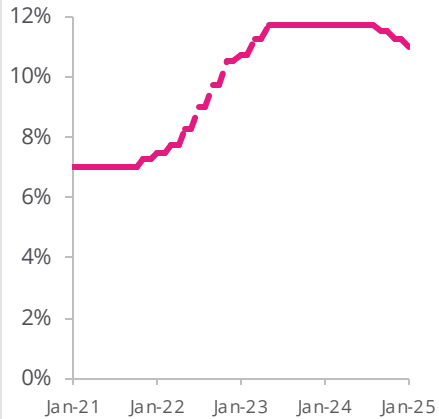


Drivers influencing spending behaviour in 2024

Sustained high interest rates



Interest rates reached 11.75% and persisted from May 2023 to Aug 2024, with slight reductions only in the final quarter of 2024

Source: Stats SA

Shift to digital and real-time payments



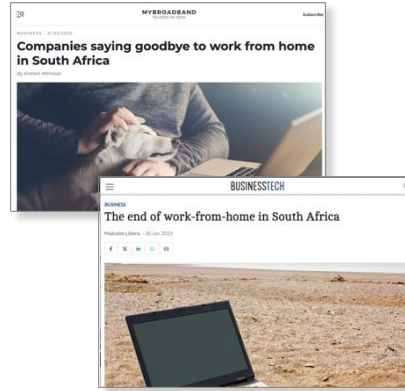
SARB Vision 2025 and digital payments roadmap



PayShap achieved significant growth in 2024, processing over 130 million transactions and introducing PayShap Request for instant payments

Source: PayShap

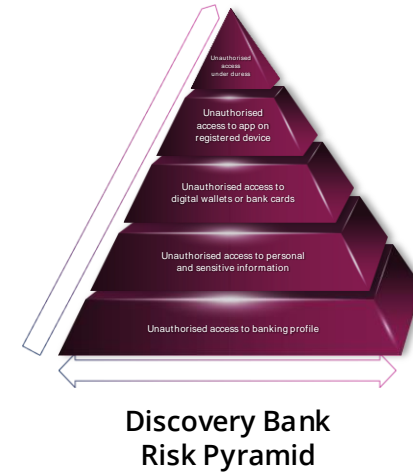
Increased return-to-office mandates



More and more South African companies are requiring staff work in the office more regularly, rolling back work from home policies

Sources: SABRIC, ISS, SAFP5

Changing safety and security risks



89% increase in SA fraud incidents related to banking applications, plus a significant increase in impersonation fraud and associated scams

Broader consumption choices of digital services



Companies are adopting subscription models for digital services, which is also seen in the growing use of generative AI tools

SpendTrend25

About the report and key themes

Lineshree Moodley
Country Manager,
Visa South Africa

VISA

Discovery
Bank



Combining Visa's and Discovery's datasets and analytical capabilities with primary research to understand spending trends

Markets



Discovery Bank



South Africa

including deep dives on seven major cities



Primary research



Consumer Survey

>1,000 South Africans with credit cards across local banks

Period

2019 to 2024

>12 million credit cards

>2.6 billion transactions

Segments



HIGH NET WORTH

Top 5% of spenders



EVERYDAY AFFLUENT

Next 20% of spenders



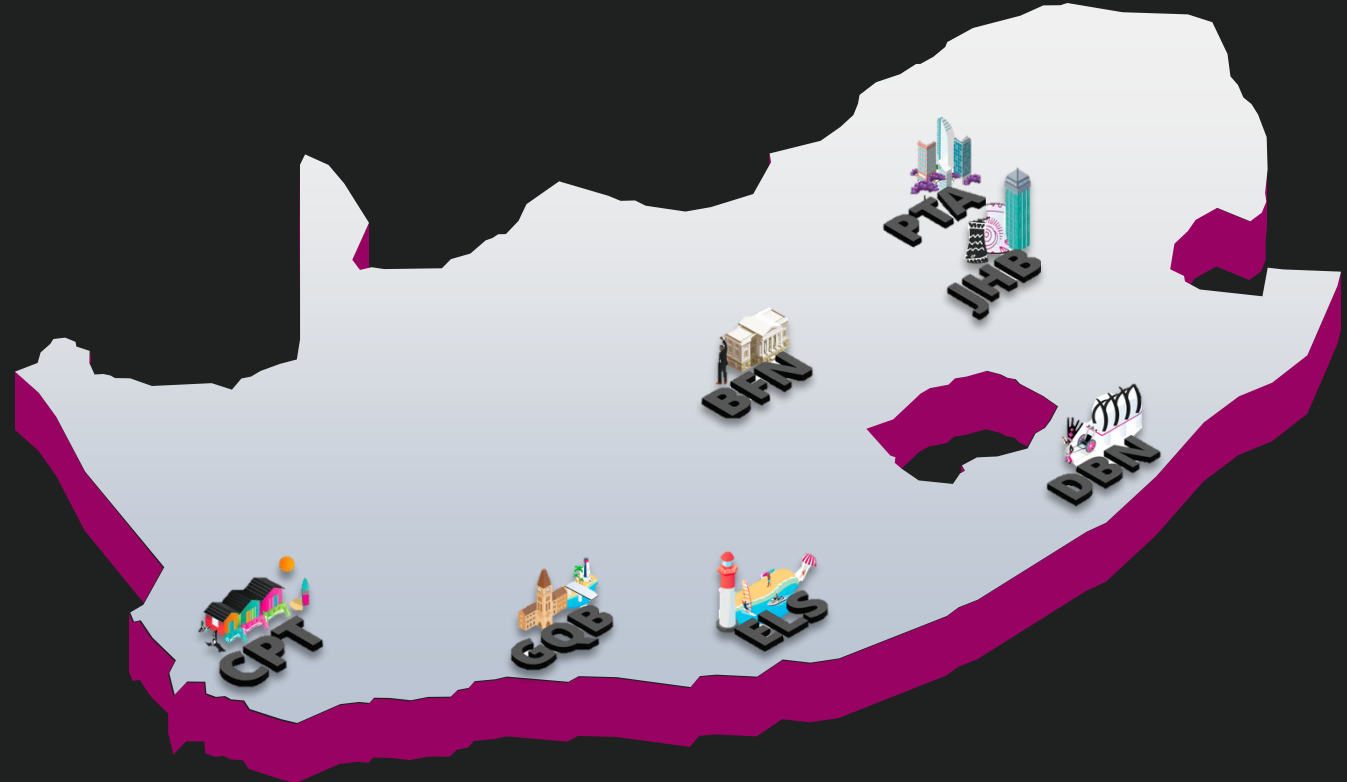
MASS AFFLUENT

Next 25% of spenders



MASS

Remaining 50% of spenders



South African consumers continue to seek value from their purchases as macroeconomic conditions tighten

THEME #1

According to the Euromonitor Consumer Lifestyles Research, 86% of South Africans said they feel that the cost of everyday items they buy is going up. Of those who agreed with this statement, **41% said they buy more items or shop more often at stores or websites where they have a loyalty card/ membership or a store credit card**. The share of respondents that agree with this statement has grown by 11% since the study was done in 2023.¹



SpendTrend25 Report findings:

- Despite inflation dropping a further two percentage points in 2024, **spend per active card lagged inflation by five percentage points.**²
- Majority of South African consumers continue to **seek the benefits of loyalty programmes and store credit cards** to assist with rising cost of living.¹
- **Groceries, retail, eating out, travel and fuel** remain South Africa's biggest spend categories, making up over 70% of total spend.²
- Residents in **Bloemfontein, East London and Gqeberha** have a higher spend share on **food and fuel** and lower share on travel and eating out relative to Johannesburg, Durban and Cape Town.²
- **Travel spend growth slowed** in the market in 2024 compared to growth exhibited in previous years.²

The rise of convenience and busier lifestyles as consumers return to the office

THEME #2

Globally we have observed that many corporates have initiated return-to-office mandates and South Africa is following suit. We see that consumers are reacting by **seeking more convenient options to accommodate busier lifestyles**.¹

The need for convenience is driving eating habits with South African consumers ordering more food compared to the global average consumer.¹



27%

of South Africans expect to increase visits to restaurants¹

32%

of South Africans order takeout at least once a week¹

SpendTrend25 Report findings:

- **Online grocery shopping in South Africa is still on the rise, with spending up 15%**, while in-store grocery spending has grown by just 6%.²
- **Dining out spend is growing faster at 13%** than ordering takeout online at 10%.²
- South Africans are leveraging digital platforms to order food and are diversifying what they order, ie **not just fast foods but also meal kits and ready-made meals**.²
- Growth in fuel spend per active card increased a significant **nine percentage points**.²
- **More South African companies were encouraging employees to return to office**³ as the global work-from-home trend is scaling back. This potentially could drive increased fuel spend.⁴

Digital payments continue to grow as consumers find comfort in the increased security

THEME #3

Visa research into security around digital payments has shown that globally, consumers have embraced digital payments. **76% of consumers mostly and completely trust digital payments.**¹



