

**EUROPEAN PAYMENT
CARDS YEARBOOK**

VOLUME 1
PAN-EUROPEAN ANALYSIS

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Updated to include available
statistical data as at end-2004

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Abbreviations and Conventions

ATV	Average Transaction Value
Billion	1,000 million
BIS	Bank for International Settlements
Deferred debit	Also called delayed debit; card linked to account where bill is paid monthly, but without line of revolving credit
ec	eurocheque
ECB	European Central Bank
EC-MC	Eurocard-MasterCard
EPI	Europay International
MSC	Merchant Service Charge
na	Not Available
POS	Point of Sale
Trillion	1,000 billion
, (comma)	thousands (eg 1,000)
. (dot)	decimal point (eg 100.5)
Transactions	Invariably the term used to cover payments and ATM withdrawals combined
Volume	Term used in the Yearbook for statistics covering the monetary value of payments. See also discussion of this term on page ix

1.1 Introduction

About the Yearbook

Volume 1 - Pan-European Perspective

The Yearbook is divided into two volumes. Volume 1, which examines the market from a pan-European perspective, is made up of six chapters:

Chapter 1 contains the contents and introduction.

Chapter 2 provides an overview of debit and credit cards across the European market.

Chapter 3 reviews the international schemes, MasterCard and Visa. It examines:

- Card numbers and card use in Europe compared with other regions;
- Status of the international schemes across Europe as a whole;
- The role and status of the schemes in individual European markets.

Chapter 4 provides an overview of the domestic interbank payment organizations, such as Banksys in Belgium and PBS in Denmark.

Chapter 5 reviews developments in merchant acquisition and contains POS and ATM acceptance statistics for Europe.

Chapter 6 provides an overview of retail banking in western and eastern Europe, including recent cross-border M&A activity and a snapshot of the leading banks.

Volume 2 - Country Profiles

Volume 2 profiles the card markets of Europe country by country. The 32 country profiles include information and data on:

- Key statistics;
- The banking sector;
- Market infrastructure;
- Market size and dynamics;
- Status of the international schemes.

Note on Sources

To enable a measure of consistency across countries, this report draws extensively on statistics produced by MasterCard and Visa. The statistics produced by the international schemes enable like-for-like comparisons at a broad level to be drawn between countries. However, not all domestic card activity is captured in the MasterCard and Visa statistics for a particular country.

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Other Sources - European Central Bank

From 2003, Visa and MasterCard ceased reporting country-by-country data for merchant outlets, POS terminals and ATMs. In order to maintain a series for these items, subsequent editions of the Yearbook have drawn on data from the European Central Bank. While the ECB data can be assumed to be of high quality, its compilation takes a relatively long time, though this is understood to be under review; meanwhile, ECB figures as at end-2003 are available for this issue of the Yearbook.

Domestic Cards

It is important to note that there are significant numbers of domestic-only payment cards in many European countries. The MasterCard and Visa numbers may not fully represent the total number of cards in issue or the total number and value of transactions made on payment cards. In Denmark, for example, only 2.4 million of the 3.3 million Dankort debit cards in circulation at end-2004 were Visa-branded.

However, the long-term trend is for a growing number of domestic card products and schemes to be internationally branded for cross-border use and the SEPA project will phase out domestic-only cards by 2010. The growth of MasterCard and Visa reflects the international branding of existing domestic cards as well as the issuance of new cards. In France, for example, the number of internationally-branded “CB” cards trebled between 1990 and 2000 whereas the total number of “CB” cards only doubled. In Spain, MasterCard’s growth in recent years to some extent reflects the international branding of domestic 4B and 6000 cards.

In countries where MasterCard/Maestro or Visa branding has been added for cross-border use, card transactions are often processed according to domestic scheme rules, such as applying to Dankort in Denmark. Visa reports these transactions in its statistics, although transactions within Denmark on locally-issued cards do not pass through the Visa network. The same applies to both schemes in France, where domestic transactions on “CB” cards go through the “CB” network, not the MasterCard or Visa networks. From a French perspective, these transactions are regarded as “CB” transactions, not MasterCard or Visa transactions.

Volume and Value

Following the convention established by MasterCard and Visa, the term *volume* rather than *value* is used in the Yearbook for statistics covering the monetary measure of purchases. The term *transactions* generally includes payments/purchases and cash withdrawals. Note that the ECB uses the term *value* for monetary amounts. To avoid confusion, ECB statistics cited in the Yearbook use the term volume rather than value. However, the term average transaction value (ATV), which is in common usage, is retained rather than average transaction volume.

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Regional Boundaries

The regional boundaries of MasterCard Europe, Visa Europe and Visa CEMEA are different; for comparative purposes, the following table maps the 45 countries of MasterCard Europe on to the Visa Europe and CEMEA regions:

1.1.1 MasterCard Europe Mapped on to Visa's Regions	
Visa Europe	
<ul style="list-style-type: none">• Austria• Belgium• Cyprus• Czech Republic• Denmark• Estonia• Finland• France• Germany• Greece• Hungary• Iceland• Ireland• Israel• Italy	<ul style="list-style-type: none">• Latvia• Lithuania• Luxembourg• Malta• Netherlands• Norway• Poland• Portugal• Slovakia• Slovenia• Spain• Sweden• Switzerland• Turkey• United Kingdom
Visa CEMEA	
<ul style="list-style-type: none">• Armenia• Azerbaijan• Belarus• Bosnia & Herzegovina• Bulgaria• Croatia• Georgia• Kazakhstan	<ul style="list-style-type: none">• Macedonia• Moldova• Romania• Russia• Serbia & Montenegro• Ukraine• Uzbekistan
Source: MasterCard International, Visa Europe, Visa CEMEA.	

During 2004, the Visa EU region was renamed Visa Europe and expanded to include the countries of central and eastern Europe - Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia - which acceded to the EU. Cyprus and Malta, which joined the EU at the same time, were already included in Visa EU.

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Geopolitical Terms

The 45 countries of Eurasia which fall within MasterCard Europe, and which therefore form the region covered by the Yearbook, can be sub-divided as follows:

Eurozone 12

The 12 countries currently using the euro as their domestic currency - Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain.

EU 15

The 15 members of the EU before its enlargement in 2005 - the eurozone 12 plus Denmark, Sweden and the UK.

EU 25

The EU 15 plus Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

EEA

The European Economic Area - the EU25 plus Iceland, Lichtenstein, Norway and Switzerland. All comply with certain EU directives and initiatives, including SEPA.

CEE/FSU

The common factor between the countries of central and eastern Europe (CEE) and those of the FSU (former Soviet Union) is that all formed part of the old USSR or of Comecon, the bloc of European countries which fell under Soviet domination after World War II. With the tearing down of the Berlin Wall in 1989, the CEE/FSU area became increasingly diverse. The term CEE now covers the countries which joined the EU in 2005, the former Yugoslavia (including Slovenia, which has joined the EU and aspiring EU entrants like Croatia), plus Romania and Bulgaria which are also on track for EU entry in 2008. The FSU, as the term indicates, today includes Russia, Ukraine, Kazakhstan and the Turkic-speaking countries of central Asia.

Currencies

From 2003, MasterCard Europe's volume statistics have been reported in dollars, while Visa Europe statistics are reported in euros and Visa CEMEA statistics are reported in dollars. To allow like-for-like comparisons, MasterCard statistics have in a number of places been converted into euros at the average annual euro: dollar exchange rate supplied by the ECB.