

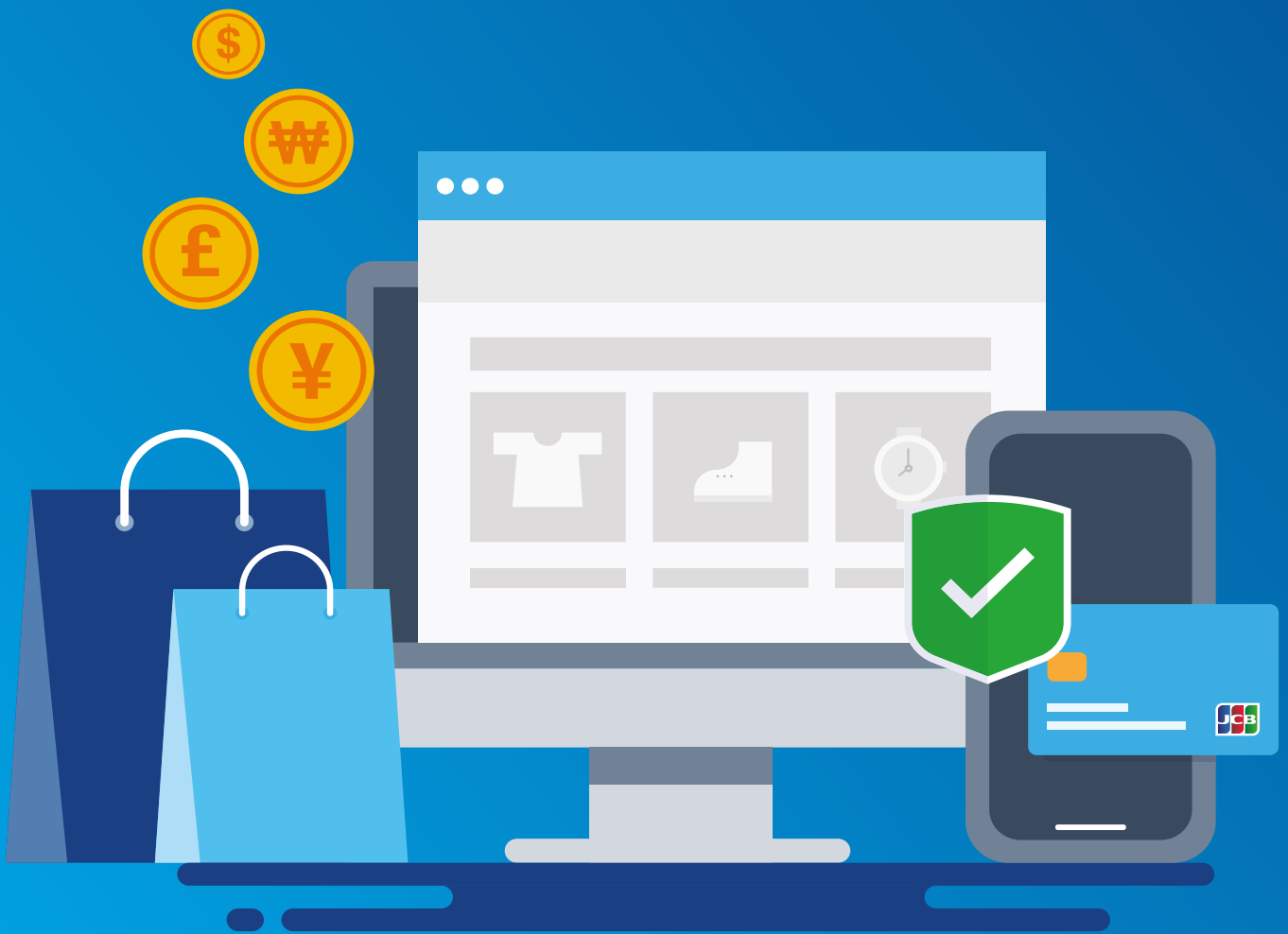


Uniquely Yours

# Smooth Sailing

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Enabling Frictionless Payments



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## Introduction



This guide brings together industry research, data, and insights from JCB, the global payments network, and Worldline, a global leader in payment services and JCB's acquiring partner in many geographies, to provide an overview of the frictionless payment journey. With a particular focus on the Asian consumer and the European merchant, it will take a closer look at the opportunities and challenges surrounding frictionless payments to help merchants prosper now and moving forward.

