Swiss Payment Monitor 2022 - How does Switzerland pay?

Issue 1/2022 – Survey November 2021

Study authors

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Version from 24. February 2022

www.swisspaymentmonitor.ch

Abstract

The sudden shifts in the payment behaviour of the Swiss population triggered by the Corona pandemic have stabilised somewhat in 2021. The debit card remains the most used means of payment, both in terms of frequency of use and turnover. Although cash continues to lose turnover shares, it is able to maintain second place behind the debit card in terms of frequency of use. The popularity of mobile payments continues to increase. In the distance business, every second payment is now processed via a mobile device. Neobanks are constantly gaining in popularity in Switzerland. Almost one third of the Swiss population has already used the services of a neobank, mostly as a supplement to the services of traditional financial service providers. Digital central bank money ("Central Bank Digital Currency" [CBDC]) is still hardly known among the Swiss population and most people are rather critical of its introduction.

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1 Introduction

The corona pandemic has massively accelerated the digitalisation of the payment behaviour of the Swiss population. Cashless payments are now the norm. Will this trend towards (even) more cashless transactions continue or will it slowly weaken after 20 months of pandemic?

This question is addressed in this sixth 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 towards various payment methods and new payment service providers.

In November 2021, an online access panel was used to recruit a sample of 1460 people aged between 18 and 87 from all three parts of the country, who were representative of the Swiss population, and then invited to take part in a three-day diary survey on payment behaviour.[1] This report summarises the most important findings from the current survey and diary survey.

The results can also be viewed on the project homepage 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 transactions published by the Swiss National Bank.[2] The project homepage thus 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 from international card organisations) and the industry partners Nets (Nets Schweiz AG) and Worldline.

This report is structured as follows: Chapter 2 describes the data basis, while Chapter 3 shows the development of payment behaviour in Switzerland based on the shares of the different means of payment since the start of the Swiss Payment Monitor survey. Chapter 4 looks at various aspects of the use of mobile payment solutions. Chapter 5 takes a look at cash use and the Swiss population's attitude towards digital central bank money. Chapter 6 presents various aspects of the use of neobanks before chapter 7 summarises the most important findings and provides an outlook on future developments.

[1] A detailed overview of the study design can be found in the appendix of the report.

[2] See www.swisspaymentmonitor.ch/snb-daten

2 Data basis

In the sixth edition of the SPM (issue 1/2022), 1460 people aged between 18 and 87 from German, French and Italian-speaking Switzerland completed the online survey. The study participants were recruited via an online access panel. The sample is representative of the Swiss population with regard to the characteristics gender, age, language region and level of education.

In the first step, the participants were asked to answer questions about the topic of "payment". The focus was on the respondents' self-perception and assessment of various aspects of their payment behaviour. The online survey took about 20 minutes and was conducted in stages at the end of October 2021.

Subsequently, all participants in the online survey were invited to take part in the second part of the survey on different days of the week, staggered over the first two weeks of November. During three consecutive days, the subjects recorded all payments (with the exception of recurring expenses) and cash withdrawals that occurred during the course of the day and classified them according to predefined characteristics in the form of a diary.

As the past SPM surveys showed, the measures to contain the coronavirus have a formative influence on payment behaviour. During the survey period in the first half of November 2021, life in Switzerland with a valid Covid certificate (vaccinated, recovered or tested) was hardly restricted[3]. The infection figures averaged around 30 cases per 100,000 inhabitants[4].

841 people (58% of the online survey) took part in the second part of the survey. In total, they recorded 4571 transactions with a total amount of around 194'000 Fr. in Switzerland and abroad (cf. Table 1).[5] This corresponds to an average of 1.8 transactions per person per day and an average amount of around CHF 43. If only domestic transactions are considered, the two values are somewhat lower (1.7 transactions and around CHF 42 amount). Compared to the Swiss National Bank's Payment Survey 2020 (1.5 transactions and around CHF 50 amount)[6] and the SPM 2/2021, respondents made purchases more frequently and spent less per transaction on average (cf. Table 1).

With regard to the amount of the share of online and on-site transactions, the SPM 1/2022 and the SPM 2/2021 are almost identical. For this reason, the data on total expenditure of the two surveys can be compared well with each other (cf. chapter 3.1). However, comparing these data with those from the SPM 1/2021 should be made with caution. In the November 2020 survey, the share of online payments in terms of number of transactions (18% vs. 14%/15%) and especially in terms of turnover (47% vs. 29%) was significantly higher than in the two other surveys (cf. Table 1). On the one hand, this might be due to the fact that there was more online shopping in this period due to the pandemic and the measures in place to contain it,

[3] See Federal Office of Public Health (2022): Changes in national measures to contain coronavirus in Switzerland since December 2020.

[4] See https://www.covid19.admin.ch/de/epidemiologic/case?time=phase5

[5] The foreign currency amounts were converted into Swiss francs according to the average monthly exchange rate.

[6] See Swiss National Bank (2021): Payment Survey 2020, Zurich.

and on the other hand to the fact that the survey in 2020 was conducted in the second half of November and therefore fell in the pre-Christmas period. During this time, people tend to shop online more often and for larger amounts.

Table 1: Overview of the payment diary

Survey	**Nov. 2020 (1/2021)**	**May 2021 (2/2021)**	**Nov. 2021 (1/2022)**	**Change 1/2022 to 2/2021**
Duration of the diary survey	3 days	3 days	3 days	
Number of participants	701	837	841	+0,5%
Turnover volume in CHF				
Domestic	CHF 281,149	CHF 208,754	CHF 177,923	-14,8%
Domestic and abroad	CHF 308,134	CHF 228,846	CHF 194,297	-15,1%
Online	47%	29%	29%	
On site	53%	71%	71%	
Transaction volume				
Domestic	3,991	4,051	4,269	+5,4%
Domestic and abroad	4,232	4,211	4,571	+8,5%
Online	18%	14%	15%	
On site	82%	86%	85%	
Average number of transactions per person per day				
Domestic	1,9	1,6	1,7	+6,2%
Domestic and abroad	2,0	1,7	1,8	+5,9%
Average amount per transaction				
Domestic	CHF 70.45	CHF 51.55	CHF 41.70	-19,1%
Domestic and abroad	CHF 72.80	CHF 54.35	CHF 42.50	-21,8%

3 Payment behaviour

3.1 Total expenditure

With the help of the diary survey, the effective changes in behaviour with regard to payment habits can be depicted. Figure 1 and Figure 2 show the development of the share of turnover (measured by the total expenditure[7]) and the share of transactions (measured by the total number of transactions) of different means of payment over time.[8]

The debit card maintains its position as the highest-turnover and most-used means of payment in Switzerland, even though its relative shares in terms of both turnover fell to 30.1 per cent (-1.2 per centage points [PP]) (cf. Figure 1) and in the number of transactions to 31.8 per cent (-2.4 PP) (cf. Figure 2) compared to the last survey in May 2021.

With 3.3 PP compared to the last survey, mobile payment[9] has increased the most in terms of turnover share to a new 12.6 per cent (cf. Figure 1). As in the last edition, this corresponds to fifth place among all payment methods. Payment by invoice rose by 1.3 PP to 13.3 per cent and thus remains in fourth place as in issue 2/2021 (cf. Figure 1). In line with the continuing trend, cash has lost further turnover shares with 15.5 per cent (-2.8 PP) as well as the non-mobile use of the credit card (-1.7 PP), which nevertheless remains in second place behind the debit card with a turnover share of 22.8 per cent (cf. Figure 1).

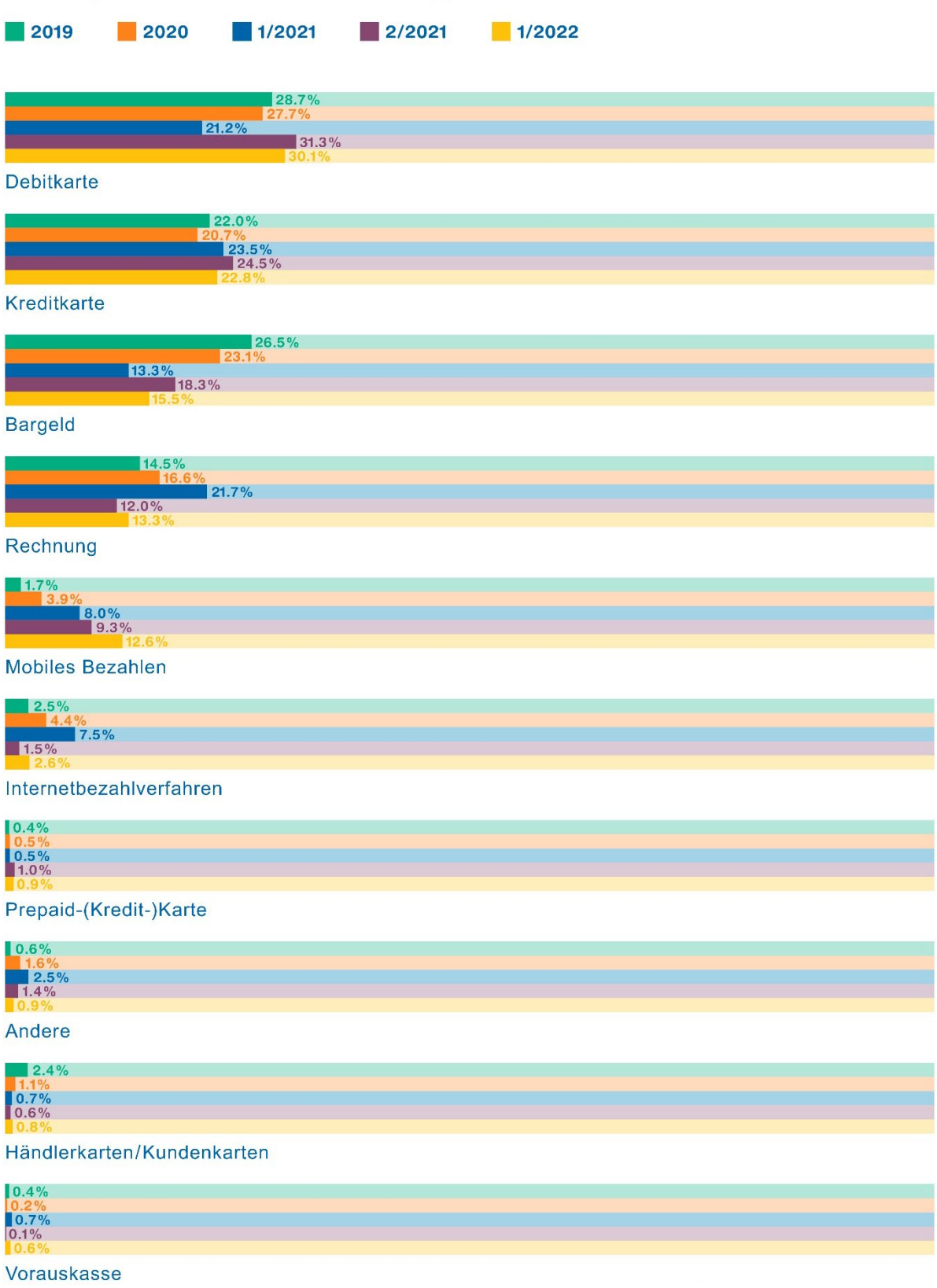
Measured by the number of transactions, cash was able to stop the ongoing downward trend and, with a 30.2 per cent (+0.7 PP) transaction share, is in second place just behind the debit card (cf. Figure 2). The non-mobile use of credit cards is at per cent 16,4 (-0.6 PP) of the total number of transactions, whereas 13.3 per cent (+2.0 PP) of transactions are carried out via mobile devices (cf. Figure 2). The marginal changes in the frequency of use of payment methods could indicate a stabilisation of payment behaviour after 20 months of corona pandemic. Only the trend towards increased mobile payments continues.

[7] The results of the SPM show how this expenditure is distributed in relative terms among the various means of payment. The absolute figures on the volume of sales or the total number of transactions with cashless means of payment can be classified using the following dashboard with data on digital payment transactions: www.swisspaymentmonitor.ch/snb-daten.

[8] The data of the SPM 2019, 2020, 1/2021 and 1/2022 each refer to the survey in October/November of the previous year, the data of the SPM issue 2/2021 refer to the survey in May 2021.

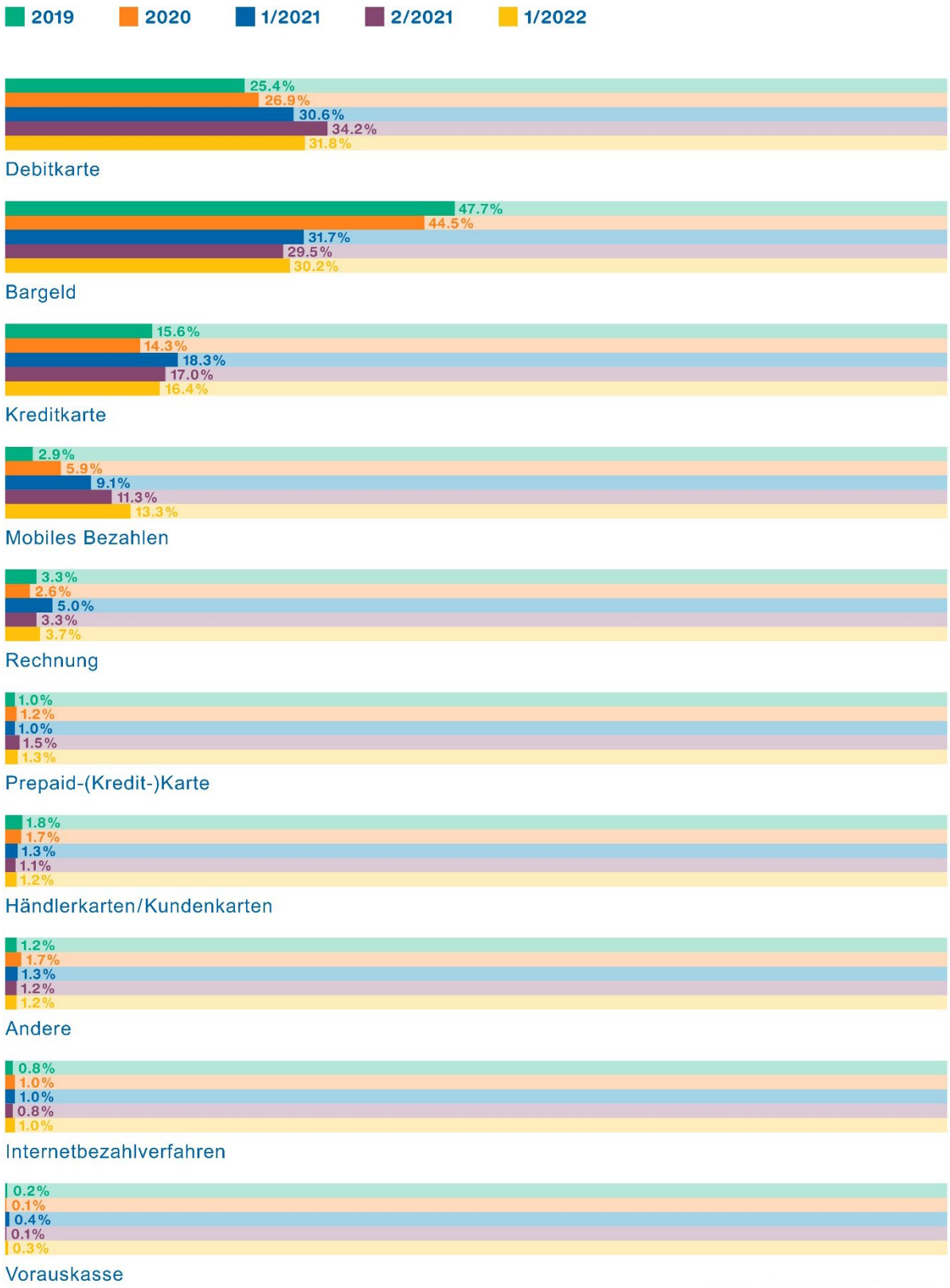
[9] Mobile payments are all payment transactions that are initiated with or on a mobile device such as a mobile phone, tablet or smartwatch. The category "mobile payment" also includes card payments that are triggered within a payment app or merchant-specific mobile app (see definition in chapter 4). The Figure 23 to Figure 28 in the appendix show the shares of different payment methods over time for a narrower definition of mobile payment.

