

STATE OF LOYALTY:

2024 CREDIT CARD

REWARDS REPORT

*Opportunities Abound for
Cardholders in Our 3rd Annual
Point Redemption Analysis*

iSeatz®



Q2 2024

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ABOUT iSEATZ

iSeatz drives enduring brand loyalty through exceptional, connected experiences. Our digital commerce and loyalty tech solutions enable travel and lifestyle bookings that drive engagement and customer lifetime value. Our clients represent the best in travel, hospitality, and financial services, including American Express, IHG Hotels & Resorts, and Wyndham Hotels & Resorts. Backed by proven deliverability, reliable advanced analytics, and travel lifecycle expertise, iSeatz sets the bar for a superb journey from the very first search.

Learn more at iSeatz.com.



REWARDS FOR THE WAY YOU LIVE

There is inherent value in choice. Giving consumers options creates a sense of abundance and provides more opportunities to match their desires and aspirations. One-size-fits-all may be economical, but bespoke offers lasting value.

Nowhere is this relationship between choice and value more apparent than within the credit card rewards ecosystem. In the 2024 State of Loyalty: Credit Cards Rewards Report, our 3rd report examining the availability of credit card rewards and their supporting programs in North America, we leverage publicly available information to communicate the state of that ecosystem: how banks are structuring their loyalty programs to encourage flexibility and ease of use, what rewards they are offering (or not offering), and how they are offering them.

WHAT'S THE DOMINANT TREND WE FOUND?



MORE REDEMPTION OPTIONS. MORE CHOICE.



The expansion of credit card reward redemption occurs when consumers prioritize value over almost all other considerations. In our [Tipping Point for Travel Loyalty series](#), we found that 65% of consumers would engage more with their loyalty programs if offered better discounts, and 49% said saving money on travel was what they valued most from their loyalty programs.

Credit card loyalty programs, one of the most popular ways to access travel rewards and perks, are pathways to unlocking that value. Because of this, and as credit cards are also directly linked to how consumers pay for their travel, the credit card loyalty ecosystem has a singular role in influencing and shaping consumer behavior and travel spending.

At the same time, credit card issuers face significant headwinds due to expanding competition and external factors impacting their operating models. New cards are launched every month, many with robust sign-up incentives and rewards frameworks, continuously growing the pool

of choices available to consumers. And while consumer credit card spending continues to increase—revolving credit grew at a **7.6% annual rate** as of January 2024—rising interest rates present a potential hurdle to sustained spending growth. The average interest rate for existing accounts assessed finance charges was **22.75% as of Q4 2023**, up from 20.40% in Q4 2022. Consumers with excellent credit scores have borne the brunt of this increase (+9.95% for this segment).

All these factors combined can influence a consumer's decision to apply for and keep a given credit card and how much they spend with that card. Especially when considering the behaviors of cardholders in high-income brackets, a lot of revenue can be earned—or lost—for a credit card company. This also reinforces the importance of having the right mix of loyalty offerings for their cardholder base, which is perhaps influencing companies' decisions to expand their rewards portfolios to give cardholders more earning and redemption options.

Of course, portfolio expansion is not a universal trend, nor do all credit card programs analyzed in this report adjust their rewards uniformly. Our analysis also finds that credit card programs are reluctant to allow cardholders to use points to offset fees or transfer their points to other programs, and sustainability-related earning and redemption options continue to lag consumer demand. Yet redemption for fuel purchases was one of the fastest-growing categories in the past year, reflecting increasing responsiveness to cardholders' economic concerns. This report also examines trends identified in last year's report, assessing whether they are still prevalent in the financial services industry in 2024 or simply a temporary phenomenon.

With the demand for travel increasing again this year (in our [Tipping Point report](#), we found that 63% of U.S. consumers plan to take 1-4 more trips in 2024 than they did in 2023), credit card and banking rewards programs have a market ready to spend on travel. But it's up to those programs—and their loyalty strategies—to deliver the incentives that will encourage cardholders to spend.

