More Credit Offers Being Mailed To US Households, Says Synovate Mail Monitor

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Credit card offers are showing signs of life.

After a significant pullback in credit card solicitations sent to US households, issuers are releasing the pause button and starting to send more offers according to Mail Monitor, the direct mail tracking service from global market research firm Synovate.

During Q2 2009, US households received 349.1 million credit card offers, a 67% drop from the 1060.0 million offers received during Q2 2008 but only a 6% drop from the 372.4 million offers received during the first quarter of this year

"We are seeing mailed credit card offers bottoming out and anticipate that there will be an uptick next year," said Anuj Shahani, Director of Competitive Tracking Services for Synovate's Financial Services Group.

A number of the top 25 card mailers ramped up their mail volumes in Q2 2009. The biggest increases were seen by Bank of America (up 77% over Q1 2009) and Citibank (up 65% over Q1 2009).

Shahani said
"Apart from those issuers that increased their mail volumes this quarter, we are seeing almost all issuers either mail somewhat less or somewhat higher, albeit from extremely depressed levels. This is giving credence to the now universal mantra: Less bad is the new good.

"Issuers are no longer as risk averse. While the economy starts getting back on its feet, issuers are getting creative and tweaking their product mixes to adapt to the new regulated environment," said Shahani. "We saw certain types of card offers resurface this past quarter, showing that issuers are starting those jammed credit engines once again," he added.

Every single offer mailed during Q2 2009 had a variable APR associated with it, compared to 60% of the offers in Q2 2008.

As the Fed eventually moves away from quantitative easing, (when the central bank floods the market with cash to help stimulate the economy), and starts increasing the rates, it will have zero impact on the issuers.

"Issuers are capitalizing on the lowest levels in the prime rate and have locked in an average of more than 8% of every dollar in new debt that they can attract on their credit card. This huge margin may be instrumental in causing the issuers to push the credit gas pedal again," said Shahani.

About Mail Monitor
Synovate Mail Monitor tracks credit card acquisition volumes and response rates throughout the US, and evaluates attitudes, behaviours, terms, and usage for each card in consumers' wallets.

It is a service of Synovate's Financial Services Group, which generates consumer insights that drive competitive marketing solutions in the banking, investments, insurance and payments industries.

For more information on Mail Monitor visit www.synovate.com/mailmonitor .

About Synovate
Synovate, the market research arm of Aegis Group plc, generates consumer insights that drive competitive marketing solutions.

The network provides clients with cohesive global support and a comprehensive suite of research solutions. Synovate employs over 6,700 staff across 62 countries.

For more information on Synovate visit www.synovate.com .

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