



2025 ECOMMERCE PAYMENTS EXPERIENCE REPORT

THE IMPACT OF PAYMENTS ON CUSTOMER EXPERIENCE

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Introduction

In a rapidly evolving and highly competitive ecommerce landscape, understanding how customers pay, what they value, and what builds their trust has never been more critical.

With an expansive range of payment types and retailer and marketplace options, the choices consumers make reveal key online shopping trends that retailers can harness to drive future growth.

The mainstream emergence of Flexible Payment Options, such as Zip, and Buy Now Pay Later (BNPL providers like AfterPay and PayPal Pay in 4), along with trust and security factors are influencing consumers' purchase decisions. This report provides essential insights into how these and many other payment-related considerations can help retailers reduce cart abandonment, enhance customer loyalty, and build lasting relationships.

Methodology:

We surveyed 1,031 Australian consumers from across the nation to understand how they pay and what influences their purchase decisions when shopping online.

Power Retail and Payments Consulting Network (PCN) have independently developed this report for general information purposes only. The views expressed throughout are the perspectives of Power Retail and PCN based on the data at hand. Report sponsors Zip and Stripe have kindly provided their commentary where indicated.



In today's competitive ecommerce landscape, consumers have a wide range of retailers and marketplaces to choose from. So, it is crucial for retailers to understand consumer purchasing behaviour and decision-making criteria. There are a myriad of factors influencing checkout conversion rates for ecommerce purchases including:

- Availability of preferred payment methods and Flexible Payment Options.
- Simple and seamless checkout processes.
- Trust in the brand and payment security.
- Low shipping costs and fast delivery timeframes.
- Transparent and detailed information on return policies, product details, delivery times, and costs.

By prioritising improvements in the factors most important to consumers, retailers can achieve significant sales uplift by combining incremental gains across several areas. This report seeks to provide retailers with actionable insights to increase sales and customer loyalty by improving the ecommerce payments experience.



Mangala Martinus
Managing Director
Payments Consulting
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CONSUMERS' PAYMENT HABITS AND PREFERENCES

Key Takeaways

Online consumers have a high awareness of traditional and emerging payment types, with Debit/Credit Cards the clear leader in recognition, use, and preference. There is strong familiarity with Flexible Payment Options from Zip, who offer a range of flexible lines of credit and instalment methods through their Zip Pay, Zip Plus and Zip Money products—and BNPL payment providers, including AfterPay and PayPal Pay in 4. This awareness reflects these payment methods' rapid adoption and relevance in ecommerce. In contrast, newer payment types, including Shop Pay and PayTo, are known to a smaller number of customers.

Debit/Credit Cards dominate as the most used payment type by nearly four in five consumers, with PayPal used by around half. The saturated use of these methods for online purchases suggests customers know and trust these payment methods. However, the wide dispersion of how consumers pay for their orders also indicates they are no longer reliant on a handful of options.

Flexible Payment Options are now on par with BPAY, Gift Cards/Vouchers, and Bank Transfers, indicating a significant preference for more adaptable lines of credit and instalment-based payments. The use of Apple Pay by one in five consumers, compared to the one in ten using Google Pay, suggests the strong influence of device usage and technology ecosystems on how consumers pay online.

Payment preferences largely mirror usage patterns—though interestingly, the gap between Gift Card/Voucher usage and preference hints at consumers redeeming them out of necessity rather than favour. There may be further opportunities for retailers offering Gift Card/Voucher payments to explore how they promote and encourage their use.

To support their customers' diverse payment habits and preferences, retailers should offer a wide range of payment options and prioritise the most used methods. Seamless integration of Flexible Payment Options and digital wallets, such as Apple Pay and Google Pay, may further appeal to tech-savvy customers, while proactive communication about the safety and convenience of lesser-known methods may help drive adoption.



Consumers Have a High Awareness of Payment Types

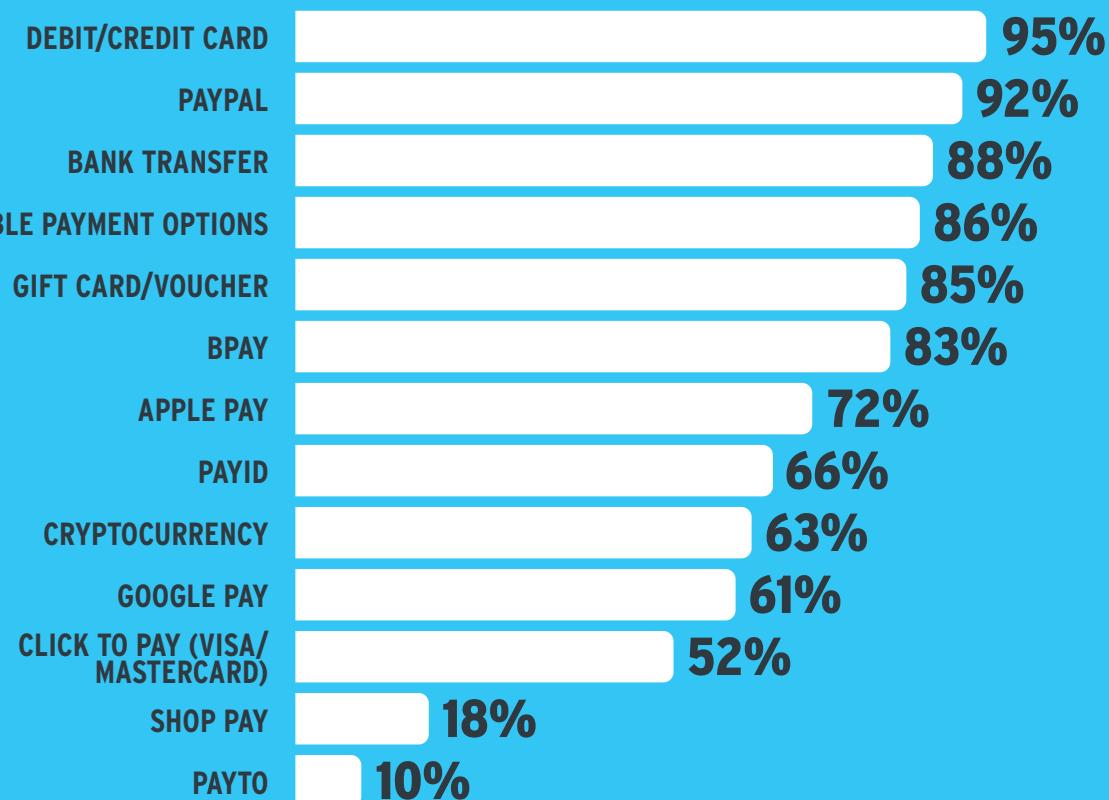
Most consumers are aware of a wide range of payment options. Almost all have heard of Debit/Credit Cards, with 92% saying they know of PayPal and 88% for Bank Transfers.

Even though Flexible Payment Options only entered the market around a decade ago, they are now the fourth-most recognised payment method, at 86%.

The three least recognised payment types are Shop Pay, at 18%, and PayTo.

Given Shop Pay and PayTo are among the newest payment methods in the Australian market and already gaining recognition, it will be interesting to see how these figures shift in years to come.

