

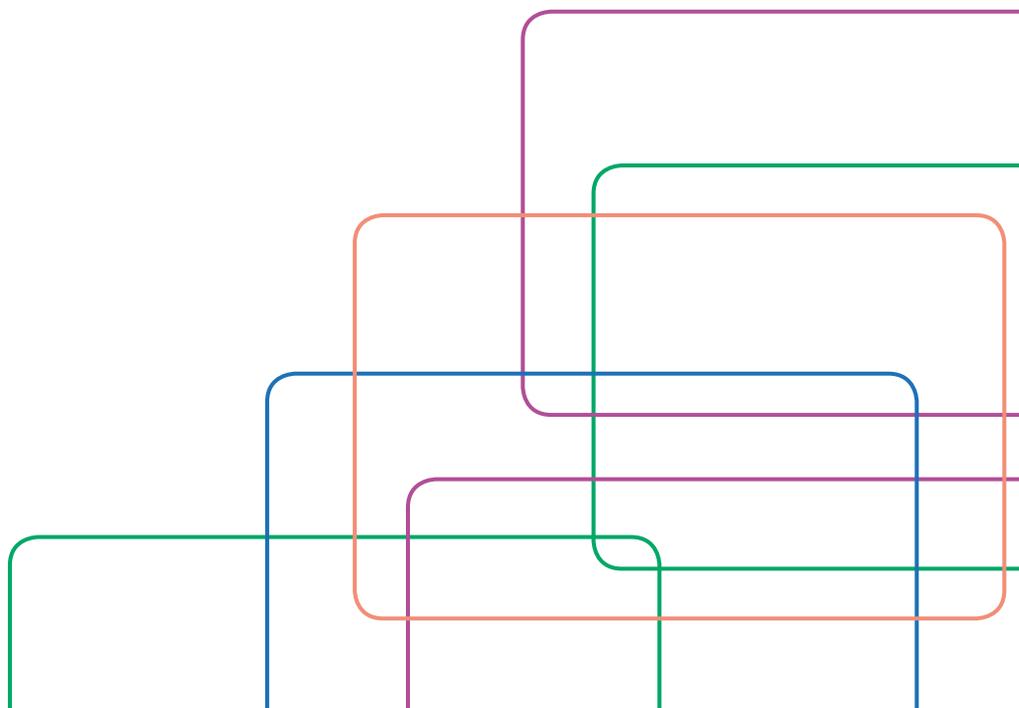
CROATIAN NATIONAL BANK

Payment Cards and Card Transactions

Payment Statistics

2014

Year I · July 2015



Publisher

Croatian National Bank
Publishing Department
Trg hrvatskih velikana 3, 10002 Zagreb
Phone: +385 1 45 64 555
Contact phone: +385 1 45 65 006
Fax: +385 1 45 64 687
www.hnb.hr

Those using data from this publication are requested to cite the source.
Any additional corrections that might be required will be made in the website version.

ISSN 1849-8930 (online)

Overview of the cards market of the Republic of Croatia

Payment card issuers

26 credit institutions
2 electronic money institutions

Acquirers of payment cards at EFTPOS terminals

20 credit institutions
2 electronic money institutions

Card schemes (in alphabetic order)

Four-party card schemes

- MasterCard®
- Visa®

Three-party card schemes

- American Express®
- Diners Club International®

Basic statistics of the Republic of Croatia

Population/business entities

Population: **4.285** million
Business entities (non-consumers): **0.283** million
Surface: **56,594** km²

Number of cardholders

Consumers: **3.191** million
Business entities (non-consumers): **0.278** million

Number of payment cards

Debit: **6.834** million
Credit: **1.825** million

National card payments

Number: **328.758** million
Value: HRK **118,907.568** million

Infrastructure

EFTPOS terminals: **99,515**
ATMs: **4,222**

Contents

| | | | |
|--|----|---|----|
| 1 Introduction | 1 | 4 Card-based payment transactions..... | 16 |
| 1.1 Structure of the publication..... | 1 | 4.1 Total card-based payment transactions | 17 |
| 1.2 Legal framework | 1 | 4.1.1 National card-based payment transactions | 17 |
| 1.3 Methodology | 2 | 4.1.2 International card-based payment transactions..... | 21 |
| 2 Structure of the cards market and the payments infrastructure | 4 | 4.2 Comparison of the use of payment cards and of cash | 22 |
| 2.1 Card payment schemes..... | 5 | 5 Acquiring of payment cards | 23 |
| 2.2 Payments infrastructure..... | 6 | 5.1 Total acquiring of payment cards..... | 24 |
| 3 Payment cards market in the RC | 9 | 5.1.1 Acquiring of payment cards issued in the RC | 26 |
| 3.1 Payment cards | 10 | 5.1.2 Acquiring of payment cards issued abroad | 28 |
| 3.1.1 Degree of technological development of payment cards in the RC | 13 | 6 Transactions of the acquiring of payment cards according to the activities of merchants | 30 |
| 3.2 Cardholders..... | 15 | 7 Glossary | 32 |
| | | 8 Appendix | 33 |

1 Introduction

Competitive and efficient financial services markets are very important for every economy, including the economy of the Republic of Croatia (hereinafter referred to as 'RC'). A clear and transparent legal framework is one of the preconditions for an efficient and competitive market. The Payment Services Directive 2007/64/EC¹, whose provisions have been transposed into the Payment System Act (Official Gazette 133/2009 and 136/2012; hereinafter referred to as 'PSA'), is thus for the first time regulating the payment services for the entire European Economic Area in a uniform manner. The PSA regulates payment services, payment service providers, the obligations of payment service providers to provide payment service users with information as well as other rights and obligations related to the provision and use of payment services, transaction accounts, the establishment, operation and supervision of payment institutions and the establishment, operation and supervision of payment systems. The service of issuing and acquiring payment cards is one of the payment services regulated by the PSA.

The payment card is the most frequently used payment instrument in the RC, and the market of payment cards and card payments has recorded a constant growth and development. Over eight years, the number of national card-based payment transactions increased by 61.4%, i.e. from the 203.68 million executed in 2006 to the 328.76 million executed in 2014. In addition, in the same period the value of national card-based payment transactions increased by 39.3%, i.e. from HRK 85,331.34 million to HRK 118,907.568 million.

Card payments are the most frequently used form of payment in EU countries (hereinafter referred to as 'EU'). According to data of the European Central Bank (hereinafter referred to as 'ECB'), in 2000, the number of card-based payment transactions was at the level of about 13 billion transactions a year, while in 2012, 40 billion card-based payment transactions were executed². In addition, the number of card-based payment transactions per capita is still rising in all EU countries.

The purpose of this publication is to provide a comprehensive overview of the market of payment cards and card-based payment transactions in the RC in 2014, which should be equally useful to the users, payment service providers and public in general.

1.1 Structure of the publication

The publication is divided in eight chapters.

The first chapter is the Introduction, which gives, in addition to the purpose and structure of the publication, a brief overview of the legal framework based on which statistical data and basic methodological explanations have been collected.

The second chapter, under the title of 'Structure of card market and payments infrastructure', gives an insight into the models of card schemes and an overview of the basic accepting devices for payment cards (ATMs and EFTPOS terminals).

In the third chapter, Payment cards market in the RC, data are presented on the number of payment cards and the degree of their technological development.

Card-based payment transactions, i.e. the fourth chapter, gives insight into data submitted by payment service providers – issuers for all national and international card-based payment transactions made using payment cards, issued by these same issuers. A comparison of the use of payment cards and cash in the RC is also given.

The fifth chapter, Acquiring payment cards, provides insight into data submitted by payment service providers – acquirers for all national and international transactions of acquiring of payment cards.

The sixth chapter shows the number and value of transactions of acquiring of payment cards for 2014, broken down by merchants' activities.

The seventh chapter is a glossary.

The eighth chapter contains a list of tables, figures and boxes from the publication.

1.2 Legal framework

The Republic of Croatia has completely aligned its legislation with the *acquis* in the area of payment operations. The PSA regulates payment services in the RC in the same way as they are regulated in the EU. Thus the services of issuing and acquiring of payment cards are among the payment services defined by Article 3, item (5) of the PSA.

¹ Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market.

² European Central Bank: *Card payments in Europe – a renewed focus on SEPA for cards*, April 2014.

Statistical data on payment cards, card-based payment transactions and accepting devices for payment cards are collected according to the Decision on the obligation to submit data on the payment system and electronic money (Official Gazette 147/2013; hereinafter referred to as 'Decision'), which entered into force on 1 January 2014. The Decision prescribes the obligation of reporting to the Croatian National Bank (hereinafter referred to as 'CNB') on data with regard to the payment system and electronic money, as well as the content, manner and deadlines of the reporting.

The Decision was adopted pursuant to two acts:

- the Payment System Act (Official Gazette 133/2009 and 136/2012), and
- the Electronic Money Act (Official Gazette 139/2010; hereinafter referred to as 'EMA').

The Decision prescribes the scope of the data and also the reporting entities. In addition to data on national payment transactions, data on international payment transactions are also collected, and the reporting period is determined at a monthly level.

Pursuant to the Decision, the reporting entities are the following:

1. credit institutions (banks and savings banks) with registered offices in the RC,
2. electronic money institutions with registered offices in the RC,
3. payment institutions with registered offices in the RC,
4. branches of third-country credit institutions (or branches of banks) with registered offices in the RC,
5. branches of third-country electronic money institutions with registered offices in the RC,
6. branches of credit institutions from other member states with registered offices in the RC,
7. branches of electronic money institutions from other member states with registered offices in the RC,
8. branches of payment institutions from other member states with registered offices in the RC,
9. agents of payment service providers from other member states with registered offices in the RC, through which these payment service providers provide payment services in the Republic of Croatia, provided that these agents have been authorised to provide payment services, and
10. the Financial Agency.

The Decision prescribes the compilation and submission of data on the payment system and electronic money through 11 Reports:

- "Credit transfer" Report,
- "Money remittance" Report,
- "Direct debit" Report,
- "Credits to/debits from the accounts by simple book entry" Report,
- "Cash" Report,
- "Cheques and bills of exchange" Report,

- "Issuing of payment cards" Report,
- "Accounts" Report,
- "Infrastructure" Report,
- "Acquiring of payment cards" Report, and
- "Legal authority" Report.

The publication gives an overview of payment cards and card-based payment transactions for 2014 through statistical data collected in three reports: Issuing of payment instruments, Acquiring of payment cards and Infrastructure.

1.3 Methodology

The methodology of collecting data in accordance with the Decision is based on predefined terms, which are harmonised with legal provisions, the ECB's Regulation (EU) 1409/2013 of 28 November 2013 on payment statistics (ECB/2013/43)³ and other standards accepted in the cards market.

It was data obtained from payment service providers (reporting entities) that were primarily used in preparing the publication. A much smaller share of data was collected from business entities – providers of card infrastructure services (Sub-chapter 2.2) and in the data of the Ministry of Finance of the Republic of Croatia – Tax Administration (Sub-chapter 4.2).

The payment service providers (reporting entities), whose data were used in the preparation of the publication include:

1. credit institutions (banks) that have obtained authorisation from the CNB, which includes authorisation to provide the payment services of issuing and acquiring of payment cards, and
2. electronic money institutions⁴ that have obtained authorisation from the CNB to provide the payment services of issuing and acquiring of payment cards.

The publication provides a complete overview of the cards market in the RC for 2014, i.e. it presents aggregated statistical data on:

- payments infrastructure – shown with the balance at the end of the last day of the reporting period (month);
- payment cards – shown at a monthly level or with the balance at the end of the last day of the reporting period (month);
- card-based payment transactions – shown at a monthly or an annual level;
- transactions of the acquiring of payment cards – shown at a monthly or an annual level.

Data on card-based payment transactions are collected in the original currency, i.e. in the currency in which the transaction takes place (transaction currency). For the purposes of the

³ Regulation (EU) No 1409/2013 of the European Central Bank of 28 November 2013 on payment statistics (ECB/2013/43).

⁴ Not including data submitted by electronic money institutions that at the same time carry out the activity of telecommunications services.

publication, all transactions in other currencies are recalculated in kuna at the CNB's midpoint exchange rate on the last day of the reporting period. Data on the par value of transactions are shown in kuna without lipa.

Detailed methodological explanations related to the individual terms of the Report are given in each chapter separately.

The basic terms defined by the PSA, which refer to the area of payment cards and card-based payment transactions, are the following:

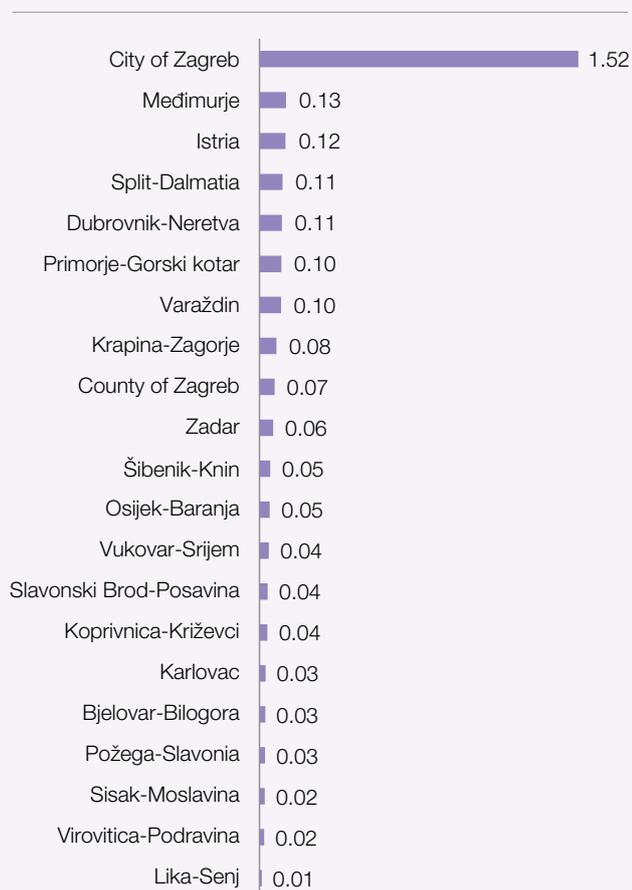
- **'payment card'** means a payment instrument enabling its holder to make payments for goods and services either through an accepting device for payment cards or remotely, and/or to withdraw cash and/or use other services at an ATM or another self-service device;
- **'national payment transaction'** means a payment transaction the execution of which involves a payer's payment service provider and a payee's payment service provider, or only one payment service provider, operating in the RC;
- **'international payment transaction'** means a payment transaction the execution of which involves two payment service providers one of which (of either the payer or the payee) operates in the RC, while the other payment service provider (of either the payer or the payee) operates pursuant to the regulations of a third country or another member state;
- **'card payment scheme'** means a set of functions, procedures, rules and devices enabling the holder of a payment card to effect a payment and/or cash withdrawal transaction with a payment service provider.

2 Structure of the cards market and the payments infrastructure

This chapter shows card payment schemes (Sub-chapter 2.1) and payments infrastructure by accepting devices for payment cards, such as ATMs and ETPOS terminals (Sub-chapter 2.2).

Box 1 Distribution of terminals in the RC on 31 December 2014

Number of ATMs per km²



Number of ATMs on 100,000 inhabitants



ATMs and EFTPOS terminals in the RC

| | |
|---|----------|
| Total number of ATMs | 4,222 |
| Total number of EFTPOS terminals | 99,515 |
| Total number of ATMs on 100,000 inhabitants | 98.53 |
| Number of EFTPOS terminals on 100,000 inhabitants | 2,322.46 |
| Number of ATMs per km ² | 0.07 |
| Number of EFTPOS terminals per km ² | 1.76 |

Source: CNB.

2.1 Card payment schemes

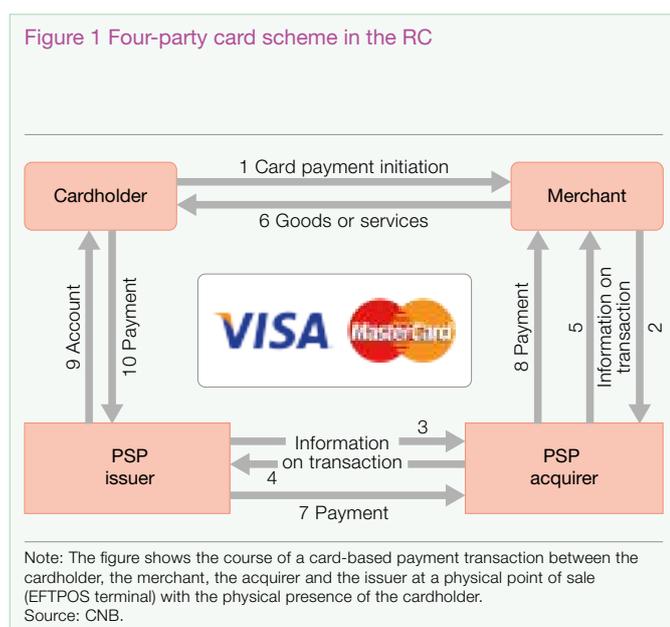
‘Card payment scheme’ means a set of functions, procedures, rules and devices enabling the holder of a payment card to effect a card-based payment transaction and/or cash withdrawal with a payment service provider.

