DATA DISPATCH

US banks' credit card net charge-offs plunge in Q2 2025 as growth slows

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By Harry Terris and Ayesha Shahbaz
Market Intelligence

Credit card net charge-offs plummeted in the second quarter, reaching the lowest level in six quarters.

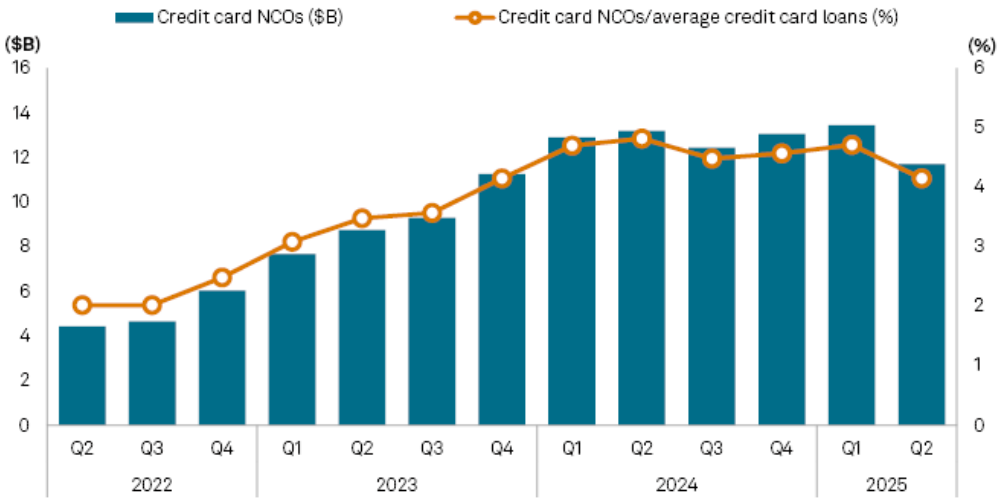
Net charge-offs (NCOs), or balances lenders deem uncollectible, on credit card loans across US banks dropped 56 basis points from the year prior to 4.15%, according to data from S&P Global Market Intelligence. Year-over-year increases in NCOs have been declining since the fourth quarter of 2023, diminishing to just 1 basis point in the first quarter this year.

The year-over-year change in the delinquency rate, which tends to lead NCOs, accelerated its descent with a drop of 18 basis points to 2.98% in the second quarter.

Household income growth supported the improved metrics, even as job creation has slowed sharply.

"Credit card delinquencies appear to have peaked. Younger cohorts, who have the highest delinquency rates, are seeing the biggest improvement," BofA Global Research economists said in an Aug. 15 note. "Despite slowing payroll gains, income growth has remained resilient."

NCOs on credit card loans at US banks



Data compiled Aug. 20, 2025.
NCOs = net charge-offs.
Analysis based on regulatory filings by US commercial banks, savings banks, and savings and loan associations; excludes nondepository trusts and companies with a foreign banking organization charter.
Source: S&P Global Market Intelligence.
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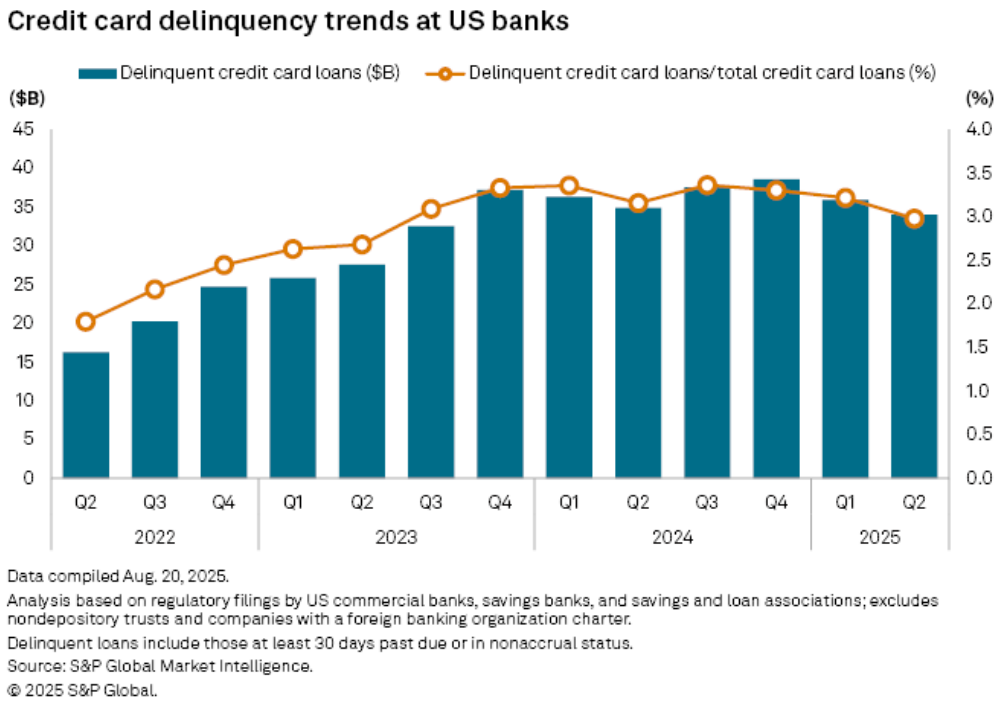
"We retain the view that the consumer outlook will hinge on labor income," the BofA Global economists said, predicting that resilience here will keep the economy out of a recession.