67%

of South Africans use cash a few times a month to never²

84%

of South Africans who use digital payments feel more secure making online payments with two-factor authentication¹

SpendTrend25 Report findings:

- In 2024, the share in **digital wallet of in-store purchases further increased by nine percentage points** similar to 2023.³
- The Visa Stay Secure Study 2025 reported that **68% of South Africans expect to use digital payments more in the next 12 months.**¹
- **Omni-channel shopping experiences are growing globally** with 40% of consumers ordering online and picking products in-store while 60% check for product availability online at nearby stores prior to purchasing.⁴
- In SA, 41% of consumers shop online, while **21% prefer a more phygital (eg, browse online and purchase in-store) shopping experience.**⁵
- South Africans are spending and transacting more online on **international platforms.**³

South Africans are taking up a wider range of subscription services

THEME #4

Globally Visa research into the drivers of subscription adoption includes changing consumer attitudes around possessions, shifting from ownership to access and usage; the opportunity to forgo a high initial cost of acquisition for a lower recurring fee; and the ability to avoid product obsolescence by cancelling and upgrading.²



62%

of South Africans have three or more streaming services that they pay for³

29%

of South Africans are willing to pay for a subscription that offers discounts or exclusive offers³

SpendTrend25 Report findings:

- In 2024 **subscription spend per active card is expanding** due to the rapid customer adoption of new subscription services across a variety of new categories, ie AI, sports bookings, groceries and ecommerce.¹
- Share in **AI subscription spend in 2024 grew over 3 times** compared to 2023.¹
- **Ecommerce share in subscription spend grew by 2%** in 2024 driven by new subscription services being launched in market promising free delivery and discounted products.¹

Why does this matter?

01

CONSUMER REWARDS

- Consumers are seeking ways to maximise their purchasing power as they become more conscious of their spend.
- **Financial institutions can provide significant value to consumers** by analysing customer behaviour and preferences, and tailoring offerings and benefits to increase retention, cross-sell opportunities, and overall satisfaction, leading to a higher Customer Lifetime Value.

02

RISE OF CONVENIENCE

- As consumers are mandated to return to office, convenience becomes increasingly important to balance work and life demands.
- Financial institutions need to **build an understanding of behaviours, needs, lifestyle patterns, and expectations of existing and potential customers** to inform their customer strategy to drive convenience.

03

DIGITAL PAYMENTS DRIVEN BY SECURITY

- Consumers are more likely to adopt and use digital payment methods when they feel their financial information is secure and are protected from fraud, theft and unauthorised transactions.
- Financial institutions (FIs) that prioritise security around **digital platforms through strong controls / measures and by providing consumers with financial education on security enhance their reputation and brand loyalty** as consumer trust lies in the FIs they bank with.

04

RISE OF SUBSCRIPTIONS

- As more and more consumers set up ever-increasing numbers of recurring payments for services, they can potentially lose track of their spending on subscriptions.
- We are seeing **FIs increasingly stepping in to provide consumers with services to easily manage subscriptions in one place giving consumers more control.**

VISA NOTICE OF CONFIDENTIALITY AND DISCLAIMER

Case studies, statistics, research and recommendations are provided "AS IS" and intended for informational purposes only and should not be relied upon for operational, marketing, legal, technical, tax, financial or other advice. When implementing any new strategy or practice, you should consult with your legal counsel to determine what laws and regulations may apply to your specific circumstances. The actual costs, savings and benefits of any recommendations or programs may vary based upon your specific business needs and program requirements. By their nature, recommendations are not guarantees of future performance or results and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Assumptions were made by us in light of our experience and our perceptions of historical trends, current conditions and expected future developments and other factors that we believe are appropriate under the circumstance. Recommendations are subject to risks and uncertainties, which may cause actual and future results and trends to differ materially from the assumptions or recommendations. Visa is not responsible for your use of the information contained herein (including errors, omissions, inaccuracy or non-timeliness of any kind) or any assumptions or conclusions you might draw from its use.

Visa makes no warranty, express or implied, and explicitly disclaims the warranties of merchantability and fitness for a particular purpose, any warranty of non-infringement of any third party's intellectual property rights, any warranty that the information will meet the requirements of a client, or any warranty that the information is updated and will be error free. To the extent permitted by applicable law, Visa shall not be liable to a client or any third party for any damages under any theory of law, including, without limitation, any special, consequential, incidental or punitive damages, nor any damages for loss of business profits, business interruption, loss of business information, or other monetary loss, even if advised of the possibility of such damages.

Visa does not accept any responsibility or liability (whether arising due to breach of contract, negligence or any other reason) for any incomplete or inaccurate information; or for any loss which may arise from reliance on, or use of, information contained in this document. All brand names and logos are the property of their respective owners and are used for identification purposes only.

VISA

 **Discovery
Bank**



01 | How much people spend



02 | What people spend on

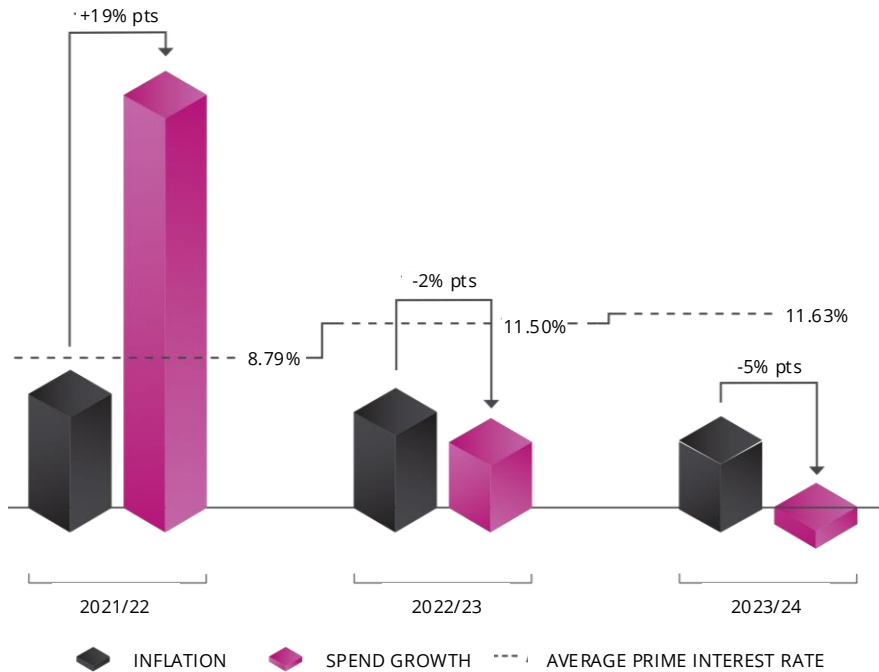
03 | How people spend



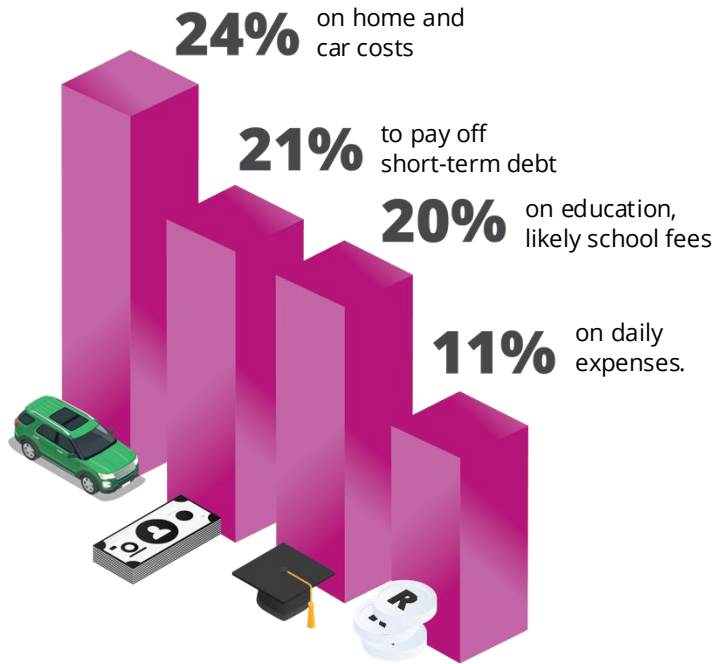
Consumer spend was muted due to high interest rates straining finances, with retirement savings used to make ends meet



