CONSUMER FINANCIAL PROTECTION BUREAU | DECEMBER 2025

The Consumer Credit Card Market

Report to Congress

Consumer Financial Protection Bureau

Table of contents

Table of contents..2

Executive summary..4

1. Introduction..7

1.1 Report mandate..7

1.2 Data sources..10

1.3 Data limitations..12

1.4 Inflation adjustments..13

1.5 Definitions..14

2. Use of credit..18

2.1 Cardholders..18

2.2 Purchase volume..23

2.3 Credit card balances..33

3. Cost of credit..38

3.1 Total cost of credit..38

3.2 Interest..40

3.3 Fees..60

4. Payments, debt, and collections..67

4.1 Payments..67

4.2 Non-payment..78

4.3 Debt collection..80

5. Market dynamics..98

5.1 Issuer segmentation 98

5.2 Credit union issuers..100

5.3 Bank issuers 103

6. Availability of credit...107

6.1 New accounts 107

6.2 Credit lines...127

7. Practices of credit card issuers..138

7.1 Rewards 138

7.2 Installment plans...147

7.3 Deferred interest...151

7.4 Balance transfers 161

7.5 Cash advances... 163

7.6 Account servicing... 165

8. Innovation 177

8.1 Innovation reflecting digital engagement 177

8.2 Competitive products and innovation.. 187

Appendix A: Supporting figures 191

Executive summary

This report represents the Consumer Financial Protection Bureau's (CFPB's or Bureau's) seventh biennial review of the consumer credit card market as directed by the Credit Card Accountability Responsibility and Disclosure Act (CARD Act) of 2009.[1] Credit cards are instrumental to the financial lives of 208 million American consumers. For many people they are a convenient way to make everyday purchases, to manage expenses with flexible payment terms, to help build credit history, and to help smooth income and expense shocks.

In this report, we review how consumers use credit cards, practices of credit card issuers, and how the credit card market is changing. We revisit topics covered in earlier reports, such as deferred interest and innovations in the marketplace, while introducing new areas of focus this year. We analyze how cardholders spend by merchant category, review promotional interest rates, and take a deeper look into card transaction disputes. Consistent with the report's mandate, we consider consumers with below-prime credit scores and cover topics related to the cost and availability of credit.

We use a variety of data as of 2024, including a sample of de-identified credit records and account-level credit card data from large bank holding companies. We highlight trends emerging in the two years of data since this report was last published, and longer-term changes in the credit card market that began before the pandemic. Key findings include:

- **Purchase volume on consumer credit cards increased to $3.6 trillion in 2024, up from $3.2 trillion in 2022.** Annual growth in credit card spending was around 5 percent in 2024; virtually all that growth is attributable to cardholders with prime plus credit scores or higher. The annual growth rate on purchase volume for cardholders with prime or lower scores has been about zero percent since late 2023, despite an increase in the number of those cardholders.

- **Credit card balances exceeded $1.2 trillion in 2024 as the average balance per cardholder surpassed pre-pandemic levels in 2023 and 2024.** Annual growth in credit card balances eased to around 6 percent at the end of 2024, closer to

[1] Section 502(a) of the Credit Card Accountability Responsibility and Disclosure Act, Pub. L. No. 111-24, 123 Stat. 1734 (2009), requires the CFPB to conduct a review of the consumer credit card market. 15 U.S.C. § 1616(a) (2012).

pre-pandemic levels, after having reached 17 percent in the first quarter of 2022. The average monthly credit card balance per cardholder increased to about $5,300 in 2024. Notably, the average credit card balance increased to about $8,700 for cardholders with prime credit scores.

- **In 2024, the average annual percentage rate (APR) reached 25.2 percent for general purpose cards and 31.3 percent for private label credit cards, the highest levels since at least 2015.** Most of the increase in APRs observed from 2022 to 2024 is from changes to the prime rate, the benchmark index underlying variable interest rates. Average APR for new general purpose accounts opened in 2024 was 27.5 percent, compared to 19.8 percent ten years ago.

- **The share of cardholders making only the minimum payment in 2024 was at its highest since at least 2015.** About 15 percent of general purpose cardholders made only the minimum payment, up from 13 percent in our last report. For private label cardholders this figure climbed to 20 percent, up from 17 percent. The increase was largest for cardholders with subprime, near-prime, and prime credit scores, at about four percentage points higher than 2022.

- **In 2024, consumers were assessed $160 billion in interest charges, up from $105 billion in 2022.** This increase was driven by higher APRs, a 9.5 percent increase in cardholders, and an 18 percent increase in the average monthly credit card balance per cardholder. The share of accounts that revolve credit card balances returned to pre-pandemic levels of around 50 percent, up from 45 percent observed in late 2021. In addition to interest, consumers paid $31.3 billion in fees, up 23 percent from 2022.

- **Cash back credit cards now make up the leading share of all general purpose accounts.** Over the last ten years, cash back cards have grown to become the most common general purpose credit card, increasing from 28 percent to 36 percent of accounts. Cards with points or miles have gained a modest share while cards with no rewards have substantially declined. Cash back cards are commonly offered to consumers with prime or greater credit scores, have no or low annual fees, and have zero percent promotional APRs.

- **Credit cards with a zero percent introductory APR promotion in 2024 represented $899 billion in purchase volume and $352 billion in balances by the end of the year.** About one-third of purchase volume and outstanding balances in 2024 were on credit cards with an introductory promotional rate. Card products with promotional rates temporarily reduce the cost of revolving credit card balances. These accounts exhibit higher longer-term balances than cards that did not have these introductory promotions.

- **Credit card delinquencies and charge-offs reached historically high levels in early 2024 but have since fallen to pre-pandemic levels.** Prior CFPB research attributes some of the rise in delinquencies to a period of less restrictive underwriting. By year-end 2024, delinquency rates for both general purpose and private label cards were 3.0 and 3.8 percent, respectively.

- **About 56 percent of below-prime balances are held by issuers with less than $100 billion in assets, while larger issuers hold 95 percent of superprime balances.** Larger issuers have attracted consumers with higher credit scores by investing in differentiated rewards and benefits. In contrast, other issuers such as subprime, private label, and Credit-card-as-a-Service specialists, have developed practices in risk management, marketing, and pricing, to become a source of credit for consumers with lower credit scores.

- **In 2024, cardholders disputed $9.8 billion in credit card charges, resulting in $5.9 billion in chargebacks.** For general purpose cards, the most common reason for a dispute was a cancelled recurring transaction, such as subscriptions, membership fees, and utility bills, which made up 40 percent of all disputes.

- **Artificial intelligence (AI) and other technological advancements have enabled innovations in the credit card market and may introduce new competitive dynamics.** The use of alternative data, such as bank account cash flow information, is helping to expand credit card access to consumers, particularly for those with limited credit history. AI-driven applications have begun to emerge to assist consumers across a range of tasks, such as structuring payment plans to pay off credit card debt. AI is also accelerating the incidence and seriousness of payments-related fraud. Alternative payment methods such as stablecoins and pay-by-bank are emerging with the potential to alter competitive dynamics in the credit card market.

1. Introduction

The Consumer Financial Protection Bureau's mandate to produce this report can be traced to the passage of the Credit Card Accountability Responsibility and Disclosure Act by Congress in 2009.[2] The CARD Act mandated new disclosures and underwriting standards, curbed certain fees, and restricted interest rate increases on existing balances. It also included reporting requirements.

The CARD Act required the Board of Governors of the Federal Reserve System (Federal Reserve Board or Board) to submit a report to Congress every two years on the state of the consumer credit card market. With the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) in 2010, that requirement transferred to the CFPB alongside broader responsibility for administering most of the CARD Act's provisions. This is the seventh report published pursuant to that obligation, building on prior reports published by the Bureau in 2013, 2015, 2017, 2019, 2021, and 2023.[3]

1.1 Report mandate

As mandated by the CARD Act, this report represents the CFPB's seventh biennial review, "within the limits of its existing resources available for reporting purposes, of the consumer

[2] *Id.*

[3] *See* CFPB, *CARD Act Report* (Oct. 1, 2013) (2013 Report), http://files.consumerfinance.gov/f/201309_cfpb_card-act-report.pdf; CFPB, *The Consumer Credit Card Market* (Dec. 2015) (2015 Report), http://files.consumerfinance.gov/f/201512_cfpb_report-the-consumer-credit-card-market.pdf; CFPB, *The Consumer Credit Card Market* (Dec. 2017) (2017 Report), https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2017.pdf; CFPB, *The Consumer Credit Card Market* (Aug. 2019) (2019 Report), https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2019.pdf; CFPB, *The Consumer Credit Card Market* (Sept. 2021) (2021 Report), https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2021.pdf; CFPB, *The Consumer Credit Card Market* (Oct. 2023) (2023 Report), https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2023.pdf. The Bureau also held a conference in 2011 in which numerous market stakeholders contributed information and perspective on developments in the credit card market. *See* Press Release, CFPB, *CFPB Launches Public Inquiry on the Impact of the CARD Act* (Dec. 19, 2012), https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-launches-public-inquiry-on-the-impact-of-the-card-act.

credit card market."[4] Consistent with the Bureau's prior reporting practices, this report explores in more detail an issuer's use of risk-based pricing, the latest consumer spending patterns, and addresses most of the following topics explicitly enumerated by Congress:

1. "the terms of credit card agreements and the practices of credit card issuers;"
2. "the effectiveness of disclosure of terms, fees, and other expenses of credit card plans;"
3. "the adequacy of protections against unfair or deceptive acts or practices relating to credit card plans; and"
4. "whether or not, and to what extent, the implementation of this Act and the amendments made by this Act has affected:"
    a) the "cost and availability of credit, particularly with respect to non-prime borrowers;"
    b) the "safety and soundness of credit card issuers;"
    c) the "use of risk-based pricing;" or
    d) "credit card product innovation."[5]

1.1.1 Background

The CARD Act directly regulated certain practices, such as restrictions on interest rate repricing, and implemented ability-to-pay requirements. Prior credit card market reports have studied evolving aspects of issuer practices and consumer behaviors to present a more complete picture of a changing market and measure possible indirect effects of the CARD Act or macroeconomic conditions. In each report following the 2013 Report, a few areas were selected for a more thorough review in addition to the continuation of monitoring a set of broad market and

[4] Congress originally assigned this responsibility to the Board, but in 2012, it transferred to the CFPB under the terms of the Dodd-Frank Act. 15 U.S.C. § 1616(a) (2012). Reference in this report to any specific commercial product, service, firm, or corporation name is for the information and convenience of the public and does not constitute endorsement or recommendation by the Bureau.

[5] 15 U.S.C. § 1616(a) (2012).

consumer indicators established since 2015 in consumer use, costs, and availability of credit cards, as well as issuers' practices and market innovations:

- The 2013 Report addressed the effectiveness of disclosures, highlighted areas of indirect effects of the CARD Act such as the rise in APRs observed after the limitations on APR increases,[6] and reviewed the reduction in access to credit for younger consumers as a result of the CARD Act's restrictions related to consumers under the age of 21.[7]
- The 2015 Report added deep dives into practices of deferred interest promotions, finding this product to be an exception to the trend toward more upfront pricing,[8][9] and introduced material on debt collection practices, establishing a broad set of market indicators that would become an area of review in subsequent reports.
- The 2017 Report provided a more-detailed look at non-prime borrowing and the emerging practices of third-party comparison sites.
- The 2019 Report reviewed academic literature on the effects of the CARD Act, including the unintended consequences of the Act, observing that the CARD Act's effect on consumer welfare has been mixed, with varying impacts based on borrower characteristics.[10]
- The 2021 Report explored the impact on consumers of the COVID-19 pandemic, including the effects of public and private relief programs.[11]
- The 2023 Report included additional sections on credit card profitability, installment features of credit cards, dispute resolution practices, and issuers' practices regarding servicemember rate reductions.[12]

---

[6] 2013 Report, at 31.

[7] 2013 Report, at 43–44.

[8] 2015 Report, at 10.

[9] 2015 Report, at 211.

[10] 2019 Report, at 13–14.

[11] 2021 Report.

[12] 2023 Report, at 59–62, 106–115, and 125–129.

1.2 Data sources

The analysis in this report is based on several data sources. In this section, we describe the sources and their limitations:

The CFPB's Consumer Credit Information Panel (CCIP): a comprehensive, national 2 percent longitudinal sample of de-identified credit records maintained by one of the three nationwide consumer reporting agencies;[13]

The Board's "Y-14M" (Y-14) Data Collection: monthly portfolio- and account-level data from bank holding companies that have total consolidated assets exceeding $100 billion.[14] The data received by the Bureau cover the period from the middle of 2012 through the present and accounted for 66 percent of outstanding balances on consumer credit cards as of year-end 2024;[15]

Data provided in response to two distinct sets of filing orders collected by the CFPB pursuant to its 1022(c)(4) authority:[16]

---

[13] The CCIP data used in this report differ from the consumer credit data used for previous reports. All previous reports used the credit record data available to us at the time, which we referred to as the Consumer Credit Panel. Since the 2023 Report, the CFPB has replaced the Consumer Credit Panel with a new panel, the Consumer Credit Information Panel. As a result, some of the estimates derived from the CCIP in this report may not be directly comparable to prior reports because of changes in the data source and some of the data construction. For further discussion of some limitations of the CCP used in previous reports, *see* CFPB, *Technical correction and update to the CFPB's credit invisibles estimate*, (June 23, 2025), https://www.consumerfinance.gov/data-research/research-reports/technical-correction-and-update-to-the-cfpbs-credit-invisibles-estimate/.

[14] For more information on the Y-14M collection, *see* Federal Reserve Board, *Report Forms FR Y-14M*, https://www.federalreserve.gov/apps/reportingforms/Report/Index/FR_Y-14M (accessed Aug. 20, 2025). Information in the Y-14 data does not include any personal identifiers. Additionally, accounts associated with the same consumer are not linked across or within issuers. The Y-14 does not include transaction-level data pertaining to consumer purchases. In addition, this study reports only aggregate measures and reveals no information about any specific issuer.

[15] The Board has expanded the fields it collects from banks over time; therefore, some results reported below do not extend all the way back to 2012. Additionally, these data are periodically revised retroactively. These issuers represent a large portion of the market but are not necessarily representative of the portion of the market not covered by the data the Bureau receives. The remainder of the market, representing a substantial number of consumer credit cards, is outside the scope of the Y-14 data used by the Bureau because, among other reasons, it represents cards issued by banks with assets of less than $50 billion, or are issued by non-banks, such as credit unions. Results reported from Y-14 data throughout this report should be interpreted accordingly.

[16]The CFPB distributes to issuers orders to file information pursuant to its authority under the Dodd-Frank Act, as part of its required market-monitoring. 12 U.S.C. § 5512(c)(1) & (4).

a) Mass Market Issuer (MMI) Data: summary data collected from a group of eight major credit card companies covering topics included in neither the CCIP nor Y-14, such as applications, approvals, rewards, disputes, account servicing, debt collection, and issuer practices;

b) Specialized Issuer Data: summary data collected from a diverse group of issuers that supplement the Y-14 to allow for a broader or more detailed perspective into usage and cost for specific facets of the market such as issuers that offer credit card products to consumers with non-prime credit scores. This data source improves coverage from 44 to 61 percent of non-prime balances and is therefore a critical component to the CFPB's ongoing reporting of cost and availability of credit for borrowers with non-prime credit scores, as mandated by the CARD Act. This data source also improves coverage of private label card balances. Where these data supplement Y-14 data, those data are collectively called "Y-14+;"[17]

The CFPB's Credit Card Agreement Database:[18] a quarterly collection of most credit card agreements available to consumers as submitted by issuers with 10,000 or more accounts;[19]

The CFPB's Terms of Credit Card Plans (TCCP) Survey:[20] a biannual collection of information on credit card plans, including interest and fees, from at least 150 issuers;

Request for Information (RFI) Comments: responses to a Federal Register notice addressing all aspects of the review, per the CARD Act requirement that the CFPB "solicit comment from

---

[17] The Y-14 data cover a large but not representative portion of the credit card market. The Y-14+ data cover a larger and more representative portion of the credit card market, but the remaining uncovered portion is still substantial, and the Y-14+ data should similarly not be considered representative of that uncovered portion.

[18] CFPB, Credit card agreement database, https://www.consumerfinance.gov/credit-cards/agreements/.

[19] 12 CFR 1026.58(c)(5). The database contains most credit card agreements available to consumers as of quarter-end for each quarter from the third quarter of 2011 to the fourth quarter of 2014, and from the first quarter of 2016 to present. After the fourth quarter of 2014, the Bureau temporarily suspended collection of agreements for one year to reduce burden while the Bureau developed a more streamlined and automated electronic submission system. Submission and publication resumed in the first quarter of 2016. 80 FR 21153 (Apr. 17, 2015); 12 CFR 1026.58(g). Agreements in the second quarter of 2019 are incomplete due to technical submission issues at the Bureau, and agreements in 2020 and 2021 may include omissions due to the Bureau's previous COVID-19 regulatory flexibility statement, *see* CFPB, *Statement on Supervisory and Enforcement Practices Regarding Bureau Information Collections for Credit Card and Prepaid Account Issuers* (Mar. 26, 2020), https://files.consumerfinance.gov/f/documents/cfpb_data-collection-statement_covid-19_2020-03.pdf.

[20] CFPB, Terms of Credit Card Plans survey, https://www.consumerfinance.gov/data-research/credit-card-data/terms-credit-card-plans-survey/.

consumers, credit card issuers, and other interested parties;"[21] The RFI received 50 total responses, including three from industry groups representing credit card issuers, three from consumer advocate organizations, one researcher, and the remaining from individuals.[22]

The CFPB's Consumer Complaint Database: a compilation of consumer complaints on credit cards submitted to the CFPB;[23] and

Third-Party Sources: commercially available or public sources that focus on the credit card industry, including, but not limited to, mail volume monitoring reports, industry analyst reports, Securities and Exchange Commission (SEC) filings, studies and data produced by other government entities, including the Census Bureau, academic scholarship, and the press. Some data sources, such as Auriemma and Competiscan, are proprietary resources available only to paid subscribers.

1.3 Data limitations

The limitations inherent to the Bureau's data sources in this report are substantially similar to those inherent in the Bureau's previous reports on the credit card market.[24] Figure data throughout this report is aggregated from any of the sources noted above. Each source has particular limitations, as not all data rely upon consistent definitions nor cover the same periods, products, or phenomena, and for certain charts some sub-categories may be omitted for data privacy considerations. Additionally, the available data generally do not allow for definitive identification of causal relationships. Accordingly, correlations presented throughout this report do not necessarily indicate causation.

Similar to industry, academic, and policy practice, the Bureau does not always report the quantified uncertainty from sampling variation. In particular, samples contained in CCIP are large enough that sampling variation itself adds negligible uncertainty to the descriptive

---

[21] Request for Information Regarding Consumer Credit Card Market, 90 FR 5831 (Jan. 17, 2025), https://www.regulations.gov/document/CFPB-2025-0004-0001.

[22] *Id.*

[24] *See*, *e.g.*, 2015 Report, at 27.

statistics in this report. Y-14 data contain information on all credit card accounts from the banking holding companies that are required to file the FR Y-14 reporting form. MMI and Specialized Issuer Data are total firm-level data aggregated and submitted to the CFPB by each surveyed credit card issuer; they are not samples and not consumer or account level data from which sampling variation can be derived. Sources that do not represent the entire credit card market are clearly qualified to identify the population they are used to represent, namely the Y-14 covers large issuers and the Y-14+ covers the Y-14 issuers plus additional institutions from which the Bureau collected information about issuer practices, cost, and availability of credit, particularly for consumers with non-prime credit scores. The internal data are confidential and cannot be shared with the public.

In publishing this report, the Bureau shares the aggregated data underlying tables and figures, which are available for download. Code and notes from the analysis would reveal confidential data and are thus withheld.

1.4 Inflation adjustments

In this report, unless otherwise noted, we generally report aggregate statistics, such as total credit card balances, purchase volume, and credit lines in nominal dollar amounts, without adjusting for inflation, consistent with other credit card data reporting series from both government entities[25] and commercial sources.[26] When comparing the historical trends, readers should be aware that aggregate amounts tend to grow over time due to inflation and increases in the population of cardholders.

However, several challenges exist in applying appropriate inflation adjustments to the nominal amounts. For instance, both academic research and government statistics acknowledge that

---

[25] *See, e.g.,* Federal Reserve Board, *Consumer Credit - G.19,* https://www.federalreserve.gov/releases/g19/ (accessed Dec. 3, 2025); Federal Reserve Bank of New York*, Household Debt and Credit Report (Aug. 2025),* https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2025Q2; FFIEC, Central Data Repository's Public Data Distribution, (data as of Dec. 31, 2024), https://cdr.ffiec.gov/public/ManageFacsimiles.aspx.

[26] *See, e.g.,* Nilson Report, *Issue 1276* (Dec. 2024), https://nilsonreport.com/newsletters/1276/; Citigroup*, Quarterly Earnings Releases and Supplements – Financial Supplement*, (July 2025), https://www.citigroup.com/global/investors/quarterly-earnings; Capital One, *Capital One Reports Second Quarter 2025 Net Loss of $4.3 Billion, or $(8.58) Per Share,* (July 2025), https://investor.capitalone.com/news-releases/news-release-details/capital-one-reports-second-quarter-2025-net-loss-43-billion-or.

different groups have experienced different rates of inflation, and there is no obvious choice to represent cardholders.[27]

Given the complexities and theoretical issues underlying the development and application of inflation adjustments, it is not clear which inflation adjustment method is best to represent cardholders. Theoretical complications need to be explored further to ensure that inflation adjustments are appropriate. However, to illustrate how accounting for inflation may affect the interpretation of trends over time, we include in the Appendix an example of aggregate cycle-ending balances in nominal terms and in real terms adjusted for inflation.[28] Readers of this report series are welcome to apply inflation adjustments of their own, using the accompanying unadjusted data and the inflation adjustor that fits their specific requirements.

1.5 Definitions

Here we define certain additional terms used frequently throughout this report.[29]

This report includes data on credit cards issued to consumers in the United States. It does not include data on credit cards issued to small businesses, corporate cards, or fleet cards. Nor does it include credit cards issued outside the U.S. by domestic financial institutions.

Average: throughout this report, we calculate averages from aggregate data. We define the average as the arithmetic mean.

Basis points (bps): a unit of measurement equal to one-hundredth of 1 percentage point.

Cardholder: for the purposes of this report, the term "cardholder" is used to refer to the primary cardholder and not authorized users unless otherwise specified. The primary cardholder is the

---

[27] Xavier Jaravel, *Distributional CPI Project,* https://www.xavierjaravel.com/dcpi (accessed Dec. 3, 2025); Robert S. Martin, Brett Matsumoto, Thesia I. Garner, Scott Curtin, *Distributional Personal Consumption Expenditure Price Indexes: Initial Results*, U.S. Bureau of Labor Statistics (Dec. 9, 2024), https://www.bls.gov/cex/inflation_note.htm.

[28] Inflation-adjusted values use the change in the Bureau of Labor Statistics (BLS) Consumer Price Index for All Urban Consumers (CPI-U) and set the latest period presented as the base.

[29] This is not exhaustive of all remaining defined terms in this report; for example, other defined terms more particular to certain sections or subsections of this report are introduced in those sections or subsections.

individual(s) who has applied and been approved for access to credit with a credit card issuing lender. The primary cardholder is the account owner and is responsible for repayment of all debt obligations for the card account.

Co-brand: credit cards that are a subset of general purpose cards that include both the badge of a network and branding of a specific merchant such as a retailer, airline, or hotel chain.

Credit score: for the purposes of the report, "credit score" refers to credit scores from major national consumer reporting agencies alongside other data sources or proprietary scores, which lenders typically use to determine consumers' credit eligibility, credit line, and interest rate pricing. For all Y-14+ and MMI analyses, we use credit score provided by credit card issuers. For all CCIP analyses, we use FICO® Scores provided by one of the three nationwide consumer reporting agencies.

Credit tier: when reporting results by credit score in this report, scores are generally grouped into six "credit tiers": "superprime" (800 or greater), "prime plus" (720 to 799), "prime" (660 to 719), "near-prime" (620 to 659), "subprime" (580 to 619), and "deep subprime" (579 or less).[30] This six-tier division differs from the five-tier division used in some prior CFPB consumer credit card market reports. In our credit card reports up to 2021, superprime was defined to include scores of 720 or greater. As of the 2023 report, this tier is now defined to be comprised of two categories: superprime (a score of 800 or greater) and prime plus (a score of 720 to 799). We are adopting these definitions to illustrate the differences within the set of cardholders with scores of 720 and greater, which comprise nearly two-thirds of all cardholders.

Unless noted otherwise, we present account and consumer credit tiers based on credit score at each point in time; therefore, the specific accounts or consumers present in each tier change over time, partly in response to how cardholders use and manage their cards. The Bureau believes that different credit scoring methodologies are sufficiently consistent across time and market participants such that it remains informative to report aggregated results by credit score reported at any given time.[31]

Cycle-ending balance: we refer to the credit card account balance at the end of a billing cycle as the "cycle-ending" balance. Cycle-ending balance is the sum of any unpaid balance from

---

[30] The terms "non-prime" or "below-prime" refer collectively to scores below 660.

[31] 2021 Report, at 19.

previous months, the total amount of transactions since the last billing period, the sum of any interest and fees, net of any payments and credits. Credit card issuers are required to provide periodic statements of account activity to cardholders. These statements, also known as billing statements, are provided on monthly cycles. The beginning and ending period of each billing cycle can fall on any day during the calendar month and it is not necessarily the same as the last day of the calendar month.

Debt: this report uses "debt" interchangeably with outstanding balances, as defined below. In certain contexts, for example in debt collection, it may refer specifically to revolving balances or charged-off balances.

General purpose: credit cards that transact over a network, such as Visa, Mastercard, American Express, or Discover, and that are accepted by a wide variety of merchants.

Interest or fees assessed: in this report, assessment of interest or fees refers to the accrual of interest on balances and account fees calculated by the credit card issuer during a particular time frame. The calculation of interest and fees does not necessarily mean they have been paid or charged to the cardholder in their monthly statement. For example, credit cards with deferred interest promotions may accrue interest on promotional transactions during a promotional period but are not charged to the cardholder unless the promotional transaction is not paid-in-full during this period.

Interest or fees charged: in this report, interest and fees charged refers to the dollar amount as calculated by the credit card issuer for a given period and added to a cardholder's amount due on their monthly billing statement. It does not necessarily mean it has been paid.

Outstanding balance: refers to the nominal amount owed by consumers on a specific date.

Private label: credit cards that can only be used at one merchant or a small group of related merchants and lack network branding. Private label cards generally transact over a private network maintained by the issuer to which the merchant is granted access. Some cards can transact over both a private label network and a general purpose network.[32]

[32] For example, a consumer may be issued a card that features a merchant's brand as well as a general purpose network brand. When used at the merchant, the transaction may be routed over the issuer's private network, but at other merchants the transaction is routed over the general purpose network. For the purposes of this report, those cards are considered to be general purpose credit cards except where explicitly noted otherwise.

Purchase volume: the total dollar amount of transactions in a given period, net of returns.

Retail: credit cards that can be either private label cards or certain general purpose cards, namely co-brand cards offered in partnership with specific retail merchants.[33]

Transactor and revolver: consistent with industry practice, cardholders and credit card balances can be classified into two groups based on payment behavior: "transactors" and "revolvers." Transactors, or transacting balances, are accounts that paid their cycle-ending balance in full by the statement due date. Revolvers, or revolving balances, are accounts that did not pay the cycle-ending balance in full by the statement due date. In this report, any data analysis of transactors and revolvers excludes inactive accounts, defined as accounts with a zero cycle-ending balance amount.[34]

---

[33] Retail cards do not include network-branded cards that carry hotel or airline branding, even if those cards are managed by a business unit that specializes in retail credit cards.

[34] For the purposes of this report, transacting accounts with a negative balance are also excluded.

2. Use of credit

In this section we review market indicators of the consumer credit card market, describing the size of the market by cardholders, spending, and credit card balances. The information in this section provides a foundation for analyses in subsequent sections, where we will disaggregate these indicators by different groupings, including credit score tier.

2.1 Cardholders

The CFPB estimates that 208 million of 267 million U.S. adult residents (78 percent) had a credit card account in their name as of the end of 2023.[35] We estimate that roughly 103 million consumers hold only a general purpose credit card, 11 million have only a private label card, and 94 million have at least one of each. Most consumers who had credit cards in 2023 had credit scores within relatively high credit score tiers.[36]

[35] This estimate is according to coverage of credit records present in the CCIP sample. This and all other estimates in Table 1 do not include authorized users, who are individuals designated by the primary cardholder to use the same credit account. For the number of adults in the U.S., we rely upon data from the Census Bureau. *See* United States Census Bureau, Population Estimates by Age (18+) (June 2025), https://www2.census.gov/programs-surveys/popest/tables/2020-2024/state/detail/SCPRC-EST2024-18+POP.xlsx. A recent report from the Federal Reserve finds 81 percent of consumers report having at least one credit card. *See* Federal Reserve Board, *Economic Well-Being of U.S. Households in 2024*, at 56 (May 2025), https://www.federalreserve.gov/publications/files/2024-report-economic-well-being-us-households-202505.pdf.

[36] *See* Michelle Kambara & Cooper Luce, *Technical correction and update to the CFPB's credit invisibles estimate*, CFPB, at 9 (June 2025), https://files.consumerfinance.gov/f/documents/cfpb_update-credit-invisibles-estimate_2025-06.pdf.

TABLE 1

Consumers by cardholding behavior, year-end 2023 (CCIP)[37]

Credit score tier	General purpose card(s) *only*	Private label card(s) *only*	At least one of each	Any credit card
Superprime	24.0M	0.7M	26.5M	51.2M
Prime plus	38.2M	3.9M	31.1M	73.2M
Prime	13.3M	1.5M	15.8M	30.6M
Near-prime	6.6M	0.9M	7.4M	14.8M
Subprime	5.7M	1.0M	4.9M	11.5M
Deep subprime	12.9M	2.1M	8.4M	23.4M
Thin or stale score file	2.5M	0.9M	0.1M	3.5M

As shown in Figure 1, the share of consumers with below-prime credit scores who have at least one credit card grew after 2021. Credit card ownership among all three below-prime score groups exceeded pre-pandemic levels by late 2021 and 2022, returning to a growth trend following decreases in 2020 and 2021. As of July 2024, 91 percent of these cardholders had at

---

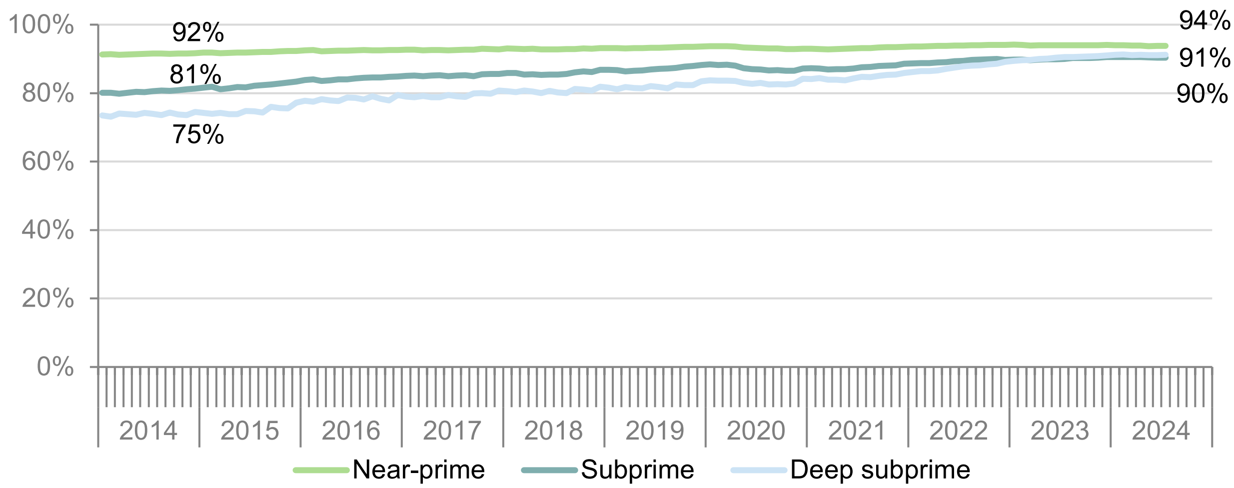
37 For this table and all subsequent figures using the CCIP data summarizing information at the consumer level, we remove potential "fragment files," which are records containing a portion of a consumer's credit history that has not been matched to the consumer's primary file. Specifically, we remove credit records that are suspected fragment files by discarding records that disappeared between our estimate point in time and one year later. For example, for our December 2023 estimates, we exclude all records with an anonymized ID in December 2023 that disappeared between December 2023 and December 2024. We also exclude all records without a valid birth year reported in the CCIP. All consumers must be non-deceased, age 18 or above, and live in the 50 states or the District of Columbia. This approach is generally in line with the approach in "*Technical correction and update to the CFPB's credit invisibles estimate,"* CFPB, (June 2025), at 6, except that in this report we require a consumer record exist for one year since the current month instead of for four years. We adopt this one-year-forward-in-existence requirement instead of four-years to balance the need of removing suspected fragment files and the need to publish timely information. This defragmentation methodology is new in this year's report. The CFPB considers these changes conceptual and methodological improvements. As a result, together with the adoption of a different credit bureau panel, the consumer level information derived from the CCIP in this year's report may not be directly comparable to the 2023 Report. In particular, Table 1 in the 2023 Report reported substantially higher numbers of cardholders, especially with lower credit scores, which very likely yielded a substantial overestimate and is now updated and corrected in this report.

least one credit card—the highest level since at least 2014, and an increase of 17 percentage points since late 2014.

While some issuers are offering new credit card products to consumers with below-prime scores,[38] the growing share of cardholders in below-prime tiers is not necessarily a sign of increased credit access for these consumers. Consumers who had prime or higher scores at origination but saw their scores decline as they became delinquent on their card or other reported items can newly show up in this category. Credit card delinquency rates also showed notable growth starting in late 2021 and are also at the highest levels since 2014.[39]

FIGURE 1

Monthly share of consumers with below-prime scores with at least one credit card (CCIP)



Historically, consumers aged 65 and above have been more likely to have a credit card than younger ones. While this remains the case, the differences in cardholding have slightly narrowed. From 2014 to 2024, the share of consumers aged 25–64 with at least one credit card increased by 10 percentage points. Consumers under 25 have experienced the largest change—in 2014, around 26 percent had at least one card but by 2024, 38 percent did.

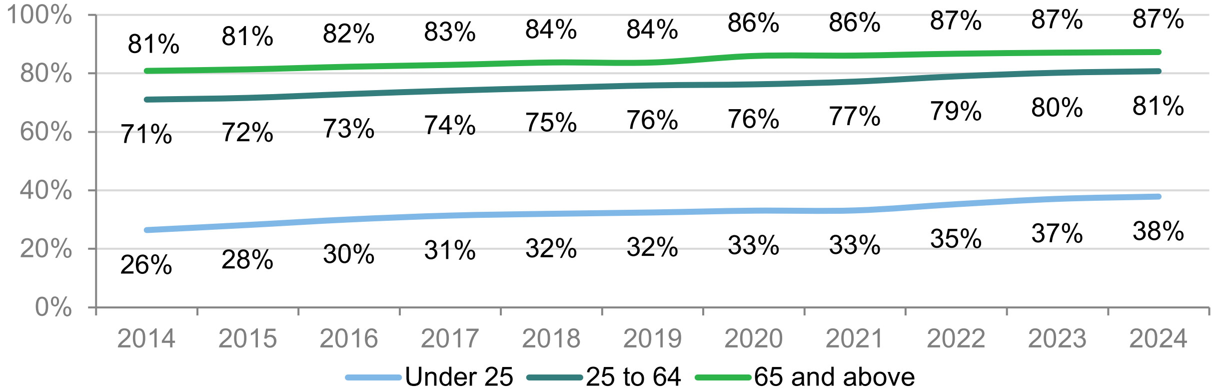
---

[38] *See* Section 6.1 for more on availability of credit for new accounts.

[39] *See* Section 4.2.1 for more on delinquency.

FIGURE 2

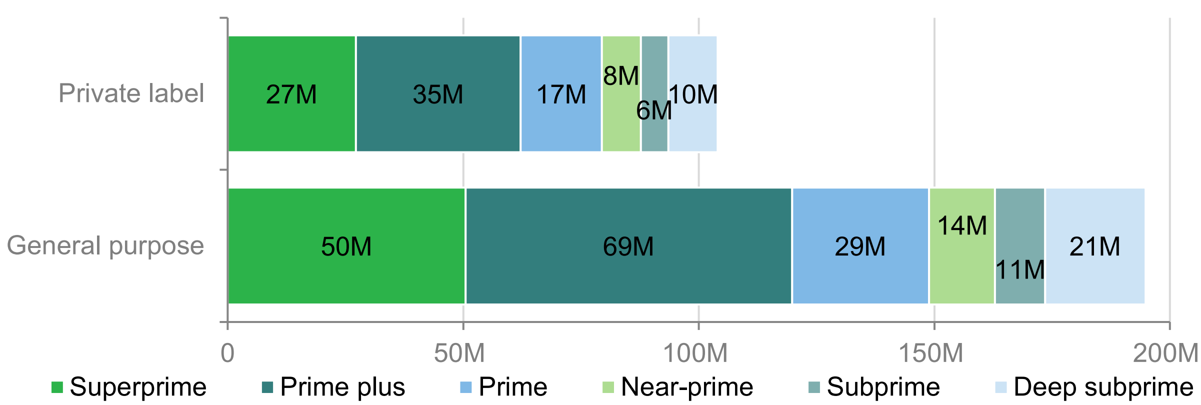
Share of adults with at least one credit card, by age (CCIP, Census Bureau)



As shown in Figure 3, there are about 195 million consumers with general purpose credit cards and 105 million with private label credit cards. Consumers with prime plus scores make up the largest share of both private label (35 million) and general purpose cardholders (69 million), followed by those with superprime credit scores. About 27 million cardholders with superprime scores have private label cards, and almost double, 50 million, have general purpose cards. As shown in Table 1, some consumers have both a general purpose and private label credit card; these consumers are counted once in each credit card category in the figure below.

FIGURE 3

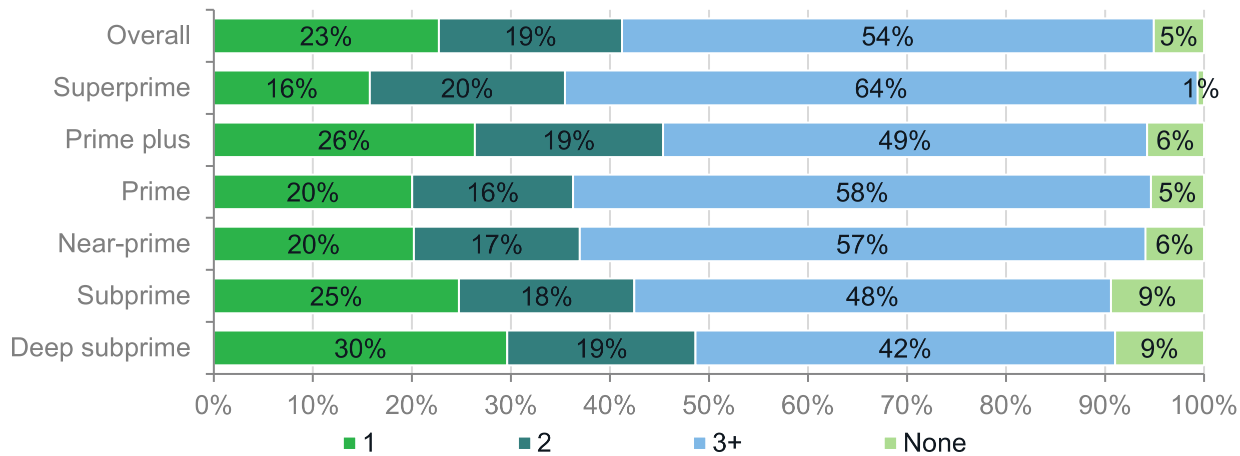
Credit card consumers, year-end 2023 (CCIP)



The typical credit cardholder has multiple cards, and consumers with higher scores generally have more cards than those with lower scores. Nearly two-thirds of consumers with superprime scores have three cards or more, while 42 percent of cardholders with deep subprime scores have that many. Among the six score tiers, consumers with subprime and deep subprime scores have the largest shares without a credit card, both at 9 percent.

FIGURE 4

Share of scored consumers by number of credit card accounts by credit score tier, year-end 2023 (CCIP)

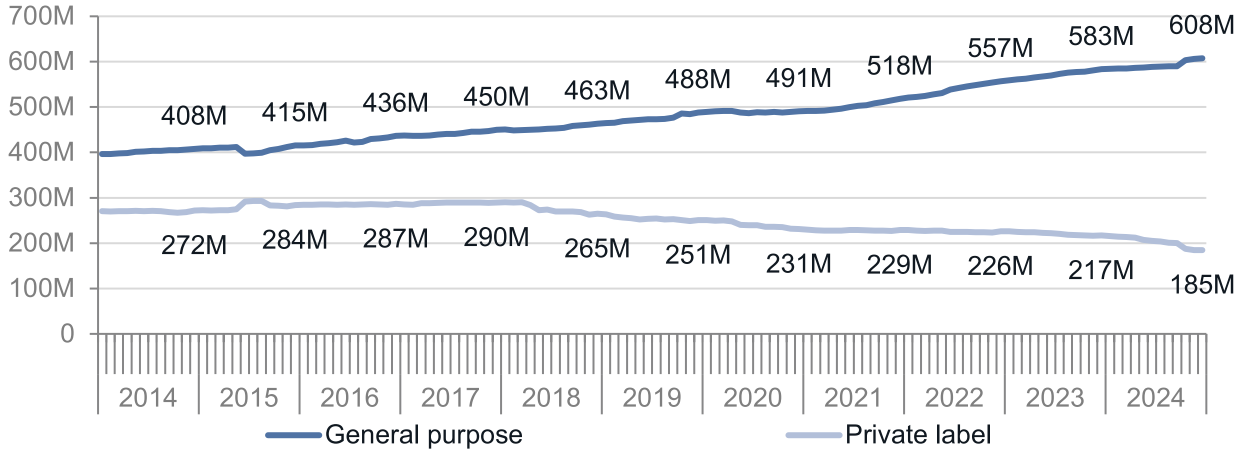


2.1.1 Existing accounts

General purpose cards continue to grow in prevalence, while private label cardholding has become relatively less common. By year-end 2024, there were 608 million open general purpose card accounts compared to 185 million open private label accounts. Since its height in 2018 with 290 million open cards, private label cards have declined by 36 percent by 2024. Over this same period, general purpose cards have increased by 35 percent.

FIGURE 5

Monthly number of open credit card accounts (CCIP)

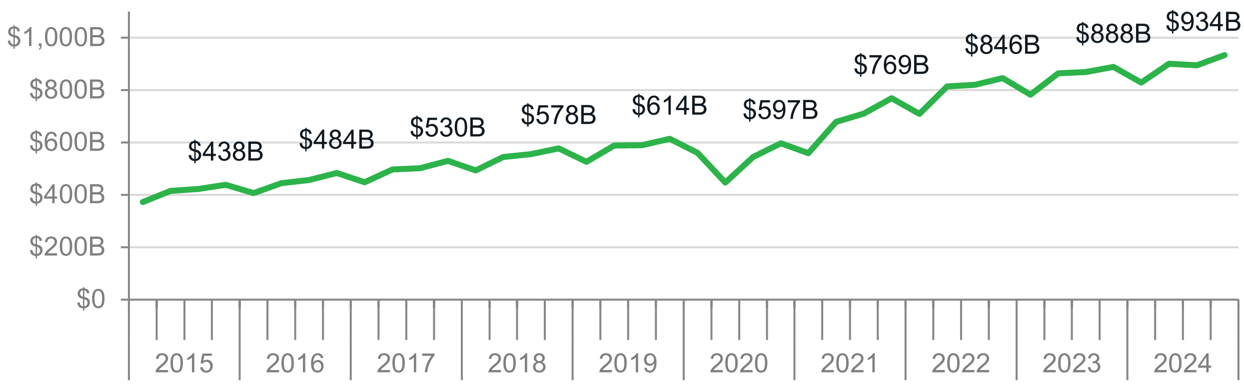


2.2 Purchase volume

Total purchase volume for Y-14+ issuers in 2024 was $3.6 trillion, a 12 percent increase from 2022 levels. Purchase volume exceeded its pre-pandemic level starting in the second quarter of 2021 and continued to grow in nominal terms following a seasonal pattern, as shown in Figure 6.

FIGURE 6

Quarterly purchase volume (Y-14+)[40]



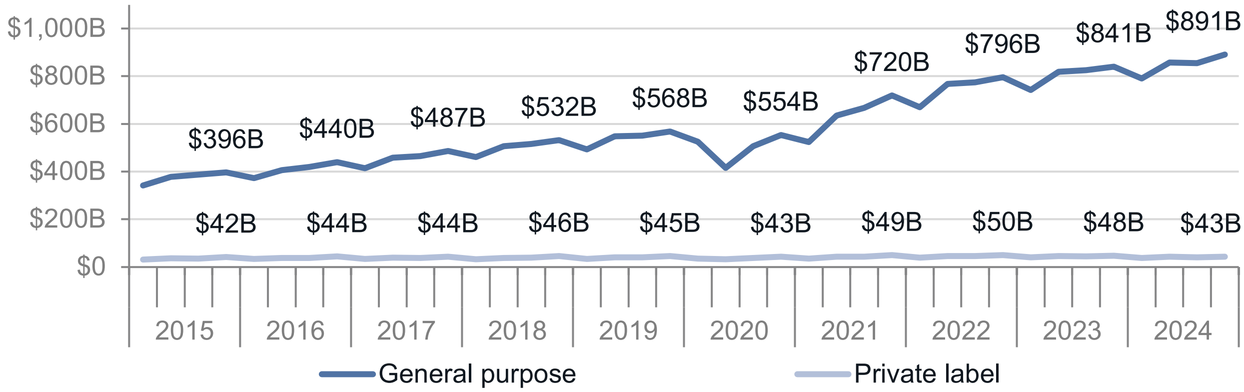
Most of the increase in purchase volume was accounted for by general purpose cards. Annual general purpose card purchase volume for issuers in the CFPB's sample increased to $3.4 trillion in 2024, 13 percent higher than in 2022. In general, private label card spending was $163 billion in 2024, and has remained relatively flat since at least 2015. As a result, private label card spending represents a declining share of overall card purchase volume.

---

[40] Over the period depicted in this figure (2015Q1–2024Q4), the number of credit card accounts increased by 16.1 percent, based on data from the CCIP. As noted in Section 1.2, issuers included in the Y-14+ data represent a large portion of the market but are not necessarily representative of the portion of the market not covered by these data.

FIGURE 7

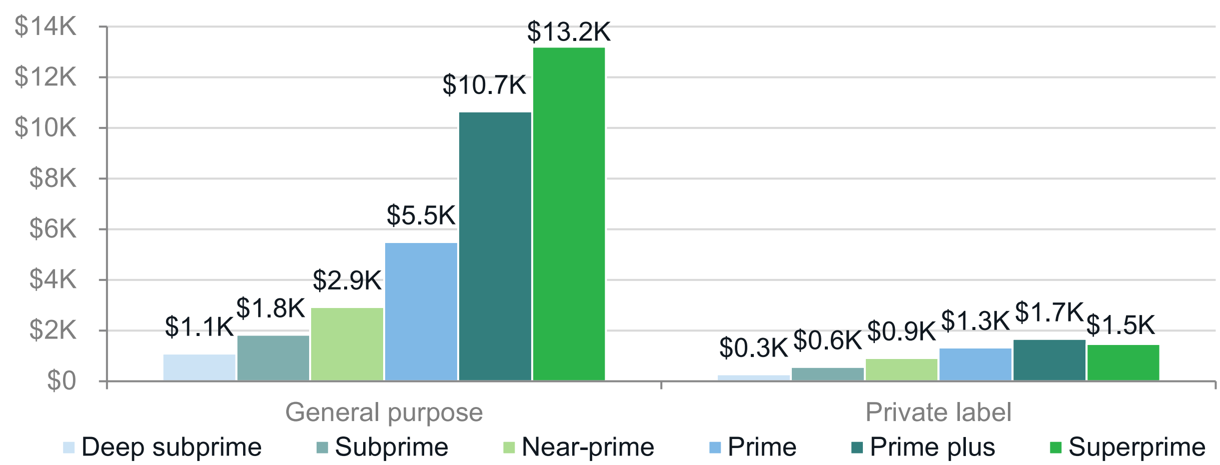
Quarterly purchase volume, general purpose and private label (Y-14+)



Credit card spending is generally higher on average for accounts in higher credit score tiers. Average general purpose purchase volume per account ranged from about $1,100 annually for cardholders with deep subprime scores to about $10,700 and $13,200 for cardholders with prime plus and superprime scores, respectively. Private label purchase volumes followed a similar trend, except for accounts held by cardholders with superprime scores, who spent less on such cards on average than cardholders with prime plus scores.

FIGURE 8

Average annual purchase volume per account, general purpose and private label, 2024 (Y-14+)



Credit card spending fell by nearly 23 percent year-over-year in the second quarter of 2020, rebounded strongly in 2021, with slower growth through 2024, as shown in Figure 9. Recently, credit card issuers and networks have noted the reduced growth in spending.[41] Credit card spending levels may be impacted by various factors, including macroeconomic conditions (*e.g.*, wage growth and inflation), card users' age or life stage, credit availability, new account growth, existing account spending patterns, shifts in preferred payment mechanism like debit and "Buy Now, Pay Later" (BNPL), and account closures. As such, spending growth may not be uniform—certain population groups experienced steeper declines in credit card spending related to the impact of inflationary pressures, as well as the recent resumption of federal student loan repayment.[42] For example, the change in year-over-year spending for consumers with prime and below scores was at or below zero percent each quarter in 2024. In contrast, spending growth remained higher for consumers with superprime and prime plus credit scores throughout most quarters in the past five years, particularly in the second half of 2020 and first half of 2021.

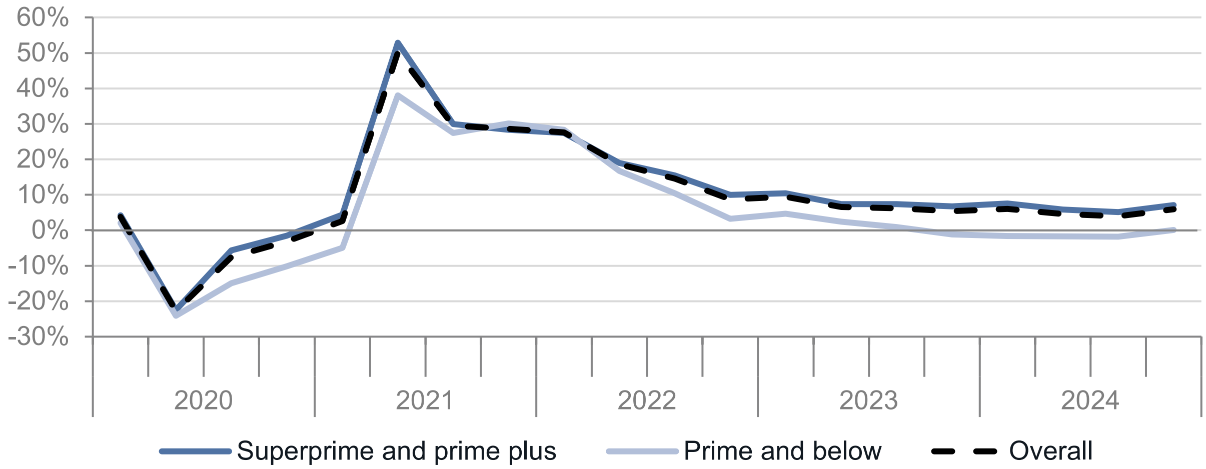
---

[41] *See* Imani Moise and Dalvin Brown, *Americans Pull Back From an Epic Credit-Card Binge*, Wall Street Journal (Aug. 16, 2025), https://www.wsj.com/personal-finance/credit/americans-pull-back-from-an-epic-credit-card-binge-ebf33c42. "[S]pend growth per customer in our consumer business…largely flat through 2023 and…the first half of 2024." Capital One Financial Corporation, Q4 2024 Earnings Call Transcript (Jan. 21, 2025), https://www.capitaliq.spglobal.com/apisv3/spg-webplatform-core/docviewer?mid=235470868. "Spend per card member is returning to a more normal level." Discover Financial Services, Q3 2024 Earnings Call Transcript (Oct. 17, 2024), https://www.capitaliq.spglobal.com/apisv3/spg-webplatform-core/docviewer?mid=231334102.

[42] "The economy continues to be impacted by macroeconomic headwinds, including persistent inflation, high interest rates and the resumption of student loan repayments. These factors led to a moderation in consumer spending…" Bread Financial Holdings, Inc., Q4 2023 Earnings Call Transcript (Jan. 25, 2024), https://www.capitaliq.spglobal.com/apisv3/spg-webplatform-core/docviewer?mid=216924923; "[T]he lower income consumer, they started tapering their spend about a year ago." Synchrony Financial, Q1 2024 Earnings Call Transcript (Apr. 22, 2025), https://www.capitaliq.spglobal.com/apisv3/spg-webplatform-core/docviewer?mid=239913611.

FIGURE 9

Quarterly year-over-year percent change in purchase volume (MMI)



2.2.1 Purchase volume by merchant category

In this section we introduce a new analysis of credit card spending patterns. For the first time, the Bureau is providing data on purchase volume by combining merchant category and credit score group. All credit card purchases are tracked using merchant category codes (MCCs), which are defined by the payment networks.[43] While the payment networks define hundreds of unique merchant categories, each merchant can be assigned one or more codes that can represent a broad range of goods and services sold to consumers based either on the product or service offered (*e.g.*, grocery) or the method of sales (*e.g.*, wholesale warehouse clubs). In this report, the Bureau presents purchase volume information surveyed from a sample of large bank credit card issuers[44] grouped into 17 broad groups of MCCs. These data are divided into two credit

---

[43] *See, e.g.*, Visa, *Visa Merchant Data Standards Manual*, (Apr. 2025), https://usa.visa.com/dam/VCOM/download/merchants/visa-merchant-data-standards-manual.pdf.

[44] *See* MMI Data, Section 1.2.

score segments: “Prime and below,” which represents 39 percent of cardholders nationwide, and “superprime and prime plus,” which represents 61 percent.[45] We compare 2024 spending to 2019 as the most recent year that was not impacted by changes in consumer spending beginning with the pandemic in 2020. Historically, consumers with higher scores spend more than consumers with lower scores, a trend that has accelerated recently. Purchase volume grew by more than 50 percent between 2019 and 2024, driven almost entirely by cardholders with higher credit scores. In 2024, cardholders with superprime and prime plus credit scores were responsible for 85 percent of spending, up from 81 percent in 2019.

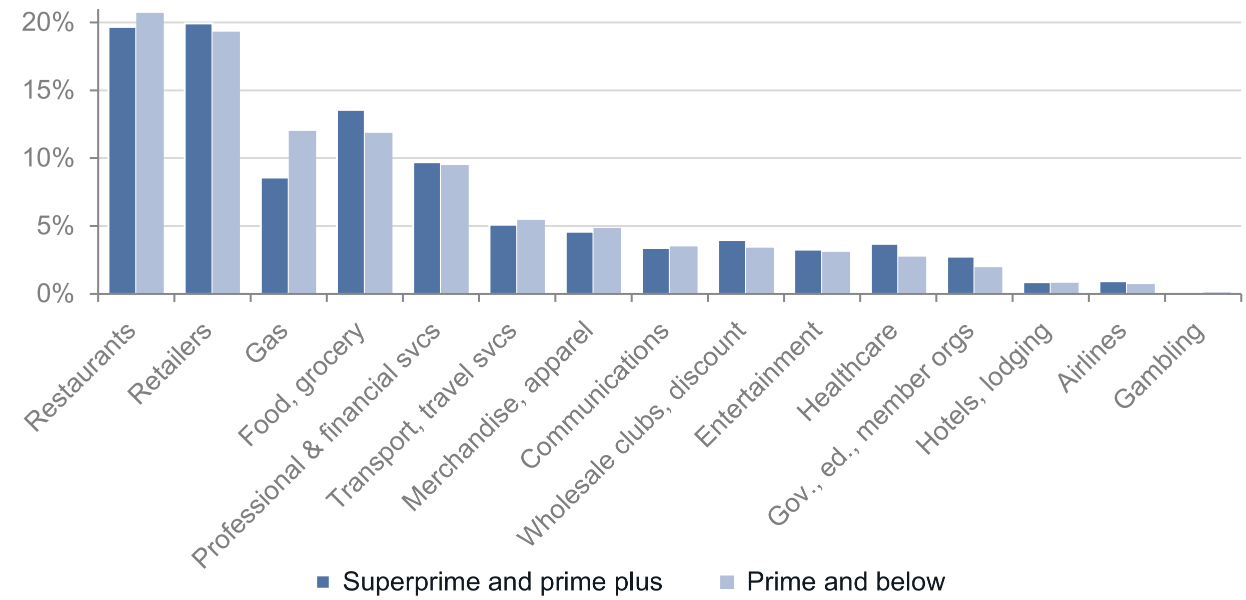
Consumers in both credit score categories use their credit cards most often at restaurants and non-apparel retailers, which includes some large ecommerce merchants, but differ when it comes to gas and food, grocery, and healthcare purchases. The restaurant category includes both full service and fast food establishments, while non-apparel retail includes a wide variety of shops from construction materials and appliances to digital goods and consumer electronics. As shown in Figure 10, consumers use their card frequently for essential needs such as food and gas. In contrast, higher ticket items like airline and hotel purchases are purchased infrequently and represent roughly 1 percent of credit card transactions. Broken down by credit score grouping, Figure 10 shows cardholders with prime and below credit scores use their card for gas and restaurants more frequently, while cardholders with superprime and prime plus credit scores more often use their card at food and grocery, healthcare, and non-apparel retail establishments. Overall figures obscure significant variability in these data, since the use of a credit card varies widely between consumers, issuers, and credit products. For example, an airline co-brand card is likely to have a greater share of transactions in airlines categories than typical general purpose cards, while a retail co-brand card is likely to over-index in retail.

---

[45] *See* Table 1.

FIGURE 10

Share of transactions by merchant category, 2024 (MMI)[46]



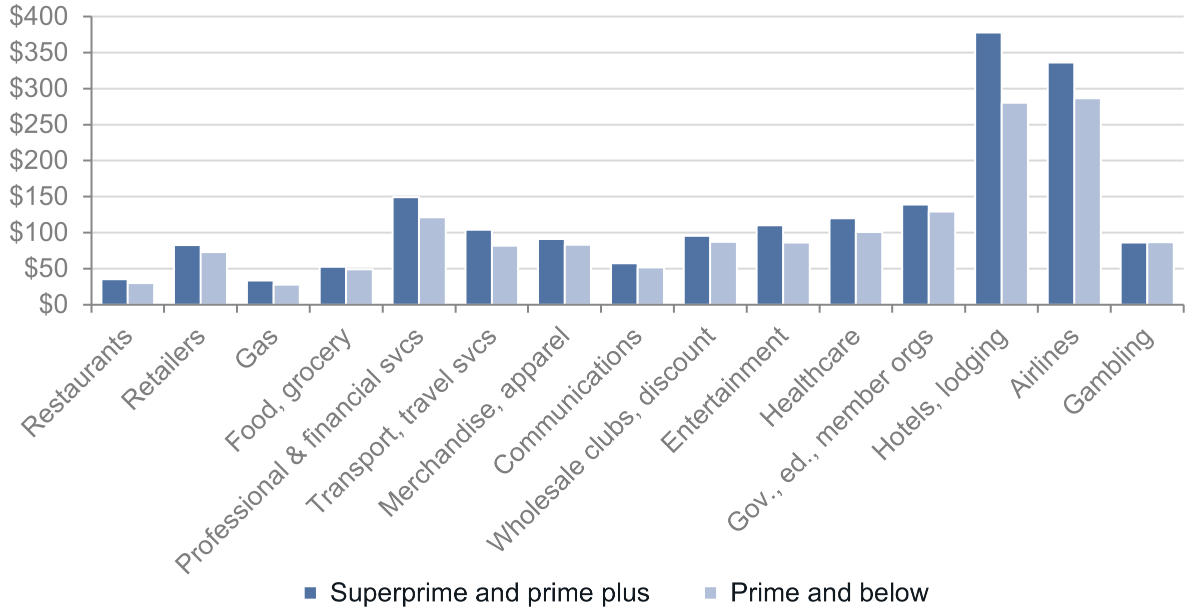
Average transaction size varies by merchant category and cardholder credit score, with more frequented merchant categories showing lower average transactions and higher-score cardholders spending more on average in most categories. Average transaction amount was larger for consumers with higher credit scores in all merchant categories except gambling. Restaurants and retail are the most common spending categories for both credit score groupings combined, with an average transaction size of $34 and $81 respectively in 2024, and exhibit minimal differences by credit score group. The categories with the most spend per transaction are airlines and hotels and lodging at $329 and $361 respectively in 2024. These higher-spend categories show the biggest differences by credit score group. For example, cardholders with superprime and prime plus credit scores spent 17 percent more per airline transaction than the prime and below group. Hotels and lodging had even larger differences, with cardholders with higher scores spending 35 percent more per transaction than consumers with prime and below credit scores.

