CONTENTS

01
Foreword from Discovery Bank and Visa
Pg 01

02
Executive summary
Pg 03

03
About this report
Pg 05

04
How much people spend
Pg 07

05
What people spend on
Pg 09

06
How people spend
Pg 23

07
Conclusion
Pg 31

08
Expected SpendTrends for 2023
Pg 33

09
Leading retailers among Discovery Bank clients
Pg 35

10
How spend levels evolve with family structure
Pg 37

11
Glossary
Pg 45

12
Bibliography
Pg 48
Foreword from Discovery Bank and Visa

As a Bank built on the use of big data and digital technology, we believe that it’s important to share our unique insights on spending data that reflect the behaviour of our clients and the true performance of our economy. While it’s easy to be swayed by a negative narrative about financial trends and the implications for our country’s prospects, when we look at the data, we can see that our economy is often more resilient than we give it credit for.

Interestingly, the data shows that Discovery Bank clients in particular are managing their money well; they’ve recovered their spend after the pandemic far quicker than the average South African; and they’re typically more digitally savvy. Perhaps this is unsurprising, given Discovery Bank’s shared-value behavioural banking model and digital approach, which encourage a higher level of engagement and reward clients for practicing healthy financial behaviours.

We continuously analyse spending behaviour to understand how we can enhance our clients’ lives and improve our products. The Vitality Travel platform, Priority Fast Track and lounge access at airports are examples of how we’re enabling our clients to enjoy travelling and fulfil their wunderlust. Our proprietary Vitality Money Financial Analyser allows clients to analyse their own spending from the convenience of their banking app, which helps them to make more informed financial decisions in real time. All of this technology underpins SpendTrend23.

We’re proud to partner with Visa this year to deliver unique and powerful insights to policymakers, business leaders across the spectrum – from travel to retail to telecoms – and others to better understand how South African consumers spend their hard-earned money.

As we cross the three-year milestone since the pandemic started, several long-term effects have been observed, particularly in the financial services industry. Extensive research has been conducted to encapsulate some of the shifts that have emerged and there is consensus that our ability to understand the new world of commerce and how it’s being navigated by consumers, is what will define the longevity and overall success of our industry.

We have seen how the pandemic has served as a catalyst for digital transformation; businesses of all sizes have had to adapt to ensure they are responding to the increasing shift towards digital platforms and ways to transact. South Africa is no different, with a growing demand for spend through digital channels that has been spurred by accelerated access to mobile phones and the internet.

Since the inception of our partnership with Discovery Bank, data has been a key contributor and enabler for success. This collaboration is a natural progression in our longstanding relationship; it brings together the scale and expertise of both Visa and Discovery in providing timely and industry-relevant insights.

SpendTrend23 highlights a few dimensions that our industry should consider, including the resilience of South African consumers and the challenge to deepen our engagement with them beyond the transaction.

The various shifts observed in spend show us that South Africa will continue to be among the top markets that lead the way for developing countries where transacting digitally is concerned. However, this momentum will only be maintained by the speed at which we can provide innovative services that also address the current socio-economic climate.

In summary, the insights shared in this report continue to highlight the pressing need for banks, regulators, fintechs and all ecosystem stakeholders to partner and be responsive in translating these insights into a more seamless, convenient and affordable environment for consumers to interact with the digital economy.
Consumer spending habits are generally considered predictable over the short term, but these behaviours changed drastically when the COVID-19 pandemic hit.

Between 2019 and 2022, there have been major shifts in spending behaviour across the globe, such as an acceleration of the digital and online spending trend – disrupting businesses and leading many of them to fundamentally restructure their business models. This highlighted a gap in knowledge and market insight that Visa and Discovery Bank took the opportunity to explore.

In a landmark collaborative initiative, Visa and Discovery Bank worked together on SpendTrend23 to comprehensively analyse data from Visa’s world class data set in combination with deep analytics from Discovery Bank. Our objective was to identify and understand shifts in consumer spending behaviour before, during, and after the COVID-19 pandemic.