ABOUT THIS REPORT

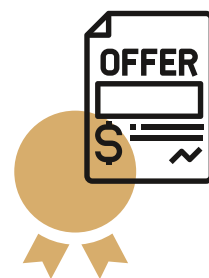
The “State of Loyalty: 2024 Credit Card Rewards Report” is intended to serve as a benchmark of redemption opportunities and engagement strategies for today’s credit card rewards landscape. As such, the report reviews North American credit card-issuing financial institutions that provide travel and lifestyle rewards. Cash back-only cards were not included. This report aims to help financial institutions understand the competitive landscape and develop a truly differentiated rewards strategy that drives engagement, loyalty, customer satisfaction, and retention.

The content was created using publicly available information on credit card loyalty program websites and mobile applications. Information was verified when possible. If you are a financial institution with additional information about your cardholder rewards portfolio or engagement strategies that you would like to share, please contact marketing@iseatz.com.

SCOPE OF REPORT

There are three primary ways cardholders are incentivized to sign up for and continue to use a credit card: Rewards, Offers, and Benefits. Of these three, only Rewards, typically seen in the form of Cash Back/Statement Credits or Points, are awarded based on loyalty or continued spending on the card and act as currency that is redeemable for products or services of the cardholder’s choosing. This report is focused exclusively on reward point redemption.

REWARDS VS. OFFERS



Most credit cards come with special offers for the cardholder, such as discounts or limited upgrades with retail/service partners. These offers are not interchangeable and often have an expiration date (i.e., “6 months free access to Disney+”), so while they’re an attractive bonus, they do not replace an actual reward currency. Rewards are also distinguished from cardholder benefits like trip insurance, price protection, or airport lounge access, which come included at sign-up from the payment network (Visa, Mastercard, American Express, or Discover) and not the card issuer.



CASH BACK VS. POINTS

Credit card redemption currency falls into two categories: cash back and points. Cash back is consistently rated as the most desired credit card reward by consumers, and it’s easy to see why—cash is easy to redeem and available in smaller increments, providing a quicker path to reward redemption. Some banks even allow consumers to automate the cash back process.

Points or Travel Rewards, on the other hand, frequently have a higher reward value per dollar spent. While that often comes with higher annual fees and interest rates, typical card benefits (like free checked bags) more than offset those costs. Travel is also more aspirational. People like the idea of a free vacation—it feels more exciting than a statement credit a few times per year. It offers an emotional connection and more engagement opportunities between the issuer and the consumer.

REWARD COMPARISON

This report compares point redemption opportunities only. It does not include special offers or direct statement credits against purchases (however point redemption for statement credits is noted). Fields with a checkmark denote that reward points can be used as currency to purchase a product. Please see the key below for more information.

- ✓ Offers point redemption for this item
- ✓* Offers point redemption for this item for the first time this year
- Offers point redemption for this item via a statement credit
- ◆ Offers point redemption for this item via gift cards
- Indicates a negative change from prior year (i.e., the reward is no longer offered)
- ◊ Indicates a change in the way the reward was offered from prior year or the reward was offered for the first time this year

Points Transfer:

The ability to easily transfer loyalty points from one program to another for the purpose of redemption.

Cash Back vs. Statement Credit

Cash back refers to the ability to redeem points for a direct deposit to a bank account or a check, whereas statement credit refers to the ability to redeem points for a credit on the card statement.

Card Fees:

Card fees refer to the ability to use points to either directly pay the card's annual fee or to fulfill a minimum payment obligation.

Issuers were considered as having point redemption for a particular product if it was offered on any of their branded cards currently in circulation.

