

Gap moves its credit card business from Synchrony to Barclays

Article

The apparel retailer will discontinue its partnership of more than 20 years with Synchrony when their contract ends in April 2022, costing Synchrony one of its five biggest retail card partners, [per](#) The Wall Street Journal. Gap's portfolio [accounts](#) for approximately 5% of Synchrony's loans receivable and includes about 11 million open accounts between its private label and cobranded cards. Gap reportedly sought an issuer that would handle more of its

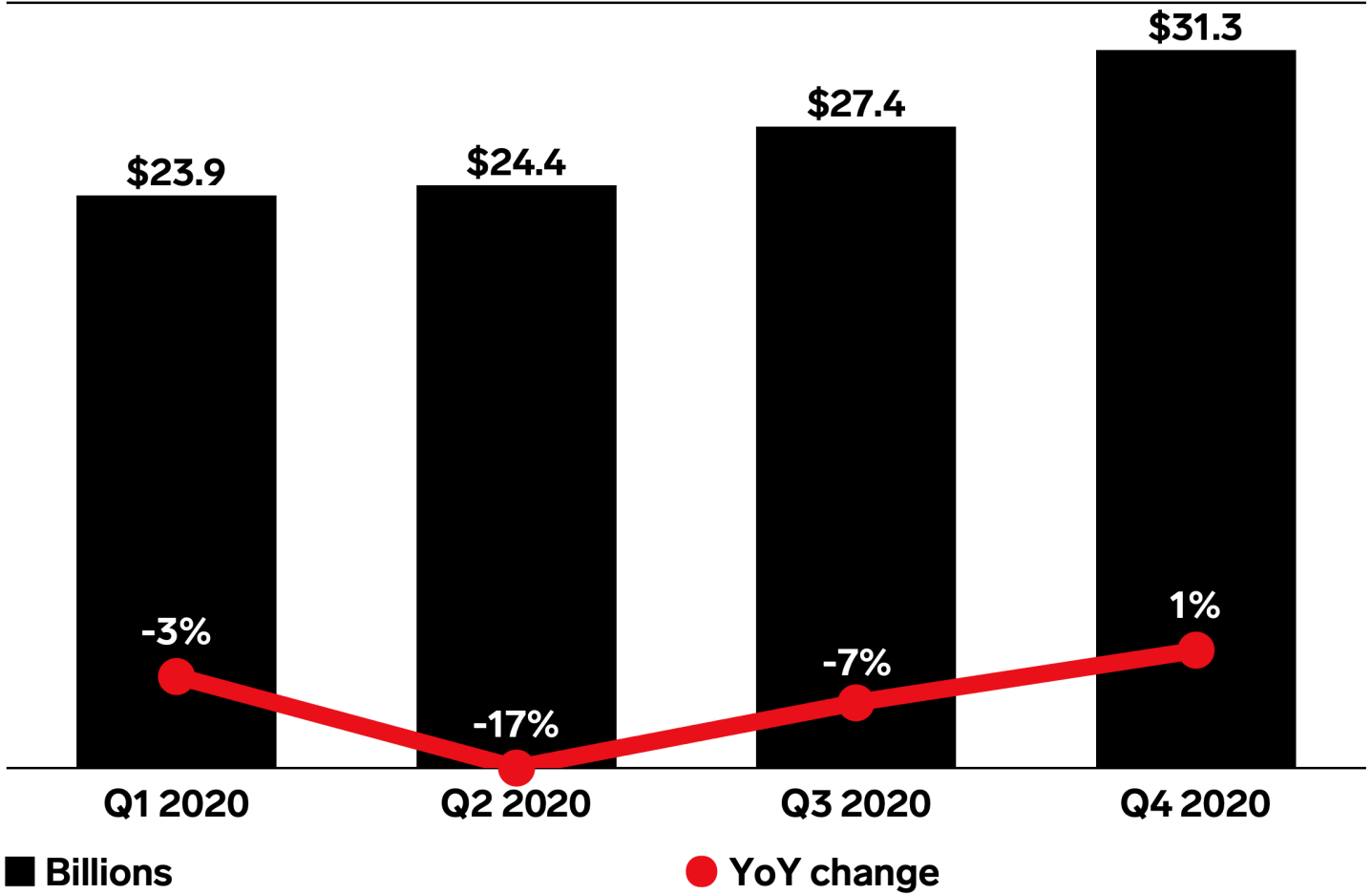
program's costs, offer guaranteed revenues, and integrate with its rewards program, all of which could have been part of its decision to work with Barclays.

This marks Synchrony's second major partnership loss in recent years, but it's hard at work rebuilding its portfolio.

- **Losing Gap's business may be part of a concerning trend for Synchrony considering Walmart left it for Capital One in 2019.** Walmart reportedly accounted for 19% of Synchrony's store card portfolio when it [announced](#) its plans with Capital One in 2018. The retailer is said to have moved on from Synchrony because its executives felt the issuer kept too much of the program's revenues and didn't approve enough applicants, suggesting that Synchrony may not be willing to take the steps necessary to keep its biggest clients.
- **Synchrony has added a number of promising partnerships in the past year that should help it regain some of its lost business.** The company has inked new deals with [Walgreens](#), [Verizon](#), and PayPal's [Venmo](#), connecting it to major companies that could quickly drive new payments volume. Its partnership with Venmo could prove particularly successful since the peer-to-peer payments app has almost [70 million](#) users who already use it to make payments and could be [positioned](#) to offer many users their first credit card given its young customer base.

Meanwhile, Barclays is moving to diversify its card partnerships by adding Gap, which could be a common strategy among issuers as the travel industry—a popular cobrand category—[struggles](#) to recover from the coronavirus pandemic. Many of Barclays' [cobranded](#) cards are with companies like airlines, resorts, and cruise lines, and it only [lists](#) one retail-focused cobrand on its site, a partnership with Barnes & Noble. Bringing in Gap helps Barclays become less reliant on the travel industry's recovery. And many issuers are considering taking similar steps—JPMorgan Chase has [reportedly](#) partnered with Instacart to offer a new card, and several issuers are bidding to develop a card with DoorDash.

Synchrony Retail Card Purchase Volume



Source: Synchrony, 2021

Methodology: This data is from Synchrony's Q4 earnings presentation published on January 29, 2021.

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