Findings
SpendTrend23 indicates that many consumers experienced extreme difficulty and disruption during the pandemic. However, they seek a return to normality, as the data suggests strong recoveries in spend and segmental disruption. Spend levels have returned to pre-pandemic levels, especially in categories such as groceries, services, travel, retail, and takeout food purchases.

Total spend on travel is currently higher than in 2019, driven by basket size. The combination of reduced airline capacity, aviation fuel price increases, and an appetite for what’s been dubbed ‘revenge travel’ is driving demand and leading to consumers spending more on average per trip.

The mass market client group is feeling the economic strain, with an increased proportion of spend going to essentials like groceries.

We expect the trend towards online purchases to continue as retailers improve their offering, especially for groceries. We also witnessed a drop in driving trip distances and number of trips, which is consistent with the hybrid working models adopted by major companies.

There is an opportunity for contactless card payments and digital wallet adoption rates to increase as consumers become more comfortable with these emerging payment methods. Consumer and merchant education is necessary to increase trust levels and alleviate any security concerns over contactless payments.
About this report

What is SpendTrend23?

SpendTrend23 is a landmark collaborative initiative. Visa and Discovery Bank worked together on SpendTrend23 to comprehensively analyse data from Visa’s world class data set in combination with deep analytics from Discovery Bank. Our objective was to identify and understand shifts in consumer spending behaviour before, during, and after the COVID-19 pandemic, for both Discovery Bank clients and the rest of South Africa.

Methodology

This study employed a quantitative methodology to compare spending data between Discovery Bank and South Africa. The data was analysed by client group and stratified by card type data using Visa’s extensive payments database. The study period covered the years 2019 to 2022, capturing pre- and post-pandemic trends.

The study also used Discovery Bank’s transaction level data to gain a more detailed understanding of consumer behaviour and payment trends, such as favourite stores, geolocation information, and consumer age groups. This allowed for a more comprehensive understanding of how payment trends have evolved over time. To ensure the accuracy and comparability of the analysis, data was examined across comparable card types and client groups using metrics that control for the impact of dynamics, such as card replacements. All metrics provided in nominal local currency (Rand) terms.

All data analysed was anonymised and analysed on an indexed level, where relevant, to ensure the privacy of cardholders.

The report highlights trends across three areas

- How much people spend
- What people spend on
- How people spend

The report analysed spend data across four different client groups1

- **Mass** refers to clients who typically earn less than R100,000 a year.
- **Mass Affluent** refers to clients who typically earn between R100,000 and R350,000 a year.
- **Emerging Affluent** refers to clients who typically earn between R350,000 and R850,000 a year.
- **High Net Worth** refers to clients who typically earn over R850,000 a year.

1 Client group income levels are based on Discovery Bank client requirements.
How much people spend

All around the world, the drop in consumer spending brought about by the pandemic lockdown was marked.

Discovery Bank experienced a 13% decline in spend per active card during the pandemic, which was higher than the decline experienced by South Africa. However the recovery in spend per active card experienced by Discovery Bank was at a much faster rate than that of South Africa. Both have recovered to well above pre-pandemic levels, growing by 22%, when compared to 2019.

Economies across the globe faced a myriad of challenges after navigating the pandemic. However, South Africa’s growth in spend per active card between 2019 and 2022 indicates that the South African economy and consumers are particularly resilient and active. While some of this can be attributed to inflation, spend per active card did bounce back in a relatively short period to its pre-pandemic level. This indicates that South Africa is rebounding, despite ongoing challenges.

Discovery Bank clients are more engaged with their finances

In addition to a faster recovery in spend per active card than the rest of South Africa, the data also revealed that Discovery Bank clients on average spend 28% more than the average South African on a like-for-like basis. This suggests that, even if they don’t necessarily earn more, Discovery Bank clients are typically more engaged with their finances, and channel their spend increasingly through Discovery Bank.

This is likely due to Discovery Bank’s shared-value behavioural banking model and digital approach, which encourage a higher level of engagement and reward clients for practicing five key financial behaviours:

1. Spending less than they earn.
2. Saving regularly.
3. Insuring themselves against high-cost unexpected events.
4. Paying off property sooner.
5. Investing for the future and retirement.
What people spend on

For consumers around the globe, a few key categories consistently account for a significant portion of total spend. In Discovery Bank and South Africa, these categories include groceries, services, travel, retail, eating out and takeout, and transport.

