



15 December 2021

INFORMATION RELEASE

Electronic payments were characterised by more dynamic development during the summer months of 2021 than in previous periods

With the temporary relief of the coronavirus pandemic and the accompanying gradual easing in restrictions, as well as the further acceleration in digitalisation and the increasingly significant transformation of consumer habits, electronic payments were characterised by quite remarkable development in 2021 Q3. On the infrastructure side, the further strong expansion in the card acceptance network and the uptake in the mobile wallet technology brought significant changes. In terms of turnover, the return of dynamic growth in payment card purchases to pre-pandemic levels, as well as the increasing role of credit transfers, and in particular instant payments, deserve special mention. In addition to these, it is also important that there was a further decline in the number of cash withdrawals conducted with payment cards. In 2021 Q3, turnover in the payment systems rose dynamically. Payment system liquidity fell further in 2021 Q3, but its level continued to be abundant.

The number of payment accounts managed by resident payment service providers was slightly above 10.5 million at the end of 2021 Q3, barely changing compared to the previous quarter. At the same time, the number of customer accounts held primarily for payment purposes exceeded 6.8 million for the first time, increasing by nearly 60 thousand during the period. In addition to these developments, the percentage share of payment accounts accessible online, crucial for the further development of electronic payments, exceeded 80 per cent at the end of 2021 Q3 as a result of a constant gradual increase.

The number of payment cards issued in Hungary was broadly unchanged at the end of the period, continuing to be around 9.8 million. At the same time, with the acceleration in digitalisation, the number of cards registered in mobile wallet applications exceeded 1.1 million, rising by nearly 24 per cent compared to the end of the previous quarter. The increase of more than 210 thousand in the number of payment cards registered in mobile wallets was also largely due to the fact that the scope of services offered by domestic card issuers has been expanded steadily with independent mobile wallet solutions. In addition, there was another positive development in terms of payment card use during the summer months as the coronavirus pandemic abated gradually. The number of those cards that were used for purchase transactions during the period already exceeded 6.6 million, which exceeds the previous peak by more than 110 thousand pieces.

The number of physical merchant acceptance points belonging to the network of domestic payment service providers and the number of POS terminals operating at these acceptance points continued to increase uninterruptedly. The number of physical merchant acceptance points grew by more than 4 per cent, approaching 156 thousand, and the number of online acceptance points was nearly 33 thousand at the end of 2021 Q3, rising by nearly 17 per cent. In parallel with the increase in the number of physical merchant acceptance points, the number of POS terminals operating there also rose by nearly 5 per cent, exceeding 236 thousand.

The temporary relief of the coronavirus pandemic during the summer months of 2021 and in parallel the almost entire lifting of the related restrictions, as well as the sharp increase in the electronic payment infrastructure, which was further enhanced by the amendment to the Act on Trade, entering into force from 1 January 2021, had a significant impact on developments in turnover. As a result of these factors, the volume of purchase transactions conducted with payment cards issued in Hungary grew strongly year on year. Both the number and value of domestic transactions were almost 21 percent higher than in the same period of the previous year. The more than 322 million transactions in a value of nearly HUF 2.5 trillion represented an absolute record, significantly exceeding the previous peaks. With the temporary easing of restrictions imposed on travel, there was also a significant increase in the volume of cross-border purchase transactions; however, the previous low base also had a key role here. The number and value of cross-border purchase transactions grew by 20 per cent and more than 34 per cent, respectively, year on year. In this context, traveling abroad, connected to the summer holiday season, and purchases conducted at physical merchant acceptance points in parallel had a significant role. In this area, the number and value of transactions increased by 89 per cent and 100 per cent, respectively.

