

## Retailers Lure Customers to High Interest Credit Cards With Increasing Rewards

*Average retail card APR up for third straight year*

Austin, Texas – October 18, 2017 – Retailers are increasing rewards offerings on high interest co-branded and store-only credit cards, according to a report from CreditCards.com. While about one-third of the 65 cards surveyed added value to their rewards programs in the past 12 months, the average retail credit card APR also rose for the third straight year to 24.99%. The number is even higher for store-only cards (26.38%). For comparison, the average overall credit card APR currently sits at 16.15%. Click here for more information:

<https://www.creditcards.com/credit-card-news/retail-store-credit-card-survey.php>

With the average retail card APR on the rise, 2017 also sees a store card crack the 30.00% APR threshold for the first time. The Brandsource credit card currently charges a whopping 30.49% APR. And, it isn't the only card to push towards the 30.00% mark; the Big Lots credit card (29.99%), Piercing Pagoda credit card (29.99%), Zales credit card (29.99%) and Staples personal credit card (28.99%) are all teetering on the edge.

In order to tempt customers to these potentially costly agreements, retail cards offer initial and ongoing perks to sweeten the deal. The most popular perk, offered by 80% of the cards surveyed, is a structured rewards program such as cash/points back offers based on store spending. About two-thirds of the cards surveyed offer a first purchase discount or reward, while a handful (22%) reward cardholders incrementally based on how much is charged to their credit card.

About 40% of these credit cards also offer a deferred interest period. However, this should not be confused with a typical credit card's 0% intro APR offer, where you are charged interest on any remaining balance after the promotional period expires. For example, a customer making a \$1,000 purchase at 24.99% deferred interest for one year would pay \$249.90 in interest if the entire balance is not paid off within that time span, regardless of how much is left over on the bill.

“Retailers are upping their rewards game in an effort to entice customers to sign up for their high interest credit offerings,” said Matt Schulz, CreditCards.com senior industry analyst. “The average retail card rate is so absurdly high that folks who will carry a balance should look elsewhere. Even if you get a 10 or 15 percent discount on what you're buying with that card, the math can work against you in a hurry if you don't pay your bill in full at the end of the month.”

Not every retail card is a questionable deal, however. Twenty-eight percent of the credit cards surveyed have variable rate APRs based on creditworthiness, and 10 cards offer APRs less than the general average (16.15%) to their most qualified customers. The Academy Sports + Outdoors Visa Signature (12.24% to 24.24%), Ace Rewards Visa Signature (14.99% to 23.99%), Kroger 1-2-3 Rewards Visa (14.99% to 24.99%), Barclaycard Visa with Apple Rewards (14.99 to 27.99%) and Bed Bath & Beyond MasterCard (14.99%, 18.99% or 24.99%) all have available APRs of less than 15.00%, provided you qualify for the lowest rate APR. The Amazon Prime Rewards Visa Signature card (15.24% to 23.24%) had the next lowest APR after that group.

### **Methodology:**

The survey was conducted in September and October 2017 by CreditCards.com using the terms and conditions agreements of 65 cards from 40 retailers, including 41 store-only cards, 23 co-branded cards and one debit card.

Each of the 100 largest retailers (as defined by the National Retail Federation based upon 2016 sales) that offers a retail credit or debit card program was selected for study.

**About CreditCards.com:**

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