

## Overview

### Key Payment Trends H1 2018

	<i>YoY volume change</i>
Contactless credit/debit card payments	66.3%
Digital banking payments	18.4%
Credit/debit card payments	19.9%
Domestic cheque	-10.3%
Domestic direct debit	1.0%
Worldwide credit transfer	5.2%

Sources: BPFI, Central Bank of Ireland

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

### Key Findings

Payment card usage (including contactless card payments) continued to grow strongly in H1 2018, driven mainly by a significant increase in debit card activity, according to the Central Bank of Ireland (CBI). Debit card volumes grew by 21.9% year-on-year and credit card volumes by 8.7%.

The increasing penetration of contactless payments, comprising contactless card and mobile wallet payments, has also supported card growth. In H1 2018, contactless payments grew by about 66% year-on-year in both volume terms and value terms to 158 million payments valued at €1.9 billion.

The quarterly value of contactless card payments exceeded €1 billion for the first time in Q2 2018 and almost one in three card payments were contactless.

Digital banking transaction volumes, including online and mobile banking, grew by 18.4% year-on-year to 46.8 million in H1 2018.

Cheque payments continued to decline in H1 2018, down 10.3% by volume year-on-year, while worldwide credit transfer and domestic direct debit volumes grew by 5.2% and 1%, respectively.

The value of cash withdrawn at ATMs on Irish debit cards rose to €9.4 billion, up 0.7% on H1 2017.

## Commentary

### Strong growth in card usage reduces dependence on cash

The latest *BPFI Payments Monitor* shows strong growth in card payments, driven mainly by the widespread acceptance and use of contactless payments (which includes contactless payments with physical card and mobile-based payments from a card-linked account) and continued growth in digital banking. However, healthy economic growth means that demand for cash will likely remain strong.

### Tapping into contactless

Payment card usage has exploded in recent years thanks mainly to the rollout of contactless payment cards and smartphone-based mobile wallets.

The volume and value of contactless payments both grew by about 66% year-on-year in H1 2018. The quarterly value of those payments exceeded €1 billion for the first time in Q2 2018.

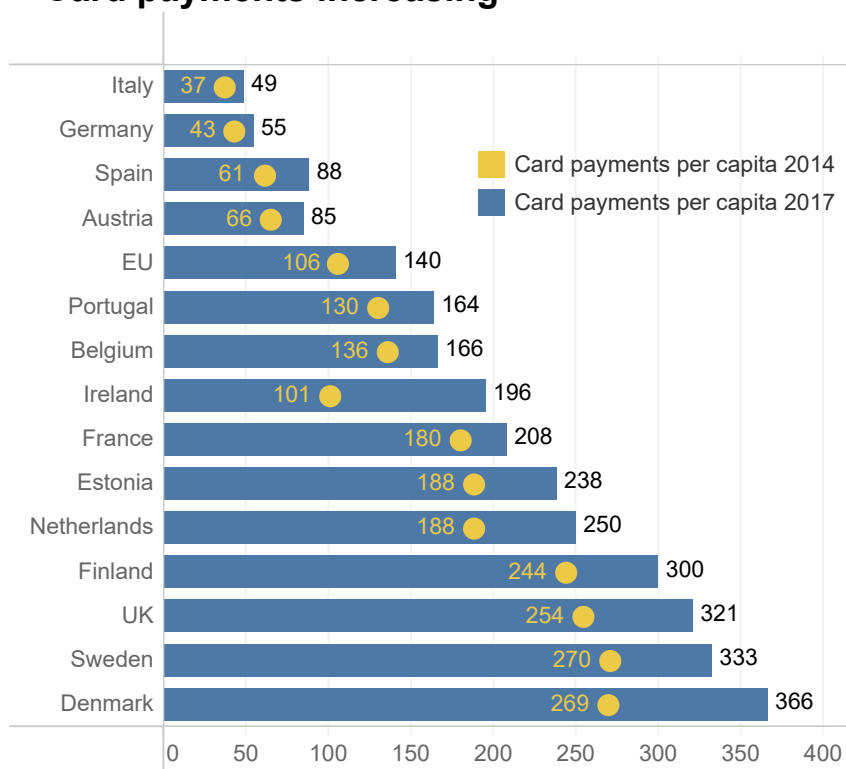
Contactless payments accounted for 63 million of the 83 million additional card payments in H1 2018.

The latest data from the European Central Bank (ECB) also shows that card payments per capita in this country almost doubled between 2014 and 2017, taking Ireland into the second tier of card payment nations in the EU, alongside Estonia, France and the Netherlands.

Consumers are becoming increasingly comfortable with contactless payments, especially in public transport. The National Transport Authority marked the sale of the three millionth Leap card (a closed loop card used for public transport) in May by reporting that 63.5 million Leap card journeys had been taken in the first four months of 2018.