Which of the following payment methods have you heard about?



Which Payment Methods Get the Most Intensive Workout?

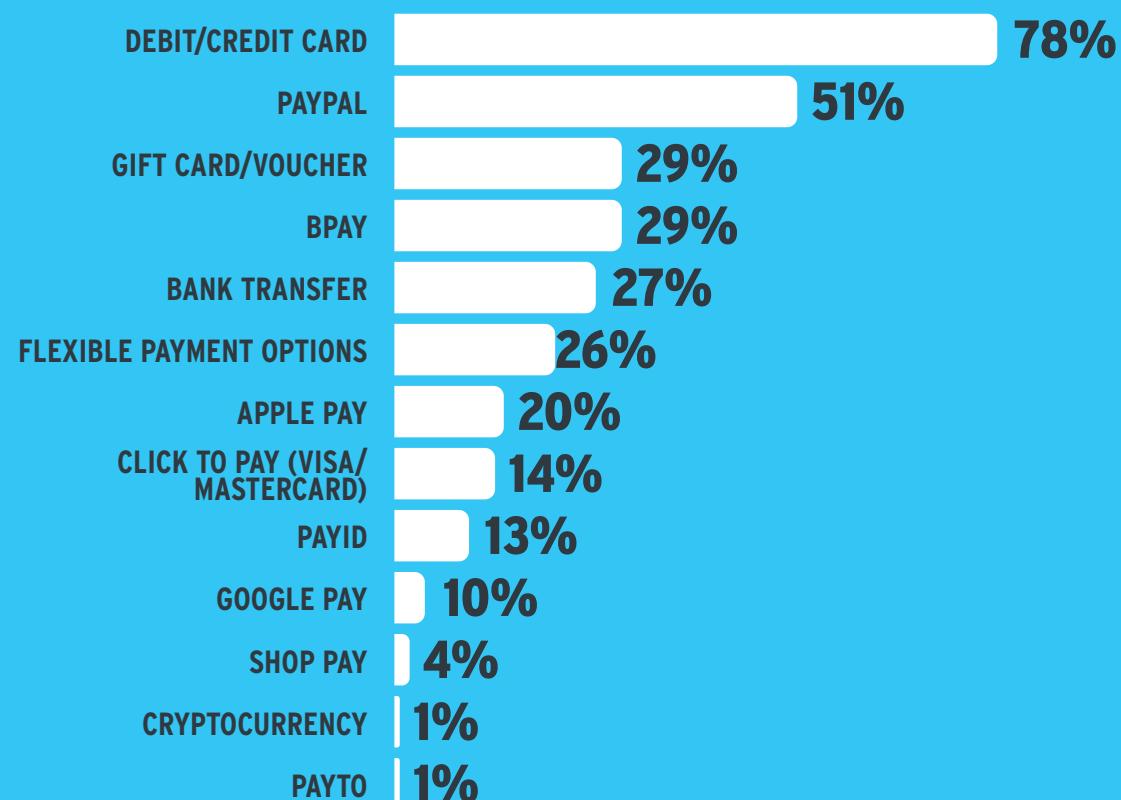
Debit/Credit Cards are the most common online payment type, used by 78% of consumers. PayPal comes in a distant second, at 51%, with Gift Cards/Vouchers and BPAY at around 29% each.

The high use of BPAY and Bank Transfer methods is indicative of a range of respondent purchase types, including retail purchases, travel and accommodation, online courses and educational materials, and more—as detailed later in this report.

Notably, customers now use Flexible Payment Options almost as much as BPAY, Bank Transfers, and Gift Cards/Vouchers.

Apple Pay is also used by twice as many consumers, at 20%, compared to Google Pay, at 10%. Apple users' deeper entrenchment in the tech giant's ecosystem may be a key driver here, along with iOS attracting around a 60% market share in Australia as of January 2024¹.

When purchasing online, which of the following payment methods have you USED in the last 6 months?



¹Source: <https://www.statista.com/statistics/861532/australia-mobile-os-share/>

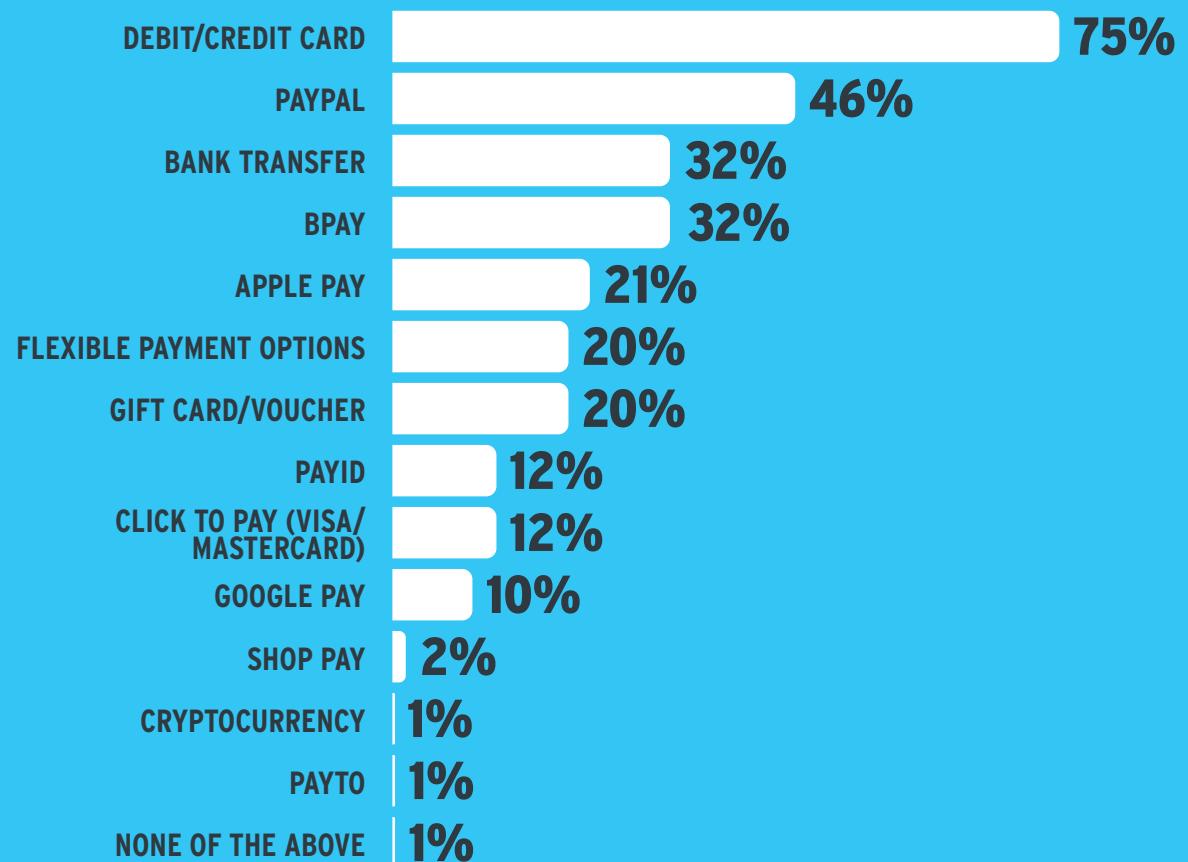
How Consumers Prefer to Pay Online

Consumers' preferences for payment methods generally align with how they use different options. Debit/Credit Cards stand out from the crowd, at 75%, with PayPal in a more contracted second place, at 46%.

