



BANKA QENDRORE E REPUBLIKËS SË KOSOVËS
CENTRALNA BANKA REPUBLIKE KOSOVA
CENTRAL BANK OF THE REPUBLIC OF KOSOVO

Use of Bank Cards in Kosovo

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(Based on data reported by banks and non-bank financial institutions)

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ABBREVIATIONS:

ATM	Automated Teller Machine
CBK	Central Bank of the Republic of Kosovo
PSD	Payment Systems Department
EFT-POS	Electronic Fund Transfer Point of Sale
POS	Point of Sale

INFORMATION:

For more detailed description, refer to the explanatory notes.
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Data on the number of terminals and bank cards for the year 2022 in Kosovo

Inhabitants		1.79 million
Area (km²)		10,887
Density (per km ²)		164
ATMs		534
	<i>per 1 million inhabitants</i>	298
	<i>per 100 km²</i>	5
POS		14,769
	<i>per 1 million inhabitants</i>	8,251
	<i>per 100 km²</i>	136
Credit Cards		181,691
	<i>per 1 million inhabitants</i>	101,503
Debit Cards		1,306,884
	<i>per 1 million inhabitants</i>	730,103

1. Introduction

Despite the fact that card payments from the user's perspective are easy to perform and are now used by almost every consumer, the performing and complete execution of card payment transactions is a complex process, which involves many interconnected participants: the payment of the service provider, the issuing institution and receiving (acquiring) institution, settlement accounts and their systems. It is not possible to analyze just one component without considering its effect on each of the links in the chain of card transactions.

In the payment cards market in the Republic of Kosovo, there have been developments during the last few years in view of improving customer services and increasing the efficiency of the banking system, offering customers numerous payment methods without using cash.

The number and value of electronic payments in the Republic of Kosovo has increased continuously in recent years. The growth of electronic payment transactions is mainly driven by card payments as the most used payment instrument in replacement of cash in the country.

The following analysis shows the increase in the number and value of payment transactions through cards during 2022 as well, the increase in the total number of cards and their functionality, including the increase in the number of contactless payment cards. Also, in this study, for the first time, data from non-banking financial institutions have been included in the part of the total number of cards, their types and functions.

The following analysis presents details of the use of cards in Kosovo, as well as the infrastructure of card payments. We emphasize that this study is based on statistical data of commercial banks and non-banking financial institutions which includes the January-December 2022 period and aims to provide the public with a comprehensive overview of the payment card market in Kosovo during 2022, with useful data for users, payment service providers and the general public.

1.1 Publication structure

The publication is divided into seven chapters. Chapter one is the introduction of the publication, where the structure of the publication is explained and a brief overview of the legal framework under which the statistical data is collected.

Chapter two, entitled "Payment infrastructure" presents data about the terminals that are available to the customer.

In Chapter three, details about the use of cards in Kosovo are presented. The chapter contains data about the number of cards, their types and functions, as well as data about the use of cards, divided by age and gender of card holders.

Chapter four presents data about the number and value of transactions made by customers during 2022. The data is divided according to the terminals where the payments were made and also according to the value of the payment.

Chapter five presents the number and value of card transactions according to the location of the terminals, in the main cities of Kosovo.

Chapter six is the conclusion of the publication.

1.2 Legal framework

One of the oversight tasks of the Central Bank of the Republic of Kosovo is the regulation and supervision of payment instruments. This task is defined in the Law on the Central Bank of the Republic of Kosovo, Article 22, point 2.3 “ *to regulate and oversee the issuance and quality of payment instruments*”.

Determination of conditions, requirements and procedures for the issuance and use of electronic payment instruments, as well as the determination of the manner of reporting information during the use of these electronic payment instruments is regulated by the Regulation on electronic payment instruments. Also, the CBK has approved the Regulation on reporting payment instruments statistics, which defines the statistics to be reported, reporters and statistical obligations of reporters, reporting period and reporting forms, confidentiality, guidelines for drafting reports, and the minimum standards applied for reporting.

2. Payment Infrastructure

In the payment market in Kosovo, at the end of 2022, 15,303 terminals were reported in which cards were accepted. Of this number, 534 are ATM terminals for cash withdrawals, and 14,769 POS terminals for card payments.

2.1 ATM terminals

ATM (automatic teller machine) is an electromechanical device that allows authorized users to withdraw money from their accounts and / or access services using physical cards readable by devices / machines, enabling the users to, for instance, check the account balance, transfer or deposit funds.

At the end of 2022, the number of ATM terminals was 534. All ATM terminals that have been installed in Kosovo offer the withdrawal function, while 292 and 45 of them offer the possibility of deposit, respectively, the credit transfer function.

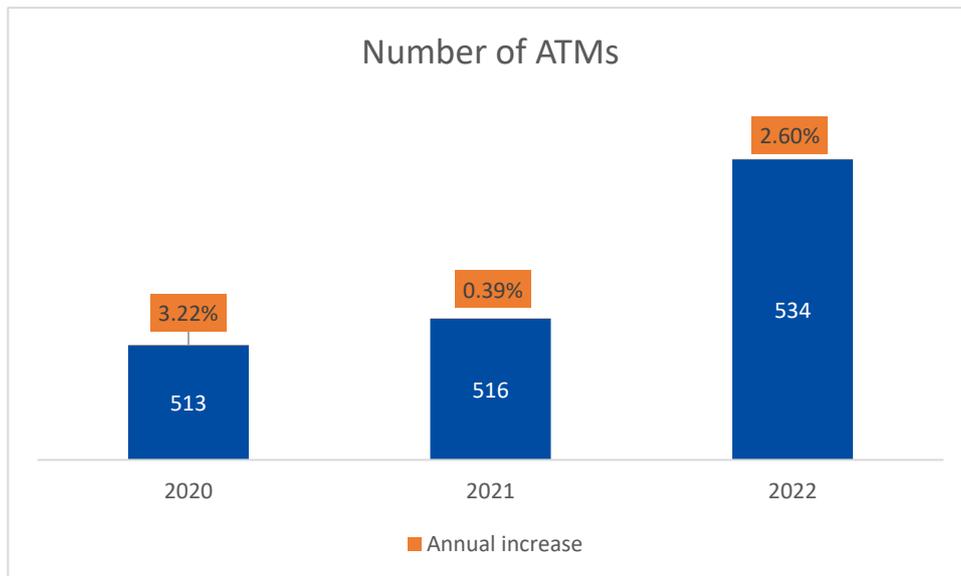
Table 1. ATM terminals

Terminals by function	2022
Automated Teller Machines (ATM)	534
of which:	
<i>ATM with cash withdrawal function</i>	534
<i>ATM with credit transfer function</i>	45
<i>ATM with cash deposit function</i>	292

Source: CBK (2023)

Figure 1 shows the data on the number of ATM terminals in the last three years and their annual growth compared to the previous year.

Figure 1. Number of ATM terminals in the last three years

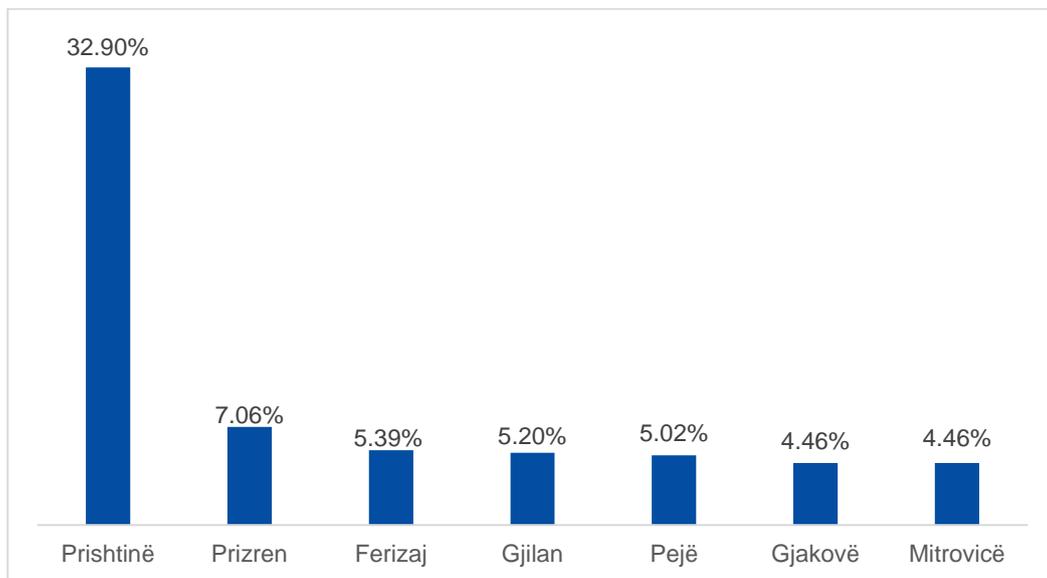


Source: CBK (2023)

Figure 2 shows the distribution of the network of ATM terminals in the largest cities of Kosovo at the end of 2022.

