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A photograph of the interior of the Central Bank of Malta building. The space is characterized by a high ceiling with a dramatic, colorful sky (orange, red, and blue) projected onto it. The walls are made of light-colored stone blocks. On the right, there are several rows of white, rectangular, three-dimensional architectural elements that resemble a grid or a series of steps. In the foreground, there are long, low, curved reception desks or counters. In the background, there is a large, arched stone doorway leading to another part of the building. The overall atmosphere is modern and architectural.

# CENTRAL BANK OF MALTA WORKING PAPER



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# Analysis of the Payment Habits in Malta

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## Abstract

This paper presents the findings derived from a comprehensive survey conducted by the Central Bank of Malta, in collaboration with the National Statistics Office, with the aim of analysing payment habits in Malta. The research explores individuals' perspectives on various aspects, including accessibility to different payment instruments, preferred methods for conducting purchases, and perceptions of different payment instrument characteristics and new technologies such as contactless payments and digital assets.

The analysis is based on data collected from 1,024 individuals in Malta. The results of this survey can assist the Central Bank of Malta and other relevant stakeholders in formulating future policy actions to enhance the payments ecosystem in Malta. Additionally, where possible, the data has been compared with the results from a similar survey published by the Central Bank of Malta in 2020.

**JEL Classification:** E41, E42 and E58

**Keywords:** Cash, Cashless, Electronic Payment Instruments, Payments, Payment Habits, Consumer choice.

## Executive summary

In the current payments landscape, payment instruments are evolving at a rapid pace as new and innovative solutions are being introduced regularly, especially by local and European fintechs. Such instruments seek to make payments safer, more efficient and convenient than the traditional means of payments.

The study aims to shed light on the payment habits in Malta and identify the perceptions of individuals on the different payment solutions which are available in the local payments market.

The results presented indicate that although cashless payments such as cards are growing in significance, cash remains a dominant payment method amongst individuals for several purchase categories, such as for everyday payments, wellness services and peer-to-peer payments.

As regards to accessibility, it was noted that digital and card-based payment methods are easily accessible to the local population. Respondents noted that convenience and ease of use are the two factors which would encourage them to use alternative means of payments other than cash.

A clear generational divide was observed in relation to the perceived security of payment instruments. Whilst older individuals tend to view cash as the most secure form of payment, the younger demographic perceive cash as the least secure payment instrument.

Furthermore, cheques are perceived as the payment method which incurs the highest costs, followed by payment cards. On the other hand, cash is perceived as the least costly payment method by respondents. Although card payments were perceived as the second-most costly payment method, it was still deemed as the most convenient payment method by respondents. Given the growing use of payment cards, this may indicate that consumers tend to place more significance on convenience rather than cost.

The transition from cash to electronic payments causes significant concern amongst respondents, especially those aged 55 years or older. Such concerns may stem from lack of technological know-how. One of the concerns of electronic payments was security. However, it was noted that contrary to popular belief, the younger cohorts reported a higher occurrence of falling victims of payment fraud. This could be due to the higher level of usage of electronic payments from such age groups.

As expected, it is also noted that older generations are more reluctant to try new payment solutions. Only 14.0% of respondents aged over 55 reported making use of services offered by fintech companies, whilst in contrast 49.5% of respondents aged between 16 and 34 have reported opening an account with a fintech company. Therefore, a clear generational divide is noted with respect to the adoption of innovative financial technology.

Whilst a significant understanding was reported by respondents on the ownership patterns of digital assets, only 6.3% of respondents confirmed they own digital assets, which may indicate that digital assets such as cryptocurrencies, are still yet to achieve a wider adoption in Malta.

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## 1 - Introduction

As per Article 5 of the Central Bank of Malta Act (the Act), the functions of the Central Bank of Malta (the Bank) include the promotion of sound and efficient payment systems<sup>2</sup>. Article 34(a) of the Act in turn endows the Bank with the responsibility to oversee and regulate the provision of payment services, payment applications, payment card schemes and payment transactions by credit and financial institutions.

The previous payment habits survey carried out by the Bank, which was published in 2020<sup>3</sup>, indicated that traditional payments instruments such as cash are still preferred by Maltese households. The Bank felt the need to conduct another study to assess developments since then.

To this effect, the Bank commissioned the National Statistics Office (NSO) to carry out a study amongst a sample of 1,024 individuals. The data collection process was carried out during Q1 2024 via Computer-Assisted Telephone Interviews (CATI).

The questionnaire comprised 29 questions divided into 4 different sections. The first segment of questions related to respondents' financial responsibility in their household as well as other information relating to the respondents' payment habits, and their preferred payment instruments. The second section comprised questions on the perceptions of the respondents on different characteristics of different payment instruments, such as security, acceptance, cost and convenience. The third section focused on questions relating to new types of technology, such as contactless payments and digital assets, whilst the last section related to the demographics of the respondents.

The study was spearheaded by the Payments Policy and Compliance Office within the Bank's Anti-Financial Crime and Payments Policy and Compliance Department. The fieldwork and collation of statistics were carried out by the NSO.

This paper is divided into 6 sections. Section 2 outlines the methodology of the survey by defining the aim of the study and its characteristics. Section 3 provides an insight on the accessibility of different payment methods available in the local market and the general preference of the local population. Section 4 describes the perception of respondents on the attributes of different payment methods, while Section 5 focuses on the respondent's opinion on the advantages and disadvantages of electronic payments and their awareness of new emerging solutions. Section 6 concludes by summarizing the findings of the study and provides a number of recommendations that the Bank and local stakeholders may implement to improve the efficiency of the local payments market.

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<sup>2</sup> Central Bank of Malta (1968). "[Central Bank of Malta Act](#)", Central Bank of Malta.

<sup>3</sup> Central Bank of Malta (2020). "[Analysis of the Payment Habits in Malta](#)", Central Bank of Malta Working Paper 01/2020.

## 2 - Methodology and data

This section explains the objectives of the study and provides a detailed explanation of the targeted population. Furthermore, it elaborates on the distinct characteristics of the population and the methodology used to gather the data.

### *Research scope*

The main objective of the study is to analyse the payment habits of individuals residing in Malta with an aim to identify any developments made within the payments landscape since the previous survey that was published in 2020. The survey was conducted through telephone interviews with the target population.

### *Target population and responses*

The target population for this study comprised of all persons over the age of 16, which reside in private households in Malta and have a landline or a mobile number. By the end of 2022, a total of 459,135 individuals met the above-mentioned criteria.

Furthermore, for the purpose of this study, the population was segmented by gender, age and district of residence. With respect to gender, 52.9% were males whilst 47.1% were females.

For the purpose of this survey, it was decided that three different age brackets are taken into consideration: individuals aged between 16 and 34, individuals aged between 35 and 54 and individuals aged 55 and over.

When distributing the population figures for eligible residents by age, it can be noted that there is a slight predominance in the 35 and 54 age bracket which constitutes 34.6% of the target population. This is closely followed by individuals aged 55 and over amounting to 33.4%, and individuals aged between 16 and 34 making up the remaining 32.0% of the target population.

<b>Table 1</b>		
<b>CHARACTERISTICS OF THE TARGET POPULATION</b>		
	<i>Number of persons</i>	<i>Per cent</i>
total population aged	459,135	100
of which:		
by gender		
Male	242,811	52.9
Female	216,324	47.1
of which:		
by age bracket		
16-34	146,861	32.0
35-54	158,845	34.6
55+	153,429	33.4
of which:		
by district		
Southern Harbour dist	72,485	15.8
Northern Harbour dist	146,659	31.9
South-Eastern district	66,361	14.5
Western district	55,843	12.2
Northern district	83,406	18.2
Gozo and Comino	34,381	7.5

A total of 1,416 individuals were contacted to take part in this study through a stratified random sampling process (without replacement), with a fixed margin of error per stratum. Such sampling method took into consideration gender, age and district of residency.

Table 2 outlines the distribution of individuals by gender, age group and district of residence.



<b>Table 2</b>						
<b>DISTRIBUTION OF PERSONS BY GENDER, AGE RANGE AND DISTRICT OF RESIDENCE</b>						
<i>District of residence</i>	<i>Gender</i>	<i>Age Range</i>			<i>Total</i>	
		16-34	35-54	55+		
<b>Southern Harbour</b>	Male	30	28	25	83	
	Female	26	25	25	76	
	<b>Total</b>	<b>56</b>	<b>53</b>	<b>50</b>	<b>159</b>	
<b>Northern Harbour</b>	Male	46	45	43	134	
	Female	44	43	43	130	
	<b>Total</b>	<b>90</b>	<b>88</b>	<b>86</b>	<b>264</b>	
<b>South-Eastern</b>	Male	25	26	25	76	
	Female	25	25	25	75	
	<b>Total</b>	<b>50</b>	<b>51</b>	<b>50</b>	<b>151</b>	
<b>Western</b>	Male	24	26	25	75	
	Female	25	25	25	75	
	<b>Total</b>	<b>49</b>	<b>51</b>	<b>50</b>	<b>150</b>	
<b>Northern</b>	Male	28	27	25	80	
	Female	25	25	24	74	
	<b>Total</b>	<b>53</b>	<b>52</b>	<b>49</b>	<b>154</b>	
<b>Gozo and Comino</b>	Male	24	26	24	74	
	Female	24	24	24	72	
	<b>Total</b>	<b>48</b>	<b>50</b>	<b>48</b>	<b>146</b>	
<b>Total</b>	Male	177	178	167	522	
	Female	169	167	166	502	
	<b>Total</b>	<b>346</b>	<b>345</b>	<b>333</b>	<b>1,024</b>	

Out of the identified 1,416 individuals, 1,024 participated in the study, 131 refused, 81 individuals were not eligible and the remaining 180 did not take part in the study due to various factors (missed appointments, cognitive impairment/disability, language barrier etc.). It should be noted that respondents were considered as eligible if they had to be independently handling their own finances. This resulted in a net effective response rate of 76.7%.

