

Overview

Payment Volumes and Values

	Q2 2016	Q2 2017	YoY	
Volume (m)	Credit and debit cards	180.0	219.3	21.8%
	- of which: contactless cards	22.6	53.8	137.8%
	Credit transfers	65.7	66.5	1.1%
	- of which: digital banking	17.8	21.2	19.4%
	Direct debits	27.7	28.2	1.9%
	Cheques	13.0	10.8	-16.5%
	Q2 2016	Q2 2017	YoY	
Value (€, bn)	Credit and debit cards	10.0	11.4	14.0%
	- of which: contactless cards	0.3	0.7	148.6%
	Credit transfers	312.5	337.2	7.9%
	Direct debits	22.8	25.6	12.1%
	Cheques	36.7	34.4	-6.2%

Sources: BPFI, Central Bank of Ireland

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

Key Findings

Card payment volumes jumped by 21.8% year-on-year in Q2 2017, boosted by continued growth in debit card usage and the adoption of contactless payments.

All major Irish banks had rolled out contactless cards by Q1 2017. The value of contactless payments reached almost €0.7 billion in Q2 2017, and one in four card payments were contactless.

Digital banking transaction volumes grew by 19.4% year-on-year to more than 21 million in Q2 2017.

Cheque payments continued to decline in Q2 2017, down 16.5% by volume year-on-year.

ATM usage rose slightly on a year-on-year basis, with some €4.8 billion in cash withdrawn in Q2 2017.

Commentary

Changing customer behaviour evident in payments statistics and trends

This *BPFI Payments Monitor* provides a comprehensive picture of the various means of payment executed via the various payments systems in Ireland. It provides up-to-date trends across the range of payment options used by personal and business customers: from cash to card, cheque to digital, contact to contactless, paper to paperless.

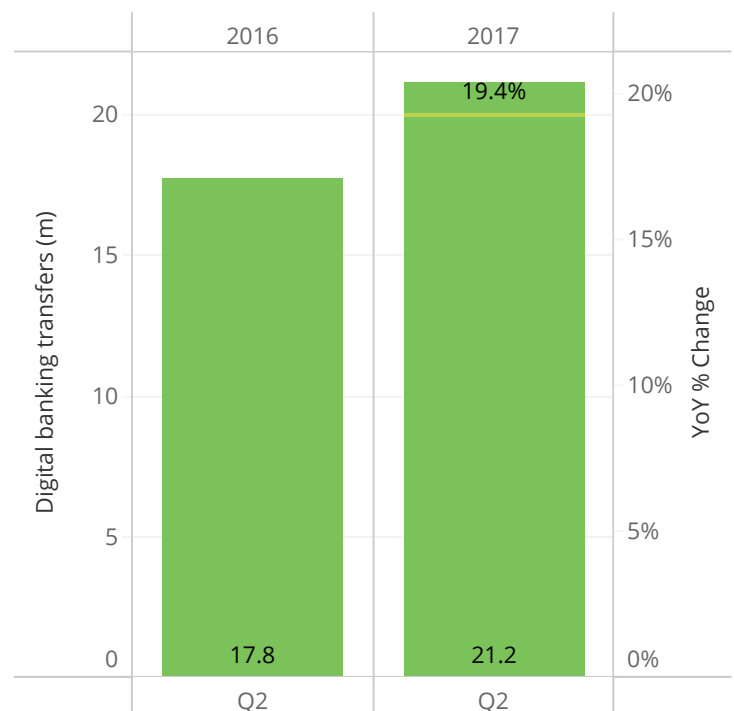
The payments system is the infrastructure which facilitates economic activity by consumers and businesses alike; it is the backbone of our economy and of our society. As such, it is very useful to see the trends and it is important to try to understand the factors driving those trends. Not alone is this information valuable for payment service providers, for retailers and of course for customers themselves, it can also help to inform the approach taken by policy makers and regulators.

The following are among the most notable observations arising from this first edition of the *BPFI Payments Monitor*.

- **Strong growth across all electronic channels**

The move by customers to the use of electronic payment channels is none more so evident than in the growth over recent years in digital banking – namely, credit transfers initiated via personal online or mobile banking channels. Over 21 million such transactions were undertaken in the second quarter of 2017 alone, representing a considerable 19.4% year-on-year increase. And this growth story is confirmed by the most recent data from the Central Statistics Office which shows that digital banking is now one of the more popular activities for internet users.