Figure 1: Cash shares by turnover in the total market



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 chapter 4).

Figure 2: Payment instrument shares by number of transactions in the total market

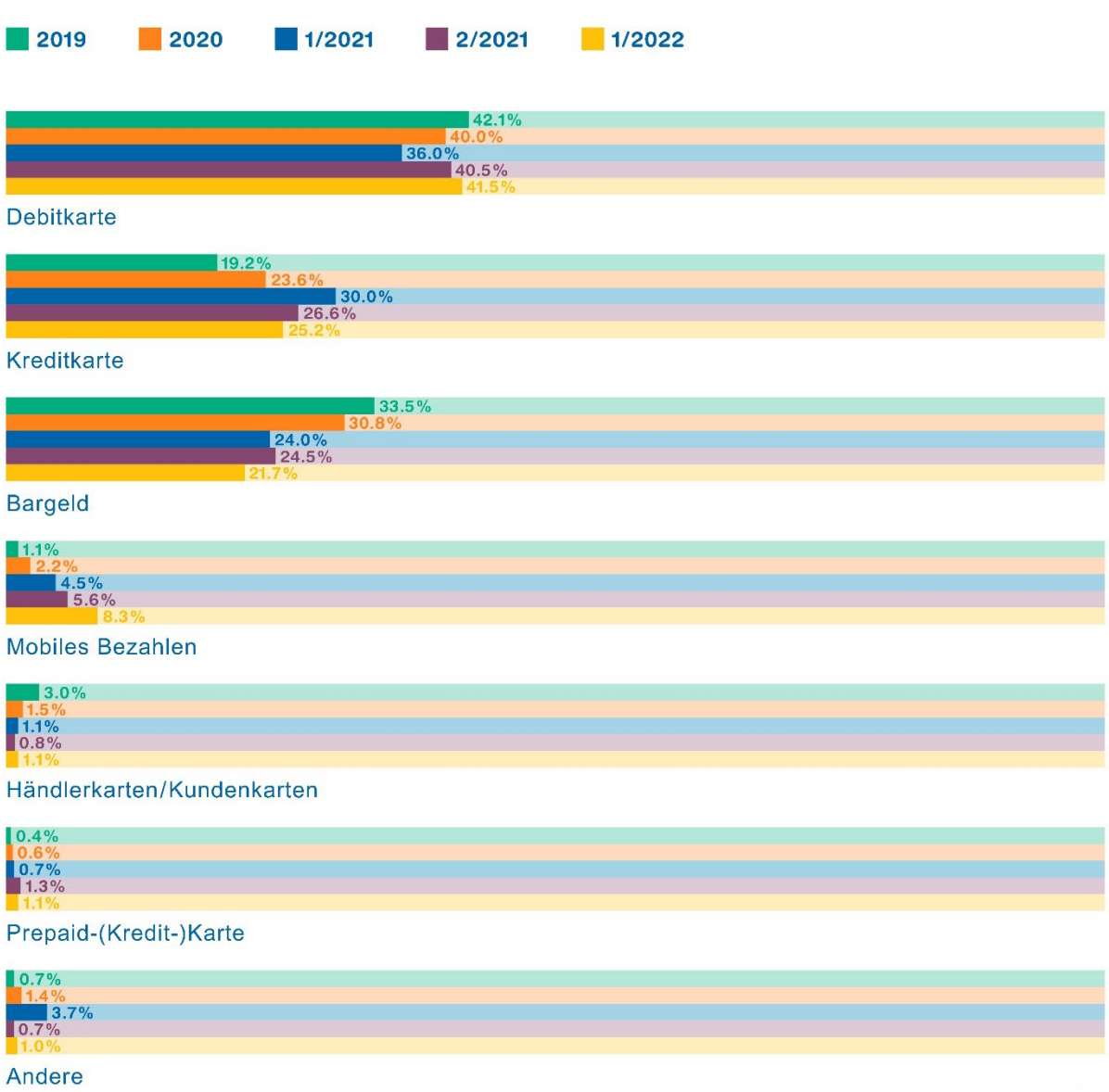


Remarks: According to diary entries, only domestic payments. The category "mobile payments" also includes card payments that are initiated within a payment app or merchant-specific mobile app (see chapter 4).

3.2 Presence business

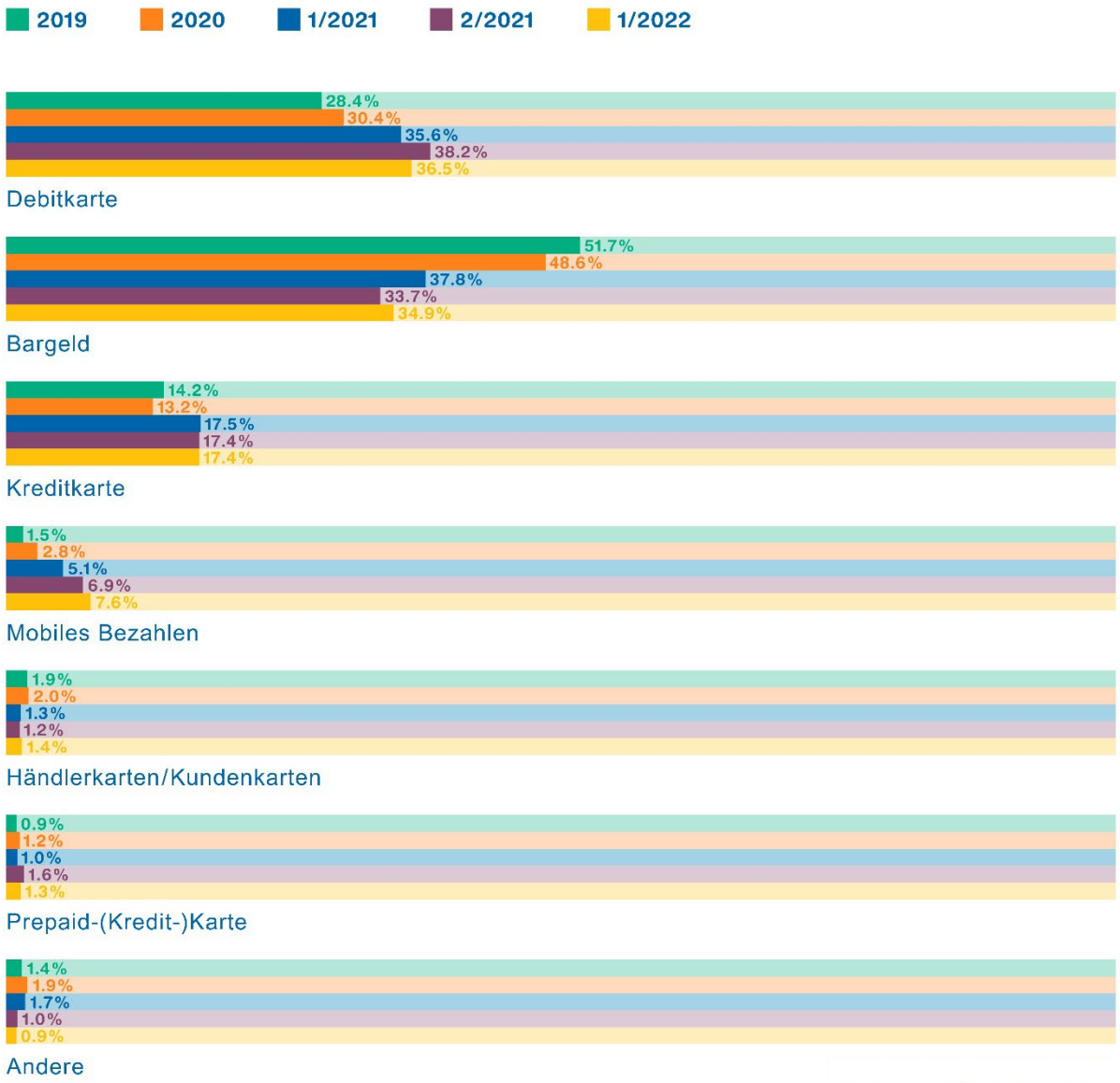
The payment situation plays an important role in the choice of means of payment and payment habits. Face-to-face business refers to all transactions on site in a physical shop or at a physical machine. This is in distinction to distance business, where payer and payee are physically separated from each other, which mainly includes online payments (cf. chapter 3.3).

Figure 3: Payment instrument shares according to turnover in the presence business



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 chapter 4).

Figure 4: Payment instrument shares according to number of transactions in the face-to-face business



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 chapter 4).

Table 1 shows that, in terms of volume, the majority of transactions (85%) are concentrated on face-to-face business. Measured by turnover, the share of face-to-face business in the 1/2022 survey is also clearly dominant (71%), analogous to the SPM 2/2021.

Figure 3 and Figure 4 show the development of the share of turnover and the share by number of transactions of different means of payment in the face-to-face business over time. Since cash can only be used on site, the picture from the chapter 3.1 is repeated here with an increase in the cash share by number of transactions to 34.9 per cent (+1.2 PP) (cf. Figure 4), while the cash share of turnover continues to fall to 21.7 per cent (-2.8 PP) (cf. Figure 3).

Interestingly, the opposite picture emerges for the non-mobile use of the debit card, which lost 1.7 PP in terms of share by number of transactions in the face-to-face business (36.5%) (cf. Figure 4), but increased by 1.0 PP in terms of share of turnover (41.5%) (cf. Figure 3). This means that relative to the other means of payment on site, larger amounts were increasingly settled with the debit card, among others at the expense of cash and the credit card. The share of non-mobile use of the credit card remained stable at 17.4 per cent according to the number of transactions (cf. Figure 4), while the share of turnover in the current survey fell to 25.2 per cent (-1.4 PP) (cf. Figure 3).

The growth of mobile payments in the presence business continues, both in terms of revenue share (+2.7 PP) and share by number of transactions (+0.7 PP) (cf. Figure 3 and Figure 4). With a revenue share of 8.3 per cent, mobile payment also plays a significant role in the presence business in addition to the distance business (cf. Figure 3).

3.3 Distance business

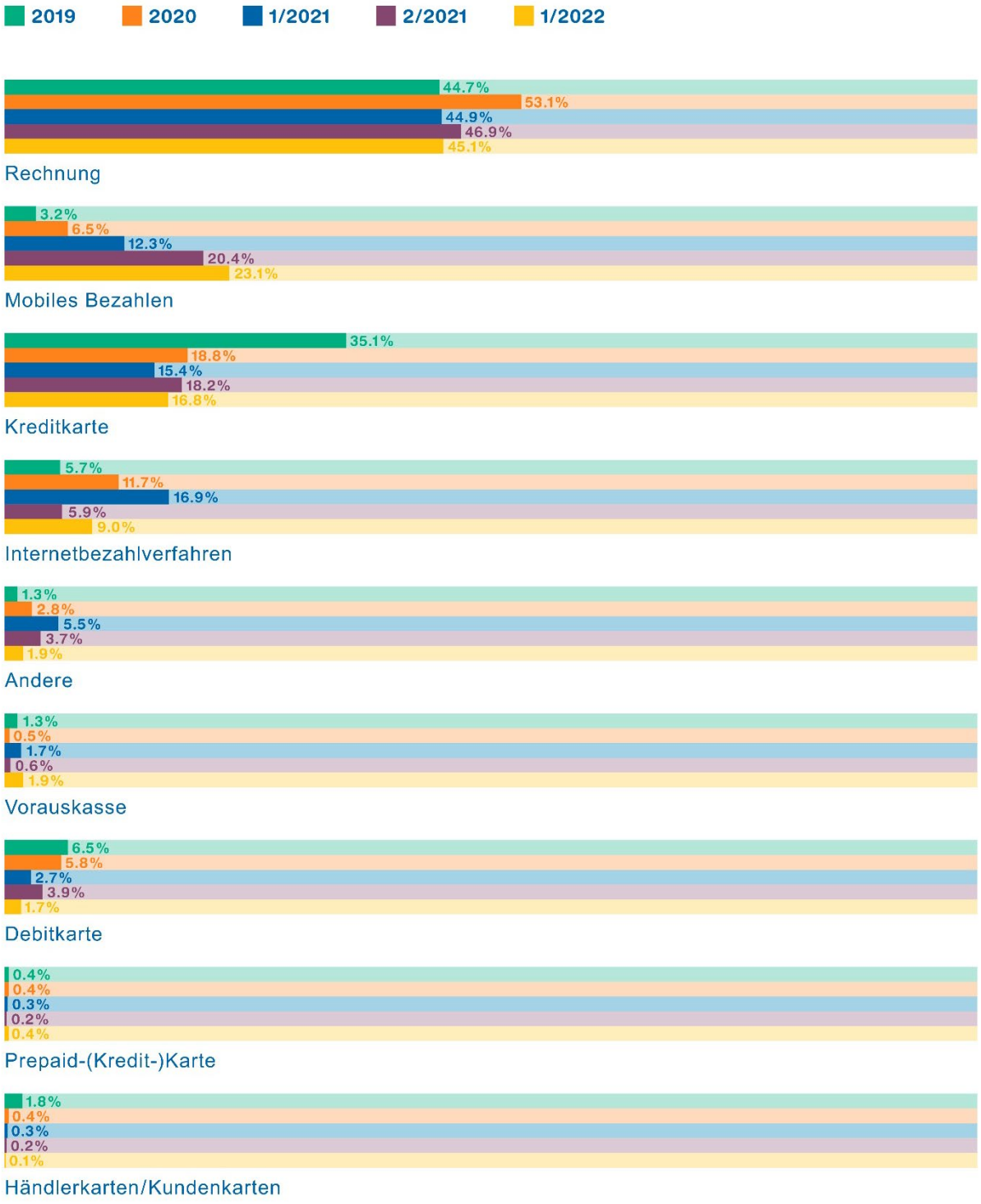
Figure 5 and Figure 6 show the development of the share of turnover and the share by number of transactions of different means of payment in distance business over time. It is noticeable that in the current survey, despite a slight decrease of 1.8 PP, invoices still account for by far the largest share of turnover in distance business with 45.1 per cent, followed by mobile payments with 23.1 per cent (+2.7 PP) and non-mobile payments by credit card with 16.8 per cent (-1.4 PP) (cf. Figure 5).

