

The Credit Economy: How Consumers Financed Their Summer Travel, a PYMNTS and i2c collaboration, examines consumer behaviors and attitudes related to summer travel spending. We surveyed 3,389 consumers between June 26 and June 30 to explore what drives interest in using credit cards and BNPL to pay for travel among different generations.

The Credit Economy:

How Consumers Financed Their Summer Travel

September 2023



PYMNTS®



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The Credit Economy: How Younger Consumers Make Credit Decisions was produced in collaboration with i2c, and PYMNTS is grateful for the company's support and insight. PYMNTS retains full editorial control over the following findings, methodology and data analysis.

Introduction

Travel rose this summer despite ongoing economic uncertainty and inflationary pressures. With the rolling back of pandemic-related restrictions, consumers got their feet wet in 2022, and this year, they dove in completely.

PYMNTS' data finds that consumers planned to travel just as much or more this summer than last. Close to two-thirds of consumers planned to travel this summer, while nearly one-third expected to travel more this summer compared to last. Younger generations were especially interested in traveling, with 7 in 10 Generation Z and millennial consumers reporting they made or planned to make summer travel plans.

However, personal finance considerations strongly influenced consumers' travel decisions this summer. Among consumers who planned to travel more, 42% cited improved personal finances or increased job security as a factor driving this decision. High travel costs and concerns about personal finance and job stability were the most commonly cited reasons for their reluctance to travel as much as they did last summer.

Our data also shows that credit cards remain the most popular type of credit product consumers used to pay for leisure travel, with two-thirds of consumers who traveled or planned to travel this summer using cards to pay for the expense. Moreover, consumer use of credit cards in paying for summer travel increases with annual income yet varies by age group, as younger consumers opt for other credit products, such as buy now, pay later (BNPL). Among the consumers who choose not to use credit products to pay for travel, debit cards and cash are popular alternatives. These consumers opted for other payment methods to avoid interest rates or fees, track their spending more easily and rein in overspending.

The Credit Economy: How Consumers Financed Their Summer Travel, a PYMNTS and i2c collaboration, examines consumer behaviors and attitudes related to spending on summer travel. We surveyed 3,389 consumers between June 26 and June 30 to explore what drives consumer interest in using credit cards and BNPL to pay for travel across generations.

This is what we learned.

1 Travel spending is a leading indicator of how consumers feel about their overall financial health.

Sixty-two percent of consumers planned to travel this summer, with 30% planning to travel more this summer than last. Consumers who traveled more this summer felt good about their personal finances despite high inflation throughout the past year: 42% cited improvements in their personal finances or increased job security as factors driving their decision. Consumers who traveled less this summer were not feeling as positive about their personal finances: High travel costs and concerns about personal finances and job stability were their most common reasons.

2 Consumers spent, on average, \$2,200 on summer travel and were more likely to spend on travel than live entertainment or electronics.

One in 4 consumers spent money on leisure travel in the 90 days prior to being surveyed — more than those who spent on consumer electronics and live entertainment, and nearly as many as those who spent on healthcare. Among consumers who traveled or planned to do so, approximately 70% spent or anticipated spending less than \$2,000, while 11% spent or anticipated spending \$5,000 or more. Younger generations — Gen Z and millennial consumers — spent less on travel on average, than older generations. While Gen Z consumers spent \$1,700 on average, baby boomers and seniors spent nearly \$2,400 on average.

3 Travel spending provides a window into consumer credit preferences: Most travelers reached for their credit cards to pay for summer travel, although younger consumers were more likely to use BNPL than other generations, and low-income consumers were less likely to use any type of credit.

Credit cards were the most popular credit product used for leisure travel. Two-thirds of consumers who paid for travel used or planned to use credit cards for their travel spending this summer. Planned credit card use increased with annual income and varied by generation. While 73% of those earning more than \$100,000 used or planned to use a credit card to pay for travel, just 53% of those earning less than \$50,000 did. We also found that 76% of baby boomers and seniors used or planned to use a credit card to pay for travel, compared to 53% of Gen Z consumers. At 30% and 29%, respectively, millennials and Gen Z travelers were more likely to use or plan to use BNPL than other demographic groups. Low-income consumers were the most likely to say they did not or would not use a credit product to pay for travel this summer.

