

Cash back reigns supreme, travel cards lag behind, CardRatings survey finds

By Maryalene LaPonsie



Rewards credit cards are working hard to woo customers with welcome offers that award tens of thousands of bonus points or miles. However, points or miles may not be what cardholders want. Instead, most people opt for cash-back credit cards, according to a CardRatings.com survey of 1,750 credit cardholders.

Nearly three out of four survey respondents have a cash-back credit card in their wallet. And while there is some variation in the type of cards people carry by region, there isn't much difference in card usage based on factors such as gender, income and credit score.

Cash-back cards: Most popular credit option

Overall, 72% of survey respondents say they have a cash-back credit card. Among those who don't have a cash-back card, nearly half have a credit card that doesn't earn any rewards at all.

"Across the country, across income brackets, regardless of whether we're talking about men or women, cash-back rewards cards are the ones people have," says Brooklyn Lowery, editor of CardRatings.com. "Furthermore, almost half of the people we surveyed who don't have a cash-back rewards card told us that they don't have a rewards credit card at all. That could indicate that cash-back rewards are a kind of gateway card or starting rewards card for people."

The remaining cardholders carry one of the following instead:

- Store credit card - 31.6%
- Travel rewards card - 15.5%
- Airline rewards card - 14.5%
- Gas rewards card - 12.9%
- Hotel rewards card - 9.1%
- Small business card - 7.4%

Store discounts, deposits into college savings accounts and the ability to redeem to merchandise were cited by respondents as perks of other cards not listed above.

Regardless of the type of card they carry, most people told CardRatings they pay off their balance in a typical month. Overall, two-thirds of respondents pay off their cards while one-third carry a balance, potentially incurring interest charges that can negate any rewards they

earn. More men than women report paying off their balances in full each month, 72% vs. 61%, though about the same percentage – 32% of men and 31% of women – report having maxed out a credit card they are currently carrying.

Regional differences in credit card usage

Nationally, cash-back cards are the most popular rewards credit cards across all regions. However, while 76% of cardholders in the Northeast have one of these cards, the percentage drops to 68% in the West.

And it isn't just cash-back cards that outpace travel rewards cards in terms of popularity either. Survey respondents were much more likely to have a store credit card than a travel, airline or hotel credit card. Store credit cards may offer store discounts or other perks such as access to special sales. They are held by 35% of survey respondents in the South to 44% of those in the Northeast. Travel, airline and gas rewards cards jockeyed for the remaining top spots in each region.

Here's how the five most popular rewards card categories broke down in each of section of the country.

Midwest

- Cash-back credit card - 69.8%
- Store credit card - 42.4%
- Travel rewards credit card - 16.3%
- Gas rewards credit card - 15.5%
- Airline rewards credit card - 12.4%

Northeast

- Cash-back credit card - 75.6%
- Store credit card - 44.1%
- Gas rewards credit card - 16.8%
- Airline rewards credit card - 13.7%
- Travel rewards credit card - 13%

South

- Cash-back credit card - 73.1%
- Store credit card - 34.8%
- Travel rewards credit card - 18.7%
- Airline rewards credit card - 15.5%
- Gas rewards credit card - 15.5%

West

- Cash-back credit card - 67.7%
- Store credit card - 36.2%
- Travel rewards credit card - 17.7%
- Gas rewards credit card - 15.4%
- Airline rewards credit card - 14.6%

Two cards is the norm

The CardRatings survey found, on average, people have two credit cards they use regularly. That average is roughly the same regardless of a person's gender or where they live and aligns with widely reported numbers from other surveys; however, the actual number of cards reported by individual respondents varied significantly.

About a third of people reported having only one card and another third said they use two cards. The final third of survey respondents gave answers that ranged from three cards all the way to 21 cards in the case of one person. While there were a few outliers, only 2% of those surveyed use more than five cards regularly.

Overall, people across all incomes reported having an average of two credit cards in regular rotation, but those earning less than \$35,000 a year or from \$50,000-\$69,999 a year most commonly said they had only one card.

The number of credit cards people hold seems to increase with their credit score. The following are the average number of cards reported by survey respondents, broken down by their self-reported credit scores:

- 669 or below: 1.8 credit cards
- 670-739: 2.1 credit cards
- 740-799: 2.3 credit cards
- 800-850: 2.5 credit cards

Among those with multiple credit cards, most say they decide which card to use based on which one provides the best rewards for the purchase. Others say they select the card with the lowest APR, lowest balance or whichever card they pull out of their wallet first. Nearly 7% of those using multiple credit cards reported they make their purchases with whichever one isn't maxed out.

Methodology: In June 2019, CardRatings commissioned Op4G to conduct surveys among 1,750 credit cardholders nationwide. All participants self-reported demographic and personal information.