Transaction Network Services

One Connection – A World of Opportunities

VITAL INSIGHTS INTO BIOMETRIC PAYMENTS ADOPTION

A report prepared by
Transaction Network Services
August 2018

Contents

Executive Summary

With the proliferation of smart devices globally, biometric payments have become more easily accessible to those consumers that are interested in using this new method of payment. Biometric payments have been heralded as a quick and convenient payment option that is also more secure, but what do consumers make of this new technology?

This report reveals the interesting findings of a recent survey conducted in the US, UK and Australia, which explores the attitudes to and willingness of consumers to make biometric payments. It includes:

- **How many consumers have made a biometric payment in the last year**
- **Which countries have greatest adoption levels**
- **Whether consumers are willing to make a biometric payment in the future using their fingerprint, iris, facial recognition and a scan of the veins in their hands as an identifier**
- **Age and gender variations**
- **If consumers feel biometric payments are likely to become more commonplace in the next 2-5 years**
- **The potential for biometric payments to help increase financial security by reducing fraud**
- **Concerns about whether providing companies with fingerprint or iris information puts personal identity information at risk**

About this Report

Transaction Network Services (TNS) commissioned a US, Australian and UK Ncompass International Omnibus Survey by Kantar TNS which ran between 8th – 12th March 2018 and covered 1,027 US adults, 1,032 Australian adults and 1,024 UK adults.

The survey asked respondents to agree or disagree with a series of statements which reflected their attitudes to and experiences with making biometric payments.

This report presents the key findings of this survey and, where available, compares and contrasts the results with the same questions asked between 4th – 8th February 2016, which covered 1,050 US adults, 1,030 Australian adults and 1,002 UK adults.

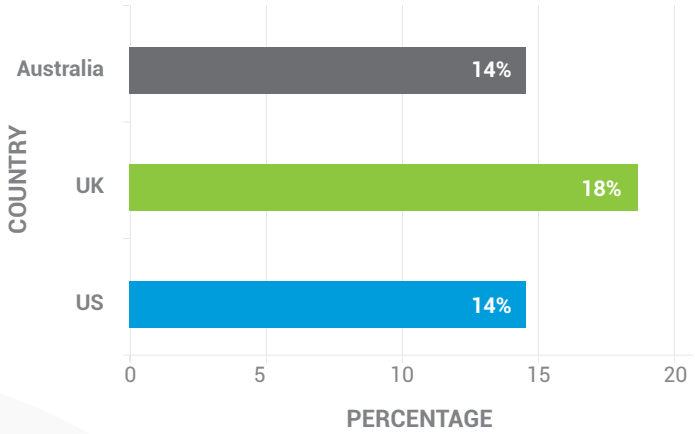
SECTION ONE

1. Are Biometric Payments Popular Today?

Adoption of biometric payments appears to have remained consistent over the last two years with 15% of respondents in our 2018 survey confirming they had made a biometric payment in the last year. In our 2016 survey we did not set a time frame for usage and simply asked if they had ever made a biometric payment, a question which 16% of respondents answered positively.

Slightly more UK adults have made a biometric payment in the last year than their counterparts in the US and Australia, as shown in graph 1.

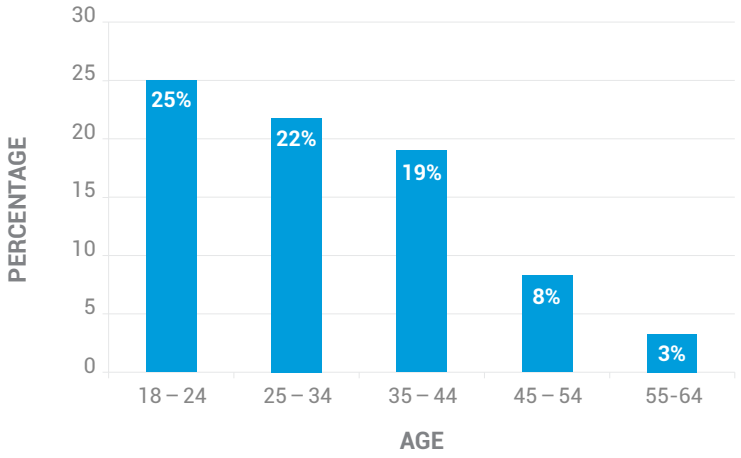
Graph 1 – Adults who have made a biometric payment in the last year, by country



Younger age groups show higher adoption rates

One in four 18 to 24 year olds have made a biometric payment in the last year. One of the interesting aspects of the data gathered was the sudden drop off in adoption from the age of 45 rather than a continuation of the gradual reduction which had been demonstrated by the other age groups.