4 Gen Z and millennials avoid using credit to pay for travel expenses because they have less access to it and do not care about rewards.

Nearly three-quarters of Gen Z and millennial consumers were interested in traveling this summer, but these younger consumers were the least likely to reach for credit cards — or any credit product — to pay for this travel. Just 29% of Gen Z consumers and 40% of millennials preferred to use credit products when traveling, compared to 52% of baby boomers and seniors. Gen Z consumers avoided credit not only because they have less access to it but also because they find using credit less attractive. Gen Z has fewer credit cards than other generations: 28% have no credit cards and 34% have one. At 31%, Gen Z consumers are the most concerned about overspending, and are the least interested in rewards, at 13%.

Financial health and summer travel

62%

Share of consumers who planned to travel this summer

PYMNTS’ research finds that 62% of consumers planned to travel this summer, and 30% planned to travel more this summer than last. Younger generations were especially interested in travel this summer, with 71% of Gen Z consumers and 73% of millennials reporting interest in traveling this summer. All indications are that consumers’ decision to travel is driven by how they feel about their overall financial health more than any other reason.

Consumers who traveled more this summer felt good about their personal finances despite high inflation throughout the past year. In fact, 42% of consumers who planned to travel more this summer than last cited improvements in their personal finances or increased job security as factors driving their decision.

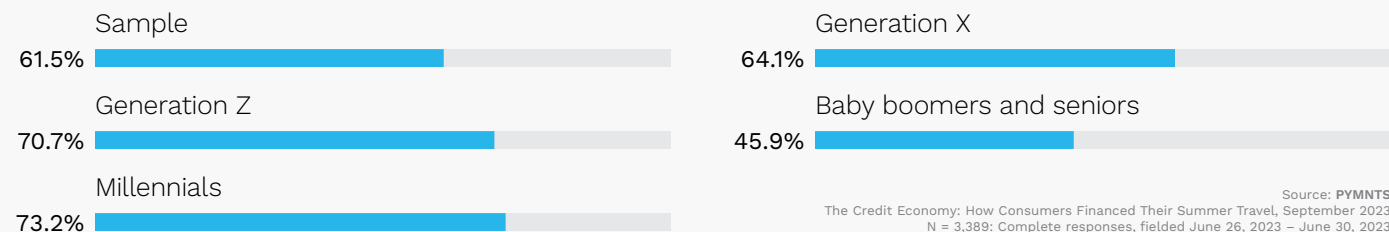
Not surprisingly, consumers traveling less this summer were not feeling as positive about their personal finances. The most common reasons these respondents gave for their reluctance to travel included high travel costs, at 48%, and concerns about personal finances and job stability, at 43%. Nearly as many consumers were concerned about increasing inflation, at 39%.

Consumers were much more likely to consider their financial standing than factors such as lingering concerns surrounding the pandemic, cited by 9.2%; declining interest in traveling, cited by 14%; or changes in family circumstances, cited by 19%.

FIGURE 1:

Consumer interest in summer travel

Share of consumers who were interested in traveling for leisure this summer, by generation

