

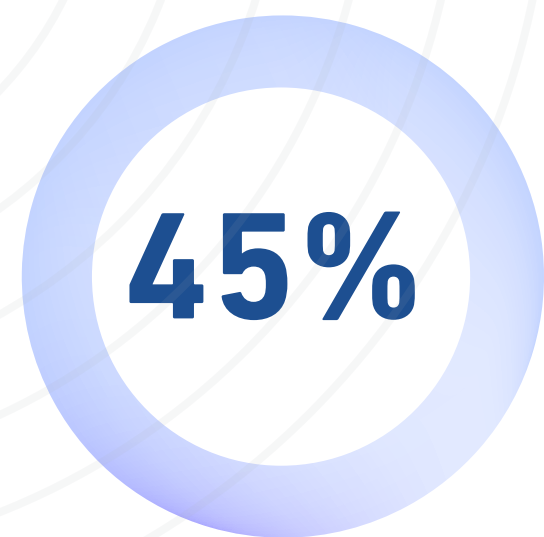


PLAYBOOK

HOW TO PREPARE FOR THE HOLIDAY SHOPPING SEASON

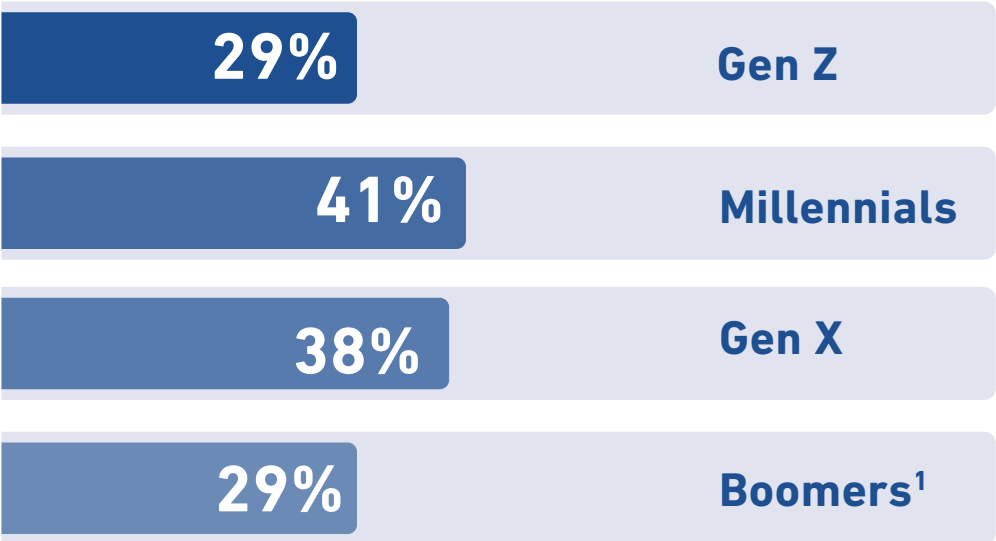
Strategies to implement now, including how to capture early-bird discount holiday shoppers jumpstarting holiday shopping, and the growing population looking to spread out payments





of consumers plan to start holiday shopping early – before November.¹

Percentage of each generation that will shop before October:



The holiday shopping season seems to start earlier every year. Now’s the time to make sure strategies are in place ahead of the season for swiping. **According to Experian’s annual Holiday Spending Trends and Insights report, 2024 saw a return to retail “normalcy” with record-setting online and in-store shopping that reflected optimism and smarter behaviors.** And with the National Retail Federation projecting that overall U.S. holiday sales will rise between 2.7% and 3.7% compared to last year, both lenders and merchants are asking the same question: how do we stay top of wallet and maximize conversions during the peak season? Last year, online Black Friday sales increased by 10.2% from 2023, largely due to better-timed deals and earlier shopping. Discount holiday shoppers get an even earlier start to the traditional season as early as late summer and early fall.



