Topic 3
Payment methods

Learning outcomes

After studying this topic, students will be able to:

- identify key features of current accounts;
- distinguish between different types of card payment; and
- critically compare different methods of transferring money.

Introduction

Topic 1 defined money as 'anything that is widely accepted as a means of making payments' and specified that 'money' means coins, notes (that is, cash) and the electronic balances held in bank accounts.

This topic explores the different methods of making payments by exchanging cash or transferring electronic balances from one bank account to another. It focuses on the relative advantages and disadvantages of each method using the criteria of:

- convenience for the payer;
- how acceptable it is to the payee (the person or organisation being paid);
- speed; and
- safety.

The need to make payments is called the 'transaction need', with each payment being a separate transaction. People are likely to have several different payment options for any one transaction. The choice they make will be determined by the payment methods available to them and the one they perceive to be most advantageous.

3.1 Cash

People tend to use cash for everyday, low-value transactions when they are in face-to-face situations with the sellers. Examples include paying for:

- milk and a newspaper at a local shop;
- a short bus or train journey;
- coffee / tea and snacks in cafes;
- tickets and drinks at a cinema;
- DVDs and CDs in a shop.

Although payment cards are used in more transactions than ever before, cash is still used in over 40% of UK transactions (Jones, 2017). Cash is used by people at all stages in the life cycle, from young children buying inexpensive toys to pensioners buying fruit from a market stall.

3.1.1 Advantages of cash

The advantages of using cash for low-value transactions are that it is:

- convenient for the payer (as long as they have enough notes and coins with them);
- readily accepted by people selling the goods or the service;
- instant; and
- low risk at low values.

Another reason people might prefer to pay by cash is to help them budget, that is to control the amount they spend. For example, Pat Martin withdraws £100 from her bank account in cash every week for buying everyday items that her family needs. There are two advantages to her of doing this:

- When she hands cash to the seller she is more aware that she is spending money than when she pays by cheque or card.
- She knows what she can afford to spend by checking how much cash she has left for the week.

3.1.2 Disadvantages of cash

There are many situations, however, when paying by cash is a disadvantage or is impossible, including the following examples.

- **The transaction is not made face-to-face with the seller** – people cannot pay by cash when they buy goods or services over the internet, by mail order or by telephone. For example, Jenny wants to buy a necklace from a craftsperson on the Etsy online store. This seller does not have a physical store she can visit so Jenny must complete the transaction online.
- **The transaction must be made on the same or similar dates every month** – paying rent or utility bills (for gas, electricity and water supplies), for example. It is possible to make these payments with cash but it would involve visiting the landlord or rental agent (to pay rent) or a payment point (for the utility company). Not only might it be inconvenient to do this each month, but missing a payment or paying late might have serious consequences. People who do this might face additional charges; if they miss payments over a long period they might risk having their services disconnected or their tenancy not being renewed.

◆ **Paying by cash is less convenient than other methods** – this may be because of the location of the seller. For example, Kathy Martin and four of her friends want to go to the first Saturday night screening of the latest 'must see' film at their local cinema. Demand for these tickets is high. If Kathy wants to pay by cash she either has to visit the cinema in advance to secure the tickets or risk there being no or not enough tickets available on the night. Other payment methods, such as certain types of payment card, enable Kathy to buy the tickets in advance over the telephone or online. (Payment cards are discussed in more detail later in this topic.)

Rail tickets can be bought online in advance, using a payment card, and collected from a ticket machine at the station.

◆ **Carrying large amounts of cash can be risky** – most people dislike carrying large sums of cash because of the risk of losing it or its being stolen. Payment methods such as cheques or debit cards (discussed below) allow people to access the money in their bank account without the risk of carrying cash. Zack, for example, has just paid a car dealer for a secondhand car costing £6,000. Zack paid by cheque. It will take a few days for Zack's bank to transfer the £6,000 from his account to the car dealer's bank account. Once this transaction is complete, Zack can collect his new car from the dealership.

◆ **Some sellers prefer other payment methods** – some sellers prefer transactions to be made online, by payment card or by cheque. Some offer incentives to people who use these methods: for example, energy providers often give discounts to people who pay electronically.

There are several reasons why sellers prefer not to be paid in cash. When people pay in cash the seller has the responsibility of looking after the cash until it can be deposited in their bank account; there is a risk that the money could be lost or stolen. Sellers who are paid in cash have to pay wages to employees to process the cash – that is, to count it, record the amounts taken, put it into bags or bundles and take it to the bank. Larger retailers have to employ security services to transport the cash safely. In contrast, electronic payments move the money directly from the payer's account to the seller's account without the need for processing or security.

