




ppro



Eastern Europe and the CIS

Payments and
e-commerce report 2022



E-commerce and payments in Eastern Europe

Based on the data PPRO gathered for Eastern Europe and the Commonwealth of Independent States (CIS), we expected e-commerce volumes in this region to expand by 74% to US\$145 billion in the years between 2021 and 2026.

Unfortunately, the Russian government has introduced a large degree of uncertainty into any long-range forecasts by invading its neighbour Ukraine with a force of over 200,000 troops. Principally, of course, this is a colossal human tragedy. But it's also very bad for business.

Many top outside merchants and brands simply shuttered their Russian e-commerce stores in response to Russia's invasion of Ukraine, because of the impact of sanctions and because continuing to operate in Russia was harming their brand.

On 1 March 2022, the SWIFT platform disconnected leading Russian banks. Visa, Mastercard, American Express and PayPal all followed suit within a week. Russia's central bank has responded by approving the use of cryptocurrency for cross-border payments. But given the volatility of crypto and of the Russian market, that feels like a very risky proposition.

The war and the loss of workers who fled the country, caused a devastating contraction in Ukraine's GDP, estimated by the IMF to be between 30% and 35%. Little wonder then, that between 2021 and 2022, the total value of Ukrainian e-commerce fell by almost 10%.

In the Baltic countries, the e-commerce market is forecast to grow by 83% to a value of US\$7.5 billion. In Lithuania and Latvia, consumers say the most common reason for them to shop online is to find better deals [8]. In Estonia, shoppers say they most like the fact that online shops are never closed.

Romanian e-commerce will increase in value by 123% to US\$24 billion between 2021 and 2026. A recent report found that Romania was the third-largest digital economy — taking in a broad range of online services and products — in Eastern and Central Europe. And this trend — driven by a highly digitally engaged population — is set to continue.

Perhaps the least known market in this report is Kazakhstan. The country's e-commerce market is worth US\$43.2 billion today, a figure that will increase to US\$6 billion by 2026. The average Kazakh spends US\$132 a year with online merchants. Around 40% of e-commerce is completed in a mobile device and 52% of online shoppers have bought something from a merchant based outside Kazakhstan.

Eastern Europe's e-commerce infrastructure

In Eastern Europe and the CIS, just 22% of people have a credit card. This immediately emphasises the importance of supporting alternative payment methods. And, in fact, it's a misnomer to call them "alternative" in this

context. In Eastern Europe, consumers use non-card payment types in anything from 46% to 85% of online payments. They are the norm.

Bank account penetration is higher, at 72%. But even that leaves a substantial percentage of consumers unbanked. And even those who have a bank account aren't using a payment card to shop online. Instead, they're using local e-wallets, bank-transfer apps and other payment methods that they connect to their bank accounts.

This emphasises the importance of having a localised payment strategy for each market in Eastern Europe and the CIS. Consumer trends and preferences are very different from those in other parts of the world and between markets in the region. Even credit cards are not something market entrants can take for granted. In Russia, for instance, almost a third of payment cards are from local issuers. Fail to support these cards at checkout and you miss out on a good chunk of the market.

Logistics in the region varies considerably. Out of the 160 countries in the World Bank Global Logistical Performance Index, the countries in this report rank from 36 (Estonia) to 75th (Russia). Before the war, Russian parcel and logistics capacity related to e-commerce was set to increase by 189% between 2018 and 2024. Whether that holds true now is anyone's guess.

In Ukraine, the postal service and the country's rail network have been working to build a resilient parcel-delivery service, able to withstand the extra stress imposed by the war. All the EU countries, as part of the single market, are relatively well served by parcel and logistics carriers. As ever, the real outlier is Kazakhstan. Eighty-eight percent of cargo is still transported by rail, with road and last-mile delivery services still in the process of being built out.

Internet penetration in this region ranges from 68% in Bulgaria to 98% in Estonia. It's very hard to generalise on the state of connectivity when the standards vary from the super-connected Baltic republics to relative digital laggards such as Bulgaria.

What is worth noting, however, is that this is very much a "mobile first" region. Penetration rates for fixed-line broadband range from 14% up to 37%. Unsurprisingly, some studies in the region have found mobile commerce growing at a rate of 30% a year.

Despite the impact of the war, Eastern Europe and the CIS is a market with a lot going for it. The people are sophisticated, connected and show a willingness to shop online and try new things. Markets in the region show impressive growth rates, both of e-commerce and m-commerce in particular. For merchants with the right offer and the right localisation strategy, the region has much to recommend it.

However, until the war is over and sanctions are lifted, it's hard to recommend any kind of entry into the Russian market. The risks are simply too great and the rewards too uncertain.

