

Quarterly Market Trends

Q2 2017



UK
FINANCE

Summary of key statistics for Q2 2017

Number of debit cards in issue (end-2016) 99.6 mn

Number of credit & charge cards in issue (end-2016) 64.4 mn

Number of	Q2 2017	Annual growth ¹
Debit card purchases	3.2 bn	13.2%
Credit & charge card purchases	0.9 bn	9.3%
Total	4.1 bn	12.3%

Total value of	Q2 2017	Annual growth ¹
Debit card purchases	£121.4 bn	7.3%
Credit & charge card purchases	£49.7 bn	6.9%
Total	£171.0 bn	7.2%

Number of	Annual figures 2016	Annual growth
Debit card purchases	11.5 bn	11.7%
Credit & charge card purchases	3.4 bn	7.2%
Total	14.9 bn	10.7%

Total value of	Annual figures 2016	Annual growth
Debit card purchases	£461.2 bn	4.9%
Credit & charge card purchases	£186.3 bn	2.7%
Total	£647.5 bn	4.3%

Card spending (seasonally adjusted)

Despite a relatively low rate of economic growth² and weak consumer confidence³, the second quarter of the year recorded robust growth in **card spending**. During Q2 cardholders made 77 million more purchases than in Q1, while the value spent was £110 million above the level recorded in the previous quarter. More specifically, there were 3.2 billion **debit card** payments amounting to £121 billion. **Credit card** transactions numbered 906 million, amounting to £49.7 billion.

Spending in the **retail sales** sector grew by £0.5 billion, driven by increased spending in the **mixed business** and **food & drink** sub-sectors, which were up by £0.5 billion and £0.1 billion respectively. In contrast, spending on **automotive fuels** decreased by 2.6% (£0.2 billion). Meanwhile, spending in the **services sector** decreased by £0.4 billion, with the largest decline (£1.8 billion) recorded in the **other services** sub-sector. In contrast, spending on **financial services** grew by £1.4 billion.

On an **annual basis** transactional activity continued to grow strongly, by 12%, the highest rate since 2008. Likewise, growth in spending also continued to accelerate, rising to an annual rate of 7.2%, up from 6.0% in Q1. The annual growth rate has increased continuously after reaching a low of 3.9% in October 2016. This acceleration, in part stems from higher annual inflation, growing steadily to the highest levels since 2013.

Credit card lending (seasonally adjusted)

Gross lending increased in the second quarter of 2017, averaging £16.1 billion per month, up from £15.8 billion in the first quarter. Meanwhile, **net lending** (gross lending net of repayments and other adjustments) eased slightly, averaging £497 million per month, down from £519 million in the previous quarter. A year ago this measure stood at £440 million.

Credit card outstandings resumed steady growth at the beginning of 2015. At the end of the second quarter outstandings stood at £68.5 billion, up by £0.9 billion on the previous quarter. This total can be split into **interest bearing** and **non-interest bearing**. Around 45% of this total was non-interest bearing⁴ at the end of Q2. Additionally, this total accounted for just 4.4% of **total personal sector outstandings** (£1,545 billion), a proportion which has consistently declined since peaking at around 6.0% in 2002.

Cash advances amounted to £1.2 billion in Q2, up by £78 million on the previous quarter. Strong competition continued in the **balance transfer** market, with £3.6 billion transferred during Q2 – representing annual growth of 5.6%.

¹ Growth rates are based on rolling twelve months

² <https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ihyq>

³ <http://www.gfk.com/en-gb/insights/press-release/three-weeks-after-the-general-election-uk-consumer-confidence-decreases-five-points-to-10/>

⁴ Source: UK Finance, High Street Banking

Table 1 Spending in the UK on credit cards and debit

Seasonally adjusted

- Card spending amounted to £171.0 billion in Q2 generated from a record 4.1 billion transactions
- Card spending accounted for 77.4% of national retail sales by the end of Q2
- ATVs fell to their lowest level since 2000, as the contactless share of total card payments reached 34%, up from 18% a year ago