Nearly
40%
of shoppers say they will split their purchases between online and in-store.¹



12%
of consumers plan to use AI for holiday shopping.¹



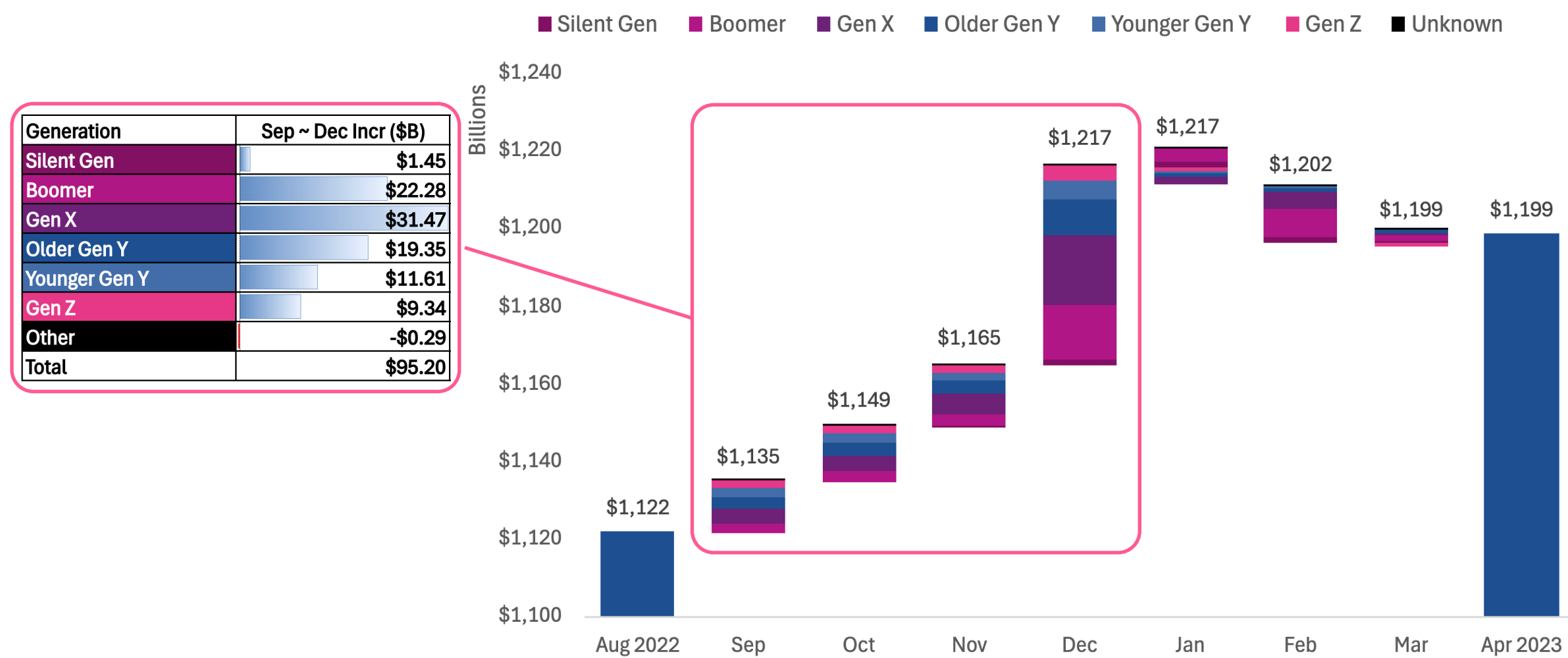
157M
shoppers hit stores on Super Saturday – the Saturday before Christmas.¹

¹Experian defines the holiday shopping season as October – December.

Seasonal spend trend by generation

Total balance on open credit card trades reported in the last 3 months

Credit Card Balances by Month and Generation



Source: Experian Ascend Sandbox

Credit and buy now, pay later (BNPL) saw increases in consumer spending trends last holiday shopping season.³ Gen Z BNPL use is forecasted to increase by 12.4% next year.⁴ Credit cards are also becoming a go-to for **American consumers more than ever as evidenced by an 8.1% increase in balances to \$1.17 trillion in the third quarter**, according to the Federal Reserve Bank of New York's Center for Microeconomic Data.

As consumers' use of alternative payment methods increases, and credit card outstanding balance growth starts to normalize, competition to be top of wallet is at an all-time high, particularly when you consider younger generations whose growing spending power has more than doubled since 2019. For financial institutions, this intensifies competition to capture card loyalty. For merchants, **it creates added complexity at checkout as shoppers blend cards, BNPL and digital wallets** — making fraud prevention and approval rates even more critical.

Gen Z shifts

Leads in alternative payment methods adoption

Less concerned with data and privacy

Prefers debit cards to credit cards

Heightened expectations around experience

Environmental, social and governance awareness

Strong sense of loyalty

SOURCE: [EY-Parthenon](#)

\$18.5B

BNPL volume during 2024 holiday season⁵



TOTAL SPEND:
\$241.4 billion

MOBILE SPEND:
\$131.5 billion

BNPL SPEND:
\$18.2 billion

Nov. 1–Dec. 31, 2024

SOURCE: Adobe, [Holiday Shopping Report](#)

With the season for swiping around the corner, here's a playbook for what financial institutions, merchants and e-commerce retailers should be prepared to tackle ahead of the months of holiday spending.