Sellers may also be suspicious of customers who wish to pay for high-value items in cash, suspecting that the customer obtained the cash illegally. This can be an unfair assumption, though, as people without current accounts have no choice but to pay in cash.

3.2 Electronic payments from current accounts

Topic 1 explained that the majority of the money in the UK is held in bank accounts as electronic balances. The most commonly used account for making and receiving payments is the current account. In 2013 an Office of Fair Trading report into personal current accounts stated that there were approximately 76 million current accounts in the UK, with 94% of adults holding at least one (OFT, 2013). Banks, building societies and the Post Office all offer these accounts. There are different types of current account which are designed to be used by people with different needs and we will look at these in more detail in Topic 4. However, most accounts have the same key payment features.

People can give their provider instructions to transfer money electronically from their account to another account on a specific date. Instructions can be given on paper, online or over the telephone. Instructions given on paper or online involve the account holder completing a form for a one-off payment or to set up regular payments from their account. These forms are often called 'mandates', which is another term for an official authorisation or instruction.

There are a number of different types of electronic payment, designed to meet different requirements.

3.2.1 Standing orders

Standing orders are instructions to pay the same amount of money to another account on a regular basis, such as the 5th of every month. For example, Raj and Tamsin are saving for their holiday by transferring £50 a month from each of their current accounts into a savings account. Instead of transferring these funds manually, they went into their branch and completed forms to set up a monthly standing order of £50 from each of their current accounts. Their bank will follow these standing orders until Raj and Tamsin tell them to stop making the transactions. Using standing orders means that these transactions happen automatically with no further action from Raj and Tamsin.

Standing orders can be set up and cancelled by giving instructions to the current account provider in writing, over the phone or online. They can be cancelled at any time and cost nothing, as long as the account holder has enough money in their current account to meet the payment.

3.2.2 Direct debits

Direct debits are another type of automatic payment that can be set up for a current account. Standing orders are for payments of the same amount of money each time, with the money being sent from one account to another. When people set up direct debits, they are giving permission to their provider to pay the regular bills that an organisation will present for payment. This means that the payments can be for different amounts of money each time.

John Martin, for example, has signed a direct debit mandate giving his bank permission to pay his landline telephone company from his current account. Once a quarter (in January, April, July and October), the telephone company asks John's bank to pay a specific amount. The amount varies each time, depending on how many calls John and his family have made.

Just like standing orders, direct debits can be set up and cancelled by giving instructions to the current account provider in writing, over the phone or online, and they are free of charge as long as there are sufficient funds in the account to make the payment. Unlike standing orders, direct debits are protected by a guarantee. All providers that accept instructions by direct debit agree to refund the account holder if an error is made with a transaction.

THE DIRECT DEBIT GUARANTEE (THIS GUARANTEE SHOULD BE DETACHED AND RETAINED BY THE PAYER)

The Direct Debit Guarantee

- This Guarantee is offered by all banks and building societies that accept instructions to pay Direct Debits
- If there are any changes to the amount, date or frequency of your Direct Debit the ***ifs*** *School of Finance* will notify you 10 working days in advance of your account being debited or as otherwise agreed. If you request ***ifs*** *School of Finance* to collect a payment, confirmation of the amount and date will be given to you at the time of the request
- If an error is made in the payment of your Direct Debit, by the ***ifs*** *School of Finance* or your bank or building society, you are entitled to a full and immediate refund of the amount paid from your bank or building society
  - If you receive a refund you are not entitled to, you must pay it back when ***ifs*** *School of Finance* asks you to
- You can cancel a Direct Debit at any time by simply contacting your bank or building society. Written confirmation may be required. Please also notify us.

When a customer sets up a direct debit, the payments are covered by a guarantee, as shown above.

3.2.3 Online banking

Online banking enables account holders to give instructions for account transactions via the internet. To access online banking, an account holder must first register for the service. For example, last year Sanjay applied for online banking with his current account provider by completing an online form. He set up passwords and pass numbers that he can use to prove who he is. His provider sent Sanjay a unique customer number that he uses to sign on to the online banking service. The provider also encouraged him to download security software that stops fraudsters spying on his internet activity. Each time that Sanjay signs on to the online banking service, he uses parts of his password and pass numbers to identify himself.