Across Discovery Bank and South Africa, people are spending more on:

- Groceries
- Travel
- Eating Out

During the pandemic, consumer spending on groceries spiked due to stock piling and lockdowns; and while spend on home improvements benefited, travel spend declined dramatically. As lockdown levels eased and the spread and severity of the pandemic slowed, spend on travel, and eating out and takeout has recovered at a remarkable rate.

Home improvement expenditure has returned to its historic levels, while the services category remains varied because it covers a wide range of spend items, from construction to beauty services.

Source: VisaNet data sample 2019-2022
South Africans’ largest spend category is groceries. Grocery spend as a proportion of total spend has increased for both Discovery Bank and South Africa owing to rising food prices that has outstripped general consumer price indices. South Africans experienced food inflation of 12% in 2022, almost double the national inflation rate. In South Africa, the increase in food costs is especially felt by the mass market. Mass market clients are spending almost 50% more on groceries than what they did in 2019.

Food inflation rate

- 2019: 4%
- 2020: 6%
- 2021: 6%
- 2022: 12%

Source: Statistics South Africa

Grocery spend per active card (indexed to 2019)

- HNW: +4%
- EA: +12%
- MA: +14%
- M: +47%

Simple growth 2019 to 2022

Source: VisaNet data sample 2019-2022

The impact of grocery inflation by income segment

Total spend on groceries and basket size is directly correlated to income. However, the data shows that affluent client groups are able to better manage food inflation by substituting for lower price items, and by taking advantage of promotions or bulk savings. Mass consumers are at a disadvantage in this regard, and explains why the impact of food inflation is so much more significant for this client group.

Given the current trend, mass market clients will continue to feel the brunt of food inflation. As active spenders in this category, a tightening budget will prompt lower-income earners to redirect their spend to where they find value, particularly in essentials.
Travel

Travel spend has rebounded to well above 2019 spend levels, with both business and leisure spend increasing across Discovery Bank and South Africa. This suggests that ‘revenge travel’ – embarking on travel journeys as a way of making up for lost travel time during the pandemic – is rife.

The term ‘revenge travel’, which originated in 2021 when the world began to reopen, gives the impression that people are now travelling much more than ever before. However, a closer look at the data revealed that people are spending more not so much because they’re travelling more, but because the cost of travelling has significantly increased. In fact, South Africans are now spending on average 14% more on leisure and 24% more on business travel per trip, with spend on flights in particular making up the majority of travel costs in 2022.

The term ‘revenge travel’, which originated in 2021 when the world began to reopen, gives the impression that people are now travelling much more than ever before. However, a closer look at the data revealed that people are spending more not so much because they’re travelling more, but because the cost of travelling has significantly increased. In fact, South Africans are now spending on average 14% more on leisure and 24% more on business travel per trip, with spend on flights in particular making up the majority of travel costs in 2022.

Increased spend on travel is driven by higher flight prices. The proportion of travel spend on flight tickets has increased for the average South African by 12% for domestic travel and 2% for international travel.

Discovery Bank clients have a different experience, the proportion of travel spend on flights decreased by 14% for domestic flights. This can be attributed to the Vitality Travel platform, where Discovery Bank clients get enhanced flight discounts across all local airlines. Given that Discovery Bank clients’ spend recovered at almost double the rate of the average South African, suggests that these savings are channeled into Discovery Bank clients being able to travel more.

Discovery Bank clients’ travel spend recovered at almost double the rate of the average South African.

Source: VisaNet data sample 2019-2022
**CASE STUDY**

**Why local flights are costing South Africans more**

South Africans experienced a marked increase in the price of airline tickets in 2022. This was due to two key factors:

1. The cost of aviation fuel increased by more than 80% in 2022 compared to 2021.

2. Reduced capacity due to airline liquidations during COVID-19 removed ~40% of domestic airline capacity virtually overnight. The combination of reduced supply, fuel price increases and greater demand for travel means that South Africans are paying 30% to 55% more for local flights than they did in 2019.