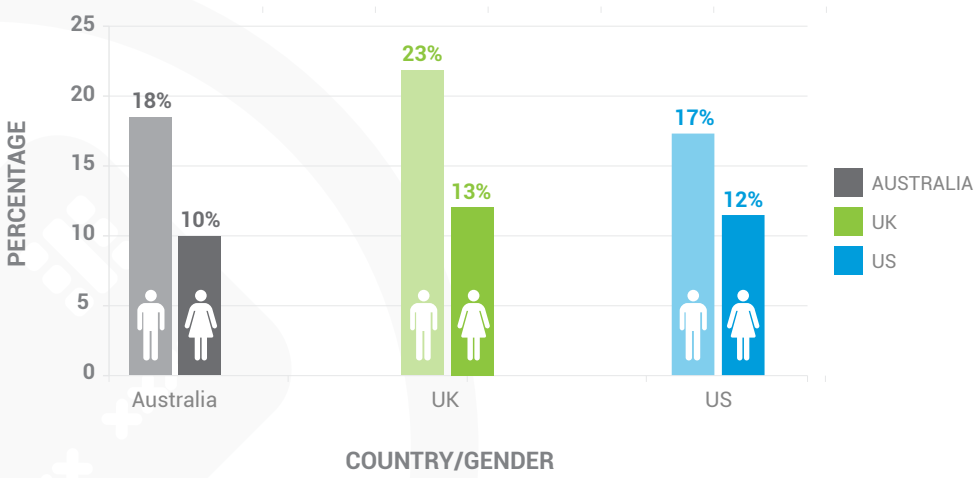
Graph 2 – Adults who have made a biometric payment in the last year, by age



Gender differences evident

Globally men demonstrate higher adoption of biometric payments, with almost a quarter of UK men reporting that they have made a biometric payment in the last year.

Graph 3 – Adults who have made a biometric payment in the last year, by country and gender

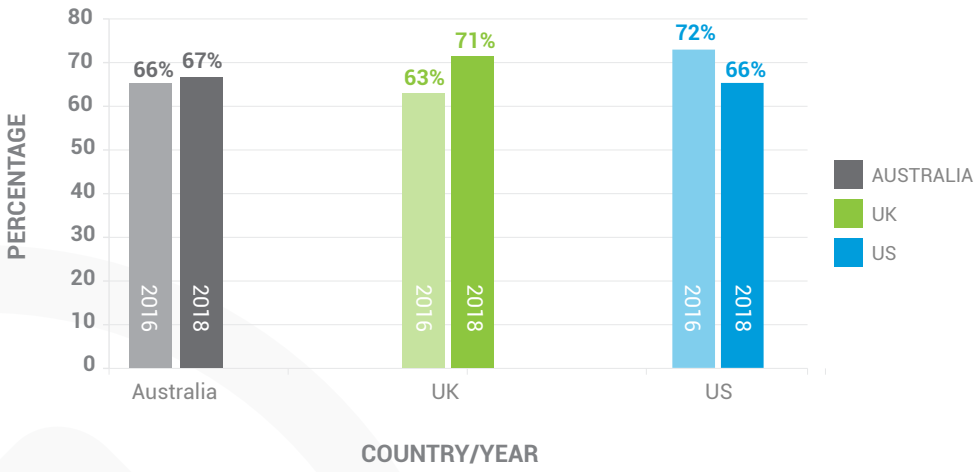


Are biometric payments likely to become more commonplace in the next 2-5 years?

68% believe that biometric payments will become more commonplace in the next 2-5 years, which is on par with perceptions in our 2016 survey where 67% agreed with this.

When looking at the results for the different countries covered by our survey we see some interesting developments. While Australian perceptions appear to have remained consistent, more UK respondents answered this question positively in 2018 compared with our 2016 results, and the US saw a significant reduction in the number who believed biometric payments will become more commonplace.

