Best Fit Credit Card

By: Bret Mathyer

About Me

- University of Arizona Alum

- Enjoy following Formula 1 racing

- Passion for finance and technology
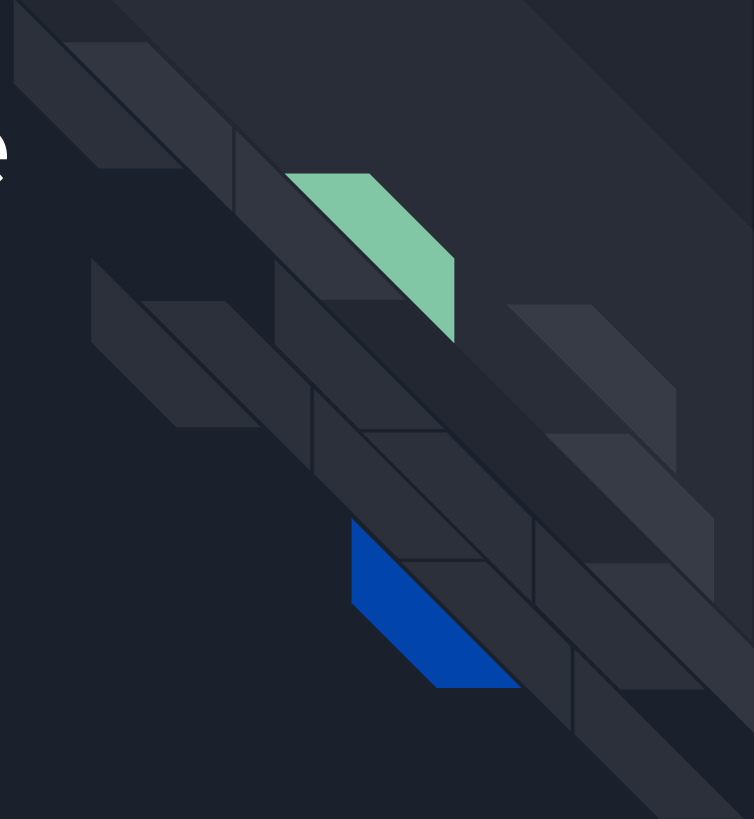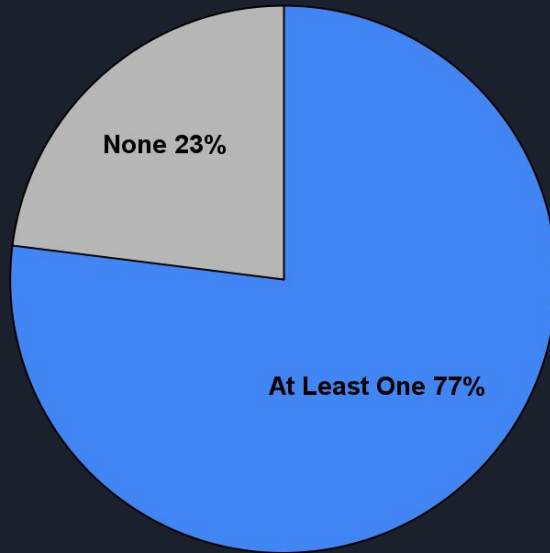 - Looking for a new credit card

