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ZHAW School of Management and Law

Debit Card Beats Cash

The most popular means of payment in Switzerland is now the debit card (Maestro, PostFinance, or V PAY). It is considered user-friendly, practical, and trustworthy, and therefore preferable to all other payment methods. While cash continues to be the option of choice in stationary rather than online trade when measured by the number of transactions, it is the debit card, with its 37% share of overall expenditure, which wins out in terms of sales, according to a large-scale research study conducted jointly by the University of St. Gallen and Zurich University of Applied Sciences (ZHAW).

The study aims to map the Swiss payment landscape and highlight future market developments. Whereas consumer payment behavior was relatively stable for a long time, a change is now gradually emerging. “Day-to-day life without cash is still unthinkable at this time. However, the interest of the Swiss population in other forms of payment is growing steadily,” said Bettina Gehring of ZHAW, co-author of the study.

Means-of-Payment Decisions Depend on the Situation

The majority of the people surveyed prefer to use a variety of payment methods depending on the situation. In deciding which form of payment to use, they consider a number of factors, in particular, the point of sale and the amount, as well as their individual preferences. Card payments dominate the high-turnover retail trade while cash payments are more common in restaurants, bakeries, kiosks, take-aways, and for vending machines. To pay for durable retail purchases, at gas stations, or while traveling, a Swiss person will pull out his or her credit card.

Concerning the payment amount, it was found that with stationary trade, cash is still used predominantly to pay for small purchases of up to CHF 20. Card use only starts after that threshold. With online shopping, small transactions of up to CHF 20 are usually in-app purchases, while higher amounts are mainly settled by online transfer.

Security is Key When Selecting a Payment Option

The two main factors in deciding what form of payment to use are *security* and *no extra charges*. Sandro Graf, a means-of-payment expert at ZHAW and co-author of the study, thinks that “security is a key issue wherever money is concerned.” This also applies to new payment methods where “a certain skepticism is prevalent because they are perceived by those we studied as less secure. Cautious consumer attitudes are slowing down the adoption process.”

Contactless and Mobile Payment Have Potential

In Switzerland, new digital forms of payment are still used sparingly, each accounting for only a one-digit share of total sales. The chances are good, however, that they



will catch on soon. According to Tobias Trütsch, an economist at the University of St. Gallen, there is considerable potential, especially among users of these payment methods. “Over 70 percent of these consumers could imagine using them more extensively over the next three years – provided basic requirements such as added security are met and the products on offer address actual user needs.”

Swiss Payment Monitor

The Swiss Payment Research Center (SPRC) at ZHAW Zurich University of Applied Sciences and the Executive School of Management, Technology and Law (ES-HSG) at the University of St. Gallen have been working independently for several years on issues relating to payment. The Swiss Payment Monitor, a cooperative project between the two universities, is the first annual Swiss payment study that combines a consumer and a macroeconomic perspective. To achieve a realistic representation of the daily use of payment methods in Switzerland, online surveys and diary surveys are combined, linking the results with publicly available data material provided by the Swiss National Bank (SNB).

This report is based on the 2017 survey and is the first in a series of studies conducted over several years. A total of over 1,000 subjects aged between 18 and 65 from all three linguistic areas of Switzerland were surveyed on a representative basis. The study is funded by the two research institutions, the Swiss Payment Association (SPA) and industry partners Concardis and SIX Payment Services.

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