### Aviation fuel price

- **Source:** Thomson Reuters; Kerosene - Type Jet Fuel; 2023

### Airline capacity

- **Source:** Bloomberg; Business News Article; 2022

### Average ticket prices by route

- **Source:** Discovery Bank, Vitality Travel

The data shows that South Africans across all client groups are as eager as ever to travel.

The share of domestic travel has increased across all client groups in South Africa, and regional travel has recovered to pre-pandemic levels.
Top international travel destinations for South Africans

Rank of top international travel destinations for South Africans by year

2019
- UK
- USA
- UAE
- FRANCE
- AUSTRALIA

2020
- UK
- USA
- UAE
- AUSTRALIA
- NAMIBIA

2021
- NAMIBIA
- UK
- UAE
- BOTSWANA
- USA

2022
- UK
- USA
- UAE
- NAMIBIA
- FRANCE

Source: VisaNet data sample 2019-2022

Appetite for travel continues to grow, with a continuous increase, especially in the affluent segments. We also expect all segments, but especially mass consumers, to continue domestic trips as they feel the pinch of rising food inflation. This trend may inadvertently be a boon for local tourism. Where South Africans choose to travel overseas, we see a return to favourite destinations.

Discovery Bank clients prefer to book flights earlier in the week, with Tuesday being the most popular day. When analysing the frequency of flights booked during the week, the data shows a low frequency of bookings during the weekend, and a high frequency between Mondays and Wednesdays. This could be an indication of consumers doing research over the weekend, finalising their decision, and booking their flights in the early parts of the week.

Favourite days to buy flight tickets

Source: Exclusively Discovery Bank
Eating and going out

The data shows that people are eating out more, with spend in this category recovering across all regions since the pandemic lockdown. People are also returning to driving and going out. However, a look at the data from Discovery Insure suggests that driving has not quite returned to pre-pandemic levels in South Africa. Rather, when analysing behaviour of Discovery Insure clients, we see a decline of about 16% in the average number of trips driven, the average number of kilometres driven, and the average trip length per driver per month.

CASE STUDY

Driving data of a typical Discovery Insure client based on recorded trips only

On average in 2022, a typical Discovery Insure client:

- **Took ~130 Trips a Month**
- **Drove ~1200 KM a Month**
- **Spent ~36 Hours in Their Car Each Month**

Average number of trips, average kilometers driven per active client and average trip length (2019-2022)

- **-16%**

Source: Discovery Insure

Source: VisaNet data sample 2019-2022
South Africa has another unique driving factor that is increasing spend on eating out – loadshedding! There is a correlation between loadshedding levels and eating out. As many consumers are unable to prepare meals at home due to interrupted electricity supply, there has been an increase in takeout purchases and restaurant dining. We witnessed a larger volume of clients transacting on takeout meals and at restaurants as the stages of loadshedding increased. We also see peak volumes during stage 5 and stage 6 of loadshedding, as more people are compelled to order in, or collect, their food.

The average basket size for groceries was also analysed to establish if this was a key driver of spend, however we found little to no effect on the average basket size as the stages of loadshedding progress. Ordering and receiving groceries generally takes longer than eating out, not to mention the need to then prepare and cook food without electricity, so consumers do not typically change their grocery shopping habits due to loadshedding. Instead, the immediacy of the next meal results in consumers opting to eat out.

In summary, eating out has rebounded to pre-pandemic levels across all regions. Local data indicates that loadshedding further drives spend in takeout meals and eating out. We also see the effects of hybrid working models coming into play in South Africa, as Discovery Insure’s drive data indicates that the average number of trips driven, the average number of kilometres driven, and the average trip length are all down 16% between 2019 and 2022 – potentially an impact of people working from home more often.

People eat out
~60% MORE DURING LOADSHEDDING STAGE 5 AND 6 than when there is no loadshedding

Source: VisaNet data sample 2019-2022, ESP (loadshedding stages by day)
How people spend

Online spending

To contain the spread of COVID-19, people around the globe were discouraged from going to public places and touching public items. This paved the way for two major payment trends to emerge: online shopping and contactless payments.

