

Point of sale payments in 2023

DeNederlandscheBank

EUROSYSTEM



Betalvereniging
Nederland



Total use

Relative use

By amount

By place of
purchase

By
demographics

Payment
preferences

P2P
payments

Survey
characteristics

Point of sale
payments

Point of sale payments in 2023

Results of the study into the use of cash and electronic payments at points of sale in the Netherlands in 2023.

This study was conducted by the Dutch Payments Association and De Nederlandsche Bank (DNB) among 23,399 respondents.

Total use at points
of sale

Relative use at
points of sale

By amount

By place of purchase

By demographics

Payment preferences

Person-to-person
(P2P) payments

Survey
characteristics

Choice of payment instrument at points of sale

In 2023, Dutch consumers completed about 7 billion point of sale (POS) payments, with a total value of over €171 billion. This puts the number of point-of-sale (POS) payments over 6% higher than in 2022 (6.6 billion payments). The total value of POS has also gone up: it is almost 4% higher than in 2022 (€165 billion). The increase in sales in 2023 is largely accounted for by the increased number of purchases. In addition, consumer prices increased during 2023 due to high inflation.¹ However, the increase in the total value of transactions in 2023 is sharply lower than that seen in 2022, when 14% more was spent than a year earlier (2021). This may be because inflation was even higher in 2022 than in 2023.

About 5.6 billion POS payments were made using a debit card, a mobile phone or a smartwatch, up almost 7% from a year earlier (5.3 billion payments). The value of these card and device payments also increased, with the total amount paid at points of sale in 2023 rising 3% to €143 billion from €138 billion in 2022.

Cash POS payments also increased again in 2023: around 1.4 billion purchases were settled in cash, a rise of over 6% compared to 2022. The value of cash payments also increased in 2023, rising by over 8% from €24.5 billion in 2022 to €26.5 billion.

Figure 1a Total number of payments

In billions

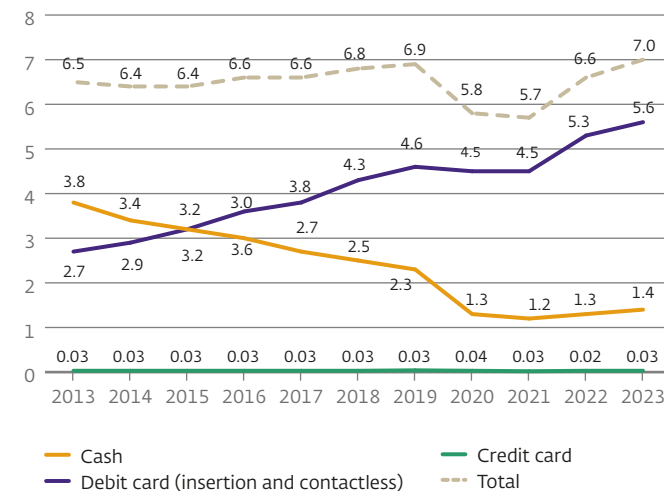
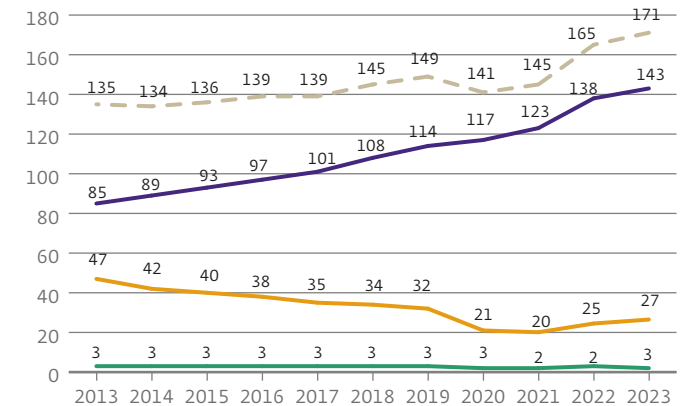


Figure 1b Total value of payments

In EUR billion



Relative use of payment methods

Despite the fact that both cash payments and card and device payments increased in absolute terms, the ratio between them remains unchanged. In 2023, 20% of all POS payments were made in cash and 80% with a card or device (see Figure 2a).

Card and device payments have been possible in various ways for a few years now. The traditional method of inserting a debit card into the POS terminal is now only required when using a newly issued card for the first time. Nonetheless, 8% of all POS payments in 2023 were settled using this method. This represents a drop of 2 percentage points compared to 2022.

The majority of all payments were made contactless in 2023; over 4 in 10 with a debit card (43%), and almost a third with a smartphone or smartwatch (29%). Smartwatch payments were again sharply up compared to 2022, when this method accounted for 21% of payments. This has made this device the second most used payment method at the checkout in merely five years' time.

A similar picture emerges for the total value of payments at points of sale. The only exception is a larger drop in the share of payments made by inserting a debit card, from 20% in 2022 to 15% in 2023 (see Figure 2b).