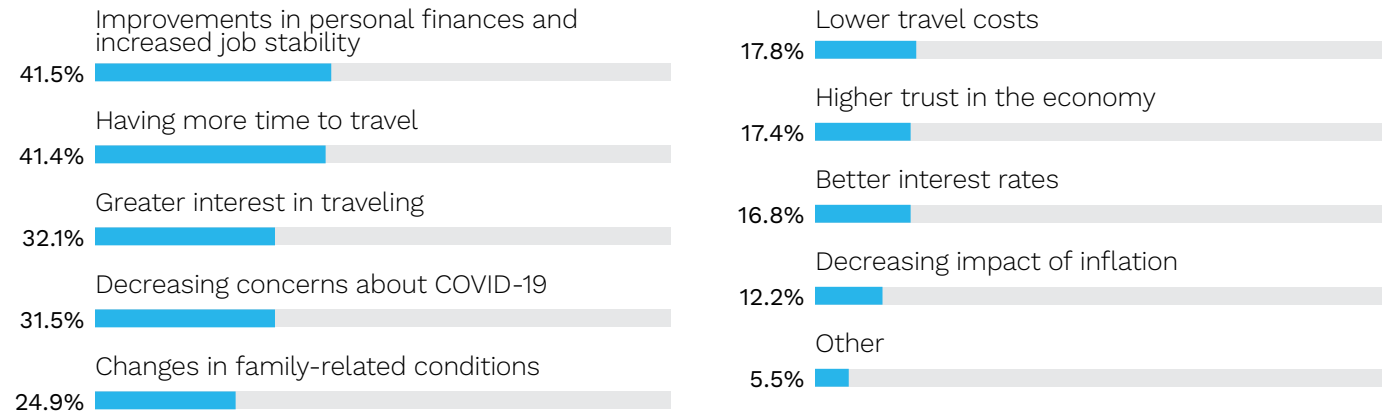


Source: PYMNTS
The Credit Economy: How Consumers Financed Their Summer Travel, September 2023
N = 3,389: Complete responses, fielded June 26, 2023 – June 30, 2023

FIGURE 2:

Reasons for traveling more

Share of consumers citing select reasons for traveling more this summer compared to last



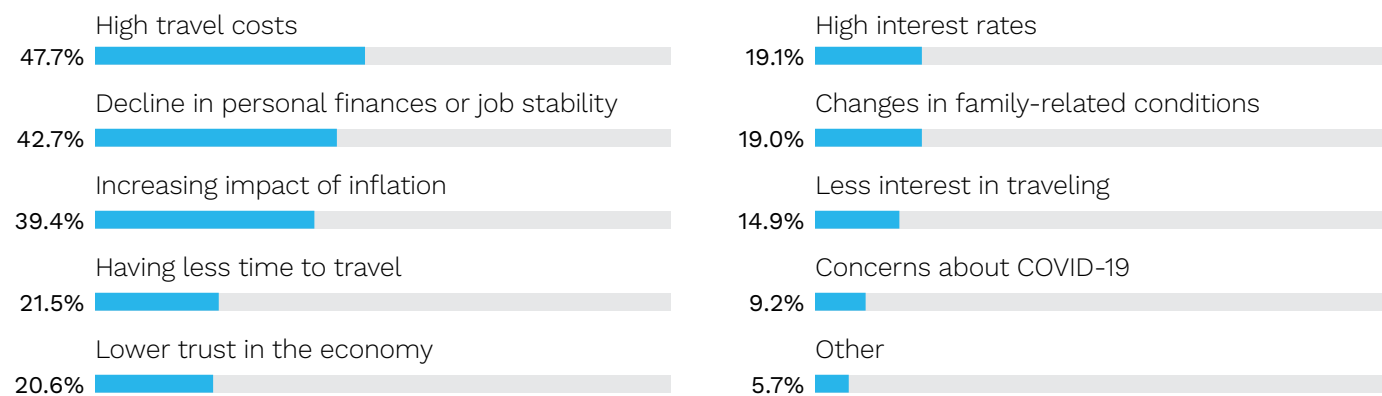
Source: PYMNTS
The Credit Economy: How Consumers Financed Their Summer Travel, September 2023
N = 1,038: Respondents who planned to increase their leisure travel this summer, fielded June 26, 2023 – June 30, 2023



FIGURE 3:

Reasons for traveling less

Share of consumers citing select reasons for traveling less this summer compared to last



Source: PYMNTS
The Credit Economy: How Consumers Financed Their Summer Travel, September 2023
N = 850: Respondents who planned to decrease their leisure travel this summer, fielded June 26, 2023 – June 30, 2023

