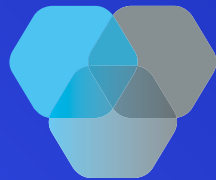


Point of sale payments in 2022

DeNederlandscheBank

EUROSYSTEEM



Betalvereniging
Nederland



Total use

Relative use

By amount

By place
of purchase

By
demographics

Payment
preferences

Person-to-person
(P2P) payments

Survey
characteristics

Point of sale
payments

Point of sale payments in 2022

Results of the study by De Nederlandsche Bank (DNB) and the Dutch Payments Association into the use of cash and electronic payments at points of sale in the Netherlands in 2022 among 24,734 respondents

Total use at the POS

Relative use at
the POS

By amount

By place of purchase

By demographics

Payment preferences

Person-to-person
(P2P) payments

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characteristics

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Use of payment methods at the POS

In 2022, Dutch consumers completed about 6.6 billion point of sale (POS) payments, with a total value of over € 165 billion.

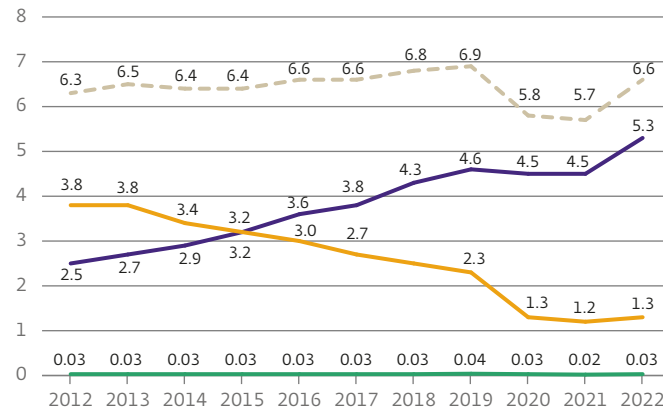
The number of POS payments was 17% higher than in 2021 (5.7 billion transactions), and the value of these payments was 14% higher than in 2021 (€ 145 billion). In 2019, the last full year before the COVID-19 pandemic, consumers spent € 149 billion at points of sale. This means that in 2022 the total value of POS payments was higher than pre-pandemic levels for the first time. These increases can largely be ascribed to the fact that brick-and-mortar shops had to close relatively less frequently in 2022 due to pandemic-related measures, while in 2021 such closures were much more frequent and prolonged. In addition, sharply higher inflation caused consumer prices to rise by 10% on average in 2022.¹

The increase in the number of POS payments in 2022 is mainly reflected in the total number of debit payments. In 2022, 5.3 billion purchases were debit transactions, up from 4.5 billion a year earlier (+17%). The value of debit payments also increased sharply, with the total amount paid at points of sale in 2022 rising 12% to € 138 billion from € 123 billion in 2021.

Cash payments at the checkout also increased in 2022: 1.3 billion purchases were settled in cash, which is 13% more than in 2021. The value of cash transactions increased even more sharply, rising from € 20.1 billion in 2021 to € 24.5 billion in 2022 (+21.8%). Both the number and value of cash payments did not decline further in 2022 for the first time in ten years. It seems likely that this effect is a result of the subsidence of the pandemic.

Figure 1a Total number of payments

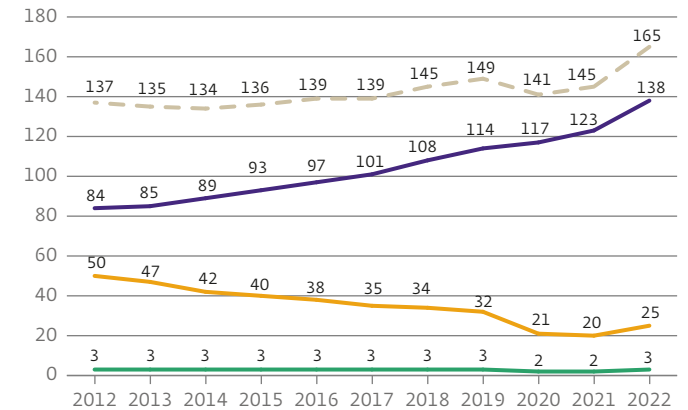
billions



— Cash
— Debit card (contact-based and contactless)
— Credit card
— Total

Figure 1b Total value of payments

In EUR billion



¹ Source: Statistics Netherlands (CBS)

Relative use of payment methods

While the number of debit and cash POS transactions increased in absolute terms in 2022, their share in the total number of POS transactions did not: it remained nearly unchanged over the past year (see Figure 2a). However, a shift in payment behaviour can be seen in the use of different forms of debit payments. For instance, the share of contactless payments using a mobile phone or wearable increased compared to 2021 by 7 percentage points to 21%. This relatively new payment option was used almost as often as cash in 2022. One difference in this context is that most consumers paid in cash at some point in 2022, while a small proportion of all consumers made one or more contactless payments using their mobile phone or wearable.

Despite the fact that it is almost never required any more, 10% of POS payments were still made by inserting a debit card into a POS terminal in 2022. This is most likely because 13% of Dutch people report that they do not have a debit card with contactless payment capability. It is unknown whether these people are unaware that their debit card offers contactless payment or that they have deliberately deactivated this option

Roughly the same picture can be seen in terms of the total value of payments at points of sale, although the decrease in the proportion of payments made by physically inserting a card into a terminal is slightly larger at 4 percentage points (see Figure 2b). The share of cash increased slightly by 1 percentage point from 14% in 2021 to 15% in 2022, returning to 2020 levels.

