

Cross-border payment behaviour of Dutch consumers in 2010

*“Growing satisfaction with debit card use
at home and abroad”*

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1 INTRODUCTION

*SEPA
gradually
taking shape*

The payment system in the Netherlands is changing. We are headed for a single integrated payments market across the euro area, known as the Single Euro Payments Area or SEPA. In January 2008 the European credit transfer was introduced throughout the euro area (referred to hereafter as ‘Europe’), and from 1 November 2010, all banks in Europe have been able to process European direct debits. In a few years, the European payment instruments should have replaced their national counterparts, harmonising the way we pay throughout Europe. Debit cards are being modified as well. European banks now issue only debit cards equipped with EMV chips and increasingly, they include internationally oriented brands on these chips. Retailers all over Europe are adjusting their payment terminals and increasingly, they accept the international brands.

*Slow take-off
of SEPA
instruments*

Meanwhile, the developments concerning the European credit transfer and direct debit may have escaped most consumers. Many companies and government entities have not finished or not even begun preparing for the migration to these European payment instruments. This is why these instruments have not been either used or accepted very widely so far. In 2010, fewer than 1 per cent of all credit transfers in the Netherlands was made by European credit transfer, while the European direct debit was virtually never used. In order to promote the further migration, European legislation is being prepared that will set a cut-off date for the use of the current national credit transfers and direct debits.

*Launch of
EMV-based
debit cards*

Where the debit card is concerned, however, few consumers will have missed the recent changes. The official launch date for the changeover in the Netherlands was 2 March 2011. From then on, customers have increasingly been required to insert their debit card in the terminal rather than ‘swiping’ it. The same change has happened in many other European countries, where international card brands are also accepted at more and more points-of-sale. Thus Dutch consumers abroad may have noticed that they can pay more and more often by debit card – but in the new, safer way by inserting the card ‘chip forward’ into the terminal, typing their PIN code and waiting for the transaction to complete.

*Annual DNB
survey on
cross-border
payments*

To better understand how, and how deeply, all these changes in the payment system affect the international payment behaviour and payment experiences of consumers, De Nederlandsche Bank has performed annual surveys since 2007. The surveys aim to provide an insight into Dutch consumers’ payment behaviour, experiences and preferences with respect to making payments *to* and *in* other euro countries. A comparison of the results to those of preceding years provides an idea about whether and how international payment habits of Dutch consumers change over the years.

This report presents the main findings and conclusions of the fifth measurement held in May 2011. See Annex I for a summary of the surveying method and Annex II for a general description of the questionnaire that was used. This report discusses, in this order, the following three topics:

- The behaviour and experience of Dutch consumers with respect to paying *in* other euro countries.
- The behaviour and experience of Dutch consumers in respect of paying *to* other euro countries.
- The expectations and experience of Dutch consumers concerning SEPA and their awareness of and preferences regarding the IBAN and BIC.

The report concludes with main findings and recommendations.

2 SUMMARY OF MAIN FINDINGS

How do Dutch consumers pay abroad and across the border?

- Abroad, paying with cash or by credit card is more widespread than in the Netherlands. Conversely, debit cards are used less often.
- However, debit card use in other countries has been increasing for the past five years, whereas the use of cash and credit cards has declined.
- While the Dutch have been paying more and more often with debit cards in Europe, usage levels still vary strongly from one country to the next.
- A great majority of payments *to* other countries are made through Internet banking. Paying through PayPal is steadily increasing for on-line payments to foreign Internet retailers, market places and holiday sites. Foreign bank accounts are very infrequently used to make payments to recipients abroad.

What do Dutch consumers think of paying in and to other countries?

- Fewer and fewer people are dissatisfied about the international use of the debit card in terms of acceptance, ease of use and safety. Satisfaction with debit card use at home has also grown.
- At the same time, using the debit card at home and abroad is still experienced as different. The Dutch find debit card payment more satisfactory in the Netherlands than abroad, in terms of acceptance and ease of use, whereas perceptions are reversed with respect to paying cash.
- The arrival of chip-based cards has not affected people's level of satisfaction about debit card use either at home or abroad.
- For payments *to* other countries, Internet banking is perceived as the safest way to pay. PayPal is appreciated for its ease of use, speed and cost level.
- The use of Internet banking continues to be regarded as less easy, more expensive and slower for cross-border payments than for domestic payments. No difference in safety is perceived between domestic and cross-border payments.
- Dissatisfaction about the safety of domestic or cross-border payments has continued to decline.

How do Dutch consumers perceive SEPA?

- The name recognition of SEPA dropped slightly in 2010: 35% of respondents remembered having heard about SEPA. In 2009, SEPA scored 40% name recognition. The share of respondents who had been informed about SEPA by their banks fell from 10% to 5%.
- The non-familiarity with SEPA is relatively high among women and the lower-educated.

- Over half of all respondents (54%) think that SEPA will neither harm nor benefit them. The average opinion about SEPA has not changed since last year, although in 2011 more people showed more pronounced attitudes in favour or against, compared to neutral attitudes.
- Women, people over 55 and those who make few if any payments in or to other countries harboured relatively low expectations of SEPA. University graduates, by contrast, are relatively positive about expected SEPA benefits.
- Almost three in four people (74%) attach importance to knowing one's own bank account number by heart.
- 56% of respondents could not say where they might find their own IBAN and BIC. This percentage is similar to what it was last year. The non-awareness of counterparties' IBAN and BIC is even higher: 70%.
- It is highest among women, the over-55 and those making few non-domestic payments. Those who have been informed about SEPA by their banks, via the Internet or at work are more likely to know where to find IBANs and BICs.
- Consumers would prefer to find their own IBAN and BIC on the Internet banking website or on their debit card. As regards the IBAN and BIC of others, consumers would prefer them to be stated on creditors' invoices and for banks to update their Internet banking environment.
- 4% had made at least one domestic payment by European credit transfer. As regards of use, the use of the European credit transfer for domestic payments is appreciated less highly than either its use for cross-border payments or its predecessor, the traditional domestic credit transfer.