Online banking enables account holders to set up regular payments such as standing orders and direct debits, as well as making one-off transfers between their own accounts and paying organisations and individuals. For example, earlier this week, Sanjay used online banking to transfer money from his current account to his niece Rupalli's current account on her 25th birthday. Rupalli lives in a different town from Sanjay so online transfer is a quick, safe and convenient way of making sure she receives the money on time.

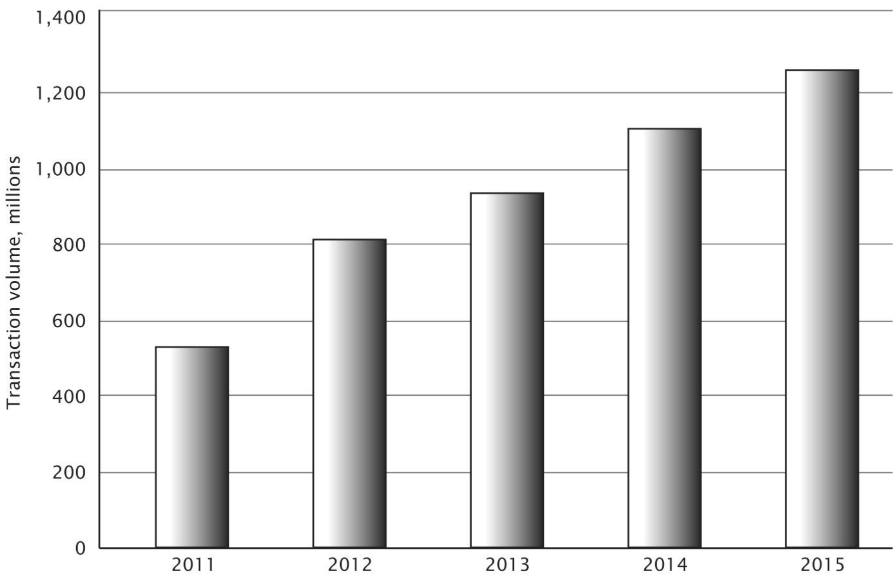
3.2.4 Faster Payments

Faster Payments is an electronic payment service offered by all UK banks and building societies. Prior to May 2008, electronic payments were made via a payment system called Bacs. This system could take up to three business days to transfer money electronically. The Faster Payments Service ensures that payment arrives in the destination bank account within two hours of the provider receiving instructions, either online, by phone or by standing order. It is free to use the Faster Payments Service and most online payments are sent via the service automatically.

Many providers set a maximum value that can be transferred using the Faster Payments Service, such as £10,000 per transaction, although a few providers permit transactions up to £100,000. According to the Faster Payments Service, in the last quarter of 2017 there were 455 million transactions with a total value of £378 billion (Faster Payments, 2018).

Sanjay used the Faster Payments Service via online banking to pay the bills he received from the builder, plumber and plasterer who have been working on his home.

Figure 3.1 Growth in Faster Payments transactions, 2011–2015



Source: Payments UK (2018)

3.2.5 CHAPS

CHAPS (Clearing House Automated Payment System) is a same-day automated payment system used for very high value payments. John Martin used CHAPS when he was buying the family home. He needed to pay £150,000 to his solicitor's business account as part of the purchase price. To make this transaction, John went to his branch and completed a form for his provider. The bank charged him £25 to make the CHAPS payment but John felt it was worth it as the transaction was guaranteed to be secure and guaranteed to be paid into the solicitor's business account that same day.

3.2.6 Mobile banking

Mobile banking enables account holders to give payment instructions on their mobile phone using the internet. Account holders download a mobile banking app from their provider that gives access to the service and includes security measures. Since April 2014, they can also use the Faster Payments Service via their mobile, using a service called Paym. Account holders must nominate the account to which the Paym service will be linked, and register their mobile number with their provider (Paym, 2017).

3.2.7 Online payment services

Online payment services, such as PayPal, enable people to pay each other without exchanging current account details. For example, Debbie wants to use PayPal to buy goods on eBay. She starts by setting up her PayPal account and links it to her current account. This means that she can instruct PayPal to make payments and PayPal will withdraw the money from her current account. PayPal enables users to link their PayPal account to a debit card or credit card as well. When Debbie wants to pay using PayPal she instructs PayPal to pay an individual's or organisation's PayPal account by giving the recipient's email address or mobile phone number. Using payment services like PayPal is a very safe method of paying online because sellers never see the buyer's personal financial details. The company also protects users from any unauthorised payments made from their account.