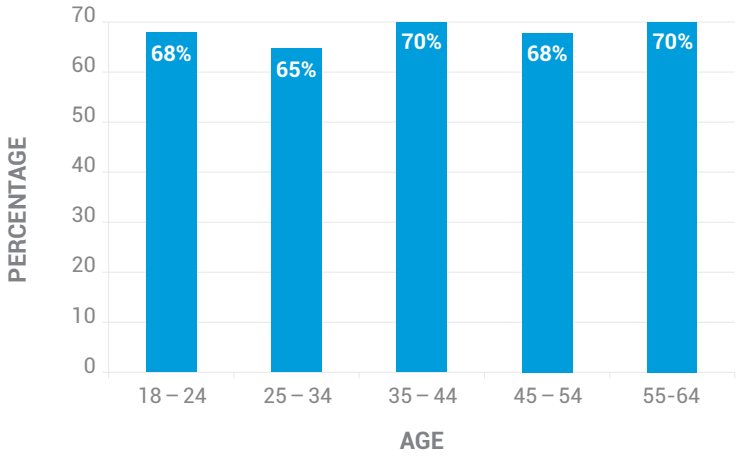
Graph 4 – Adults that feel biometric payments will become more commonplace in the next 2-5 years in 2018 vs 2016



Age groups united on future of biometric payments

The industry will be pleased to learn that the belief that biometric payments will play a more prominent role in our future payments landscape is a universal one agreed on by all of the age groups.

Graph 5 – Adults that feel biometric payments will become more commonplace in the next 2-5 years, by age



SECTION TWO

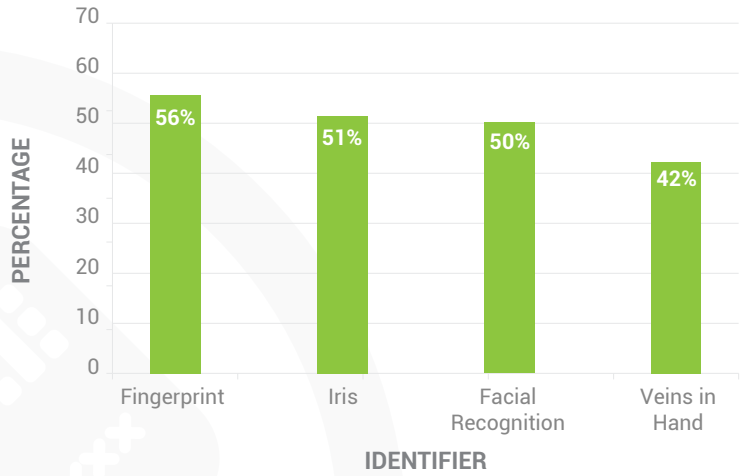
2. Which Identifying Feature Are Consumers Most Willing to Use for a Biometric Payment?

With new technology now offering consumers the ability to use many different biometric identifiers we decided to use our 2018 survey to explore which options they preferred, if any. We asked them specifically about their willingness to make a biometric payment in the future using their fingerprint, iris, facial recognition and a scan of the veins in their hand.

Fingerprints emerge as favorite option

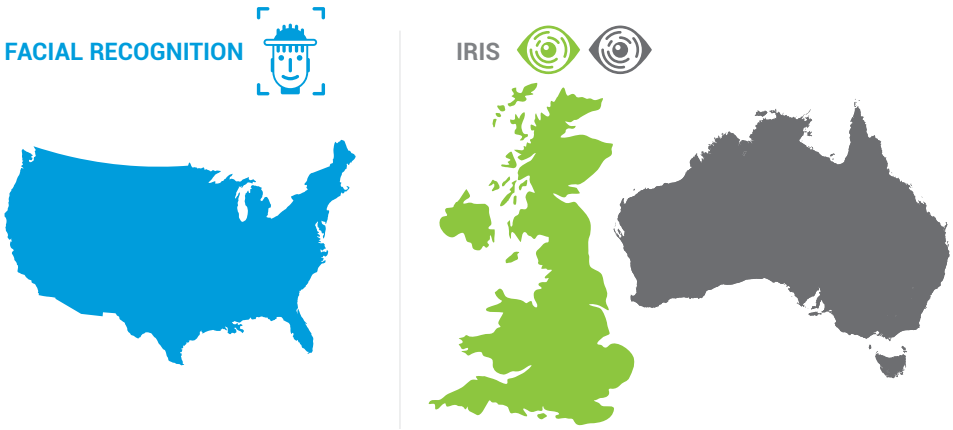
Larger numbers of respondents opted for using their fingerprint as an identifier when making a biometric payment, but the fight for second place was close, as shown in graph 6 below.

