



Universität St.Gallen



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# Swiss Payment Monitor 2021 – How does Switzerland pay?

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## **Study authors**

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[www.swisspaymentmonitor.ch](http://www.swisspaymentmonitor.ch)

## Abstract

The effects of the corona pandemic have changed the payment behaviour of the Swiss population. Since the outbreak of the coronavirus, cash use has decreased significantly, while digital means of payment have gained in importance. Contactless payment by card and mobile phone is the new payment standard. The user base of neobanks is growing. The practical handling, the quick transfer of funds and the constant availability of these app-based banks are the main reasons for their use. Cash remains the dominant means of payment on site in retail shops in terms of number of transactions, while mobile payment solutions account for the largest share of transactions in distance businesses.

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# I Introduction

The dynamics in the Swiss payment landscape have experienced a significant boost due to the Corona virus. At the same time, consumer spending has plummeted due to the limited consumption options. How has this changed payment behaviour in Switzerland in concrete terms?

This question is addressed in the fourth edition of the Swiss Payment Monitor (SPM), which is published jointly by the Swiss Payment Research Center (SPRC) of the ZHAW School of Management and Law and the Swiss Payment Behaviour Lab (SPBL) of the University of St.Gallen. In addition to mapping current payment behaviour and its development over time, the SPM, as usual, offers insight into the attitudes of the Swiss population in connection with various payment methods and payment service providers.

From the end of November to mid-December 2020, over 1400 people aged between 18 and 75 from all three parts of the country were recruited via an online access panel to be representative of the Swiss population, interviewed and then invited to take part in a three-day diary survey. This brief report summarises the most important findings from the interview and diary survey. The results are also available on the project homepage [www.swisspaymentmonitor.ch](http://www.swisspaymentmonitor.ch). In addition, with the help of an interactive dashboard, the homepage provides a continuous graphic insight into the current data on digital payment traffic published by the Swiss National Bank. All in all, the project homepage enables a holistic analysis of 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 of the international card organisations) and the industry partners Concardis and Worldline SIX Payment Services.

This report is structured as follows: Chapter 2 shows the underlying study design. Chapter 3 discusses the change in the subjects' payment behaviour in light of the corona virus. Chapter 4 discusses the developments of mobile payment solutions, while Chapter 5 takes a figurative look into the average wallet of the Swiss population. The awareness and use of neobanks are part of chapter 6. Chapter 7 summarises the most important findings and gives an outlook on future developments.

## 2 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 comprises two parts: Firstly, the micro perspective consisting of a standardised online survey with questions on payment behaviour in general and a payment diary to be completed by the respondents over three days. Secondly, the macro perspective based on the analysis of the publicly available data material on electronic payment transactions of the Swiss National Bank (cf. Figure1).

Figure 1: Study design of the Swiss Payment Monitor



### 2.1 Microperspective

The micro perspective reflects the consumer view and captures payment habits, ownership of traditional and new payment instruments as well as the Swiss population's perceptions and

attitudes towards different payment instruments and payment service providers. In addition, behavioural changes in connection with the corona pandemic are examined.

As part of the fourth SPM, 1442 people aged between 18 and 75 from German, French and Italian-speaking Switzerland completed the online survey. 701 of the respondents subsequently recorded all their transactions over three days using the diary journal. The sample is representative of the Swiss population in terms of gender, age, language region and level of education. The study participants were recruited via an online access panel.

### 2.1.1 Online survey

In the first step, the participants were asked to answer online questions about the topic of "payment". The focus was on the respondents' self-perception and assessment of various aspects of their payment behaviour. The survey lasted approximately 25 minutes and was conducted in a staggered manner in the second half of November 2020.

### 2.1.2 Payment diary

In the second step and subsequent to the online survey, the participants documented their payment behaviour in the form of a payment diary over a period of three consecutive days (see Table 1). The participants recorded and classified all payments and cash withdrawals that occurred during the day - except for recurring expenditures - according to predefined characteristics. The payment diary was kept with a mobile app, which enabled the timely recording of transactions and cash withdrawals.

In total, the 701 respondents recorded 4232 transactions with a total amount of around 308,000 Fr. in Switzerland and abroad (cf. Table 1).<sup>1</sup> This corresponds to an average of two transactions per person per day and an average amount of around 73 Fr. The average values are slightly lower when considering only the domestic values (1.9 transactions and Fr. 70.45 amount). Compared to the Swiss Payment Monitor 2020, the respondents in Switzerland made around two thirds more transactions with an average amount per transaction that was around half as high. In addition to a general change in shopping behaviour, this could also be due to a change in consumer behaviour due to the corona pandemic or the survey date closer to Christmas compared to the previous year.

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<sup>1</sup> The foreign currency amounts were converted into Swiss francs according to the average monthly exchange rate.

Table 1: Overview of the payment diary

Duration of the diary survey	3 days
Number of completed diaries	701
<b>Turnover volume in CHF</b>	
Domestic	Fr. 281'149
Domestic and abroad	Fr. 308'134
<b>Transaction volume</b>	
Domestic	3'991
Domestic and abroad	4'232
<b>Average number of transactions per person per day</b>	
Domestic	1,9
Domestic and abroad	2,0
<b>Average amount per transaction</b>	
Domestic	70.45 Fr.
Domestic and abroad	72.80 Fr.

## 2.2 Macro perspective

The macro perspective refers to the macroeconomic variables and records payment transactions at an aggregated level based on the publicly accessible data material of the Swiss National Bank. It provides an up-to-date picture of cashless payment transactions in Switzerland and with Swiss payment cards abroad. In addition, it provides information on effective cash withdrawals with payment cards. The data can be viewed interactively on the project homepage [www.swisspaymentmonitor.ch](http://www.swisspaymentmonitor.ch).