Agenda

- Credit card owners and usage

- Project process

- Late payment issues
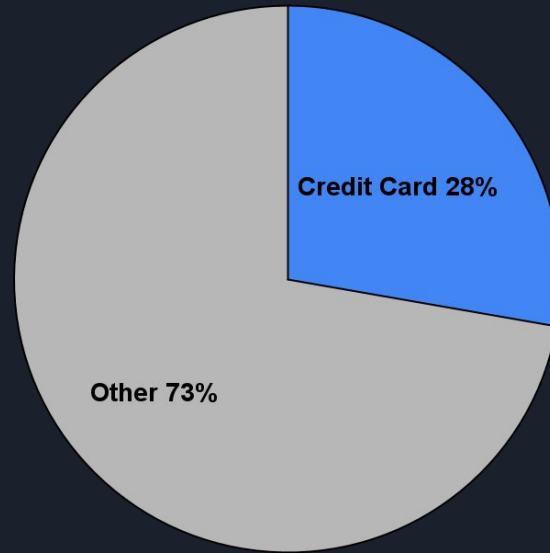
- Results

Credit Card Usage

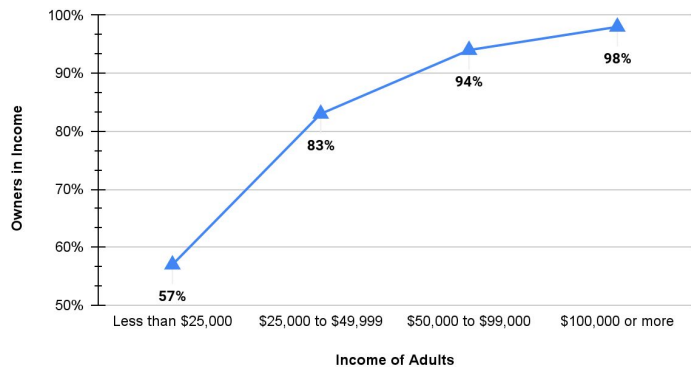- Are credit cards actually used?

- Who uses credit cards?