3.2.8 Advantages of electronic payments

The advantages of electronic payments are that they are fast, safe and convenient to make. Most are free of charge as long as the account holder has enough money in their current account to make the transaction. Automated payments can be set up to make recurring transactions; this ensures that transfers are made and bills are paid on time without further effort from the account holder. There are different electronic payments to meet different customer needs.

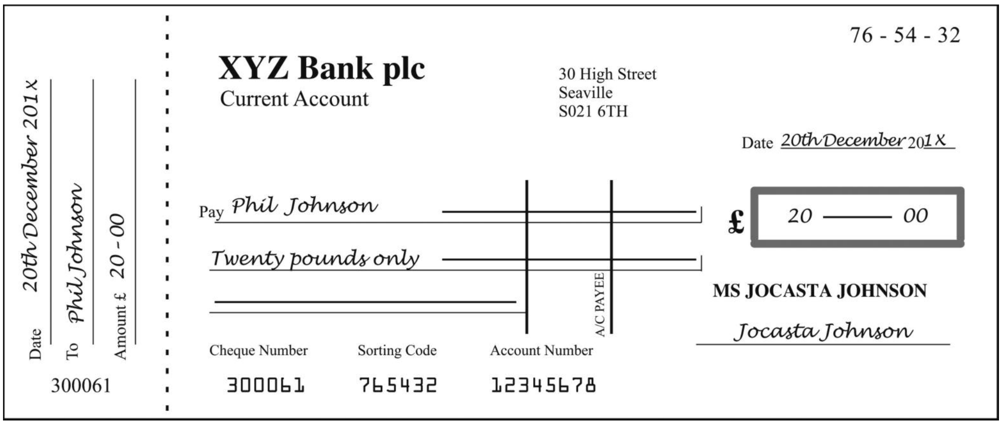
3.2.9 Disadvantages of electronic payments

The main disadvantage of electronic payments is security. Online fraud and identity theft mean that account holders have to be very careful to follow security procedures and keep their passwords and pass numbers safe. They also need to check their account statements to make sure only the transactions they authorised have been made. If they find any suspicious transactions they should contact their provider immediately.

Another disadvantage is the risk that the account holder will make a mistake. When an account holder uses electronic payments they often enter all the payment details themselves. An error such as entering the decimal point in the wrong place could mean, for instance, that an intended payment of £50.14 becomes a payment of £5,014. There have also been reports of account holders typing in the wrong numbers for the account into which they are trying to pay money, so accidentally paying the wrong person.

3.3 Cheques

A cheque is a payment mechanism that enables an account holder to instruct their provider to pay a specific amount of money to a specific person or organisation. Providers give current account holders preprinted cheque books (unless the account holder has a basic bank account, as discussed below) to complete with their payment instructions. Cheques are often used to pay money to friends or family, or to pay bills from tradespeople such as painters and decorators. For example, Jocasta sent a cheque to her brother Phil at Christmas so he could choose his own presents. When Phil received the cheque he took it to his bank and paid it into his current account. His bank then processed the cheque and claimed the funds from Jocasta's bank, a process known as clearing. Three business days after Phil paid the cheque into his account the money was taken from Jocasta's current account. On the next business day Phil was able to withdraw the money from his current account to buy himself a present.



To complete a cheque, the payer writes the name of the person or organisation they wish to pay (Phil Johnson in this example), the amount in words and figures, and the date. They must sign the cheque, otherwise it will not be accepted.

3.3.1 Advantages of using cheques

The advantages of cheques are that they are a secure way of paying money (they can only be paid into an account with the same name as the person / organisation specified on the cheque). They are also easy to carry and to use. For some small businesses, cheques are the most common way that they receive payments.

3.3.2 Disadvantages of using cheques

People or organisations that accept cheques cannot be certain that they will receive the money until six business days after the cheque has been deposited in their bank account. Providers cannot honour cheques (that is, make the payment specified on the cheque) if the person who wrote the cheque does not have enough money in their current account to pay the transaction. In these circumstances the provider marks the cheque 'unpaid' and sends it back to the person who was expecting to receive the payment (the payee). This is known as the cheque 'bouncing' and is very rare, with only around 0.5% of all cheques returned unpaid each day.

