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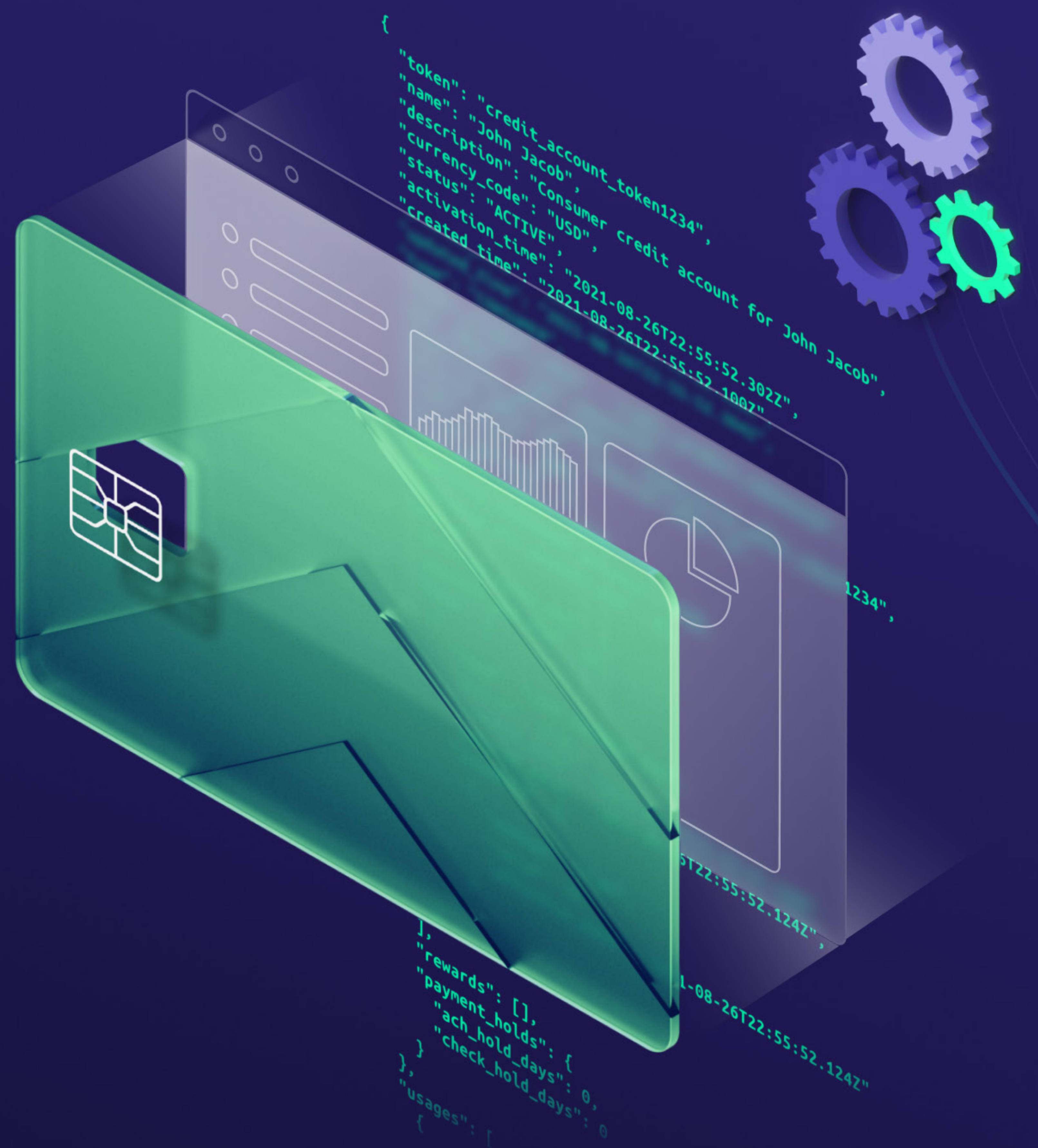

Marqeta 2024

State of Credit Report

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Introduction

Consumers have an insatiable appetite for dynamic rewards

72% of "satisfied" credit card users will still apply for a new card.

In 2024, brands have an enormous opportunity to connect with credit card users. Loyalty to individual cards is down, which means more consumers are now up for grabs. And brands that deploy cards with dynamic and personalized rewards will win.

The stakes are high. A credit card is more than a simple financial instrument. That piece of plastic in your pocket or code in your digital wallet is a key that unlocks a world of possibilities in consumer engagement. It gives access to shopping and payment data, opportunities to sell other products, and delivers brand equity for the company with their name on the card.

But, the competitive card environment and difficult economic conditions for consumers have made attracting and keeping customers harder in 2024.

For Marqeta's fourth annual State of Credit report, we've surveyed over 2,000 U.S. consumers and 1,000 U.K. consumers to understand how they are using credit in 2024 and how they are planning on using it in 2025.

We undertake this survey every year because we are bullish on credit's role as a tool that helps responsible consumers manage their finances. We think credit cards are an instrument that can increase consumer loyalty to a brand and deepen the business relationship.

And our findings were clear: There is a massive opportunity for brands that want to issue cards, consumers who want to be rewarded for their responsibility, and merchants who want to accept credit cards to all benefit together.

What's the secret ingredient to making this relationship work? The answer: dynamic rewards. To deliver them, card brands will need to keep their finger on the pulse of what consumers want. And they'll need flexible tools to take fast action.

Part 1

Consumers have a love 'em and leave 'em relationship with credit cards

The allure of the swipe is strong

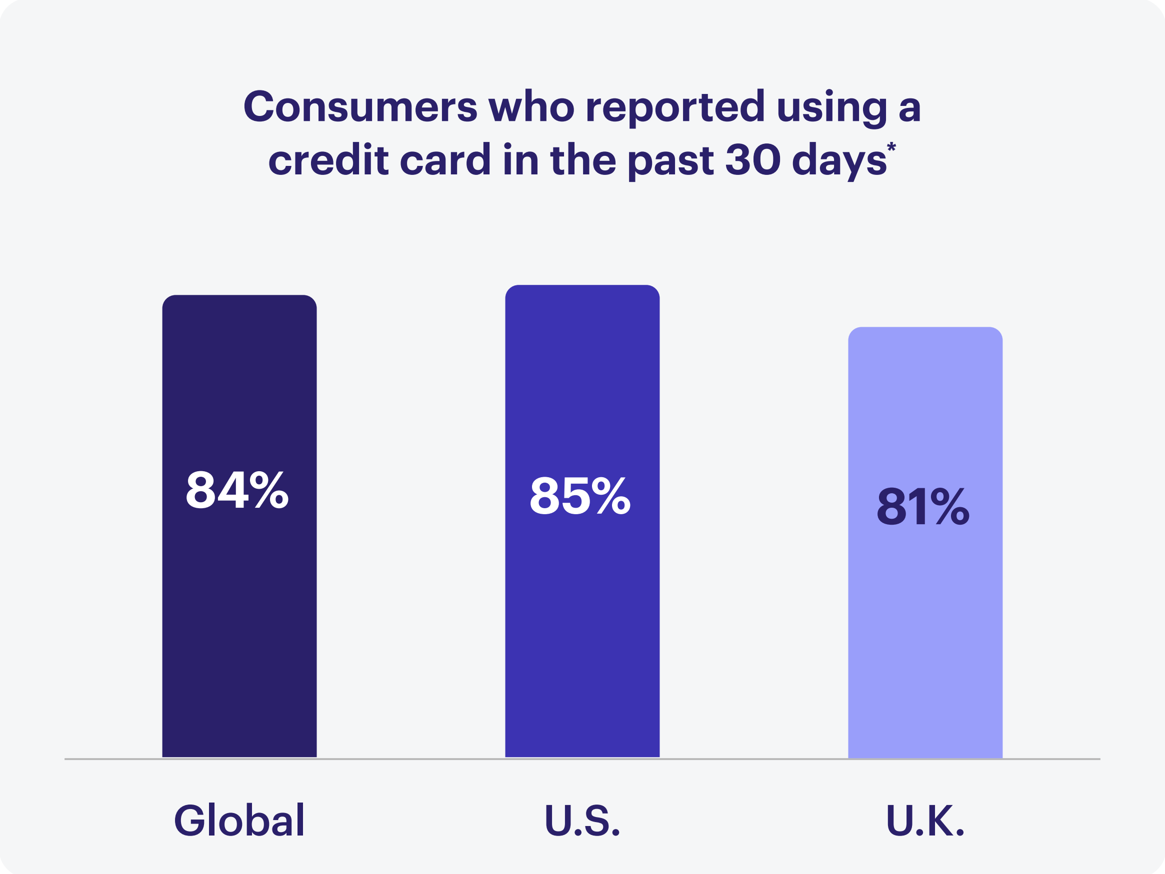
Even if consumer loyalty is fickle regarding individual credit cards—they are deeply engaged with using credit cards in general.