FINANCIAL BENEFITS & REWARD REDEMPTION

Credit Card Issuers	Cash Back Rewards	Statement Credit	Points Transfer	Travel Booking Portal	Buy Now, Pay Later	Card Fees
American Express		✓	✓	✓	✓	●
Discover	✓	✓			✓	✓*
Capital One	✓	✓	✓	✓		
Chase	✓	✓	✓	✓	✓	✓*
Citibank	✓	✓	✓	✓	✓	●
Bank of America	✓	✓	✓	✓		●
Wells Fargo	✓	✓	✓*	✓		
USAA	✓	✓*		✓		
Fifth Third Bank	✓	✓		✓*		
HSBC	✓	✓	✓	✓		✓*
U.S. Bank	✓	✓		✓	✓	✓
RBC Bank	✓	✓	✓	✓	✓	✓
BMO Harris Bank	✓	✓		✓		●
Truist Bank (SunTrust/BB&T)	✓	✓		✓		
TD Bank	✓	✓	✓*	✓*	■ ◊	■ ◊
Credit One	●	✓				
PNC Bank	✓*	✓				
Citizens Financial Group	✓	✓*			✓	
Navy Federal Credit Union	✓	✓		✓		✓
KeyCorp	✓	✓		✓		
Regions Financial Corporation	✓	✓		✓		
Commerce Bank	●	✓		✓	✓*	
M&T Bank	✓	✓		✓		
State Street Corporation	✓	✓				
Huntington Bancshares	✓	✓		✓		

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TRAVEL AND LIFESTYLE POINTS REDEMPTION

This report compares point redemption opportunities only. It does not include special offers or direct statement credits against purchases (however point redemption for statement credits is noted). Fields with a checkmark denote that reward points can be used as currency to purchase a product. Please see the key on the prior page for more information.

Institution	Flight	Hotel	Car Rental	Tours & Activities	Live Events	Dining	Food Delivery	Grocery	Gift Cards	Retail Partners	Gas	Wellness	Cruise	Charitable Giving	Carbon Offsets
American Express	✓	✓	✓		✓	◆ ◊	✓		✓	✓		◆ ◊	✓	✓	
Discover	■	■	■			■	■ ◊		✓	✓	■			✓	
Capital One	✓	✓	✓	✓	✓	✓	◆ ◊	◆ ◊	✓	✓	◆ ◊	◆ ◊	◆ ◊		
Chase	✓	✓	✓	✓	✓	✓*	✓*		✓	✓			✓	■	
Citibank	✓	✓	✓	✓	■	◆ ◊	◆ ◊		✓	✓	✓		✓	✓	
Bank of America	✓*	✓*	✓*	✓*	✓*	■	■		✓				■		
Wells Fargo	✓	✓	✓	✓	✓*				✓	✓		✓	✓	✓*	
USAA	✓	✓*	✓*						✓				✓	✓	
Fifth Third Bank	✓	✓	✓						✓				●	✓	
HSBC	✓	✓	✓	✓					✓	✓			✓	✓	
U.S. Bank	✓	✓	✓	✓	✓				✓				✓	✓	
RBC Bank	✓	✓	✓	✓*					✓	✓	✓*	✓*	✓	✓	
BMO Harris Bank	✓	✓	✓	✓		◆ ◊			✓		◆ ◊	◆	✓	✓*	
Truist Bank (SunTrust/BB&T)	✓	✓	✓	✓	✓				✓				✓*		
TD Bank	■ ◊	■ ◊	■ ◊	■	■ ◊	■ ◊	■ ◊	■ ◊	✓	✓	■	■ ◊	■ ◊		
Credit One	■	■	■	■ ◊					✓				■		
PNC Bank	✓	✓	✓	✓		◆ ◊			✓	✓	◆ ◊		✓	◆	
Citizens Financial Group	✓*			✓*	✓*				✓					✓*	
Navy Federal Credit Union	✓	✓	✓	✓	✓		●		✓				✓		
KeyCorp	✓	✓	✓	✓*	✓				✓				✓	✓	
Regions Financial Corporation	✓	✓	✓		◆ ◊	◆ ◊			✓						
Commerce Bank	✓								✓		✓				
M&T Bank	✓	✓	✓	✓	✓				✓				✓*	◆	
State Street Corporation	✓	✓	✓	✓*	◆ ◊				✓		✓*	✓*			
Huntington Bancshares	✓	✓	✓	✓	●				✓			●	✓		

EMERGING TRENDS

EXPERIENTIAL TRAVEL REMAINS POPULAR

Perhaps the best indication in our analysis that credit card programs provide rewards for how their cardholders live is the expansion of lifestyle rewards that complement travel. Across all categories, we see substantial increases in the percentage of banks offering these reward opportunities. More than three-quarters—76%—of the cards in our analysis now offer point redemption or a statement credit for tours and activities, an increase of more than 20 percentage points over 2023. More than half (60%) now offer the same for live events, as six new cards began providing this benefit.