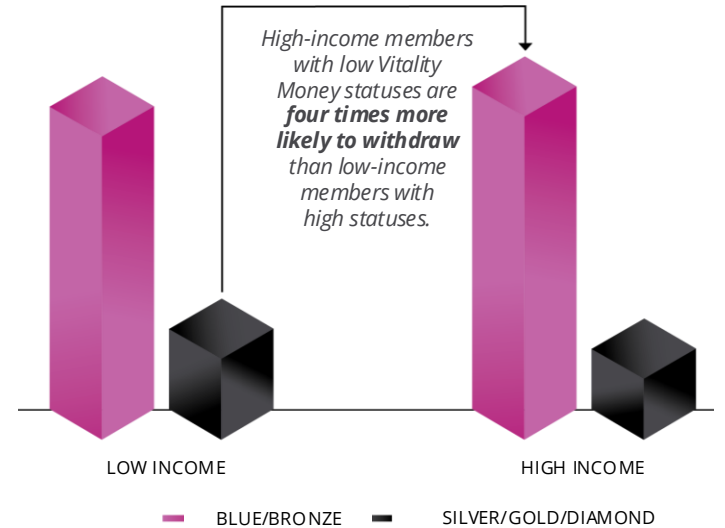
South Africa average spend per active card growth vs inflation vs average interest rate 2022 to 2024



Distribution of reasons why claimants withdrew from two-pot savings component



Two-pot withdrawal rates by Vitality Money status and income range



Groceries, retail, travel, eating out and fuel make up over 70% of spending, but with differences in composition across segments and cities