## 3 Payment behaviour in the light of the corona pandemic

### 3.1 Behaviour change explained by respondents

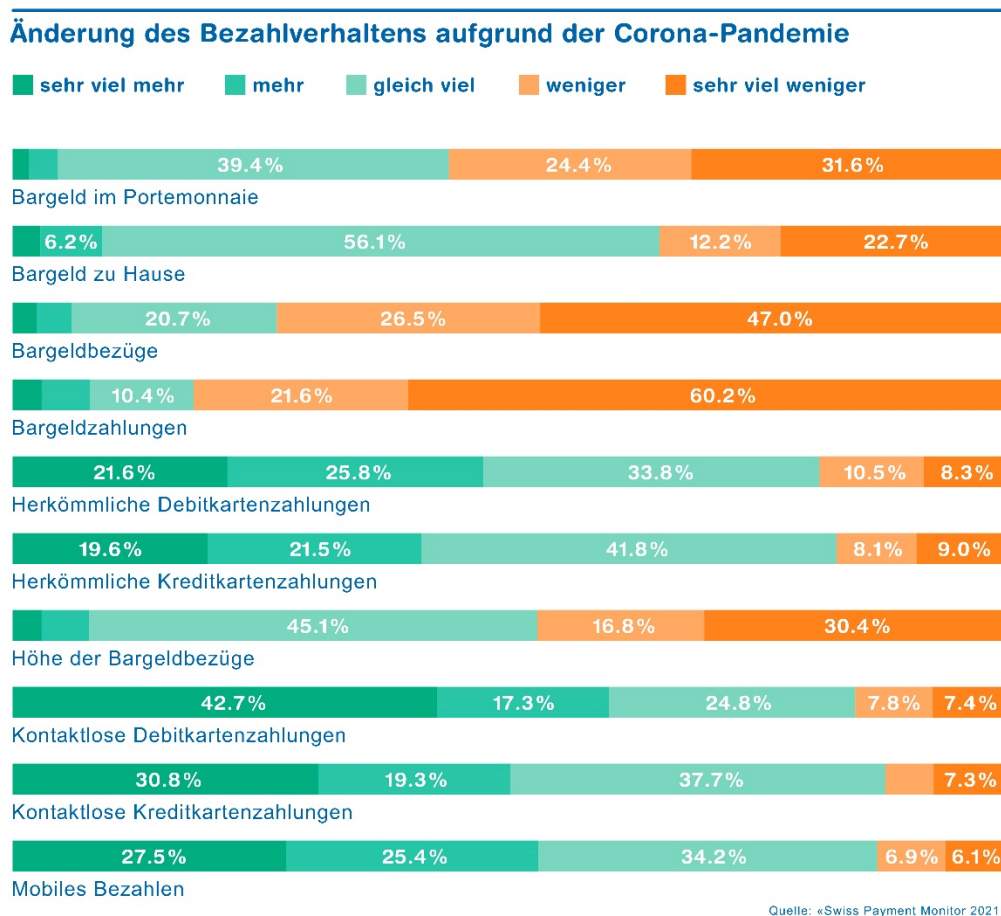
Figure 2 shows the respondents' answers to the question about the change in payment behaviour due to the coronal pandemic. Overall, it can be seen that an overwhelming majority of people have stated that they have made far fewer cash payments (60%) and cash withdrawals (47%) since the outbreak of the coronal pandemic, and that they carry far less cash in their wallets (32%). This is in line with the actual amount of cash in the wallet, which has decreased by around 30% compared to the previous year (see chapter 5). Most people reported keeping the same amount of cash or less cash at home (91%) and withdrawing the same amount or less cash (92.3%) compared to before the pandemic. However, the actual data on cash use indicate that respondents keep more cash at home year-on-year and withdraw less



cash per month on average (see chapter 5). Women were statistically significantly more likely than men to report having less cash in their wallets, drawing less cash, and paying less with cash. Conversely, the German-speaking Swiss have more cash in their wallets than respondents from the Italian-speaking part of Switzerland.

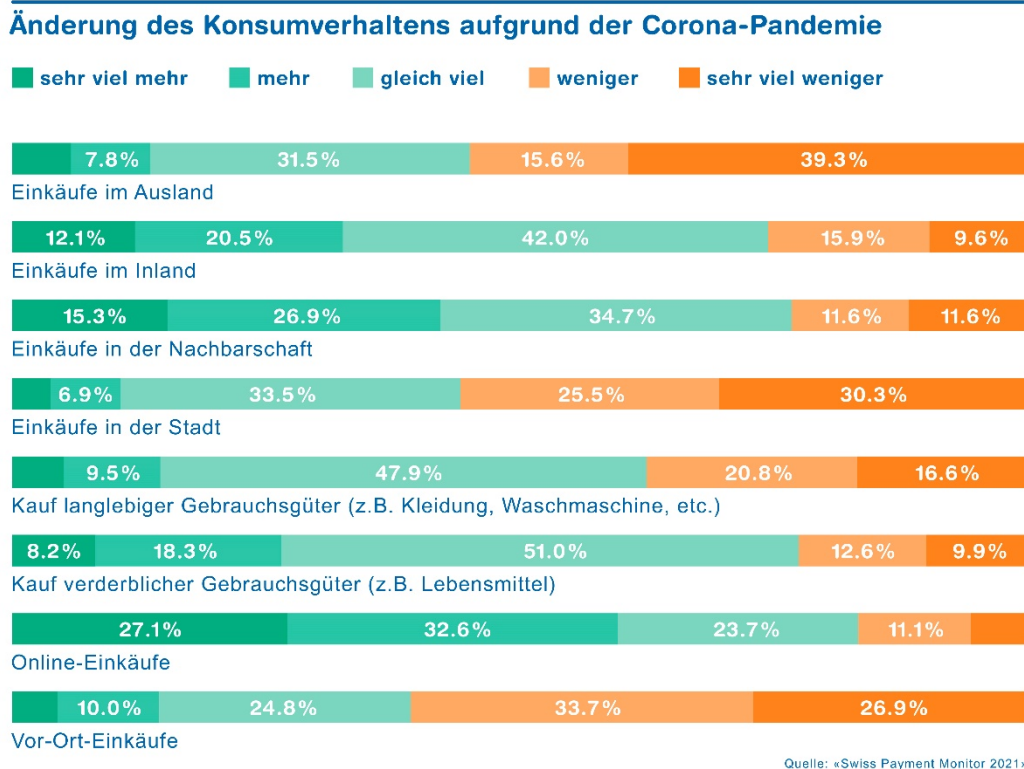
Most respondents said they pay more or very much more with contactless debit and credit cards (60% and 50% respectively) than before the corona pandemic. 52% of respondents said they used mobile payment solutions more. The German-speaking Swiss used conventional debit cards less frequently than respondents from the French-speaking part of Switzerland.

Figure 2: Change in payment behaviour due to the corona pandemic



*Question: To what extent has the corona virus changed your payment behaviour?*

Figure 3: Change in consumption patterns due to the corona pandemic



*Question: To what extent has the coronavirus changed your consumption behaviour?*

Payment behaviour correlates strongly with consumption behaviour. In the first step, decisions are made about how to satisfy needs (consumption) and only in the second step how these services and goods are paid for. For this reason, the Swiss population was also asked within the framework of the SPM to what extent they had changed their consumption behaviour because of the corona pandemic. The results show that women have changed their consumption and payment behaviour to a statistically significantly greater extent than men due to the coronal pandemic.

Figure 3 makes it clear that over half of the people said they had made fewer purchases locally in the shop (61%), in town (56%) and abroad (55%) than before the corona pandemic. Women in particular were significantly more likely than men to say they had reduced their on-site purchases. Sixty percent and 42% of respondents said they had shopped significantly more online and in the neighbourhood.<sup>2</sup> High-income individuals increased their online and on-site purchases. A majority additionally stated that they had purchased about the same amount of durable and perishable consumer goods as before the outbreak of the corona pandemic.

<sup>2</sup> These findings are in line with the aggregated data of payment cards evaluated by the project "Monitoring Consumption Switzerland".

## 3.2 Effective behaviour change

With the help of the diary survey, the effective changes in behaviour regarding payment habits can be mapped. Figures 4 and 5 show the development of the share of turnover (measured against total expenditure) and the share of transactions (measured against the total number of transactions) of different payment methods over time.<sup>3</sup> The values from previous years are based on the data in the Swiss Payment Monitor 2019 and 2020.

