

OVERVIEW

Catalyst

Summary

EXECUTIVE SUMMARY

Assessing the attractiveness of the affluent customer segment

- Defining different credit card customers and credit card products

- Affluent consumers are a sizable group, and are currently well-served by card issuers

- Affluent credit card customers are crucial to issuers

- Fee and transaction fee income dominate affluent credit card customer revenue

- Emerging countries represent the future high growth affluent markets

Profiling the affluent credit card customer

- Affluent customers hold more credit cards per person than the average credit card customer

- The minority of affluent customers makes up the majority of the revenue

- Affluent customers are more likely to look for a new credit card than mass market consumers

- Affluent cardholders behave differently from the mass market in two key ways

Sizing global premium card opportunities

- Datamonitor's Premium Cards Opportunity Model sizes the target market for premium cards

- Overall, 11 million affluent customers are expected to become premium card customers in the next 12 months

- Emerging countries represent a high growth opportunity for premium cards

- The US remains the largest addressable market for premium cards

The future of premium credit cards

- The high levels of credit card penetration have caused traditional premium brands to lose their exclusivity

- Card issuers and schemes continue to target affluent consumers with post-platinum brands

- Unique services will provide a point of differentiation for the affluent segment

ASSESSING THE ATTRACTIVENESS OF THE AFFLUENT CUSTOMER SEGMENT

Defining different credit card customers and credit card products

- This report examines both the affluent customer group and the products designed to serve it

Affluent consumers are a sizable group, and are currently well-served by card issuers

- The US represents the largest market of affluent customers

- Demand for credit cards is high among affluent customers

- However, premium card penetration is low among affluent credit card customers in some countries

Affluent credit card customers are crucial to issuers

- The average affluent credit card customer generates 35% more revenue than the average mass market customer

- Fee and transaction fee income dominate affluent credit card customer revenue

Affluent customers will drive the future growth of credit cards

PROFILING THE AFFLUENT CREDIT CARD CUSTOMER

Affluent customers have access to a wide range of card products

Affluent customers hold more credit cards per person than the average credit card customer

The majority of affluent customers are active credit card users, but attachment levels vary globally

Affluent customers show strong demand for credit cards

Affluent customers are more likely to look for a new credit card than mass market consumers

Affluent customers are better informed about credit card products than the mass market

Affluent cardholders behave differently from the mass market in two key ways

Affluent customers spend 3.2 times more on their credit cards than mass market customers

Affluent customers are more open to new payment innovations than the mass market

SIZING GLOBAL PREMIUM CARD OPPORTUNITIES

Datamonitor's Premium Cards Opportunity Model sizes the target market for premium cards

The Premium Cards Opportunity Model identifies two key consumer groupings for premium cards

Emerging countries will become high growth markets for premium card issuers

Overall, 11 million affluent customers are expected to become premium card customers in the next 12 months

Emerging countries represent a high growth opportunity for premium cards

Not all card issuers benefit from upgraders

The US remains the largest addressable market for premium cards

High growth in the number of affluent customers in emerging countries will provide strong future growth

THE FUTURE OF PREMIUM CREDIT CARDS

The erosion of premium branding has not affected the targeting of affluent consumers

The high levels of credit card penetration have caused traditional premium brands to lose their exclusivity

Card issuers and schemes continue to target affluent consumers with post-platinum brands

Cards branded above platinum offer differentiation, but some are at risk of losing their exclusive status

Visa Signature and MasterCard World are aimed at offering extra services

However, the pressure to use this branding to attract customers is devaluing such offerings

Individuality is the key to targeting niche affluent segments

Card issuers with leadership in a particular area are valued highly by affluent customers

Invitation only cards provide additional exclusivity for high net worth customers

Unique services will provide a point of differentiation for the affluent segment

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Disclaimer

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