

HOW CONSUMERS DECIDE WHICH CREDIT CARD TO PAY WITH

May 2025 Report



PYMNTS
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How Consumers Decide Which Credit Cards to Pay With is a PYMNTS Intelligence exclusive report. [PYMNTS Intelligence](#) retains full editorial control over the following findings, methodology and data analysis.

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WHAT'S AT STAKE

Credit card rewards, offers and benefits are a key driver of a consumer's decision about which card to use when making purchases. Most consumers hold cards with entry-level perks, such as cash back and points for purchases, or that are co-branded with a retailer, airline or hotel chain. More than one in four shoppers toggle between those cards when paying. The fickleness leaves open ground for issuers to drive increased usage by making a particular card's benefits as appealing as possible.

1 in 4 

Share of shoppers that regularly **switch between entry-level and co-branded cards.**

Meanwhile, many financial institutions that offer higher-fee, premium cards with exclusive offers for products, services, travel and dining are finding that certain consumers are increasingly willing to pay for those perks. Luxury cardholders are almost guaranteed to make use of their high-fee cards.

Whether issuers focus on entry-level cards, premium ones or both, they have a powerful new tool: Recent advancements in data analytics give them the ability to design offers and rewards that are more predictive of future spending patterns, thus making a certain card more likely to be used. The real breakthrough lies in the technology's use of item-level data that, for the first time, helps issuers and merchants tailor their loyalty and rewards programs to individual consumers. That may be why almost three in four premium cardholders took advantage of at least one card-linked offer in the past 12 months.

These are just some of the key findings in How the Right Rewards and Offers Spur Credit Cardholders to Spend, a PYMNTS Intelligence proprietary study. This report examines the factors that shape cardholder engagement, growth, retention and satisfaction and offers insights on how issuers can use data analytics to customize rewards for individual cardholders. It draws on insights from a survey of 3,066 U.S. consumers across key demographics conducted from Jan. 10, 2025, to Jan 27, 2025.

KEY FINDINGS

01

GROUND FLOOR

Entry-level perks and co-branded cards are the most likely to be in cardholders' wallets.



59%

of cardholders own entry-level rewards cards with low or no annual fees.

02

STRATEGIC SWITCHING

Consumers game out in advance which card they will use for a given purchase to maximize their benefits



1 IN 4

One in four consumers strategically rotate their credit cards when shopping to maximize their rewards.

03

OFFERS FROM PREMIUM CARDS RULE

Card-linked offers may be an incentive for consumers to add high-fee, luxury cards to their wallets.



+2X

Consumers with cards whose annual fees exceed \$100 are more than twice as likely to use card-linked offers than those with free cards.

04

HIGH-END LOYALTY

Robust rewards programs boost both card usage and recommendations to others.



A cardholder's satisfaction with rewards is a stronger driver of card recommendations than a referral bonus.

THE FULL STORY

Credit card rewards are routinely expected by most consumers, with entry-level rewards and co-branded cards the most likely to be in everyone's wallets. Cards without rewards or points, as well as those usable only at a single merchant, tend to gather dust in a pocketbook.

Entry-level rewards and co-branded cards are in the most wallets

PYMNTS Intelligence research found that more than one in two, or 59%, of all cardholders own an entry-level card with basic rewards. The second-most popular type is co-branded cards, with 43% of cardholders holding at least one. Cards without any form of rewards are far less popular, owned by 21% of all cardholders. Cards usable only one retailer are held by more than one in four cardholders. Some 13% of all cardholders have a secured card.

Meanwhile, more than one in five, or 21%, of all cardholders own at least one premium credit card.

