

# Retailer Financial Services in Eastern and South-Eastern Europe, 2009 / 2010

**Report Prospectus**

*November 2009*

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## What is the research?

*Retailer Financial Services in Eastern and South-Eastern Europe* is a report, based on a survey of 660 high profile retail brands in ten countries in Eastern and South-Eastern Europe, about the activity and partnerships of major retailers in areas of financial services including payment cards, consumer finance, retail banking and mainstream insurance policies, namely motor insurance, household insurance, accident insurance, dental insurance, other health insurance, travel insurance, pet insurance and life insurance. In addition, the study also covers proprietary and coalition loyalty schemes and international remittances. Countries covered are Bosnia-Herzegovina, Bulgaria, Croatia, Greece, Romania, Russia, Serbia, Slovenia, Turkey and Ukraine.

In fact, the study provides a comprehensive and detailed overview of the market for retailer financial services across the ten countries in Eastern and South-Eastern Europe that goes far beyond the scope of previously published research. Moreover, the PartnerBASE™ database that accompanies the report details each of the many marketing initiatives for co-branded and store cards, proprietary and coalition loyalty programs, consumer finance, banking products, retailer insurance and international remittances traced by Finaccord. Other global regions covered in sister reports and associated databases are Northern and Central Europe, Southern and Western Europe, Asia Pacific and the Middle East, and North and Latin America.

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## What is the rationale?

A number of factors, some of which are specific to financial services and some to retailing, provide ample justification for the development of this report and the sister reports covering the same subject in four other broad global regions. With regards to financial services, this rationale can be broken down between what might be characterized as ‘traditional’ retailer financial services (i.e. co-branded / store cards and consumer finance / personal loans) and ‘non-traditional’ retailer financial services (i.e. insurance, mortgages and savings accounts).

For example, in the field of ‘traditional’ retailer financial services, the experience of card issuers is that the profitability of successful co-branded card schemes, including retailer programs, usually exceeds that of standard payment cards. Moreover, the ‘credit crunch’ has brought about a reduction in the availability of unsecured lending to consumers in many countries, thereby arguably providing a greater incentive for retailers to organize point-of-sale finance.

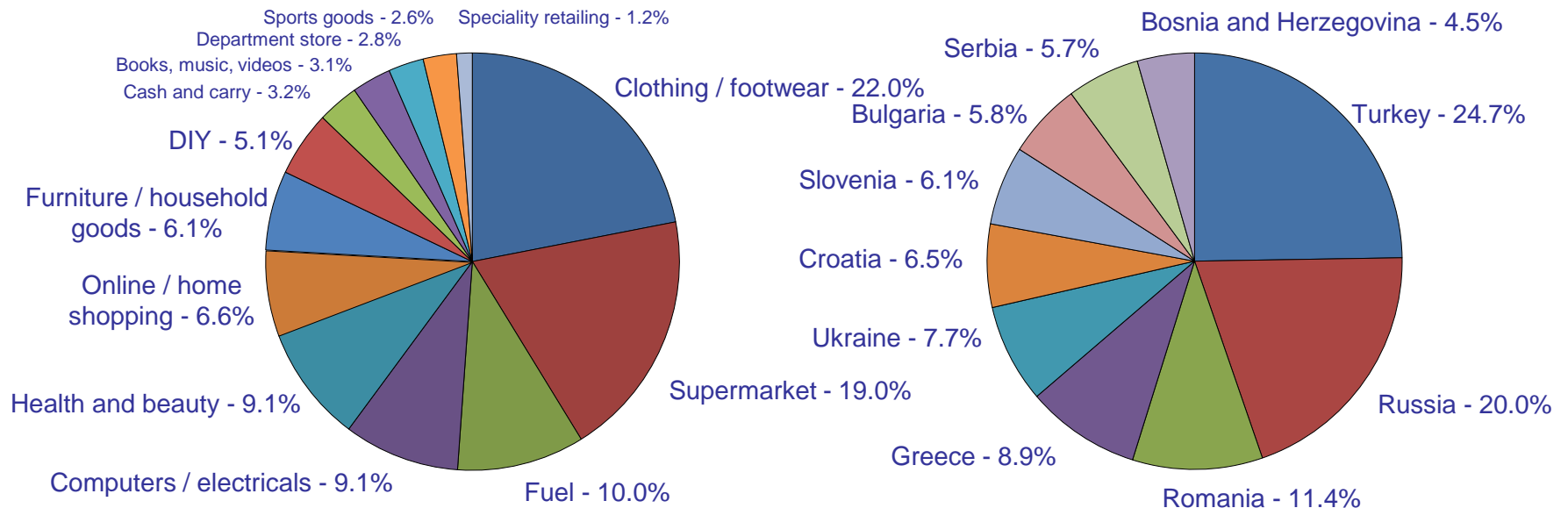
As for ‘non-traditional’ retailer financial services, it can be asserted that in much of the world, consumers are changing the way in which they acquire financial services and demonstrating an increasing willingness to use alternative distribution systems, including major non-financial brands such as large retailers. Moreover, in markets in which consolidation among conventional retail banks has reduced customer choice, there may be potential for retailer banks to present themselves as ‘consumer champions’.

