

Amex's Q4 upswing driven by evolving spending mix

Article

By the numbers: American Express's total network volume surged 30% year over year (YoY), up slightly from last quarter's 29% YoY increase, [per](#) its earnings presentation.

Its billed business (which made up the majority of total network volume) grew 33% YoY. Processed volume, which composes the rest of Amex's network volume, rose 15% YoY. Performance in both segments mirrored Q3 results.

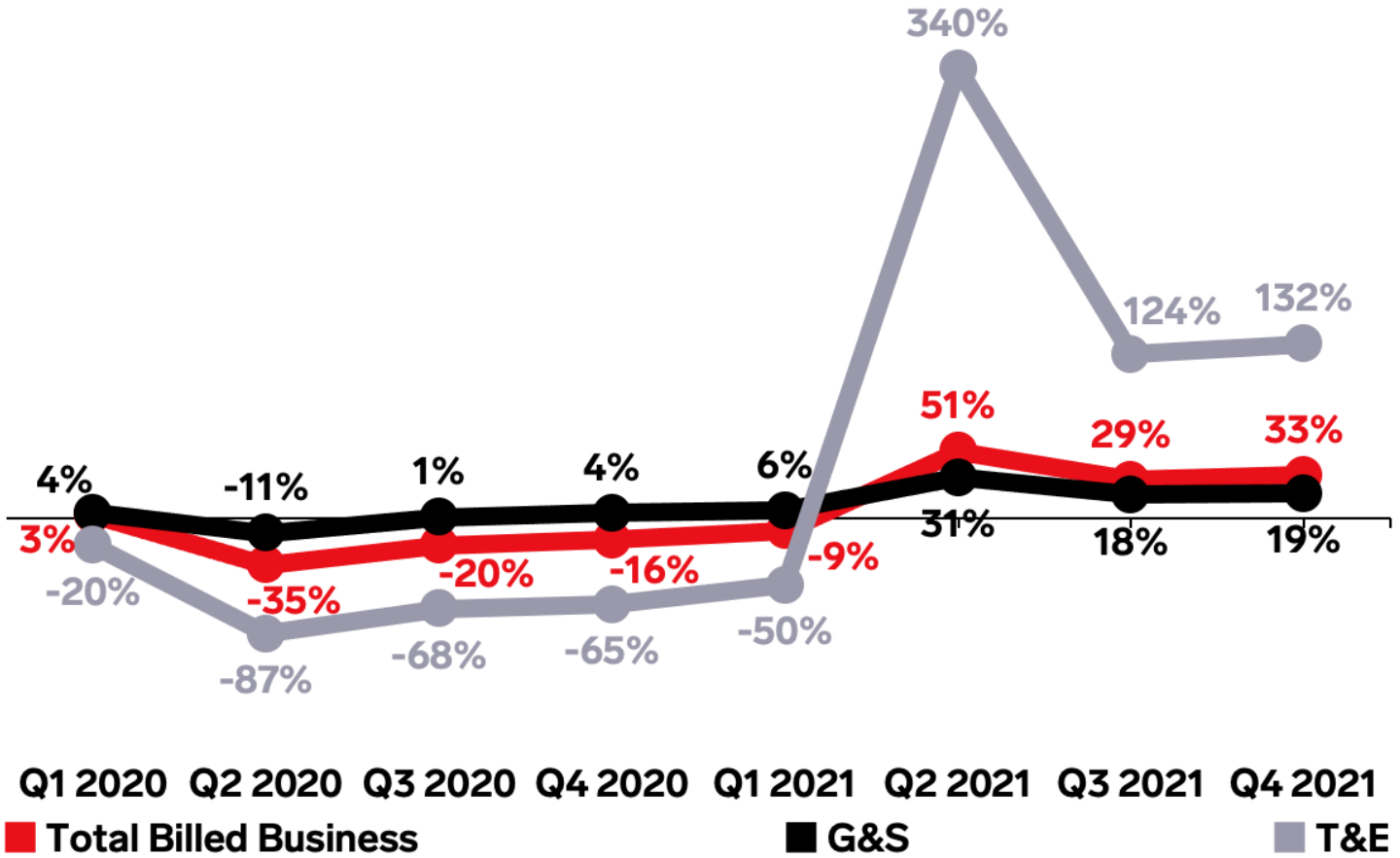
Key insights: Here's what CEO Steve Squeri had to say about Amex's performance on the company's [earnings call](#)—and what his comments could foreshadow.

- **Gen Zers and millennials accounted for 60% of new accounts in 2021.** Amex didn't provide further breakdowns by each group. But millennials (born between 1981 and 1996) are more likely to fall into Amex's target cardholder demographic than Gen Zers, who are still in their teens and early twenties—so this stat could reflect overall aging in the card market. More millennial and Gen Z applicants turn up the heat on issuers to grab this base in the hope that they become long-term customers and lasting revenue generators.
- **Amex's consumer spending mix is shifting away from travel.** Historically, Amex's spending mix was 70% goods and services (G&S) and 30% travel and entertainment (T&E). But Squeri said the **rise in G&S spending (+19% YoY in Q4)** during the pandemic is redistributing its mix. He anticipates spending will become 80% G&S and 20% T&E. This might lead to a change in Amex's rewards strategy, with less emphasis on T&E and more on G&S categories, which it started doing with products like the [Platinum card](#).
- **Buy now, pay later (BNPL) isn't a key focus.** Squeri reiterated his belief that BNPL isn't a threat to Amex's customer base and that BNPL players tend to target customers who fall outside of Amex's cardholder demographic. He also said Pay It Plan It (Amex's proprietary flexible payment solution) is evidence that the company is meeting consumer demand for BNPL solutions. Other firms, like **Discover**, have [embraced](#) BNPL partnerships.
- **Amex is watching the cryptocurrency space, but don't plan on a crypto card anytime soon.** Squeri said that Amex is probably not going to offer a crypto card. He said Amex is keeping an eye on the segment to see “if the tide changes,” which might mean waiting for crypto regulation to take shape before it launches any new products or services. But as crypto payments become [more popular](#), the issuer may change its stance, regardless of whether a robust crypto regulatory framework exists.

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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.

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