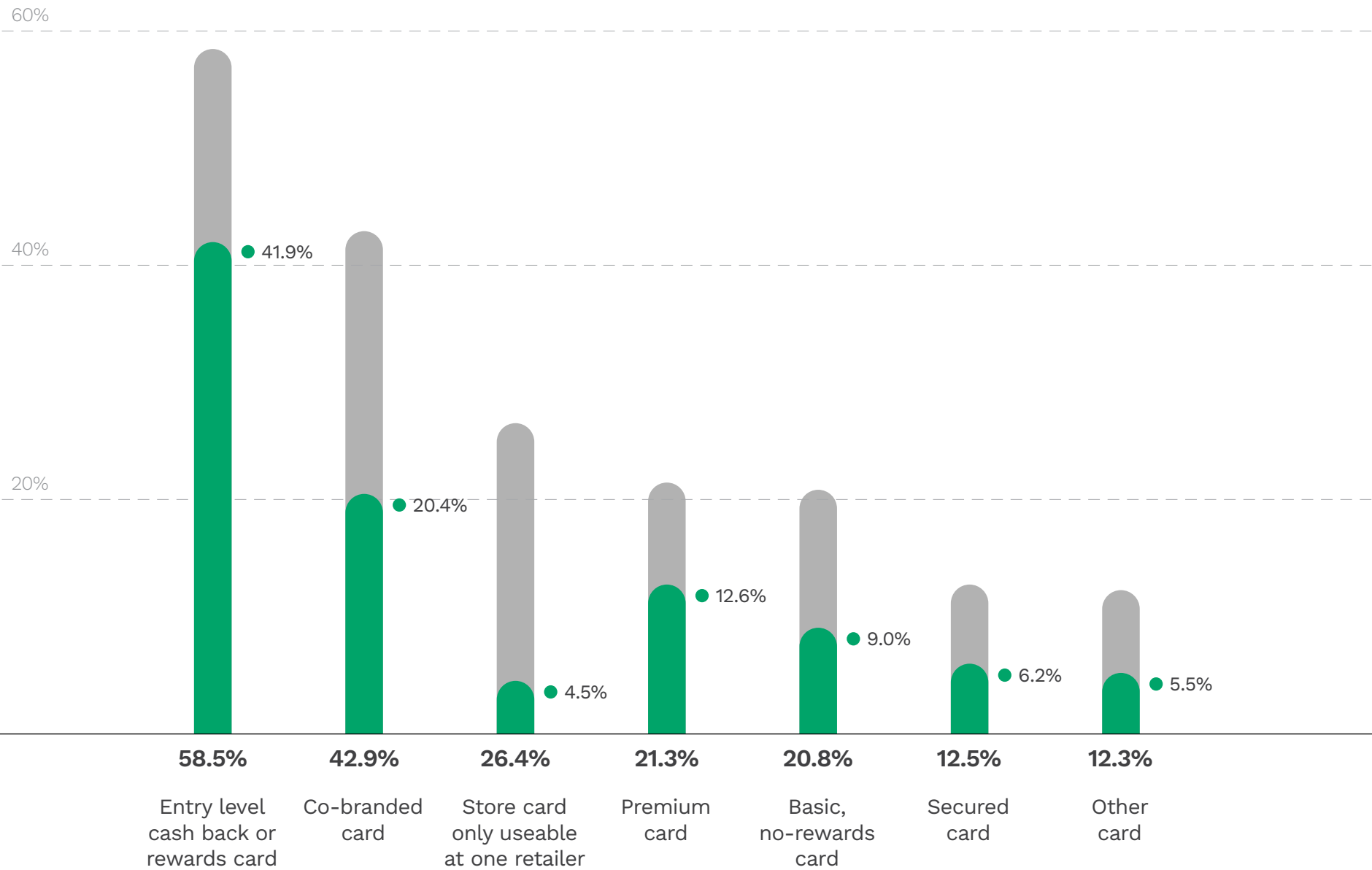
The numbers do not tell the whole story when it comes to credit card use, however. There is significant variation between age demographics. For example, baby boomers and Generation X are about twice as likely as Generation Z to have a single-store card, suggesting that older consumers may cling to well-worn shopping habits and that younger ones may be less interested in retail-specific credit products.¹

¹ PYMNTS Intelligence uses the following birth dates and approximate age ranges in 2025 for generational cohorts: baby boomers: born in 1964 or earlier and now aged 61 or older; Generation X: born between 1965 and 1980 and now aged 45–60; millennials: born between 1981 and 1996 and now aged 28–44; bridge millennials: born between 1978 and 1988 and now aged 37–47; zillennials: born between 1991 and 1999 and now aged 25–34; and Generation Z: born in 1997 or later and now aged 28 or younger.

FIGURE 1

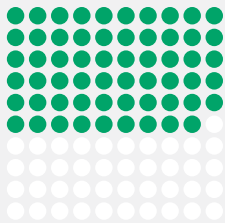
Most popular card types
What kind of credit cards do cardholders use?

- Credit card owned, but not used as the primary one
- Primary credit card



Source: PYMNTS Intelligence
How the Right Rewards and Offers Spur Credit Cardholders to Spend, March 2025
N = 1,694: Respondents with credit cards, fielded Jan. 10, 2025, to Jan. 27, 2025

59%



Share of cardholders that use **entry-level cash-back or rewards cards**

Strikingly, nearly three in 10, or 28%, of cardholders with children have premium cards, compared to just 17% of those without children. This may suggest that many parents tend to be older and further along financially in their careers. It may also indicate that premium card issuers know how to recommend the one-off or recurring big-ticket purchases that a cardholder is likely to make, such as cribs and toddler beds.

When faced with a choice, cardholders tend to use cards with rewards more often than those lacking rewards.

Which cards do consumers use the most often? Which do they ignore?

Nearly half, or 42%, of credit card holders use entry-level rewards cards as their primary payment option. Only 6.9% of such cardholders rarely or never use their entry-level cards.

Meanwhile, just one in five cardholders cite co-branded cards used as their first choice. Only 5% rarely or never pay with those cards.

Cards usable only at a single retailer are the least likely to be used a primary payment option, at 4.5%. Some 10% of such cardholders rarely or never use that payment option.

Cards with no rewards are the primary option for just 9% of all cardholders. Such cards are rarely or never used by 15% of their owners. Some 7.1% of owners of secured cards let their plastic gather dust in their wallets. It is possible they hang on to them simply to keep them open while planning to trade up to a rewards card. Alternatively, some consumers may be unwilling to go through the effort of canceling them.