In the RC, we recognise two models of card schemes: the model with four stakeholders, i.e. the four-party card scheme and the model with three parties or stakeholders, i.e. the three-party card scheme.

Four-party card scheme in the RC

In the four-party card scheme in the RC the stakeholders are: the cardholder – payer, the merchant – payee, the payment service provider as the payment card issuer (hereinafter referred to as ‘issuer’) and the payment service provider as the payment card acquirer (hereinafter referred to as ‘acquirer’).

- **Cardholder – payer:** consumer and/or non-consumer, i.e. a natural and/or legal person initiating a card-based payment transaction using a payment card.
- **Merchant – payee:** legal or natural person accepting a payment card issued by the issuer that has established an agreement with the acquirer.
- **Issuer:** payment service provider that has issued the cardholder (payer) with the payment card that serves to initiate card-based payment transactions.
- **Acquirer:** payment service provider that provides payment card acquiring and the processing of a card-based payment transaction for the payee (merchant), which results in the transfer of cash to the payee (merchant).



The course of execution of a card payment in the four-party card scheme between the cardholder, the merchant, the acquirer and the issuer at a physical point of sale, i.e. EFTPOS terminal with the physical presence of the cardholder:

1. The cardholder uses a payment card at a merchant's to initiate a card payment for the purchase of goods and services.
2. The cardholder initiates a card-based payment transaction to the acquirer at an EFTPOS terminal, through the merchant, i.e. data are transmitted to the acquirer through the EFTPOS terminal.
3. The acquirer forwards the data on the transaction to the issuer for authorisation.
4. The issuer verifies and authorises the transaction and notifies the acquirer about it.
5. After receiving the authorisation from the issuer, the acquirer notifies the merchant about it through the EFTPOS terminal.
6. After the transaction is authorised, the merchant delivers the goods and services to the cardholder.
7. The issuer forwards the amount to the acquirer for the purchase of goods and services carried out through a payment card.
8. The acquirer makes funds available to the merchant.
9. The issuer sends data on the cost of the transaction made through the payment card to the cardholder.
10. The cardholder settles the obligation for the transaction made through the payment card.

Currently, MasterCard® and Visa® four-party card schemes are operational in the territory of the RC. Both debit and credit payment cards are issued in the four-party card scheme. In 2014, in all 27 issuers/stakeholders of the four-party card scheme were recorded.

Three-party card scheme in the RC

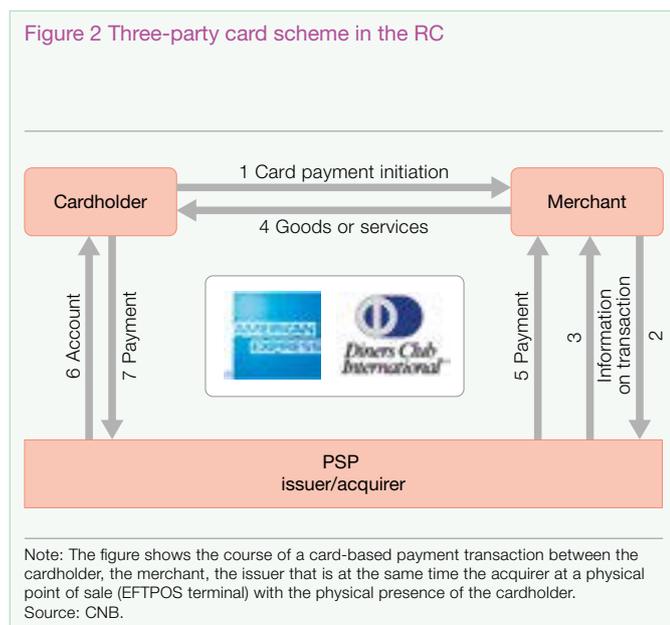
In the three-party card scheme in the RC the stakeholders are: the cardholder – payer, the merchant – payee, the payment service provider as the payment card issuer (hereinafter referred to as ‘issuer’), which is at the same time the payment service provider as the payment card acquirer (hereinafter referred to as ‘acquirer’).

- **Cardholder – payer:** consumer and/or non-consumer, i.e. a natural and/or legal person initiating a card transaction using a payment card.
- **Merchant – payee:** legal or natural person/payee, accepting the payment card issued by the issuer that has established an agreement with the acquirer.
- **Issuer/acquirer:** in the three-party card scheme, the same payment service provider is the issuer and the acquirer.

As the issuer, the payment service provider is bound by a contract with the cardholder, and it has issued the cardholder (the payer) with a payment card, which serves for initiating card-based payment transactions.

As the acquirer, the payment service provider is bound by a contract with the payee (merchant), to whom it ensures the acquiring of the payment card and the processing of the card-based payment transaction, which results in the transfer of funds to the payee (merchant).

Figure 2 Three-party card scheme in the RC



The course of execution of a card payment in a three-party card scheme between the cardholder, the acquirer and the issuer at a physical point of sale, i.e. EFTPOS terminal involving the physical presence of the cardholder:

1. The cardholder uses a payment card at a merchant's to initiate a card payment for the purchase of goods and services.
2. The cardholder initiates a card-based payment transaction with the acquirer at an EFTPOS terminal, through the merchant, i.e. data are transmitted to the acquirer through the EFTPOS terminal.
3. The issuer/acquirer verifies and authorises the transaction and notifies the merchant about it through the EFTPOS terminal.
4. After the transaction is authorised, the merchant delivers the goods and services to the cardholder.
5. The issuer/acquirer makes funds available to the merchant.
6. The issuer/acquirer sends data on the cost of the transaction made through the payment card to the cardholder.
7. The cardholder settles the obligation for the transaction made through the payment card.

Three-party card schemes are usually credit card schemes and no debit cards are issued under them. A total of two payment service providers – stakeholders in the three-party scheme were recorded in 2014. Diners Club International® and American Express® are three-party card schemes in the territory of the RC.

2.2 Payments infrastructure

Data on the payment system infrastructure are collected from payment service providers and from legal persons, which are the owners of accepting devices for payment cards (EFTPOS terminals and ATMs) through which payment service providers – acquirers provide the payment service of accepting payment cards.

In the market of the RC, on 31 December 2014, there were 105,256 terminals at which cards are accepted, of which 4,222

Table 1 Total number of terminals acquiring payment cards in the RC on 31 December 2014

| Accepting terminals | Ownership | Total |
|---|---|---------------|
| | Total | 4,222 |
| ATMs | In the ownership of payment service providers | 3,087 |
| | In the ownership of other legal persons | 1,135 |
| | Total | 99,515 |
| EFTPOS terminals | In the ownership of payment service providers | 62,455 |
| | In the ownership of other legal persons | 37,060 |
| | Total | 1,519 |
| EFTPOS terminals for withdrawal and deposit | In the ownership of payment service providers | 948 |
| | In the ownership of other legal persons | 571 |

Source: CNB.

ATMs and 101,034 EFTPOS terminals. Of the total number of EFTPOS terminals, at 1,519 of them the cardholders can initiate only the payment transactions of withdrawal and/or deposit of cash through a payment card is enabled (Table 1).

ATM

The ATM is an electromechanical terminal allowing the cardholders to make cash withdrawals and/or deposits, the use of the service of providing information and other services.

Table 2 Number of ATMs by counties in the RC on 31 December 2014

| County | Total number of ATMs |
|-------------------------|----------------------|
| Bjelovar-Bilogora | 72 |
| Slavonski Brod-Posavina | 79 |
| Dubrovnik-Neretva | 191 |
| City of Zagreb | 977 |
| Istria | 348 |
| Karlovac | 104 |
| Koprivnica-Križevci | 66 |
| Krapina-Zagorje | 100 |
| Lika-Senj | 61 |
| Međimurje | 92 |
| Osijek-Baranja | 204 |
| Požega-Slavonia | 48 |
| Primorje-Gorski kotar | 374 |
| Sisak-Moslavina | 111 |
| Split-Dalmatia | 498 |
| Šibenik-Knin | 155 |
| Varaždin | 130 |
| Virovitica-Podravina | 46 |
| Vukovar-Srijem | 110 |
| Zadar | 236 |
| County of Zagreb | 220 |
| Total | 4.222 |

Source: CNB.

On 31 December 2014, a total of 4,222 ATMs were recorded in the territory of the RC, of which 3,087 of the ATMs were in the ownership of the payment service providers, while 1,135 were in the ownership of other legal persons (Table 1).

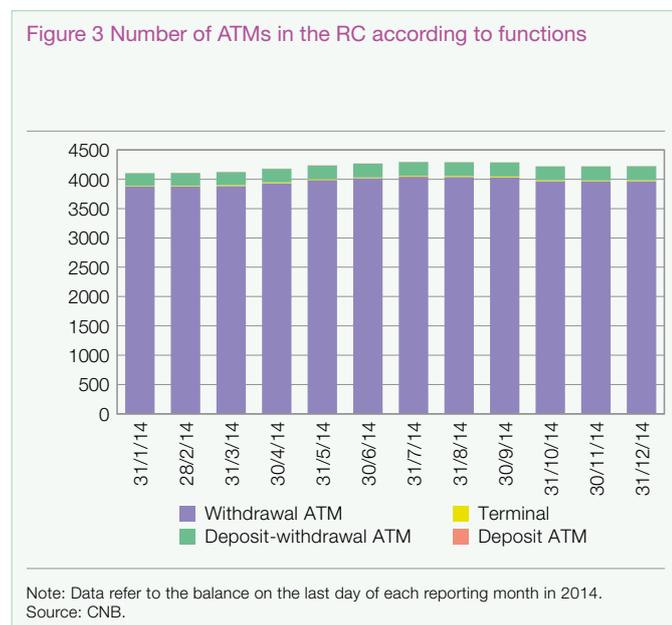
According to the distribution of ATMs by counties on 31 December 2014, the largest number of ATMs was recorded in the City of Zagreb (977), and the smallest number of ATMs was recorded in Virovitica-Podravina County (46) (Table 2).

ATMs can be broken down by functions and features.

ATM functions are divided by payment services, i.e. by the function of cash deposit and the function of cash withdrawal.

The breakdown of ATMs by functions also shows the data on ATMs that allow users to use different services, such as the review of payment account transactions, the purchase of vouchers (most frequently mobile phone vouchers), the use of electronic banking, etc., at which it is not possible to effect the payment services of cash deposits, cash withdrawals and execution of credit transfers. For the purposes of the publication, such an ATM is called a 'terminal'.

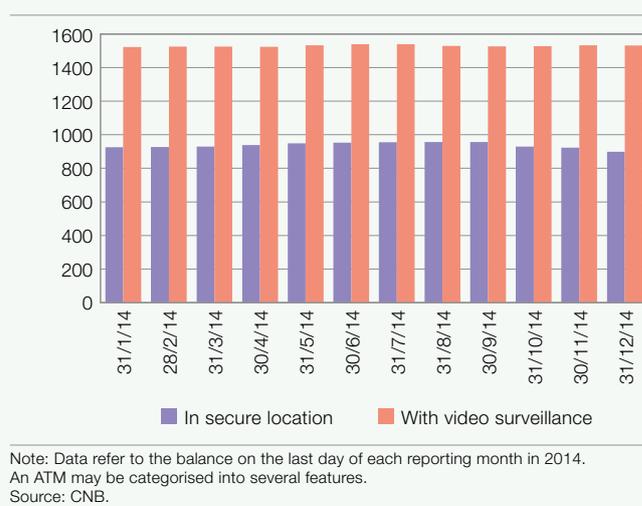
According to their functions, we can distinguish four types of ATM in the territory of the RC (Figure 3).



On 31 December 2014, 3,968 withdrawal ATMs, 238 deposit-withdrawal ATMs, 14 terminals and one deposit ATM were recorded in the territory of the RC (Figure 3).

On 31 December 2014, of the total number of ATMs, 1,531 of them were part of a video surveillance system and 898 were in a secure location. ATMs in a secure location are ATMs located in a special, enclosed area for that purpose, and physical access is ensured by applying the adequate measures of physical and/or

Figure 4 Number of ATMs in the RC by security features



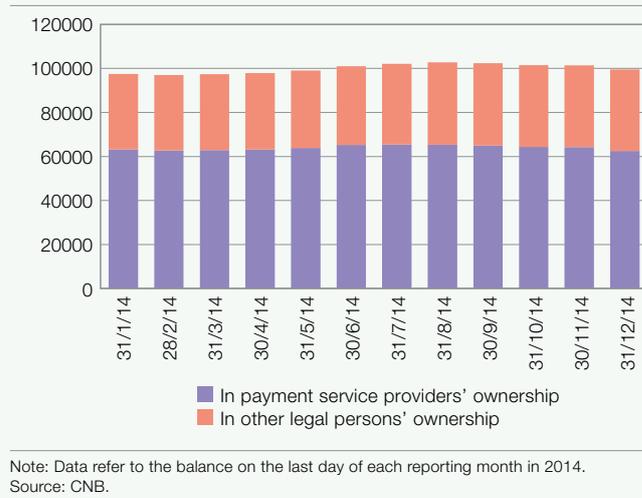
technical protection. An ATM can be categorised in both of the above features (Figure 4).

EFTPOS terminal

An EFTPOS terminal (electronic funds transfer at point of sale) is a terminal allowing cardholders to initiate card-based payment transactions at a point of sale.

On 31 December 2014, a total of 99,515 EFTPOS terminals were recorded, 62,455 of which were in the ownership of payment service providers, and 37,060 in the ownership of other legal persons (Table 1, Figure 5).

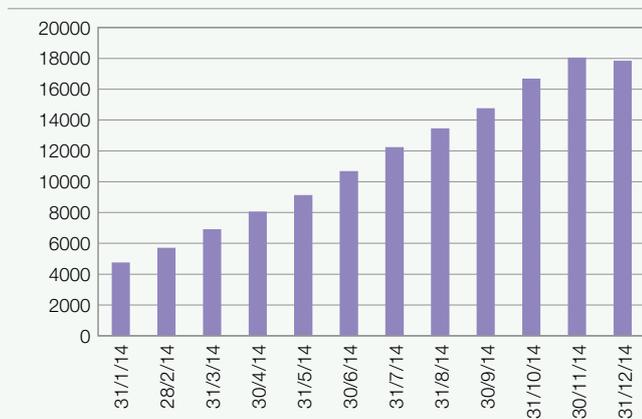
Figure 5 Number of EFTPOS terminals in the RC



EFTPOS terminals can be divided into contact and contactless terminals. Contact EFTPOS terminals support the acquiring of payment cards, which contain records based only on a chip and/or magnetic stripe. Contactless-contact EFTPOS terminals support the acquiring of payment cards, which, in addition to the record based on a magnetic stripe and/or chip, also contain records based on contactless technology (proximity card reading, NFC, etc.).

In 2014, within the category of EFTPOS terminals, the number of contact EFTPOS terminals declined from 92,689, as recorded on 31 January 2014, to 81,664, as recorded on 31 December 2014. However, the number of contactless-contact terminals increased at the same time from 4,765 to 17,851, accounting for 18% of all EFTPOS terminals on 31 December 2014 (Figure 6).

Figure 6 Number of contactless-contact EFTPOS terminals in the RC



Note: Data refer to the balance on the last day of each reporting month in 2014.
Source: CNB.

EFTPOS terminal for withdrawal and deposit

EFTPOS terminal for withdrawal and deposit is a terminal which allows cardholders to initiate only the payment transactions of the withdrawal and/or deposit of cash using a payment card. This terminal is most frequently located in the premises of a third person, which, pursuant to a contract, operates on behalf and for the account of the payment service provider (e.g. the Financial Agency, Hrvatska pošta, etc.).

On 31 December 2014, a total of 1,519 EFTPOS terminals for withdrawal and deposit were recorded, 948 of which were in the ownership of payment service providers, and 571 were in the ownership of other legal persons (Table 1, Figure 7).

Figure 7 Number of EFTPOS terminals for withdrawal and deposit in the RC



Note: Data refer to the balance on the last day of each reporting month in 2014.
Source: CNB.

3 Payment cards market in the RC

Statistical data on payment cards issued by payment service providers – issuers in the RC are presented in this chapter.

