

Debit Card Report

October 2017

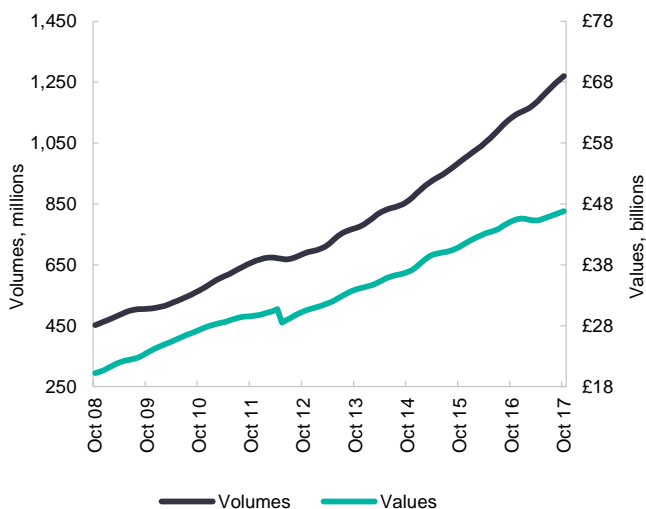


UK
FINANCE

	Oct-17	Monthly growth rate	Sept-17	Annual growth rate	Oct-16
Number of debit cards in issue (million)	98.5 ↑	0.2%	98.4	-2.5%	101.1
Total volume of debit card purchases (billion)	1.27 ↑	0.9%	1.26	12.9%	1.13
Total value of debit card purchases (£ billion)	46.8 ↑	0.6%	46.5	5.8%	45.2
Average transaction value (£)	36.86 ↓	-0.3%	36.96	-7.5%	39.83
Average monthly spend per card (£)	475 ↑	0.4%	473	6.2%	447
Average number of purchases per card	12.9 ↑	0.7%	12.8	14.8%	11.2

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. Annual growth rate for total purchases are based on a 12 months rolling period.

Total payments and spending



There were 1.3 billion **debit card payments** made in October, worth £46.8 billion.

The number of debit card payments increased by 13% annually.

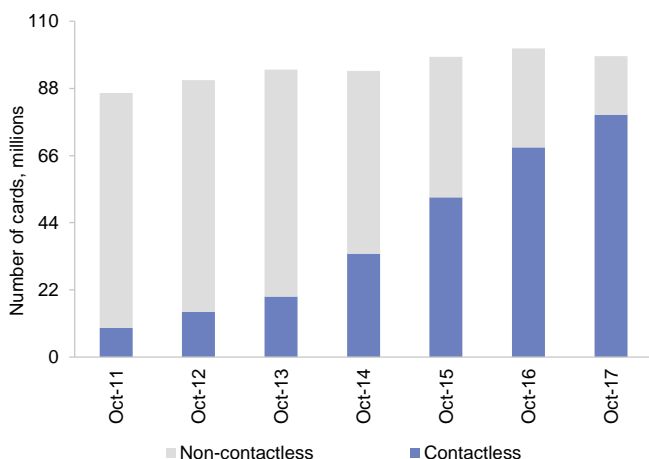
Domestic **debit card spending** continued to increase month-on-month, rising by a further 0.5% in October, when compared to September.

October saw spending abroad increase for the fourth consecutive month, rising a further 1.0% on September.

The average transaction value (ATV) for all debit card purchases recorded the lowest level (£36.86) since October 2001.

Average monthly spend per card continued to increase at a steady rate, rising a further 0.4% in October, to £475, up from £447 a year ago.

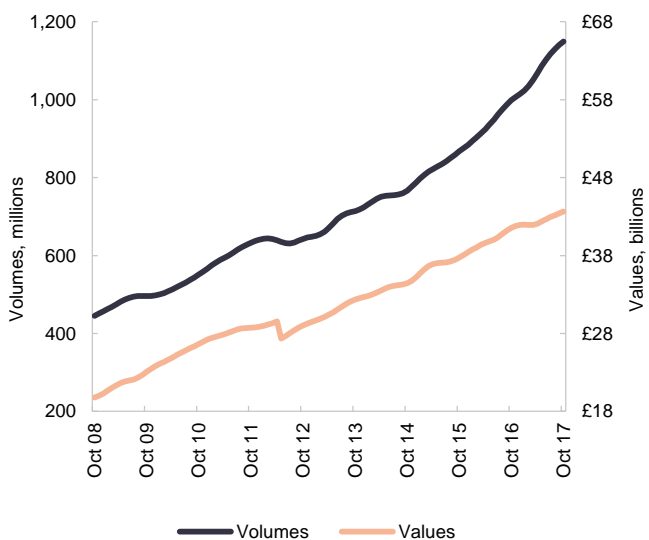
Number of debit cards in issue



Although the **number of debit cards** in issue remained stable at around 98 million, there was a marginal increase of 0.2% in October. However, when compared to October 2016, the number of debit cards in circulation decreased by 2.5 million. Although the number of cards in issue fluctuates monthly, the annual trend has recorded a sustained increase for more than a decade.

