

# CREDIT UNIONS AND COMMUNITY BANKS **GAIN CREDIT CARD ISSUING MOMENTUM**



**November 2023** Report

**Credit Unions and Community Banks Gain Credit Card Issuing Momentum,** a PYMNTS Intelligence and Elan Credit Card collaboration examines the current state of play for consumer credit cards. It draws on insights from a census-balanced survey of 2,088 U.S. consumers conducted from Aug. 10 to Aug. 21 to explore the evolving consumer preferences surrounding card issuers.

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# CREDIT UNIONS AND COMMUNITY BANKS GAIN CREDIT CARD ISSUING MOMENTUM

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Credit Unions and Community Banks Gain Credit Card Issuing Momentum was produced in collaboration with Elan Credit Card, and PYMNTS Intelligence is grateful for the company's support and insight. [PYMNTS Intelligence](#) retains full editorial control over the following findings, methodology and data analysis.

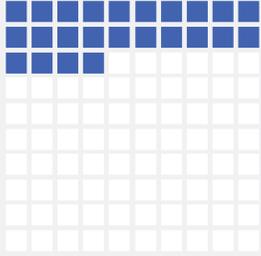
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# INTRODUCTION

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**N**ational banks dominate the consumer credit card industry to the extent that their position is unlikely to be challenged for the foreseeable future. Besides their massive scale, these giants leverage a complementary lead in consumer bank accounts that gives them greater opportunities to cross-sell to their existing customers. Despite national banks' entrenchment, however, some smaller financial institutions (FIs) are chipping away at their market share.

PYMNTS Intelligence's latest survey reveals that credit unions (CUs) and community banks have substantially increased their footprints in the consumer credit card space in recent years. Twenty-four percent of consumers say they would most likely turn to either a CU or community bank for their next credit card application. The research also shows that smaller FIs can improve their appeal by offering key features current national bank cardholders value.



# 24%

Share of consumers who would most likely apply for their next credit card **with either a CU or community bank**

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These are just some of the findings detailed in Credit Unions and Community Banks Gain Credit Card Issuing Momentum, a PYMNTS Intelligence and Elan Credit Card collaboration. This report examines the current state of play for consumer credit cards. It draws on insights from a survey conducted from Aug. 10 to Aug. 21 of 2,088 consumers in the United States to explore the evolving consumer preferences surrounding card issuers.

**This is what we learned.**

# KEY FINDINGS

**CUs and community banks have an opportunity to strategically leverage consumer interest and increase their market — if they provide the features consumers demand.**