Eastern Europe and the CIS

Payment type breakdown

Global	EE & the CIS	
11%	15%	Bank transfers
32%	47%	Card-based payment
4%	9%	Cash-based payment
45%	24%	Wallets
6%	4%	Other

Card scheme breakdown

Global	EE & the CIS	
24%	35%	Visa
14%	40%	Mastercard
2%	0%	American Express
59%	24%	Local schemes
1%	1%	Other

Bulgaria

	Bulgaria	EE & the CIS	World
Population	6.9 m	316.2 m	7,974.9 m
Population 15+	5.9 m	255.1 m	5,967.9 m
GDP (\$US bn)	77.9	2,940	94,045
GDP per capita (\$US)	11,295	9,299	12,804
Banked population (%)	77	72	71
Credit card penetration (%)	16	22	27
Internet penetration (%)	68	76	84
Smartphone penetration (%)	63	62	80
Online population	4.7 m	241.2 m	6,551.1 m

B2C e-commerce market size (\$US bn)	1.3	83.3	5,508.7
E-commerce spending per capita (\$US)	189	339	803
E-commerce as % of total retail	7	12	24
E-commerce spending as % of GDP	1.8	3.0	4.0
E-commerce completed on a mobile device (%)	42	39	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)

1.6	2022
1.9	
2.3	
2.6	
3.0	



E-commerce spending per capita (\$US)

235	2022
287	
341	
396	
452	



E-commerce spending as % of GDP

2.1	2022
2.4	
2.6	
2.9	
3.1	



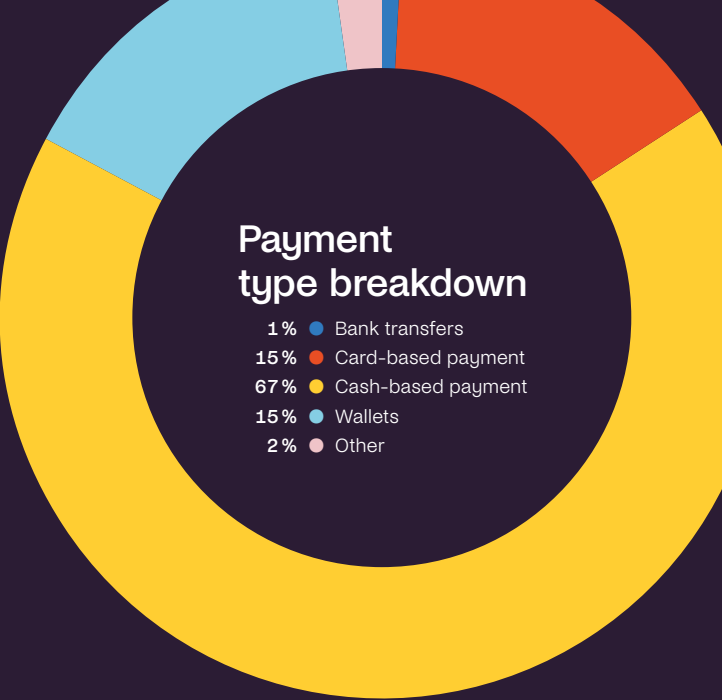
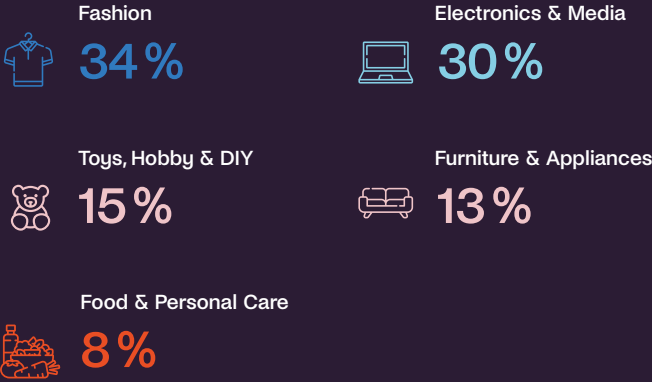
17.6 % e-commerce growth (YOY)

- Bulgarians are turning to contactless payment methods in greater numbers, a survey by Paysafe found. 45% of Bulgarians shop using a debit card and 24% prefer a digital wallet. Cash is still being used, 52% said that they use cash less now than before the Pandemic.
- The Bulgarian government are contemplating introducing a government backed cryptocurrency payment initiative.
- olx.bg was the most popular e-commerce store in Bulgaria in July 2022, followed by bazar.bg.

