

■ DECEMBER 2021

PYMNTS.com

Elan[™]
CREDIT CARD

THE CONVENIENCE CATALYST

HOW **CUSTOMER EXPERIENCE FEATURES** DRIVE CREDIT CARD USAGE



The Convenience Catalyst: How Customer Experience Features Drive Credit Card Usage, a collaboration between PYMNTS and Elan (a division of U.S. Bank), examines how consumer preferences drive credit card choice and usage patterns. The report is based on insights drawn from a census-balanced survey of 2,094 adult American regular credit card users that was conducted between Sept. 15 and Sept. 24. The report found that many consumers use credit cards to manage debt, cash flow and increase their credit scores.

TABLE OF CONTENTS

Introduction	03
Key Findings	04
Conclusion	14
Methodology	15

INTRODUCTION

Consumer credit card usage typically ebbs and flows in tandem with national economic cycles, yet recent PYMNTS research has revealed another key component of modern consumer payment choices: customer experience features.

Consumers' selection and usage of credit cards is linked to the card issuer's ability to provide demonstrable value beyond a convenient payment experience, with features like cash-back rewards, better data privacy protection and credit-building tools. According to a recent PYMNTS survey, three out of four consumers in the United States choose credit cards based on the appeal of interest rates, personal data and fraud protection and rewards offers. PYMNTS also found that specific demographics, such as parents with children living at home and those with income challenges, valued specific customer experience features more highly than others.

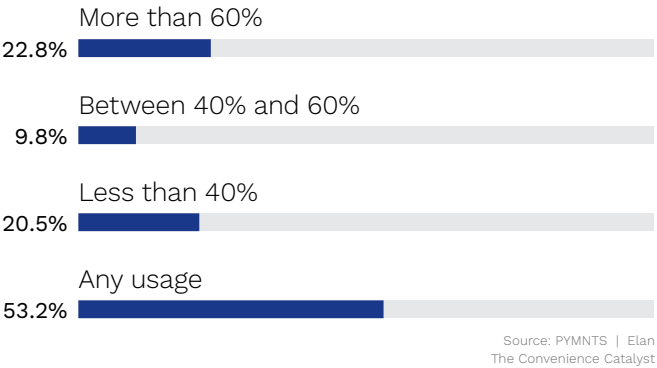
In The Convenience Catalyst: How Customer Experience Features Drive Credit Card Usage, a PYMNTS and Elan collaboration, we examine key factors motivating consumer selection and use of credit cards for payments. The report is based on a survey of 2,094 adult American regular credit card users that was conducted between Sept. 15 and Sept. 24. Respondents were asked questions regarding their credit card payment preferences and usage histories. Regular credit card users are defined as consumers over the age of 18 who have at least one credit card, have made at least one purchase with it in the last 12 months and typically have a balance to pay each month.

This is what we learned.

KEY FINDINGS 01

Sixty-five percent of the U.S. population — 168 million adults — have made a purchase using a credit card in the last 12 months.

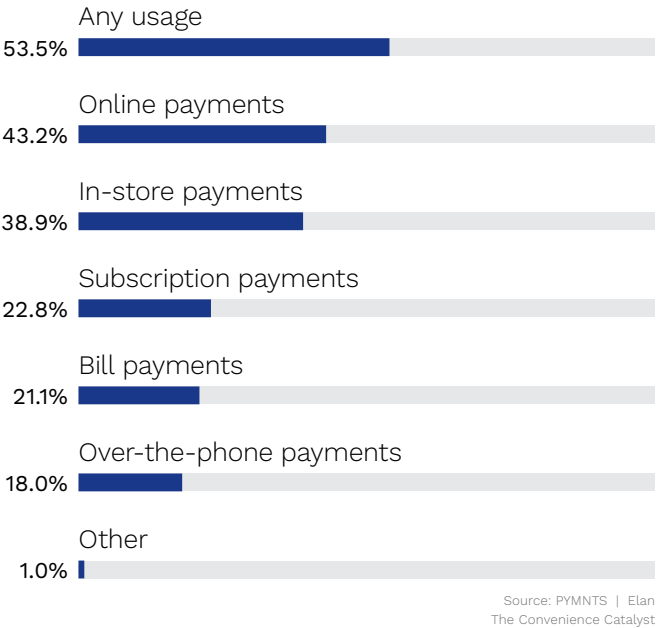
FIGURE 1:
Credit card usage
Regular credit card users, total and split by share of purchases made with credit cards during the last 30 days



