



## Discussion of

“Factors determining the  
acceptance of payment methods by  
online shops in Poland”  
by *Michal Polasik* and *Piotr  
Fiszeder*



# Interesting topic

- merchant acceptance under-researched
- points of comparison (real-world)
  - Arango and Taylor (2008) for CA
  - Bounie, Buthion and François (2009) for FR
- merchant preferences *or* accomodation?



# Data set, presentation of results

- $N = 117$
- representative? use of strata?
- descriptive statistics? (e.g. % pure-plays, ...)
- 7 Y/N decisions, 89 expl. var. **in 5 categories**
- impression of fishing expedition ...
- comparison **across decisions?**



# Approach / Results

- dependent variable: debit and credit cards together?
  - "major advantage of card payment ... acceptance of foreign payments" (p. 22)
- e-shop characteristics
  - now: 16 sector dummies - "sales of multimedia and *office equipment* are not conducive to the acceptance of" bank transfer  
=> why not: more aggregated? digital vs. physical goods?  
average size of payment!
  - Years\_in\_business (V) = "years of conducting traditional sales"  
=> 0 for pure-play? => split up sample in pure-plays vs. bricks-and-clicks?
  - same for Number\_shops (III)



# Approach / Results

- customer characteristics
  - domestic vs. foreign market: Sales\_abroad (0/1)  
under e-shop, Foreign\_language\_website (0/1) //  
%\_transactions\_foreigners, %\_turnover\_foreigners
- management preferences
  - how measured? Questionnaire?
  - are managers aware of popularity of pi?
  - risk preferences? >< security



# Approach / Results

- acceptance/usage of other methods of payment
  - in VII: "pay-by-link is a substitution for bank transfer"  
>< not on other direction? (in VI)
  - in VIII: Pay-by-link dummy (+) => compl, but  
%\_tran\_pay-by-link (-) => sub?
- quick to accept (vague) Hs
  - H1 - "usage of traditional delivery channel" (= broad!):  
significant in 4 out 7 decisions, 3 different variables ...



# Further research

- pay before - pay now - pay later?
- explain popularity of payment instruments?



## Discussion of

“Reassessing the 'threat' of  
e-money: new evidence from  
the euro area”

by *Matthew Greenwood-Nimmo*





## In your paper, you ...

- argue that the literature lacks a consistent definition of e-money
- argue that the threat to the efficacy of monetary policy is illusory
- argue that there are more immediate regulatory issues
- compare the current uptake of e-money in the Euro Area and Singapore
- forecast the growth potential of e-money in the EA



# 'lack of consistent definition'

- Freedman (2000) typology: access devices / stored-value cards / network money
- "Such is the speed with which e-payments technology is developing that since Freedman wrote his piece, **a further category has emerged**" (p. 3) => **mobile payments**
- a case of 'innovation infatuation'?
- Bleyen, Van Hove & Hartmann (2009) - "Classifying payment instruments: a matryoska approach"