---

[46] The total number of transactions in 2024 reported for consumers with superprime and prime plus credit scores was 37.9 billion, and 8.5 billion for consumers with prime and below credit scores.

FIGURE 11

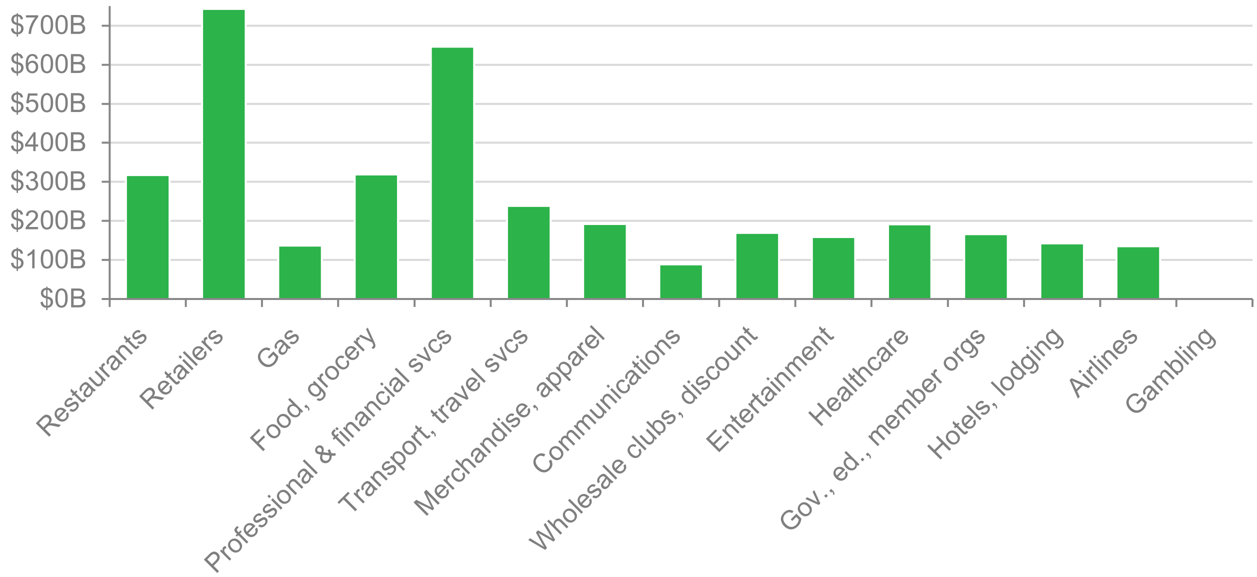
Average transaction size by merchant category, 2024 (MMI)



The two largest merchant categories by total purchase volume in our survey are non-apparel retail and professional and financial services at $743 billion and $646 billion, respectively, in 2024. Professional and financial services is a category that includes wire transfers, utilities, cash disbursement (*e.g.*, cash advances), and childcare. This category also covers merchant aggregators like Square, so it can include many retail establishments and small businesses that provide common products and services like coffee shops, hair salons, or farmer's market vendors. Credit card holders spent $653 billion on gas, hotels, airlines, and travel-related services in 2024. Restaurants, food and grocery, and wholesale clubs represented a further $806 billion, over a fifth of the total $3.6 trillion in 2024. Healthcare credit card spending in 2024 was $191 billion, up 50 percent over 2019 levels. Finally, gambling spending on credit cards is low but growing—in 2024 it was $2.7 billion, nearly double the $1.4 billion it was in 2019.

FIGURE 12

Purchase volume by merchant category, 2024 (MMI)[47]



The percentage of credit card purchase volume by merchant category changed significantly beginning in 2020 with the onset of the pandemic, with some effects still evident in 2024. In 2020, consumers shifted spending away from hotels and airlines and toward non-apparel retail.[48] In the second quarter of 2020, hotel and airline spending fell from around 4 percent each to 1.4 and 0.2 percent of card spending respectively, while non-apparel retail rose from 20 to 28 percent. During the same period, more consumers dined at home, with food and grocery spending rising from 10 to 13 percent while restaurant spending declined from 7.6 to 5.1 percent. These shifts in the percentage of credit card spending lasted through 2021 and gradually began to normalize, reverting to pre-pandemic trends into 2023. By 2024, the effects of pandemic shifts in spending were nearly gone. The share of spending on retail was about 20 percent of the total in 2024, similar to the share observed in 2019. Consumer spending on restaurants, food, and grocery stores also returned to 2019 percentages, collectively representing about 18 percent of total credit card spending. However, airlines and hotels make up a lower

---

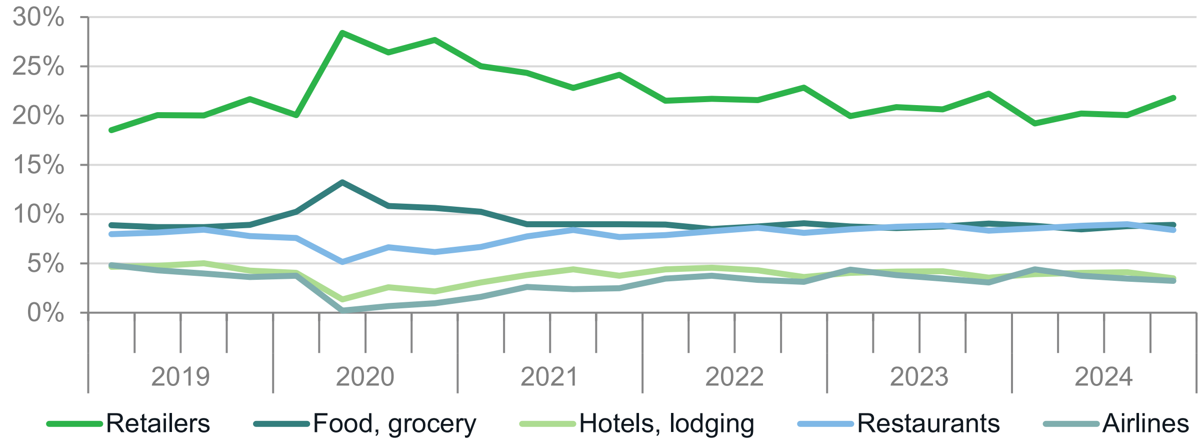
[47] This figure displays purchase volume by merchant category based on an eight-issuer sample that includes charge cards and excludes commercial and private label cards for certain issuers. Totals will vary from those reported in Figures 6 and 7 due to variations in sample population.

[48] Raj Chetty et al., *The Economic Impacts of COVID-19: Evidence from a New Public Database Built Using Private Sector Data*, 139 The Quarterly Journal of Economics 829, at 833, 851 (2024), https://doi.org/10.1093/qje/qjad048.

share of spending than they did in 2019, while wholesale clubs and professional services now make up higher shares.

FIGURE 13

Percentage of credit card spending by merchant category (MMI)

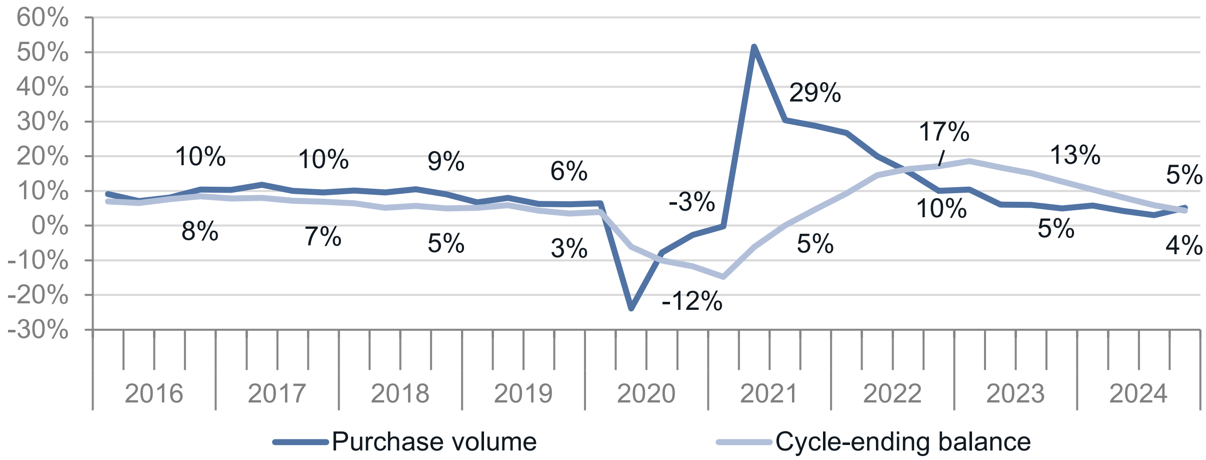


2.2.2 Growth rate

The growth rates of purchase volume and cycle-ending balances in 2024 were 5.1 percent and 4.3 percent, respectively. These rates follow volatile swings between 2020 and 2022. In the second quarter of 2020, the change in purchase volume bottomed out, reflecting a decline of 23.9 percent from the same period a year prior. Three quarters later, in the first quarter for 2021, cycle-ending balances followed with a year-over-year decline of 14.8 percent. In the second quarter of 2021, purchase volume annual growth peaked at 51.6 percent. Seven quarters later, in the beginning of 2023, growth of cycle-ending balances peaked at 18.6 percent. After a period of normalization, growth rates of purchase volume and cycle-ending balances in 2024 settled around their pre-pandemic levels.

FIGURE 14

Quarterly year-over-year growth rate of cycle-ending balances and purchase volume (Y-14+)

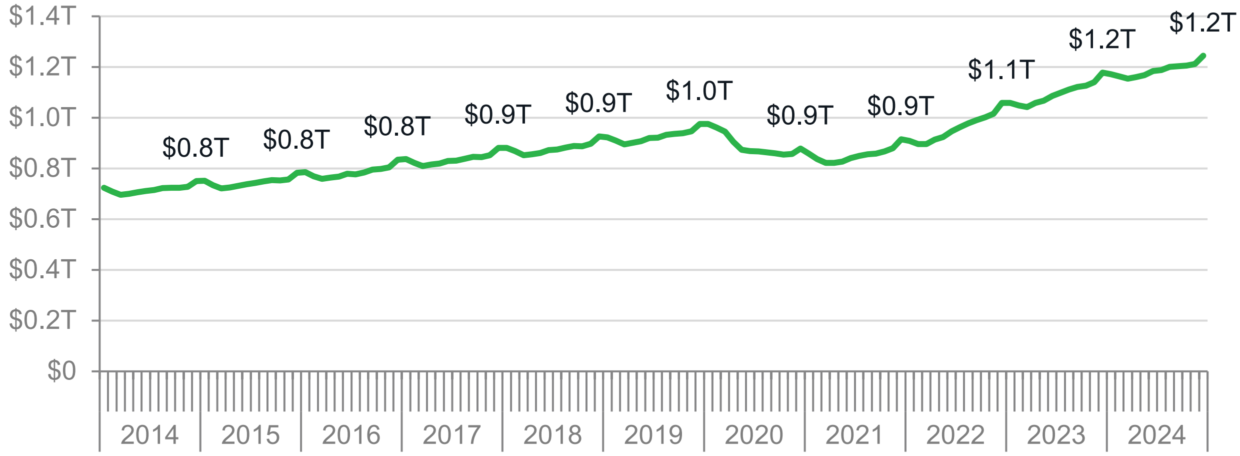


2.3 Credit card balances

Consumer credit card balances, which had been increasing every year since 2011, reversed course following the onset of the pandemic in the second quarter of 2020 but has since resumed steady growth. By the first month of 2021, consumers had reduced card balances to $858 billion from an initial peak of $976 billion in early 2020. However, by the end of 2024, cycle-ending balances surpassed $1.2 trillion.

FIGURE 15

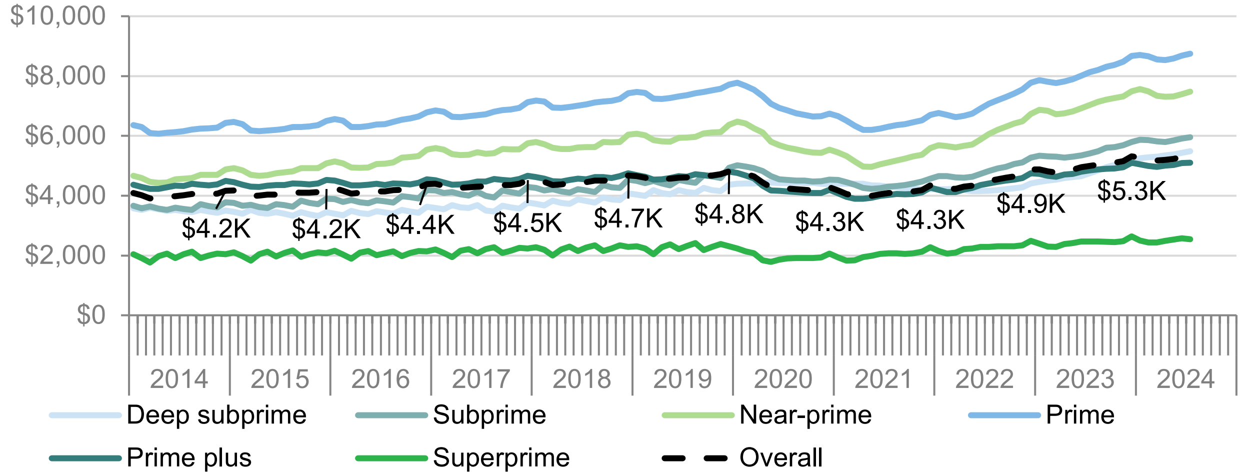
Monthly cycle-ending balances (CCIP)



Average credit card balance per cardholder in 2023 and 2024 surpassed pre-pandemic levels following a decline in 2020 and 2021. The average cardholder had $5,312 in total credit card balances across both general purpose and private label cards at the end of 2023. From 2015 to 2023, the monthly average balance across all consumers increased by 26 percent. The increase was primarily driven by consumers with prime and near-prime scores, though consumers in all score tiers have experienced an increase in average cycle-ending balances since mid-2020. Consumers with prime and near-prime scores had average cycle-ending balances in 2023 of $8,675 and $7,493, respectively.

FIGURE 16

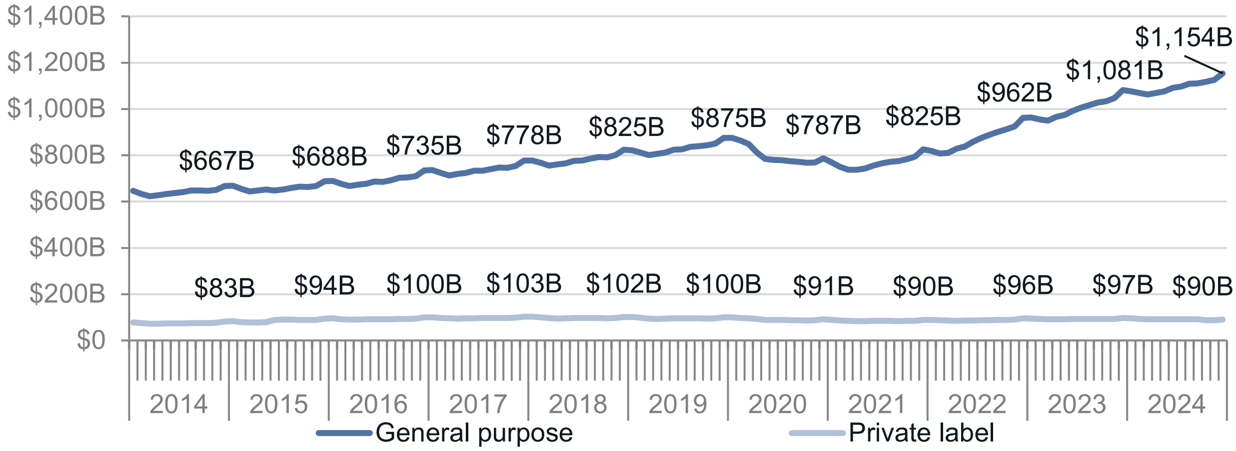
Monthly average per-cardholder cycle-ending balances (CCIP)



The rise in credit card balances in 2024 has been driven by growth in balances on general purpose cards. The total dollar value and market share of private label balances remain less than one tenth of general purpose card balances in 2024. Since 2015, cycle-ending balances among general purpose cards increased by 68 percent to over $1.1 trillion. In contrast, for private label cards, cycle-ending balances decreased by 4.3 percent to $90.4 billion. As of late 2024, total cycle-ending balance on general purpose cards is at its highest level historically. The highest level for private label cards occurred in 2018, when the total cycle-ending balance was $104 billion.

FIGURE 17

Monthly cycle-ending balances (CCIP)



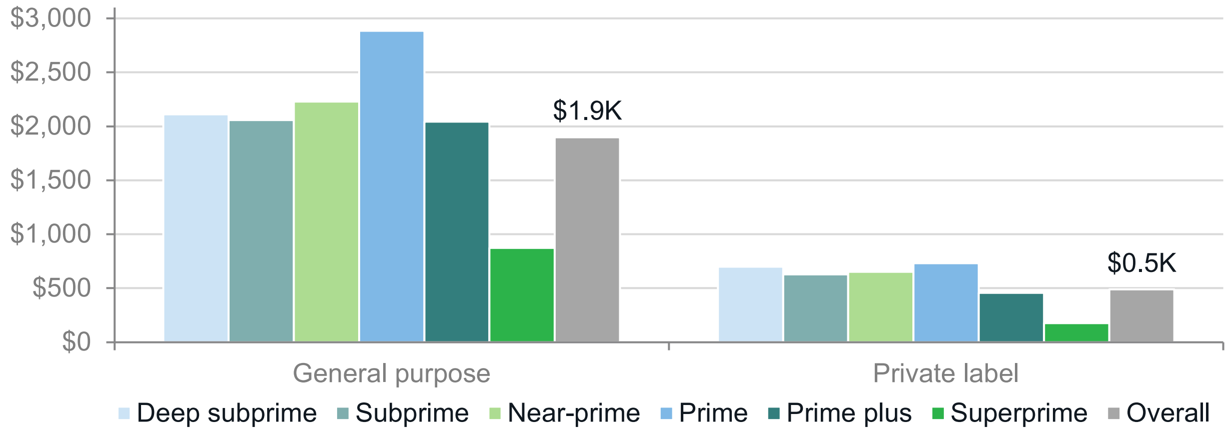
Average card balances exhibit greater variance by credit score and higher balances on general purpose cards than for private label cards in 2024. Average cycle-ending balances were $1,899 per general purpose account and $488 per private label account. As shown in Figure 18, average general purpose card balances are highest for cardholders with prime credit scores at $2,885 per general purpose card account, and lowest for those with superprime scores at $874 per general purpose card account because of relatively higher payments made before their billing cycle closed.[49] Private label balances tend to be lower and demonstrate less separation by credit score tier than general purpose cards, but prime plus and superprime balances remain lower than average balances for private label cards in other score tiers at $457 and $177 per private label card, respectively.

---

[49] *See* Section 4.1.1.

FIGURE 18

Average per-account cycle-ending balances, year-end 2024 (CCIP)



3. Cost of credit

In this section, we assess the costs of credit cards to cardholders using the CFPB's total cost of credit (TCC) measure, which is defined as the aggregate total interest and fees paid by consumers to issuers each quarter as an annualized percentage of cycle-ending balances.[50] First, we examine overall TCC over time and calculate cost as a share of cycle-ending balances for revolving accounts.[51] Next, we examine separately the main components of TCC—interest and fees. We spotlight credit card usage and payment trends for general purpose accounts with an introductory promotional interest rate. Not included in TCC are incremental costs to cardholders for credit card purchase transactions, or payment surcharges, assessed by about one third of merchants.[52]

3.1 Total cost of credit

TCC as a share of cycle-ending balances for both general purpose and private label card accounts rose significantly in 2023 but leveled off in 2024. The increase in cost in 2023 was driven in part by additional increases in the prime rate. General purpose TCC reached 20.4 percent in the third quarter of 2024, the highest observed since at least 2015, before declining to 19.9 percent in the fourth quarter. Private label TCC increased at a slower rate but nonetheless reached a high point of 23.4 percent in the third quarter of 2024 before returning to 23.2 percent in the fourth quarter.

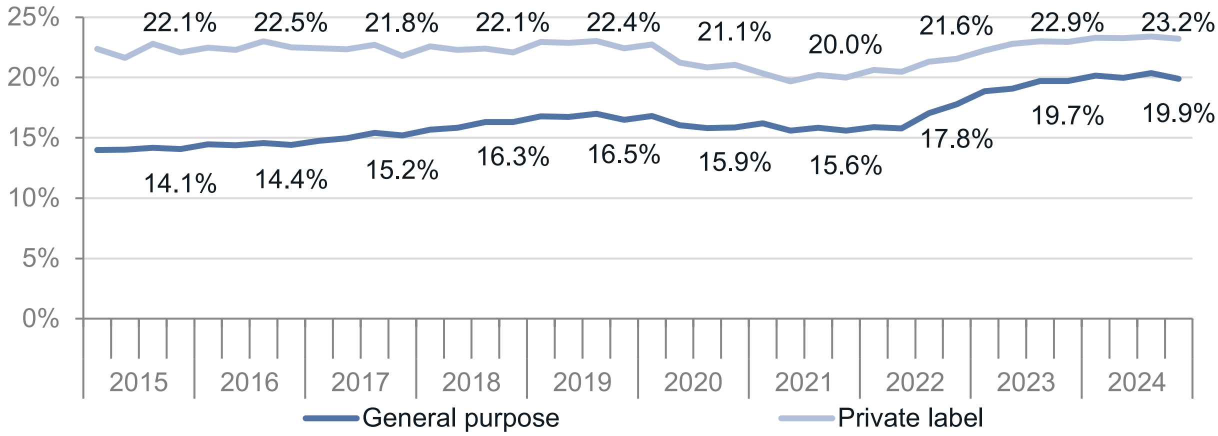
[50] The TCC metric was initially introduced in the 2013 Report and has since been used in the 2015 Report, 2017 Report, 2019 Report, 2021 Report, and 2023 Report. *See* 2013 Report, at 19; 2015 Report, at 76; 2017 Report, at 72; 2019 Report, at 55; 2021 Report, at 46; 2023 Report, at 48.

[51] Cost data are from Y-14 data, augmented by summary data that the CFPB collected from a range of issuers not included in that source. Y-14 data do not permit consumer-level cost reporting. For more detail on Y-14 data, *see* Section 1.2. Although this report uses broader cost data than previous iterations did, the CFPB does not claim that these data are representative of the market not covered by the data.

[52] Press Release, J.D. Power, Many Small Businesses Add Card Payment Surcharges to Customer Purchases as Point-of-Sale Payment Methods Proliferate, J.D. Power Finds (Jan. 14, 2025), https://www.businesswire.com/news/home/20250114895436/en/Many-Small-Businesses-Add-Card-Payment-Surcharges-to-Customer-Purchases-as-Point-of-Sale-Payment-Methods-Proliferate-J.D.-Power-Finds.

FIGURE 19

Quarterly total cost of credit, as a percentage of annualized cycle-ending balances, all accounts (Y-14+)



Cardholders with subprime and deep subprime scores who revolve a balance pay two to four times more in interest and fees per dollar borrowed than revolving cardholders with superprime scores. Cost of credit is a function of a combination of interest rates and fees assessed. As shown in Figure 20, borrowers with higher credit risk incur a higher cost of credit, and borrowers with lower credit risk incur a lower cost of credit to compensate issuers for consumers' relative likelihood of default. While private label card issuers charge similar APRs to cardholders across credit score tiers,[53] similar pricing effects are achieved primarily through a higher incidence of late fees to higher credit risk cardholders and promotional offers extended to cardholders with above-prime credit scores.[54]

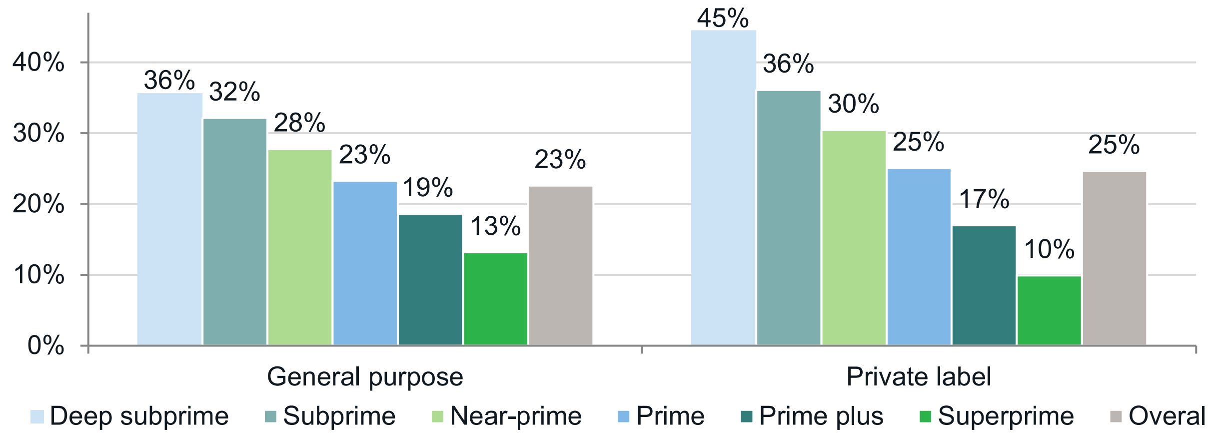
---

[53] "[S]ince many private label cards have a fixed APR, all cardholders, regardless of creditworthiness, are charged the same rate." CFPB, *The High Cost of Retail Credit Cards*, (Dec. 18, 2024), https://www.consumerfinance.gov/data-research/research-reports/issue-spotlight-the-high-cost-of-retail-credit-cards/.

[54] *See* Section 3.2.2.

FIGURE 20

Annual total cost of credit, as a share of cycle-ending balances, revolving accounts, 2024 (Y-14+)



3.2 Interest

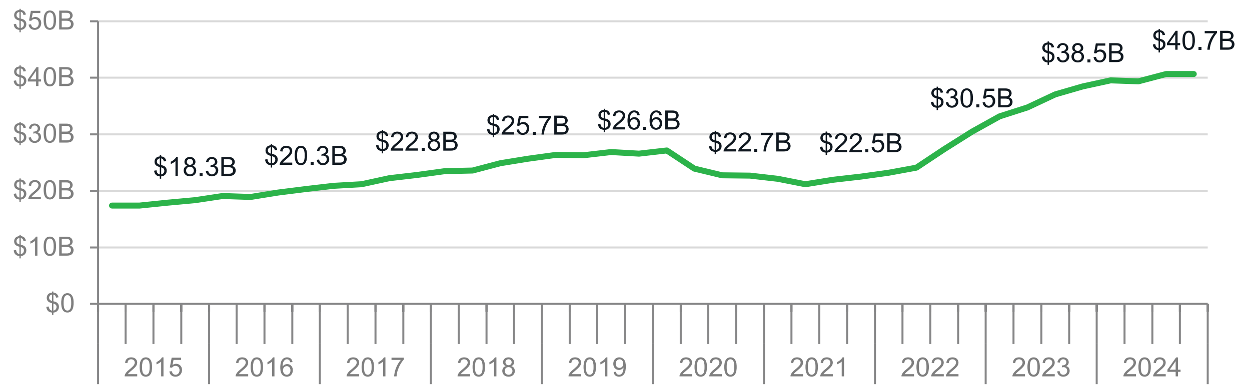
Interest is the primary cost of credit cards, exceeding $160 billion in 2024, significantly higher than $105 billion in 2022, as shown in our prior report, and represents the highest level we have observed since at least 2015. Finance charges increased substantially over the last two years in response to higher APRs and the proportion of total balances in revolving status due to lower repayment rates.[55] Annual interest charges since 2022 grew 52 percent, but the number of cardholders only grew by 9 percent. That represents an additional $45 billion in interest charges not explained by growth in accounts.

---

[55] *See* Section 4.1.

FIGURE 21

Quarterly interest charged (Y-14+)



3.2.1 APR

The annual percentage rate on a credit card is "a measure of the cost of credit, expressed as a yearly rate, that relates the amount and timing of value received by the consumer to the amount and timing of payments made."[56] Following a modest pullback between mid-2020 and late-2021, non-promotional retail APRs on credit cards continued their upward growth through 2023 and remained relatively stable in 2024.[57] The average APR on general purpose cards rose to 25 percent in 2023 and remains near that level in 2024. Between March 2022 and September 2023, the prime rate, the benchmark commercial banks use to set APRs, increased a total of 5.1 percentage points, driving most of the increase in APRs observed during this period because almost all general purpose account interest rates are tied to a variable rate index.[58] Similarly, we observe a small decline in APRs in the fourth quarter of 2024 following a series of three rate cuts

[56] 12 CFR 1026.22(a).

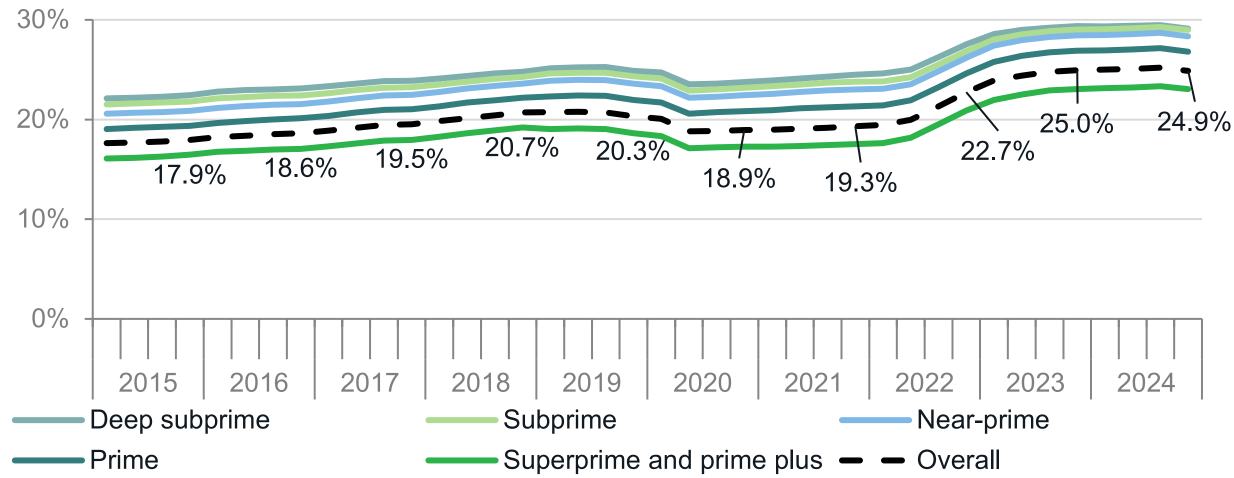
[57] For the purposes of this report, non-promotional APRs are defined as those greater than 4 percent. More than 20 consumers responded to the RFI saying that interest rates are now too high, the most common sentiment expressed by individual respondents. *See, e.g.*, Warren Bowman Comment Letter, Anne Mendoza Comment Letter, Marianne Swenson Comment Letter.

[58] Federal Reserve Bank of St. Louis, Bank Prime Loan Rate, https://fred.stlouisfed.org/series/MPRIME (accessed July 23, 2025).

by the Federal Reserve Board between September and December 2024.[59] Average APRs on general purpose cards demonstrate risk-based pricing in terms of interest charges, with higher credit risk cardholders with lower scores holding cards with higher APRs than those with higher scores.

FIGURE 22

Quarterly average APR, general purpose (Y-14+)



Average APR on private label credit cards reached its highest point in 2024 at 31 percent, and did not vary substantially by cardholder credit score. In contrast to general purpose cards, private label cards tend to have APRs that do not vary based on an index rate. Additionally, private label card APRs are often set at the same rate at origination regardless of the cardholder's credit score, as shown below in Figure 23. Most private label credit cards are offered by retail merchant partners. In 2024, over 90 percent of retail cards reported a maximum APR above 30 percent.[60]

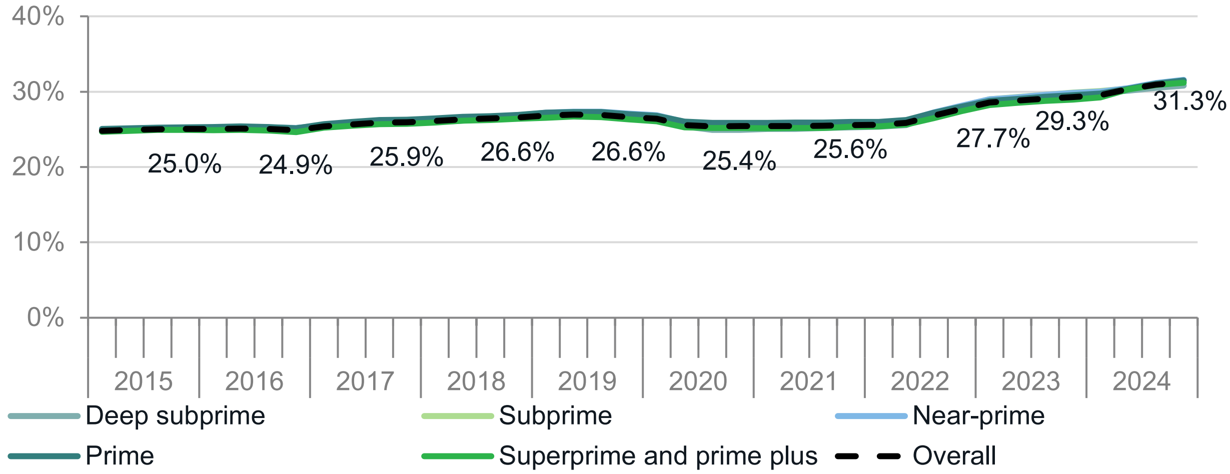
---

[59] Aimee Picchi, *Federal Reserve made a 3rd consecutive rate cut today. Here's how it will impact your money.*, CBS News (Dec. 18, 2024), https://www.cbsnews.com/news/federal-reserve-meeting-rate-cut-interest-rates-december/.

[60] CFPB, *The High Cost of Retail Credit Cards* (Dec. 18, 2024), https://www.consumerfinance.gov/data-research/research-reports/issue-spotlight-the-high-cost-of-retail-credit-cards/. *See also* CFPB, Terms of Credit Card Plans survey (data as of Dec. 2024), https://www.consumerfinance.gov/data-research/credit-card-data/terms-credit-card-plans-survey/.

FIGURE 23

Quarterly average APR, private label (Y-14+)



There are a couple methods by which APRs can change, but the most common form of APR increase is a change to the prime rate, which usually occurs when there are increases to the federal funds rate, as occurred in 2022 and 2023.[61] The speed of implementation to reflect changes in purchase APR resulting from changes to the underlying index may vary from issuer to issuer, and it is not necessarily immediate. For example, one major issuer updates variable rates on a quarterly basis,[62] while another issuer updates them monthly corresponding to each billing period.[63] This means that when the federal funds rate changes, it can take from a few days to a few months for the costs or savings to be reflected on a cardholder's credit card statement.

Issuers are also permitted to increase rates on existing cards, provided they give consumers advance notice and apply rate increases solely to new balances, or if consumer repayment

---

[61] Federal Reserve Bank of St. Louis, Federal Funds Effective Rate, https://fred.stlouisfed.org/series/FEDFUNDS (accessed Oct. 7, 2025).

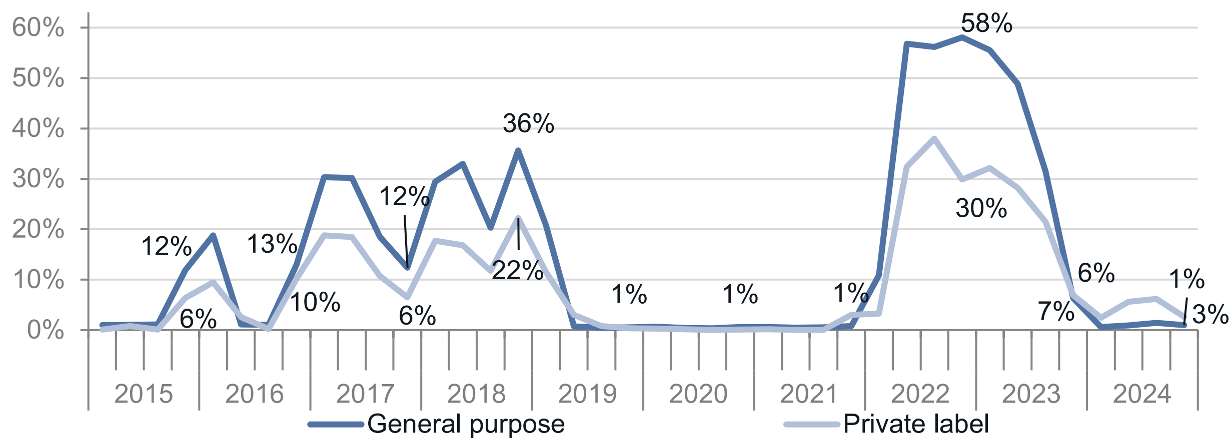
[62] *See, e.g.*, Capital One, *Credit Card Agreement for Consumer Cards in Capital One, N.A.*, https://ecm.capitalone.com/WCM/card/credit-card-agreement-for-consumer-cards-in-capital-one-na.pdf (accessed Sept. 12, 2025).

[63] *See, e.g.*, American Express, *Cardmember Agreement for Blue Cash Everyday® Card*, https://www.americanexpress.com/content/dam/amex/en-us/company/legal/cardmember-agreements/public-site-2022-q4-pdf-cmas/cps-lending/blue-cash-everyday-12-31-2022.pdf (accessed Sept. 12, 2025).

behavior triggers penalty rates which may be temporary.[64] In our 2023 Report we showed a return of APR increases in 2022 after a few years of very little upward repricing activity.[65] Since then, APR increases were frequently observed in 2023 before returning to very low levels in 2024. We observe low levels of upward repricing in the first three quarters of 2024 in the absence of upward rate changes due to the prime rate, but some issuers did make such changes for some programs.[66]

FIGURE 24

Quarterly average incidence of APR increases, active accounts (Y-14+)



APR decreases observed in the second half of 2024 were primarily driven by decreases in the federal funds rate in September, October, and December[67] that resulted in decreases to the prime rate, the index upon which many credit card interest rates are based. During the period from 2021 through the first half of 2024, we observed very little downward APR repricing

---

[64] Under the CARD Act issuers must wait until the account is at least a year old and provide at least 45 days' advance notice to increase APRs on an account. 12 CFR 1026.9(c)(2), "significant change in account terms" includes annual percentage rate, *see* 12 CFR 1026.6(b)(2)(i).

[65] 2023 Report, at 55–57.

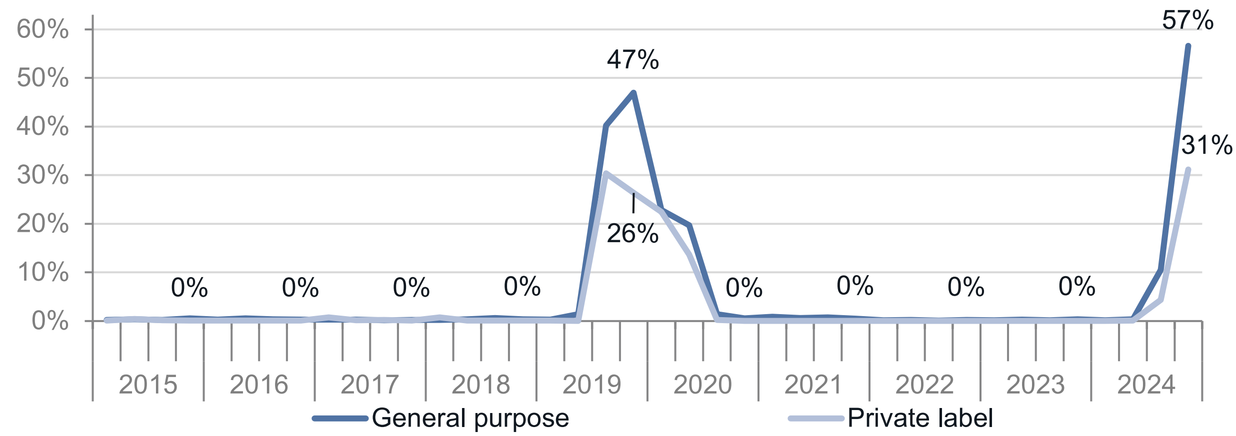
[66] Upward APR repricing may be returning, as evidenced by change-in-terms notices sent to Citibank Costco Anywhere Visa cardholders in November 2024. *See* Competiscan, *Consumer Cards Overview Q4 2024* (Feb. 2025), at 33.

[67] Aimee Picchi, *Federal Reserve made a 3rd consecutive rate cut today. Here's how it will impact your money.*, CBS News (Dec. 18, 2024), https://www.cbsnews.com/news/federal-reserve-meeting-rate-cut-interest-rates-december/.

activity. Unlike upward APR repricing, where under the CARD Act issuers must wait until the account is at least a year old and provide at least 45 days advance notice, downward APR repricing does not have the same limitations.[68] We observe very little downward APR repricing for any factor other than downward changes to the prime rate in 2019 and 2024.

FIGURE 25

Quarterly average incidence of APR decreases, active accounts (Y-14)



3.2.2 Effective interest rates

The effective interest rate (EIR) is defined as the sum of interest charged across all transaction types including the use of credit card features like cash advances, balances transfers, and short-term promotional rates. EIR provides an estimate of the total aggregate cost to consumers for revolving balances. An EIR is computed by annualizing the total of all interest charged to consumers divided by those consumers' cycle-ending balances.[69] Most private label cards have much higher APRs than general purpose card alternatives, but the EIR for both is similar across

---

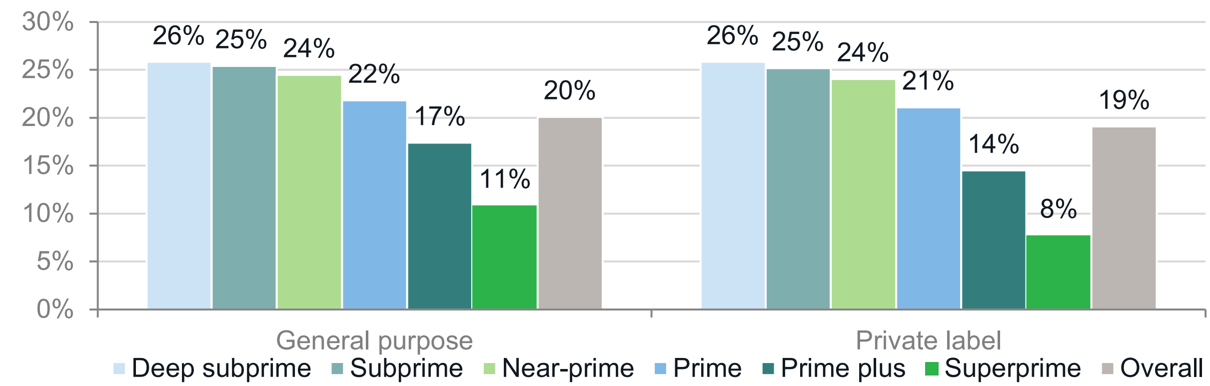
[68] 12 CFR 1026.9(c)(2).

[69] Depending on payment strategies (and purchases throughout the cycle), the cycle-ending balance could be either dramatically higher or lower than the average daily balance, which is typically the basis of finance charge calculations.

tiers, given how frequently private label cards offer low-interest or deferred-interest promotions on retail products.[70]

FIGURE 26

Annual effective interest rate, revolving accounts, 2024 (Y-14+)

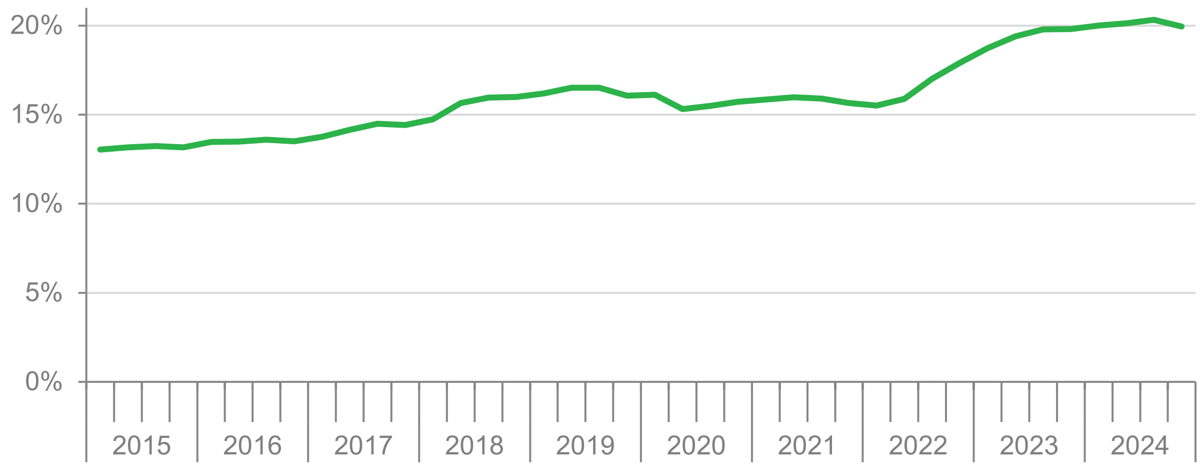


The nominal effective interest rate on general purpose credit cards increased significantly from early 2022 through the middle of 2023, but has remained stable around 20 percent over the last year and a half. This increase in EIR comes after a prolonged period of stability from early 2018 through the start of 2022, when EIR remained between 15 and 17 percent.

[70] For more on deferred interest promotions, *see* Section 7.3.

FIGURE 27

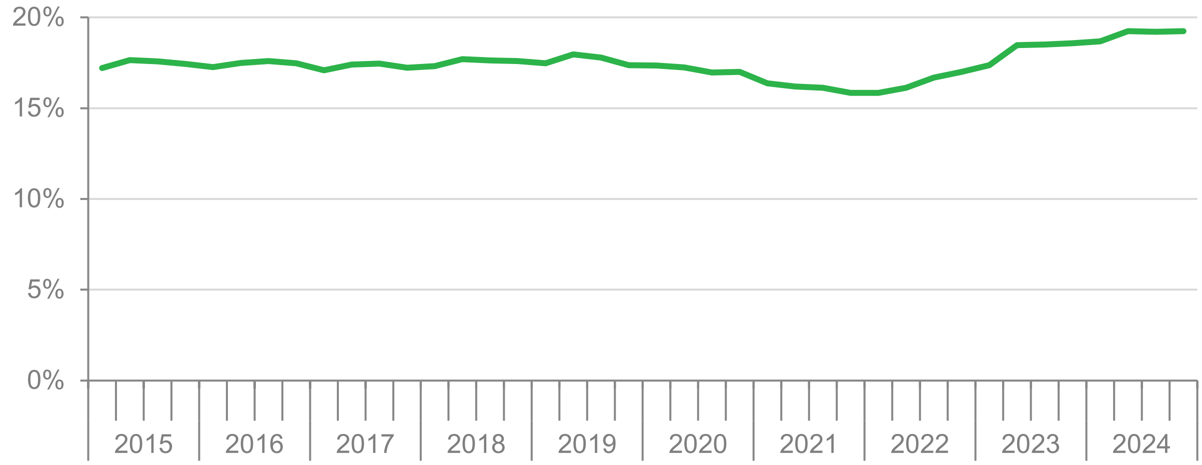
Quarterly annualized effective interest rate, revolving general purpose accounts (Y-14+)



Effective interest rates for private label credit cards show a similar trend to those of general purpose cards. EIR trended around 18 percent from 2015 to 2019 before a notable decline in 2020 and 2021. Similar to general purpose cards, EIR for private label cards declined through the first quarter of 2022, but proceeded to increase rapidly through the end of that year. Since the start of 2023, EIR for private label cards has remained above the five-year trend ending in 2019.

FIGURE 28

Quarterly annualized effective interest rate, revolving private label accounts (Y-14+)



3.2.3 APR Margin

APRs that vary with an underlying index carry interest rates can be expressed in two components: the prime rate and APR margin. APR margin is the interest rate in addition to the prevailing index rate that an issuer will charge to revolving balances. For example, a credit card account with an APR of 28 percent can be expressed as the prime rate, which was at 7 percent as of November 2025, plus an APR margin of 21 percent.

APR margin is an issuer-selected pricing term for credit card accounts and typically disclosed to consumers in the cardholder agreement. As discussed earlier, credit card interest rates typically vary based on changes to the underlying index, often the prime rate. The prime rate is typically set at 3 percent plus the target level of federal funds rate, established by the Federal Reserve.[71] The prime rate is the component of credit card APRs that most closely tracks the issuer's cost of

[71] *See* Federal Reserve Board, *What is the prime rate, and does the Federal Reserve set the prime rate?* (Aug. 2013), https://www.federalreserve.gov/faqs/credit_12846.htm. *See also* Citi, *What Is the Prime Rate?* (Sept. 24, 2025), https://www.citi.com/credit-cards/money-management/what-is-a-prime-rate.

funds,[72] defined as the cost to the lender to borrow funds used to make loans, because both are largely driven by the federal funds rate. For example, if the federal fund rate drops by 25 bps, credit card APRs and the lender's cost of funds may soon follow with a proportional decline, although not necessarily at the same time, or by same amount, given other factors at play.

In contrast to the prime rate, the APR margin is a pricing term determined as a business decision by each individual lender. This decision can be for any reason, and it is at the discretion of the issuer. For example, a financial institution may consider factors such as recent risk performance, forward-looking credit risk outlook, underwriting objectives, competitive dynamics, marketing expenses, the cost of funding promotional APRs, strategic and profitability objectives, price sensitivity of borrowers, reliance on other fees, and economic resilience through the cycle.[73] An additional economic dynamic is that an issuer incurs costs when funding balances for both transactors and revolvers yet only earns interest revenue from revolvers that do not charge off. The proportional relationship between transactors and revolvers is not necessarily static and may change over time, particularly with broader economic conditions and events.[74] While APR margin is paid by revolvers specifically, an issuer may consider its level in the context of maintaining credit card operations as a whole.

Based on our review of credit card agreements collected by the CFPB,[75] APR margins are typically set at the card product level and are not necessarily the same across all products offered by the same issuer. For example, a bank can set one APR margin for a card product offered primarily to consumers with below-prime credit scores, and a different APR margin for a product offered to consumers with above-prime credit scores. Given this dynamic, the account-weighted average APR margin across the entire credit card operation of a particular issuer may reflect their product mix and customer mix.

---

[72] Specifically, it is "the weighted average of all the rates paid on interest-bearing liabilities." *See* Federal Reserve Board, *Branch and Agency Examination Manual, Funds Management and Liquidity*, at 5 (1997), https://www.federalreserve.gov/boarddocs/supmanual/us_branches/3000_4.pdf.

[73] Anjan V. Thakor, *The Highs and the Lows: A Theory of Credit Risk Assessment and Pricing through the Business Cycle*, 25 Journal of Financial Intermediation 1, at 1, 5, 28 (2016), https://www.sciencedirect.com/science/article/abs/pii/S1042957315000303. *See also* Lael Brainard, Governor, Federal Reserve Board, *Safeguarding Financial Resilience through the Cycle* (Apr. 19, 2018), https://www.federalreserve.gov/newsevents/speech/brainard20180419a.htm.

[74] *See* Section 4.1.2.

[75] CFPB, Credit card agreement database, https://www.consumerfinance.gov/credit-cards/agreements/ (accessed Sept. 26, 2025).

The disclosure practices of APR margin can vary among issuers. Some issuers express the APR margin in discrete groupings, for example in three tiers,[76] while others express it as a range, with a minimum and maximum figure.[77] If the APR margin is presented as a range, the issuer may still utilize discrete pricing tiers, but they are not necessarily visible to the consumer when they are making a decision to apply for a credit card. After the consumer submits the card application and has been approved for credit, the issuer assigns each customer a specific APR margin based on their creditworthiness. When an issuer changes the APR margin, they can apply the change to specific tiers or values within the range.

Increases to APR margin are typically reflected on new accounts, and less frequently on existing accounts, due to the limitations on pricing changes that apply to existing accounts.[78] This means that when an issuer makes the decision to increase APR margin on a particular product, it will take some time before the average APR margin, across their entire account base, meaningfully changes. The issuer will have to accumulate a sufficient number of new accounts at the new rate and gradually displace the share of older accounts. Indeed, when we observe a change in average APR margin for a particular point-in-time, we are observing the impact of pricing decisions that were likely implemented in the market a few years earlier. Given this dynamic, we can also reasonably expect the average APR margin to continue to move in the same direction as long as the issuer continues to open new accounts with the new rate.

The timing of these changes is open-ended and at the discretion of the lender. For example, the Bureau has observed that increases to APR margin on certain card products have overlapped with relevant public facing events, such as changes to the federal funds rate and product refreshes. The timing can also be driven by factors internal to the issuer and not immediately observable to the public, such as a substantial increase in customer acquisition costs or a broader realignment of the lender's cost and revenue structure. Notwithstanding the above, this

[76] *See, e.g.*, Capital One, Quicksilver from Capital One, *View important rates and disclosures*, https://www.capitalone.com/credit-cards/quicksilver/(accessed Sept. 29, 2025).

[77] *See, e.g.*, Capital One, *Credit Card Agreement for Consumer Cards in Capital One, N.A.*, https://ecm.capitalone.com/WCM/card/credit-card-agreement-for-consumer-cards-in-capital-one-na.pdf (accessed Sept. 29, 2025); Bank of America, *Example of Credit Card Agreement for Bank of America® Secured Mastercard® and Visa® accounts* (as of June 2025), https://www.bankofamerica.com/content/documents/creditcard/visa-mastercard-secured-en.pdf.

[78] *See* 12 CFR 1026.55.

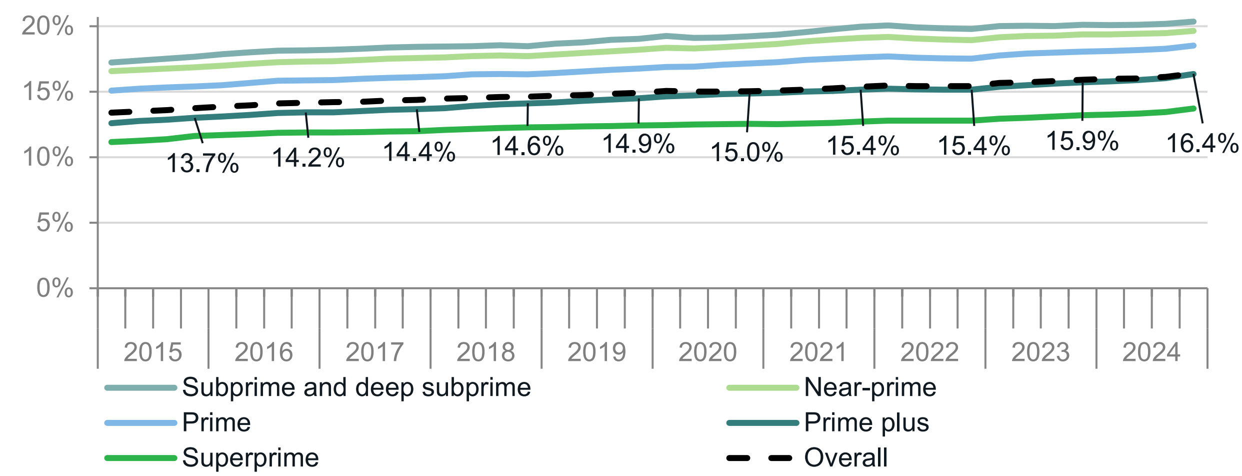
report does not attribute a specific factor, or group of factors, to explain an issuer's motivation for changes to the APR margin, either for an individual lender or in the aggregate.

In Figure 29, we reference account level APR margin as reported by issuers in the Y-14 dataset. It is therefore a sample of the largest banks and excludes credit unions and smaller banks.[79] It includes all accounts regardless of their payment behavior as transactors or revolvers.

Across all credit tiers, average APR margins have risen consistently over the past ten years. Average APR margin reached a new high in 2024 at 16.4 percent, continuing a rising trend observed since at least the first quarter of 2015. This is an increase of over 300 bps over that period. For consumers with subprime or deep subprime scores alone, the APR margin has increased 311 bps to 20.3 percent over the same period. Even for consumers with superprime credit scores, the APR margin has increased 257 bps to 13.7 percent. As discussed above, these APR margins reflect the average of new and longer-tenured accounts. In Section 6.1.7 we show that average APR margin for new accounts alone was 19.2 percent in 2024.

FIGURE 29

Quarterly average APR margin, general purpose cards tied to the prime rate (Y-14)



[79] *See* Section 1.2 for more detail on the Y-14 dataset.

Researchers at the Federal Reserve Bank of New York suggested that credit card interest rates "price in a large default risk premium" as "default losses are high during economic downturns."[80] In addition, credit card issuers have significant "pricing power," which is achieved with "large marketing expenses and customer acquisition costs."[81] They further show that "banks with higher operating expenses charge substantially higher interest spreads to their borrowers for a given FICO score."[82]

One commentor, a trade association for financial institutions, has argued that "APR margins have widened due to a combination of factors, including (1) an increase in the number of subprime accounts, which have higher APRs that reflect their credit risk; (2) a rise in revolving accounts, especially in the subprime tier; and (3) a shift away from imposing annual fees on subprime accounts in favor of upfront pricing via the APR."[83]

3.2.4 Introductory APR promotion

Credit card issuers offer promotional introductory interest rates for new purchases when originating general purpose accounts to encourage consumers to open new accounts.[84] In December 2024, $352.3 billion (52.8 percent) of general purpose credit card balances in the Y-14 were in an introductory promotional period. Analyzing promotional offer data from

[80] *See* Itamar Drechsler, Hyeyoon Jung, Weiyu Peng, Dominik Supera, & Guanyu Zhou, *Why Are Credit Card Rates So High?,* Federal Reserve Bank of New York, Liberty Street Economics, (Mar. 31, 2025), https://libertystreeteconomics.newyorkfed.org/2025/03/why-are-credit-card-rates-so-high/.

[81] Itamar Drechsler et al., *Credit Card Banking*, Federal Reserve Bank of New York Staff Reports No. 1143, (2025), https://doi.org/10.59576/sr.1143.

[82] Authors define interest spread "as total finance charges minus interest expenses across all borrower observations within a bank-origination FICO bin, divided by the total borrower Average Daily Balance (ADB) in that bin."

[83] *See* American Bankers Association (ABA) Comment Letter, at 6.

[84] Promotional interest rates for private label accounts are often offered in connection with a specific purchase with deferred interest as discussed more in Section 7.3. In addition to these promotions, there can often be promotional interest rates on new cards for balance transfers which enable eligible consumers to potentially reduce the cost of carrying their debts by transferring a balance to a new card at a lower rate for a fee, *see* Section 7.4.

Competiscan marketing data,[85] we note that substantially all (over 99 percent) of promotional interest rate offers made in 2023 and 2024 have APRs of zero percent for an initial period between six and 21 months in duration.

Credit cards with introductory promotional APRs are typically paired with other terms and benefits that combined are marketed by issuers as an attractive value proposition. Data from Competiscan show that 61.5 percent of credit card offers with introductory promotional interest rates also include a rewards-based welcome bonus.[86] Most cards with promotional introductory interest rates (95 percent) have no annual fee.[87] A recent study of direct mail marketing materials[88] found that introductory rates often feature prominently—89.7 percent of introductory APRs are featured on the front page of credit card offers,[89] while other terms like late fees and penalty APRs, the rates that would be charged in the event of a delinquency, are shown on the front page on less than 10 percent of direct mail offers.[90]

Introductory promotions may encourage consumers to open new cards and use these accounts beyond the initial promotional period. A recent survey of cardholders found that 83 percent of cardholders do not cancel credit cards due to the end of an introductory APR period and 52 percent of cardholders continue spending on the card after the end of the introductory period.[91]

---

[85] Competiscan provides data from a direct marketing consumer panel. Competiscan estimates national direct mail volume using a stratified sampling scheme, balancing to a nationally representative population by age, income, geography (U.S. Census regions), and home ownership. Competiscan data updates daily. The data used for this report were last downloaded on May 16, 2025.

