

Debit Card Report

August 2017

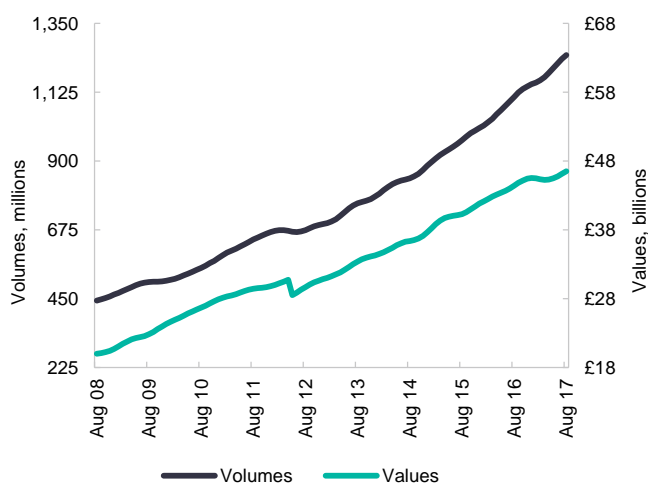


UK
FINANCE

| | August-17 | Monthly growth rate | July-17 | Annual growth rate | August-16 |
|--|-----------|---------------------|---------|--------------------|-----------|
| Number of debit cards in issue (million) | 97.8 ↓ | -0.9% | 98.7 | -2.8% | 100.6 |
| Total volume of debit card purchases (billion) | 1.25 ↑ | 1.0% | 1.23 | 12% | 1.11 |
| Total value of debit card purchases (£ billion) | 46.5 ↑ | 0.8% | 46.2 | 4.7% | 44.4 |
| Average transaction value (£) | 37.31 ↓ | -0.2% | 37.39 | -6.8% | 40.03 |
| Average monthly spend per card (£) | 476 ↑ | 1.7% | 468 | 7.7% | 442 |
| Average number of purchases per card | 12.8 ↑ | 2.0% | 12.5 | 16% | 11.0 |

Apart from actual card numbers the data referred to depict the underlying trend following seasonal adjustment using X-12 ARIMA. The X-12 ARIMA monthly seasonal adjustments include trading days and leap years. The 2016 data set has been fully reconciled with annual data published in UK Payment Statistics 2017.

Total payments and spending



In total, there were 1.3 billion **debit card payments** made in July, worth £46.5 billion.

The number of debit card payments increased by 12% since August 2016.

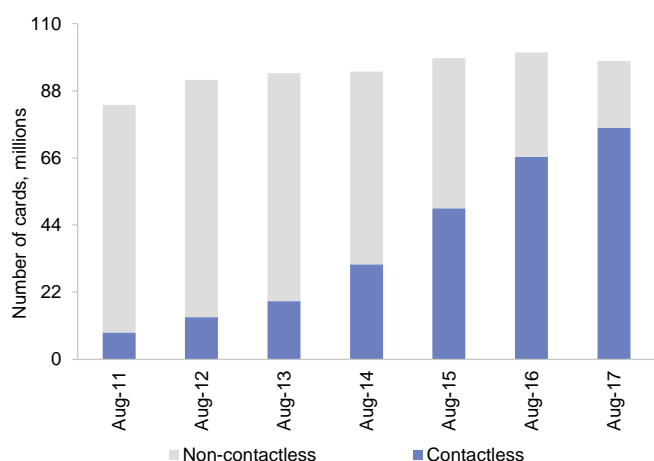
Domestic **Debit card spending** continues to increase month on month, rising a further +0.8% in August when compared to July.

Spending abroad continues to increase; rising a further 0.8% on July; only the second consecutive increase since October - November 2016.

The average transaction value (ATV) for all debit card purchases continues to decrease reaching its lowest level (£37.31) since February 2002, and compares to £48.60 at its peak in June 2010.

Average monthly spend per card increased for the fifth consecutive month reaching £476, up from £442 a year ago.

