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Sandro Graf, Nina Heim, Marcel Stadelmann, Tobias Trütsch
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Authors

Sandro Graf, Lecturer Marketing, Head of Service Lab & Swiss Payment Research Center, Institute of Marketing Management, ZHAW School of Management and Law

Dr. Nina Heim, Senior Research Consultant, Institute of Marketing Management, ZHAW School of Management and Law

Dr. Marcel Stadelmann, Senior Research Consultant, Project Manager Swiss Payment Research Center, Institute of Marketing Management, ZHAW School of Management and Law

Dr. Tobias Trütsch, Managing Director Center for Financial Services Innovation, Head of Swiss Payment Behaviour Lab, University of St.Gallen

Contact

Dr Marcel Stadelmann | marcel.stadelmann@zhaw.ch | +41 58 934 46 46

Dr Tobias Trütsch | tobias.truetsch@unisg.ch | +41 71 224 71 55

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Summary

The debit card has regained its top position as the most widely used means of payment in Switzerland. Thanks to the new generation of online-capable debit cards, they are also increasingly used as a settlement product for mobile payments. Such mobile payments by broad definition have experienced even stronger growth and are now the third most used means of payment. However, a large part of this growth is due to mobile payments in the true sense - in Switzerland synonymous with Twint - which reached a double-digit transaction share for the first time in the Swiss Payment Monitor (SPM). The relative usage shares of cash and credit card have declined. Measured by turnover, however, the credit card remains in the top position as a settlement product. The use of neobanks is only increasing slightly in Switzerland. While Yuh continued to gain users, the usage figures of the other established providers are even slightly declining.

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1 Introduction

The latest editions of the Swiss Payment Monitor (SPM) showed a stabilisation of cash use and a slowdown in the growth of mobile payments. Will this trend continue or will there be more dynamism in the payment behaviour of the Swiss population again? This and other questions are explored in this ninth edition of the Swiss Payment Monitor.

The SPM 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 1442 people aged between 18 and 88 from all three parts of the country, representative of the Swiss population, at the end of April to the beginning of May 2023. 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 website www.swisspaymentmonitor.ch. Thanks to an interactive dashboard, the website provides a continuous graphic insight into the current data on digital payment transactions published by the Swiss National Bank.² The project website 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 takes a look at the topic of cash, 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 eighth edition of the SPM (issue 2/2023), 1442 persons aged between 18 and 88 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 April to the beginning of May 2023.

In a second step, all participants of the online survey were invited to the second part of the survey on different days of the week in May 2023. In this part, the respondents were asked to record all irregular (i.e. not regularly recurring) payments and cash withdrawals during three consecutive days in the form of a diary 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.

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)	May 2023 (2/2023)	Change 2/2023 to 1/2023
Duration of the diary survey	3 days	3 days	3 days	3 days	3 days	3 days	
Number of participants	701	837	841	772	827	863	+4,4%
Turnover volume in CHF							
Domestic	CHF 281,149	CHF 208,761	CHF 234,706	CHF 190,190	CHF 197,213	CHF 198,441	+0,6%
At home and abroad	CHF 308,134	CHF 229,756	CHF 251,435	CHF 211,746	CHF 220,261	CHF 226'155	+2,7%
Online	47%	29%	39%	34%	29%	34%	
On site	53%	71%	61%	66%	71%	66%	
Transaction volume							
Domestic	3'991	4'051	4'269	4'137	3'986	4'430	+11,1%
At home and abroad	4'232	4'211	4'571	4'403	4'648	4'787	+3,0%
Online	18%	14%	15%	14%	14%	14%	
On site	82%	86%	85%	86%	86%	86%	
Average number of transactions per person per day							
Domestic	1,9	1,6	1,7	1,8	1,6	1,7	+6,3%
At home and abroad	2,0	1,7	1,8	1,9	1,9	1,9	+0%
Average amount per transaction							
Domestic	CHF 70.45	CHF 51.55	CHF 55.00	CHF 46.00	CHF 49.50	CHF 44.80	-9,5%
At home and abroad	CHF 72.80	CHF 54.55	CHF 55.00	CHF 48.10	CHF 47.40	CHF 47.20	-0,4%

863 persons (60% of the online survey) took part in the second part of the survey - the payment diary. In total, they recorded 4787 irregular payments in Switzerland and abroad with a total turnover of around 226,000 Swiss francs (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. These are similar values to those found in the last survey as well as in the study of the Swiss National Bank (SNB) on the payment behaviour of private individuals.⁴ If only domestic transactions are considered, there are on average 1.7 transactions per person per day for an amount of around CHF 45. Compared to the SPM 1/2023, the respondents recorded around 6 percent more transactions per person and day in Switzerland, but the average amount was around 10 percent smaller (cf. Table 1).

The share of online and on-site transactions, measured by the number of transactions, has remained constant since SPM 2/2021 (cf. Table 1). The turnover shares fluctuate somewhat more from survey to survey, as individual larger transaction amounts have a strong influence on turnover (cf. Table 1). Domestic payments clearly dominate in comparison to foreign payments: around 93 percent of the transactions take place in Switzerland. The results presented in this report with the subtitle "How does Switzerland pay?" are based exclusively on domestic payments. Overall, the data of the Swiss Payment Monitor form a reliable time series.

3 Payment behaviour

3.1 Preliminary remarks

Due to the increasing dynamics in the area of mobile payments and the associated interconnectivity with regard to the instrument used to initiate the transaction and the actual settlement 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 smartphone⁵ are grouped under this payment instrument (cf. Box 1).

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.

³ The foreign currency amounts were converted into Swiss francs according to the average monthly exchange rate of May 2023.

⁴ The average number of transactions per day and person in the SNB's autumn 2022 diary survey is 1.58 and the average amount per transaction is CHF 49.56 (cf. SNB [2022]: Payment survey of private individuals in Switzerland 2022).

⁵ Including payments with a tablet or smartwatch.

Box 1: Definitions "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 takes into account 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 settlement product" is also evaluated according to the definition of mobile payment "in the true sense".

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).⁶ As a result, the share of means of payment for mobile payments is lower, while the share of various card products, which 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) are shown separately. In the case of payment behaviour according to the total market (cf. section 3.2), it must be taken into account that the turnover shares of online and on-site payments differ greatly between the various surveys.

A further preliminary remark on 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 are less visually and functionally distinct from credit cards than their predecessors, the Maestro and V-

⁶ 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 settlement product for 2019 and 2020.

Pay cards.⁷ Therefore, it cannot be ruled out that since the widespread introduction of the new types of debit cards in 2022, individual respondents have incorrectly categorised their debit card transactions as credit card transactions. However, 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: Distribution of the new debit cards

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 have the logos of Mastercard and Visa respectively and a 16-digit number. Analogous to credit cards, they allow online payments.

In the course of 2022, PostFinance⁷, Raiffeisen, Migros Bank and Zürcher Kantonalbank will launch the new debit cards. At some banks, these can be deposited in mobile payment solutions such as Apple Pay, Samsung Pay or Google Pay in the same way as credit cards. At the same time, more and more Maestro cards that have reached their expiry date are being replaced by new-generation debit cards at other banks. Figure 1 shows that the new types of debit cards from Visa and Mastercard now already make up the majority of debit cards.



Figure 1: Proportion of respondents who own a debit card of the respective provider (multiple selection possible).

⁷ The new PostFinance Card is also a Debit Mastercard.

3.2 Total market

3.2.1 Total market according to means of payment

With the help of the diary survey, the effective behaviour with regard to payment habits can be depicted. Figure 2 and Figure 3 show the development of the share of turnover (measured by total expenditure⁸) and the share of transactions (measured by the total number of transactions) of different payment methods over time.⁹

In terms of share of turnover, debit and credit cards (non-mobile use) have swapped places with shares of 24.1 and 22.4 percent respectively compared to the last survey in November 2022 (cf. Figure 2). After a significant increase of 5.5 percentage points [PP] compared to the SPM 1/2023, mobile payment according to a broad definition now follows closely behind in third place with a 20.8 percent share of sales (cf. Figure 2).¹⁰ In terms of turnover, cash falls behind the bill to fifth place with a share of 14.6 percent (-2.7 PP). This is due, among other things, to the fact that when looking at turnover, individual large amounts have a strong influence on the results and therefore the invoice payment method in particular, which tends to be used for larger amounts, is subject to greater fluctuations in the turnover share.

Less strongly influenced by individual payments is the consideration of the shares of the means of payment measured by the number of transactions. With an increase of 1.4 percentage points compared to SPM 1/2023, the debit card (non-mobile use) with a share of 28.5 percent has taken over the top position again from cash with 28.2 percent (-1.1 PP) after a short break (cf. Figure 3). There was also an exchange of places in the other ranks: mobile payment, with a share of 21.0 percent (+3.0 PP) of the number of transactions, is now ahead of non-mobile use of the credit card with a share of 16.2 percent (-1.9 PP) (see Figure 3).

Overall, the analysis by means of payment shows that the growth of mobile payments is continuing rapidly according to a broad definition. After cash use had stabilised recently, it is decreasing again for the first time. This could be due to the fact that smaller amounts in particular are increasingly being paid with a mobile device instead of cash. In non-mobile card use, the debit card was able to gain shares at the expense of the credit card and cash. In which payment situations this is primarily the case and whether this effect is due to the new generation of debit cards is shown in the detailed evaluations by presence and distance business in chapter 3.3 and chapter 3.4. Chapter 5 goes into detail about the development of mobile payment.

⁸ The results of the SPM show how these expenditures are distributed in relative terms among the various means of payment or settlement products. The absolute figures on digital payment traffic in Switzerland (based on public data from the Swiss National Bank) are presented in a dashboard on the SPM website at the following link: www.swisspayment-monitor.ch/snb-daten.

⁹ SPM 2019, 2020, 1/2021, 1/2022 and 1/2023 data refer to the October/November survey of the previous year respectively, while SPM 2/2021, 2/2022 and 2/2023 data refer to the May 2021, 2022 and 2023 survey respectively.

¹⁰ 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 triggered within a payment app or merchant-specific mobile app (cf. Box 1 in chapter 3.1).

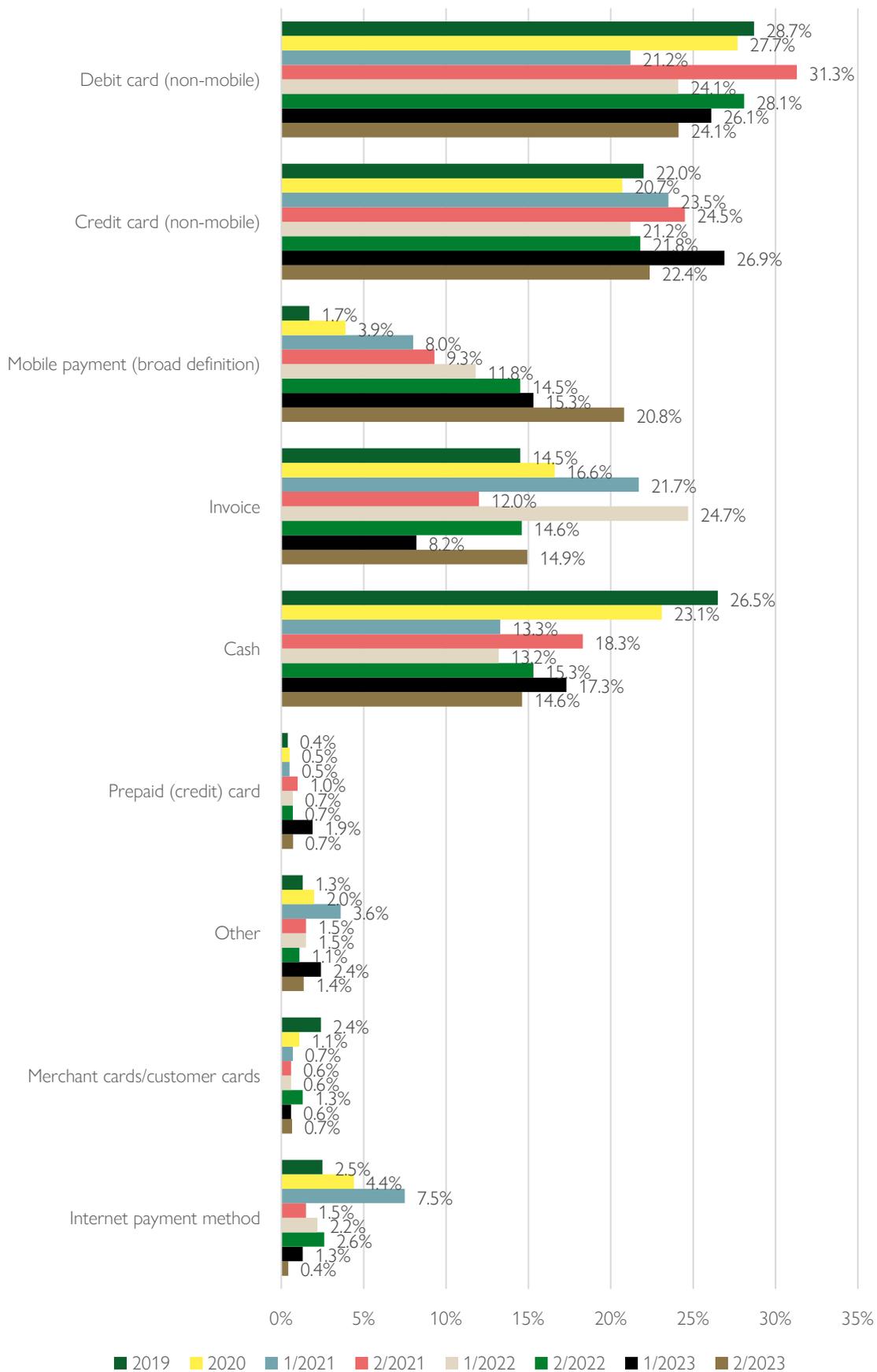


Figure 2: Payment instrument shares by turnover in the total market according to payment means
 Remarks: According to diary entries; only domestic payments; the category "mobile payment" also includes card payments initiated within a payment app or merchant-specific mobile app (see definition in Box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

