

Swiss Payment Monitor 2024

How does Switzerland pay? Issue 1/2024 - Survey November 2023

www.swisspaymentmonitor.ch

Sandro Graf, Nina Heim, Marcel Stadelmann, Tobias Trütsch
St.Gallen/Winterthur, in February 2024

JEL classification: D12, E21, E42, O33

Keywords: payment behaviour, means of payment, cash, diary survey
doi: 10.21256/zhaw-2467



Imprint

Published by

Centre for Financial Services Innovation (FSI-HSG)
University of St.Gallen | Müller-Friedberg-Strasse 8 | 9000 St.Gallen

Zurich University of Applied Sciences (ZHAW)
Institute of Marketing Management | Theaterstrasse 17 | 8400 Winterthur

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Publication date

February 2024

Availability

www.swisspaymentmonitor.ch

<https://doi.org/10.21256/zhaw-2467>

Suggested citation

Graf, S., Heim, N., Stadelmann, M. and Trütsch, T. (2024): Swiss Payment Monitor 2024 - How does Switzerland pay?, Issue 1/2024 - Survey November 2023, University of St.Gallen/Zurich University of Applied Sciences.

Summary

The debit card (non-mobile use) has significantly expanded its leading position among payment methods in terms of turnover share, while the credit card (non-mobile use) and mobile payment (broadly defined) have recorded declines. The debit card has also consolidated its leading position in terms of the number of transactions. This is followed by a shift in the ranking of payment methods, as cash is now only just ahead of the growing number of mobile payments following the first significant decline since the outbreak of the coronavirus pandemic in 2020. The relative share of credit card payments (non-mobile use) remains stable. When analysed by billing product, the growth of the debit card is even more pronounced, while mobile payment in the true sense of the word shows a decline in the share of sales and slight growth in terms of the number of transactions.

In over-the-counter business, the debit card as a billing product has clearly consolidated its leading position, both in terms of turnover and the number of transactions. The credit card as a billing product follows in second place in terms of turnover and third place behind cash in terms of the number of transactions. Twint payments linked to the bank account (i.e. mobile payments in the true sense) are only growing slightly in the face-to-face business following strong relative growth between November 2022 and May 2023.

In the distance selling business, the invoice as a means of payment and thus the bank/postal account as a billing product remains the leader in terms of turnover. Measured by the number of transactions, the credit card as a billing product is recording significant growth and has regained the top position from mobile payment in the true sense of the word.

The majority of respondents rate access to cash positively, although almost half have noticed a deterioration in access in recent years. The rejection of abolishing cash is increasing, especially among younger respondents. A majority are in favour of a mandatory cash acceptance requirement. The possibility of a mandatory acceptance requirement for cashless means of payment is slightly less popular, although this is also viewed more favourably than unfavourably by more respondents.

Mobile payments are growing inexorably in Switzerland. Women, people under 30, people with a high level of education and respondents from French- and Italian-speaking Switzerland make mobile payments more frequently than average. People with higher incomes also use mobile payments more frequently than people with medium and low incomes. Twint is clearly the dominant mobile payment solution in Switzerland and its use continues to grow.

The proportion of the population using neobanks is stagnating, with Revolut continuing to have the most users ahead of Neon and Yuh. Neobanks primarily serve as a supplement to traditional banking services rather than replacing them completely.

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1 Introduction

In previous editions of the Swiss Payment Monitor (SPM), a trend towards fewer cash payments and significantly more transactions with mobile devices was observed. Will this trend continue and what is the current payment behaviour of the Swiss population? These and other questions are analysed in the tenth edition of the Swiss Payment Monitor.

The Swiss Payment Monitor is a joint project of the Swiss Payment Research Center (SPRC) of the ZHAW School of Management and Law and the Swiss Payment Behaviour Lab (SPBL) of the Center for Financial Services Innovation at the University of St.Gallen. The study series focuses primarily on analysing the payment behaviour of the Swiss population over time.

At the end of October to the beginning of November 2023, an online access panel was used to recruit a representative sample of the Swiss population of more than 1,700 people aged between 18 and 88 from all three parts of the country, who 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, summarises the most important findings from the current survey and compares them with past surveys.

Selected results can also be viewed on the project website www.swisspaymentmonitor.ch. Thanks to an interactive dashboard, the website provides an ongoing graphic insight into the latest data on digital payment transactions published by the Swiss National Bank.² The project website therefore 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 financed by the Swiss Payment Association (industry organisation of all major Swiss credit card issuers of international card organisations) and the industry partners Nexi (Nexi Schweiz AG) and Worldline.

This report is organised 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 various payment methods. A distinction is made between face-to-face and distance business as well as between means of payment and billing products. 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

The study participants were recruited via an online access panel. In a first step, the participants were asked to answer questions on the topic of "payment" in an online survey. The focus was on the respondents' self-perception and assessment of various aspects of their payment behaviour. The online survey lasted around 20 minutes and was conducted in stages from the end of October to the beginning of November 2023. Compared to previous surveys, the sample for the tenth edition of the SPM (edition 1/2024) was increased by around 200 people. 1704 people aged between 18 and 88 from German, French and Italian-speaking Switzerland completed the online survey. The sample is representative of the Swiss population in terms of gender, age, language region and level of education. After checking the data quality, the responses of 1619 people remained in the data set.

In a second step, all participants in the online survey in November 2023 were invited to take part in the second part of the survey on different days of the week. In this part, respondents were asked to record all irregular (i.e. not regularly recurring) payments and cash withdrawals in the form of an (electronic) diary for three consecutive days and to categorise them according to predefined characteristics.

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)	Nov. 2023 (1/2024)	Change 1/2024 to 2/2023
Duration of the diary survey	3 days	3 days	3 days	3 days	3 days	3 days	3 days	
Number of participants	701	837	841	772	827	863	1034	+19,8%
Sales volume in CHF (thousand)								
Domestic	281	209	235	190	197	198	260	+31,0%
At home and abroad	308	230	251	212	220	226	291	+28,9%
Online	47%	29%	39%	34%	29%	34%	36%	+2 PP
On site	53%	71%	61%	66%	71%	66%	64%	-2 PP
Transaction volume								
Domestic	3991	4051	4269	4137	3986	4430	5699	+28,6%
At home and abroad	4232	4211	4571	4403	4648	4787	6116	+27,8%
Online	18%	14%	15%	14%	14%	14%	16%	+2 PP
On site	82%	86%	85%	86%	86%	86%	84%	-2 PP
Average number of transac- tions per person per day								
Domestic	1,9	1,6	1,7	1,8	1,6	1,7	1,8	+8,1%
At home and abroad	2,0	1,7	1,8	1,9	1,9	1,9	2,0	+3,8%
Average amount per transac- tion in CHF								
Domestic	70	52	55	46	50	45	46	+1,8%
At home and abroad	73	55	55	48	47	47	48	+0,9%

Remarks: PP corresponds to percentage points. Thousand equals thousand.

The split between online and on-site transactions has remained almost constant in terms of the number of transactions since the SPM 2/2021 (cf. Table 1). More than four out of five payments are processed on site, while around one in five transactions takes place online. The share of turnover, on the other hand, is subject to greater fluctuations from survey to survey, as individual large transaction amounts naturally have a strong influence on turnover. Around two thirds of sales are processed at physical points of sale and around one third online (cf. Table 1). Domestic payments clearly dominate compared to international payments: around 93 per cent of transactions take place in Switzerland. The results discussed below in this report are based exclusively on domestic payments. The Swiss Payment Monitor data series provides a reliable time series overall.

3 Payment behaviour

3.1 Preliminary remarks

Due to the increasing dynamics in the area of mobile payment and the associated interdependence with regard to the instrument used to initiate the transaction and the actual billing product, payment behaviour is analysed below 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 classed as mobile payment, i.e. all forms of payment with a mobile ³ are summarised under this means of payment (see 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 2018 and thus enables a comparison of the share of means of payment over time. In the analysis of payment behaviour according to the underlying billing product (see section 3.2.2, 3.3.2 and 3.4.2), the definition of mobile payment "in the proper sense" is used (see Box 1).⁴ This means that the share of payment instruments in mobile payment is lower, while the share of various card products that can be stored as a billing product for mobile payments is higher. The share of other means of payment, such as cash, is not affected by the distinction between "means of payment" and "billing product".

As the means of payment used differ greatly depending on the payment situation - i.e. in the case of on-site payments versus online payments - payment behaviour is analysed in addition to the overall market according to presence (see chapter 3.3) and distance selling (see chapter 3.4) are shown separately. For the shares of sales according to the overall market (cf. chapter 3.2), it should be noted that the share of online payments in total sales as shown in Table 1 varies from survey to survey.

³ e.g. smartphone, tablet or smartwatch.

⁴ This analysis was applied retrospectively for every diary survey since SPM 1/2021. The data structure of the diary survey prior to 2021 does not allow an analysis by billing product for the years 2019 and 2020.

Box 1: Definitions of "Mobile payment"

In all editions of the Swiss Payment Monitor, mobile payment is generally 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, for example via Twint or Revolut. This broad definition of mobile payment encompasses 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 therefore correspond to mobile payment *in the true sense of the word*.
2. In most other cases, payment apps are based on the credit card and, more rarely, 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/stricter sense. In-app payment therefore 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 respondent's understanding. The chosen study design takes into account the individual understanding of the means of payment from the respondent's perspective.

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

A further preliminary remark on the interpretation of the results applies to the categorisation of the different card types. The new debit cards from Visa and Mastercard differ less visually and in terms of functionality from credit cards than their predecessors Maestro and V-Pay cards.⁵ Like credit cards, they feature the Mastercard and Visa logos and a 16-digit number, enable online payments and can be stored in mobile payment apps such as Apple Pay, Samsung Pay or Google Pay. It can therefore not be ruled out that at the beginning of the launch of these cards, a few respondents 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 categorised the new debit cards, as online payments are only possible with the new generation of debit cards (see section 3.4). In addition, since the SPM 2/2023, the online survey has contained detailed information on the distinction between debit and credit cards.

⁵ In Switzerland, the first major banks began introducing Debit Mastercard and Visa Debit as a replacement for Maestro and V-Pay cards in 2020. Over the course of 2022, PostFinance, Raiffeisen, Migros Bank, Zürcher Kantonalbank and other institutions with a large customer base launched the new debit cards. Maestro cards that have reached their expiry date will be successively replaced by new-generation debit cards. The new PostFinance Card is also a Debit Mastercard.

3.2 Total market

3.2.1 Total market according to means of payment

The diary survey can be used to illustrate effective behaviour with regard to payment habits. Figure 1 and Figure 2 show the development of the share of sales (measured in terms of total \dots ⁶) and the share of transactions (measured in terms of the total number of transactions) of different payment methods over time.⁷

In terms of share of sales, the debit card (non-mobile use) has significantly expanded its leading position with 27.3 per cent - an increase of 3.2 percentage points [pp] compared to the last survey in May 2023 (cf. Figure 1). Behind this, both credit cards (non-mobile use) with -2.8 percentage points and mobile payments with -1.5 percentage points lost sales shares (cf. Figure 1). In the case of mobile payment, it should be noted that the growth in the share of sales was particularly high from SPM 1/2023 to SPM 2/2023 due to individual large amounts (cf. Figure 1). Compared to SPM 1/2023, the current revenue share of 19.3 per cent represents growth of 4.0 percentage points, which according to Figure 1 is in line with the long-term growth path. At 15.8%, the share of turnover accounted for by invoices remained stable (+0.9 PP), while the share of cash payments levelled out at 13.2% (-1.4 PP), its lowest value since the start of the survey (cf. Figure 1).

The shares of payment methods in terms of the number of transactions are less strongly influenced by individual payments. With an increase of 0.8 percentage points compared to SPM 2/2023 to 29.3 per cent, the debit card (non-mobile use) has also consolidated its leading position in this regard (cf. Figure 2). This is followed by a fundamental change in the ranking of the most frequently used payment methods: With a share of 25.0 per cent (-3.2 PP), cash is now only just ahead of mobile payments with 23.3 per cent (+2.3 PP) (cf. Figure 2). Meanwhile, the share of credit card payments (non-mobile use) in terms of the number of transactions remained fairly stable at 15.4 per cent (-0.8 PP), although the share of sales accounted for by this payment method fell by 2.8 percentage points (cf. Figure 2).

In summary, the debit card (non-mobile use) continues to be the most widely used payment method in Switzerland. The relative use of cash is declining significantly for the first time since 2021, especially in terms of the number of transactions. In contrast, mobile payment by broad definition continues to grow steadily in terms of the number of transactions, as shown by the staircase-shaped increase in shares in Figure 2 impressively visualises. The payment situations to which these developments are primarily attributable are shown in the detailed analyses by face-to-face and distance selling in chapter 3.3 and chapter 3.4. Chapter 5 also looks in detail at the development of mobile payment.

⁶ The results of the SPM show how this expenditure is distributed in relative terms across the various payment methods and billing products. The absolute figures on digital payment transactions 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.swisspaymentmonitor.ch/snb-daten.

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

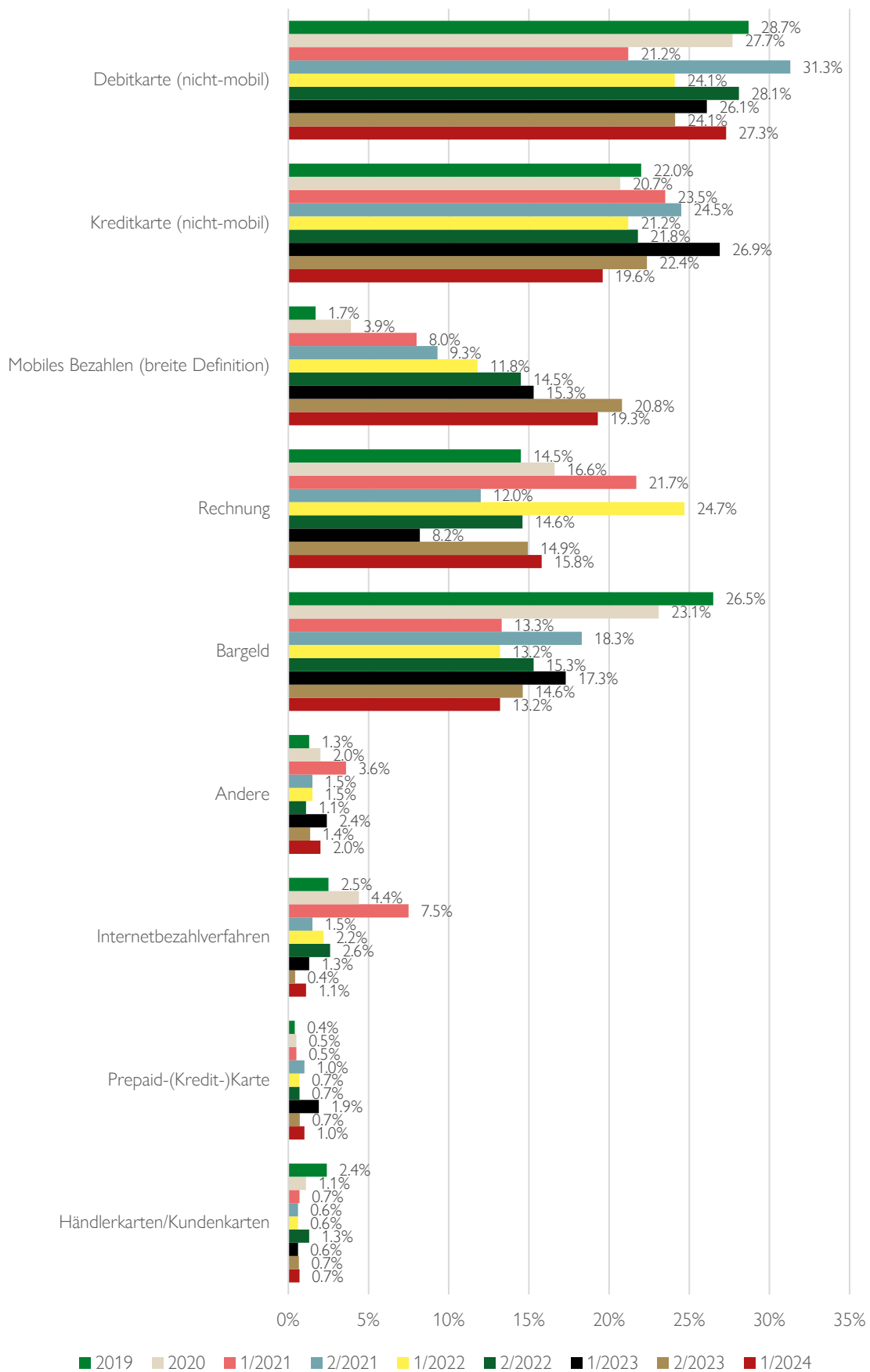


Illustration 1: Share of payment methods by turnover in the overall market according to payment methods
 Remarks: According to diary entries; only domestic payments; the category "mobile payments" also includes card payments that are initiated within a payment app or merchant-specific mobile app (see definition in Box 1).