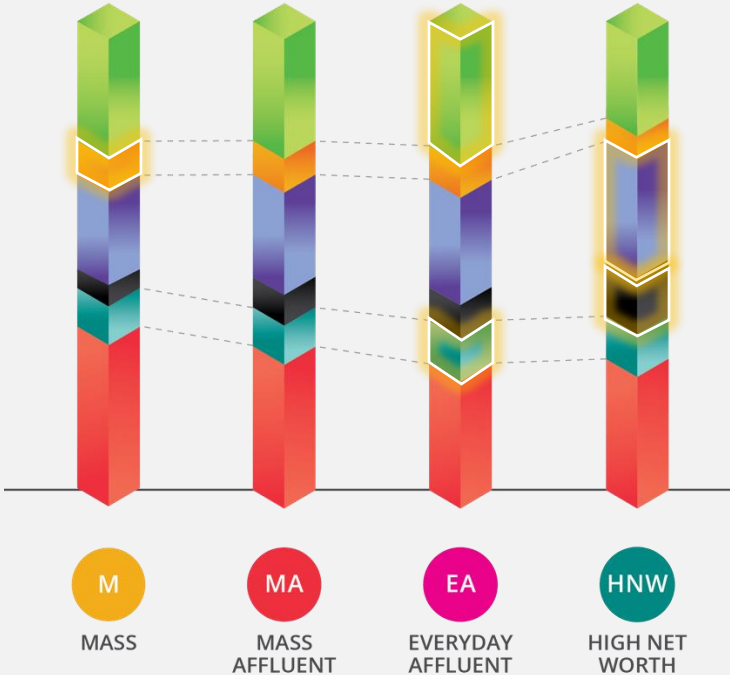


Share of total spend per category
2024

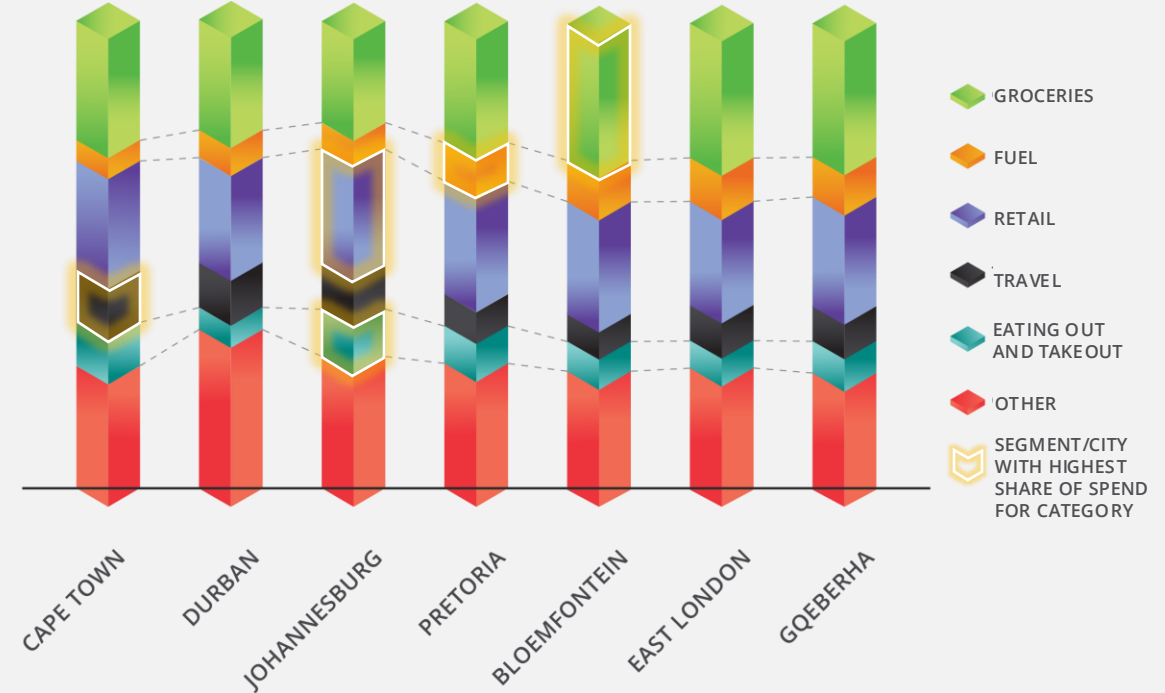
SOUTH AFRICA



SOUTH AFRICAN SEGMENTS



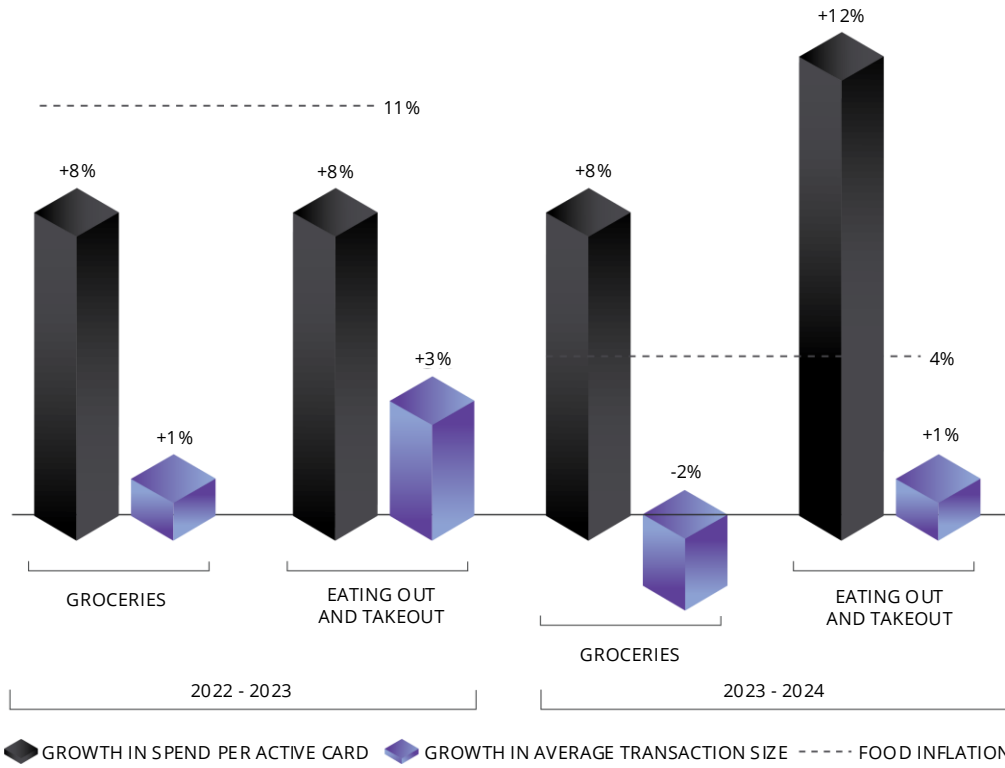
SOUTH AFRICAN MAJOR CITIES



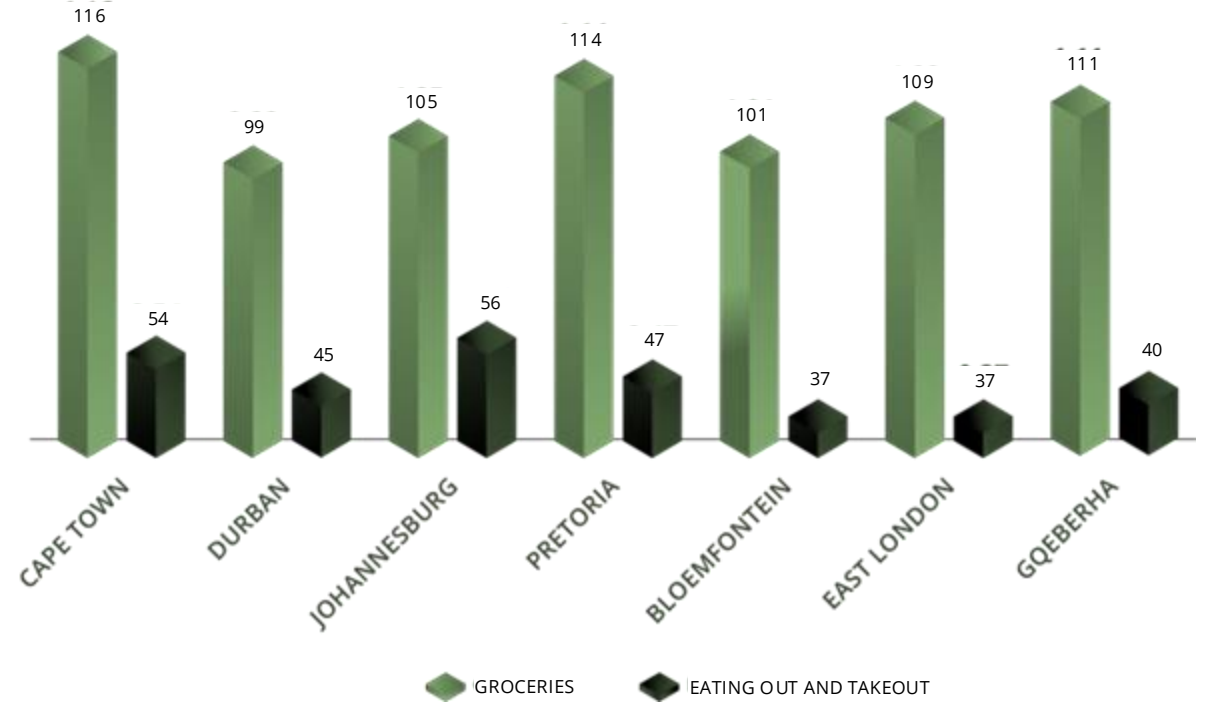
Busy lifestyles and the demand for convenience are driving growth in eating out and takeout, with spend on food overall exceeding inflation



South Africa average food spend growth vs food inflation
2023 vs 2024



Average food spend per active card across South African cities
Indexed to South African groceries, 2024



Evident shift towards convenience through increased online food spend, across age groups, though not at the expense of healthy eating



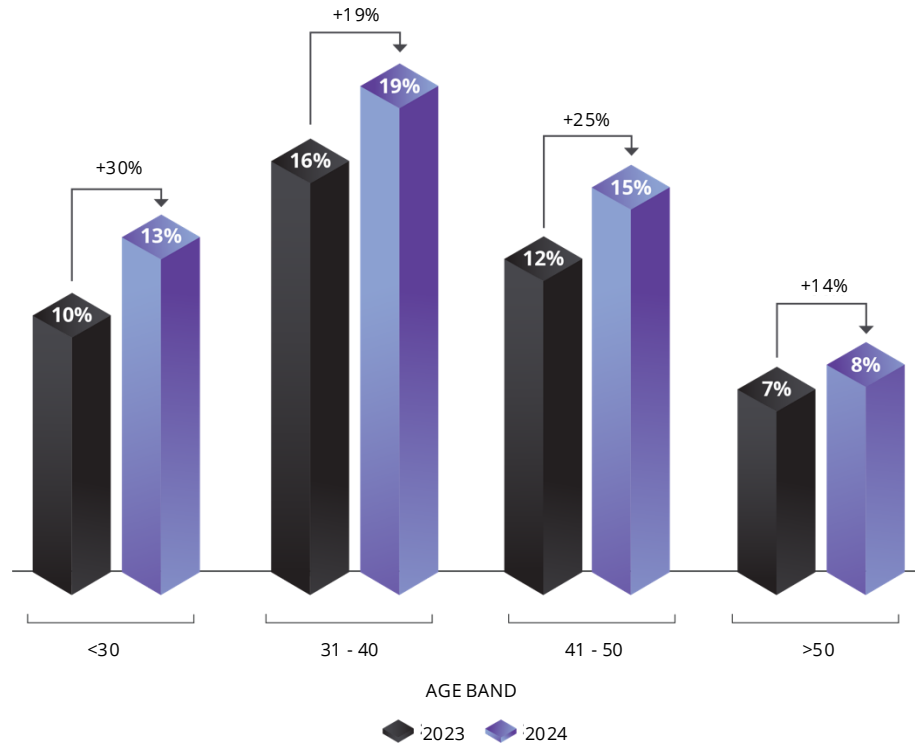
Growth in South Africa grocery and eating out and takeout spend per active card by channel 2024



Source: VisaNet data sample 2024.



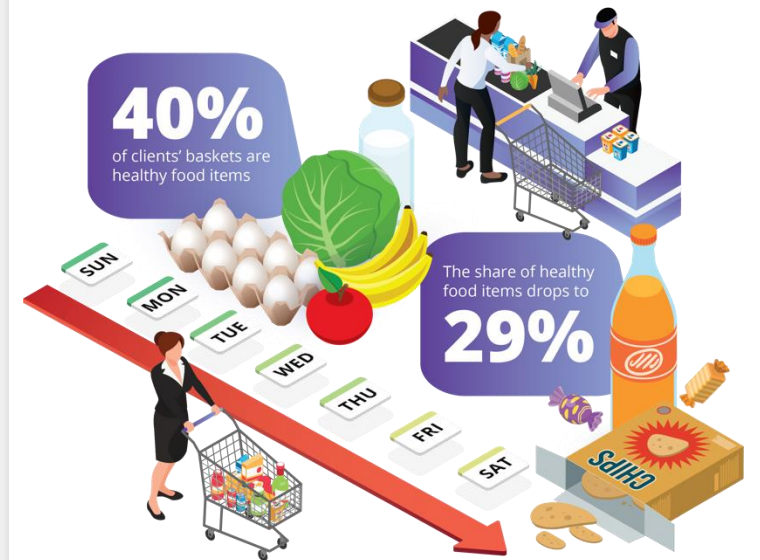
Online grocery spend as a percentage of total grocery spend 2023 vs 2024



Source: Exclusively Discovery Bank.



Discovery Bank grocery basket composition 2024

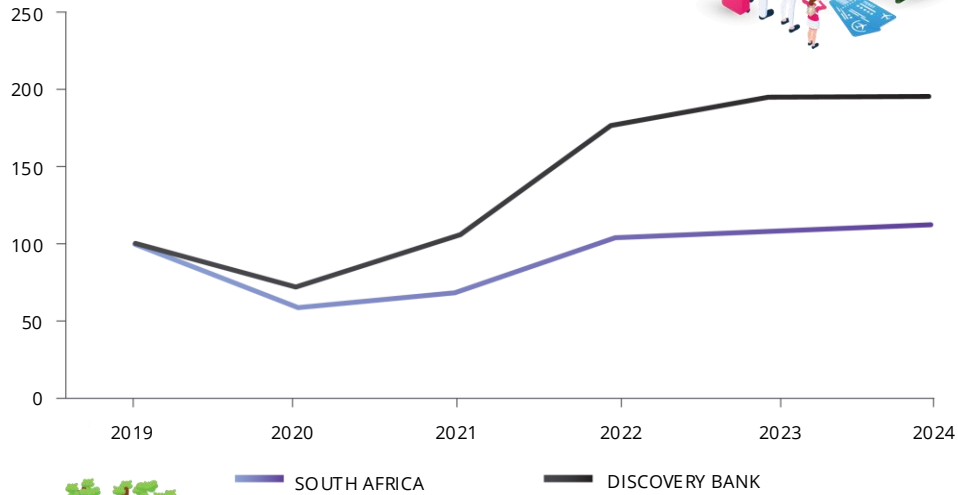


Source: Exclusively Vitality and Discovery Bank HealthyFood 2024.

Travel growth has tapered off, with average spend stabilising around post-pandemic levels



South Africa average travel spend per active card
Indexed to 2019

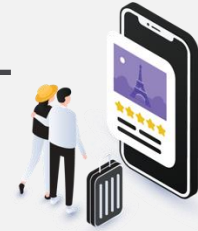


Source: VisaNet data sample 2019 - 2024.



DISCOVERY BANK CLIENTS TRAVEL FAR MORE

In 2024, Discovery Bank clients made....



21%
more travel transactions and spent



24%
more on travel than the typical South African.

Source: VisaNet data sample 2024.



In 2024, DISCOVERY BANK CLIENTS SAVED OVER

R700m

on discounted flights, car hire and accommodation through Vitality Travel



Source: Exclusively Discovery Bank and Vitality Travel data 2024.