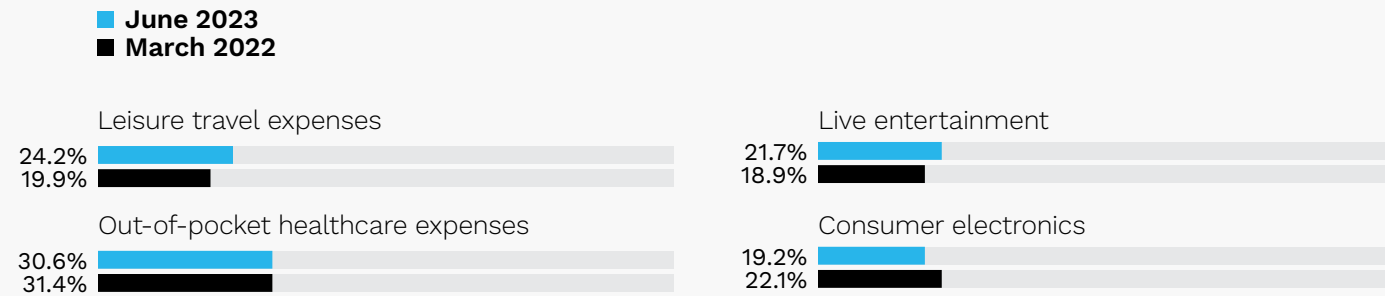
Nearly one-quarter of surveyed consumers spent money on leisure travel in the 90 days prior to being surveyed. This is more than the share of respondents who reported spending on consumer electronics, at 19%, and live entertainment, at 22%, and nearly as many as those who spent on out-of-pocket healthcare expenses, at 31%. Spending on leisure travel in June 2023 increased to 22% from 19% in April 2023.

Millennials and Generation X consumers were the most likely to have purchased leisure travel in the 90 days prior to being surveyed. Twenty-eight percent of Gen X and millennials spent on travel, compared to 21% of Gen Z consumers and 19% of baby boomers and seniors.

FIGURE 4A:

Where the money goes

Share of consumers who paid for select products or services in the last 90 days



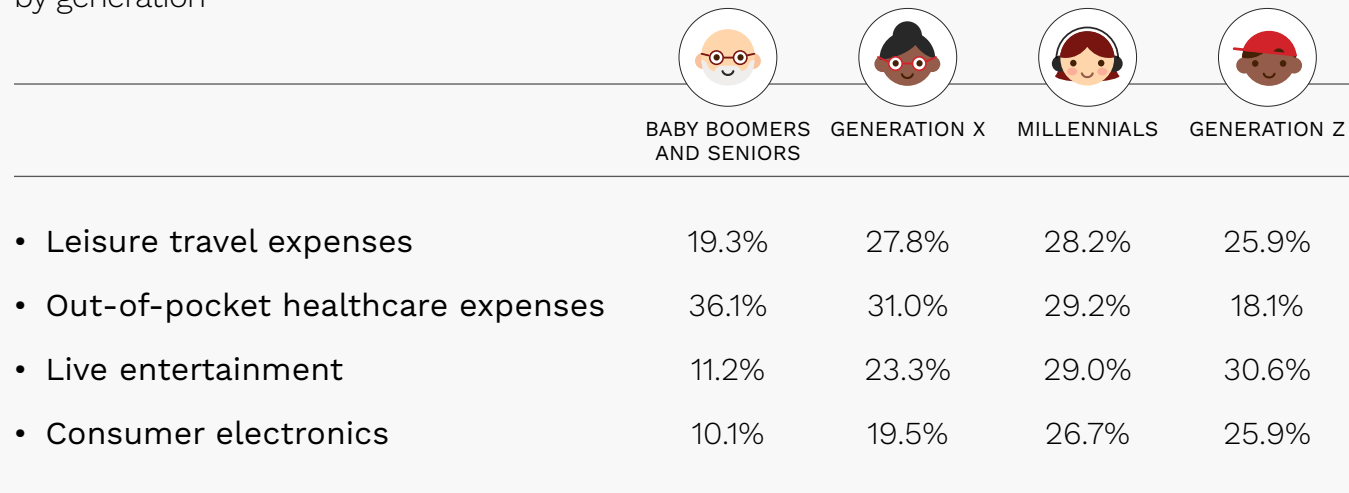
Source: PYMNTS
 The Credit Economy: How Consumers Financed Their Summer Travel, September 2023
 N = 3,580: Whole sample, fielded June 26, 2023 – June 30, 2023
 The Credit Economy: How Younger Consumers Make Credit Decisions, June 2023
 N = 3,512: Whole sample, fielded March 16, 2023 – March 21, 2023

Consumers who traveled or planned to do so this summer spent or anticipated spending \$2,200, on average, and 70% planned to spend less than \$2,000. While 21% of consumers spent or anticipated spending between \$2,000 and \$4,999, 11% spent \$5,000 or more. Younger generations — Gen Z and millennials — spent less on travel, on average, than older generations. Gen Z consumers spent \$1,700 on average, while baby boomers and seniors spent \$2,400 on average.

