



INFORMATION RELEASE

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Number of transactions with contactless cards exceeds that of traditional card transactions for the first time

According to newly presented data of the payment table set, retail customers used 71 per cent (6.6 million pieces) of forint accounts primarily for payment purposes in 2016 Q2. The number of other forint accounts, e.g. savings accounts or accounts linked to card products, was 1.6 million at the end of the period. Within electronic payments, growth in the number of transactions conducted with cards, and in particular in transactions conducted with contactless payment technology, continued. As a result, the number of transactions conducted with contactless cards exceeded that of traditional card transactions for the first time. Although the stock of two-week central bank deposits matured in April 2016, this did not materially have an effect on liquidity available for payments in the second quarter of 2016, which continued to be abundant. There were no rollovers in intraday clearing during 2016 Q2, which is attributable to the fact that system participants efficiently adjusted to the more frequent intraday settlement cycles initiated in September 2015.

Expanded payment table set

The dataset showing the number of forint payment accounts in the payment table set, published quarterly by the Magyar Nemzeti Bank, has been extended. The table showing more detailed categories of other than private accounts denominated in forint contains data from the first quarter of 2016. In the future, customer accounts used primarily for payment purposes, account packages for payment purposes, available with certain limitations (e.g. employee accounts or private bank accounts), savings accounts as well as accounts connected with credit and card products will also be shown separately.

In the second quarter of 2016, the number of payment accounts managed by financial service providers approximated 10.4 million, reflecting a moderate increase. Seventy-one per cent of total domestic forint accounts (6.6 million pieces) were used by private individuals primarily for payment purposes. Of these, 545,000 were accessible with certain limitations, e.g. employee accounts or private banking accounts. The number of domestic payment cards, at nearly 9 million, and in particular the 85 per cent ratio of deposit cards, was practically unchanged in the period. By contrast, the number of contactless payment cards rose by nearly 5 per cent relative to the previous quarter. As a result, around 59 per cent of domestic cards are available for contactless payments. At nearly 6 per cent, growth in the number of Internet acceptance points was modest relative to previous periods, but continued to be significant. The number of POS terminals allowing contactless payments continued to rise at a rate of over 7 per cent. As a result, around 70 per cent of terminals allow fast and convenient contactless payment to be made.

The strong expansion in domestic purchase transactions conducted with payment cards issued in Hungary continued in the second quarter of 2016. At nearly 120 million, the number of transactions conducted in the domestic acceptance network showed a more than 21 per cent increase. Their total value, at HUF 819 billion, represented an increase of more than one-quarter relative to the same period of the previous year. As in previous periods, the rise in the total value of purchase transactions reflected the sharp rise in contactless payments. While the number (54 million) and value (HUF 481 billion) of traditional transactions conducted at physical acceptance points both fell slightly, the number of contactless transactions (57 million) rose by 221 per cent and their value (HUF 255 billion) by 269 per cent relative to the second quarter of 2015. The number of card-not-present purchases and those conducted on other devices rose by 30 per cent (8 million) and their value by 41 per cent (HUF 81 billion) relative to the second quarter of 2015, mainly reflecting the increase in on-line purchases. More than 48 per cent of total purchase transactions and nearly one-third (31 per cent) of their value was conducted using the contactless payment technology, i.e. their turnover is also rising considerably following the significant increase in the number of contactless payment cards and POS terminals enabling contactless payment. The average value of contactless payment transactions is approximately a half of that of traditional transactions (HUF 4,419 and HUF 8,896), i.e. customers typically use this payment method to conduct low-value payments. The number and value of cash withdrawals using payment cards, at 26.8 million and HUF 1,692 billion, respectively, were broadly unchanged relative to the same period of the previous year.

The more than 56.8 million credit transfers reflected an around 6 per cent increase relative to the same period of 2015, with their value rising by 14 per cent (HUF 138.3 trillion). Direct debit turnover also increased significantly: the total value of more than HUF 2,900 billion of the 20.8 million transactions represented increases of 9 per cent and 11 per cent, respectively, relative to the second quarter of 2015.

In the first quarter of 2016, the number of frauds on the issuer side rose by 60 per cent (7,800 pieces) and their total value by around two-thirds (HUF 270 million) relative to the same period of the previous year; however, their ratio to total purchases was less than 0.01 per cent in terms of their number and 0.04 per cent in terms of their value. Frauds continued to be related mainly to card-not-present transactions: 79 per cent of frauds and more than 74 per cent of loss caused are related to this turnover. In terms of the direction of transactions, cross-border transactions were affected most, with the ratio of frauds related to international payment turnover being more than 80 per cent in terms of both their number and loss caused. In addition to the rising number of frauds, it should be also noted that, as a result of the strong legal protection of cardholders, financial service providers charged only less than 9 per cent of total fraud-related loss (HUF 238.8 billion) written off on the issuer side to cardholders. On the acquirer side, the number of frauds (729) rose by 12.2 per cent, i.e. less than growth in turnover, relative to the same period of the previous year. The total value of loss caused (HUF 24.6 million) fell by more than 16 per cent.

In the second quarter of 2016, VIBER (the real-time gross settlement system) turnover fell by 13 per cent relative to the same period of the previous year, while remained unchanged compared to the first quarter of 2016. The total value of VIBER transactions was HUF 276,000 billion in the review period. The number of transactions rose relative to both the same period of the previous year and the preceding quarter this year (by 8 per cent and 6 per cent respectively). Moreover, in June 2016, there were a record number of transactions completed in VIBER (considering the past 2.5 years). Accordingly, nearly 400,000 transactions were conducted in the system in the second quarter.

This increase mainly reflected the rise in low-value transactions (i.e. those below HUF 50 million). There was some seasonality regarding VIBER turnover in the first and second quarters of 2016, since both the total volume and overall value of transactions was significantly higher in March and June than in the preceding months.

At system level, the liquidity of VIBER participants continued to be adequate. Liquidity available for payments increased by 17 per cent relative to the first quarter (mainly due to the rise in intraday credit line) whereas potential liquidity was unchanged. The stock of two-week deposits matured in April, while turnover related to three-month deposits fell (these instruments are indirectly included in liquidity available for payments). Liquidity available for payments is adequate, which is well illustrated by the fact that the lower and upper liquidity bounds were not breached. At aggregate level, maximum utilisation of the intraday credit line (MICL) fell slightly (to 7–8 per cent). This means that VIBER participants do not have to use significant amounts of their credit lines to conduct their payment turnover. One of the determining elements of banks' payment-related liquidity management is intraday timing of VIBER transactions, where no change occurred compared with the previous quarter. The composition of the securities portfolio pledged for the MNB was broadly unchanged, with government securities continuing to represent a very high share of 70 per cent.

In the second quarter of 2016, the number and value of transactions in the ICS (Interbank Clearing System) rose by 3 per cent and 11 per cent, respectively, relative to the same period of the previous year. Around 74 million transactions in a value of nearly HUF 24,000 billion were cleared. No intraday rollover took place in intraday settlement in ICS in the second quarter of 2016. This reflects the efficiency of adjustment to the higher frequency of ICS cycles introduced in September 2015.

In the second quarter of 2016, turnover in both the spot and derivative capital markets guaranteed by KELER KSZF (CCP in Hungary) fell relative to the previous quarter. However, the value of open positions increased by around 13 per cent in the derivative market relative to March 2015.

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Detailed tables: [Payment table set](#)

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