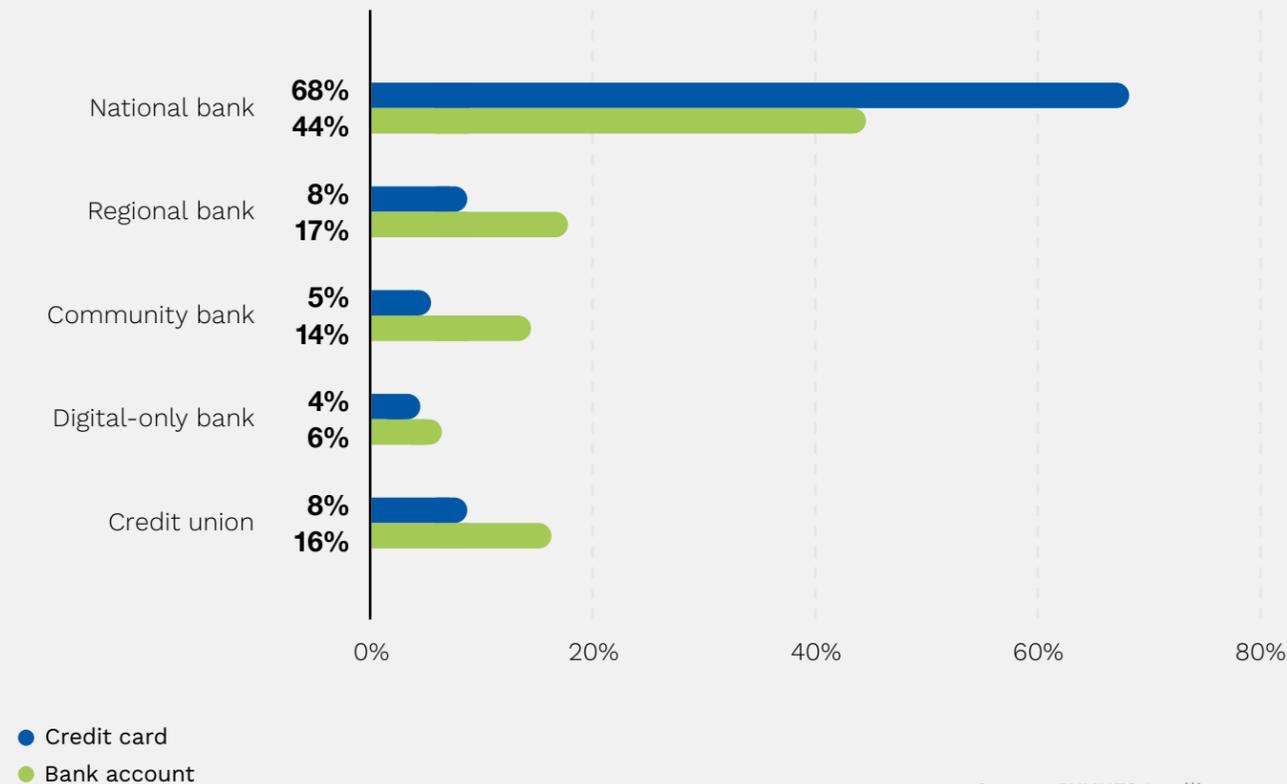
**National banks issue 68% of primary consumer credit cards, with an even stronger lead among consumers who also bank with them.**

National banks stand unrivaled as the leading issuers of consumer credit cards. Among U.S. adults who hold an actively used credit card, 68% report that a national bank issued their primary card — the one they use most heavily. Other categories of FIs account for less than 10% each: 8.3% of credit card holders have their primary card with CUs, 8.3% with regional banks, 5.1% with community banks and 3.9% with digital-only banks. National banks also enjoy a commanding, albeit smaller, lead in primary bank accounts, at 44%.

**FIGURE 1:**

**Primary account providers**

Share of consumers with primary credit cards and primary bank accounts with select FIs



Source: PYMNTS Intelligence

Credit Unions and Community Banks Gain Credit Card Issuing Momentum, November 2023

N = 1,902: Respondents who have a primary checking account; N = 1,552: Respondents who have a primary credit card, fielded Aug. 10, 2023 – Aug. 21, 2023

**FIGURE 2:**

**Credit card issuers**

Share of consumers who hold their primary credit card with select FI types, by where they have their primary bank account

FI that issued their primary credit card	Where they have their primary bank account				
	Community bank	Credit union	National bank	Regional bank	Digital-only bank
• Community bank	23.3%	1.0%	1.7%	4.9%	3.7%
• Credit union	4.3%	36.7%	2.4%	1.7%	1.8%
• National bank	54.4%	51.5%	82.0%	66.4%	48.5%
• Digital-only bank	2.2%	1.3%	2.6%	1.1%	40.5%
• Regional bank	8.1%	3.5%	5.0%	22.6%	0.0%
• Another institution	7.6%	6.0%	6.3%	3.2%	5.5%

Source: PYMNTS Intelligence

Credit Unions and Community Banks Gain Credit Card Issuing Momentum, November 2023

N = 1,552: Respondents who have a primary credit card, fielded Aug. 10, 2023 – Aug. 21, 2023

The twin market leadership of national banks in consumer bank accounts and credit cards gives them an inherent advantage in cross-selling to customers. Among respondents with primary credit cards, 82% who have their primary bank account with a national

bank also choose these mega FIs for their primary credit card. CUs manage less than half this rate, at just 37%, and community banks even less, at 23%. This suggests smaller FIs are missing opportunities to sell credit cards to their existing banking customer bases.