Transport for London has built on the success of its Oyster transit payment card by accepting contactless payments on its transport network in December 2012. By April 2018, some 2.5 million contactless journeys were being made across London's bus, Tube and rail services every day. Australian Payments Network, an industry organisation, has launched a similar open loop transport initiative.

### Card payments increasing



Sources: ECB (2018)

## Commentary

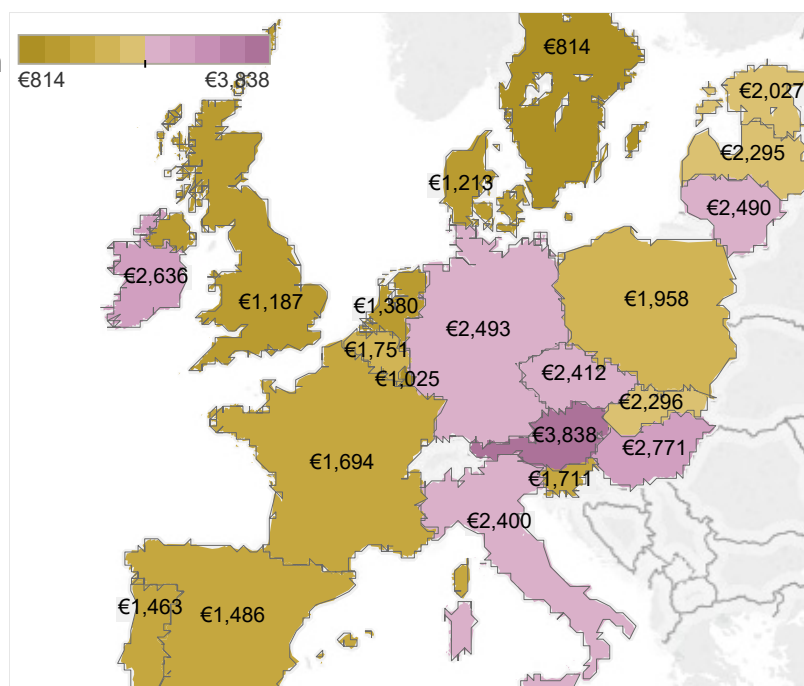
### Cash demand remains strong

Despite the surge in card payments, cash demand remains strong with the number and value of ATM cash withdrawals increasing by 3.8% year-on-year to €5 billion in Q2 2018.

ECB figures show that Irish cardholders were the third highest users of ATM cash withdrawals in the EU in 2017 after Austria and Hungary.

Consumers also get cash over bank counters, via cashback at the point of sale and in social welfare payments at post offices: some 42% of the 80 million social welfare payments made each year are paid through post offices in cash, according to the Department of Employment Affairs and Social Protection.

### ATM Cash Withdrawn per Card (2017)



Source: ECB (2018)