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## What methodology has been used?

The main research input into this study is a survey, carried out between September and November of 2009, of 660 major retail brands across eight countries in Eastern and South-Eastern Europe. The aim of this investigation has been to gather top level data concerning the provision of financial services by the organizations in question, the operating models that they use and the financial partners with which they work in this context. Naturally, given that there are literally millions of smaller retailers in total in the territories reviewed, the majority with just a single outlet, Finaccord has sought to focus on the very largest entities that are likely to be of most strategic interest to providers of financial services. Indeed, the 660 major retailers break down by country and by category as illustrated in the graphic overleaf.

# How do organisations surveyed break down?



The organisations covered by the survey extend to 660 major retailers eight countries in the region.

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## Which specific retailing groups have been researched?

Among the major retailing groups included in the research are:

AGIP	Dallas	Herbalife	Merkur	Sedmoi Continent
Agrokor	Decathlon	Holiday Klassik	Metro Group	Selgros
Altex	Dedeman	Idefix	Metron	Silpo
Alticor	Deichmann	IKEA	Migros Türk	SIMPO
Arcadia	Delhaize Group	Inkilap Kitabevi	Mir	Spar
Arcelik	DKNY	Intersport International Corporation	MOL	Sportlandia
Aromaska	dm-drogeriemarkt	ITM Intermarché	Nitex	Stil '99
AS Watson	Dom/Müller	KAŞMİR	Nova Linea	Superdveri
Auchan	Douglas	Kopeyka	OMV	Svyaznoy
Avon	El Dorado	La Senza	Özdilek	Tatneft
Bauhaus	Euro Mobila Prod	Leroy Merlin	Penny Market	Tefal
Begendik	Euronics	Lirouage	Polaris	Tekin Acar
Benetton	Familia	Lisca	PPR	Telemarketing
Big Bang	Fox	Loft	Praktiker	Tengelmann
Bimeks	Gazprom	Louis Delhaize	Revoil	Tespo
Boyner	Germanos	Lukoil	REWE	ukrmebel
Bricostore	Gipo	Lush	Rosneft	Vardas
Carrefour	Guess	Marks & Spencer	Royal Dutch Shell	Vester
Casper	GUM	MAX	Sahinpasic	VP Market
CBA	Hellenic Petroleum	Mercator	Schwarz Group	Zaporozhye

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## What is the report structure?

0. *Executive Summary*: providing a concise evaluation of the principal findings of the report.

1. *Introduction*: offering rationale, description of methodology and other related notes.

2. *Regional Overview*: comprising a regional overview of the activity of major retail brands in payment cards, proprietary and coalition loyalty programs, consumer finance / personal loans, banking, mainstream insurance policies and international remittances. As well as analyses of the operating models used by retailers for financial services, this section also analyses the extent to which retailer cards are affiliated to MasterCard, Visa and other international payment brands in each country and identifies retailers operating through captive or joint venture finance arms.

3. *Bosnia-Herzegovina*: an in-depth analysis of the market for retailer financial services in Belgium with separate consideration given to initiatives in payment cards, loyalty schemes, consumer finance / personal loans, banking products, insurance and international remittances. Key partnerships between retail chains and banks, card issuers and insurance providers are identified for each of these financial services while retailers are analysed according to whether they possess proprietary loyalty programs or participate in coalition loyalty schemes.

4 - 12: chapters for Bulgaria, Croatia, Greece, Romania, Russia, Serbia, Slovenia, Turkey and Ukraine follow a similar structure.

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## What are the key features of the research?

Key features of this report include:

- comprehensive coverage of the involvement in financial services of 660 major retail brands in ten countries in Eastern and South-Eastern Europe;
- investigation of over 200 schemes for retailer payment cards and point-of-sale finance: which finance providers are strong in which countries and with which retail chains do they collaborate?
- identification of over 200 proprietary retailer loyalty programs including the split by country according to whether they are linked to a corresponding payment card or to a card with no payment function;
- focus on the potential for introducing new coalition loyalty schemes or leveraging existing programs such as Bonus, CardAvantaj and Euroline in Romania, Malina in Russia, and Axess, Bonus and World in Turkey;
- analysis of the potential for retail chains to follow their counterparts elsewhere in Europe by diversifying into the provision of mainstream banking or insurance products.

