

Amex CEO sees resilience despite market uncertainty

Article

The news: American Express's card business hasn't shown cause for concern despite recent speculation of an economic downturn, CEO Steve Squeri said during the Bernstein Strategic Decisions Conference last week.

Squeri said based on Q1 results, **credit card delinquencies and charge-offs are still under 1%**, and the company expects those metrics will remain below pre-pandemic levels through 2022.

Based on economic forecasts, he expects inflation will normalize in 2023 and noted that many economists aren't anticipating a recession in the US.

Key context: Several factors, including persistently high inflation and Big Tech turmoil, have led to widespread market [uncertainty](#).

- **Prices for consumer goods and services grew 8.3%** year over year (YoY) in April—near the highest level in 40 years. That's affecting consumers' economic outlook: **83% of respondents** described the state of the US economy as poor or not so good, [per](#) a May 2022 survey conducted by the Wall Street Journal and the University of Chicago's National Opinion Research Center.
- Poor sentiment has also hurt the fintech space: Neobanks; buy now, pay later (BNPL) companies; and crypto firms are facing funding challenges and severe market [volatility](#).
- Supply-chain issues and Russia's war on Ukraine have also made many companies reevaluate their strategies.

Amex's approach: While Squeri acknowledged current market circumstances, he said that from a consumer spending perspective, things are going well for Amex.

- In Q1, the issuer's **billed business increased 35%** YoY, up over both Q3 2021 and Q4 2021. This was driven by younger consumers, small businesses, and a return to travel.
- Squeri credited overall performance to Amex's strategy changes throughout the last two years. In the early days of the pandemic, Amex shifted its investment away from cardholder acquisition and toward strengthening its value proposition through updated rewards for streaming and grocery delivery services.

Despite not being a focus, **Amex still acquired more than 1 million cards per quarter**, according to Squeri. Since then, Amex has focused on encouraging customer spend by launching and revamping cards. In terms of cardholder spending, Amex's positioning in the card market may have been an advantage for the company compared with other issuers: It offers several premium and co-brand cards.

The big takeaway: Squeri is confident in Amex's overall performance and believes the company is well-positioned for growth despite current market uncertainty.

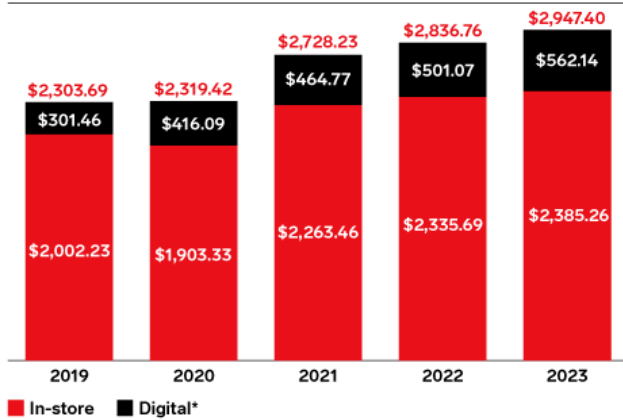
His comments reflect those of **Bank of America** CEO Brian Moynihan, who in April [said](#) consumer spending remains robust despite inflation. But **JPMorgan** CEO Jamie Dimon

recently painted a different picture, [warning](#) that an “economic hurricane” could be on the horizon due to market trends.

Go deeper: Check out the [“Era of Uncertainty”](#) report to understand how recent global trends and events are affecting businesses and what can be expected in the future.

US Digital* vs. In-Store Credit Card Spending, 2019-2023

billions



Note: includes food services and drinking places sales and sales tax; excludes travel and event tickets, payments (such as bill pay or money transfers), mail orders, and gambling and other vice good sales; in-store includes point-of-sale (POS) transactions made in-store using credit cards including proximity mobile payments linked to a credit card; digital includes transactions made over the internet (includes desktop/laptop, mobile, and tablet purchases) using credit cards; *forecast from July 2021
Source: Insider Intelligence, Nov 2021

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