

CARDNET

Cardnet Barometer

Quarterly overview



LLOYDS BANK

CONTEXT

In the first half of 2017 we have seen the consumer economy tighten, inflation has risen and wage growth has slowed, producing a squeeze on consumer's disposable incomes. The general election has exacerbated the mood of uncertainty as Brexit negotiations continue and employment is rising to levels not seen since the 1970's.

Month on month retail sales growth has slowed and shop prices risen as retailers pass some of the cost rises from the depreciation of the pound on to consumers. Consumer price inflation has increased in 2017 due to augmentations in business rates, rising staff costs, depreciation of sterling, rising fuel and commodity prices, and increases in pension cost.

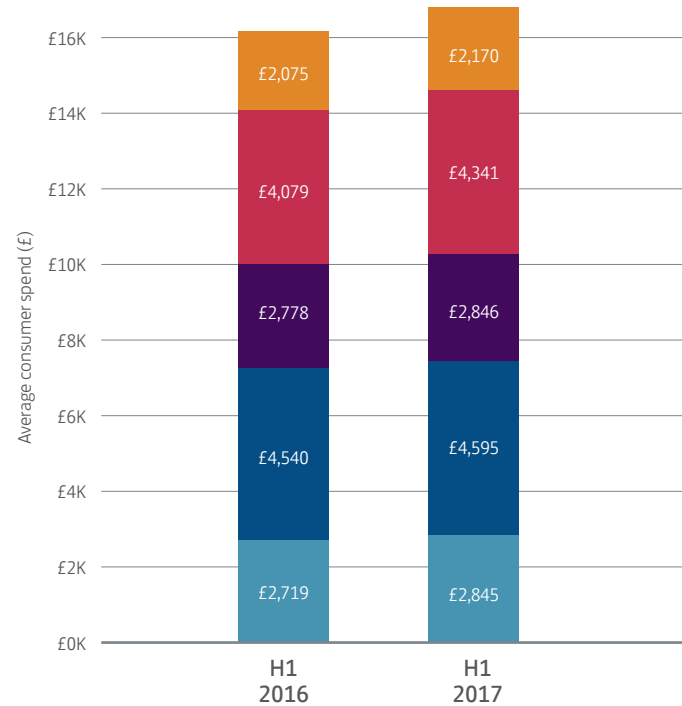
When comparing the Lloyds Bank client spend data to the official Office of National Statistics (ONS) Retail Sales figures the client's spend data looks strong. The 5%-6% increase in average customer spend (using credit and debit cards) out-performs the ONS estimate of 4% growth for the same period. This analysis provides a summary of changes in debit and credit card spending between H1 2016 and H1 2017 across different categories and demographics.

The data included in this report comprises transactional data from Personal Current Accounts (PCAs) and Credit Cards from brands including: Lloyds Bank, Halifax and Bank of Scotland*. The brand's footprint in these markets is substantial, it accounts for approximately one in four PCAs in the UK plus over 7 million credit card holders. This consumer base provides a unique opportunity to understand trends in UK consumer spending habits.

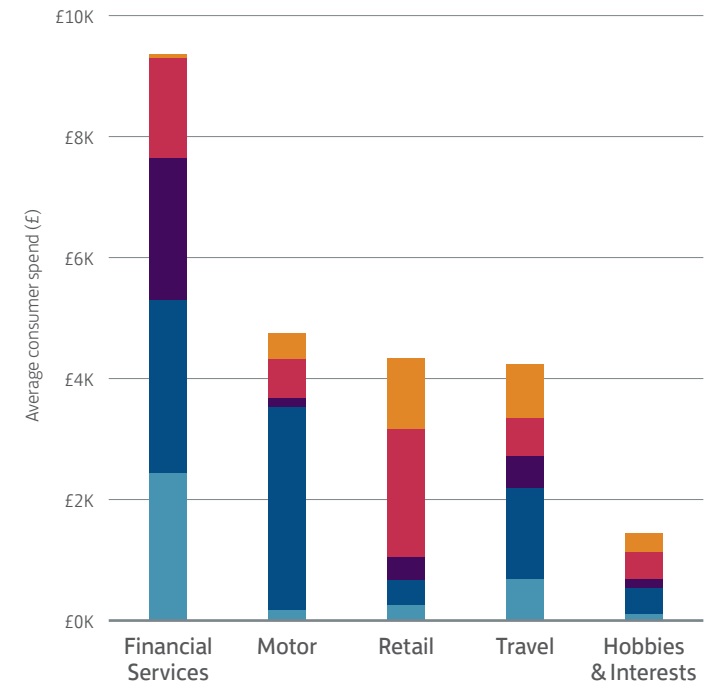
*Lloyds Bank, Halifax and Bank of Scotland are part of the Lloyds Banking Group.

