



## Industry Insight 2009

2008 will live in peoples minds for a variety of reasons. Almost everybody it seems has been touched by the global nature and deep impact of the credit crunch. If there is positive to come out of 2008 it may be that, certainly from the NBS perspective, prepaid cards look at last to have ‘come of age’. We now have over 150 card schemes live and operational in 8 countries across Europe. We have passed the 2.5 million cards produced milestone with more than 350k transacting every month. Prepaid transactions consistently top 1 million month in month out and in 2008 we settled over \$1 billion dollars for the first time.

But what of the global downturn? There are many who would say that prepaid is uniquely prepared for an economic downturn; restrictions on the access to credit mean tight budgeting is more important than ever, limits on access to main stream banking mean personal spend cards are more attractive, the increased likelihood of fraud will make the proposition of a limited risk card more attractive for on-line or overseas transactions.

It is of course potentially bad news for some sectors of the market though, and with the weakness of the £ against the \$ and the € both travel and money remittance may not expand at the rates we expected though the proposition remains as valid today – and given fraud trends perhaps more so – than ever. As far as travel is concerned, fixing an exchange rate may make more sense today than ever before.

There is also a likelihood of some further rationalisation within the marketplace. I am sure we are all aware that one issuing and processing bank has withdrawn from the market place and that 2008 saw the merger or transfer of engagements of a range of participant in the prepaid space from Processors to Programme Managers. When we first set out on the development of prepaid with our partners MasterCard, we talked in terms of a ‘land grab’; for there to be a prepaid market, we considered that we needed there to be as many success stories as quickly as possible. Today, that ‘growth at any cost’ mentality has been replaced by a maturity and a pragmatism that increasingly is bringing to the table value creating schemes.

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So what of 2009 and beyond? Undoubtedly there will be continued growth and I would expect this to be across all sectors. As an example, more paper vouchers are expected to migrate to gift cards helping this market continue its growth. A new area gaining significant traction is the emerging corporate card space. Newer initiatives and factors such as contactless technologies, continue to grow, and major developments, such as Government and Transport schemes, will help ensure consumer acceptance. I find it interesting that the US market, so long viewed from the UK as being at the forefront of the prepaid market, now refers to the UK as leading innovation in the Prepaid field and as mobile applications expected to proliferate as telephony and financial services merge generally to provide the service the current consumer has come to expect.

Whilst it is great folly to publicly use sentences containing words such as 'shoots', 'recovery' and 'green', certain sectors have an ability to adapt and take advantage of even the worst economic conditions. It is clear 2009, and perhaps beyond, will be difficult, but I would back the prepaid proposition as one that is ideally placed to provide consumers and businesses alike the one thing that is apparently missing from us all today, confidence in the future.

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