This report looks at the following areas:

- Usage rates of security/insurance benefits offered by credit cards
- Usage rates of credit/rewards benefits offered by credit cards
- Reasons that noncredit card owners choose not to have a credit card
- Timeline of most recent credit card account openings
- Motivations to apply for a new credit card
- Attitudes toward credit cards and credit card benefits

As credit card issuers seek to attract a consumer base that is increasingly skeptical of debt-based products, providing cardholders with the most relevant and valuable suite of benefits possible is essential. Striking a balance between utility and security may be the key to providing maximum value; while consumers use credits to partner brands more frequently than they use protection-based benefits, they still think security and insurance benefits are the most important to have.

Inflation is causing a growing level of concern about rising credit card balances, with consumers beginning to prefer debit payments in order to avoid the stress of credit card debt. Although delinquency rates remain low, interest rate hikes are intensifying the penalty of carrying balances, and credit cards will need to lean on their benefits to ward off rival payment methods.

Despite these threats to the market, recent innovation in the benefits space has enhanced the applicability of credit cards beyond a simple transactional product. Cell phone protection has quickly become one of the most used benefits by young cardholders, and lifestyle credits – such as rewards and credits on streaming services, food delivery, and rideshare services – have expanded the horizons of what a premium card can bring to the table. Young cardholders are particularly likely to consider benefits as the principal driver to upgrade their card; the ability to provide consistent value aside from sheer earn rates can differentiate credit cards as a well-rounded financial tool.

“Although credit card rewards often hold the prime real estate of top billing in acquisition marketing, the past couple of years have seen a great deal of innovation in the benefits space, where lifestyle perks are bringing new sources of everyday utility to card products.”

– Patrick Rahlfs, Senior Research Analyst
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