or mobile app (24%), mirroring their shopping behavior. Only one in five (20%) prefer to pay in person, either at an office or payment kiosk.

Across all age groups, 43% prefer to pay government entities by either debit or credit card, while a further one in five (21%) prefer to pay via bank transfer. After credit card and bank transfer, those 65-years-old or older prefer to pay via direct debit (23%).

Despite concerns that digitalization might exclude older members of society, 59% of 65 years-old or older are significantly more likely to prefer to pay via a website than other age-groups. Even when making payments in store, only 11% prefer to pay by cash or cheque, which is lower than the 14% of 18-24-year-olds who prefer to do the same. As it takes time to build a credit score, the youngest group may have a preference for cash because they do not have access to the same credit facilities as older consumers.

Amongst younger consumers, there is an emerging preference for making payments via a mobile app, with three in 10 (29%) 35-44-year-olds preferring to pay this way, in comparison to just 10% of those 65 or older. There is also a significant preference for paying via mobile app in **Brazil (45%)**, **Singapore (38%)** and the **UAE (36%)**, while in **France** only **11%** of consumers would prefer to pay government entities through an app.



RECEIVING GOVERNMENT PAYMENTS

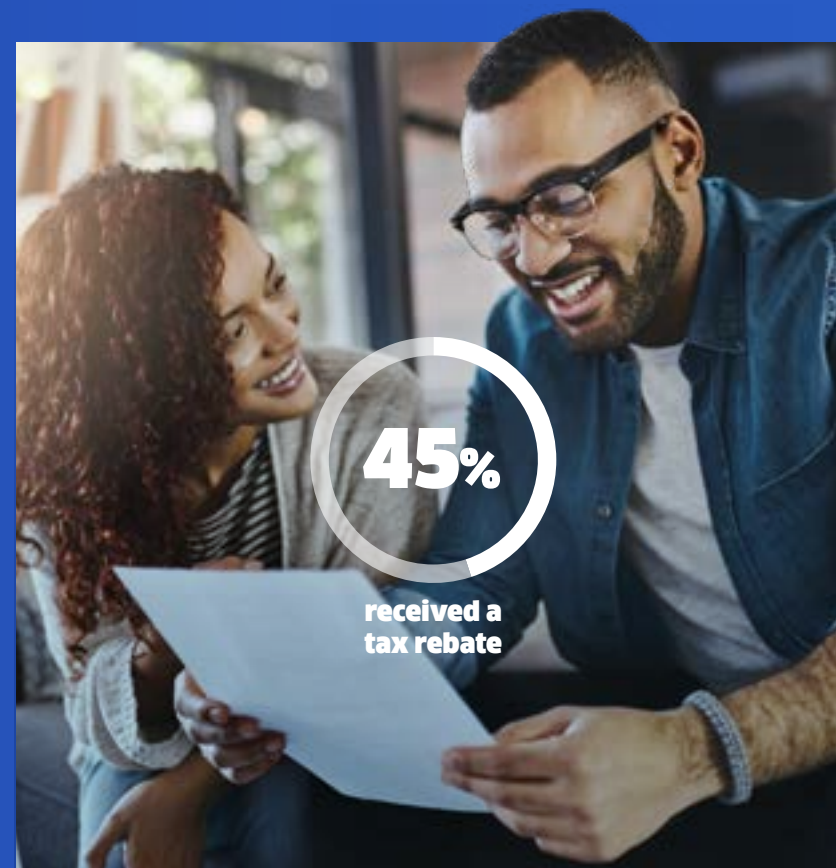
It is just as important to ensure that the systems in place are working well. Of those who have received a payment, 45% got a tax rebate, while 28% received public benefits such as food vouchers or welfare.

93% are currently satisfied with how they have received payments from a government entity in the past 12 months, with around half (47%) reporting that it is simple and easy to receive the pay-out they were owed. Speed is critical for satisfaction when receiving payments. Of those who were dissatisfied, nearly three in five (58%) said that receiving the money due took too long.

