CONSUMER BANKERS ASSOCIATION

The CBA Chart Book

February 2025

(Data as of Q4 2024)

Questions? Contact the CBA Data Desk at
DataDesk@consumerbankers.com

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Consumer Banking at a Glance

At a Glance

Overall

Consumer confidence ticked up slightly in Q4 2024 but is still well below pre-pandemic levels. Banks on net are reporting less consumer loan demand. Consumer loan performance is improving slowly. Though early delinquency transition rates remain elevated for credit cards, overall delinquencies on consumer loans—especially credit cards and auto loans—are dropping from their peaks at certain vintages. We continue to monitor evolving events that could impact consumer performance and macroeconomic factors like inflation and interest rates.

Consumers: Consumer stress is easing as inflation and interest rates come down slowly from their peaks. Growth in new loans and balances has slowed. Payment rates remain above the pre-pandemic averages, suggesting better payment performance.

Small Business: Most small businesses continue to be on the sidelines in terms of new credit, opting to hold off on borrowing. Most new demand is coming from credit lines rather than term loans. This suggests businesses continue to prepare for uncertainty and hold off on larger term loans for capital investments. SBA loans, however, continued to rise with applications and new balances above the pre-pandemic averages.

Other Topics: 2023 marked the first year in over a decade that the number of branches in the U.S. increased. This is a sharp turn, as more banks plan to expand their branch footprints in 2024 and beyond.

Consumer Sentiment

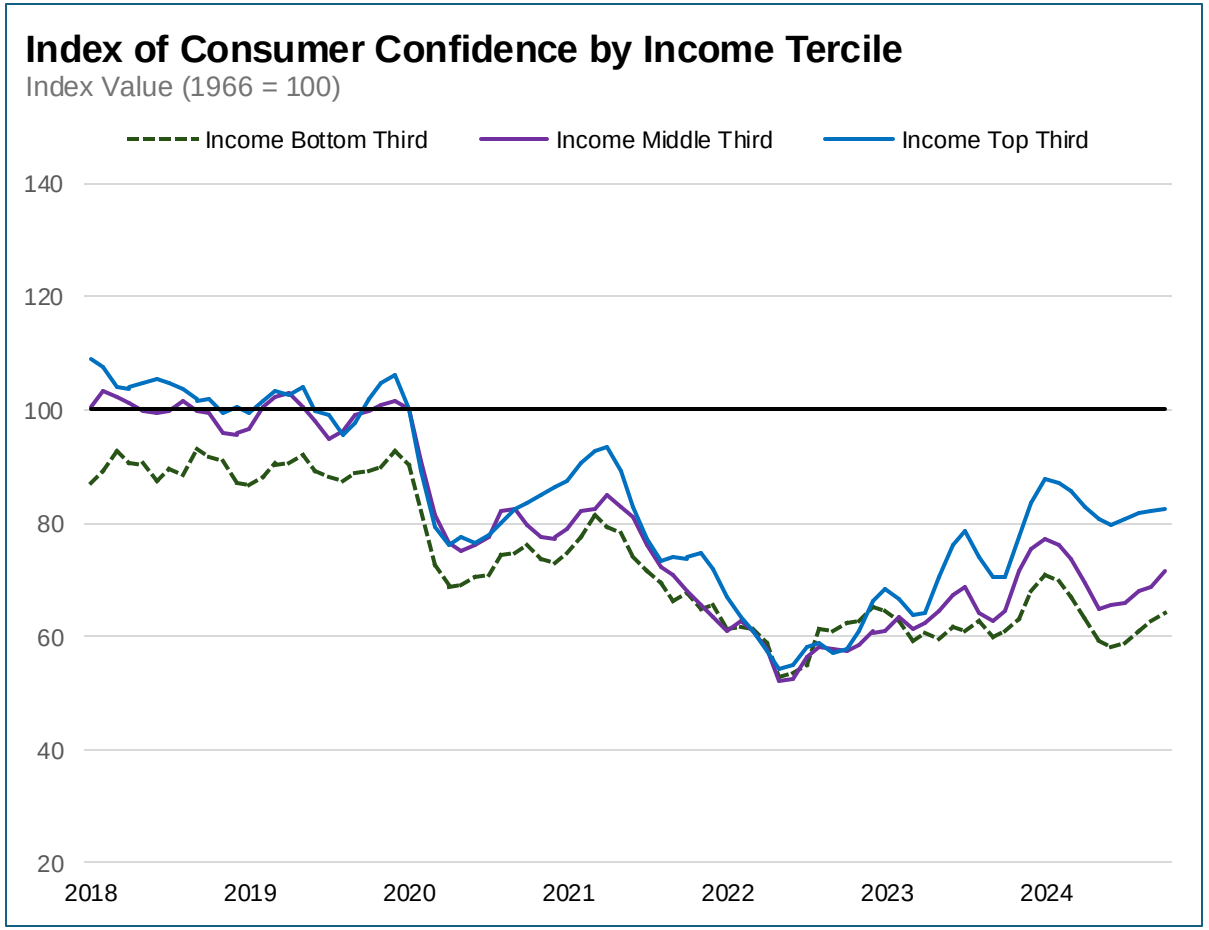
Consumer Confidence

Major Takeaways

- The University of Michigan Index of Consumer Sentiment shows that consumers are slowly becoming more optimistic following the pandemic.

- Optimism remains highly dispersed by income with consumers in the highest income tercile (the highest third) becoming increasingly more optimistic following the pandemic compared to the lower terciles.

- **For example:** While the highest income tercile went from a low of 54.3 in July of 2022 to 82.5 this past December (a 28-point increase), the bottom tercile grew only 11 points (52.9 to 64).

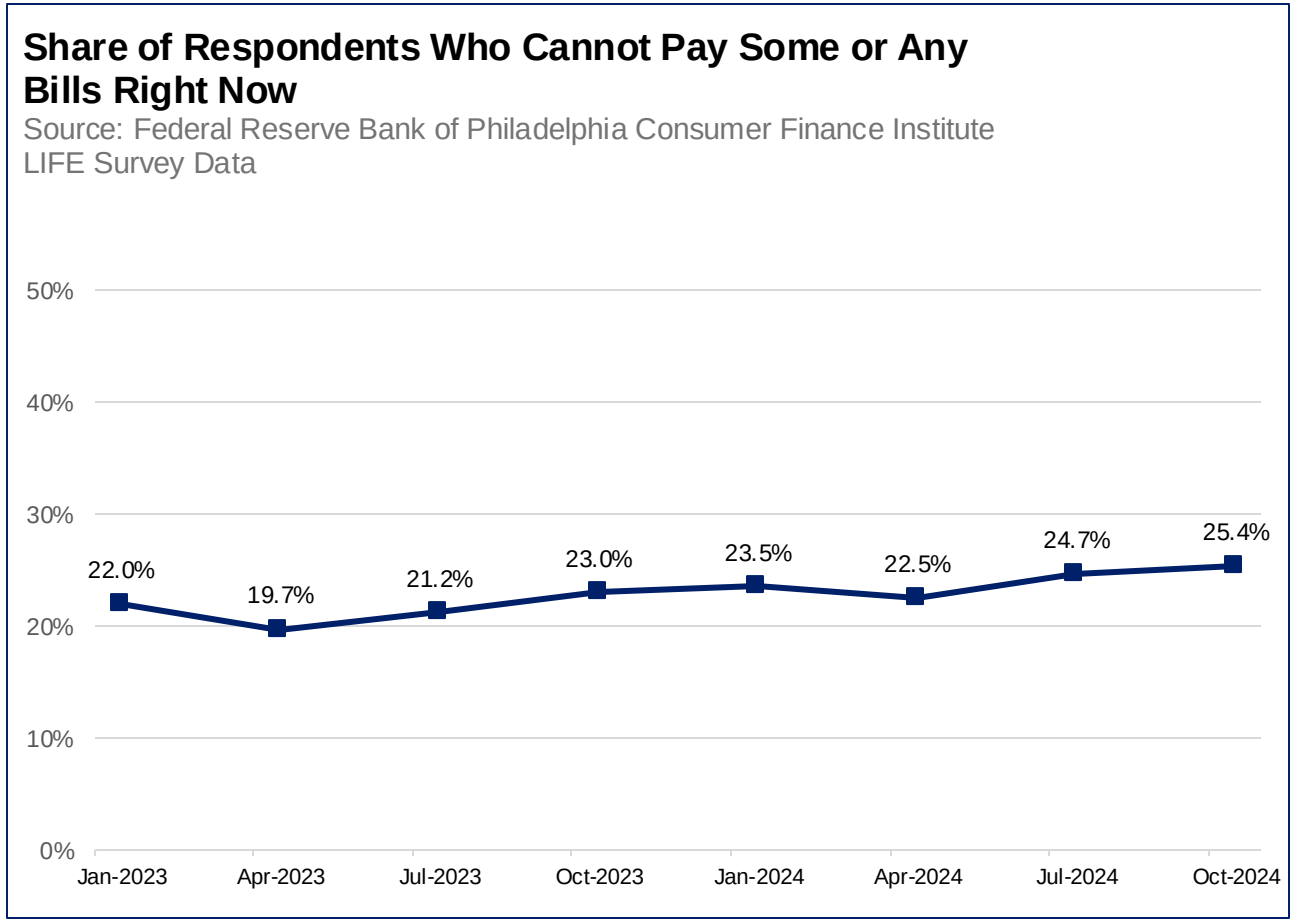


Consumer Confidence

Major Takeaways

- As the Philadelphia Federal Reserve LIFE Survey shows, consumers continue to report challenges with paying their bills, likely contributing to persistently low consumer sentiment following the pandemic especially among the lowest income tercile.

- While inflation has come down over this period, the survey data shows that more consumers report trouble with paying their bills.



Consumer Spending & Lending

Consumer Spending

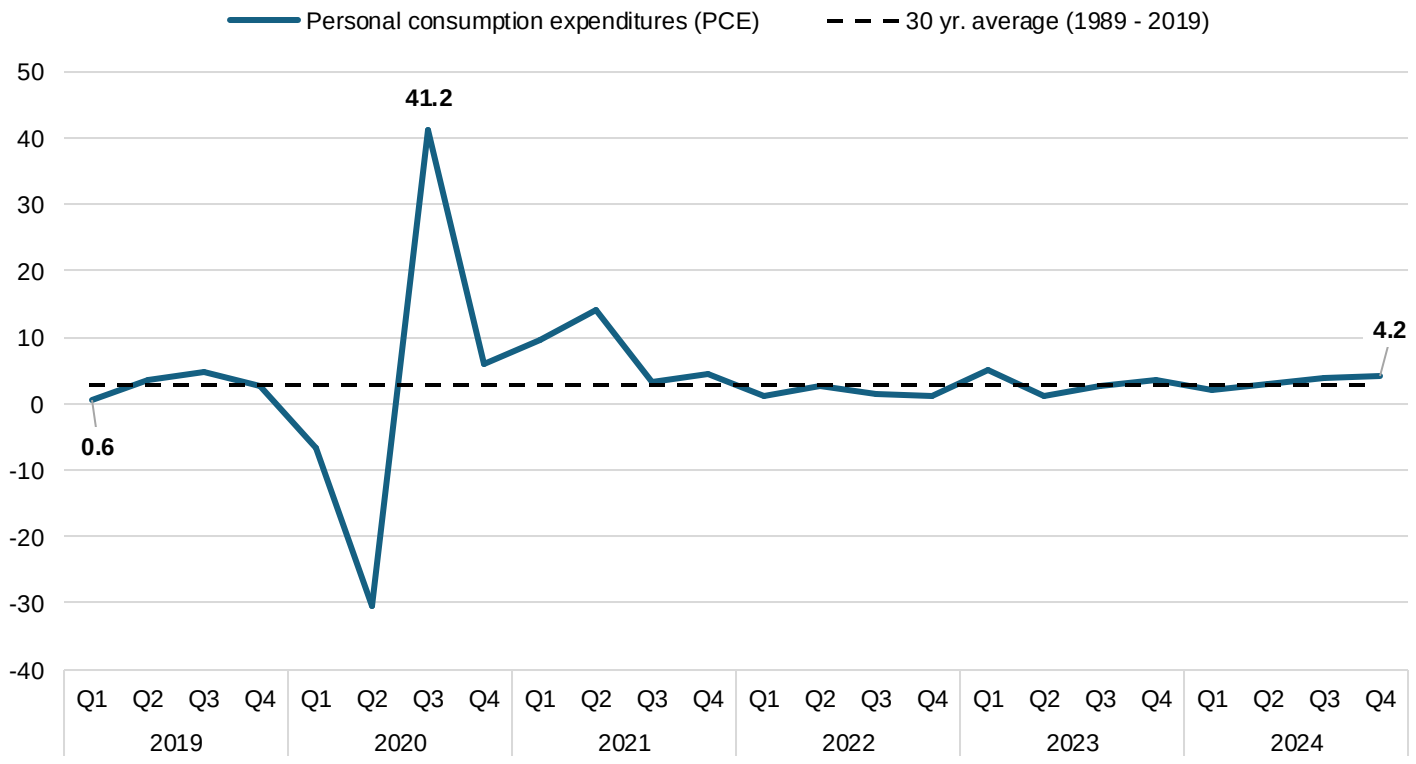
Major Takeaways

- While growth in consumer spending has fallen significantly following the pandemic, it continues to be above the 30-year pre-pandemic average of 2.73 quarter over quarter.

- Continued elevation in personal consumption could lead to higher growth in debt balances if incomes are not able to continue to keep pace.

Percent Change From Preceding Period in Real Personal Consumption Expenditures (Percent; Seasonally adjusted at annual rates)

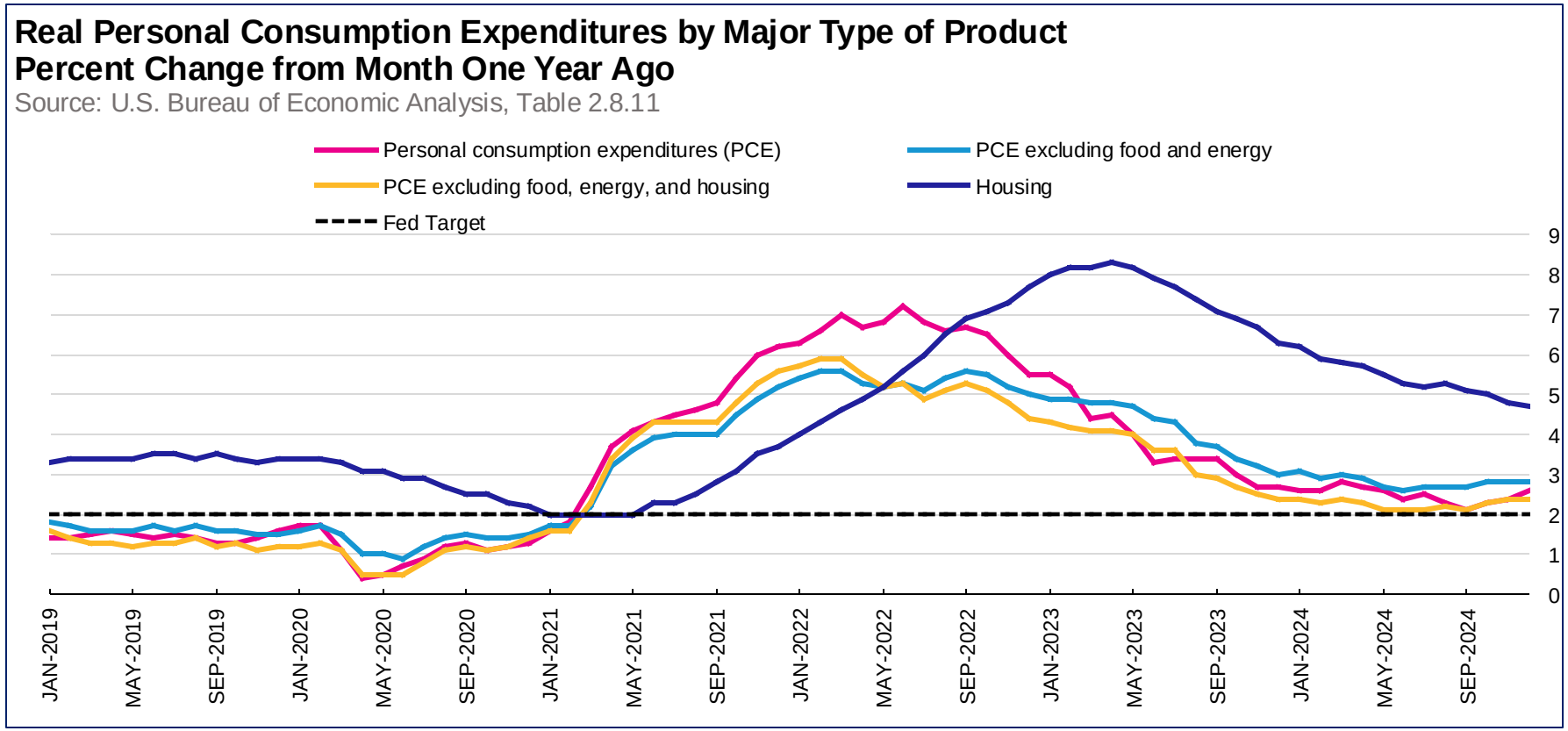
Source: Bureau of Economic Analysis



Inflation

Major Takeaways

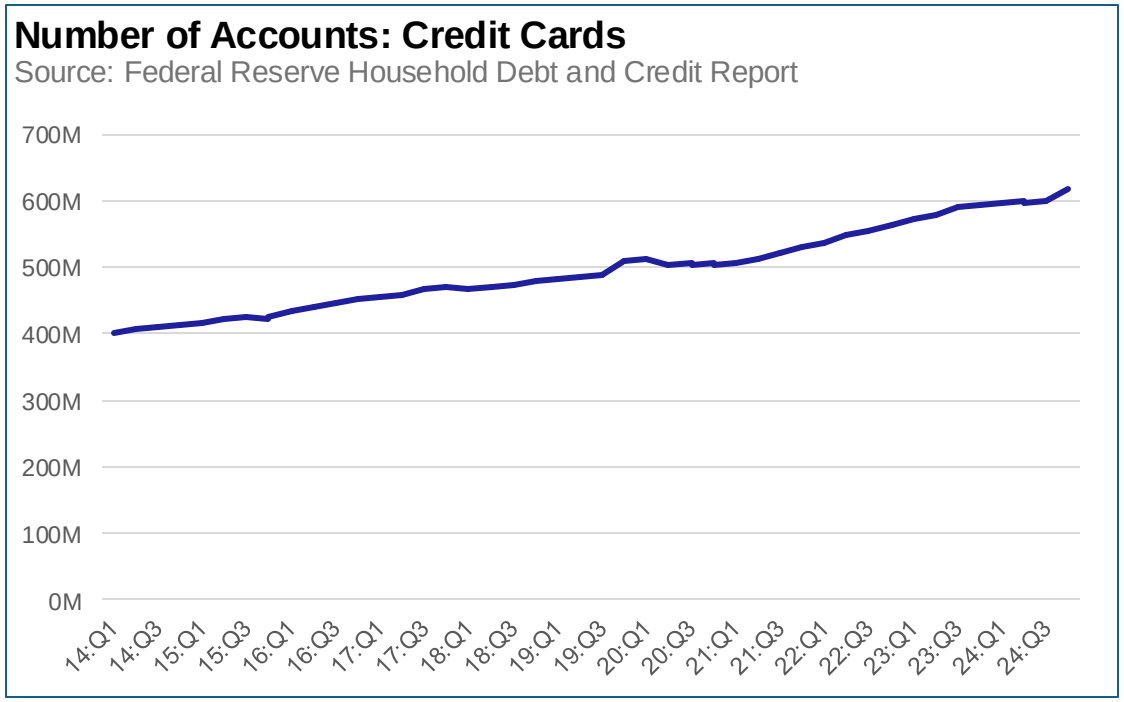
Inflation remains sticky, with Personal Consumption Expenditures (PCE) remaining above the Federal Reserve's 2% target. Breaking PCE down further, we see that much of the remaining inflationary pressure is still coming from housing expenditures, though overall PCE did tick up in November and December.

