

From the Rise of Mobile Shopping to the Decline of Cash, Bank of America Merchant Services' Inaugural Small Business Payments Spotlight Explores Evolving Consumer Expectations

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CHARLOTTE – From accepting digital payments to safeguarding customer information, today's consumers expect the businesses they patronize to make shopping faster, easier and more secure than ever before – leaving small business owners with the daunting task of keeping up, according to the inaugural [Bank of America Merchant Services Small Business Payments Spotlight](#).

The study, which highlights payments-focused attitudes and behaviors among U.S. small business owners and consumers, uncovered a number of intriguing and informative findings. Among them:

1. Small businesses need to adjust quickly to evolving payments trends or risk getting left behind.

Key finding: 44 percent of small businesses expect cash will become more irrelevant over the next five years.

Cards and cash still reign supreme for making purchases, but consumers are getting more comfortable with new technologies that enable quick, convenient and secure transactions with businesses at the point of sale and online—not to mention with their peers. Merchants are getting on board, too—more than a third of them said they now accept digital payments.

What's happening to cash? Nearly half of consumers carry less of it now than they did five years ago. Further, most small businesses expect cash to become increasingly irrelevant over the next five years as digital payments grow in popularity.

What's clear is that customers are leading the way by trying out and adopting new ways to shop and pay. The question becomes: What will happen to businesses that don't pay close attention to these trends?

2. To grow and thrive, small businesses need to do better to meet customers' expectations online.

Key finding: 53 percent of consumers are shopping online more than ever. Yet only 44 percent of small businesses operate an eCommerce website.

The lack of a confidence-inspiring online presence is hurting many small businesses' ability to keep existing customers and win new ones. For today's connected consumer, it takes mere seconds on a mobile device or computer to access a wealth of information about goods and services, including where to quickly find them.

Yet only 44 percent of the small businesses we surveyed maintain an eCommerce site. Those that do often fail to offer visitors the easy-to-use interface and helpful features—like free and fast shipping or clearly posting their return policy—to which they are growing increasingly accustomed.

Some small businesses also seem to overlook the potential for an eCommerce presence to increase exposure and sales beyond an immediate locale. Since the bar to launch an eCommerce site that securely accepts payments has never been lower, it's time for more small businesses to get in the game.

3. Protecting customers' data is the essential foundation to building loyalty.

Key finding: 20 percent of consumers who had their bank or personal information stolen indicated they would not shop at a small business that had experienced a data breach.

There are things merchants can do to shore up consumer confidence as it relates to the security of personal information, including payment data. These include merchants adopting EMV® chip card technology at the point of sale, complying with all payment card industry data standards, ensuring employees consistently follow proper protocols during transactions, and maintaining a secure and credible-looking web presence.

From the business owner's perspective, safeguarding customer information should be Job No. 1. More than 30 percent of small businesses that experienced a breach said it cost in excess of \$50,000 to resolve the breach and rebuild their customers' trust. Few small business owners can easily withstand that financial hit – and the accompanying loss of business from disillusioned customers.

"It's no secret that today's consumers are more connected than ever before, and they expect the businesses they frequent to be just as savvy," said Bank of America Merchant Services' Head of Small Business Jill Calabrese Bain. "As we reviewed the data from small business owners and consumers, the surprisingly strong connection between customer loyalty and payments security and convenience really stood out. We were intrigued to find that nearly a third of small business owners want and need more education about mitigating fraud and other risks to payment security."

Calabrese Bain continued: "We're using the insights in the Small Business Payments Spotlight to help small business owners better understand shopping and payments trends, and what they can do to strengthen their relationship with customers."

The Small Business Payments Spotlight is based on a study Bank of America Merchant Services commissioned Forrester Consulting to conduct in the fall of 2017. As part of the study, Forrester surveyed more than 500 small business owners and 500 consumers throughout the U.S.

Read the Bank of America Merchant Services Small Business Payment Spotlight and download individual infographics contained in the report [here](#).

About Bank of America Merchant Services

Bank of America Merchant Services connects businesses and their customers by doing payments better. The company delivers payments, commerce and security solutions, as well as consultation services, to businesses throughout the United States, Canada and Europe. It processed more than 15.2 billion transactions at approximately 660,000 merchant locations in 2016.¹ The company is a joint venture that combines the technology and innovative products of First Data with the relationship strength and prominent global brand of Bank of America. To learn more, please visit <https://merch.bankofamerica.com/>

¹Based on bankcard, other credit, and PIN debit sales volume and transactions. Per the Nilson Report, March 2017, Issue 1105.

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