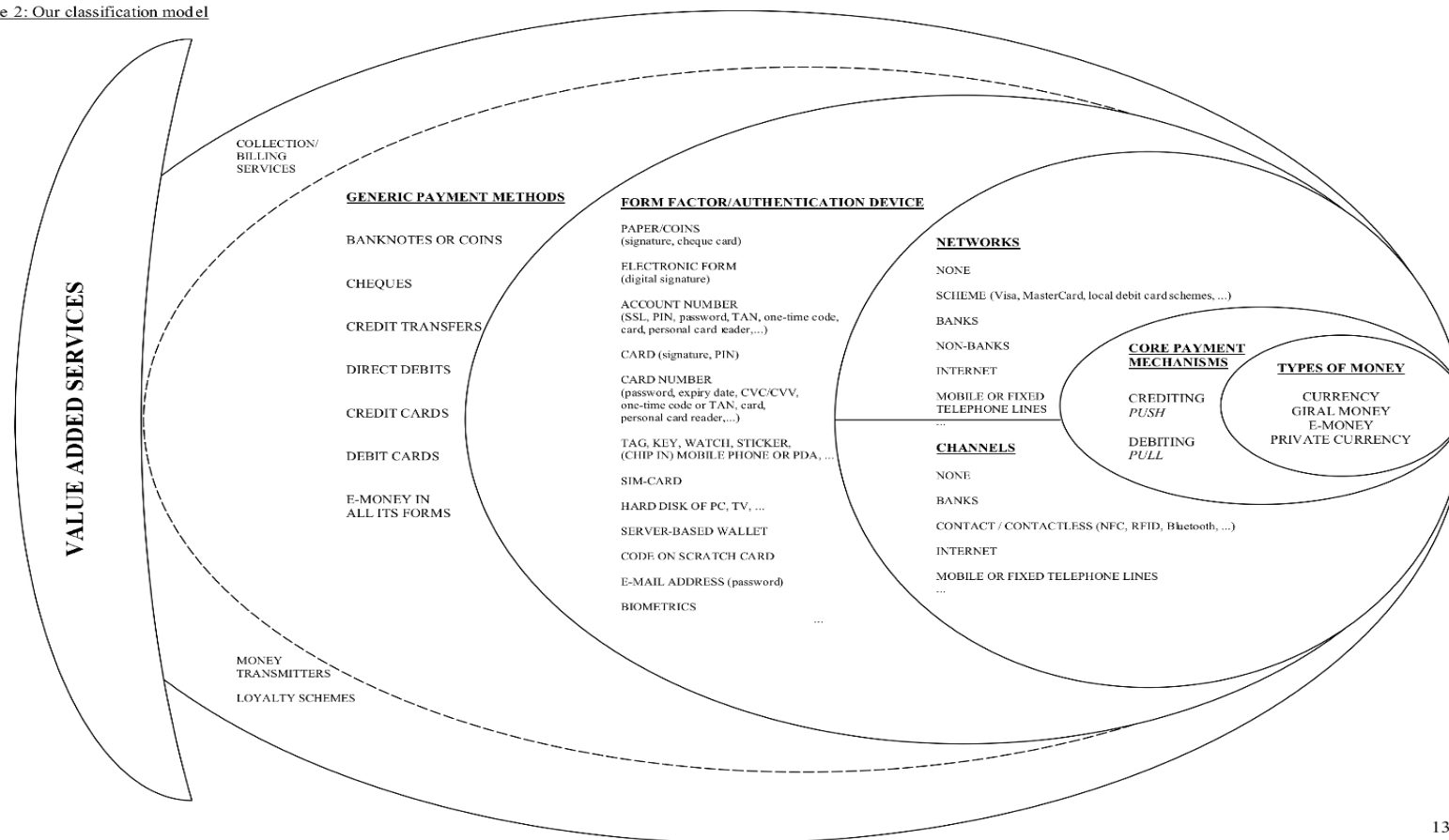
# one of our first attempts ...

1. Banknotes or coins
2. **(Electronic)** cheques
3. **Machine-based** instruments
4. (Online) banking
5. Card-based instruments
6. **Contactless** payment instruments
7. E-purses with a **physical carrier**
8. **Server-based** e-wallets
9. Scratch card / **code-based** e-wallets
10. **E-mail-based** instruments
11. **Mobile** instruments
12. Loyalty points / private currency schemes
13. Single purpose payment instruments
14. Collection/billing services
15. Money transmitters