With the majority of issuers now issuing contactless cards as standard, the number of **contactless debit cards** rose by a further 3.3% in October when compared to September. UK Finance reported that the number of contactless debit cards in issue stood at 79.3 million, a rise of 2.6 million. With their ever increasing popularity and ease of use, 81% of debit cards are now contactless, up from 68% a year ago.

Domestic spending

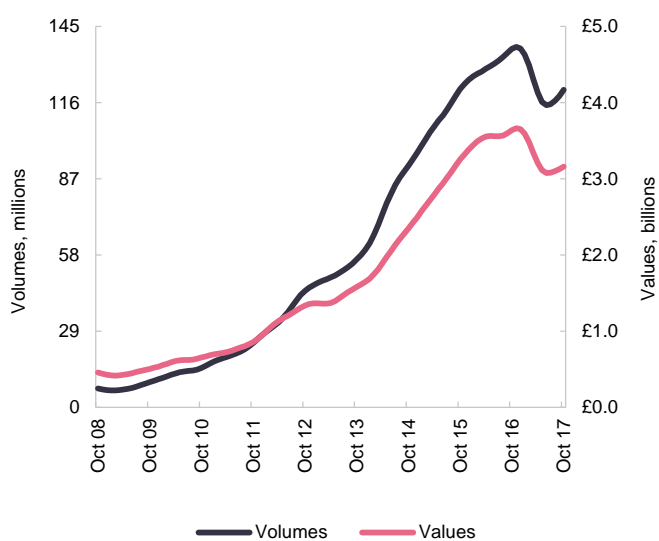


October saw **domestic spending** amount to £43.6 billion after increasing 0.5% on September, the largest value increase for three months. This growth in part stems from higher annual inflation (2.8%), growing steadily to its highest levels since 2012; the ongoing migration of cash payments to cards and spending in the run up to Christmas. In October contactless debit card spending reached £4.3 billion.

The corresponding **number of purchases** also maintained steady growth, rising by 0.7% to just over 1.1 billion, just below the monthly growth rate (+0.8%) of a year ago. The slower rate of growth, in part, stems from the continuing economic uncertainty in the UK, and weak consumer confidence.

During October each debit card was used to make on average 11.7 payments in the UK, an increase of 18%, up from 9.9 a year ago. The average monthly spend per card now stands at £443.

International spending

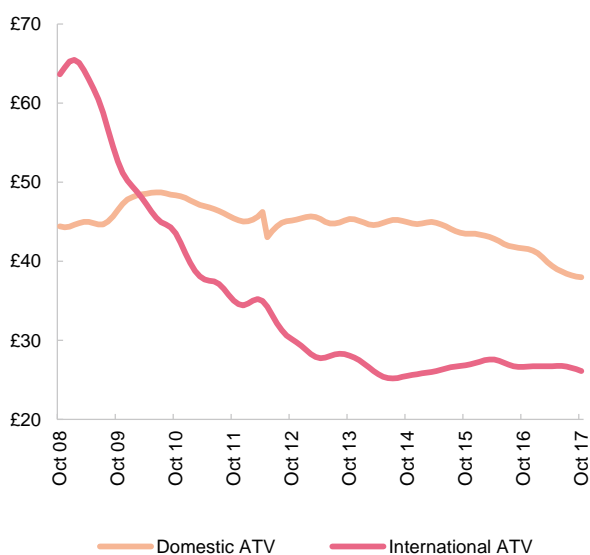


Cross-border spending increased for the fourth consecutive month, rising a further 1.0% during October, with total expenditure now in excess of £3.2 billion, highlighting pre-Christmas spending. The corresponding number of international purchases increased to 121 million; a rise of 2.0%, the largest monthly growth rate since September 2015. Although increased activity was reported in October, the number and value of payments were lower than a year ago, by 11% and 13% respectively. This decrease, in part, highlights that sterling's purchasing power abroad has weakened considerably since the Brexit vote.

Year to date 2017 transactional activity and spending abroad saw debit card holders make 96 million fewer cross-border purchases and spent £3.2 billion below the level recorded for year to date 2016.

The average monthly spend per card outside the UK increase by 0.8% to £32 during October. The average number of transactions made per debit card abroad throughout October was 1.23, compared to 1.35 a year ago, down 9.1%.

