

Show Me the Money! Cashback and Value Credit Cards Grow in Popularity as Financial Health of Cardholders Declines, J.D. Power Finds

More than Half (54%) of U.S. Credit Card Customers are Financially Unhealthy; 51% Carrying Revolving Debt as Average Interest Rates Increase

TROY, Mich.: 15 Aug. 2024 — The points, miles and perks that have come to define the modern credit card marketing playbook are being replaced by cashback rewards and lower fee cards as cardholder financial health¹ grows increasingly strained. According to the J.D. Power 2024 U.S. Credit Card Satisfaction Study,SM released today, only 46% of cardholders are now classified as financially healthy and 51% carry revolving debt on their cards. Meanwhile, the average recalled interest rate on new purchases has climbed to 15.6%, creating a tenuous environment for cardholders and card issuers.

“Cardholders are facing mounting day-to-day financial pressures, which are showing up in the form of high levels of revolving credit card debt, declining levels of financial health and a migration away from points/miles cards,” said **John Cabell, managing director of payments intelligence at J.D. Power**. “These pressures tend to be associated with higher annual fees. This is a tough marketplace for card issuers to navigate, however, because even though overall credit card customer satisfaction scores are largely flat, the customer base has really become bifurcated into one subset that is feeling squeezed by economic pressures and one that is not. Card issuers need to be able to offer options that resonate and deliver value for both segments.”

Following are some key findings of the 2024 study:

- **Cashback cards are king:** A majority (58%) of cardholders use cashback cards, while just 31% are using points/miles cards and 11% are using value cards (e.g., credit-building cards with no rewards). A reason provided more often for moving to cashback and value cards is to incur lower/no annual fee. Cashback cardholders also say they redeem rewards more often for a statement credit (21% vs. 9% for points/miles).
- **Financially unhealthy shift products:** This trend away from points/miles is consistent with a continued decline in financial health among credit card customers. An increasing majority (54%) of cardholders are now classified as financially unhealthy. The use of points/miles cards by financially unhealthy cardholders drops significantly in 2024 (27%) from 2023 (31%) with concurrent growth in use of cashback and value cards.
- **Revolving debt and high interest rates raise concern:** For a second consecutive year, 51% of cardholders are carrying revolving debt. The recalled average interest rate for new purchases has increased to 15.6% (16.9% among financially unhealthy cardholders) in 2024, up from 14.6% in 2023, and cardholders are spending \$103 less per month, on average, than they were in 2023. The percentage of cardholders saying the overall perks

¹ J.D. Power measures the financial health of any consumer as a metric combining their spending/savings ratio, creditworthiness, and safety net items like insurance coverage. Consumers are placed on a continuum from healthy to vulnerable.

of their card improve their lifestyle declines in 2024 to 25% (18% among financially unhealthy cardholders).

- **Financial health affects customer satisfaction:** While overall satisfaction declines just 2 points (on a 1,000-point scale) this year (610 vs. 612 in 2023), cardholder perception of credit cards varies widely based on financial health. Satisfaction improves 2 points among cardholders without revolving debt but declines 5 points among those with revolving debt. Overall satisfaction scores are 61 points lower among cardholders carrying debt (580) than among those without debt (641).
- **Automated customer service fails to connect:** When it comes to interactions with customer service, whether for problem resolution or questions about their account, automated phone and virtual assistant channels significantly underperform personal interactions with live representatives and digital engagement via email, online chat, mobile app messaging, text and social media. The overall satisfaction score for automated customer service is 609, which is 40 points lower than the study average for customer service satisfaction.

Study Rankings

American Express ranks highest in customer satisfaction among credit card issuers, with a score of 634. This is the fifth consecutive year in which American Express receives a segment award.² **Discover** (629) ranks second and **Capital One** (620) ranks third.

Capital One SavorOne Rewards Card ranks highest in customer satisfaction among bank rewards credit cards with no annual fee for a second consecutive year, with a score of 679. **Chase Freedom Flex** (670) ranks second and **Discover it Student Cash Back Credit Card** (657) ranks third.

Bank of America Premium Rewards Elite ranks highest in customer satisfaction among bank rewards credit cards with an annual fee for a second consecutive year, with a score of 692. **Blue Cash Preferred Card (American Express)** (680) ranks second and **Chase Sapphire Reserve** (669) ranks third.

