stripe

The state of checkouts in Malaysia — 2021

Introduction

Ninety-seven percent of Malaysia's top ecommerce checkouts have at least five basic errors, adding unnecessary friction for customers.

Seventy-three percent of consumers we surveyed in Malaysia said they have increased their online shopping in the past year, with over 50% at least doubling it. The country's surge in online sales is only expected to continue. Malaysia has one of the fastest growing ecommerce markets in the Asia-Pacific region, with revenues predicted to reach $10.9 billion by 2025 at a 14.84% compound annual growth rate. While the increase in demand presents a huge opportunity for online businesses, it also puts more pressure on companies to successfully capitalise on this potential and offer the best customer experience in the face of heightened competition.

Ecommerce businesses spend time, money, and resources to build brand awareness, drive website traffic, and optimise their product pages—all with the goal of getting their target audience to make a purchase. However, we found that some of the biggest ecommerce companies in Malaysia often overlook one crucial step: the checkout flow.

Stripe partnered with Edgar, Dunn & Company to analyse the top 100 ecommerce websites in Malaysia and found that 97% of checkouts had at least five basic errors, adding unnecessary friction for customers. Some of the most common issues include not offering popular payment methods, not allowing customers to save their payment method for future use, and poor card information formatting and error handling. On their own, these issues may seem small. But, when combined, they add up to a needlessly difficult checkout experience for customers and lost sales.

With eight out of ten lost sales failing on the checkout page, fixing these basic errors and reducing friction in the transaction process can result in significant increases in conversion and revenue.

This report analyses the checkouts of the top ecommerce and subscription businesses in Malaysia and details the most common checkout errors, categorised into four sections:

1. Checkout form design

2. Mobile optimisation

3. Localisation
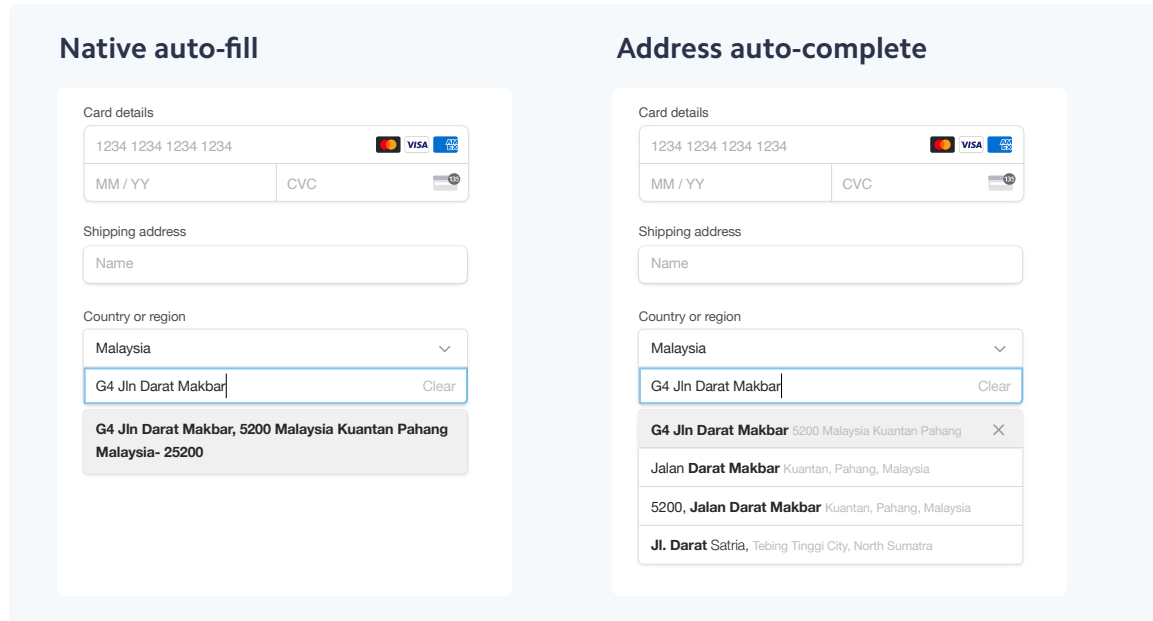
4. Buyer trust and security

The report explores why these checkout issues matter, how to prevent them from happening in your checkout flow, and how Stripe can help.

