In partnership with FT STRATEGIES

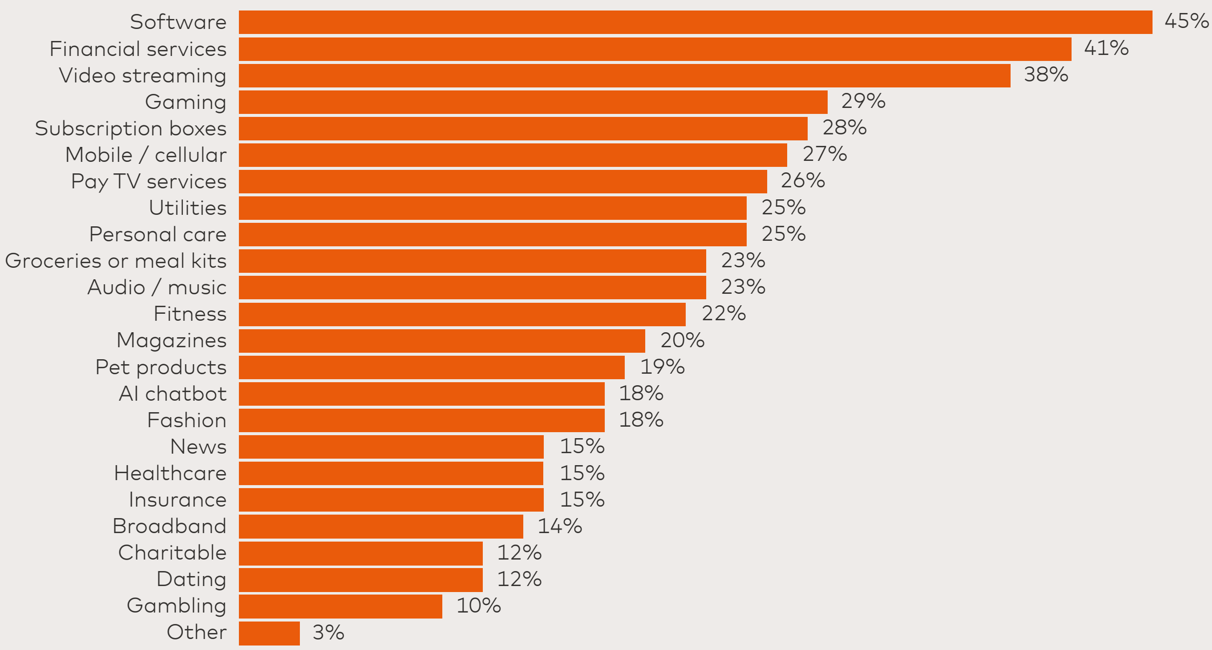
Subscription economy: Redefining relationships

Research methodology

Our quantitative business and consumer research was conducted by leading global market research and intelligence provider Savanta, with survey input from Ethoca, a Mastercard company and FT Strategies, the consulting arm of the Financial Times. Savanta surveyed 102 enterprise subscription business decision-makers across the United States. The business survey respondents were board members, C-suite executives, managing directors, directors and owners from businesses that sell products and services to consumers via subscription payments. Their job roles encompass management and strategy, finance, procurement, operations, technology, data analysis, marketing, customer acquisition and product development. The annual turnover of the businesses surveyed ranges from $10 million to over $1 billion. Respondents represent a range of industries and are directly involved in subscriptions in their role.

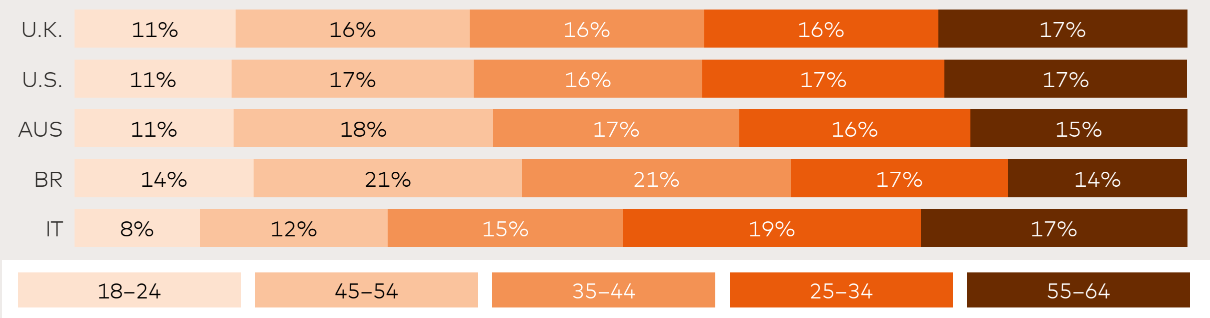
Sample breakdown by subscription product and service categories

% of what type(s) of subscription products businesses offer



Savanta also surveyed 10,105 people to understand consumers' relationships with subscription products and services. Respondents were from Australia (2,017), Brazil (2,036), Italy (2,014), the U.K. (2,004) and the United States (2,034). We also ensured that each market sample was nationally representative by age (18-65+) and gender and respondents were from a cross-section of age groups, allowing for generational comparisons.

Sample consumer demographics



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Executive summary

1. **The subscription market in the U.S. has cause for optimism despite concerns within the economy**
   Eight in ten U.S. subscription businesses expect revenue growth in the year ahead, almost half saw subscriber bases rise by 20% or more in the past 12 months, and 44% of consumers across markets report higher subscription spend than a year ago.

44%

Consumers report higher subscription spend than a year ago

2. **Subscription businesses should place greater focus on user retention as churn climbs**
   Average monthly churn has risen to 20% and inactive users are growing. This may be explained by mature subscription businesses increasingly attracting lower-intent cohorts who churn quickly (i.e. at the point of first renewal or when discounts expire).

47%

Consumers have canceled at least one subscription in the last 6 months

3. **A simple cancellation process can act as a strong mechanism for users to subscribe and resubscribe on their terms**
   Users are keen to try products and services before fully committing. The majority of consumers say that an easy cancellation process makes them more likely to sign up, stay and importantly, resubscribe at a later stage. In addition, 31% of consumers frequently cancel and resubscribe. Our data shows that younger users increasingly avoid high-friction cancellation journeys by stopping payments in-app.

74%

Consumers are more likely to subscribe if the cancellation process is easy

4. **The power of pause is at its most effective when trying to retain current subscribers**
   Both consumers and businesses value flexibility. Consumers want greater control over the management of their subscriptions and businesses have implemented a pause option as a feature. More than two-thirds of U.S. businesses already offer a pause option and a further 28% plan to add it. Pausing ranks as the top retention tactic among decision-makers, ahead of upgrades, personalization and downgrading.

1st

U.S. businesses ranked subscription pauses as the most effective churn management strategy

5. **Subscription businesses are increasingly partnering with new distribution channels to fuel the next phase of subscription growth**
   App stores, device and telco bundles, marketplaces and, increasingly, banking apps are high-intent storefronts for acquisition. Consumers also trust banking apps and want to manage subscriptions there, especially under-35s who are likely to switch banks for the feature.

85%

18-24s would be interested in a service/app where they could manage subscriptions in one place

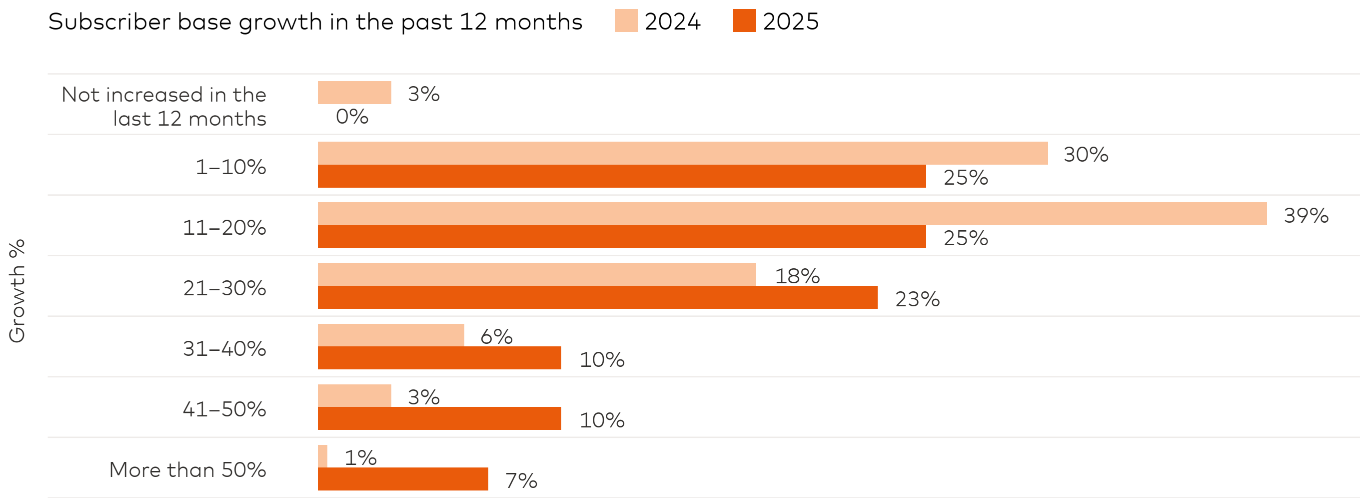
1. The subscription market outlook

A robust market

U.S. businesses remain confident in their revenue outlook despite growing economic pressures. The resilience of recurring revenue models and consumer behavior has sustained confidence among U.S. subscription businesses. Our data shows that 82% of U.S. businesses are optimistic about revenue growth over the next year. While consumers are increasingly aware of their subscription spending, overall subscription spend has continued to grow, with 44% of consumers across all markets reporting higher spending than in the previous year.