Bank Transfers and BPay show an equal third-place preference this time, at 32%—again indicating the range of respondent purchase types—with Apple Pay, Flexible Payment Options, and Gift Cards/Vouchers all neck-and-neck with each other at 20%–21%.

The noticeable drop in Gift Cards/Vouchers from third-most used to seventh-most preferred payment type suggests consumers take every opportunity to cash them in, even though it's not a highly preferred payment method.

Select your top 3 most preferred online payment methods?



The high usage and preference for payment by digital wallets (Apple Pay and Google Pay) and Flexible Payment Options suggest that retailers should be offering these as standard payment options. These payment methods also support consumers' preference not to save payment information on websites, resulting in a more seamless checkout experience.

The high usage and preference for BPAY and Bank Transfers may be reflective of the use of these payment types for utility (electricity, gas, telecommunications, council rates), insurance, and education payments to avoid surcharging on cards, which is common in these industries.



Grant Arnott
CEO
Power Retail

It's a sign of the current times to see the prevalence of non-credit payment options such as gift cards, BPAY and Bank Transfers ranking high for usage. Wary consumers are not only conservative with spending but also increasingly conservative with credit as inflation bites household spending, looking to avoid interest and fees wherever possible.



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HOW CONSUMERS ARE ADAPTING TO FLEXIBLE PAYMENT OPTIONS

Key Takeaways

The Australian Bureau of Statistics (ABS)¹ puts the national savings-to-income ratio at just 3.2% as of September 2024. Although this figure is a notable improvement from the worrying 1.5% ratio from the same period in the previous year, it's less than half the pre-pandemic September 2019 figure of 7.6%.

With cost of living pressures continuing into 2025, many consumers are turning to Flexible Payment Options from Zip and BNPL providers, such as Afterpay and PayPal Pay in 4. The fact that two in five are now using these services also hints at their desire for payment methods that better align with their financial needs and spending habits. Additionally, more than half of consumers aged between 18-44 now use Flexible Payment Options, highlighting the adoption amongst younger generations.

Consumers primarily use Flexible Payment Options for Retail Purchases, with nearly four in five transactions falling into this category. With a much smaller usage for Petrol, Medical or Dental Services, or Online Courses and Educational Materials, these services are mainly associated with non-essential items. In contrast, Debit/Credit Card purchases are more distributed across categories—though they also remain most commonly used for Retail Purchases.

When examined by product category, Flexible Payment Options and Debit/Credit Cards are nearly equally popular for around half of consumers using both methods for Fashion and Apparel purchases.

However, Debit/Credit Cards dominate for Groceries and Everyday Essentials, with four in five customers using them for these items, compared to only one in four using Flexible Payment Options. This data seems reflective of consumers' tendency to reserve Flexible Payment Options for discretionary and higher-ticket price items.

To support evolving payment habits, retailers should continue offering Flexible Payment Options alongside traditional payment methods, especially for categories like Fashion and Apparel, where their appeal is strong. By tailoring payment offerings to customer needs, retailers can improve the convenience of online shopping experiences and potentially increase retention.



¹Source: <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/sep-2024>

The Widespread Adoption of Flexible Payment Options

40% of consumers have used Flexible Payment Options in the last six months.

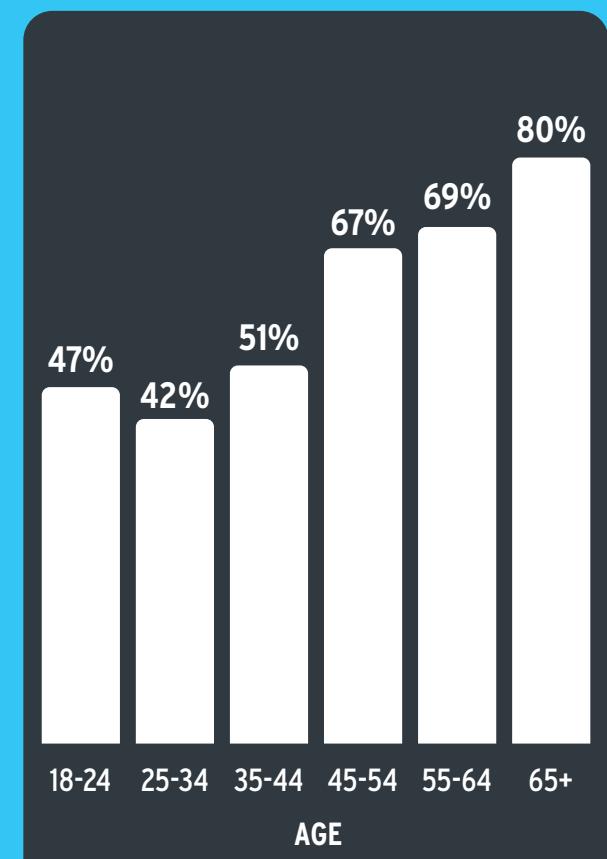
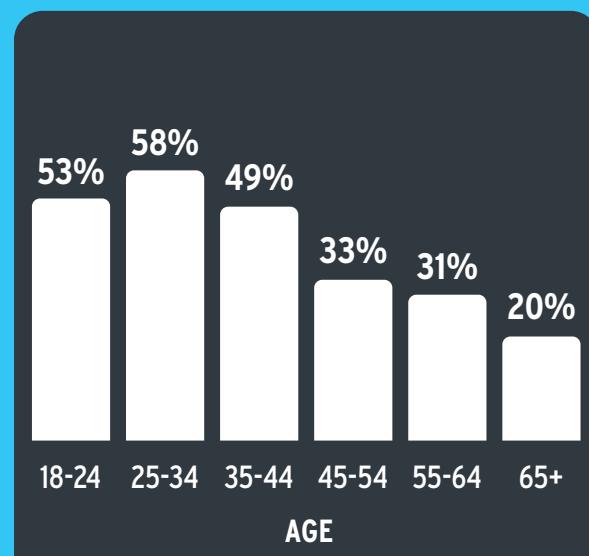
Considering the first Buy Now Pay Later (BNPL) services entered the Australian market only around a decade ago, this mass adoption indicates a strong desire for more personalised and adaptable line-of-credit experiences.

58% of consumers aged 25-34 now use a Flexible Payment Option, with 18-24s the second-highest adopters, at 53%, and 35-44s third, at 49%.

When purchasing online have you USED a Flexible Payment Option in the last 6 months?

