



AROUND 3 BILLIONS SMART CARDS TO BE SHIPPED FOR 2006

April 24th 2006, Brussels

Eurosmart, the Voice of the Smart Card industry, delivered the figures of 2005 and the forecast for 2006 during a press conference following the General Assembly on 20 April in Brussels.

2.6 billions Cards have been shipped in 2005, and nearly 3 billions are expected for 2006, said Jacques Seneca, the new Chairman of Eurosmart. The industry activity has increased by 22% in 2005 in the world and should be relatively constant in 2006 (+19%). Eurosmart's figures are a reference for the smart card industry and financial markets, giving an overall picture on the state of the market and of the major trends for the future.

Trends per market segments

Telecom: in 2005 mobile communication confirmed its status as the largest and fastest growing segment with almost 1.4 billions cards. The growth was driven by large population emerging countries in all regions, whereas the Chinese demand was contracting because of the reorganisation of the sector. A continuous growth in 2006 is expected (+19%), due to a strong net addition of subscribers in emerging countries, and the migration in Europe to "3rd generation" SIM cards, whereas memory cards will continue to decline (-12%). *"The key word for mobile communication is convergence provided by SIM cards"*, commented Jacques Seneca. The industry is working at the same time on providing tools for seamless roaming between networks and convergence for telecom operators to enable them to have the ability to provide services on the PCs or the mobile phones.

Financial services, retail and loyalty has continued to grow (+20% compared to 2004). The slowdown in UK (the introduction of chip cards in 2004 generated a big activity) has been offset by other countries in Europe and Asia that transformed all payment cards into smart cards: this "EMV migration" is expected to deploy in Turkey, Canada, Ukraine, China, Thailand and Korea in 2006. The major event for the financial segment early 2006 was the start in the United States of microprocessor card technology for payment, which was not driven by fraud considerations but by convenience. Asia should follow in 2006 with the introduction of contactless payments.

Smart cards in Government and Health grew up by 25%. Electronic passports have been shipped in only few countries in 2005, but electronic identity and passports are quickly moving to a real deployment in many countries. The smart card industry will foster the interoperability of digital identity on all networks and all platforms and federate pilot and leading programmes in Europe to avoid the spreading of non interoperable infrastructures.

Contactless systems are more and more adopted in **transports**: 20 millions were shipped in 2005 and the production should increase by 25% by 2006. Contactless provides convenience and security for daily travellers (for example the "Oyster card" in London or the "Navigo pass" in Paris).

The industry is adapting **the technology of the smart card** to other secure and portable formats, such as token, multi-chip devices, etc. Those devices offer more memory, have

faster card interface (USB, MMC, contactless, etc.) and provide alternative authentication methods, such as “One Time Password”.

“Smart Card technology meets very well the European citizens’ key values of mobility, security and privacy management”, concluded Jacques Seneca.

EUROSMART is an international association located in Brussels representing the Voice of the Smart Card industry for multi-sector applications. It aims at developing standards and improving quality and security application.

EUROSMART gathers 28 members: ASK, Aspects Software, Atmel, Austria Card, Axalto, Bundesdruckerei, Datacard, Emosyn, FNMT, Galitt Group, Gemplus, GIE Cartes Bancaires, Giesecke & Devrient, Infineon Technologies, Ingenico, MasterCard, Moneyline, NedCard, Oberthur Card Systems, Sagem Orga, Philips Semiconductors, Renesas Technology, Samsung Semiconductors, Saqqarah International, Sharp, STMicroelectronics, Watchdata, Wave.

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