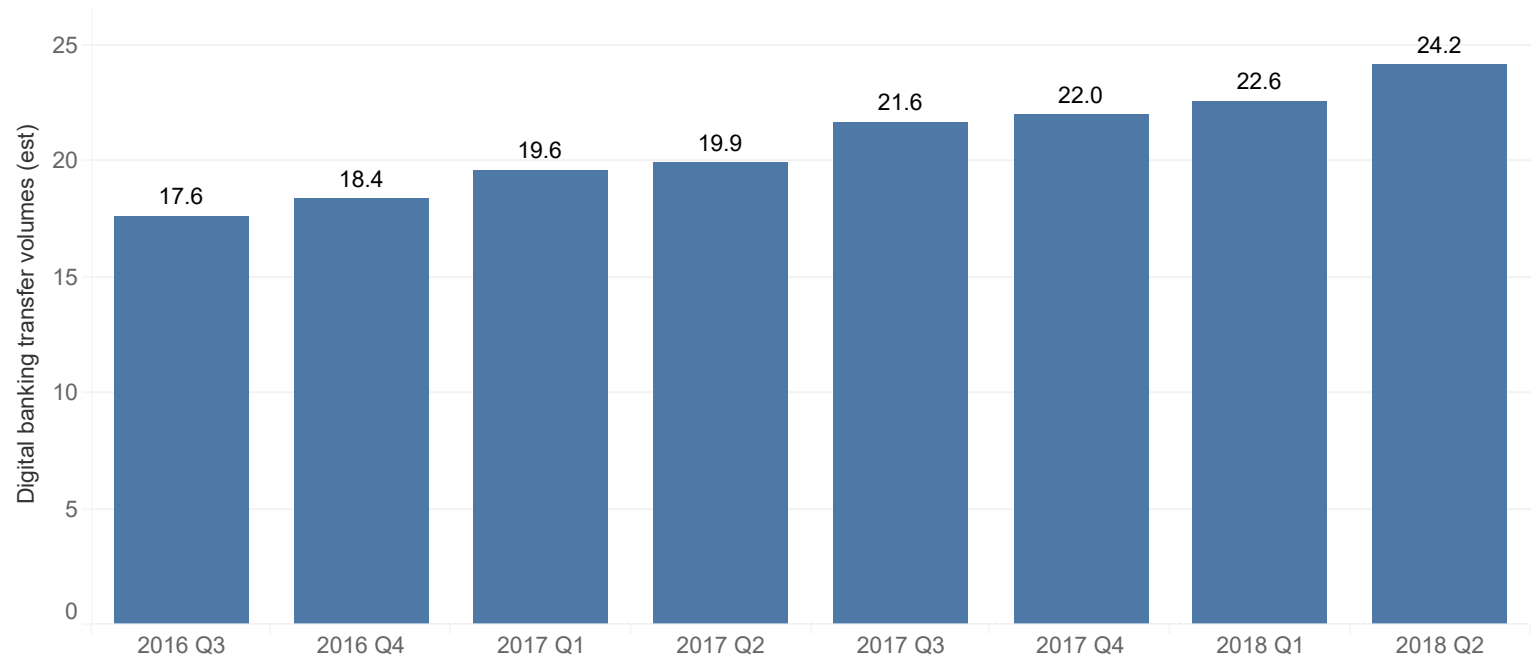
### Big change in small change

One positive sign of the move away from cash is the decline in new banknote and coin issuance reported by the CBI. The volume of banknotes issued fell by 18% year-on-year to 269 million in 2017 and the number of coins issued more than halved (down 54%) to 58 million.

The CBI attributed much of this reduction to the success of the voluntary rounding campaign launched in October 2015 when retailers were encouraged to round cash payments up or down to the nearest 5c. The central bank reported that excess stock of 1c and 2c coins were swapped with other Member States and resulted in the largest coin-swap within Europe to date.

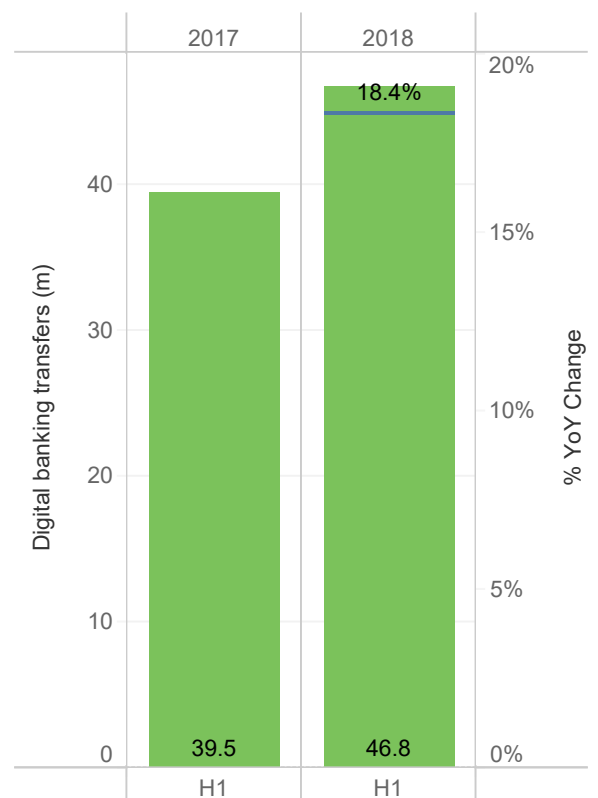
The Belgian government recently introduced a draft law aimed at making rounding mandatory and estimated the cost of delivery, sorting, counting and transport of 1c and 2c coins at €44 million. That's a change worth considering.