# our simple classification!

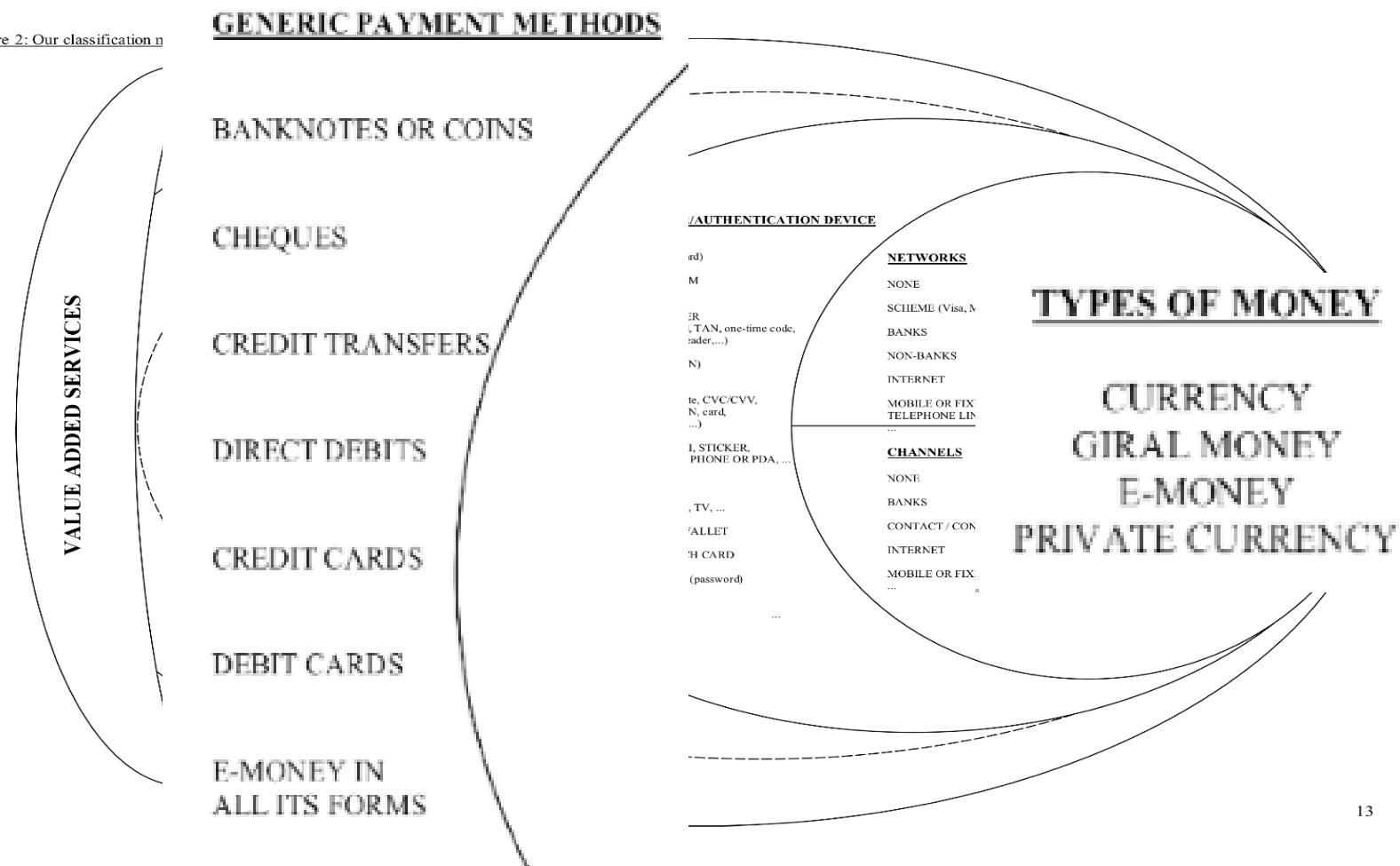
Figure 2: Our classification model





# our simple classification!

Figure 2: Our classification





# 'lack of consistent definition'

- "e-money involves the use of encrypted digital images" (p. 2)
- "... if contract phones where to provide **non-prepaid** e-money functionality" (p. 3): ???
- when discussing the attributes that private e-money schemes would need to eliminate CB reserves altogether (p. 8):
  - "iv. wages must be paid in e-money ... (..., the pre-paid nature of e-money is effectively circumvented);
  - v. e-money schemes must be granted the ability to pay interest on deposits ...;
  - vi. e-money schemes must be granted the ability to extend credit ..."



# 'more immediate issues'

- bank runs
- circumventive innovation
- inaccuracy of monetary aggregates
- systemic risks arising from offshore issuers
- systemic risks arising from insolvency of issuers
- social exclusion
- anonymity and the underground economy
- NOT: social cost, efficiency gains?
  - "potential efficiency gains" (p. 2), "marginal cost of e-money usage is presumably lower than that of cash" (p. 21)