As with making payments, consumers in Japan are less satisfied with the process for receiving payments from government entities than anywhere else, with only 85% reporting that they were satisfied with their experience, and 53% of those who were dissatisfied agreeing that the process of being paid was too complicated.



With many countries included in the survey currently experiencing a cost-of-living crisis, the speed of disbursement is critical. Many consumers are living pay-check to pay-check, driving a need for governments to provide real-time payments.



76% OF CONSUMERS PREFER TO RECEIVE PAYMENTS VIA BANK TRANSFER

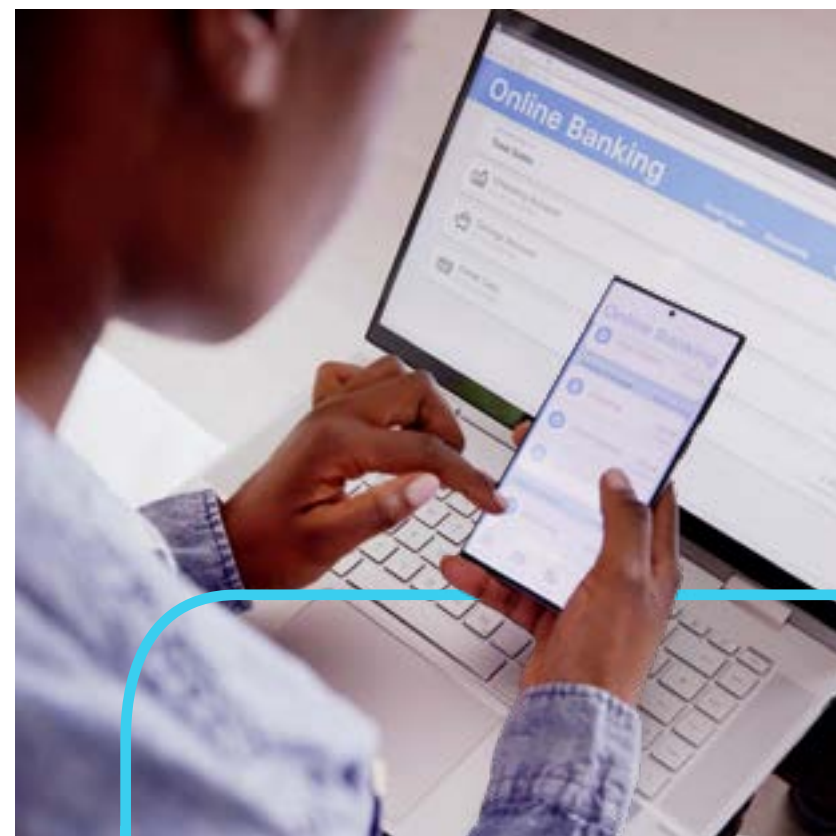
Three quarters (76%) of consumers prefer to receive payments from government entities via bank transfer, increasing significantly with age.

