
PRESS RELEASE

Banks: ABI, 67 million cards currently in use

A 12% increase with respect to the previous year. A comprehensive overview of electronic money in Italy, resulting from a survey conducted by ABI's e-Committee, was presented today at the "Carte Diem" conference. Mr. Zadra stated: "Italy still lags behind other EU countries regarding the use of electronic payments. More cards and less cash are needed to enhance efficiency and innovation in Italy."

An increasing number of Italians own payment cards and ATM cards and use them more often to make daily purchases. There has been a significant increase in the spread and use of "electronic money" over the past ten years: it must be noted that there are over 67 million bank cards currently in use in Italy – a 12% increase with respect to 2006 and more than double the number of cards in use in 1998, when there were approximately 28 million "plastic cards" in Italy – as well as 1.3 million POS terminals and 41 thousand ATMs. These are the main results from the "Credit and debit cards – Monitoring banking products offered" survey, conducted by ABI's e-Committee Task Force, which shall be presented at the "Carte Diem" conference that is being held today and tomorrow at *Palazzo dei Congressi* in Rome.

"For what concerns electronic payments – stated Giuseppe Zadra, General Manager of ABI – Italy has made huge progress, but still needs to close the gap with the rest of Europe, where cash transactions are much less popular and more modern instruments are used more often. An increase in the use of payment cards – Zadra added – means that Italy will take another step forward towards improved efficiency and innovation; moreover, this will significantly reduce cash management costs as well as relevant *social costs* in terms of crime, such as thefts and robberies." In Italy, companies and banks incur cash management costs of approximately 10 billion euros on an yearly basis, not to mention the high costs incurred by the public administration.

But how many payment cards are currently in use? How are they used? A comprehensive overview of "plastic money in Italy", resulting from a survey conducted by ABI's e-Committee Task Force, is provided below.

Italians and cards

An increasing number of "plastic cards" are currently in use in Italy and an increasing number of households and companies spend on their cards more often. In fact, there are currently 29 million ATM cards (a +5% increase with respect to 2006), 30 million credit cards (+17%), 3.3 million prepaid cards (+29%) and 4.3 million revolving credit cards (+21%). The number of "active" cards, i.e. those cards that have been used at least once in 2007, amounts to 51 million, which is equal to 76% of cards currently in use: 86% of ATM cards, 70% of credit cards, 64% of revolving cards and 58% of prepaid cards.

Although Italian households own the majority of ATM cards (96% of total cards) and credit cards (93%) currently in use, an increasing number of companies are "discovering" the advantages of providing their employees with prepaid cards, which have proven to be a useful and flexible instrument. In 2007, over 600 thousand prepaid cards (21%) have been used as corporate cards. Moreover, an increasing number of Italians use their cards to make purchases online or via the telephone: approximately 6 million cards have

been used to “shop” online or via the telephone, equal to 25% of “active” credit cards and 25% of prepaid cards.

Payments

Payments made using cards have become increasingly popular in Italy, due to the fact that over 900 thousand shops currently accept payment cards and 1.3 million POS terminals have been installed (+4%). Over 40 million cards have been used in 2007, for a total of 104 billion euros and 1.2 billion payments made using POS terminals. Of these, 70% were made using ATM cards (815 million transactions for a total of 58.6 million euros) and the remaining 30% were made using credit cards (420 million transactions for a total of 45.5 million euros). Every card has been used to make 27 payments on average per year; specifically, ATM cards have been used 29 times on average, while credit cards 27. The average purchase is equal to 88 euros and credit cards have been used to make medium-large purchases (106 euros) while ATM cards for payments of a generally lower value (73 euros).

Cash withdrawal and other ATM transactions

The ever-increasing spread and use of payment cards in Italy is also due to the fact that these payment instruments may be used practically everywhere, since there is an ATM on almost every street corner. There are a growing number of ATMs in Italy (over 41 thousand, a +5% increase with respect to the previous year) and ATMs are becoming increasingly advanced. Actually, 28% of ATMs are *Web based*, i.e. web-enabled machines that use the same internet protocols used for online banking services (+30%), 10% of ATMs enable users to deposits cash and checks (+48%) and antifraud devices are installed on approximately 41% of machines so as to prevent cards from being cloned (+17%).

In 2007, 30 million cards, equal to 58% of “active” cards, have been used at ATMs at least once. Of these, 80% are ATM cards (22.7 million) and prepaid cards (0.9 million). Approximately 800 million ATM transactions were made over the same period: 692.5 thousand cash withdrawals, 50 thousand mobile phone top-ups, 38 thousand cash advances, 9 thousand payments and 2.7 thousand prepaid card top-ups. On average, every card has been used 31 times at ATMs per year and over 2 transactions have been made per month.

ATM transactions totaled over 112 billion euros: 98% of these transactions are cash withdrawals, while payments are still marginal (0.5%). The average cash withdrawal was equal to 158 euros, while the average prepaid card top-up was 179 euros and the average payment made for bills and other payments was 65 euros.

“Fighting cash”

Nonetheless, despite the ever-increasing spread and use of cards in Italy, Italians still use these cards less frequently than people in all the other European countries. To close the gap with the rest of Europe and to favor an increase in the use of payment cards over cash, PagoBancomat and Visa have launched a communication and information campaign, which has started in the past few weeks with television ads, advertising in newspapers, posters, brochures and a dedicated website; the campaign, which should end in the spring, focuses on three major advantages of using cards: increased security, convenience and improved management of household accounts.

Rome, Palazzo Altieri, November 27, 2008