The reasons are many. Credit cards help smooth out household cash flow with flexible payment structures. They're a secure and trusted form of payment. They help consumers build the credit history required for major purchases like automobiles and homes.

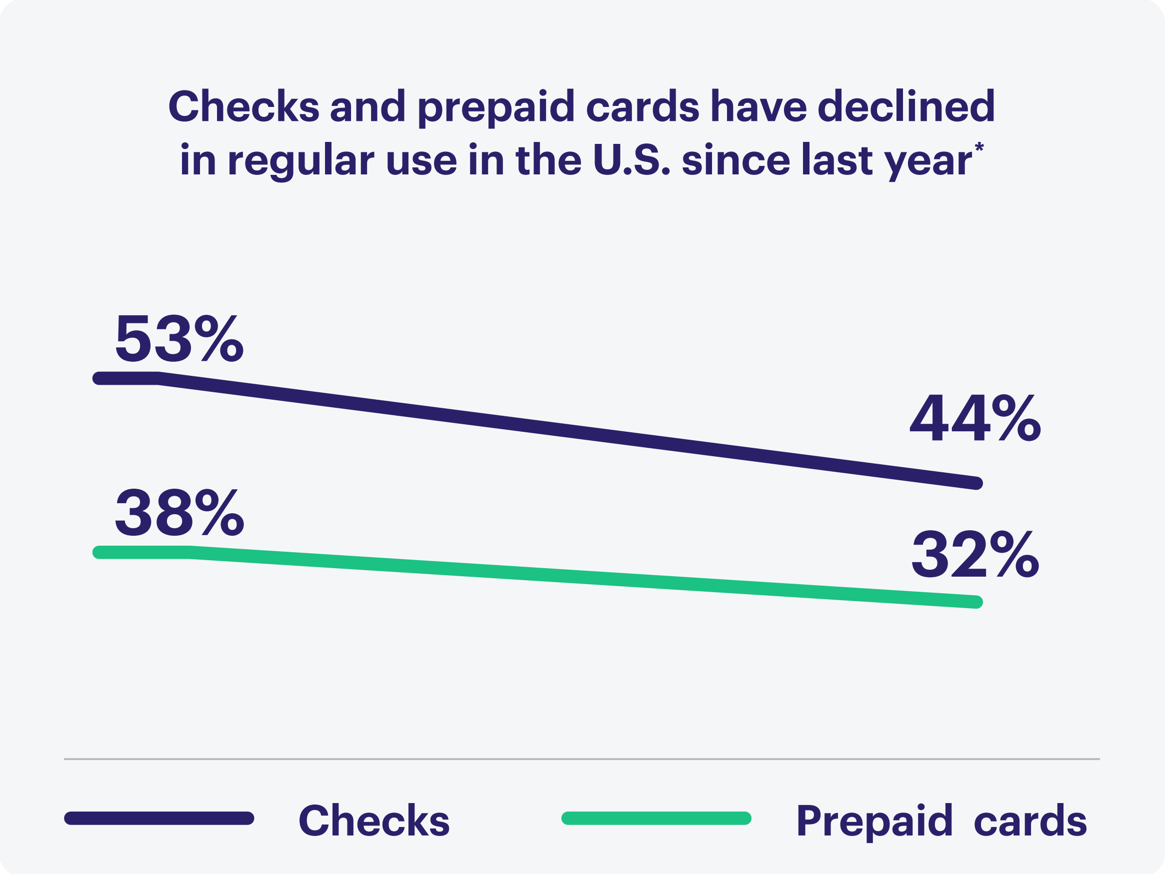
And don't forget about rewards. Cash back, points, and other perks make paying by credit card the best choice economically.

Globally, 84% of consumers have used a credit card to make a purchase in the past 30 days. The global domination of credit card payments comes at the expense of both checks and prepaid cards.

Regular usage of check payments declined from 53% to 44% in the last year. And prepaid cards saw a similar decline from 38% down to 32%.



*Source: Marqeta's 2024 State of Credit Report



*Source: Marqeta's 2024 State of Credit Report

Key takeaway

Despite the fickle consumer, card brands have a lot to celebrate this year. The tailwinds of pandemic-fueled preferences for cashless payments, mobile wallet adoption, and the continued dominance of e-commerce have all positioned credit cards for success.

They remain a popular form of payment, while other payment types are swiftly declining.

The opportunity for launching branded credit cards is only going to get bigger.

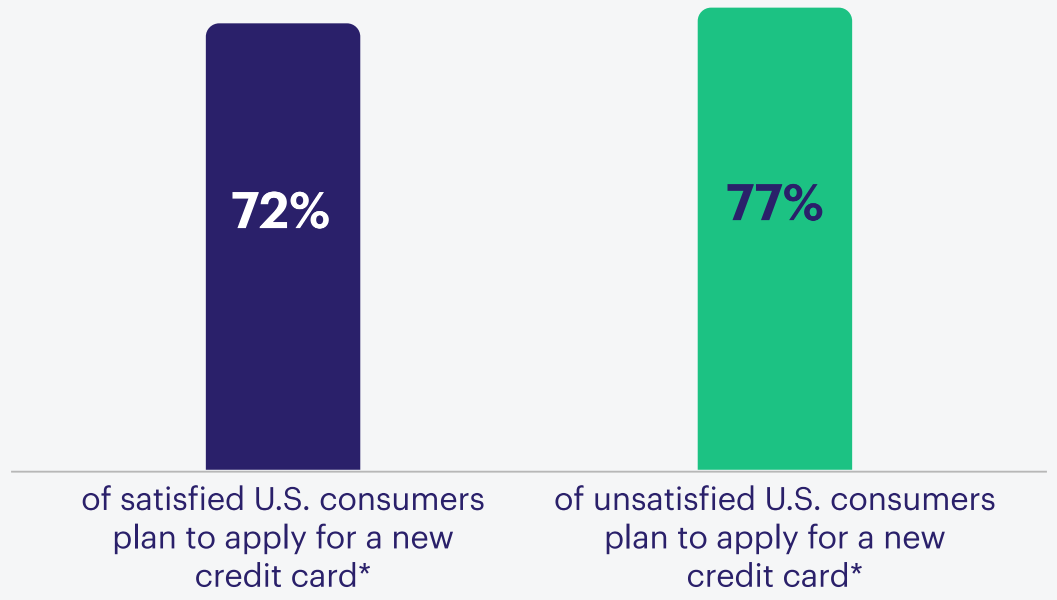
The dual trend in credit card consumers

We've found two distinct cohorts of credit card consumers that are worth examining.

