

# *STATE OF LOYALTY: CREDIT CARD REWARDS*

**2023**

OUR 2<sup>ND</sup> ANNUAL REPORT ON POINT REDEMPTION OPPORTUNITIES WITH NORTH AMERICAN, CREDIT CARD-ISSUING BANKS

# *STAYING TOP-OF-WALLET IN TODAY'S TRAVEL MARKET*

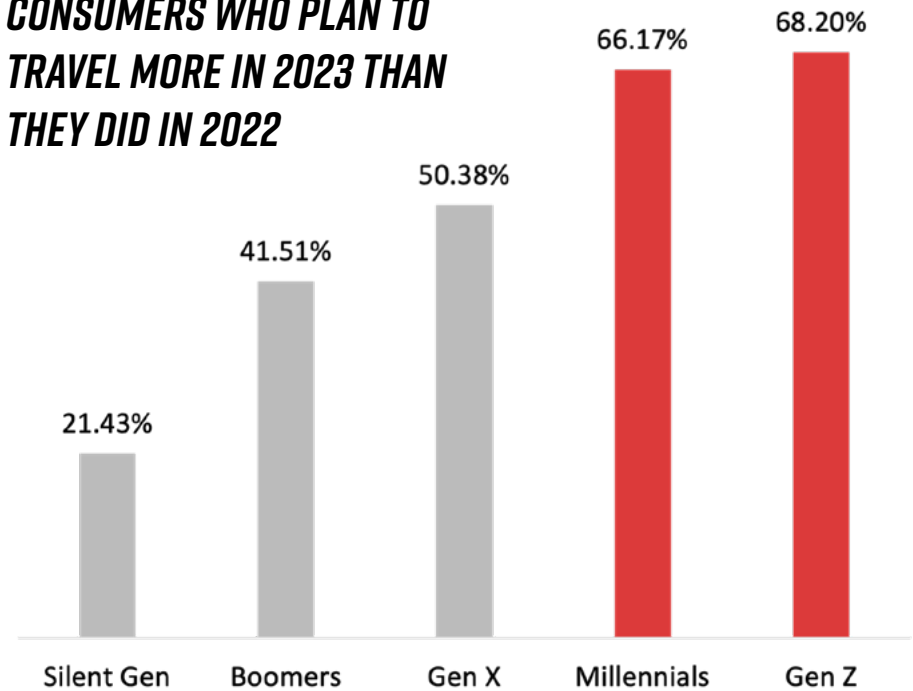
---

We've seen multiple announcements of [major credit card reward programs investing in their travel rewards platforms](#) over the last year. Consumer desire for travel remains strong, and banks want to capture as much of the customer journey as possible. With more competition, consumers have more choices than ever before when it comes to booking travel. With this increased competition in the travel loyalty space, how can providers stay top-of-wallet, especially among the critical audiences of Millennials and GenZ?

Millennials and Gen Z, who make up over 42% of the US population and are the largest generational block of travelers/consumers, came of age with the internet. They're using a myriad of online resources to find options that fit both their values and their budgets. They're looking to travel more this year and they're more likely to belong to multiple reward programs than older generations. How can banks differentiate to make sure they capture these critical and savvy consumers?

