



**Sustainable
card payments:**
our responsibility

Consumers and governments are looking to the card industry to take actions that contribute to sustainability. **Hans Sjölund, Head of Card Sales & Business Development** at Tietoevry explains what the card business can do to reduce its environmental impact.



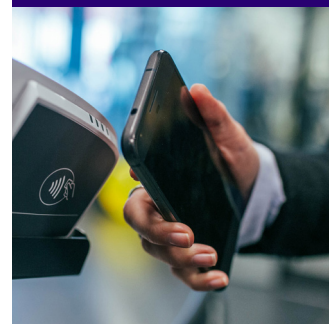
Earth crisis: payments not immune

Whether it's global warming, resource depletion or the rapid exclusion of populations and communities from resources, our planet is in crisis. Both non-governmental organisations (NGOs) such as Greenpeace and Friends of the Earth, supra-national organisations like the UN and EU and national governments are calling on business to act.

Perhaps most importantly, consumers themselves expect action: an October 2020 survey by CPQI¹ showed that more than 73% of consumers cared about the sustainability and environmental friendliness of their banking provider. And while much focus in the payments sector has been on energy use by crypto-currencies, at least one estimate published on Medium by HackerNoon claims² the card industry consumes four times more energy than cryptocurrencies once ATMs and POS terminals are taken into account.

A study from Oliver Wyman³ describes sustainability as one of the top five challenges facing the global banking industry and puts the cost of transition to green banking at between €1.5 trillion and €2 trillion. Despite such staggering cost estimates, there are several steps the card industry can take to reduce its environmental impact which have a measurable and positive effect without costing billions.

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Time for us to act

According to the Nielsen Report, there are now more than 10 billion plastic payment cards in use around the world, while the UN report that more than 10 million tons of plastic are dumped in the oceans every year. With figures like these – and given the importance of payment cards in people's everyday lives – it's clear that now is the time for our industry to take action.

This is all the more important given that card use continues to grow in Europe, with technological

¹ See CPQI, Three Emerging Trends in Green Banking: <https://cpqi.com/3-emerging-trends-in-green-banking/>

² See hackernoon, The Bitcoin vs Visa card fallacy: <https://medium.com/hackernoon/the-bitcoin-vs-visa-electricity-consumption-fallacy-8cf194987a50>

³ Oliver Wyman, European Banking Outlook 2020: <https://www.oliverwyman.com/our-expertise/insights/2020/jul/european-banking-sector-outlook-2020.html>

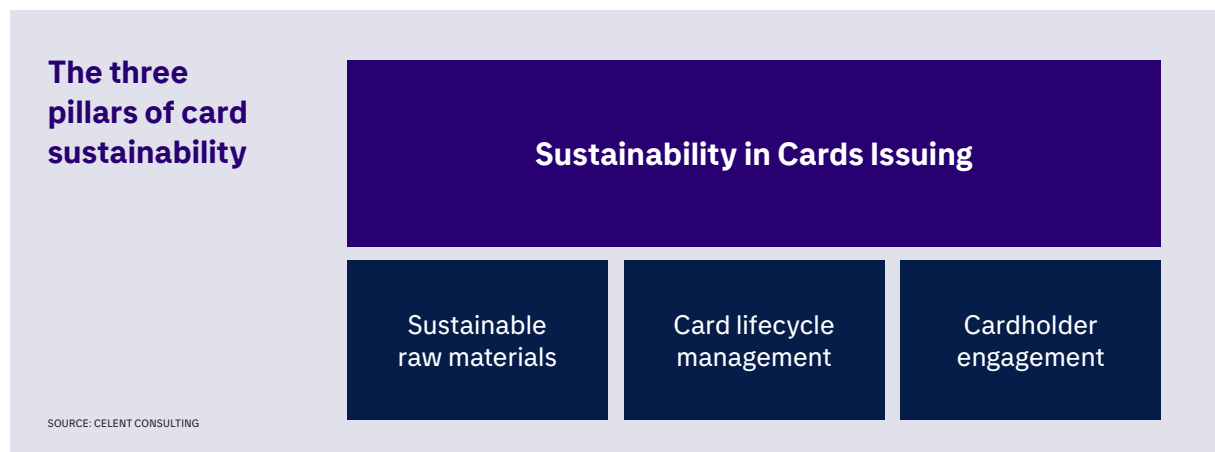


developments such as contactless cards, biometric security and increased processing power making cards fit for purpose in the 2020s and beyond. Data from the ECB shows that card use more than doubled during a seven-year period over the last decade, standing at around 48 billion transactions a year on 609.3 million cards at the end of 2020⁴.