TRANSACTION TYPE ANALYSIS

Average consumer spend by transaction type (£)



H1 2017 average consumer spend by transaction type and industry (£)



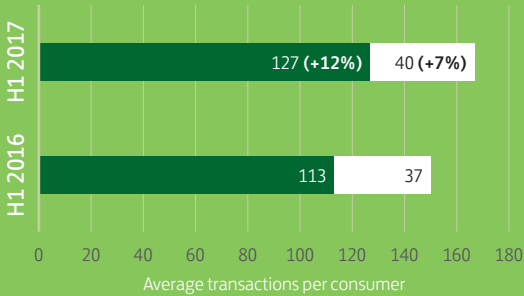
Key: Standing Order (light blue), Faster Payment (dark blue), Direct Debit (purple), Debit Card (red), Credit Card (orange)

The average consumer spend on credit card has grown by 4%, from £2,075 to £2,170 in H1 2017 relative to the same period the previous year.

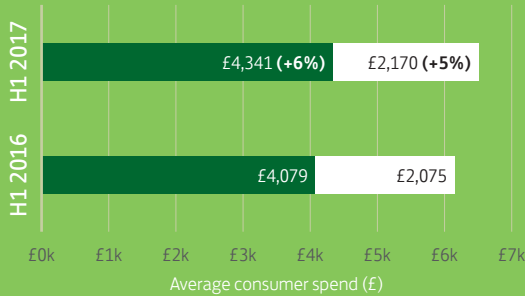
In H1 2017, debit card and credit card transactions dominate some of the most popular spend categories such as Retail, Travel, Motor and Hobbies and Interests. As expected, spend on Financial Services is distributed throughout a wider variety of transaction types, as this encompasses Mortgages, Insurance, Loans etc.