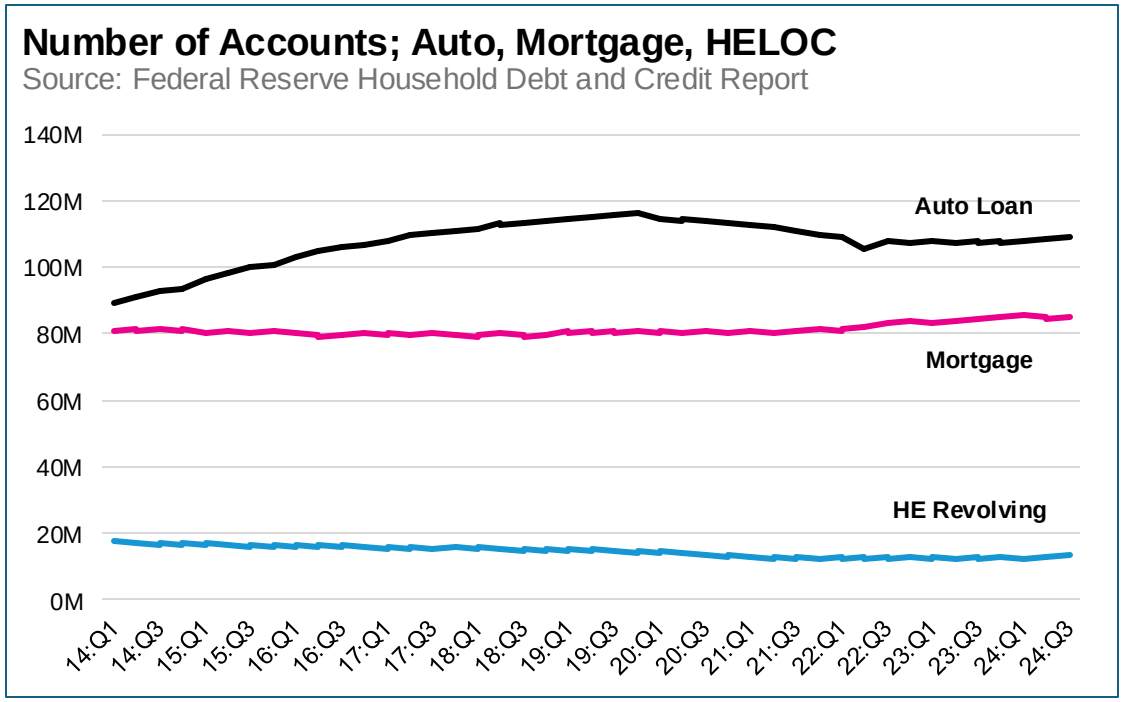


Consumer Lending Totals: Accounts

Major Takeaways

- The number of credit card accounts among US consumers continues to increase past 600 million, but growth has leveled out to around 4% YoY since Q1 2024 and as low as 2% in Q3 2024.
- Auto Loan growth is down considerably and growth in Home Equity Lines of Credit are still below pre-pandemic levels, while the number of mortgage accounts continues to increase steadily.



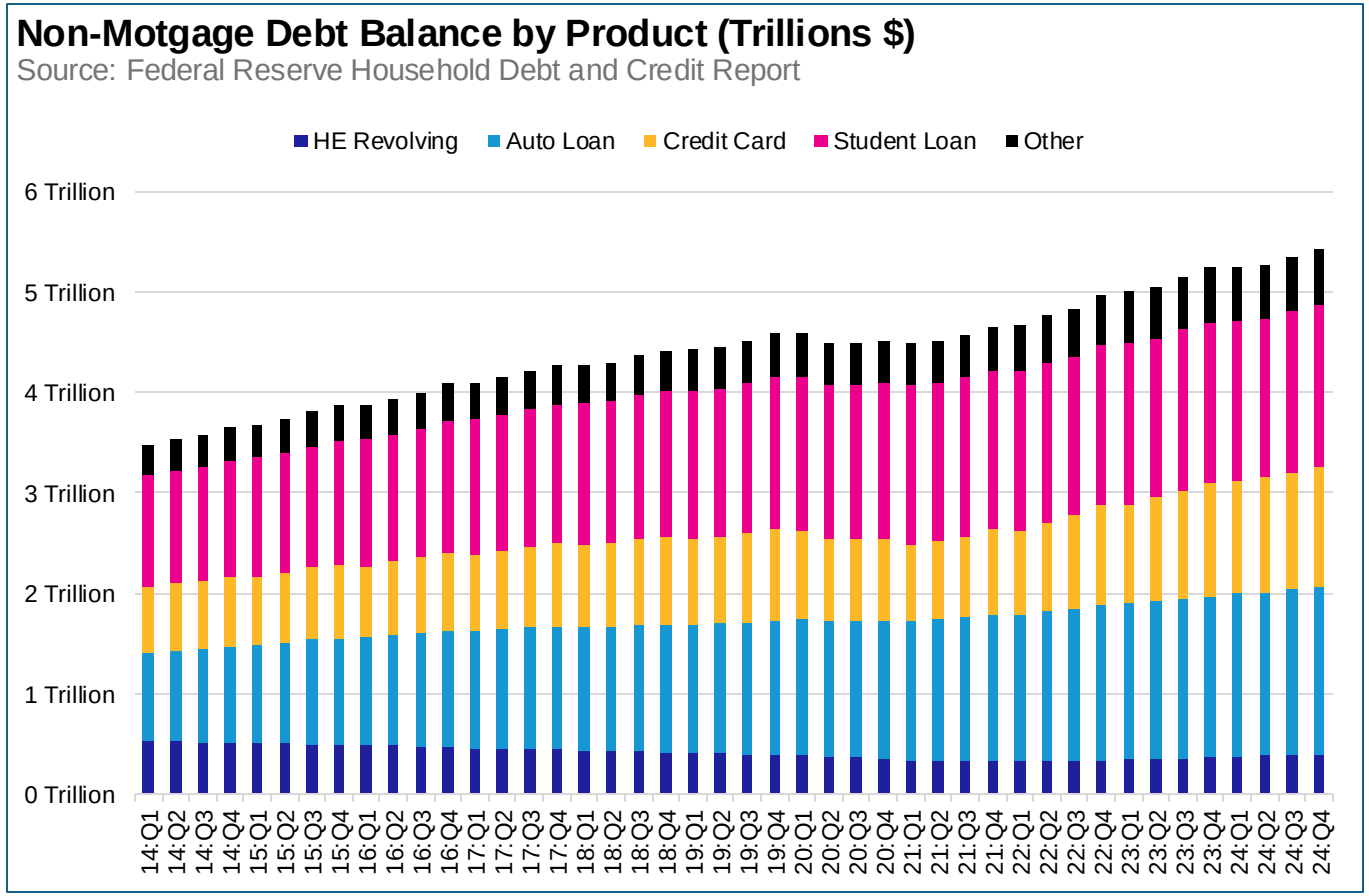


Consumer Lending Totals: Balances

Major Takeaways

- Balances on all non-mortgage debt continued to rise in Q4 2024, but year-over-year growth slowed to 3.4% from 5.5% in Q4 2023.

- Year-over-year growth in credit card balances has slowed considerably from 14.5% in Q4 2023 to 7.3% in Q4 2024.



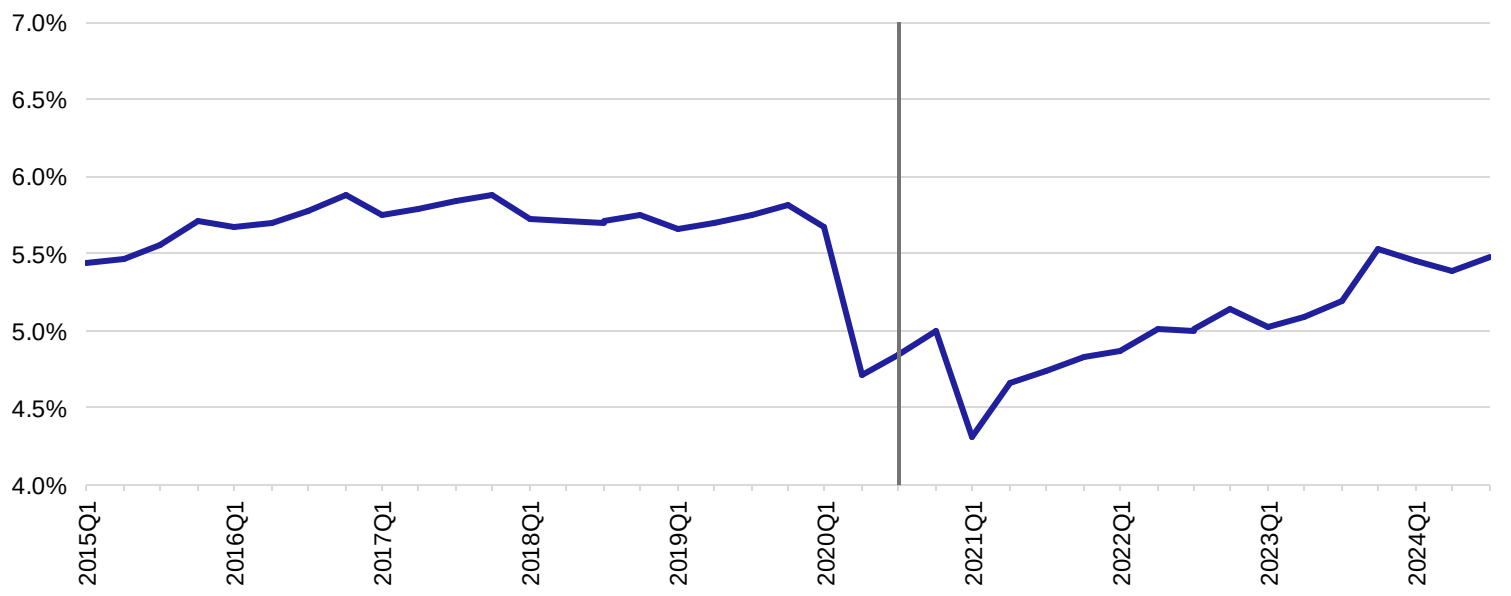
Consumer Debt Burden

Major Takeaways

- The Consumer Debt Payment Ratio (the ratio of non-mortgage required household debt payments to total disposable income) continues to trend back toward pre-pandemic levels.
- The lower ratio is driven partly by slowing wage growth and increases in debt payments to historic trends as pandemic stimulus has been spent down and inflation remains above 2%.

The Consumer Debt Payment Ratio continues to trend back toward pre-pandemic levels.

Source: Federal Reserve Bank of St. Louis; FRED

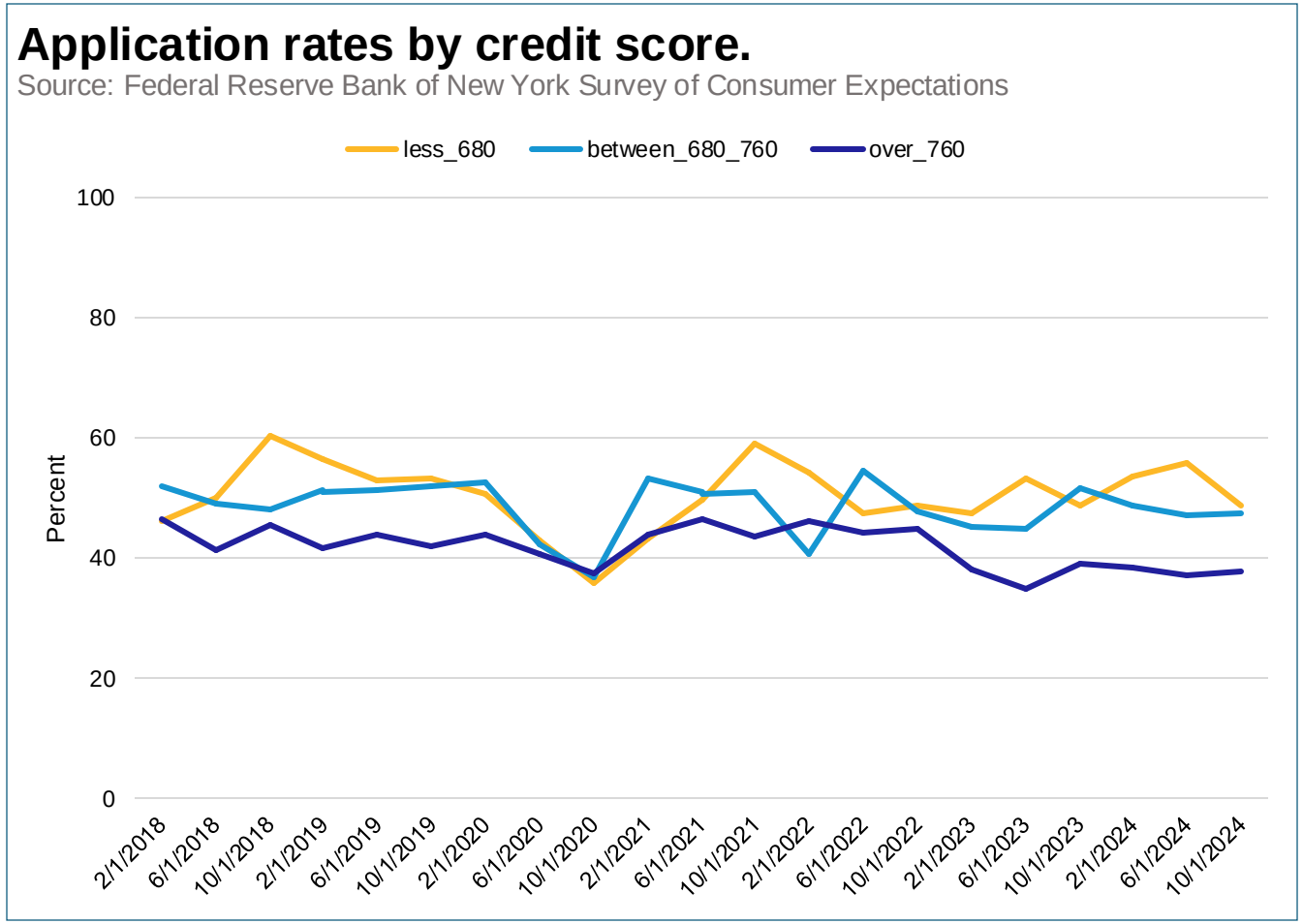


Credit Supply & Demand

Consumer Lending Demand

Major Takeaways

- Application rates (percent of consumers stating they applied for any form of credit in the last 12 months) have largely increased back to pre-pandemic levels
- However, the rate for higher scored customers was lower.
- Most of the increased demand for credit is coming from credit card and credit card limit increase applications as we see application rates for auto, mortgage, and mortgage refinances continue to decline.