### *Data collection*

The NSO gathered data with the use of Computer-Assisted Telephone Interviews (CATI)<sup>4</sup>. Interviews were carried out between 27<sup>th</sup> February and 10<sup>th</sup> March 2024.

The survey consisted of a total of 29 questions. Data collected comprised the demographic characteristics of the respondents, such as gender, age, region of residence, education level and income. Questions were also asked on access and preference of payment instruments, the perceived characteristics of payment methods and attitude towards new technology.

<sup>4</sup> A CATI interview is a telephone surveying technique where the survey interviewer is assisted through the means of an interactive front-end computer system to ask questions to respondents over the phone. Such a technique allows the interviewer to perform the interview, input the data and code simultaneously.

### Weighting of results

The data gathered from the study was weighted in order to check and remediate any possible biases present in the final sample. This ensured that the gross-up sample estimates with the benchmark distribution were aligned with the characteristics of the respondents: gender, age and district.

### Quality controls

Several measures were implemented to ensure that an optimum quality level is maintained throughout the study. Such measures included quality checks and in-built validation rules within the data gathering program to reduce the probability of non-sampling errors. Such program included a number of in-built validations which ensured that skip patterns were implemented as intended and that the responses gathered were within the applicable range.

Once the collection of data was finalised, additional cross-validation checks were carried out to identify any inconsistencies within the responses provided. Where necessary, participants were contacted once again to rectify any errors. Furthermore, a random sample of 10% of the respondents per survey interviewer were chosen and the respondents were contacted once again as part of an audit process.

A number of additional checks were also carried out during the editing of the data in order to identify any remaining incorrect or misleading data.

### Errors

The study was subject to two sources of error, which are referred to as sampling and non-sampling errors. Whilst the errors in relation to each quantity estimated from the sample may be calculated, one should be cautious when comparing these estimated amounts with the population.

The margin of error, which constitutes sampling error, determines the uncertainty about a survey result and indicates the amount of sampling error in the results of the study. This is usually associated with a statistical level of confidence in a way that it is possible to derive confidence intervals of the form estimate  $\pm$  margin of error.

<b>ESTIMATION OF PRECISION</b>									
Percentage rate (p)	Number of persons (N)								
	34,541	66,833	241,512	263,551	358,531	393,270	450,298	459,135	
1	2.3%	1.6%	0.8%	0.8%	0.7%	0.7%	0.6%	0.6%	
3	3.9%	2.7%	1.5%	1.4%	1.2%	1.1%	1.1%	1.0%	
6	5.4%	3.8%	2.0%	1.9%	1.6%	1.6%	1.5%	1.5%	
10	6.9%	4.8%	2.6%	2.4%	2.1%	2.0%	1.9%	1.8%	
20	9.2%	6.4%	3.4%	3.2%	2.8%	2.6%	2.5%	2.4%	
40	11.2%	7.8%	4.2%	4.0%	3.4%	3.2%	3.0%	3.0%	
50	11.5%	8.0%	4.3%	4.0%	3.5%	3.3%	3.1%	3.1%	
60	11.2%	7.8%	4.2%	4.0%	3.4%	3.2%	3.0%	3.0%	
70	10.5%	7.3%	3.9%	3.7%	3.2%	3.0%	2.8%	2.8%	
80	9.2%	6.4%	3.4%	3.2%	2.8%	2.6%	2.5%	2.4%	
90	6.9%	4.8%	2.6%	2.4%	2.1%	2.0%	1.9%	1.8%	

Table 3 above illustrates the estimates of reliability for a range of derived percentage rates (p) and the corresponding (weighted) number of individuals (N) over which the rates are computed.

For example, 59.7% of individuals have access to mobile banking. This is derived from the total of 450,298 individuals which were eligible for the study. In such a case, if a precise calculation is undertaken, then the margin of error results in 3.0% when taking into account  $p=60$  in Table 3 above. Therefore, if this estimated value is considered, then the 95% confidence interval lies in the range of 56.7% to 62.7% (i.e.  $59.7\% \pm 3.0\%$ ).

One must take into account that the figures which are based on a relative margin of error of 30.0% or which are calculated on a small amount of reporting individuals have to be treated with caution. Such figures may not be statistically representative due to a large percentage of error and are shaded in Table 3 above.

### 3 - Payment habits

This section analyses the data collected from the survey participants and provides an insight on the payment habits of Maltese and foreign residents living in Malta. Questions in this section relate to the accessibility of different payment methods available in the local market and the general preference of the local population.

#### *Accessibility of payment methods alternative to cash*

The data indicates a high level of financial inclusion among the respondents, with 98.1% of all respondents indicated that they have access to a payment account, whilst only 1.9% indicated that they do not.

The respondents who have access to a payment account were also asked to indicate their access to payment instruments other than cash. Respondents were able to select more than one alternative payment method. The results show that there is a clear indication that digital and card-based payment methods are very accessible to the local population. In fact, a total of 74.4% of the respondents noted that they have access to a debit card, 58.6% of respondents have access to mobile banking while 51.9% have access to a credit card.

The cheque book resulted to be the least selected payment instrument by respondents, with only 34.9% having access to it. This might reflect the global shift towards more immediate and electronic forms of payment. It is interesting to note that, a small fraction amounting to 4.9% of respondents, claimed that they do not have access to any alternative payment instrument. A graphical illustration can be seen in Chart 1 below.

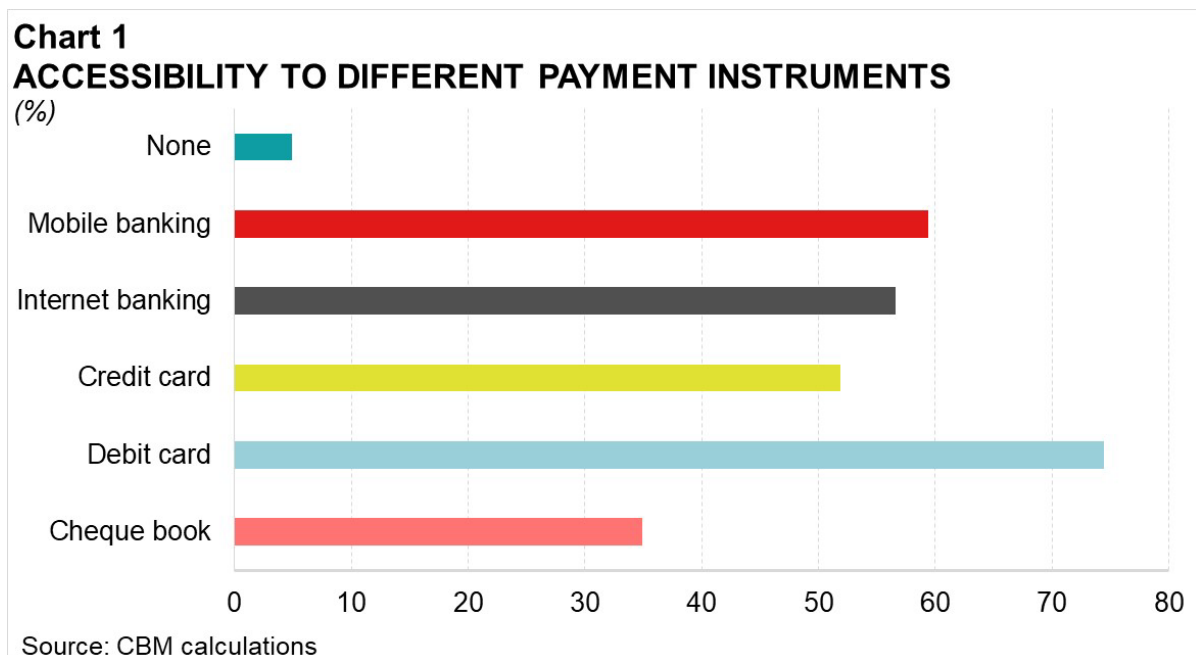
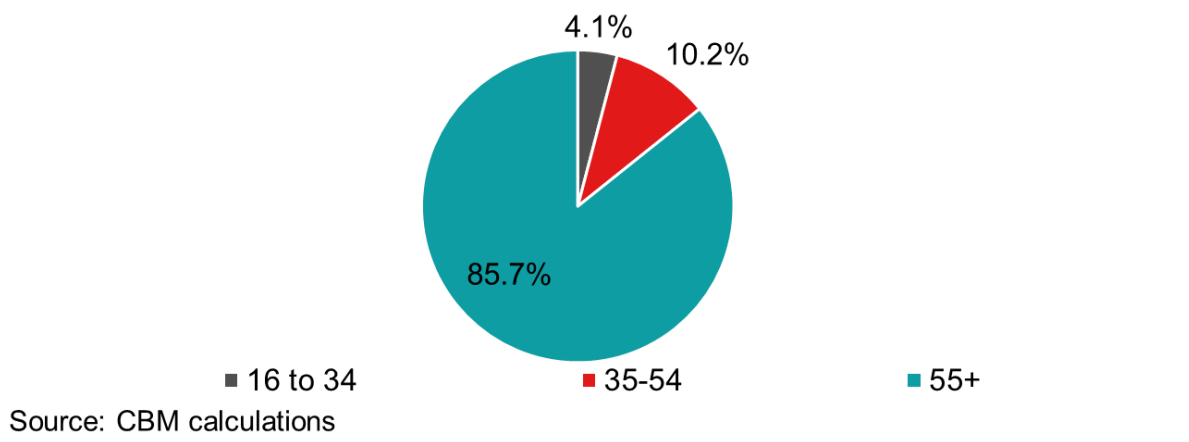


Chart 2 portrays results relating to respondents with no access to alternative payment instruments by different age groups. In fact, when assessing the responses, it can be noted that 85.7% of respondents who do not have access to alternative payment instruments are 55 years of age or older. This may indicate that such age cohort is more reluctant to adopt other means of payment. This could also indicate that modern payment solutions are perceived as less accessible to the older generation as one might require the use of a smartphone and/or some technological know-how.