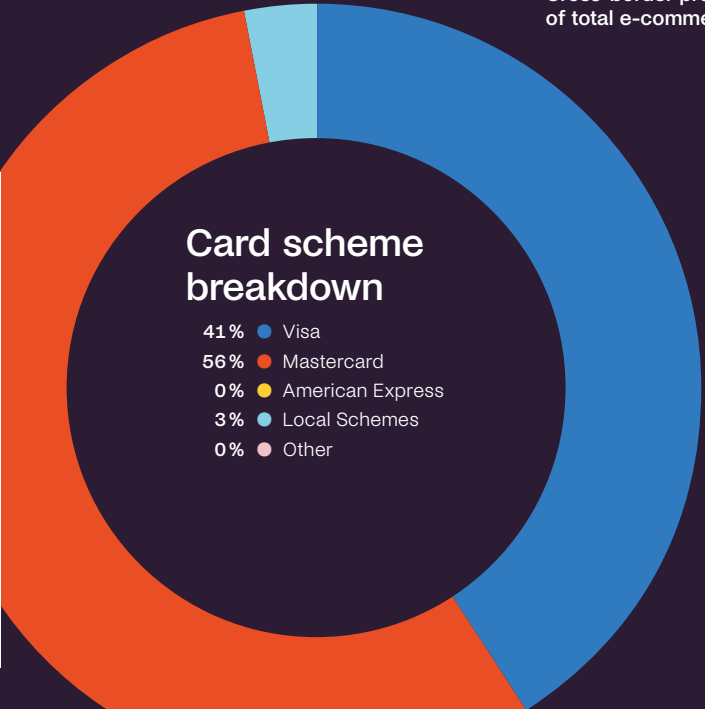
Popular LPMs



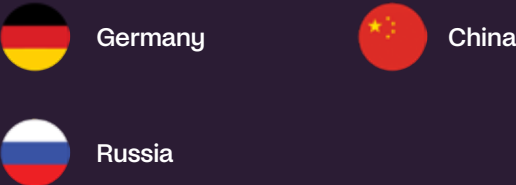
Top e-commerce segments



Cross-border e-commerce



Top cross-border shopping origin markets



Estonia

	Estonia	EE & the CIS	World
Population	1.3 m	316.2 m	7,974.9 m
Population 15+	1.1 m	255.1 m	5,967.9 m
GDP (\$US bn)	36.3	2,940	94,045
GDP per capita (\$US)	27,392	9,299	12,804
Banked population (%)	99	72	71
Credit card penetration (%)	34	22	27
Internet penetration (%)	91	76	84
Smartphone penetration (%)	68	62	80
Online population	1.2 m	241.2 m	6,551.1 m

B2C e-commerce market size (\$US bn)	2.0	83.3	5,508.7
E-commerce spending per capita (\$US)	1,527	339	803
E-commerce as % of total retail	11	12	24
E-commerce spending as % of GDP	5.9	3.0	4.0
E-commerce completed on a mobile device (%)	36	39	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)

2.4	2022
2.8	
3.1	
3.5	
3.8	



E-commerce spending per capita (\$US)

1,804	2022
2,082	
2,357	
2,624	
2,847	



E-commerce spending as % of GDP

6.4	2022
7.0	
7.5	
7.8	
8.1	



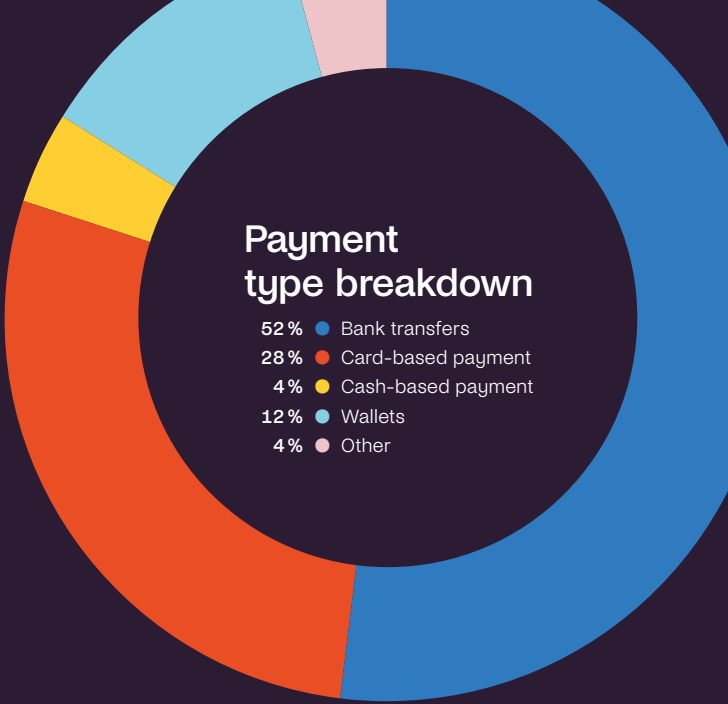
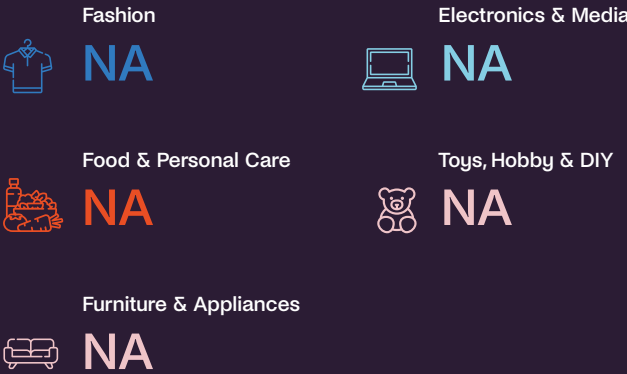
24.9 % e-commerce growth (YOY)

- The number of e-commerce stores increased by almost a third since the Pandemic. There were 6,000 before Covid-19 and in the two years following a further 1,700 have opened.
- According to Eesti Pank, the number of transactions in the last quarter of 2021 was 31% higher than in the same quarter of 2020, with a total turnover of 240 m \$US. Of that 58% of transactions were to local e-merchants, worth 133 m \$US and 107 m \$US going to cross border merchants.
- Inflation in Estonia has reached an eye-watering 23.2%, much higher than the average of 8.9% for the EU.
- delfi.ee is one of the most popular e-commerce stores in Estonia with 12.73 visitors a month.