> We also analysed the top 200 global subscription businesses and have included subscription-specific best practices.

Checkout form design

Online shoppers in Malaysia expect a fast, intuitive, and mobile-optimised payment experience, with 45% saying they would abandon a purchase if it took more than two minutes to check out. However, 48% of consumers we surveyed said that, on average, it takes them more than three minutes to complete a purchase and 29% blame a long and complicated checkout as the reason for abandoning an order in the past year.

A poorly designed checkout form puts an unnecessary burden on customers. They want the pay button to be the final step in their purchase and don't want to have to go back through the form to fix basic errors. They also want checkout forms that adapt to their preferences and location. The highest performing checkouts are designed with dozens of conversion best practices in mind, allowing for a seamless customer checkout experience. For example, they reduce friction by supporting address autocomplete, allowing customers to save their payment information for future use, and displaying descriptive error messaging when customers enter the wrong payment information. **A Stripe study found that offering address autocomplete can increase conversion by close to 0.8%, and using specific error messaging can increase retry rates following a decline by as much as 3.5%** (for example, changing the message from "your card was declined" to "your card was declined. Try a different card"). These increases may seem small, but they can quickly add up—especially for ecommerce businesses with high transaction volume.

Native auto-fill

Card details

| 1234 1234 1234 1234 | |
| MM / YY | CVC |

Shipping address

Name

Country or region

Malaysia

G4 Jln Darat Makbar   Clear

G4 Jln Darat Makbar, 5200 Malaysia Kuantan Pahang Malaysia- 25200

Address auto-complete

Card details

| 1234 1234 1234 1234 | |
| MM / YY | CVC |

Shipping address

Name

Country or region

Malaysia

G4 Jln Darat Makbar   Clear

G4 Jln Darat Makbar 5200 Malaysia Kuantan Pahang ✕

Jalan **Darat Makbar** Kuantan, Pahang, Malaysia

5200, **Jalan Darat Makbar** Kuantan, Pahang, Malaysia

Jl. Darat Satria, Tebing Tinggi City, North Sumatra

The top five checkout form design errors

- **66% of checkouts didn't display an error message** in real time when an **invalid card number** was entered.

- **68% didn't show an error message** in real time when an **expired card** was used to attempt payment.

- **70% didn't confirm card type in real time** when a card number was entered, missing the opportunity to instantly validate payment details.

- **90% didn't support address autocomplete.**

- **96% didn't allow customers to save their payment information** for future use.

Checklist: How to design an optimised checkout form

- ☐ **Error messaging:** Highlight payment information errors in real time. Alert customers when they enter an invalid card or attempt to pay with an expired card.

- ☐ **Number formatting:** Add spacing to card numbers, displaying them in blocks of four to six digits for easier data entry.

- ☐ **Default address:** Use the same billing and shipping address by default unless customers want to manually add a different shipping address.

- ☐ **Address autocomplete and autofill:** Optimise address collection by supporting both native autofill (which uses information saved in a customer's browser) as well as address autocomplete (which enables typeahead completion).