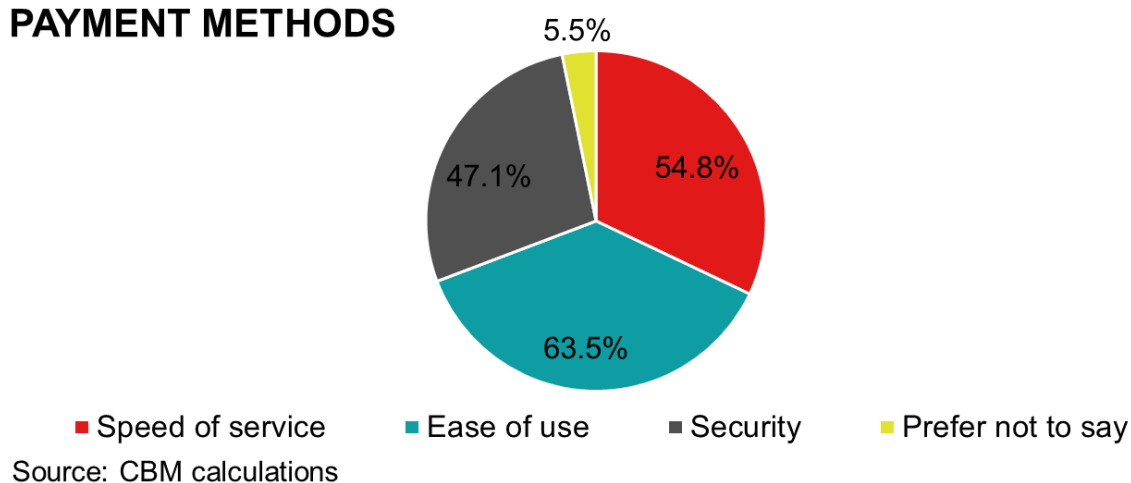
**Chart 2**  
**RESPONDENTS WITH NO ACCESS TO ALTERNATIVE PAYMENT INSTRUMENTS - BY AGE**



When asked what would encourage them to use alternative means of payment other than cash and cheques, the results highlight a significant preference for convenience, with 63.5% of respondents noting that ease of use is an important factor. Other factors chosen by respondents included speed of service (54.8%) and security (47.1%). Such results are depicted in Chart 3 below.

The results differ slightly from those of the survey published in 2020, where 70.0% of respondents felt that they did not have sufficient information to make an informed decision on whether to shift to an alternative payment instrument. To this effect, this may imply that today, alternative means of payment are becoming more accessible, and people have also become more accustomed to the benefits associated with alternative means of payment.

**Chart 3**  
**FACTORS WHICH ENCOURAGE USE OF ALTERNATIVE**  
**PAYMENT METHODS**



*Preferred payment method*

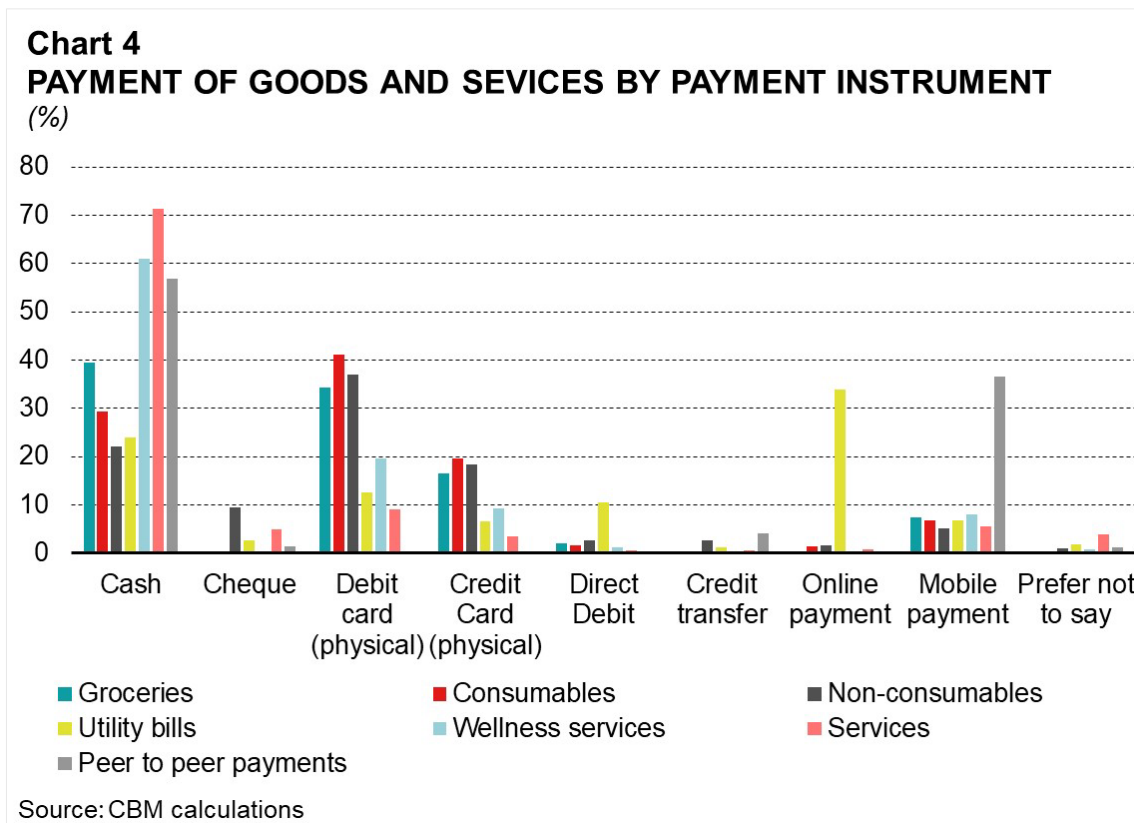
Respondents were required to choose their preferred payment method/s when making purchases for different categories of products and services. This approach allows for a comprehensive analysis of consumer behaviour, depicting trends and preferences towards payment methods used to pay for products and services. Respondents could select more than one payment method in their reply. Table 4 shows the different categories presented to the respondents.

<b>Table 4</b>	
<b>PRODUCT AND SERVICE CATEGORIES</b>	
<i>Category</i>	<i>Examples</i>
Groceries	Payments at grocers, supermarkets, butchers, fishmongers, bakeries, confectioneries etc.
Consumables	Payments for clothes, shoes, books etc.
Non-consumables	Payments for white goods, furniture, cars, electronics etc.
Utility bills	Payments for water, electricity, petrol, internet, television etc.
Wellness services	Payments to hairdressers, beauticians, gyms etc.
Services	Payments to plumbers, technicians, lawyers, etc.
Peer-to-peer payments	Private payments between individuals which are not connected to the purchase of goods or services.

Although the survey results show diverse payment preferences among consumers, cash is still considered the prevailing payment method for everyday transactions. This can be seen in Chart 4 below.

When considering payment instruments used for groceries, cash emerged as the most preferred payment method with 39.5% of respondents, suggesting a desire for quick and straightforward transactions without any complexities. However, paying for groceries by a physical debit card is still significant, which garnered a share of 34.2% of respondents.

When compared with the previous survey, 86.7% of respondents reported paying for groceries in cash. This may indicate that, whilst cash is still the preferred payment method for groceries, there is a shifting trend towards card payments.



On the other hand, consumable purchases have seen a slight preference for physical debit cards over cash, with 41.1% of respondents opting to pay with a physical debit card, whilst only 29.2% prefer to pay in cash. Similarly, for non-consumable purchases, the results reveal that the most popular payment method among respondents is a physical debit card at 36.9%, followed by cash at 22.2%. This indicates a strong consumer preference towards card payments despite the fact that the relevance of cash transactions has been maintained.

This is considered as a significant change from the results of the previous survey, where 69.1% and 46.0% of respondents reported that they use cash to pay for consumables and non-consumables respectively. This indicates that card payments have overtaken cash as the most preferred payment method for such categories of purchases.

With respect to utility bill payments, the results show that consumers are leaning more towards online methods, with 34.2% of respondents noted that they prefer to pay their bills online. This reflects the importance of efficiency and time-saving aspects of online transactions. However, a total of 23.9% of respondents still opt to pay for utility bills by cash given that some people tend to pay their bills at the post office, with the latter accepting only cash for utility bill payments. <sup>5</sup>

For the wellness and services categories, the most popular payment method is cash, with 61% and 71.4% respectively. It is interesting to note that, in the previous survey, 95.6% of respondents indicated that they pay for wellness services with cash. This preference could be due to the personal nature of these services, where cash payments might be seen as more direct and connected, or possibly due to the immediate nature of such payment method. Furthermore, it could be that such services are usually offered by self-employed professionals who have a tendency not to have a point-of-sale (POS) device which accepts payment cards. While traditionally, the need to keep the POS device connected to the internet and plugged into a power supply could have restricted this category from having a POS device and accepting card payments, thanks to the advancement in technology, POS providers now offer soft POS devices which can accept card payments through a smartphone using mobile data. These solutions may not have been in the market long enough for these service providers to become aware and make use of such services. To this effect, this may lead to an increase in card payment acceptance for such services in the near future.

Peer-to-peer payments show a strong inclination towards cash, with 56.8% of respondents indicated that they prefer to pay with cash. Furthermore, 36.5% of respondents indicated that they make use of mobile payments.

When considering cheques, it can be noted that the small percentage of respondents who prefer to pay by cheque, mostly use cheques to pay for non-consumables. In terms of the other service categories, only a very small percentage of respondents prefer to pay by cheque.

As can be seen from above, despite the marketing efforts by local market players to promote electronic payments, there are still certain categories for which cash is dominant. This could be the result of lack of alternative options available to consumers rather than purely based on consumer choice. For example, peer-to-peer payments showed a strong preference towards cash. This could be the result of a lack of local electronic solutions which allow customers to make payments instantly, irrespectively which institution they hold a payment account with. Current local mobile solutions only allow persons to make an instant peer-to-peer payment if both the payer and the payee have an account with the same institution. This could change in the future due to a European Regulation which mandates the implementation of instant payments by banks and financial institutions located in the European Union.