The credit card is the payment method with the highest turnover in Switzerland (cf. Figure 4): people spend the most money with it, namely 24% of their expenditure. It is followed by the bill (22%), the debit card (21%) and cash (13%). The share of sales from mobile devices (primarily by mobile phones) ranks fifth with 8 per cent, followed by internet payment methods such as Paypal (7.5%).

Compared to the previous year, the credit card (+3 percentage points [pp] share of turnover) has thus replaced the debit card (-7 pp) from the top position. The bill (+5 pp) has displaced cash (-10 pp) from second place. This is undoubtedly due to the fact that during the corona pandemic and the associated limited consumption options, the Swiss population increasingly shopped online, where people generally order more frequently by credit card and on account, especially for higher amounts. In addition, there were not yet many new debit cards in circulation during the survey period that could be used for online payments.

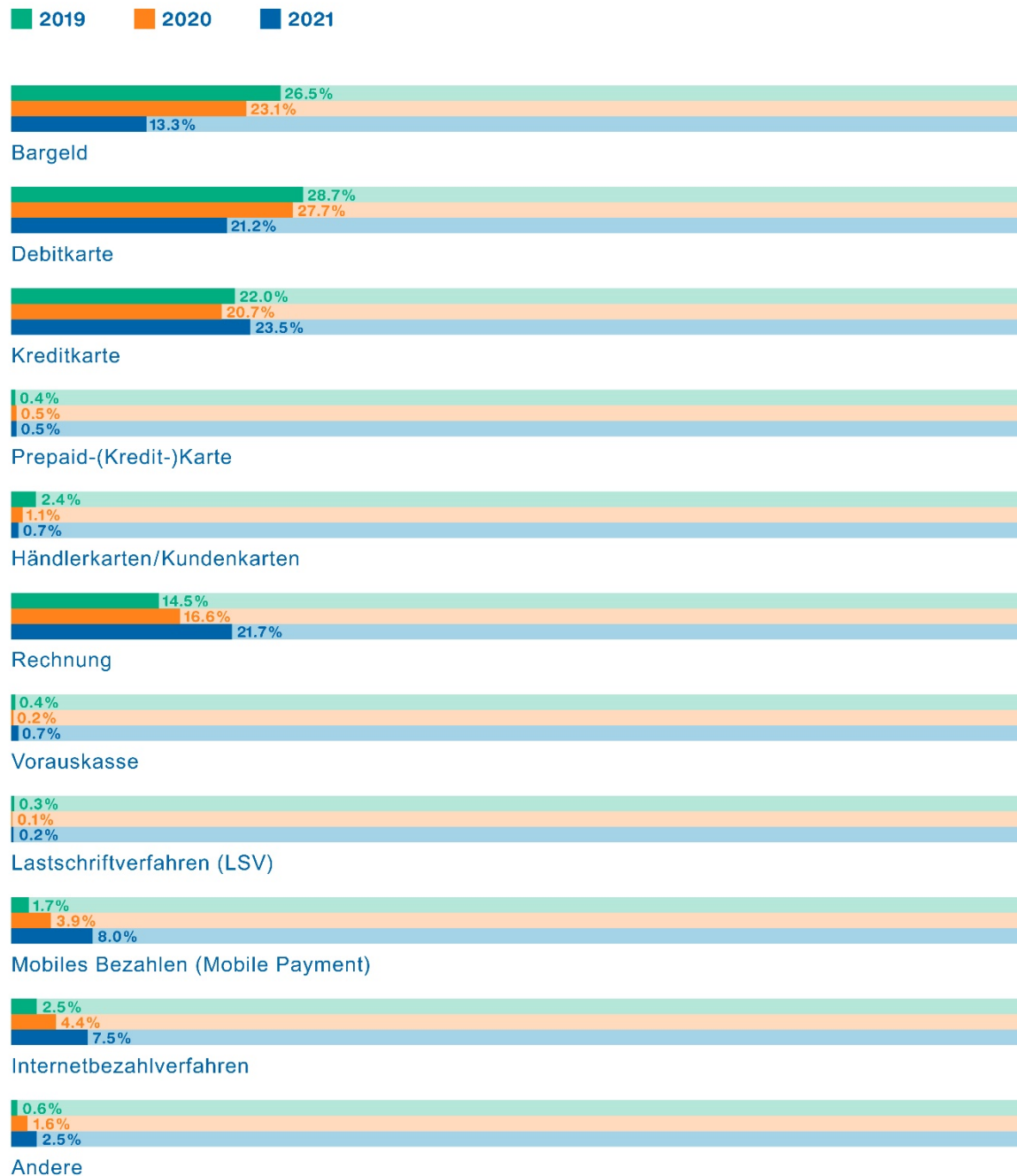
Measured by the number of transactions, cash is still the most frequently used means of payment with a share of 32 percent (cf. Figure 5), just ahead of the debit card (31%) and the credit card (18%). 9 per cent of total transactions are carried out with mobile devices. However, cash use declined by around 13 pp compared to the previous year in terms of number of transactions, while the share of debit and credit cards increased by around 4 pp and that of mobile payments by around 3 pp. Cash payments decreased especially in the small-value segment (less than 20 Fr.).

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<sup>3</sup> The results from the SPM show how this expenditure is distributed among the various means of payment. The absolute figures on the amount of total expenditure or the total number of transactions with non-cash means of payment are classified in chapter 3.3 using the publicly available data.