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## How can the research be used?

You may be able to use this report and the PartnerBASE™ that accompanies it in one or more of the following ways:

- gain rapid access to a unique source of intelligence covering virtually all significant retail groups across ten countries in Eastern and South-Eastern Europe;
- monitor the activity of key national and pan-European competitors in retailer financial services including the international subsidiaries of Citigroup, Raiffeisen International and Société Générale;
- understand the potential in each country for converting proprietary retailer loyalty cards and coalition loyalty schemes into fully-fledged payment cards;
- evaluate the actual and potential impact of coalition loyalty programs in Eastern and South-Eastern Europe, with Turkey acting as a point of reference in this respect;
- supermarkets and other retailers in elsewhere Europe are expanding successfully into new financial services markets - appreciate the opportunity for their counterparts in Eastern and South-Eastern Europe to replicate this performance.

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## How can the PartnerBASE be used?

Filter by type of retailer      Select country      Filter by type of card

Retailer	Type	Country	PAYMENT CARD			Operating model	Partner(s)	Network
			Credit / deferred debit card	Debit card	Rechargeable prepaid card			
Stockmann	Department store	Russia	Yes			Single partner	Citibank	MasterCard
Super Vero	Supermarket	Serbia	Yes			Single partner	Alpha Bank	Visa
Tansaş	Supermarket	Turkey	Yes			Single partner	Garanti Bank	Visa
Technomarket	Computers / electricals	Bulgaria	Yes			Single partner	First Investment Bank	Private
Tifon	Fuel	Croatia	Yes			Captive	MOL	Private

Look up specific retailers      Choose operating model      Identify financial services partners

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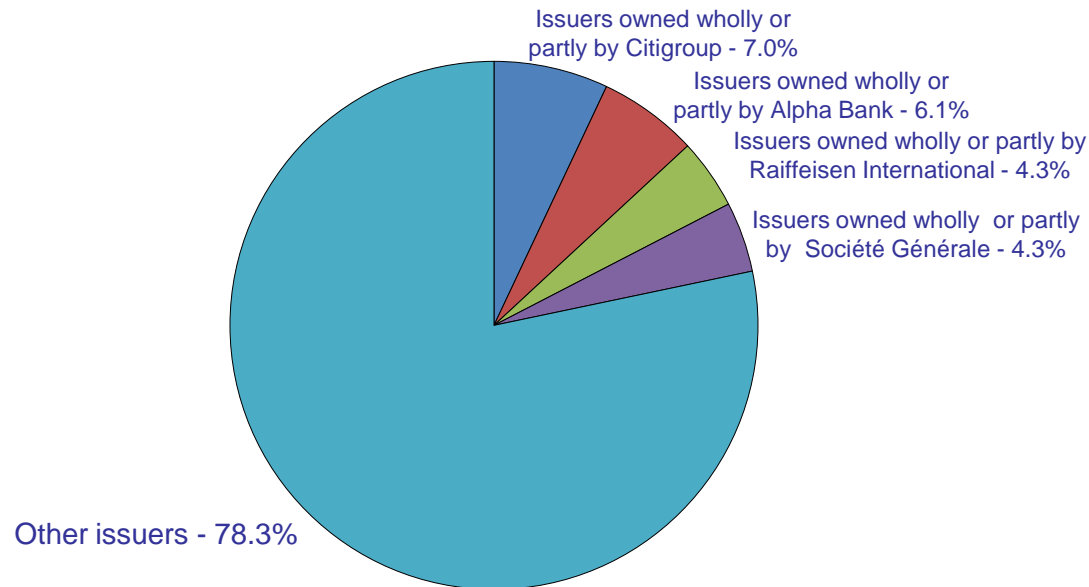
## Who can use the research?

1. *Payment card issuers:* this study is an up-to-date and comprehensive source of information about retailer payment cards in ten markets in Eastern and South-Eastern Europe with coverage of credit / deferred debit, debit and rechargeable pre-paid products;
2. *Banks and lending institutions:* partnerships with major retailers for the provision of point-of-sale finance, especially in categories such as computers / electricals, furniture / household goods and online / home shopping, offer a potentially strong growth channel;
3. *Insurance companies:* as merger and acquisition activity brings about the creation of larger, more international retailing groups, the opportunities for underwriters and brokers to set up retailer insurance programs are sure to multiply;
4. *Retailers:* Tesco generated a share of operating profits of in excess of £400 million from its financial services operations for the 2008-9 period: to what degree is there an opportunity for other organisations to expand profitably into banking and insurance?
5. *Loyalty management companies:* the research offers a thorough guide to over 200 proprietary retailer loyalty programs in Eastern and South-Eastern Europe as well as coverage of the leading coalition loyalty schemes.

