

CASE STUDY

SPAIN

MODERNISING  
FOR DIGITAL



## MARKET BACKGROUND

Spain boasts a developed payments market, with 86.3 million credit, debit and charge cards used by a population of 47 million for 5.58 billion payments with a value of €210.56 billion via 1.7 million point of sale (POS) terminals and more than 115,000 online merchants. Compared to leading markets such as the Nordics and the UK, cash use remains relatively high, at around 40% of all in-person transactions, suggesting there are still opportunities for cards to replace cash.

**“The relatively high use of cash in Spain points to ongoing opportunities to replace cash.”**

In terms of digital payments, wallets accounted for just under a third of all online payments, with credit, debit and charge cards the preferred way to pay online at 45% of all transactions. Spain enjoyed the fastest e-commerce growth among all Southern European nations, at 15%, with e-commerce accounting for double the proportion of national GDP (4.5%) compared to the UK, at 2.25% of total GDP.

## CURRENT TRENDS

In February 2018, Spain's three major payment systems merged into a single infrastructure provider, SistemaPay. As well as rationalising the previously complex infrastructure, Spain's banks and regulators have seized this opportunity to upgrade and modernise the technologies that power their payments system.

**“There's an appetite to improve international payments connectivity given depressed domestic demand.”**

As one example, Spanish regulators have been actively engaging with the possibilities presented by PSD2 and its Open Banking mandate, licensing Account Information Service Providers (AISPs) and Payment Information Service Providers (PISPs) to enable instant payments and other services, as well as creating regulatory sandboxes and running trials of new payments methods between FinTechs and banks.



Apart from trends seen across all European markets after COVID – contactless transactions for in-person payments, and a huge rise in e-commerce – Spain’s smaller merchants are continuing to open up to electronic payment both in-store and online. There is a particular appetite to improve international payments connectivity given predictions of relatively depressed domestic demand in the years ahead.

## THE TRANSACT PAYMENTS TAKE: OPPORTUNITIES

Historically, Spain has presented fewer opportunities for payments players given its relatively bureaucratic systems and standard debit-led card portfolios. Given the strides taken in recent years to modernise its payment systems and speed up digitisation, we anticipate a wider range of opportunities for issuers in the next three to five years.

**“We expect credit products for SMEs and consumers to flourish in the digital channel, something that’s good news for payments and the Spanish economy.”**

In particular, we see FinTechs such as Hubuc (card and banking services for corporates) and Aplazame (a buy-now, pay-later success story) having an important role to play. We predict credit products for small and medium enterprises (SMEs) are going to be huge in the Spanish market, as well as for individuals. In the past, the credit market has been underserved in Spain and we expect this to flourish via the digital channel, something that’s good news for both payments companies and the Spanish economy.



## SPAIN FAST FACTS

CARDS

**86.37**

million

DEBIT

**48.41**

million

CARD PAYMENTS

**5.58**

billion

CREDIT

**37.96**

million

VALUE

**€210.56**

billion

ATMS

**53,367**

POS TERMINALS

**1,752,259**



## **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.

**[www.transactpaymentsltd.com](http://www.transactpaymentsltd.com)**