Significant changes can be seen in the distance business in the shares by number of transactions. Compared to the SPM 2/2021, mobile payments increased by 6.9 PP to a share of 49.1 per cent (cf. Figure 6). Non-mobile payments by debit and credit card in the distance business, on the other hand, fell by 4.4 PP and 4.0 PP respectively (cf. Figure 6).

The strong growth of mobile payments in the distance business is primarily attributed to payments in an app with an integrated payment function, which now account for more than half of mobile payments from distance. These include, for example, apps for travel booking, shopping, ordering food, and other activities that are increasingly being carried out via mobile apps instead of via an Internet browser. These in-app payments are usually based on a credit card, as Figure 9 in Section 4.2 shows. [10]

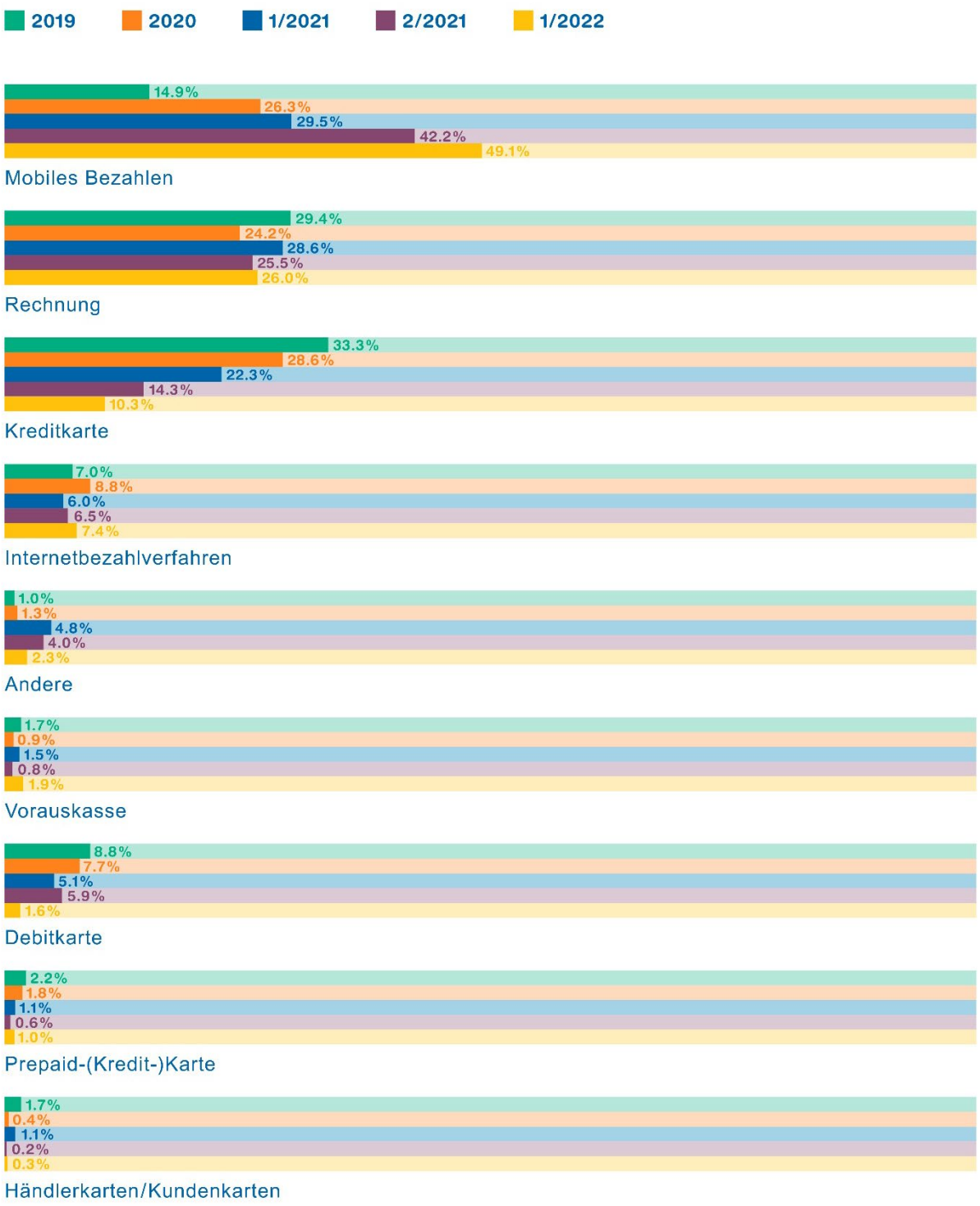
[10] In a narrower definition of mobile payment, such payments are assigned to the underlying means of payment (see Box 1 in Chapter 4). Figures 23 to 28 in the appendix show, for comparison, the shares of different means of payment over time for a narrow definition of mobile.

Figure 5: Payment instrument shares by turnover in the distance business



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 chapter 4).

Figure 6: Payment instrument shares according to number of transactions in distance business



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 chapter 4).

4 Mobile payment

Box 1: Definition of "Mobile Payment

In all editions of the Swiss Payment Monitor, mobile payment is defined as payment transactions that are initiated with or on a mobile device such as a mobile phone, tablet or smartwatch. This also includes transfers to private individuals, such as via Twint or Revolut. This broad definition of mobile payment includes three different types of mobile payment:

1. Payment apps on mobile devices such as Twint, Alipay or WechatPay can be linked directly to the bank account and thus correspond to mobile payment in the *true sense.*
2. In most other cases, payment apps are based on the credit card and, less frequently, the debit or prepaid card as the means of payment (e.g., Apple Pay, Samsung Pay and Google Pay), which corresponds to mobile payment in *the narrower sense.*
3. Many merchant-specific apps, such as SBB Mobile, enable payment in the app installed on a mobile device (in-app payment). This payment can be based on a card payment, a bank transfer or a payment app payment in the narrower sense. The latter can in turn be based on a card payment or a connection to a bank account (see point 2). The in-app payment thus corresponds to the mobile payment in the *broadest sense*.

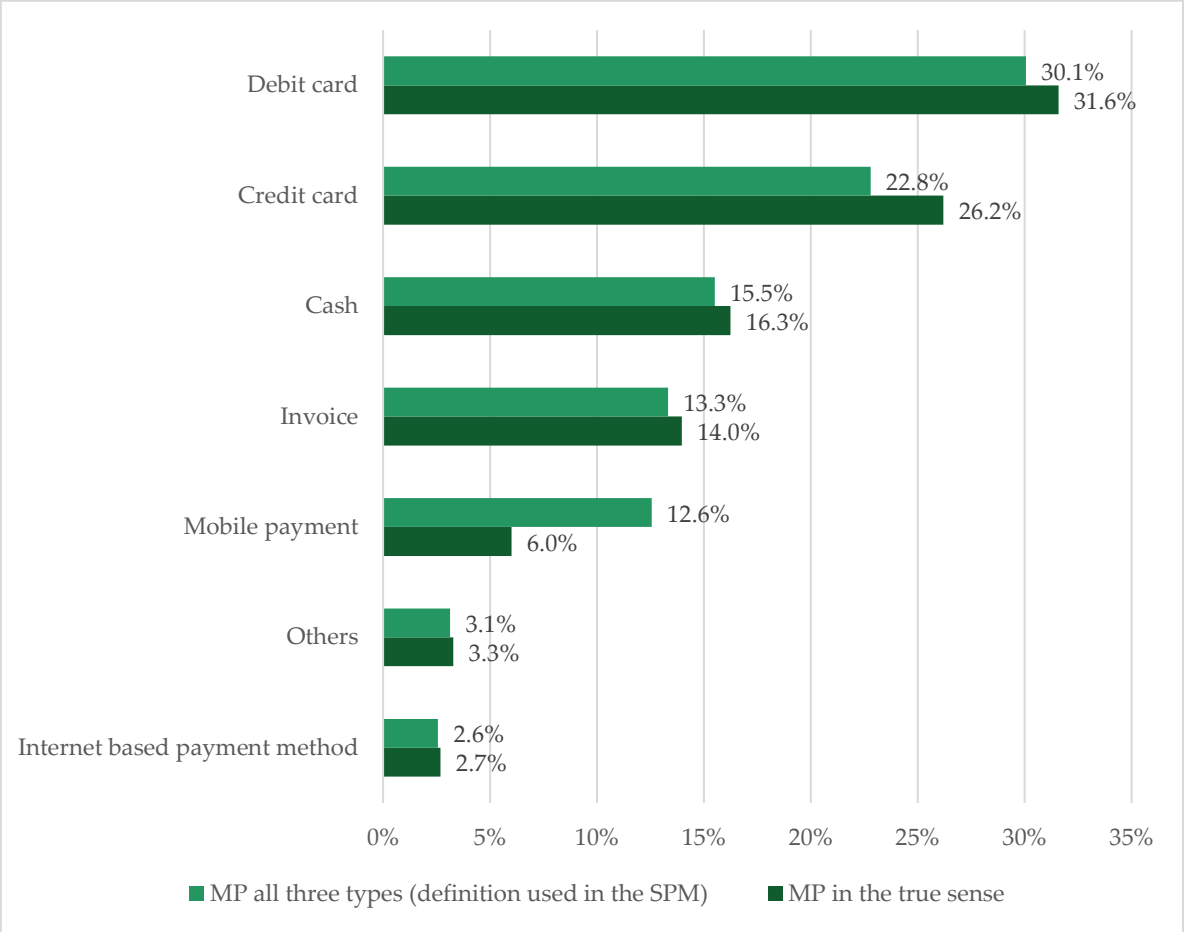
From the respondent's perspective, these dividing lines are often difficult to understand. In other words, in-app payments with credit cards, for example, are declared either as pure credit card payments or as mobile payments, depending on the subject's understanding.

With the chosen study design and the broad definition of mobile payment applied in the Swiss Payment Monitor, the individual understanding of the means of payment from the respondents' point of view is taken into account. As a result, the payment method shares of mobile payments can be higher compared to surveys based on a narrower definition, while the share of reported card payments is lower. The share of cash payments and longitudinal comparisons with data from the Swiss Payment Monitor remain unaffected by this.

4.1 Usage behaviour according to narrow definition

The shares in chapter 3 include all three types of mobile payment, i.e., all forms of mobile payment with different underlying means of payment such as credit and debit cards or direct account connection (see Box 1). According to this definition, the share of mobile payments tends to be overestimated compared to a restriction to mobile payments "in the true sense", which in Switzerland currently applies mainly to Twint payments with a direct account link (see Box 1).

Figure 7: Payment instrument shares by turnover according to narrow and broader definition of mobile payment



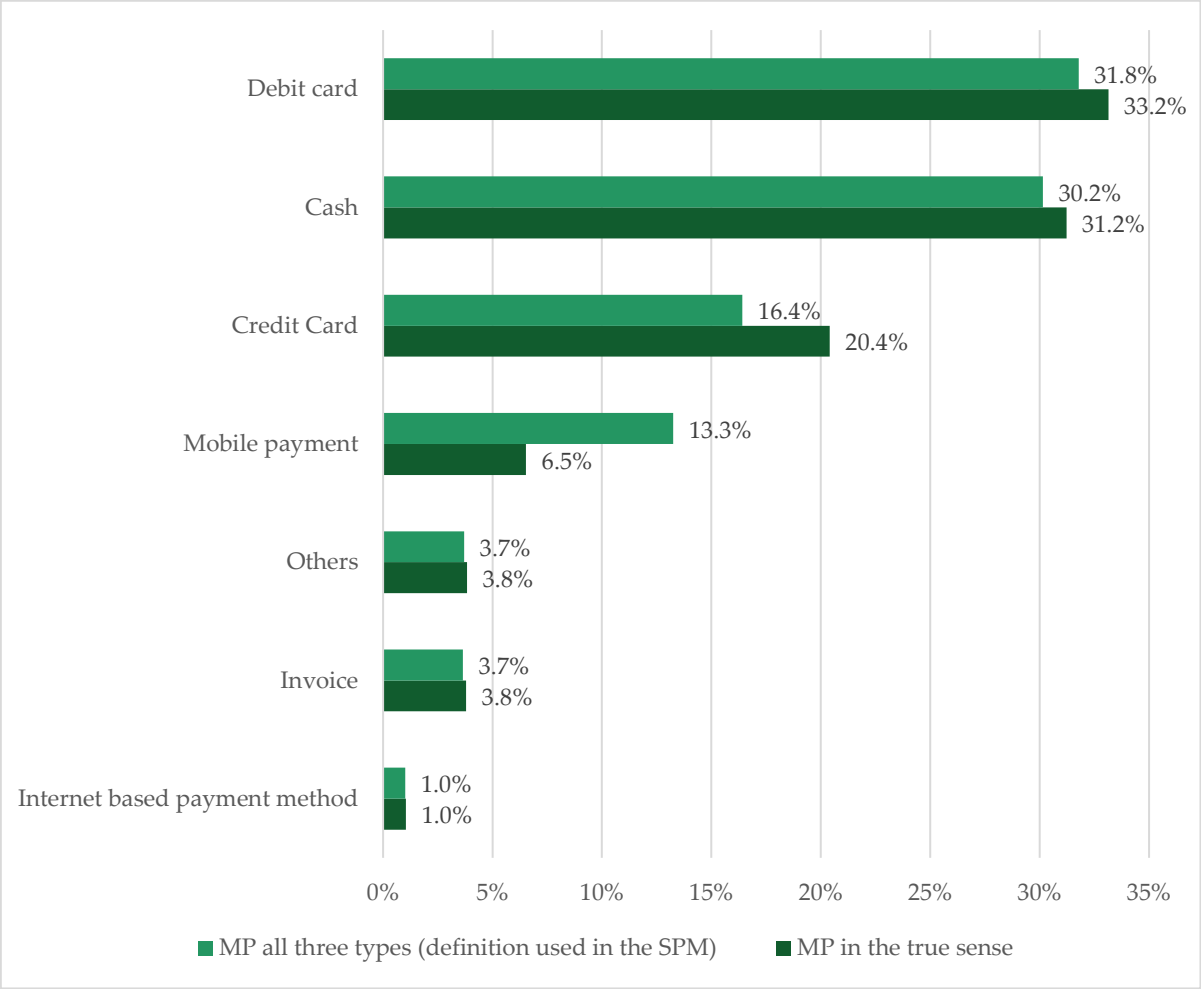
Remarks: According to diary entries in November 2021, only domestic payments. Definitions of mobile payments (MP) according to Box 1.[11]

For this reason, Figure 7 and 8 show a comparison of the payment method shares from the most recent survey with the broadest and narrowest definition of mobile payment.[12] As expected, the revenue share of mobile payments according to the narrower definition is lower than according to the broader definition - at 5.9 per cent around half as large (cf. Figure 7). In contrast, the turnover shares of credit cards (26.3%; +3.5 PP) and debit cards (31.6%; +1.5 PP) are higher.