Capital One Platinum Mastercard ranks highest in customer satisfaction among bank credit cards with no rewards or annual fee, with a score of 619.

Southwest Rapid Rewards Premier Card (Chase) ranks highest in customer satisfaction among airline co-branded credit cards, with a score of 658. **Southwest Rapid Rewards Priority Card (Chase)** (649) ranks second and **Delta SkyMiles Platinum American Express Card** (627) ranks third.

Apple Card (Goldman Sachs) ranks highest in customer satisfaction among co-brand credit cards with no annual fee, with a score of 654. This is the fourth consecutive year in which Apple

² J.D. Power 2023-2024 U.S. Credit Card Satisfaction Study:SM Credit Card Issuers segment, which included issuers with more than 1,000,000 active accounts, excluding co-branded cards. J.D. Power U.S. Credit Card Satisfaction StudySM in 2020-2022: National Issuers segment, which included issuers with more than 4,000,000 active accounts. Visit jdpower.com/awards for more details.

Card and issuer Goldman Sachs have collectively earned a segment award.³ **Hilton Honors American Express Card** (644) ranks second and **Costco Anywhere Visa by Citi** (634) ranks third.

The U.S. Credit Card Satisfaction Study, now in its 18th year, measures customer satisfaction with credit card issuers by examining seven factors (in alphabetical order): account management; benefits; customer service; new account; rewards earning; rewards redeeming; and terms. The study includes responses from 38,852 credit card customers and was fielded from June 2023 through June 2024.

For more information about the U.S. Credit Card Satisfaction Study, visit <https://www.jdpower.com/business/resource/us-credit-card-satisfaction-study>.

See the online press release at <http://www.jdpower.com/pr-id/2024083>.

About J.D. Power

J.D. Power is a global leader in consumer insights, advisory services, and data and analytics. A pioneer in the use of big data, artificial intelligence (AI) and algorithmic modeling capabilities to understand consumer behavior, J.D. Power has been delivering incisive industry intelligence on customer interactions with brands and products for more than 55 years. The world's leading businesses across major industries rely on J.D. Power to guide their customer-facing strategies.

J.D. Power has offices in North America, Europe and Asia Pacific. To learn more about the company's business offerings, visit [JDPower.com/business](https://www.jdpower.com/business). The J.D. Power auto-shopping tool can be found at [JDPower.com](https://www.jdpower.com).

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NOTE: Six charts follow.

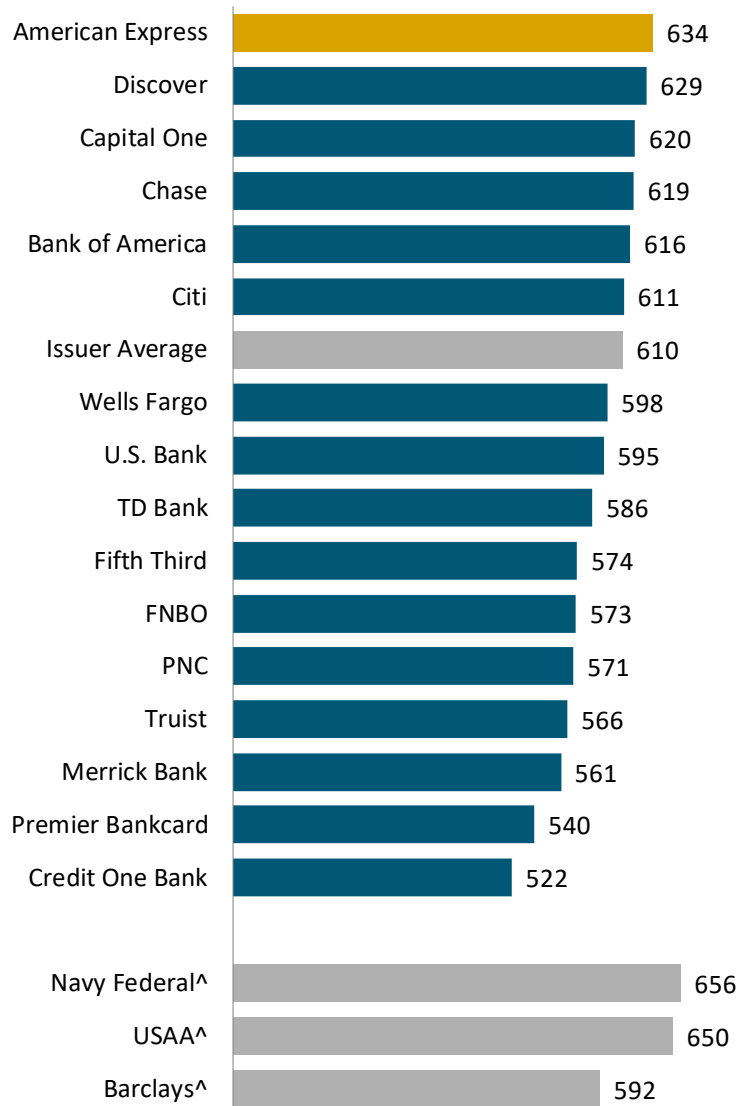
³ J.D. Power 2023-2024 U.S. Credit Card Satisfaction Study: SM Co-Branded Credit Cards segment excluded airline cards. J.D. Power U.S. Credit Card Satisfaction Study SM in 2020-2022: Midsize Issuers segment, which included issuers with 275,000-4,000,000 active accounts. Visit [jdpower.com/awards](https://www.jdpower.com/awards) for more details.