# CREDIT PERSONA DEFINITIONS

This study identified four distinct credit management personas based on two criteria: **the share of total spending paid by credit card** and **tendency to revolve credit card balances rather than pay them off in full.**

25%

## LOW-SPENDING REVOLVERS

These consumers pay less than 40% of their total expenses by credit card; they always or usually carry a revolving balance between statements.

22%

## LOW-SPENDING NON-REVOLVERS

These consumers pay less than 40% of their total expenses by credit card; they rarely or never carry a revolving balance between statements.

10%

## HIGH-SPENDING REVOLVERS

These consumers pay more than 40% of their total expenses by credit card; they always or usually carry a revolving balance between statements.

22%

## HIGH-SPENDING NON-REVOLVERS

These consumers pay more than 40% of their total expenses by credit card; they rarely or never carry a revolving balance between statements.

## CUs and community banks struggle to attract high-spending non-revolvers: Just 14% of this group would likely choose one of these FIs for a new card.

High-spending non-revolvers represent the biggest weak point for both CUs and community banks. Just 8.7% of high-spending non-revolvers said they would be most likely to choose a CU when applying for a new card — less than half of the 18% seen across the other three personas. For community banks, the shortfall is just as substantial, with a mere 5.4% of high-spending non-revolvers preferring these FIs versus 9% for the others. National banks, meanwhile, have a far stronger gravitational pull with high-spending non-revolvers than the other personas. CUs and community banks should carefully consider how to attract more of these lucrative consumers.

**FIGURE 3:**

### Account opening preferences

Share of consumers who would prefer to use a select type of FI when opening a new credit card account, by persona

	Sample	High-spending		Low-spending		Non-users
		Revolvers	Non-revolvers	Revolvers	Non-revolvers	
• National bank	<b>44.3%</b>	43.6%	61.2%	42.6%	44.4%	29.8%
• Credit union	<b>15.2%</b>	19.0%	8.7%	18.0%	18.0%	13.9%
• Digital-only bank	<b>8.9%</b>	5.5%	7.3%	7.5%	8.3%	14.1%
• Community bank	<b>8.3%</b>	9.5%	5.4%	8.8%	8.9%	9.3%
• Regional bank	<b>7.3%</b>	6.1%	4.6%	8.5%	6.8%	9.5%
• Other	<b>1.3%</b>	1.6%	1.1%	1.3%	0.6%	2.1%
• I am not sure	<b>14.7%</b>	14.7%	11.6%	13.2%	13.0%	21.3%

Source: PYMNTS Intelligence  
 Credit Unions and Community Banks Gain Credit Card Issuing Momentum, November 2023  
 N = 2,088: Complete responses,  
 fielded Aug. 10, 2023 – Aug. 21, 2023

CUs perform best with high-spending revolvers, with 19% preferring these FIs for new cards, followed closely by the two low-spending personas, both at 18%. Community banks, meanwhile, appeal most to high-spending revolvers, at 9.5%, followed by those without primary cards, at 9.3%.

## CU and community banks are gaining traction: 24% of consumers would likely choose one of these FIs for their next credit card.

Despite the dominance of national banks, CUs and community banks have quietly strengthened their positions in the consumer credit card market in recent years. CUs increased their share of primary credit cards from 6% in 2020 to 8.3% in 2023. Community banks more than doubled their shares, moving from 2.3% to 5.1% in the same period. Though modest in absolute terms, these shifts represent sizable relative gains. National banks experienced a significant slip from 76% in 2020 to 68% in 2023.

CUs and community banks are both poised to continue this upward trend. Across all consumers surveyed, roughly 15% said they would be most likely to apply for a new credit card from a CU, reflecting a potential 83% increase versus the share that currently has a primary card from a CU. For community banks, 8.3% indicated the same, 63% more than those who have their primary card issued by a community bank.

