

Information leaflet

Retail payments market in Poland

Acceptance coverage – Transaction volumes – Opportunities for innovation

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Entities by sector and employment

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Value of invoices paid by retail customers using a given method [in %]
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1.

Research methodology

Objectives of the study

The main objective of the project is a comprehensive study of the state of the Polish retail payments market and the potential for its development.

Specific objectives:

- Determining the range of acceptance of payment cards and other payment methods in individual segments of the retail market: physical sales, e-commerce, bill payments and payments to public administration.
- Estimating the share of cash, payment cards and other methods in the number of transactions and turnover value in individual segments of the retail market in Poland.
- Estimating market gaps in payment card acceptance according to the structure of entities and sales desks they own.
- Identifying stimulants and barriers for merchants' acceptance of payment cards.
- Determining market segments with the highest potential for introducing payment innovations.
- A comprehensive presentation of the state of the retail payments market in Poland.
- Developing guidelines for strategies for offering payment cards and innovations.

Research methodology

This report is based primarily on the results of a comprehensive survey study designed by POLASIK Research and carried out by KANTAR TNS, a research agency.

1. Cross-sectional research sample from across Poland

The study is based on a representative nationwide quota random sample of 1631 entities from all of Poland. Sampling was divided into 22 sectors and levels of employment in the following ranges: less than 10 employees, 10–49 employees, 50–249 employees, and 250+ employees. The sample distribution according to city size and location (region and voivodeship) was consistent with the distribution for the population of studied types of entities according to the data provided by the Central Statistical Office of Poland. The sample was weighted to the structure of the general population; hence, the results could be inferred for the whole sector of retail trade in services in Poland.

2. Interviews

KANTAR TNS carried out interviews using the CATI (Computer Assisted Telephone Interview) method between August and December 2016. Respondents included company owners, presidents of management boards or managers competent in the area of payment settlements.