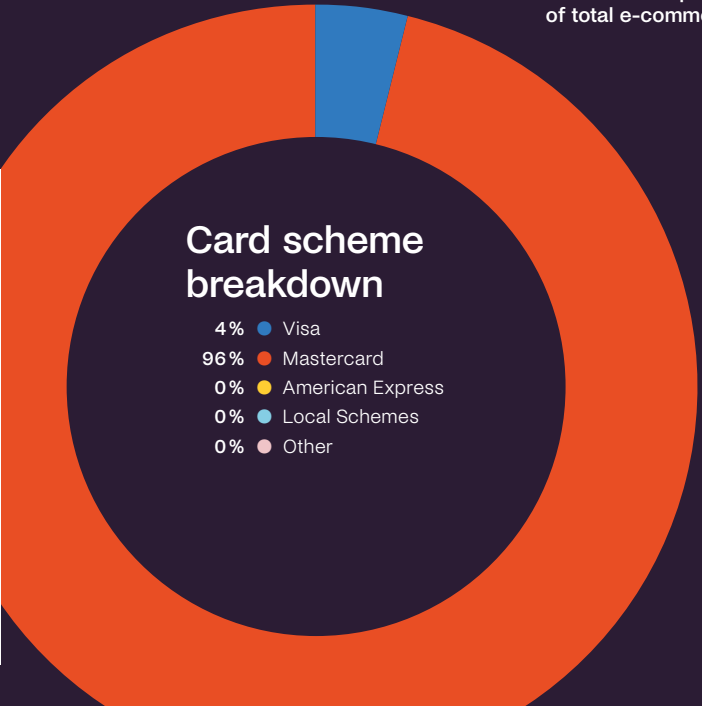
Popular LPMs



Top e-commerce segments



Cross-border e-commerce



Top cross-border shopping origin markets



Kazakhstan

	Kazakhstan	EE & the CIS	World
Population	19.1 m	316.2 m	7,974.9 m
Population 15+	13.6 m	255.1 m	5,967.9 m
GDP (\$US bn)	190.8	2,940	94,045
GDP per capita (\$US)	9,974	9,299	12,804
Banked population (%)	64	72	71
Credit card penetration (%)	23	22	27
Internet penetration (%)	82	76	84
Smartphone penetration (%)	73	62	80
Online population	15.8 m	241.2 m	6,551.1 m

B2C e-commerce market size (\$US bn)	2.5	83.3	5,508.7
E-commerce spending per capita (\$US)	132	339	803
E-commerce as % of total retail	9	12	24
E-commerce spending as % of GDP	1.3	3.0	4.0
E-commerce completed on a mobile device (%)	40	39	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)

3.2	2022
3.9	
4.7	
5.4	
6.0	



E-commerce spending per capita (\$US)

167	2022
202	
237	
273	
297	



E-commerce spending as % of GDP

1.6	2022
1.7	
1.9	
2.1	
2.2	



25.5 % e-commerce growth (YOY)

- Only 14.7% of the Kazakhstan population have shopped online over the past year.
- Almost one-fifth of online sales in Kazakhstan is carried out on a mobile phone, of which in 2020 there were 4.3 million units.
- Like many other countries, Kazakhstan has begun to charge VAT to foreign sellers of products and services to buyers inside the country. The new tax came into force in January 2022.
- The most popular e-commerce websites in Kazakhstan are olx.kz, aliexpress.com and wildberries.kz.

Popular LPMs



Top e-commerce segments

Electronics & Media



NA

Fashion



NA

Food & Personal Care



NA

Toys, Hobby & DIY



NA

Furniture & Appliances



NA

Payment type breakdown

- 24 % Bank transfers
- 24 % Card-based payment
- 46 % Cash-based payment
- 1 % Wallets
- 5 % Other

Cross-border e-commerce



NA

Cross-border proportion of total e-commerce



NA

Value of cross-border e-commerce (\$US bn)



52 %

Online shoppers who have shopped cross-border

Card scheme breakdown

- 45 % Visa
- 54 % Mastercard
- 0 % American Express
- 0 % Local Schemes
- 1 % Other

Top cross-border shopping origin markets



Russia



China



Germany

Latvia

	Latvia	EE & the CIS	World
Population	1.9 m	316.2 m	7,974.9 m
Population 15+	1.6 m	255.1 m	5,967.9 m
GDP (\$US bn)	37.2	2,940	94,045
GDP per capita (\$US)	19,926	9,299	12,804
Banked population (%)	94	72	71
Credit card penetration (%)	21	22	27
Internet penetration (%)	89	76	84
Smartphone penetration (%)	74	62	80
Online population	1.7 m	241.2 m	6,551.1 m

B2C e-commerce market size (\$US bn)	0.5	83.3	5,508.7
E-commerce spending per capita (\$US)	286	339	803
E-commerce as % of total retail	9	12	24
E-commerce spending as % of GDP	1.5	3.0	4.0
E-commerce completed on a mobile device (%)	39	39	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)		E-commerce spending per capita (\$US)		E-commerce spending as % of GDP	
0.7	2022	355	2022	1.7	2022
0.8		430		1.9	
0.9		506		2.1	
1.0		580		2.3	
1.1		644		2.4	

