



# Identifying the European Prepaid Business Case

Table of Contents

**Market Report**

**13<sup>th</sup> June 2006**

**Prepared by:**  
Chris Jones, Senior Consultant

v2

# Table of Contents

<b>1</b>	<b>Executive Summary</b>	<b>4</b>
1.1	Introduction	4
1.2	Total Addressable Market	4
1.3	The Likely Prepaid Market by 2010	5
1.4	Market Opportunities, Propositions, and Entry Strategies	6
1.5	Geographic Opportunities	7
1.6	Market Drivers and Inhibitors	8
1.7	Product Features Lessons Learned	9
<b>2</b>	<b>Scope and Methodology</b>	<b>10</b>
2.1	Introduction	10
2.2	Scope	10
2.3	Methodology	12
<b>3</b>	<b>Sales and Delivery Business Models</b>	<b>15</b>
3.1	Introduction	15
3.2	The Generic Prepaid Business Model	15
3.3	Building Products – Need for Prepaid Capabilities	20
3.4	Which Prepaid Business Model?	22
3.5	Which Prepaid Revenue Model?	24
3.6	Which Prepaid Cost Elements?	26
3.7	Estimated Prepaid Issuer Margins	26
3.8	Which Prepaid Acceptance Model?	27
<b>4</b>	<b>Product Segments</b>	<b>29</b>
4.1	Introduction	29
4.2	European Market Overview	29
4.3	Travel and Foreign Currency	34
4.4	Gifting	39
4.5	Youth	44
4.6	Under/Unbanked	49
4.7	Payroll	53
4.8	Remittances	57
4.9	Gaming	60
4.10	On-line Payments	63
4.11	Insurance	66
4.12	Government Benefits	69
4.13	Corporate Benefits	73
4.14	Transit / MicroPayments	77
<b>5</b>	<b>Propositions</b>	<b>80</b>
5.1	Introduction	80
5.2	Proposition Summary	80
5.3	The Bank Issuer Proposition	80
5.4	The Merchant Proposition	83
5.5	The Consumer Proposition	86
5.6	Mystery Shopper Survey	87
<b>6</b>	<b>Geographic Markets</b>	<b>88</b>
6.1	Introduction	88
6.2	European Market Summary	88
6.3	Benelux	91
6.4	Central and Eastern Europe	104

6.5	Italy	116
6.6	France	128
6.7	Germanic	139
6.8	Portugal	152
6.9	Scandinavia	162
6.10	Spain	175
6.11	Turkey	185
6.12	UK and Ireland	196
6.13	Acceptance Infrastructure	208
6.14	Schemes	211
6.15	Regulation	211
<b>7</b>	<b>Prepaid Regulation</b>	<b>212</b>
7.1	Introduction	212
7.2	Summary	212
7.3	Industry Attitudes to Prepaid Regulation	213
7.4	The eMoney Directive	214
7.5	EU KYC/AML Legislation	218
7.6	New Regulatory Environment	219
<b>8</b>	<b>Appendix 1: Mystery Shopper Survey Results</b>	<b>221</b>
8.1	Prepaid Youth Product – Magic 105.4 Card	221
8.2	Prepaid Travel Product – Western Union	224
8.3	Prepaid Travel Product – Cash2Go	227
8.4	Prepaid Under/Unbanked Product – CashPlus	230
<b>9</b>	<b>Appendix 2: Quantitative Analysis</b>	<b>233</b>
9.1	Prepaid Card Base 2010	233
9.2	Prepaid Card Turnover 2010	234
9.3	Prepaid Card Transaction Volume 2010	235
9.4	Prepaid Card ATV 2010	236
9.5	Prepaid Card Average Spend Per Card 2010	237
9.6	Average Number of Prepaid Card Per Head 2010	238
	<b>Glossary</b>	<b>239</b>

Payment Systems Europe Limited  
 32 Candler Mews  
 Amyand Park Road  
 Twickenham TW1 3JF  
 United Kingdom  
 Tel: +44 (0) 20 8891 6244  
 Fax: +44 (0) 20 8891 6245  
 info@pseconsulting.com