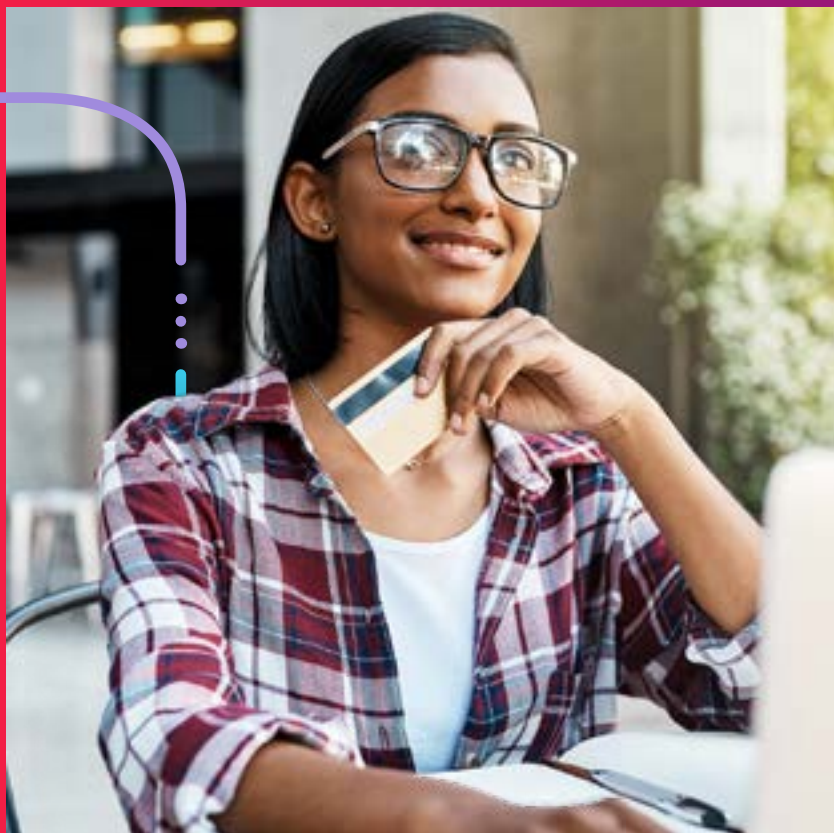
Almost all (92%) consumers over the age of 65 would prefer to receive a bank transfer, showing that once again older consumers are more comfortable with payment digitalization than they are often given credit. In comparison, just 60% of those aged between 18 and 24 would prefer to receive funds via a bank transfer, with 15% displaying a preference for cash and 13% preferring to receive credit on a prepaid account.

In a stark contrast to the rest of the world, only two in five (40%) consumers in the **UAE** would prefer to receive payments from government entities via bank transfer while those in **Germany** are the most comfortable with this (91%). In the **UAE**, almost a quarter (24%) would prefer to receive payment as credit in a prepaid account.

Consumers in the **US** are three times more likely to prefer a cheque than the worldwide average (12% versus 4%), while those in **Brazil** and **Argentina** are significantly more interested in receiving cash payments (17% and 13% respectively, against an average of 7%), which is likely due to the higher-than-average levels of cash usages in those countries.

With such varied preferences amongst consumers both within countries and worldwide, it is important that governments **offer as many payment routes as possible to remain inclusive** for those of different age grounds and those from other backgrounds or countries living in their region.





SIMPLICITY IS KEY FOR CONSUMERS

To deliver payment systems that consumers want to use, it is critical to understand their needs.

When it comes to making payments to government entities:



3 in 10

(30%) consumers worldwide value the simplicity and speed of making a payment most.



1 in 4

(25%) want to feel that their information and data is secure.



1 in 5

(20%) are most concerned about incurring low or zero fees for making the payment.

The theme of simplicity carries through to consumers' preferences on how they receive payments from their governments too. Three in 10 (30%) want payments to be made to them automatically without them needing to apply, while 29% want to receive the payment via their preferred method, and 27% are most concerned with the speed of the pay-out.

CYBERSECURITY IS A BARRIER

With cybersecurity threats, financial fraud and hacking becoming more common, consumers are understandably concerned about their digital safety, creating additional barriers for making and receiving digital payments relating to government entities.

One in three (35%) consumers have experienced some form of cybersecurity threat or online fraud. 13% say that someone has tried to trick them into entering their personal or financial information in order to receive a fake payment, while 11% have been asked to make a payment after being sent a fraudulent bill. One in 10 (10%) have even been directed to a fake government website.



Instances of fraud are significantly higher in the UAE, where 71% of consumers have been affected, and Singapore, where 42% have been affected. In comparison, only 17% of those living in Japan have been victims of attempted fraud.



One in three (35%) consumers have experienced some form of cybersecurity threat or online fraud.

FRAUD CONCERN OUTWEIGHS EXPERIENCE

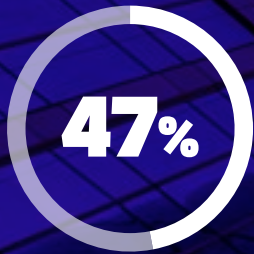
While the majority of people have not been affected by phishing scams, cybersecurity threats or fraud, three-quarters (74%) are concerned about people trying to trick them or steal money from them. Only 5% rate themselves as not at all concerned.

