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The digital pound: a new form of money for households and businesses?

Analysis of the YouGov surveys carried out in connection with the Consultation Paper issued in February 2023 by the Bank of England and HM Treasury

Introduction

In February 2023 The Bank of England and HM Treasury issued a consultation about their plans for the introduction of ‘Bitcoin’ – a UK Central Bank Digital Currency.

The consultation documents – the main Consultation Paper and a Technology Working Paper – were issued with the results of a questionnaire exercise conducted in February 2022 by YouGov, of Small and Medium-Size Enterprises (SMEs) and Consumers in the UK.¹ SMEs have less than 250 employees and turnover below the £pound equivalent of €50 million.

The results were issued in two ‘Survey data tables’, and this paper analyses them.

There is an ‘Overall summary’ of the results, and then, for each data table individually:

- A section summary
- A commentary
- A walk-through of the detail

This analysis has been carried out prior to any study of the consultation documents and its aim is to make sure there is an audit trail between the two, and indeed that the highest-level conclusions drawn in the consultation papers are supported by the base data collected.

¹ <https://www.gov.uk/government/publications/fcdo-small-to-medium-sized-enterprise-sme-action-plan/small-to-medium-sized-enterprise-sme-action-plan> accessed on 8 March 2023

Overall summary

Both surveys are susceptible to the interpretation that UK SMEs and consumers are more open to and enthusiastic about digitization than is the case. There is a persistent tilting in favour of card payment methods and online/mobile payment methods, and against BACS, cheques and physical cash. This derives, inter alia, from the way the questions are structured, to terminology, to the way neutral and 'don't know' answers are treated, and to the absence of benchmarks for comparison where comparative questions are asked.

The detriments involved in online/mobile payments and card payments do not emerge clearly. The drafting of the questions and response options serve to suppress them.

Card payments nevertheless do not emerge favourably: they are convenient for consumers but their usage is not dominant across SMEs and consumers. They are not a preferred payment method for SMEs, either for paying away or receiving, although the reasons for this are not explored, and cannot be, given the questions and response options. There is a response option for SMEs about the cost of a card terminal, but there is no response option about the cost in the form of deductions-from-face-value. SMEs express a desire for payments to be cheaper and quicker, but this is an area where there is no 'compared to what?'

Payment fraud is given intermittent attention, but its correlation to 'Online bank transfers' is not identified. SMEs appear barely concerned about it regarding payments in general, whilst it is a top concern when SMEs are making purchases online. Consumers are very concerned about it.

Cash, cheques and BACS – three payment methods that do not count as online/mobile/digital – are written out of the narrative as far as possible, for example by BACS not even being mentioned as a way in which SMEs make payments other than to staff.

By the same token Open Banking is not mentioned in either survey in any category, which is surprising if it has 7 million users as the Open Banking Implementation Entity recently claimed, albeit that the survey was carried out in February 2022.

It is also worth mentioning that the survey was carried out while UK interest rates were still very low, and before the crash in the prices of bitcoin, non-fungible tokens and other crypto assets. It would be interesting to see if the responses were the same now, as well as what results would emerge if (i) the response options were placed in a different order; and (ii) the drafting of both surveys were to be improved and expanded.

It will be vital also to see how the survey results are interpreted into the project for which the survey was commissioned: the Bank of England's 'Bitcoin' Central Bank Digital Currency project, on which there is now a public consultation. This examination of the survey results was carried out before any study of the consultation documents: we prefer the bottom-up approach rather than just reading a high-level summary followed by intermediate summaries, in case the intermediate summaries are not supported by the base data, meaning that the high-level summary will not be supported either.

Our interpretation is that the results are in many ways irrelevant to the 'Bitcoin' project and certainly do not make a compelling case for it.

SME survey - YouGov SMEs Survey data tables

Summary

The results offer little evidence that UK SMEs are tech enthusiasts and early tech adopters.

However, the drafting of questions and the suppression of several topics lead to a survey whose results can be rolled up into a picture of the SME sector as far more open to further digitization of their payments than may be the case.