Figure 2a Share of total number of payments

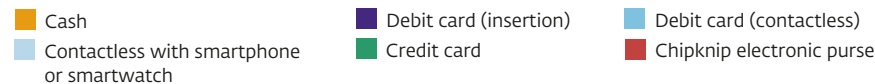
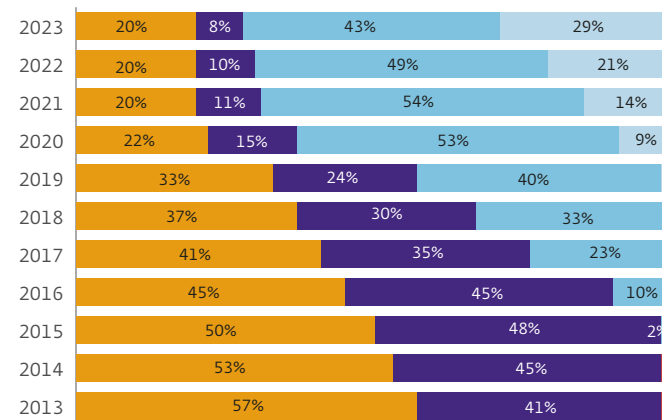
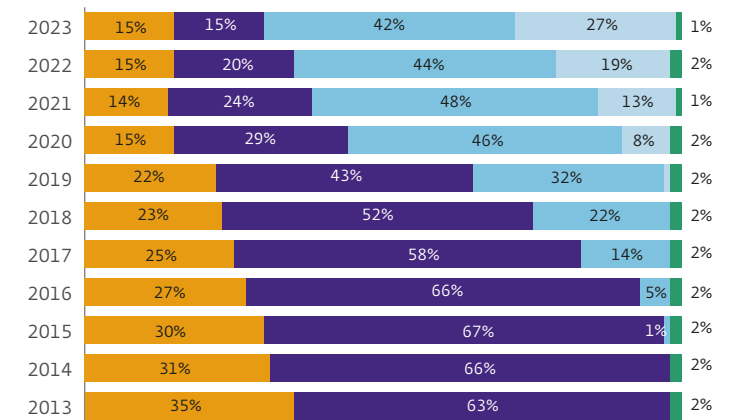
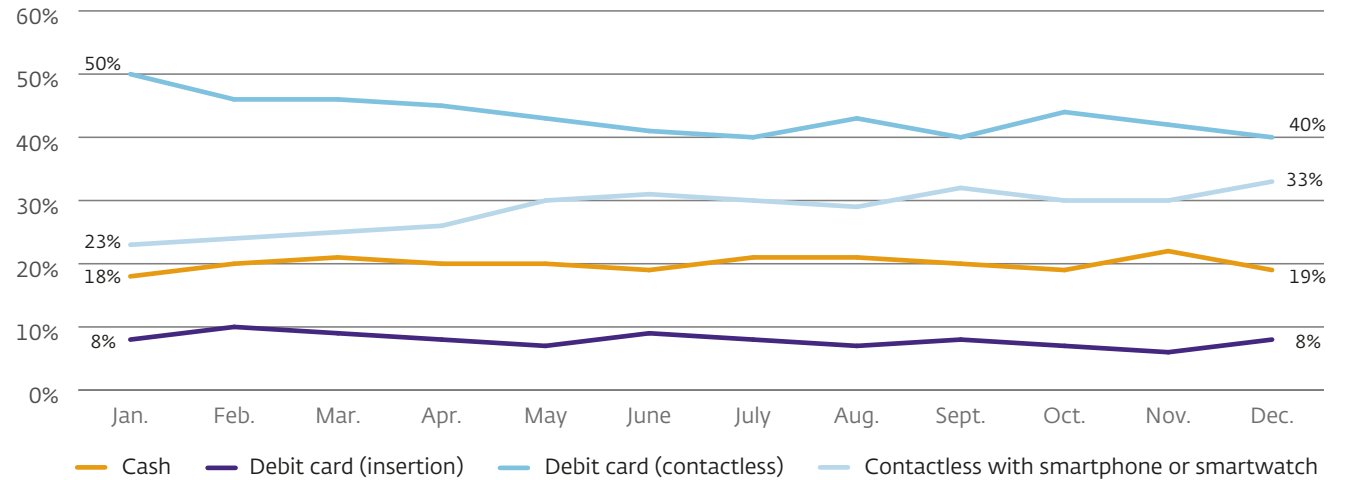


Figure 2b Share of total value of payments



Contactless payments made by a smartphone or smartwatch seems to be fast becoming the most widely used POS payment method (see Figure 3). Whereas the use of the other payment methods remained the same or decreased during the year, smartphone and smartwatch payments are on the rise. In the first month of 2023, 23% of all POS payments were paid in this way, while in the last month of the year this figure was 33%: a 10 percentage point increase. If this trend continues, contactless payment by mobile or smartwatch will be the most common way to pay at the checkout later in 2024. With the latest major bank announcing that Google Pay will soon be available to its customers, this appears to be a justified expectation.

