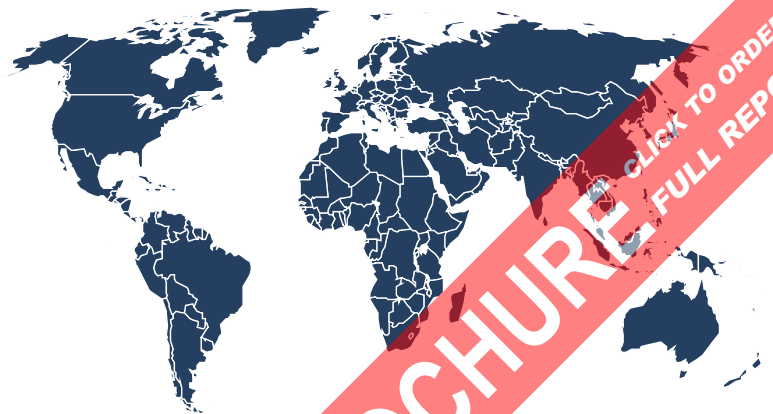




Freedonia Focus Reports
Global Collection

Global Commercial Cards & B2B Payment Services

December 2019



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About This Report

Scope

This report forecasts global payment cards by value for 2019-2022. Global segments include:

- consumer
- commercial

Global commercial card payment value is also forecasted by region as follows:

- US
- non-US

To illustrate historical trends, global payment cards and segments, and global commercial card payment value by region are provided for 2014-2018.

Furthermore, US and non-US commercial payment cards value is provided for 2014-2018 and segmented by:

- credit cards
- debit cards

All market size purchase volume is presented in US dollars. Values for China UnionPay, JCB, and Visa Europe have been translated from the currencies of their home countries using yearly average calendar-year exchange rates published by the Bank of International Settlements. This approach was also taken in crafting country-specific payment value market sizes for non-US markets such as Mexico and Canada.

Non-US amounts have not been adjusted to account for the impact from changes in exchange rates and the related conversion from non-US currencies to the US dollar. As such, historical international payment value trends shown have been significantly influenced by changes in exchange rates and the related conversion from non-US currencies to the US dollar.

Throughout this report, payment value trends by country are shown in US dollars. However, average annual exchange rates are also often included. They can also be accessed via the Bank of International Settlements.

Freedonia quantifies trends in various measures of growth and volatility. Growth (or decline) expressed as an average annual growth rate (AAGR) is the least squares growth rate, which takes into account all available datapoints over a period. The volatility of datapoints around a least squares growth trend over time is expressed via the coefficient of determination, or r^2 . The most stable data series relative to the trend carries an r^2 value of

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1.0; the most volatile – 0.0. Growth calculated as a compound annual growth rate (CAGR) employs, by definition, only the first and last datapoints over a period. The CAGR is used to describe forecast growth, defined as the expected trend beginning in the base year and ending in the forecast year. Readers are encouraged to consider historical volatility when assessing particular annual values along the forecast trend, including in the forecast year.

A full outline of report items by page is available in the Table of Contents.

Sources

Global Commercial Cards & B2B Payment Services (FW95075) is based on *Commercial Cards and B2B Payment Services: U.S. and Global Markets and Trends*, a comprehensive industry study published by Packaged Facts. The network payment value that comprises our market size is not tabulated or segmented the same way among the network operators. This reality can make creating a pure apples-to-apples comparison difficult. Although they name them differently, Visa and Mastercard do release similar metrics for total card payment volume (which includes purchases and cash back transactions) and for payment value (which counts only purchases) generated on cards branded with their logos. American Express, on the other hand, releases information on its “billed business”, its term for purchases and cash back transactions made using cards branded with its logo.

Market sizes are not wholly comprised of purchase volume: American Express, JCB, and Diner’s Club values also include cash back/cash advances. However, we believe the overall percentage attributable to cash back/cash advances for these networks is less than 3%.

By type of end user, these market sizes includes card purchase volume made by the small business, middle, large, and global corporation segments.

Definitions for these business segments vary by network (and by bank issuer). We do not attempt to realign these categories. Rather, we distinguish between small business and larger businesses (which we refer to in the report as middle- to large-market businesses).