42%



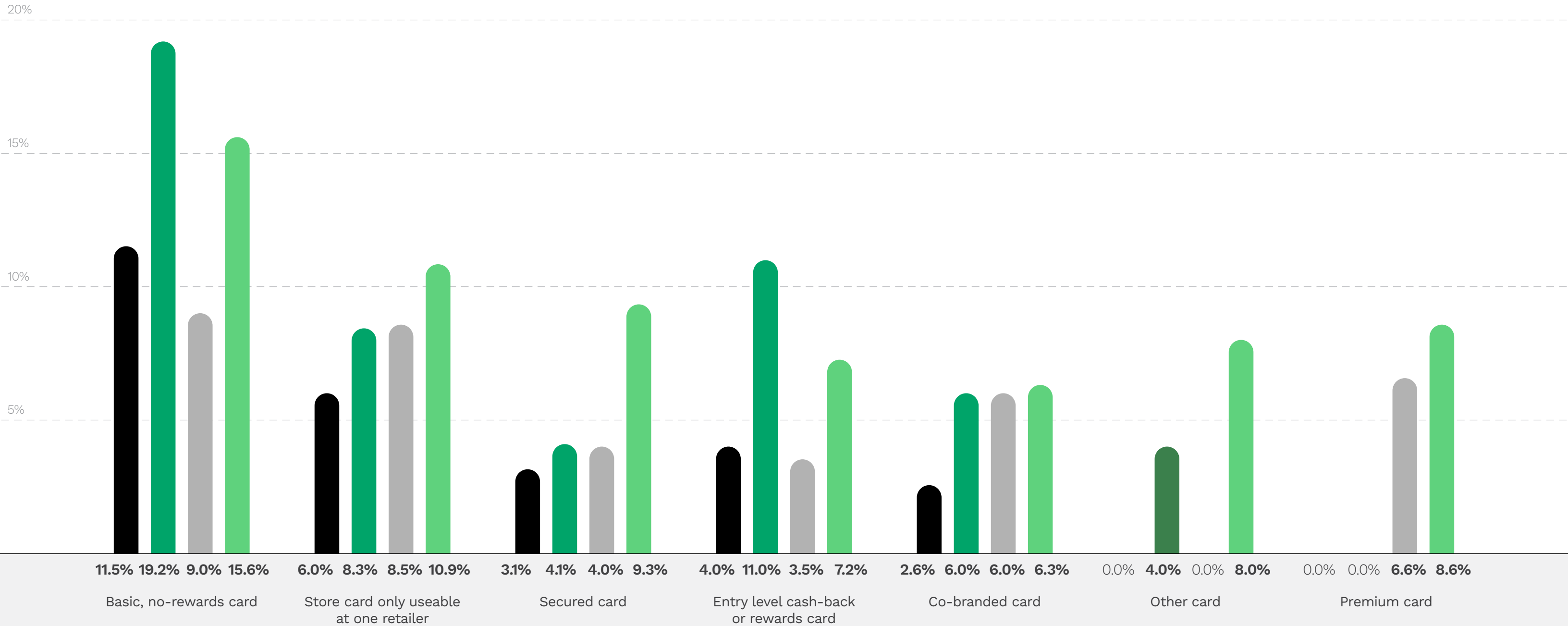
Share of cardholders that use
**entry-level rewards cards
as their primary card**

Overall, the data indicates that entry-level cards with basic rewards are more likely to be used frequently compared to cards that have no rewards, are not widely usable or are secured.

Here is where the data becomes particularly interesting. Significantly, more than half of all premium card holders bring that option out of their wallet as their primary payment method. PYMNTS Intelligence also found that just 3.9% of premium cardholders report rarely or never using them. That makes such cardmembers the most loyal of all. In other words, if a consumer pays for a premium card, they are almost guaranteed to use it. This could mean that customers want to get their money's worth out of premium card offerings, and that such cards are not merely status symbols. Tailored offerings and rewards allow a consumer to treat their premium card or cards as the equivalent of a trusted, knowledgeable and helpful concierge that swiftly cuts through the noise of buying.

FIGURE 2:
Least popular
Share of cardholders who cited rarely or never using select types of credit card, by fee persona

- High cost
- Medium cost
- Low cost
- Free



Source: PYMNTS Intelligence
How the Right Rewards and Offers Spur Credit Cardholders to Spend, May 2025
N = 1,694: Respondents with credit cards, fielded Jan. 10, 2025, to Jan. 27, 2025

Cardholders strategically rotate their credit cards to maximize their rewards.

Amid the plethora of credit cards with benefits, it is no surprise that cardholders strategically choose when to use a specific card to maximize their rewards—for example, to make a qualifying purchase to generate cash back, points or other perks. PYMNTS Intelligence research found that one in four cardholders with multiple cards carefully select which card to use when buying in order to maximize their benefits. For example, if one card offers bonus points for airplane tickets and another for restaurants, consumers will opt to use each card selectively to maximize their point-earning potential. Barely one in four, or 23%, of cardholders use just one of their cards most of the time. Multiple cards constantly compete for the top slot in a pocketbook.

