Consumer spending stumbles post-March surge amid payday misalignment

April's reversal highlights salary-timed constraints, while online channels and credit card usage maintain momentum

Johannesburg, June 2025 – The *Absa Merchant Spend Analytics Report* for April 2025 highlights a sharp reversal in consumer spending activity following March's strong uptick, with both card spending and transaction volumes declining significantly. April's downturn, despite a month packed with public holidays, underscores the outsized role of payday timing in shaping spending habits.

Card spending fell by 5%, and transaction volumes declined by 7%, marking a dramatic drop from the **+18% and +19%** recorded in March, respectively.

"The consumer narrative this April tells a clear story: timing is everything," said **Isana Cordier**, Managing Executive: Consumer Sector at Absa CIB. "April's long weekends might have offered opportunities for increased spend, but the delayed payday curtailed consumer activity, especially in core lifestyle and leisure sectors."

The payday effect: April's spending reversal

April 2025 saw card-based consumer activity fall sharply. The misalignment of Easter with typical salary cycles left consumers with limited discretionary income, resulting in:

- **Card Spending: -5%** (vs. +18% in March 2025)
- **Transaction Volume: -7%** (vs. +19% in March 2025)

While categories like **food**, **clothing**, and **specialty goods** saw a slight lift pre-Good Friday, this wasn't enough to reverse the broader decline. **Tourism** dipped by **7%**, and **restaurants** dropped **2%**, revealing that financial liquidity at the start of the month remains a key enabler of non-essential spending.

April 2025: Consumer spending shows slower growth and resilience

On a **year-to-date (YTD)** basis, April continued to show muted but positive growth, reinforcing the sense of consumer prudence amid ongoing economic pressures:

- **Card Spending YTD: +4%** (April YTD 2024: +6%)
- **Transaction Volume YTD: +8%** (April YTD 2024: +9%)

This performance points to spending resilience despite tighter household budgets, though the **3% drop in average transaction value** suggests a consumer shift towards value-conscious purchasing.

Digital shift persists: Online channels outpace in-store

The transition to digital spending remains a strong undercurrent of change in consumer behaviour:

- **Online Spending YTD: +20%** (April YTD 2024: +27%)
- **In-store Spending YTD: +3%** (April YTD 2024: +4%)

The **food** category stands out within digital channels, having surged **46% YTD online**, even as in-store food spending declined by **1–2%**. Online gambling continues to grow, albeit with tempered momentum.

Credit card usage outpaces debit card growth

Consumer reliance on **credit** over **debit** continues to define the post-pandemic financial landscape:

- **Credit Card Spending YTD: +6%** (April YTD 2024: +10%)
- **Debit Card Spending YTD: +3%** (April YTD 2024: +5%)

This gradual shift suggests consumers may be leveraging credit to manage liquidity and navigate household financial pressures.

Social and religious services spike amid Easter holidays

While broader categories faltered, the **social and religious services** segment experienced growth of **3%**, likely fuelled by increased attendance at religious events and the ongoing adoption of digital donations and payments by churches and NGOs.

Outlook: Wage support, cautious optimism

Absa Research notes early signs of real wage improvements and anticipates a temporary boost in liquidity through the **two-pot retirement withdrawal system**, along with a potential **25bps rate cut** from SARB by July. However, **consumer confidence dipped by 5 points to 40**, according to the BER, reaffirming a cautious trajectory. Household consumption is forecast to grow by just **1.7%** for 2025.

"As we navigate a complex and price-sensitive environment, businesses must stay close to changing consumer dynamics. Understanding when, where, and how consumers spend is more critical than ever," added Cordier.

ENDS