



129 Million Don't Realize Negative Impacts of Cancelling Credit Cards

Nearly 6 in 10 unaware of the consequences of canceling a credit card

New York – May 30, 2019 – When it comes to the do's and don'ts of credit scores, 129 million Americans might be doing more harm than good, according to a new Bankrate.com report. That's because just 42% of credit cardholders know that closing a credit card typically hurts your credit score, while 15% think it has no effect, 13% incorrectly believe it usually helps your score and 29% admit they don't know. Moreover, 61% of American cardholders have cancelled at least one credit card, including 37% that have cancelled more than one. Click here for more information:

<https://www.bankrate.com/credit-cards/credit-card-cancellation-survey/>

The most popular reasons to cancel include having paid off debt (40%), not using the card enough (36%), feeling the interest rate was too high (36%) and feeling the annual fee was too high (28%). Millennials (ages 23-38) were more likely than older generations to say that the rewards weren't good enough (25% vs. 14% of those who are older), while those ages 39 and up were more likely to point to high interest rates (40% vs. 25% of Millennials). Some 12% canceled a card erroneously thinking it would help their credit score.

“You should keep old accounts open to boost your credit score, because scoring algorithms look favorably upon longstanding accounts and more available credit,” said Bankrate.com analyst Ted Rossman. “If you're paying an annual fee for a card you're not getting much value from, ask the issuer to downgrade you to a card that does not charge an annual fee. A product change like that will not hurt your credit score because it maintains the account history and credit line.”

Credit cardholders are more likely to have closed a card if they have higher incomes or are older. There are regional differences, too.

- Seventy-two percent of cardholders with annual household incomes of \$80K+ have canceled at least one card compared to 56% with incomes below \$40K. Forty-eight percent of the highest earners have canceled multiple cards vs. 31% of the lowest earners.
- Seventy-two percent of Baby Boomer cardholders (ages 55-73) have canceled at least one card, compared to half of Millennials. Forty-eight percent have canceled more than one, twice as many as Millennials (24%).
- Midwesterners are the biggest cancelers; 65% have cut at least one card, including 42% who have canceled more than one. Northeasterners are the least likely to have canceled a card; 53% have canceled at least one, including 26% who have canceled more than one.

Not every idle card is being canceled, however. The average credit cardholder has 3.7 active credit card accounts, and 2.0 (54%) went unused in the past month. Older millennials (ages 30-38) have the most active accounts (4.6) and the most unused cards (2.5). Geographically speaking, Westerners, on average, have the most active accounts (4.5) vs. the Northeast (3.7) and South and Midwest (3.2 each). By sheer numbers, more accounts go unused in the West (2.4 out of those 4.5, on average).

Methodology:

Bankrate.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,582 adults, including 2,301 credit cardholders. Fieldwork was undertaken on May 1-3, 2019. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

About Bankrate.com:

Bankrate.com provides consumers with the expert advice and tools needed to succeed throughout life's financial journey. For over two decades, Bankrate.com has been a leading personal finance destination. The company offers award-winning editorial content, competitive rate information, and calculators and tools across multiple categories, including mortgages, deposits, credit cards, retirement, automobile loans and taxes. Bankrate aggregates rate information from over 4,800 institutions on more than 300 financial products. With coverage of over 600 local markets, Bankrate generates rate tables in all 50 U.S. states.

For More Information:

Chelsea Hudson
Public Relations Specialist
chudson@bankrate.com
917-368-8608