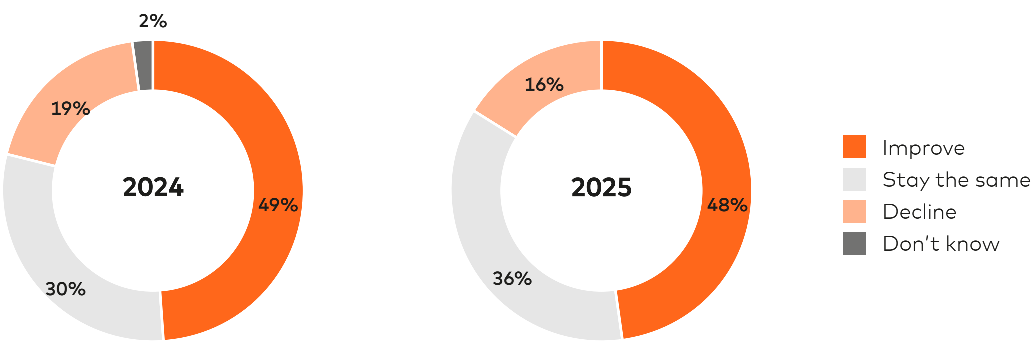
Almost half of U.S. businesses experienced subscriber growth of 20% or higher over the past 12 months

Subscriber base growth in the past 12 months



U.S. businesses continue to feel optimistic about economic growth improving

How do you believe U.S. economic growth (i.e., gross domestic product) will change, if at all, over the next 12 months?

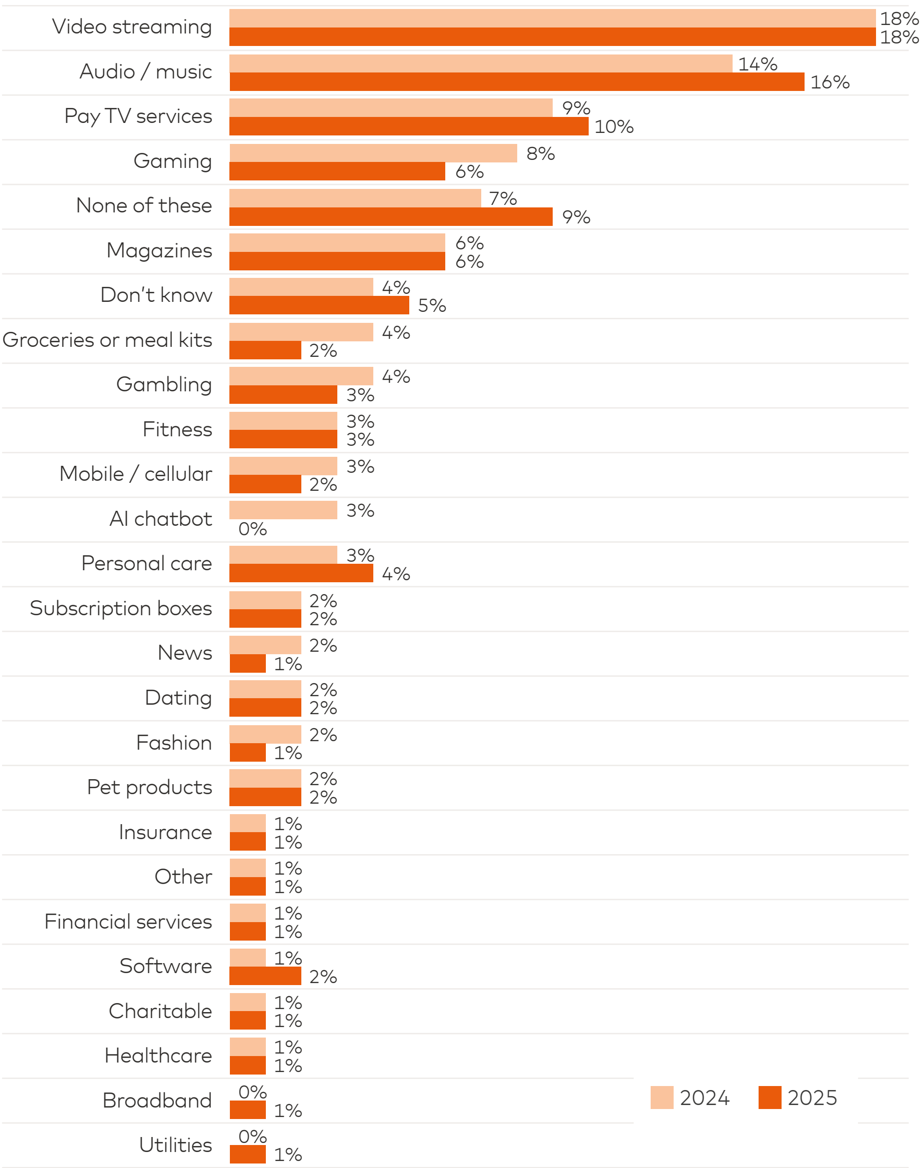


Lower activity, higher churn

The acquisition of low-intent subscribers is driving higher churn rates. Average monthly churn has risen to 20%, and the share of inactive users is growing: more than half of U.S. businesses report that 10% or more of their subscribers are inactive. Meanwhile, involuntary churn is rising, with 54% of businesses now saying that more than 20% of churn is involuntary, likely amplified by Gen Z consumers blocking payments in banking apps.

Most likely to be canceled

Which subscription service would you cancel first if you had to choose?



SNAPSHOT

Long-term profitability risks

59%

believe technology disruptors will affect profitability over the next 10 years

59%

believe new entrants in the industry will affect profitability over the next 10 years

55%

believe changing customer preferences will affect profitability over the next 10 years

Essentials take the top spot

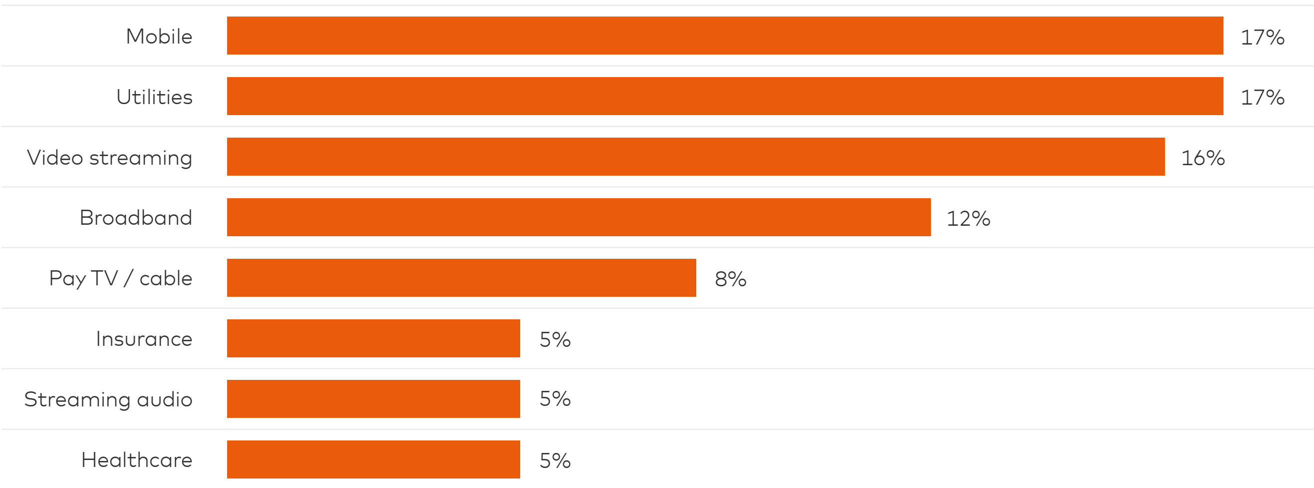
The rise of subscription-based essential services like mobile and utilities have cemented their place as the most important subscriptions for consumers, followed by video streaming, broadband and Pay TV/cable.

In fact, video streaming is now considered an essential service by one in five global consumers, and 16% view video streaming as their most important subscription. Entertainment and always-on connectivity are core to the subscription stack.

1 in 5
global consumers
considers video streaming as an essential service

Most important subscriptions

Which subscription service is most important to you?



FT Strategies insight

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As the subscription category matures, we are seeing growth shift away from high-intent early adopters to the broader majority, where needs are weaker and there is a greater availability of alternatives. These later cohorts are often pulled in by promotions, bundles, or paywall friction rather than explicit demand. This means they often engage less and churn quickly, particularly at the point of first renewal or when discounts expire. We believe the observed increase in churn (among many factors) may be the result of subscription businesses tapping into these lower-intent segments on the adoption curve.

Building brand loyalty can play a key role in reducing cancellations when price sensitivities are felt. When customers perceive genuine value and reliability, subscriptions are more likely to be seen as essential rather than optional. The winning brands are those that nurture loyalty and recognize the journey that their customers want to go on with them.