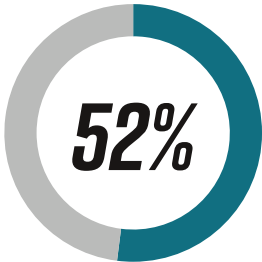
Expanding their rewards portfolios in this direction aligns with consumer priorities. [Our Tipping Point series](#) reveals that consumers want to redeem their points for lifestyle options that complement travel, including tours and activities (21%) and dining (22%)—the top two responses captured by our survey. Credit card programs are listening: seven cards, including Citibank and TD Bank, added dining rewards this year.

The increasing availability of experiential rewards continues a trend we identified last year. Because most credit card programs already include the “big three” travel rewards—flight (100%), hotel (92%), and car rental (92%)—expanding the constellation of rewards that can both complement these core offerings and offer value to cardholders in their day-to-day lives has emerged as a way for card issuers to differentiate themselves and capture more share of wallet.

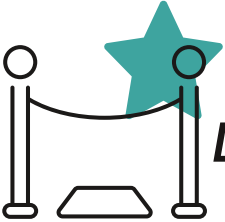
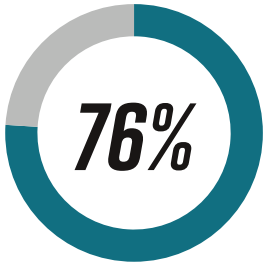


TOURS & ACTIVITIES

2023

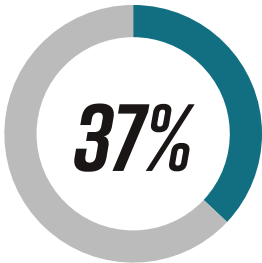


2024

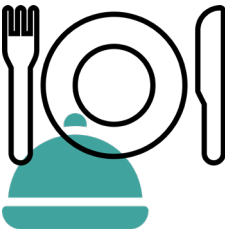
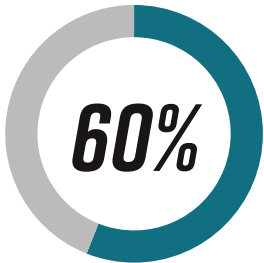


LIVE EVENTS

37%

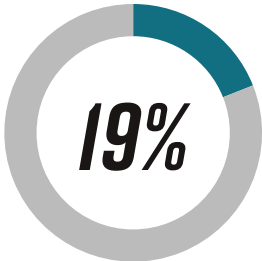


60%

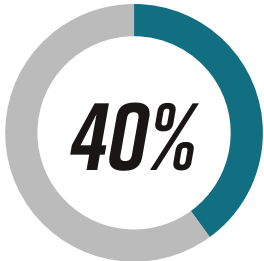


DINING

19%

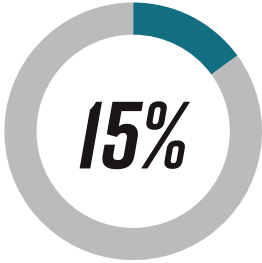


40%



WELLNESS

15%



28%



BROADER ARRAY OF FUEL REWARD OPTIONS REFLECTS RESPONSIVENESS TO CONSUMER ECONOMIC MOTIVATION

Travel-adjacent rewards are not the only reward types that consumers value, especially in a prolonged era of cost-consciousness. As a result, many card programs have added discounts on gas as a reward option this year. In 2023, just 15% of the cards in our report offered fuel rewards; this year, that proportion jumped to 36%—nearly a third of the programs we analyzed.

THE NUMBER OF CREDIT CARD ISSUERS OFFERING REWARDS FOR GAS PURCHASES MORE THAN DOUBLED FROM 2023 TO 2024, RISING FROM 15% TO 36% OF ALL ISSUERS IN THE RESEARCH SET.

