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ZHAW School of Management and Law

Credit card now the payment method with the highest turnover

Since the beginning of the pandemic, the credit card has gained massively in importance compared to the other means of payment. In addition, contactless payment is becoming the new standard, to which the strong growth of payments with mobile phones also contributes. This is shown by the current Swiss Payment Monitor of the ZHAW and the University of St. Gallen.

The credit card is the payment method with the highest turnover in Switzerland: people spend the most money with it, namely 24 percent of their expenditure. It is followed by the bill (22 percent), the debit card (21 percent) and cash (13 percent). This is the result of the fourth Swiss Payment Monitor conducted by ZHAW and the University of St. Gallen. For the study, more than 1,400 people were surveyed at the end of 2020, representing the whole of Switzerland.

Cash is the most common payment method

Compared to the previous year, the credit card has thus replaced the debit card from the top position. "This is mainly due to the increase in online purchases since the outbreak of the corona pandemic," explains ZHAW payments expert Marcel Stadelmann. In terms of the number of transactions, cash is still the most frequently used means of payment with a share of 32 percent, just ahead of the debit card (31 percent). However, the use of cash declined by around 10 percentage points in terms of turnover and by around 13 percentage points in terms of the number of transactions compared to the previous year. This shows that even smaller amounts are increasingly being paid without cash. On average, every Swiss citizen now only carries around 50 francs in cash (-29 percent).

Every tenth payment is made via a mobile device

Payments with mobile devices (especially mobile phones) have more than doubled in terms of turnover within a year and the number of transactions has also increased by more than half. "Almost 10 per cent of all transactions are now carried out with a mobile device, regardless of the amount," says Tobias Trütsch, payment economist at the University of St. Gallen. "Especially for very small amounts and online payments, the growth has been enormous. " In the distance business, mobile payment is even the most used means of payment with almost 30 percent of transactions, followed by invoice (29 percent) and credit card (22 percent).



Mobile payments are most frequently made via apps with integrated payment functions (21 per cent of transactions via mobile devices). One example of this is the purchase of tickets in apps of public transport companies. In addition, many people use their mobile phones to pay in shops via QR code (20 per cent) and via contactless data transmission (NFC) (13 per cent). In-app payments are also the mobile payment form that people like best, followed by transfers to private individuals via payment apps such as TWINT as well as paying on the internet with QR codes and with stored payment data.

Pandemic promotes contactless payment

Contactless payment is the new standard not only with mobile phones, but also with payment cards. Around three-fifths of all transactions and half of the turnover with payment cards are now handled contactless. Since the outbreak of the pandemic, the corresponding shares have each increased by around 10 percentage points. "In particular, the raising of the limit for contactless payments without a PIN to 80 francs and the request from merchants were decisive factors in this," explains Tobias Trütsch.

One fifth use neobanks

One fifth of Swiss people have already used new online banking solutions from neobanks at least once. Their use is particularly widespread among men and in German-speaking Switzerland. Overall, around two-thirds of people in this country know at least one of the most popular neobanking providers. The best known are Credit Suisse's CSX (40 percent awareness), Revolut (37 percent) and Zak (29 percent). Revolut is used most often (10 percent of respondents), followed by TransferWise (like Revolut a British provider) and the Swiss provider Neon (each 6 percent of respondents).

The main reasons for using neobanks are the simple and practical handling as well as the quick transfer and constant availability. "Interestingly, the advantageous fee structure and especially the favourable exchange rates are no longer as decisive as in previous years," says Marcel Stadelmann. Three-fifths of neobank users use their online banking services as a supplement to traditional providers. Around 10 percent have cancelled services from a traditional provider due to the new online banking services and 30 percent intend to do so in the future.

Swiss Payment Monitor

The Swiss Payment Research Center (SPRC) at the ZHAW School of Management and Law and the Swiss Payment Behaviour Lab at the University of St. Gallen have been working independently on payment-related issues for years. Together, they have been conducting the Swiss Payment Monitor annually since 2018 and biannually from 2021. When it was first published, it was the first Swiss payment study to combine a consumer perspective with a macroeconomic view. The combination of an online survey and a diary survey, as well as the link with public data from the Swiss National Bank (SNB), allows the daily use of payment methods to be mapped realistically. A total of over 1400 people aged between 18 and 75 from all three parts of the



country were representatively surveyed from the end of November to mid-December 2020. The study is financed by the two research institutions, the Swiss Payment Association (industry organisation of all major Swiss issuers of credit cards of the international card organisations) and the industry partners Concardis and Worldline | SIX Payment Services.

www.swisspaymentmonitor.ch | www.swisspaymentbehaviour.ch

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