In addition to these, there were significant changes in consumers' transaction habits as the mobile wallet technology grew increasingly popular. In this regard, the number and value of purchase transactions conducted with cards registered in mobile wallet applications increased by more than 110 per cent year on year. As a result, nearly 11 per cent of the number and more than 7 per cent of the value of total purchase transactions were conducted using the mobile wallet technology. Nevertheless, it should be noted that only the applications developed by card issuing institutions and independent solutions for which there is a cooperation agreement between the card issuer and the independent service provider are taken into account reading the compilation of mobile wallet statistics.

In respect of payment card transactions, it is also important to note that although the value of domestic cash withdrawals rose by more than 5 per cent year on year, their number fell by another 4 per cent. Moreover, as a result of the above developments, the gap between the value of payment card purchases (HUF 2.5 trillion) and that of cash withdrawals (HUF 2.2 trillion) continued to widen. Nevertheless, it should also be mentioned that the value per one cash withdrawal transaction continued to be persistently above HUF 90 thousand, despite the slight decline compared to the previous quarter.

In addition to payment card purchase transactions, there was also a significant increase in terms of credit transfers. Here, the number and value of individual forint credit transfers initiated at resident payment service providers grew by more than 12 per cent and 16 per cent, respectively, in 2021 Q3 compared to the same period of 2020. Within credit transfers, instant payment transactions performed quite well, with their number and value growing by nearly 23 per cent and nearly 41 per cent, respectively. As a result, more than 40 per cent of total domestic credit transfers was processed in line with the rules of instant payments.

In 2021 Q3, the number of frauds committed with domestically issued payment cards was slightly more than 15 thousand, representing a more than 24 per cent decline year on year. The total loss caused by fraudulent transactions amounted to nearly HUF 503 million; however, the ratio of the value of successful frauds to total card payment turnover continued to be insignificant. In addition to these, there was a structural shift in respect of frauds towards forms based on deception and psychological manipulation, in which cases of greater value may

occur. In this context, it is important to note that such forms of fraud have also emerged where the fraudulent parties persuade customers to share sensitive payment data or approve transactions by impersonating an official person, typically a bank administrator. In several cases, customers even provided remote access to their devices for the fraudulent parties.

In 2021 Q3, total revenue of payment service providers from the provision of payment services amounted to approximately HUF 159 billion, representing a more than 12 per cent increase year on year. This significant growth was mainly driven by an expansion in transaction turnover.

VIBER turnover rose dynamically, by 12 per cent, compared to the previous quarter and by nearly 61 per cent compared to the low base of 2020 Q3. At the same time, the number of transactions executed in VIBER rose by only 4 per cent compared to the previous quarter and by 2 per cent year on year. As a result of the dynamic expansion in turnover value and the slight increase in the number of transaction items, the average transaction size in VIBER rose by HUF 485 million year on year and by HUF 102 million compared to the previous quarter. The increase in turnover was mainly related to other central bank transactions and interbank transactions, and primarily affected transactions of over HUF 10 billion. Over the period as a whole, a total of 469 thousand items were settled, amounting to some HUF 623 trillion.

Average liquidity of VIBER participants fell by 2 per cent compared to the previous quarter and by 18 per cent compared to the high base of the same period a year earlier. As seen in the previous quarter, VIBER participants did not have to use significant amounts of their credit lines to conduct their payment transactions: maximum utilisation of the intraday credit line at system level fluctuated at low levels (around 4-6 per cent) in 2021 Q3.

In 2021 Q3, Interbank Clearing System (ICS) turnover rose by 24 per cent and the number of transactions by 7 per cent year on year. Total turnover rose by 8 per cent compared to the previous quarter, but the number of transactions fell by 2 per cent. A total of 90 million transactions were settled in 2021 Q3, amounting to a total of HUF 41 trillion, of which 34 million items, amounting to some HUF 5.8 trillion, were settled in the instant payment system. System participants provided ample liquidity to ensure smooth execution of instant payment transactions.

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.

Detailed tables: [Payment table set](#)

Contact information:

Phone: + 36 (1) 428-2750

Fax: + 36 (1) 429-8000

Email: sajto@mnb.hu