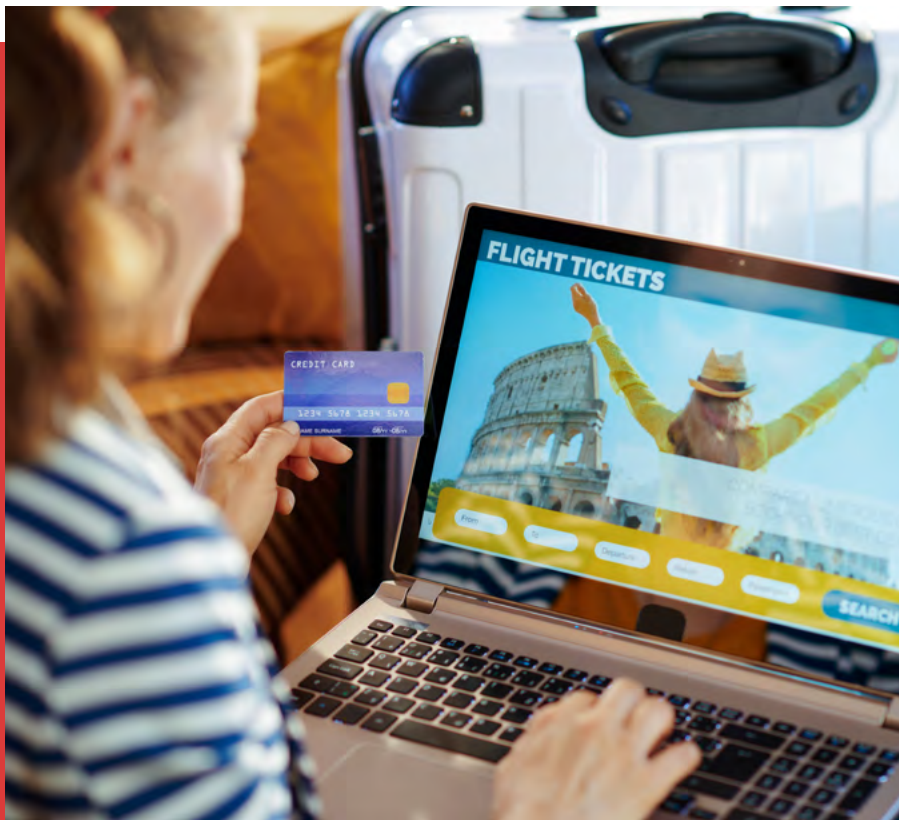
It's all about providing control, confidence, and flexibility. Consumers want to be the masters of their own destiny when it comes to their booking and travel experience. From the ability to leverage all of their currencies to embedded finance options, finding everything they're looking for to confidence they're getting the best value, easy self-service to in-trip support, it's not a surprise that loyalty rewards platforms that provide these features are seeing strong growth.

## CONSUMERS WHO PLAN TO TRAVEL MORE IN 2023 THAN THEY DID IN 2022



# TABLE OF CONTENTS

ABOUT THIS REPORT _____	5
REWARD COMPARISON _____	7
EMERGING TRENDS _____	9
2022 TRENDS REVISITED _____	14
MEETING CONSUMER DEMAND _____	16



## ABOUT ISEATZ

Founded in 1999 and based in New Orleans, iSeatz provides digital commerce and loyalty tech solutions that enable travel and lifestyle bookings. Our clients represent the best in travel, hospitality, and financial services, including American Express, Expedia, Air Canada, 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 travel journey from the very first search.



**\$8.2 BILLION**

Bookings Made  
Annually



**292+ BILLION**

Loyalty Points  
Processed Annually



**11.6 MILLION**

Travelers  
Annually

Learn more at [iSeatz.com](https://www.iseatz.com). Have a unique product or partnership you've integrated into your loyalty program? We want to hear about it! Contact us at [marketing@iseatz.com](mailto:marketing@iseatz.com).



## ABOUT THIS REPORT

The “State of Loyalty: 2023 Credit Card Rewards Report” is intended to serve as a benchmark of reward redemption opportunities and engagement strategies for today’s credit card rewards landscape. As such, the report reviews North American credit card-issuing financial institutions who provide travel and lifestyle rewards. Cashback only cards were not included. The goal of this report is to help financial institutions understand the competitive landscape and to 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 reach out to [marketing@iseatz.com](mailto: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 spend on the card, and act as a 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 (ie "6 months free access to Disney+"), so while they're an attractive bonus, they do not replace a true 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 cashback process.

Points or Travel Rewards, on the other hand, frequently have a higher reward value per dollar spent, and 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 consumer.



# FINANCIAL BENEFITS & REWARD REDEMPTION

Reminder: 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 are noted). Fields with a checkmark denote that reward points can be used as a currency to purchase a product. Please see the key at right for further information.

Credit Card Issuers	No. of US Cardholders	Cashback Rewards	Statement Credit	Point Value	Points Transfer	Travel Booking Portal	Buy Now, Pay Later	Crypto Rewards	Card Fees
American Express	48.4M		✓	0.5-2.2¢	✓	✓	✓		✓
Discover	61M	✓	✓	1¢			✓		
Capital One	106.9M	✓	✓	0.5-1¢	✓	✓			
Chase	149.3M	✓	✓	0.8-1.5¢	✓	✓	✓		
Citibank	67.7M	✓	✓	0.5-1¢	✓	✓	✓		✓
Bank of America	55.4M	✓	✓	1¢	✓	✓			✓
Wells Fargo	23.6M	✓	✓	1-1.75¢		✓			
USAA	8.2M	✓		0.7-1¢		✓			
Fifth Third Bank		✓	✓	0.5-1¢					
HSBC		✓	✓	1-1.5¢	✓	✓			
U.S. Bank	22.4M	✓	✓	1-1.5¢		✓	✓		✓
RBC Bank		✓	✓	0.5-2¢	✓	✓	✓		✓
BMO Harris Bank		✓	✓	0.3-0.5¢*		✓			✓
Truist (SunTrust/BB&T)		✓	✓			✓			
TD Bank		✓	✓	0.2-0.5¢					
Credit One		✓	✓	1¢					
PNC Bank	6.1M		✓						
Citizens Financial Group		✓	-				✓		
Navy Federal Credit Union	6M	✓	✓	1¢		✓			✓
KeyCorp		✓	✓			✓			
Regions Financial Corp.		✓	✓	1¢		✓			
BECU		✓	✓			✓			
Commerce Bank		✓	✓			✓			
M&T Bank		✓	✓	1¢		✓			
Union Bank		✓	✓	1-1.5¢					
State Street Corp.		✓	✓	1¢					
Huntington Bancshares		✓	✓	1¢		✓			