American Express adds an additional wrinkle. Prior to 2016, American Express defined its small business cardholders as members of its OPEN small business segment, which carried a business revenue limit of \$10 million. In 2016, American Express redefined its commercial segments by annual business revenue. Large and global businesses now meet a \$300 million annual revenue threshold, middle market businesses generate between \$1 million and \$300 million in revenue, and small businesses generate less than \$1 million in revenue. Market sizes that segment American Express small business payment value along with that of other networks follow the OPEN methodology.

Data related to consumer demographics, attitudes and behaviors are derived from the MRI-Simmons National Consumer Survey, a booklet-based survey of a large and random sample of consumers who in the aggregate represent a statistically accurate cross-section of the US adult population (age 18+). Results from the 12-month Summer 2019 survey are analyzed.

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Among major components of card spending not included in the market size are the following:

- closed-loop fleet card payment value
- closed-loop “private label” credit cards and debit cards
- closed-loop prepaid debit cards, such as electronic benefit transfer (EBT) cards
- payment value from domestic networks not included in global network data

Fiscal year adjustments:

- Visa’s fiscal year ends in September. However, all Visa data in this report has been modified so that annual data is for year-ending December.
- Visa Europe’s fiscal year is June. Figures have been adjusted to reflect year-ending December estimates.
- JCB March-ending data has not been adjusted.
- Mastercard, American Express, and Discover published data follows the calendar year.

Unless specifically noted:

- commercial card figures include small business, middle market, and large market customer segments
- credit card payment value includes charge cards
- debit cards include prepaid debit cards
- government payments made to other businesses are included in commercial card figures and B2B payments analysis

Packaged Facts created estimates, drawing from public information obtained primarily from companies featured in this report, including SEC filings, annual and quarterly reports, supplemental operational publications, and press releases.

More broadly, report data were obtained from various public and syndicated data sources, trade associations and publications, business journals, company literature, investment reports, and industry interviews. No third-party data was used as part of creating market sizes, unless otherwise noted.

Specific sources and additional resources are listed in the Resources section of this publication for reference and to facilitate further research.

Industry Codes

Table 7 | NAICS & SIC Codes Related to Commercial Cards & B2B Payment Services

NAICS/SCIAN 2017		SIC	
North American Industry Classification System		Standard Industrial Classification	
522110	Commercial Banking	6021	National Commercial Banks
522120	Savings Institutions	6022	State Commercial Banks
522210	Credit Card Issuing	6029	Commercial Banks, NEC
522220	Sales Financing	6035	Federal Savings Institutions
522292	Real Estate Credit	6036	Savings Institutions, Except Federal
522293	International Trade Financing	6099	Functions Related to Depository Banking
522294	Secondary Market Financing	6111	Federal and Federally-Sponsored Credit Agencies
522298	All Other Nondepository Credit Intermediation	6141	Personal Credit Institutions
522320	Financial Transactions Processing, Reserve, and Clearinghouse Activities	6153	Short-Term Business Credit
		6159	Miscellaneous Business Credit Institutions
		7389	Business Services, NEC

Source: US Census Bureau

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Resources

Packaged Facts

Amazon Strategies and the Amazon Shopper

Co-Branded and Affinity Cards in the U.S.

Commercial Cards and B2B Payment Services: U.S. and Global Markets and Trends

Private Label Credit Cards in the U.S.

The Freedonia Group

Freedonia Industry Studies

Global E-Commerce

Global E-Commerce Packaging

Global Housing

Retail E-Commerce Packaging Market in the US

Retail-Ready Packaging

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Advertising Services: United States

Commercial Banking: United States

Consumer Financial Service Trends: United States

Digital Payments: United States

E-Commerce: United States

Employment Services: United States

Global Demographics

Macroeconomy: United States

Prepaid Debit Cards: United States

Private Label Credit Cards: United States

Professional Services: United States

Freedonia Custom Research

Trade Publications

American Banker

Chain Store Age

IndustryWeek

PaymentsSource

Payment Week

Agencies & Associations

Consumer Financial Protection Bureau

Federal Deposit Insurance Corporation

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The Federal Reserve

Financial Health Network

Innovative Payments Association

Society for Worldwide Interbank Financial Telecommunication

United States Census Bureau

United States Department of Labor

United States Department of the Treasury