Figure 2a Breakdown of total number of payments

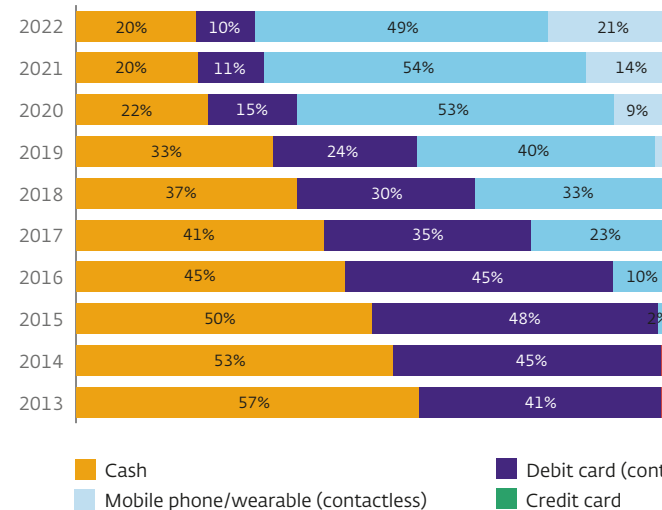
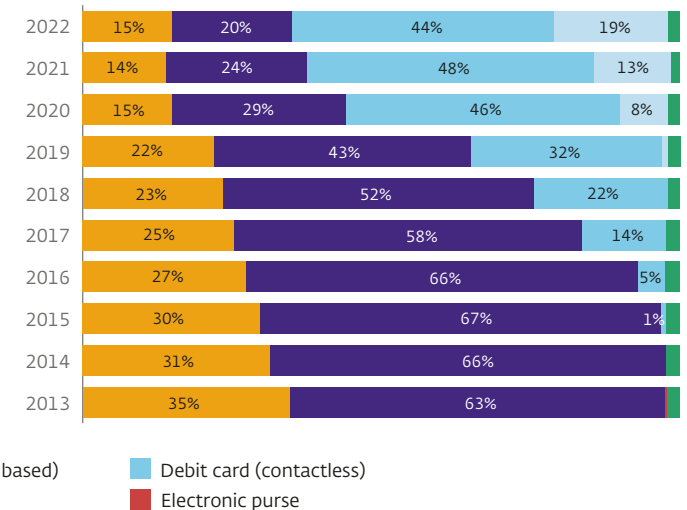
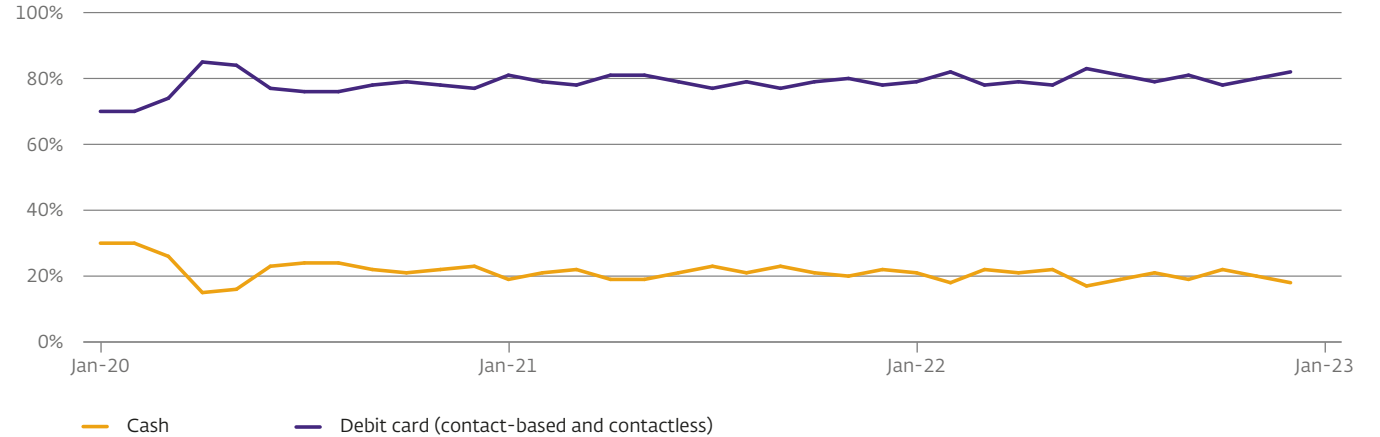


Figure 2b Breakdown of total value of payments



With the use of cash and debit payment methods remaining stable, it can now be concluded that the change in payment behaviour during the pandemic has become permanent among many consumers. After the dip in cash use at the start of the pandemic in 2020 and the partial rebound a few months later, the share of cash payments has hovered around 20% from October 2020 onwards (see Figure 3). Neither the full reopening of society in early 2022 nor increased prices and fluctuating consumer confidence have had an influence on this share. It therefore seems unlikely that people will revert to their previous payment behaviour.

Figure 3 Monthly breakdown of POS payments by payment method



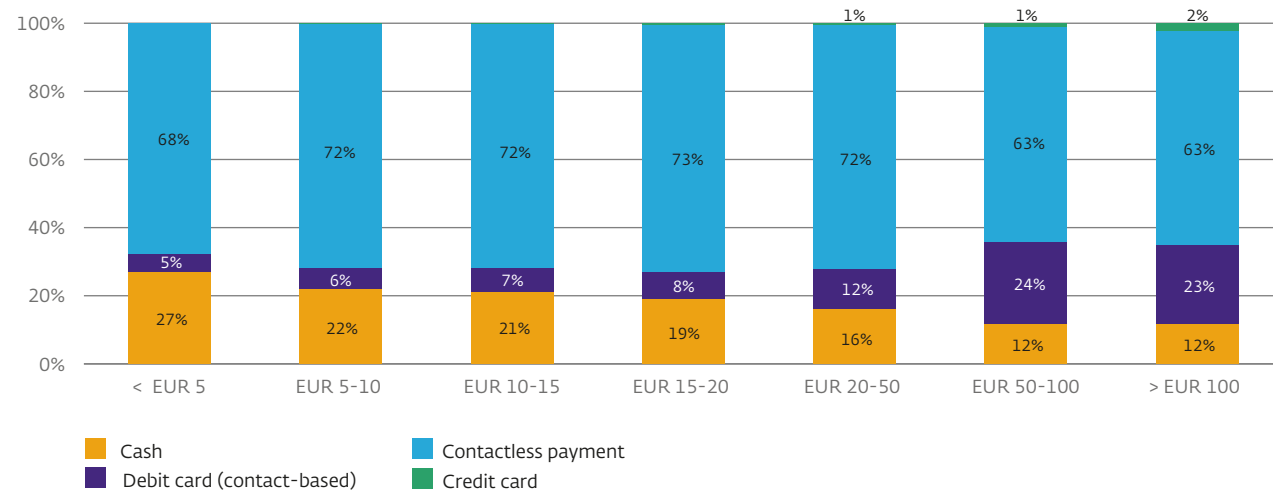
Use of payment methods by amount

Across all spending ranges, consumers used a contactless method to pay for most purchases in 2022. This was also the case in both 2020 and 2021. Consumers were less likely to pay cash for larger purchases, preferring electronic payment methods instead.

