

A Conversation About Payments: Differences in Generational Betting



Foreword

While attending one of the world's largest gaming conferences, ICE London, we took the opportunity to speak to attendees about some topical issues relating to the provision of payments services. This eBook shares some of these findings and provides an idea of the sentiment around certain conversations happening at the event.

In summary, Generation Z is yet to have a huge impact on the online payments industry, primarily due to their age financial capability – but that's set to change as the group matures. With that said, it's the belief of many attending the event that new innovations within the industry are targeting this growing demographic. The rise of skill-based gaming and online e-sports betting is purposely trying to implement elements from video games into the general gaming industry and it's believed this will appeal directly to Generation Z.

Digital payments are now very much the norm across all industries and our research shows that the online gaming and betting industry is no different. The majority of players are using digital payments on a daily basis, as backed up by the 65% figure from our discussions at ICE London. Everything from debit cards to pre-paid cards to cryptocurrency has been used in the stead of physical money to make bets and as more Alternative Payment Methods (APMs) come into the scene, this percentage will surely increase.

**By Koen Vanpraet,
CEO at PXP Financial**

Why did we do this?

This research came off the back of our previous generational study: [Are Payments the Key for Maximising Gen Z appeal for the High Street?](#) This research found that 67% of Gen Z preferred to shop in physical stores as opposed to online and concluded that the preferred form of payment for retail was debit cards. This study aims to do the same thing on a smaller scale for the online gaming and betting industry: which generation appears to have the greatest impact, and which form of digital payment is the most common?

The focus of this study was to investigate sentiment around certain topics in the payments space. Then to share our findings on these points to allow those within the industry to benchmark their own feelings.

Note: The results from this study are not intended to be a definitive outlook on the entire industry, those surveyed were limited to attendees of ICE London 2020.

Before we go into the results it is important to establish the different age groups and what defines the generations? For this survey we followed the same definition as our previous research. This definition is the most used, western world, definition for the generations.



Generation Z

1996-2012



**Millennial
(Generation Y)**

1981-1995



Generation X

1965-1980



Baby Boomer

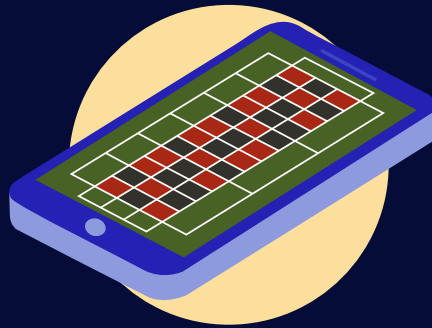
1946-1964



Millennials: The high roller generation



From those surveyed it was the Millennial age group that was shown to be the biggest spenders when it came to gaming and making bets with digital payments.



52% of attendees we spoke to believed that Millennials spent the most amount of money while playing. The majority of this perception came from the Millennial age group itself, although this perception is shared by some of Generation X.



Generation X mostly believed its own age group to be the biggest spenders at **33%**. The difference between Generation X and Millennials from this age group is significantly smaller than it was for the Millennials surveyed, showing why Millennials are still perceived to be the biggest spenders.

Debit Cards lead the charge for Digital Payments



There is a plethora of digital payment methods available for players to make bets and play slots (amongst other gaming machines) and the leading form of payment is debit cards.



Over **45%** of respondents utilised debit cards as their primary payment method for online gaming and betting. When its varying forms are added to the equation, such as mobile wallets, then this percentage increases to more than half with **53%**.



Millennials are the biggest users of debit cards amongst the generations with **49%** using it as their primary payment method. It was also the most used amongst Generation Z, a similar result to our early '[Generation Z in the Highstreet](#)' whitepaper.



Not every generation uses debit cards as their primary payment method, however. Only **25%** of Generation X prioritise debit cards and instead the majority, at **59%**, use credit cards instead.



Combined with a general observation of the wider payments industry, it is interesting to see that despite an increase in APMs across the market, the majority customers still rely on the basic debit card, and debit associated, payment method.

