

A credit card recovery may take longer than anticipated after shaky Q1 delinquencies

Article

By the numbers: Consumer spending grew in Q1 2024, according to earnings from major US [credit card](#) issuers.

- **JPMorgan's** debit and credit card sales volume increased 9% year over year (YoY).
- **Citi's** branded card volume grew 4% YoY.
- **Wells Fargo's** credit card point-of-sale (POS) volume increased 14% YoY.

But credit card delinquencies were mixed: JPMorgan and Wells Fargo reported increases, while Citi posted a slight decrease.

- JPMorgan's 30+ day delinquency rate for card services was 2.23%, up from 2.14% in Q4 2023 and 1.68% a year ago.
- Wells Fargo's 30+ day credit card delinquency rate jumped from 2.80% in Q3 to 2.92%. A year ago, it was 2.18%.
- Citi's branded cards 30+ day delinquency rate was 1.01%, down from 1.03% in Q3 but up from 0.76% last year.

Setting the scene: Delinquencies are at an all-time high.

- Q4 2023 had the highest share of consumer credit card accounts that were **30-plus and 60-plus days past due** since 2012, per the Federal Reserve Bank of Philadelphia.
- Higher interest rates are likely exacerbating delinquencies—they make it harder to pay off credit card debt, leading to higher balances and missed payments.
- The average **credit card interest** rate was 21.59% in February, per the Fed, compared with just 15% before the pandemic.
- And stubborn inflation will likely make the Fed delay cutting rates.

What this means: Credit card balances and delinquencies typically fall in Q1 as spending winds down after the holidays.

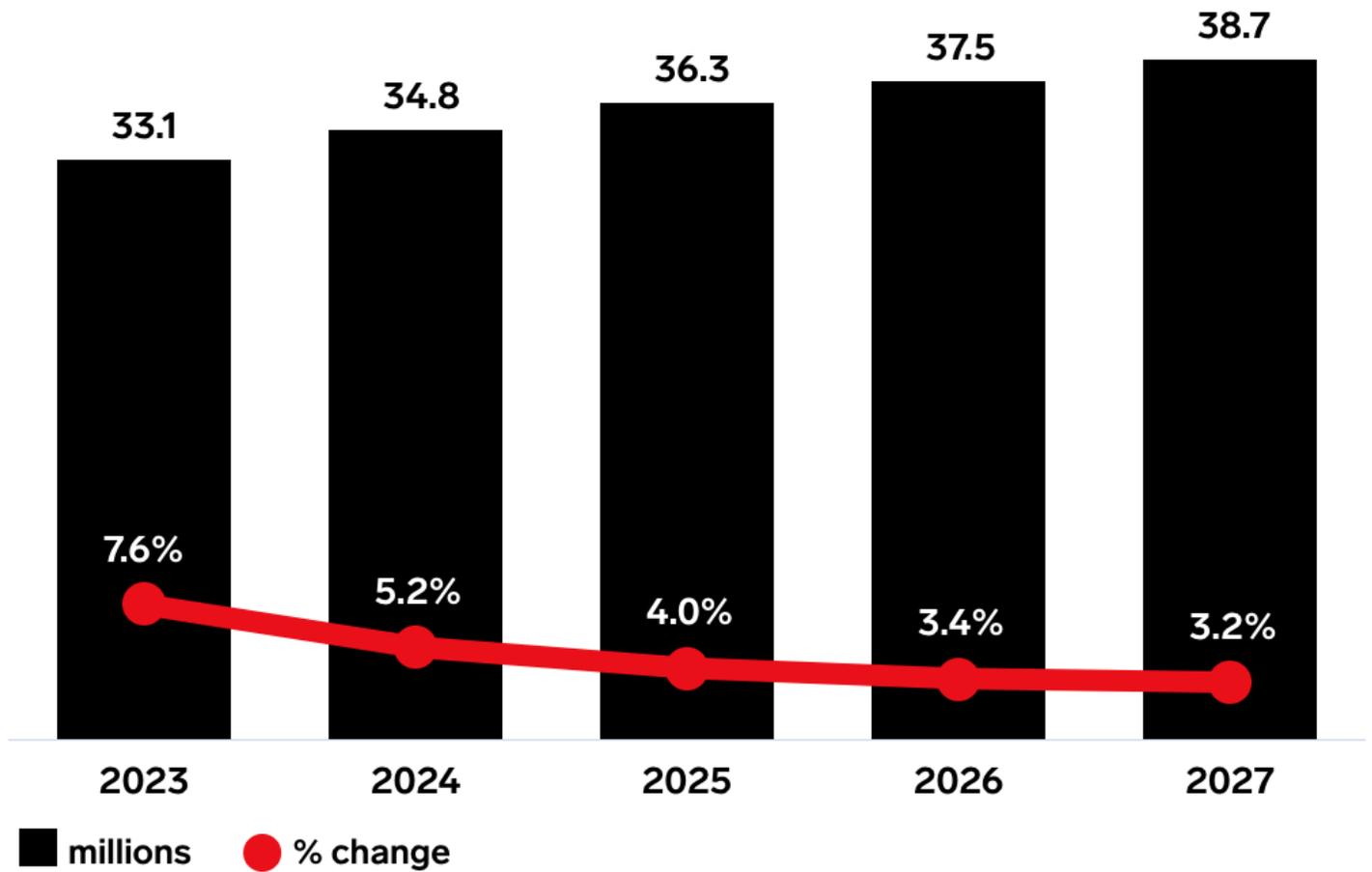
- **Delinquency growth is slowing**—JPMorgan and Wells Fargo's rates rose the least in nearly a year.
- This piecemeal progress suggests that the credit card recovery is going to take a long longer than we previously expected.

Until inflation cools and the Fed cuts interest rates, delinquencies will have an uphill battle returning to pre-pandemic levels. Traders are now betting on a cut happening in September,

per CNBC, but credit cardholders likely won't feel its effects until 2025.

Total Credit Card Digital Account Openings

US, 2023-2027



Note: includes credit card accounts opened via web browsers or mobile app by an individual; includes digital-only banks; excludes accounts opened in person or over the phone but are managed through an online platform

Source: Insider Intelligence | eMarketer, June 2023

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