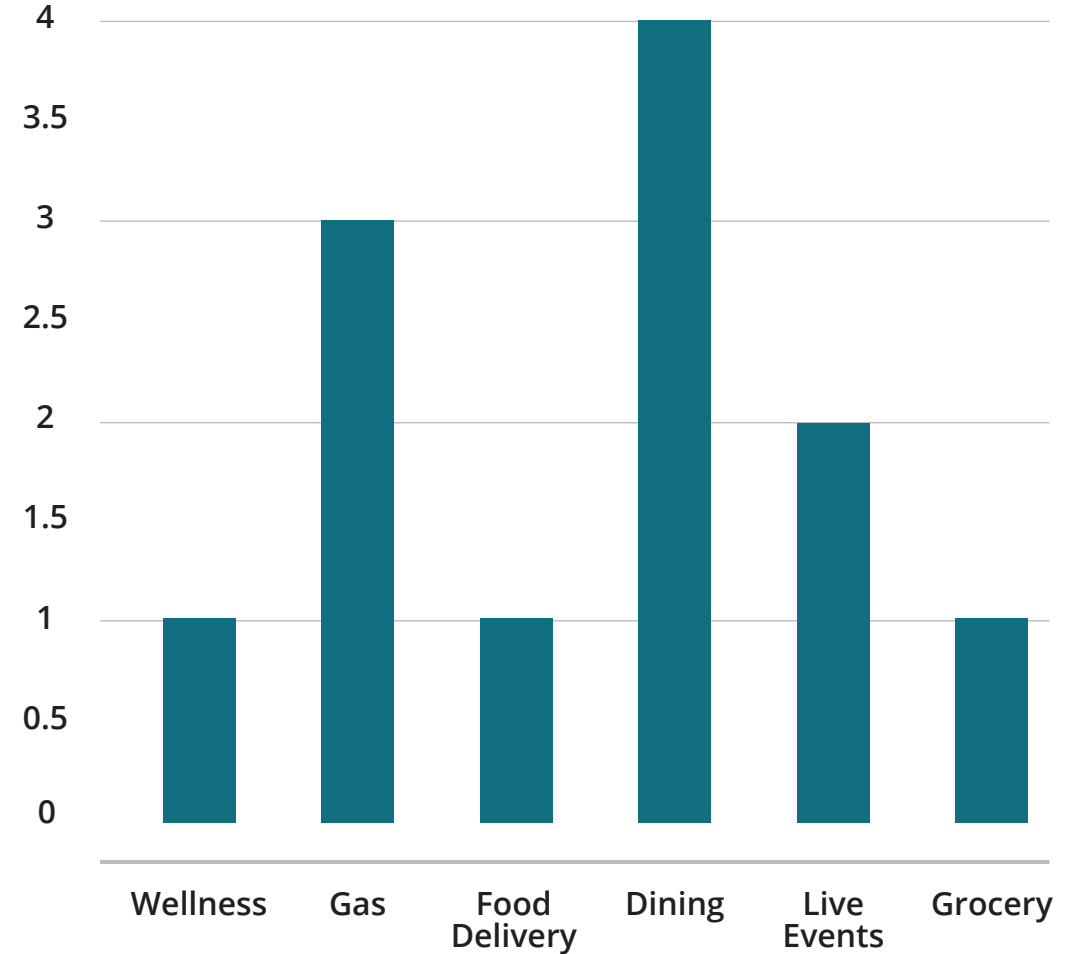
While it is not a universal benefit (that is, only specific partnerships allow for direct point redemption; many of the other card programs, including Capital One, added this benefit this year via gift card redemption), the growth of fuel rewards as an option does reflect responsiveness to economic conditions, namely the price of gas. It also supports the idea that financial brands understand that cardholders want everyday value and are looking to their credit cards to offer rewards that apply directly to that demand.

EXPANDING PORTFOLIO BREADTH IN MULTIPLE WAYS

Just as several cards added fuel discounts via gift cards, our analysis revealed several other examples of brands expanding their portfolio with statement credits or gift cards. This trend speaks directly to credit card programs' willingness to expand their portfolio rapidly to meet cardholder demand for value in more than just a few purchase categories. It also indicates that even though programs might not have the capability to offer direct points redemption for specific reward categories, they found another way to add those options.