[11] Due to the logic of the questionnaire in the diary, around 2 per cent of mobile payment transactions could not be clearly assigned to a means of payment in a narrower definition of mobile payment, which is why the data series "mobile payment 'in the true sense'" is based on a different population. For this reason, there are also changes in the proportions of payment methods that are not affected by the definition of mobile payment (e.g., cash).

[12] The transaction and turnover share of mobile payments "in the true sense" roughly corresponds to the values calculated on the basis of data from payment service providers (see Swiss Payment Behaviour Lab - Mobile Payment).

Figure 8: Payment instrument shares by number of transactions according to narrow and broader definition of mobile payment



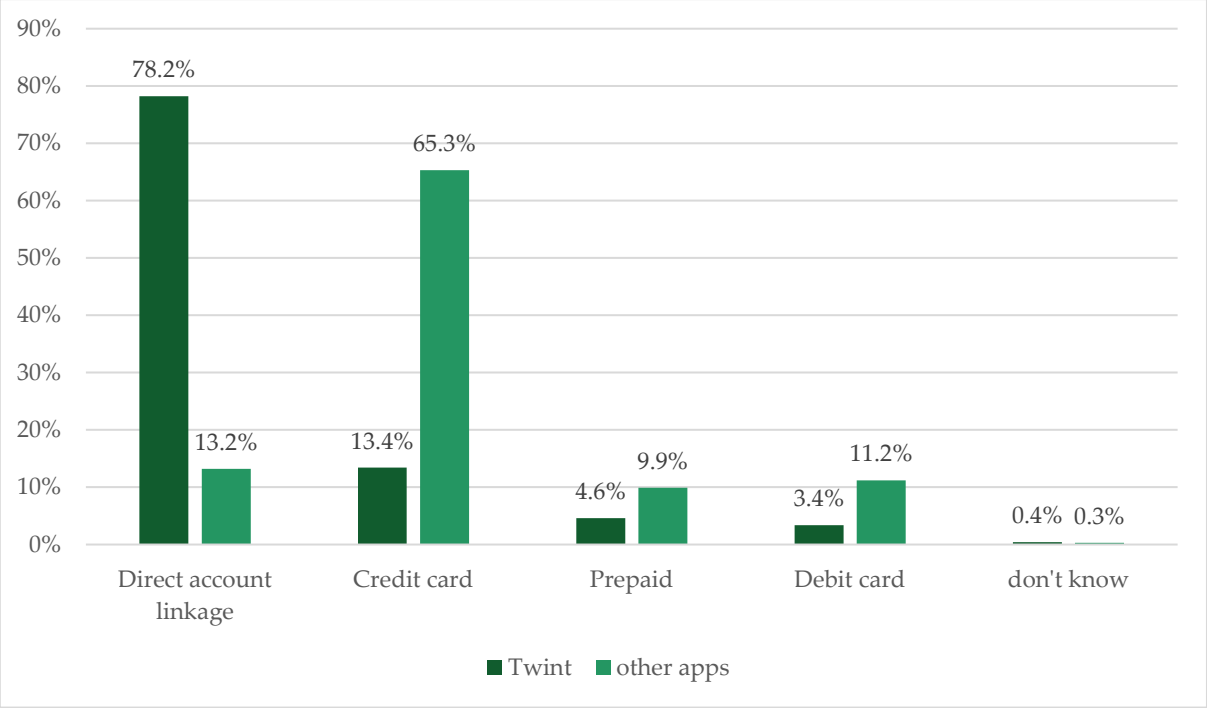
Remarks: According to diary entries in November 2021, only domestic payments. Definitions of mobile payments (MP) according to Box 1.[11]

In a similar order of magnitude, the share of mobile payments in the number of transactions according to the narrow versus broad definition halves to 6.4 per cent (cf. Figure 8). Conversely, the share of credit (20.6%; +4.1 PP) and debit cards (33.2%; +1.4 PP) increases. Figures 23 to 28 in the appendix also show that the trend towards increased mobile payments continued in the second half of 2021, even with a narrow definition of mobile payments.

4.2 Underlying means of payment

In order to accurately calculate the payment method shares based on different definitions of mobile payments, it is essential to know the underlying payment method of the mobile transactions. Figure 9 provides the necessary information separated by Twint and other mobile (payment) apps.

Figure 9: Underlying payment method for mobile payments



Note: According to diary entries in November 2021, domestic payments only.

Among all Twint payments, around 78 per cent are directly linked to the bank account, followed by credit card (13.4%) and prepaid or prepayment (4.6%) (cf. Figure 9). Other mobile (payment) apps such as Apple Pay, Google Pay, Samsung Pay or also SBB Mobile are mainly linked to the credit card: 65.3 per cent of the transactions with other (payment) apps are based on credit cards, followed by direct account linkage (13.2%) and the debit card (11.2%).

4.3 Mobile payment according to payment method

Mobile payments are most frequently made via apps with integrated payment functions (27.9% of the number of transactions), followed by on-site payments in shops via QR code (22.6%) or via NFC (21.2%) (cf. Figure 10). In terms of share of turnover, these three payment methods are also at the top of the ranking in the same order, even if the shares are slightly lower in each case.

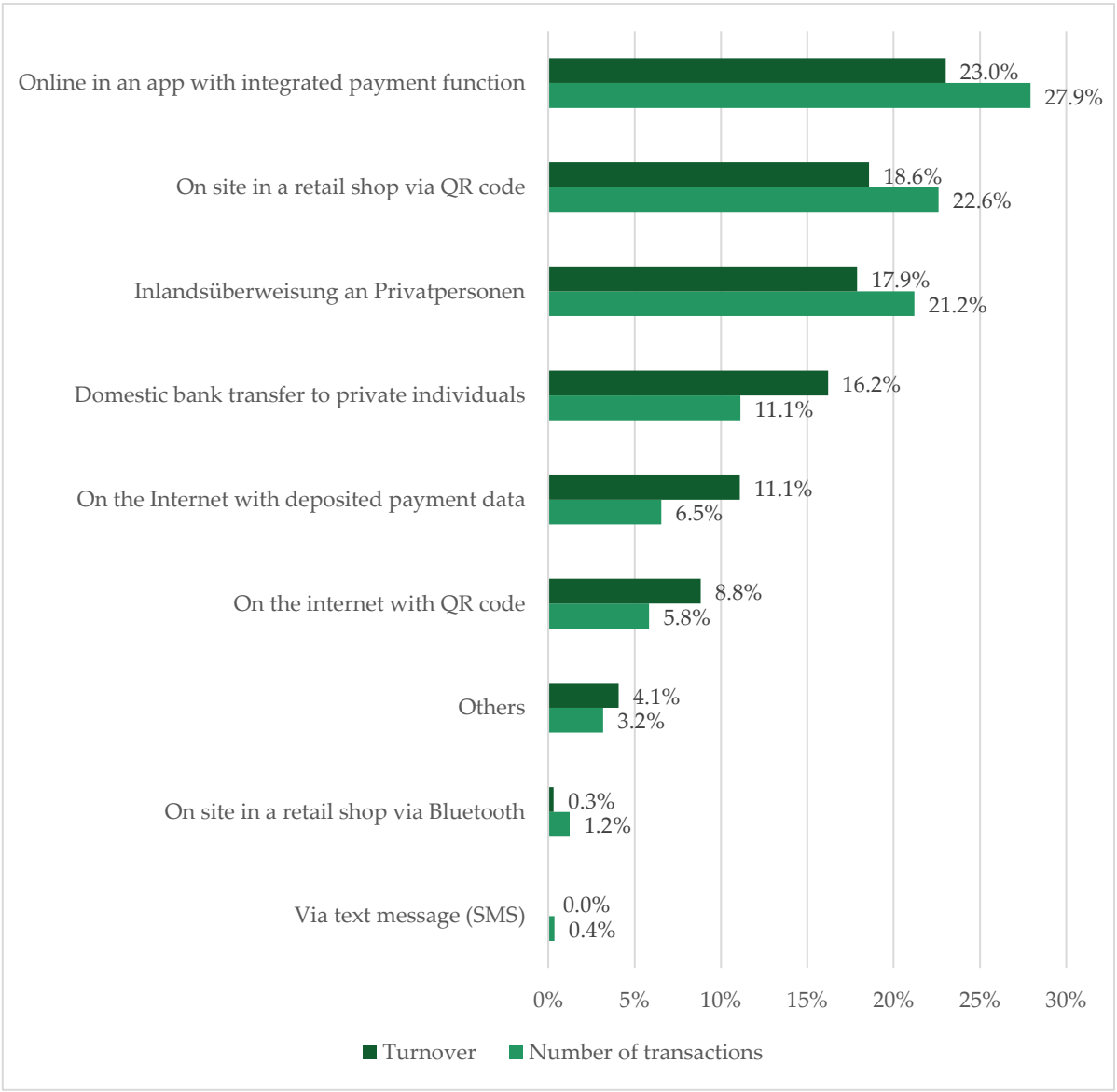
Domestic remittances to private individuals, with a turnover share of 16.2 per cent, are only just behind the third place (cf. Figure 10). Payment methods on the internet[13] with stored payment data (11.1%) and via QR code (8.8%) play a more important role in terms of turnover than in terms of the number of transactions (6.5% and 5.8% respectively). The transaction amounts are higher on average for these payment methods relative to the other mobile payment methods.

[13] That means via an internet browser and not via an app.

Twint is by far the most-used mobile payment solution in Switzerland: 62.9 per cent of turnover and 61.3 per cent of the number of transactions with mobile devices are processed with Twint. Both values have increased by around 10 PP compared to SPM 2/2021. Apple Pay, the second most-used mobile payment solution, accounts for around 8.8 per cent (-2.0 PP) of turnover and 12.4 per cent (-2.0 PP) of the number of transactions with mobile devices, which is a slight relative decline compared to the May 2021 survey.

With a transaction share of 8.9 per cent, measured in terms of all domestic mobile transactions, the SBB Mobile App is in third place, followed by Samsung Pay (4.0%; -2.2 PP) and Google Pay (2.2%; +0.9 PP). The revenue share of Samsung Pay is 5.2% (-1.5 PP), that of the SBB Mobile App 2.9 per cent (+1.1 PP) and of Google Pay 1.7% (+0.6 PP).

Figure 10: Share of mobile payments by payment type/procedure according to turnover and number of transactions



Note: According to diary entries in November 2021, domestic payments only.

5 (Digital) cash

5.1 Cash use

For the vast majority of the Swiss population, cash is still of central importance, but this has declined sharply, especially since the corona pandemic, and has settled at a lower level (cf. chapter 3). For example, one in seven people surveyed (14%) now completely forgoes carrying cash in their wallet (cf. Figure 11). This proportion has been relatively stable since the 1/2021 survey. 59 per cent of respondents said they usually keep or hoard cash at home - for example, for unforeseen expenses (cf. Figure 11). This share is unchanged compared to the 1/2021 survey.

The current survey also reveals that cash is almost consistently assessed slightly more negatively in terms of image dimensions than in the previous surveys: It is judged to be more unreliable, less secure, more unnecessary, less popular, more cumbersome, more expensive, more suspicious, less controlled and more difficult to obtain. The latter could be due to the fact that the number of ATMs and bank branches has decreased, especially since the outbreak of the coronavirus.

Figure 12 shows the seven most frequently cited reasons for paying in cash. In 40 per cent of the cases, the amount to be paid was the reason for choosing cash as a means of payment. According to the payment data, cash is mainly used to pay for small amounts (under CHF 20), which corresponds to around 75 per cent of all cash payments. This is followed by habit (24%) and personal preference with the respective merchant type (19%) as reasons for paying in cash. In 14 per cent of cases, the merchant only accepted cash, followed by speed (11%) and lack of cashless means of payment (8%) as the decisive argument (cf. Figure 12).

Figure 11: Cash holdings

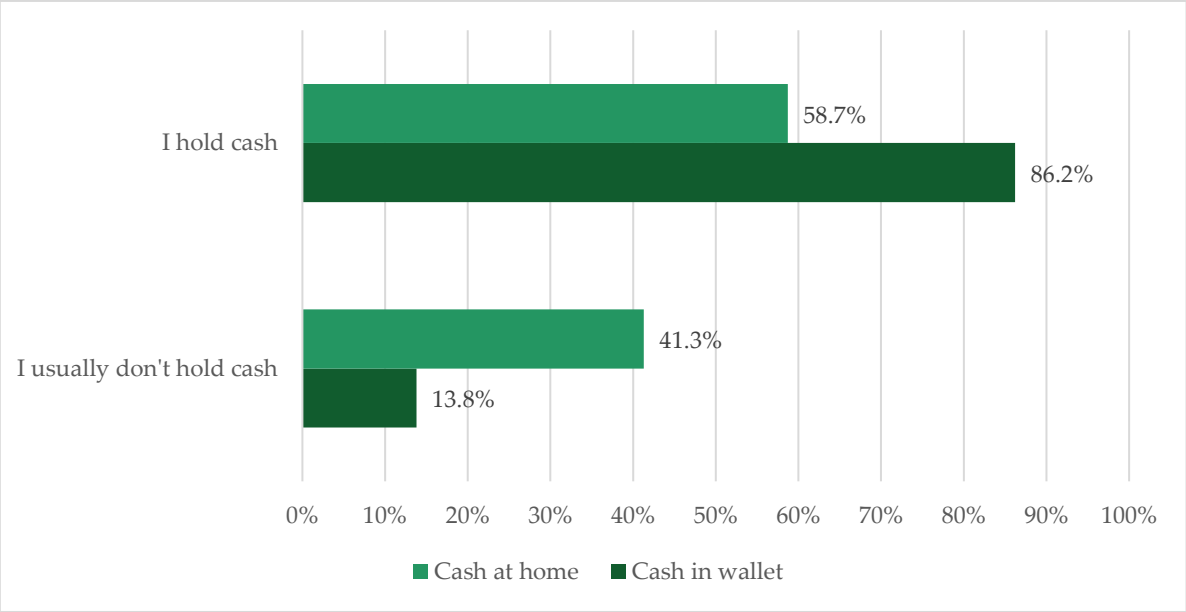
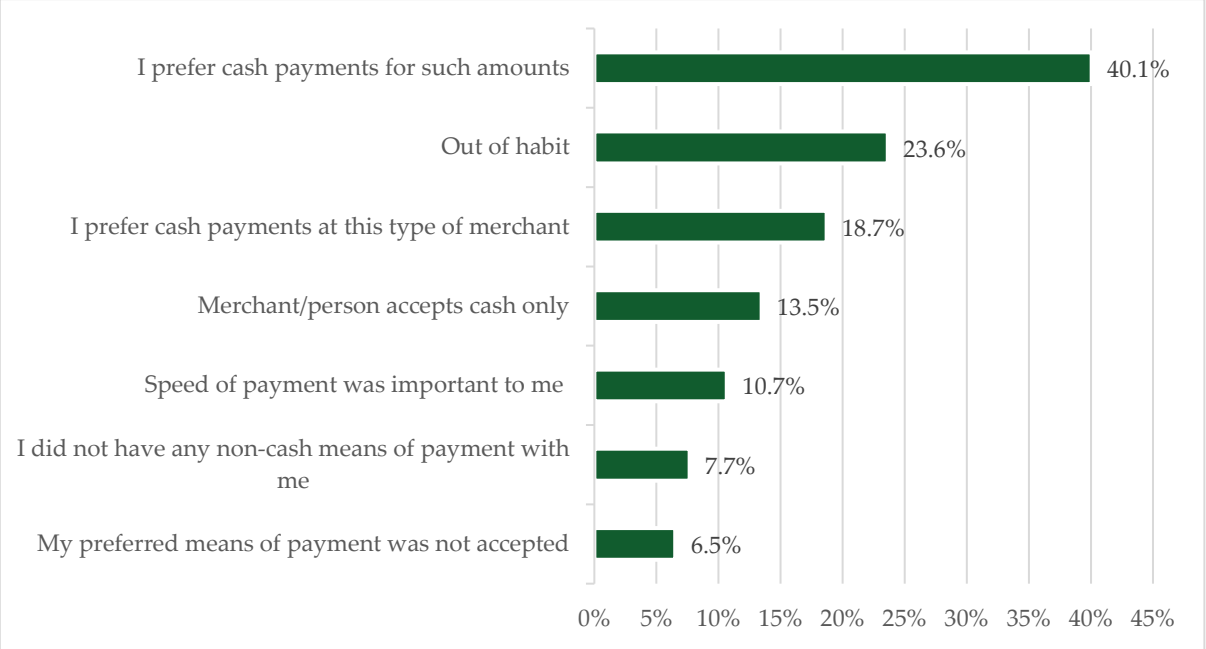