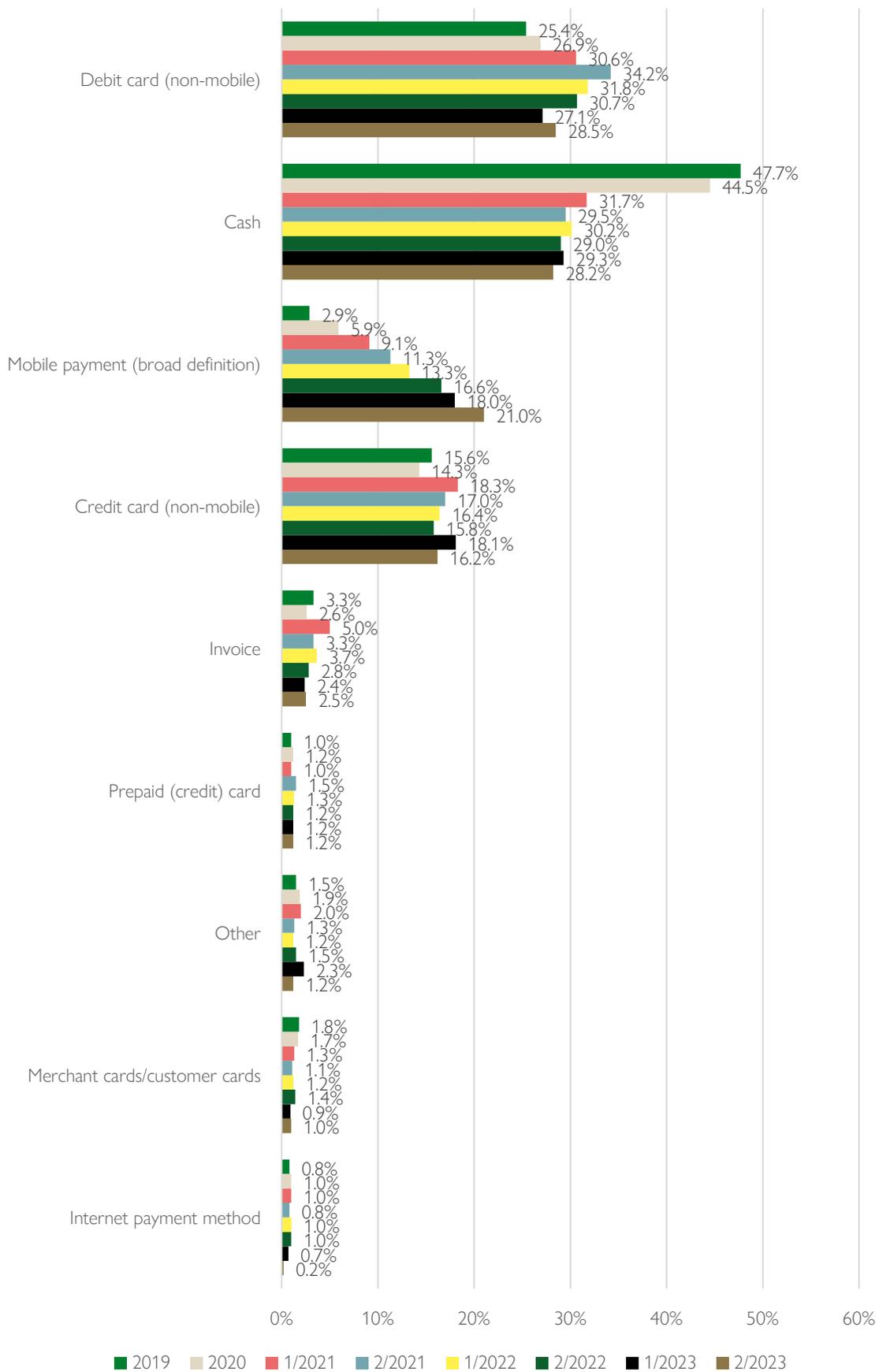


Figure 3: Payment instrument shares by number of transactions in the total market according to payment means
 Remarks: According to diary entries; only domestic payments; the category "mobile payment" also includes card payments initiated within a payment app or merchant-specific mobile app (see definition in Box 1).

3.2.2 Total market according to settlement product

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

The credit card holds the top position as a settlement product in terms of turnover with 29.7 percent, ahead of the debit card with 27.9 percent (cf. Figure 4). This shows the opposite picture than when looking at the means of payment (see Figure 2). The credit card is thus used significantly more often as a settlement product for a payment initiated with a mobile device than the debit card. The difference in the shares between Figure 2 and Figure 4 shows that these payments account for 7.3 percentage points of the credit card's share of turnover and 3.8 percentage points of the debit card's share of turnover.

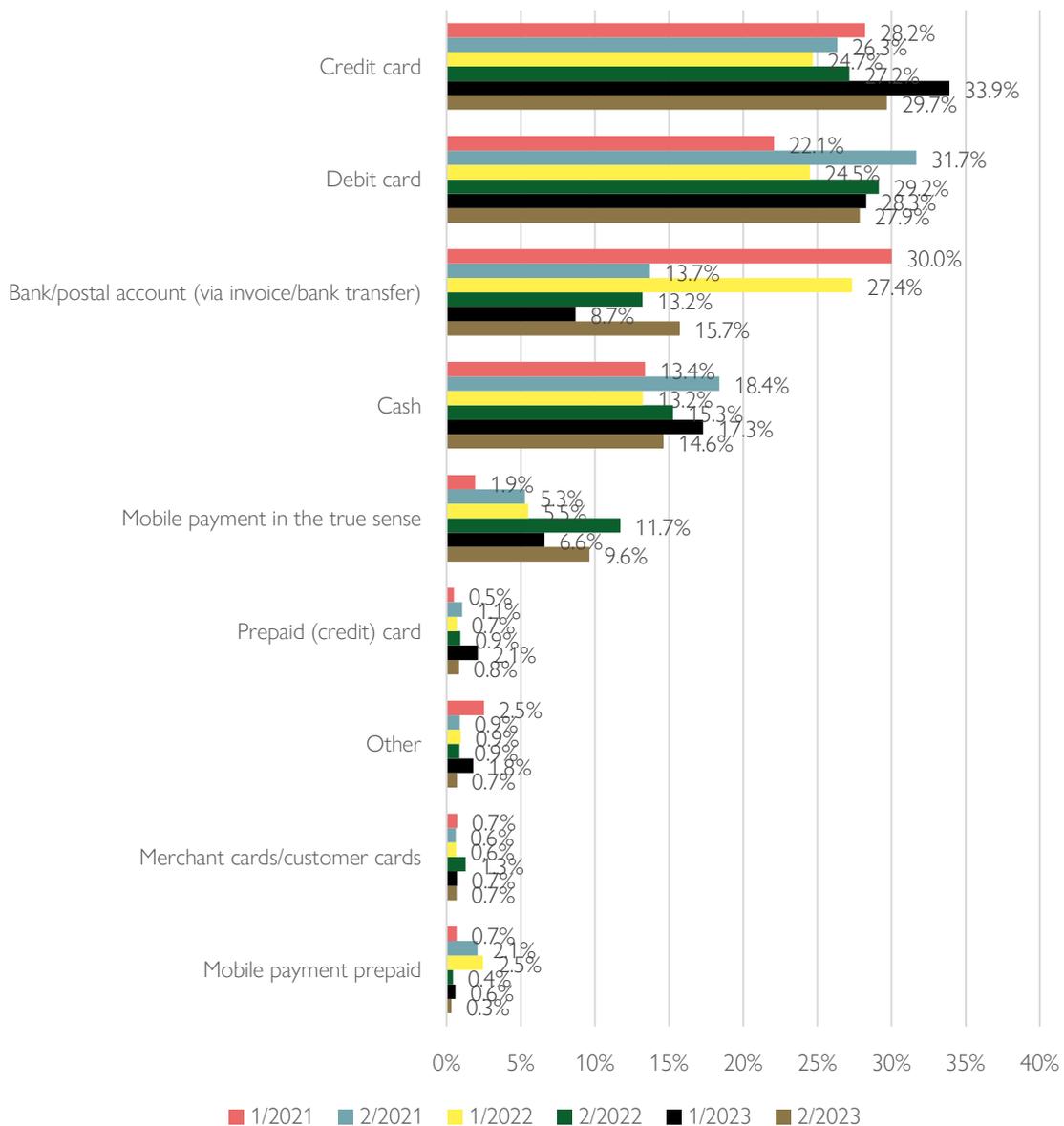


Figure 4: Payment means shares by turnover in the total market according to settlement product
Remarks: According to diary entries; domestic payments only.

Measured by the number of transactions, the debit card as a settlement product is clearly in first place with a share of 32.4 percent (cf. Figure 5). With a plus of 2.6 PP compared to the SPM 1/2023, it is again clearly ahead of the credit card, whose share after an outlier upwards in the SPM 1/2023 has fallen by 3.3 percentage points to 22.6 percent (cf. Figure 5).

Mobile payment in the true sense continues its long-term growth trend and already has a double-digit share of 10.0 percent (+3.0 PP) in terms of the number of transactions (cf. Figure 5). This testifies to the strong growth of Twint ("mobile payment in the true sense"), which is referred to in Chapter 5 will be discussed in more detail.