Yay or nay? The polarising opinion on the credit card ban!



One of the biggest [news stories](#) of 2020 for the online gaming and betting industry was the banning of credit card use by the Gambling Commission. Announced on the 14th January 2020, and going into effect on the 14th April 2020, customers will no longer be able to use credit cards to bet online, with an exception given to the National Lottery.



Thoughts around this ban were very polarizing during ICE London with **55%** believing it to have a negative effect on the industry with the remaining **45%** split between positive and no effect.



Both Millennials and Generation X were primarily negative, the latter more so with **67%** of respondents feeling this way. This isn't too surprising when we consider that credit cards are the most used payment method for that generation.



The majority of positive reasons for the ban came from the same reason it was implemented: to protect consumers from overspending. This was the primary positive reason from every generation, from **52%** of respondents.



The negative beliefs for the ban were much more varied, however across generations the primary reason was always the same: this ban will lead to less profits. **25%** of all respondents believed this to be the case, with other major reasons being less convenience (**14%**) and less option (**11%**).

Gaming vs. Retail



Following on from our look into the retail spending habits of [Generation Z in the Highstreet](#), we wanted to secure the sentiment of Millennials and Generation X on the same topics. This was to see if these generations matched the preferences of Generation Z and identify a connecting factor across all the generations.



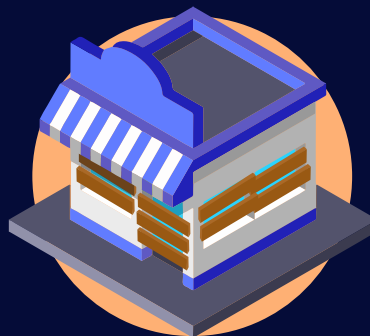
For Millennials the most important benefit was being able to try an item out before you buy, at **33%**, although it was followed closely by the ability to make an immediate purchase at **31%**. This shows that speed and immediate understanding are the driving factors for Millennials.



With Generation X however, customer experience was the leading benefit at **33%**. This showed a driving improvement to make the shopping experience better for the consumer.



Yet, when asked whether they liked shopping in-store or not, Generation X vastly preferred the convenience of shopping online. **33%** of Generation X found nothing worse than shopping in-store with only **17%** really enjoying it.



For Millennials things are a bit more split, leaning more to the positive. **44%** enjoyed shopping in-store however **33%** hated it. When factoring in the results from our previous Generation X survey it appears the older consumers get the more that convenience of home shopping outweighs the experience of Highstreet shopping.

Conclusion



**Koen Vanpraet,
CEO at PXP Financial**

“At PXP Financial we work hard to ensure we understand trends within various markets and how they will affect our clients. Socio-economic, political, demographic, territorial and climate trends all affect the way we live, work, spend time and shop, whether in-store or online. Our recent research around Generation-Z and how they see the shopping experience evolve to their needs was welcomed by both our online and offline retail clients.

Now, with this sentiment survey we have taken a similar approach by researching the spending activity and sentiment of online and fantasy gaming and sports betting of different age groups. Once again, we see similar views on payment methods, adoption and shopping experience, but more over there is an interesting difference in whether or not to shop and play or try and shop first, but also whether or not they prefer to shop online or instore.

Such insights will hopefully provide the industry with a greater understanding of its target groups and help our clients decide on the most effective strategy to bring their services to consumers.”

PXP Financial has been active in the regulated gaming sector since it began. We support gaming operators in their efforts to secure players, maximise conversion and player loyalty, and diversify across channels and markets. Our single unified payments platform accepts payments online, on mobile and at the point of sale. This means providing a stable, secure payments platform with an up-time of 99.9%. It's what our gaming, retail and hospitality clients expect. And it's what we expect of ourselves.

To learn more about our role within the gaming sector please visit our [website](#). And, to discuss any of the details in this document further, or if you are interested in re-evaluating your payments offering, please contact PXP Financial at sales@pxpfinancial.com.