PRE-HOLIDAY SHOPPING SEASON

The months leading up to the holiday shopping season are the time to ensure your portfolio – and your checkout environment – are in order.

Review your **portfolio**

Financial institutions should conduct regular portfolio reviews to assess performance and identify opportunities for retention and risk mitigation. Leverage attributes to determine whether your consumers are showing propensity to open a new account within a one- to-four-month window.

Review your **checkout experience**

Merchants should ensure authentication and fraud prevention tools are optimized for peak season so good customers aren't mistakenly declined. **Test your customer experience and payment workflows to ensure they can handle higher transaction volumes** without adding friction.

Laser focus on **growth**

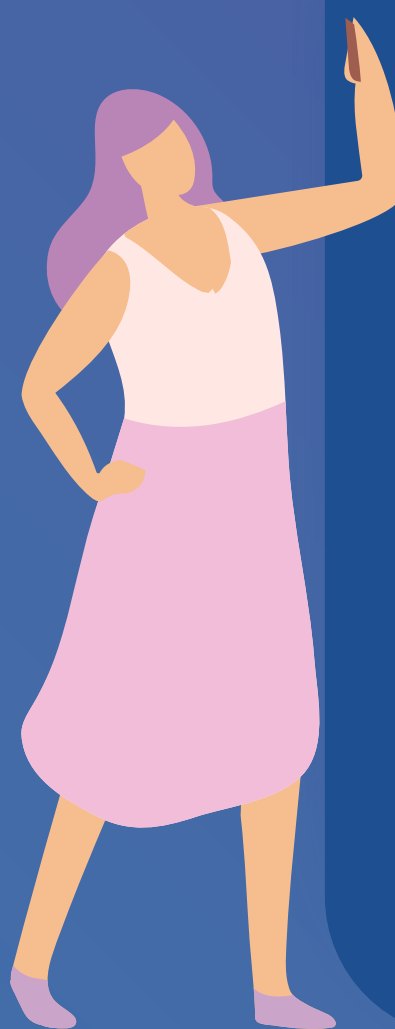
According to Experian's North America Identity and Fraud Report, **40% of consumers report having opened a new online account within the past six months**. According to the report, you can grow your footprint within your current portfolio mix or target new accounts, keeping in mind that consumers want fast, intuitive and personalized experiences – they want to feel recognized.

For **NEW** consumers:

- Target and market credit offers.
- Identify consumers with multiple lines of credit and position your card favorably with competitive credit limits.
- Assess your risk tolerance for new consumer acquisition.
- De-risk balance transfers.
- Use advanced data analytics to identify and target potential high-value consumers.
- Offer introductory rates and promotions to attract new consumers.
- Implement robust verification processes to ensure the legitimacy of new accounts.

For **EXISTING** consumers:

- Assess those who may be in the market for credit and have positive credit migration.
- Incentivize usage during the shopping season with a higher credit limit, loyalty points, additional cashback or other usage perks.
- Identify consumers who may need a reduced spending limit and place higher risk accounts on a watch list.
- Monitor dormant accounts as inactivity for several months may signal a fraud risk if usage suddenly increases.
- Conduct fraud checks using a mix of scores and models.





Don't sleep on Z: booking younger cardholders

Over the next one to two years, the largest cohorts of Gen Z will turn 18, allowing them to independently acquire credit, before the trend slows with smaller subsequent cohorts.

Source: Census Bureau, Experian Economic Strategy Group

QUESTIONS to consider

- Q. What are your goals for the holiday season for net-new customers versus growing within your existing portfolio?
- Q. Has your risk tolerance changed based on economic conditions or predictions?
- Q. Do your decisioning models need to change?

Your Holiday Shopping Season Toolkit

ASCEND QUEST™

Make faster, more informed decisions regarding current customer accounts.

- Access the freshest data source for consumer behavior and credit history.
- Effectively manage your portfolio risk and opportunities for growth, all in a convenient self-service portal.
- Develop account management strategies from thousands of data elements.

ASCEND INTELLIGENCE SERVICES™ LIMIT

Target net-new consumers and loyalty/retention.

- Determine optimal credit limit increase amounts.
- Better predict risk.
- Monitor performance.
- Automate the credit line increase process.

ASCEND FRAUD SANDBOX™

Get a comprehensive view of consumer identities and fraud patterns.