Consumer trend #1: The deal chasers

A happy customer isn't necessarily a loyal customer—at least not in the credit card game. Our survey revealed that consumers who are satisfied with their credit card are almost as likely to be planning to apply for a new credit card as consumers who are unsatisfied with their card.

New card applications, satisfied vs. unsatisfied U.S. consumers*

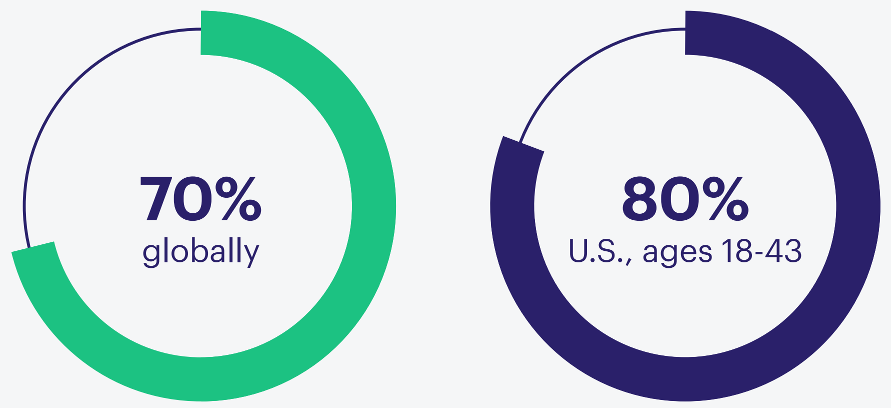


*Source: Marqeta's 2024 State of Credit Report

So if satisfaction can't keep a card user loyal, then what can? The answer: dynamic engagement.

The deal-chaser cohort is very willing to apply for a new credit card if they're offered the right reward or feature. We found that, globally, 70% of consumers who have no plans of applying for a new credit card could be incentivized to apply if the reward or feature was good enough. This is even truer for U.S. consumers aged 18-43, with a whopping 80% saying "yes" to the proposition.

Consumers who do not plan on applying for a new card, but could be enticed if the reward or feature was good enough*



*Source: Marqeta's 2024 State of Credit Report

Consumers are clear about what rewards and features they're looking for:

Top rewards and features consumers are seeking*

*Source: Marqeta's 2024 State of Credit Report

These are the classic credit card incentives that card maximizers have always chased. In a cohort where loyalty is declining, it's at least comforting to see that credit card brands still have strategies that are widely appealing to consumers.

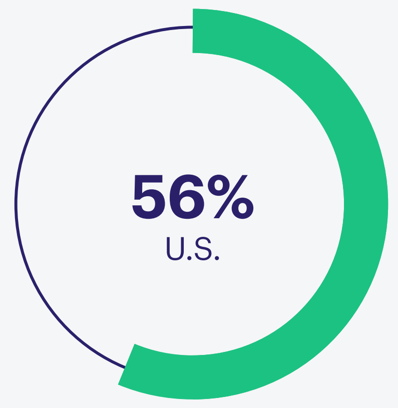
Consumer trend #2: The card-cutters

The ease of use and low price of Netflix inspired a movement of "cord-cutting" where older consumers canceled their cable packages and younger consumers never bought them. Instead of hundreds of channels, some of which they'd never watch, they opted to have only one source of premium entertainment.

There's a similar trend happening with credit cards and it's being led by the same 18-43 year-old cohort that is rejecting cable television.

In the U.S. and U.K., nearly half of all 18-43 year-old consumers have only one credit card. Their preference for thin wallets is driving the larger trend. Between 2022 and 2024, the number of U.S. credit card holders with more than one card decreased from 73% to 63%.

18-43 year-olds who have more than one credit card*



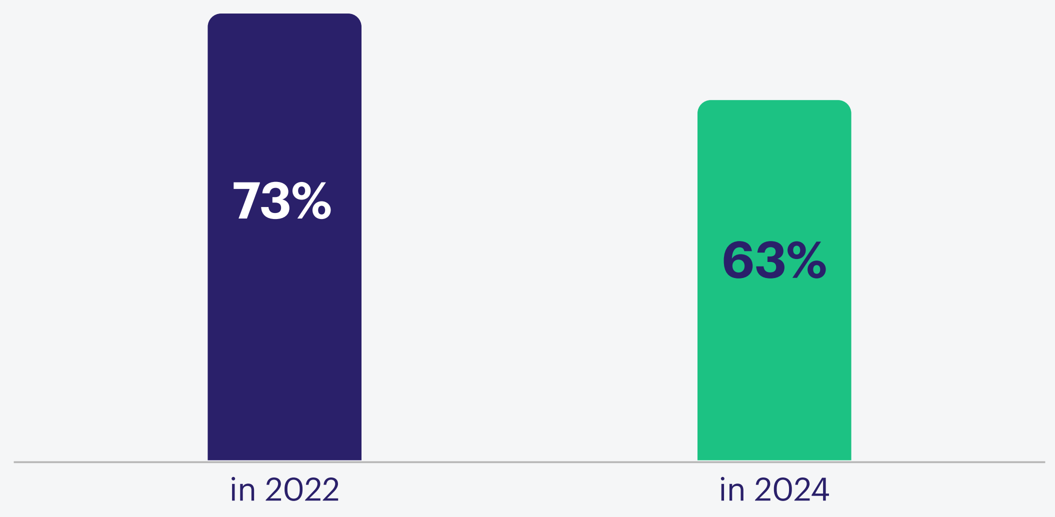
*Source: Marqeta's 2024 State of Credit Report

It's a scary drop when you consider that credit card usage has remained stable in the same period. So what's driving the decrease in multiple credit cards among the card-cutters?

It's possible that, like the cord-cutters who chose Netflix over their cable packages, the card-cutters are satisfied with the service and features of their single credit card. But, unlike Netflix vs. cable, there isn't a big difference in price between a single-card and multiple-card lifestyle. Many credit cards have no yearly fee and interest rates are frequently comparable.

It might be the case that these consumers are not incentivized enough by other credit card offers to go through the hassle of applying for and then managing several credit cards. When we consider what we learned in our survey about the relative unimportance of "satisfaction" with credit cards, we might be justified in coming to this conclusion.

Number of U.S. credit card holders with more than one card*



*Source: Marqeta's 2024 State of Credit Report

Key takeaway

There are two divergent trends in credit card consumer behavior:

1. Many consumers are planning to apply for new credit cards regardless of whether they are happy with their current card. It will be critical for issuers and brands to stay ahead of the competition in terms of offers and features to retain their users.
2. The number of credit card users with only one card is increasing, meaning that securing a place in their wallet will become more competitive—but also more valuable.

