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How does Switzerland pay? Issue 1/2023 - Survey November 2022

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Summary

Cash is the most used means of payment in Switzerland in the November 2022 survey, ahead of debit and credit cards, and has thus stopped the downward trend of recent years, which was accelerated by the pandemic. Measured by the share of turnover, the credit card ranks first among the means of payment, ahead of the debit card and cash. Cash usage differs by demographic characteristics, with 30–44-year-olds being the least likely to use cash, and over 60s and those on low incomes and with low levels of education being the most likely. The popularity of mobile payments continues to grow. In particular, mobile payment solutions such as Apple Pay, Samsung Pay or Google Pay have grown proportionately over the course of 2022, while the relative revenue and transaction share of Twint has declined. In terms of revenue share, mobile payments have almost overtaken bills as the most popular payment method in online retail. More than half of mobile distance payments are made via an app with an integrated payment function. The use of neobanks continues to grow in Switzerland. One in three respondents has already used a neobank, mostly as a supplement to the services of traditional financial services providers. Revolut, Neon and Credit Suisse CSX are the most frequently used.

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1 Introduction

The restrictions in everyday life due to the corona pandemic are a thing of the past. Consumption and payment behaviour has normalised in Switzerland in 2022. What traces has the pandemic left on the payment behaviour of the Swiss population and what new trends are emerging? These and other questions are explored in this seventh edition of the Swiss Payment Monitor (SPM). The Swiss Payment Monitor is a joint project of the Swiss Payment Research Center (SPRC) of the ZHAW School of Management and Law and the Swiss Payment Behaviour Lab (SPBL) of the Center for Financial Services Innovation at the University of St.Gallen. The study series focuses primarily on analysing the payment behaviour of the Swiss population over time.

An online access panel was used to recruit a sample of 1459 people aged between 18 and 87 from all three parts of the country, representative of the Swiss population, at the end of October to the beginning of November 2022. They were surveyed using an online questionnaire and then invited to take part in a three-day diary survey on payment behaviour.¹ This report focuses on a subset of the overall results and summarises the key findings from the current and past surveys.

Selected results can also be viewed on the project homepage www.swisspaymentmonitor.ch. Thanks to an interactive dashboard, the homepage provides a continuous graphic insight into the current data on digital payment transactions published by the Swiss National Bank.² The project homepage thus provides an up-to-date insight into the payment behaviour of the Swiss population.

In addition to the two research institutions ZHAW and the University of St.Gallen, the SPM is funded by the Swiss Payment Association (industry organisation of all major Swiss issuers of credit cards from international card organisations) and the industry partners Nets (Nets Schweiz AG) and Worldline.

This report is structured as follows: Chapter 2 describes the data basis. Chapter 3 shows the development of payment behaviour in Switzerland based on the turnover and transaction shares of the different means of payment. A distinction is made between face-to-face and distance transactions as well as between means of payment and settlement product. Chapter 4 looks at cash use, while chapter 5 analyses various aspects of the use of mobile payment solutions. Chapter 6 focuses on the usage behaviour of neobanks. Chapter 7 summarises the most important findings.

¹ A detailed overview of the study design can be found in the appendix of the report.

² Cf. www.swisspaymentmonitor.ch/snb-daten

2 Data basis

As part of the seventh edition of the SPM (issue 1/2023), 1459 people aged between 18 and 87 from German, French and Italian-speaking Switzerland completed an online survey. The study participants were recruited via an online access panel. The sample is representative of the Swiss population in terms of gender, age, language region and level of education. The participants were asked to answer questions about the topic of "payment". The focus was on the respondents' self-perception and assessment of various aspects of their payment behaviour. The online survey lasted approximately 20 minutes and was conducted in a staggered manner from the end of October to the beginning of November 2022.

In a second step, all participants of the online survey were invited to take part in the second part of the survey on different weekdays between the end of October and mid-November. In this part, the respondents were asked to record all payments (except for recurring expenditures) and cash withdrawals in the form of a diary during three consecutive days and to classify them according to predefined characteristics. There are no known extraordinary events that would have had a strong influence on public life and thus on consumption and payment behaviour in Switzerland during this period.

827 people (57% of the online survey) took part in the second part of the survey. In total, they recorded 4648 transactions with a total amount of around CHF 220,000 in Switzerland and abroad (cf. Table 1).³ This corresponds to an average of 1.9 transactions per person per day and an average transaction amount of around CHF 47. If only domestic transactions are considered, there are an average of 1.6 transactions per person per day for an amount of just under CHF 50. Compared to the SPM 2/2022, the respondents recorded fewer transactions per person and day in Switzerland, but the average amounts were somewhat higher (cf. Table 1).

The transaction volume has been similarly pronounced over the last five surveys. The share of online and on-site transactions is almost constant in terms of the number of transactions. Only in the November 2020 survey was online shopping more frequent, with a share of 18 per cent (cf. Table 1).

The turnover volume, on the other hand, fluctuates more strongly from survey to survey. This is mainly because individual large transaction amounts have a strong influence on turnover. The extraordinarily high sales volume in the November 2020 survey can be explained by the fact that the survey only took place in the second half of the month and was therefore influenced by promotions such as "Singles Day" and "Black Friday" as well as Christmas shopping. Together with the measures in place at the time to limit the pandemic, this can explain the high share of sales from online spending (cf. Table 1).

³ The foreign currency amounts were converted into Swiss francs according to the average monthly exchange rate of November 2022.

Table 1: Overview of the payment diary

| Survey | Nov. 2020 (1/2021) | May 2021 (2/2021) | Nov. 2021 (1/2022) | May. 2022 (2/2022) | Nov. 2022 (1/2023) | Change 1/2023 to 2/2022 |
|--|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|----------------------------|
| Duration of the diary survey | 3 days | 3 days | 3 days | 3 days | 3 days | |
| Number of participants | 701 | 837 | 841 | 772 | 827 | +7,1% |
| Turnover volume in CHF | | | | | | |
| Domestic | CHF 281,149 | CHF 208,761 | CHF 234,706 | CHF 190,190 | CHF 197,213 | +3.7% |
| At home and abroad | CHF 308,134 | CHF 229,756 | CHF 251,435 | CHF 211,746 | CHF 220,261 | +4.0% |
| Online | 47% | 29% | 39% | 34% | 29% | |
| On site | 53% | 71% | 61% | 66% | 71% | |
| Transaction volume | | | | | | |
| Domestic | 3'991 | 4'051 | 4'269 | 4'137 | 3'986 | -3,6% |
| At home and abroad | 4'232 | 4'211 | 4'571 | 4'403 | 4'648 | +5,6% |
| Online | 18% | 14% | 15% | 14% | 14% | |
| On site | 82% | 86% | 85% | 86% | 86% | |
| Average number of transactions per person per day | | | | | | |
| Domestic | 1,9 | 1,6 | 1,7 | 1,8 | 1,6 | -11.1% |
| At home and abroad | 2,0 | 1,7 | 1,8 | 1,9 | 1,9 | +0% |
| Average amount per transaction | | | | | | |
| Domestic | CHF 70.45 | CHF 51.55 | 55.00 | 46.00 | 49.50 | +7,6% |
| At home and abroad | CHF 72.80 | CHF 54.55 | 55.00 | 48.10 | 47.40 | -1,5% |

3 Payment behaviour

3.1 Preliminary remarks

Due to the increasing dynamics in mobile payments and the associated interconnectedness with regard to the instrument used to initiate the transaction and the actual billing product, payment behaviour is evaluated in the following according to two different typologies. The reported turnover and transaction shares "according to means of payment" (cf. chapter 3.2.1, 3.3.1 and 3.4.1) focus on the process of initiating the transaction with a specific payment instrument. All three types of mobile payment are classified as mobile payment, i.e. all forms of payment with a smartphone⁴ are included under this payment instrument (cf. Box 1).

Box 1: Definitions of "Mobile Payment"

In all editions of the Swiss Payment Monitor, mobile payment is basically defined as payment transactions that are initiated with or on a mobile device such as a mobile phone, tablet or smartwatch. This also includes transfers to private individuals, such as via Twint or Revolut. This broad definition of mobile payment includes three different types of mobile payment:

1. Payment apps on mobile devices such as Twint, Alipay or WechatPay can be linked directly to the bank account and thus correspond to mobile payment in the *true sense*.
2. In most other cases, payment apps are based on the credit card and, less frequently, the debit or prepaid card as the means of payment (e.g. Apple Pay, Samsung Pay and Google Pay), which corresponds to mobile payment in the *narrower sense*.
3. Many merchant-specific apps, such as SBB Mobile, enable payment in the app installed on a mobile device (in-app payment). This payment can be based on a card payment, a bank transfer or a payment app payment in the actual/narrower sense. In-app payment thus corresponds to mobile payment in the *broadest sense*.

From the point of view of the interviewees, these differences are often difficult to understand. An in-app payment with a credit card, for example, can be declared either as a credit card payment or as a mobile payment, depending on the understanding of the respondent. The chosen study design considers the individual understanding of the means of payment from the perspective of the respondent.

However, mobile payment can be represented in any way due to the existing granular information structure in the SPM. In addition to the broadest definition of mobile payment "according to means of payment", the payment behaviour in the SPM "according to billing product" is also evaluated according to the definition of mobile payment "in the true sense".

⁴ Including payments with a tablet or smartwatch.

In the broadest definition of mobile payment "according to means of payment", the smartphone is regarded as the actual means of payment - an approach that has been used in the SPM since the start of measurement in 2019 and thus enables a comparison of the shares of means of payment over time.

In the consideration of the payment behaviour according to the underlying settlement product (cf. chapter 3.2.2, 3.3.2 and 3.4.2), the definition of mobile payment "in the true sense" is used (cf. Box 1).⁵ As a result, the share of means of payment for mobile payments is lower, while the share of various card products that can be used as settlement products for mobile payments is higher. The share of cash payments remains unaffected by the distinction between "means of payment" and "settlement product".

Since the means of payment used differ greatly depending on the payment situation - i.e. in the case of on-site versus online payments - the payment behaviour is also analysed in addition to the overall market according to presence (cf. chapter 3.3) and distance business (cf. chapter 3.4). In the case of payment behaviour according to the total market (cf. section 3.2), it must be considered that the turnover shares of online and on-site payments differ greatly between the various surveys.

Another preliminary remark for the interpretation of the results applies to the categorisation of the different card types. As explained in Box 2, the new Visa and Mastercard debit cards differ less from credit cards than their predecessors Maestro and V-Pay cards, both visually and in terms of functionality. During the introduction phase of the new debit cards in Switzerland in 2022, it cannot therefore be ruled out that individual respondents incorrectly categorised their debit card transactions as credit card transactions. In contrast, the increase in debit card use for online payments shows that many respondents correctly categorise the new debit cards, as online payments are only possible with the new generation of debit cards (cf. chapter 3.4).

Box 2: Debit Mastercard and Visa Debit

In Switzerland, the first big banks have started to introduce debit Mastercard and Visa Debit in 2020 as a replacement for Maestro and V-Pay cards. The new debit cards visually resemble credit cards more than the Maestro and V-Pay cards: they feature the logos of Mastercard and Visa respectively as well as a 16-digit number. Analogous to credit cards, they allow online payments.

In the course of 2022, PostFinance, Raiffeisen, Migros Bank and Zürcher Kantonalbank launched the new debit cards. At the same time, more and more Maestro cards that have reached their expiry date are being replaced by debit cards of the new generation at other banks. It can be assumed that towards the end of 2022 a considerable part of the Swiss population possessed new Visa and Mastercard debit cards. These can be deposited with some banks in mobile payment solutions such as Apple Pay, Samsung Pay or Google Pay in the same way as credit cards.

⁵ This analysis was applied retrospectively for each diary survey since SPM 1/2021. The data structure of the diary survey before 2021 does not allow an analysis by billing product for 2019 and 2020.

3.2 Total market

3.2.1 According to means of payment

With the help of the diary survey, the effective behaviour regarding payment habits can be depicted. Figure 1 and Figure 2 show the development of the share of turnover (measured by the total expenditures⁶) and the share of transactions (measured by the total number of transactions) of different payment methods over time.⁷

Regarding the share of turnover, the credit card (non-mobile use) comes in first place for the second time after the SPM 1/2021. Compared to the last survey in May 2022, the turnover share of the credit card (non-mobile use) has increased by 5.1 percentage points [pp] to 26.9 per cent (cf. Figure 1).⁸ Measured in terms of the number of transactions, the credit card was also used more frequently, with an increase of 2.3 pp to 18.1 per cent (cf. Figure 2). At the same time, both the relative share of turnover (-2.0 pp) and the share measured by the number of transactions (-3.6 pp) declined in the non-mobile use of the debit card (see Figure 1 and Figure 2). This puts the debit card in second place in each case. On the one hand, this can be explained by the fact that the debit card was increasingly used as a billing product for mobile payments, as the observation in chapter 3.2.2 shows. On the other hand, in comparison to SPM 2/2022, shares of non-mobile card payments have probably been transferred from the debit card (and in terms of turnover from the bill) to the credit card. It cannot be ruled out that part of this shift is due to the incorrect categorisation of payments with new types of debit cards (cf. chapter 3.1).

Payments with cash have stabilised at the level of the last two years in terms of their relative frequency (+0.3 pp; 29.3%). Thus, due to the relative decline in the non-mobile use of the debit card, cash is again the most frequently used means of payment for the first time since SPM 1/2021 (cf. Figure 2). In terms of turnover share, cash has increased by 2.0 pp compared to SPM 2/2022 and, with a share of 17.3 per cent, has maintained its position in third place among the means of payment, ahead of mobile payment with 15.3 per cent (+0.8 pp) (cf. Figure 1).

This confirms the picture of the last surveys: The downward trend of cash has been broken, at least temporarily. The upward trend of mobile payments, on the other hand, continues, even if it is no longer as strong as in the previous six months: the transaction share of mobile payments has increased by 1.4 pp to 18.0 per cent (see Figure 2). This is similar to the non-mobile use of credit cards (18.1%).⁹

⁶ The results of the SPM show how this expenditure is distributed in relative terms among the various payment means and settlement products. The absolute figures for the volume of sales and the total number of transactions with cashless means of payment (settlement products) are shown on the following dashboard with data on digital payments in Switzerland: www.swisspaymentmonitor.ch/snb-daten.