- Discover new fraud signals.
- Build, test and deploy new models in days rather than months.

MITIGATE FRAUD DURING DECISIONING

By building a multilayered fraud and identity strategies into your decisioning, you can power secure and streamlined consumer experiences while also protecting your organization from onboarding fraudulent accounts that may be primed for bust-out fraud.

DURING THE HOLIDAY SHOPPING SEASON

Your marketing and consumer experience departments are busy engines, as is your fraud department. In Experian's 2025 Identity and Fraud Report, **59% of respondents said they are prioritizing revenue over fraud detection**; however, in addition to your marketing and decisioning priorities, an eye should be kept on fraud.

Card testing is the
#1 fraud attacks vector
in the U.S.⁶



U.S. consumers reported over
\$12.5 billion
in losses — a **25%** increase
from the previous year.⁷

Identify card usage with your company and others

Look at consumers' revolving credit data with your organization and with your competitors to gain a better view of your consumers, enhance targeting and mitigate risk.

Consider activity outside of campaigns and storefront experiences

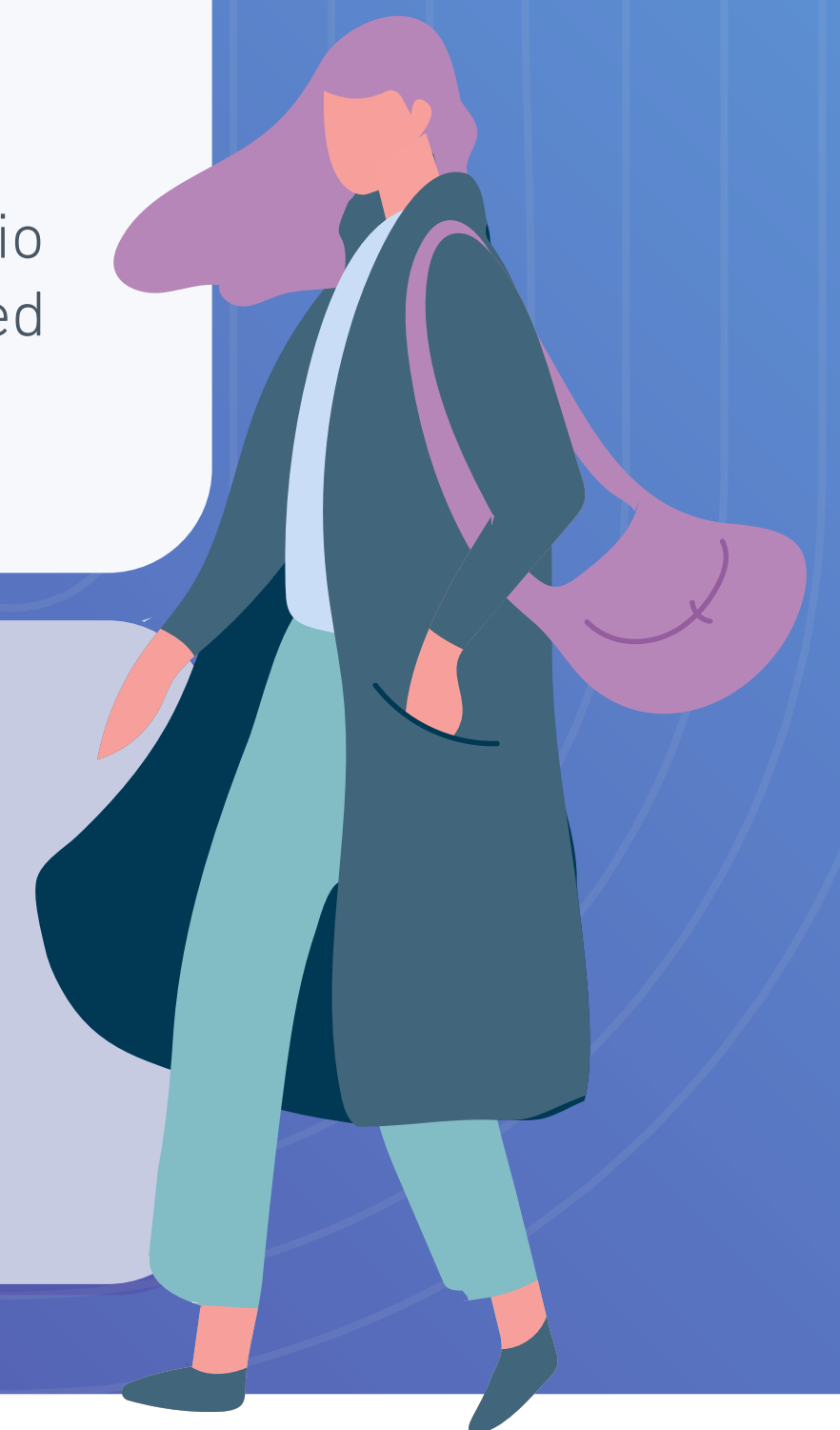
Ensure the consumers presenting the card are the actual card owners. For issuers, this reduces chargebacks, liability and portfolio losses. For merchants, it reduces false declines, increases approved transactions and protects revenue at the busiest time of year.