FIGURE 4B:

Where the money goes

Share of consumers who paid for select products or services in the last 90 days, by generation



Source: PYMNTS
 The Credit Economy: How Consumers Financed Their Summer Travel, September 2023
 N = 3,580: Whole sample, fielded June 26, 2023 – June 30, 2023

FIGURE 5:

The cost of leisure travel

Average total cost of leisure travel paid out of personal income this summer, by generation

• Sample	\$2,202
GENERATION	
• Baby boomers and seniors	\$2,387
• Generation X	\$2,333
• Millennials	\$2,188
• Generation Z	\$1,703

Source: PYMNTS
 The Credit Economy: How Consumers Financed Their Summer Travel, September 2023
 N = 2,090: Respondents who traveled or planned to travel for leisure, fielded June 26, 2023 – June 30, 2023

Paying for summer travel

How consumers pay for travel is an indication of their credit preferences, revealing significant differences across age groups and income brackets. According to our study, credit cards were the most popular credit product used for summer travel. Two-thirds of consumers who paid for travel used or planned to use credit cards for their travel spending this summer, and credit card use increased with annual income and across generations.

For instance, 73% of those annually earning more than \$100,000 used or planned to use a credit card to pay for summer travel, compared to 53% of those earning less than \$50,000. Among age groups, 76% of baby boomers and seniors used or planned to use a credit card to pay for travel, compared to 53% of Gen Z consumers. Meanwhile, 67% of Gen X consumers used credit cards, as did 63% of millennials.

30%

Share of millennials who used or anticipated using BNPL to pay for their summer travel

Gen Z and millennials were more likely to use BNPL than other demographic groups, attracted by the ability to manage cash flow and better payment terms. Thirty percent of millennials and 29% of Gen Z used or anticipated using BNPL to pay for their summer travel, compared to just 5% of baby boomers and seniors.

Low-income consumers were the most likely to say they did not or would not use a credit product to pay for travel this summer. While 29% of those annually earning less than \$50,000 say they did not or would not use a credit product to pay for travel this summer, just 13% of those earning more than \$100,000 reported the same.

Among those who chose not to use credit products to pay for travel, debit cards and cash were popular. We found that 61% of consumers who paid for or planned to pay for summer travel used debit cards to pay for these expenses, while 60% used cash.

FIGURE 6:
Financing travel with credit

Share of consumers who paid or planned to pay for leisure travel in select ways

	CREDIT CARD ISSUED BY A FINANCIAL INSTITUTION	BNPL	FINANCING FROM THE MERCHANT OR PROVIDER	DID NOT OR WOULD NOT USE A CREDIT PRODUCT
• Sample	66.1%	19.4%	15.6%	18.2%
GENERATION				
• Baby boomers and seniors	76.3%	4.5%	3.2%	18.7%
• Generation X	67.0%	15.1%	12.8%	20.3%
• Millennials	63.3%	29.7%	24.4%	14.6%
• Generation Z	52.9%	28.7%	21.3%	22.1%
INCOME				
• More than \$100K	72.9%	19.3%	18.5%	13.1%
• \$50K-\$100K	64.3%	20.5%	12.8%	19.1%
• Less than \$50K	53.0%	18.0%	12.9%	28.6%

Source: PYMNTS
The Credit Economy: How Consumers Financed Their Summer Travel, September 2023
N = 2,044; Respondents who traveled or planned to travel for leisure and paid or planned to pay for the travel themselves, fielded June 26, 2023 – June 30, 2023



PYMNTS’ research also finds that younger consumers were the least likely to reach for any credit product to pay for summer travel. Just 29% of Gen Z consumers and 40% of millennials preferred to use credit products, compared to 52% of baby boomers and seniors and 42% of Gen X consumers.