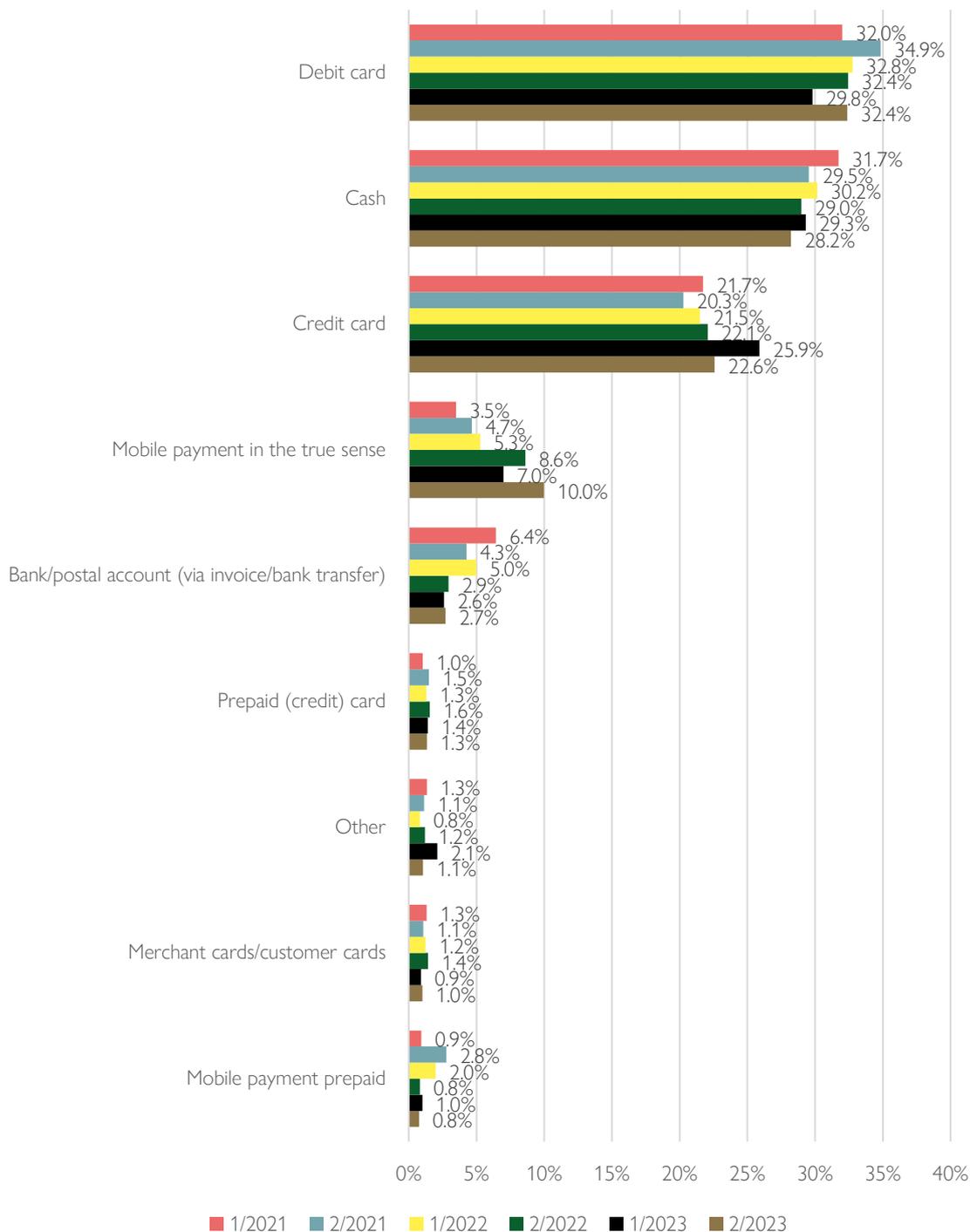


Figure 5: Payment instrument shares by number of transactions in the total market according to settlement product
Remarks: According to diary entries; domestic payments only.

3.3 Presence business

3.3.1 Presence business 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 2/2023 survey is also dominant (66%), as in the previous waves, although less pronounced than in the frequency of use. Due to the high proportion of face-to-face business in the sample, 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 6 and Figure 7 show the development of the share of turnover and the share by number of transactions of different means of payment in the face-to-face business over time. It is noticeable that the non-mobile use of the debit card has always accounted for the largest share of turnover since the first SPM and is 34.3 percent in the latest survey (cf. Figure 6). Measured in terms of the number of transactions, however, cash, with a share of 32.1 percent, can hold its ground just ahead of the non-mobile use of the debit card with 32.0 percent (+1.4 PP), despite a decline of 1.5 percentage points compared to the SPM 1/2023 (see Figure 7). Together with Figure 11 this shows that practically all of the data shown in Figure 3 of non-mobile debit card usage shown in Figure 3 is due to the presence business.

When asked about the reasons¹¹ for choosing cash as a means of payment, the most frequent answer (36.7%) is the amount. Cash is used particularly frequently for very small amounts (up to CHF 5) and small amounts (CHF 5 to 20). The second most frequent answer (31.7%) is habit as a reason for using cash. In the current survey, the avoidance of fees for the merchant and the anonymity of the payment were also available as answer options for the first time. Both reasons play a subordinate role in the choice of cash (8.2% "avoidance of fees for the merchant"; 3.2% "anonymity").

For cashless payments, the most frequent reason given is habit (56.7%), followed by speed of payment (32.1%), preference for cashless payments at this type of merchant (29.3%) and amount (28.6%). In particular, larger amounts are disproportionately often paid with a payment card, which is why the non-mobile use of debit and credit cards occupy the first two places in terms of turnover share in the presence business. In terms of the number of transactions, however, debit and credit cards rank first and third (cf. Figure 6 and Figure 7).¹²

¹¹ Multiple answers were possible to the question about the reasons for the choice of payment method.

¹² This also applies to the market as a whole (cf. chapter 3.2.1).

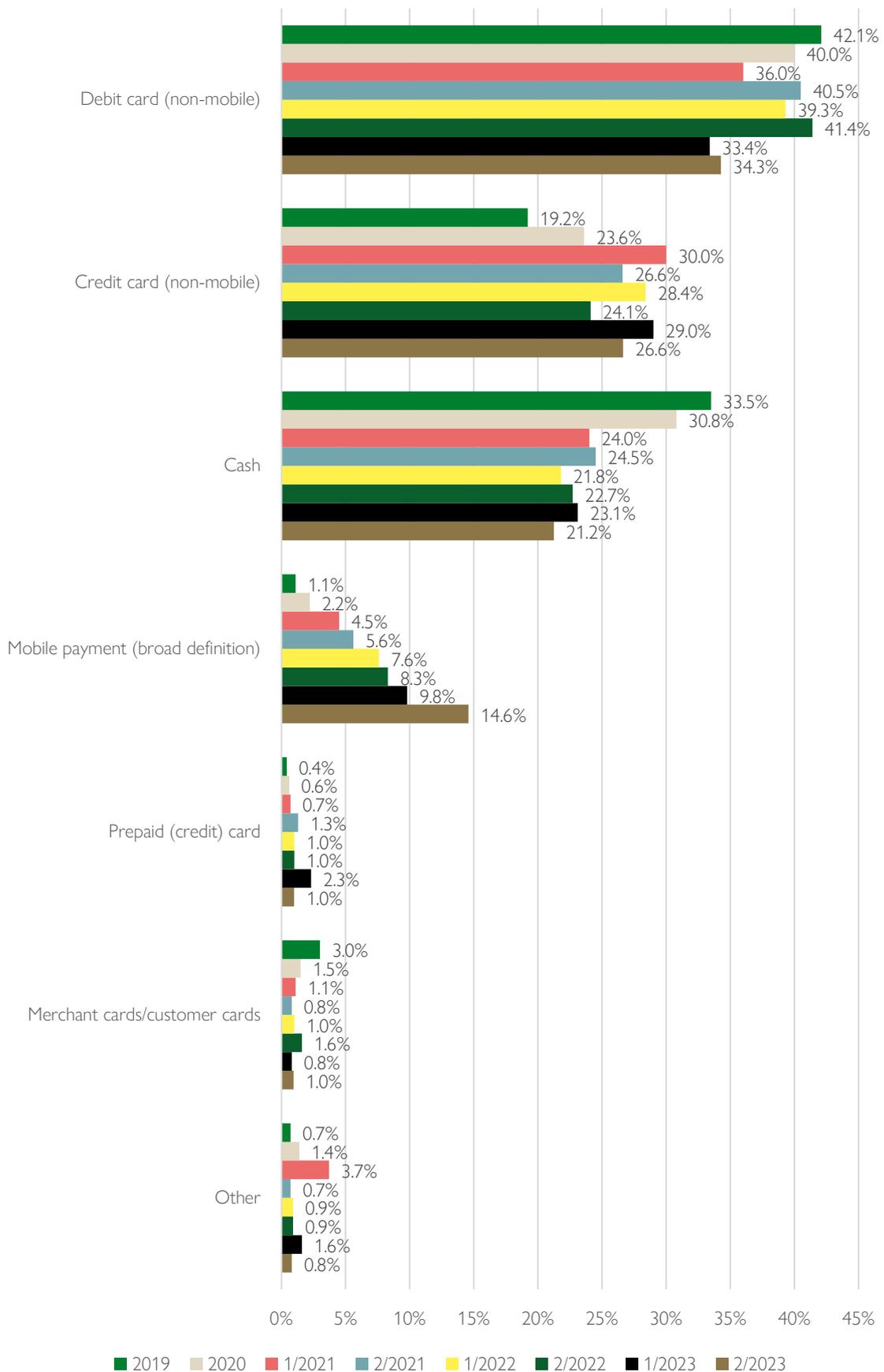


Figure 6: Payment instrument shares by turnover in the face-to-face business according to means of payment
 Remarks: According to diary entries; only domestic payments; the category "mobile payment" also includes card payments triggered within a payment app or merchant-specific mobile app (see definition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

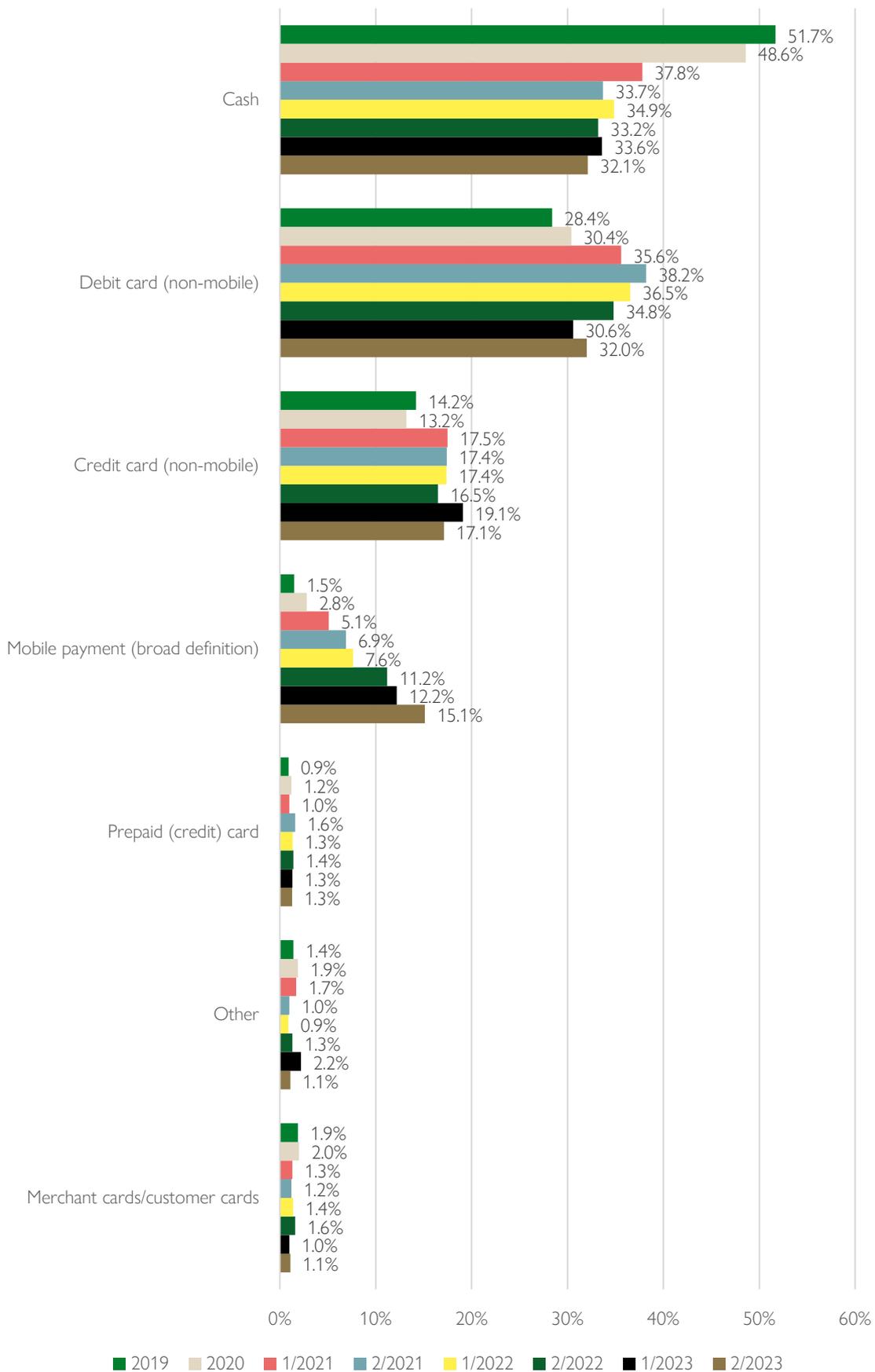


Figure 7: Payment instrument shares by number of transactions in the face-to-face business according to payment method
 Remarks: According to diary entries; only domestic payments; the category "mobile payment" also includes card payments triggered within a payment app or merchant-specific mobile app (see definition in Box 1).