3 POS PAYMENTS

Debit card holdership

Nearly everyone holds a debit card with domestic and foreign capability

Virtually every respondent (98%) holds a Dutch debit card that can also be used abroad. Some 2% also hold a card issued by a bank established in another euro country. The share of consumers holding a credit card is almost unchanged compared to last year: some 62% of respondents have one. This finding tallies with the stabilisation in 2010 of credit card issuance in the Netherlands, as recorded in DNB statistics.

Frequency of travels abroad

75% travelled to another euro country in 2010

In 2010, over 75% of respondents travelled to another euro country, the same as in 2009. As in previous surveys, Germany (38%) and Belgium (24%) are cited most frequently as the last-visited country, followed by France (14%) and Spain (8%). By far the most-cited reason to travel abroad is ‘holiday or weekend trip’ (79%), followed by ‘shopping’ (19%), ‘family visit’ (18%) and ‘day trip’.

Use of payment means abroad

Cash still used most often

Respondents were asked what means of payment they had used most frequently on their last trip abroad. As in previous years and as in the Netherlands, payment preferences varied strongly with payment situations (see Chart 1). Cash continues to be the most-used means of payment in many situations, but certainly not everywhere. At fuelling stations, and generally for larger purchases, debit cards are used most frequently. In hotels, however, Dutch travellers prefer to use credit cards.

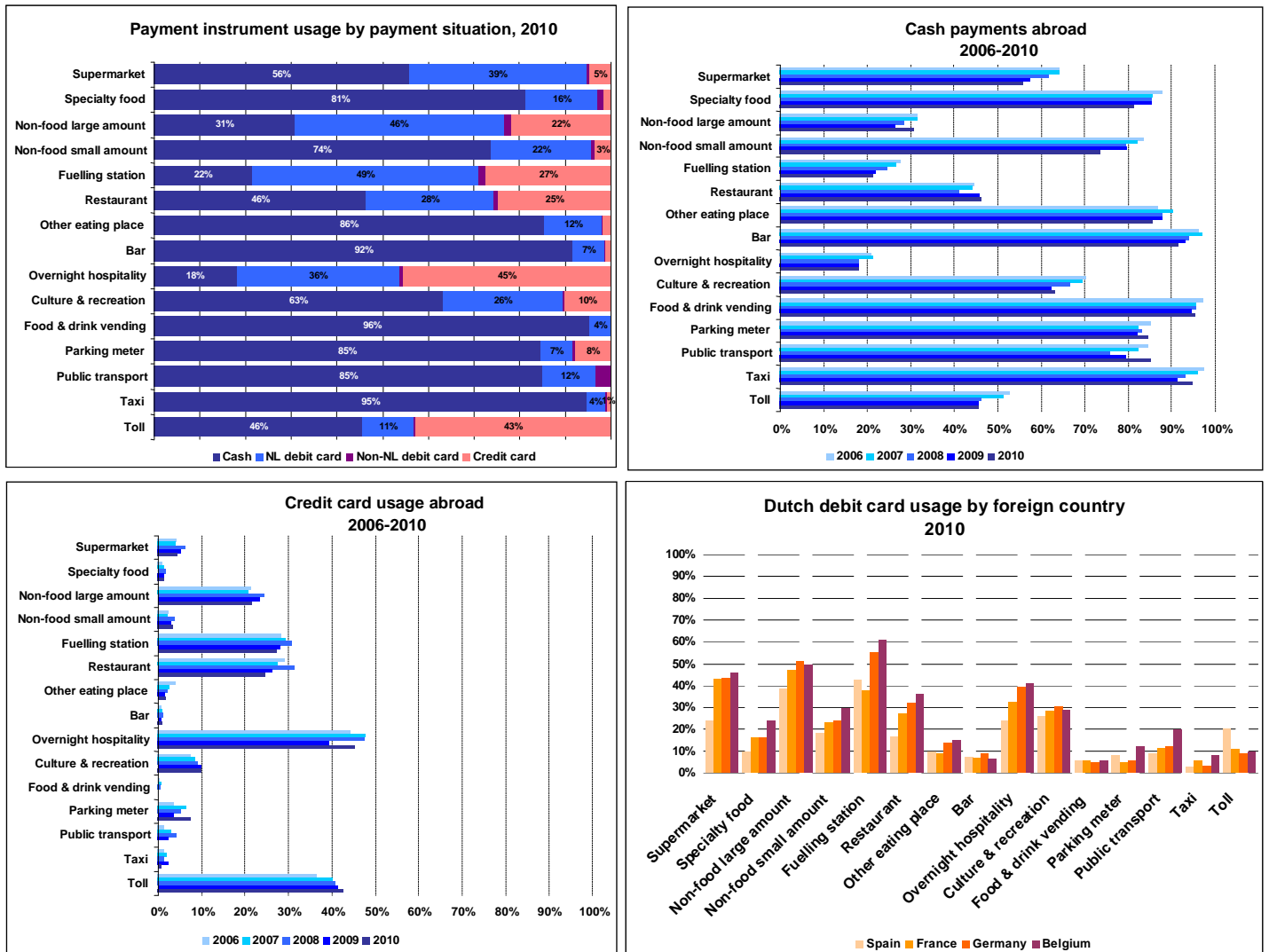
...,but debit card keeps pushing ahead

Debit card use abroad has been increasing for the past five years. In nearly all payment situations and in all foreign countries, the Dutch used their debit cards more and more (see Chart 1). As a result, the use of both cash and credit cards continued to decline.

Debit card use varies between countries

While the Dutch have been paying more and more often with debit cards in Europe, usage levels still vary strongly from one country to the next. The Dutch use their debit cards most frequently in Belgium. In Germany, too, Dutch-issued debit cards are regularly used as well. In France and Spain, however, the Dutch use their debit cards far less frequently (see Chart 1).