## Point Redemption aka "Burn"

- ◆ The ability to use loyalty points as currency to make a purchase or bid at an auction.
- ◆ The ability to easily transfer loyalty points from one program to another for the purpose of redemption.
- ◆ Issuers were considered as having point redemption for a particular product if it was offered on any of their branded cards currently in circulation.
- ◆ Point Values included were published by the issuers.
- ✓ Offers point redemption
- ✓ Offers point redemption via a statement credit
- ✓◆ Offers point redemption via gift cards
- ✓- Change from previous report

\*Calculated by 2022 average exchange rate of 0.76 USD/CAD

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 an issuing bank with additional information as it relates to your rewards or engagement portfolio, please reach out to [marketing@iseatz.com](mailto:marketing@iseatz.com).

# TRAVEL & LIFESTYLE POINT REDEMPTION

Reminder: 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 are noted). Fields with a checkmark denote that reward points can be used as a currency to purchase a product. Please see the key at right for further information.

Credit Card Issuers	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 (SunTrust/BB&T)	✓	✓	✓	✓	✓				✓						
TD Bank	✓	✓	✓	✓					✓	✓	✓		✓		
Credit One	✓	✓	✓						✓				✓		
PNC Bank	✓	✓	✓	✓		✓			✓	✓			✓	✓	
Citizens Financial Group	-	-	-	-	-				✓				-	-	-
Navy Federal Credit Union	✓	✓	✓	✓	✓		✓		✓				✓		
KeyCorp	✓	✓	✓		✓				✓				✓	✓	
Regions Financial Corp.	✓	✓	✓						✓						
BECU	✓	✓	✓						✓					✓	
Commerce Bank	✓								✓		✓				
M&T Bank	✓	✓	✓	✓	✓				✓					✓	
Union Bank	✓	✓	✓						✓					✓	
State Street Corp.	✓	✓	✓						✓						
Huntington Bancshares	✓	✓	✓	✓	✓				✓			✓	✓		

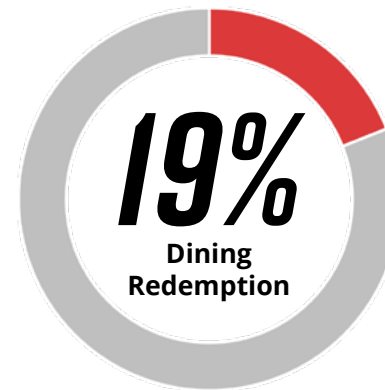


# EMERGING TRENDS

A few major trends have dominated the travel loyalty zeitgeist over the last few years, including Experiential Travel, Personalization, and Buy Now Pay Later (BNPL), among others. Now, in early 2023, trends like BNPL and Embedded Finance are further in their lifecycle, seeing adoption at the top of the market that is beginning to trickle down. Others, like true personalization, are still out of reach, but the latest developments in technology and travel loyalty platform investment may be bringing those ideas closer to reality.

# WHO'S MEETING THE DEMAND FOR EXPERIENTIAL TRAVEL?

Repeatedly, we see studies and surveys report that consumers want more experiential travel. Despite that demand, loyalty programs have yet to close the gap on point redemption for experiential products such as tours and activities, live events, dining, and wellness.





## WHO'S MEETING THE DEMAND FOR EXPERIENTIAL TRAVEL? (CONT.)

This gap is especially curious considering the [race among major financial institutions to own more of the traveler's journey](#). But with many banks announcing major changes to their travel rewards programs within the last year, we may begin to see these options more frequently. One card issuer who recently launched a new travel booking platform, Capital One, has added all four of these categories for point redemption this year, as well as food delivery.