The issues obfuscated or suppressed are:

- Authorized Push Payment Fraud
- Deductions-from-face-value where SMEs receive payments by card
- The 2-3 business day delay between a card payment's transaction date and its settlement
- The extent of the usage of BACS and cheques
- Why SMEs prefer one payment method over another
- What the basis of comparison is when SMEs say they want quicker payments and lower costs, although the inference is that the comparison is with non-digital payment methods (cash and cheque) and not with other forms of digital payment

Commentary

SMEs use technology and the internet where it is to their advantage, but there is little sign that they are tech enthusiasts or early adopters. The main purposes that SME use tech for are predictable and tending towards automating clerical processes.

'Online bank transfers' – and one can infer that these are predominantly Faster Payments – are used and preferred because they are cheap and quick. Cards are used but are not preferred, but the reasons why they are not preferred are not stated or explored.

47% of SMEs use eCommerce to take sales orders and 61% to place purchase orders. The main usages of the internet are for email and to use an eBanking service: this may be the same situation as 20 years ago.

41% of SMEs still take payments in physical cash, but 'Online Bank Transfer' is the commonest at 79% and the most preferred at 57% method of receiving payments.

There is significant usage of Debit card (42%), Paypal (22%) and Credit card (44%) for taking payments but their popularity as the preferred method is far lower: Debit card (13%), Paypal (3%) and Credit card (5%).

As regards making payments, the questioning is not consistent with the receiving of payments. There are questions about making payments to staff, and then the questioning about other payments is not (i) which methods are used; (ii) which method is preferred; and (iii) why. It is simply how the most recent payment was made: the result was Debit card (16%), Paypal (3%), Credit card (11%), Direct debit/Standing order – the latter being settled as Faster Payments (11%), Online bank transfer - which will predominantly be Faster Payments (52%), and other (8%).

The framing of the question – about an individual payment and the most recent one – will not generate a response of 'BACS', which is file-based and normally used once over a period of a fortnight or a month. Indeed 'BACS' is not even a response option, although many SMEs do a fortnightly or monthly supplier payment run through BACS.

There are no questions about which method of making payments is preferred and why.

A smokescreen surrounds the SMEs' views of the detriments of digital payments.

SMEs say they want quicker payments and lower costs, but this is not unwrapped into what they are using now and why it is viewed as slow and expensive. By not asking such questions the survey leaves an inference that it is the non-digital methods that are slow and expensive, which serves to obfuscate that there can be major differences between different forms of digital payment: for a receiver of money, card payments settle 2-3 business days after the transaction date and involve significant deductions-from-face-value.

The survey steers around both the timing and cost of card payments: only the cost of a card acceptance device is mentioned amongst the components of cost, not the deductions.

Authorized Push Payment Fraud is suppressed as an issue in question SME_12: 'Fraud risk' is not listed amongst the 'factors [which] are most important to consider when paying bills' i.e. bills of all types. There is a response option 'Privacy/security' but the interviewee may not have understood this as referring to fraud, resulting in the score against this response option being low, far lower than the score against question Q15_3 'Security - how secure it feels/risk of fraud', where 96% of interviewees rated this as quite or very important. The scope of Qu15 is limited to online purchases, though, whereas the scope of question SME_12 is all purchases. The effect of this drafting is to wrongly pigeonhole Authorized Push Payment Fraud as connected to online purchases only, and to diminish its significance, not least by failing to name it.

There is only one mention of cheques, in SME_9: they have been cancelled from the UK's payments narrative.

BACS features only three times, and all of them as response options to the same question, SME_9, as if BACS was only used for salary/wages payments: BACS Direct Credit is mentioned twice, gaining 44% on first mention and a further 1% on second mention, and BACS mentioned on its own gains a further 3%, even though this is the same service.

Open Banking, a digital technology innovation, has achieved so little market penetration as to merit no mention at all.