One reason why Gen Z travelers avoided credit is because they have less access to it: 28% have no credit cards and 34% have just one. In contrast, 16% of baby boomers and seniors have no credit cards and 21% have just one.





Concerns about overspending and a lack of interest in rewards may help explain Gen Z’s decreased use of credit products. While 18% of baby boomers or seniors who selected a non-credit payment method did so due to fear of overspending, 31% of Gen Z consumers said the same. Meanwhile, just 13% of Gen Z consumers who opted not to use credit were interested in rewards, compared to 26% of baby boomers or seniors.

Avoiding interest charges or fees was the top reason why consumers turned to credit alternatives to pay for summer travel, especially among baby boomers and seniors, at 37%. Easier tracking of spending ranked second, with Gen X consumers the most likely to cite this, at 32%.

FIGURE 7:

Reasons consumers select credit alternatives

Share of consumers who cite select reasons for using payment methods other than credit products, by generation

	 BABY BOOMERS AND SENIORS	 GENERATION X	 MILLENNIALS	 GENERATION Z
• No interest rates or fees	36.9%	29.4%	30.5%	26.8%
• Easier to track spending	25.9%	31.8%	28.3%	26.9%
• Fear of overspending	18.3%	23.2%	29.5%	31.3%
• No need to use credit	32.5%	27.2%	20.9%	22.9%
• Better for maintaining cash flow	17.2%	21.9%	21.6%	20.0%
• Better rewards or cash back	26.1%	19.9%	16.0%	13.2%
• More easily accessible	15.2%	13.9%	20.0%	20.5%
• Trust in the provider	10.1%	15.0%	17.3%	17.0%
• Easier to track payment due dates	9.0%	15.0%	17.4%	15.0%
• Easier to get a refund	8.2%	12.5%	15.7%	22.1%
• Only type of payment readily available	6.5%	8.8%	15.2%	16.1%
• Only type of payment ever used	8.0%	7.3%	10.2%	18.7%
• Unable to use credit for travel purchases	3.0%	5.9%	12.8%	13.5%
• No need to accumulate	4.7%	7.2%	10.6%	13.8%

Source: PYMNTS
 The Credit Economy: How Consumers Financed Their Summer Travel, September 2023
 N = 1,227; Respondents whose preferred payment method for their travel purchases was not a credit product, fielded June 26, 2023 – June 30, 2023

31%

Share of Gen Z consumers who cite fear of overspending as a reason for using payment methods other than credit products



Conclusion

Planning and paying for travel may be daunting in these times of ongoing inflation, yet many consumers across income brackets and age groups increased their travel this summer. Most travelers, especially high-income and older consumers, used credit cards to finance their trips, earning travel points and cash back rewards. Interestingly, younger consumers are more likely to turn to credit alternatives such as BNPL, since they may have less access to credit and are not as interested in rewards. Interest rates and fees are a downside to credit cards, especially if one travels abroad, leading many consumers to use cash or debit cards to pay for travel. Consumers, especially those in Gen Z, are also worried about overspending if they use credit products.

A key takeaway is that consumers' varied financial standing leads them to make different choices when planning and paying for travel. Earning rewards drives older and more financially secure consumers to use credit cards, while managing cash flows and accessing better terms drives millennial and Gen Z consumers toward BNPL. Cash and debit cards are also viable solutions for younger and lower income travelers looking to control their spending. The availability of multiple ways to pay bodes well for the future of leisure travel, making it more accessible to all income brackets and age groups.



Methodology

The Credit Economy: How Consumers Financed Their Summer Travel is based on a census-balanced survey of 3,389 U.S. consumers conducted between June 26 and June 30. The report examines consumers' behaviors and attitudes as they relate to using credit to pay for summer travel. We explore what drives consumers' interest in and usage of credit cards and BNPL for summer travel across income brackets and generations. Our sample was balanced to match the U.S. adult population in key demographic variables: 51% of respondents identified as female, 33% were college-educated and 38% reported incomes of more than \$100,000 per year.

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