⁷ The data of SPM 2019, 2020, 1/2021, 1/2022 and 1/2023 refer to the survey in October/November of the previous year respectively, while the data of SPM issues 2/2021 and 2/2022 refer to the survey in May 2021 and 2022, respectively.

⁸ In general, individual high transaction amounts cause larger relative shifts in the turnover shares. Therefore, larger shifts should be interpreted with caution.

⁹ As a reminder, the category "mobile payment" includes all payment transactions that are initiated with or on a mobile device such as a mobile phone, tablet or smartwatch. Accordingly, mobile payments also include card payments that are initiated within a payment app or merchant-specific mobile app (cf. Box 1 in chapter 3.1).

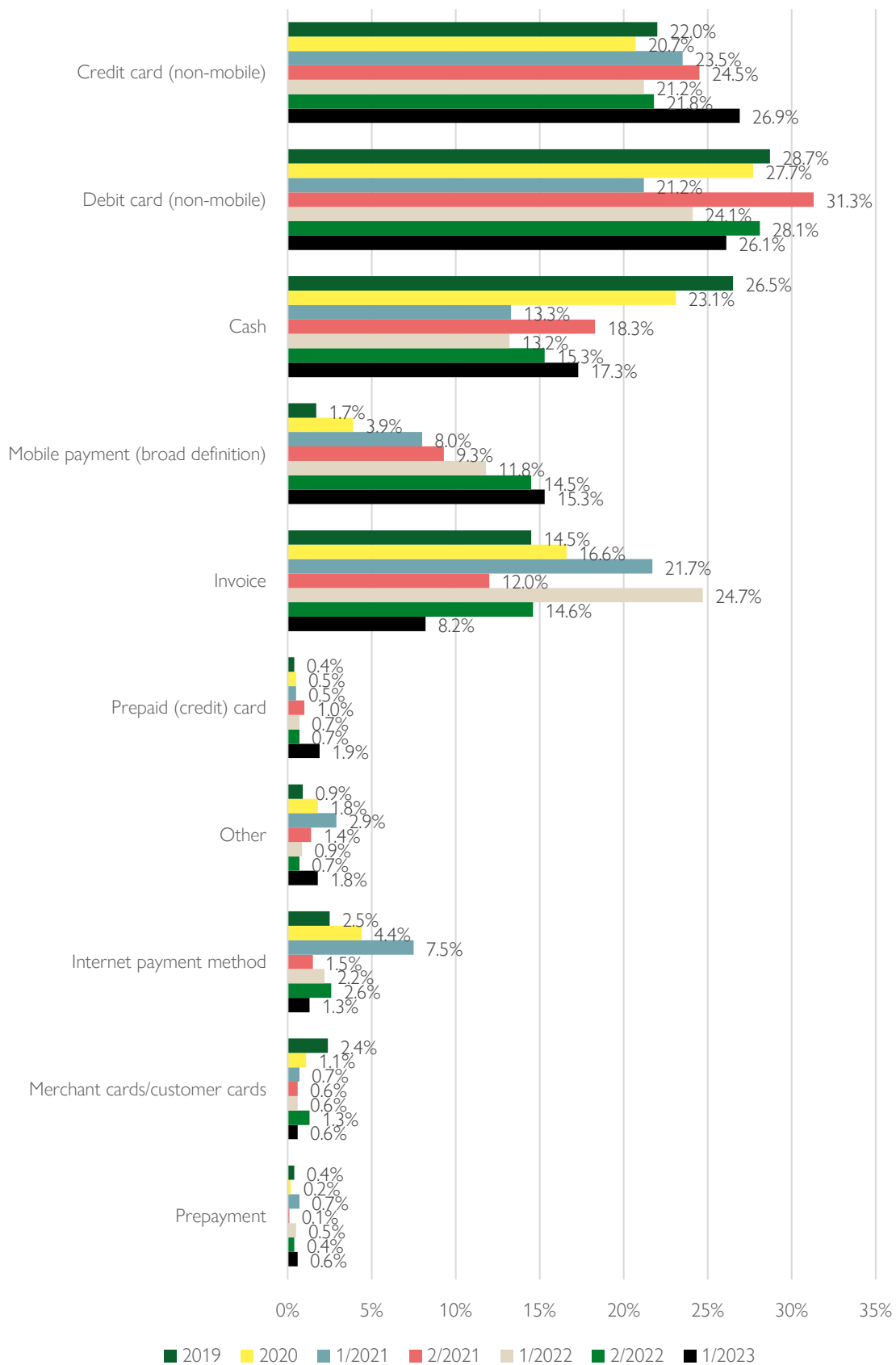


Illustration 1: Payment instrument shares by turnover in the total market according to payment means
 Remarks: According to diary entries; only domestic payments; the category "mobile payment" also includes card payments initiated within a payment app or merchant-specific mobile app (see definition in Box 1).

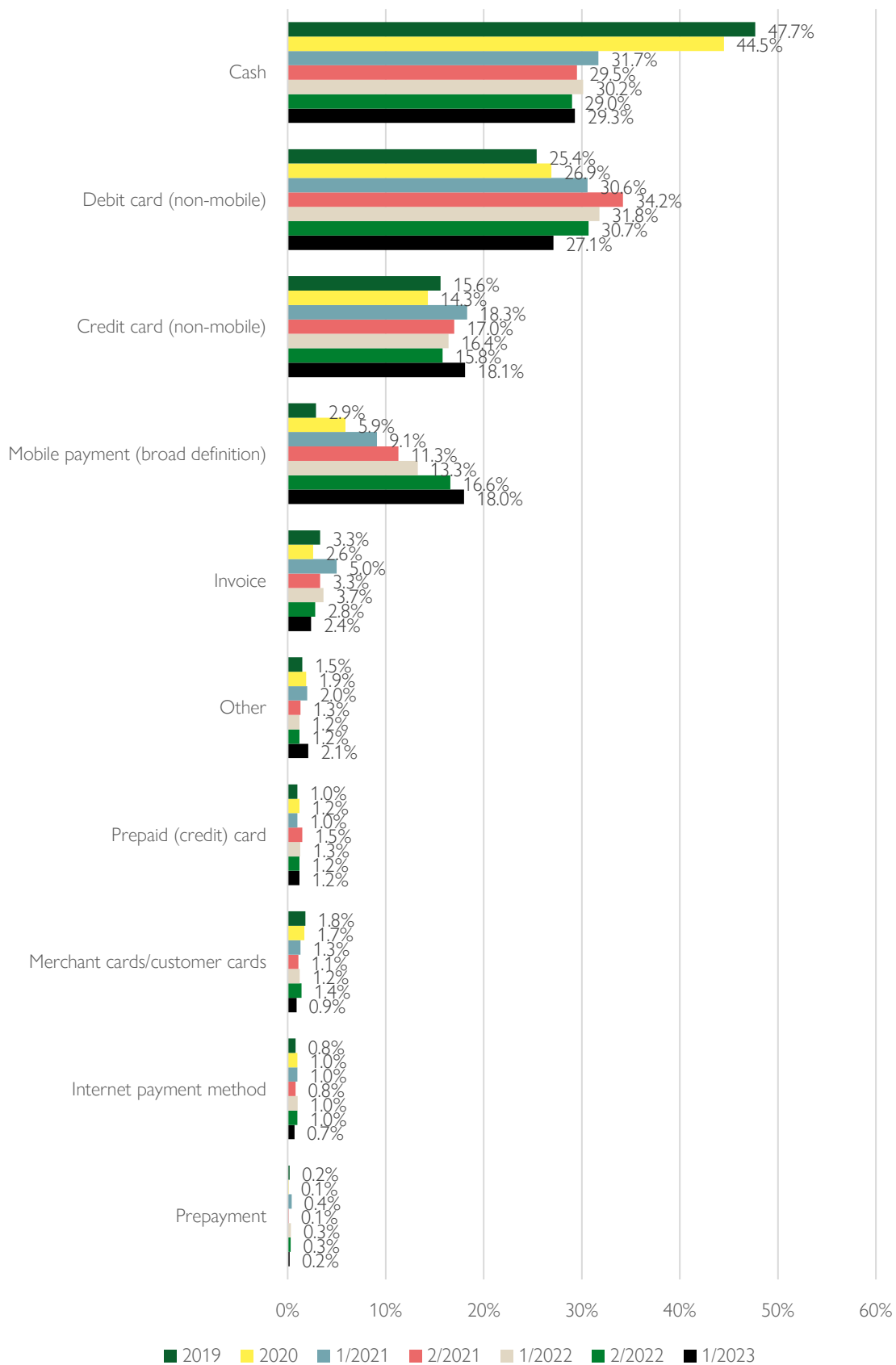


Figure 2: Payment instrument shares by number of transactions in the total market according to payment means
 Remarks: According to diary entries; only domestic payments; the category "mobile payment" also includes card payments initiated within a payment app or merchant-specific mobile app (see definition in Box 1).

3.2.2 According to billing product

The effective behaviour regarding payment habits can also be represented according to the billing product of a payment. This plays a role primarily in mobile payments: In this context, either a payment card can be stored as the billing product or the payment is processed in a mobile payment app directly via a bank account ("mobile payment in the true sense") or previously loaded credit ("mobile payment prepaid") (cf. Box 1 in Chapter 3.1).

The credit card holds the top position as a billing product in terms of turnover with 33.9 per cent, ahead of the debit card with 28.3 per cent and cash with 17.3 per cent (cf. Figure 3). The difference of 7 pp and 2.2 pp respectively to the share of turnover of the credit or debit card according to the means of payment is to be interpreted as the share of transactions initiated with a mobile device and processed via the card product (cf. Figure 1).

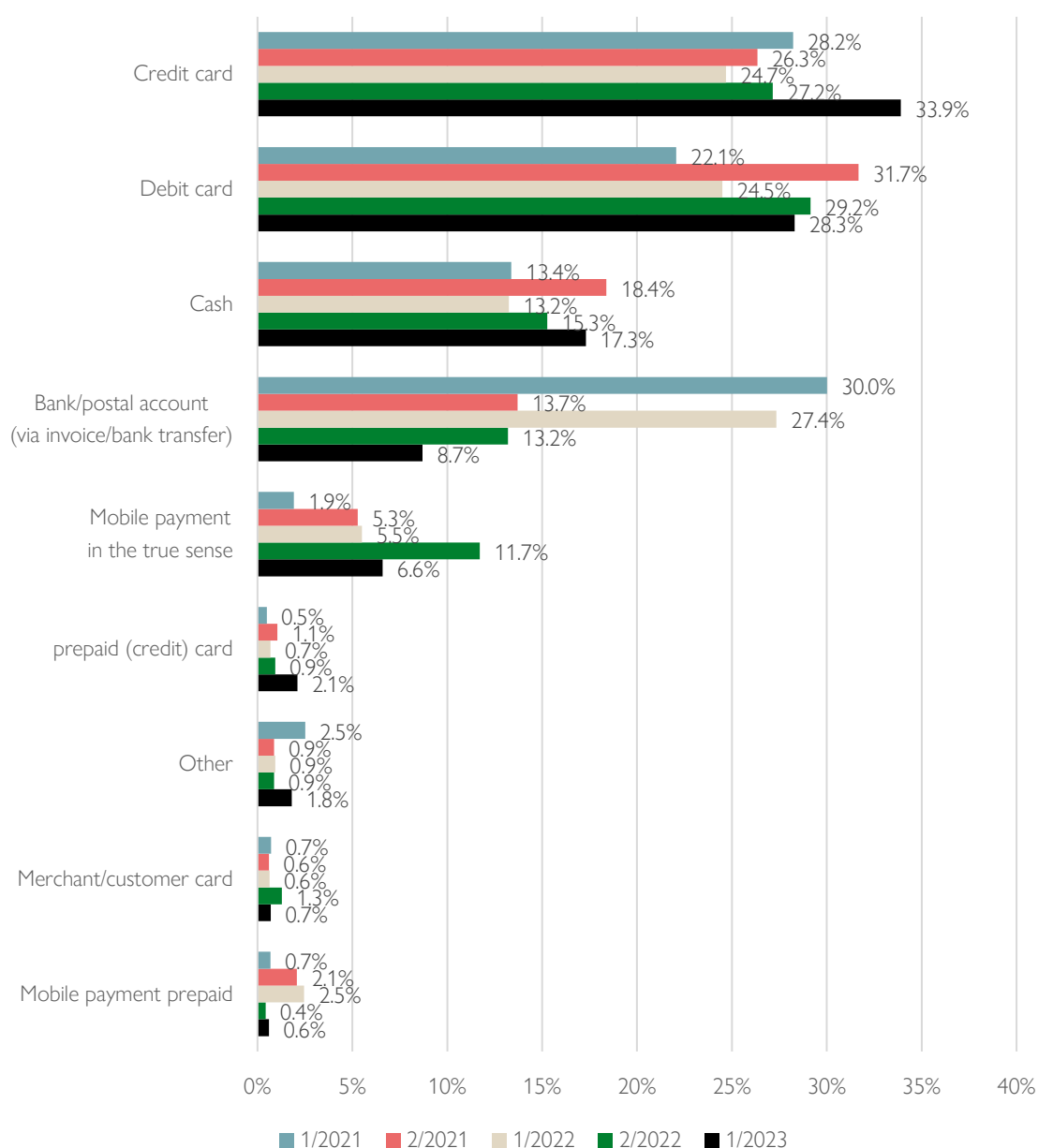


Figure 3: Payment instrument shares by turnover in the total market according to settlement product
Remarks: According to diary entries; domestic payments only.

Measured by the number of transactions, the credit card continues to be in third place as a billing product with a share of 25.9 per cent (cf. Figure 4). However, with an increase of 3.8 pp compared to SPM 2/2022, it is no longer far behind the debit card (29.8%; -2.6 pp) and cash (29.3%; +0.3 pp) (cf. Figure 4).