[86] Rewards based welcome bonuses often appear as offers to consumers where they receive extra cash back, miles, or points if they reach a specified spending threshold in a given period of time after opening their credit card.

[87] Based on Y-14 data.

[88] Despite the growing prevalence of other forms of marketing, direct mail remains an important channel for credit card issuers to reach potential cardholders, *see* Section 6.1.1.

[89] Hong Ru & Antoinette Schoar, *Do Credit Card Companies Screen For Behavioral Biases*, BIS Working Paper No. 842, at 14 (2023), https://ssrn.com/abstract=3549532.

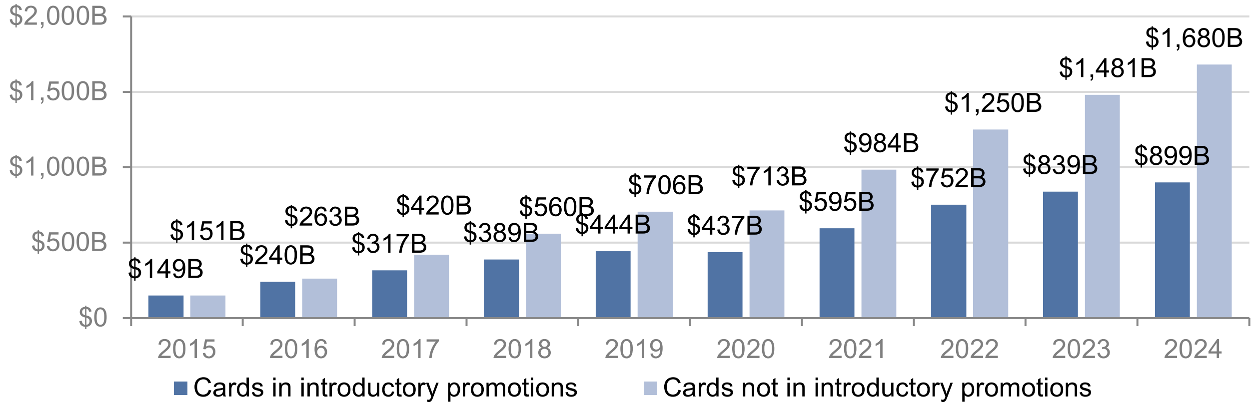
[90] *Id*. at 29.

[91] Auriemma, *How Life Stages Influence Card Acquisition and Usage, Granular vs. Broad Financial Decision-Making, and 0% Intro Offers* (Feb. 2025), at 62, 69. https://auriemma.group/research/life-events-signaling-new-beginnings-lead-to-card-application-abstract/.

A meaningful share of total spending on credit cards is made on accounts with a promotional APR. In 2024, purchase volume on credit cards with introductory promotional interest rates totaled $899 billion, about one-third of all purchases made on general purpose cards.

FIGURE 30

Total yearly purchase volume on general purpose cards with and without an introductory APR promotion (Y-14)



From 2015 through 2021, 78 percent of accounts with introductory promotional interest rates were opened by consumers who had prime or higher credit scores at origination.[92] Similarly, about three in four cardholders had prime and higher credit scores at year-end 2023.[93] However, a higher share of cardholders with prime and prime plus credit scores originate cards with an introductory promotional interest rate than do cardholders with superprime and below-prime credit scores, as shown in Figure 31. Over half of all general purpose credit card originations for consumers with prime and prime plus scores had a promotional introductory interest rate, compared to 40 percent of originations for consumers with superprime scores and 35 percent of consumers with below-prime scores.

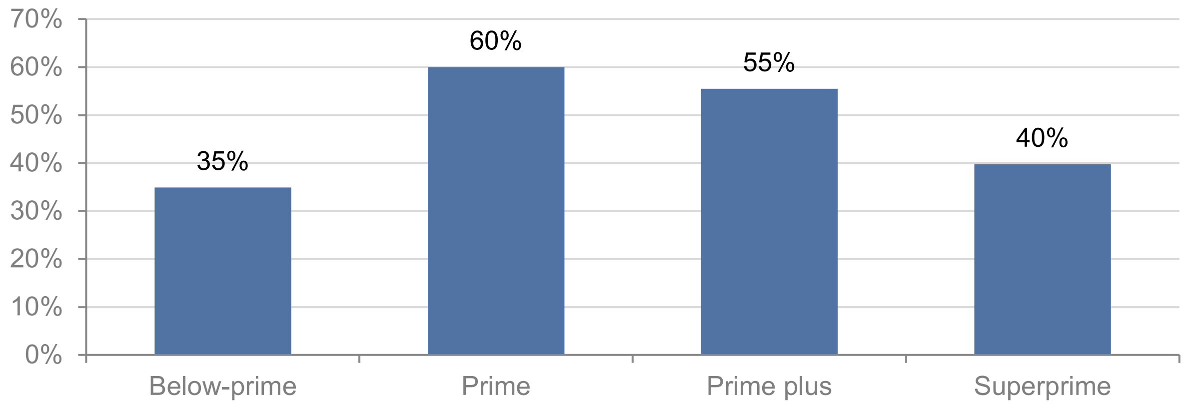
---

[92] Based on Y-14 data. For all analysis relating to promotional introductory interest rates, we only study originations prior to 2022 to ensure all cards in the analysis have at least 3 years of reporting data after origination.

[93] *See* Table 1.

FIGURE 31

Share of general purpose credit cards originated with an introductory promotional interest rate by origination credit score (Y-14)



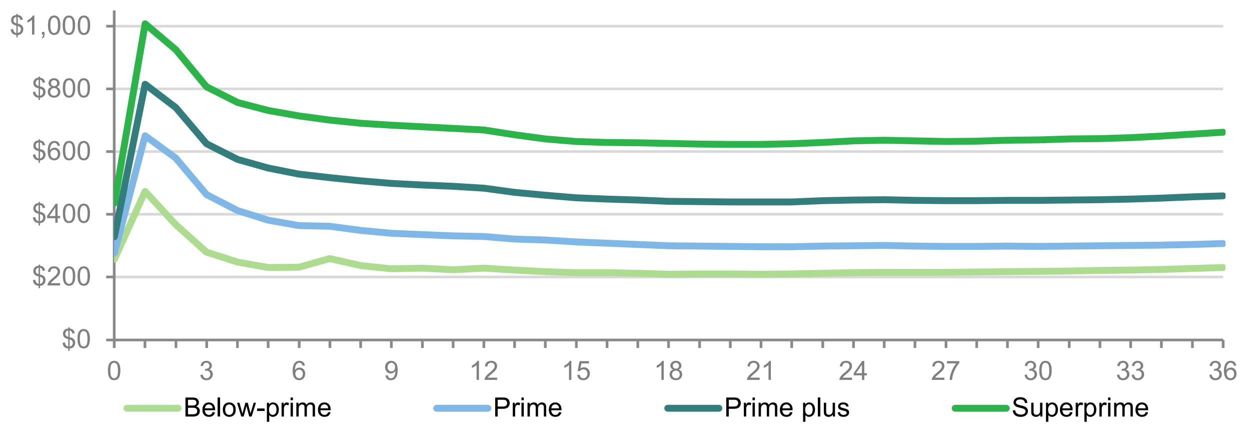
Consumers in all credit score tiers spend higher amounts in the first few months after opening accounts with promotional interest rates than accounts without these promotions. Comparing both panels in Figure 32, which show purchase volumes on cards with and without introductory promotional interest rates in their first 36 months after origination. We observe higher spending levels by cardholders with promotional accounts in the first three months than cardholders without promotional accounts during this time. However, average purchase volumes for both types of cards are very similar to each other three years after account opening.[94]

[94] We note that introductory promotional interest rates are just one factor that could be affecting different spending habits in the first months after origination in these two groups. For example, there may be differences in the share of accounts that pursue rewards-based welcome bonuses—61.5 percent of credit card offers with introductory promotional interest rates come with rewards-based welcome bonuses, compared to 20 percent of credit card offers without introductory promotional interest rates, based on data from Competiscan.

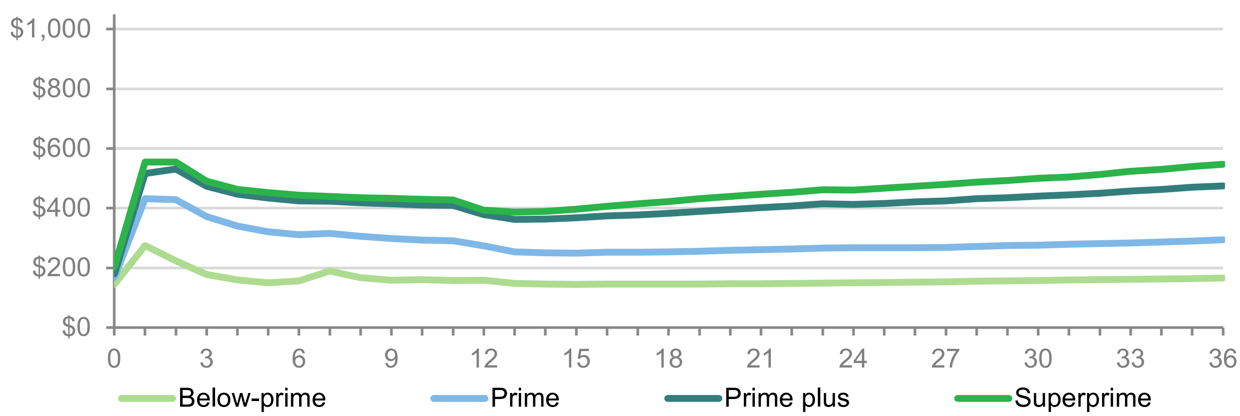
FIGURE 32

Average purchase volume by month since origination on general purpose cards by origination credit score (Y-14)

PANEL A: WITH INTRODUCTORY APR PROMOTIONS



PANEL B: WITHOUT INTRODUCTORY APR PROMOTIONS



Consumers with promotional interest rate cards tend to carry relatively high average balances,[95] with balances highest during the months typically associated with promotional periods. Recall

[95] *See* Section 4.1.2 for more on revolving balances.

that introductory promotions tend to last between six and 21 months, based on Competiscan marketing data. In Panel A of Figure 33 we observe that consumers with superprime credit scores begin lowering their balances starting five months after origination and reach a steady level around two years after origination. For consumers with prime plus credit scores, balances begin decreasing eight months after the card's origination and reach steady levels about two years after origination. In contrast, balances on non-promotional cards grow more slowly but do not show declining balances at any point, as shown in Panel B of Figure 33.

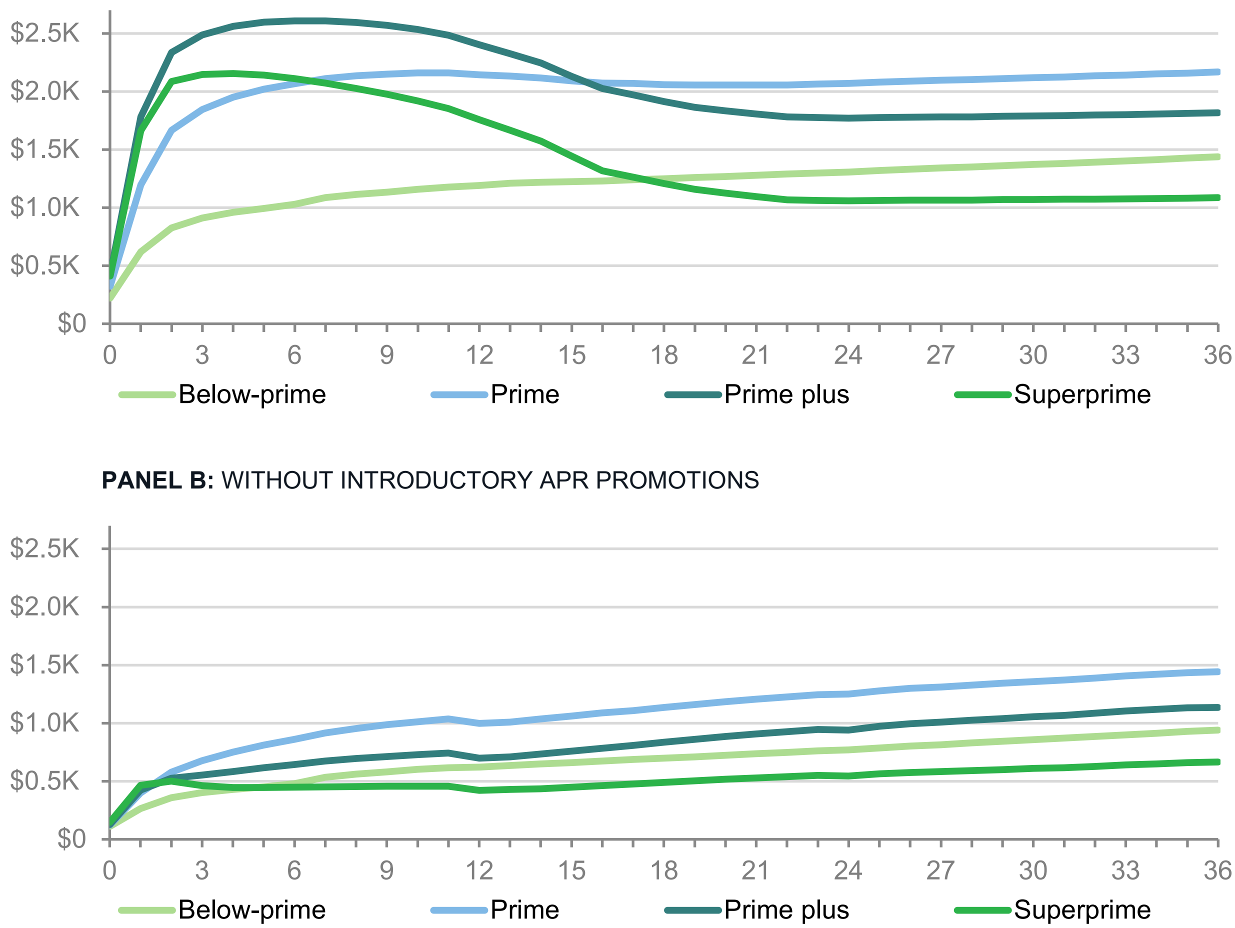
Balances on cards with interest rate promotions are higher than balances on accounts without these promotions throughout the first three years after opening, and remain so even after the promotion has ended. For example, at three months after account opening, average balances on promotional accounts were nearly four times those on credit cards without introductory promotional interest rates. By 36 months after the account is open, after introductory periods have likely ended, the average balance on cards that had introductory promotions are still 69 percent higher. We note that cardholders who are offered or choose credit cards with interest rate promotions may exhibit different borrowing or repayment characteristics than cardholders who are not offered or do not choose these credit cards.

FIGURE 33

Average balance by month since origination on general purpose cards by origination credit score (Y-14)

PANEL A: WITH INTRODUCTORY APR PROMOTIONS

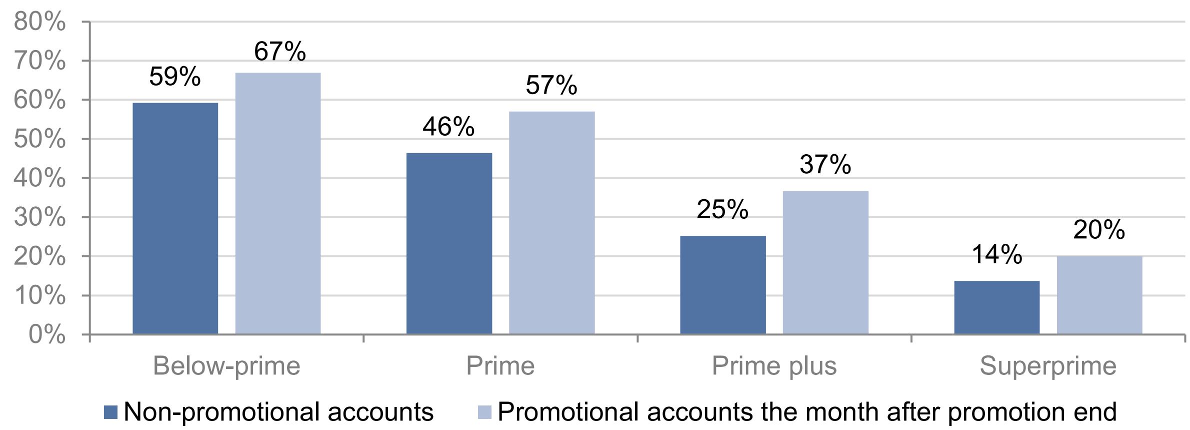
PANEL B: WITHOUT INTRODUCTORY APR PROMOTIONS



During the promotional period consumers may carry higher credit card balances over several months to take advantage of the promotional interest rate. Across all cardholders in the Y-14, 79 percent of accounts with introductory promotions that expired in 2024 retained a balance after the promotion expired. Figure 34 shows that, on card accounts with introductory promotional interest rates between 2015 through 2021, cardholders are more likely to continue revolving balances after the promotional period ended than cardholders who chose, and were approved, to use a general purpose credit card with no promotional interest rate. Consumers with prime or higher scores at origination were 6 to 12 percent more likely to revolve a balance in the month after the end of the promotional period than the consumers with non-promotional accounts in their credit tier. Across all credit tiers, 45 percent of promotional accounts revolved in the month after the end of the promotion, compared to 42 percent of credit card accounts in the average month during this time revolved.

FIGURE 34

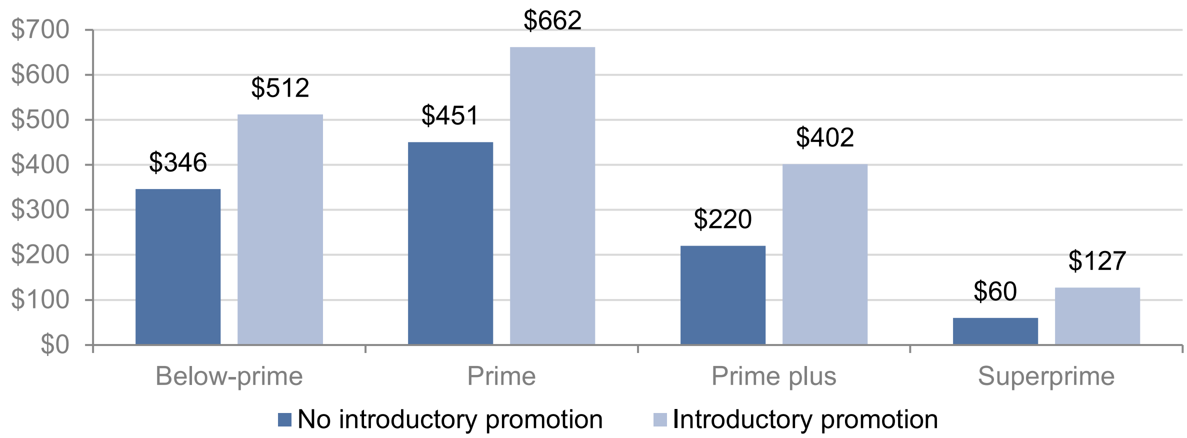
Share of general purpose credit card accounts revolving a balance by origination credit score, 2015–2021 (Y-14)



As shown in Figure 35, consumers who use credit cards with introductory promotional interest rates accrue more interest commensurate with their higher balances shown in Figure 33. This result may reflect differences in spending choices by consumers as they could be shifting their purchases to a new card to use the promotional period as a period of temporary relief from some interest charges.

FIGURE 35

Average interest charged to general purpose credit cards in the first three years after origination by origination credit score, 2015–2021 (Y-14)

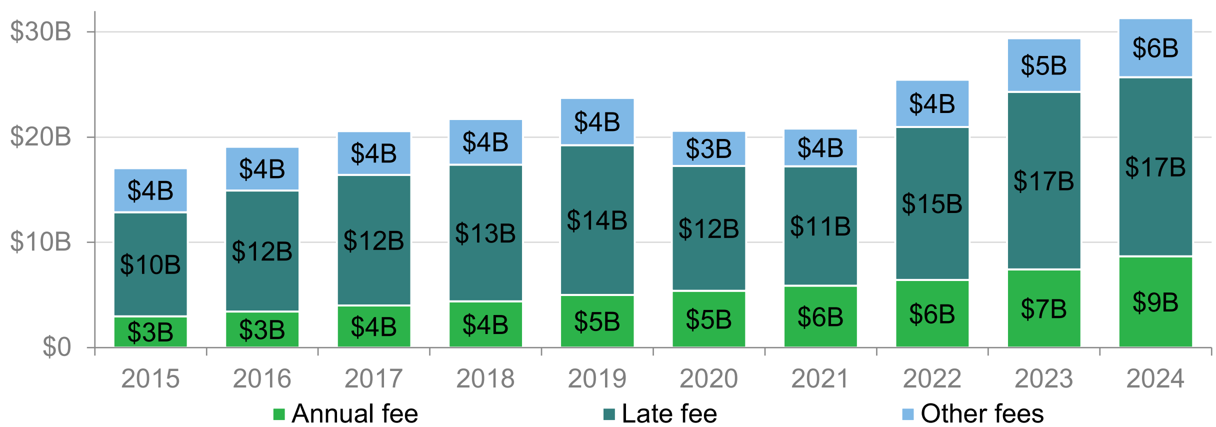


3.3 Fees

Cardholders incurred $31.3 billion in fees in 2024, the highest nominal level observed in our data, up 23 percent from the 2022 level of $25.4 billion. Late fees comprised the largest category at $17 billion. Over the past two years, growth in total fees was driven by increased late fees in 2023, and by increased annual fees. Overall, fees represented 16 percent of the cost of credit cards in 2024, down from 19 percent in 2022, as fee growth was outpaced by the growth in interest charges.

FIGURE 36

Annual total fees charged (Y-14+)



3.3.1 Annual fees

Between 2022 and 2024 the percentage of consumers who paid an annual fee declined, but the average annual fee rose. This resulted in an increase in total annual fees charged to the highest level in our data at $8.7 billion in 2024. The share of accounts that charged an annual fee in the Y-14 declined by about one third of one percentage point since 2022 to 16 percent.

The cardholders who pay annual fees and the purpose of these fees vary by credit tier. Cardholders with superprime credit scores are most likely to pay annual fees, largely to access attractive rewards programs associated with cards marketed to this credit tier.[96] In contrast, annual fees have become less prevalent for cardholders with below-prime scores. From 2015 to 2021, cardholders with below-prime credit scores paid annual fees at higher rates than other cardholders, more likely for access to credit than to obtain rewards.[97] Annual fees can be a

---

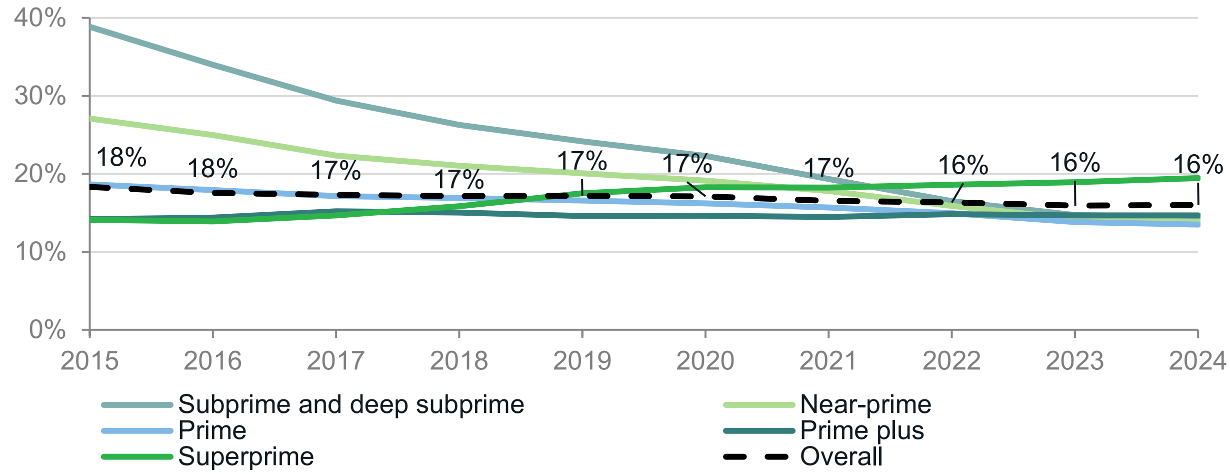
[96] Cardholders report the "top reasons for opening an annual fee card include valuable perks or benefits." *See* Auriemma, *The Rewards Equation: Perks, Fees, and Premium Cards*, (Oct. 2025), https://auriemma.group/research/the-rewards-equation-perks-fees-and-premium-cards-abstract/.

[97] Louis DeNicola, *What Is a Credit Card Annual Fee?*, Experian (Feb. 9, 2024), https://www.experian.com/blogs/ask-experian/what-is-an-annual-fee-on-a-credit-card/.

component of risk-based pricing as they may enable issuers to profitably extend credit to consumers with relatively high credit risk.

FIGURE 37

Annual fee prevalence, general purpose (Y-14)



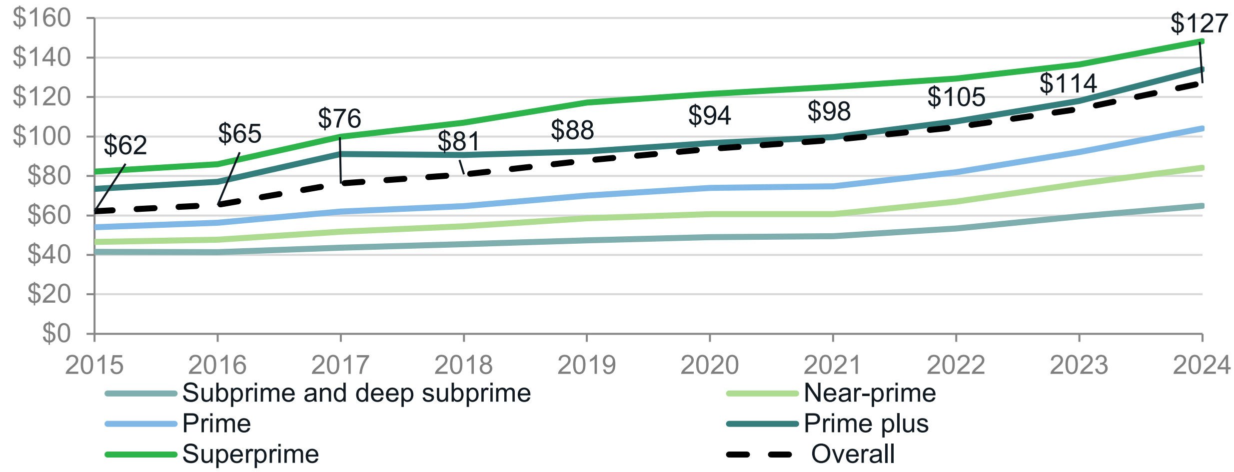
The average annual fee amount has increased by 21 percent since 2022, from $105 to $127. Annual fee increases were driven by premium card products, which may offer greater rewards earn rates on spending and a suite of ancillary benefits such as airport lounge access, hotel status upgrades, monthly credits for ride-hailing or food delivery services, or fitness programs.[98] We anticipate this trend is likely to continue, given recent announcements of increasing annual fees on existing premium cards and the introduction of new high-fee cards from some of the

[98] Surveys found around 35 percent of credit card users pay an annual fee in the fourth quarter of 2024, up from less than 25 percent in 2018. Auriemma, *2024 Trend Database*, (Mar. 2025), at 28, https://auriemma.group/research/auriemma-publishes-2024-trend-reports-for-cardbeat-us-and-the-payments-report/. Public press notes "an ongoing shift for credit card companies and airlines toward premium rewards and travelers willing to spend to acquire them." Nia Decaille & Christine Chung, *Chase Sapphire Leapfrogs Amex Platinum With a New $795 Annual Fee*, The New York Times (June 17, 2025), https://www.nytimes.com/2025/06/17/travel/chase-sapphire-annual-fee.html.

largest credit card issuers.[99] However, rising annual fees on premium cards create opportunities for other issuers to introduce lower annual fee cards.[100]

FIGURE 38

Average annual fee, general purpose (Y-14)



3.3.2 Late fees

The total amount of late fees generally followed an upward trajectory from mid-2021, directionally consistent with increasing balances, to reach a new high point of $4.5 billion in the fourth quarter of 2023, then declined slightly to $4.2 billion in Q4 of 2024. Issuers in the Y-14+ charged $17.0 billion in late fees in 2024, up 17 percent since 2022. Of this total, $5.8 billion in late fees were charged on private label cards, representing 34 percent of total late fees despite accounting for 7.5 percent of total credit card balances during the same period. Consumers with superprime and prime plus scores hold 59 percent of card accounts but pay only 7.8 percent of

---

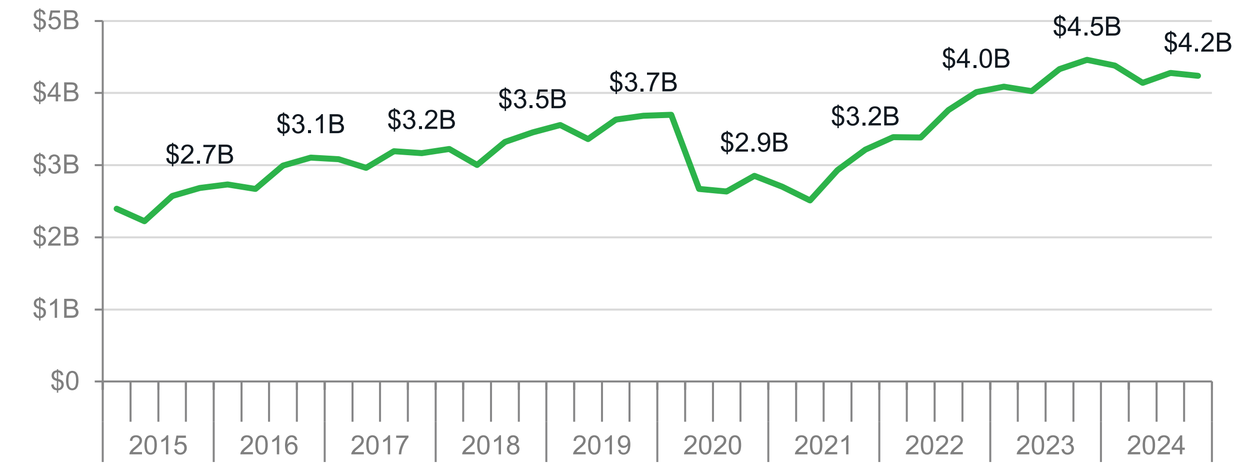
[99] Imani Moise & Jacob Passy, *The Most Exclusive Credit Cards Are About to Get Even More Expensive*, Wall Street Journal (June 21, 2025), https://www.wsj.com/finance/investing/jpmorgan-chase-american-express-premium-credit-card-fee-d02f9d0d; Summer Hull, *Citi to launch an all-new premium rewards card*, ThePointsGuy (July 16, 2025), https://thepointsguy.com/credit-cards/new-citi-strata-elite-premium-rewards-credit-card/.

[100] Caitlin Mullen, *Citizens spies opportunity with Chase card move*, BankingDive (July 8, 2025), https://www.bankingdive.com/news/citizens-credit-cards-premium-issuer-chase-amex-capital-one-banking/752463/.

late fees; by contrast, consumers with deep subprime scores hold about 14 percent of card accounts but generate 40 percent of late fees.

FIGURE 39

Quarterly late fees charged, 2024 (Y-14+)



Average late fee incidence was slightly higher in 2024 than it was in 2022, and was higher among consumers with lower credit scores and with private label cards. For example, deep subprime private label cardholders incurred an average of nearly five late fees per year, higher than any other credit score group. On average, private label cards more frequently incur late fees than general purpose cards, in part because private label cards are more commonly held by cardholders with below-prime credit scores than general purpose cards,[101] due to less restrictive underwriting.[102]

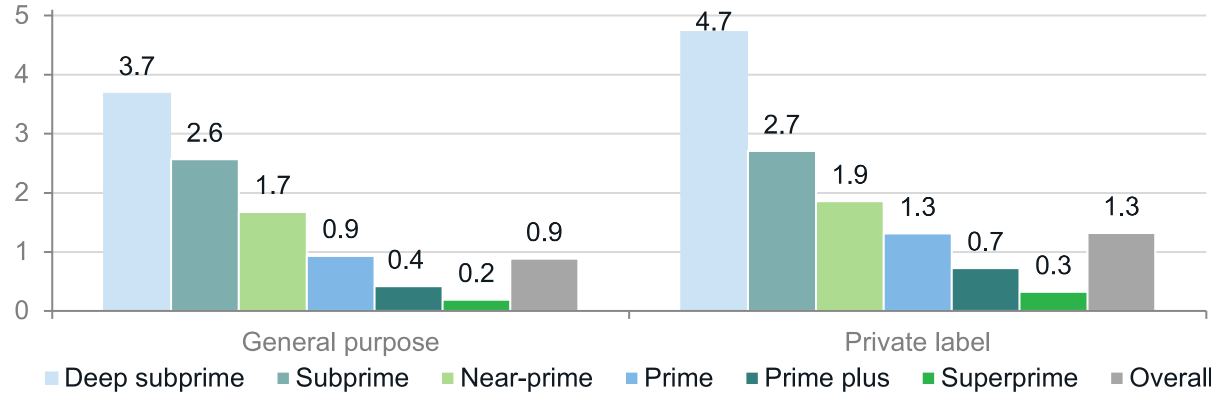
---

[101] In 2024, 27 percent of private label card accounts were held by cardholders with subprime credit scores, compared to 21 percent of general purpose accounts.

[102] CFPB, *The High Cost of Retail Credit Cards* (Dec. 18, 2024), https://www.consumerfinance.gov/data-research/research-reports/issue-spotlight-the-high-cost-of-retail-credit-cards/.

FIGURE 40

Average late fee incidence per year, 2024 (Y-14+)



3.3.3 Paper statement fees

Over the past two years, several credit card issuers implemented paper statement fees via change-in-terms notices to some cardholders. For example, in the second quarter of 2024 two private label issuers sent change-in-term notices to notify their cardholders that they would be introducing such fees and increasing APRs on those cards.[103] In the third quarter of 2024, several general purpose card issuers, including those specializing in issuing cards to consumers with below-prime credit scores, also notified cardholders of paper statement fees ranging from $2 to $5.99 each.[104]

A potential risk with the introduction of these fees is that it may discourage consumers who are accustomed to using paper statements from reviewing their transaction history.[105] Some cardholders, particularly those age 65 and over, demonstrate a preference for making paper

---

[103] Examples include Synchrony and Comenity cards. *See* Competiscan, *Retail Consumer Credit Cards Overview Q2 2024* (Aug. 2024), at 31. Change-in-terms information provided by Competiscan.

[104] Examples include Bank of Missouri Aspire Mastercard, First Bank and Trust Mercury Visa, and Credit First NA Bridgestone/Firestone. *See* Competiscan, *Consumer Credit Cards Overview Q3 2024* (Dec. 2024).

[105] One commentor suggested that "[t]he CFPB should… require issuers to provide easy-to-use methods to switch back to paper." *See* NCLC Comment Letter, Attachment A "Comments for 2023 CARD Act Study," at 1.

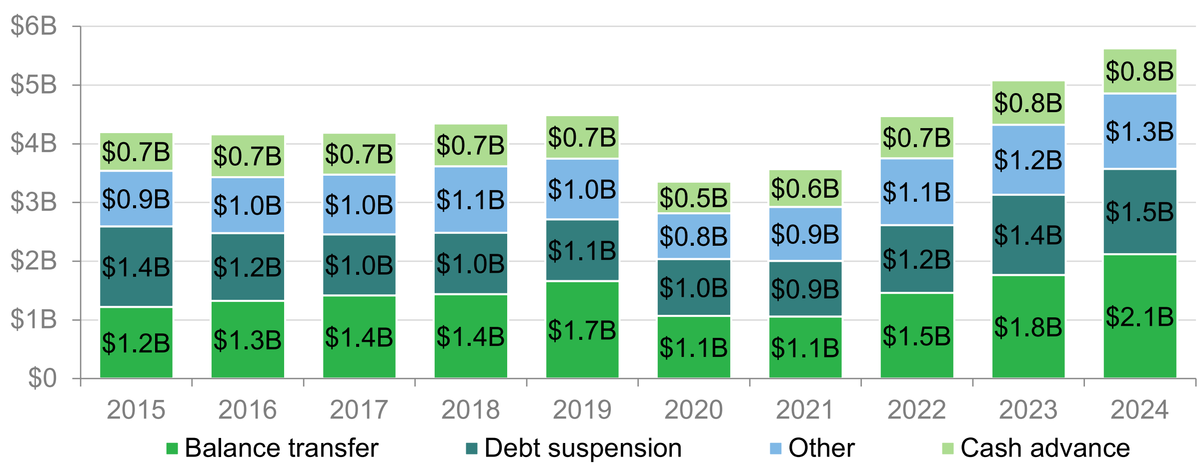
payments,[106] and some of them likely prefer reviewing paper statements. However, since issuers incur costs to provide paper statements, such as printing and postage, they may be passed along to the consumer either directly through fees or indirectly in the form of higher interest rates.

3.3.4 Other fees

Since 2021, balance transfer, cash advance, and debt suspension fees have increased steadily each year. Some of these fees are assessed as a percent of balances, and as such, the total dollar amount of fees charged in a year will increase proportionally to the aggregate growth in balances. Collectively, other fees totaled $5.6 billion in 2024, up more than 25 percent over 2022 levels. The largest category in 2024 was $2.1 billion for balance transfer fees, which consumers incur when they elect to move their balances to a card with a lower interest rate. For more on balance transfers, see Section 7.4.

FIGURE 41

Annual other fees charged (Y-14+)



[106] *See* Figure 131.

4. Payments, debt, and collections

In this chapter we describe credit card payment trends. First, we consider payment rates and the share of consumers who make only the minimum payment each month. Second, we review the share of accounts with revolving balances and consumers with accounts in persistent debt.[107] Third, we cover nonpayment by examining delinquency and charge-off rates. Finally, we describe the dynamics of debt collection practices by credit card issuers when cardholders fail to repay their debts.

4.1 Payments

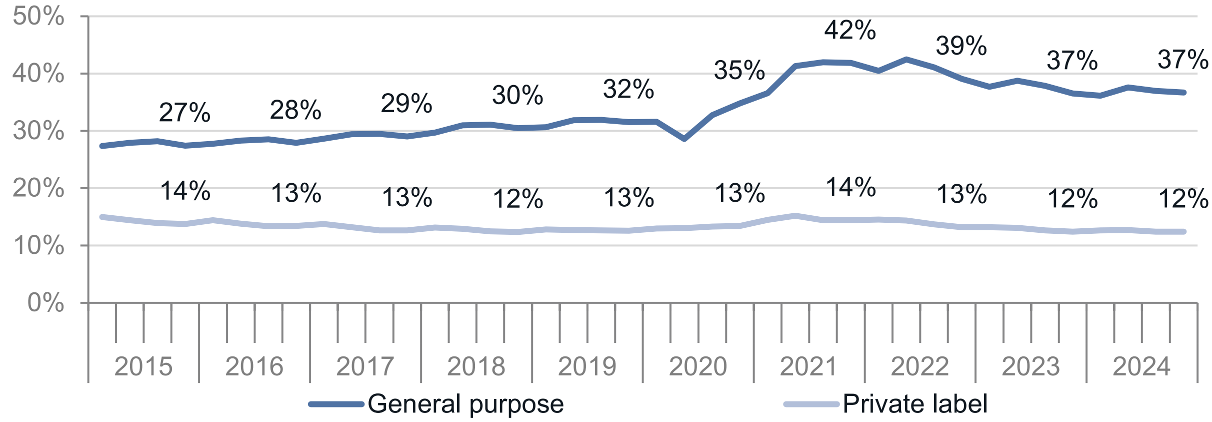
Consumers continue to repay a larger share of their outstanding balance than in 2019, the last full year before the COVID-19 pandemic, but this rate has fallen since 2022.[108] From early 2020 through early 2021, general purpose credit card payment rates increased dramatically from historical levels in the range of 27 to 32 percent to more than 40 percent. Payment rates remained at these elevated levels until mid-2022, but since then rates have slowly declined. General purpose card payment rates were 37 percent of balances by year-end 2024, which is still above pre-2020 levels. In contrast, private label payment rates are roughly in line with pre-pandemic trends and as of December 2024 sat at 12 percent.

[107] Persistent debt refers to cardholders whose annual costs on a credit card exceed the value of principal payments. As in our 2023 Report, this report largely adopts methodology for identifying accounts in persistent debt as developed by the United Kingdom's Financial Conduct Authority in their study of the credit card market. *See* Financial Conduct Authority, *Credit card market study: persistent debt and earlier intervention* (Feb. 2018), https://www.fca.org.uk/publications/policy-statements/ps18-04-credit-card-market-study. While the UK regulators adopt a rolling 18-month window for identifying accounts in persistent debt, we limit our approach to each calendar year where most payments go to paying interest and fees.

[108] Payment rates provide an additional measure of consumer reliance on credit cards as a source of credit. The payment rate is the share of total cycle-beginning balances paid that cycle. A payment rate of 100 percent corresponds to all cycle beginning account balances being paid in full, and a payment rate of zero percent indicates that no cardholders are paying any of a credit card bill, even in part. Payment measures cannot be shown at the consumer level because the CCIP contains insufficient payment data. The Y-14+ is used instead for our analysis of payment rates.

FIGURE 42

Quarterly credit card payment rates (Y-14+)



Payment rates are highest for cardholders with higher credit scores and tend to be higher on general purpose cards than private label ones. As shown in Figure 43, cardholders with prime and below scores made payments equal to 15 percent or less of their balances in 2024, with lower payment rates for cardholders with lower scores and users of private label cards. Cardholders with superprime credit scores repay roughly the entire balance on their general purpose cards each month.[109] In contrast, cardholders with superprime credit scores repay 28 percent of their balances on their private label credit cards each month. One explanation for lower private label payment rates may be the prevalence of deferred interest promotions, which incentivize consumers to pay less than the full balance until the promotion nears expiry.[110]

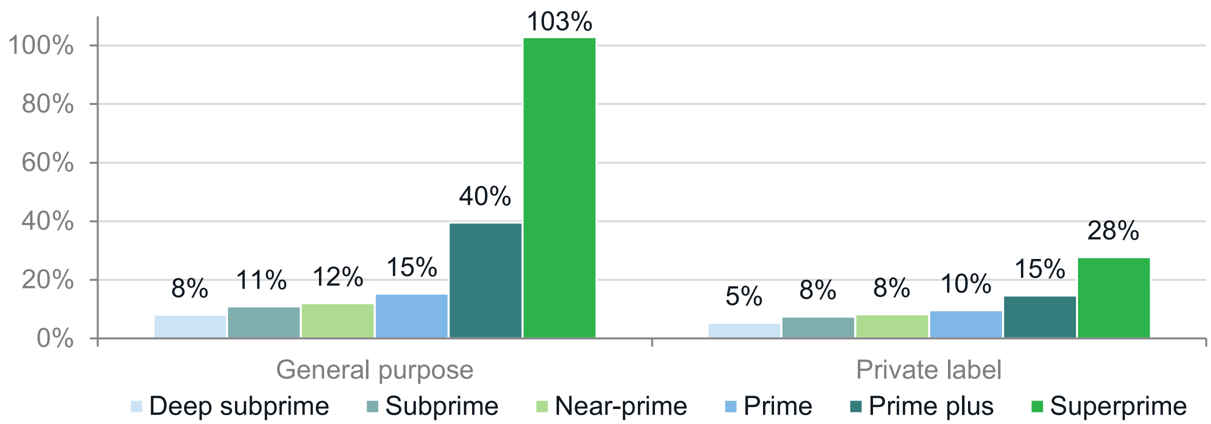
---

[109] Consumers can have a payment rate greater than 100 percent if they pay off new purchases prior to the end of the billing cycle in addition to paying off existing balances.

[110] For more information on deferred interest programs, *see* Section 7.3.

FIGURE 43

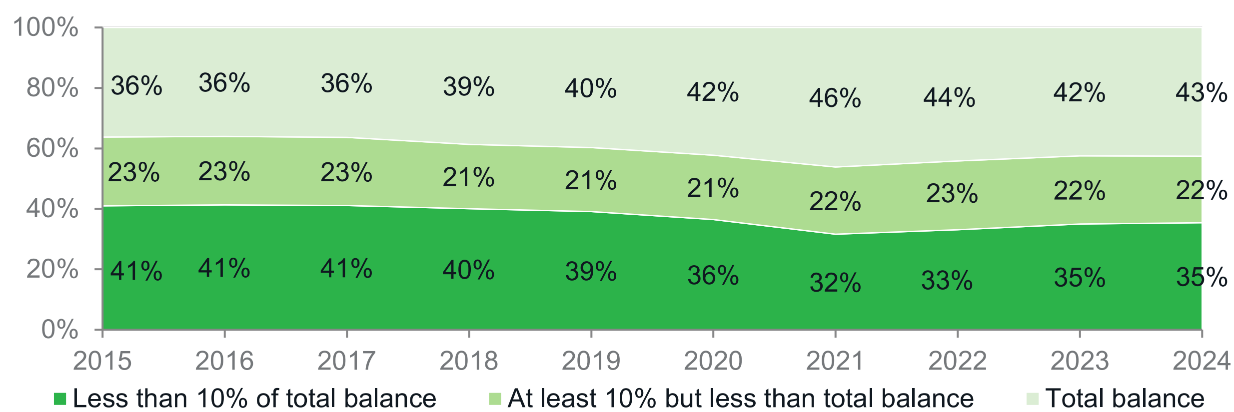
Payment rate, 2024 (Y-14+)



In 2024, 43 percent of cardholders repaid their account balances in full each month. This share remains higher than pre-pandemic levels, which ranges from 36 percent in 2015 to 40 percent in 2019. The share of cardholders that repaid less than 10 percent of their outstanding balance was 35 percent in 2024, at least 4 percent lower than any of the five years before the pandemic in 2020.

FIGURE 44

Annual share of accounts by payment amount (Y-14)



4.1.1 Minimum payments

The minimum payment due is defined as the total amount which a consumer must pay to avoid delinquency and typically includes any amount past due and the dollar value of the minimum payment calculation conducted by the issuer.[111]

Generally, issuer minimum payment calculations include multiple conditionalities that determine how much a cardholder must pay to avoid late fees.[112] Minimum payment policies can vary across issuers and across card products by the same issuer. Most minimum payment calculations stipulate that consumers will pay the highest of a few options, such as a numerical floor, or a percentage of the cycle-ending balance plus interest and fees, for example "the highest of $40 or two percent of the balance."[113] Of those with publicly-available information on the process for calculating minimum payments, all issuers set fixed floors on the dollar value of minimum payments. At the time of review of credit card agreements in 2025, these floors varied from $15 to $50, if greater than the total balance,[114] and the most common floor was $40, a $15 increase since 2015.[115] All issuers included in our analysis of credit card agreements calculated the minimum payment as a percentage of the total statement balance, with costs added separately. Most issuers set minimum payment at 1 percent of the balance, similar to levels observed in 2015.[116] Issuers typically add the sum of finance charges, fees, and past due amounts onto this percent of the cycle-ending balance to arrive at the minimum payment.[117] Most issuers

---

[111] Information on minimum payment calculations and their computation methods can be found in credit card agreements. *See* CFPB, Credit card agreement database, https://www.consumerfinance.gov/credit-cards/agreements/.

[112] 20 out of 21 surveyed credit card issuers describe their minimum payment calculations in their publicly-available agreements; one instead referred cardholders to their monthly statement for that information. *See* CFPB, Credit card agreement database, https://www.consumerfinance.gov/credit-cards/agreements/.

[113] *See, e.g.*, American Express, *Platinum Card Cardmember Agreement*, at 3, https://www.americanexpress.com/content/dam/amex/en-us/company/legal/cardmember-agreements/Adhoc-July-1-2021/cps-charge/platinum-card-07-01-2021.pdf (accessed Oct. 2, 2025).

[114] Minimum payments for private label cards often include a fixed payment for any purchases made under a promotional offer, and then have additional calculations for non-fixed payment purchases.

[115] 2015 Report, at 130.

[116] 2015 Report, at 131.

[117] *See* CFPB, Credit card agreement database, https://www.consumerfinance.gov/credit-cards/agreements/.

explicitly disclosed that minimum payments would not exceed the cycle-ending balance, or the new balance, as of the statement date.[118]

Consumers make only the minimum payment due more often on private label cards than general purpose cards—about 15 percent of general purpose and 20 percent of private label accounts pay only the minimum payment due each month—and the practice is less common for consumers with higher credit scores.[119] Cardholders with subprime credit scores are more likely to make the exact minimum payment than those with higher scores who often pay more than the minimum, as demonstrated by higher payments rates shown in Figure 43. Roughly one-third of cardholders with subprime or near-prime credit scores only make the minimum payments on both general purpose and private label cards. The share of accounts where the cardholder is making only the minimum payment across all credit tiers and both card types has increased since our last report.[120] Finally, we note private label accounts may be more likely to make only the minimum payment.

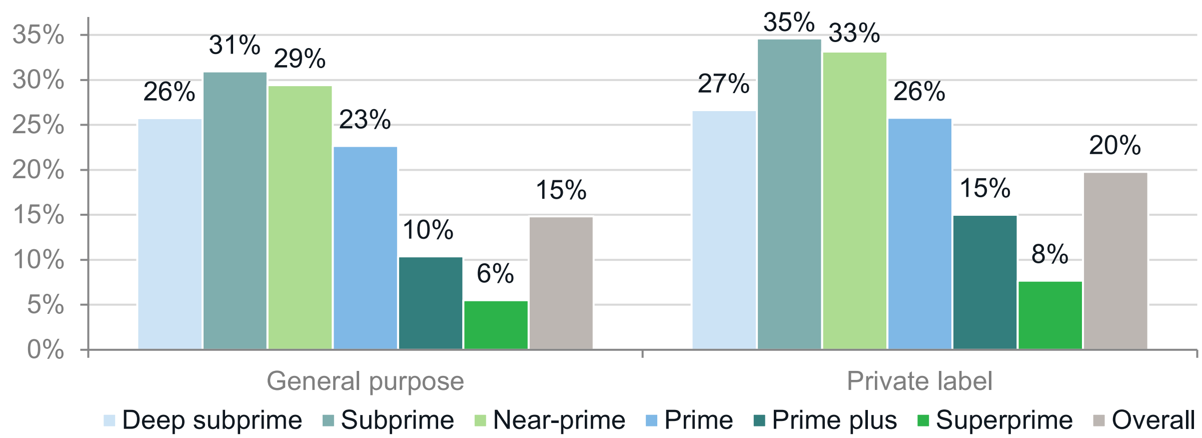
[118] *See ibid*.

[119] For the purposes of this report, making the minimum payment includes accounts with an actual payment amount in a given cycle between this amount and the next dollar, rounding up. It excludes accounts with a minimum payment of zero but includes those where the minimum payment equals the cycle beginning balance.

[120] 2023 Report, at 40. The share of accounts making only the minimum payment was 13 percent for general purpose cards in 2022 and rose 2 percentage points, and for private label cards, the share was 17 percent in 2022 and rose 3 percentage points.

FIGURE 45

Share of accounts making just the minimum payment due, 2024 (Y-14+)



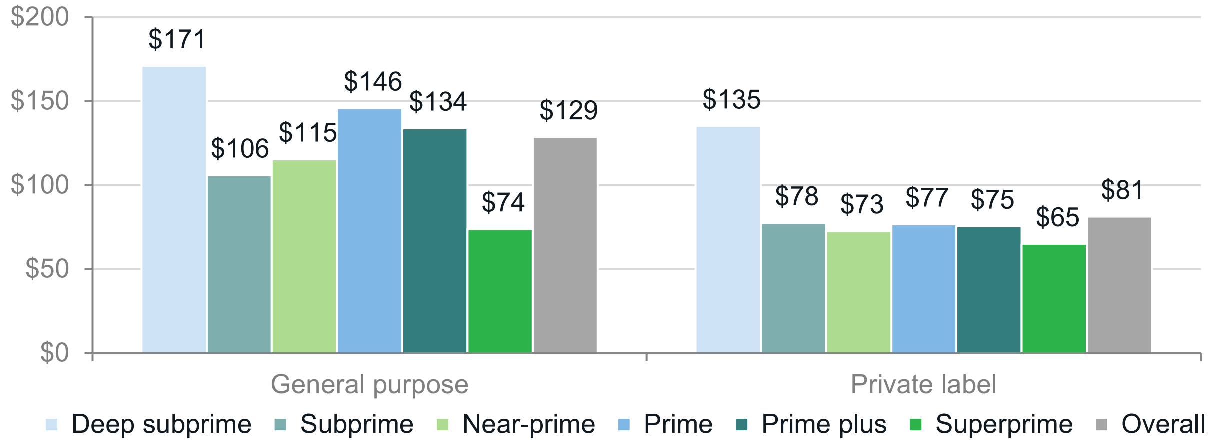
Average required minimum payment amounts continue to increase across all credit tiers for both general purpose and private label cards. In 2024 average minimum payments grew to $129 for general purpose cards and $81 for private label cards.[121] Cardholders with deep subprime credit scores experienced the largest increase in required minimum payments, rising nearly 45 percent for general purpose cards from 2022 to 2024.[122]

[121] 2023 Report, at 41, which covers data from 2022, average minimum payment due was $102 for general purpose cards and $69 for private label cards. These figures rose by $27 for general purpose cards and $12 for private label cards.

[122] *Ibid.*

FIGURE 46

Average minimum payment due, revolving accounts, 2024 (Y-14+)



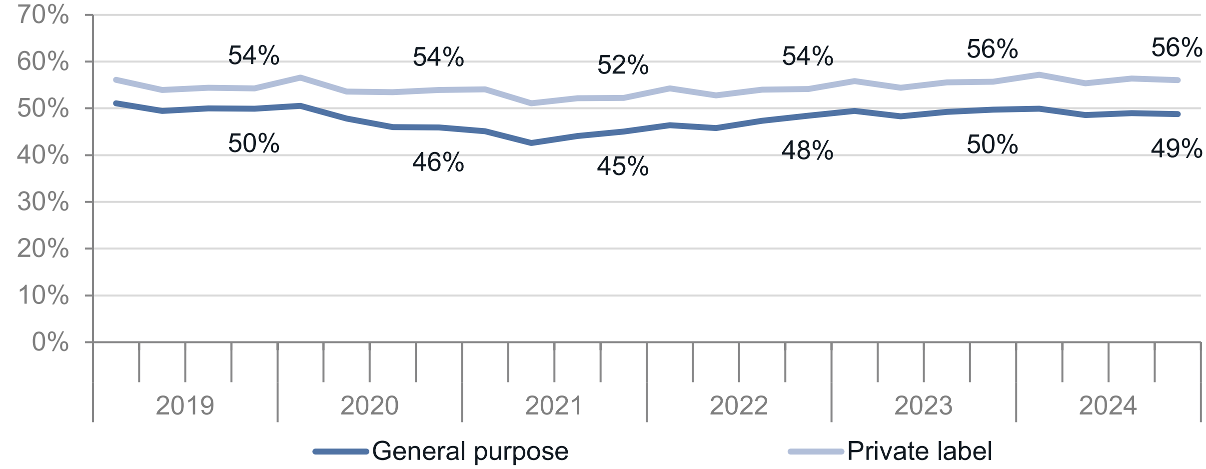
4.1.2 Revolving balances

Over the past two years, the share of active accounts with a revolving balance from one month to the next ("revolve rate") has remained stable, matching pre-pandemic levels. The revolve rate on general purpose cards hovered between 49 and 50 percent in 2023 and 2024.[123] This matches 2019 and early 2020 levels and signifies a return from pandemic-era account revolve rates. Private label cardholders displayed a similar pattern, although the dip in the private label account revolve rate was not as pronounced as on general purpose cards.

[123] These rates align with findings from CFPB's Making Ends Meet 2024 report, which found 53 percent of consumers in 2023 and 49 percent of consumers in 2024 with credit cards revolved a balance. *See* CFPB, *Making Ends Meet in 2024* (Nov. 2024), https://files.consumerfinance.gov/f/documents/cfpb_making-ends-meet_2024-11.pdf.

FIGURE 47

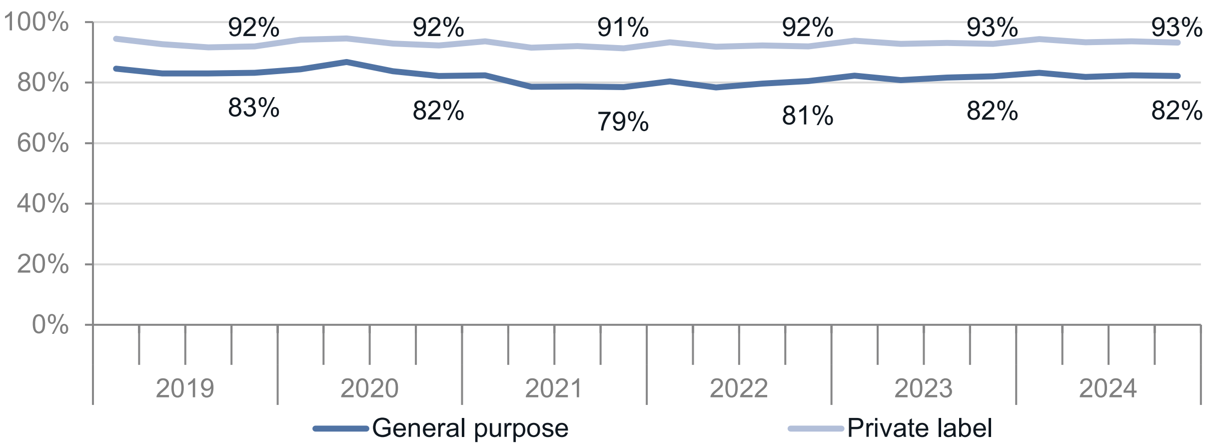
Quarterly share of active accounts revolving (Y-14+)



Revolving accounts represent a much higher share of cycle-ending balances for both general purpose and private label cards. Consumers who carry a balance from month-to-month account for an overwhelming share of total balances compared to consumers who pay off their balance at the end of the month. The general purpose balance revolve rate dipped from 2020 through the beginning of 2022, before rising to rates similar to pre-pandemic historical levels. In contrast, the private label balance revolve rate did not experience any significant pandemic-related dip and has remained stable over the last five years.

FIGURE 48

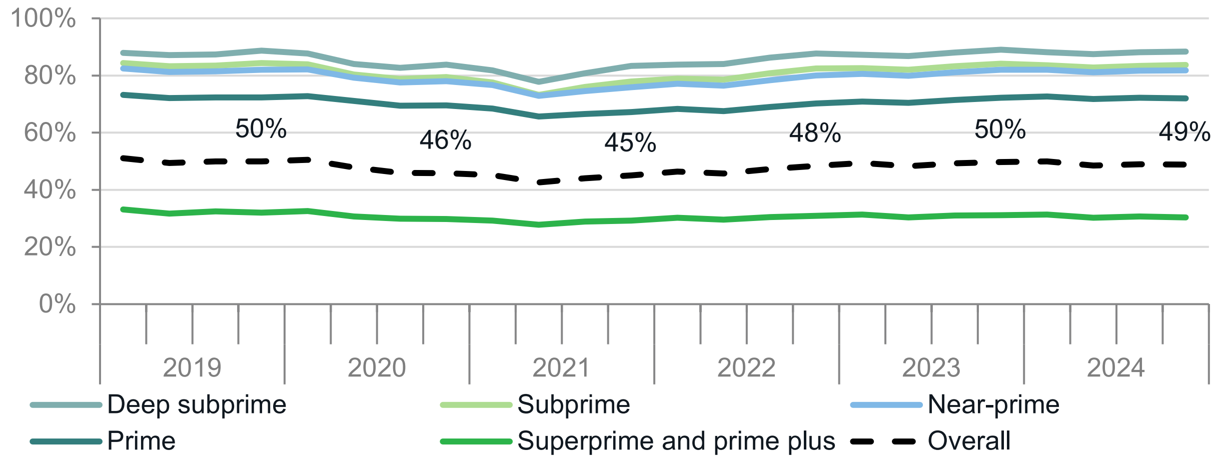
Quarterly share of balances revolving (Y-14+)



The overall pattern of general purpose account revolve rates is reflected across all credit score tiers, with consumers with lower credit scores more likely to revolve a balance. Revolve rates declined throughout 2020 and early 2021, but rates returned to pre-pandemic levels in 2023 and remained there throughout 2024. In 2024 more than 80 percent of general purpose cardholders with below-prime scores carried a balance.