“

*Despite the global uncertainties, the industry will be strengthened by travellers in search of an escape that takes them out of their own reality.*

*This is the ideal backdrop for a boom in experiential travel. With micro and niche trends, hobbies and personal passions leading the way, we are likely to see tailored experiences taken to the next level, paving the way for operators to explore new territory and all the ways their local surroundings can enhance unique adventures for tomorrow's traveller.*

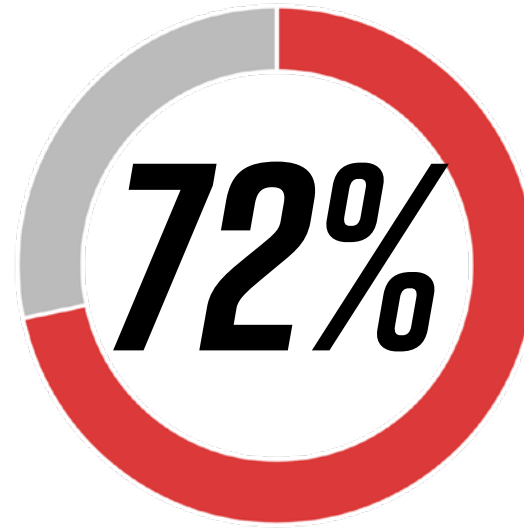
**Arjan Dijk**  
[Booking.com](#)

”

# PERSONALIZATION & AI

Personalization has been a watchword in customer loyalty, and marketing in general, for years now. Customer data is key to driving personalization, and banks are particularly 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. The disconnect has been in connecting disparate customer data sources - marketing teams are working from Customer Relationship Management (CRM) and Customer Data Platform (CDP) tools, while booking platforms collect their own data. Any syncing tends to come after a customer activity, for example getting a marketing email about Mexican resorts after you've browsed the travel platform for that destination.

While marketing personalization like the example above is incredibly valuable, iSeatz' recent [Tipping Point in Travel Loyalty](#) report showed that dynamic personalization within the shopping/booking experience is even more valuable. In that report, we found that "just over 70% of consumers who said they receive personalized recommendations through their rewards booking site say their current loyalty programs provide them with the value they are looking for. But for those that primarily receive personalized recommendations through marketing emails (as opposed to dynamically on the site itself), that number drops to 48%. Only 44% of respondents who receive no personalized content say their current loyalty programs provide them with the value they seek."



Consumers who received personalized recommendations on the booking site say their loyalty programs deliver what they value most

That number drops significantly for those who primarily received personalized recommendations through emails



## PERSONALIZATION & AI (CONT.)

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. The artificial intelligence platform from Open AI launched publicly in November and has since become the **fastest growing app in history**. Its potential applications for customer marketing and travel are appealing, from itinerary planning to customer service, but **it's not going to replace agents or booking services just yet**, and potential **compliance concerns** have been raised, making the technology anything but a sure bet. The tool is still evolving and as with any AI, it will get more sophisticated as more people use it - and with over 100 million users in its first 2 months, that evolution is set to happen quickly.

“

*Travel agents and advisors still have job security as they have access to current information and can draw from their personal experience at destinations to help travelers plan a trip. However, that trend can gradually change as AI evolves and gets better at processing real-time data. Consider using ChatGPT for preliminary research only as it can summarize the consensus from many expert sources, if you decide to use it at all.*

**Geoff Whitmore**  
**Forbes**

”



# 2022 TRENDS REVISITED

In our 2022 report, we identified and discussed 4 emerging trends in the credit card rewards space. Here's a look back to see how our take on each trend has turned out so far.

## BUY NOW, PAY LATER

### LAST YEAR'S TAKE

Leading banks American Express and Chase had launched their own BNPL programs, but American Express stood out as the only issuer to have their BNPL program, Plan It, embedded in checkout on AmexTravel.com for both flight and hotel bookings.

We predicted we would see BNPL offered more widely given its popularity among Millennials and its potential to increase conversion rates and average booking values.

### 2023 UPDATE

Buy Now, Pay Later has seen a **250% increase in adoption** amongst the banks reviewed since last year. American Express still leads the pack as the only bank with BNPL integrated at checkout on their travel platform (they also recently expanded the payment option to car rental bookings). Other travel retailers, like Expedia and many airline and cruise carriers, have partnerships with firms like Uplift and Affirm (although not all of them allow points to be earned on BNPL purchases), so it's just a matter of time before we see the remaining platforms catch up.

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

## DIGITAL WALLETS

PayPal and Bakkt were the major players in this space, aggregating and interchanging cash, credit, loyalty points, gift cards, and cryptocurrencies via a single digital wallet.