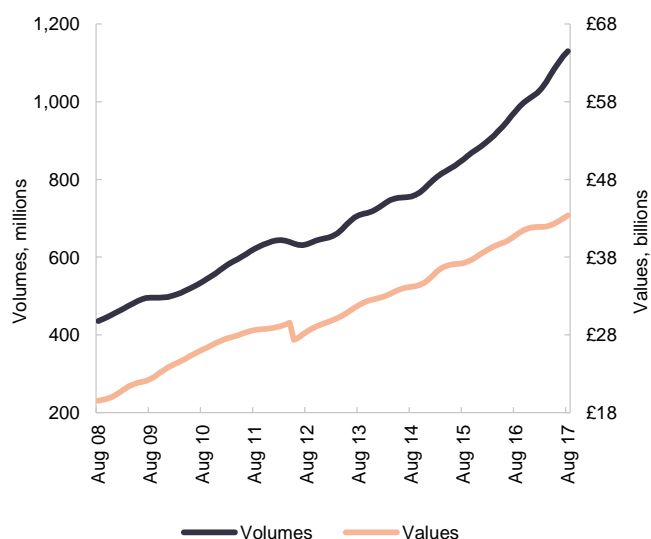
Number of debit cards in issue



The **number of debit cards** in issue decreased to 97.8 million at the end of August, the first decrease for three months, resulting in debit cards in issue to reach its lowest level since July 2015. When compared to August 2016, the number of debit cards in circulation has decreased by 2.8 million.

The number of **contactless debit cards** continue to show a strong growth with most issuers now issuing contactless cards as standard. According to data reported to UK Finance, the number of contactless debit cards in issue grew by 0.7 million to 75.9 million. In spite of the continuing monthly increase contactless debit cards still account for 67% of all contactless cards in the UK. With their ever increasing popularity and ease of use 78% of debit cards are now contactless, up from 66% a year ago.

Domestic spending

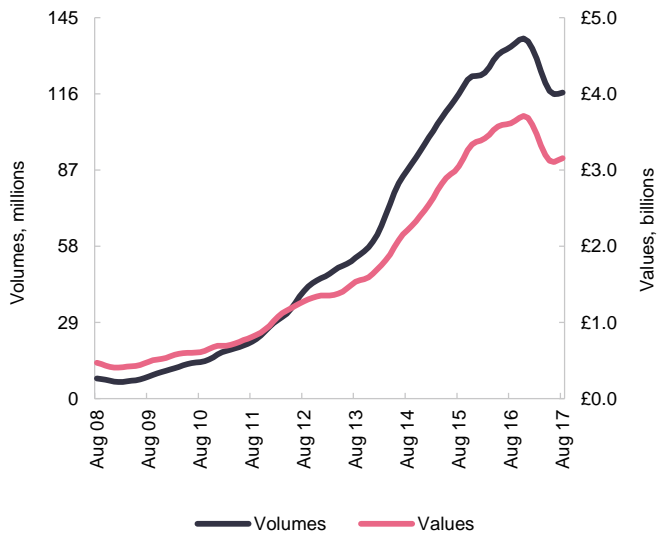


During August **domestic spending** amounted to £43.4 billion after increasing by 0.8% on July – the strongest growth rate for eleven months. This growth, in part stems from higher annual inflation (2.7%), growing steadily to its highest levels since 2013.

The corresponding **number of purchases** also maintains a steady growth, rising by 1.1% to just over 1.1 billion, however, below the monthly growth rate (+1.3%) a year ago. This subdued growth, in part, stems from the continuing economic uncertainty in the UK, a relatively low rate of economic growth and weak consumer confidence.

During August each debit card was used to make on average 11.6 payments in the UK, up from 9.7 a year ago. The average monthly spend per card increased to £443, up (£38) from £406 in August 2016.

International spending

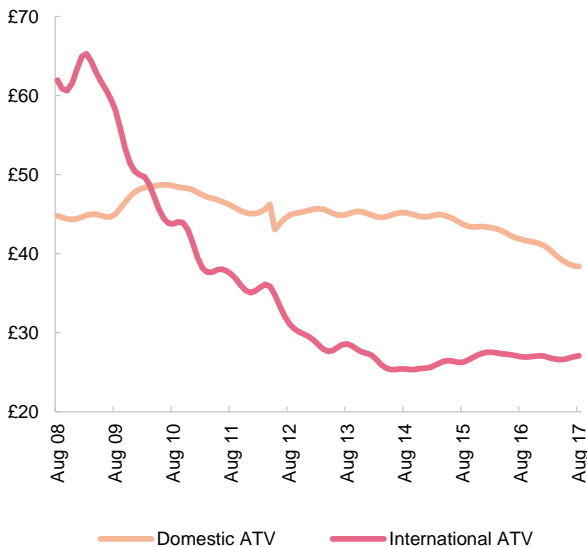


Debit card transactional activity and spending abroad shows positive monthly growth, helped by school holidays and summer vacations.

