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Jaime Toplin

Synchrony's robust Q1 undergirded by key investments and product launches

Article

By the numbers: Synchrony Financial posted strong results in its Q1 2022 earnings, per a press release.

- **Active accounts grew 6% to 70.1 million**, a strong improvement over Q1 2021, when the metric **fell 8%**. This was driven largely by new accounts: Synchrony **added 5.5 million new accounts (+10%)** in the quarter.
- Synchrony's **purchase volume increased 17% annually to $40.5 billion**—more than **double the 8% growth in Q1 2021**. Purchase volume was driven in part by the strong performance of its **co-brand segment, which composes 41.7% of overall volume and grew by 29% annually**.
- And **purchase volume per account grew 10% annually to $577**, though this represents a slight deceleration from Q1 2021's growth.
- **Average balance per account remained relatively flat annually**, signaling that customers are paying down debt even as spending increases.

Key context: Synchrony's performance, which aligns with double-digit growth that other banks also saw in Q1 2022, is likely a reflection of the overall US economy. **US retail and food sales grew 6.9% in March alone**, per the Census Bureau. This likely combined with rising gas prices—a common rewards category on co-brand cards—and relaxed COVID-19 restrictions to drive spending.

What else is driving growth? Synchrony also notched strong growth in two other areas:

- **Digital purchase volume grew 20%** annually and now makes up over 52.0% of Synchrony's total. Digital is now the second-fastest-growing segment of Synchrony's business and has been a reliable bright spot for the firm in recent years.
- **Health and wellness grew 17%** in Q1 after Synchrony doubled down on the segment last year. This is one of the fastest-growing US retail sales categories, per our forecasts.

The big takeaway: Synchrony has ramped up investments and offerings in key areas, which should position it for growth through this year.

In December, Synchrony invested in one-click checkout provider **Skipify** and announced plans to bring it to merchant partners. It also revamped the **PayPal** co-brand earlier this month, which could boost engagement and attract customers. And it delved into buy now, pay later (BNPL) through partnerships with **Fiserv** and **Mastercard**, which could boost its digital volume and spending.

It's also added to its healthcare portfolio through a partnership with **Walgreens** that includes a prepaid debit card, store card, and co-branded card that debuted last year. And it expanded **CareCredit**, which provides healthcare and veterinary financing through partnerships like a tie-up with major health system **Mercyhealth** to offer installment payments.

Go deeper: *Read our "Co-Brand Credit Card Report" to learn more about Synchrony's offerings and how digital cards represent the future of co-branded products.*