

Our takeaway from Amex's 2022 Investor Day

Article

The news: American Express outlined four key growth strategies during its 2022 [investor day](#).

- **Capturing small and medium-sized enterprises (SMEs).** The issuer said there was a **23% increase in SME card applications** in 2021 and that it plans to tailor its SME cards toward goods and services (G&S) spending to maintain appeal.
- **Fueling consumer demand.** Amex invested in digital services like its online banking system to sustain customer engagement. Going forward, it plans to build its customer base by

attracting more Gen Zers and millennials, who it says **opened 60% of new accounts** in 2021.

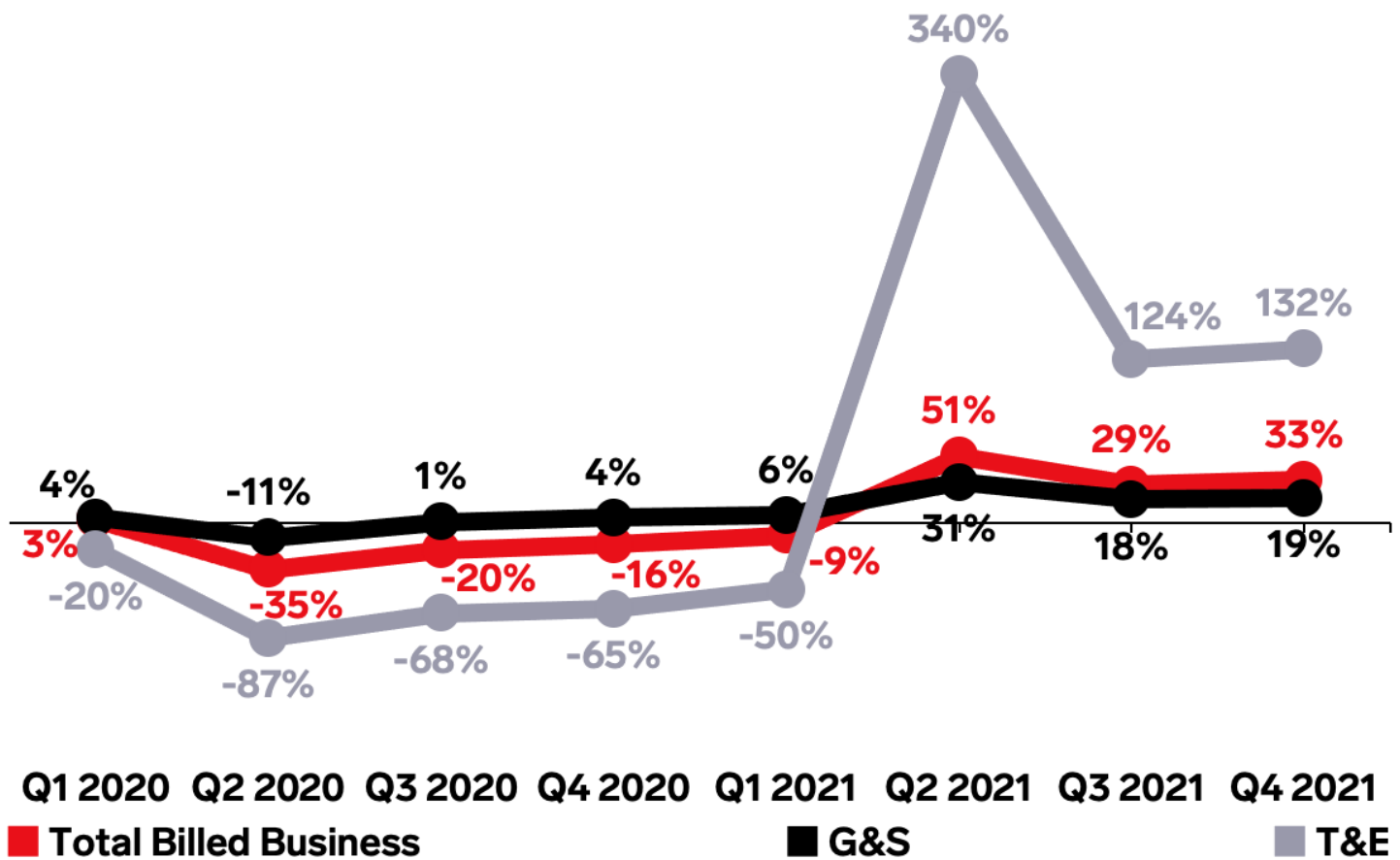
- **Driving network expansion.** Amex counted **122 million cards in circulation** in Q4 2021—up from 114.4 million in Q4 2019, per PYMNTS—and had an acceptance network of **more than 66 million locations**. Amex will focus on bringing new merchants into its acceptance network in key countries like France, Italy, and Spain.
- **Powering growth with technology and customer experience.** Last year, Amex’s tech investments accounted for 3.8% of company revenues. It plans to increase its competitive advantage by building out digital capabilities for travel as consumers **scratch** their pandemic travel itch.

What this means: Now is a good time for Amex to strengthen its brand by adding new customers and expanding its digital capabilities and card features: The removal of pandemic precautions and persistent spending growth may usher in the **reinvention phase** of consumer credit cards, which we predict will kick in by mid-2022.

- **During this reinvention, rising customer interest in credit cards—which has already materialized—will open acquisition opportunities for Amex.** Credit card applications reached pre-pandemic levels late last year, **per** the New York Federal Reserve. In October, **26.5% of US consumers** said they applied for a credit card in the past 12 months—up from 15.7% in 2020. Amex can jump on this opportunity to boost its user base, including by bringing in younger consumers, and increase card volume.
- **Amex will also likely keep emphasizing user experience as consumer priorities shift.** Digital features, especially those that emphasize convenience and financial health, can help Amex increase customer engagement and loyalty. Last year, the issuer started **testing** a financial planning tool for cardholders and also **launched** a new app that lets users take images of receipts to be matched against processed transactions.

Go deeper: Check out our ***“Credit Cards in the ‘Next Normal’”*** report to learn more about the recovery path of the US credit card sector.

American Express Proprietary Billed Business Annual Growth



Note: G&S stands for goods and services and T&E stands for travel and entertainment.
 Source: American Express, 2022
 Methodology: This data is from American Express's quarterly earnings presentations.
 Values cited are on a constant currency basis.

1026762132218

InsiderIntelligence.com