Consumers can save more on travel by strategically selecting the right day and time to fly



Distribution of local flight destinations among Vitality Travel members in 2024



◆ Relative proportion of total travel
 ↕ ↗ ↘ Percentage point change in proportion from 2023 to 2024

Domestic one-way flights

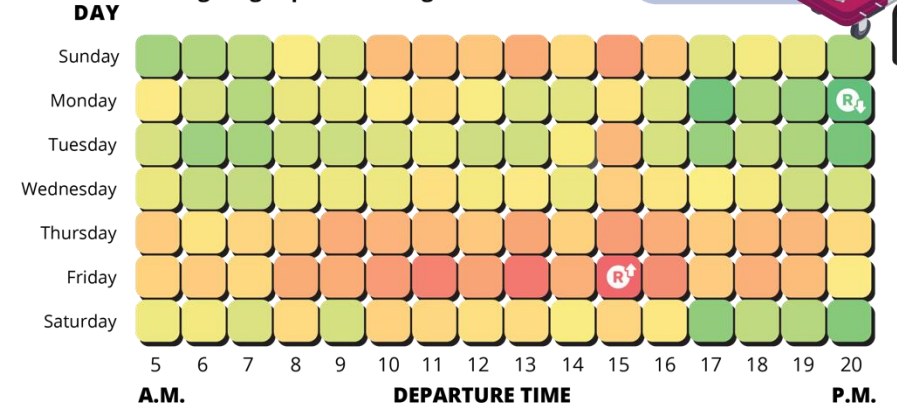
One-way flight	2023	2024	% change
Cape Town ↔ Durban	R1,840	R1,910	+4%
Cape Town ↔ Johannesburg	R1,710	R1,880	+10%
Durban ↔ Johannesburg	R1,040	R1,170	+12%
George ↔ Johannesburg	R1,790	R2,030	+13%
Cape Town ↔ George	R1,730	R1,500	-13%

Average flight cost over travel period before discounts

2023	2024	% change
R1,840	R1,910	+4%
R1,710	R1,880	+10%
R1,040	R1,170	+12%
R1,790	R2,030	+13%
R1,730	R1,500	-13%

Johannesburg to Cape Town

Average flight prices throughout the week



CHEAPEST TIME TO FLY:
 MONDAY, 20:00

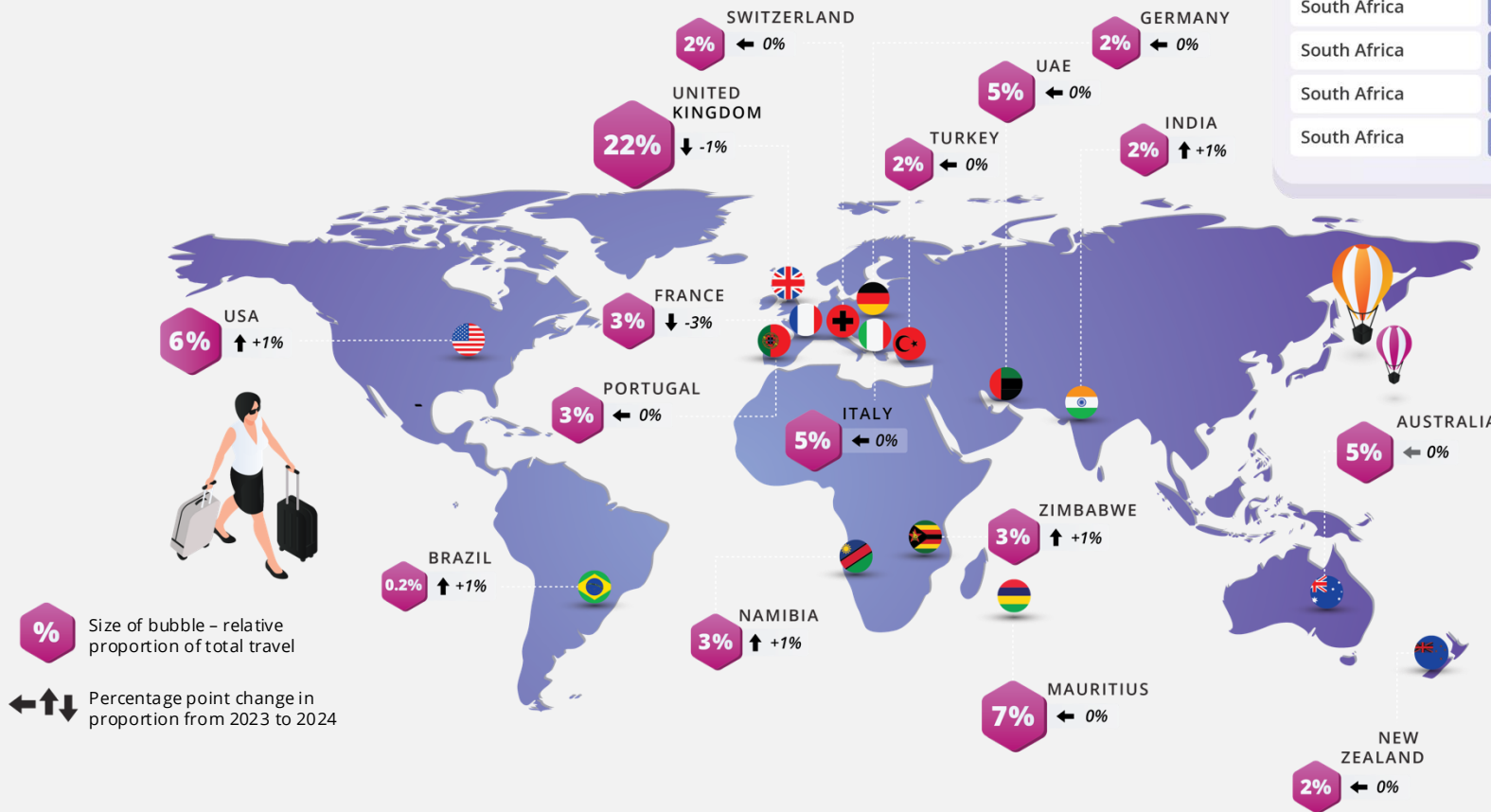
MOST EXPENSIVE TIME TO FLY:
 FRIDAY, 15:00

R+ CHEAPEST
 R+ MOST EXPENSIVE
 MOST AFFORDABLE
 █ █ MOST EXPENSIVE

Top international leisure destinations remain consistent for Discovery Bank clients



Distribution of international flight destinations among Vitality Travel members in 2024



% Size of bubble - relative proportion of total travel

↕ Percentage point change in proportion from 2023 to 2024

International return flights

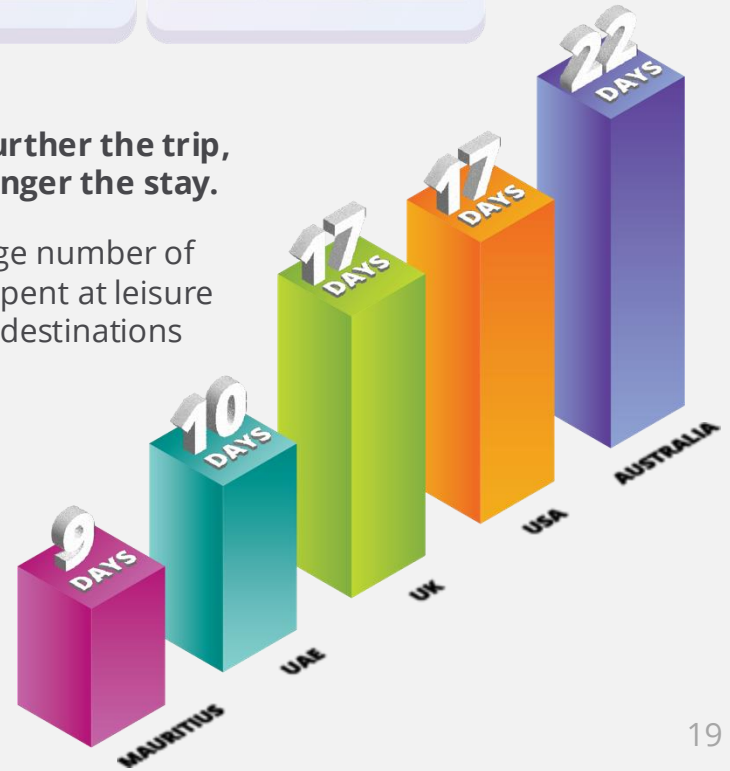
Return flight	Change
South Africa → Australia	↔
South Africa → Mauritius	↔
South Africa → UAE	↔
South Africa → UK	↔
South Africa → USA	↔

Average flight cost over travel period before discounts

2023	2024	% change
R34,000	R31,150	↓ -8%
R11,180	R11,820	↑ +6%
R17,730	R18,020	↑ +2%
R20,550	R22,240	↑ +8%
R32,650	R37,800	↑ +16%

The further the trip, the longer the stay.

Average number of days spent at leisure travel destinations



Source: Exclusively Discovery Bank and Vitality Travel data, based on travel between 1 January and 31 December 2024.