Broken down by different spending ranges, it appears that, compared to 2021, there were only minimal changes in the share of cash payments in 2022. The biggest decrease is seen in amounts below € 5: this share fell by 3 percentage points, from 30% to 27%. For all spending ranges, consumers opted for contactless payments just as often or more often in 2022 compared to the previous year. This increase was greatest for purchases between € 50 - 100 and amounts over € 100. This increase was at the expense of the share of purchases completed by physically inserting a card into the payment terminal.

In 2022, credit card payments were less frequent for purchases between € 50 - 100 and purchases over € 100. Whereas 7% of purchases over € 100 were paid by credit card in 2021, this figure was only 2% a year later.

Figure 4 Breakdown of payment methods by spending range



Use of payment methods by place of purchase

The shift from traditional, contact-based debit card payments (in which the card is inserted into the payment terminal) to contactless payments (using a debit card or smartphone/wearable) continued in 2022. Across all sectors, proportionally fewer people used the traditional method than in 2021. At shops in the retail sector, such as supermarkets and food and beverage shops, almost three quarters (74%) of purchases were made using a contactless method. In 2019, the period prior to the pandemic, only 45% of all payments in these sectors were made by contactless means. A similar shift has taken place in other non-retail sectors. In 2022, 63% of all purchases these sectors were made by contactless means (vs. 40% in 2019).

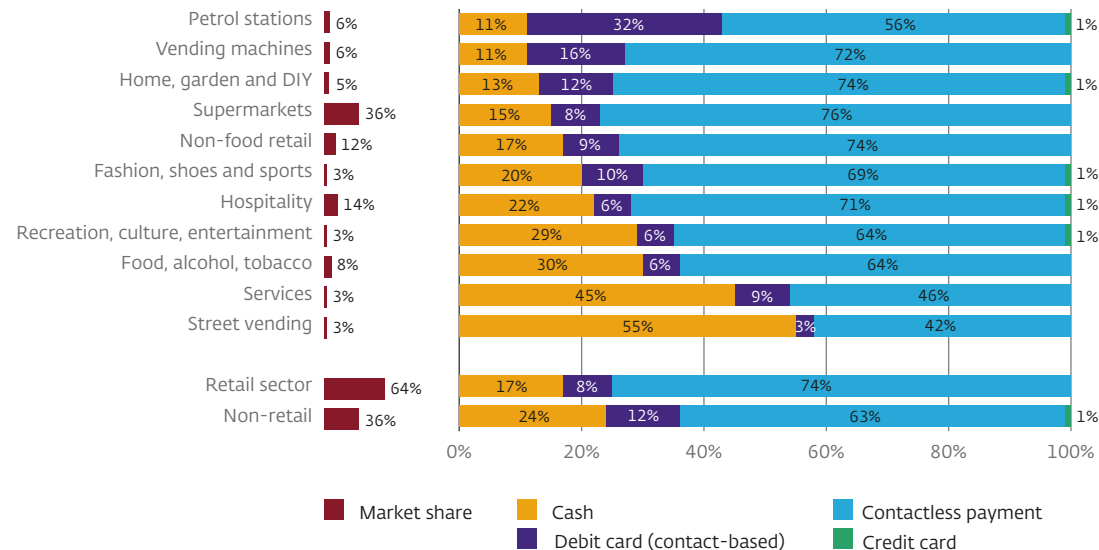
Consumers continued to make most of their purchases in supermarkets in 2022 (36%), although this branch's market share declined by 5 percentage points compared to 2021. With pandemic-related restrictions largely lifted in 2022, consumers have again been able to shop more frequently in shops in non-grocery sectors. For example, they have been able to visit hospitality venues more often. The supermarket sector's market share has thus returned to 2019 levels (37%).

In some sectors, the share of transactions settled with cash increased, especially in sectors where the use of cash was already relatively high. These include relatively small sectors such as the leisure, culture and entertainment sector (+6 percentage points), services (+3 percentage points) and street vending (+6 percentage

points). On the other hand, the use of cash fell slightly in sectors where cash payments were already low, such as at petrol stations (-3 percentage points), vending machines (-4 percentage points) and in supermarkets (-3 percentage points).

Figure 5a Share of payment method by place of purchase

Number of payments



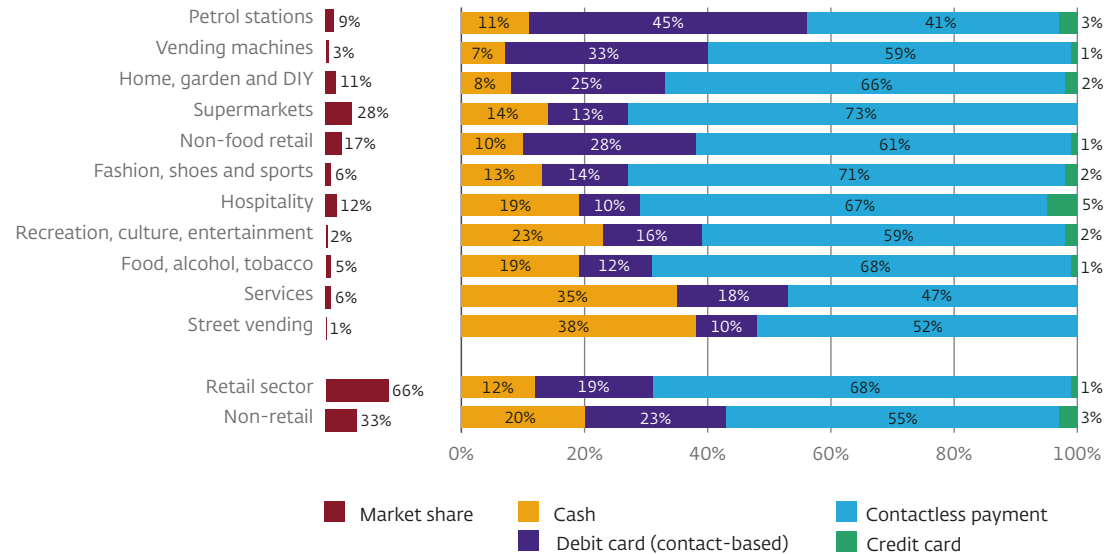
The breakdown of the total value of payments by place of purchase shows a similar trend. A higher proportion of sales were completed by contactless means in 2022 than a year earlier. Petrol stations, for example, saw a 6 percentage point rise in this payment method. Despite this increase, 45% of POS revenue in this industry still comes from transactions involving physically inserting a card into the payment terminal. This may be due to unfamiliarity or habit resulting from the previously limited availability of contactless payment options at unattended petrol pumps.