Data shows that consumers who were compelled to use these methods during the pandemic are continuing to do so now. Spend in developing countries is steadily shifting online but is still well below the online spend in the developed world. However, South Africa is far more advanced in contactless payments than many other markets, largely due to the widespread rollout of contactless enabled point-of-sale (POS) infrastructure.

Change in share of online spend as a percentage of total card spend (indexed to January 2019)

Source: VisaNet data sample 2019-2022

DISCOVERY BANK +25%  SOUTH AFRICA +13%
More people across all client groups are transacting online. People are twice as likely to buy clothing online than they are to buy groceries online.
Interestingly, we see that geography does not affect whether a consumer is inclined to spend online or in-store, with equal affinity between consumers in metropolitan and rural areas. However, age is a factor, with consumers between the ages of 31 to 40 more than 70% more likely to shop online when compared to a consumer in their fifties. Age groups between 31 and 40 years old spend the most online compared to any other age group. Despite this, the current share of cards with online grocery spend is increasing in South Africa, it is still lower than the share of cards that purchase groceries online in many developed countries. An analysis of Discovery Bank clients’ online transactions indicates that on average 10% to 15% of online transactions are reversed. Online transaction reversals provide an indication of merchants’ current challenges in completely matching a customer’s order. Merchants need to match close to 100% of a customer’s order to promote confidence and increased online spend adoption. Until levels close to 100% are reached, consumers are likely to still need to enter stores to complete their grocery lists. Based on these changes in consumer behaviour, we believe 2023 will be characterised by a further increase in online spend on key items like groceries and clothing, as delivery service infrastructure and offerings mature.

Online purchases by card locations

Affinity for shopping online – percentage of online spend

<table>
<thead>
<tr>
<th>AGE GROUPS</th>
<th>19%</th>
<th>15%</th>
<th>11%</th>
<th>7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31-40</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>41-50</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>51-64</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>65+</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Exclusively Discovery Bank

Share of grocery purchases by day of the week

<table>
<thead>
<tr>
<th>M</th>
<th>T</th>
<th>W</th>
<th>T</th>
<th>F</th>
<th>S</th>
<th>S</th>
</tr>
</thead>
<tbody>
<tr>
<td>13%</td>
<td>13%</td>
<td>13%</td>
<td>14%</td>
<td>14%</td>
<td>13%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: Exclusively Discovery Bank

Favourite day to purchase groceries

<table>
<thead>
<tr>
<th>WEDNESDAY</th>
<th>SATURDAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONLINE</td>
<td>POS</td>
</tr>
</tbody>
</table>

Source: Exclusively Discovery Bank
Contactless payments

People across all client groups are now using contactless payment methods more, but mass clients are lagging. Our data also shows that people who activate their digital wallets are more engaged with their finances, and are more likely to shift their spend to contactless.

Average transactions per active card on contactless channels (indexed to the Mass Affluent client group in 2019)

MA
+91%

EA
+113%

HNW
+116%

Source: VisaNet data sample 2019-2022

Early adopters
The data shows that Discovery Bank clients are more likely to adopt contactless payment methods over average South African consumers.

Share of contactless payments to total payments based on transactions per card

2019 2020 2021 2022

Source: Exclusively Discovery Bank

Consumers typically increase their spend by 8% on their digital payment wallets, once they activate it. Based on these trends, we expect further migration to contactless payments and digital payment wallets as consumers get more comfortable with the convenience, and understand the additional security of contactless payments. The popularity of digital payment wallets and virtual cards has the potential to significantly transform the payment landscape. Digital payment wallets has the potential to become the preferred payment method in the near future.

Clients with digital wallet activations typically have an 8% increase in card spend

Source: Exclusively Discovery Bank

Discovery Bank partners with the following digital payment wallets:

Apple Pay
GARMIN Pay
Samsung Pay
GoPay

Source: Exclusively Discovery Bank
**Conclusion**

It's clear that the COVID-19 pandemic and associated lockdowns had a significant impact on consumer spending patterns across both the world and South Africa. Over the last few years, it’s changed how much people spend, what they spend on, and how they spend.