Compared to the last survey, mobile payment in the true sense recorded a decline, not only in the more volatile share of turnover by 5.1 pp to 6.6 per cent (cf. Figure 3), but also in the share measured in terms of the number of transactions by 1.6 pp to 7.0 per cent (cf. Figure 4). As described in chapter 5, this points to a relative decline in the use of Twint ("mobile payment in the true sense") within the use of mobile devices towards e-wallets such as Apple Pay, Samsung Pay or Google Pay. This development also explains why the credit card has gained more share as a billing product (cf. Figure 3 and Figure 4) than in non-mobile use as a means of payment (cf. Figure 1 and Figure 2).

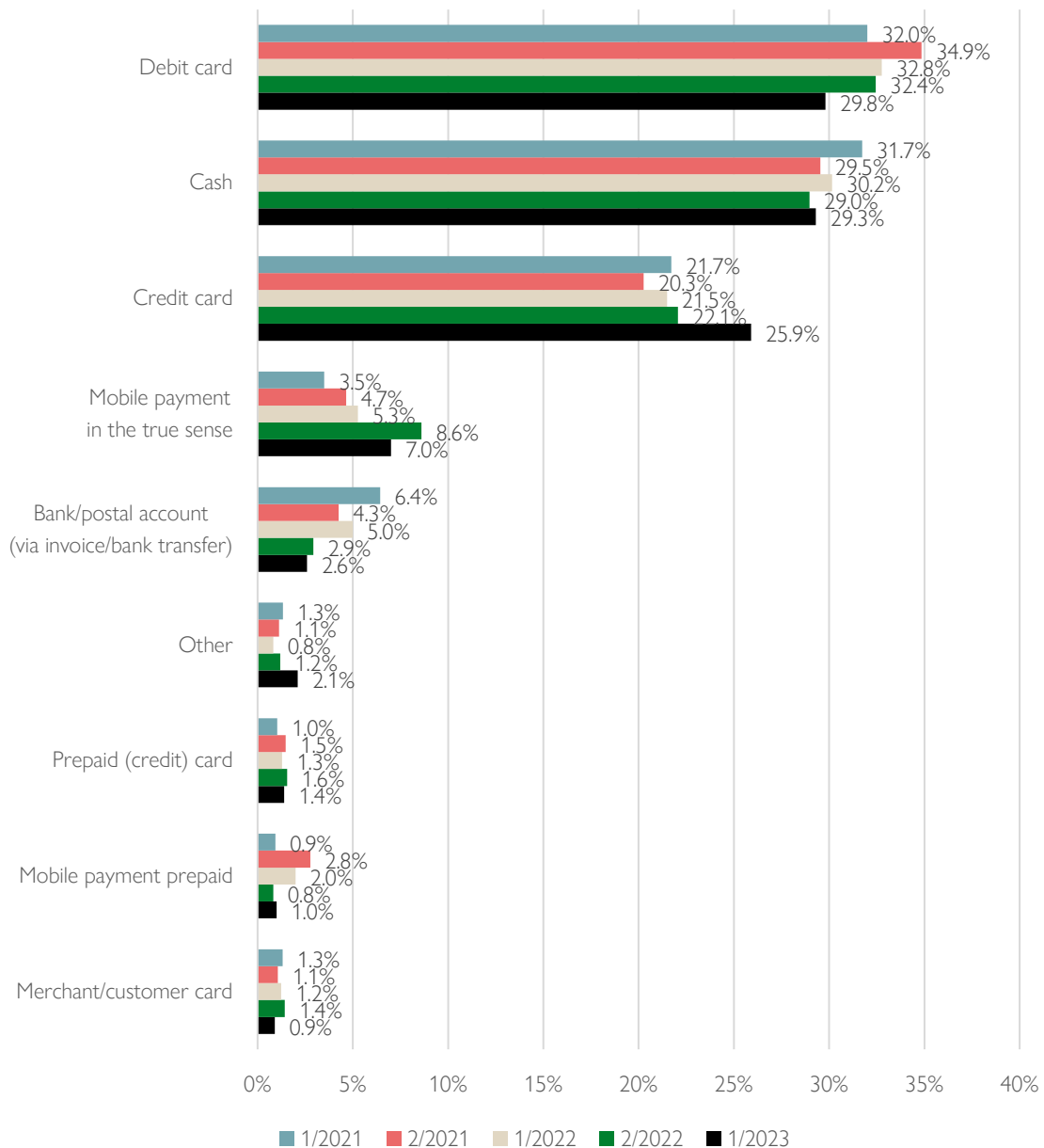


Figure 4: Payment instrument shares by number of transactions in the total market according to settlement product
Remarks: According to diary entries; domestic payments only.

3.3 Presence business

3.3.1 According to means of payment

The payment situation plays an important role in the choice of means of payment and payment habits. Face-to-face business refers to all transactions on site in a physical shop or at a physical machine. This is in distinction to distance business, in which payer and payee are physically separated from each other, which primarily includes online payments (cf. chapter 3.4).

Table 1 shows that in terms of volume, the majority of transactions (86%) are concentrated on face-to-face business. Measured in terms of turnover, the share of face-to-face business in the 1/2023 survey is also dominant (71%), as in the previous waves, although less pronounced than in the frequency of use. Due to the high weighting of face-to-face business, the results in this chapter are in many respects similar to those in chapter 3.2.1, especially with regard to the use of cash, which can only be used in face-to-face business.

Figure 5 and Figure 6 show the development of the share of turnover and the share by number of transactions of different means of payment in the presence business over time. It is noticeable that the non-mobile use of the debit card accounts for the largest share of turnover with 33.4 per cent, as has always been the case since the first SPM. In terms of the number of transactions, however, cash has taken the top position again for the first time since the SPM 1/2021 with a share of 33.6 per cent. When asked about the reason for choosing cash as a means of payment, the most frequent answer is the amount. Cash is used particularly frequently for very small amounts (up to 5 Swiss francs) and small amounts (5 to 20 Swiss francs). The second most frequently cited reason for using cash is habit. The fact that the merchant only accepted cash was the reason for 13 per cent of cash payments. For 4 per cent of the cash payments, the security of the payment was also the decisive factor for the choice of payment method.

For cashless payments, the most frequent reason given is habit, followed by the amount, whereby especially larger amounts are disproportionately often paid with a card. For this reason, the non-mobile use of debit cards (33.4%) and credit cards (29.0%) are in first and second place in terms of turnover, although they are in second (debit card; 30.6%) and third (credit card; 19.1%) place among the means of payment in terms of the number of transactions (cf. Figure 5 and Figure 6).¹⁰

The speed of payment is often cited as a motive for mobile payment according to a broad definition. In bricks-and-mortar business, 12.2 per cent of transactions are now carried out in this way, with a share of turnover of 9.8 per cent (cf. Figure 5 and Figure 6).

¹⁰ This also applies to the total market (cf. chapter 3.2.1).

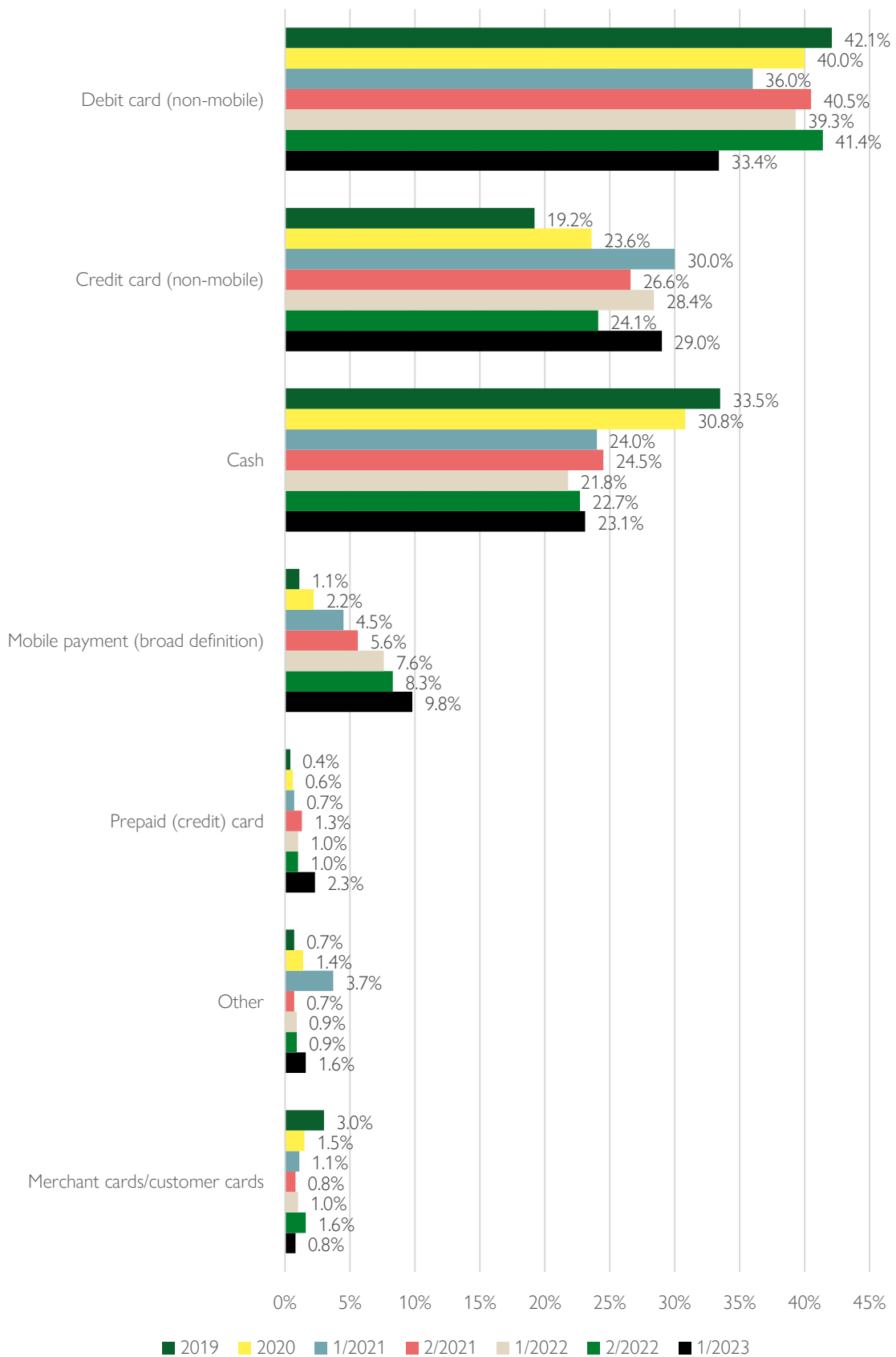


Figure 5: Payment instrument shares by turnover in the presence business according to means of payment
 Remarks: According to diary entries; only domestic payments; the category "mobile payment" also includes card payments initiated within a payment app or merchant-specific mobile app (see definition in Box 1).

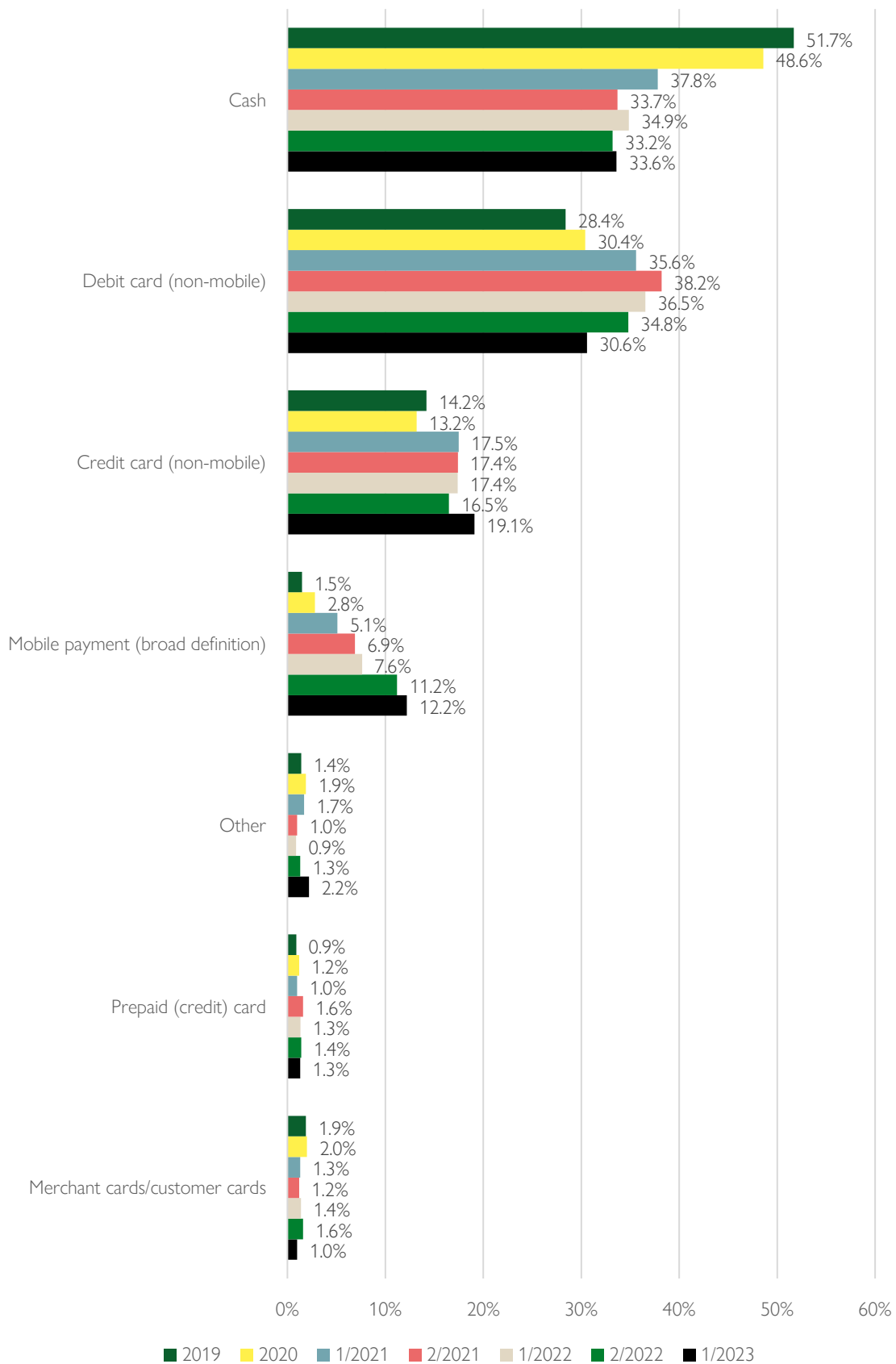


Figure 6: Payment instrument shares by number of transactions in the face-to-face business according to the means of payment
 Remarks: According to diary entries; only domestic payments; the category "mobile payment" also includes card payments initiated within a payment app or merchant-specific mobile app (see definition in Box 1).