Digital Banking

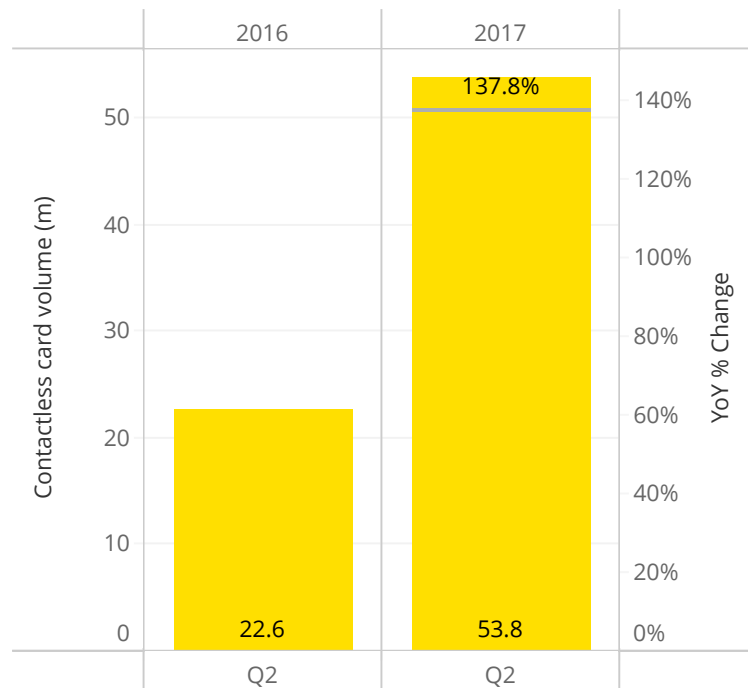


Commentary

- Explosive growth in contactless card transaction volumes and value**

Whilst payment card usage in all its forms continues to climb, the real growth is seen in the area of contactless payment card transactions. By Q2 2017 the year-on-year growth was a massive 138% and 149% in volume and value respectively. Almost €0.7 billion was spent through contactless payments in Q2 2017 alone.

Contactless Cards



- Continued decline in paper-based transactions**

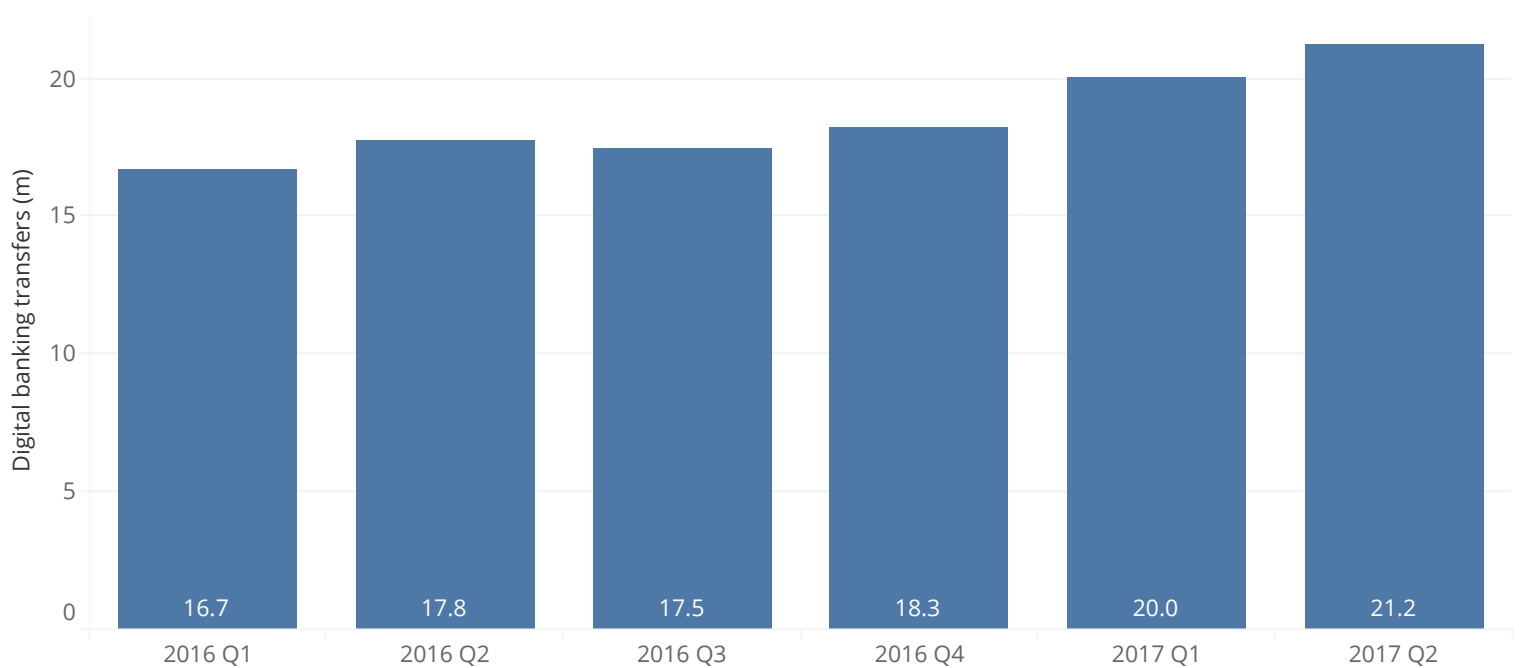
Given the growth trends evident in electronic and contactless, it comes as little surprise to note the ongoing decline in paper-based activity. Whereas 12.8 million cheques were written in the first quarter of 2016, the number had fallen to 10.8 million by the second quarter of 2017.

- Stagnation in ATM-based cash withdrawals**

Irish consumers have long been amongst Europe's most 'cash hungry' when it comes to ATM cash withdrawals. So there's no real surprise in seeing 40 million withdrawals to the value of €4.8 billion in the second quarter of 2017 – still comparatively high by international standards. However, it's interesting to note that the volume and value levels have remained stagnant over the last two years despite an improving economic environment – indicating perhaps that our love affair with cash may be on the wane.

