



# Driving loyalty with *experience*

How banks can attract more customers  
with a winning card strategy



## In brief

- With 74% of cardholders a flight risk, retail banking laggards are upping their rewards program game to gain an advantage in a rapidly changing competitive market.
- Appropriately addressing emotional and rational loyalty drivers enables banks to build experiences that motivate the customers to prefer one card over another.
- To successfully transform their card loyalty programs, banks should complete seven essential steps, ensuring they integrate personalized experiences that drive deeper engagement.

With the retail banking environment continuing its rapid evolution, a key strategy for increasing wallet share and enhancing a bank's reach is leveraging cards as a powerful gateway offering.

According to [Capgemini's World Retail Banking Report 2025](#), credit and debit cards have grown significantly beyond utility, providing banks with an opportunity to gain financial and market share advantage. However, given the rising popularity of instant payments and digital wallets, creating long-term value from cards requires building modern rewards programs, and associated ecosystems, for developing strong customer loyalty.

Further, the accelerating shift in customer expectations toward hyper-personalized experiences makes traditional rewards systems, rooted in transactional benefits alone, increasingly insufficient.

Yet, [Capgemini's World Retail Banking Report 2025](#) shows that many banks still struggle with designing and delivering a program that is suitably robust and personalized for attracting, engaging, and sustaining the desired cardholder loyalty and spending.

As highlighted in the [Capgemini World Retail Banking Report 2025](#), only 26% of cardholders are satisfied with their cards, making 74% of them potential flight risks. To avert potentially devastating attrition, card laggards must learn how leaders strengthen their loyalty programs to enable evolving and winning in a swiftly-changing competitive market.

# Motivating cardholders through personalization

Unlike outdated rewards models centered around points and perks, modern loyalty programs extend beyond discounts and cashback to creating meaningful, long-term relationships. This requires developing a robust rewards program and ecosystem. It starts with understanding what motivates loyalty in the first place: a combination of emotional and rational drivers, both of which are critical to a customer's decision to prefer one card over another. Let's explore each of them.

**Figure 1:** Achieving purposeful loyalty



## Rational drivers: fees, offer, urgency, location and service

Naturally, banks have a strong understanding of rational loyalty drivers, as well as how to motivate customers to take action. Although critical throughout the loyalty lifecycle, rational drivers are particularly vital during the card adoption phase.

### Important questions to consider for developing compelling rational drivers:

- **How well does a card meet the customer's financial needs?** This includes offering competitive interest rates, valuable rewards, and relevant and timely offers.
- **How simple and convenient is the customer's experience?** Every interaction must be frictionless and intuitive, from card application to reward redemption.

## Emotional drivers: respect, reciprocity, recognition, social proof, and trust.

Although emotional drivers are more elusive to comprehend and address, they are the most critical for ensuring customers actually use their card. In a nutshell, an emotionally-engaged customer expects respectful two-way interactions that demonstrate that the bank knows them and can be trusted to provide hyper-personalized, meaningful, and secure rewards experiences.

The key question for guiding the development of emotional drivers is:

- **How does a customer feel when using this card?** Creating deep emotional connections requires delivering personalized experiences that build trust with every digital or personal interaction. Every touchpoint must demonstrate that the bank recognizes the customer, and their preferences. Similarly, rewards programs must be infused with value that a customer actually perceives.

## Purposeful loyalty: A convergence of rational and emotional drivers

A truly successful loyalty program balances rational and emotional drivers to create **purposeful loyalty**—a deep, lasting bond between banks and their customers. Purposeful loyalty is achieved by seamlessly combining transactional benefits (rational) with personalized, trust-building experiences (emotional),

leading to a higher preference for bank's services. (Figure 1)

Loyalty programs that properly balance rational and emotional drivers are significantly more likely to result in a customer preferring and using a certain card.

## Key ingredients for building purposeful loyalty

When studying banks with successful rewards programs, several key ingredients emerged for building purposeful loyalty. As highlighted in [Capgemini's World Retail Banking Report 2025](#) for an effective customer loyalty program, banks must develop a customer-centric program, amplify both rational and emotional drivers in their strategy, and deliver advanced digital experiences powered by data and AI for personalization at scale.