Portion of all outstanding credit card balances held by parents with children living at home

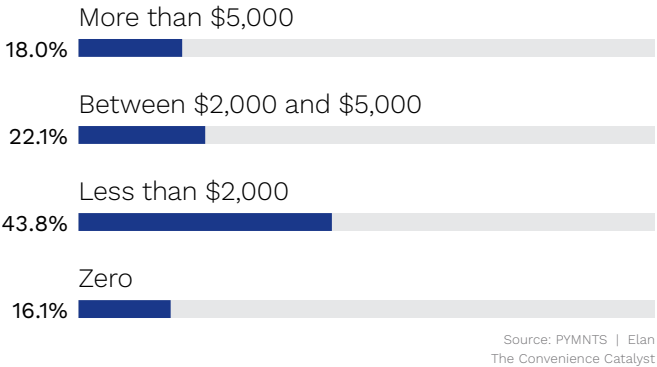
Credit cards are the gold standard for payments in America. Most credit card holders are active users (holding a balance above zero for at least one year) and have an average of three credit cards. Active users have had a cumulative outstanding balance of \$5,600 each month on average in the past year. Parents with children living at home represent 30% of all active users and are responsible for 45% of all outstanding credit card balances in the U.S. These active users have had a cumulative outstanding credit balance of \$7,400 on average in the past year. Online payments are the most common use for credit card payments, and 43% of consumers made credit card payments online compared to 39% who cited making in-store credit card payments.

FIGURE 2:
Credit card payments
Type of payments regular users made with credit cards



43%
SHARE OF CONSUMERS WHO SAID THEY MADE CREDIT CARD PAYMENTS ONLINE

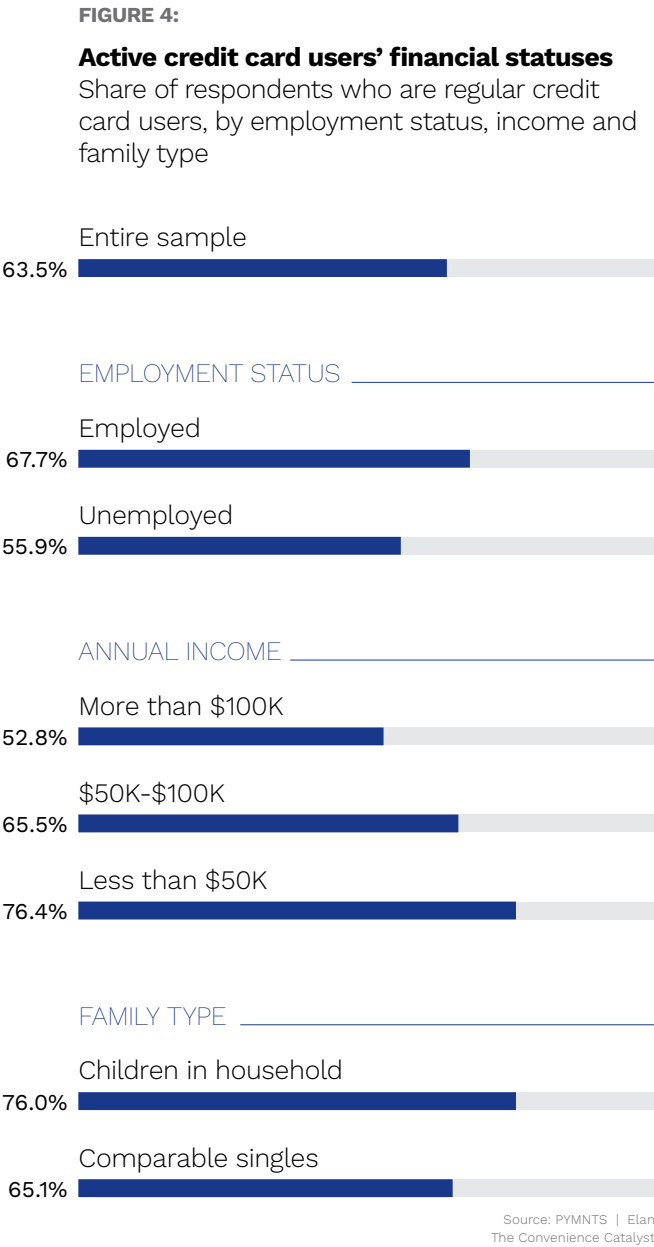
FIGURE 3:
Credit card balances
Consumers' typical monthly credit card balances over the last 12 months