After reviewing all the data from our survey, Marqeta's answer to both trends is this: **Consider adding more dynamic rewards**. For consumers who have opted to use only one card, more dynamic rewards can help brands make sure *their card* makes a compelling case. And for consumers who hop around, dynamic rewards are what they are responding to best. Delivering them can help card brands attract more deal chasers and keep them using *their cards* more, even in a crowded wallet.

The joys of winning the top-of-wallet slot

Here are the facts: 58% of global consumers have more than one credit card. But those credit cards are not seen as equal. That's because 84% of global respondents say they use one card more than others, with 47% saying they use their number one card for more than half of their purchases.

We call that top-of-wallet—the card a consumer reaches for first and uses for the majority of their purchases.

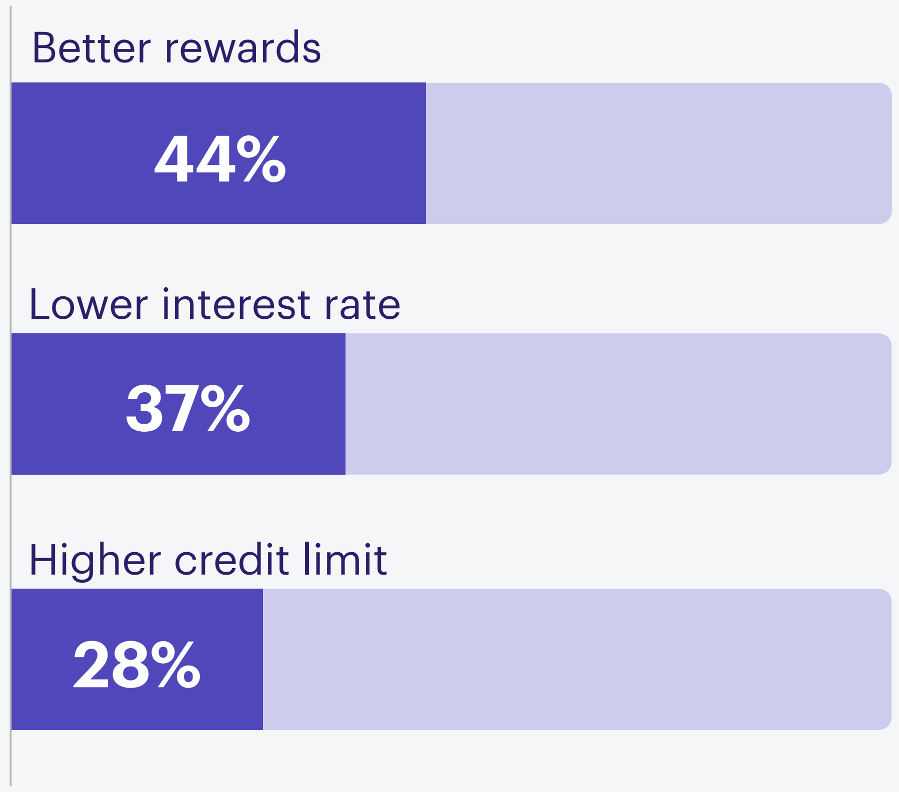
Top-of-wallet is a beautiful place to be. Greater spend means more purchasing data, potentially higher profits from interest payments and a greater "mindshare" for the brand with their name on the card.

Once that top card is defined, others can fall by the wayside. Over 75% of consumers are satisfied with their number one card.

But what if your brand lost the top-of-wallet contest? There are potent strategies that you can use to help your card climb up through the stack and come out the winner. The global consumers who responded to our survey outlined the top features that would convince them to use their other cards more frequently.

Here we have another set of classic card issuer incentives. But unlike the incentives that attract new applications, these incentives can be dialed in more delicately and, in the case of higher credit limits, can be customized algorithmically for each individual user.

Name the top two features that would make you use a card other than your main credit card more frequently*



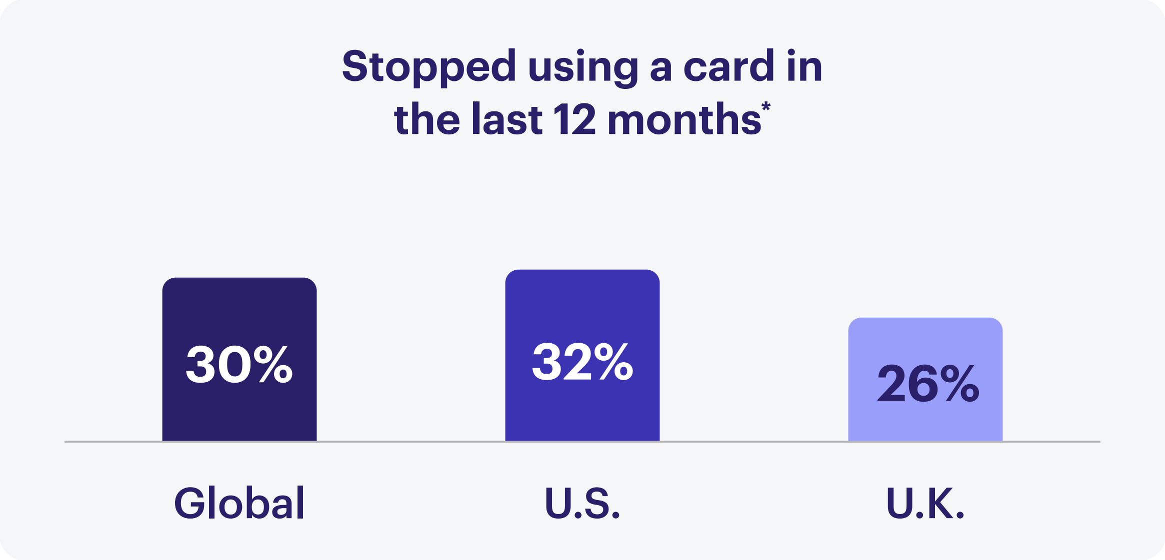
*Source: Marqeta's 2024 State of Credit Report

Consumers are breaking up with some cards completely

Back of the wallet, bottom of the drawer—the location makes no difference. Some consumers are completely ending their usage of cards that they used previously. In fact, 30% of global consumers have done so in the last 12 months.

When asked why they had abandoned cards they'd once utilized regularly, 33% of global consumers answered that the interest rate was too high. 26% responded that they found a new card that better fit their needs. And 23% said they needed a higher credit limit. Lower on the list, 15% of consumers said they never intended it to be a long-term relationship—they got their cards for a one-time bonus and didn't want to use it after that.

While there may be turbulence in the competitive credit card space, disruption creates opportunity.



*Source: Marqeta's 2024 State of Credit Report

*Source: Marqeta's 2024 State of Credit Report

Key takeaway

The competition for the consumer does not stop at the credit card application. Most consumers develop a preference for one of their cards and use it for most of their purchases.

But there are many strategies that issuers can deploy to potentially win or keep that top spot. The benefits of more spend on the card, additional purchasing data, and a better brand connection with the consumer is worth it.