3.3.2 Presence business according to settlement 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 8 and Figure 9). When looking at the share of turnover by payment product, the gap between the debit card (37.7 percent) in first place and the credit card (32.3 percent) in second place is not as large as it is by means of payment, since in the face-to-face business, payments with e-wallets such as Apple Pay, Samsung Pay or Google Pay are more often made with a credit card instead of a debit card (see Figure 8 and Figure 9).

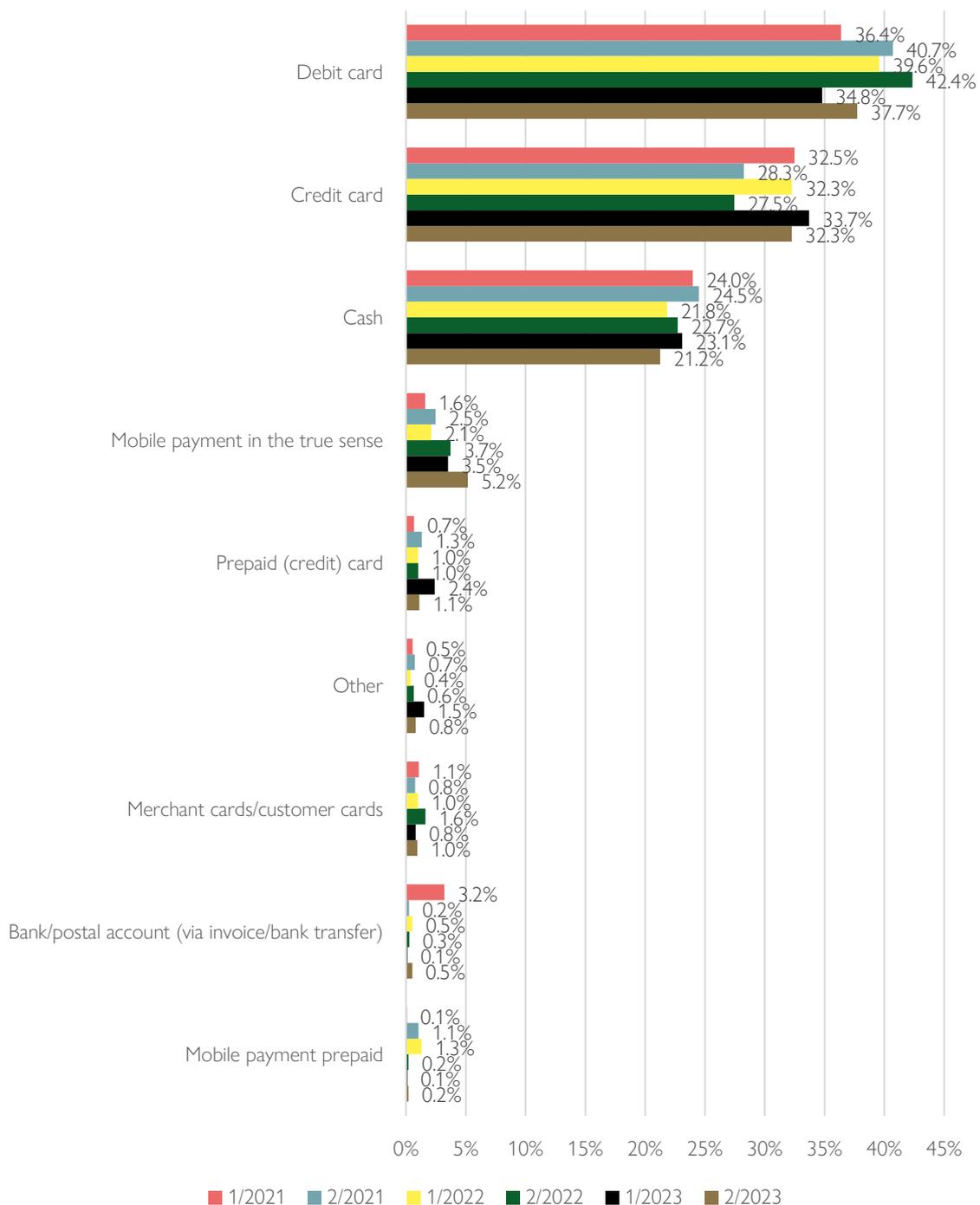


Figure 8: Payment instrument shares by turnover in the presence business according to settlement product
Remarks: According to diary entries; domestic payments only.

The revenue and transaction share of mobile payments in the true sense is 5.2 and 6.9 percent in the presence business (cf. Figure 8 and Figure 9) is significantly lower than according to the broader definition (14.6% and 15.1% respectively) (cf. Figure 6 and Figure 7). However, mobile payment in the true sense shows a clear growth in turnover and transaction share compared to the previous surveys. After a slight decline in SPM 1/2023, the current results are back on the growth path manifested for mobile payments in the true sense - i.e. Twint (cf. Figure 8 and Figure 9).

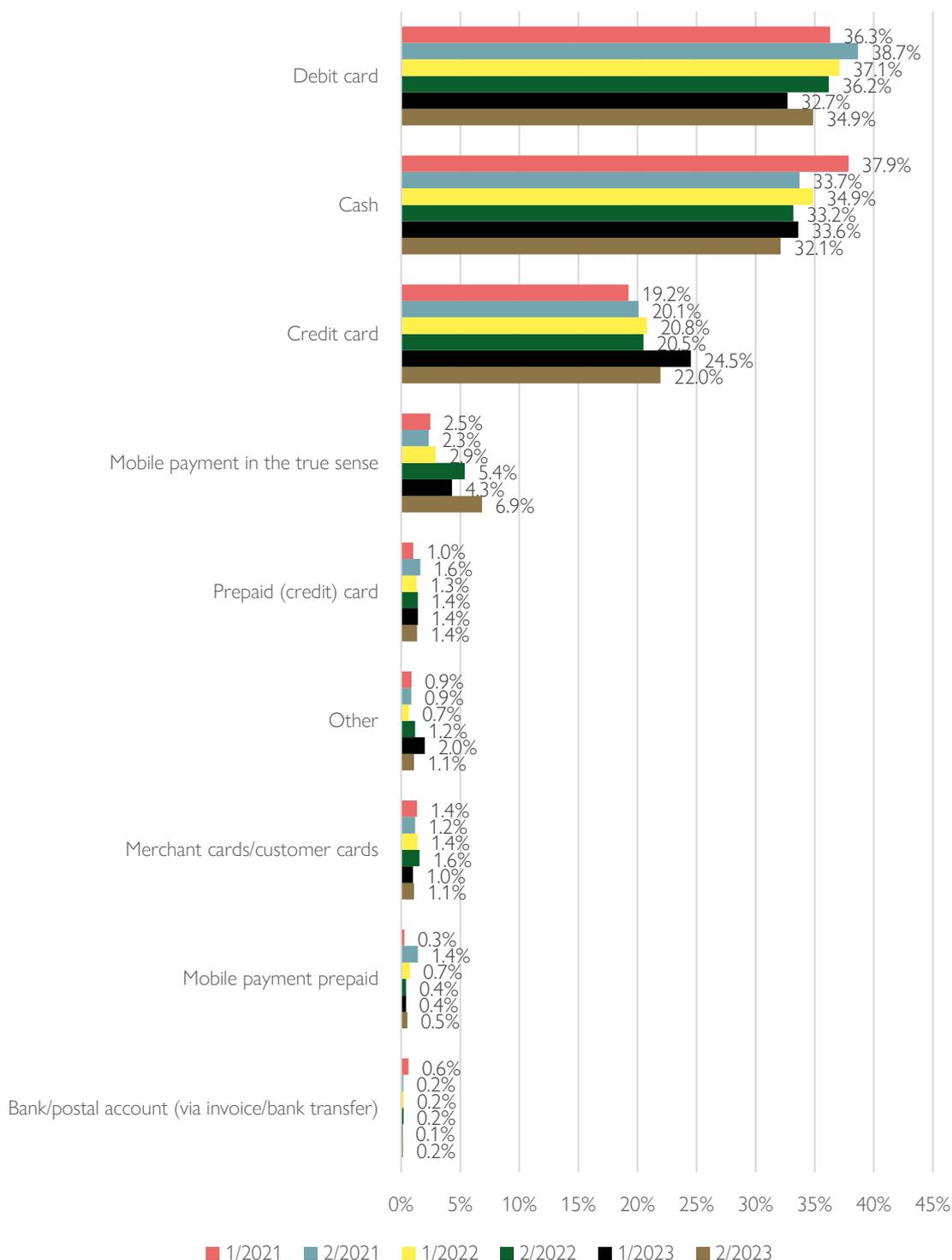


Figure 9: Payment instrument shares by number of transactions in the presence business according to settlement product
Remarks: According to diary entries; domestic payments only.

3.4 Distance business

3.4.1 Distance business according to means of payment

Figure 10 and Figure 11 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.¹³ It is noticeable that mobile payment according to the broad definition has continued to grow significantly compared to SPM 1/2023 and has expanded its top position by 6.6 PP to 63.7 percent share measured by the number of transactions (cf. Figure 11). At the same time, the transaction shares of non-mobile use of credit cards (-2.1 PP) and non-mobile internet payment methods (-3.6 PP) in the distance business declined (cf. Figure 11). This means that more and more online purchases are being made directly on a mobile device and payments via an internet browser on a laptop/desktop are increasingly moving into the background.

With regard to the share of turnover, however, the invoice in the distance business remains the clear number one with 46.9 percent (cf. Figure 10). This value is practically in line with the long-term average, after the SPM 1/2023 showed a downward outlier for the turnover share of the invoice. However, the invoice as a means of payment was not only able to increase its generally more volatile share of turnover, but also its share by number of transactions with a plus of 1.6 PP to 20.0 percent (cf. Figure 11). This shows that for the Swiss population, ordering on invoice in distance purchasing continues to be very popular. This could be due to the fact that with purchase on invoice, the goods do not have to be paid for directly at the time of ordering, but only after delivery has taken place. This advantage is even more important in online retailing, where the receipt of functioning goods is less certain than when a product is purchased in a retail shop and can be checked on site.

The most important reason given for choosing a means of payment in distance business is habit (39.0%), followed by the type of merchant (31.8%).¹⁴ This means that depending on the type of merchant, a different means of payment is preferred. Close behind in third place is the speed of payment (31.0%) as a reason for choosing the means of payment. This plays a role above all in the decision to use mobile payment. For example, if the means of payment is already stored in an app, the payment can be triggered quickly and easily with just a few finger movements. The security of the payment is cited fifth most often (15.6%) as a reason for choosing the means of payment - and predominantly as a reason for choosing the credit card.

¹³ When comparing the turnover shares in the distance business of different surveys, it is important to note that with an average total number of around 600-670 distance payments per survey, individual large amounts have a strong influence on the shares of the means of payment.

¹⁴ Multiple answers were possible to the question about the reasons for the choice of payment method.

