



# FUEL CARDS: FACTS & FIGURES

FEBRUARY 2021

## WHAT ARE FUEL CARDS?

A fuel card is a transaction authorisation card, which can be pre or post-paid.

Fuel cards are used for the authorisation of the sale and purchase of goods and services related to mobility on the road, such as refuelling, vehicle servicing, maintenance, parking, tolls etc. They can be used to purchase traditional fuels, but also alternative fuels, and electricity for electric vehicle recharging, and can be combined with other transport modes such as trains or ferries.

Fuel cards are mainly used by transport companies, for fleets. It is therefore a B2B (Business to Business) contractual relationship.

### — Fuel cards can be:

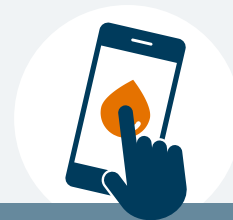
- **Branded**, when they can be used in a single fuel station network;
- **Merchant**, when they rely on partnerships between fuel suppliers and fuel card issuers.

## DIFFERENT TYPES

The term “fuel cards” should not be interpreted strictly in its material sense (plastic card), but refers to several instruments which allow customers to initiate payments:



**CARDS**  
including contactless cards



**MOBILE APPS**



**ON-BOARD UNITS**

# BENEFITS FOR CUSTOMERS

- 
**Security**  
 Fuel cards make it easy for companies to control their fuel budget, reducing frauds, which can have a massive drain on the company's expenses.
- 
**Commercial discounts**  
 Fuel cards and related loyalty programmes give access to points/rewards and discounts, which translate into financial savings.
- 
**Reporting**  
 Fleet cards enable fleet owners to receive reports helping them to monitor and track all mobility-related expenses.
- 
**No currency conversion**  
 All mobility-related transactions across Europe are paid in one currency.
- 
**Easy accounting**  
 All filling and charging processes performed with fuel cards are billed in a single monthly invoice, offering a clear and transparent list of all transactions in different stations, and facilitating tax collection and potential tax refund requests.
- 
**Cash flow facility**  
 In a post-paid model companies pay for fuel after goods are delivered.
- 
**Productivity**  
 The data collected help commercial fleet operators maximise efficiency and boost productivity.

## AN EVOLVING BUSINESS

As cashless transactions and cash-flow optimisation have become more prominent, the fuel retail sector has recently witnessed a significant increase of the fuel sales authorised with fuel cards

Overall, the European fuel card market size was valued at €221,570 million in 2017, and is projected to reach €322,598 million by 2025<sup>1</sup>. Nevertheless, the fuel card segment remains very small in comparison with usual payment solutions.

A balanced mix of large and small companies, typically family businesses active on regional markets, operate in the fuel cards business.

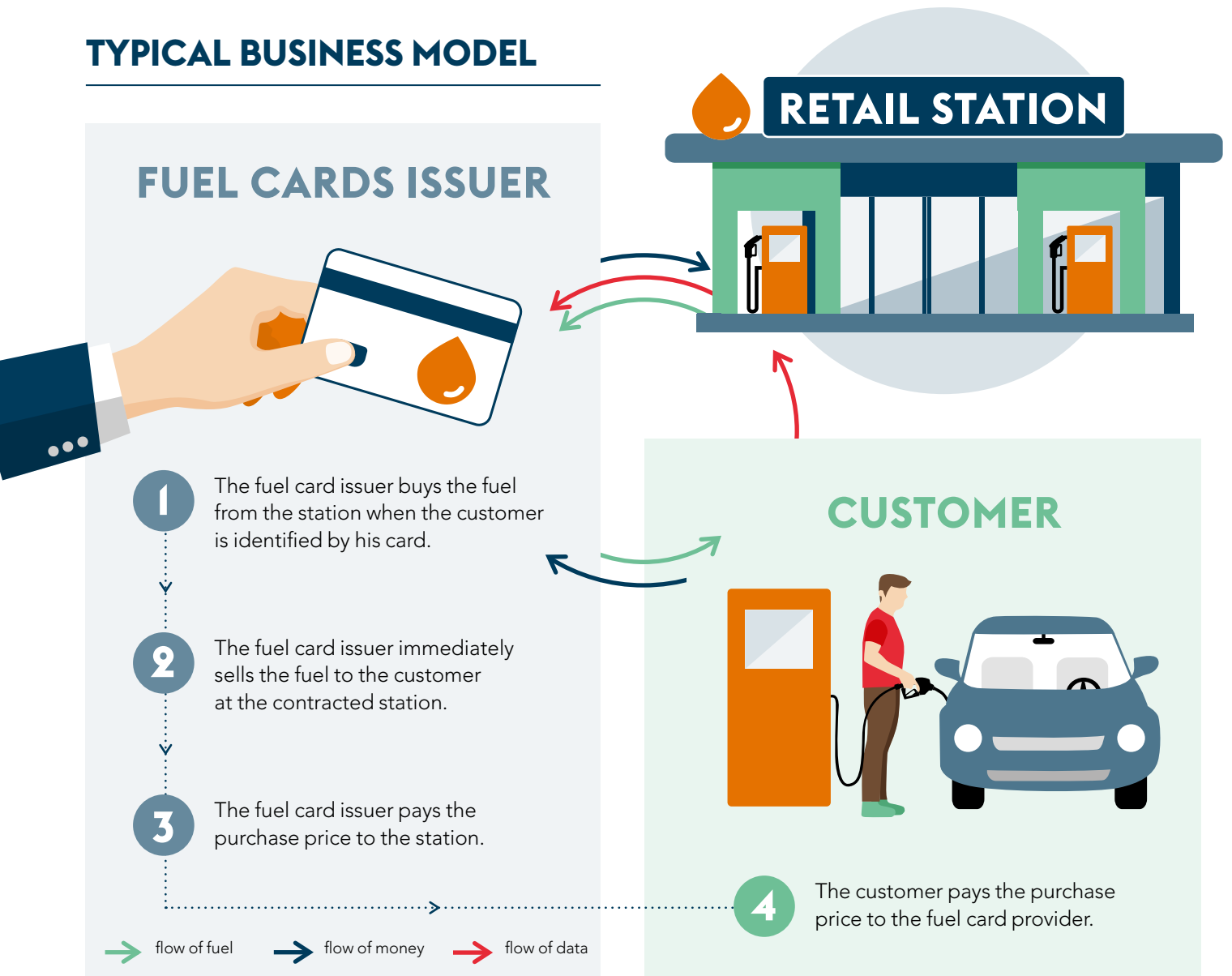
The fuel retail market is changing rapidly, with a diversification of the type of fuels and energies as well as the services provided at the stations. Fuel cards have therefore adapted, to suit evolving customer needs, covering sales of electricity and alternative fuels, and offering a smoother digital experience.