Adults Who Own a Credit Card
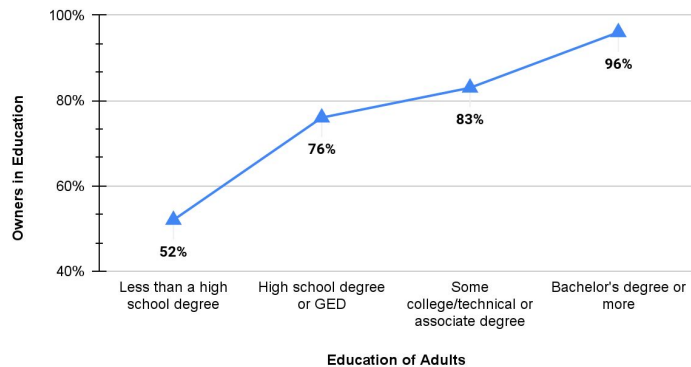
None 23%

At Least One 77%

Share of Spend

Credit Card 28%
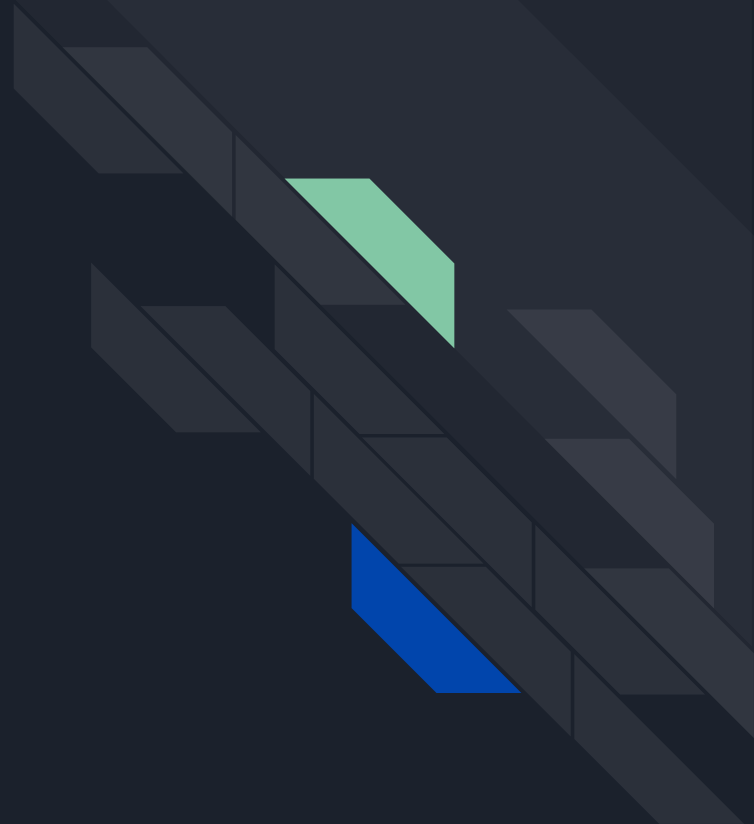
Other 73%

Share of Owners in Income Level
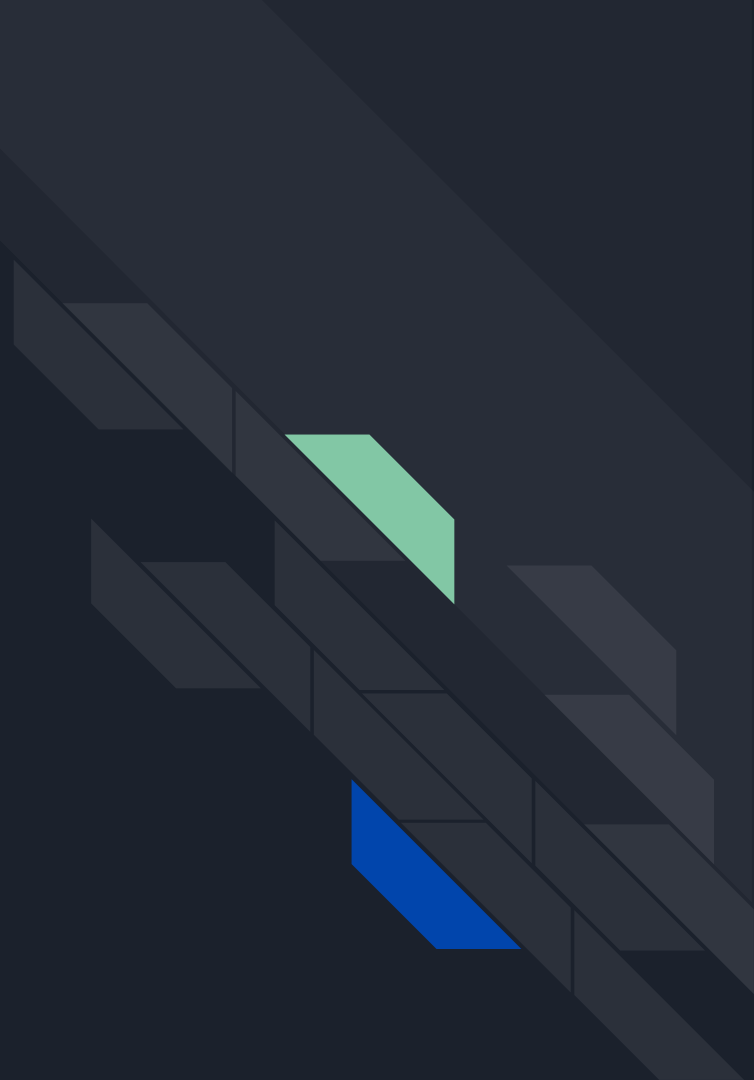
Share of Owners in Education Level

Credit Card ownage positively correlates with adults who are both paid and educated more.

Mission

Make credit cards more accessible to adults by recommending a card to maximize return on their spending.

Project Process

Proof of Concept

Inspiration

- Looking for a new credit card

- Friends and family did not have a credit card

- Noticed more successful people had more credit cards than others

- Credit cards often recommended when researching personal finance

For Larger Project

- Collect data from consumer expenditure survey

- Input category expenditures to find best fitting credit card

- Promote personal finance education

Assumptions and Limitations

- Only value used benefits
  - Discourage excess spending

- Profiles pay their bill in full monthly

- Profiles consent to a *hard pull* on their credit report

- Average credit score is 716 (good)

- Profile is accepted on application

Possible Issues

- Unfair to assume profiles to pay their bill in full monthly
  - 48% of credit card users had a revolving balance