CREDIT AND DEBIT CARD SPENDING ANALYSIS

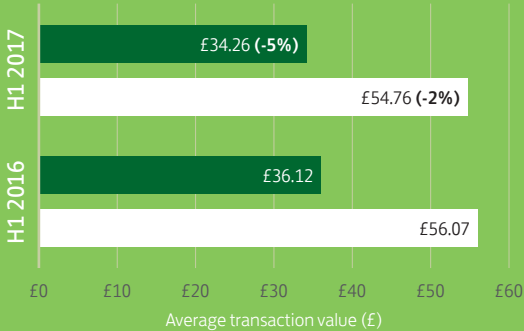
Average # transactions per consumer



Average consumer spend



Average transaction value



Key: ■ Credit Card ■ Debit Card

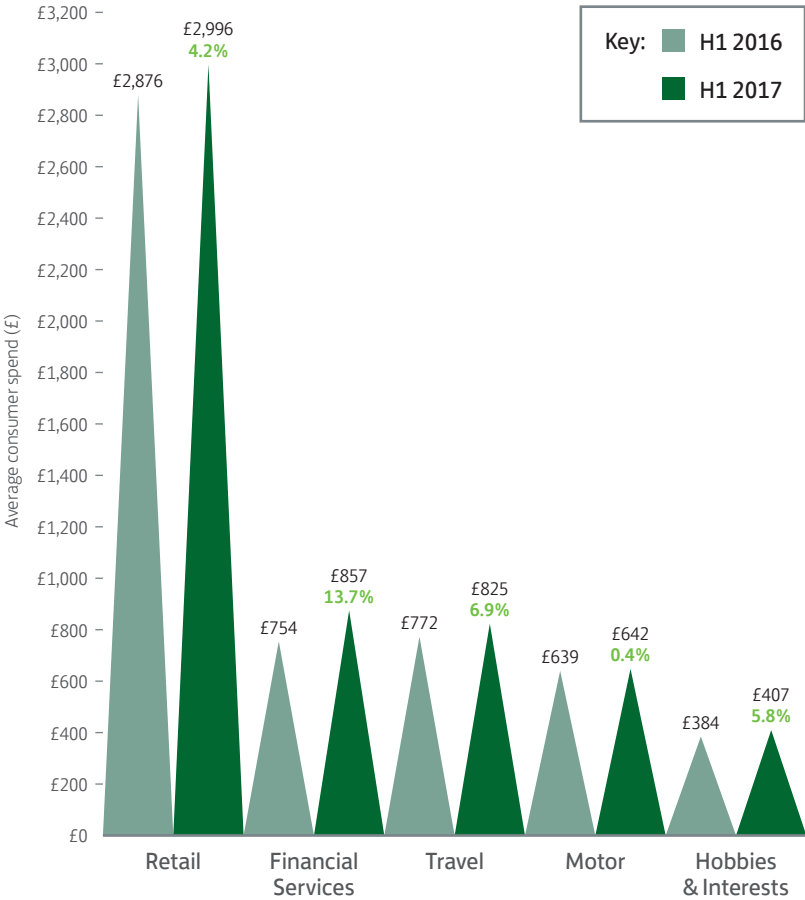
Growth of **6%**
debit cards



Growth of **5%**
credit cards

The average number of debit and credit card transactions per consumer has increased notably year on year (by 12% and 7% respectively). This growth outstrips the year on year increase in average consumer spend (growth of 6% for debit cards and 5% for credit cards). This variance is reflected in the fact that average transaction value has decreased for both debit and credit cards, likely owing to increased use of contactless payment methods for low value transactions.

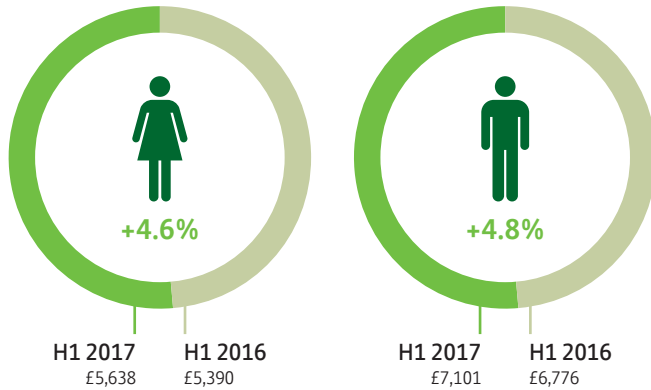
CATEGORY ANALYSIS



The average card spend has increased most notably in the Financial Services category relative to the previous year, whilst average spend on Motor has stayed relatively flat year on year (+0.4% growth).

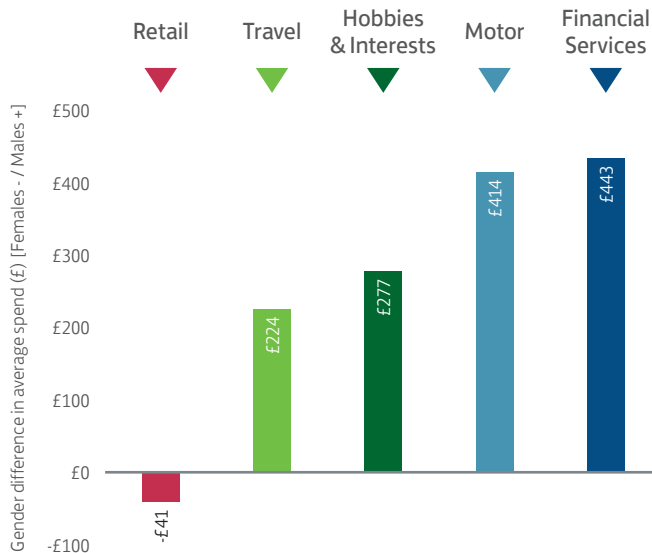
GENDER ANALYSIS

Year on year average consumer spend (£)