1 in 4

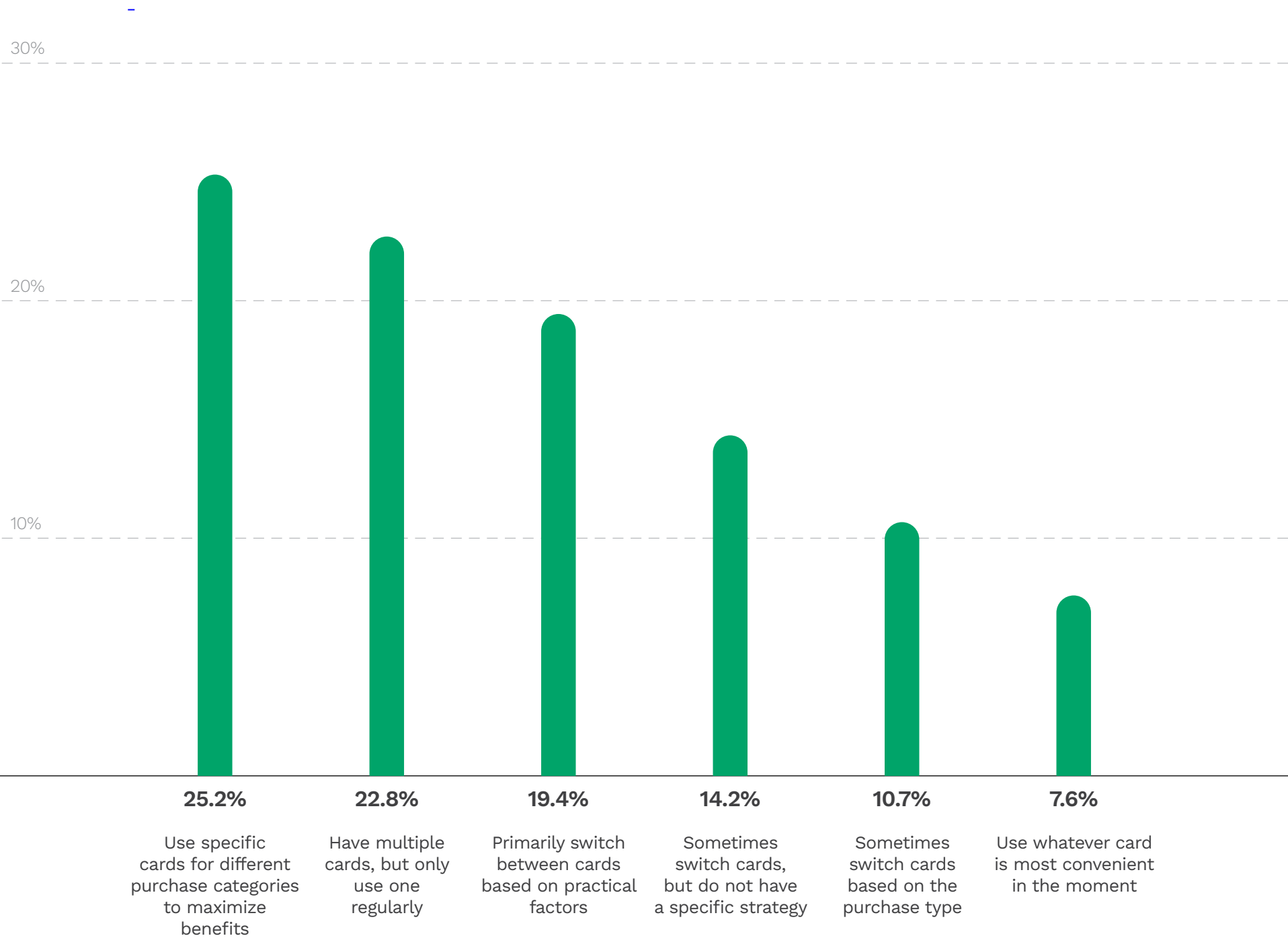


Share of cardholders with multiple cards that **strategically swap between cards to maximize rewards**

Meanwhile, nearly one in five cardholders switch between their cards based on practical factors such as credit limits, card balances and whether a merchant accepts their card. Over 14% sometimes toggle their cards at random, without using a specific strategy. Some 7.6% use whichever card they deem most convenient at the moment of buying. Consumers with basic, no-rewards cards are much more likely to switch between cards of all types based on practical factors. This may point to the financial constraints posed by lower credit limits.

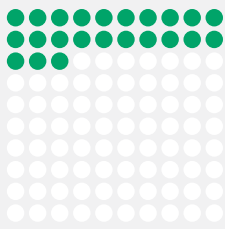
Age and family situations play a large role in which cards get used. PYMNTS Intelligence found that one-quarter of cardholders caring for children and 29% of those struggling paycheck-to-paycheck rotate their card use to balance their spending and credit limits. This may indicate the financial discipline required when a family is expanded.

FIGURE 3
Why consumers switch between their cards
Share of cardholders who own multiple cards citing their strategy for credit card purchases



Source: PYMNTS Intelligence
How the Right Rewards and Offers Spur Credit Cardholders to Spend, March 2025
N = 1,694: Respondents with credit cards, fielded Jan. 10, 2025, to Jan. 27, 2025

23%



Share of cardholders with **multiple cards who just use one card regularly**

Cardholders whose primary card is co-branded are particularly likely to strategically leverage multiple cards to maximize their rewards. Nearly three in 10, or 29%, of such cardholders say they rotate their cards in this fashion, the most out of any card persona surveyed by PYMNTS Intelligence.

FIGURE 4:
Why cardholders switch between cards
Cardholders citing their strategy for credit card purchases, by card persona

	Basic, no-rewards card	Store card only useable at one retailer	Secured card	Entry level cash back or rewards card	Co-branded card	Premium card	Other card
• Use whatever card is most convenient at the moment	8.9%	9.0%	7.3%	5.8%	6.5%	6.9%	9.1%
• Sometimes switch cards based on the purchase type	10.1%	9.5%	13.6%	11.1%	11.0%	12.0%	10.1%
• Sometimes switch cards, but do not have a specific strategy	13.3%	12.3%	15.9%	14.1%	13.3%	16.0%	12.9%
• Primarily switch between cards based on practical factors	27.3%	25.7%	21.4%	18.2%	19.6%	18.4%	24.0%
• Have multiple cards, but only use one regularly	22.4%	18.6%	19.9%	22.6%	20.9%	19.4%	21.7%
• Use specific cards for different purchase categories to maximize benefits	17.9%	24.9%	21.9%	28.3%	28.8%	27.3%	22.4%

Source: PYMNTS Intelligence
How the Right Rewards and Offers Spur Credit Cardholders to Spend, May 2025
N varies depending on how many consumers have each card, fielded Jan. 10, 2025, to Jan. 27, 2025.

Card-linked offers may incentivize many consumers to sign up for high-fee premium cards.