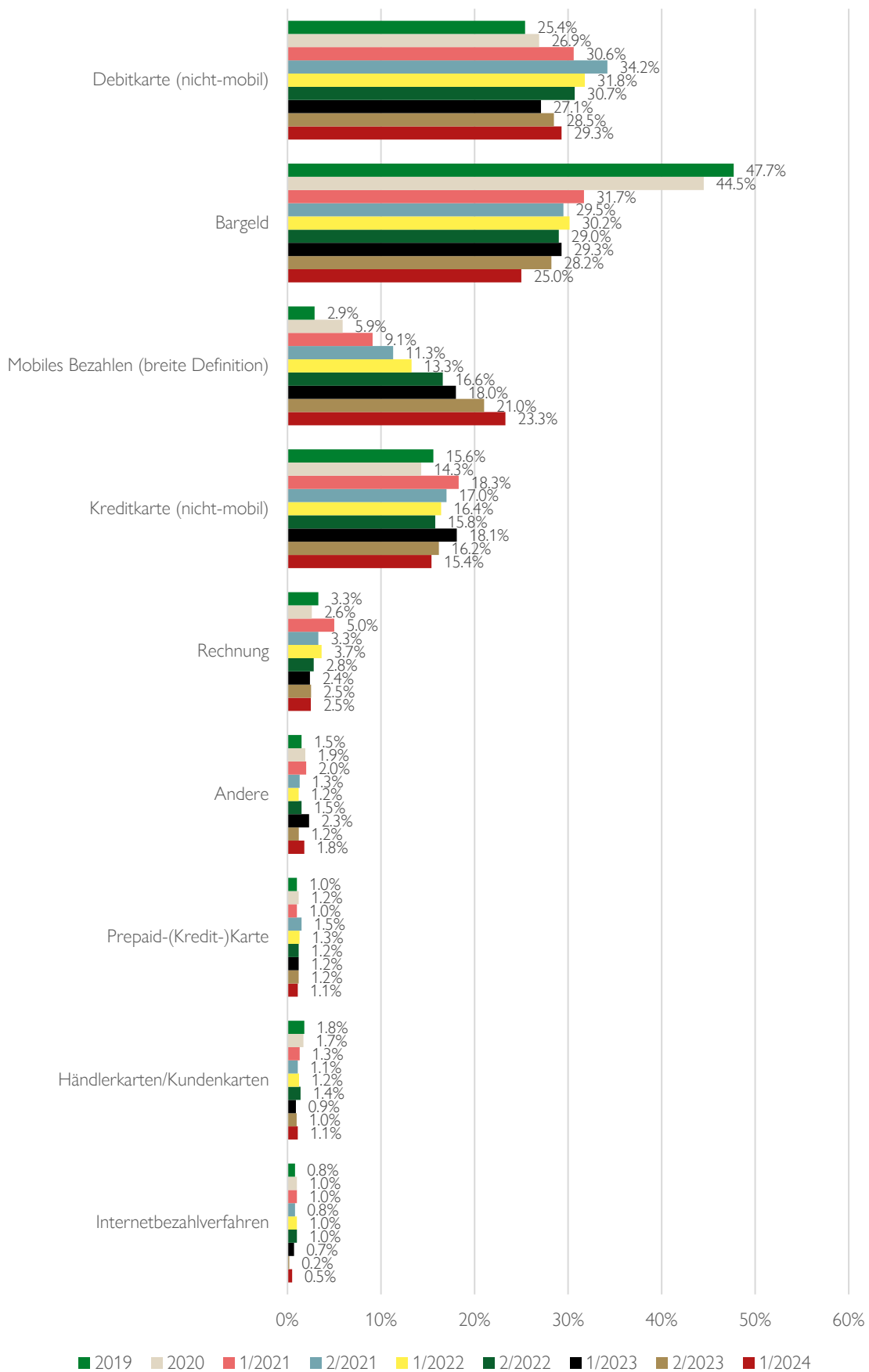


Illustration 2: Payment method shares by number of transactions in the overall market according to payment method
 Remarks: According to diary entries; only domestic payments; the category "mobile payments" also includes card payments that are initiated within a payment app or merchant-specific mobile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

3.2.2 Total market according to billing product

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

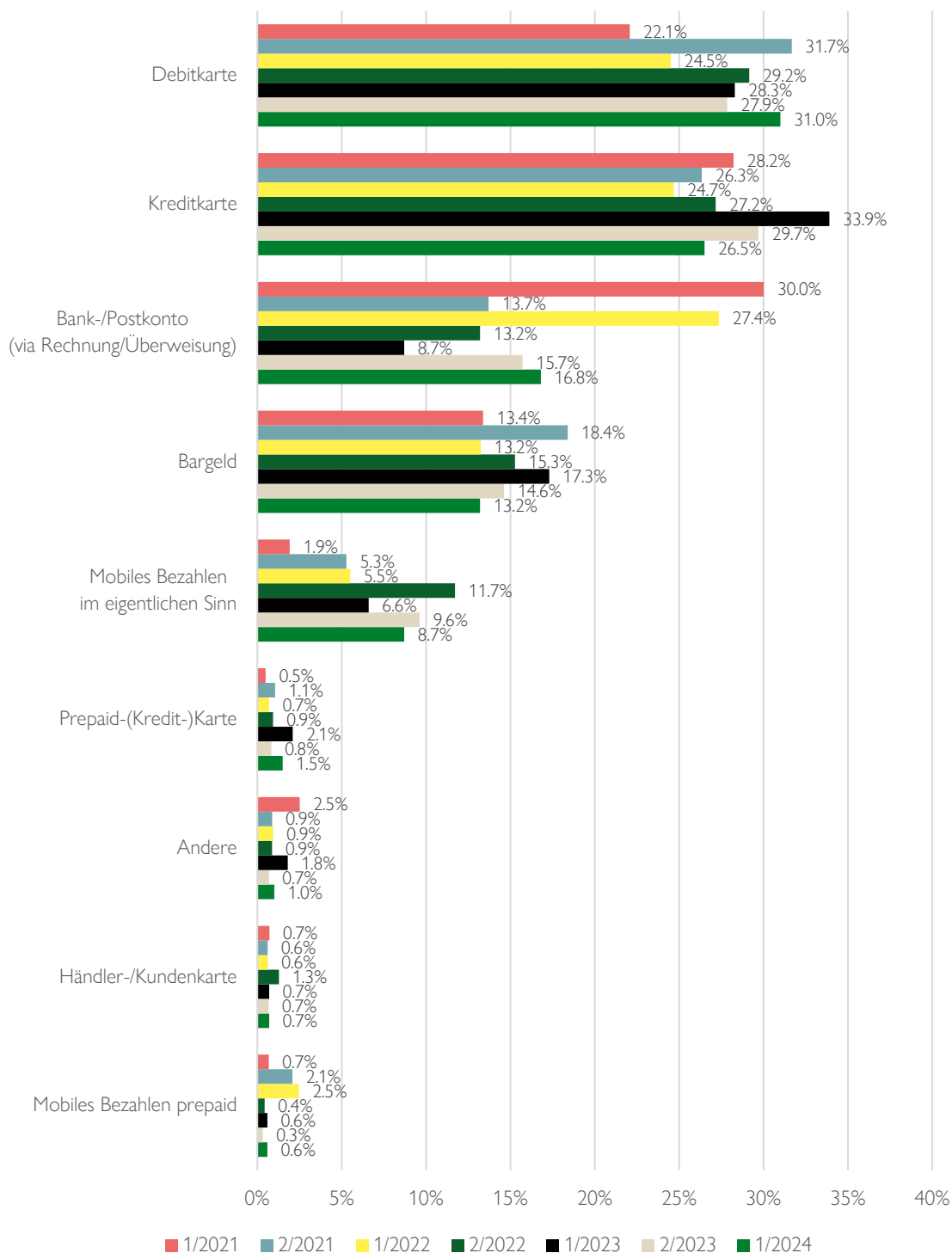


Illustration 3: Payment method shares by turnover in the overall market according to billing product
Remarks: According to diary entries; domestic payments only.

With an increase of 3.1 percentage points compared to the SPM 2/2023 to 31.0 per cent, the debit card as a billing product holds the top position in terms of turnover (cf. Figure 3). In addition to the increased conventional - i.e. non-mobile - use of debit cards, online payments or payments with mobile payment apps are also gaining in importance thanks to the latest generation of debit cards. The difference in the shares between Figure 1 and Figure 3 shows that 6.9 percentage points of the share of credit card sales as a billing product and 3.7 percentage points of the share of debit card sales as a billing product are processed via mobile devices (e.g. via payment apps such as Apple Pay, Samsung Pay and Google Pay). This corresponds to 26 per cent of the total share of credit card sales and 11.9 per cent of the total share of debit card sales as a billing product.

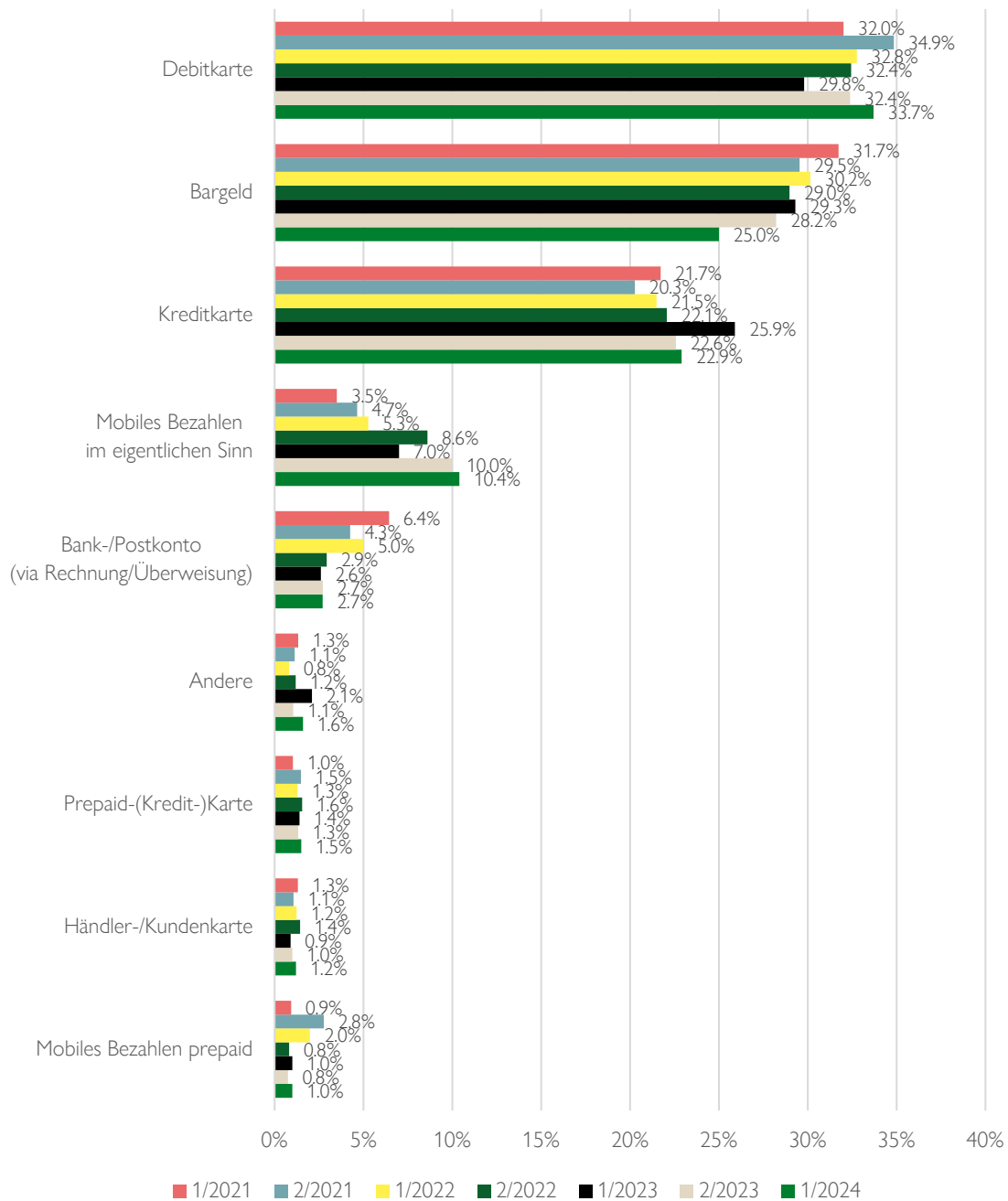


Illustration 4: Payment method shares by number of transactions in the total market according to billing product
Remarks: According to diary entries; domestic payments only.

Measured by the number of transactions, the debit card as a billing product is also in first place with a share of 33.7 per cent (cf. Figure 4). With an increase of 1.3 percentage points compared to SPM 2/2023, it has significantly widened the gap to cash in second place with a share of 25.0 per cent (-3.2 PP) (cf. Figure 4). In third place is the credit card as a billing product, which was able to keep its relative share stable at 22.9 per cent (+0.3 PP) (cf. Figure 4). Mobile payment as such was able to maintain its double-digit share, but only increased slightly compared to SPM 2/2023 (+0.4 PP) to 10.4 per cent (cf. Figure 4). 7.5 percentage points of the transaction share of credit cards as a billing product and 4.4 percentage points of the transaction share of debit cards as a billing product are processed via mobile devices (e.g. via payment apps such as Apple Pay, Samsung Pay and Google Pay). In terms of the number of transactions, this corresponds to around 33 per cent of the total share of credit cards and 13.1 per cent of the total share of debit cards as a billing product.

3.3 Presence business

3.3.1 Retail business according to means of payment

Face-to-face business refers to all transactions carried out on site in a physical shop or at a physical machine. This is in contrast to distance selling, where the payer and payee are physically separated from each other, which primarily includes online payments (see chapter 3.4). Table 1 shows that in purely quantitative terms, the majority of transactions (84%) are concentrated in face-to-face business.⁸ In terms of turnover, the share of face-to-face business is also dominant (64%), as in the previous waves, although less pronounced than in terms of frequency of use.

Figure 5 shows in contrast to Figure 1 that the share of sales accounted for by mobile payments in the face-to-face business has increased slightly to 14.9 per cent (+0.3 PP), while it has declined in the market as a whole (-1.5 PP). Otherwise, the comparison of these two figures provides little additional insight into the face-to-face business.