FIGURE 49

Quarterly share of active accounts revolving, general purpose (Y-14+)



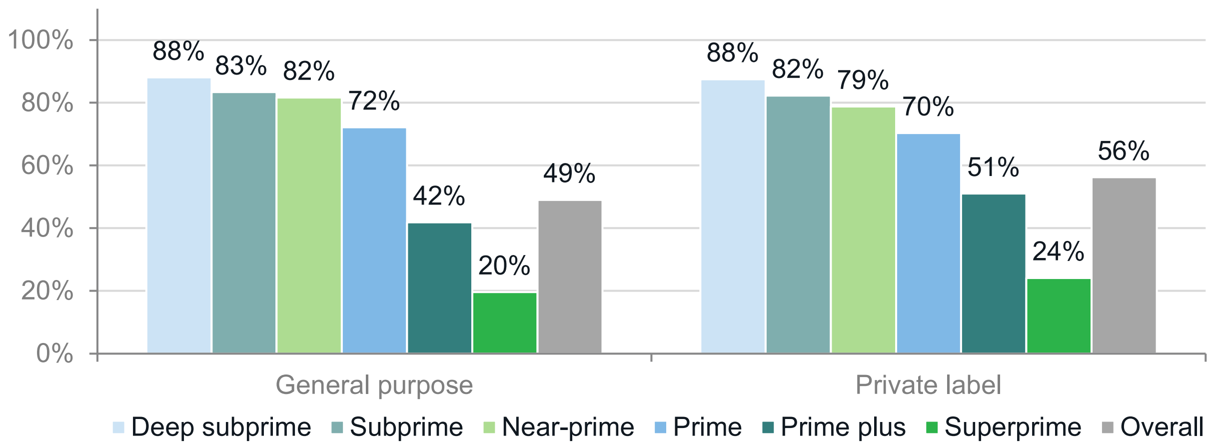
Balance-carrying behavior by cardholders is highly correlated with credit score and was similar across general purpose and private label cards, with key differences in the above-prime segment. The share of active accounts revolving in 2024 increased slightly from 2022 levels.[124] Figure 50 shows similar account revolve rates for both general purpose and private label cards among consumers with prime, near-prime, subprime, and deep subprime credit scores. The largest difference in account revolve rates between general purpose and private label cards is found among consumers with prime plus credit scores, where 51 percent of private label accounts revolved a balance at the end of 2024, compared to 42 percent of general purpose accounts. The next largest gap in account revolve rates between general purpose and private label cards is among consumers with superprime credit scores. These findings indicate that differences in revolve rates between general purpose and private label cards is primarily caused by consumers

[124] *See* 2023 Report, at 44. In 2022, the share of accounts revolving was 47 percent for general purpose cards and 54 percent for private label cards.

with higher credit scores revolving private label cards at a higher rate than they do on general purpose cards.

FIGURE 50

Share of active accounts revolving, 2024 (Y-14+)



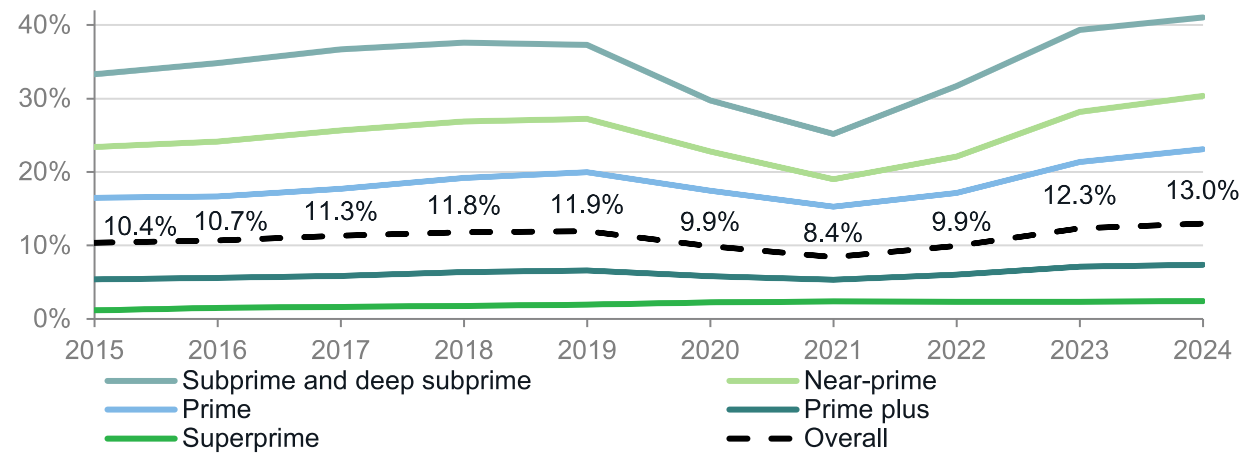
4.1.3 Persistent debt

The cost of using credit cards differs dramatically based on how long a borrower takes to repay. The longer a consumer carries debt without repaying in full, the more expensive a purchase becomes. For purposes of this report, we examine the relationship between balances, payments, and costs by considering debt to be "persistent" if charges for interest and fees exceed half of the actual payment amount on the account in a given calendar year. For example, a consumer with a starting balance of $2,000 and an interest rate of 29 percent (the average APR for consumers with subprime credit scores as discussed in Section 3.2.1) who makes a minimum payment of the greater of accrued interest plus 1 percent of the balance or $35 each month would pay over $3,000 in interest over an almost 10-year period. If the same consumer made minimum payments equal to 2 percent of their balance, they would pay roughly the same amount in interest as the original balance in a bit more than six-and-a-half years, and if they made minimum payments of 4.25 percent of their outstanding balance, this consumer would pay less than $1,000 in interest and pay it off in just over four years. Persistent debt is not the same as negative amortization, where the total minimum payment does not cover accrued interest, but it does suggest longer-term consumer difficulty in paying off new purchases alongside previous balances at a given interest rate and fee incidence.

Rates of persistent debt have risen over the last two years, up to 13 percent of all general purpose credit card accounts from 9.9 percent in 2022. A few macroeconomic factors have likely contributed to this increase. As noted in the 2023 Report, rates of persistent debt were lower in 2020 and 2021 as consumers received lump sum payments from federal stimulus funds.[125]

FIGURE 51

Annual share of accounts in persistent debt, general purpose (Y-14)



[125] 2023 Report, at 72.

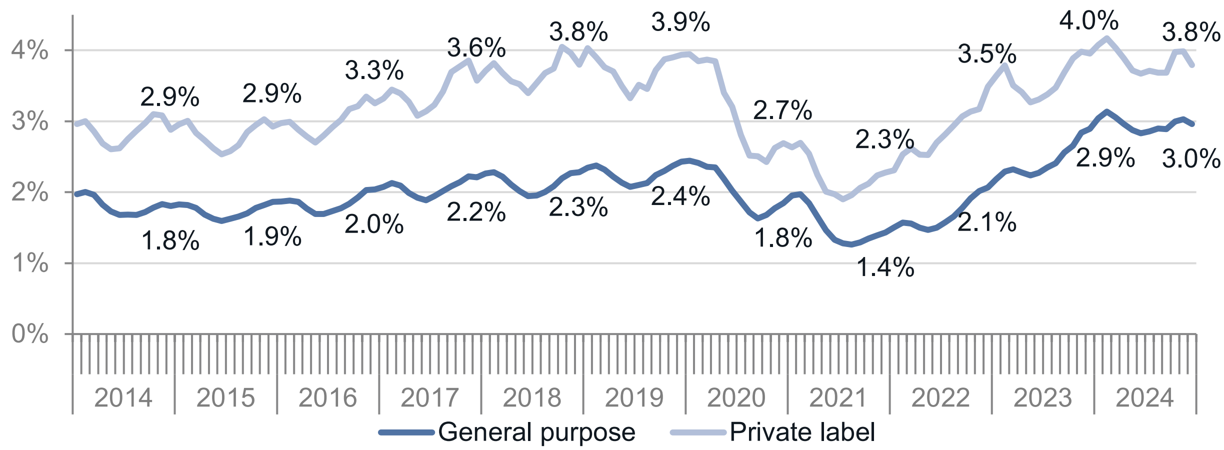
4.2 Non-payment

4.2.1 Delinquency

In this section, we examine delinquency rates over time using the CCIP data. Delinquency rates for all credit cards increased following a period of historically low rates. Delinquency rates for both general purpose and private label cards rose from late 2021 through 2023 to match pre-pandemic levels by the end of 2023. Researchers attribute some of the rise to laxer underwriting for newer vintages.[126] In 2024, delinquency rates were relatively flat, decreasing from 4% to 3.8% for general purpose cards and increasing from 2.9% to 3.0% for private label cards.

FIGURE 52

Monthly share of balances 60 or more days delinquent (CCIP)[127]



[126] Joanna Stavins, *Are Recently Issued Credit Card Accounts More Risky?*, Federal Reserve Bank of Boston (Apr. 2, 2025), https://www.bostonfed.org/publications/current-policy-perspectives/2025/are-recently-issued-credit-card-accounts-risky.aspx; Scott Fulford & Christa Gibbs, *Credit card delinquencies are higher than in 2019 because lenders took on more risk*, CFPB (Aug. 6, 2024), https://www.consumerfinance.gov/about-us/blog/credit-card-delinquencies-are-higher-than-in-2019-because-lenders-took-on-more-risk/.

[127] Delinquency calculation excludes balances associated with charged-off accounts.

4.2.2 Charge-off

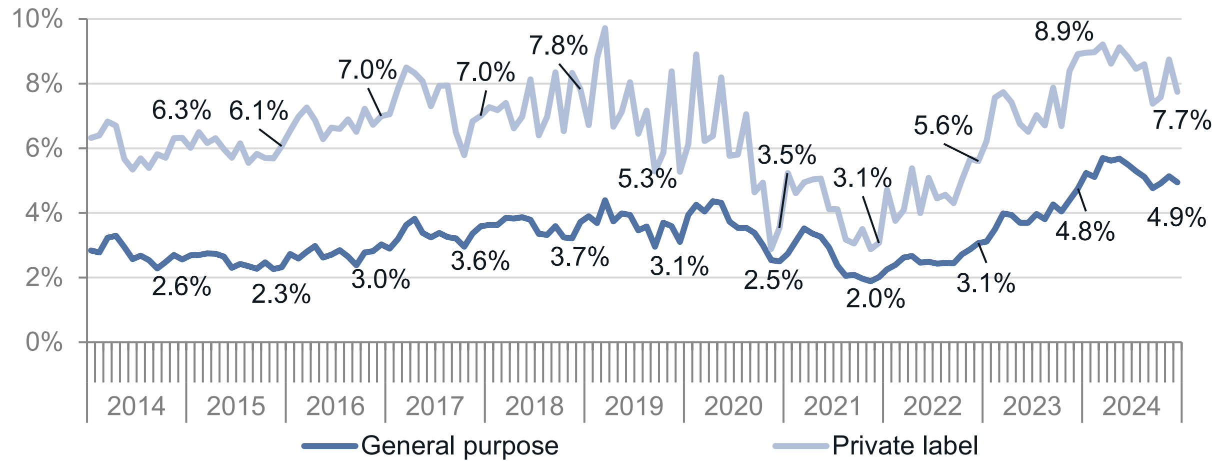
Charge-off rates on credit cards rose to historically-high levels in early 2024 before declining modestly through the remainder of the year. Similar to delinquency rate trends, charge-off rates reached their lowest point toward the end of 2021. During this time many card issuers bolstered their repayment assistance programs to help consumers who may have been impacted by effects of the pandemic.[128] These programs allowed consumers to delay payments, which in turn reduced the number of credit cards charged off. In 2023 and 2024, credit card charge-off rates surpassed levels observed in 2019 and the five prior years. Charge-off rates in both general purpose and private label declined through 2024.

---

[128] Megan DeMatteo, *Credit card issuers are helping consumers affected by coronavirus—what you need to know*, CNBC (updated Mar. 7, 2025), https://www.cnbc.com/select/using-credit-cards-during-coronavirus/.

FIGURE 53

Monthly annualized rate of balances charged off (CCIP)[129]



4.3 Debt collection

In this section we provide detailed information on the debt collection process for the largest credit card issuers. First, we present background information on the overall market for consumer debt collection. Second, we examine performance and practices with respect to resolving delinquent debt prior to charge-off. Third, we provide analysis related to loss mitigation and debt settlement programs. Finally, we provide information related to debt following charge-off, including measures of recovery of charged-off debt through various channels, such as third-party agency collections, debt sale, and litigation. Debt collection practices reported in this section are based on data collected pursuant to the Bureau's 1022(c)(4) authority from a sample of large credit card issuers and therefore may not reflect the market as a whole or practices of issuers not included in the sample.[130]

[129] Charge-off rate is based on the gross amount charged off, not including recoveries.

[130] As part of its review of the practices of credit card issuers, the Bureau surveyed eight large issuers representing about 65 percent of the credit card market by balances to better understand their debt collection practices and trends. These same large credit card issuers were also surveyed for the Bureau's reports published in 2015, 2017, 2019, 2021, and 2023. Findings from the Bureau's current survey (the MMI dataset) are reported in this section.

4.3.1 Debt collection market

DEBT COLLECTION INDUSTRY OVERVIEW

Debt collection in the credit card industry involves a range of practices used to recover funds from delinquent or charged-off accounts. Credit card issuers typically use a combination of internal resources and external partners to manage these accounts. Many large issuers manage some portion of accounts in-house, particularly during the early stages of delinquency. Additionally, many issuers engage third parties to collect debts on their behalf or sell uncollected debts to debt buyers who then collect the debts themselves or through a third party.

TYPES OF CONSUMER DEBT

Banking and financial debt, including credit card accounts, made up the largest share of third-party debt collection tradelines on consumer credit reports in 2024, surpassing medical debt for the first time in recent years.[131] As of the fourth quarter of 2024, banking and financial tradelines accounted for 32 percent of all third-party collection tradelines, as shown in Figure 54. This marks a shift from 2022, when medical debt made up more than half of all reported tradelines.[132] The change reflects a policy shift by the three nationwide credit reporting companies—Equifax, Experian, and TransUnion—which began removing certain types of medical debt from credit reports in the spring of 2023, including collections under $500.[133] According to a 2024 CFPB report, most individual collections items related to medical bills were removed from consumer credit reports between March 2022 and June 2023.[134]

[131] Third-party collection tradelines appear on consumer credit reports when unpaid debts, such as medical bills, utility bills, or credit card accounts, are sent to debt collectors.

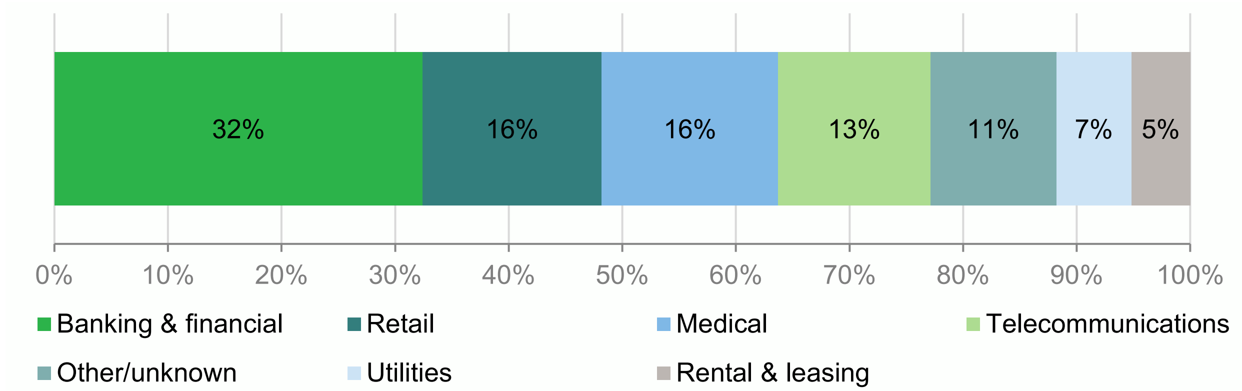
[132] 2023 Report, at 29.

[133] Chi Chi Wu, *The Latest on Keeping Medical Debt Out of Credit Reports*, (July 30, 2025), https://library.nclc.org/article/latest-keeping-medical-debt-out-credit-reports.

[134] Zachary Blizard & Ryan Sandler, *Recent Changes in Medical Collections on Consumer Credit Records*, CFPB (Apr. 29, 2024), https://www.consumerfinance.gov/data-research/research-reports/recent-changes-in-medical-collections-on-consumer-credit-records/.

FIGURE 54

Distribution of original creditor type among third-party collections tradelines, 2024 (CCIP)



4.3.2 Collections prior to charge-off

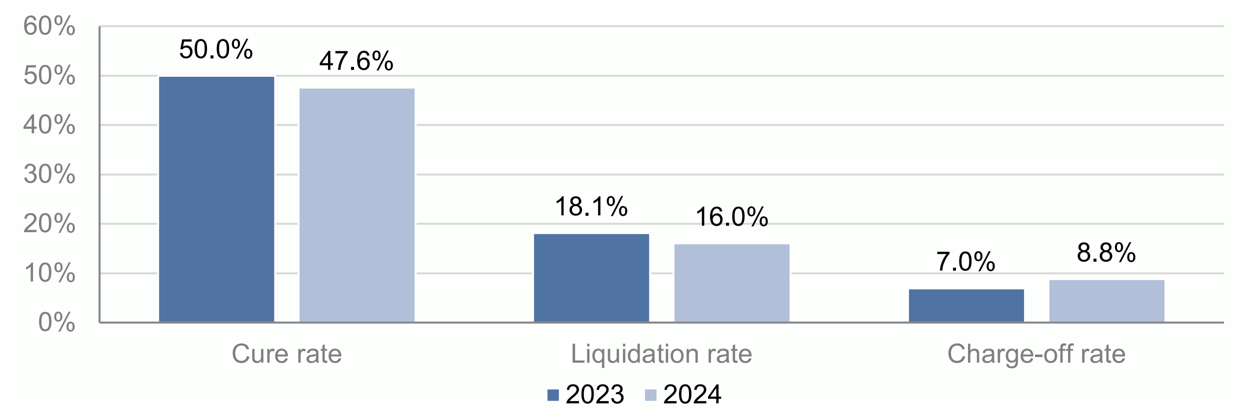
In this section we describe surveyed issuers' policies, procedures, and practices with respect to resolving delinquent debt prior to accounts reaching 180 days of delinquency. All respondents reported conducting some pre-charge-off collection activities in-house. An issuer's in-house collection efforts may include such methods as calls, texts, emails, letters, and web chat. Some of the issuers also supplemented the activities of their in-house agents with first-party collectors: outside collectors who work under the name and the direction of the creditor when collecting on delinquent debt. Additionally, more than half of the surveyed issuers reported utilizing third-party agencies prior to charge-off to collect in the agency's own name and not in the name of the original creditor.

PERFORMANCE

Credit card issuers have seen a decline in pre-charge-off collection performance, with lower cure and liquidation rates and higher charge-off rates over the past two years. As Figure 55 shows, the average cure rate for pre-charge-off collections declined by 2.4 percentage points, from 50 percent in 2023 to 47.6 percent in 2024.[135] This represents the second consecutive year of decline, as the average cure rate was 54.7 percent in 2022.[136] The average liquidation rate also decreased, from 22.9 percent in 2022 to 18.1 percent in 2023 to 16 percent in 2024.[137] At the same time, the average charge-off rate increased from 5.2 percent in 2022 to 7 percent in 2023 to 8.8 percent in 2024.[138] These trends point to weakening repayment outcomes during the pre-charge-off period.

FIGURE 55

Average quarterly performance for pre-charge-off collections, weighted by issuer's total receivables (MMI)



COMMUNICATION

Issuers reported having policies in place that specify the frequency with which their collectors can call, leave voicemails, email, text, and otherwise contact a consumer regarding a delinquent

---

135 The cure rate is defined by the sum of unique balances that were delinquent (past due, pre-charge-off) at any point during the given quarter and rolled back to current (returned to zero days past due) as of the end of the given quarter divided by the sum of unique balances that were delinquent at any point during the given quarter. Balances are counted only once per quarter, at the time when the account or balance became delinquent in the given quarter.

136 2023 Report, at 142.

137 *Ibid*. The liquidation rate is defined by the cumulative payments by accounts that were delinquent at the start of the quarter divided by the balances of those accounts at the start of the quarter.

138 *Ibid*. The charge-off rate is defined by the sum of unique balances that were delinquent (past due, pre-charge-off) at any point during the given quarter and were charged off at the end of the given quarter divided by the sum of unique accounts or balances that were delinquent at any point during the given quarter. Balances are counted only once per quarter, at the time when the balance first became delinquent in the given quarter.

account. In 2024, Auriemma found that 20 percent of surveyed cardholders have been contacted at least once by a collections department.[139] Table 2 below provides the ranges of issuers' policy limits on pre-charge-off consumer contact via phone and voicemail and actual average attempts for each. Issuers reported that their call intensity strategies depended on an account's stage of delinquency, risk level, balance size, tenure, and past delinquency frequency, among other factors.

TABLE 2

Ranges of consumer contact policy limits and actual average attempts in 2024 (MMI)

	Phone call attempts per day	Voicemails per day
Policy limit	1 to 4	1 to 3
Actual average attempts[140]	1.2	0.3

Issuers reported far fewer contact attempts on average per account than allowed by their own policies. All surveyed issuers reported that their policies included daily caps per account on phone calls. Daily contact attempt policy limits ranged from one call to four calls per account, down from one to 11 calls per day as reported in the CFPB's 2023 report.[141] The majority of MMI respondents reported setting a weekly cap of seven to 21 call attempts in seven days per account or a cap of one to three call attempts per day. Actual average attempts remained within the historical range. In 2024, issuers averaged 1.2 contact attempts via telephone per day, consistent

[139] Auriemma, *The Role of Acquisition Offers and Rewards in Sustaining Card Usage*, (Oct. 2024), at 49. https://auriemma.group/research/flat-rewards-more-enticing-than-tiered-rewards-structures-abstract/.

[140] Average attempts via the telephone and voicemail channels were defined as the number of calls made or voicemails left to all accounts that were called divided by the number of unique delinquent accounts that were called in each period of time. The time frames were daily, weekly, or monthly, depending on common practices in that channel.

[141] 2023 Report, Table 2, at 138.

with the range of 1.0 to 2.8 reported for 2022. No issuer allowed calls to continue within a given day once a "right party contact" had been made.[142]

In 2024, issuers kept both the number of voicemails per account per day and the number of call attempts consistent with 2022 levels.[143] Most respondents reported a daily cap of one voicemail per day, but some had a limit of three voicemails per day. The actual average number of voicemails per account per day was 0.3, which falls within the 0.0 to 0.8 range reported in the 2023 Report.

Issuers continue to increase their use of email to collect delinquent debt. All the issuers surveyed reported using email as part of their credit card collection strategy, as was the case in 2022, 2020, and 2019. However, the reported percentage of email-eligible accounts (defined as accounts for which the consumer provided a valid email address and agreed to be contacted at that address) ranged from 66.6 to 99.3 percent, which has widened from 2022, in which issuers reported 76.0 to 97.0 percent of their accounts being email-eligible. The monthly average percent of email-eligible accounts increased significantly from 68.3 percent in 2018 to 84.1 percent in 2020 and subsequently stabilized to 87.6 percent in 2022 and to 88.6 percent in 2024. In 2024, roughly two-thirds of accounts with eligible email identification received at least one email related to debt collection.[144] Survey respondents reported that, on average, only 31.9 percent of accounts that received email opened their emails. This click-open rate remains low and is a decrease from the 36.3 percent click-open rate reported in 2022. An average of slightly more than 1 percent of emails bounced back, potentially indicating that issuers generally have working emails on their files—this trend has remained consistent from 2022 to the present survey. Many issuers reported using email proactively for account servicing (*e.g.*, sending reminders about a pending withdrawal from a consumer's bank account for a recurring payment) as part of their pre-charge-off communication strategy.

TABLE 3

Monthly average email, text, and web chat eligibility and engagement rates, 2024 (MMI)

	Email	Text	Web chat
Percent of accounts eligible for the channel[145]	88.6%	58.8%	1.3%
Percent of eligible accounts engaged[146]	63.1%	54.2%	Not applicable

Click-open rate[147]	31.9%	Not applicable	Not applicable
Email bounce-back rate[148]	1.1%	Not applicable	Not applicable
Text opt-out rate[149]	Not applicable	1.1%	Not applicable

The share of issuers using text messages as part of their credit card collection strategy has remained unchanged for the first time since the CFPB began tracking this figure in its 2017 Report.[150] The percentage of accounts eligible for text remained relatively unchanged between 2022 and 2024, at approximately 59 percent. The text engagement rates reported showed a slight decrease, declining from 57.7 percent in 2022 to 54.2 percent in 2024. Additionally, the text opt-out rate remained notably low, at 1.1 percent, down from 1.3 percent in 2022.[151] These trends indicate a slight shift in consumer behavior, with fewer consumers engaging in collection communications via text.

The majority of issuers surveyed offer to engage with delinquent consumers via "web chat," where a consumer can click a chat button on the issuer's webpage to communicate about their debt with a collections agent. However, the rate of delinquent accounts engaged via web chat remains low, namely 2.5 percent in 2018, 1.4 percent in 2020, 0.9 percent in 2022, and 1.3

---

142 Right party contact occurs when the issuer or collector can reach via telephone and speak with the consumer whom the issuer believes is responsible for the debt.

143 2023 Report, Table 2, at 138.

144 2023 Report, Table 3, at 140.

145 Defined as the total number of unique delinquent accounts with a consented email address or text-consented cellphone number in a month divided by the total number of unique delinquent accounts in that same month.

146 Defined as the number of unique delinquent accounts that were emailed in a month divided by the total number of unique delinquent accounts with a consented email address in that same month.

147 Defined as the number of emails sent to delinquent accounts that were clicked open in a month divided by the total number of emails sent to delinquent accounts in that same month.

148 Defined as the number of emails sent to delinquent accounts returned undeliverable in a month divided by total number of emails sent to delinquent accounts in that same month.

149 Defined as the number of consumers who received texts who subsequently opted-out of future communication using the same channel in a month divided by the total number of consumers who received texts that month.

150 2017 Report, at 314; 2019 Report, at 143; 2021 Report, at 134–135.

151 2023 Report, Table 3, at 140.

percent in 2024.[152] About half of issuers report using mobile apps to communicate with consumers about delinquent balances. No respondents reported utilizing social media communication as a collection tool.

4.3.3 Loss mitigation

Credit card issuers used various loss mitigation practices, including short-term and long-term forbearance programs, debt management plans offered by consumer credit counseling agencies, and debt settlement. Issuers reported that they generally structured their loss mitigation practices to conform with guidance issued by the Federal Financial Institutions Examination Council (FFIEC) and the federal banking agencies on the use of these collections tools.[153]

FORBEARANCE PROGRAMS

Forbearance programs are designed to assist borrowers experiencing financial hardship. These programs can be "temporary" or "short-term," aimed at assisting borrowers experiencing hardships expected to last 12 or fewer months, or "long-term," intended to aid borrowers experiencing continued hardships lasting longer than 12 months. Issuers reported that their long-term programs generally require borrowers to repay their credit card debt within 60 months. To meet this amortization timeframe creditors may need to substantially reduce interest rates, eliminate fees, and lower the monthly required payment amount. All issuers surveyed generally reported assessing a borrower's willingness and ability to pay as per the terms of the forbearance program, including documenting the reason, severity, and duration of the cardholder's financial difficulty.[154]

---

[152] 2019 Report, Table 2, at 143; 2021 Report, Table 2, at 134; 2023 Report, Table 3, at 140. The rate of accounts that engaged in webchat is defined as the number of unique delinquent accounts that engaged in webchat divided by the total number of unique delinquent accounts.

[153] *See* generally FFIEC, Uniform Retail Credit Classification and Account Management Policy: Policy Implementation, 65 FR 36903 (June 12, 2000); Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit insurance Corporation, Office of Thrift Supervision, *Credit Card Lending: Account Management and Loss Allowance Guidance,* OCC Bulletin 2003-1 (Jan. 8, 2003), https://occ.gov/news-issuances/bulletins/2003/bulletin-2003-1.html.

[154] *Id.*

All surveyed issuers offered long-term forbearance programs, meaning programs that are 13 months or longer, in 2023 and 2024. More than half of survey respondents also offered short-term forbearance programs, while the others offered only long-term programs regardless of whether the borrower's hardship is short-term or long-term in nature. Most issuers also reported that they do not allow their third-party collection agencies to offer and enroll borrowers in hardship programs, due to the complexity of managing these programs.

CREDIT COUNSELING AGENCIES

Issuers work with consumer credit counseling agencies (CCAs) to help borrowers resolve their financial hardships as an additional component of their loss mitigation efforts. CCAs work with borrowers to develop a budget and a debt management plan (DMP) for all the consumer's enrolled debts, which may be owed to multiple creditors. These plans generally involve paying creditors a fixed payment amount at a reduced interest rate.

Most respondents reported funding CCAs through a "fair share" payment, which is a payment based on a percentage of the amount the consumer has paid back to the issuer. Fair share payments ranged between 4.5 percent and 6 percent among those issuers who reported percentages.

DEBT SETTLEMENT

Borrowers sometimes work with debt settlement companies (DSCs), which are typically for-profit entities with the primary objective of enrolling qualified borrowers in a debt settlement program. These firms do not receive any compensation from issuers. Instead, they typically assess the borrower a fee for the services. Figures 56 and 57 show that the share of pre-charge-off balances and post-charge-off balances enrolled in settlement with DSCs increased and surpassed the share of balances enrolled in settlement directly with consumers.

The settlement enrollment rate, measured as a share of total accounts receivable, was higher for post-charge-off balances (2.1 percent in Q4 2024) than for pre-charge-off balances (1.5 percent in Q4 2024). According to policies and practices disclosed by survey recipient issuers, most issuers do not agree to pre-charge-off settlements, either directly or with DSCs, except for instances where an account is identified as high value at-risk, or where the consumer can demonstrate severe hardship. Furthermore, in instances where consumers enroll their accounts with a DSC pre-charge-off, it is most common for the account to reach charge-off before a negotiated settlement is agreed to with the issuer.

Overall settlement activity declined during the pandemic years of 2021 and 2022. The third and fourth quarters of 2022 marked the low point for settlement activity for pre- and post-charge-off accounts, respectively. Pre-charge-off settlement activity has nearly doubled as a share of receivables since its low point, and similarly post-charge-off settlement activity has grown by more than half. Notably, from 2023 lows, DSC settlement has outpaced direct consumer settlement activity for both pre- and post-charge-off accounts; the share of direct consumer settlements did not change much, while settlements with DSCs tripled and more than doubled as a share of receivables for pre- and post-charge-off accounts, respectively.

FIGURE 56

Quarterly share of pre-charge-off balances enrolled in settlement, weighted by total accounts receivable (MMI)

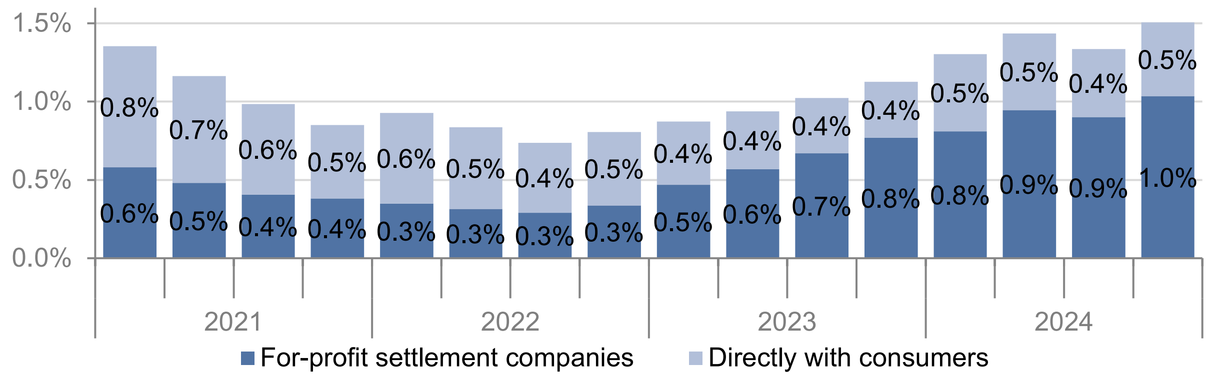
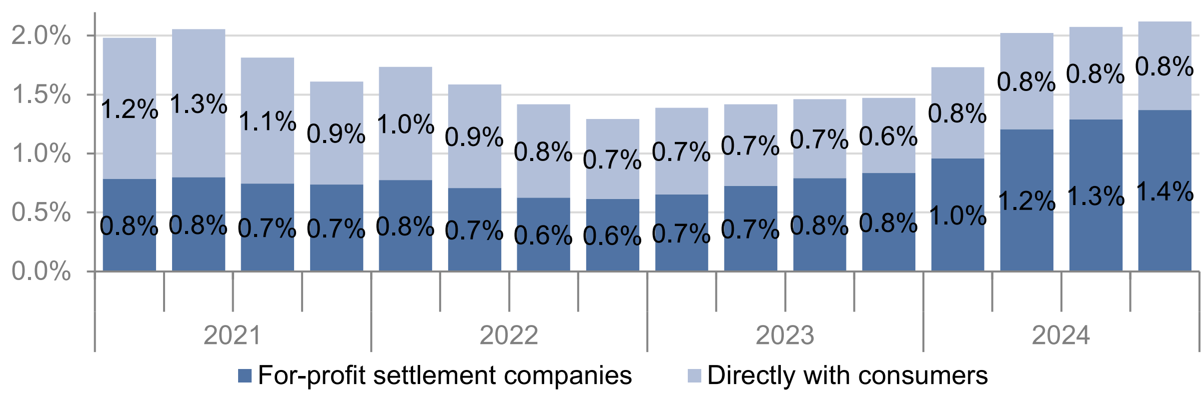


FIGURE 57

Quarterly share of post-charge-off balances enrolled in settlement, weighted by total accounts receivable (MMI)



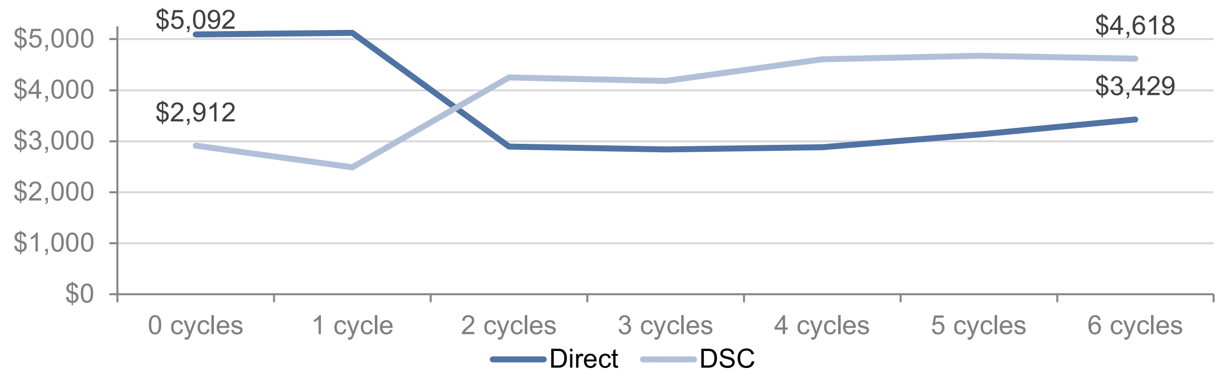
CHARACTERISTICS OF PRE-CHARGE-OFF SETTLEMENTS

Issuers were asked to provide the average enrolled balance and credit scores for accounts enrolled in pre-charge-off settlements, organized by cycles past due at the time of enrollment.

Figure 58 below shows that for current accounts (zero cycles past due), enrolled balances are much greater for direct settlements than settlements with DSCs. This likely reflects card issuer policies that allow pre-charge-off settlements only for accounts identified as "high value at risk," or for accounts that can demonstrate severe hardship. As accounts become more delinquent, the enrolled balance relationship changes, with enrolled balances for settlements with DSCs rising above direct settlements. For reference, the average enrolled balance for post-charge-off direct settlements, and settlements with DSCs, in 2024 was $3,604 and $5,255 respectively

FIGURE 58

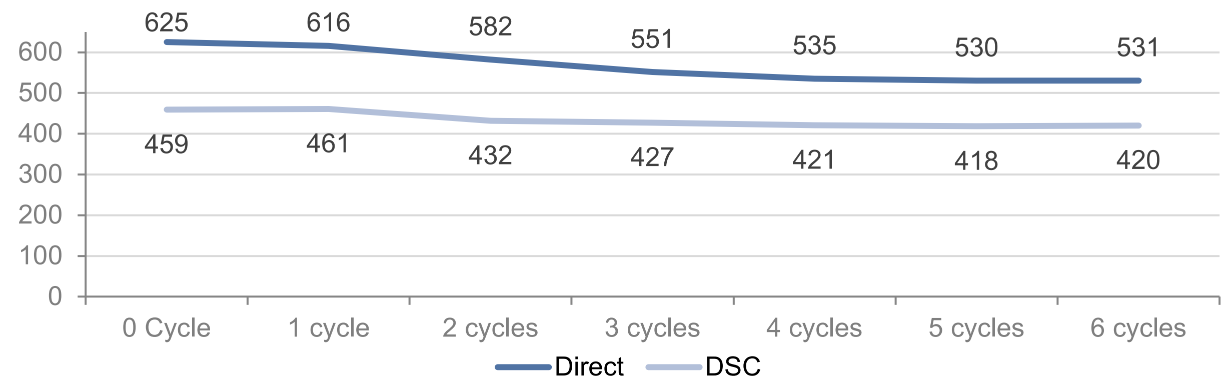
Average enrolled balance by cycles past due by direct settlements and settlements with DSCs, 2024 (MMI)



Consumers with pre-charge-off settlement enrollments also have different risk profiles by type of settlement. Figure 59 below shows that the average credit score for pre-charge-off accounts enrolled in settlements with DSCs is significantly lower than direct settlements—more than 100 points lower at each cycle past due. This finding suggests DSCs tend to enroll consumers with more credit distress than direct settlements.

FIGURE 59

Average credit score by cycles past due by direct settlements and settlements with DSCs, 2024 (MMI)



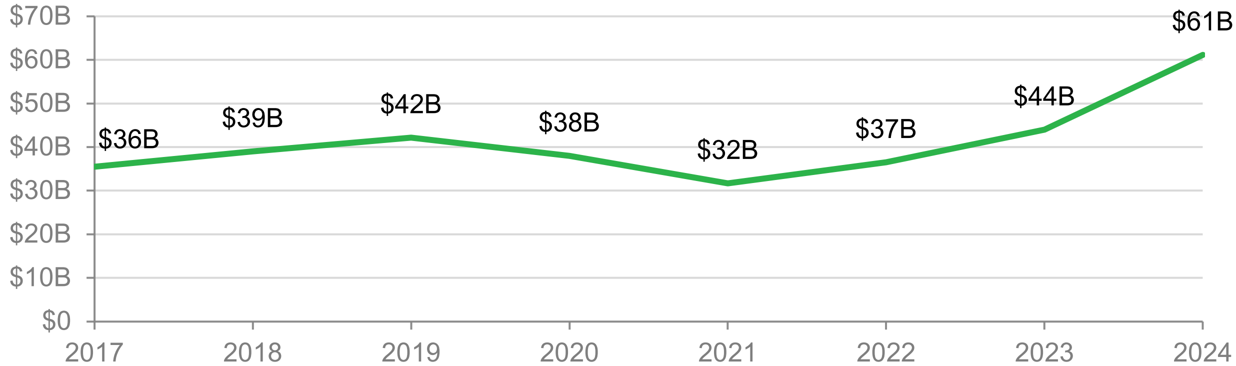
4.3.4 Collections following charge-off

Once an account charges off, it is placed into one of a variety of recovery channels to facilitate further collections of the balance owed, such as internal recovery, third-party agency placement, pre-litigation and litigation, and debt sale. Issuers may also warehouse certain accounts where balances are considered unlikely to be repaid.[155] Newly charged-off credit card debt has been generally on the rise since 2021, as shown in Figure 60. In 2024, issuers in the sample charged off approximately $61 billion of debt, which represented a 39 percent increase from 2023 and a 65 percent increase from 2022 levels.

[155] Warehoused balances are generally those that issuers do not actively seek to collect and generally include accounts issuers considered to be uncollectible or unlikely to be repaid, including older accounts that may be past the statute of limitations. Some issuers also reported that they may place accounts in warehouse status when transitioning these accounts between placements.

FIGURE 60

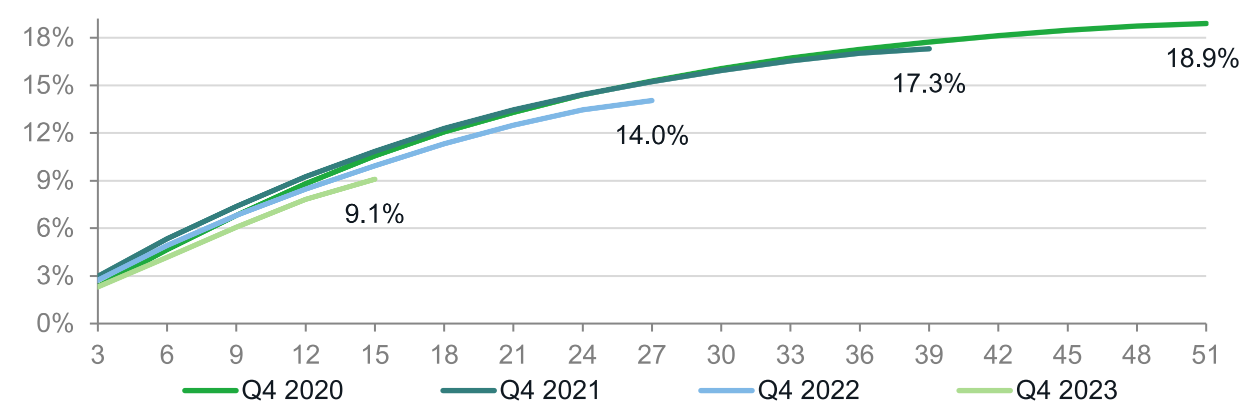
Annual fresh charge-off balances (MMI)



Most post-charge-off recoveries occur within the first year, with recovery rates declining steadily as debts age. Recovery performance is measured by the “cumulative recovery rate,” which is the share of the charged-off balance that has been recovered since the debt was charged off. While some recovery continues over multiple years, issuers typically recover a significant portion of what they will ultimately collect during the first year. Figure 61 shows cumulative recovery rates over time for debt that was charged off in the fourth quarter of each year from 2020 through 2023. For debt charged off during the fourth quarter of 2020—the vintage with the longest observation window—issuers recovered nearly 9 percent of balances in the first year and about 19 percent of balances after 51 months, or 4.25 years.

FIGURE 61

Cumulative recovery rates for quarterly vintages by months following charge-off (MMI)



Cumulative recovery rates have declined in recent years, with newer vintages performing worse than older vintages. As reported in Figure 61, for debt charged off in the fourth quarter of 2020, issuers recovered 8.8 percent of balances in the first year and 14.4 percent of balances over two years. For accounts charged off in the fourth quarter of 2022, recovery stood at 8.5 percent in the first year and 13.5 percent after two years. For debt charged off in the fourth quarter of 2023, issuers recovered 7.8 percent in the first year. The weakening recovery performance on newer vintages is consistent with broader trends observed across other metrics, such as a declining cure rate and liquidation rate in 2023 and 2024.[156]

4.3.5 Debt sales

Some credit card issuers sell charged-off credit card debt to pre-selected debt buyers, receiving a fraction of the outstanding account balances sold. Typically, these sales are structured as "forward-flow" contracts, where a pool of accounts that meet pre-determined criteria is sold on an ongoing (*e.g.*, monthly, quarterly) basis. Issuers may sell other special segmented accounts, such as where the issuer has received a notice of bankruptcy or the consumer is deceased, where specialized expertise may be required to service the amount owed. As was found in the 2023 Report, the current study found that all sellers are deleting the tradeline in its entirety.[157]

DEBT SALE VOLUME

Fewer than half of issuers surveyed sold debt in 2023 and 2024, unchanged from the 2021 and 2023 Reports. Issuers that reported that they did not sell debt in 2023 and 2024 also indicated that they have no plans to do so in 2025. Most issuers that sold debt during 2024 reported that they planned to sell roughly the same amount as in prior years.

Figure 62 compares the distribution of total post-charge-off inventory by recovery channel for issuers that did and did not sell debt in 2023 and 2024. Issuers that did not sell debt kept a greater portion of their post-charge-off balances in their internal recovery and litigation channels than issuers that did sell debt. Both issuers that did and did not sell debt held a

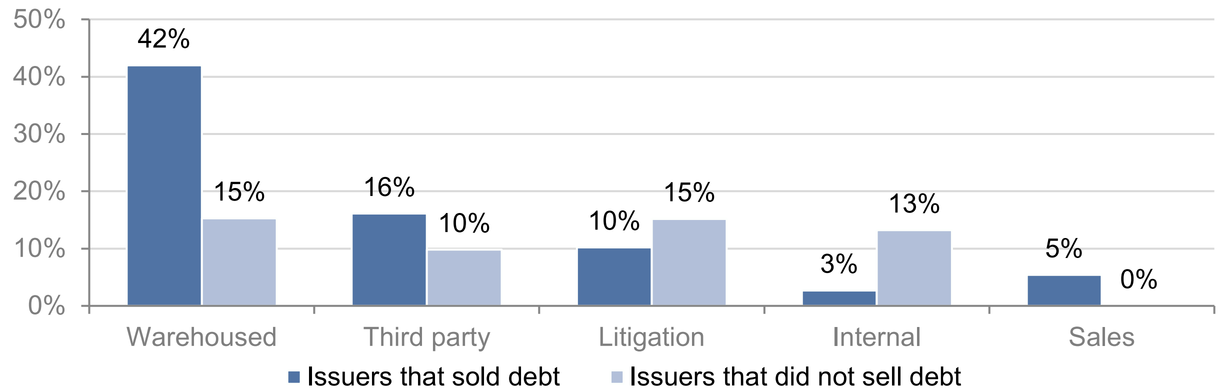
[156] For more on collections prior to charge-off, *see* Section 4.3.2.

[157] 2023 Report, at 152.

significant share of debt in the warehoused category, but issuers that sold debt reported higher percentages than those that did not sell debt—42 percent versus 15 percent.

FIGURE 62

Share of charged-off balance inventory by channel for issuers that did and did not sell debt, 2023–2024 (MMI)



DEBT PRICE

The average price of charged-off debt has decreased in recent years, though the extent of the decline has varied across debt segments. As shown in Figure 63, charged-off debt generally sells for a fraction of the face value, with pricing largely dependent on the age of the debt and the likelihood of recovery. In 2024, the overall average price of charged-off debt declined to 11 percent of the account balance, down from 13 percent in 2023 and 16 percent in 2022.[158] This decline in pricing aligns with broader market trends—an increase in the volume of charged-off debt has led to greater supply and downward pressure on prices.[159]

Pricing varies significantly by the age of the debt, with accounts sold "fresh charge-off" (right after charge-off) selling for more than older accounts. In both 2023 and 2024, fresh charge-off

[158] 2023 Report, at 154.

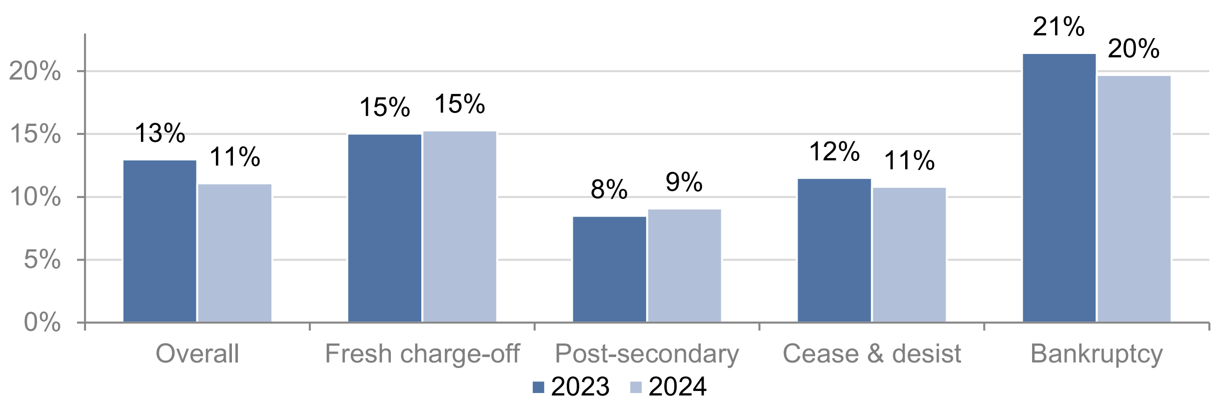
[159] *See, e.g.*, "We also have deep seller relationships globally with an attractive supply environment in the U.S." PRA Group, Q2 2025 Earnings Call Transcript (Aug. 4, 2025), https://www.capitaliq.spglobal.com/apisv3/spg-webplatform-core/docviewer?mid=245532879; "With both lending and the charge-off rate at elevated levels, purchasing conditions in the U.S. market remain highly favorable. We are observing continued strong U.S. market supply and attractive pricing as well." Encore Capital Group, Q2 2025 Earnings Call Transcript (Aug. 6, 2025), https://www.capitaliq.spglobal.com/apisv3/spg-webplatform-core/docviewer?mid=245778872.

accounts were priced at approximately 15 percent of the account balance. In contrast, post-secondary accounts, which are accounts with at least two prior collection placements, sold for about 8 percent in 2023 and 9 percent in 2024. These lower prices reflect diminished recovery expectations for accounts that have already had multiple collection attempts. Accounts where collectors received a request to cease and desist communications sold for 12 percent of the account balance in 2023 and 11 percent in 2024, which is above the price for post-secondary debt, but has trended down from 16 percent in 2021 and 14 percent in 2022.[160] Accounts with cease-and-desist requests still command a premium price as they may have potential for higher liquidation through litigation.

Some categories of charged-off debt may command higher prices, even when the debt is older. For instance, accounts for which there was a bankruptcy sold for 21 percent of the account balance in 2023 and 20 percent in 2024. These accounts tend to carry higher recovery potential, and therefore higher prices, because debt buyers can file proofs of claim and may receive repayment through the bankruptcy process. While the price for accounts in bankruptcy remains higher than in other segments, it has been trending downward from 22 percent in 2022.[161]

FIGURE 63

Average price of debt sold as a percentage of account balance by type of debt sold (MMI)



---

[160] 2023 Report, at 154.

[161] *Ibid.*

4.3.6 Litigation

Litigation is one of several practices used by credit card issuers and debt collectors to recover charged-off debts and is typically used for accounts where other collection efforts have failed. Once a judgment is entered by the court, issuers may recover funds through wage garnishment, bank account levies, or property liens. Figure 64 shows the cumulative recovery rate by months since judgment for accounts where a judgment was obtained between 2020 and 2024. The upward-sloping lines illustrate how litigation-related recoveries increase at a declining rate over time as each vintage ages and payments are applied to the account.

Among accounts that are litigated, some result in court judgments, which are either default judgments or non-default judgments. A default judgment is a ruling in favor of the plaintiff (collector) when the defendant (consumer) fails to respond to a summons or appear in court, while a non-default judgment is a case in which the consumer participates in the proceeding. About half of surveyed issuers did not report default judgments separately from other judgments. However, among respondents that did track default judgments separately, more than 72 percent of all judgments entered were default judgments. This ratio was consistent with our previous reports.

Accounts resulting in non-default judgment tend to yield higher recoveries than those resulting in default judgments, reflecting the impact of consumer participation in the litigation process. As shown in Figure 64, issuers recovered 58 percent of balances at 57 months for accounts with non-default judgments, compared to 37 percent for those with default judgments.

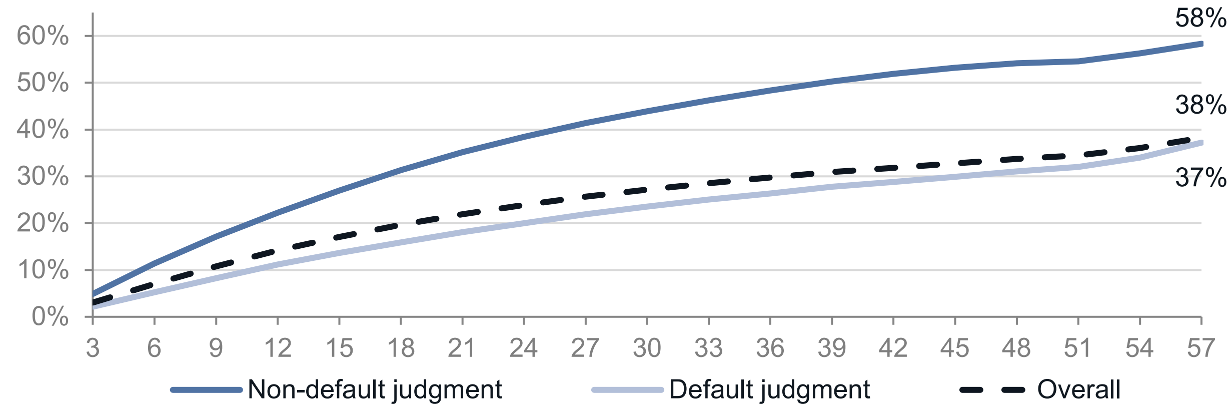
Recovery performance on debts with court judgments has improved in recent years, with rates surpassing those reported in 2023. Figure 64 shows that issuers recovered an average of 38 percent of judgment cumulative balances across the 57 months following judgment. This is an increase from the 32 percent recovery rate at 60 months reported in 2022,[162] which occurred

[162] 2023 Report, at 157.

despite restrictions many states placed on post-judgment collections, such as lower interest rate caps and tighter limits on wage garnishments.[163]

FIGURE 64

Cumulative recovery rates by months since judgment was received, 2020–2024 (MMI)



[163] *See, e.g.*, Ballard CFS Group, *New York reduces judgment rate on consumer debts to 2%*, Consumer Finance Monitor (Jan. 6, 2022), https://www.consumerfinancemonitor.com/2022/01/06/new-york-reduces-judgment-rate-on-consumer-debts-to-2/; Office of MN AG, *Attorney General Ellison celebrates signing of bill modernizing wage garnishment forms*, (May 8, 2025), https://www.ag.state.mn.us/Office/Communications/2025/05/08_GarnishmentForms.asp.

5. Market dynamics

5.1 Issuer segmentation

In this subsection, we review the distribution of credit card balances across banks and credit unions. As of 2024, about 3,700 financial institutions reported credit card balances in the U.S.

Although many financial institutions report credit card loans on their balance sheets, such reporting does not necessarily mean they are currently offering credit cards to new customers or offering consumers access to credit at a meaningful scale. Most of the approximately 3,700 financial institutions are smaller credit unions and banks representing a relatively small volume of balances. A significant number of smaller credit card issuers now partner with a third-party provider to issue credit cards.[164] For additional context, in the last quarter of 2024, 702 distinct credit card issuers submitted at least one cardholder agreement to the CFPB—a requirement for credit card issuers with 10,000 or more accounts.[165] This suggests that nearly 3,000 issuers have less than 10,000 open credit card accounts.

Since 2015, the number of financial institutions with credit card assets has declined by 22 percent. While some new institutions may have entered the market, this is still a net decline of 1,064 issuers. The decrease in the number of credit card issuers is at least in part due to the long-term trend of a decrease in the number of financial institutions through merger and acquisition activity.[166] While some issuers may have suspended credit programs, others may have continued offering credit cards as part of a new financial institution.

---

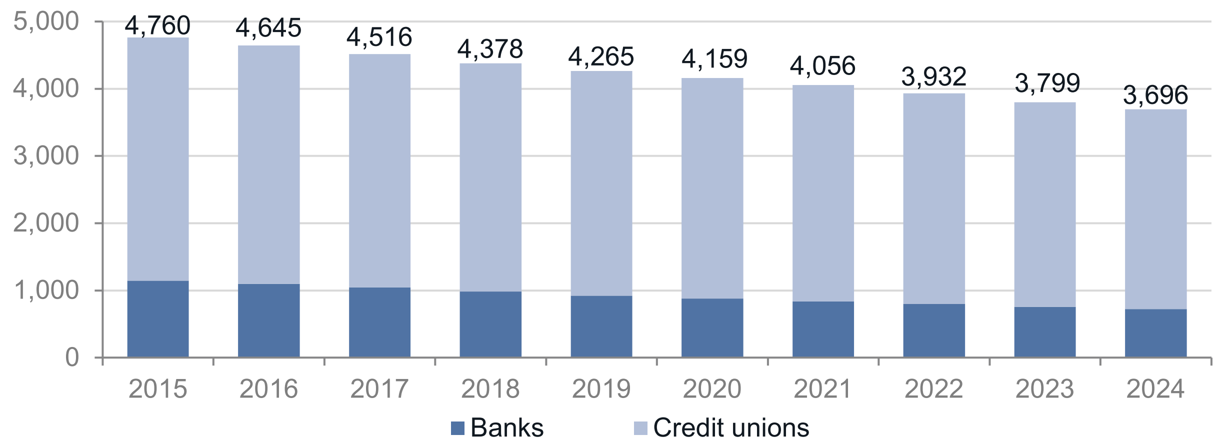
[164] *See, e.g.*, Elan Financial Services, https://www.elanfinancialservices.com/ (accessed Oct. 9, 2025); TCM Bank, *Total Card Management*, https://www.tcmbank.com/home/tcm-news/2024/11/08/why-community-banks-should-work-with-credit-card-partners (accessed Oct. 9, 2025).

[165] CFPB, Credit card agreement archive, https://www.consumerfinance.gov/credit-cards/agreements/archive/ (accessed Sept. 29, 2025).

[166] Kyle D. Fee & Erik Tiersten-Nyman, *Has Bank Consolidation Changed People's Access to a Full-Service Bank Branch?*, Federal Reserve Bank of Cleveland (Oct. 6, 2021), https://www.clevelandfed.org/publications/cd-reports/2021/db-20211006-has-bank-consolidation-changed-peoples-access.

FIGURE 65

Number of banks and credit unions with credit card balances at year-end (FFIEC, NCUA)[167]



The largest ten issuers by average credit card balances represented 84 percent of credit card loans in the fourth quarter of 2024, roughly flat since 2016.[168] The next 20 issuers by reported credit card balances accounted for 11 percent. The remainder of the market is made up of approximately 3,600 smaller banks and credit unions with no single entity responsible for more than 1 percent of the market. These issuers outside the top 30 have seen their market share of credit card balances decline from 6 percent to 5 percent over the past nine years.

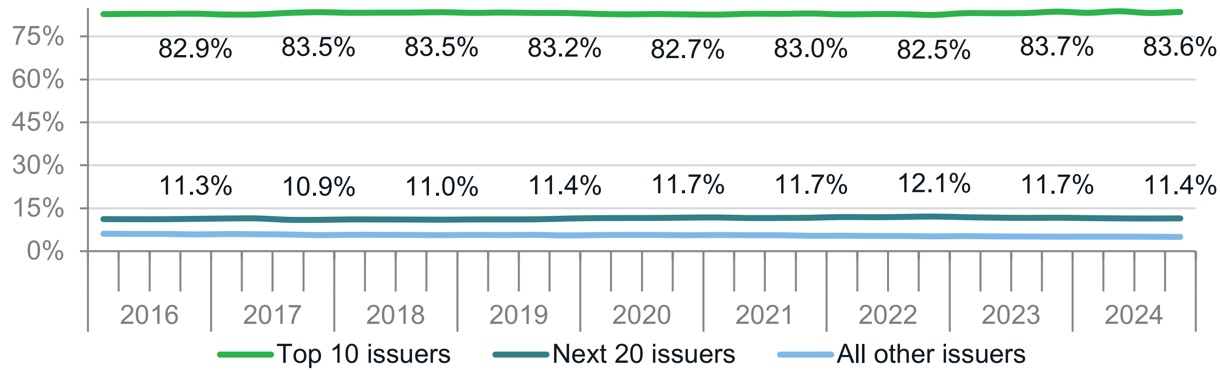
---

[167] For banks, we use data from the regulatory Reports of Condition and Income (Call Reports) on "Average Credit Card Loans to Individuals (Include Credit Card and Related Plans)" from the FFIEC. For Credit Unions, we use "Average Unsecured Credit Card Loans" from credit union regulatory financial statements from the National Credit Union Administration (NCUA). FFIEC, Central Data Repository's Public Data Distribution, (data as of Dec. 31, 2024), https://cdr.ffiec.gov/public/ManageFacsimiles.aspx; NCUA, Credit Union and Corporate Call Report Data, (data as of Dec. 31, 2024), https://ncua.gov/analysis/credit-union-corporate-call-report-data.

[168] Figures differ slightly from those presented in the 2023 Report because these data are quarterly and do not retroactively apply the effect of mergers, including any mergers that occurred in 2025, rather presenting banks as they were at the time of reporting. Six pairs of banks in the top 10 and next 20 categories were considered single entities as each pair shared one parent company, such as Chase Bank USA, N.A. and JPMorgan Chase Bank, N.A.

