

BPFI Payments Monitor 2019





BPFI Payments Monitor



Commentary

Key Payment Trends H2 2018

	YoY volume change
Contactless credit/debit card payments	59.2%
Digital banking payments	12.6%
Credit/debit card payments	21.5%
Domestic cheque	-13.4%
Domestic direct debit	3.9%
Domestic credit transfers	8.1%

Sources: BPFI, Central Bank of Ireland

Note: Digital banking transactions are credit transfers initiated through personal online or mobile banking. Figures are partially estimated.

Ireland continues its impressive journey from cash-dependency to electronic payments

The latest BPFI Payments Monitor shows a continued strong growth in card usage, particularly in contactless transactions. According to the recent Indecon report commissioned by the Department of Finance, Ireland was 10th of 27 European countries in 2017, and ahead of the EU average, for the combined use of card payments, credit transfers and direct debits. However, healthy economic growth means that demand for cash continues to remain strong.

Contactless continues to drive card growth, but cash not going away

Contactless adoption and volumes continue to surge ahead. There are almost 4.6 million contactless debit cards in circulation, and 1.3 million contactless credit cards. Three of the Irish domestic banks and several of the European digital-only banks now support Visa and MasterCard contactless payments for Irish customers through mobile wallets such as Google Pay and Apple Pay.

The volume and value of contactless payments both grew by almost 60% year-on-year in H2 2018, down slightly on the H1 2018 year-on-year growth of 66%. In H2 2018, there were over 195 million contactless payments with a total value in excess of €2.5 billion.

Despite the impressive growth in contactless transactions the volume of ATM withdrawals in Q4 2018 remains almost unchanged from those seen in Q4 2016. However, the value of cash withdrawn has seen a surprise jump of 8.6% when compared to Q4 2017. This growth continued into 2019, with the value of cash withdrawn up 5.7% year-on-year in Q1 2019. This is likely a reflection of full employment and wage growth.