NO 60%

YES 40%



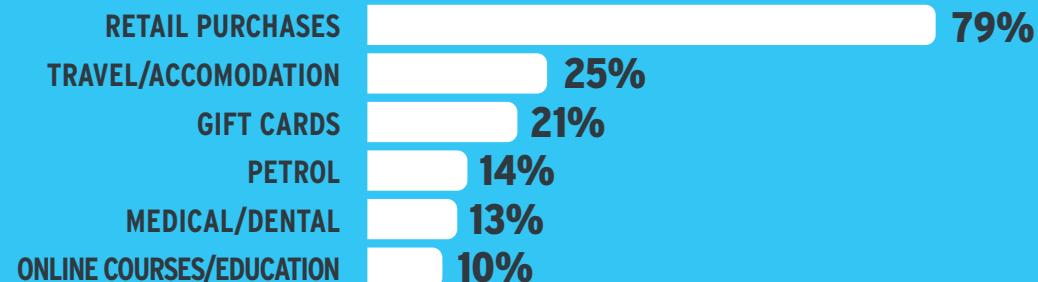
How Consumers Pay by Purchase Type

What types of purchases are consumers making with Flexible Payment Options? 79% say they're using it for the Retail Purchases category. We see a distinct drop for the next highest category, Travel and Accommodation, which comes in at only 25%, followed by Gift Cards at 21%.

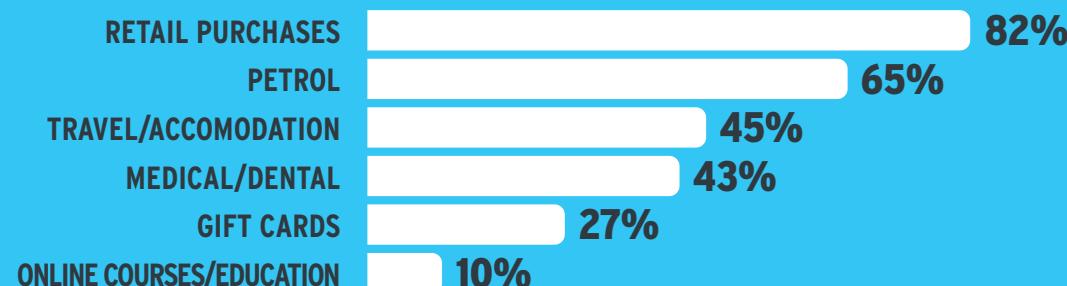
Consumers' purchase categories are far more distributed when using Debit/Credit Cards than Flexible Payment Options. However, the Retail Purchases category is still far ahead, at 82%.

Online Courses and Educational Materials sees the lowest usage across Flexible Payment Option and Debit/Credit Card purchases, at just 10%.

In the past 6 months, for which of the following purchase types have you used Flexible Payment Options?



In the past 6 months, for which of the following purchase types have you used Debit or Credit Cards?



How Consumers Pay by Product Category

Flexible Payment Options and Debit/Credit Cards are used around the same amount when purchasing Fashion and Apparel items, at 52% and 55%, respectively.

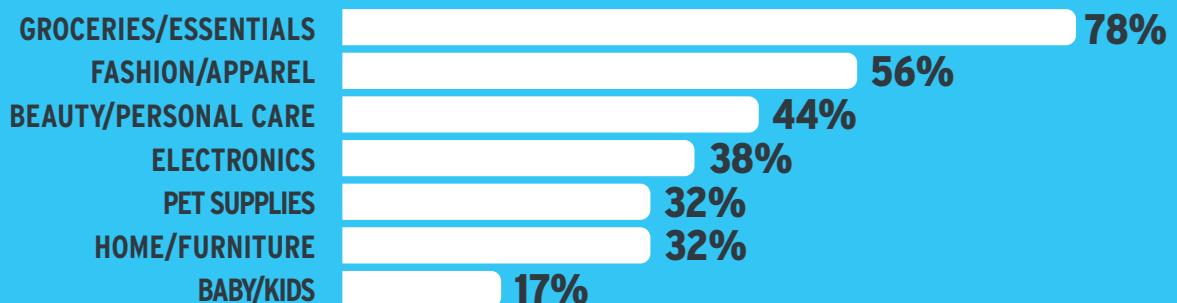
However, Debit/Credit Cards are used for Groceries and Everyday Essentials items by 78% of consumers. Flexible Payment Options are used just under a third as often, at only 27%, for the same category.

Baby and Kids category products see the lowest uptake, at 17% for Debit/Credit Cards and 16% for Flexible Payment Options.

In the past 6 months, for which of the following retail product categories have you used a Flexible Payment Option?



In the past 6 months, for which of the following retail product categories have you used Debit Cards/Credit Cards?



Enabling consumers to pay how they want leads to higher conversion rates and should be top of mind for retailers. The current cost of living pressure and the interest-free benefits of Flexible Payment Options means they have become an important payment method for many. The circa 50% usage of Flexible Payment Options by the 18-44 year-old age group means the availability of these payment methods becomes vital in industries targeting this demographic and where spend is discretionary, e.g. fashion and apparel.



Grant Arnott
CEO
Power Retail

Millennials are the dominant demographic for the relatively new genre of Flexible Payment Options, while there is notably lower penetration for those aged 45 and over. Younger consumers have definitely embraced this alternative to traditional payment methods, and for retailers marketing to this demographic, Flexible Payment Options are a must-have offering.



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Sponsor Insights



Nitin Kashid

*Chief Commercial Officer,
ANZ*



At Zip, we care deeply about customer experience and payments innovation and we're excited to support this report by Power Retail and Payments Consulting Network, alongside our partner Stripe.

We witness firsthand the value we provide to over 57,000 merchant partners and over 2.1 million active customers in Australia and New Zealand (ANZ)¹ by offering flexible and transparent payment options, both online and in-store. Zip's suite of products cover everyday spending with Zip Pay and Zip Plus, as well as significant life events with Zip Money.

This next frontier of growth will be captured by merchants beyond traditional retail, such as travel, healthcare, home renovations and education, that are meeting the demand for greater payment flexibility. As an example, we see customers choosing Zip at checkout across major airlines including Virgin, Jetstar, Qantas and Cathay Pacific, and in healthcare where Zip is available to customers that wish to grow their families through IVF.

Zip was started over a decade ago to give customers greater choice and flexibility in how they pay and manage their budgets. This remains as relevant as ever. As reinforced in this report, we see customer choice as being a key driver in the evolution of the payments and retail sectors.

Security and trust remain paramount. Zip safely processes over 76 million transactions a year across ANZ and the US², and we take our data security obligations very seriously. We also provide our merchant partners with peace of mind by managing the consumer credit risk so that our merchants get paid the next day.

We look forward to being part of the ongoing evolution of the payments ecosystem with you in 2025 and beyond.

¹As at Q2 FY25 ²As at FY24

THE IMPACT OF TRUST AND SECURITY

Key Takeaways

While high shipping costs remain the leading cause of cart abandonment for two in five consumers, about one in six navigate away due to hidden fees and surcharges at the checkout—highlighting the importance of transparency in building trust.

More direct trust and security concerns also play a role in whether consumers complete their online order, with around one in ten abandoning carts due to distrust of a retailer's website or payment process security.

To protect themselves online, most customers take precautionary measures, such as buying from familiar and trusted brands and avoiding saving payment details on websites. Checking reviews is another common safeguard, though the use of advanced security tools like VPNs and single-use payment methods remains relatively low. These behaviours suggest that consumers lean on brand familiarity and perceived reliability more than technical measures when determining their level of safety when buying online.

Despite reports of phishing attempts and scam calls affecting a notable number of consumers, over half say they haven't experienced any significant security issues. These findings underscore the high number of customers who turn to familiar and trusted brands. The strong reputations of brands like Amazon and eBay may explain why they are among the most trusted.

