



# Me, my life, my wallet

## Cyprus Report



**KPMG International  
Global Customer Insights**  
*Third edition*

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# Republic of Cyprus

## The best of both worlds



## Cyprus is on the verge of shifting to digital-first payments, but customer trust remains key

The pandemic has accelerated the global transition to digital payments, and Cyprus is no exception. Cypriots are increasingly choosing digital payment methods over cash and expect, or even demand, an enhanced digital experience.

At the same time, consumers in Cyprus are still reluctant to trade their personal data in exchange for a better product or service, although they express high levels of trust in technology, banking and retail. Cypriot businesses need to balance these conflicting trends and customer needs to offer the best of both worlds – an exceptional customer experience that protects personal data.

**“**Local companies need to respond to this ever-changing business landscape by embedding digital payments in their offering; however, in order to succeed, they should double down on data protection and security. **”**

**Antonis Bargilly**

Board member,  
KPMG in the Republic of Cyprus

## Cash no longer king

Our research shows there has been a drastic decrease in customers' preference for using cash to make their purchases, with only 43 percent of respondents now choosing cash as one of their first three payment methods of choice, compared to 69 percent in the period before the pandemic. In addition, the percentage of consumers who choose digital payment methods such as direct debits and electronic transfers increased significantly following March 2020, reaching 57 percent and 24 percent respectively, compared to 46 percent and 16 percent in the period leading up to the pandemic.

While the pandemic and the social restrictions that came with it have made digital payments a necessity, they can also be used as an effective tool to transform customer experience and offer a unique and competitive value proposition. Mobile app payments attract more customers, especially young people, while at the same time creating a better and more enjoyable experience.

Combined with next-generation loyalty programs, digital payments can help businesses gain a better understanding of their customers' needs and purchasing habits, enabling them to offer products and services that match their customers' preferences. This in turn leads to greater customer loyalty.

## Integrity is everything

However, there is still a way to go for Cypriots to embrace the use of their personal data for the sake of improved customer experience, with 30 percent of respondents saying they would not even consider trading their personal data, and 18 percent only willing to trade their data for better security. Similarly, as indicated by more than 55 percent of respondents, data protection emerges as the main customer expectation, followed by making transactions easier (around 25 percent of respondents).

Participants also ranked the pillars of Resolution and Integrity as the most important attributes of a customer service offering, with rates exceeding 55 percent and 39 percent respectively. Cypriot consumers value these more than Empathy and Personalization; thus, any value proposition that aims to earn their loyalty should maintain a strong focus on them.

**30%**

of respondents said they would not even consider trading their personal data.

**18%**

of consumers are only willing to trade their data for better security.

**55%**

of consumers indicated that data protection is their main customer expectation.

**43%**

of consumers now choose cash as one of their first three payment methods of choice, compared to 69 percent in the period before the pandemic.

**55%**

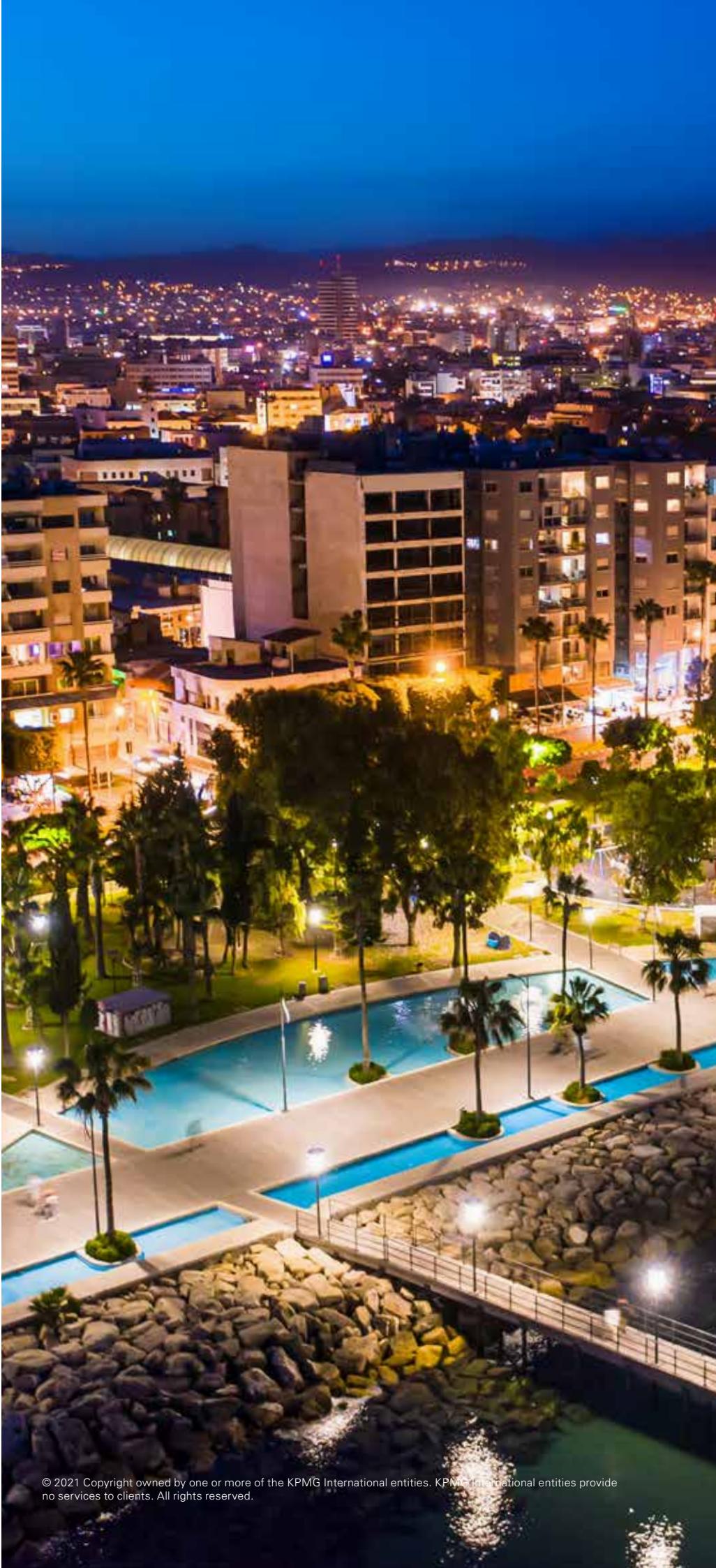
of consumers consider resolution as the most important attributes of a customer service offering.

## Moving forward

It is clear that to earn customers' trust and ultimately their loyalty, organizations need to instill integrity into every interaction and set professional and ethical behavior as the cornerstone of their customer strategy. It is also vitally important that the introduction of digital payments, combined with an attractive loyalty program, is always coupled with consistent internal processes and transparent communication with customers.

This all goes to show that while Cypriots are shifting their purchasing and payment behavior towards digital channels, their attitude towards data use, protection and security points to a more traditional, reluctant customer base that needs to be convinced and supported to make the leap to the cashless economy.

The challenge facing Cypriot businesses now is how to address these competing concerns to capitalize on recent shifts in attitude, as the country moves forward beyond the pandemic.



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# Get in touch

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