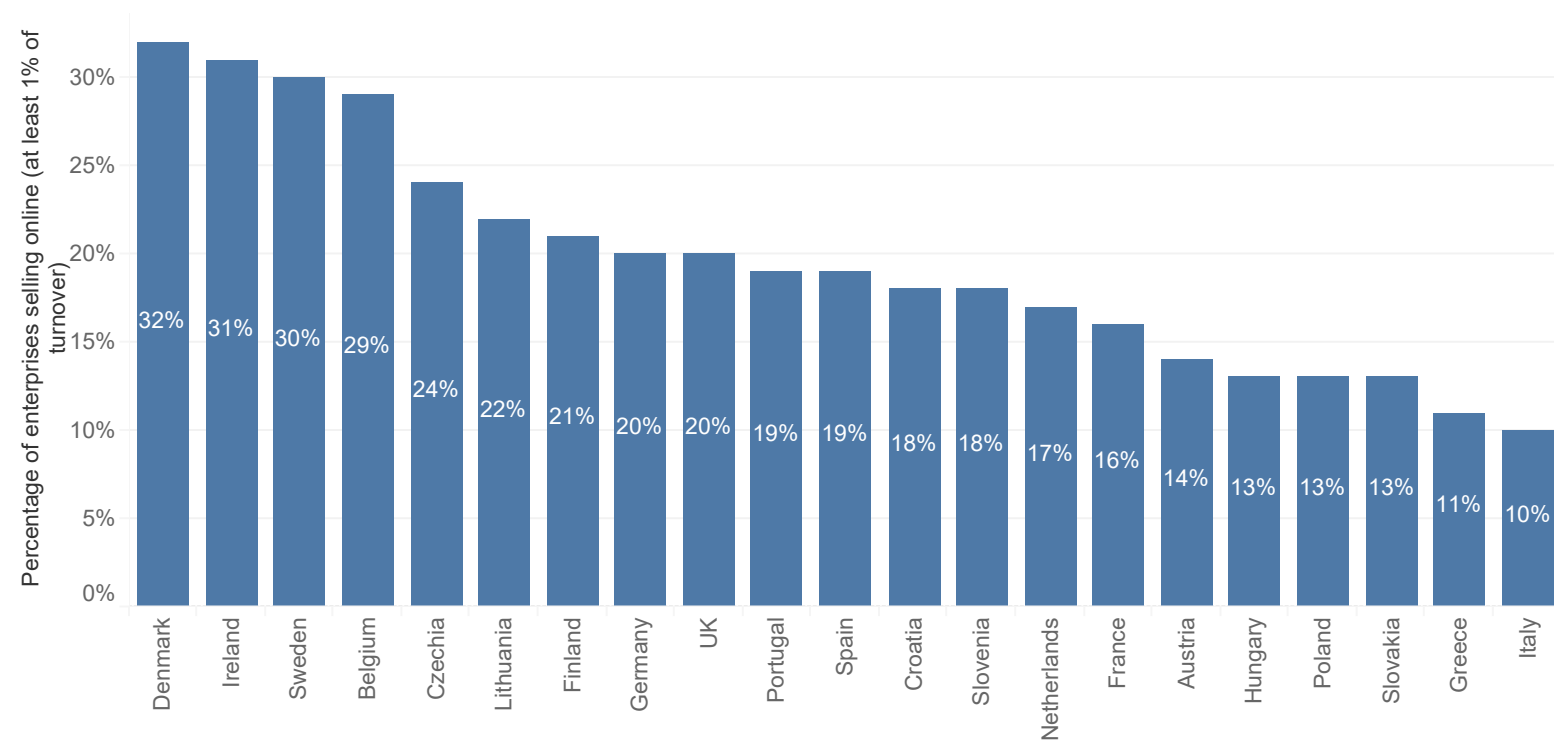
Commentary

Irish companies most engaged with eCommerce in EU

Almost 33% of debit card and 43% of personal credit card spend in H2 2018 was through eCommerce versus the physical point-of-sale. In the first quarter of 2019, some 37% of debit card and almost half of personal credit card spend was through eCommerce.

A survey by Eurostat shows 31% of Irish enterprises use online as a sales channel, the second highest in the EU, and the percentage of total sales transacted through online (35%) is the highest in the EU.

Enterprises Engaged in eCommerce



Source: Eurostat

Domestic card schemes and instant payments

Increasingly banks across Europe are collaborating in the development of new domestic schemes which allow account-to-account payments to be initiated through a consumer's own mobile device using just the mobile number or email of the recipients. A number of these are utilising new instant payment platforms.

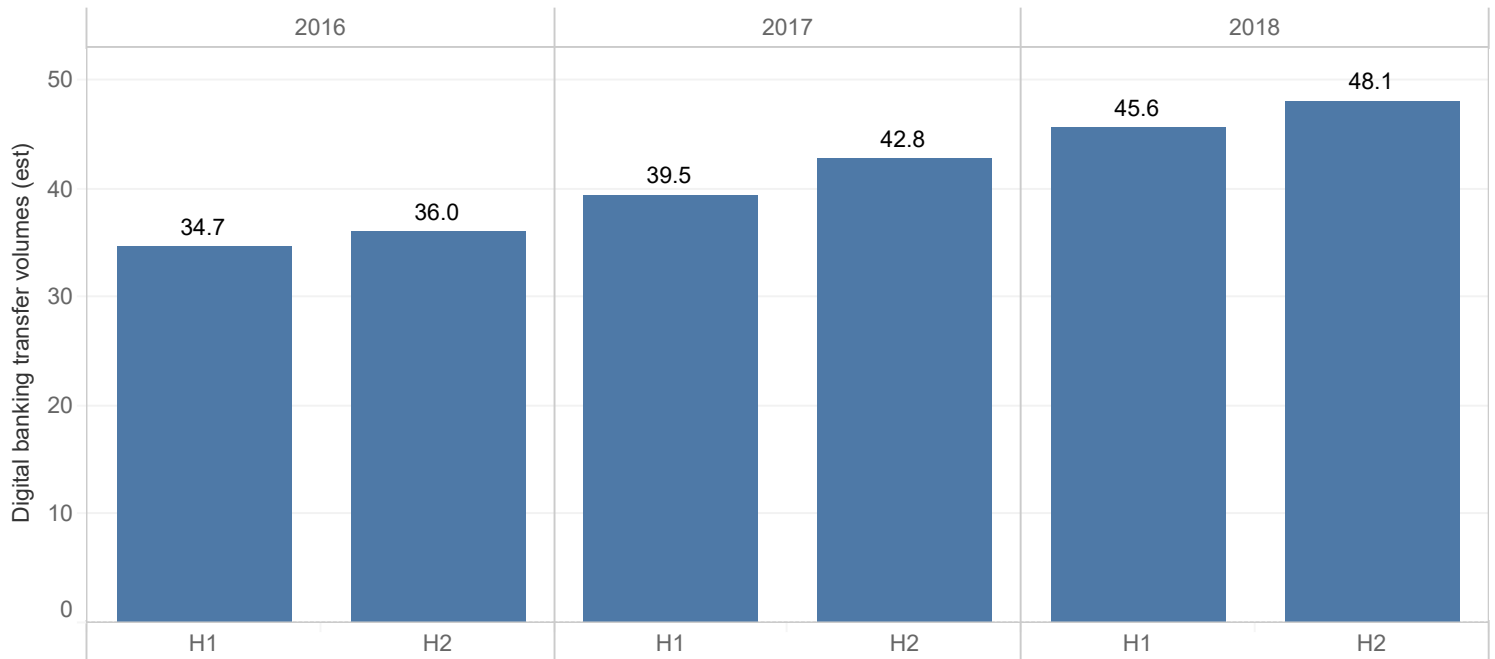
Ireland can point to several developments on this front. The five main retail banks in Ireland recently provided BPFI with a mandate to examine the development of an industry-wide consumer and merchant mobile-based payment proposition for the Irish market. The banks have also agreed a timeline for the delivery of real-time payments for the Single Euro Payments Area (SEPA) and the introduction of SEPA Instant Credit Transfer (SCT Inst) in Ireland.