- 30% of adults do not have confidence

- Encourage automatic payments

Ontime Payment Confidence of Consumers
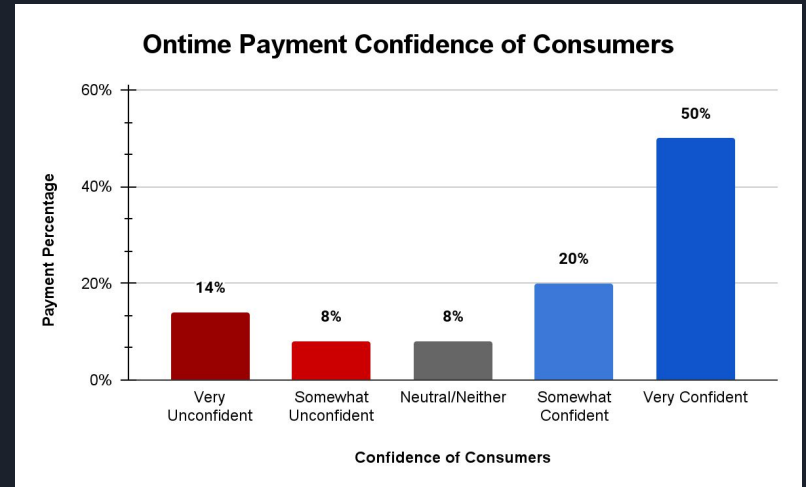
Profiles
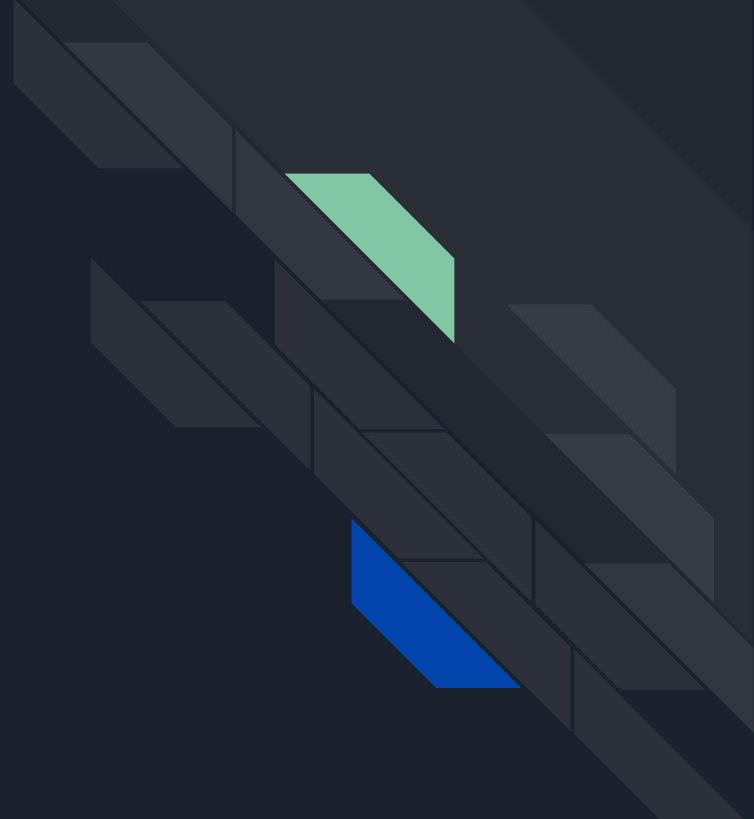
College Student

- Bio
  - Less than $25,000 income
  - Bad to good credit score
  - No car
  - High rent spend

- Activities
  - Rideshare
  - Prefers ordering food
  - Stream movies and sports

- Wells Fargo Bilt
  - 1x on rent, $180+ value

- Chase Sapphire Preferred
  - 5x on Lyft, $180+ value
    - Routine Lyfters

- Both
  - 3x on dining
  - insurance coverage

Commuter

- Bio
  - $25,000 to $50,000 income
  - Bad to good credit score
  - Commutes to work
  - Starting career

- Activities
  - Eats in and out
  - Streams on one screen

- AMEX Blue Cash Everyday
  - $260 value
  - 3% grocery, retail

- AMEX Blue Cash Preferred
  - 6% grocery, streaming
  - 3% transit
    - Public transport

- Both
  - Spend is under $6k category limit
  - 3% back on gas

Traveler

- Bio
  - More than $50,000 income
  - Good to excellent credit score
  - High travel spend

- Activities
  - Rideshare or rents cars
  - Prefer dining
  - Flies monthly

- AMEX Platinum
  - 1x on everything, $105+ value
  - Hotel Status

- Venture X
  - 2x on everything, $25+ value
    - If hotel status isn't valued

- Both
  - trip insurance
  - lounge access
 - rental status
  - Two-night stay credit

Father/Mother

- Bio
  - More than $50,000 income
  - Excellent credit score
  - Have 1 kid
  - Home owner
  - High grocery spend

- Activities
  - Stream movies on multiple screens
  - Annual family vacation
  - Prefer cooking food at home

- AMEX Gold Card
  - 4x grocery
  - Dining credits
    - For busy families

- Chase Sapphire Preferred
  - 3x grocery
  - Phone Protection

What's Next

- Create software where users can input their own spend to receive a recommendation

