

DATA DISPATCH

Credit card delinquencies, charge-offs stay muted as consumers pay down balances

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Market Intelligence

Credit cardholders have remained in good shape as they pay down their balances more than they did before the COVID-19 pandemic, top executives of major U.S. credit card issuers said.

The six largest U.S. credit card issuers recorded lower customer delinquency rates in April, while the group's average net charge-off rate remained historically low at just over 1%, S&P Global Market Intelligence data showed.

Delinquencies decline

The average 30-plus-day credit card delinquency rate for American Express Co., Bank of America Corp., Capital One Financial Corp., Citigroup Inc., Discover Financial Services and JPMorgan Chase & Co. in April was 0.82%, down from 0.85% in March and 15 basis points lower than a year ago.

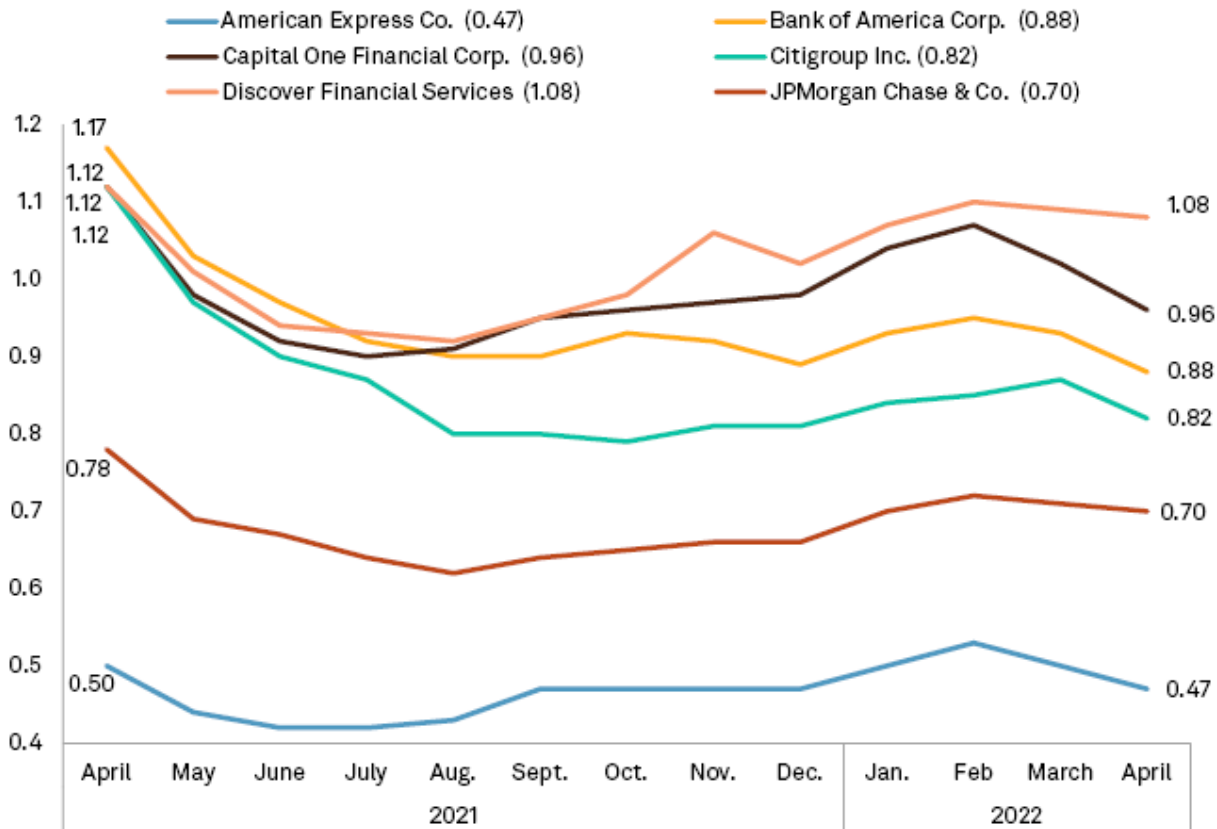
Citigroup logged the biggest year-over-year decline of 30 basis points, followed closely by Bank of America, with a 29-basis-point decrease.