Of all sectors, the hospitality industry had the smallest share of revenue in 2022 from transactions involving physically inserting a card into the payment terminal: only 1 in 10 euro was paid by this method in this sector. This is probably due to the widespread use of mobile payment terminals in this sector, which makes card insertion less convenient.

In sectors that suffered greatly from lockdowns during the pandemic, the share of cash payments was again higher in 2022 compared to a year earlier, including in the leisure, culture and entertainment sector (+8 percentage points), services (+8 percentage points) and street vending (+5 percentage points). These are relatively small sectors in terms of market share, which explains why the share of total POS revenue paid with cash hardly increased in 2022 compared to 2021 (see [Figure 1b](#)).

Figure 5b Share of payment method by place of purchase

Payment value

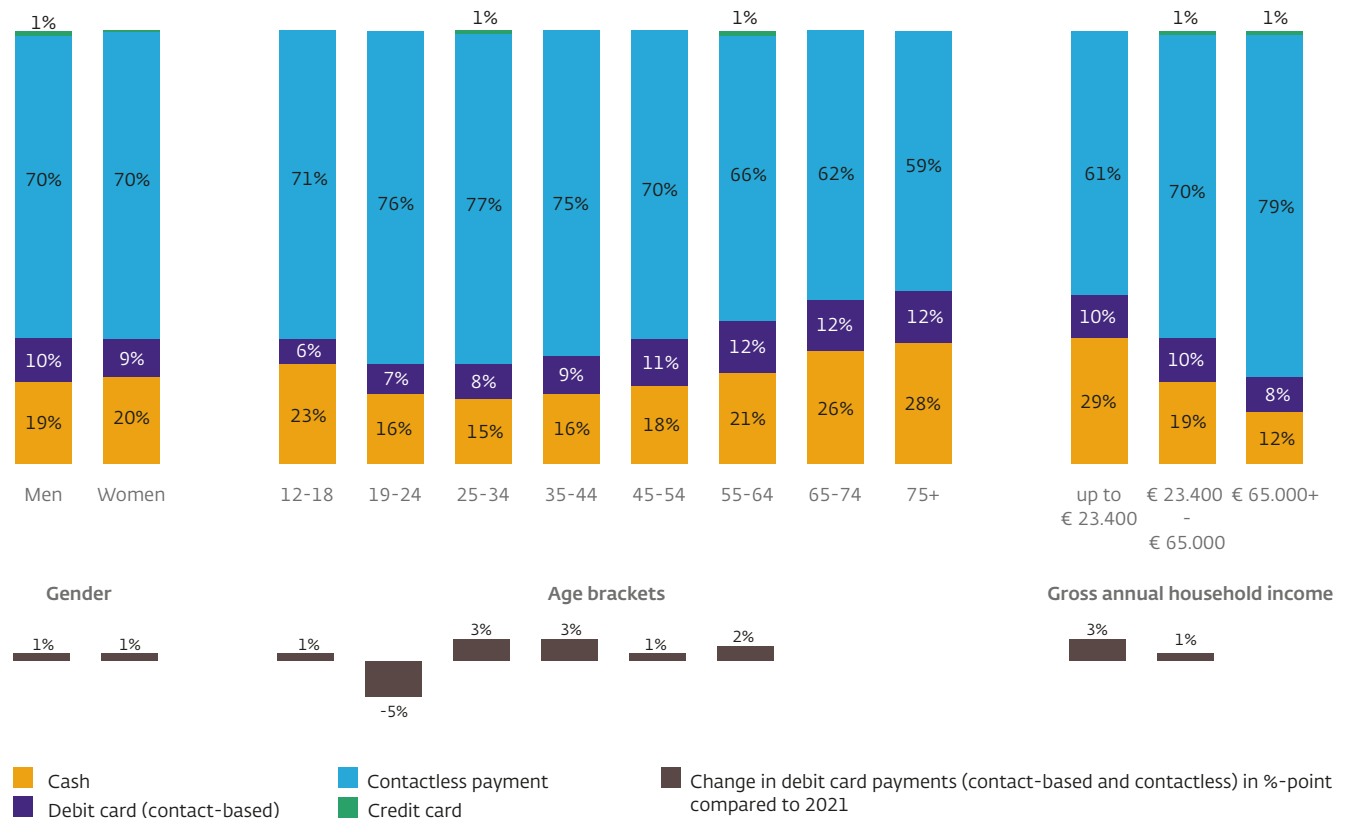


Use of payment methods by demographics

The stabilisation in payment behaviour in 2022 can be seen among almost all consumer groups. The most notable exception is consumers in the lowest income bracket. Although people in this group are still significantly more likely to pay cash in relative terms than those in higher income groups, their use of debit payments increased the most (by 3 percentage points). Another notable exception is the drop in debit payments among 19-24-year-olds. The share of debit payments among this group is now back to 2020 levels after a 5 percentage point increase in 2021.

