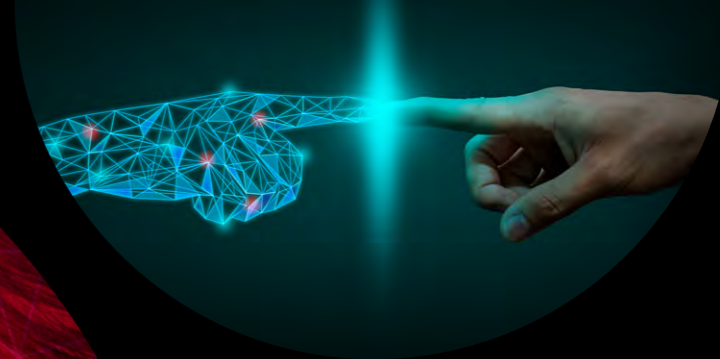
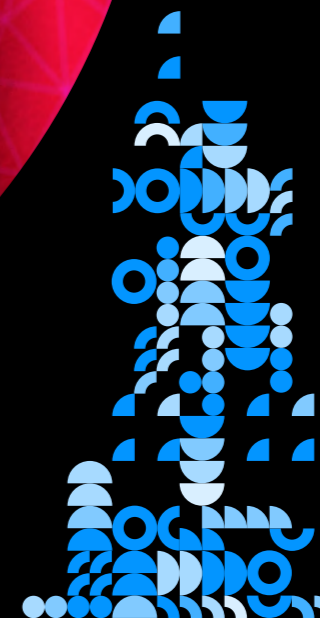


CCV Pulse

Payment Trend Report



CCV



2023

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2023: Where access is everything

As we progress through 2023, we're proud to mark CCV's 65th anniversary. We celebrate and reflect on how much the payment landscape has changed since our company was founded in 1958. This milestone seems all the more significant as 2023 begins with significant uncertainty for many businesses and consumers.

Having weathered the global pandemic, businesses now face the challenges of rising operational costs, materials shortages, and a staffing crisis. For many consumers, high inflation means each purchase merits extra consideration. In this context, we continue to empower payment for merchants and customers by offering the most modern, secure, and cost-efficient solutions.

When I look back at CCV Pulse 2022, I am struck by the theme of connectedness. More and more of the objects in our homes are connected. As infrastructure continues to improve, we can expect payment to become another function of these smart devices. Merchants may use the data from digital payments to understand their customers' habits on a deeper level. And there are also advantages for the planet that connects all of us. Modern payment solutions continue to remove barriers to public transport and electric vehicle use, for example.

As we continue to facilitate the close connection between merchant and customer, and as modern payment methods become the norm for more consumers, our thoughts now turn to accessibility. How can we make these solutions accessible to businesses of every size, so that they can serve customers who have come to expect the convenience of payment via NFC devices or one-click ordering? How do we make these technologies available to the consumers who have yet to discover them, across every channel across which they may wish to buy? Perhaps most importantly, what can we do to ensure that these digital payment solutions do not isolate the people in our society who still rely on cash?

In this edition of CCV Pulse, we are excited to introduce four trends to watch in 2023. I hope that reading about these trends will show you the opportunities we have to empower payment for everyone in these challenging times.

Enny van de Velden
Chair of the Board and Chief Commercial Officer, CCV Group



Trend 1

Payment accessibility is evolving in a changing world

We've long said that the pandemic accelerated the uptake of digital payment methods. Now, three years on, we live in a changed world where the physical and digital spheres of our lives overlap. Payment is no exception.

Digital wallets move beyond e-commerce

Current estimates suggest that [60% of the world's population](#) will use a digital wallet by 2026. Although many of the new users will come from outside Europe, here, the way consumers use these products will change. Currently, over [90% of consumers](#) in France, Italy and Germany have access to PayPal. Increasingly, they will also use their digital wallet on their smartphone for POS transactions as well as online payments. We expect digital wallets on smartphones or wearables to account for almost [14% of POS payments](#) by 2024.