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# What are some of the key findings?

## 1. Eastern and South-Eastern Europe plays host to a comparatively fragmented market in terms of the issuers of retailer payment cards

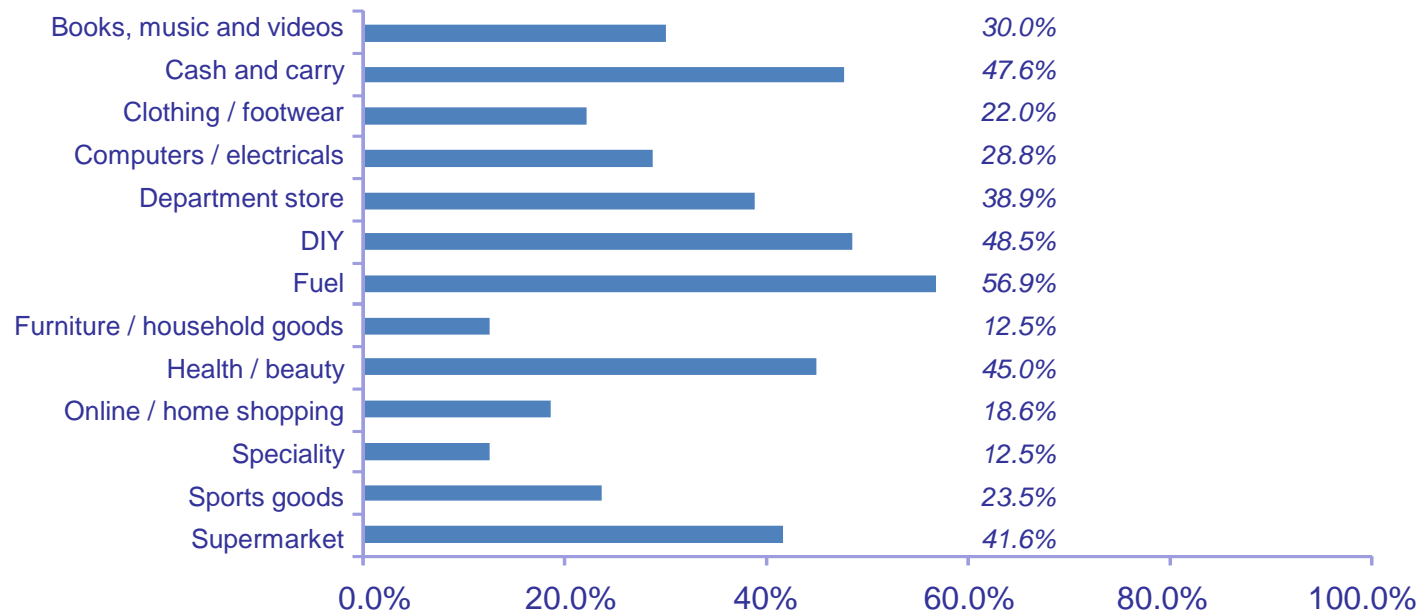


Source: Finaccord PartnerBASE for Retailer Financial Services

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# What are some of the key findings? (cont.)

2. In Eastern and South-Eastern Europe, development of proprietary loyalty programs is most widespread among fuel retailers and cash and carry chains

