

An aerial photograph of a city skyline, likely Amsterdam, viewed from a distance. The skyline is hazy and blue-tinted, set against a light sky. In the foreground, a vast green field is bisected by a narrow canal that reflects the sky. The overall scene is a blend of urban and natural landscapes.

Discussion of “How do speed and security influence consumers’ payment behavior?”*
Carin van der Cruijssen, ECB-Suomen Pankki conference Helsinki, June 4, 2015

DeNederlandscheBank

EUROSYSTEEM

*Views expressed are personal and do not necessarily reflect official positions of De Nederlandsche Bank.

This is interesting research on the effect of speed and security on consumers' payment behavior.

- Some speed and security aspects have a significant statistical influence on the adoption and use of selected payment instruments.
- Faster speed of payment deduction for Automatic Clearing House transactions would slightly increase consumers' adoption of ACH-based payment methods.
- Enhanced security of payment cards would marginally increase the use of credit and debit cards.
- There is only a minor effect on welfare.
- Other payment characteristics matter more.

Although this paper makes a useful contribution to the literature, there is some room for improvement.

- 1) Variables can be better explained. →
- 2) The effects of speed and security may depend on the point-of-sale. →
- 3) Speed and user-friendliness might be strongly correlated. →
- 4) Consumers may find “slowest” actually most desirable in case of speed of payment deduction. →
- 5) There are also some minor comments. →



1) Variables can be better explained.

- How are the dependent variables of the second stage regressions defined? Is the *"revealed preference data"* diary data?
- What are the answer categories belonging to the payment characteristics (Table 1)? What is the definition of the relative measures?
- Include definitions of other explanatory variables. For example, ID theft. How is this defined? Which % of consumers have this experience? It may matter how this has happened.



2) The effects of speed and security may depend on the point-of-sale.

- *"...consumer demand for payments is very inelastic with respect to speed and security."*
- The effects of safety and speed on payment behavior may depend on the point-of-sale (POS). Perhaps there are stronger effects at some POS? Or do you expect that this is a finding that holds for all POS?
- Van der Cruijssen and Plooij (2015) show that in case of the Netherlands it depends on the POS which characteristics matter. For example, perceived speed is relevant at the supermarket and specialized food stores.



3) Speed and user-friendliness might be strongly correlated.

- Is it really the case that speed does not matter that much?
- Speed is mentioned in the survey as an aspect of convenience.

*Convenience: Please rate the CONVENIENCE of each payment method.
Examples: **speed**; record keeping; control over payment timing; ease of use; effort to carry, get or set up; ability to keep or store.*

- Is this problematic? How strong is the correlation?
- Does it explain the minor effect of speed?



4) Consumers may find “slowest” actually most desirable in case of speed of payment deduction.

- *“Survey respondents were asked to rate each of the above characteristics on an absolute scale of 1 to 5 for each payment instrument, where 1 was the least desirable (slowest or least secure) and 5 was the most desirable (fastest or most secure).”*
- In case of speed of payment deduction consumers may find **slowest actually most desirable instead of least desirable**. Do you take this into account? How were the answer categories phrased?



5) There are also some minor comments.

- Sketch the current situation briefly (adoption rates & intensity of use per payment instrument).
- Why did you choose an *adoption* scenario in case of faster-speed ACH-based payments and a *use* scenario in case of more secure card systems?
- Is it possible to include speed in the rankings of Table 4, column on 2013?
- Do the adoption tables show coefficients or marginal effects?



Thank you for your attention!