Country Report: Czech Republic

Safety, Convenience and Choice:

THE TRUE VALUE OF CARDS

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

Introduction

The Czech payments market is characterised by a diverse offering of payment options that compete effectively with each other, as evidenced by the fact that cash, cards, and standard and instant bank transfers are used more in the Czech Republic than in other European countries.

In the past year, cards and cash have been used by Czech consumers in virtually equal amounts (respectively, 88% and 87%), followed by standard and instant bank transfers. The number of Czech consumers relying on instant transfers is noticeably higher than the European average (59%, compared to a European average of 47%).

On the merchant's side,

82% of Czech merchants report being satisfied with the payment solutions available to them, which is in line with the European average.

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Methodology:
This report is based on a survey commissioned by Payments Europe and conducted by FTI Consulting in May 2024.

The survey was completed by 2250 merchants working in physical and online retail in the Czech Republic (250), Austria (250), Greece (250), Denmark (250), Finland (250), Hungary (250), Ireland (250), Latvia (250), and Lithuania (250).

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

Key highlights

The merchant perspective

Relationship with cash

Card payments and cash account for 84% of Czech merchants' turnover, at 46% and 38% respectively. For cash, this is higher than the European average, and overall one of the highest among the countries surveyed.

Nonetheless, in the next five years, Czech merchants expect their share of turnover generated through cash to decrease by 13%, and that generated via card payments to increase to 54% (higher than the European average).

69% of Czech merchants report a preference towards electronic payments over cash, and 57% of them would like to have the ability to refuse cash payments (a number which is, again, higher than the European average).

Market evolution: winners & winners

The payments market in Czechia is very diversified, and merchants welcome the variety of payment options they can offer to their customers.

86% of them believe that by accepting a large range of payment options they have been able to increase turnover. More than anywhere else in Europe (94%, as in Greece), **merchants in Czechia believe electronic payments are crucial to their organisations**.

Moreover,

4 out of 5 Czech merchants expect to receive more transactions through instant payments over the next 12 months.

What merchants really want

When choosing which payment methods to accept, **54% of Czech merchants prioritise safety and security,** and 36% of them aim to reach as many customers as possible.

At the same time, they care less than their European peers about the convenience of payment methods for themselves (30% in Czechia, versus a European average of 37%), cost of acceptance (25% vs 34%) and the possibility to access external/value-adding data and insights (9% vs 14%).

Interestingly, **Czech merchants are actively working to optimise their payment methods** (82%), more so than European peers (76%). Over half of Czech merchants hope that through optimisation, they will be able to increase their turnover.

Card payments: cost and value

Merchants who prefer to accept electronic payments over cash, and those who consider cards to be the best payment method offer several reasons, including convenience/ease of use (58%); innovation and consumer experience (58%); cards' ability to drive consumer spending/sales (54%); the ability to accept payments from foreign consumers (54%); and the generation of valuable transaction data or customer insights (54%).

90% of them also **agree that the benefits brought about by card payments outweigh the costs.** Amongst the benefits provided by cards, Czech merchants indicate that guaranteed payment and increased sales are the most important.

Overall, **88% of Czech merchants believe they pay a reasonable level of fees for the value they receive** from accepting card payments.

Key highlights

The consumer perspective

Relationship with cash

88% of Czech consumers report using card payments in the past 12 months (higher than the European average). However, cash remains very embedded in the Czech economy, with 87% of consumers relying on it which is also higher than the European average.

Interestingly, the Czech payments market is also notably diversified with higher-than-average reliance on standard bank transfers (65% in Czechia, against a European average of 57%), as well as instant bank transfers (59% compared to a European standard of 47%).

Overall, **Czech consumers find cash to be less convenient** than card payments thanks to cards' convenience and ease of use, speed, insurance and consumer protection.

Market evolution: winners & winners

The payments market in Czechia is competitive and diversified, with **89% of consumers surveyed agreeing that the currently available payment options respond to their payment needs.**

Moreover, Czechs are 9% more confident than the average European consumer that their payments market is leading or on par with other European markets when it comes to innovation.

They also recognise the benefits of mobile payments more than the European average, especially their speed (11% more than average), convenience of use (8% more) and the ability to pay with a mobile device (7% more).

The market continues to evolve, and **61% of Czechs believe they will be completing more instant payment transactions over the next 12 months.**

A look at consumer preference

Over half of Czech consumers consider speed to be a priority when choosing a payment method (17% higher than the average European consumer). In addition to speed, Czech consumers also value safety and security (59%), reliability (57%), availability for online payments (54%), and affordability (52%).

9 out of 10 Czech consumers believe they should be able to choose which payment method to use when paying, whilst only 1 out of 10 believe this should be the merchant's choice.

When paying for large amounts, 54% of Czech consumers still consider standard bank transfers to be the safest form of payment, almost 10% higher than their European peers, who in similar situations tend to prefer cards.

Value of cards

As mentioned, **speed is a significant priority for Czech consumers**, and 66% of them consider speed a notable advantage of cards.

Czech consumers also rank cards as the best form of payment across several other features, including availability for online payments, safety and security, ease of use and convenience, availability and consumer protection.

Czech consumers identify cards as their preferred payment method when paying in grocery stores (63%) as well as in restaurants and bars (53%).

Moreover, more than half of **Czech consumers feel comfortable paying by card, three in four trust cards more than other payment methods**, and 75% of them agree that paying with cards makes returns and complaints a lot easier.

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Digital Euro

Awareness of the Digital Euro amongst Czech merchants (66%) is slightly lower than the European average (71%). Moreover, Czech merchants are the most sceptical (along with their Austrian peers) about the benefits that the Digital Euro could bring to their organisations, with 13% stating they anticipate “no benefit” and an additional 18% remaining unsure about how the Digital Euro would benefit them. However, of those who are knowledgeable about the development of the Digital Euro (22%), over half (51%) believe it could be beneficial due to the increased speed of payments.

62% of Czech consumers are unaware of the Digital Euro, a percentage that is sensibly higher than the European average (45%). Furthermore, most Czech consumers are either unsure how the Digital Euro’s rollout would benefit them (26%) or believe it would not benefit them at all (37%) and, in line with the European average, 16% of them say they would never use it.

It is worth noting that the Czech Republic is not part of the eurozone, which may impact consumers’ and merchants’ awareness of the development of the Digital Euro.