

# New study reveals what consumers do with their credit cards

While some 6,9 million South Africans own a credit card, what we do with our cards, and the reasons why, varies considerably depending on our age, income, and life stage.



Source: Supplied.

This is according to TymeBank's new online survey of 1,000 South African consumers which coincides with the launch of the bank's first credit card.

What is clear from the research is that 74% of respondents are using their card to shop online more than ever before, triggered in large part due to the pandemic.

## Experience counts

The survey shows that age, rather than income, has the largest influence on purchasing and repayment behaviour. For example, the overwhelming majority (71%) of respondents in the 50+ age group use their card for convenience, while 42% pay off their cards monthly, regardless of their financial circumstances.

This prudent behaviour points to the benefit of experience and potentially some hard-won lessons about the importance of paying off credit-card debt as soon as possible.

Just under a third (31%) of respondents pay as much as they can each month, while 30% pay the minimum required and only 22% are disciplined enough to pay off their cards in full each month. Sixteen percent reported paying the same amount off every month, regardless of the balance.

Earning more doesn't necessarily influence repayment behaviour - only 29% of those with a household income (HHI) of R30k+ pay off their cards monthly in full.

## What we buy with our credit cards

According to the survey, most respondents (63%) use credit cards for big purchases like appliances, furniture, and renovations, while 46% pay for special occasions such as weddings, birthdays and funerals.

Forty one percent use their cards to pay for holidays and to travel, although this is far more likely among those earning over R30k (65%) and those older than 50 (52%).

Just under a quarter of respondents (24%) use their cards for most of their purchases from big-ticket items, to clothing and treats like dinner and drinks.



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14 Dec 2021



## How Generation Z uses their credit cards

The survey revealed some interesting insights into the purchasing behaviour of cardholders between the ages of 18 and 24. Card ownership among survey respondents in the 18 to 24 age group is surprisingly high at 46%, with the popularity of online shopping among the younger generation a likely contributing factor.

The overwhelming majority (70%) indicate they are more likely to use their card to manage their money and monthly transactions and less likely to rely on it to access credit (21%). This compares favourably with the overall sample, with 32% claiming they need access to the credit.

When it comes to purchases, they tend to pay for entertainment using their cards (37%), whereas 81% buy clothing above all else.

## What we look for in a credit card

When choosing a credit card, low fees are the most important feature for 77% of the sample, while 61% look for a good loyalty programme. Competitive interest rates rank high for 60% of respondents, followed by additional benefits at 56%. Interestingly, the card's design is an influencing factor for 16%, while 6% said they liked the status that comes with having a credit card.

"Whether it is for online payments or instore purchases, there are definite benefits to having a credit card, provided it is used responsibly. It is a secure, convenient method of payment that can add value to your budget and lifestyle. Cardholders can bolster their credit scores if they make payments on time and in full, which may even help with securing lower interest rates on other forms of credit.

"That said, simply due to the circumstances we find ourselves in economically, not everyone is able to pay their card off monthly, which is why it is really important to think carefully before using your credit card. Use it for those unexpected costs, big ticket items and special occasions to better manage your payments, which - if paid on time and in full - do not

incur any interest,” says TymeBank CEO Tauriq Keraan.

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