Figure 12: Reasons for cash payments



Question: "Why did you pay with cash?" Remarks: According to diary entries, multiple answers possible, the seven most frequent reasons, number of cash payments n=1396.

5.2 Central bank digital currency

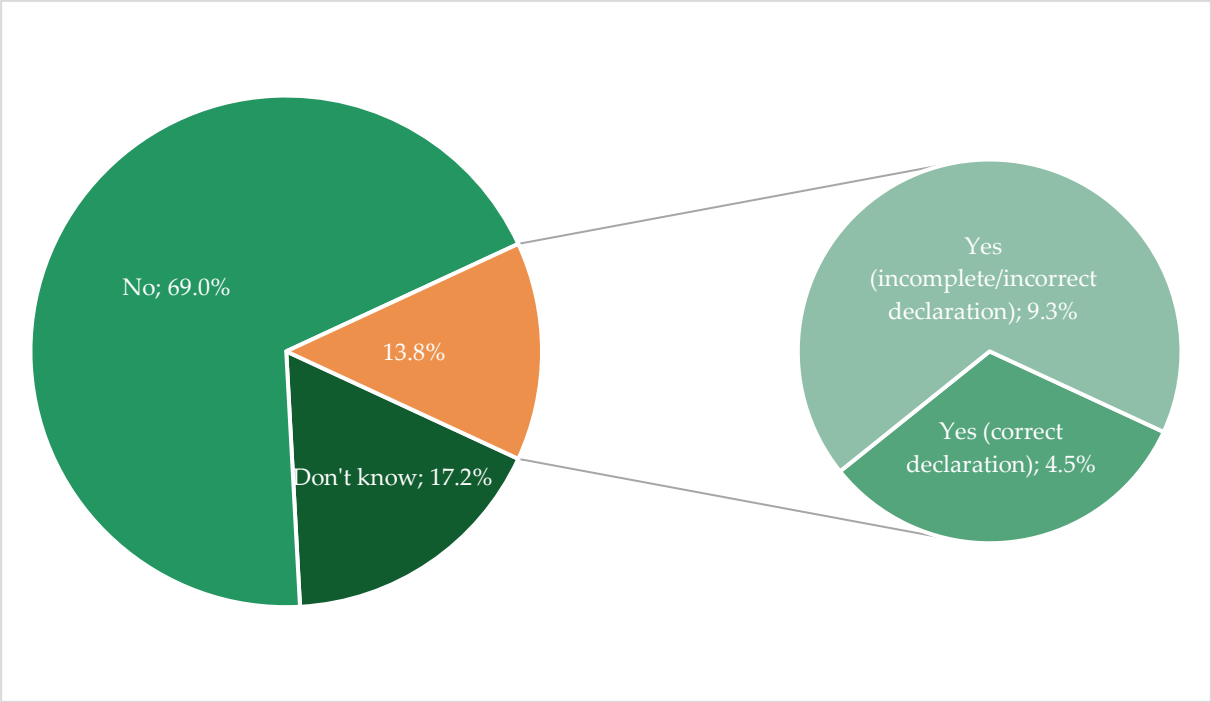
More and more central banks around the world are looking into so-called Central Bank Digital Currency (CBDC). Central bank digital currency is a new form of electronic money issued by central banks. It is based on blockchain technology and reflects a commitment by the central bank to the holder - similar to cash. The account is held directly at the central bank, in contrast to electronic book money, which is held at a commercial bank.

There are different types and technical solutions of CBDCs (e.g., intended for the general public or only for commercial banks), which affect the existing system in different ways. For example, the introduction of CBDCs is likely to make payments more efficient, while maintaining financial stability becomes more difficult.

According to Figure 13, the understanding of CBDC in the Swiss population is still very vague. Although around 14 per cent of respondents said they knew CBDC, only around 4.5 per cent of respondents were actually able to give a plausible explanation of CBDC using keywords. In contrast, around one in ten respondents stated that they knew and used virtual currencies or cryptocurrencies in general. This corresponds to an increase of around 4 PP within one year.

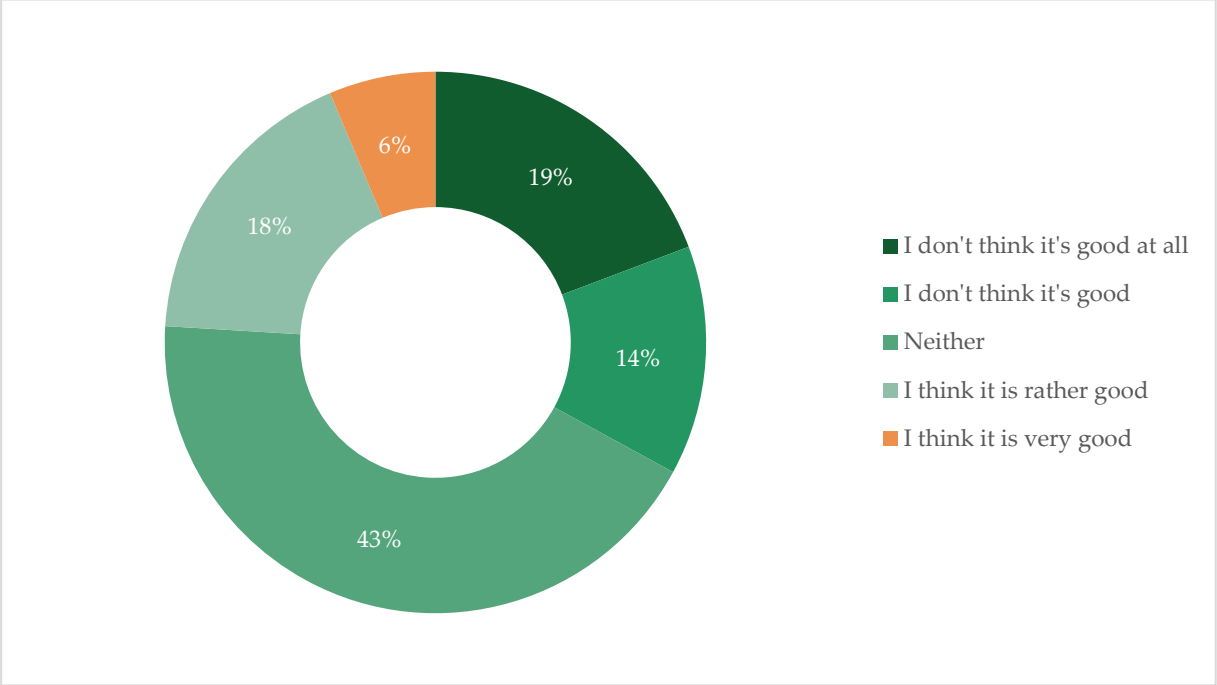
The lack of understanding of CBDC is also reflected in the answers to the question about the evaluation of the introduction of CBDC - mind you, after all respondents had been educated about the basic features of CBDC: According to Figure 14, about 43 per cent of the respondents found a possible introduction neither good nor bad. More people are negative (33%) than positive (24%) about a possible introduction.

Figure 13: Understanding central bank digital currency



Question: "Do you know what central bank digital currency is? "Note: With the help of an open question, the "yes" answers were checked to see whether the participants could actually classify the term correctly.

Figure 14: Evaluation of the introduction of central bank digital currency



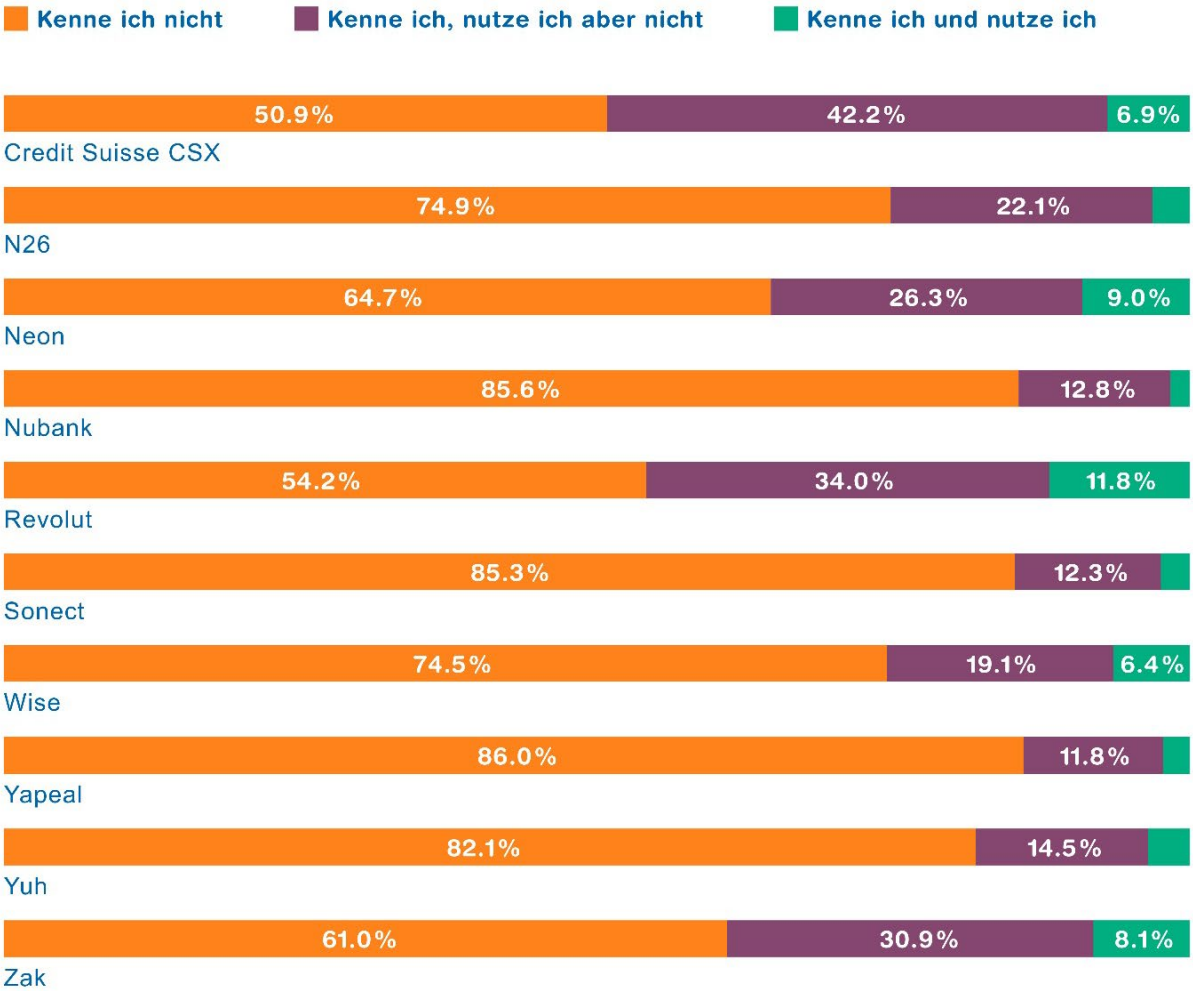
Question: "What would you think if the Swiss National Bank introduced central bank digital currency for you as a client (e.g., in the form of an "e-franc")? "

6 Neobanks

6.1 Awareness and use

Overall, 75.2 per cent of people in this country know at least one of the most common neobank providers. This is a full 9 PP more than in the last survey in May 2021. The best-known providers are Credit Suisse's[14] CSX (49.1% awareness), Revolut (45.8%), Zak (39.0%) and Neon (35.3%) (cf. Figure 15). Compared to the last survey, these three providers have all increased their awareness considerably.

Figure 15: Awareness and use of neobanks



Question: "For each provider, please indicate which of the statements applies to you."

