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Why credit card issuers got a Q4 revenue boost

Article

The news: Credit card issuer's revenues got a boost in Q4 2024.

- **Citi's** branded card revenue increased 7% YoY.
- **Wells Fargo's** credit card revenue increased 3% YoY.
- **JPMorgan Chase's** noninterest card income shot up 28.5%.
- And **Bank of America's** noninterest card income grew 6.7% YoY.

What drove this? All four issuers attributed the gains to growing spend volume.

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- Citi's branded credit card spend volume rose 4% YoY.
- Wells Fargo's credit card point-of-sale volume grew 9.5% YoY.
- JPMorgan's debit and credit sales volume jumped 8% YoY.
- And Bank of America's combined debit and credit spend increased 5% YoY.

Issuers also raked in higher net interest income. APRs have held steady even after the Federal Reserve lowered the federal funds rate, and revolving balances are up as well.

- The average credit card interest rate as of December 31 was 20.27%, per Bankrate.
- Outstanding US credit card balances totaled $1.17 trillion in Q3 2024, up 8.1% YoY, per the Federal Reserve.

Consumers collectively paid $170 billion in interest during the 12 months ending in September, per BankRegData.

How did delinquencies fare? Taken together, delinquencies didn't paint a clear picture of meaningful improvement—or backsliding.

- Citi's 30-day delinquency rate for branded cards was 1.03%, flat on the year and slightly down from the prior quarter (1.05%).
- Wells Fargo's 30-day delinquency rate was 2.91%, up slightly on both the quarter (2.87%) and on the year (2.80%).
- JPMorgan's 30-day delinquency rate for card services was 2.17%, down on the quarter (2.20%) but up from Q4 2023 (2.14%).
- And Bank of America's 30-day delinquency rate was 2.55%, also up on both the quarter (2.54%) and on the year (2.37%).

Our take: Credit card issuers are in a strong position heading into 2025 thanks to resilient spending paired with high interest income. But it's unclear how consumer financial health will shape up in the new year.

- Some economic metrics paint a positive picture (like job market gains) while others show a more negative side (like stubborn inflation).

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- Economic and political unknowns also abound. The Trump administration's proposed tariffs could spark an inflationary cycle. "Geopolitical conditions remain the most dangerous and complicated since World War II," JPMorgan CEO Jamie Dimon said.

Worsening consumer financial health could crimp spending and raise delinquencies and charge-offs for issuers. But so far, some are holding on to "cautious optimism," per Citi CFO Mark Mason said, heading into 2025.

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