3.3.2 According to billing product

The order of the turnover and transaction share of the four most popular settlement products in the presence business remains unchanged compared to the evaluation "according to means of payment" (cf. Figure 7 and Figure 8). With a turnover share of 33.7 per cent, the credit card as a billing product is almost on the same level as the debit card with 34.8 per cent. The share of the credit card has increased by 6.2 pp compared to SPM 2/2022, while that of the debit card has decreased by -7.6 pp (cf. Figure 7).

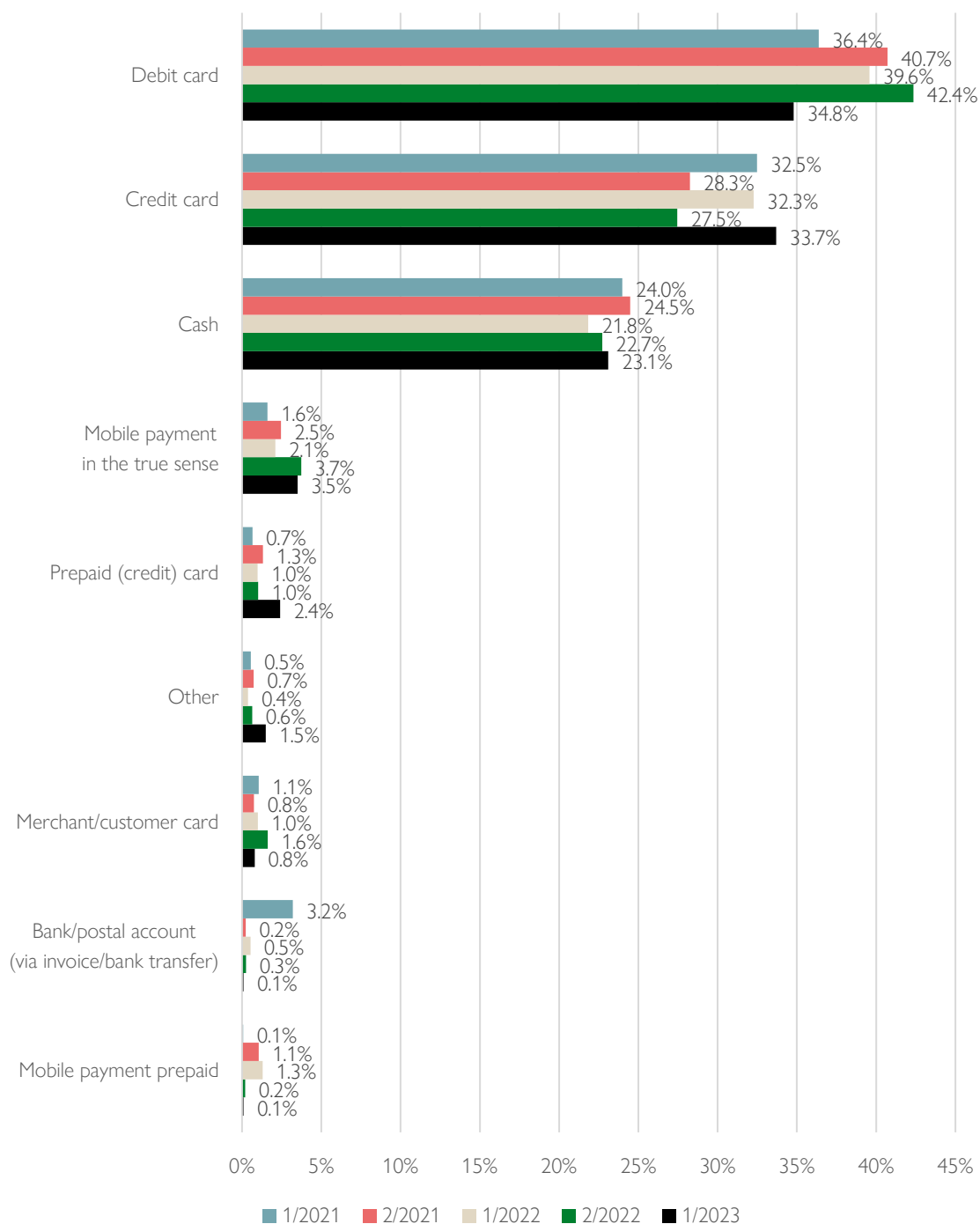


Figure 7: Payment instrument shares by turnover in the presence business according to settlement product
Remarks: According to diary entries; domestic payments only.

The revenue and transaction share of mobile payments in the true sense is with 3.5 and 4.3 per cent (cf. Figure 7 and Figure 8) significantly lower in the presence business than according to the broader definition (9.8% and 12.2% respectively) (cf. Figure 5 and Figure 6). Both shares declined slightly compared to SPM 2/2022. Mobile payment by prepaid is negligible with a 0.1 per cent share of turnover and a 0.4 per cent share according to the number of transactions (cf. Figure 7 and Figure 8). A considerable share of mobile payments "by means of payment" and in particular its relative growth compared to SPM 2/2022 is therefore attributable to e-wallets such as Apple Pay, Google Pay or Samsung Pay (see Figure 5 and Figure 6). As chapter 5 shows, e-wallets usually involve a credit card and rarely a debit card, which is why these card types achieve higher shares as a settlement product than in the consideration of the non-mobile use of these payment methods.

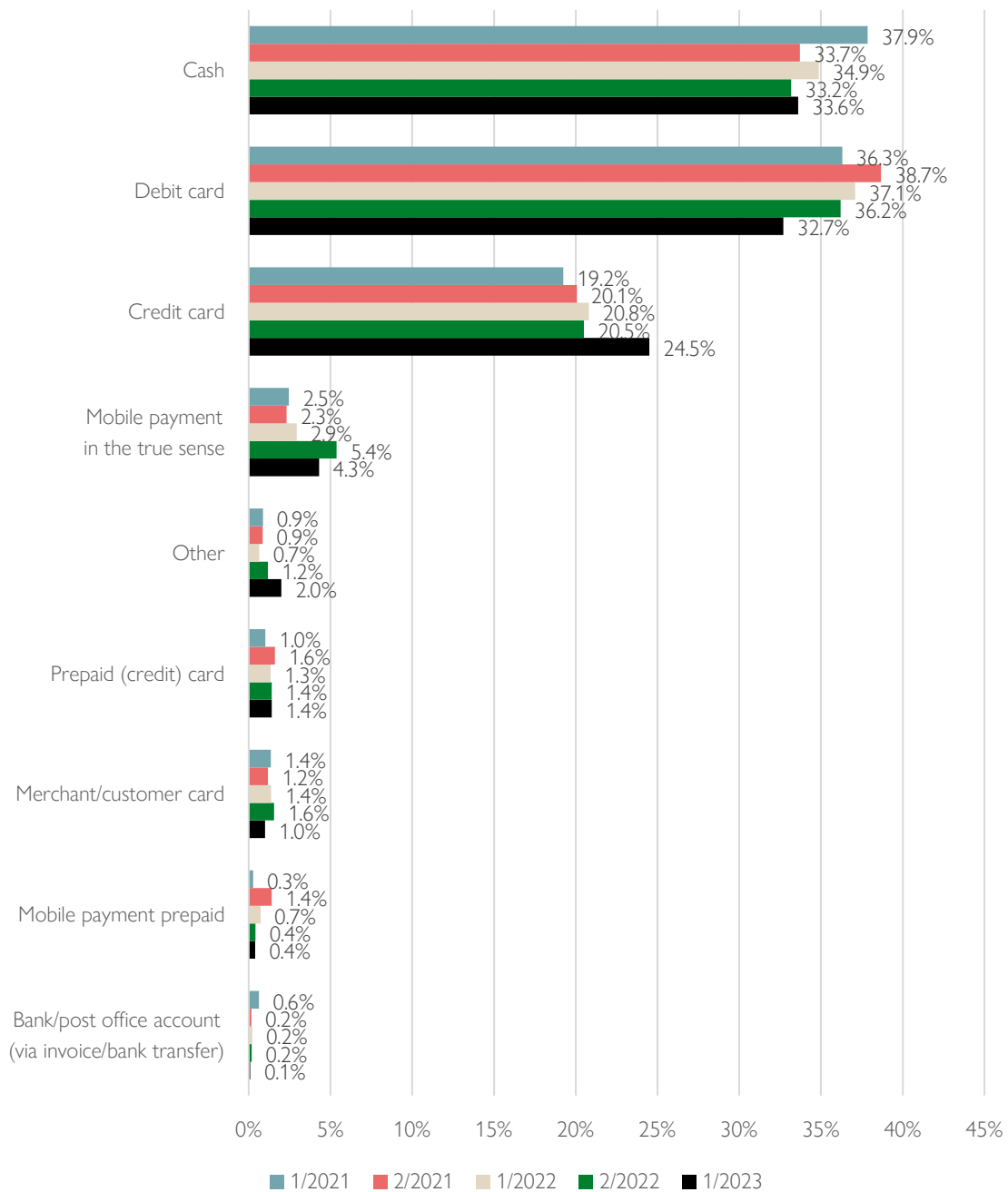


Figure 8: Payment instrument shares by number of transactions in the presence business according to settlement product
Remarks: According to diary entries; domestic payments only.

3.4 Distance business

3.4.1 According to means of payment

Figure 9 and Figure 10 show the development of the share of turnover and the share by number of transactions of different means of payment in the distance business over time. It is noticeable that mobile payments have increased further compared to SPM 2/2022. Measured by the number of transactions, it has expanded its leading position by 3.6 pp to a share of 57.1 per cent (cf. Figure 10).

In terms of revenue share, mobile payments have almost caught up with invoices as the most popular payment method in online retail with 32.3 per cent, up 4.6 pp to 31.7 per cent (cf. Figure 9). Slightly more than half of mobile distance payments are made via an app with an integrated payment function. These include apps for booking travel, shopping, ordering food and other activities that are increasingly being carried out via mobile apps instead of via an internet browser on a stationary computer. These so-called in-app payments are mostly based on a credit card, such as Figure 18 in chapter 5 shows.

Non-mobile payment by credit card also increased its share of turnover in the distance selling business by 3.8 pp to 20.9 per cent (cf. Figure 9). Measured by the number of transactions, however, the share of non-mobile credit card use remained almost unchanged at plus 0.4 pp to 11.5 per cent.

The strong decrease of 12.2 pp in the turnover share of the bill compared to the last survey is mainly due to the increase in turnover of mobile payments (+4.6 pp) and non-mobile payments with credit and debit cards (+3.8 pp and +3.6 pp respectively) (cf. Figure 9). When comparing the turnover shares of different surveys, it is important to note that with an average total number of around 650 distance payments per survey, individual large amounts exert a strong influence on the shares of the means of payment. However, Figure 10 shows that the transaction shares of the bill have also declined – namely by 3.4 pp to 18.4 per cent – while the shares of mobile payments (+3.6 pp) as well as debit and credit cards (+1.3 pp and +0.4 pp respectively) have increased.

The most important reason given for the choice of payment method in distance selling is the type of merchant. This means that depending on the type of merchant, a different means of payment is preferred. The second most frequently cited reason for choosing a means of payment in distance selling is habit, followed by the amount. The speed of payment plays a role above all in the decision to use mobile payment. The security of the payment is named fifth most often as a motive for choosing the means of payment – this is most often the case with credit card payments.

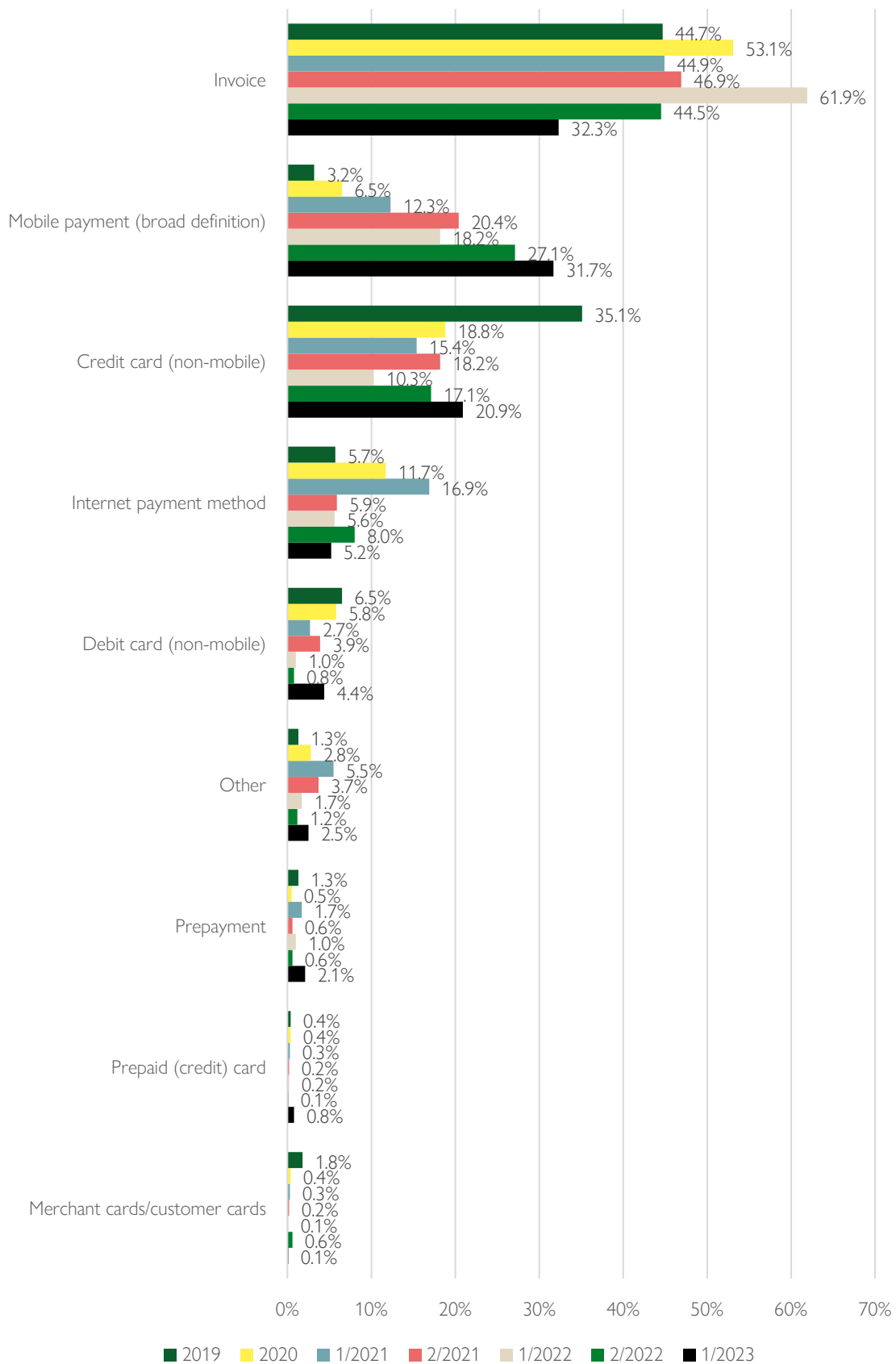


Figure 9: Payment instrument shares by turnover in distance business according to means of payment
 Remarks: According to diary entries; only domestic payments; the category "mobile payment" also includes card payments initiated within a payment app or merchant-specific mobile app (see definition in Box 1).