Cash is no longer King

As more consumers place trust in these new payment solutions, cash use continues to decrease. In the UK, just [15% of all transactions](#) were in cash in 2021. And in the Netherlands, [21% of retail payments](#) in 2022 involved cash. This number is lower still in the Nordic countries, notably Sweden, where [as many as 95%](#) of Swedes aged 15–65 have downloaded the Swish mobile payment app and cash accounts for less than 10% of all transactions. Even in Germany, a land where cash is enduringly popular, the 40 branches of the technology chain Gravis will only accept cashless payments from January 2023. While the numbers may fluctuate over time and between different countries, one thing is clear: we are seeing reduced cash usage all over Europe.

The decision to encourage cashless transactions is often motivated by lowering costs. Installing and maintaining ATMs and cash registers is expensive, requires additional security, and can slow down the speed at which transactions can be completed. Cashless payment enables businesses – including mobile and popup merchants – to be flexible, protected from fraud, and environmentally friendly.

However, these changes also bring the theme of cash accessibility to the fore. As we do away with cash, we risk isolating some members of our society, notably the elderly, people without smartphones, people who use cash to budget for their weekly outgoings, and those living rurally where technology that depends on 4G and WiFi is less reliable.

As the EU continues to legislate to close the 'digital divide' and to monitor access to ATMs, it is also up to merchants to consider the needs of their customer base. Far from planning to phase out cash, operating in an omnichannel environment will likely still include this most traditional payment method for many businesses.