## Digital Banking



Source: BPFi

## YoY change in digital banking

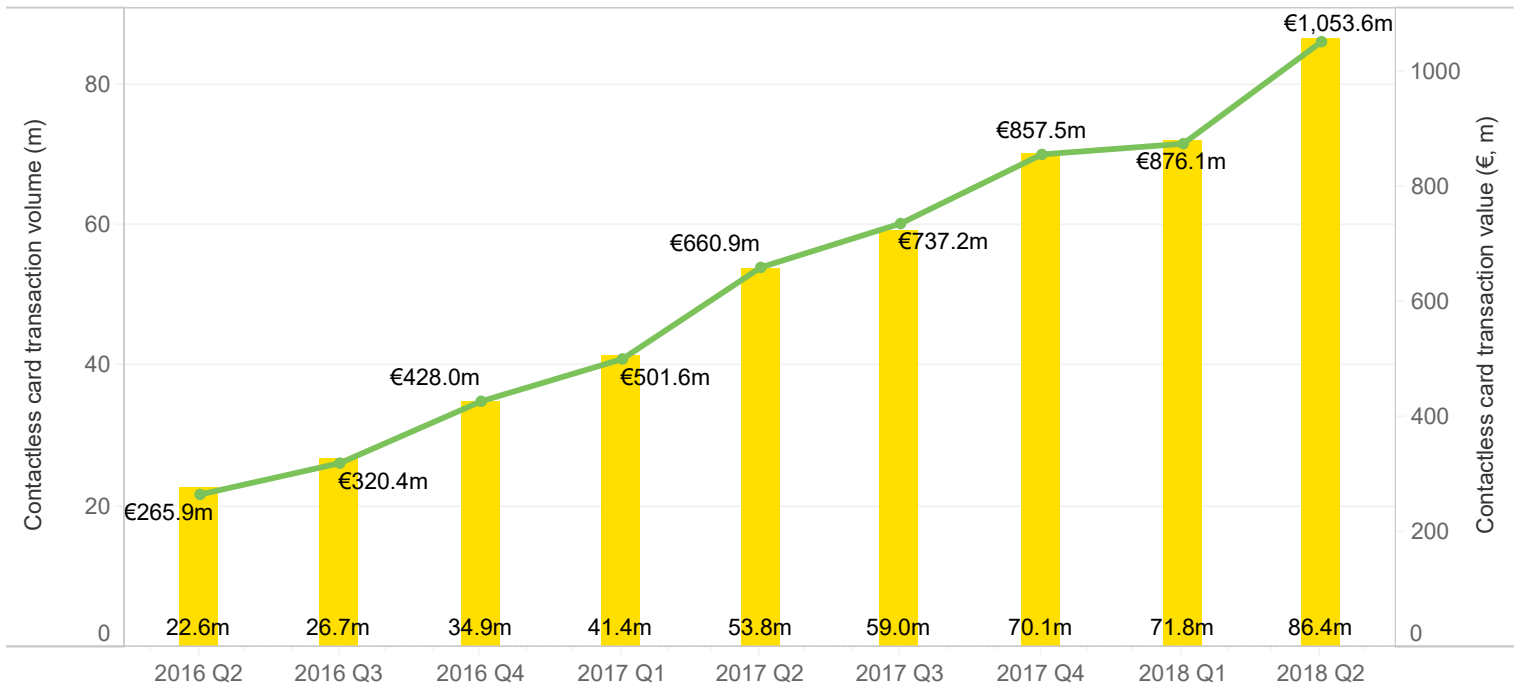


Digital banking (credit transfers initiated via personal online or mobile banking) grew by 18.4% year-on-year to 46.8 million in H1 2018.

Some 70% of individuals who used the Internet in the previous three months reported using it for digital banking in 2018, according to the Central Statistics Office. Internet banking penetration was highest among 30-44 year olds (83%) and in the midlands (81%).

Internet banking usage in Ireland was on a par with France, Switzerland and the UK but behind Scandinavian and Benelux countries.

