

## B.4. Good practices in using payment cards data

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10.12. Payment card records are considered by the present *Guide* as a potential source for compiling statistics on international trade in services in countries that have a favourable institutional environment concerning payment cards, especially if there is a well-established and extended network of automated teller machines (ATM) and point-of-sales (POS) terminals, along with a massive use of payment cards in national and international transactions.

10.13. A sound understanding of the processes of payment card transactions and the actors involved in that process, as well as of what to measure, is crucial in order to determine and communicate to the payment card institutions the type of data to be collected. Efforts should be made to obtain standardized nomenclatures, compatible with statistical classification systems. Over time, the specification also needs to be reviewed and eventually modified to reflect changes in cross-border payment infrastructures and patterns.

10.14. It is good practice to compare the expenditures obtained from payment card data with other traditional sources. For instance, if payment card data are being considered for use in the compilation of travel statistics, those data should be compared with surveys on average daily tourist expenditure conducted by statistical agencies or publicly available through the tourism industry.

10.15. It is advised to collect from the payment card institution an indicator of whether the card was present at the point of sale, as that information is useful for isolating cross-border transactions or for identifying the type of service involved in the transaction, particularly those related to e-commerce.

10.16. **Purpose and description** Payment and bank cards, such as credit and debit cards, are important payment instruments in national and international transactions in both goods and services. Records of card-issuing institutions can provide data on the international transactions of the card holders, both individuals or companies. A comprehensive payment card database can provide detailed and accurate information concerning operations performed with payment cards, with a number of variables that can be used to characterize the operations, namely those related to the geographical breakdown and the types of goods and services.

10.17. Payment card data offer an advantage over surveys in the collection of information on such transactions, as it would be difficult to identify the individuals or entities involved in international transactions by means of surveys. Moreover, individuals often have imperfect recall of specific transactions, whereas payment card records are generally accurate and complete.

10.18. **Using payment card records for purposes of statistics of the international supply of services** Payment card records can be a valuable source for the compilation of travel statistics. Using the information reported by payment institutions, it is possible to obtain the number and value of operations performed in resident ATM and POS with cards issued abroad, and of those performed abroad with cards issued by resident entities, as well as the characteristics associated with the cards and the type of channel used. Such data provide, on a monthly basis, a significant measure of travel expenditure, both credits and debits.

10.19. Payment card data can also be used as a good proxy for the geographical breakdown of travel, if it is assumed that the country in which the issuer bank is located is the country of residence of the traveller. However, compilers should be aware that such an assumption may not be appropriate for smaller countries, in which a many individuals use payment cards issued in countries other than their country of residence.

10.20. Regarding the purpose of the trip, payment cards data can be a helpful data source. The bank identification number (BIN code<sup>[1]</sup>) that identifies the cardholder's designated account as an individual or a company, allows the distinguishing of business cards from other types of cards. That information can be used as a proxy to estimate expenditure made by business travellers and other travellers. However, an important issue that needs to be considered is the regular use of personal cards for business travel, which leads to the need for complementary data sources to estimate that breakdown. A separate alternative breakdown of travel into types of goods and services is required, according to BPM6 and EBOPS 2010, which can be integrated with additional requirements of other statistical domains, namely tourism statistics and the Tourism Satellite Account. Payment card databases can provide important information to meet the new breakdown, using the activity classification of the goods and services providers. Such variables can be used as proxies to identify the goods and services acquired by travellers.<sup>[2]</sup>

#### Box 10.2

##### Country example: Description of United States merchant category codes

The United States-based payment card industry uses merchant category codes (MCCs) to classify each merchant and its credit, debit and cash withdrawal transactions into industry groups. One or more MCCs are assigned to each United States-based or foreign merchant by the merchant's acquiring financial institution, on the basis of the merchant's primary type of business. Each transaction is then assigned the MCC used by the merchant to process the transaction. Most members of the payment card industry collect detailed data on transactions by country and industry group, for which the industry classification is determined by the company's existing internal MCC groupings.

In total, there are approximately 600 MCCs on the universal list used by the payment card industry in the United States. Although the payment card merchant categorization was not specifically designed to conform to BPM6 main services components, many MCCs directly correspond to particular services categories. However, MCCs are applied broadly, in that a merchant that sells both goods and services may do so under the same MCC. If transaction data are being used to measure travel purchases, that distinction is not important, but it may be if it is intended to be used for other purposes.

10.21. The main advantages of using payment card data as a source for the compilation of the travel item are, among others, the wide-ranging coverage of travel-related transactions; a limited number of respondents; the timeliness and frequency of the information, as data are available with a short delay and on a monthly basis; the detailed information on the characteristics of both travellers and goods and services providers; and, finally, a reduced cost in terms of compilation, since payment institutions need to process the information for their own use, imposing a reduced statistical burden. However, coverage with payment card data will likely change over time.

10.22. Moreover, purchases made with a payment card from a foreign business identified as a service provider (by an industrial or activity code) in which the card is not present may be an indication of a mode 1 service provision. Identification of such information may be particularly relevant for Internet transactions in services related to intellectual property product (IPP) products, such as music, video and software.

10.23. Some challenges must be considered when using payment card data. Primarily, non-tourist-related transactions, such as imports or exports of goods or services other than travel, must be excluded. For that purpose, the transaction amount, along with the economic activity of the goods and services providers, can be used to exclude transactions that should be classified under other items in the BOP. In addition, an indicator of whether the card was present at the point of sale is useful for isolating some of those transactions, particularly those related to e-commerce.

10.24. Moreover, payment card data are not comprehensive for travel expenditures, because other means of payment can be used. In that case, it may be useful to compare the travel expenditures obtained from the payment card data with other traditional sources, such as surveys on average daily tourist expenditure or statistics from the tourism industry.

10.25. Another challenge is the fact that the classifications used by payment card processors are not necessarily the same as those used by statistical compilers. In fact, efforts should be made to obtain standardized nomenclatures, compatible with statistical classifications.

10.26. An additional difficulty, when using payment card data, is accounting for the time lag between the moment of the payment and the time of the trip. Another potential challenge is the development of the global financial and payment systems that may lead to emergence of more international brands and processors, bringing further complexity to the collecting system.

10.27. Using diverse data sources is crucial for a comprehensive system that facilitates the collection of travel-related transactions made by residents abroad and by non-residents in the compiling economy. One of the main challenges in designing a compilation system for the travel item is the integration of different data sources with different degrees of coverage and different periodicities and that may contain overlapping data. There is a trade-off between reducing the impact of possible double-counting and covering the various types of expenditures of travellers as much as possible. The extensive detail of the payment card database could allow the compiler to mitigate that risk.

**Include page:**

[Country experience: Iceland \(Chapter 10\)](#)

**Next:** [B.5. Mobile phone records](#)

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[1] Recently designated as issuer identification number (IIN).

[2] For that purpose, correspondence tables between national industrial or activity classifications (e.g., between Statistical Classification of Economic Activities in the European Community (NACE) or merchant category code merchant category code (MCC)) and travel expenditures on goods and different types of services should be developed.