Figure 3 Monthly breakdown of POS payments by payment method



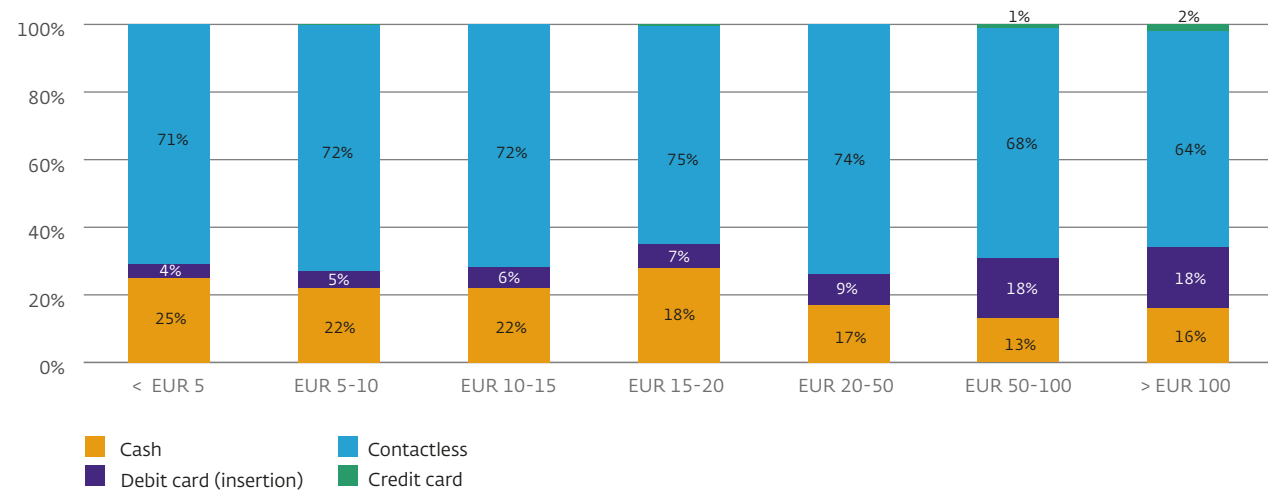
Use of payment methods by amount

Since 2020, contactless payments have been the most common in all spending ranges. This was unchanged in 2023. The share of payments that were made in cash changed hardly at all over the past year. It declined marginally in the spending range below €50, while amounts above €50 were slightly more frequently paid in cash in 2023.

In all spending ranges, consumers opted for contactless payments just as often or more often in 2023 compared to the previous year. The increase in the share of contactless payments was largely at the expense of the share of payments made by inserting a debit card. This is particularly true in the spending range above €50. One possible explanation for the relatively high share of debit card insertions for amounts above €50 is that not so long ago, inserting a card was mandatory for amounts above €50, which is why some people continue to do so habitually.

The share of purchases paid for by credit card in 2023 remained almost the same as in 2022. This payment method is little used for POS payments in the Netherlands, as consumers use it mainly for more expensive purchases.

Figure 4 Share of payment methods by spending range



Use of payment methods by place of purchase

How consumers pay differs sharply according to place of purchase. For instance, in street vending, cash was used in more than half of the number of purchases (57%), a slight increase of 2 percentage points compared to 2022. In addition, cash is used relatively frequently in the services (47%) and food and beverage sectors (36%).

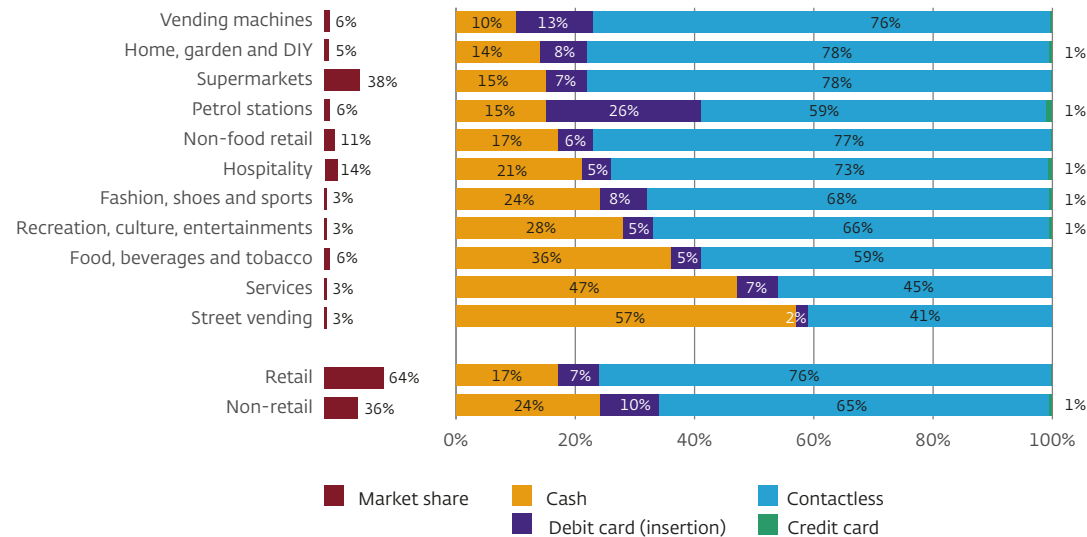
Across all sectors, the proportion of purchases paid for by inserting a debit card continued to decline, as it did last year. In most sectors, this decline is in favour of contactless payments made by both debit cards and smartphones. The biggest shift from card insertion to contactless can be seen at petrol stations: whereas 32% of payments in 2022 still involved inserting a debit card, in 2023 this had dropped to 26%.

In some sectors, the share of cash transactions went up. The largest increase was seen in several sectors that have relatively small market shares, such as food and beverage shops (+6 percentage points), petrol stations (+4 percentage points), and fashion, footwear and sports shops (+4 percentage points).

Conversely, in several larger sectors, the share of cash transactions remained the same (e.g. supermarkets) or fell slightly (catering, -1 percentage point). This explains why the overall picture remained the same (see Figure 2a).