In South Africa, inflation is having an impact on specific client groups, as indicated by how much more spend mass market clients are directing towards essential items like groceries.

By and large, South Africans are now spending more on travel. We expect this trend to continue as more airline capacity inevitably comes online and flight prices normalise. It’s likely that a preference for local destinations will continue due to increased awareness and inflationary pressures that are causing consumers to reprioritise.

We also see a significant growth opportunity for online shopping in South Africa. Consumers’ confidence in their online retailers’ ability to deliver a full basket is critical to increase the online shopping adoption rate.

South Africa has an incredibly sophisticated payment infrastructure, and we expect contactless payments to dominate as consumers get more comfortable using them. We also expect digital payment wallets to expand as capable smart devices become ubiquitous. However, older consumers likely require more familiarity and trust to adopt these purchasing habits. This can be encouraged through education focused on the security and convenience of these payment methods.
Increased adoption in contactless payments as it becomes a trusted payment method for consumers, supporting an increasingly cashless economy.

Continued growth in online spend, especially groceries, as consumers become more comfortable with the convenience of online shopping and as merchants expand choice and improve ability to deliver a full basket.

Sustained levels of spend on eating out and takeout - this is supported by the convenience from food delivery platforms and linked to loadshedding.

Continued expansion of hybrid working models – supported by technology and high transport costs.

Continued growth in local travel.
Leading retailers among Discovery Bank clients

Top online merchants
- Vitality
- Travel
- EasyPay
- FlySafair
- check60
- Booking.com
- WOOLWORTHS

Top in-store merchants
- WOOLWORTHS
- CLICKS
- Makro
- bp
- ENGEn
- Dis-Chem
- SPAR
- Pick n Pay
- Checkers

Source: Exclusively Discovery Bank
CASE STUDY: How spend levels evolve with family structure

Average spend per active card (indexed to Singles)

- Consumers with three or more dependents spend twice as much as consumers with no dependents.
- The share of grocery spend versus total increases as the number of dependents increase.
- The share of spend on restaurants and takeout decreases as family size increases.

Source: Exclusively Discovery Bank
GROCERIES

A typical week in Discovery Bank for 2022

AVERAGE SPEND BY FAMILY STRUCTURE

<table>
<thead>
<tr>
<th>Family Structure</th>
<th>Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single parent</td>
<td>1.0</td>
</tr>
<tr>
<td>Couple +1</td>
<td>1.4</td>
</tr>
<tr>
<td>Couple +2</td>
<td>1.5</td>
</tr>
<tr>
<td>Couple +3 or more</td>
<td>2.1</td>
</tr>
</tbody>
</table>

AVERAGE SPEND BY AGE

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30</td>
<td>1.0</td>
</tr>
<tr>
<td>30 to 40</td>
<td>1.5</td>
</tr>
<tr>
<td>40 to 50</td>
<td>2.0</td>
</tr>
<tr>
<td>Over 50</td>
<td>2.2</td>
</tr>
</tbody>
</table>

SHARE OF TOTAL TRANSACTIONS BY DAY

<table>
<thead>
<tr>
<th>Day</th>
<th>Online</th>
<th>POS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mon</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>Tue</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>Wed</td>
<td>17%</td>
<td>13%</td>
</tr>
<tr>
<td>Thu</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Fri</td>
<td>16%</td>
<td>14%</td>
</tr>
<tr>
<td>Sat</td>
<td>17%</td>
<td>13%</td>
</tr>
<tr>
<td>Sun</td>
<td>14%</td>
<td>13%</td>
</tr>
</tbody>
</table>

FAVOURITE POS STORES

1. Pick n Pay
2. Woolworths
3. Checkers

FAVOURITE ONLINE STORES

1. asap!
2. Woolworths
3. Pick n Pay

Source: Exclusively Discovery Bank
FUEL

A typical week in Discovery Bank for 2022

AVERAGE SPEND PER CLIENT BY REGION (INDEXED TO GAUTENG)