As a result, when selecting a payment method to use online for shopping in general, **security is the most significant consideration for consumers**. Three in 10 (31%) make decisions based on keeping their payment information secure, overruling their preference for simplicity and speed (29%). When it comes to in-store shopping, 8% of consumers select their payment method based on maintaining their privacy and anonymity.



74% of people are concerned about people trying to trick them or steal money from them

VERIFICATION MAKES CONSUMERS FEEL SECURE



When it comes to making and receiving government payments, around half (47%) of consumers say that they would feel more secure and less concerned if all the payments they made were immediately verified with authentic receipts via email or text message.



59% 54% 52%

Those in Singapore, UAE and UK are most in favour of immediate verification.

2 in 5

(39%) consumers would like to see clear verification on government websites to prove that they are not fake, suggesting that this could help to remove barriers for governments when it comes to encouraging citizens to make digital payments.



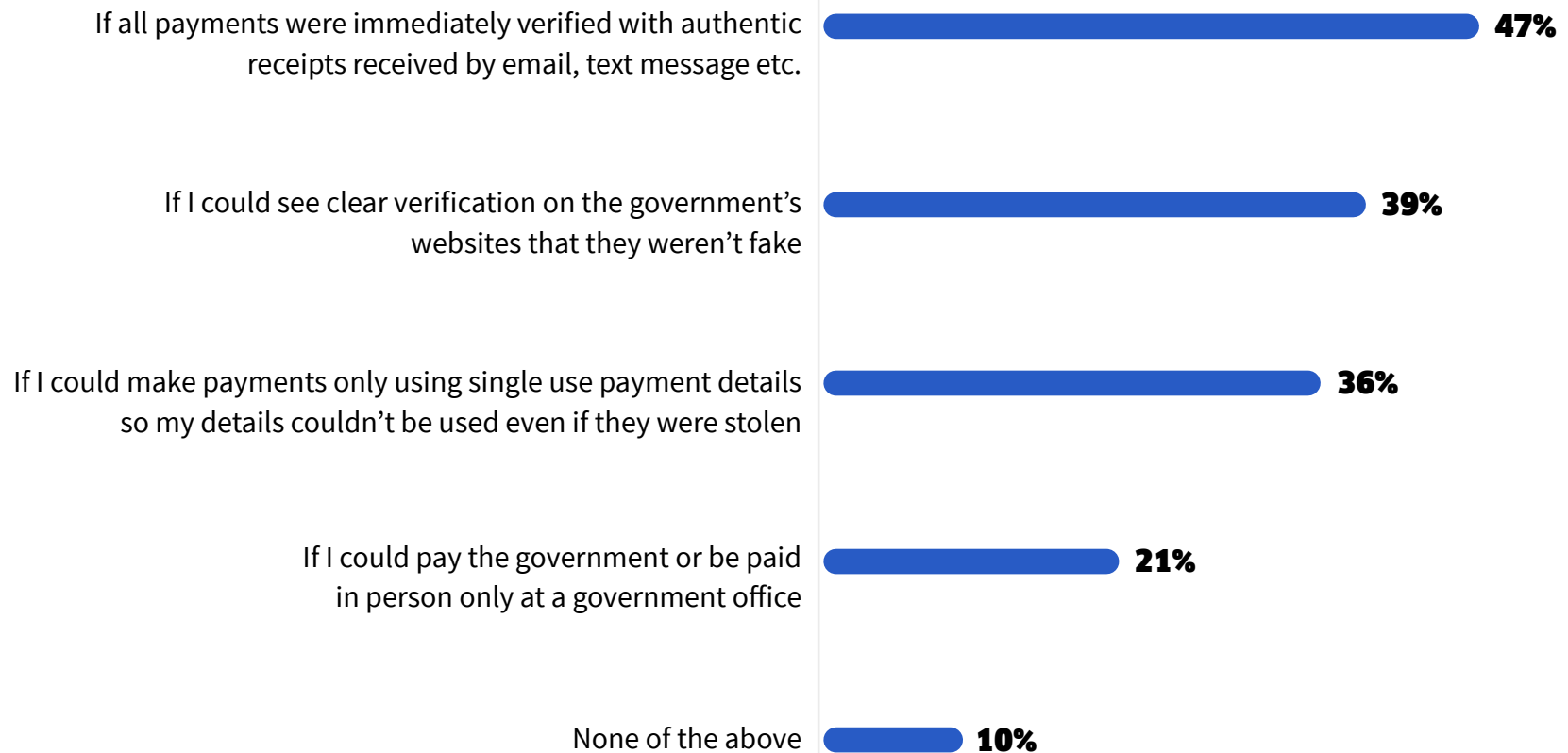
Being able to make payments using single-use payment details is also appealing to over a third (36%) of consumers, and it would mean that their details could not be used if the payment information was stolen somehow.