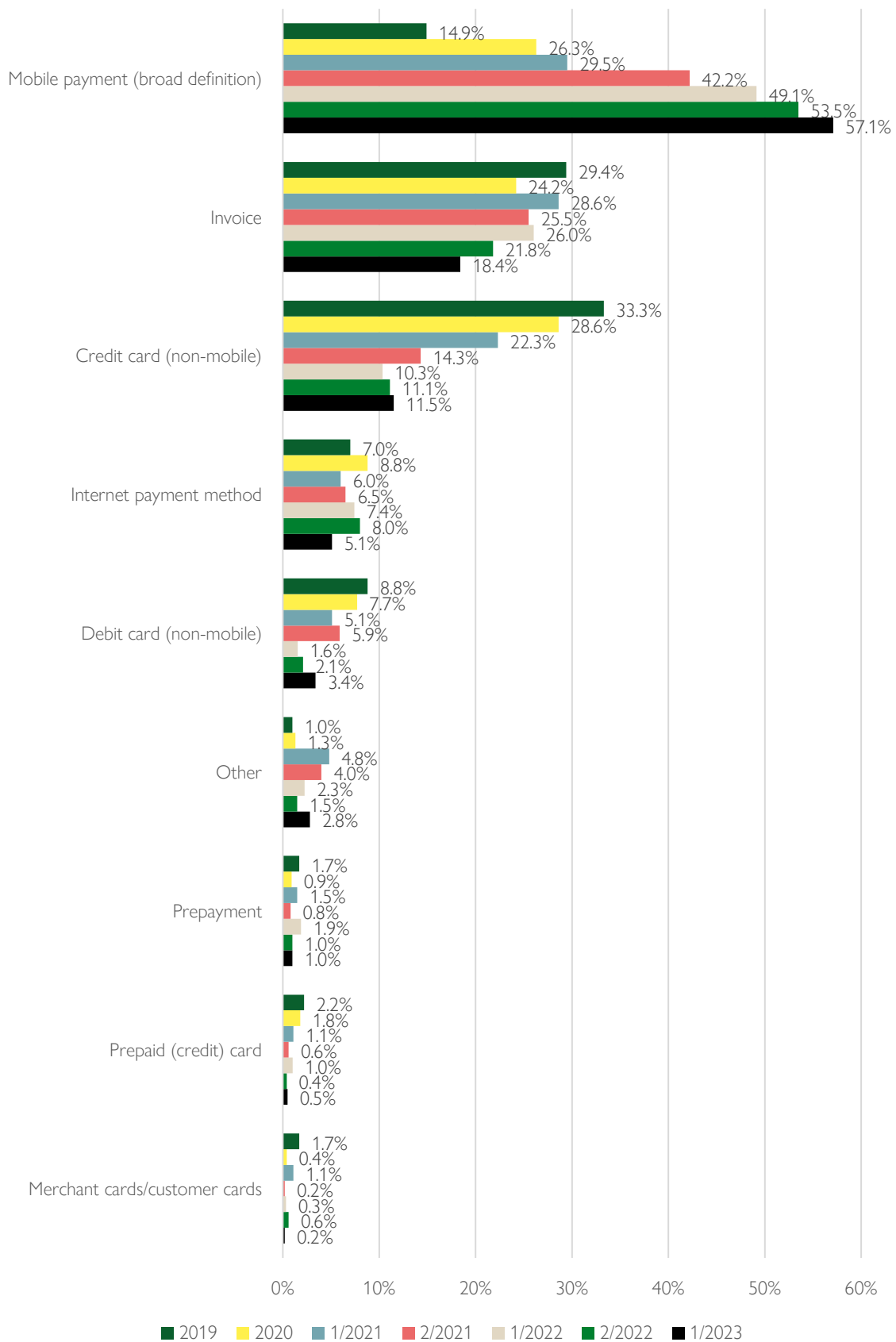


Figure 10: Payment instrument shares by number of transactions in distance business according to means of payment
 Remarks: According to diary entries; only domestic payments; the category "mobile payment" also includes card payments initiated within a payment app or merchant-specific mobile app (see definition in Box 1).

3.4.2 According to billing product

When looking at the distance business according to billing product, it becomes clear in comparison to the evaluation according to means of payment that the credit card is the billing product for many online payments via a mobile device. It has the highest share of turnover (34.5%; +8.0 pp) and the highest share of transactions (35.5%; +2.6 pp) (cf. Figure 11 and Figure 12). Mobile payment in the true sense, on the other hand, is clearly losing share in the distance business compared to SPM 2/2022, both in terms of turnover (16.0%; -12.1 pp) and in terms of the number of transactions (25.1%; -5.7 pp) (see Figure 11 and Figure 12). Invoices are also losing ground as a billing product in the distance business overall.

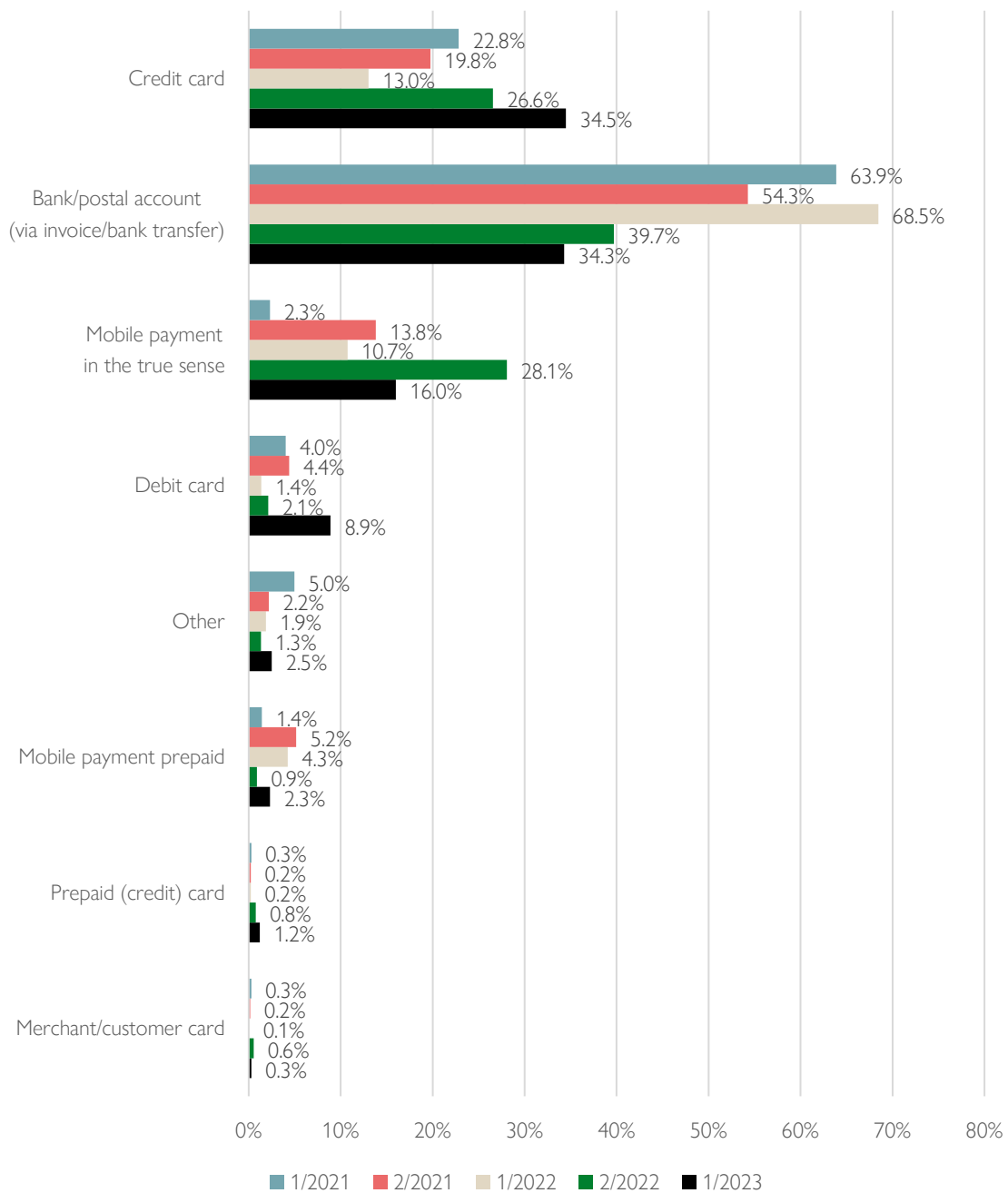


Figure 11: Payment instrument shares by turnover in distance business according to billing product
Remarks: According to diary entries; domestic payments only.

A clear growth compared to SPM 2/2022 can be seen in the use of the debit card as a settlement product in the distance business, both in terms of turnover (8.9%; +6.8 pp) and in terms of the number of transactions (10.4%; +3.9 pp) (cf. Figure 11 and Figure 12). This development is probably due to the greater spread of the new debit cards from Visa and Mastercard, which can also be used online (cf. Box 2). This shows that many respondents correctly classify the new generation of debit cards, as older debit cards such as Maestro or V-Pay are not suitable for online use.

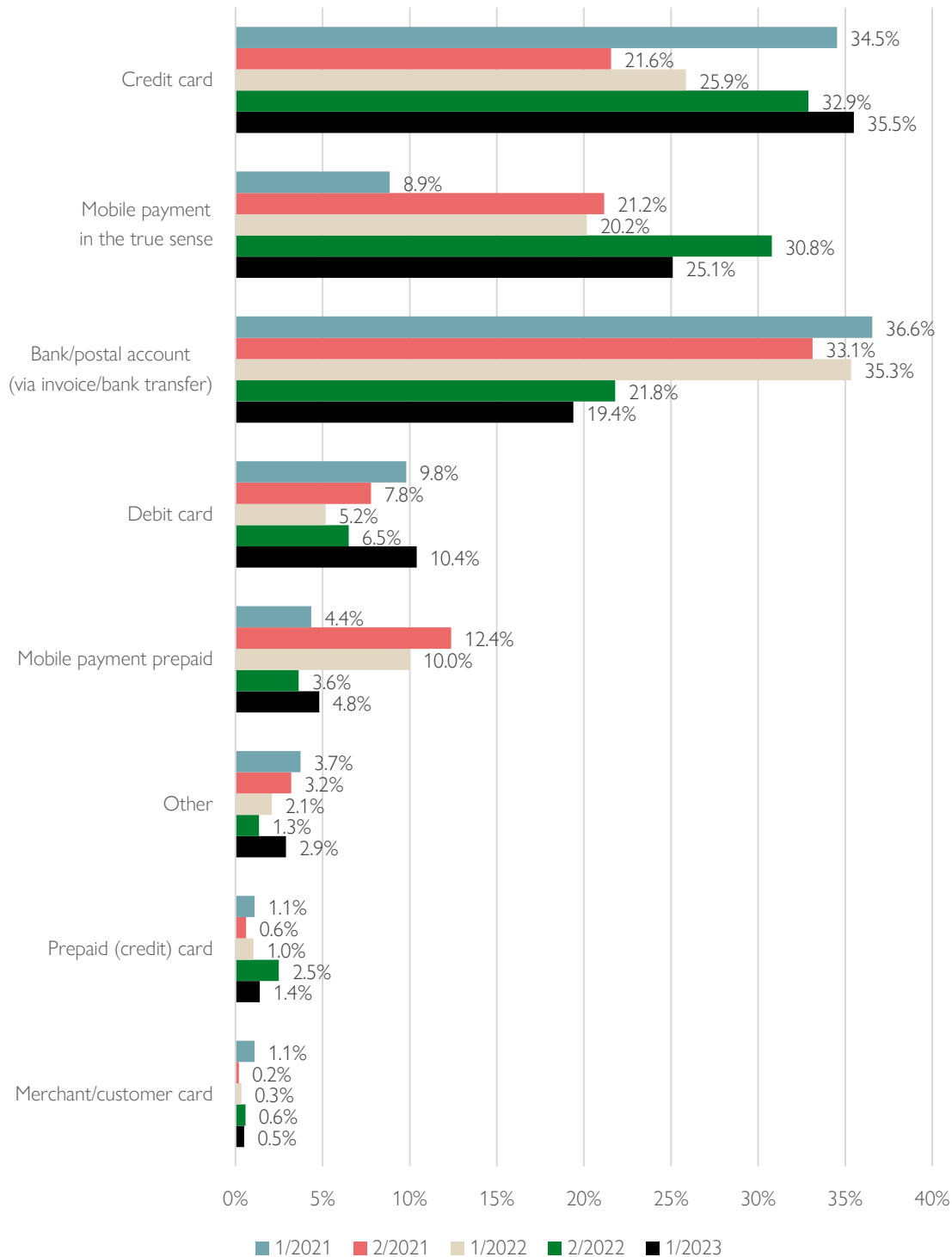


Figure 12: Payment instrument shares by number of transactions in distance business according to settlement product
Remarks: According to diary entries; domestic payments only.