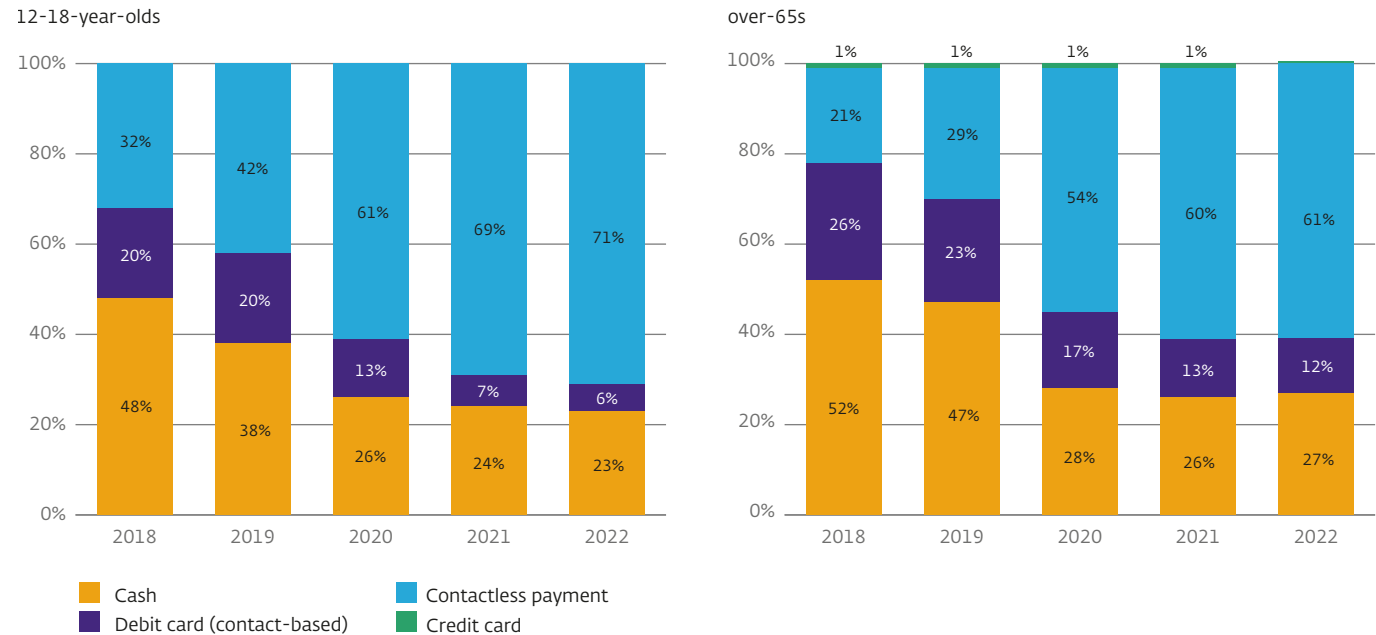
By age, the youngest (12-18-year-olds) and the oldest (65 and over) groups tend to pay in cash. These groups have also seen a shift from cash to debit payments in recent years, but this shift has been more gradual and different from the other age groups. Among the over-65s, the pandemic caused the most notable change in payment behaviour. In the years prior to the pandemic, the shift in this group was still relatively limited, with a decrease in the use of cash of 3 percentage points in 2018 and 5 percentage points in 2019. In the first year of the pandemic, the share decreased by 19 percentage points and then stabilised.

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



The youngest group (12-18-year-olds) also pays with cash relatively often, most likely because a significant proportion of them still receive their pocket money and clothing money in cash (40% receive pocket money and 33% receive clothing money in cash).² Unlike the over-65s, this group had already seen a strong shift from cash to debit payments in the years before the pandemic. Parents have been transferring pocket money and clothing money to their childrens' bank accounts more frequently in recent years. Furthermore, school cafeterias and sport club canteens are now accepting debit payments more and more often. Unlike the over-65s, the use of cash among young people decreased slightly in 2021 and 2022 (by 2 and 1 percentage point, respectively).

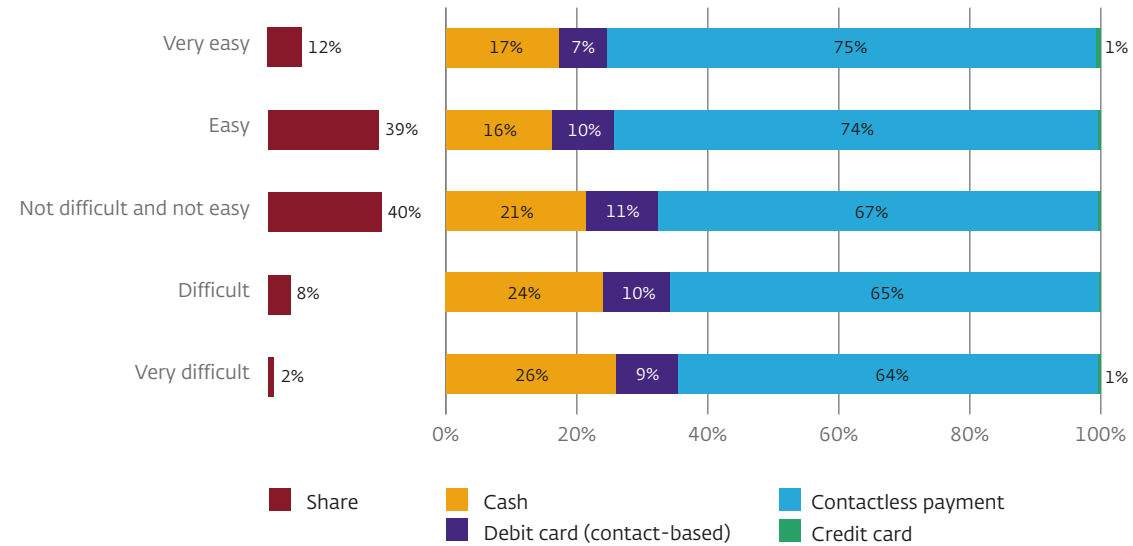
Figure 6b Relative use of payment methods among 12-18-year-olds in the past 5 years



² Source: NIBUD pupil survey 2020; survey on pupils and their money matters, National Institute for Family Finance Information, September 2020

Consumers' payment behaviour also varies according to their ability to make ends meet, regardless of their income. Among those who indicated that they can make ends meet very easily or easily (51% of consumers), it is noteworthy that they settle only a small proportion of their POS transactions (17% and 16% respectively) in cash, and pay for the rest of their purchases by debit card (both contact-based and contactless). People who find it difficult or very difficult to make ends meet (10% of consumers) are more likely to use cash: they settle 26% and 24% of their POS transactions in cash, respectively. Using cash can help people maintain control over their spending.³ This may explain why those who have more difficulty making ends meet use this means of payment more often.