Chart 1: Developments in the use of payment instruments across the border, 2006-2010



Note: These charts show, for several payment situations, the percentages of respondents who report they used a particular means of payment most frequently there.

Appreciation of payment instruments

Dissatisfaction with debit card use abroad keeps declining

The increasing frequency with which the Dutch used their debit cards abroad appears to have coincided with their increased satisfaction about the cards. Although most of the grumbles about debit card use abroad still concerned levels of acceptance or failure to complete transactions with Dutch cards, total dissatisfaction on this score continued to decline, from 9% in 2009 to 7% in 2010. Also, decreasing numbers of people are dissatisfied with the user-friendliness or the safety of paying abroad with debit cards (see Chart 2).

“Debit card has become safer”

Satisfaction about the use of the debit card at home, meanwhile, continued to increase. The drop in dissatisfaction about safety was most pronounced. This may reflect the decline of the number of skimming incidents in 2010 owing to the introduction of EMV chip technology and other safety

measures by banks and retailers. The level of debit card acceptance in the Netherlands also gained popularity. The fact that more and more retailers accept debit card payments is clearly appreciated.

*Debit card use
abroad: lower
acceptance and
usability levels*

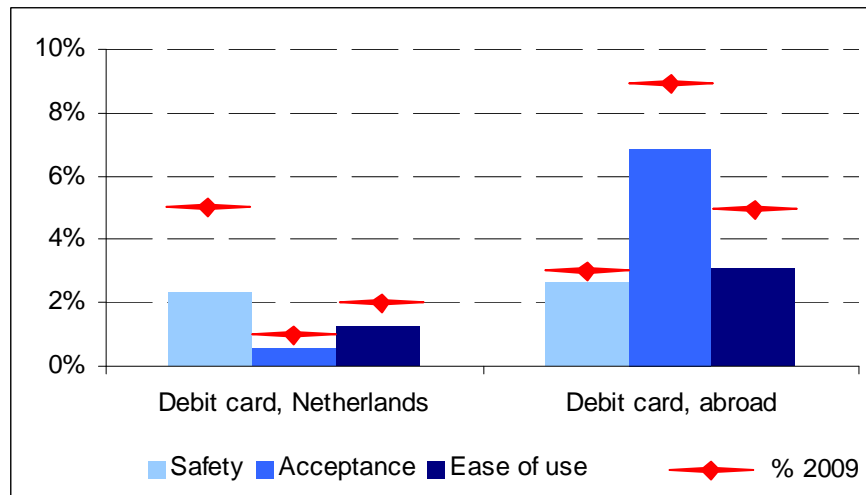
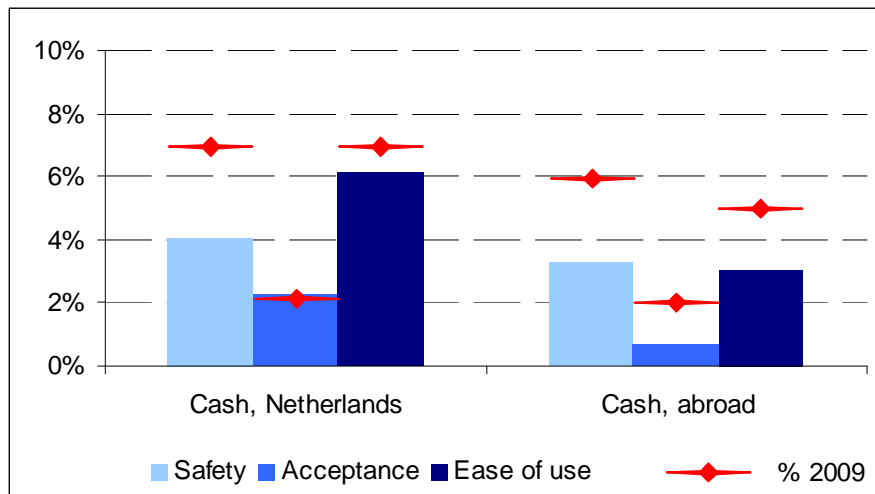
Dissatisfaction among respondents about safety, acceptance and ease of use aspects of paying abroad is generally low, even if differences compared to paying at home still exist. Regarding debit cards, people are more positive about acceptance and ease of use at home than abroad. The exact opposite is true regarding cash: there acceptance and ease of use is perceived as more satisfactory than at home. No difference in safety is perceived between the Netherlands and other countries as regards paying with cash or with credit cards.

*Cash is still
ahead on
acceptance
abroad*

A comparison between several payment instruments shows the ever rising popularity of the debit card. On aspects of safety, acceptance as well as ease of use, the debit card now scores higher than cash when it comes to paying in the Netherlands. Abroad, cash comes out on top only for acceptance, since no perceivable difference is found between both instruments where safety and ease of use are concerned.

Overall, while consumers exhibit growing satisfaction with debit card use abroad, acceptance still leaves room for improvement. People abroad regularly pay with cash or a credit card simply because the debit card is not accepted, although it should be added that there are big differences from one euro country to another.

Chart 2: Dissatisfaction with cash and debit cards in 2010 (% respondents)



Debit card acceptance varies by country

Dissatisfaction about inability to use the debit card is relatively high among travellers to Spain. The same category is also more dissatisfied about the cards' ease of use. This may largely explain the earlier finding that Dutch travellers in Spain often pay by means other than the debit card.

Experiences with chip-based debit cards

Launch of chip-based debit cards

On 2 March 2011, Minister of Finance Jan Kees de Jager officially launched the new chip-based debit card technology. Since then, consumers at more and more points-of-sale have been invited to use their debit card by inserting it 'chip forward' into the terminal instead of swiping it. By mid 2011, the share of chip-based transactions was about 30%. Meanwhile, many retailers in other countries have also switched to EMV chip-based payments. Travellers abroad will also have noticed that they are asked to type their PIN code at more and more points-of-sale rather than signing sales slips. Eventually, debit card payments will be harmonised all across Europe, with cards inserted into the terminal and payment confirmed by the PIN code.

