Country Report: Hungary

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 Hungary.

Introduction

The Hungarian payments market provides a wide variety of payment options to its merchants and consumers. Although reliance on cash remains higher than average, other payment methods, such as standard and instant bank transfers are also used in Hungary more than elsewhere in Europe.

Our data shows that overall, Hungarian merchants and consumers are satisfied with the payment solutions available to them (84% and 87% respectively, in line with the European average).

Interestingly, in a market where 40% of consumers believe their payments market is lagging in innovation—more than double the European average of 19%—cryptocurrencies are thriving. Their usage in Hungary is 4% higher than in other European countries.

> **90%** of Hungarian merchants agree that electronic payments are critical to their organisation

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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 2,250 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 Hungary (1,000), Czech Republic (1,000), Austria (1,000), Greece (1,000), Denmark (1,000), Finland (1,000), France (1,000), Germany (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

When asked about the payment methods Hungarian merchants accept, they are aligned with their European peers in relation to cash acceptance.

Cash represents 40% of Hungarian merchants' turnover, 7% higher than for the average European merchant. **This is expected to decrease to 23% in the next five years,** as card payments, bank transfers and cryptocurrencies are expected to make up for this difference.

Notwithstanding this, **69% of Hungarian merchants** claim they **prefer to accept electronic payments over cash,** and **90%** of them **agree that electronic payments are critical to their organisation**, in line with the European average.

Interestingly, Hungarian merchants align with their European counterparts when asked if they would like the option to refuse cash payments, with 53% expressing agreement.

Market evolution: winners & winners

In Hungary, **84% of merchants are satisfied with the payment solutions available** to them, and **87% believe their customers are satisfied with the payment solutions available** to them.

More than in any other European country, Hungarian merchants accept standard and instant bank transfers (both ca. 15% above the European average) and there is an expectation that these will continue to drive turnover in the next year. In the same amount of time, **83% of Hungarian merchants expect more transactions through instant payments** to be made, again higher than the European average. **Increased usage of non-traditional types of payments** in addition to cards and cash **was beneficial for 88% of Hungarian merchants**, 11% more than the European average.

Interestingly, **22% of Hungarian merchants plan to accept cryptocurrency in the next 12 months**, surpassing the European average.

What merchants really want

For Hungarian merchants, the **key factors when choosing a payment method are safety and security** (58%), followed by **convenience and consumer reach** (both 43%).

The ability to drive consumer spending is also important (22%), and Hungarian merchants are more proactive than their European peers in working to optimise their payment methods (84%), mostly to increase turnover (57%) and expand their customer base (51%).

Standard and instant bank transfers keep gaining traction in Hungary, especially for their security and data compliance (19% and 12% vs. 13% and 7% in Europe) and for generating valuable transaction data or customer insights (23% and 13% vs. 14% and 8% in Europe).

Card payments: cost and value

Card acceptance in Hungary is lower than in any other European country, with only 57% of merchants accepting debit cards against a European average of 79%, and only 75% accepting credit cards, against a European average of 81%.

97% of Hungarian merchants indicate that increased sales are an important benefit provided by card payments. 91% of them also appreciate card payments because they provide access to a broader (international) customer base.

In line with the European average, **84% of Hungarian merchants believe that they pay reasonable fees** for the value received from accepting card payments, and 82% of them believe that the benefits brought about by card payments outweigh their costs. Moreover, the percentage of merchants in Hungary feeling like the cost of card acceptance has increased over the past years is even lower than in the rest of Europe.

Key highlights

The consumer perspective

Relationship with cash

In the past 12 months, 90% of Hungarian consumers have used cash. On the other hand, card usage (55%) is among the lowest in Europe, 28% below the average. Interestingly, most consumers have used instant bank transfers (59%, 12% above average) in the same period of time.

41% of Hungarian consumers prefer paying by cash for online purchases (by paying cash in advance or on delivery), almost double the European average. Nonetheless, the preferred payment method for online purchases remains PayPal, selected by more than half of consumers.

Market evolution: winners & winners

85% of Hungarian consumers feel that the currently available payment options respond to their payment needs, and **68%** of them **support the mandatory acceptance of digital payments**, 5% more than their European peers.

78% of consumers in Hungary believe they have more choice of payment methods when paying online as opposed to in-store.

Interestingly, Hungarian consumers have also embraced cryptocurrencies more than their peers elsewhere. Hungarian consumers trust cryptocurrencies for payments 6% more than their European peers, and 11% of them have used this payment method in the past 12 months - 4% above the European average.

A look at consumer preference

When choosing a payment provider, Hungarian consumers are particularly interested in safety and security (57%), price and affordability (56%), availability for online payments and reliability and credibility (53%).

In line with the European average, **68% of Hungarian consumers would rather pay with a card at a merchant,** even if cash was also available, and in Hungary more than elsewhere in Europe consumers in the next 12 months expect to complete more transactions through instant payments than they do today.

On the topic of instant payments, Hungarian consumers are more worried than their European peers about fraud, as well as the non-redeemability of funds in case of a wrong recipient or amount.

Value of cards

Despite utilisation of cards in the last 12 months being lower in Hungary than elsewhere, Hungarian consumers do recognise the benefits of cards. **60% believe speed is a particular advantage of using card payments** in-store, and cards are considered advantageous due to their ease of use (54%) and usefulness for online payments (35%).

In line with the European average, **83% of Hungarian consumers feel comfortable paying by card** believing it ensures safe and secure transactions. More than the European average, Hungarian consumers believe that card payments provide added value compared to other payment methods and trust that their money will be reimbursed in the event of fraud.

When paying online, 70% of Hungarian consumers feel secure, and **42%** of them **would prioritise using cards over other payment methods** available.

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Digital Euro

Hungarian merchants are more informed than their European counterparts about the development of the Digital Euro, with 29% of them stating they are knowledgeable about it and have been tracking it. Overall, amongst all Hungarian merchants, the main perceived benefit of the Digital Euro is its potential to speed up payments.

Slightly over half of Hungarian consumers (57%) are aware or knowledgeable of the Digital Euro's development, aligning closely with the European average (55%). While the number of Hungarian consumers who would not choose to use this new form of payment or are unsure when they would use it (49%) is aligned with the European average (46%), amongst those who are familiar with it, nearly half (47%) of them express a preference for using it for online purchases.

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

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