Look for bust-out fraud

Watch for dormant accounts as well as consumers who may have zero balances. Examine onboarded consumers with a critical eye to ensure they still fit target criteria to stay on top of potential bust out, synthetic identity or other third-party fraud.

Don't let bots steal your cheer

As traffic surges and carts fill up, so do the risks. Behavioral analytics helps you spot bots and bad actors before they wreak havoc, protecting your checkout flow, inventory and customer trust.



QUESTIONS to consider

- Q. Is the person presenting the card the actual card owner?
 - + Are there other signs of fraud? Empty returns?

Your Holiday Shopping Season Toolkit — how to get started

EXPERIAN LINK™

As consumers look to increase their spending power for the holiday season, ensure their identity matches the card.

- Safeguard your business from fraudulent activity by confirming the legitimacy of the cardholder.
- Identify good consumers, reduce friction and increase acceptance rates.
- Make better risk decisions to protect genuine consumers while preventing bad actors and lowering operational costs.
- Deliver increased trust in transactions by helping good customers and spotting potential fraud.

DELIVER BETTER CUSTOMER EXPERIENCES

Help your consumers protect their identity.

72%

of business leaders expect AI-generated fraud and deepfakes to be among their top operational challenges by 2026.



Experian 2025 Fraud & Identity Report

POST-HOLIDAY SHOPPING SEASON

With the retail crush over, there's even more reason to look into potential risk ahead.

Be vigilant for fraud

After the purchasing has been done, hone efforts on first-party fraud as well as empty return boxes. Post-holiday is a peak time for return fraud, and it's when disputes and chargebacks often spike.

Consider indicators that may point to payment stress

Watch trends in debt-to-income and debt-to-limit ratios that may signal payment stress within your portfolio. Leverage debt management strategies to offer support to your consumers who may need it. And for merchants, consider loyalty-building incentives for customers showing financial strain, as repeat business may be at risk.

Lookout for loan consolidation appetite for financial institutions

After the months of spending, consumers may be looking to consolidate debt and in the market for new credit products at the turn of the calendar year.

QUESTION to consider

Q. Check in on consumers' debt-to-income and debt-to-limit ratios. Are collections on the horizon?

Your Holiday Shopping Season Toolkit – how to get started

MULTILAYERED FRAUD STRATEGIES

Incorporate multilayered fraud strategies throughout the consumer life cycle to make effective risk decisions.

- Watch for dormant accounts.
- Identity theft and stolen credit card information are top online concerns.
- Set up fraud flags and triggers and behavioral analytics.

RISK AND RETENTION TRIGGERSSM

Leverage proactive tools for account management, while supporting consumer retention and risk mitigation strategies.

- Track portfolio performance and keep an eye out on consumers who may be showing financial stress.
- Set hierarchies, append risk scores to returned triggers and customize according to your priorities and needs.
- "Real-time" delivery within a few minutes with API connection.



Want tailored recommendations for your **HOLIDAY SEASON STRATEGIES?**

Let's work together to **optimize your strategies ahead** of the holiday shopping season according to your organization's priorities.

[Contact us](#) for more information.

SOURCES

¹ Experian, "2025 holiday spending trends and insights"

² Experian, "2024 holiday spending trends and insights"

³ U.S. Chamber of Commerce, "[5 Key Takeaways From Holiday Shopping That Will Shape Retail in 2024](#)," January 4, 2024.

⁴ eMarketer, "[BNPL is shining this holiday season. Here's how retailers should think about it moving forward](#)," Dec. 11, 2024.

⁵ Adobe, "[Holiday Shopping Report](#)"

⁶ Experian, "2025 Identity and Fraud Report"

⁷ Federal Trade Commission, "[New FTC Data Show a Big Jump in Reported Losses to Fraud to \\$12.5 Billion in 2024](#)"