	Number of purchases (million)			Value of purchases (£ billion)			Average purchase value (£)		
	Debit cards	Credit cards	Total	Debit cards	Credit cards	Total	Debit cards	Credit cards	All cards
2011	7,234	2,257	9,491	324.0	151.2	475.2	44.79	66.98	50.07
2012	7,836	2,374	10,210	345.5	152.9	498.4	44.09	64.40	48.82
2013	8,385	2,552	10,937	373.3	159.7	533.0	44.52	62.57	48.73
2014									
Q1	2,241	674	2,915	98.4	42.0	140.5	43.91	62.42	48.18
Q2	2,289	690	2,979	100.2	42.2	142.4	43.76	61.24	47.80
Q3	2,329	707	3,036	101.9	42.5	144.5	43.77	60.13	47.58
Q4	2,392	733	3,125	103.6	43.6	147.3	43.33	59.49	47.13
2014 Total	9,251	2,804	12,055	404.2	170.4	574.6	43.69	60.78	47.66
2015									
Q1	2,456	758	3,214	107.7	44.7	152.4	43.85	58.99	47.42
Q2	2,524	777	3,300	109.9	45.3	155.2	43.56	58.29	47.03
Q3	2,606	800	3,406	110.6	45.8	156.4	42.42	57.23	45.90
Q4	2,683	815	3,499	111.3	45.6	157.0	41.50	55.96	44.87
2015 Total	10,269	3,150	13,420	439.6	181.4	621.0	42.80	57.59	46.27
2016									
Q1	2,729	810	3,539	111.3	45.0	156.3	40.77	55.54	44.15
Apr	926	274	1,201	37.5	15.1	52.7	40.54	55.06	43.86
May	938	277	1,215	37.9	15.2	53.1	40.36	55.00	43.69
Jun	951	279	1,230	38.2	15.4	53.5	40.17	54.96	43.53
Q3	2,917	855	3,772	116.4	47.4	163.7	39.89	55.40	43.41
Q4	3,014	881	3,895	120.0	48.3	168.2	39.80	54.75	43.19
2016 Total	11,475	3,377	14,852	461.2	186.3	647.5	40.19	55.17	43.60
2017									
Jan	1,027	302	1,329	40.5	16.4	56.9	39.45	54.22	42.81
Feb	1,040	306	1,347	40.5	16.5	57.0	38.94	53.88	42.34
Mar	1,052	310	1,362	40.4	16.6	57.0	38.42	53.50	41.85
Apr	1,062	300	1,362	40.4	16.6	56.9	38.01	55.19	41.80
May	1,070	302	1,372	40.4	16.6	57.0	37.77	54.82	41.52
Jun	1,078	304	1,381	40.6	16.5	57.1	37.66	54.49	41.36
2017 Total	6,329	1,824	8,153	242.8	99.1	341.9	38.36	54.34	41.94

Chart 1.1

Total spending on payment cards

Annual growth rates

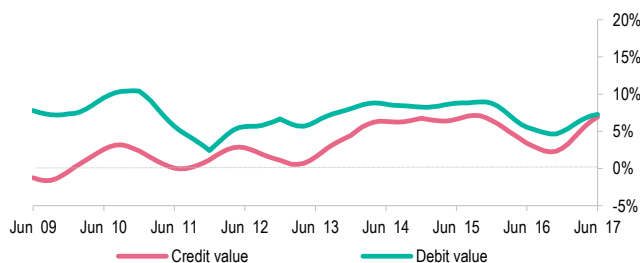


Chart 1.2

Total payment card transactions

Annual growth rates

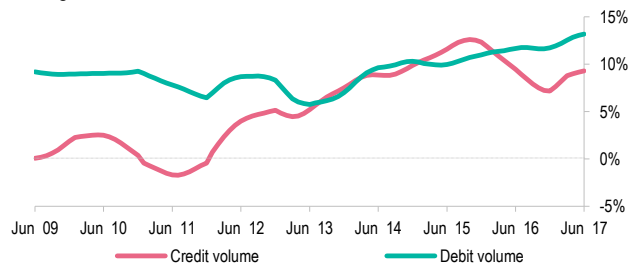
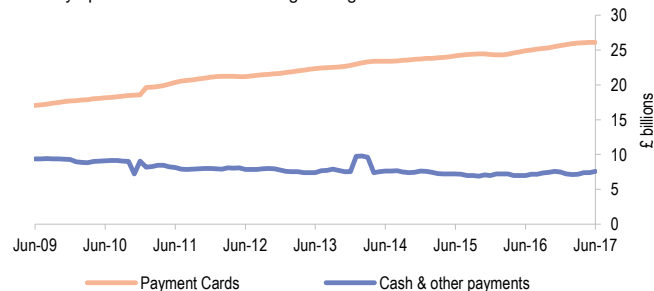


Chart 1.3

Retail sales (high street spending)

Monthly spend - three month moving average



Notes

This table shows spending in the UK on payment cards as reported to UK Finance by the banks and other institutions that process card payments on behalf of UK merchants, retailers and other service providers. The data include spending using non-UK-issued cards, e.g. by tourists, but exclude spending abroad on UK-issued cards. Cash withdrawals from cash machines are not included.

Chart 1.3 includes spending on automotive fuels.