Graph 6 – Adults that would be willing to make a biometric identifier using each of the options given



While the fingerprint was universally number one for all, the different countries varied in their second place option, as shown in figure 1.

Figure 1 – Second choice biometric identifier by country

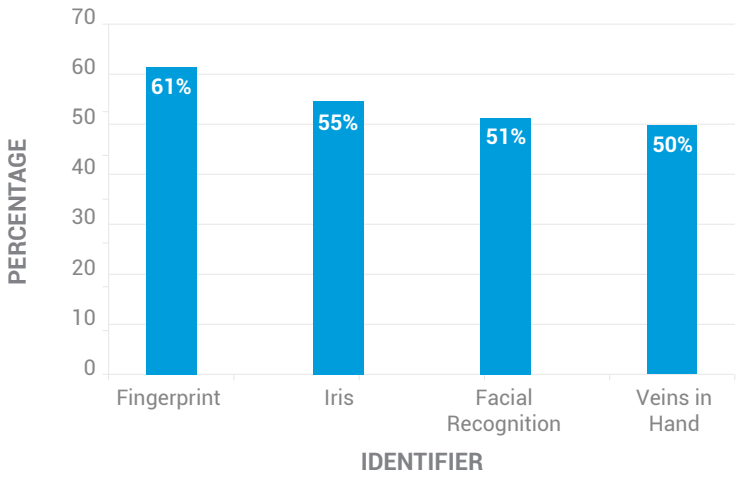


The differences among the age groups in terms of second choice preference were mostly small, with the only notable difference in second place biometric identifier being seen within the 18 to 24 year old group.

55% of this group said they would be willing to make a biometric payment in the future using their iris compared to 51% that said they would be willing to use facial recognition.

It's also worth noting that a significant proportion of this age group is willing to use a scan of the veins in their hand as an identifier.

Graph 7 – 18 to 24 year olds willing to make a biometric payment in the future using the different biometric identifiers given



SECTION THREE

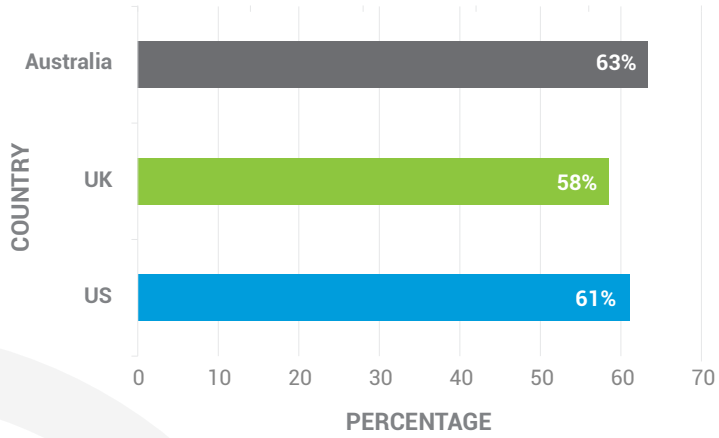
3. Are Security Fears Impacting Adoption?

Security fears appear to have reduced slightly between our 2018 and 2016 surveys, however, 61% of the adults surveyed were still concerned.

Australians marginally more concerned about security risk

When we asked respondents if they believed providing companies with their fingerprint and iris information put their personal identity information at risk, it was Australians that showed most concern overall.

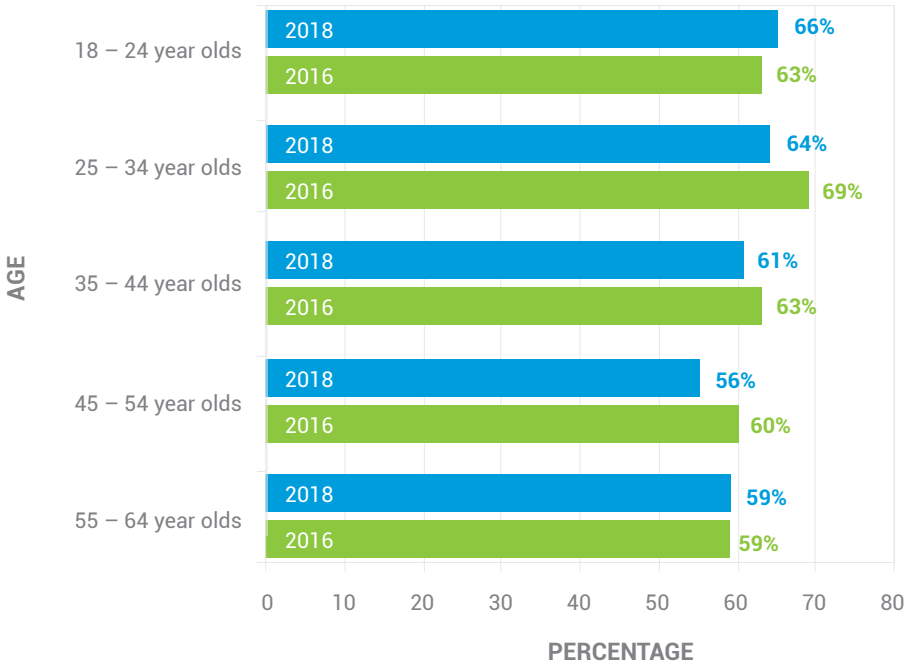
Graph 8 – Concerns that providing companies with their fingerprint or iris information puts their personal information at risk, by country