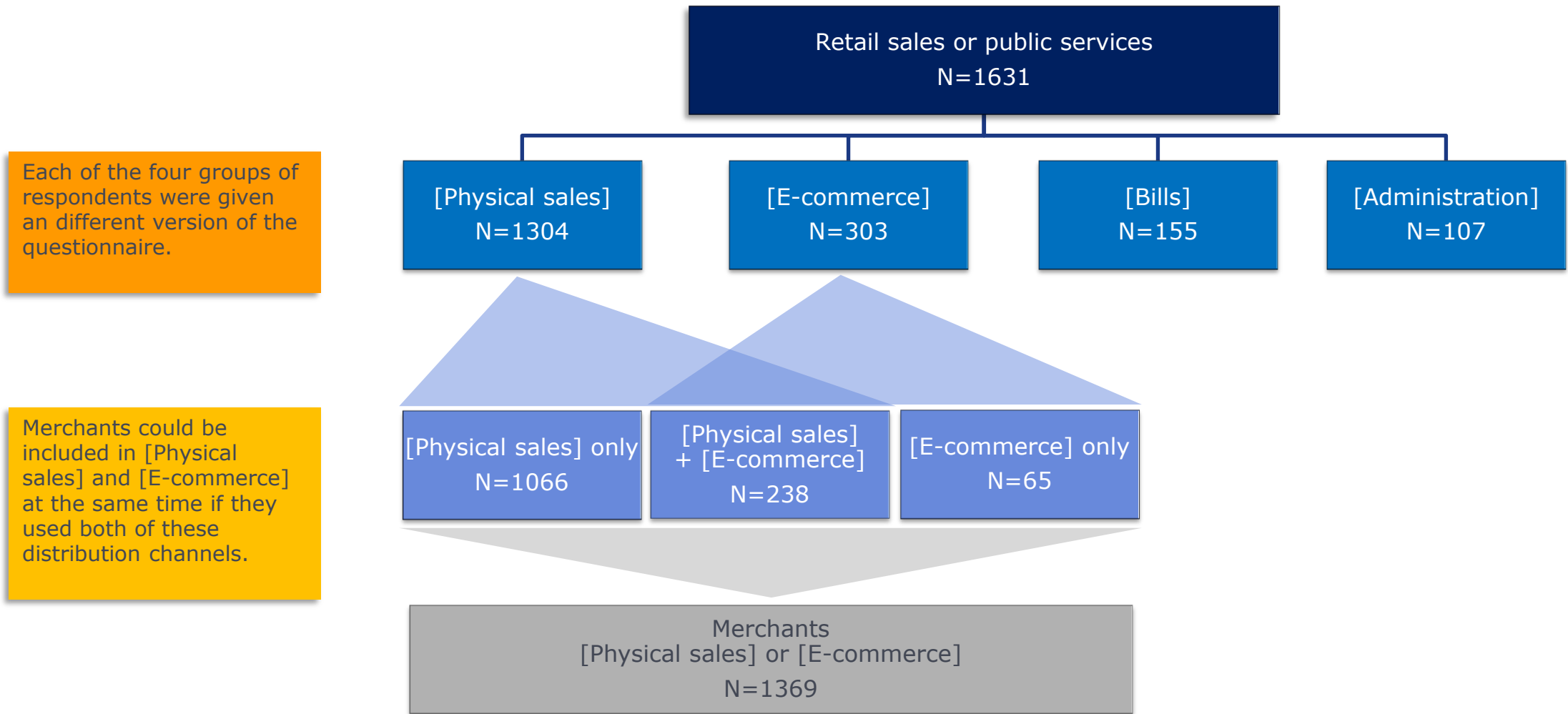
3. Additional data sources

The estimations and analyses presented in the report are also based on a number of additional data sources, including: a dedicated database prepared by the Central Statistical Office (e.g., companies' revenues), screening interviews by KANTAR TNS (activity of companies) and statistical data published by: the National Bank of Poland (regarding the payment system), the Ministry of Finance (VAT tax, public finance, fiscal devices), a number of sector studies and analyses prepared by, e.g., POPIHN, Internet Standard.

Scope of the study

- The study covers all major types of transactions conducted on the retail payments market, i.e., consumer-to-business and citizen-to-government payment transactions.
- For the purposes of the study, entities functioning in the retail payments market were divided into four groups (**types**), marked by different characteristics of their activities and the context of payment transactions. Each of those groups received a version of the questionnaire adjusted to their features:
 - **Physical sales** – entities dealing in the sale of products and services via physical distribution channels, i.e., shops, kiosks, service outlets, salons, workshops, restaurants, hotels, sales in vehicles and through sales representatives, etc.;
 - **E-commerce** – entities dealing in sales via electronic distribution channels, such as: online shops, online auctions, mobile applications, group purchases and sales platforms (e.g. booking.com, Google Play, App Store);
 - **Bills** – entities issuing bills to customers (usually on a regular basis, based on a contract, due on a given date), including mass creditors;
 - **Administration** – units of public administration, both local and central, receiving the payment of taxes, fees and other public-law liabilities of citizens.

Structure of the research sample



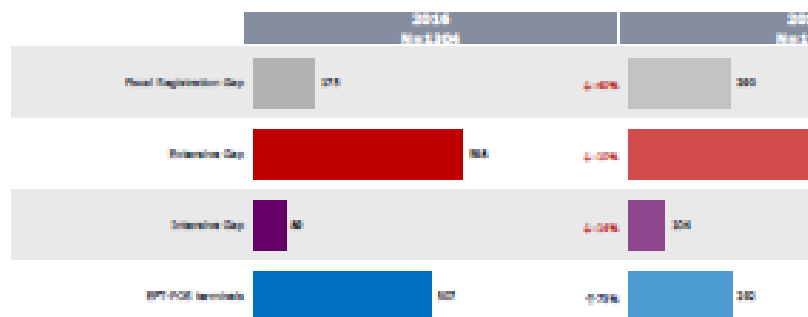
Sectors covered by the study and size of the sample

SECTORS	DETAILED SECTORS	N=
FMCG Super- and Hypermarkets	Supermarket/Hypermarket	24
Smaller Grocery Stores	Smaller Grocery Store	71
Electronics and Appliances	Household appliances shop/Electronics shop/Computer shop	72
Clothes and Footwear Shops	Clothes shop/Footwear shop	71
Chemists, Pharmacies and Medical Stores	Chemists/Pharmacy/Medical store	55
DIY	DIY/Wholesalers of construction materials available to individual customers	68
Petrol Stations	Petrol station	70
Bookshops, Kiosks and News Stands	Bookshop/Kiosk/News stand	66
Retail Sale Not in Stores	Direct sales/Vending machines/Parkimeters	54
Other Sales	Confectionery/Jeweller/Haberdashery/ Butcher shop/Liquour shop/Gardening or pet shop/Sports shop/Multi-store	170
Public Transport	Passenger rail transport/Urban transport/Suburban and intercity buses/Highway toll/Ticket machines/ Taxi services	67
Travel Agencies, Car Rental	Travel agency/Tourist Office/Airline/Car rental	74
Foodservice	Bar/Restaurant/Night club/Pub/Canteen	68
Hotels and Motels	Hotel/Motel/Guesthouse	68
Paid Medical Services, Dentist	Clinic/Outpatient clinic/Dentist/Paid medical office/Medical practice/Optician/Optometrists	63
Entertainment, Culture, Sports	Cinema/Theatre/Gallery/Museum/Sports and leisure facility	66
Sales and Repair of Motor Vehicles	Sales of motor vehicles and spare parts / Repair of motor vehicles	66
Other Services	Hairdressing/Beauty treatments/Laundry services/Other small services	89
Services at Home	Construction services/Renovations/Plumbing/Electrical services	71
Products Delivered Electronically	Access to paid content, multimedia/Games and entertainment/Applications, software	16
Bill Issuers	Public infrastructure/Telecommunication services and media/Home-related services, including cooperatives and housing communities, paid parking/Other mass creditors	155
Public Administration	Local and central administration units	107

