

Card Spending Dynamics in Turkey During the COVID-19 Pandemic

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Abstract

This paper provides an extensive analysis of card spending during the COVID-19 pandemic in Turkey by using weekly aggregated and sectoral credit and debit card spending data from March 2014 to December 2020. At an aggregated level, we show that aggregate demand decreases significantly at the early stages of COVID-19 and seems to reinstate its pre-COVID trend. However, when we include the pre-existing conditions of Turkey, the 2018 currency crisis, we observe that the recovery in demand is not that strong. To highlight the underlying reasons for structural change in aggregate demand, we estimate the model with stringency index and unemployment-related search index. The estimated model indicates that containment measures and restrictions and fear of job/income loss mainly explain the overall impact of COVID-19 on aggregate demand. We also examined sectoral data to understand aggregate demand dynamics better. Only the stable and delayable sector groups have reached a trend above their pre-pandemic trajectories. However, the social and work-related sectors are far from their respective pre-pandemic trend.

Keywords: COVID-19, card spending, interrupted time series analysis, Google trends

JEL Codes: D12, D83, E21, E32