4 Cash

4.1 Cash possession

The use of cash has declined sharply in the Swiss population, especially since the outbreak of the corona pandemic. However, the share of cash measured in terms of the number of transactions has settled at a (still) high level of around 30 per cent since 2021 (cf. chapter 3).

In the meantime, 15.8 per cent of the people surveyed do without carrying cash in their wallets completely (cf. Figure 13). This share has been relatively stable since the SPM 1/2021. Figure 13 also shows how the carrying of cash in the wallet differs between different segments of the population. The clearest differences can be seen in the age groups: While 24.1 per cent of those under 30 do not carry cash, only 3.5 per cent of those over 60 do (cf. Figure 13). The various language regions of Switzerland also differ greatly with regard to carrying cash: While only 14.2 per cent of respondents in German-speaking Switzerland travel without cash, this figure rises to 19.2 per cent in French-speaking Switzerland and even to 22.5 per cent in Italian-speaking Switzerland (cf. Figure 13).

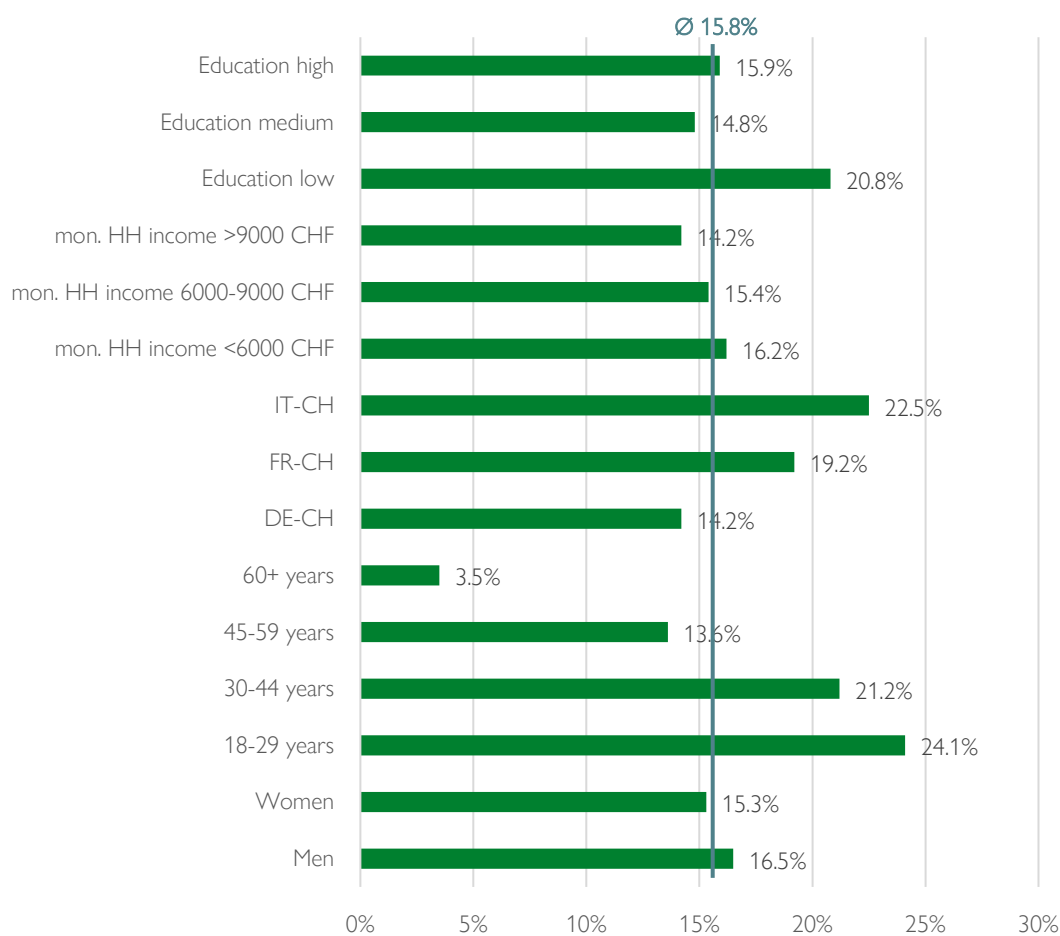


Figure 13: Proportion of respondents who do not usually carry cash with them
Remarks: According to online survey in October/November 2022.

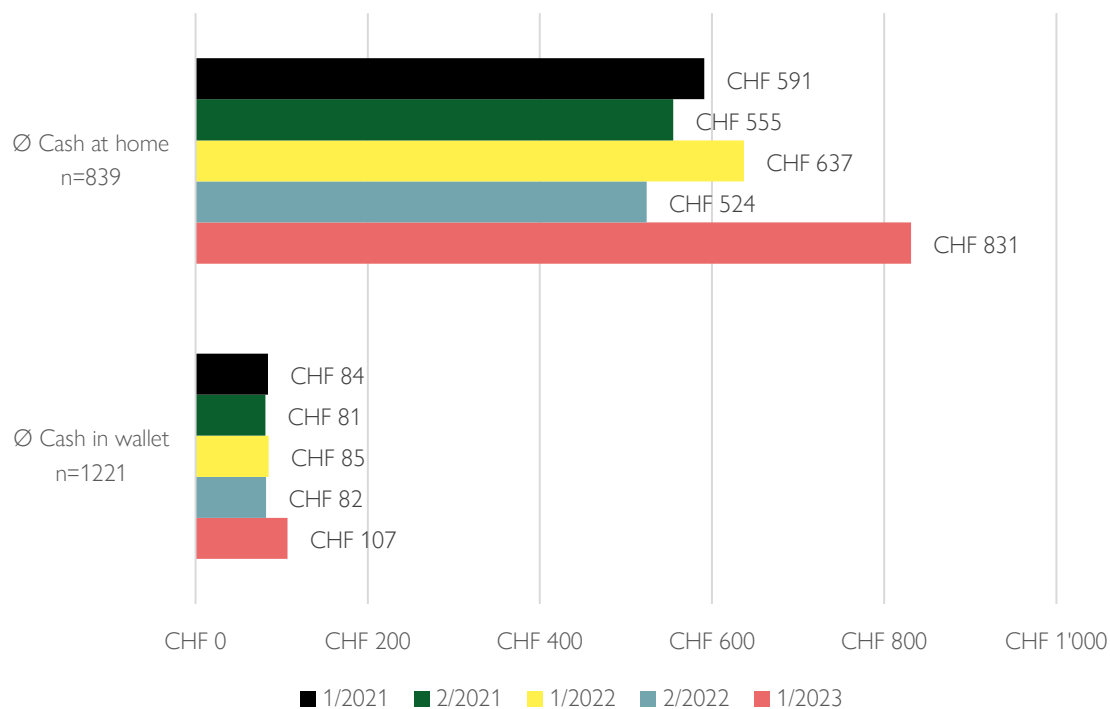


Figure 14: Average cash holdings per person

Remarks: According to online survey; only people who usually have cash at home or in their wallet; questions: "How much cash do you usually have in your wallet or in your trouser pocket?"; "How much cash do you usually keep at home or in another place (e.g., in a safe deposit box)?".

When looking at the level of education, it is noticeable that respondents without an upper secondary education level do not carry cash with them more often (20.8 per cent) than people with a higher level of education (cf. Figure 13). This is interesting insofar as the actual use of cash decreases with higher educational attainment, as chapter 4.3 shows. This means that people with a higher level of education carry cash more often in relative terms, but use it less often for payment. There are only minor differences in the use of cash between men (16.5%) and women (15.3%) as well as in the different income categories (cf. Figure 13).

The amount of cash that the Swiss population usually carries with them or keeps at home has been relatively stable over the last two years: in the purse, the median amount was 50 CHF and the average amount was around 80 CHF. At home, the median was 200 CHF and the average was around 600 CHF (cf. Figure 14). While the median values are also stable in the current survey, the average amount of cash in the wallet has increased to over 100 CHF and that at home to over 800 CHF (cf. Figure 14).¹¹ One possible explanation for this behaviour lies in the energy crisis feared for the winter of 2022/23, for which part of the population wanted to arm themselves with higher cash reserves. For example, in its brochure for wise emergency stockpiling, the Federal Office for National Economic Supply recommends a minimum cash reserve as a precaution for a possible power cut.¹²

¹¹ The increase in the average with no change in the median means that the behaviour of the majority of respondents did not change, while a minority significantly increased the amount of cash they held.

¹² See https://www.bwl.admin.ch/dam/bwl/de/dokumente/dokumentation/publikationen/broschuere_notvorrat.pdf.download.pdf/Broschu%CC%88re_Notvorrat_D_Nov_2020.pdf.

4.2 Attitude towards cash

As Figure 15 shows, 62.0 per cent of respondents express a critical view of a possible abolition of cash, with this view being strongly held by 40.6 per cent of respondents. Only 7.9 per cent of respondents would clearly welcome a complete abolition of cash. Compared to SPM 2/2022, both extreme positions have thus increased slightly (+2.5 pp against the abolition, +1.1 pp for the abolition of cash), while the share of respondents without a clear preference on the topic of abolishing cash has decreased by 1.1 pp to 17.7 per cent. This shows that the topic of cash is polarising and that most respondents have a clear opinion on it.

At 74.4 per cent, the rejection of an abolition of cash is clearest among the oldest respondents, while only slightly more than half of those under 45 are critical of a possible abolition of cash (cf. Figure 15). With increasing income, the critical attitude towards an abolition of cash decreases, while women (65.1%) are more critical of an abolition of cash than men (58.5%) (cf. Figure 15). There are also clear differences according to language region: in Italian-speaking Switzerland, only 43.8% of the population are critical of the abolition of cash, which is around 20 percentage points less than in the other language regions (see Figure 15).

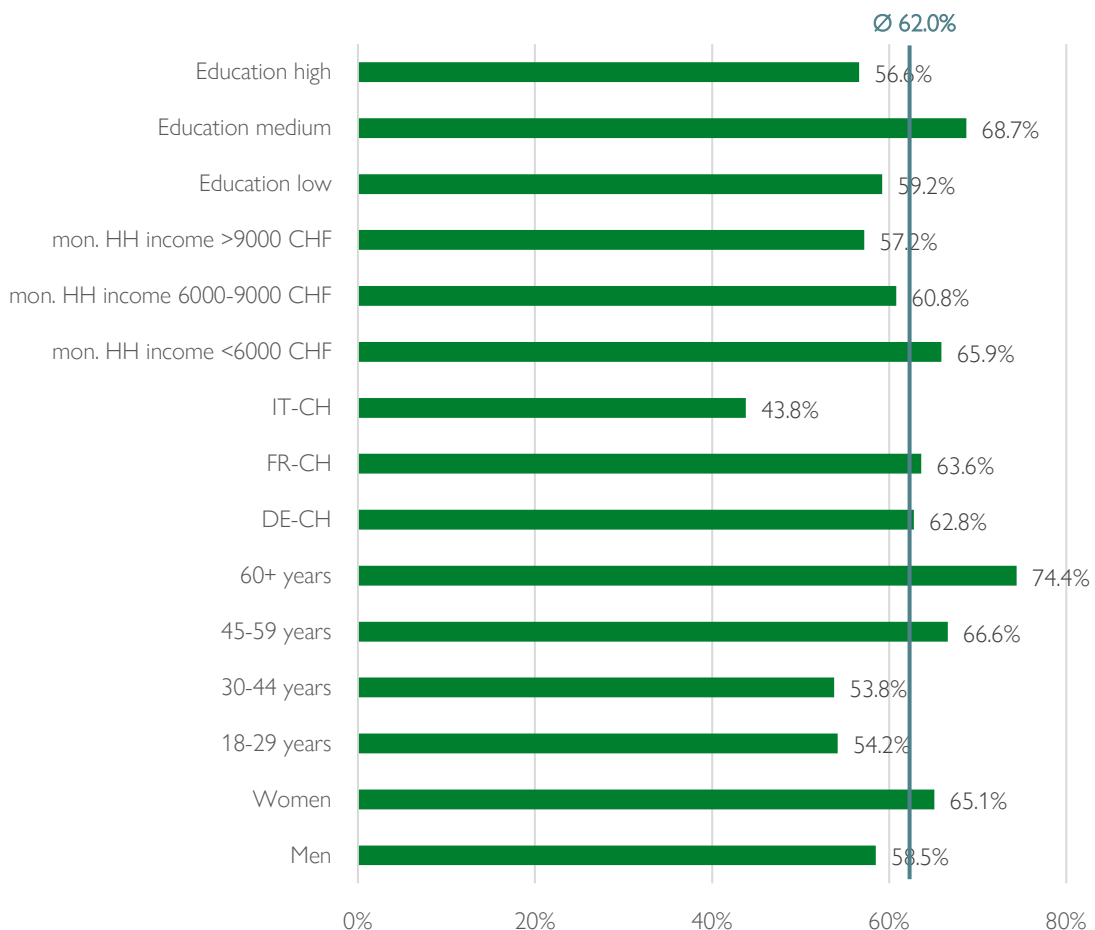


Figure 15: Proportion of respondents who reject the abolition of cash
 Remarks: According to online survey in October/November 2022; question: "Imagine cash being completely abolished. What do you think?"; sum of the shares of both answers "I don't think it's good at all" and "I don't think it's good!". Five-point scale from "I don't think it's good at all" to "I think it's very good".

4.3 Use of cash

Cash use differs strongly according to demographic characteristics. The lower the education and income, the higher the probability of paying with cash (cf. Figure 16). Thus, people with lower education and lower income pay with cash in 40.1 per cent and 36.9 per cent of cases, respectively, while it is only 25.0 per cent and 24.3 per cent for high education and high income, respectively (cf. Figure 16).