Mitigating our impact

When looking at how to reduce the environmental impact of the card business, it's important to consider each stage in the life-cycle of a card. A mid-2021 study from Celent Consulting provides guidance on how to deliver sustainability at every stage: below we outline the steps that can be taken to reduce energy use and enhance sustainability in each area of your business.

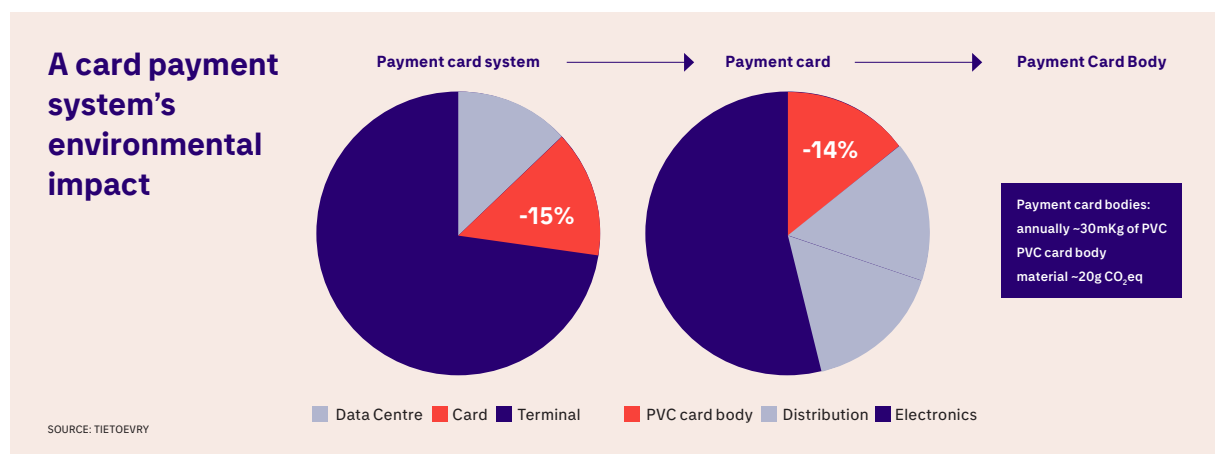


⁴ See European Central Bank, Card Payment Statistics: <https://www.ecb.europa.eu/press/pr/stats/paysec/html/ecb.pis2020-5d0ea9dfa5.en.html>

Sustainable card issuing: Plastic cards themselves represent a huge opportunity to improve the sustainability of our industry. Our internal analysis shows that just over half of all energy used in card production goes into the production of NFC chips to be embedded in the plastic card, while plastic cards themselves represent a significant environmental cost. Making use of sustainable raw materials – such as ocean recovered plastic, recycled PVC, recycled PETg and PLA or even sustainable wooden cards is a first and important step. Working with our partners, we are delivering rapidly-increasing volumes of sustainable payment cards to customers. The use of virtual cards linked to digital wallets can also reduce plastic use in issuing.

Sustainable card management: Once the card has been issued, steps such as customer onboarding, PIN management, card personalisation and statements can all be made more sustainable by reducing the use of paper in customer communication and minimizing the carbon footprint created by transport between production centres and customers. Getting rid of paper in customer communications is also consistent with the ongoing transition to a fully digital, paper-free environment.

“We undertake card transaction processing using 100% renewable energy sources.”