PYMNTS' research reveals that active users are leveraging the convenience of credit cards to maintain their financial health.

KEY FINDINGS 02

Active credit card users often revolve their credit balances each month because doing so helps them manage expenses when funds are tight.



Credit cards can be an important financial management tool for budget-conscious consumers. PYMNTS found that active credit card users who live paycheck to paycheck are the most likely to revolve their credit card balances. Fifty-two percent of active credit card users living paycheck to paycheck and struggling to pay their bills say they “sometimes” or “always or usually” revolve their credit compared to just 20% of active users not living paycheck to paycheck. Seventy-six percent of active users living with children say they live paycheck to paycheck and carry the highest credit card balances. Thirty-six percent of this group say they “sometimes” or “always or usually” revolve their credit at the end of each month.

TABLE 1:
Credit card balance payment behavior
How often consumers make full balance payments, by demographics

	Never or rarely revolves	Revolves sometimes	Always or usually revolves
ENTIRE SAMPLE	63.3%	16.8%	19.9%
FINANCIAL LIFESTYLE			
• Do not live paycheck to paycheck	80.0%	11.1%	8.8%
• Live paycheck to paycheck but comfortable	56.5%	21.4%	22.0%
• Live paycheck to paycheck with difficulty	47.7%	17.0%	35.3%
EMPLOYMENT STATUS			
• Employed	65.1%	17.6%	17.4%
• Unemployed	60.2%	15.3%	24.5%
ANNUAL INCOME			
• More than \$100K	73.2%	15.3%	11.5%
• \$50K-\$100K	62.8%	16.8%	20.5%
• Less than \$50K	50.1%	18.8%	31.1%
FAMILY TYPE			
• Children in household	68.4%	18.1%	13.5%
• Comparable singles	53.8%	19.2%	27.0%

Source: PYMNTS | Elan
The Convenience Catalyst

Our research finds that half of the dollar value of all outstanding credit card balances is likely to be revolved in any given month. Just 38% of active users have paid their balances in full every month, month after month, for the past year. Consumers with an annual household incomes of less than \$50,000 are more likely to revolve their credit card balances each month to manage their expenses.

KEY FINDINGS 03

Convenience is a key reason consumers pay by credit card, but it is not the only important component of consumer payment choice, as 73% also use them for other reasons, including rewards and data security.

Twenty-seven percent of active credit card users cite convenience as the most important reason why they use credit cards as their go-to payment method. Also ranked highly are rewards: 25% of consumers primarily pay via credit cards to access usage-based rewards. Security and interest rates are among the most common attributes that active credit card users say motivate their choice to pay via credit cards. PYMNTS’ research found that 79% of all active users choose credit cards instead of other payment methods based on their data security, and 69% choose them for their interest rates. Active credit card users living with children care far more than other active users about flexible payment options and stronger personal data security. These users are more than twice as likely as active users without children to choose credit cards for their flexible payments options and nearly twice as likely to choose them for their stronger personal data security protection.