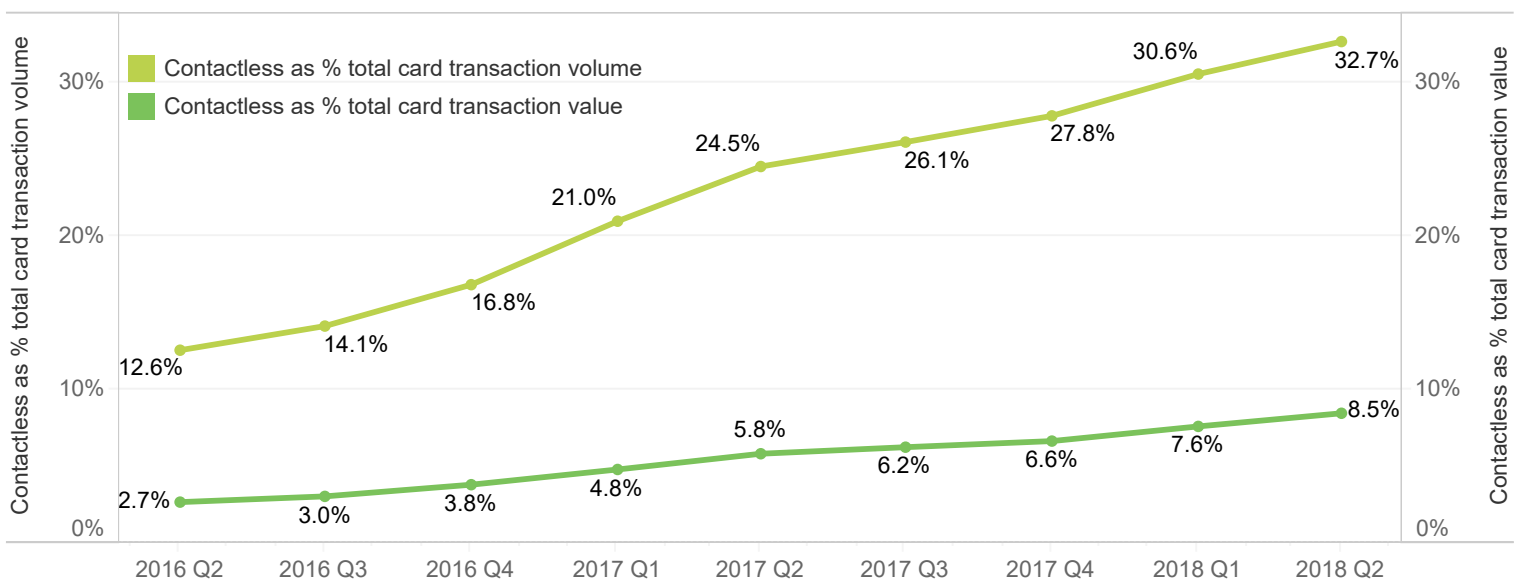
## Contactless Payment Cards



Source: BPFi

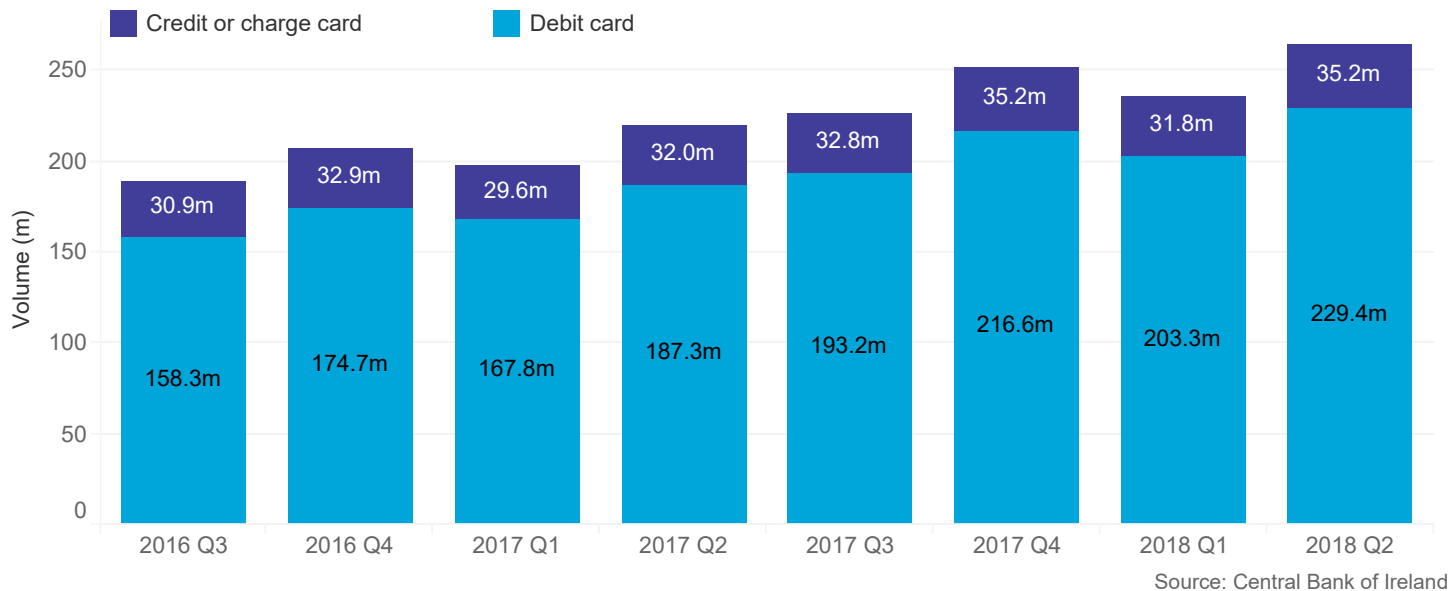
By the end of June 2018, almost 4.4 million debit cards and 1.2 million credit cards in issue had contactless payment functionality. In H1 2018, contactless payments grew by about 66% year-on-year in both volume terms and value terms to 158 million payments valued at €1.9 billion. The quarterly value of contactless card payments exceeded €1 billion for the first time in Q2 2018.

On average, debit cardholders made almost 35 contactless payments per card in the first half of 2018 and spent more than €421 per card. Credit cardholders spent almost €89 on average per card in the same period.