With regard to the number of face-to-face transactions Figure 6 shows that the physical debit card (non-mobile use) is used most frequently for on-site payments with a share of 33.8 per cent (+1.8 PP). Compared to the last survey, cash fell to second place with a drop of 2.9 percentage points to 29.2 per cent (cf. Figure 6). Credit cards (non-mobile use) remain in third place with a share of 16.6 per cent (-0.5 PP) in face-to-face business. Mobile payment according to the broad definition continued to grow with an increase of 1.2 percentage points to 16.3 per cent and is now only just behind the credit card in fourth place (cf. Figure 6).

When asked about the ⁹ for choosing cash as a means of payment, 36.0 per cent of respondents stated that the amount played a role. Cash is used particularly frequently for very small (up to CHF 5) and small amounts (CHF 5 to 20). Habit was the second most frequently cited reason for using cash (31.6%). The type of merchant (25.9%), the fact that only cash was accepted (12.7%) and the speed of payment (12.0%) also played a role. 9.5 per cent of respondents would like to avoid fees for the retailer.

⁸ Due to the high proportion of face-to-face business in the sample, the results in this chapter are similar in many respects to those in chapter 3.2.1 in many respects, especially with regard to the use of cash, which can only be used in face-to-face business.

⁹ Multiple answers were possible to the question about the reasons for the choice of payment method.

For cashless payments, by far the most common reason given for choosing the payment method was habit (46.3%), followed by speed of payment (28.9%), preference for cashless payments at this type of retailer (23.9%) and the amount (22.1%). Cashless payments had to be used for 3.7 per cent of payments because cash was not accepted.

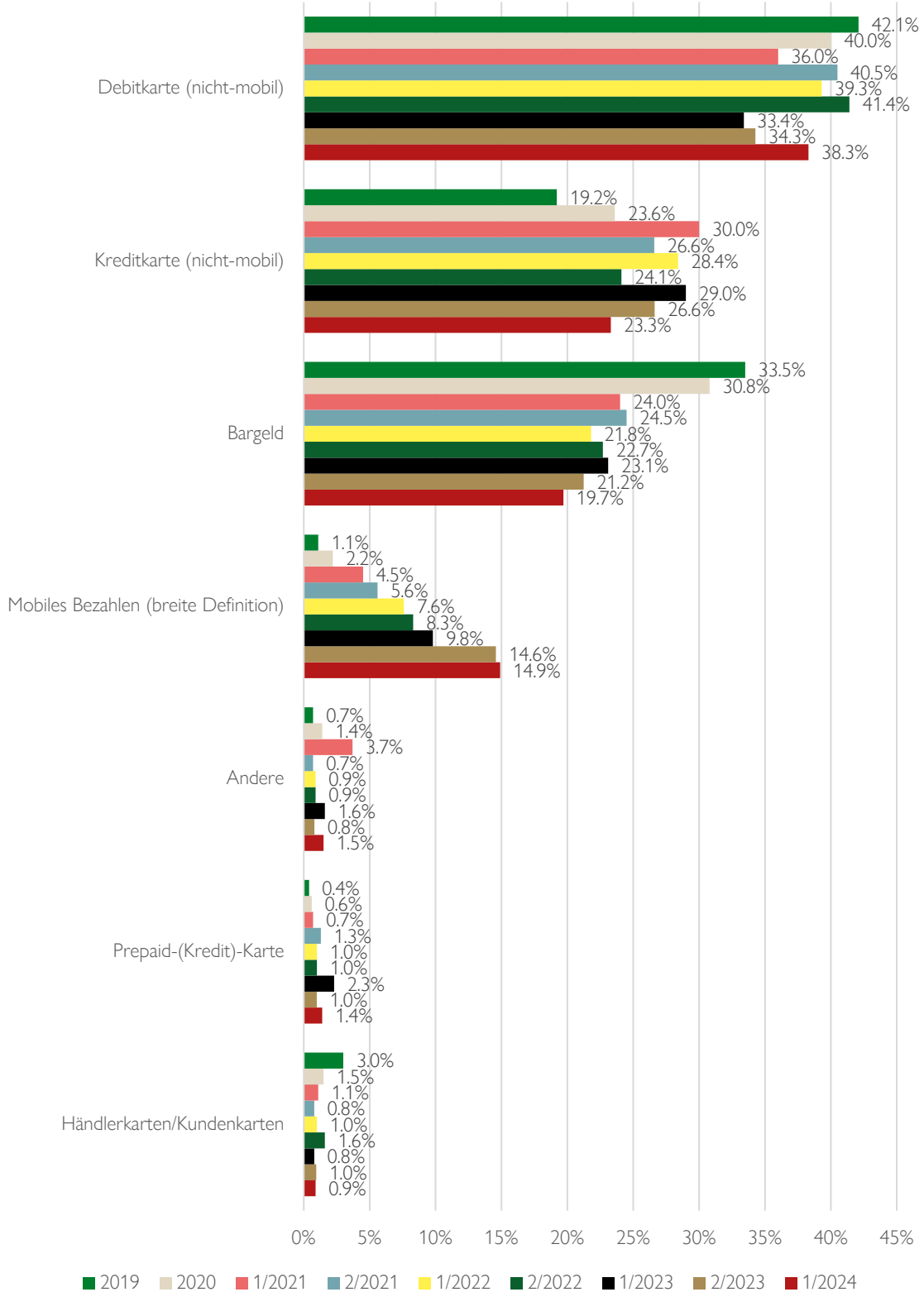


Illustration 5: Share of means of payment by sales in retail business according to means of payment
 Remarks: According to diary entries; only domestic payments; the category "mobile payments" also includes card payments that are initiated within a payment app or merchant-specific mobile app (see definition in Box 1).

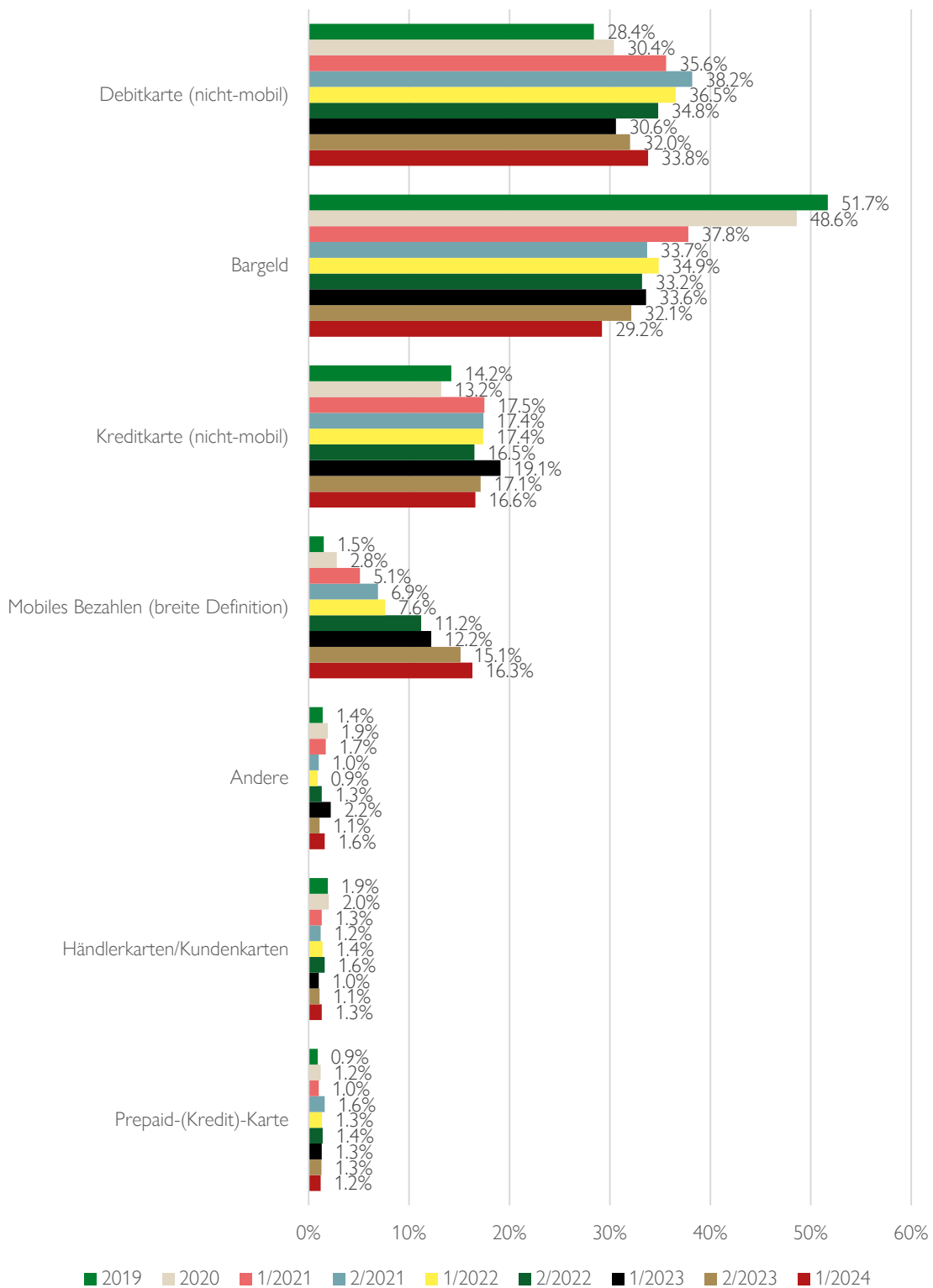


Illustration 6: Share of means of payment by number of transactions in face-to-face business according to means of payment
 Remarks: According to diary entries; only domestic payments; the category "mobile payments" also includes card payments that are initiated within a payment app or merchant-specific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

3.3.2 Presence business according to billing product

The order of the sales and transaction share of the four most popular billing products in the face-to-face business remains unchanged compared to the analysis "according to means of payment" (cf. Figure 7 and Figure 8). The share of sales by billing product in Figure 7 the gap between the

debit card (41.2%) in first place and the credit card (29.1%) in second place is less pronounced than when analysed by payment method (cf. Figure 5), as payments with payment apps such as Apple Pay, Samsung Pay or Google Pay more frequently use a credit card as a billing product than a debit card (cf. Figure 22).

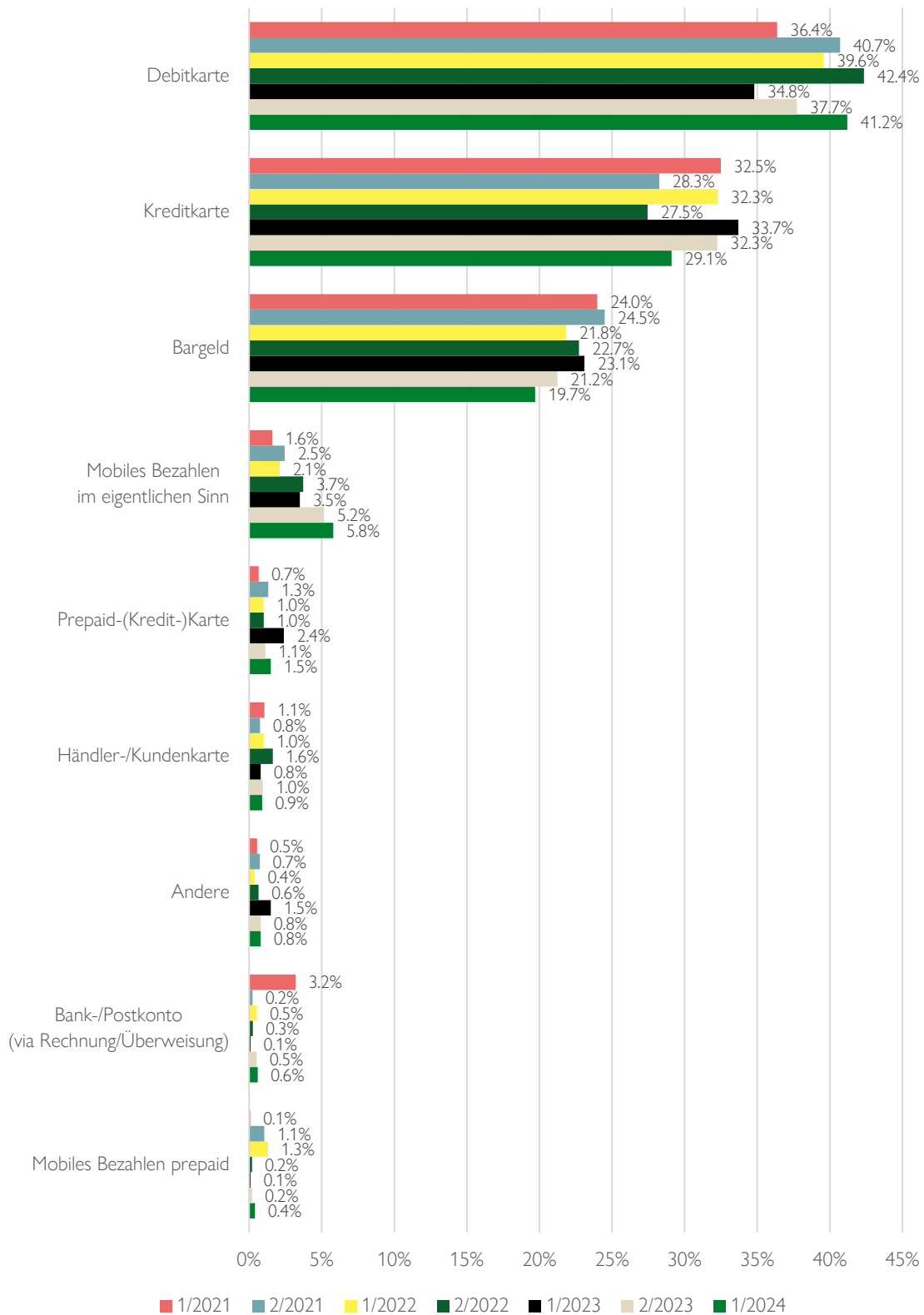


Illustration 7: Share of payment methods by sales in over-the-counter business according to billing product
Remarks: According to diary entries; domestic payments only.

The sales and transaction share of mobile payment in the actual sense is 5.8 and 7.2 per cent respectively in the face-to-face business (cf. Figure 7 and Figure 8) is significantly lower than when considering mobile payment according to the broader definition (14.9% and 16.3% respectively) (cf. Figure 5 and Figure 6). This shows that the payment apps mentioned above, which have a card product on file, account for a considerable proportion of mobile payments according to the broad definition. Nonetheless, mobile payment in the true sense of the word is once again showing growth in the share of sales and transactions compared to SPM 2/2023 (cf. Figure 7 and Figure 8). This shows that Twint is continuing to gain share in the face-to-face business.