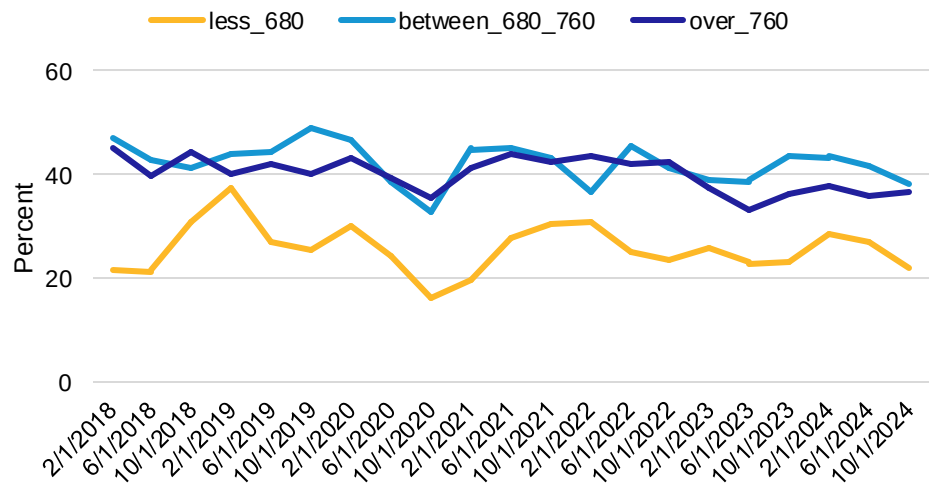
Consumer Lending Demand

Major Takeaways

- Though applications continue to trend up, the percentage of consumers who have had their application accepted is lower across all credit scores except those over 760.
- Likewise, a growing percentage of consumers with credit scores below 760 are reporting application rejections as credit standards remain tighter—especially for credit cards.

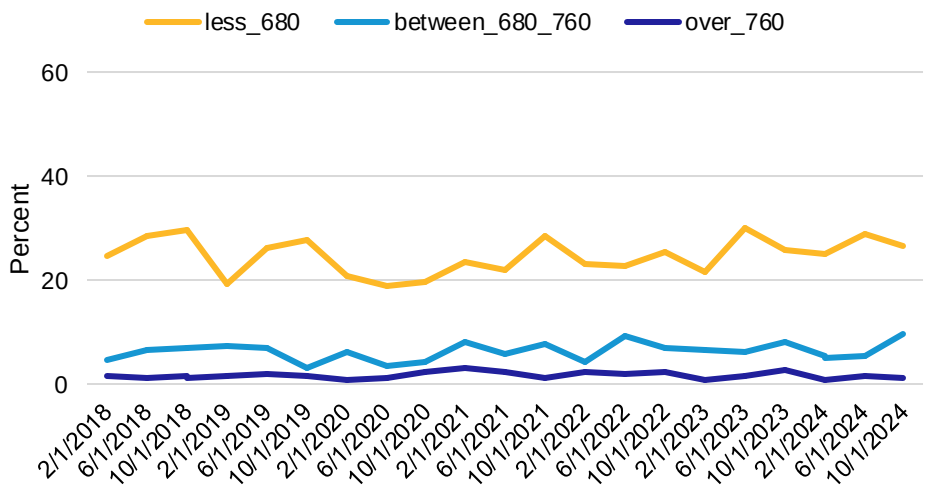
Application acceptance rates by credit score.

Source: Federal Reserve Bank of New York Survey of Consumer Expectations



Application rejection rates by credit score.

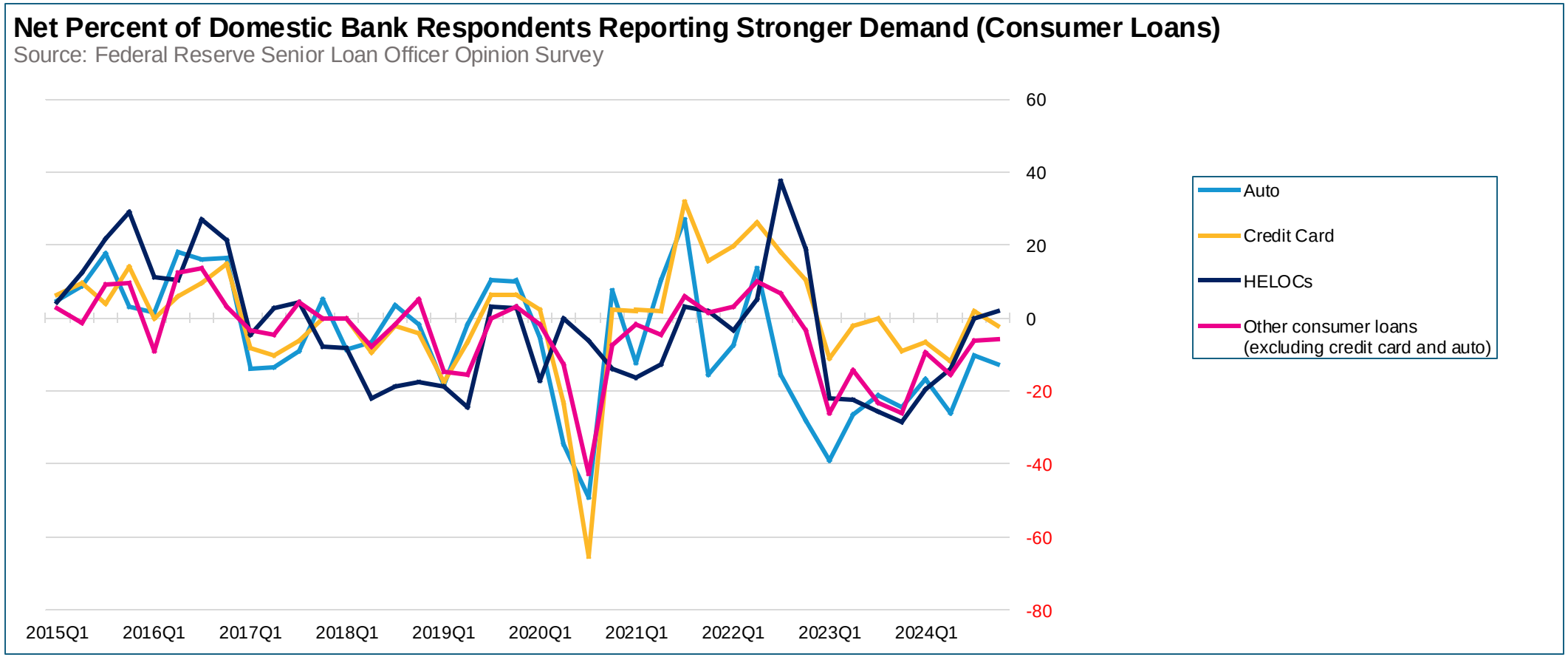
Source: Federal Reserve Bank of New York Survey of Consumer Expectations



Consumer Lending Demand

Major Takeaways

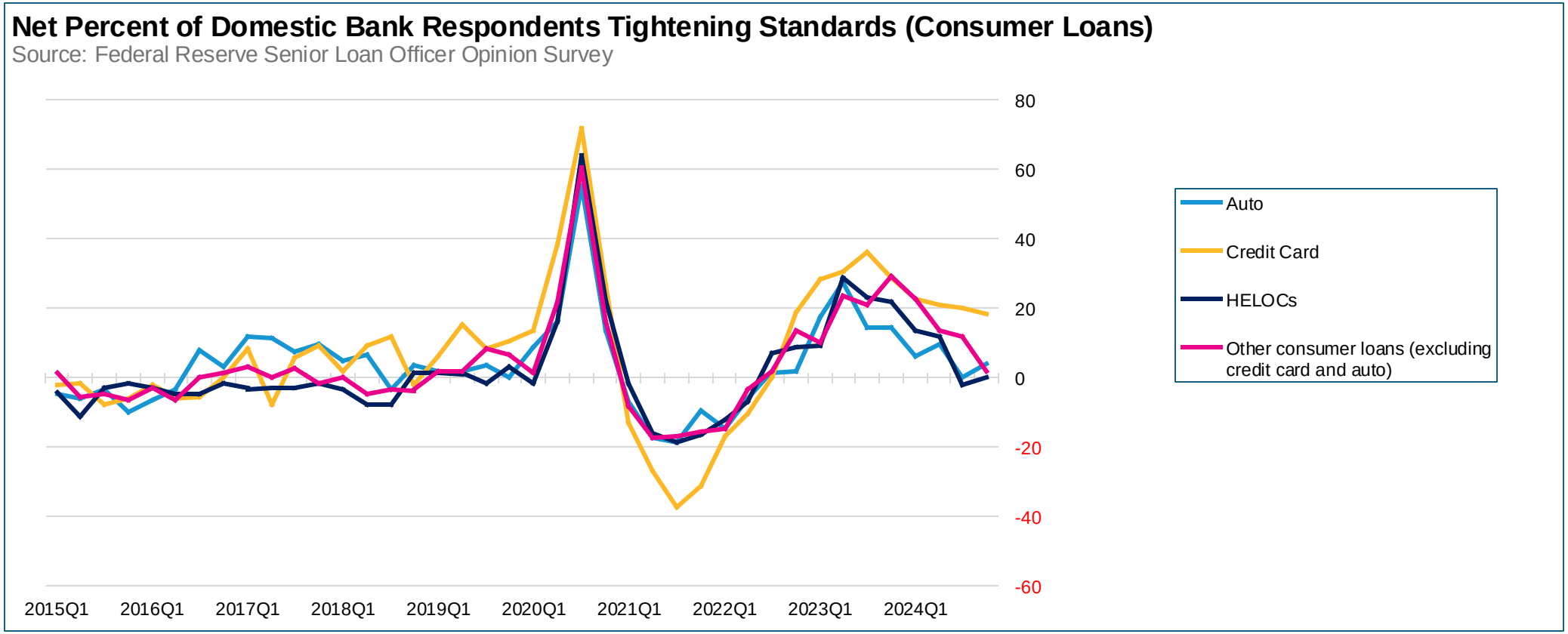
Higher interest rates and inflation have tampered demand for credit across all consumer products, but demand has started to increase as the Federal Reserve continues to lower rates and inflation persists.



Consumer Lending Supply

Major Takeaways

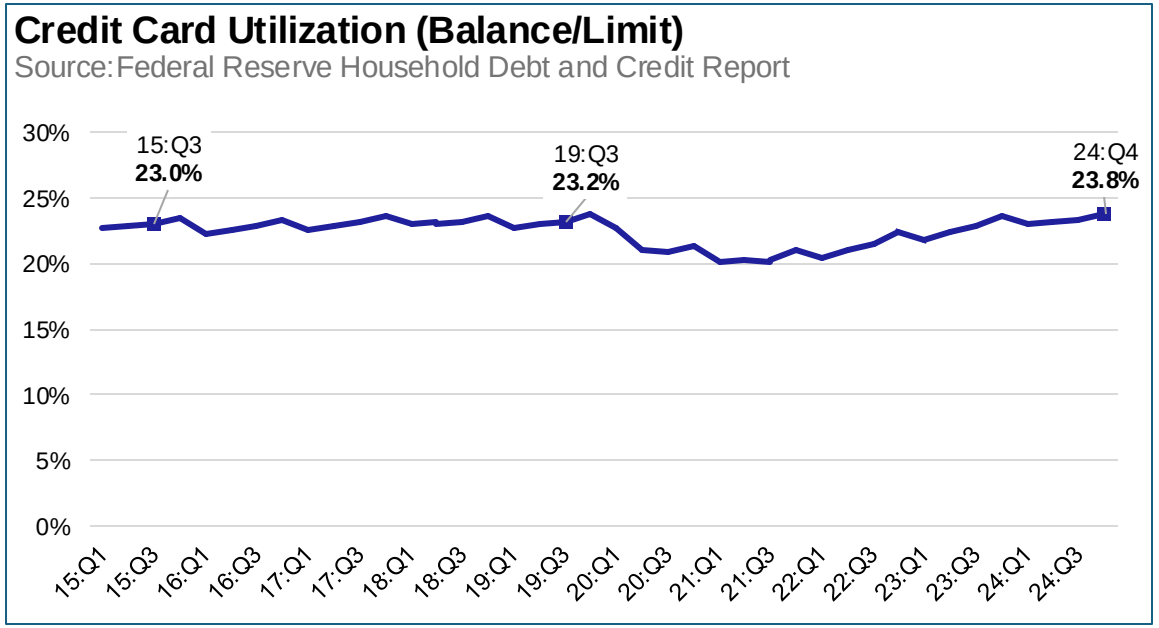
Fewer banks are reporting tightening credit standards after reaching a high in 2023. However, standards remain tight for credit cards in particular—especially considering elevated levels of delinquency in 2021 and 2022 vintages when a majority of banks were not reporting tighter standards

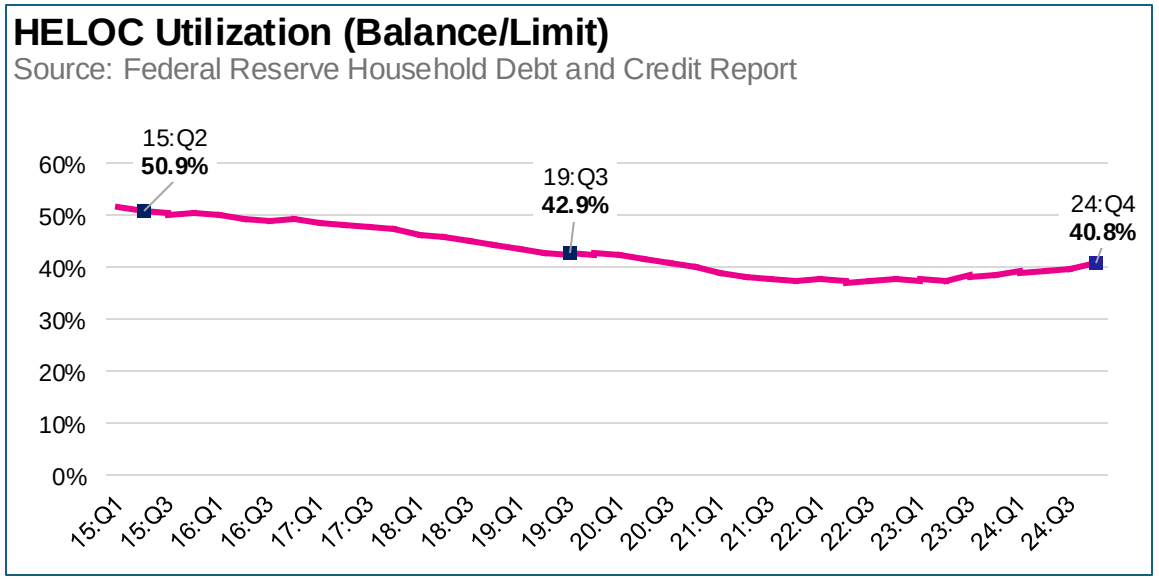


Utilization

Major Takeaways

- Credit card utilization (measured by balances over credit limits) continues to increase from historic lows during the pandemic and is in line with historic averages.
- Card utilization has slowed in recent quarters as limit growth outpaces the growth in balances—signaling greater liquidity in consumer credit cards.
- HELOC utilization is still well below pre-pandemic levels but increasing for the first time in nearly a decade.



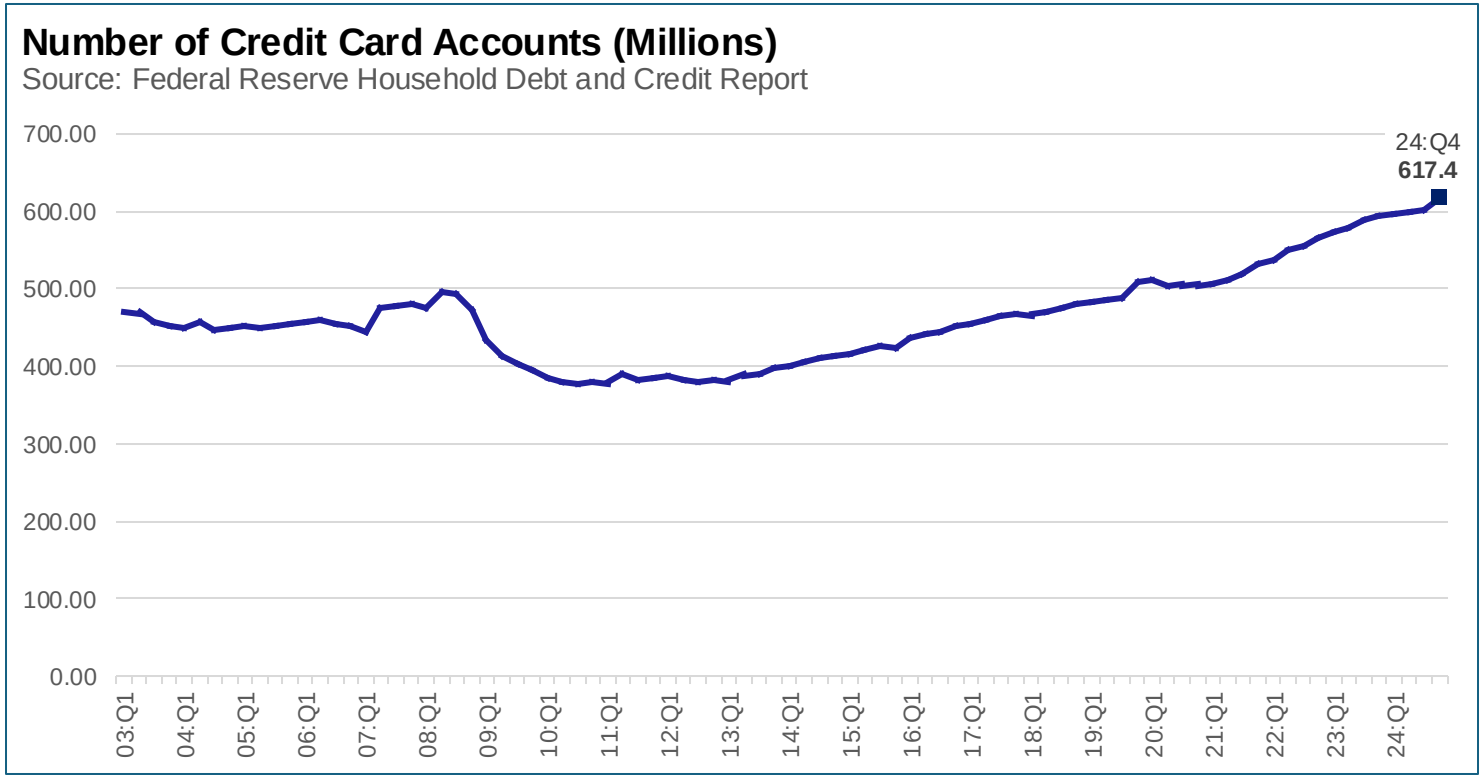


Credit Cards

Credit Card Accounts

Major Takeaways

- The number of credit card accounts continues to increase but has slowed compared to the last 3 years.
- Total credit card accounts as of the Q4 2024 ticked up to just over 617 million after remaining relatively flat over the last year.
- Specifically, the number of credit card accounts increased by 2.9% between Q3 2024 and Q4 2024, despite increasing only by 0.2 % between Q2 2024 and Q3 2024

