Country Report: Sweden

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 Sweden.

Introduction

The payment landscape in Sweden has undergone a digital shift spurred by technological advancements, regulatory changes, and evolving merchant and consumer preferences. Sweden's payments market is **highly diversified and competitive,** with merchants offering and consumers taking advantage of this diversity in choice. In particular, although steadily used, cash is much less popular than in other markets, and we see a shift towards digital payments coupled with the continued growth of e-commerce. **Cards, instant and regular bank transfers, and buy now, pay later (BNPL) are popular** among Swedish merchants and consumers.

> **72%** of Swedish consumers trust cards more than any other payment method

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Methodology:
This report is based on two surveys commissioned by Payments Europe and conducted by FTI Consulting in May 2023 and May 2024.

In 2023, the survey was completed by 1,560 merchants operating in Sweden (242), Germany (252), France (264), Italy (263), Poland (268), and Spain (271).

In 2024, the survey was completed by 13,000 consumers living in Sweden (1,000), Germany (1,000), Austria (1,000), France (1,000), Greece (1,000), Czech Republic (1,000), Denmark (1,000), Finland (1,000), Hungary (1,000), Ireland (1,000), Latvia (1,000), Lithuania (1,000), and Poland (1,000). Respondents were weighted on region, gender, and age to ensure representativeness.

Key highlights

The merchant perspective

Relationship with cash

The Swedish payments landscape is highly digitised. **Swedish merchants are the least likely to accept cash** compared to their European peers (53% vs. 85%) and expect cash to only account for 16% of their turnover in 5 years.

Swedish merchants express more reluctance to accept cash than most European markets: 71% appreciate the option to refuse cash. Additionally, **Swedish merchants perceive cash as expensive to accept:** 66% believe that cash-handling fees are higher than those of card payments, and **84% list not having cash-handling costs as a benefit of card payments.**

Market evolution: winners & winners

Swedish merchants are extending their payment portfolio across the board. **95% of merchants agree that electronic payments are critical for their business.** Among digital payments, cards are the most popular, with a 65% overall acceptance rate. **BNPL is also becoming increasingly popular among Swedish merchants,** with 36% currently accepting it and 35% expecting to accept it in the next year. 33% also expect to accept cryptocurrencies, such as Bitcoin, in the next year.

What merchants really want

74% of Swedish merchants are satisfied with the payment methods currently available to them, and 84% believe that their customers are happy as well.

When considering which payment methods to accept, **Swedish merchants prioritize safety and security, consumer preference, reach, and convenience.**

Card payments: cost and value

Cards are by far the preferred payment method by merchants, accounting for 49% of the Swedish merchant's turnover. Swedish merchants prefer cards because they best meet their payment priorities: ease of use, secure handling of consumer data, and driving sales. **69% believe cards have extremely good fraud protection measures.** Notably, 49% of Swedish merchants believe cards measure best on acceptance costs.

Aligned with their European peers, **86% of Swedish merchants believe they pay reasonable card acceptance costs for the value of using cards,** and 87% believe the benefits brought by card payments outweigh the costs. **78% of merchants believe the card acceptance costs have fallen or remained the same** in the past five years, and **75% indicate that they understand the different card payment fees.**

> 74% of Swedish merchants are satisfied with the payment methods currently available to them

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Key highlights

The consumer perspective

Relationship with cash

Sweden stands out as having the lowest cash reliance in Europe. Only 14% of Swedish consumers would prefer cash over other payment methods based on security. And 75% would prefer to pay with card over cash if given the opportunity. 72% support mandatory acceptance of digital payments.

Swedes are also less likely to prefer cash for other features. For instance, whereas cash is relatively popular for data privacy across Europe (29%), very few Swedes consider cash the best payment method for data privacy (14%). This is also reflected in the Swedes' unwillingness to use cash in different scenarios.

72% of Swedish consumers support mandatory acceptance of digital payments (11% above the European average).

Swedish consumers want payment methods that are secure, reliable, and easy to use. Moreover, compared to their European peers, Swedish consumers are 10% more likely to consider the ability to pay later or in instalments when choosing a payment provider.

While half of Swedish consumers would prefer using cards for online payments, Swedes also enjoy PayPal (37%), Invoices (36%), standard (26%) and instant bank transfers (32%), and BNPL (29%) for online payments, making the market highly competitive.

Market evolution: winners & winners

87% **of Swedish consumers believe Sweden is leading or on par with other markets on payment innovation.**

Swedish consumers have access to a diverse set of payment methods, and compared to other markets, they are **more likely to use newer digital payment methods.** Emphasising the diversity and competition in the market, **instant bank transfers are the third most used payment method** by Swedish consumers. Swedes are 14% more likely to use them compared to their European peers. Additionally, **a significant proportion (32%) of Swedish consumers have used BNPL** as a means of payment, which is over double the number of other European consumers (14%).

Value of cards

Our research shows that Swedish consumers believe card payments meet their payment needs best compared to other payment methods available in the market.

84% **feel comfortable paying by card because they ensure safe and secure transactions, whereas 72% trust cards more than any other payment method.**

Swedish consumers prefer cards, especially for in-store purchases, merchant acceptance, ease of use (45%), and safety and security (42%). Additionally, over half of consumers prefer cards due to access to credit (57%).

A look at consumer preference

Aligned with the overwhelming majority of European consumers, **84% of Swedes agree that the payment methods currently available meet their needs.**

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Digital Euro

Most Swedish consumers (59% - 14% over the European average) are not aware of the development of the Digital Euro and have never heard of it before. Slightly above the European average, **the majority of Swedish consumers are either unsure of how the Digital Euro could benefit them (37%) or believe there would be no benefits (31%).** Out of those who see potential benefits, 13% believe the Digital Euro would improve convenience, and 11% believe it would lower costs. However, 67% are unsure or do not see a benefit of paying with a Digital Euro.

It is worth noting that Sweden is not part of the eurozone and is developing its own central bank digital currency, which may impact the consumers' awareness of the development of the Digital Euro.

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