Citigroup CEO Jane Fraser said at the company's first-quarter earnings call that the company sees signs of healthy and resilient consumers, partly through their payment rates.

Bank of America CEO Brian Moynihan noted that credit card customers with deposit relationships with the bank had an 8% lower average card balance in the first quarter than before the pandemic.

"They continue to pay down their balances on a monthly basis at a higher rate than pre-pandemic," Moynihan said.

Credit card master trust 30-plus-day delinquency rates (%)



Data compiled May 20, 2022.
 Analysis based on manually collected data from monthly Form 10-D filings standardized by S&P Global Market Intelligence.
 Source: S&P Global Market Intelligence

Net charge-off rates tick up

Except for Capital One, all of the six major credit card issuers saw an uptick in annualized net charge-off rates in April, with the group average inching up to 1.16% from 1.06% in March.

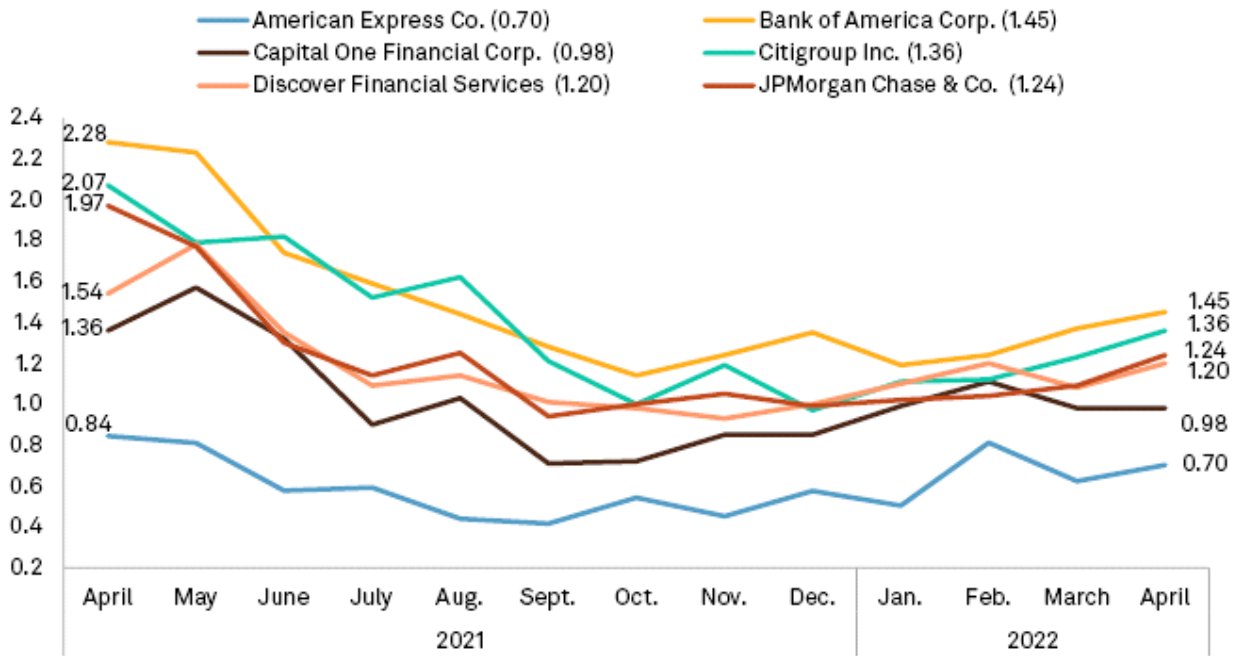
The April figure, however, was still 52 basis points lower than a year ago and about half of pre-pandemic levels.

Capital One's credit card annualized net charge-off rate in April was 0.98%, flat from March, but 38 basis points lower than in April 2021.

Bank of America's annualized net charge-off rate ticked up to 1.45% in April from 1.37% in March, but it was down 83 basis points from April 2021, the biggest year-over-year decline in the group.