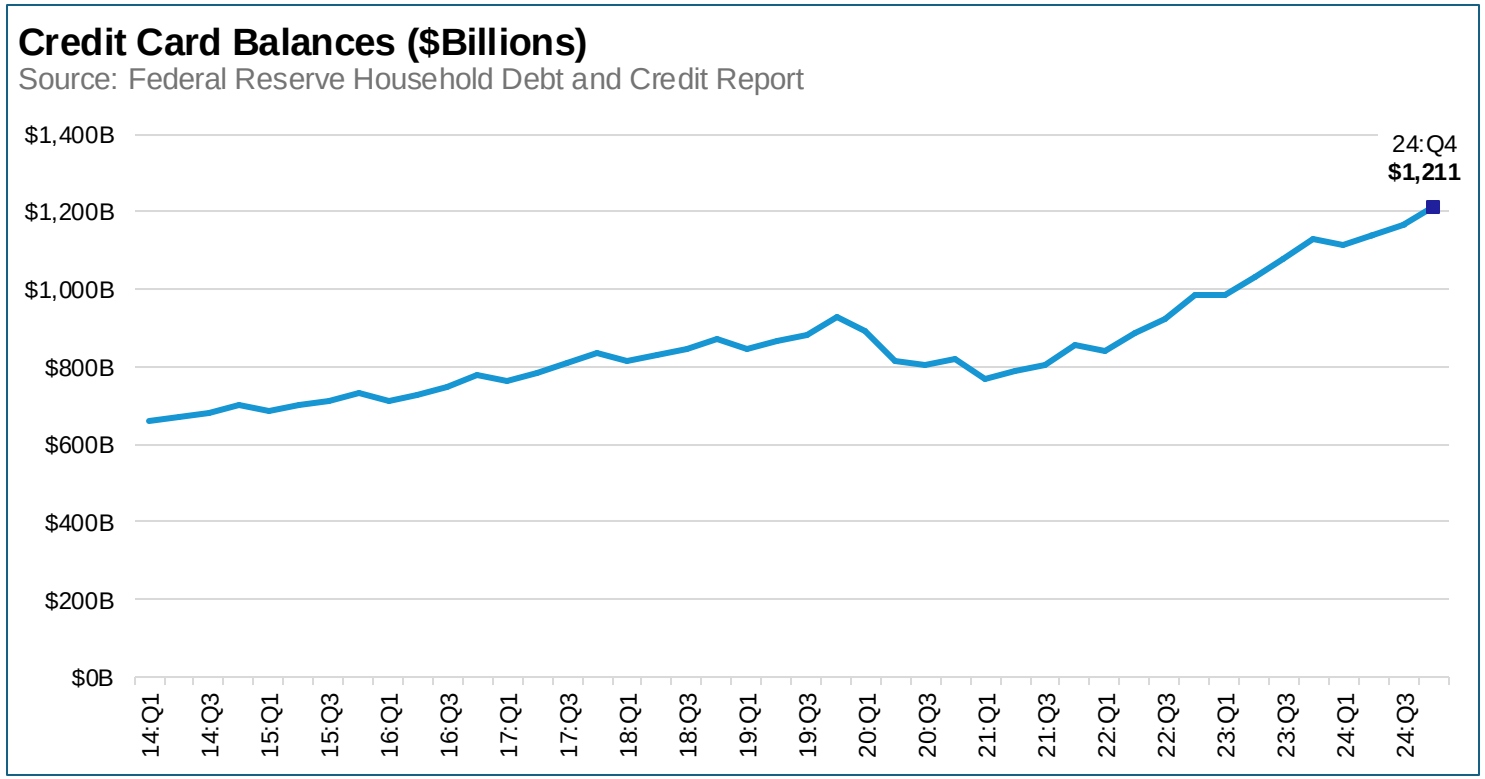


Credit Card Balances

Major Takeaways

- Balances on credit card accounts continued to grow through the 3rd quarter of 2024, but show signs of slowing. QOQ growth in balances was 3.9% in Q4 2024 compared to 4.6% in the same period a year earlier.

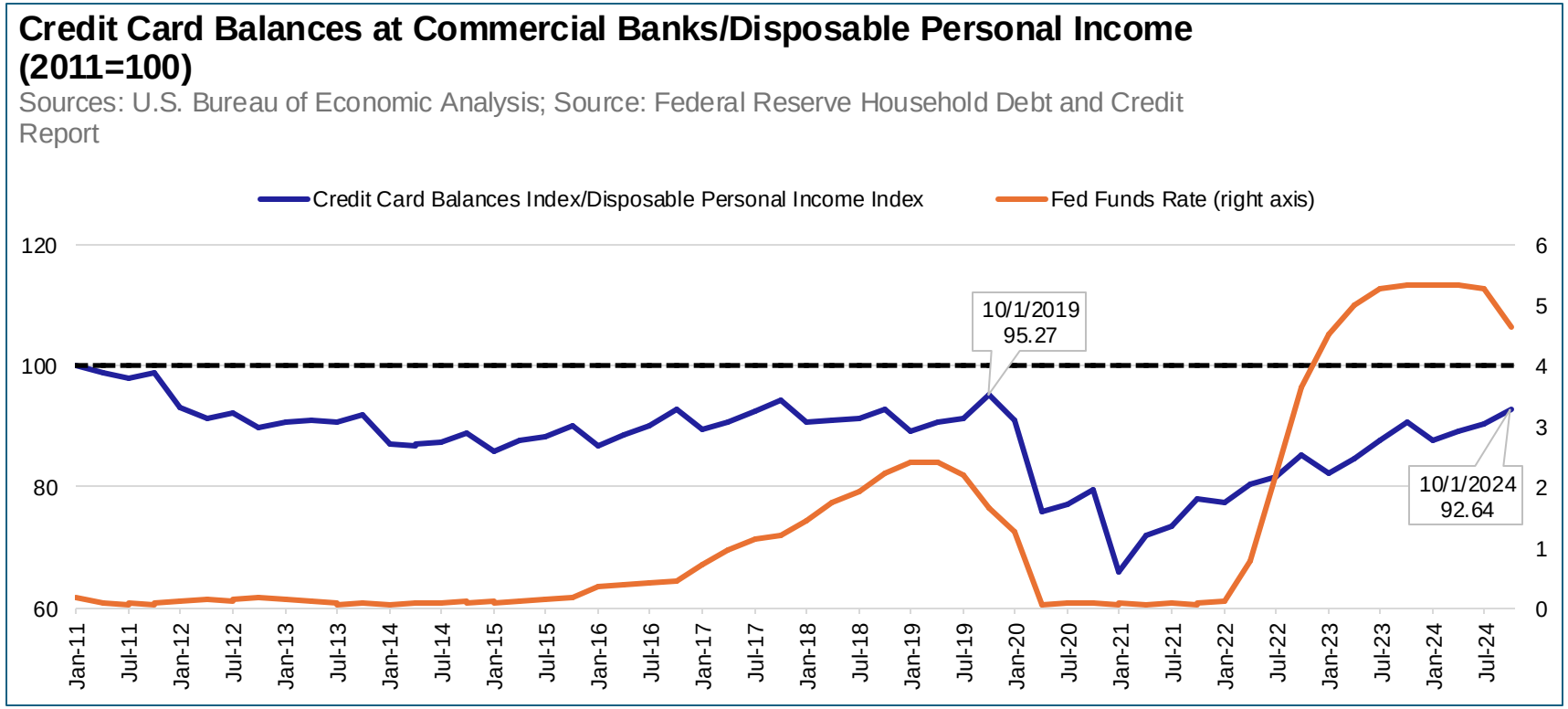
- Monthly revolving balances (balances on all revolving forms of credit including credit cards) decreased in the final months of 2024 leading up to the usually busy holiday spending season.



Consumer Debt Burden

Major Takeaways

- Relative to disposable income, credit card balances are slightly smaller compared to pre-pandemic. Despite growing debt balances and inflation, consumers seem to be holding relatively smaller levels of credit card debt compared to their income by historical standards.



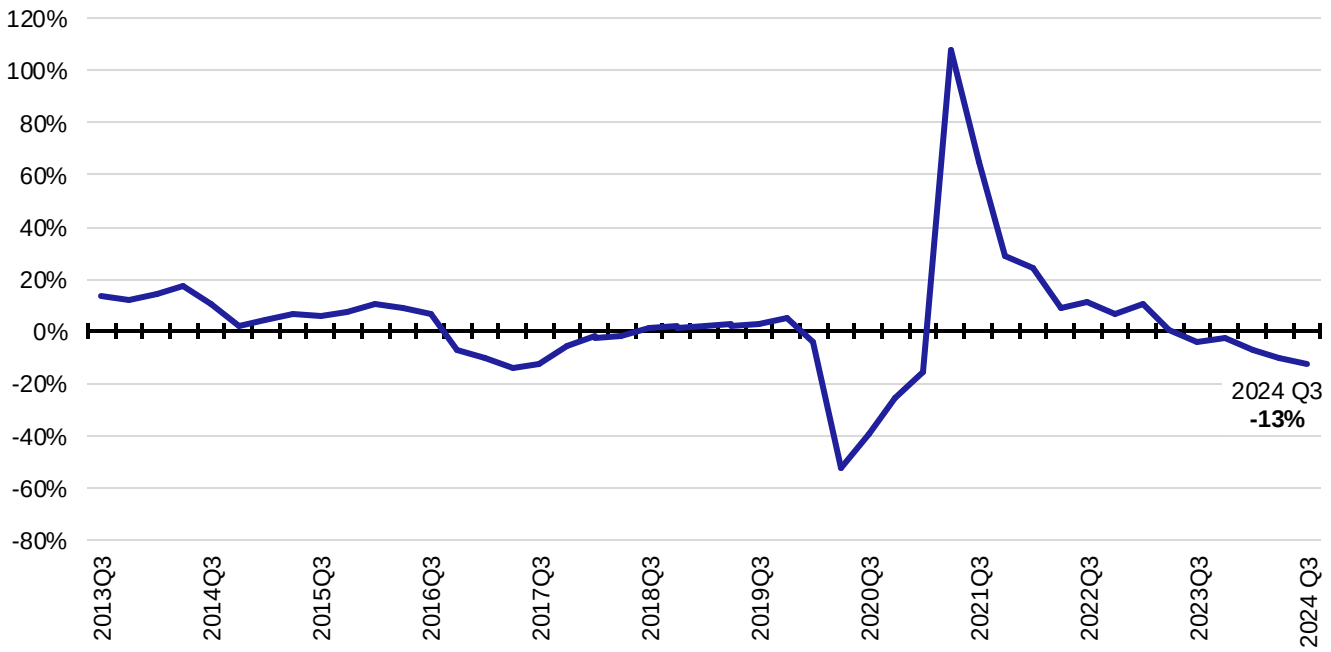
Credit Cards: Originations (Large Banks)

Major Takeaways

- Year over year growth in credit card originations (the number of new credit cards issued compared to a year earlier) at large banks ($100B+ in Total Assets) continues to slow down, with negative growth over the last four (4) quarters .

- New originations are down 13% in the Q3 2024 compared to a year ago.

Number of Credit Card Originations at Large Banks ($100B+ in Assets)
(% Change Year-over-Year)
Source: Federal Reserve Bank of Philadelphia Large Bank Credit Card and Mortgage Data (FR Y-14M)

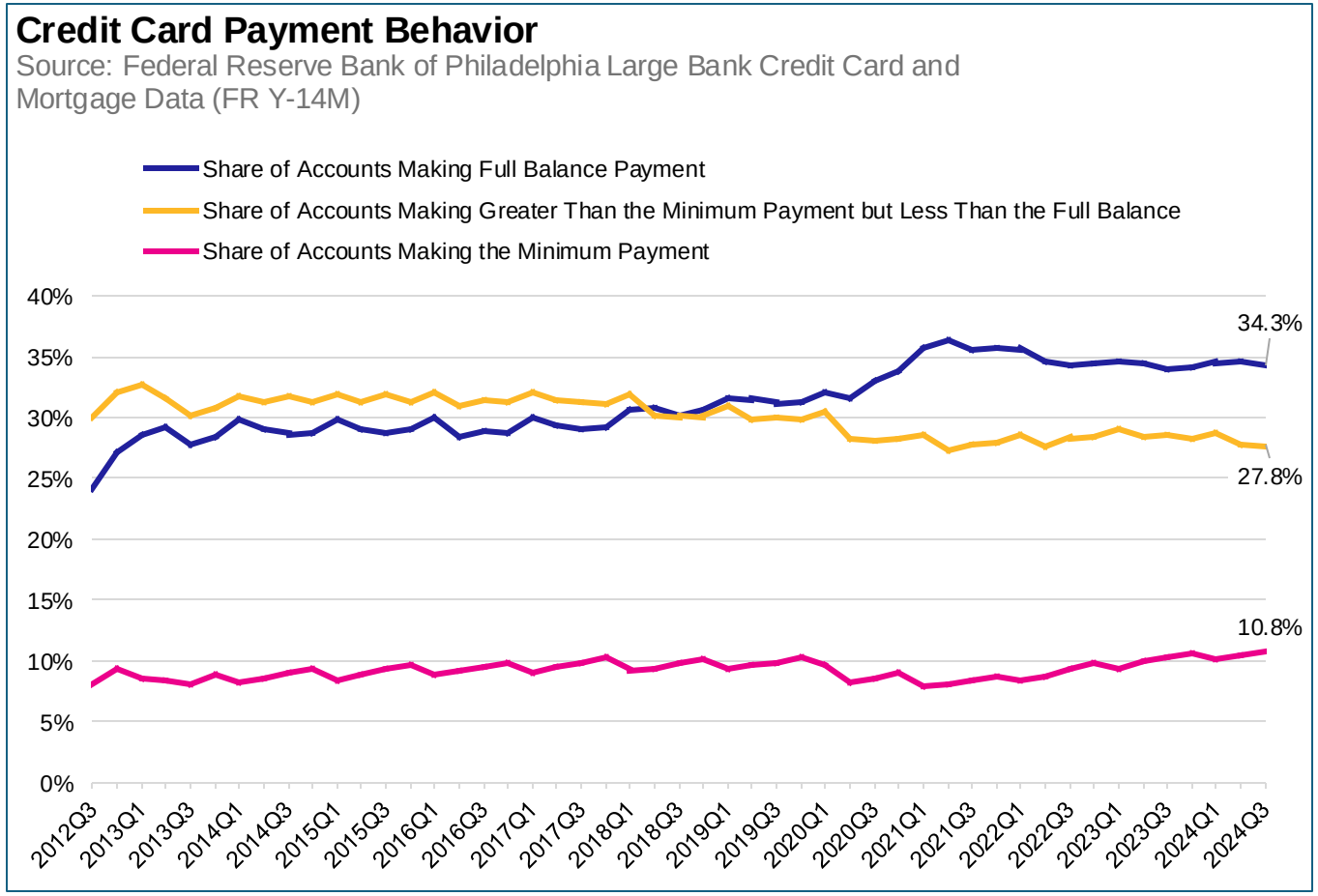


Credit Cards: Payment Rates (Large Banks)

Major Takeaways

- For large banks' ($100B+ in Assets) cardholders, a higher percentage of customers are paying their entire balance off each month compared to pre-pandemic.

- Though the share of accounts paying the full balance has decreased slightly following the pandemic, the share remains well-above the pre-pandemic level.

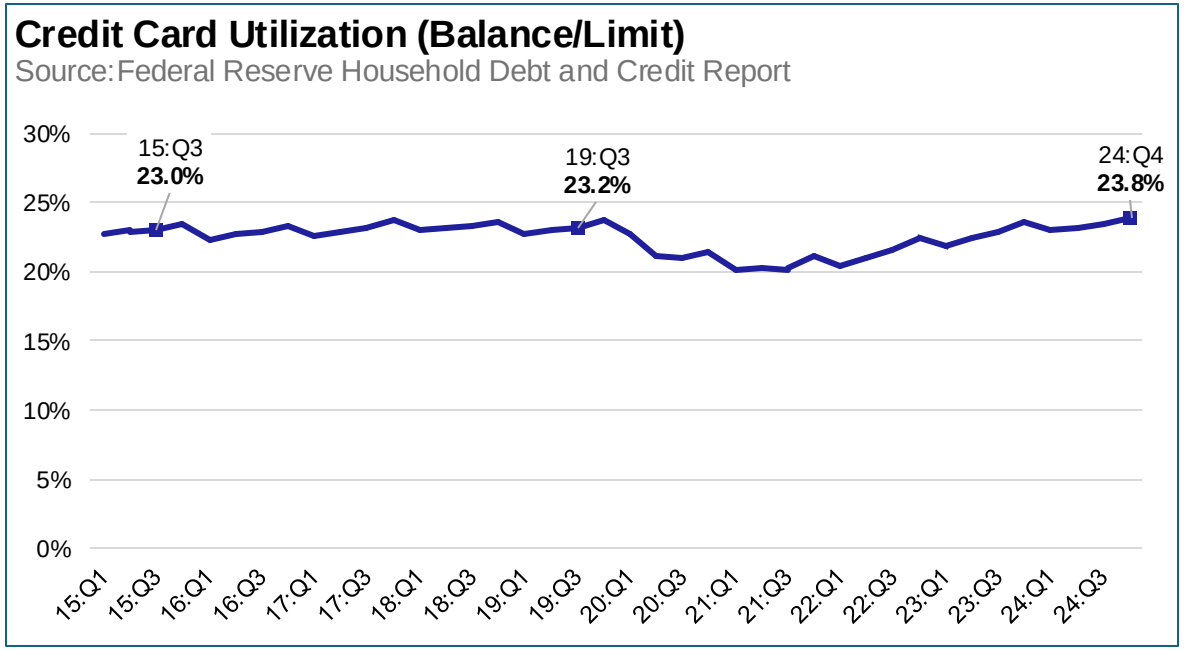


Credit Card Utilization

Major Takeaways

- Credit card utilization (measured by balances over credit limits) continues to increase from historic lows during the pandemic and are in line with historic averages.