1 in 5

(21%) would feel less concerned about making payments to government entities if payments were only made at a government office, in contrast to their wider payment preferences.

Here, digital payments represent a significant opportunity for government entities, because they offer many more options for verification and authentication. With facial and fingerprint recognition software, and measures like two-factor authentication, there are more opportunities to help consumers feel safe about making payments digitally than there are in-person.

What would make consumers feel more secure about fraud when making payments or receiving payments from government - Total



CENTRAL BANK DIGITAL CURRENCIES EMERGE FOR GOVERNMENT PAYMENTS

CBDCs – Central Bank Digital Currencies – have been widely touted as a solution to promote financial inclusion, simplify implementing monetary policy and protect against fraud.

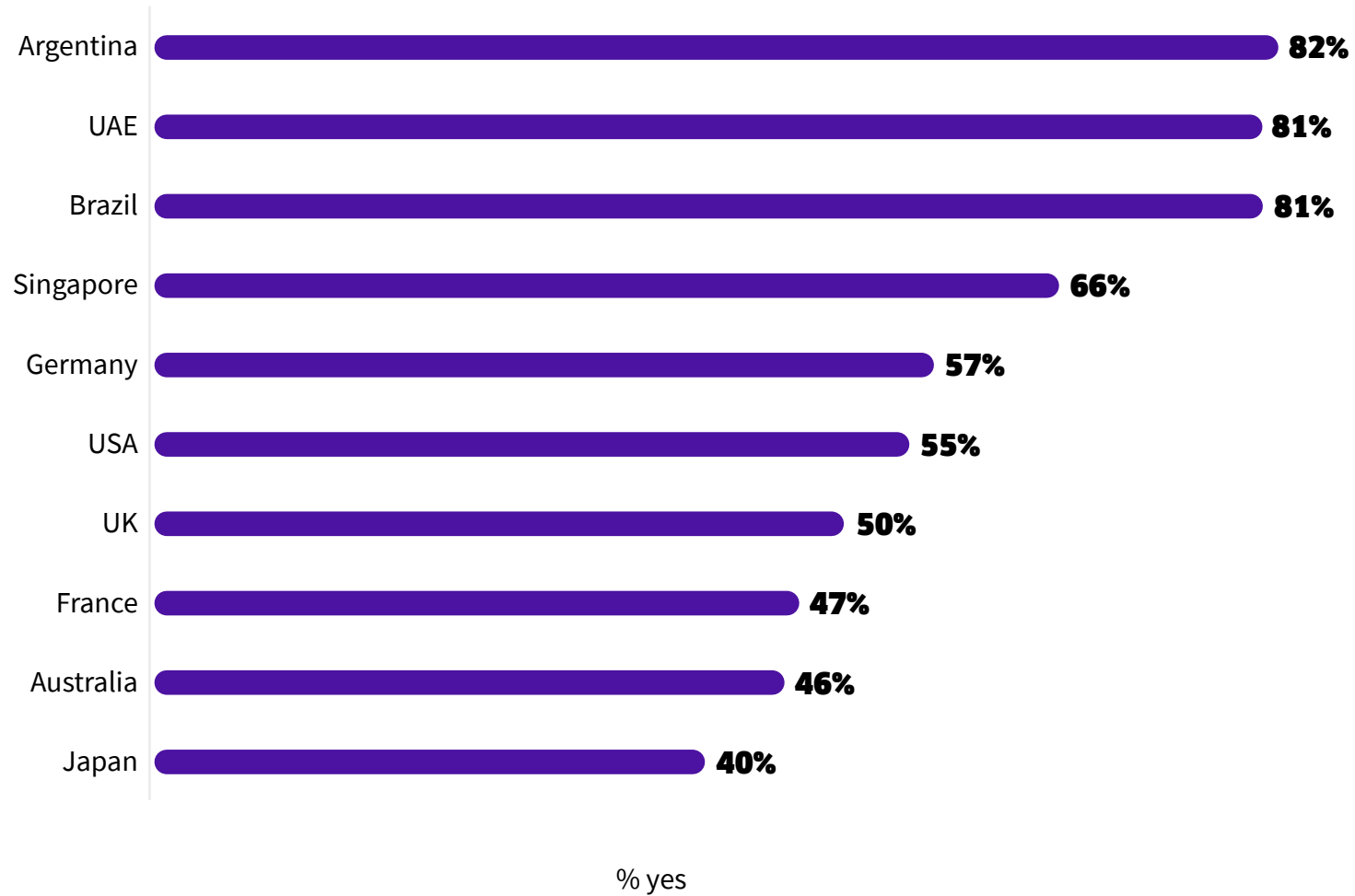
As a relatively new financial instrument, and particularly as it has similarities to cryptocurrencies, it is critical for consumers to understand their value and build trust in them if they are to be effective.