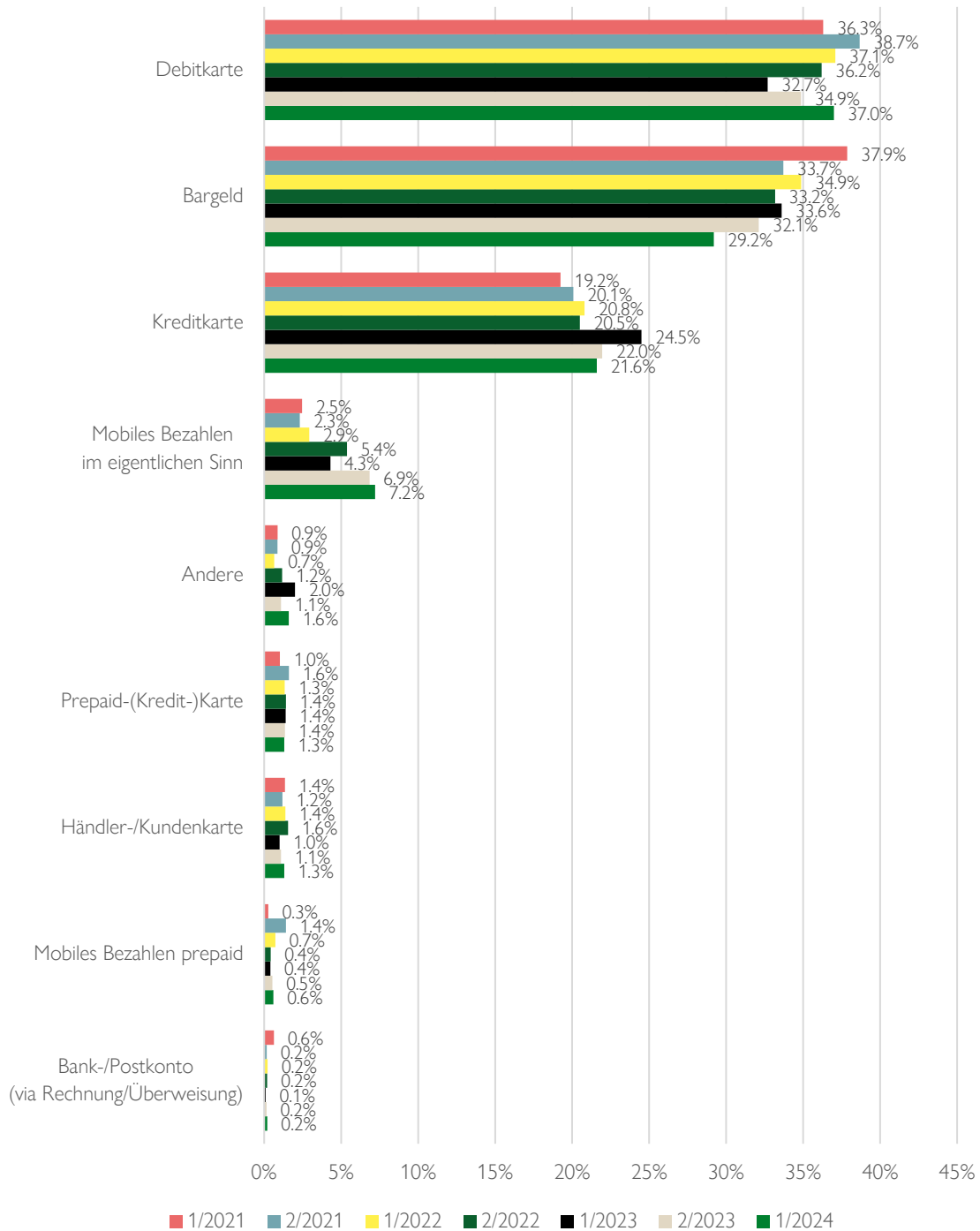


Illustration 8: Share of means of payment by number of transactions in over-the-counter business according to billing product
Remarks: According to diary entries; domestic payments only.

3.4 Distance selling

3.4.1 Distance selling according to means of payment

Figure 9 and Figure 10 show the development of the share of sales and the share by number of transactions of different payment methods in distance selling over time.¹⁰ In terms of sales, the invoice remains the clear leader with a share of 46.2 per cent (-0.7 PP), as this payment method is frequently chosen for larger amounts in particular (cf. Figure 9). This could be due to the fact that with purchase on account, the goods do not have to be paid for directly at the time of ordering, but only after delivery with a delay. If, from the consumer's point of view, the receipt of the (functional) goods or a problem-free reversal of a purchase is not guaranteed when buying online, the invoice (still) appears to be the most popular means of payment in order to minimise the risk, especially for larger amounts.

In terms of sales in the distance selling business, mobile payment is in second place with a share of 28.0 per cent (-6.5 PP) (cf. Figure 9). The comparison with Figure 10 shows that the sharp decline in the share of sales accounted for by mobile payments compared to other payment methods is not due to a lower frequency of use, as the share of mobile payments in terms of the number of transactions has grown by 1.6 percentage points to 65.3 per cent. This means that more and more online purchases are being made directly on a mobile device, while the average amount of mobile payments has fallen in comparison to other payment methods.

There were hardly any notable shifts in the other payment methods in the distance selling business compared to SPM 2/2023. Only the 3.8 percentage point increase in the share of debit card sales (non-mobile use) is striking (cf. Figure 9). The comparison with Figure 10 shows that this growth is due to comparatively higher transaction amounts, as the share of debit cards (non-mobile use) as a means of payment for online purchases remained stable in terms of the number of transactions (-0.1 PP).

Habit (38.4%) was cited as the most important reason for choosing a payment method in distance selling, followed by the type of retailer (28.7%).¹¹ This means that more than a quarter of shoppers prefer to pay with a specific payment method, depending on the type of online retailer. This is closely followed in third place by the speed of payment (27.8%) as the reason for choosing the payment method. This plays a particularly important role when deciding in favour of mobile payment. For example, if the payment method is already stored in an app, the payment can be initiated quickly and easily with just a few finger movements. Payment security was only cited as a reason for choosing a payment method in 10.2 per cent of payments - and predominantly as a reason for choosing a credit card.

¹⁰ When comparing the shares of sales in distance selling in different surveys, it should be noted that with an average total number of around 600-670 distance payments per survey in 2019 to 2/2023, or 912 in the current survey with an increase in the sample size, individual large amounts have a strong influence on the shares of payment methods.

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

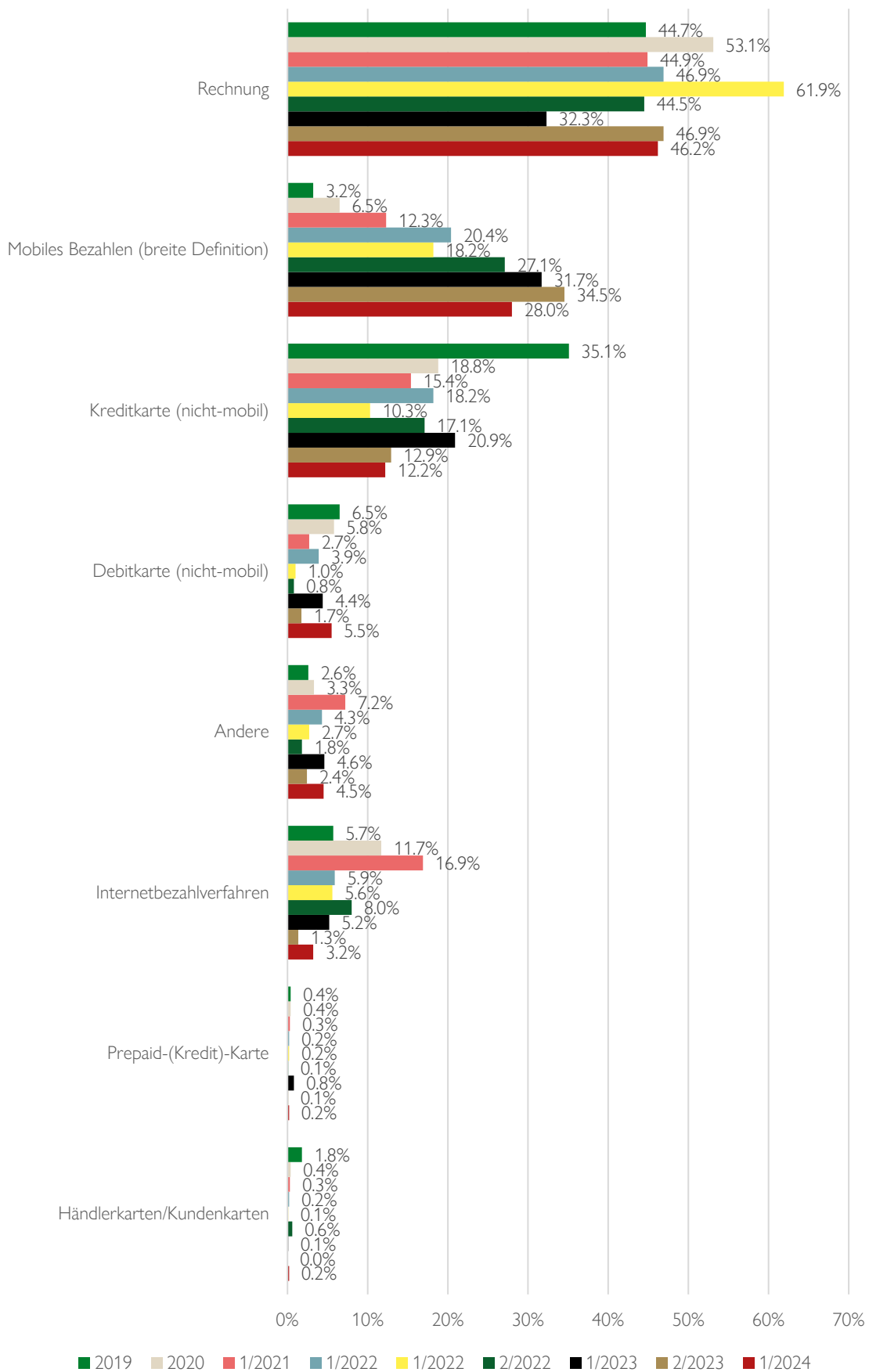


Illustration 9: Share of means of payment by sales in distance selling according to means of payment
 Remarks: According to diary entries; only domestic payments; the category "mobile payments" also includes card payments that are initiated within a payment app or merchant-specific mobile app (see definition in Box 1).

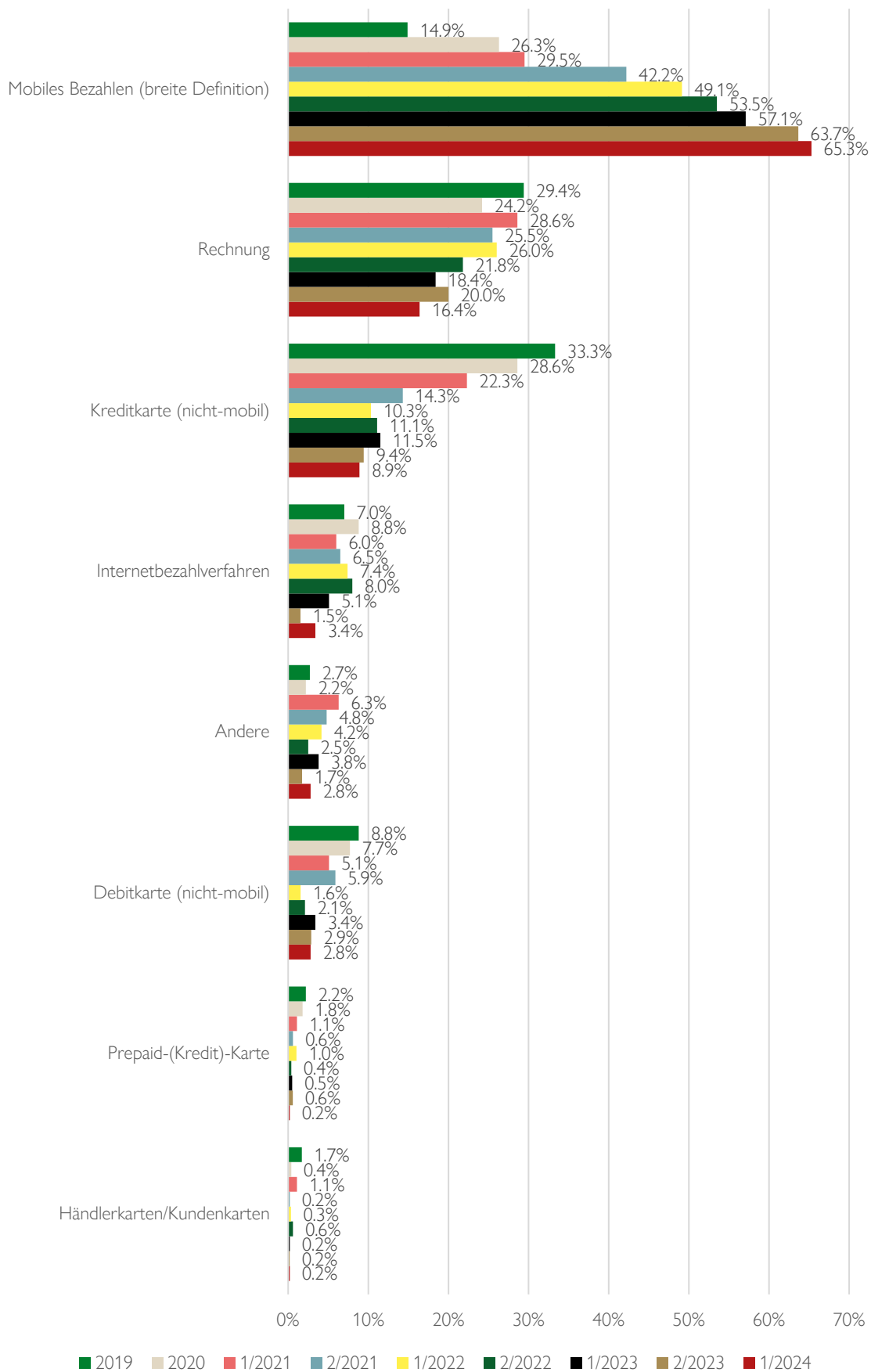


Illustration 10: Payment method shares by number of transactions in distance selling according to payment method
 Remarks: According to diary entries; only domestic payments; the category "mobile payments" also includes card payments that are initiated within a payment app or merchant-specific mobile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

3.4.2 Distance selling according to billing product

When analysing the distance selling business by billing product, a comparison with the analysis by means of payment (see section 3.4.1), it is clear that credit cards are the underlying billing product for many online payments via a mobile device. Their share of turnover (21.3%) and the number of transactions (30.7%) are therefore significantly higher (cf. Figure 11 and Figure 12). With an increase of 3.6 percentage points to 30.7% in terms of the number of transactions, the credit card as a billing product in the distance selling business has, in contrast to SPM 2/2023, once again taken over the top position from mobile payment as such with 29.5% (-3.2 PP) (cf. Figure 12).

