



## INFORMATION RELEASE

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### Uninterrupted rise in card payments

***At 25%, the strong increase in the volume of payment card transactions continued in 2018 Q2. Within this, contactless purchases continued to gain ground, with the new technology accounting for more than three-quarters of total payment card transactions. Turnover of the payment and settlement systems rose significantly both in comparison with the previous quarter and the same period of 2017. Payment and settlement system liquidity continued to be ample.***

In 2018 Q2, the number of payment accounts managed by payment service providers was nearly 10.6 million, representing a slight increase relative to the previous quarter. Within this, the number of consumer accounts used primarily for payment purposes was more than 6.6 million. The number of domestic payment cards, at nearly 9 million, was broadly unchanged; however, the number of contactless payment cards continued to rise. As a result, nearly 77 per cent of domestic payment cards offered contactless payment functionality at the end of the quarter. The number of POS terminals operating at physical merchant acceptance points increased by more than 6 per cent in Q2 relative to the previous quarter. The increase in the number of online acceptance points, at 4 per cent, was slightly more modest. 86 per cent of the 146,000 terminals in operation offered contactless payment functionality at the end of the period.

The volume of transactions conducted in the domestic acceptance network increased by more than 25 per cent in 2018 Q2 relative to the same period of 2017. As a result, around 190 million transactions in a total value of HUF 1,355 billion were conducted with domestically issued cards in Hungary. The importance of the contactless payment technology in purchases continued to increase: the total value of the 139 million transactions was HUF 824 billion in Q2. This represented an increase of 40 per cent relative to the previous quarter and one of 150 per cent relative to a year earlier. As a result, transactions conducted with the new technology accounted for 79 per cent and more than two-thirds, respectively, of the number and value of total purchase transactions conducted with cards issued in the Hungarian acceptance network. As seen in previous quarters, online purchases conducted with payment cards increased by 36 per cent in 2018 Q2 (a total of 13 million transactions) relative to the same period of 2017, with the volume of online transactions rising by nearly one-third.

In 2018 Q1, the number of frauds committed with domestic payment cards was around 15,000, and total loss caused amounted to HUF 408 million. Frauds continued to be related mainly to card-not-present transactions (84 per cent of the total); and nearly 86 per cent of total loss caused was related to this type of transaction. Analysing the direction of transactions, cross-border turnover was mainly affected: in terms of both the number of frauds and

the value of losses caused, this type of fraud accounted for 79 per cent and 88 per cent, respectively, of total frauds related to international payment turnover. Both the number (1,562) and the total amount of loss (HUF 83 million) increased relative to the same period of 2017. Nevertheless, the ratio of frauds to total turnover continued to be extremely low.

Revenues of financial institutions from payment services amounted to HUF 253 billion in 2018 Q2. This represented an increase of some 5 per cent relative to the same period of 2017. At nearly 25 per cent and 20 per cent, respectively, credit transfer and account management services accounted for the greatest share of total revenues in Q2. Revenues of domestic payment service providers from payment card acceptance rose by more than 15 per cent relative to the same period of 2017, amounting to slightly less than HUF 10.6 billion. Interchange fees collected from merchants and transmitted to issuing banks through payment card companies amounted to nearly HUF 2.9 billion. Revenues of payment service providers from fees related to POS terminals amounted to HUF 292 million. Other revenues, mainly merchant fees, accounted for the remaining HUF 7.4 billion.

In 2018 Q2, the volume and the number of items of VIBER transactions rose significantly, by 10 per cent, relative to the previous quarter. Compared with the same period of the previous year, there was also a significant increase of 21 per cent in terms of transaction value whereas the number of transactions grew by around 7 per cent. The increase in value primarily reflected rises in the number of interbank transactions, securities transactions and ICS turnover. As a result, 422,000 items were settled in VIBER in a value of around HUF 366,000 billion in the period under review.

Compared with the previous quarter, the liquidity of VIBER participants was broadly unchanged in 2018 Q2 and increased by 10 per cent compared with the same period a year earlier. The level of liquidity continued to be stable and adequate. As seen in the previous quarter, VIBER participants did not have to use significant amounts of their credit lines to conduct their payment turnover: maximum utilisation of the intraday credit line at system level fluctuated at low levels (around 9 per cent). The number of VIBER participant banks with a maximum utilisation of the intraday credit line over 90 per cent was broadly unchanged (currently their number varies between 4 and 8). Intraday timing of VIBER transactions is one of the key tools of banks' liquidity management. Compared with the same period of 2017, transactions were executed with a slight delay (of 30 minutes on average) in every time band, which was particularly significant during the intraday hours (i.e. between 10 am and 4 pm). No significant change in terms of timing occurred relative to the previous quarter. The composition of the securities portfolio pledged for the MNB was broadly unchanged relative to the previous quarter: the ratio of government securities continued to be high, nearly 75 per cent.

Turnover in the ICS increased in 2018 Q2 relative to the previous quarter. The number of transactions in ICS clearing turnover rose by 5 per cent and the total volume of turnover by nearly 5 per cent in 2018 Q2. This was mainly due to an increase of credit transfers. Turnover grew slightly compared with the same period of 2017: the value of clearing turnover rose by 10 per cent and the number of transactions by 4 per cent. Consequently, approximately 79 million transactions, at a total value of nearly HUF 28,000 billion, were cleared in 2018 Q2. The number and value of transaction rollovers between intraday cycles in intraday clearing in ICS continued to be insignificant at system level; however, there was an increase relative to the previous quarter.

In 2018 Q2, turnover in the spot capital market guaranteed by KELER KSZF (CCP in Hungary) fell by 3 per cent whereas the turnover in the derivative capital market increased by nearly 30 per cent, compared to the previous quarter. Spot capital market turnover grew by 16 per cent relative to same period of 2017 and derivative turnover increased by 4 per cent on a year earlier. The value of open positions in June 2018 rose by nearly 64 per cent in the derivative market compared with March 2018 and by 8 per cent relative to June 2017.

#### **Technical guidance**

Time series data contained in the *'Payments'* sub-menu of the [Payment table set](#) should be used to analyse developments in customer credit transfers. To access more detailed information exclusively about the operation of financial infrastructures, statistical data contained in the *'Payment and Securities Settlement Systems'* sub-menu are to be used.

**MAGYAR NEMZETI BANK**  
DIRECTORATE FINANCIAL INFRASTRUCTURES  
DIRECTORATE STATISTICS

Detailed tables: [Payment table set](#)

#### **Contact information:**

Telephone: + 36 (1) 428-2750

Fax: + 36 (1) 429-8000

E-mail: [sajto@mnbb.hu](mailto:sajto@mnbb.hu)