Zoe Taylor
Associate Director, Savanta

2. Changing behavior

Managing price rises

In August 2025, Apple TV+ increased prices across its markets for monthly subscribers, as the cost of streaming continues to rise. This reflects a wider trend of subscription businesses across different verticals continuing to increase prices. As a result 44% of consumers are spending more on subscriptions than 12 months ago, but they are also placing greater emphasis on tracking their spend. A strong desire to try new products and services, and greater use of subscriptions, have helped to offset the financial pressures they face.

SNAPSHOT

Subscription spend and awareness vs a year ago

$1,887

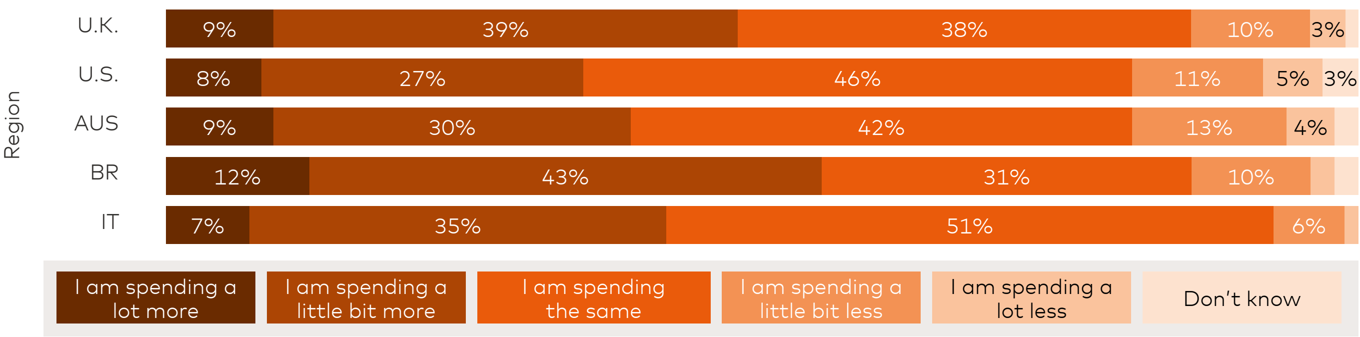
yearly average subscription spend of U.S. consumers (compared to $1,416 in 2024)

26%

of 18-24s have subscribed to one or more subscription services in the past year

Global subscription spending on the whole has gone up or stayed the same over the last year

How much more or less are you spending on subscription services compared to 12 months ago?



Consumers are more aware of their subscription spending

Do you currently monitor how much you are spending on subscriptions?

Younger people have an abundance of different subscriptions but also limited loyalty. They are more than happy to move between products if their friends recommend them or they can get the same thing for cheaper elsewhere. This kind of proactive subscription management is second nature as these groups are subscription natives.

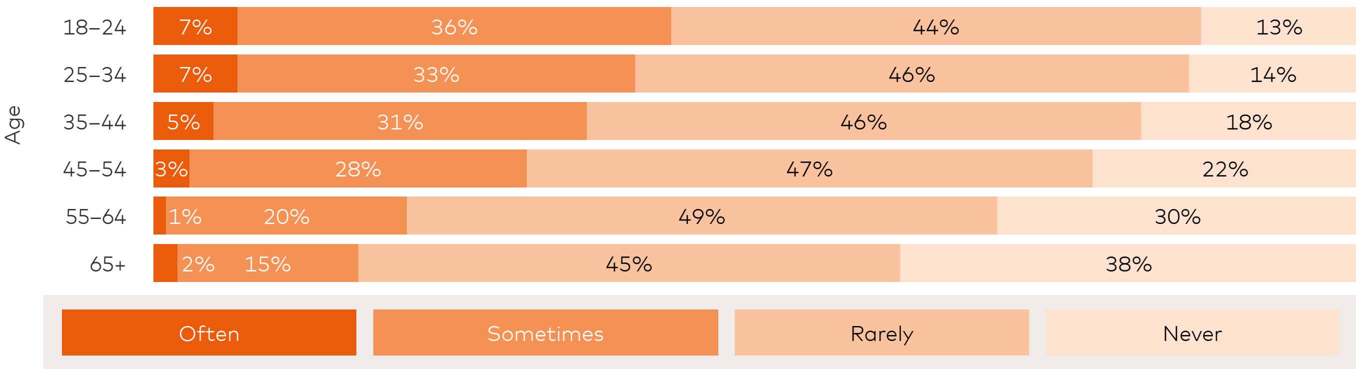
George Montagu
Head of Insights, FT Strategies

Industry insight

50% of subscribers who cancel their Netflix subscription have resubscribed after 6 months, rising to 61% after a year. This exceptional winback rate highlights the willingness of consumers to resubscribe if their circumstances change or the product becomes more compelling (Business Insider, 2025).

Younger audiences are far more likely to cancel and resubscribe

Do you find yourself frequently canceling and resubscribing to various subscription services?

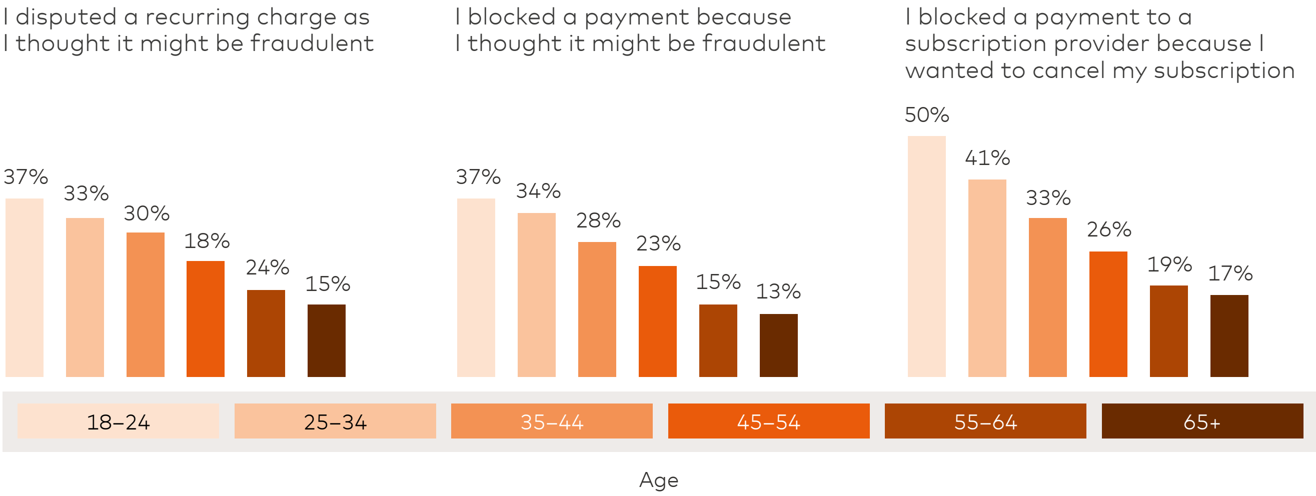


Gen Z blocking payments instead of canceling

Instead of managing their subscriptions with the merchant directly, evidence suggests that younger consumers increasingly bypass high-friction cancellation journeys by blocking regular payments in their banking apps. Concerns about fraud make them more likely to dispute charges or halt payments altogether. This underlines the need for subscription businesses and banks to work together to meet the next generation's expectations for control, flexibility and accessibility.

Many young people are managing subscriptions in their banking app

Have you taken any of the following actions to stop a subscription payment?



We all agree that a better customer experience involves a seamless, easy-to-use process. That includes consumers having access to all their subscriptions in a single view. It's important to provide consumers with greater control and transparency to help reduce involuntary churn, minimize blocks and create greater value.

Gaurav Mittal
Executive Vice President, Ethoca, a Mastercard company

Industry insight

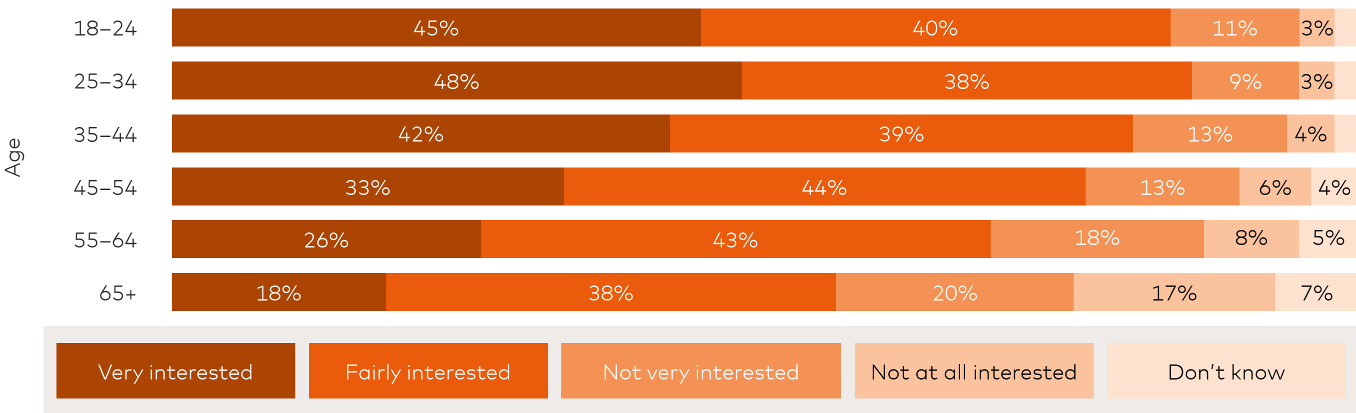
Chargebacks911's Cardholder Dispute Index finds 83% of 18–44s (versus 65% of 45+) prefer to resolve problems through their bank rather than the seller, and nearly half admit they disputed a charge without contacting the merchant; 85% want their bank to be able to cancel subscriptions for them.

