

# 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.

## Contents

### OVERVIEW

Catalyst

Summary

Executive Summary

Sizing and forecasting the payment card market in Germany

Competitor and product developments in Germany

Online, contactless, prepaid and mobile payments

Table of Contents

Table of figures

Table of tables

Sizing and Forecasting the Payment Card Market in Germany

Overview

Key macroeconomic and consumer data

Macroeconomic trends and performance

GDP

Real GDP growth

Inflation

Unemployment

Demographic and consumer trends

Sizing the payment card market in Germany

Size and performance of the payment card market

Penetration of payment cards

Number of payment cards in issue by type

Number of payment card transactions

Frequency of use

Value of payment card transactions

Average transaction value

Trends in payment card use compared to other countries

Pay now card use

Pay later card use

Credit card balances outstanding, revolve rates, usage and repayment behavior

ATM and POS terminal numbers

Regulatory environment

Regulation of German retail banking

Key issues facing the market

SEPA

Driven by SEPA, new initiatives have been launched in the market

Interchange is also a SEPA issue

Fraud and EMV

Acquiring and processing landscape

Acquiring and processing structure in the market

Forecasting the payment card market in Germany

Forecasting the pay now card market

Forecasting the revolving credit card market

Forecasting the charge and deferred debit card market

Competitor and Product Developments in Germany

Overview

Card issuer market shares and performance

Credit card market shares

Number of credit cards in issue by issuer

Number of transactions by brand

Value of transactions by brand

Balances outstanding and card repayment rates by brand

Pay now card market shares

Charge and deferred debit card market shares

Significant recent entrances and exits

2009: Dresdner bank merged into commerzbank

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

Card product features by issuer

Usage trends by issuer

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

Card scheme market shares and developments

Pay now card scheme shares

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

Appendix

Regulatory bodies

Industry regulators

Bundesbank  
Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)  
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  
Private-label cards  
Methodology  
Cards and payments database  
Financial Services Consumer Insight is new to our offering, providing new and valuable insight  
Forecasting methodology  
Further reading  
Ask the analyst  
Datamonitor consulting  
Disclaimer

## List Of Tables

### LIST OF TABLES

Table 1: Germany: macroeconomic indicators

Table 2: Germany: demographics and consumer trends

Table 3: Datamonitor's forecast for the pay now card market, 2008-13f

Table 4: Datamonitor's forecast for the credit card market, 2008-13f

Table 5: Datamonitor's forecast for the deferred debit and charge card market, 2008-13f

Table 6: Product details for revolving credit cards in Germany, 2010

Table 7: Fees and APRs applicable to revolving credit cards linked to loyalty programs in Germany, 2010

Table 8: GDP by country, 2008

Table 9: Unemployment and unemployment rate in Europe

Table 10: Germany: GDP growth, 2005-09

Table 11: Card penetration in Europe

Table 12: Germany: inflation (% change)

Table 13: Average transaction value and frequency of use for pay now cards in Europe

Table 14: Average transaction value and frequency of use for pay later cards in Europe

Table 15: Number of ATMs: Europe

Table 16: Population per ATM in European countries

Table 17: Number of POS terminals: Europe

Table 18: Population per POS terminal in European countries

Table 19: Balances outstanding and revolve rates, 2008

Table 20: Current relevant publications

Table 21: Future relevant publications

## List Of Figures

### LIST OF FIGURES

Figure 1: Germany had the highest GDP in Europe in 2009

Figure 2: Germany's economy contracted by 4.9% in 2009

Figure 3: Inflation in Germany reached its lowest rate of the period, 0.1%, in 2009

Figure 4: Germany had the third highest unemployment rate in Europe in 2009

Figure 5: Germany had 1.5 cards per person in 2008

Figure 6: Pay now cards are more dominant in Germany than pay later cards

Figure 7: Germany had the fifth highest pay now card penetration in Europe in 2008

Figure 8: Pay later cards grew at an AAGR of 29.7% over 2004-08 in Germany

Figure 9: Credit cards grew fastest in Germany over 2004-08, but are believed to have declined by 6.6% in 2009

Figure 10: Pay now cards accounted for the largest share of cards transactions in Germany in 2004-09e

Figure 11: POS transactions are fast replacing ATM withdrawals in Germany

Figure 12: Spending split by merchant category varied significantly in pay now and pay later markets in 2008