Males have a higher average card spend than females, whilst year on year growth in average card spend is near equal (4.8% for males and 4.6% for females).

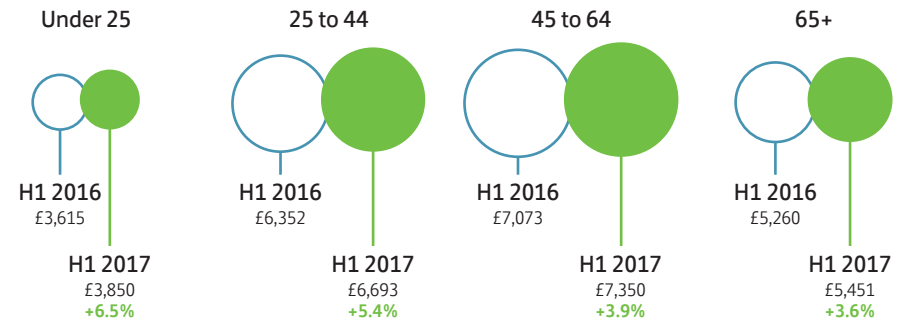
H1 2017 gender spending differences (£)



On average, males spend more on Travel, Hobbies and Interests and most notably Motor and Financial Services. Females spend £41 more on Retail than males.

AGE GROUP ANALYSIS

Year on year average consumer spend by age group (£)



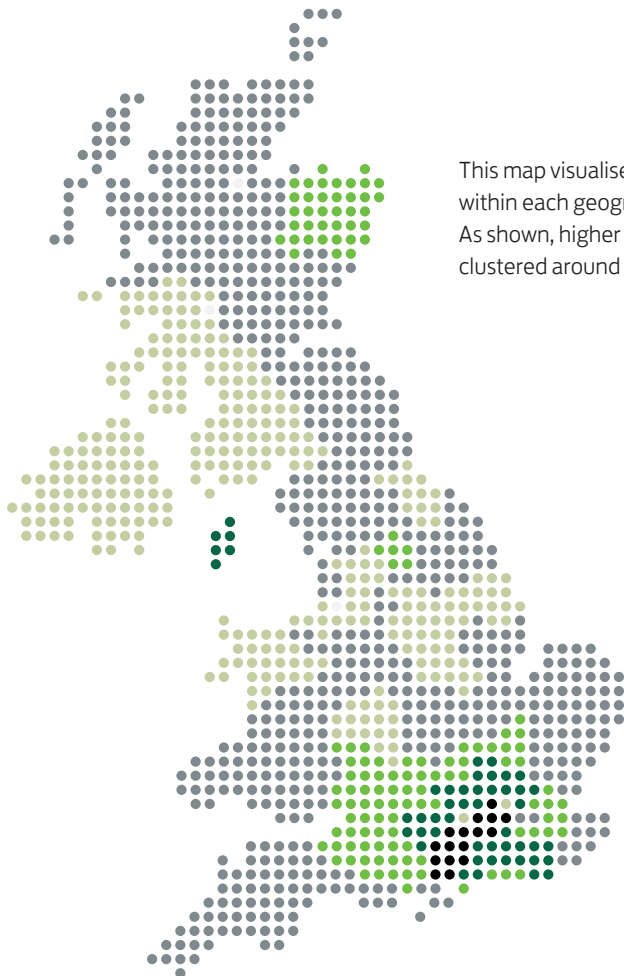
Average card spend is highest among ages 45 and 64, relative to other age groups. However, year on year growth in average spend is highest among consumers aged under 25 (+6.5%).

