

News Release

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Hong Kong cards market posts highest penetration in Asia, says HSBC survey

*****Average monthly spending on credit cards in Hong Kong grew to US\$730*****

*****Over four in 10 cardholders own a platinum card*****

***** Over half of Hong Kong card holders use cards for rewards programme*****

The majority of consumers (77%) in Hong Kong owned a credit card in 2011, the highest penetration in Asia, followed by Taiwan (55%), Singapore (52%), Malaysia (27%), Philippines (23%), India (21%) and Indonesia (5%), according to an HSBC survey. Moreover, the penetration rate has grown by four percentage points from 73 per cent a year ago (*Table 1*).

Hong Kong cardholders are among the highest spenders in the region with an average monthly spend of US\$730 per month, up 14 per cent over previous year. While spending growth was flat over 2010, Australian cardholders were the highest spenders in Asia, with an average monthly card spend of US\$1,320 in 2011 followed by Singaporean cardholders with US\$1,020 (+19%). Credit cardholders in Malaysia, the Philippines and Indonesia posted the fastest growth in spending with average monthly card spend reaching US\$610 (+61%), US\$570 (+39%) and US\$340 (+26%) in 2011 year on year. Taiwanese card spend of US\$430 posted marginal growth of 2% while Indian cardholders reduced monthly average spending by 35% to US\$170 (*Table 2*).

Around three in four cardholders in Hong Kong (76%), Singapore (73%) and Taiwan (72%) hold multiple cards, an average of 2.7, 3.3 and 2.7 cards, respectively (*Table 3*). While cardholders in Hong Kong use more than one card, 78 per cent of their spending is consolidated on their main card.

With an 8.5% increase in the median monthly wage of employees in Hong Kong last year¹, the platinum cards segment is poised to grow, with over four in ten (41%) cardholders in Hong Kong holding platinum cards in 2011, up from 38% in 2010. A third of Hong Kong consumers also have a gold credit card, up from 30% over the previous year while classic card penetration in Hong Kong dropped to 74% versus 78% in 2010 (*Table 4*).

Diana Cesar, HSBC's Head of Retail Banking and Wealth Management, Hong Kong, said: "Our survey points to an advanced but growing cards market in Hong Kong to be driven by increased take up of platinum cards. As credit cards become an essential part of people's lifestyle, people are set to demand more value from their credit cards such as exclusive privileges, distinct rewards and the highest quality of service."

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"Credit cards developed for mass and emerging affluent consumers are set to generate increased interest and appeal with greater attention to specific lifestyle needs, flexibility and status, providing a differentiated experience for the customer."

The survey also revealed the most attractive perks as perceived by credit card holders. In Hong Kong, more than half (54%) of the respondents favour attractive rewards programmes, 36 per cent view their relationship with the bank as being the most important, and 24 per cent are most driven by attractive usage benefits. Interestingly, the most attractive credit card offer is perceived differently across Asia. Indonesia, for example, ranks world wide card acceptance as being the most important (50%), whereas only two percent of those surveyed in Hong Kong felt the same way (*Table 5*).

Ms Cesar added: "In a highly competitive market, it is important that we continue to listen to what customers want and constantly differentiate our cards proposition. The role of benefits and rewards in attracting new and loyal customers is growing in importance."

"HSBC constantly enhances our range of offers and rewards to keep pace with customer needs and preferences. As the leading credit card provider in Hong Kong with highest retail volume and number of cards in circulation, credit cards remain a core part of our Retail Banking and Wealth Management business."

Last year, HSBC launched "Rewards of Your choice" for cardholders to enjoy extra 5X RewardCash from their preferred categories. It also enhanced its home&Away Privilege Programme by adding experience-based credit card offers such as sailing one of the fastest yachts in the world which won the 'Round The World Race'. In December 2011, HSBC was the first international bank in Hong Kong to partner with UnionPay to launch dual currency credit cards allowing customers to settle their bills in HKD and RMB as well as enjoy a host of rewards and privileges from merchants in Hong Kong, mainland China and around the world.

The above findings are from the HSBC Credit Card Monitor survey, which aims gain a better understanding of customers' perception and attitudes towards credit cards. The survey interviewed around 5,000 general card holders, mostly between the ages of 18 to 54, in eight markets including Hong Kong, Singapore, Taiwan, Malaysia, India, Australia, Indonesia and Philippines. The survey was conducted face-to-face or via the telephone from May to November 2011.

Table 1

Credit card penetration rate (%)

	Market	2011	2010
1	Hong Kong	77%	73%
2	Taiwan	55%	56%
3	Singapore	52%	49%
4	Malaysia	27%	22%
5	Philippines	23%	26%
6	India	21%	23%
7	Indonesia	5%	N.A.

*This question was not covered in Australia

Table 2

Average monthly credit card spending (USD)

	Market	2011	2010
1	Australia	USD1320	USD1320
2	Singapore	USD1020	USD860
3	Hong Kong	USD730	USD640
4	Malaysia	USD610	USD380
5	Philippines	USD570	USD410
6	Taiwan	USD430	USD420
7	Indonesia	USD340	USD270
8	India	USD170	USD260

Table 3

Average no. of cards and proportion of multi-cardholders

	Market	No. of cards	Proportion of multi-cardholders
1	Singapore	3.3 cards	73%
2	Hong Kong	2.7 cards	76%
3	Taiwan	2.7 cards	72%
4	Philippines	2.2 cards	54%
5	Malaysia	1.8 cards	48%
6	Indonesia	1.7 cards	39%
7	Australia	1.6 cards	44%
8	India	1.3 cards	20%

Table 5

Driver for choice of main card in Hong Kong

1	Attractive rewards programme	54%
2	Has an account/relationship with bank	36%
3	Attractive usage benefits	24%
4	Annual fee waiver	17%
5	Generous/flexible credit limit	11%
6	Convenient to settle card repayment	10%
7	Good reputation/card image	8%
8	Good customer service	4%
9	Low interest rate	4%
10	Wide card acceptance	2%

Table 4

Card type penetration

		2011	2010
Hong Kong	Platinum card	41%	38%
	Gold card	33%	30%
	Classic card	74%	78%
Singapore	Platinum card	71%	68%
	Gold card	17%	28%
	Classic card	67%	63%
Taiwan	Platinum card	56%	54%
	Gold card	30%	33%
	Classic card	60%	57%