- ☐ **Saved payment information:** Allow customers to save their payment information for future use so they can check out with just one click.
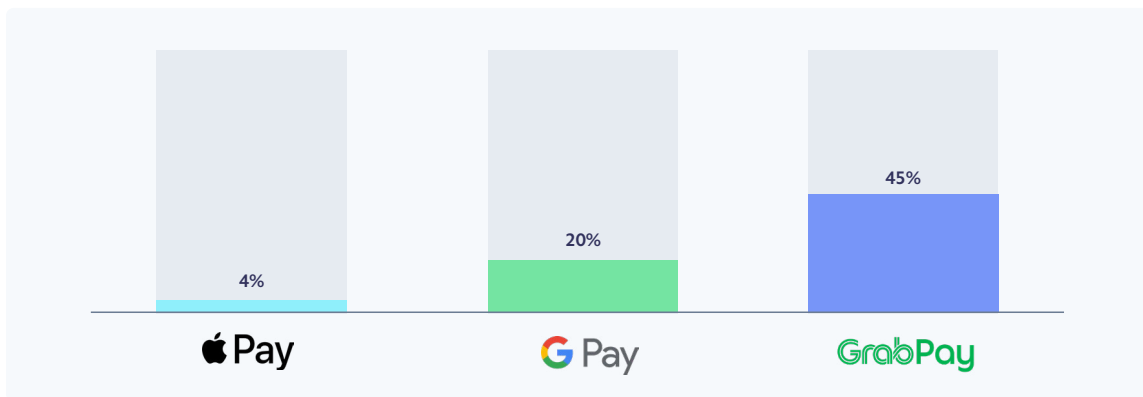
Mobile optimisation

Forty-seven percent of consumers we surveyed said they do more than half of their shopping from a mobile device, with 67% saying it's "very" or "extremely" important for a website to be mobile-friendly. If your checkout flow isn't tailored to a smaller screen—for example, if the checkout page doesn't automatically adjust to the size of the device—customers are more likely to abandon the checkout flow completely. In fact, while more than 50% of ecommerce traffic comes from smartphones, carts are abandoned on mobile at more than twice the rate of desktop.

Also, 21% of consumers we surveyed said that they will abandon their cart if forced to create an account at checkout, yet 41% percent of websites we studied did not offer guest checkout. Forcing customers to create an account on a mobile device before making a purchase creates friction and increases chances of cart abandonment.

While the vast majority of checkouts were designed to adapt to mobile screen sizes, 80% didn't support Google Pay and 96% didn't support Apple Pay. Supporting global digital wallets such as Apple Pay or Google Pay and regional digital wallets like Grabpay can help improve the shopping experience on mobile. Mobile wallets also give businesses the opportunity to offer a one-click payment experience that, on average, is three times faster than having to manually enter payment details.

Low penetration of digital wallets among merchants in Malaysia

The top four mobile optimisation errors

- 41% of checkouts didn't offer a **guest checkout experience.**

- **96% didn't support Apple Pay** and **80% didn't support Google Pay.**

- **55% didn't support GrabPay.**

- **23% failed to surface a numeric keypad** to enter card information on mobile.

Checklist: How to optimise for mobile

- ☐ **Offer guest checkout:** Minimise friction during the checkout process by offering a guest checkout experience, and give your customers the option to create an account after checking out.

- ☐ **Optimise and test forms on multiple mobile devices:** Ensure your checkout form is optimised and tested for the most popular devices in your target markets.

- ☐ **Responsiveness:** Ensure your form automatically resizes to the smaller screen.

- ☐ **Keypad:** Display a numerical keypad when customers are prompted to enter their card information.