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<sup>5</sup> [Times of Malta Article - MaltaPost finally accepts card payments - but not for everything](#)

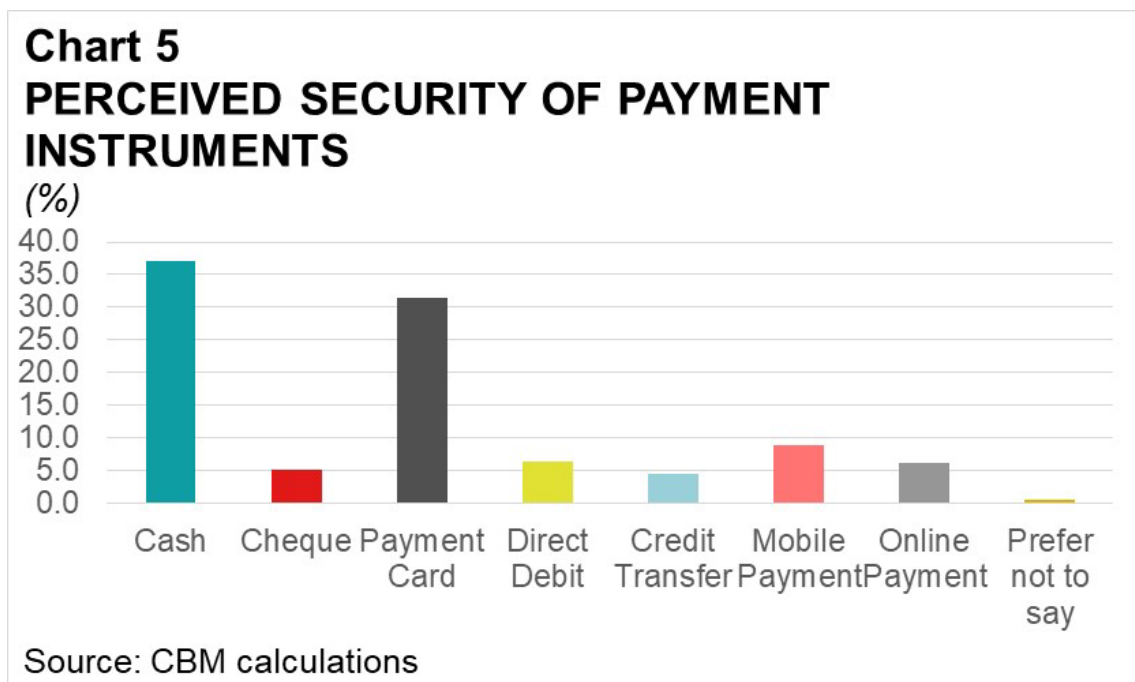


#### 4 – Payment characteristics

This section describes the perception of respondents on the attributes of different payment methods, such as security, acceptance, costs, and convenience.

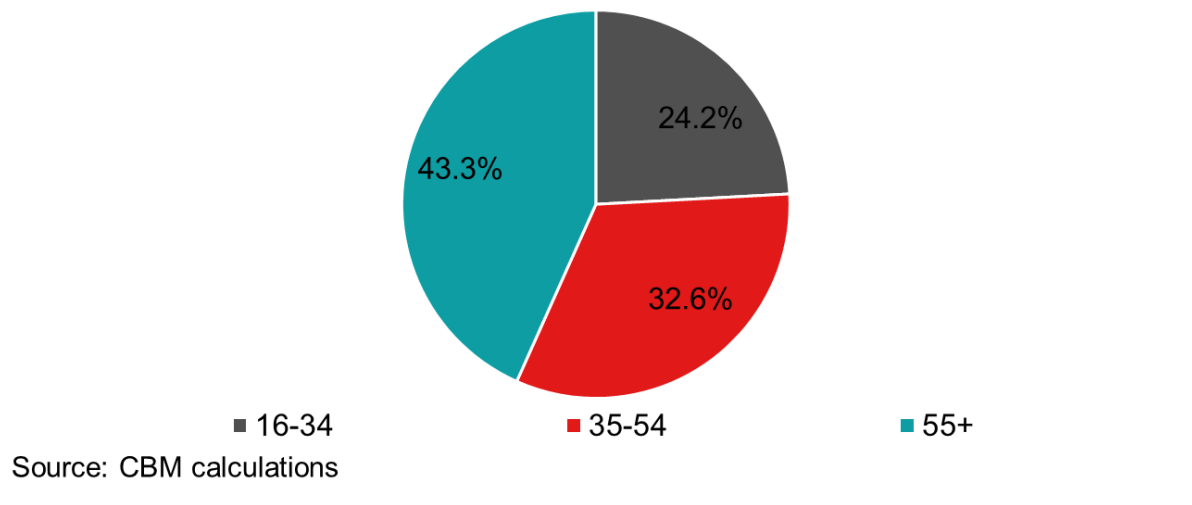
##### *Security of payment methods*

Results show that cash is perceived as the most secure payment instrument. However, the findings highlight a contrast in the perception of cash as a payment method with a clear generational divide. Chart 5 also indicates that payment cards are perceived by respondents as the second most secure payment instrument.



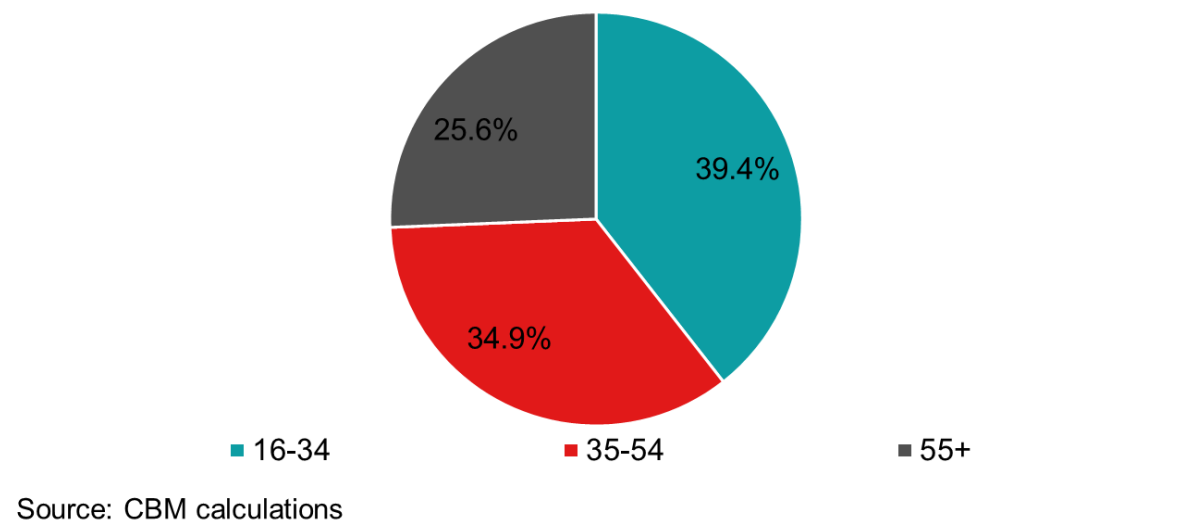
As can be seen in Chart 6, individuals over 55 years of age (43.3%) tend to view cash as the most secure form of payment method. This result could be attributed to the fact that the older generation are more familiar and comfortable with physical cash, while tending to be less proficient in using digital solutions which require some technological know-how.

**Chart 6**  
**RESPONDENTS WHICH PERCEIVE CASH AS THE MOST SECURE PAYMENT INSTRUMENT BY AGE**



Conversely, the younger demographic, aged between 16 and 34 years old, perceive cash as the least secure option (39.4%). This can be shown in Chart 7. This group of respondents may prioritize the convenience and traceability of digital transactions and an inclination to accommodate their financial needs through their smartphone.

