

# NEWS RELEASE

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## A DECADE OF CARDS - UK'S PLASTIC COMES OF AGE

Major changes in British attitudes to spending and borrowing over the past decade have altered the way we use our credit and debit cards, according to a new report from The UK Cards Association.

The 2000s turned out to be a decade of two halves. Whilst the first half was characterised by strong growth across all forms of plastic, from 2005 there was a sharp retrenchment in Britons' appetite for credit cards, long before the advent of the credit crunch.

During the first half (2000 to 2005) 22.8 million new credit cards were issued, increasing the number from 47 million cards in 2000 to 70 million in 2005. Consumer appetite for unsecured credit was strong and fierce competition between credit card companies led to attractive deals. In turn, the amount of debt outstanding on credit cards almost doubled to £68 billion in 2005, whilst credit card spending grew by 50% and debit card spending 125%.

By the end of the decade the number of credit cards had fallen to 55.6 million and outstanding balances were £10 billion lower. In 2009, the year of sharpest retrenchment, almost one in eight (7.8 million) credit cards left our wallets.

The second half of the decade was instead dominated by the debit card alone whilst the credit card market stalled. Consumers' spending on debit cards almost doubled again from 2005 to 2010, fuelled by a migration from cash and increasing use of debit cards for smaller value transactions. In contrast, credit card spending didn't even keep pace with inflation.

The number of credit and charge cards in circulation peaked in 2005 by when more than two thirds of adults had one. Credit card borrowing had been growing by more than 21% a year, as credit cards were used for ever more transactions – everything from travelling abroad to the emergence of internet shopping.

The mid-point of the decade saw an abrupt change in this growth, influenced by consumers' increasing preference for debit cards, tighter lending practices and consumers adopting a more cautious attitude to borrowing. From 2005 onwards, two million more adults decided not to use their card for borrowing, paying off their balance in full each month instead. This trend has continued – last year, 62% of cardholders paid in full each month, compared to 55% in 2005, with the over-45 age group accounting for much of the change.

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Over the whole decade, an extra 35 million debit cards were issued, bringing the number in circulation to 84 million by 2010. Those cards were used three times more often than credit cards last year (6.5 billion compared to two billion) to spend a total of £299 billion – almost four times more than was spent on debit in 2000 (£77 billion).

Chair of The UK Cards Association, Melanie Johnson said:

“The UK’s passion for the convenience of plastic is alive and well, though the debit card has stolen a march on the credit card. From similar levels of usage in 2000, debit cards are now used three times as often as credit cards”.

“Nevertheless, people still value the flexibility and convenience that credit cards afford them, for instance to spread out the cost of a large purchase, or for the valuable additional protection they provide.”

**ENDS**

[A Decade of Cards](#) is available to view on The UK Cards Association website.

For further information contact the press office on 020 3217 8441/ 8340/ 8251, or [press@ukpayments.org.uk](mailto:press@ukpayments.org.uk)

#### **Notes to editors**

The UK Cards Association is the leading trade association for the cards industry in the UK. With a membership that includes all major credit, debit and charge card issuers, and card acquiring banks, the role of the Association is both to unify and represent the UK card payments industry. The Association is responsible for formulating and implementing policy on non-competitive aspects of card payments including codes of practice, card fraud prevention, major infrastructural changes, development of standards and other matters where cross-industry benefits are identified by the industry.

[www.theukcardsassociation.org.uk](http://www.theukcardsassociation.org.uk)

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