

Russia, Georgia and CIS Payment Cards Yearbook 2011-12

Moldova



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Market Overview

Payment Organization

Moldmediacard

Domestic Card Brand

None; formerly MoldCardSystem

Market Structure

Of the 15 authorized banks with operations in Moldova, 12 are MasterCard issuers and nine are VISA issuers. Domestic MoldCardSystem cards have been withdrawn from the market.

Cash is by far the dominant means of exchange, with credit transfers for corporate payments. Direct debits were launched in 2003; cheques have never been used.

Cards issued per capita were 0.23 at end-2010, one-third of the CIS average.

Major Issuers

Moldova-Agroindbank, Banca de Economii, VictoriaBank, Mobiasbanca (SocGen), Moldindconbank, Banca Sociala.

Key Statistics 2010

Population

3.6 million

Cards

817,520

POS Terminals

7,315

ATMs

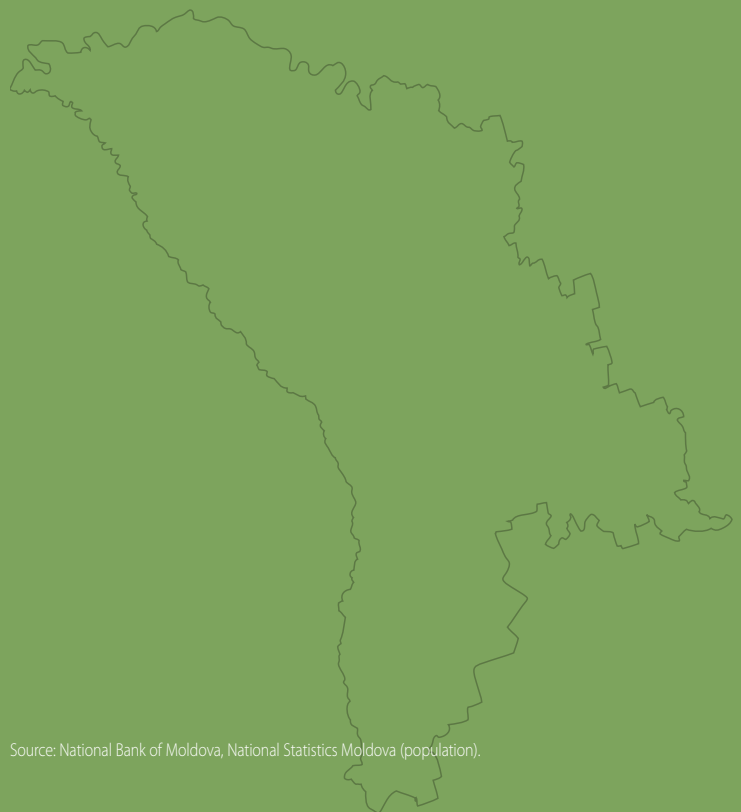
766

Payments

1.2 million; value: MDL 431.8m (\$34.9m)

ATM Withdrawals

14.7 million; value: MDL 14.2bn (\$1.2bn)



Source: National Bank of Moldova, National Statistics Moldova (population).



Banking Sector

Official negotiations for Moldova to join the EU began in January 2010. Sandwiched between Romania and Ukraine, Moldova gained independence with most of the rest of the Soviet Union in 1992 and remains one of the poorest countries of the region. Moldova formed part of Romania until annexed by the Soviet Union in 1944, and retains strong links, including a common language.

The Moldovan economy was hit by the financial crisis in 2009, but bounced back strongly with GDP growth of nearly 7% in 2010. Per capita GDP was \$1,631 at end-2010. About two-thirds of Moldova's population is engaged in agriculture, while 20% of the labour force work abroad and remit 36% of Moldova's GDP back home.

Under the supervision of National Bank of Moldova, the autonomous central bank, all 15 authorized banks are privately-owned. The NBM has taken strong action against failing banks, having closed 12 since 1996. The economy has a high level of 'dollarization,' with foreign currency deposits accounting for 46% of total banking sector deposits in 2008.