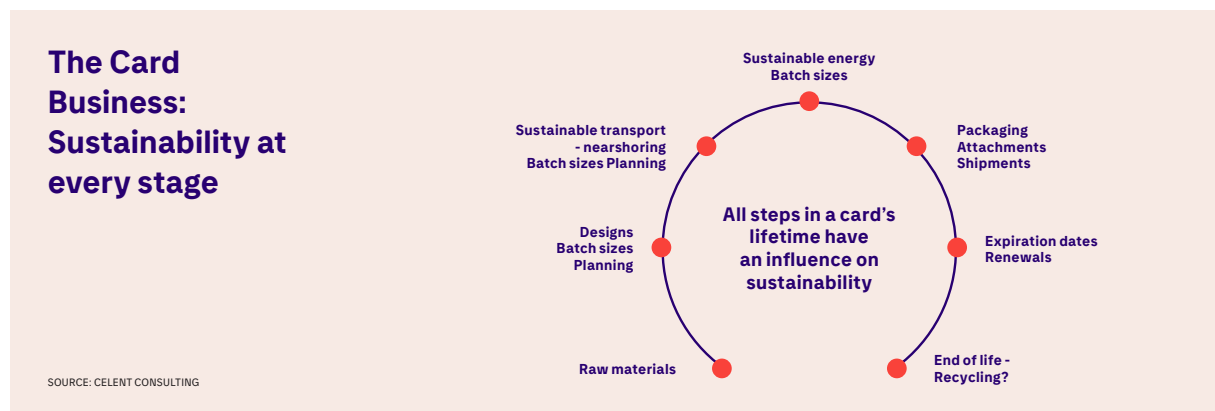


Transaction Processing: Our internal analysis suggests that approximately 10% of the energy consumption⁵ in the card business comes from processing operations. The opportunity also exists for processing companies to use energy from sustainable sources: at Tietoevry, we undertake card transaction processing at our data centres in Norway, using 100% renewable energy sources.

⁵ See statistics from the Dutch National Bank here:
[574-evaluating-the-environmental-impact-of-debit-card-payments.pdf \(dnb.nl\)](https://www.dnb.nl/en/574-evaluating-the-environmental-impact-of-debit-card-payments.pdf)



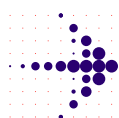
End of life sustainability: Card issuers should be considering the possibility of offering customers the chance to recycle their cards at end-of-life – an action that's not just sustainable, but also secure. For instance, Tietoevry's ongoing partnership⁶ with SpareBank 1 in Norway allows customers to return their expired cards to Tietoevry as of 2022 so that precious metals used in chip and card production can be recycled and reused. Measures such as those outlined above have enabled Tietoevry to reduce our environmental footprint by 56% since 2016.



Customers: Communicate and engage

Acting on sustainability is important for all of us because it's the right thing to do. However, a wide range of studies also show that it's a great thing for your business as well: a recent study from the Harvard Business Review revealed⁷ 65% of consumers are seeking brands driven by the sustainability agenda, while in October 2020 Nielsen Research⁸ claimed 81% of the world's consumers expect companies to take action to save the planet.

By taking action to improve the sustainability of your card programmes, you establish your institution in the customer's mind as a leader in environmental protection, and enhance customer loyalty by making your customers feel good about using your cards. Such positive sentiments aren't just limited to customers, either: our experience suggests that colleagues in banks that have adopted sustainable approaches feel more positively about their employers. It all adds up to a situation in which your work to help the planet can also help drive measurable returns for your business.



For a discussion about making your card programmes more sustainable, from issuing through processing, card management and end-of-life recycling, get in touch with **Tietoevry Banking: Hans Sjölund, Head of Card Sales & Business Development, hans.sjolund@tietoevry.com**

⁶ See: <https://www.tietoevry.com/en/newsroom/all-news-and-releases/other-news/2021/03/new-technology-and-knowledge-based-collaboration-in-norway-with-the-aim-of-creating-more-climate-friendly-bank-cards/>

⁷ The Harvard Business Review: The Elusive Green Consumer, July 2019: <https://hbr.org/2019/07/the-elusive-green-consumer>

⁸ Nielsen Research, The Sustainability Imperative, October 2020: https://www.nielsen.com/wp-content/uploads/sites/3/2019/04/Global20Sustainability20Report_October202015.pdf

Sustainable by nature