The following figure below shows that the majority of ATM terminals are concentrated in the capital, while the rest are distributed among other cities of Kosovo. The reasons for such a large concentration of ATM terminals in Prishtina are various, such as: the large number of inhabitants living in Prishtina, the number of bank branches, businesses operating in this city, etc.

Figure 2. Distribution of ATM terminals in cities



Source: CBK (2023)

2.2 POS Terminals

POS terminal is a device that allows the use of payment cards at a physical (non- virtual) point of sale. POS terminals allow customers to make card payments without the need for cash. This is a very easy and safe way of making payments for various goods or services.

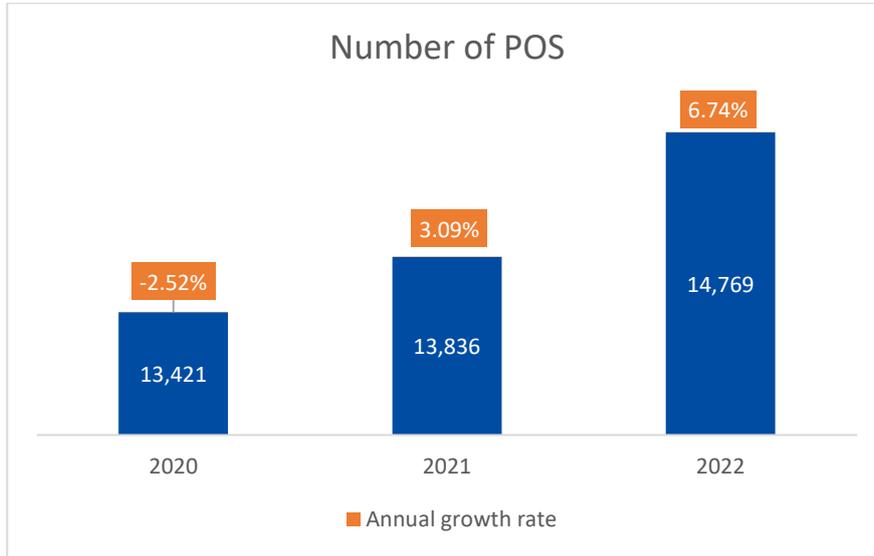
Table 2. POS Terminals

Terminals by function	2022
POS terminals (Point of Sale)	14,769
<i>of which:</i>	
<i>POS with cash withdrawal function</i>	59
<i>EFTPOS</i>	14,710

Source: CBK (2023)

The number of POS terminals at the end of 2022 was 14,769 terminals, of which 59 of them also offer cash withdrawal service. The following figure shows the data for the last three years on the number of POS terminals and the annual increase/decrease.

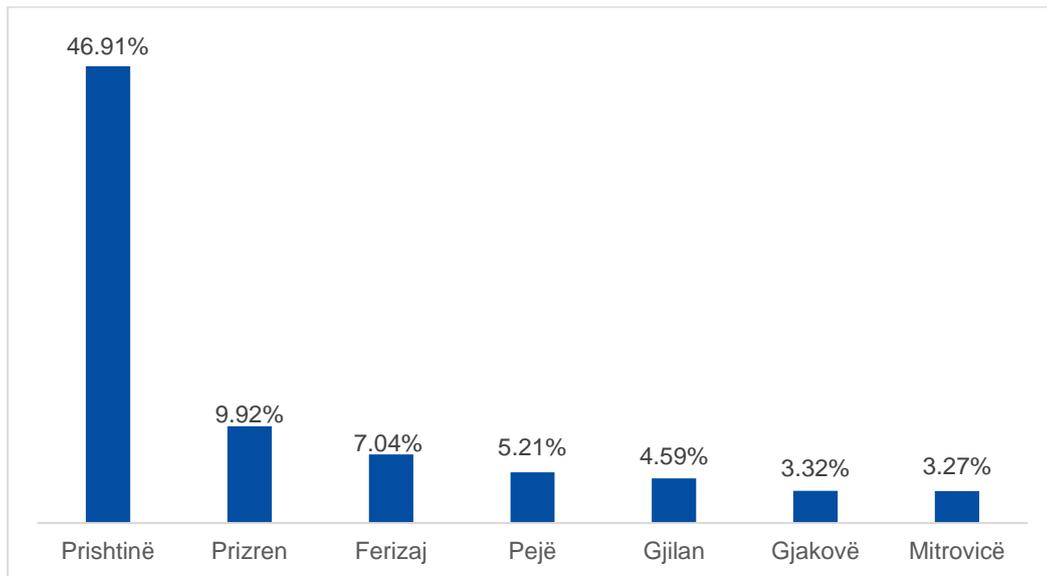
Figure 3. Number of POS in the last three years



Source: CBK (2023)

Figure 4 shows the distribution of the POS terminals network in the largest cities of Kosovo at the end of 2022. Similar to the distribution of ATM terminals, the POS terminals network is more concentrated in Prishtina.

Figure 4. Distribution of POS terminals in cities



Source: CBK (2023)

3. Use of cards

3.1 Total number of cards

At the end of 2022, there were 1,520,640 customer cards reported in the Republic of Kosovo, which include debit cards, credit cards and delayed debit cards (charge cards) for individuals and businesses. In the total number of cards for 2022, the data of payment cards with electronic money function issued by NFBI in total of 9,975 cards are also included. Compared to the end of 2021, the total number of customer cards has increased by 2.6 percent. The total number of cards at the end of 2021 was 1,481,559 cards. For the same period, debit cards have increased by 2.5 percent, while credit cards have increased by 2.9 percent.

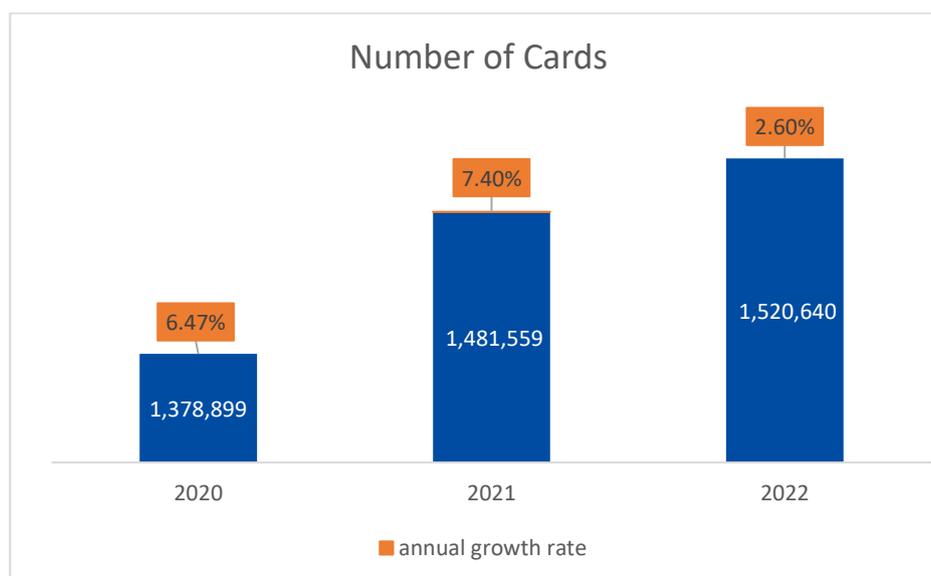
Table 3. Types and functions of cards

Types of cards	Debit	Credit	Delayed debit
<i>Local cards</i>	38,146	251	0
<i>Visa</i>	733,310	106,059	350
<i>MasterCard</i>	545,403	75,381	204
<u>Total number</u>	1,316,859	181,691	554

Source: CBK (2023)

For the three-year period (2020-2022), the total number of cards in Kosovo, and the annual growth percentage is presented in Figure 5.

Figure 5. Number of cards in the last three years



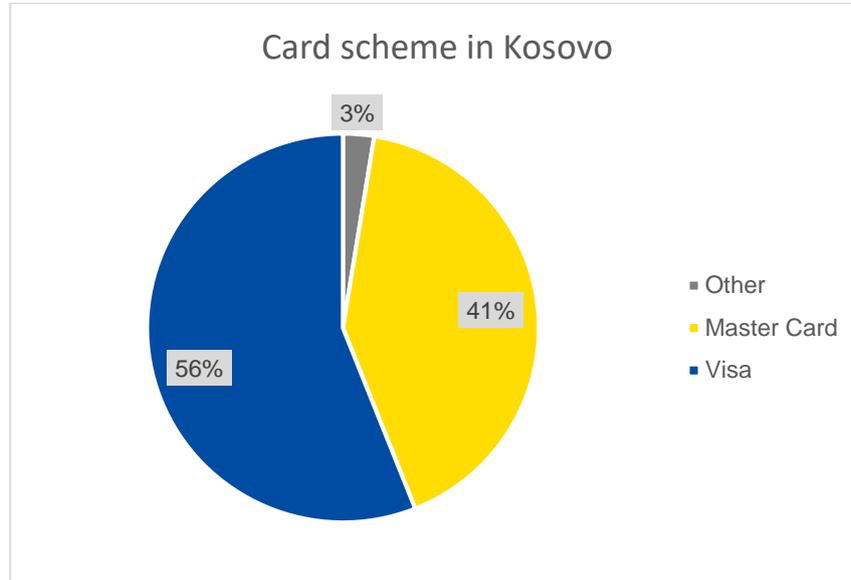
Source: CBK (2023)

The cards used in Kosovo are mainly international brand cards, such as Visa and Mastercard, and a small part are local cards. Of the total number of cards, about 56 percent

of them are Visa brand and 41 percent are MasterCard, and close to 3 percent are local cards.