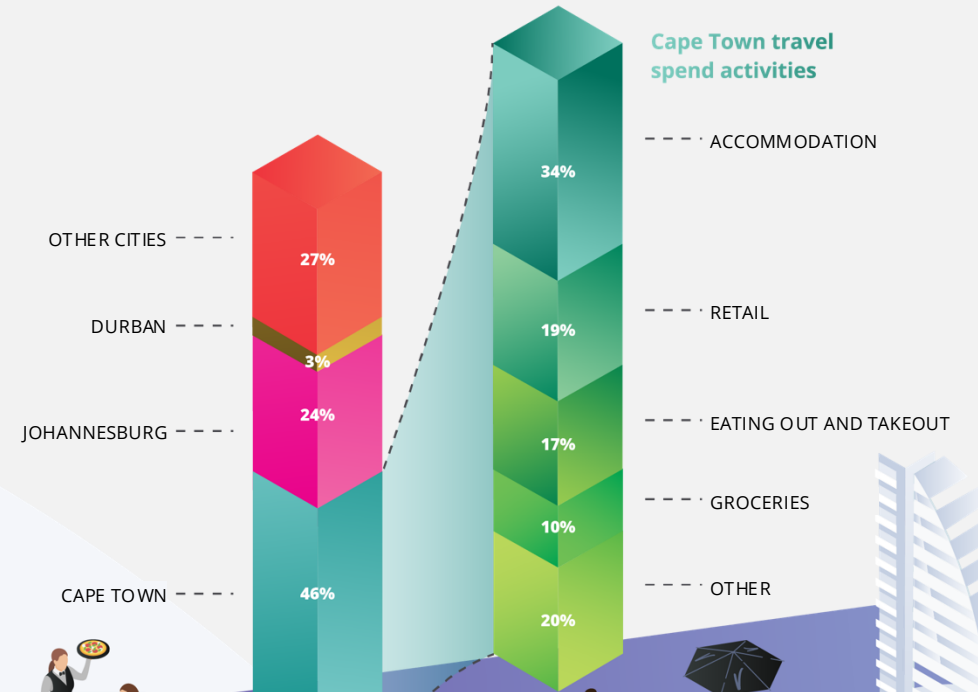
International visitors love the South African summer, and love Cape Town



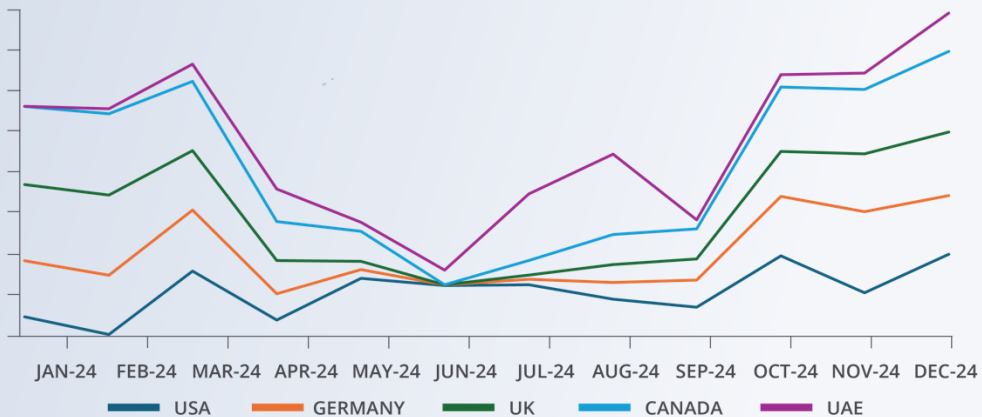
Top 5 inbound travellers in South Africa by share of cards



Share of spend by inbound travellers across South African cities





Normalised inbound travel spend in South Africa by month for 2024

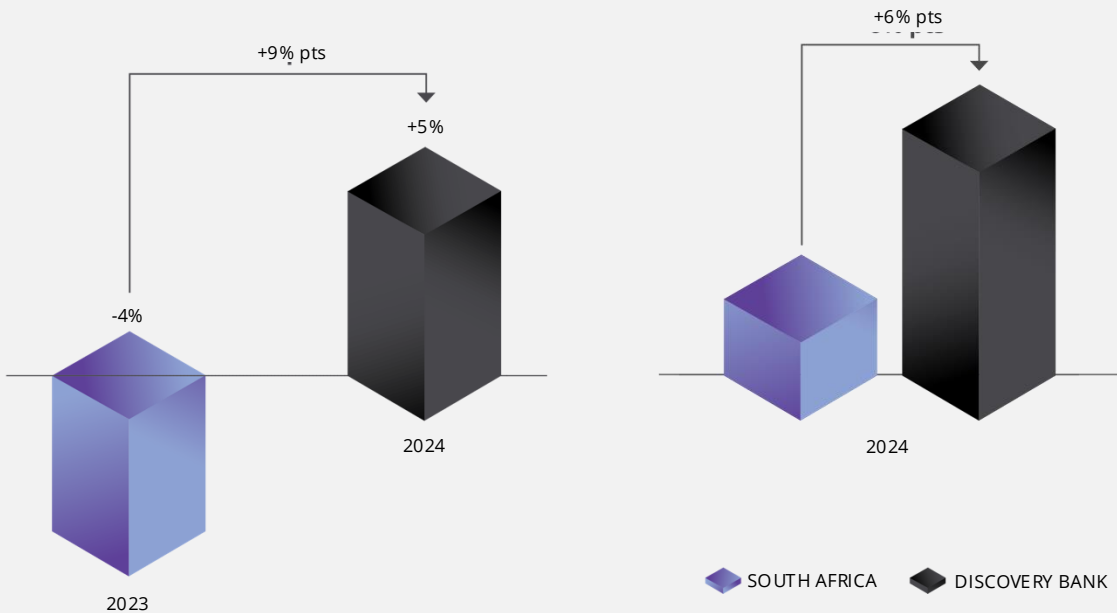


Source: VisaNet data sample 2024.

Fuel spend increased as motorists headed back to the office in a shift back to more frequent in-office workdays

 **South Africa fuel spend per active card growth**

 **Fuel spend per active card**
Indexed to South Africa, 2024



According to Discovery Insure's 2025 Work From Home Index report

60% of clients are back in the office 5 days a week.


Source: VisaNet data sample 2023 - 2024.




Average number of trips, average number of kilometres driven per active client and average trip length
2019 - 2024




On average, in 2024, a typical Discovery Insure client:



TOOK
±118 TRIPS
A MONTH



DROVE
±1,100KM
A MONTH



SPENT
±35 HOURS
IN THEIR CAR
EACH MONTH

Source: Discovery Insure.

Reliance and usage of cash is declining, being replaced by real-time, digital payments



According to the Visa and Discovery Bank SpendTrend25 South African Consumer Survey respondents:

84% prefer using cards or digital payments over cash whenever they can

67% use cash only a few times a month to never at all

86% believe payments should be as cost-effective as possible

84% believe it is essential for payments to reach recipients quickly

Source: Visa and Discovery Bank SpendTrend25 South African Consumer Survey.

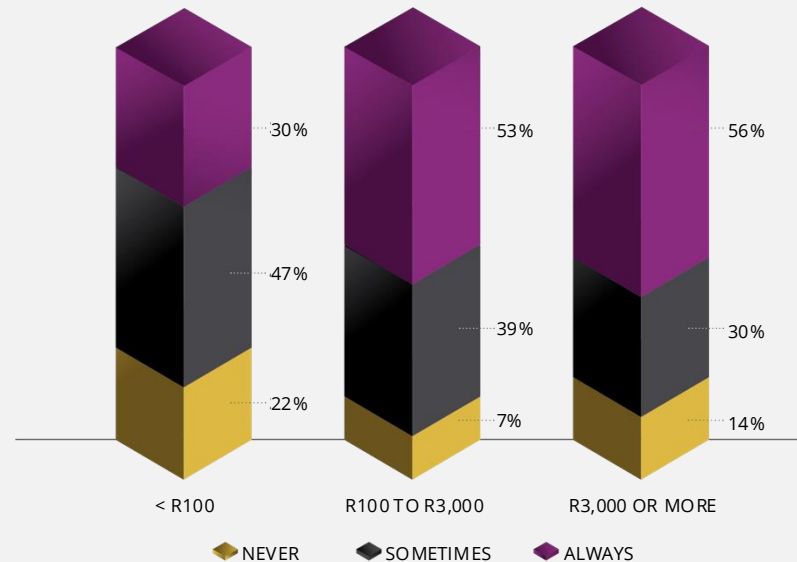
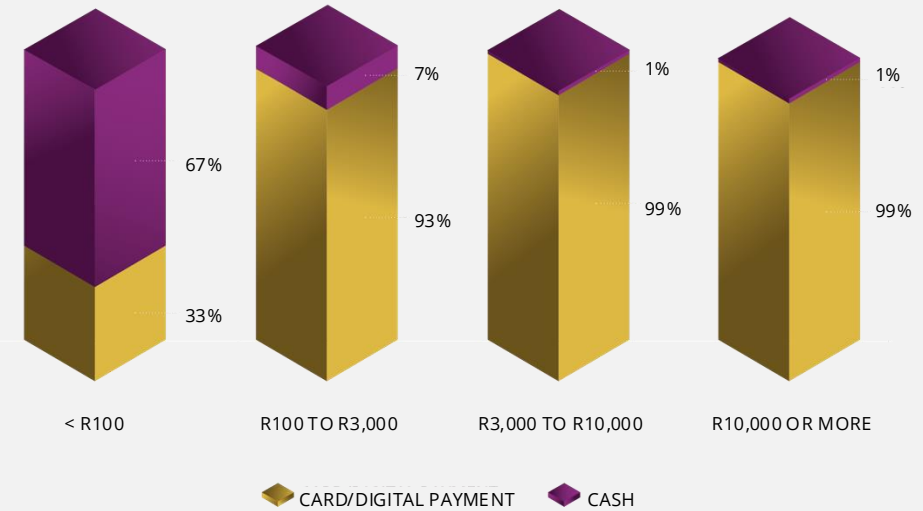
Since launching in 2023, PayShap has processed **over 136 million transactions** worth more than R100 billion.