Figure 5a Share of payment methods by place of purchase

Number of payments

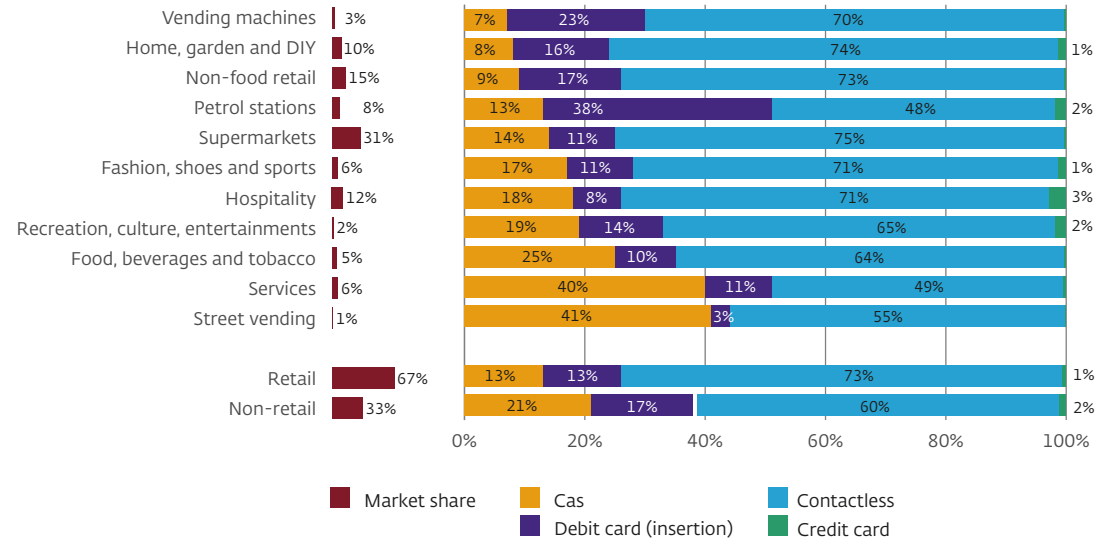


All sectors saw a decrease in the total value of payments made by inserting a debit card. The biggest shift took place in non-food retail, with 17% of the total value being paid this way in 2023, down from 28% in 2022. In 2022, the highest portion of the value of payments at petrol stations was still settled this way in 45% of transactions, but this share fell to 38% in 2023. This means this traditional payment method is no longer the most popular in this sector in terms of total value: 48% of sales at petrol stations were paid contactless in 2023. In 2023, for the first time the majority of sales were paid contactless across all sectors.

Cash was used relatively frequently in services and street vending compared to other sectors. In these sectors, 40% and 41%, respectively, of total sales were paid with cash in 2023, up from 2022 by 5 percentage point and 3 percentage points, respectively.

