



UK Plastic Cards 2012

Examines in detail trends in the use of payment cards
in the UK by businesses and individuals



Plastic cards are the most popular non-cash payment method in the UK. They allow cardholders to pay for goods and services easily and conveniently, and provide a secure alternative to cash and cheques. Today, most consumers pay for many of their purchases with a plastic card and most retailers take plastic, as do an increasing number of professional service providers. The majority of purchases on the internet are made using plastic cards.

Plastic cards are issued by a variety of organisations such as banks, building societies and other financial services companies. The types of cards issued and their level of functionality vary from card issuer to card issuer and between the different card schemes under which the cards are issued. The major plastic card schemes include American Express, Diners Club, JCB International, Maestro, MasterCard and Visa. These schemes are the operators of the payment card systems that govern transaction processes and transmission of money through the card networks.

This report looks in detail at how plastic cards are held and used, and includes summary tables on cards in issue and the number and value of transactions.

THE UKCARDS ASSOCIATION

The UK Cards Association is the leading trade association for the card payments industry in the UK. With a membership that includes all major credit, debit and charge card issuers, and card payment acquirers, the Association contributes to the development of legislative and regulatory frameworks; develops industry best practice; safeguards the integrity of card payments by tackling card fraud; develops industry standards; and co-ordinates other industry-wide initiatives across matters relating to both card payments and the provision of credit.

UK Plastic Cards 2012 brings together information on how many cards we have and what we spend our money on, both in the high street and online. It also includes details of personal plastic card spending habits, and forecasts how our use of plastic is expected to change over the next ten years.

You may also be interested in a series of publications from the Payments Council including *UK Payment Statistics*, *UK Cash & Cash Machines*, *UK Automated Payments*, *UK Consumer Payments* and *UK Cheques*.

Colleagues working on behalf of The UK Cards Association will be happy to help if you have any queries regarding this publication.

For queries about the data in this publication please contact Information Management:

Denise Heriot/David Obuwa
Tel 020 3217 8223/8421
Email inform@ukpayments.org.uk

For member enquiries relating to users and holders of cards, and forecasts, please contact Policy and Markets:

Andrew Maclachlan
Tel 020 3217 8302
Email pmr@ukpayments.org.uk

For membership information or further details about The UK Cards Association please contact:

Tel 020 3217 8200
Email support@ukcards.org.uk
www.theukcardsassociation.org.uk

Table of Contents

1	Overview of the UK Plastic Card Market	5	5	Card Acceptance and Internet Use	40
1.1	Card issuers and acquirers	5	5.1	Card acceptance	40
1.2	Card transactions	5	5.2	Internet card payments	40
1.3	Cards in issue	6			
1.4	The future	6	6	Plastic Card Fraud	42
	Key Statistics 2011	7	6.1	Plastic card fraud – overview	42
2	Credit and Charge Cards	8	6.2	Fraud in the card-not-present (CNP) environment	42
2.1	Credit cards – overview	8	6.3	Fraud in the face-to-face environment (including cash machines)	43
2.2	Credit and charge card usage	13	6.4	Cross border losses	43
2.3	Credit card spending patterns	15	6.5	Fraud-to-turnover ratios	43
2.4	Personal credit card holding and use	18	7	Recent Regulatory Developments Affecting Credit Cards	44
2.5	Personal credit and charge card products	19	8	Card Technology – The Future	45
2.6	Business and purchasing cards	20	8.1	Cards and mobile phones	45
2.7	Credit card cheques	20	8.2	Contactless card usage receives a boost	45
2.8	Balance transfers	21	8.3	More point-of-sale innovation	45
2.9	Credit outstanding	22	8.4	EMV	45
2.10	Repayments of credit card credit	24	9	A Comparison of the UK Cards Market with Other Countries 2010	46
2.11	Credit card forecasts	26	9.1	Cards held	46
3	Debit Cards	28	9.2	Card usage	46
3.1	Debit cards – overview	28	10	Summary Tables	49
3.2	Debit card usage	29	10.1	Cards in issue	49
3.3	Debit card spending patterns	30	10.2	Transaction volumes	50
3.4	Debit card holding and use	34	10.3	Transaction values	52
3.5	Debit card forecasts	36	10.4	Point-of-sale terminals	54
4	Other Cards	37	Boxes		
4.1	ATM-only cards	37		Summary of key changes introduced at the beginning of 2011 as a result of the 2010 Credit & Store Card Review	12
4.2	Store cards	37		Credit card profiles	13
4.3	Contactless card payments	38		Prepaid cards – developments in the USA and Italy	48
4.4	Prepaid cards	39			