J.D. Power 2024 U.S. Credit Card Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Credit Card Issuers



Note: Co-brand cards are excluded from the above rankings.

^Brand is not rank eligible because it does not meet study award criteria.

Source: J.D. Power 2024 U.S. Credit Card Satisfaction StudySM

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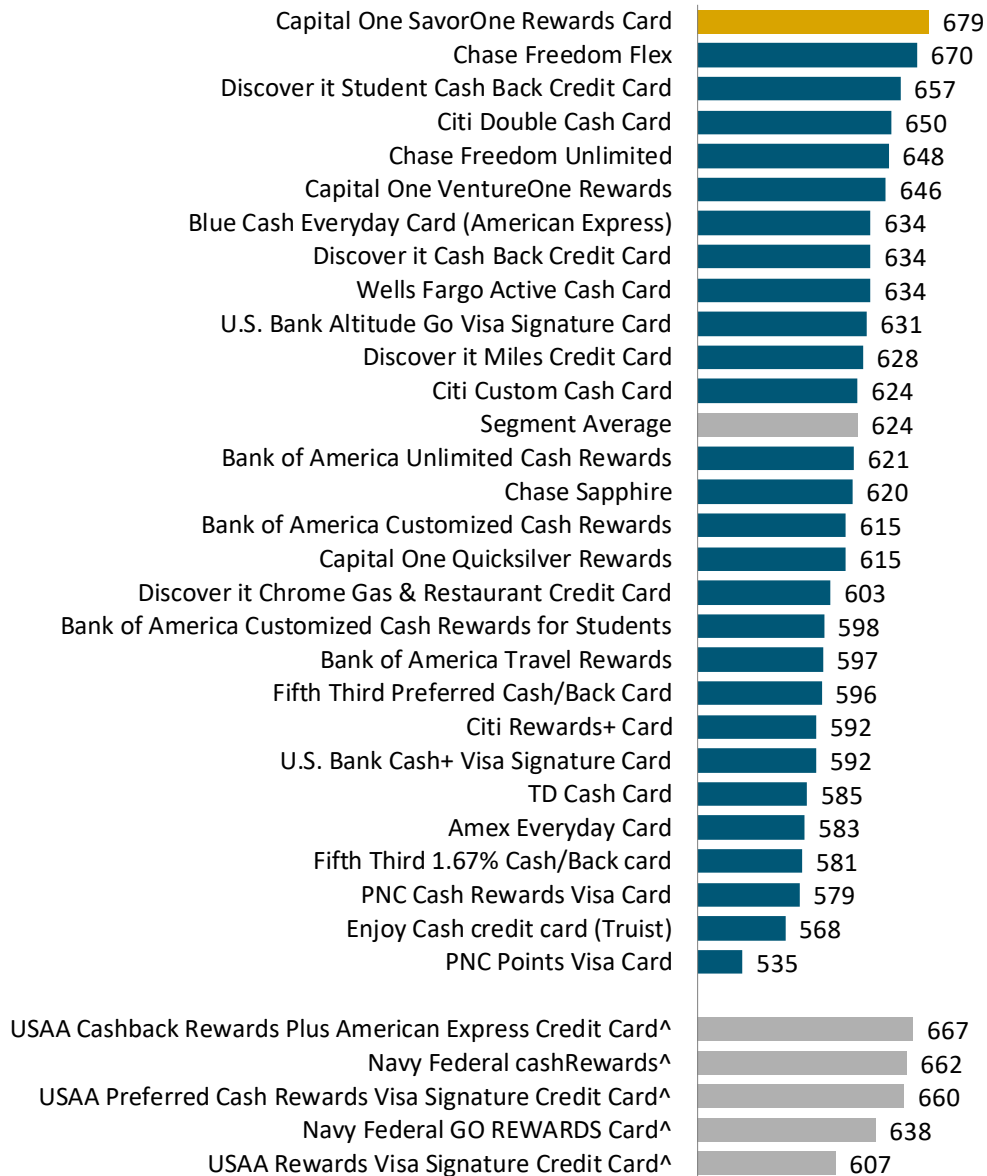
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2024 U.S. Credit Card Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Bank Rewards Credit Cards—No Annual Fee