The following figure presents the data about the card brands used in Kosovo:

Figure 6. Card scheme in Kosovo 2022



Source: CBK (2023)

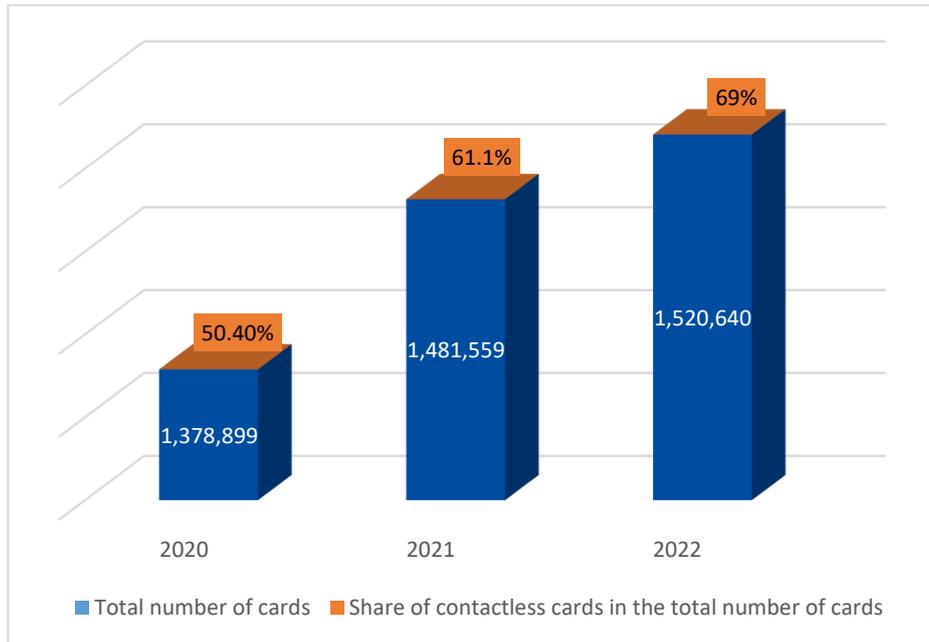
Depending on the technology that has been applied to initiate payment transactions, cards can be divided into two types: contact and contactless cards. "Contact" cards are those types of cards with which transactions are carried out by placing the card in the POS terminal, while contactless cards enable transactions to be carried out only by holding the card close to the POS terminal, i.e. without the need to touch the device.

Contactless cards have been issued in Kosovo since 2016. During 2022, there were nine commercial banks in Kosovo that offered these types of cards to their customers. The total number of cards with the contactless function at the end of 2022 was 1,048,611 cards.

Of the total number of cards, more than half of them (69 percent) offer the possibility of contactless payments. The figure below shows the share of contactless cards in the total number of cards in the last three years.

The annual growth percentage shows that the new cards are mostly with the contactless function and the existing cards are gradually being replaced when their term expires with contactless cards.

Figure 7. Share of contactless cards in the total number of cards

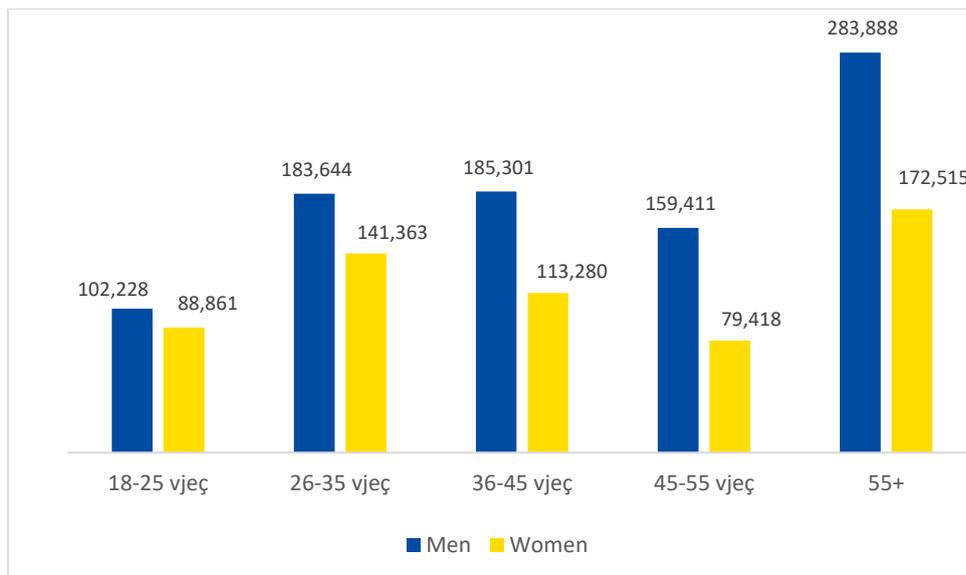


Source: CBK (2023)

3.2 Number of cards by age and gender of card holders

The data presented in Figure 8 indicate that there is a higher possession of cards for all age groups by men. In younger citizens, this difference is smaller, but it is more noticeable in older citizens.

Figure 8. Number of cards by age and gender of cardholders



Source: CBK (2023)

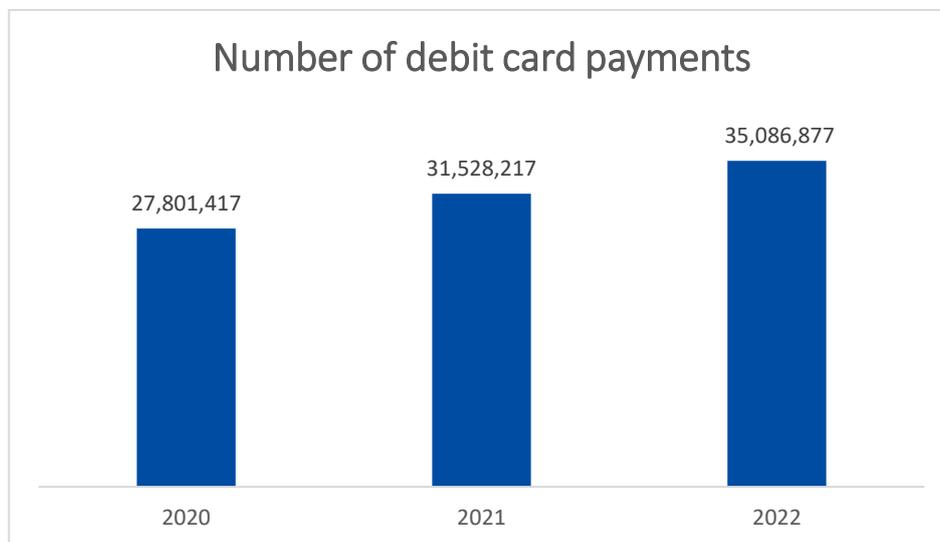
3.3 How much are debit and credit cards used by customers?

3.3.1 Use of debit cards by customers

Debit card means a card that enables the holder to make purchases directly and immediately from the account. The debit card can be linked to an account that offers overdrafts as an additional feature.

The use of debit cards by customers is constantly increasing. If we compare the number of debit card payments in 2022 with the previous year, we have an increase of 11.3 percent of transactions. This number includes all transactions performed with debit card by customers in ATM and POS terminals.

