

Give your cardholders the loyalty rewards they want

Mladen Vladoic | General Manager, Loyalty

October 26, 2020



Rewarding cardholder loyalty is nothing new. But what it looks like is evolving. Retailers and fintech companies are offering more flexible rewards, better deals and generous cashback percentages that rival traditional loyalty card programs. These expanded offerings and easier redemption options are catching cardholders' eyes – and their wallets.

The increasingly competitive landscape means that financial institutions can no longer rely upon traditional approaches to loyalty rewards. As institutions seek ways to counter challengers and differentiate their programs, understanding what cardholders are looking for in loyalty rewards is key. Here are the top three motivators:

1. Personalization

Loyalty reward programs are so common that many people don't even know how many they're enrolled in. According to the 2020 Bond Loyalty Report, consumers are active in only half of the loyalty programs they have signed up for.

Personalization efforts help change that. Research indicates that cardholders are more engaged with programs that offer rewards tailored to their interests. Bond also reports that loyalty programs offering personalized experiences have a 47 percent higher engagement rate, and members who receive relevant offers are eight times more likely to go out of their way to use them.

2. Immediacy

Today's consumers expect instant gratification. They want to be able to use their loyalty points and rewards when they want and are not interested in waiting to earn a meaningful reward. According to Blackhawk, most consumers prefer to redeem rewards before they reach the \$100 mark.

When loyalty rewards are hard to spend, they aren't redeemed. This leaves financial institutions with higher liability toward their cardholders. According to PaymentsSource, the average financial institution's annual expenses per reward account increased 20 to 30 percent over the last five years, to \$170 per account, on average.

3. Ease of redemption

Convenience is another important factor for cardholders who don't want to jump through hoops or use coupons; they want to be able to redeem their loyalty rewards with the press of a button. They also want to be able to use their rewards to pay for everyday purchases like groceries and gas.

Additionally, cardholders want the flexibility to redeem their loyalty rewards anywhere, anytime, without friction or hassle. They want more choices in how they can spend their rewards. The most common cardholder redemption rewards in the past year were cash back (52 percent) and gift cards (29 percent).

Differentiate your loyalty offering

The time is now for financial institutions to embrace a new loyalty rewards model with the flexibility, speed and simplicity cardholders want. It requires modern technology with an eye on what motivates cardholders to engage in a loyalty program.

A solution like Premium Payback™ from FIS makes this possible by integrating loyalty points into the transaction process. With Premium Payback™, cardholders can redeem points as currency during the transaction in real time using their payment card or digital device at the point of sale. Real-time discounts are available through a redemption network that includes Shell, BP, PayPal, CITGO and others.

Premium PaybackSMS is another redemption option from FIS that uses SMS and email to give cardholders pay-with-points opportunities after the transaction. Cardholders can use their points virtually anywhere they shop. This increases cardholders' perceived buying power and gives institutions a higher share of wallet while reducing loyalty program costs.

To discover how Premium Payback™ and Premium PaybackSMS can elevate your institution's cardholder loyalty program, contact [Lisa](#) at your Association.