

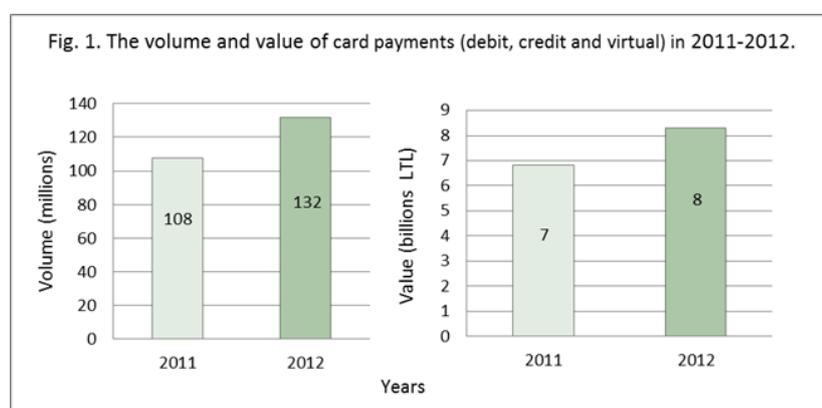
## REVIEW OF NON-CASH PAYMENTS (2012)

In 2012, the volume of non-cash payment transactions in Lithuania was 311.6 million (see Table 1); of which—298.8 million (95.9%) domestic and 12.8 million (4.1%) cross-border payments. The value of the payment transactions amounted to more than LTL 740 billion, of which LTL 585.6 billion (79%) were domestic, while cross border—LTL 154.8 billion (21%). Over the year, the total volume of non-cash payments increased by 13 per cent, however, the value of the transactions decreased by almost 4 per cent, therefore the average value of one transaction decreased as well. The increase in the number of non-cash payment transactions was determined by the increasing use of modern non-cash payment instruments. In this period, the fastest increase was in the number of card payment (22.2%) and electronic credit transfer (15.5%) transactions (see Fig.1 and Fig. 2). However, after the increase in the number and value of the direct debit transactions observed in 2011, in 2012 the number of these transactions decreased by almost 11 per cent, while their value—by 8 per cent. The most influence was from the termination of the operation of AB *bankas SNORAS*, which determined a significant decrease in paper-based direct debit transactions. Until the operation of AB *bankas SNORAS* was suspended, these transactions amounted to 27 per cent of all direct debit transactions, while in 2012, compared to 2011, the number of paper-based direct debit transactions decreased by 99 per cent and made up only 0.16 per cent of all direct debit transactions. Electronic direct debit transactions this year, same as last year, continued to increase (in 2011 these transactions increased 14.2%, and in 2012—12.6%) and amounted to 100 per cent of all direct debit transactions in the country. The number and value of cheque transactions, which were never very popular, continued to decrease.

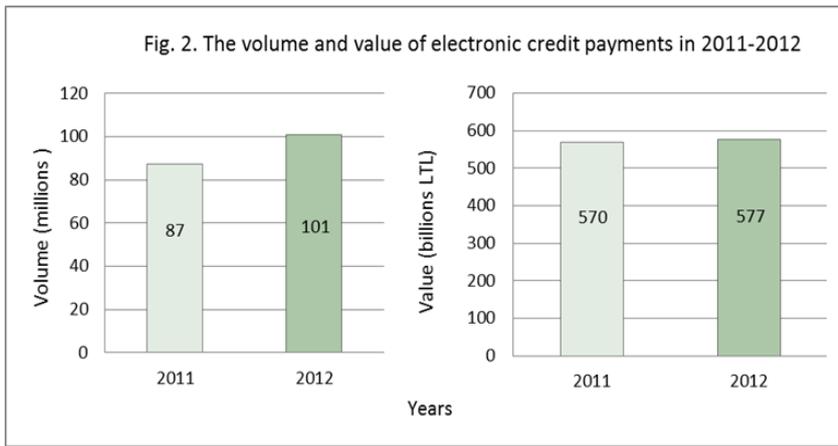
Table 1. Non-cash payments in Lithuania in 2012

	Volume of transactions		Value of transactions		Average value per transaction, LTL thousands
	millions	Compared to 2011; more, less (-), %	LTL millions	Compared to 2011; more, less (-), %	
Total non-cash payments	311.6	13.04	740,401	-3.97	2.38
All credit payments	166.7	8.94	728,855	-4.16	4.37
Electronic credit payments	101.0	15.48	576,739	1.27	5.71
Paper-based credit payments	65.7	0.20	152,116	-20.36	2.31
Direct debit	13.2	-10.94	2,088	-7.90	0.16
Card payments (debit, credit and virtual)	131.6	22.23	8,293	21.27	0.06
Cheques	0.1	-17.37	1,165	-15.24	8.44

Source: Bank of Lithuania calculations.

