

Safety, Convenience
and Choice:

THE TRUE VALUE OF CARDS

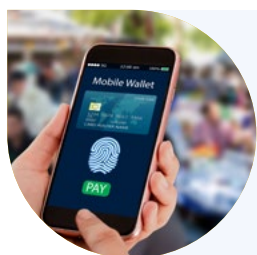
Research on the value and cost of cards in today's dynamic and vibrant payments ecosystem. Based on a survey of merchants and consumers in Germany.

Introduction

Notwithstanding the importance of cash, which in Germany remains higher than in most other European countries, the German payments market provides its merchants and consumers with a diversified and competitive set of options.

When asked, **83% of German consumers report that the currently available payment options meet their needs.** Specifically, German consumers are satisfied with the safety and security, reliability, credibility and convenience of their payments market, which 70% or more of them rate as good or excellent for these features.

On the merchants' side, **83% of German merchants state that, by accepting a variety of payment options, they have been able to increase turnover,** and 74% of them report being satisfied with the payment solutions available.



77% of German consumers have embraced Buy Now, Pay Later (BNPL) services

Methodology:

This report is based on two surveys commissioned by Payments Europe and conducted by FTI Consulting in May 2023 and May 2024.

In 2023, the survey was completed by 1,560 merchants operating in Germany (252), France (264), Italy (263), Spain (271), Sweden (242) and Poland (268).

In 2024, the survey was completed by 13,000 consumers living in Germany (1,000), Austria (1,000), France (1,000), Greece (1,000), Czech Republic (1,000), Denmark (1,000), Finland (1,000), Hungary (1,000), Ireland (1,000), Latvia (1,000), Lithuania (1,000), Poland (1,000), and Sweden (1,000). Respondents were weighted on region, gender, and age to ensure representativeness.

Key highlights

The merchant perspective



Relationship with cash

German merchants remain very attached to cash, with 63% indicating cash as the preferred payment method, 10% above the European average. The number of merchants in Germany that would like to have the ability to refuse cash payments is also sensibly lower than the European average, sitting at 59% against an average of 65% in the rest of Europe.

35% of merchants' turnover in Germany is generated by cash, just below that generated by cards (38%). In the next five years, German merchants expect this gap to widen, with 27% of turnover expected to be generated by cash compared to 42% expected from cards.



Market evolution: winners & winners

74% of German merchants are satisfied with the payment solutions available, and 85% of them believe their customers are also satisfied with those available to them. Both these numbers are slightly below the respective European averages.

Diversification is welcome, with 94% of German merchants considering electronic payments to be critical to their organisation and 91% believing the introduction of contactless payments has been beneficial to their organisation.



What merchants really want

When choosing among different payment methods to accept, German merchants care particularly about **safety and security, consumer preference** and the ability to reach as many consumers as possible.

In line with the European average, 85% of German merchants are actively trying to optimise their payment methods, aiming to reduce cost, increase turnover and enhance payment security.

In line with their European peers, **77% of German merchants would like to be remunerated when offering cashback** payment options.



Card payments: cost and value

89% of German merchants believe that the benefits brought about by cards outweigh their costs, and 86% of them consider the fees they pay for card payments to be reasonable.

More than elsewhere in Europe, German merchants believe that the cost of card acceptance has decreased in the past 5 years. Indeed, 58% of merchants have this perception in Germany, compared to 48% on average in the other countries surveyed.

Key highlights

The consumer perspective



Relationship with cash

German consumers remain very reliant on cash, with nearly 88% of them having used this payment method in the last 12 months. In the same span of time, 93% of them used cards.

Of thirteen European countries surveyed, Germany is the only market that considers cash the best payment method when considering safety & security (35%; 11% higher than the European average) as well as price and affordability (40%; 10% higher than the European average).

The Germans' preference for cash can be noticed across all types of transactions. For example, while only 35% of European consumers prefer paying cash at a restaurant, the percentage of German consumers who would choose this payment method in such a situation is 62%.



Market evolution: winners & winners

The number of German consumers who rate innovation levels as good or excellent in their payments market is 63%. This number grows to 94% if we include the number of consumers rating innovation as "fair".

The German payments market provides a variety of payment options, and new payment methods become widely available. For example, the introduction of **Buy Now Pay Later (BNPL) has found favour among German consumers**, with nearly double (22%) as many as the European average (14%) having relied on BNPL in the last 12 months.

Standard bank transfers are also very appreciated by German consumers, and have been used by 68% of them in the past 12 months – 11% more than the European average.

As for cryptocurrencies, 77% of German consumers would not trust them for payments.



A look at consumer preference

When choosing a payment provider, German consumers consider **safety and security, availability for online payments and reliability and credibility to be the most important features**. They are also very interested in merchant acceptance (34%, against a European average of only 21%).

This might explain why **the uptake of instant payments in Germany has been slower than in other European countries**. Indeed, with this payment method, **German consumers are most concerned about fraud and non-redeemability of funds** in case of an error on the recipient or amount.

Not only do 17% of German consumers not conduct instant payments today, but only 48% of them expect to increase the number of instant payment transactions in the next 12 months – against a European average of 56%.

About online transactions, over 2 in 3 German consumers feel secure paying online and **76% of them report having more choice between payment methods when paying online as opposed to in-store**. When it comes to online payments, German consumers are most likely to pay via PayPal, and 58% of PayPal users would make these transactions via direct debit (through IBAN).



Key highlights

The consumer perspective



Value of cards

76% of German consumers trust that they will be reimbursed in case of card fraud. This might explain why almost half of them find that cards are the safest payment method to use when paying for large amounts. Indeed, German consumers prefer using cards over any other payment method for purchasing high-value products such as household appliances or luxury goods as well as purchasing airline tickets.

Over a third of German consumers believe that **the convenience and ease of use provided by cards is an advantage** when making in-store payments. Indeed, **cards remain the preferred payment method when paying electronically in-store** and are chosen by 57% of German consumers.

Digital Euro

German consumers are on average more knowledgeable about the Digital Euro than their European peers, with 65% considering themselves aware of, or even knowledgeable, about it.

Against this high level of awareness, 17% of German consumers state they would not choose to use the Digital Euro, and **34% of them believe the Digital Euro would bring no benefits** - the highest percentage across Europe. The main perceived benefit of a Digital Euro would be convenience, which is nonetheless only selected by 19% of respondents.

In line with other European countries, **37% of Germans say they are unsure about when they would use the Digital Euro**, but nearly half of them would opt to use it for online purchases.