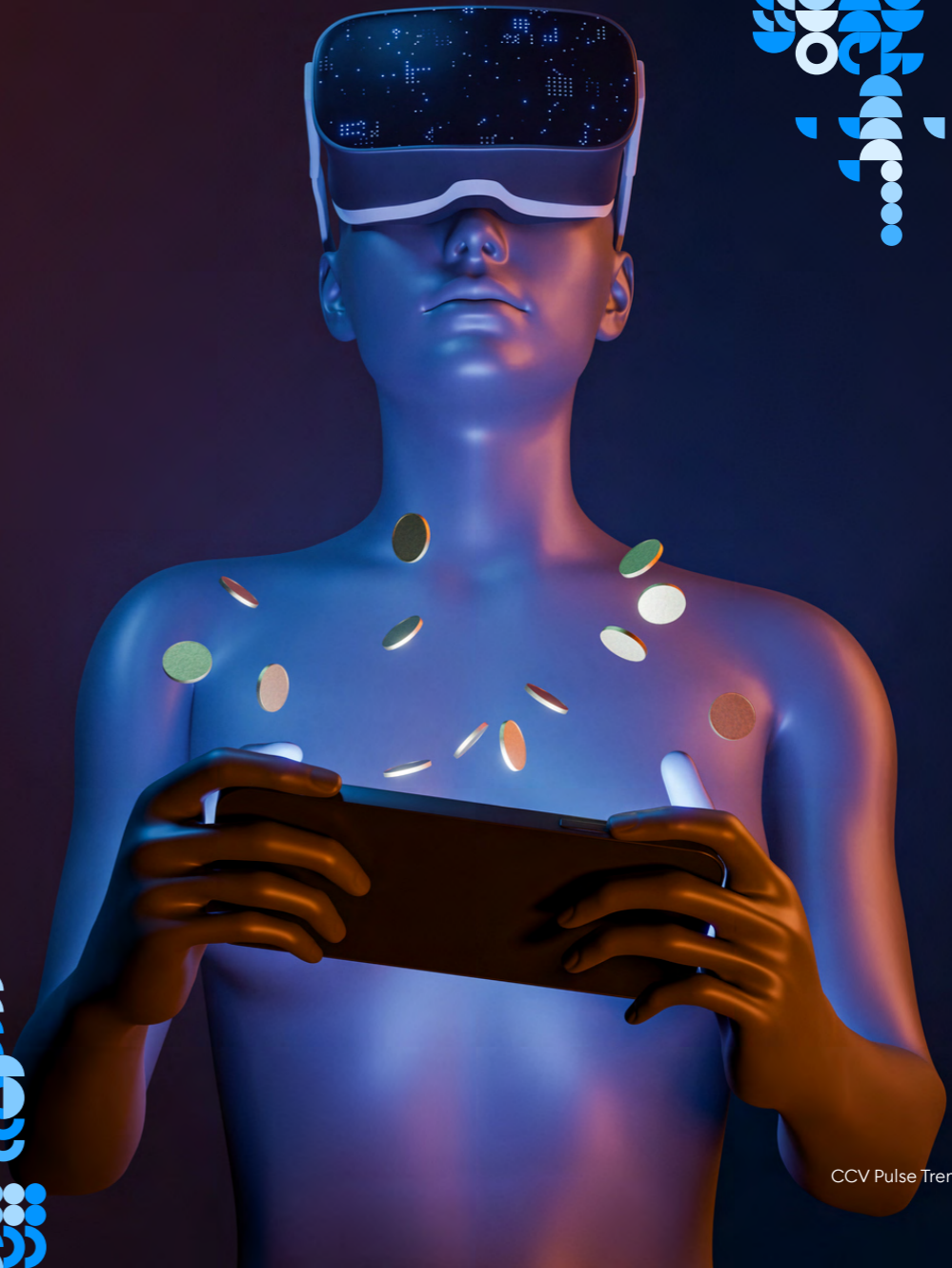
Expert opinion

Dick Dijkman,
Programme Manager at CCV

“It’s easy to become excited about the range of payment options now available to businesses of all sizes. Far from the fraud, hygiene, expense and security issues associated with handling cash, software-based payment methods are convenient, low-cost, and secure.

However, cash will still remain important – although not paramount for all markets. In other words, cash cannot yet be ruled out in traditional settings, for example in supermarkets, but we will also see new businesses emerging that only use electronic payment methods. Furthermore, many people in society will continue to rely on cash in certain situations. For businesses, offering as much payment choice as possible is key in the immediate future.

Businesses will find a way to balance the need to keep up with the latest innovations with the need to cater to customers to whom this technology is not yet accessible. Although digital payments may be the most popular choice, they must not yet be the only choice in all cases.”





Trend 2

Full-steam ahead for SoftPOS

SoftPOS is a recurring theme in CCV Pulse, with good reason. The ability to take contactless payments with a smartphone rather than a traditional or mPOS terminal is a game-changer for businesses of every size. The potential to bring micro-businesses, for which high setup costs and additional hardware were previously barriers to accepting cards, into the digital payment world is often hailed as one of the major advantages. With the low costs and ease of use of SoftPOS, we see the democratisation of contactless payment: the ultimate in digital payment accessibility for merchants and customers alike.

Flexibility for merchant and customer

SoftPOS is advantageous for small and large businesses alike. While the traditional payment terminal will remain front and centre for most merchants, the flexibility of SoftPOS can change the way that customers shop, reducing bottlenecks at busy times and offering a level of convenience which cannot be achieved with a cash register.

If your existing handheld computer (or even a smartphone) can also be used as a payment terminal, customers will be able to pay *anywhere* in your retail store. And for hospitality businesses, customers can pay at the table without having to wait for the payment terminal to be available during peak times. For businesses that sell at conferences and trade shows, representatives can network and close the deal while mingling with the crowd. When there are more customers to serve, putting more SoftPOS terminals on the floor is as simple as downloading the app and receiving approval from the acquirer.

In 2022, we spoke about the remaining technical hurdles that needed to be overcome for SoftPOS to move from the realm of the early adopters into the mainstream. Now, the momentum is building.

SoftPOS is going from strength to strength

There are several driving factors behind the current surge in SoftPOS adoption. With Apple's decision to enable the iPhone's NFC capabilities for payment, SoftPOS has gained 1.2 billion potential users. By 2027, [34.5 million merchants](#) will be SoftPOS-enabled (up from a current 6 million), creating a global market of \$76 billion by 2025. And now that SoftPOS devices can accept PINs for purchases over the €50 limit for contactless payment, this payment solution has become accessible not only for more merchants but for a wider range of purchases.



