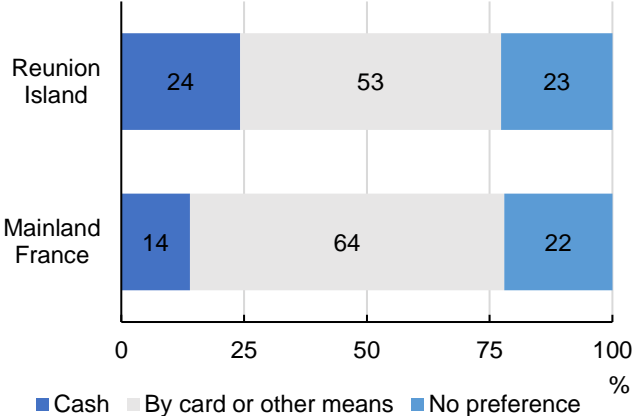


Payment habits on Reunion Island are aligning with those in mainland France

By Nicolas GOBALRAJA and David PERRAIN

A ground-breaking survey confirms that the people of Reunion Island are more attached to using cash than their counterparts in mainland France. But it also reveals that for everyday point-of-sale transactions, the payment habits of Reunion Islanders and those living in mainland France are now very similar, as the use of electronic payments has increased on the island.

Chart 1: Preferences regarding means of payment in 2022



Source: SPACE-R survey, IEDOM

Note: 53% of Reunion Islanders prefer non-cash payment alternatives

According to a ground-breaking survey, Reunion Islanders are more attached to using cash than their counterparts in mainland France

IEDOM (the French overseas departments’ note-issuing bank) is conducting a ground-breaking survey on the means of payment used among a representative sample of individuals aged 18 and over living in French overseas departments (excluding Mayotte). The survey was first conducted on Reunion Island in 2022 and continued in Martinique, Guadeloupe and French Guiana in 2023. It builds on the European SPACE survey (Study on the Payment Attitudes of Consumers in the Euro area).

Initial findings reveal a stronger preference for cash among Reunion Islanders. A quarter of those surveyed stated a preference for cash (notes and coins) when paying for purchases at the point of sale, compared with 14% in mainland France in 2022. Conversely, the proportion of Reunion Islanders who prefer to use bankcards is lower than in mainland France (53% versus 64%, respectively) (Chart 1).

This preference is based on the recognised qualities of banknotes and coins. Cash is appreciated for its practicality (speed and ease of use) by over half of those Reunion Islanders who state that they prefer it. Four out of 10 people surveyed also believe they have a clearer overview of their expenditure when using cash. Cash is accepted in more situations (for 20% of respondents) and guarantees the anonymous nature of transactions (for 17% of those surveyed).

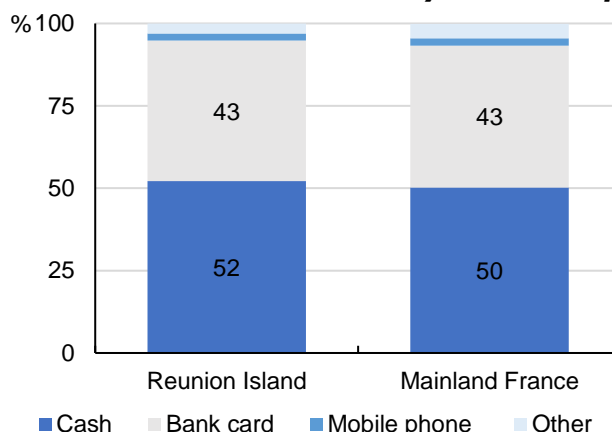
Reunion Islanders also value cash for its accessibility. 87% of those surveyed consider access to an Automated teller machine (ATM) or bank counter to be easy or very easy, a level of satisfaction that is very close to that encountered at national level and throughout the euro area (i.e. 92% and 89%, respectively). ATMs are the main source of cash for people: 55% of Reunion Islanders say they get their cash from an ATM, however, this proportion is much higher in mainland France (78%). In Reunion Island, cash comes from a wider range of sources, including withdrawals at bank branches (16% of banknotes held in Reunion Island, compared with 9% in mainland France), or from cash kept at home (16% locally, compared with 3% in mainland France). Hoarding, consisting of accumulating cash at home or in safes, appears to be more pronounced on the island.