Until 30 June 2011, providers offered a cheque guarantee card that ensured cheques up to a specific value of £50, £100 or £250 (depending on what was written on the plastic card) would be paid, even if the person writing the cheque did not actually have enough money in their account to cover the transaction. Since this scheme was withdrawn in 2011, there is no guarantee of payment, so people are only willing to accept payment by cheque from people they trust.

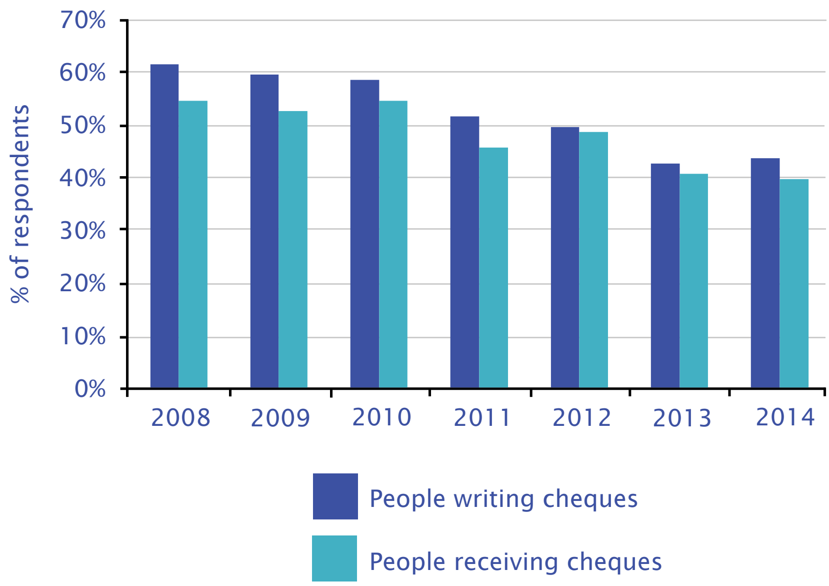
Some businesses, including many large retailers, refuse to accept cheques. This is because of the risks that cheques will be returned 'unpaid' and because the cost of processing cheques is far greater than the costs of processing payment card transactions.

3.3.3 Decline in use of cheques

The disadvantages of cheques and the advantages of alternative ways to pay mean that the numbers of cheques written and received has been falling every year since 1990. The Cheque and Credit Clearing Company (CCCC) reports that 11 million cheques were written every day in 1990 and that by 2013 this number had fallen to 2 million cheques each day.

In a survey the CCCC conducted in 2014, only 44% of the UK account holders questioned made payments by cheque. Only 40% had received payment by cheque (CCCC, 2014).

Figure 3.2 Fall in use of cheques by UK consumers, 2008–2014



Source: Cheque and Credit Clearing Company (2014)

Given the decline in the use of cheques, the UK Payments Council announced in 2009 that cheques would be phased out by 2018. However, many individuals and organisations protested against this proposal; the plan was also criticised by Parliament's Treasury select committee. Critics argued that cheques were still a useful and important payment method, for example for those running small businesses, and for the many older people who do not feel comfortable using methods such as electronic payments. In 2011 the Payments Council decided that the use of cheques would continue for the foreseeable future (Moneyfacts, 2011).

3.4 Banker's drafts

Banker's drafts look similar to cheques and are processed through the clearing system. However, they are signed by the provider rather than an individual. This means that the payment is guaranteed. Banker's drafts tend to be used for paying large sums of money when a personal cheque is not appropriate. For example, Claire is buying a new car with the money she inherited from her grandmother. The car dealer will accept a banker's draft for the full amount and let her drive the new car away. If Claire wanted to pay by personal cheque, the car dealer would ask her to wait for 10 days to ensure the money had transferred before she could take possession of the car. Claire's provider will charge her for issuing a banker's draft but she is prepared to pay this additional cost for the convenience of taking ownership of the car immediately.

3.5 Payment cards

Plastic payment cards are another payment mechanism that enables account holders to give their provider instructions to pay money from an account. This topic looks at cash cards and debit cards, as these are used for paying money directly from an account. The topic on borrowing discusses credit and store cards because these cards make a payment from the credit card or store card companies to the seller, which the cardholder repays at a later date.

3.5.1 Cash cards

Cash cards allow account holders to withdraw cash from their account at a branch or using an ATM. They cannot be used to pay sellers in face-to-face situations (paying for goods in a shop, for example), over the internet or by telephone. Providers offer current account cash cards to people under 18 years old or those on low incomes to enable them to access their cash easily, 24 hours a day and 7 days a week from ATMs. For example, Pete Martin, who is 16, uses his cash card to withdraw money every week from an ATM. He very rarely goes into his bank branch because there is an ATM at his local shopping centre. Cash cards are also offered on some savings accounts.

