

The Impact of COVID-19 on Bank Card Usage in Kuwait: Evidence of Shifting Payment Behavior

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ABSTRACT

This study investigates changing behavior in bank card usage in Kuwait as a result of Covid-19. Using quarterly data from the Central Bank of Kuwait covering the period 2011Q3–2025Q2, we construct aggregate point-of-sale (POS) and ATM transactions from local debit, local credit, and foreign cards, then try to identify the effect of the pandemic. To formally identify structural changes, we applied Chow Tests at selected candidate break dates. The Chow Test results confirm statistically significant breaks around the onset of the pandemic, particularly in POS usage, indicating a strong and sustained shift toward digital payment behavior. Conversely, ATM withdrawals show pronounced declines, reflecting reduced reliance on cash. The evidence suggests that the pandemic served as a catalyst for permanent behavioral transformation rather than a temporary shock.

Keywords: Financial Econometrics; Bank Card Usage; Kuwait; HAC-Robust; Wald Test