*... does not
diminish ease
of use.*

This may require some getting used to at first. Consumers have to accustom themselves to a slightly different procedure, and until all point-of-sale terminals have been converted, they may sometimes find themselves having to pay the old way. This may cause a degree of confusion. So far, however, the transition has not caused higher dissatisfaction about the ease of use of the debit card either at home or abroad. On the contrary: the number of people who are dissatisfied with the ease of use of debit cards has declined, both for payments at home and for payments abroad. And the main reason why they are dissatisfied is the fact that their debit card is not accepted or does not work everywhere yet. Options such as “confusion about chip-based card payment”, “chip-based card is not working everywhere” or “chip-based payments take longer” were infrequently reported as reasons for dissatisfaction.

4 REMOTE PAYMENTS

Frequency of and occasion for cross-border payments

25% made cross-border payment in 2010

In 2010, 5% of respondents transferred money to third parties in another euro country, 2 percentage points more than in 2009. In most cases (41%) payment related to holiday bookings, followed by on-line purchases from foreign Internet retailers (36%), payment for purchases made while abroad (11%) and remittances to relatives or friends (11%). Ten per cent reported payments for services provided abroad, while 7% paid for purchases made through an on-line marketplace.

Means of payment used for cross-border payments

Wide variety of payment instruments

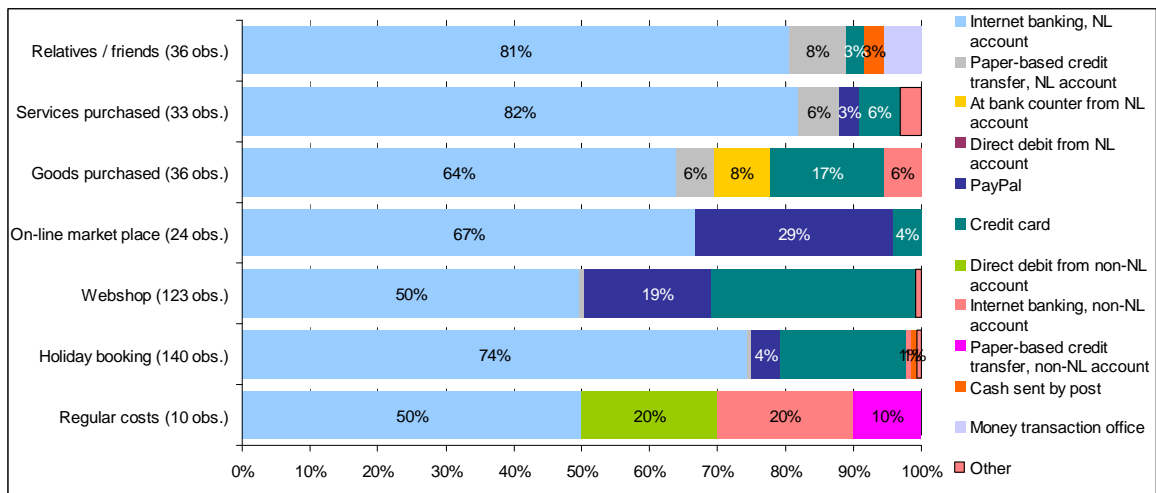
The Dutch use a wide variety of payment instruments to transfer money abroad (see Chart 3). By far the most cross-border payments are made through Internet banking from a Dutch payment account. Internet banking is used especially frequently for remittances to relatives and friends in other countries: over 80% of such payments are made by electronic credit transfer. Just a few consumers use paper-based credit transfers for this purpose (8%), send cash by post (3%) or go to a money transaction office (6%).

Internet banking is favourite

Deferred payment for purchases made or services used while abroad are also settled predominantly through electronic credit transfers. The second most-used instrument for these purposes is the credit card, followed by remittances made at bank counters, electronic credit transfers from a foreign account and paper-based credit transfers. On-line purchases from Internet shops or from private parties and on-line holiday bookings are paid for mainly through electronic credit transfers from Dutch bank accounts. Prominent second and third places are taken by credit cards and PayPal, with PayPal used mainly for payments to private parties, whereas the credit card is frequently used in foreign Internet shops. In only a few cases do Dutch consumers use a foreign account to pay from, the purpose usually being the payment of regular charges in another country.

Infrequent use of foreign bank accounts

Chart 3: Use of payment instruments by purpose in 2010 (%)



Appreciation of payment instruments

Like last year, respondents perceive the electronic credit transfer to be the safest instrument for outward cross-border payments. In terms of safety, no differences are now perceived between electronic credit transfers in the Netherlands or abroad. PayPal scores highest for cross-border payments in terms of ease of use, speed and expense. The credit card is perceived as being least safe and most expensive. As a means for transferring money within the Netherlands, the electronic credit transfer comes first on all aspects. Apparently, consumers still perceive differences between international and domestic payments: outwards cross-border e-payments continue to be regarded as less easy, more expensive and slower. This does not apply to credit cards and PayPal, however: for consumers, there is little if any difference between domestic and cross-border payments with either of these instruments.

Payment instrument appreciation varies by aspect

Although the Dutch tend to be quite happy with the several payment options, there are still irritations on several scores (see Chart 4). As noted before, Internet banking causes more dissatisfaction as regards cross-border payments than about domestic payments. The most probable reason is the, so far, insignificant use of European credit transfers for domestic payments. Fewer than 4% of respondents reported having made at least one domestic payment that required an IBAN to be supplied. Thus traditional account numbers are still used most often for domestic payments, whereas for cross-border payments, the IBAN and BIC must be used. This may be why a payment to a foreign party is still regarded as less simple, slower and more expensive (in terms of time).

