

# Quarterly Market Trends

## Q3 2017



### Summary of key statistics for Q3 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	Q3 2017	Annual growth <sup>1</sup>
Debit card purchases	3.3 bn	13.4%
Credit & charge card purchases	0.9 bn	10.1%
<b>Total</b>	<b>4.2 bn</b>	<b>12.7%</b>

Total value of	Q3 2017	Annual growth <sup>1</sup>
Debit card purchases	£123.8 bn	7.6%
Credit & charge card purchases	£50.7 bn	8.5%
<b>Total</b>	<b>£174.5 bn</b>	<b>7.9%</b>

Number of	Annual 2016	Annual growth
Debit card purchases	11.5 bn	11.9%
Credit & charge card purchases	3.3 bn	6.8%
<b>Total</b>	<b>14.8 bn</b>	<b>10.7%</b>

Total value of	Annual 2016	Annual growth
Debit card purchases	£461.4 bn	4.0%
Credit & charge card purchases	£186.1 bn	2.5%
<b>Total</b>	<b>£647.5 bn</b>	<b>3.6%</b>

### Card spending (seasonally adjusted)

Despite underlying headwinds in the economy - slowdown in economic growth, rising inflation and deteriorating consumer confidence - payment card transactions continued to grow strongly in Q3. During the quarter cardholders made 95 million more purchases than in Q2, with spending up by £2.4 billion over the same period.

More specifically, there were 3.3 billion **debit card** payments amounting to £123.8 billion. **Credit card** transactions numbered 924 million, amounting to £50.7 billion. **Online spending** has been growing in prominence in recent years, driven by the proliferation of smart phones and tablets. Of the £174.5 billion in card spending during the quarter, 27% was via the internet.

Spending in the **retail sales** sector grew by £0.4 billion, driven by increased spending across most sub-sectors, in particular **food & drink** and **household goods**, which were up by £0.2 billion and £0.1 billion respectively. Spending in the **services sector** increased by £2.0 billion - with the largest increases in **other services** and **financial services**, each up by £0.6 billion. There was also strong growth in **travel** and **entertainment**, increasing by £0.5 billion and £0.4 billion respectively - a reflection of the summer holiday season.

On an **annual basis** the number of transactions continued to grow strongly, by 13%. Likewise, growth in spending also continued to accelerate, rising to an annual rate of 7.9%, more than double the rate in Q3 2016. Along with organic growth in the market, rising inflation has been another factor contributing to this growth.

### Credit card lending (seasonally adjusted)<sup>2</sup>

**Gross lending** averaged £16.0 billion per month, slightly down on the average in the second quarter (£16.1 billion). In contrast, **net lending** (gross lending net of repayments and other adjustments) increased, averaging £511 million per month, up from £491 million per month in Q2. A year ago this measure stood at £451 million.

Credit card **repayments** have kept pace with spending. This can be attributed to **transactors**, who mainly use their cards as a means of payment, taking advantage of **rewards** associated with their cards. Repayments averaged £15.6 billion per month in Q3, unchanged on Q2. A year earlier this measure stood at £15.0 billion.

**Credit card outstandings** resumed steady growth at the beginning of 2015. At the end of the second quarter outstandings stood at £69.4 billion, up £1.0 billion on the previous quarter. This total can be split into **interest bearing**<sup>3</sup> (55.6%) and **non-interest bearing**<sup>3</sup> (44.4%). Additionally, this total accounted for just 4.5% of **total personal sector outstandings** (£1,558 billion) at the end of Q3, a proportion that has consistently declined since peaking at around 6.0% in 2002.

**Cash advances**<sup>3</sup> amounted to £1.3 billion, up by £82 million on the previous quarter. Meanwhile, strong competition continued in the **balance transfer**<sup>3</sup> market, with £3.7 billion transferred during Q3, up by £95 million on Q2.

<sup>1</sup> Growth rates are based on rolling twelve months

<sup>2</sup> Source: Bank of England, unless otherwise stated

<sup>3</sup> Source: UK Finance, High Street Banking

# Table 1 Spending in the UK on credit cards and debit

Seasonally adjusted

- Card spending amounted to £174.5 billion in Q3 generated from a record 4.2 billion transactions
- Of this, 27% of spending was online, while the proportion of online volumes stood at 13%
- Card spending accounted for 77.8% of national retail sales by the end of Q3

