

Private label cards are under even more pressure from CFPB's late fee cap

Article

The news: Private label cards had a rough 2023—and they may have an even rockier year ahead.

- Target's **credit card revenues fell to \$667 million** in 2023, down from \$734 million the year prior. Kohl's, Macy's, and other store cards also reported year-over-year declines.
- And the Consumer Financial Protection Bureau's (CFPB) recent [cap on credit card late fees](#) won't help, per CNBC. While the rule affects all credit cards, store cards will likely feel the squeeze more because department stores are already dealing with strained card revenues.
- And given [private label cards](#) are starter credit cards for many consumers with thinner or nonexistent credit histories, late fees could be more common among this group.

How retailers are responding: Target revamped its private-label credit card, [per](#) a press release, after a tough year for the segment.

- The company renamed the card from **RedCard** to **Target Circle Card**.
- This name change better aligns the card with Target's new [paid membership program Target Circle](#), which launched this month.
- Current and new cardholders will be able to take advantage of the membership program's benefits.

What's at risk: While sales from store cards make up only a small part of net sales, they generate a huge part of revenues for retailers like Target.

- Store cards accounted for nearly **3% of Macy's net sales** and a little over **3% of Nordstrom's net sales** in 2023.
- But credit card revenues totaled approximately **\$619 million for Macy's** and **\$475 million for Nordstrom**.

That's why revamping cards—like Target did—and other tactics to invigorate card adoption will be crucial for retailers to maintain their volume growth and make up for lost revenues from the CFPB's rule.

[Dig deeper: To learn more about the state of US private label credit cards and the value they bring to retailers, read our US Private Label Credit Cards report.](#)