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Card payments more than double in 10 years

The number of purchases using debit and credit cards has more than doubled in the past 10 years, as contactless payments and online retail have driven a change in the way consumers pay, a new report from The UK Cards Association shows.

Debit and credit cards were used to make 16.4 billion purchases in 2016, up 146 per cent from 6.7 billion in 2006. It means that 518 card payments were made every second last year by cardholders both in the UK and travelling overseas.

Over the past decade the growth in the number of card transactions has outstripped the rise in the amount spent, showing consumers' increasing preference for using cards instead of cash for lower value payments. Last year the average value of a card transaction fell to £43.47, its lowest level in 15 years.

The new report, UK Card Payments 2017, highlights the impact of the growth in online spending and contactless payments. By the end of 2016, four in 10 (39 per cent) card transactions were either online or made using a contactless card, compared to a quarter (24 per cent) the previous year.

Graham Peacop, Chief Executive of The UK Cards Association, said:

“Card payments play a central role in our economy, with spending equivalent to a third of the UK’s GDP. As consumers continue to make the switch from cash to contactless and with the rise of the app-economy, we forecast that the number of card payments will grow substantially over the next decade too.”

With card payments providing significant benefits to businesses, the number of retailers accepting cards increased to just over 1 million last year. The number of individual outlets accepting cards has jumped by 63 per cent in the last 10 years to 1.3 million in 2016.

A total of £709 billion was spent by UK debit and credit card holders both domestically and overseas last year. Debit cards represented 75% of this total, amounting to £530 billion. This month is the 30th anniversary of the introduction of the debit card to the UK.

Payment cards were used for three-quarters (77 per cent) of all retail spending in the UK last year. Cardholders spent the most on food and drink (£114 billion), followed by other services (£100 billion), financial services (£80 billion) and entertainment (£57 billion). A third of all card purchases in 2016 were made at supermarkets, while every fifth payment was on entertainment.

In 2016, there have been significant developments in the delivery of digital services to consumers, such as in-app purchasing and a new trend of fusing social media formats with payment capabilities.

In the next decade, the increasing use of contactless and mobile payments, particularly by younger people, will be a major source of growth for debit card payments, the report says.

The volume of debit card purchases is forecast to grow by 57 per cent to 18.2 billion in 2026, four times the number made in 2006. In a decade's time, half of all debit card transactions (51 per cent) will be contactless. Credit card transactions are expected to increase to 3.7 billion by 2026.

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For further information contact the press office on 020 3217 8436

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Notes to editors:

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.

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