Figure 13: Credit cards are used least in Germany, with negative growth observed during 2004-08

Figure 14: POS transactions increased significantly in Germany in 2004-09e

Figure 15: Pay now cards accounted for the majority of transaction values in 2004-09e

Figure 16: The value of ATM transactions is expected to have declined less than that of POS transactions in 2009

Figure 17: Flights and hotels account for the greatest pay later transaction value in Germany

Figure 18: Average transaction values were highest for charge/deferred debit cards in 2004-09e

Figure 19: Average transaction value was higher for ATMs than the POS in Germany in 2004-09e

Figure 20: Germany exhibited above-average POS transaction values for Europe but the frequency of use was comparatively low in 2008

Figure 21: Germany had a turnover of €5,601 per pay now card, with the highest proportion of this at ATMs, in 2008

Figure 22: At the POS, pay later cards in Germany had a low frequency of use but the average transaction value was relatively high in 2008

Figure 23: Pay later cards see more turnover at POS terminals than pay now cards in Germany



Figure 24: Pay now spending by merchant category was more or less even across Europe in 2008

Figure 25: Pay later spending by merchant category varied considerably across Europe in 2008

Figure 26: The majority of credit cards held in Germany are considered to be primary

Figure 27: 46% of German credit cards are used all the time

Figure 28: Germany has the lowest revolve rate among all European countries

Figure 29: In Germany, 0% of credit cards are reported to have no payment made at all at the end of the interest-free period

Figure 30: Germany witnessed a CAGR of 2% during 2004-08 in terms of the number of ATM terminals

Figure 31: The growth in POS terminals was inconsistent in Germany over 2004-08

Figure 32: Regulatory overview of Germany

Figure 33: Growth in the value of transactions forecast to drive the pay now market forward during 2008-13f

Figure 34: Credit card transaction value is predicted to be the primary driver in the market in 2008-13f

Figure 35: Issuance of deferred debit and charge cards is predicted to decline in the market over 2008-13f

Figure 36: Barclaycard Deutschland is the largest issuer of credit cards in the German market

Figure 37: Deutsche Bank was the most popular credit card issuer in Germany in terms of frequency of use in 2008

Figure 38: Sparkassen and Advanzia Bank were the top players in terms of total value of transactions and average transaction value, respectively, in 2008

Figure 39: Revolve rates per outstanding balance were the highest for Volkswagen Bank in H1 2009

Figure 40: The way that consumers pay off their credit cards varies depending on the issuer

Figure 41: Sparkassen is the largest pay now card issuer in Germany

Figure 42: Sparkassen dominates the charge card market in Germany

Figure 43: Discounts on motor fuel are more common in Germany than the other European markets

Figure 44: Reward/loyalty points (not air miles) are the most important credit card benefit in the opinion of German consumers

Figure 45: Germany is in third place in terms of premium credit cards in Europe

Figure 46: The majority of credit card issuers offer gold cards as the premium products on offer

Figure 47: The majority of credit cards in Germany are considered primary

Figure 48: In Germany, most credit cards are used all the time

Figure 49: The Payback loyalty scheme has a wide range of merchant partners

Figure 50: HappyDigits has a popular co-branded card

Figure 51: EC/Maestro had the greatest number of pay now cards in issue during 2004-08

Figure 52: EC/Maestro accounted for the highest value of pay now card transactions during 2004-08

Figure 53: Visa- and MasterCard-branded cards were the most issued in Germany during 2008

Figure 54: MasterCard became the lead player in terms of value of transactions in 2008

Figure 55: MasterCard and Visa were the closest competitors and the most dominant players in charge and deferred debit card schemes in Germany during 2004-08

Figure 56: Visa accounted for the highest value of transactions in the charge and deferred debit card market over 2004-08

Figure 57: Online payments made up an estimated €66.5 billion market in 2009 in Germany

Figure 58: German consumers were not the highest spenders online in 2009

Figure 59: Credit cards were the second most popular payment method online in Germany in 2009, behind bank transfers

Figure 60: German consumers are among those making the least use of credit cards online

Figure 61: Debit card usage in Germany is low, unlike in the UK

Figure 62: Contactless payments are an \$45.8 billion opportunity in France

Figure 63: The petrol market offers the biggest opportunity for contactless payments

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