- Card utilization is slowing in recent quarters as limit growth outpaces the growth in balances—signaling greater liquidity in consumer credit cards.

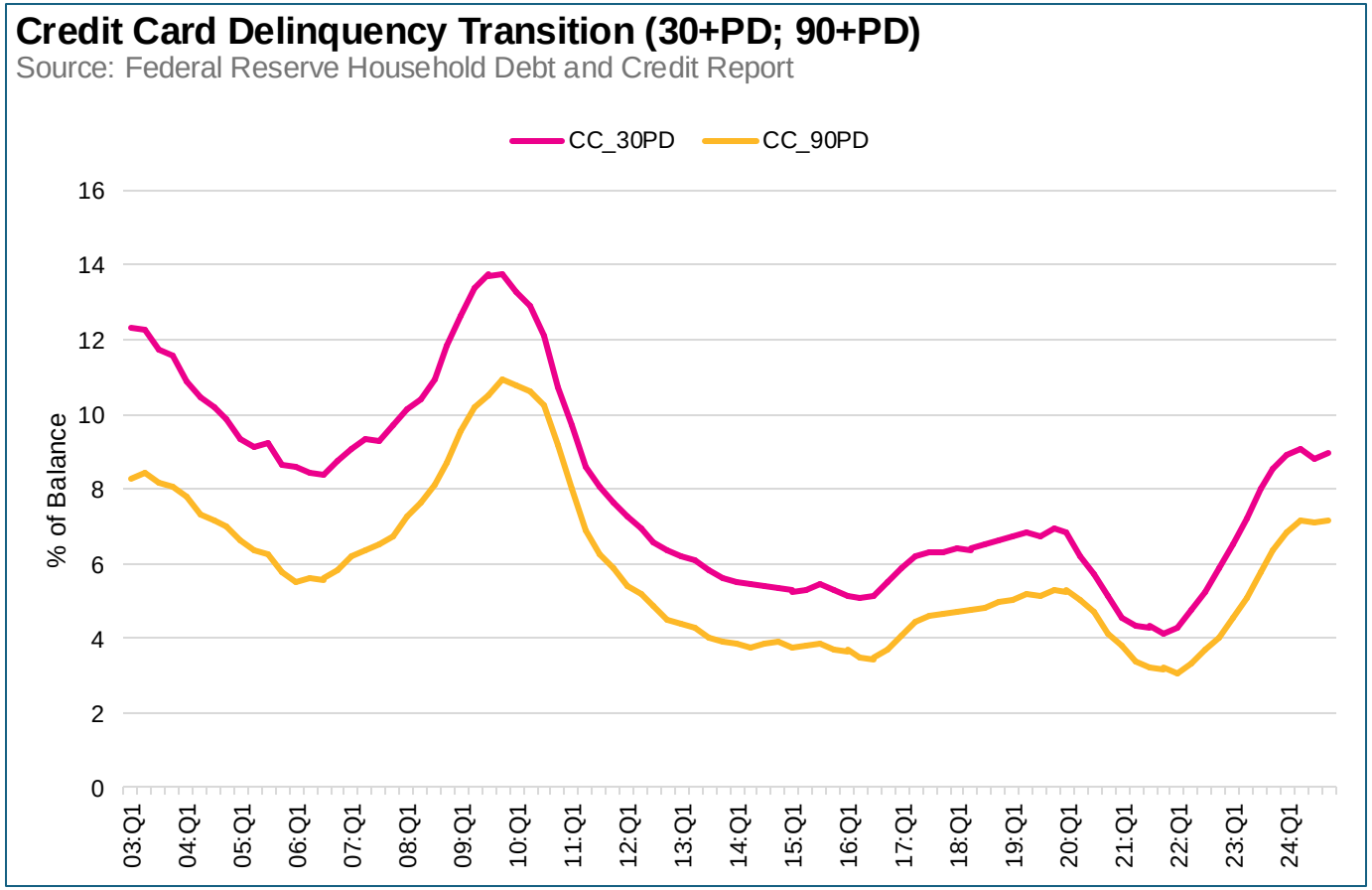


Credit Cards: Delinquencies (Transition)

Major Takeaways

- The percent of balances transitioning into early and serious delinquency, 30+ and 90+ days past due (PD) respectively, are still above pre-pandemic levels, but have started level out.

- The 3rd quarter of 2024 marked the first decline in transition to early delinquency since Q1 2020, however transitions ticked back up in Q4 of 2024.



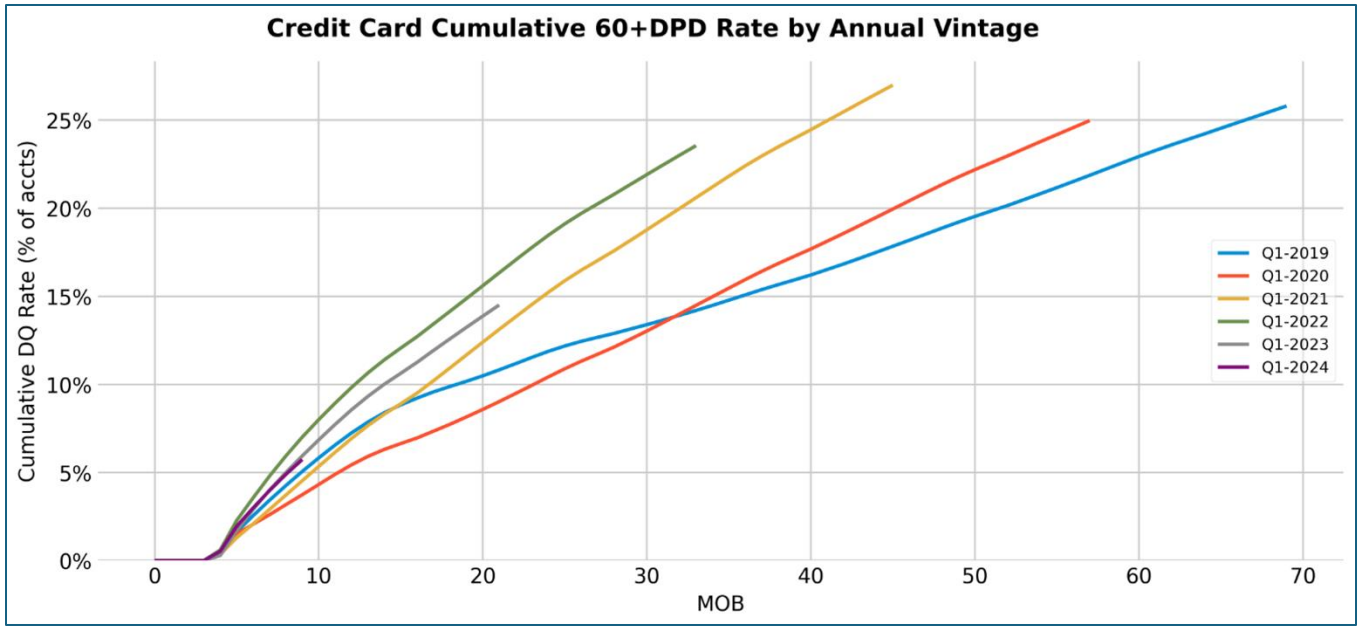
Credit Cards: Delinquencies

Major Takeaways

Overall: Still, elevated, but coming down.

- Delinquency trends for credit cards issued during the pandemic are still above pre-pandemic levels but are starting to level out from their peak (green line).

- However, performance among more recent vintages (grey and purple lines) has improved and suggests a gradual return to pre-pandemic trends as banks tightened standards (slide 18)



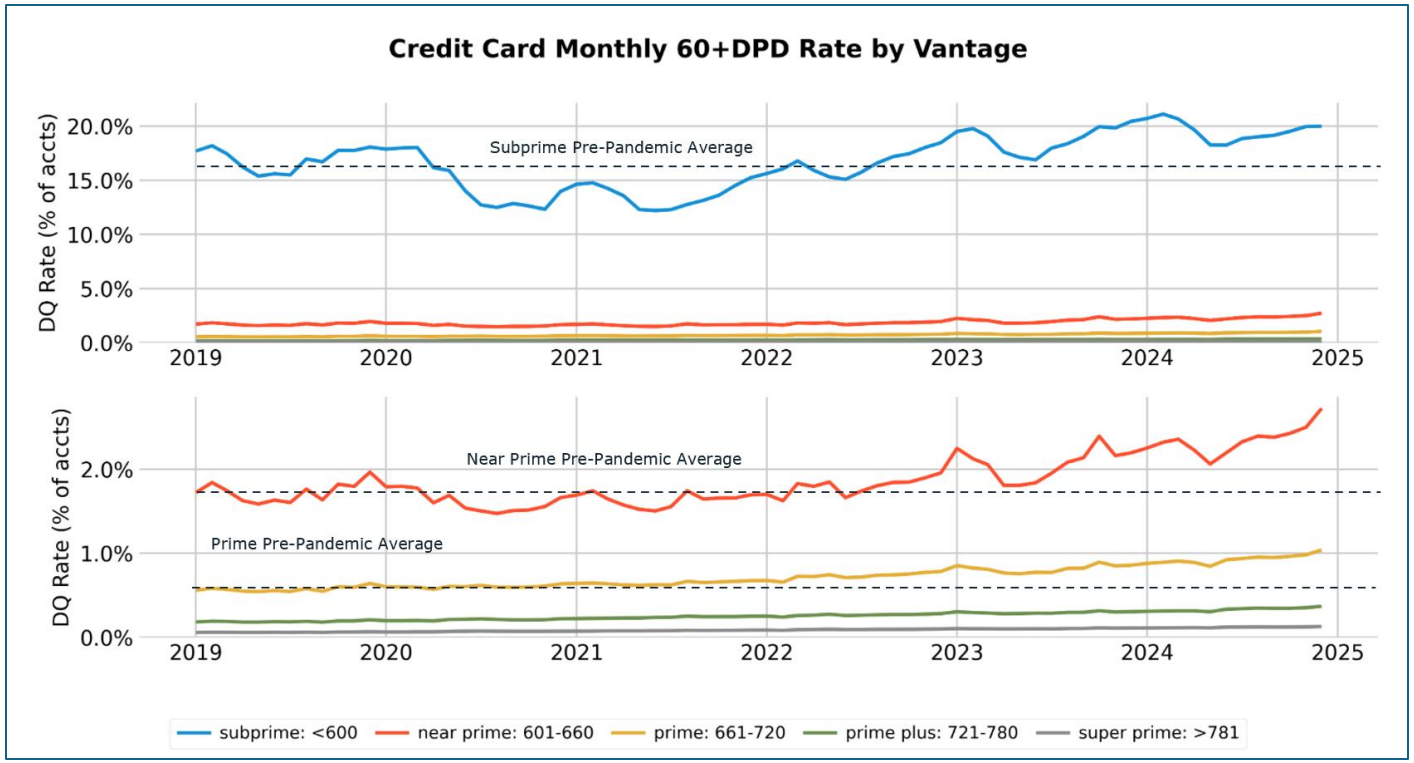
Source: 2nd Order Solutions. *2024 Q4 Credit Risk Review (powered by Equifax Ignite).*

Credit Cards: Delinquencies

Major Takeaways

- Looking closer, we see that delinquencies are still elevated, especially among consumers with lower credit scores.

- The trend for consumers in the Near-Prime credit score band in particular continues to rise past pre-pandemic trends.

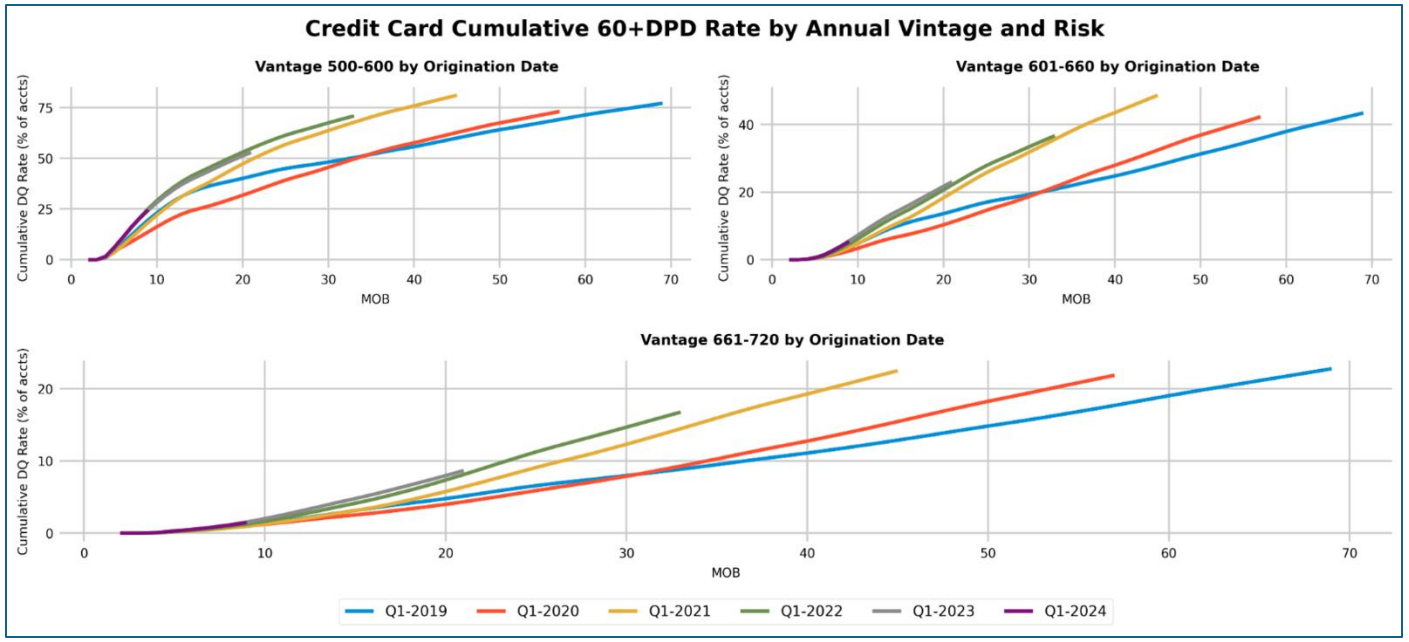


Source: 2nd Order Solutions. *2024 Q4 Credit Risk Review (powered by Equifax Ignite).*

Credit Cards: Delinquencies

Major Takeaways

- Zooming in even further at consumers with prime credit scores or lower, we are starting to see slight improvement in newer cards compared to pandemic-era cards across credit bands.
- Delinquencies in newer vintages in these score bands look to have begun to peak and level out.
- These trends suggest, barring other macroeconomic shocks, that delinquencies will come back down with improvement seen in higher credit score bands first—though it will take time.



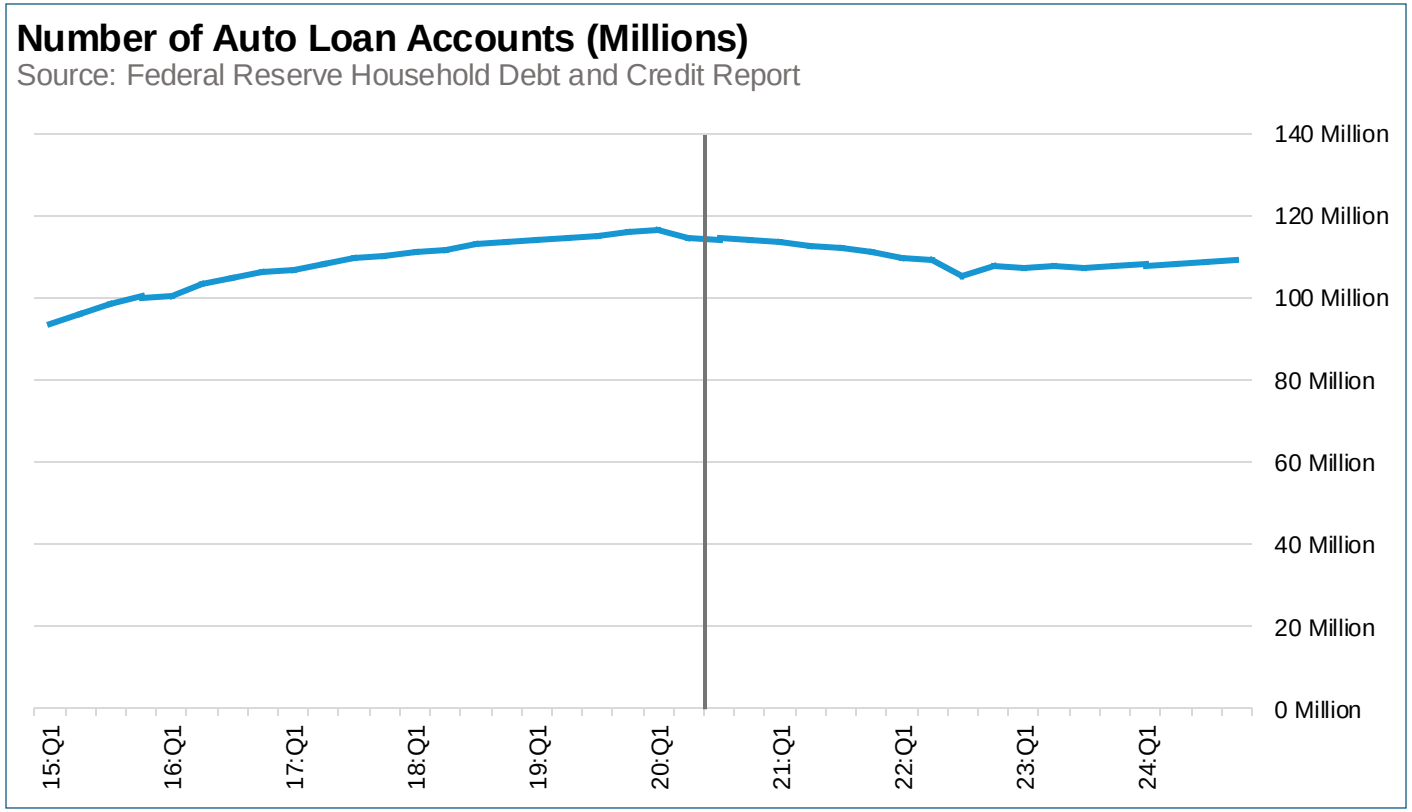
Source: 2nd Order Solutions. *2024 Q4 Credit Risk Review (powered by Equifax Ignite).*

Auto

Auto Loan Accounts

Major Takeaways

- The number of auto loans is still below pre-pandemic levels and growth has been much slower following the pandemic (grey line).
- Higher interest rates and vehicle prices will continue to play a role in slower loan growth.
- Much of the new auto lending is increasingly coming from captive auto lenders and credit unions as banks continue to wind down auto lending following the pandemic.

