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### **Strong volume growth this year and excellent perspectives for 2011**

The Smart Security Industry has confirmed its dynamism in 2010 and will pass the 5 billion microcontroller based Smart Secure Devices this year. 4.5 billion units of Smart Secure Devices were shipped in 2009, and we anticipate that number to grow by 18% in 2010 to exceed 5.3 billion units. Over 4 billion SIM cards have been shipped in 2010 and over 1 billion payment cards are expected in 2011. The proportion of Contactless cards is growing, especially dual card combining both contact and contactless.

In addition to the traditional Smart Secure Devices market, exciting new possibilities have started to materialize in 2010. For instance, with the growth in Machine to Machine, embedded mobile connectivity is already delivering new benefits to consumers and businesses, just like mobile phones do and have done for over 15 years. And as objects become Smart and start to communicate with each other with or without human intervention, we are beginning to see how the future Internet of Things may reshape our society.

To make the best of these opportunities, the right balance between convenience, privacy and security must be found. The Smart Security Industry has a long experience in implementing the right technologies to achieve this objective. The combination of biometrics with Smart Secure Device technology is offering particularly interesting perspectives in this respect.

The following are the major growth drivers per segment:

#### *Telecom*

- SIM shipments benefit from strong growth in China, India, Indonesia and Brazil, with 3G in India being a driver for larger memory size
- Mobile financial services to increase security needs and demand for higher end products
- M2M and embedded mobile connectivity generate great interest

#### *Banking-Retail*

- Worldwide EMV and DDA migration benefit from strong growth in Latin America and Asia
- Strong dual contact and contactless cards growth

#### *Government ID-Healthcare*

- Increasing deployment of eID cards and the European Resident Permit
- European initiatives drive provision of e-Services for citizens' convenience and administration savings, requiring secure identification
- USA visa waiver program and European Union directive on biometrics e-Passport increase penetration of high-end security technology

### Contactless Smart Secure Device

- Around 15 Mu NFC secure elements are expected to be shipped, mainly by MNOs in Asia and Europe in 2011
- Growth of dual (contact and contactless) is higher than pure contactless
- 20% of Banking-Retail cards have contactless interface in 2010, 22% in 2011
- Emergence of microcontroller based cards combining transit and a second application

The following tables show (1) Microprocessor worldwide volumes shipments in Millions Units (Mu) for both 2010 and 2011 by market segments and (2) the portion of those that are contactless cards.

#### **(1) Eurosmart figures – Smart Secure Device shipment - 2010 and 2011 forecasts Cards (Millions of Units - Mu)**

	<b>2010 F</b>	<b>2010 vs 2009 growth %</b>	<b>2011 F</b>	<b>2011 vs 2010 growth %</b>
<b>Telecoms</b>	<b>4 000</b>	<b>+18%</b>	<b>4 500</b>	<b>+13%</b>
<b>Financial services – Retail – Loyalty</b>	<b>880</b>	<b>+17%</b>	<b>1 010</b>	<b>+15%</b>
<b>Government – Healthcare</b>	<b>190</b>	<b>+19%</b>	<b>225</b>	<b>+18%</b>
<b>Transport</b>	<b>65</b>	<b>+63%</b>	<b>80</b>	<b>+23%</b>
<b>Pay TV</b>	<b>110</b>	<b>+10%</b>	<b>125</b>	<b>+14%</b>
<b>Others (including corporate ID)</b>	<b>75</b>	<b>+7%</b>	<b>80</b>	<b>+7%</b>
<b>TOTAL</b>	<b>5 320</b>	<b>+18%</b>	<b>6 020</b>	<b>+13%</b>

## (2) Secure Contactless market figures – 2010 and 2011 forecasts

	2010 F	2010 vs 2009 growth %	2011 F	2011 vs 2010 growth %
Telecom	0	-	15	-
Financial services	175	+46%	225	+29%
Government – Healthcare	100	+33%	125	+25%
Transport	65	+63%	80	+23%
Others	30	0%	30	0%
<b>TOTAL</b>	<b>370</b>	<b>+40%</b>	<b>475</b>	<b>+28%</b>

### What is Eurosmart?

*Eurosmart is an international non-profit association located in Brussels and representing the Smart Security Industry for multi-sector applications. Founded in 1995, the association is committed to expanding the world's Smart Secure Devices market, developing Smart Security standards and continuously improving quality and security applications.*

*Members are manufacturers of smart cards, semiconductors, terminals, equipment for smart cards system integrators, application developers and issuers who work into dedicated working groups (communication, marketing, security, electronic identity, new form factors, and prospect emerging markets).*

*Members are largely involved in political and technical initiatives as well as research and development projects at the European and international levels.*

*Eurosmart is acknowledged as representing “the Voice of the Smart Security Industry”.*

*Eurosmart members are companies (Austria Card, FNMT-RCM, Gemalto, Giesecke & Devrient, Infineon Technologies, Inside Contactless, Morpho, NedCard, NXP Semiconductors, Oberthur Technologies, Precise Biometrics, Prooftag, Renesas Electronics, Samsung, STMicroelectronics, Toshiba, Zetes), payment systems (GIE Cartes Bancaires, MasterCard), laboratories (FIME, CEA-LETI), associations (Smart Payment Association, MobiSmart, Danish Biometrics) and independent experts (Jean-Pierre Delesse, Michel Koenig, Bernard Morvant).*

*For more information, please visit [www.eurosmart.com](http://www.eurosmart.com)*

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