

## CFPB Releases Report on the State of the Credit Card Market

DEC 27, 2017

**WASHINGTON, D.C.** – The Bureau of Consumer Financial Protection (Bureau) today released its biennial report on the state of the credit card market. The report found that the total amount of credit line, number of accounts, average amount of card debt, and enrollment in online services have all increased over the past several years. The report found also that cardholders average fewer credit cards than before the recession, and more are signing up for secured cards that require a cash deposit.

The credit card market is one of the United States' largest consumer financial markets. The Bureau is required by Congress to monitor credit card marketplace developments and report on a biennial basis. Today's report, the Bureau's third, found that the cost of card credit in general and across credit score tiers remains largely stable since the Bureau's last report in 2015. The composition of overall consumer costs – interest rates and fees – has also proved largely stable since the Bureau's last report. The report also found that delinquency and charge-off rates, which were high during the financial crisis and then fell to historical lows in the years following the recession, have modestly increased over the last two years. Among the other findings in the report:

- **Total amount of credit line, used or unused, on cards remains below pre-crisis levels but has steadily increased post-crisis:** A credit line is the total amount of debt that a consumer is permitted to incur on an account, whether or not the consumer actually does so. Consumers had more than \$4 trillion in card credit line, used or unused, as of mid-2017. This is the product of steady increases in total credit line – both overall and for every credit tier – since the end of the recession, but it still remains below the mid-2008 high of \$4.4 trillion.
- **New credit card originations remain below pre-crisis volumes but have increased by roughly 50 percent since 2010:** In 2016, consumers opened around 110 million new credit card accounts, which is roughly 50 percent higher than 2010 and a higher total than in any single year since 2007. However, new account volume has not yet returned to the level it had reached in the years prior to the recession.
- **Average credit card debt increased 9 percent over the last two years:** The average debt of cardholding consumers overall has increased 9 percent over the last two years. Average balances for cardholders with low credit scores have increased at faster rates. Cardholders with deep subprime scores, for example, have seen a 26 percent increase in their average credit card debt over the last two years.
- **More than 60 percent of active credit card accounts are enrolled in online services:** More and more consumers are engaging with their credit cards online, using their computers or phones to track spending, pay their credit card bill, and conduct other account activities. Overall, more than 60 percent of active accounts issued by mass market issuers were enrolled in online portals in 2016, and one-third of mass market general purpose accounts were enrolled in mobile servicing applications.
- **Cardholders average fewer credit cards than before the recession:** Around 169 million consumers had at least one credit card as of mid-2017. Although the average number of cards held by cardholders has increased in recent years for all credit tiers except superprime, cardholding remains below pre-recession levels. For example, cardholders with prime scores or better hold an average of more than four cards now, while they held more than five before the recession.
- **More consumers are signing up for secured cards that require a cash deposit:** Secured credit cards are credit cards that require a cash security deposit. The larger the security deposit, the higher the credit limit. Secured cards are often used to build credit history. For mass market issuers, the number of new secured cards was 7 percent higher in 2016

than in 2015. The recent growth is driven largely by deep subprime consumers or consumers with no credit score. Secured credit cards accounted for around 5 percent of all general purpose account originations but around 25 percent of general purpose originations to consumers with a deep subprime score or no score. Around 7 percent of all cards originated to consumers 21- to 34-years-old were secured credit cards.

Today's report on the consumer credit card market can be found at:

[http://files.consumerfinance.gov/f/documents/cfpb\\_consumer-credit-card-market-report\\_2017.pdf](http://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2017.pdf) 

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*The Bureau of Consumer Financial Protection is a 21st century agency that helps consumer finance markets work by regularly identifying and addressing outdated, unnecessary, or unduly burdensome regulations, by making rules more effective, by consistently enforcing federal consumer financial law, and by empowering consumers to take more control over their economic lives. For more information, visit [consumerfinance.gov](http://consumerfinance.gov).*

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