Payment service providers – issuers (hereinafter referred to as ‘issuers’) in the RC include:

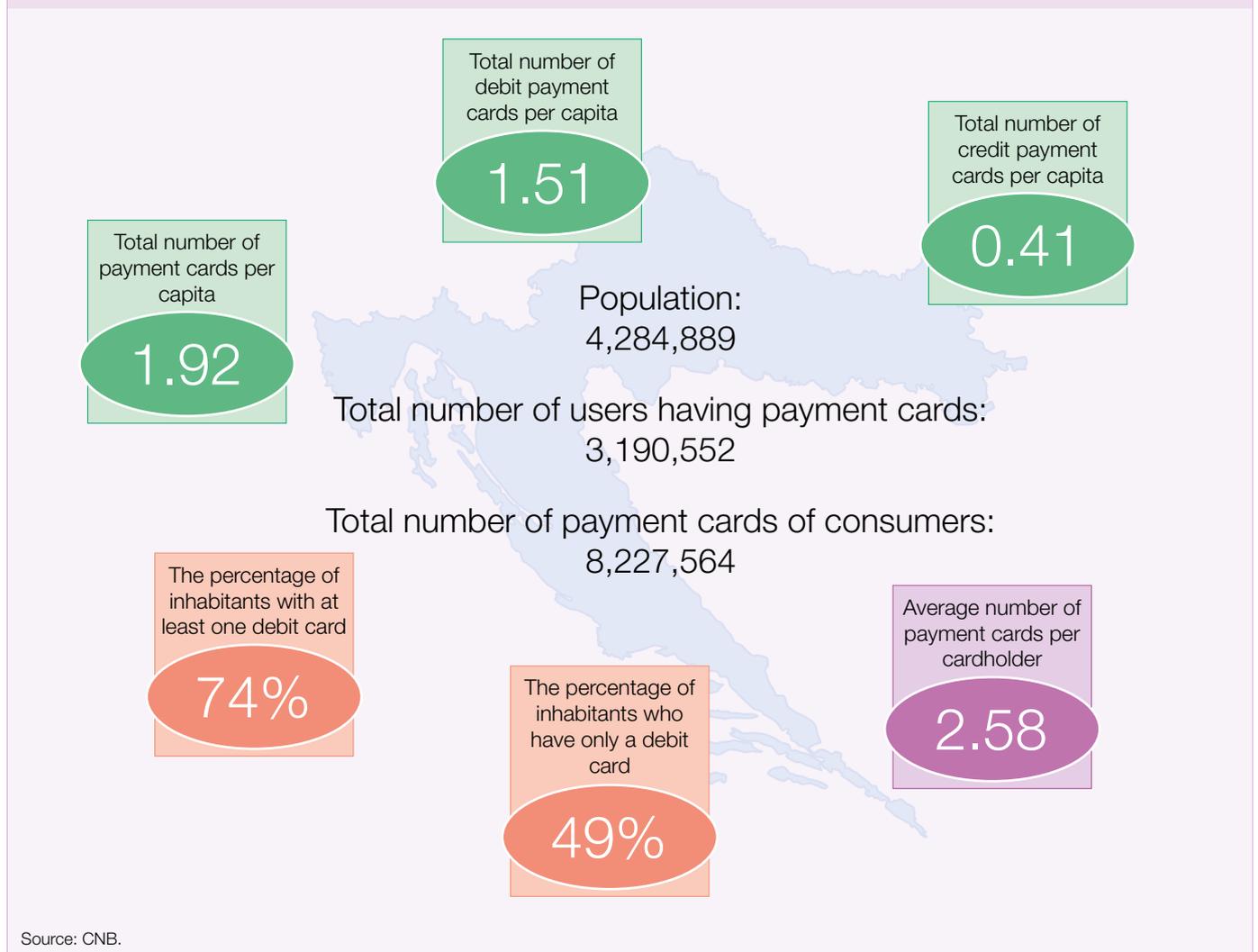
1. credit institutions (banks) that have obtained authorisation from the CNB, which includes the authorisation to provide the payment service of the issuing of payment cards, and
2. electronic money institutions⁵ that have obtained the authorisation of the CNB to provide the payment services of issuing payment cards.

The issuer may issue several payment cards to a single cardholder. Also, a cardholder may have payment cards issued by several issuers.

The chapter is divided into three parts:

- the first part contains an overview of the number of payment cards in the market of the RC (Sub-chapter 3.1);
- the second part contains an overview of the degree of technological development of payment cards (Sub-chapter 3.1.1);
- the third part contains an overview of the number of payment cards by holder (Sub-chapter 3.2).

Box 2 Share of payment cards of consumers in the RC on 31 December 2014



5 Not including data submitted by electronic money institutions that at the same time carry out the activity of telecommunications services.

3.1 Payment cards

‘Payment card’ means a payment instrument enabling its holder to make payments for goods and services either through an accepting device for payment cards or remotely, and/or to withdraw and deposit cash and/or use other services at an ATM or at other accepting devices for payment cards.

The basic breakdown of payment cards is according to maturity and settlement of expenses, i.e. according to the moment when the holder settles the expenses incurred on a payment card. Accordingly, payment cards are divided into debit (pay now), credit (pay later) and prepaid cards⁶ (pay in advance):

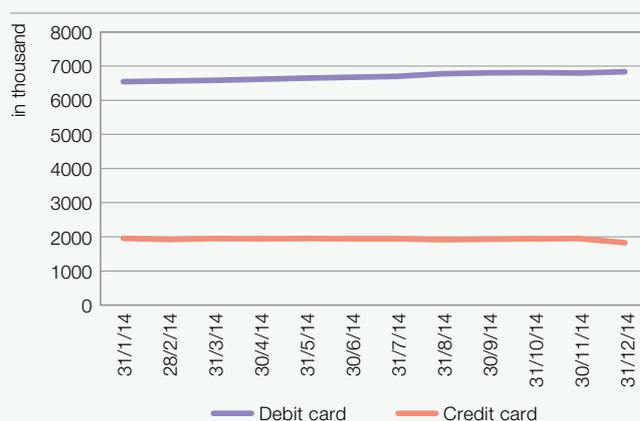
- **Debit payment cards** (hereinafter referred to as ‘debit cards’) allow the holder to pay for goods and services and withdraw cash through the ATM, other terminals and over the counter at credit institutions. When using a debit card, the cardholder’s payment account is debited for the incurred expense immediately after the execution of the card-based payment transaction, provided that there is coverage in the account. The coverage in the account also includes the amount of the unused allowed overdraft.
- **Credit payment cards** (hereinafter referred to as ‘credit cards’) allow the holder to pay for goods and services and withdraw cash through the ATM and other terminals. The use of a credit card does not condition the holder to ensure coverage in the payment account for the execution of a payment transaction at the time of its initiation. A credit line (limit) is granted to the credit card user for the execution of a payment transaction. Expenses incurred by using the credit card during a specific period are charged within deadlines defined by the agreement on the issuing of the credit card, i.e. after a specific time.

Credit cards include credit, charge, revolving, delayed debit and membership cards.

On 31 December 2014, a total of 8,660,030 payment cards of consumers and business entities (non-consumers) were recorded in the RC, of which 6,834,248 were debit cards (79%) and 1,825,782 were credit cards (21%).

In 2014, the total number of payment cards increased by 1.9%. The number of debit payment cards increased by 4.4%, i.e. from 6,546,779, as recorded on 31 January 2014, to 6,834,248, as recorded on 31 December 2014, while in the same period the number of credit payment cards declined by 6.6%, i.e. from 1,954,442, as recorded on 31 January 2014, to 1,825,782, as recorded on 31 December 2014 (Figure 8).

Figure 8 Number of payment cards



Note: Data refer to the total number of used, unused and blocked payment cards on the last day of each reporting month in 2014.
Source: CNB.

Payment cards are issued to consumers and/or legal persons (non-consumers). A consumer may be issued a basic and an additional payment card. A payment card user that is a business entity (non-consumer) may be issued only the basic payment card.

On 31 December 2014, a total of 8,227,564 payment cards issued to consumers were recorded in the RC, 85% of which were basic payment cards (Table 3).

Table 3 Number of payment cards issued in the RC by user on 31 December 2014

| Type of payment card | Consumer | | Non-consumer | Total |
|----------------------|------------------|------------------|----------------|------------------|
| | Basic | Additional | Basic | |
| Debit payment card | 5,411,502 | 1,063,621 | 359,125 | 6,834,248 |
| Credit payment card | 1,593,218 | 159,223 | 73,341 | 1,825,782 |
| Total | 7,004,720 | 1,222,844 | 432,466 | 8,660,030 |

Note: Data refer to the total number of payment cards on 31 December 2014.
Source: CNB.

As explained in the introduction, payment cards are broken down into debit and credit cards. Credit payment cards can also be broken down by the type of contract between the issuer and cardholder and by the agreed manner of cost repayment. In accordance with the above, cards are broken down into debit cards, charge cards, revolving cards, delayed debit cards, credit cards and certain combinations of the above options.

On 31 December 2014, of the total number of cards in the RC, the most represented were debit cards with the share of 79%, followed by charge cards with the share of 7%, and cards with the delayed debit function and revolving cards each with a 5% share. The break-down of payment cards by types is shown in Table 4.

⁶ Statistical data on prepaid payment cards are not included in the overview of this publication.

Table 4 Number of payment cards issued in the RC by type of card on 31 December 2014

| Type of payment card | Number of payment cards | Share |
|----------------------|-------------------------|-------------|
| Debit card | 6,834,248 | 79% |
| Charge card | 615,821 | 7% |
| Delayed debit card | 445,496 | 5% |
| Revolving card | 417,530 | 5% |
| Credit card | 206,015 | 2% |
| Other/membership | 140,920 | 2% |
| Total | 8,660,030 | 100% |

Note: Data refer to the total number of payment cards on 31 December 2014. Source: CNB.

A payment card may be in/on the following carrier mediums:

- a plastic card, and
- another carrier medium, such as the mobile phone, sticker (a payment card is stored or attached to/on another carrier medium), etc.

On 31 December 2014, a total of 22,383 debit card stickers were recorded.

Payment cards by scheme

As explained in Sub-chapter 2.1, in the RC, debit and credit cards are issued in the four-party card scheme and only credit cards are issued in the three-party card scheme. Thus in the four-party card scheme system a total of 7,752,328 or 89.52% of all payment cards were issued, of which 6,834,248 were debit payment cards and 918,080 were credit payment cards.

On 31 December 2014, in the RC, of the total number of credit cards, 907,702 or 49.72% of them were issued in the three-party card scheme system, while 918,080 or 50.28% of them were issued in the four-party card scheme system.

Payment cards statuses

An issued payment card may have one of these statuses: used, unused and blocked. The sum of used, unused and blocked payment cards makes up the total number of payment cards issued in the RC shown on the last day of each reporting month.

The term ‘used’ implies that at least one card-based payment transaction was executed with the payment card over the past year, and the term ‘unused’ implies that no card-based payment transaction was executed with the payment card over the past year. The term ‘over the past year’ implies one year from the last day of the reporting period (month), and not a calendar year.

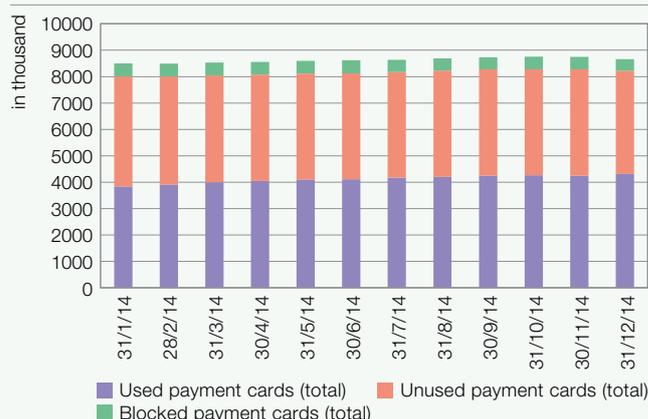
A ‘blocked payment card’ means a payment card in circulation that temporarily cannot be used for payment transactions.

In 2014, the average monthly number of:

- used payment cards stood at 4.12 million,
- unused payment cards stood at 4.03 million,
- blocked payment cards stood at 0.47 million.

A presentation of the number of used, unused and blocked payment cards at the end of each month in 2014 is shown in Figure 9.

Figure 9 Number of used, unused and blocked payment cards

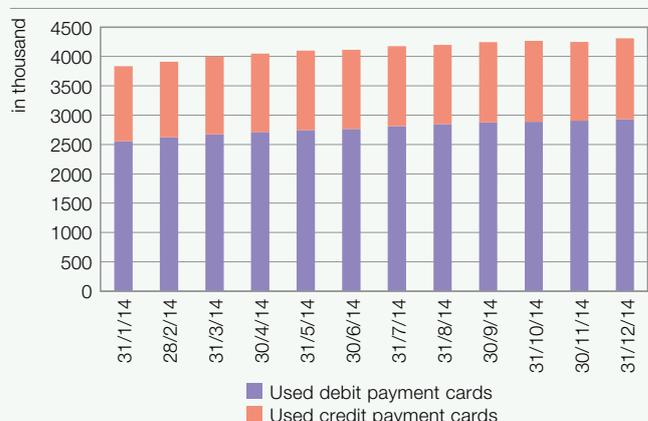


Note: Data refer to the total number of used, unused and blocked payment cards on the last day of each reporting month in 2014. Source: CNB.

At a monthly level, the average share of used and unused payment cards of consumers in the previous 365 days was almost the same as in 2014. However, in the payment cards of business entities (non-consumers) on average 59% of them were not used in 2014, while only 41% were used.

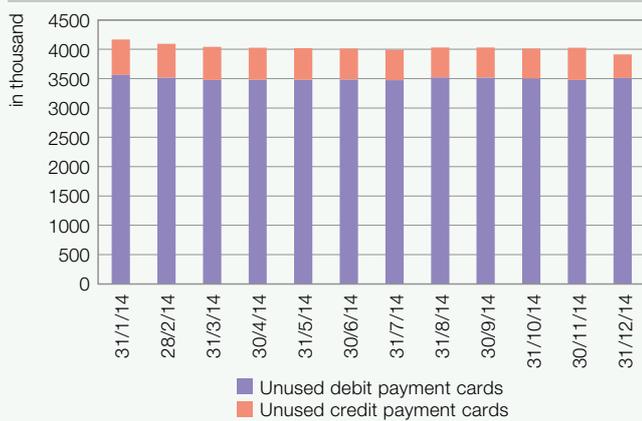
It is evident that despite the nominally large number of payment cards issued in the RC only half of them are actually used.

Figure 10 Number of used payment cards by type of card



Note: Data refer to the total number of used payment cards on the last day of each reporting month in 2014. Source: CNB.

Figure 11 Number of unused payment cards by type of card



Note: Data refer to the total number of unused payment cards on the last day of each reporting month in 2014.
Source: CNB.

The received data on used payment cards by type of card show that debit cards accounted for an average of 67% per month of the total number of payment cards used in 2014 (Figure 10).

Debit cards account for an average of 87% monthly in the total number of unused payment cards (Figure 11).

On 31 December 2014, 474,402 or 5.48% of all payment cards were blocked.

In 2014, there was a monthly average of 417,501 blocked debit cards and 59,900 blocked credit cards (Figure 12).

Figure 12 Number of blocked payment cards broken down by type of card



Note: Data refer to the total number of blocked payment cards on the last day of each reporting month in 2014.
Source: CNB.

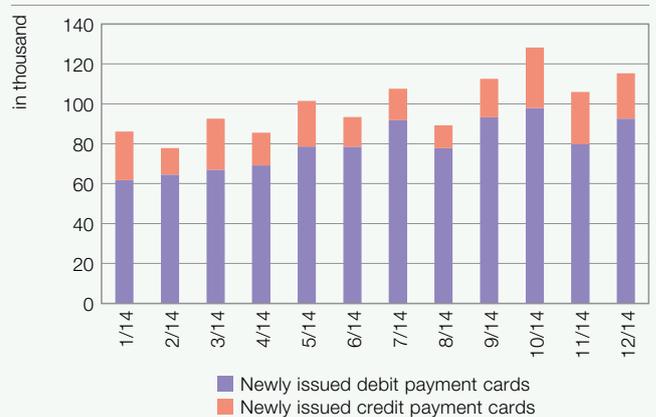
Newly issued payment cards

‘Newly issued payment card’ means a payment card that is issued to the holder for the first time during the reporting month. A payment card provided to the holder on the occasion of a regular re-issue of the card, for instance, because of the expiry of the card’s validity period, card damage, etc., is not included in this status.

Data on payment cards with the status of ‘newly issued’ refers to the newly issued cards throughout the reporting month, and not to their status on the last day of the reporting month.

In 2014, a total of 1,195,879 payment cards were newly issued, of which 952,707 or 80% were debit cards and 243,172 or 20% were credit cards (Figure 13). The number of newly issued debit cards in 2014 on average stood at 79,392 cards monthly.

Figure 13 Number of newly issued payment cards by type of card



Note: Data refer to the total number of newly issued payment cards during each reporting month in 2014.
Source: CNB.

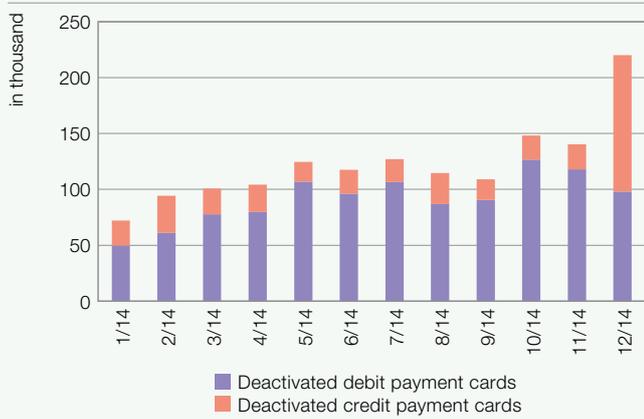
Deactivated payment cards

‘Deactivated payment card’ means a payment card the use of which for payment transactions has been permanently disabled. Data on payment cards with the status of ‘deactivated’ refers to deactivated cards throughout the reporting month.

In 2014, a total of 1,472,647 payment cards were deactivated, of which 1,098,022 or 75% were debit cards and 374,625 or 25% were credit cards.

