

# Banking Automation **BULLETIN**

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## European issuers look to contactless cards

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Banks seek to rethink the branch experience

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Emerging markets poised for impressive ATM growth

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New payment tools and MSC reforms slow China's cards sector

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Why cash demand and card usage are both up in Australia

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## Country profile: Latvia

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## What is the largest payment card scheme in Europe?

The answer to this seemingly straightforward question depends on exactly what is meant. RBR's

*Payment Cards Issuing and Acquiring Europe 2018* report provides detailed analysis of European scheme shares (see page 2) to address the issue.

Because Visa is a scheme in its own right, alongside Visa Electron and V PAY, and similarly Mastercard, Maestro and Mastercard Electronic are separate schemes, the overall market is relatively fragmented. Visa, as a scheme, is the largest in Europe. Mastercard has a strong European heritage, however, and the Mastercard brands together have marginally more cards in issue than the Visa brands. Both organisations can therefore make a claim to be the stronger in Europe.

The above distinction is not just playing with words – it lies behind one of the most important current trends in the European payment cards sector. Card issuers are increasingly issuing or reissuing their cards with the Visa or Mastercard schemes. The data from RBR's research shows that the Visa scheme share increased from 25.7% of the European total at end-2012 to 30.1% at end-2016, while Mastercard grew from 18.3% to 26.3%. The shares for Visa Electron, Maestro and Mastercard Electronic all fell over this period. Somewhat anomalously V PAY actually increased its share, but from a small base and heavily concentrated in just in just two markets.

The scheme landscape has a lot to do with how Europe's card sector has evolved; Europay's merger with Mastercard in 2002 and the push for schemes with 100% authorised transactions, both played a role, for example.

There are three main drivers towards the primary scheme brands:

1. Merchant acceptance of Mastercard and Visa is greater than the other brands, so from a cardholder perspective these schemes are more attractive;
- 2) The rapid growth of e-commerce has exacerbated the acceptance argument because the disparity in acceptance is even greater online;
- 3) A desire to offer more unified brands. Multiple brands are confusing for cardholders and more complicated for issuers and schemes when developing and marketing products.

Aside from Mastercard and Visa, the scheme landscape is rather mixed. Domestic schemes are generally in decline, although dual-badging continues to be widespread in countries such as France, Germany and Italy, and new schemes such as Mir in Russia and TROY in Turkey are expanding rapidly. American Express has stabilised its market share, while China's UnionPay is striving to grow in the region.

Dominic Hirsch, Editor

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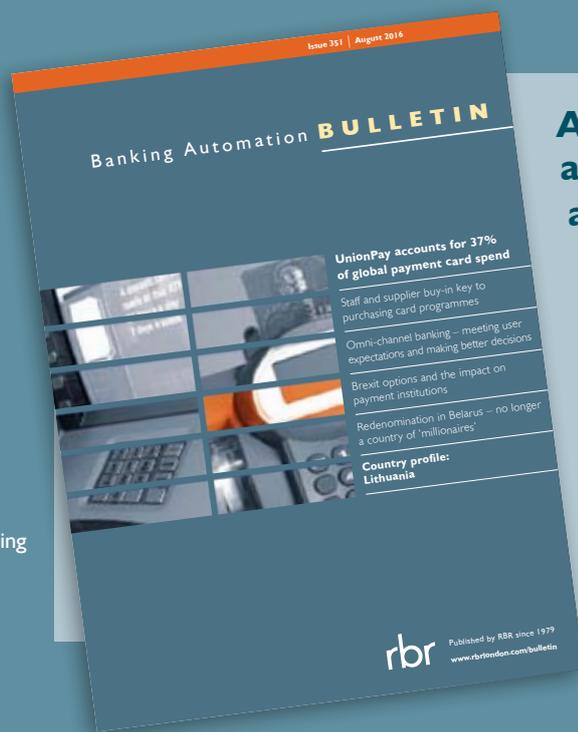
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