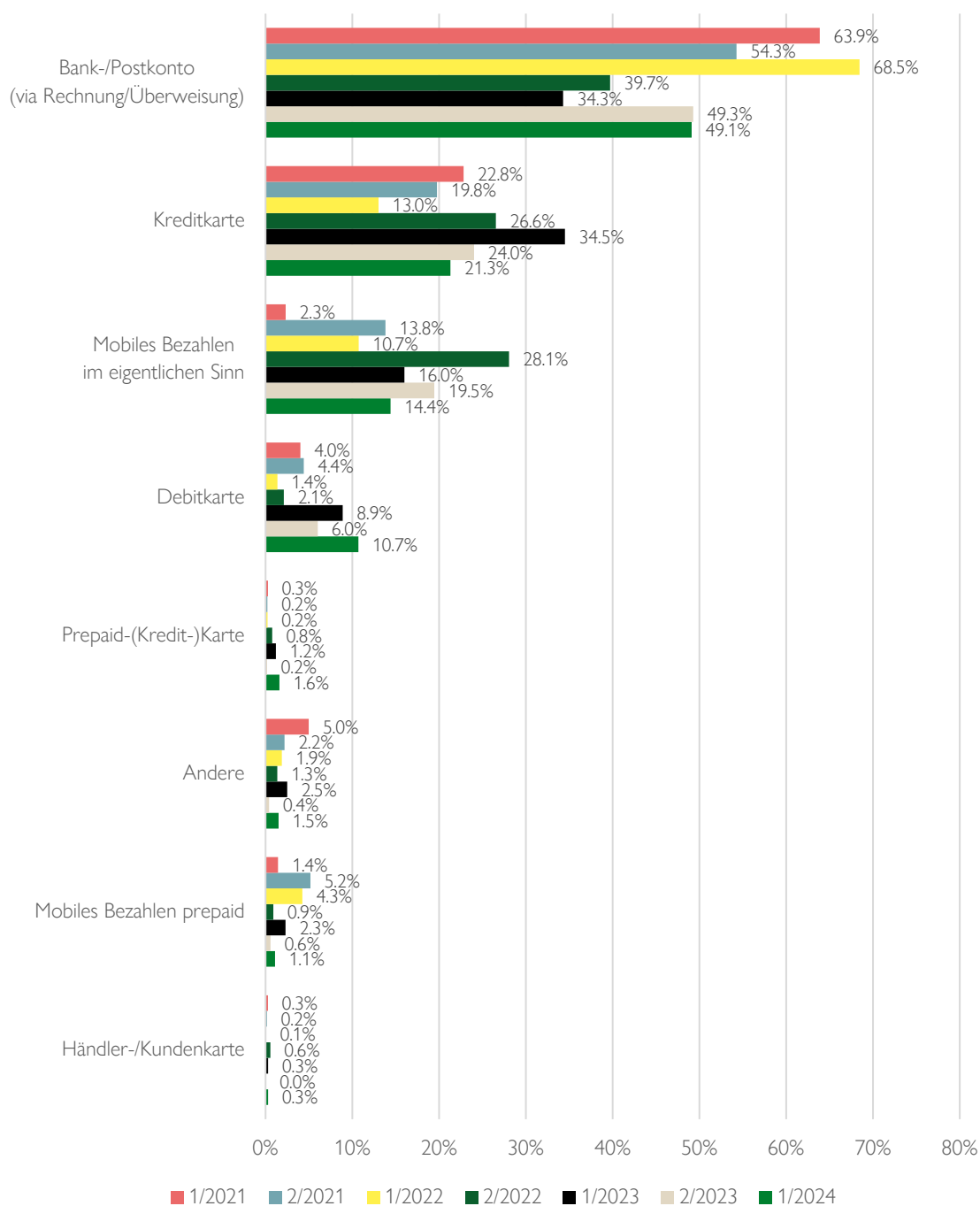


Illustration 11: Share of means of payment by sales in distance selling according to billing product
Remarks: According to diary entries; domestic payments only.

The debit card as a billing product defended its share in terms of the number of transactions at 14.1 per cent (-0.3 PP) and even increased its share of sales by 4.7 percentage points to 10.7 per cent (cf. Figure 11 and Figure 12). This relative growth in the turnover share of the debit card as a billing product is even higher than for the debit card as a means of payment, which means that comparatively higher amounts were increasingly paid using mobile payment apps with a stored debit card (cf. Figure 9).¹²

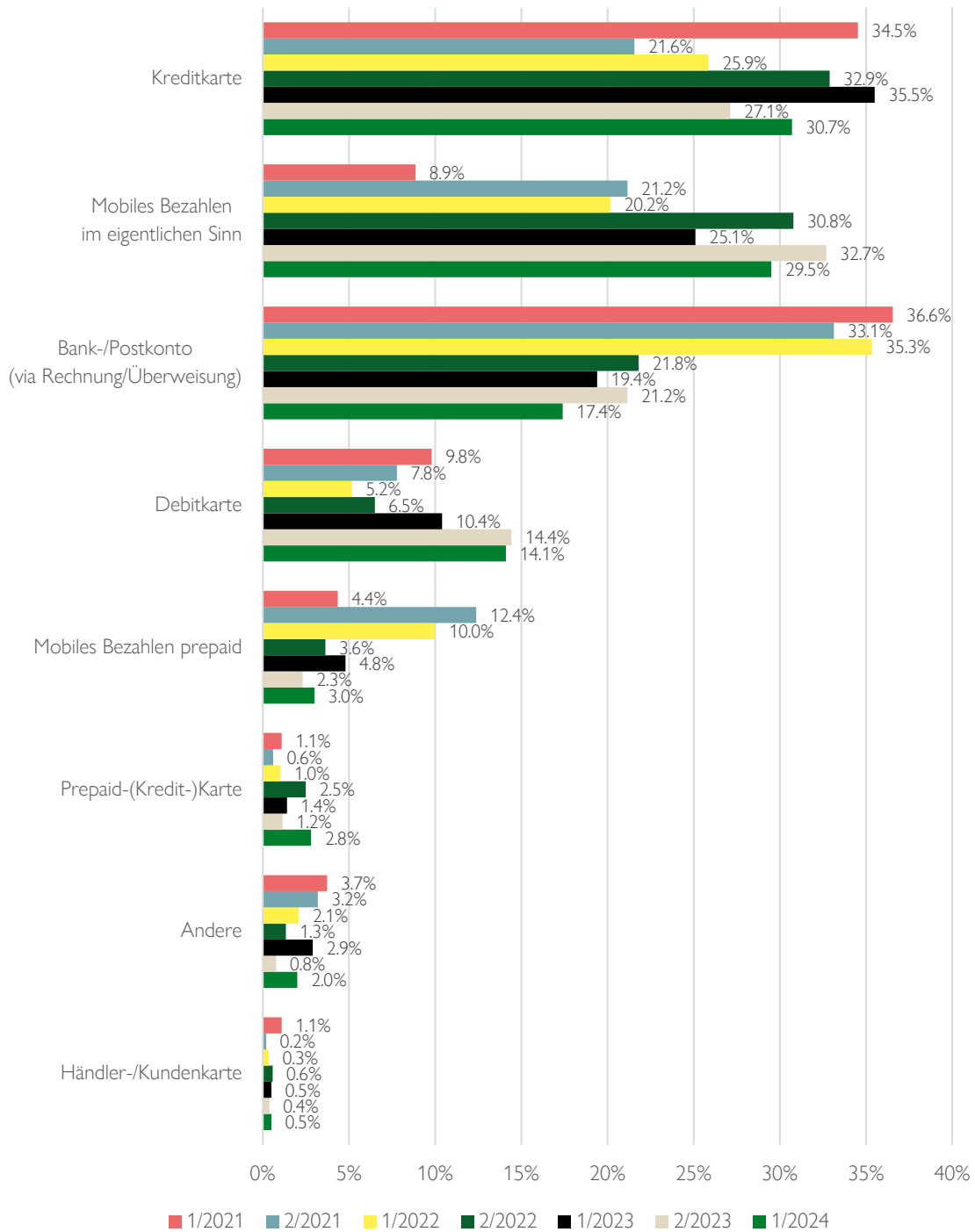


Illustration 12: Payment method shares by number of transactions in distance selling according to billing product
Remarks: According to diary entries; domestic payments only.

¹² At the same time, the result also shows that most respondents correctly categorise the new generation of debit cards, as older debit cards such as Maestro or V-Pay are not suitable for online use.

4 Cash

4.1 Cash holdings

As described in chapter 3 the use of cash is declining again in relative terms compared to the previous surveys. This could indicate that the long-term trend away from cash and towards cashless payment methods could continue after a sharp decline in cash use at the beginning of the coronavirus pandemic and a subsequent phase of stabilisation.

The return of the trend away from cash can also be seen in Figure 13 which shows what proportion of the population does not carry any cash at all or keeps it at home. Following a decline from SPM 1/2023 to SPM 2/2023, these figures rose slightly in the current survey from 12.7 per cent to 13.5 per cent and from 37.3 per cent to 39.3 per cent respectively (cf. Figure 13).

It can also be seen that the average amount of cash in the wallets of the Swiss population and the average amount of cash kept at home have fallen slightly compared to the SPM 2/2023 (cf. Figure 14). Specifically, an average of CHF 84 is carried in wallets (SPM 2/2023: CHF 113) and CHF 770 is kept at home (SPM 2/2023: CHF 780) (cf. Figure 14). After a significant increase between SPM 2/2022 and SPM 1/2023 - presumably caused by a potential power shortage - cash holdings now appear to be gradually decreasing again slightly.

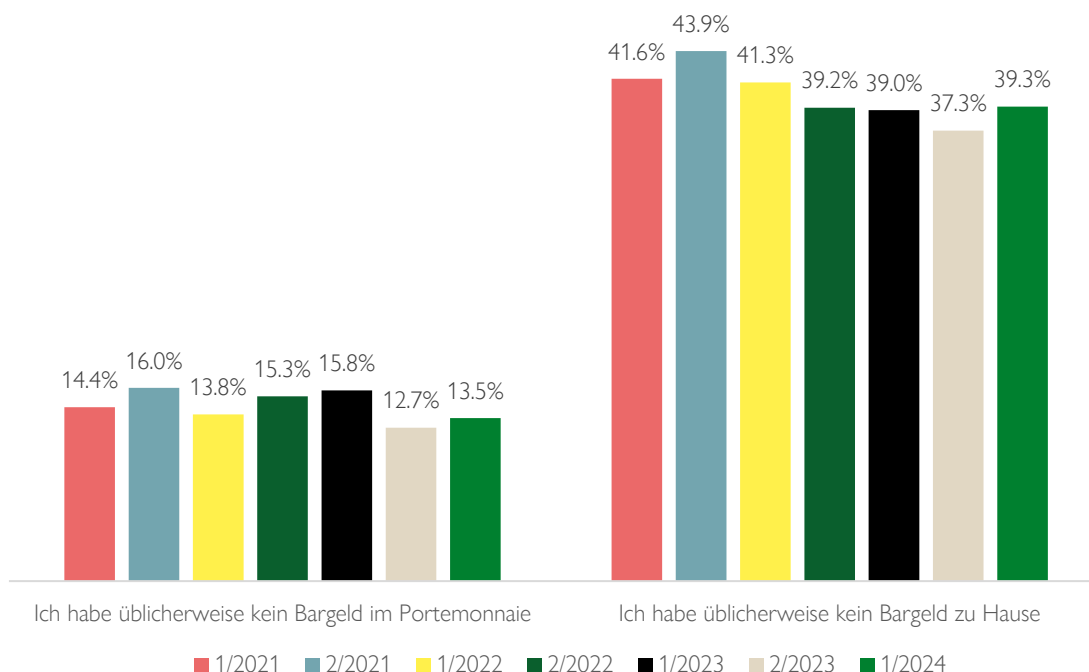


Illustration 13: Proportion of people without a cash reserve in their wallet or at home

Comments: Based on online survey; 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)?"

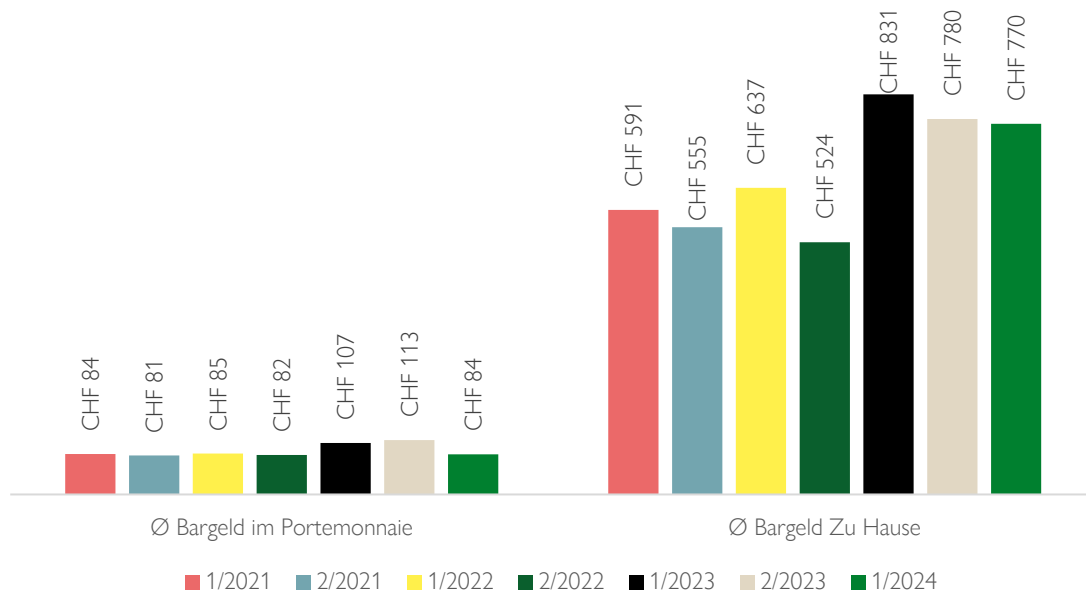


Illustration 14: Average amount of cash reserves in the wallet or at home

Comments: Based on 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 Access to cash

Possible changes in the availability and acceptance of cash, such as the closure of bank branches, the reduction of ATMs and the decreasing obligation to accept cash at retailers, can have an impact on payment behaviour. The change in payment behaviour and thus the population's need for cash can in turn have an influence on the decisions of financial service providers to provide the corresponding infrastructure. A falling demand for cash can, for example, prompt financial service providers to reduce the number of ATMs, which are expensive to purchase and maintain. Against this background, the question arises as to which developments are emerging in this context and how these are perceived by the population.

While the number of ATMs in Switzerland has fallen from around 7300 to less than 6400 since 2020 (see SNB, 2024)¹³, new options for withdrawing cash are emerging, such as at shop checkouts and kiosks. Issue 2/2023 of the Swiss Payment Monitor took a closer look at the topic of "cash-back procedures"¹⁴ and showed that the majority of respondents (61.3%) were aware of the option of withdrawing cash independently of ATMs and bank counters and that one in five respondents had already used it. The current survey investigated how respondents generally perceive access to cash and changes to it in their everyday lives.

¹³ SNB (2024): SNB data portal - Number of payment cards and ATMs.

¹⁴ According to our use of the terminology "cash-back scheme", the term is understood as a special form of cash procurement. Accordingly, the term should not be confused in this context of use with the cashback system as a specific bonus or reimbursement programme for purchase transactions.

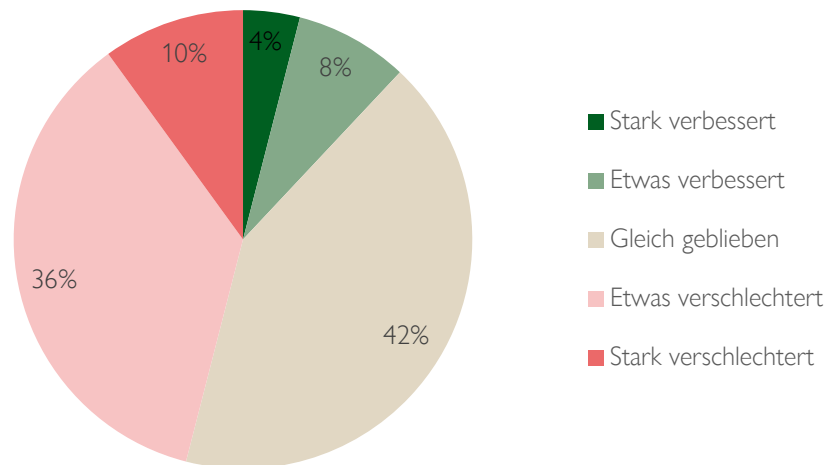


Illustration 15: Perceived change in access to cash

Comments: According to online survey; question: "In your opinion, how has access to cash changed in recent years?"

In general, the vast majority of the Swiss population (85%) rate access to cash in their everyday lives as fairly good (53%) to very good (32%). Only 15 per cent rate overall access as very poor (2%) to fairly poor (13%).