Domestic vs. cross-border Internet payments: appreciation varies

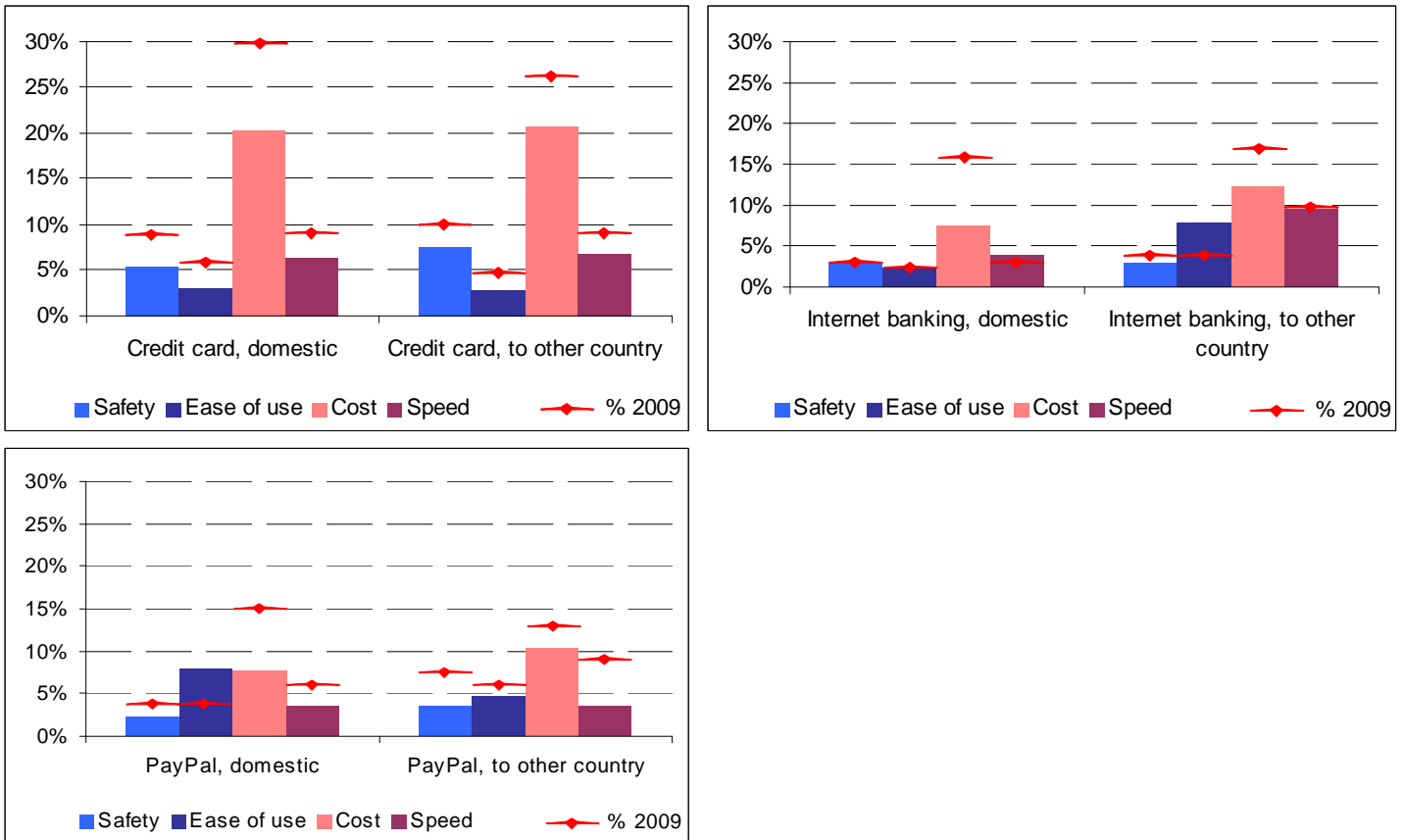
For all three instruments, most dissatisfaction relates to the costs involved in making payments, whether domestically or across the border. Credit cards arouse the strongest discontent. This said, dissatisfaction with all three means of payment has come down compared to the previous year.

Dissatisfaction mainly cost-related

Low concerns over safety

Despite increased media coverage of cybercrime, dissatisfaction over the safety of payments, both domestic and foreign, did not grow. On the contrary: concerns over the safety of Internet banking transfers abroad, of domestic credit card payments and PayPal payments came down compared to 2009. The media coverage thus does not seem to be reflected in consumers' safety perceptions.

Chart 4: Dissatisfaction with remote payment instrument use in 2010 (% respondents)



5 SEPA

Familiarity with SEPA

35% has heard of SEPA before

After a summary explanation of SEPA, respondents were asked if they had heard about SEPA before (except through this survey or its predecessors). 35% responded Yes, against 40% last year.¹ Apparently, after an increase in 2010, brand recognition for SEPA has declined again.

... especially men and the higher-educated

Statistical analyses have been performed to find out whether personal characteristics were correlated with pre-existing awareness of SEPA. The analysis showed that men are more likely to have heard of SEPA than women. Also, those with higher levels of education (medium or higher levels of secondary or professional education) turned out more likely to have heard of SEPA than the lower-educated.

Newspapers are the main source

As in previous years, newspapers are the most-cited source of information on SEPA (25%), followed by radio/TV (7%), respondents' own banks, the Internet (5%), work (3%) and magazines (2%). Most of these scores are very similar to those of the previous year, although the share of those that had been informed by their bank came down from 10% in 2010 to 5% this year. It matters where people bank: the percentages for the largest three banks range from 4% to 8%.

