

# American Express and Discover boast strong Q4 customer acquisition, but spending growth slows

Article

**The news:** American Express and Discover released Q4 earnings.

- **Amex's total network volume increased 16%** year over year (YoY) in Q4, compared with 30% YoY in Q4 2021, [per](#) its earnings presentation.
- **Discover's total network volume grew 6%** YoY, down from 21% a year ago, [per](#) its earnings presentation.

**How we got here:** Both card networks likely benefited from strong travel spending and holiday shopping in Q4.

- Domestic flights increased 84% YoY in Q4, [according to](#) Emburse data. And **international flights surged a whopping 998% YoY** as consumers released pent-up travel demand and countries relaxed COVID-19 travel restrictions.
- **Holiday retail sales grew 7%** YoY in 2022 and hit \$1.297 trillion, [per](#) Intelligence forecasts.

**Earnings call highlights:** Here's what executives at both companies had to say about Q4.

### American Express

- CEO Steve Squeri [said](#) Q4 billed business—which accounts for the majority of total network volume—**hit a record \$357 billion**
- Amex brought in **3 million new customers** during the quarter. Millennials and Gen Zers drove a large portion of spending and consumer growth. This group—a segment that Amex has actively [pursued](#)—represented **60% of proprietary consumer card acquisitions** in the quarter, Squeri said.
- On the business side, spending moderated because corporate travel still hasn't come back. But travel and entertainment billed business grew a robust 38% YoY.

### Discover

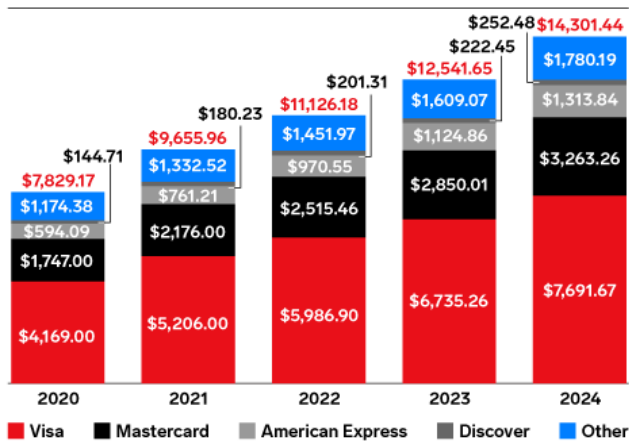
- **New accounts rose 23%** YoY in Q4. Loan receivables increased 20% YoY, driven primarily by card loans, CEO Roger Hochschild [said](#). Discover's **marketing expenses jumped 15%** YoY as it spent more to grow its consumer card business, per CFO John Greene.
- **Card sales increased 8%** in Q4, down from 25% YoY the year before. Hochschild said the slower sales growth was offset by a decrease in the payment rate. (A lower payment rate means issuers can earn more income on interest and fees.) He added that Discover expects payment rates to decline moderately through 2023.

**The bottom line:** Q4 2022 spending at Amex and Discover couldn't compete with 2021's post-pandemic volume boom despite boasting strong travel and holiday spending. Looking ahead, both firms are keeping an eye on where the economy is headed.

- Discover began tightening lending standards last year, and it's prepared to make additional adjustments, Hochschild said.
- Amex **increased** reserves by more than 25% in case some customers can't pay back their loans.

**US Total Card Transaction Value, by Card Network, 2020-2024**

billions



Note: includes consumer and commercial cards; excludes returns, balance transfers, cash advances, and other activity  
Source: Insider Intelligence, Oct 2022

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