Figure 4: Cash shares by domestic turnover

### Zahlungsmittel nach Umsatzanteil gemäss Gesamtmarkt

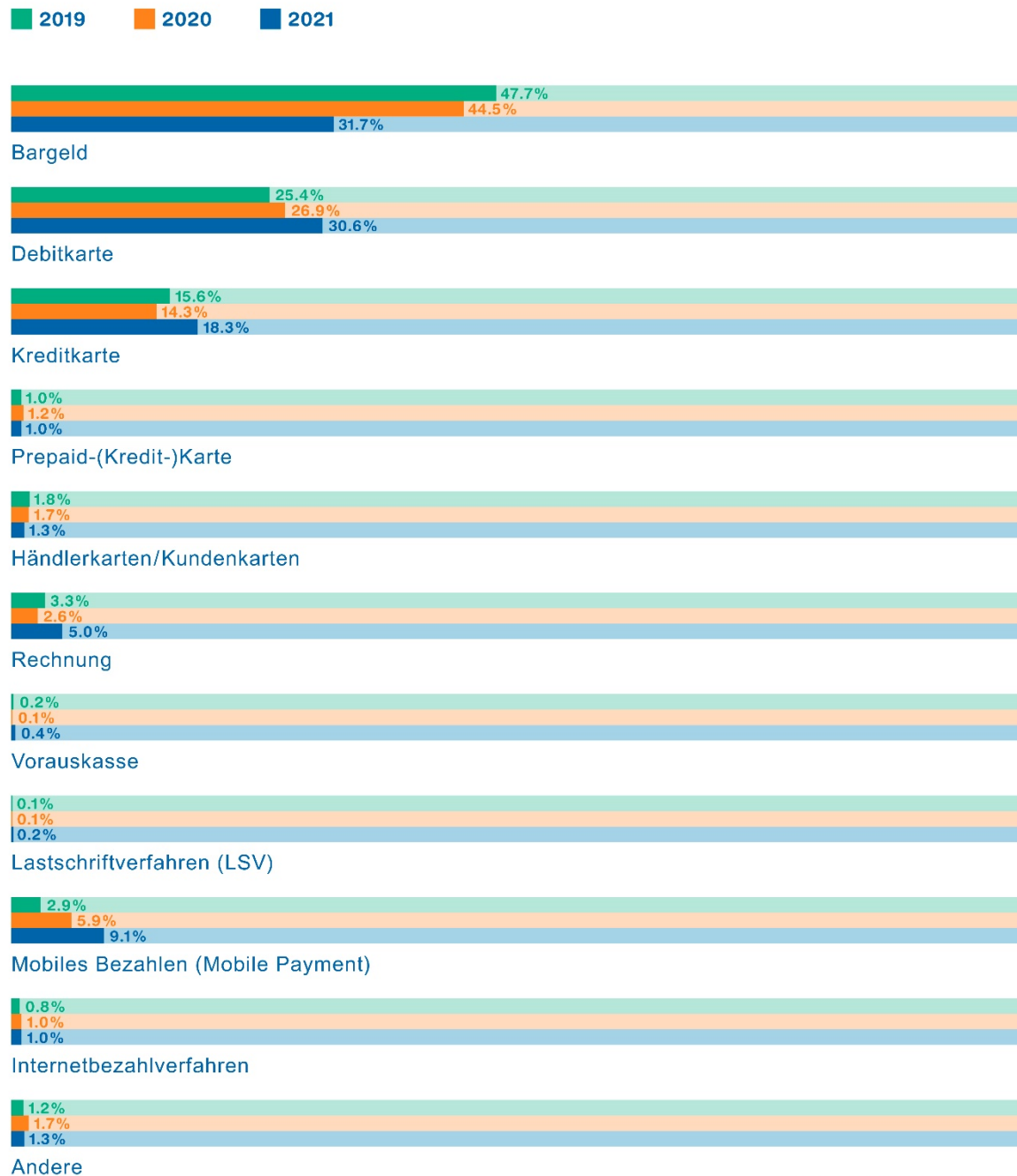


Quelle: «Swiss Payment Monitor 2021»

Remarks: According to diary entries, only domestic payments

Figure 5: Cash shares by number of transactions

### Zahlungsmittel nach Transaktionsanteil gemäss Gesamtmarkt



Quelle: «Swiss Payment Monitor 2021»

Remarks: According to diary entries, only domestic payments

### 3.3 Behavioural change in a macroeconomic context

A comparison of the results of the current Swiss Payment Monitor shows that in the last three years there has been a shift in the shares from cash to cashless means of payment (see Figures 4 and 5). However, this still says nothing about the absolute development of the number of transactions and total spending with debit and credit cards.

Figure 6 to Figure 9 show the development of payments with Swiss debit and credit cards in the overall economic context according to data from the Swiss National Bank. In 2020, around 515 million transactions were made with credit cards in Switzerland for a total amount of around CHF 40 billion. The corona pandemic halted the growth trend compared to 2019 and instead led to a decline in credit card transaction frequency and turnover of -2.8 and -15.4 per cent, respectively. This was mainly due to the significant decline in foreign payments, both in terms of number of transactions (-15.2%) and revenue (-35.1%). Travel restrictions and the absence of shopping tourism were the main reasons for this decline. Conversely, credit card transactions and turnover in Switzerland increased by around 5 and 1 percent respectively (cf. Figures 6 and 8). This shows that Swiss credit card holders also increasingly paid smaller amounts by credit card in 2020.

In contrast to the credit card, the 2020 corona pandemic had an overall positive impact on the steady growth in the number of debit card transactions and turnover, which has been ongoing for years. The number of transactions with debit cards in Switzerland rose by an above-average 13.3 per cent to 1.183 billion compared to 2019. Turnover increased by 11.4 per cent to CHF 58 billion. Fr. On the one hand, the Swiss population paid more frequently with the debit card instead of cash during the corona pandemic, and on the other hand, they spent more on goods (for everyday needs), which are often paid for with the debit card.

In contrast, similar to the credit card, the number and turnover of foreign payments with debit cards declined in 2020 compared to 2019 (-26.6% and -31,2%). In the case of the debit card, however, foreign business already accounted for only a small share before 2020 and was still around 3% of transactions and around 5% of turnover in 2020 (cf. Figures 7 and 9).