**Chart 7**  
**RESPONDENTS WHICH PERCEIVE CASH AS THE LEAST SECURE PAYMENT INSTRUMENT BY AGE**

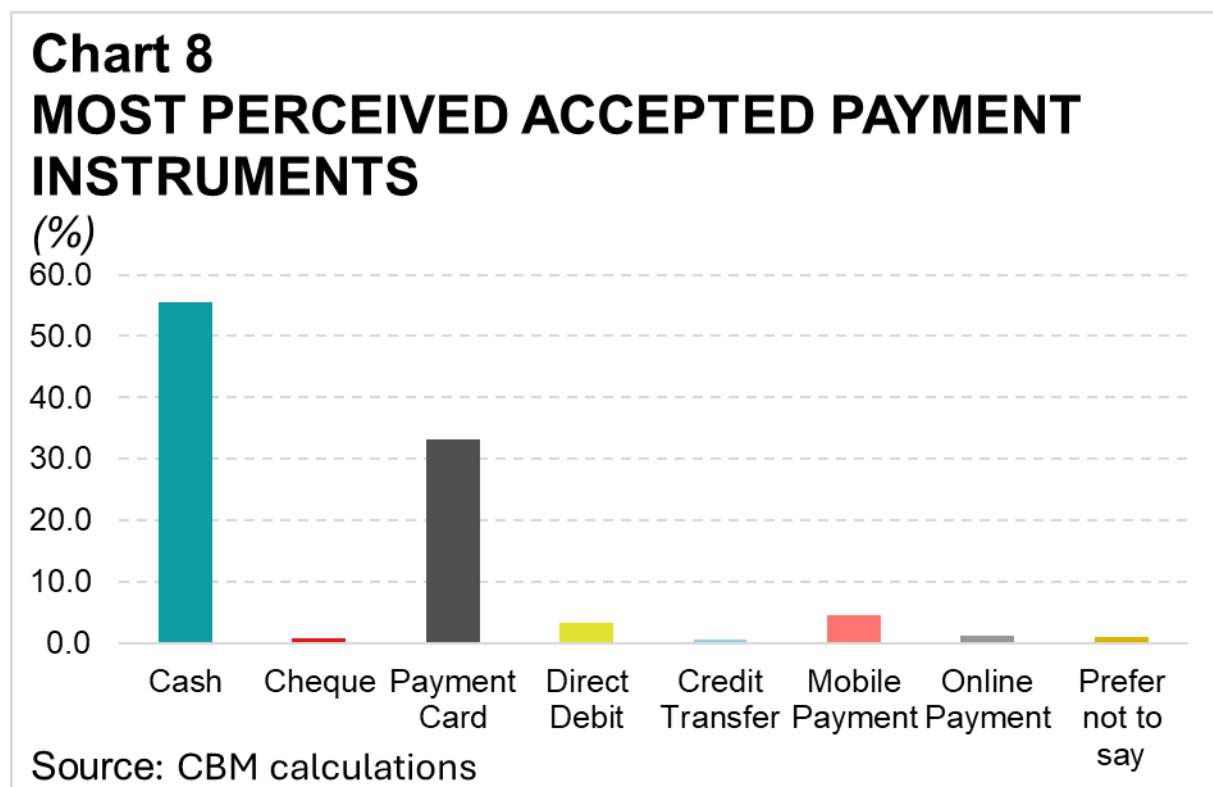


These insights show the importance of understanding demographic preferences in financial behaviour, which can influence the development of targeted financial products and services. As society progresses towards digitalization, the challenge lies in bridging these gaps in perceptions and ensuring financial security across all age groups. This also highlights the importance of education on different payment methods by emphasising the risks associated with physical cash while creating awareness of the modern techniques adopted by criminals to commit fraud such as in the case of social engineering.

### Acceptance of payment methods

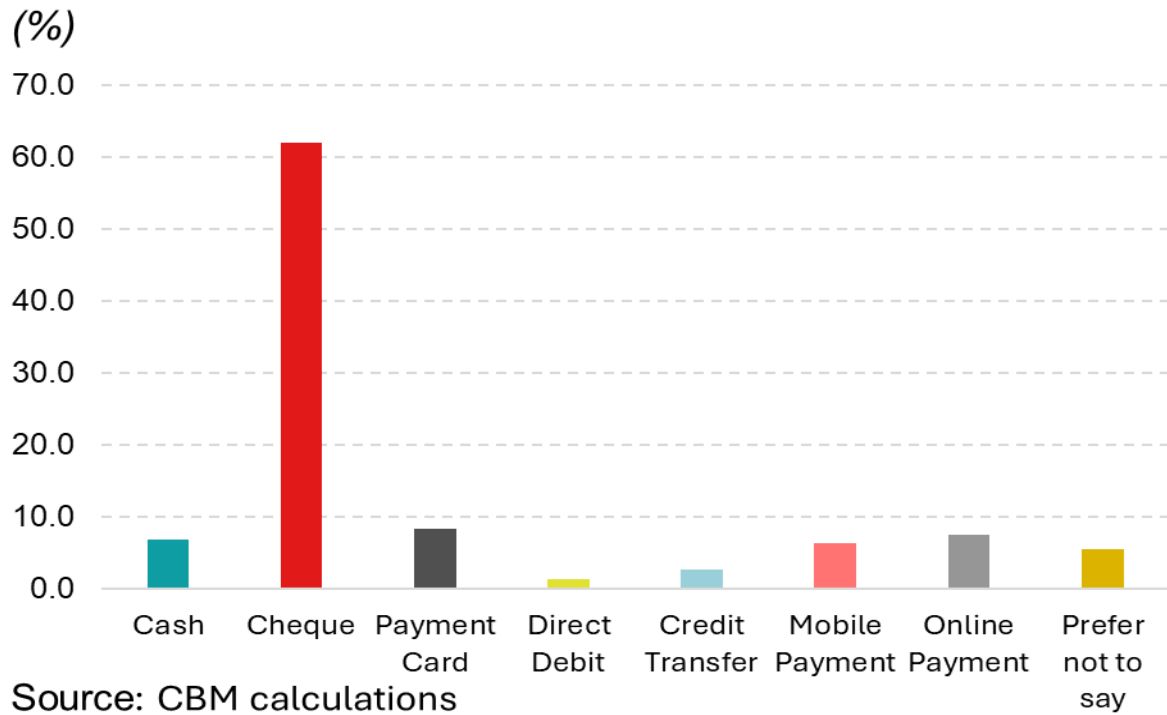
The survey results reflect a common trend in consumer perception of payment methods accepted by merchants. According to the respondents' perception, cash remains a widely accepted form of payment which could be due to its ease of use and instant settlement.

Payment cards, including both credit and debit cards, are also perceived as being widely accepted, which could be due to their convenience and the security features they offer. Other important considerations include immediate transfer of funds, easier reconciliation and eliminating the risk of having idle cash in the till stolen. This is shown in Chart 8 below.



On the other hand, Chart 9 indicates that cheques are the least accepted payment method by merchants. This could be attributed to delays in processing times, which can disrupt merchants' cash flows and accounting practices. Additionally, the risk of an invalid cheque is a financial burden on merchants. Therefore, many businesses might prefer more immediate and secure forms of payments, such as cash or payment cards.

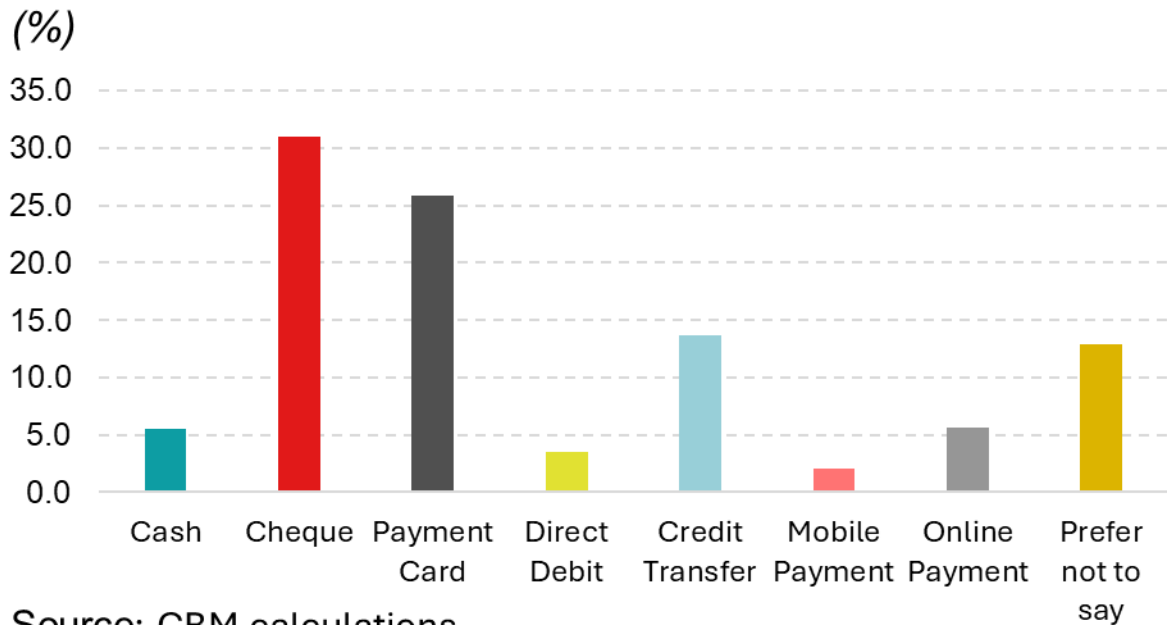
## Chart 9 LEAST PERCEIVED ACCEPTED PAYMENT INSTRUMENTS



### *Cost of payment methods*

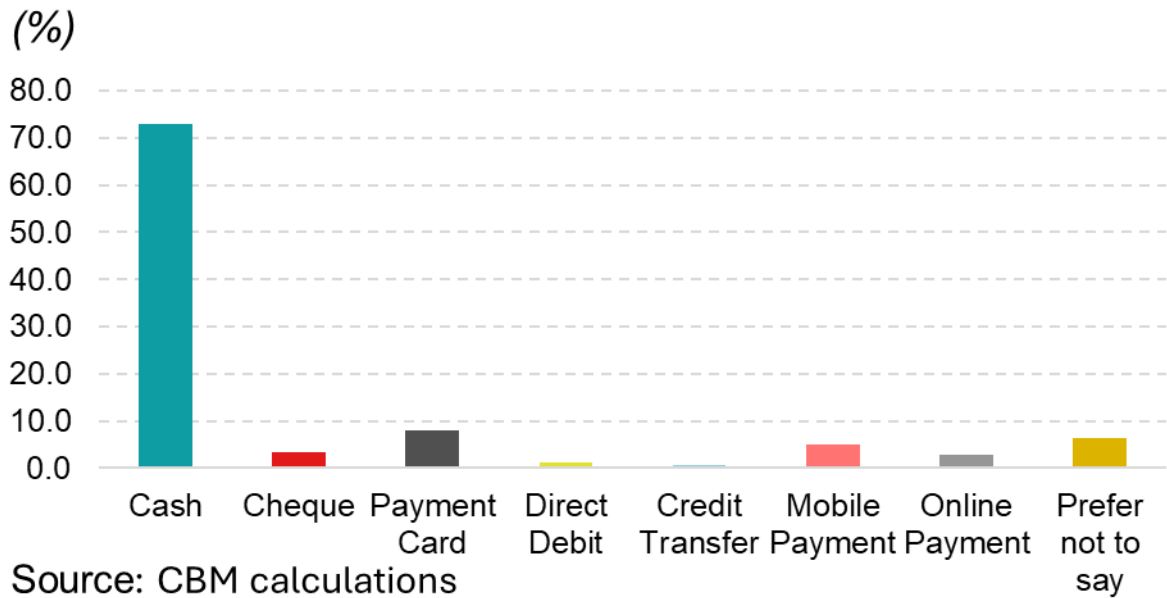
The analysis of respondents' perceptions on the cost of payment methods reveals that payment by cheque is perceived as the payment method which incurs the highest cost, closely followed by payment cards. Results are depicted in Chart 10. This result could reflect the recent practices being adopted by local banks to introduce charges on the issuance and encashment of cheques.