Coupled with clear appetite on the part of consumers for mobile-based, instant payment solutions, this provides the basis for an innovative payments infrastructure that should serve the country well into the future.

Richard Walsh, Head of Digital & Payments
Banking & Payments Federation Ireland



Digital Banking



Source: BPFI

Digital banking (credit transfers initiated via personal online or mobile banking) grew by 12.6% year-on-year to 48.1 million in H2 2018. Volumes had increased by almost 50% since H2 2014.

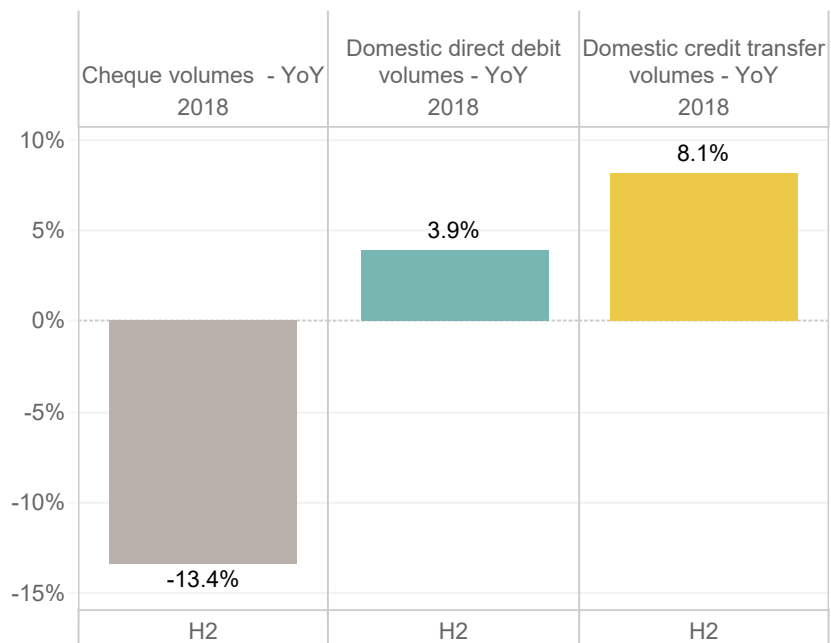
BPFI estimates indicate that mobile banking volumes (payments made via mobile and tablet banking apps) exceeded online banking volumes during the first half of 2018. By H2 2018, some 59% of digital payments were made through mobile banking.

Digital banking accounted for about one-third of domestic credit transfers in H2 2018.

Domestic credit transfer volumes, which include digital banking transfers, grew by 8.1% year-on-year, while domestic direct debit volumes rose by 3.9%.