Several editorial practices have crept in which, while not used crassly, are used persistently and have the cumulative effect of giving a rosier picture of the usage by UK SMEs of digital/mobile/cards payments than would have emerged had the survey been drafted in a more impartial manner:

- Preferred answers coming near the top of a multiple choice list, as if they were the default response – questions SME_4, SME_9 and SME_11 all have the cards-based response options near the top
- Frequent usage of the terminology of the cards market – and particularly of the word of 'accept' where 'adopt', 'introduce', 'take', 'collect' or 'receive' could have been employed – inferring that cards are the default method of payment
- Not counting neutral responses and don't knows when those responses are important given the nature of the question

Detail

Digital_technology_1. Keeping up with digital technology trends is important to the running of my business

- This is a question crafted to get a strong level of approval because the statement 'Keeping up with digital technology trends' is so vague
- What trends exactly?
- Does this mean reading about bitcoin in the newspaper?
- Does it mean upgrading anti-virus software?
- Does it mean buying a new laptop every 3 or 4 years?
- Does it mean accepting all Windows patches?
- For the interviewee it could mean any of those
- For the interviewer – and their client – the lack of definition invites a positive response
- That response can then be repackaged as evidence of national enthusiasm for digital, since a 'Net: Agree' of 64% is recorded, as against a 'Net: Disagree' of 12%
- Neutrals and don't knows should be added to the disagrees because this is about ascertaining the degree of enthusiasm of UK SMEs for new tech: that raises the non-enthusiasts to 36%

Digital_technology_2. I usually wait until lots of people or businesses I know are using a particular product or service before I try it out

- This is a question that is far less open to interviewee interpretation than Digital_technology_1
- The response here is, commensurately, far less enthusiastic
- Only 23% of respondents were 'early adopters' – they did not wait to adopt a product and service until it had gained widespread acceptance
- This is very low if, according to the response to 'SCREEN_2. Which of the following sales channels, if any, does your business mainly use?', 40% of respondents use eCommerce
- It means the UK's SMEs are not 'early adopters' of new tech

internet_usage. What activities does your business use the internet for?

- The main usages are for email and for online banking, which is very pedestrian and might have attracted the same response 20 years ago
- 51-62% is the range for the most common other usages, with accessing the business' social media accounts and using conferencing facilities like MS-Teams and Zoom reasonably prominent
- Actually doing the business that is the SME's stock-in-trade features less prominently: only 47% use the internet for making sales, or taking orders or bookings
- 61% do use it for placing orders with suppliers

SME_1. What payment methods do you accept for selling goods or services to customers?

- 41% still use cash – very high, given cash's supposed demise
- 79% use 'Online Bank Transfer'
- There is significant usage of Debit card (42%), Paypal (22%) and Credit card (44%)

SME_1_single. And what is your preferred method when accepting payments?

- 'Online bank transfer' is by far the most popular choice at 57%
- The relative popularity of Debit card (13%), Paypal (3%) and Credit card (5%) drops off a cliff
- Why? See SME_3
- Unclearly is introduced by the usage of the term 'accept' in the question, when it has a specific meaning applicable to payment cards
- It would have been better to use the term 'receive'
- Using a cards-specific term instead tends to groom the interviewee – and the reader – into accepting that cards are the default method of payment when the answers to this question prove they are not

SME_3. You said that is your preferred method when accepting payments. Which of the following, if any, best describes why you say that?

- 'Ability to have faster settlement times' and 'Low cost of accepting payments' are true for 'Online bank transfer' but not for Debit card, Paypal and Credit card account, due to:
 - Deductions from face value
 - Delayed settlement
- The survey fails to disclose this
- The same terminology issue is repeated in the usage of the term 'accept': the question tends to infer that 'accepting a payment' – i.e. using a card – leads to quicker settlement and lower costs when the opposite is the case for the SME receiving the money

SME_5. What products do you make use of to accept payments?

- Same terminology issue in the usage of the term 'accept': the phrasing of the question paints a picture of a customer offering a payment card as the default method in which an SME receives payments
- This serves to muddy the waters because neither the options for what 'product' is used nor the response options mirror this situation
- A Point-of-Sale product is the joint highest scorer with 26% and does mirror this situation: it is noteworthy that this option is also placed at the top of the list, inferring it is the default option
- 'Banking App' is joint highest scorer, but there is no explanation of what is meant by it, as if it was obvious to all. Presumably it cannot be a Point-of-Sale product or it would not need to be mentioned separately
- So what is it?
- Did the interviewee mean that they used a Banking App to look at incoming 'Online Bank Transfers'?
- The interviewee may have understood 'Banking App' here as meaning the same as 'online banking' as a response to the question on 'internet usage'
- In fact the interviewee may have understood 'Smartphone or tablet' as meaning the same as 'online banking'
- The question is not specific enough. Does 'Smartphone or tablet' mean:
 - App on a mobile/hand-held device that captures the payer's card details; or
 - App on a mobile/hand-held device for viewing incoming Online Bank Transfers;
 - Or both?
- What does 'Banking App' mean then?

