STRATEGIC CREDIT CARD MANAGEMENT IN A CHANGING MARKET

A practical playbook for growing balances, protecting asset quality, and strengthening member value.

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Credit Card Strategy • Pricing • Portfolio Analytics

David Martinez

President | Core Credit Advisors

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The opportunity is still growing, but the margin for error is smaller

$1.26T

U.S. credit card balances

Q2 2026 • +$21B QoQ

20.94%

Average bank card APR

All accounts • Q2 2026

$86B

Credit union card balances

Q1 2026 • +2.6% YoY

2.04%

CU card delinquency

Q1 2026 • 204 bps

WHAT THIS MEANS

Growth is available but it has to be earned through better segmentation, tighter economics, and faster portfolio feedback loops.

Manage by risk, behavior, vintage, and relationship, not by the "average member."

Three questions should drive every credit card strategy

A simple framework to keep leadership discussions focused on decisions, not just metrics.

1 Where should we grow?

Which member segments, products, channels, and behaviors create attractive lifetime value?

- Segmentation
- Acquisition
- Line strategy

2 What should we price?

How do we align rate, line, rewards, and fees to risk while preserving member value?

- Risk-based pricing
- Economics
- Guardrails

3 What should we watch?

Which metrics tell us early that growth, risk, economics, or experience are changing?

- Portfolio KPIs
- Early warning
- Operating cadence

The rest of this session is organized around these three questions.

The playbook has changed: broad-based optimization → precision management

	YESTERDAY	2026 OPERATING MODEL
Growth	Grow the whole book	**Choose segments where risk-adjusted value is strongest**
Pricing	One or two standard APRs	**Tiered pricing with economic + regulatory guardrails**
Rewards	"More is better"	**Fund benefits with incremental spend + retention**
Risk	Annual / quarterly review	**Vintage + segment monitoring with early-warning triggers**
Operations	Back-office function	**Fraud, servicing, disputes + vendors are product decisions**

Precision means applying complexity only where it changes a decision.

Credit unions have a real pricing advantage and a real constraint

The goal is not to be the cheapest. It is to be meaningfully better for the member while earning an adequate risk-adjusted return.

Classic credit card average rate benchmark

~260 bps member-rate advantage in the 2025 Q2 NCUA benchmark

Strategic only if the portfolio economics still work.

CONSTRAINT

18% **Federal CU loan-rate ceiling**

Extended through Sept. 10, 2027.

Risk-based pricing has to work harder when your maximum rate is structurally below many market alternatives.

That makes line assignment, product design, loss control, and relationship economics even more important.

Think of the card P&L as a system not a single APR decision

Every strategic lever changes more than one part of the economics.

Finance charges
Rate × revolve behavior × average daily balance

Interchange & fees
Spend volume, mix, network economics, program fees

Member relationship
Retention, cross-sell, primary-FI behavior, lifetime value

RISK-ADJUSTED MEMBER VALUE

Credit & fraud losses
Expected loss, loss volatility, recoveries, fraud

Rewards & acquisition
Earn rate, redemptions, bonuses, campaign costs

Funding & operations
Cost of funds, processor, service, disputes, collections

Pricing alone cannot rescue weak engagement, costly rewards, poor line management, or deteriorating losses.

Risk-based pricing is a framework for expected return not a score-to-rate lookup

Build pricing tiers from economics, then add member, regulatory, and operational guardrails.

Tier	Risk signal	Pricing logic	Guardrails
A	Lowest expected loss / strong relationship	**Base APR • larger line where capacity supports it**	Minimum margin • line cap • concentration limits
B	Moderate expected loss / established credit	**Base + risk spread • moderate line**	Affordability • override policy • performance review
C	Higher expected loss / thinner file	**Higher spread • tighter line • lower acquisition cost**	Rate ceiling • loss trigger • enhanced monitoring
Builder / secured	Credit-building need / limited history	**Secured or structured product • simplify rewards**	Deposit / collateral policy • clear graduation path

Illustrative only: validate tiers against loss, cost of funds, operating cost, member value, fair lending, and rate limits.