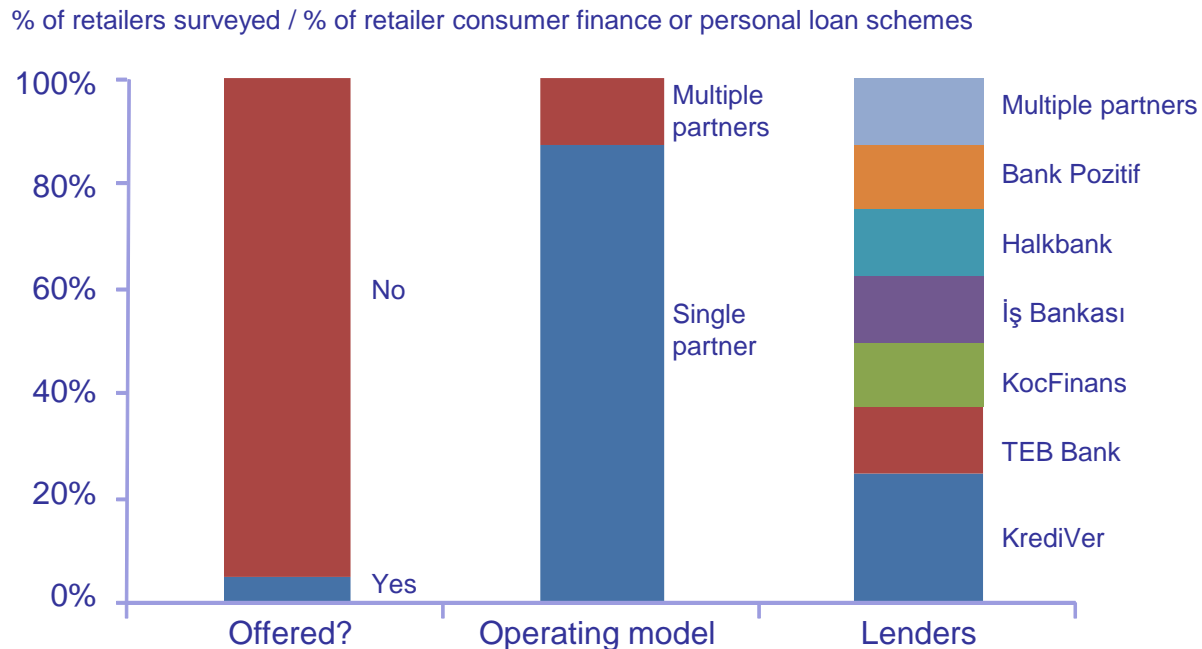


Source: Finaccord PartnerBASE for Retailer Financial Services

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# What are some of the key findings? (cont.)

## 3. The provision of classic point-of-sale finance is not at all widespread in Turkey although several providers are seeking to develop this market



Source: Finaccord PartnerBASE for Retailer Financial Services

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## What are some of the key findings? (cont.)

### 4. Key findings from the executive summary include:

- retailers across the region have already issued a relatively large number of proprietary loyalty cards with no payment function which can potentially facilitate the introduction of co-branded or store cards in future;
- with regards to coalition loyalty schemes, while there seems to be hardly any space for new ventures in Turkey and while the market is developing rapidly in Romania, the fact that these types of initiative have hardly developed at all elsewhere may give an idea of the future potential, especially in countries such as Russia and Ukraine which have very sizeable populations;
- genuine captive or joint venture banking operations were found to exist in a limited number of cases only including Carrefour in Greece, Altex and Auchan in Romania, and Sedmoi Continent in Russia;
- banking institutions and insurance companies that develop partnerships with retailers can benefit from several advantages - these include gaining access to a huge number of customers, cutting acquisition costs, obtaining customer data to help define risk profiles and expanding physical distribution channels.

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## What is the cost and format?

*Retailer Financial Services in Eastern and South-Eastern Europe* is available as a standard Adobe Acrobat PDF document and / or hard copy. The PartnerBASE™ that accompanies it at no further charge is in *Microsoft Excel* format. Costs for this research set and selected other titles in the global retailer financial services series are as follows:

REPORT	COST *	FORMAT
Retailer Financial Services in Eastern and South-Eastern Europe	£1,495	c. 170 pages
Global Retailer Insurance: Affinity Schemes in Supermarkets and Other Stores	£2,495	c. 210 pages
Global Retailer Cards: Co-Branded, Loyalty and Private Label Programs	£3,995	c. 550 pages
Retailer Cards in Europe: Co-Branded, Loyalty and Private Label Programs	£1,995	c. 300 pages
Retailer Financial Services in Asia Pacific and the Middle East	£2,495	c. 280 pages
Retailer Financial Services in Northern and Central Europe	£1,495	c. 240 pages
Retailer Financial Services in North and Latin America	£1,995	c. 225 pages
Retailer Financial Services in Southern and Western Europe	£1,495	c. 170 pages

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## How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web available at [www.finaccord.com/order\\_global\\_rfsr.htm](http://www.finaccord.com/order_global_rfsr.htm) and fill in the online order form, clearly indicating:

- report required
- type of corporate user licence, if required \*
- billing name
- address and e-mail address
- purchase order number, if applicable

Please allow up to one working day for the delivery of electronic copy by e-mail.

\* For the **corporate user licence** please choose one of the following options:

1. One office, one country: no supplement over and above basic cost of reports ordered
2. Multiple offices, one country: additional 20% over and above basic cost of reports ordered
3. Multiple offices, two to ten countries: additional 50% over and above basic cost of reports ordered
4. Global (unlimited offices in unlimited countries): additional 100% over and above basic cost of reports ordered

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