**Develop a customer-centric focus:** As all other loyalty program elements flow from creating, maintaining, and evolving an exceptional rewards experience, developing a customer-centric approach across a bank's landscape is vital to addressing the emotional and rational drivers that encourage cardholders to regularly and continuously prefer a particular card.

### **Amplify both rational and emotional drivers:**

Traditionally, communicating the financial benefits of a card could carry the day. Not anymore. Today, it's vital to communicate and amplify both the emotional and financial benefits of a rewards program, across every bank touchpoint whether live or digital.

### **Deliver advanced digital experiences powered by data and AI:**

As the majority of customers now using cards expect the latest advances in digital interactions, the better a bank can utilize artificial intelligence and machine learning technologies for gathering, analyzing, and leveraging data, the better it will deliver the hyper-personalized experiences that drive card engagement.

## The experience gap and its effect on purposeful loyalty

It's no secret that failing to deliver on marketing promises causes a customer experience gap. Further, the more this gap widens, the greater the corresponding loyalty decline. In practice, this means customers may sign up for a card based on attractive incentives, but they quickly disengage if the overall experience falls short of their expectations.

According to [Capgemini's World Retail Banking Report 2025](#), banks have work to do when it comes to addressing loyalty drivers and closing the experience gap. With respect to emotional and rational loyalty, the research showed:

- Most customers (73%) feel that rewards programs are insufficiently personalized.
- Over a third (36%) of customers feel that their banking and card experiences are neither seamless nor hassle-free.
- Nearly half (47%) of card customers believe the value they receive is not worth the associated fees.

In terms of closing the experience gap, banks are also falling short:

- Nearly two-thirds (62%) of customers find promotional offers and rewards programs confusing when exploring credit card options.
- Half (52%) feel that all rewards programs appear similar.
- Significantly less than half (44%) received recommendations for complementary products that add value to their cards.

Fortunately, banks can bridge the experience gap by infusing loyalty programs with **hyper-personalized recommendations, AI-driven engagement, community-based rewards, and real-time reward adaptations**. To deliver on rapidly-evolving customer expectations, efforts in personalization and loyalty must be seamless across all banking touchpoints—physical branches, digital banking apps, and customer service interactions.

# Seven essential steps for loyalty transformation

To move from a card loyalty laggard to a leader, a bank should include the following seven critical steps in their loyalty transformation

- 1.** Create hyper-personalized experiences with a human-centered design 
- 2.** Enable customer data sharing and transparency 
- 3.** Develop conversational customer journeys and engagement 
- 4.** Generate content and offers dynamically 
- 5.** Connect experiences across channels 
- 6.** Establish new business models 
- 7.** Implement a real-time value loop 

# 1. Create hyper-personalized experiences with a human-centered design

To create hyper-personalized card experiences, shift from a traditional product-centric or offer-driven approach to a **human-centered design (HCD)** framework. (Figure 2)

Unlike conventional methods that prioritize mass-market product features and predefined loyalty programs, HCD focuses on **understanding the unique needs, behaviors, and emotions of individual customers**.

Using the HCD approach helps ensure that cards go beyond simple financial products to being **seamless extensions of a user's lifestyle**, deeply integrated with their daily spending patterns and brand interactions. To accomplish this, banks should:

**Replace static rewards with AI-driven dynamic personalization.** Traditional co-branded card programs offer standardized rewards, often based on predefined spending categories like travel, dining, or fuel. HCD, however, leverages AI and machine learning to analyze real-time customer spending behavior and then offer hyper-personalized benefits that evolve dynamically. For instance, if a customer frequently shops online, the card could automatically offer higher cashback on e-commerce purchases during peak spending periods.