Up to December 2014, the average monthly number of deactivated credit cards was 22,949. In December, in all 122,183 credit cards were deactivated, accounting for 33% of all deactivated credit cards in 2014 (deactivated membership cards accounted for 84% of deactivated payment cards in December; Figure 14).

Figure 14 Number of deactivated payment cards by type of card

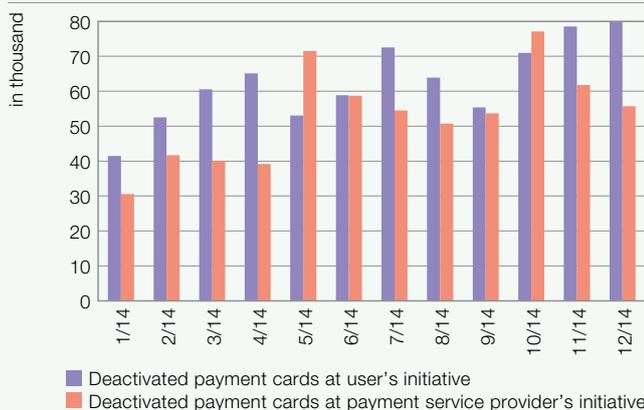


Note: Data refer to the total number of deactivated payment cards during each reporting month in 2014. Source: CNB.

A payment card can be deactivated at the user’s initiative, or it can be deactivated by the issuer.

Of the total number of deactivated payment cards, 837,388 or 57% of them were deactivated at the user’s initiative, while 635,259 or 43% of them were deactivated by the issuer (Figure 15).

Figure 15 Number of deactivated payment cards by initiative



Note: Data refer to the total number of deactivated payment cards during each reporting month in 2014. Source: CNB.

3.1.1 Degree of technological development of payment cards in the RC

Employing different technologies, payment card issuers issue EMV chip cards, chip cards, magnetic and contactless cards and combinations of them to users.

Payment cards that possess both an EMV chip and a magnetic stripe (hereinafter referred to as ‘EMV payment cards’) currently prevail in the market of the RC, while the number of cards possessing only a magnetic stripe is constantly on the decline.

The EMV standard was started by a working group created in 1993 by the world’s payment organizations: Europay, MasterCard and Visa. In fact, the name EMV is derived from the first letter of each of these three institutions. The standard covers the processing of microchip-based credit and debit cards (smart cards), i.e. it defines a set of rules with the aim of setting up a secure and smooth communication between smart cards and accepting devices for payment cards. EMV standard-based cards are a significant improvement over magnetic stripe-based cards, primarily because of the higher level of security and the prevention of card fraud.

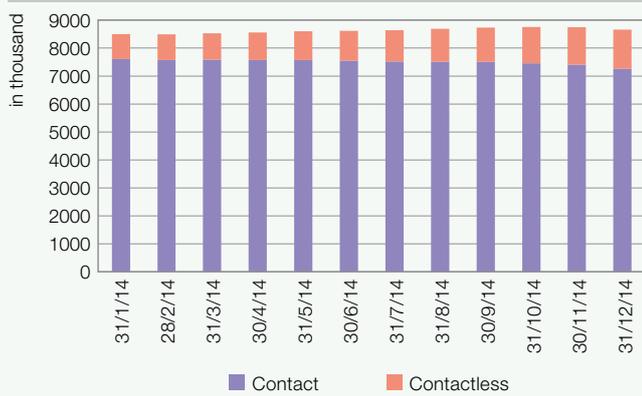
On 31 January 2014, in all 7,750,396 EMV payment cards were recorded, accounting for 91% of all payment cards, while on 31 December 2014, the number of EMV payment cards stood at 8,039,663, accounting for 93% of all payment cards.

Contactless and contact payment cards

Depending on the applied technology of initiation of payment transactions, all payment cards can be divided in two basic types: contact and contactless.

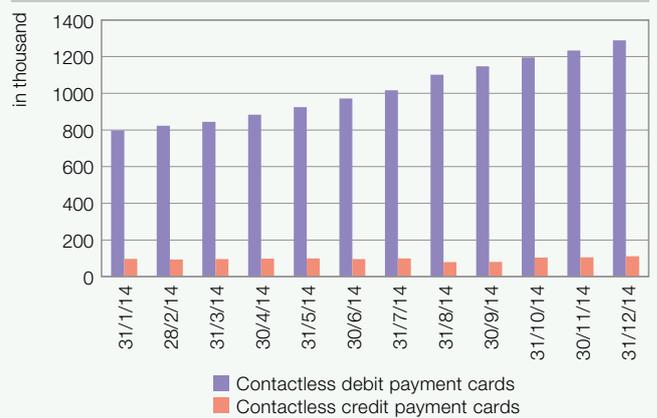
- **‘Contact payment card’** means a payment card that enables the execution of contact card-based payment transactions and contains records based on a chip and/or magnetic stripe. Contact card-based payment transactions are initiated by swiping or inserting a payment card through/into a device (e.g. an EFTPOS terminal).
- **‘Contactless payment card’** means a payment card that enables the execution of contact and contactless card-based payment transactions and contains records based on a chip and/or magnetic stripe, and records based on contactless technology. Contactless card-based payment transactions are initiated by the payment card being brought close to the accepting device for payment cards (e.g. an EFTPOS terminal), which possesses readers for contactless payments. As a rule, contactless payment cards retain all the functionalities of contact payment cards and have the additional possibility of initiating contactless card-based payment transactions.

Figure 16 Number of contact and contactless payment cards



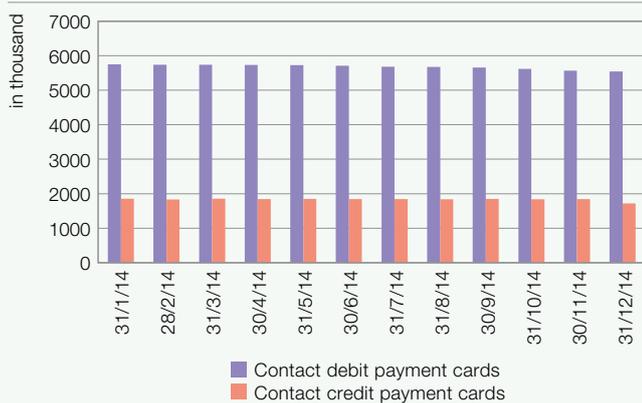
Note: Data refer to the total number of contact and contactless payment cards on the last day of each reporting month in 2014. Includes used, unused and blocked payment cards.
Source: CNB.

Figure 18 Number of contactless payment cards



Note: Data refer to the total number of contactless payment cards on the last day of each reporting month in 2014.
Source: CNB.

Figure 17 Number of contact payment cards



Note: Data refer to the total number of contact payment cards on the last day of each reporting month in 2014. Includes used, unused and blocked payment cards.
Source: CNB.

On 31 December 2014, of the total number of payment cards, 7,260,298 or 84% of them were contact and 1,399,732, i.e. 16% were contactless (Figure 16).

In 2014, the number of contact payment cards decreased from 7,607,525, as recorded on 31 January 2014, to 7,260,298, as recorded on 31 December 2014.

On 31 December 2014, 5,545,247 debit contact cards and 1,715,051 credit contact cards were recorded (Figure 17).

On 31 January 2014, 893,696 contactless payment cards were recorded. Their total number in 2014 grew, so that on 31 December 2014 it reached the number of 1,399,732, which accounted for 16% of all payment cards.

On 31 December 2014, 1,289,001 contactless debit cards and 110,731 contactless credit cards were recorded (Figure 18).

3.2 Cardholders

This chapter gives an overview of the number of payment cards by holder. As already explained in the introduction, several payment cards may be issued to a single cardholder with the same issuer. Also, a cardholder may have payment cards issued by several issuers. This overview covers payment cards issued by issuers in the RC.

A cardholder may be a consumer or a business entity (non-consumer).

Consumer

On 31 December 2014, a total of 3,190,552 cardholders-consumers were recorded, i.e. of the total RC population of 4,284,889⁷. 74% had at least one payment card.

Sixty-four per cent of all cardholders (consumers) hold payment cards issued by only one issuer, 26% hold payment cards issued by two issuers, and 8% of consumers hold payment cards issued by three issuers (Table 5).

Table 5 Number of cardholders in the RC (consumers)

| Number of issuers | Number of holders | Total debit cards | Total credit cards | Total payment cards |
|-------------------|-------------------|-------------------|--------------------|---------------------|
| One | 2,042,740 | 3,031,689 | 381,197 | 3,412,886 |
| Two | 829,137 | 2,147,054 | 741,065 | 2,888,119 |
| Three | 249,808 | 898,224 | 431,203 | 1,329,427 |
| Four | 56,814 | 322,304 | 152,685 | 474,989 |
| Five and more | 12,053 | 75,852 | 46,290 | 122,142 |
| Total | 3,190,552 | 6,475,123 | 1,752,441 | 8,227,564 |

Note: Data refer to the total number on 31 December 2014.
Source: CNB.

On 31 December 2014, the total number of cardholders (consumers) holding a debit card stood at 3,172,461, i.e. 49% of the population of the RC hold only debit cards. In addition, the total number of cardholders (consumers) holding a credit payment card stood at 1,087,561 or 25% of the population of the RC.

Business entities (non-consumers)

On 31 December 2014, a total of 277,568 cardholders – business entities (non-consumers) were recorded.

Table 6 gives a presentation of the number of cardholders – business entities (non-consumers) by the number of issuers. It is evident that the largest number of cardholders – business entities (non-consumers), 94% of them, hold payment cards issued by one issuer (Table 6).

Table 6 Number of cardholders in the RC – business entities (non-consumers)

| Number of issuers | Number of holders | Total debit cards | Total credit cards | Total payment cards |
|-------------------|-------------------|-------------------|--------------------|---------------------|
| One | 261,831 | 324,077 | 40,436 | 364,513 |
| Two | 13,224 | 25,476 | 19,955 | 45,431 |
| Three | 2,135 | 7,030 | 11,649 | 18,679 |
| Four | 325 | 1,784 | 961 | 2,745 |
| Five and more | 53 | 758 | 339 | 1,097 |
| Total | 277,568 | 359,125 | 73,341 | 432,466 |

Note: Data refer to the total number on 31 December 2014.
Source: CNB.

⁷ Croatian Bureau of Statistics: *Census of population, households and dwellings in 2011*.

4 Card-based payment transactions

This chapter presents statistical data on the total number and value of national and international payment transactions made using payment cards issued by payment service providers – issuers in the RC.

Payment service providers – issuers (hereinafter referred to as ‘issuers’) in the RC include:

1. credit institutions (banks) that have obtained authorisation from the CNB, which includes the authorisation to provide the payment service of the issuance of payment cards, and
2. electronic money institutions⁸, which have obtained authorisation from the CNB to provide the payment service of issuing payment cards.

‘Card-based payment transaction’ means a service based on a payment card’s acquiring infrastructure and card scheme operating rules to make a payment transaction by means of a debit or a credit card.

Card-based payment transactions may be:

- national card-based payment transactions – card-based payment transactions the execution of which involves a payer’s payment service provider (issuer) and a payee’s payment service provider (acquirer), or only one payment service provider (the issuer, which is at the same time the acquirer), both of which operate in the RC.

The total number and value of card-based payment transactions executed in the RC by consumers and business entities (non-consumers) with an issuer’s payment cards are included;

- international card-based payment transactions – card-based

payment transactions the execution of which involves two payment service providers, one of which (the issuer) operates in the RC, and the other (the acquirer) operates pursuant to the regulations of a third country or another member state.

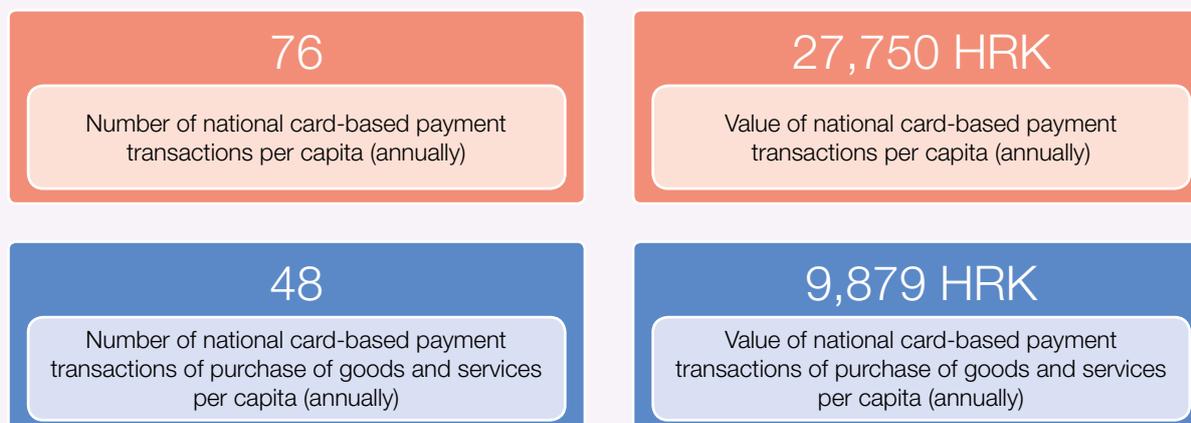
The total number and value of payment transactions executed outside the RC (in other member states or third countries) by consumers and business entities (non-consumers) with issuer’s payment cards are included.

Along with the development of the payment cards market, card-based payment transactions have also developed, no longer restricted to the transactions of purchases of goods and services through EFTPOS terminals and transactions of cash withdrawal and deposit at ATMs, but also covering the transactions of the purchases of goods and services through the Internet, direct debit and standing order transactions through a payment card and cash withdrawals through an EFTPOS terminal.

The chapter is divided into four parts:

- the first part shows the total number and value of national and international card-based payment transactions executed using issuers’ payment cards (Sub-chapter 4.1);
- the second part shows the total number and value of national card-based payment transactions executed using issuers’ payment cards (Sub-chapter 4.1.1);
- the third part shows the total number and value of international card-based payment transactions executed using issuers’ payment cards (Sub-chapter 4.1.2);
- the fourth part gives a comparison of the use of payment cards and the use of cash in the RC (Sub-chapter 4.2).

Box 3 National card-based payment transactions per capita in 2014



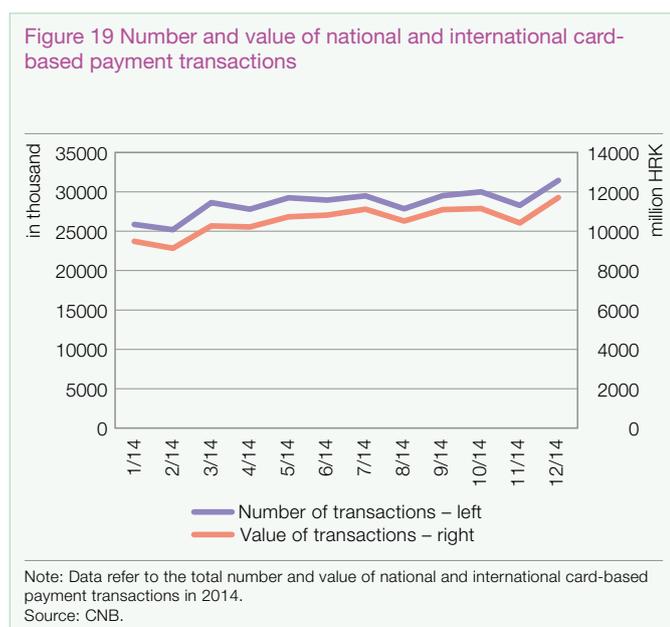
Source: CNB.

⁸ Not including data submitted by electronic money institutions that at the same time carry out the activity of telecommunications services.

4.1 Total card-based payment transactions

This sub-chapter presents statistical data on national and international card-based payment transactions executed by issuers' payment cards.

In 2014, 26 credit institutions and 2 electronic money institutions were recorded; they issue payment cards in the RC, and their users executed a total of 342.27 million of card-based payment transactions with a total value of HRK 126,672.94 million (Figure 19).



The average monthly number of card-based payment transactions stood at 28.52 million, and the average monthly value of transactions at HRK 10,556.08 million.

On average, 7 card-based payment transactions were executed monthly per used payment card issued in the RC, worth a total of HRK 2,559.

4.1.1 National card-based payment transactions

This sub-chapter presents statistical data on national card-based payment transactions executed by an issuer's payment cards.

National card-based payment transactions include:

- payment transactions of the purchases of goods and services using a payment card;
- payment transactions of cash withdrawals using a payment card;
- payment transactions of cash deposits using a payment card;
- standing orders and direct debits charged through a payment card, and
- fees, membership fees, commissions, interests and similar, charged from an issuer through a payment card.

A total of 328.75 million national card-based payment transactions worth a total of HRK 118,907.6 million were executed in the RC in 2014.

Of all national card-based payment transactions, 223.17 million transactions, or 68%, were executed using debit cards, worth a total of HRK 92,427.2 million or 78% (Table 7).

Of all national card-based payment transactions, 105.58 million transactions, or 32%, were executed using credit cards, worth a total of HRK 26,480.4 million or 22% (Table 7).