These data are an extract of *Card Expenditure Statistics* that are available monthly and can be found on the UK Finance website at: <https://www.ukfinance.org.uk/statistics/cards/>

Due to the regular up-dating of the seasonal adjustment process and rounding there are small differences between the annual figures in this table compared with those published in Tables 16, 17 and 18 of *UK Payment Statistics* and monthly *Card Expenditure Statistics*.

Annual growth rates for 2011 have been adjusted in charts 1.1 and 1.2 to take account of a change in reporting population in January 2011.

Table 2 Credit card lending¹

Seasonally adjusted. Includes credit and charge cards.

- Net credit card lending averaged £497 million per month, down from £519 million in the previous quarter
- Total credit card borrowings amounted to £68.5 billion at the end of the quarter
- Approximately 45% of total borrowings were non-interest bearing

		Gross lending	Net lending	Net lending annual growth rate	Outstanding balances	Average credit card interest rate
		Source: Bank of England ²	Source: Bank of England ³	Source: Bank of England ⁴	Source: Bank of England ⁵	Source: Bank of England ⁶
		£ billion	£ million	%	£ billion	%
2011		136.5	1,289	2.2%	55.7	17.3%
2012		138.7	1,120	2.0%	55.2	17.3%
2013		152.2	2,491	4.5%	56.9	18.1%
2014	Q1	39.2	720	4.8%	57.1	17.3%
	Q2	39.4	645	4.3%	57.2	17.4%
	Q3	39.4	618	4.6%	58.5	17.5%
	Q4	42.7	942	5.2%	61.0	17.8%
2014	Total	160.7	2,925			
2015	Q1	42.8	697	5.0%	61.5	17.8%
	Q2	43.6	878	5.3%	61.9	17.8%
	Q3	44.0	1,082	6.0%	62.8	17.9%
	Q4	44.5	1,119	6.2%	63.4	17.9%
2015	Total	174.9	3,776			
2016	Q1	45.2	1,394	7.4%	64.3	17.9%
	Apr	15.2	71	6.8%	64.2	18.0%
	May	15.1	693	7.5%	64.8	17.9%
	Jun	15.1	557	8.0%	65.2	17.9%
	Q3	46.0	1,346	8.4%	65.8	17.9%
	Q4	47.0	1,397	8.7%	66.6	18.0%
2016	Total	183.7	5,458	8.7%	66.6	18.0%
2017	Jan	15.8	501	8.6%	67.0	18.0%
	Feb	15.8	561	9.3%	67.3	18.0%
	Mar	15.8	495	8.9%	67.6	18.0%
	Apr	16.4	554	9.7%	68.0	18.0%
	May	15.9	422	9.2%	68.2	17.9%
	Jun	16.1	516	9.0%	68.5	18.0%
2017	Total	47.5	1,557			

Chart 2.1

Annual growth rate of net credit card lending

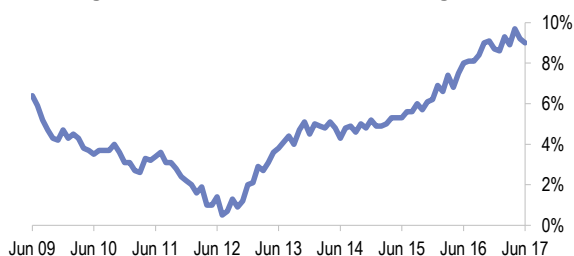
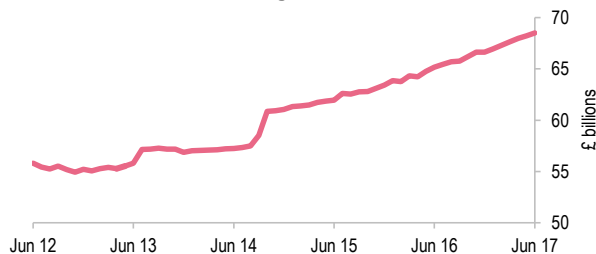


Chart 2.2

Total credit card borrowings⁵



¹ After a review the composition of this table changed with effect of Q1 2013. The 'repayments ratio' has been replaced with net credit card lending.

² Series LPMVZQO. Gross lending equates to new spending including interest and any other charges.

³ Series LPMVZQX. Net lending is gross lending net of repayments and other adjustments.

⁴ Series LPMVVUZ. Growth rates are as published at end period e.g. growth rate for 2015 was the figure published in December 2015.

⁵ Outstanding balances are reported to the Bank of England by all UK credit card issuers. There were upward revisions in July 2013, September 2014 and October 2014 (£5 billion in total) to account for changes in reporting population.

⁶ Series IUMCCTL published as at end-period. This is expressed in terms of Annual Percentage Rate of Charge (APR) for purchases only and is weighted according to each credit card issuer's monthly gross credit card lending.