In our survey, three in five (61%) consumers had heard of CBDCs, although this number varies significantly by country. Within countries where CBDCs have already been created or there is a clear strategy for implementing them in the near future, awareness was much higher. 82% of those living in **Argentina** and 81% of those living in either **Brazil** or the **UAE** have heard of them, in comparison to only 40% of those in **Japan** and 46% of those in **Australia**.

Those from younger age groups are also more likely to have heard of them. While three-quarters (74%) of those aged between 18 and 24 say that they are aware of CBDCs, this decreases to just 41% of those 65-years-old or over, raising issues of inclusivity if governments would like to start using them as the primary method for making and receiving payments.

In addition to this, around 35% of those who have heard of CBDCs say that they do not really understand them, which suggests that more work is needed to educate consumers both on how they work and their benefits.

Do consumers know about CBDCs?



NEARLY HALF OF CONSUMERS WOULD BE INTERESTED IN USING A CBDC

As it stands, 48% of consumers say that they would be interested in using a CBDC if one was launched by their government. As you might expect, this is higher in countries where consumers are more likely to have heard of this type of currency as familiarity breeds comfort.

Fewer than one in five (18%) of those 65-years-old or over would be interested in using a CBDC in comparison to two-thirds of those aged 25-34 and 64% of 18-24-year-olds.

Once explained, the benefits associated with these currencies do appeal to many consumers, suggesting that they could be a good route for payments to and from government entities in future.

Given consumers' concern about payment fraud, a quarter (27%) say that enhanced security and fraud protection in comparison to traditional currency would influence their willingness to use CBDCs. A similar percentage (25%) also rate the stability and trustworthiness as a reason they may be willing to use government-backed central bank digital currencies.