SME_6. When was the last time you took proactive steps to change how you accept payments from customers? For example, allowing customers to pay using contactless debit cards.

- The responses betoken rather slow take-up of new options
- This contradicts the impression given by the responses to 'Digital_technology_1. Keeping up with digital technology trends is important to the running of my business'
- 36% have not adopted anything new in the last three years, and another 36% do not know if they have or not
- This latter statistic infers that the interviewee does not consider the subject important
- Mentioning contactless debit cards in the question is a nudge, associating their adoption with an SME being 'proactive' and, by contrast, their non-adoption with an SME being behind-the-times

SME_7. Thinking about the last time you started to accept a new payment method (e.g. contactless card payments, direct debits) what made you adopt that new payment method?

- It is noteworthy again that the survey nudges in favour of 'contactless card payments' – a digital payment method
- Again, the usage of the word 'accept', as opposed to 'adopt' or 'introduce', tends to propagate the message that new payment methods must be card-based
- The substantive point here is that the main drivers for espousing a new method were wide usage by customers and ease of processing, but there is no guidance as to which payment methods demonstrated these characteristics
- As a result there is little that can be deduced from the responses to this question

SME_8. What would you improve, if you could, about how your business receives payments?

- The option 'Lower cost of payment acceptance device' bears out the point about terminology: the term 'acceptance' is closely associated with card payments
- It is interesting that the main requirement is for 'Lower costs per transaction', but there is no guidance as to which payment methods used now are regarded as expensive and needing to be improved upon
- It is notable that, when it comes to card payments, there is a permitted response option 'Lower cost of payment acceptance device'
- But there is no permitted response option of either 'Higher proceeds received as a percentage of the sale value' or 'Lower deductions-from-face-value'
- Explicit mention of the costs of accepting card payments is suppressed
- This myopia mirrors that of the Payment Systems Regulator up to now: they have concentrated attention on the competition between acquirers, who supply the 'payment acceptance device' and charge a fee for their processing
- They have paid far less attention to the deductions-from-face-value that are distributed around the cards ecosystem

SME_10. Which of the following factors are most important to consider when paying staff?

- There is no permitted response option for the most important aspect of paying staff: that the staff member receive the entirety of the amount that appears on their payslip
- There can be no deductions or fees along the way

SME_11. Thinking about the last time you paid a bill for your business how did you pay?

- This is a much more limited question than the one used for the receiving side
- It refers only to 'the last time' and to a single payment – 'paid a bill'
- In fact the interviewee might not even interpret a supplier invoice as a 'bill', and regard a 'bill' as the electricity bill or business rates
- The preference for the usage of Online Bank Transfer is repeated on the paying side
- It is odd that BACS is not mentioned – this must surely be quite common at the upper end of the SME sector and not just for payments to staff
- However, BACS will fall outside the terms of the question because it is used for multiple payments at once, not for individual ones
- Its mode-of-operation is as a background process, mismatching the implied mode of the question of 'you paid a bill'
- It is also used periodically – weekly, fortnightly or monthly and in a background process: it would be pot luck if the interviewee had just authorised a BACS run when they were asked these questions
- BACS is no longer an 'Online Bank Transfer' option, since Payment Services Directive, because of its timing, but it remains widely used by the larger SMEs
- It should be a response option - unless of course the official view is that credit transfers ought to be made through Faster Payments or CHAPS, allowing BACS to be closed

SME_12. Which of the following factors are most important to consider when paying bills, or making other business transactions?