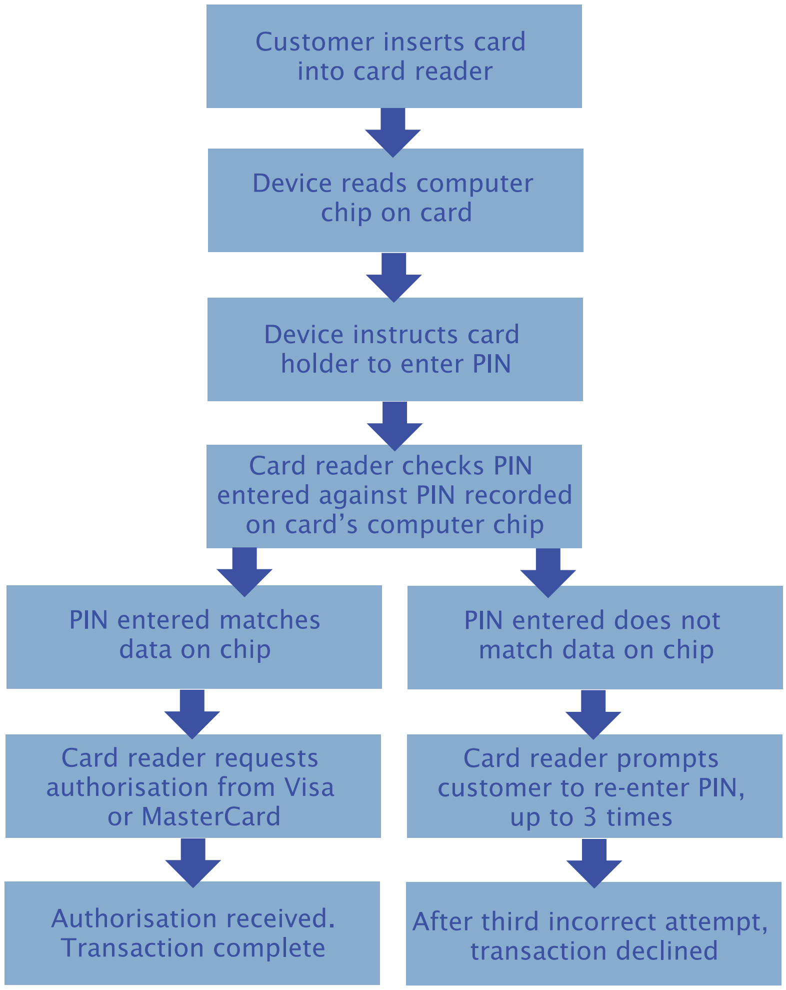
Cash cards are branded as Visa or MasterCard. These two payment systems operate computer networks that enable payments to be taken from cardholders' accounts. We will discuss how these payment systems work in more detail in **Topic 6**.

3.5.2 Debit cards

Debit cards allow account holders to access cash from their accounts and also to pay for goods in stores, over the internet, by telephone and by post. They work like electronic cheques because the payment is taken directly from the account. Unlike cheques, however, the payment is made immediately.

Debit cards are branded as Visa Debit or MasterCard Maestro or Solo. Sellers advertise which brands of debit card they accept by displaying the brand logos at till points and on websites. Figure 3.3 shows the transaction process.

Figure 3.3 Paying by debit card via chip and PIN



Authorisation means that the seller is guaranteed to receive the payment. Sellers therefore encourage customers to pay by debit card, even though the seller has to pay their bank a small fee for accepting debit cards.

Many of the larger supermarkets offer a cashback service of up to £50 for debit cards. For example, Ian is at a till in his local supermarket. He realises that he is low on cash so when he pays for his shopping he asks for £30 cash back. The transaction made on his debit card is for the cost of his shopping plus the £30 cash back. As the transaction is fully authorised, the supermarket is guaranteed to receive the full payment. The supermarket cashier gives Ian £30 in cash from the till. Using cashback means Ian does not need to go to the ATM for cash.

