

Research Shows One Quarter of Retailers Offer Some Sort of Payment Card to Customers

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New research published by Finaccord about the global market for retailer co-branded and private-label payment cards has found that across over 6,000 major retail brands surveyed worldwide, 26.7% offer a payment card of one sort or another to their customers. Specifically, 25.7% run a co-branded or private-label credit card scheme, co-branded debit cards are on offer from 2.1% (often from those retailers that have also set up banking operations) and 2.9% promote open-loop prepaid cards to their customers. Furthermore, 34.0% distribute stored-value gift cards.

With a focus on co-branded and private-label credit, debit and prepaid card programmes in particular (i.e. excluding stored-value gift cards), the research ascertains that at 36.6% of the 1,983 schemes identified, over a third are available as private-label products only (i.e. not linked to an open-loop network such as MasterCard or Visa). Thereafter, 17.4% are available only as Visa cards, 16.4% only as MasterCard products and 7.7% only as cards linked to other national or international networks (e.g. American Express, JCB, UnionPay). However, the balance of 20.7% encompasses card products affiliated to two or more such networks.

Edward Wilford, consultant at Finaccord, said: "Our previous research on this subject in 2010 found that 42.5% of retailer payment card programmes entailed private-label products only. A further 17.0% were available only as Visa cards, 13.6% only as MasterCard products and 8.2% only as cards affiliated to one other network and the balance of 18.7% involved card products linked to two or more networks. Thus, the proportion of schemes configured exclusively as private-label programmes has fallen back in the intervening period and MasterCard has been the main beneficiary as its share of exclusive relationships for retailer payment cards has risen most noticeably."

The research can also be used to measure the likelihood of specific retailer categories to have introduced co-branded or private-label payment card programmes. Overall, at 84.0% of those researched worldwide, fuel chains are the most likely to have done so followed by department stores and variety retailers at 47.9% and supermarket and hypermarket brands at 39.6%. By way of contrast, health and beauty retailers are the least likely to be running such a payment card scheme (although as a separate finding of the study, this category of retailer is the one most likely to be involved in a proprietary or coalition loyalty program, at 69.3% of all constituent retail brands investigated globally).

When analysed by country (across 60 covered worldwide and as depicted overleaf for 20 of them), retailer payment card schemes are most widespread among major retail brands in Japan as this applies to 55.4% of those researched in that country. Japan is followed by South Korea (52.3%), Portugal (49.3%), Brazil (46.4%) and Peru (42.6%). At the other end of the scale, just 6.9% of major retailers in Turkey have introduced their own co-branded or private-label payment card scheme, rising to 8.4% in Austria, 10.0% in Georgia, and 13.5% in both India and Ireland. Furthermore, at a regional level, the equivalent percentages are at their highest in North America (38.3%) and in Latin America (36.0%).

"Arguably, retailer payment cards constitute the most important segment within the wider global market for affinity and co-branded cards," concluded Edward Wilford. "This is not only because there are so many retail brands with sufficient customers to develop such cards but because the on-going contact that many retailers enjoy with their customers means that such cards are more likely to be subject to more frequent usage than those launched by other types of partner such as hotel chains, mobile network operators or sports clubs. As such, and notwithstanding the emergence of alternative payment means, the retailer payment card market is one that is here to stay although more private-label programs will probably get converted to schemes affiliated to international card networks."