[^]Brand is not rank eligible because it does not meet study award criteria.

Source: J.D. Power 2024 U.S. Credit Card Satisfaction StudySM

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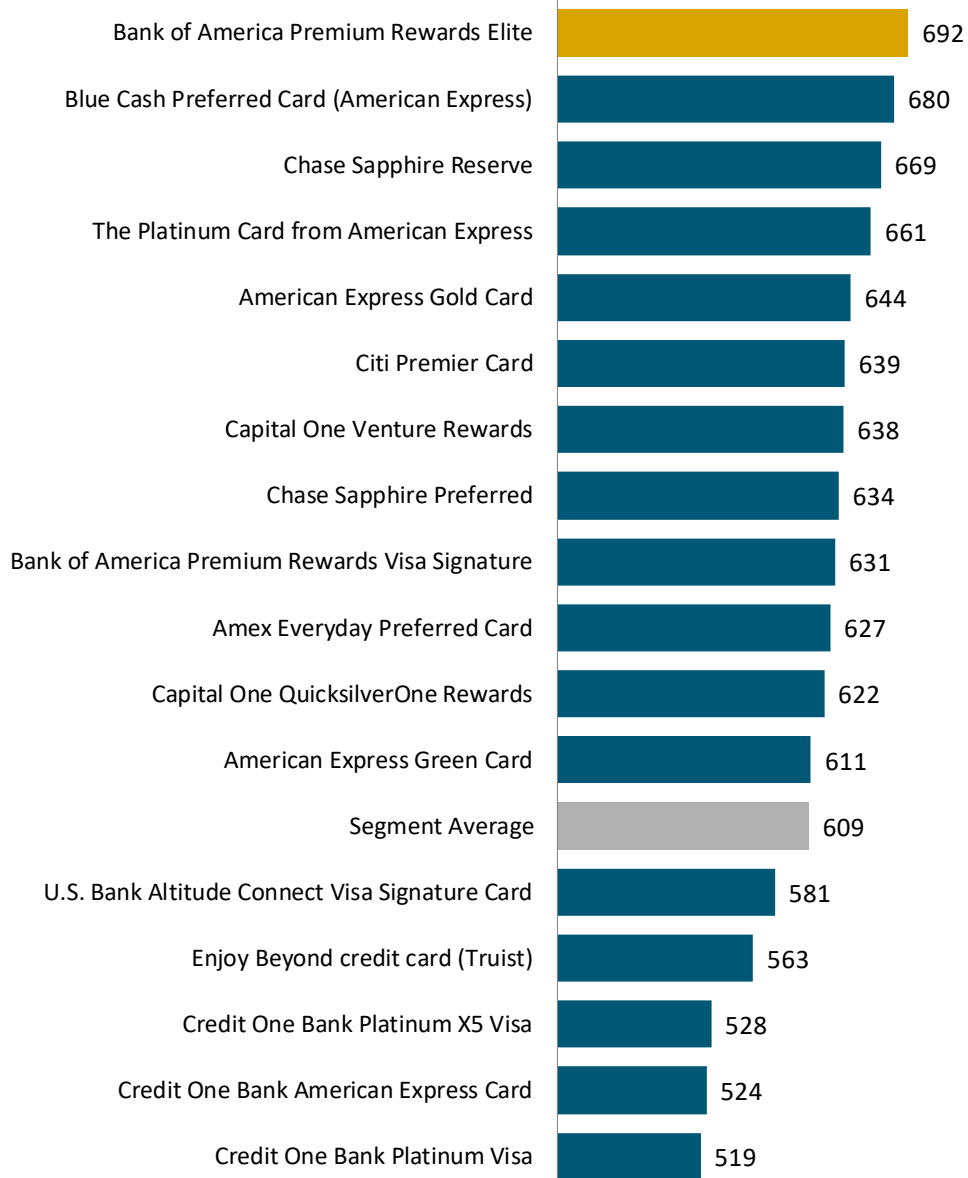
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2024 U.S. Credit Card Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Bank Rewards Credit Cards—Annual Fee