Benefiting from a clean run of green lights on your daily commute. A new point of sale opening just as you're ready to pay for your shopping at the supermarket. We all appreciate those moments in life when you get somewhere a little quicker than expected. Conversely, when more hurdles are added – or hoops to jump through – it can cause frustration. Payments are no different. Especially in times of economic uncertainty.

It's why frictionless payments are an increasingly important aspect of the modern retail and commerce experience. A simple, streamlined experience is now an expectation for customers paying for goods and services. And these types of payments are contributing to economies worldwide. In 2020, businesses processed \$3.9 trillion in frictionless payments globally. An impressive figure, no doubt, but one that pails in significance compared to the \$8 trillion expected to be processed by 2024.<sup>i</sup>

At JCB, we have seen an increasing number of transactions creating an increased appetite for frictionless payments among our Asian cardmembers. This trend is also seen in Asia Pacific (APAC), where the contactless payment market in general is forecast to grow by 22.4% in the coming years.<sup>ii</sup> And contactless payment transactions made by JCB Cardmembers show no signs of slowing down.

For merchants, implementing an effective frictionless payment experience can bring real benefits. From reducing cart abandonment – where customers decide against completing

a purchase during the checkout process – to improving customer loyalty and, ultimately, revenue. But it isn't as simple as removing as many steps as possible between decision and checkout and not looking back. There has to be a balance between frictionless and security to maintain a safe, trusted process.

Speaking and working with Worldline, the global acquirer and contributor to this guide, it is clear that businesses of all sizes are looking to realize faster, simpler, and more secure payments. And, as the world becomes smaller, it is all about helping them do so across borders. Collaboration – between payment networks, financial institutions, and technology providers – is key to making that a reality.

This JCB guide, with the support of our expert colleagues at Worldline, will explore frictionless payments in detail to equip you with the information and insights needed to understand both the 'why' behind frictionless payments' role in commerce today, and the 'how' when it comes to implementing an approach that yields results, grows your business, and meets the expectations of your customers.

*R. Shinzawa*

Ray Shinzawa, Managing Director,  
JCB International (Europe) 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.

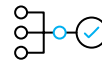
For as long as people have exchanged money for goods and services, merchants and customers have looked for ways to make the buying process simpler. Today's digital age, coupled with external societal and economic circumstances, has only seen this evolution intensify.

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.<sup>iii</sup> 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.<sup>iv</sup>

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<sup>v</sup>) 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.

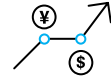
Fortunately, just as technology has advanced to give consumers a wide variety of payment options, innovation in technology such as biometrics and machine learning makes it possible for merchants to limit the number of steps on this digital payment journey compared to years past.

## 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 are less willing to wait to complete a purchase – in-person or online – than ever before and that shouldn't surprise anyone. After all, the “payment” isn't the joyful part of the experience, it is the purchase itself that brings happiness. Cart abandonment rates are as high as 81% in the Asia Pacific region in 2023.<sup>vi</sup> Making sure the payment is frictionless – achieved quickly, smoothly, and securely – is critical to reversing this trend.”

**Thomas Heigl, Senior Vice President Sales and Marketing, JCB International (Europe) Ltd.**

# 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.<sup>vii</sup> 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).<sup>viii</sup> 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, card not present transactions have increased by 178% between 2019-2022.<sup>ix</sup> The need to secure these types of transactions, and show clearly how you are protecting customer data, has grown with it.

"Our transaction data shows that consumer patterns have changed significantly in recent years. The trend towards contactless and other frictionless payment methods shows no signs of slowing down as the expectation that payments will happen quickly and with minimal fuss grows. At Worldline, we have enabled integrations with multiple PSPs for frictionless and secure ecommerce transactions with JCB's J/Secure. This connected integration supports merchants in being able to adopt frictionless payment methods and cater to changing consumer demand."