79%

SHARE OF ACTIVE USERS WHO CHOOSE CREDIT CARDS OVER OTHER PAYMENT METHODS BECAUSE OF DATA SECURITY

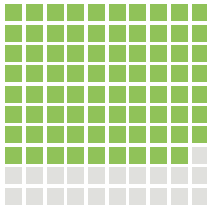
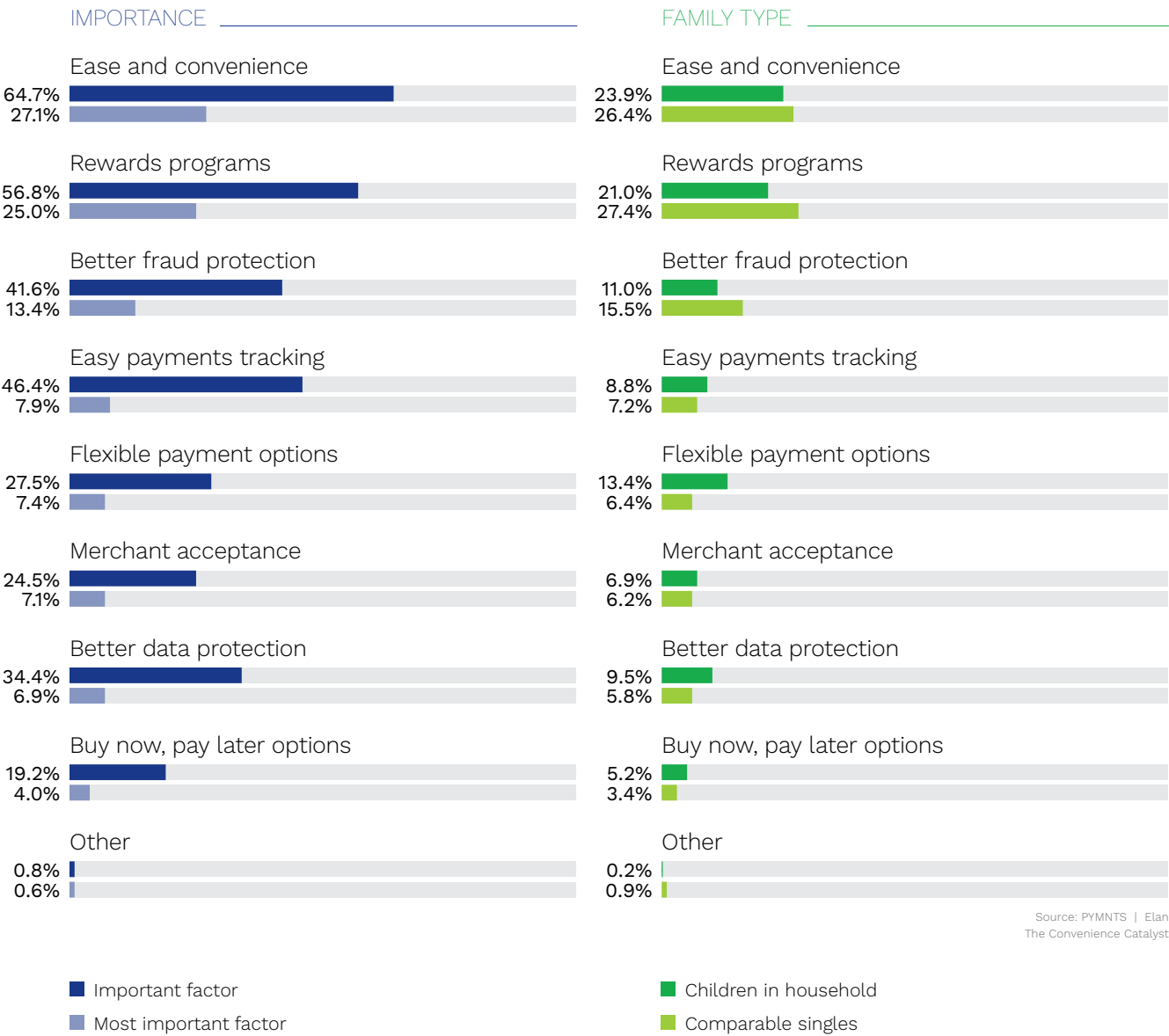


