

Banking Automation **BULLETIN**



33 billion western European card purchases in 2008

Belarus promotes domestic payment card scheme

Significant growth in cashless payments forecast in Europe

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Halt of UK overdraft fee investigation causes dismay

**Country profile:
Greece**



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Western Europe's payment card decade

The publication of RBR's latest western Europe payment cards research (see page 2) provides a good opportunity to look back over the past decade and examine how the card sector has evolved.

The number of payment cards in the region increased from 451 million to 866 million between 1998 and 2008 – a notable, but not spectacular average growth of 6.7% per year. More impressive is the 11% average annual increase in the number of purchases, reaching 33 billion by end-2008, and the average increase in spending of almost 11%, rising to €1.9 trillion by the same date.

The difference in these growth rates highlights where the greatest emphasis has been over the period – not in owning a payment card, as even a decade ago the majority of people held at least one card, but how and where people use their cards.

A quick look at the mix of types of cards being used provides a surprise – not because it has changed dramatically, but for the fact that it has stayed stable. At end-1998, 54% of cards were debit, 29% were credit and 17% were charge (deferred debit). By end-2008, debit's share had fallen to 52%, credit had risen to 33% and charge had declined to 15%. The explanation is that the three card types are to some extent not sub-segments of an overall cards market, but separate markets in their own right. Each, for different reasons, has continued to develop, and grow, at approximately the same rate, so that a decade later, the mix is remarkably unchanged.

Looking forward, it is tempting to predict the maturing of the debit card sector, with credit cards playing a greater role. But debit will increasingly be driven by prepaid cards, and credit cards will continue to find gaining traction slow in many markets, repeating the historical pattern of separate sub-segments growing in parallel.

Payment cards will continue to be an exciting sector to watch over the next decade – just don't expect the mix of card types to change radically.

Dominic Hirsch, Editor

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