Issue 279 | August 2010

Banking Automation BULLETIN

More than 10 billion payment cards worldwide by 2014

EC working paper on SEPA migration raises perfect storm

The growing role of prepaid cards

No contact with contactless

Sharp increase in payment card fraud in Australia

Country profile: Bulgaria

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International card schemes – not necessarily a two horse race

If you live in Europe or Latin America, you would be forgiven for thinking that almost every card carries Visa or MasterCard (or Visa Electron or Maestro) branding – most do.

However, a sneak preview of new research to be published shortly by RBR (see page 2) shows that on a global basis, less than half of the 7.4 billion payment cards are affiliated to one of the two best known card schemes. This seemingly surprising statistic is because in North America, and especially in Asia-Pacific and Middle East and Africa, there are a wide range of other schemes; some are well known, such as American Express, Discover, Diners Club (owned by Discover) and JCB, some are relatively new and growing monumentally fast, such as China UnionPay, while many are simply local, domestic-only, proprietary or private label operations.

So what does this mean? Most significantly, there will be increasing competition to woo unaffiliated card issuers, not just between Visa and MasterCard, but also other schemes with aggressive ambitions on the global stage. This opportunity is particularly important because growth in the number of cards, and significantly, also usage and spending, is much higher in the under-penetrated regions of Asia-Pacific and Middle East and Africa.

The battleground is complicated by the types of cards being issued. Two separate trends are proceeding in parallel: the first is growth in issuance of debit cards to previously unbanked customers, and the second is expansion of credit cards, usually issued to consumers that already have a debit card. RBR's new research indicates that the first of these is slightly stronger than the second, so the share of debit cards worldwide will increase from 62% to 68% over the next five years.

European authorities may be frustrated by the dominance of the two big card schemes, but on a worldwide basis there is still plenty to play for.

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