

UK Plastic Cards 2009

The Way We Pay

Plastic cards are the most popular non-cash payment method in the UK. They allow cardholders to pay for goods and services easily and conveniently, and provide a secure alternative to cash and cheques. Today, most consumers pay for many of their purchases with a plastic card and most retailers take cards. The majority of purchases on the internet are made using plastic cards.

Plastic cards are issued by a variety of organisations such as banks, building societies and other financial services companies. The types of cards issued and their level of functionality vary from card issuer to card issuer and between the different card schemes under which the cards are issued. The major plastic card schemes include American Express, Diners Club, JCB International, Maestro, MasterCard and Visa. These schemes are the operators of the payment card systems that govern transaction processes and transmission of money through the card networks.

This report looks in detail at how UK-issued plastic cards are held and used, and includes summary tables on cards in issue and the number and value of transactions.

THE UKCARDS ASSOCIATION

The UK Cards Association is the leading trade association for the cards industry in the UK. With a membership that includes all major credit, debit and charge card issuers, and card acquiring banks, the role of The Association is both to unify and to represent the UK card payments industry. It is responsible for formulating and implementing policy on non-competitive aspects of card payments including codes of practice, fraud prevention, major infrastructural changes, development of standards and other matters where cross-industry benefits are identified. The UK Cards Association was formed in April 2009 as the successor body to the APACS Card Payments Group.

UK Plastic Cards 2009 brings together information on how many cards we have and what we spend our money on, both on the high street and online. It also includes demographic details of personal plastic card spending habits, and forecasts how our use of plastic is expected to change over the next ten years.

Other publications include *UK Payment Statistics* and *UK Cash & Cash Machines*, *UK Automated Payments*, *UK Consumer Payments* and *UK Cheques* in *The Way We Pay* series.

For more information about The UK Cards Association please contact:

Tel **020 7711 6200**
Email support@ukcards.org.uk
www.theukcardsassociation.org.uk

If you have queries about the data in this publication, please contact:

Ian Kerr/Denise Heriot
Tel **020 7711 6222/6223**
Email inform@apacs.org.uk

For member enquiries relating to users and holders of cards, and forecasts, please contact:

Tanya Surendra
Tel **020 7711 6334**
Email pmr@apacs.org.uk

Section 1	Overview 2008	5	Section 6	Internet Card Use and Card Acceptance	30
	Key Statistics 2008	6	6.1	Internet payments	30
Section 2	The UK Plastic Card Market	7	6.2	Card acceptance	31
2.1	Cards in issue	7	Section 7	Plastic Card Fraud	32
2.2	Card issuers and acquirers	8	7.1	Plastic card fraud – overview	32
2.3	Cardholding	9	7.2	Fraud in the card-not-present (CNP) environment	32
Section 3	Credit and Charge Cards	10	7.3	Fraud in the face-to-face environment	33
3.1	The credit card market	10	7.4	Fraud-to-turnover ratios	33
3.2	Credit and charge card usage	11	Section 8	Recent regulatory developments affecting credit cards	34
3.3	Credit card spending patterns	13	Section 9	Card Technology – The Future	35
3.4	Personal credit card holding and use	14	9.1	Card technology trends	35
3.5	Personal credit card products	15	9.2	Multi-application cards	35
3.6	Business and purchasing cards	16	9.3	New card acceptance environments	35
3.7	Credit card cheques	16	9.4	SEPA cards framework	35
3.8	Balance transfers	17	9.5	Contactless cards and mobile payments	35
3.9	Credit outstanding	18	9.6	Card and POS security	35
3.10	Repayments of credit card credit	20	Section 10	A comparison of the UK cards market with other countries 2007	36
3.11	Credit card forecasts	21			
Section 4	Debit Cards	22			
4.1	The debit card market	22			
4.2	Debit card usage	22			
4.3	Debit card spending patterns	23			
4.4	Personal debit card holding and use	25			
4.5	Debit card forecasts	26			
Section 5	Other Cards	27			
5.1	ATM-only cards	27			
5.2	Cheque guarantee cards	27			
5.3	Store cards	28			
5.4	Prepaid cards	28			
5.5	Cards with contactless functionality	29			