FIGURE 66

Annual market share by average credit card balances (FFIEC, NCUA)[169]



5.2 Credit union issuers

Credit card balances held by credit unions totaled $85.7 billion at the end of 2024, representing around a 7 percent share of the total market. Credit card balances held by credit unions have followed a similar rising trend to overall consumer credit card balances, discussed in Section 2.4. Credit card balances held by credit unions increased every year since 2011, then suddenly reversed course for several quarters following the onset of the pandemic in March 2020 and then resumed steady growth beginning in early 2021. Since 2016, credit union card balances have increased by 61.1 percent with a steady upward trend since mid-2021.

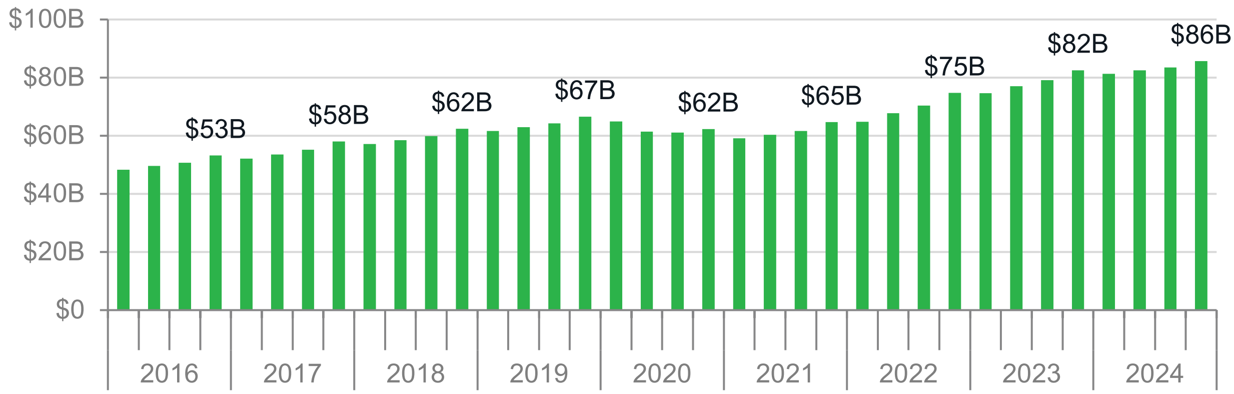
There are few credit unions among the largest credit card issuers, with only Navy Federal Credit Union ranking among the largest 20 issuers, and only seven credit unions with credit card

[169] For banks, we use data from the regulatory Reports of Condition and Income (Call Reports) on “Average Credit Card Loans to Individuals (Include Credit Card and Related Plans)” from the FFIEC. For Credit Unions, we use “Average Unsecured Credit Card Loans” from credit union regulatory financial statements from the NCUA. FFIEC, Central Data Repository's Public Data Distribution, (data as of Dec. 31, 2024), https://cdr.ffiec.gov/public/ManageFacsimiles.aspx; NCUA, Credit Union and Corporate Call Report Data, (data as of Dec. 31, 2024), https://ncua.gov/analysis/credit-union-corporate-call-report-data. *See id.*

balances exceeding $1 billion. The balances of Navy Federal Credit Union alone comprise over one-third of the $85.7 billion in credit card balances held by credit unions.[170]

FIGURE 67

Credit union credit card balances (NCUA)[171]



The number of credit card accounts reported by credit unions increased steadily from 17.7 million to 25.7 million from the end of 2015 through 2024. The average balances of those accounts are generally much smaller than those at bank issuers. The average credit card balance per account at credit unions was $3,331 at the end of 2024, compared to $5,524 for all credit card accounts.

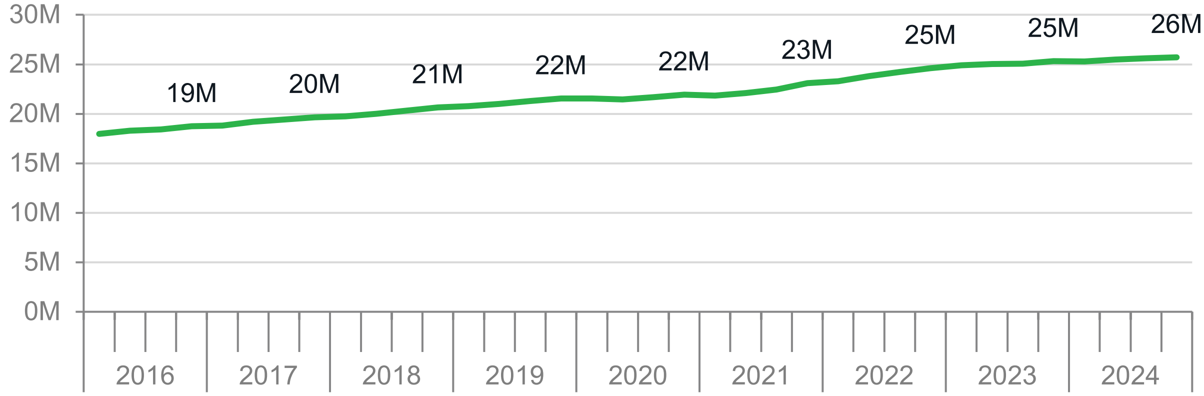
---

[170] NCUA, Credit Union and Corporate Call Report Data, (data as of Dec. 31, 2024), https://ncua.gov/analysis/credit-union-corporate-call-report-data.

[171] NCUA, Credit Union and Corporate Call Report Data, (data as of Dec. 31, 2024), https://ncua.gov/analysis/credit-union-corporate-call-report-data.

FIGURE 68

Credit union credit card accounts (NCUA)[172]



For many credit unions, credit cards are a product available to their existing members and they are generally not marketed to attract new members. Most credit cards offered by credit unions require applicants to become members to be eligible. Membership typically requires opening a savings account with a minimum funding amount.[173] Typically, credit union credit cards have lower APRs than bank issuers for cardholders across credit score tiers.[174]

Credit unions offer cash back and points rewards on many of their credit cards. Each of the ten largest credit union credit card issuers offers at least one rewards card. The most common rewards offer from these issuers includes a base of up to 1.5 percent cash back on purchases, with some issuers also offering higher rates for certain purchase categories. At least two issuers

---

[172] *Id.*

[173] Since a credit union is owned and operated by its members, individuals open a share savings account to become members. This share savings account represents an individual's partial ownership in the credit union. *See, e.g.*, NCUA, *Is a Credit Union Right for Me?*, (Oct. 29, 2024), https://mycreditunion.gov/brochure-publications/brochure/credit-union-right-me; Service One Credit Union, *Why Do I Have to Pay to "Join" a Credit Union?*, (July 31, 2024), https://www.socu.com/blog/why-pay-to-join; PenFed Credit Union, *Why Is It Called a Share Account?*, (updated Dec. 3, 2024), https://www.penfed.org/learn/share-account-instead.

[174] Federal Credit Union Act generally limits federal credit unions to a 15-percent interest rate ceiling and the National Credit Union Administration has adopted a temporary higher 18-percent interest rate ceiling. *See* 12 U.S.C. § 1757(5); NCUA, *Permissible Loan Interest Rate Ceiling Extended* (Aug. 2024), https://ncua.gov/regulation-supervision/letters-credit-unions-other-guidance/permissible-loan-interest-rate-ceiling-extended. One commenter argued that the lower APRs offered by credit unions should not solely be attributed to the NCUA rate ceiling because credit unions maintain lower rates even when they have room to price higher. *See* America's Credit Unions Comment Letter, at 3.

market credit cards with up to 2 percent cash back when a member has a qualifying deposit account.[175]

Some smaller credit unions offer credit card rewards with earn rates equal to or higher than those available at large bank issuers. For example, one credit union offers a card with 5 percent cash rewards with a $49 annual fee (waived the first year).[176] Many smaller credit unions offer cards with 2 percent cash back, a common offer among larger bank issuers.[177] Access to rewards offers from credit unions however are limited to those consumers that meet the credit union membership requirements.

5.3 Bank issuers

5.3.1 Small bank issuers

Certain smaller issuers play a significant role in providing credit to consumers with below-prime scores who may not otherwise have access to credit cards or only have access to short-term

---

[175] PenFed Credit Union Power Cash Rewards Visa Signature card includes 2 percent cash back for Honors Advantage members (those with a checking account or military service) and 1.5 percent cash back for all other members. State Employees' Credit Union Cash Rewards Visa credit card includes 1.5 percent cash back plus a 0.5 percent bonus with a qualifying direct deposit (at least $500 monthly for at least two of the three preceding months), for up to 2 percent cash back. The Navy Federal Credit Union cashRewards Plus credit card, available to members with very good to excellent credit, includes 2 percent cash back on all purchases. PenFed Credit Union, *Cash Rewards Visa Signature® Card*, https://www.penfed.org/credit-cards/power-cash-rewards-visa (accessed Oct. 10, 2025); State Employees' Credit Union, *Cash Rewards Visa® Credit Card*, https://www.ncsecu.org/accounts/credit-cards/cash-rewards-card (accessed Oct. 10, 2025); Navy Federal Credit Union, cash*Rewards Credit Card*, https://www.navyfederal.org/loans-cards/credit-cards/cash-rewards.html (accessed Oct. 9, 2025).

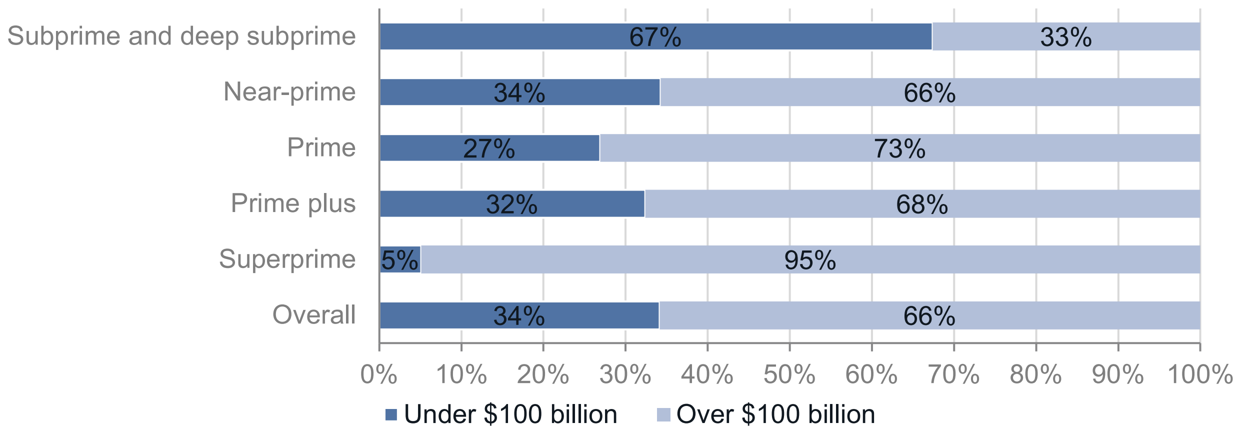
[176] People Caring More Credit Union, *Mastercard Platinum Rewards Card,* offers 5 percent cash back on purchases up to a maximum of $50 per month cash back/statement credit. *See* https://pcmcu.org/loans/credit-cards/ (accessed Oct. 9, 2025).

[177] *See, e.g.,* State Department Federal Credit Union, *Premium Cash Back+ Credit Card*, https://www.sdfcu.org/premium-cash-back (accessed Oct. 9, 2025); Credit Union of America, *Cash Back Signature Card*, https://www.cuofamerica.com/Spend/Visa-Credit-Cards/Cash-Back-Signature-Card (accessed Oct. 9, 2025); American Airlines Credit Union, *VISA Signature® Cash Back Credit Card*, https://www.aacreditunion.org/banking/credit-cards/visa-signature-cash-back/ (accessed Oct. 9, 2025); The USAlliance Financial Visa Signature Credit Card earns two points per dollar and may be redeemed for an equivalent of 2 percent cash back. USAlliance Financial, *Visa® Signature Credit Card*, https://www.usalliance.org/banking-products/signature-card (accessed Oct. 9, 2025).

loans. As shown in Figure 69, issuers with less than $100 billion in assets held roughly one-third of all balances in the CCIP as of year-end 2024. However, about 56 percent of below-prime balances are held by issuers with less than $100 billion in assets, and these smaller issuers held over two-thirds of subprime and deep subprime balances.

FIGURE 69

Share of credit card balances by issuer asset size, year-end 2024 (Y-14, CCIP)



Some smaller banks leverage new business models or product types or have developed specialized practices in risk management, marketing, and pricing. Issuers that specialize in credit Card-as-a-Service (CaaS) programs may similarly establish commercial partnerships with other financial institutions or financial technology companies with which they share, transfer, or delegate core functions and economics of operating a credit card program. CaaS issuers comprise a small but growing share of overall balances. They offer credit card products available to consumers with a wider range of credit scores than mass market credit card issuers. The Bureau collected data pursuant to its 1022(c)(4) authority from a small group of CaaS special issuers and from this data derived observations about interest charges and fees.[178] In the aggregate, we observed that CaaS issuers have pricing terms that are generally more reliant on fees, in addition to higher interest charges, as a share of balances than cards issued by larger banks, even when comparing only below-prime portfolios. However, credit cards offered by

[178] CaaS market estimates based on new data collected pursuant to our 1022(c)(4) authority may not represent the entire market of CaaS issuing banks.

CaaS issuers and their program partners are an important source of credit for consumers with non-prime scores and other groups not traditionally the focus of larger banks.

Some smaller credit card issuers will partner with a financial technology company to provide "second look" financing, such as by presenting an offer for an alternative private label card to a consumer who has been declined for a primary credit product. Other issuers may outsource some or many functions to a third-party program manager, which handles marketing and servicing, while retaining underwriting responsibilities and the underlying assets.[179] Many smaller issuers partner with an agent bank, an operating model used by "about half of banks with $10 billion to $100 billion in assets" and "the vast majority of banks with less than $10 billion."[180]

5.3.2 Large bank issuers

Large banks, or banks with $100 billion or more in consolidated assets, hold two-thirds of all credit card balances, tend to focus on providing credit to consumers with prime and above credit scores, and generally offer a diverse suite of perks and rewards.[181] As shown in Figure 69, banks with more than $100 billion in assets hold 95 percent of superprime credit card balances. To attract consumers with higher credit scores, many large banks have invested significant resources in developing card products that offer differentiated rewards,[182] such as experiential

[179] *See, e.g.*, Continental Finance, *About Continental*, https://continentalfinance.com/about-continental-finance-2/ (accessed Oct. 9, 2025).

[180] Ben Brown et al., *In-House vs. Outsourced Program Management: Time to Rethink the Lines in the Sand*, Flagship Advisory Partners (Sept. 18, 2025), https://insights.flagshipadvisorypartners.com/in-house-vs.-outsourced-program-management-time-to-rethink-the-lines-in-the-sand.

[181] This definition of large banks is derived from the Y-14M collection, which includes U.S. bank holding companies, U.S. intermediate holding companies of foreign banking organizations, and covered savings and loan holding companies with $100 billion or more in total consolidated assets. S*ee* Federal Reserve Board, *Report Forms FR Y-14M*, https://www.federalreserve.gov/apps/reportingforms/Report/Index/FR_Y-14M (accessed Aug. 20, 2025).

[182] *See, e.g.*, Press Release, American Express, *American Express Announces Major Updates Coming to U.S. Consumer and Business Platinum Cards® Later This Year* (June 16, 2025), https://www.americanexpress.com/en-us/newsroom/articles/products-and-services/american-express-announces-major-updates-coming-to-u-s--consumer.html; Press Release, Chase, *The Most Rewarding Cards Are Here: The New Chase Sapphire Reserve and Introducing Chase Sapphire Reserve for Business* (June 23, 2025), https://media.chase.com/news/the-most-rewarding-cards-are-here.

benefits like private culinary events or presale tickets,[183] or privileged access to certain partner services, such as airport lounge access and loyalty tiers.[184] Larger banks may also establish exclusive partnerships with the largest merchants, such as airlines and hotels, to offer credit cards designed to appeal to consumers with higher scores who tend to spend more.[185] Large issuers benefit from economies of scale, which allows them to spread certain marketing expenditures over a larger portfolio.

Some large banks do market specific credit card products to consumers with non-prime scores, while other credit card issuers have established a minimum credit score threshold for new applicants.[186] In general, the odds of approval are lower for cardholders with below-prime credit scores applying for mainstream or premium cards,[187] in part because cardholders with lower credit scores tend to have a higher risk of default. Below-prime balances at large banks include cardholders who had higher scores when they opened their card account but whose scores subsequently declined.

---

[183] *See, e.g.*, Gregory Karp, *Chase Ultimate Rewards: How the Program Works*, Nerdwallet (Aug. 22, 2025), https://www.nerdwallet.com/article/credit-cards/chase-ultimate-rewards-program; American Express, *Event Tickets, Presales & More*, https://www.americanexpress.com/en-us/benefits/entertainment/amex-presale/(accessed Oct. 16, 2025).

[184] *See, e.g.*, Alaska Airlines, Alaska Airlines and Bank of America present a new premium credit card designed for global travelers, the Atmos™ Rewards Summit Visa Infinite® card, (Aug. 20, 2025), https://news.alaskaair.com/loyalty/alaska-airlines-and-bank-of-america-present-a-new-premium-credit-card/.

[185] For more on credit card purchase volume, *see* Sections 2.3 and 2.4. For more on rewards partnerships, *see* CFPB, *Credit Card Rewards Issue Spotlight* (May 2024), https://files.consumerfinance.gov/f/documents/cfpb_credit-card-rewards_issue-spotlight_2024-05.pdf, and 2023 Report, at 98–106.

[186] *See, e.g.*, "As you look at new account growth, we're not originating anything less than 660." Wells Fargo & Company, Q2 2024 Earnings Call Transcript (July 12, 2024), https://www.capitaliq.spglobal.com/apisv3/spg-webplatform-core/docviewer?mid=226704260.

[187] *See, e.g.* "Across our cards portfolio, approximately 85% of our loans are to consumers with FICO scores of 660 or higher." Citigroup Inc., Q3 2024 Earnings Call Transcript (Oct. 15, 2025), https://www.capitaliq.spglobal.com/apisv3/spg-webplatform-core/docviewer?mid=231239297.

6. Availability of credit

As in prior reports, in this section we examine measures relating to credit card availability. We explore two broad areas: new account origination and credit availability after origination. To do so, we examine the credit card account life cycle, starting with marketing and consumer applications across a range of channels. Next, we track issuer approvals as well as new account and line origination, with additional information regarding the impact of new account fraud. Finally, we discuss credit lines available to consumers, consumer use of those lines, and issuer line management of existing accounts.

6.1 New accounts

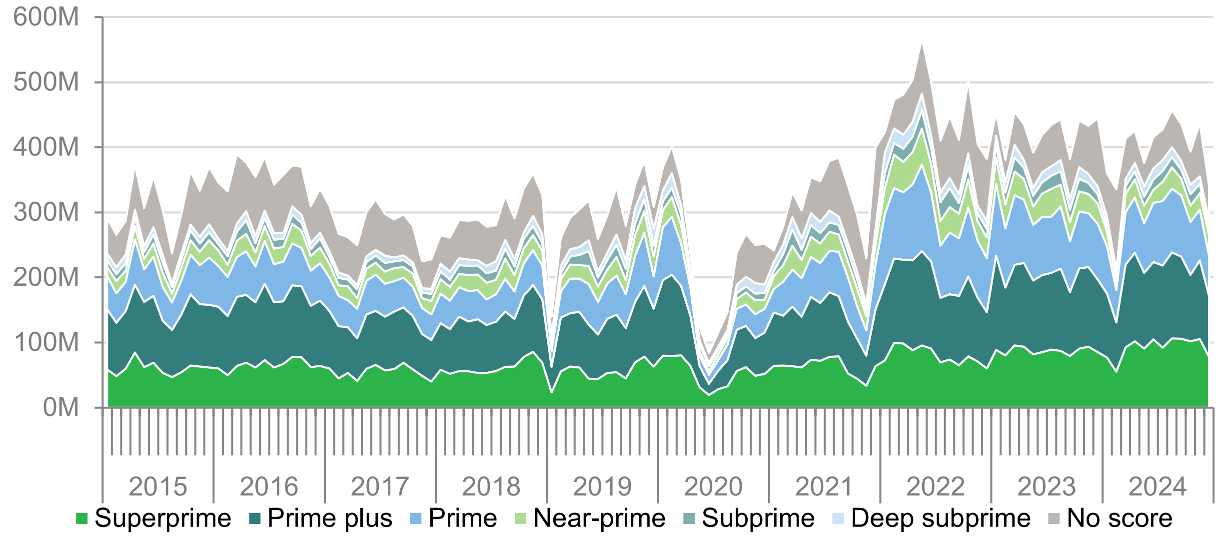
6.1.1 Direct mail marketing and comparison shopping

Mail marketing remains an important channel for credit card issuers to reach potential cardholders. Issuers sent an average of 414 million direct mail solicitations per month across 2023 and 2024, 40 percent higher than pre-pandemic levels in 2018–2019. This growth cannot be explained by population and cardholder growth and is occurring despite developments in digital advertising. The increased level of card marketing mail coincides with a period where financial technology companies have partnered with issuers to offer subprime or credit-building cards, for which email is the dominant marketing channel.[188] Overall, just over half of direct mail went to consumers with superprime and prime plus credit scores, who comprised 60 percent of cardholders in 2023 and 2024. Consumers with below-prime scores, who comprise one-quarter of cardholders, received 29 percent of direct mail offers in 2023 and 2024, down from 36 percent in 2018 and 2019.

[188] Competiscan, *Credit-Building Cards Overview Q1 2021* (May 2021).

FIGURE 70

Monthly mail volume trends by consumer credit score (Competiscan, Mintel Comperemedia)[189]

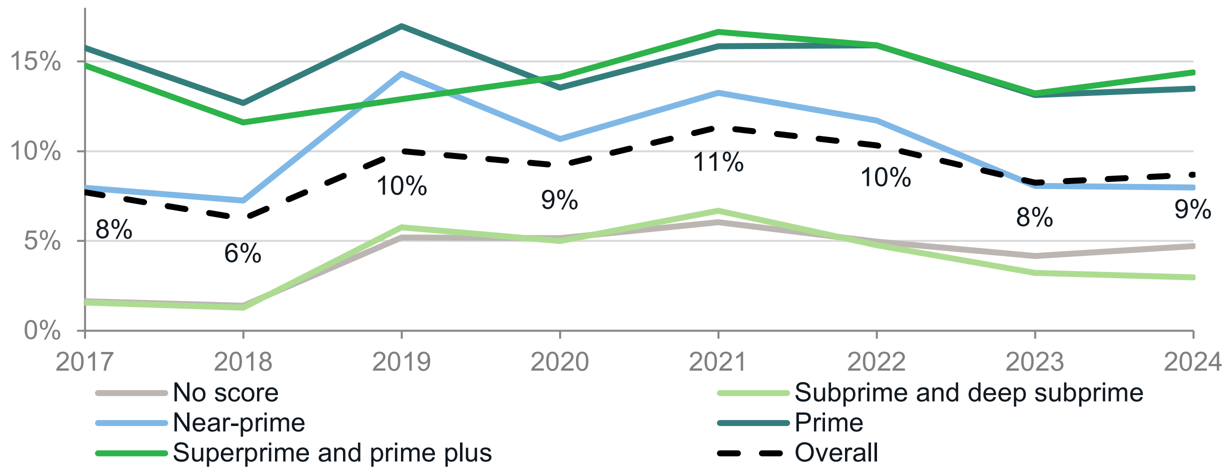


Prescreened offers continue to generate around 9 percent of applications. Prescreened offers, also known as "pre-approved" or "pre-selected" offers, occur when an issuer sends solicitations, typically via direct mail, to consumers who meet predetermined creditworthiness criteria. Fourteen percent of applications submitted by consumers with superprime and 13 percent of applications submitted by consumers with prime scores in 2024 were facilitated by prescreened offers, while such offers made up less than 5 percent of applications for consumers with either subprime or unknown credit scores.

[189] Data following October 2019 were supplied by Competiscan. Data prior to this date were supplied by Mintel Comperemedia, a market intelligence agency.

FIGURE 71

Applications submitted in response to prescreened offers as a share of total applications, general purpose (MMI)

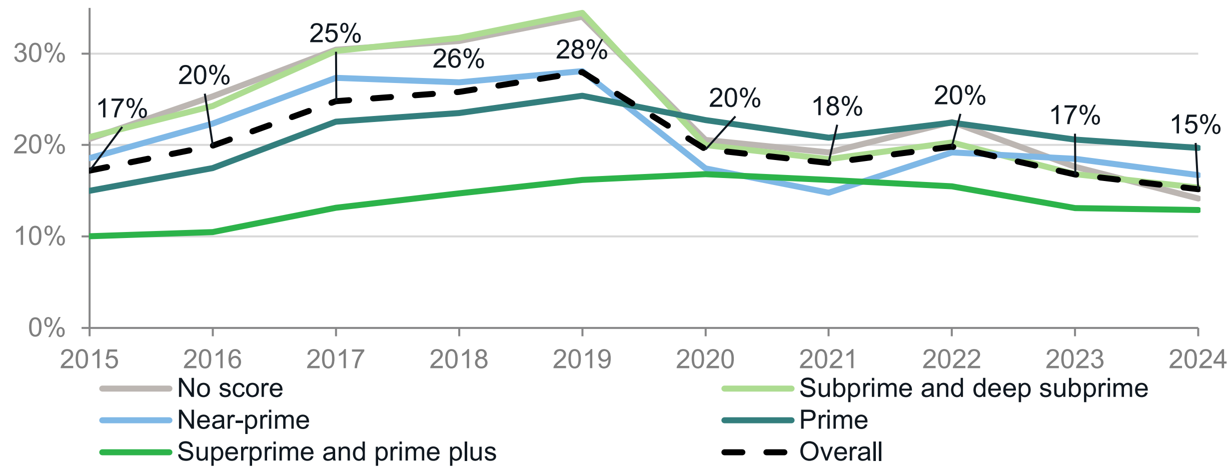


Third-party comparison (TPC) sites such as Credit Karma, NerdWallet, and others drove a lower share of credit applications in 2024 yet remain a significant channel for digital traffic. The share of general purpose card applications submitted via TPC site channels declined to a rate of about one in six from 2022 through 2024, down from a high of 28 percent in 2019. Cardholders with superprime credit scores were less likely to submit applications facilitated by a TPC site in 2023 and 2024 than any other credit score group.[190]

[190] For 2023 and 2024, "general purpose cards" includes retail co-brand cards, which are typically less reliant on third-party comparison sites to generate application volume.

FIGURE 72

Applications facilitated by TPC sites as a share of total applications, general purpose (MMI)



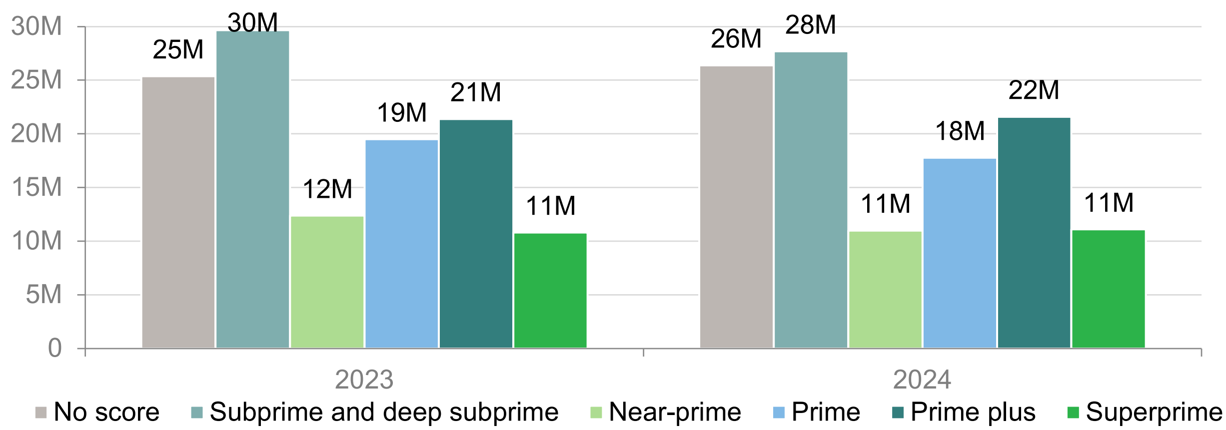
6.1.2 Applications

In 2024, U.S. consumers submitted over 150 million credit card applications to mass market issuers, a decrease from more than 160 million in 2022 and 2023.[191] The number of applications for general purpose cards totaled over 115 million in 2024. Applications from consumers with prime plus and superprime scores remained stable compared to 2023 levels, while application volume from those with prime or lower scores declined slightly.

[191] 2023 Report, at 77.

FIGURE 73

Applications for mass market issuers by credit score tier, general purpose (MMI)

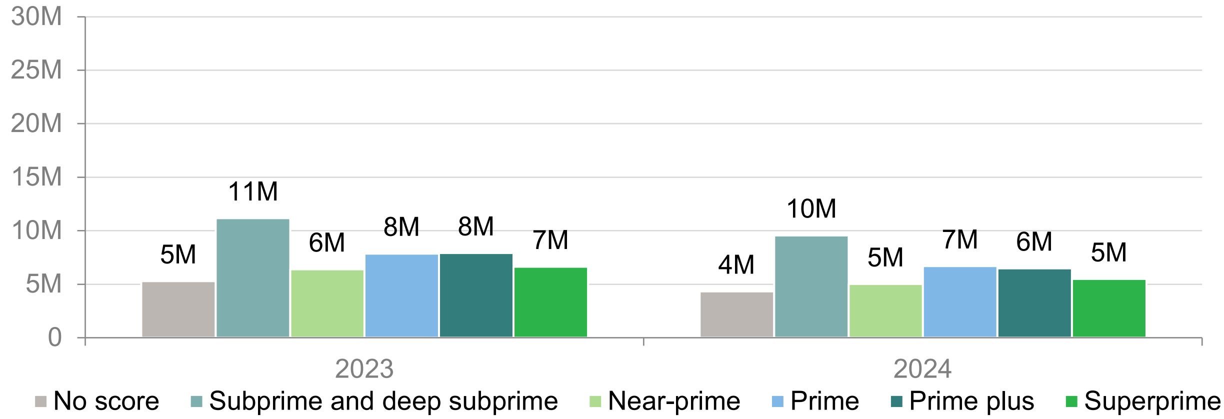


The number of applications for mass market issuer private label cards totaled over 37.6 million in 2024, down from 45.3 million in 2023. The number of private label applications decreased among cardholders in all credit score tiers. The 17 percent decrease in applications may reflect a shift in the mix of new retail cards from private label to more co-brand cards that has been observed by some issuers.[192]

[192] *See* Bread Financial Holdings, Inc., Q4 2024 Earnings Call Transcript (Jan. 30, 2025), https://www.capitaliq.spglobal.com/apisv3/spg-webplatform-core/docviewer?mid=235951818.

FIGURE 74

Application volume for mass market issuers by credit score tier, private label (MMI)



The share of applications for general purpose cards submitted via mobile device has leveled off at the same time as there has been a flattening trend in adoption generally.[193] Mobile device use for credit card applications has increased substantially over the last ten years.[194] Beginning in 2020, most applications for general purpose cards have been submitted that way.[195] Since peaking in 2022 at 58 percent, the share of applications for general purpose cards submitted via mobile devices has remained quite stable.[196]

[193] Pew Research Center, *Mobile Fact Sheet*, (Nov. 13, 2024), https://www.pewresearch.org/internet/fact-senrheet/mobile/.

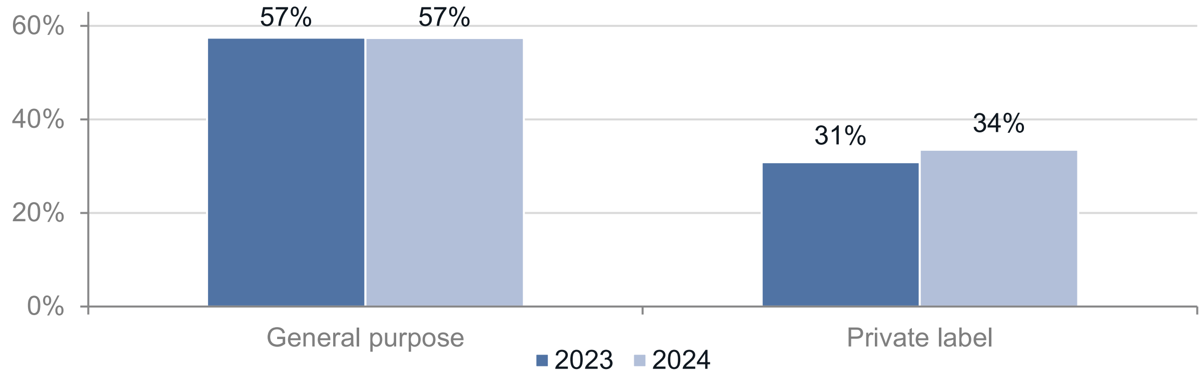
[194] 2023 Report, at 80.

[195] 2023 Report, at 79.

[196] 2023 Report, at 80.

FIGURE 75

Share of applications submitted by mobile devices (MMI)



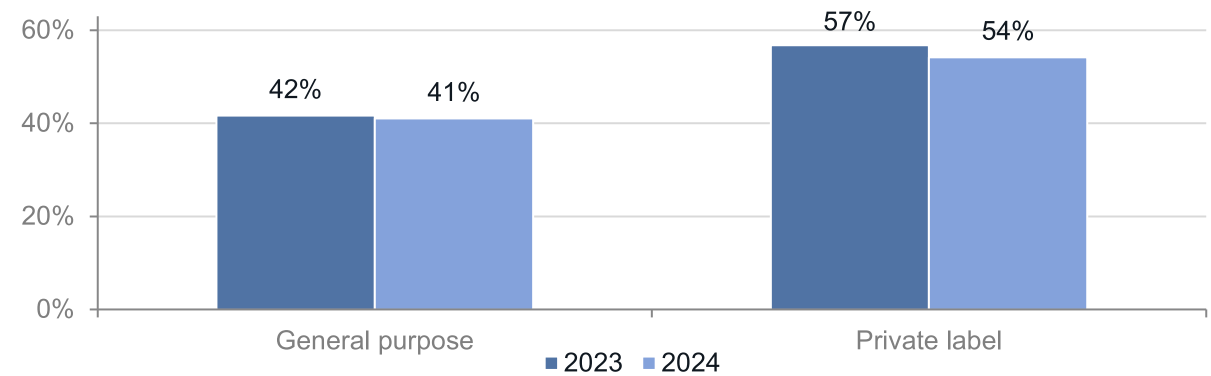
6.1.3 Approvals

In 2024, 67.7 million credit card applications were approved by mass market issuers, a decrease from 75 million approvals in both 2022 and 2023. The approval rate in 2024 for general purpose cards was 41%. In 2023 and 2024, approval rates appear to have resumed the decreasing trend observed prior to 2020.[197] The approval rate for private label credit cards was 54% in 2024, a 3 percent decrease from 2023.

[197] General purpose approval rates declined from 2015 to 2020, with a larger drop occurring in 2020 during the beginning of the pandemic. *See* 2023 Report, at 81.

FIGURE 76

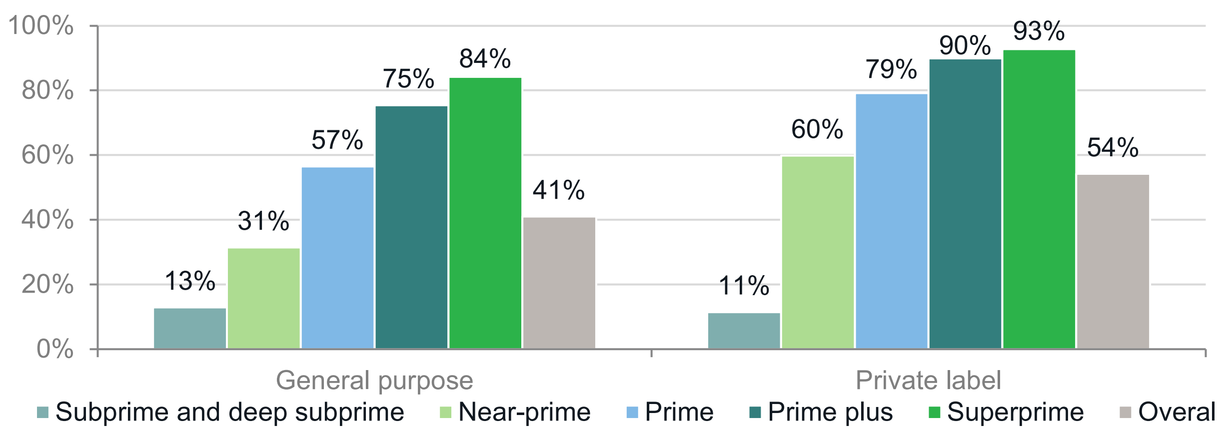
Approval rate (MMI)



Approval rates vary significantly by credit tier—most credit card applications submitted by consumers with prime and above-prime scores were approved, while under one-fifth of credit card applications submitted by consumers with subprime and deep subprime credit scores were approved. As shown in Figure 77, approval rates for every credit tier except for the subprime, deep subprime and no score tiers were higher for private label cards than for general purpose cards in 2024. The 60 percent approval rate for applicants with near-prime credit scores for private label cards was nearly double that of general purpose cards (31 percent). Overall, the 2024 private label card approval rate of 54 percent was also higher than the 41 percent approval rate for general purpose cards overall.

FIGURE 77

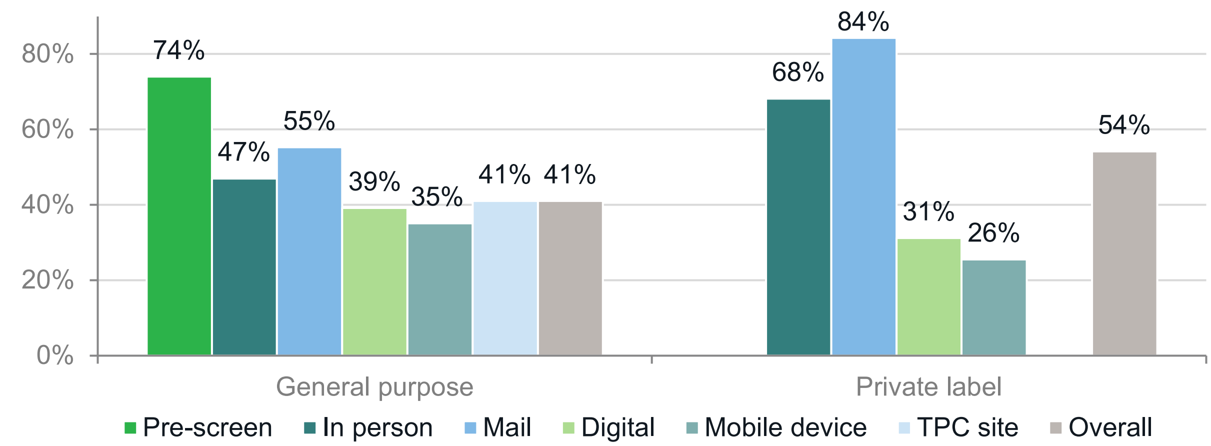
Approval rate by credit score tier, 2024 (MMI)



Approval rates vary substantially by application channel and by card type, but are lowest for applications submitted by mobile device. As shown in Figure 78, pre-screened solicitations are the channel with the highest approval rate, as credit card companies use information from credit reporting companies to make pre-screened offers to consumers whose credit histories meet the criteria selected by the card company[198]. Accordingly, the 74 percent approval rate for prescreened solicitations is nearly 20 percentage points higher than the channel with the next highest approval rate. However, in terms of number of approvals, prescreens account for far fewer approvals than in-person, digital, and mobile device channels (Figure 79). Private label card programs do not typically utilize pre-screening. However, they have significantly higher approval rates for in-person and mail application as they are generally more reliant on the merchant relationship to solicit applications. Approval rates for mobile and digital channels are typically lower than other channels but vary by credit tier. The approval rate for general purpose card applications submitted via TPC sites is 41 percent.

FIGURE 78

Approval rate by application channel, 2024 (MMI)



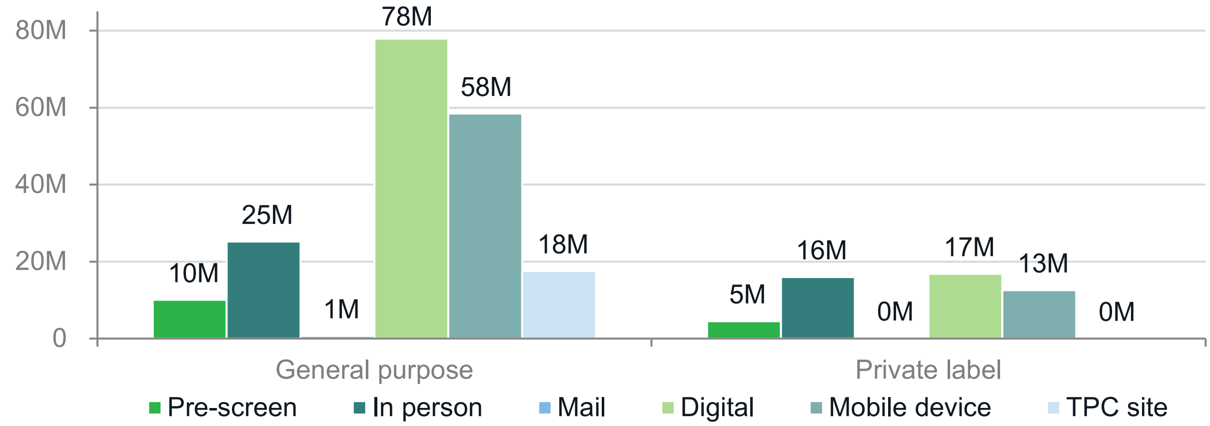
Both general purpose and private label approvals derive primarily from applications submitted through digital channels, with general purpose being overall far more reliant on digital channels. In contrast, a significant portion of 2024 private label approvals were from applications submitted in person—16 million, compared to the 17 million and 13 million private label approvals from digital and mobile channels.

---

[198] Stefani Wendel, *What is Prescreen and Prequalification?*, Experian (Sept. 8, 2023), https://www.experian.com/blogs/insights/what-is-prescreen/ (last accessed Nov. 21, 2025)

FIGURE 79

Approvals by application channel, 2024 (MMI)

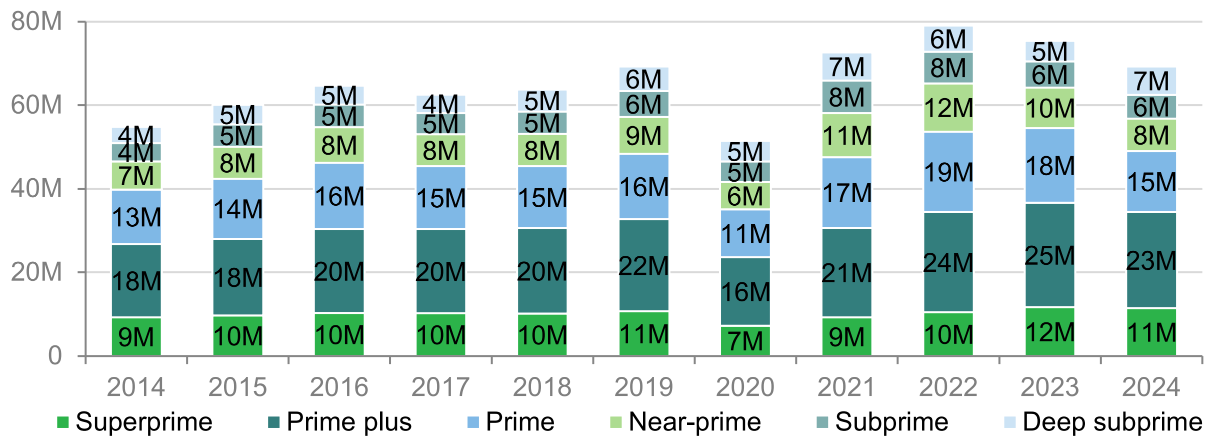


6.1.4 Account origination

Since its historic peak in 2022, general purpose card originations have declined steadily over the last two years. Total new accounts for general purpose cards in 2022 were around 79 million, with the majority going to consumers with prime and above scores. Since then, general purpose originations have declined by 12.3 percent. These declines occurred for consumers in all tiers except those with deep subprime and superprime scores, who opened approximately an additional 600,000 and one million general purpose credit cards in 2024, respectively, compared to 2022.

FIGURE 80

Annual new accounts, general purpose (CCIP)



In contrast to general purpose originations, private label card originations have continued a general declining trend since 2016. Since its peak in 2016 with 45 million originations, private label originations have declined by 55.2 percent. The rate of decline slightly accelerated from 2021 to 2024 compared to the rate from 2014 to 2019. These declines are driven in part by decisions by some private label issuers and merchant partners to shift toward more co-brand products, which have potential for spending across a wide range of merchants.[199] Some consumers may also be substituting BNPL loans or other card products for private label cards.[200]

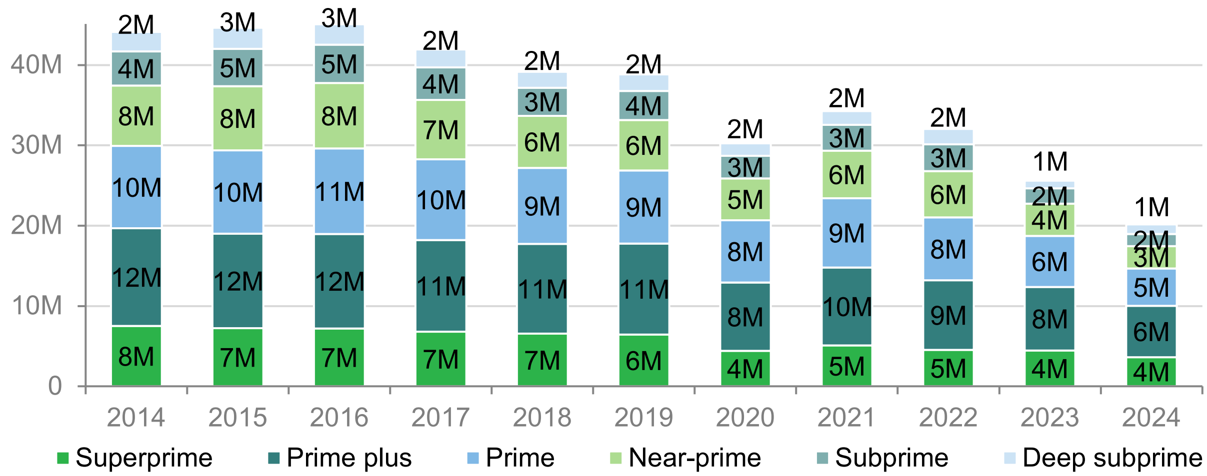
---

[199] *See, e.g.*, "[W]e had...a gradual shift in risk and product mix, leading to a lower proportion of private-label accounts... a lot of the brand partners now have some co-brand as well as private label.... Then on top of that, we're signing some new partners who have just co-brand." Bread Financial Holdings, Inc., Q4 2024 Earnings Call Transcript (Jan. 30 2025), https://www.capitaliq.spglobal.com/apisv3/spg-webplatform-core/docviewer?mid=235951818.

[200] Auriemma, *Does Buy Now, Pay Later Cannibalize Private Label Credit Cards?* (June 2024), https://auriemma.group/emerging-payments/bnpl/does-buy-now-pay-later-cannibalize-private-label-credit-cards/. *See also* Katie Kelton, *Survey: Retail credit card interest rates are through the roof in 2024*, Bankrate (Sept. 12, 2024), https://www.bankrate.com/credit-cards/news/retail-store-credit-card-survey/#why-are-retail-card-interest-rates-so-high. For more on BNPL programs, *see* Section 8.2.1.

FIGURE 81

Annual new accounts, private label (CCIP)



6.1.5 New account fraud

Annual U.S. card fraud losses, measured by the face value of transactions, totaled $14.3 billion in 2023, up from $13.6 billion in 2022, according to data from the Nilson Report. As a percent of purchase volume, fraud losses equaled 11 bps in 2023, unchanged from 2022.[201] The full cost of fraud is higher, including downstream impacts like risk management and operations costs—a 2025 study found the cost of fraud for U.S. lenders is 5.4 times the face value loss.[202] While consumers are not legally responsible for most unauthorized charges on their cards as a result of credit card-related fraud,[203] they may be required to spend time reporting it to law enforcement,

[201] Fraud losses in the U.S. accounted for 25.3 percent of total card volume worldwide in 2023, but 42.3 percent of worldwide fraud losses, according to the Nilson Report. Over the next ten years, card fraud is expected to cumulatively amount to $403.88 billion, with $167.31 billion (or 41.4 percent) occurring on cards issued in the U.S. *See* Nilson Report, *Issue 1276* (Dec. 2024), https://nilsonreport.com/newsletters/1276/, at 5–6. Figures represent face value loss, confirmed separately with the Nilson Report.

[202] LexisNexis Risk Solutions, *LexisNexis True Cost of Fraud Study 2025: Financial Services & Lending*, (Sept. 2025), https://risk.lexisnexis.com/insights-resources/research/us-ca-true-cost-of-fraud-study.

[203] CFPB, *Am I responsible for unauthorized charges if my credit cards are lost or stolen?*, (reviewed Apr. 15, 2024), https://www.consumerfinance.gov/ask-cfpb/am-i-responsible-for-unauthorized-charges-if-my-credit-cards-are-lost-or-stolen-en-29/. *See also* 15 U.S.C. § 1643.

convince lenders that the charges and/or credit accounts are fraudulent, restore lost credit access, and remediate damage to their credit standing and specifically to their credit reports.

Credit card fraud is one of the most encountered types of financial cybercrime in the U.S.[204] A poll conducted by Ipsos estimates that 62 million people in the U.S. experienced credit card fraud in 2024.[205]

Table 4 shows that over two million consumers submitted credit card-related identity theft reports to the Federal Trade Commission (FTC), representing 28 percent of all identity theft reported over a five-year period, the most of any category. Identity Theft Reports are a mechanism consumers can use with law enforcement and with businesses to show theft and harm, as well as to recover from identity theft-related harms. The FTC advises, as does the CFPB, that consumers complete and submit identity theft reports to the agency.[206]

---

[204] Ipsos, *Nearly 1 in 3 Americans report being a victim of online financial fraud or cybercrime*, https://www.ipsos.com/en-us/nearly-1-3-americans-report-being-victim-online-financial-fraud-or-cybercrime (accessed Nov. 21, 2025)

[205] *Id.*

[206] *See* FTC, *Report to help fight fraud!*, https://reportfraud.ftc.gov/; FTC, *IdentityTheft.gov Helps You Report and Recover from Identity Theft*, https://consumer.ftc.gov/media/identitytheftgov-helps-you-report-recover-identity-theft (accessed Oct. 8, 2025); CFPB, *What do I do if I've been a victim of identity theft?*, https://www.consumerfinance.gov/ask-cfpb/what-do-i-do-if-i-think-i-have-been-a-victim-of-identity-theft-en-31/ (accessed Oct. 8, 2025).

TABLE 4

Identity theft reports submitted to the FTC by theft type, 2020–2024 (FTC)[207]

Rank	FTC Theft Type	# of Reports	% of Total
1	Credit card	2,128,094	28%
2	Other identity theft	1,774,562	23%
3	Government documents or benefits	1,052,795	14%
4	Loan or lease	1,027,184	13%
5	Bank account	660,296	9%
6	Employment or tax-related	519,306	7%
7	Phone or utilities	476,376	6%
Total		**7,638,613**	**100%**

"New account" or "account opening" fraud takes place at the start of the relationship journey. Account opening fraud is comparatively difficult for issuers to catch and prevent because issuers cannot rely on in-house account and interaction history. Account transaction histories, which are used to detect and prevent existing account fraud, provide lenders with baseline contextual intelligence from which to spot and address suspicious spending behaviors and patterns, troubleshooting directly with their consumer clients as appropriate.[208]

---

[207] Analysis based on FTC, Identity Theft Reports by Subtype (published Aug. 12, 2025), https://public.tableau.com/app/profile/federal.trade.commission/viz/IdentityTheftReports/DetailonTheftTypes.

[208] Fraud detection managers are able to monitor, in real time, existing account behaviors that fall outside the scope of normal activity, and financial institutions are required to establish an identity theft prevention program, including monitoring suspicious transactions. *See* corcentric, *Creating a data analytics approach to fraud detection and prevention*, https://www.corcentric.com/blog/creating-a-data-analytics-approach-to-fraud-detection-and-prevention/ (accessed Sept. 29, 2025); FinRegLab, *Innovations for Identity Proofing and Transaction Monitoring*, (Oct. 2024), at 22, https://finreglab.org/wp-content/uploads/2024/10/FinRegLab_10-31-2024_Market_Context_Report_Innovations_for_Identity_Proofing_and_Transaction_Monitoring.pdf.

Consumers file reports of far more incidents of new account fraud with the FTC than they do existing account fraud. Over a five-year period, new account fraud represents over 90 percent of all credit card fraud compared to less than 10 percent for existing accounts, as shown in Table 5 below. In instances of existing account fraud, consumers may be able to remediate the fraud directly with the issuer.[209]

TABLE 5

Credit card identity theft reports submitted to the FTC: new account fraud vs. existing account fraud, 2020–2024 (FTC)[210]

Year	Total reports submitted (#)	Credit Card				
		Reports submitted (#)	New account fraud (#)	New acct fraud (% of total card)	Existing acct fraud (#)	Existing acct fraud (% of total card)
2024	1,423,380	458,538	406,110	88.6%	52,428	11.4%
2023	1,304,482	425,993	381,113	89.5%	44,880	10.5%
2022	1,390,216	448,444	409,030	91.2%	39,414	8.8%
2021	1,768,726	395,391	363,105	91.8%	32,286	8.2%
2020	1,751,809	399,728	365,736	91.5%	33,992	8.5%

[209] The Fair Credit Billing Act, enacted and incorporated into the Truth in Lending Act (TILA) in 1974, includes substantive protections for credit card users who have billing errors. *See* 12 CFR 1026.13(a)-(b). If a consumer files a billing error notice, a creditor is required to investigate the alleged error, send certain notifications to the consumer, and refund any amount found in error as well as any related charges that accrued. *See* 12 CFR 1026.13(c), (e), and (f). TILA's implementing Regulation Z defines unauthorized use as "the use of a credit card by a person, other than the cardholder, who does not have actual, implied, or apparent authority for such use, and from which the cardholder receives no benefit." 12 CFR 1026.12(b)(1)(i).

[210] Analysis based on FTC, Identity Theft Reports by Subtype (published Aug. 12, 2025), https://public.tableau.com/app/profile/federal.trade.commission/viz/IdentityTheftReports/DetailonTheftTypes.

Borrowers are not responsible for credit card charges they did not authorize.[211] In instances of existing account fraud, fraudulent transactions may be quickly detected by an issuer, or a cardholder might identify fraudulent charges when reviewing account transactions. In instances of new account fraud, an issuer and consumer may not detect fraud until after the fraudulent account has become delinquent. Remediating new account fraud is frequently time-consuming for consumers. In one study, authors observed a 69 percent increase in the amount of time consumer fraud victims spent resolving new account fraud in 2023 vs. 2022, and vs. other types of identity fraud.[212] Consumers spent 16.4 hours resolving new account fraud on average in 2023, up from 9.7 hours in 2022, making it the most time-consuming type of identity fraud.[213] Unless successfully remediated, past-due negative credit account information can appear in credit reports for up to seven years.[214]

6.1.6 New account credit line

The total credit line on new accounts in 2024 is roughly in line with the historic monthly average. On average over 2024, the total credit line amount on new accounts was $43 billion per month. Since late 2022, the monthly total credit line on new accounts have been declining in nominal terms, consistent with "tightened lending standards for credit card loans" as reported in the Senior Loan Officer Opinion Survey from late 2024.[215] After the 2020 decline in new credit lines, total credit lines on new accounts peaked at $52 billion nominally in November 2022, but has since declined.

---

[211] CFPB, *Am I responsible for unauthorized charges if my credit cards are lost or stolen?*, (Apr. 15, 2024), https://www.consumerfinance.gov/ask-cfpb/am-i-responsible-for-unauthorized-charges-if-my-credit-cards-are-lost-or-stolen-en-29/. *See also* 15 U.S.C. § 1643.

[212] Javelin, *2024 Identity Fraud Study: Resolving the Shattered Identity Crisis,* (May 16, 2024), https://javelinstrategy.com/webinar/2024-identity-fraud-study-resolving-shattered-identity-crisis, at 10:10.

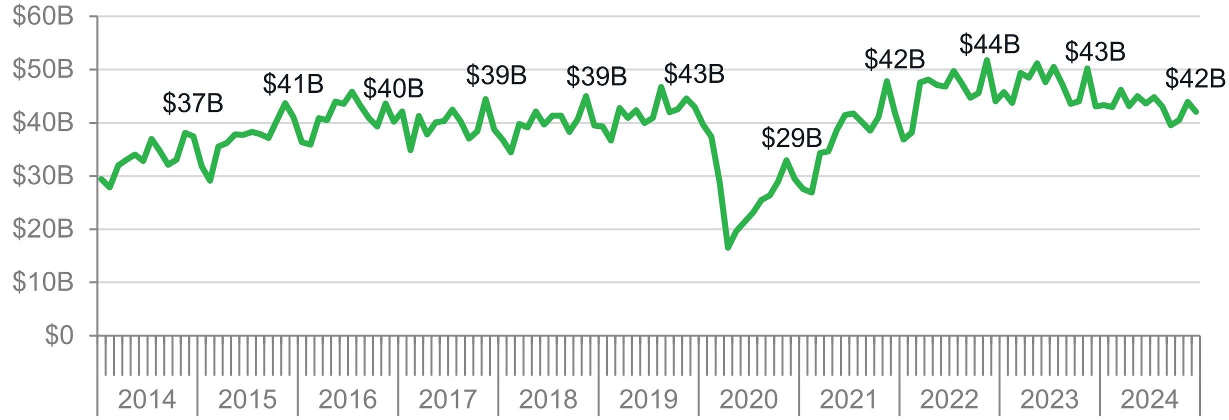
[213] *Id.*

[214] CFPB, *How long does negative information remain on my credit report?*, (Sept. 5, 2025), https://www.consumerfinance.gov/ask-cfpb/how-long-does-negative-information-remain-on-my-credit-report-en-323/.

[215] Federal Reserve Board, *Senior Loan Officer Opinion Survey on Bank Lending Practices*, (Oct. 2024), https://www.federalreserve.gov/data/sloos/sloos-202410.htm.

FIGURE 82

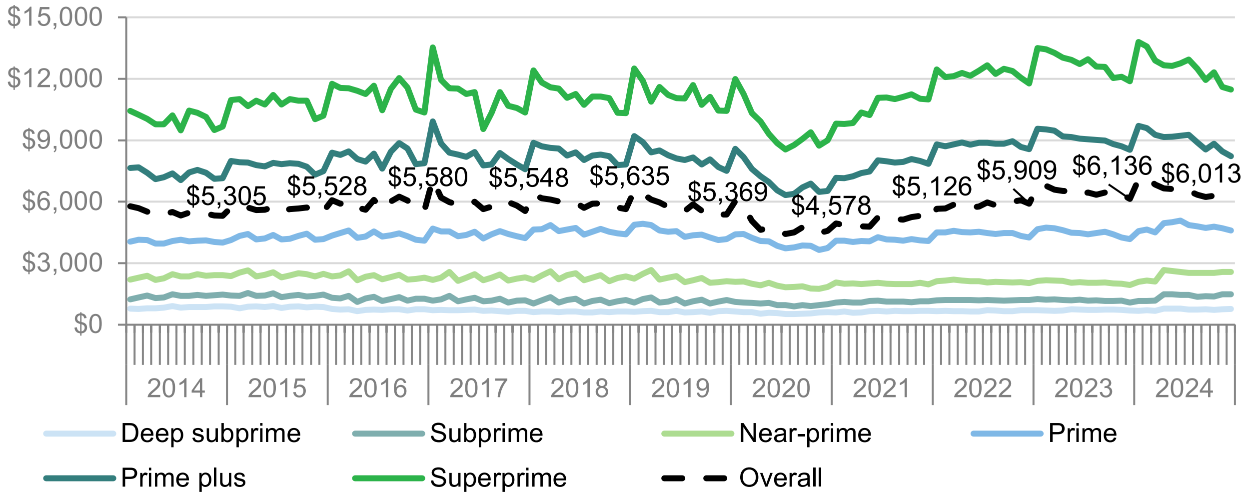
Monthly total credit line on new accounts (CCIP)



The monthly average credit line on new general purpose accounts remains within the historic range for consumers across all credit score tiers. The average new line per account in 2024 remained near typical nominal levels, slightly above $6,000, and remained relatively stable in 2022, 2023, and 2024. New cardholders with superprime scores received about $12,000 in available credit in 2024, while those with near-prime scores could expect less than a fourth of that, about $2,500. Average general purpose credit lines are consistently higher among consumers with prime plus and superprime credit scores, with the average among consumers with prime scores slightly below the overall average. Across all six score tiers, averages have returned to their pre-pandemic levels, albeit in nominal terms.