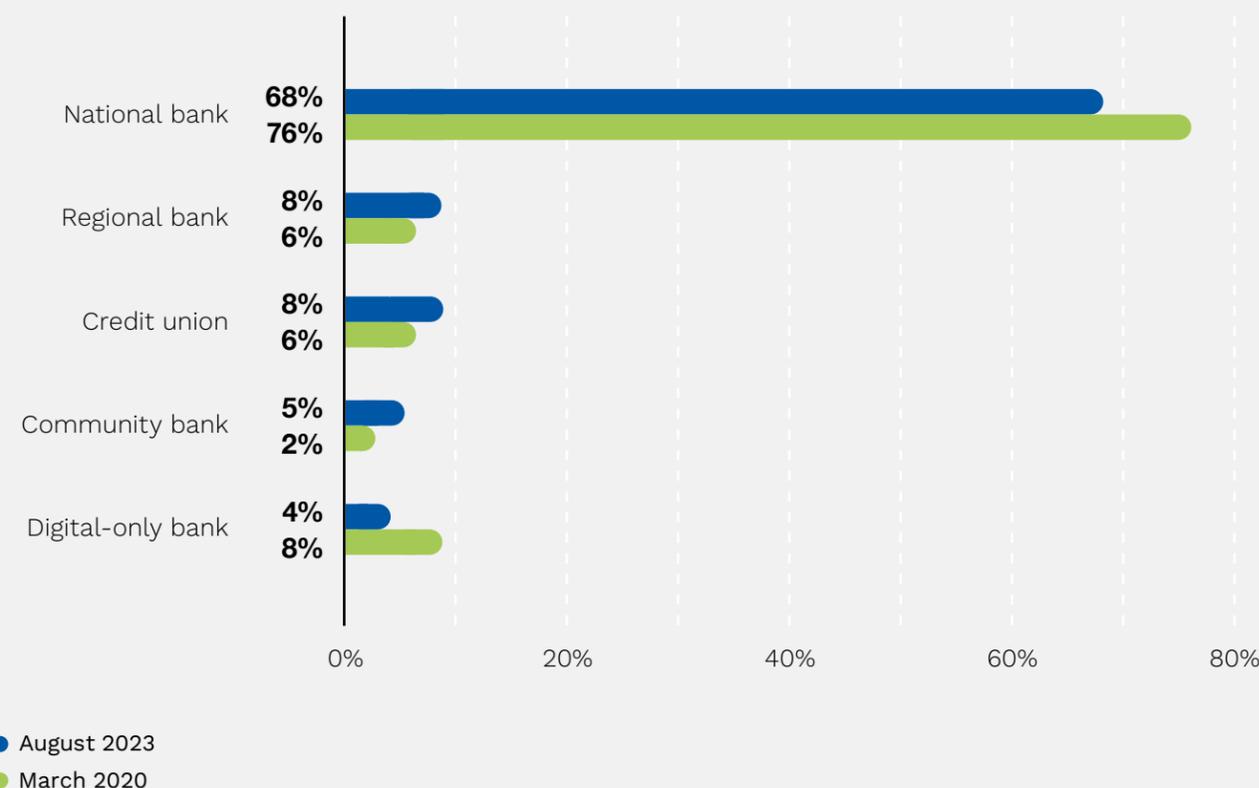
# 68%

Share of consumers whose primary credit card is with a national bank, down from 76% in 2020

FIGURE 4:

### Cardholders' primary issuers, over time

Share of consumers citing that their primary credit card is with a select type of FI, by year



Source: PYMNTS Intelligence  
 Credit Unions and Community Banks Gain Credit Card Issuing Momentum, November 2023  
 N varies based on time surveyed; N = 1,552: Respondents who have a primary credit card, fielded Aug. 10, 2023 – Aug. 21, 2023

Notably, community banks fare substantially better among those without a primary card or an unused card, at 10%, than those with one, at 7.7%. Executives at these FIs should evaluate their marketing efforts and adjust accordingly.

