

2013 Credit Card Industry Trends

The credit card sector is looking to continue its slow-but-steady recovery in 2013. We have identified 10 trends that we expect to see over the next 12 months.

1

Change in Industry Positioning

Fundamental change in consumer perception of the credit card. Issuers to aim to redefine industry as 'payments' rather than 'credit card'

2

Outstandings Growth

An increase in consumer demand for credit. Expect outstandings growth from Wells Fargo, Discover and big regional banks (SunTrust, Fifth Third and PNC)

3

Price Competition

Some downward pressure on APRs for targeted audiences, but competition to remain focused on introductory rates, bonus offers on rewards cards

4

Continued Volume Growth

Issuers to continue to push volume growth, but rate of growth to ease as issuers seek a balance between outstandings and volume growth

5

Return of Revenue Growth

Outstandings growth to drive net interest income; spending volume to boost noninterest income, but number of factors impacting fee income

6

Normalization of Charge-Offs

Charge-off rate declines to abate, as issuers chase outstandings and seasonal patterns re-emerge

7

Pressure to Reduce Rewards Costs

Issuers to moderate rewards program costs as part of general drive to reduce expenses, redistribute investments to attain balance of loan and volume growth

8

Personalized Offer Growth

Advances in data analytics to enable personalized offers based on demographics, preferences and spending habits

9

Emergence of Mobile Payments

Mobile payments to continue strong growth, mainly in mobile commerce and P2P. Continued testing of mobile payments at point of sale

10

Change in Channel Mix

Issuers to continue to shift marketing and customer service resources to nontraditional channels

For more information:

emiboston.com
@emi_mktg4cards
results@emiboston.com
617-224-1101