- ☐ **Wallets:** Offer mobile wallet payment methods and ideally only surface them if you know they have been set up by your customer and are usable on their current device.
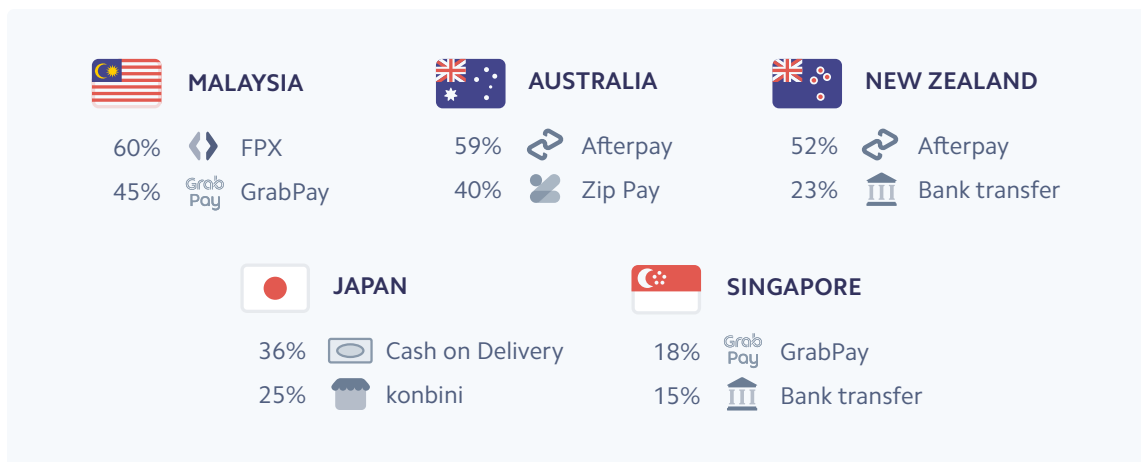
Localisation

Eighteen percent of consumers we surveyed said that they abandoned a purchase in the past year because their preferred payment method wasn't available. While bank transfers are the most used ecommerce payment method in Malaysia, accounting for 47% of all online payments, alternate payment methods like digital wallets are more popular than ever. This only becomes more pronounced when selling internationally—for example, across the entire Asia-Pacific region, digital wallets account for 46% of online payment volume. Offering the right noncard payment methods and ensuring a localised checkout experience (by translating the checkout page based on country and displaying local currency) can significantly increase conversion rates and reduce costs.

If you are selling across the Asia-Pacific region, the key to unlocking growth through local payment methods can vary by market and target customer segment. By supporting the right payment methods, businesses can also offer their customers extra flexibility and convenience, especially for larger purchases. For example, buy now, pay later services let customers immediately finance purchases and pay them back in fixed installments over time, which can result in increased sales. **A Stripe study found that businesses saw a 27% increase in sales when they offered Afterpay, a popular buy now, pay later payment method in Australia and New Zealand.** With Alipay, a popular payment method in China, businesses saw a two-fold increase in sales from Chinese consumers

We found that the best checkouts focused less on the number of payment methods supported and more on offering the right combination of payment options. This is reflected in our analysis, with the majority of ecommerce companies offering a total of four payment methods in addition to credit cards. When we looked at the top ecommerce businesses with a presence in multiple markets, the number of payment methods they offered did not increase. Instead, they successfully adapted their payment methods on a per-country basis to optimise for local conversion. For example, the same ecommerce business would offer FPX for Malaysian customers, and Afterpay for Australian customers.

Popular local payment methods in Asia-Pacific

MALAYSIA		AUSTRALIA		NEW ZEALAND	
60%	FPX	59%	Afterpay	52%	Afterpay
45%	GrabPay	40%	Zip Pay	23%	Bank transfer

JAPAN		SINGAPORE	
36%	Cash on Delivery	18%	GrabPay
25%	konbini	15%	Bank transfer

Checklist: How to localise your checkout experience

☐ **Language and currency:** Identify the top countries into which you want to sell and make sure you localise the checkout experience by translating the page and displaying local currency.

☐ **Dynamic fields:** Change the payment fields to capture the right information for each country. For example, if your form recognises a card from a customer based in Malaysia, the checkout form should dynamically display a five-digit field titled "postcode" to align to the local language.

☐ **Local payment methods:** Dynamically surface the right payment methods in your checkout depending on where your customers are located or which device they're using.

☐ **Installments:** Consider offering buy now, pay later services if you have a high average order value and if they're popular where your customers are based.

Buyer trust and security

The consumers we surveyed said a secure website was one of the top two factors that had the biggest impact on a positive shopping experience. However, going through additional security steps after customers confirm an order adds friction and negatively affects their experience.

