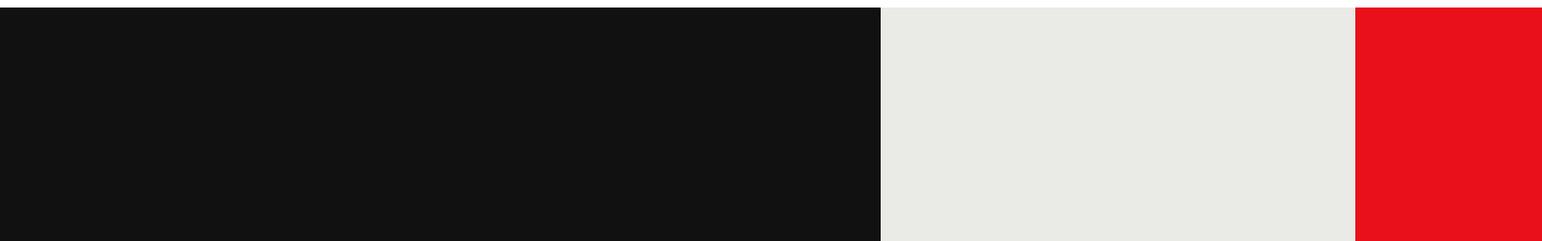


Consumer payment trends augmented by economic uncertainty

Article



The data: Forty-four percent of global consumers have changed their online payment habits partly due to the rising cost of living, [according to](#) a Paysafe report published in June, which included a survey of 11,000 consumers across 10 countries.

- 52% of consumers use cash less often as prices rise.

- 40% say they prefer payment methods that let them keep track of spending more accurately.
- 36% of consumers also said they prefer using contactless payments.
- And 33% said they prefer payment methods that don't require sharing their financial details online.

Key context: The Personal Consumption Expenditures price index rose 6.3% annually in May, holding steady from April, per the US Commerce Department. Although price increases have cooled slightly from March's 40-year high, consumers feel little relief and have shifted their purchasing and payment habits.

US consumer spending increased just 0.2% month-over-month in May—the smallest increase this year. Floundering consumer sentiment—triggered in part by fears of a recession—has pushed many consumers to tighten their purse strings.

What this means for payment providers: Consumers may look for ways to optimize purchases as economic factors influence spending power.

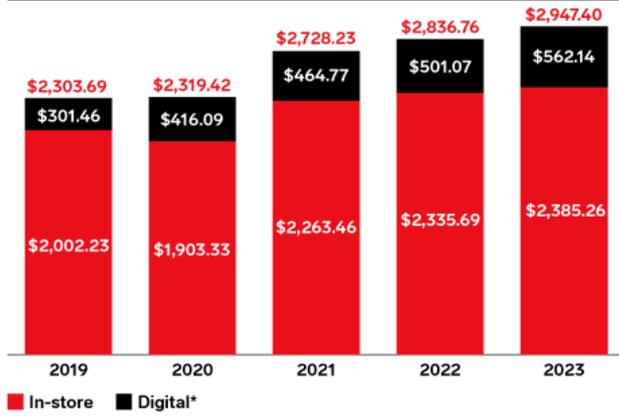
This could make rewards-forward credit cards even more attractive. Even though consumers tend to limit credit spending in favor of debit cards during times of economic instability, **digital credit card spending is expected to hit \$501.07 billion** in 2022, up from \$464.77 billion last year, per Insider Intelligence forecasts. Growth may be influenced by stronger demand for rewards, which 44% of US consumers cited as the main reason for switching to a new credit card during the pandemic, per 2022 LendingTree data.

Consumers may be more interested in tools that help them manage spending. Solutions like Apple Card's category-based insights and Amex's digital receipts give consumers greater visibility into their finances and can help them better manage their spending in the wake of economic uncertainty. Investing more into these services can help payment providers better serve their customers and increase loyalty.

Related content: Check out [The Era of Uncertainty](#) report collection to learn more about how recent macroeconomic factors are affecting key industries.

US Digital* vs. In-Store Credit Card Spending, 2019-2023

billions



Note: includes food services and drinking places sales and sales tax; excludes travel and event tickets, payments (such as bill pay or money transfers), mail orders, and gambling and other vice good sales; in-store includes point-of-sale (POS) transactions made in-store using credit cards including proximity mobile payments linked to a credit card; digital includes transactions made over the internet (includes desktop/laptop, mobile, and tablet purchases) using credit cards; *forecast from July 2021
Source: Insider Intelligence, Nov 2021

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InsiderIntelligence.com