Retailers can bolster the trust signals their customers look for—and reduce cart abandonment—by offering secure payment options, displaying recognisable third-party payment services, like Zip, PayPal and Afterpay, and adding transparency around returns and refunds policies.



Why Consumers Are Leaving Money on the Table

Unsurprisingly, consumers most often abandon their carts due to high shipping costs, causing 40% of them to pause their transactions.

The next most frequently chosen reasons to leave orders behind are hidden fees and surcharges at the checkout, both at around 17%.

Less often, 12% say cart abandonments are due to trust issues with a retailer's website, while 11% cite security concerns with payment processes.

The least frequently chosen reasons for navigating away are due to insufficient funds, at 5%, and declined transactions, at 4%.

In the last 6 months, have you abandoned a checkout for any of the following reasons?



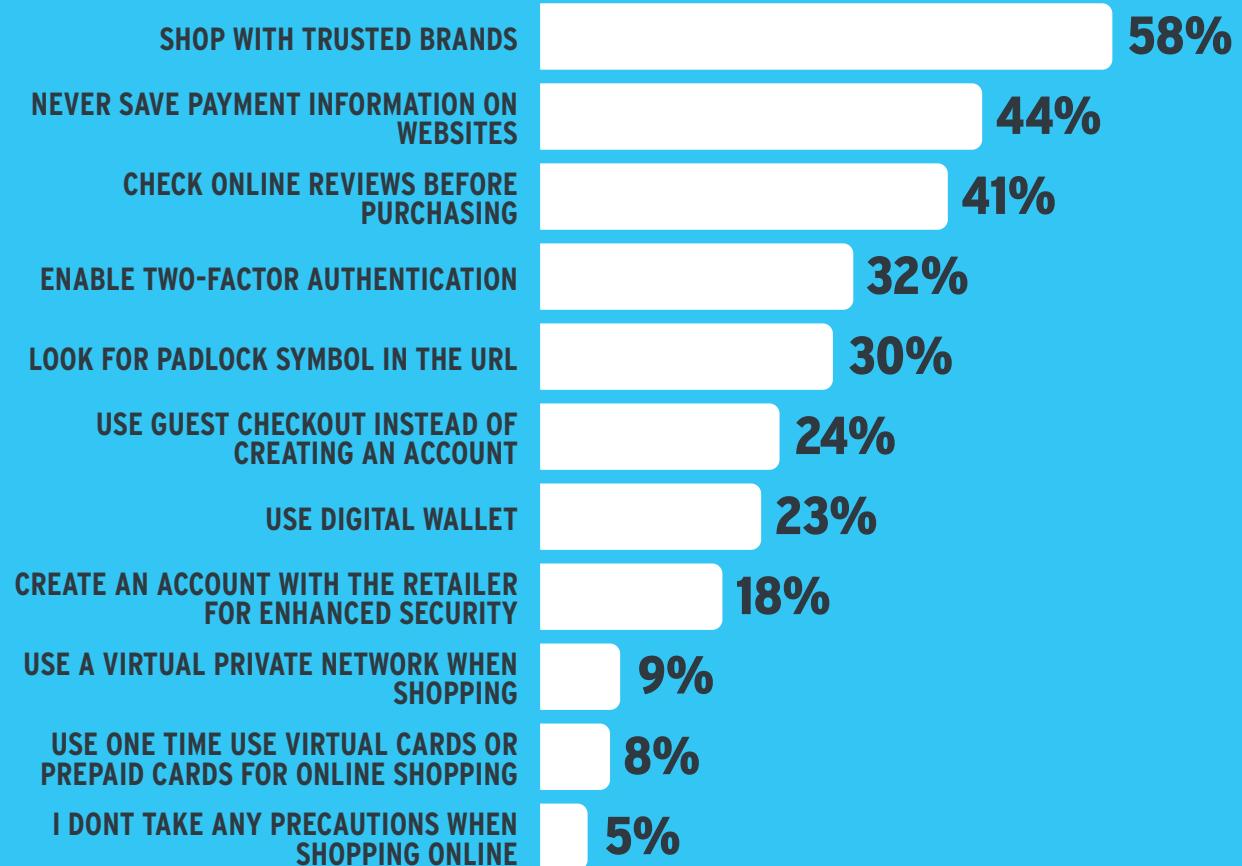
The Online Safety Measures Consumers Are Adopting

58% of consumers order from familiar and trusted brands as a safety precaution. The second and third most common safety measures are choosing not to save payment information on websites, at 44%, and checking online reviews before purchasing, at 41%

The least frequently used safeguards are virtual private networks (VPNs), at 9%, and on-time-use virtual cards or prepaid cards, at 8%.

Surprisingly, 5% of respondents say they don't take any precautions when shopping online.

What safety precautions do you take when shopping online?