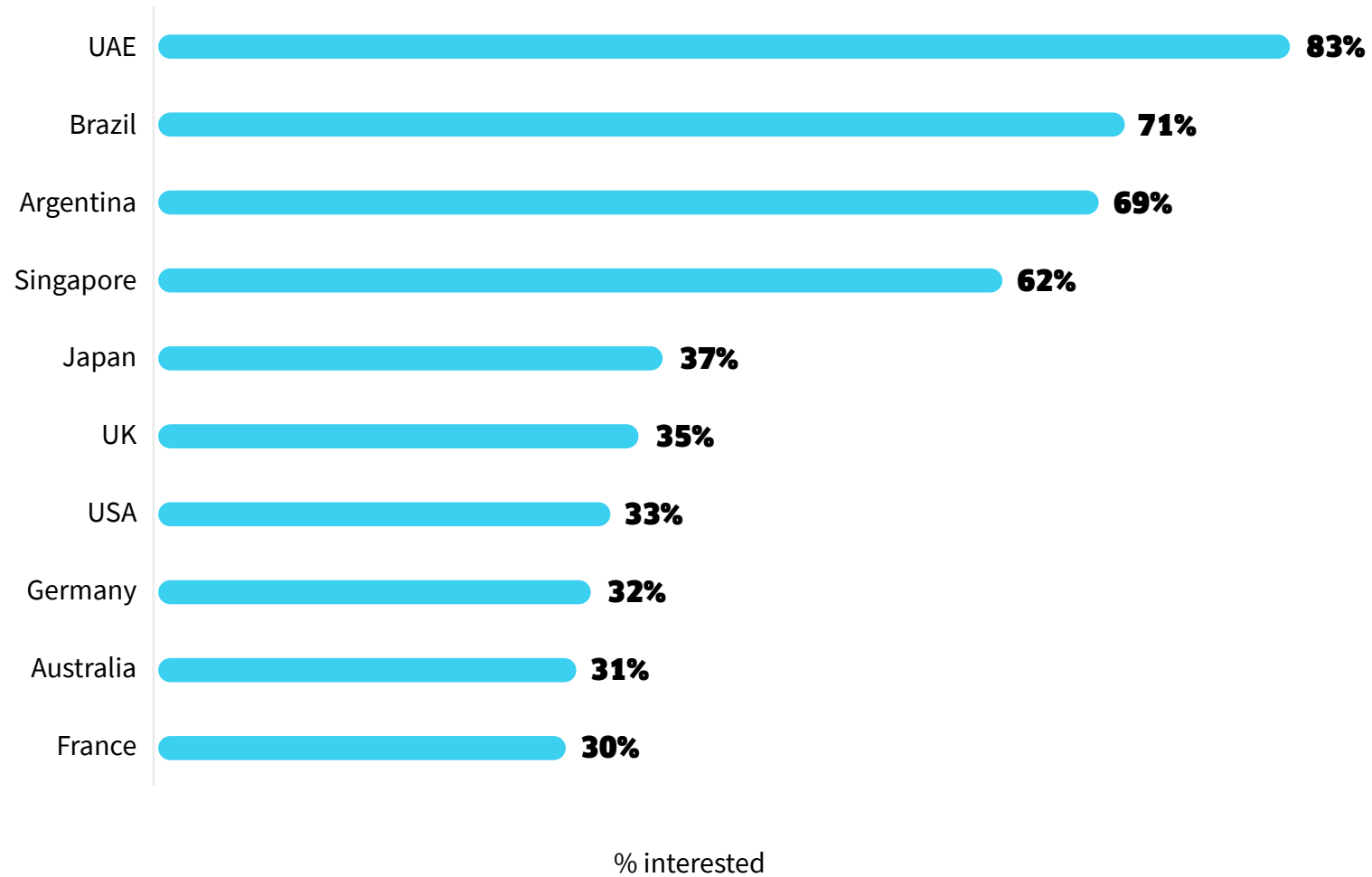
With the rising cost of living worldwide, 26% say they would appreciate the limited or non-existent transaction costs associated with making and receiving payments in CBDCs. Consumer preferences for simplicity and speed also shine through when it comes to their attitude towards CBDCs, as 24% say that the convenience and efficiency of using these currencies would influence their willingness.

Despite the benefits, three in five (60%) of those 75-years-old or over say they would not be interested in using a service of this type. In the UK, USA and Australia, where CBDCs are comparatively unheard of, people are more likely to agree that they would not be interested in using CBDCs (38%, 36% and 36% respectively).