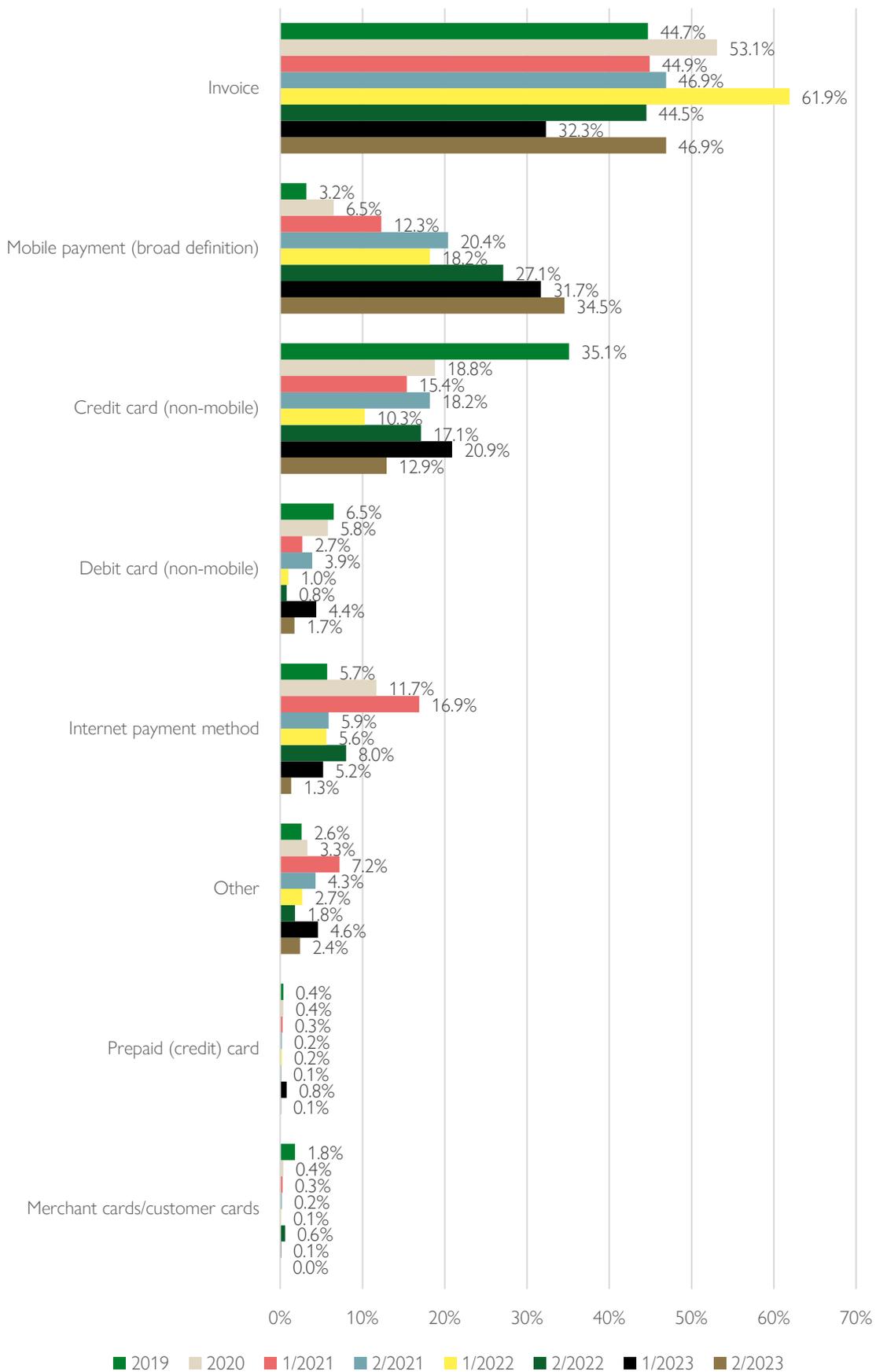


Figure 10: Payment instrument shares by turnover in distance business according to means of payment
 Remarks: According to diary entries; only domestic payments; the category "mobile payment" also includes card payments triggered within a payment app or merchant-specific mobile app (see definition in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

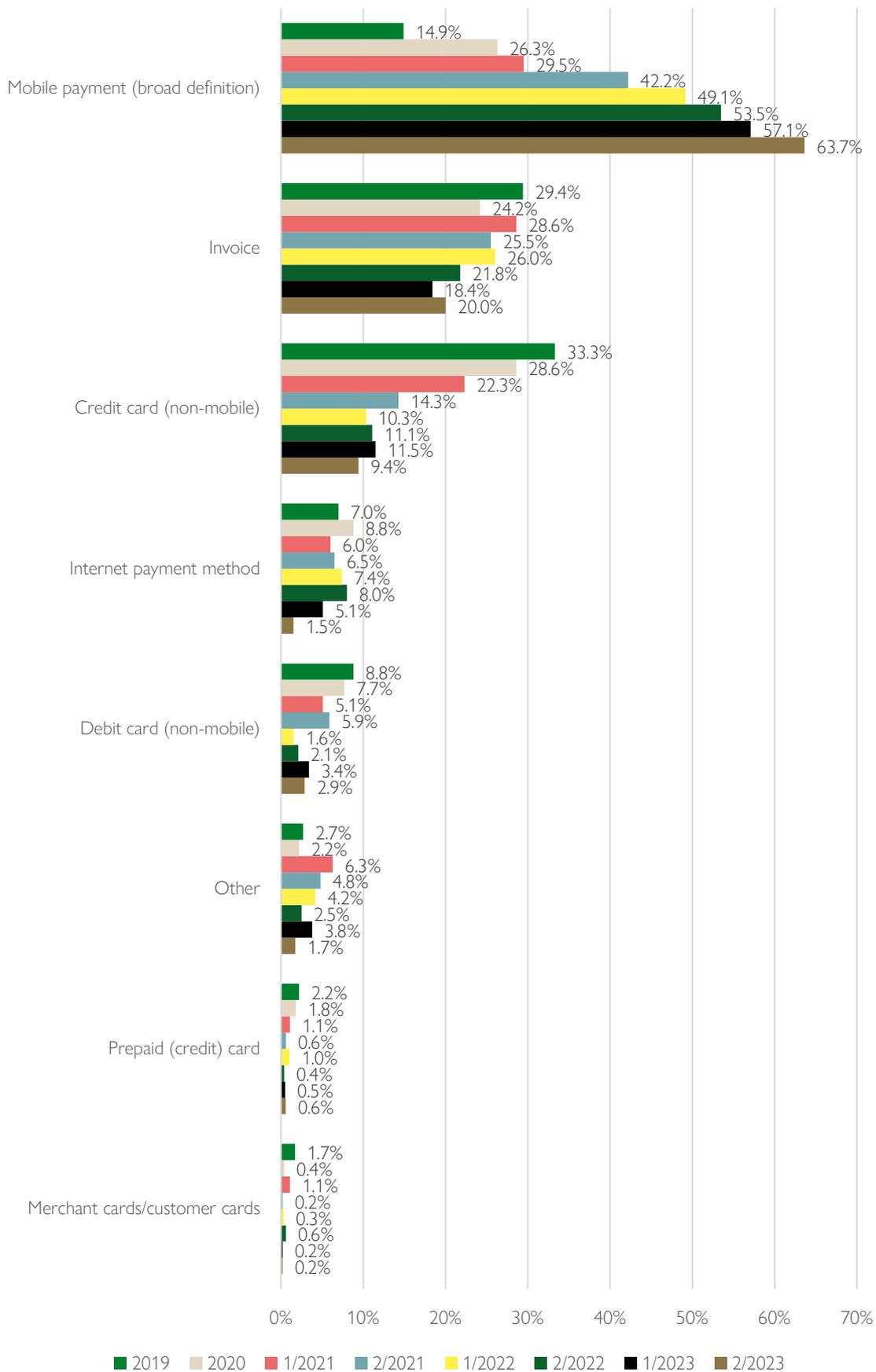


Figure 11: Payment instrument shares by number of transactions in distance business according to means of payment
 Remarks: According to diary entries; only domestic payments; the category "mobile payment" also includes card payments triggered within a payment app or merchant-specific mobile app (see definition in Box 1).

3.4.2 Distance business according to settlement product

When looking at the distance business according to settlement product, it becomes clear in comparison to the evaluation according to means of payment that the credit card is the settlement product for many online payments via a mobile device and its shares of turnover (24.0%) and of the number of transactions (27.1%) are thus significantly higher (cf. Figure 12 and Figure 13). For the first time in the SPM, however, the latter value is not enough for the credit card to take first place. Measured in terms of the number of transactions, mobile payments in the true sense increased significantly by 7.6 percentage points to 32.7 percent, while the share of credit cards as a settlement product declined by 8.4 percentage points (cf. Figure 13). This shows that Twint has clearly gained shares in the distance business.

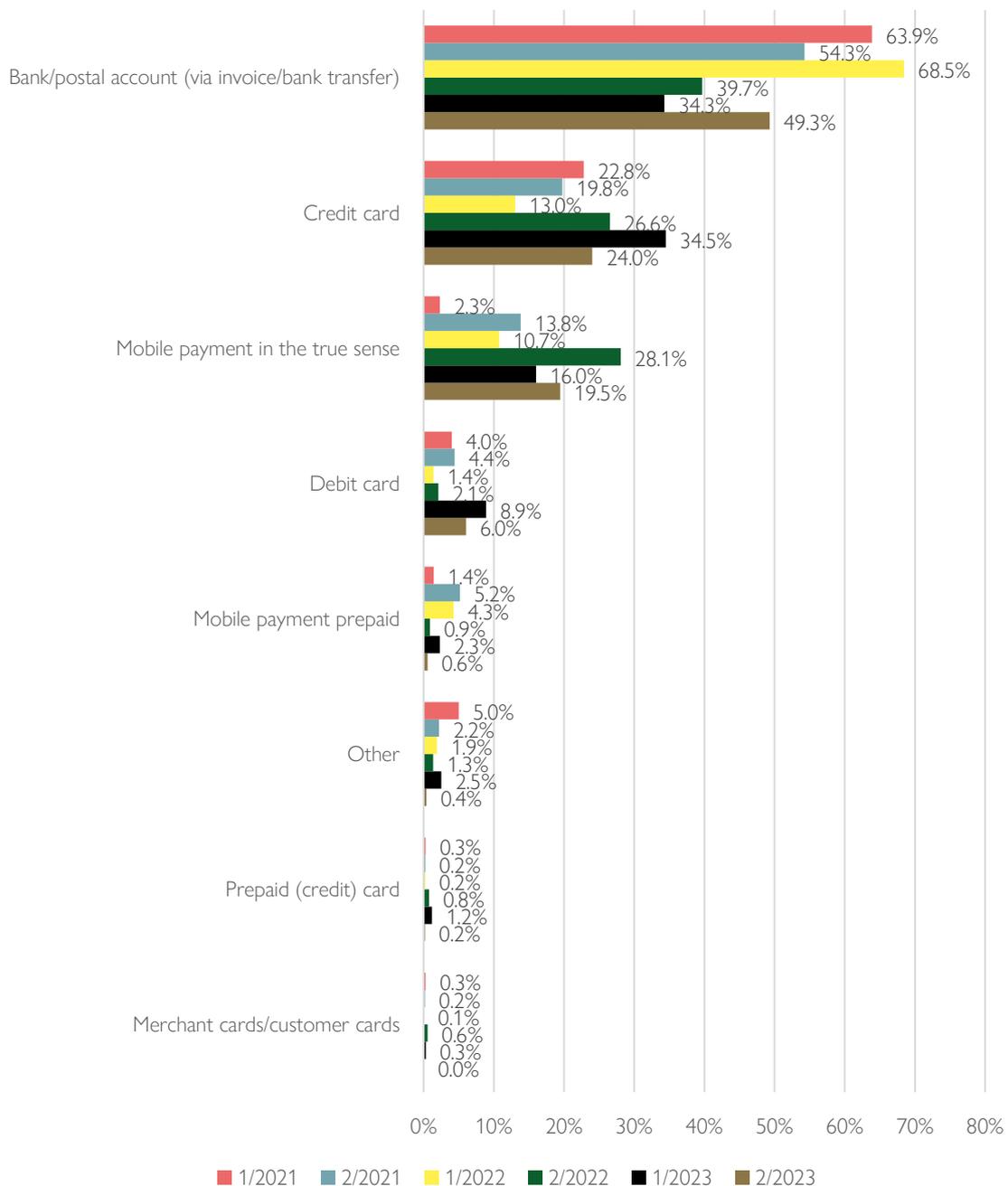


Figure 12: Payment instrument shares by turnover in distance business according to settlement product
Remarks: According to diary entries; domestic payments only.

When looking at the shares by number of transactions, the renewed strong growth of the debit card (+4.0 PP) as a settlement product is also striking (cf. Figure 13). This shows that the new online-capable generation of debit cards from Visa and Mastercard is increasingly deposited with mobile apps and applications and used as a settlement product. At the same time, the result also shows that most respondents correctly classify the new generation of debit cards, as older debit cards such as Maestro or V-Pay are not online-capable.