Figure 9. Number of debit card payments during the last three years



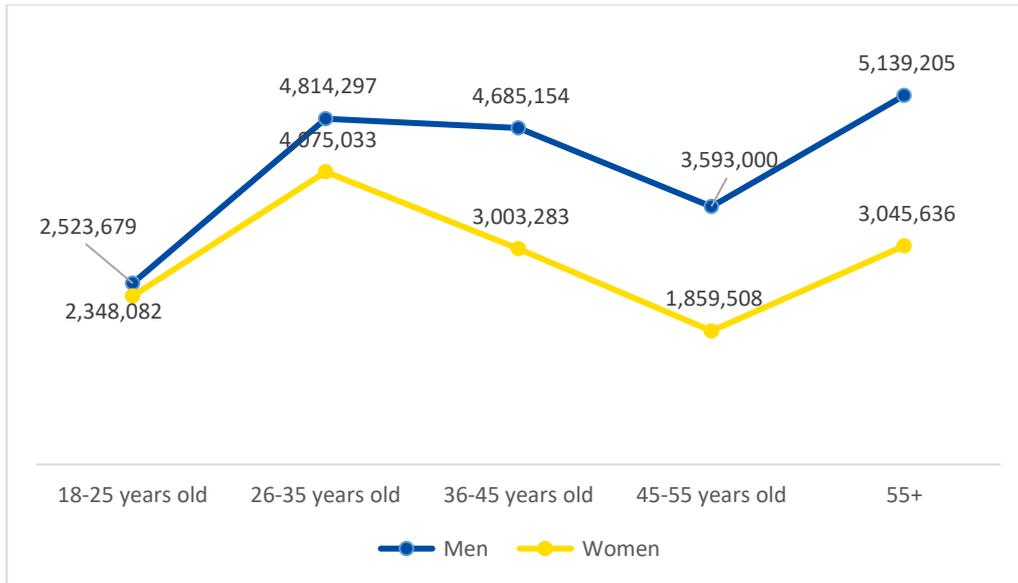
Source: CBK (2023)

Security - bank card is a payment instrument and as such should be guarded and used with care. During its use, one should be cautious and attentive

- Only the cardholder can use it – i.e. the card must have your name on it.
- You should take care of Personal Identification Number - PIN (Attn: never store your PIN and card together and do not disclose the PIN to another person, etc.)
- Do not share information on your card over the phone, by email or other insecure means.
- In case of card loss, inform your bank as soon as possible. The bank will block the card immediately to prevent the card misuse by unauthorized persons.

During the analysis of the number of card transactions, it results that during 2022 the age group of 26-35 years has performed the largest number of transactions with debit cards, of which 54 percent of transactions are performed by men and 46 percent by women. This may mean that this age group has a higher tendency to use electronic payment instruments, but it may also be related to the fact that they have higher card ownership and a more regular monthly income.

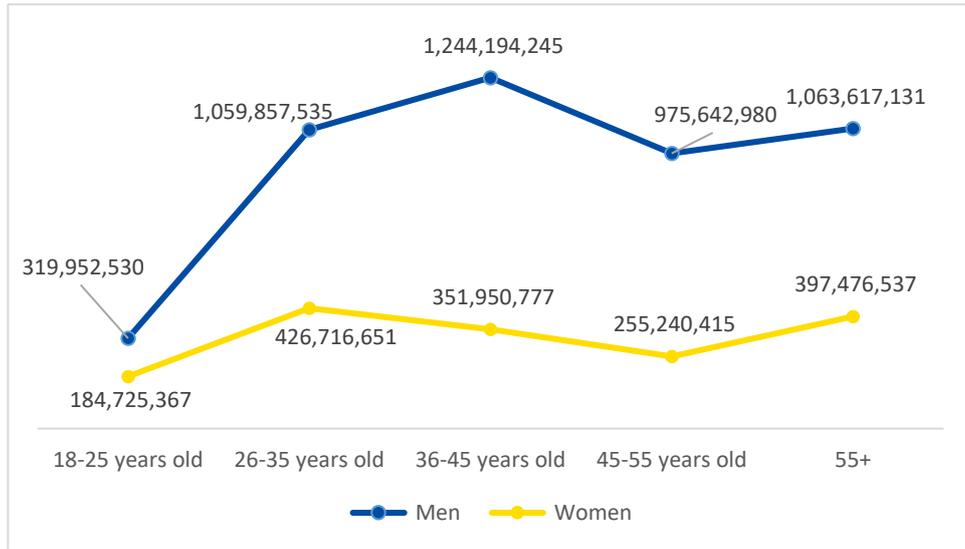
Figure 10. Number of debit card payments at terminals (by age and gender of cardholders for 2022).



Source: CBK (2023)

The data in Figure 11 show that the citizens of the age groups of 26-35 and 36-45 years old have made payments of higher value during 2022, compared to other age groups. If we make the correlation between the number and value of debit card transactions, it can be concluded that the performed transactions also differ in the number of transactions, but the biggest difference lies in the value of these payments as shown in the figure below.

Figure 11. Value of debit card payments at terminals (by age and gender of cardholders for 2022).



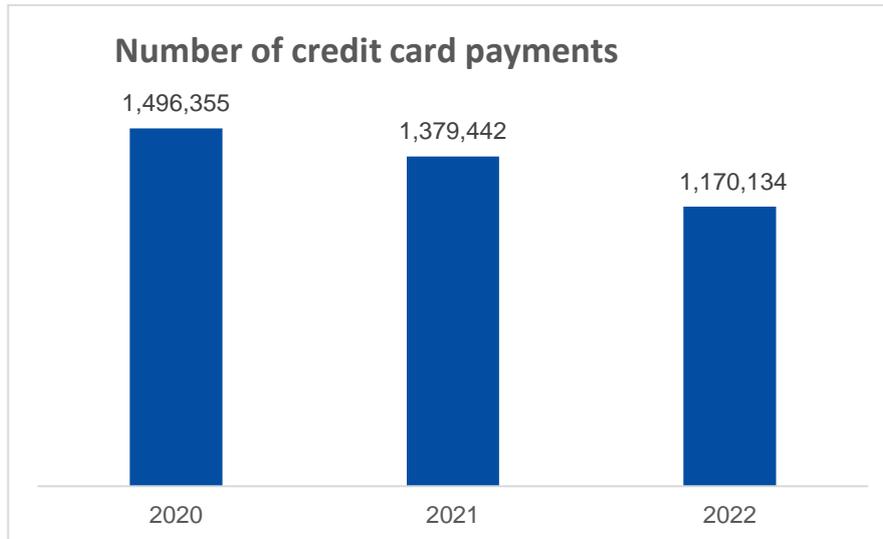
Source: CBK (2023)

3.3.2 Use of credit cards by customers

Credit cards enable their holders to make payments or even withdraw cash up to the limits set by the card issuer. Credit allowed can be repaid in full at the end of the predetermined period or repaid in part, according to the agreement with the bank, through the application of interest by the bank to the cardholder for the amount of the credit used.

Credit cards have become the everyday tool for citizens to make payments, and to manage their finances.

The following figure shows the trend of credit card transactions within the last three years, in bank terminals within the country (ATM or POS terminals).

Figure 12. Number of credit card payments in the last three years¹

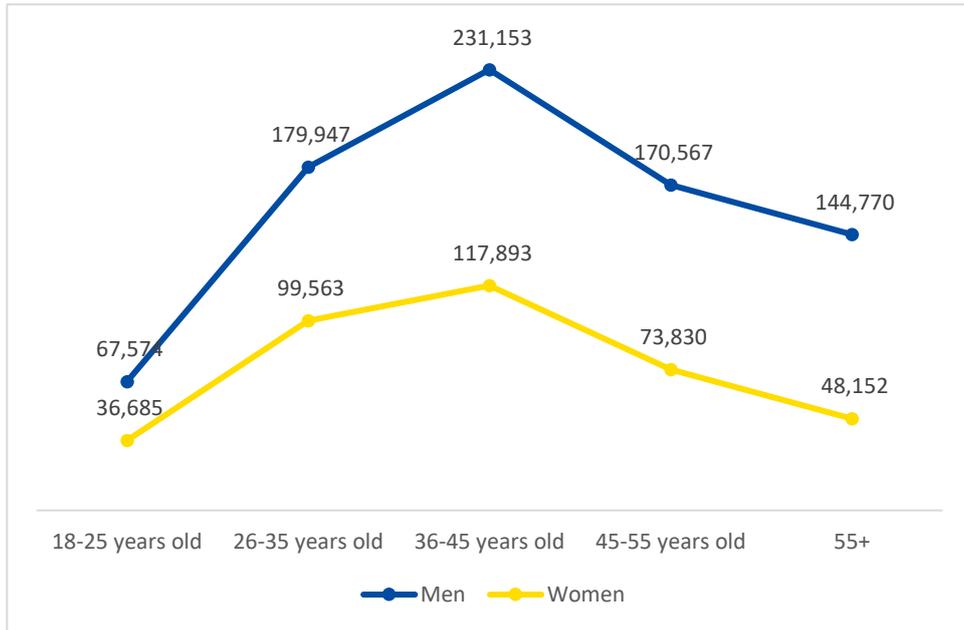
Source: CBK (2023)

From the data presented in Figure 13, we note that the transactions of citizens aged 26-35 years and those aged 36-45 years, constitute the largest number of credit card transactions. From the total number of credit card transactions, it can be seen that 68 percent of the transactions were performed by men, whereas 32 percent by women.

The biggest difference lies in the number of transactions performed by citizens over the age of 55, where it is seen that 75 percent of credit card transactions are performed by men, whereas only 25 percent of them are performed by women.