<table>
<thead>
<tr>
<th>Region</th>
<th>Sun</th>
<th>Mon</th>
<th>Tue</th>
<th>Wed</th>
<th>Thu</th>
<th>Fri</th>
<th>Sat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gauteng</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Western Cape</td>
<td>1.02</td>
<td>1.02</td>
<td>1.04</td>
<td>1.04</td>
<td>1.04</td>
<td>1.04</td>
<td>1.04</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>1.04</td>
<td>1.04</td>
<td>1.10</td>
<td>1.10</td>
<td>1.10</td>
<td>1.10</td>
<td>1.10</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North West</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limpopo</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mpumalanga</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free State</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FAVOURITE FUEL STATIONS

- bp
- ENGEN

Note: Northern Cape has been excluded due to high volatility in spend.
Source: Exclusively Discovery Bank
Glossary

A

Active Cards
Cards with at least one transaction in a month.

Annual inflation
Average annual increase in the general price level of goods and services in an economy, 2022.

Average Ticket Size
ATS = Payment Volume / Number of Transactions. Also referred to as basket size.

Average total spend per active card in local currency indexed to 2019
We used the averaged travel payment volumes in local currency divided by total number of unique cards in South Africa to obtain average spend per active card. Across the period, this figure was indexed to 2019.

Average total spend per active card in local currency in 2022, indexed to South Africa vs Discovery Bank
We used the averaged travel payment volumes in local currency divided by total number of unique cards in the country to obtain average travel spend per active card. Indexed Discovery Bank’s average total spend per active card against 2019 figures. Travel spend is defined/identified through travel related merchant category tags.

Airline capacity
The change in number of local airline seats in South Africa from May 2022 to June 2022.

Aviation Fuel
Refers to jet fuel prices across 2020 Q1 to 2022 Q4.

Average ticket prices by route
Average ticket size split by popular South African flight routes in 2022.

Affinity for shopping online – percentage of online spend
The percentage of online spend split by age groups for Discovery Bank’s client base.

Average spend by family structure
Average spend per active card on groceries/clothing/fuel split by family structure. Spend is indexed to Single families for 2020 to 2022. Based on Discovery Bank’s client base.

Average spend by age
Average spend per active card on groceries/clothing/fuel split by age groups for 2020 to 2022. Based on Discovery Bank’s client base.

Basket size - Growth in average spend per transaction (2019-2022)
Basket size is also referred to as Average Ticket Size (ATS = Payment volume / Total number of transactions).

Basket size - Growth in frequency of transactions per card (2019-2022)
Total number of travel transactions per active card in 2022 divided by total number of travel transactions per active card in 2019 and minus 1 multiplied. Split by business and leisure travel.

Business travel
Business travel is defined as travel spend on corporate cards.

Banking Penetration
Proportion of the population aged 15 and above with a financial account or mobile money account.

C

Contactless
Transactions categorised as contactless transactions based on POS entry mode in VisaNet data or Discovery Bank data.

C

Contactless
Transactions categorised as contactless transactions based on POS entry mode in VisaNet data or Discovery Bank data.

C

Contactless
Transactions categorised as contactless transactions based on POS entry mode in VisaNet data or Discovery Bank data.

C

Contactless
Transactions categorised as contactless transactions based on POS entry mode in VisaNet data or Discovery Bank data.

C

Contactless
Transactions categorised as contactless transactions based on POS entry mode in VisaNet data or Discovery Bank data.

C

Contactless
Transactions categorised as contactless transactions based on POS entry mode in VisaNet data or Discovery Bank data.

C

Contactless
Transactions categorised as contactless transactions based on POS entry mode in VisaNet data or Discovery Bank data.

C

Contactless
Transactions categorised as contactless transactions based on POS entry mode in VisaNet data or Discovery Bank data.

C

Contactless
Transactions categorised as contactless transactions based on POS entry mode in VisaNet data or Discovery Bank data.

C

Contactless
Transactions categorised as contactless transactions based on POS entry mode in VisaNet data or Discovery Bank data.

C

Contactless
Transactions categorised as contactless transactions based on POS entry mode in VisaNet data or Discovery Bank data.

