

## Electronic Payment Service Providers Association (EFISZ)

### Use of alternative payment solutions among the general public in Hungary

*A representative opinion poll for Hungary  
related to the proliferation of alternative payment methods*

**The Electronic Payment Service Providers' Association (EFISZ), with contribution from its members, conducted a new, country-wide representative survey on the use of alternative payment solutions by the Hungarian population.**

A country-wide representative sampling was conducted within the **population of people over the age of 18 living in Hungary by polling 1,000 persons** using the so-called CAWI—online survey—method in **May 2022**.

The target group was the adult population who use the Internet, in which 46 % of respondents were women, 54 % of them were men, and, in a breakdown of age, the ratio of participants was 19 % in the 18–29, 22 % in the 30–39, 25 % in the 40–49, 17 % in the 50–59, and 17 % in the above-60 age group.

Based on the type of municipality, 20 % of respondents claimed to be from Budapest, 23 % were from county seats, 32 % from other towns, 25 % were from a township or a village.

Based on participation, one third (33 %) of the participants hold an elementary qualification, 40 % hold intermediate qualification, while 27 % hold a higher education qualification, of whom 62 % were actively employed, 38 % were inactive (on childcare support allowance (GYES), childcare allowance (GYED), childbirth allowance (GYÁS); pensioner; unemployed; student; other).

The market survey consisted of several sections: there were questions on the use of alternative payment solutions, but the Association was also interested in the financial awareness of the Hungarian population.

*Of the results of the survey, it is worth noting that despite of, or rather, as result of the unending, temporarily returning epidemiological situation the popularity of alternative payment options has not changed, although many (52 %) still automatically use cash for payment. Proliferation of electronic payment methods may be facilitated by adequate information and communication to reduce the shortage of information, as well as more secure and more simple systems, and it also an important factor for users that such solutions sufficiently help in reducing the costs of their finances/payments and help optimize costs.*

## Awareness and use of alternative payment solutions

Contrary to the results of previous research—where respondents mostly indicated cash as the best-known and most often used payment solution, in which cash was far ahead of electronic and alternative methods concerning awareness and use—this year, when **main payment methods** were mapped out,<sup>1</sup> 94 % of the Hungarian population of people above the age of 18 who use the Internet marked bank transfers, 93 % marked bank card payments, and awareness of online payment methods was also very high, above 80 % (at 84 %). 82 % was aware of cash-based payment options. The majority has met direct debit orders (too) (65 %), and 59 % is aware of mobile phone payments (too). The least known were instant payment (11 %) and postpay (7 %) solutions initiated with secondary account identifiers.

Parallel to this, it can be concluded in connection with **the use of the above methods** that, among Internet-user adults, the overwhelming majority (92 %) uses some sort of alternative payment solution—7 % of respondents do not—; they use alternative payment solutions typically for online shopping (71 %, 78 %), while they use cashless payments to the least extent to pay for healthcare services (16 %). (diagram 1)