3.5.3 Pre-payment cards (eg Oyster card)

Pre-paid cards are like electronic purses. Cardholders load the card with money and then use it to pay for goods or services. For example, Petra lives and works in London. She has a pre-paid card called an Oyster card for payment for journeys on the London bus or Tube. To top up her Oyster card she inserts it into a machine and decides how much money to load onto it. She inserts cash or her debit card into the payment machine and the money is added to her Oyster card. Each time Petra travels by bus or Tube she touches her Oyster card to a card reader and the cost of the travel is deducted from her card. The Oyster card works out the cheapest rate to charge for whatever journey Petra takes. When the balance gets low she repeats the process of loading money onto her Oyster card, or she can set up an auto top-up, so that the balance is topped up when it falls below a certain amount.

3.5.4 Contactless cards

Some debit or pre-paid cards can also be used for contactless payments of up to £30 per transaction as of September 2015 (the previous limit was £20). This service allows cardholders to make transactions by holding their card near a reader, rather than by inserting it into a device and entering a PIN. The advantage of contactless technology is that transactions can be made very quickly. Occasionally the system will request a PIN as a security check to reduce fraud. Both Visa and MasterCard offer a contactless service on their cards and there are over 100 million contactless cards in the UK.

Contactless cards were introduced as an alternative to cash. By 2017, billions of pounds were being spent each month using contactless technology (The UK Cards Association, no date).

Apple Pay uses mobile technology that allows customers with an enabled iPhone to make contactless payments, in place of credit and debit cards.

A contactless card is simply passed in front of a card reader in order to make a payment.

3.6 Making payments when abroad

When people travel to different countries they can pay using:

- cash in the local currency;
- a debit card;
- a pre-paid travel card;
- travellers' cheques.

3.6.1 Using debit cards

Debit cards can be used in stores, hotels, restaurants, etc, that display the logo of the card company, such as Visa or MasterCard. The transactions will be made in the local currency and the provider will use an exchange rate to translate this amount into pounds. Cardholders may be charged a fee for using their debit cards abroad.

Debit cards can also be used in ATMs to withdraw cash in the local currency.

3.6.2 Pre-paid travel cards

These are plastic payment cards that can be loaded with money and then used to make payments in other countries, wherever sellers accept the brand (Visa or MasterCard). They can also be used to withdraw cash at ATMs. Travelex and Caxton FX are two of the main providers of this type of card.

Pre-paid travel cards operate like an electronic purse and can be topped up with additional money. People can choose which currency to load onto their travel card and are not restricted to paying in this currency because the currency can be converted to the local currency at the point of sale. Travel cards are quick and easy to use. They are also a safe way of carrying money when travelling. If the card is lost or stolen the card can be blocked and the remaining balance refunded.

3.6.3 Travellers' cheques

These are pre-printed cheques for set amounts of currency, such as 50, 100 or 500 US dollars. They can be used to pay in shops and hotels, for example, and can be exchanged at banks for local currency. When someone buys travellers' cheques they must sign each one. When they want to pay using a traveller's cheque they counter sign the cheque. Sellers can make sure the two signatures match before accepting the cheque.

Travellers' cheques are easy to use, accepted by a wide range of sellers and safe. If they are lost or stolen, the issuing company (such as American Express) will replace them.

People usually need to show photographic identification when buying travellers' cheques. This is to guard against money laundering, as criminals could buy travellers' cheques with stolen banknotes that can be traced through their serial numbers, then exchange the travellers' cheques for banknotes with different serial numbers.