FIGURE 5:
Factors influencing credit card choice
Factors that increase the likelihood of choosing to use credit cards



Source: PYMNTS | Elan
The Convenience Catalyst

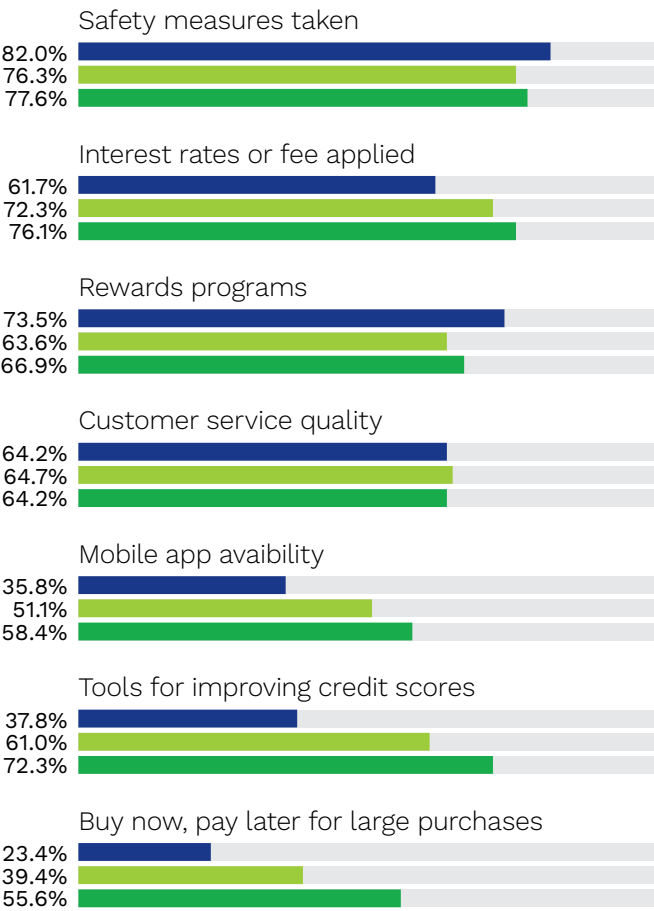
PYMNTS’ research found that most consumers consider several factors when choosing credit cards, and the consideration of multiple factors is the norm rather than the exception.

KEY FINDINGS 04

Offering a wide array of features as part of credit card membership is key to appealing to consumers’ wide array of needs. Active users consider an average of 4.8 factors when choosing cards.

FIGURE 6:
Factors influencing consumers’ credit card choices

Factors considered “very” or “extremely” important when determining preferences between different credit cards, by financial lifestyle



Source: PYMNTS | Elan
The Convenience Catalyst

Roughly 89 million adult consumers (64% of active users) look for a minimum of four different features when deciding for which credit cards they should sign up. Consumers living paycheck to paycheck who struggle to pay their bills and those living with children are the most demanding when it comes to what they expect from their credit cards. Research revealed that 74% of consumers living paycheck to paycheck and struggling to pay their bills consider at least four factors when choosing a credit card compared to 64% of all active users.