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



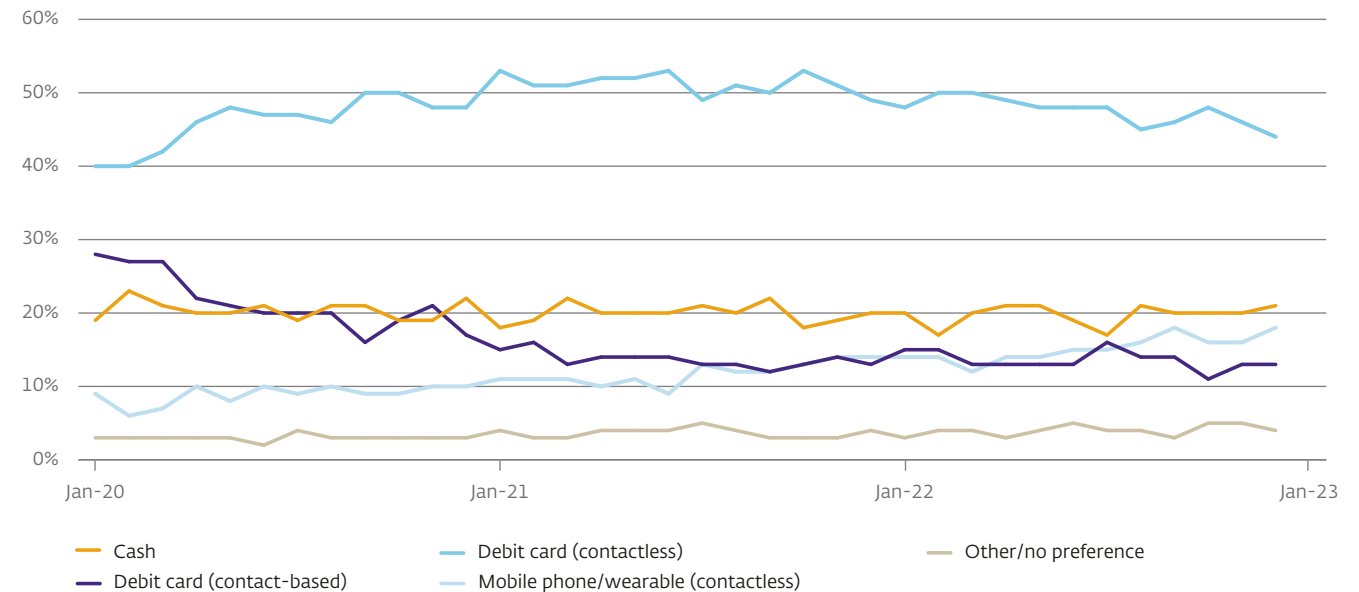
³ Source: Broekhoff & van der Crujisen, 2022 (<https://www.dnb.nl/publicaties/publicaties-onderzoek/working-paper-2022/760-paying-in-a-blink-of-an-eye-it-hurts-less-but-you-spend-more/>)

Payment preferences

The popularity of contactless payments has risen sharply since early 2020, partly due to efforts to reduce contagion risk during the pandemic.⁴ In June 2021, for instance, as many as 53% of people preferred to pay contactless using their debit cards, a 13 percentage point increase compared to early 2020. This shift took place primarily within the group of people who previously preferred paying by debit card in the traditional way (card insertion). By 2022, the proportion of people preferring contactless debit card payments had decreased (-6 percentage points).

Contactless payment via a mobile phone or a wearable device has also become increasingly popular over the past two years. At the beginning of 2020, 9% of people preferred to pay this way, while at the end of 2022, almost one in six Dutch people (18%) preferred this method of payment. In 2022, the rise in popularity of this new form of payment was particularly reflected among those who previously preferred to pay contactless by debit card. This group therefore already had a preference for contactless payments.

Figure 7a Payment method preferences since the beginning of 2020



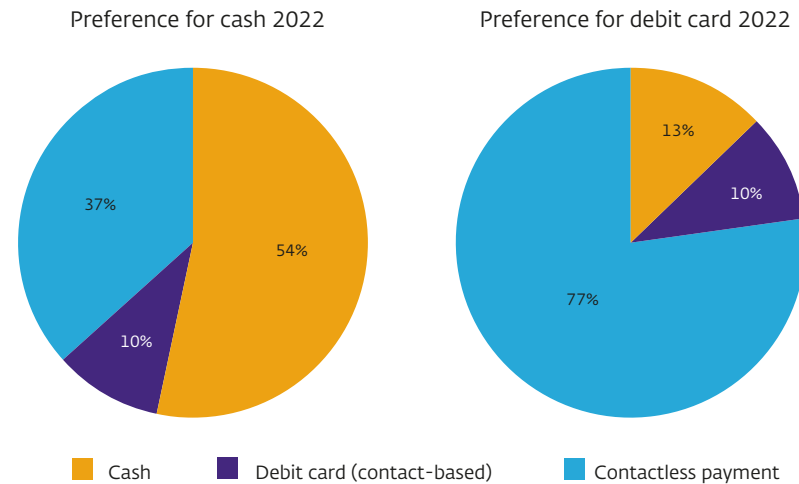
⁴ The limit for contactless payment without entering a PIN was raised as a measure to prevent the spread of the coronavirus. This temporary measure was later made permanent. (<https://www.betalvereniging.nl/en/actueel/nieuws/contactless-payments-without-pin-temporarily-up-to-50-euros/>)

This makes the proportion of people who prefer to pay contactless by mobile phone or wearable device almost as high as the proportion who prefer cash payments. The group of Dutch people whose favourite means of payment is cash has remained stable over the past two years. About 20% of Dutch people prefer paying cash.

Consumers' stated preferences for certain payment methods do not always correspond to their actual payment behaviour. This may be because they do not or cannot always pay using their preferred means in specific situations, such as when paying smaller amounts. In some cases, people with a preference for debit payments pay cash, and vice versa.