- It is interesting that there is no permitted response of 'Fraud risk' i.e. Authorized Push Payment Fraud which has become so prevalent through Faster Payments
- It may have been assumed by the interviewer that the interviewee would understand Fraud risk as sitting within 'Privacy/security'
- The interviewee might not agree, though: only 32% said that 'Privacy/security' was an important factor to consider
- There should have been a permitted response 'The correct payee as named in the payment order receives the money and no-one else'
- That would surely have been ticked off by 100% of respondents, and might even have been regarded as a stupid question, on the erroneous assumption that a payment service provider making sure the named beneficiary gets the money is a given
- It isn't, of course
- This is another example – along with the high deductions-from-face-value on card payments – where the survey suppresses a major detriment in the digital payments ecosystem

SME_13. When was the last time you adopted a new payment method to make payments on behalf of your business...

- Here the term 'adopted' is indeed used, as it should have been in other questions instead of 'accepted'
- Only 25% of respondents have made any change within the categories mentioned in the question in the last three years
- The remaining 75% have either done nothing or are unaware of having done anything
- This betokens a much more static situation than the proponents of digital payments would want to be perceived

SME_14. What were the reasons for switching, or adopting a new payment method?

- The two top reasons were 'Speed - how quickly the recipient gets the money' and 'The new method is easier to use'
- Both might apply to a switchover from cheques to using Faster Payments
- However, from a payer's perspective, the attribute 'Speed - how quickly the recipient gets the money' is a negative for the payer's liquidity management
- This is an attribute whose importance changes as the overall environment alters from low interest rates/easy liquidity to the situation now of higher interest rates and tighter liquidity
- More information would be need about the attribute 'The new method is easier to use' to see which new method was adopted and in which way it was easier to use than the old one:
 - BACS is easy to use once it has been implemented and linked to the Accounts Payable application: a periodic file of payments – a 'BACS run' - will be produced for authorization and despatch
 - Cheques are easy to use for multiple payments, in a periodic 'cheque run'
 - The cheques can be printed on continuous stationery with a remittance advice, and the A4 paper automatically folded into a window envelope, on the back of a file of payments uploaded from an Accounts Payable application
 - By contrast, entering payments into an online banking app can be more labour-intensive, even if the payments are already saved as templates
 - On the other hand, it is normally possible for a file from an Accounts Payable application to be uploaded into online banking with one difference compared to cheques...
 - Cheques are immune to fraud risk for the payer: if a bank pays the cheque into a differently-named account from the name on the payee line, the bank has to reimburse
 - Cheques are immune to Authorized Push Payment Fraud

Q15_3. Security - how secure it feels/risk of fraud

- 96% of interviewees rated this as quite or very important – but apparently only when making online purchases
- Authorized Push Payment Fraud does not just occur with regard to online purchases: it underplays the issue to pretend it is limited to that – and to only address this major detriment so low down in the survey
- This issue was suppressed in 'SME_12. Which of the following factors are most important to consider when paying bills, or making other business transactions?', where the scope of the question was all types of business transactions and 'paying bills'

Q15_5. Availability – is it something you always carry with you

- This definition of availability discriminates in favour of cards and mobile-based apps
- Another definition would be 'I can easily access it when I want to'

Consumer survey - YouGov Consumer Survey data tables

Summary

The results offer little evidence that UK consumers are tech enthusiasts and early tech adopters: consumers appear not to be behaving in the way that the government, financial authorities, and the Fintech industry want them to behave.

Nevertheless the survey results are open to the interpretation that the opposite is the case.

There is a further aspect to this that the survey does not explore: what do consumers want? The fact that they behave in a certain way towards their payments and banking does not mean they have actively decided to behave in that way. Banks' policy of withdrawing their branches and ATMs has directed customers into using mobile/internet banking, whether they like it or not.

A bank's branch network remains an important driver for a consumer to use that bank as its main provider, but this runs contrary to the providers' direction-of-travel.

A preponderance of consumers use physical cash, but the manner in which their frequency of cash usage is depicted has no contexting in the person's number of financial transactions overall. The resulting statistics are open to an interpretation of infrequent cash usage.

What cannot be misinterpreted is the loud-and-clear message from UK consumers that physical cash must remain available to them. While that message can be ignored, it is not susceptible to being spun away.