Expectations from SEPA

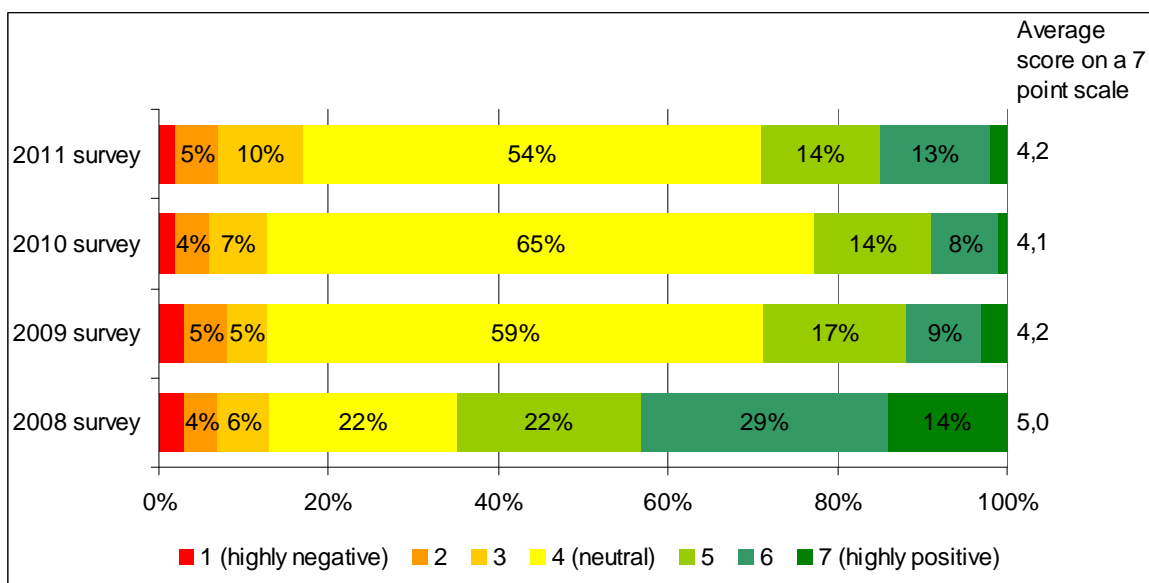
Consumers moderately positive about SEPA ...

Next, respondents were asked to indicate on a 7-point scale how much they expect to benefit from or be harmed by SEPA. 13% of respondents reported they did not know. How the other 87% thought about this is presented in Chart 5.² A majority of respondents (54%) is more or less neutral, 18% think SEPA will have a net adverse effect while 29% expect to benefit on balance. This puts the share of both positive and negative attitudes higher than last year: fewer respondents are neutral on this score. The average appreciation has remained stable since 2009.

¹ This year, there is a difference between those who had participated in earlier editions of the survey and those who had not. The results presented here reflect first-time respondents. Of those who had participated before, 47% stated having heard before about SEPA.

² Returning and first-time respondents in this survey did not differ in their opinion about the consequences of SEPA. Therefore the results presented here cover all respondents.

Chart 5: Expectations regarding SEPA (% respondents)



Effect of personal characteristics

Our analyses also show that women, the over-55 and respondents who, in the past 12 months, had not visited or made a payment to another euro country are less positive, on average, about SEPA than others. The average university-educated person is relatively favourably inclined, however. For people’s opinion on SEPA, it makes no difference where they bank.

Awareness of IBAN and BIC

Dutch account numbers to be replaced by IBANs

To be able to process cross-border credit transfers, banks need to have the IBAN and the BIC of the receiving party and their bank. These codes are also needed when a payment is made by European credit transfer or European direct debit, whether domestic or cross-border. In a few years’ time, Dutch account numbers will be completely replaced by IBANs.

74% prefers to know account number by heart

IBANs are longer than current Dutch account numbers and therefore harder to remember. The survey therefore asked respondents whether they found it important to know their own account number by heart. No less than 74% found this important. To the rest, it was of less importance because they have their account numbers printed on their debit cards (18%), on their bank statements (3%), on their Internet banking site (2%) or because they have the number written down somewhere (2%). Notably, more women than men find it important to know their account number by heart.

44% are able to find own IBAN

Over 44% of respondents now know where they may find their own IBAN and BIC – about the same as last year. Thus the name recognition of IBAN and BIC is almost at a standstill. Even more

problematic is the counterparty's IBAN and BIC: only 30% of respondents knows how to find these.³

... especially men, young people and frequent cross-border payers

Statistical analyses were performed to establish whether respondents' personal characteristics were correlated with the ability to find their own IBAN and BIC. The analysis showed that lack of IBAN and BIC awareness was higher among women than among men. Of persons over age 55, awareness is lower than among younger persons. Respondents who, in 2010, had not travelled abroad or made a cross-border payment, turned out to be less aware of IBAN and BIC than others. Conversely, IBAN and BIC awareness was relatively high among those who had heard about SEPA before. Thus the information received earlier was shown to be of practical use. Especially those who had heard about SEPA through their banks⁴, over the Internet or through their work were more often able to find their own IBAN and BIC. More or less the same applied to the ability to find a counterparty's IBAN and BIC.

Demand for IBAN and BIC on banking site and on debit card

Respondents would like best to find their IBAN and BIC on their Internet banking site (29%) or printed on their debit card (27%). Meanwhile, 21% reported that they would prefer to know the codes by heart. Other preferred sources are bank statements (10%), the bank, by telephone (6%) and the IBAN BIC Service (4%). To a large extent, these sources are already available, yet insufficiently well-known among the general public. Still, there is a clear need for further ways to find personal IBANs and BICs, such as debit cards with the data printed on them.

Others' IBAN and BIC: preferably on invoice/Internet banking site

Counterparties' IBAN and BIC are preferably found on invoices (45%). A considerable part of respondents (30%) would most prefer for the bank to supply the IBAN and BIC automatically on Internet banking forms. Other, less frequently cited sources are: asking the bank (6%), added automatically to the address file (5%), a specialised website (5%), asking the counterparty (4%), an SMS text service (2%) or a phone number (1%). This shows that consumers also have a need for supplementary bank services regarding others' IBAN and BIC data (automatic completion of the data on the Internet banking form), while companies, too, have an important role to play. By stating their IBAN and BIC on invoices, they may help consumers to switch smoothly to using European credit transfers.

