



PRESS RELEASE

London, 21st January 2021

Changing consumer behaviour will drive growth in card spending post-COVID-19

Economic pressures hindered growth in 2020 but underlying trends show positive outlook for the payment cards sector

Global payment card spending reaches \$35 trillion worldwide

RBR's *Global Payment Cards Data and Forecasts to 2025* report highlights an ongoing movement away from cash, greater use of contactless and increased card issuance. It shows that \$35 trillion was spent on payment cards in 2019, an increase of 13% on the previous year, with China by far the largest payment card market; China now accounts for almost half of global card expenditure.

Emerging markets benefit from financial inclusion initiatives

Card spending in emerging economies is growing rapidly on the back of increased card issuance; Nigeria, Egypt and Vietnam stand out, in particular, but financial inclusion measures in numerous countries mean an increasing number of debit cards are being issued as more people enter the banking system.

There are other factors at play too. In Kazakhstan, for example, where card spending doubled, there was a marked acceleration of online shopping. E-commerce represents an incredible 69% of the country's card payments compared to just 19% globally.

Credit cards have untapped potential in China

Spending on debit cards grew 16% in 2019, and with such cards increasingly used for everyday spending they account for the largest share of worldwide expenditure. While debit card spending is well established in most developed payments markets, there are regions where debit has plenty of room for expansion, notably the Middle East and Africa, and financial inclusion measures and the movement away from cash will continue to power growth.

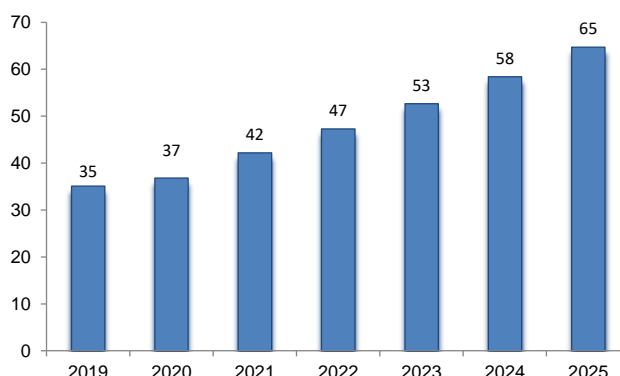
Credit and prepaid cards each saw a 10% increase in spending, with prepaid benefiting from the innovation in the fintech sector as well as its increasing use for payroll, e-commerce and government disbursements. In Latin America, prepaid cards are gaining momentum and are expected to be the fastest growing card type in terms of spend over the next five years.

Overall, however, of all the card types, spending growth over the next five years will be strongest for credit cards as a result of untapped potential in China. While QR code payments via WeChatPay and Alipay have exploded in China in recent years, the credit card market has been quietly gaining momentum. An increasing number of Chinese consumers are opting to use credit cards so they can pay for big ticket items by instalments that they would otherwise not be able to afford.

5% growth in card spending in 2020 is well down on recent years

COVID-19 has had a mixed impact on the payment cards market. Although payment cards have benefited from some of the prevailing trends of the crisis, such as the huge increase in contactless payments, the general movement away from cash due to hygiene concerns and the shift to online shopping, this has been counteracted by the economic shock of the pandemic. Taking all these factors into account, RBR is estimating card expenditure to have increased just 5% last year, well down on the double digit rises of recent years.

Purchase Volume Worldwide, 2019-2025 (US\$ trillion)



Source: *Global Payment Cards Data and Forecasts to 2025 (RBR)*

As COVID-19 eventually subsides, the increased consumer preference for card payments at POS seen during the pandemic will continue. Similarly, the rise of e-commerce, a long-term trend accelerated by the pandemic, will be instrumental in driving further payment card spend. RBR's Daniel Dawson, who led the research, said: "*Ongoing changes in consumer behaviour worldwide, and the success of financial inclusion measures in developing countries mean there are significant opportunities for further growth in card spending as we look to a post-pandemic future*".

Notes to editors

These figures and insights are based on RBR's study, *Global Payment Cards Data and Forecasts to 2025*. For more information about this report or to discuss the findings in more detail please email Daniel Dawson (daniel.dawson@rbrlondon.com) or call +44 20 8831 7310.

RBR is a strategic research and consulting firm with three decades of experience in banking and retail automation, cards and payments. It assists its clients by providing independent advice and intelligence through published reports, consulting, newsletters and events.

The information and data within this press release are the copyright of RBR, and may only be quoted with appropriate attribution to RBR. The information is provided free of charge and may not be resold.