Actual Card Spend Volumes in December Beat Citibank Analyst Forecasts

High Dynamics Observed in Regional Cities, Internet Spend Follows Suit

Citibank has concluded its annual study on client’s New Year’s credit card spending. The report, prepared by Citibank’s Consumer division analysts, confirms the forecast made by the bank’s analysts in early December and in certain areas even exceeds expectations.

Actual credit card spending was up 32% over the average monthly spend during the year (prognosis: 28%). The average purchase amount in December 2011 was 17,452 rubles (16,890 rubles). The share of cash withdrawals in the total volume of transactions was down 50% and reached the lowest level yet recorded by the bank. The increase in share of Internet purchases turned out to be higher than expected, with online transactions accounting for 10.8% of spending (7.6%). Internet spending was 22% higher than the annual average (17%) and the average online purchase was 3,700 rubles (3,500 rubles).

"The results of the New Year’s holidays mirror our optimistic view on Russia's consumer sector," said Michael Berner, Member of the Board of Directors, Head of Consumer Lending at Citibank Russia. "We will continue to develop our business and create new services and products, including in Internet banking, which will match the interests of our Russian clients."

Throughout all of 2011 Internet purchases steadily increased, although in December the trend slowed slightly: this is a month in which Russians preferred to shop offline. Internet spend accounted for 21% of all credit card transactions, which is one percentage point above the forecast.

Credit card spending in St. Petersburg in December was 34% above the average (prognosis: 38%), in Moscow 28% (21%), in the regions – 48% (30%). The average credit card holder in Moscow spent 18% more than peers in St. Petersburg and 31% more the average credit card holder in the other regions of Russia.

The prognosis on spending differentiation between men and women was largely correct: spending by men was 2% higher than forecasted (29% higher in December compared with the annual monthly average) while for women it was 3.5% higher (34%) than predicted. The average purchase for men was 22,682 rubles and for women – 12,611 rubles.

Clothing stores, supermarkets and grocery stores continue to occupy an important place in pre-New Year’s spending: their share in all direct purchases in December stood at 10% and 9%, respectively. Airplane tickets accounted for 6% of all spend and hotels for 5%. Tourism agencies did not make it into the top 10 this year, but jewelry retailers joined the leaders with a 3% share.

Alcohol retailers once again were very popular in December 2011, with expenditures at such stores up 136% from the monthly average for the year. Also high on the list were toy stores, with sales up 109% from the average. Jewelry stores (92%) were followed by cosmetic stores (89%) by the December deviation rate. Music stores (59%), fast food restaurants (46%) and photography services (51%) were lower in this list than the previous year, but software was a newcomer to the top 10 (72%). Another category that did not make it into the forecast was sporting equipment, but in December its popularity came about 58% above average.

Such categories as bars, discotheques, night clubs, clothing stores and fitness clubs did not appear among the top 20 categories with extraordinary popularity in December. This leads analysts to surmise that Russians likely welcomed in the New Year at home with family and friends. Higher spending on airplane tickets together with a decreased share of expenditures going toward tourism agencies and hotels also supports this hypothesis.

The study was based on statistical data from credit card purchases by Citibank clients. The spending data analyzed came from purchases made starting at the beginning of 2007 through December 2011 in the following cities: Moscow, St. Petersburg, Nizhniy Novgorod, Rostov-on-Don, Volgograd, Samara, Kazan, Yekaterinburg, Novosibirsk and Ufa. For the 2011 study no less than 500,000 clients were selected at random. The selection was limited to men and women 22 years old or older and with a monthly income of no less than 9,000 rubles. This methodology largely corresponds to that used in the previous year’s study. A presentation of the results is available in Russian only.
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