

THE GLOBAL CARD MARKET: A NEW WAY TO LOOK AT STATISTICS AND TRENDS

By Al Vrancart, ICMA Co-Founder and Industry Advisor

Recently at ICMA's Regional Events—the EuroForum in Munich and the North American Workshop in Chicago—I presented excerpts from the findings of this year's new ICMA 2010 Global Market Statistics Report. This 39-page report focuses on global and regional trends from the 15 market segments that encompass the card manufacturing industry.

ICMA expanded our format and methodology this year to better align with member needs. The data presented has been garnered from primary and secondary research, as well as statistical modeling.

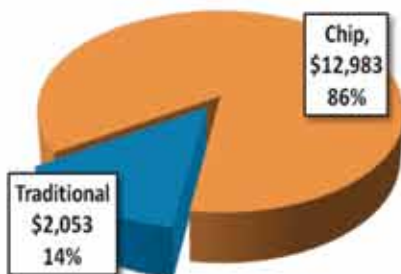
The total global cards manufactured in 2010 is almost 30 billion units. In 2010 on a global unit basis, there were more than 8 billion smart cards including contact, contactless and dual interface manufactured, representing approximately 27% of unit volume. There were almost 22 billion traditional cards, including magnetic stripe, bar coded and basic plain cards manufactured. This represents approximately 73% of unit volume.

Units – Cards Manufactured in 2010 (millions)



The total global card dollars in 2010 is \$15 billion. \$13 billion of this comes from smart cards manufactured, representing 86% of overall dollar volume. Only \$2 billion originated from traditional cards, 14% of dollar volume.

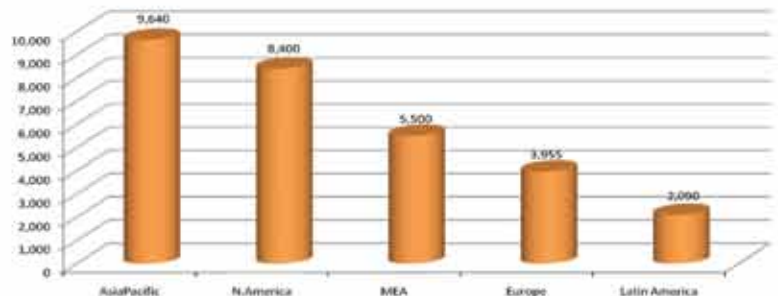
Dollar Volume – Cards Manufactured in 2010 (millions)



The global regional dispersion of cards manufactured in 2010 was dominated by the Asia Pacific region. It continued its double digit growth over the past few years producing 9.64 billion cards manufactured. North America was the second largest at 8.4 billion cards, although it experienced a 3.4% decline over the previous year. Middle East/Africa (MEA) is now ranked as the third largest geographic region, mainly because we are including telephone scratch off cards for the first time in our report. Of the 5.5 billion cards manufactured, 5 billion were telephone scratch off, which is forecast to rapidly decline in the near future.

Europe stayed “staus quo,” remaining at 3.95 billion cards in 2010, ranking them in fourth position. Latin America, although ranked as fifth, has increased to 2.1 billion for cards manufactured as a result of including 1 billion telephone scratch off cards in the 2010 report. This region has experienced significant growth in Brazil and Mexico.

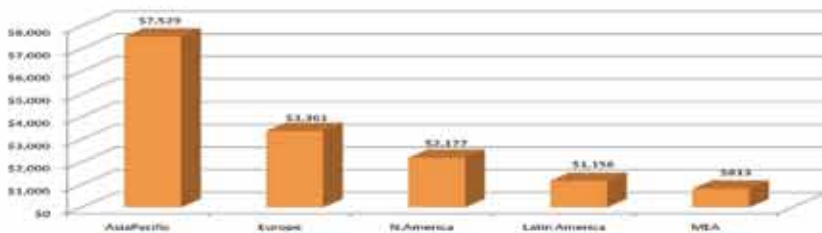
Regional Markets – Cards Manufactured – Units (millions)



The dollar value of cards by region also shows Asia Pacific as the leader, pulling in more than \$7.5 billion. This region continues exceptional growth despite lower chip prices. Their unit volume is so strong that even as the lower average unit prices on chip cards continues, it can achieve double digit dollar value growth over the previous year.

Europe remains the second largest dollar value market at \$3.4 billion—the higher priced smart cards are dominant in Europe and continue to drive the market. North America follows in third position at almost \$2.2 billion, experiencing dollar value growth from chip cards in mobile phones and contactless cards. Latin America also sees higher priced chip card growth leading to \$1.16 billion dollar volume and the MEA region pulled in \$813 million (\$150 million coming from the telephone scratch off market).