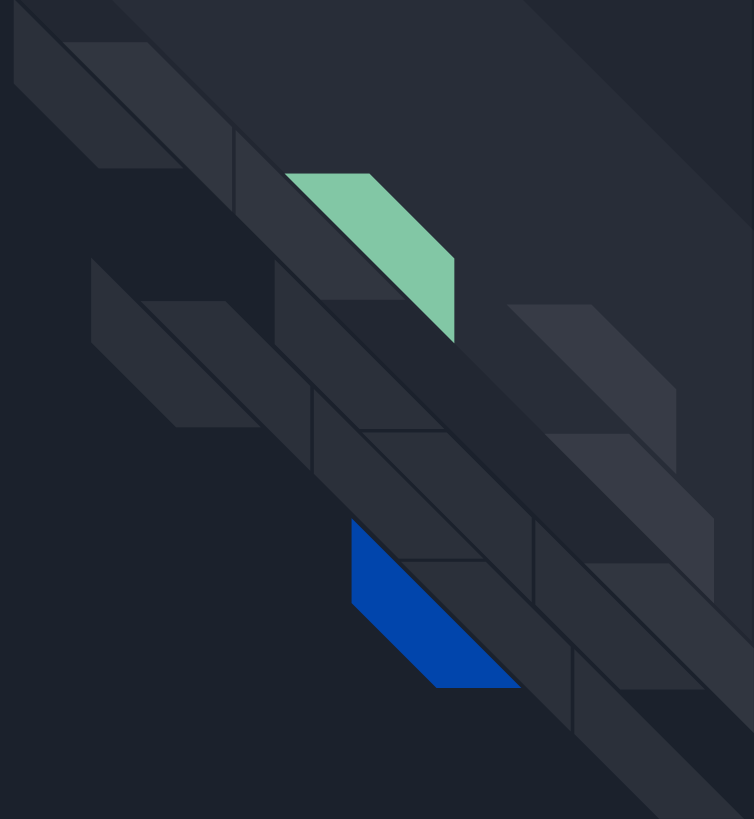- Add more credit cards and issuers to data
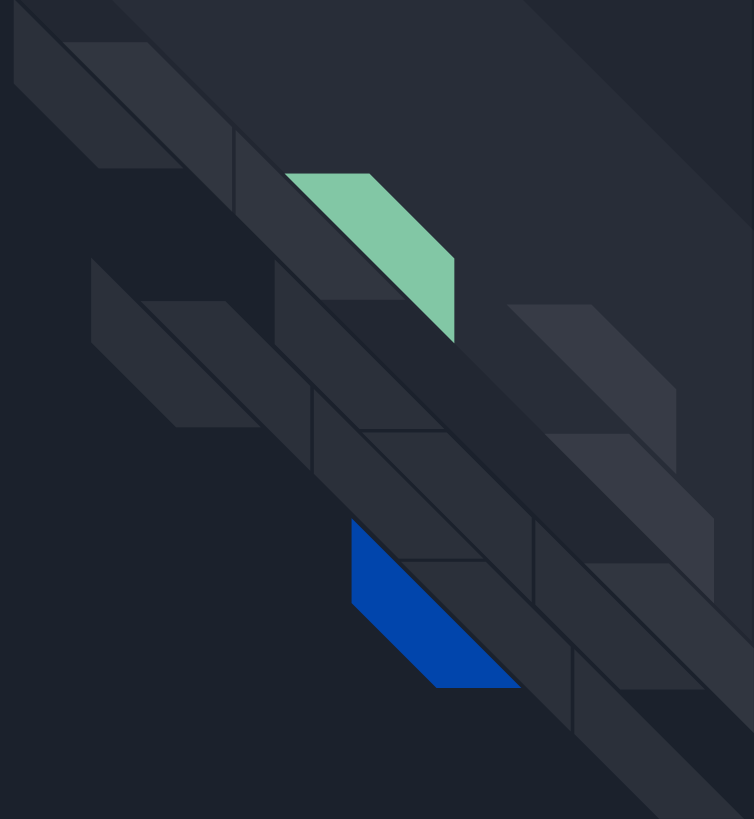
Any questions or comments?

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Connect with me on LinkedIn @ https://www.linkedin.com/in/bretmathyer/

Appendix

Works Cited

https://www.forbes.com/advisor/credit-cards/credit-card-statistics/#:~:text=How%20Many%20Americans%20Use%20Credit,credit%20experience%20for%20young%20adults.

https://www.bankrate.com/finance/credit-cards/credit-card-ownership-usage-statistics/

Blue Cash Everyday vs Blue Cash Preferred

$$6000(0.06) + x(0.01) = x(0.04)$$

$$360/x = 0.05$$

$$X = 7200$$

Break even point is
$7.2k Annual Grocery Spend