A u-shaped correlation can be seen between age and the effective use of cash: While those under 30 use cash for 27.8 per cent of payments, this proportion drops to 23.6 per cent for those aged 30-44, and then rises with age to 38.2 per cent for those over 60 (cf. Figure 16).

Differences in cash use are also evident between genders and language regions. Women have a higher proportion of cash payments (32.1%) than men (26.1%). In German-speaking Switzerland, the proportion of cash payments is practically average at 30.0 per cent, while it is higher in Italian-speaking Switzerland at 34.4%, but significantly lower in French-speaking Switzerland at 24.7% (cf. Figure 16).

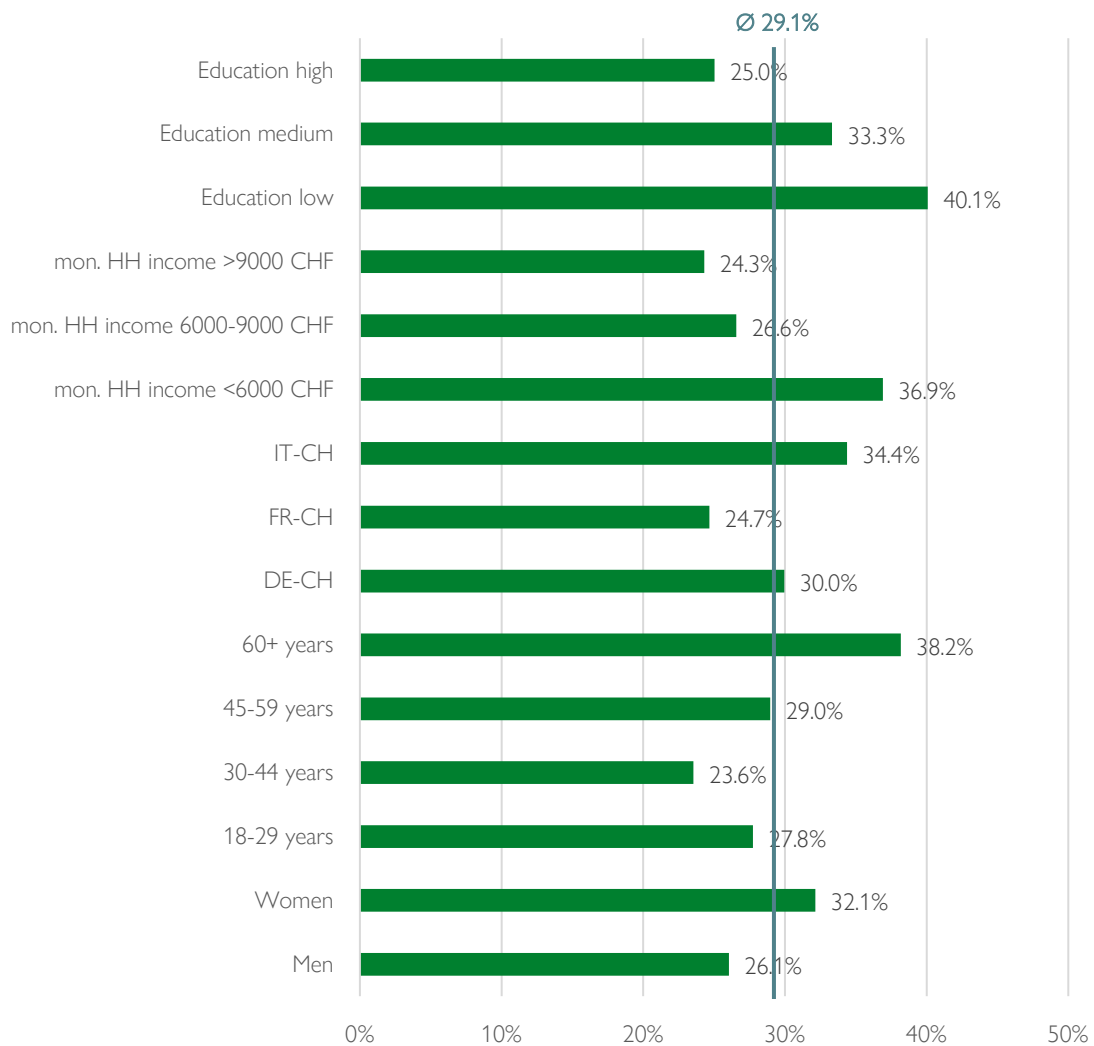


Figure 16: Proportion of cash transactions by number of transactions according to demographic characteristics
Remarks: According to diary entries; domestic payments only.

5 Mobile payment

Overall, Twint is by far the most used mobile payment solution in Switzerland: 49.4 per cent of transactions with mobile devices (this includes all types of mobile payment, see Box 1) are processed with Twint (see Figure 17). Compared to SPM 2/2022, this means a decline of 12.0 pp, while Apple Pay (+3.4 pp), Samsung Pay (+1.8 pp) and Google Pay (+3.1 pp), among others, were able to increase significantly (cf. Figure 17). This development is also reflected in the way mobile payments are made in Switzerland: On-site payments via NFC - for example with Apple Pay, Samsung Pay and Google Pay - are now the most common mobile payment method at 32.1 per cent, while on-site payments via QR code - i.e. with Twint - are in second place at 23.9 per cent.¹³ These two payment methods have swapped places compared to SPM 2/2022.

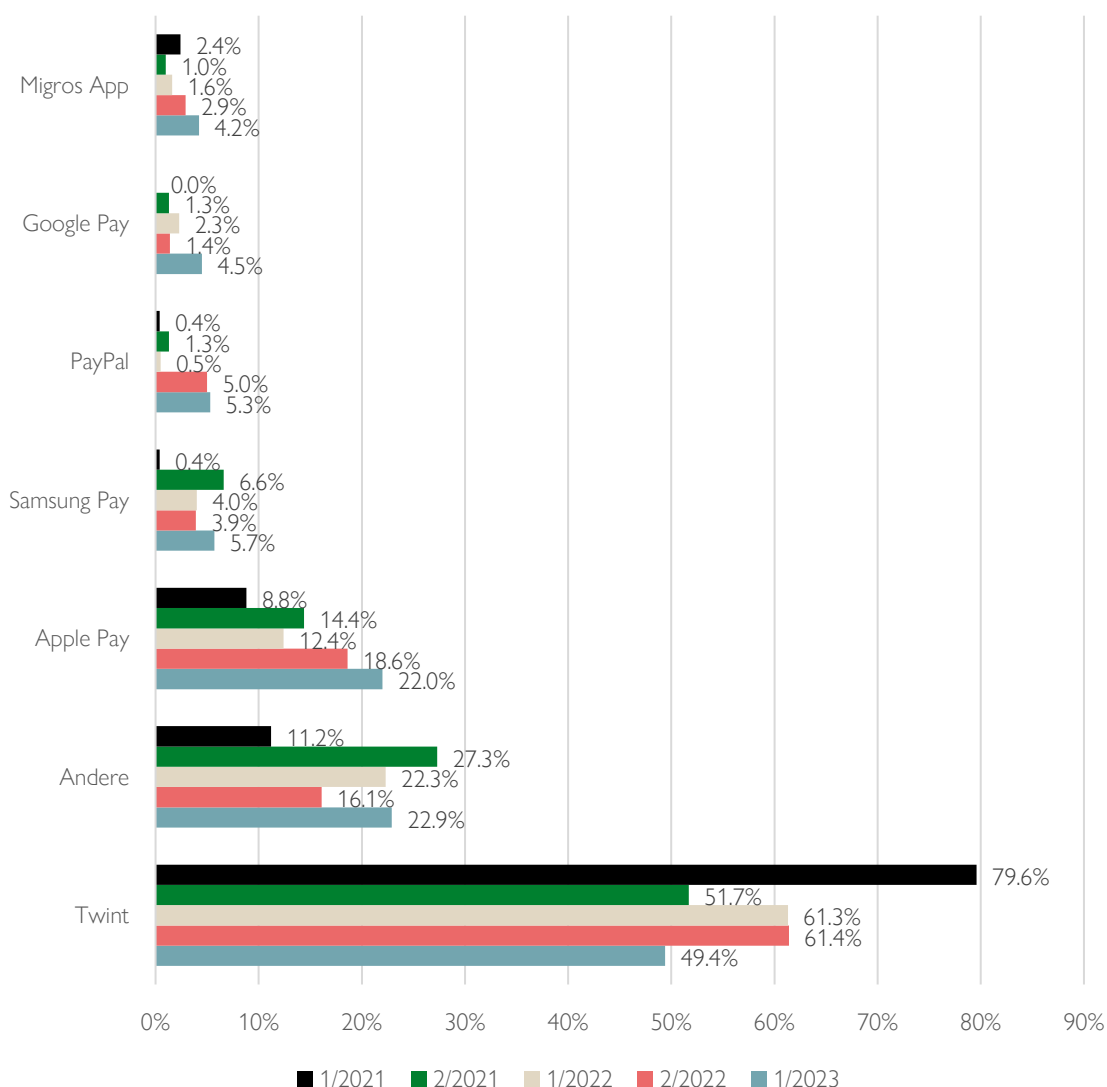


Figure 17: Shares of payment providers in mobile payments by number of transactions in the overall market
Remarks: According to diary entries; domestic payments only; mobile payments according to broad definition (cf. Box 1).

¹³ The other places of the type of mobile payment are followed by "Online in an app with integrated payment function" (21.2%), "On the internet with deposited payment data" (8.6%), "On the internet with QR code" (5.9%) and "Transfer with mobile phone to private person" (5.9%).

In order to enable the distinction between means of payment and settlement product (cf. chapter 3), the underlying means of payment of the mobile transactions was collected in the diary survey. Figure 18 shows an overview of the underlying means of payment separated by Twint, other mobile payment apps and in-app payments.

Among all Twint payments, around 77.6 per cent are directly linked to the bank account, followed by the credit card (9.9%) and the debit card (7.3%) (cf. Figure 18). Other mobile payment apps such as Apple Pay, Google Pay or Samsung Pay are mainly linked to the credit card: 66.1 per cent of transactions with other payment apps (excluding Twint) are based on credit cards, followed by the debit card (19.1%) and the direct account link (12.1%) (cf. Figure 18). The debit card as a deposited means of payment has thus increased by 7.2 per centage points compared to SPM 2/2022, which is most likely related to the new generation of debit cards that can be deposited with the popular payment apps (cf. Box 2).

For in-app payments such as the Migros app, SBB Mobile or Zalando, a credit card is used most frequently (63.3%), followed by direct account linkage (30.0%) and debit card (6.7%) (cf. Figure 18).

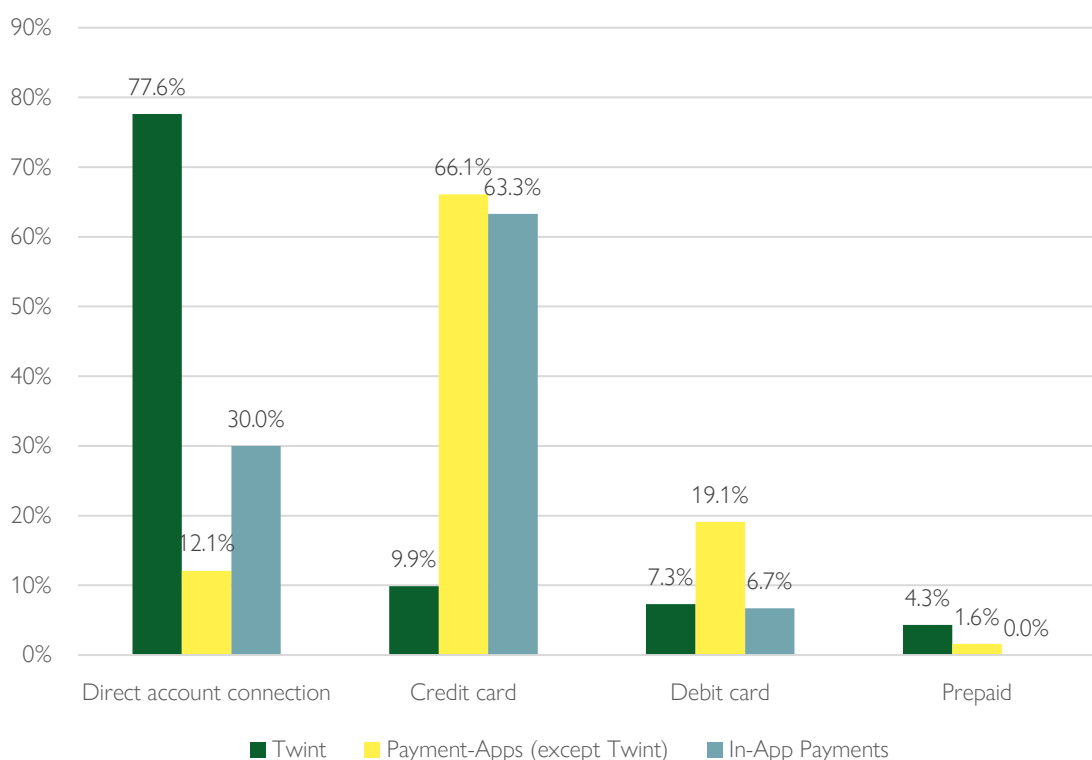


Figure 18: Underlying payment method for mobile payments by number of transactions in the total market
Remarks: According to diary entries; domestic payments only.

6 Neobanks

Overall, 36.5 per cent of respondents - 3.9 percentage points more than half a year ago - declare having already used new online banking solutions from a new bank at least once. Figure 19 shows that Revolut is used most frequently (14.9% of respondents; +2.0 pp), followed by the Swiss providers Neon (13.8%; +3.2 pp), Credit Suisse CSX¹⁴ (11.0%; +2.1 pp), Zak (10.1%; +2.2 pp) and Yuh (10.1%; +4.9 pp). Compared to SPM 2/2022, the podium positions remained unchanged. All established neobanks made strong gains in users. The growth of Yuh¹⁵ is striking, which already has a double-digit user share one and a half years after its launch.