But there is comparable use of bankcards for in-store payments

Based on this preference for cash, we might also expect a higher proportion of cash in transactions, however, the SPACE-R survey covers this point for the first time: for everyday POS transactions, people from Reunion Island and mainland France actually have similar payment habits. 52% of payments by Reunion Islanders for everyday POS transactions are made in cash, a proportion that is now similar (50%) to that of people living in mainland France ([Perrain and Gobalraja, 2023a](#)) (Chart 2). Card payments rank second (and first in terms of value), accounting for 43% of transactions, the same as in France (excluding the overseas departments). Mobile payment apps account for 2% of transactions while other means of payment (cheques, credit transfers, meal vouchers, other, etc.) are used for 3% of purchases on Reunion Island, compared with 2% and just under 5% respectively, in mainland France (excluding the overseas departments).

Moreover, 4% of Reunion Islanders claim to own crypto assets, compared with 3% in mainland France and an average of 4% in euro area countries ([ECB, 2022](#)). 40% of those holding crypto assets use them as a means of payment, a similar proportion to that in mainland France (37%).

Chart 2: Breakdown of POS transactions by means of payment in 2022



Source: SPACE-R survey, IEDOM; SPACE survey, Banque de France

Note: 52% of day-to-day transactions were paid for in cash on Reunion Island in 2022; other means of payment: cheques, credit transfers, meal vouchers, etc.

Electronic payments are making rapid progress on Reunion Island

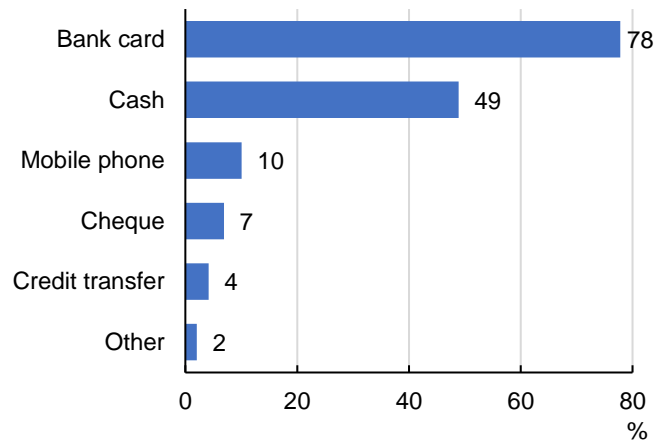
This convergence in payment practices is partly attributable to the steady increase in the number of bankcards in Reunion Island. In 2022, there were 1.03 bankcards for every Reunion Islander (up from 0.31 in 2000), which is close to the national French average (1.15). The Covid-19 health crisis has also accelerated this trend (an additional 100,000 cards were issued between 2019 and 2022). Nearly two out of ten Reunion Islanders stated that they changed their payment habits during the pandemic. The number of Reunion Islanders who adopted alternatives to cash (bankcards, etc.) was three times greater than those who reverted to cash (12% and 4% respectively).

This convergence is also attributable to the similarity of the socio-demographic profiles of the two regions. Based on logistic regression ([Perrain and Gobalraja, 2023b](#)), level of education is the major determinant of preference for and use of cash among Reunion Islanders: the higher the level of education, the lower the preference for and use of cash. However, the level of education of Reunion's population is increasing with each generation. 67% of the island's native population aged 55 to 64 had no qualifications in 2017, compared with 24% of those aged 25 to 34.

Reunion Islanders have access to all the payment methods available in an economy with a modern banking sector. Electronic means of payment other than bankcards, such as mobile phone applications, are now well established and should be used more and more in the future: 10% of people surveyed would like to use their phone as a means of payment in the future (Chart 3), whereas phones were only used for 2% of transactions in 2022. The penetration of mobile phones is likely to increase as this means of payment is more popular with younger people: 14% of students state that they use a mobile app to pay for transactions. One person in five of those questioned has already heard about the digital euro project, despite the newness of this initiative. One-third of those surveyed would be prepared to use the digital euro for their everyday transactions.

That said, the use of cash is likely to remain substantial: almost half of Reunion Islanders surveyed stated a wish to continue using it for their everyday payments in the future.

Chart 3: Means of payment in the future on Reunion Island in 2022



Source: SPACE-R survey, IEDOM

Note: 49% of people surveyed stated a wish to use cash for everyday payments over the coming months and years