Expert opinion

**Cornel van Mastrigt,
Strategy and Innovation Consultant
at CCV Lab Strategy and Innovation**

“This year, we will see SoftPOS begin to reach its full potential. It will continue to grow as more merchants offer this method to consumers who have come to expect seamless payment. The demand will be not only from smaller businesses able to accept card payments for the first time, or from mobile businesses such as food trucks, but businesses such as home delivery services that already manage bookings and inventory with Android apps. Payment will become just another function of the same device.

Previously, the challenge of a new technology would have been to keep pace with consumer demand. With SoftPOS, there is no concern, as the number of terminals used by a business can be increased in moments. Once the app is downloaded and approved, an existing COTS device with NFC capability can become a payment terminal.

Time will tell whether SoftPOS becomes dominant in the payment landscape, or whether it becomes another option for customers who value choice. But its role in improving customer experience by reducing queues and bottlenecks should not be underestimated.”



Trend 3

Payment is becoming **more naturally integrated**



In 2023, native in-car payments are a commercial reality. Mercedes Benz has become the first car manufacturer to provide in-car payment systems in new vehicles sold in the UK and Germany. With a PIN and a fingerprint, drivers can authorise payments through the car's head unit interface. Whereas a drive to a meeting in a neighbouring town might previously have involved tickets, coins, and paper receipts, drivers can now arrive at a parking garage opened by ANPR technology, pay for parking or charging from inside the car, and have e-receipts sent to their business email address ready to claim expenses.

Intuitive integrations improve customer experience

In-car commerce is the perfect example of payment being integrated in a place where it adds value for the consumer. As other manufacturers follow, this added convenience will filter down from the luxury sector to become an option for more drivers.

As payment finds a natural home within more objects in the internet of things, the act of payment also becomes more naturally integrated, with fewer clicks standing between consumer and purchase.

Tokenisation drives the online-shopping revolution

Thanks to scheme tokenisation systems from Mastercard, Visa, and American Express, Apple Pay and Google Pay are pushing forward to pave the way for one-click ordering; and buy-now-pay-later setups are now available on an increasing number of websites and

apps. Furthermore, merchants were historically vulnerable to data leaks, but a merchant-specific token without the necessary key to decode it cannot be used fraudulently. Tokenisation also reduces the problem of false card declines, removing another barrier to potential digital purchases.

The tokenisation market is expected to grow to **\$2.7 billion by 2028**. As omnichannel payments move increasingly to the back-end transfer of data, the customer experience becomes truly frictionless. This is good news for businesses too. These instant, intuitive payments cater to the increasing number of consumers, especially in younger demographics, who buy from mobile devices. This ease-of-use drives repeat business, encourages impulse purchases, and reduces the problem of cart abandonment, which has previously scuppered 70% of all online purchases.



Expert opinion

**Guido Lamers,
Strategy Manager at CCV Lab**

“The convenience of integrated payments is often touted as the main advantage for the consumer. Even more ground-breaking is the end-to-end security that digital payment systems can now offer. A token is less vulnerable to fraud than a card number, and biometric authentication with a fingerprint or facial recognition is more secure than a PIN. The very technologies that remove friction from the payment process actually enhance security, too.

Many consumers remain reluctant to use devices connected to the internet of things, let alone make purchases directly from them. The challenge now is to continue to overcome consumer reticence so that everyone can benefit from this technology.”



Trend 4

EV charging accessibility is on the agenda

In good news for the planet, electric vehicle adoption continues to accelerate. Battery electric vehicles accounted for [9.9% of car registrations](#) in 2022, and plug-in hybrid vehicles for 8.7%. These changes are driven not only by improved EV availability, reduced costs, and advancements in battery technology but also by legislation encouraging the elimination of fossil fuels and ensuring that infrastructure for EVs is increased across Europe.