Everything in one place

Many consumers, overwhelmed by the complexity of cancellation processes and the proliferation of individual subscriptions, are looking for a convenient way to manage their subscriptions. Our data shows that 85% of Gen Z and Millennials are interested in a centralized subscription management platform. In Brazil, demand for this kind of functionality is much higher than that of other markets surveyed. This is likely connected to its predominantly younger population, the prevalence of early-adopters and the popularity of digital banking in the market.

Younger people have a strong desire for centralized subscription management

To what extent, if at all, would you be interested in a service / app whereby you could manage all your subscriptions and recurring payments in one place?



3. Putting a pause on churn

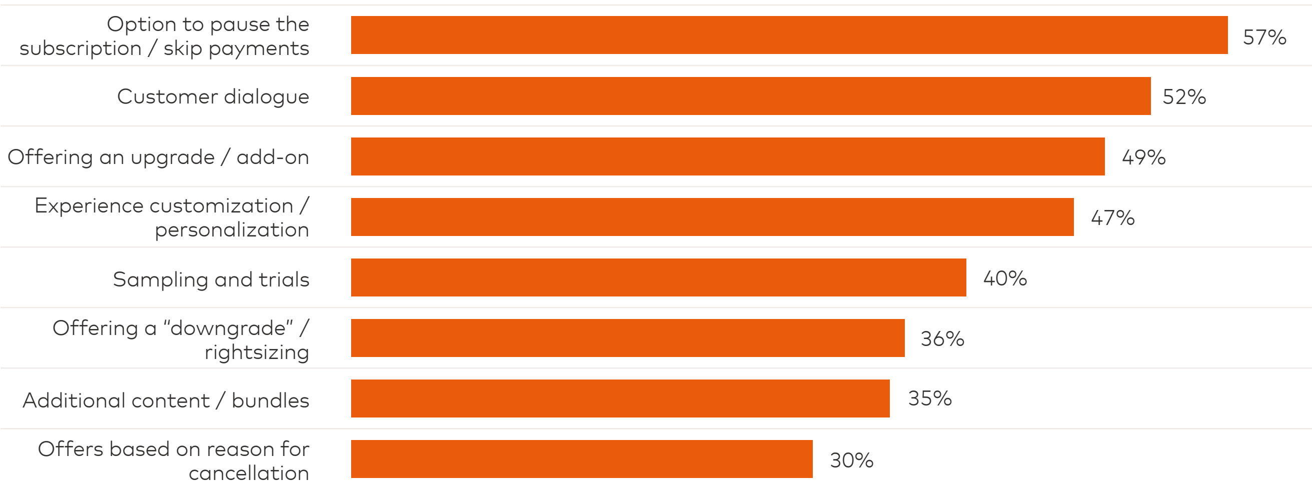
Power of pause

U.S. businesses heed consumers' call for flexibility, and it's paying off. More than two-thirds already offer a pause option to subscribers, with a further 28% planning to add it in the coming year. This shows that businesses are focusing on retention by giving younger consumers more control and flexibility.

57% of U.S. businesses rank the ability to pause among the top three retention tactics, underscoring that consumers want more control and often churn if they cannot pause.

Pause stands out as the most effective retention tactic

Please rank the following retention tactics for your business from most effective to least effective



The consumer perspective

According to our research, global consumers would remain subscribed if given options to pause or receive offers, loyalty rewards and tailored pricing options.

66% would stay subscribed for a reduced price offer

34% would stay subscribed if they could pause

33% would stay subscribed for loyalty rewards

32% would stay subscribed for tailored pricing options

FT Strategies insight

FT STRATEGIES

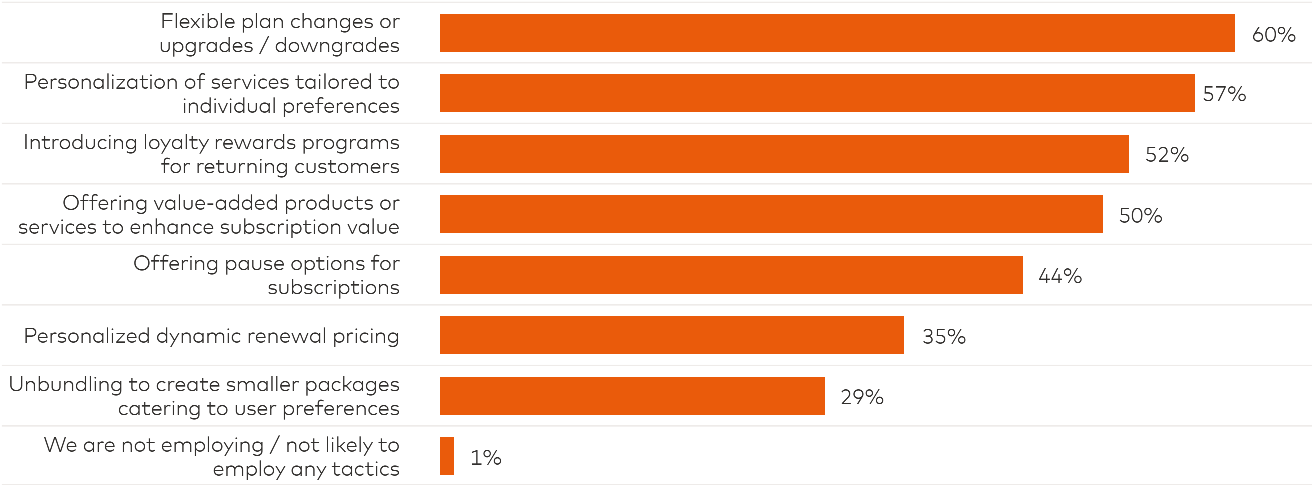
From our experience, a large proportion of customers cancel as a result of personal circumstances. For example, they do not have enough time to make use of their subscription because they are on holiday, unwell or have experienced a change of life circumstances (e.g. had a child or changed jobs). In the past, these subscribers have been forced to cancel as they had no alternative. The most effective pausing mechanism is where the duration is time-bound and the subscription restarts at a pre-defined date. Depending on the brand, we regularly see double-digit reductions in cancellations as a result of offering pause.

One size does not fit all

Effective churn management requires a portfolio of complementary tactics. The majority of U.S. businesses are adopting multiple churn management tactics to counter rising churn. They are prioritizing consumer control with flexible plans and charges, using first-party data to enhance personalization and expanding loyalty programs for returning consumers.

Businesses employ a portfolio of churn management strategies

What tactics are your business employing to manage churn?



CASE STUDY

How the Financial Times' onboarding process supports subscriber retention

Engagement is a key metric that the FT monitors for all their users and subscribers. They have observed a strong positive relationship between engaged subscribers and higher lifetime value. However, the FT also knows that a very significant proportion of new subscribers cancel within the first 30 days.

The output

To mitigate early cancellation, the FT's Customer Care team now aims to call all new subscribers within their first week to help them make the best use of the product and answer any questions they might have.

The outcome

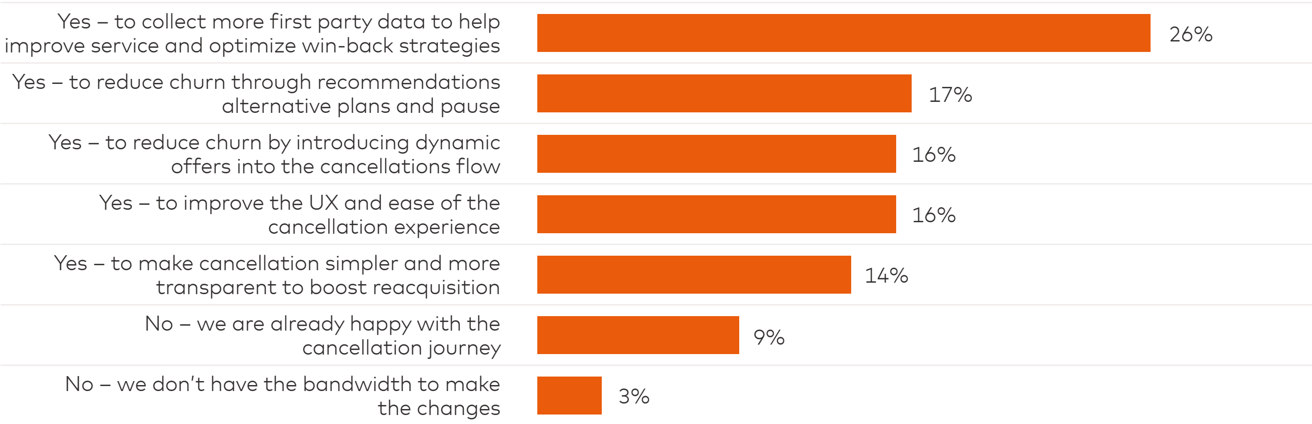
This campaign has led to a double-digit improvement in retention rates in both the short and long term.

The cancellation playbook is changing

Four in five U.S. businesses plan to change their cancellation process. Their priorities are to collect more first-party data to optimize win-back strategies and to reduce churn with dynamic offers or personalized plans. They are also responding to consumer sentiment by simplifying the cancellation experience to boost re-acquisition.

