



Italy sees dramatic decline in credit card use

The key findings of the eighth edition of the Italian Credit Card Survey produced by Assofin, CRIF Decision Solutions and GfK Eurisko found that overall, the use of cashless payment instruments in Italy was largely stable in 2009 (up 1.4%) compared to other European countries, particularly those in Western Europe.

The issuing and circulation of revolving cards reduced by 36.7% and 10.2% respectively compared to the previous year, with flexible credit cards with optional repayment cover being the preferred choice.

The number of credit cards (33.6 million) and debit cards (36.6 million) in circulation remained more or less unchanged compared to the previous year, whereas, the number of active credit cards fell further by 5.7% at the end of 2009 compared to 2008, leading to a decrease in activity rate (45% of the cards in circulation).

In terms of credit cards, the number of transactions carried out in Italy in 2009 reached around 570 million, registering an increase of 8.9%. At the same time, the total value of transactions increased to €56 billion (a rise of 2.8%), whereas the average transaction value decreased to €98 per transaction in 2009 compared to €104 in 2008.

Transactions carried out by debit card at POS increased by 3.3%, with an overall value of €62 billion. In 2009, a certain level of stability was noted compared to the previous year in terms of the use of debit cards at the POS, even if the average transaction value in 2009 was slightly lower than in 2008, with a value of €69.4 compared to €71.6 in the previous year.

In terms of the revolving card market, 2009 saw a 3.7% fall in the issue of new cards, which intensified in the first six months of 2010. The current period of economic difficulty has affected the behaviour of Italian consumers who have become cautious in their use of all forms of consumer credit.

From the point of view of card issuers, more targeted

and selective issuing policies have been put in place: as a consequence there was a significant fall in the issue of new cards (36.7%) in 2009 compared to the previous year, which in turn produced a reduction in the number of revolving cards in circulation (10.2%) compared to 2008. A slight improvement in the activity rate (1%) was noted for the cards in circulation, after years of decline.

Card holders confirmed their preference for flexible credit cards with optional repayment cover: 70% of the transactions carried out in 2009 can be attributed to multifunction cards, which continue to show an increase in transactions (5.3%), whereas strictly revolving cards showed a decrease (8.3%).

Against the general trend

Pre-paid cards went against the general trend and continued to increase in 2009 (12%), although growth was more contained than in the previous years.

Looking at risk, the analysis shows that the delinquency rate for charge cards in May 2010 was 2.4%, slightly down on 2009 (when it was 2.9%) meanwhile the delinquency rate for revolving cards increased by 0.8 percentage points to 7.2%.

In terms of the analysis of both current and potential demand, the cardholder base was stable despite a trend reversal in its composition compared to two years before: cardholders are still mainly concentrated in the most financially solid segments as seen in the previous edition of the survey.

The survey also revealed a constant desire to streamline card portfolios, with a contraction in the share of multiple cardholders that now possess more than two cards.



1. Trends in payment card circulation: % growth (2005-2009)



Source: Assofin - CRIF Decision Solutions - GfK Eurisko Credit Card Survey, Volume 8, 2010.

2. Number of transactions carried out by credit card: trend from 2005-2009



Source: Assofin - CRIF Decision Solutions - GfK Eurisko Credit Card Survey, Volume 8, 2010.