National card-based payment transactions by accepting devices for payment cards

Of all national card-based payment transactions in 2014, broken down by accepting devices for payment cards, the following were executed:

- through ATMs: 99.68 million card-based payment transactions worth a total of HRK 71,277.2 million;

Table 7 Number and value of national card-based payment transactions by type of payment card in HRK

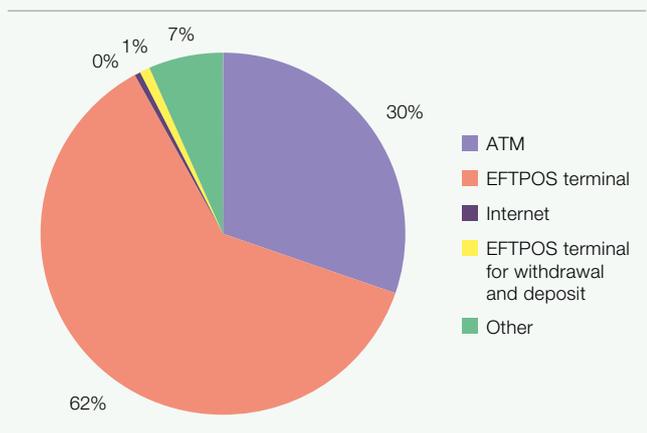
| Type of payment card | Purchase of goods and services | Cash withdrawals | Cash deposits | Contractual debit | Total |
|-------------------------------------|--------------------------------|-----------------------|----------------------|--------------------|------------------------|
| Number of transactions | | | | | |
| Debit payment card | 126,489,319 | 93,918,899 | 2,766,738 | — | 223,174,956 |
| Credit payment card | 78,164,622 | 5,759,168 | 7,935 | 21,651,535 | 105,583,260 |
| Total | 204,653,941 | 99,678,067 | 2,774,673 | 21,651,535 | 328,758,216 |
| Value of transactions | | | | | |
| Debit payment card | 22,319,568,879 | 64,530,945,580 | 5,576,701,287 | — | 92,427,215,746 |
| Credit payment card | 20,009,528,509 | 5,515,496,174 | 10,443,016 | 944,885,230 | 26,480,352,929 |
| Total | 42,329,097,388 | 70,046,441,754 | 5,587,144,303 | 944,885,230 | 118,907,568,675 |
| Average value of transaction | | | | | |
| Debit payment card | 176 | 687 | 2,016 | — | 414 |
| Credit payment card | 256 | 958 | 1,316 | 44 | 251 |
| Total | 207 | 703 | 2,014 | 44 | 362 |

Note: Data refer to the total number of transactions and value of national card-based payment transactions in 2014.
Source: CNB.

- through EFTPOS terminals: 202.70 million card-based payment transactions worth a total of HRK 41,976.6 million;
- through the Internet: 1.73 million card-based payment transactions worth a total of HRK 496.7 million;
- through EFTPOS terminals for withdrawal and deposit: 2.98 million card-based payment transactions worth a total of HRK 4,212.1 million, and
- other: covers 21.65 million direct debit, standing order, fee, interest and commission transactions, worth a total of HRK 944.9 million.

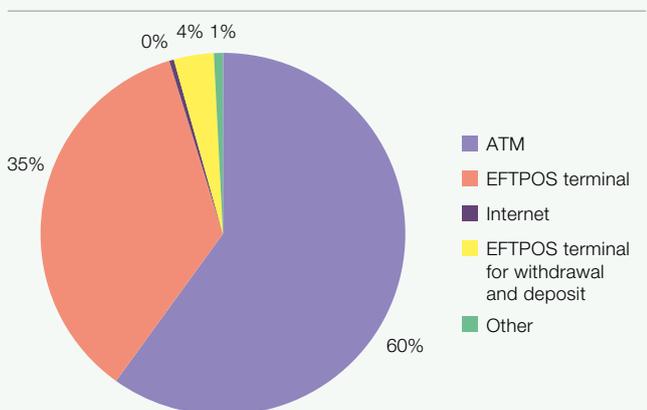
It is evident from the data shown that 62% of national card-based payment transactions were executed through EFTPOS terminals, and 30% through ATMs (Figure 20). The value of transactions, however, shows an inverse ratio: in terms of the total value of national card-based payment transactions, ATM transactions accounted for 60% and EFTPOS terminals 35% (Figure 21).

Figure 20 Number of national card-based payment transactions by accepting devices for payment cards



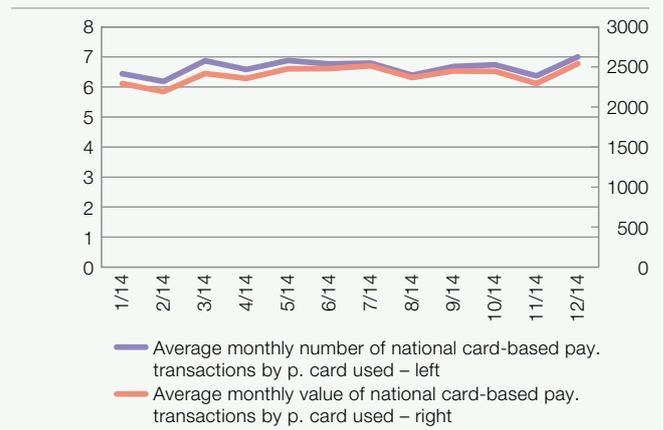
Note: Data refer to the total number of national card-based payment transactions in 2014.
Source: CNB.

Figure 21 Value of national card-based payment transactions by accepting devices for payment cards in HRK



Note: Data refer to the total number of national card-based payment transactions in 2014.
Source: CNB.

Figure 22 Average monthly number and value of national card-based payment transactions by payment card used in HRK



Note: Data refer to the average monthly number and value of national card-based payment transactions during each reporting month in 2014.
Source: CNB.

On one payment card used in the RC, on average 6.6 national card-based payment transactions were executed monthly, worth a total of HRK 2,402 (Figure 22).

Purchases of goods and services

The term ‘purchases of goods and services’ includes all card-based payment transactions for the purchases of goods and services executed using the issuer’s payment card through EFTPOS terminals, the Internet and through ATMs.

A total of 204.65 million national card-based payment transactions of the purchases of goods and services, worth a total of HRK 42,329.1 million, were executed in 2014. Of this number, 126.48 million national card-based payment transactions (62%) were executed using debit cards, worth a total of HRK 22,319.6 million or 53%. The remaining 78.16 million (38%) national card-based payment transactions of purchases of goods and services, worth a total of HRK 20,009.5 million (47%) were made using credit cards.

In 2014, the average value of a national card-based payment transaction of the purchase of goods or services stood at HRK 207. The average value of a national card-based payment transaction of the purchase of goods or services in which a debit card was used stood at HRK 176, and in which a credit card was used stood at HRK 256 (Table 7).

Of the above 204.65 million national card-based payment transactions, a total of 193.92 million transactions were executed using consumers’ payment cards, worth a total of HRK 37,268.5 million. Therefore, 95% of the number and 88% of the value of national card-based payment transactions of the purchases of goods and services were executed using consumers’ payment cards.

Table 8 Number and value of national card-based payment transactions of purchases of goods and services by function in HRK

| Function | Number of transactions of purchases of goods and services | Value of transactions of purchases of goods and services | Average value of the transaction of purchase of goods or services |
|--------------------------------------|---|--|---|
| Debit function | 124,072,769 | 20,660,751,240 | 167 |
| Charge function | 41,250,988 | 8,088,686,692 | 196 |
| Function of repayment in instalments | 6,407,013 | 7,228,401,254 | 1,128 |
| Delayed debit function | 21,372,431 | 4,120,322,962 | 193 |
| Revolving function | 9,895,542 | 1,768,879,542 | 179 |
| Credit function | 1,655,198 | 462,055,698 | 279 |
| Total | 204,653,941 | 42,329,097,388 | 207 |

Note: Data refer to the total number of transactions and the value of national card-based payment transactions of purchases of goods and services in 2014. Consumer credits are included.

Source: CNB.

The average value of a national card-based payment transaction of the purchase of goods or services in which a consumer's payment card was used stood at HRK 192, while the average for a similar transaction in which a payment card of a business entity (non-consumer) was used was HRK 472.

Card-based payment transactions of the purchases of goods and services can be broken down by the function of the payment card used. The cardholder selects the function when initiating the card-based payment transaction through an accepting device for payment cards. We distinguish the following functions:

- **debit function** – coverage on the payment account is ensured for the execution of a card-based payment transaction at the moment of its initiation, and the card-based payment transaction is charged immediately and directly from that cardholder's payment account;
- **charge function** – the amount of total expenses incurred through the use of this function is settled in full, in a specified time interval, most frequently by a credit transfer;
- **delayed debit function** – the amount of total expenses incurred through the use of this function is settled in full, in a specified time interval, most frequently by direct debit of the cardholder's payment account;
- **credit function** – every card-based payment transaction initiated using the credit function is automatically divided, at the time of its initiation, into the agreed number of repayment instalments, in other words, according to the agreed model;
- **revolving function** – the amount of total expenses incurred through the use of this function is settled, in a specified time interval, in a percentage of the total amount, and
- **function of payment in instalments** – the amount of total expenses incurred through the use of this function is divided to the number of repayment instalments in a specified time interval, according to the choice of the cardholder, within the model agreed at the point of sale.

Of all national card-based payment transactions of the purchases of goods and services, 61% were executed using the debit function. The value of transactions executed by the debit function accounted for 49% of the total value of national card-based payment transactions of the purchases of goods and services. An

overview of the number and value of national card-based payment transactions of the purchases of goods and services by function is presented in Table 8.

The largest average value of the national card-based payment transaction of the purchase of goods and services in the amount of HRK 1,128 was recorded for card-based payment transactions using the function of repayment in instalments (Table 8).

Cash withdrawal

'Cash withdrawal' covers card-based payment transactions of cash withdrawals executed using the issuer's payment card through an ATM, EFTPOS terminal and EFTPOS terminal for withdrawal and deposit.

A total of 99.67 million national card-based payment transactions of cash withdrawals, worth a total of HRK 70,046.4 million, were executed in 2014. Debit cards accounted for 93.91 million (94%) executed national card-based payment transactions of cash withdrawals, worth a total of HRK 64,530.95 million (92%; Table 7). Credit cards accounted for 5.75 million (6%) executed national card-based payment transactions of cash withdrawals, worth a total of HRK 5,515.5 million (8%; Table 7).

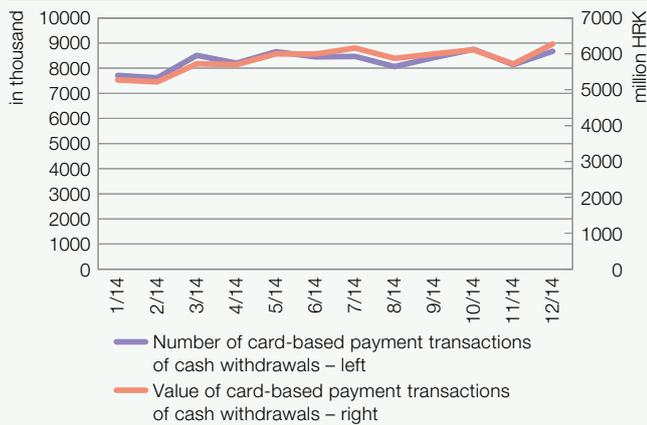
Of the total number of national card-based payment transactions, 96.9 million (97%) cash withdrawal transactions using consumers' payment cards and 2.8 million (3%) using business entities' (non-consumers) payment cards were executed.

Of the total value of national card-based payment transactions, 65,714.7 million (94%) cash withdrawal transactions using consumers' payment cards and 4,331.7 million (6%) using business entities' (non-consumers) payment cards were executed.

The total number and value of national card-based payment transactions of cash withdrawals by month are shown in Figure 23.

In 2014, the average value of national card-based transactions of cash withdrawals stood at HRK 703. The average value of a national card-based payment transaction of a cash withdrawal with

Figure 23 Number and value of national card-based payment transactions of cash withdrawals



Note: Data refer to the total number and value of national card-based payment transactions during each reporting month in 2014.
Source: CNB.

the use of a debit payment card stood at HRK 687, while that with the use of a credit payment card stood at HRK 958.

The average value of a national card transaction of a cash withdrawal in which a consumer’s payment card was used stood at HRK 678, and the corresponding value in which a payment card of a business entity was used (non-consumer) was HRK 1,573.

Cash deposit

‘Cash deposit’ covers card-based payment transactions of cash deposit to the account for payment using the issuer’s payment card through ATMs and EFTPOS terminals for withdrawal and deposit, but it does not include the payment transactions of cash deposits into a day/night deposit box.

In 2014, a total of 2.77 million national card-based payment transactions of cash deposits, worth a total of HRK 5,587.1

million were executed, 2.5 million transactions of which, worth a total of HRK 4,750.7 million, were executed through ATMs. Over 99.7% of all national card-based payment transactions of cash deposits, in both number and value, were executed with the use of debit cards.

Of the total of 2.77 million national card-based payment transactions, 2.17 million (78%) cash deposit transactions were executed using consumers’ payment cards, worth a total of HRK 3,197.7 million, or 57%, while 0.6 million (22%) transactions, worth a total of HRK 2,389.4 million, or 43%, were executed using the payment cards of business entities (non-consumers).

The total numbers and values of national card-based payment transactions of cash deposits by month are shown in Figure 24.

In 2014, the average value of a national card-based payment transaction of a cash deposit stood at HRK 2,014. The average value of a national card-based payment transaction of a cash deposit in which a debit payment card was used stood at HRK 2,016, and the average in which a credit payment card was used was HRK 1,316.

The average value of a national card-based payment transaction of a cash deposit using a consumer’s payment card stood at HRK 1,473, while that in which a payment card of a business entity was used was HRK 3,959.

Contractual debit

‘Contractual debit’ includes payment transactions for which collection through a payment card is contracted in advance, initiated by or through the payee, and it may have the elements of a standing order or direct debit, including the cardholder’s obligations to the issuer, such as fees, commissions, interests, membership fees, etc. The contractual debit may be agreed for all types of payment cards, except debit cards.

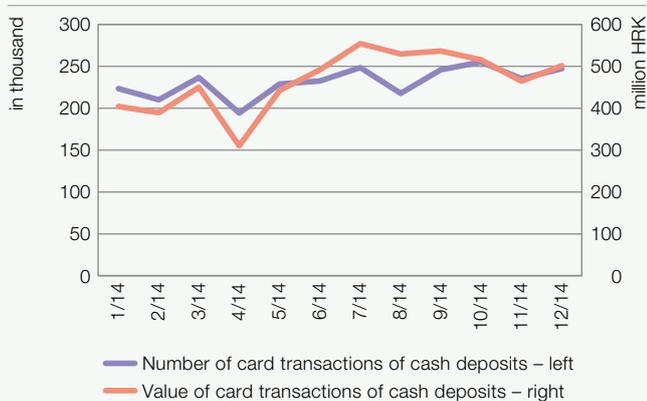
A total of 21.65 million transactions of contractual debits, worth a total of HRK 944.9 million, were executed in 2014. The largest number of transactions, 20.05 million (93%) of them, worth a total of HRK 712.5 million (75%), were of fee, membership fee, interest and commission transactions, which cardholders paid through payment cards to the issuers. The remaining 1.60 million transactions (7%) are payment transactions of direct debits or standing orders executed through payment cards, with a total value of HRK 232.4 million (25%).

In 2014, the average value of the contractual debit transaction stood at HRK 44.

Unauthorised use (fraud)

‘Unauthorised use’ includes all card-based payment transactions in which unauthorised use of a payment card or fraud is established.

Figure 24 Number and value of national card-based payment transactions of cash deposits



Note: Data refer to the total number and value of national card-based payment transactions during each reporting month in 2014.
Source: CNB.

A total of 6,852 national card-based payment transactions of unauthorised use were established in 2014, worth a total of HRK 4,749,113. In 2014, the average value of a national card-based payment transaction in which unauthorised use was established stood at HRK 693.

4.1.2 International card-based payment transactions

This sub-chapter shows statistical data on international card-based payment transactions executed using issuers' payment cards.

International card-based payment transactions include:

- payment transactions of the purchases of goods and services using an issuer's payment cards executed outside the RC (in other member states or third countries), and
- payment transactions of cash withdrawals using an issuer's payment cards executed outside the RC (in other member states or third countries).

Data on international card-based payment transactions are shown in kuna, i.e. the original currency of the card-based payment transaction is converted to kuna at the CNB's exchange rate on the last day of the reporting period, i.e. the month for which the data are shown.

A total of 13.5 million international card-based payment transactions, worth a total of HRK 7,765.4 million were executed in 2014. The average value of an international card-based payment transaction stood at HRK 574.

