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UK card spend tops £0.5 trillion for first time as consumers switch from cash

- **Debit and credit cards used for three in every four pounds spent in shops – up from two in every four just a decade ago**
- **Card payments are now used for a third of UK GDP**
- **Report reveals Britain's card behaviour and future trends**

Annual domestic card spending by UK consumers passed £0.5 trillion for the first ever time in 2013 as shoppers increasingly choose cards over cash, according to a report published today [4 June 2014] by The UK Cards Association.

Three-quarters (74.5 per cent) of all retail spending is now made using debit and credit cards – up from less than half (46.5 per cent) in 2003 – highlighting a clear shift in consumer behaviour in the past decade.

The *UK Card Payments 2014* report reveals that Britons spent £520 billion on UK goods and services using their debit and credit cards last year, a rise of 6.7 per cent since 2012 (£488 billion). Card spending has more than doubled over the last decade, up from £244 billion in 2003.

Adding spending by overseas visitors, the total value of purchases on debit and credit cards in 2013 was £534 billion, meaning that spending on cards now constitutes a third (33 per cent) of the UK's total GDP (£1,612 billion in 2013). This proportion has increased from under a quarter (22 per cent) just a decade ago in 2003 (when total card spend was £257 billion and GDP was £1,148 billion). [2]

Reflecting consumers' desire to pay down debt when they can, the increase in spending across debit

and credit cards is in contrast to a 15.6 per cent fall in outstanding borrowing on credit cards since peaking at a monthly average of £67.4 billion in 2005 to an average of £56.4 billion in 2013.

Melanie Johnson, Chair of The UK Cards Association, said:

“With three in every four pounds spent in British shops now paid with cards, these figures reveal a huge shift over the last decade in the way we chose to transact. Rather than carrying cash, consumers are increasingly opting for their cards instead, not least because of the extra protections available.

“The rise in online shopping, coupled with increasing momentum behind contactless cards, will likely see this trend in consumer behaviour continue.”

Britain’s card behaviour in 2013

There are a total of 175.6 million cards in issue in the UK: 95.7 million debit cards (up 5.1 per cent since 2012); 55.4 million credit cards (down 1.9 per cent); 18.2 million ATM-only cards (up 5.0 per cent); and 6.3 million charge cards (down 4.8 per cent).

The *UK Card Payments 2014* report reveals that:

- Younger consumers are more likely to hold and use debit cards, while older and wealthier consumers are more likely to use credit cards.
- Around 6 in 10 of all UK adults have a credit or charge card – a total of 30.1 million cardholders.
- Over 80 per cent of all credit and charge card spending in 2013 was made by cardholders who repaid the balance in full.
- Outstanding borrowing on credit cards accounts for just 4.0% of UK’s total personal borrowing of £1.44 trillion.
- Over 90 per cent of UK adults have a debit card – a total of 47.5 million cardholders.
- The average debit card was used to make 94 purchases in 2013, with the total amount spent per card amounting to just over £4,000.
- The average cash machine withdrawal on a debit card was £69.
- Debit cards were used to make 8.4 billion purchases in the UK at a total value of £378 billion.
- Credit and charge cards were used to make 2.3 billion purchases in the UK to a value of £142 billion.
- The average credit card was used for 42 purchases in 2013, with the average transaction

value of £69.49.

The future

Both the volume and value of credit and debit card transactions are forecast to increase substantially over the next 10 years:

- By 2023, the total volume of card payments is expected to rise to 17.7 billion, up from 10.7 billion transactions in 2013.
- The total value of payments is expected to increase from £520 billion in 2013 to around £874 billion in 2023.

A significant proportion of this rise is expected to come from an increasing usage of debit cards. In particular, young adults, many of whom will have grown up familiar with debit cards, are likely to automatically adopt their use when they qualify to receive the cards through their bank account.

At the same time, the increased willingness by consumers to make small-value purchases using debit cards is expected to continue, as contactless cards become more prevalent and as consumers become accustomed to their use.

The on-going growth of online shopping is expected to be reinforced by the continuing adoption of smartphones and tablets by consumers, increasing the number of ways consumers can make online purchases on the move. Since debit cards are expected to continue to be the main method for shopping online, such growth will directly affect debit card payment volumes.

Technology advancements, including mobile point-of-sale devices, will also mean that in future small businesses, such as pop-up shops and tradespeople, will increasingly have the confidence and capability to accept card payments, where they may have previously only dealt in cash.

ENDS

For further information contact the press office on 020 3217 8436 or Press@ukcards.org.uk

Notes to editors:

1. The *UK Card Payments 2014* report is available – please email Press@ukcards.org.uk. The report was previously titled *UK Plastic Cards*.

2. GDP data from the Office of National Statistics: <http://www.ons.gov.uk/ons/rel/naa2/second->

About The UK Cards Association

The UK Cards Association is the trade body for the card payments industry in the UK, representing financial institutions which act as card issuers and acquirers. Members of the Association account for the vast majority of debit and credit cards issued in the UK - issuing in excess of 55 million credit cards and 95 million debit cards - and cover the whole of the payment card acquiring market.

The Association promotes co-operation between industry participants in order to progress non-competitive matters of mutual interest; informs and engages with stakeholders to shape legal and regulatory developments; develops industry best practice; safeguards the integrity of the card payments industry by tackling card fraud; develops industry standards; and co-ordinates other industry-wide initiatives such as those aiming to deliver innovation. As an Association we are committed to delivering a card payments industry that is constantly focused on improved outcomes for the customer. www.theukcardsassociation.org.uk