Source: BPFi

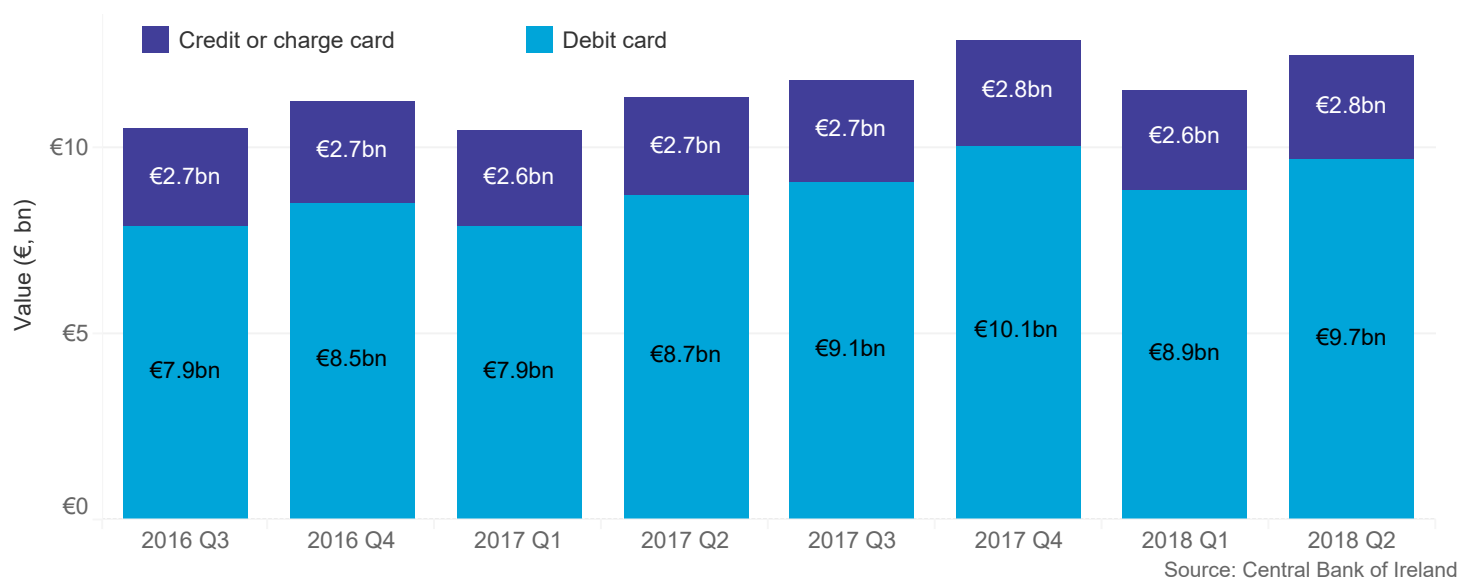
## Credit & Debit Cards



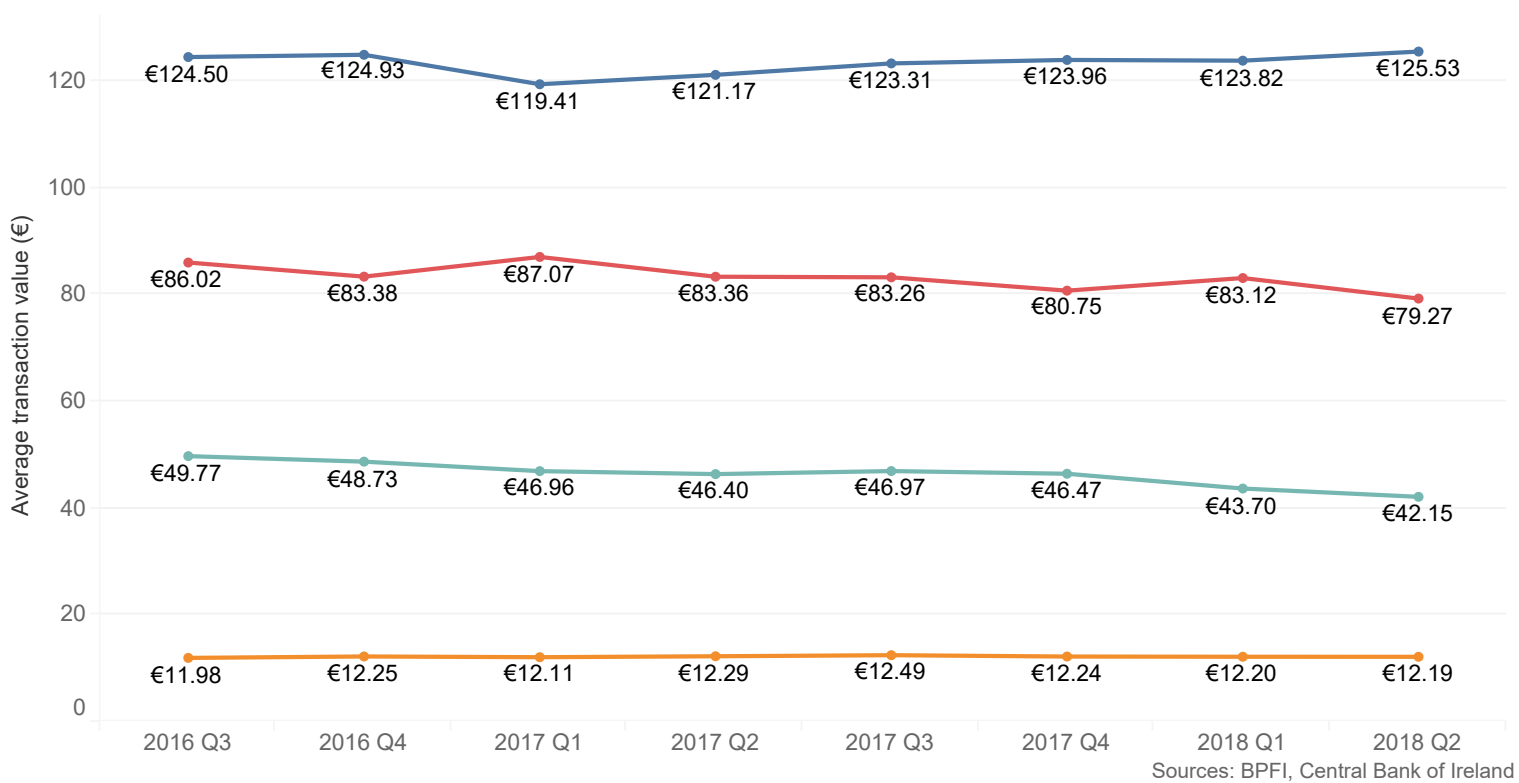
Payment card usage (including contactless card payments) continued to grow strongly in H1 2018, driven mainly by a significant increase in debit card activity, according to the Central Bank of Ireland (CBI). Debit card volumes grew by 21.9% year-on-year and credit card volumes by 8.7%.