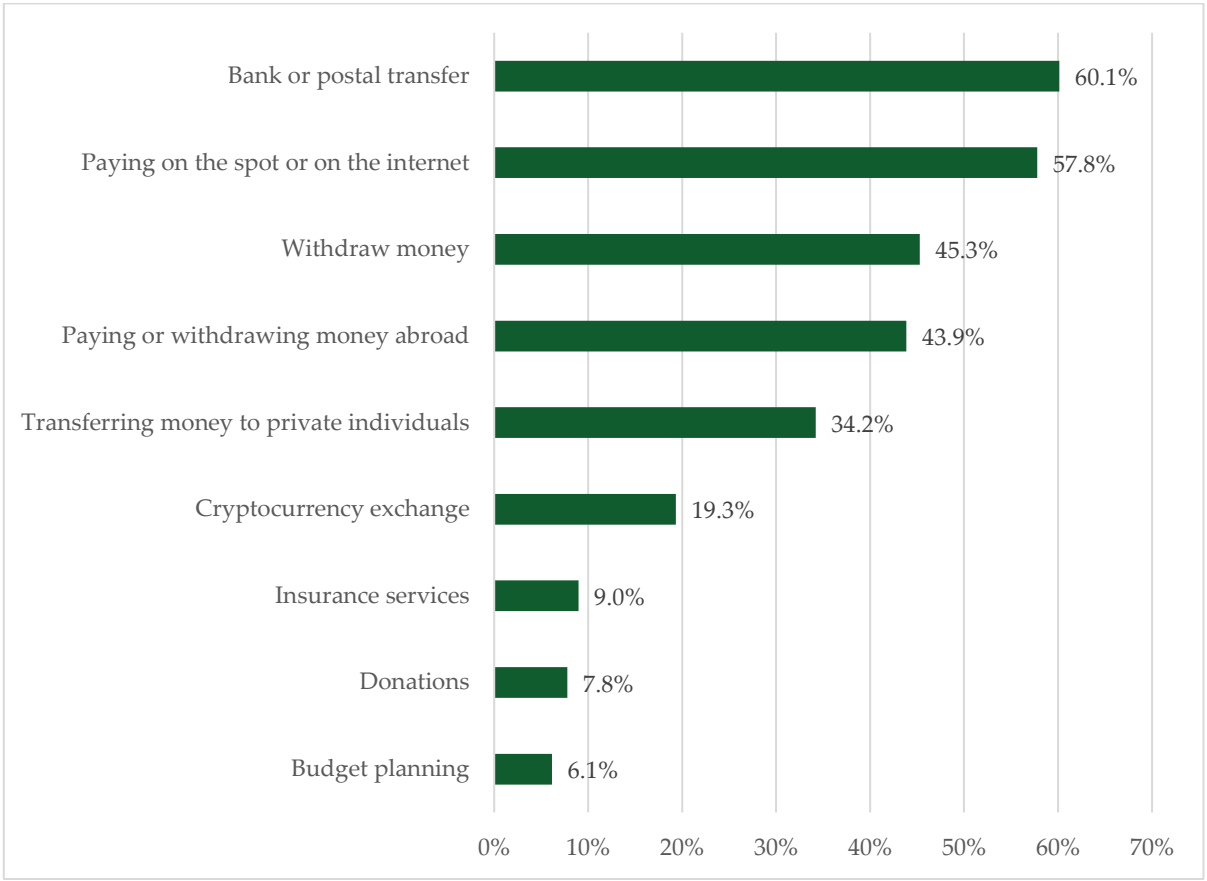
[14] The fact that the name of the well-known major bank "Credit Suisse" is part of the name of the purely digital bank could lead to the share of CSX connoisseurs being overestimated.

Newly included in the survey was Yuh[15], which achieved an awareness rate of 18.0 per cent (cf. Figure 15).

Overall, 29.0 per cent of respondents - 5.6 PP more than six months ago - said they had already used new online banking solutions from a new bank at least once. As Figure 15 shows, Revolut is the most frequently used neobank (11.8% of respondents; +3.0 PP), followed by the Swiss providers Neon (9.0%; +1.9 PP), Zak (8.1%; +2.4 PP) and Credit Suisse CSX (6.9%; +2.5 PP). With this strong growth within around six months, Zak and CSX have left the provider Wise (6.4%) behind.

A binary-logistic regression shows that gender, age and education level have a statistically significant impact on the relative probability of being a neobank customer: (1) men are more likely to be neobank customers than women; (2) as age increases, the probability of being a neobank customer decreases; (3) people with a university degree are more likely to be neobank customers than those with a low or medium level of education. Language region (D-FR-IT) and income, on the other hand, do not appear to have a statistically significant impact on the relative likelihood of being a neobank customer, according to the data.

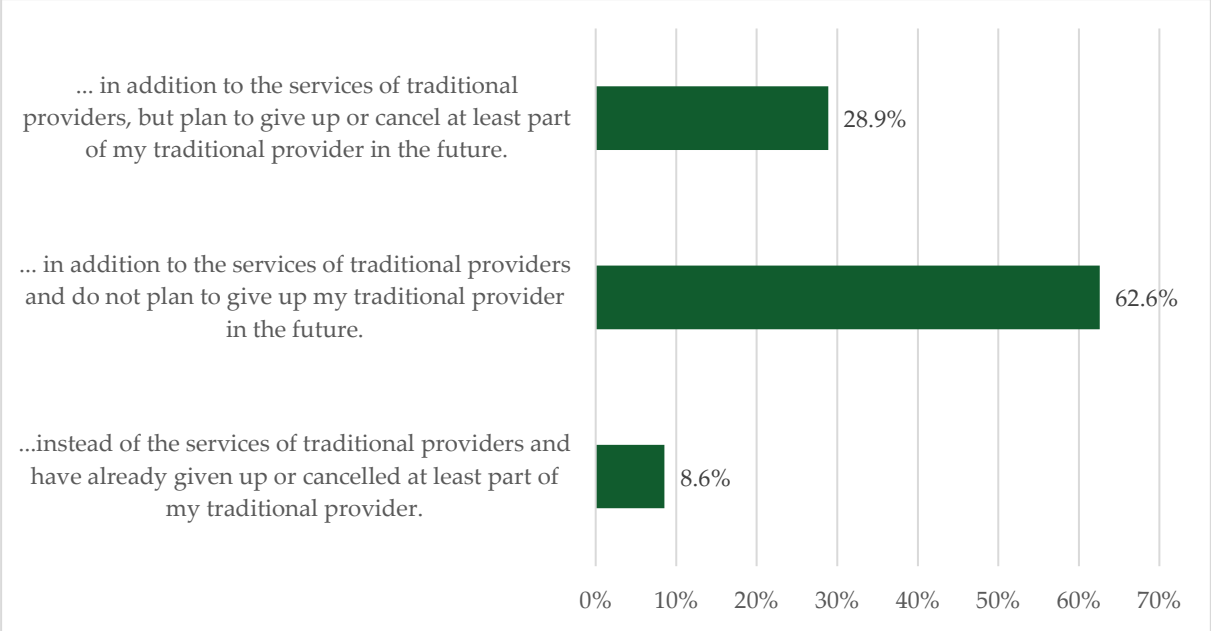
Figure 16: Services used of neobanks



Question: "Which services of digital or neobanks do you mainly use?"(Multiple answers possible)

[15] Yuh is a financial app created in collaboration between Swissquote and PostFinance.

Figure 17: Substitution of traditional banking services by neobanks



Question: "I use the services of the digital/neobanks...".

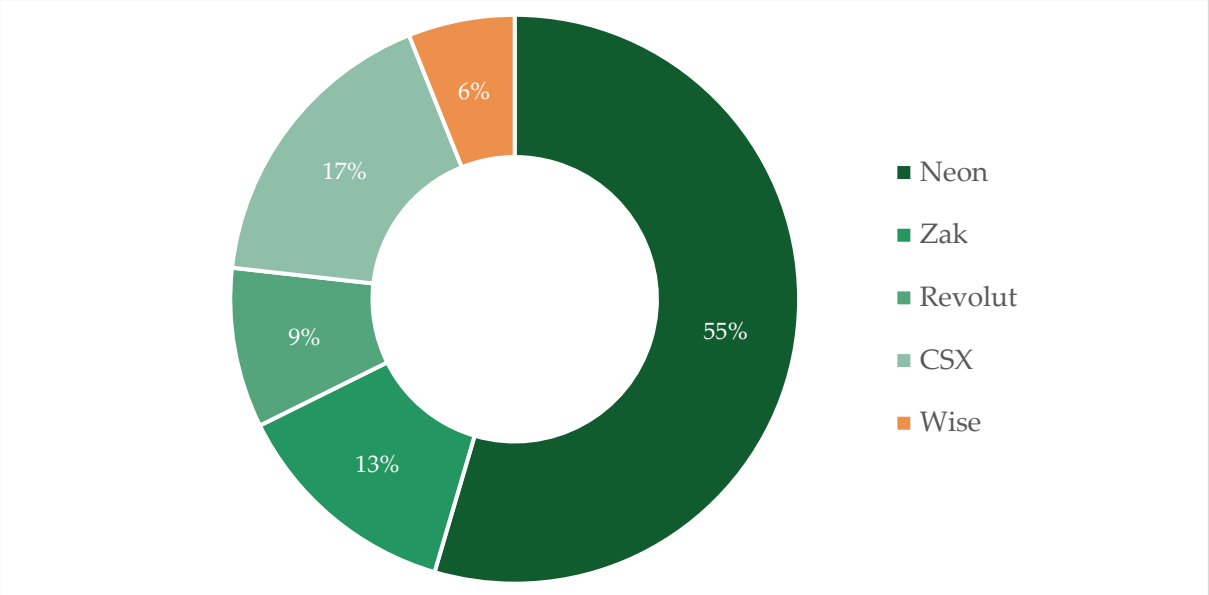
Neobank services are most frequently used for money transfers (60.1% of neobank users) and for domestic payments (57.8%) (cf. Figure 16). Almost half of the users also withdraw cash from their neobank account (45.3%) or use it abroad to pay or withdraw money (43.9%) (cf. Figure 16). Almost every fifth user of neobanks (19.3%) also uses the function for exchanging cryptocurrencies, while insurance services (9.0%), the option to make donations (7.8%) and the budget planning function (6.1%) are only used sporadically (cf. Figure 16).

The vast majority of users of neobanks use their services as a supplement to the services of conventional providers (91.4%) (cf. Figure 17). While 62.6% do not intend to change this in the future, 28.9% of neobank users plan to cancel at least part of their traditional service in the future (cf. Figure 17). 8.6% of neobank users have already done so, with women, older people, lower incomes and the German-speaking region being statistically significantly overrepresented in this group. This shows that, as described above, women and older people are less likely to be customers of neobanks, but if they are, they use their services relatively more often as a substitute for the services of conventional providers and have already cancelled some of their previous offers.

6.2 Effective use

Thanks to an addition in the recording of payments, it is possible for the first time in this edition of the SPM to examine the effective usage behaviour of neobanks for everyday payments. In the case of a card payment, it was possible to record not only the licensor of the payment card (e.g., Visa, Mastercard, etc.) but also the issuing neobank. The results are shown in Figure 18.

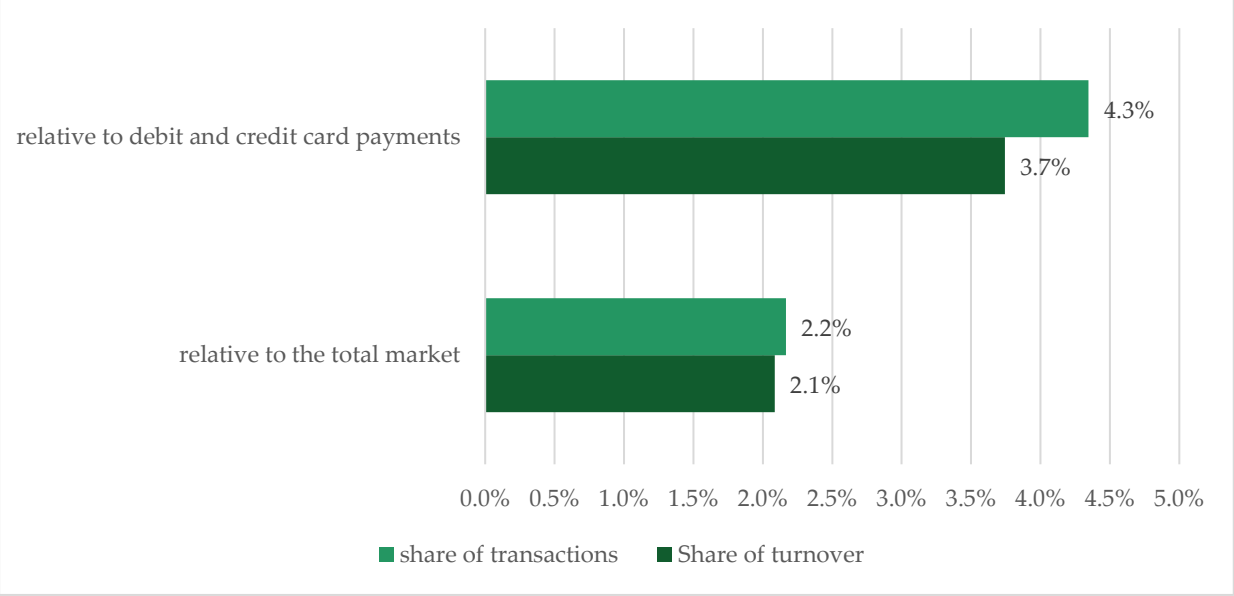
Figure 18: Effective use of neobanks according to provider



Note: According to diary entries, domestic and foreign payments, relative to the total number of transactions with cards from Neobanks.

55 per cent of all effectively executed card payments by neobanks come from Neon, followed by Credit Suisse CSX (17%) and Zak (13%) (cf. Figure 18). Compared to chapter 6.1, this indicates that Neon's payment cards are frequently used in everyday life in Switzerland. This is in contrast to Revolut, whose cards are rarely used to make everyday payments, against the background of a broad user base.

Figure 19: Effective use of neobanks according to diary



Note: According to diary entries, domestic and foreign payments

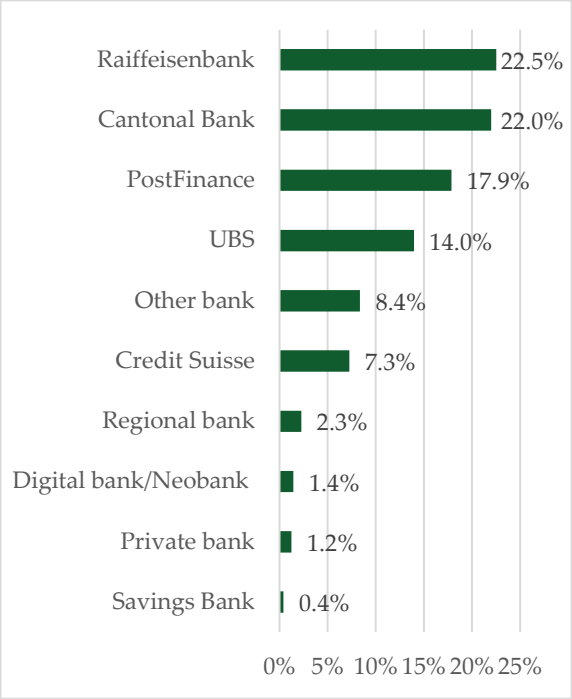
Figure 19 shows that neobank card payments now account for more than 2 per cent of total turnover and the total number of transactions.[16] The transaction and turnover shares of neobank card payments correspond to 4.3 and 3.7 per cent of all debit and credit card payments, respectively.