**FIGURE 5:**

**Credit card application preferences**

Share of consumers who would prefer to apply for a new card at a select FI type, by card ownership

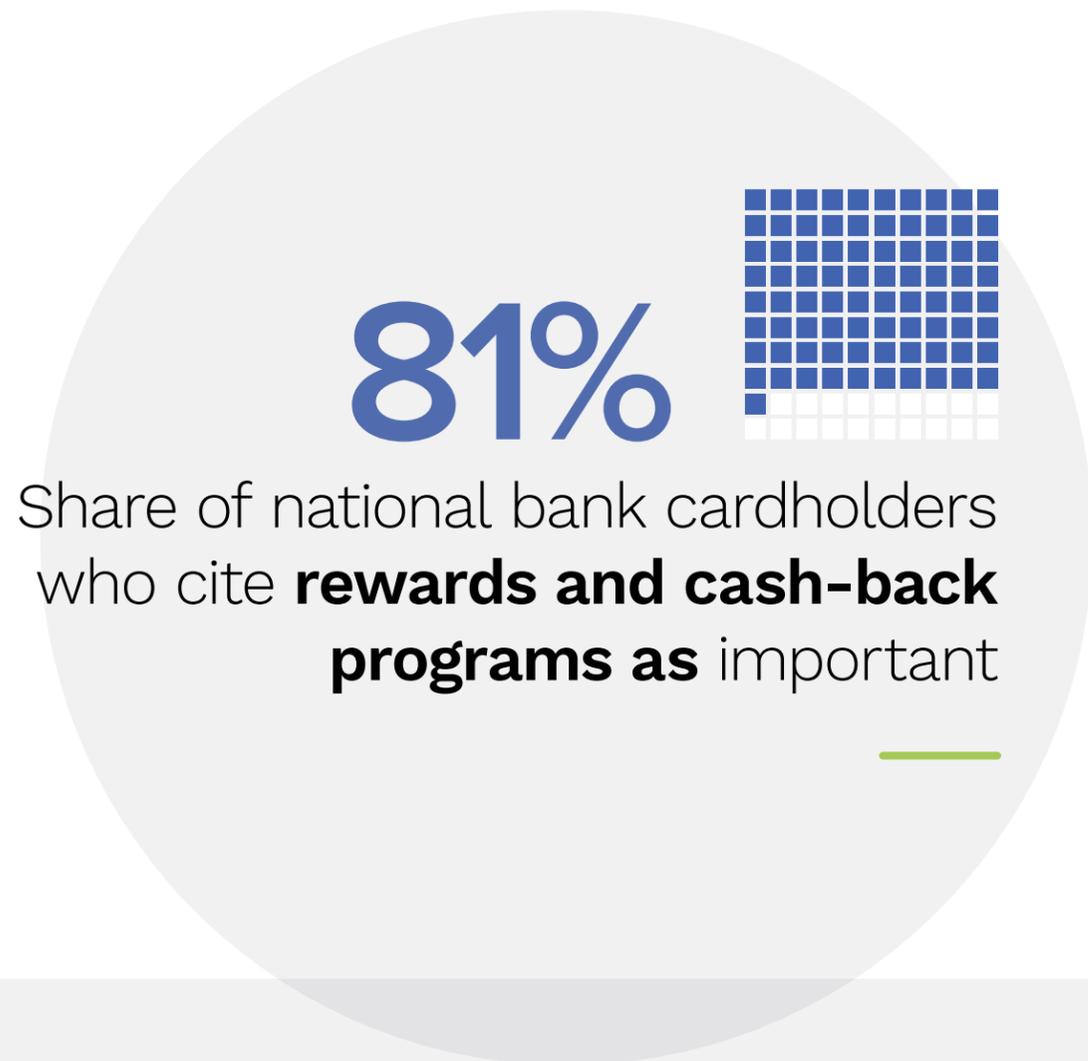
	Sample	Have a primary credit card	Either no card or an unused card
WHOLE SAMPLE		74.3%	25.7%
• National bank	44.3%	49.1%	30.3%
• Credit Union	15.2%	15.6%	14.1%
• Digital-only bank	8.9%	7.2%	13.7%
• Community bank	8.3%	7.7%	10.1%
• Regional bank	7.3%	6.7%	8.9%
• Other	1.3%	1.1%	1.8%
• Not sure	14.7%	12.5%	21.1%

Source: PYMNTS Intelligence  
 Credit Unions and Community Banks Gain Credit Card Issuing Momentum, November 2023  
 N = 2,088: Complete responses,  
 fielded Aug. 10, 2023 – Aug. 21, 2023

## CU and community banks can position themselves to win a sizable share of national bank cardholders by offering key features.

