Marqeta Study: Even Satisfied Credit Cardholders Are Shopping For Their Next Card, Seeking Tailored Rewards and Embedded Finance Experiences

October 22, 2023

- *36% of US consumers surveyed said they plan to apply for a new credit card in the next 12 months, with that number among 18-44 year olds booming to 55%.*
- *74% of US consumers surveyed said there is room to personalize rewards based on individual spending habits.*
- *62% of US consumers surveyed who own a co-branded card consider themselves a customer of the brand or store instead of the bank.*

LAS VEGAS--(BUSINESS WIRE)--Oct. 22, 2023-- Even satisfied credit card holders are on the hunt for their next credit cards, despite reporting generally high satisfaction with their current cards, according to a new survey published today by Marqeta, the global modern card issuing platform that enables some of the world's most innovative embedded finance use cases. The company released its 2023 *State of Credit* report which surveyed 3,000 consumers globally – including 2,000 in the United States – highlighting sentiment toward their credit cards and financial service providers, exploring opportunities for brands and banks to enhance their offerings and strengthen customer loyalty.

Marqeta's 2023 *State of Credit* Report marks the third time the company has surveyed consumers in the US and UK about their credit preferences. In the report, 7-in-10 US consumers surveyed reported being satisfied with their current primary credit card, however, 53% said that their credit card still has room for improvement. This desire for more is evident in the fact that over one-third (36%) of US consumers surveyed said they plan to apply for a new credit card in the next 12 months, with younger consumers being the most likely to drive new credit card applications: 55% of 18-44 year olds said they plan to apply for a new credit card, compared to only 17% of those ages 45 and up. Interestingly, 71% of consumers surveyed said they already own two or more credit cards, suggesting that they're searching for a new card experience beyond their primary cards to better meet their specific needs.

The report shows that credit cards are the gateway to additional financial products for consumers, helping brands and banks deepen their relationships and expand revenue. Over half of US consumers surveyed reported having more than one financial product from their credit card provider, with that number increasing to 62% for consumers ages 18-50 years old. Of consumers surveyed with multiple products with their credit card provider, 69% had a credit card first and added additional financial products over time.

"Our survey shows that consumers, especially younger ones, are not just looking for their next credit card, they are seeking something entirely different," said Todd Pollak, Chief Revenue Officer at Marqeta. "In fact, they are expecting to get a card that is highly personalized and one that is fully integrated into the brand experience they use daily. While today the co-brand experience is still primarily owned by the bank, brands have a massive opportunity to embed tailored credit experiences that consumers desire most into their offerings."

Rewards, Fees, and Personalization Take Center Stage

When searching for their next credit card, consumers surveyed reported being most influenced by the level of flexibility and personalization available. Not surprisingly, rewards have a firm hold on US consumers, with 58% citing rewards as the biggest benefit of using credit cards, followed by convenience (46%) and fraud protection (44%). Seventy-one percent of respondents who earn rewards with their credit card said cash back was their most used reward. While rewards may play a significant role in credit card decisions, consumers are still looking for credit cards that offer more customization and lower fees:

- 44% of US respondents with more than one credit card said better rewards would get them to switch to a different top-of-wallet card
- 74% of US consumers said there is room to personalize rewards based on individual spending habits.
- 70% of US consumers surveyed said credit card fees impacted their decision to apply for a credit card and 59% said the impact on credit score weighed heavily on their decision.

"Our 2023 *State of Credit* report shows that consumer decisions to apply for a new credit card rely less on their satisfaction with their current cards and more on their desire for differentiated credit offerings," said Pollak. "While rewards may initially pique consumer interest in applying for new credit cards, it's the ability to customize rewards and integrate them into shopping experiences that will earn adoption and loyalty."

Credit Cards Are Strategic Embedded Finance Opportunity for Brands

Consumers have become more reliant on their favorite brands to provide credit products, with 50% of US consumers surveyed owning a credit card affiliated with a brand. Additionally, the survey shows that 55% of those consumers who own a card affiliated with a brand consider the brand or store to ultimately be responsible for customer service and 62% consider themselves a customer of the brand or store instead of the bank. With younger consumers, 18-44 years old, driving new credit applications, the report shows that this group is looking for their favorite brands to provide the personalized credit options that they desire, rather than the bank. The shift in where consumer loyalty lies, putting ownership on the brands that consumers use most often, underscores the possibility for embedded finance to provide seamless experiences for non-financial companies looking to offer credit solutions.