Figure 5b Share of payment method by place of purchase

Value of payments

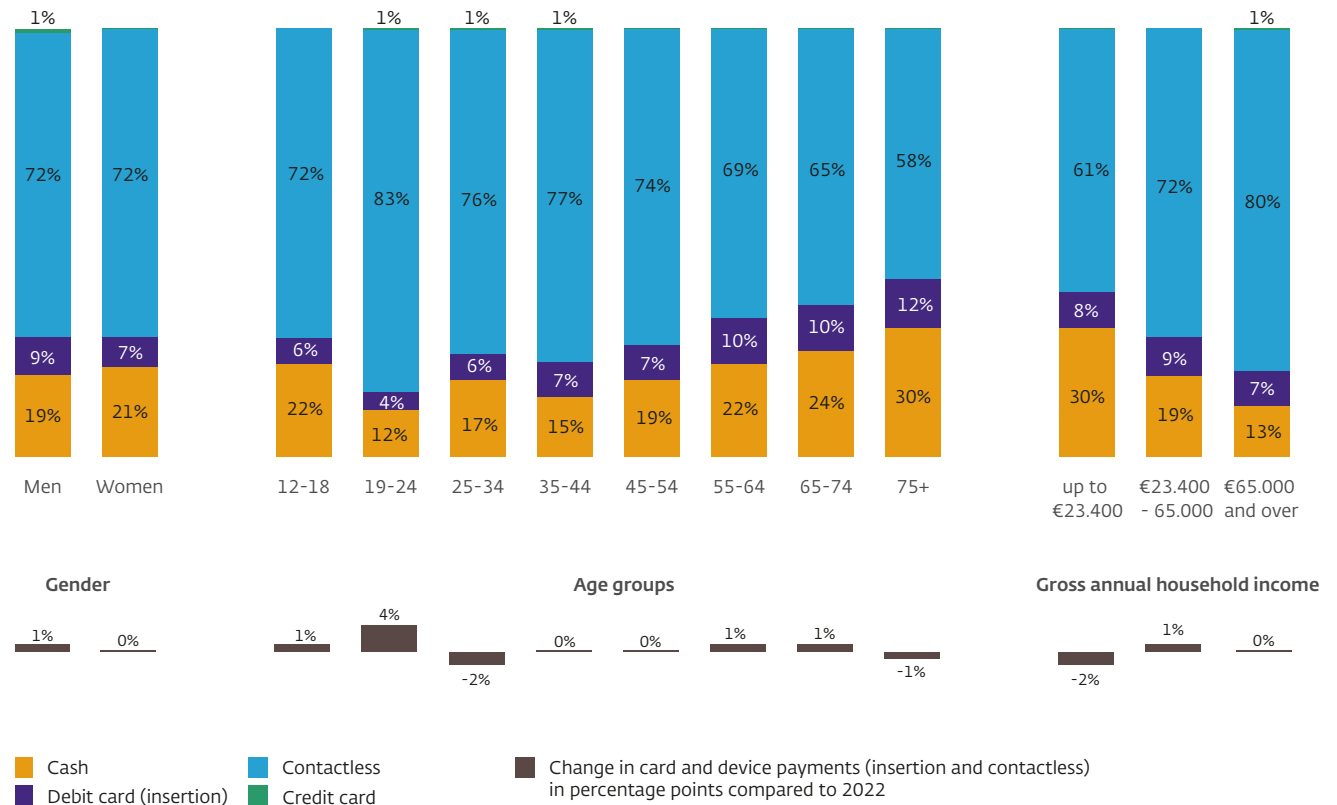


Use of payment methods by demographics

Payment behaviour has stabilised among most consumer groups. As in previous years, the elderly and people in the lowest income bracket pay in cash relatively often. Only among 19-24-year-olds did we observe an increase (+4 percentage points) in the proportion of card and device payments at the expense of cash. However, this development is opposite to that seen in 2022. In this group, the use of cash or card and devices has fluctuated by a few percentage points in recent years.

The proportion of debit card insertions decreased slightly among most groups. Only among the youngest (12-18 years) is this share stable. However, at 6% of all POS payments, the share is still relatively low. Even among the over-75s, the proportion of debit card insertions remained the same. Among this group, the share is the highest among all age groups, at 12% of all POS payments.

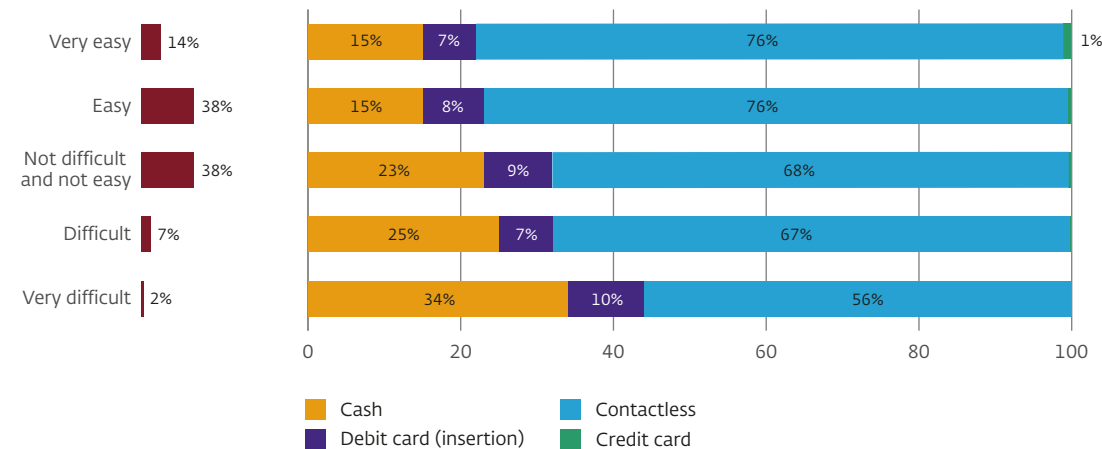
Figure 6a Relative use of payment methods by gender, age and income



Consumers' payment behaviour is closely related to their ability to make ends meet. People who said they could make ends meet easily or very easily (52% of consumers collectively) were least likely to use cash. They settled 15% of their POS purchases with cash, and used cards and devices for the rest. This represents a slight decrease in the use of cash compared to a year earlier (2022), when they paid for 16% and 17% of their purchases with cash, respectively.

People who have (great) difficulty making ends meet (9% of consumers) are more likely to use cash than those who find it (very) easy to make ends meet. Collectively, these two groups use cash for 27% of their purchases. This represents a significant increase of 3 percentage points compared to 2022. In a previous survey, people said paying in cash helps them keep a grip on their spending,² which may explain why the group of people struggling to make ends meet pay cash relatively often.

Figure 6b Relative use of payment method by ability to make ends meet



² Source: Broekhoff, M.C.H. and Van der Crujisen, C.A.B., 2022 (<https://www.dnb.nl/publicaties/publicaties-onderzoek/working-paper-2022/760-paying-in-a-blink-of-an-eye-it-hurts-less-but-you-spend-more/>)

Payment preferences

Respondents again expressed a greater preference for contactless payment with a smartphone or smartwatch in 2023, at the expense of contactless debit card payments. Between January 2020 and June 2021, contactless debit card payments rose sharply, from 40% to 53%, primarily at the expense of debit card insertions.