Consumers with a general preference for cash are less likely to pay with their preferred means of payment than those with a general preference for debit payments. This may be because people often do not carry (or do not want to carry) large amounts of cash and therefore tend to use debit payment methods for larger amounts anyway. In 2022, consumers with a preference for cash paid for 54% of their purchases via this method. Those who preferred debit payments used this method 87% of the time, which is comparable to results from the 2021 survey.

Figure 7b Preference versus actual payment behaviour



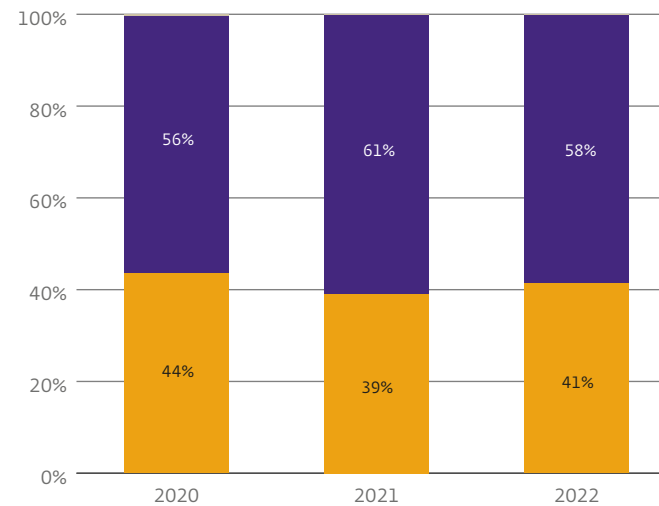
Person-to-person (P2P) payments

In 2022, there was a small increase in person-to-person (P2P) transactions from electronic to cash payments. Consumers made a total of 564 million P2P transactions in 2022 (531 million in 2021). 41% of these transactions were in cash. This is an increase of around 2 percentage points compared to 2021. Nevertheless, electronic payment is the most widely used method for P2P payments. Electronic payments remain popular among Dutch consumers thanks in part to online banking, payment apps on mobile phones and payment request services.

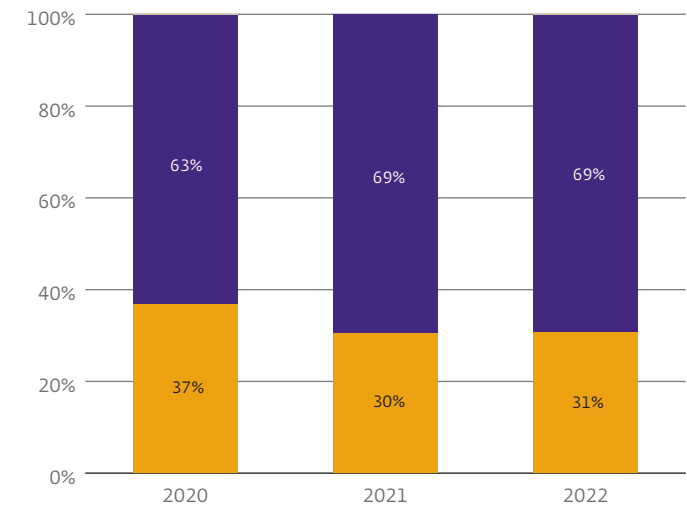
The value of P2P transactions totalled € 23.2 billion in 2022, which is higher than in 2021 (€ 21.5 billion). Of the total value of these transactions, 69% was paid by electronic payment methods, the same share as in 2021. Dutch people tend to use cash relatively more often for lower amounts.

Figure 8 Share of payment method as part of P2P transactions

Of total number



Of total value



■ Cash
■ Other (e.g. gift cards)

■ Electronic (transfers through online banking, mobile apps, etc.)

We distinguish two categories of P2P transactions: 1) payments for school, sports and other informal activities (91 million transactions), and 2) payments to family, friends, colleagues and other acquaintances (473 million transactions). Of all payments from the first category, Dutch consumers paid in cash 40% of the time in 2022. This is a 4 percentage point increase compared to 2021. Cash was also used more often for payments in the second category than in 2021, with an increase of 2 percentage points.

Of the total value of P2P payments for school, sports and other informal activities, 68% was paid by electronic means. This represents a drop of 5 percentage points compared to 2021. For payments to family, friends, colleagues and acquaintances, Dutch consumers used electronic means 69% of the time in 2022, which is roughly the same as in 2021.

The number of transactions to family, friends, colleagues and acquaintances was about the same as 2021 and their value increased by only 6%. In contrast, the number of transactions to school, sports and other informal activities rose sharply from 61.7 to 90.9 million. As a result, the total value of these transactions also increased significantly, up almost 31%. One possible explanation for this jump is the lifting of pandemic-related restrictions, which increased the opportunities for such activities.

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

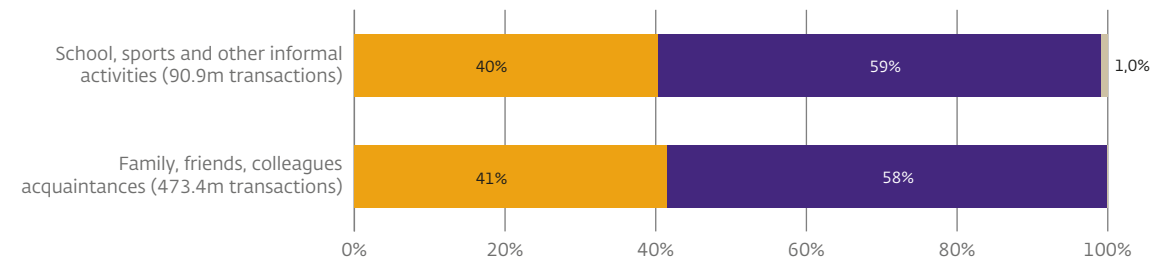
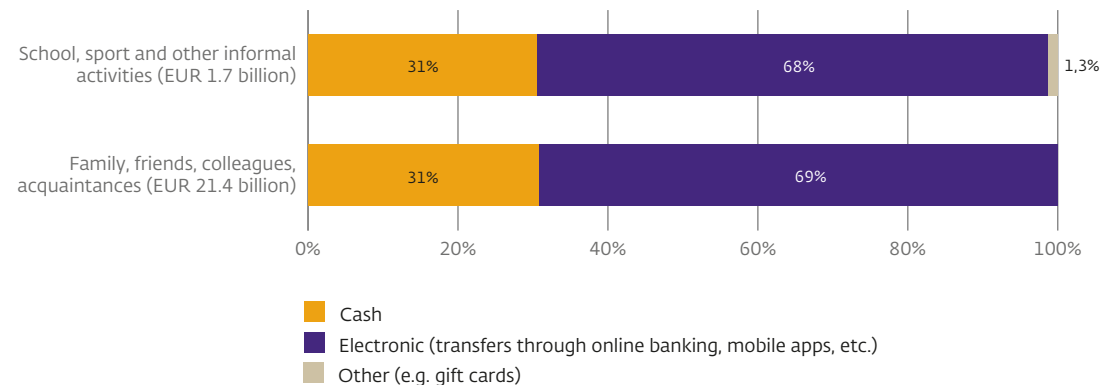