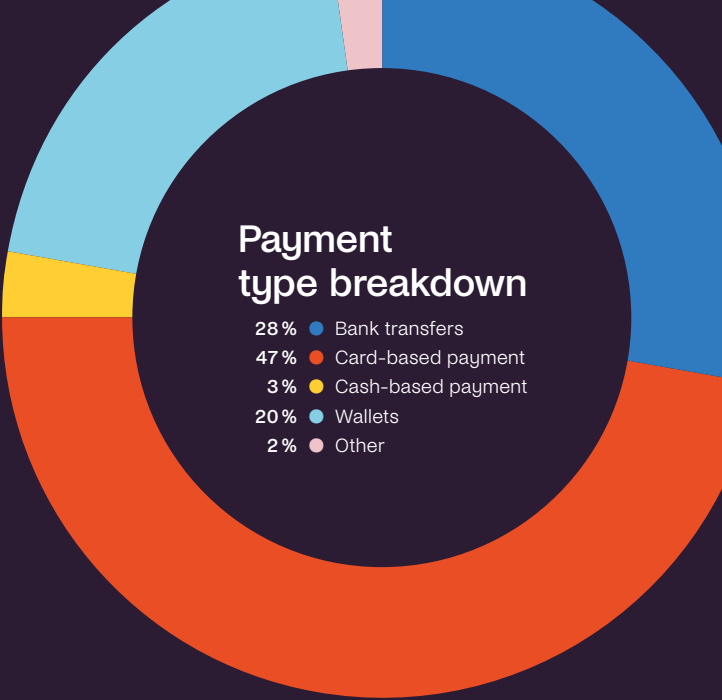
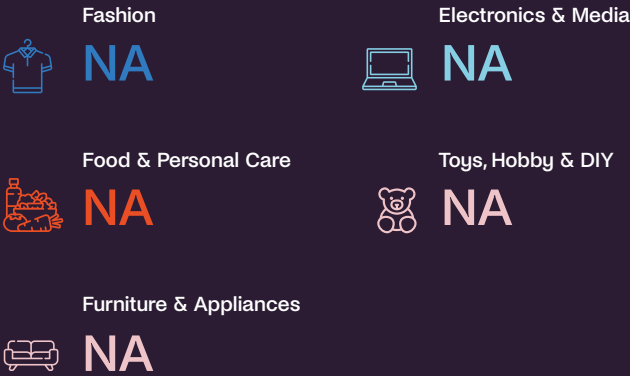
21.2 % e-commerce growth (YOY)

- Internet connectivity increased in the country from 86% in 2018 to 89% in 2021, 74.32% of internet users accessed it via their smartphones, an increase of almost 20% on 2018.
- The number and value of non-cash payments carried out by Latvian payment service providers in 2021 was up by 6.2% and 21.5% respectively on 2020 figures. This is worth 579.8 m \$US per day over 1.6 m transactions.
- According to the Bank of Latvia, the most commonly used non-cash payment methods are cards (59.7%) and credit conversion (38.8%).
- The most popular e-commerce website in Latvia in July 2022 with 8.04 m visits.

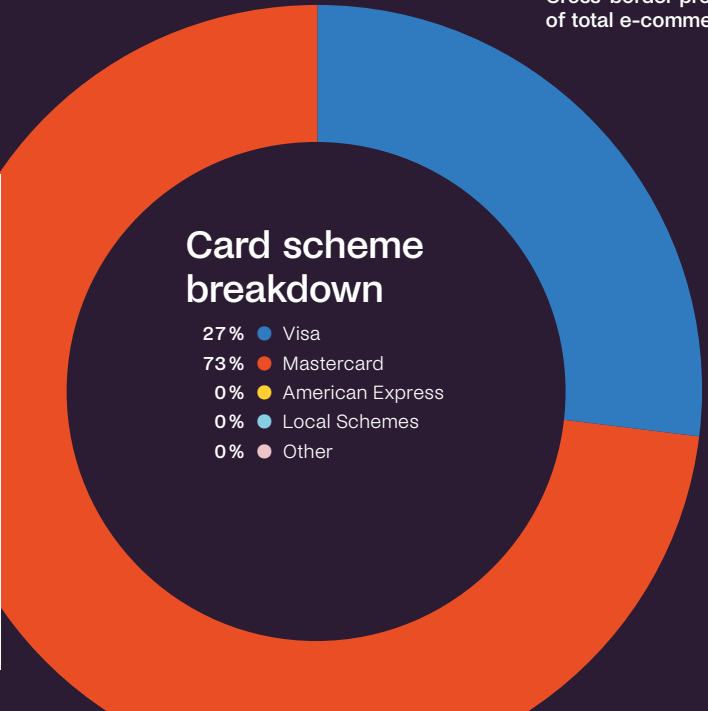
Popular LPMs

paySera Wallet

Top e-commerce segments



Cross-border e-commerce



Top cross-border shopping origin markets



Lithuania

	Lithuania	EE & the CIS	World
Population	2.7 m	316.2 m	7,974.9 m
Population 15+	2.2 m	255.1 m	5,967.9 m
GDP (\$US bn)	62.6	2,940	94,045
GDP per capita (\$US)	23,273	9,299	12,804
Banked population (%)	88	72	71
Credit card penetration (%)	19	22	27
Internet penetration (%)	82	76	84
Smartphone penetration (%)	63	62	80
Online population	2.2 m	241.2 m	6,551.1 m

B2C e-commerce market size (\$US bn)	1.6	83.3	5,508.7
E-commerce spending per capita (\$US)	585	339	803
E-commerce as % of total retail	8	12	24
E-commerce spending as % of GDP	2.8	3.0	4.0
E-commerce completed on a mobile device (%)	40	39	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)		E-commerce spending per capita (\$US)		E-commerce spending as % of GDP	
1.8	2022	671	2022	3.0	2022
2.1		756		3.2	
2.3		841		3.3	
2.5		925		3.5	
2.6		998		3.6	

12.9 %^{e-commerce growth (YOY)}

- The number of shoppers shopping cross border into Lithuania remains very small but is increasing. According to the international delivery company Venipak, only 2% of the parcels they dealt with in 2020 were going abroad, in 2021 that figure had increased to 3.3%.
- A change in law at the beginning of 2022 meant that wages and other employment related benefits could no longer be paid in cash but had to be transferred to the employee's bank account, with the exception of seafarers.
- The most popular Lithuanian e-commerce site in July 2022 was 15min.lt with 12.31 m visits.