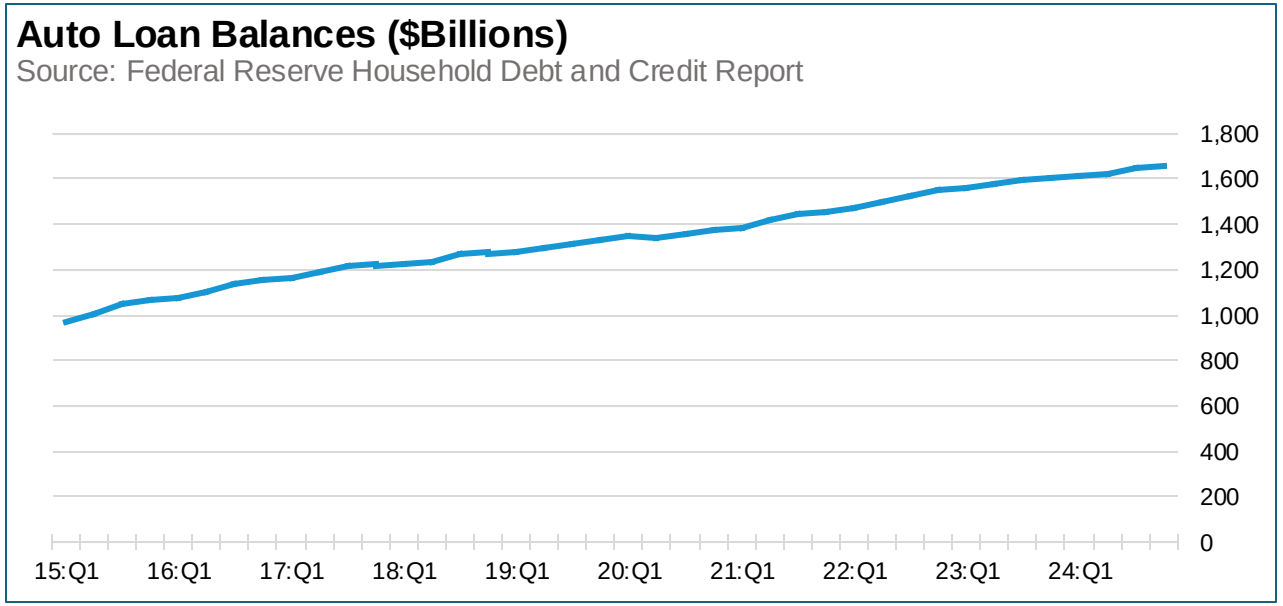


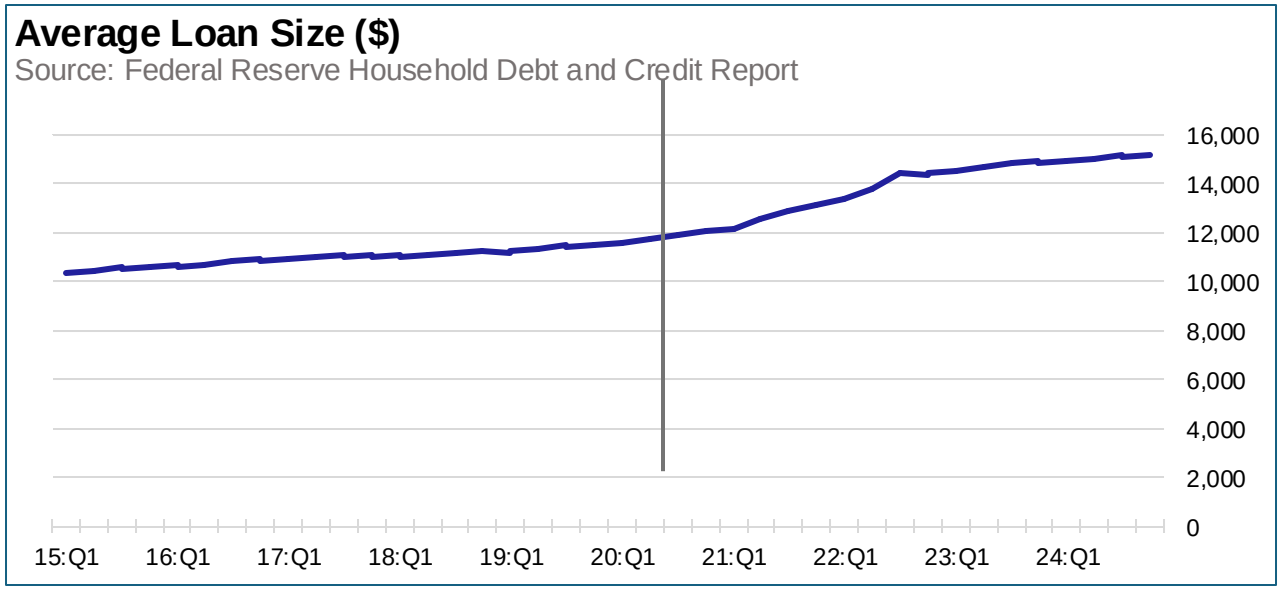
Auto Loan Balances

Major Takeaways

- Despite slower growth in the number of loans, balances continue to increase (top figure) at a constant pace driven by higher vehicle prices following the pandemic which in turn increased the size of loans.

- We see this shift when looking at how average loan balances (total balances divided by number of loans; bottom figure) began increasing faster during the pandemic (grey line) and have yet to come back down, though they have leveled out.

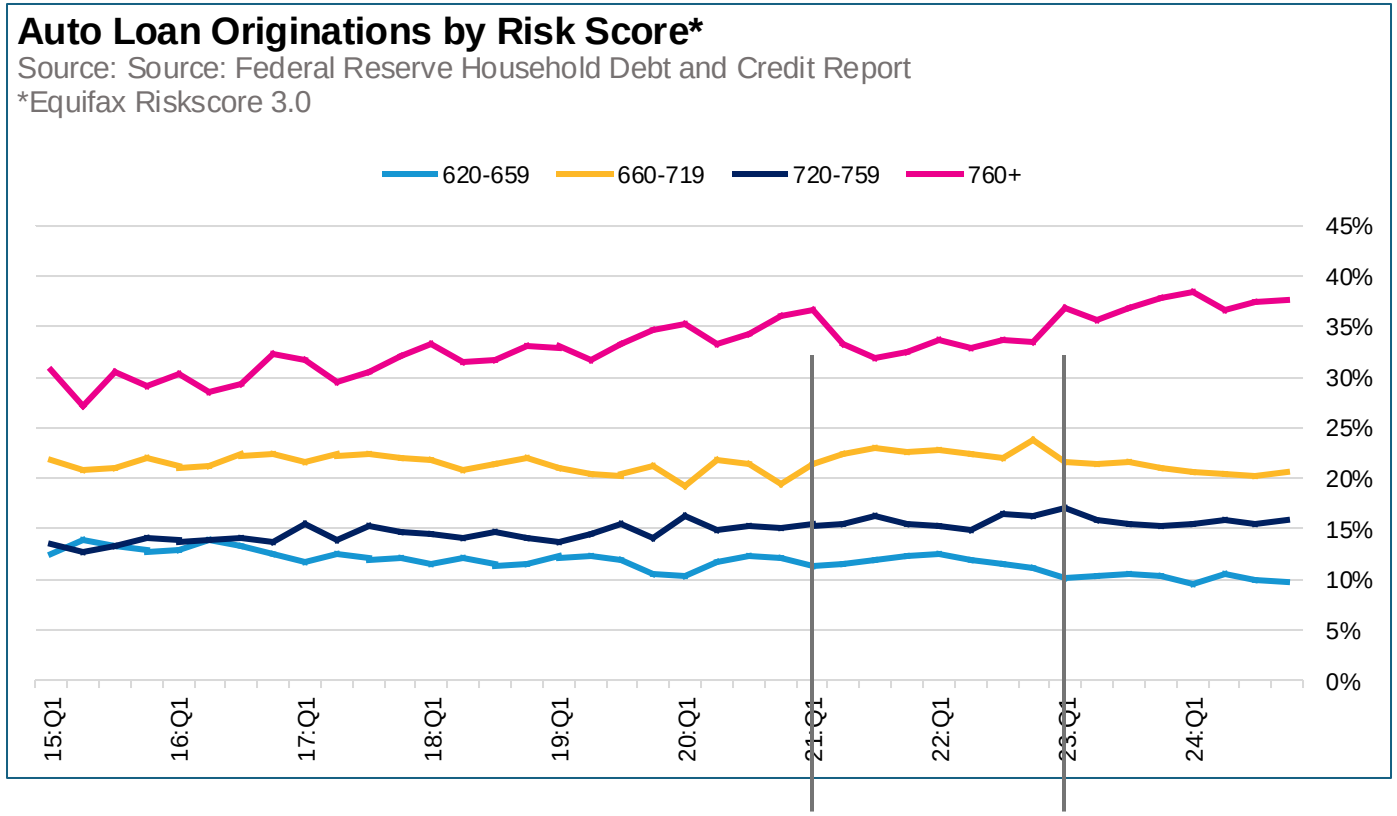




Auto Loan Originations

Major Takeaways

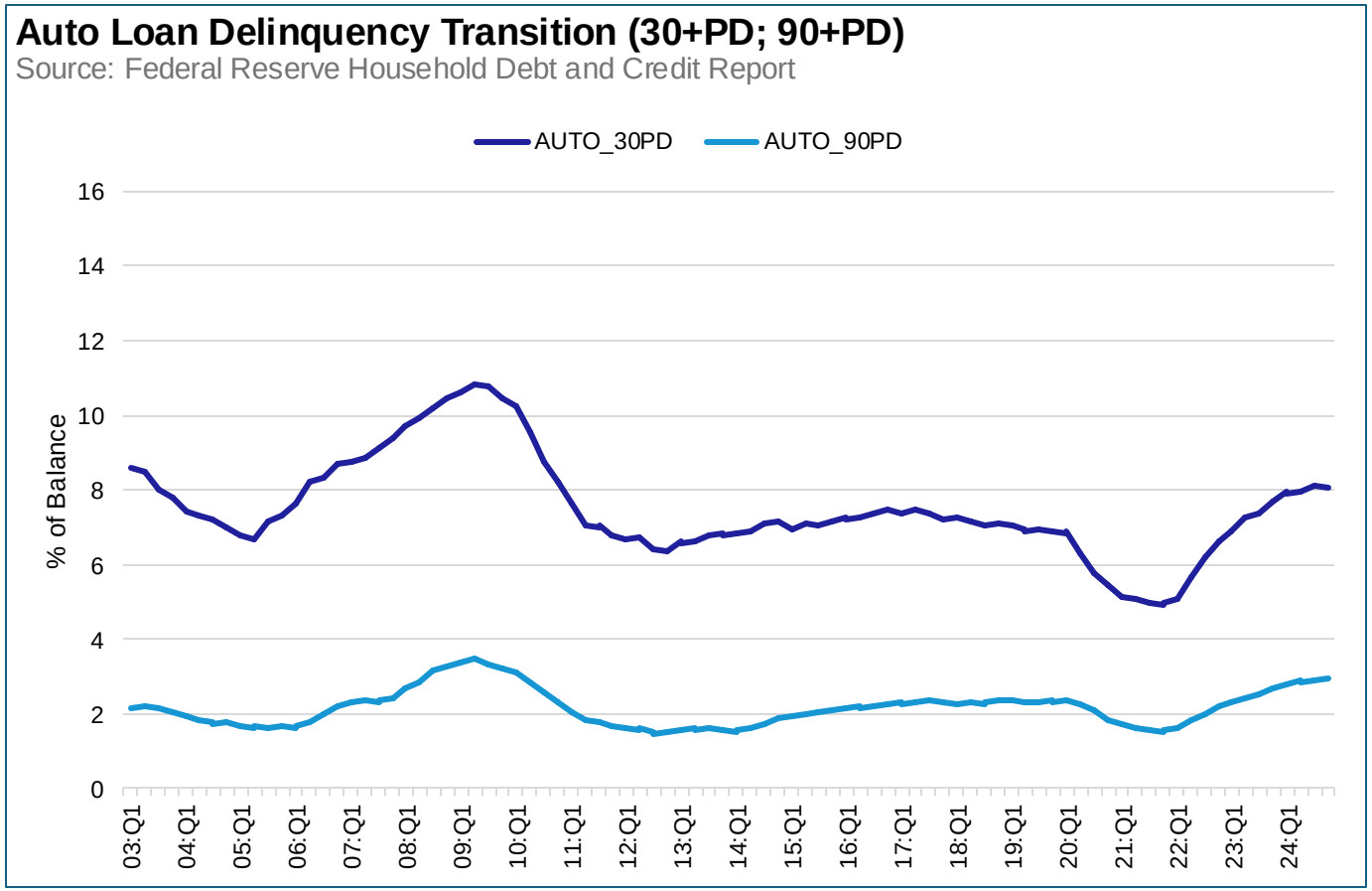
- Originations trends have shifted slightly back to pre-pandemic norms.
- Beginning in 2021 through 2022, a higher number of originations were made further down the credit score range than pre-pandemic. Conversely, loans made in the top score range (pink) dropped.
- Like credit cards, loans made during this period are likely to show elevated levels of delinquency than historical averages.
- Origination trends have mostly reverted back to historical levels as of 2023.



Auto Loan: Delinquencies (Transition)

Major Takeaways

- Like credit cards, auto loan delinquencies, both 30+ and 90+ days past due (PD), have largely leveled out, but ticked up in Q4 2024
- The rate of transition to serious delinquency (90+PD) remains slower than early delinquency (30+PD).
- Higher payments and average loan sizes can put additional stress on the ability of consumers to make payments.



Home Equity

Consumer Lending Demand (HELOCs)

Major Takeaways

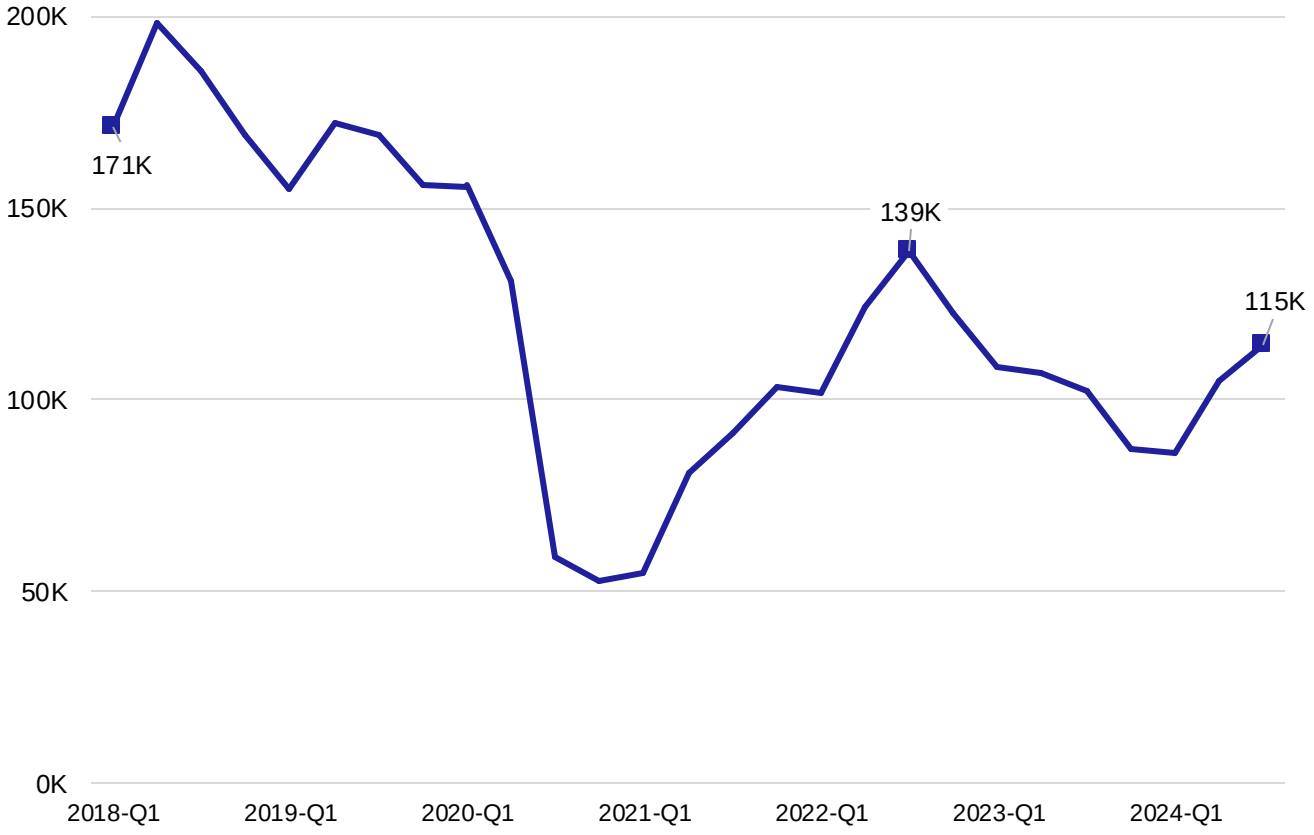
- Analysis from the Urban Institute shows that housing equity increased 7.2% from Q3 2023 to Q3 2024, corresponding with increased equity pulls like HELOCs and cash-out refinances.