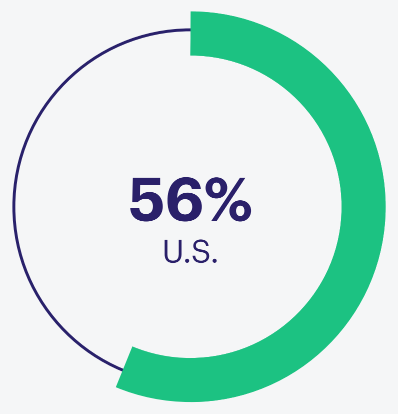
Cha-ching! Card brands succeed at selling other financial services

Customer loyalty may be harder to earn, but as we've outlined in previous sections, consumers are open to a good deal. And credit card providers can use their relationships with cardholders to offer them other financial products.

It makes sense that consumers would look to get their needs for checking, savings, debit cards, and credit cards met with a single provider. Nearly half of global consumers agree and have combined their credit card and banking needs. In the U.S. branch of that cohort, nearly half got their credit cards first and then added additional products from their provider later. But in the U.K., that number was smaller, with only 43% of multiple service users getting their credit card first.

Buy Now, Pay Later users are even more likely to have other financial products with their credit card provider at 60% globally.

18-44 year-olds who have more than one credit card*



*Source: Marqeta's 2024 State of Credit Report

Charging forward: More businesses are trusted to offer credit cards

Credit cards have a dual role in people's lives: They represent the fun of shopping, but they also deliver bills every month and must be managed carefully. This is perhaps why consumers place the most trust in traditional banks and big retailers to supply their credit cards but are also open to cards issued by their favorite sports teams and social media companies.

We asked our survey respondents to rank the top companies to receive credit cards from and their answers were not surprising.

Preferred business types from which to receive a credit card

*(ranked in order of preference)**

1. Bank/credit union
2. Payment network (e.g., Visa, Mastercard)
3. Major retailers, grocers, airlines, or hotels
4. Financial apps/investment platform
5. Streaming service
6. Sports team
7. Social media platform

*Source: Marqeta's 2024 State of Credit Report

Banks and payment networks hold the top spots for obvious reasons—they specialize in finance and are deeply trusted.

Major retailers, grocers, airlines, and hotels are mainstays of the credit card industry and have found numerous ways to align the benefits of their cards with their core businesses—primarily through discounts and cash back on their goods and services.

Financial apps/investment platforms are an interesting entry on this list. Like banks, they seem to be benefiting from the trust that comes from finance being their core competency.

Sports teams and social media platforms are lower on the list, but have cause for encouragement. 10% of U.S. 28-43 year-olds would pick their favorite sports team as their preferred card brand. And 9% of 18-27 year-olds would pick their favorite social media provider as their preferred brand. The key to maximizing these preferences is focusing on what makes each brand unique and leaning into that with dynamic rewards.

For example, sports teams can offer priority tickets, special event packages, and deals on team merch. Social media companies can offer discounts on e-commerce shopping via their platforms and exclusive digital experiences with streamers and influencers.

There's a huge variety of consumers in the credit card market. And, as we've shown in this section, there are strategies that can help to get consumers to apply for new credit cards and to use their existing credit cards more.

Brands that have strong relationships with their customers have the opportunity to extend their relationship into the credit card space.

Key takeaway

The credit card opportunity goes beyond collecting annual fees and interest payments. Credit card customers are interested in receiving other financial products from their issuers. And they are open to getting credit cards issued by a wide variety of brands, including merchants, sports teams, and social media companies.

The opportunity to deepen engagement between consumers and a brand is enormous. Providers who can leverage buyer insights to deliver unique reward programs and elevate their user experiences have the potential to capture the loyalty of card users, increase consumer spend, and beat out the competition.

Part 2

Credit cards are a lifeline in trying times

Consumers are struggling to manage their finances

2024 has been rough on consumers. Even with a strong job market and easing inflation, stubbornly high prices for food and housing have left them in a bind. The story of wage growth not keeping pace with inflation is generational at this point, and, in some ways, 2024 has been a tipping point.

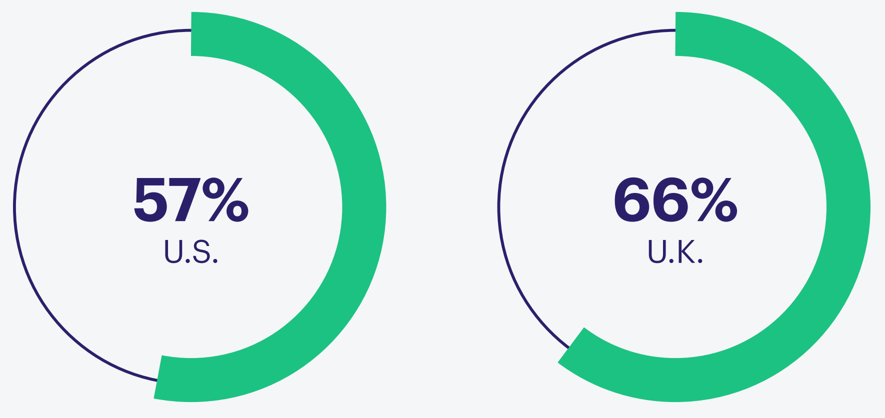
A Pew Research study examined Americans' view of the economy in 2024. 36% of respondents described the economy as "poor" while 41% said it was "only fair." These statistics seem in stark contrast with the larger macroeconomic picture of lower inflation and strong job numbers. But multiple opinion polls taken this year state the same thing. Americans are not feeling good about the economy or their personal finances.

Our research study casts this trend in a more personal light.

A huge number of consumers missed a credit card payment for the first time ever

Globally, 17% of our survey respondents reported that they missed a credit card payment this year. Nearly 60% of those said this was the first time they had ever missed a credit card payment in their lives. It's a big number, and it captures the struggle that many consumers are feeling in 2024, especially in the U.S.

Of those who missed a payment in 2024, this was their first missed payment in their lifetime*



*Source: Marqeta's 2024 State of Credit Report

When we break down the missed-payment numbers between U.S. and U.K. consumers, 19% of U.S. consumers missed a payment this year compared to only 13% in the U.K. And of the U.S. cohort who missed a payment, one-quarter of them are 28-43 year-olds.

When we dig deeper into the U.K. missed-payment data, we find that a staggering 66% of the respondents that missed a payment this year say this was the first time they missed a credit card payment in their lives.

Missed payments increase credit card debt. And 39% of U.S. consumers reported that their credit card debt is higher than it was 12 months ago. U.K. consumers are holding bigger credit card debt, too, with 30% reporting the same phenomenon.

Hard numbers illuminate the realities of the situation. But we also asked consumers about their feelings and perceptions. 25% of U.S. consumers report that they have struggled more this year to meet their minimum credit card payments. Consumers in the U.K. aren't feeling as much of a pinch, with only 18% reporting that they've struggled more this year to pay their minimums.

Delayed wants, but met needs. Credit cards make an impact.

The data is a little gloomy. But it also paints a picture of an economic environment where consumers are using their credit cards strategically to manage their finances.

High interest rates have defined the economy since the Federal Reserve started raising them in March 2022. The Fed's strategy of raising rates to cool inflation has largely worked. Inflation has come down significantly since 2022. Our survey sought to find whether higher interest rates also reduced consumer demand.

In short, they did—and dramatically so. 39% of U.S. respondents reported delaying making major purchases with credit because of high interest rates. U.K. consumers cut back, too, but not as much. 30% of U.K. respondents reported delaying their purchases.

Interest rates are top-of-mind for many credit users. They're managing their exposure to debt by delaying purchases. But they're also strategically using credit cards to finance necessities.