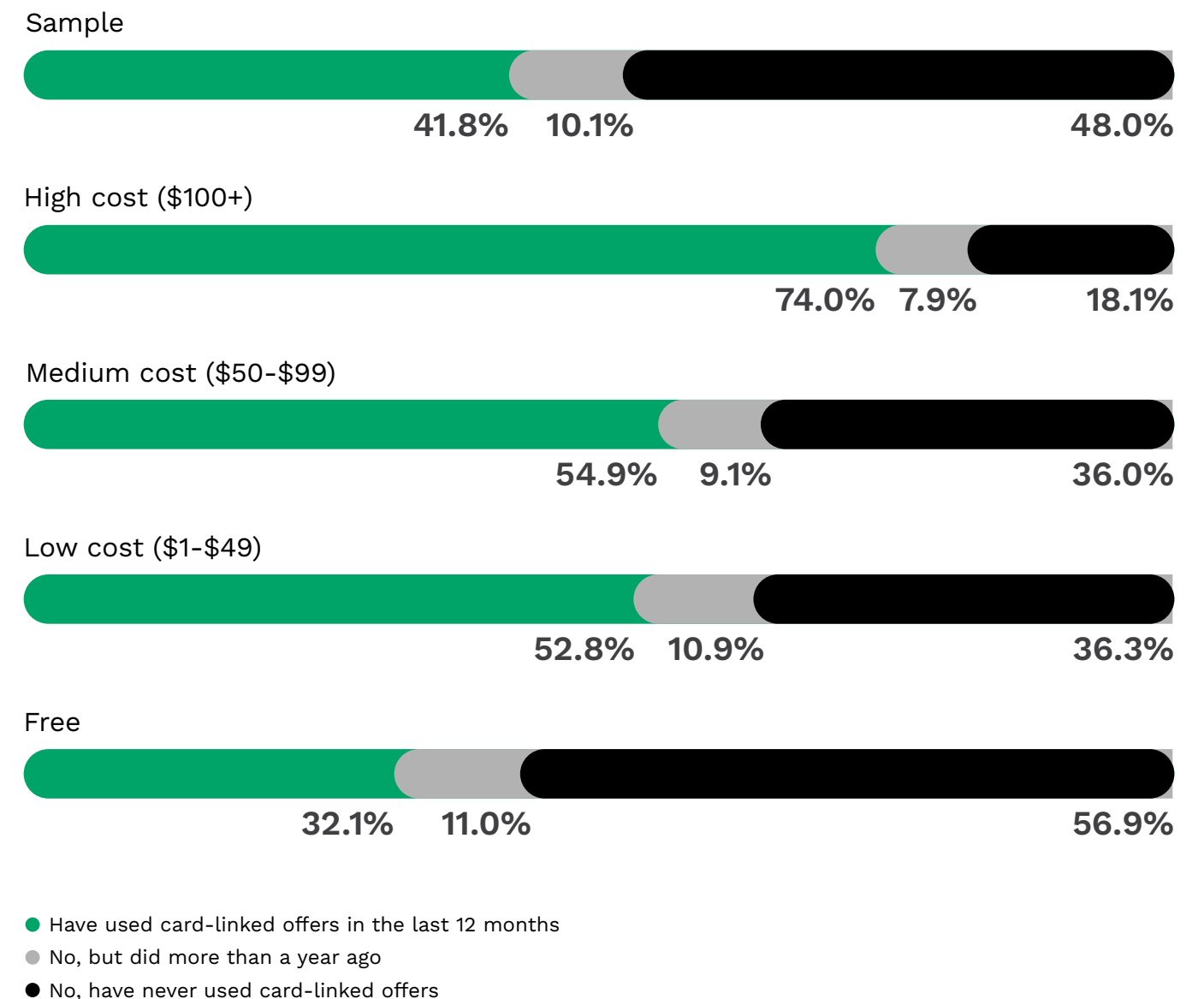
Tailored offers from high-fee luxury cards are appealing to consumers. PYMNTS Intelligence found that owners of credit cards with annual fees of more than \$100 were more than twice as likely to take advantage of those cards' special offers. Strikingly, 74% of premium cardholders took advantage of at least one offer from their card in the past 12 months. By contrast, the rate for owners of no-fee cards was a much lower 32%.

Furthermore, only 18% of high-fee cardholders have never used card-linked offers. That compares favorably to more than one in three low- and medium-fee cardholders and more than half (57%) of users of free cards. The signal is clear: There is a strong correlation between premium card ownership, usage and uptake of offers. Once consumers begin using high-fee luxury cards, they are the most likely of all card holders to take advantage of rewards and offers.

FIGURE 5

When are card-linked offers most likely to be taken advantage of?