		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		7,228	2,260	9,488	326.9	151.2	478.0	45.22	66.88	50.38
2012		7,850	2,381	10,231	346.5	153.5	500.0	44.14	64.46	48.87
2013		8,348	2,530	10,878	372.7	159.5	532.2	44.65	63.03	48.93
2014 Q1		2,256	678	2,933	98.9	42.2	141.1	43.84	62.28	48.10
2014 Q2		2,283	689	2,972	100.0	42.1	142.1	43.79	61.17	47.81
2014 Q3		2,323	703	3,025	102.1	42.3	144.4	43.94	60.22	47.72
2014 Q4		2,391	731	3,122	103.1	43.8	147.0	43.12	60.00	47.07
<b>2014 Total</b>		<b>9,253</b>	<b>2,799</b>	<b>12,053</b>	<b>404.1</b>	<b>170.5</b>	<b>574.5</b>	<b>43.67</b>	<b>60.89</b>	<b>47.67</b>
2015 Q1		2,454	755	3,209	111.2	44.8	156.0	45.32	59.29	48.60
2015 Q2		2,531	778	3,309	110.2	45.2	155.4	43.55	58.13	46.97
2015 Q3		2,594	797	3,390	110.8	45.6	156.4	42.71	57.29	46.13
2015 Q4		2,685	805	3,490	111.5	45.9	157.4	41.53	57.04	45.11
<b>2015 Total</b>		<b>10,263</b>	<b>3,134</b>	<b>13,397</b>	<b>443.7</b>	<b>181.5</b>	<b>625.2</b>	<b>43.23</b>	<b>57.91</b>	<b>46.67</b>
2016 Q1		2,726	803	3,530	110.8	44.5	155.4	40.65	55.45	44.02
2016 Q2		2,818	833	3,651	114.0	45.9	159.9	40.44	55.14	43.80
2016 Jul		965	281	1,247	38.7	15.9	54.6	40.06	56.55	43.78
2016 Aug		971	281	1,252	38.7	15.6	54.3	39.84	55.53	43.36
2016 Sep		980	286	1,265	39.0	15.9	54.8	39.77	55.57	43.34
2016 Q4		3,024	864	3,888	120.3	48.2	168.5	39.79	55.85	43.35
<b>2016 Total</b>		<b>11,485</b>	<b>3,348</b>	<b>14,832</b>	<b>461.4</b>	<b>186.1</b>	<b>647.5</b>	<b>40.18</b>	<b>55.59</b>	<b>43.66</b>
2017 Jan		1,029	301	1,330	39.8	16.7	56.5	38.70	55.41	42.48
2017 Feb		1,034	304	1,339	40.3	16.6	56.9	38.96	54.44	42.48
2017 Mar		1,061	313	1,374	40.9	17.0	57.8	38.54	54.22	42.11
2017 Apr		1,064	308	1,372	41.3	17.0	58.3	38.83	55.20	42.50
2017 May		1,062	301	1,363	39.9	16.4	56.3	37.57	54.37	41.28
2017 Jun		1,076	307	1,383	40.7	16.8	57.5	37.82	54.86	41.60
2017 Jul		1,097	310	1,407	41.3	17.1	58.4	37.71	55.03	41.52
2017 Aug		1,093	307	1,400	41.2	16.9	58.1	37.66	55.12	41.49
2017 Sep		1,098	307	1,406	41.3	16.8	58.0	37.58	54.50	41.28
<b>2017 Total</b>		<b>9,615</b>	<b>2,758</b>	<b>12,373</b>	<b>366.7</b>	<b>151.1</b>	<b>517.9</b>	<b>38.14</b>	<b>54.79</b>	<b>41.85</b>

Chart 1.1

### Total spending on payment cards

Annual growth rates

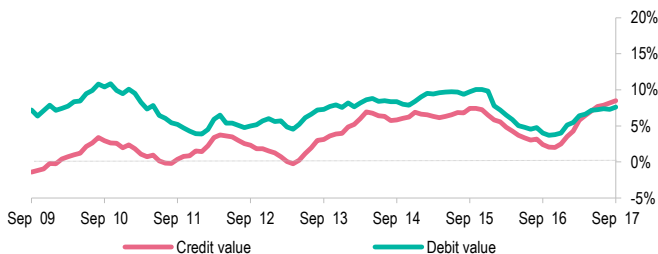


Chart 1.2

### Total payment card transactions

Annual growth rates

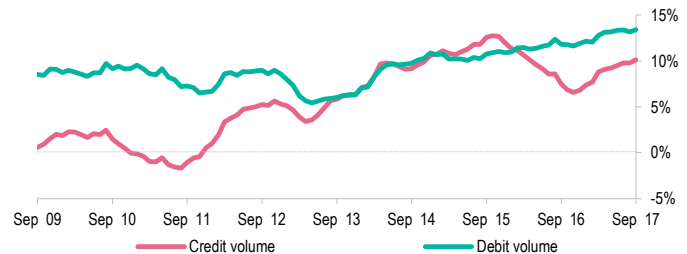
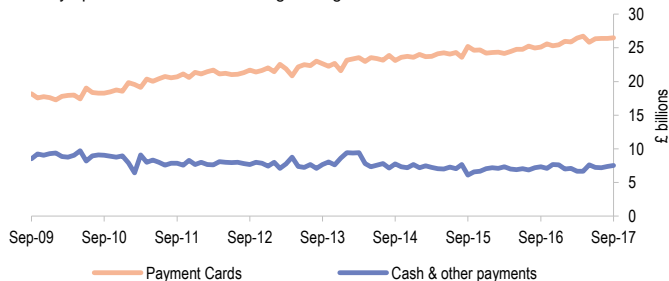


Chart 1.3

### 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 lending

Seasonally adjusted. Includes credit and charge cards.