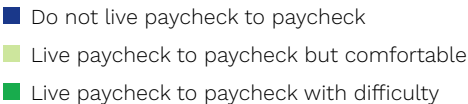
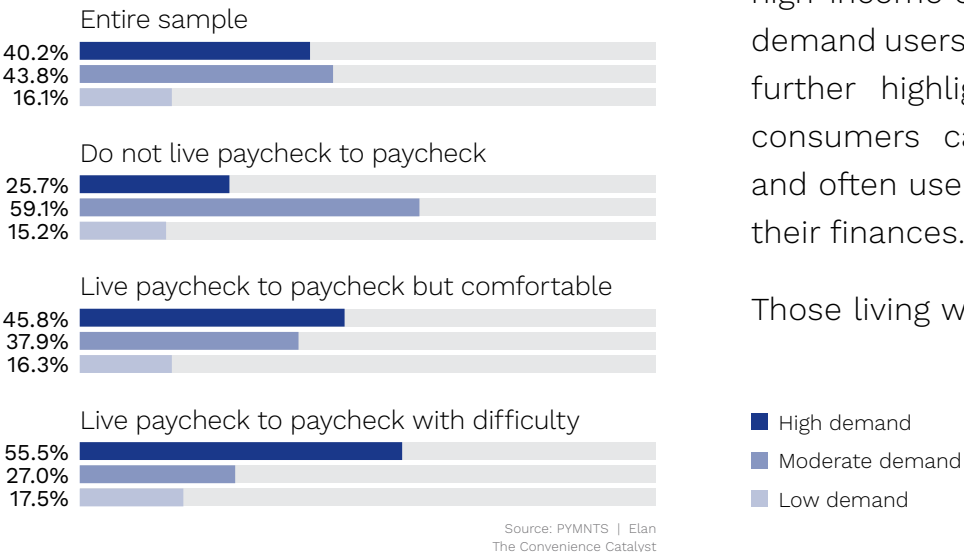


FIGURE 7:
How high-demand consumers are when it comes to choosing credit cards

How influential a range of features is when considering a credit card, by financial lifestyle



Source: PYMNTS | Elan
The Convenience Catalyst

Most high-demand card users are likely to be younger and have higher incomes than the average user. Research found that 42% of high-demand users are high-income consumers; 36% of low-demand users have high incomes. This further highlights that high-income consumers can have tight budgets and often use credit cards to manage their finances.

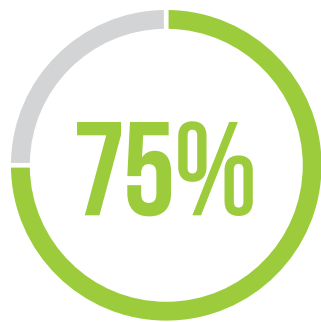
Those living with children consider as

TABLE 2:
Consumers who co-signed a credit card account

Share who co-signed for a child to own a credit card account

	No children	Co-sign a child to credit card	Did not co-sign a child	Does not recall
ENTIRE SAMPLE	33.7%	21.6%	43.6%	1.1%
CARD FEATURE DEMAND				
• High demand	26.8%	23.8%	48.1%	1.2%
• Moderate demand	37.8%	20.3%	40.9%	1.0%
• Low demand	39.8%	19.6%	39.6%	1.0%

Source: PYMNTS | Elan
The Convenience Catalyst

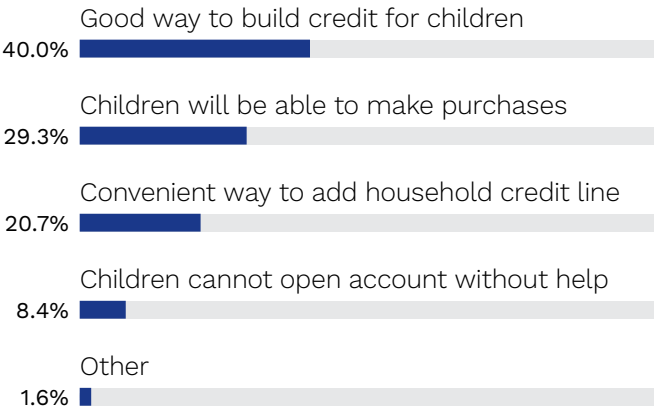


Portion of active users who are parents citing credit-building tools as important when choosing a card

