

Mastercard positions itself for growth as consumers ramp up retail spending

Article

The news: US retail sales (excluding auto and gas) jumped **10.9%** year over year (YoY) in July and increased **10.4%** compared with July 2019, according to recent **Mastercard**

SpendingPulse [data](#).

Standout categories included jewelry (+82.6% YoY), apparel (+80% YoY), and restaurants (+61.4% YoY)—indicators that consumers spent more time and money outside their homes as COVID-19 restrictions eased and the vaccination campaign progressed.

Opportunities abound: Here are some moves that could benefit Mastercard and help it take advantage of the recent spending surge.

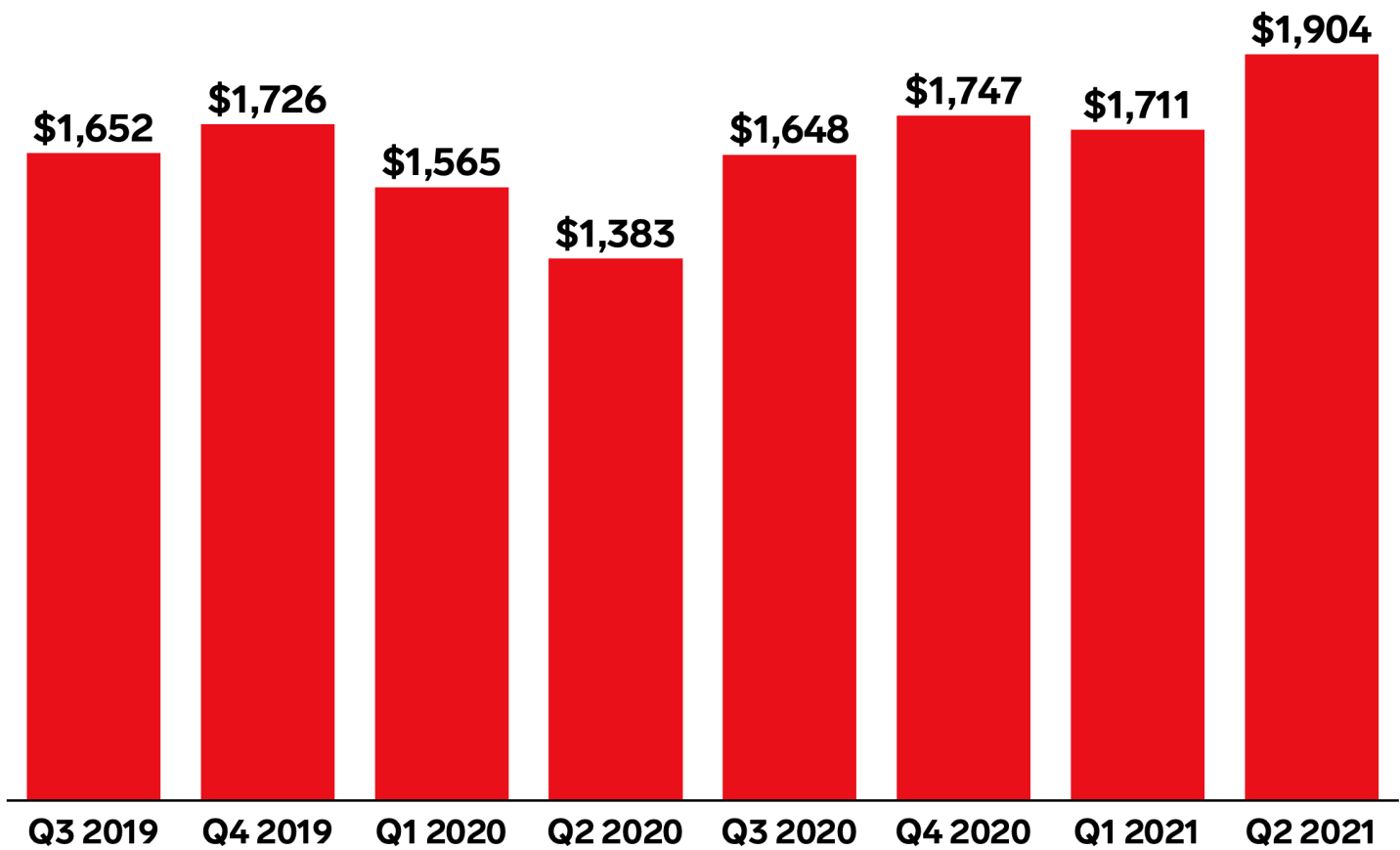
- **Mastercard [enabled support](#) for WEX Pay Card to help businesses manage employee payrolls.** Financial technology service provider WEX introduced the cards, to which businesses can send payroll funds in real time. Employees can use the cards wherever Mastercard is accepted or transfer the funds to their bank accounts. The WEX Pay Card eliminates a [major pain point](#) by helping businesses streamline the payroll process and gives employees instant access to their paychecks—opening up another [volume channel](#) for Mastercard that can help it capitalize on the increase in spending.
- **Apple now [lets](#) Mastercard cardholders make instant transfers from their Apple Cash balance.** Apple Cash, a virtual card that's compatible with Apple Pay and Apple Card and lets users send and receive funds from iMessage, was first made available to Visa debit cardholders. Customers could instantly transfer their stored Apple Cash balances to their bank accounts, and now Mastercard debit cardholders can do the same. The feature gives Mastercard customers another way to spend, especially as digital wallets and peer-to-peer payments grow [more popular](#).

The challenge ahead: As consumer spending takes off, card networks face greater regulatory scrutiny regarding interchange fees, the fees networks charge merchants for card transactions. In March, Visa and Mastercard [delayed](#) fee increases following intense pushback from legislators, including Senate majority whip Dick Durbin.

And more recently, Mastercard CEO Michael Miebach [pushed back](#) against debit regulations that limit the fees networks can charge merchants on debit card transactions, including the decade-old [2010 Durbin Amendment](#). Miebach said data shows consumers have paid more and gotten less because of those laws. His comments suggest Mastercard likely won't pull back from charging merchants interchange fees, especially as spending ticks up.

Mastercard Global Gross Dollar Volume

billions



Note: Data is for all Mastercard credit, charge, and debit programs

Source: Mastercard, 2021

Methodology: Data is from Mastercard's quarterly earnings releases published between October 29, 2019, and July 29, 2021.

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