

Banking Automation **BULLETIN**



The business case for cash substitution

Signs of maturity in cardholding

Users finally speak up on SEPA and SDD

Payment cards market booms in China

Impact of direct charging on Australian ATM usage

Country profile: France



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Cardholding, usage and average spend

The early findings from RBR's new western Europe payments cards research (see article on page 5) display contrasting trends in the levels of cardholding, average usage and average spend.

An examination of the 'big five' markets shows that annual growth in cardholding in four of them – France, Germany, the UK and to a lesser extent Spain – has slowed. Only Italy, which starts from a much lower penetration level, has maintained the high growth rates from the last decade.

Looking at the total number of cards in issue, and the mix of different types of card, a picture of cardholding that has been stable for several years emerges. This is not to say that all markets are the same – credit and charge cardholding in particular, varies widely by country – but the number and mix of cards in most markets in the region is changing only slowly.

In countries where growth in the number of cards has slowed, the number of payments per card is typically rising at a faster rate. This increased usage is partly structural, with rising GDP and an increasing number of card acceptance points, and partly behavioural, with consumers and businesses using cards for payments that would in the past have been made by cash, or in some cases cheque.

This latter influence explains the third observation highlighted in the article, namely a fall in the average transaction value. Cardholders have historically used cards for higher value payments. This particularly applies to credit cards, but also to debit cards. While inflation puts upwards pressure on spending, the overall trend for average transaction values is downwards, as customers are increasingly using cards for lower value purchases.

Understanding the interrelationship between these three measures – cardholding, average usage and average spend – provides valuable insights into the level of maturity and likely evolution of individual cards markets. Banks and others involved in the payment card industry can use the learnings from more developed markets to guide strategies and investment elsewhere.

Dominic Hirsch, Editor

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