Our analysis shows that credit card programs most frequently pursue this strategy in rewards related to charitable giving, dining, wellness, and gas. PNC Bank, for example, began offering both dining and fuel rewards through gift card redemption in 2024. American Express also added wellness rewards through gift cards this year.

GIFT CARD ADDITIONS BY CATEGORY



12 CREDIT CARD ISSUERS ADDED 12 NEW REWARD CATEGORIES VIA GIFT CARD DURING 2024

Other credit card programs are modifying their redemption options for other reward categories. For example, Chase shifted from statement credits to direct points redemption for several options, including dining and food delivery. Additionally, this year, Wells Fargo and BMO Harris Bank made charitable giving a points-redeemable option. In 2023, these banks only made charitable giving available via gift card.

Coupled with the broader trend toward reward portfolio expansion, these shifts to more direct and convenient redemption methods reflect credit card programs' efforts to offer value to cardholders in more ways and help them realize that value more quickly.

STILL SHORT ON SUSTAINABILITY SOLUTIONS

Portfolio expansion is not happening across all categories, however. One notable area where credit card programs are lagging behind companies in other industries and consumer sentiment is sustainability. In terms of offering sustainability-related rewards, financial institutions in general (13%) are outpaced by retailers (31%) and the survey average (19%), according to survey data underpinning our Tipping Point report series. As of 2024, no card offers carbon offsets as part of its reward portfolio.

According to our Tipping Point survey, 14% of all consumers (and 20% of Millennials) would engage more frequently with their loyalty programs if they offered more sustainability-related options, and 60% of businesses reported reduced member churn and turnover after increasing the availability of those options. This makes the lack of sustainability redemption choices among credit card programs a significantly overlooked opportunity.

But despite not offering direct redemption options for carbon offsets, some credit card brands are being proactive on environmental issues. **Avion Rewards**, offered by RBC Bank, among other institutions, allows cardholders to purchase energy-efficient products with points, offers an earning multiplier on electric vehicle charging, and provides sustainability tips and guides to members. **American Express** provides a carbon emissions tracker to its Small Business Card members. If more credit card programs can implement initiatives like this—and provide points redemption for sustainability rewards—they will be rising with this trend.



60%

***OF BUSINESSES SAY THEY
HAVE SEEN REDUCED MEMBER
CHURN AND TURNOVER AFTER
INTRODUCING SUSTAINABILITY-
RELATED OPTIONS TO THEIR
LOYALTY PROGRAMS***

REVISITING TRENDS FROM PRIOR YEARS

PERSONALIZATION AND AI

2023 TAKE

Customer data is critical to driving personalization, and banks are well-positioned to leverage true personalization in their loyalty marketing, given the detailed amount of first-party demographic and spending data they have on their cardholders. How can travel and lifestyle rewards platforms achieve this dynamic personalization? The answer lies with AI. And when it comes to AI right now, there's one massive elephant in the room: ChatGPT.

2024 UPDATE

Personalization remains a differentiator for loyalty programs of all types, and it continues to resonate with cardholders. Consumers want personalized offers and believe they will benefit from them, with 75% of respondents to our Tipping Point survey (including 87% of Gen Z and 83% of Millennials) saying that receiving more personalized offers would help them save money. Exactly half—50%—of respondents feel that receiving personalized offers is extremely or very important, indicating that more widely integrated personalization can be a growth driver for credit card programs.

As for AI, these applications have found their way into new areas of loyalty operations—it's not just about ChatGPT anymore. Though not directly captured in our analysis of rewards programs, we see AI being used to enhance dynamic content on travel booking sites and inform more comprehensive cardholder engagement strategies.

BUY NOW, PAY LATER

2023 TAKE

Buy Now, Pay Later is here to stay. It's a prime opportunity for banks to integrate into their travel rewards platforms because they benefit from being both the retailer and the financier of the transaction. With airfare and accommodation costs at record highs, BNPL makes travel more attainable. Incorporating this option into checkout stays top-of-mind for consumers, increasing the likelihood of adoption and higher booking values.

