PAYMENTS 2020: THE YEAR IN REVIEW

Talk About Payments Webinar

December 17, 2020

The views expressed in this presentation are those of the presenters and do not necessarily reflect the positions or policies of the Federal Reserve Bank of Atlanta or the Federal Reserve System.
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TODAY’S PANELISTS

Nancy Donahue  
Project Manager

Doug King  
Payments Risk Expert

Jessica Washington  
Payments Risk Expert
We serve as a catalyst for collaboration in the consumer and commercial payments risk management arena. We:

– Conduct research and provide analysis
– Convene and share with interested parties
– Promote actions to mitigate risk

*Take On Payments weekly blog*

*Retail Payments Risk Forum webpage*
THE VALUE OF IN-PERSON AND REMOTE CARD PAYMENTS CONVERGED IN 2018.

Source: Federal Reserve Payments Study
CONTACTLESS PAYMENTS WERE A MINOR SHARE OF IN-PERSON CARD PAYMENTS IN 2018.

Source: Federal Reserve Payments Study
THE COVID PANDEMIC HASTENED THE DECLINE OF BRICK-AND-MORTAR RETAIL...

High-profile retailer bankruptcies in 2020
...AND ACCELERATED E-COMMERCE GROWTH

E-commerce sales year over year

<table>
<thead>
<tr>
<th>Quarter</th>
<th>E-commerce share of total retail sales</th>
<th>Percent change from same quarter a year ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q2019</td>
<td>11.2%</td>
<td>17.3%</td>
</tr>
<tr>
<td>4Q2019</td>
<td>11.3%</td>
<td>16.6%</td>
</tr>
<tr>
<td>1Q2020</td>
<td>11.8%</td>
<td>14.8%</td>
</tr>
<tr>
<td>2Q2020</td>
<td>16.1%</td>
<td>44.5%</td>
</tr>
<tr>
<td>3Q2020</td>
<td>14.3%</td>
<td>36.7%</td>
</tr>
</tbody>
</table>

Source: 3rd Quarter 2020 Retail E-Commerce Sales Report, U.S. Census Bureau
FOOD, BABY, PET ITEMS OUTPACED OTHER DIGITAL COMMERCE CATEGORIES

Consumer spending by retail category

OUR TRADITIONAL IN-STORE PAYMENTS HAVE CHANGED

Cashless, contactless, and curbside or delivery!

LATEST

More than half of Americans now use contactless payments, according to Mastercard poll
U.S. CURRENCY IN CIRCULATION SOARS

RANSOMWARE WAS THE LARGEST CYBERTHREAT IN 2020

Global damages due to ransomware expected to exceed $21B by 2021

Every 11 seconds

CRISIS BRINGS OUT THOSE WILLING TO EXPLOIT THE SITUATION

“Because that’s where the money is” –Willie Sutton

COVID-19 RELIEF & RECOVERY FUND

Source: Department of Justice
Our Vision: To create a foundation upon which all individuals, communities, and businesses can thrive.
If only we had more than an hour of your day!

- Central bank digital currencies
- Continued importance of fintech
- Cannabis, gambling, and banking/payments
- Real-time payments developments
• Ask a question
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• Email a question
  – [rapid@stls.frb.org](mailto:rapid@stls.frb.org)

• Contact today’s speakers
  – [Nancy Donahue](mailto:NancyDonahue@stls.frb.org)
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