Card spending experiences a slight uptick in May, but restraint defines consumer behaviour

Johannesburg, 29 July 2025 – The Absa Merchant Spend Analytics Report for May 2025 indicates a slight uptick in card activity, following April's sharp decline. According to Absa's internal data, card spending increased by 2% month-on-month (MTM), while transaction volumes climbed by 4%. Despite the 2% growth in card spending and 4% increase in transaction volumes, this growth remains below the prevailing inflation rate of 2.8%.

- **Card Spending (MTM):** +2% (April 2025: -5%)
- **Transaction Volume (MTM):** +4% (April 2025: -7%)

Notably, the Government category entered the top 10 core categories for the first time in May 2025, propelled by elevated spending in Electric, Gas, Sanitary and Water Utilities – a seasonal trend linked to colder temperatures and Eskom's April tariff increases.

"May's numbers reflect resilient, yet cautious consumer behaviour. While we've seen a turnaround in May, growth remains below inflation, suggesting that spending power is still facing headwinds," said Isana Cordier, Managing Executive: Consumer Sector at Absa CIB.

Meanwhile, volatility continues to define the consumer landscape. Of the 29 tracked spending categories, only 13 showed average growth over the last five months. Education (+79%) and Transport (+54%) emerged as top performers, albeit from a low base, while Food – the largest spending category – declined by 3%, indicating concerning belt-tightening on essentials.

Year-to-Date: Cautious consumer outlook amid cost-of-living strain

While still in positive territory, YTD growth has slowed significantly. Card spending rose just 3% YTD (vs. 7% in 2024), and transaction volumes grew 7% YTD (vs. 10% in 2024). Notably, average transaction value declined 3% YoY, signalling a reduction in basket size and increased price sensitivity.

- **Card Spending (YTD): +3%** (YTD May 2024: +7%)
- **Transaction Volume (YTD): +7%** (YTD May 2024: +10%)
- **Avg. Transaction Value: -3% YoY**

Despite lower interest rates, low inflation rate and improved household income, consumers remain constrained by high unemployment, elevated electricity and fuel prices, and food inflation. Core categories like Food and Home & Garden posted muted gains, while Clothing saw a slight recovery (+4%). Among non-core categories, Warehousing (+73%) and Transport (+95%) showed strong gains, the latter driven by surging e-hailing demand.

Digital commerce: Online leads the way

Online shopping continues to outperform in-store activity, with YTD online spending up 19% (vs. 26% in 2024). In-store growth, however, has nearly flatlined at 1% (vs. 5% in 2024).

- **Online Spending (YTD): +19%**
- **In-store Spending (YTD): +1%**

Food and Transport categories are the digital leaders, with online food spend jumping 47% and Transport 65% year to date (YTD) in May 2025, a significant increase from their performance in the same period in 2024 (33% and -12%) – aided by improved delivery infrastructure and digital services from retailers.

Amid this growth, some consumer advocates have raised concerns around the societal impacts of digital spending trends, particularly in sensitive categories such as online gambling. While gambling remains a tracked category, it is not among the top five drivers of growth. Absa continues to monitor this space closely as part of its broader commitment to responsible financial behaviour and consumer wellbeing.

Credit card usage still growing, but at a slower pace

The usage rate for credit cards continues to outpace debit card usage albeit slowing down. Credit card usage rate grew by 6% YTD (vs. 10% in 2024), while debit card usage lagged at 1% (vs. 6% in 2024). For essentials like food, credit card spending rose 7%, compared to a 1% gain for debit cards, underscoring their role in liquidity management.

- **Credit Card Spending (YTD): +6%** (YTD May 2024: +10%)
- **Debit Card Spending (YTD): +1%** (YTD May 2024: +6%)

This continued reliance on credit points to financially stretched households leveraging cards to bridge income gaps and benefit from cashback or rewards programmes.

Overall, the average South African household remains cautious and price-sensitive, although macroeconomic indicators show tentative signs of improvement. The evolving shift towards online channels and selective category-based spending highlights the importance of understanding consumer dynamics in real-time.

“Businesses must align more closely with these emerging trends,” concluded Cordier. “The South African consumer is resilient, but their priorities have shifted. Value, flexibility, and digital convenience are essential.”

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