Popular LPMs

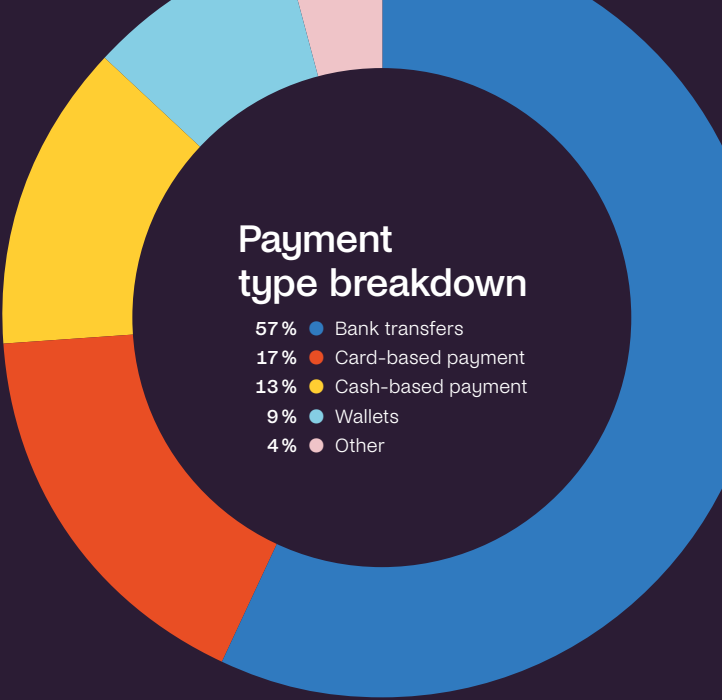
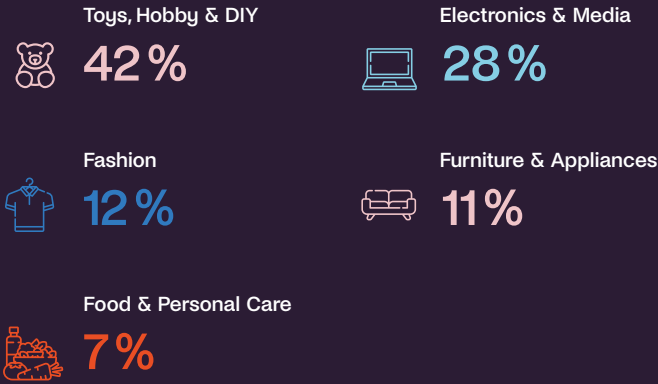
MAXIMA

PayPost

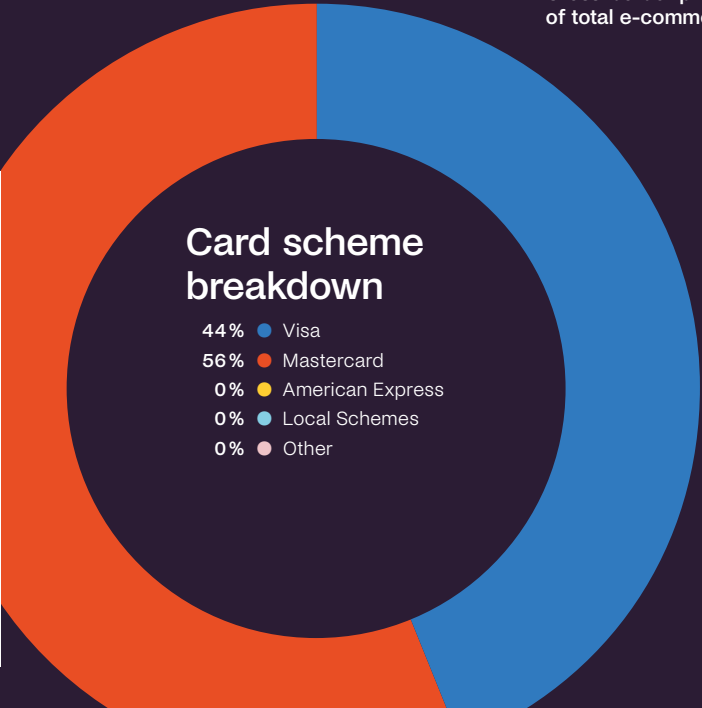
paysafecard

Paysafe:cash

Top e-commerce segments



Cross-border e-commerce



Top cross-border shopping origin markets



Romania

	Romania	EE & the CIS	World
Population	19.1 m	316.2 m	7,974.9 m
Population 15+	16.2 m	255.1 m	5,967.9 m
GDP (\$US bn)	287.0	2,940	94,045
GDP per capita (\$US)	15,004	9,299	12,804
Banked population (%)	63	72	71
Credit card penetration (%)	14	22	27
Internet penetration (%)	71	76	84
Smartphone penetration (%)	64	62	80
Online population	13.5 m	241.2 m	6,551.1 m

B2C e-commerce market size (\$US bn)	10.8	83.3	5,508.7
E-commerce spending per capita (\$US)	564	339	803
E-commerce as % of total retail	11	12	24
E-commerce spending as % of GDP	4.0	3.0	4.0
E-commerce completed on a mobile device (%)	42	39	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)

