

# Increasing credit card appetite contributes to June's double-digit spending growth

Article

**The news:** Demand for credit card acquisition is rising, with nearly **6 million** US credit card openings in March 2021, up from **4.54 million** in March 2020, [according to](#) data from **Equifax**

cited by The Wall Street Journal.

And spending has risen in tandem: US retail sales in June (excluding gas and auto) are projected to have grown **11%** year over year (YoY) and **10.4%** compared with June 2019 (Yo2Y), per Mastercard SpendingPulse. Overperforming categories included restaurants (+55.1% YoY and +16.8 Yo2Y) and apparel (+62.9.1% YoY and +12.7% Yo2Y). Summer activities and improved pandemic conditions likely led to more spending opportunities.

**How we got here:** Last year, pandemic restrictions limited consumers' spending opportunities, and many individuals curbed overall spending due to financial uncertainty brought on by the crisis. Credit card spending in particular got hammered: **Wells Fargo's** credit card point-of-sale volume, for example, dropped 23% YoY in Q2 2020 (though it has since improved).

But national vaccination campaigns and economic recovery have improved confidence and risk appetite for consumers, making them more inclined to open new credit cards and spend using credit: May credit card purchases rose **25%** YoY and **45%** Yo2Y, according to PSCU, a national credit union payments organization that represents more than **5.4 billion** transactions annually. And this trend could stick around for a while: 44% of US adults say they're willing to take on debt to "treat themselves" in the second half of the year.

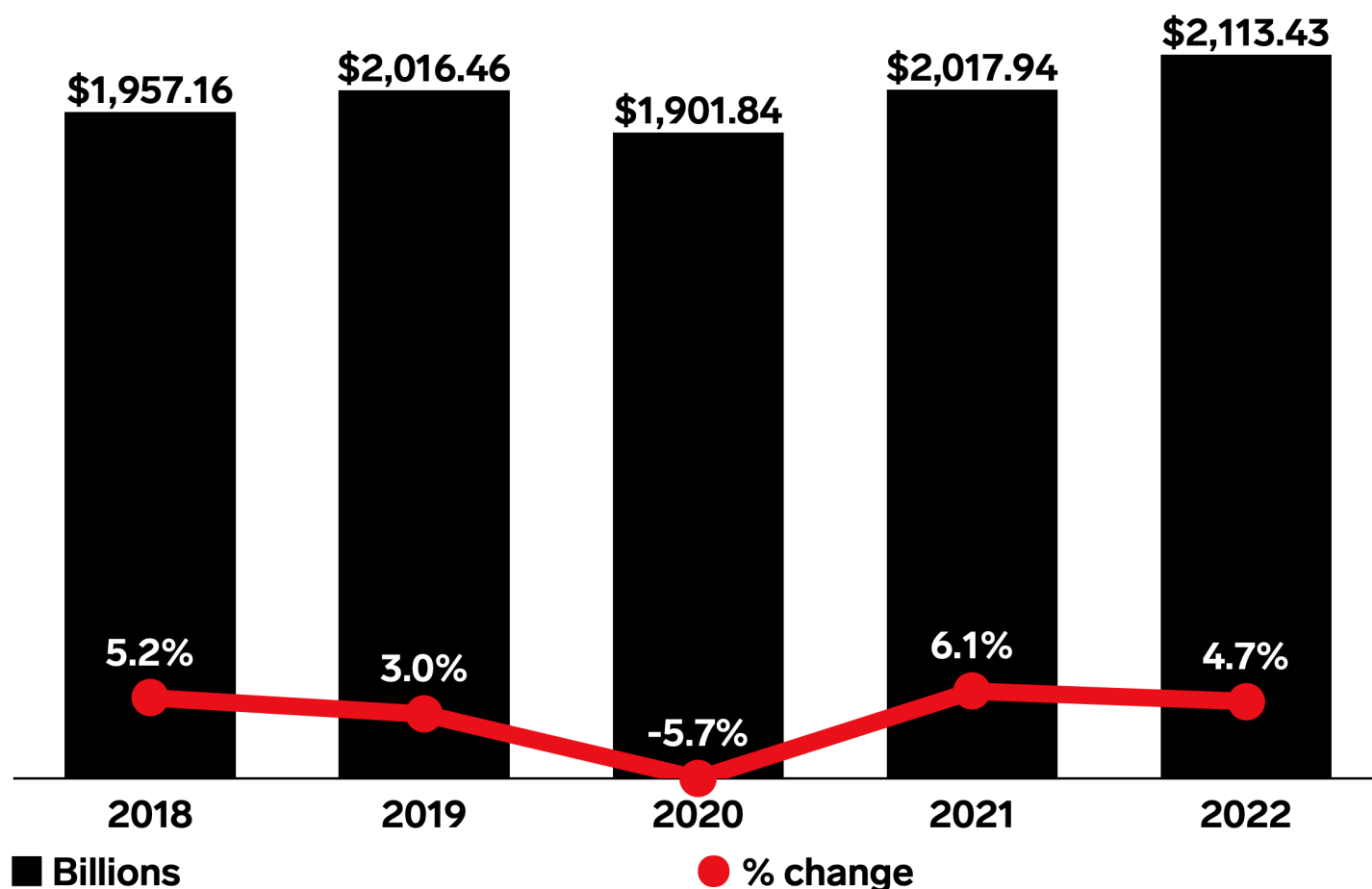
**How issuers are responding:** A willingness to spend and an appetite for new cards could be a bonanza for issuers, and to make the most of it, they're introducing brand-new cards and enhancing existing products to lure consumers—and their dollars.

**Citi** is a prime example: Last week, it announced that new Citi Premier cardholders can get **80,000 points** as a welcome bonus when they spend **\$4,000** in the first three months, and it recently launched the Custom Cash Card, which automatically applies **5%** cashback in the category that customers spend the most in.

**What's next?** To induce spending, issuers will likely employ other tactics beyond launching new cards and rewards. They may broaden their definitions of creditworthiness through alternative underwriting mechanisms—which some are already doing. Issuers might also focus on launching more tools to enhance the customer experience, like American Express recently did by expanding its digital receipts tool for Amazon purchases.

# In-Store Credit Card Transaction Value

## US, 2018–2022



*Note: Point-of-sale (POS) transactions made in-store using credit cards; includes food services and drinking places sales; includes sales tax; excludes products or services ordered using the internet; excludes travel and event tickets, payments (such as bill pay or money transfers), mail orders, and gambling, and other vice good sales. Includes private-label credit cards; includes proximity mobile payments linked to a credit card.*

*Source: Insider Intelligence, December 2020*

*Methodology: Estimates are based on the analysis of data from the US Department of Commerce and the Federal Reserve, estimates from other research firms, reported company revenues, historical trends, consumer buying trends, and macro-level economic conditions.*

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