¹ The data for 2021 have been revised

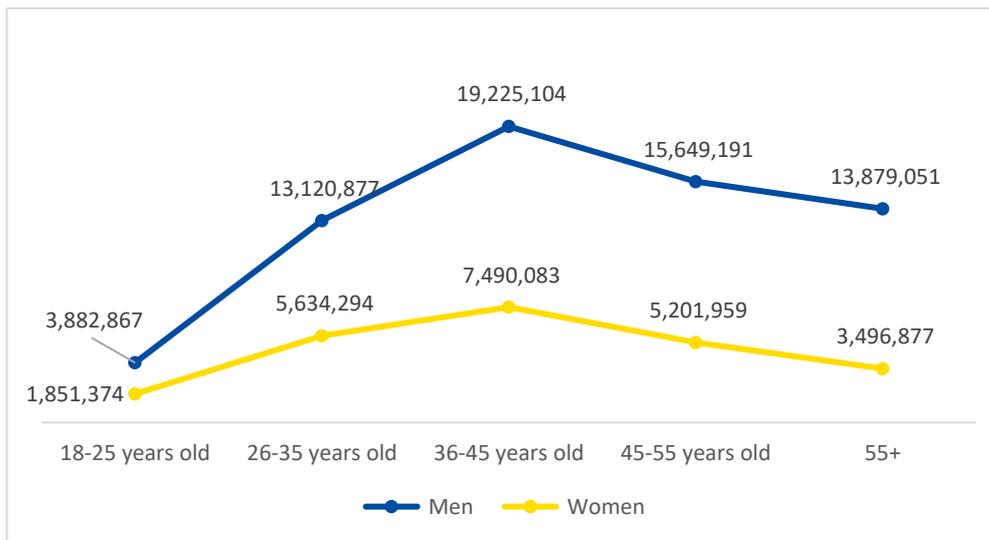
Figure 13. Number of credit card payments at terminals (by age and gender of cardholders for 2022).



Source: CBK (2023)

Figure 14 shows the value of credit card transactions performed during 2022 by the citizens of Kosovo. From the data presented we note that similar to the number of transactions, 74 percent of the value of credit card transactions are performed by men, whereas 26 percent of them are performed by women.

Figure 14. Value of credit card payments at terminals (by age and gender of cardholders for 2022).



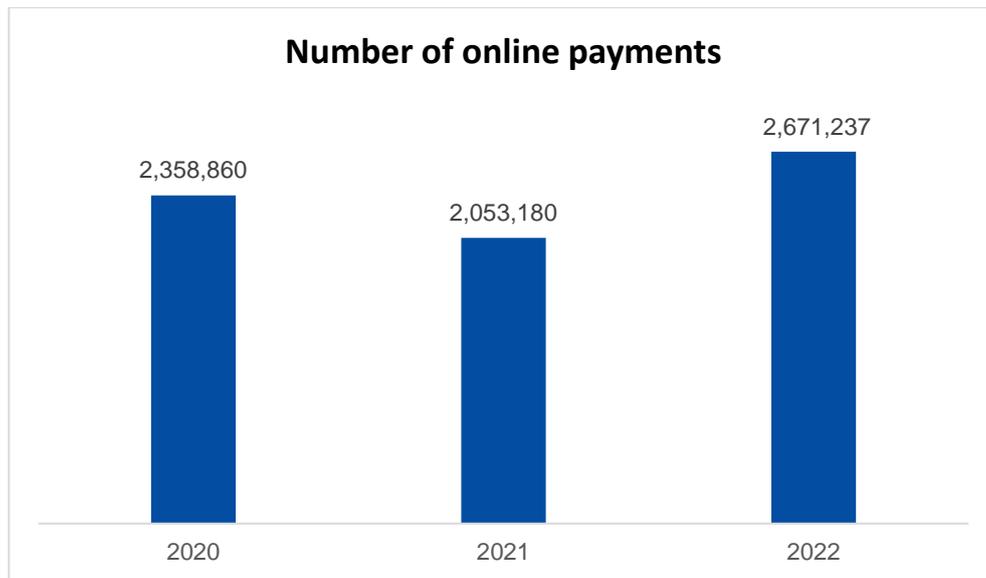
Source: CBK (2023)

3.4 Use of cards for online payments

Along with the increase in the number of cards and based on the high number of internet users in Kosovo², online purchases (card payments) through the Internet have also increased.

The fast and secure trend of virtual infrastructure development driven by the circumstances created by the pandemic situation, has enabled the increase in the number of payments that customers have made remotely, such as online payments. The figure below shows the upward trend over the last three years.

Figure 15. Number of online payments over the last three years³

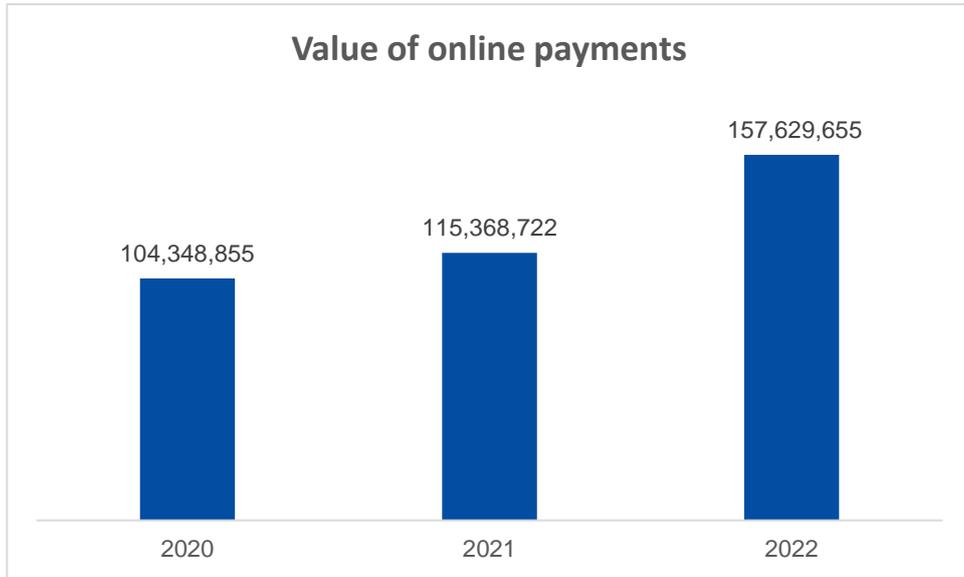


Source: CBK (2023)

² In 2022, 97.9% of households in Kosovo has had access to the Internet at home or apartment from any device.; Results of the Information and Communication Technology (ICT) Use Survey, 2022 | (rks-gov.net)

³ The data for 2020 and 2021 have been revised

Figure 16. Value of online payments over the last three years

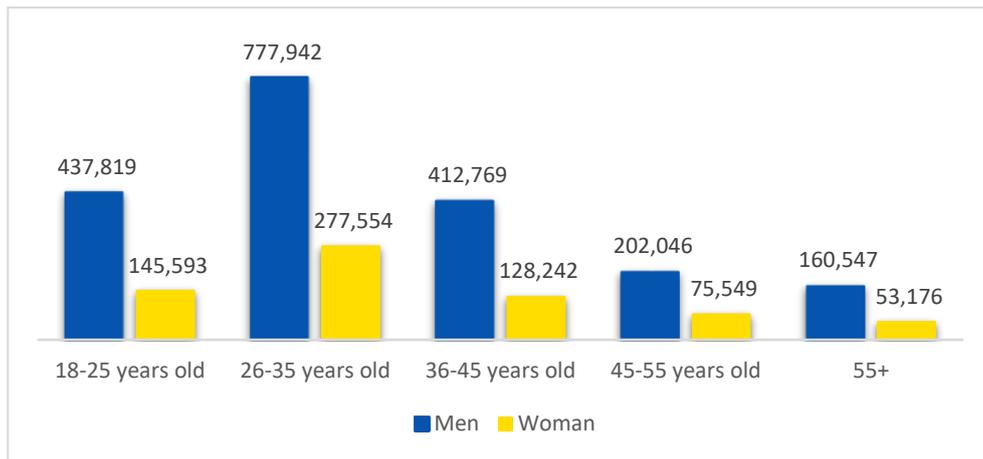


Source: CBK (2023)

Presentation according to socio-demographic factors, confirms the online purchases trend during 2022, where it can be seen that customers of a younger age are more familiar with online purchases.

Figure 17 shows that the largest number of online transactions were made by men in the 26-35 age group with 74 percent of the number of transactions, compared to women of this age group who made 26 percent of the transactions.