Cross-border spending increased by 0.8% during August with a total of £3.2 billion spent. The corresponding **number of international purchases** grew by 0.4%, amounting to 117 million. Activity in August was 13% lower than a year ago in both value and volumes terms. This decrease, in part, highlights the growing consumer preference to holiday in the UK as sterling's purchasing power abroad has weakened considerably since the Brexit vote.

During August average monthly spend per card outside the UK increased by 53p to £32. When considering the average number of transactions made per card abroad, each debit card was used 1.19 times, down from 1.33 times a year ago.

Average transaction values



The **domestic average transaction value** (ATV) continued to decrease (-11p) in August when compared to July; to £38.37, and compares to £41.82 a year ago. This measure has declined considerably since peaking at £48.70 seven years ago.

Growing adoption of contactless payments and changing consumer habits coupled with intense price competition in the retail market have been the main factors applying downward pressure on ATVs in recent years.

The **international ATV** continued to increase month-on-month, with a fourth consecutive increase in August. The ATV for cross-border purchases increased by 9p between July and August reaching £27.08 - a year ago this measure stood at £26.98. This increase has resulted in its highest level since June 2016.

Summary table

| | All cards ¹ | | Total transactions ² | | Domestic transactions ² | | International transactions ² | | Average transaction value | | | Average monthly spend per card | | | Average number of transactions per card | | |
|---------------|------------------------|----------|---------------------------------|------------|------------------------------------|------------|---|------------|---------------------------|----------|---------------|--------------------------------|----------|---------------|---|----------|---------------|
| | Number | % Change | Volume | Value | Volume | Value | Volume | Value | Total | Domestic | International | Total | Domestic | International | Total | Domestic | International |
| | | | Millions | £ millions | Millions | £ millions | Millions | £ millions | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| 2006 | 68.7 | 2.5% | 4,554 | 199,661 | 4,472 | 194,564 | 82 | 5,097 | 43.84 | 43.50 | 62.20 | 242 | 236 | 6.2 | 5.53 | 5.43 | 0.10 |
| 2007 | 71.6 | 4.3% | 4,846 | 220,291 | 4,759 | 215,094 | 87 | 5,197 | 45.46 | 45.20 | 59.44 | 256 | 250 | 6.1 | 5.64 | 5.54 | 0.10 |
| 2008 | 76.2 | 6.5% | 5,298 | 238,760 | 5,210 | 233,281 | 88 | 5,479 | 45.07 | 44.78 | 62.04 | 261 | 255 | 6.0 | 5.79 | 5.70 | 0.10 |
| 2009 | 79.2 | 3.9% | 5,938 | 271,387 | 5,843 | 265,850 | 95 | 5,537 | 45.70 | 45.50 | 58.15 | 285 | 280 | 5.8 | 6.24 | 6.14 | 0.10 |
| 2010 | 84.6 | 6.8% | 6,520 | 315,222 | 6,357 | 307,862 | 163 | 7,360 | 48.35 | 48.43 | 45.18 | 310 | 303 | 7.2 | 6.42 | 6.26 | 0.16 |
| 2011 | 86.3 | 2.0% | 7,579 | 348,940 | 7,324 | 339,465 | 255 | 9,476 | 46.04 | 46.35 | 37.13 | 337 | 328 | 9.1 | 7.32 | 7.07 | 0.25 |
| 2012 | 91.0 | 5.5% | 8,125 | 359,628 | 7,675 | 345,023 | 449 | 14,605 | 44.26 | 44.95 | 32.51 | 329 | 316 | 13.4 | 7.44 | 7.03 | 0.41 |
