

# Mastercard's Q1 earnings show debit-driven volume recovery

Article

The card network's Q1 total gross dollar volume (GDV) **grew** 8% year-over-year (YoY) globally, reaching \$1.71 trillion—**an acceleration from the 1% growth** it saw in the previous quarter. Growth was led by a jump in debit volume, which grew 17.8% YoY and accounted for \$954 billion in transaction volume. Credit volume grew less than 1%, hitting \$758 billion. But both

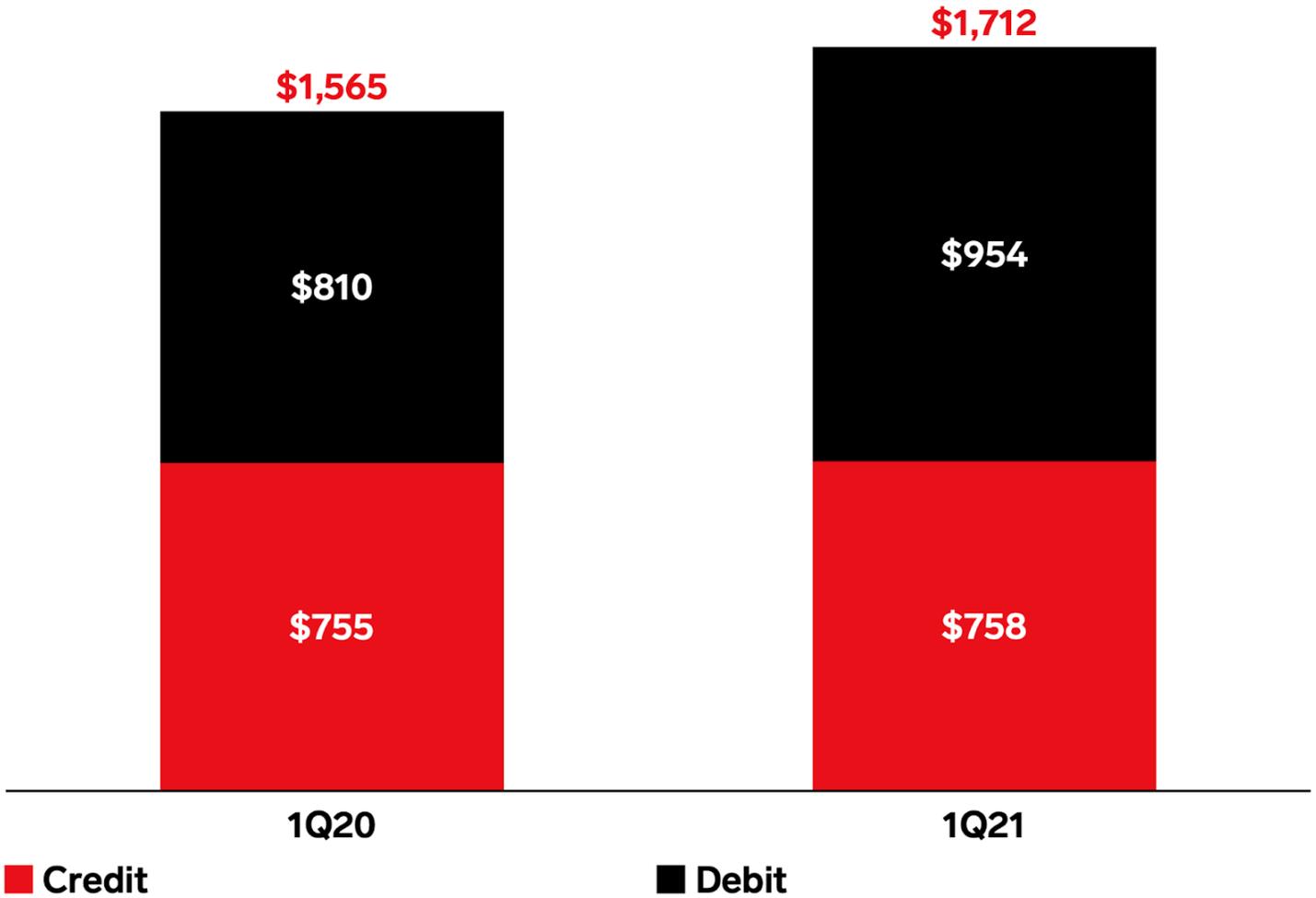
debit and credit volume improved from the previous quarter: In Q4, global debit GDV grew 8.4% YoY, while global credit GDV declined 6.9%.

## **Mastercard's recovery comes as vaccine distribution helps economies improve and parts of the world return to some sort of normalcy.**

- **The card network's US market saw an impressive jump in GDV in Q1.** Mastercard reported a 14% YoY jump in GDV in the US to reach \$544 billion, compared with 4% YoY growth in Q4. This growth reflects broader economic trends: US GDP **grew** at a 6.4% annual rate in Q1, nearing pre-pandemic levels of economic activity. The rebound also coincides with the distribution of a third round of stimulus checks in March. Many US adults **used** the payments to pay off debt and create a cash cushion—putting them in better financial positions that likely led to increased spending on nonessentials.
- **As global economic conditions improve, Mastercard's expansion plans can create new revenue-generating opportunities.** While the global recovery is uneven, it is **rebounding** faster than previously expected overall thanks to aggressive vaccination efforts. Anticipating this recovery—and looking toward future growth—Mastercard ramped up its global expansion efforts. For example, in April, the card network announced **two developments** in the Middle East: It added HSBC UAE to its Track Business Program and partnered with the Central Bank of Iraq to digitize the country's payment system. The Middle East is **ripe** for digital payments growth, so these initiatives could be a valuable growth opportunity for the card network.

**Mastercard is also expanding perks for cardholders and merchants while plunging further into the flourishing crypto space, setting itself up for continued growth.** The card network made a multitude of announcements in Q1 that can further its volume recovery. It **unveiled** new perks for US consumer and small-business cardholders—hoping to encourage card spending—and **acquired** digital identity platform Ekata, which can help minimize the **growing** risk of fraud for merchants and strengthen Mastercard's relationship with merchant partners. Mastercard also announced plans to **integrate crypto** into its network and will **launch** its first crypto credit card through a partnership with crypto exchange Gemini. All of these moves should help Mastercard further increase volume and continue its recovery.

# Mastercard's Global Gross Dollar Volume (GDV) billions



Source: Mastercard, 2021

Methodology: Data is from Mastercard's quarterly earnings releases published on April 29, 2021.

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