

Credit Cards - UK - August 2016

Report Price: £1750.00 | \$2834.04 | €2223.04

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“Consumers are price sensitive when it comes to credit cards, attracted by the best reward schemes and longer interest-free periods. However, cards that offer longer-term value are more likely to guarantee customer loyalty. Mintel’s consumer research shows that two in five consumers think that the interest rate is the most important factor when looking for a credit card.”
– Jessica Galletley, Financial Services Analyst

This report looks at the following areas:

- Doing more to help ‘minimum repayers’ avoid difficulties
- Virtual cards will change credit-spending habits
- Credit card market sees low levels of switching

Gross credit card lending grew by 9% in 2015, to £175 billion. Strong growth continued throughout the first half of 2016, driven by rising consumer confidence and the wide availability of unsecured credit. However, uncertainty following the UK’s decision to leave the EU, is likely to make people more cautious about spending, particularly on big-ticket items, which is expected to curb the demand for borrowing. As such, going forward Mintel forecasts that growth in credit card lending will slow until there is more certainty around the terms of Brexit.

Despite this, innovations in the payments industry will help to sustain growth in the market. Online spending and contactless payment technology are changing the way people use their payment cards, with credit cards in particular seeing growth as a result.

However, the way in which people are using their credit cards suggests a growing comfort with having debt. In an ongoing review of the credit card market, the FCA has raised concerns over the number of borrowers in persistent levels of debt, suggesting that low minimum repayments on cards mean people are staying in debt for longer.

This Report examines the credit card market and key developments and drivers of the market. It includes analysis of major providers and their competitive strategies. This Report explores consumer ownership of payment cards, as well as levels of credit card debt and intentions towards future use of credit cards. It will also explore their likelihood to switch providers and borrowing intentions over the next 12 months. It also looks at the key features people look for when choosing a credit card and how these needs are met by different types of providers.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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