



CASH PREFERRED

Credit card usage in Saudi Arabia remains low, and rewards and special offers are not helping.

THE INCIDENCE of credit card ownership in Saudi Arabia has more than doubled during the past five years according to Target Group Index – KSA surveys. However, among the 18-year-plus age group surveyed, the penetration of 16 per cent remains quite low.

The incidence of owning any plastic cards is 37 per cent.

Unlike the UAE, however, where the number of credit cards per person is 1.32, down since 2009 figures of 1.36, the number of credit cards per person in Saudi Arabia is nearly one.

The frequency of usage is quite high among credit card owners, with around 35 per cent of holders using a

card at least once in a week or more, while 88 per cent of the credit card owners claim to have used it at least once a month.

Credit card ownership in Saudi Arabia is male-dominated at 77.3 per cent, versus 22.7 per cent being female.

The consumption pattern shows a higher affinity towards older age groups, with the 45-year to 54-year group being 25 per cent more likely than an average adult – 18 years plus – owning a credit card.

It is followed by the 35- to 44-year-old bracket who are 10 per cent more likely than an average adult to own a credit card.

Higher socio-economic levels – SEL – shows a direct relation with credit card consumption, as SEL A are 75 per cent more likely to use a credit card.

SEL B are 65 per cent more likely to use a credit card than an average adult.

SEL D are 57 per cent less likely than an average to own a credit card.

The segments in the oil-rich kingdom of Saudi Arabia are significantly different compared to the rest of the world, and each segment observes psychographic attitudes that are discretely dissimilar.

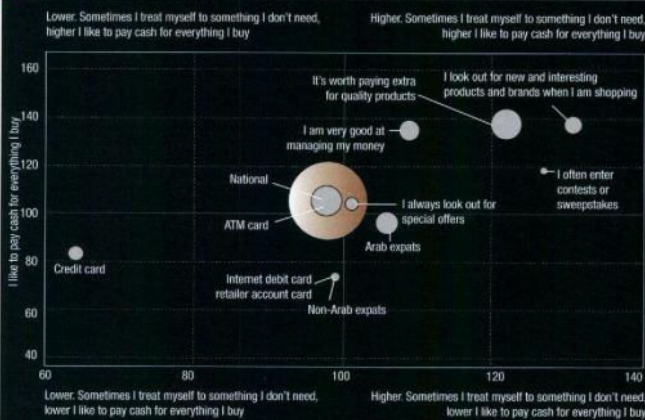
An overwhelming 64 per cent of the population agrees that they like to pay cash for everything they buy. ►



CREDIT CARD USAGE



PENETRATION SIZE/TARGET SIZE



Source: TGI UAE 2010. Copyright TGI International

The population is not skeptical about spending more with credit cards, as only 14 per cent agrees that with a credit card they spend more than they would otherwise.

Only 19 per cent agrees that with a credit card they can buy what they couldn't normally afford, while 69 per cent of the holders use it once a month to take cash from ATMs.

The monthly credit card spend is approximately SAR820 (\$218.6) and 36 per cent of pay in full every month.

Credit cards are mainly used for shopping, going out and travel.

The most important factors for selecting a credit card are wide acceptance, recommendation and interest rates. Only 17 per cent of holders cited special offers and rewards as an important factor for selecting a credit card.

Visa and Mastercard ranks as the top two providers followed by American Express in the card list cited by the respondents.

The usage and ownership of credit card is increasing in the market, but the pace will be determined on how well it is accepted at point-of-sale as well as how effectively the stakeholders communicate to different target segments.

The data is sourced from Target Group Index (TGI) Surveys.

Started in 1969 in the UK, TGI is the world's single largest source survey, and is conducted in more than 70 markets. Pan Arab Research Center conducts TGI in partnership with Kantar Media in the region.

The views expressed in the article are those of the author, and not necessarily those of PARC.



Shaharyar Umar
Marketing director
Pan Arab Research
Centre, Dubai, UAE