Security fears rise within youngest age group

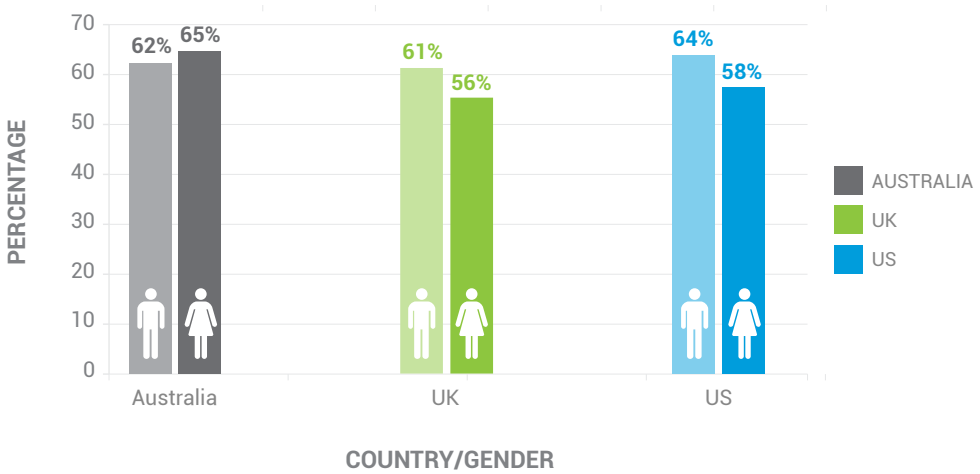
It is pleasing to see that most age groups saw a reduction in perceived risk, but it is worrying and important to acknowledge that the concerns within the youngest age group are not only higher than the rest, but have increased significantly in the two years since our 2016 survey.

Graph 9 – Concerns that providing companies with their fingerprint or iris information puts their personal information at risk, by age group and survey date



When looking at the different responses from men and women, we see that men are slightly more concerned globally, 62% to 59%, but Australian adults appear to differ with more women in the country exhibiting security concerns.

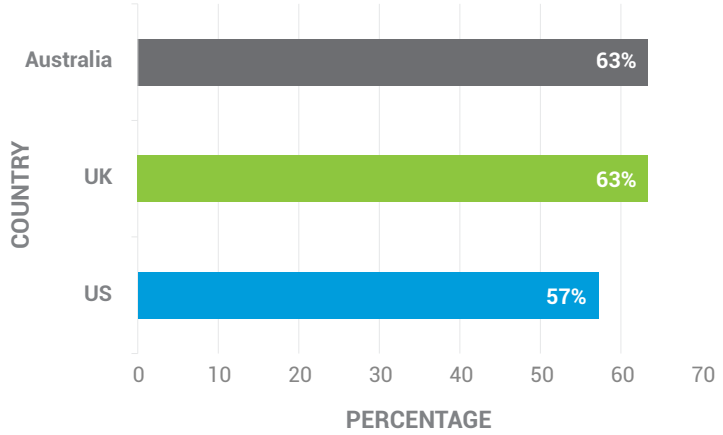
Graph 10 – Concerns that providing companies with their fingerprint or iris information puts their personal information at risk, by country and gender



Biometric payments will help increase financial security

In addition to assessing the perceived risk of sharing personal identity information, we also asked respondents if they felt that biometric payments will help to increase financial security by reducing fraud. Overall 61% agree that it would, but the US appears less convinced.

