



PRESS RELEASE

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Commercial card spending will see strong recovery post-COVID-19

Despite being hit hard by travel restrictions in 2020, the long-term future for the commercial card sector is bright, with spending forecast to hit new highs by 2022

More than half of commercial card expenditure is on charge cards

European commercial card spending rose by 11% in 2019 to €366 billion and accounted for 8% of the total value of card payments according to RBR's 19-country *Commercial Cards in Europe 2021* study.

Charge cards, where transactions must be paid for in full, typically monthly, represent 57% of commercial card expenditure in the region. Products held by large businesses, such as Corporate, Lodge and Purchasing cards, tend to be issued as charge cards. Commercial credit cards are not as popular as their consumer equivalents, making up 15% of European commercial card spending.

Debit card spending continues to grow in spite of the pandemic

The RBR study reveals that the value of commercial debit and prepaid card payments grew much more quickly than that of pay-later (charge and credit) cards, partly because eligibility requirements tend to be less stringent. In many countries the debit and prepaid sectors are under-developed, and together they account for just 28% of regional commercial card expenditure.

RBR's research shows that in 2020 commercial pay-later cards bore the brunt of the travel restrictions imposed as a result of COVID-19, as such cards are frequently used for travel. Products such as Corporate and Lodge cards, which are most associated with business travel were the worst affected. In contrast, debit and prepaid cards tend to be used for more everyday purposes and were therefore impacted less. Commercial debit card spending bucked the overall trend and actually grew in 2020.

Commercial card spending will reach record levels by 2022

The longer-term prospects for commercial cards are positive as they remain one of the most underexploited opportunities in the payments industry, with unregulated interchange fees in most countries. Company policies to mandate their use (in France, for example), as well as the rollout of contactless commercial cards and greater tokenisation of such cards in mobile wallets, will boost spending levels.

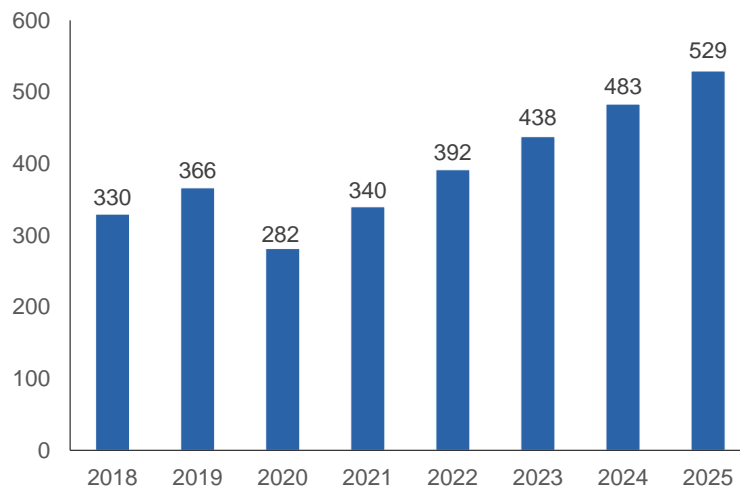
Strong growth in debit and prepaid card use will also boost commercial cards, especially among SMEs where such cards are particularly prevalent. Many SMEs are yet to use commercial cards, but issuers in multiple countries, for example in Russia, are increasing their focus on the SME segment.

More generally, commercial cards are attractive to both employees and companies. For the former, they improve convenience as employees avoid the need to fill in expenses claim forms, while the ability for employers to monitor and control expenditure and streamline accounting processes is even more compelling.

Following significantly reduced spending in 2020, RBR predicts that European commercial card expenditure will bounce back strongly in 2021 as travel restrictions are progressively lifted, and reach record levels by 2022. RBR forecasts commercial card expenditure to rise to €529 billion in 2025, 45% higher than in 2019.

Technology advancements will enhance appeal of commercial cards

Although the short term will remain challenging for the commercial cards sector, continual improvements in technology will enhance the appeal of commercial cards to businesses in the longer term. RBR's Chris Herbert commented: "*Advancements in reporting tools that monitor spending will be a major benefit for the commercial card sector. In addition, growing issuance of virtual cards will bring added control and security to payments, and reduce the need for companies to provide physical plastic cards to travelling employees*".

European commercial card expenditure, 2018-2025 (€ billion)

Source: *Commercial Cards in Europe 2021* (RBR)

Notes to editors

These figures and insights are based on RBR's study, *Commercial Cards in Europe 2021*. For more information about this report or to discuss the findings in more detail please email Chris Herbert (chris.herbert@rbrlondon.com) or phone +44 20 8831 7305.

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