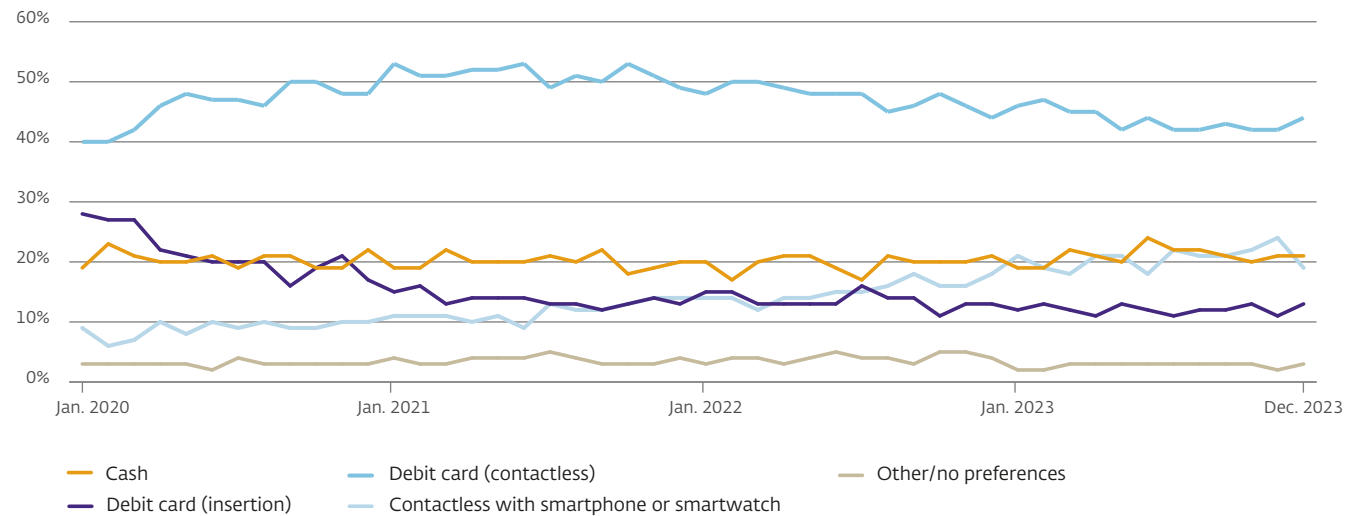
Since June 2021, contactless payments using a smartphone or smartwatch have become increasingly popular. In June 2021, 9% preferred to pay this way, whereas at year-end 2023, one in five Dutch people (20%) preferred this method of payment. This increase particularly affected the preference for debit card payments, which fell from 53% to 42%.

Differences in consumers' payment preferences can have several causes. Besides the fact that consumers are often used to a particular payment method, frequently cited reasons for preferring a particular payment method include speed, convenience, security and privacy.

Consumers' overall preferences for certain payment methods do not always correspond to their actual payment behaviour. This may be because preferences sometimes differ in specific situations. For example, some people who have an overall preference for debit card payments prefer to pay low amounts with cash.

On rare occasions, consumers cannot pay as they would like because their preferred payment method is unavailable. In 2023, consumers reported this in less than 2% of purchases. In just under half of these cases, they said they preferred to pay in cash, and in just over half they preferred to pay by debit card.

Figure 7 Payment method preferences since early 2020

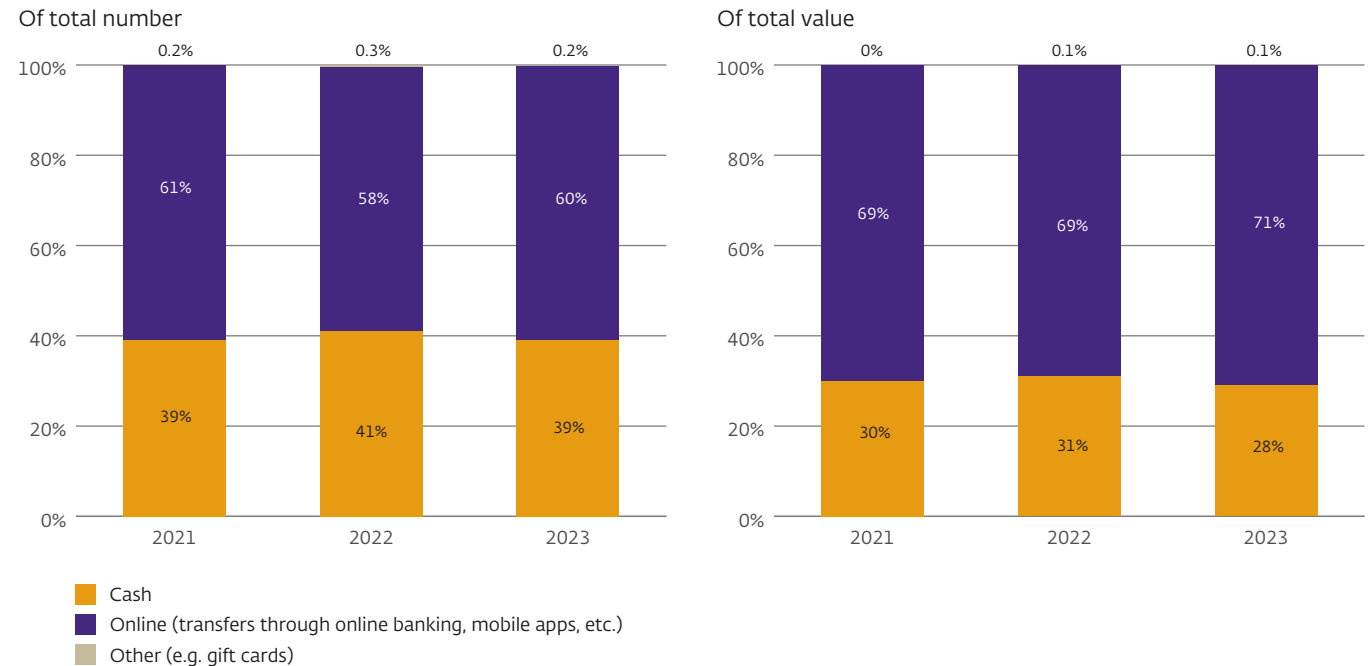


Person-to-person (P2P) payments

In 2023, there was a minor shift in P2P payments from cash to electronic payments. This brings the ratios back to those seen in 2021 (Figure 8). Cash was used in 39% of payments, down 2 percentage points from the previous year. Electronic payments remain the most common way of making P2P payments. These payments are paid through online banking, mobile banking and payment requests. Of the total value of P2P payments, 71% were settled electronically, slightly up from 2022 and 2021.