The number of debit cards in issue exceeded 5 million for the first time in June 2018. More than 4.3 million of those cards were active. The number of active credit cards increased to its highest level since August 2016 although the total number of credit cards was little changed at almost 1.8 million.

Debit cardholders made 101 payments per active card in H1 2018, with an average payment of €42.88. That compared with 87 payments averaging €46.66 in H1 2017. Active credit cardholders spent 43 payments per active card, with an average transaction value of €81.10.



## Average Card Transaction Value



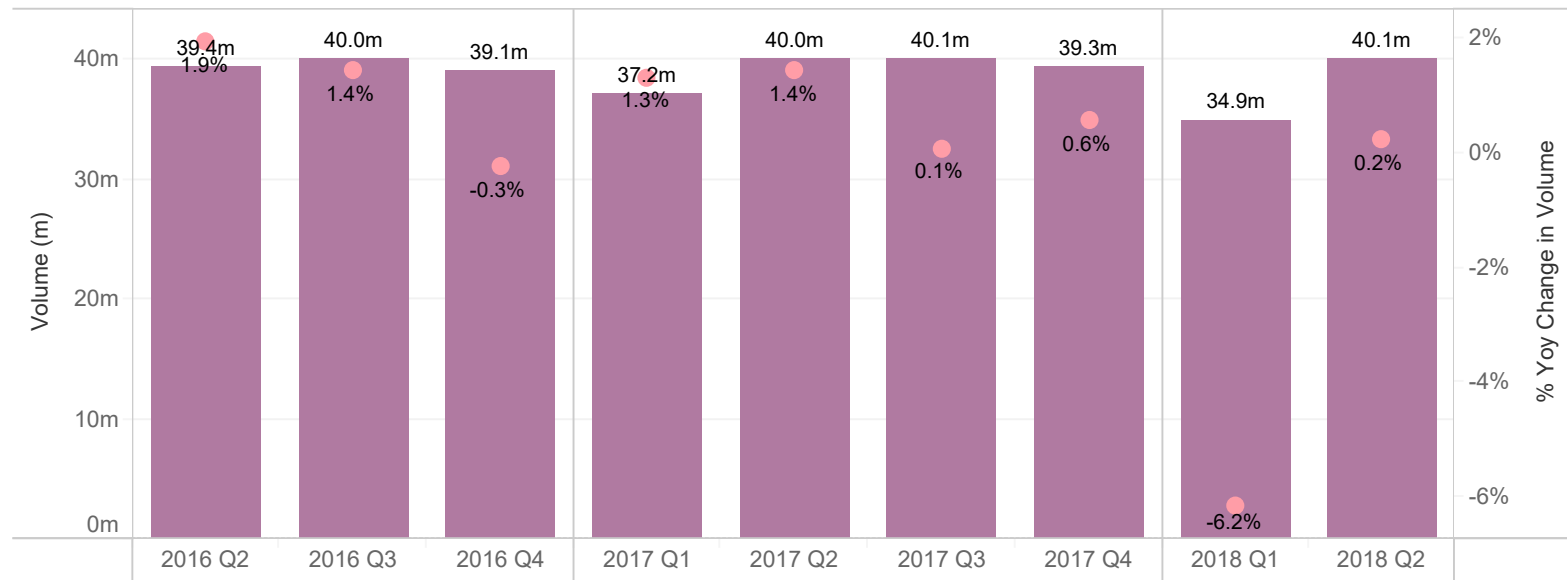
- Debit card ATM cash withdrawal
- Credit card payment
- Debit card payment
- Contactless payment (credit or debit)

The average cash withdrawal using Irish debit cards rose by 3.6% year-on-year in Q2 2018 to €125.53, based on a BPFi analysis of CBI figures.