## Chart 10 MOST COSTLY PAYMENT INSTRUMENT AS PERCEIVED BY RESPONDENTS



On the contrary, Chart 11 depicts that cash payments seem to be the most economical option by respondents and was identified as the least costly payment method by 73.1% of the respondents. This perception aligns with the preference for cash as the most accepted payment method by merchants. The consistency between the cost-effectiveness and acceptance of cash suggests that despite the rise of digital payment solutions and the indirect costs incurred when using cash, traditional cash transactions still hold a significant preference for the majority of consumers.

## Chart 11 LEAST COSTLY PAYMENT INSTRUMENT AS PERCEIVED BY RESPONDENTS

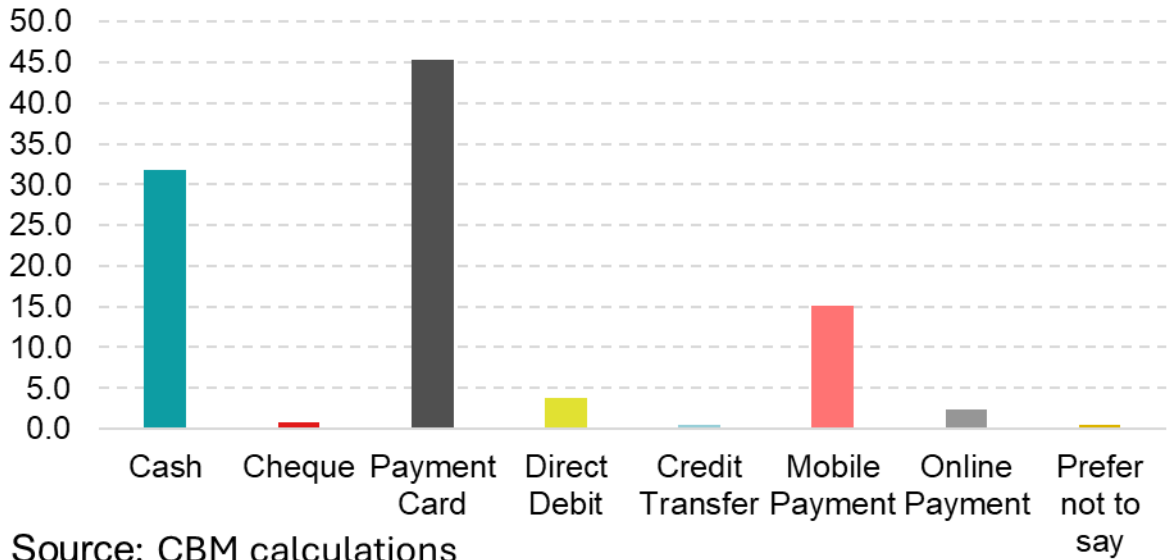


### *Convenience of payment methods*

Despite the fact that payment by card is perceived as the second-highest costly payment method, it is still deemed as the most convenient payment method by 45.4% of respondents. This can be shown in Chart 12. Such a result highlights the value consumers place on convenience over cost. This indicates that consumers prioritise ease of transaction and time-saving methods. Cash is perceived as the second most convenient payment method which could be due to its widespread acceptance.

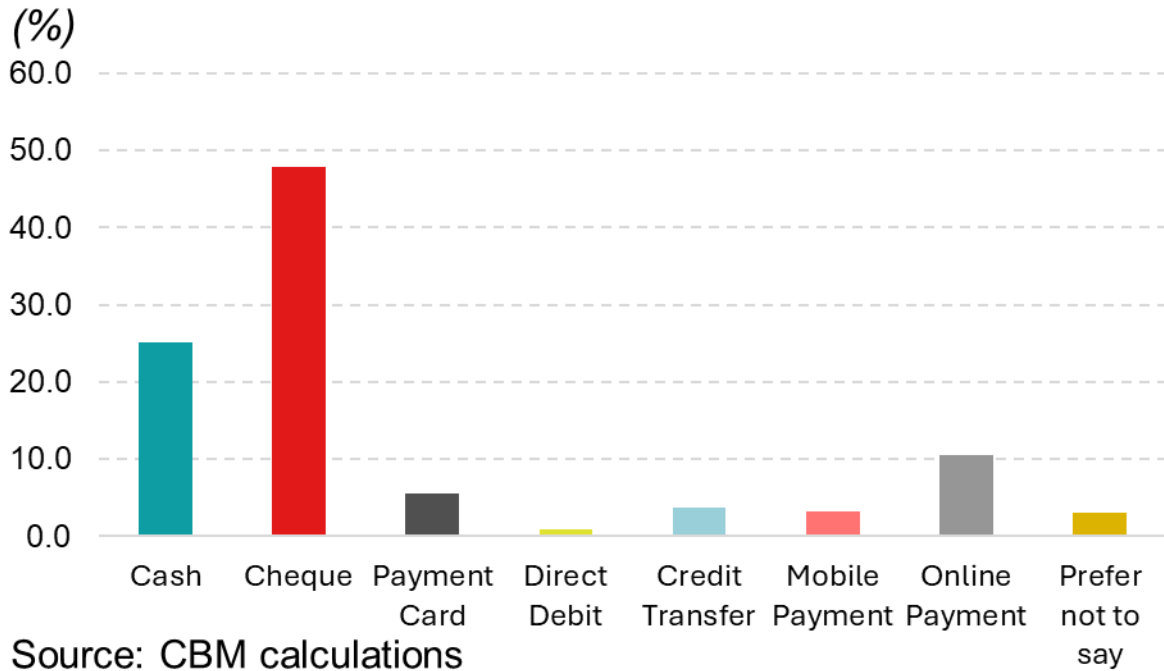
## Chart 12 MOST CONVENIENT PAYMENT INSTRUMENT AS PERCEIVED BY RESPONDENTS

(%)



Conversely, cheques are seen as the least convenient method of payment, aligning with their lower acceptance rates and perceived higher costs. This can be shown in Chart 13.

# Chart 13 LEAST CONVENIENT PAYMENT INSTRUMENT AS PERCEIVED BY RESPONDENTS





## 5 – New technology

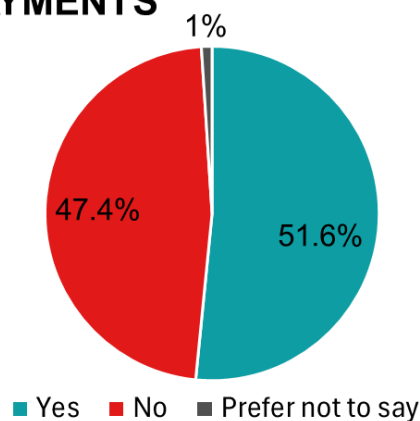
This section focuses on the impact of technological innovations on the local payments ecosystem. It analyses cashless means of payment, where respondents express their opinion on both the advantages and concerns of such payment methods. Furthermore, this section also delves into the awareness of individuals of fintech companies and digital assets.

### *Shift to electronic payments*

Technology in payments is rapidly evolving. Contactless payments, including tap-to-pay, have seen an increase in adoption, driven by the demand for safer and more convenient payment methods. The integration of Near Field Communication (NFC) technology plays a significant role in this growth by facilitating payments. Digital wallets are becoming increasingly dominant, accounting for a significant portion of online transactions and are expected to grow further. However, the transition to cashless methods also presents challenges, including the need for widespread technological literacy.

While the transition from cash to electronic payments is occurring at a rapid pace within the local payments landscape, the majority of respondents (51.6%) consider this transition as an issue of concern (Chart 14). This fear could stem from various factors, such as lack of technological know-how, financial literacy, reluctance to adapt or even lack of awareness of the rights that consumers have under various European legislations. For instance, 43.7% of this cohort are individuals aged 55 years or older. To this effect, such concern might be caused due to the potential unfamiliarity with digital payment systems or concerns about security.

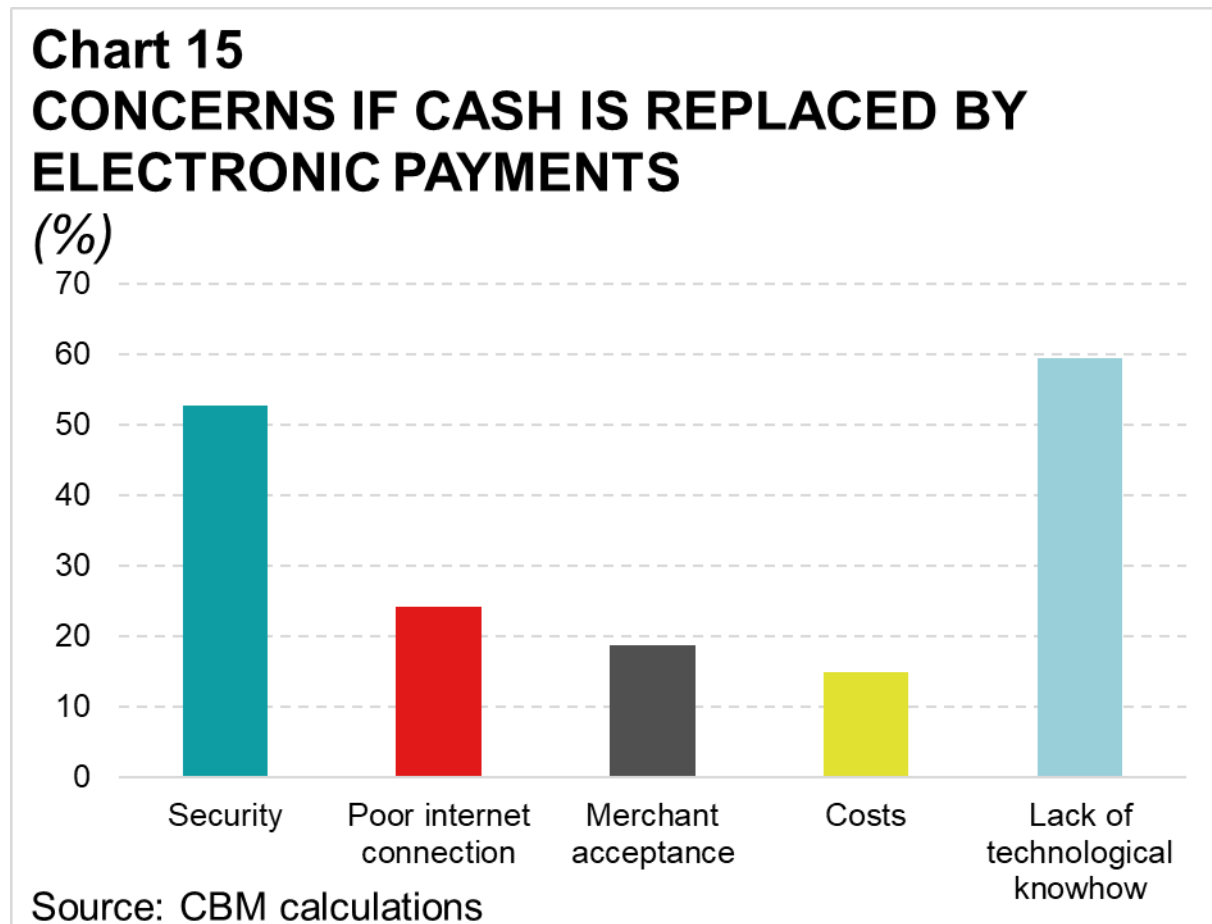
**Chart 14**  
**PERCENTAGE OF RESPONDENTS CONCERNED WITH SHIFT TO ELECTRONIC PAYMENTS**