Average consumer spend by category, age group and gender (£)

		Under 25	25 to 44	45 to 64	65+
Retail	Female	£2,034	£3,280	£3,132	£2,223
	Male	£1,758	£2,999	£3,217	£2,532
Financial Services	Female	£216	£571	£759	£515
	Male	£295	£894	£1,324	£1,089
Motor	Female	£253	£427	£505	£316
	Male	£420	£741	£1,030	£866
Travel	Female	£531	£725	£721	£452
	Male	£504	£856	£1,018	£840
Hobbies & Interests	Female	£177	£297	£277	£123
	Male	£401	£631	£543	£278

The darkest greens denote the highest spending age group within each category, whilst the lightest greens denote the lowest spending age group.

H1 2017 AVERAGE CONSUMER SPEND BY REGION



This map visualises the average consumer spend within each geographical region of the UK. As shown, higher average spend tends to be clustered around London and the South East.

£5,000  £9,000

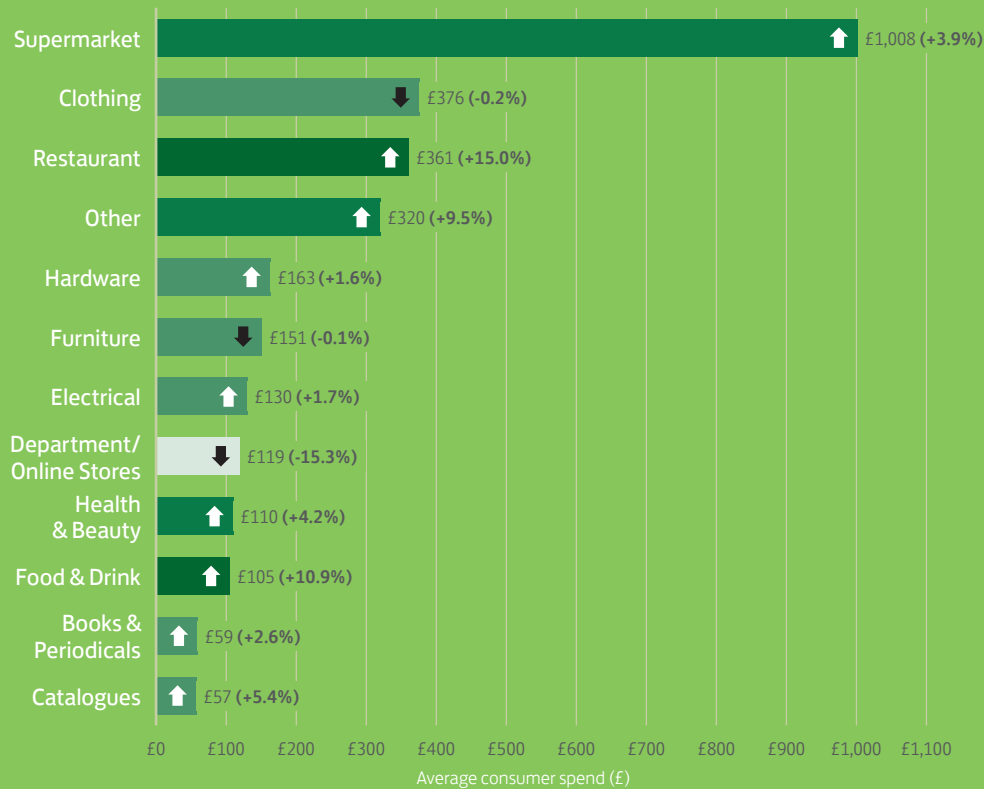
YEAR ON YEAR GROWTH IN AVERAGE CONSUMER SPEND BY REGION



This map visualises the regional year on year growth in average consumer spend. Generally, average consumer spend has increased across the UK, with the most significant growth being clustered in areas around London and the South East.