2024 UPDATE

Growth in Buy Now, Pay Later (BNPL) options slowed this year, but it is not going anywhere. Card programs continue to offer it, including Commerce Bank, which introduced its BNPL option, FlexPay, this year. The proportion of card programs providing this payment option rose to 36% in 2024. This aligns with consumer expectations; according to our Tipping Point survey, 11% of consumers would be "likely" to use BNPL, and almost three-quarters (73%) say the availability of more fintech tools would increase the likelihood of booking travel with their loyalty program.

WHAT CREDIT CARD PROGRAMS NEED

Beyond expanding their reward portfolios and making it easier for cardholders to redeem points, what can credit card programs do to grow their share of wallet and retain their members? Comparing our reward program analysis with our Tipping Point report series, two main strategies emerge.

INCREASE GENERATIONAL RESONANCE

As we learned in our Tipping Point survey, Gen Z and Millennials have a greater appetite for travel and are more apt to embrace value-seeking behavior. Thirty-eight percent of Millennials plan to travel three or more times in the next year, compared to just 30% of all age groups. At the same time, younger generations are also willing to spend more on travel products or services to gain or maintain loyalty status or earn extra points or perks than older generations. Specifically, **29% of Millennials would spend up to 5% more on travel to preserve their status or receive bonus benefits compared to just 8% of Silent Generation respondents and the 25% survey average.** Similarly, 26% of Gen Zers would spend between 6% and 10% more, while only 15% of Boomers said the same.

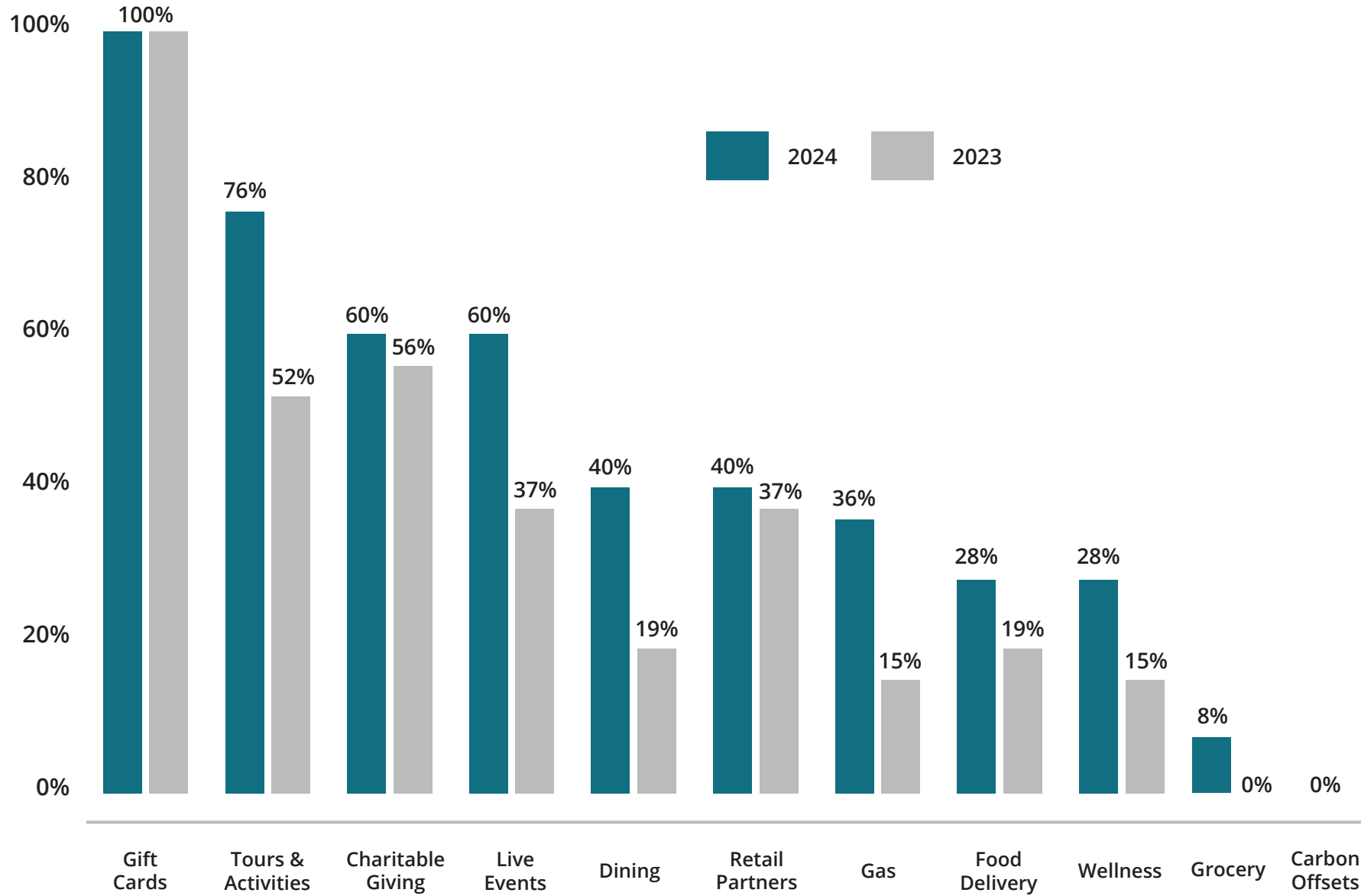
Credit card programs must ensure they tailor their offerings to capture this market segment, including their portfolio diversification strategies. For example, Gen Z is significantly more likely to want to redeem their points for food delivery services (10%) than other generations (4%).