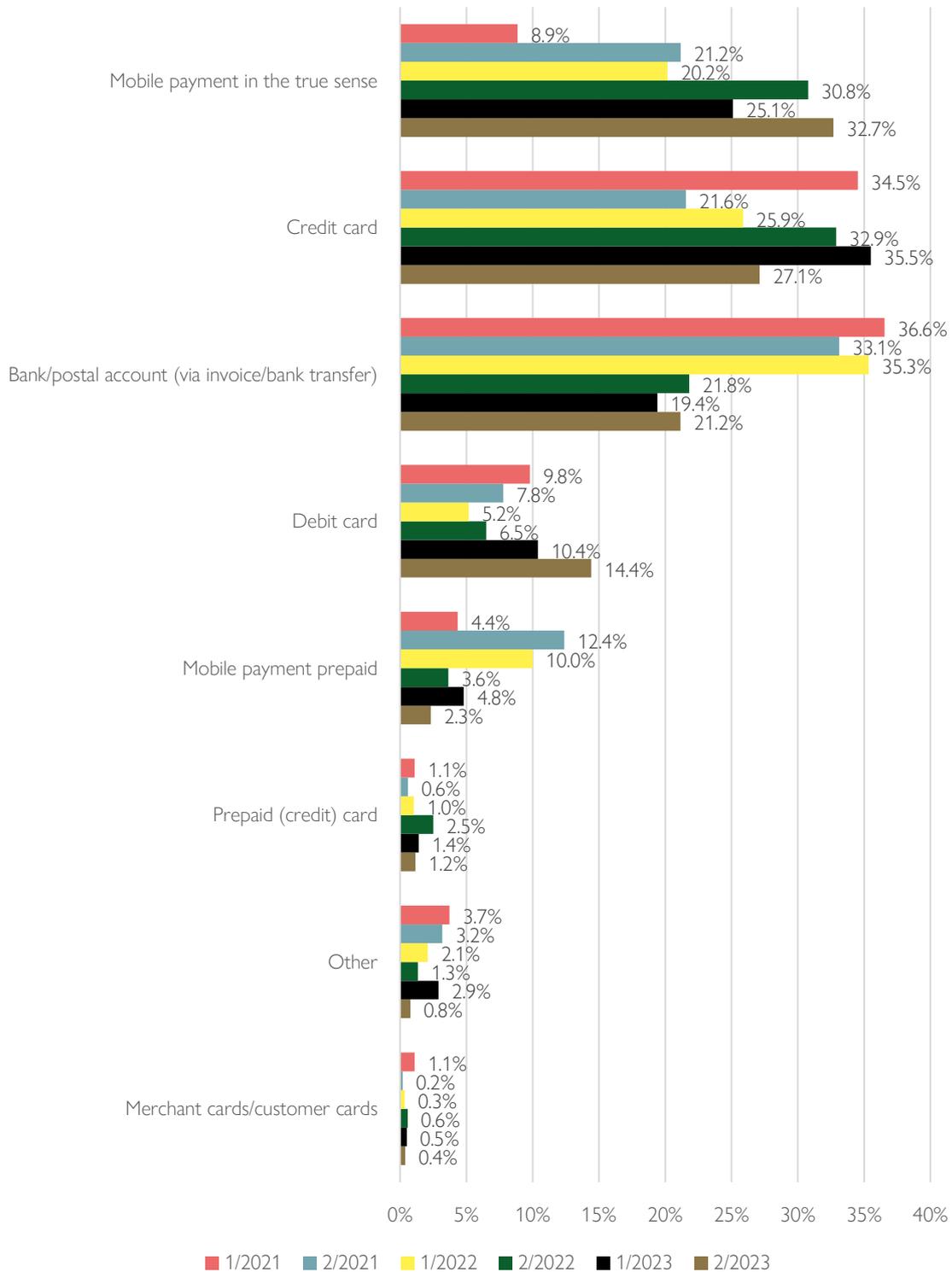


Figure 13: Payment instrument shares by number of transactions in distance business according to settlement product
Remarks: According to diary entries; domestic payments only.

4 Cash

4.1 Cash holdings

The use of cash among the Swiss population has more or less stabilised over the past two years, as chapter 3 shows. At the same time, there have recently been more and more people who usually no longer carry cash at all (cf. Figure 14). However, the current survey shows that compared to SPM 1/2023, the proportion of people who usually do not carry cash in their wallets has decreased by 3.1 percentage points to 12.7 percent (cf. Figure 14). Similarly, the share of the population that usually does not have cash at home has already declined before (cf. Figure 14).

Looking at the average sizes of cash usually carried and kept at home, there are only minor changes compared to the last survey, but with opposite tendencies: While the average amount of cash in the wallet increased minimally from an average of CHF 107 to CHF 113, the average amount of cash at home was reduced again somewhat after a noticeable increase in SPM 1/2023 - from CHF 831 to an average of CHF 780 (cf. Figure 15).

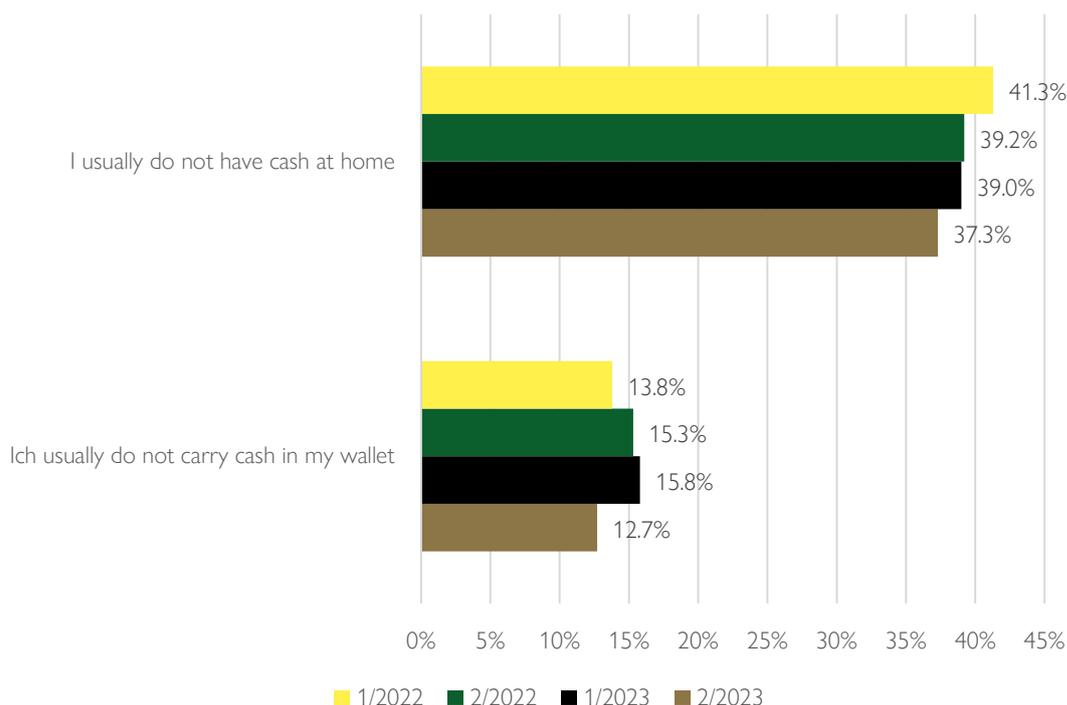


Figure 14: Proportion of people who do not carry cash and do not keep it at home.
Comments: According to online survey; questions: "How much cash do you usually have in your wallet or pocket?"; "How much cash do you usually keep at home or in another place (e.g. in a safe deposit box)?".

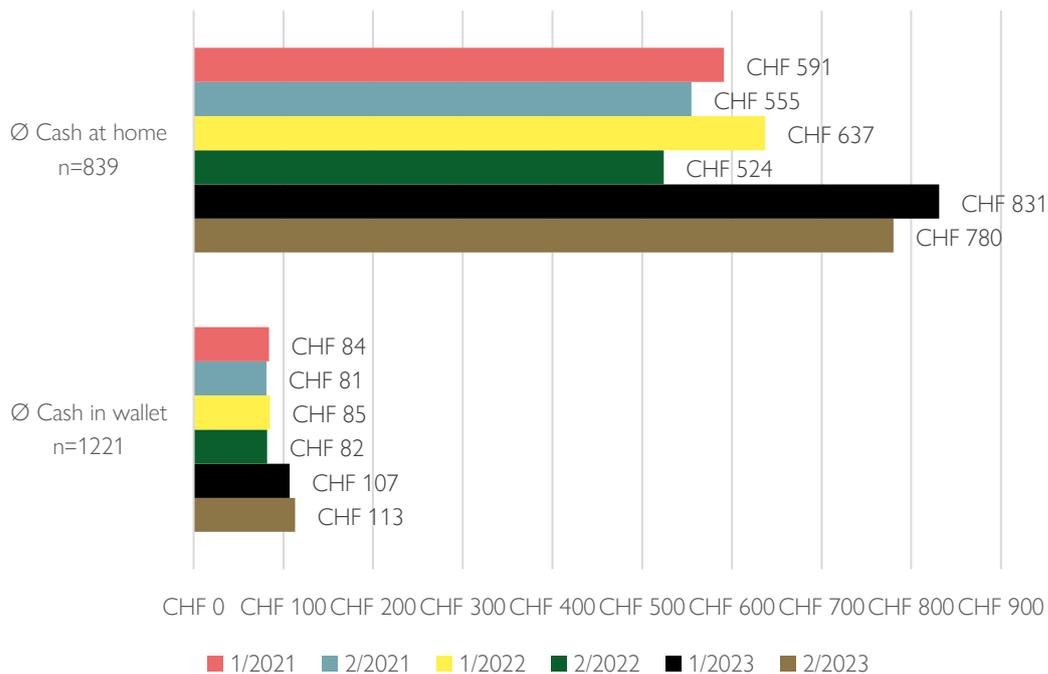


Figure 15: Average cash holdings per person

Comments: 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)?".

4.2 Attitude towards cash

Despite the slightly declining use of cash (cf. chapter 3), it is clear that an abolition of cash is unthinkable for an increasing number of respondents. The proportion of those who do not think abolishing cash is good at all or rather not good rose by 5.1 percentage points to 67.1 percent compared to the last survey (cf. Figure 16). It can be assumed that certain shifts in the attitude of the population are also influenced by current framework conditions such as political initiatives. In this respect, it will be exciting to see how the population's attitude towards cash abolition will develop in the future against the background of the current political circumstances.

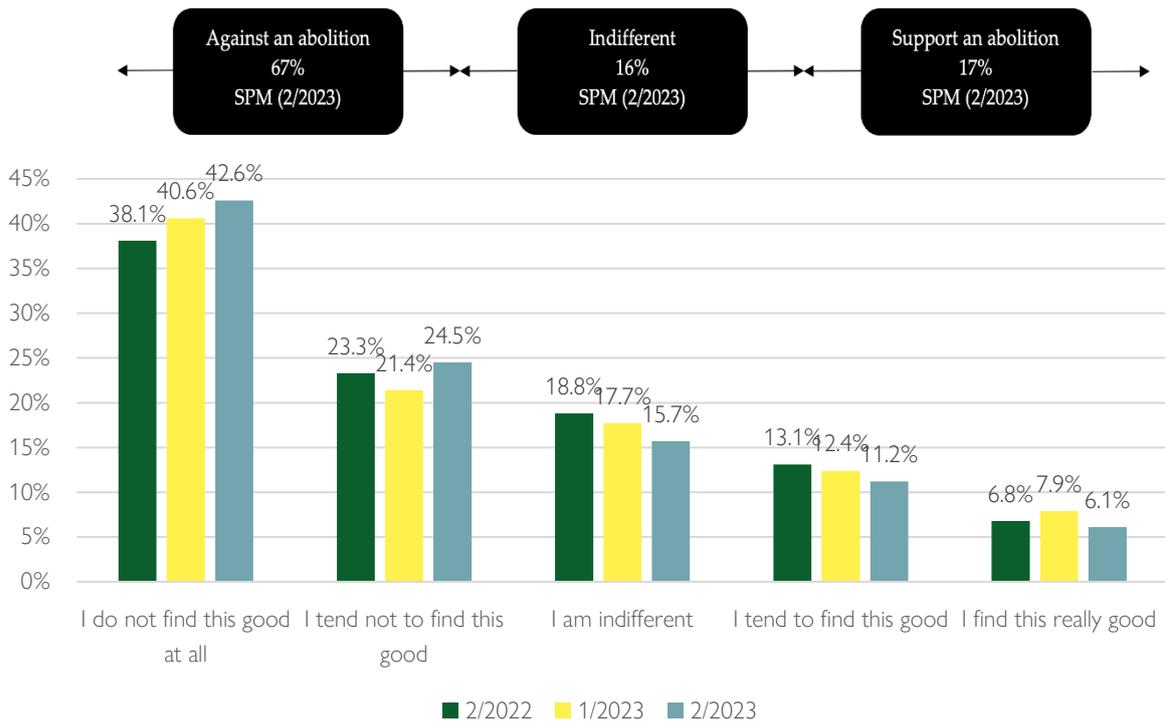


Figure 16: Attitude towards the abolition of cash

Comments: According to online survey; question: "Imagine cash being completely abolished. What do you think?"; scale from one to five from "I don't think it's good at all" to "I think it's very good".