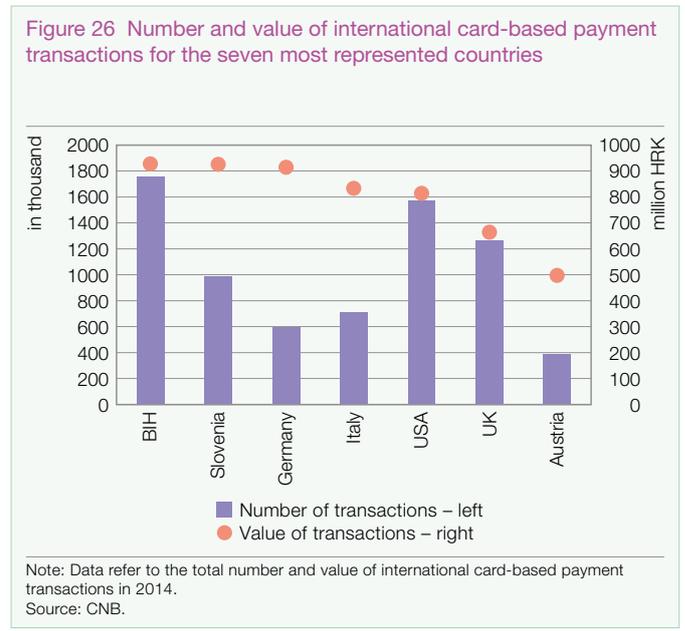
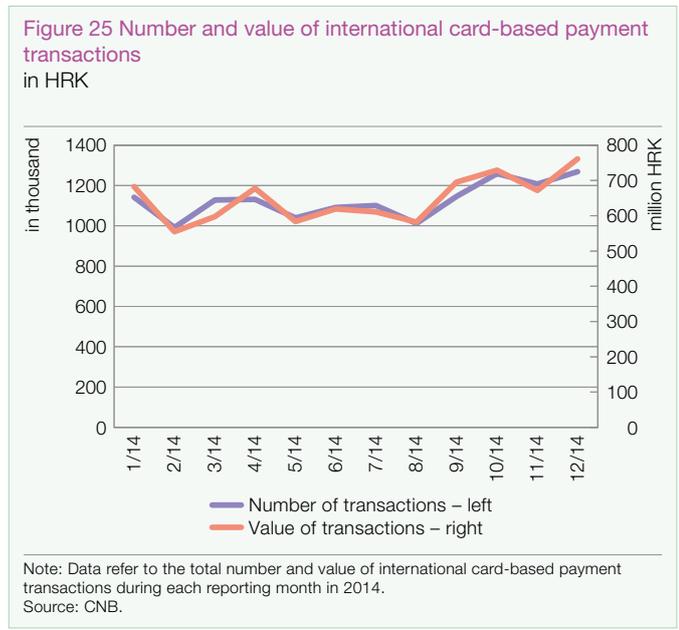
The average monthly number of international card-based payment transactions stood at 1.1 million, and the average monthly value of transactions at HRK 647 million (Figure 25).

Of the total number and value of international card-based payment transactions, 92% of the number and 80% of the value of international card-based payment transactions were executed with the use of consumer cards, while 8% of the number and 20% of the value of international card-based payment transactions were executed with the use of the cards of business entities (non-consumers).

International card-based payment transactions were executed in 135 currencies and 215 countries.

From the received data on international card-based payment transactions broken down by countries it is evident that in the seven most represented countries (Bosnia and Herzegovina, Slovenia, Germany, Italy, the United States, the United Kingdom and Austria) the total value of card-based payment transactions stood at HRK 5,575 million, accounting for 72% of the total value of all international card-based payment transactions (Figure 26).

Figure 26 also shows how the holders of payment cards issued in the RC realised the highest value of card-based payment transactions in Bosnia and Herzegovina, then in Slovenia, Germany, Italy, the United States, the United Kingdom and Austria.



4.2 Comparison of the use of payment cards and of cash

It is evident from the shown data that the obligors of fiscalisation⁹ issued a total of 2,350 million invoices in 2014, worth a total of HRK 160,205 million. In addition, of the total number of issued invoices, 89% of them were paid in cash, and of the total value of issued invoices, 60% of the value refers to cash payments.

Figure 27 Comparison of use of different payment instruments in 2014 – value in HRK



Note: Data refer to the total value in HRK during a monthly period.
 Data for cash refer to the total value of issued invoices paid in cash in HRK.
 Data for payment cards refer to the total value of national card-based payment transactions of the purchase of goods or services.
 Sources: Ministry of Finance of the RC – Tax Administration and CNB.

Figures 27 and 28 give a comparative presentation of the number and value of issued invoices paid in cash in the RC and the number and value of national card-based payment transactions of the purchase of goods or services. The presentation shows that cash, relative to payment cards as a form of payment, is considerably more represented in the number and value of transactions.

The average value of a cash payment transaction in 2014 stood at HRK 46, and the average value of a national card-based payment transaction stood at HRK 232.

Figure 28 Comparison of use of different payment instruments in 2014 – number



Note: Data refer to the total number during a monthly period.
 Data for cash refer to the total number of issued invoices paid in cash.
 Data for payment cards refer to the total number of national card-based payment transactions of the purchase of goods or services.
 Sources: Ministry of Finance of the RC – Tax Administration and CNB.

9 According to data of the Ministry of Finance – Tax Administration, collected based on the Cash Transaction Fiscalisation Act (Official Gazette 133/2012).

5 Acquiring of payment cards

This chapter shows statistical data on the number and value of transactions in which payment service providers – acquirers have provided the payment service of acquiring of payment cards through an accepting device for payment cards.

Payment service providers – acquirers (hereinafter referred to as ‘acquirers’) in the RC include:

1. credit institutions (banks) that have obtained authorisation from the CNB, which includes authorisation to provide the payment service of the acquiring of payment cards, and
2. electronic money institutions¹⁰ that have obtained authorisation from the CNB to provide the payment services of acquiring payment cards.

An acquirer may acquire a payment card from:

- a payment service provider – issuer that has obtained its authorisation or the authorisation for the provision of the service of the issuing of payment cards from the CNB (hereinafter referred to as ‘a Croatian issuer’), or
- a payment service provider – issuer that has obtained its

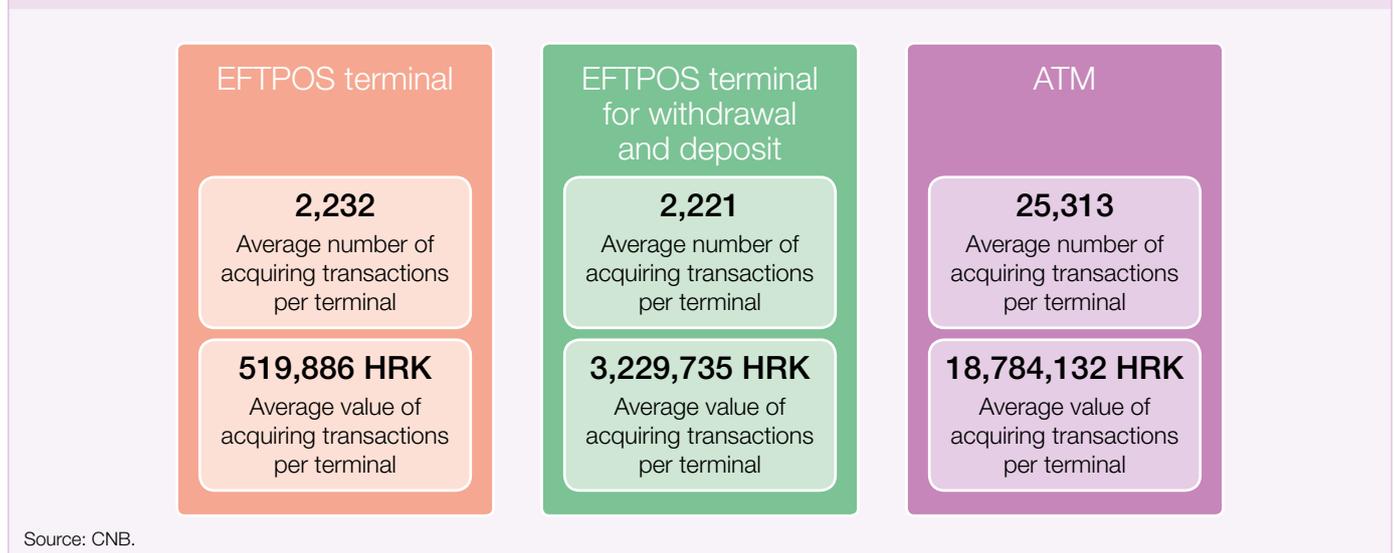
authorisation or the authorisation for the provision of the service of issuing of payment cards from one of the competent bodies of other EU member states or third countries (hereinafter referred to as ‘a foreign issuer’).

The acquiring of payment cards of Croatian issuers is divided into the acquiring of payment cards the acquirer itself has issued and the acquiring of payment cards of other Croatian issuers.

The chapter is divided into three parts:

- the first part shows the total number and value of transactions of the acquiring of payment cards of Croatian and foreign issuers (Sub-chapter 5.1);
- the second part shows the total number and value of transactions of the acquiring of payment cards, i.e. own cards and cards of other Croatian issuers (Sub-chapter 5.1.1);
- the third part shows the total number and value of transactions of the acquiring of payment cards of foreign issuers (Sub-chapter 5.1.2).

Box 4 Transactions of the acquiring of payment cards according to accepting devices for payment cards in 2014

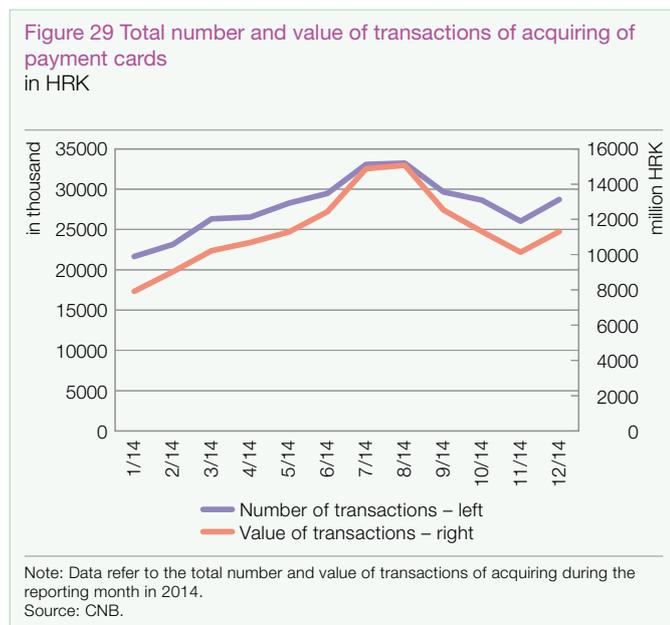


¹⁰ Not including data submitted by electronic money institutions that at the same time carry out the activity of telecommunications services.

5.1 Total acquiring of payment cards

This sub-chapter shows statistical data on the total number and value of transactions of the acquiring of payment cards of Croatian and foreign issuers.

In all, 334.66 million transactions of the acquiring of payment cards, worth a total of HRK 136,801.8 million, were executed in 2014 (Figure 29).



A total of 21.7 million transactions of acquiring, worth a total of HRK 7,914 million, were recorded in January 2014. During the subsequent months, the number and value of transactions of acquiring grew until August in which they reached the highest level of 33.2 million transactions, worth a total of HRK 15,072.06 million. From September, the number and value of transactions of acquiring had a downward trend until December in which 28.7 million transactions of acquiring were recorded, with a total value of HRK 11,307.17 million.

The acquiring service is provided at contractual merchants, i.e.

business entities that pursuant to a contract with the acquirer offer the possibility of payment by payment cards through accepting devices for payment cards at their point of sale. On 31 December 2014, a total of 66,326 contractual merchants were recorded. The above number of contractual merchants is shown independently of the number of acquiring locations the merchant is using. A retail chain is thus recorded as a contractual merchant, regardless of the number of points of sale and accepting devices for payment cards that are used.

Accepting devices for payment cards through which the acquiring service is provided include the ATM, the EFTPOS terminal, the Internet and the EFTPOS terminal for withdrawal and deposit (Table 9).

Of the total number of acquiring transactions, 31.9% of transactions were acquired through ATMs, 66.4% through EFTPOS terminals, 0.7% through the Internet and 1% through EFTPOS terminals for withdrawal and deposit.

Of the total number of acquiring transactions, 58% of transactions were accepted through ATMs, 37.8% through EFTPOS terminals, 0.6% through the Internet and 3.6% through EFTPOS terminals for withdrawal and deposit.

A total of 106.87 million transactions, worth a total of HRK 79,306.6 million, were acquired through ATMs in 2014. Credit institutions participated in the transactions of acquiring payment cards, executed for the purpose of cash withdrawals through ATMs with a share of 99% in the number and value of transactions.

A total of 222.12 million transactions, worth a total of HRK 51,736.5 million were acquired through EFTPOS terminals in 2014. Electronic money institutions accounted for 69.63% of the share in the number of transactions and 67.05% in the value of transactions of the total acquiring of payment cards executed through EFTPOS terminals.

The total number of transactions of the acquiring of payment cards executed through the Internet in 2014 stood at 2.29 million

Table 9 Number and value of transactions of the acquiring of payment cards by accepting device for payment cards in HRK

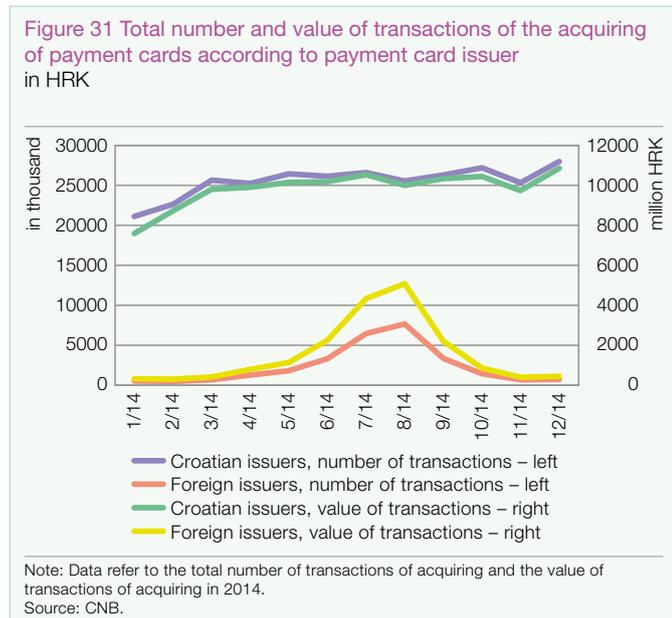
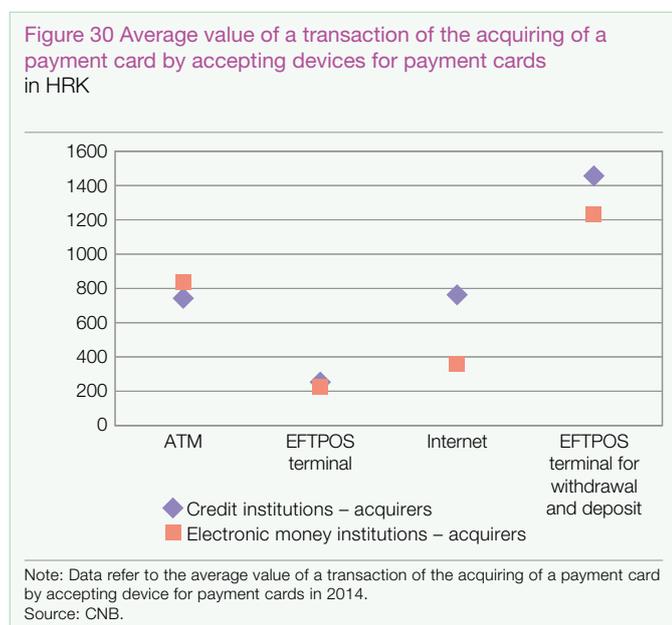
| Payment service provider – acquirer | ATM | EFTPOS terminal | Internet | EFTPOS terminal for withdrawal and deposit | Total |
|-------------------------------------|-----------------------|-----------------------|--------------------|--|------------------------|
| Number of transactions | | | | | |
| Credit institutions | 106,388,909 | 67,459,745 | 88,409 | 3,353,021 | 177,290,084 |
| Electronic money institutions | 483,404 | 154,662,971 | 2,204,578 | 21,103 | 157,372,056 |
| Total | 106,872,313 | 222,122,716 | 2,292,987 | 3,374,124 | 334,662,140 |
| Value of transactions | | | | | |
| Credit institutions | 78,903,631,133 | 17,045,773,720 | 67,384,635 | 4,879,969,941 | 100,896,759,429 |
| Electronic money institutions | 402,975,908 | 34,690,717,073 | 785,375,523 | 25,996,912 | 35,905,065,416 |
| Total | 79,306,607,041 | 51,736,490,793 | 852,760,158 | 4,905,966,853 | 136,801,824,845 |

Note: Data refer to the total number and value of transactions of acquiring in 2014.
Source: CNB.

with a total value of HRK 852.8 million. Of the total service of the acquiring of payment cards through the Internet, electronic money institutions participated with a share of 96.14% in the number of transactions and 92.1% in the value of transactions.

The average value of a transaction of the acquiring of a payment card stood at HRK 409 in 2014. From the overview of the transactions of acquiring it is evident that the largest average value of a transaction of HRK 1,454 was recorded for the acquiring of payment cards executed through EFTPOS terminals for withdrawal and deposit, while the smallest average value of the transaction of acquiring, in the amount of HRK 233, was recorded for the acquiring of payment cards executed through EFTPOS terminals.

Figure 30 shows the average value of a transaction of the acquiring of a payment card by acquirers and accepting devices for payment cards.