Use of card-linked offers in the past year, by card annual fee



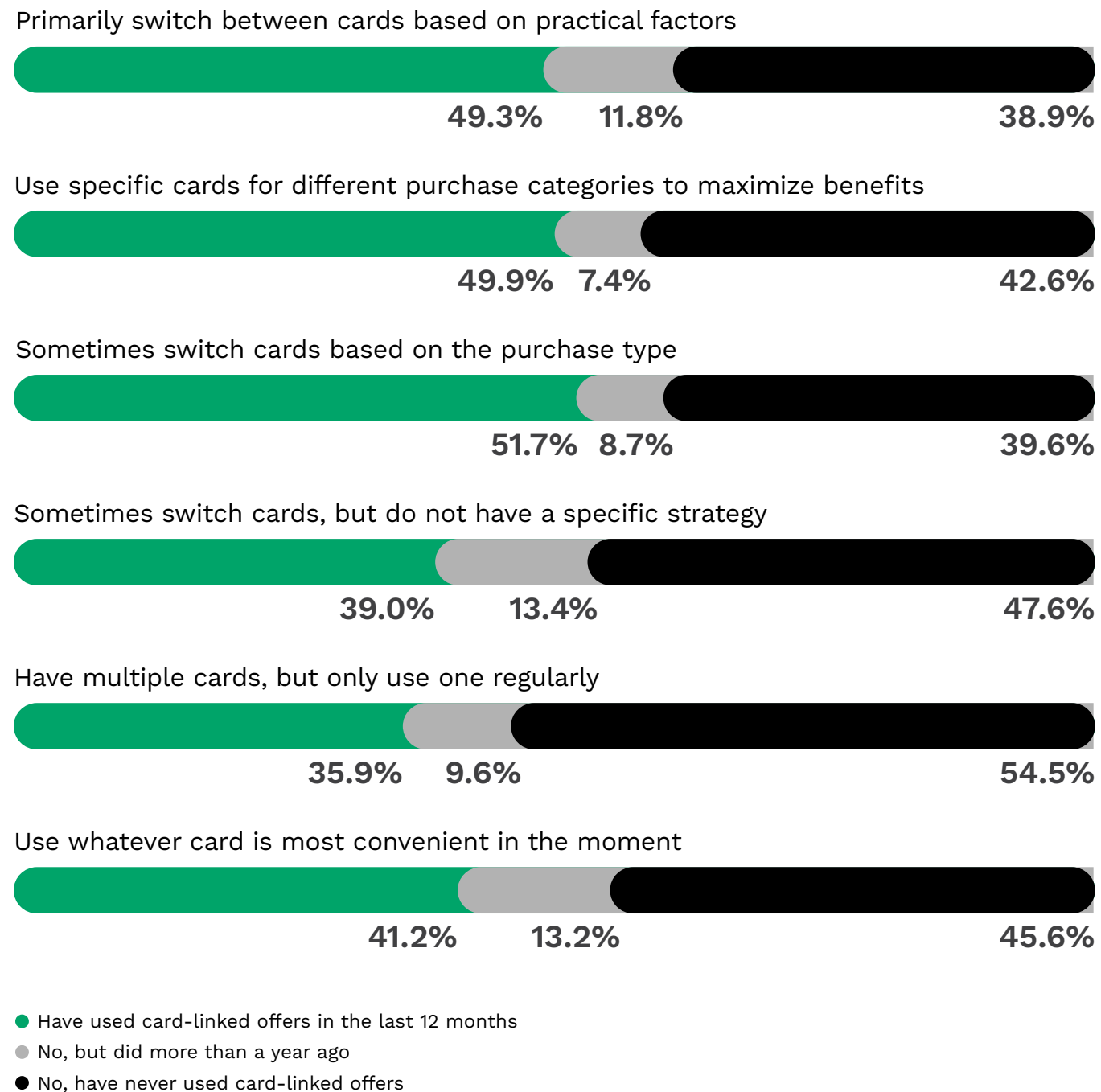
Source: PYMNTS Intelligence

How the Right Rewards and Offers Spur Credit Cardholders to Spend, March 2025

N = 3,066: Complete responses, fielded Jan. 10, 2025, to Jan. 27, 2025

FIGURE 6**Use of card-linked offers**

Use of card-linked offers in the past year, by credit card choice



Source: PYMNTS Intelligence

How the Right Rewards and Offers Spur Credit Cardholders to Spend, March 2025

N = 1,694: Respondents with credit cards, fielded Jan. 10, 2025, to Jan. 27, 2025

36%

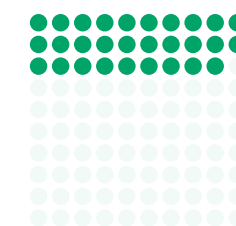
Share of cardholders who **only use one card regularly and leverage card-linked offers**

Those who switch between cards regularly also tend to use card-linked offers more often than those who primarily use a single card, particularly when they have a specific strategy for using a given card. PYMNTS Intelligence research found that around half of those who switch between cards based on practical factors, switch to maximize benefits or switch based on purchase type have used card-linked offers in the past year. In contrast, just 36% of those who only use one card regularly leverage card-linked offers, as well as 39% of those with no specific pattern to multiple card usage.

Rewards not only boost cardholder use but also encourage cardholders to recommend their plastic to friends and family.

Credit card companies have workshopped myriad ways to encourage their use among new customers, including lucrative referral bonuses for existing cardholders who get their friends and family to sign up. It turns out, however, that the most effective way to gain new customers is to have a great product. PYMNTS Intelligence found that exceptional rewards benefits were the key reason for consumers to recommend their cards to others, with 21% ranking it their top factor. Easy-to-redeem rewards took second place at 19%, followed by fraud prevention, at 12%. By contrast, referral bonuses were the top factor for only 9.4% of cardholders. When credit card programs deliver clear value, satisfied users become brand ambassadors, making organic recommendations that are more powerful than monetary incentives.

