

Amazon ignites search for bidders to take on cobranded card portfolio

Article

Amazon is reportedly on the hunt for an issuer to take over its credit card portfolio, which JPMorgan Chase has been managing since 2002, [per](#) Bloomberg. The card portfolio contains more than \$15 billion in loans and an estimated \$50 billion in annual volume. Sources told the outlet Chase is prepared to step away from the portfolio, possibly because the card's various

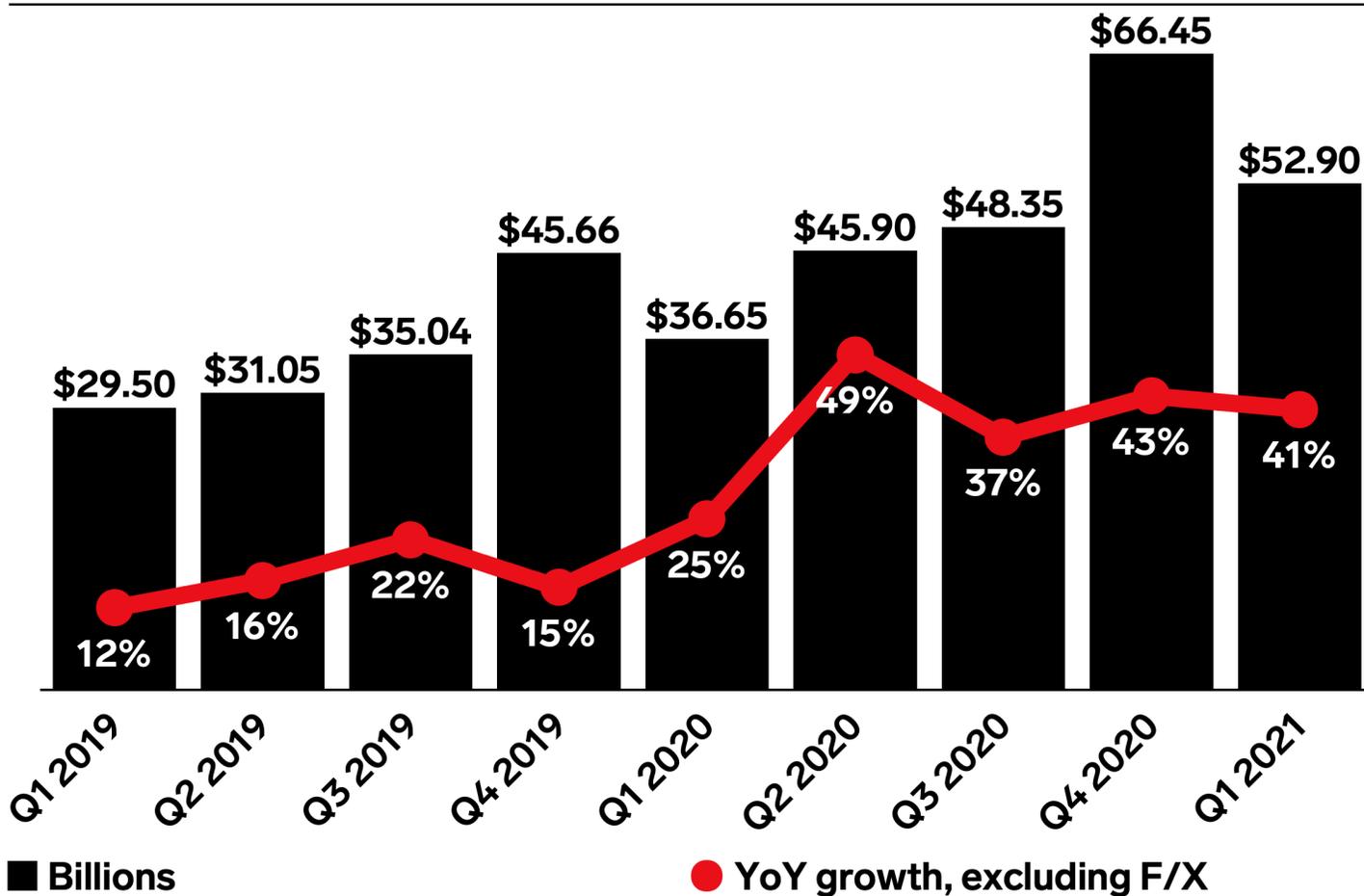
perks—including 5% cash back on Amazon.com and Whole Foods purchases—may have posed some profitability challenges.

Synchrony and American Express are among the contenders—here’s what adding Amazon’s card business might mean for both players:

- **For Synchrony, bringing in Amazon’s card business would reinforce its digital push.** The issuer already has a relationship with Amazon: It currently manages both a [private-label card](#) and [secured card](#) for the retailer. But bringing in Amazon’s cobrand business would push it further into the lucrative digital space, which it said was a key focus in its [latest earnings](#). Amazon’s card business could also build out Synchrony’s cobrand card purchase volume—which hit [\\$54.1 billion](#) last year—and make up for [past losses](#), cementing the issuer’s leadership position in the cobrand space.
- **Amazon’s card portfolio could help diversify Amex’s cobrand card business.** Amex also has an existing relationship with Amazon: It currently [operates](#) the Amazon Business American Express Card, which targets small businesses. But the bulk of Amex’s cobrand cards are [travel-oriented](#), like its Hilton and Delta cards. The size and scale of Amazon’s card portfolio would bring a major retail product back to Amex after it [lost](#) Costco in 2016 and offers substantial growth opportunities for Amex—Amazon’s card business is equivalent to [roughly](#) 20% of Amex’s 2019 cobrand volume, based on estimates from Investor Day.

Whichever is the lucky pick will likely enjoy an uptick in spending volume as US consumers loosen their purse strings. With COVID-19 cases in the US at their [lowest](#) since March 2020, 67% of US consumers plan to increase spending on nonessentials in the second half of the year, [according to](#) CreditCards.com. Ecommerce will see the biggest gains, with 17.9% year-over-year growth expected in 2021, [per](#) eMarketer forecasts from Insider Intelligence, and Amazon will benefit handsomely—it’s already been on a [growth tear](#) over the last year. Despite the costs involved with managing such a large portfolio, issuers are likely drawn to Amazon’s major growth potential, especially as they [look](#) for more ways to speed up pandemic recovery.

Amazon Global Online Store Net Sales



Source: Amazon, 2021

Methodology: This data is from Amazon's Q4 earnings report published on April 29, 2021.

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