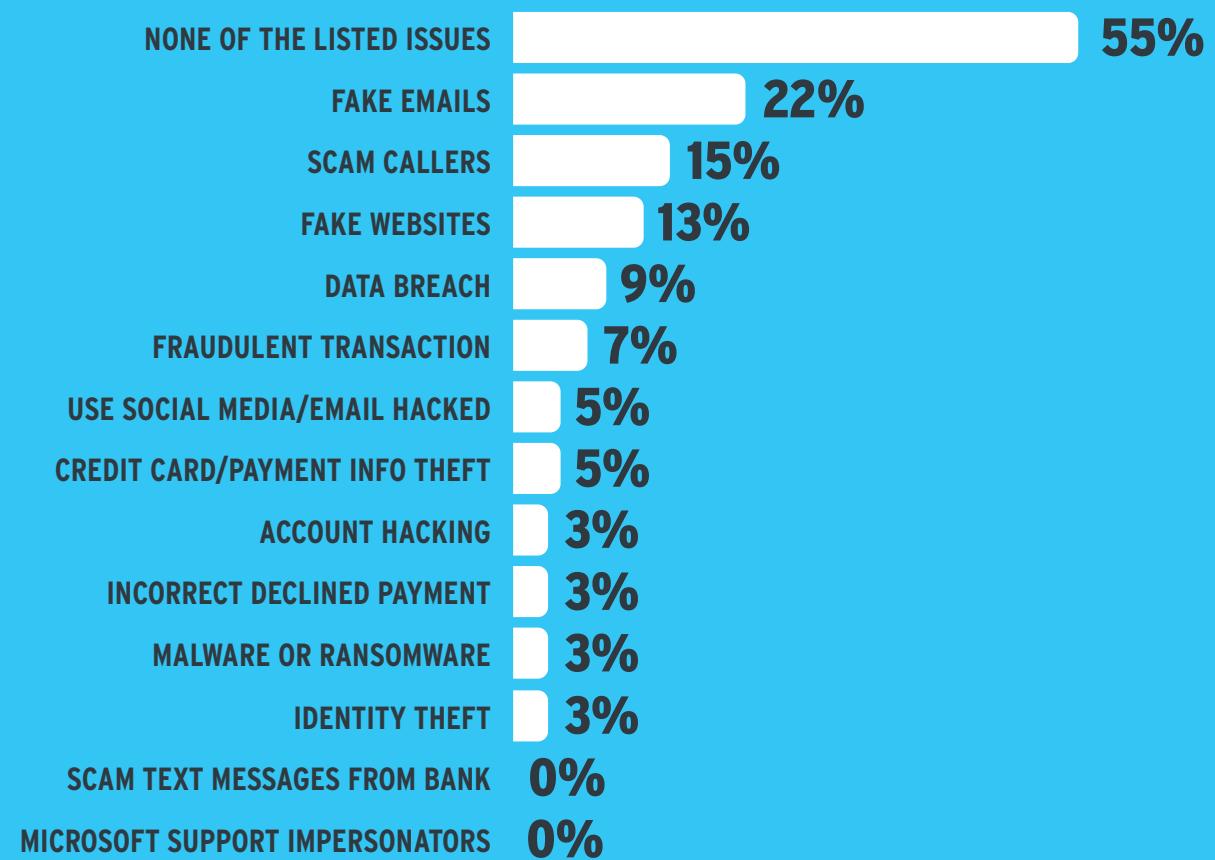
The Impact of Online Security Issues

What are the biggest online security issues right now? 22% of consumers have received phishing attempts, meaning emails and messages with fake links designed to steal information. 15% have also received calls from scammers asking for account details.

At the lower end, only around 3% have experienced hacked accounts, incorrectly declined payments, malware and ransomware attacks, or identity theft issues.

The high number of customers turning to familiar and trusted brands may offer some insight into why an overwhelming majority, at 55%, say they haven't experienced any of the security issues mentioned.

In the last 12 months, have you been a victim of any of the following online security issues?

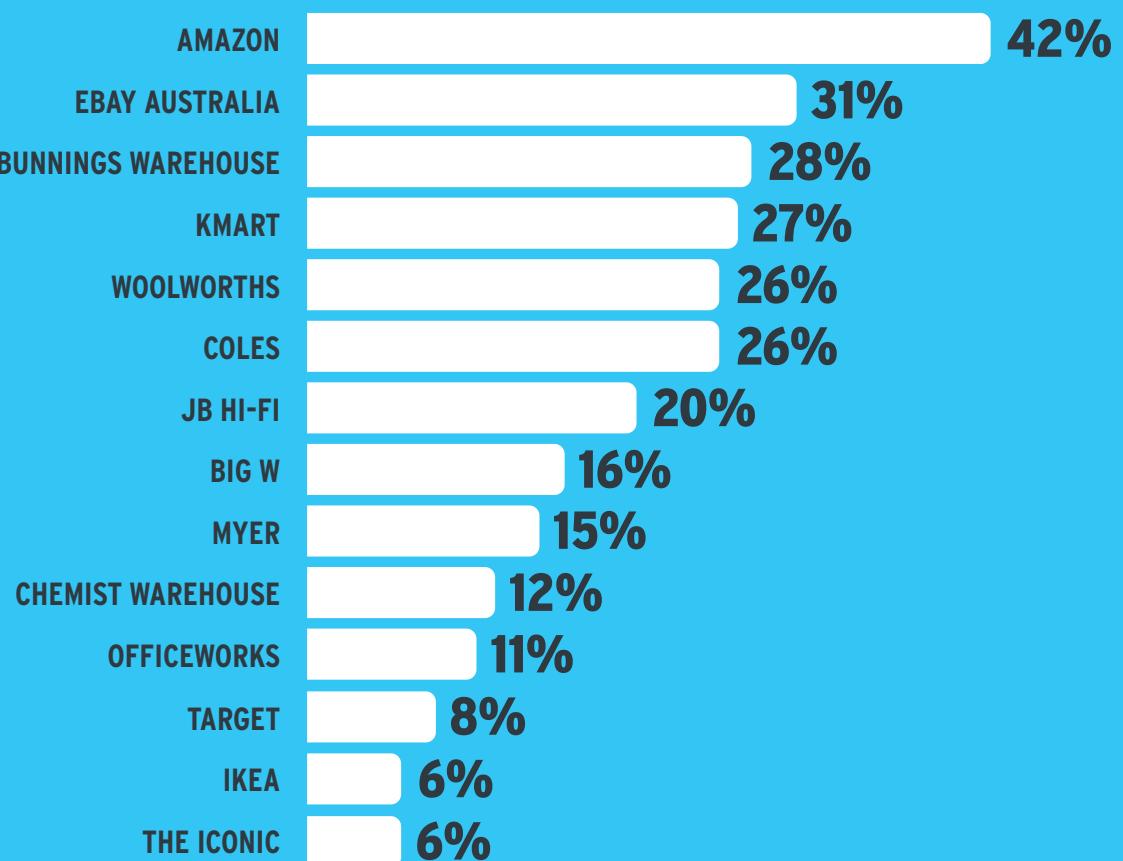


Consumers' Most Trusted Online Brands

Which retailers and marketplaces do consumers trust the most? Amazon comes in first place, with 42% saying they trust the brand; eBay trails behind, at 31%, and Bunnings Warehouse comes in third, at 28%.

Interestingly, more people trust Amazon and eBay's online-only marketplaces than any other listed brand with online and brick-and-mortar presences.

Which of the following are your three most trusted brands when purchasing online?