13.1	2022
15.6	
18.3	
21.1	
24.1	



E-commerce spending per capita (\$US)

690	2022
829	
982	
1,143	
1,316	



E-commerce spending as % of GDP

4.5	2022
5.0	
5.5	
6.0	
6.5	



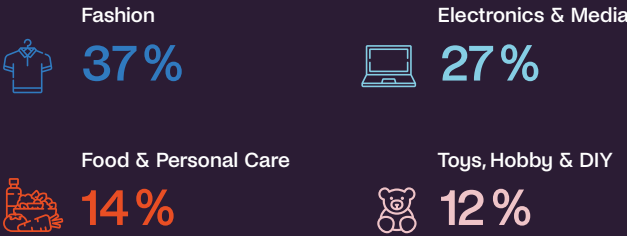
12.8 % e-commerce growth (YOY)

- When asked why Romanians shop from abroad 85% said that the prices were better, 24% that the products weren't available in Romania, and 15% trusted cross border stores more than Romanian.
- The value and number of card transactions increased by 60% in June 2021 compared to the same period in 2019. The number of transactions in June 2021 was up 61% to 327 million, and their value was 8.1 bn \$US.

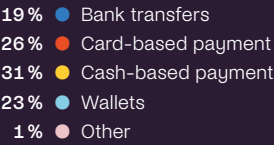
Popular LPMs



Top e-commerce segments



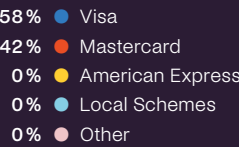
Payment type breakdown



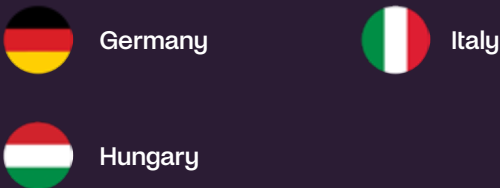
Cross-border e-commerce



Card scheme breakdown



Top cross-border shopping origin markets



Russia

	Russia	EE & the CIS	World
Population	145.9 m	316.2 m	7,974.9 m
Population 15+	119.1 m	255.1 m	5,967.9 m
GDP (\$US bn)	1,703.0	2,940	94,045
GDP per capita (\$US)	11,671	9,299	12,804
Banked population (%)	81	72	71
Credit card penetration (%)	23	22	27
Internet penetration (%)	80	76	84
Smartphone penetration (%)	75	62	80
Online population	117.1 m	241.2 m	6,551.1 m

B2C e-commerce market size (\$US bn)	59.5	83.3	5,508.7
E-commerce spending per capita (\$US)	413	339	803
E-commerce as % of total retail	12	12	24
E-commerce spending as % of GDP	3.8	3.0	4.0
E-commerce completed on a mobile device (%)	39	39	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)

66.0	2022
74.6	
81.8	
89.1	
96.4	



E-commerce spending per capita (\$US)

460	2022
520	
572	
624	
677	



E-commerce spending as % of GDP

4.0	2022
4.3	
4.5	
4.7	
4.9	



29.9 % e-commerce growth (YOY)

- E-commerce is booming in Russia following the invasion of Ukraine and the sanctions placed against the country. Ozon, one of Russia's top e-commerce companies, has posted a 73% increase in revenue for the first half of 2022, but is also suffering a higher level of losses at 19%.
- A study carried out by Vox showed that Russian cross border e-commerce suffered a significant drop following the onset of sanctions. Imports dropped from 1.59 m \$US daily to 586,300 \$US.
- The Russian Ministry for Economic Development have stated that Russian cross border e-commerce in April 2022 dropped by 30-35% compared to the same month in 2021.
- Russia has been cut off from the international payment system Swift; Mastercard, Visa and American Express no longer process any international payments from Russia, and PayPal have put a halt on all Russian accounts.

Popular LPMs



Top e-commerce segments

Electronics & Media



30 %

Fashion



24 %

Toys, Hobby & DIY



19 %

Furniture & Appliances



14 %

Food & Personal Care



13 %

Payment type breakdown

- 13 % Bank transfers
- 54 % Card-based payment
- 3 % Cash-based payment
- 25 % Wallets
- 5 % Other

Cross-border e-commerce



29 %

Cross-border proportion of total e-commerce



17.1

Value of cross-border e-commerce (\$US bn)



68 %

Online shoppers who have shopped cross-border

Card scheme breakdown

- 34 % Visa
- 37 % Mastercard
- 0 % American Express
- 27 % Local Schemes
- 2 % Other

Top cross-border shopping origin markets



China 69 %



US 17 %



Germany 8 %

Ukraine

	Ukraine	EE & the CIS	World
Population	43.5 m	316.2 m	7,974.9 m
Population 15+	36.5 m	255.1 m	5,967.9 m
GDP (\$US bn)	181.0	2,940	94,045
GDP per capita (\$US)	4,164	9,299	12,804
Banked population (%)	68	72	71
Credit card penetration (%)	31	22	27
Internet penetration (%)	71	76	84
Smartphone penetration (%)	66	62	80
Online population	30.9 m	241.2 m	6,551.1 m

B2C e-commerce market size (\$US bn)	5.1	83.3	5,508.7
E-commerce spending per capita (\$US)	115	339	803
E-commerce as % of total retail	11	12	24
E-commerce spending as % of GDP	2.8	3.0	4.0
E-commerce completed on a mobile device (%)	43	39	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)