- Accordingly, Home Mortgage Disclosure Act (HMDA) data shows the number of HELOC applications continues to rise as consumers look to tap this growing equity to obtain extra liquidity.

- Additional reporting shows consumers increasingly using HELOCs to consolidate growing and more expensive debt like credit cards.

Quarterly HELOC Applications

Appplications increased in the fourth quarter of 2024 for the first time since 2022.

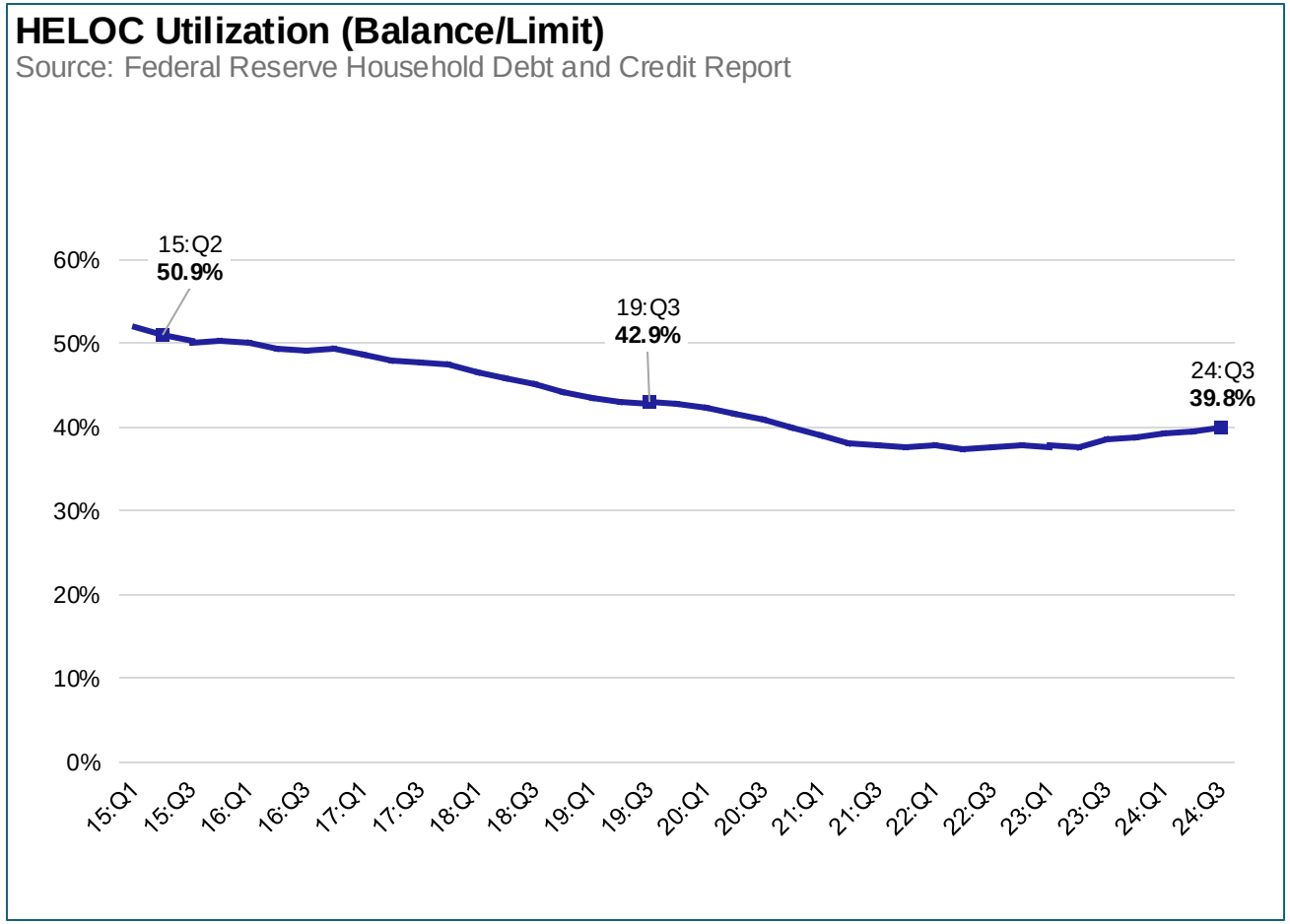


Utilization

Major Takeaways

- While HELOC utilization is still well below pre-pandemic levels, it is increasing for the first time in nearly a decade.

- As consumers' demand for HELOC products and/or utilization of HELOC products to consolidate other debts increases, balances and utilization will grow.

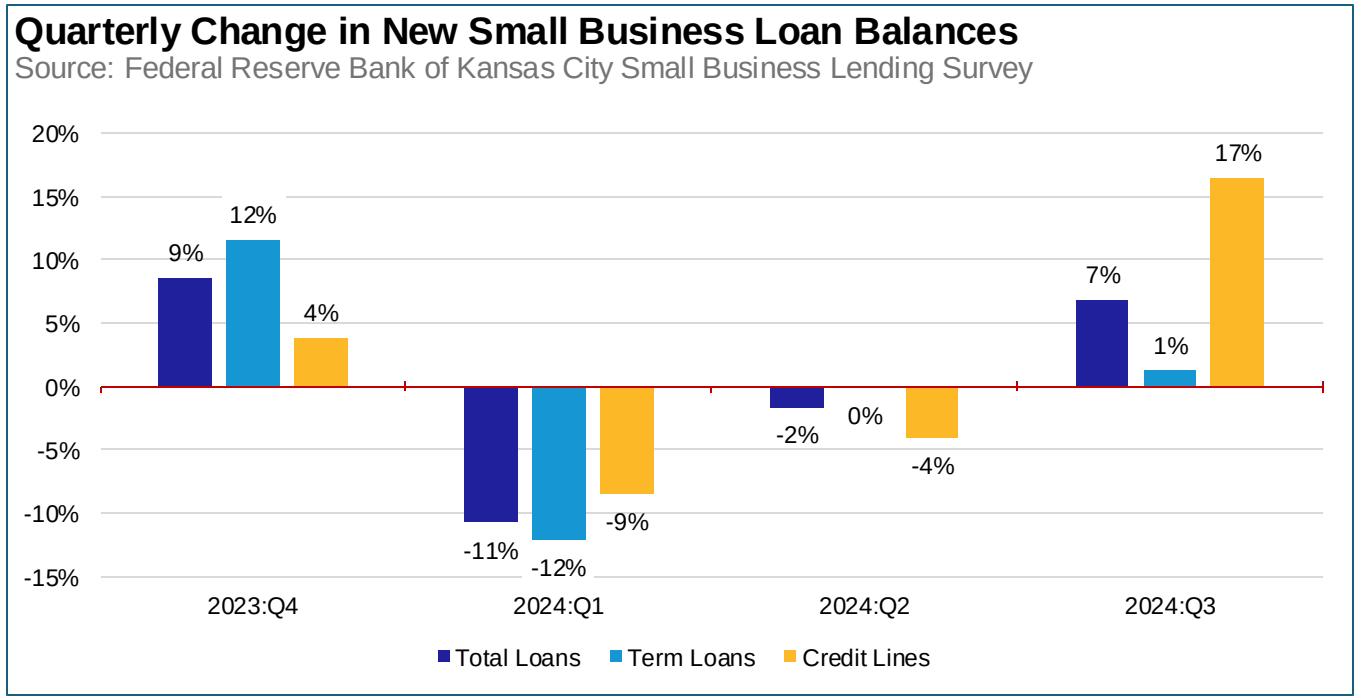


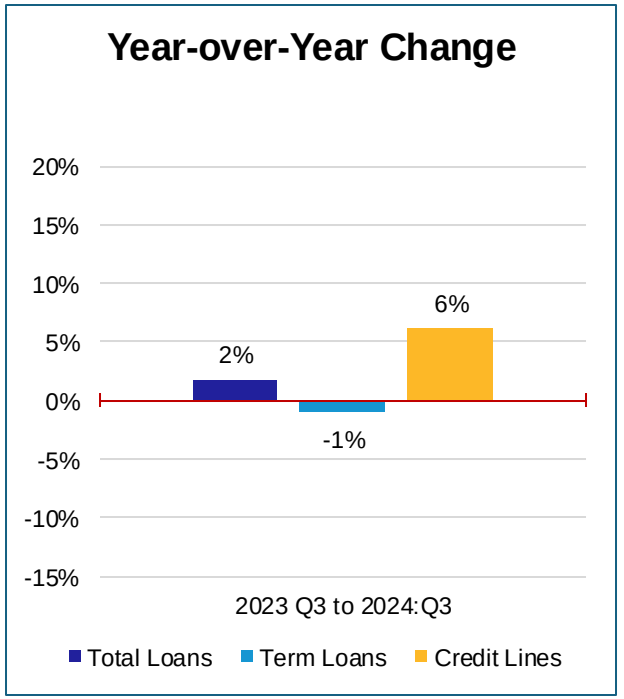
Small Business

Small Business: New Loans

Major Takeaways

- New balances (new loans) to small businesses increased in the third quarter of 2024, mostly driven by lines of credit—similar to the increase in loans year-over-year.*
- The concentration in loan growth in lines of credit rather than term loans suggests small businesses are looking to increase access to liquidity as costs remain high rather than making long term investments using debt.





*based on the most recent data from the Kansas City Federal Reserve Bank

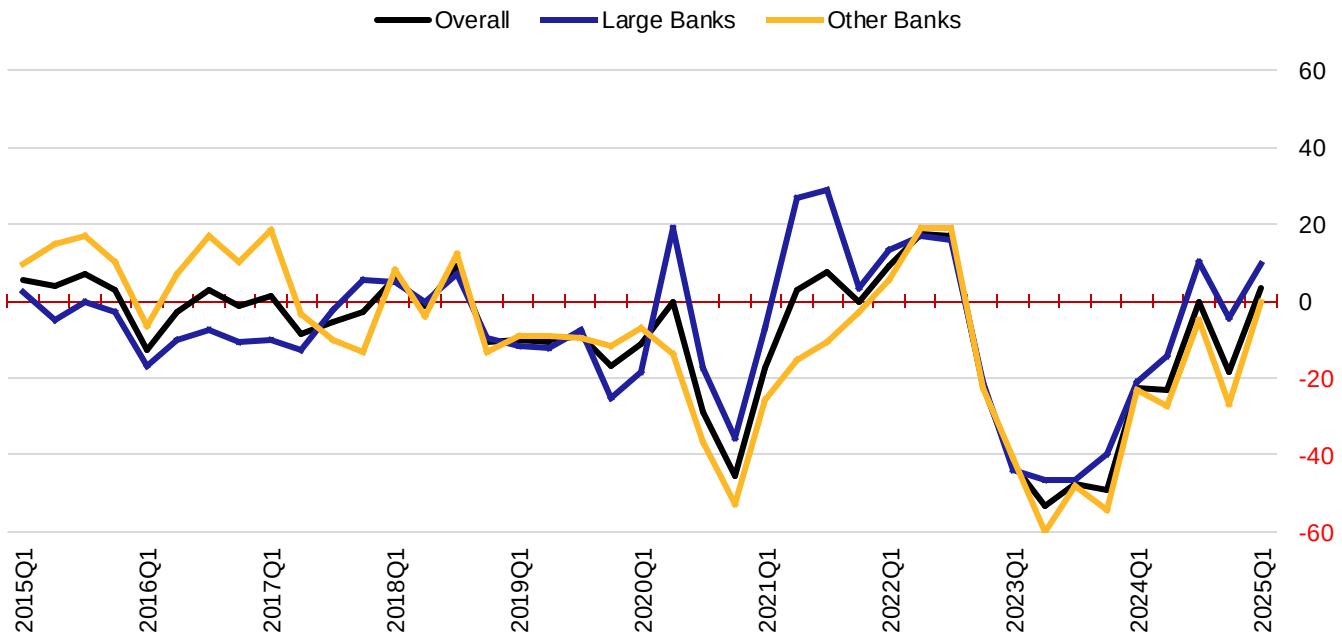
Small Business: Demand

Major Takeaways

- Banks are starting to report increased demand for loans from small businesses.
- Large banks were the first to start seeing consistently increasing demand from small businesses, an inversion of pre-pandemic trends.
- Additional context from the Beige Book and National Federal of Independent Business suggests small businesses have been holding off on new loans until interest rates, holiday shopping, and the priorities of the new Presidential administration are clearer.

Net percentage of domestic banks reporting stronger demand for C&I loans from small firms

Source: Federal Reserve Senior Loan Officer Opinion Survey



Small firms = firms with annual sales of less than $50 million.
Large banks = total assets of $100 billion or more.
Other banks = total assets of less than $100 billion.

Small Business: Supply

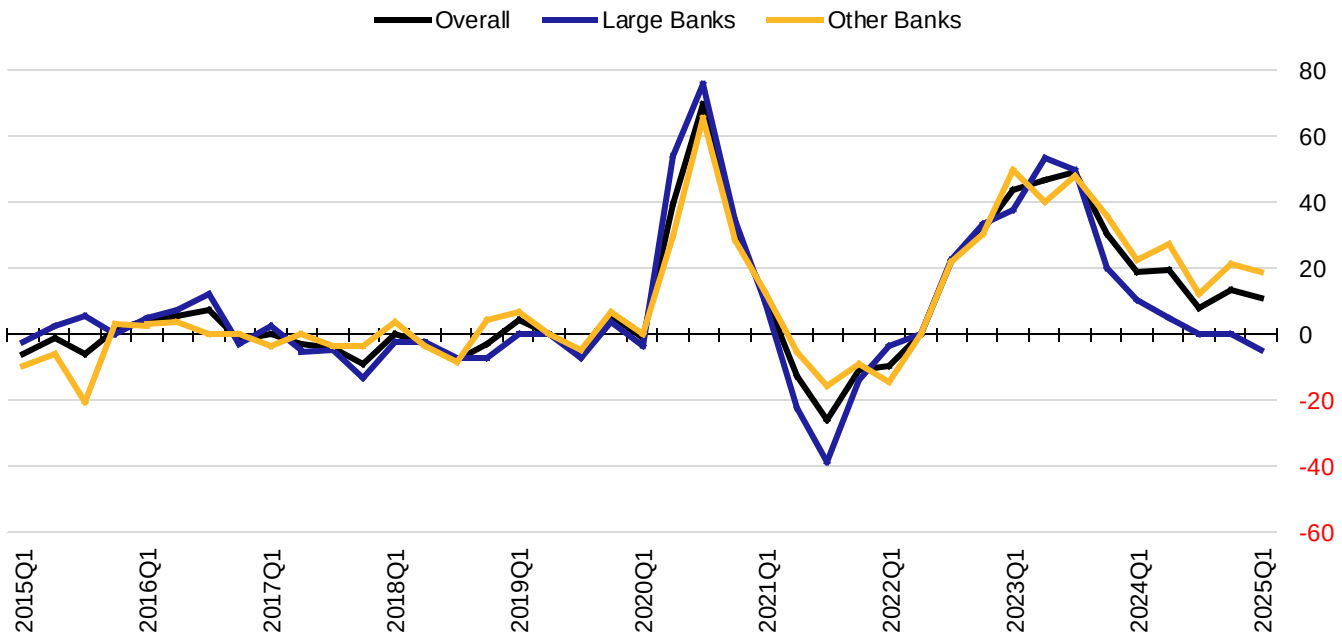
Major Takeaways

- As demand for loans from small businesses recovers from the pandemic, fewer banks are reporting tightening standards, increasing the potential supply of loans to meet demand.

- Large banks have been the first to move and report less tightening than smaller banks.