Source: CBM calculations

Such a response highlights the importance of addressing the worries and needs of all age groups to ensure financial inclusion as society moves away from paper-based payment instruments towards electronic payments.

The above argument is further substantiated when assessing the replies of the respondents when asked to select their main concerns should cash be replaced by electronic payments which can be seen in Chart 15. The two primary issues are the lack of technological know-how and security concerns.



When compared with the results emanating from the previous survey, it seems that currently, respondents are more concerned about the lack of technological know-how, whereas in the previous survey, respondents were more concerned about the security aspect of electronic payments.

Such concerns are understandable, given that a shift to digital means of payment requires a certain level of digital literacy and trust in the security of these systems. Thus, it is essential for stakeholders in the financial sector to address these concerns by providing education on the use of electronic payment systems and ensuring that robust security measures are in place to protect users retain trust. This will not only lessen fears but also adopt a more inclusive transition to digital payments, ensuring that no one is left behind in this technological shift. All stakeholders involved, including the regulators and the institutions themselves, should make consumers aware of their rights and obligations when using an electronic payment method. In fact, from a regulatory perspective, there are several consumer rights which have been put into place to ensure trust in the payment eco-system.

As an example, with respect to direct debit transactions, in line with the European Payments Council SEPA Direct Debits Rulebook and the SEPA Regulation, service providers are obliged to inform the payer of the amount of the transaction and the date when the payment is due, by at least 14 days before the payment is debited from the payer's bank account. Furthermore, if there are any changes to the amount, date, or frequency of the payment, the service provider is obliged to inform the payer of such changes before the funds are debited. If for a particular reason, the payer wants to contest the transaction, for example the amount is higher than expected based on the payer's spending habits and terms and conditions, the payer has the right to request a refund for such transaction within 8 weeks. The payer's institution shall entertain such refund and provide it within 10 business days on a 'no questions asked' basis.

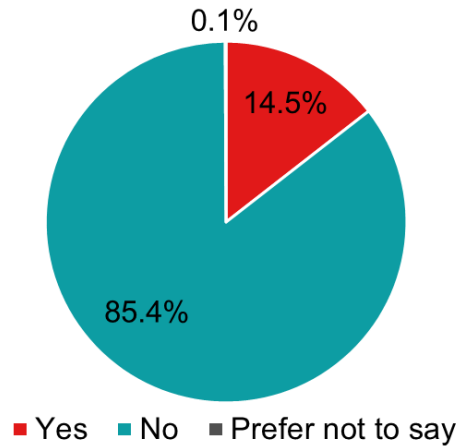
Furthermore, another example of customer rights emanates from the revised Payment Services Directive (PSD2). Such Directive states the rights and obligations of consumers with respect to unauthorised transactions. Customers have 13 months to report any transactions which were not authorised by themselves. In such cases, the customer's institution must refund the amount of the transaction by the end of the next business day after being notified of the unauthorised transaction.

### *Fraudulent scams*

One of the main concerns of respondents in the switch from cash to electronic means of payment, is security. The survey reveals that 14.5% of respondents have been a victim of fraud (Chart 16). Payment fraud refers to any illegal or unauthorised activities which exploits individuals to gain access to funds or financial information. Various types of fraud have emerged over time, such as phishing and skimming. However, during the last few years, impersonation fraud emerged as one of the most prevailing types of fraud in the payments market.

Impersonation fraud consists of schemes to deceive individuals to make payments or share information with fraudsters by posing as trustworthy individuals or entities. Such schemes usually commence through a phone call, text message or an email which appears to be from a legitimate company or individuals. Several tactics may be used in order to make the communication seem genuine, such as cloned websites which look nearly identical to legitimate websites and cloning of telephone numbers.

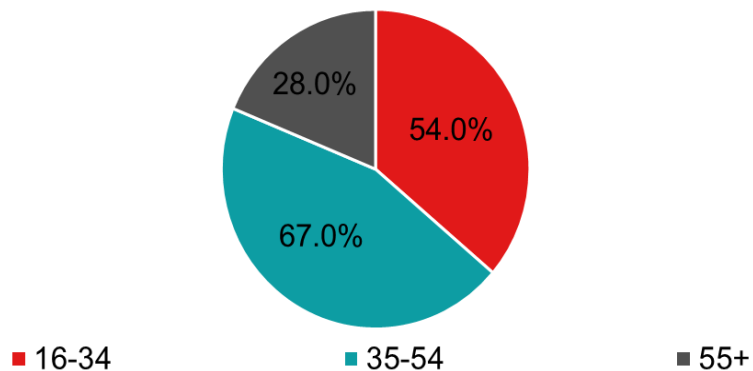
**Chart 16**  
**PERCENTAGE OF RESPONDENTS WHICH FELL VICTIM TO PAYMENT FRAUD**



Source: CBM calculations

Contrary to popular belief, it is not the older generation but rather the younger generation that report a higher occurrence of falling victim to such scams. This could be attributed to their predominant use of digital payment methods, which are frequently targeted by scammers.

**Chart 17**  
**PERCENTAGE OF RESPONDENTS WHICH FELL VICTIM TO PAYMENT FRAUD BY AGE GROUP**



Source: CBM calculations

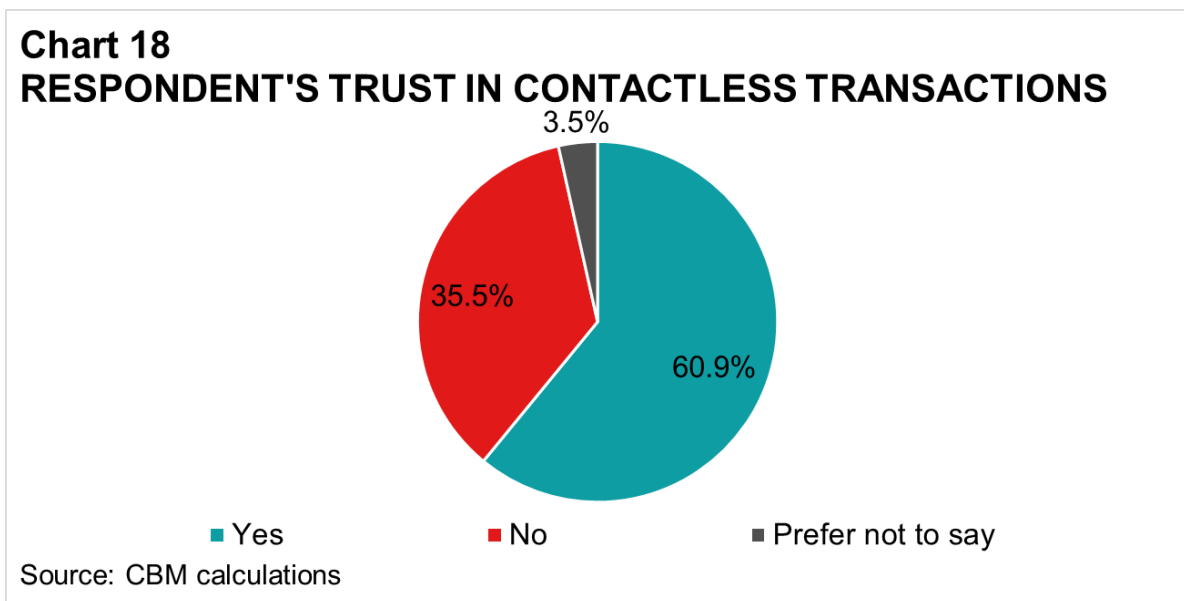
In fact, the results indicate that 43.0% of scams were affected via a payment card, which could be due to their widespread use. Online payments follow closely, with 37.0% of victims reporting scams through this channel. This highlights the need for increased caution and education around digital financial security, particularly for the younger generation who may be more exposed to such risks. Unfortunately,

such results also show that, whilst technology has brought about more convenience, it has also created opportunities which can be exploited by fraudsters.

