

Banking Automation **BULLETIN**



Global payment cards market expansion continues apace

UnionPay shows highest card expenditure worldwide

Branch transformation – the continuing cause for optimism

Combating ever-evolving cyber threats and ATM attacks

Financial inclusion through community banking

Country profile: China

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Global payment cards market expansion continues apace

The amount spent on payment cards around the world grew by an impressive 13% last year and emphasises not just the pressure on cash in many countries, but the challenge faced by newer forms of non-cash payment if they want to compete with traditional payment cards.

The data from RBR's latest global payment cards research (see page 2) shows that the fastest growing region was not Asia, although several countries in that region, most notably India, continue to expand rapidly, but central and eastern Europe (CEE). Overall the cards spend in CEE grew by 40% in dollars terms with particularly notable expansion in Belarus, Bulgaria, Kazakhstan and Ukraine. The growth in these markets highlights how at a global level there are numerous countries where cards still have huge potential because of low penetration and heavy cash usage.

As you would expect, the growth in more mature regions was lower, but still a respectable 8.5% in North America and 5% in western Europe. In these regions it is debit and e-commerce that are driving usage and spend. Adoption of contactless continues at a furious pace too, especially in western Europe, where spend on contactless cards has more than doubled in almost every country.

An aspect of RBR's research which always generates significant interest is the shares of the international card schemes. As of end-2017, China's UnionPay with 36% of global card spend narrowly beats Visa's 32% (including sub-brands), with Mastercard (including sub-brands) on 20%. UnionPay continues to dominate in China, but its presence outside remains modest. If China is excluded from the analysis, Visa has a 50% share and Mastercard 30%, which still leaves 20% of the market for other players, including domestic schemes. While local schemes are mostly on the decline, notable exceptions such as Elo (Brazil), Mir (Russia), TROY (Turkey) and RuPay (India) continue to expand.

Stepping back slightly, the payments landscape is evolving rapidly. Many of the newest solutions rely on existing cards and schemes to operate. While there are often multiple options for accessing customer accounts at a local/national level, international, especially global solutions, continue to rely on Visa and Mastercard. While this might instinctively raise competition concerns, the costs of establishing and maintaining global networks are huge and a quasi-duopoly might well be the most efficient allocation of resources. The current situation certainly does not appear to be stifling innovation.

Dominic Hirsch, Editor

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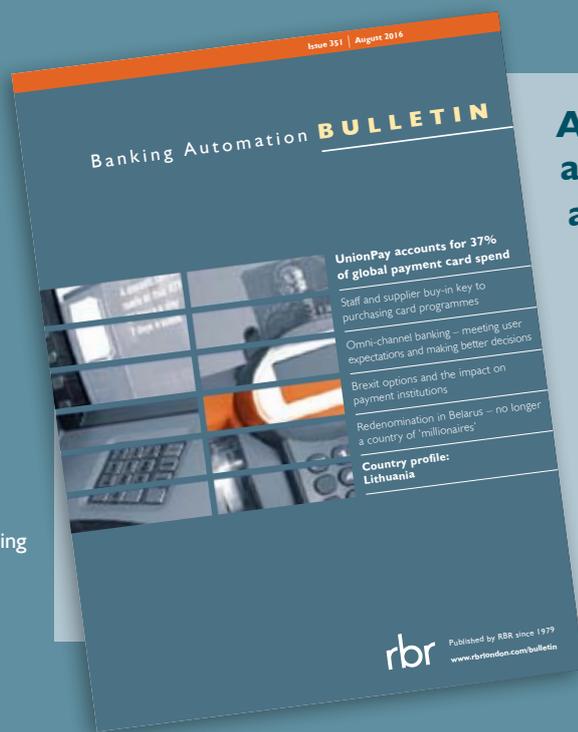
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