With regard to the perceived change in access to cash, it can be seen that despite the high current overall satisfaction with access to cash, many respondents are of the opinion that access to cash has deteriorated at least somewhat (36%) or even significantly (10%) in recent years (cf. Figure 15). This means that the total proportion of those who have noticed a negative change is 46 per cent. However, almost as many respondents have not noticed any change at all (42%), while a small proportion of 12 per cent of respondents have noticed a positive change (cf. Figure 15).

4.3 Attitude towards cash

4.3.1 Cash abolition

When it comes to attitudes towards the possible abolition of cash, there is a steady progression in opinion formation: The proportion of those who are neither in favour of nor against the abolition of cash is steadily decreasing and still stands at 13.7 percent (cf. Figure 16). Instead, there has been a steady increase in the proportion of the population who are clearly against the abolition of cash. This now stands at 44.3 per cent and has grown by 1.7 percentage points compared to the SPM 2/2023. Overall, two thirds of respondents are somewhat or clearly opposed to the abolition of cash (see Figure 16).

With regard to attitudes towards the possible abolition of cash, no statistically significant differences were found in relation to gender or cultural ¹⁵. A closer look at the different age groups shows that there are statistically significant differences between younger and older respondents. Older respondents are more strongly opposed to the abolition of cash. Interestingly, however, the proportion of rejecters in the older age groups has only risen slightly compared to the survey a year ago, while there has been a significant increase in rejecters in the younger age groups in

¹⁵ Specifically, respondents were asked whether they felt a stronger connection to the culture of another country than to Swiss culture. In this context, 245 of the 1619 respondents, or 15.1 per cent, stated that they felt a stronger connection to another culture than to Swiss culture.

particular: while the proportion in the 60 and older age group rose by 2.2 percentage points from 74.4 per cent to 76.6 per cent, it increased by 8.3 percentage points from 54.2 per cent to 62.5 per cent in the 18 to 29 age group.

Further statistically significant differences can be observed in connection with the different parts of the country and income. Respondents from both the German-speaking and French-speaking parts of Switzerland are more opposed to the abolition of cash than those from the Italian-speaking part of the country. When looking at the different income categories, it can be seen that people with lower incomes are more opposed to the abolition of cash than people with higher incomes.

Across all respondents who reject the abolition of cash, the three most frequently cited disadvantages of abolishing cash are the excessive demands placed on older people and people with disabilities (71%), technological dependency (68%) and the restriction of personal choice of means of payment (58%).

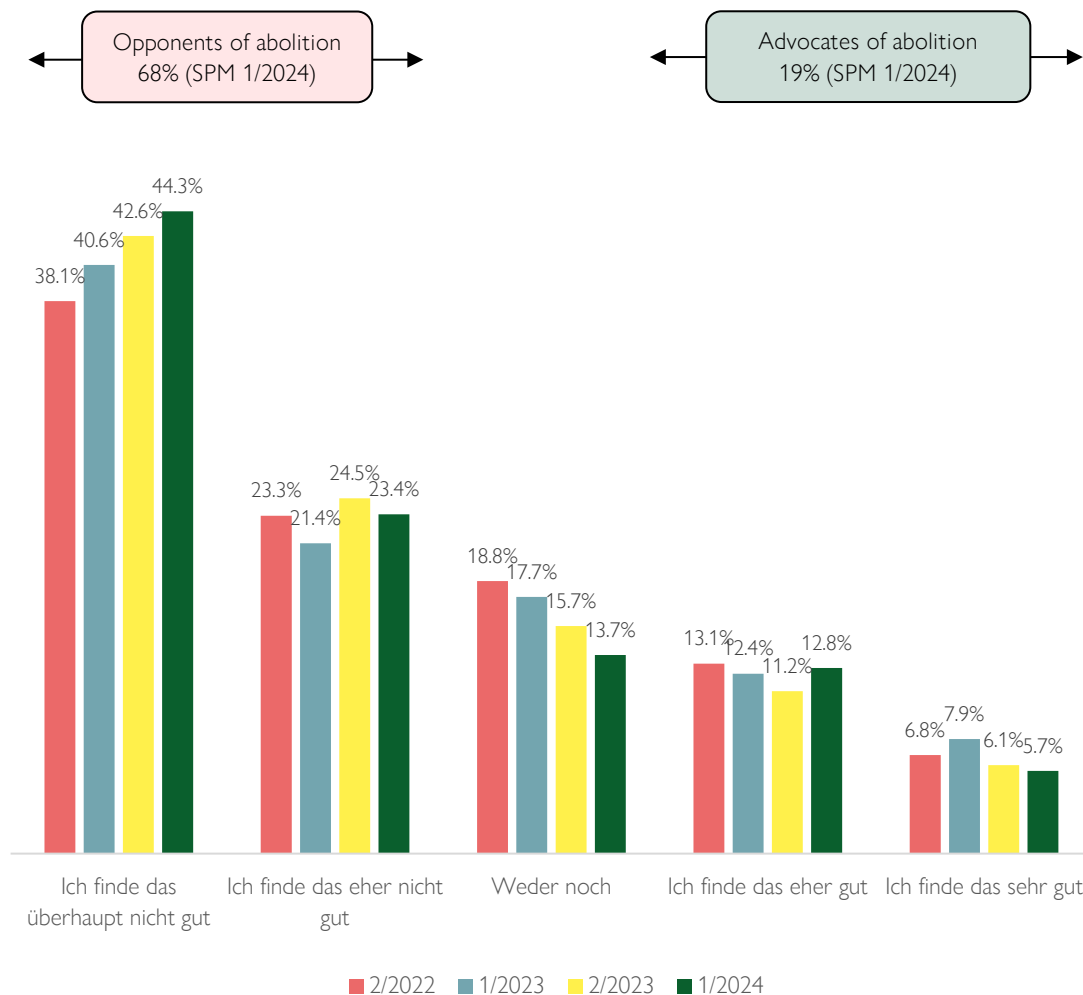


Illustration 16: Attitude towards a possible abolition of cash

Comments: According to online survey; question: "With digitalisation and the increasing possibilities of mobile payment, cash is becoming less and less important. Imagine cash being completely abolished. What do you think?"

4.3.2 Cash acceptance obligation

Another thematic focus of this survey is the question of the population's attitude towards the acceptance (obligation) of cash. Based on recent political developments such as the popular initiatives "Cash is freedom" and "If you want to pay with cash, you must be able to pay with cash!", the question of a cash acceptance obligation is being discussed in Switzerland even before the question of abolishing cash. Accordingly, this question was included in the current survey for the Swiss Payment Monitor. The results show that the absolute majority (61%) of respondents are (rather) in favour of a cash acceptance obligation (cf. Figure 17). Less than one in five respondents are against the introduction of a mandatory cash acceptance requirement (cf. Figure 17).

The reasons given in favour of mandatory acceptance of cash include, for example, that the choice of payment method should lie with the individual and that everyone should have the opportunity to pay with cash. This argument is closely linked to the desire for inclusion of all population groups and accessibility, i.e. accessibility to the payment system for people who do not have access to payment cards or digital payment methods, whether due to age, lack of technological understanding or other reasons. From the perspective of these respondents, cash makes it possible for everyone to pay easily. In addition, security and reliability as well as anonymity and data protection are often cited as arguments in favour of cash. Cash is seen as a reliable means of payment that works even if electronic systems fail. In addition, many respondents regard paying in cash as a habit and wish to retain cultural values. In their opinion, cash is a traditional and proven means of payment that is seen as an important element of the financial system. In addition, some respondents believe that cash enables better control of spending and a clearer overview of how much money is being spent. In addition, it is sometimes perceived as more practical to pay small amounts in cash rather than using cashless means of payment.

In contrast, people who reject the obligation to accept cash consider cash payments to be less practical and see them as less economical. Respondents are often of the opinion that the future is digital, that we need to move with the times, that cash is less secure because it can be stolen more easily and that cash is unhygienic. Another reason cited against a cash acceptance obligation is the autonomy that a company should have the free choice to accept cash or not. In this context, it is also repeatedly stated that regulations and legal market interventions of any kind are generally viewed rather sceptically.

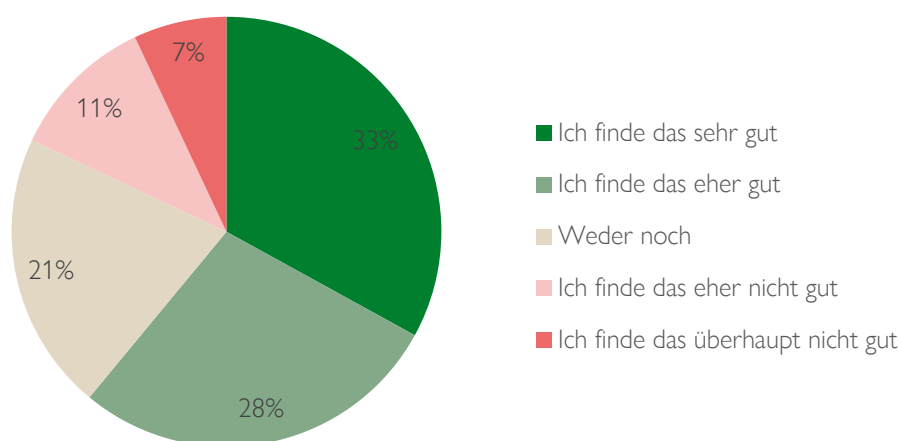


Illustration 17: Attitude towards a possible obligation to accept cash

Comments: Based on online survey; question: "Imagine that a mandatory cash acceptance requirement is introduced in Switzerland to ensure that cash can be used everywhere. What do you think?"

4.3.3 Acceptance of cash payments

In this Swiss Payment Monitor survey, respondents were also asked how often they had been refused to pay with cash in the past. The vast majority of respondents (69%) said that they had not experienced any refusals to pay with cash in the past 12 months. A further nine per cent of respondents stated that they had never tried to pay with cash at all. Accordingly, only slightly more than one in five respondents had been confronted with a situation in which a cash payment was refused, either occasionally (19%) or even several times (3%) (cf. Figure 18).

When asked where they refused to pay in cash, the majority of respondents referred to temporary events such as festivals and Christmas markets (41%), but takeaways and food stalls (26%), restaurants (25%) and bars and clubs (20%) were also mentioned. Paying for parking (19%), public transport (17%), public toilets (14%) and bakeries (12%) were mentioned somewhat less frequently. Individual mentions also related, for example, to payments in farm shops, kiosks or at the hairdresser, but also to larger expenses such as buying plane tickets or purchasing a car.¹⁶

In response to the rejection of the request to pay in cash, 40 per cent of respondents stated that they would simply pay cashless next time at these locations. A further 20 per cent stated that they would try to pay with cash again the next time they visited this location. However, a third of all respondents also stated that they would not visit such places in future if possible. The remaining seven per cent stated that they would have other reactions. Almost all of these reactions were negative, such as feeling annoyed, continuing to insist on paying in cash or not tipping as a result.

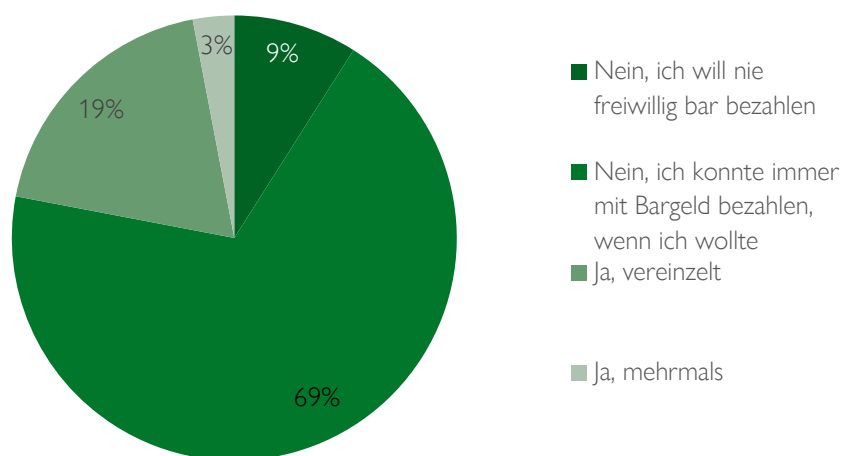


Illustration 18: Experiences with refusal to accept cash

Comments: According to online survey; question: "In the last 12 months, have you ever wanted to pay with cash in Switzerland, but it was not accepted or not wanted?"

4.3.4 Excursus: Obligation to accept non-cash means of payment

Although the focus of the current political and social discourse is on a mandatory acceptance of cash, the aspect of how the population would assess a mandatory acceptance of cashless means of payment was included in this survey as a supplement to this perspective. In this context, the respondents also rated a mandatory acceptance requirement for cashless means of payment in line with the question of a mandatory acceptance requirement for cash. Figure 19 shows that slightly more respondents rated this as fundamentally positive (41%) than negative (37%). However, a

¹⁶ When asked about the place where a desired cash payment was refused, several possible answers were given.

mandatory acceptance obligation for cashless means of payment is much less favoured than a mandatory acceptance obligation for cash (cf. Figure 17).

When it comes to the reasons against the mandatory acceptance of cashless means of payment, it is clear that many respondents equate this mandatory acceptance with an obligation to use cashless means of payment or associate it with the fear of the declining relevance of cash. Against this backdrop, as with the possible abolition of cash, potential technical problems and dependencies are often cited because many people have concerns about the reliability and stability of digital systems and fear being too dependent on the power supply and internet access.

In addition, an existing emotional attachment to cash and its appreciation are often cited. From the perspective of many respondents, access to the payment system for all population groups, generational differences and a lack of privacy in cashless payments also play a role. The freedom of choice of companies with regard to the means of payment offered is also important to the respondents. In addition, it was stated that cashless payments are associated with fees that could represent a disproportionate economic burden, particularly for smaller companies.

In contrast, proponents of mandatory acceptance of cashless payment methods emphasise their practicality as a contemporary, convenient and efficient payment option that reflects a modern lifestyle. They cite the importance of being able to choose between different means of payment in order to meet the individual needs and preferences of consumers and emphasise security with regard to theft and the simplification of payment transactions.

In terms of accessibility, it is argued that all payment methods - including cashless options - should be accessible to all people in order to ensure equality and inclusion. In addition, proponents of mandatory acceptance of cashless payment methods believe that technological development and digitalisation should be driven forward, especially as there is a growing tendency for many people to carry cash less frequently, which underlines the need for cashless payment options.

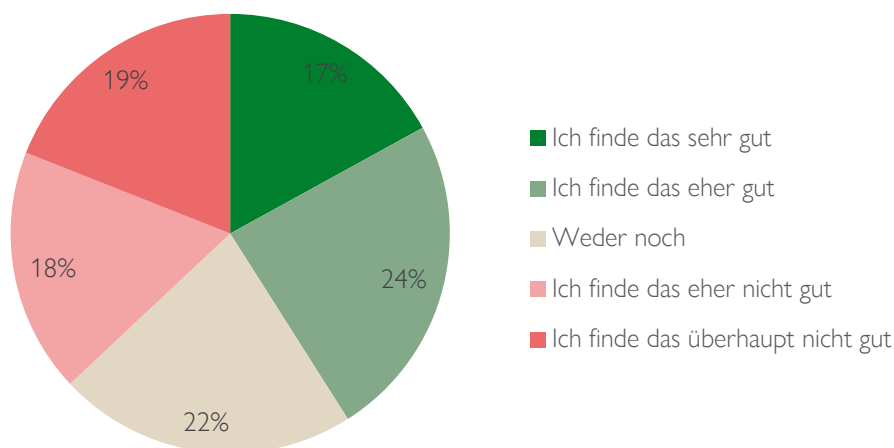


Illustration 19: Attitude towards a possible obligation to accept cashless means of payment

Comments: Based on online survey; question: "Imagine that a mandatory acceptance requirement for cashless means of payment is introduced in Switzerland to ensure that cashless payments can be made everywhere. What do you think?"

