



CONSUMER DEMAND TRENDS

Driving the Digital Payment Revolution

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MEETING CUSTOMER PAYMENT PREFERENCES HAS BECOME CRITICAL FOR SUCCESS



KEY TAKEAWAYS

1. Digital payments are no longer optional as customers expect them to be offered. Businesses failing to adapt could risk losing customers.
2. Digital wallets are overtaking traditional payment methods, with younger generations leading the shift.
3. Trust plays a critical role — perceived security and reliability directly impact purchasing behavior.
4. Offering a customer's preferred method of payment could increase successful payment delivery and redemption rates and reduce unclaimed checks.

EXECUTIVE SUMMARY

Consumer preferences around how they pay and how they expect to be paid continue to shift rapidly towards modern delivery methods. Digital wallets and contactless transactions have become the default for many, creating a clear need for businesses to adapt.

More than half of surveyed U.S. consumers now use digital wallets more often than traditional payment methods, and most expect to rely on them even more in the future. These preferences are beginning to influence not only how individuals shop, but also how businesses across industries manage transactions and deliver services. We've also seen a clear connection between offering preferred payment or reimbursement methods and overall customer experiences.

This white paper delves into the significant trends propelling the digital payment transformation across various industries. It examines the increasing importance of payment options and the growing use of mobile wallets among consumers. These trends underscore evolving expectations and their implications for businesses with high volumes of customer payments, particularly B2C organizations.

Demonstrating the importance of meeting demands to reach financial and operational goals is one more way we're looking out for you. We hope you find these insights helpful in your pursuit of streamlining payments and meeting customer expectations.

1

DIGITAL PAYMENTS HAVE BECOME A CUSTOMER EXPECTATION

Consumers increasingly expect businesses to offer digital payments, and failing to do so can drive them to competitors.

Consumers now expect digital wallets for payment acceptance and disbursement, and that expectation is directly tied to brand preference and behavior. As digital payment options become a standard feature of the customer experience, a growing number of shoppers would bypass an organization that can't meet this baseline.

One study found that 51% of consumers stopped shopping with a merchant that didn't accept digital wallets as a payment method[†].

It appears that even the most minor payment friction could negatively impact customer satisfaction and retention and lead to lost revenue. This is a telling statistic that suggests businesses should consider treating digital payment enablement as a front-line customer experience priority, not simply a back-end function.



WHAT DOES THIS MEAN FOR B2C COMPANIES?

A growing majority of consumers will avoid businesses that don't offer their preferred refund or reimbursement settlement choice, which could also translate to uncashed reimbursement checks or unclaimed financial property. Businesses disbursing payments to consumers that are dependent on B2C payments should consider evaluating consumer payment acceptance points and address gaps that could create friction, such as expanding capabilities to include digital wallets.

2 DIGITAL WALLET ARE OVERTAKING TRADITIONAL PAYMENTS

53% of consumers now use digital wallets more often than traditional payment methods, with 70% of those surveyed saying they would make it their primary method if possible[†]. Digital wallets have become a go-to method for a growing number of consumers. More than half now use them more frequently than traditional methods such as cash or checks, with a large percentage ready to make digital wallets their default if given the option.

Younger generations are leading this shift, with one survey finding 85% of Gen Z and 82% of Millennials prefer digital payments[†].

What's driving this popularity is familiarity, security, and convenience. There are clear favorites when it comes to peer-to-peer payment apps. PayPal leads the pack in digital wallet use, with 69% of surveyed consumers naming it as their most-used app[†]. Contactless smartphone-based options like Apple Pay, Google Wallet, and Samsung Pay continue to gain traction.

These trends, among others, demonstrate the increasing digitization of the financial landscape.

WHAT DOES THIS MEAN FOR B2C COMPANIES?

Companies that neither accept digital wallets nor offer them as an option for payments or reimbursements risk losing consumers who prefer mobile-first transactions. Relying only on checks or cash could risk alienating key customer bases. Prioritizing investments to incorporate digital payments not only helps meet customer demands but also allows businesses to improve their own working capital, cash flow efficiency and reconciliation process.



3

SECURITY AND TRUST INFLUENCE CONSUMER PAYMENT CHOICES

Consumers prioritize security and fraud prevention when selecting payment methods. Security concerns are a significant barrier to trust in payments, and it's not surprising why.

AFP's 2024 report on payment fraud found 80% of surveyed organizations reported being targeted by payment fraud activity, an increase from 65% in the year prior^s.

The same report found checks continue to be the payment form most susceptible to fraud.

Digital payment methods, on the other hand, can carry encryption and enhanced fraud protection. Traditional payment methods simply cannot offer those same features. The ability to disburse payments by collecting fewer data points is another benefit of digital payments. For those reasons, businesses still issuing checks for refunds and reimbursements or relying on manual payments might be perceived as riskier or even less trustworthy. Customers might hesitate to make large transactions or repeat purchases if they are unsure about payment security. The added risk could spur customers to avoid cashing checks or sharing card information.



WHAT DOES THIS MEAN FOR B2C COMPANIES?

Security breaches erode trust in an organization, which could cause irreparable damage. Prioritizing secure, digital-first payment options could help organizations protect their operations as well as their customers. The tokenization, encryption, and fraud detection tools that often accompany digital payment options can help organizations reduce risk, though it's important for those in highly regulated industries to ensure payment solutions comply with security and privacy laws.

4 DIGITAL PAYMENTS INFLUENCE REVENUE ACROSS CHANNELS

Offering digital payments in the methods customers prefer could increase purchases and reduce unclaimed payments.

Digital payment acceptance can actively drive revenue. A Nielsen study commissioned by PayPal found that simply advertising PayPal acceptance at checkout increased conversion by 74% and unplanned purchases by 13% — with even stronger results in categories like food delivery^⁴.

These findings support a broader trend: Customers are more likely to interact with a business when their preferred payment method is clearly offered, and those preferred methods tend to offer faster access to funds. The same could extend to cashing reimbursements and refunds, which is an issue organizations struggle with when using checks for the same purpose.

We've found that 47% of checks under \$40 issued as refunds or reimbursements are never cashed^⁵, leaving organizations carrying balances and spending more to reissue checks.

Uncashed reimbursement checks are a particular problem in the healthcare and higher education sectors.

WHAT DOES THIS MEAN FOR B2C COMPANIES?

When consumers encounter a payment method they're familiar with and prefer, the outcomes tend to be better for businesses. Organizations with thin margins and strained staff could use digital payments to ease the burden of reissuing checks, increase the speed of payment delivery and improve the payment process.





WHERE EXPECTATIONS AND STRATEGY MEET

The rise of digital payments is just the beginning. New payment methods are constantly emerging, shifting preferences as they do. The ability to offer a seamless, secure payment and reimbursement experience has become a strategic imperative.

Across industries, businesses that align with how their customers want to pay and be paid are likely to be better positioned to strengthen performance and meet financial goals. Contact our team to [learn how ChoicePay®](#) can support your organization in modernizing payments to meet evolving consumer demands.



References

† Forbes Advisor. August 2023. “53% of Americans Use Digital Wallets More Than Traditional Payment Methods: Poll.” Accessed March 27, 2025.

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§ Paypal. January 2024. “PayPal May Help Drive Conversions, Spend, and Satisfaction, According to Nielsen.” Accessed March 27, 2025.

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≠ Paypal. January 2024. “PayPal May Help Drive Conversions, Spend, and Satisfaction, According to Nielsen.” Accessed March 27, 2025.

£ Huntington Data on Check vs. ChoicePay Redemption Rates, 2024.

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