

US Households Will Receive One Billion Fewer Credit Card Offers In 2008

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Synovate Mail Monitor shows significant decline in offers to high risk consumers

US households will have received approximately 4.2 billion offers for new credit cards during all of 2008 according to Mail Monitor, the credit card direct mail tracking service from global market research company Synovate.

This full year projection shows a 20% decrease from the 5.2 billion card offers received in 2007, representing over one billion fewer offers mailed during the course of the year. Households with incomes under \$50,000 will receive about 700,000 fewer offers in 2008 compared to 2007. These households account for the majority of the cutback and clearly indicate a major change in strategy by card issuers.

"The souring economy and industry consolidation have driven volumes down to levels not seen since 2003," said Andrew Davidson, Vice President of Competitive Tracking Services for Synovate's Financial Services Group. "Card issuers are taking a more cautious approach, with lower income and high risk households receiving fewer offers or no offers at all."

The card issuers that cut back solicitations the most in Q3 2008 versus the same timeframe one year ago were HSBC (-70%), Bank of America (-44%) and Citibank (-40%).

Despite the decline in offers for new cards, US consumers still have access to an increasing amount of credit. Household credit lines across all cards edged up to an average of \$27,626 per household (YTD 3Q 2008) from \$26,902 in 2007 despite evidence that issuers are cutting credit lines on certain customers.

Average balances and monthly new charges also continue to increase. Among households that carry a card balance, the average balance is up to \$7,539 per household (YTD 3Q 2008) versus \$7,008 in 2007. Monthly new charges are up to \$1,533 from \$1,402 over the same time period.

"Much has been reported about issuers reducing credit lines for certain customers but this is not the case for the majority of people. Across the industry as a whole, we continue to see credit access and usage at record high levels," said Davidson.