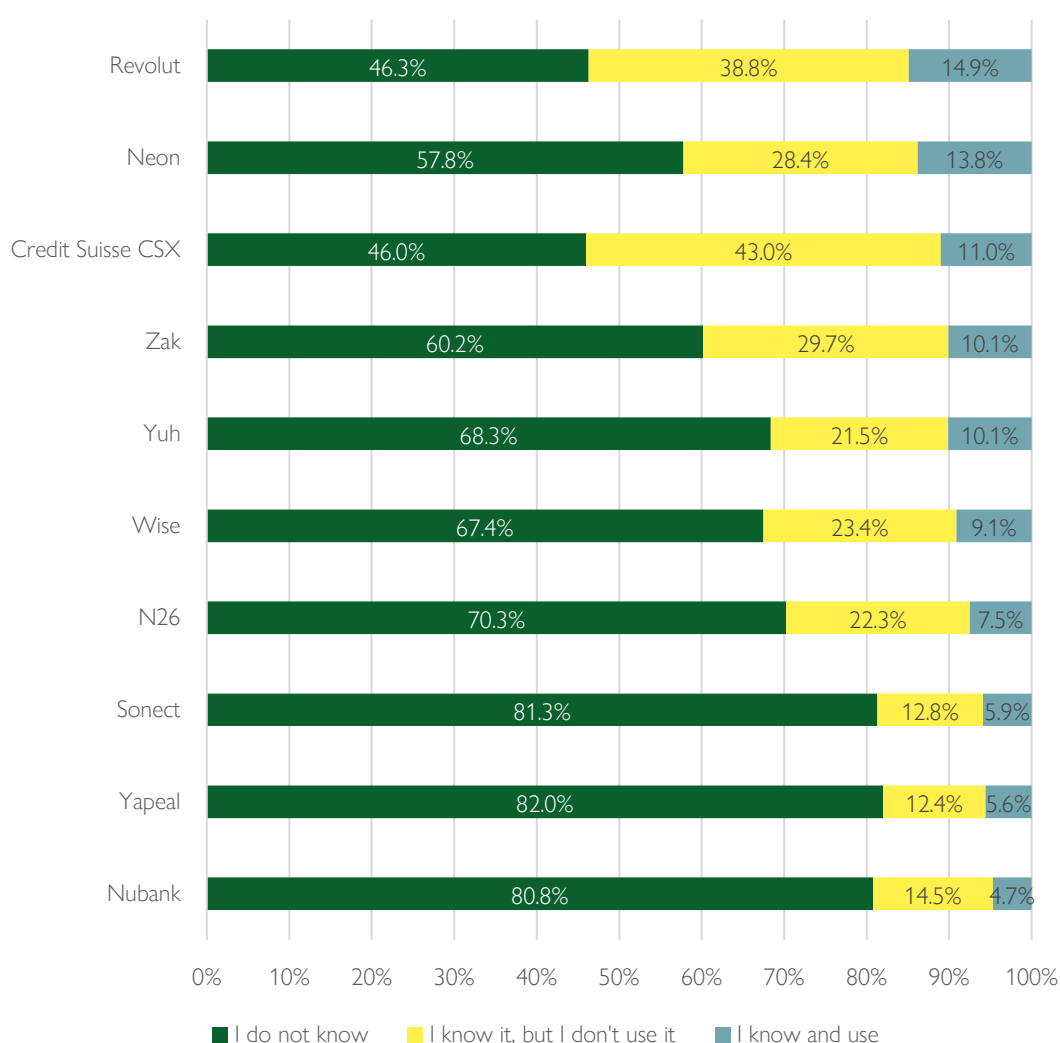


Figure 19: Awareness and use of neobanks

Remarks: According to online survey in October/November 2022; question: "Please indicate for each provider which of the statements applies to you."

¹⁴ The fact that the name of the well-known major bank "Credit Suisse" is part of the name of the purely digital banking offering could lead to the share of CSX connoisseurs being overestimated.

¹⁵ Yuh is a financial app launched in collaboration between Swissquote and PostFinance in 2021.

As Figure 20 shows, neobank users are more often than average male, younger than 45 years old, well-educated and have a monthly household income of more than 9,000 Swiss francs. In addition, the proportion of neobank users in French-speaking Switzerland is higher than in the rest of Switzerland, at 42.8 per cent (cf. Figure 20).

At 48.7 per cent, the 30–44-year-olds use the digital offerings of neobanks most frequently, followed by the youngest respondents (48.3%) (cf. Figure 20). Even among the over-60s, 15.6 per cent say they use the services of at least one neobank (cf. Figure 20). Purely digital banking services on mobile devices are now used by all generations. This is also revealed in chapter 3 in the use of mobile payments.

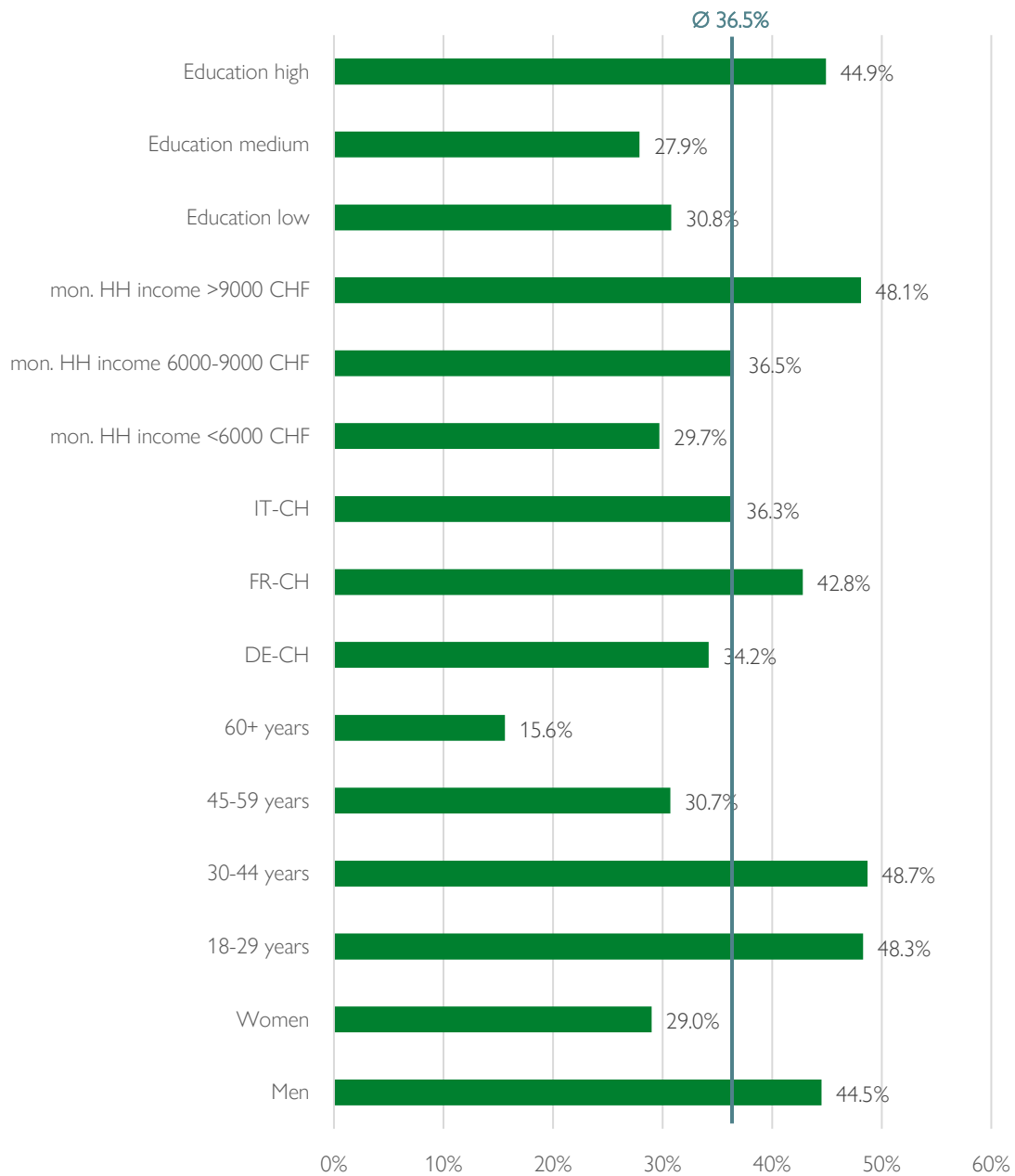


Figure 20: Proportion of respondents using at least one neobank
Remarks: According to online survey in October/November 2022.

Figure 21 shows that the majority of users (54.8 per cent) use neobanks for certain selected purposes. However, this value has decreased significantly since the SPM 2/2022 with -6.3 pp. Instead, the share of the population that uses neobanks as a primary means of payment or as a main banking connection has increased by 6.6 pp to 36.0 per cent (cf. Figure 21). This indicates that neobanks are increasingly serving as substitutes for classic retail banking offers.

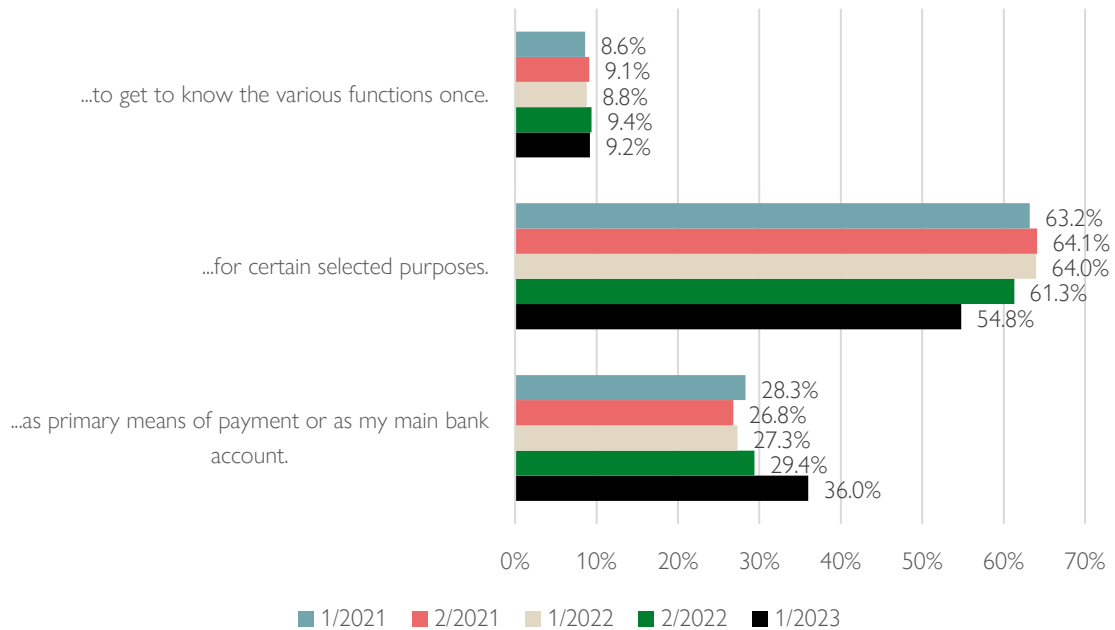


Figure 21: Primary purpose of the use of neobanks
 Remarks: According to online survey; only users of neobanks; question: "Please indicate which of the following statements applies to you. I mainly use the services of digital or neobanks...".

7 Closing words

The Corona pandemic and the measures to contain it influenced the consumption and payment behaviour of the Swiss population in 2020 and 2021. In 2022, the situation has normalised and with it the payment behaviour of the Swiss population. The aim of this seventh edition of the Swiss Payment Monitor was to highlight current changes in payment behaviour in Switzerland and to evaluate the importance of various payment methods and offers. With the help of a representative online survey and a subsequent diary recording of all non-recurring payments by the participants, various insights into current payment behaviour in Switzerland were gained.

The downward trend in cash use stopped and the share of cash payments stabilised at around 30 per cent in terms of the number of transactions. In terms of frequency of use, cash is thus once again ahead of the (non-mobile) debit card (27.1%) in first place among the means of payment. With a transaction share of around 18 per cent, the (non-mobile) credit card is in third place. The ranking according to settlement product changed in that the debit card (29.8%) is placed ahead of cash (29.3%) and the credit card (25.9%). The higher shares of debit cards and credit cards as payment products are because the latter particularly often is used as a settlement product for mobile payments.

In terms of turnover share, the credit card (non-mobile use) comes in first place among the means of payment with a share of 26.9%, ahead of the (non-mobile) debit card (26.1%) and cash (17.3%). According to the billing product, this ranking remains, but again with higher shares for the credit and debit card.

Mobile payment continues to grow. In particular, mobile payment solutions such as Apple Pay, Samsung Pay or Google Pay have grown relatively strongly, while the relative revenue and transaction share of Twint within mobile payment has fallen. This explains, among other things, the strong growth of the credit card as a billing product, as this is often deposited with the e-wallets of Apple Pay, Samsung Pay or Google Pay.

Cash use differs strongly according to demographic characteristics. The lower the education and income, the higher the probability of paying with cash. A u-shaped correlation can be seen between age and the effective use of cash, with 30–44-year-olds being the least likely to pay with cash. Around one in six people in Switzerland do not carry cash at all. This behaviour is less common with increasing age, higher income and in German-speaking Switzerland. The average amount of cash that a person carries in their wallet or keeps at home has increased in the current survey, while the median amount has remained stable.

Almost 37 per cent of the Swiss population has already used a neobank, which corresponds to an increase of 4 pp compared to the last survey. Revolut, Neon and Credit Suisse CSX are the most frequently used and have gained further users. An above-average number of neobank users are male, younger than 45, well-educated and have a household income of more than CHF 9,000.

Appendix

Study design

The goal of the Swiss Payment Monitor is to comprehensively illuminate the Swiss payment landscape from different perspectives. By combining different research methods, the study offers an integrated view of the payments market and enables new developments to be recorded and relevant drivers to be identified over time through regular data collection.

The study includes a micro and a macro perspective (cf. Figure 22). The micro perspective consists of an online survey with questions on payment behaviour and a payment diary filled out by the respondents over three days. The macro perspective is based on the analysis of the publicly available data material on electronic payment transactions of the Swiss National Bank. This data can be viewed interactively on the project homepage at www.swisspaymentmonitor.ch/snb-daten and is updated continuously.



Figure 22: Study design of the Swiss Payment Monitor