Figure 6: Transaction frequency of domestic credit cards

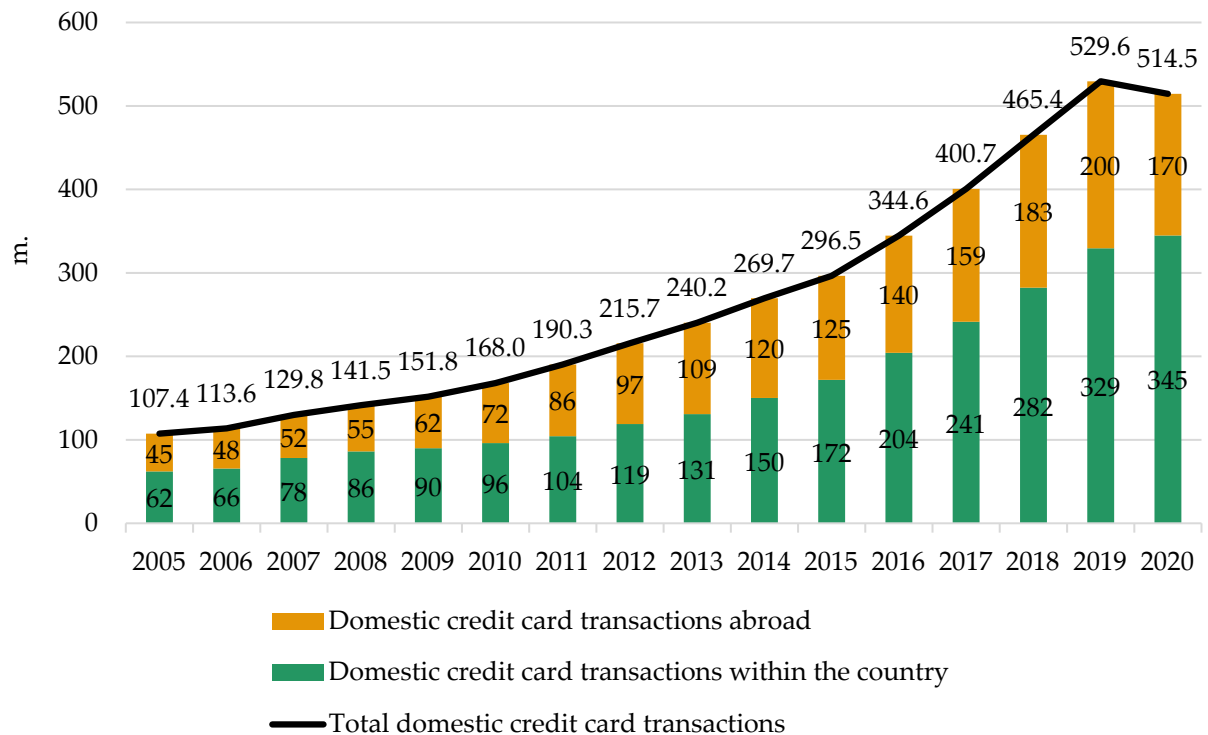


Figure 7: Transaction frequency of domestic debit cards

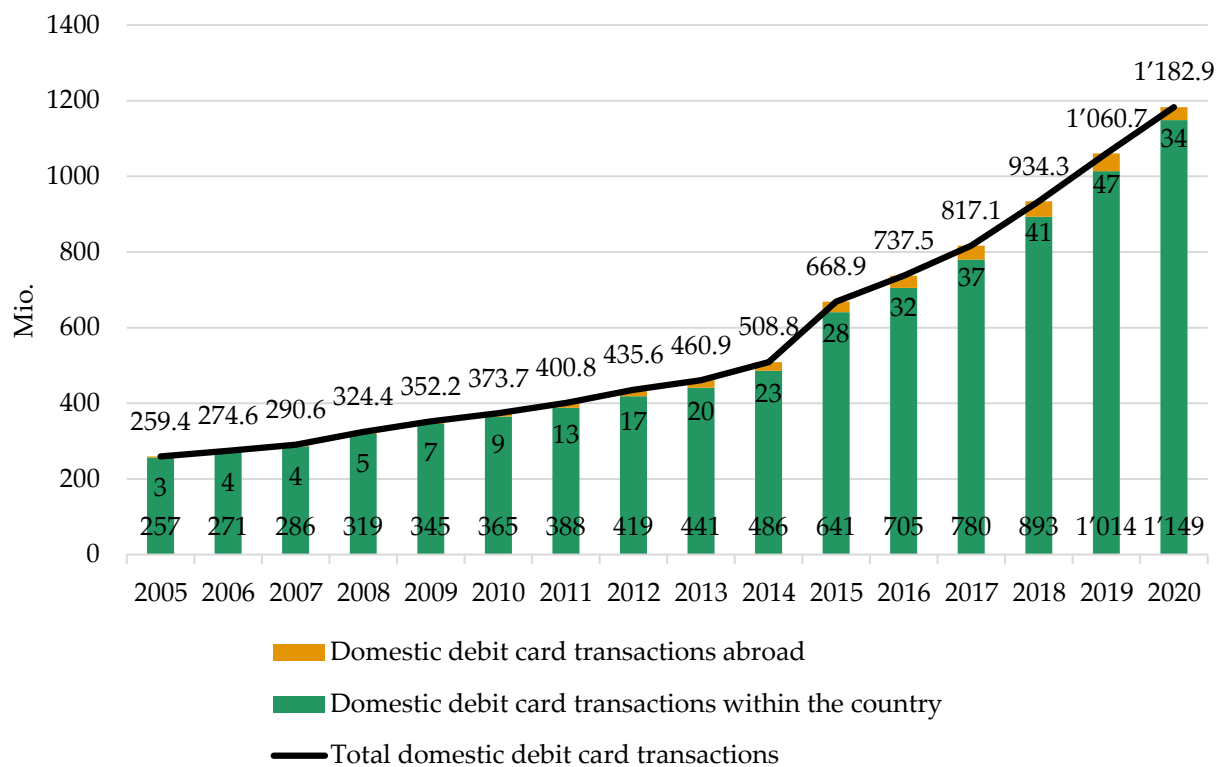


Figure 8: Domestic credit card turnover

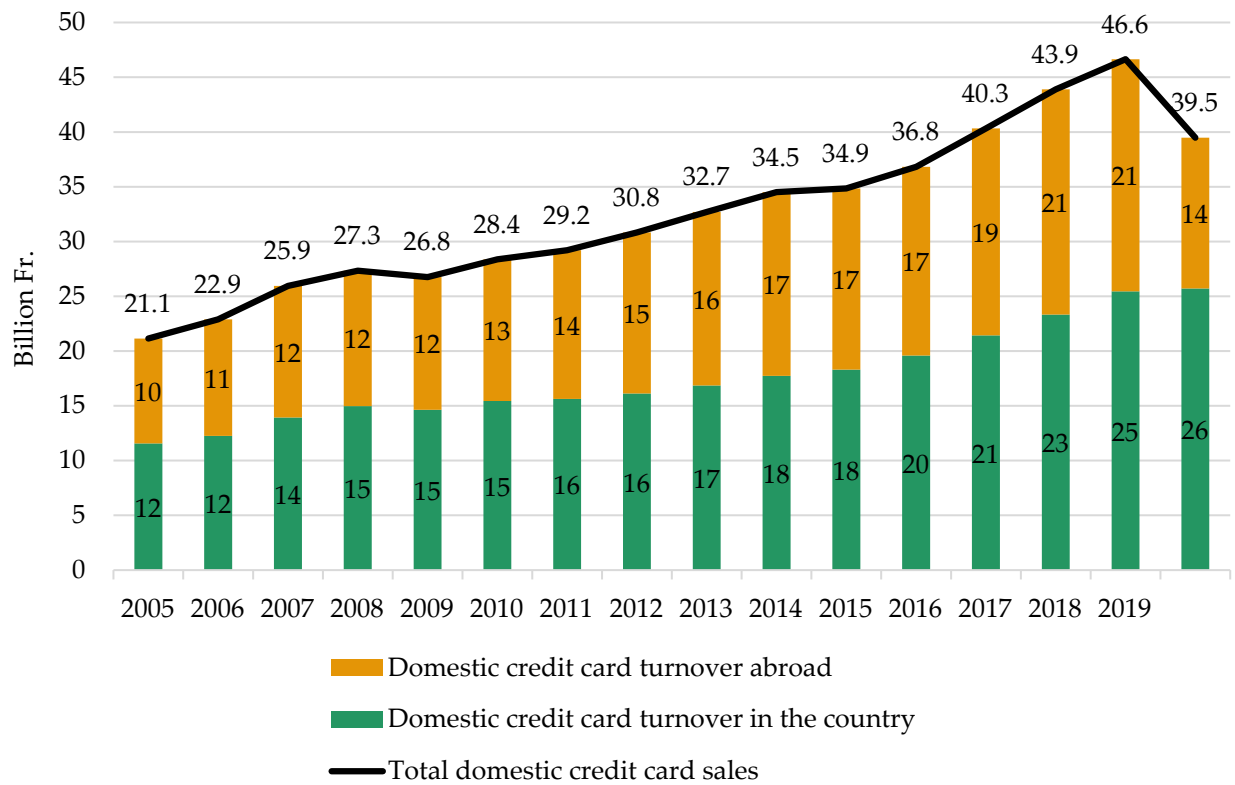
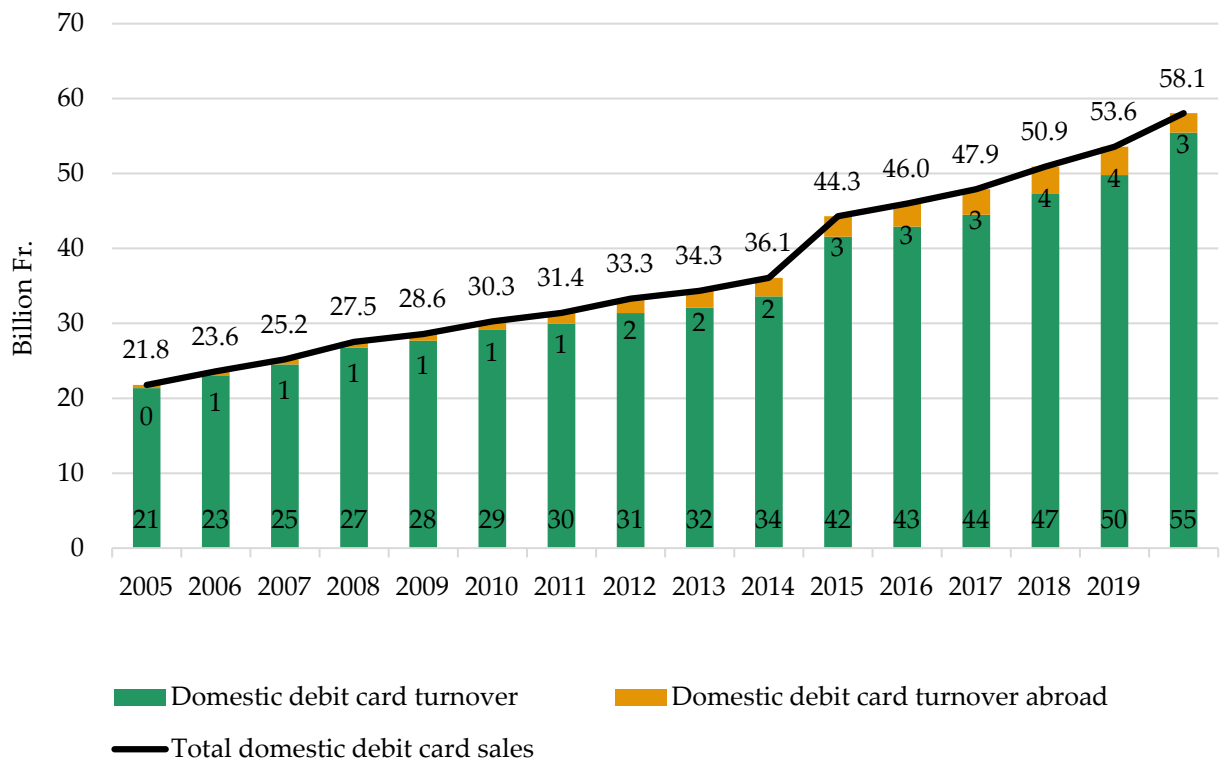