Average weekly earnings were up 4.2% from the year prior in July and 0.6% after adjusting for inflation, according to the latest report from the Bureau of Labor Statistics.

The BofA economists also cited strength in ratios of household liquid assets to liabilities and credit card debt and delinquent credit card debt to income.

"You see a little bit more stress in the lower income bands than you see in the higher income bands. But that's always true. That's pretty much definitionally true," JPMorgan Chase & Co. CFO Jeremy Barnum said during the bank's earnings report.

Broadly, "we continue to struggle to see signs of weakness," Barnum said. "In a world with a 4.1% unemployment rate, it's just going to be hard, especially in our portfolio, to see a lot of weakness."



Data compiled Aug. 20, 2025.
Analysis based on regulatory filings by US commercial banks, savings banks, and savings and loan associations; excludes nondepository trusts and companies with a foreign banking organization charter.
Delinquent loans include those at least 30 days past due or in nonaccrual status.
Source: S&P Global Market Intelligence.
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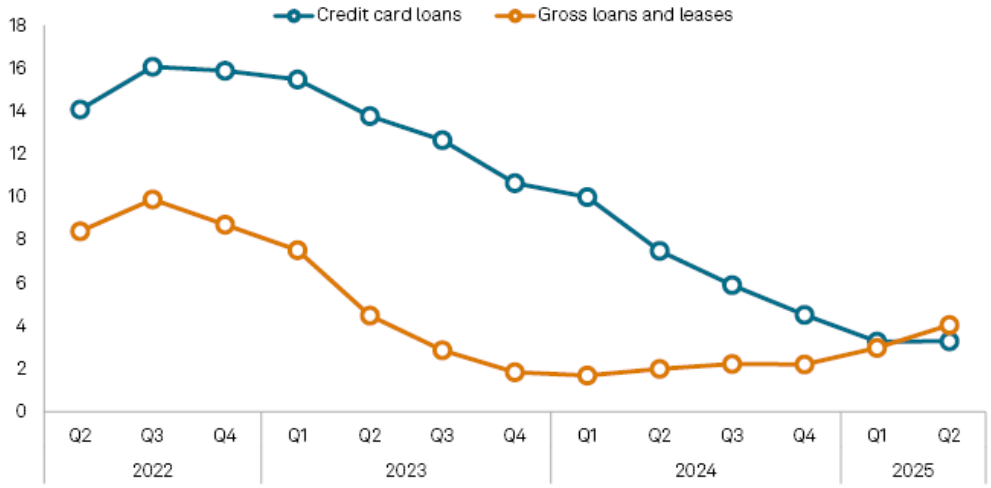
Modest balance growth

Year-over-year growth in credit card loans ticked up 1 basis point sequentially to 3.28%, but fell below overall loan growth for the first time in more than three years, with overall loan growth coming in stronger than expected.

Credit card loan growth had surged above 15% in late 2022 and early 2023 after a deep contraction early during the pandemic.

Banks have generally reported that demand for credit card loans has been diminishing for several quarters in the Federal Reserve's survey of senior loan officers, while they have continued to tighten credit card loan standards after making bigger moves during 2023 and 2024.