Globally, a whopping 55% of respondents say that credit cards have helped them make ends meet in the last 12 months. A ready line of credit and the option to delay payments until cash flow improves have been a lifeline to consumers struggling in the current economic climate.

Credit card brands are a vital part of their customers' lives and are the trusted vehicles of some of their most important financial decisions.

Global consumers who reported that credit cards have helped them make ends meet in the last 12 months*

55%

*Source: Marqeta's 2024 State of Credit Report

Buy Now, Pay Later unlocks purchasing power in trying times

Buy Now, Pay Later (BNPL) is one of the biggest credit stories of the last few years.

The catalysts for its growth and increased prominence have been threefold:

Improving technology: Fintechs and e-commerce platforms have become more sophisticated, offering customers a wider range of payment types, including BNPL. And advanced algorithms that take customer data and make real-time credit assessments without protracted credit checks can provide fast and painless offers for consumers.

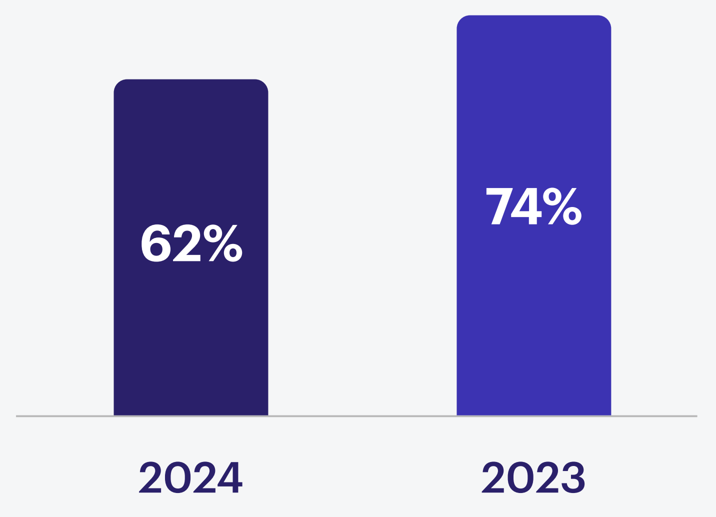
Partnerships: BNPL providers have been on a tear—quickly developing partnerships with major retailers and e-commerce platforms. BNPL providers have gained exposure and increased utilization rates. And retailers are increasing conversions and order values as a result.

Pandemic practices: The COVID-19 pandemic broadened the user base for e-commerce, one of BNPL's most fertile business spaces. Furthermore, the financial uncertainty prompted by job losses and inflation hikes occuring during this same timeframe made the financial flexibility of BNPL especially appealing to consumers.

Our research shows that consumers continue to embrace BNPL, especially as a way to build their credit scores without exposure to interest rates. 61% of global respondents said they were interested in using BNPL in this way.

Similar to what we found with credit card usage, consumers are turning to BNPL as a form of financial relief this year. 62% of global respondents said BNPL has helped them make ends meet in the previous 12 months. That's down from 74% in last year's State of Credit Report, but still massively up from 46% in 2022.

Buy Now, Pay Later helped global consumers make ends meet in the previous 12 months*



*Source: Marqeta's 2024 State of Credit Report

And some BNPL users are choosing this emerging form of credit because it's their only viable option. 14% of U.S. consumers say they choose BNPL because they don't have access to other forms of credit, while only 9% of U.K. consumers say the same.

All of our statistics tell the same story: Consumers are looking for credit in multiple forms to help them manage their financial lives, buy the goods and services that they want, and make ends meet in 2024.

Key takeaway

Consumers are struggling in 2024. Missed payments are up—as is credit card debt. Consumers say they're having a harder time making their minimum payments.

At the same time, credit is providing a lifeline for more consumers. Many report that it helped them make ends meet this year. BNPL usage is part of that trend.

Higher interest rates appear to be a driver of BNPL adoption. But rates will eventually come down. BNPL providers can take advantage of this window by forming strong relationships with their users and ensuring that they see the value and continue using their services, even as the interest rate environment changes.

They can also consider leveraging data to offer buyer-focused incentives and experiences to try to win top-of-wallet status for their BNPL products.

Part 3

Consumers want to be "wowed" by card brands

Convenience, personalized experiences, and rewards will win

Consumers want their card brands to reward them. Some desire exclusive experiences. Others want a trusted connection with the brand itself. And many are looking for a smooth application experience.

In a word, credit card users are *emotional*.

Brands that are hoping to draw more users to their cards have many tools to excite the emotions of their potential customers. And our survey of credit card users has given us unique insight into which tools are the most effective at enticing them.

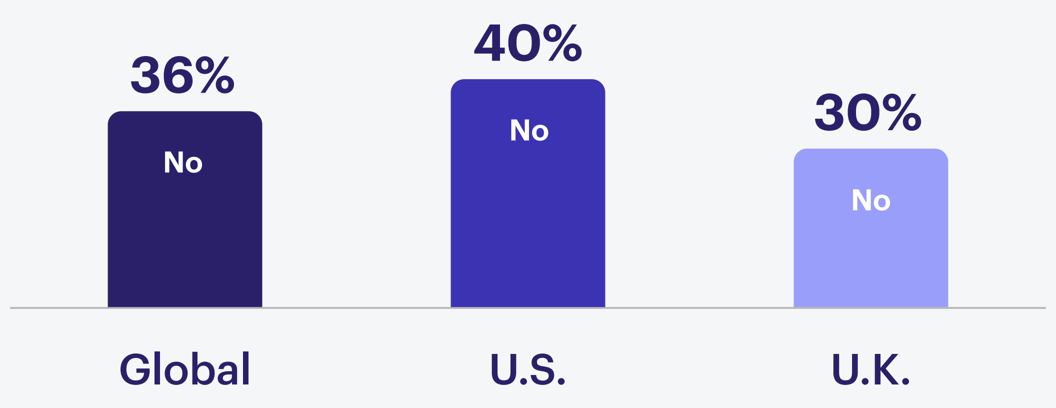
First things first: Make it easy

Picture this: You've received a credit card offer that is tailored exactly to your tastes. You visit the website of the brand issuing the credit card and read the offer details. The deal is just too good to pass up and you click "APPLY NOW."

A new browser window pops up and you're now on a new webpage where you can fill out your application form. What do you do? If you're like 36% of our global respondents, you close the page and abandon your application.

What happened? Why would such a small inconvenience turn off such a large portion of potential customers? This statistic is a fascinating one.

Would you complete the application process for a brand you're very interested in if you were redirected to another site to complete the application?*



*Source: Marqeta's 2024 State of Credit Report

Consumers are attracted to credit cards because of rewards and features, but they also seem to value the relationship with the card brand itself. When a brand advertises a card, draws customers to its site and then sends them somewhere else when they click 'apply'—there appears to be a massive disconnect.

Trust is lost. The momentum of offer, consideration, and acceptance is broken. And the result is a steep drop in the completion rate.

The lesson is easy to learn: When offering a card, you need to be offering your brand, not your co-brand, and everything you do must reflect that—including the application process.

Make them feel smart with financial rewards

When global consumers are asked to list their top 3 features when evaluating a new credit card, 44% included the interest rate, 41% included rewards, 39% included the credit limit, and another 39% included the annual fee.

When interacting with a credit card, the interest rate, rewards, credit limit, and annual fee are the most essential financial factors. So, it's no surprise that consumers would rank them among their top concerns.