Over the coming 12 to 18 months, the Payment Services Directive (PSD2) and the advent of third-party service providers, an increased interest in Instant Payments and the continuing adoption by consumers of new technology will likely result in the development of yet more new services. In addition, with the introduction of new FinTech service providers to the Irish and wider European markets such sector developments will further drive the increase in digital transaction volumes.

Digital Banking



Source: BPFi

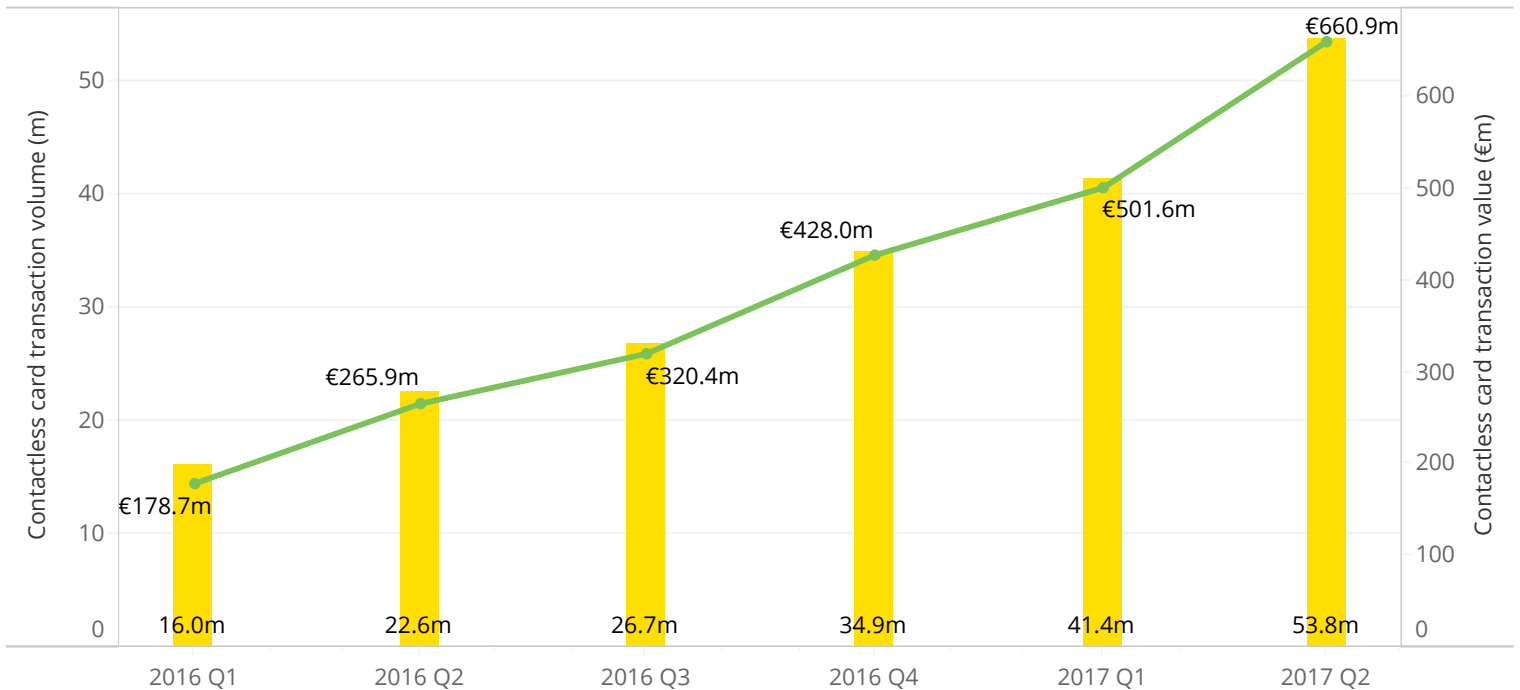
Digital banking (credit transfers initiated via personal online or mobile banking) grew by 19.4% year-on-year to 21.2 million in Q2 2017.

The penetration of digital banking transfers increased to 32% of credit transfers in Q2 2017, up from 27% a year earlier.

In 2017, some 71% of individuals who used the Internet in the previous three months reported using it for digital banking, according to the Central Statistics Office (CSO). The CSO lists internet banking as the fourth most popular activity for internet users after finding information on goods and services, email and social networking.

BPFi estimates that at least 2.6 million customers are active users of digital banking services.