29%



Share of premium cardholders that **recommend their card to others**

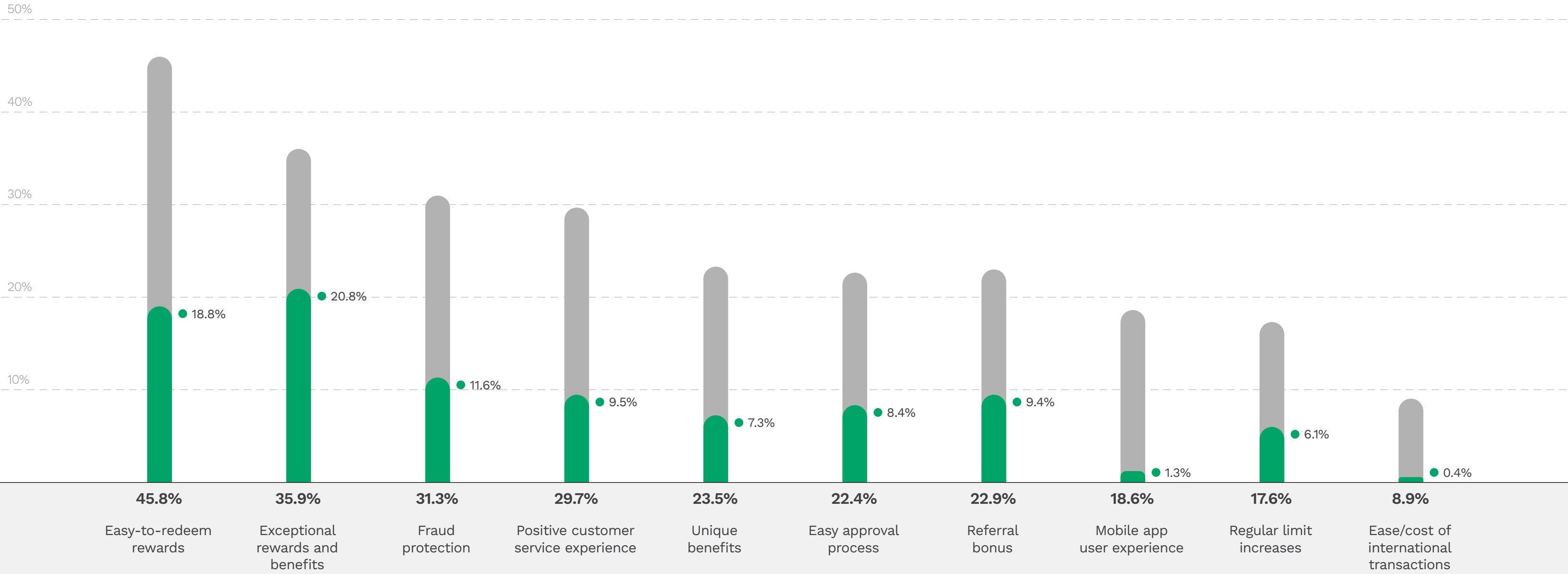
Premium cards are the most likely to get a vote of approval from their holders. PYMNTS Intelligence found that 29% of such cardholders have recommended their card to others several times. One in three said they had recommended it once or twice. The picture is quite different for basic, no-rewards cards. Just 9.1% of their owners recommended their card several times and 18% recommended them once or twice. This data further reinforces the fact that robust credit products—meaning cards with well-aimed rewards programs—lead to positive word-of-mouth.

FIGURE 7:

Why cardholders recommend cards

Share of credit card holders citing factors that make them more likely to recommend a credit card to others

- Factor that makes a user likely to recommend a credit card
- Factor that makes a user **most** likely to recommend a credit card



Source: PYMNTS Intelligence
How the Right Rewards and Offers Spur Credit Cardholders to Spend, May 2025
N = 1,694: Respondents with credit cards, fielded Jan. 10, 2025, to Jan. 27, 2025

FIGURE 8

What kind of credit cards generate recommendations by their users?

Share of credit cardholders citing whether they recommended their primary card to friends or family in the past year

	Basic, no-rewards card	Store card only useable at one retailer	Secured card	Entry level cash back or rewards card	Co-branded card	Premium card	Other card
• Yes, several times	9.1%	13.8%	20.9%	15.2%	18.6%	29.4%	24.1%
• Yes, once or twice	17.5%	27.1%	25.2%	27.6%	31.5%	32.9%	28.6%
• No, but I would have if asked	39.5%	40.0%	39.1%	45.1%	36.3%	33.1%	30.6%
• No, and I would not have done so	33.8%	19.1%	14.9%	12.2%	13.6%	4.7%	16.8%

Source: PYMNTS Intelligence
How the Right Rewards and Offers Spur Credit Cardholders to Spend, May 2025
N = 3,066: Complete responses, fielded Jan. 10, 2025, to Jan. 27, 2025

DATA FOCUS

High-income earners have a particular interest in merchant-sponsored cards, as well as those with better rewards or cash-back capabilities.

Co-branded and store cards have wide appeal and particularly strong traction with high-income earners.

Merchant-sponsored cards are particularly popular among high-income earners and consist of two related but distinct types of cards. While single-store cards—which do not run on traditional credit card rails—are falling out of favor, co-branded cards—which use typical card rails—retain their popularity. The latter, issued in partnership between retailers and banks, offer many of the same benefits as single-store cards, namely, rewards for patronizing a retailer, but without the drawback of being usable only at a single merchant.

PYMNTS Intelligence found that 43% of respondents had either a co-branded or store card, with these cards particularly popular with high-income households. The percentage shot up to 48% for cardholders with an annual income of more than \$100,000 a year. By contrast, it plunged to 34% among consumers with annual income under \$50,000.

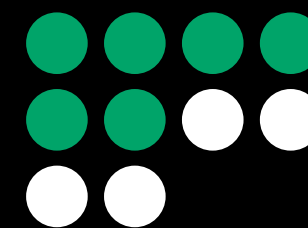
But the appeal crosses income levels. Some 37% of cardholders with difficulty paying bills and 43% those without difficulty but still financially crimped use co-branded or store cards.

What's more, these cards were much more common among older generations than younger generations, but this may simply be a common correlation with income, with younger consumers earning less earlier in their careers.

Nearly half of boomers and Gen X cardholders (46% and 44%, respectively) use or the other type of card. Millennial cardholders are close behind, at 42%. By contrast, Gen Z is less impressed: Only one in three uses at least one of those card types.

