PRESS RELEASE

London, 10th November 2017

Card issuers upgrade from Maestro and Electron to Mastercard and Visa

RBR's latest research shows that issuers in Europe are taking advantage of the wider acceptance enjoyed by Mastercard and Visa by upgrading Maestro and Visa Electron cards

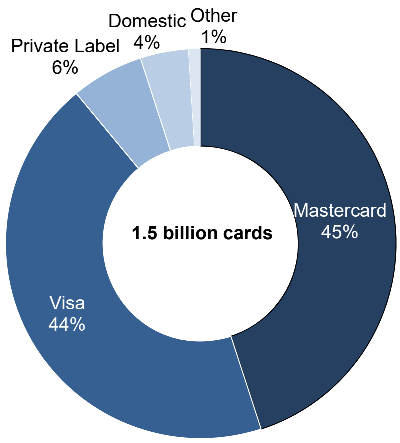
Switching to Mastercard and Visa main schemes increases usage

According to RBR's new study, *Global Payment Cards Data and Forecasts to 2022*, issuers in Europe are continuing to change the scheme of the cards they issue – particularly debit cards – from Maestro and Visa Electron to Mastercard and Visa. In so doing, they increase the number of merchant outlets in which their cards can be used – particularly for online payments – and therefore usage and revenue grows. This is also popular with their customers, who increasingly expect to pay by card. The number of Maestro and Visa Electron cards fell by 2% and 10% respectively in 2016, while Mastercard and Visa grew by 9% and 6%.

Nine in ten European cards carry a Mastercard or Visa brand

The number of payment cards in Europe grew by 2% in 2016 to reach 1.5 billion. According to RBR's research, the number of Mastercard-branded cards (including Maestro and Mastercard Electronic) grew to 691 million; a share of 45%. The Visa family of cards (which includes Visa Electron and V PAY) accounted for 44%, thus giving the two international schemes a collective share of 89% of all European payment cards. Both Mastercard and Visa benefit from strong brand identities and vast marketing budgets. Aside from the big two international schemes, private label cards held a share of 6% at the end of 2016, while domestic cards represented 4% of the total.

Share of payment cards by scheme in Europe, 2016



Source: Global Payment Cards Data and Forecasts to 2022 (RBR)

Dual-badging common across many of Europe's largest markets

RBR's report shows that, unlike in most other regions, domestic schemes are in decline in Europe. Where they do exist, they are commonly present on the same card as an international scheme. In such instances, the domestic scheme is usually used for payments within the country of issuance, while the international scheme is used for all other payments. These "dual-badged" cards are widespread in several of Europe's larger markets, including France, Germany and Italy.

Domestic schemes accounted for 25% of all card payments in Europe in 2016, and 28% of the value of such payments. These domestic brands have increasingly tried to keep up with international schemes in recent years by enhancing the ways in which the cards can be used. For instance, in Germany and Denmark, contactless functionality has been added to the domestic brand, and in other cases, steps have been taken to add e-commerce capability.

Elsewhere, the rapid issuance of Mir cards in Russia and the emergence of TROY in Turkey should serve to bolster the number of domestic cards in these markets. In Serbia meanwhile, the situation is very different. Despite continued support and promotion by the central bank, the number of DinaCard cards has been declining for several years, and looks set to continue doing so. According to issuers, the domestic scheme is increasingly struggling to compete with the enhanced marketing and PR budgets of Visa and Mastercard.

UnionPay doubles its presence in Europe

Although Mastercard and Visa are and will remain the largest schemes in Europe, they may see increased competition from newer players. Daniel Dawson, who led RBR's study, commented: "*2016 proved to be another strong year for Mastercard and Visa in Europe, with both schemes witnessing solid growth in card issuance. It will be interesting to see if this continues, particularly in light of the emergence of UnionPay, which almost doubled its presence in Europe last year*".

Notes to editors

These figures and insights are based on RBR's study, *Global Payment Cards Data and Forecasts to 2022.* For more information about this report or to discuss the findings in more detail please email Daniel Dawson (daniel.dawson@rbrlondon.com) or call +44 20 8831 7310.

RBR is a strategic research and consulting firm with three decades of experience in banking and retail automation, cards and payments. It assists its clients by providing independent advice and intelligence through published reports, consulting, newsletters and events.