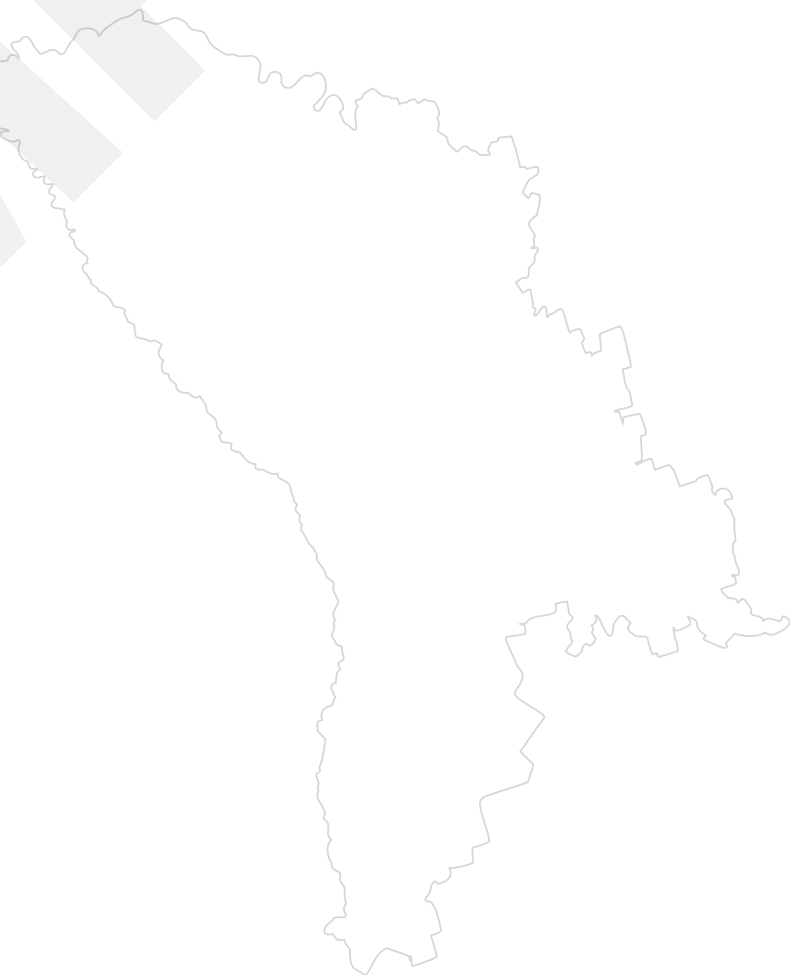
The two biggest banks, Moldova Agroindbank (MAIB) and Banca de Economii, formerly the State Savings Bank, have been privatized and are now owned by mainly Moldovan shareholders. According to National Bank of Moldova, the five largest banks accounted for 69% of banking sector assets as at end-2010 and foreign capital represented 77% of total capital in the banking system.

MAIB is engaged in retail and corporate banking, and reported a network of 70 branches and 22 agencies as at end-2010; when last reported, in 2009, its market share of total deposits was 20%. It also controls Moldmediacard, a card processor.

As the former state savings bank, Banca de Economii has the biggest physical presence in Moldova, amounting to 37 branches and 425 agencies - about 40% of the total national network. It works in an online environment, processing transactions in real-time, and had 170,000 active payment cards at end-2010. In its 2010 annual report, Banca de Economii reported 1,847,000 customers with deposit accounts.

Third-ranked VictoriaBank is the biggest foreign-controlled bank. EBRD, with 15%, is a shareholder, along with Alpha Bank Romania (the Romanian subsidiary of Alpha Bank Group of Greece) with 12.5%. Moldovan, Dutch- and Belize-registered shareholders hold a further 43% of the shares.

Mobiasbanca has been controlled since 2007 by Société Générale, which has 88% of the shares, including 20% held by BRD, its Romanian subsidiary. EBRD holds a further 8.8% of the shares of Mobiasbanca, which ranks No. 4 in Moldova. Erste Bank's Banca Comerciala Romana has set up a wholly-owned subsidiary, Banca Comerciala Romana Chisinau, while Eximbank is wholly-owned by Gruppo Veneto Banca from Italy.