By contrast, the average credit card and debit card payment transaction fell to €79.27 and €42.15, respectively.

The average contactless payment, which are capped at €30 for card-based transactions, was largely unchanged at €12.19.

## ATMs

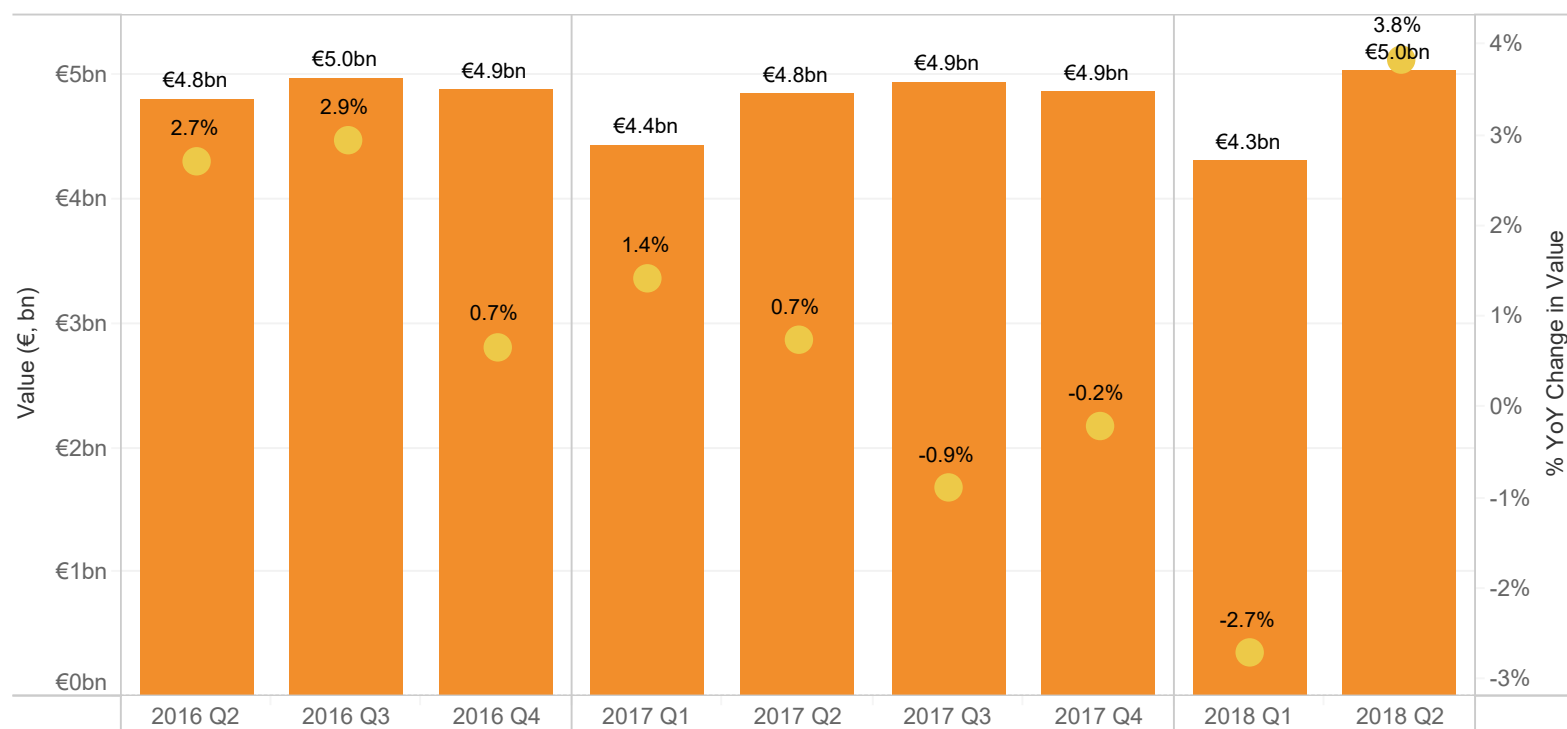


Source: Central Bank of Ireland

## ATM Usage - Irish Debit Cards

Irish debit cards were used to make 75 million cash withdrawals in Ireland and abroad in H1 2018, down from 77.2 million in H1 2017. The value of cash withdrawn rose to €9.4 billion, up 0.7% on H1 2017. Some €8.8 billion was withdrawn at ATMs in Ireland and almost €0.6 billion outside Ireland.

Banks had 3,151 ATMs in Ireland at the end of June 2018. BPFi estimates that, through acquisitions or new installations, independent ATM deployers have increased their share of ATMs deployed to a quarter of all ATMs in Ireland.



Source: Central Bank of Ireland





## 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

### 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](mailto: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.