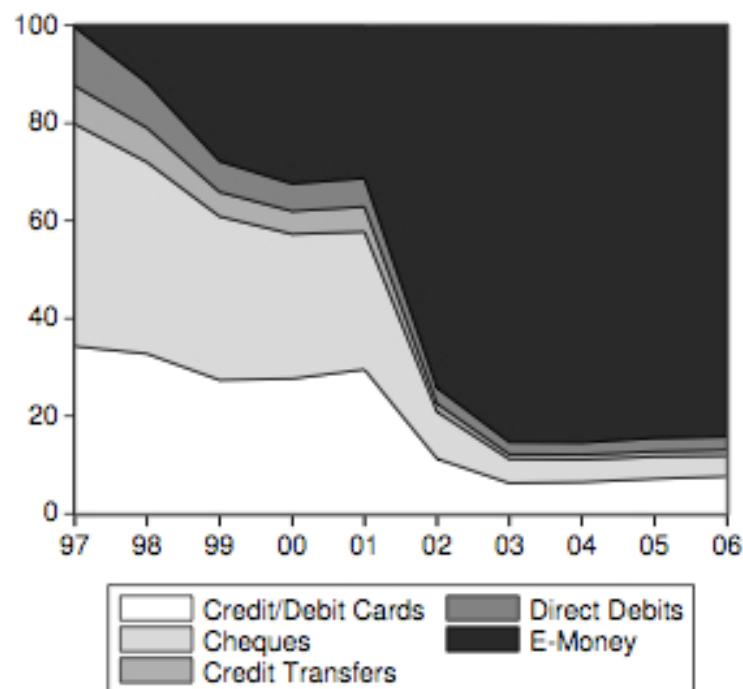
# current uptake of e-money

- Red Book data, 1997-2006
- such data need to be interpreted!
- "vibrant growth suggest that interest in e-money schemes is healthy" (p. 13)
  - Proton in BE -6% in 2006, -7% in 2007, ...; miniCASH in LU ...
  - NL, DE, AT = special cases
- "Belgium and Italy are the only EA countries ... where the gap between the number of debit cards and the number of e-money cards ... is closing" (p. 14)
  - Proton is incorporated into debit cards
  - active cards!





# Singapore



(f) Singapore

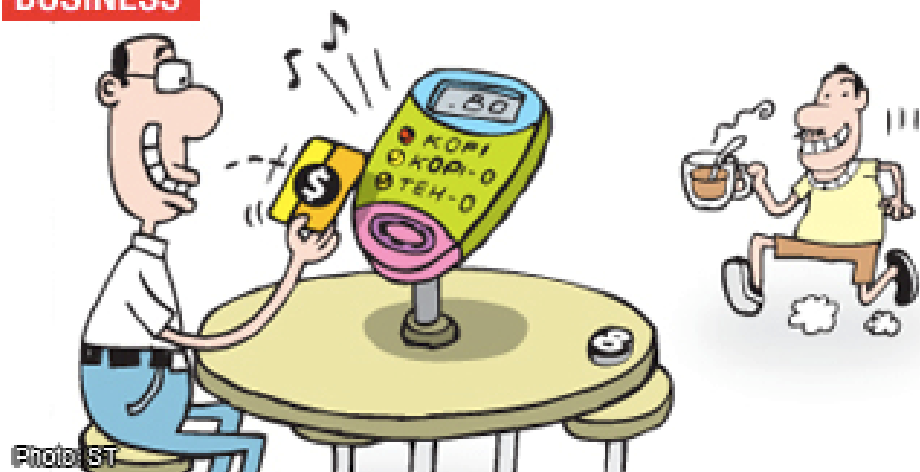
"remarkably rapid expansion of e-money schemes in Singapore, the **market share** of which has grown **from 0.4% in 1997 to 84.2%** in just nine years" (p. 13)

= "silent e-money revolution"?  
(Hartmann, 2006)



>> ASIAONE / BUSINESS / MY MONEY / OPINION / STORY

**BUSINESS**



Thu, May 14, 2009  
The Straits Times

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## Why S'pore has been slow in going cashless

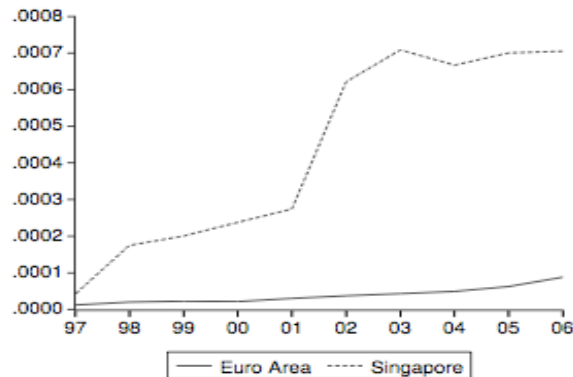
By Tan Weizhen

AFTER 10 years of talk and experimentation, Singapore is finally on its way to becoming a cashless society.