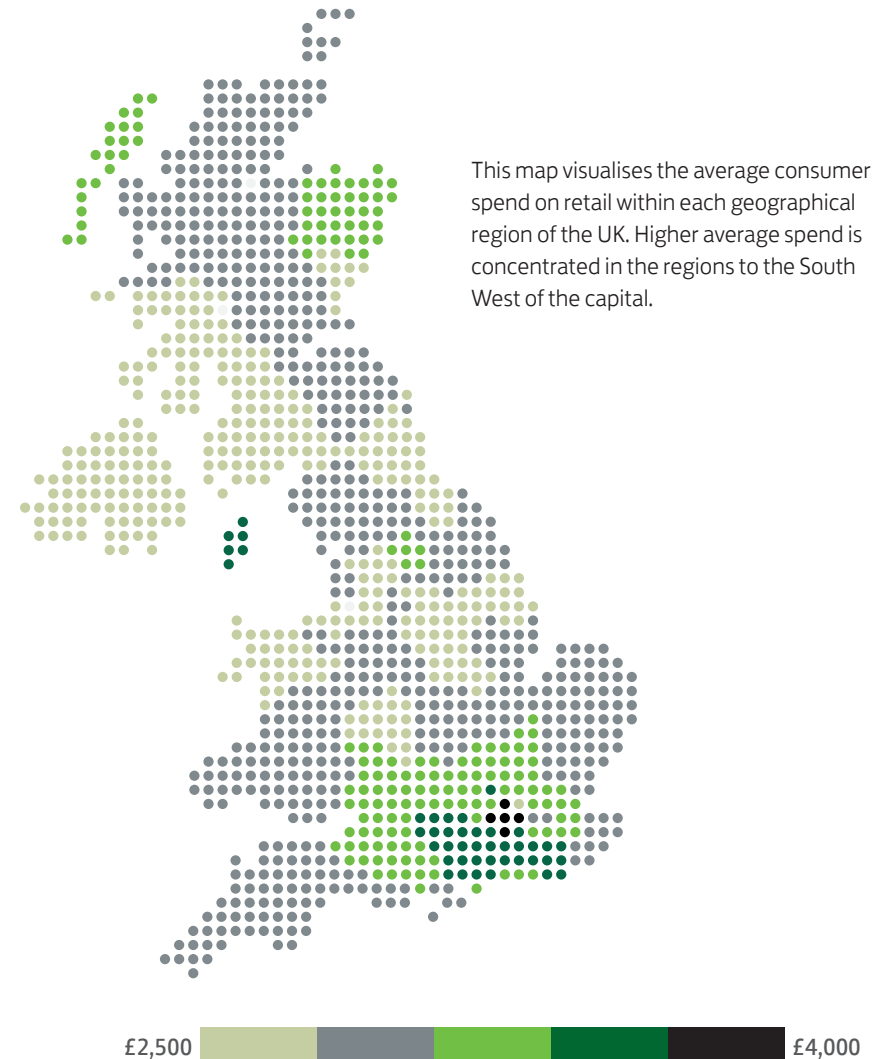
-1.0%  10.0%

RETAIL: H1 2017 AVERAGE CONSUMER SPEND BY SUB-CATEGORY

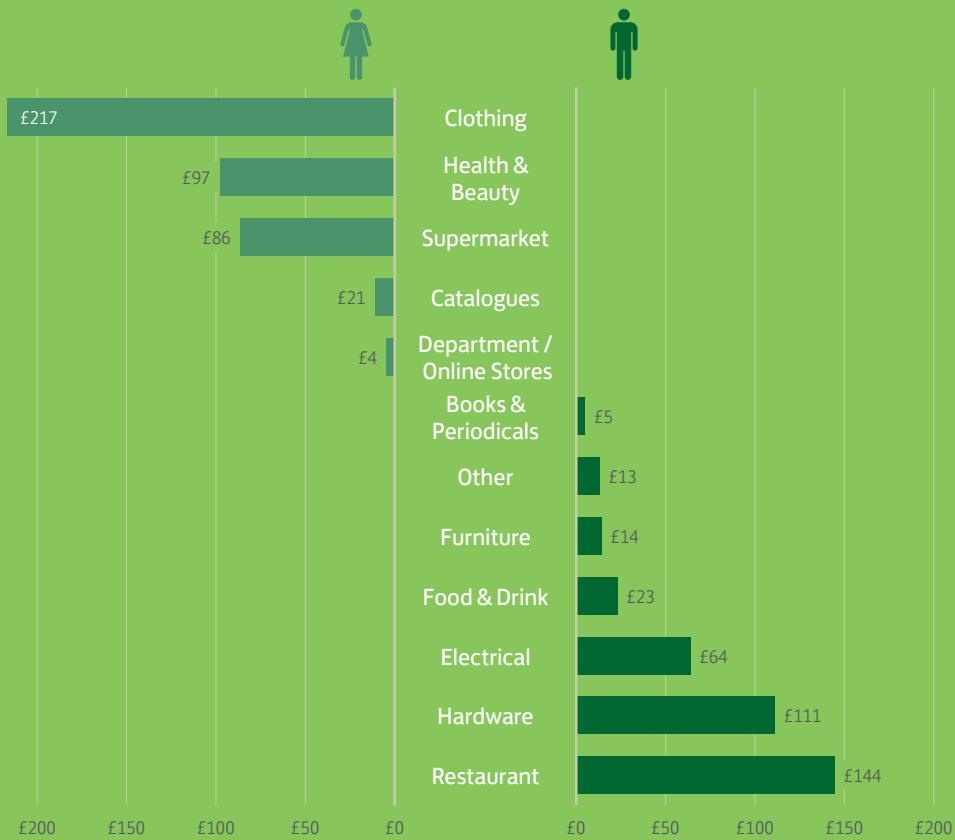


Average card spend on supermarkets outstrips any other retail sub-category. Spend on restaurants has seen the highest year on year growth (15.0%). Conversely, average card spend in department / online stores has decreased by 15.3% since H1 2016. NB: The shade of green denotes the size of year on year growth, with the darkest greens representing largest growth.

RETAIL: AVERAGE CONSUMER SPEND BY REGION



RETAIL: GENDER DIFFERENCES IN AVERAGE CONSUMER SPEND



There are marked gender differences in spending habits, whereby females on average spend notably more on Clothing (£217), Health & Beauty (£97) and in Supermarkets (£86) whilst males on average spend more on Restaurants (£144), Hardware (£111) and Electricals (£64).

RETAIL: AVERAGE CONSUMER BY AGE GROUP AND GENDER