FIGURE 8:

Reasons for co-signing an account

Most important reason for establishing a child as the owner of a credit card account among those who did so



Source: PYMNTS | Elan
The Convenience Catalyst

many as six factors on average when choosing credit cards, spotlighting the importance of providing a wide range of features to win over consumers in this segment. Among consumers living with children, 80% consider at least four factors when thinking of paying for a purchase with a credit card. Research shows that 75% of active users who are parents cite credit-building tools as a key factor when deciding between cards. One in three users who have children have co-signed a child as an account owner for a credit card, with 40% citing helping their children build credit as the top reason to do so. By contrast, just 52% of consumers who do not live with children say credit-building tools are key to their choices.

CREDIT INDUSTRY

FAST FACTS



- **137 million consumers** make up the core of the credit card business in the U.S.
 - 81% of credit card holders account for **96% of outstanding credit card debt** in the country.
 - These consumers accumulate 80% of credit cards and **96% of credit card debt** in the country.
- The average consumer has three credit cards and carries an average **monthly balance of \$5,600** on their cards.
- Consumers with children in their households **own up to 30% of recurrent accounts** and are responsible for 45% of all credit card debt.
- **Half of credit card debt** is likely to be revolved any given month.
- Although 63% of consumers are unlikely to revolve their balances, **those who do have significantly higher balances.**

CONCLUSION

Consumers are committed credit card users, indicating an affinity for smart credit card usage by revolving payments as needed and for convenient and useful features they find important. They are also motivated by a belief that good credit worthiness is essential for their children and that helping them build a solid credit history is important for their futures. A new era of digital conveniences has empowered today's consumers: They expect frictionless payments, rewards and other user experience features. Most active credit card users are now basing their choice of credit card on more than four factors — a dramatic shift from the days when consumers frequently chose credit cards based on lower annual fees and interest rates. Credit card issuers are seeking to appeal to today's discerning consumers in a competitive market. They must excel in providing the basics — payments management and fees — and offering other features that consumers care about, such as rewards, data security and privacy, to gain top-of-wallet status.

THE
CONVENIENCE
CATALYST

PYMNTS.com



METHODOLOGY

The Convenience Catalyst: How Customer Experience Features Drive Credit Card Usage is based on responses from a survey of census balanced 2,094 adult American consumers that was conducted between Sept. 15 and Sept. 24. Consumers were asked questions regarding their credit card payment preferences and usage of credit cards for payments during the past 12 months. Regular credit card users are defined as consumers over the age of 18 who have at least one credit card, have made at least one purchase with it in the last 12 months and typically have a balance to pay each month.

ABOUT

DISCLAIMER ■

PYMNTS.com

PYMNTS.com is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.



Elan Financial Services partners with more than 1,300 financial institutions to be America’s leading agent credit card issuer. For over 50 years, Elan has offered an outsourced partnership solution that provides institutions the ability to offer a competitive credit card program. Elan has developed industry-leading technologies to improve cardmember satisfaction and drive growth, all while sharing the programs’ economics with its partners. For more information visit www.elanfinancialservices.com/credit-card.

The Convenience Catalyst: How Customer Experience Features Drive Credit Card Usage may be updated periodically. While reasonable efforts are made to keep the content accurate and up to date, PYMNTS.COM: MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED “AS IS” AND ON AN “AS AVAILABLE” BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS.COM SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS.COM RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS.COM SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS.COM HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS.COM AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS.COM is the property of PYMNTS.COM and cannot be reproduced without its prior written permission.

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe, please email us at feedback@pymnts.com.