Figure 9: Domestic debit card turnover





## 4 Mobile payment

In mobile payments, the transaction is made with or on a mobile device such as a mobile phone. As can be seen in Figure 4, such mobile payments already account for 8 per cent of turnover and have thus more than doubled within one year. The number of transactions with mobile devices has also increased by more than half to 9 percent (see Figure 5). These shares are relatively stable across all amounts. In the case of very small and small amounts (amounts smaller than 5 Fr. or 20 Fr.) as well as online payments, the growth was particularly pronounced compared to the previous year. Smaller amounts are also increasingly being paid by mobile phone.

In the distance business (online trade), mobile payment even accounts for the largest share with almost 30% of transactions, followed by invoice (29%) and credit card (23%). Measured by the share of turnover, invoice (45%), internet payment methods (17%)<sup>4</sup> and credit cards (15%) dominate in online retail.

Mobile payments are most frequently made via apps with integrated payment functions (21% 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%), via contactless data transfer (NFC) (13%) and for transfers to private individuals (10%). Most money is spent online with mobile devices (28% of turnover via mobile devices), followed by spending in an app with an integrated payment function (22%) and in a shop via QR code (13%).

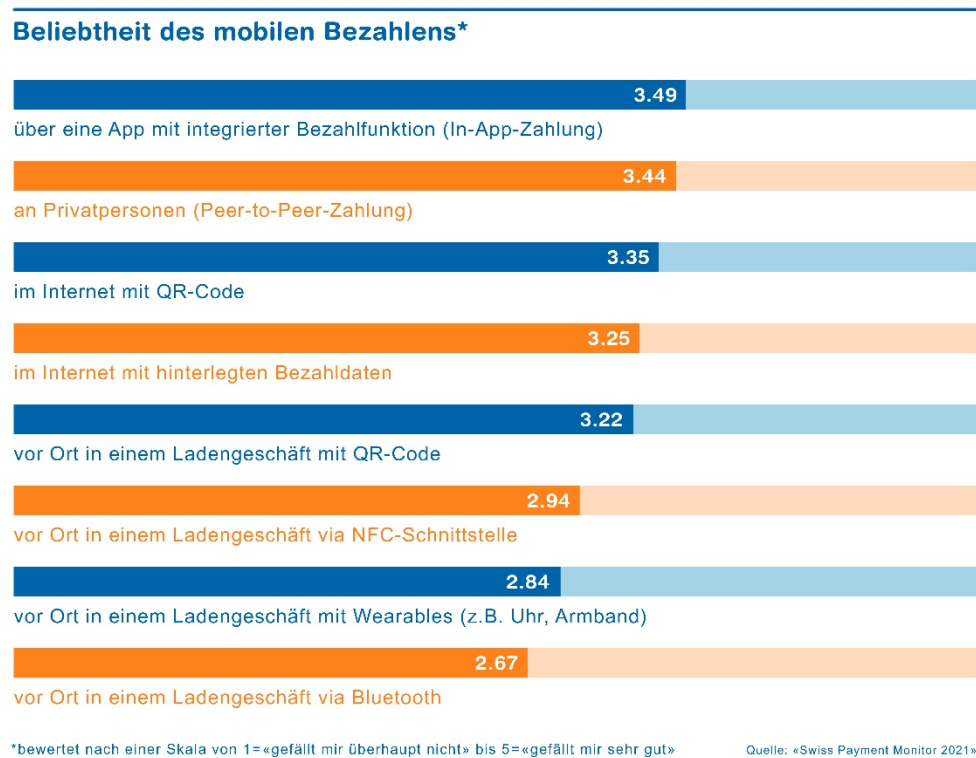
Twint is by far the most used mobile payment solution in Switzerland: 74 per cent of turnover and 78 per cent of transactions with mobile devices are processed with Twint. Apple Pay, on the other hand, accounts for around 13 per cent of turnover and 9 per cent of transactions with mobile devices.

In-app payments are 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 via QR code and with stored payment data (cf. Figure 10). Less popular are the two mobile forms of payment via QR code and NFC in shops. Payment with wearables (e.g. watch or wristband) and with a mobile phone via Bluetooth in a shop are in the last two places. Among people over 60, all forms of mobile payment are statistically significantly less popular than among younger people.

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<sup>4</sup> For example, Paypal, Sofortüberweisung or Giropay.