4.3 Cash-back procedure

In this issue of the Swiss Payment Monitor, in addition to the recurring topics, "cash back" was examined in more detail. The cash-back procedure¹⁵ is an additional service that enables many payment service customers (e.g. bank customers with their credit or debit card, but also Sonect/Twint customers) to withdraw cash at certain points of sale and partner points (e.g. shopping outlets, kiosks, restaurants or bars). Depending on the payment service provider, it varies at which points cash can be withdrawn independently of the ATM or bank counter, whether and what fees apply, and what other general conditions must be met for use.¹⁶

Overall, the majority of respondents (61.3 percent) are aware of the possibility of withdrawing cash independently of ATMs and bank counters (cf. Figure 17). Of these, one third have already used the cash-back procedure once, i.e. around one in five respondents overall (cf. Figure 17). Cash withdrawals at the checkout were rated positively by 92 percent of the users. The debit card (73.1 percent) and the credit card (29.6 percent) were most frequently used for cash withdrawals. Other options such as Twint via Sonect (15.6 percent), Sonect itself (10.2 percent) or the PostFinance Card (2.1 percent) were used comparatively rarely.¹⁷

¹⁵ According to our use of the terminology "cash-back scheme", the term is understood as a specific form for obtaining cash. Accordingly, in this context of use, the term should not be confused with the cash-back scheme as a specific bonus or rebate programme for purchase transactions.

¹⁶ For example, whether the withdrawal of money is only possible in connection with a purchase or independently of it, whether there is a minimum purchase value, if any, and the maximum amount of the withdrawal.

¹⁷ Multiple answers were possible for this question.

In an open survey, the reasons given for using this method were convenience and time savings. The respondents appreciate the fact that they do not have to make an additional trip to the ATM and that it is possible to transact directly while shopping. It is interesting that many respondents stated that their focus was actually on shopping and that the cash withdrawal was seen as an attractive and convenient additional service, while other respondents stated that their focus was on the cash withdrawal, which they could supplement with a purchase.

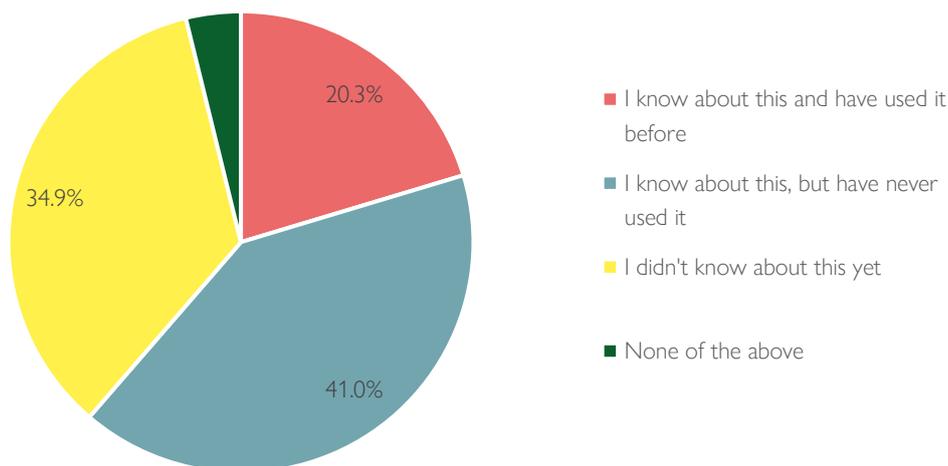


Figure 17: Knowledge and use of cash withdrawal services at the shop checkout
 Note: According to online survey in May 2023; question: "Are you aware of the possibility to withdraw cash at shop tills of selected (retail) traders?"

Another reason often given for using the cash-back procedure is that the process is quick and easy. It was also stated that the proximity and accessibility of alternatives play a role: Often, no corresponding ATM or bank counter is available in the immediate vicinity for the respondents, which is why it is not possible or only difficult to obtain cash by other means. Another argument in favour of this variant of obtaining cash is that it is free of charge, whereas respondents often have to pay fees when using ATMs other than their own bank.

The reasons for not using the cash-back procedure were often described as a lack of need or the existence of other options. It was also very often stated that the non-use was not so much based on an active decision against this possibility of obtaining cash, but that in the corresponding situation, people did not even think about the fact that this option would be available. In addition, the lack of availability of the offer, the lower convenience or the incurrence of fees were mentioned. Other points that speak against the use of the cash-back procedure for some respondents are the insufficiently perceived discretion and privacy in the environment of a shop checkout, a lack of feeling of security or trust in the procedure as well as the view that such services are to be provided by a bank and that financial data should not be shared with retailers. Ignorance and a lack of know-how, including feelings of shame at not knowing how to handle a cash withdrawal at the shop checkout, are further reasons for not using the procedure for some respondents.

Slightly more than one third of the respondents (34.9 percent) have no knowledge at all of this variant of cash withdrawal (cf. Figure 17). A further 3.8 percent are unsure what is meant by cash withdrawals at cash registers (see Figure 17).

In summary, it can be said that cash withdrawals at points of sale will probably continue to gain in importance in the future, also against the background of a decreasing number of ATMs.

5 Mobile payment

Overall and in relative terms, Twint remains by far the most-used mobile payment solution in Switzerland: 64.0 percent of transactions with mobile devices (this includes all types of mobile payment, cf. Box 1) are processed with Twint (cf. Figure 18). The relative usage share of Twint is thus again above the level of SPM 2/2022, while the foreign payment apps such as Apple Pay (-6.8 PP), Samsung Pay (-2.9 PP) and Google Pay (-2.6 PP) all lost shares in relative terms and, with the exception of Google Pay, ended up below the level of SPM 2/2022 (cf. Figure 18). Three out of four respondents stated that they had used Twint in the past six months, which shows an extremely high market penetration in Switzerland.

This development is also reflected in the way mobile payments are made in Switzerland: On-site payments via QR code - the majority method offered by Twint - are back in first place among mobile payment methods with 29.4 percent compared to the last survey. On-site payments via NFC - for example with Apple Pay, Samsung Pay and Google Pay - are the second most popular mobile payment method with 27.9 percent. The other places in the type of mobile payment are followed by "Online in an app with integrated payment function" (23.3%), "Transfer with mobile phone to private person in Germany" (6.3%) and "On the internet with deposited payment data" (4.1%).

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 19 shows an overview of the underlying means of payment for payment apps. According to the respondents, 82.6 percent of Twint payments are directly linked to the bank account (cf. Figure 19).

Other mobile payment apps such as Apple Pay, Google Pay or Samsung Pay are mainly linked to credit cards: 62.2% of transactions with other payment apps (excluding Twint) are based on credit cards, followed by debit card (23.1%) and direct account link (13.3%) (cf. Figure 19). The debit card as a deposited means of payment has thus increased by 4.0 percentage points compared to SPM 1/2023, which is most likely related to the new generation of debit cards that can be deposited with the popular payment apps (cf. Box 2).

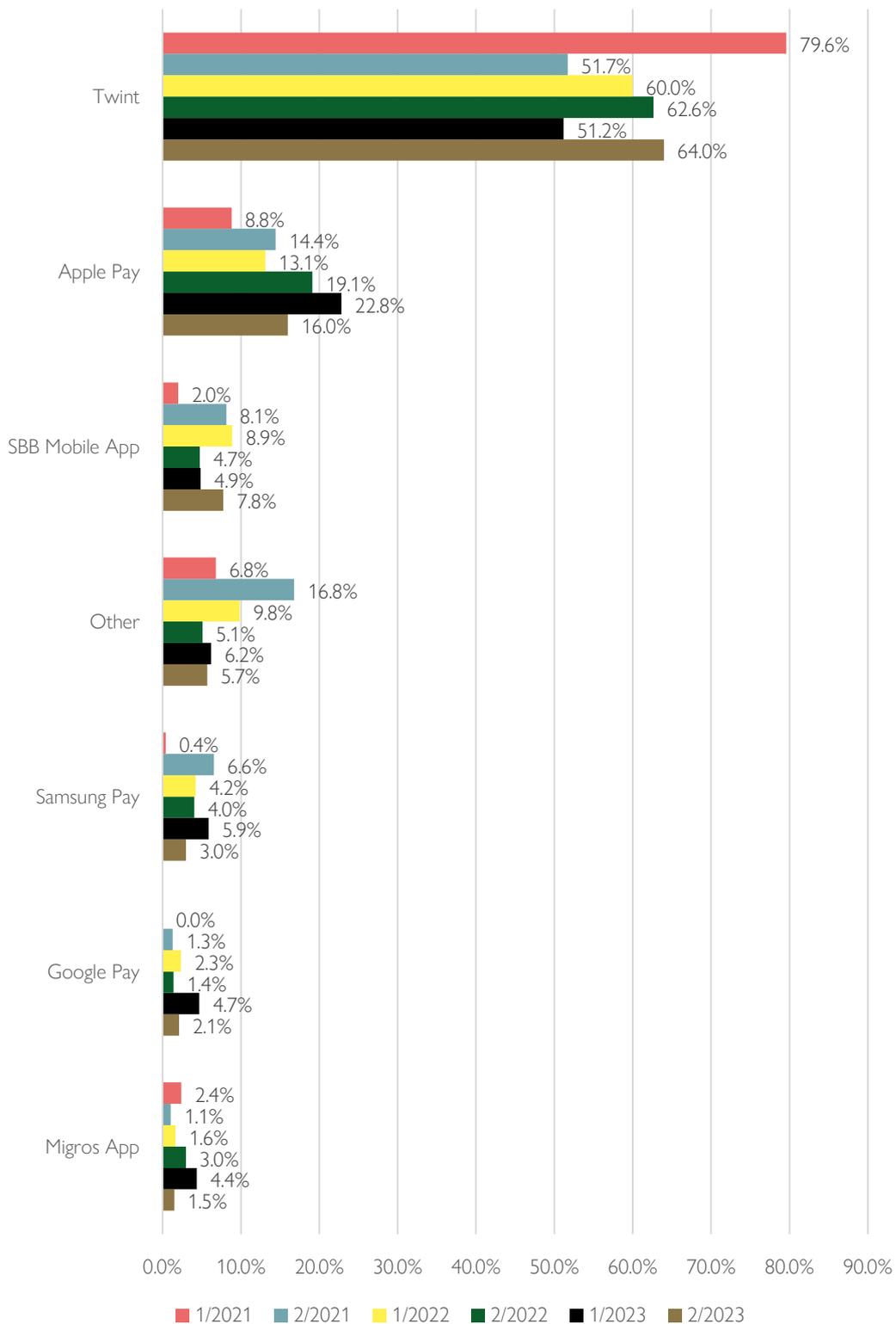


Figure 18: Shares of payment providers in mobile payments by number of transactions in the total market
 Remarks: According to diary entries; domestic payments only; mobile payments according to broad definition (cf. Box 1).