Regional Markets – Cards Manufactured – Dollar Volume (millions)



Let's discuss the telephone scratch off market in more depth. These cards are generally thin plastic or paper-based with no magnetic stripe and is categorized as a traditional card. They have a scratch off area that reveals an identifier that will enable use of access on mobile phones, some landlines and the Internet.

On a unit basis, it is the world's largest segment with 8 billion cards manufactured in 2010—that is a 27% unit share—however it is only valued at \$240 million dollars. This market segment is dominant in the MEA region with 5 billion cards, Asia Pacific with 2 billion cards and Latin America with 1 billion cards manufactured in 2010. This market does not appear to have a promising future and is rapidly declining.

Members might also hear a lot about the mobile phone segment. These are the cards that carry the chip that operates the almost 5 billion mobile phones in use in the world today. These smart cards are usually 30 mil thick and all have a microprocessor chip. They are produced to meet stringent international and domestic standards.

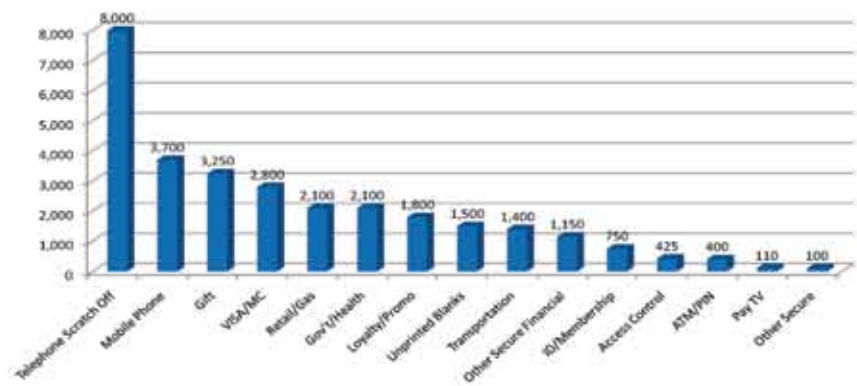
This is the dominant market segment in several ways:

- In 2010, it had the second largest global unit volume at 3.7 billion cards.
- It had the largest dollar volume at \$6.3 billion—representing 41.8% of the global dollar card market.
- Mobile phone card growth is increasing in every geographic region and is considered a premium segment.
- Almost every major manufacturer is focused on serving this large market.

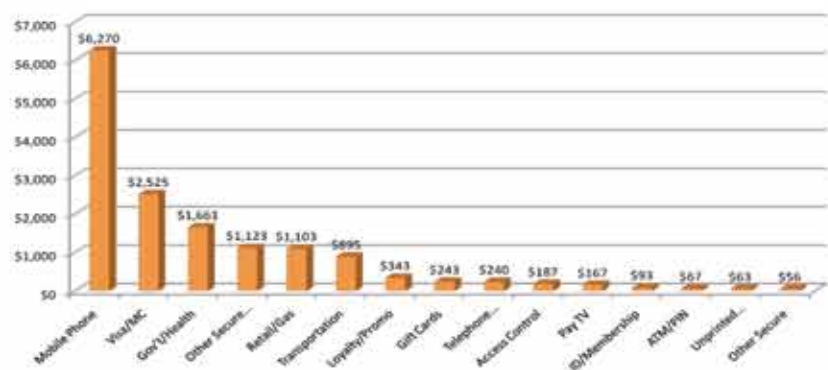
Another hot market is the gift card segment, representing the third largest unit card market with 3.25 billion cards manufactured in 2010 (11% of all cards manufactured globally). They are for closed loop branded retail transactions, and are usually plastic cards with a magnetic stripe or bar code with either simple or elaborate decorative features. Dominant global regions include North America, the United

Kingdom and some other European countries are beginning to embrace gift cards. While strong on unit production, this market is only the eighth largest market when measured by dollar volume at \$243 million. However, the report indicates gift cards are positioned for moderate growth and a robust future.

Market Segment Analysis – Units (millions)



Market Segment Analysis – Dollar Volume (millions)



The Global Market Statistics Report covers many more market segments in-depth, including Visa/MasterCard cards, retail/gas cards, government/health cards, loyalty/promotional cards and many more. For more information or to purchase ICMA's Global Market Statistics Report, visit www.icma.com. Members may also log into the ICMA website to view my presentations describing these markets in more depth from the 2011 Regional Events in the "Presentation Archive" section. 🎧

Albert Vrancart is a co-founder of ICMA and is an advisor to the association. He has over 30 years of global marketing experience, previously serving as president/CEO of NBS and Qualteq, a manufacturer of secure plastic transaction, identification and promotional cards.