First experiences with domestic use of European credit transfers

Meanwhile, European credit transfers are already used for domestic payments: 4% of respondents reported having originated a domestic e-payment using a form requiring the IBAN to be supplied

³ In this respect returning and first-time respondents do differ. Of the returning respondents, 53% know where to find their own IBAN and BIC, and 35% can locate those of counterparties. The outcomes discussed in this paragraph relate only to first-time respondents.

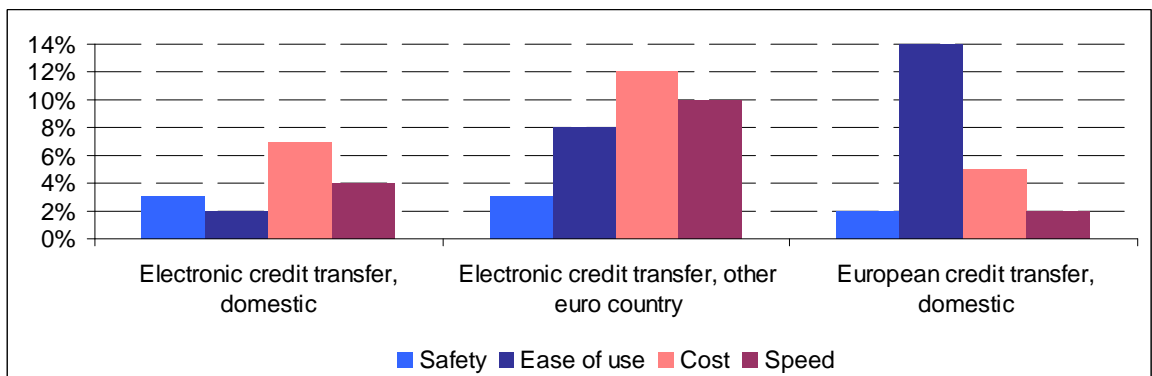
⁴ A person's awareness of IBAN and BIC does not depend on their bank. Those who have been informed on

during the past 12 months.⁵ Remarkably, most of these respondents also made at least one cross-border payment. Other personal characteristics such as gender, age or level of education play no significant role here.

Domestic use of European credit transfers

Respondents who made a domestic payment in 2010 using a European credit transfer, were asked to state their appreciation of the safety, user-friendliness, speed and expense of the procedure. The user-friendliness score stands out: at least 14% is dissatisfied with this aspect. This is clearly higher than the score for 'regular' domestic credit transfers (2%) and also higher than that for cross-border electronic credit transfers (8%) (see Chart 6). No higher dissatisfaction was reported for the other aspects (safety, expense, speed).

Chart 6: Dissatisfaction with Internet banking use in 2010 (% respondents)



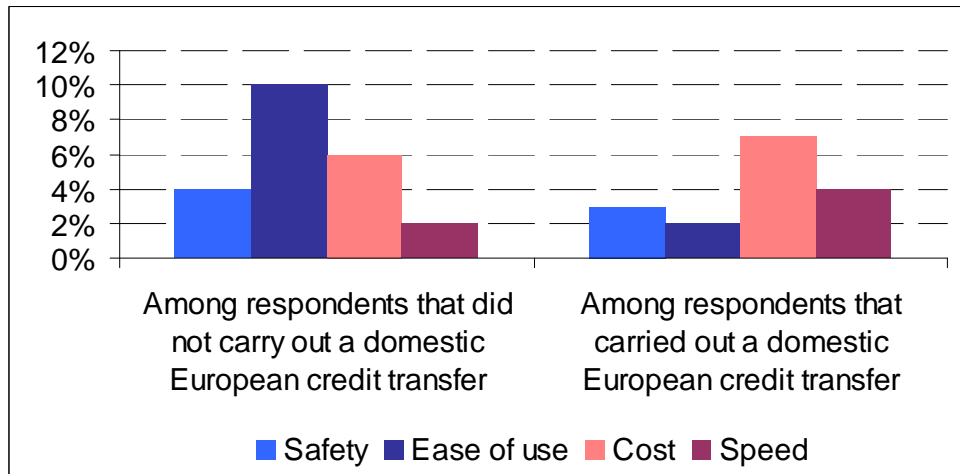
Dissatisfaction about ease of use increased

Asked why European credit transfers are perceived as user-unfriendly, respondents cite difficulty in finding the right IBAN, errors in typing the IBAN and the amount of information that has to be supplied. Notably, moreover, the group of respondents who have used a European credit transfer to make a domestic payment are less satisfied about the use of the 'traditional' electronic credit transfer for domestic payments: 10% of this group are dissatisfied with the latter instrument, as against 2% of those with no experience using European credit transfers domestically (see Chart 7). Possibly, the experience with European credit transfers may cause lower appreciation of the ease of use of domestic credit transfers generally.

SEPA by their banks are better able to locate their IBAN and BIC, regardless of individual banks.

⁵ Extrapolating these 4% to the entire adult Dutch population, one finds that 500,000 people executed at least one European credit transfer within the Netherlands. This matches fairly well with the total number of slightly over 550,000 domestic European credit transfers by consumers in 2010 (Source: DNB statistics).

Chart 7: Dissatisfaction about the 'traditional' electronic credit transfer used for domestic payments in 2010 (% respondents)



6 CONCLUSIONS AND POLICY RECOMMENDATIONS

Differences in safety at home vs. abroad no longer perceived

For the past five years, DNB has held surveys among Dutch consumers about their cross-border payment behaviour within the euro area. As in the case of domestic payments, the Dutch increasingly use electronic payment instruments to make payments in or to other countries. Point-of-sale payments across the border are increasingly made using debit cards rather than cash or credit cards. Also, consumers are increasingly satisfied with the level of acceptance, the ease of use and the safety of debit card use abroad. As regards safety, in fact, consumers no longer perceive a difference between domestic and cross-border debit card payments. Acceptance levels do leave some room for further improvement, however. In many cases, people pay cash or by credit card abroad simply because debit cards are not accepted.