Graph 11 – Number of adults that feel biometric payments will help to increase financial security by reducing fraud



The US figure in our 2018 survey is also significantly less than the number seen when we asked the same question to respondents in 2016. Two years ago, 69% of US adults believed biometric payments would help to increase financial security by reducing fraud.

4. Conclusions

Our survey confirms that consumers are experimenting with biometric payments and more than half demonstrate a willingness to use the widening range of biometric identifiers which now include iris and vein scanning, as well as facial recognition and fingerprints.

The younger age groups show a strong interest in making biometric payments part of their standard behavior, however, their security concerns are also the highest and must be addressed if the industry is to ensure biometric payments succeed in the long term.

Our data also highlights a significant decline in trust among US adults with increasing numbers reporting security concerns and a large reduction in the number of Americans who feel biometric payments will help to increase financial security by reducing fraud. Organizations wishing to target the US biometric payments market would find it hugely beneficial to tailor their products and marketing campaigns to allay these fears and build trust in biometric payments.

About TNS

TNS is one of the world's leading payments connectivity providers and is trusted by hundreds of organizations to securely deliver more than 27 billion payments transactions each year. For over 25 years, TNS has provided innovative data communications solutions to valued partners including merchants, banks, acquirers, processors, ATM operators and deployers, payment service providers and other financial institutions. The company now proudly serves customers in more than 60 countries.

TNS: A global business with regional strength

- 1,250+ active network connections
- Handles communications to more than 108,000 ATMs
- Manages 500,000+ payment-specific SIMs
- Supports millions of point-of-sale terminals
- A level 1 PCI DSS certified service provider
- Offices in 20 countries
- Driving innovation of new technologies, such as encryption and tokenization

By telephone:

- USA - +1 866 523 0661
- UK - +44 (0)114 292 0200
- France - +33 (0)1 7236 6321
- Italy - +39 02 481 225 3
- Spain - +34 91 799 1670
- Asia Pacific - +61 2 9959 0800

By email:

- solutions@tnsi.com
- Or please visit www.tnsi.com

Appendix – Regional and Demographic Survey Components

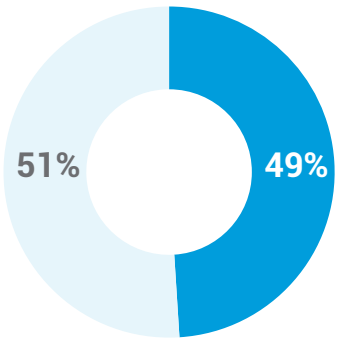
The survey was conducted by online self-completion interview between 8th – 12th March 2018 by Kantar TNS. Our survey in 2016 was also conducted by Kantar TNS and ran between 4th – 8th February 2016.

These online surveys are designed to be nationally representative of adults interviewed per country. The surveys use a quota sample (age interlocked with gender, and a regional quota). Post fieldwork correctional weighting within age, gender and region, has been used to ensure the representativeness of the survey.

