

Card Originations Reach New High as Mortgage Originations Fall to Series Low

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The first quarter of 2023 showed a sharp contrast between the credit card and first-lien mortgage portfolios. Credit card originations on a dollar basis surged to all-time highs at the start of 2023, with the median origination credit limit rising sharply. In contrast, first-lien mortgage originations dropped to a new series low as 30-year fixed mortgage rates remained near their highest level in the past 15 years.

Mortgage delinquency rates remained historically low in the first quarter, the result of improved credit quality among borrowers relative to the prepandemic years, as evidenced by a higher median credit score and a lower median loan-to-value ratio for the portfolio as a whole. Large banks are maintaining their mortgage credit quality standards, with the median credit score at origination holding relatively stable over the past five quarters.

Conversely, the 30+ days past due credit card delinquency rate rose for the third consecutive quarter, continuing the trend back toward prepandemic levels. Card origination credit scores are up across all percentile bands, indicating potential tightening by large bank lenders, as evidenced in the April Senior Loan Officer Opinion Survey.¹

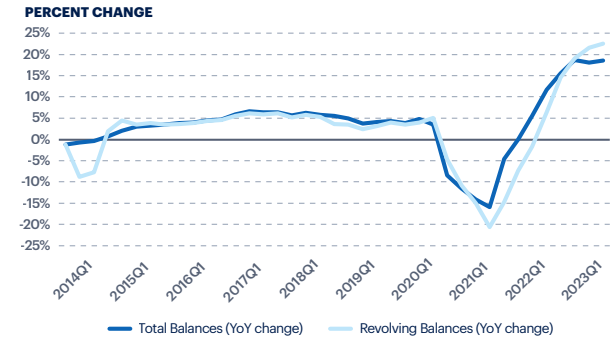
For additional questions or feedback about this data and report, please email Phil.LargeBankData@phil.frb.org.

¹ See www.federalreserve.gov/data/sloos/sloos-202304-table-1.htm

Card Revolving Balances Show Strong Growth

The pandemic and accompanying financial assistance heavily influenced payment behavior, as consumers changed their spending habits and used pandemic funds to pay down balances. However, in the first quarter of 2023, revolving credit card balances, defined as the portion of balances carried from the prior billing cycle, increased for the seventh consecutive quarter to \$514.6 billion, climbing from a pandemic low of \$380.8 billion. Year-over-year growth in total and revolving balances has begun to diverge in the last two quarters, with revolving balances outpacing total balance growth.

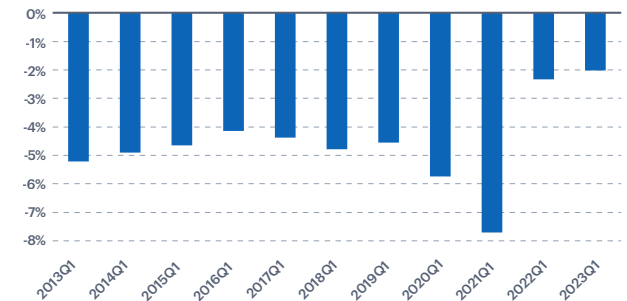
Year-over-Year Revolving and Total Card Balance



Post-Holiday Credit Card Balance Decline Was Smaller in Q1 2023

Credit card balances historically contract in the first quarter as consumers pay down holiday spending. However, after balances reached an all-time high in the fourth quarter of 2022, 2023 saw the smallest first quarter decrease on record compared with the fourth quarter of the previous year. As revolving balances grow, a greater share of consumers are also falling behind in their credit card payments. The 30+ days past due delinquency rate has increased in six of the last seven quarters, reaching 2.6 percent, a level consistent with prepandemic levels.

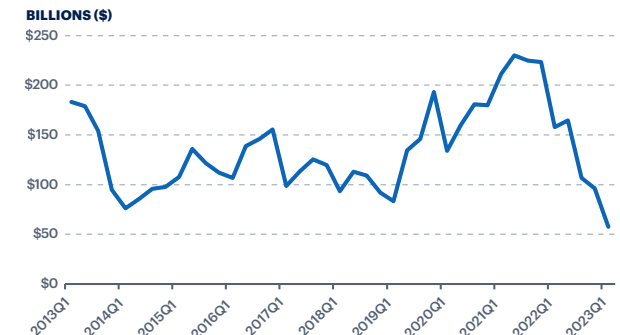
Percent Change in First Quarter Balances Relative to Fourth Quarter of Previous Year



A Bearish Housing Market Weighs on Mortgage Originations

In dollars and number of accounts, large bank first-lien originations in first quarter 2023 hit their lowest levels going back to 2012. The interest rate increases over the past year and a half have driven the 30-year fixed rate mortgage rate higher, depressing originations. Home prices continued to decline for a third straight quarter, according to the Case-Shiller Index. Median loan sizes among FR Y-14 lenders pulled back from fourth quarter 2022 highs. Credit performance remained strong, with the 30+ days past due delinquency rate down to 1.1 percent.

First-Lien Mortgage Originations Fall to New Lows



Endnote

Note that historical data will be revised periodically for firms that have started or stopped reporting FR Y-14M data and the panel of published FR Y-14M reporters is adjusted. Therefore, historical values may change over time. Please see our [data methodology](#) for further details.

Disclaimer: The views expressed in this report are solely those of the authors and do not necessarily reflect the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.