The best pricing strategy extends across the member lifecycle

The initial APR is only one decision. The portfolio creates or destroys value after booking.

1	2	3	4	5	6
Acquire	**Approve**	**Assign line**	**Activate**	**Manage**	**Intervene**
Who gets an offer?	**What risk do we accept?**	**How much exposure?**	**How do we become top-of-wallet?**	**How do we grow safely?**	**When does risk change?**
Channel • targeting • pre-screen	Underwriting • pricing tier	Capacity • risk • relationship	Onboarding • wallet provisioning	CLI • retention • utilization	Triggers • outreach • collections

LIFECYCLE INSIGHT

A lower-risk member can become more valuable with the right line and activation strategy. A healthy member can become higher risk as behavior changes.

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Move reporting to decisioning: build one portfolio dashboard with four lenses

The dashboard should answer: what changed, why, and what do we do next?

GROWTH

- Applications / approval / booking
- Activation & 90-day spend
- Purchase volume & revolve rate
- Balances, utilization, wallet share

RISK

- First-payment & early delinquency
- 30+ / 60+ / 90+ and roll rates
- Vintage loss / net charge-off
- Fraud loss & false-positive rate

ECONOMICS

- Yield & net interest margin
- Interchange and rewards cost
- Contribution / ROA by segment
- Acquisition cost & break-even

MEMBER

- Digital wallet / card controls adoption
- Complaints, disputes, service contacts
- Retention / attrition / reactivation
- Relationship depth / cross-sell

Review totals first - then drill by product × risk tier × vintage × utilization × tenure.

Segment the book by behavior - then attach an action to every segment

Risk + engagement together produce more useful decisions than score alone.

HIGHER RISK / STRESS ↑

Watch / Protect
Low engagement + higher risk

- Reduce unused exposure
- Re-underwrite / monitor
- Proactive hardship outreach

Manage / Retain
High engagement + higher risk

- Avoid blunt line cuts
- Payment / utilization triggers
- Retention with risk controls

Reactivate or Simplify
Low engagement + lower risk

- Targeted activation offer
- Evaluate inactive-account closure
- Right-size rewards / product

Grow Relationship
High engagement + lower risk

- CLI / upgrade / rewards
- Balance-transfer targeting
- Primary-card & wallet strategy

HIGHER ENGAGEMENT →

Credit line management is one of the most powerful but underused portfolio levers

Lines influence spend, utilization, exposure, capital, losses, and member experience simultaneously.

Action	Trigger	Objective
Increase	**Low-risk + strong payment + high utilization / spend**	Unlock spend and reduce artificial utilization
Maintain	**Stable behavior + appropriate capacity**	Preserve experience; monitor for change
Decrease	**Deteriorating risk + unused exposure / stress signals**	Reduce tail exposure while avoiding unnecessary friction
Close	**Long-term inactivity + no strategic relationship value**	Remove unproductive exposure and servicing cost

A good line strategy asks 4 questions

1. **Is the member using the line?**
2. **Can the member support more exposure?**
3. **Has risk changed since booking?**
4. **Does the action improve member + portfolio value?**

Avoid "set it and forget it." The line should evolve with the relationship.

Compete where large issuers are structurally weaker: relevance, simplicity, and relationship

Member value does not require matching every premium-card feature. Choose benefits your members actually use.

1

Transparent value

Simple pricing, clear rewards, fewer gotchas, straightforward service recovery.

MEMBER OUTCOME + ECONOMICS

2

Relevant rewards

Reward everyday spend, local categories, or relationship behaviors - not generic complexity.

MEMBER OUTCOME + ECONOMICS

3

Fast control

Digital issuance, wallet provisioning, alerts, card controls, simple dispute status.

MEMBER OUTCOME + ECONOMICS

4

Member support

Credit-building paths, proactive hardship, payment flexibility, human escalation.

MEMBER OUTCOME + ECONOMICS

Design rule: every benefit needs a member outcome + an economic hypothesis + a success metric.