### Contactless payments

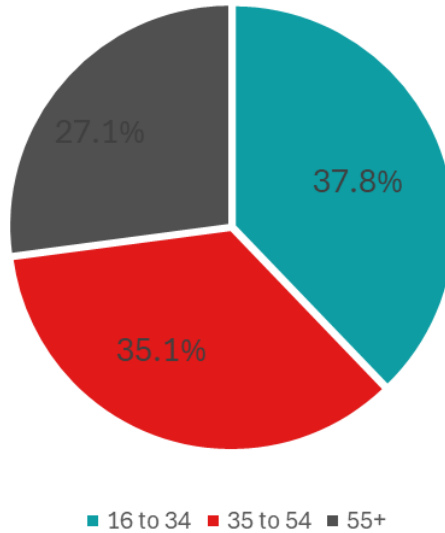
The survey results indicate a significant generational divide in perceptions of contactless card payment security.

With 60.9% of overall respondents affirming their trust in the safety of contactless transactions, it is evident that a majority hold a positive view on such card features. This is shown in Chart 18.



However, this confidence in contactless technology is not uniformly distributed across age groups. Younger individuals, particularly those between 16 to 34 years old, show the highest levels of confidence, suggesting a greater familiarity and comfort with digital payment technologies (Chart 19). Conversely, the 55+ demographic displays the most uncertainty, which may stem from a combination of factors such as the preference for traditional payment methods. This affirms the need that the older generation are still reluctant to move towards more convenient payment methods.

## Chart 19 RESPONDENT'S TRUST IN CONTACTLESS TRANSACTIONS BY AGE GROUP

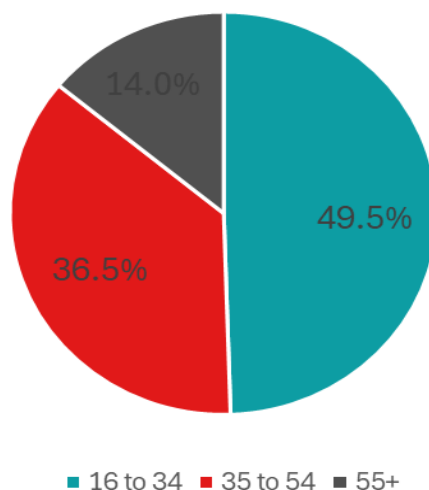


Source: CBM calculations

### *New technology*

The survey results reveal the older generation's reluctance to engage in digital banking which can be seen in Chart 20. Only 14.0% of respondents over 55 have used a fintech company. In contrast, 49.5% of those who have opened an account with a fintech firm are aged between 16 and 34. This suggests a significant generational divide in the adoption of financial technology, with younger individuals being more inclined to explore and make use of value-added services offered by these platforms.

## Chart 20 RESPONDENTS HAVING AN ACCOUNT WITH A FINTECH COMPANY



Source: CBM calculations

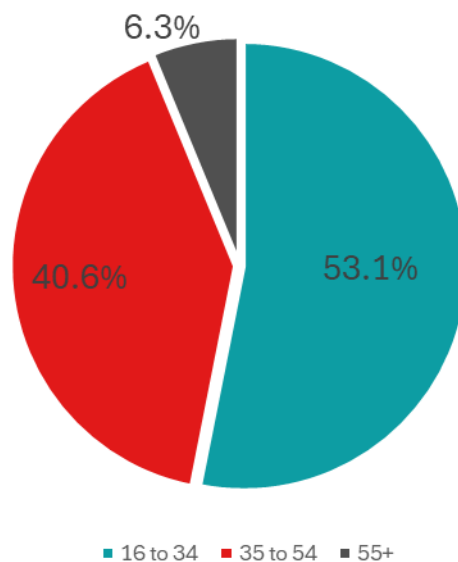
The growth in preference for fintech companies over traditional banks is increasing, creating a new trend in the payments landscape. The majority of respondents (65.7%) appreciate the simplicity of use offered by fintech institutions, while 63.1% value their efficiency. Furthermore, 41.4% of users recognize the superior digital services provided by these companies, including enhanced mobile and internet banking experiences. This shift reflects a broader trend toward digital solutions that emphasize user experience and accessibility, thus highlighting consumer preferences for managing their finances.

The survey indicates a strong preference for peer-to-peer (P2P) payments among users who make use of the fintech company's mobile application, with a significant percentage (85.5%) utilizing this feature. Such results suggest that the convenience and immediacy of P2P transactions are highly valued in Malta. Additionally, nearly half of the respondents frequently check their account balances and transaction history on the mobile application, highlighting the importance of accessibility to financial information.

Regarding ownership of digital assets, the survey results show a marginal share of respondents who own these assets such as Bitcoin and Ethereum, with only 6.7% of respondents. This indicates that, despite the growing sphere of cryptocurrencies, these are still yet to achieve wider adoption. The age range of digital asset owners indicates that younger individuals, particularly those between 16 to 34 years, are more inclined to invest in or use cryptocurrencies. This age bracket represents over half of the digital asset owners. Meanwhile, the 35 to 54 age group also shows a substantial representation, accounting for 40.6% of the digital asset's owners. The remaining 6.2% are individuals aged 55 and above. These figures, which are displayed in Chart 21, continue to show that the younger generation is more inclined to explore new financial services and could be less risk-averse than the older generation.

Another important factor to consider is that the use of digital assets normally requires some degree of technical know-how, which might not be too prevalent in the older generation.

## Chart 21 OWNERSHIP OF DIGITAL ASSETS BY AGE GROUP

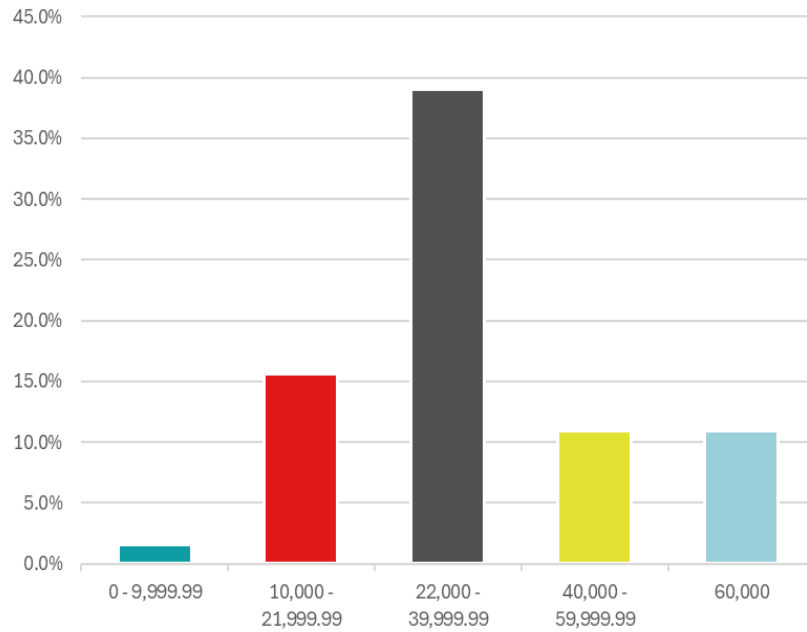


Source: CBM calculations

When respondents were asked to indicate the approximate amount invested in digital assets, the majority indicated a range from €0.01 to €1,000. This might denote that digital asset investment is accessible to a wide spectrum of people and potentially there is no need of having a high-income earner to invest in such assets. This is also visible in Chart 22 below. The low amount invested in digital assets could be due to a cautious approach to investment in digital assets, as these can be very volatile and unpredictable.



## Chart 22 RESPONDENTS WHO OWN DIGITAL ASSETS ACCORDING TO THEIR ANNUAL INCOME



Source: CBM calculations

## 6 – Conclusion

This study shows that, whilst the local population has become more receptive to electronic means of payment such as debit cards, cash still remains a strong contender in various categories.

Cash is still perceived as the most economical and least costly option amongst respondents. Furthermore, it can be noted that, cash is favoured by the older cohorts and is viewed as the most secure form of payment. In contrast to this, the younger generation perceive cash as the least secure payment instrument. Moreover, cash is perceived as the most widely accepted form of payment method due to its ease of use and instant settlement.

Despite cards being deemed as the second most expensive payment instrument, these were also deemed as the most convenient payment method amongst respondents. This could highlight that the consumers' behaviour is more inclined towards convenience rather than cost.

With respect to new technology, more than half of the respondents voiced their concerns if cash is completely replaced by electronic payments. This concern was mostly prevalent among the elder cohorts. The same cohort also expressed their uncertainty on the security of contactless payments. This could be due to lack of technical know-how, financial literacy and awareness of consumer rights under various European laws.

Security is one of the most concerning aspects of respondents if cash is replaced by electronic means of payment. Around 14.6% of respondents have experienced payment fraud at least once. Contrary to popular belief, younger cohorts have a greater tendency of falling victim to such scams.

Furthermore, the older generation seems to be more reluctant to engage in digital banking, where only 14.0% of respondents over the age of 55 make use of services offered by a fintech company.

## Way forward

This study provides relevant insights on the payment habits in Malta and a better understanding of the consumers' payment behaviour. The study also sheds light on consumers' perception towards different payment methods. Targeted educational campaigns on electronic means of payment are required by local service providers and the regulators. Service providers should step-up their efforts in increasing awareness among their customers about new fraud trends and patterns which are prevalent in the market. Given that nobody is excluded from the threat of such scams, information campaigns should be made available on different communication channels in order to reach the widest possible audience.

This study also showed that consumers sometimes opt for traditional means of payment due to lack of available options. The amended SEPA Regulation which mandates the sending and receiving of instant payments by European banks and financial institutions and which became applicable in 2025 should help in this regard. This will allow consumers to send and receive payments instantly using their payment account without the limitation that both the payer and payee must have their account with the same service provider. The availability of different payment solutions would ensure that the customer can pay with the payment instrument of his/her choice. More competition in the payments space also drives innovation and lowers the cost of usage/acceptance which in turn will benefit the consumer.

As a concluding remark, one of most important considerations highlighted in this study is security. Service providers should ensure that innovative payment solutions are equipped with strong security features, conduct transaction monitoring and provide adequate support to consumers in cases of fraud. This is also an important consideration from the side of policymakers who are responsible to implement laws which provide strong consumer protection which ensure that the trust of the general public in the local and European payments ecosystem is retained.