| 2013 | 95.7 | 5.1% | 8,921 | 392,932 | 8,293 | 375,260 | 629 | 17,672 | 44.04 | 45.25 | 28.11 | 342 | 327 | 15.4 | 7.77 | 7.22 | 0.55 |
| 2014 | 96.4 | 0.8% | 10,050 | 432,239 | 9,074 | 407,195 | 976 | 25,044 | 43.01 | 44.87 | 25.66 | 374 | 352 | 21.6 | 8.69 | 7.84 | 0.84 |
| 2015 | 98.8 | 2.5% | 11,443 | 481,235 | 10,094 | 445,504 | 1,349 | 35,730 | 42.05 | 44.14 | 26.48 | 406 | 376 | 30.1 | 9.65 | 8.51 | 1.14 |
| 2016 | 99.6 | 0.8% | 13,043 | 527,129 | 11,466 | 484,232 | 1,577 | 42,897 | 40.41 | 42.23 | 27.20 | 441 | 405 | 35.9 | 10.91 | 9.59 | 1.32 |
| Aug-16 | 100.6 | -0.6% | 1,110 | 44,433 | 976 | 40,821 | 134 | 3,612 | 40.03 | 41.82 | 26.98 | 442 | 406 | 35.9 | 11.04 | 9.71 | 1.33 |
| Sep-16 | 101.3 | 0.7% | 1,124 | 44,856 | 989 | 41,209 | 135 | 3,647 | 39.91 | 41.68 | 26.95 | 443 | 407 | 36.0 | 11.10 | 9.76 | 1.34 |
| Oct-16 | 101.1 | -0.2% | 1,136 | 45,190 | 999 | 41,504 | 137 | 3,686 | 39.79 | 41.54 | 26.99 | 447 | 411 | 36.5 | 11.24 | 9.89 | 1.35 |
| Nov-16 | 101.4 | 0.3% | 1,145 | 45,434 | 1,008 | 41,726 | 137 | 3,709 | 39.69 | 41.41 | 27.05 | 448 | 412 | 36.6 | 11.29 | 9.94 | 1.35 |
| Dec-16 | 99.6 | -1.7% | 1,151 | 45,532 | 1,015 | 41,847 | 136 | 3,685 | 39.56 | 41.23 | 27.08 | 457 | 420 | 37.0 | 11.55 | 10.19 | 1.37 |
| Jan-17 | 98.2 | -1.5% | 1,157 | 45,491 | 1,023 | 41,892 | 133 | 3,599 | 39.33 | 40.94 | 27.00 | 463 | 427 | 36.7 | 11.78 | 10.42 | 1.36 |
| Feb-17 | 98.1 | -0.1% | 1,164 | 45,359 | 1,035 | 41,888 | 129 | 3,471 | 38.96 | 40.48 | 26.82 | 463 | 427 | 35.4 | 11.87 | 10.55 | 1.32 |
| Mar-17 | 98.4 | 0.3% | 1,175 | 45,253 | 1,050 | 41,928 | 125 | 3,325 | 38.52 | 39.93 | 26.67 | 460 | 426 | 33.8 | 11.94 | 10.68 | 1.27 |
| Apr-17 | 98.3 | -0.1% | 1,188 | 45,289 | 1,068 | 42,090 | 120 | 3,199 | 38.12 | 39.42 | 26.61 | 461 | 428 | 32.5 | 12.09 | 10.86 | 1.22 |
| May-17 | 98.1 | -0.2% | 1,203 | 45,482 | 1,086 | 42,358 | 117 | 3,124 | 37.80 | 39.00 | 26.67 | 464 | 432 | 31.8 | 12.27 | 11.07 | 1.19 |
| Jun-17 | 98.4 | 0.3% | 1,219 | 45,783 | 1,103 | 42,676 | 116 | 3,107 | 37.56 | 38.68 | 26.81 | 465 | 434 | 31.6 | 12.39 | 11.21 | 1.18 |
| Jul-17 | 98.7 | 0.3% | 1,234 | 46,149 | 1,118 | 43,017 | 116 | 3,133 | 37.39 | 38.47 | 26.99 | 468 | 436 | 31.7 | 12.51 | 11.33 | 1.18 |
| Aug-17 | 97.8 | -0.9% | 1,247 | 46,526 | 1,130 | 43,369 | 117 | 3,157 | 37.31 | 38.37 | 27.08 | 476 | 443 | 32.3 | 12.75 | 11.56 | 1.19 |

1 This data set is available in 2017 UK Payment Statistics (not seasonally adjusted).

2 Depicts the underlying trend following seasonal adjustment using X-12 ARIMA. The X-12 ARIMA monthly seasonal adjustment takes into account trading days and leap years.

Institutions currently issuing debit cards are:

| | | | |
|-----------------|----------------------|--------------------------|----------------------------------|
| AIB Bank (FT) | Citibank | Metro Bank | Standard Chartered |
| Bank of Cyprus | Harrods Bank | National Australia Group | The Co-operative Bank |
| Bank of Ireland | HSBC Bank plc | Nationwide BS | The Royal Bank of Scotland Group |
| Barclays Bank | Investec Bank | Virgin Money plc | Tesco Bank |
| C. Hoare & Co | Lloyds Banking Group | The Santander Group | TSB Bank |