



Average Retail Credit Card APR Hits Record High of 28.93%

Up more than 2 percentage points from 2022, and nearly 5 percentage points from 2021

NEW YORK - October 23, 2023 - With the holiday season approaching and interest rates on the rise, the average APR for retail credit cards reached a new record high of 28.93% this year, up from 26.72% in 2022 and 24.35% in 2021, according to Bankrate's annual Retail Cards Study. Click here for more information:

<https://www.bankrate.com/finance/credit-cards/retail-store-credit-card-survey/>

The average store-only credit card charges 30.24% (up from 28.22% last year) while the average co-branded credit card charges 27.64% (up from 25.01% last year). These figures are well above the national average for all credit cards, which clocks in at 20.72%, according to Bankrate (<https://www.bankrate.com/finance/credit-cards/current-interest-rates/>).

The highest retail credit card APR is 33.24% on the Academy Sports + Outdoors Credit Card, the Burlington Credit Card, the Good Sam Rewards Credit Card and the Michaels Credit Card. The Coast to Coast Visa/Visa Signature and the Good Sam Rewards Visa/Visa Signature charge some customers up to 33.24%, but some receive an APR as low as 22.24%, depending on their creditworthiness.

There are 16 retail credit cards that charge 32.24% to all cardholders who carry balances, including 13 store-only cards and 3 co-branded cards. These include Jared, Kay Jewelers, Zales, QVC, Walgreens, Ross, Victoria's Secret, T.J. Maxx and Wayfair. Furthermore, nearly half (53) of the 107 cards that Bankrate surveyed charge an average interest rate over 30%.

"We used to see 30% as the high end for retail credit card APRs. In fact, 29.99% was an artificial barrier that few dared to cross – for psychological reasons, mostly," said Ted Rossman, Senior Industry Analyst at Bankrate.com. "But the market has blown past that threshold given the Fed's aggressive series of interest rate hikes over the past year-and-a-half. Many retail credit cards now charge all of their balance-carrying customers rates in line with what we used to think of as figures reserved solely for a deep subprime audience."

The lowest average retail credit card APR is on the Amazon Secured Card (10%), followed by the Military Star Card (15.49%; limited to military exchanges, commissaries, and related websites). Additionally, the Bass Pro Shops CLUB Card charges 9.99% at Bass Pro Shops and Cabela's, but up to 31.99% elsewhere.

Deferred interest is a common promotional tactic on retail cards. When a retail card offers a 0% interest promotion phrased as "deferred interest," that means cardholders need to pay the entire balance by the end of the term in order to avoid interest charges. Otherwise, cardholders will be charged all of the interest that would have accumulated all the way back to the beginning of the period. This policy is common on retail cards, but not on general-purpose cards.

"If you ever carry a balance, a retail credit card probably isn't the best choice for you," Rossman added. "If you finance a \$1,000 purchase at the average retail card interest rate (28.93%) and only make minimum payments, you'll be in debt for 50 months and will owe \$715 in interest. But if you're able to pay in full and avoid interest, these cards might make sense if you're loyal to the store. Some retail cards give 5% cash back at their stores, which is probably better than you would get from a general-purpose credit card."

Methodology:

Bankrate surveyed 107 retail credit cards in mid-September 2023, using publicly available terms-and-conditions disclosures. Each of the 100 largest retailers (as defined by the National Retail Federation based on 2022 sales) that offers a credit card program was selected for the study. In total, 54 co-branded cards and 53 store-only cards were included. When a card offers an APR range, the midpoint of the range was included in the overall averages.

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