FIGURE 83

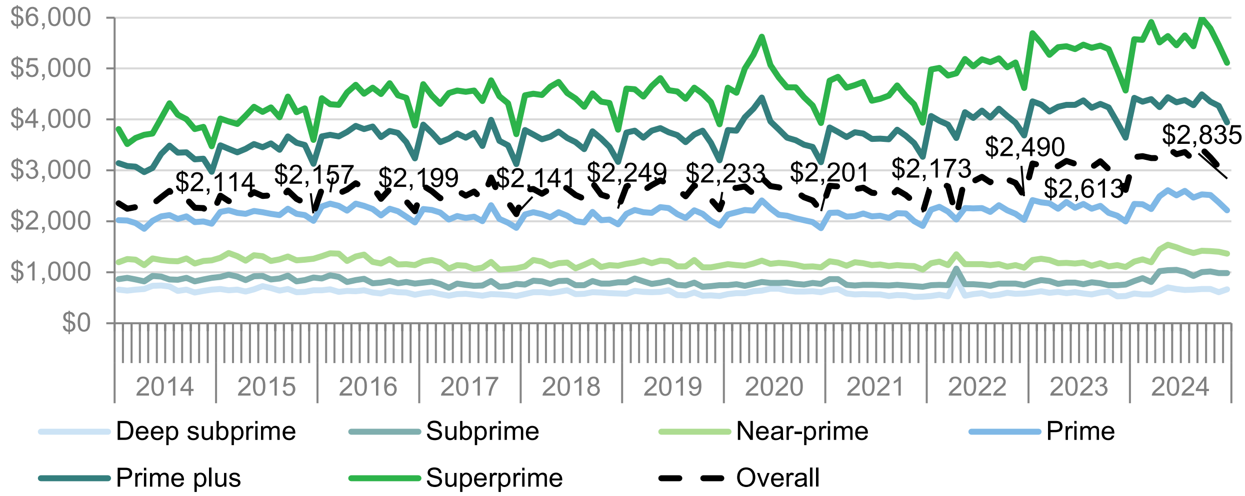
Monthly average credit line on new accounts, general purpose (CCIP)



Like general purpose cards, average credit lines on new private label cards remain similar over time. The average new private label card originated with $2,835 in credit line in December 2024. In general, opening credit limits are lower for private label cards than for general purpose cards, but the degree varies by credit tier. For consumers with superprime and prime plus credit scores, initial credit limits on private label cards are less than half of the initial credit limits on general purpose cards. For cardholders with scores in the subprime tier and below, credit line at origination on private label cards is roughly two-thirds of the average new general purpose credit line. As shown in Figure 84, the average new private label credit line per new account follows a cyclical pattern for prime and higher credit tiers, with sharp drops each December.

FIGURE 84

Monthly average credit line on new accounts, private label (CCIP)



6.1.7 New account APR assignment

To assign APRs for new accounts, issuers consider several factors in assigning pricing terms including, for example, credit risk-related metrics.[216] Risk-based pricing is the practice whereby lenders offer consumers different interest rates or other loan terms based on the likelihood that a consumer will fail to pay back the loan.[217] Under risk-based pricing, for the same credit card, an issuer may offer an interest rate informed by perceived credit risk based on several factors, which may include credit score. Thus, for example, for a given product, consumers with superprime scores may receive a lower APR or other more favorable loan terms than consumers with subprime scores.[218]

[216] For further discussion of factors contributing to APRs, *see* Section 3.2.1.

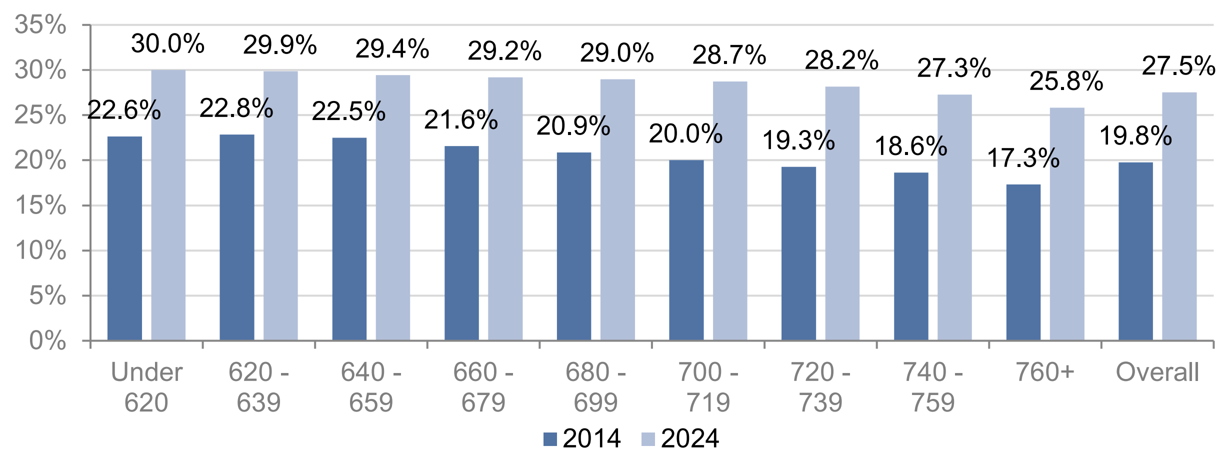
[217] *See* CFPB, *What is risk-based pricing?* (Jan 30, 2024) https://www.consumerfinance.gov/ask-cfpb/what-is-risk-based-pricing-en-767/.

[218] For further discussion of the impact of risk on loan terms, *see* Sections 3.2.2 and 6.1.6.

Figure 85 shows how the practice of risk-based pricing is represented in average APRs across credit scores on new general purpose accounts, and how this has changed by comparing 2024 to 2014. In this section, we look at pricing differences by credit score so we can observe differences between consumers within the same credit score tier. In both the near-prime (620 to 659) and prime (660 to 719) segments, there is a roughly 50 bps difference in average APR between consumers in the top 20 credit scores in the range and the bottom 20 credit scores within the score tier in 2024. Additionally, average APRs across all credit score bands are higher than they were in 2014. Each credit score band shown in Figure 85 has experienced price increases for general purpose credit cards of between 700 and 900 bps. Most of this change can be explained by differences in the average annual prime rate, which was 3.25 percent in 2014 and 8.31 percent in December 2024, but there remain some rate increases not attributable to changes to the prime rate.[219]

FIGURE 85

Average APR on new accounts, general purpose (Y-14)



The average APR margin on new general purpose accounts provides a picture of pricing after accounting for changes in the prime rate. As shown in Figure 86, APR margins are relatively higher for new accounts opened by consumers with higher credit scores than for those with lower scores. The APR margin for consumers with credit scores of 740 to 759 was 359 bps higher

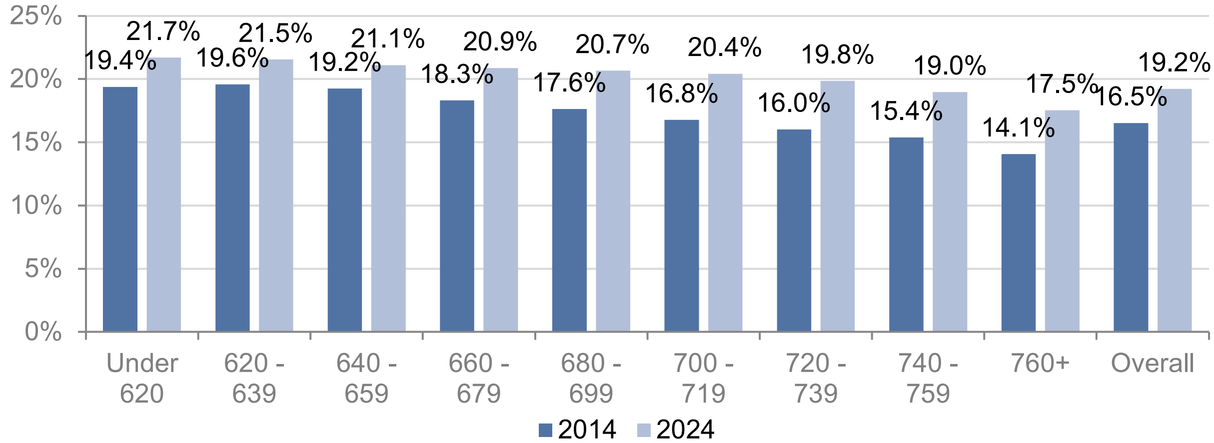
---

[219] Prime rate comes from Federal Reserve Bank of St. Louis Bank Prime Loan Rate calculated as an annual average, *see* https://fred.stlouisfed.org/series/DPRIME#.

in 2024 relative to 2014, while it was 195 bps higher for consumers with credit scores of 620 to 639. In aggregate, the larger increases to APR margin in the bands above 660 have led to less differentiated pricing based on risk in 2024 compared to 2014.

FIGURE 86

Average APR margin on new accounts, general purpose (Y-14)



6.2 Credit lines

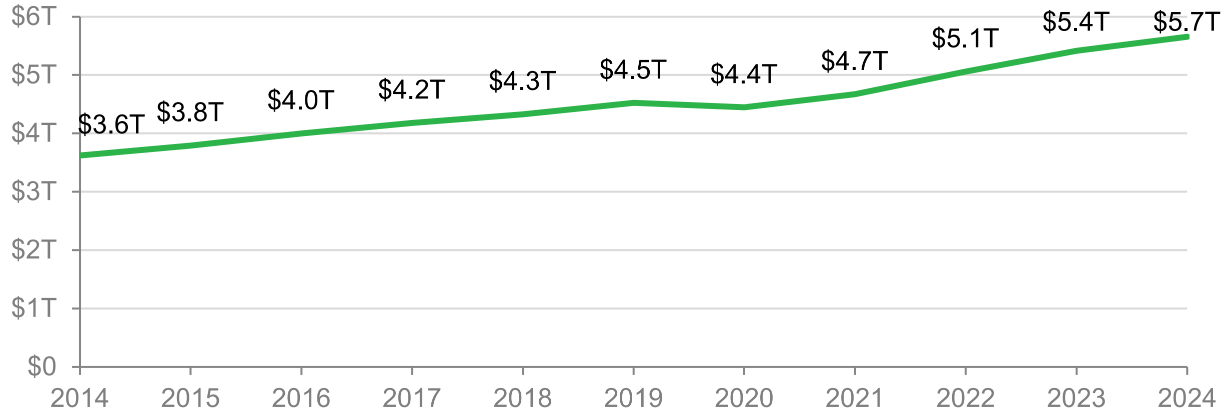
6.2.1 Existing account credit line

Credit lines on existing accounts have increased over the last ten years to a historic high of $5.7 trillion in 2024. Since 2014, credit lines on existing accounts have increased more than two trillion dollars, although much of the increase in recent years has corresponded with periods of high inflation.[220]

[220] *See* 2023 Report, at 89.

FIGURE 87

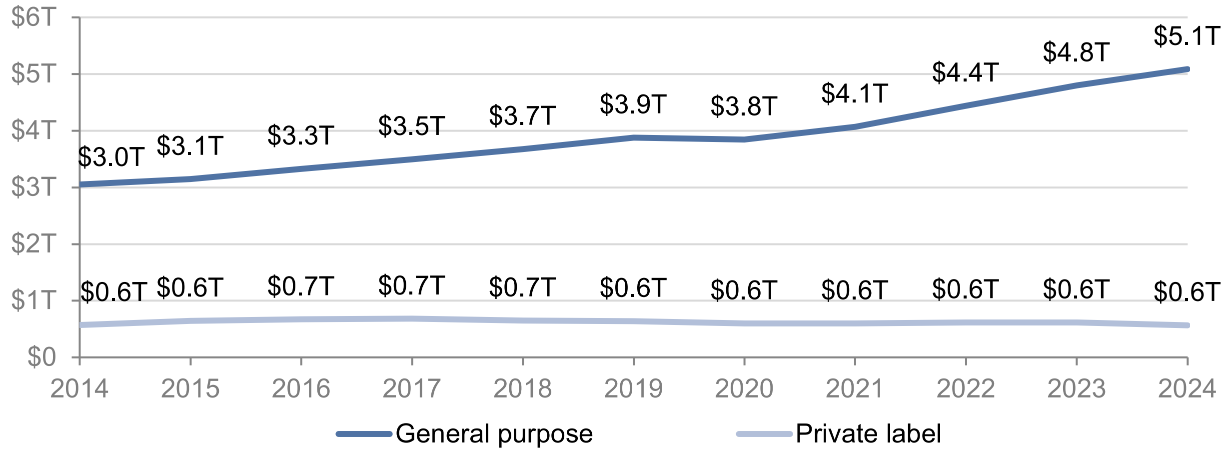
Credit line on existing accounts (CCIP)



The rise in nominal credit line totals is driven by general purpose credit lines as shown in Figure 88, which increased by 31 percent from 2019 to 2024 and 70 percent since 2014. Credit lines on private label cards have remained level at around $600-$700 billion over the last ten years. By year-end 2024, total credit line was $5.1 trillion on open general purpose card accounts compared to about $600 billion in open private label accounts. As shown in Figure 5, there were about three times as many general purpose cards as private label cards in 2024. However, the combined available credit on these general purpose cards was about nine times that of private label cards.

FIGURE 88

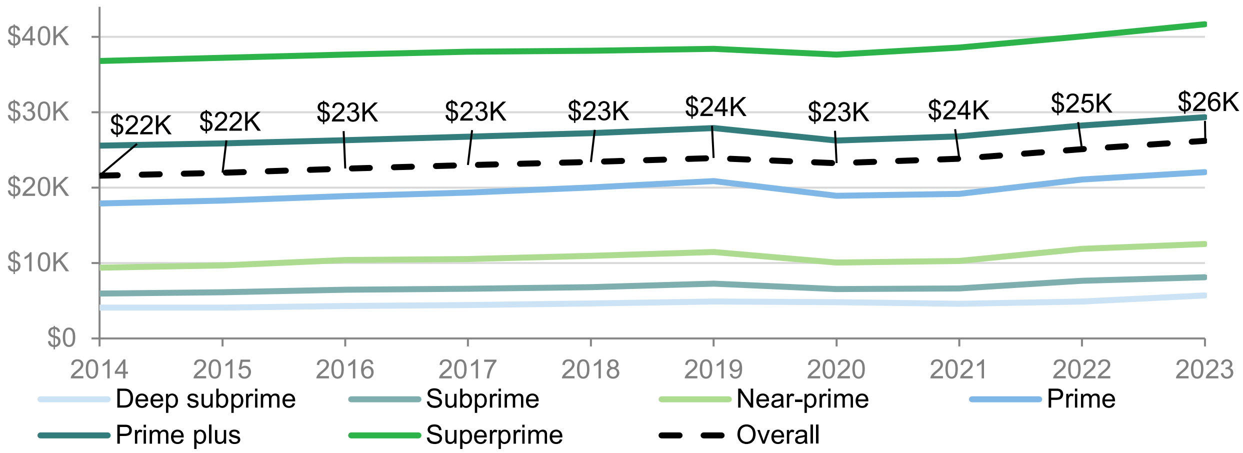
Total credit line on existing accounts, general purpose and private label (CCIP)



Average credit line per cardholder across all score tiers for private label and general purpose accounts have reached or surpassed their pre-pandemic levels in nominal terms. In 2023, the overall average credit line per cardholder surpassed $26,000. Credit lines have continued to grow year-over-year since 2020. As expected, consumers with lower credit scores had lower average credit lines. However, credit lines have increased for every credit tier since our last report. Since 2020, consumers with superprime scores experienced the largest absolute growth, with their average available credit surpassing $40,000 per cardholder by 2022 and reaching $41,654 in 2023.

FIGURE 89

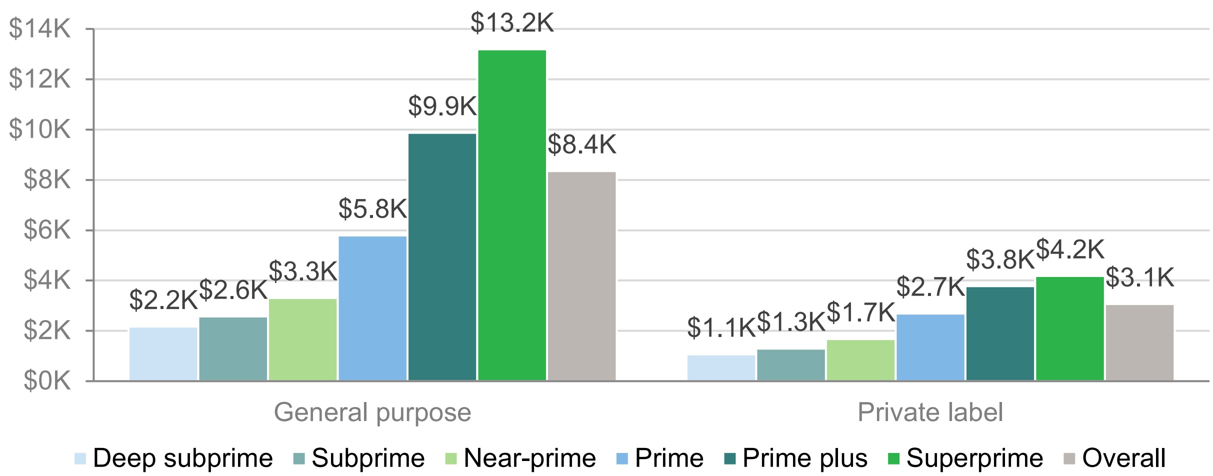
Average credit line per cardholder (CCIP)



For both general purpose and private label cards, average credit line per account increases at each higher credit score tier. The average credit line on general purpose cards for consumers with superprime scores is about $11,000 higher than for consumers with deep subprime scores. As noted in Section 6.1.6, private label cards have lower limits than general purpose cards, but the average credit line per account on private label cards for consumers with superprime scores is over $3,100 higher than the average for consumers with deep subprime scores.

FIGURE 90

Average credit line per account, year-end 2024 (CCIP)

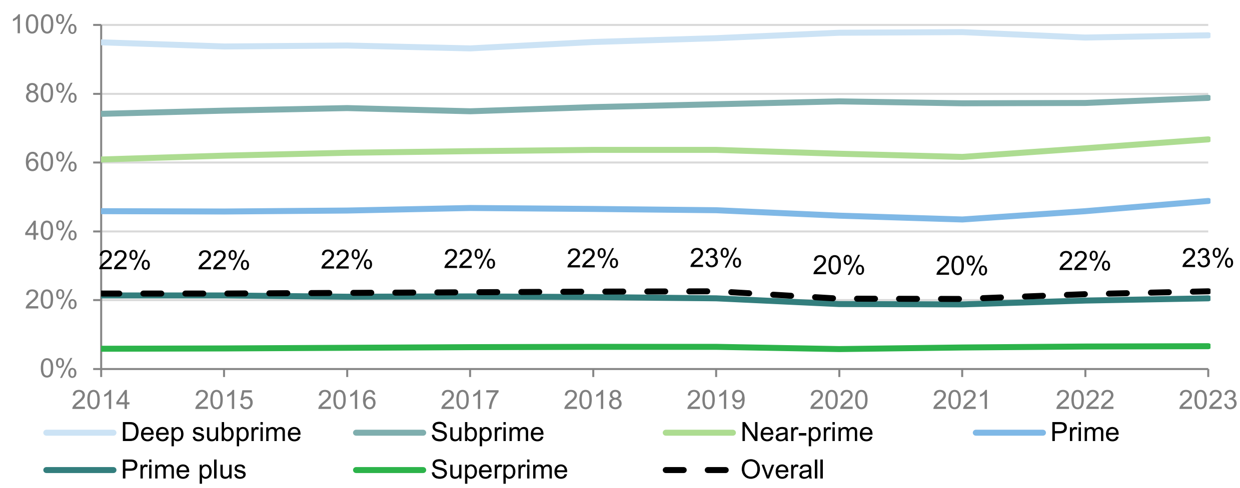


6.2.2 Utilization

Average general purpose card utilization increased modestly in 2023 for cardholders in all credit score tiers, reversing the pandemic trend of lower utilization for many consumers. Cardholders used 23 percent of their approved credit for general purpose cards in 2023, up from 20 percent in 2020 and back to the level in 2019. Despite overall increases in the total dollar value of credit line available over the past decade, utilization has been stable, as balances increased in line with increases of available credit. The highest average utilization rates are found among consumers with below-prime scores—consumers with deep subprime scores consistently have utilization rates over 90 percent.

FIGURE 91

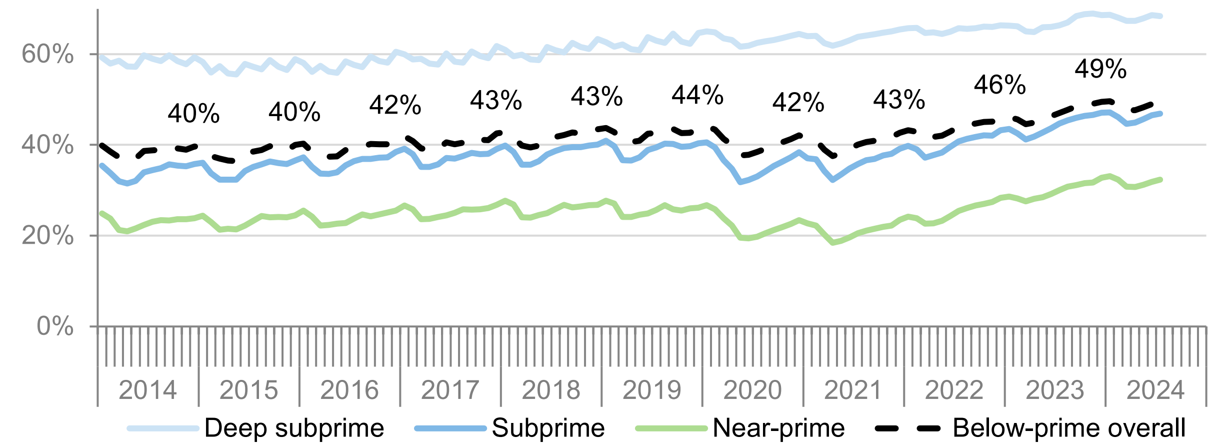
Average utilization rate by credit score tier, general purpose (CCIP)



The share of consumers with below-prime scores with utilization rates of at least 90 percent on all general purpose cards increased over the past two years to 49 percent as of July 2024, its highest level since 2014. As shown in Figure 92, a substantial and rising portion of cardholders with subprime scores are nearing the limit on their credit cards. Between the end of 2022 and July 2024, an additional 4 percent of cardholders with subprime scores had 90 percent utilization or higher.

FIGURE 92

Monthly share of cardholders with below-prime credit scores with at least 90 percent utilization across all cards, general purpose (CCIP)



6.2.3 Credit line management

Credit lines on existing accounts are not necessarily static. Issuers can increase or decrease them without consumer consent.[221] The CARD Act's ability-to-pay (ATP) requirements restrict credit line increases (CLIs),[222] though recent research has shown such restrictions have had no effect on bank credit decisions.[223] However, issuers confront a range of more substantial regulatory restrictions on repricing existing balances.[224] Previous research published by the Bureau and other researchers studied whether or not issuers use line management or APR changes to

---

[221] CFPB, *Can my credit card issuer reduce my credit limit?*, (reviewed July 12, 2022), https://www.consumerfinance.gov/ask-cfpb/can-my-credit-card-issuer-reduce-my-credit-limit-en-74/.

[222] The ability-to-pay rules require that issuers consider an applicant's ability to pay the minimum monthly payment on an account prior to opening a credit card account under an open-end (not home-secured) consumer credit plan or increasing a credit line on such an account. 12 CFR 1026.51(a)(1)(i). *See also* 15 U.S.C. § 1665e (2012).

[223] Scott Fulford & Joanna Stavins, *Income and the Card Act's Ability-to-Pay Rule in the US Credit Card Market*, CFPB Office of Research Working Paper No. 24-06 (2024), https://ssrn.com/abstract=4811774.

[224] Repricing of existing balance is only allowed under a set of relatively narrow circumstances. *See* 12 CFR 1026.55(b).

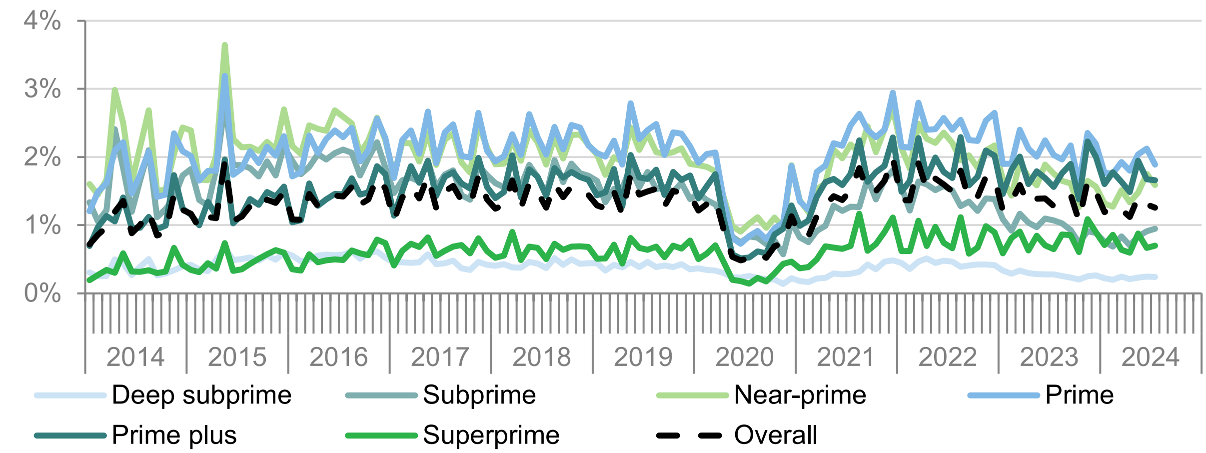
respond to risk that is revealed post-origination or to changes in nationwide economic conditions.[225]

CREDIT LINE INCREASE

Monthly incidences of line increase among general purpose cards are within historical ranges as of July 2024, at 1.3 percent. Rates decreased during the pandemic and then rebounded in 2021. Across consumers with below-prime and prime scores, incidences of line increase have been declining modestly since 2021. For consumers with above-prime scores, incidences remained stable since 2021.

FIGURE 93

Monthly credit line increase incidence, general purpose (CCIP)



Issuer-initiated CLIs, a common part of card issuers' risk management strategies, rebounded towards the end of 2021 after falling during the pandemic.[226] These CLIs then declined to below

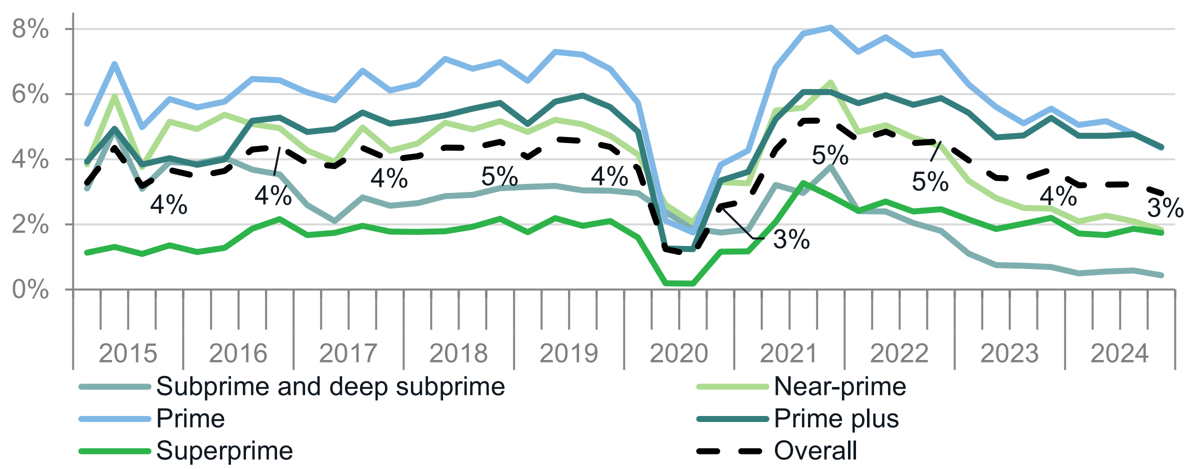
[225] *See* 2017 Report, at 158–162. *See also* Scott T. Nelson, *Private Information and Price Regulation in the US Credit Card Market*, 93 Econometrica 1371 (2025), https://doi.org/10.3982/ECTA18063.

[226] Office of the Comptroller of the Currency, *Credit Card Lending* (Apr. 2021), at 33, https://www.occ.treas.gov/publications-and-resources/publications/comptrollers-handbook/files/credit-card-lending/pub-ch-credit-card.pdf; Lauren Makowski, *Maximize Profitability and Mitigate Risk with Proactive Credit Limit Management*, Experian (Jan. 22, 2024), https://www.experian.com/blogs/insights/credit-limit-management/; Javelin, *Reducing Operational Risk Through Careful Credit Line Decreases*, (Sept. 7, 2022), https://javelinstrategy.com/research/reducing-operational-risk-through-careful-credit-line-decreases.

pre-pandemic levels from 2022 through the end of 2024. The majority of CLIs are proactive (initiated by the card issuer), while the rest are reactive (in response to a consumer request).[227] Proactive credit line increases may be used by card issuers to manage risk during the account lifecycle—issuers can provide consumers with higher credit risk with lower lines at origination and then increase credit availability after the cardholder exhibits desirable repayment patterns.[228] Consumers holding cards with high utilization rates are less likely to have the highest credit scores. Large issuers have given proactive CLIs to consumers with mid-tier scores at higher rates than cardholders with the highest and lowest credit scores. Proactive CLIs have an important relationship with the availability of credit, particularly for consumers with below-prime credit scores, as they allow an issuer to extend credit gradually, while managing risk exposure as the cardholder builds a positive credit history.

FIGURE 94

Quarterly proactive credit line increase incidence, general purpose (Y-14)



[227] Only about one-third of reactive CLI requests are approved. Very few are denied for ability-to-pay reasons, most are due to issuers' underwriting criteria and risk appetite. *See* 2017 Report, at 155.

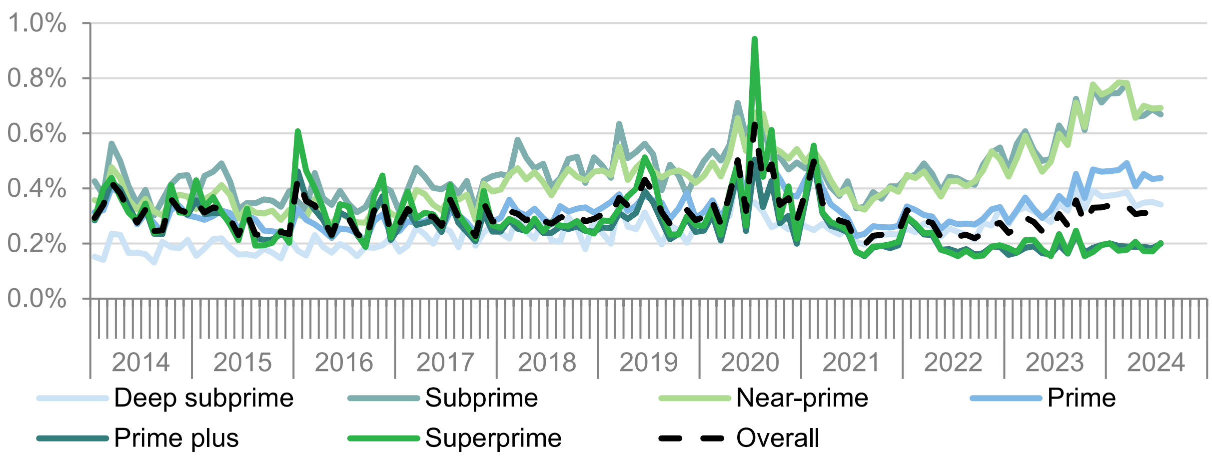
[228] Issuers have few limits on proactive CLIs in the first year after account opening. However, after that, most large issuers need to receive updated income from a consumer, per Office of the Comptroller of the Currency guidance on modeled income, prior to initiating a proactive CLI. *See* 2017 Report, at 158.

CREDIT LINE DECREASE

Starting in late 2022, the incidence of credit line decreases (CLDs) for general purpose cards in the prime and below credit tiers has generally trended up. Since 2020, consumers with prime, subprime and near-prime scores have experienced an increasing rate of credit line decrease incidences, with the largest increase in CLDs occurring among near-prime and subprime. In contrast, consumers with prime plus and superprime scores have not experienced a large change in the proportion of accounts experiencing a credit line decrease.

FIGURE 95

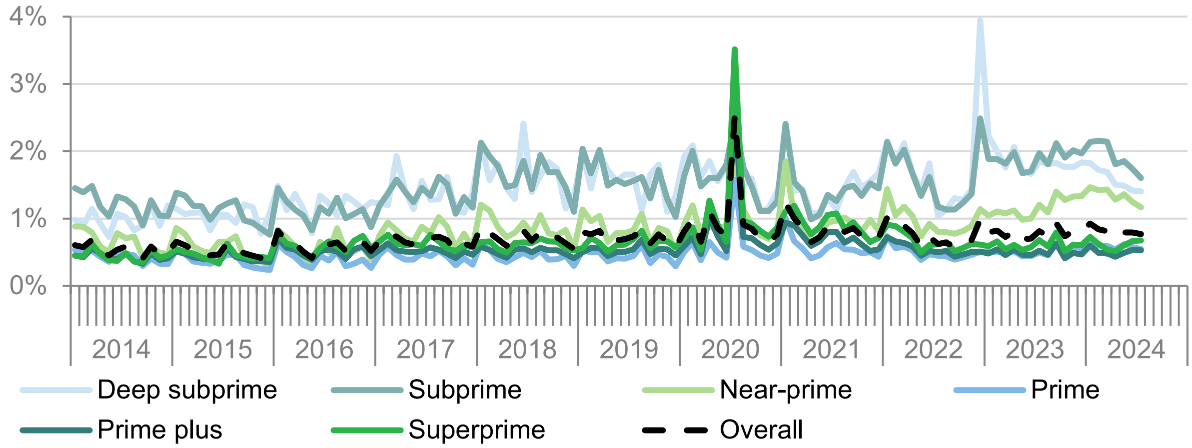
Monthly credit line decrease incidence, general purpose (CCIP)



Overall CLDs for consumers holding private label cards have been relatively stable for the last several years at around 0.8 percent. Incidences among private label cards are higher for consumers with subprime and deep subprime scores, with the gap widening from the other tiers in the first two quarters of 2023 and then converging in 2024. Noticeable spikes occurred in mid-2020 for all score tiers, with another spike among consumers with subprime and deep subprime scores occurring in late 2022.

FIGURE 96

Monthly credit line decrease incidence, private label (CCIP)



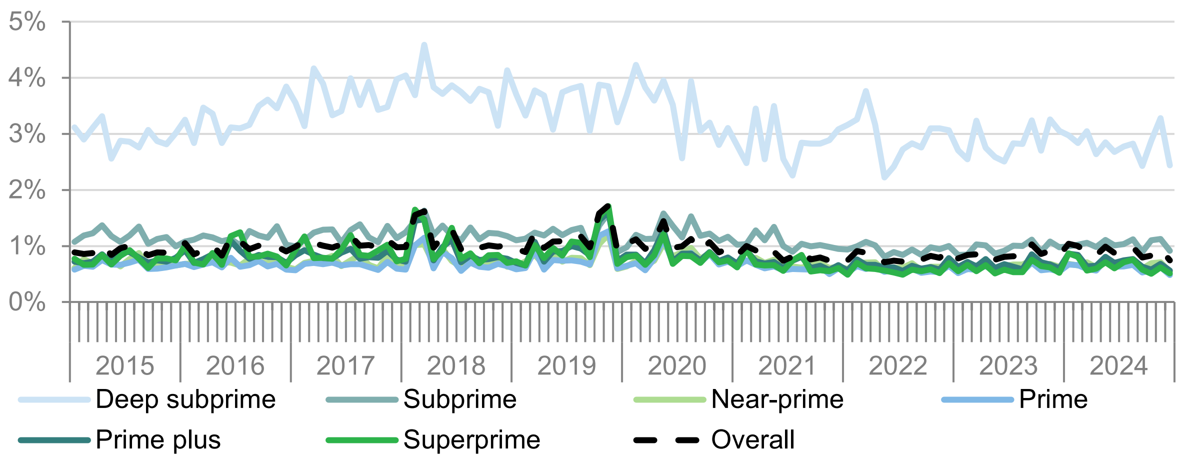
ACCOUNT CLOSURE

Between 0.7 and 1 percent of general purpose accounts are closed each month. Generally, an issuer will consider a card account closed when it suspends spending privileges and removes the ability to perform most account management features, such as redemption of points or adding authorized users.

The reason for account closure can be categorized as voluntary (initiated by the consumer) and involuntary (initiated by the creditor) closures. Involuntary account closures include accounts that have been closed due to credit events such as default, cases where the account owner has deceased, and an issuer's termination of a credit card program.

FIGURE 97

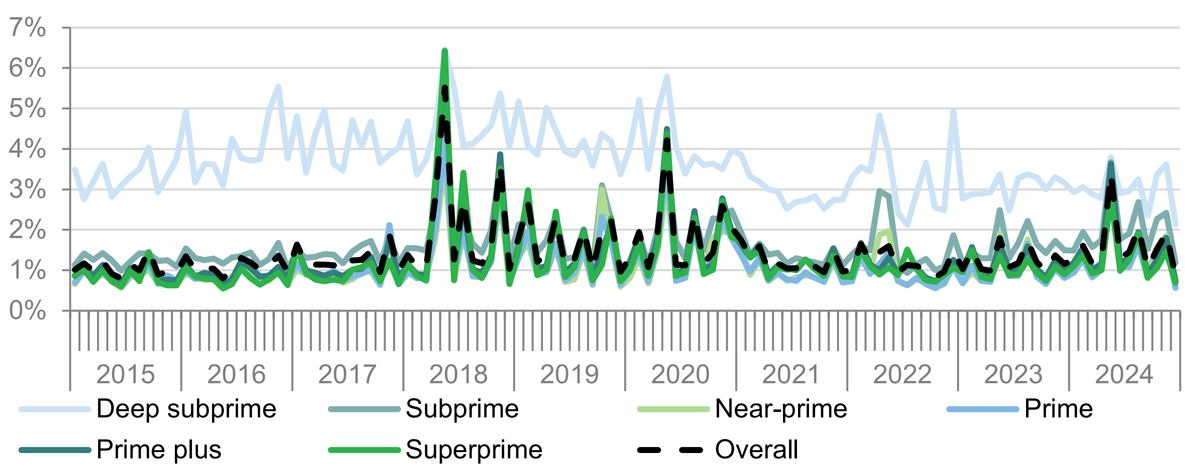
Monthly account closure incidence, general purpose (CCIP)



Over the last five years, closure incidence for private label cards averaged around 1 to 2 percent monthly. In contrast, more volatility characterized the period from early 2018 to 2020. Similarly, we observed a spike to 3.4 percent of accounts closed in May 2024. For both general purpose and private label cards, closure incidence tends to be higher for consumers with deep subprime scores.

FIGURE 98

Monthly account closure incidence, private label (CCIP)



7. Practices of credit card issuers

In this section, we examine the following: rewards, installment plans, deferred interest, balance transfers, cash advances, and account servicing, including digital tool use, dispute resolution, and information sharing.

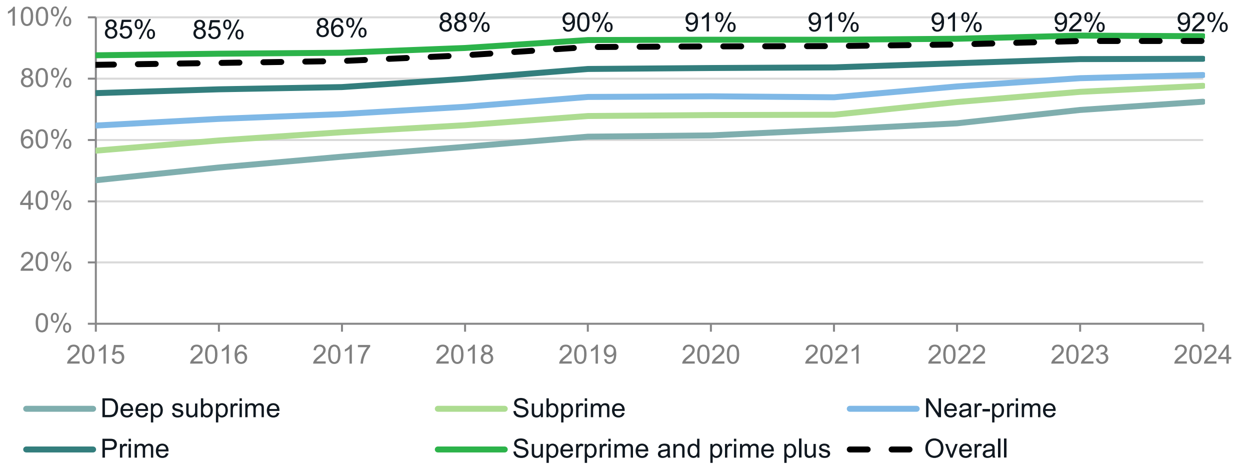
7.1 Rewards

Credit cards offering rewards continue to be the predominant type of credit cards used across cardholders of all credit scores. Credit card issuers offer rewards programs to incentivize credit card applications, ongoing use of card products, and retention of existing cardholders. This section reviews rewards trends for the three primary reward types—cash back, miles, and points—as well as emerging credit card rewards offerings.

Rewards cards make up the vast majority of credit card spending and accounts. Overall, 92 percent of general purpose card spending was accounted for by rewards cards in 2023 and 2024. While still increasing, growth in rewards cards' share of general purpose card spending has slowed since 2020. Since then, growth in rewards card purchase volume has been concentrated among consumers with scores below 720, while the share of spending on rewards cards by consumers with higher scores has plateaued.

FIGURE 99

Annual share of purchase volume on rewards cards, general purpose (Y-14+)

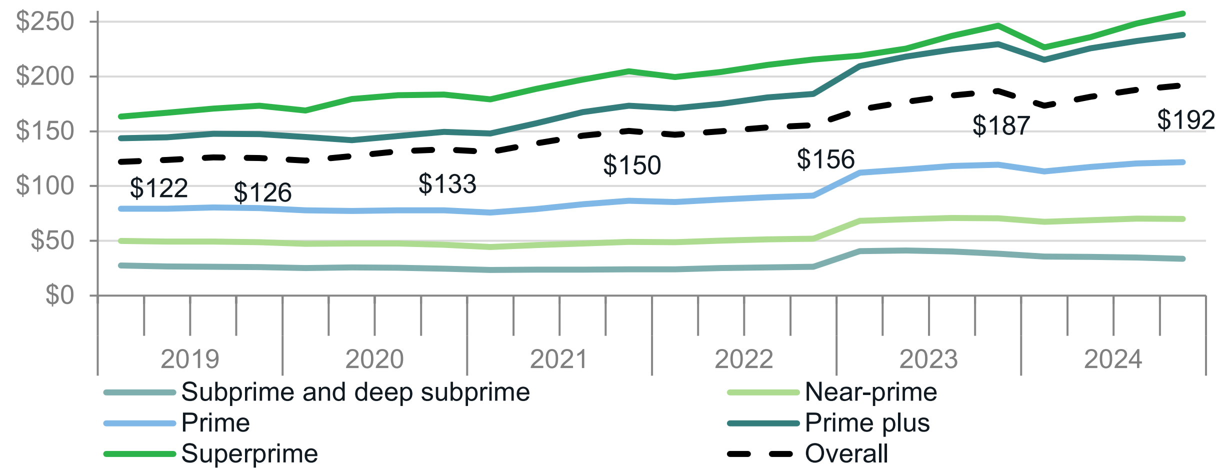


Reward balances are the accumulation of rewards—whether in the form cash back, miles, points and other rewards—earned through purchase transactions or sign-up bonus and that have not yet been redeemed by the cardholder. A cardholder's rewards balance may include rewards earned from multiple cards if those belong to the same rewards program, but does not include other member benefits of value to consumers such as access to an airport lounge. The dollar value of rewards varies widely based on the type of reward, redemption method, and the reward program. The data presented in this section presents dollar value as provided by issuers in the MMI data.

Rewards balances have risen over the past four years, with cardholders with higher credit scores accruing larger balances. On average, each reward account has over $190 in reward balances. Rewards balances are higher for those with higher credit scores, consistent with relatively higher spending by those cardholders. Those in the prime plus and superprime tiers appear to be accruing increasingly more rewards relative to those with below-prime scores, whose rewards balances have grown more slowly, consistent with relatively lower spending by cardholders with below-prime scores. Consumers accrued greater rewards balances in 2023 and 2024, as spending increased relative to rewards redemptions.

FIGURE 100

Quarterly dollar value of average rewards balances, general purpose (MMI)



Cards offering cash back have seen the largest growth as a share of accounts over the last decade. In 2015, 28 percent of general purpose accounts offered cash rewards; by 2024, this had increased to 36 percent. These cards are commonly offered to consumers with prime or greater credit scores.[229] They typically charge no or low annual fees.[230] Cash back cards were the most common offers received via direct mail in 2024, typically offering zero percent promotion APRs.[231]

Over the same span, the shares of accounts offering points rewards or miles rewards increased slightly, with points rewards cards appearing to plateau beginning in 2020. Miles rewards cards are the least common of the principal types of rewards cards at 10 percent of general purpose

[229] *See* Competiscan, *Additional Credit Card Breakouts Q1 2024* (June 2024), at 4.

[230] In Q4 2024, 85 percent of cash back mail offered no annual fee. All of the top five products in consumers' mailboxes in Q4 2024 charged annual fees of less than $100. *See* Competiscan, *Consumer Cards Overview Q4 2024* (Feb. 2025), at 16, 20. *See also* Competiscan, *Consumer Cards Overviews Q1–Q3 2024*.

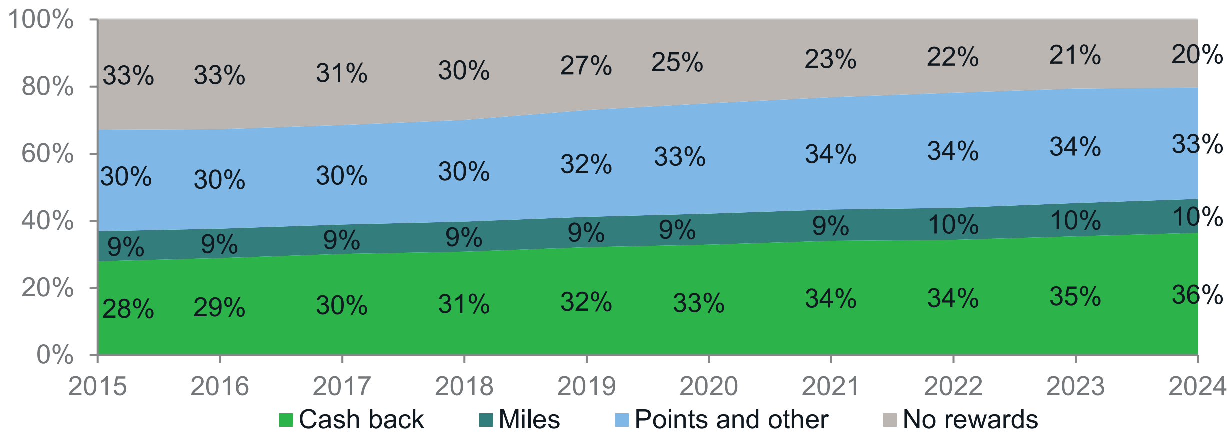
[231] As of Q4 2024, 57 percent of cash back introductory offers had sign on bonuses, and purchase and balance transfer promo APRs, typically of zero percent. *See* Competiscan, *Consumer Cards Overview Q4 2024* (Feb. 2025), at 16–17. *See also* Competiscan, *Additional Credit Card Breakouts Q1 2024* (June 2024), at 7.

accounts in 2024. Miles rewards cards are, however, on average higher spend accounts, accounting for 17 percent of general purpose purchase volume in 2024.

Cards not offering rewards make up a shrinking share of general purpose accounts. In 2015, 33 percent of general purpose card accounts did not confer any type of reward for spending; by 2024 the share of general purpose accounts not offering rewards had shrunk to 20 percent. Most of this change is accounted for by an increase in the share of general purpose cards offering cash back. Consumers report that rewards and sign-up offers are top factors influencing their choice of credit card.[232] Over time, this has led to fewer accounts not offering reward programs.

FIGURE 101

Share of accounts by type of reward, general purpose (Y-14+)



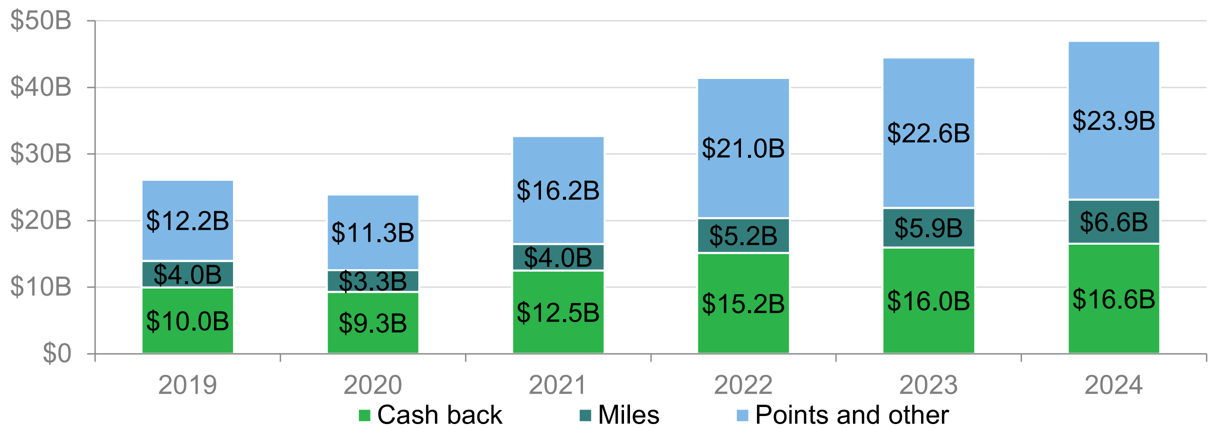
The dollar value of rewards earned has increased substantially for each rewards type since the trough in purchase volume in 2020. In 2024, consumers earned $47.5 billion in credit card rewards, nearly double the rewards earned in 2020. Points rewards cards earn the most rewards annually, despite representing a smaller share of general purpose rewards accounts than cash back rewards cards. In 2024, points rewards cards earned $23.9 billion in rewards compared to $16.6 billion earned by cash back cards and $6.6 billion by miles rewards cards.

---

[232] *See* 2023 Report, at 98.

FIGURE 102

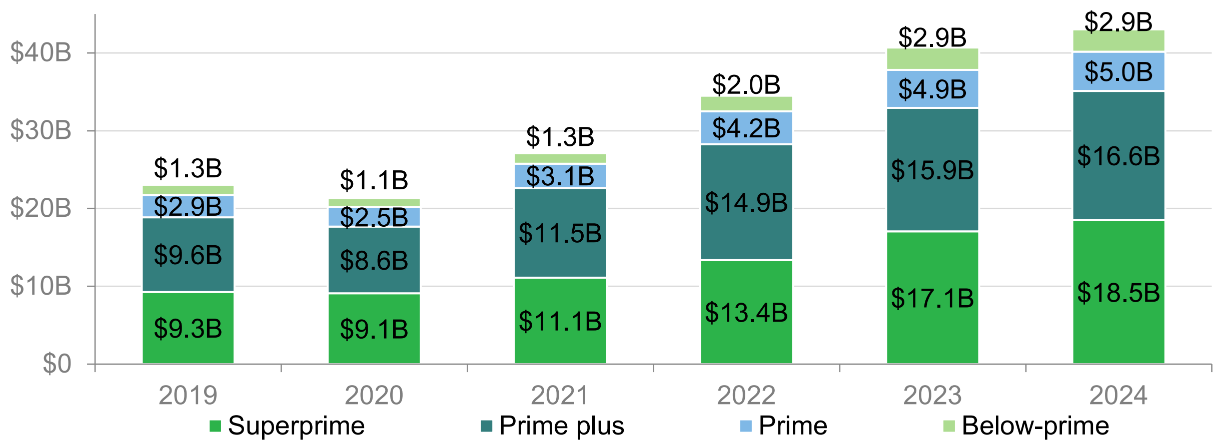
Dollar value of rewards earned, general purpose (MMI)



There is an increasing overlap in redemption methods across cards of different reward types. Cash back redemption is typically received as a statement credit, while points and rewards miles are more likely to be redeemed through credit card rewards portals or merchant loyalty programs.

FIGURE 103

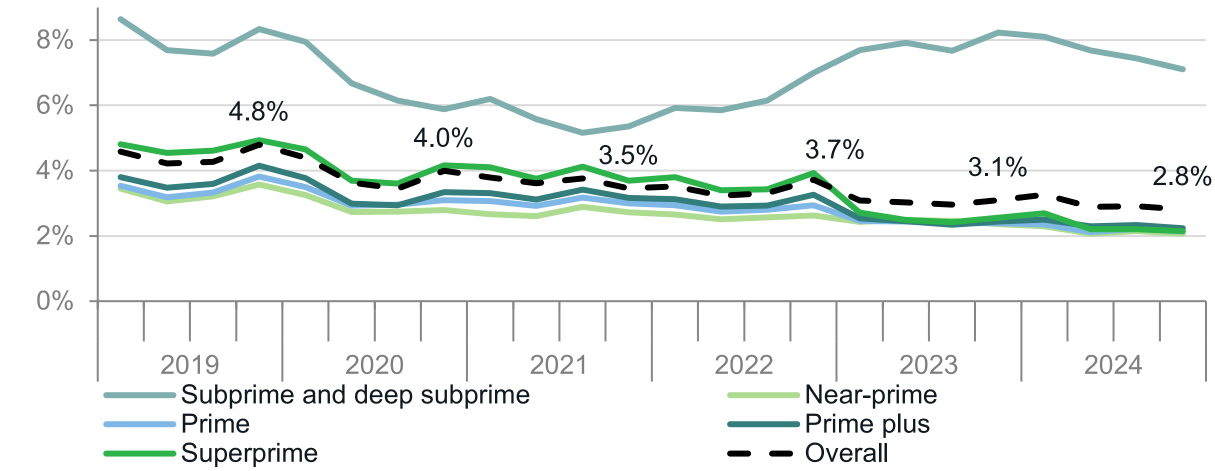
Dollar value of rewards redeemed, general purpose (MMI)



The incidence of general purpose cardholders who have forfeited a portion of their rewards balance has been trending down since 2019. In some cases, cardholders can lose access to accrued rewards through account closure or reward point expiration. Cardholders with subprime credit scores have historically had a higher incidence of rewards forfeiture. The gap between subprime and overall cardholders began to close following the pandemic. However, since the end of 2021, rewards forfeiture incidence among cardholders with subprime credit scores has increased to more than double the overall rate.

FIGURE 104

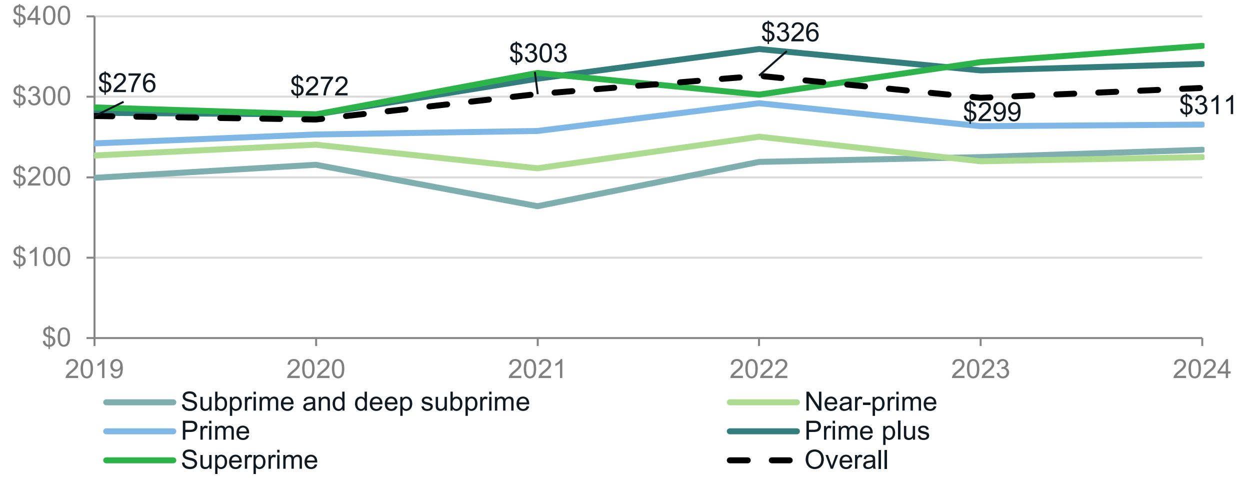
Quarterly rewards forfeiture incidence, general purpose (MMI)



General purpose issuers continue to offer sign-up bonuses to attract new accounts and encourage use, but the average value has declined slightly in recent years. Sign-up bonuses are lump-sum incentives offered to consumers for a certain level of spending within a set number of months upon opening the card. The average dollar value of rewards bonuses earned decreased from $326 to $311 between 2022 and 2024.

FIGURE 105

Average dollar value of rewards bonus earned, general purpose (MMI)

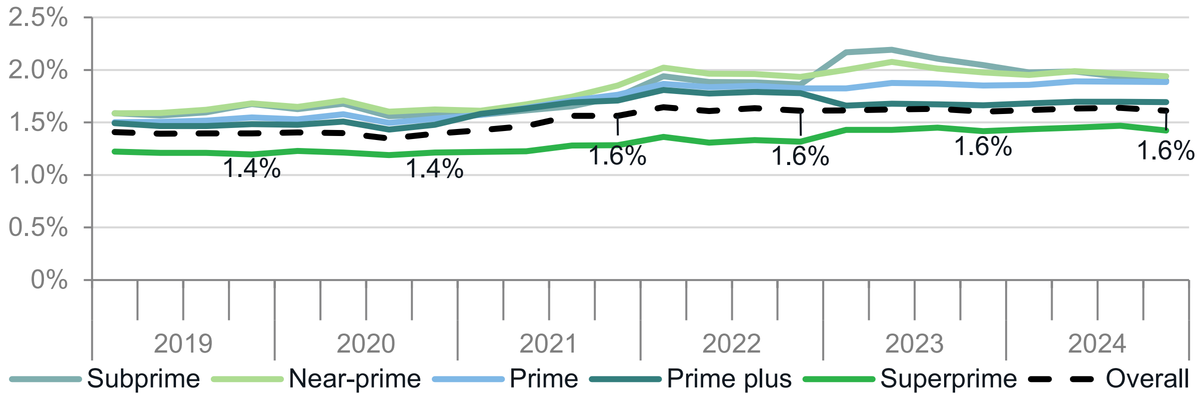


Rewards are typically earned according to a predetermined rate, or "earn rate," based primarily on purchase volume and often varying by merchant category.[233] Figure 106 shows quarterly rewards earned as a share of purchase volume, or overall earn rate, of general purpose rewards cards over time. Since 2021, rewards earned as a share of purchase volume has remained steady with a slight increase from 1.4 percent to its most recent level of 1.6 percent. Rewards earned as a share of purchase volume is higher for consumers with lower credit scores. In all, cardholders with superprime credit scores earn the fewest currency rewards relative to purchase volume, as some card products marketed to this segment may provide other benefits not tied to cardholder spending.

[233] *See* CFPB, *Credit Card Rewards Issue Spotlight* (May 2024), at 4, https://files.consumerfinance.gov/f/documents/cfpb_credit-card-rewards_issue-spotlight_2024-05.pdf.