Contactless Payment Cards

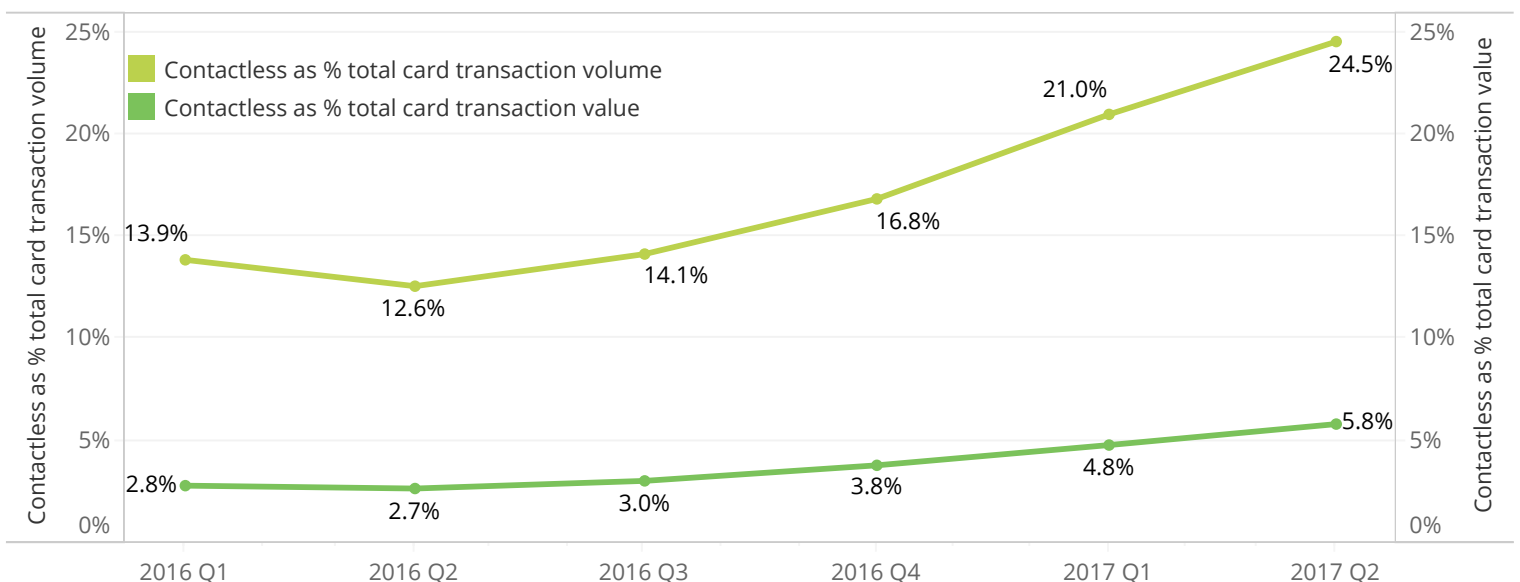


Source: BPF

All major Irish banks had rolled out contactless cards by Q1 2017. By the end of June 2017, some 4.1 million debit cards and 0.9 million credit cards in issue had contactless payment functionality.

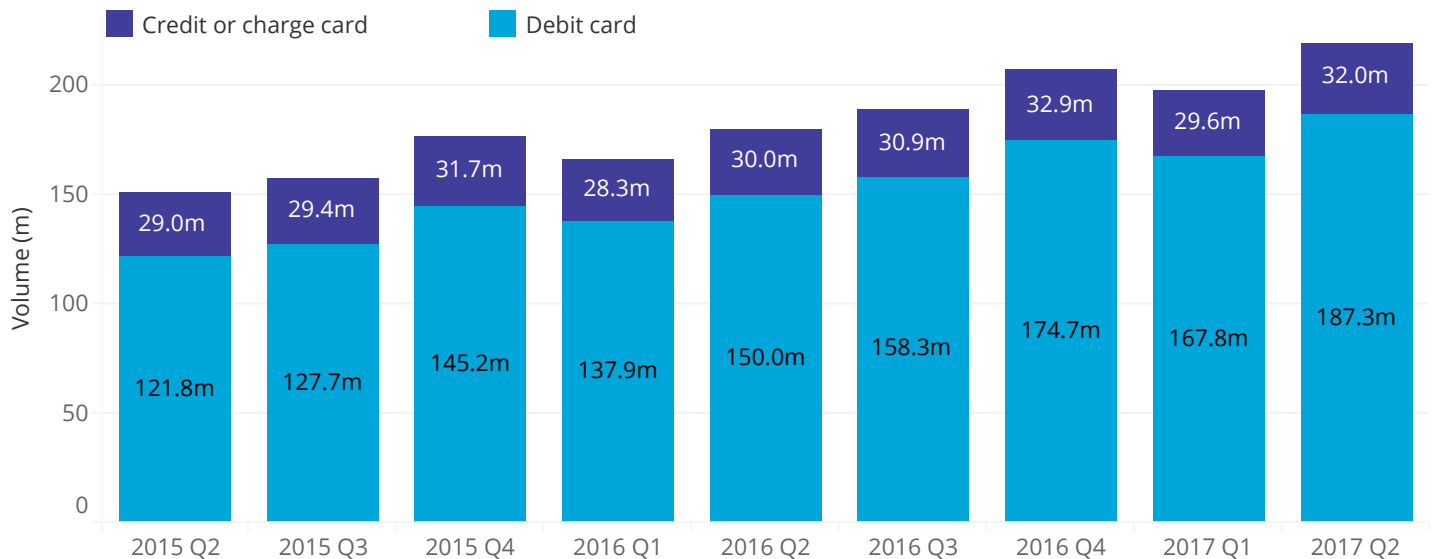
In Q2 2017, contactless payments grew by 138% year-on-year in volume terms and by 149% in value terms.

On average, cardholders made almost 11 payments per card during the quarter and spent more than €132 per card using contactless technology.