Figure 10: Popularity of mobile payments



*Question: Quite spontaneously: How well do you like mobile payment ...?*

*Note: Mean values, scale from "I don't like it at all" (1) to "I like it very much" (5).*

## 5 A look into the wallet

A look in the wallet also clearly shows that the changes in consumption and payment behaviour explained by the respondents due to the corona pandemic are also reflected in cash withdrawals and cash holdings (cf. Figure 11). While the average<sup>5</sup> person living in Switzerland still drew 150 Swiss francs in cash per month in the previous year, the monthly cash withdrawal in the latest survey fell by 33 per cent to 100 Swiss francs. The average amount of cash in the wallet also fell by about a third compared to the last survey, from 70 Swiss francs to 50 Swiss francs.

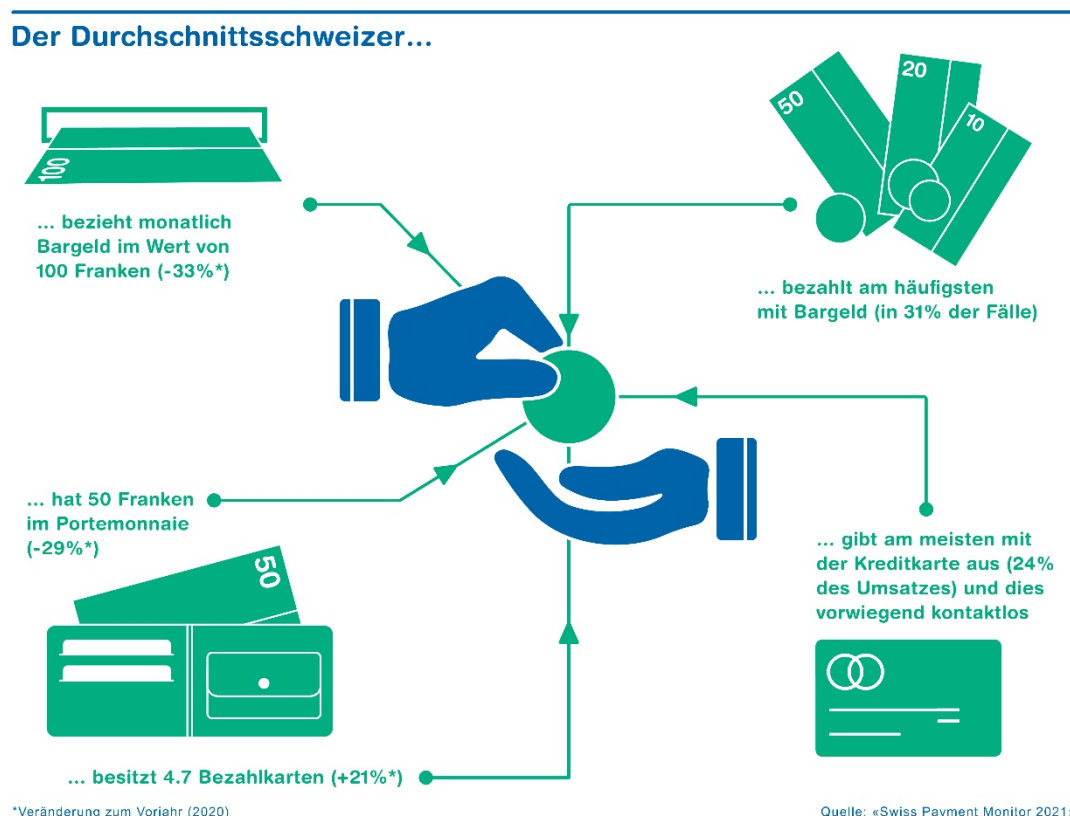
The growing importance of cashless payment transactions is also evident in the development of the number of payment cards. The number of payment cards in the wallets of Swiss people rose again this year, from 3.9 to 4.7 cards per person, an increase of 21 percent. However, the increase in the number of cards is less pronounced compared to the growth of the previous year (2020: +33%). It is also noticeable that more than two-thirds of all card payments are now processed contactlessly. As already described in chapter 3.2, the credit card has gained in

<sup>5</sup> Throughout the section "A look in the wallet", median values are shown for the "average Swiss".

importance compared to the other means of payment. It is the means of payment with which the average Swiss spends the most money.

Despite these developments and the current situation, cash is still of central importance to most Swiss people. Thus, less than one in ten respondents (8%) completely renounce the possession of cash. In addition, chapter 3.2 has shown that the average Swiss still pays most frequently with cash compared to the other means of payment.

Figure 11: View into the wallet of an "average Swiss"



## 6 Neobanks

### 6.1 Awareness and use

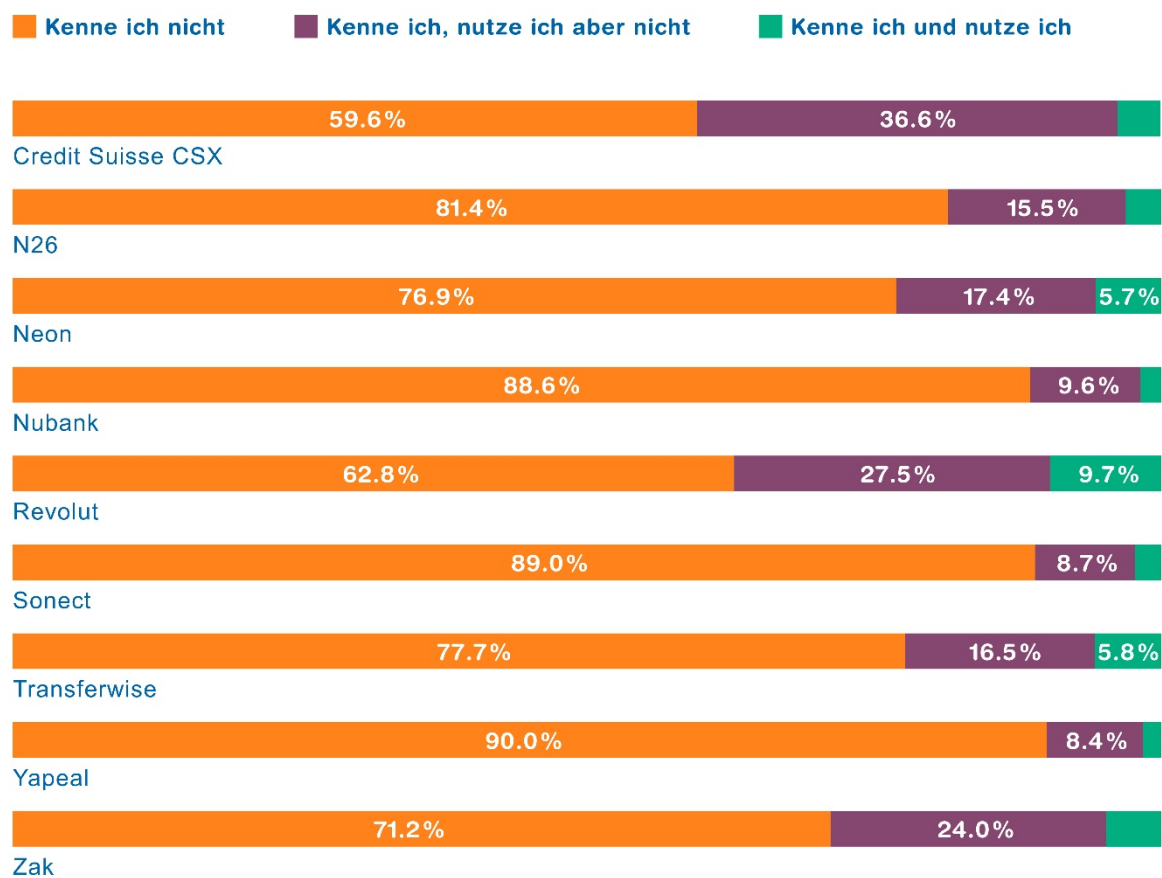
Overall, around two-thirds of people in Switzerland know at least one of the most popular neobanking providers. The best-known providers, as shown in Figure 12, are Credit Suisse's CSX (40% awareness share), Revolut (37%) and Zak (29%).

