

Banking Automation **BULLETIN**



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The unstoppable rise?



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Increased acceptance underpins growth in card usage

Spending on payment cards in Europe has increased by more than a third since 2014 and continues to grow strongly – up 8% to €3.9 trillion in 2018 according to RBR's brand new *Payment Cards Issuing and Acquiring Europe 2020* research (see lead story on page 2).

For a large and relatively mature region to maintain such growth is impressive. The single most important driver is increased card acceptance – the number of merchant outlets accepting payment cards expanded by 9% in 2018 to reach 13.3 million outlets. Customers increasingly expect to be able to pay with a card, even for low-value purchases, forcing merchants that have historically preferred to operate with cash to start accepting cards.

In addition to changing customer behaviour, two further factors are boosting acceptance: state-mandated card acceptance in countries such as Greece, and ongoing rollouts of contactless EFTPOS terminals across the region. The latter is particularly significant as contactless is popular not just with customers but also merchants where transaction speed is important.

The number of contactless-enabled terminals in Europe increased by 27% in 2018, meaning 75% of the region's terminals accept contactless cards. Contactless is not in itself an expensive technology, so new EFTPOS terminals are almost always contactless – this means that terminals in new locations as well as replacement units will include contactless, so it is only a matter of time, as older units are replaced, before contactless capability becomes universal.

It is worth noting that even when EFTPOS terminals are contactless capable, this functionality is not always enabled, and despite high overall levels of contactless acceptance, it remains low in a few countries, including Finland, Israel and Turkey – for different reasons in each case. In Finland the shift from cash to card happened without the need for contactless, so there is less pressure to change. In Israel EMV migration is behind other countries, while in Turkey cash usage is widespread and debit cards are mostly used for cash withdrawals rather than payments.

These examples are a useful reminder that the seemingly inexorable rise in card payments still has obstacles to overcome, both at a national and localised levels. It could be argued that the opportunities for further growth in card usage are running out and growth in card expenditure will slow to match economic growth. That will happen eventually, but we are not there yet.

Dominic Hirsch, Editor

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Editor Dominic Hirsch

Managing Editor Morten Jorgensen

Assistant Editor Tomomi Kimura

Contributors Scott Anderson, Emily Beeby, Jeni Bloomfield, Ben Glithero, Alex Kirk, Laura Raus, Gillian Shaw, Josh Swarbrick, Emma Young

Subscriptions Manager Abigail Milne

For all editorial and advertising enquiries:

Telephone: +44 20 8831 7300 Fax: +44 20 8831 7301

Email: bulletin@rbrlondon.com

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