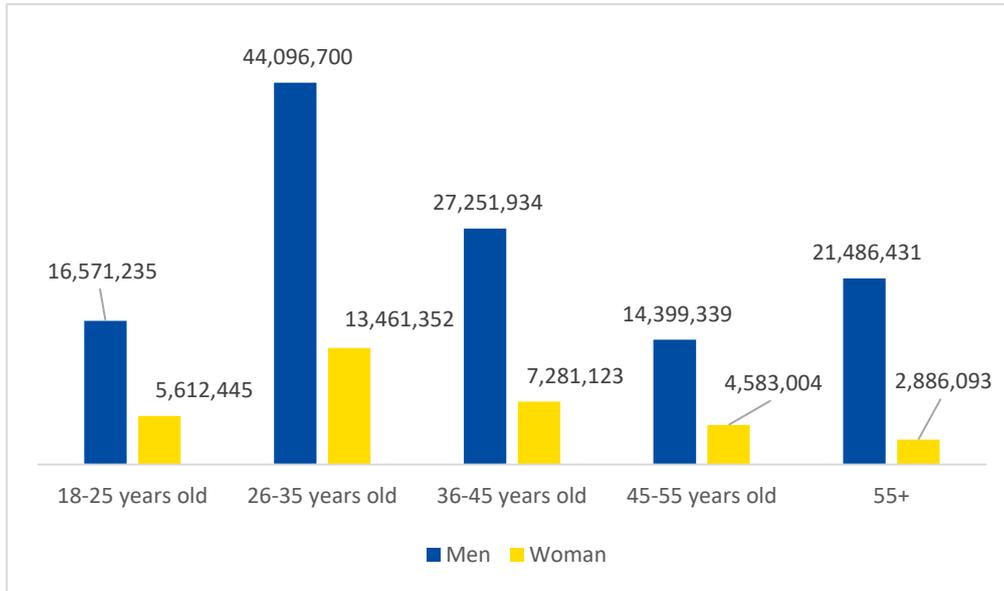
Figure 17. Number of online payments by age group



Source: CBK (2023)

Figure 18 shows the value of online card purchases. From the data presented, it is found that of all age groups, men make more online purchases.

Figure 18. Value of online payments (by card via internet)



Source: CBK (2023)

4. Card transactions

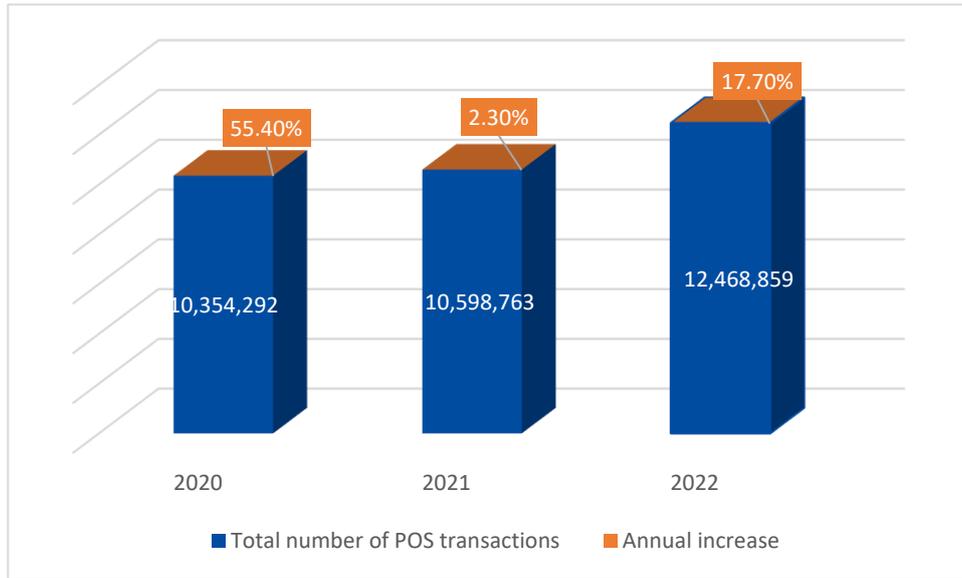
4.1 Transactions divided by value of payments

At the end of 2022, there were 14,769 POS terminals installed in Kosovo, which enable citizens to make card payments. Of the total number of terminals, 90 percent of them offer the possibility of 'contactless' payments. Many banks have increased the limit of contactless payments by enabling customers to make faster and more secure payments at POS by avoiding physical contact, these payments can be made up to the amount of 50 euros.

4.1.1 Card transactions at POS terminals

Figure 19 shows the total number of transactions carried out in POS terminals of reporting banks within the country and the annual growth percentage of these transactions for the last three years.

During 2022, about 12.5 million card transactions were recorded in POS terminals, which compared to the previous year shows that the volume of transactions has marked an increase of 17.7%.

Figure 19. Number of transactions at POS terminals in the last three years⁴

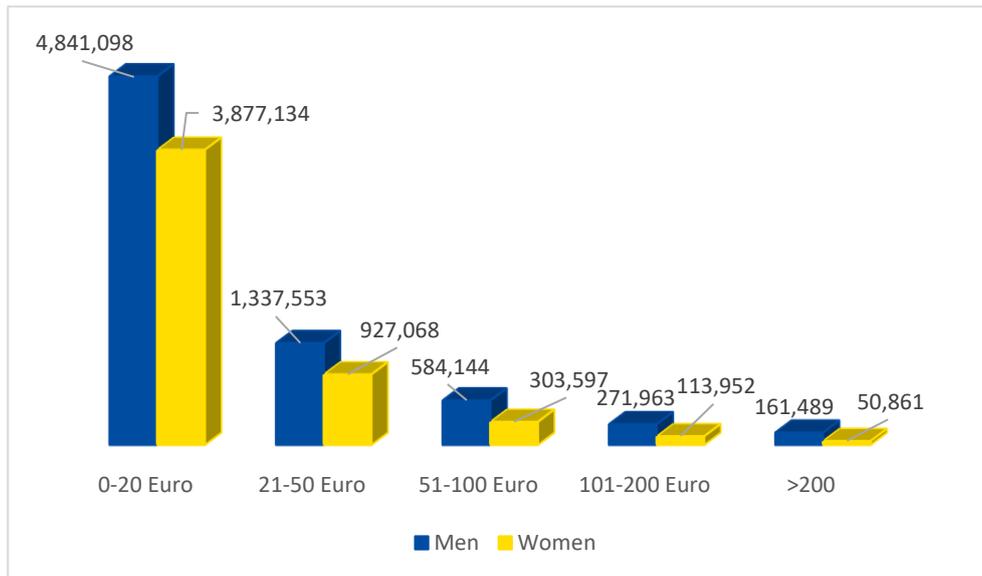
Source: CBK (2023)

From the data presented in Figure 19 it can be seen that the citizens of Kosovo prefer to make lower value payments: 70 percent of the total number of payments at POS terminals is worth 0-20 Euros, whereas 30 percent of those are over 20 Euros.

Also, from Figure 20 it is noticed that the payments in POS terminals over 200 Euros are in a very small number, they constitute only 1.7 percent of the total number of payments made in POS during 2022.

⁴ Data for POS transactions within the country.

Figure 20. Number of card payments at POS terminals by value



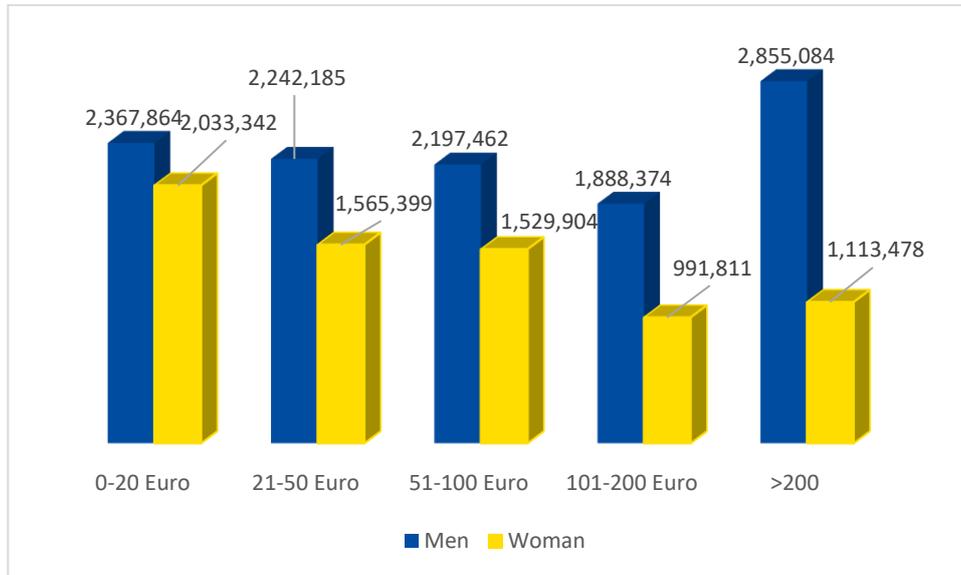
Source: CBK (2023)

4.1.2 Card transactions at ATM terminals

Figure 21 shows the number of ATM withdrawals during 2022, broken down by age and gender of cardholders. The number of withdrawals at ATM terminals in the amount of up to 20 Euros constitutes 23.4 percent of the total number of withdrawals, withdrawals in the amount of 21-50 Euros constitute 20.2 percent of the total number of ATM withdrawals, whereas those over 200 Euros constitute 21 percent of the total number of ATM withdrawals during 2022.

From the total number of ATM withdrawals, it can be seen that 61 percent of the number of transactions are performed by men, whereas 39 percent by women.