Discovery Bank clients opt for outgoing payments to be sent in real-time **over 65% of the time.**

Source: PayShap and Discovery Bank data.



Which payment option would you be the most likely to use for the following transaction values?

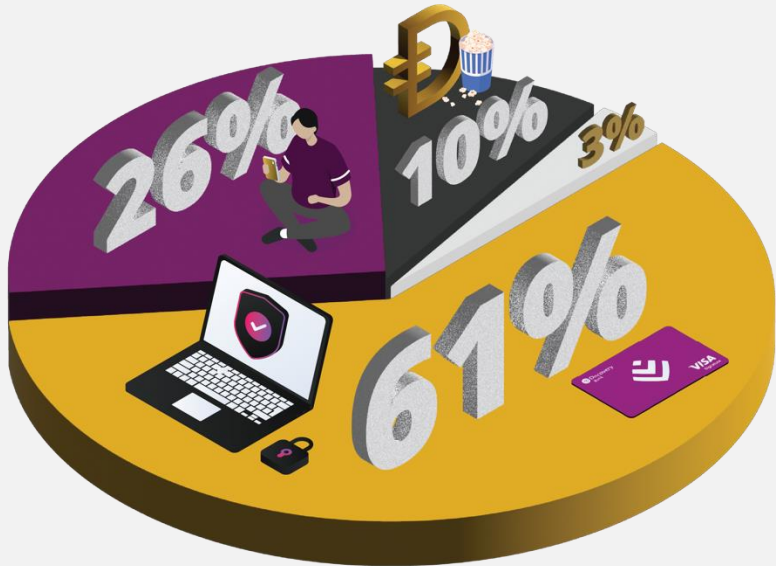


How often do you choose the option of an immediate payment for payments of the following amounts?

Convenience and security drive digital wallet and virtual card adoption



Among survey respondents who use a virtual card, increased security is the biggest driver



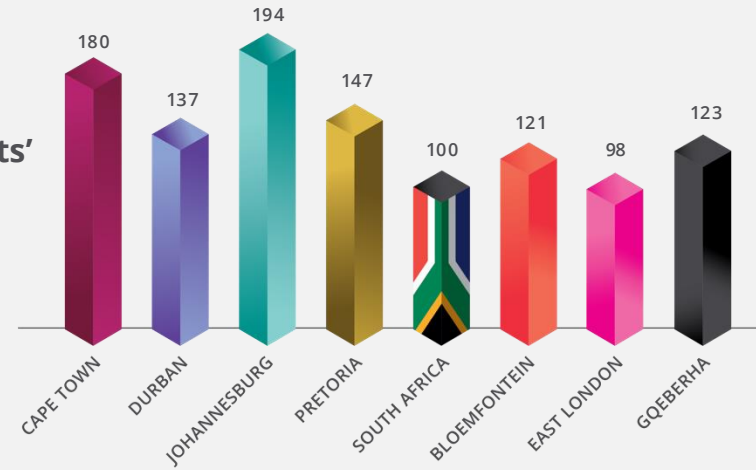
■ INCREASED SECURITY
 ■ INCREASED CONVENIENCE
 ■ INCREASED REWARDS
 ■ LOWER FEES

>60% of consumers are more worried about banking security now than a year ago

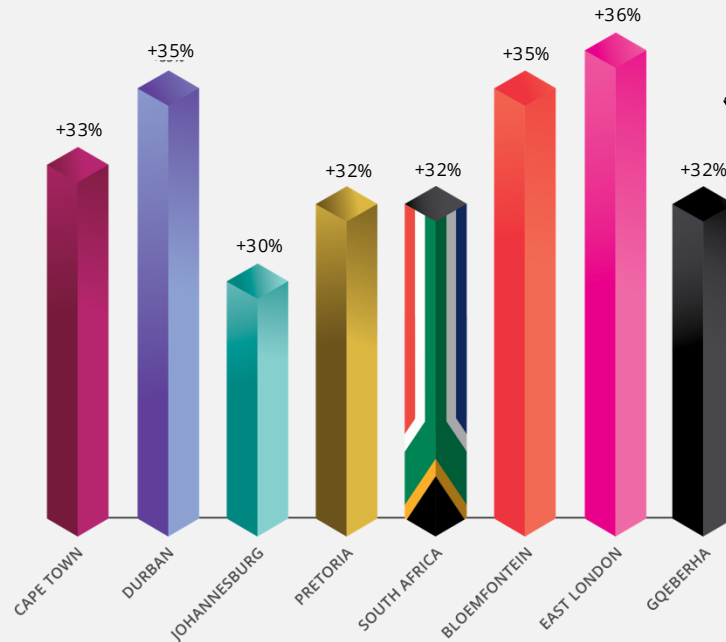


Digital wallet payments' share of in-store transactions

Indexed to South Africa, 2023 vs 2024



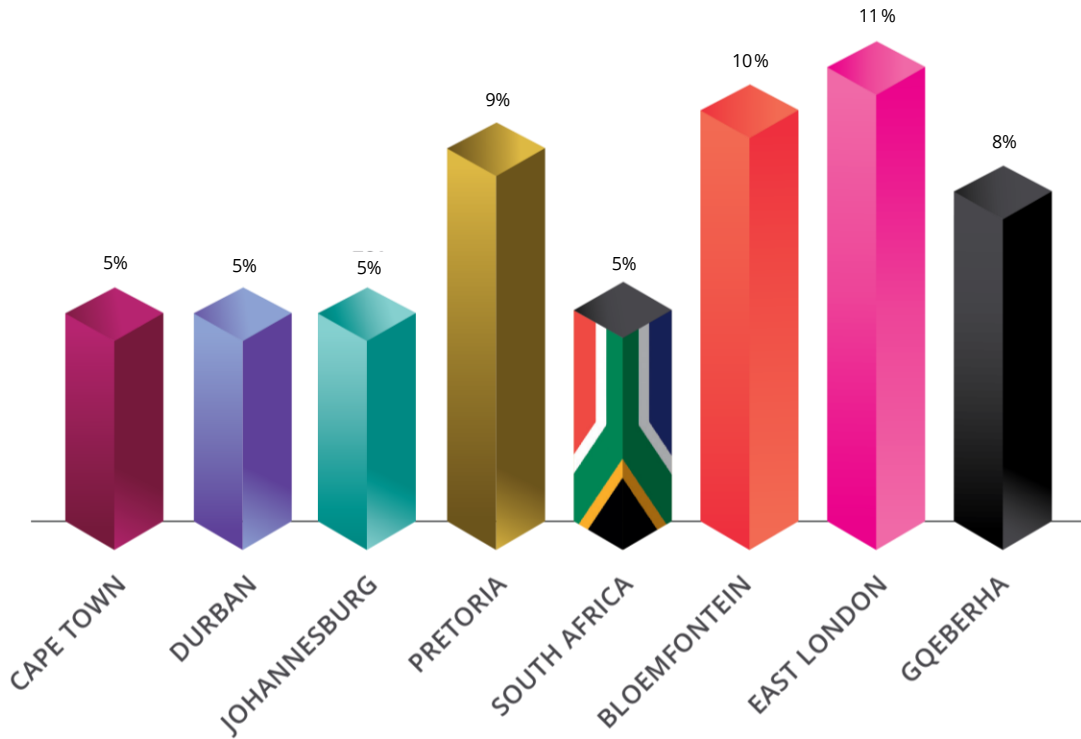
Digital wallet average spend per active card growth 2023 vs 2024



Omni-channel shopping is still growing, with spend on international platforms increasing significantly



Online transactions per active card CAGR
2019 – 2024



Source: VisaNet data sample 2019 – 2024.



South African shoppers tap into global markets from home

95%

of South Africans shopped online from local merchants in 2024.

77%

of consumers purchased from overseas platforms in 2024.

83%

have done so more frequently than the previous year.