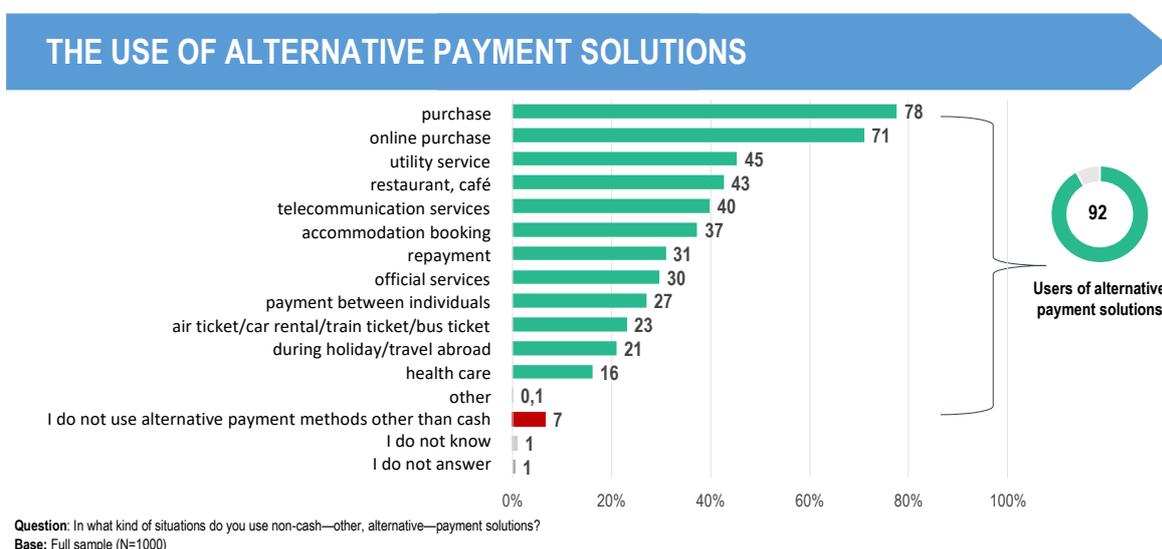


diagram 1

Concerning the use of cashless payment solutions, it can be concluded that **approximately all the respondents in the under 30 category (98%), those holding a higher education degree (98%), those living in the capital (95%) use alternative payment solutions**, and such payment solutions are the most ignored by those in the 30-40 age group (88%), those with an elementary qualification (83%) and urban population (88%).

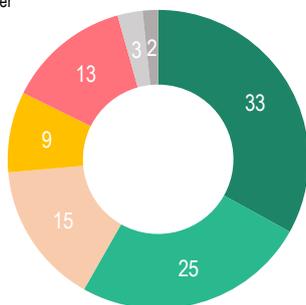
**Of those that prefer alternative payment solutions (917 persons), 41 % use cashless payments daily**, a quarter of the respondents (26 %) use cashless payment solutions on a weekly, a fifth (20 %) on a monthly basis, and nearly a tenth of the respondents (9 %) even more rarely.

Exactly a third of those using cashless payment solutions use alternative payment methods in every case, or in approximately every case. (diagram 2)

<sup>1</sup> The question included in the questionnaire: What main payment methods do you know?

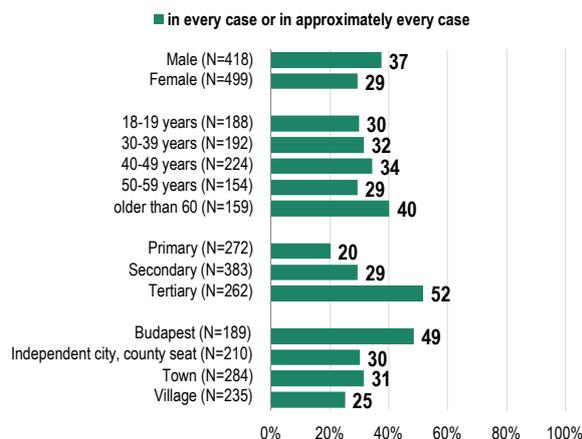
## PROPORTION OF CASHLESS PAYMENT

■ in every case or in approximately every case  
■ half of my payments  
■ less frequently  
■ I do not answer  
■ two-thirds of my payments  
■ quarter of my payments  
■ I do not know



**Question:** In what proportion of the payments do you choose cashless payment solutions?  
**Base:** Users of cashless, i.e., alternative payment solutions (N=917); percentage breakdown

diagram 2



The research also looked into the **reasons for ignoring alternative payments**: of the respondents who do not use these payment solutions, **52 % use cash for payments out of habit**, which ratio was 57 % in 2021 in the study mandated by EFISZ researching electronic payments among rural population, 59 % in the urban sample; furthermore, a similar study in 2020 still showed that 66 % used cash out of habit). 25–18 % of respondents said that **they do not consider it safe**, and they **consider its use complicated**. A further 18 % said that they **do not have the possibility to use them, there is no place where they could use electronic payment solutions**. It is also worth noting the number of those who are afraid of **high costs** (14 %) or their **data being stolen** (6 %). In comparison with research from previous years, respondents are less afraid of data theft (this figure was 11 % for rural population in 2021, 14 % and 13 % in 2020, and 15 % even in 2019), while the proportion of those who, based on their own statement, **selected the lack of information for neglecting its use** increased from 9 % (rural population) in the last year and from 6 % in the preceding year to 17 %.

Almost 60 % (59 %) of the respondents are happy to use cashless payments, 39 % of these are “very happy” to select this payment option. Of those who are happy to use alternative methods for payment, graduates (74 %), those living in the capital (69 %) and those above the age of 60 (6 %) represent the highest proportions. Of the demographic groups, those holding a higher education degree (76 %), those who are aged between 30–39 (70 %), those living in villages (70 %), and those living in Budapest (69 %) can be described as being “comfortable” using cashless, alternative payment options.