Both the total number and value of P2P payments increased in 2023. In total, there were 584 million P2P payments (2022: 564 million) worth €23.8 billion (2022: €23.2 billion).

Figure 8 Shares of payment methods for P2P transactions



P2P payments can be broken down into two categories. The first category includes payments for school, sports and other informal activities. 81 million payments belonging to this category were made in 2023, down 11% from 2022. Their total value was €1.7 billion, similar to 2022. The second category includes payments to relatives, friends, colleagues and other acquaintances. The number of payments in this category increased by 6% to 503 million in 2023. Their total value also went up, by 3%, to €22.1 billion.

In 2023, Dutch people made 41% of their payments for school, sports and other informal activities in cash, similar to 2022 (40%). In contrast, cash payments to relatives, friends, colleagues and other acquaintances were less frequent than in the previous year. The 2 percentage point drop brings the ratios back to those seen in 2021.

Of the total value of P2P payments for school, sports and other informal activities, 76% were paid by electronic means. This represents a rise of 8 percentage points compared to 2022. For payments to relatives, friends, colleagues and other acquaintances, 70% of the total value was paid electronically, which is almost the same as in previous years.

Figure 9a Share of payment methods in total number of P2P transactions by purpose

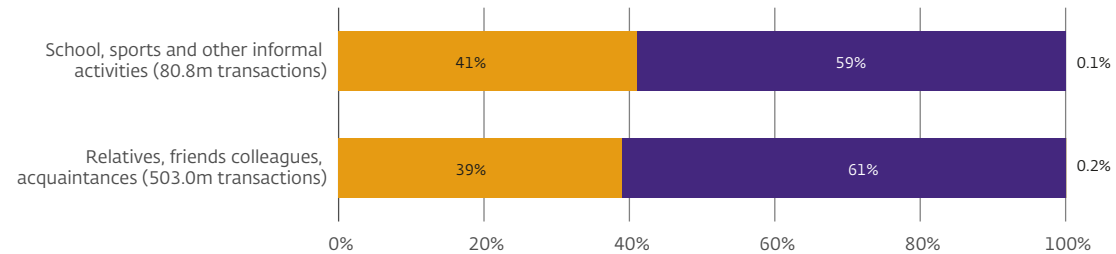
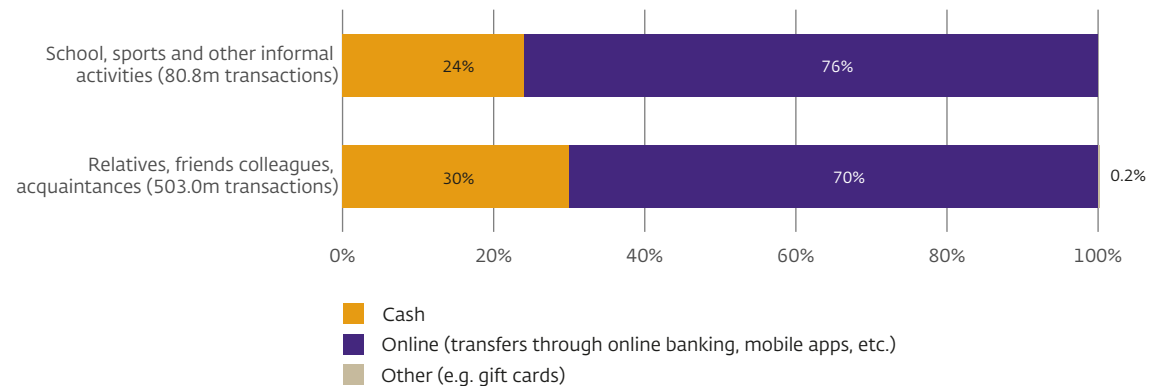