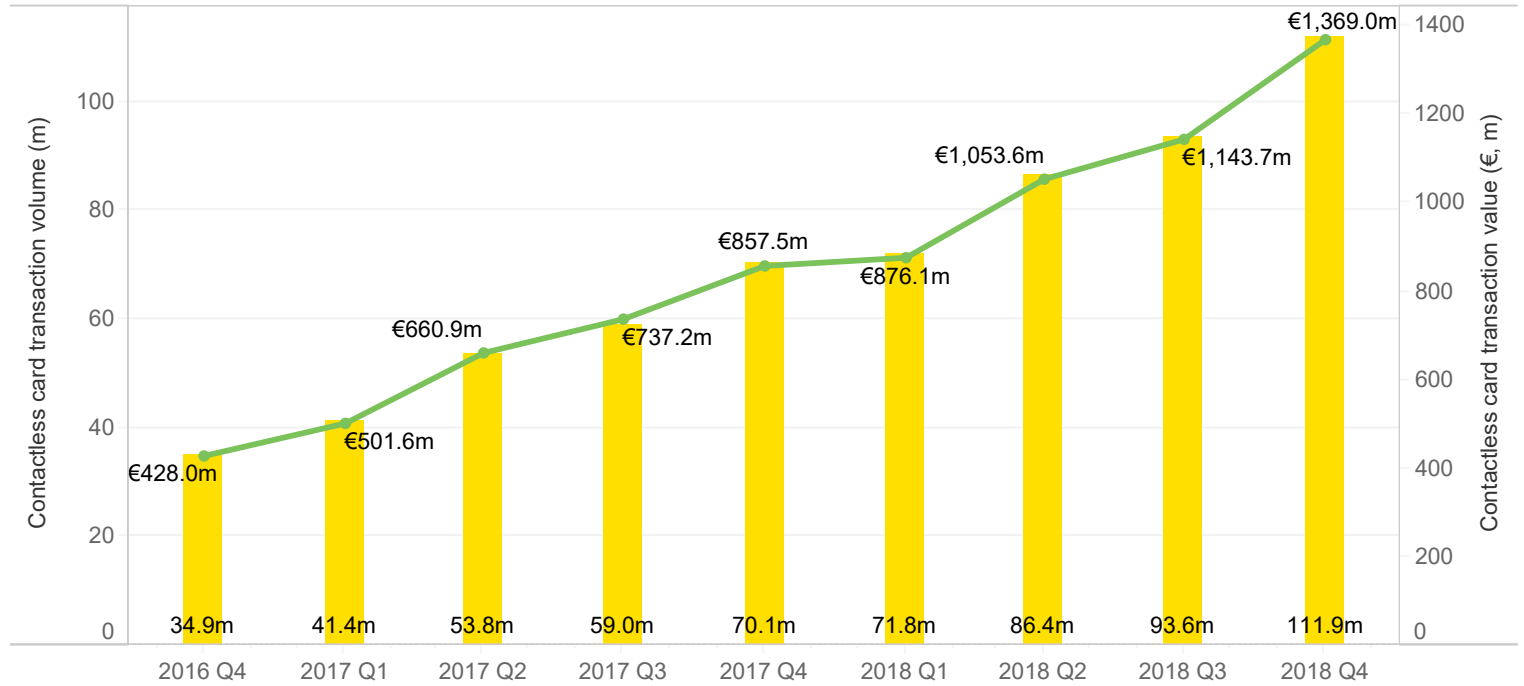
Less than 0.3% of credit transfers were initiated using paper forms in 2018.

Cheque usage continued to fall in late 2018, with volumes falling by 13.4% year-on-year in H2 2018.





