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**PRESS RELEASE**

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**PLASTIC SET TO OVERTAKE CASH AS OUR MOST POPULAR  
METHOD OF PAYMENT**

- **£243.9 billion of plastic card payments in 2003 expected to grow to £269 billion in 2004, overtaking cash payments of £268 billion**
- **Debit cards lead the growth, accounting for 64.9 per cent of plastic card transactions in 2003**
- **UK leads the world with £1.1 billion investment in chip and PIN anti-crime initiative**
- **Fraud fell for the first time in eight years, to £402.4 million**

Plastic is set to overtake cash as Britons' most popular method of payment, according to *The Way We Pay*, a new industry report released today. Debit cards are leading a trend which means that in 2004, for the first time, plastic card payments will outstrip cash payments for goods and services.

The watershed comes after a year in which the number of plastic cards in use grew by 13 million (nine per cent) to 160.6 million, accounting for £243.9 billion of spending. Debit cards accounted for two-thirds of plastic card transactions (64.9 per cent) and more than half of expenditure on plastic (£130.5 billion).

This year, total plastic card use, if business card usage is included, is expected to top £269 billion, against a predicted £268 billion of cash payments. In 2005, it is expected that personal plastic card usage alone will overtake cash payments.

Plastic card use will be helped by the increasing use of chip and PIN, the world-leading anti-crime measure which will see signatures replaced by PIN authorisation of plastic

card transactions. The £1.1 billion investment made in chip and PIN by Britain's card issuers and retailers has put the country at the forefront of global fraud prevention.

The year also saw the first fall in plastic card fraud for eight years, as a range of industry initiatives took hold.

2003 also saw a record £144 billion of cash withdrawals by plastic cards, made by 31.6 million regular cash machine users. 97 per cent of these withdrawals were made at no cost to the customer.

*The Way We Pay* is the first publicly-released review of the plastic card market. It has been published by the Association for Payment Clearing Services (APACS), the industry association responsible for payments policy in the UK.

Sandra Quinn, Director of Corporate Communications for APACS, said:

"Britain is truly a "plastic society" – but not in the sensationalist way that many newspaper headlines would make you believe. Without plastic, our society would virtually grind to a halt.

"Over the last ten years, debit cards have grown to become one of our most popular ways of paying for goods and services, and for obtaining cash. When was the last time you wrote a cheque? And when was the last time you got money from anywhere other than a cash machine?

"Our anti-crime measures lead the world. Chip and PIN is now rolling out across the country and puts Britain ahead of any other nation when it comes to fighting card crime."

*The Way We Pay* highlights a wide range of new initiatives introduced by the industry during 2003, in addition to chip and PIN:

- Summary Boxes were introduced for the first time on credit card marketing materials, giving a concise précis of the features of the credit card product. The Summary Box has now been adopted by all card issuers.
- New industry guidelines were introduced for the marketing of credit card cheques, as well as guidelines for credit limit increases on credit cards.
- New anti-fraud initiatives were introduced to tackle card-not-present (telephone, fax and Internet) fraud and identity fraud.
- The plastic card industry committed to long-term financial support for the work of the Internet Watch Foundation, which aims to tackle online child pornography.
- A detailed study into over-indebtedness was conducted by the industry, with the results and the recommendations for further study being fed into Government and other relevant parties.
- The industry continued to support e-commerce initiatives – and saw a 50 per cent growth in online purchases to 200 million during the year.

The industry also worked with regulators during the year to ensure transparency in the plastic card market, particularly for credit cards.

Sandra Quinn said:

“For much of 2003, we saw active criticism of the credit card industry. In some areas, the industry recognised the need for improvement – and we acted.

“In others, we believed change would harm our customers, and we said so.

“The Government’s supplementary response to the Treasury Select Committee last week provided clear support of many of the views we had given. We were pleased to see they had recognised the importance of taking into account the views of card customers.

“That said, as an industry, we continue to seek ways of improving the transparency offered by this industry.”