First-party data will increasingly inform future cancellation journeys

Are you planning to make changes to the customer cancellation journey in the next 12 months?



31%
of global consumers
frequently cancel and resubscribe

74%
of global consumers
are more more likely to subscribe if the cancellation process is easy

70%
of global consumers
are more likely to resubscribe if the cancellation process is easy

“

For many years, subscription businesses have been able to employ 'dark arts' – one of which is making cancellation hard to reduce churn. That is no longer a viable strategy for two reasons: 1) Consumers expect to be able to cancel easily and will often consider that experience when resubscribing; 2) Regulation (including the DMCCA in the U.K. and from the FTC in the U.S.) is going to mandate simpler cancellation journeys. Therefore, it's important for businesses to act now and optimize simple, A/B tested journeys that work for them and their subscribers.

George Montagu
Head of Insights, FT Strategies

4. Partnering for growth

Where to look for growth

Our data suggests that partnerships are an area of high interest for businesses looking to accelerate their subscriber growth. Increasingly, subscription businesses (like Spotify or Disney+) are supplementing their direct sales (via their own websites/apps) with indirect sales in collaboration with other companies.

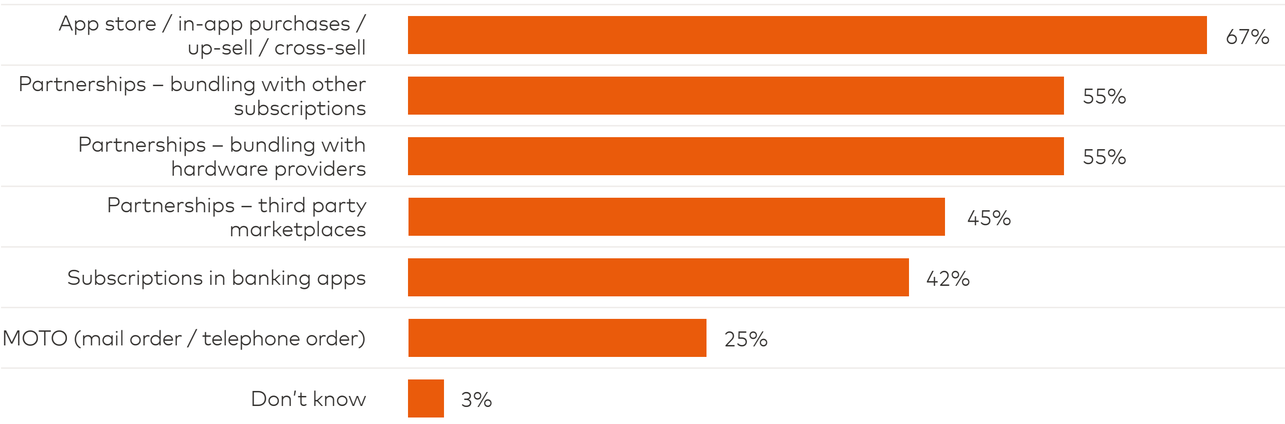
A few examples include:

- **App stores** – a growing number of subscription businesses are listing themselves in app stores and accepting the commission costs in exchange for higher conversion rates.
- **Telcos** – businesses are increasingly bundling subscriptions with mobile contracts. This provides significant scale for subscription businesses looking to increase market penetration.
- **Banking apps** – some neobanks and traditional retail banks are now acting like "super-apps" where people can purchase add-ons or subscriptions - e.g. "get Netflix" or "buy travel insurance". These banks are either bundling these services with their own offers (e.g. a "premium" bank account) or offering them as additional standalone services at a discount to improve loyalty.

These ecosystem channels extend reach by meeting customers where they already are in trusted, high-usage environments.

Many subscription businesses plan to explore new acquisition channels to increase market penetration

Which of the following acquisition channels are you considering in the next 12 months?

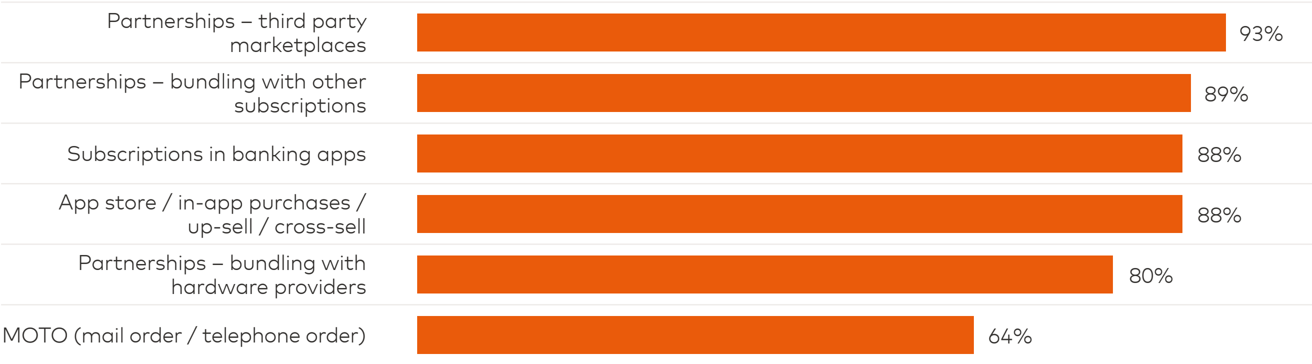


Partnerships and bundling are two promising and increasingly core paths to growth. You can provide access to your audience, or leverage someone else's audience to introduce your value to potential new subscribers, or even combine related offerings to more fully solve your subscriber's ongoing problem. Just make sure that your retention rate and customer lifetime value justify the investment—with partners these key metrics often dip.

Robbie Kellman Baxter
Author and Founder, Peninsula Strategies

Third-party marketplaces are proving their worth

Please rank the following acquisition channels in order of which you feel will be most effective to the least effective for your business



Tech-enabled business

U.S. merchants are doubling down on partner integrations and flexible billing, with four in ten planning to invest in the next 12 months and five in ten already having done so. First-party data, analytics and machine learning are now mainstream, as businesses see the benefits of becoming more data-driven.

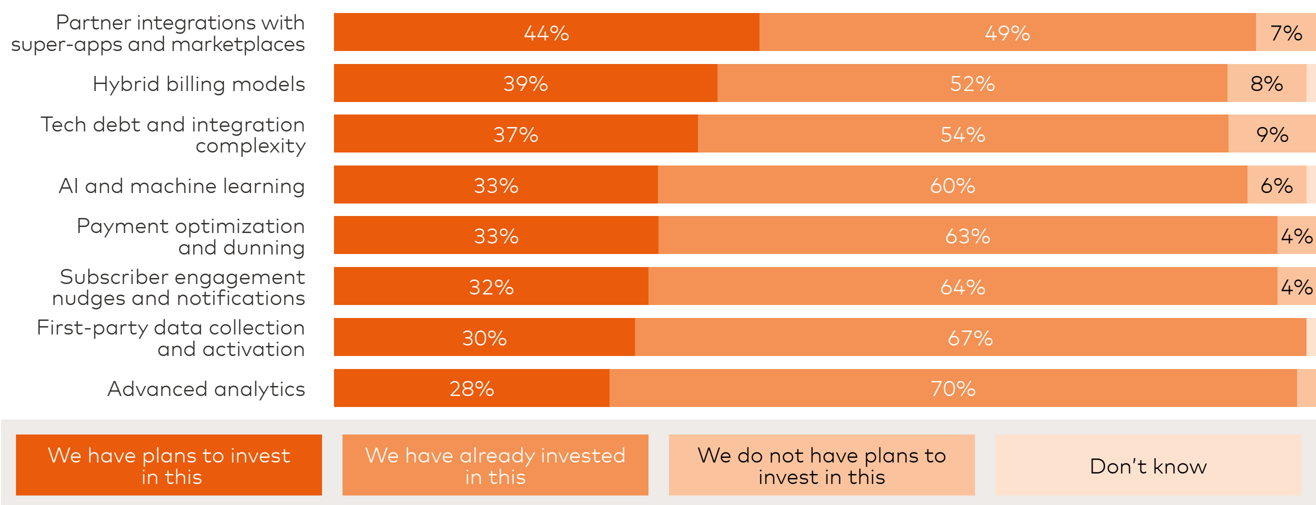
93%

of businesses

have already invested or plan to invest in partner integrations with super-apps and marketplaces

Selective technology investment is round the corner

Have you either already invested or have plans to invest in the following technological capabilities?



Partnerships are key to growth in the subscription economy. Banking apps and fintech platforms provide trusted spaces where consumers can manage subscriptions seamlessly. By integrating these services, we make financial services more accessible, transparent, and effective for everyone. This demonstrates the power of fintech to enhance convenience, engagement, loyalty, and acquisition, especially among younger users.