Fraud and servicing are product decisions because friction has a cost

Optimize the whole equation: fraud loss + approval + service cost + member trust.

Fraud loss + False positives + Dispute cost + Service friction + Member trust

Prevent

Adaptive fraud rules, network / processor controls, device & wallet signals

Detect

Velocity, behavior change, merchant / corridor anomalies, account takeover patterns

Resolve

Fast alerts, self-service controls, clear dispute status, intelligent routing

PRODUCT-MANAGER LENS

The best fraud strategy does not minimize fraud at any cost. It minimizes total portfolio loss while preserving good-member conversion and trust.

Track fraud loss, decline / challenge rates, false positives, dispute cycle time, contact rate, and abandonment together.

Data-driven portfolio management is a cadence, not a dashboard

Create a repeatable operating rhythm that turns data into decisions.

WEEKLY

Signals

- Fraud / auth anomalies
- Activation / spend changes
- Operational incidents

MONTHLY

Performance

- Growth / risk / economics
- Segment drill-down
- Action owners & tests

QUARTERLY

Portfolio

- Vintage review
- Pricing / line strategy
- Competitive benchmark

ANNUAL

Strategy

- Product roadmap
- Risk appetite / limits
- Vendor / rewards economics

Every cadence should end with: decision • owner • due date • expected metric impact.

A practical 12-month roadmap for a mid-sized credit union

Sequence the work so analytics create decisions and decisions create measurable outcomes.

Q4

DIAGNOSE

- Portfolio P&L by segment
- Risk / vintage baseline
- Competitive & product gap
- Data / vendor capability map

Q1

OPTIMIZE

- Pricing & line guardrails
- Activation / reactivation tests
- Rewards economics cleanup
- Early-warning triggers

Q2

GROW

- Targeted acquisition / BT
- Digital issuance & wallet
- Product refresh / niche offer
- Relationship campaigns

Q3

INDUSTRIALIZE

- Automated dashboards
- Policy / cadence refresh
- Annual strategy & stress test
- Vendor roadmap / budget

Start with the highest-value decision your current data can support then improve the data around it.

The 90-day action plan: five moves that create momentum

A conference takeaway you can bring back to your team.

01	**Build the baseline**	Calculate contribution, risk, engagement, and exposure by product and risk tier.
02	**Define the segments**	Start with 4–8 segments that change an action - not 40 segments that change a chart.
03	**Set the guardrails**	Pricing floor / ceiling, line limits, loss triggers, exception policy, concentration limits.
04	**Pick one lever**	Activation, CLI, dormant-account strategy, balance transfer, or rewards rationalization.
05	**Create the cadence**	Name an owner, threshold, test, and review date for every major portfolio action.

Success after 90 days = one quantified insight, one changed decision, and one measured outcome.

THREE PRINCIPLES TO TAKE HOME15

1 **Protect the downside.**

Use risk tiers, line strategy, early-warning metrics, and fraud controls to manage exposure.

2 **Earn the right to grow.**

Target the segments where member value and risk-adjusted economics are both attractive.

3 **Make the value obvious.**

Simple pricing, relevant benefits, and low-friction service can be a durable credit union advantage.

QUESTIONS?

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Sources & data notes

External market data are current through September 2026 where available. Illustrative frameworks are for strategic discussion, not legal or compliance advice.

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2 Federal Reserve Board

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3 National Credit Union Administration

Quarterly Credit Union Data Summary • 2026 Q1

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4 National Credit Union Administration

2026 Supervisory Priorities

ncua.gov/.../ncuas-2026-supervisory-priorities

5 National Credit Union Administration

Federal Credit Union Loan Interest Rate Ceiling • Feb. 6, 2026

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6 National Credit Union Administration

Credit Union and Bank Rates • 2025 Q2

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Data note: the NCUA Credit Union & Bank Rates comparison currently publishes 2025 benchmark pages; this deck labels that benchmark by period rather than implying 2026 data.