Chip-based debit cards do not cause greater dissatisfaction

Compared to last year, consumers have become more positive about the domestic use of the debit card as well, especially when it comes to safety. This may reflect the decline of the number of skimming incidents owing to the introduction of EMV chip technology and other safety measures. Also decreased is consumers' dissatisfaction with the level of acceptance and the ease of use of the debit card in the Netherlands. Thus the arrival of chip-based debit card payments has not affected people's level of satisfaction about debit card use.

Internet banking perceived as safest

One-fourth of respondents transferred money to another euro country in 2010, slightly more than the preceding year. By far the most cross-border payments are made through Internet banking from a Dutch payment account. Credit cards and PayPal are frequently used alternatives for on-line purchases and holiday bookings. Internet banking scores highest on safety; but PayPal comes in first as regards ease of use, speed and cost. The credit card is perceived as being least safe and most expensive.

Perceived differences domestic vs. cross-border payments persist

Outward cross-border payments continue to be perceived as different from domestic remote payments. This applies in particular to Internet banking: electronic credit transfers to foreign parties are perceived as being less easy, more expensive and slower than domestic electronic credit transfers. In terms of safety, however, no differences are now perceived between electronic credit transfers in the Netherlands or abroad. For all remote payment instruments, dissatisfaction is strongest where costs are concerned, for both domestic and outward cross-border payments, although it has come down on both scores since last year.

Awareness of SEPA has declined somewhat compared to last year, owing especially to a decrease in the number of consumers who report having been informed by their banks. Average appraisals of SEPA remained unchanged: on the whole, people are neutral to slightly positive. Those who did

Consumers moderately positive about SEPA

not make any cross-border payments last year are less positive, possibly suggesting that Dutch consumers expect benefits concerning payments in and to other countries rather than domestic payments.

IBAN and BIC awareness has not grown

Awareness of IBAN and BIC is also much as it was last year. Just under half the respondents are able to locate their own IBAN and BIC, while less than one-third can find those of third parties. Those who have heard of SEPA before are more likely to know where to find IBAN and BIC numbers, especially if they have been informed by their bank, via the Internet or at work. This underlines the usefulness of providing adequate information.

Need for supplementary services on IBAN and BIC

Almost three in every four consumers find it important to know their account number by heart. Most of those who do not are satisfied to look up their account number on their debit card. Accordingly, many consumers would like to see their IBAN and BIC printed on their debit cards, while they prefer to find other parties' bank numbers on invoices. Another preferred source of both peoples' own and others' IBAN and BIC is the Internet banking environment. Thus awareness of IBAN and BIC may be enhanced both by additional publicity about existing services and by offering supplementary services.

European payment instruments still unfamiliar

Early experience with European credit transfers for domestic use shows that it will take some effort for consumers to grow accustomed to the new procedure. European credit transfers are clearly less well-appreciated than the traditional domestic electronic credit transfers. Consumers have difficulty in getting the IBAN right. This may improve with experience. Consumers may find support in supplementary services that enhance the user-friendliness of the new European payment instruments.

IBAN and BIC services and communication essential for successful SEPA migration

This report presents a fair image of how Dutch consumers paid their foreign counterparties in 2010, what they think of the several existing payment possibilities and how they perceive SEPA. The results show that differences between domestic and foreign payments are disappearing, as regards both the use and the appreciation of the several payment instruments. Differences in perceived safety between domestic and cross-border payments no longer exist. The introduction of chip-based debit cards has not affected opinions on debit card payments. If anything, consumers have become more positive, especially where safety is concerned. Thus while the implications of European payment market integration become increasingly evident, consumer awareness of SEPA is still low. Most consumers are unable to locate IBAN numbers, which are an indispensable element of European credit transfers. For a successful migration to European payment instruments, therefore, much will depend on adequate consumer publicity and (supplementary) services facilitating the retrieval of IBAN (and BIC) codes.

LITERATURE

Jonker, N. and A. Kosse (2008), “Towards a European payments market: survey results on cross-border payment behaviour of Dutch consumers”, DNB Occasional Studies, vol. 6(1).

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LINKS

<http://www.allesoverbetalen.nl>

<http://www.ecb.int/paym/sepa/about/indicators/html/index.en.html>

<http://ww.cbs.nl>

http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

<http://www.dnb.nl/betalingsverkeer/mob/index.jsp>

<http://www.dnb.nl/betalingsverkeer/sepa/index.jsp>

APPENDIX I RESEARCH METHOD AND SAMPLE COMPOSITION

In late May 2011, a survey was held among over 1,800 members of the CentERpanel. The questionnaire was completed by 1,338 persons. The sample differs slightly from the Dutch population as a whole (see Table I). The survey was deliberately presented to panel members aged over 16 who were responsible for the household's financial decisions. This restriction ensured that the survey offers a fair indication of the way Dutch consumers pay in and to other euro countries and what their preferences and experiences are.

Table I: Sample composition

Variable	Population*	Sample
Male	49%	57%
Female	51%	43%
Age:		
15–24	15%	0%
25–34	14%	6%
35–44	18%	17%
45–54	18%	21%
55–64	16%	26%
over 65	19%	30%
Education level:		
Elementary school	8%	3%
Lower vocational ed.	24%	25%
General secondary ed.	10%	12%
Intermediate vocational ed.	30%	17%
Higher vocational ed.	18%	28%
University	10%	15%

Source: Statistics Netherlands 2010

	No. of respondents	Percentage of respondents
First-time participants in this survey	405	30%
Second-time participants in this survey	160	12%
Third-time participants in this survey	182	14%
Fourth-time participants in this survey	591	44%
Total	1,338	100%

APPENDIX II QUESTIONNAIRE

Most of the questionnaire related to respondents' payment behaviour during the 12 months up to the survey. Since most of this period was in the year 2010, the text refers to payment behaviour in 2010. In addition to a set of questions on payment behaviour and the level of satisfaction regarding acceptance, safety, cost, ease of use and speed of payment instruments, respondents were also asked to comment on awareness, expectations and preferences regarding SEPA. The full questionnaire (in Dutch) is available upon request.