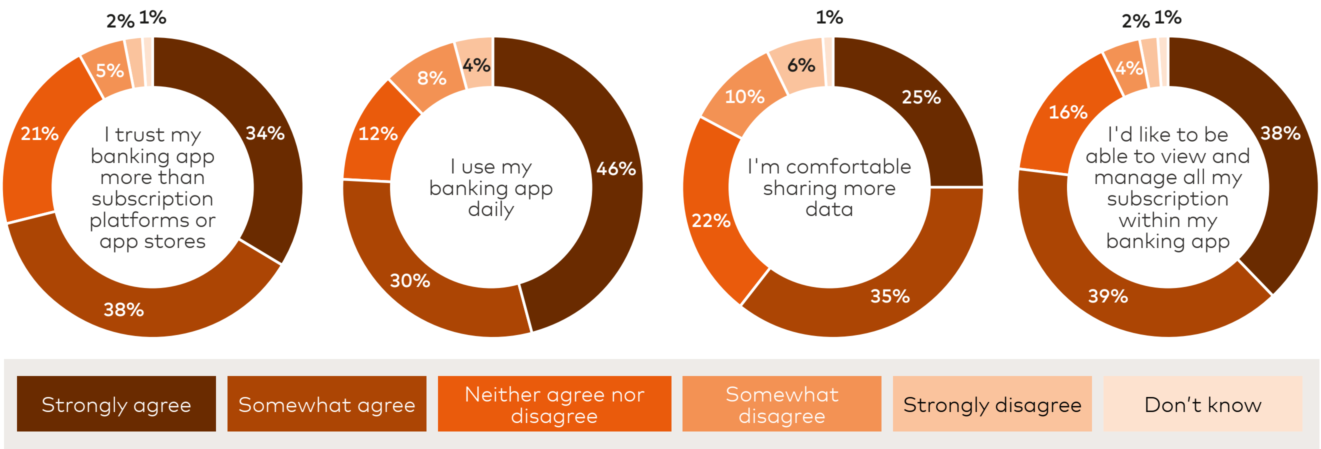
Janine Hirt
CEO, Innovate Finance

Banking apps: high trust and high usage

Almost three-quarters of consumers trust their banking app more than individual subscription platforms, likely due to frequent use and stronger security features that banks and fintechs prioritize. Consumers want their banking app to be the single hub for all payments and subscriptions, with over three-quarters wanting to view and manage their subscriptions within the app.

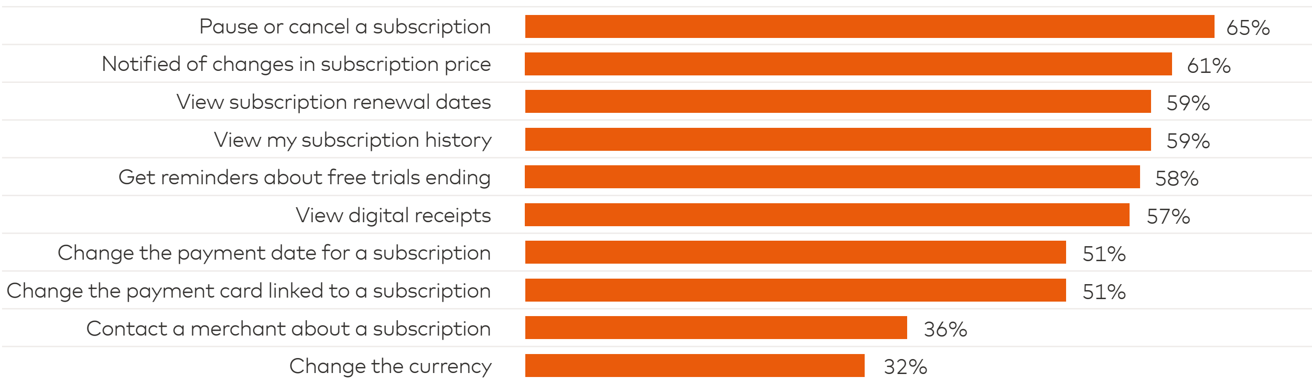
Consumer trust in banking apps

Thinking about managing your subscriptions and using digital banking, to what extent do you agree or disagree with the following statements?



Top-ranked banking app features consumers need

Which of the following features would you like to be able to use in your banking app?



FT Strategies insight

FT STRATEGIES

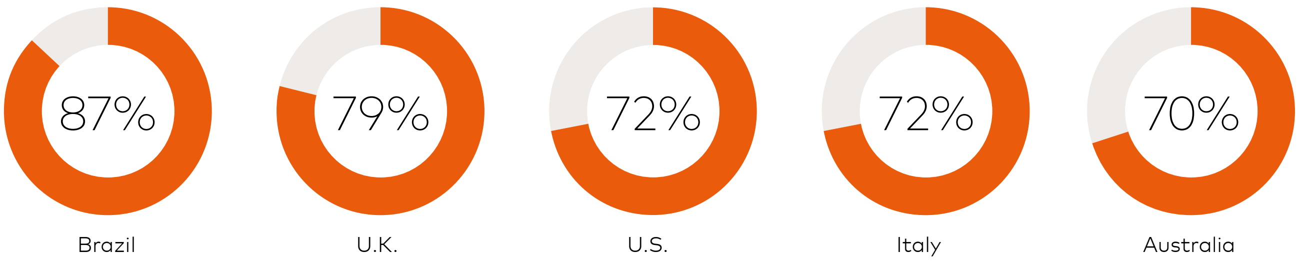
The Financial Times and Revolut have signed a partnership to offer FT Digital Access and Revolut Premium Banking Plans under one subscription. This collaboration has provided thousands of newly acquired subscribers to both the Financial Times and Revolut without causing any measurable cannibalization.

The importance of convenience

Interest in a single subscriptions hub is strongest among younger adults: more than eight in ten under-35s are keen, falling to just over half of those aged 65+. About one in two under-35s would switch banks for this feature, dropping to around one in five among over-65s. Convenience resonates widely, but it is a clear acquisition lever for Gen Z and millennials. Banks should lead with subscription tools and merchants should integrate more deeply into banking apps to reach high-intent users.

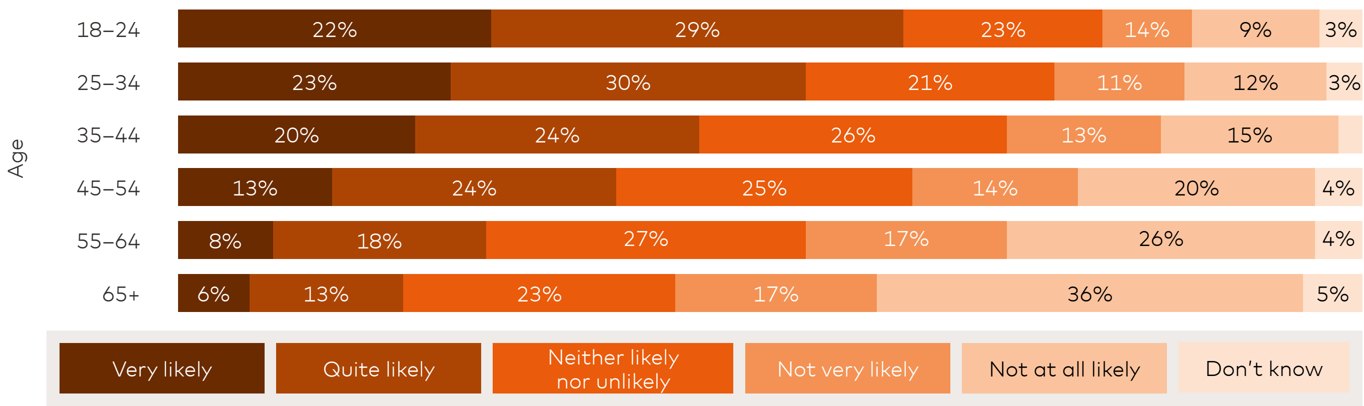
The top-ranked, subscription-related banking app features focus on control. These include pause or cancel (65%), subscription price change alerts (61%) and view subscription renewal dates/history (59%).

The majority of consumers want to view and manage all their subscriptions in their banking app



Younger consumers are more likely to switch banks for subscription management functionality

How likely or unlikely are you to switch bank accounts if the new account allows you to view and manage all your subscriptions in your banking app?



77%
of global consumers
want to view and manage all their subscriptions in their banking app

72%
of global consumers
trust their banking app more than subscription platforms or app stores

38%
of global consumers
would switch banks for subscription management features

Gaining top-of-wallet status

With the rise of multi-banking among consumers, banks and fintechs face increased competition for wallet share and securing the coveted top-of-wallet status, becoming consumers' go-to card. The competition is even more fierce for digital top-of-wallet and becoming the preferred, default card for providers such as Apple Pay and Google Wallet.

Our research suggests that consumers tend to consolidate their recurring subscription payments on their preferred card. Subscription payments consolidation on one card is highest in Australia (72%) and the U.K. (70%), followed by Italy (63%), the U.S. (59%) and Brazil (56%).

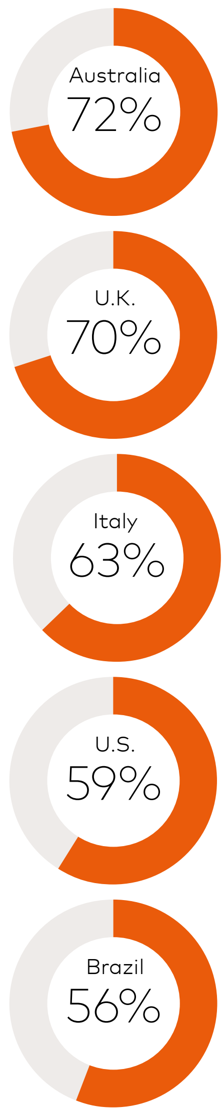
For banks and fintechs competing for wallet share, catering to the needs of subscription consumers and enhancing their visibility and control of subscriptions and recurring payments could help provide a competitive advantage. Leveraging personalized insights and real-time notifications are crucial to strengthen the value exchange between banks and consumers and help deepen digital relationships.