Market Infrastructure

Card Processing

During 2009, Banca de Economii and MasterCard launched Moldovan Lei Intracurrency Settlement Service with MasterCard for national settlement of lei-based transactions on MasterCard and Maestro cards issued by Moldovan banks, with Banca de Economii acting as settlement agent. With the implementation of this service, settlements previously performed in foreign currency by foreign banks are now effected in lei. All MasterCard members in Moldova are participating in the project, which will reduce transaction expenses and help develop the card business further.

Likewise in 2010, Banca de Economii launched Moldova National Net Settlement Service with VISA (MOL NNSS). VictoriaBank said in its 2010 annual report that it had upgraded its settlements system with VISA and MasterCard and joined the two national clearing systems. The bank said it tested Real Time Risk Management Modules in issuing and would continue with acquiring modules.

VictoriaBank launched VISA cards as long ago as 1997 and has operated its own processing centre since then, including third-party processing services to other banks. It signed up Comertbank and Investprivatbank during 2008.

Moldmediacard

Moldmediacard, which was 54.24% owned by MAIB at end-2010, began operations in 2000. Its services include processing of authorization requests and clearing transactions, with other services

outsourced to the Romanian processor, Romcard.

Moldmediacard said cards issued by its customers amounted to 31% of the total number of cards issued in Moldova at end-2008. In its 2008 annual report, MAIB said its shareholding had increased from 39.8% to 54.24% as a result of the withdrawal of Moldinconbank, which issues MasterCard and VISA cards. Since then there has been little or no data on Moldmediacard. (See Table 1)

ATM and POS Networks

National Bank of Moldova (NBM), the central bank, reported 766 ATMs at end-2010, the first official figure for several years. At the same time, there were 7,315 POS terminals and 117 imprinters.

Among individual banks, MAIB has reported growth in its acceptance networks over the past four years, reaching 124 ATMs. Banca de Economii is growing slowly, with three ATMs added in 2010 to lift the total to 102 at year-end. Eximbank reported 62 ATMs in June 2010, including 10 at 'Felicia' drugstores. Mobiasbanca reported figure was 54 ATMs as at end-2010.

Moldindconbank reported 73 ATMs in mid-2010, about half of which dispensed euros or dollars as well as lei. VictoriaBank reported 95 ATMs as at June 2010, but has been focusing on development of its POS terminals network, which reached 1,859 in merchant outlets at end-2010. (See Table 2)

1: Banks Issuing/Accepting in Moldova

Number of banks issuing/accepting:	2005	2006	2007	2008
- MoldCardSystem	2	2	2	1
- Unicard	1	1	1	1
- VISA	7	7	7	9
- MasterCard	11	12	13	12
Total banks	12	12	13	15

Source: National Bank of Moldova.

2: MAIB's ATM and POS Networks

	2005	2006	2007	2008	2009
ATMs	75	87	101	114	124
POS terminals	201	293	443	784	1,584

Source: Moldova Agroindbank.

Market Size and Dynamics

Cards Issued

Cards issued in Moldova fluctuated in the three years to end-2009, but by end-2010, a continuing steady recovery was evident, with cards issued up to 817,520. Over the year, 235,000 cards were withdrawn and 307,000 new cards issued. Though NBM no longer splits out domestic and international brands, it can be assumed that the domestic card systems, MoldCardSystem and Unicard, are now insignificant. (See Table 3)

MoldCardSystem was originally supported by Mobiasbanca, which since its acquisition by SocGen has committed to issuing international cards; Fincombank was the remaining MoldCardSystem issuer.

Fluctuations in the card base up to end-2009 can largely be explained by the purging of inactive magstripe cards and re-issuance as chip cards by MAIB, Mobiasbanca and other banks. NBM, the central bank, said in its 2008 annual report that 339,000 cards were withdrawn and 299,000 issued. By H1 2009, although 104,000 cards had been withdrawn, 119,000 new cards were issued, lifting the mid-year total to 747,117.