Contactless Payment Cards

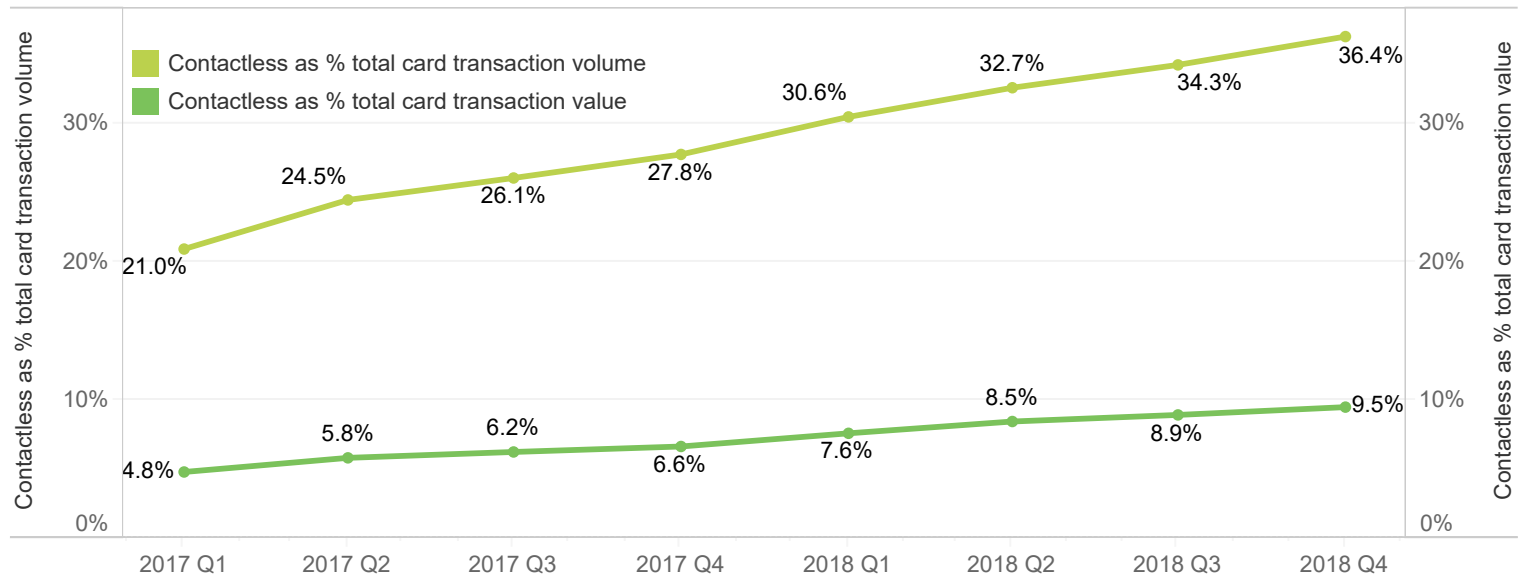


Source: BPFI

By the end of 2018, almost 4.6 million debit cards and 1.3 million credit cards in issue had contactless payment functionality. In H2 2018, contactless payments grew by about 59% year-on-year in volume terms and 58% in value terms to 195 million payments valued at €2.5 billion.

The average contactless payment, which is capped at €30 for card-based transactions, was largely unchanged at €12.23.

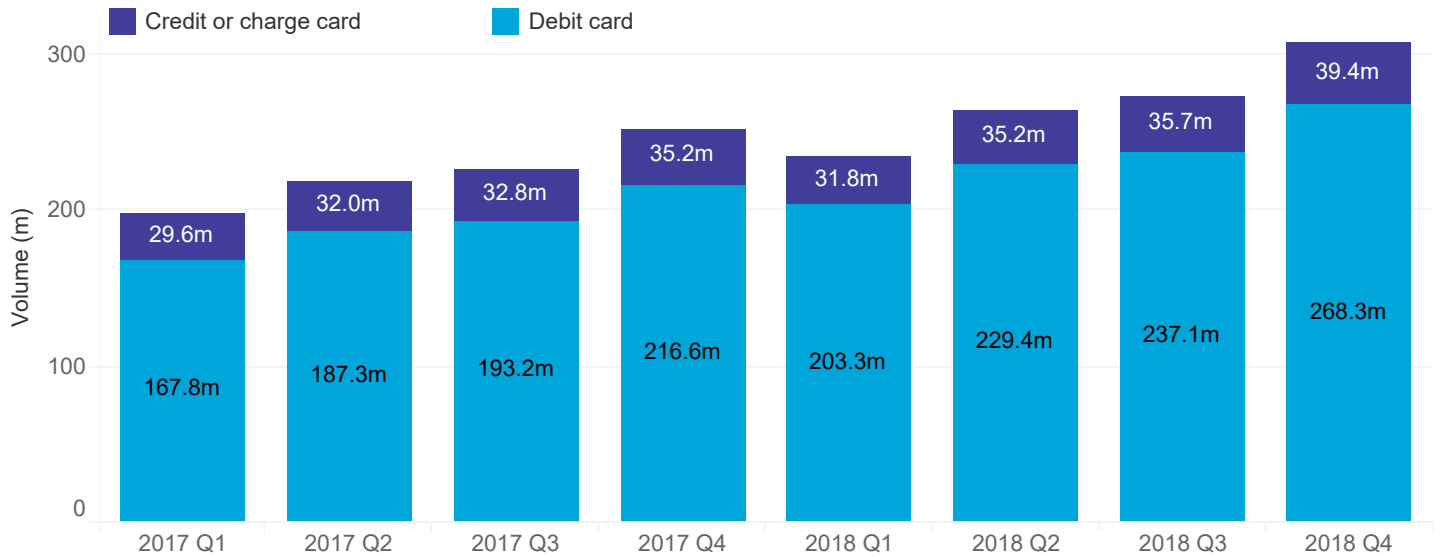
On average, debit cardholders made almost 43 contactless payments per card in the second half of 2018 and spent more than €512 per card. Credit cardholders spent almost €117 on average per card in the same period.