Source: BPF

Credit & Debit Cards

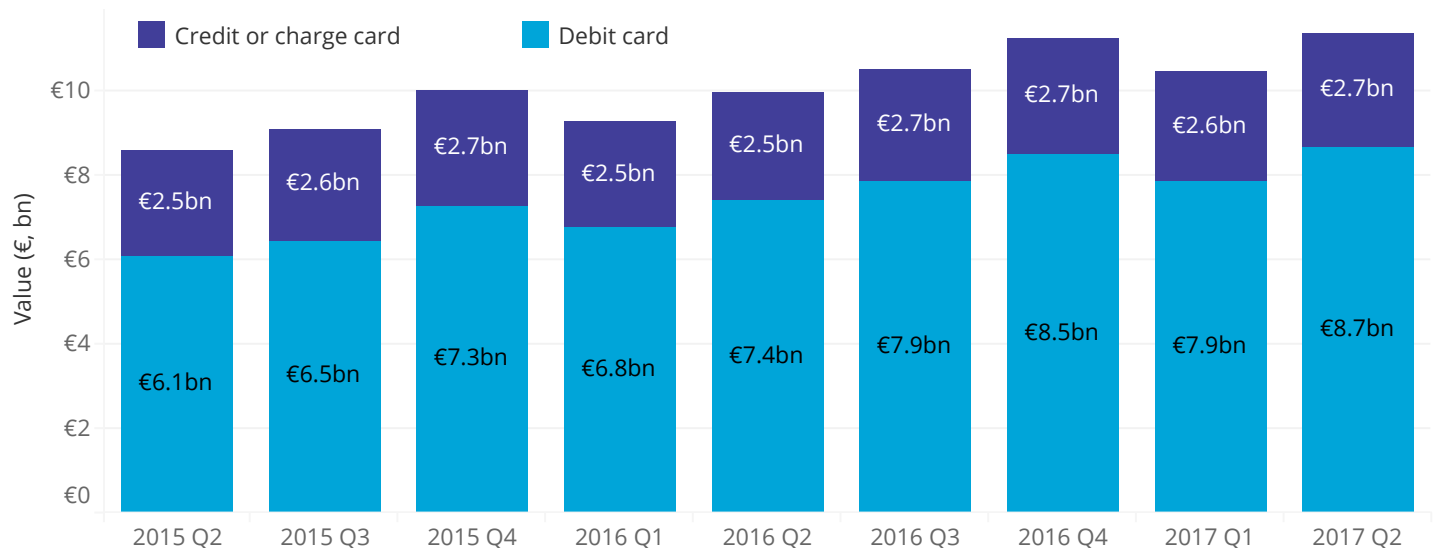


Source: Central Bank of Ireland

Payment card usage (including contactless card payments) continued to grow strongly in Q2 2017, driven mainly by a significant increase in debit card activity, according to the Central Bank of Ireland (CBI). Debit card volumes grew by 24.9% year-on-year and credit card volumes by 6.5%.

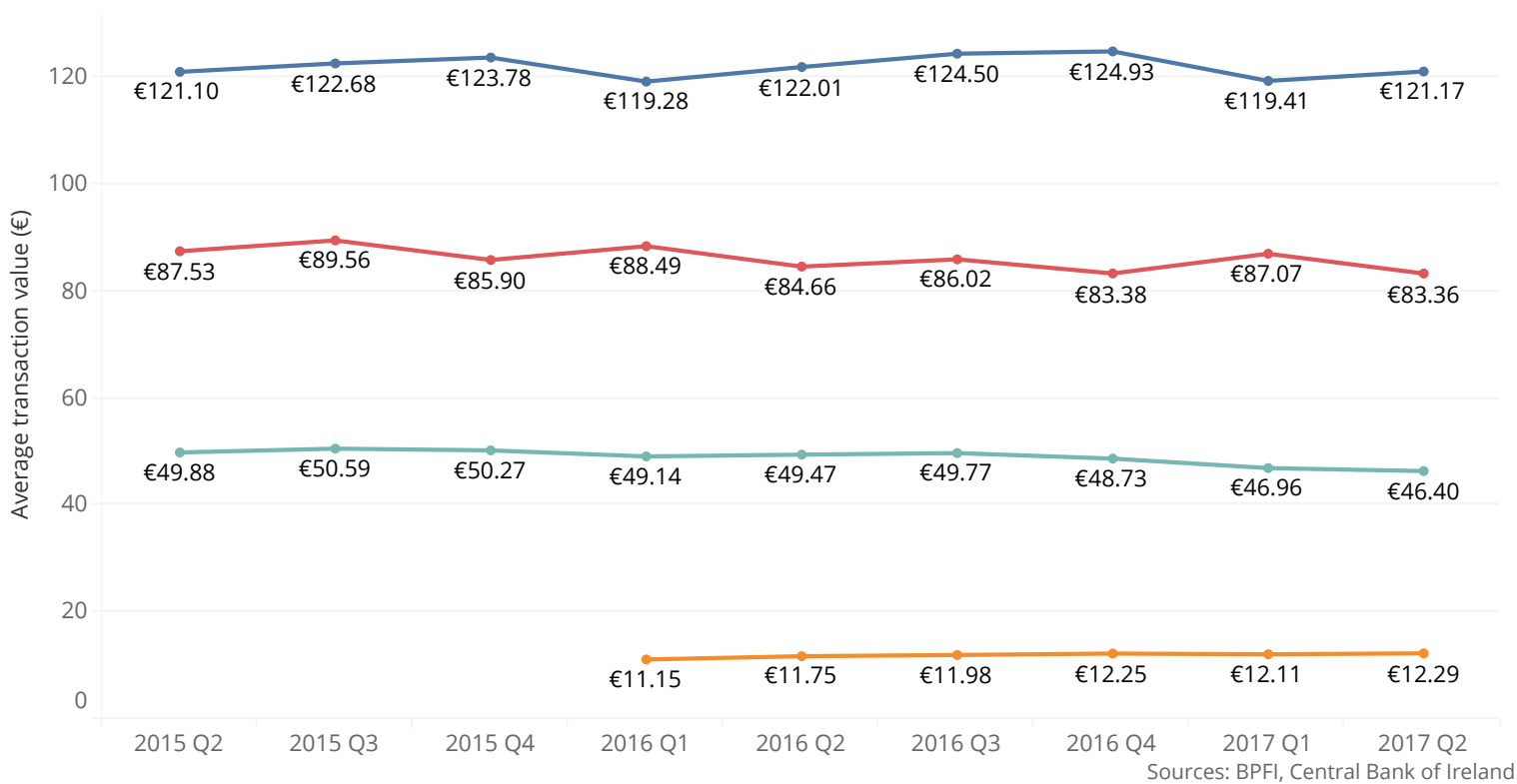
There were 4.7 million debit cards in issue (4.1 million active cards) by the end of June 2017, compared with 1.9 million credit cards (1.5 million active cards).