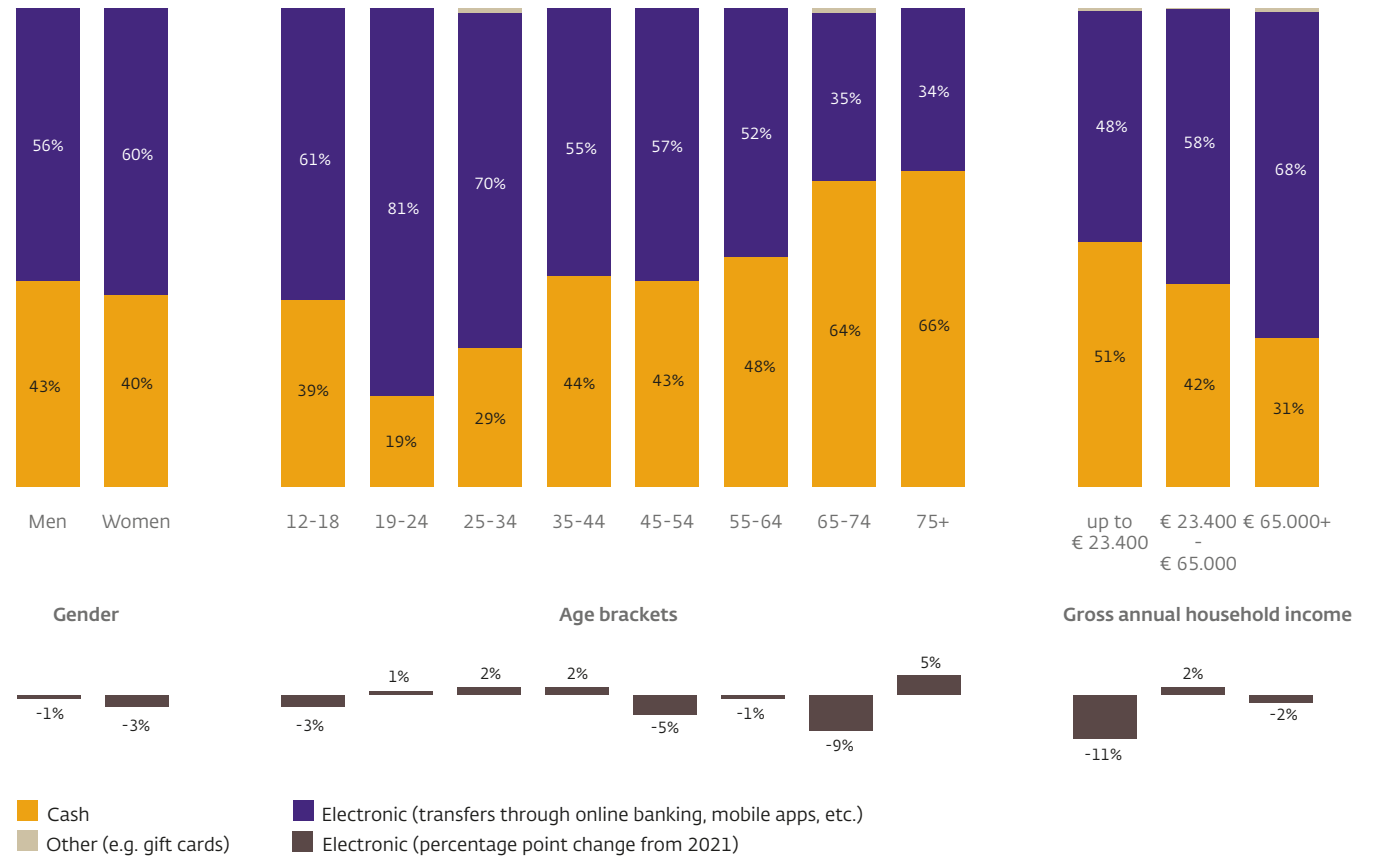
Figure 9b Share of payment methods in total value of P2P transactions by purpose



People in almost all population groups now use electronic methods more often than cash for P2P payments, with the exception of the over-65s. People aged between 65 and 74 years used an electronic payment method 9 percentage points less often for P2P payments in 2022, whereas those aged 75 and over opted for this method 5 percentage points more often.

Gender differences for P2P payments have narrowed. 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. The breakdown by income level shows that the differences between groups have in fact widened: the difference in the use of cash for P2P payments between income groups increased from 14 percentage points in 2021 to 20 percentage points in 2022. This rise can mainly be ascribed to the fact that the low-income group made their P2P payments 11 percentage points more often in cash in 2022 compared to a year earlier.

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



Survey characteristics

Market research bureau Ipsos collected data among 24,734 respondents for the "Point of sale payments in 2022" study, conducted by DNB and the Dutch Payments Association.

Research questions:

- What are the total number and total value of payments made in the Netherlands in 2022, broken down by payment method?
- In 2022, 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 web-based questionnaire or telephone interview.
- The field work was carried out between January and December 2022.
- Respondents represent a true reflection of 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 mobile phone) are from Betaalvereniging Nederland.

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