FIGURE 106

Quarterly rewards earned as a share of purchase volume on rewards cards, general purpose (MMI)



An emerging theme is the expansion of cardholder opportunities for both earning and redeeming rewards. Many of the largest credit card issuers have launched card-linked offers, which are personalized digital offers for rewards at merchant partners, typically received as a cash statement credit. Card-linked offers are a tool for merchants to gain new customers and encourage larger purchases.[234] American Express launched one of the first card-linked offer programs in 2010 and maintains a large network of merchant partners.[235] Capital One, Chase, and Citi have each launched rewards in the last ten years.[236] Card-link offer programs can vary significantly in the number and type of merchant partners available, the means of accessing offers, and the amount of time between when a purchase is made and the offer is redeemed.[237]

As discussed in the 2021 and 2023 Reports, there remains a continuing trend of credit card rewards that are either earned or may be redeemed in the form of cryptocurrency stored in an

---

234 Scott Murray, Story Edison, & Margot Suydam, *Leveraging Item-level Receipt Data: How Card-Linked Offers Helped Drive Year-End Spend*, Banyan, at 12 (2024), https://www.pymnts.com/wp-content/uploads/2024/03/PYMNTS-Leveraging-Item-Level-Receipt-Data-March-2024.pdf.

235 Press Release, American Express, *American Express Unveils More than $15 Million in Savings from Merchant Offers Available Now* (Apr. 8, 2014), https://www.prnewswire.com/news-releases/american-express-unveils-more-than-15-million-in-savings-from-merchant-offers-available-now-254338401.html.

236 Ryan Smith, *Complete guide to saving money with Capital One Offers* (Aug. 17, 2024), https://thepointsguy.com/credit-cards/capital-one-offers/.

237 Can vary between 90 days to a few days.

affiliated investment account.[238] Some rewards programs offer cryptocurrency purchases, either directly or through a partner institution as an option for redeeming cash back or points rewards. The Venmo Credit Card allows cardholders to apply cash back to the automatic purchase of cryptocurrencies using the Cash Back to Crypto feature.[239] In July 2025, JPMorgan Chase announced that beginning in 2026 cardholders will be able to transfer rewards to their Coinbase account.[240]

Many cryptocurrency companies offer credit cards, in partnership with bank issuers, that earn rewards balances in cryptocurrency. The Gemini Credit Card is structured so that cash back is automatically deposited into a crypto-denominated account.[241] Gemini cardholders may select to receive rewards in Bitcoin, Ethereum, or more than 50 other cryptocurrencies. In February 2025, Fold announced a Bitcoin rewards credit card offering between 1.5 and 2 percent cash back received as Bitcoin in cardholders' Fold accounts.[242] In April 2025, Crypto.com announced that it would begin offering a credit card in partnership with Bread Financial that earns rewards in Crypto.com's CRO Token in the Crypto.com wallet app. The card is available in different tiers of rewards, which vary based on the applicant's 12-month investment commitment.[243] The

---

[238] 2021 Report, at 90–91.

[239] Users can choose between Bitcoin, Ethereum, Litecoin, or Bitcoin Cash. *See* Kimberly Palmer, *Best Crypto Cards*, Nerdwallet (Sept. 5, 2025), https://www.nerdwallet.com/credit-cards/learn/credit-cards-with-crypto-rewards.

[240] In the same announcement, JPMorgan announced that in fall 2025 Chase cardholders would be able to fund cryptocurrency purchases at Coinbase with their Chase credit card. Press Release, JPMorgan Chase, *JPMorganChase and Coinbase Launch Strategic Partnership to Make Buying Crypto Easier than Ever* (July 30, 2025), https://www.businesswire.com/news/home/20250730669036/en/JPMorganChase-and-Coinbase-Launch-Strategic-Partnership-to-Make-Buying-Crypto-Easier-than-Ever.

[241] Ryley Amond, *Gemini Credit Card review: A credit card for earning crypto*, CNBC Select (Jul. 1, 2025), https://www.cnbc.com/select/gemini-credit-card-review/.

[242] Frank Corva, *Fold Launches Bitcoin Rewards Credit Card,* Bitcoin Magazine (Feb. 11, 2025), https://www.nasdaq.com/articles/fold-launches-bitcoin-rewards-credit-card. *See also* Hassan Shittu, *Credit Card Giants Visa and Stripe Team Up With Fold to Launch Bitcoin Rewards Card – Wall Street Coming to Crypto?,* Crypto News (Sept. 23, 2025), https://finance.yahoo.com/news/credit-card-giants-visa-stripe-172725776.html.

[243] Press Release, Bread Financial, *Crypto.com Selects Bread Financial to Launch New Crypto-based Rewards Credit Card Program in the U.S.* (Apr. 24, 2025), https://investor.breadfinancial.com/news-releases/news-release-details/cryptocom-selects-bread-financial-launch-new-crypto-based.

credit card shares some similarity to credit cards offered by traditional financial institutions that require a certain brokerage balance to qualify or earn higher currency rewards.[244]

7.2 Installment plans

Credit card installment plans (IPs) provide cardholders with the option to repay credit card purchases in fixed monthly installments utilizing their card's existing line of credit. Installment plans include amortized interest charges or fixed finance charges and are a part of the overall credit card account balance but are subject to a separate set of terms and conditions. For the duration of the installment plan, the monthly payment (generally including a portion of the principal amount plus a financing fee) is added to a cardholder's minimum monthly payment. If a cardholder pays off their entire outstanding balance, excluding the amount outstanding on the installment plan, the prevailing issuer practice is that they will maintain their grace period,[245] not incurring interest on non-IP purchases.[246] Credit card issuers offer installment plans on a qualifying item, a group of qualifying items, or a qualifying amount. In 2024, over $18 billion of credit card purchases in a sample of major credit card companies (MMI) were made using installment plans.

---

[244] *See, e.g.,* E*TRADE from Morgan Stanley, *Morgan Stanley Blue Cash Preferred® American Express Card,* https://us.etrade.com/l/morgan-stanley-blue-cash-preferred (accessed Oct. 24, 2025). *See also* Bank of America, *Bank of America Preferred Rewards,* https://promotions.bankofamerica.com/preferredrewards/en (accessed Oct. 24, 2025).

[245] Most credit cards offer a feature known as a "grace period," which enables cardholders to avoid interest charges as long as they pay their statement balance in full each billing cycle. During this period, a cardholder is considered a transactor and can make new purchases without incurring interest charges. However, if a cardholder pays less than their full balance by the payment due date or takes a cash advance or balance transfer, they typically forfeit grace period status, at which point the card account will be in revolving status, where unpaid balance amounts may be subject to interest charges. Grace status is typically restored to the cardholder's account after the most recent billing statement is paid in full.

[246] *See, e.g.,* Citi, *Cardmember Agreement for Citi Custom Cash® Card,* https://www.citi.com/CRD/PDF/CMA/cardAgreement/CMA_PID416.pdf (accessed Oct. 24, 2025). *See also* JPMorgan Chase, *Pricing & Terms for Chasse Sapphire Preferred® Credit Card,* https://sites.chase.com/services/creatives/pricingandterms.html/content/dam/pricingandterms/LGC61729.html (accessed Oct. 24, 2025).

Installment plans bear some similarities to BNPL loans[247] as both products offer repayment through a series of fixed payments. However, there are a few key differences between these products. First, most IPs include a fee with each installment while BNPL loans are generally "interest free" and do not charge fees unless a consumer fails to pay on time. Further, issuers set eligibility requirements for IPs based on factors such as available credit and creditworthiness, thereby setting limits on the number of IPs a cardholder may have. One survey found that while IPs and BNPL attract customers for similar reasons and display similar usage patterns, consumers are increasingly using IPs while BNPL use is steady.[248]

As noted in the prior report, traditionally BNPL loans were offered at the point-of-sale (POS), while IPs were offered after a consumer had made a purchase with their credit card.[249] As the prevalence of IPs in the credit card market has expanded, issuers have begun offering these plans at POS for online purchases in partnership with retailers. Major issuers have begun offering IPs at checkout on Amazon, including Chase Pay Over Time®, Citi® Flex Pay, and Synchrony Pay Later.[250] Additionally, some issuers with co-branded credit card partnerships, such as the Delta SkyMiles® American Express Card, allow the origination of IPs across all their credit cards at POS when making online purchases, whether or not the consumer has the co-branded card.[251]

During the last two years, IP use has experienced rapid growth. Since our last report, the number of new plans originated per quarter has doubled. IPs have become especially popular during the fourth quarter of the year, allowing consumers making large, end-of-year purchases

---

[247] BNPL loans are generally defined as zero-interest loans repaid in four or fewer installments. *See* CFPB, *Consumer Use of Buy Now, Pay Later and Other Unsecured Debt*, at 2 (Jan. 2025), https://files.consumerfinance.gov/f/documents/cfpb_BNPL_Report_2025_01.pdf.

[248] "[C]redit card purchases paid in fixed installments over a predefined time frame—rather than in full, in monthly minimums or somewhere in between—surged 46% during the summer travel season. Meanwhile, BNPL usage remained stable, indicating that consumers aren't shifting from BNPL to card installments. Instead, they're toggling between the two Pay Later options and upping their usage of card installments." *See* PYMNTS, *The Pay Later Ecosystem Report: Credit Card Installments Outrun BNPL in Summer Travel Surge*, (Nov. 2025), https://www.pymnts.com/study_posts/credit-card-installments-outrun-bnpl-in-summer-travel-surge/.

[249] *See* 2023 Report, at 108.

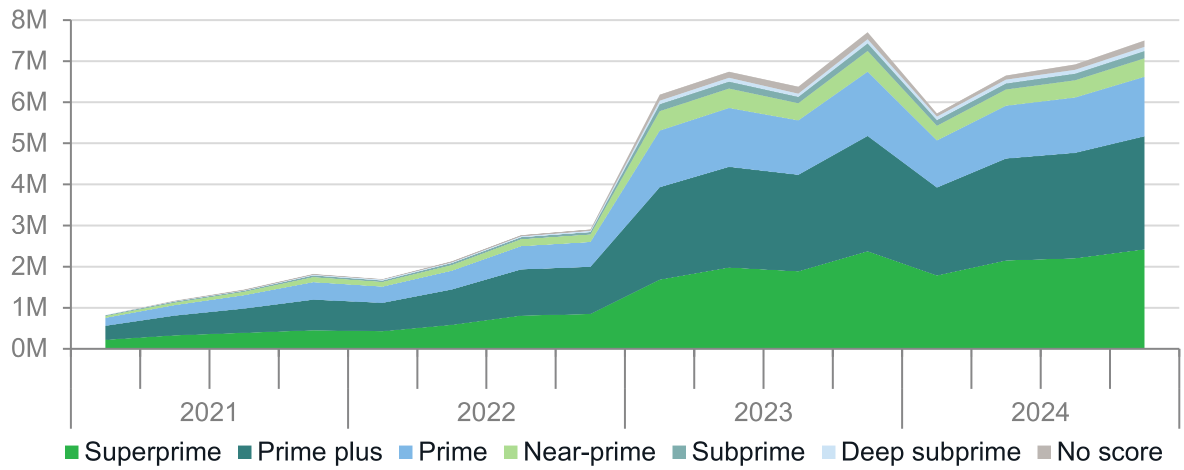
[250] *See* Amazon, *Use Chase Pay Over Time® with your eligible Chase credit card at Amazon.com checkout*, https://www.amazon.com/Chase-Equal-Monthly-Payments/dp/B0BY9R4DKN. *See also* Amazon, *Buy what you need and pay in monthly installments*, https://pay.amazon.com/using-amazon-pay/citi-flex-pay. *See also* Amazon, *Buy now, Pay Later with Synchrony*, https://www.amazon.com/SYF-Synchrony-Bank-Pay-Later/dp/B0CJ16X8DG.

[251] Delta Air Lines, *Plan It® by American Express*, https://www.delta.com/us/en/skymiles/airline-credit-cards/plan-it-by-american-express.

to spread the payments for these purchases into the new year. The final quarter of 2023 and 2024 saw over seven million installment plans originated from the mass market issuers examined.

FIGURE 107

Quarterly number of new installment plans (MMI)



With the rise in prevalence of installment plans, the average purchase amount associated with these plans has declined. Many credit card issuers allow cardholders to open IPs with minimum purchase amounts as low as $75 to $100.[252] While these minimum thresholds have not changed since our last report, the growth in consumers' ability to choose IPs at checkout has encouraged cardholders to spread payments for smaller purchases over multiple months.

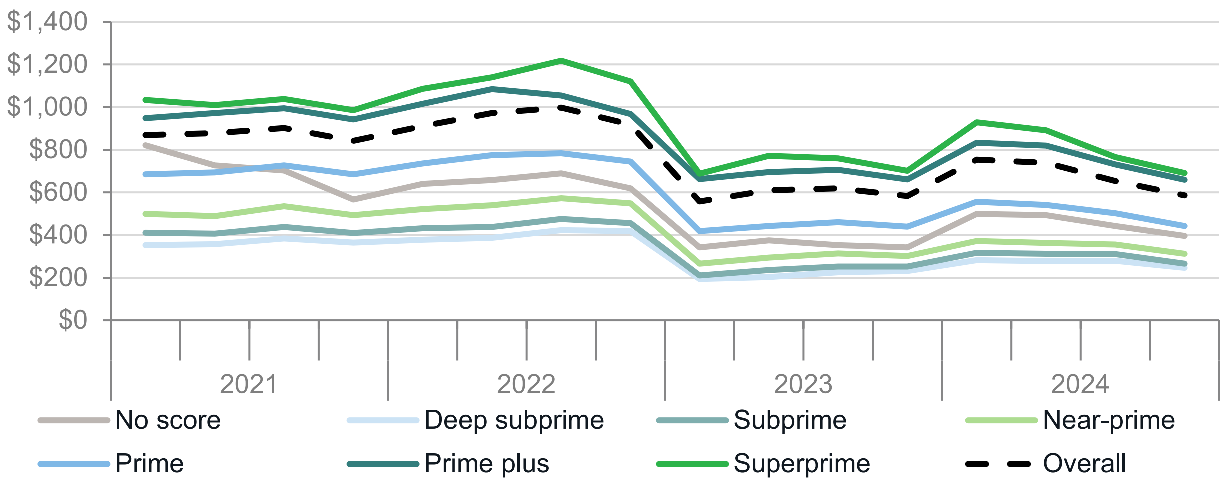
When comparing Figure 107 to Figure 108, we observe an inverse relationship between the number of IPs and the average purchase amount. With the growth in prevalence of IPs in late 2022 to early 2023, the average purchase amount dropped from just shy of $1,000 to $600. Additionally, as the number of IPs originated fluctuates from quarter to quarter, the average purchase amount for new plans moves in the opposite direction. As credit card issuers increased the availability of IPs, especially with the option to apply for these plans at checkout on online platforms, consumers have begun using these plans for smaller purchases. Meanwhile, during quarters when there is less demand for IPs, for example 2023Q2 and 2024Q1, the average

[252] Louis DeNicola, *Which Credit Card Issuers Offer Installment Plans*, Experian (May 2022), https://www.experian.com/blogs/ask-experian/credit-card-installment-plans/.

amounts associated with the IPs originated increases, indicating that consumers' demand for spreading payments across multiple months for larger purchases changes less frequently than for smaller purchase amounts.

FIGURE 108

Quarterly average amount applied to new installment plans (MMI)



Although credit card installment plans are growing in prevalence they still represent a small portion of total credit card balances. According to second quarter 2025 earnings releases from two issuers with IP offerings, these plans represented about 3 to 4 percent of their credit card balances.[253] This percentage has grown over the last two years but remains a relatively small part of the credit card industry, even among issuers who offer these plans.

---

[253] *See* Citigroup, *Quarterly Earnings Releases and Supplements – Financial Supplement*, (July 2025), https://www.citigroup.com/global/investors/quarterly-earnings. *See also* Capital One, *Capital One Reports Second Quarter 2025 Net Loss of $4.3 Billion, or $(8.58) Per Share*, (July 2025), https://investor.capitalone.com/news-releases/news-release-details/capital-one-reports-second-quarter-2025-net-loss-43-billion-or.

7.3 Deferred interest

Deferred interest (DI) promotions are a prominent feature of the retail consumer credit card market, as consumers made over $70 billion in purchases on DI plans in 2024. Almost always associated with private label and retail co-brand cards, these promotions are generally presented to consumers as an option to finance purchases. Consumers are given a fixed period of at least six months during which all interest charges are "deferred"—the issuer calculates how much interest the consumer would owe at the account's retail APR, but does not immediately charge it to the consumer.[254] If the consumer pays down the full promotional balance during the promotional period the deferred interest is not charged, and the consumer has gained the benefit of low-cost financing. Conversely, a consumer who does not pay in full during the promotional period will generally have all the deferred interest capitalized into their balance at the promotion's conclusion.[255] As noted in Section 3.2.1, the average retail APR on private label cards exceeded 31 percent at the end of 2024.

The number of accounts with at least one DI promotion rose to more than 180 million per year in 2023, then declined to 172 million in 2024. Declines in 2024 were concentrated in the prime and below credit score tiers, while the number of superprime and prime plus accounts rose slightly in 2024. Nearly half of accounts with a DI promotion are held by consumers with superprime and prime plus credit scores, which is slightly lower than the share cardholders in these credit tiers constitute of private label cardholders overall.[256]

---

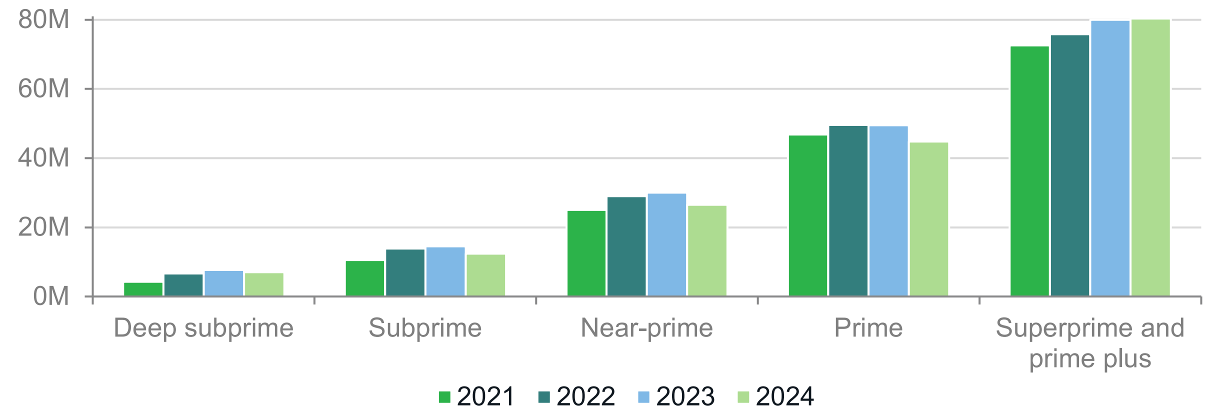
[254] Deferred interest promotions of less than six months are effectively prohibited by the CARD Act and Regulation Z. 15 U.S.C. § 1666i-2(b); 12 CFR 1026.55(b)(1); Comment 55(b)(1)-3.

[255] One commenter noted consumers may "not understand how these promotions work, because they are complicated by nature." NCLC Comment Letter, Attachment A "Comments for 2023 CARD Act Study," at 3.

[256] For more on cardholders, *see* Section 2.1.

FIGURE 109

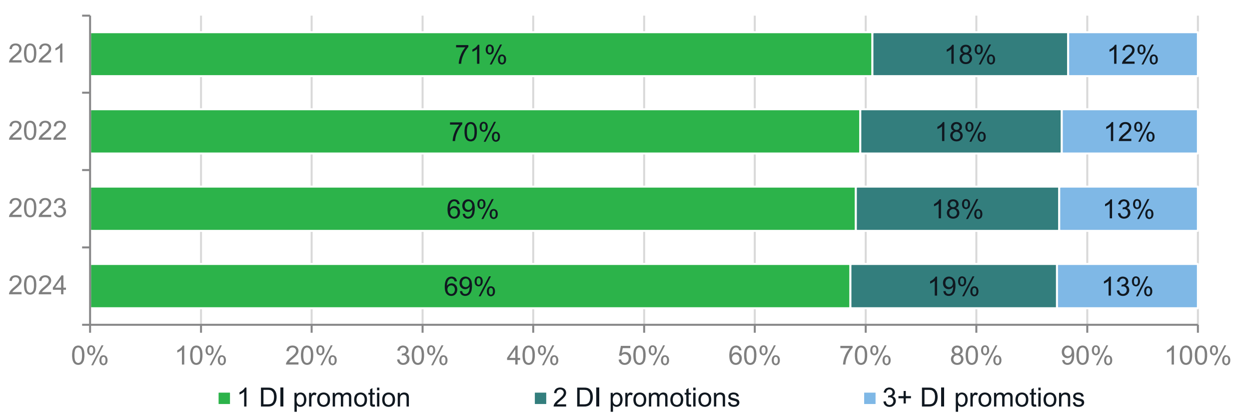
Number of active accounts with DI promotions (MMI)



Most accounts with a DI promotion only have one active promotion at any given time, but a significant share—nearly a fifth—have two, and about one-in-eight have three or more promotions on one card. Figure 110 shows the share of accounts in each year, with promotions by whether they had one, two, or three or more concurrent promotions on one card account.

FIGURE 110

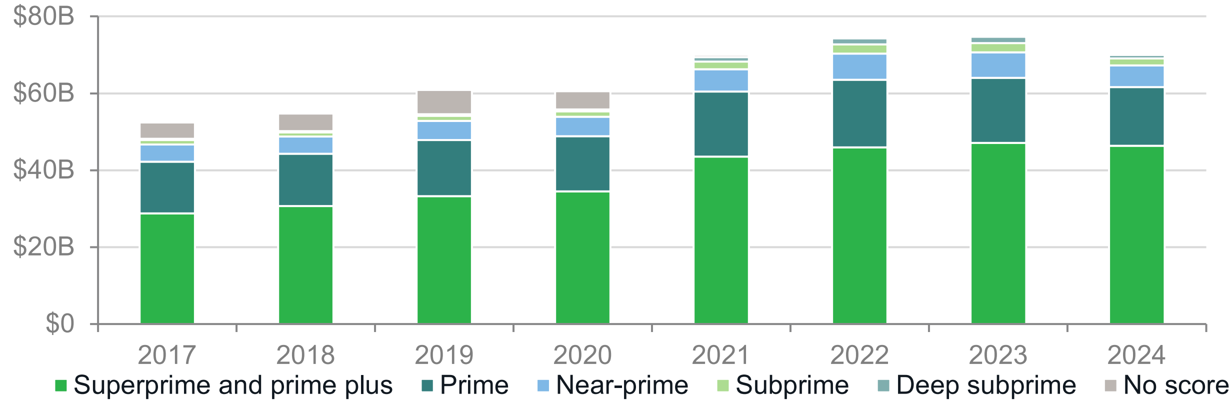
Share of accounts with multiple deferred interest promotions (MMI)



Total purchase volume on DI promotions has generally increased over time. The promotion purchase volume increased from 2017 to 2019, plateaued in 2020 during the COVID-19 pandemic, then again increased each year between 2021 and 2023 before declining in 2024. Historically, the majority of DI purchase volume comes from cardholders with prime or higher scores.

FIGURE 111

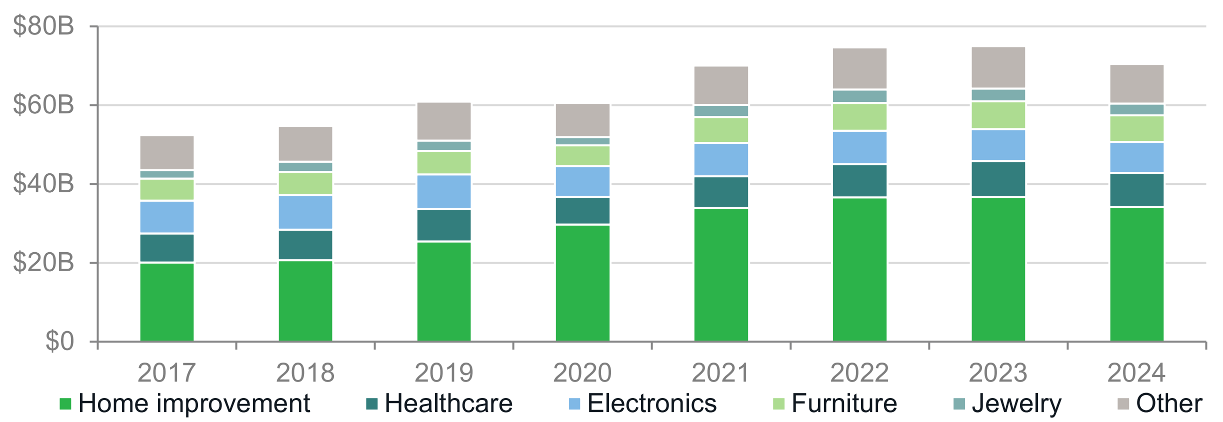
Total purchase volume on deferred interest promotions (MMI)



The majority of DI promotions are used to finance purchases at retail stores that specialize in certain products or services, as shown in Figure 112. Home improvement has accounted for the highest share of DI promotion purchases since 2017 and its share increased to nearly half of total purchase volume in 2020. This share growth contrasts with electronics, which saw declines in DI purchase volume. Healthcare, furniture, and jewelry have maintained steady shares of DI promotion volume since 2017, as has the volume originated at "other" merchants. All categories of spending showed a decline in volume from 2023 to 2024.

FIGURE 112

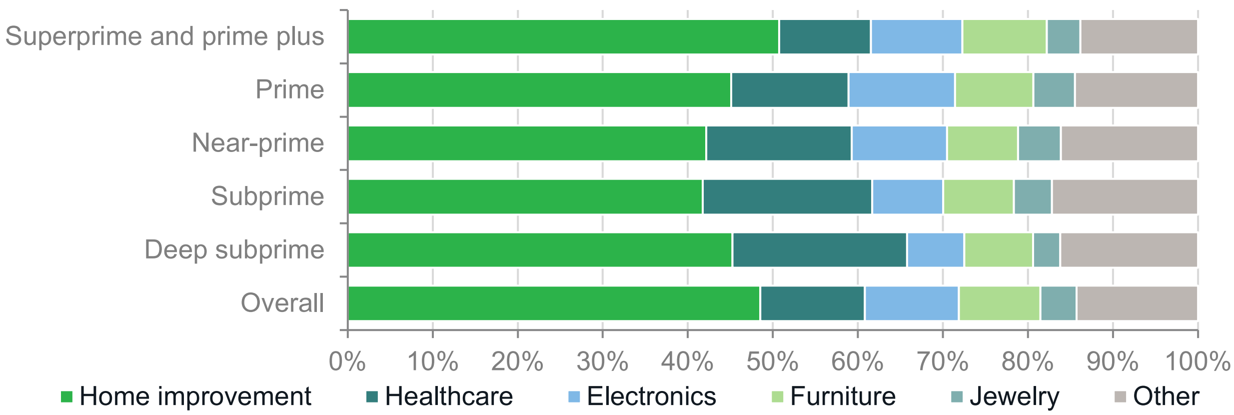
Total purchase volume on deferred interest promotions by merchant category (MMI)



The breakdown of deferred interest promotional spending by business line is similar across credit tiers, with some exceptions. In 2024, home improvement was the largest category for consumers in all credit score tiers, while furniture comprised about 10 percent, jewelry 4 percent, and "other" roughly 14 percent of DI spending. In contrast, healthcare spending represented a higher share of subprime and deep subprime DI spending, while electronics represented a higher share of near-prime and prime DI spending.

FIGURE 113

Share of promotional spending by merchant category, 2024 (MMI)

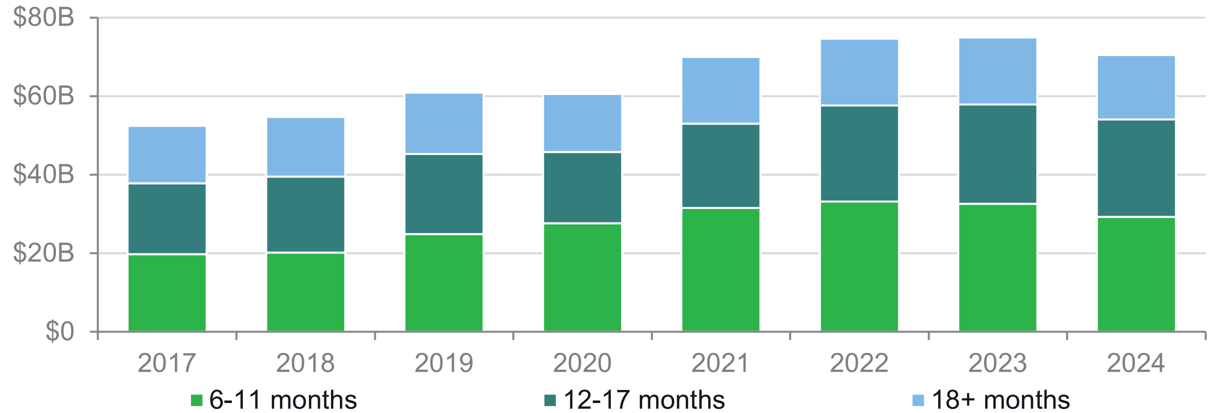


The typical duration of deferred interest promotions has decreased over the past eight years. Most DI promotions are relatively short in duration, with promotions less than 18 months in length (mainly six- or 12-month promotions) constituting between 70 to 77 percent of all deferred interest purchase volume since 2017.[257] The shortest-term promotions increased in their share of originations from 2017 to 2020, from around one-third to nearly one-half, but declined somewhat in the subsequent four years. Longer-term promotions (18 months or more) have declined slightly as a share of all promotions since 2017.

[257] Most deferred interest promotions are offered in terms which are multiples of six months (*i.e.*, six months, 12 months, 18 months, etc.); to capture and report on all promotions, we classify promotions into buckets based on their promotional duration.

FIGURE 114

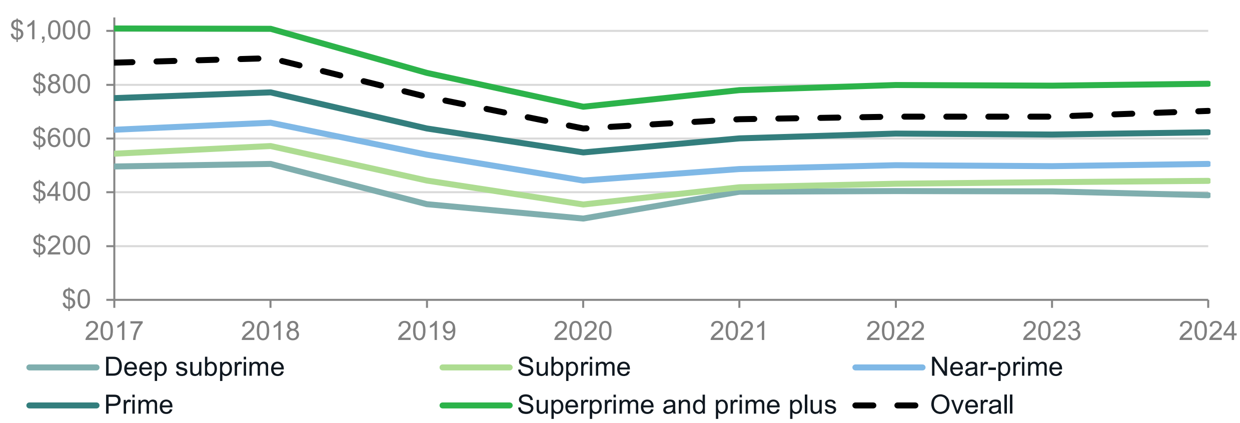
Total purchase volume on deferred interest promotions by duration (MMI)



The average DI purchase amount has remained relatively stable over the past four years, with consumers with higher credit scores generally originating larger promotions. Average DI purchase amounts for consumers in all credit score tiers decreased between 2018 and 2020, then rose slightly in 2021 before leveling out between 2021 and 2024. The average DI purchase amount in 2024 ranged from about $800 for consumers with superprime and prime plus scores to less than $400 for consumers with deep subprime scores.

FIGURE 115

Average purchase amount on deferred interest promotions (MMI)

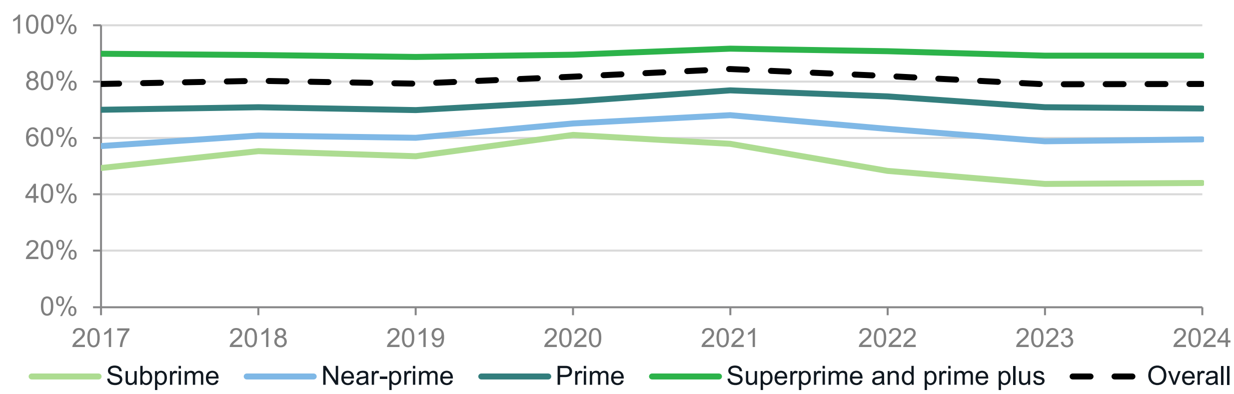


The overall DI promotion payoff rate—the share of promotions paid in full during the promotional period, thus incurring no interest—remained relatively stable leading up to 2020, then increased to a peak of 84 percent in 2021.[258] The overall rate has since declined, but remains higher than in the pre-pandemic period.

However, the overall rate masks variation by credit score. DI promotions originated by consumers with higher credit scores tend to exhibit higher payoff rates than those originated by consumers with lower credit scores. However, this divergence has grown starker in recent years—while consumers with higher credit scores continue to pay off DI promotions at or above the rates seen pre-2020, consumers with lower credit scores were paying off a smaller share of their DI promotional balances in 2023 and 2024 than they did between 2017 and 2020.

FIGURE 116

Balance payoff rate on deferred interest promotions (MMI)



The total amount of DI charged to consumers rose steadily in the years prior to 2020.[259] The total amount of DI charged declined in 2020 and 2021 but increased in 2022 through 2024,

[258] The Bureau defines payoff rates within a given timeframe based on those promotions whose promotional period ends in the time period. For example, the payoff rate for 2024 is the rate for promotions whose promotional terms *ended* at any point in 2024, not necessarily promotions originated in 2024.

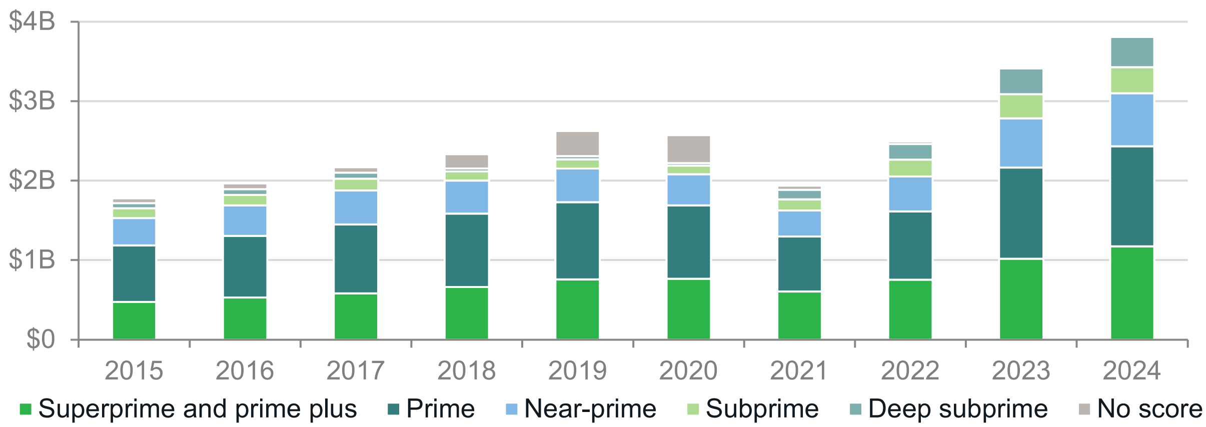
[259] Another component of the deferred interest charged is the amount and timing of payments made by consumers against their promotional balances. An unpaid promotional balance against which a consumer has made more total payments or front-loaded their payments will, all else equal, result in the consumer being charged less deferred interest. The Bureau lacks data which would illustrate changes in the patterns of payments made against non-paid-in-full DI balances, but this cannot be ruled out as a factor for variations in the total amount of DI charged over time.

with the total cost to consumers nearly doubling in nominal terms from just under $2 billion in 2021 to over $3.8 billion in 2024.

All credit score tiers saw increases in the total amount of DI charged, but grew faster for consumers in lower score tiers. Between 2021 and 2024, prime and above DI charged increased by 87 percent, while below-prime DI charged increased by 134 percent. This was due in part to a decline in balance payoff rates for consumers with below-prime credit scores, as shown in Figure 117.

FIGURE 117

Total deferred interest charged (MMI)

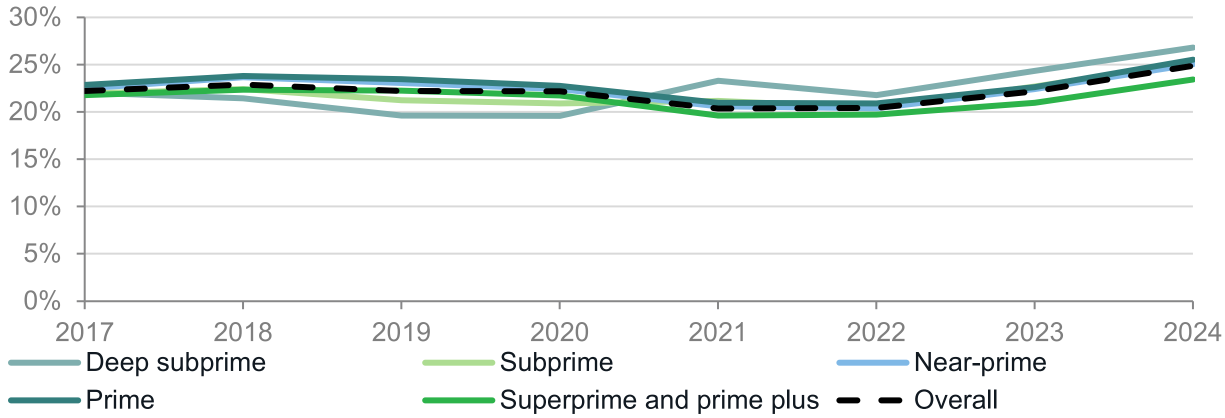


For those consumers who were charged deferred interest, the cost relative to the promotional purchase amount was roughly steady since 2017. The variability in interest costs observed over time reflects, in part, changes in retail credit card interest rates, which are often tied to the prime rate.[260] The consistency in this metric across credit score tiers illustrates the tendency among retail card issuers to offer the same or similar APRs to all approved card applicants regardless of credit score.

[260] For more on interest rates, *see* Section 3.2.1.

FIGURE 118

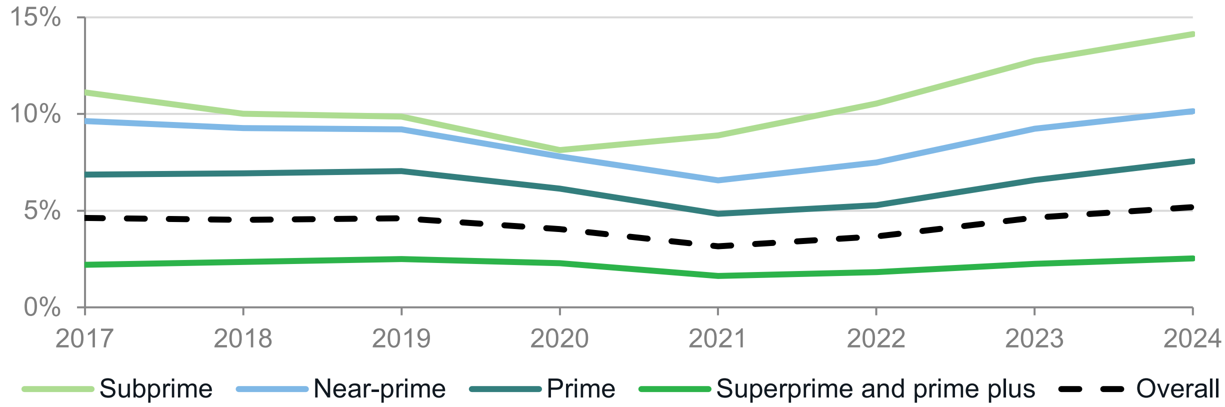
Deferred interest charged as a share of promotional purchase amount for promotions that incurred deferred interest (MMI)



The cost of non-paid-in-full DI promotions relative to all promotions ended is largely a function of payoff rates, and as such reflects the general trend illustrated above in Figure 118. Lower-score accounts pay the most deferred interest relative to their initial purchases in all years. After a decline in DI charged across all credit score tiers in 2020 to 2021, subsequent years have seen a rise in deferred interest charged, with the largest relative rises concentrated among the lowest-score accounts, as shown below in Figure 119.

FIGURE 119

Deferred interest charged as a share of deferred interest purchases ended each year (MMI)[261]

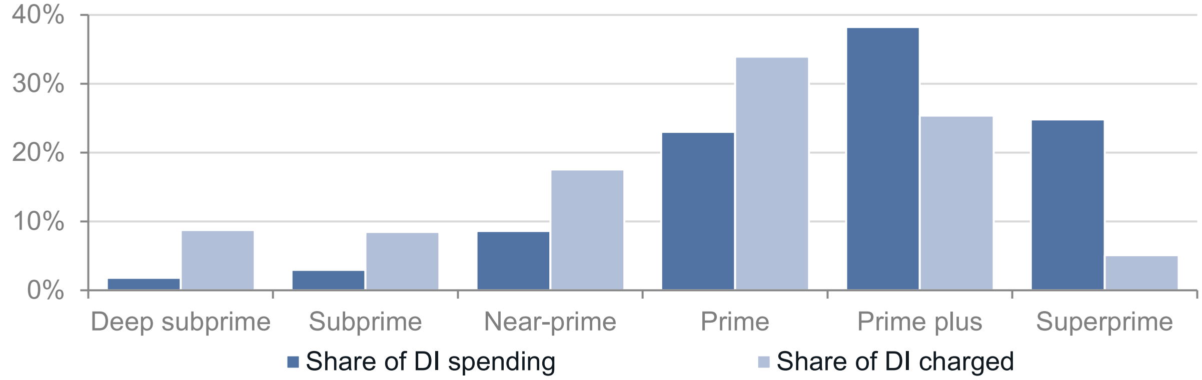


While consumers with superprime and prime plus scores comprise a large share of DI promotion origination volume, consumers with prime and below scores incur a disproportionately large share of the interest charges. Consumers with superprime and prime plus credit scores originated more than 60 percent of all DI promotions but incurred about 30 percent of all interest charged on these promotions. Consumers with prime scores accounted for one-third of all deferred interest charged in 2021–2024, while comprising just under a quarter of deferred interest spending. The share of deferred interest charged to consumers with near-prime credit scores was double their share of origination volume. Consumers with subprime and deep-subprime scores incurred nearly one-sixth of all deferred interest charged in the period, while comprising less than one-twentieth of the origination volume.

[261] *Id.*

FIGURE 120

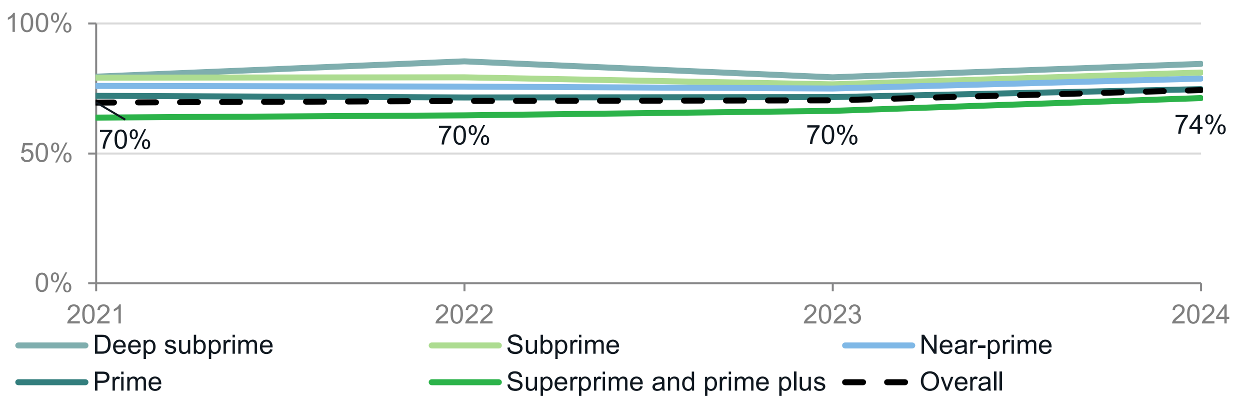
Deferred interest promotion spending and deferred interest charged as a percent of total by consumer credit score, 2021–2024 (MMI)



Most accounts with deferred interest promotions receive paperless statements, and that share has increased over the past four years. Cardholders with superprime and prime plus credit scores are less likely to receive paperless statements than cardholders in other tiers. This pattern is the inverse of that seen among credit card accounts generally.[262]

FIGURE 121

DI accounts receiving only paperless statements (MMI)



[262] For more information on digital tool use, *see* Section 7.6.1.

7.4 Balance transfers

The balance transfer feature available on some cards provides eligible cardholders with an option to reduce the cost of carrying a credit card balance by transferring it to a different credit card. Balance transfers are often subject to a fee, generally calculated as a share of the transferred balance. [263] Consumers are typically offered a lower interest rate, often zero percent, on the transferred balance.[264]

Balance transfers among the largest 25 credit card issuers carried an average fee of 4.3 percent of the transferred balance amount in the second half of 2024, with an average minimum fee of $5.51.[265] This represents a slight increase since 2022, when the average balance transfer fee was 3.9 percent and the average minimum fee was $5.28.[266]

In addition to transferring balances from another credit card, some balance transfer offers allow consumers to pay off other loans and bills.[267] If the consumer has not paid off that balance or completed another balance transfer by the end of the promotional period, any remaining balance becomes subject to the higher non-promotional interest rate.[268] In a high interest rate

---

[263] CFPB, Terms of Credit Card Plans survey, https://www.consumerfinance.gov/data-research/credit-card-data/terms-credit-card-plans-survey.

[264] *Id.*

[265] CFPB, Terms of Credit Card Plans survey, https://www.consumerfinance.gov/data-research/credit-card-data/terms-credit-card-plans-survey. To obtain these results, the CFPB calculated the average fee charged by a credit card issuer, as reported by the issuer in the TCCP survey, among the issuer's credit cards with balance transfer fees. These average fees were then averaged for the top 25 issuers who charge balance transfer fees, with each issuer weighted equally.

[266] *Id.*

[267] Transactions effectuated using a convenience check may be treated as balance transfers by some issuers. However, not all such transactions are so treated this way; depending on how they are used, some convenience check transactions may be treated similarly to cash advances. The CFPB therefore excludes convenience check transactions from this analysis (and from its analysis of cash advances in Section 7.5), acknowledging that this likely excludes at least some volume that may be identical or nearly identical from the consumer perspective.

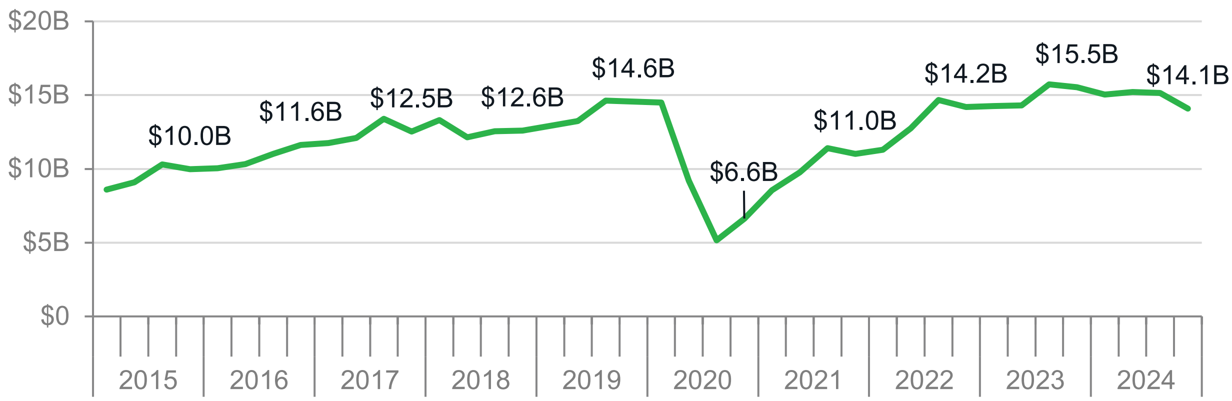
[268] Citi, *Credit Card Balance Transfers 101*, (June 27, 2025), https://www.citi.com/credit-cards/balance-transfer/balance-transfer-credit-cards-101.

environment, balance transfer offers can be particularly valuable to cardholders committed to paying down debt during the promotional period.[269]

The total dollar amount of balance transfers was $59.5 billion in 2024. This volume is down slightly from 2023 but exceeds the previous nominal peak of $55.4 billion in 2019.

FIGURE 122

Quarterly dollar amount of balance transfers, general purpose (Y-14+)



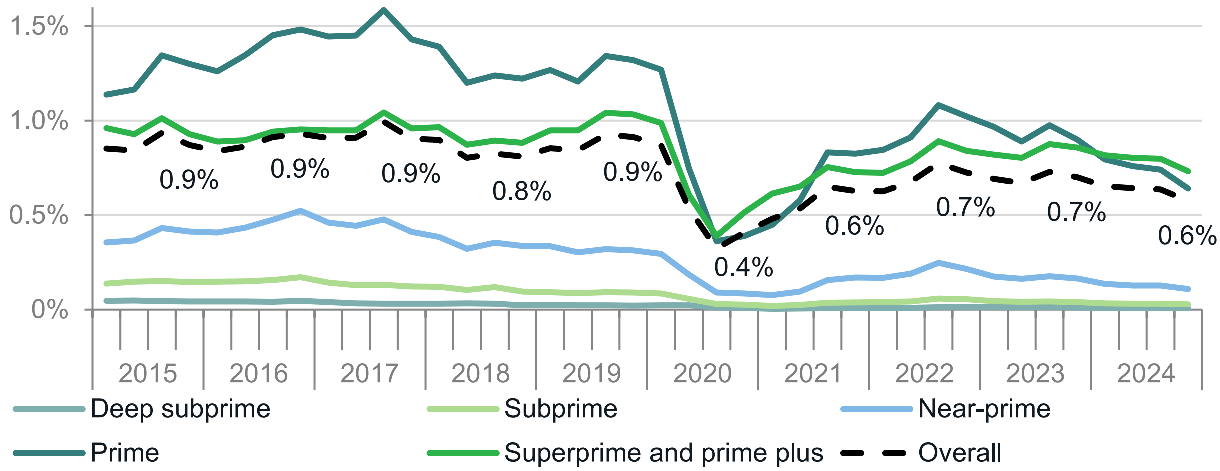
The incidence of balance transfers declined over 2023–2024 after a slight increase in 2021 and early 2022. This trend applies both overall and within each credit score tier. The prime and higher credit score tiers have historically represented the majority of balance transfer use.

---

[269] Jessica Dickler, *3 key money moves to consider while the Fed keeps interest rates higher*, CNBC (May 30, 2025), https://www.cnbc.com/2025/05/30/fed-interest-rates-higher-money-moves-to-consider.html.

FIGURE 123

Quarterly balance transfer incidence, general purpose (Y-14+)



7.5 Cash advances

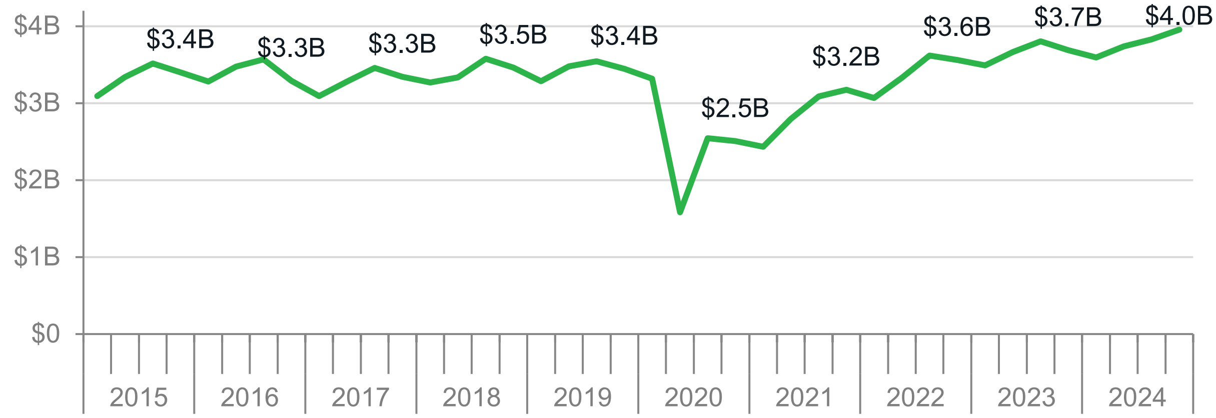
Many general purpose credit cards offer a cash advance feature, which allows consumers to obtain cash or cash equivalents (like a money order) using a portion of their card's credit line. Cash advances are usually subject to a higher interest rate than other purchases and typically begin accruing interest immediately, even for transacting accounts that are otherwise under a grace period.[270]

After falling sharply during the COVID-19 pandemic, the aggregate dollar amount of cash advance transactions recovered steadily over the past few years, exceeding previous highs by 2022 and continuing to grow to nearly $4 billion quarterly by the end of 2024.

[270] CFPB, Credit card agreement database, https://www.consumerfinance.gov/credit-cards/agreements/.

FIGURE 124

Quarterly dollar amount of cash advance transactions, general purpose (Y-14+)



Over the past ten years, cash advance frequency has declined, but remains more common among consumers with relatively low scores. Overall cash advance usage prior to the pandemic ranged from rates of 2.5 to 3.4 percent, declined to below 2 percent in 2020, and leveled off to around 2.1 percent in 2024. The rates of usage are lower, but as shown above in Figure 124, the volume of cash advances has surpassed pre-pandemic levels to reach $4 billion in the last quarter of 2024.

Cash advance use can be impacted by policy changes by issuers, which from time-to-time reclassify certain types of transactions as cash advances, such as virtual currency purchases, or block certain kinds of card use that were previously allowed as cash advance transactions.[271] Merchant actions may also influence its use. For example, the Bureau recently highlighted the costs associated with cash advances in the emerging area of online sports betting,[272] and

---

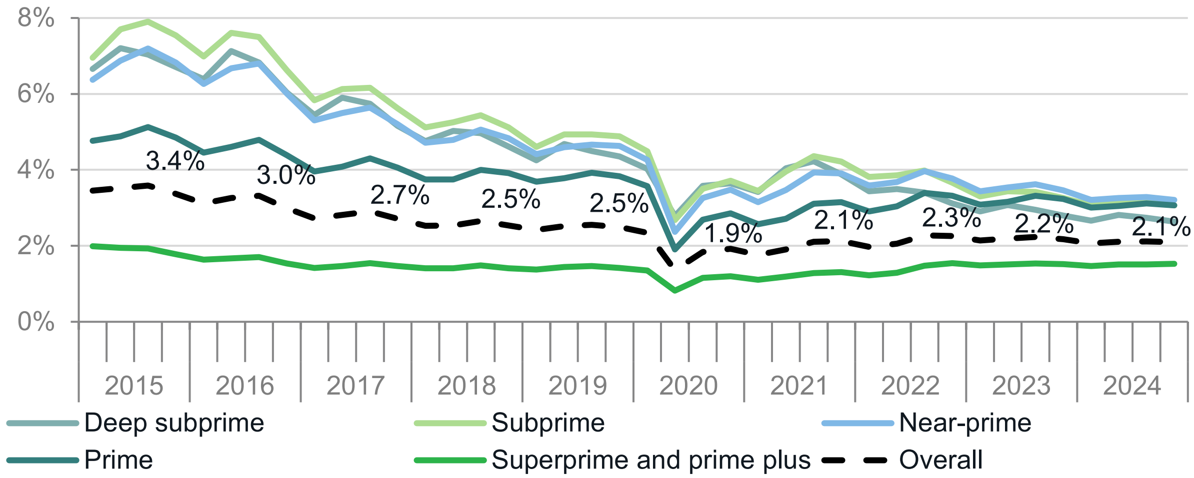
[271] *See, e.g.*, Gregory Karp, *What to Know About Chase's Policy on 'Cash-Like Transactions'*, Nerdwallet (Nov. 5, 2025), https://www.nerdwallet.com/credit-cards/learn/chase-new-policy-cash-like-transactions-what-to-know.

[272] CFPB, *Data Spotlight: Credit card cash advance fees spike after legalization of sports gambling*, (Dec. 16, 2024), https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-credit-card-cash-advance-fees-spike-after-legalization-of-sports-gambling/.

observed that at least one operator recently announced a ban on the use of credit cards to fund its customer accounts.[273]

FIGURE 125

Quarterly cash advance incidence, general purpose (Y-14+)



7.6 Account servicing

7.6.1 Digital tool use

Cardholder use of digital credit card account servicing tools has generally increased, with greater adoption of mobile apps and e-statements than our last report.[274] Paperless statement enrollment, or when a cardholder consents to receive only electronic statements, is more common among cardholders with relatively high credit scores. Cardholders of all credit score

---

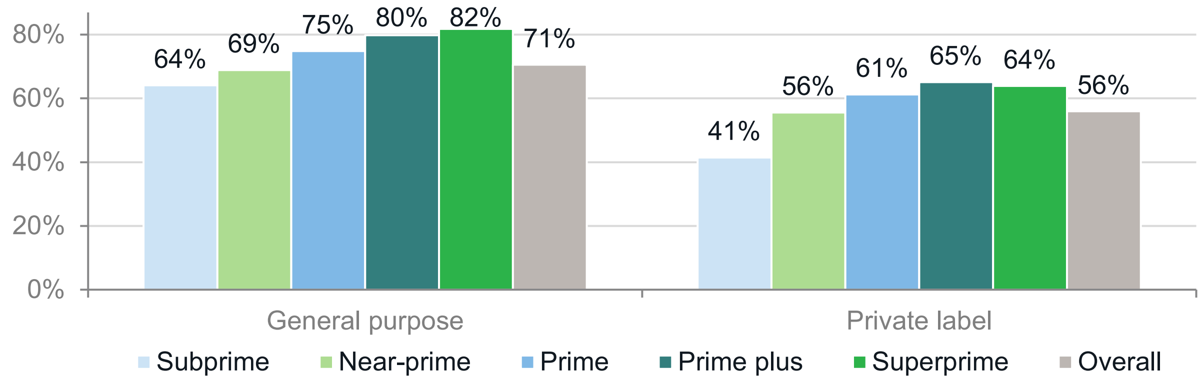
[273] Kevin Wack, *DraftKings bans use of credit cards in sports wagers*, American Banker (Aug. 25, 2025), https://www.americanbanker.com/news/draftkings-bans-use-of-credit-cards-in-sports-wagers.

[274] *See* 2023 Report, at 130–131.

tiers are more likely to enroll in paperless statements for general purpose cards than private label (71 percent vs. 56 percent overall).