Figure 21. Number of ATM withdrawals by value



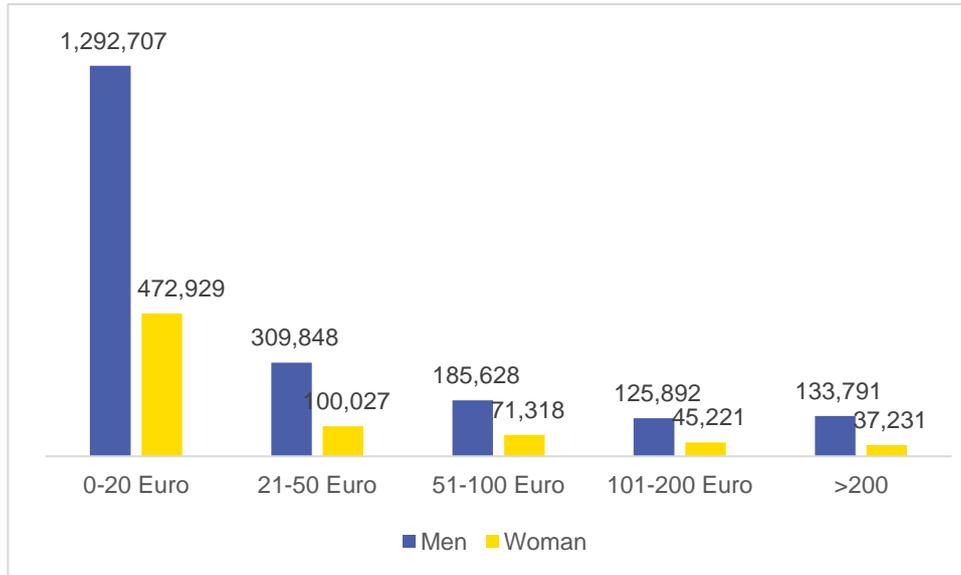
Source: CBK (2023)

4.1.3 Card transactions via the Internet

Online card purchases in recent years have become very attractive for the citizens of Kosovo, same as for the citizens of other countries. These payments are being accompanied by rapid development trends. They are mainly used for the purchase of goods or services, hotel reservations, payment of travel tickets, etc.

From the data presented in Figure 22, we notice that the largest number of online purchases were made in the 0-20 Euro value category, while from the total number of online purchases, 74 percent of purchases were made by men, while 26 percent of purchases by women.

Figure 22. Number of online payments by value



Source: CBK (2023)

4.2 E-commerce service in Kosovo

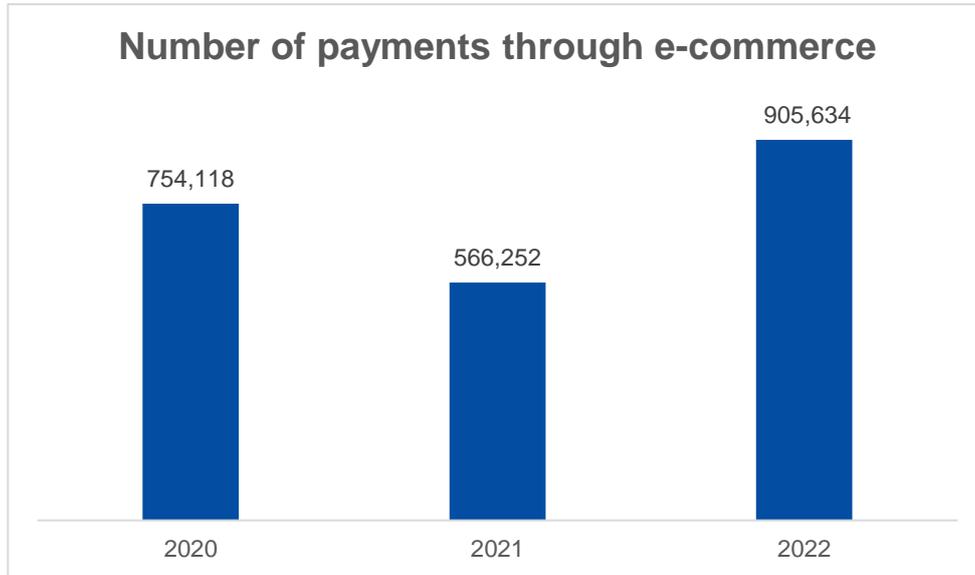
Electronic commerce (e-commerce) is the buying and selling of goods and services or the transmission of funds or data over an electronic network such as the Internet.

Payment processing in electronic commerce (e-commerce) refers to the system that enables online businesses to accept and process electronic payments for goods and services. It involves the secure transmission of transaction details between customers, merchants and payment service providers.

Commercial banks in Kosovo enable companies to sell their products or services directly through their websites. In Kosovo, e-commerce development has had a significant increase especially during the Covid-19 pandemic, which has continued to be significantly higher compared to the period before the pandemic.

The following figure shows the number of online card payments made through the e-commerce service by customers on company websites within the country during the last three years.

Figure 23. Number of payments through e-commerce



Source: CBK (2023)

This means that many companies in Kosovo have started to use the infrastructure provided by banks to sell their products or services online, also influenced by the situation created as a result of the Covid-19 pandemic.

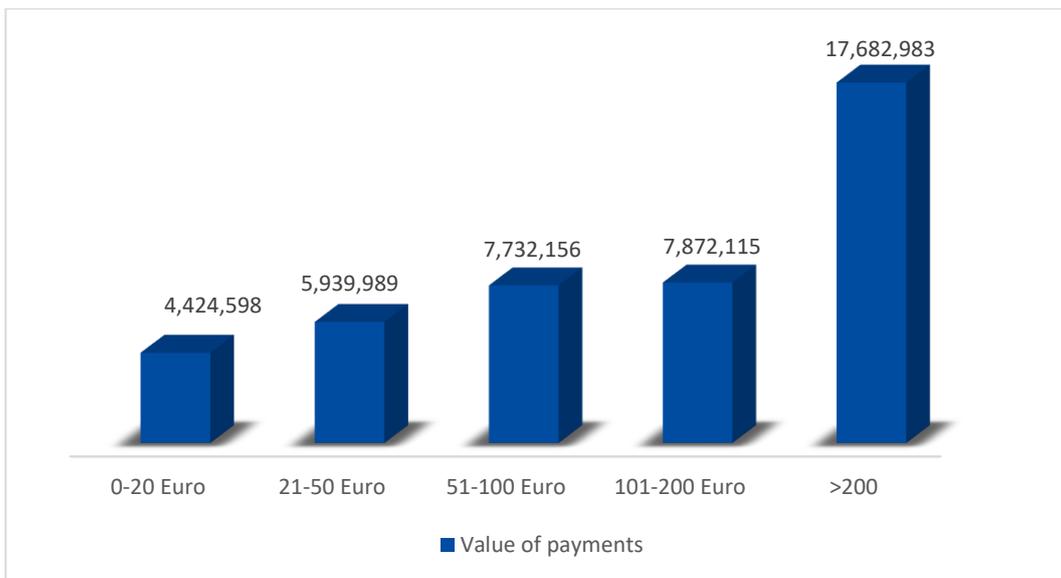
From figures 24 and 25 below, it can be seen that the highest number of payments through e-commerce consists of payments with a small value up to 20 euros, while the highest percentage of these payments is occupied by high value payments above 200 euros.

Figure 24. Number of payments through e-commerce



Source: CBK (2023)

Figure 25. Value of payments through e-commerce



Source: CBK (2023)

4.3 Digital wallet service

Digital wallet is a mobile app, which is based on bank cards, and customers can make contactless payments at POS terminals at home and abroad, after linking their card to the digital wallet application provided by the bank. To make a payment, customers only need to place their mobile phone on a contactless POS terminal and the payment can be performed. During 2022, three commercial banks offered the payment service through the digital wallet.

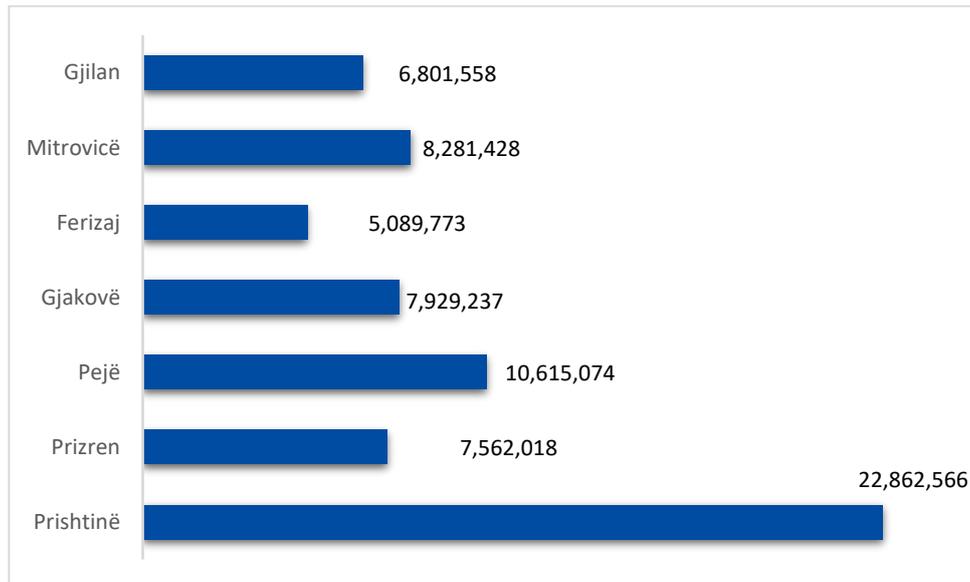
The number of payments through the digital wallet during 2022 was 48,210 payments, while the total value of these payments was 764,443.96 euros.