4.6	2022
5.0	
5.7	
6.8	
7.6	



E-commerce spending per capita (\$US)

105	2022
113	
132	
158	
179	



E-commerce spending as % of GDP

2.2	2022
2.2	
2.3	
2.5	
2.6	



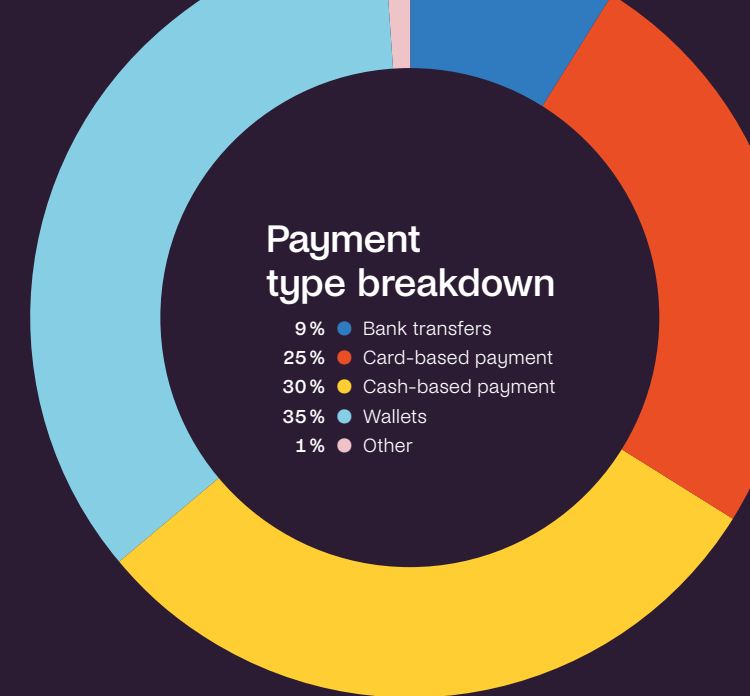
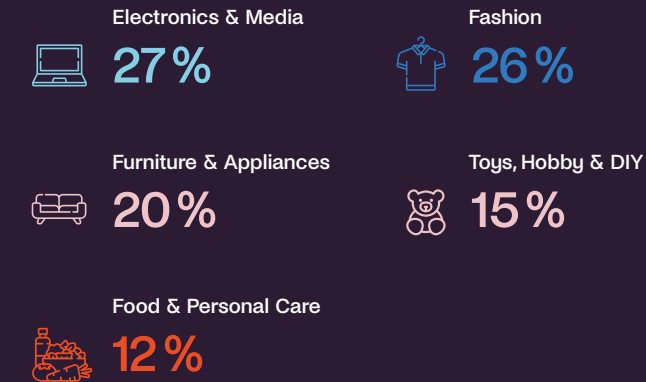
27.0 % e-commerce growth (YOY)

- Ukrainian e-commerce was expanding in 2020 and 2021, however, it has been hit badly by the invasion by Russia – down by 87% in the month following the incursion with 73% reduction in the number of transactions.
- Despite that, there has been one sector that has grown – the Arts and Entertainment section has expanded by 4% because of streaming services.
- The Polish and Ukrainian postal services have signed a memorandum of cooperation over the invasion of Ukraine. The Polish postal service, Poczta Polska has taken over the country's international postal traffic.
- The most popular e-commerce website in Ukraine in July 2022 is olx.ua with 74.23 m visits.

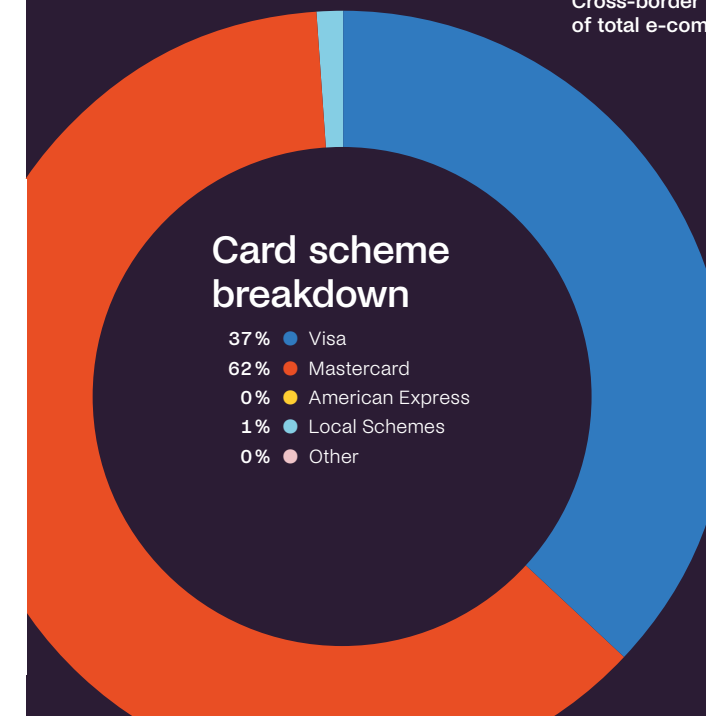
Popular LPMs



Top e-commerce segments



Cross-border e-commerce



Top cross-border shopping origin markets





Launching payment methods can be costly and complex. Unless you partner with a pro.

We globalise payment platforms for businesses like yours so you can offer more choice at the checkout and boost cross-border sales.

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