**The primary source of information to learn about alternative payment options (44 %) is the family, friends, acquaintances**, i.e., they learn about electronic payment options based on what they experience in the family or see among their friends, but nearly the same proportion (**40 % meet this option the first time online**), and 18 % selected social media as the source of information in this respect. 10 % used the help of a financial expert, followed by information obtained in traditional media (television 11 %, printed press 7 %, radio 3 %). The source of information concerning the subject is typically the online space (49 % selected this as a reply to the question “From what channel do you usually learn about new alternative payment options”) and the experience triangle of family-friends-acquaintances (38 % of respondents get their information from this source), and 28–28 % gather information from television and social media. In comparison to the above, the radio (9 %), financial experts (8 %) and the printed press (7 %) as a source of information are insignificant.



This was also underpinned by research from previous years, i.e., the main source of information is (was) the family and friends, however, acquiring information online earlier represented a considerably lower proportion (20 % or lower).

**Satisfaction with the quality of alternative payment solutions** (during their use - N = 917 persons) **is high (84 %)**, of which the most satisfied are those above the age of 60 (91%) and those holding a higher education qualification (90 %); only **8 % remarked that they were not satisfied the quality of the services.**

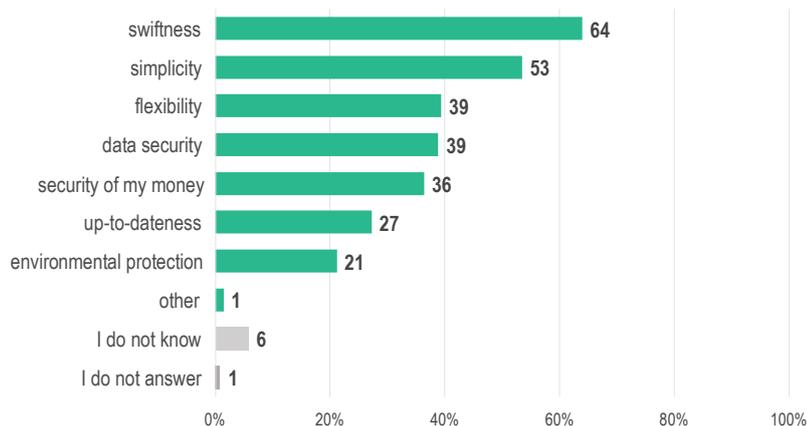
**According to respondents, improving the quality of alternative payment solutions is the most important concerning banking services (82 % marked this as important or very important).** 81–81 % of respondents find it important to achieve development in the areas of online shopping or in-store shopping; however, improving the quality of cashless payment methods in healthcare (66 %) public transportation (65 %) and education (52 %) is regarded the least important.

More than two-thirds (42 %) of respondents **would use alternative payment options (more frequently) because of the potential to reduce or to optimize costs, and 41 % would do so in the case of more secure systems, 26 % in the case of more simple systems (too).**

**The respondents find that the greatest advantage in the use of alternative payment solutions is its swiftness—37 % ranked this quality as number one.** 16–15 % consider security and convenience to be the greatest advantage, while less than 10% find that the greatest advantage of alternative payment is (separately) its simplicity, low costs, the possibility of monitoring, widespread availability, up-to-dateness, and the fact that it is trendy.

The aforementioned is supported by diagram 3 showing the **selection criteria for the use of alternative payment solutions**, from which it can be concluded that **swiftness and simplicity** are by far the most decisive characteristics in this respect. (diagram 3)

## CONSIDERATIONS FOR CHOOSING ALTERNATIVE PAYMENT SOLUTIONS



**Question:** What do you regard as the main criteria when choosing a new payment method over a conventional payment method?