5. Card transactions according to the location of payment terminals

The number of ATM and POS terminals that are installed in Kosovo are mainly concentrated in the largest cities, where Prishtina leads with 32.9 percent of the number of ATM terminals and 46.9 percent of the number of POS terminals, while the rest is distributed among other cities in Kosovo.

From the data presented in Figure 26 it can be seen that 33 percent of card transactions were performed in ATM and POS terminals installed only in the city of Prishtina, while the remaining 67 percent were performed in terminals installed in the other 6 largest cities after Prishtina.

Figure 26. Number of transactions at ATM and POS terminals by main cities

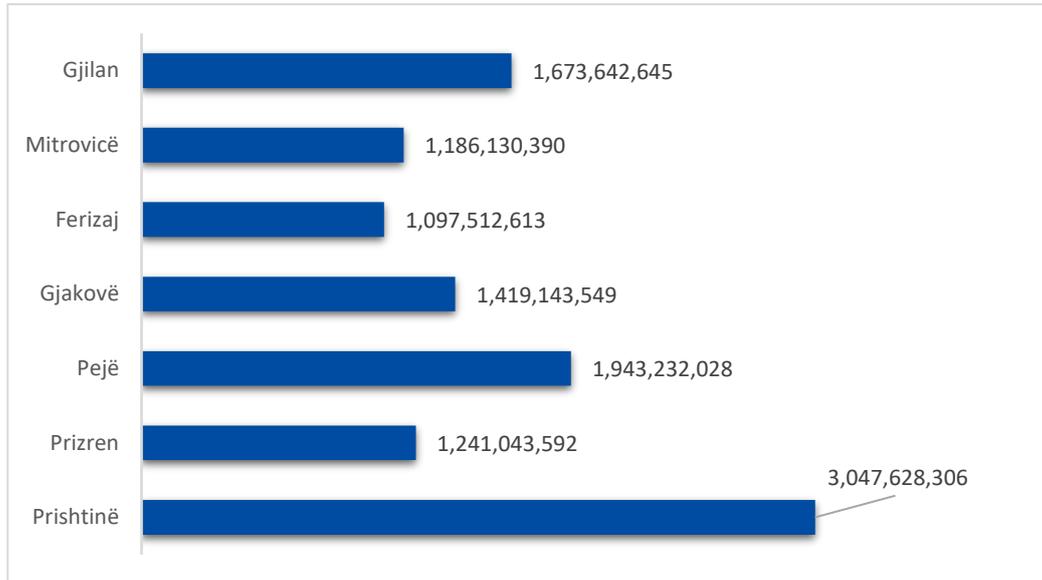


Source: CBK (2023)

Same as the number of transactions, also their value executed at ATM and POS terminals is greater for the city of Prishtina, compared to the other 6 largest cities in Kosovo.

26 percent of the value of card transactions was executed in Prishtina, while 74 percent in the other 6 largest cities of Kosovo as shown in Figure 27.

Figure 27. Value of transactions at ATM and POS terminals by main cities



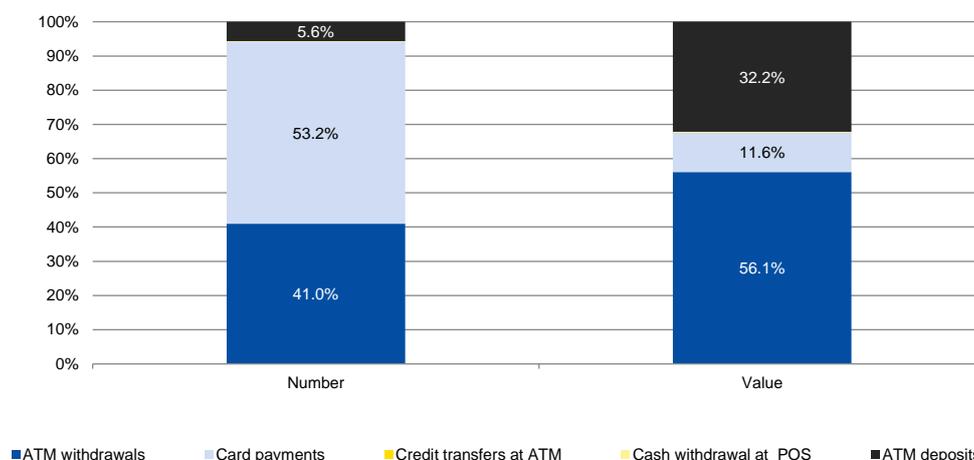
Source: CBK (2023)

5.1 Share of card transactions by number and value

The following is a graphic representation of the share of each type of transaction in the number and total value of card transactions.

From Figure 28, it can be seen that ATM withdrawals represent the largest value of card transactions, while for the first time in 2022, the number of POS transactions exceeds the number of ATM transactions. Of the total number of transactions carried out during 2022, 41 percent of card transactions are ATM withdrawals, while payments at POS terminals are 53.2 percent of the total number of card transactions. As for the value of transactions, withdrawals dominate participation with 56 percent, followed by ATM deposits with 32 percent. While card payments at POS terminals make up 53.2 percent of the total number of card transactions, their participation in value is lower, namely 11.6 percent in the total value of card transactions. Such participation in the value of POS transactions means that citizens use cards more for making payments in small amounts.

Figure 28. Share of card transactions



Source: CBK (2023)

6. Conclusions and findings of the analysis

Use of cards

Despite the fact that the number of card transactions in Kosovo per capita, which in 2022 reached 28.7 transactions, is smaller than the average of card transactions per capita in the Eurozone⁵ countries, the card market in the country continues to develop with fast rates, offering citizens easy and safe alternatives for performing payment services. From the data presented in this analysis, it can be observed that cards are still the main instrument in replacement of cash payments.

Debit cards with the largest market share

Debit cards remain higher in numbers compared to credit cards, and as a result the number and amount of transactions performed with debit cards is higher compared to credit cards. Given the relatively high number of cards in circulation, as well as the network of ATM and POS terminals, institutions should concentrate more on increasing the use of cards which are already distributed to citizens, but that their use at payment terminals remains low.

⁵ The average of card transactions per capita in EU countries published for 2021 is 166.5, see the following link: <https://sdw.ecb.europa.eu/reports.do?node=1000001390>

Frequency of use

Encouraging is the fact that citizens use the cards even for carrying out transactions with small values which represent daily payments, which are usually in large numbers, where for the first time the number of transactions carried out at the POS exceeds the number of transactions carried out in ATM during 2022. The annual growth rate of card payments in POS transactions within the country during 2022 was 17.70%. Also, the data from the number of payments through the Internet show an annual percentage of growth of about 23%, as well as e-commerce transactions with an annual growth of about 37%, which show the change in approach and the increase in the use of cards for making payments from the citizens. Making these payments by means of cards will affect the reduction of the circulation of cash, reducing the operating expenses related to their circulation.

Development of educational campaigns

Financial institutions in the country should pay more attention to the development of educational campaigns for the use of electronic payment instruments. In addition to conducting educational campaigns on the use of electronic payment instruments, financial institutions should evaluate the results of these campaigns, analyzing and measuring the results achieved during such campaigns.

Unification of payment infrastructure and cost reduction for businesses

Payment service providers (banks and non-banking financial institutions licensed to provide payment services) should work on unifying the infrastructure for card payments in order to increase market efficiency by expanding the network of payment terminals to small businesses, as well as reducing the costs of businesses for accepting card payments.

The unification of the network of POS terminals would be an important step towards the objective of further increasing the efficiency of card payments and expanding the network of use of physical and virtual terminals for accepting these payments. In order to increase card payments, during 2022, amendments to the regulation on electronic payment instruments were approved, through which the requirements of EU Regulation 2015/751 on interchange fees for payments were adapted for payments with cards. The purpose of these additions is to limit exchange fees according to EU standards, with the aim of influencing the cost reduction for merchants for accepting card payments, but also in the more efficient distribution of POS terminals, in order to reduce costs and increasing the efficiency of accepting card payments for businesses in general. Amendments to the Regulation on electronic payment instruments in terms of interchange fee restrictions have entered into force in January 2023, which means that the first effects of these changes in the costs applied to businesses and the extension of the scope of POS terminals to businesses will be observed during the year 2023.