Voivodeship-grouping regions according to NTS1 (Central Statistical Office)

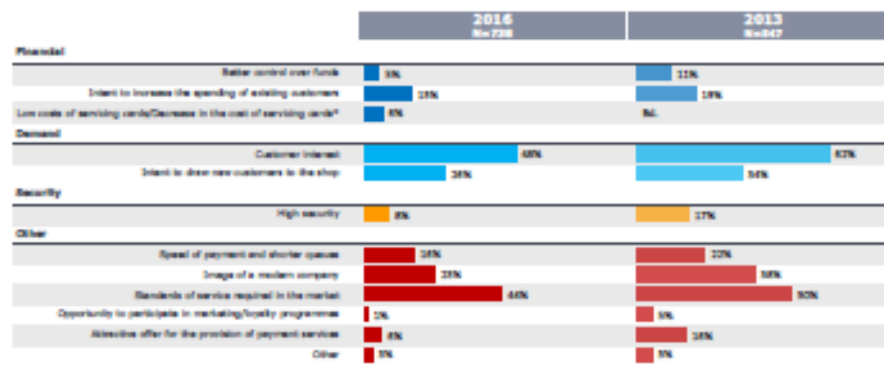
REGION	VOIVODESHIP
central	łódzkie, mazowieckie
south-western	dolnośląskie, opolskie
southern	małopolskie, śląskie
north-western	lubuskie, wielkopolskie, zachodniopomorskie
eastern	lubelskie, podkarpackie, podlaskie, świętokrzyskie
northern	kujawsko-pomorskie, pomorskie, warmińsko-mazurskie

Gap in payment card acceptance, fixed sales desks excluding bill issuers and administration: comparison between 2012 and 2016 [in '000]



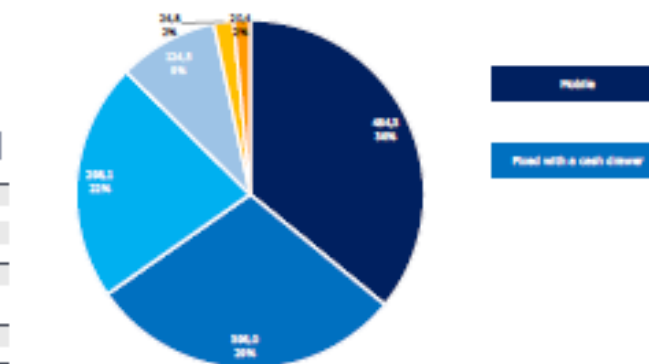
* "Fixed Registration Gap" - number of sales desks for companies that do not have a cash register and do not accept payment cards
 * "Extensive Gap" - number of cash registers in points of sale that do not accept payment cards
 * "Intensive Gap" - number of cash registers without an EFT-POS terminal in points of sale that accept payment cards
 * Number of EFT-POS terminals with cash registers

Reasons for accepting payment cards: years 2013-2016 [in %]



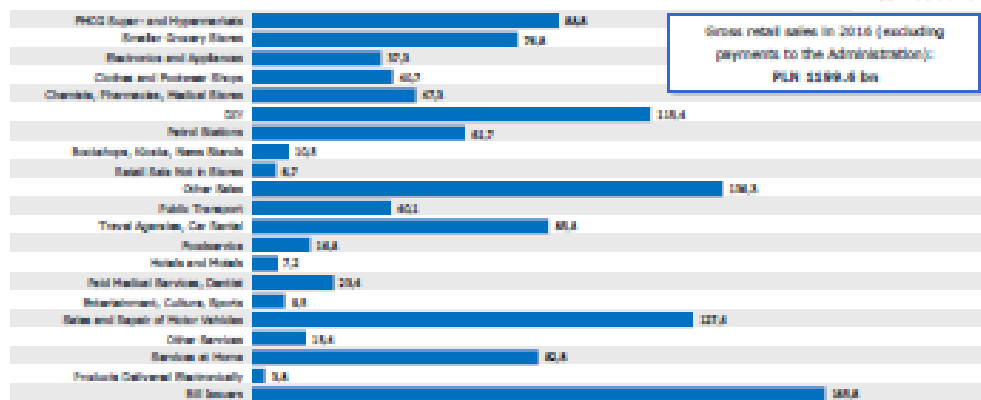
Source: Estimates of POLASIK Research on the basis of interviews by KANTAR TNS; Physical sales - entities accepting cards.
 Q15. Which elements convinced you to accept payment cards? [AQ] * Reduction for entities accepting cards since 2014
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Cash registers by type [in '000]