**Base:** Users of cashless, i.e., alternative payment solutions (N=917); percentage breakdown

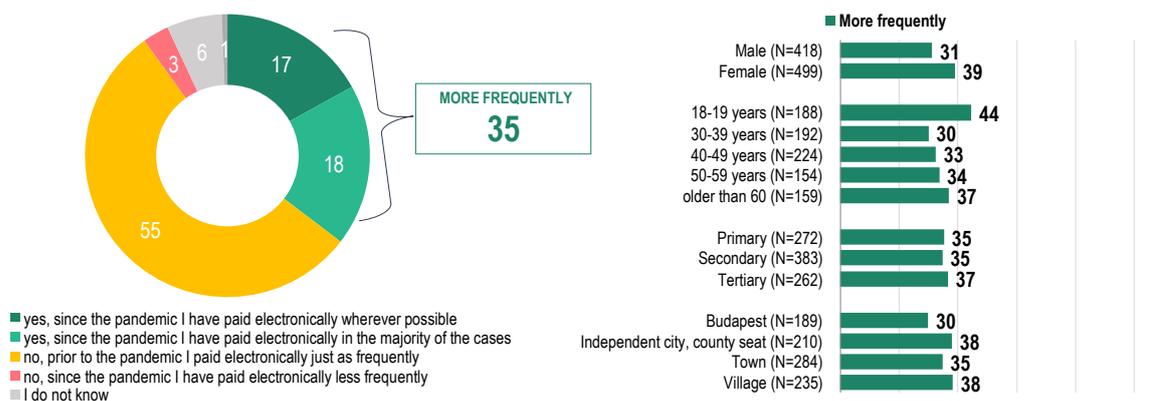
diagram 3

The popularity of such solutions is mainly based on the flexibility of points of sale (according to 57 % of respondents) and the growing acceptance of new payment methods (55 %). 43 % believe that the flexibility of shopping/payment is a factor that promotes popularity of alternative payment methods, and 42–42 % think the same of favourable rates and simplicity.



Approximately three-quarters (72 %) of the participants of the research believe that it is smartphones and Internet-linked devices that mostly determine the payment habits of customers. Half of the respondents believe that trends in payment is defined by the fact that customers require an immediate and contactless payment method. One fifth believe that the advancement in non-banking payment services and solutions is a determining factor, and 19 % believe the same about education.

## THE USE OF ELECTRONIC PAYMENT METHODS



Question: Do you use electronic/alternative payment methods more often during or after the pandemic to avoid the use of cash?  
Base: Users of cashless, i.e., alternative payment solutions (N=917); percentage breakdown

diagram 4

For 55 % of those using alternative payment methods, the frequency of using electronic payments did not change during or since the pandemic. 17 % of the respondents has used electronic payment solutions since the pandemic wherever possible, 18 percent uses such methods for payment in the majority of the cases. Compared to all the respondents (35 %), the proportion of those who use electronic payment methods more frequently than prior to the pandemic is much higher among the 18–29 age group (44 %). (diagram 4)

### Financial literacy, financial awareness

Approximately half (49 %) of the respondents find their knowledge of finance satisfactory. Of those who are the most satisfied with their own financial awareness, those with a higher education degree (57 %) and those living in the capital (56 %) represent the highest proportion. However, 37 % of the participants find that their financial literacy needs developing, in particular in the area of savings; slightly more than a third of the participants (34 %) think the same of their knowledge of investments, 31 % would like to increase their knowledge on the methods used to compare offers of banks and 29 % would like to enrich their knowledge of the new, digital financial services.

The participants of the study would like to develop and learn by using electronically available professional materials (34 %), with the help of the family (30 %) and through friends (28 %). A mere 18 % of the participants of the study seek/would seek the help of an expert to extend their financial knowledge.



## **Summary**

To summarize the above, we can conclude that bank card payments, bank transfers, online payments, and cash-based payments are the most popular payment solutions among the Internet-user adult population.

The overwhelming majority (92 %) uses at least one alternative payment solution and uses cashless payment solutions primarily during shopping or via online purchases.

Two thirds of those using alternative payment solutions pay with an alternative payment solution at least once a week—41 % daily.

Those not using alternative payment solutions use cash mostly out of habit.

Those who are aware of cashless payment options have heard about cashless, alternative payment solutions mainly from the family, friends, acquaintances and on the Internet, and typically hear about new payment options online.

The respondents who (also) use alternative payment solutions consider them satisfactory (they are satisfied with their operation).

According to the participants of the research, it is mostly in the area of banking services where the quality of alternative payment solutions would need to be improved.

Respondents would mostly be encouraged by cost reduction opportunities, cost optimization as well as more secure systems to use cashless payment solution (more frequently).

An outstanding benefit of Az alternative payment solutions (according to respondents) is swiftness.

According to respondents, the popularity of alternative payment methods is largely due to the flexibility of the points of sale, and the payment habits of customers are mostly determined by the proliferation of the use of smartphones and Internet-linked devices.

Nearly half of the participants of the research regard their own financial knowledge good or outstanding. They would like to improve mainly in the area of savings, they would like to expand their knowledge primarily through electronically accessible professional materials, videos.

## **Budapest, 20.06.2022**

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