

Number of debit cards grows in Portugal, while the usage of credit cards falls in 2011.

MasterCard presents today in press conference the main findings of the research on *Financial Behaviours of Private Individuals in Portugal*.

The research reveals:

- A slight increase in market penetration of debit cards (+0,4% than in 2010)
- A wide, stable usage of debit cards (average of 95,6%)
- A decrease in market penetration of credit cards (-2,1% than in 2010) or Credit card penetration in the lowest level since 2008
- A decrease in the usage of credit cards (-2,7% than in 2010)

Lisbon, 29th of November 2011– As declared by Portuguese consumers and revealed by the research on Financial Behaviours of Private Individuals in Portugal, the penetration of debit cards in our country keeps growing, while the credit cards penetration and usage has decreased, reaching the lowest levels since 2008. According to the research BASEF Banca 2011 of Marktest analysed by MasterCard in Portugal, 86.8% of all Portuguese people aged older than 15 years have a debit card, and among these, 95,6% use it regularly, thus confirming the Portuguese consumer's active profile in the debit segment.

Paulo Raposo, Country Manager for Portugal at MasterCard Europe, comments: “Portuguese consumers are showing a highly responsible attitude, adjusting their habits and shifting from credit to debit. The decrease in credit (penetration and usage) suggests that the Portuguese prefer to avoid postponed payment of immediate consumption, choosing to rely on debit. The behaviour of Portuguese consumers seems to be reflecting the current financial situation, with a slight contraction in consumption, thus revealing savvier consumer habits, in tune with the current economical context. The Portuguese are still very active debit card users, only they are proving to be financially savvy.”

The research's findings show that the number of debit cards has registered a slight increase (+ 0,4% than in 2010), while its usage remains very stable, as 95, 6% of debit card holders, the

same number of 2010, admit to use it often. While market penetration of debit cards grows, consumers seem to avoid having more than one card, as the average number of debit cards held by interviewees is 1,42 (1,46 in 2010). The phenomena of concentration occurs in all the segments of the population.

The study confirms that the Portuguese remain very active debit card users, with 95,6% of holders using their cards regularly, in a great variety of transactions (on average debit cards are used in 5,32 different types of transactions, a figure very similar to the 5,49 of last year). People rely on debit mainly for their daily purchases of consumer goods, with a rise in this category, from 79,3% in 2008 to 82,9% in 2011. The purchase of clothes and shoes, which had been registering a continuous growth from 2008 to 2010, shows a 4% decrease in 2011, from 74,1% to 70,1%. When compared to 2010, the percentage of use of debit cards has decreased in most categories, thus suggesting a slight contraction of consumption, in line with the current economic climate.

Less credit cards, more concentration

The survey indicates that 30,6% of all interviewees have a credit card, a drop of 1,8 percentage points when compared to 2010 figures (32,4%). Possession of credit cards is higher among men, individuals aged between 35 and 54 years old, those belonging to the upper-middle and upper socio-economic grouping, and people living in the Lisbon area.

As the number of credit cards decreases, its usage also shows a contraction, from 62,3% of card holders declaring to use their credit cards in 2010, to only 59,6% in 2011. In 2011, both the number and the usage of credit cards by Portuguese consumers have registered the lowest levels since 2008. The accumulated decrease in the usage of credit cards from 2008 until now is of -15,1%.

When we look at how card holders use their credit cards, the research indicates that, according to what the Portuguese consumers declare, between 2008 and 2011, the types of transactions in which credit cards are used have remained very stable. In 2011, though, there has been a considerable growth in the use of credit cards to purchase petrol (+6,1%) and “pay for holidays/travel” (+2,8%), while the usage of credit to buy clothes, footwear and jewellery has dropped (-3,7%).

As to the distribution of payments made with credit cards, the study indicates that the category which has gained more importance is payments of holidays/travel (+3,6%) while the payment of daily goods/hypermarkets has registered a decrease. (-1,5%).

“In a challenging economic context, Portuguese consumers seem to be adopting a very rational behaviour. The growth and diversification of the usage of debit cards confirms the trend that people are shifting from live cash to electronic money, especially in their daily purchases, as a way to better control their finances. On the other hand, the contraction of the usage of credit card seems to suggest that, given the current economic context, the Portuguese are being more rational about the usage they make of credit” **claims Paulo Raposo at MasterCard Europe in Portugal.**

Regarding diversification, that is the number of credit cards by one holder, the concentration phenomenon is clearly a trend. The average number of credit cards held by consumers is 1,34, the lowest figure since 2008 where credit card holders held, on average 1,47 such cards.

More people with a financial relationship with a bank

According to the research, 88,5% of Portuguese people over 15 years old have a relationship with a bank. After a drop in two percentage points in 2010, the rate has stabilised. The age group 25-34 years old has the highest rate (98,3%). As in previous years, the rate increases in line with social class (97,1.6% in upper classes and 83.5% in lower classes). The rate of bank penetration is also higher in the Porto (90,1%) and Lisbon (92%) areas.

More than half of private individuals in Portugal (56,5%) concentrates their financial relationships in a single institution. The level of financial diversification which was very stable in the last three years, around 44%, has decreased in 2011, with 43,5% of interviewees declaring to operate with more than one financial institution.

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Methodology, universe and sample of the research

This analysis has been prepared at the request of MasterCard and uses as reference the data provided by MARKTEST* which carries out a monthly analysis of the financial customs and habits of this segment and which includes a sample of people of both sexes aged 15 and over and resident in Portugal. The data in the report refer to the information gathered in the period March-June quarter of the year 2010, and are based on a sample of 3.959 individuals.

Furthermore, *SOURCE: MARKTEST - Estudo BASEF Banca 2011 – Módulos Penetração Bancária e Cartões

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