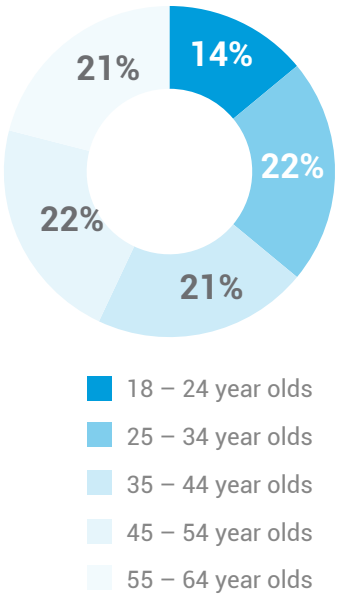
US 2018 survey demographics

1,027 responses received

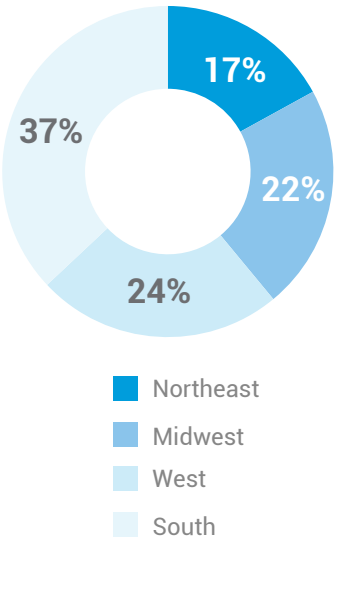
Gender breakdown



Age breakdown



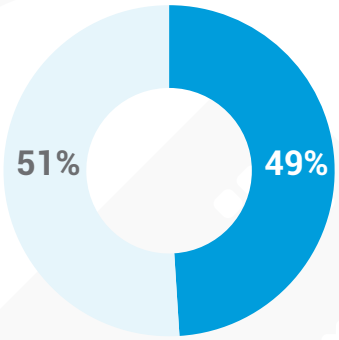
Region breakdown



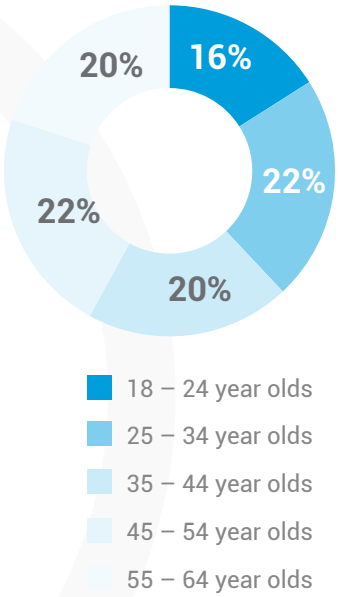
US 2016 survey demographics

1,050 responses received

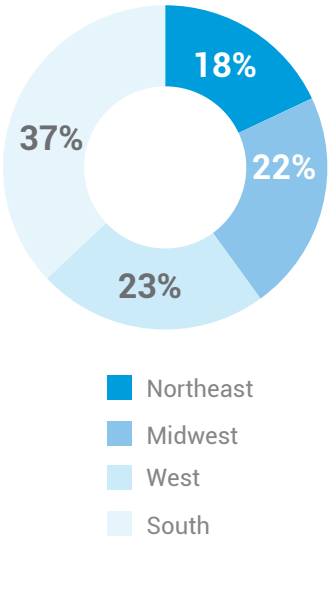
Gender breakdown



Age breakdown



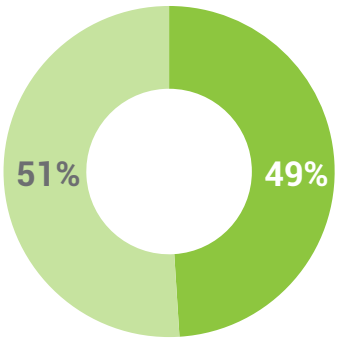
Region breakdown



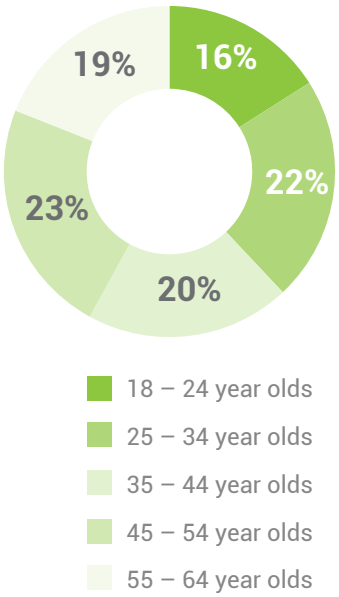
UK 2018 survey demographics

1,024 responses received

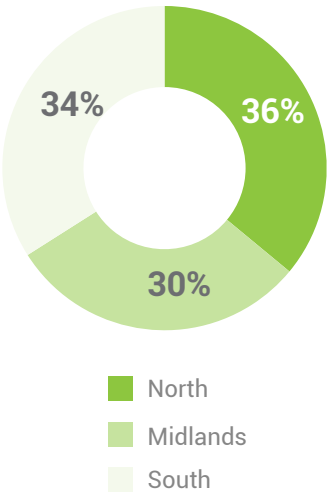
Gender breakdown



Age breakdown



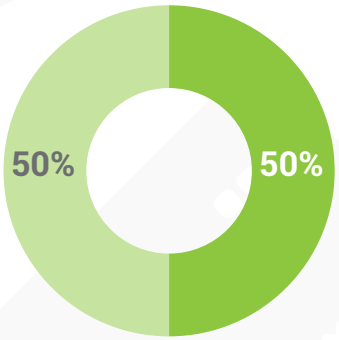
Region breakdown



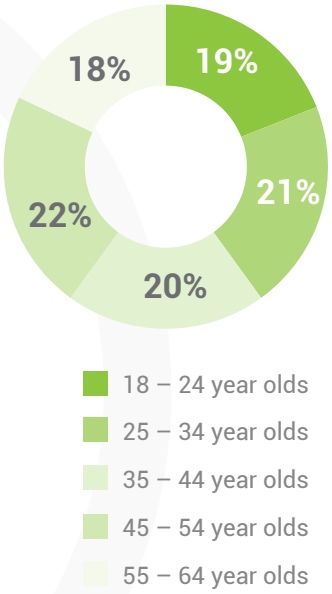
UK 2016 survey demographics

1,002 responses received

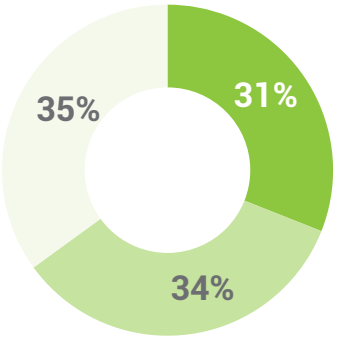
Gender breakdown



Age breakdown



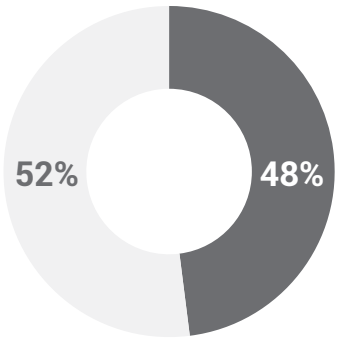
Region breakdown