- Net credit card lending averaged £511 million per month, up from £491 million in the previous quarter
- Total credit card borrowings amounted to £69.4 billion at the end of the quarter
- Approximately 45% of this total was non-interest bearing

		Gross lending	Net lending	Net lending annual growth rate	Outstanding balances	Average credit card interest rate	
		Source: Bank of England <sup>1</sup>	Source: Bank of England <sup>2</sup>	Source: Bank of England <sup>3</sup>	Source: Bank of England <sup>4</sup>	Source: Bank of England <sup>5</sup>	
		£ billion	£ million	%	£ billion	%	
2011		136.5	1,288	2.2%	55.7	17.3%	
2012		138.7	1,121	2.0%	55.2	17.3%	
2013		152.2	2,491	4.5%	56.9	18.1%	
2014	Q1	39.2	718	4.8%	57.1	17.3%	
	Q2	39.4	639	4.3%	57.2	17.4%	
	Q3	39.4	628	4.6%	58.5	17.5%	
	Q4	42.7	940	5.2%	61.0	17.8%	
<b>2014</b>	<b>Total</b>	<b>160.8</b>	<b>2,925</b>				
2015	Q1	42.8	694	5.0%	61.5	17.8%	
	Q2	43.6	866	5.3%	61.9	17.8%	
	Q3	44.0	1,093	6.0%	62.7	17.9%	
	Q4	44.6	1,130	6.3%	63.4	17.9%	
<b>2015</b>	<b>Total</b>	<b>174.9</b>	<b>3,783</b>				
2016	Q1	45.2	1,382	7.4%	64.3	17.9%	
	Q2	45.4	1,305	8.0%	65.1	17.9%	
	Jul	15.4	485	8.1%	65.5	18.0%	
	Aug	15.4	450	8.2%	65.7	17.9%	
	Sep	15.3	419	8.4%	65.8	17.9%	
2016	Q4	47.0	1,411	8.7%	66.6	18.0%	
	<b>Total</b>	<b>183.6</b>	<b>5,452</b>	8.7%	66.6	18.0%	
	2017	Jan	15.8	500	8.6%	67.0	18.0%
		Feb	15.8	554	9.3%	67.3	18.0%
Mar		15.8	487	8.9%	67.6	18.0%	
Apr		16.4	550	9.6%	68.0	18.0%	
May		15.9	415	9.1%	68.2	17.9%	
Jun		16.0	508	9.0%	68.5	18.0%	
Jul		16.5	455	8.9%	68.7	18.0%	
Aug		15.2	436	8.9%	69.0	18.0%	
Sep		16.3	641	9.2%	69.4	18.0%	
<b>2017</b>	<b>Total</b>	<b>47.4</b>	<b>1,541</b>				

Chart 2.1

Annual growth rate of net credit card lending

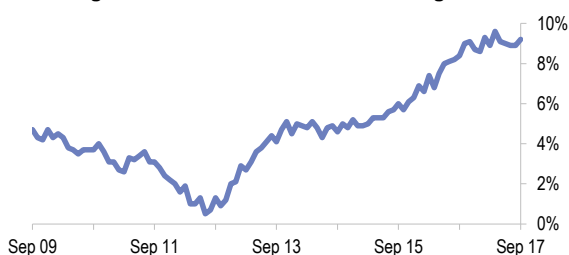
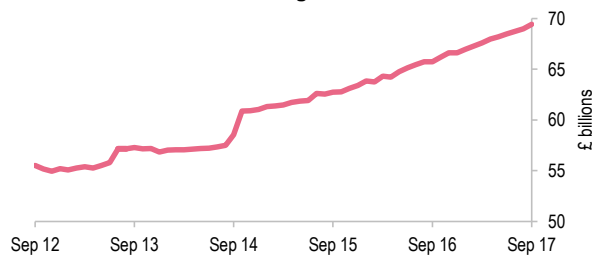


Chart 2.2

Total credit card Outstandings<sup>4</sup>



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

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

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

4 Series LPMVZRJ. 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.

5 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.