6.3 Neobanks as the main bank?

On average, a person living in Switzerland has around two banking relationships.[17] Only 1.4 per cent of the respondents state that they have most of their money with neobanks, which puts them in the lowest ranks of all banks (cf. Figure 20 and Figure 21).[18] It is mainly men between the ages of 45 and 59 with incomes of less than 6,000 Swiss francs who use neobanks as their main bank for their assets.

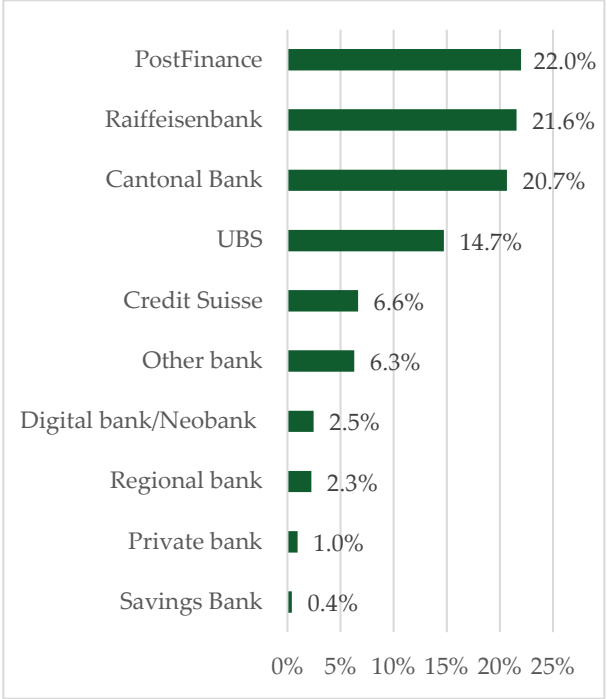
Most respondents have deposited most of their money with established banks such as PostFinance (22%), Raiffeisen banks (21.6%) and cantonal banks (20.7%) (cf. Figure 20).

Figure 20: Main bank according to assets



Question: "In which (type of) bank is most of your money?"

Figure 21: Main bank according to transaction frequency



Question: "Through which (type of) bank do you settle your regular payment flows?"

[16] When recording a mobile payment, it was not possible to specify the neobank due to the logic of the questionnaire. It can therefore be assumed that the effective neobank payments are slightly higher than those reported in Figure 18.

[17] This also includes custody accounts and pillar-3a-accounts.

[18] Missing shares in the figures due to refusal to provide information ("I do not want to provide information").

According to Figure 21, 2.5 per cent of respondents regularly make payments via neobanks. Again, these are mainly men who are between 45 and 59 years old and have an income of less than 6,000 Swiss francs. This means that around nine times fewer payments are made via neobanks than via the most frequently mentioned banks PostFinance and Raiffeisenbanken (cf. Figure 21).

7 Closing words

The aim of this sixth edition of the Swiss Payment Monitor was to highlight current changes in the payment behaviour of the Swiss population and to place them in the context of long-term developments. With the help of a representative online survey and subsequent diary recording of all payments by the participants, numerous insights were gained.

The sudden shifts in the payment behaviour of the Swiss population, initially triggered by the Corona pandemic, have gradually stabilised over the course of 2021. The debit card remains the most widely used means of payment, both in terms of frequency of use and turnover. Although cash continues to lose turnover shares, it is able to maintain second place behind the debit card in terms of frequency of use.

The popularity of mobile payments continues to grow significantly in all areas, especially at the expense of cash and non-mobile payments by debit and credit card. In the distance business, every second payment is now processed via a mobile device, which is mainly due to payments in apps with integrated payment functions. Mobile payments are also being used more and more in bricks-and-mortar business, especially for payments in a shop with a QR code or via NFC. Twint is by far the most-used mobile payment solution in Switzerland and has once again increased significantly compared to SPM 2/2021, while Apple Pay, the second most-used mobile payment solution, recorded a slight decline in relative terms.

Cash continues to lose its appeal and is rated worse across numerous image dimensions than in previous surveys. One in seven people surveyed completely forgoes carrying cash in their wallet or pocket. Digital central bank money (CBDC) is still hardly known among the Swiss population and most people are rather critical of its introduction.

Almost one third of the Swiss population has already used offers from a neobank. With an increase of around 6 PP compared to the last survey half a year ago, this testifies to rapid growth. Revolut, Neon and Zak are used most frequently according to the respondents. Especially younger men with a high level of education have a statistically significantly higher probability of using neobanks. Neobanks are mainly used for bank or postal transfers, on-site or online payments and cash withdrawals. The services offered by neobanks mainly serve as a supplement to the services of conventional financial service providers. In the meantime, card payments by neobanks account for more than 2 per cent of total turnover and the total number of transactions.

Since the survey in May 2021 for the SPM 2/2021, public life has hardly been restricted due to the pandemic, with the exception of the certificate obligation. The effects of this are now also reflected for the first time in the current data of the Swiss Payment Monitor. The winter and spring half-year 2020/21, which was characterised by strong interventions in consumption options, was followed in Switzerland by a relatively "free" summer and autumn 2021 with a

diverse range of leisure and consumption options. As a result, payment behaviour seems to gradually stabilise at a new level. The next SPM in autumn 2022 will show whether this is actually the case or just a snapshot.

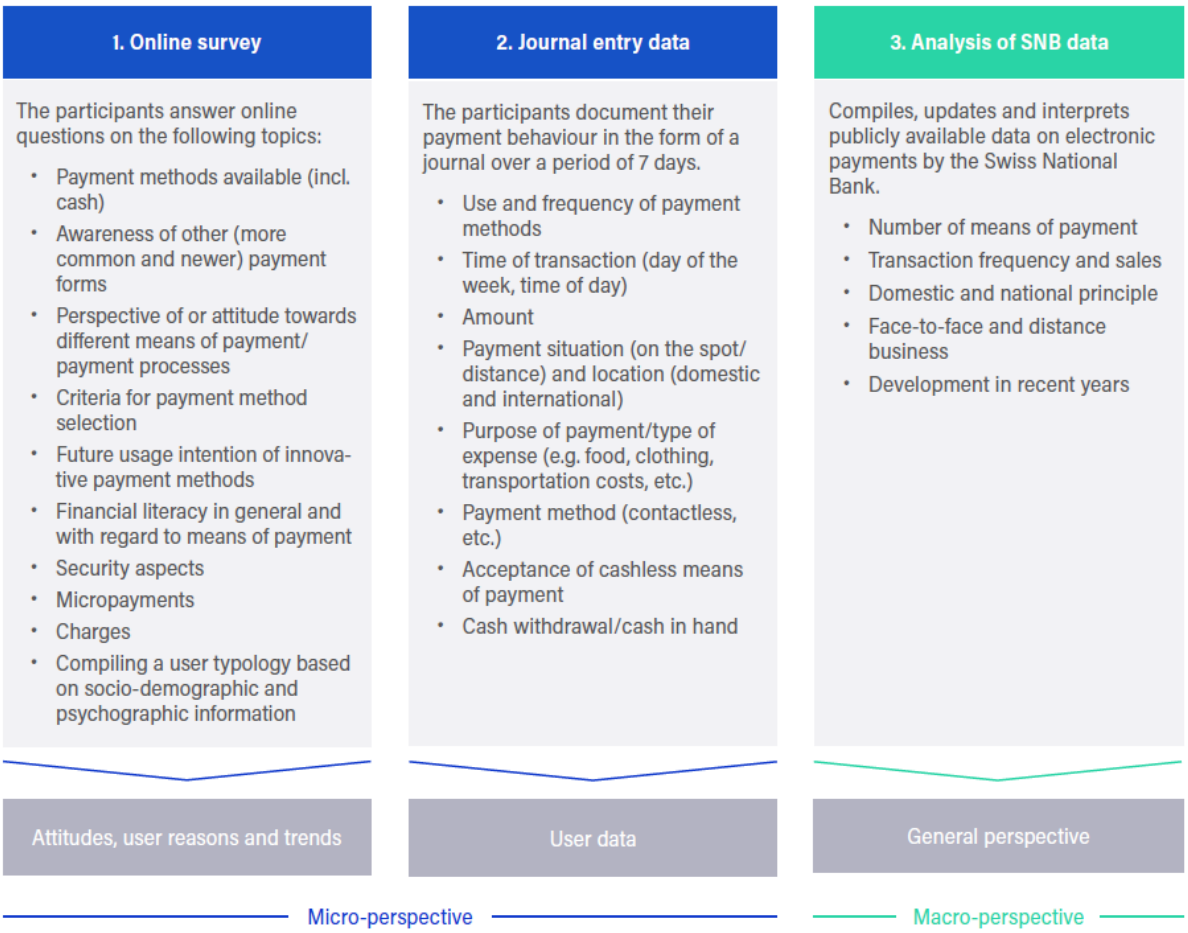
Appendix

Study design

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

The study includes a micro and a macro perspective (cf. Figure 22). The micro perspective consists of an online survey with questions on payment behaviour and a payment diary filled out by the respondents over three days. The macro perspective is based on the analysis of the publicly available data material on electronic payment transactions of the Swiss National Bank. This data can be viewed interactively on the project homepage at www.swisspaymentmonitor.ch/snb-daten and is updated continuously.

Figure 22: Study design of the Swiss Payment Monitor



Payment shares according to narrow definition of mobile payment

Figures 23 to 28 are based on diary entries and include only domestic payments. In contrast to Figures 1 to 6, the narrow definition of mobile payment in the true sense is used for mobile payments, i.e., only payment apps on mobile devices that are directly linked to the bank account, such as Twint, Alipay or WechatPay (see Box 1 in Chapter 4). Due to the logic of the questionnaire in the diary, around 2 per cent of the mobile payment transactions in each survey could not be clearly assigned to a payment method in a narrower definition of mobile payment and are therefore not included in Figures 23 to 28.

Figure 23: Payment instrument shares by turnover according to total market

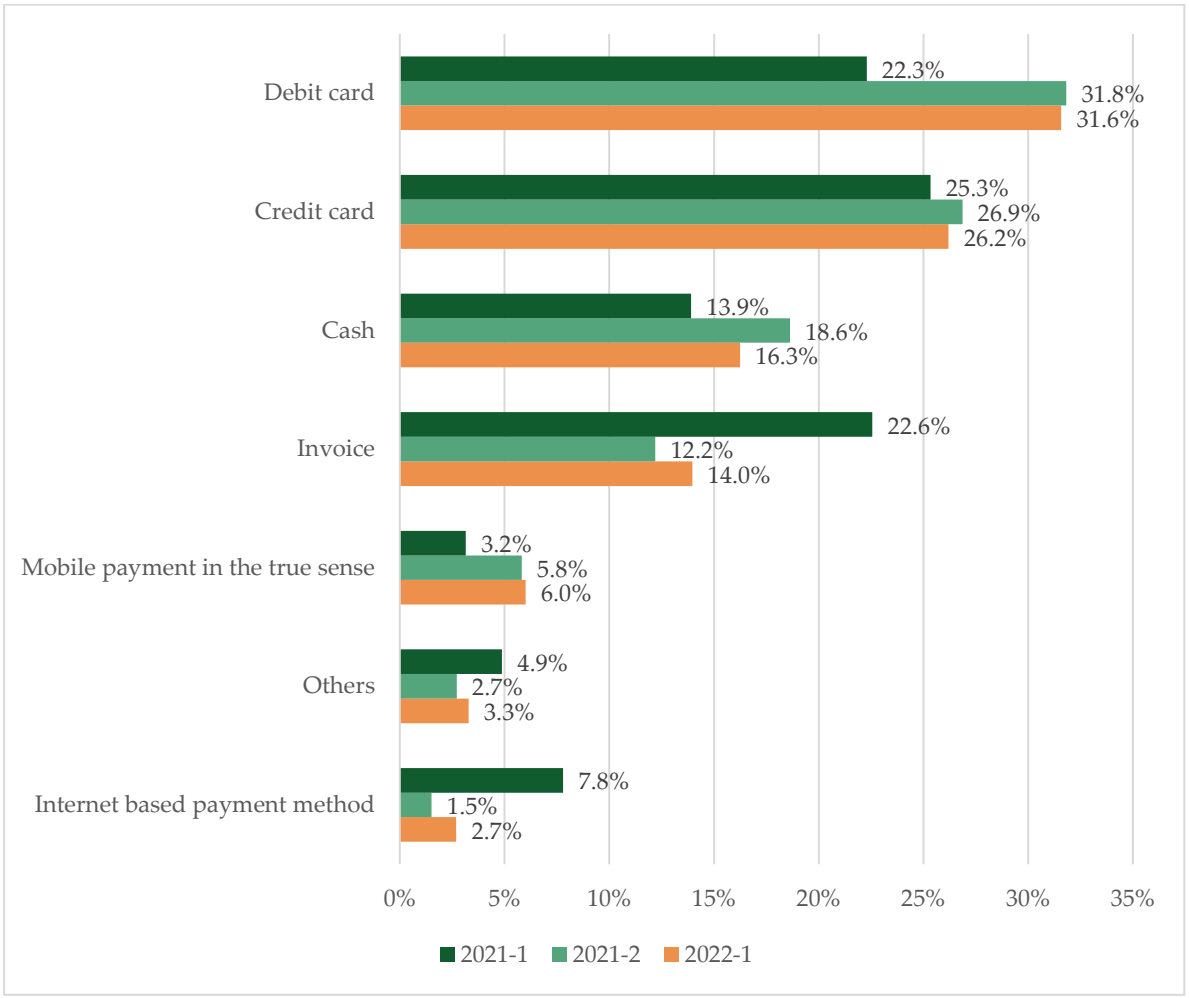


Figure 24: Payment instrument shares by number of transactions according to total market

