

PAYMENT METHODS – IRELAND – 2023

While old habits die hard, the pandemic added momentum to already-underway changes in payment behavior and made consumers more open to innovations.



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Reports



Payment Methods - Ireland - 2023

This report looks at the following areas:

- Impact of cost of living crisis and legislative changes on choices of payment.
- Payment methods used in-store in the last month.
- Payment methods used online in the last month.
- Whether consumers' cash usage has changed in the last month.
- The factors that consumers take into consideration when choosing a payment method.
- Consumer behaviour and attitudes with respect to payment methods and payment processes.

Overview

While changes in how consumers pay for things tend to happen gradually and over time, consumers are nonetheless open to changing.



While old habits die hard, the pandemic added momentum to already-underway changes in payment behavior and made consumers more open to innovations.

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Report Content



EXECUTIVE SUMMARY

Market Dynamics and Outlook

- The five-year outlook for payment methods
- Stable growth ahead for both Irish economies
- Inflation coming under control, aiming for 2% target
- Most consumers coping financially, but sizeable minority are not
- Half of all consumers say things are worse than last year
- One in two UK (incl. NI) payments now with a debit card
- Contactless payments increasing in volume and value in Rol
- Usage of cheques in steady decline in Rol and UK (incl. NI)
- Role of cash as a payment method is waning
- Direct debit usage stable but significant

What Consumers Want and Why

- Debit cards the number one method when paying in person
- Contactless debit payments most popular method
- Two thirds using debit cards when paying online
- Debit sees strong usage online too
- Around 4 in 10 using cash less than 12 months ago
 - Graph 1: how consumers usage of cash has changed in the last 12 months, NI and Rol, 2023
- Familiarity the main factor when choosing a payment method
- Speed important too
- Preference for direct debit for bills
- Simplicity and convenience central to consumers' payments behaviour
- Four in five see need for cash
 - Graph 2: agreement with statements related to payments, NI and Rol, 2023
- Majority sceptical over imminence of a cashless society

Innovation and Marketing

- Which areas have seen the most movement?
- Social commerce gathering steam in 2023

MARKET DYNAMICS

- Economic stability to return for both Irish economies

Payment Methods – Ireland – 2023

- GDP growing at a stronger rate in Rol
- Inflation likely to ease towards 2% target
 - Graph 3: inflation outlook, Rol, 2022-25
- Two thirds of consumers say finances are healthy or OK
- Most feel worse-off
- Most consumers concerned/worried about finances, likely to reduce spending...
- ...but some optimism
- Falling consumption will mean fewer payments
 - Graph 4: consumer consumption, Roi, 2022-25
- Expectation of increased prices could affect direct debit usage
 - Graph 5: how consumers think prices will change over coming year, NI and Rol, 2023
- Anxiety over payments
- Debit cards now account for 50% of all UK (incl. NI) payments
- Contactless payments continuing to grow in volume and value in Rol
- 2023 expected to see greater contactless payments
- 4.5 million daily card payments in person
- Some 37% of all payments in UK in 2022 were contactless
- Usage of cheques falling steadily among Rol consumers
 - Graph 6: cheque payments transactions, volume, Rol, 2016-22
- Fewer than 130 million cheques in UK (including NI) in 2022
- Significance of cash as payment method in decline
- Direct debit usage has plateaued among Rol consumers
- Direct debits account for 1 in 10 payments in UK (incl. NI)
- Digital banking transactions growing year on year
 - Graph 7: digital banking transactions, volume, Rol, 2016-22

WHAT CONSUMERS WANT AND WHY

Preferred Methods of Payment for In-Person Transactions

- Debit cards now the go-to method when paying in person
- Contactless key
- Cash hanging on as a much-used payment method
- ABCIs and older consumers using credit cards most regularly
- Younger consumers using device-based payment services, but growth potential strong

Preferred Methods of Payment for Online Transactions

- Two in three consumers using debit cards to pay online
 - Graph 8: methods of payment used online in the last month, NI and Rol, 2023

Payment Methods – Ireland – 2023

- Debit leading online payment
- Around half of all Irish consumers using PayPal to pay online
- Approaching half in NI and over a third in RoI using credit cards online
- Around a fifth use Apple Pay, but set to increase dramatically in coming years
- Younger consumers using bank transfers for online purchases
- Buy Now, Pay Later especially popular among women and 25-34s

How Cash Usage Has Changed

- Approaching half using cash less than 12 months ago
- Older consumers most inclined to say they are using cash less
- Cash for budgeting

Factors Considered When Choosing a Payment Method

- Familiarity the leading consideration among all Irish consumers
 - Graph 9: factors taken into consideration when choosing a payment method, NI and RoI, 2023
- Sticking to what you know
- Familiarity is especially important among consumers aged 45+
- Older consumers also more focused on security and purchase protection
- Speed of payment matters to almost half of all 18-24s

Payment Method Behaviours

- Preference for paying bills with direct debit
 - Graph 10: agreement with statements related to payment behaviour, NI and RoI, 2023
- Simplicity and convenience key to consumers' behaviour around payments
- Older consumers more inclined to use direct debits
- Automatic payments offer convenience
- Two thirds of young consumers put off by onerous, complicated purchase process
- Security important
- Younger consumers also avoiding retailers that do not accept their preferred payment method
- Biometrics could be option for hassle-averse younger consumers
- Young families using different payment methods due to cost of living crisis
- Younger consumers re-think payments
- Younger consumers most likely to have withdrawn cash in recent months

Payment Method Attitudes

- Cashless society not yet imminent or inevitable
 - Graph 11: agreement with statements related to payments, NI and RoI, 2023
- Need for physical money seen by many
- Cashless society not expected
- Almost three quarters want to be able to set own contactless limits

- Tech seen as making spending too easy

COMPETITIVE LANDSCAPE

Launch activity and innovation

- Cashless is king
- More vertical integration for Apple
- Biometric technology could dethrone passwords and pin codes
- Face-pay tills in UAE
- Neobanks are thriving in uncertain markets
- Autonomy and flexibility vital to struggling consumers
- Commerce is joining the Social media sphere
- Social media usage driving opportunity
- Amazon are partnering with social media giants
- Apple unveils BNPL service
- 'Apple Pay Later'

APPENDIX

Supplementary data

- Data sources

Report scope and definitions

- Generational cohort definitions
- Abbreviations

Methodology

- Consumer research methodology

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This is marketing intelligence published by Mintel. The consumer research exclusively commissioned by Mintel was conducted by an Irish licensed market survey agent ([See Research Methodology for more information](#)).

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