Buy Now, Pay Later's Credit-Building Potential

According to Marqeta's report, consumers are looking to use Buy Now, Pay Later (BNPL) services as tools that help build credit and open access to additional credit services. Seventy-one percent of US BNPL users surveyed would be interested in accessing other financial services through their BNPL provider, up from 52% in 2022, and 60% said they already use them. Additionally, 64% of US respondents looking to build their credit said they

would be interested in using BNPL to build credit and increase their score to get a credit card.

"Marqeta's 2023 State of Credit report provides in depth insights into changing consumer credit habits and acts as a roadmap to help financial services companies build, grow, and sustain consumer financial relationships. And what is most surprising is the apparent opportunity it reveals for merchant brands to become the face of these relationships by offering products, such as credit cards and BNPL, via embedded finance," said David Shipper, Strategic Advisor, Retail Banking and Payments at Datos Insights.

To download the full report, please click here.

About The 2023 State of Credit Report

Marqeta's 2023 State of Credit survey was fielded by Propeller Research on behalf of Marqeta, surveying 3,046 consumers ages 18 and up (2,012 in the US, 1,034 in the UK).

About Marqeta (NASDAQ: MQ)

Marqeta's modern card issuing platform empowers its customers to create customized and innovative payment cards and embedded finance offerings. Marqeta's platform, powered by open APIs, gives its customers the ability to build more configurable and flexible payment experiences, accelerating product development and democratizing access to card issuing technology. Its modern architecture provides instant access to highly scalable, cloud-based payment infrastructure that enables customers to launch and manage their own card programs, issue cards and authorize and settle transactions. Marqeta is headquartered in Oakland, California and is certified to operate in more than 40 countries globally. For more information, visit www.marqeta.com, Twitter and LinkedIn.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements expressed or implied in this press release include, but are not limited to, quotations and statements relating to changing consumer preferences; increasing consumer adoption of certain digital payment methods, products, and solutions, including credit card issuing; which payment, banking, and financial services products and solutions may succeed; technological and market trends; Marqeta's business; Marqeta's products and services, including credit card issuing; and statements made by Marqeta's senior leadership. Actual results may differ materially from the expectations contained in these statements due to risks and uncertainties, including, but not limited to, the following: any factors creating issues with changes in domestic and international business, market, financial, political and legal conditions; the effect of and uncertainties related to the U.S. and global economies and demand for Marqeta's services and products; the risk of ongoing financial services and banking sector instability and follow on effects to fintech companies, general economic conditions in either domestic or international markets, including inflation and recessionary fears, conditions resulting from geopolitical uncertainty and instability or war, including the direct and indirect effects on U.S. and global economies, our business, results of operations, and financial condition; the risk that Marqeta is unable to further attract and grow its customer base; the risk that consumers will not perceive the benefits of Marqeta's products and services, including digital payment and banking products and services and credit card issuing; the risk that Marqeta's products and services do not operate as intended, including digital payment and banking products and services and credit card issuing; the risk that Marqeta's products and solutions will not achieve the expected market acceptance, including digital payment and banking products and services and credit card issuing; and the risk that competition could reduce expected demand for Marqeta's products and services, including digital payment and banking products and services and credit card issuing. Detailed information about these risks and other factors that could potentially affect Marqeta's business, financial condition and results of operations are included in the "Risk Factors" disclosed in Marqeta's Annual Report on Form 10-K for the year ended December 31, 2022, as such risk factors may be updated from time to time in Marqeta's periodic filings with the SEC, available at www.sec.gov and Marqeta's website at http://investors.marqeta.com. The forward-looking statements in this press release are based on information available to Marqeta as of the date hereof. Marqeta disclaims any obligation to update any forward-looking statements, except as required by law.

View source version on businesswire.com: https://www.businesswire.com/news/home/20231022007282/en/

Media:
James Robinson
530-913-0844
jrobinson@marqeta.com

Source: Marqeta