Debit cardholders made 46 payments per active card in Q2 2017, spending €2,127 per card. Active credit cardholders spent €1,728 per card on about 21 transactions per card.



Source: Central Bank of Ireland

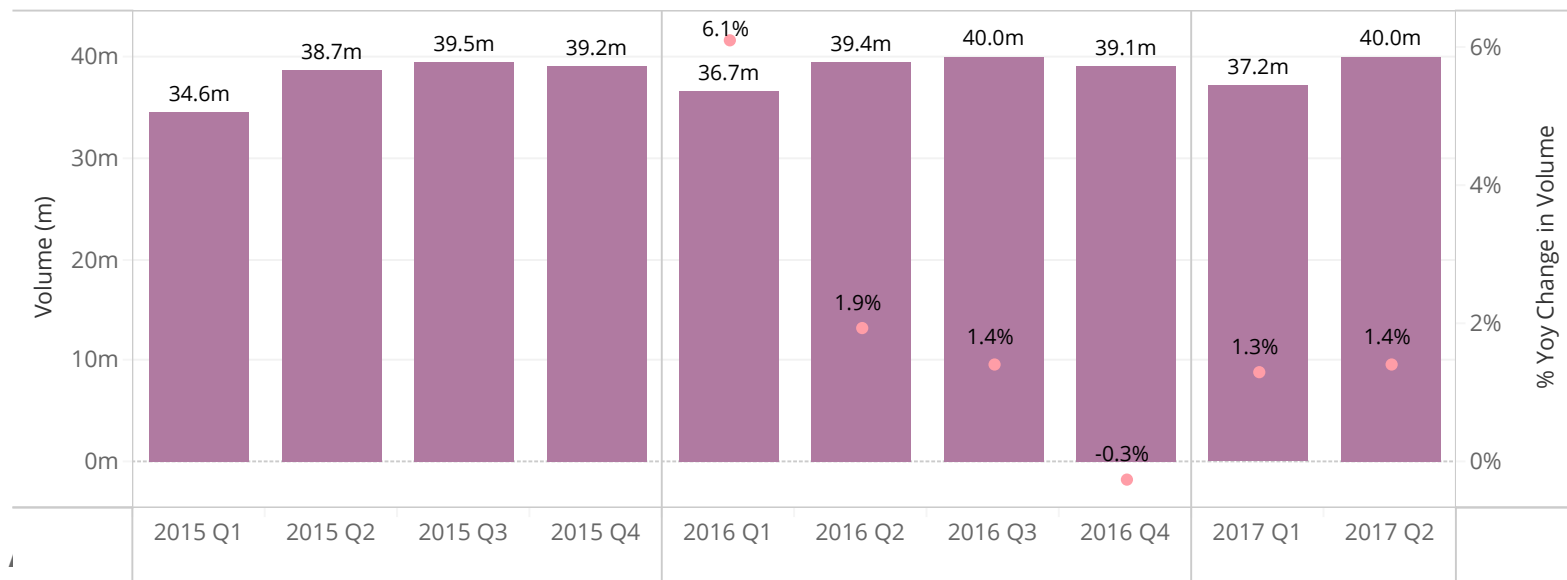
Average Card Transaction Value



- Debit card ATM cash withdrawal
- Credit card payment
- Debit card payment
- Contactless payment (credit or debit)

The average cash withdrawal with Irish debit cards fell slightly year-on-year in Q2 2017 to about €121.17. The average credit card and debit card payment transaction fell to €83.36 and €46.40, respectively. The average contactless payment, which are capped at €30, increased by €0.54 between Q2 2016 and Q2 2017 to €12.29.