To compete with national banks and expand their market shares in the consumer credit card space, CUs and community banks should focus on the key features current cardholders value most. Rewards and cash back programs represent the most impactful benefit overall: 81% of national bank cardholders cite these as important, and 37% of this group would be highly likely to switch to a community bank that provides cards with this feature. Other high-impact benefits include account alerts, autopay and websites and apps for monitoring balances and making payments.

One other standout is the ability to split payments into installments. Although just 37% of national bank cardholders find this benefit valuable, 40% of this group would be highly likely to switch to a community bank that offers this feature. Crucially, this has special appeal among high-spending non-revolvers — identified above as the credit management persona that both CUs and community banks struggle with most — at 58%.



**FIGURE 6:**

**Credit card features that impact switching FIs**

Share of national bank credit card holders stating they would be highly likely to switch to a community bank if select features were offered

	National bank credit card holder	High-spending		Low-spending	
		Revolvers	Non-revolvers	Revolvers	Non-revolvers
• Splitting payments into installments (without needing an alternative provider)	<b>40.0%</b>	30.2%	57.7%	27.1%	43.2%
• Setting spending limits through card issuer	<b>38.4%</b>	32.6%	46.6%	32.0%	41.0%
• Autopay (automatic payment of credit card bills)	<b>33.1%</b>	29.7%	32.0%	29.6%	39.9%
• Availability of a mobile app to pay my balance	<b>37.4%</b>	38.5%	36.3%	32.9%	43.7%
• Availability of a mobile app to monitor my transactions	<b>36.9%</b>	37.2%	37.5%	33.1%	40.9%
• Account alerts via text or app	<b>26.0%</b>	26.9%	25.0%	21.6%	31.8%
• Availability of a website to pay my balance	<b>31.2%</b>	30.9%	33.3%	26.0%	34.9%
• Availability of a website to monitor my transactions	<b>31.6%</b>	35.0%	31.8%	25.4%	37.3%
• Rewards and cash-back programs	<b>37.3%</b>	34.5%	36.5%	39.7%	36.8%

Source: PYMNTS Intelligence  
 Credit Unions and Community Banks Gain Credit Card Issuing Momentum, November 2023  
 N varies based on the features that would likely cause them to switch;  
 N = 1,057: Consumers who have a primary credit card at a national bank, fielded Aug. 10, 2023 – Aug. 21, 2023

# CONCLUSION

**N**ational banks remain the goliaths of the consumer credit card industry, and their dominance will not be challenged any time soon. Nevertheless, CUs and community banks are gaining momentum. Both types of FIs have significantly increased the shares of consumers choosing them for their primary credit cards in recent years. This trend is poised to grow as many consumers prefer CUs or community banks for their next credit card, including sizable shares of those currently without a primary card. To maximize their competitiveness, smaller FIs should focus on providing key features that cardholders value, including rewards programs and the ability to split payments — doing so will help them continue expanding their market shares.

## METHODOLOGY

**C**redit Unions and Community Banks Gain Credit Card Issuing Momentum, a PYMNTS Intelligence and Elan Credit Card collaboration, examines the current state of play for consumer credit cards. We surveyed 2,088 U.S. consumers from Aug. 10 to Aug. 21 to learn about their evolving preferences surrounding card issuers. The survey was census-balanced to reflect the U.S. population in key variables: 51% of respondents were women, the average age of respondents was 47.8, 33% had college degrees and 38% earned more than \$100,000 annually.

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# ABOUT

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