Australia 2018 survey demographics

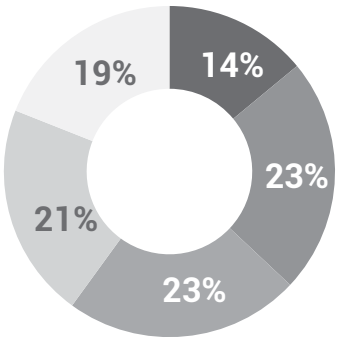
1,032 responses received

Gender breakdown



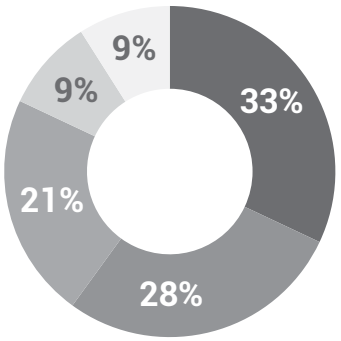
- Male
- Female

Age breakdown



- 18 – 24 year olds
- 25 – 34 year olds
- 35 – 44 year olds
- 45 – 54 year olds
- 55 – 64 year olds

Region breakdown

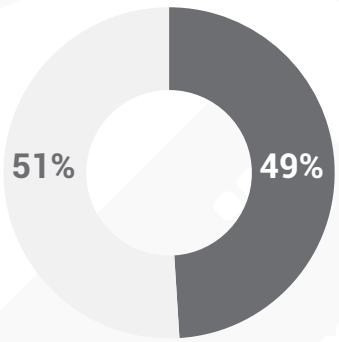


- New South Wales & Australian Capital Territory
- Victoria & Tasmania
- Queensland
- South Australia & Northern Territory
- Western Australia

Australia 2016 survey demographics

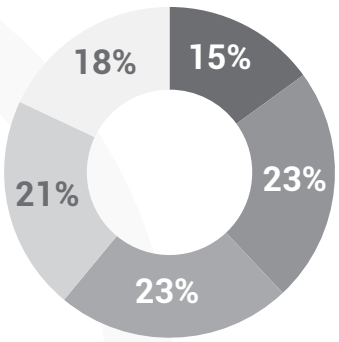
1,030 responses received

Gender breakdown



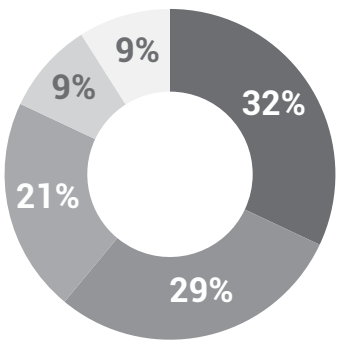
- Male
- Female

Age breakdown



- 18 – 24 year olds
- 25 – 34 year olds
- 35 – 44 year olds
- 45 – 54 year olds
- 55 – 64 year olds

Region breakdown



- New South Wales & Australian Capital Territory
- Victoria & Tasmania
- Queensland
- South Australia & Northern Territory
- Western Australia