Source: Estimates of POLASIK Research on the basis of interviews by KANTAR TNS; Physical sales - entities accepting cards.
 Q16. Which elements convinced you to accept payment cards? [AQ] * Reduction for entities accepting cards since 2014
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Gross retail sales revenue in Poland [in PLN bn]



Source: Estimates of POLASIK Research on the basis of dedicated data ordered in the Central Statistical Office of Poland and interviews by KANTAR TNS; Entities excluding Administration, N=1104.
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POLASIK
research

Gross retail sales in 2016 (excluding payments to the Administration):
 PLN 1189.8 bn

Infrastructure and EFT-POS payment to

Primary and conclusions

processing infrastructure in physical sales market is characterized by high concentration of sale within retail chains.

Highly viable in large cities and in Warsaw, as well as in other sectors.

million cash registers are used by merchants going out retail sales.

1080 thousand outlets, nearly 90% are owned by companies with up to 9 employees.

if merchants did not have cash registers, mainly loss.

services in the terminal/cash register

all of entities accepting cards declare that they do not use additional services. If they do, it is most often: DCC and GSM top-ups.

need of additional services requires offering a new service model wherein entrepreneurs may see benefits for their business.

EFT-POS term

- 535.4 thousand payment to

- 188 thousand (250+ thousand)

- Half of all trade sectors

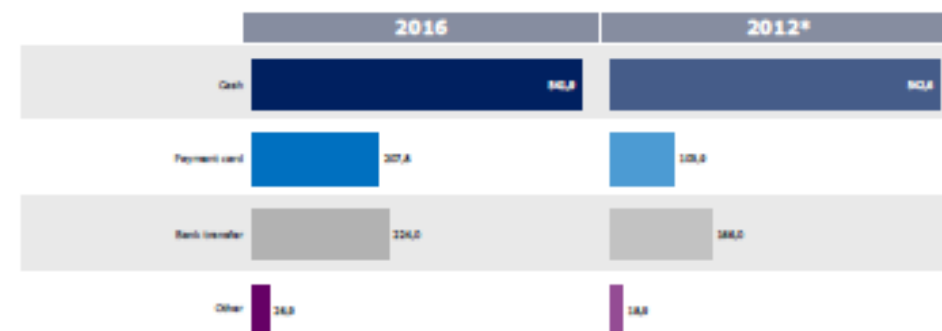
- In the largest Hypermarket

- The most common typing devices).

- Low 4 experience

- It is common integration terminals

Gross value of retail transactions in physical points of sale carried out using a given payment method in 2012 and 2016 [in PLN bn]



*Results of the study: H. Polasik, Retail payments market in Poland: Acceptance coverage - Transaction volume - Opportunities for innovation, Research report, POLASIK Research, December 2013.

Source: Estimates of POLASIK Research on the basis of dedicated data ordered in the CRC of Poland and interviews by KANTAR TNS; N=1104; Q17. What percentage of the total retail turnover in your stores or customer service outlets is paid for using? [AQ]
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The price

Product	Institutional licence authorises 30 representatives of the Buyer's to use the report.
Part A. Polish retail trade and services market	1 000 EUR net*
Part B. Payments made in physical points of sale	3 000 EUR net*
Part C. E-commerce	1 250 EUR net*
Part D. Bill payments	1 000 EUR net*
Part E. Payments to public administration	1 000 EUR net*
Part F. Gaps in payment card acceptance	1 750 EUR net*
Full report – Part A - F	7 250 EUR net*
Full report - PREMIUM package [2 hours of presentation + workshops at the client's office, 6 hours of additional analyzes ore tele-consultations]	9 500 EUR net*

* The price does not include VAT 23%

It is possible to purchase a Partner licence authorising a specified number of representatives of the Buyer's or a specified number of representatives of the Buyer's partners (a maximum of 50 entities) to use the report. The price is subject ot negotiation.

Gain knowledge, create innovations!

POLASIK Research

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