EUROPEAN FUEL CARD MARKET



<sup>1</sup> <https://www.alliedmarketresearch.com/europe-fuel-card-market>

## TYPICAL BUSINESS MODEL



— In practice, this model can divert slightly depending on specific contractual situations, e.g. :

- Retail station and fuel card issuer can be the same person;
- Fuel card issuer may have own fuel stored at the retail station.

## IMPLICATIONS

### — The fuel card issuer:

- Needs to meet all requirements for the sale of fuel;
- Is fully responsible towards the customer for the sale of fuel;
- Is not responsible for the retail station operation;
- Pays to the retail station the price for the fuel irrespective of whether the fuel card issuer collects the money from the customer or not, hence bearing the debt risk;
- Buys the fuel from the retail station and immediately resells it to the customer when using the card. The card therefore initiates the fuel supply chain.

## LEGAL & REGULATORY IMPLICATIONS

Given the complexity of the business model and the variety of the operating setups, there is currently no specific legislation regulating fuel cards themselves, which are a unique authorisation system. On the other hand, fuel card issuers require licenses as any other fuel seller, and are subjected to all relevant regulations e.g. on data protection, fuel quality.

### — Fuel cards do not show typical features of payment instruments of payment services regulations.

Fuel cards do not initiate transfer of funds like regular payment cards, but rather initiate the purchase & sale transactions within the supply chain.

However, with fuel cards considered as payment instruments according to the Payment Services Directive (PSD2), they are naturally eligible to both:

- The “limited network” exemption, as the use of fuel cards is limited to the fuel stations/partners of the fuel card issuer, which are directly linked by a commercial agreement, with a single payment brand at the points of sale, appearing on the card;
- The “very limited range of goods or services” exemption, as fuel cards only allow the purchase of vehicle-related goods and services such as fuels, lubricants, additives, accessories, tyres, cleaning services, vehicle repairs as well as tolls and parking fees, to allow mobility on the road combined with train or ferries.

### — Fuel cards contribute to creating a fast, secure and reliable model of operation, easing governments fuel tax collection and fraud repression initiatives.

## KEY TAKEAWAYS

- An evolving business;
- Bringing many benefits to customers but also to public authorities for tax collection and fraud repression;
- Current model works effectively as flexibility is needed in light of the diversity of operating setups: there is no one-size-fits-all;
- Fuel cards are unique and cannot be considered as a typical payment service;
- Need for regulatory harmonisation at EU level to facilitate cross-border activities.

### — ABOUT UPEI

UPEI represents nearly 2,000 European importers and wholesale/retail distributors of energy for the transport and heating sectors, supplying Europe’s customers, independently of the major oil companies and energy producers.

Independent suppliers, covering more than a third of Europe’s demand, play a crucial role in an evolving market by bringing competition which is vital to the economy. Their independence enables them to respond rapidly to changes in terms of market structure, products and services, contributing to security of supply on a local, regional and national level while embracing new, cost effective solutions which further promote energy efficiency and reduce pollutants and emissions.

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