Cheques feature only twice, in Qu25 on person-to-person payments, and in the follow-up question 26_4 on why cheques are used. It is as if cheques do not exist for person-to-business payments: cheques have been largely cancelled from the narrative on UK consumer payments.

Commentary

There is very little sign of consumers doing what the authorities would like them to do, this desire having informed a number of industry initiatives since the Global Financial Crisis:

- Regularly shop around for the best deal for their current account
- Use Open Banking both to conduct the shopping-around and to manage their accounts subsequently
- Use the Current Account Switching Service to effect the change of provider
- Reduce the market share of the big banks and start using neo-banks and non-bank Fintechs (eMoney Institutions and Payment Institutions)
- Eliminate, by using Open Banking, the lock-in over the current account that a bank gets by having the customer use their eBanking service to manage it
- Become early adopters of new technology and enjoy using new tech
- Stop using physical cash themselves
- Agree that physical cash has no relevant role in the future

The reasons for people's recalcitrance appear to include:

- The whole subject not being important enough to them to spend their time on
- Being reasonably happy with what they use at present
- Not seeing any meaningful benefits from using neo-banks and non-bank Fintechs
- Fear of fraud (i.e. Authorized Push Payment Fraud)

Consumers appear to be reasonably happy with the services they are offered at the moment (Qu22 and Qu23). The main concern that registers - with a percentage that is an outlier on the high side compared to other responses to the survey- is online payment fraud. It is addressed in Qu21 and bears a meaningful degree of correlation with Authorized Push Payment Fraud.

There is strong support for physical cash remaining in circulation – Qu28 – even if it is supposedly used sparingly – Qu25. Qu25 fails to put professed customer behaviour into context, stating the frequency of cash usage only in absolute terms and not in relation to all payments the customer makes. The majority of consumers continue to use cash on a fairly frequent basis.

Face-to-face banking is little used, according to responses produced by Qu4; however a branch network remains important when consumers are choosing a banking provider (Qu10_9).

Consumers are in general not early adopters of new tech: 71% are minded to wait until new tech has gained wide adoption before using it themselves (Qu30_2) and 61% either do not enjoy keeping up with new tech or they are neutral to it (Qu30_1). There is a low take-up of new payment methods (Qu18 and 19). The main reason for adopting a new method is speed (Qu20) but no comparison benchmark is given for what went before, and by what amount the new service is better. Qu20 also omits a response option that 'My bank made it more difficult for me to pay in this way' e.g. by failing to automatically re-issue their cheque book.

Bank transfers and cash are the preferred method of making person-to-person payments (Qu25). Applepay and Googlepay have achieved very low market penetration (Qu16). Paypal is used for online shopping and for P2P payments (Qu17and Qu25). Open Banking has not even reached the stage of registering as a possible response. Cheques scarcely feature either, as if the numbers of cheques cleared through the Cheque&Credit Clearing did not exist.

The survey contains very little quantitative data:

- Large number of questions where the response options are 'Very important, Quite important, Neutral...' and so on
- Many comparison responses, without reference points:
 - Qu12: 'I would like to be able to access my funds more quickly'
 - Qu15: 'Better interest rates'
 - Qu20: 'Quicker payments'

The drafting of the questions promotes digital payment methods as being the default. This nudging is not as prevalent as in the SME survey, but it is still noteworthy e.g.:

- The manner in which mobile/online banking is portrayed in Qu4
- in Qu16 and Qu17 the card-based methods are listed first.

Detail

Q4. Which of the following best describes your use of mobile or online banking?

- The phraseology risks underplaying what 'non-mobile' means, and therefore overplaying the degree to which customers use mobile/online
- Telephone banking might be regarded by many as a form of mobile banking
- Only using a bank branch is irrefutably non-mobile
- What about writing a cheque, for which one does not have to visit a branch?
- By putting the option 'I only use' first, exclusive use of mobile/online banking is positioned as the preferred response, the modern response, as opposed to the one that is really true
- Anyway, 'usage' is not the same as 'preference'; given banks' closure of their branches, the customer may be left with few viable options
- As a result they have been nudged towards mobile/online, even if their preference is face-to-face
- The survey fails to ask relevant questions on this point

Q8. Have you ever switched any of your accounts to another provider?