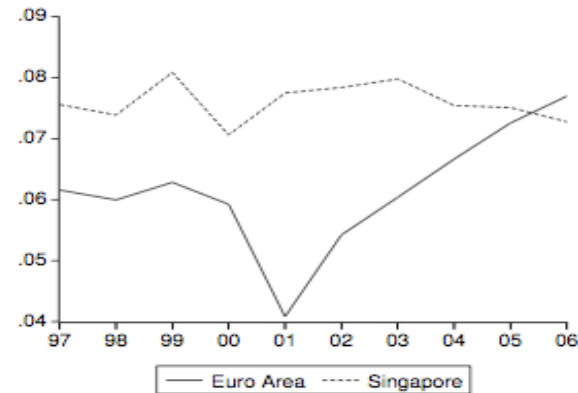
The question is, why did it take so long? And more importantly, is it really possible for consumers to go cashless, given that a lot of transactions take place at the grassroots level, where cash, not a card, is the preferred medium of exchange?



# Singapore



(a) E-Money

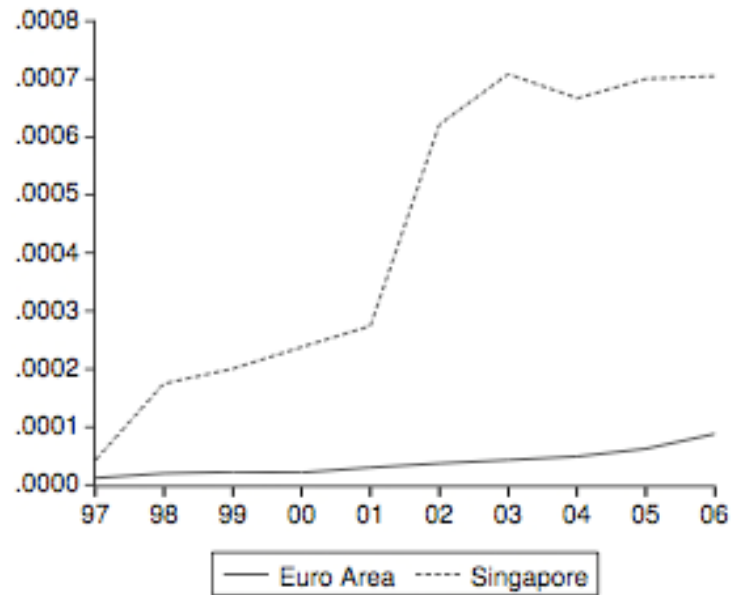


(b) Notes and Coins in Circulation

Hartmann (2006, p. 12): "..., does this ... imply that **Singapore is the first country that has arrived at a cashless society? The answer is no.** First, it should be noted that the total figure of cashless payment instruments for Singapore in the Red Book **does not include the volume of credit card transactions.** ... Second, the high demand for E-Money has not decreased the demand for cash. According to the Monetary Authority of Singapore the strong growth of E-Money (...) was **mainly due to the introduction of the transit-based, contactless EZ-Link card,** ... This suggests more a replacement of cash use for transit facilities rather than the strong decrease in the usage of cash generally for small value payments".



# Singapore



(a) E-Money

- "The most rapid growth of the market share of e-money occurred in the year 2001-2002, **coinciding with the government's announcement of the SELT initiative.** This episode provides an **example of the power of state-backing**" (p. 13-14)
- SELT didn't happen ...



# forecasting future growth

- Snellman & Vesala (1999) for FI; Snellman, Vesala & Humphrey (2000) for 10 EU countries; Jyrkönen (2004) for FI
- monthly data, **at the EA level**



# Conclusion: suggestions for revision

- less is more?
- forecast exercises