

CARD PAYMENT: A SIMPLE WAY TO REALIZE A COMPLICATED PROCESS

PLASTIC AS MONEY

The plastic card is the simplest method of paying. With your money and your line of credit collected on the card, the sound of coins in your pockets disappears, along with the risk of losing your cash by mistake. Also, you won't miss a purchase opportunity because you forgot to bring cash. Using plastic as money is convenient and secure. MasterCard and VISA are accepted at more than 24 million places around the world. But behind the simple card payment, you find a large and complex structure, making it possible for many people and merchants to take advantage of this service.

WHICH CARD?

It is understandable if the customer thinks that it is difficult to choose a card, given the different offers on the market. Debit cards are connected to the customer's bank account, and money is drawn directly from this account when something is bought.

Getting a debit card is simple, and it is a good method of paying. Users have a good control of their economy.

Credit cards work in an almost similar way. Instead of the purchase being registered directly on the customer's bank account, the user gets a bill at the end of the month, listing all the purchases made. If the amount is paid directly, it is what is called a charge function; if postponement of the payment is possible it has a credit card function. The basic idea here is to use borrowed money, a line of credit.

WHAT IS THE CUSTOMER PAYING FOR?

Bank and credit cards are not a public utility service, it is a service offering. As in all other branches the customer pays for the service they want to buy. Prices are based on the collected value that a card user – customers and merchants – gets by using the service. That means convenience, accessibility, lower costs for handling and a decreased need for cash, and a smaller risk of being robbed. Those prices cover the investment in buildings, the card systems, development, maintenance, evaluation and daily operation of the systems.

Prices vary between the banks. Free competition

Using the card – how it works

This customer has a card issued by bank A. It can be used at 24 million places.

This shopkeeper has a payment contract with bank B. Thanks to his card terminal; he gets his money already the first bank day after the purchase has been registered.



ensures that the different actors in the banking system compete with one another in trying to have the best and most attractive offer for the users. Arbitrary costs for using cards at merchants sites are not popular, and are even forbidden by VISA International.

CARDS ARE SAFER THAN CASH

Is the use of cards 100 per cent secure? Of course not. A certain risk of fraud is involved in the use of bank cards and credit cards. But, cards are a much safer method of payment than cash. This risk of physical crime which a card user is exposed to is smaller than it is for those who use cash. Cash is anonymous and can be used immediately and everywhere which makes it much more desirable than plastic – from the point of view of a criminal. The banks are constantly working to improve the safety and integrity of the card system.

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