- 7% have changed within the last year
- 8% have changed between 1 and 3 years ago
- 37% have switched but not within the last 3 years
- 45% have never switched
- So much for the Current Account Switching Service
- So much for the neo-banks
- So much also for the aim of Open Banking to reduce the market share of the main incumbents by eliminating the lock-in over the current account caused by the customer using the same bank's eBanking service

Q9. Which of the following reasons, if any, best describe why you have not changed any of your accounts?

- I'm happy with the current service I receive – 59%
- I can't see any benefits in switching – 35%
- I have never thought about changing my service – 18% - i.e. the subject is not of importance
- The numbers total 112% because the instruction is to tick all that apply, which contradicts the word 'best' within the question

Q10. Thinking about the last time you opened a new current account, how important, if at all, were each of the following factors when deciding on the account you chose?

- As if to bear out the point about customer preference, 10_9 asks whether a bank's branch network is important when choosing a new current account provider
- 60% said it was quite or very important
- Why would that be the case if their responses to Qu 4 were correct, that they are using only or mainly mobile/online and do not need access to a branch network?

Qu11. Thinking about the last time you opened a savings account, how important, if at all, were each of the following factors when deciding on the account you chose?

- For savings accounts the provider's branch network is less important – 11_9

Q16. Thinking about your purchases in-store in the last 3 months, which of the following payment methods do you use most commonly?

- The usage of Applepay and of Googlepay is very low
- It is just 2% in aggregate

Q17. And thinking about when you have bought something online in the last 3 months, which of the following payment methods do you use most commonly?

- 20% ticked Paypal
- How did interviewees record the situation where Paypal is acting as an acquirer for the merchant, and the actual payment method used is a credit or debit card?
- Does Paypal exclusively mean where the customer has a Paypal account?
- In addition the survey does not link the answer to this questions to Question 22, where interviewees are asked what methods involved added costs
- There is frequently a surcharge for paying through Paypal

Q18. When was the last time you started using a new payment method? For example, signing up for a new bank account or payment service.

- The answers to this question point to a low adoption rate for new accounts and services
- 64% have not adopted anything new in the last 3 years or else they do not know if they have
- If it is getting a new bank account, the result points to a low take-up rate for the Current Account Switching Service
- If it is about adopting new services for paying, Open Banking might have been expected to feature

Q19. When was the last time you changed your main method of payment? For example, switching from mainly using cash (banknotes) to mainly using debit cards, or from chip and pin to contactless etc.

- The answers to this question point to a low adoption rate for new payment methods
- 66% have not adopted anything new in the last 3 years or else they do not know if they have
- Again, Open Banking might have been expected to feature

Q20. What was the reason for switching, or adopting a new payment method? Please select all that apply.

- 'Quicker payments' was the top response, selected by 39%
- But there is no contexting in what the previous method used was, why that was slow, what was selected in preference, and why that was considered better
- There is no response option that 'My bank made it more difficult for me to pay in this way' e.g. by failing to automatically re-issue their cheque book

Qu21. Now, please imagine you are making a purchase online. Please say how important or unimportant each of the following factors are when choosing your payment method.

- In response to 'Q21__3. Security - how secure it feels/risk of fraud', 76% said this was very important and another 17% quite important – 93% in all
- This underlines the importance of financial crime risk to the consumer (which correlates with the detriment of Authorized Push Payment Fraud)

Q21__2. Speed – how quickly the payment leaves your account and your balance is updated

- This question, as in the SME survey, is really two questions
- The first part is a truism: if the customer is making a purchase online, the money needs to move speedily or the purchase will not be completed
- The first part also disguises an important fact behind the scenes when payment is by card: the money does not move at all at the time of purchase
- What moves is a guarantee to the merchant of future payment, with the money being settled in their favour 2-3 business days later
- Merchants accept this guarantee and are willing to deliver the goods/service against it, but the payment itself is not speedy
- The updating of the customer's balance is important because the customer wants to know how much money they have available
- That is a separate issue from the speed of the payment

Q21__4. Convenience - how easy it is to use and Q21__5. Availability – is it something you always carry with you

- Having a question for each of these attributes seems like promoting convenience, at the expense of other factors
- The main selling point in favour of cards, for consumers, is convenience

Q22. Which of these factors, if any, have caused the most frustration when paying for things?