Card Use

National Bank of Moldova reported 15.9 million transactions with payment cards in 2010, of which 14.7 million were ATM withdrawals and 1.2 million were payments, giving ATM withdrawals a share of 92.5% in total transactions. In terms of value, NBM reported total transactions of MDL 14.67 billion (\$1.19 billion), of which ATM withdrawals were MDL 14.24 billion (\$1.15 billion) or 97%. (See Tables 4 and 5)

VictoriaBank reported a strong performance in 2010, when it claimed market share of 48.5% of non-cash transactions made in Moldova at end-Q4. Commenting on its bank cards activity, the bank said the number and volume of key operations increased respectively by 46% and 53%.

Banca de Economii reported 4,159,000 cash withdrawals in 2010 (2009: 3,725,000, 2008: 3,657,825) and said this 12% increase in the number of transactions was accompanied by an increase of 18% in value. Banca de Economii claimed market share in

2010 of 29% of cash withdrawals, along with 21% of cards issued. (See Table 6)

Development of payroll schemes is likely to drive medium-term usage of cards. VictoriaBank said in its 2010 annual report that it

3: Cards Issued in Moldova

	2006	2007	2008	2009	2010
Total cards	579,052	772,234	732,319	745,615	817,520
- domestic	13,111	12,426	1,722	na	na
- international	565,941	759,808	730,597	na	na

Source: National Bank of Moldova.

4: Cash Withdrawals in Moldova

	2006	2007	2008	2009	2010
Number of withdrawals (000s)	8,186	10,620	13,866	13,992	14,742
- on domestic cards (000s)	5	4	4	na	na
- on international cards (000s)	8,182	10,615	13,862	na	na
Value of withdrawals (MDL m)	5,497	8,052	11,531	12,449	14,238
- on domestic cards (MDL m)	6.5	7.5	6.7	na	na
- on international cards (MDL m)	5,490	8,045	11,524	na	na

Source: National Bank of Moldova.

5: Payments in Moldova

	2006	2007	2008	2009	2010
Number of payments (000s)	209.6	324.4	546.4	825.6	1,192.70
- on domestic cards (000s)	13.8	13.7	9.7	na	na
- on international cards (000s)	195.8	310.7	536.7	na	na
Value of payments (MDL m)	87.5	138.8	243.3	286.6	431.8
- on domestic cards (MDL m)	14.9	17.8	16.6	na	na
- on international cards (MDL m)	72.7	121	226.7	na	na

Source: National Bank of Moldova.

6: Card Use in Moldova

	2006	2007	2008	2009	2010
Cash withdrawals (MDL m)	5,497	8,052	11,531	12,449	14,238
-in dollars (\$m)	419	664	1,110	1,120	1,151
Payments (MDL m)	88	139	243	287	432
-in dollars (\$m)	7	12	23	26	35
Total transactions (MDL m)	5,585	8,191	11,774	12,736	14,670
-in dollars (\$m)	425	675	1,133	1,146	1,186

Source: National Bank of Moldova.

Market Size and Dynamics

had signed 224 payroll contracts during the year, lifting its total administered to 1,234. During 2010, VictoriaBank added, the amount of money transferred to bank cards issued under salary projects increased by 30.8% over 2009, reaching MDL 1.77 billion

Banca de Economii said it signed more than 100 payroll agreements in 2010, following 140 in 2009.

A comparison between Moldova and neighbouring Romania - an example of a relatively under-developed EU economy - shows the potential for growth in the cards business in Moldova. Payments per capita are 14 times higher in Romania and cards per capita are almost three times higher. (See Table 7)

Card Issuers

MAIB offers several types of international payment cards, including Maestro and VISA Electron, VISA Classic, MasterCard Standard and MasterCard Gold, all of which are chip-enabled. Active cardholders were 43% of the retail client base at end-2008.