Source: BPFI



Credit & Debit Cards



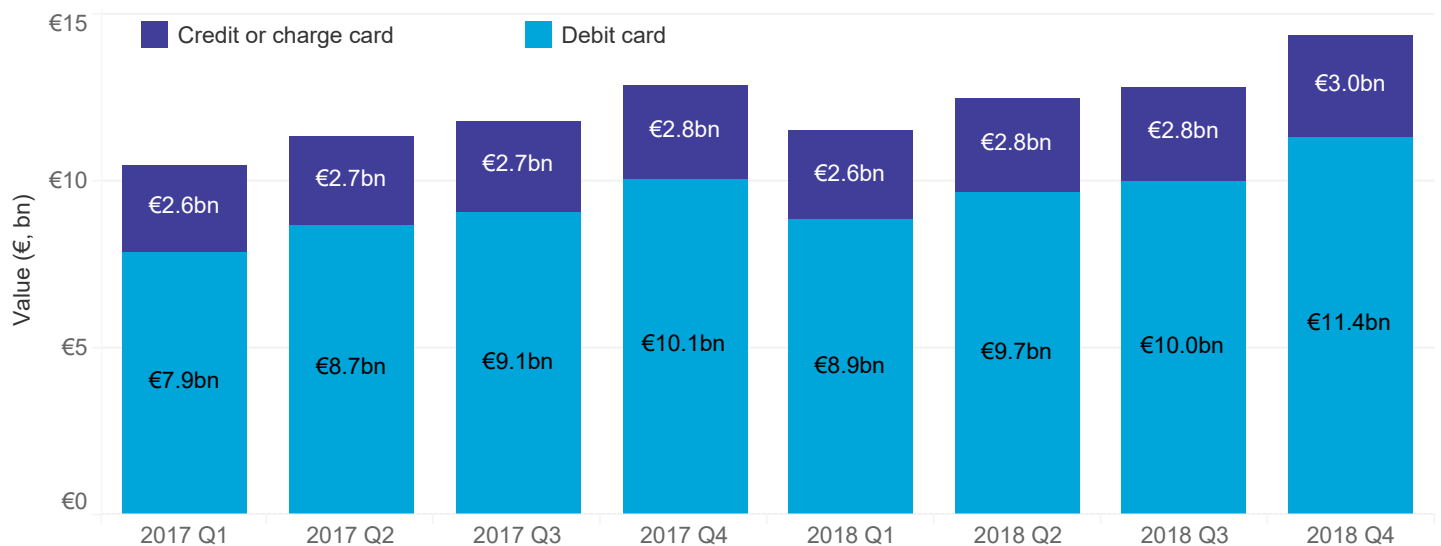
Source: Central Bank of Ireland

Payment card usage (including contactless card payments) continued to grow strongly in H2 2018, driven mainly by a significant increase in debit card activity, according to the Central Bank of Ireland (CBI). Debit card volumes grew by 23.3% year-on-year and credit card volumes by 10.5%.

There were almost 4.5 million active debit cards in issue by the end of 2018 (87% of all debit cards in issue) and almost 1.6 million active credit cards.

Debit cardholders made 114 payments per active card in H2 2018, spending €4,809, on average, per card. Active credit cardholders made 48 payments per active card, with spending per card averaging €3,765. The average credit card transaction dropped to €77.44 in Q4 2018. The decline was more apparent for personal credit cards, for which the average payment dropped to €69.75.

Almost 33% of debit card spend in H2 2018 was made through eCommerce rather than physical point of sale, compared with 43% for personal credit cards and 54% for business credit cards.