Note: Citi Premier Card renamed as the Citi Strata Premier Card

Source: J.D. Power 2024 U.S. Credit Card Satisfaction StudySM

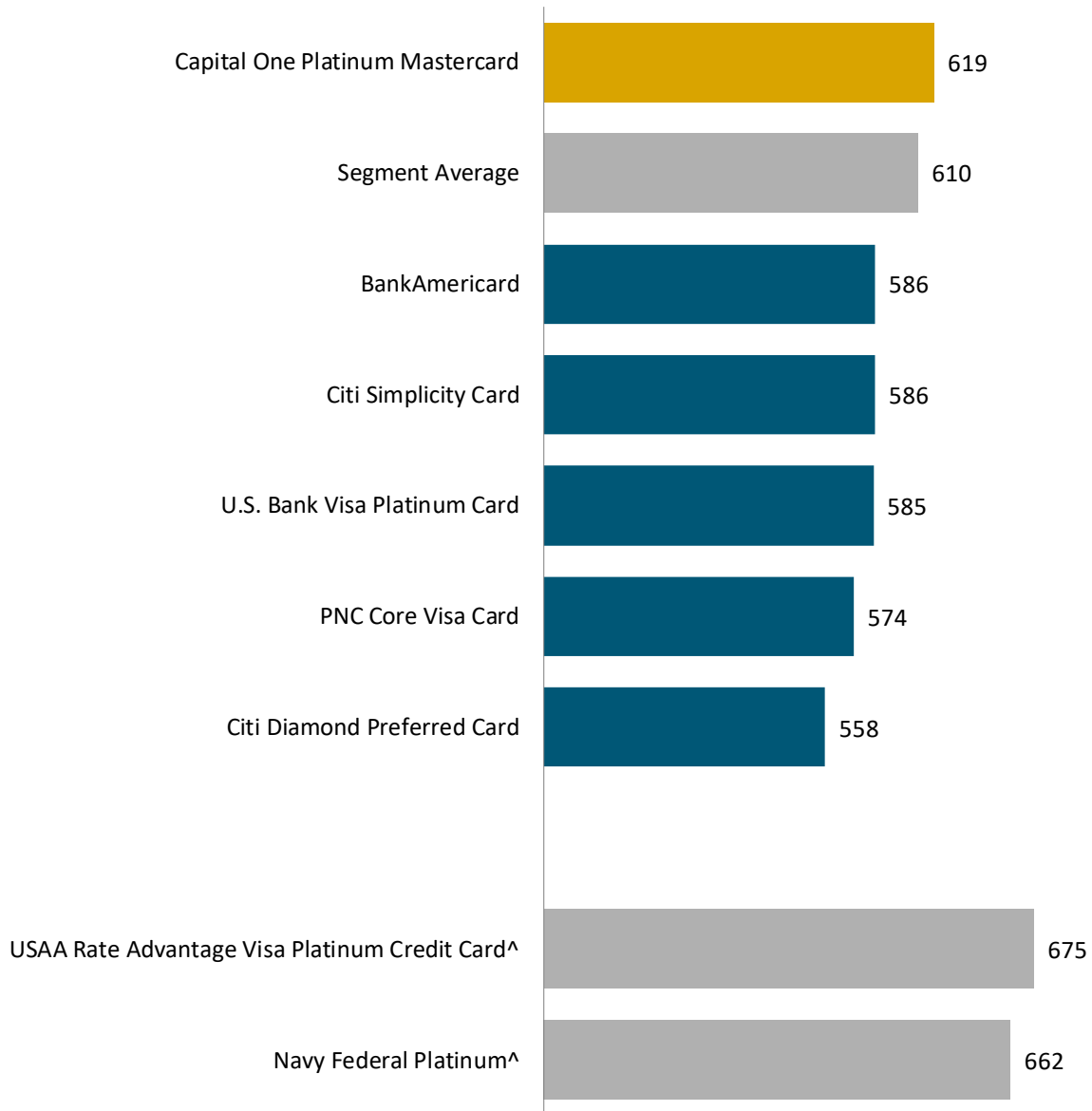
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J.D. Power 2024 U.S. Credit Card Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Bank Credit Cards—No Rewards or Annual Fee



[^]Brand is not rank eligible because it does not meet study award criteria.

