

Major card issuers experience volume turnaround thanks to retail spending

Article

Bank of America, Citi, and Wells Fargo recently reported Q1 earnings while the US government released more data indicating a strong economic recovery is underway.

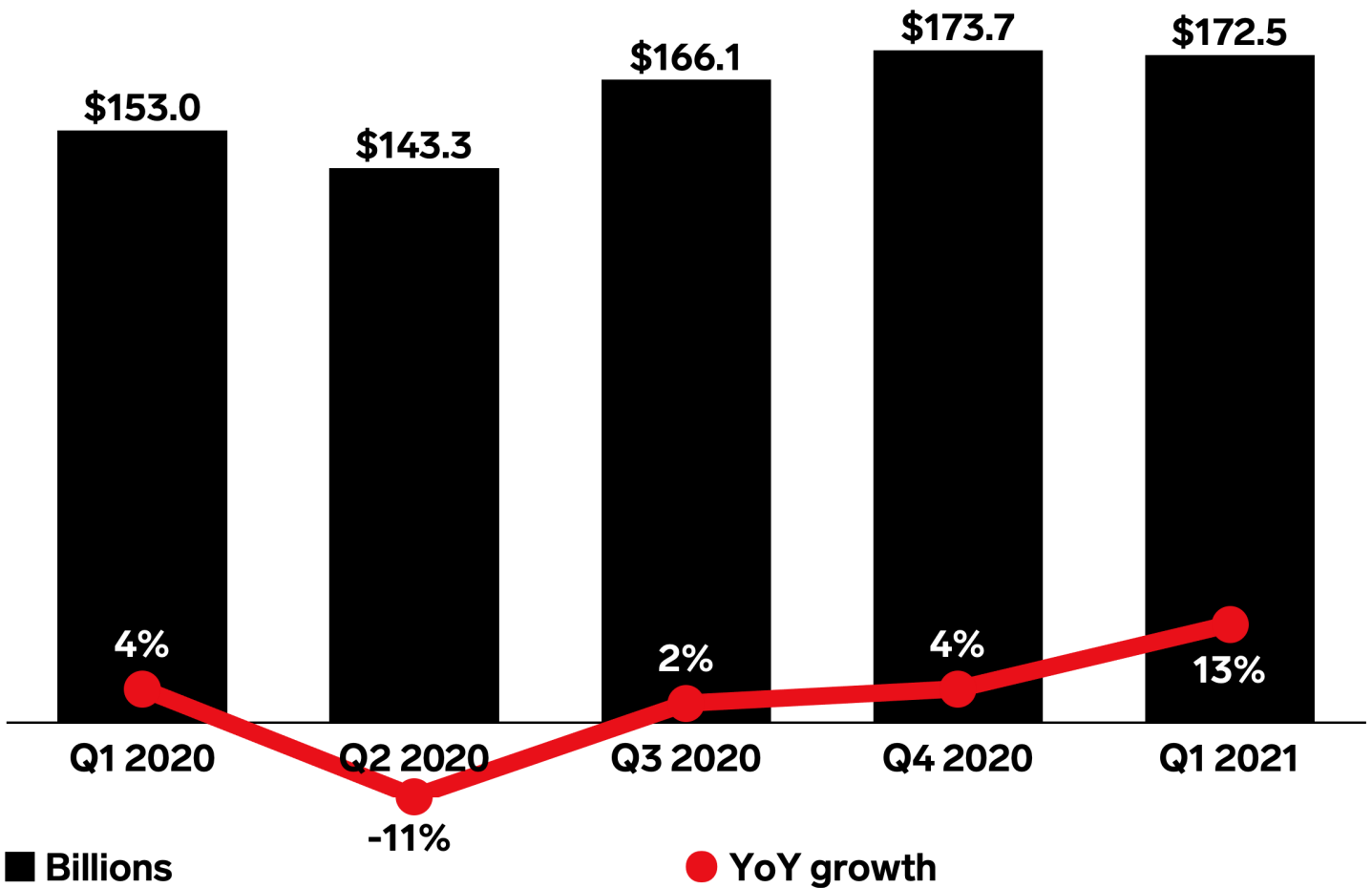
Here's what you need to know:

- **Bank of America:** The issuer's combined credit and debit card purchase volume surged 13% year over year (YoY) to reach \$172.5 billion in [Q1](#)—a steep jump from the 4% increase it [reported](#) in Q4. Growth from last quarter also surpassed that of Q1 2020, when the issuer reported a [4%](#) increase in credit and debit purchase volume.
- **Citi:** Coming in at \$86 billion, Citi's branded card purchase volume growth was flat compared to the same period last year—though still a rebound from the 5% YoY decline it posted in [Q4](#). Despite the quarter-to-quarter improvement, the metric is still behind prepandemic levels: Branded card purchase volume [jumped](#) 3% YoY in the same period last year.
- **Wells Fargo:** The issuer's credit card point-of-sale (POS) volume grew 6% YoY to reach \$21.1 billion in Q1—strong growth over the [previous quarter](#), when it dipped approximately 1% annually. Wells Fargo's Q1 2021 results also outperformed volume from Q1 2020, when credit card POS volume [dropped](#) 1% YoY.

Issuer recoveries likely stemmed from a Q1 2020 consumer spending influx. Consumer spending in retail and food services soared [27.7%](#) YoY last month, following growth from [January](#) and [February](#), when the metric climbed 7.4% and 6.3% YoY, respectively. [Stimulus payments](#) might've contributed to this boost—many consumers likely used cards to spend their new funds at stores and restaurants. States [easing](#) coronavirus restrictions during the quarter, which increased store capacities and reopened indoor dining, may have also contributed to gains by making it easier and more appealing for consumers to spend.

Bank of America, Citi, and Wells Fargo can implement new card perks to maintain recent growth as the economic recovery fuels consumer spending. The COVID-19 vaccine [rollout](#) should continue to help reopen and reinvigorate more of the economy, leading to increased employment and sustaining the jump in consumer spending. This could trickle into credit card spending growth like we started seeing in Q1 following last year's pandemic-induced spending [dip](#). As customers move back to nonessential spending like [travel](#), issuers have an opportunity to implement new rewards on their cards and continue tweaking options—like Chase has [done](#)—to encourage consumer spending and lift volume even further.

Bank of America Combined Credit and Debit Purchase Volume



Note: growth rate rounded to the nearest whole number

Source: Bank of America, April 15, 2021

Methodology: Data is from Bank of America's quarterly earnings presentations published between April 15, 2020 and April 15, 2021.

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