

US Bank unveils rewards-centric secured cards to usher in potential customers

Article

The news: US Bank launched two new secured card products that are tied to existing programs, per CNBC.

- The **US Bank Altitude Go Visa Secured card** offers 4X points per dollar spent on dining; 2X points per dollar spent at grocery stores, gas stations, and streaming services; and 1X point per dollar spent on all other eligible purchases. The no-annual-fee card also offers a \$15 credit for annual streaming service purchases.
- The **US Bank Cash+ Visa Secured card** gives 5% cash back on the first \$2,000 spent on eligible purchases in two categories of the cardholder's choice. They also get 2% cash back on everyday spending categories like gas stations or grocery stores and 1% on all other eligible purchases.

What it means: US Bank can use its rewards-centric secured cards to compete for customers who have limited or poor credit histories.

Unlike many secured cards available on the market, US Bank's new products offer rewards—a **top feature** US consumers value in credit cards. This can help US Bank stand out to potential cardholders with lower credit scores and compete for this demographic against **Discover**, whose Discover it Secured card is positioned as the top secured product for beginner cardholders, **according to** NerdWallet.

The opportunity: US Bank can use the new cards to launch customers into its ecosystem and as a way to branch out its services.

- US Bank's new card products are tied to **existing** unsecured card programs: The issuer has three unsecured Altitude cards and one unsecured Cash+ card. It can use the secured cards to tap the **53 million US adults without traditional credit scores** or those with subprime credit history—and help these customers qualify for a US Bank card product that generates more revenues.
- The new cards also help diversify US Bank's product portfolio, which helps the firm serve a wider base of customers with different credit standings and spending habits and maximizes its revenue potential.

The bigger picture: In the last year, issuers have tried to attract a broader range of customers, particularly those with no or subprime credit history. This has taken the form of new government-backed credit access **initiatives** and lower qualification barriers.

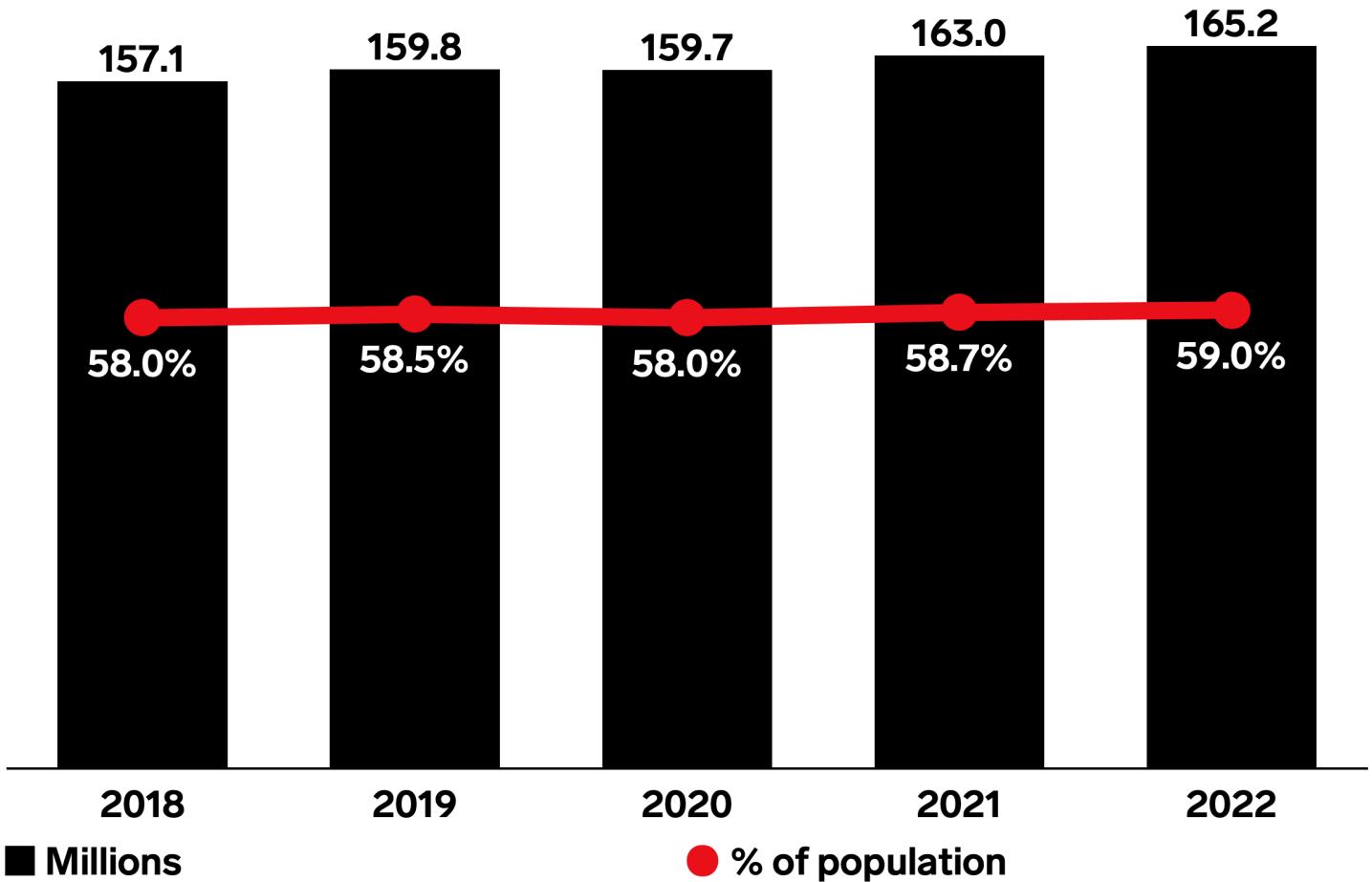
US Bank is taking a different approach to financial inclusion by offering an attractive rewards solution that lets customers improve their credit and access other financial services—creating

customers who might have a high lifetime potential value and can serve overall revenue ambitions.

Related content: Check out the Credit Access segment in our [“Credit Cards in the ‘Next Normal’”](#) report to read more about secured credit cards and other tactics issuers are using to improve financial inclusion.

In-Store Credit Card Users

US, 2018–2022



Note: ages 14+; consumers who make an in-store purchase at least once per month using a credit card; includes purchases at retail stores and food services and drinking places; excludes proximity mobile payment transactions

Source: Insider Intelligence, December 2020

Methodology: Estimates are based on the analysis of data from the US Department of Commerce and the Federal Reserve, estimates from other research firms, reported company revenues, historical trends, consumer buying trends, and macro-level economic conditions.

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