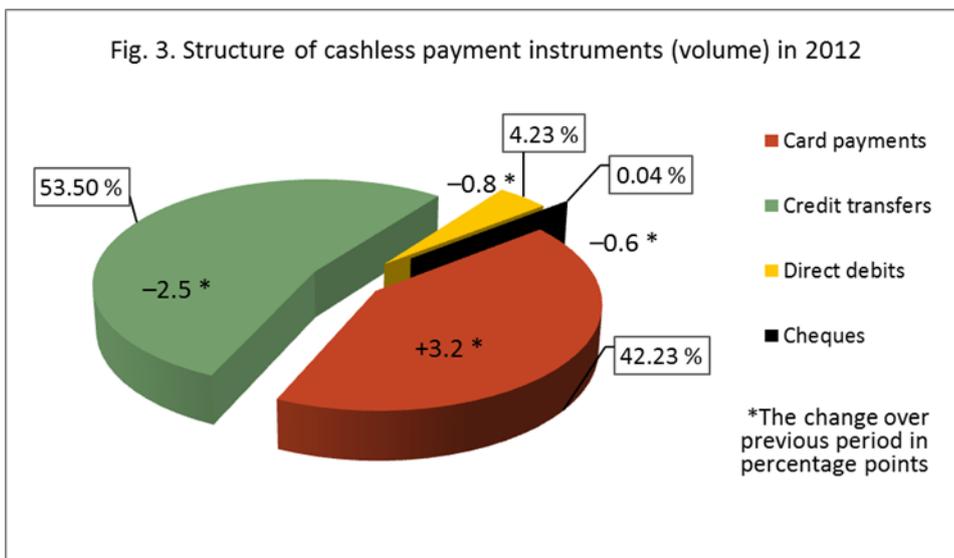


Source: Bank of Lithuania calculations.



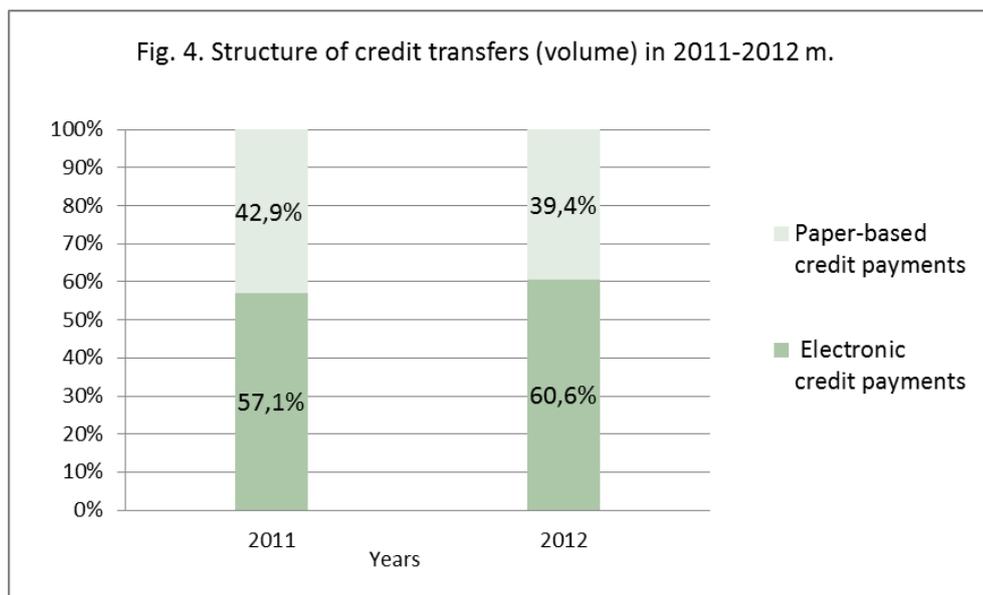
Source: Bank of Lithuania calculations.

Compared to 2011, the payment instrument structure in Lithuania remained unchanged based on the number of transactions (see Fig. 3). The largest part of the payment instruments was still made up of credit transfers (53.5%). Electronic credit transfers in 2012 amounted to 60.6 per cent of all credit transfers (see Fig. 4) and this part, compared to 2011, increased by 3.5 percentage points. However, compared to last year, the credit transfer part in the payment instruments structure decreased by 2.5 percentage points, while the significant increase in card payments in 2012, there was an even 3.2 percentage point increase in part of this payment instrument's use in the payment instruments structure. The payment instruments structure that is common in Lithuania still is very different from the European Union's common payment instruments structure in the use of credit transfers and direct debit. Lithuanian society still prioritizes credit transfers, not direct debit (in 2011 in the EU all credit transfers amounted to 27.48%, while direct debit—24.47%, card payments—41.02%, cheques—5.11%, other instruments—1.91%). Few direct debit transactions are performed in the other Baltic States: In Estonia in 2011 these transactions amounted to 6 per cent, while in Latvia—1.77 per cent of all payment instruments. However, in these countries, unlike in Lithuania, a large card payments part can be observed (in 2011, card payments in Estonia amounted to 62.94% and in Latvia—47.77%).