Source: J.D. Power 2024 U.S. Credit Card Satisfaction StudySM

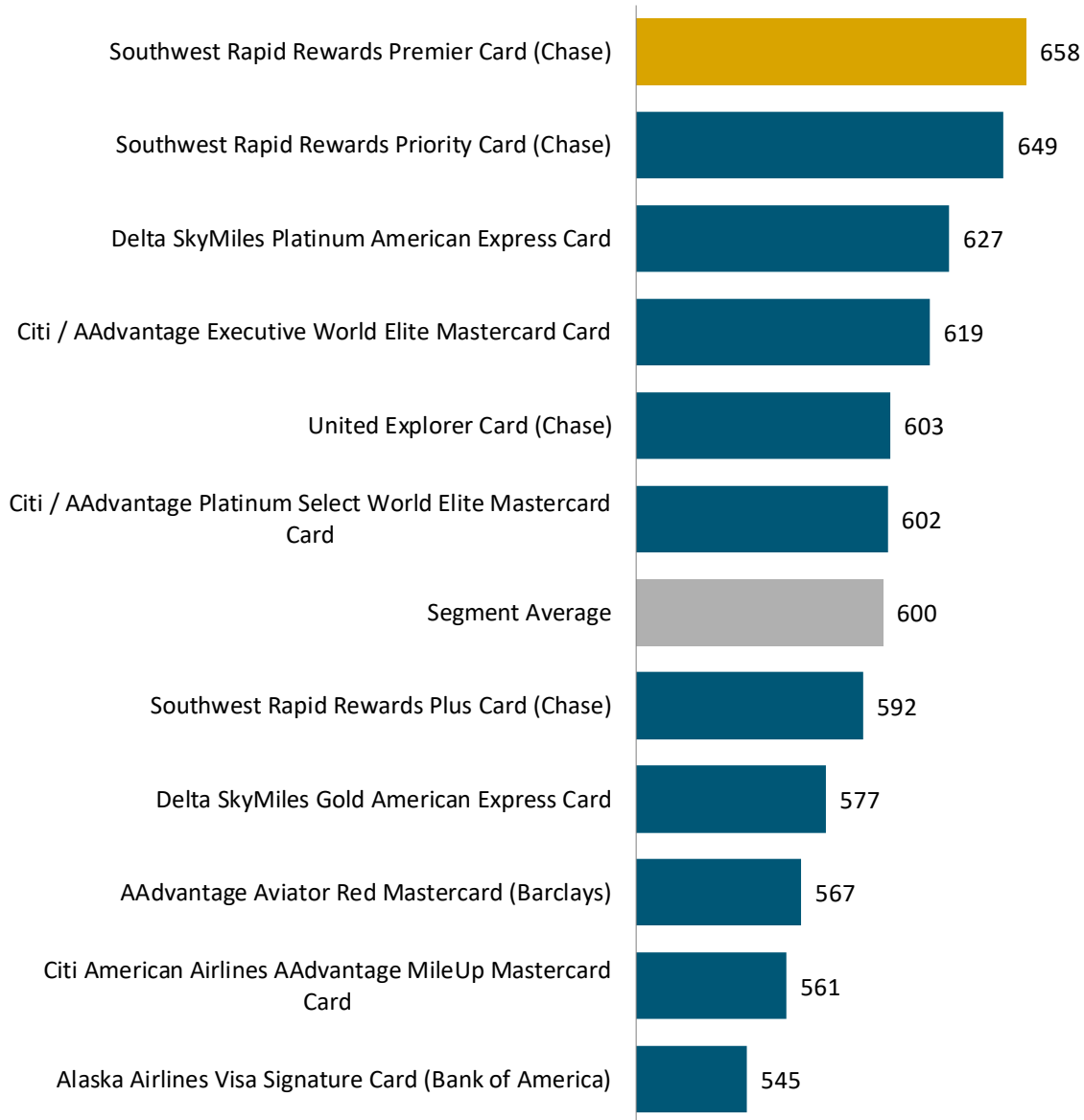
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J.D. Power 2024 U.S. Credit Card Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Airline Co-Brand Credit Cards



