

5 Reasons

Why Global Subscription Businesses Need To Think Beyond the Card

1 Offering only credit cards limits your global consumer reach

Consumer online payment preferences vary country-to-country. Cross-border buyers prefer local payment methods including:



Only **18%** of the world owns a credit card.

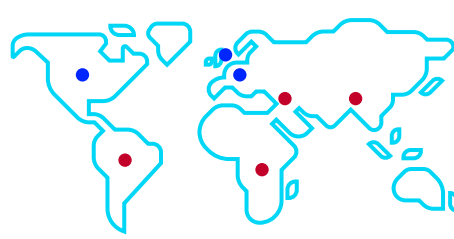
That means **4.5 Billion** people are transacting without a credit card and many are transacting online.

*WorldBank 2018 Financial Inclusion Report

2 Cards-on-file have high churn rates

Keeping accurate records for cards-on-file requires Network Account Updater services and issuers.

- Participation is high in North America, and most of the EU and UK
- But very limited in LATAM, APAC, Middle East, and Africa



Most churn is involuntary and usually occurs when consumers cards are renewed or replaced.

Nearly **4-in-10** global consumers used direct debit from their bank account **in 2018***.

Bank transfers fees are less and unlike credit cards, consumer bank accounts don't expire.

*Nielsen Global Connected consumer Report 2016

3 Foreign cards have higher decline rates

When a foreign credit card routes to a U.S. acquiring bank from the foreign issuer,

- the fraud screening tools that analyze each transaction
- are more likely to suspect fraud and deny the transaction.

Foreign e-commerce card transactions are **declined 18%** of the time compared to 11% for domestic transactions.

*<https://www.paymentsource.com/opinion/e-commerce-merchants-are-unnecessarily-losing-international-sales>

4 Global consumers are preferring real-time payments

Your customers have grown accustomed to having access to everything on demand. In their minds, payments should be no different.

Globally there are **61** real-time payment networks scaling in 2019*.

India's Unified Payments Interface (UPI) transfers grew **800% in 2017, 21% MoM**

*FIS: Flavors of Fast 2018. **Eiserv consumer payments research

5 Cross-border buyers may only have a local card

Many (nearly 80% in LATAM) cards outside NA and EU are local cards.

- Meaning: they will not work outside their home country.
- Yet, online consumers prefer to use methods they know will work.

86% of Chinese paid for online purchases during the past six months **via a digital wallet.**

Digital wallets are the **most widely** used online payment method in **Germany** (68%), **Spain** (56%) and **Italy** (55%).

*Nielsen Global Connected consumer Report 2016

...MOVE FROM CARD TACTICS TO A PAYMENTS STRATEGY

LAST DECADE

"Focus On Credit Cards"

- Optimize the authorization process
- Find low cost transaction processing providers
- Tightly manage fraud and dynamic currency conversion for nominal increases in bps margins

THIS DECADE

"Strategic Payments Orientation"

- Provide a better customer experience by diversifying your payment acceptance strategy
- Growth from NA markets is good - but global expansion leads to strong double-digit growth
- Successful subscription brands have figured it out and are optimizing for global opportunity