

New Qonto analysis reveals a rise of digital payments, phone wallets and AI usage among European SMEs

[Paris] 20th June 2024 - Qonto, the leading European business finance solution for SMEs, today unveils its third report focusing on its 500,000 business customers' spending and payment habits across its French, German, Italian and Spanish markets.

The study explores the shifting landscape of payment methods, highlighting a pronounced move towards virtual cards and online transactions despite offline payments still dominating overall volume. It also reveals a significant increase in investments in AI technologies and a revival of business travel, painting a picture of a rapidly advancing landscape where technology and mobility converge to drive European business growth.

SMEs pay offline more often, but online payments are growing faster

Qonto's data shows that the shift towards online transactions among SMEs is evident across multiple European markets, reflecting a broader digital transformation in business operations. Although offline card payments continue to account for two-thirds of transactions, there is a clear movement towards more online payments. Online payments require entering or transmitting payment information, such as credit card numbers, over the internet to process the transaction.

This is particularly clear when comparing YoY growth, with online payments increasing by 6% globally, against offline payments which decreased by 3% YoY.

The use of virtual cards is accelerating

The report highlighted that whilst European physical card payments account for 91% of transactions, the use of virtual cards is on the rise. This trend is particularly pronounced in Spain, where over a third of SME transactions are conducted with virtual cards, making it the leader among European nations in adopting this technology. In contrast, virtual card usage in France remains relatively low at 8%, although there is an emerging acceptance as evidenced by an 11% YoY increase in spending per virtual card transaction. Germany's adoption rate stands at 11%, showing moderate usage that still lags behind Spain but exceeds France. Meanwhile, Italy, despite predominantly using physical cards, is seeing a rapid acceleration in virtual card spending, growing at a rate four times faster than that of physical cards (35% vs 8%).

Virtual payments increase thanks to digital wallets usage

Wallets like Apple Pay and Google Pay using both physical and physical cards allow card users to make virtual payments in-store and online. This occurs when a user pays with any card via a mobile payment platform, better known as a digital wallet, electronic wallet, or e-wallet. Qonto customers can add their physical and virtual cards to two such e-wallets: Apple Pay and Google Pay. Even if the card is a physical one, these are considered virtual payments.

The analysis revealed that on a broader scale, traditional in-store physical card payments have declined by 13% across all markets, indicating a significant pivot towards virtual alternatives. Among Qonto customers, Apple Pay leads the digital wallet usage, capturing 86% of all transactions, although Google Pay is also expanding rapidly, with a 75% increase in usage compared to Apple Pay's 56% growth.

EU SMEs spend most often on food & groceries, followed by transportation and marketing investments

According to Qonto's customer data, European SMEs demonstrate diverse spending behaviours and priorities. Payroll dominates as the largest single expense across Europe, substantially constituting about a third of total SME spending. However, food and beverages represent a major part of SME expenditures, making up one in five of all payments.

In France, the food and beverage sector sees frequent transactions, albeit with a moderate increase in spending at 3.5%, which is below the EU average. Meanwhile, sectors like transport and marketing, though less frequent, see higher average spending. In contrast, German SMEs prioritise marketing over food and groceries, potentially reflecting strategic business investments that are on top of SMEs' minds. Spain stands out with the highest real increase in food and beverage spending at 5.9%, indicating substantial transaction volumes. Despite facing a high food inflation rate of 4.9%, Italian SMEs continue to frequently spend on food and beverages.

European SMEs significantly increased their usage of AI since 2023 - in a market dominated by OpenAI, by far

Taking into account 5 of the biggest AI providers used in Europe (namely OpenAI, Midjourney, Mistral, Elevenlabs and Scaleway), the study highlighted that the adoption of AI tools among SMEs in Europe have seen a remarkable increase from just under 1% in Q1 2023 to 8% by Q1 2024, illustrating a growing interest in AI within European businesses.

The dominance of OpenAI in the AI provider market is notable, capturing an 80% market share among Qonto customers, significantly up from last year's 60%. This suggests a dominant market preference towards major providers, even as the overall number of AI subscriptions increases.

Germany leads this trend with the most dramatic growth, where AI usage among Qonto customers skyrocketed from 0.5% in Q1 2023 to 13% YoY. Spanish SMEs follow, with their AI adoption increasing by 9% YoY, reaching nearly 10%. France is not far behind, seeing its AI usage jump to nearly 8%. Italy, although starting from a lower baseline, also showed significant growth, with AI adoption jumping from 0.2% to 4% YoY. This diverse uptake across these European markets highlights a widespread and growing integration of AI within European SMEs.

Despite a dominance from rail travel, plane is catching up on the trend in 2024

When comparing the distribution between train and plane tickets transactions, the data shows that rail travel was favoured 70% of the time in Q1 2024. However, plane bookings saw a

stronger increase YoY compared to train ones (55% vs 41%), suggesting that air travel is starting to attract more customers again as business trips get back to pre-Covid levels. In France, while train travel still dominates at 72%, plane ticket purchases are growing faster, at a rate of 48% YoY compared to 33% for trains. Similarly, in Germany, train bookings strongly dominate, yet air travel is experiencing stronger growth. In contrast, in Spain train bookings grew more than plane bookings YoY, despite a relatively balanced split, with plane tickets making up more than 46% of bookings. Conversely, in Italy, train bookings grew twice as much as plane bookings YoY (50% vs 24%), despite an almost equal distribution between the two transportation modes in Q1 2024. This diverse landscape represents a dynamic shift in travel preferences among European SMEs, influenced by broader trends in work and leisure.

"At Qonto, understanding the needs of European SMEs to continuously adapt and provide them with the best support is our top priority," states Philippine Rougevin-Baville, Managing Director at Qonto. "The results of our third Spending Habits Report show that European SMEs are increasingly embracing digital solutions, such as AI and virtual payments. For us, this confirms that when companies have access to useful digital tools, they do not hesitate to maximise their usage, including in the most traditional industries."

About Qonto

Qonto is the leading European business finance solution with over 500,000 customers. The company makes day-to-day banking easier for SMEs and freelancers by offering an online business account combined with finance tools, such as invoicing, bookkeeping, and spend management. Founded in 2016 by Alexandre Prot and Steve Anavi, Qonto now operates in 4 European markets (France, Germany, Italy, and Spain), and employs more than 1,600 people. Since its creation, Qonto has raised €622 million from well-established investors. With its innovative product, highly reactive 24/7 customer support, and clear pricing, Qonto has become a European leader.

More information on [Qonto.com](https://qonto.com)

Methodology

This Qonto data study was conducted between January 2023 and March 2024, among more than 500,000 Small and Medium-sized Enterprises (SMEs, companies with up to 250 employees) and freelancers in Germany, Spain, France, and Italy. The classification of sectors is based on [Eurostat NACE Classification values](#).

The data analysis examines the average number of card transactions per company, as well as the average amounts spent per transaction, taking into account card payments and transfers.