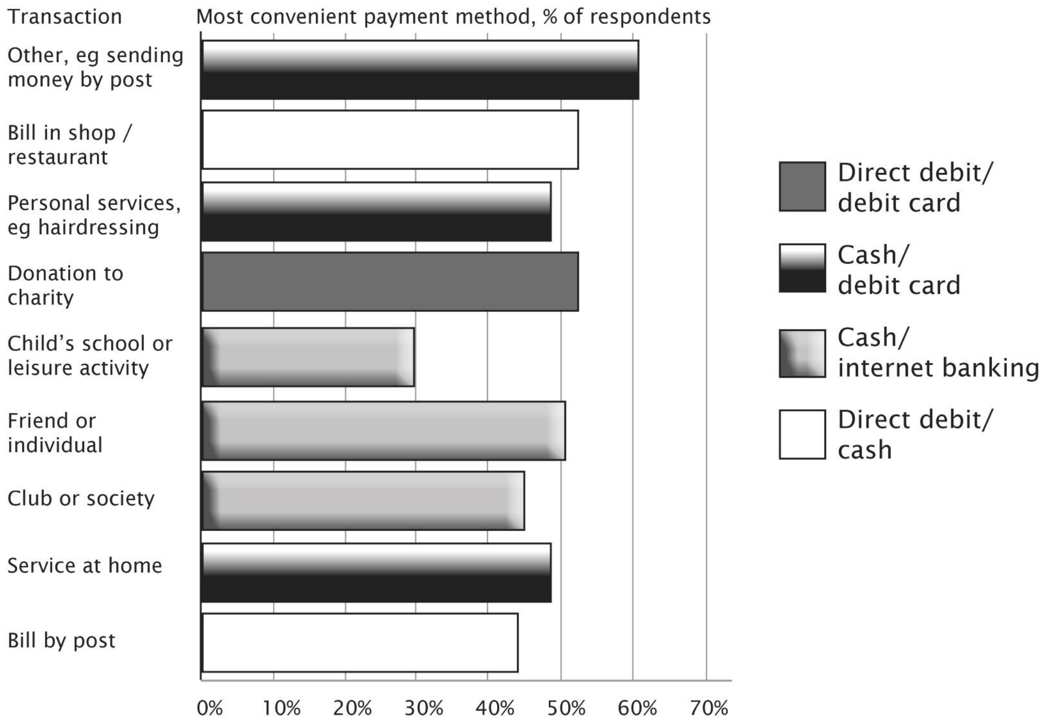
3.7 Comparing methods of payment

The choice of payment method usually depends on:

- how convenient the payer finds different methods;
- which methods the seller accepts;
- how quickly the transaction can be completed; and
- how safe the method is perceived to be.

The Cheque and Credit Clearing Company survey conducted in 2014 asked what people considered the most convenient method of making various transactions, as alternatives to using cheques. Responses are shown in **Figure 3.4**.

Figure 3.4 Most convenient methods of making transactions (excluding cheques)



Source: Cheque and Credit Clearing Company (2014)

The Martins: comparing payment methods

It is Sunday afternoon and **Pat Martin** has just driven Kathy and Pete to the local shopping mall. Her first transaction of the day is to buy a parking ticket for £3.50. She has two options:

- pay cash; or
- use her mobile phone to pay by debit card.

Pat decides to pay cash as she has the right coins in her purse and it is the quicker option. Also, Pat is not comfortable using her mobile phone to make a debit card transaction because she thinks there is a risk someone will steal her card details.

The family have drinks and snacks in a coffee shop. Pat is buying and has three options of how to pay:

- cash;
- debit card; or
- cheque.

The bill is £16.80 and she has more than £50 of cash in her purse. She wants to save the cash for helping her children with their shopping. She could pay by cheque as the coffee shop accepts them but she thinks it will take too long – there is a queue of people waiting to pay. So she decides to use her debit card. It is quick and she knows she has enough money in her current account to cover the purchase.

Kathy checks her 'pay as you go' mobile phone and decides to pay £10 to top-up her talk time. She has three options of how to pay:

- she can go into a shop run by her network and pay by cash or debit card;
- she can go online and use her debit card; or
- she can dial the top-up service from her mobile phone and use her debit card.

As Kathy wants to be able to call friends during the afternoon, she decides to top up immediately using her mobile phone and debit card.

Pete wants to check that his allowance has been paid into his account. He uses his cash card at an ATM to print out a mini-statement. The statement shows that £60 was transferred into his current account from Pat's account on Friday. Pat has set up a standing order to pay Pete his allowance every month so it happens automatically. This is much easier for her than paying in cash as she does not need to remember to withdraw the money herself. She also thinks it is safer for Pete not to carry £60 as he may lose it. While Pete is at the ATM he withdraws £10 in cash so he can buy snacks in the following week.

Back at home, **Dora** wants to make a donation to the NSPCC. She decides to write a cheque rather than making an online donation on the charity's website using her debit card. Dora feels more comfortable with writing cheques than using the internet although many of her friends use online banking regularly.

John has just signed on to his online bank. He checks that his balance is enough to cover all the direct debits that will be made during the rest of the month. He decides that he needs to transfer £200 from his savings account to his current account. He could go to his branch and complete instruction forms; however, it is much more convenient to select the 'transfer money' option online. It takes just a few minutes to select the instructions he needs and to type in how much he wants to transfer. The payment is made immediately.

Key ideas in this topic

- Different payment methods.
- Advantages and disadvantages of each payment method.
- When each is most suitable, depending on:
  - convenience;
  - which methods the seller accepts;
  - how quick the transaction is; and
  - how safe the method is.

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