

Banking Automation **BULLETIN**



UnionPay overtakes Visa to become world's largest scheme

Competition to intensify in expanding cards market

The malware arms race

ATM remote monitoring becoming indispensable

Extending EMV chip beyond banking and payments

Country profile: Ukraine



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UnionPay overtakes Visa to become world's largest card scheme

The results of RBR's latest global payment cards research (see page 2) provide remarkable reading. Several findings stand out, including surpassing a phenomenal eight billion cards worldwide, a fall in the number of cards in North America and more than 10% growth in the debit and prepaid sectors. The most startling finding, however, is that UnionPay is now the largest payment card scheme in the world, issuing three in every ten cards worldwide.

Executives at Visa, the scheme that has been usurped at the top of the rankings, can console themselves with the news that cards with their branding are still well ahead in terms of usage and spending, and the fact that most UnionPay cards are found in its home market. The company's hubris will nevertheless have been dented, and there will be concern that along with MasterCard it now has two major competitors.

Not long ago, both Visa and MasterCard were avoiding working with China UnionPay. MasterCard, possibly because it feels it has less to lose, has recently changed tack however, and only last month announced an agreement to accept international e-commerce transactions on UnionPay cards through its international gateway. Furthermore, it has signed a separate agreement "for the establishment of a mutually beneficial relationship to explore future business development".

The new RBR research shows that there is still plenty to play for, with 20% of cards worldwide belonging to domestic bank card or private label schemes. This share is falling however, so competition for these cards plus efforts to persuade large issuers to change their scheme allegiances will only intensify.

It will be interesting to see how Visa responds – can it maintain its current hardline stance without damaging its long term prospects? It will be a little while before we will know for sure.

Dominic Hirsch, Editor

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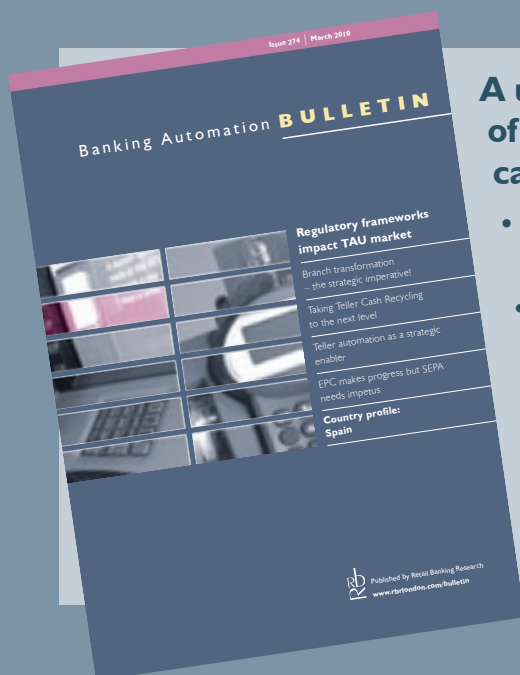
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