- 'Cost – if it costs you additional money to use this method' gets the highest score, but this has no meaning unless the payment methods are identified where this occurs
- In the author's experience it is Paypal, in the case that the merchant has determined that they will not accept a deduction-from-face-value on their sales proceeds
- In that case the buyer has to pay a surcharge on top of the sticker price of the goods/service
- It is also noteworthy that the second top scorer was 'None – I have no issues' with 32%

Q23. What, if anything, would you change about payments to improve them?

- Here the top response with 42% is 'Nothing – I have no issues with making payments'
- That undermines any case-for-change

Q25. What payment methods do you predominantly use for person-to-person payments?

- The responses total over 100% because interviewees are asked to select up to two options, even though the question contains the word 'predominantly', which infers one response only
- The leading responses were bank transfer/main account (66%), bank transfer/other account (19%), cash (25%) and Paypal (17%)

Q27. How often do you use cash to pay for goods and services (e.g. shopping, bills, transport etc.)? Is it ...

- The usage pattern was spread fairly evenly across the time periods given
- 6% of people use cash every day and 9% of people never use it
- It would have been helpful to have a control over whether the interviewees bought anything at all during the period when they did not use any cash
- One does tend to infer knowledge of other people's spending habits from one's own - e.g. one or two payments for something every day – and judge a statistic of others' cash usage accordingly
- One usage of cash per week could be one payment per week for someone who undertook a single weekly shopping expedition and paid for it in cash, if they had a season ticket to work, took their own lunch (out of what was bought in the single shop), and had tea/coffee available free at their place-of-work, and all of their household bills were on direct debit
- The answers to this question are meaningless without that contexting

Qu28. To what extent, if at all, do you either agree or disagree with each of the following statements?

- This question is about consumer attitudes to physical cash
- There is very strong support for it, and as much for those that 'want' to use it (Qu28_5 with 87% saying it is very or quite important) as for those that 'need' to (Qu28_4 – also 87%)
- This resounding vote of support for physical cash gains less prominence for being at Question 28, not Question 1

Q29. When you leave the house, how often do you bring your smartphone with you?

- One is tempted to respond to this question with a 'so what?'
- Is the inference that, because you have a smartphone with you, you should use it for making all your payments and...
- ...as a result it is fine to abolish physical cash?
- And what if you do not live in a house? Why not barracks, or squat, or flat, or hostel?

Q30_1. I enjoy keeping up with the latest developments in technology

- This questions suffers from the same opacity as its equivalent in the SME survey
- Does the interviewee interpret the question as accepting all Windows patches, as reading Computer Weekly, or as adopting Open Banking the minute it became available?
- A lot could be read into a response of strong agreement
- Actually the consumer does not seem very enthusiastic: 61% reacted as neutral or disagreed, with a further 2% not knowing
- The survey, however, records a 'Net agree' of 36%, ignoring the neutrals and don't knows
- This is not right if the aim of the question is to ascertain how many consumers are enthused with new tech: neutrals and don't knows are not enthused
- The survey result could report that consumers generally are enthused about new tech, based on the 'Net agree' number, whereas 63% - the neutrals, the don't knows and the disagrees – are not enthused

Q30_2. I usually wait until lots of people I know are using a particular product or service before I try it out

- The survey records a 'Net agree' of 39% and a 'Net disagree' of 22%, characterizing the UK's consumers as tending towards not being 'early adopters'
- However, as in Qu30_1, that conclusion would be erroneous because the neutrals and the don't knows are ignored
- 'Early adopters' will be enthusiastic; someone who is neutral or does not know is not enthusiastic and is not an 'early adopter'
- The neutrals (34%) and don't knows (4%) need to be added to those who agreed with the statement (39%) to ascertain the number of interviewees who are not 'early adopters'
- The result is 77% who are not 'early adopters', not 39%
- That is a very lukewarm reception for new tech, but the survey risks warming up that figure and over-reporting the enthusiasm of consumers for new tech

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