**Oedo Denissen,**  
Strategic Scheme Relationship Manager, 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.<sup>x</sup>
- 22.3% of Gen Z are likely to abandon a purchase if they have to make an account on a merchant's website.<sup>xi</sup>
- APAC customers are particularly used to 3DS authentication.<sup>xii</sup>
- In Taiwan, online spend within Europe from JCB Cardmembers grew by 104% between 2022-23.
- Point of sale spend in Europe by Indian cardmembers grew by 201% between FY2022 and FY2023.

"At Worldline, we are committed to addressing the unique challenges in enabling seamless tourist payments, particularly focusing on cross-border transactions. For example, one specific challenge we are addressing relates to optimizing our payment infrastructure to accommodate a diverse range of international currencies and payment methods, ensuring a frictionless experience for both cardmembers and merchants.

Furthermore, our ongoing initiatives to expand our global reach involve strategic collaborations with payment networks and acquirers, ultimately enhancing the cross-border payment experience and supporting the diverse needs of our global customer base."

**Oedo Denissen,**  
**Strategic Scheme Relationship Manager, Worldline**



## Tourism

From attraction tickets and restaurant meals, to shopping and transportation, tourism contributes significantly to income for 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.<sup>xiii</sup>

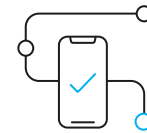
**To support this, at JCB, most of our issuing and acquiring partners across international markets now support JCB Contactless.<sup>xiv</sup>**

# 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...**

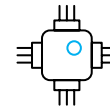
**Start with...**



## 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.

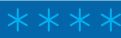
# Key Components of a Frictionless Payment Journey

**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...**



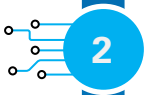
## Seamless integration

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.



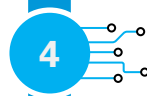
## Transparency

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.



## 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.





# 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

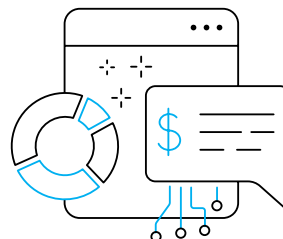
NFC tags improve usability as they can be used without launching an app, and they do not require expensive devices. As well as enabling speedy payments without requiring any action from the store's, because NFC tags are small and do not require power they increase flexibility in where you can place them.

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



## 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.<sup>xvi</sup> This trend is supported by the fact that more than 80% of smartphones worldwide now have built-in biometrics capabilities.<sup>xvii</sup>

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

# 520%

between 2020 and 2025.

“The application of AI in the financial services and payments industry marks a transformative era. From personalised customer experiences and risk assessment to predictive insights and ethical considerations, AI is reshaping the landscape.”<sup>xv</sup>

**Tom Nijenhuis, Managing Director equensWorldline NV**

# 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.<sup>xviii</sup> 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.<sup>xix</sup>

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 Europe, 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

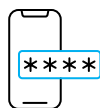
Continuously analyze transaction patterns, identify outliers and adapt with minimal inconvenience.



### 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 involves blending real data with fabricated information to deceive identity checks, is increasing. It is crucial to identify data with a brief history or low integrity to detect this activity at an early stage.”

**Oedo Denissen,**  
Strategic Scheme Relationship Manager, 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 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 part 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 49 million merchants around the world. JCB Cards are now issued mainly in Asian countries and territories, with more than 158 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/](http://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](http://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: [marketing@jcb europe.eu](mailto:marketing@jcb europe.eu)

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

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JCB International (Europe) Ltd

**Tom Nijenhuis**, Managing  
Director equensWorldline NV

**Oedo Denissen**, Strategic Scheme  
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## Endnotes

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THANKS FOR  
READING

MERCI  
D'AVOIR LU

お読みいただき  
ありがとうございます

GRAZIE PER  
AVER LETTO

GRACIAS  
POR LEER

DANKE FÜRS  
LESEN



If you want to discuss the findings  
in this study or JCB services, please  
contact: [marketing@jcb europe.eu](mailto:marketing@jcb europe.eu)