Source: J.D. Power 2024 U.S. Credit Card Satisfaction StudySM

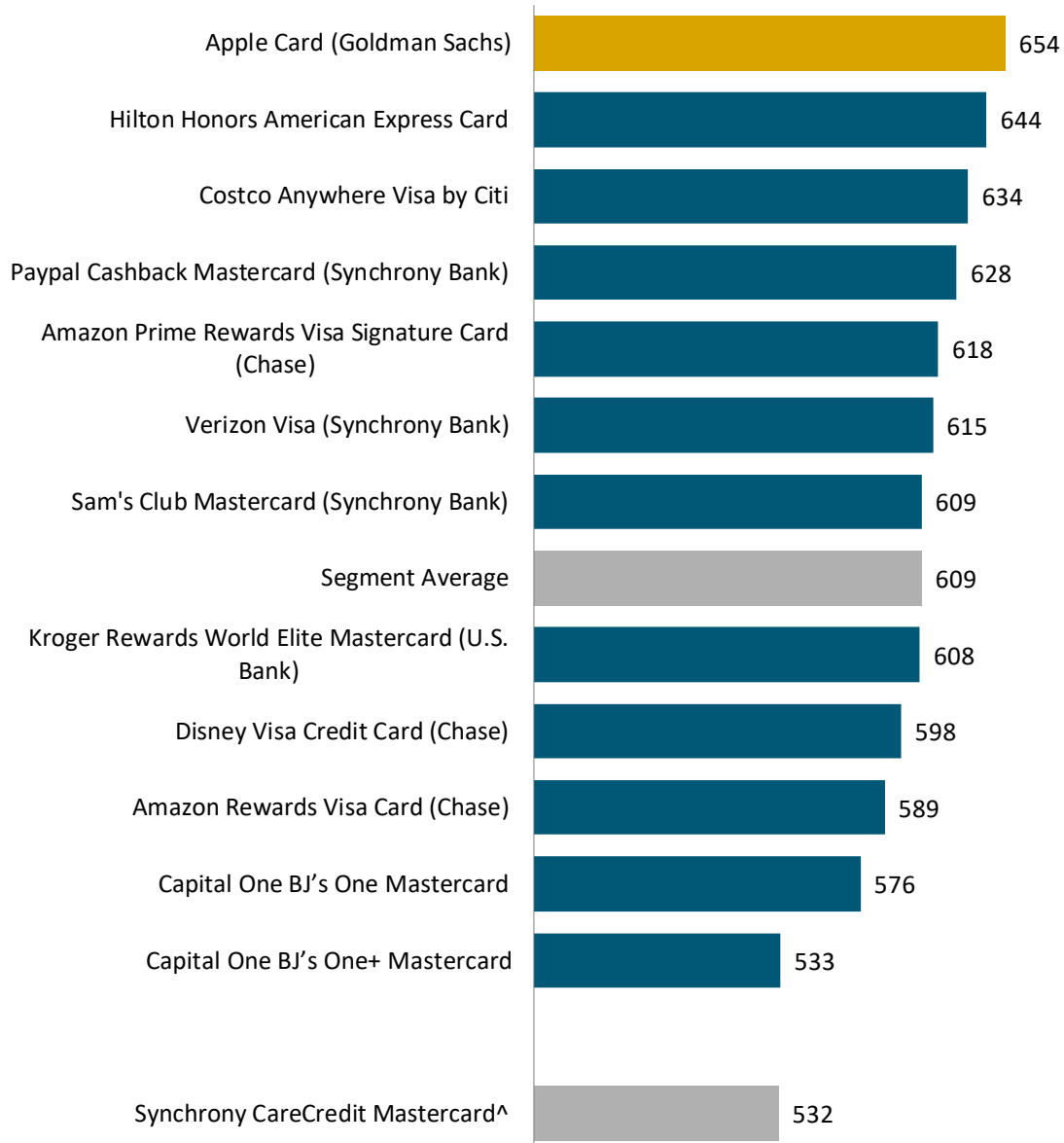
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J.D. Power 2024 U.S. Credit Card Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Co-Brand Credit Cards—No Annual Fee



[^]Brand is not rank eligible because it does not meet study award criteria.

Source: J.D. Power 2024 U.S. Credit Card Satisfaction StudySM

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