Reducing subscription-related disputes and chargebacks

A significant challenge banks face is the high volume of disputes and chargebacks resulting from recurring transactions. When consumers struggle to recognize, cancel or pause subscriptions, they frequently contact their bank to dispute these transactions. Our data shows that 25% of consumers have blocked a payment because they thought it might be fraudulent and even more (29%) have disputed a recurring payment for the same reason.

If consumers are dissatisfied with the bank's response, they will often initiate a chargeback to dispute a transaction and request a payment reversal. This increases operational costs for banks, as teams need to support queries via call centers and digital channels and handle each case individually. Chargebacks also directly impact merchants, leading to revenue loss, additional processing fees and an increased operational burden. Of U.S. businesses surveyed, 70% state that chargebacks and disputes cause medium to high impact on their business. Providing consumers with more insight and control over their subscriptions can help mitigate these issues.

The majority of consumers use one card for all their subscription payments

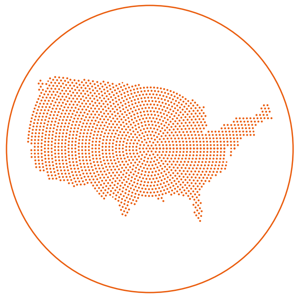


29% of global consumers
have disputed a recurring payment because they thought it might be fraudulent

70% of businesses
state that chargebacks and disputes cause medium to high impact on their business

Ethoca insight

Both issuers and merchants can help enhance clarity, transparency and trust for consumers. Solutions that provide consumers with greater visibility and control of their recurring spend can also help reduce involuntary churn and minimize blocks, disputes and chargebacks. This, in turn, reduces the operational burden for issuers and merchants and enhances the overall experience and value for consumers.



5. Regional analysis

Deep-dive: United States

U.S. consumers have high subscription adoption and high price awareness

U.S. consumers have an average of 8.2 active subscriptions per person; 0.5 higher than the cross-market average. One in three U.S. consumers now have 10 or more subscriptions, signaling a high level of market maturity. U.S. consumers are also more aware than ever of their subscription costs: 53% know exactly what they spend each month and an additional 39% have a rough idea. 35% say they are spending more on subscriptions than a year ago, 9 percentage points lower than the average across all markets.

Entertainment dominates but cancellation risk is high

Video streaming (62%), Pay TV (41%) and audio streaming (41%) are the most used discretionary subscriptions, showing they are deeply embedded in consumer lifestyles. Video is seen as simultaneously the most important (16%) and the most likely to be canceled first if necessary (18%) – highlighting how consumers must balance value and cost.

Price increases and affordability are key drivers of churn

Among those likely to cancel in the next six months (33%), the most common reason is affordability: 42% of U.S. consumers cite this compared to 37% across all markets, with price increases being the primary cause of rising spend (54%). Consumers enjoy flexibility, with 32% saying they often or sometimes resubscribe after canceling.

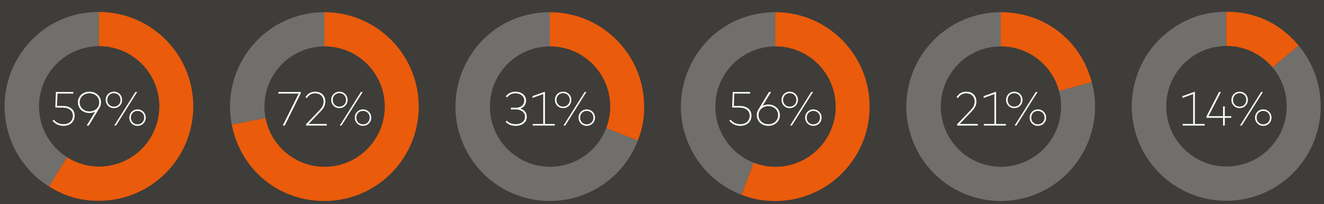
Strong appetite for consolidated control but lower willingness to switch

72% of U.S. consumers want to be able to view and manage all their subscriptions in their banking app. However, only 31% say this would make them likely to switch banks, 7pp below the cross-market average.

Traditional banks still lead the U.S. mix

A majority of U.S. consumers (56%) mainly use a traditional retail bank—7pp below the cross-market average. Digital-first usage is steady at 21% (in line with the average), while 14% split usage equally between traditional and digital-first providers, 2pp above the average.

United States digital banking trends



use one card for all their subscriptions

want to be able to view and manage all their subscriptions in their banking app

are likely to switch banks for subscription management

mainly use a traditional retail bank, 7pp lower than across all markets

mainly use a digital-first service, similar across all markets

use both a traditional retail bank and a digital-first service equally, 2pp higher than across all markets*

They are much more likely to use direct debit
(55% vs 42% across markets)

U.S.: 55%
All: 42%

and less likely to use buy now pay later
(similar across all markets) to pay for subscriptions

U.S.: 6%
All: 6%

*9% of respondents indicated they 'don't know' about their banking preferences

Deep-dive: United Kingdom

High adoption and the highest monthly spend

U.K. consumers hold an average of 7.9 subscriptions and 28% have 10 or more. Average monthly spend is £135, the highest across markets. Awareness is strong, with 51% knowing exactly what they spend and a further 39% having a rough idea. Nearly half, 48%, report higher spending than a year ago.

Entertainment is embedded but broadband is essential

Video streaming, Pay TV and audio streaming lead in discretionary use at 62%, 45% and 41% respectively. Broadband is rated the most important subscription overall at 19%. Video is both the most important discretionary service at 14% and the first many would cancel at 16%, followed by audio at 15% and Pay TV at 11%.

Price rises drive both spend and cancellation

Among those likely to cancel in the next six months (30%), 57% cite prices going up. Price increases are also the main reason for higher spend, named by 62%.

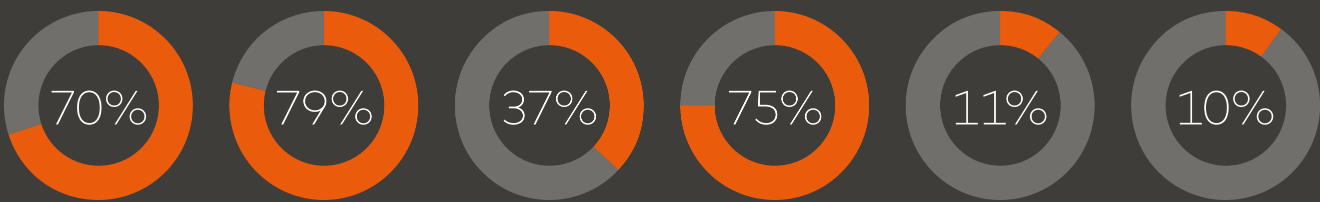
Strong appetite for consolidated control and a clear switching lever

Seventy-nine percent want to be able to view and manage all their subscriptions in their banking app and 37% say this would make them likely to switch banks. Payment habits skew to direct debit (48%) and away from credit cards (22%).

Traditional banks dominate

U.K. consumers overwhelmingly bank with incumbents: 75% mainly use a traditional retail bank—12pp above the cross-market average. Digital challengers trail, with just 11% mainly using a digital-first service (9pp below), and 10% splitting usage evenly between the two (2pp below).

United Kingdom digital banking trends



use one card for all their subscriptions

want to be able to view and manage all their subscriptions in their banking app

are likely to switch banks for subscription management

mainly use a traditional retail bank, 12% higher than across all markets

mainly use a digital-first service, 9% lower than across all markets

use both a traditional retail bank and a digital-first service equally, 2pp lower than across all markets*

They are much more likely to use direct debit
(48% vs 25% across markets)

and less likely to use a credit card
(22% vs 40%) to pay for subscriptions

*4% of respondents indicated they 'don't know' about their banking preferences

Deep-dive: Italy

Broad adoption with strong price awareness

Italian consumers have 7.2 subscriptions on average and 25% have 10 or more. They spend €121 a month. Sixty-nine percent know exactly what they spend and 27% have a rough idea; 42% report higher spending than a year ago.

Mobile is central; video and Pay TV define discretionary use

Overall penetration is led by mobile (68%), video (62%) and broadband (57%). Discretionary usage centres on video (62%), Pay TV (44%) and audio (25%). Video is both the most important discretionary service at 14% and the most likely to be canceled at 18%, with Pay TV next at 14%.

Lower cancellation intent and less affordability-driven churn

Twenty-two percent are likely to cancel in the next six months, and only 31% say this is because they cannot afford the subscriptions, below the cross-market average. Upgrade rates are low at 5%.

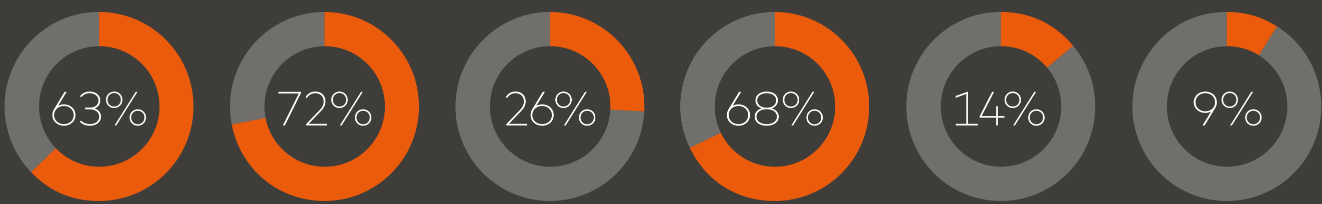
Interest in unified control, but weaker switching incentives

Seventy-two percent want to be able to view and manage all their subscriptions in their banking app and 26% would switch banks for it. Italians are more likely to pay by standing order (42%) and less likely to use a debit card (28%) than the cross-market norm.