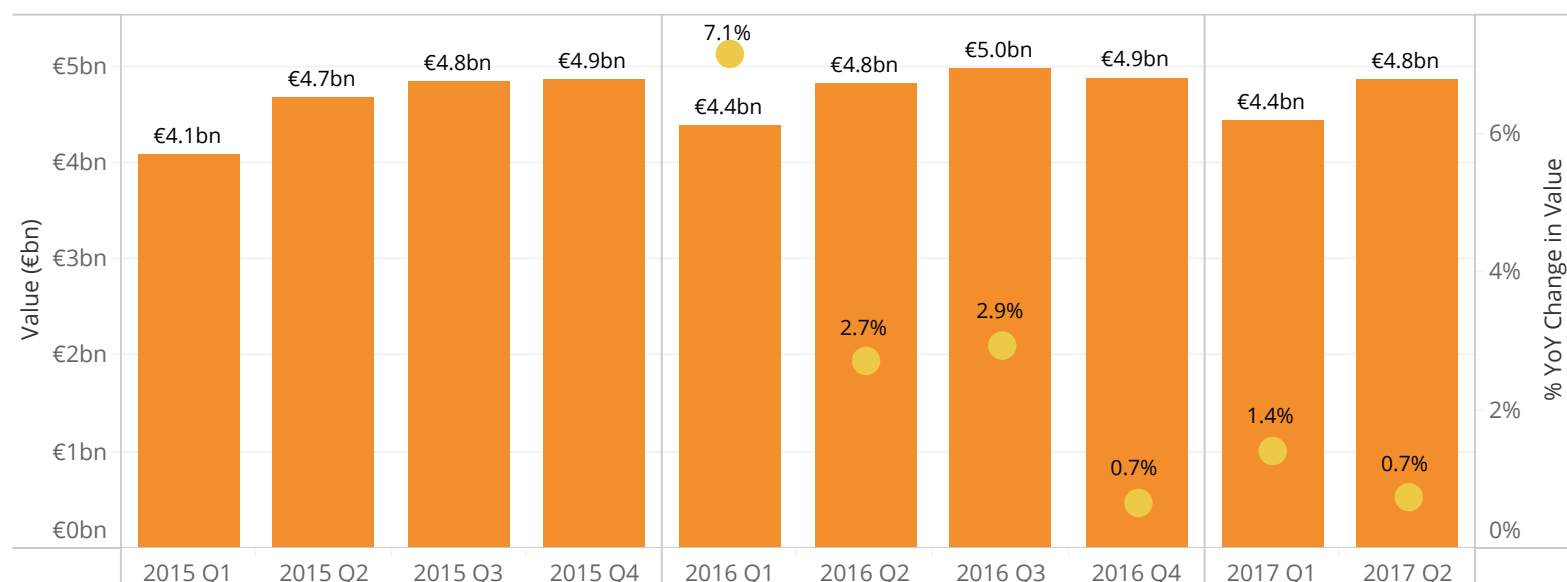
ATMs



Irish debit cards were used to make 40 million cash withdrawals in Ireland and abroad in Q2 2017, a 1.4% increase on Q2 2016. Some €4.8 billion in cash was withdrawn, up 0.7% on the same period of 2016.

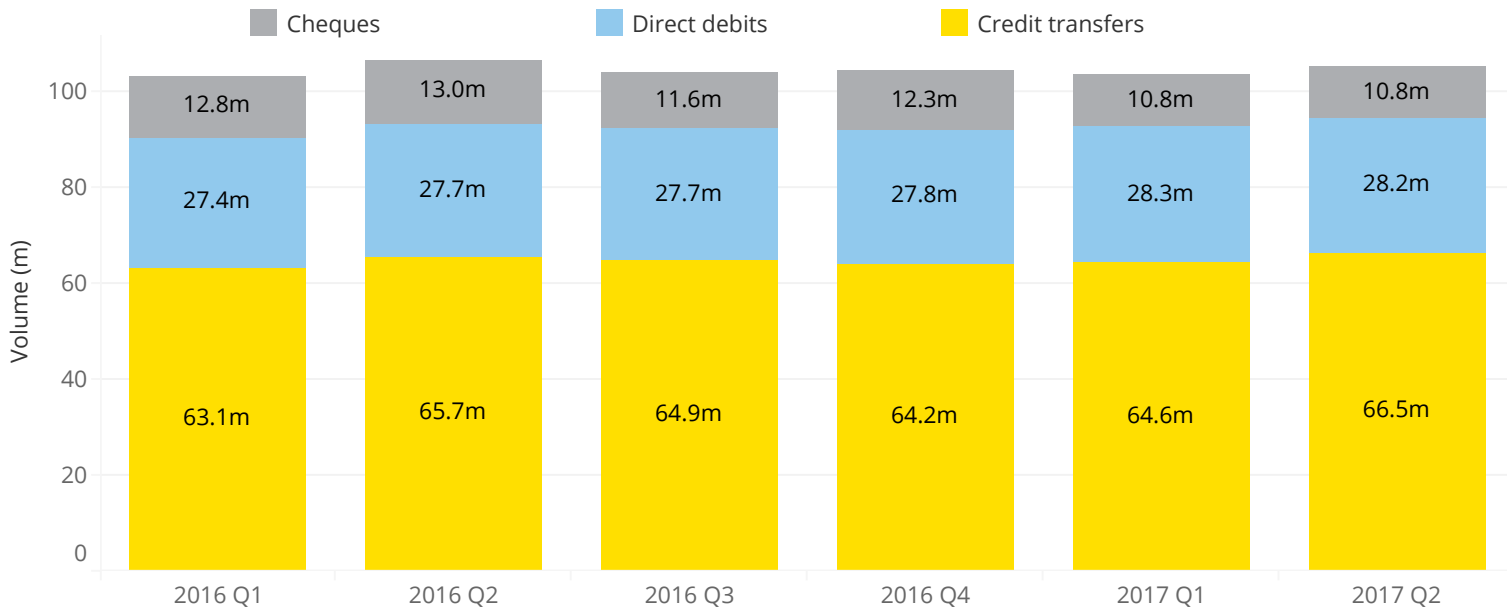
BPFI estimates that 5% of the volumes and 6% of the value of cash withdrawals at Irish bank ATMs were made on cards issued outside Ireland.

