Credit Cards Performing Worse Than Pre-Pandemic; First-Lien Mortgages Continue to Perform Well

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Large bank credit card nominal balances continued to grow in the third quarter of 2023 after surpassing pre-pandemic levels in 2022. All stages of delinquency rates now exceed pre-pandemic levels for the first time and are approaching series highs since 2012. In response to this deterioration, banks are granting fewer credit line increases and reducing credit lines more frequently in the recent four quarters.

Total card revolving balances have been increasing since reaching a low during the pandemic, outpacing overall balance growth. Revolving balances as a share of the overall balance climbed from 65 percent in 2021 to 70 percent in the third quarter of 2023. During the same period, the share of accounts making the full payment has moderated, driven by strong consumer spending and dwindling government support. While the share of full payment accounts declined, it remains high compared with pre-pandemic levels.

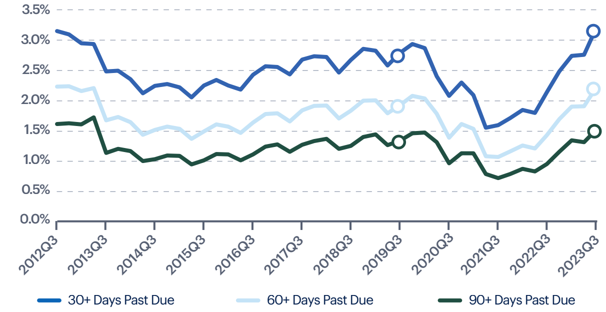
The high interest rate environment and elevated housing prices resulted in historically low first-lien mortgage origination numbers. New homeowners are spending a higher share of their income on housing expenses, as is evident from an elevated original front-end debt-to-income ratio. In contrast with the credit card portfolio, first-lien mortgage delinquencies remain historically low. The large bank first-lien mortgage portfolio has proven to be resilient thus far in the face of economic headwinds.

For additional questions or feedback about this data and report, please email [Phil.LargeBankData@phil.frb.org.](mailto:Phil.LargeBankData@phil.frb.org)

Credit Card Performance Deteriorating

After dropping almost by half and reaching historical lows in the second quarter of 2021, credit card delinquency rates have been steadily increasing and have now surpassed pre-pandemic levels for the first time. For example, the 60+ days past due balance–based rate was 2.21 percent in the third quarter of 2023, up 28 basis points from 1.93 percent in the third quarter of 2019. Greater consumer fragility is also evident in payment behavior, with a growing share of consumers revolving all or some portion of their cycle end balance.

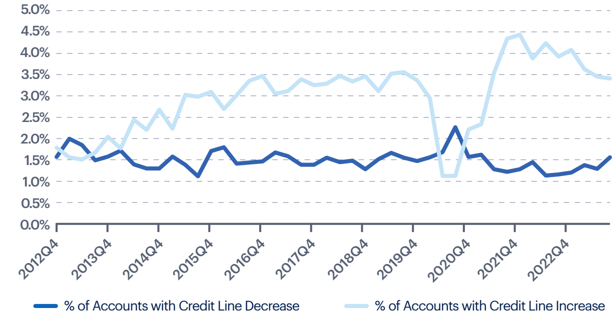
Credit Card: 30+, 60+, and 90+ Days Past Due Rates: Balances-Based



Fewer Credit Line Increases and More Credit Line Decreases

Large banks rapidly tightened credit policies at the early stage of the pandemic before loosening them as the economy rebounded. The percentage of accounts receiving a credit line increase dropped to a historical low in mid-2020 and then climbed to a series high by the end of 2021. After reaching this high point, credit line increases have gradually declined, returning to pre-pandemic levels. On the other hand, the percentage of accounts receiving a credit line decrease has been climbing in recent quarters.

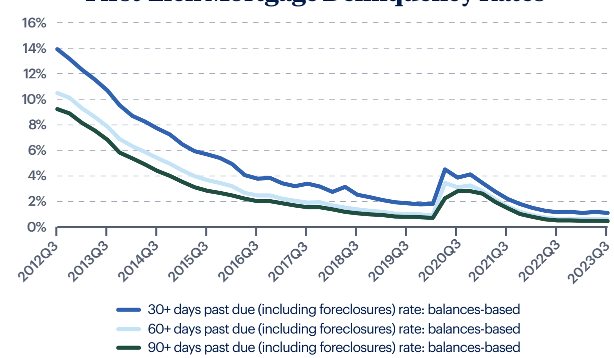
Share of Credit Card Accounts with Line Increase and Line Decrease



First-Lien Mortgages Continue to Perform Well

In contrast with credit card performance, first-lien mortgage delinquencies remain low. The spike in delinquencies during the pandemic was caused by the payment deferral programs as part of the CARES Act, with about 8.5 million borrowers entering forbearance during the first year of the pandemic, according to the [Federal Reserve Bank of Philadelphia's forbearance analysis](). First-lien mortgage delinquencies improved to new historical lows in recent quarters after the expiration of government assistance programs and the payment resumption.

First-Lien Mortgage Delinquency Rates



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.