Average transaction values



The **domestic average transaction value** (ATV) continued to decrease month-on-month, falling a further (8p) between October and September to £37.98 compared to £41.63 a year ago. This measure has displayed a steady decline since peaking at £48.71 over 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** decreased by (25p) to £26.13 in October when compared to September, the largest reported reduction in the ATV since July 2016. Regardless of a slight increase over the summer months, international ATV's has displayed a more rapid decline from its peak of £65.46 in January 2009. This in part is due to the preference to purchase lower value items via cross-border online retailers.

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	199,580	4,472	194,594	82	4,985	43.82	43.51	60.78	242	236	6.1	5.53	5.43	0.10
2007	71.6	4.3%	4,845	220,236	4,759	215,050	87	5,186	45.45	45.19	59.88	256	250	6.0	5.64	5.54	0.10
2008	76.2	6.5%	5,298	238,799	5,210	233,225	88	5,573	45.08	44.77	63.25	261	255	6.1	5.79	5.70	0.10
2009	79.2	3.9%	5,939	271,396	5,843	265,845	96	5,551	45.70	45.50	57.71	285	280	5.8	6.25	6.14	0.10
2010	84.6	6.8%	6,522	315,320	6,357	307,868	165	7,452	48.35	48.43	45.23	310	303	7.3	6.42	6.26	0.16
2011	86.3	2.0%	7,581	348,865	7,324	339,412	258	9,453	46.02	46.34	36.68	337	328	9.1	7.32	7.07	0.25
2012	91.0	5.5%	8,126	359,479	7,675	344,958	451	14,522	44.24	44.94	32.22	329	316	13.3	7.44	7.03	0.41
2013	95.7	5.1%	8,922	392,589	8,293	374,929	630	17,660	44.00	45.21	28.05	342	327	15.4	7.77	7.22	0.55
2014	96.4	0.8%	10,050	432,404	9,074	407,350	976	25,054	43.03	44.89	25.68	374	352	21.7	8.69	7.84	0.84
2015	98.8	2.5%	11,435	481,482	10,084	445,689	1,351	35,793	42.11	44.20	26.50	406	376	30.2	9.64	8.51	1.14
2016	99.6	0.8%	13,048	527,264	11,466	484,444	1,582	42,819	40.41	42.25	27.07	441	405	35.8	10.91	9.59	1.32
Oct-16	101.1	-0.2%	1,135	45,205	999	41,568	136	3,637	39.83	41.63	26.66	447	411	36.0	11.23	9.88	1.35
Nov-16	101.4	0.3%	1,144	45,478	1,007	41,815	137	3,663	39.75	41.53	26.70	449	412	36.1	11.29	9.93	1.35
Dec-16	99.6	-1.7%	1,151	45,595	1,015	41,942	137	3,653	39.61	41.34	26.73	458	421	36.7	11.55	10.18	1.37
Jan-17	98.2	-1.5%	1,158	45,561	1,023	41,970	134	3,591	39.36	41.01	26.74	464	428	36.6	11.79	10.42	1.37
Feb-17	98.1	-0.1%	1,165	45,416	1,035	41,937	130	3,479	38.97	40.50	26.73	463	428	35.5	11.89	10.56	1.33
Mar-17	98.4	0.3%	1,176	45,282	1,051	41,943	125	3,339	38.50	39.90	26.72	460	426	33.9	11.96	10.69	1.27
Apr-17	98.3	-0.1%	1,189	45,309	1,069	42,103	120	3,206	38.12	39.39	26.75	461	428	32.6	12.09	10.87	1.22
May-17	98.1	-0.2%	1,203	45,494	1,087	42,379	116	3,115	37.82	39.00	26.78	464	432	31.7	12.26	11.08	1.19
Jun-17	98.4	0.3%	1,218	45,752	1,103	42,675	115	3,077	37.57	38.69	26.76	465	434	31.3	12.37	11.20	1.17
Jul-17	98.7	0.3%	1,232	46,024	1,117	42,944	115	3,079	37.34	38.45	26.68	466	435	31.2	12.49	11.32	1.17
Aug-17	98.2	-0.5%	1,246	46,276	1,130	43,176	117	3,100	37.13	38.22	26.54	471	440	31.6	12.69	11.50	1.19
Sep-17	98.4	0.2%	1,259	46,535	1,141	43,408	119	3,126	36.96	38.06	26.38	473	441	31.8	12.80	11.59	1.20
Oct-17	98.5	0.2%	1,270	46,801	1,149	43,643	121	3,158	36.86	37.98	26.13	475	443	32.0	12.89	11.66	1.23

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