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Card spending rises as COVID-19 encourages new spending habits

The credit card sector was hit hard by COVID-19 lockdowns and the economic downturn, but increased spending on debit cards as consumers shunned cash drove overall growth in card expenditure

Concerns about COVID-19 saw consumers turn to contactless

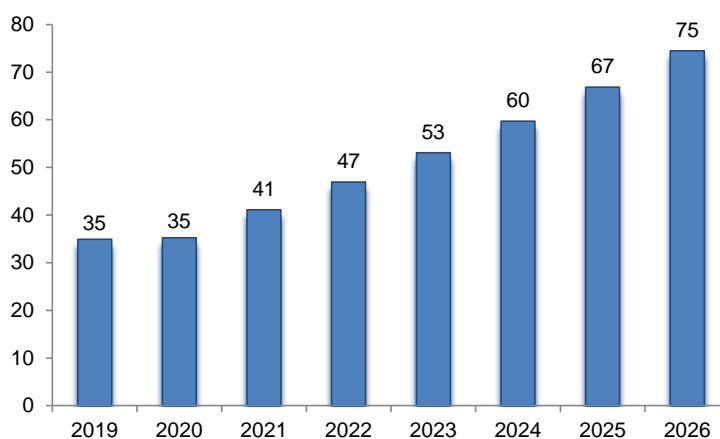
New research shows that, despite a decline in the amount spent on credit card purchases last year as a result of the global pandemic, overall spending continued to grow. Although this growth was very slow compared to recent years, consumers continued to shift their purchases from cash to debit cards. RBR's *Global Payment Cards Data and Forecasts to 2026* report shows that while credit card expenditure declined by 8%, spending on debit cards increased by 6%, leading to overall growth of 1%. Growth in debit spending was especially high in Japan, driven by increased issuance of international debit cards, which, slightly surprisingly, are far more widely accepted within the country than domestic debit cards.

The decline in credit card spending was largely a result of a lack of cross-border and travel and entertainment purchases, which are more common among credit cards. At the same time, concerns about COVID-19 saw consumers turn to debit cards – and particularly contactless cards – at the expense of cash.

e-commerce spending boosted by lockdowns as consumers forced to stay at home

While consumers increasingly made the choice to use cards when they had the opportunity to visit retail outlets in person, last year's global lockdowns also provided a boost for e-commerce. Not only did this lead to an increase in online grocery shopping, enforced time at home also saw more spending on streaming services such as Netflix. e-commerce was particularly strong in Greece, where consumers are increasingly supporting domestic e-commerce merchants. The study shows that, in 2020, e-commerce accounted for 22% of total global expenditure, compared to 16% in 2019.

Purchase Volume Worldwide, 2019-2026 (US\$ trillion)



Source: *Global Payment Cards Data and Forecasts to 2026 (RBR)*

Significant bounceback as RBR forecasts 17% growth in card expenditure in 2021

As economies around the world begin to recover and retail outlets return to a more normal situation, growth in spending will continue. RBR forecasts growth of 17% in card expenditure in 2021 as a significant bounceback is expected. From 2022 onwards, growth will return to similar levels to those seen before the pandemic.

Daniel Dawson, who led the research for RBR, said that some of the new spending behaviour witnessed in 2020 will remain for the long term: *"Cardholders across the world changed their habits as a result of the pandemic, embracing contactless and e-commerce; now that this genie is out of the bottle, it is unlikely to go back in"*.



PRESS RELEASE

Notes to editors

These figures and insights are based on RBR's study, *Global Payment Cards Data and Forecasts to 2026*. 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.

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