



BI PRIME

UnionPay is finally moving into Europe

Jaime Toplin Dec. 10, 2018, 9:44 AM

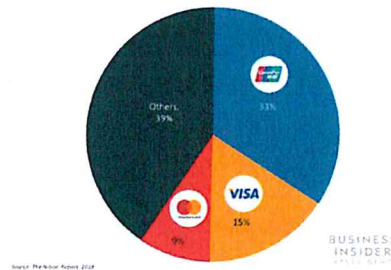


This story was delivered to Business Insider Intelligence "Payments Briefing" subscribers hours before appearing on Business Insider. To be the first to know, please [click here](#).

Chinese state-affiliated card network UnionPay is finally hitting Europe through a newly announced partnership with Millennium BCP, the retail brand of Portugal's largest bank, according to [Verdict](#) and the [South China Morning Post](#).

Millennium BCP will issue UnionPay-branded consumer and commercial cards that can be used across Europe, marking a first step into the region: Right now, Chinese banks in eight European countries issue UnionPay, but this marks the network's first local partnership.

Global Payment Card Market Share, 2017
Based on cards in circulation



Business Insider Intelligence

This news follows [rumors](#) earlier this year that UnionPay was finalizing plans to move into Europe, though it was expected that a UK partnership would come first.

Global expansion is a necessary next step for UnionPay as it looks to extend its reach past China amid threats at home.

- By the numbers, UnionPay is the largest card provider worldwide, but its slipping dominance is largely concentrated to China and Chinese consumers. In 2017, UnionPay's 6.69 billion cards accounted for 33% of the global card market, making it the largest singular brand, according to The Nilson Report. But it only held 20% of transaction share, likely because China — where customers average 4.5 cards per person — represents 99% of the firm's business, unlike its rivals, which operate a more balanced business globally.
- Growth abroad and threats at home could threaten that dominance. UnionPay's share is down from 2016, when the firm held 43% of the global card market, perhaps as a result of gains from rivals. That risk will only magnify as foreign card networks prepare to enter the Chinese card market and begin issuing local products — AmEx has already been approved to enter China in partnership with a local player and is taking steps to begin operating there, and both Visa and Mastercard are deep into the application process — which could take share away from UnionPay. Moreover, the massive and growing popularity of products like Alipay and WeChat Pay in China, which bypass card rails entirely, could further erode the firm's share — which means it would need to find ways to make up ground elsewhere.

Portugal will be a good stepping-stone into the European market, where there's ample room for UnionPay to grow, though threats are following. UnionPay cards are accepted at 3.3 million retailers in 40 countries in Europe alone, a network that expands to 23 million merchants in 170 countries globally.

This will lower roadblocks for customers seeking out the cards, since they'll be able to use them immediately, especially in Portugal, where UnionPay will enable acceptance at 80% of point-of-sale terminals this year and 100% next year. The cards will also be contactless-enabled — in Portugal, utilization is "growing," according to the European Payments Council — which could attract users as well.

If successful, the partnership could help UnionPay move into the large European market, attract more partners, build up an audience, and improve its ability to contend with Visa, Mastercard, and other

international rivals as it strives to become a global brand.

SEE ALSO: These are the trends creating new winners and losers in the card-processing ecosystem »

More: [BI Intelligence](#) [BI Intelligence Content Marketing](#) [BI Prime](#) [Payments](#)

Recommended From The Web

The Dead Giveaway That Tells You When Amazon's Giving You The Lowest Price

Wikibuy

20 Places Where \$150K Is Enough To Retire

MoneyWise.com

20 Rarely Seen Historical Photos From The Past

Lifestyloggy

18 Unique Products You'll Regret Not Getting Before They Sell Out

Curious Finds

Try Not To Laugh At These Hilarious Outdoors Photos

Noteably

19 Insanely Cool Gadgets That Are Going To Sell Out This Year. Black Friday Promotion

My Smart Gadgets

Most Men Can't Guess These 48 Car Parts! Can You?

Autoversed

30K Bonus Points Intro Offer.

Wells Fargo

This Is What Happens When You Use WD-40 As Engine Oil

UniversityFox

This Photo Has Not Been Edited, Look Closer

TravelFunTV

California Will Pay You To Install Solar If You Live Near Carpinteria

Estimates.Solar Quotes

See The Best Christmas Cards

Yahoo Search

This Famous Rock'n'roll Groupie Gave Birth To One Of Today's Biggest Actresses

DirectExpose