		Under 25	25 to 44	45 to 64	65+
Supermarket	Female	£479	£1,117	£1,193	£934
	Male	£406	£907	£1,135	£1,013
Clothing	Female	£537	£588	£450	£242
	Male	£270	£318	£275	£150
Restaurant	Female	£338	£352	£197	£102
	Male	£431	£501	£344	£228
Other	Female	£202	£328	£322	£207
	Male	£192	£328	£340	£238
Hardware	Female	£25	£99	£137	£89
	Male	£48	£204	£277	£181
Furniture	Female	£44	£131	£170	£153
	Male	£35	£137	£189	£180
Health & Beauty	Female	£156	£187	£151	£94
	Male	£36	£66	£71	£52
Department/ Online Stores	Female	£68	£141	£143	£106
	Male	£69	£132	£138	£113
Electrical	Female	£60	£94	£102	£81
	Male	£124	£159	£168	£129
Food & Drink	Female	£52	£103	£95	£62
	Male	£62	£120	£118	£91
Catalogues	Female	£32	£65	£76	£67
	Male	£24	£45	£52	£46
Books & Periodicals	Female	£36	£61	£60	£38
	Male	£45	£61	£66	£49

The darkest greens denote the highest spending age group within each category, whilst the lightest greens denote the lowest spending age group.