



COVID Credit Crunch: 59% of UK Consumers Have Used Credit Cards 'To Make Ends Meet' During Pandemic

September 16, 2021

70% of consumers prefer Buy Now Pay Later (BNPL) to credit cards due to affordability and ease of management, with 54% saying BNPL will replace their use of credit cards

LONDON--(BUSINESS WIRE)--Sep. 16, 2021-- [Marqeta](#) (NASDAQ: MQ), the global modern card issuing platform, has today released a new report highlighting how the economic stress of the pandemic has increased the popularity of credit cards and flexible payment options – such as Buy Now Pay Later (BNPL). The survey of 1,000 UK consumers showed that nearly 3-in-5 (59%) respondents have relied on credit to make ends meet during the pandemic. Yet it also suggests that credit cards could soon be usurped by BNPL as the consumer credit option of choice. Seven out of 10 consumers reported that they prefer BNPL options to credit cards, citing affordability and ease of management as key reasons, while over half (54%) said that BNPL will replace their use of credit cards. This is despite 35% saying they had tried BNPL for the first time during the pandemic.

Worryingly, the survey showed that while having a wider range of credit options has provided essential support during the crisis, some have found themselves falling behind with payments and building up debt:

- Of those consumers who were already using BNPL solutions before the pandemic, more than two-thirds (67%) reported that their use had increased over the last 12 months. However, more than half (53%) worry that it's easier to fall into debt with BNPL compared with credit cards.
- While 70% of consumers are more conscious of their credit card balance post-COVID, and 60% are more aware of budgeting, almost a quarter (23%) of consumers reported having struggled to keep up with minimum monthly card payments during the pandemic.
- Despite this, 64% of consumers report using credit cards at least once per week and usage is frequent – with over two-fifths (42%) using their credit cards to make five or more purchases a week.

“Credit cards and BNPL have provided a lifeline for many during the pandemic,” says Ian Johnson, SVP, Managing Director, Europe, Marqeta. “The boom in online shopping due to global lockdowns – combined with the ongoing financial insecurity for millions of households – has created a perfect storm for the surge in BNPL and credit card use. Lots of people are living hand to mouth due to the financial strain of COVID and having flexible payment options has helped them to make ends meet – for example, by allowing them to purchase essentials when they need them, while paying for them at a time that suits.”

The shift towards non-traditional payment options has shown that consumers are increasingly looking for new experiences and innovation in payments. The report found that many consumers expressed interest in different types of credit cards, such as a card that supports environmental causes (72%), or a family credit card (43%). Others were keen for more variety in rewards, with lottery rewards and stock portions being popular options. 64% of those surveyed were interested in non-traditional rewards, with 82% interested in building their own rewards programme.

It also found that nearly three quarters (71%) of consumers think that credit history should be built on more than just credit card use – with 68% stating that they would be interested in a product that builds credit history, but is paid off immediately, like a debit card.

“COVID has irreversibly changed the payments industry. Consumers want to be in control of how they pay, with greater transparency, convenience, and the ability to monitor spending driving the shift towards non-traditional payment options,” concludes Johnson. “Offering new, user-friendly payments experiences has long been a battleground for banks. But the ongoing economic fallout of the pandemic means that customers are now looking for innovative payment options that give them true control over their finances. If banks don't respond to shifting customer demand, they risk being left behind by their more forward-thinking competitors.”

State of Credit Report

To download the Marqeta 2021 State of Credit Report, please visit: <https://www.marqeta.com/uk/resources/2021-state-of-credit>

About Marqeta

Marqeta is the global modern card issuing platform empowering builders to bring the most innovative products to the world. Marqeta provides developers advanced infrastructure and tools for building highly configurable payment cards. With its open APIs, the Marqeta platform is used by leading European fintechs like Capital on Tap, Lydia and Twisto, who want to easily build tailored payment solutions to create best-in-class experiences and power new modes of money movement. Marqeta is headquartered in Oakland, California, is enabled in 36 countries globally and has offices in London, United Kingdom and Melbourne, Australia. For more information, visit www.marqeta.com, [Twitter](#) and [LinkedIn](#).

View source version on [businesswire.com](https://www.businesswire.com/news/home/20210916005225/en/): <https://www.businesswire.com/news/home/20210916005225/en/>

Robert Fretwell
Spark Communications
marqeta@sparkcomms.co.uk

Source: Marqeta