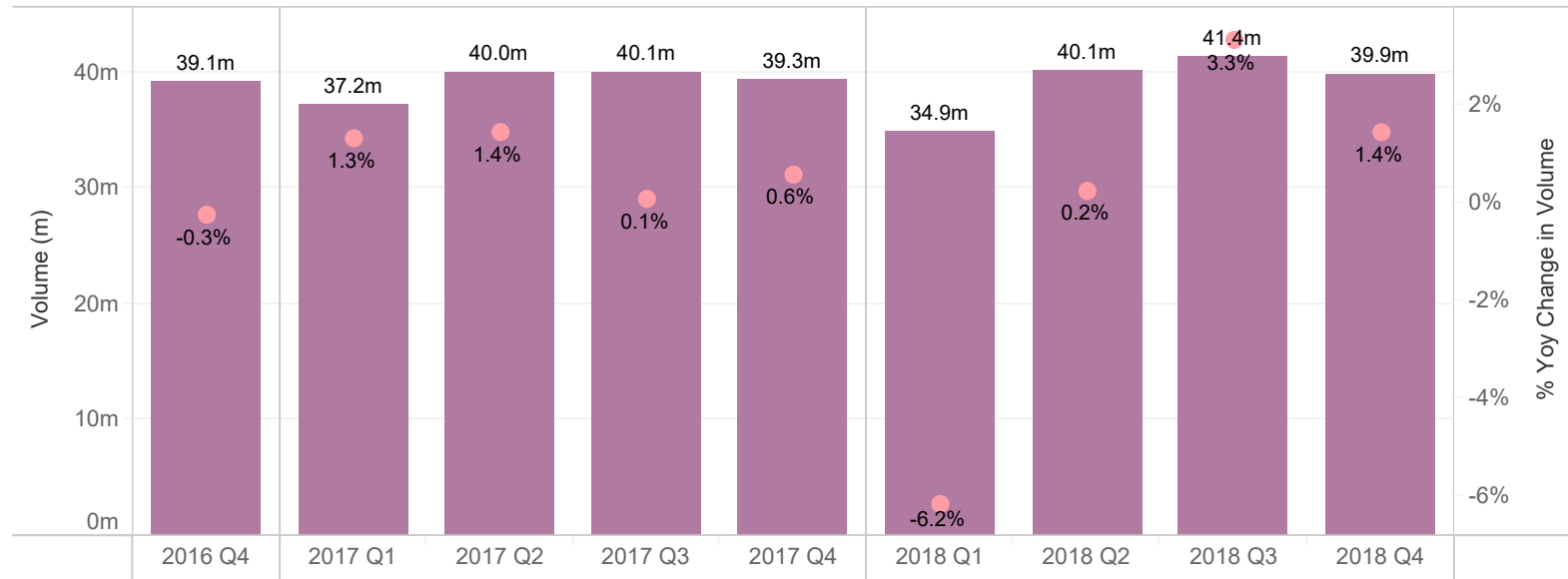


Source: Central Bank of Ireland



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ATMs



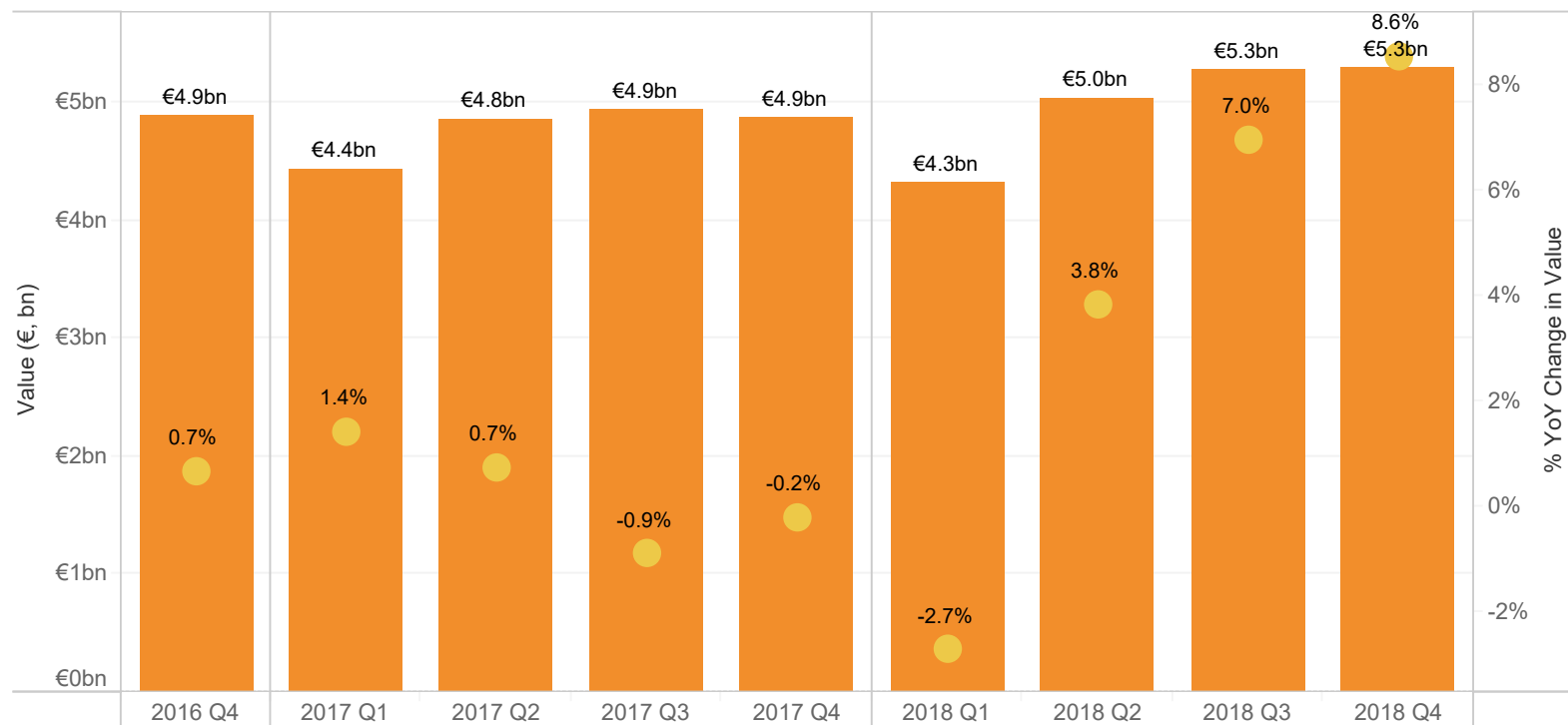
Source: Central Bank of Ireland

ATM Usage - Irish Debit Cards

Irish debit cards were used to make more than 81 million cash withdrawals in Ireland and abroad in H2 2018, up 2.4% on H2 2017. The value of cash withdrawn rose to €10.6 billion, up 7.8% over the same period. Some €9.9 billion was withdrawn at ATMs in Ireland and more than €0.6 billion outside Ireland.

The average cash withdrawal using Irish debit cards increased significantly during 2018, rising to almost €133 by Q4 2018, based on a BPFI analysis of CBI figures.

Banks had 2,989 ATMs in Ireland at the end of 2018, as well as 654 branches. BPFI estimates that, through acquisitions or new installations, independent ATM deployers operated at least a quarter of ATMs in Ireland.



Source: Central Bank of Ireland



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About the Report

Notes

The information presented here is based on a combination of data reported by member banks to Banking & Payments Federation Ireland (BPFI) and data published by the Central Bank of Ireland (CBI).

The following data is collected from member banks (AIB, BNP Paribas - Dublin branch, Bank of Ireland, Danske Bank A/S, KBC Bank Ireland, permanent tsb, Ulster Bank) and produced by BPFI:

- Contactless cards
- ATMs
- Cheques, credit transfers and direct debits
- Digital banking

The following data has been obtained from the CBI:

- Credit and debit card usage
- ATM usage

The data for credit transfers and digital banking has been partially estimated.

Disclaimer

This report is based on statistical information supplied to BPFI by the member institutions listed herein. While every effort has been made to ensure the accuracy of information included in this report, BPFI can accept no responsibility for errors contained herein. This report is not to be reproduced in whole or in part without prior permission. Figures may not sum due to rounding.

About Us

Banking & Payments Federation Ireland (BPFI) is the principal voice of the banking, payments and fintech sector in Ireland. For queries, contact Anthony O'Brien, Head of Sector Research & Analysis, BPFI at 01-4748810 or anthony.obrien@bpfi.ie.