At end-2009, MAIB's market shares were 19.5% of total assets, 19.3% of total loans and 20% of total deposits in the banking system. In cards, MAIB claimed a 27% share, with 219,000 active cardholders at end-2008; it gave no 2009 or 2010 update. (See Table 8)

MAIB had previously reported increases in card market share for several years. Supporting this growth have been football- and Olympics-based promotions with MasterCard and VISA, as well as a series of bonus programmes and discounts for use of MAIB cards with retailers. The bank offers 'Click' cards, which enable clients to personalize their cards on its website.

Banca de Economii issued 43,000 net new cards in 2010, lifting its total number of active cards to more than 170,000 at year-end. The bank said that total balances on its card accounts amounted to MDL 251 million at end-2010, up from MDL 216 million at end-2009. Banca de Economii offers VISA Electron, Cirrus/Maestro and MasterCard Standard and Gold and VISA Classic and Gold cards.

Mobiasbanca has shown steady growth in cards issued over the past five years, concentrating on Maestro and MasterCard cards. In November 2010, it launched a products package for individuals consisting of a current account, bank card, card insurance and a loan facility.

(See Table 9)

VictoriaBank reported 103,245 active cards as at end-2010, up by 20.5% on the previous year, and representing market share of 12.6%. The bank said it issued 46,106 new cards in 2010, up by 34% on 2009. There were 2.42 million transactions (ATM and POS) on the cards, with value of MDL 2.77 billion.

During 2010, work was initiated on a co-branded card with Air Moldova, and discussions began on co-brands with StarNet, Aquarelle and Orange. VISA Platinum cards were launched, as were cards issued in Russian roubles and lei.

Moldinonbank issues Maestro debit cards for payroll projects or for deposit access and VISA Electron for deposit access. It also issues and acquires MasterCard and VISA cards. The bank operates a bonus programme, offering a discount of 5% to cardholders who use its cards on the 'Valiexchimp' petrol station network.

Gruppo Veneta's Eximbank offers a similar range of card programmes and has introduced VISA Classic and MasterCard Standard cards which advance credit against the value of up to 70% of a time deposit, which can be in leu, dollars or euros; the accounts offer a grace period of up to 50 days and

7: Moldova and Romania Compared

2010	Moldova	Romania
Population (millions)	3.56	21.43
Cards issued	817,520	12,587,000
Cards per capita	0.23	0.59
Number of payments	1,192,699	102,500,000
Payments per capita	0.34	4.76

Source: Yearbooks research.

8: MAIB - Key Figures

	2005	2006	2007	2008	2009
Total retail clients (000s)	269	341	434	512	553
Active cards issued (000s)	96	137	197	219	439

Note: 2009 figure is for all cards issued.

Source: Moldova Agroindbank.

9: Mobiasbanca - Key Figures

	2006	2007	2008	2009	2010
ATMs	13	16	30	42	54
Active retail clients (000s)	na	77	83	68	70
Active cards issued	14,600	20,100	23,900	26,000	31,000

Note: 2009 figure is for all cards issued.

Source: Moldova Agroindbank.

Market Size and Dynamics

pay interest on the balance. Eximbank also has a VISA- or MasterCard-branded loyalty programme with Austrian Airlines; the cards are offered to Moldovan residents who fly with Austrian Airlines and are annual fee-free.

Exchange Rate

The Moldovan leu (plural - lei) is the national currency.
(See Table 10)

Appendix - Internet Banking

Internet banking services are in their infancy, though most of the major banks offer them, Banca de Economii reported 1,251 persons registered for its Econom.md services at end-2010 (2009: 1,028), with 40% more operations performed than in the previous year. (See Table 11)

10: Average Exchange Rates

	2006	2007	2008	2009	2010
MDL : €	16.49	16.60	15.29	15.52	16.40
MDL : \$	13.13	12.14	10.39	11.11	12.37

Source: National Bank of Moldova.

11: Communications in Moldova

000s	2005	2006	2007	2008	2009
Private (home) telephones	839	958	1,002	1,031	1,025
Mobile phone subscribers	1,090	1,358	1,883	2,423	2,785
PCs with internet connection	23	31	42	53	64

Source: National Bureau of Statistics of Moldova.