YOY credit card loan trends at US banks (%)



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Source: S&P Global Market Intelligence.
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Ranking reshuffle

Banks continue to aggressively compete in the space, however, including with new and updated premium card offerings at lenders like JPMorgan Chase and Citigroup Inc.

"We will continue growing our revenue by expanding and refreshing the product suite," Citi CEO Jane Fraser said during the bank's earnings call. Credit cards account for the vast majority of revenue at Citi's US Personal Banking unit. The goal for return on tangible common equity at the unit is a percentage in the "mid-teens then high teens," Fraser said, up from 11.1% in the second quarter.

At $174.81 billion of credit card loans in the second quarter, Citi's share of the market edged up 0.1 percentage point from the first quarter to 15.3%.

JPMorgan Chase has said its long-term ambition is a 20% share. It improved 0.4 percentage point from the first quarter to 17.7% in the second quarter.

Capital One Financial Corp. made the biggest jump after it completed its acquisition of Discover Financial Services in May. It went from third place to first place as its share increased 8.7 percentage points to 21.5%.

Top 20 US banks by credit card loans, Q2 2025

Company (top-level ticker)	Total assets ($B)	Total credit card loans ($B)	Total credit card loans YOY change (%)	Delinquent credit card loans as proportion of total credit card loans[1] (%)	Delinquent credit card loans as proportion of total credit card loans[1] QOQ change (bps)	Delinquent credit card loans as proportion of total credit card loans[1] YOY change (bps)
Capital One Financial Corp. (COF)[2]	658.97	245.83	74.8	4.12	-92	-82
JPMorgan Chase & Co. (JPM)	4,552.48	201.63	7.5	2.00	-16	-4
Citigroup Inc. (C)	2,622.77	174.81	2.5	2.77	-19	-5
American Express Co. (AXP)	295.56	109.16	9.3	1.37	-5	4
Bank of America Corp. (BAC)	3,441.14	101.21	1.8	2.36	-14	-7
Synchrony Financial (SYF)	120.51	92.23	-2.0	4.29	-34	-31
Wells Fargo & Co. (WFC)	1,981.27	55.32	1.6	2.60	-18	-10
Barclays US LLC (BARC)	206.86	32.29	5.1	2.87	-17	-8
U.S. Bancorp (USB)	686.37	30.02	4.6	2.47	-23	-16
Goldman Sachs Group Inc. (GS)	1,785.01	20.79	8.3	4.09	-2	-32
United Services Automobile Association	228.29	17.15	3.7	2.32	-9	24
TD Group US Holdings LLC (TD)	520.87	14.10	-1.9	4.06	10	-4
Comenity Capital Bank (BFH)[3]	12.91	10.58	2.9	7.34	-34	-43
Comenity Bank (BFH)[3]	7.44	6.41	-5.3	6.96	-28	-40
Merrick Bank[4]	8.95	5.96	62.0	8.29	-232	-255
PNC Financial Services Group Inc. (PNC)	559.11	5.62	-4.2	2.57	3	-6
Truist Financial Corp. (TFC)	543.83	3.28	-0.8	2.83	-22	-13
Citizens Financial Group Inc. (CFG)	218.91	1.89	-4.7	2.80	-24	-36
Central Service Corp.	3.82	1.76	4.5	0.00	0	0
Fifth Third Bancorp (FITB)	209.99	1.71	-1.5	3.69	-22	-23
Industry aggregate[5]		**1,141.10**	**3.3**	**2.98**	**-24**	**-18**

Data compiled Aug. 20, 2025.

Analysis limited to top-tier consolidated US banks and thrifts; excludes nondepository trusts.

[1] Delinquent loans include those at least 30 days past due or in nonaccrual status.

[2] Capital One Financial Corp. completed the acquisition of Discover Financial Services on May 18, 2025.

[3] Comenity Capital Bank and Comenity Bank are both subsidiaries of Bread Financial Holdings Inc., which does not file regulatory reports at the consolidated level.

[4] Merrick Bank completed the acquisition of Ally Financial Inc.'s credit card business on April 1, 2025.

[5] Represents aggregate data for US commercial banks, savings banks, and savings and loan associations. Excludes nondepository trusts and companies with a foreign banking organization charter.

Data based on regulatory filings as of June 30, 2025.

Tickers based on top-level entities' home country stock exchanges.

Source: S&P Global Market Intelligence.

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