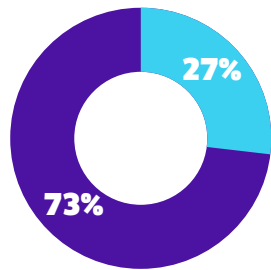
48% of consumers would be interested in using a CBDC

Interest in using CBDCs

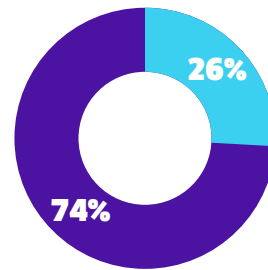


Benefits of CBDCS that would influence willingness to use it

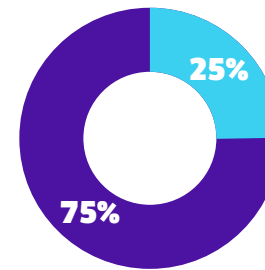
Enhanced security and fraud protection compared to traditional currency



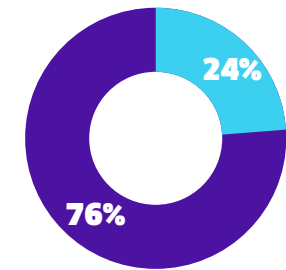
Lower transaction cost and fees



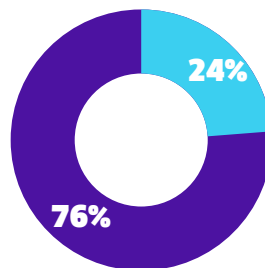
Stability and trustworthiness of the government-backed central digital currency



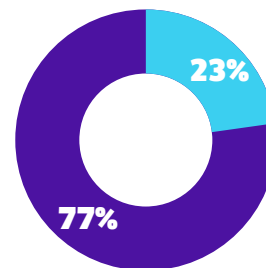
Convenience and ease of use in daily transactions



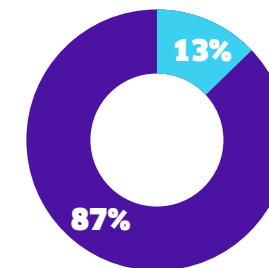
Faster and more efficient transactions



Improved privacy and data security in digital transactions



Increased financial inclusion for individuals without access to bank accounts



● Yes ● No

EASE OF USE WOULD INCREASE UPTAKE

Once consumers have been educated and convinced on the value and benefits of CBDCs, it is critical that governments take steps to build them into infrastructure and ensure that they meet consumers' needs when it comes to making and receiving payments.

As with anything new, many consumers are concerned about the reliability of using CBDCs. More than half (51%) would like guarantees on the reliability of the system before embracing it fully, along with reassurance that it could always be used without creating additional issues and hassle.

Consumers would want CBDCs to fit into their lives with as little change or upheaval as possible. Two in five (41%) would like the ability to use a currency like CBDCs across various platforms and services, and a similar proportion (39%) would like user-friendly mobile applications that offer easy access to services and for making transactions. With consumers increasingly using services like Google Pay, Apple Pay and Paypal to complete transactions, 37% would like CBDC services to be compatible with digital wallets and payment apps.





CONCLUSION

Consumers are broadly satisfied with the processes for making and receiving payments to and from government entities, with the majority preferring to pay online via debit or credit cards. Speed and ease of transactions are driving satisfaction, and it is these elements that would need to be present if governments were to introduce new payment systems or currencies.

Although many consumers have not experienced cybersecurity threats or been the victims of fraud and financial crimes, the safety of making payments is a significant issue for them. Emerging currencies, like government-backed central bank digital currencies, could be a solution for this, but there is a need to build awareness of them and educate consumers on the benefits.

METHODOLOGY

Research findings are based on a survey conducted in partnership with GlobalData and analyzed in partnership with Savanta in August 2023.

The online survey explored a sample of 10,106 consumers attitudes towards making and receiving payments to and from government entities, their concerns about cybersecurity and fraud, and their awareness and willingness to use government-backed Central Bank Digital Currencies.

Respondents were from the following mix of global geographies: Argentina, Australia, Brazil, France, Germany, Japan, Singapore, United Kingdom, United States and United Arab Emirates. The survey was translated and localized where needed in line with best practice.



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Worldpay payment processing solutions allow businesses to take, make and manage payments in-person and online from anywhere in the world. Worldpay solutions, which support more than 225 markets in 146 countries and in nearly 135 local currencies, are offered by FIS, a leading provider of technology solutions for merchants, banks and capital markets firms globally. FIS is a Fortune 500® company and is a member of Standard & Poor's 500® Index.

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