Net percentage of banks tightening standards for C&I loans to small firms

Source: Federal Reserve Senior Loan Officer Opinion Survey



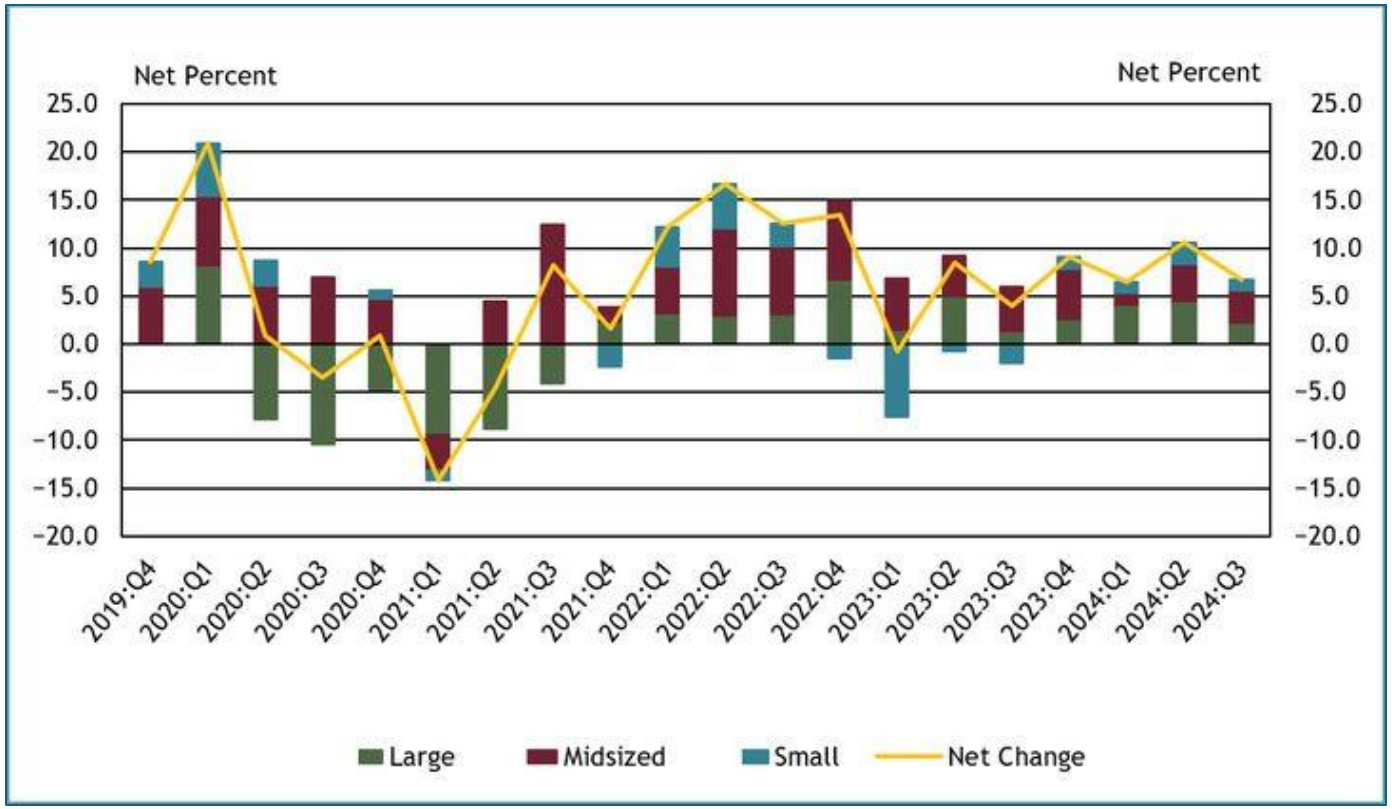
Small firms = firms with annual sales of less than $50 million.
Large banks = total assets of $100 billion or more.
Other banks = total assets of less than $100 billion.

Small Business: Credit Line Usage

Major Takeaways

- The number of banks, on net, reporting an increase in credit line usage declined in Q3 2024.*

- Debt financing may continue to increase as interest rates come down with the Fed loosening monetary policy and lowering rates. Additionally, as new credit line accounts and balances are booked, line usage will continue to fluctuate.



Small banks = total assets of $1 billion or less
Midsized banks = total assets between $1 billion - $10 billion
Large banks = total assets greater than $10 billion.

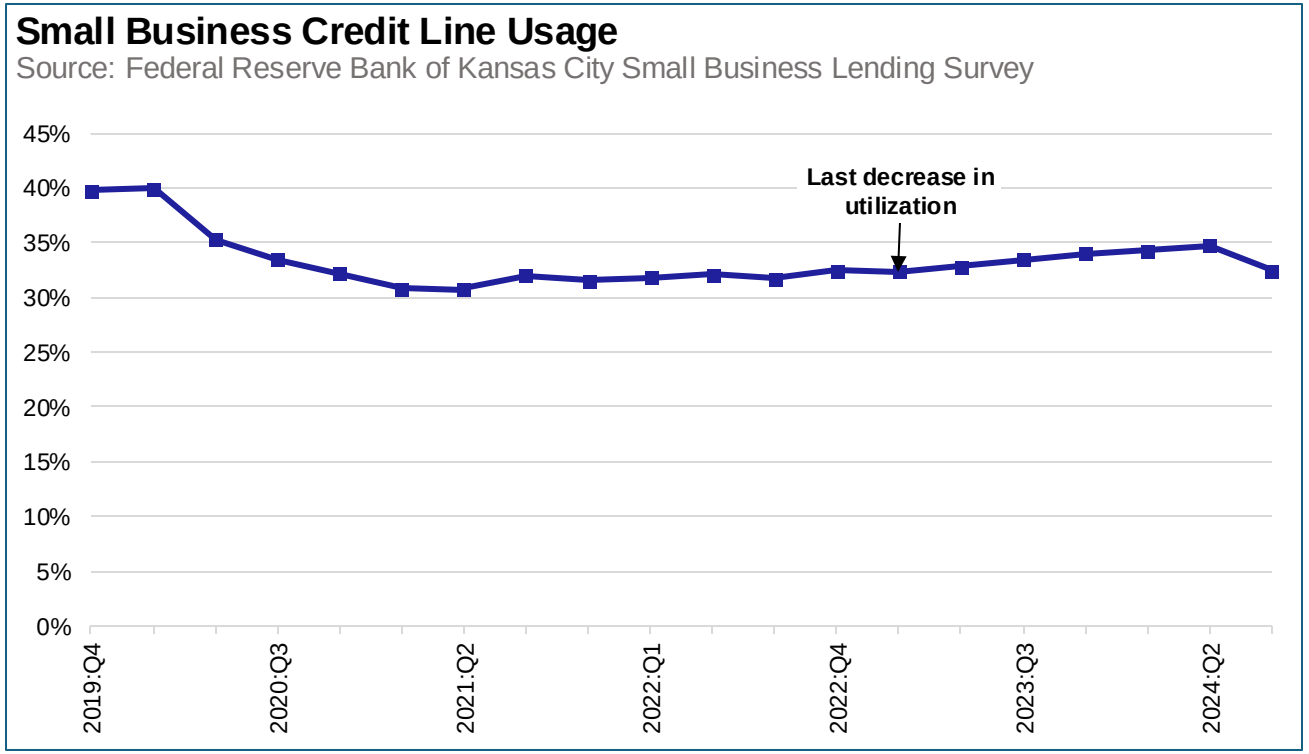
*based on the most recent data from the Kansas City Federal Reserve Bank

Small Business: Credit Line Usage

Major Takeaways

- Total credit line usage by small businesses declined for the first time in five (5) quarters signaling improved liquidity and less costs pressure for small businesses.

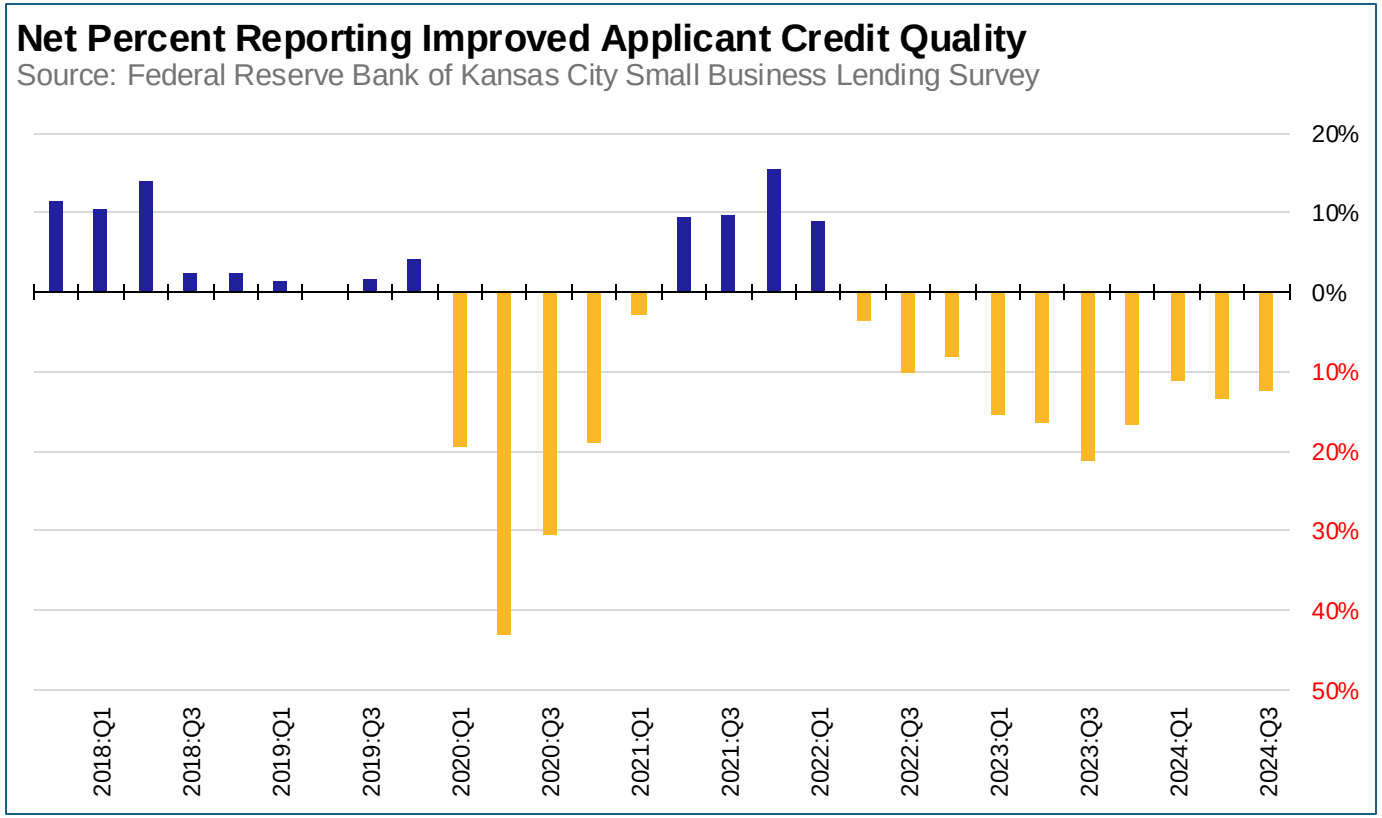
- Both fixed and variable rate credit line utilization decreased (variable lines make up the bulk of all small business credit lines).



Small Business: Credit Quality

Major Takeaways

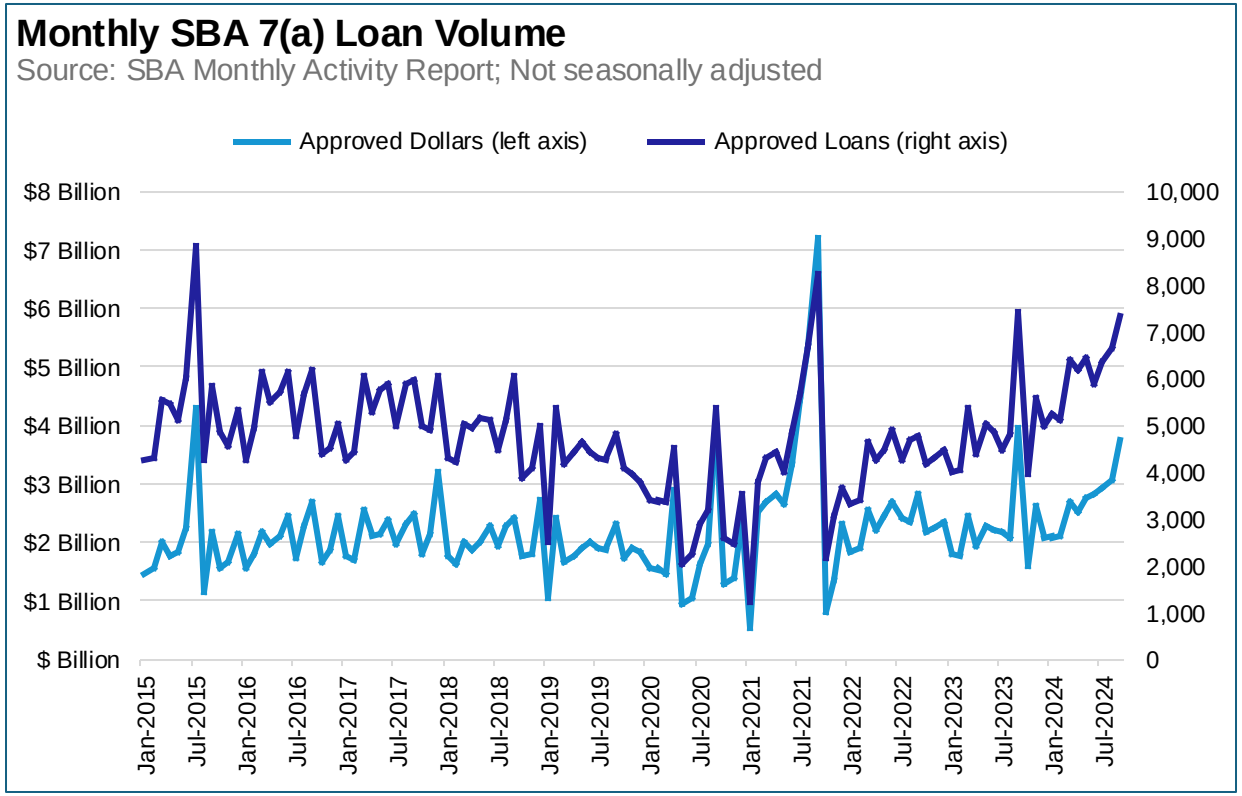
- The net number of banks reporting improved applicant credit quality ws negative for the 10th consecutive quarter.
- Business owner liquidity and debt-to-income levels remain the most important reason for these assessments.
- As businesses continued to cycle through a period of higher-than-normal costs and inflation, the number of banks reporting worse applicant quality has decreased and stabilized at around a net of 10 percent.



Small Business: SBA Lending

Major Takeaways

- Loans made through the SBA's 7(a) program (non-real estate loan purpose) have increased dramatically since the pandemic.
- Both the number of loans and total loan amounts are at historic highs (discounting the pandemic).
- The increase in activity for government lending programs aligns with the lower applicant credit quality and standard tightening we have seen as these programs generally are more lenient.



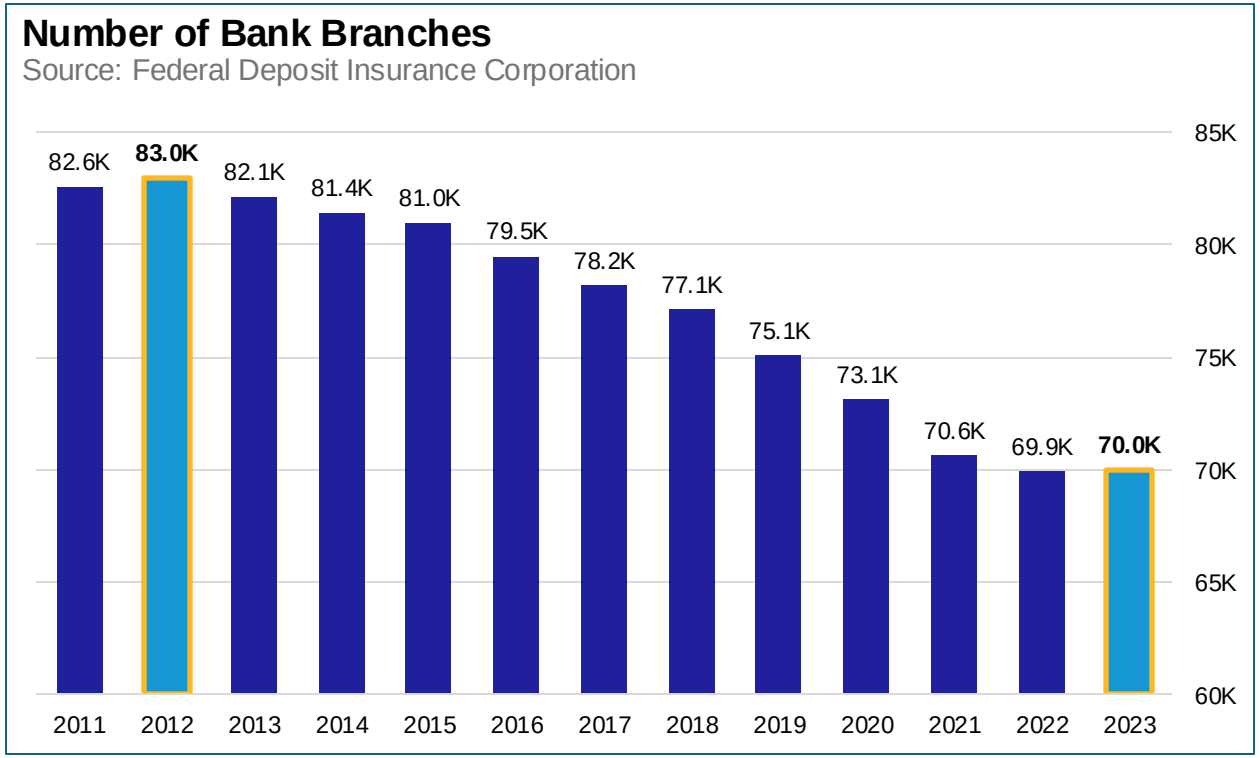
Other Topics: Branch Banking

Other Topics: Branches

Major Takeaways

- 2023 saw the first net increase in the number of bank branches after decades of branch consolidation.

- Multiple CBA members have announced branch expansions in 2024. Full data for 2024 will not be available until June 2025.



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