Yet only 28% of cards in our analysis offer this reward type. Millennials (39%) and Gen Z (43%) want to receive personalized offers for lifestyle rewards from their loyalty programs more than other generations (33% survey average), but credit card programs do not offer these rewards at nearly the same frequency as they offer the “big three” travel products.

These generations are entering their prime spending years. If financial institutions want their credit cards to become their preferred payment method, they need to tailor their rewards structures to meet the needs of these younger cohorts.



LIFESTYLE REWARDS OFFERED, YEAR-TO-YEAR COMPARISON



MEET DIGITAL DEMAND MORE DIRECTLY

The other way financial services brands can capture more share of wallet is by elevating their programs from the staid, cumbersome retention portals of the past to move to flexible centers of commerce like their consumers are accustomed to in all other parts of their lives. This includes expanded functionality for points transfer and bill pay, neither of which are offered by most card programs in our analysis (36% and 28%, respectively).

Similarly, only 80% of card programs have a travel booking portal. While that seems like a vast number, it's nowhere close to the 100% of programs that offer point redemptions for air travel. Allowing cardholders to book travel directly with the card brand rather than being directed to a third party is critical for keeping travel spending within the credit card ecosystem.

Ultimately, the full-service functionality represented by these capabilities reflects consumers' daily experience with e-commerce sites, online travel agencies, and other brands' digital properties. Their experiences with credit card loyalty programs should be on par, if not better.

A REWARDING LIFESTYLE

The state of credit card rewards is strong... and growing. With card programs across the spectrum expanding their rewards portfolios, introducing new ways for cardholders to redeem their points, and diversifying the range of lifestyle and everyday rewards available, it's clear that consumer desire for value has influenced card issuers' loyalty strategies.

Yet, with ever-increasing competition and banks and credit card companies facing a growing imperative to differentiate their offerings, there's still work to be done. More effort must be made to cater to the priorities of Millennials and Gen Z cardholders, including by offering more sustainability-related rewards. Travel booking portals and the digital user experience must be improved, including delivering more personalized offers and communications.

The dominant trend of offering more rewards for people's lifestyles, however, is moving in a positive direction. Card issuers should lean into this trend and continue to deliver added value to their cardholders.

For some companies, this may mean working with partners with extensive travel supplier relationships to advance their reward portfolio expansion strategies. For others, it may mean investing in technological capabilities that facilitate direct point redemption or replacing or augmenting redemption with gift cards for some reward categories. Many issuers may find that combining these approaches will enable them to compete more effectively in a crowded field.

As long as value, choice, and the cardholder experience remain in ascendancy, the state of loyalty among credit card rewards programs will always be strong.

CONTACT US TO LEARN HOW ISEATZ CAN HELP YOUR YOU IMPLEMENT EFFECTIVE TRAVEL REWARDS AND LOYALTY STRATEGIES.



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