When asked about sought-after features for co-branded cards, respondents said they wanted hefty incentives for shopping at particular retailers. Nearly 60% said they expected better rewards or cash back, while exactly half desired the ability to acquire loyalty points more quickly. Four in 10 wanted bigger discounts on goods or services. The least desired feature was seamless integration with a card brand's app or digital wallet. That could signal that card issuers need to be careful about the benefits they provide, and not just throw out offers that are not tailored to the individual consumer.

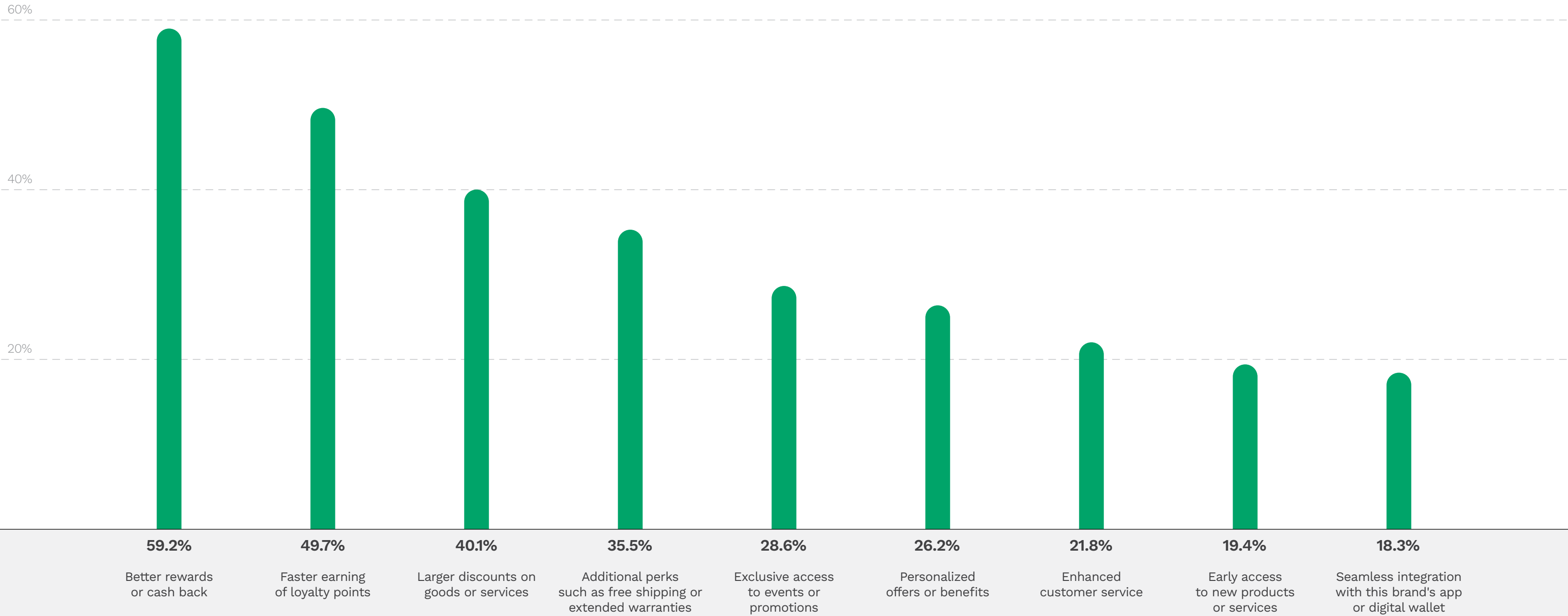
6 in 10



Share of cardholders who
**expect better rewards
or cash back for
co-branded cards**



FIGURE 9:
What customers want from rewards programs
Expected benefits from co-branded or store credit cards



Source: PYMNTS Intelligence
How the Right Rewards and Offers Spur Credit Cardholders to Spend, May 2025
N = 9,965: Respondents with co-branded or store cards, fielded Jan. 10, 2025, to Jan. 27, 2025

ACTIONABLE INSIGHTS



01

Cardholders have myriad reasons for switching between different cards in their wallets, depending on their age, income level and whether they have children. Most strategically toggle their card use to maximize the benefits on each card. **A card issuer or co-branded partner that provides more robust, tailored benefits is likely to see consumers use their cards more often.**



02

Card-linked offers are exceptionally popular among consumers who own premium luxury cards, and less popular among shoppers with basic, no-frills cards. **Issuers seeking to drive adoption and usage of luxury cards could further incentivize their use by implementing robust card-linked offers tailored to the individual consumer.**



03

While cardholders are big fans of co-branded cards with incentives for use at a particular merchant, single-store cards are likely to collect dust in a pocketbook. **Stores that are considering introducing their own offering might have more success implementing a co-branded card instead.**



04

Cards with robust rewards systems get recommended more often to cardholders' friends and family. In fact, these systems are a stronger incentive than financial- or rewards-based referral systems. **Money spent on referral systems could be put to better use enhancing existing rewards programs that boost cardholder satisfaction and encourage recommendations.**

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METHODOLOGY

How the Right Rewards and Offers Spur Credit Cardholders to Spend, a PYMNTS Intelligence exclusive report, examines consumer preferences when it comes to credit card loyalty and rewards programs. The report draws on insights from a survey of 3,066 U.S. consumers across key demographics conducted from Jan. 10, 2025, to Jan. 27, 2025. The sample was U.S. census-balanced based for income, age and education.

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ABOUT

PYMNTS INTELLIGENCE

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