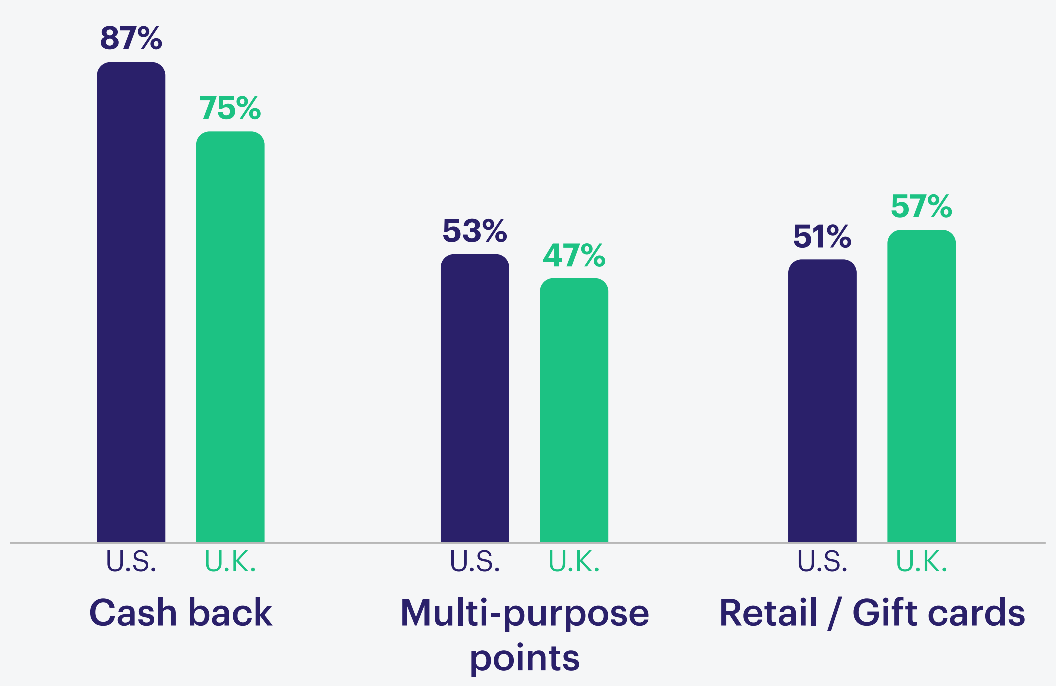
At their core, credit cards are a financial instrument and providing solid financial rewards will go far to convince consumers that applying for your credit card is a smart choice.

Of the four top features that consumers cited, "rewards" contains the greatest depth and variety. In addition to making consumers feel smart, various reward programs can make them feel appreciated, feel special, feel powerful, and feel seen—and we've detailed what that actually means for each of these below.

Make them feel appreciated with specialized benefits

41% of global consumers ranked "rewards" in their top three features when evaluating a credit card (up from 38% in 2023). Let's break down what consumers mean by "rewards" with another question:

What are the top 3 rewards that are most important to you when applying for a credit card? *



*Source: Marqeta's 2024 State of Credit Report

The classic rewards are still big and appeal to a wide swath of consumers across the U.S. and U.K. But what about the more specialized reward types?

Free travel insurance had a surprisingly strong showing, with 23% of global respondents putting it in their top three. Credit card issuers have always targeted the travel market with airline and hotel points—but travel insurance, and the added financial security it provides, clearly has a strong appeal for frequent and business travelers.

Airport lounge access ranked in the top three for 10% of global respondents, continuing the story of travel-focused consumers' deep expectations for their credit cards and the access to additional comforts they want from them.

Global Entry/TSA Pre-Check showed up in the top three preferences for 7% of respondents, reinforcing that, for some, travel conveniences—and saving them more of their valuable time—are highly desirable.

Key takeaway

The small stuff matters along with the big stuff. Consumers are very concerned with the main features of credit cards—the interest rate, credit limit, and annual fee. But they're similarly interested in rewards which is a very diverse category.

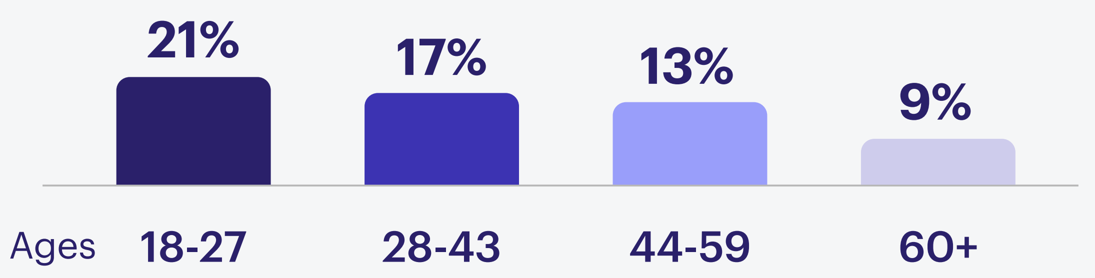
We're seeing big cohorts of consumers respond strongly to a wide variety of reward types and the user experience.

When issuing a new card or optimizing an existing one, zero in on your target user and deploy reward types that will be especially interesting to them. And don't skimp on your user experience.

Make them feel special with exclusive status and events

We found that over 20% of global respondents aged 18-27 years cited exclusive status/events as a top reward when applying for a credit card. This is the age cohort with the least buying power, so it makes sense that they are looking for alternative ways to experience exclusivity. They can't regularly purchase it for themselves, so they're looking for it in their credit card offerings.

Listed exclusive status/events as a top three reward when applying for a credit card*



*Source: Marqeta's 2024 State of Credit Report

Exclusive rewards can include early access to concert tickets and on-site perks such as special seating and free food. VIP lounges are a common reward found at music festivals. And some cards offer special pricing for events and unique options for packaging tickets, food, and transportation.

Some card issuers even go as far as to offer small concerts that are cardholder-only. This is a great strategy for forming brand connections. Special experiences give card-issuing companies the ability to make a strong emotional impact on their consumers—and an opportunity to try to win some of that recently slipping loyalty.

Make them feel powerful with flexible purchasing options

Consumers crave choice—and credit card issuers are now able to offer a slate of payment choices that were previously hard to access together.