FIGURE 126

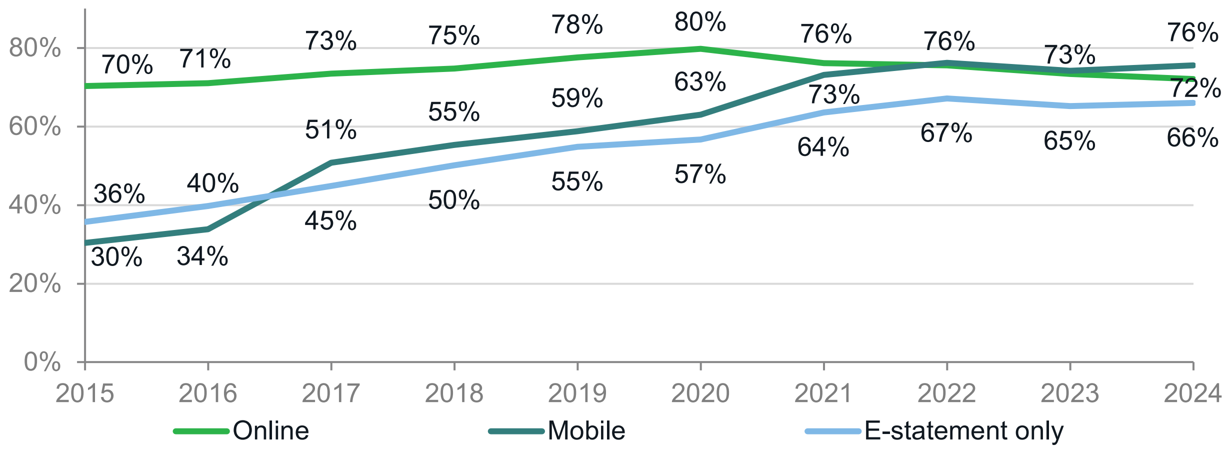
Share of active accounts enrolled in paperless statements by credit score (MMI)



Over the past ten years the Bureau has observed a steady increase in the adoption of mobile apps for managing credit cards. In 2024, mobile app usage surpassed the use of online portals among cardholders at 76 percent, as the use of online portals continued to wane, falling from 76 percent in 2022 to 72 percent in 2024. E-statement (paperless statement) only enrollment had been increasing from 2015 to 2022, but over the past two years has leveled off at around two-thirds of cardholders.

FIGURE 127

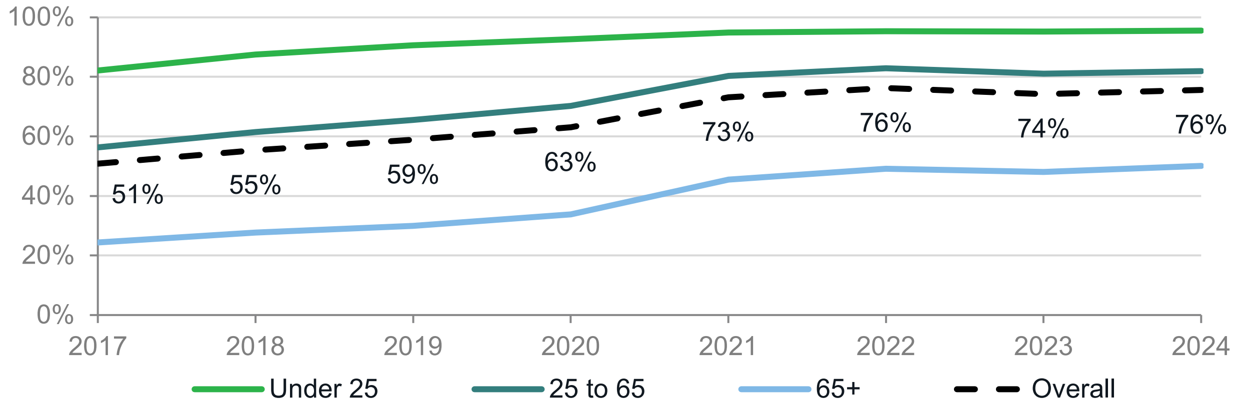
Share of active accounts enrolled in online portal, mobile apps, and receiving only e-statements, general purpose (MMI)



Following many years of growth in adoption, usage of mobile apps remained steady between 2022 and 2024 for members of all age groups. As in prior years, relatively young cardholders tend to be more frequent adopters of mobile apps for credit card account management. In 2024, a record 96 percent of accounts held by consumers under 25 were enrolled in mobile apps. Meanwhile, only about half of consumers over age 65 use mobile apps.

FIGURE 128

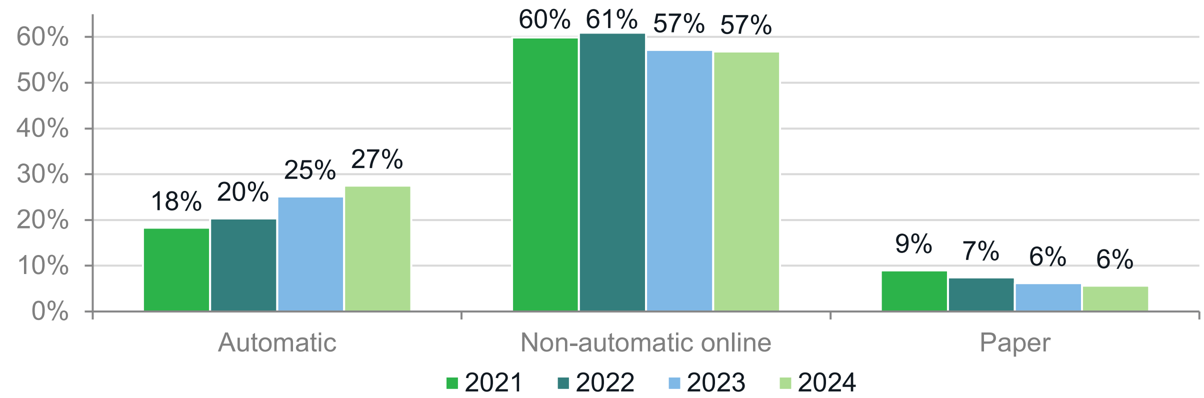
Share of active accounts enrolled in mobile apps by age, general purpose (MMI)



Cardholder payments demonstrate a continued gradual shift toward automatic and online methods. As shown in Figure 129, 57 percent of active accounts made a non-automatic payment online or via mobile app in the last billing cycle of 2024 and another 27 percent made a payment via autopay, a new high in our data. Despite the trend toward digital payments, there remains a share of cardholders who continue to mail in paper checks to pay their credit cards, at 6 percent in 2024, though this group has been shrinking each year since 2021.

FIGURE 129

Share of active accounts that made a payment in the last cycle of the year by payment method, general purpose (MMI)[275]



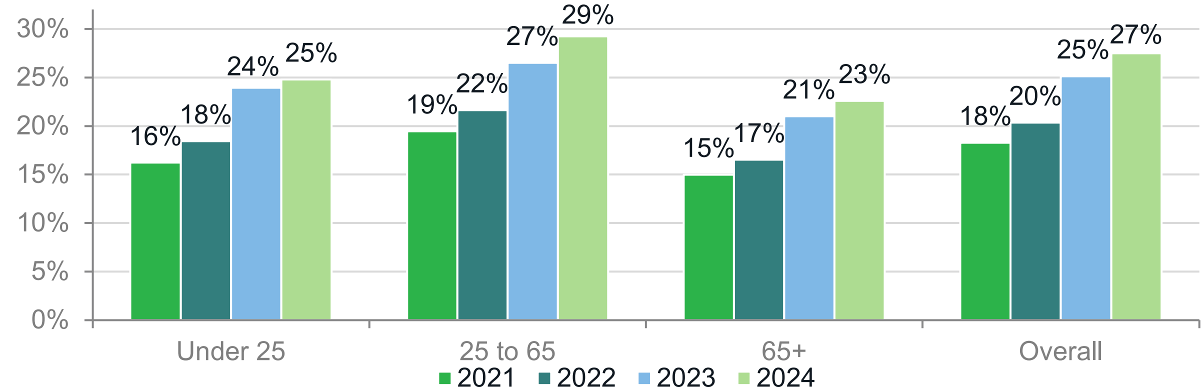
Automatic payments are an effective tool that cardholders can use to avoid late fees and the negative credit score impacts of missed payments by having payments automatically withdrawn from a linked checking account, provided there are sufficient funds in the account.[276] Cardholders of all ages have increased their usage of automatic payments each year since 2021, suggesting consumers increasingly value this capability. Cardholders aged 25 to 65 were the most likely to have used automatic payments in the last cycle of 2024, at 29 percent, while Americans over age 65 were least likely, at 23 percent in 2024.

[275] Values do not sum to 100 percent as certain forms of payment, such as telephone and payments from a third-party, are not included.

[276] John Gathergood et al., *How Do Consumers Avoid Penalty Fees? Evidence from Credit Cards*, 67(4) Management Science 2562 (2020), https://pubsonline.informs.org/doi/abs/10.1287/mnsc.2019.3568; "Autopay increases the likelihood of making the minimum payment by 20 to 29pp, more than doubling the baseline rate. The results show that seemingly minor technological defaults can have economically large effects on consumer credit outcomes." Jialan Wang, *To Pay or Autopay? Fintech Innovation and Credit Card Payments,* NBER Working Paper No. w32332 (2024), https://ssrn.com/abstract=4794382.

FIGURE 130

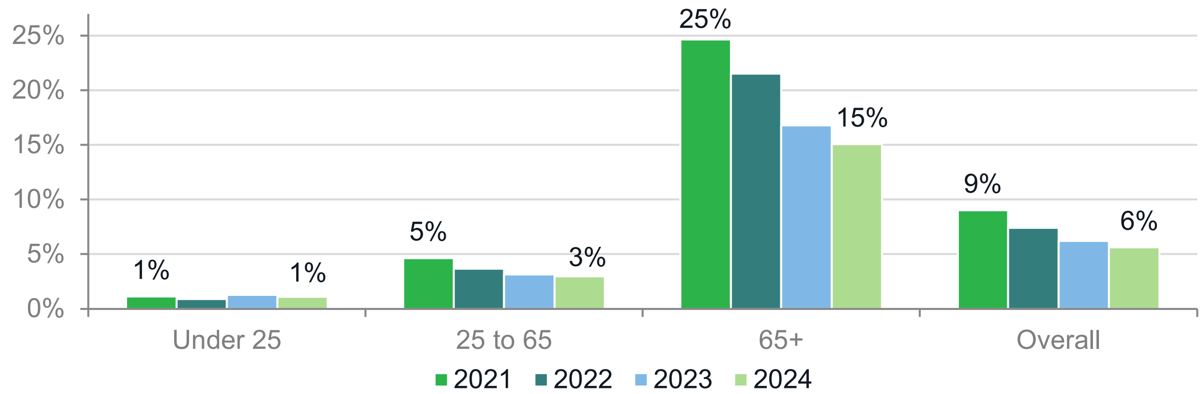
Share of active payment-making accounts that made at least one automatic payment in the last cycle of the year by age, general purpose (MMI)



Older Americans remain the primary users of paper checks for credit card repayment, though their usage has been declining rapidly. Less than 1 percent of payment-making cardholders under age 25 and less than 3 percent of those 25 to 64 made a payment by paper in the last cycle of 2024. In contrast, 15 percent of cardholders over age 65 made at least one paper payment in the last cycle of 2024, down from 25 percent in 2021. Some cardholders rely on paper payments for budgeting (*e.g.*, balancing a checkbook), often along with the use of paper statements to spot fraud. However, paper payment methods come with additional risks, such as mail delays that can result in late payment fees and interest rate increases.

FIGURE 131

Share of active payment-making accounts that made at least one paper payment in the last cycle of the year by age, general purpose (MMI)



7.6.2 Dispute resolution

Federal laws protect consumers in cases of billing errors or unauthorized use of their credit cards.[277] Dispute resolution is the process through which a cardholder requests that their credit card company remove an incorrect or fraudulent charge from their bill. In 2024, cardholders disputed $9.8 billion credit card charges resulting in $5.9 billion in chargebacks.[278]

In 2024, consumers disputed about $3.03 out of every $1,000 spent and received $1.63 in return; in 2023, they contested $3.47 and received $1.87. In the 2023 Report, we discussed increased consumer comfort with disputing transactions, in part due to pandemic-related travel cancellations and improvements in account digital features and adoption, as potentially

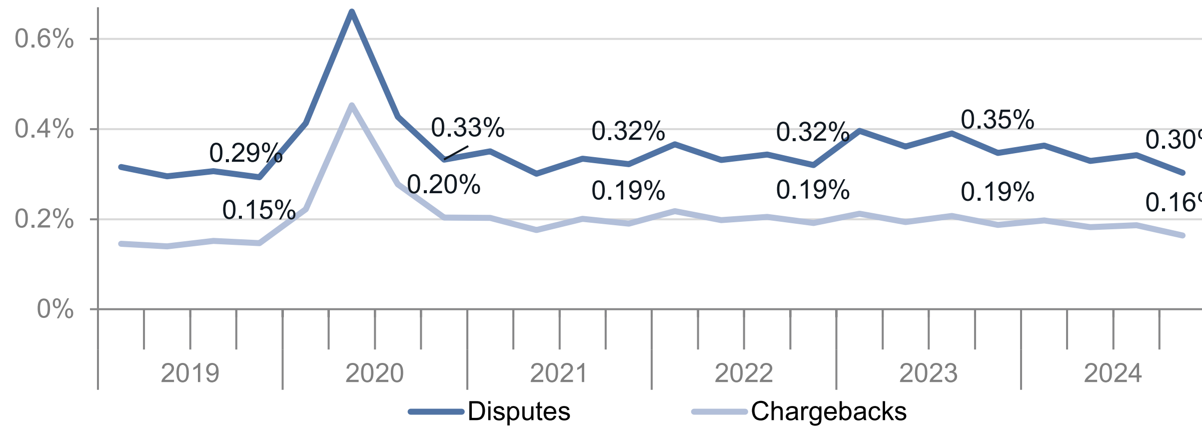
[277] The Fair Credit Billing Act, enacted and incorporated into the Truth in Lending Act (TILA) in 1974, includes substantive protections for credit card users who have billing errors. *See* 12 CFR 1026.13(a)-(b). If a consumer files a billing error notice, a creditor is required to investigate the alleged error, send certain notifications to the consumer, and refund any amount found in error as well as any related charges that accrued. *See* 12 CFR 1026.13(c), (e), and (f). TILA's implementing Regulation Z defines unauthorized use as "the use of a credit card by a person, other than the cardholder, who does not have actual, implied, or apparent authority for such use, and from which the cardholder receives no benefit." 12 CFR 1026.12(b)(1)(i).

[278] Chargebacks are defined as charges removed from the cardholders' bills.

contributing to dispute rates slightly above historical levels.[279] Since then, dispute and chargeback volumes have returned to 2019 levels when adjusted for purchases.

FIGURE 132

Quarterly dispute and chargeback volume as a percentage of purchase volume (MMI, Y-14)



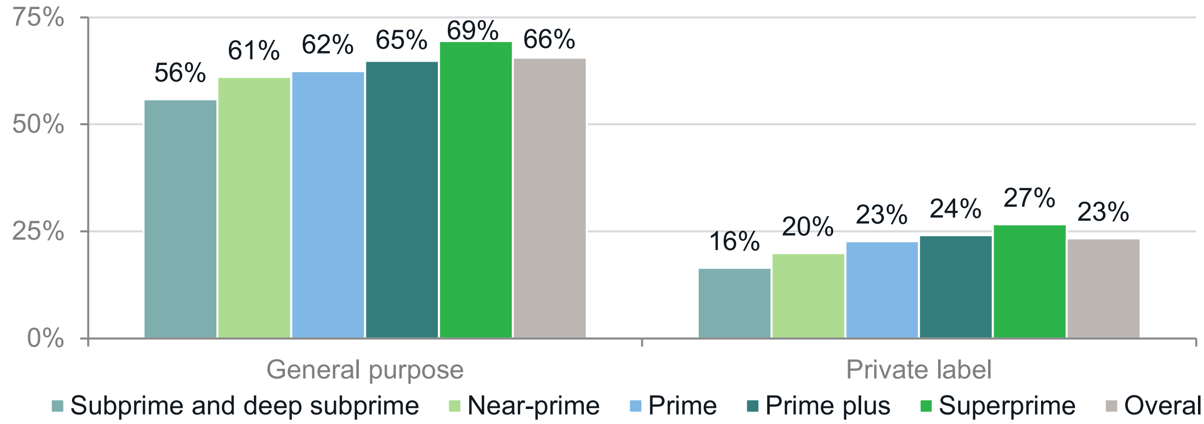
Consumers with higher scores have marginally higher approval rates for disputes on both general purpose and private label cards. General purpose cards represent more than 85 percent of disputes by dollar volume in 2024, with private label cards accounting for the remainder. Private label cardholders are less than half as likely to receive credits in response to disputes than on general purpose accounts.

---

[279] *See* 2023 Report, at 126.

FIGURE 133

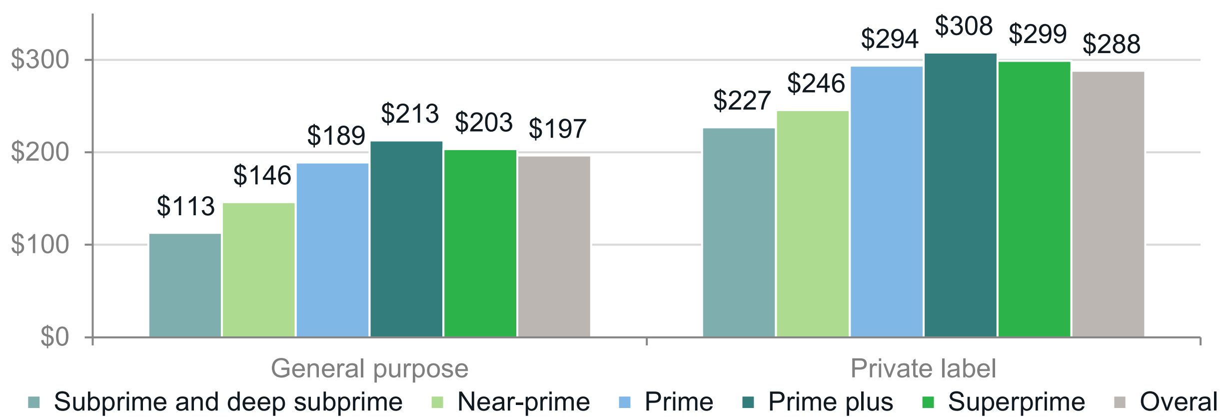
Annual chargeback dollar amount as a share of disputed purchase volume, 2024 (MMI)



When private label card disputes are approved, the average resulting chargeback amount is significantly higher than that of general purpose card disputes. In 2024, the average value of a credit in response to a dispute on general purpose cards was $197, and on private label cards it was $288. Among both card types, the average chargeback amount varies significantly by credit score with consumers with relatively higher scores receiving on average larger credits than those with lower scores.

FIGURE 134

Average chargeback amount, 2024 (MMI)

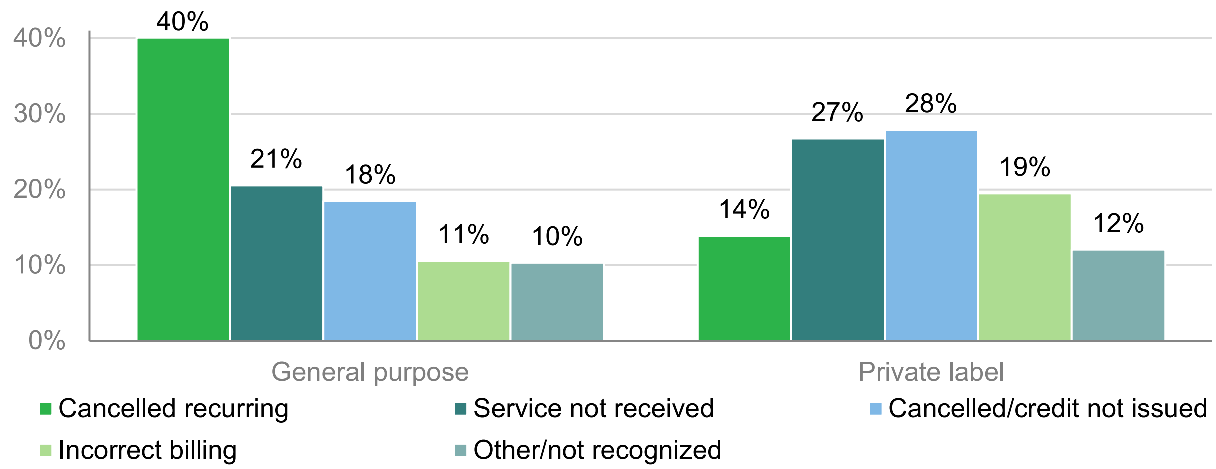


Dispute categories differ by type of card, in part due to the types of transactions commonly made on those cards. For general purpose cards, the most common reason for a dispute is a cancelled recurring transaction, which made up 40 percent of all disputes in 2024. The next most common dispute categories were “services not received” at 21 percent, and “cancelled/credit not issued,” or non-recurring transactions that were cancelled or that were paid with a different payment, at 18 percent.

For private label credit cards, “cancelled/credit not issued” and “services not received” accounted for the majority of disputed transactions at 28 percent and 27 percent, respectively. Disputes regarding recurring transactions are far less common on private label cards when compared to general purpose cards, since merchant acceptance is limited and they are used less frequently for recurring transactions like subscriptions, membership fees, and utility bills.

FIGURE 135

Percent of total disputes by dispute category, 2024 (MMI)



The lack of clear and recognizable merchant identification descriptions that appear on credit card monthly billing statements may cause “transaction confusion” and contribute to disputes.[280] Indeed, in one survey, up to 24 percent of consumers who disputed a transaction did so because they did not recognize a transaction description on their statement.[281] This

[280] *See, e.g.*, Christine Gibson, *'Who the heck is SYTLEH*3H4029NH and why did I pay them $361.55?' Taking the mystery out of shoppers' card statements*, Mastercard (Mar. 20, 2024), https://www.mastercard.com/news/perspectives/2024/transaction-confusion-taking-the-mystery-out-of-shoppers-bank-statements/.

[281] *Id.*

transaction description, also known as a billing descriptor, [282] is required by the payment network and provided by the merchants.[283]

Billing descriptors can be confusing to consumers for a number of different reasons.[284] For example, the name of a third-party payment processor may appear on the billing descriptor rather than the name of the business that engaged directly with the cardholder. This is particularly the case for small businesses that do not have a merchant account. Another example is when one corporation has multiple businesses with different brand names, which all share the same merchant account. And finally, business names are sometimes abbreviated for space or to maximize uniformity across multiple locations.

7.6.3 Information sharing

Information collection and sharing policies vary, but generally involve anonymized data regarding individual purchases that can be used by the credit card issuer or sold to an external party for marketing purposes. In some cases, the data collected may result in more targeted advertising, providing cardholders with offers that may be more likely to interest them. In other cases, the data collected could result in some consumers receiving offers with dynamic personalized pricing for the same product compared to other consumers.[285]

By the end of 2024, 22 percent of active accounts indicated that the cardholder had opted out of any kind of information sharing. Information sharing differs by age; 27 percent of cardholders over age 65 had opted out of information sharing in 2024, compared to 21 percent of cardholders in the 25- to 64-year-old age category and 14 percent under the age of 25.

[282] Stripe, *Billing descriptors: What they are, and how to write them to prevent chargebacks*, (Apr. 25, 2023), https://stripe.com/resources/more/billing-descriptors.

[283] *See, e.g.*, *Visa Merchant Data Standards Manual*, (Apr. 2025), https://usa.visa.com/content/dam/VCOM/download/merchants/visa-merchant-data-standards-manual.pdf.

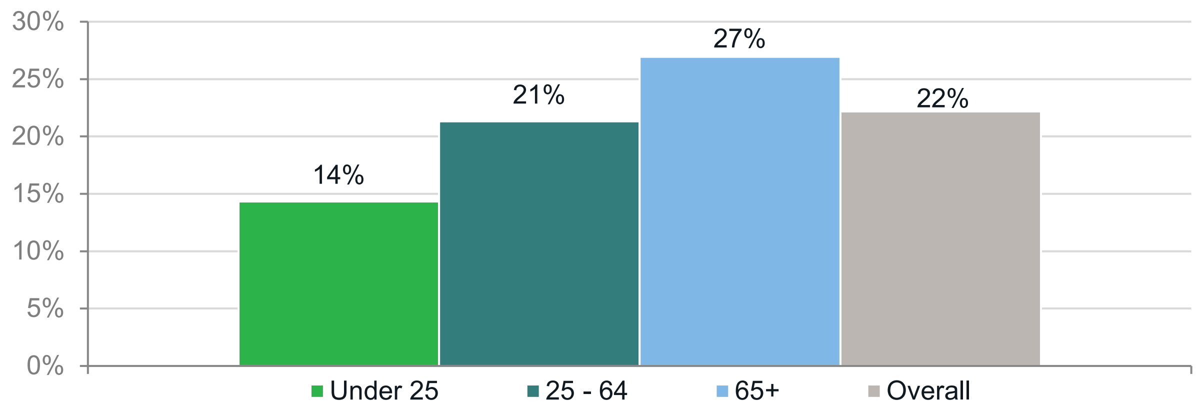
[284] Michelle Crouch, *Making sense of confusing credit card statements*, Yahoo Finance (Nov. 20, 2015), https://finance.yahoo.com/news/making-sense-confusing-credit-card-130000567.html.

[285] *See* datrics, *Understanding the Potential of Dynamic Pricing in the Banking Sector*, https://www.datrics.ai/articles/understanding-the-potential-of-dynamic-pricing-in-the-banking-sector (accessed Sept. 12, 2025).

Consumers over age 25 opted out at lower rates than they did in 2022.[286] In particular, the percent of consumers over age 65 who had opted out declined from 33 percent to 27 percent from 2022 to 2024. Roughly 14 percent of consumers under age 25 opted out, similar to 2022.[287]

FIGURE 136

Share of active accounts opted out of information sharing by age, general purpose, 2024 (MMI)



[286] *See* 2023 Report, at 135.

[287] *Ibid.*

8. Innovation

The CFPB's Congressional mandate to study the credit card market specifically instructs us to review "credit card product innovation."[288] In this section, we consider significant innovations impacting, or with the potential to impact, the consumer credit card market.

As in prior iterations of this report, we do not revisit innovations already covered elsewhere, such as innovations in rewards offers (Section 7.1) or quantitative trends in mobile payment or origination (Sections 7.6.1 and 6.1.2–6.1.3, respectively). Instead, we briefly analyze other innovations in two categories: first, innovations enabled by, or otherwise reflecting, various aspects of increased digital engagement, on both the provider and consumer sides of this market; and second, innovations associated with the emergence of alternative consumer credit and payment products.

8.1 Innovation reflecting digital engagement

A consistent feature of the credit card market since the CFPB began publishing these reports has been innovation enabled by different aspects of digital engagement, including card issuers' ability to use new information and data processing technology in underwriting and other areas, as well as consumers' ability to use increasingly convenient digital channels to access and self-service their accounts.

8.1.1 Innovative underwriting

Credit card issuing has generally been enabled by risk-based pricing.[289] As a result, underwriting innovation is a constant feature of the consumer credit card market. With greater confidence in

---

[288] 15 U.S.C. § 1616(a)(4)(D).

[289] *See* Section 6.1.7 for more on new account APR assignment.

their ability to price risk correctly card issuers can better control costs and improve access. For example, without risk-based pricing, some consumers with relatively high credit risk would not be offered a credit card at all by some issuers.

In the last few years, credit card issuers have been using new sources of data and new methods of algorithmic, AI-enhanced underwriting to improve the precision of risk-based pricing. Several commenters pointed to a growing and more confident use of alternative data—such as bill payment and bank account cash flow information—in helping to expand credit card access to consumers with little or no credit history, as well as to consumers with lower incomes.[290] While recognizing that algorithmically-driven underwriting models improve precision in risk assessment, other commenters saw consumer risk with these kinds of changes.[291]

At one level, innovation in this area shows considerable continuity with similar innovation reviewed in recent prior editions of this report.[292] For example, the U.S. Chamber of Commerce's comment submitted in connection with the present report primarily relied on a study of risk-based pricing it released in 2021.[293] Given this kind of continuity, regulatory issues implicated by such underwriting innovations have not significantly changed in substance. Recent and ongoing federal government actions, however, may reduce uncertainty in this respect and thus enable further innovation.[294] Multilateral industry standard setting around data access may also help to reduce operational uncertainties and expand the use of alternative

---

[290] *See* ABA Comment Letter, at 13; U.S. Chamber of Commerce Comment Letter (Apr. 17, 2025), at 1. *See* Center for Capital Market Competitiveness, *The Economic Benefits of Risk-Based Pricing for Historically Underserved Consumers in the United States* (2021). *See also* Datos Insights, *A New Age of Underwriting Ushered in by Cash-Flow Data* (Mar. 2025) (reporting that 88 percent of U.S. credit issuers reported increased confidence in using alternative data in 2024 relative to 2023, while 60 percent reported lower confidence in using traditional credit data alone). *See also* Penny Crosman, *JPMorganChase to adopt cash flow underwriting*, American Banker (Sept. 3, 2025), https://www.americanbanker.com/news/jpmorganchase-to-adopt-cash-flow-underwriting.

[291] *See* Suparit Suwanik Comment Letter, at 2.

[292] The CFPB's three most recent biennial reports on the credit card market have discussed the use of alternative data sources and digitally-enabled underwriting technologies. *See* 2019 Report, at 182–186; 2021 Report, at 159–163; 2023 Report, at 169–170.

[293] Center for Capital Market Competitiveness, The Economic Benefits of Risk-Based Pricing for Historically Underserved Consumers in the United States (2021), at 17–18.

[294] For example, the agency's stated plan to finalize a revised rule enabling data access under Section 1033 of the Dodd-Frank Act should also help to protect and spur the use of alternative data in credit card underwriting. *See* CFPB Personal Financial Data Rights Reconsideration, FR Doc. 2025-16139 (Aug 21, 2025); *see also* Datos Insights, *A New Age of Underwriting Ushered in by Cash-Flow Data* (Mar. 2025), at 7–8 (noting connection between open banking and alternative data use).

data.[295] At another level, however, the potential for further innovation is fundamentally changing as novel AI applications are developed to assist with credit decision and underwriting processes, as well as with managing portfolio credit risks.[296] Efforts to increase issuers' use of new data—including data processed using AI—may enable them to predict risk more accurately and improve consumer access to credit.

8.1.2 Innovation in connection with fraud

Artificial intelligence, including generative AI, is helping to fuel the incidence and seriousness of payments-related fraud, including with respect to consumer credit cards.[297] Researchers from Deloitte's Center for Financial Services predict that generative AI could enable fraud losses in the U.S. to "reach $40 billion by 2027, from $12.3 billion in 2023."[298] For example, AI is reported to be contributing to a rise in impersonation scams, including phone calls that may falsely show on caller ID as originating with a bank.[299] At the same time, however, AI is also being used by issuers, networks, and payment processors to combat fraud.[300] AI has been used

---

[295] *See* Datos Insights, *A New Age of Underwriting Ushered in by Cash-Flow Data* (Mar. 2025), at 13 (noting particular relevance of industry-developed data API standards for increasing the efficiency and security of data access).

[296] *See* McKinsey & Co., *Embracing Generative AI in Credit Risk* (July 1, 2024), https://www.mckinsey.com/capabilities/risk-and-resilience/our-insights/embracing-generative-ai-in-credit-risk.

[297] *See* Daniel Wolfe, *The rising pressures on credit card issuers*, American Banker (May 14, 2024), https://www.americanbanker.com/payments/list/the-rising-pressures-on-credit-card-issuers (noting use of generative AI in "brute-forcing" card-testing attacks).

[298] Satish Lalchand, *Generative AI is expected to magnify the risk of deepfakes and other fraud in banking*, Deloitte (May 29, 2024), https://www.deloitte.com/us/en/insights/industry/financial-services/deepfake-banking-fraud-risk-on-the-rise.html.

[299] *See* Colin McNamara, *Banks warn customers of advancing scam impersonations*, American Banker (Aug. 13, 2025), https://www.americanbanker.com/news/bank-impersonation-scams-rise-with-advancing-methods.

[300] *See* Carter Pape, *Banks embrace AI, but not for customer communications: Survey*, American Banker (Mar. 21, 2024), https://www.americanbanker.com/news/banks-embrace-ai-but-not-for-customer-communications-survey (noting that 36 percent of bank and credit union respondents reported using AI in connection with combating fraud). A bank trade commenter contended that fraud control is a competitive differentiator for consumer credit card issuers. *See* ABA Comment Letter, at 3. This same commenter also stated that the CFPB should not support legislative proposals to cap interchange fees because that would "weaken fraud protection." *Id.* at 1.

for some time for transaction monitoring, but the recent rise of generative AI has enabled better monitoring for fraudulent emails and other fraudulent communications using Large Language Models (LLMs).[301] Generative AI is also reportedly helping to counter so-called "enumeration" attacks that fraudsters use to find authorization credentials.[302] Beyond fraud mitigation *per se*, AI is also being used in connection with streamlining credit card dispute resolution procedures.[303]

AI is not the only innovation deployed to combat fraud in connection with consumer credit cards. For example, issuers have experimented with numberless credit cards, though this method of fraud mitigation presents challenges for certain issuers with respect to e-commerce transactions.[304] Continued growth in digital wallets, including automated provisioning of tokenized credentials to these wallets,[305] may help issuers overcome these challenges.[306]

8.1.3 Innovation in financial advising

AI-driven applications and interfaces for personal financial advice on credit cards have begun to emerge to serve a range of purposes. Common uses may include, but are not limited to,

[301] *See* Carter Pape, *Banks embrace AI, but not for customer communications: Survey*, American Banker (Mar. 21, 2024), https://www.americanbanker.com/news/banks-embrace-ai-but-not-for-customer-communications-survey.

[302] *See* Daniel Wolfe, *The rising pressures on credit card issuers*, American Banker (May 14, 2024), https://www.americanbanker.com/payments/list/the-rising-pressures-on-credit-card-issuers.

[303] *See, e.g.*, Callum Williams, *Visa leverages AI to streamline dispute claims with ServiceNow*, Payment Expert (Jan. 30, 2025), https://paymentexpert.com/2025/01/30/visa-servicenow-ai-dispute-claims/.

[304] *See* Cheryl Winokur Munk, *Fraud-fighting numberless credit cards look for a market*, American Banker (Dec. 19, 2024), https://www.americanbanker.com/payments/news/banks-consider-numberless-cards-to-fight-payment-fraud.

[305] JPMorgan Chase, *Digital Services Agreement* (Aug. 7, 2025), https://static.chasecdn.com/content/dam/legal-agreements/library/en/dsa_la/versions/dsa_la.pdf.

[306] *See* Cheryl Winokur Munk, *Fraud-fighting numberless credit cards look for a market*, American Banker (Dec. 19, 2024), https://www.americanbanker.com/payments/news/banks-consider-numberless-cards-to-fight-payment-fraud.

providing guidance on decisions such as structuring payment plans,[307] comparing cards,[308] optimizing rewards,[309] building or repairing credit,[310] negotiating settlements,[311] disputing charges, and saving and budgeting.[312] Products being used for these types of advice include generalized LLMs, such as ChatGPT,[313] products designed for a specific use,[314] or services offered by a new or established financial services provider.[315] For example, one service provider that combines multiple technologies aggregates consumer financial information, analyzes credit usage and spending habits, and uses an LLM to generate a customized debt repayment or savings plan.[316]

---

307 Ana Staples, *I asked ChatGPT to create a debt repayment plan. Here's what a credit counselor had to say about it,* Bankrate (Oct. 16, 2024), https://www.bankrate.com/finance/credit-cards/more-americans-carrying-debt-and-many-dontknow-apr/. *See also* Bounce AI, *Your Path to Financial Recovery*, https://app.bounceai.com/auth/login (accessed Sept. 16, 2025).

308 Hiro, *Your AI Personal CFO*, https://hirofinance.com/ (accessed Sept. 16, 2025).

309 Credit Karma, *Intuit Credit Karma members will soon have a trusted AI-powered financial assistant by their side* (Sept. 6, 2023), https://www.creditkarma.com/about/releases/introducing-intuit-assist-for-credit-karma.

310 Dovly, *Revolutionizing Credit: Dovly AI – The Smarter Alternative to AI Credit Repair*, https://www.dovly.com/ai-credit-repair/ (accessed Sept. 16, 2025).

311 Angelica Leicht, *Should you use AI to negotiate your credit card debt?*, CBS News (Sept. 3, 2025), https://www.cbsnews.com/news/should-you-use-ai-to-negotiate-your-credit-card-debt/.

312 *See, e.g.*, Cleo, *Here to save you from your bank*, https://web.meetcleo.com/save (accessed Sept. 16, 2025).

313 Kailyn Rhone, *They Had Money Problems. They Turned to ChatGPT for Solutions*, The New York Times (Sept. 13, 2025), https://www.nytimes.com/2025/09/13/business/chatgpt-financial-advice.html.

314 Katie Kelton, *5 ways to use AI to boost your credit score*, Bankrate (Sept. 10, 2025), https://www.bankrate.com/credit-cards/building-credit/ways-to-use-ai-to-boost-credit/. *See also* Adam Clark Estes, *The surprisingly sound financial advice I got from a chatbot*, Vox (July 31, 2025), https://www.vox.com/tech-policy/421783/chatgpt-financial-advice-ynab-monarch-cleo.

315 Intuit, *Intuit Assist, Your new generative AI-powered financial assistant*, https://www.intuit.com/intuitassist/ (accessed Sept. 16, 2025).

316 Mezzi, *AI Tools for Balancing Debt and Savings* (Aug. 29, 2025), https://www.mezzi.com/blog/ai-tools-for-balancing-debt-and-savings. *See also* Kellie Hwang, *Is your money in good hands with an AI financial adviser?*, San Francisco Chronicle (May 27, 2025), https://www.sfchronicle.com/personal-finance/article/ai-financial-adviser-artificial-intelligence-20343063.php.

Many models and products are still in the early stages of implementation.[317] Nevertheless, they present the potential to increase access to personalized financial advice in a form that may be readily available, easily accessible, convenient, and less cost-prohibitive than traditional alternatives such as a personal financial advisor or debt settlement services. These products may also help users overcome psychological or social barriers to seeking financial advice, such as fear of being judged when discussing financial problems with another person.[318]

However, emergent AI-powered financial advice in the credit card market also introduces novel risks. Some areas of risk include the potential for faulty advice through incorrect mathematical calculations,[319] faulty or incomplete underlying assumptions,[320] user error in implementing strategies,[321] or incorrect advice.[322] LLMs continue to be prone to providing false information, determined by back-end statistical probabilities to be best guess responses, to user queries through AI hallucinations.[323] Another set of risks concern the possibility of privacy breaches,

---

317 Matt O'Brien, *Visa wants to give artificial intelligence 'agents' your credit card*, APNews (Apr. 30, 2025), https://apnews.com/article/ai-artificial-intelligence-5dfa1da145689e7951a181e2253ab349. *See also* Press Release, Relief, *Relief Secures Strategic Investment from the Largest Debt Settlement Company in the US, National Debt Relief* (June 17, 2025), https://www.businesswire.com/news/home/20250616626001/en/Relief-Secures-Strategic-Investment-from-the-Largest-Debt-Settlement-Company-in-the-US-National-Debt-Relief.

318 Credit Karma, *The Rise of Fin-AI: Why Americans Are Trusting Generative AI With Their Wallets* (Sept. 2, 2025), https://www.creditkarma.com/about/commentary/the-rise-of-fin-ai-why-americans-are-trusting-generative-ai-with-their-wallets. *See also* Kailyn Rhone, *They Had Money Problems. They Turned to ChatGPT for Solutions*, The New York Times (Sept. 13, 2025), https://www.nytimes.com/2025/09/13/business/chatgpt-financial-advice.html.

319 Kyle Wiggers, *Why is ChatGPT so bad at math?*, TechCrunch (Oct. 2, 2024) https://techcrunch.com/2024/10/02/why-is-chatgpt-so-bad-at-math/.

320 Mezzi, *Best AI Financial Advisor* (July 5, 2025), https://www.mezzi.com/blog/best-ai-financial-advisor.

321 "Of those who have acted on financial advice they received from GenAI, 52% say they have made a poor financial decision or mistake based on the information they received." Credit Karma, *The Rise of Fin-AI: Why Americans Are Trusting Generative AI With Their Wallets* (Sept. 2, 2025), https://www.creditkarma.com/about/commentary/the-rise-of-fin-ai-why-americans-are-trusting-generative-ai-with-their-wallets.

322 Gary Smith, *LLMs Can't Be Trusted for Financial Advice*, Financial Planning Association (May 2024), https://www.financialplanningassociation.org/learning/publications/journal/MAY24-llms-cant-be-trusted-financial-advice-OPEN. *See also* Amanda Smith, *I Tried Using AI to Help Me Tackle an $18K Debt. It Went Brutally Wrong*, CNET (July 4, 2025), https://www.cnet.com/tech/services-and-software/i-tried-using-ai-to-help-me-tackle-an-18k-debt-it-went-comically-wrong/. *See also* Ana Staples, *I asked ChatGPT to create a debt repayment plan. Here's what a credit counselor had to say about it*, Bankrate (Oct. 16, 2024), https://www.bankrate.com/credit-cards/news/i-asked-chat-gpt-for-a-debt-repayment-plan/#what-chatgpt-came-up-with.

323 Cade Metz & Karen Weise, *A.I. Is Getting More Powerful, but Its Hallucinations Are Getting Worse*, The New York Times (May 5, 2025) https://www.nytimes.com/2025/05/05/technology/ai-hallucinations-chatgpt-google.html.

data leaks, or poor data stewardship.[324] While consumers may be able to ask LLMs and other AI tools for generalized financial advice, many of the emerging tools focused on financial services rely on consumers providing access to sensitive financial information.

Further limitations include the absence of any fiduciary obligation to pursue the user's financial best interest, the lack of regulation or accountability in the event of adverse outcomes, and insufficient disclaimers surrounding the limitations of these products.[325] As with non-fiduciary financial advisors, AI financial advice may be prone to principal-agent problems—whereby advice is misaligned from what would be optimal for the consumer due to bias arising from the advisor's incentives (*e.g.*, through fees, or internal referral bonuses).

It is important to note substantial uncertainty around the magnitude of the potential advantages and risks noted above, or any omissions, as well as their variation across levels of application specificity, task complexity, user behavior and characteristics, or other circumstances. This uncertainty and variation are subject to change over time as the market evolves.

8.1.4 Innovation in agentic commerce

AI agents developed specifically for shopping, payments, and commerce are in the initial stages of development and deployment.[326] These emerging services, such as Visa's Intelligent Commerce, Mastercard's Agent Pay, and those offered by technology companies, advertise the ability to guide customers from LLM queries through completed online commerce

[324] Meredith Whittaker, *AI agents are coming for your privacy, warns Meredith Whittaker*, The Economist (Sept. 9, 2025), https://www.economist.com/by-invitation/2025/09/09/ai-agents-are-coming-for-your-privacy-warns-meredith-whittaker.

[325] Adam Clark Estes*, The surprisingly sound financial advice I got from a chatbot,* Vox (July 31, 2025), https://www.vox.com/tech-policy/421783/chatgpt-financial-advice-ynab-monarch-cleo. *See also* Angelica Leicht, *Should you use AI to negotiate your credit card debt?,* CBS News (Sept. 3, 2025), https://www.cbsnews.com/news/should-you-use-ai-to-negotiate-your-credit-card-debt/. *See also* Noor Al-Siabi, *Top Chatbots Are Giving Horrible Financial Advice*, Futurism (Apr. 27, 2025), https://futurism.com/the-byte/top-chatbots-horrible-financial-advice.

[326] Mastercard, *What is agentic commerce? Your guide to AI-assisted retail* (Sept. 4, 2025), https://www.mastercard.com/us/en/news-and-trends/stories/2025/agentic-commerce-explainer.html.

interactions.[327] They present the possibility to interpret complex requests, such as searching for and comparing items, and translate them into purchasing actions.[328] They may offer consumers a high degree of convenience and personalization, for example through preferences and budget constraints.[329] At present, these tools are only available in limited geographies and may have only limited capabilities in terms of executing purchases.[330] Nevertheless, they have the potential to introduce new challenges if they achieve wider adoption, including ensuring that sensitive personal and financial data are protected, that decision making is transparent, and that users can resolve disputes.[331] In short, there is the potential significant benefits and potential significant risks from using these new technologies.

8.1.5 Other servicing and product innovations

Several other innovations have emerged or gained further momentum over the last few years, including the following:

- Credit card issuers continue to expand digital wallet offerings, in partnership or otherwise. The continued development of an e-commerce wallet by Early Warning Services,[332] which is

[327] Michael Nuñez, *Visa just made it possible for AI to spend your money. Here's what that means,* Venture Beat (Sept. 4, 2025), https://venturebeat.com/ai/visa-just-made-it-possible-for-ai-to-spend-your-money-heres-what-that-means; *see also* Reuters, *Google, PayPal partner to roll out AI-powered solutions across platforms*, (Sept. 17, 2025), https://www.reuters.com/business/google-paypal-partner-roll-out-ai-powered-solutions-across-platforms-2025-09-17/.

[328] Mastercard, *What is agentic commerce? Your guide to AI-assisted retail* (Sept. 4, 2025), https://www.mastercard.com/us/en/news-and-trends/stories/2025/agentic-commerce-explainer.html.

[329] Visa, *What is Agentic Commerce?* (May 2025), https://navigate.visa.com/europe/future-of-money/what-is-agentic-commerce/.

[330] Digital Finance, *Visa readies agentic AI tools for consumer payments* (June 2, 2025), https://www.digfingroup.com/visa-agentic/.

[331] *Ibid. See also* Mastercard, *What is agentic commerce? Your guide to AI-assisted retail* (Sept. 4, 2025), https://www.mastercard.com/us/en/news-and-trends/stories/2025/agentic-commerce-explainer.html.

[332] Paze, *Meet Paze Online checkout from banks and credit unions—here to give you confidence at checkout.*, https://www.paze.com/ (accessed Sept. 16, 2025).

owned by a consortium of banks that includes seven of the largest card issuers, is one notable development in this respect.[333]

- A related—though in the U.S. still nascent—innovation is enabling individual cards to function at the consumer's discretion as a range of different product devices, including credit card, debit card, and installment lending purchase device.[334]

- Packaging card issuance as part of a broader suite of card program management services such as digital engagement journeys, tokenization, and rewards management is a continued innovation. Neo-banks and other alternative financial services providers are at the forefront of this movement.[335]

- A focus for some commenters is the evolving use of digital channels to enable the delivery of financial health and wellness tools, including customized credit score improvement plans.[336]

- Issuers have introduced new card products backed by non-cash assets, such as cards backed by mortgages,[337] auto titles,[338] or jewelry and other valuables.[339]

---

333 *See* Cheryl Winokur Munk, *Fraud-fighting numberless credit cards look for a market*, American Banker (Dec. 19, 2024), https://www.americanbanker.com/payments/news/banks-consider-numberless-cards-to-fight-payment-fraud.

334 *See* John Adams, *Why Visa's making it easier to access a credit card alternative*, American Banker (Nov. 20, 2024), https://www.americanbanker.com/payments/news/visa-partners-with-affirm-to-expand-bnpl-flexible-credentials (citing, *inter alia*: Visa's May 2025 launch of Visa Flexible Credential; Curve's all-in-one flexible card; and Mastercard's flexible credential functionality).

335 *See, e.g.*, Marqeta, *Issue credit, debit, prepaid & virtual cards*, https://www.marqeta.com/platform/card-issuing (accessed Sept. 18, 2025). *See also* Elan, *Product Suites,* https://www.elanfinancialservices.com/credit-card/what-we-offer/product-suites.html (accessed Sept. 18, 2025). *See also* Cross River, *Program Management 101,* https://www.crossriver.com/insights/program-management-101-examining-the-impact-of-centralized-end-to-end (accessed Sept. 18, 2025).

336 *See* ABA Comment Letter, at 13–14.

337 *See* Aven, https://www.aven.com/ (accessed Oct. 8, 2025); Navy Federal Credit Union, Home Equity Line Platinum Card, https://www.navyfederal.org/loans-cards/equity/heloc/platinum-card.html (accessed Oct. 8, 2025).

338 *See* Yendo, https://www.yendo.com/ (accessed Oct. 8, 2025).

339 *See* Pesto, https://getpesto.com/faq/ (accessed Oct. 8, 2025).

- Biometric identity verification and payments technologies (*e.g.*, facial recognition, fingerprint) are already prevalent in smart phone wallets.[340] They have begun to be deployed to in-store transactions without the need for a personal device.[341]

8.1.6 Disclosure innovation

A number of commenters, echoing submissions received in connection with earlier versions of this report, contend that in light of consumers' significant and well-established digital engagement with credit cards, existing disclosure rules and practices increasingly hinder innovation while imposing unjustifiable regulatory burdens for little or no consumer benefit.[342] Industry commenters made a number of requests that they generally describe as bringing disclosure practices more in line with consumer expectations about modern digital engagement, including modernization of e-signature consent requirements, facilitation of mobile-optimized disclosures, or allowing electronic delivery by default for those opting in.[343] They specifically noted the CFPB's authority to carry out e-signature reform where that would benefit consumers.[344] One consumer group advocated for the agency to develop mobile-friendly formats for required credit card disclosures, identifying that current mandates produce disclosures that are "difficult to read and understand on a mobile phone."[345] In particular, this commenter noted: "[I]t is well past time to mandate mobile-friendly statements."[346]

---

340 Stripe, *What are biometric payments? A quick guide for businesses* (Apr. 16, 2024), https://stripe.com/resources/more/what-are-biometric-payments-a-quick-guide-for-businesses.

341 JP Morgan, *J.P. Morgan Payments expands biometric payments to U.S. clients* (Aug. 6, 2024), https://www.jpmorgan.com/insights/payments/payment-trends/in-store-biometric-payments.

342 *See* America's Credit Unions Comment Letter, at 6–8.

343 *See id. See also* ABA Comment Letter, at 15.

344 *See* America's Credit Unions Comment Letter, at 6–8.

345 NCLC Comment Letter, Attachment A "Comments for 2023 CARD Act Study," at 12–13.

346 *Id.* at 13.

8.2 Competitive products and innovation

Innovation in digitally-enabled credit-based payments remains the most significant area that provides consumers alternatives to traditional credit card products. To this point, we have observed continuous expansion in the BNPL market, as well as increased consumer use of POS installment lending products with longer repayment periods than the standard BNPL pay-in-four.[347] We also briefly review recent innovations in the payments space.

8.2.1 BNPL

While some commenters focused on what they saw as consumer protection concerns associated with BNPL products,[348] our focus here is on the relative significance to the credit card market and the innovations it has engendered. One recent study describes BNPL as among "the biggest reasons why legacy banks are losing market share to fintechs."[349] Reportedly, BNPL transaction volume in the U.S. has been increasing in recent years at around $20 billion annually, and is projected to approach $120 billion in 2025, nearly 10 percent the size of credit card balances.[350] The CFPB found $45.2 billion in originations, based on a sample of six BNPL firms, for the year 2023.[351] That growth is partly accounted for by BNPL expanding into a wider range of transaction amounts, as well as to the physical, not simply digital, point-of-sale, further

---

347 As discussed in Section 7.2 on installment plans, BNPL loans are generally repaid in four or fewer installments.

348 *See* AARP Comment Letter, at 2.

349 *See* John Adams, *Why Visa's making it easier to access a credit card alternative*, American Banker (Nov. 20, 2024), https://www.americanbanker.com/payments/news/visa-partners-with-affirm-to-expand-bnpl-flexible-credentials.

350 *See* Kaitlyn Wang, *'Buy-Now-Pay-Later' Wants to Kill Credit Cards. But They Are Becoming Similar*, Wall Street Journal (Aug. 11, 2025), https://www.wsj.com/video/series/the-economics-of/buy-now-pay-later-wants-to-kill-credit-cards-but-theyre-becoming-similar/DFB0A798-40AD-408B-84F4-0F1FD1E49107. In August 2025, one of the largest BNPL providers in the U.S. reported 23 million users, a 23 percent increase over the same period in the prior year; gross merchandise value increased 43 percent over the same period. *See* Joey Pizzolato, *Affirm's card helps it end fiscal year on a high note*, American Banker (Aug. 29, 2025), https://www.americanbanker.com/payments/news/affirm-beats-analysts-estimates-on-revenue-and-earnings.

351 Nicolas Salem & Laura Udis, *The Buy Now, Pay Later Market*, CFPB (Dec. 2025), https://files.consumerfinance.gov/f/documents/cfpb_bnpl-market-report_2025-12.pdf.

intensifying competition with credit cards.[352] Commenters concurred that BNPL is increasingly popular with consumers and used as an alternative to some consumer credit cards.[353] Also fueling BNPL growth is its value to merchants in terms of helping to drive sales, which is reflected in merchant willingness to pay discount fees at or sometimes above similar fees charged for credit cards.[354]

Intensified competition from BNPL and other digitally-enabled POS installment loans continues to drive credit card issuers to develop product features that duplicate the installment aspect of BNPL. Commenters noted the increased availability of this kind of installment payment flexibility on credit cards, including delivery of these options post-transaction or at the point-of-sale, and automated term loans with a credit card as an access device.[355] Card networks are also seeking to enable card issuers to offer BNPL and other installment products on their platforms.[356] In addition, card issuers are introducing their own proprietary BNPL products.[357]

BNPL and digitally-enabled POS installment loans may also be increasing price competition for card issuers, who sometimes offer installment payment functionality at lower interest rates than a card product's standard purchase APR. At the same time, BNPL issuers are adopting product features from the card market, potentially further intensifying competition between the two

352 *See* Kaitlyn Wang, *'Buy-Now-Pay-Later' Wants to Kill Credit Cards. But They Are Becoming Similar*, Wall Street Journal (Aug. 11, 2025), https://www.wsj.com/video/series/the-economics-of/buy-now-pay-later-wants-to-kill-credit-cards-but-theyre-becoming-similar/DFB0A798-40AD-408B-84F4-0F1FD1E49107.

353 *See* ABA Comment Letter, at 2–3.

354 According to a recent report from the National Bureau for Economic Research, offering BNPL can boost a merchant's sales by 20 percent. *See* Tobias Berg et al., *The Economics of 'Buy-Now-Pay-Later': A Merchant's Perspective*, 171 Journal of Financial Economics (2025), https://www.sciencedirect.com/science/article/abs/pii/S0304405X25001011.

355 *See* ABA Comment, at 13. *See* Upgrade Card, https://www.upgrade.com/upgrade-card/ (accessed Sept. 8, 2025).

356 *See* John Adams, *Why Visa's making it easier to access a credit card alternative*, American Banker (Nov. 20, 2024), https://www.americanbanker.com/payments/news/visa-partners-with-affirm-to-expand-bnpl-flexible-credentials.

357 *See id.*

products.[358] This includes loans of longer duration that carry interest, and plastic cards that can be used in retail stores at the physical point-of-sale.[359]

8.2.2 Stablecoins

Some market analysts now contend that, over the long-term, stablecoin-based payments may also emerge to be an alternative to standard credit card issuance, with its prevailing reliance on a range of third-party intermediaries, including processors, networks, and acquirers. At this point, however, consumers lack significant incentives to shift their credit card spending to stablecoin-based products, even as those may carry the potential to reduce certain intermediary costs.[360] For now, stablecoin use remains largely limited to trading activity and, to a lesser extent, cross-border payments.[361] Whether or when consumer incentives might change—and in a manner that would not undermine other players' incentives to use stablecoin-based products—remains an open question, especially in the wake of the greater regulatory certainty established for stablecoins in the Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025 (GENIUS Act).[362]

---

[358] *See* Kaitlyn Wang, *'Buy-Now-Pay-Later' Wants to Kill Credit Cards. But They Are Becoming Similar*, Wall Street Journal (Aug. 11, 2025), https://www.wsj.com/video/series/the-economics-of/buy-now-pay-later-wants-to-kill-credit-cards-but-theyre-becoming-similar/DFB0A798-40AD-408B-84F4-0F1FD1E49107.

[359] *See id*. Some analysts view these BNPL cards as an important driver of future growth in the BNPL market. *See, e.g.*, Joey Pizzolato, *Affirm's card helps it end fiscal year on a high note*, American Banker (Aug. 29, 2025), https://www.americanbanker.com/payments/news/affirm-beats-analysts-estimates-on-revenue-and-earnings.

[360] *See, e.g.,* Sandeep Sood, *Stablecoins won't displace credit cards for consumer payments*, American Banker (Mar. 20, 2025), https://www.americanbanker.com/payments/opinion/stablecoins-wont-displace-credit-cards-for-consumer-payments; Ron Tarter, *Credit Cards Are a Racket. Stablecoins Might Be the Answer*, Newsweek (Aug. 22, 2025), https://www.newsweek.com/credit-cards-are-racket-stablecoins-might-exit-2118057.

[361] *See* Robin Hartill, *Why you might one day use stablecoins in place of credit cards or bank accounts*, Yahoo Finance (Aug. 25, 2025), https://finance.yahoo.com/personal-finance/banking/article/what-is-a-stablecoin-190957368.html.

[362] Guiding and Establishing National Innovation for U.S. Stablecoins Act, Pub. L. 119-27, 139 Stat. 419 (2025). 12 U.S.C. § 5901.

In the short term, the consumer credit card market may further explore the use of stablecoin technology to lower the costs of particular elements of more standard card transactions.[363] Major card networks have been piloting settlement using stablecoins for some time, and more recently have started to expand the number of stablecoins and blockchains for which they support settlement—moves that are likely to gain further momentum with passage of the GENIUS Act.[364]

8.2.3 Pay-by-bank

Another potential alternative to the use of traditional credit card products is the rise of pay-by-bank practices that enable transactions directly between bank accounts. While pay-by-bank is not new, the recent roll-out of additional faster payment options—as well as the potential impact of open banking developments—continues to drive merchant interest in lower-cost pay-by-bank offerings from a range of fintech companies and payment processors.[365] Walmart, for example, has made recent moves to integrate its pay-by-bank option with both RTP (The Clearing House) and FedNow (Federal Reserve).[366] As with BNPL, card networks have also moved to offer additional account-to-account functionality to their platforms.[367] Whether and how merchants will be able to incentivize customers to switch from cards to a different payment default within merchant apps will be a continued focus for the CFPB in monitoring this market.

---

[363] *See* Sandeep Sood, *Stablecoins won't displace credit cards for consumer payments*, American Banker (Mar. 20, 2025), https://www.americanbanker.com/payments/opinion/stablecoins-wont-displace-credit-cards-for-consumer-payments.

[364] *See, e.g.*, Press Release, Visa, *Visa Expands Stablecoin Settlement Support* (July 31, 2025), https://investor.visa.com/news/news-details/2025/Visa-Expands-Stablecoin-Settlement-Support/default.aspx.

[365] *See* Byoung Hwa Hwang, Pay-by-Bank and the Merchant Payments Use Case: Benefits, risks and potential impacts on consumer payment behaviors in the U.S., FEDS Notes, Federal Reserve Board (July 7, 2025), https://doi.org/10.17016/2380-7172.3834; Kate Fitzgerald, How 'Pay by Bank' could affect U.S. card volume, American Banker (Aug. 14, 2023), https://www.americanbanker.com/payments/news/how-pay-by-bank-could-affect-u-s-card-volume.

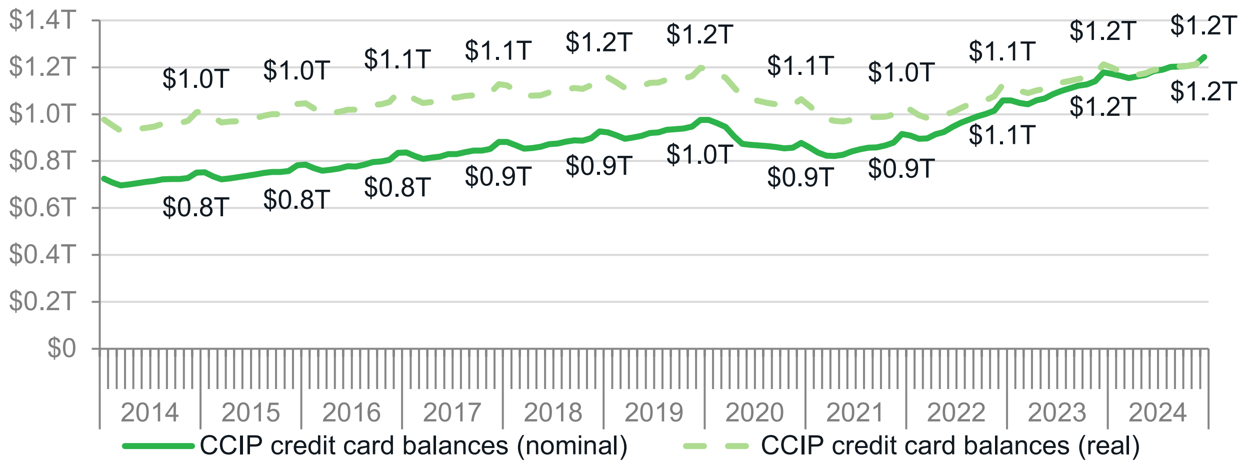
[366] *See* John Adams, *How Walmart's using real time payments to battle credit cards*, American Banker (Sept. 20, 2024), https://www.americanbanker.com/payments/news/how-walmarts-using-real-time-payments-to-battle-credit-cards.

[367] *See id.*

APPENDIX A: SUPPORTING FIGURES

FIGURE 137

Monthly cycle-ending balances, nominal and inflation-adjusted (CCIP, BLS)[368]



[368] Inflation-adjusted values use the change in the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers and set the latest period presented as the base.