

CASE STUDY

THE NORDICS

DIGITAL TRANSFORMATION PIONEERS



MARKET BACKGROUND:

With a combined population of 21.39 million, the Nordic markets of Sweden, Denmark and Norway have the highest penetration of electronic transactions anywhere in the world. It's estimated that cash is only used in 3% of transactions in Norway, and only slightly more in Sweden.

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Given this context, it's no surprise that there are nearly twice as many payment cards as there are people, at 41.86 million cards. These cards are used for around 7.8 billion transactions annually, worth more than £205 billion at just under 600,000 point of sale (POS) locations and online. E-commerce accounts for a very large proportion of overall electronic transactions, at between 19 and 22 percent, and continues to grow rapidly – though cards remain the preferred way to pay online and in person across this sub-region.

CURRENT TRENDS

Transformation complete? Cards account for a whopping 85% of all in-person transactions in the Nordics, with debit cards used for two-thirds of all purchases in Denmark, as one example. Couple this with a functioning, consumer-permissioned digital ID system known as BankID that makes Know Your Customer (KYC) compliance for e-commerce much easier, and the Nordics' leadership position becomes clear.

National wallet schemes and “super-apps”. Since 2015, all three Nordic markets have embraced digital wallet solutions – Norway's Vipps, Sweden's Swish and Denmark's Bankkort. In the case of Denmark, this digital wallet grew from the Bankkort debit card solution shared by major Danish banks. Across all three markets, such home-grown wallets have seen strong growth, with Swish reporting the fastest usage growth in the over-45 segment. These domestic wallets want to grow their functionality, with parking and bill payments added on top of peer-to-peer money transfers and a debit function.



Widening usage. As digital wallets rise and cards continue to be used for a very wide range of purchases, the Nordic markets continue to seek opportunities to reduce cash use for everyday, low-value purchases such as parking, street vendors and others. This is going to create room for mPOS and soft POS systems providers, as well multi-function card products. Loyalty is likely to be another area for growth.

THE TRANSACT PAYMENTS TAKE: OPPORTUNITIES

We expect the Nordics to be the first markets in the world to fully realize digital transformation in payments, and to that end we've been working with FinTechs like Enfuce, Rocker and Mynt on the provision of card and digital wallet products linked to cards, both stand-alone and in partnership with financial institutions.

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Internationalisation. While digital wallets are growing rapidly in the domestic space, the capacity of these wallets to be used outside the Nordic region is still very limited. More broadly, creating international links for Nordic-only solutions will be an area of growth, so providers looking to partner with banks or wallet providers should find a receptive audience in these markets.

Corporate Credit Products. As with Spain and Germany, we're seeing the rise of specialist banks built to meet the needs of smaller companies. Banks like Norway's Aprila are experiencing stratospheric expansion by taking advantage of PSD2's open banking mandate to access SME credit data and deliver innovative payment products and lending solutions. Look for corporate credit and debit card products to be a major area of growth as SMEs finally get the attention they deserve.

THE NORDICS FAST FACTS

CARDS

41.86

million

DEBIT

25.83

million

CARD PAYMENTS

8.55

billion

CREDIT

15.4

million

VALUE

€288.04

billion

ATMs

6,081

POS TERMINALS

598,375



ABOUT TRANSACT PAYMENTS LIMITED

Transact Payments Limited (TPL) have built a reputation as the go-to experts for payment and card solutions. We provide innovative and flexible European BIN sponsorship and modular payment, debit and prepaid services. We are a licensed European e-money institution and a Principal Member of both Mastercard and Visa. Our licenses have been successfully passported into EU and EEA member states, allowing us to issue prepaid card programs across Europe. We are regulated by the Gibraltar Financial Services Commission.

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