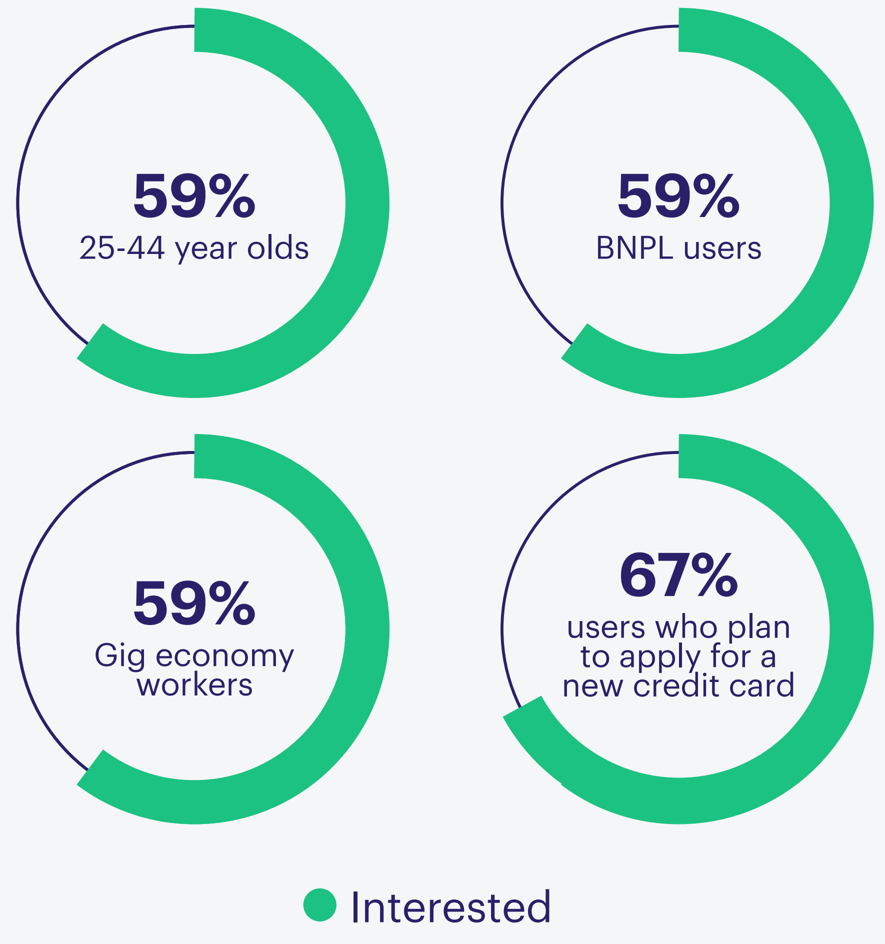
Flexible cards link multiple accounts of different types to a single card credential. This allows them to use one card to connect to both a credit account and a bank account.

When swiping their card with a merchant, they will see an option on the terminal to post either a credit payment that will be added to their card balance or a debit payment that will be deducted from their checking account. They can even link their card to a Buy Now, Pay Later account for added payment flexibility.

The consumers get the convenience of selecting the right type of payment for each of their purchases. And the issuers increase their exposure to their customers' payments—and possibly capture top-of-wallet status.

Flexible cards are very appealing to consumers. 42% of U.S. respondents expressed their interest in such a card with even higher rates of interest among several key sub-categories.

Are you interested in a card that can switch between credit, debit, and BNPL features? (U.S.)*



*Source: Marqeta's 2024 State of Credit Report

The increased interest among both younger users and consumers who intend to apply for a new credit card seems to position flexible cards as the payment option of the future.

Make them feel seen with personalized rewards

Personalization can include card users choosing their own bonus categories, or having bonus categories set automatically based on a user's top spending category for a given billing cycle.

There are a lot of possibilities in this space and our survey indicates that consumers have the potential to like all of them.

In fact, 31% of U.S. consumers and 27% of U.K. consumers said that personalized rewards are a "need to have"—meaning that consumers won't apply for a card that doesn't have these features. They're also all about getting their rewards faster, with 35% of U.S. consumers and 28% of U.K. consumers also calling faster access to rewards a "need to have" feature. Traditionally, rewards are only accessible at the end of a billing cycle. But faster access is on Marqeta's product roadmap, with the goal of having rewards become available on the same day that a purchase is made.

Consumer expectations are ramping up. And card issuers that can meet those expectations, and even exceed them, will be well-positioned to succeed in this challenging new card market.

Personalized rewards are a "need to have"*

*Source: Marqeta's 2024 State of Credit Report

Faster access to rewards is a "need to have"*

*Source: Marqeta's 2024 State of Credit Report

Key takeaway

Make it special, make it flexible, and make it personal. Consumers respond best when a card brand empowers them.

There are countless ways to accomplish this, but we've found that among the best strategies are delivering exclusive events, flexible spending features, or personalized reward categories that either the user chooses or that automatically apply to their biggest spend category.

Conclusion

Why understanding the State of Credit is essential for brands

Consumers are fickle. The days of loyalty to a single bank, credit card network, or issuer are over. Clever taglines, funny commercials, and celebrity endorsements aren't cutting it. As our survey showed, it hardly matters whether a customer is "satisfied" with their main credit card—they're going to look elsewhere if the rewards and features are right.

That lack of loyalty may seem harsh, but the reality is that brands need to focus on always offering the right rewards and features to consumers. The stakes are too high to ignore. Beyond the obvious financial benefits of being an issuer in the form of interest and annual payments, credit is bigger than just a financial relationship.

Creditors are deeply engaged with their customers. They get access to valuable data like shopping and payment patterns. They have a conduit to sell financial instruments, merchandise, and services. As a result, a creditor holds a place in their consumers' psyches—a positive one—as an enabler of purchasing power that can help them get what they want and need.

A card swipe, a mobile wallet tap, and an online check-out are empowering actions that consumers love. The dopamine hit of "payment accepted" reinforces the positive associations with the creditor in the minds of their customers. In many ways, "credit provider" is one of the best roles a brand can hope to play within their consumers' lives.

But to get that coveted part and keep it, brands should consider evolving their strategies constantly—such as offering personalized, flexible cards that can set their brands apart from other issuers—in order to potentially win the top spot in their consumers' wallets.

Loyalty may be getting more competitive, but dynamic rewards are on the rise. And a strong strategy—and the financial technology to deploy it—might win the day in 2024 and beyond.

Addendum

What this means for your industry

We've prepared a few quick callouts that link to sections of the report and add industry-specific context and insights. If you work in one of these industries, then here are some suggestions on what you can do to make the most of these trends and opportunities in credit to increase consumer loyalty to your brand and deepen your relationships with them.

Retail

Page 4

As consumer preference for credit card payments continues to grow, retailers should consider optimizing their payment processing to help reduce interchange fees and protect their margins.

Page 9

Retailers often offer credit cards with rewards packages that heavily favor shopping at their stores. But offering a combination of more generalized dynamic rewards, lower interest rates, and higher credit limits can help them move their cards to the top of their consumers' wallets.

Page 16

Consumers are struggling to pay for goods and services. Higher sensitivity to prices may make them more open to applying for retailer credit cards that offer large sign-up bonuses and merchant discounts—especially when offered at the point of purchase.

Page 17

Buy Now, Pay Later adoption helps reduce abandoned carts and increase order values.

Travel

Page 6

Airline and hotel brands continue to see huge opportunities to encourage customer engagement through branded credit cards. Offering a combination of dynamic rewards can help bring new customers into their branded travel experiences and keep them coming back.

Page 20

Many of the more specialized rewards cited by our survey respondents were travel-based. The airline and hotel industries continue to have access to rewards that are tantalizing to credit card users.

Tech

Page 13

Financial apps, streaming services, and social media companies ranked lower in our survey than traditional card issuers, but they each had a contingent of respondents who favored them.

B2C tech companies with passionate customer bases have an opportunity in the credit card space that is worth exploring.

Embedded finance

Page 12

Financial transactions require trust, but they also build trust. The survey data shows that customers who trust a brand to handle their financial transactions are likely to engage with them for other goods and services.

Extending capital, processing payments, and offering rewards are some of the brand-building activities that can deepen brand connection and add value for customers.

Page 19

Similar to the credit card application example on the cited page, when completing a purchase on a company's website or app, sending customers to another webpage or app to process a payment can break the momentum of a purchase and may lead to reduced trust and revenue.

Embedding payments, credit, and rewards in a single online merchant portal helps reinforce trust and smooths the payment process.

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