

Average Retail Card APR is Nearly 26%

94 million have impulsively signed up for a retail card at checkout

Austin, Texas – November 15, 2018 – The average retail credit card APR is 25.64%, almost five percentage points higher than the average overall card APR (20.82%), according to a new report from CreditCards.com which looked at 81 cards from 58 retailers. Click here for more information:

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

Store-only cards especially tip the scales, with an average APR of 27.23%. They are only accepted by the retailer in question, versus co-branded retail cards which have a retailer's name on them but can also be used elsewhere. Co-branded retail cards have an average APR of 23.06%. The six highest APRs are all charged by store-only cards: Brandsource (30.49%), Big Lots (29.99%), Piercing Pagoda (29.99%), Staples (29.99%), Zales (29.99%) and Discount Tire (29.99%).

Thirty-six retail cards offer a deferred interest period – a reduced rate that most often applies for six months. However, this type of promotion comes with a catch. CreditCards.com industry analyst Ted Rossman warns, “Deferred interest may sound like a good deal, but the fine print can be extremely costly. Anything remaining once the clock runs out would result in retroactive interest being charged on the initial balance. Instead, 0% offers from general-purpose cards are more consumer friendly, and have lengthy intro APR periods as long as 20 months (<https://www.creditcards.com/zero-interest/>). In those cases, only the balance left after the promo period ends would be charged interest moving forward.”

Half of Americans say they have applied for a retail credit card, including 94 million who impulsively signed up at checkout. Eighty-one percent of women who applied for a retail card did so impulsively at least once, versus 69% of men.

A popular perk to entice these impromptu applicants, 62 cards offer new cardholders a discount on the first purchase(s) made using their new card. Sixty-four cards lure patrons with a structured rewards program, such as points (offered by 33 cards), cash back (offered by 25 cards) or other types of ongoing incentives (offered by six cards). Ten cards issue cardholders more lucrative rewards for loyal spending.

Other common types of retail credit cardholder benefits include birthday savings coupons or reward bonuses, free or discounted shipping for online orders, early or exclusive access to sales events, simplified returns and bonus reward events.

“While rewards like instant savings at the register can seem alluring in the moment, most consumers would be better off using general-purpose rewards credit cards,” added Rossman. “These cards usually offer much more lucrative sign-up bonuses and ongoing rewards (<https://www.creditcards.com/best-credit-cards/>).”

Generally, consumers who have applied for a retail card were content with the experience; 74% reported they were very or somewhat satisfied.

Methodology:

The retail cards research was conducted in September and October 2018 by CreditCards.com using the terms and conditions agreements of 81 cards from 58 retailers, which includes 50 store-only cards and 31 co-branded cards. Each of the 100 largest retailers (as defined by the National Retail Federation based upon 2017 sales) that offers a retail credit card program was selected for study.

Additionally, a consumer poll was conducted for CreditCards.com via landline and cell phone by SSRS on its Omnibus survey platform. Interviews were conducted from October 9-21 among a sample of 1,506 respondents, including 823 who had applied for a retail credit card. The margin of error for the total sample is +/- 2.95% at the 95% confidence level, and the margin of error for respondents who ever applied for a retail credit card is +/- 4.01%. SSRS Omnibus is a national, weekly, dual-frame bilingual telephone survey. All SSRS Omnibus data are weighted to represent the target population.

About CreditCards.com:

CreditCards.com is the ultimate credit card destination, filled with the largest marketplace of credit card offers you can find online, along with relevant news, advice, features and user-friendly tools. Our mission is to help consumers seize greater opportunity through smarter spending, and we believe that the right credit card, used the right way, can be a life-changer. In 2017, over 42 million unique visitors used CreditCards.com to find the right credit card to suit their needs.

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