As a result, businesses have to find the right balance between validating a customer's identity and not adding unnecessary friction. Regulations and banking mandates differ from country to country—with countries like India or countries in the European Union now requiring two-factor authentication (2FA) or Strong Customer Authentication (SCA). Businesses need a dynamic system to apply this additional authentication in a smart way.

INDUSTRY UPDATES

PSD2: Strong Customer Authentication
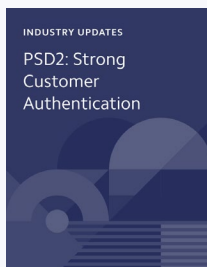
[What internet businesses need to know about SCA requirements.](#)

Ecommerce businesses can promote buyer trust and security during the account creation process prior to checkout. For example, allow customers to check out as a guest, reducing the amount of personal information you collect and store. If you do require customers to log in to complete a purchase, allow them to create an account by connecting to their existing social media accounts.

This keeps their personal information stored in the social media profile, rather than on your website, and helps expedite the checkout process.

The top three buyer trust and security errors

- **28%** of checkouts didn't offer **a guest checkout experience.**

- **73%** didn't allow customers to create an account by **connecting to a social media profile.**

- **24% didn't display an order summary** that could be easily adjusted.

Checklist: How to increase buyer trust

- ☐ **Security visuals:** Display security visuals, such as a padlock, to reinforce that the page is secure.

- ☐ **Cart recaps:** Show a summary of all items ordered to instil confidence.

- ☐ **Offer guest checkout:** Minimise friction during the checkout process by offering a guest checkout experience, and give your customers the option to create an account after checking out.

- ☐ **Account creation:** Let customers create an account by connecting to their social media profile.

- ☐ **Dynamic authentication:** Improve security and reduce fraud by dynamically applying 3D Secure during the checkout process.

Checkout best practices for subscription businesses

The subscription business model is on the rise: An increasing number of companies are turning toward subscription models as they offer the ability to create a reliable revenue stream. In addition, consumers have grown accustomed to signing up for digital subscriptions, with our survey showing that Malaysian consumers, on average, pay for three active subscriptions.

Like ecommerce companies that process one-time payments, subscription businesses should prioritise the same checkout optimisations we've covered: form design, mobile, localisation, and buyer trust and security. However, there are additional optimisation opportunities that are unique to subscription businesses.

The top three checkout best practices from global subscription businesses

- **44%** of checkouts offered a free trial.

- **53% let customers enter a coupon code** directly on the checkout page.

- **47% offered reusable payment methods** beyond cards, such as wallets or direct debit.

How Stripe can help

Our analysis shows that basic checkout issues are widespread, even among the top ecommerce websites across Malaysia, which likely have dedicated teams focused on conversion rates.

When optimising your checkout flow, you could try to prevent issues on your own and divert development resources to focus solely on your checkout experience. Or, you could leverage a prebuilt, hosted payments page like Stripe Checkout.
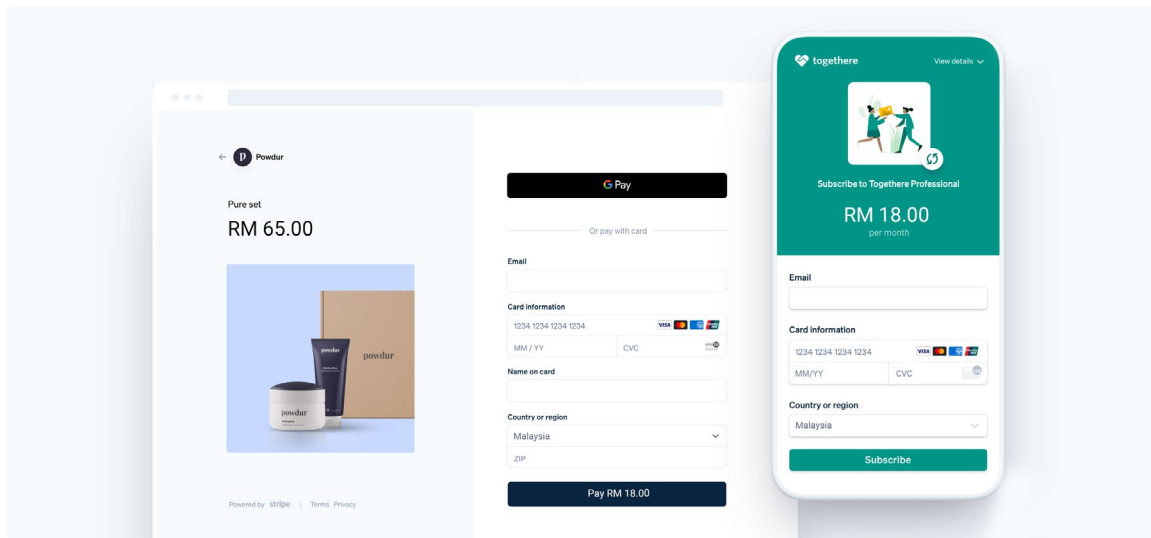
Stripe Checkout was designed with conversion best practices in mind, allowing businesses of all sizes to design seamless checkout flows that are optimised for mobile and cater to an international audience. It combines all of Stripe's front-end design and analytics expertise to offer a seamless payments experience, allowing you to integrate in minutes to securely accept payments.