Figure 9b Share of payment methods in total value of P2P transactions by purpose

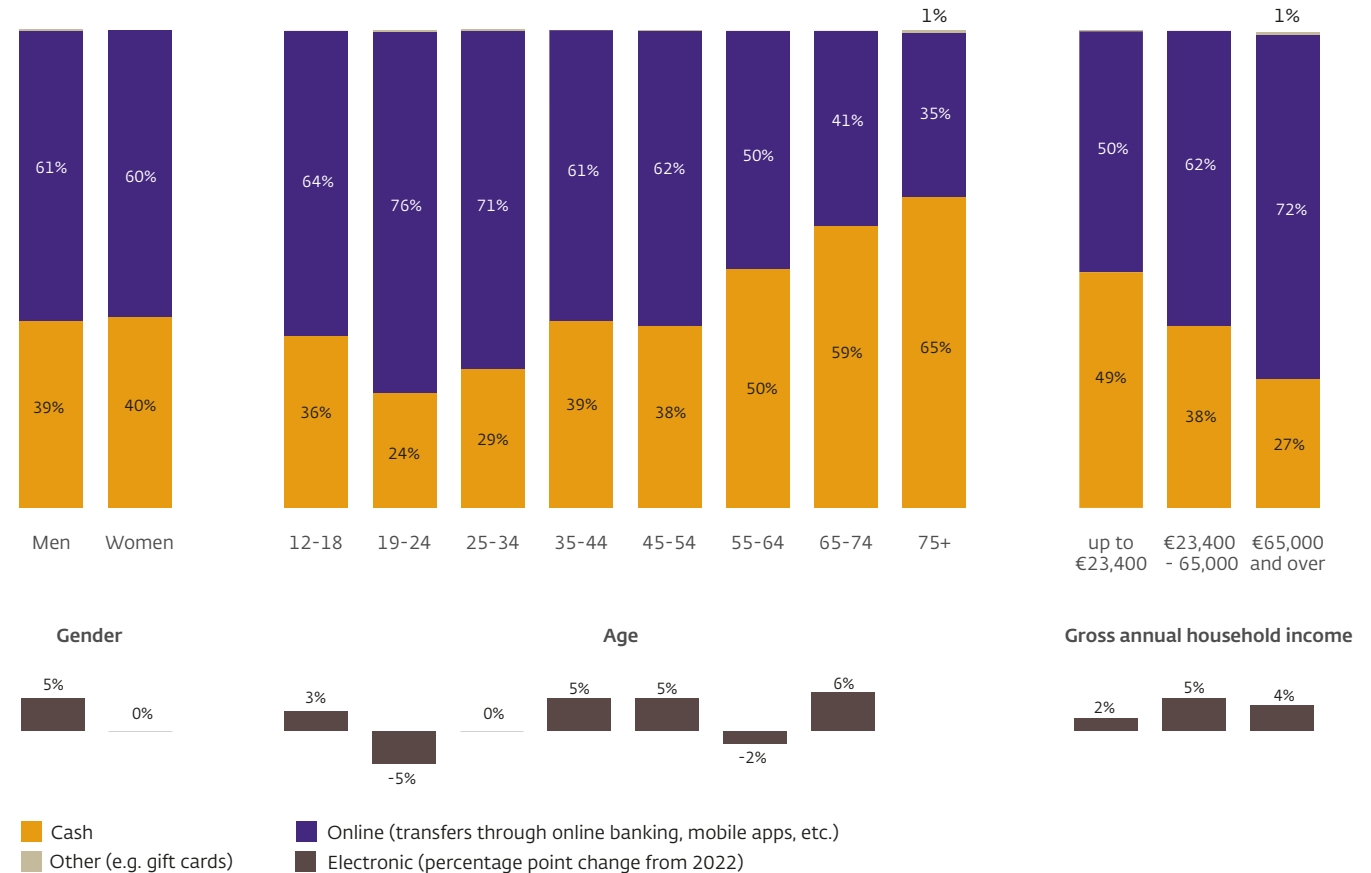


In almost all age groups, the proportion of people using an electronic payment method for P2P payments increased in 2023. The increase is greatest for people aged between 65 and 74: more than 4 in 10 payments by people in this age group were made electronically, up 6 percentage points on the previous year. In contrast, a decrease can be seen for people aged 19-24 and 55-64: their use of an electronic means of payment for P2P payments was down by 5 and 2 percentage points, respectively.

Gender differences for P2P payments have narrowed in 2023, as in the previous year. In 2021, men were still 6 percentage points more likely to use cash for P2P payments than women, while that difference dropped to 3 percentage points in 2022. In 2023, the difference was a mere 1 percentage point.

The breakdown by income level shows that the differences between groups have in fact widened: the difference between the lowest and highest income groups in the use of cash for P2P payments increased from 14 percentage points in 2021 to 20 percentage points in 2022. In 2023, that difference increased further to 22 percentage points, as electronic payments increased less among the lowest income group than among the higher income groups. Low-income people are almost twice as likely to use cash when making P2P payments than those with middle and high incomes.

Figure 10 Share of payment methods in P2P payments by gender, age group and income



Survey characteristics

Market research agency Ipsos collected data among 23,399 respondents for the “Point of sale payments in 2023” study, conducted by the Dutch Payments Association and DNB.

Research questions

- What are the total number and total value of payments made in the Netherlands in 2023, broken down by payment method?
- In 2023, which payment methods did residents of the Netherlands use most often in the three sectors with the most payments?
- How has the use of cash and debit cards developed since 2010?

Survey scope

- Payments made in the Netherlands by residents of the Netherlands aged 12 and over.
- Payments made at points of sale – such as shops, cafés, restaurants, hotels, petrol stations, service providers, markets and vending machines – and P2P payments.
- Online purchases and transfers of money for fixed costs etc. were excluded from the study.

Survey method

- Transaction diary and questionnaire through the internet or by telephone.

- The field work was carried out between January and December 2023.
- Respondents accurately reflect the population of the Netherlands in terms of gender, age, ethnicity, education, region and income.

General comments

- The figures on debit payments (card insertion, contactless with card and contactless with smartphone and smartwatch) and cash were validated using data from Betaalvereniging Nederland and other sources.

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