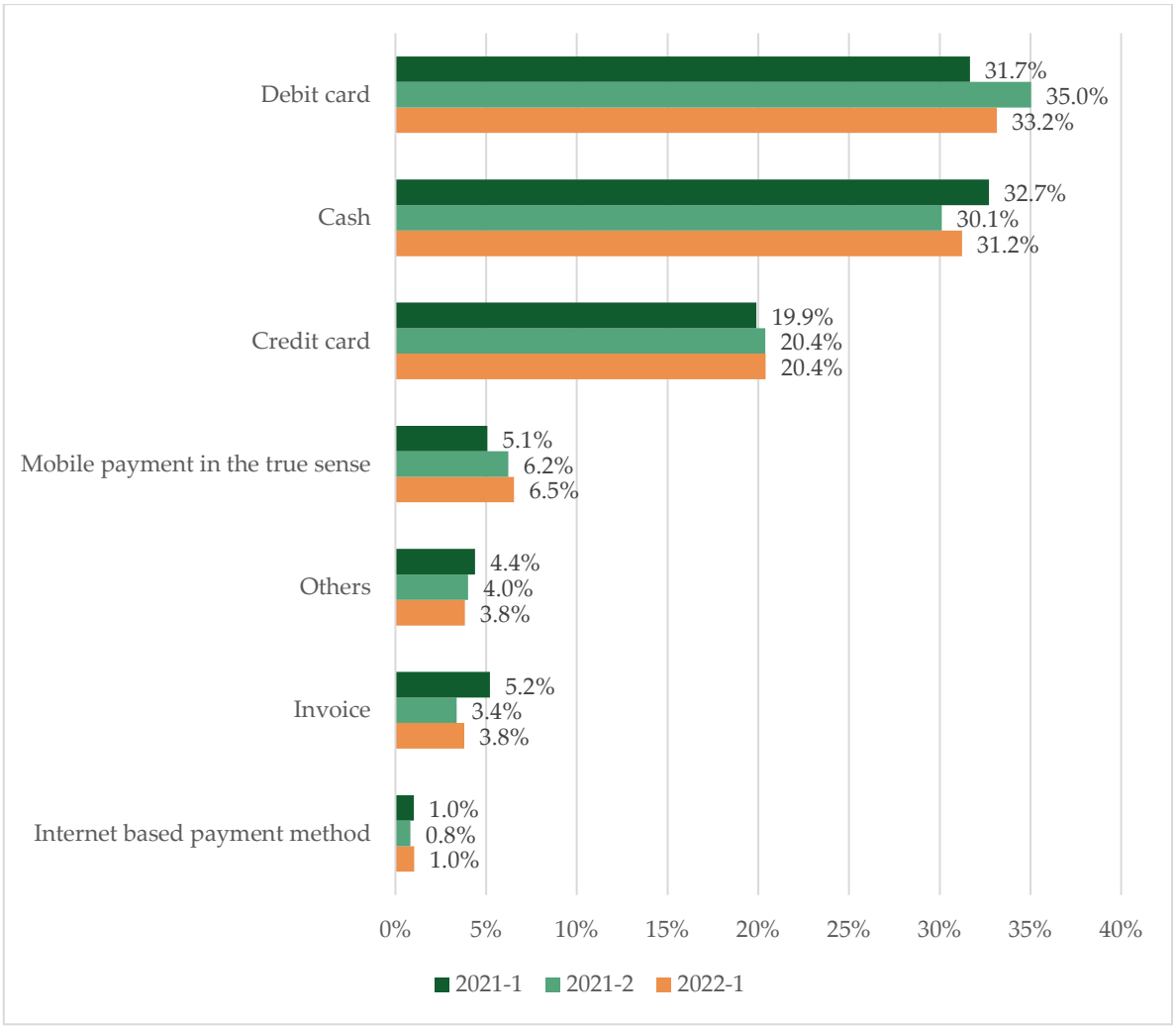


Figure 25: Payment instrument shares according to turnover in the presence business

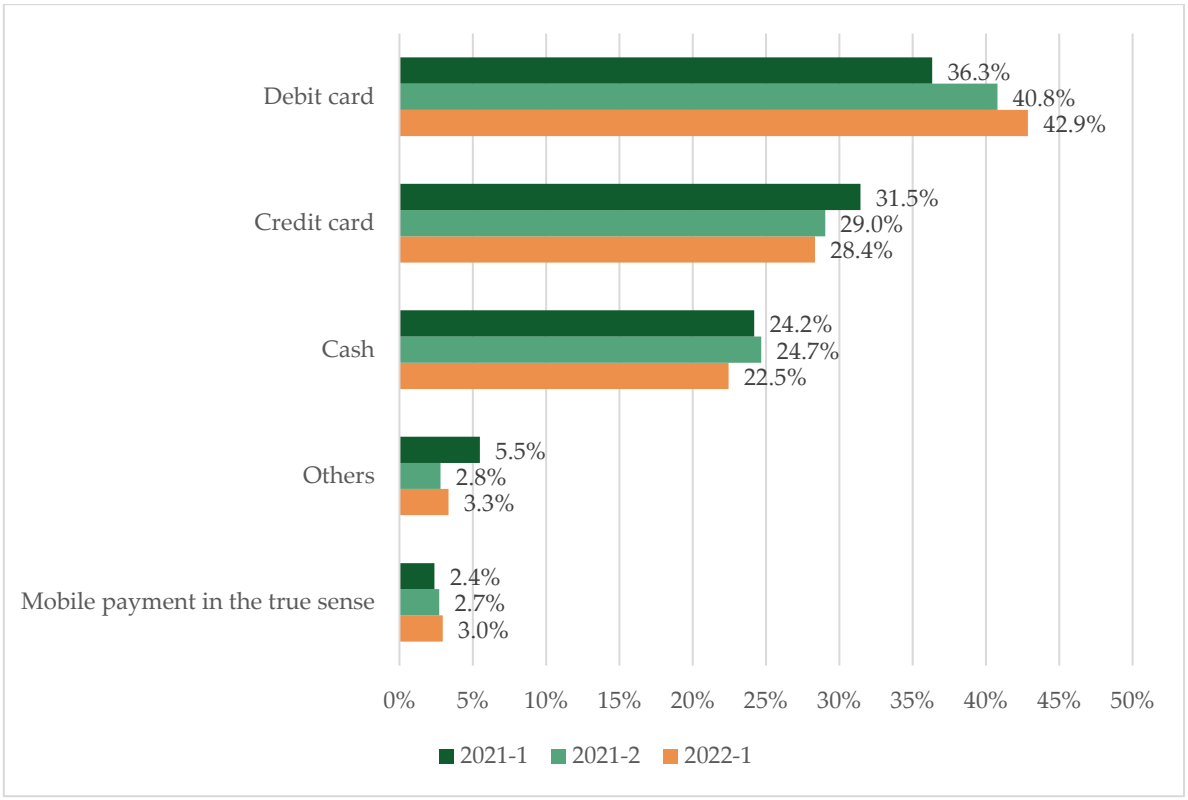


Figure 26: Payment instrument shares according to number of transactions in the face-to-face business

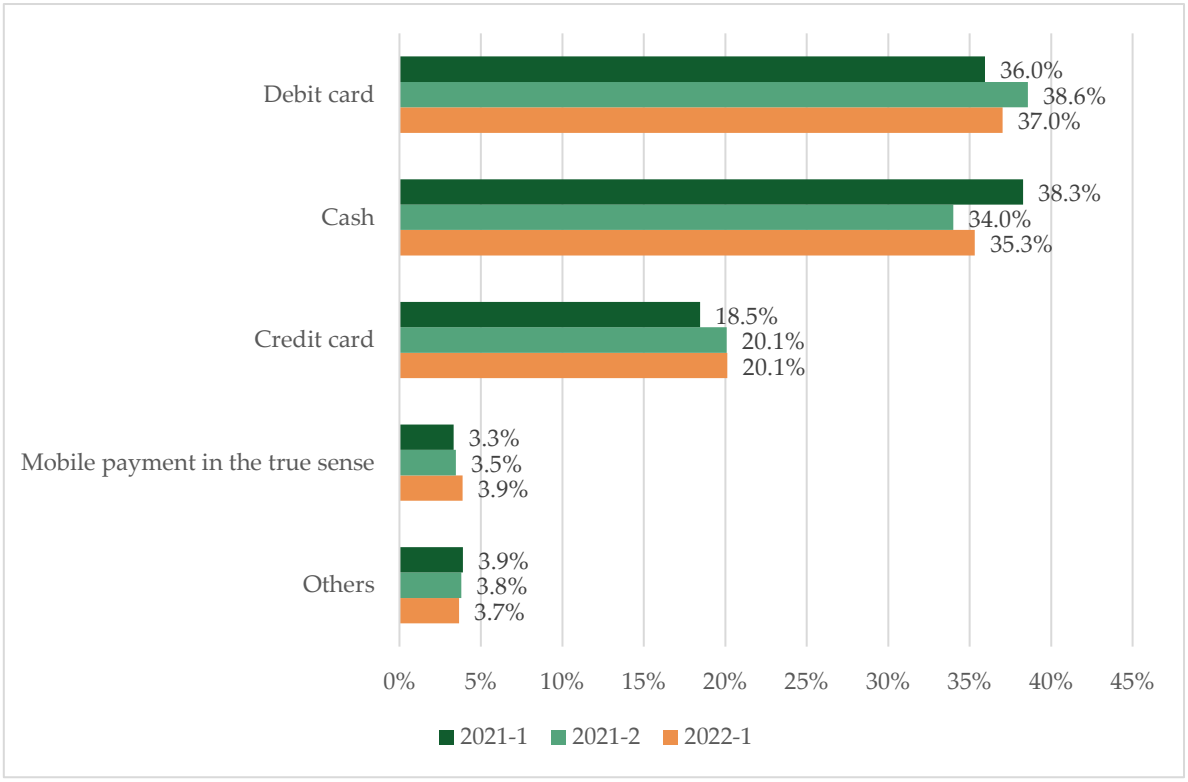


Figure 27: Payment instrument shares by turnover in the distance business

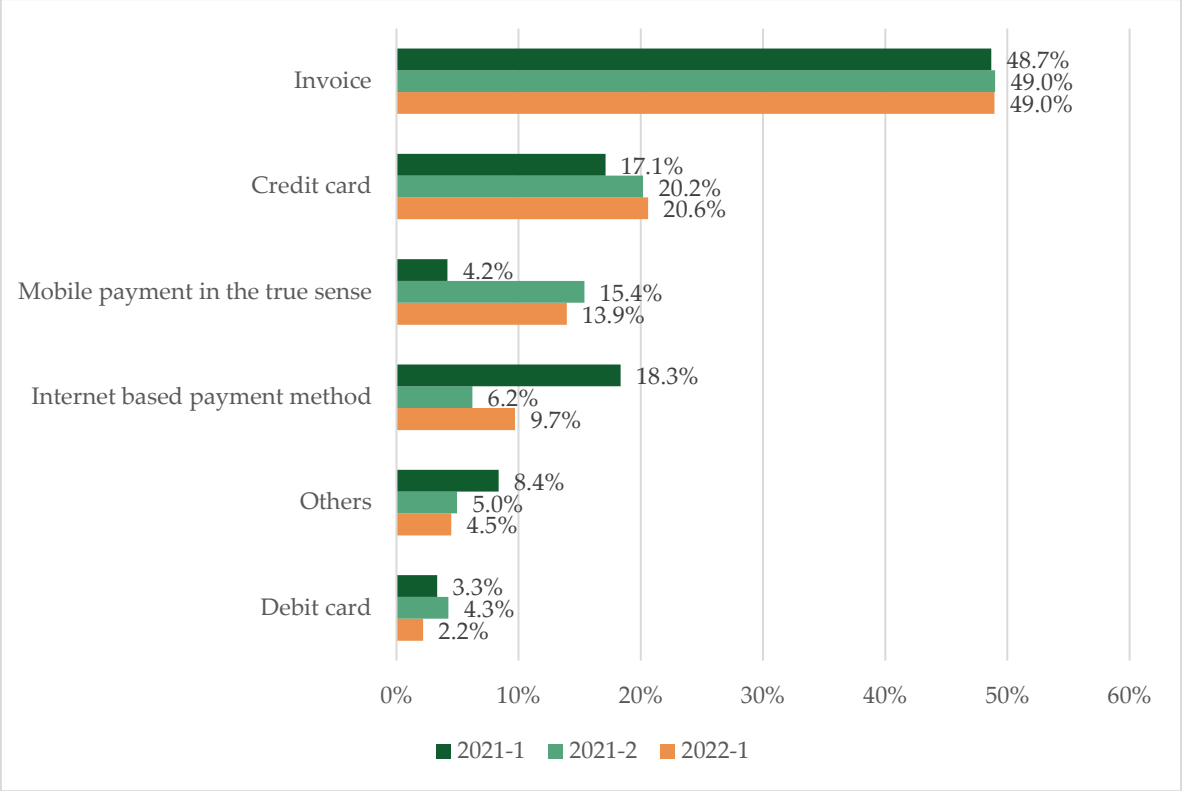
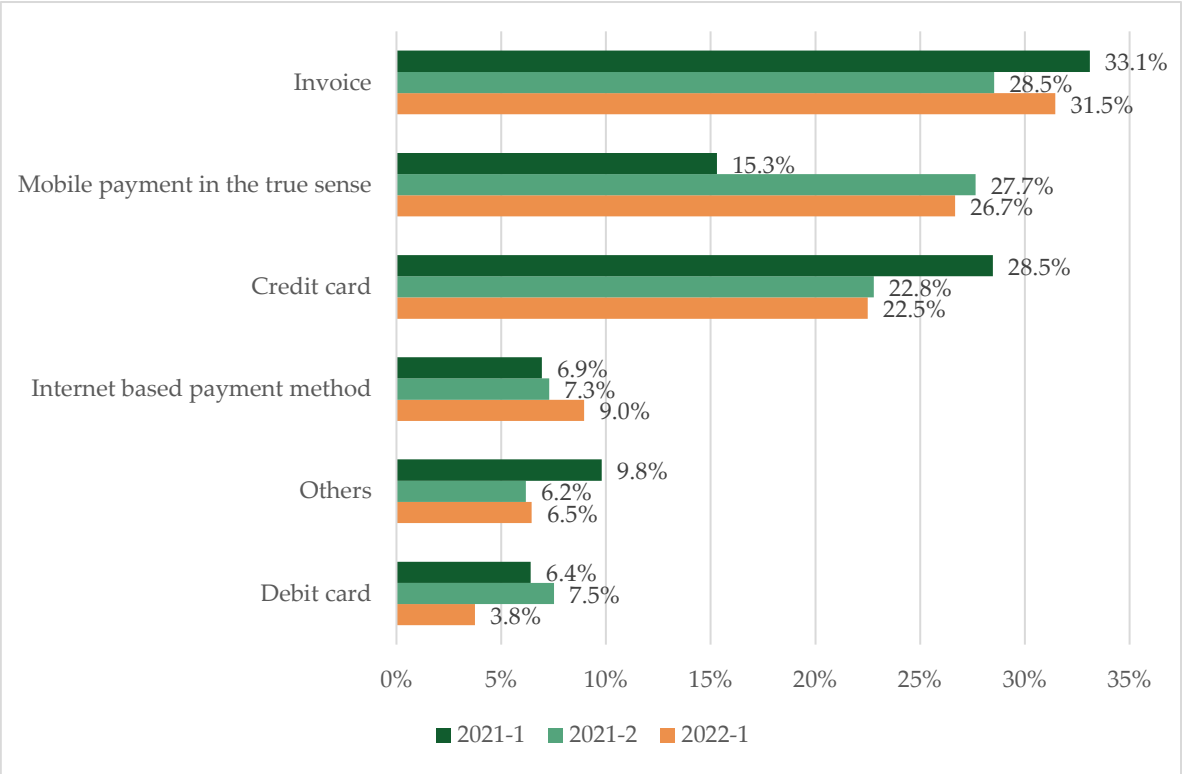


Figure 28: Payment instrument shares according to number of transactions in distance business



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Suggested citation:

Graf, S., Heim, N., Stadelmann, M. and Trütsch, T. (2022): Swiss Payment Monitor 2022 – How does Switzerland pay?, Issue 1/2022 – Survey November 2021, University of St.Gallen/Zurich University of Applied Sciences.

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