5 Mobile payment

Mobile payments are used with varying frequency depending on the definition: in the actual sense - i.e. primarily with Twint - for around 10 per cent of all payments and according to the broad definition for around 23 per cent of all payments measured by the number of transactions (cf. Figure 20).

Both mobile payment options are used more frequently than average by women, people under 30, people with a high level of education and respondents from French- and Italian-speaking Switzerland (cf. Figure 20). In addition, people with high incomes use mobile payments more frequently than people with low and medium incomes, according to the broad definition. Conversely, people on low incomes use Twint more frequently than people on middle and high incomes (cf. Figure 20).

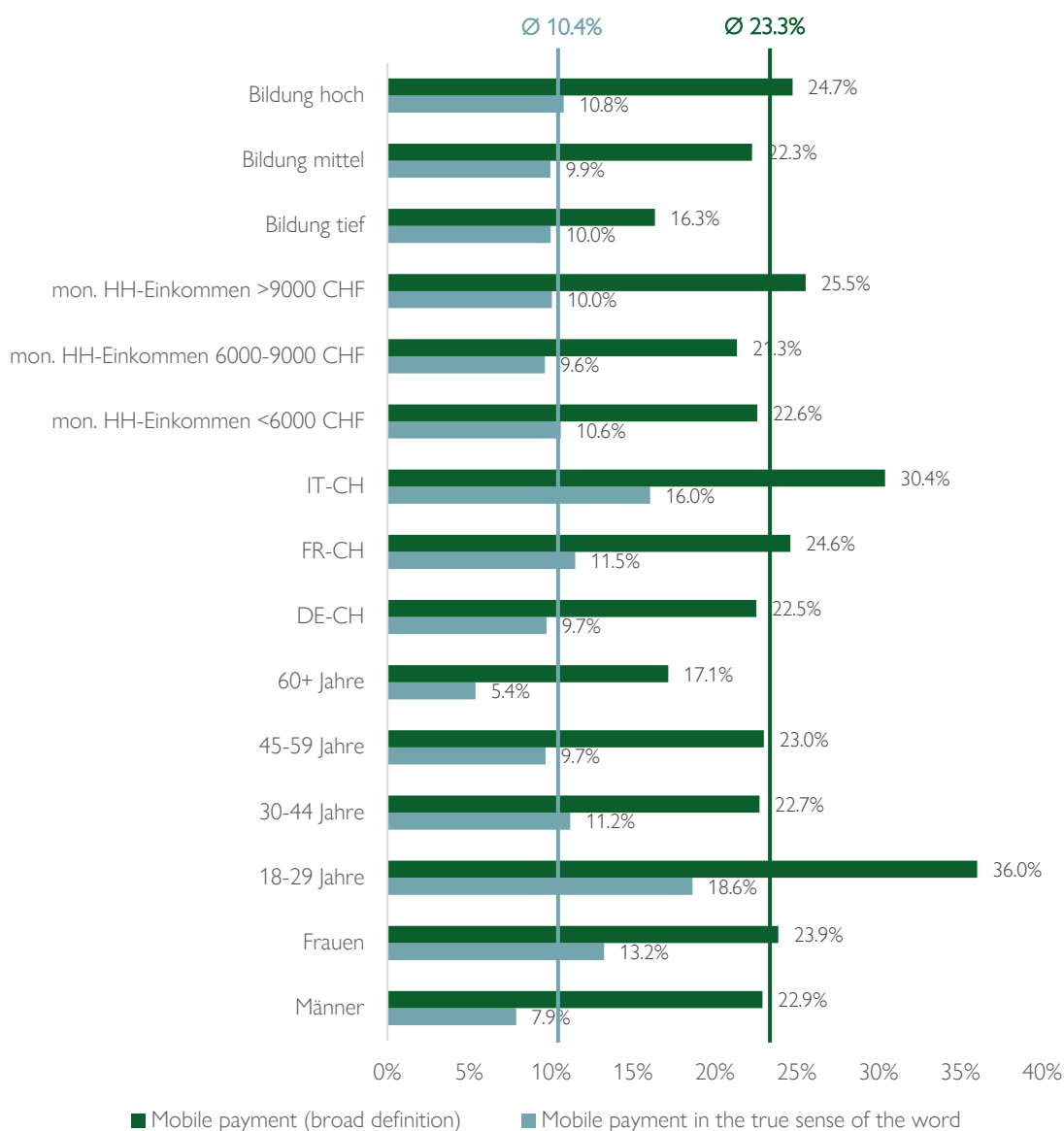


Illustration 20: Shares of mobile payment by number of transactions according to demographic characteristics
 Remarks: According to diary entries, only domestic payments. The income category "I do not wish to disclose" is not shown.

Twint is by far the most widely used mobile payment solution in Switzerland, both overall and in relative terms: 64.5 per cent of transactions with mobile devices (this includes all types of mobile payment, see Box 1) are processed with Twint (see Figure 21). The relative usage share of Twint is therefore 0.5 percentage points above the level of the SPM 2/2023 (cf. Figure 21). Foreign payment apps such as Apple Pay (-5.0 PP) and Google Pay (-0.8 PP) lost shares in relative terms compared to the last survey, while the use of Samsung Pay remained almost stable (+0.2 PP) (cf. Figure 21). A large part of the decline is due to the relative increase in the use of other mobile payment solutions in the "Other" category (+4.6 PP) (cf. Figure 21). These include PayPal, Parkingpay, Fairtiq, PostFinance Pay, Garmin Pay and other retailer-specific apps. This shows that mobile payment is becoming increasingly diverse by broad definition.

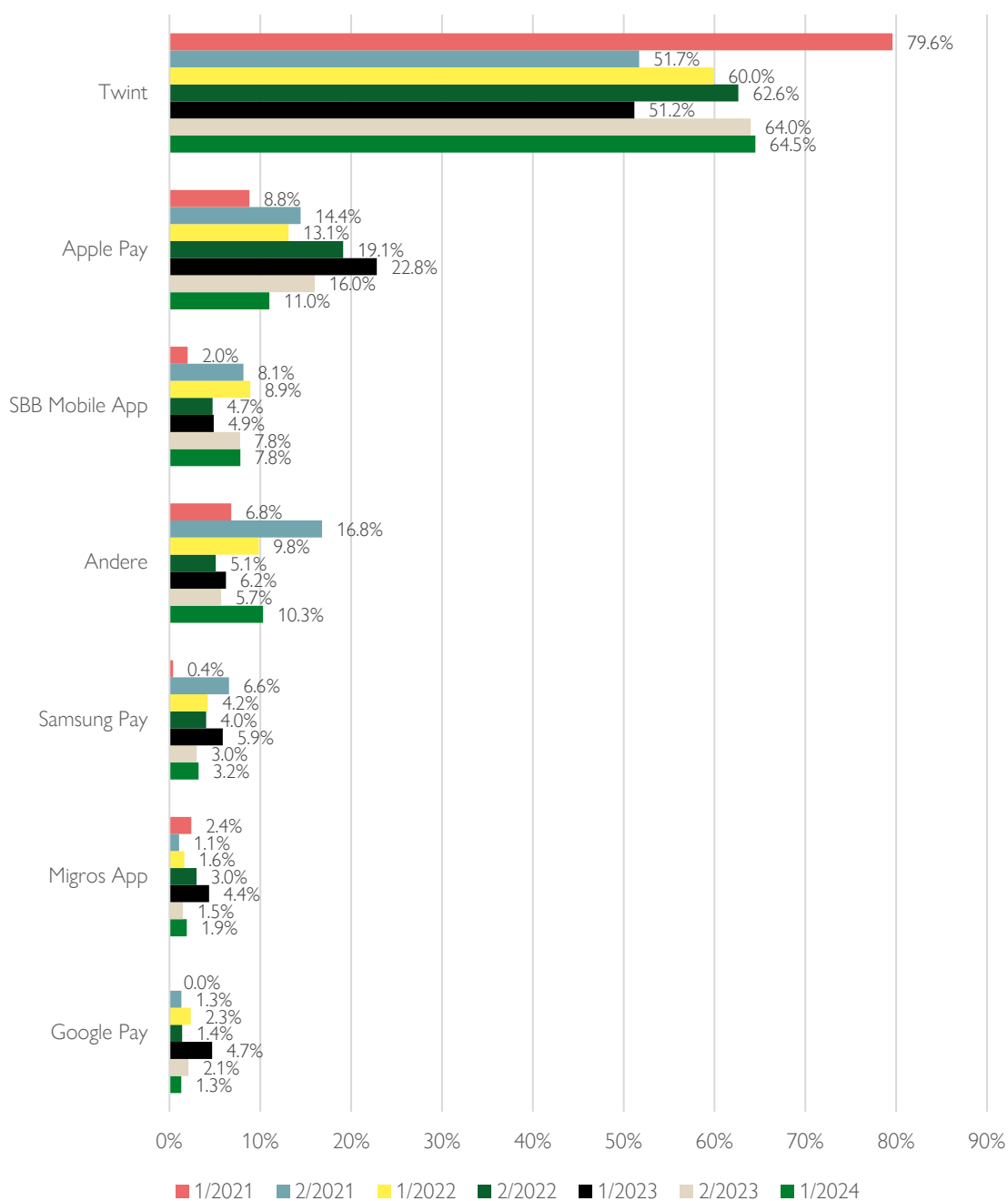


Illustration 21: Shares of payment providers in mobile payment by number of transactions in the overall market
 Comments: According to diary entries; only domestic payments; mobile payment according to broad definition (see Box 1)

In order to differentiate between the means of payment and the billing product (see chapter 3), the underlying means of payment for mobile transactions was recorded in the diary survey. Figure 22 shows an overview of the underlying means of payment for payment apps. According to the respondents, 73.1 per cent of Twint payments are linked directly to the bank account and around 13 per cent to the debit card (cf. Figure 22). However, as shown in the labelling of Figure 22 is not technically possible. It can therefore be assumed that around 86 per cent of Twint payments are linked directly to the bank account, while credit cards play a subordinate role with 8.2 per cent and prepaid options with 4.2 per cent of Twint payments.

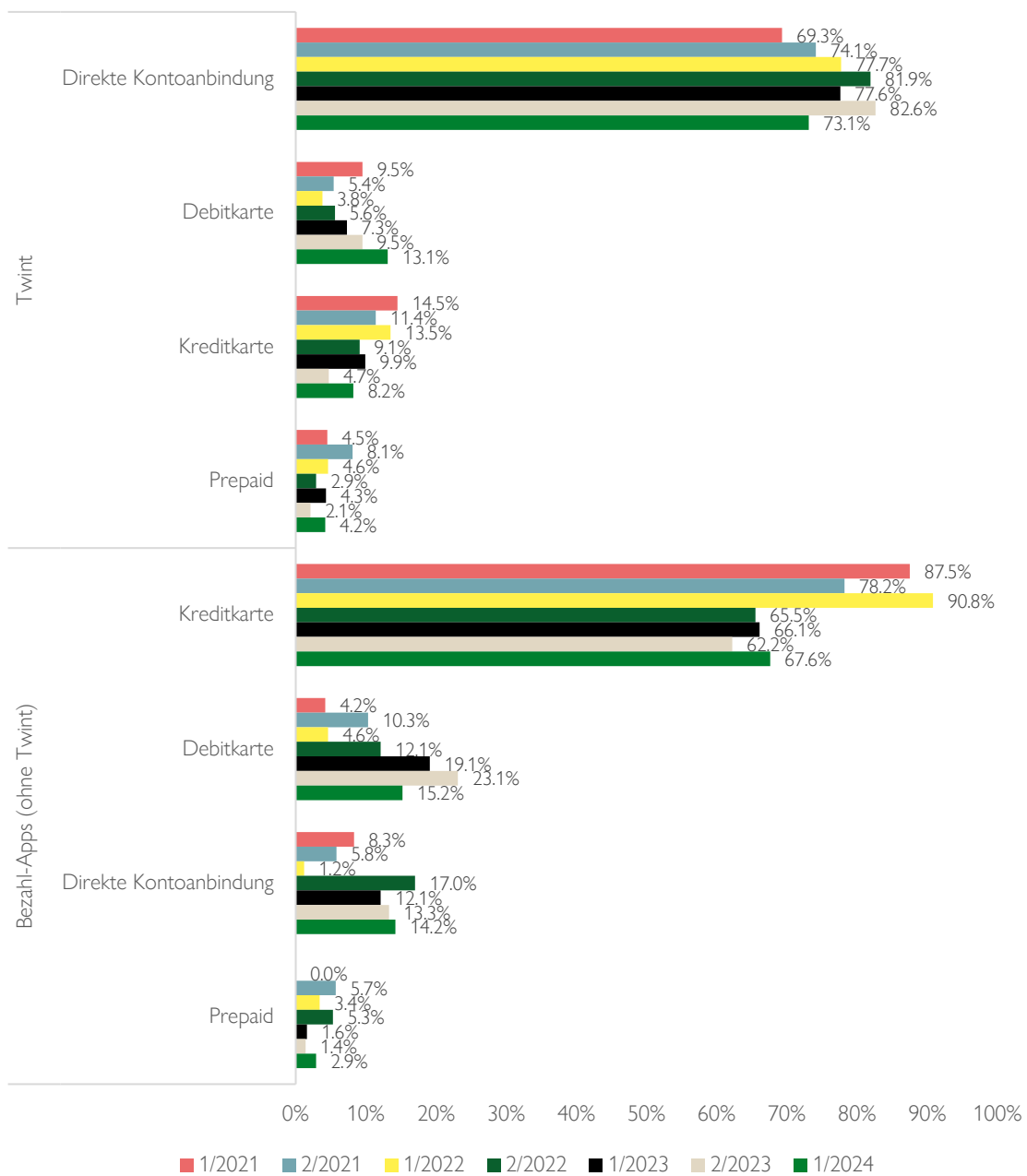


Illustration 22: Underlying payment method for payment apps by number of transactions in the overall market
 Remarks: According to diary entries; domestic payments only. It is pointed out that a Twint payment is technically never processed via a debit card. The fact that this is declared as such by some respondents could be due to the fact that the debit card must sometimes be entered for identification purposes when onboarding Twint. However, this means that Twint is ultimately still directly linked to the bank account.

Other mobile payment apps such as Apple Pay, Google Pay or Samsung Pay are mainly linked to credit cards: 67.6 per cent of transactions with other payment apps (excluding Twint) are based on credit cards, followed by debit cards (15.2%) and direct account links (14.2%) (cf. Figure 22). Compared to SPM 2/2023, credit cards as a deposited means of payment have increased by 5.4 percentage points at the expense of debit cards (-7.9 PP).

Almost four-fifths of 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 using QR codes - the majority method offered by Twint - account for 26.3 per cent of mobile payments and are therefore the second most common type of mobile payment. On-site payments via NFC - for example with Apple Pay, Samsung Pay and Google Pay - are the most common mobile payment method at 27.0 per cent. The next most common types of mobile payment are "Online in an app with an integrated payment function" (25.1%), "Transfer by mobile phone to a private individual in Germany" (6.7%) and "On the internet with stored payment details" (5.9%).

6 Neobanks

Overall, 35.9 per cent of respondents reported having used a new online banking solution from a neobank at least once (cf. Figure 23). This is 1.3 percentage points less than six months ago. After the initial strong growth, the market penetration of neobanks is levelling off or even declining slightly compared to the last SPM 2/2023 (cf. Figure 23). This could indicate that the number of neobank users has reached a certain saturation point.