A glossary of terms used in this publication
can be found at:

www.theukcardsassociation.org.uk

Table of Contents

Charts

1	Overview of the UK Plastic Card Market	
1.3	Number of cards at year-end	6
2	Credit and Charge Cards	
2.1.1A	Numbers of credit and charge cards in issue	8
2.1.1B	Credit and charge card purchases	8
2.1.2A	Amount of net credit card lending to individuals	9
2.1.2B	Consumer credit lending – outstanding balances at end-of-year	9
2.1.3	Spending on credit cards compared with GDP	10
2.1.4	Distribution of accounts by APR 2011 Q4	10
2.1.6A	Delinquent accounts (up to 180 days) showing percentage at one and two payments overdue	11
2.1.6B	Accounts six payments overdue and write-offs in the following year	11
2.1.7	Write-offs as a percentage of outstandings	12
2.2.2	Total value of transactions on credit and charge cards	14
2.2.3	Cash advances on credit and charge cards	14
2.3.1	Spending on credit cards by merchant sector 2011	15
2.3.2	Number of credit card purchases by merchant sector 2011	15
2.4.1	Number of credit and charge card holders	18
2.4.2	Multiple credit card holding by demographic group 2011	18
2.4.3	Regular users of credit cards for purchases	18
2.5.1	Personal credit and charge cards	19
2.5.2	Credit and charge cards: product types other than standard	19
2.7.1	Number of credit card cheques distributed and presented for payment	20
2.7.2	Average transaction values of credit card cheques	20
2.8.1	Number and value of balance transfers	21
2.8.2	Balance transfers and un-repaid credit card advances compared	21
2.9.1	Net Lending to individuals, amounts outstanding (year-end)	22
2.9.2	Average annual rates of growth for lending to individuals	22
2.9.3	Consumer credit lending end-2011	23
2.9.4	Consumer credit lending end-2006	23
2.9.5	Comparisons of average monthly gross and net credit card lending to individuals	24
2.10.1	Repayments of credit card credit	24
2.10.2	Average annual repayment ratio of credit card advances	25
2.10.3	Percentage of credit card balances on which interest is charged	25
2.10.4	Number of accounts on which the minimum repayment is made each month as a percentage of the number of active accounts	25
2.10.5	Accounts up to three payments overdue, average for the year	26
2.11	Credit and charge cards: UK purchase forecasts	26
3	Debit Cards	
3.1.1	Number of debit cards in issue showing card types	28
3.1.2	Debit card transactions as percentage of the UK card market	28
3.1.3	Retail Sales – proportions using debit cards, credit cards, cash and cheques	29
3.2.1	Average number of transactions per cardholder per year	29

3.2.2	Transactions on debit cards, total number of cards and cardholders	30
3.3.1	Spending on debit cards by merchant sector 2011	30
3.3.2	Number of debit card purchases by merchant sector 2011	31
3.3.3	Changes in debit card average purchase values compared to official price indices	31
3.4.1	Number of debit card holders	34
3.4.2	Holders of debit cards by demographic group 2011	34
3.4.3	Multiple debit card holding 2011	34
3.4.4	Regular debit card users and regular users of both debit and credit cards 2011	35
3.4.5	Debit card use by holders in different demographic groups 2011	35
3.5	Debit cards: UK purchase forecasts	36

4 Other Cards

4.1	Cards with ATM functionality, as at the year-end	37
-----	--	----

5 Card Acceptance and Internet Use

5.1.1	Number of outlets and terminals accepting plastic cards	40
5.1.2	Average number and value of transactions per terminal	40
5.2.1	Consumer internet card spending	40
5.2.2	Consumer internet card payment volumes	41
5.2.3	Consumer internet purchases by sector 2011	41
5.2.4	Consumer internet purchases by type of retailer 2011	41

6 Plastic Card Fraud

6.1	Fraud losses on UK plastic cards	42
6.5	Fraud-to-turnover ratios	43

9 A Comparison of the UK cards Market with Other Countries 2010

9.1	Number of cards per adult at the end of 2010 (selected countries)	46
9.2	Number of card purchases per adult 2010 (selected countries)	47
9.3	Value of card purchases per adult 2010 (selected countries)	47

Tables

1 Overview of the UK Plastic Card Market

1.1	The UK Cards Association – April 2012	5
-----	---------------------------------------	---

2 Credit and Charge Cards

2.3.3	Comparing top ten locations for credit card usage in 2011 and 2006 – based on number of purchases	16
2.3.4	Comparing top ten locations for credit card usage in 2011 and 2006 – based on value of purchases	17
2.3.5	Top ten locations for credit card usage in 2011 and 2006 – based on average value of purchases	17

3 Debit Cards

3.3.4	Top ten locations for debit card usage in 2011 and 2006 – based on number of purchases	32
3.3.5	Top ten locations for debit card usage in 2011 and 2006 – based on value of purchases	32
3.3.6	Top ten locations for debit card usage in 2011 and 2006 – based on average value of purchases	33

4 Other Cards

4.2	Store cards	37
-----	-------------	----

UK Plastic Cards 2012



Name of Contact	
Name on Card	
Company Name	

Address	
	Post / Zip code

Telephone number	
------------------	--

Description of goods/services	
-------------------------------	--

Card	MasterCard	Maestro	VISA	Switch
(please circle which card)				

Card number																				
-------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Expiry date				
-------------	--	--	--	--

Valid from date*					Issue Number*	
------------------	--	--	--	--	---------------	--

* This data is only required for some cards e.g. Maestro

Date of Transaction			/			/	2	0	1	3
---------------------	--	--	---	--	--	---	---	---	---	---

Total Amount (including VAT)	£						-	0	0
------------------------------	---	--	--	--	--	--	---	---	---

For UK Payments Use Only

Accounts Postings

Sales A/c in Nominal Ledger						£					-		
VAT	3	1	0	8	0	£					-		
Total cash	2	0	0	0	0	£					-		

UK Payments Unit	Corporate Communications
Signature	