Legislation is a driving force behind EV adoption

In 2023, the spotlight turns to Germany. The new *Ladesäulenverordnung* comes into force in July, demanding that new charging stations installed to meet AFIR targets accept credit and debit card payments. When drivers are given a wider choice of payment methods, the decision to charge an electric vehicle can become as spontaneous as stopping to refuel at a petrol station.

As legislation also demands that new-build homes make it possible to charge electric vehicles, regulations like the *Ladesäulenverordnung* remove one of the remaining barriers to switching to full-time EV use. Charging must be accessible throughout the driver's journey if they are to feel as confident in using an EV as they do a petrol or diesel car. In legislating for this, the German regulations represent a major step forward for EV charging accessibility.

The previous closed-loop systems at charging points required users to install an app to pay for charging. The ability to pay with a card, digital wallet, or QR code makes charging points more accessible to tourists and visitors travelling from just outside their vehicle's range.

Of course, there are benefits for local drivers, especially those still finding their rhythm with a new EV. For these customers, removing the frustration of downloading another app removes another mental barrier to using an EV every day.

Businesses benefit from increased EV uptake

Increased access to charging points also benefits businesses. They have the opportunity to gather data on occupancy and charging times from a wider range of customers. And charging stations which enable e-receipts to be sent directly to the consumer also spare the cost, maintenance and environmental impact associated with printed receipts.

This year, debate on EV charging infrastructure will continue as other countries seek to join Germany in legislating for credit and debit card payment at charging stations. There is still discussion on whether retrofitting will be necessary across the EU, and whether this should be done at the expense of meeting AFIR targets for installing entirely new charging stations. Whatever the outcome, this is another vital step towards reducing emissions and ending the sale of new CO₂-emitting vehicles [by 2035](#).



Expert opinion

**Maria Joukovich,
Head of Sales Mobility Solutions at CCV**

“This year, CCV has helped EV charging providers in Germany to update their payment terminals to meet the new regulations. In particular, the CCV IM30 terminal, with its user-friendly android customer interface, is perfectly suited to the role.

Improving access to EV charging has benefits for everyone – including the business providing the charging points and those in the surrounding area. With a more open pool of potential users comes more data on charging point occupancy and customer behaviour. This allows businesses to optimise their strategies for the installation and maintenance of charging stations at different locations or to initiate partner offers with retailers.

We don't simply want to play catchup in this area. As the focus moves from Germany to other countries, we will continue to offer the latest in payment technology for EV charging, in particular cloud-to-cloud solutions like CCV Cloud Connect.”

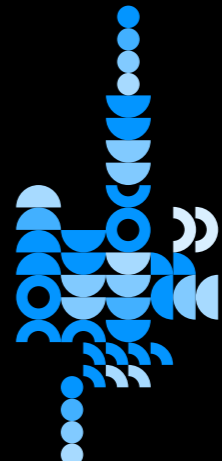
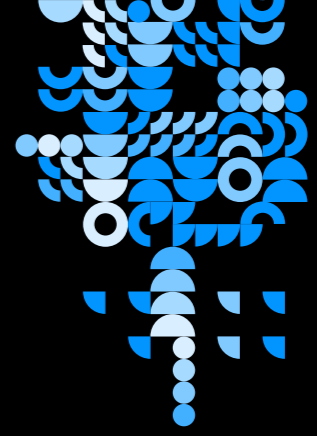


Wrapping up, it's all about accessibility

The trends we see this year have a common thread: **increasing access to a choice of secure, efficient and seamless payment methods**. As these new technologies continue to advance, more businesses should provide these options to meet the expectations of consumers who have learned and integrated new payment technologies into their shopping habits.

The way we pay has a vital role in our society. It can empower micro-businesses and SMEs to compete on a bigger stage. It can improve customer experience and drive customer retention. It can inform the decisions that business owners make for their futures. Our challenge is to facilitate the changes that make the most robust methods of payment accessible to more people while ensuring that those who continue to rely on cash and traditional hardware are not left behind.





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