Definitions

Card payments

Card payments include debit, credit and contactless card payments.

A *debit card* operates much like cash. When a debit card is used the money is deducted directly from the cardholder's current account. Debit cardholders can only spend funds available in their current accounts. Debit cards usually also allow for instant withdrawal of cash at ATMs and most offer a cashback facility when making purchases in retail outlets that allow customers to withdraw cash along with their purchase.

A *credit card* is used to make purchases or to withdraw cash using a credit facility provided by the card issuer. Credit cards have a minimum monthly payment that must be paid by a certain due date to avoid late-payment penalties. Cardholders may pay their outstanding balance in full, a minimum amount required as outlined in their bill or another amount of their choosing.

Many credit and debit cards and their accounts also facilitate *contactless payment* technology. Cardholders pay by holding the payment card or phone with a mobile wallet such as Apple Pay or Android Pay up to a secure reader in a retail outlet. Credit and debit card payment activity in this report includes contactless payment activity.

Direct debits

A direct debit is an instruction from a customer (debtor) to their bank or payment services provider, authorising an organisation (creditor) to collect variable or fixed amounts from their account, as long as the customer (debtor) is given advance notice of the collection amounts and dates. Direct debits are usually used for regular bill payments, including utilities.

Credit transfers

A credit transfer is a payment instruction from a customer (originator/payer) to its bank or payment service provider to transfer an amount of money to another account (beneficiary/ payee). The SEPA Credit Transfer (SCT) scheme facilitates the execution of credit transfers in euro between customer accounts located in SEPA. Online and mobile banking transfers are types of credit transfers, as are large value corporate or interbank payments.

Cheques

A cheque is an instruction in writing from an account holder to their bank to pay a specified sum of money to a designated beneficiary.