Contents

Charts			
2.1.1	Number of cards at year-end	7	
2.1.2	Number of standard and fully-authorised debit cards at year-end	8	
2.3.1	Consumer card holdings 2008	9	
2.3.2	Regular payment card users	9	
3.1.1	Credit and charge card usage in the UK	10	
3.1.2	Amount of net credit card lending to individuals, average per month	10	
3.2.1	Transactions on credit and charge cards	11	
3.2.2	Cash advances on credit and charge cards	11	
3.2.3	Average turnover per card	12	
3.2.4	Value of credit and other card transactions outside the UK	12	
3.2.5	Transactions and spending per cardholder	12	
3.3.1	Spending on credit cards by merchant sector 2008	13	
3.3.2	Number of credit card purchases by merchant sector 2008	13	
3.4.1	Number of credit and charge cardholders	14	
3.4.2	Multiple credit card holding by socio-economic group 2008	14	
3.4.3	Regular users of credit cards for purchases	14	
3.4.4	Credit card spending in each sex and age band by purpose 2008	15	
3.5.1	Personal credit and charge cards: card types as a percentage of total	15	
3.5.2	Number of MasterCard and Visa credit and charge cards in issue: product types other than standard	16	
3.7	Number of credit card cheques distributed and presented for payment	16	
3.8	Number and average transaction value of balance transfers	17	
3.9.1	Net lending to individuals, amounts outstanding (year-end)	18	
3.9.2	Net unsecured lending: average annual growth rates	18	
3.9.3	Comparison of average monthly gross and net credit card lending to individuals	19	
3.10.1	Annual amounts of credit card advances and repayments	20	
3.10.2	Average annual repayment ratio of credit card advances	20	
3.10.3	Annual growth rates in credit card spending and in the unrepaid portion of credit card advances	20	
3.11	Credit and charge cards: UK purchase forecasts	21	
4.1.1	Debit cards in issue by card type	22	
4.1.2	Debit card transactions as percentage of card market	22	
4.2.1	Average number of transactions per cardholder per year	22	
4.2.2	Transactions on debit cards, total number of cards and cardholders	23	
4.3.1	Spending on debit cards by merchant sector 2008	23	
4.3.2	Number of debit card purchases by merchant sector 2008	23	
4.3.3	Debit card spending in the UK	24	
4.4.1	Number of debit cardholders	25	
4.4.2	Holders of debit cards by demographic group 2008	25	
4.4.3	Multiple debit card holding 2008	25	
4.4.4	Split of debit card payments by purpose for each demographic group	25	
4.5	Debit cards: UK purchase forecasts	26	
5.1	Cards with ATM functionality	27	
5.2	Cards with cheque guarantee functionality	27	
6.1.1	Consumer internet payments by sector 2008	30	
6.1.2	Consumer internet card spending	30	
6.2.1	Number of outlets and terminal accepting plastic cards	31	
6.2.2	Average number and value of transactions per terminal	31	
7.1	Fraud losses on UK plastic cards	32	
7.4	Fraud-to-turnover ratios	33	
10.1	Number of cards per adult 2007 (selected countries)	36	
10.2	Number of card purchases per adult 2007 (selected countries)	36	
10.3	Value of card purchases per adult 2007 (selected countries)	37	
	Tables		
3.3.3	Top ten locations for credit card usage 2008	13	
4.3.4	Top ten locations for debit card usage 2008	24	
5.3	Store cards	28	
	Summary table: Cards in issue	38	
	Summary table: Transaction volumes	39	
	Summary table: Transaction values	41	

UK Plastic Cards 2009



Name of Contact	
Name on Card	
Company Name	

Address	
	Post / Zip code

Telephone number	
------------------	--

Description of goods/services	
-------------------------------	--

Card <i>(please circle which card)</i>	MasterCard	Maestro	VISA	Switch
---	------------	---------	------	--------

Card number	<input type="text"/>
-------------	----------------------

Expiry date	<input type="text"/>
-------------	----------------------

Valid from date*	<input type="text"/>	Issue Number*	<input type="text"/>
------------------	----------------------	---------------	----------------------

* This data is only required for some cards e.g. Maestro

Date of Transaction	<input type="text"/>
---------------------	----------------------

Total Amount <i>(including VAT)</i>	£	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
-------------------------------------	---	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------

For UK Payments Use Only

Accounts Postings

Sales A/c in Nominal Ledger						£													
VAT	3	1	0	8	0	£													
Total cash	2	0	0	0	0	£													

UK Payments Unit	Corporate Communications
Signature	