

ATM and POS transactions sink to record lows during lockdown

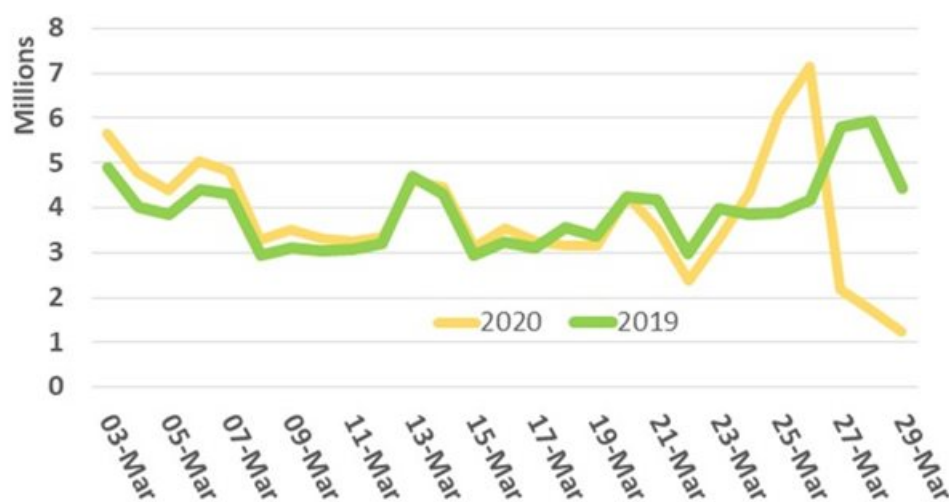
The volumes of ATM and point-of-sale (POS) transactions declined dramatically at the end of the first three days of the 21-day national lockdown, but this came after the large spike caused by the shopping rush in the days following President Cyril Rampahosa's lockdown announcement on Monday, 23 March 2020.



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This is according to a report by BankservAfrica and Economists.co.za, which revealed that by Sunday, only 1.2 million transactions at ATMs and stores were recorded – only 60% of the usual number on Christmas Day and during the Easter holidays.

Our data, which reflects the volumes of transactions processed by BankservAfrica since the beginning of last week, suggests South Africans are complying with the request to stay at home as the average daily transaction volumes for the three days to Sunday, 29 March 2020 were far lower than the previous year," says Shergeran Naidoo, head of stakeholder engagements: BankservAfrica.



Rollercoaster at the tills

"Bearing in mind that this is month-end, one would have expected higher than normal transaction volumes. But our comparative data to the same three-day period in March 2019 revealed volumes were only 31.6% of the normal," says Naidoo.

On Sunday, 29 March 2020, the transaction volumes were just 28% of the normal for the same day last year. "It seems economic activity came to a standstill all over South Africa," says Mike Schüssler, chief economist at economists.co.za.

In the two days before the lockdown, South Africans used their month-end salaries to rush to the stores. "The normal volume of transactions from Tuesday (24 March 2020), a day after the President's national lockdown announcement to Thursday (26 March 2020) reached an incredible 148% of volumes processed at POS terminals and ATMs as the country population prepared for the 21-day period. South Africans knew they had to fill their cupboards and fridges," says Naidoo.

On Sunday, only 1.2 million transactions were recorded compared to an average of 5.4 million on a more typical day after month-end.

"By Sunday, 29 March, the number of transactions was only about 60% of what we would normally see on major holiday spending days like Christmas and Easter. It is unlikely that we will see the volume of transactions at this low level again," says Naidoo."



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26 Mar 2020



What this could mean for SA's economy

"The drop in transactions suggests that about 70% of the consumer-facing economy has fallen away and that will certainly mean a plummeting GDP level," says Schüssler.

Although Schüssler says it is difficult to provide a forecast, he adds that one could say that as consumers make up about 60% of expenditure, a one-month lockdown could see GDP fall. On an annualised basis, this will be spread over the first two quarters of the year. Most of this decline will be evident in the second quarter.

"While the third and fourth quarters could see growth again, the catch-up will not be as great. A GDP decline could be on the cards," concludes Schüssler.

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