

Payment Cards in Germany

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Abstracts

Introduction

Payment Cards in Germany is an invaluable guide to one of Europe's largest payment card markets. The report provides statistics on market size, competitor market shares and forecasts. It also provides an overview of regulation, competitor activities, issuer strategy and product innovation including developments in contactless, mobile payments, online and prepaid cards.

Scope

- Data and analysis provided on debit cards, credit cards and deferred debit and charge cards.
- Historic market data and competitor market shares are presented for 2004-2008, H1 2009, with market forecasts presented to 2013.
- New this year is data covering transactions by merchant category, premium card branding, benefits per card, card primacy and repayment behaviour.
- Concludes with a detailed analysis of developments in the areas of contactless, mobile payments, online and prepaid cards.

Highlights

The payment card market in Germany is well-developed, but cards are not the preferred electronic method for consumers due to the popularity of credit transfers for high-value purchases. German consumers are uncomfortable with using revolving credit cards, and as a result these products are not especially popular.

The competitive landscape in the German credit card market has changed and now features a large number of small players rather than being dominated by a few big players. The breadth of products is also approaching that seen in more mature markets. Barclaycard, the Sparkassen and Landesbank Berlin are the largest credit card issuers.

The credit card market in Germany declined in 2009 from 2008, but growth is expected to pick up in 2010 and remain positive through to 2013. The vast majority of payment cards in Germany are pay now products, however, and it is unlikely that this trend will be reversed.

Reasons to Purchase

- Learn how the German general purpose payment card market has developed over the last five years.
- Understand recent developments in the market in terms of consolidation, new entrants and product innovations.
- Use of Datamonitor's five year forecasts for the market to plan your future strategy.

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Interchange is also a SEPA issue

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Forecasting the revolving credit card market

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Balances outstanding and card repayment rates by brand

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Charge and deferred debit card market shares

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2009: Deutsche Bank Acquired a Minority Stake in Deutsche Postbank

2008: Citi sold its German retail banking operations to credit mutuel CIC

2006: Fortis announced the launch of a chain of credit shops

2006: ING entered the card market through its DIBA brand

2005: Unicredito acquired Germany's Hypovereinsbank

Product design and issuer strategy in Germany

Credit card product strategy

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Leading revolving credit products and price points

Leading loyalty programs

Lufthansa's Miles & More has over 5 million members in Germany

Payback remains the leading program in the market

HappyDigits has also been successful

In addition, Webmiles, a multi-retailer program for online vendors, has also been moderately successful

The success of these programs has seen loyalty become an ever-more important feature in the market

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Number of cards in issue

Value of transactions

Revolving credit card scheme shares

Number of cards in issue

Value of transactions

Charge and deferred debit card scheme shares

Number of cards in issue

Value of transactions

Online, Contactless, Prepaid and Mobile Payments

Overview

Online payments in Germany were an estimated €66.5 billion market in 2009

Germany is the sixth largest market in terms of potential value and is worth €66.5 billion

Flight and hotel purchases account for the largest share of transaction values online

However, German consumers are not the highest spenders online

Combined credit and debit cards account for the majority of online transactions in

Germany, but neither is as popular as bank transfers

German consumers are among those making the least use of credit cards online

The same is true of debit card usage online in Germany

Contactless payments are a \$68.6 billion opportunity in Germany

Germany is the largest market in terms of potential opportunity in Europe, being worth \$68.6 billion

The integration of contactless commenced in 2008, driven by MasterCard initiatives

The petrol market offers the biggest opportunity for contactless payments, but has witnessed few developments

Orlen Germany is set to roll out PayPass terminals in 2010

Convenience stores also offer numerous opportunities, but no large retailers have been targeted thus far

Fast food is the third biggest opportunity but has not received as much attention

Public transport provides fewer opportunities in terms of volume, but there are clear benefits from the consumer perspective that could be leveraged

Developments in prepaid cards

Developments in mobile payments

Germany has witnessed a number of mobile trials, but the technology has been slow to take off

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Regulatory bodies

Industry regulators

Bundesbank
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Industry associations
Zentraler Kreditausschuss (ZKA)
Deutscher Sparkassenn- und Giroverband (DSGV)
Bundesverband deutscher Banken (BdB)
Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR)
Bundesverband öffentlicher Banken Deutschlands (VöB)
Bankenfachverband
Credit bureaus
Schufa
Infoscore
Supplementary data
Definitions
AAGR
Affinity card
CAGR
Co-branded card
Credit card
Deferred debit and charge card
EMV
EPC
ePurse
Merchant service charge
Pay now cards
POS terminal
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