

press release

Majority of consumers expect India to be cashless by 2025

In a more cashless society, the new Indian consumer is more digital, cautious and conscientious

Mumbai, 24 September 2020 – COVID-19 has seen the emergence of a cashless, cautious and more conscientious consumer, according to Standard Chartered's latest global survey. Almost two-thirds of survey respondents around the world agree that COVID-19 has made them more positive about online shopping. Indians were the most enthusiastic of any country surveyed, with 78% now more positive about online shopping than they were prior to the pandemic. But consumers globally, and in India, are being more careful with their spending and want new ways to track their money digitally.

The study of 12,000 adults across 12 markets – Hong Kong, India, Indonesia, Kenya, Mainland China, Malaysia, Pakistan, Singapore, Taiwan, UAE, the UK and the US – is the second in a three-part series, looking at how COVID-19 has transformed consumers' way of life, and what changes could be here to stay. While the first survey focused on the pandemic's impact on earnings, the second offers new insights into the way the global health crisis is changing consumer spending habits.

Respondents in all 12 markets anticipate doing more of their shopping online from now on. In India, preference for online shopping has shifted significantly. Prior to the pandemic, 54 per cent of consumers preferred to shop online versus in-person, but this is now 69 per cent for future purchases. This increase in preference for online payments is true across a range of purchases, from groceries and travel to digital devices. As a result, 87 per cent of people in India (64 per cent globally) now expect their country to go fully cashless, the highest proportion of any country surveyed, with a majority expecting this to happen by 2025.

The survey results are supported by Standard Chartered's ATM withdrawals data. Across the ten surveyed markets where Standard Chartered offers retail banking (all except the UK and US), COVID-19 has dramatically accelerated the decline in ATM usage. Cash withdrawals from ATMs are now half what they were two years ago.

Meanwhile, as spending begins to creep up as lockdowns ease globally – 56 per cent of Indians reported increased spending in July (46 per cent globally) – 90 per cent of people in India say the pandemic has made them more careful with their expenditure (75 per cent globally).

Reflecting this increased caution, 76 per cent of survey respondents in India (62 per cent globally) said that the economic impact of COVID-19 has made them more likely to track their spending, with over 80 per cent either using or interested in using budgeting tools or tools that block card-spend over specified limits.

Consumers around the world, including in India, are now spending more on basics - such as groceries and healthcare - and digital devices than they did prior to the pandemic, and they expect this increase to continue in the future. Meanwhile, in India, 64 per cent of people say they have spent less on travel/holidays than they did before the pandemic (64 per cent globally), while 30 per cent have spent less on experiences (41 per cent globally) and 56 per cent have spent less on clothes (55 per cent globally).

This trend is expected to continue in India with 41 per cent saying they anticipate spending less on travel/holidays, 19 per cent on experiences and 28 per cent on clothes in the future.

As well as increased caution when it comes to spending, consumers around the world are increasingly conscientious. This is good news for small businesses and those producing locally made goods, particularly those making and selling sustainably sourced products. In India, people are more likely to shop conscientiously than the average global consumer, with more than two-thirds of people saying they are now more likely to shop locally (72 per cent), more sustainably sourced products (69 per cent) and with small businesses (73 per cent).

Kusal Roy, Head, Retail Banking, India, Standard Chartered Bank said, “In a world where people are being more cautious with their spending, being able to keep track of where your money goes has never been so important. In India, too, the current situation has encouraged and created awareness, thereby making people more likely to track their spending, with a sizeable majority either using or interested in using budgeting tools.

This brings to the fore the role of banks which will have to continue to digitally innovate giving the clients a platform to conveniently transact, track and manage their spending in a safe and secure environment.”

Notes for editors:

Methodology

A 10-minute online survey of 12,000, 18+, nationally representative respondents across 12 markets - Hong Kong, India, Indonesia, Kenya, Mainland China, Malaysia, Pakistan, Singapore, Taiwan, UAE, the UK and the US - was conducted between Monday, 17 August to Friday, 21 August 2020.

Results are weighted on the latest national census in each market by age, gender and macro-region and should be considered representative of the online population.

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