One fifth of Swiss people have already used new online banking solutions from a new bank at least once. Men and German-speaking Swiss use neobanks statistically significantly more often than women and people from Latin-speaking Switzerland. Revolut is used most frequently (10% of respondents), followed by TransferWise (like Revolut, a British provider)

and the Swiss provider Neon (6% of respondents each). The large gap between those who know Credit Suisse CSX and those who use it can be explained by the fact that this offering was only launched in October 2020 and publicised with a broad marketing campaign. In addition, the name of the well-known big bank is part of the name of the digital banking offering CSX, which could have led to an overestimation of the proportion of CSX connoisseurs.

Figure 12: Awareness and use of neobanks

### Bekanntheit und Nutzung von Neobanken



Quelle: «Swiss Payment Monitor 2021»

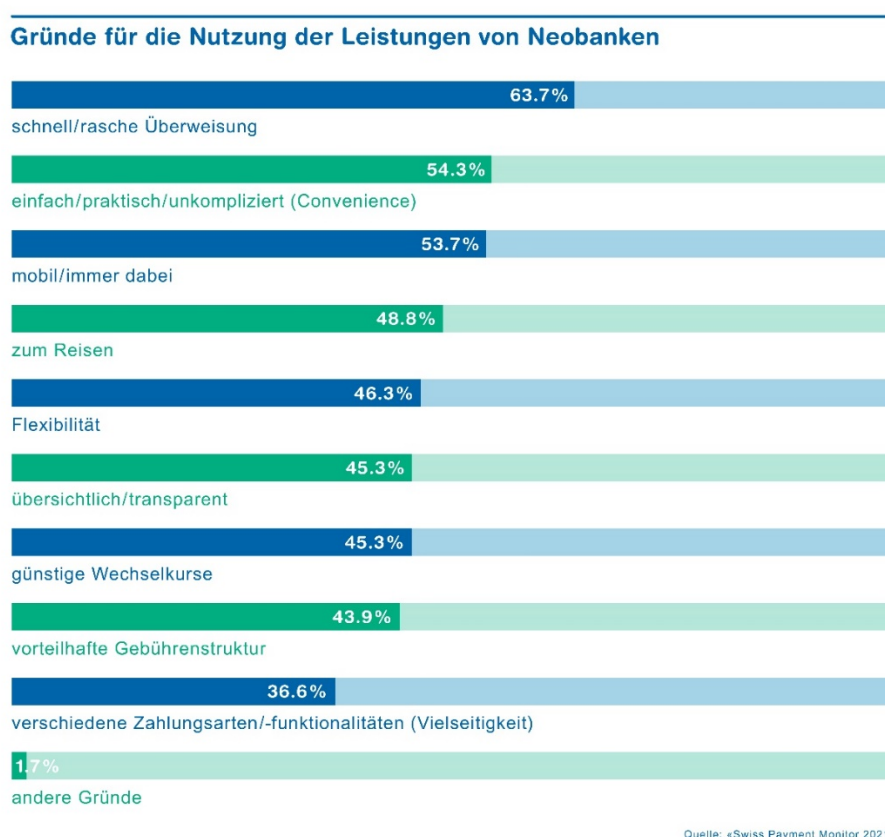
*Question: Please indicate for each provider which of the respective statements applies to you.*

## 6.2 Reasons and purpose of use

According to Figure 13, the main reasons for using neobanks are quick transfer of funds (64%), easy and practical handling (54%) and constant availability (54%). Interestingly, the advantageous fee structure and especially the favourable exchange rates of neobanks, which were at the top of the most important reasons for use in previous years, were replaced in the current survey.

Three-fifths of neobank users use neobank online banking services in addition to traditional providers for certain selected purposes. More than a quarter of users already use neobanks as their primary means of payment or as their main banking connection, with respondents from French-speaking Switzerland being proportionally overrepresented in this group. Around 11% of users stated that they had cancelled the services of a traditional provider due to the new online banking services. Another 30 percent intend to do so in the future. Young, well-educated respondents have already cancelled parts of their traditional banking services, whereas older users of new banks with higher incomes have taken this step (even) less frequently.

Figure 13: Reasons for using the services of neobanks



*Question: What is the reason or reasons for use? Multiple answers possible.*

## 7 Conclusion

The aim of this fourth edition of the Swiss Payment Monitor was to record the changes in the payment behaviour of the Swiss population and the latest developments in the payment market against the background of the corona pandemic. With the help of a representative online survey and subsequent diary recording of all payments by the participants, in combination with the analysis of macroeconomic payment card data, various findings were obtained as follows.

The use of cash by the Swiss population declined significantly due to the corona pandemic in favour of digital payment solutions such as payment cards and mobile payment solutions. On the one hand, this was due to changes in consumer habits such as increased online shopping, which is why more people paid by invoice, and on the other hand, there was a substitution of cash payments by cashless means of payment at physical points of sale. As a result, the credit card became the payment method with the highest turnover, whereas cash is now only just ahead of the debit card in terms of the number of transactions. Compared to the previous year, the average Swiss carries less and less cash and withdraws smaller amounts per cash withdrawal.

Overall, credit card spending and transactions have decreased in 2020 compared to 2019, especially due to the strong decrease in foreign business because of the Corona pandemic. In contrast, debit card sales and number of transactions have increased above average due to the substitution of cash payments at physical points of sale and changing consumer behaviour.

Mobile payment options, especially Twint, have established themselves. Regardless of the amount, they now account for almost 10 per cent of turnover and the number of transactions (excluding peer-to-peer payments). In particular, growth in the small-value segment and in online commerce has been enormous. In the distance business, payment with mobile devices dominates in terms of the number of transactions. Mobile payments are most common in an app and at the stationary point of sale. The most popular types of mobile payment are in-app payments and transfers to private individuals.

One fifth of the Swiss population has used services from a neobank at least once, especially from Revolut, TransferWise and Neon. The simple and practical handling as well as the quick transfer of funds and the constant availability of neobanks are the main reasons for their use. A majority uses neobanks as a supplement to existing services. Around one third are thinking about cancelling services from an existing provider.

Are the changes in payment behaviour described above, which were triggered by the corona pandemic, persistent? How will mobile payments continue to develop? Will neobanks replace conventional offers step by step? The increasing dynamism in the market, which is reflected in these questions, has prompted us to study the payment behaviour of the Swiss population every six months in future (instead of annually up to now). The next survey will take place in May 2021, after which the fifth edition of the Swiss Payment Monitor will be published in a similar form as version 2/2021.

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