Of the total of 334.66 million transactions of the acquiring of payment cards executed in 2014, 91% refers to payment cards of Croatian issuers, and 9% to those of foreign issuers. In 2014, of the total HRK 136,801.8 million transactions of the acquiring of payment cards executed, 86% refers to the payment cards of Croatian issuers, and 14% to the payment cards of foreign issuers (Figure 31).

At the annual level, the average value of the transaction of acquiring by a Croatian issuer's payment card stood at HRK 386, and by foreign issuer's payment card it stood at HRK 651.

The service of acquiring of payment cards may be provided for:

- the purchase of goods or services using a payment card, and
- cash withdrawal and deposit using a payment card.

Purchase of goods and services

The term 'purchase of goods and services' includes the transactions of the acquiring of payment cards for the purchased goods and services executed through EFTPOS terminals, the Internet and ATMs.

A total of 225.2 million transactions of the acquiring of payment cards for the purchases of goods and services, worth a total of HRK 52,214.4 million (own cards, cards of other Croatian issuers and cards of foreign issuers) were executed in 2014.

Credit institutions executed a total of 68.5 million transactions of acquiring of payment cards for the purchase of goods and services (30%) worth a total of HRK 17,167 million (33%), and electronic money institutions accepted a total of 156.7 million transactions (70%), worth a total of HRK 35,047.4 million (67%).

Of the total number of transactions of acquiring of payment cards for the purchases of goods and services, 77% of transactions were executed by four-party card scheme payment cards, and 23% by three-party card scheme payment cards. Of the total value of transactions of acquiring of payment cards for the purchase of goods and services, 73% of transactions were executed by four-party card scheme payment cards, and 27% by three-party card scheme payment cards.

Cash withdrawal and deposit

'Cash withdrawal' covers payment card acquiring transactions of cash withdrawal executed through an ATM, EFTPOS terminal and EFTPOS terminal for withdrawal and deposit. The total number of transactions of the acquiring of payment cards for cash withdrawal in 2014 stood at 106.7 million with a total value of HRK 79,019.1 million.

'Cash deposit' covers payment card acquiring transactions of cash deposit executed through an ATM and EFTPOS terminal for withdrawal and deposit. The total number of transactions of the acquiring of payment cards for cash deposit stood at 2.7

Table 10 Number and value of transactions of the acquiring of payment cards issued in the RC by accepting devices for payment cards in HRK

| | ATM | EFTPOS terminal | Internet | EFTPOS terminal for withdrawal and deposit | Total |
|--------------------------------|----------------|-----------------|-------------|--|-----------------|
| Number of transactions | 98.626.176 | 202.266.299 | 2.027.092 | 3.248.372 | 306.167.939 |
| Value of transactions | 70.671.701.663 | 42.396.324.209 | 570.828.104 | 4.609.853.912 | 118.248.707.888 |
| Average value of a transaction | 716,56 | 209,61 | 281,60 | 1.419,13 | 386,22 |

Note: Data refer to the total number and value of transactions of acquiring of payment cards of Croatian issuers in 2014.

Source: CNB.

million with a total value of HRK 5,568.3 million in 2014.

5.1.1 Acquiring of payment cards issued in the RC

This chapter shows statistical data on the number and value of the transactions of the acquiring of payment cards of Croatian issuers.

The acquiring of payment cards of Croatian issuers is divided into the acquiring of payment cards the acquirer itself has issued (hereinafter referred to as 'own cards') and the acquiring of payment cards of other Croatian issuers (hereinafter referred to as 'other Croatian issuers').

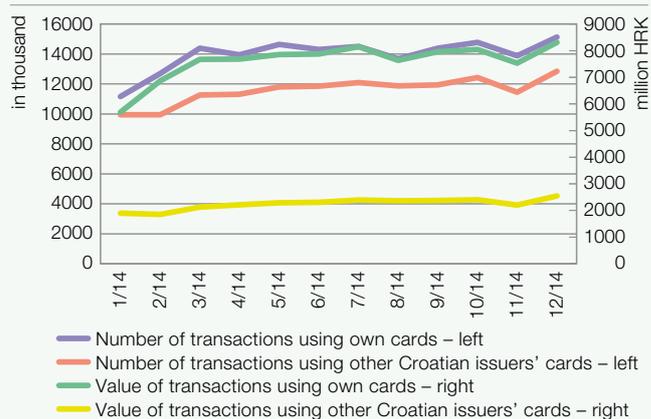
In 2014, a total of 306.2 million transactions of acquiring payment cards of Croatian issuers were executed, worth a total of HRK 118,248.7 million, of which the following were acquired:

- **own cards:** 167.5 million transactions, worth a total of HRK 91,270.9 million, and
- **cards of other Croatian issuers:** 138.7 million transactions, worth a total of HRK 26,977.8 million.

Of the total number of transactions of acquiring of Croatian issuers' payment cards, 32.21% of transactions were accepted through ATMs, 66.06 % through EFTPOS terminals, 0.67% through the Internet and 1.06% through EFTPOS terminals for withdrawal and deposit. If total values of transactions of acquiring of Croatian issuers' payment cards are observed, 59.76% of transactions were acquired through ATMs, 35.86% through EFTPOS terminals, 0.49% through the Internet and 3.89% through EFTPOS terminals for withdrawal and deposit. In 2014, the average value of the transactions of the acquiring of Croatian issuers' payment cards (Table 10) stood at:

- through EFTPOS terminals: HRK 209.61,
- through the Internet: HRK 281.60,
- through ATMs: HRK 716.56, and
- through EFTPOS terminals for withdrawal and deposit: HRK 1,419.13.

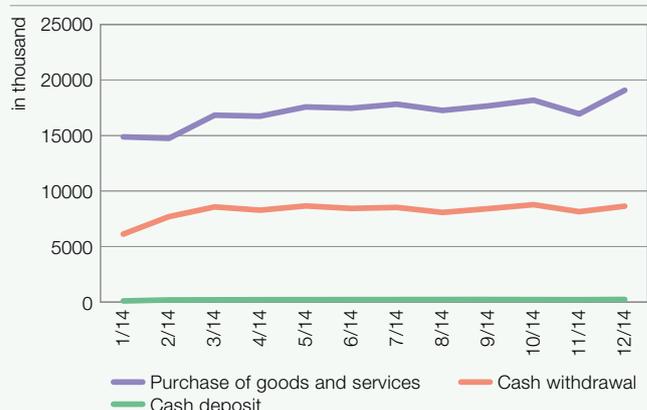
Figure 32 shows the total number and value of transactions of the acquiring of payment cards by issuer at a monthly level in 2014. It is evident that acquirers most frequently acquired their own cards, i.e. the cards they have issued themselves. The largest number of transactions of acquiring of payment cards was recorded in December standing at 28 million with a total value of HRK 10,860 million.

Figure 32 Number and value of transactions of the acquiring of payment cards issued in the RC


Note: Data refer to the total number of transactions of acquiring during each reporting month in 2014.
Source: CNB.

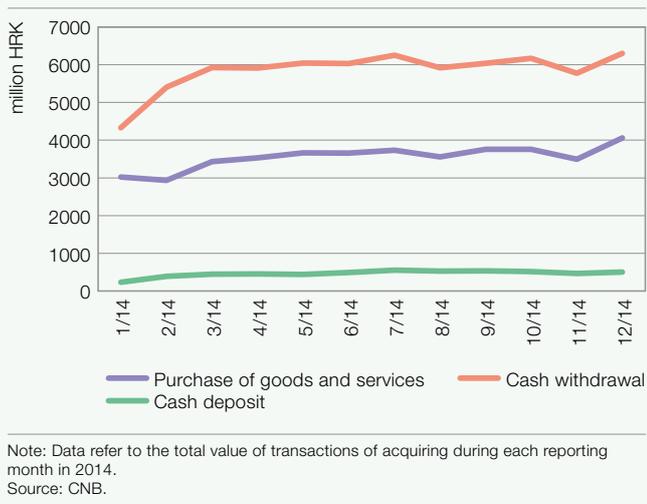
In 2014, the average number of transactions of acquiring of payment cards stood at 25.5 million a month, and the average value of transactions was HRK 9,854 million a month.

By reviewing the transactions of acquiring of payment cards by the type of transaction, cash withdrawal was the most represented, which in the total value of acquiring transactions accounted for a total of 59.27%, followed by the purchase of goods and

Figure 33 Number of transactions of the acquiring of payment cards issued in the RC by type of transaction


Note: Data refer to the total number of transactions of acquiring during each reporting month in 2014.
Source: CNB.

Figure 34 Value of transactions of the acquiring of payment cards issued in the RC by type of transaction in HRK



services with 36.02%, and cash deposit with 4.71% (Figures 33 and 34).

Purchase of goods and services

‘Purchase of goods and services’ includes the transactions of acquiring of payment cards for the purchased goods and services executed through EFTPOS terminals, the Internet and through ATMs.

In 2014, a total of 205.10 million transactions of acquiring of payment cards of Croatian issuers for the purchase of goods and services were recorded, worth a total of HRK 42,591.46 million, executed by payment cards issued in the RC.

Of the total transactions of acquiring of payment cards for the purchase of goods and services, executed using payment cards issued in the RC:

- through EFTPOS terminals: 202.11 million transactions (98.54%) were acquired, worth a total of HRK 41,968.0 million (98.54%),
- through the Internet: 2.03 million transactions (0.99%) were acquired, worth a total of HRK 570.8 million (1.34%), and
- through ATMs: 0.96 million transactions (0.47%) were acquired, worth a total of HRK 52.6 million (0.12%) (the most frequent purchase of phone vouchers, plane tickets, etc.).

The average value of transactions of acquiring of payment cards for the purchase of goods and services, executed using payment cards issued in the RC in 2014 stood at:

- through EFTPOS terminals: HRK 207.65,
- through the Internet: HRK 281.60, and
- through ATMs: HRK 54.71.

Cash withdrawal

‘Cash withdrawal’ covers payment card acquiring transactions of cash withdrawal executed through ATMs, EFTPOS terminals and EFTPOS terminals for withdrawal and deposit.

A total of 98.35 million transactions of acquiring of payment cards of Croatian issuers for cash withdrawal, worth a total of HRK 70,088.9 million, were executed in 2014.

Of the total transactions of acquiring of payment cards for cash withdrawal, executed using payment cards issued in the RC:

- through ATMs: 95.22 million transactions (96.81%) were acquired, worth a total of HRK 65,885.3 million (94%),
- through EFTPOS terminals for withdrawal and deposit: 2.98 million transactions (3.03%) were acquired, worth a total of HRK 3,775.3 million (5.39%), and
- through EFTPOS terminals: 0.15 million transactions (0.16%) were acquired, worth a total of HRK 428.3 million (0.61%).

The average value of transactions of acquiring of payment cards for cash withdrawal, executed using payment cards issued in the RC in 2014 stood at:

- through ATMs: HRK 691.96,
- through EFTPOS terminals for withdrawal and deposit: HRK 1,265.50, and
- through EFTPOS terminals: HRK 2,797.19.

Cash deposit

‘Cash deposit’ covers payment card acquiring transactions of cash deposit executed through ATMs and EFTPOS terminals for withdrawal and deposit.

A total of 2.71 million transactions of acquiring of payment cards of Croatian issuers for cash deposit, worth a total of HRK 5,568.3 million, were recorded in 2014.

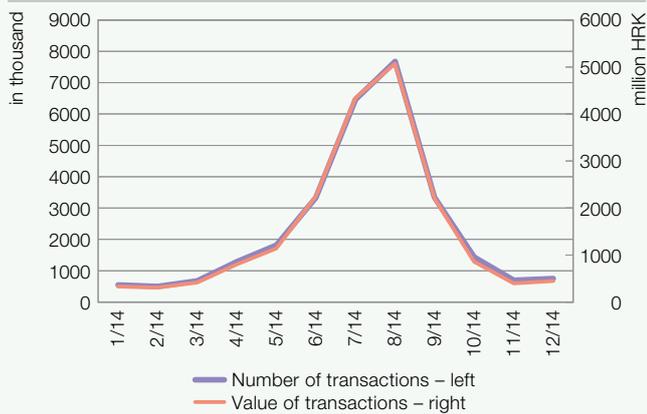
Of the total transactions of acquiring of payment cards for cash deposit, executed using payment cards issued in the RC:

- through ATMs: 2.45 million transactions (90.23%) were acquired, worth a total of HRK 4,733.7 million (85.01%), and
- through EFTPOS terminals for withdrawal and deposit: 0.27 million transactions (9.77%) were acquired, worth a total of HRK 834.6 million (14.99%).

The average value of transactions of acquiring of payment cards for cash deposit, executed using payment cards issued in the RC in 2014 stood at:

- through ATMs: HRK 1,932.73, and
- through EFTPOS terminals for withdrawal and deposit: HRK 3,147.69.

Figure 35 Number and value of transactions of the acquiring of payment cards of foreign issuers



Note: Data refer to the total number and value of transactions of acquiring during each reporting month in 2014.
Source: CNB.

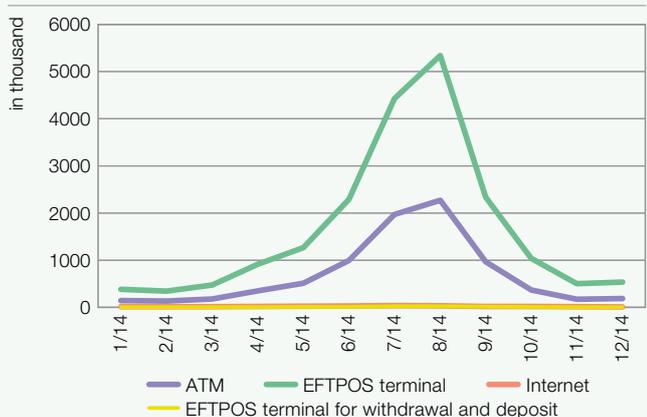
5.1.2 Acquiring of payment cards issued abroad

This chapter shows statistical data on the number and value of the transactions of acquiring of payment cards issued outside the RC, i.e. of foreign issuers.

In 2014, a total of 28.5 million transactions of acquiring of payment cards of foreign issuers were executed, worth a total of HRK 18,553.1 million executed using payment cards of foreign issuers.

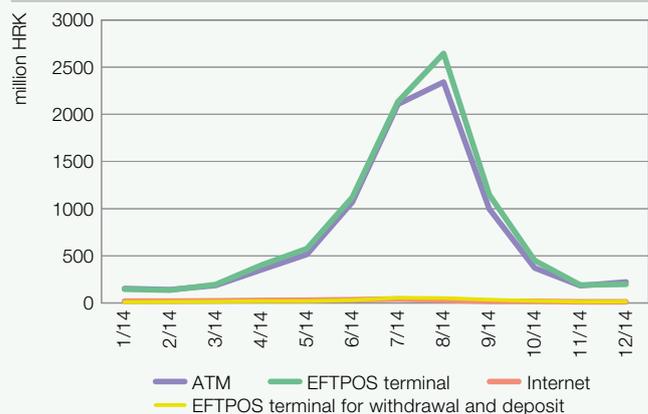
In the first three months of 2014, the value of the transactions of acquiring of payment cards of foreign issuers on average stood at HRK 415.6 million. The upward trend was noticeable until August, when it reached the level of HRK 5,071.7 million and started to decline in September. In December 2014, the value of the transactions of the acquiring of payment cards of foreign issuers stood at HRK 447.2 million (Figure 35).

Figure 36 Number of transactions of the acquiring of payment cards of foreign issuers by accepting devices for payment cards



Note: Data refer to the total number of transactions of the acquiring of payment cards during each reporting month in 2014.
Source: CNB.

Figure 37 Value of transactions of the acquiring of payment cards of foreign issuers by accepting devices for payment cards in HRK



Note: Data refer to the total value of transactions of the acquiring of payment cards during each reporting month in 2014.
Source: CNB.

Also, from the overview of the values of transactions of acquiring it is evident that the holders of payment cards issued abroad used both ATMs and EFTPOS terminals equally, with the remark that twice as many acquiring transactions were executed through EFTPOS terminals than through ATMs (Figures 36 and 37).

Of the total transactions of the acquiring of payment cards of foreign issuers in 2014:

- through ATMs: 8.2 million transactions were acquired, worth a total of HRK 8,634.9 million;
- through EFTPOS terminals: 19.9 million transactions were acquired, worth a total of HRK 9,340.2 million;
- through the Internet: 0.3 million transactions were acquired, worth a total of HRK 281.9 million;
- through EFTPOS terminals for withdrawal and deposit: 0.1 million transactions were acquired, worth a total of HRK 296.1 million.

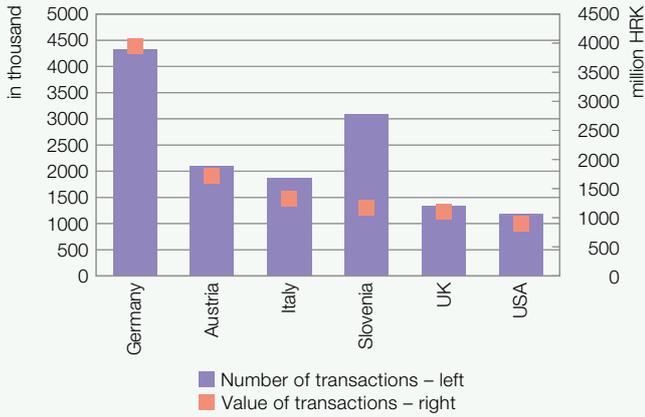
The average value of transactions of the acquiring of payment cards of foreign issuers stood at:

- through EFTPOS terminals: HRK 470.39;
- through the Internet: HRK 1,060.31;
- through ATMs: HRK 1,047.15, and
- through EFTPOS terminals for withdrawal and deposit: HRK 2,354.74.

