

UK Credit Cards - Hypothesis test

Hypothesis

As consumer uncertainty has risen & interest rates have changed, what, if any, impact has this had on what credit cards consumers search for?

A roundup of key events

11th March 2020

Bank of England (BoE) announces base rate cut to 0.25% (previously 0.75%)

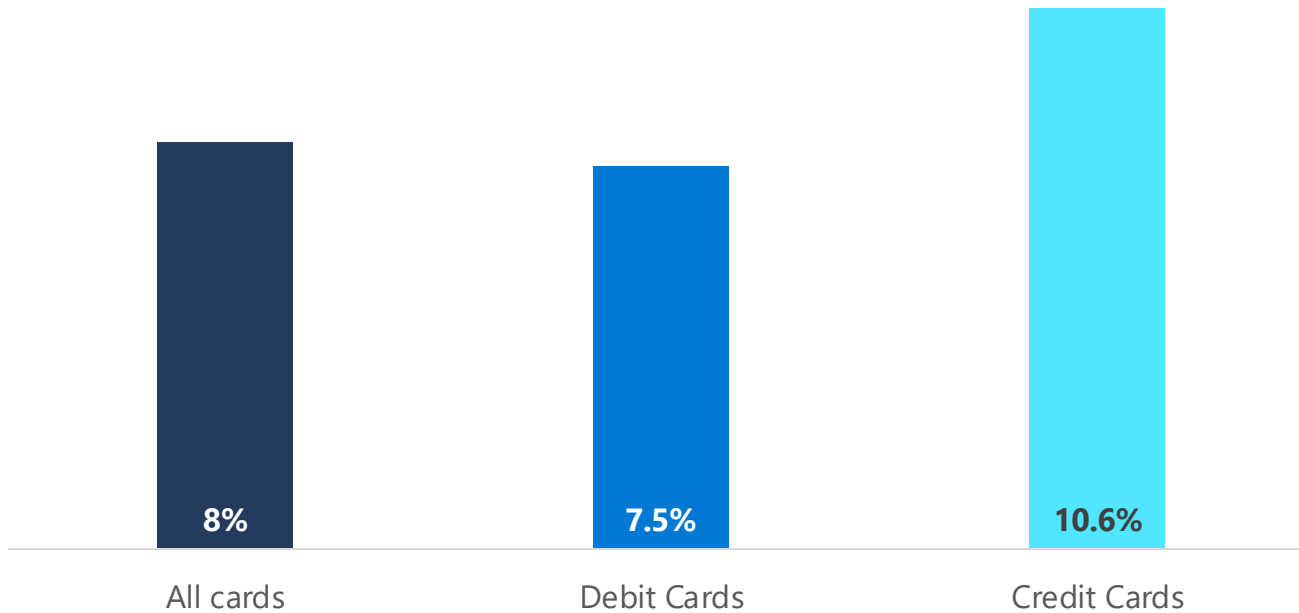
19th March 2020

BoE emergency meeting. Cuts base rate to 0.1% in response to COVID-19 market shocks

Interventions encourage the use of contactless

The number of contactless credit card transactions has outgrown the market. New regulations designed to encourage contactless may raise it further

YoY Volume of contactless card transactions



UK contactless spending limit raised to £45

By Mike Moore 9 days ago

Current limit rises from £30 to enable more cash-free purchases

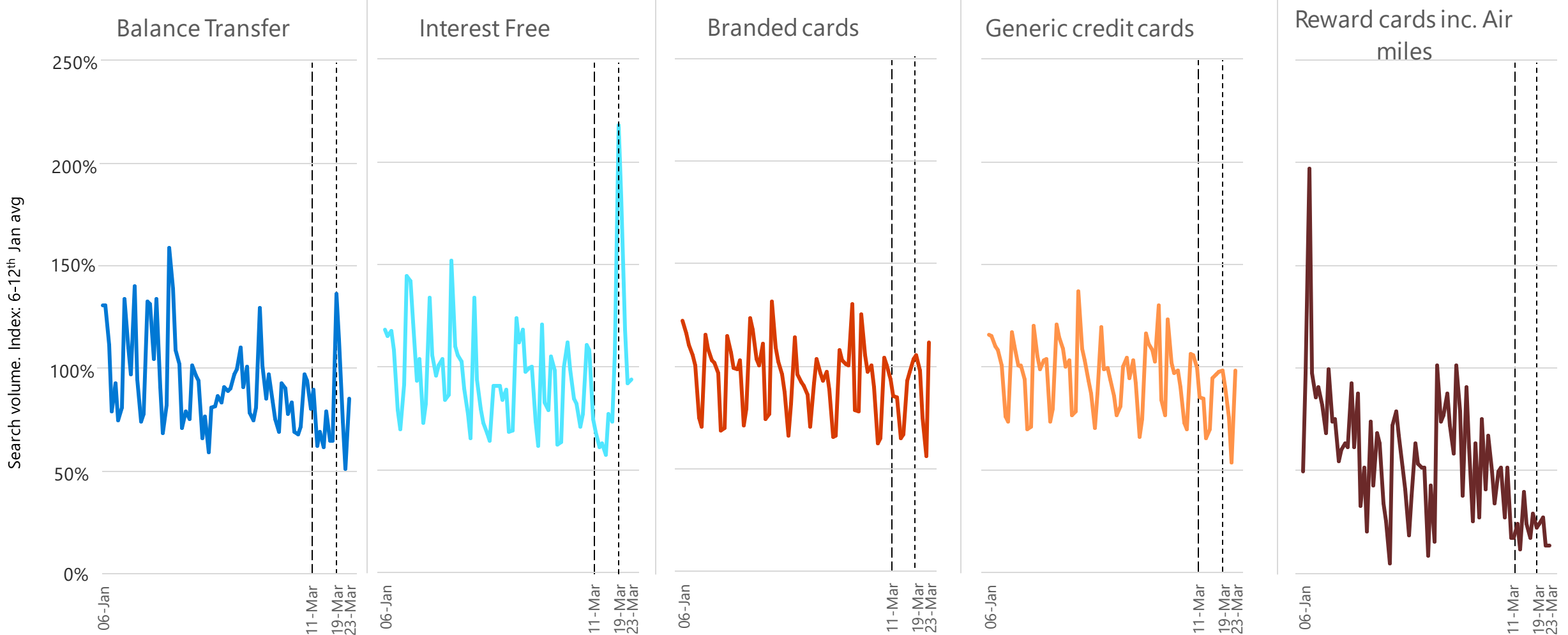


(Image credit: Shutterstock)

The UK has raised the contactless payment limit to £45 as retailers look to mitigate the ongoing effects of the coronavirus pandemic.

Recent volume is driven by consumers looking for 'Balance Transfer' and 'Interest Free' cards

Key dates | 11th Mar: Budget & Base rate cut to 0.5% | 19th Mar: Base rate cut to 0.1%



The future

The Financial Conduct Authority are proposing to introduce freezes on loans, credit card bills & cancel overdraft charges for struggling consumers

Thursday 2 April 2020 9:34 am

Coronavirus: City watchdog proposes credit card payment freeze

Harry Robertson



Conclusions

- The number of contactless payments have risen YoY, credit card payments are outpacing the card market.
- Recently, consumers have been more likely to search for interest free & balance transfer cards. Airmiles & rewards cards are naturally less of a focus.
- Regulation interventions will likely be welcomed during this unprecedented time & bring temporary relief to those struggling.