Banks had 3,383 ATMs in Ireland at the end of June 2017.



Source: Central Bank of Ireland

Cheques, Credit Transfers and Direct Debits - Domestic

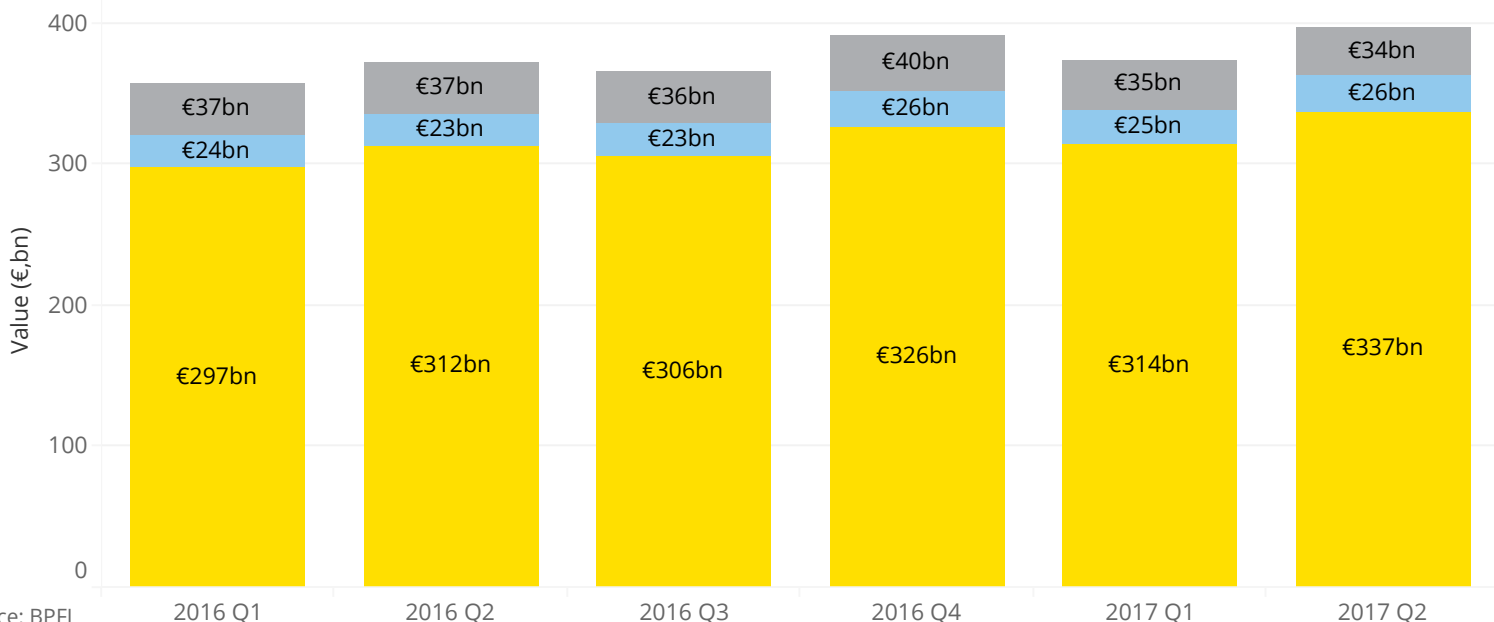


Source: BPF

Cheque usage continued to fall in Q2 2017, dropping by 16.5% in volume terms year-on-year and by 6.2% in value terms.

Credit transfer volumes, which include online and mobile banking transfers, grew by 1.1% year-on-year, while direct debit volumes rose by 1.9%.

Only 1.8% of the volume of credit transfers were paper-based in Q2 2017, down from 2% a year earlier.



Source: BPF

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 and branches
Cheques, credit transfers and direct debits
Digital banking

The following data has been obtained from the CBI:
Credit and debit card usage

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. The full data series will be maintained on the BPFI website (www.bpfi.ie).

About Us

Banking & Payments Federation Ireland (BPFI) is the principal voice of the banking and financial services 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 also have *contactless payment* technology. Cardholders pay by holding the payment card 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.