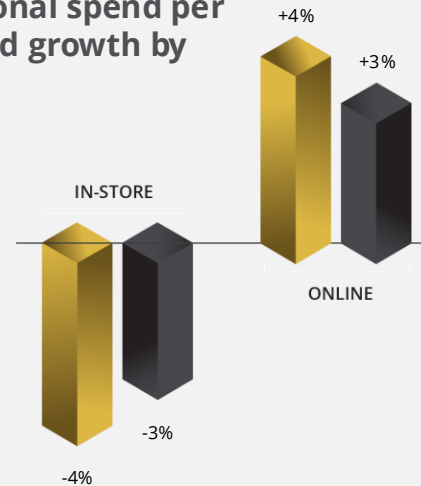
Source: Visa and Discovery Bank SpendTrend25 South African Consumer Survey.



Growth for online shopping at international retailers outstrips in-store shopping abroad

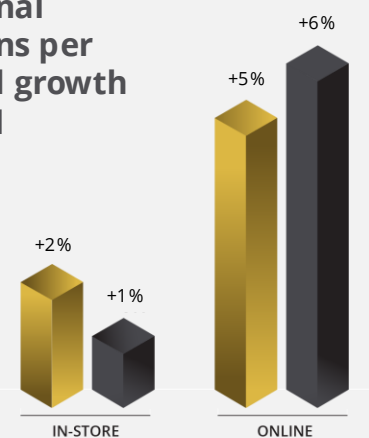
International spend per active card growth by channel

2023 – 2024



International transactions per active card growth by channel

2023 – 2024



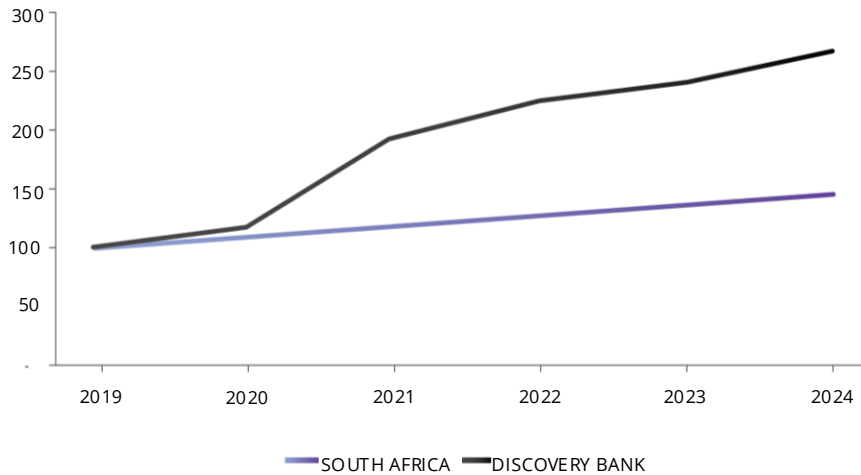
DISCOVERY BANK SOUTH AFRICA

Source: VisaNet data sample 2023 – 2024.

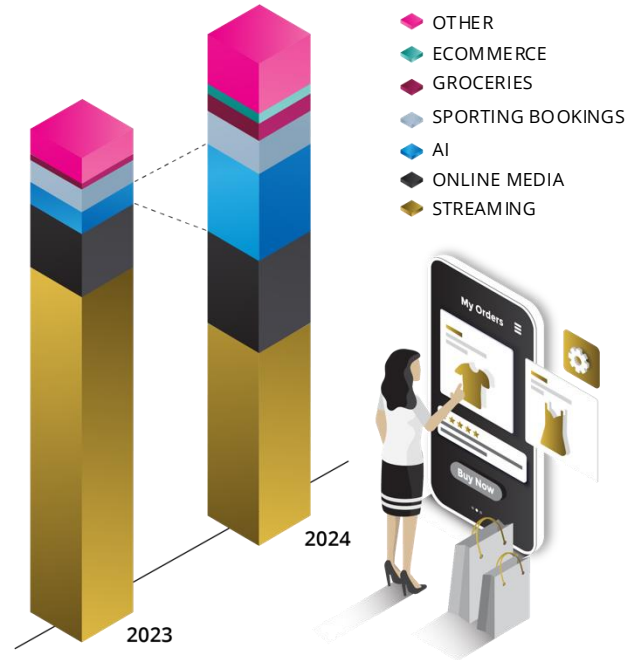
South Africans are adopting a variety of new subscription services, with Discovery Bank clients leading the way



South Africa average subscriptions spend per active card
Indexed to 2019



South African share of total spend on subscriptions per category
2023 vs 2024



Three times growth in AI subscription spend in South Africa in 2024 compared to 2023



Discovery Bank subscription highlights
2024



- Discovery Bank clients have an AI adoption rate of **1.6 higher** than the average South African.
- Discovery Bank clients have an eCommerce subscription adoption rate of **2.2 higher** than the average South African.
- Discovery Bank clients have a sport booking adoption rate of **1.7 times higher** than the average South African.

Drivers influencing spending behaviour in 2024

Sustained high interest rates



Consumer spend was muted due to high interest rates straining finances, with retirement savings used to make ends meet.

- Spend growth lagged inflation by 5 percentage points.
- Discovery Bank observed a correlation between lower financial health and higher retirement withdrawal rates.

Shift to digital and real-time payments



Reliance and usage of cash is declining, being replaced by real-time, digital payments, driven by security and convenience needs.

- 67% of South Africans surveyed use cash a few times a month to never, with most preferring to use cards or digital payments.
- Share of digital wallet in-store purchases increased by 9 percentage points.
- Online shopping continued to grow, with noticeable increase in purchases from international merchants.

Increased return-to-office mandates



Busy lifestyles are driving demand for convenience, with people eating out more and shopping more online instead of instore.

- Fuel spend increased by 5% as motorists headed back to the office, with over 60% of Discovery Insure clients back in the office 5 days a week.
- Spend on eating out and takeout (+12%) surpassed growth on grocery spend (+8%).
- Online grocery spend growth (+15%) exceeded instore (+6%).

Changing safety and security risks



Fraud fears are on the rise, making security concerns a driver of digital payment adoption.

- 61% of South Africans surveyed are more worried about banking security than a year ago, with most impacted by card fraud and phishing attempts.
- 80% say they have trust in their bank's fraud protection measures.

Broader consumption choices of digital services



South Africans are adopting a variety of new subscription services, with Discovery Bank clients leading the way.

- Spend on subscription services grew 8% year-on-year from 2019 to 2024.
- Spend on AI services, groceries and ecommerce saw notable increases in share of total spend on subscriptions.

Expected trends for 2025



Consumers will continue to feel financial pressure moving them towards value-based spending and subscriptions for relief.



As the remote work surge dies down, consumers will look for opportunities to balance costs and convenience.



Consumer brand loyalty will continue to decline as consumers seek the best product for the best price.



Digital payments will continue to grow driven by convenience and increased security.



Artificial intelligence (AI) will begin to inform consumer purchasing decisions.

VISA NOTICE OF CONFIDENTIALITY AND DISCLAIMER

Case studies, statistics, research and recommendations are provided "AS IS" and intended for informational purposes only and should not be relied upon for operational, marketing, legal, technical, tax, financial or other advice. When implementing any new strategy or practice, you should consult with your legal counsel to determine what laws and regulations may apply to your specific circumstances. The actual costs, savings and benefits of any recommendations or programs may vary based upon your specific business needs and program requirements. By their nature, recommendations are not guarantees of future performance or results and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Assumptions were made by us in light of our experience and our perceptions of historical trends, current conditions and expected future developments and other factors that we believe are appropriate under the circumstance. Recommendations are subject to risks and uncertainties, which may cause actual and future results and trends to differ materially from the assumptions or recommendations. Visa is not responsible for your use of the information contained herein (including errors, omissions, inaccuracy or non-timeliness of any kind) or any assumptions or conclusions you might draw from its use.

Visa makes no warranty, express or implied, and explicitly disclaims the warranties of merchantability and fitness for a particular purpose, any warranty of non-infringement of any third party's intellectual property rights, any warranty that the information will meet the requirements of a client, or any warranty that the information is updated and will be error free. To the extent permitted by applicable law, Visa shall not be liable to a client or any third party for any damages under any theory of law, including, without limitation, any special, consequential, incidental or punitive damages, nor any damages for loss of business profits, business interruption, loss of business information, or other monetary loss, even if advised of the possibility of such damages.

Visa does not accept any responsibility or liability (whether arising due to breach of contract, negligence or any other reason) for any incomplete or inaccurate information; or for any loss which may arise from reliance on, or use of, information contained in this document. All brand names and logos are the property of their respective owners and are used for identification purposes only.

DISCOVERY DISCLAIMER

All the data used in the analysis for this report has been anonymised to protect personal and other client information and privacy. Discovery Bank is not legally responsible for any misrepresentations in the document, with all comparison product and interest information sourced from the respective institutions' websites and available marketing material.

Discovery Bank Limited, Registration number 2015/408745/06, an authorised financial services and registered credit provider. FSP number 48657. NCR registration number NCRCP9997. Limits, terms, and conditions apply.

VISA