Traditional banks remain Italy's default

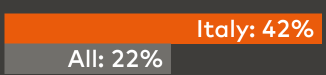
Italy's banking mix is anchored in incumbents: 68% mainly use a traditional retail bank – 5pp above the cross-market average. Digital-first adoption is muted, with 14% mainly using a challenger (6pp below), and just 9% splitting usage equally between the two (3pp below).

Italy digital banking trends



- 63% **use one card for all their subscriptions**
- 72% **want to be able to view and manage all their subscriptions in their banking app**
- 26% **are likely to switch banks for subscription management**
- 68% **mainly use a traditional retail bank**, 5pp higher than across all markets
- 14% **mainly use a digital-first service**, 6pp lower than across all markets
- 9% **use both a traditional retail bank and a digital-first service equally**, 3pp lower than across all markets*

They are much more likely to use a standing order (42% vs 22% across markets)



and less likely to use a debit card (28% vs 42%) to pay for subscriptions

*9% of respondents indicated they 'don't know' about their banking preferences

Deep-dive: Australia

Lower subscription counts and low average spend
Australians hold 6.7 subscriptions on average and 22% have 10 or more. Monthly spend is A$130, the second lowest across markets. Forty-eight percent know their exact spend and 39% have a rough idea; 39% are spending more than a year ago.

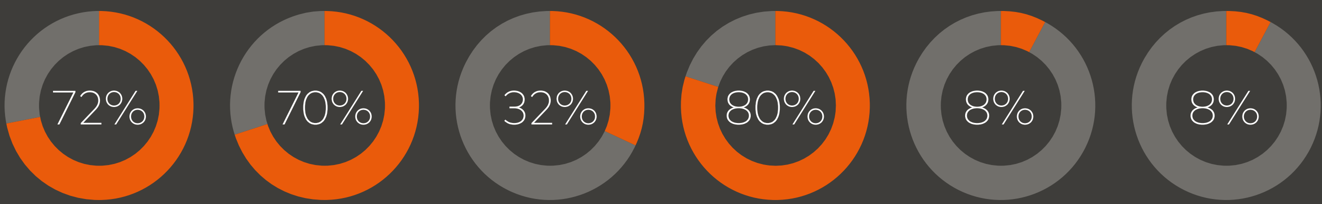
Entertainment leads, with cancellation risk concentrated in video and audio
Video streaming (66%), audio (44%) and Pay TV (33%) dominate discretionary use. Video is the most important discretionary service at 21% but also the most likely to be canceled at 24%, followed by audio at 15% and Pay TV at 9%.

Affordability pressures ahead, but churn is not always final
Thirty-two percent are likely to cancel in the next six months and 51% say they cannot afford their subscriptions. Even so, 38% often or sometimes resubscribe after canceling, above the cross-market average.

High trust in traditional banks and moderate switching intent
Eighty percent mainly use a traditional bank. Seventy percent want to be able to view and manage all their subscriptions in their banking app and 32% would switch banks for it. Payments skew to debit cards (54%) and away from standing orders (3%).

Traditional banks dominate Australians' digital banking
Most Australians still bank with incumbents: 80% mainly use a traditional retail bank—17pp above the cross-market average. Digital challengers lag, with only 8% mainly using a digital-first service (12pp below), and another 8% splitting usage equally between a traditional bank and a digital-first provider (4pp below).

Australia digital banking trends



use one card for all their subscriptions

want to be able to view and manage all their subscriptions in their banking app

are likely to switch banks for subscription management

mainly use a traditional retail bank, 17pp higher than across all markets

mainly use a digital-first service, 12pp lower than across all markets

use both a traditional retail bank and a digital-first service equally, 4pp lower than across all markets*

They are much more likely to use a debit card
(54% vs 42% across markets)

and less likely to use a standing order
(3% vs 22%) to pay for subscriptions

*4% of respondents indicated they 'don't know' about their banking preferences

Deep-dive: Brazil

High adoption and fast-rising spend
Brazilians hold 8.6 subscriptions on average and 35% have 10 or more. Average monthly spend is R$406, the lowest across markets, yet 55% say they are spending more than a year ago.

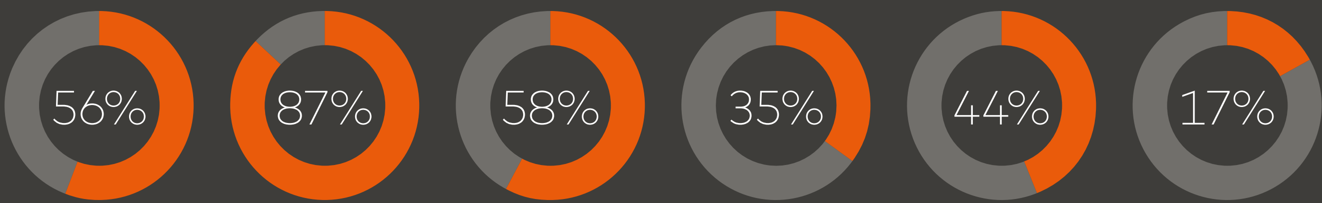
Entertainment is widespread; audio faces the highest cancellation risk
Discretionary uptake is broad, led by video (61%), Pay TV (49%) and audio (48%). Audio is the service most likely to be canceled at 17%, ahead of video at 14% and Pay TV at 12%.

Upgrades are common, but fewer return after canceling
A quarter of consumers have upgraded one or more subscriptions, well above the cross-market average, while only 25% often or sometimes resubscribe after canceling. Affordability is cited by 22% of those likely to cancel.

Digital-first banking and a powerful switching trigger
Forty-four percent mainly use a digital-first service, compared with 35% for traditional banks. Eighty-seven percent want to be able to view and manage all their subscriptions in their banking app and 58% would switch banks for it. Payment preferences skew to credit cards (59%) and standing orders (41%), with very low direct debit usage (7%).

Digital-first leads Brazil's banking mix
Brazilians skew toward challengers: 44% mainly use a digital-first service—24pp above the cross-market average—while only 35% mainly use a traditional retail bank (28pp below). A further 17% split usage equally between the two, 5pp above the average.

Brazil digital banking trends



56% **use one card for all their subscriptions**

87% **want to be able to view and manage all their subscriptions in their banking app**

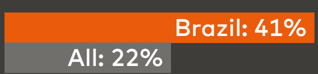
58% **are likely to switch banks for subscription management**

35% **mainly use a traditional retail bank**, 28pp lower than across all markets

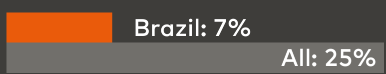
44% **mainly use a digital-first service**, 24pp higher than across all markets

17% **use both a traditional retail bank and a digital-first service equally**, 5pp higher than across all markets*

They are much more likely to use a standing order (41% vs 22% across markets)



and less likely to use direct debit (7% vs 25%) to pay for subscriptions



*4% of respondents indicated they 'don't know' about their banking preferences

Recommendations

For subscription businesses:

1. **Collaborate with banking apps**
   Offer in-app viewing, pausing, downgrades and cancellation of subscriptions (including the collection of cancellation reason). Work with banking apps to reduce involuntary churn and create new acquisition storefronts.

2. **Make "Pause" the default**
   Implement time-bound pauses that automatically resume, with clear restart dates. This is the top-ranked retention tactic amongst subscription businesses and has the potential to drive double-digit cancellation reductions.

3. **Design cancellation around winback**
   Keep the exit journey simple, but understand the reason for cancellation. Personalize winback campaigns based on their reason for canceling and first-party data. Measure and aim to improve winback.

For banks and fintechs:

1. **Offer subscription management capabilities**
   Enabling in-app subscription management functionality can drive top-of-wallet status, reduce back office OPEX and improve long-term customer engagement and loyalty. This can be a key differentiator for banks and incentivize consumers to switch.

2. **Enhance flexibility and control**
   Focus on creating a frictionless digital customer experience and providing multiple, user-centric subscription options, such as pausing, changing or canceling subscription plans, which meet consumer demand for convenience and control.

3. **Personalize the experience and nudge users with timely notifications and reminders**
   In a hyper-connected world, it is essential to cut through the noise and reinforce value. Leverage personalized insights, sign-post new features and notify users of free trials ending and price changes to support long-term engagement, value and financial health.

About Ethoca

Ethoca is an award-winning provider of collaboration-based intelligence and technology solutions that empower businesses around the world to fight fraud, prevent disputes and improve the customer experience. Powered by the ever-growing Ethoca Network, our solutions provide rich intelligence throughout the purchase journey to close costly communication gaps between all stakeholders in the payments ecosystem. Thousands of the world's biggest e-commerce brands, the largest banks, service providers and consumers benefit through this collaboration. For the first time, fraud, customer dispute and purchase insights are now available and actionable in real time — delivering significant revenue-growth and cost saving opportunities for all. Ethoca was acquired by Mastercard in April 2019.

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