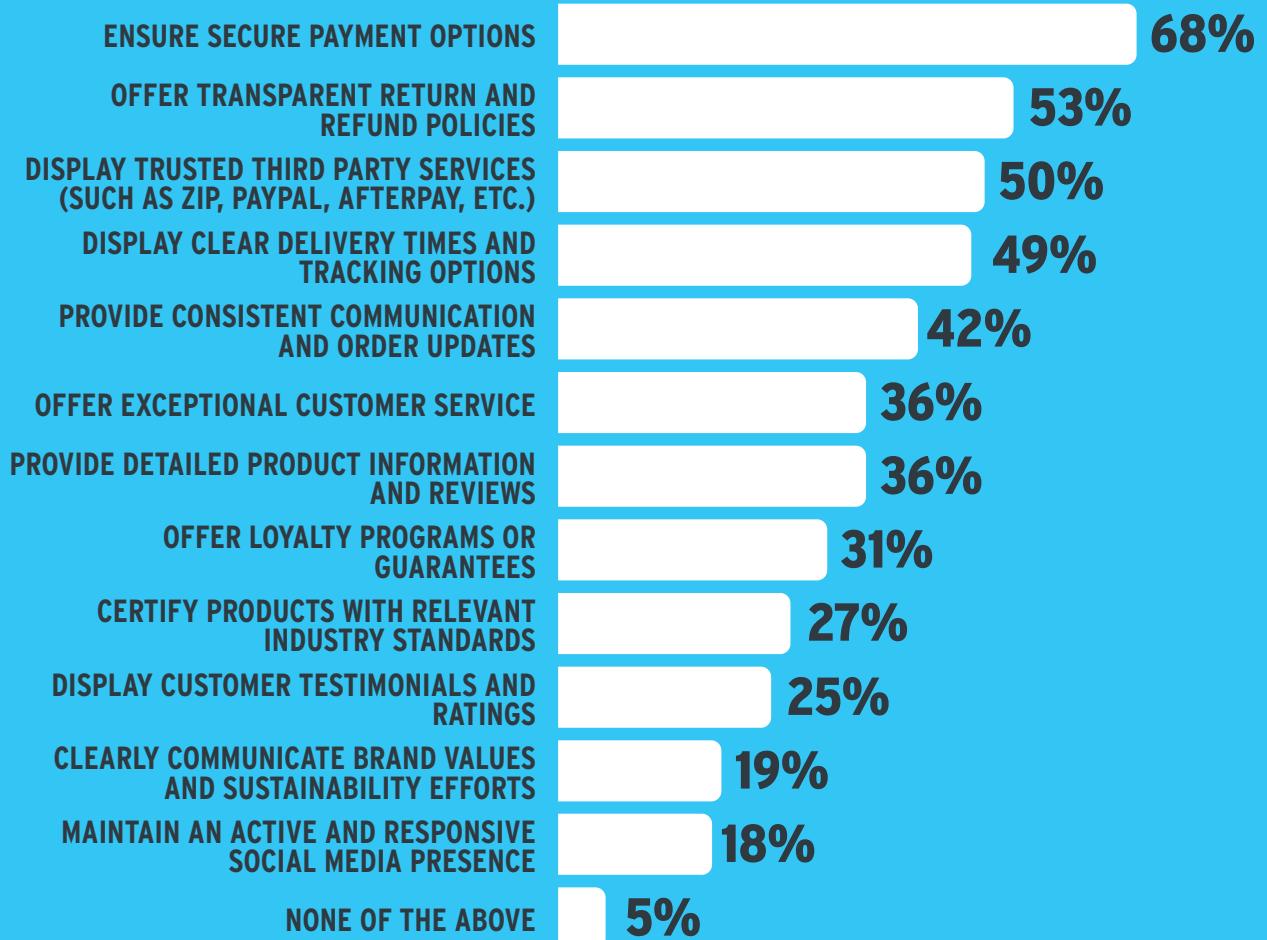
Ways Retailers Can Enhance Trust

What can retailers do to enhance trust with their customers? Secure payments tops the list by far, at 68%.

53% of customers say transparent returns and refunds policies will boost trust, and for 50%, it's the display of trusted third-party services, such as Zip, Afterpay, and PayPal.

These top three ways to build trust relate to how consumers outlay and receive their funds back.

What steps can a retailer take to increase trust with them?



To improve checkout conversion and increase trust, it's critical for retailers to offer consumers their preferred payment methods, secure payment options, and avoid the need to save payment information. Offering more seamless and secure payments (e.g. digital wallets, tokenisation to avoid the need to rekey and save card details, and one-click payment options) and Flexible Payment Options should be on the priority list for retailers looking to increase sales.

Consumers are also looking for trusted brands and convenience, hence why they are increasingly turning to marketplaces. Smaller retailers, in particular, should have a marketplace strategy to maximise their sales potential.



Grant Arnott
CEO
Power Retail

Even though online shopping is now in its 30s, trust issues are still impacting conversion rates. This is despite the fact that only 7% of consumers reported experiencing a fraudulent transaction in the past 12 months, and more than half saying they have found no issues with any security, scam calls or fake emails and the like. Online stores have to work harder than their offline counterparts at building trust and confidence, and ensuring secure, reputable payment providers feature prominently is a must. Also, for as long as ecommerce has been invented, consumers despise unexpected fees and paying for shipping—go figure.



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Karl Durrance
Managing Director,
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stripe

Payments have become a fundamental enabler for Australian businesses, empowering them to meet the evolving expectations of today's shoppers and secure a competitive edge. Over the past decade, Stripe has proudly partnered with Australian businesses of all sizes, supporting their efforts to modernise payments infrastructure and stay ahead of shifting consumer trends. Today, we work with over 500,000 businesses across Australia, helping them deliver seamless, reliable, and flexible payment experiences that drive growth.

As the payments landscape evolves at an extraordinary pace, retailers are presented with immense opportunities to innovate. For those making strategic investments to future-proof their businesses, it's vital to consider these key trends shaping the future of retail ecommerce:

- The rise of real-time payment solutions like PayTo, which reflect global advancements in payment technology and speed.
- The increasing adoption of digital wallets such as Apple Pay and Google Pay, driven by consumers' demand for simplicity and flexibility.
- The growing popularity of Flexible Payment Options at point of sale, enabling larger purchases while boosting conversions.
- The growth of subscription models, helping businesses build recurring revenue, foster customer loyalty, and capture greater spending.

Today's shoppers demand speed, ease, and trust in every transaction, making payments modernisation a strategic necessity for forward-thinking retailers. By embracing these advancements, businesses can position themselves at the forefront of a dynamic and competitive market.

We're proud to partner with Zip, Power Retail, and Payments Consulting Network to bring you this report. Through an exploration of these trends, we aim to provide actionable insights that will help you adapt, innovate, and thrive in the ever-evolving ecommerce landscape.

HOW CONSUMERS CHOOSE TO PURCHASE

Key Takeaways

A noticeable share of consumers rely on lines of credit, including Credit Cards and Flexible Payment Options, with nearly two in five choosing this method for their online purchases.

The ABS shows that October's household spending¹ receded 0.1% compared to the same period in the previous year. Coupled with the ABS data² highlighting that household spending is making a slow recovery, consumers may be leaning into credit options more heavily as savings return to healthier levels.

Retailer and marketplace websites are the preferred online shopping destination for nearly three in four consumers, with mobile apps serving as another channel for about one in three. Social channels attract the smallest share of transactions. Interestingly, usage patterns show a correlation to the longevity of the platform, with Facebook taking the greatest share of social channels, Instagram landing in the middle, and TikTok seeing the smallest proportion.

To build trust with customers, retailers should prioritise creating secure and user-friendly experiences across their websites and mobile apps while continuing to monitor emerging social commerce trends. Additionally, communicating available line of credit solutions may appeal to a range of customers, particularly those navigating economic challenges.



¹ Source: <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/sep-2024>

² Source: <https://www.abs.gov.au/statistics/economy/finance/monthly-household-spending-indicator/oct-2024>

A High Number of Consumers Use Lines of Credit

While the majority of consumers, at 62%, use their own funds for online purchases, a significant 38% use lines of credit, which include credit cards and Flexible Payment Options.

This data hints at one effect of cautious yet adaptable consumer behaviours in response to the economic pressures felt throughout 2024.

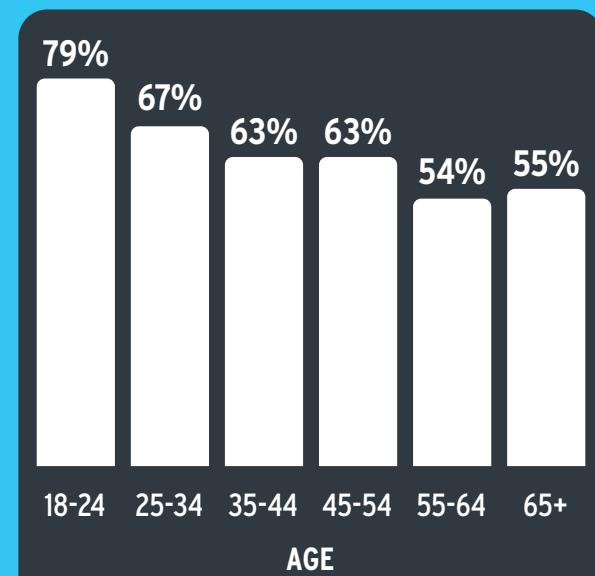
Additionally, the percentage of consumers actively using lines of credit trends to increase with age. This is unsurprising, given the average credit scores by age follow this same pattern of higher scores at each age range increment³. The older the consumer, the longer their credit history and more likely they are to have a mortgage—important factors influencing their credit scores.