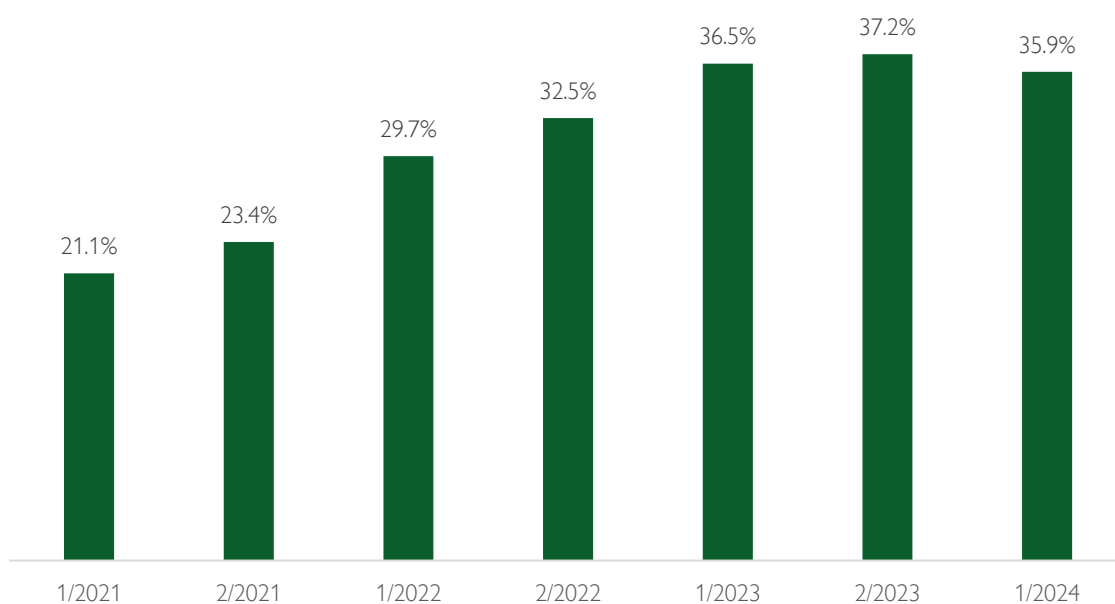


Illustration 23: Proportion of respondents who use at least one neobank

Comments: According to the online survey; proportion of respondents who selected the answer "I know and use" for at least one neobank in the question shown in Figure 24.

Figure 24 shows that, as in previous surveys, Revolut is used most frequently (13.5% of respondents; -1.3 PP), followed by Neon (12.4%; -1.1 PP), ¹⁷ (10.3%; -1.7 PP), Credit Suisse ¹⁸ (8.4%; -2.2 PP), Zak (7.0%; -1.6 PP) and Wise (6.5%; -4.0 PP). Compared to SPM 2/2023, the ranking remained the same with the exception of Zak and Wise, who swapped places. Around two years after its launch, Yuh remains in third place in terms of usage shares (see Figure 24). Overall, all previously surveyed neobanks have lost usage shares. Radicant and Kaspar& were added as new response options. At 1.6 per cent each, their usage shares are (still) at a low level (cf. Figure 24).

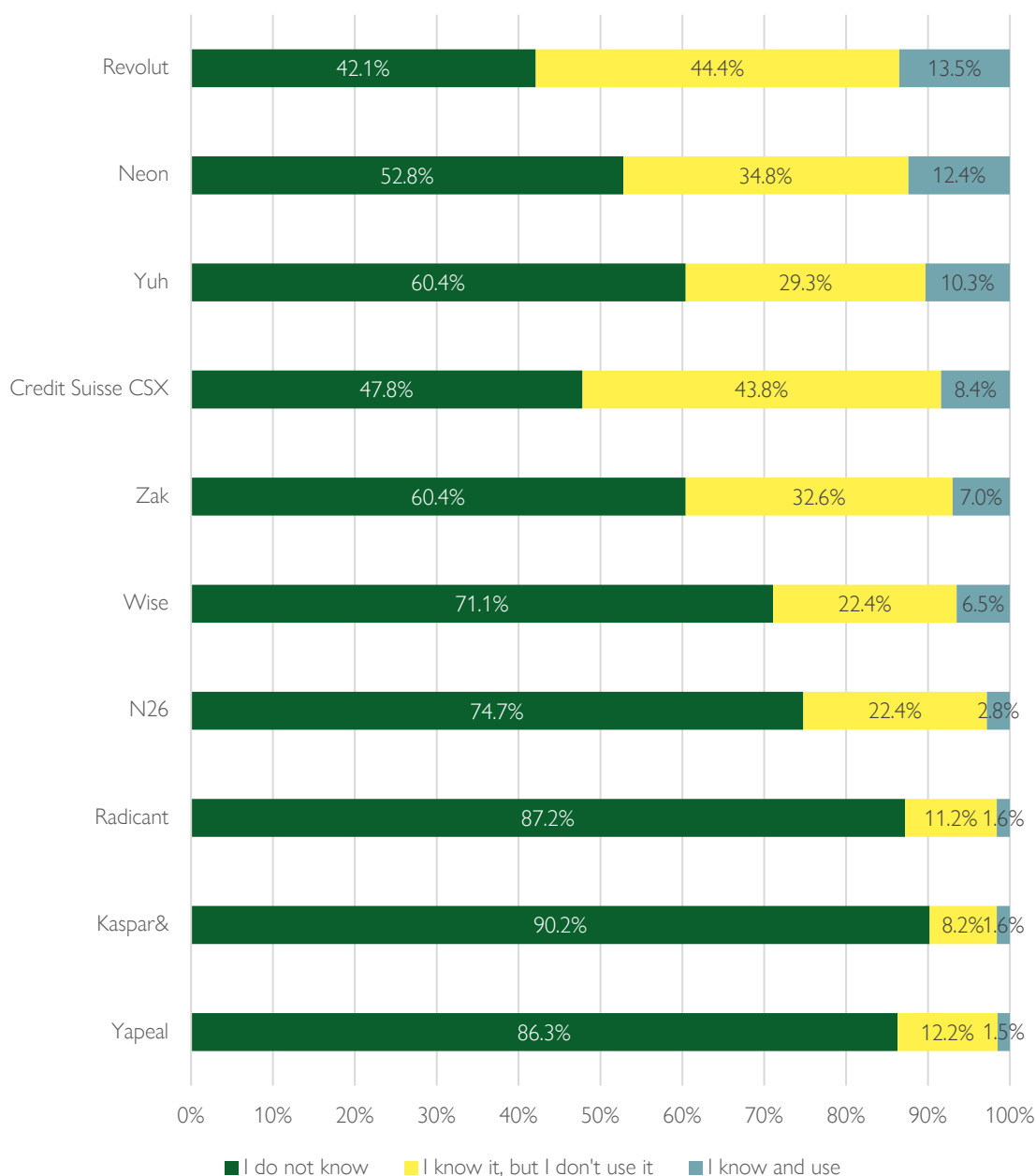


Illustration 24: Awareness and use of neobanks

Comments: According to online survey; question: "The following is an overview of various providers of digital banking solutions (so-called digital banks or neobanks). Please indicate for each provider which of the respective statements applies to you."

¹⁷ Yuh is a financial app that was launched in 2021 in collaboration with Swissquote and PostFinance.

¹⁸ The fact that the name of the well-known (former) major bank "Credit Suisse" is part of the name of the purely digital banking offering could lead to an overestimation of the proportion of CSX experts.

At 63.5 per cent (+2.6 PP), the majority of users utilise neobanks for certain selected purposes. In contrast, the proportion of the population using neobanks as their primary means of payment or main bank account fell by 2.2 PP to 28.2 per cent. The trend indicates that neobanks continue to serve primarily as substitutes for some of the traditional retail banking services and are not completely replacing traditional banking relationships. Around 8 per cent (-0.5 PP) of respondents use neobanks for a one-off introduction to the various functions. This figure has remained almost constant since the first survey in November 2020.

7 Closing words

The aim of the tenth edition of the Swiss Payment Monitor was to record the current changes in payment behaviour in Switzerland and to assess the relevance of different payment methods and offers. A representative online survey and the subsequent recording of non-recurring payments by respondents in a diary provided the following insights into current payment behaviour in Switzerland.

With an increase of 3.2 percentage points to a sales share of 27.3 per cent, the debit card (non-mobile use) clearly consolidated its leading position as a payment method. Both credit cards (non-mobile use) and mobile payments recorded declines in their share of sales of 2.8 percentage points and 1.5 percentage points respectively. In terms of the number of transactions, the debit card (non-mobile use) retained its top position among all payment methods with an increase of 0.8 percentage points to a share of 29.3 per cent. Relative cash usage fell significantly for the first time since 2021 (-3.2 PP). With a share of 25 per cent in terms of the number of transactions, cash is now only just ahead of mobile payments according to the broad definition at 23.3 per cent (+2.3 PP). The share of credit card payments (non-mobile use) remains stable at 15.4 per cent, although the share of sales has fallen.

In terms of billing products, the debit card remains the clear leader with a 31.0 per cent share of sales, ahead of the credit card with 26.5 per cent. A significant 26 per cent of the total share of credit card sales and 11.9 per cent of the total share of debit card sales as billing products are processed via mobile devices (e.g. via payment apps such as Apple Pay, Samsung Pay and Google Pay). Measured by the number of transactions, the debit card as a billing product has a share of 33.7 per cent, ahead of cash at 25.0 per cent and credit cards as a billing product at 22.9 per cent, although the gap between cash and credit cards has narrowed significantly. In terms of the number of transactions, mobile payment as such has slightly increased its share to 10.4 per cent.

In the face-to-face business, the debit card has significantly increased its share of sales and transactions both as a means of payment (non-mobile use) and as a billing product. The turnover share of mobile payments has risen slightly (14.9%; +0.3 PP), while it has fallen in the overall market (-1.5 PP). Following the strong growth in SPM 2/2023, mobile payments as such recorded further growth in the share of sales and transactions in the face-to-face business, albeit no longer to the same extent. This confirms that Twint is continuing to gain share in local payments.

In the distance selling business, the invoice retains its top position in terms of sales with a share of 46.2 per cent (-0.7 PP). Mobile payment is in second place in terms of turnover with 28.0 per cent

(-6.5 PP), although the large decline is not due to less frequent smartphone use for distance purchases. Measured in terms of the number of transactions, mobile payment by broad definition once again recorded growth (+1.6 PP) and is clearly in first place with a 65.3 per cent share of all payments in the distance selling business.

The majority of respondents rate access to cash positively, although almost half have noticed a deterioration in access in recent years. The attitude towards the possible abolition of cash shows a steady polarisation. More than two thirds of respondents now reject the abolition of cash, 44 per cent even vehemently. Older respondents are more inclined to reject the abolition of cash, while the youngest age group shows the greatest increase in rejection compared to the last survey.

The introduction of a mandatory acceptance requirement for cash in Switzerland is welcomed by a majority of 61 per cent. The possibility of a mandatory acceptance requirement for cashless means of payment is slightly less popular, although this is also rated more favourably (41%) than unfavourably (37%) by more respondents.

The vast majority of respondents (69%) have not experienced a refusal to accept a cash payment in the last 12 months, while just over one in five respondents have occasionally (19%) or several times (3%) been unable to pay with cash even though they wanted to.

Mobile payments are becoming increasingly widespread in Switzerland. In particular, women, people under 30, people with a high level of education and people from French- and Italian-speaking Switzerland make mobile payments more frequently than average. People with higher incomes also use mobile payment solutions more frequently than people with medium and low incomes. Twint is the dominant mobile payment solution in Switzerland, accounting for 64.5 per cent of all transactions with mobile devices.

The use of neobanks, which had increased sharply in the early days of the Swiss Payment Monitor, has stagnated somewhat. The usage shares of all established neobanks declined. Nevertheless, 35.9 per cent (-1.3 PP) of respondents have already used a new online banking solution from a neobank at least once. Revolut remains the most frequently used neobank, followed by Neon, Yuh, Credit Suisse CSX, Zak and Wise.

Appendix

Study design

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

The study comprises a micro and a macro perspective (cf. Figure 25). The micro perspective consists of an online survey with questions on payment behaviour and a payment diary completed by the respondents over three days. The macro perspective is based on the analysis of publicly accessible data material on electronic payment transactions from the Swiss National Bank. This data can be viewed interactively on the project homepage at www.swisspaymentmonitor.ch/snb-daten and is updated on an ongoing basis.

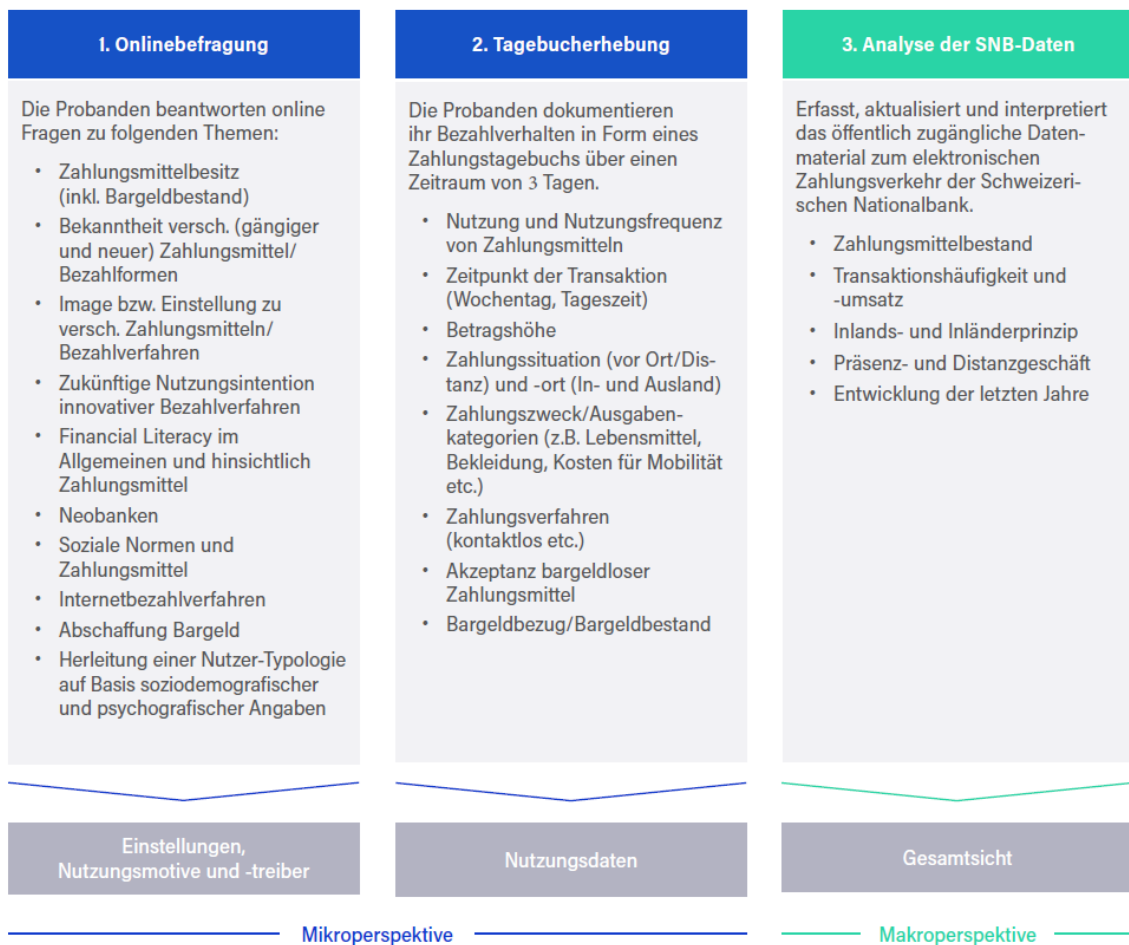


Illustration 25: Study design of the Swiss Payment Monitor