It's an appealing concept for the consumer, but we were bearish on the benefits for loyalty programs, due to these wallets forcing customers and their transactions away from the reward platform, resulting in a loss of both ancillary revenue and valuable customer data.

Up until recently there hadn't been much movement in this space. PayPal rolled out pay-with-points functionality for Wells Fargo customers, but there had been few, if any, partnership announcements from Bakkt regarding integrations with their consumer app. Then, last month, Bakkt announced that **they'll be sunseting their consumer wallet product** to focus on their B2B business.

With embedded financing, Pay with Points retail partnerships, and split-pay more commonly available, loyalty programs, especially those offered by banks and financial institutions, are positioned better than ever to keep their point redemption opportunities under one roof - their own.

# 2022 TRENDS REVISITED (CONT.)

## PAY WITH POINTS

### LAST YEAR'S TAKE

The ability to apply loyalty points towards purchases with retailers like Amazon, Apple, and Best Buy was a steadily growing trend. It offers similar convenience and point versatility for consumers as digital wallets, but rather than removing the transaction from the loyalty program, it allows the program to get marketing cache from additional transactions, surprising and delighting their members on additional channels.

We called Pay with Points a win-win with the potential to deliver increased customer satisfaction, program perception, and revenue.

Pay with Point partnerships have continued to expand since last year's report, with [Citi adding Walmart as a Shop with Points partner](#) among the latest offerings. And we expect to see more expansion in the future, particularly from the larger banks, who have the volume and resources to manage direct partnerships.

### 2023 UPDATE

This trend correlates with many reward programs closing down their own merchandise programs. Pay with Points allows cardholders to redeem their points for items they already want and are shopping for, giving the reward program the same brand affinity benefits without the overhead and limited ROI of a proprietary merchandise store.

## CRYPTOCURRENCY REWARDS

Crypto was incredibly popular in the zeitgeist last year, with the market cap topping \$3T at one point. Credit card networks Visa and Mastercard were entering the space, both launching co-branded cards with crypto platforms that allowed cardholders to convert cashback rewards into cryptocurrency.

Major banks, however, had yet to follow suit. We highlighted risks posed to card-issuers, like environmental impact, fraud, and general volatility, but we also noted that with crypto's growing popularity among consumers, the market may begin to demand it.

None of the banks reviewed in this report have added point redemption for cryptocurrency rewards in the last year. That's not surprising, given the risks mentioned in last year's report. Consumer interest in active crypto investment has waned, likely due to the extreme market volatility seen last year, but interest in passive earning opportunities have remained fairly steady. As [PYMNTS noted in June](#), "Where crypto, especially bitcoin, is seeing growth is in so-called passive investments, such as round-up and crypto-back rewards on credit and debit card spending that are a way for people to channel what they consider "free" money into bitcoin in nickel-and-dime amounts that build over time."

In addition to co-brand cards from Visa and Mastercard, American Express rolled out a partnership with Abra, where cardholders earn crypto-back rewards, and receive some Amex benefits and special offers as well.

# MEETING CONSUMER DEMAND

What's on the horizon for travel rewards programs? With travel demand seeing historic highs, the race is on to capture and retain customers with a superior offering and booking experience. Providing cardholders with the control, confidence, and flexibility they crave from their booking and travel experience is paramount for reward programs to stay competitive.

In our recent research report, *The Tipping Point for Travel Loyalty in 2023*, we uncovered some stark disconnects between what the market wants and what loyalty platforms are delivering.

Consumers want it all. The report found that in addition to deeper discounts, a better booking experience and a broader selection of rewards, including non-travel rewards, were key drivers for consumers to increase their engagement with their loyalty programs. As more banks expand and invest in their platforms, the lifecycle from emerging trend to table stakes is getting shorter and shorter. That's why now, more than ever, it's critical to have a scalable and configurable technology solution that allows brands to easily adapt and expand their offerings in order to attract and retain cardmembers.

**KENNETH PURCELL**

Founder & CEO of iSeatz



## LOYALTY PROVIDERS

**63%** 63% think they are their members' first choice when booking travel

**20%** 20% say user experience is their biggest challenge

**92%** 92% say their loyalty program is delivering on their needs

## CONSUMERS

**51%** Only 51% visit their loyalty program website first

**84%** 84% of consumers cited user experience-related issues as the most frustrating part of booking travel within their loyalty program

**52%** Only 52% of consumers believe their loyalty program is delivering what they value most





**iSeatz**<sup>®</sup>

---

[marketing@iseatz.com](mailto:marketing@iseatz.com)

(504) 586-1234

643 Magazine St, Ste 100  
New Orleans, LA 70130