In 2014, a total of 20.14 million (70.7%) transactions of acquiring of payment cards of foreign issuers for the purchases of goods and services were recorded, worth a total of HRK 9,622.95 million (51.9%), executed with the use of payment cards of foreign issuers and 8.36 million (29.3%) transactions of the acquiring of payment cards for cash withdrawals, worth a total of HRK 8,930.17 million (48.1%).

In 2014, transactions of acquiring executed with the use of payment cards of foreign issuers were recorded in a total of 178 countries. The acquiring of payment cards issued in the six most

Figure 38 Number and value of transactions of the acquiring of payment cards of foreign issuers by the country of issuer – the six most represented countries



Note: Data refer to the total number and value of transactions of acquiring of payment cards by the country of issuer of the payment card in 2014.
Source: CNB.

represented countries (Germany, Austria, Italy, the United Kingdom, Slovenia and the United States), accounted for 49% in the total number of transactions of the acquiring of payment cards of foreign issuers and for 55% in the total value of transactions of the acquiring of payment cards of foreign issuers.

As can be seen, only one of the six presented countries is a non-EU country, i.e. the United States. In 2014, the total number of transactions of acquiring executed using payment cards issued in the United States, stood at 1.2 million, worth a total of HRK 900.5 million. In 2014, of the six presented countries, the largest value of transactions of the acquiring of payment cards was executed by payment cards issued in Germany, standing at HRK 3,945.7 million. In consequence, the largest average value by card transaction in the amount of HRK 912 was generated using German issuers' cards, and the smallest using Slovenian issuers' cards (Figure 38).

6 Transactions of the acquiring of payment cards according to the activities of merchants

This chapter shows data on the acquiring of payment cards broken down in terms of the activities of merchants.

The data cover a sample of payment service providers – acquirers, accounting for over 95% of the number as well as of the value of transactions of the acquiring of payment cards for the purchase of goods and services in 2014. This

- includes only the transactions of the acquiring of payment cards for the purchase of goods and services through EFTPOS terminals and the Internet;
- breaks down the activities of merchants into trade, oil industry, financial services, hotels, health care institutions, tourist agencies, airlines, and so on.

Of the seven activities mentioned, trade is the most represented, accounting for 73% of the number of transactions of the acquiring of payment cards for the purchase of goods and services, and 59% of the value of transactions. It is followed by the oil industry, which accounts for 13% of the number of transactions of the acquiring of payment cards for the purchases of goods and services, while it accounts for 16% of the value of transactions.

In hotel services, fewer transactions but with larger values are recorded, so that they account for 1% of the number of transactions of the acquiring of payment cards for the purchases of goods and services but for 7% of the value of all transactions (Figures 39 and 40).

Figure 39 Number of transactions of the acquiring of payment cards for the purchase of goods and services by activity

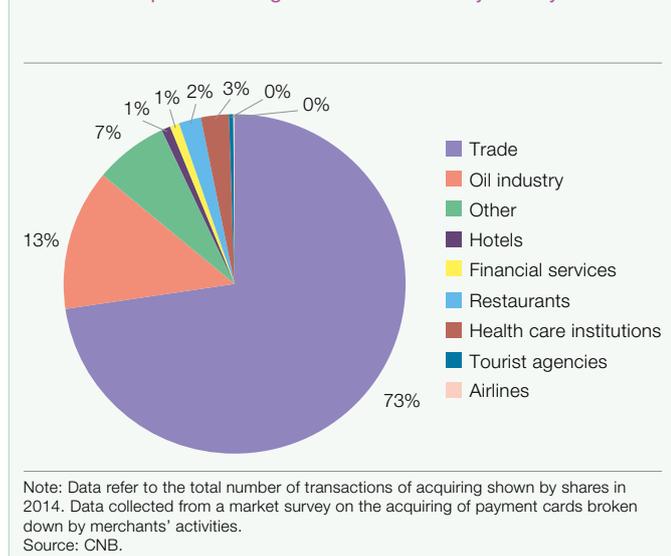
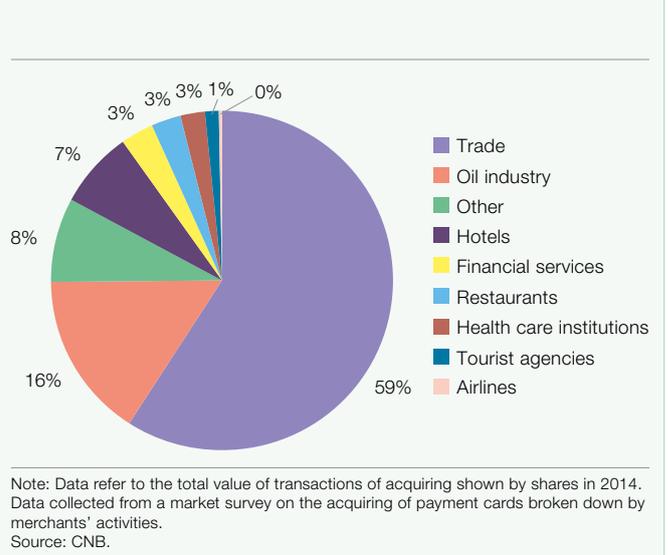


Figure 40 Value of transactions of the acquiring of payment cards for the purchase of goods and services by activity



The transactions of acquiring are broken down into the acquiring of payment cards issued by:

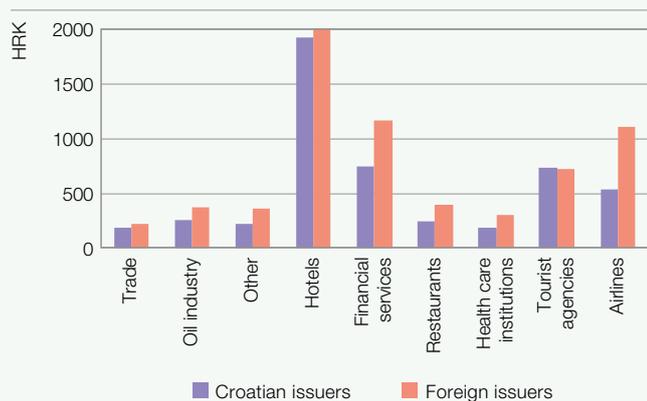
- a payment service provider – issuer that has obtained its authorisation or the authorisation for the provision of the service of issuing of payment cards from the CNB (hereinafter referred to as ‘Croatian issuer’), or
- a payment service provider – issuer that has obtained its authorisation or the authorisation for the provision of the service of issuing of payment cards from one of the competent bodies of other EU member states or third countries (hereinafter referred to as ‘foreign issuer’).

The payment transactions of the acquiring of payment cards broken down by issuer and activities are given in Table 11.

Of the total number of transactions of the acquiring of payment cards of Croatian issuers, it is evident that the largest number of transactions was recorded in trade (73.74%) and the oil industry (14.64%). Of the total number of transactions of the acquiring of payment cards of foreign issuers, the largest number of transactions was recorded in retail (67.90%).

Of the total value of transactions of the acquiring of payment cards of Croatian issuers, the largest values of transactions were recorded in trade (63.24%) and the oil industry (18%). Of the total value of transactions of the acquiring of payment cards of foreign issuers, the largest value of transactions was recorded in trade (47.29%) and hotels (15.57%).

Figure 41 Average value of transaction of the acquiring of payment cards for the purchase of goods and services by activity in HRK



Note: Data refer to the average value of a transaction of acquiring shown by shares in 2014. Data collected from a market survey on the acquiring of payment cards broken down by merchants' activities.
Source: CNB.

The average value of a transaction of the acquiring of payment cards of foreign issuers for the purchase of goods or services is the largest in hotels, and the smallest in trade.

The average value of a transaction of the acquiring of payment cards of Croatian issuers for the purchase of goods or services is the largest in hotels, followed by financial services and airlines, while it is the smallest in trade (Figure 41).

Table 11 Number and value of transactions of the acquiring of payment cards for the purchase of goods and services by activity

| Activities | Number of transactions – share | | Value of transactions – share | |
|--------------------------|--------------------------------|-----------------|-------------------------------|-----------------|
| | Croatian issuers | Foreign issuers | Croatian issuers | Foreign issuers |
| Trade | 73.74% | 67.90% | 63.24% | 47.29% |
| Oil industry | 14.67% | 7.90% | 18.00% | 9.37% |
| Other | 5.92% | 12.47% | 6.17% | 14.05% |
| Hotels | 0.48% | 2.47% | 4.40% | 15.57% |
| Financial services | 0.89% | 0.77% | 3.14% | 2.81% |
| Health care institutions | 2.37% | 2.71% | 2.08% | 2.54% |
| Restaurants | 1.51% | 4.70% | 1.71% | 5.85% |
| Tourist agencies | 0.27% | 1.03% | 0.94% | 2.34% |
| Airlines | 0.13% | 0.06% | 0.33% | 0.19% |
| Total | 100% | 100% | 100% | 100% |

Note: Data refer to the total number and total value of transactions of the acquiring of payment cards shown by shares in 2014.

Data collected from a market survey on the acquiring of payment cards broken down by merchants' activities.

Source: CNB.

7 Glossary

- **‘Charge card’** means a payment card in which at the moment a payment transaction is initiated, coverage in the payment account is not ensured, payment transactions most often being executed up to an approved credit line (limit). The user settles the expenses incurred by using a card with a charge function within a specified time interval in full at the end of a specified period, most frequently by a credit transfer.
- **‘Debit card’** means a payment card issued to payment account holders. The expenses incurred by this card are charged by debiting the payment account, most frequently immediately.
- **‘Member state’** means a contracting party to the Agreement on the European Economic Area.
- **‘Card payment scheme’** means a set of functions, procedures, rules and devices enabling the holder of a payment card to effect a payment and/or cash withdrawal transaction with a payment service provider.
- **‘Card-based payment transaction’** means a service based on a payment card’s acquiring infrastructure and card scheme business rules to make a payment transaction by means of a debit or a credit card.
- **‘Credit card’** means a payment card in which coverage on the payment account is not ensured, the user being approved a credit line (a limit) for the execution of the payment transaction. The payment card user can execute payments up to the amount of the approved credit line (the limit). The amount of each transaction executed with the use of a payment card with a credit function within a specified time interval is automatically divided into the agreed number of repayment instalments according to the agreed model.
- **‘Delayed debit card’** means a payment card that is most frequently issued to payment account holders. At the moment a payment transaction is initiated, the coverage on the payment account is not ensured, and payment transactions can most often be executed up to an authorised limit. The total expenses incurred with the use of a payment card with a delayed debit function within a specified time interval are settled in full at the end of the specified time interval with the service of direct debit from the payment account.
- **‘International payment transaction’** means a payment transaction the execution of which involves two payment service providers, one of which (of either the payer or the payee) operates in the RC, whereas the other (of either the payer or the payee) operates pursuant to the regulations of a third country or another member state.
- **‘National payment transaction’** means a payment transaction the execution of which involves a payer’s payment service provider and a payee’s payment service provider, or only one payment service provider, operating in the RC.
- **‘Payment instrument’** means any personalised device and/or set of procedures agreed between a payment service user and a payment service provider and used by the payment service user in order to initiate a payment order.
- **‘Payment card’** means a payment instrument enabling its holder to make payments for goods and services either through an accepting device for payment cards or remotely, and/or to withdraw cash and/or use other services at an ATM or another self-service device.
- **‘Payment service provider’** means the institution defined by Article 5 of the PSA.
- **‘Payment service provider – issuer’** means the institution that has issued the payment card.
- **‘Payment service provider – acquirer’** means the institution that ensures the acquiring of the payment card.
- **‘Revolving card’** means a payment card in which at the moment a payment transaction is initiated the coverage on the payment account is not ensured, and the user is most often granted a revolving credit line (limit) for the execution of the payment transaction. The user pays the amount of expenses incurred by using the card with a revolving function within a specified time interval partially in a determined percentage of the specific spending.
- **‘Third country’** means any foreign country that is not a member state.

8 Appendix

8.1 List of tables

| | |
|--|----|
| Table 1 Total number of terminals acquiring payment cards in the RC..... | 6 |
| Table 2 Number of ATMs by counties in the RC..... | 6 |
| Table 3 Number of payment cards issued in the RC by user..... | 10 |
| Table 4 Number of payment cards issued in the RC by type of card..... | 11 |
| Table 5 Number of cardholders in the RC (consumers)..... | 15 |
| Table 6 Number of cardholders in the RC – business entities (non-consumers)..... | 15 |
| Table 7 Number and value of national card-based payment transactions by type of payment card..... | 17 |
| Table 8 Number and value of national card-based payment transactions of purchases of goods and services by function..... | 19 |
| Table 9 Number and value of transactions of the acquiring of payment cards by accepting device for payment cards..... | 24 |
| Table 10 Number and value of transactions of the acquiring of payment cards issued in the RC by accepting devices for payment cards..... | 26 |
| Table 11 Number and value of transactions of the acquiring of payment cards for the purchase of goods and services by activity..... | 31 |

8.2 List of boxes

| | |
|--|----|
| Box 1 Distribution of terminals in the RC on 31 December 2014..... | 4 |
| Box 2 Share of payment cards of consumers in the RC on 31 December 2014..... | 9 |
| Box 3 National card-based payment transactions per capita in 2014..... | 16 |
| Box 4 Transactions of the acquiring of payment cards according to accepting devices for payment cards in 2014..... | 23 |

8.3 List of figures

| | |
|--|----|
| Figure 1 Four-party card scheme in the RC..... | 5 |
| Figure 2 Three-party card scheme in the RC..... | 6 |
| Figure 3 Number of ATMs in the RC according to functions..... | 7 |
| Figure 4 Number of ATMs in the RC by security features..... | 7 |
| Figure 5 Number of EFTPOS terminals in the RC..... | 7 |
| Figure 6 Number of contactless-contact EFTPOS terminals in the RC..... | 8 |
| Figure 7 Number of EFTPOS terminals for withdrawal and deposit in the RC..... | 8 |
| Figure 8 Number of payment cards..... | 10 |
| Figure 9 Number of used, unused and blocked payment cards..... | 11 |
| Figure 10 Number of used payment cards by type of card..... | 11 |
| Figure 11 Number of unused payment cards by type of card..... | 12 |
| Figure 12 Number of blocked payment cards broken down by type of card..... | 12 |
| Figure 13 Number of newly issued payment cards by type of card..... | 12 |
| Figure 14 Number of deactivated payment cards by type of card..... | 13 |
| Figure 15 Number of deactivated payment cards by initiative..... | 13 |
| Figure 16 Number of contact and contactless payment cards..... | 14 |
| Figure 17 Number of contact payment cards..... | 14 |
| Figure 18 Number of contactless payment cards..... | 14 |
| Figure 19 Number and value of national and international card-based payment transactions..... | 17 |
| Figure 20 Number of national card-based payment transactions by accepting devices for payment cards..... | 18 |

| | |
|--|--|
| Figure 21 Value of national card-based payment transactions by accepting devices for payment cards.....18 | Figure 32 Number and value of transactions of the acquiring of payment cards issued in the RC26 |
| Figure 22 Average monthly number and value of national card-based payment transactions by payment card used18 | Figure 33 Number of transactions of the acquiring of payment cards issued in the RC by type of transaction.....26 |
| Figure 23 Number and value of national card-based payment transactions of cash withdrawals20 | Figure 34 Value of transactions of the acquiring of payment cards issued in the RC by type of transaction.....27 |
| Figure 24 Number and value of national card-based payment transactions of cash deposits20 | Figure 35 Number and value of transactions of the acquiring of payment cards of foreign issuers28 |
| Figure 25 Number and value of international card-based payment transactions.....21 | Figure 36 Number of transactions of the acquiring of payment cards of foreign issuers by accepting devices for payment cards28 |
| Figure 26 Number and value of international card-based payment transactions for the seven most represented countries21 | Figure 37 Value of transactions of the acquiring of payment cards of foreign issuers by accepting devices for payment cards28 |
| Figure 27 Comparison of use of different payment instruments in 2014 – value in HRK22 | Figure 38 Number and value of transactions of the acquiring of payment cards of foreign issuers by the country of issuer – the six most represented countries.....29 |
| Figure 28 Comparison of use of different payment instruments in 2014 – number22 | Figure 39 Number of transactions of the acquiring of payment cards for the purchase of goods and services by activity.....30 |
| Figure 29 Total number and value of transactions of acquiring of payment cards.....24 | Figure 40 Value of transactions of the acquiring of payment cards for the purchase of goods and services by activity.....30 |
| Figure 30 Average value of a transaction of the acquiring of a payment card by accepting devices for payment cards.....25 | Figure 41 Average value of transaction of the acquiring of payment cards for the purchase of goods and services by activity.....31 |
| Figure 31 Total number and value of transactions of the acquiring of payment cards according to payment card issuer .25 | |



HRVATSKA NARODNA BANKA