Source: Bank of Lithuania calculations.

Fig. 4. Structure of credit transfers (volume) in 2011-2012 m.



Source: Bank of Lithuania calculations.

On 31 December 2012, compared to 31 December 2011, the number of payment cards decreased 6.61 per cent (see Table 2) and there were about 3.69 million. Although the number of all card types decreased, the decrease rates were slower than in 2011. In 2011 there was especially a decrease in credit cards, i.e.—28.3 per cent. This was largely determined by the suspension of the operation of AB *bankas SNORAS*. Because of this, in 2012 the number of this type of payment cards decreased the slowest (–1.53%). The number of debit cards went down slightly more (–7.1%), and stood at 3.23 million. In 2011 only the number of virtual cards increased, while in 2012 they decreased the most (more than 11%). Due to this, the part of the market occupied by virtual cards decreased even more (in 2012 they amounted to barely 0.04 %).

Table 2. The number of payment cards in Lithuania in 2012

Payment cards	The number of payment cards in Q4 2010	The number of payment cards in Q4 2011	The number of payment cards in Q4 2012	2011 compared to 2010; more, less (-), %	2012 compared to 2011; more, less (-), %
Total number of payment cards	4,331,301	3,955,782	3,694,113	-9	-6.61
Debit cards	3,704,501	3,480,306	3,233,061	-6	-7.10
Credit cards	5,658,34	405,793	399,573	-28	-1.53
Virtual cards	60,966	69,683	61,479	14	-11.77
Total number of payment cards per 1,000 inhabitants*	1,419	1,315	1,240	-7	-5.72
Total number of payment cards per 1,000 inhabitants* (EU average)	1,579	1,571	n/a **	-1	n/a **

Source: Bank of Lithuania calculations and European Central Bank data.

Note: \* — The data of the European Central bank can differ from the calculations of the Bank of Lithuania due to the update in Lithuanian population statistics, which is presented by the Statistics Department.

\*\* — 2012 data has not been presented yet.

Although the number of payment cards decreased, in 2012, compared to 2011, the number and value of payments performed all types of cards increased (see Table 3). Especially significant was the increase in virtual card payments (27.9%), although the number of these cards on the market, as was mentioned, decreased the most. Slightly less, but still significant, was the increase in the number of debit card payments (23.8%). The number of debit cards, according to the number of operations in trade places, as in 2011, continues to prevail among all types of payment cards: almost eight litas out of ten are paid with debit cards (last year it was seven litas out of ten).

Table 3. Payments in Lithuania by issued payment cards in 2012

	Number of payments		Value of payments		Average value of one payment, in LTL
	thousands	Compared to 2011; more, less (-), %	LTL millions	Compared to 2011; more, less (-), %	
Debit cards	118,053	23.8	6362,7	24.9	53.90
Credit cards	12,799	9.4	1833,3	9.9	143.24
Virtual cards	716	27.9	96,8	26.1	135.26

Source: Bank of Lithuania calculations.

On 31 December 2012, 1,323 ATMs operated in Lithuania, of which 1,211 ATMs had a cash withdrawal function and 156 ATMs had a cash deposit function (44 ATMs had both functions). Compared to the end of 2011, the number of ATMs increased only by 1.4 per cent and remained almost unchanged after the suspension of the operations of AB *bankas SNORAS* in 2011 (at the end of 2011, compared to 2010, the number of ATMs decreased by almost 17% because of the suspension of the operation of AB *bankas SNORAS* and there were 1,305 ATMs). On 31 December 2012 in Lithuania, for 1 million population there were 444 ATMs (in 2011 in Lithuania—434, in all EU countries (the gross indicator for all countries)—870, Estonia—657, Latvia—587, Poland—458).

Although the number of payment cards increased, the growth in the use of these instruments continued to be inseparable from the retrieval of cash from ATMs and POS terminals. In 2012, LTL 25.36 billion in cash was issued by ATMs. Compared to 2011, this amount increased by 3.9 per cent, however the growth rate was less than in 2011 (in 2011 the amount of cash issued by ATMs was 8.7% more than in 2010). The average value of a cash withdrawal transaction performed at an ATM increased by LTL 5 and amounted to LTL 375. From bank branches, citizens and companies withdrew LTL 8 billion in cash (LTL 0.5 billion less than last year), whereas cash received by customers from merchants through POS terminals made up LTL 100 million (LTL 14 million more than last year). In 2010 and 2011, almost 8 out of 10 litas (in 2010—LTL 7.9, and in 2011—LTL 7.8) were withdrawn in cash from ATMs and POS terminals by using a payment card, and only 2 litas out of 10 were spent in card payments at trade places. In 2012, 7.5 litas out of 10 were taken in cash. Although citizens have begun to use more often payment cards when paying at trade places, however, in Lithuania, more and more prevalent is the tendency to use payment cards as an instrument to withdraw cash.