C

Contactless
Transactions categorised as contactless transactions based on POS entry mode in VisaNet data or Discovery Bank data.
Glossary

**O**

**Online**
Ecommerce or Card not present transactions.

**Online purchases by card locations**
The number of online transactions split by locations across South Africa based on Discovery Bank’s data.

**P**

**Payment Volume**
Payment Volume (currency amount of electronic payments including Card Present and Card Not Present transactions but excludes cash withdrawals).

**POS**
Point of Sale card present transactions excluding contactless.

**Payment Channel**
Electronic payments are separated for purposes of the analysis into POS, Online and Contactless as defined above.

**Payment behaviour linked to digital wallet activation**
Based on Discovery Bank’s data. Average spend per active card of Discovery Bank’s clients before digital wallet activation and post digital wallet activation. Indexed the spend to activation six months prior. Activation is defined as the first transaction made on a card/channel.

**Share of international travel**
The proportion of leisure/business travel that took place internationally.

**Share of total travel spend as a share of the travel wallet, in local currency, indexed to 2019**
The proportion of total travel leisure spend (i.e., sum of payment volume) split by international and domestic shown for 2019 and 2022. This is split further into travel merchant category groups (e.g. flights lodging, etc.)

**Share of International vs. Domestic travel based on number of cards transacting**
Using the number of unique cards that made travel transactions, the proportion of cross-border (i.e. international) versus domestic cards across the period. This is split by client groups.

**Share of online spend vs total card spend (2019–2022)**
The proportion of card not present payment volume against total payment volumes during the period monthly. Indexed 2022 to 2019.

**Share of cards spending online**
The proportion of cards that made a card not present transaction at grocery and clothing related merchant category group in the period. Split by client groups.

**Share of total transactions by day of the week**
The proportion of leisure travel spend over total spend for leisure.

**Share of total transactions by day of the week**
The proportion of travel merchant category groups (e.g. flights lodging, etc.)

**Share of total transactions**
The proportion of face-to-face (i.e., card present) transactions at the specific outbound destination.

**Transaction spend online**
The total number of transactions / Total Active Cards.

**Top international travel destinations**
These are the top outbound travel destinations for leisure. Top destinations are determined by number of face-to-face (i.e., card present) transactions at the specific outbound destination.

**Top transactions per active card**
TPAC = Total Number of Transactions / Total Active Cards.

**Total spend – share of total spend 2022**
The proportion of leisure travel spend over total spend for leisure.

**Transactions per active card**
TPAC = Total Number of Transactions / Total Active Cards.

**Travel spend**
Travel spend is defined as a unique card making a travel related transaction in the observed period.

**Bibliography**

- Bloomberg; Business News Article; 2022
- Discovery Bank; 2019-2022
- EskomSePush; Online; 2022
- IMF blog article - Pandemic’s E-commerce Surge Proves Less Persistent, More Varied (March 17, 2022)
- McKinsey article - The next S-curve of growth: Online grocery to 2030 (March 31, 2022)
- Statistics South Africa; Food inflation per region; 2022
- Thomson Reuters; Kerosene - Type Jet Fuel; 2023
- VisaNet; 2019-2022
NOTICE OF CONFIDENTIALITY AND DISCLAIMER

This presentation is furnished to you solely in your capacity as a customer or client or partner of Visa Inc. and/or a participant in the Visa payments system. By accepting this presentation, you acknowledge that the information contained herein (the “Information”) is confidential and subject to the confidentiality restrictions contained in Visa’s operating regulations and/or other confidentiality agreements, which limit your use of the Information. You agree to keep the Information confidential and not to use the Information for any purpose other than in your capacity as a customer of Visa Inc. or as a participant in the Visa payments system. The Information may only be disseminated within your organization on a need-to-know basis to enable your participation in the Visa payments system. Please be advised that the Information may constitute material nonpublic information under U.S. federal securities laws, and that purchasing or selling securities of Visa Inc., while being aware of material nonpublic information, would constitute a violation of applicable U.S. federal securities laws.

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 expertise and our perceptions of historical trends, current conditions and expected future developments and other factors that we believe are appropriate under the circumstances. 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.

Please note that whilst reasonable endeavors have been taken to ensure that the information in this document is accurate, 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.