³ Source:

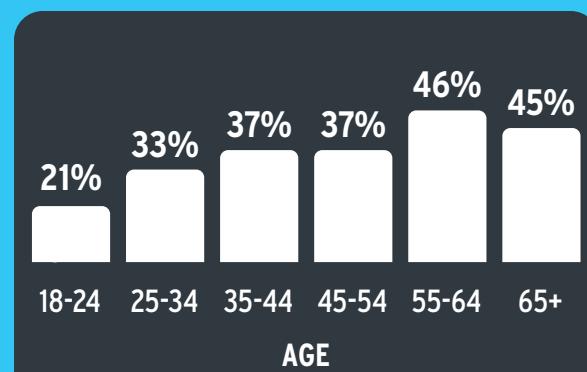
<https://www.nerdwallet.com/au/personal-finance/what-is-a-good-credit-score>

In the last six months, have you primarily used your own funds (e.g., Debit Card) or a line of credit (e.g., Credit Card, Flexible Payment Options, BNPL, etc.) for payments when shopping online?

ONLY FUNDS 62%



LINES OF CREDIT 38%



Most Consumers Use Retailer or Marketplace Websites

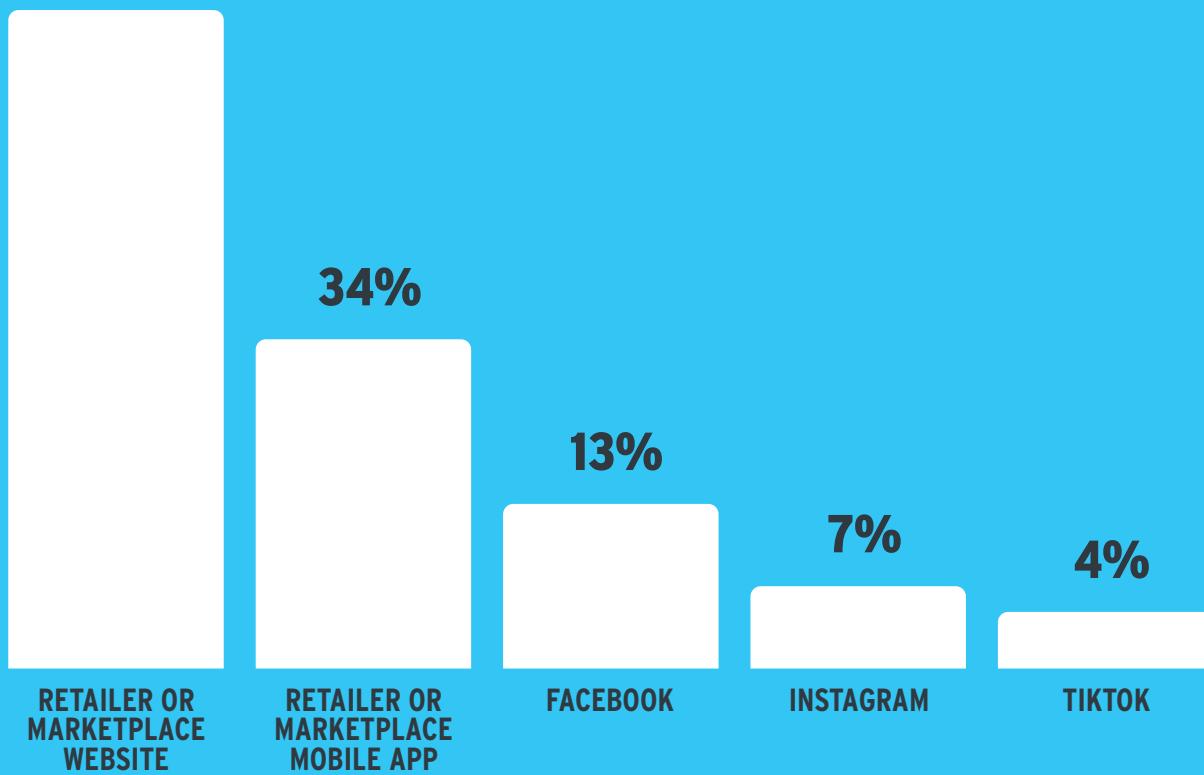
The overwhelming majority of online consumers are making their purchases on a retailer or marketplace website, at 73%.

A further 34% are using retailer or marketplace mobile apps, while social channels see the lowest shares of transactions.

Interestingly, the number of consumers purchasing on social channels follows a highest-to-lowest order in line with the oldest to newest channels.

Have you completed a purchase from the following places in the last 6 months?

73%



Final Findings Summary

The findings in this report highlight the evolving landscape of ecommerce, where trust, convenience, and adaptable payment methods shape online shopping behaviours. While customers show preference for established and familiar payment types, such as Debit/Credit Cards and PayPal, the rapid adoption of Flexible Payment Options suggests a strong desire for more tailored financial solutions. Retailers that can meet these emerging needs are well-positioned to drive loyalty and retention.

Trust and security are critical factors in online purchasing decisions. Up-front communication of fees and surcharges and secure payment processes add to a purchaser's confidence. However, the reluctance of many to save payment details or adopt advanced safeguards suggests they are leaning into familiar, peer-reviewed retail brands to feel that sense of safety when shopping online.

Economic pressures throughout 2024 have also influenced purchasing habits. The reliance on credit, especially for non-essential and discretionary items, reflects this trend. Retailers can support their customers through all economic conditions by offering a wide range of payment choices, including Flexible Payment Options.

Consumers still prefer buying through retailer and marketplace websites, with mobile apps serving as a valuable supplementary channel. Social commerce, though still relatively small, shows growth potential, particularly in line with how well established the platform is. Retailers should keep an eye on evolving social commerce trends, while focusing on secure, user-friendly experiences across desktop and mobile channels.

By understanding and actively addressing the needs for payment choices, safety, and convenience, retailers can strengthen relationships and give their customers more reasons to become loyal, repeat shoppers.



Card payments continue to be the most prevalent form of payment in Australia—but retailers must provide a range of payment options to facilitate seamless payments and deliver the flexibility consumers want. To improve conversion rates, retailers must focus on increasing trust through upfront transparency on fees (e.g. shipping costs, surcharging) and return policies, reducing the need to enter or save payment details (e.g. digital wallets, tokenisation of card data, one-click checkout), and leverage marketplaces where appropriate.

Additionally, surcharges are also leading to cart abandonment. The cost of lost sales due to adding a surcharge needs to be considered while also looking at ways to reduce the cost of payment acceptance. With a third of payments made via a retailer or marketplace mobile app, mobile optimisation is critical, while social commerce (e.g. Facebook, Instagram, TikTok) is also proving its potential.



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