- **Designed to reduce friction:** Help your customers quickly and easily complete the checkout process by letting them autofill card and address information, adjust item quantities or enter promotional codes directly from the checkout page, and pay in just one click. Stripe Checkout also helps customers spot errors in real time with card validation, card brand identification, and descriptive error messages.

- **Optimised for mobile:** The checkout form is designed to be fully responsive and work across any device. It displays a numeric keypad to make it easier for customers to enter their card information and comes with GrabPay built in, without any additional registration or domain validation required. And, Checkout will only surface mobile wallets when Stripe knows that they've been correctly set up by your customer.

- **Seamless support for payment methods:** With Checkout, you can add local payment methods by changing a single line of code, creating localised payment experiences for your entire customer base. Stripe allows you to quickly add and scale payment method support without filling out multiple forms or following one-off onboarding processes.

- **Built for global:** Checkout supports more than 25 languages and 135 currencies, so your customers around the world can see the checkout form that's right for them. You can decide which local payment methods to surface or rely on Stripe to dynamically display the right payment methods based on IP, browser locale, cookies, and other signals.

- **Increased buyer trust and security:** Checkout supports dynamic authentication, providing added security to online payments and reducing fraud. If you're doing business in Europe, the checkout form helps you stay compliant with the latest European SCA requirements. Stripe Checkout also supports the simplest method of PCI validation with a pre-filled SAQ A, and it triggers CAPTCHA only when we suspect card testing attacks, to protect you from fraud.

Stripe Checkout continually improves in the background to increase sales on your behalf and stays on top of the latest regulatory changes, so you can instead focus on running your core business. If you would like to build your own custom checkout form, you can use Stripe Elements, a set of rich, pr-built UI components. Like Stripe Checkout, Stripe Elements also offers mobile optimisation, real-time validation, autofill, localisation, and front-end formatting. Learn more about Stripe Elements.

Methodology

Stripe partnered with Edgar, Dunn & Company to select the top 100 ecommerce websites in Malaysia based on online sales volume from Statista. Adult entertainment platforms or online gambling websites were not included in the analysis. After determining the relevant websites, each one was tested for pre-defined errors by placing a product in the shopping cart to simulate an online purchase and, in some cases, using a VPN to complete the checkout process to mimic customers based in different countries. Checkouts were tested for a total of 26 criteria related to checkout form design, mobile optimisation, localisation, and buyer trust and security.

We also analysed the top 200 global subscription companies based on online website traffic from Crunchbase, focusing on B2C subscription websites offering digital content.

Lastly, we surveyed 100 Malaysian consumers to uncover insights around current shopping behaviours and trends, payment preferences, and factors that affect the checkout experience.