Douglas Buckminster, vice chairman and group president of global consumer services at American Express, explained during a company presentation in May that liquidity has driven down gross write-off rates to historically low levels. Buckminster said cardholders have become "knowledgeable" and are bent on managing their credit "extraordinarily well."

Credit card master trust annualized net charge-off rates (%)



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Portfolio yields close mixed

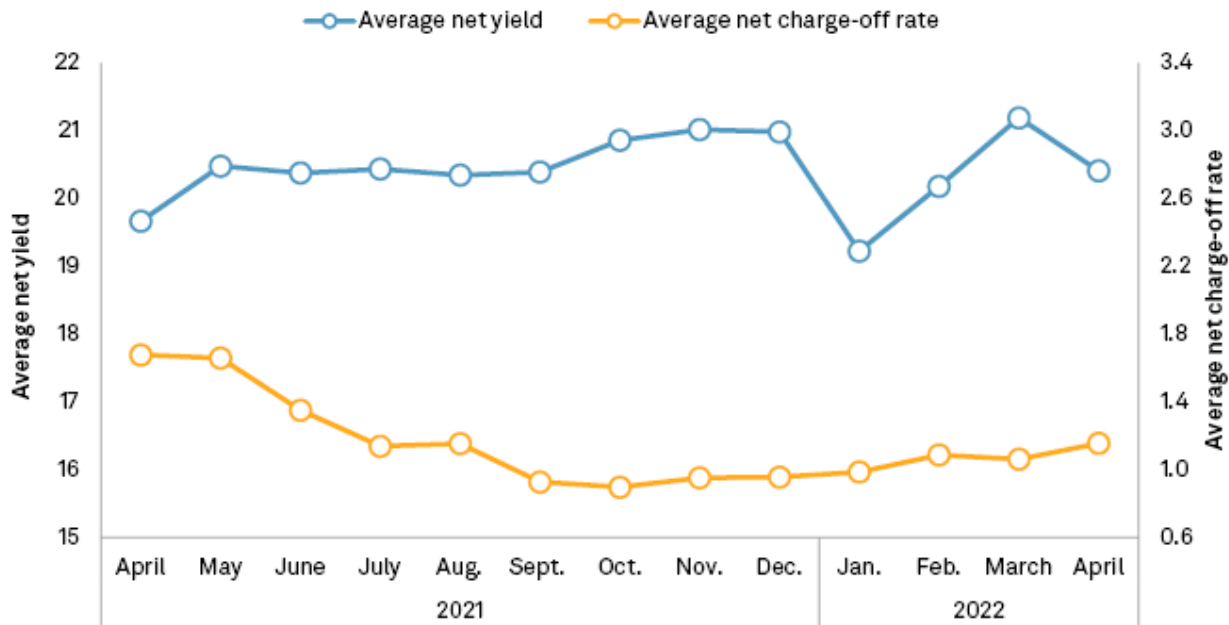
The card issuers booked an average of 21.56% in gross master trust portfolio yield in April, down from 22.25% in March but up 22 basis points year over year.

Portfolio yields closed mixed for the six major card issuers in April, with three posting increases while the other three recorded declines from a year ago.

Citigroup posted the biggest year-over-year portfolio yield growth of 76 basis points, followed by American Express with 63 basis points of growth and Capital One with a 38-basis-point increase.

Discover Financial posted the biggest portfolio yield drop of 38 basis points year over year. Bank of America and JPMorgan had slight year-over-year decreases of 4 basis points and 3 basis points, respectively.

Credit card master trust portfolio net yields, net charge-off rates (%)



Data compiled May 20, 2022.
 Group consists of American Express Co., Bank of America Corp., Capital One Financial Corp., Citigroup Inc., Discover Financial Services and JPMorgan Chase & Co.
 Analysis based on manually collected data from monthly Form 10-D filings standardized by S&P Global Market Intelligence.
 Source: S&P Global Market Intelligence

[Click here for data on credit card master trust yields, net charge-offs and delinquencies in Excel format.](#)

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