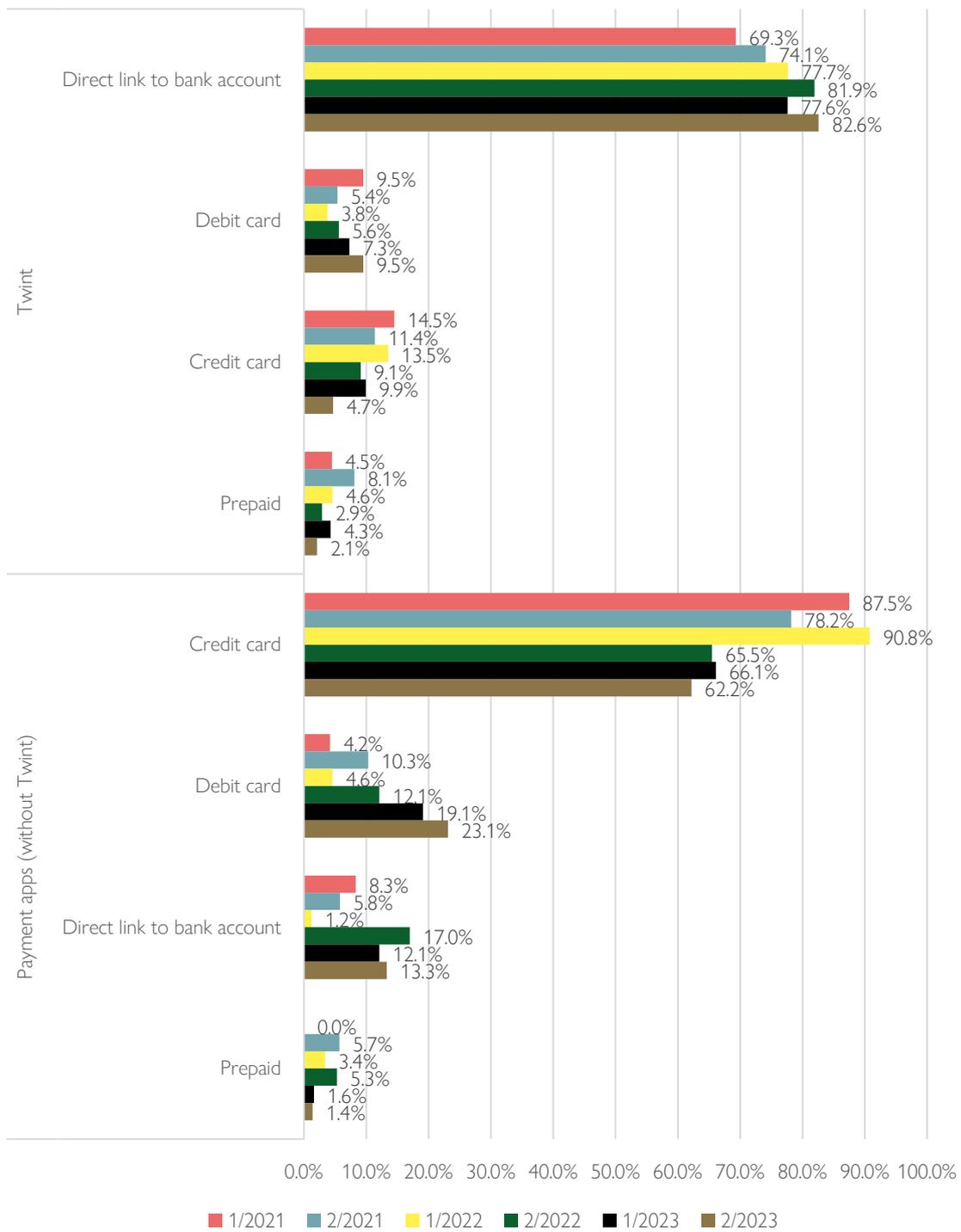


Figure 19: Underlying payment method for payment apps by number of transactions in the total market
 Remarks: According to diary entries; only domestic payments. It is pointed out that, technically speaking, a Twint payment is never processed via a debit card. The fact that this is declared by some respondents could be due to the fact that when onboarding Twint, the debit card must sometimes be specified for identification. In the end, however, Twint is still directly linked to the account.

6 Neobanks

Overall, 37.2 percent of respondents document having already used new online banking solutions from a new bank at least once (cf. Figure 20). Although this is 0.7 percentage points more than half a year ago, the growth in the share of use seems to be levelling off.

Like Figure 21 shows, Revolut is used most frequently (14.8% of respondents; -0.1 PP), as in previous surveys, followed by Neon (13.5%; -0.3 PP), Yuh¹⁸ (12.0%; +1.9 PP), Credit Suisse CSX¹⁹ (10.6%; -0.4 PP), Wise (10.5%; +1.4 PP) and Zak (8.6%; -1.5 PP). With a usage share of 12 percent, Yuh is thus only two years after its launch, just behind Revolut, which already entered the Swiss market in 2017 and has had an advantage as a pioneer. Overall, all neobanks except Yuh and Wise have lost usage shares. Compared to SPM 1/2023, Yuh has gained two places in relative terms and Zak has lost two places.

At 60.9% (+6.1 pp), the majority of users use neobanks for certain selected purposes. In contrast, the share of the population that uses neobanks as a primary means of payment or as a main bank connection has decreased by 5.6 pp to 30.4 percent. The trend indicates that neobanks continue to serve primarily as substitutes for some of the classic retail banking offers and do not completely replace the traditional banking relationship.

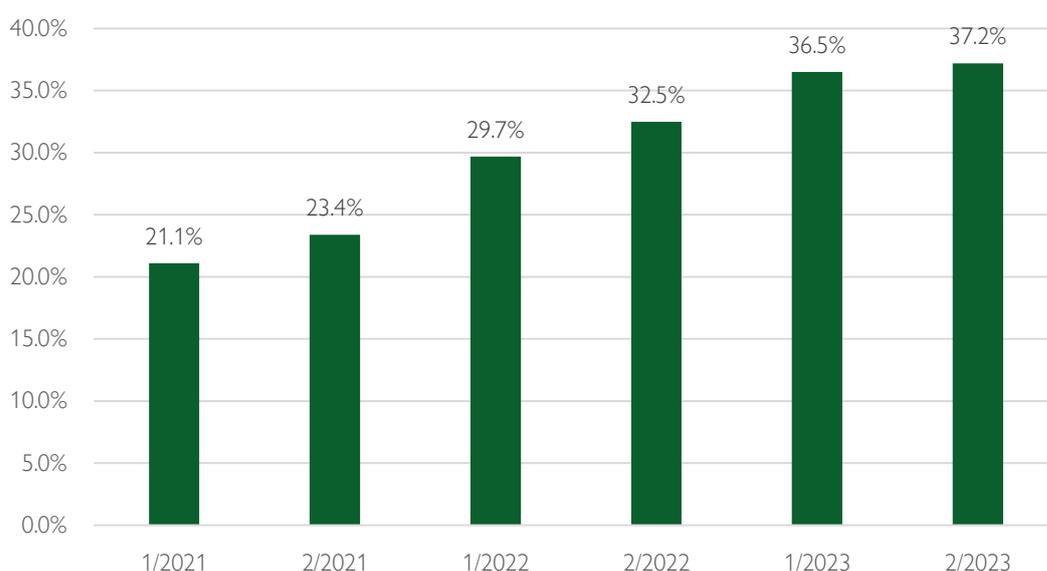


Figure 20: Proportion of respondents using at least one neobank
Remarks: According to online survey in May 2023.

¹⁸ Yuh is a financial app launched in collaboration between Swissquote and PostFinance in 2021.

¹⁹ 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.

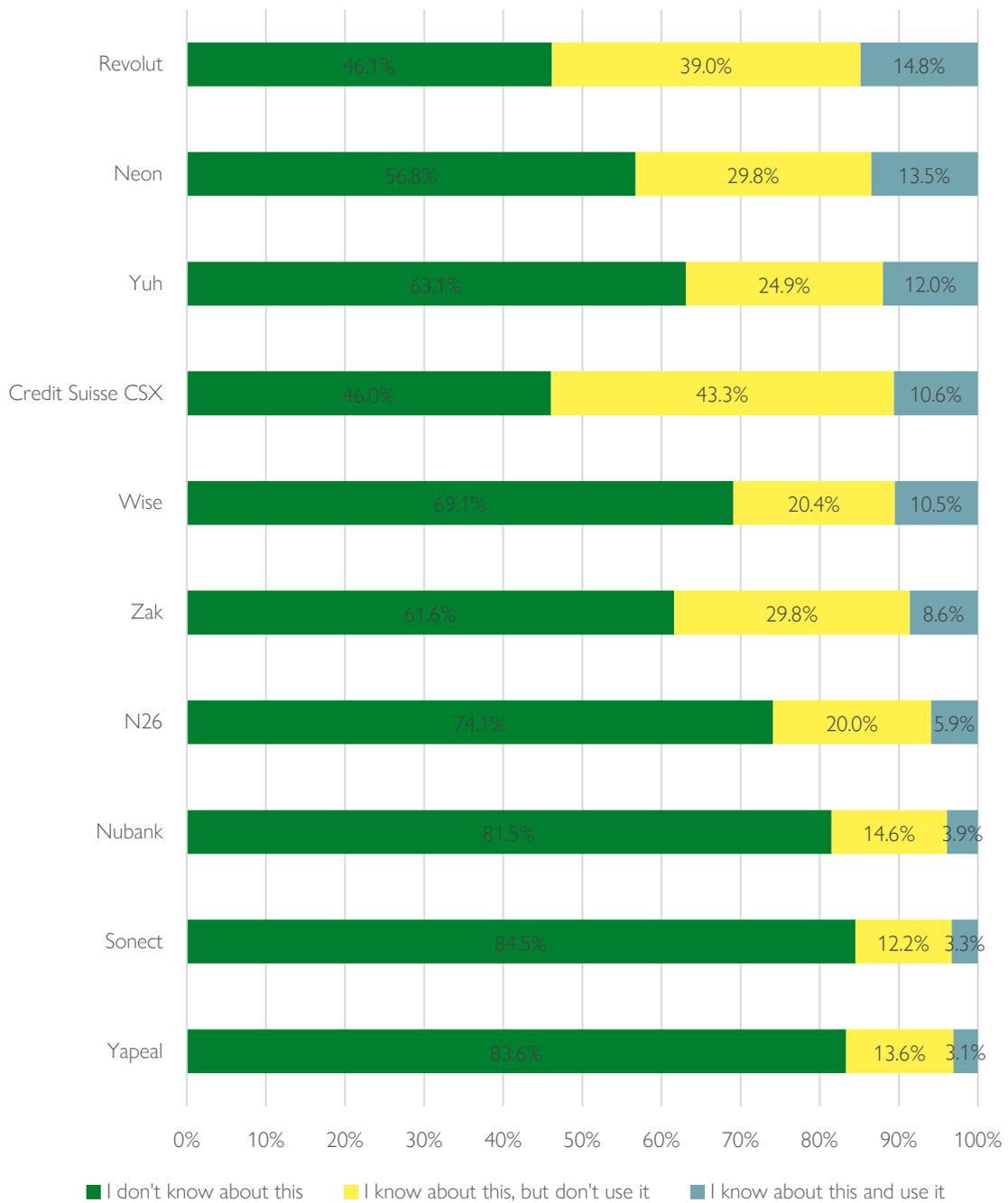


Figure 21: Awareness and use of neobanks
 Remarks: According to online survey in May 2023; question: "Please indicate for each provider which of the statements applies to you."

7 Closing words

The aim of this ninth 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 growth of mobile payments has picked up speed again, both according to the broad definition and in the true sense. According to the broad definition, mobile payment is now in third place among payment methods, with a share of 21% (+3.0 PP) in terms of number of transactions. As a settlement product, mobile payment in the true sense remains in fourth place in terms of the number of transactions, but after growth of 3.0 percentage points, every tenth non-recurring payment in Switzerland is now made with this payment method - i.e. with Twint.

The relative growth of mobile payments was not at the expense of the debit card, which also gained in relative terms in terms of frequency of use compared to SPM 1/2023. With a share of 28.5 percent (+1.4 PP), non-mobile use of the debit card is the most frequently used means of payment and, after a brief interruption, has once again displaced cash from first place, which, with 28.2 percent (-1.1 PP), comes in a close second. As a settlement product, the debit card was able to increase even more with +2.6 percentage points, since the new generation of debit cards is online-capable and is therefore increasingly deposited for mobile payments.

After two stable years, the relative frequency of cash use has declined. The basic attitude towards cash, on the other hand, tends in the other direction, so that more people are in favour of keeping cash. With regard to cash withdrawals, the questions on the cash-back procedure show that around one in five persons in Switzerland has already used it, while one in three is not even aware of this possibility. Those respondents who have already used the cash-back procedure assess cash withdrawals at the checkout positively almost without exception.

A decline in the frequency of use was recorded for credit cards, both for non-mobile use (-1.9 pp) and for credit cards as a settlement product (-3.3 pp). Measured by turnover, the credit card as a settlement product remains in first place with a share of 29.7 percent despite a decline of 4.2 percentage points. It should be mentioned here that the turnover shares are generally subject to stronger fluctuations. However, the share of the credit card still represents the second highest value of the last three years.

37 percent of the Swiss population have already used the services of a neobank, although the growth here has slowed down noticeably to +0.7 percentage points. Revolut, Neon and Yuh are the most frequently used, whereby of these three providers, only Yuh has been able to gain further users, overtaking Credit Suisse CSX.

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 26). 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