

Amex earnings buoyed by customers' return to spending

Article

By the numbers: Amex posted a stellar Q1 2022, according to its earnings report. **Overall billed business increased by 35% annually**, up over both Q3 2021 and Q4 2021 as spending normalizes in the later stages of the pandemic.

The card giant highlighted three drivers in its quarterly **release**:

- **Return to travel.** Travel and entertainment (T&E) spending **increased its share of overall spending to 23%**—below pre-pandemic figures but an overall improvement. It grew 121% on the back of **soaring** consumer travel.
- **Younger cardmembers.** In keeping with a trend Amex **highlighted** over the past few quarters, millennial and Gen Z cardholders are becoming a more important demographic. **Spending growth among these users clocked in at 56%** annually—considerably above the total.
- **Small businesses.** Spending by small businesses **increased by 30%** annually—proving that Amex’s recent investments in this demographic, including new **rewards** and digital checking, are shaping into a success. Future investment in tailoring these cards toward goods and services spending may further drive gains.

Key context: Amex’s Q1 performance is in line with double-digit gains posted by **other** issuers. Growth across the board likely resulted from an uptick in overall US retail and food sales figures, a decrease in pandemic-focused restrictions, and increasing prices from inflation and fuel costs.

In-depth look: Amex CEO Steve Squeri highlighted three metrics that shaped the company’s performance.

1. **Acquisition.** Squeri said **Amex added 3 million new cards in the quarter**, with customer acquisition reaching record highs on its US consumer Platinum and Gold cards, business Platinum card, and Delta SkyMiles programs. Gains in Platinum and Gold—where Amex **tweaked** rewards last year—are a strong signal that Amex is still performing well in the premium card sector despite mounting **competition**.
2. **Engagement.** Increased card spending likely indicates that both new and old customers are turning to their Amex products more regularly and signals that the issuer is reaping the rewards of the benefits it’s added to its suite over the last year.
3. **Retention.** Strong retention could be the result of new tools and services, like Amex’s rewards-based **checking** for cardholders, that can tighten relationships with users. And adding **offerings** like buy now, pay later (BNPL) for Delta cardholders and other purchases can help ensure customers use their Amex cards for more purchases rather than attriting to alternative payment methods.

The big takeaway: As competition in the card environment ramps up, Amex has aggressively invested in the future: It recently **partnered** with **i2c** to bring more fintech partners into its ambit and to embrace API-based issuance, and it’s exploring a presence in the **metaverse**, for

example. These types of innovations paired with more traditional moves, like a new general-purpose card in [partnership](#) with **Bread Financial** that might appeal to younger customers, should help the issuer maintain its pace through 2022 despite economic uncertainty.