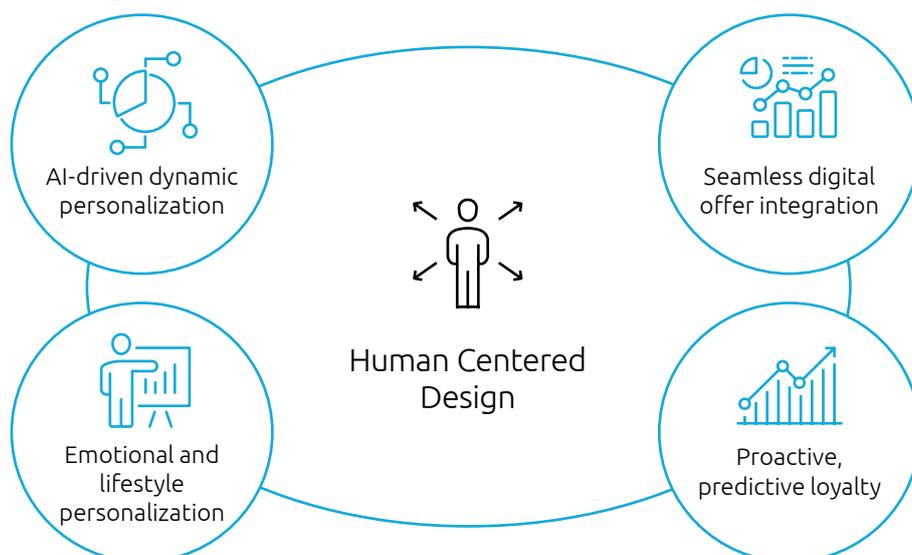
**Transition from one-size-fits-all discounts to seamless digital offer integration.** Most loyalty programs promote broad, one-size-fits-all discounts

regardless whether this approach resonates with their customers. With HCD, cards use a co-branding model to integrate **real-time digital engagement**, such as location-based offers, in-app product or service notifications, and AI-powered budgeting tools. Customers receive rewards precisely **when and where they need them**, such as an instant cashback offer for a preferred coffee brand while they are near a café.

**Move from generic branding to emotional and lifestyle personalization.** Although traditional product-centric card programs prioritize bank or partner branding, HCD enables customers to **personalize their cards visually and functionally**. This can include choosing preferred aesthetics, like brand colors, names, or designs, and aligning rewards with personal values, such as sustainability incentives for eco-conscious individuals or VIP travel perks for frequent flyers.

**Discontinue reactive engagement in favor of proactive, predictive loyalty.** Traditional co-branded programs rely on **reactive engagement**, where customers must manually track and redeem offers. HCD shifts loyalty programs to **anticipating customer needs** through predictive analytics. For example, if a user consistently books travel during the holiday season, the bank can proactively offer exclusive flight discounts in the months leading up to holiday bookings, making the experience feel intuitive and personalized.

**Figure 2:** Leveraging human-centered design for hyper-personalized experiences





## 2. Enable customer data sharing and transparency

Despite the industry prevalence of collecting first-party data through direct interactions, second-party data from co-brand partners, and third-party data from social media and credit bureaus, banks still inadequately convert that wealth of data into action. In fact, conversion rates remain alarmingly low according to [Capgemini's World Retail Banking Report 2025](#). The report found that:

**86%**

86% of customers are willing to share their personal information in exchange for better recommendations and rewards.

**52%**

Yet, **only about half (52%)** receive personalized alerts or advice on how to maximize their rewards.

Fortunately, banks can up their data game to effectively utilize the richness embedded in collected data by:

### **Building 360-degree customer profiles:**

Consolidate behavioral, demographic, and transactional data into a unified profile to permit extracting comprehensive insights that form the foundation for targeted engagement.

### **Harnessing AI-powered analytics:**

Adopt AI and Gen AI for real-time data processing and advanced segmentation, that enables dynamically identifying customer needs and delivering timely solutions that resonate.

### **Embracing technology-led innovation:**

Consider and implement new technologies and capabilities at every point along the loyalty development journey, providing the ability to rapidly iterate as customer trends and preferences change.

### **Boosting trust and transparency:**

Provide customers with greater visibility and control over their data by establishing **secure, consent-based data-sharing** practices that comply with the evolving regulations.

## 3. Develop conversational customer journeys and engagement

Although banking customer service has traditionally been static and reactive, requiring customers to seek help when needed, AI technologies are transforming customer journeys by delivering personalized, proactive support, available at an individual's fingertips.

To develop intelligent, always-on engagement for strengthening card loyalty, banks should:

- Implement **AI-driven conversational banking assistants** that provide real-time financial guidance.
- Offer seamless, automated issue resolution via **AI chatbots** combined with live support as needed.
- Create **predictive engagement** models that proactively address customer needs before they arise.

## 4. Generate content and offers dynamically

Static loyalty programs and fragmented content creation processes are no longer sufficient to meet evolving customer expectations. Marketing teams are overwhelmed by the volume and complexity of content needed across multiple channels, with 60% citing content generation as their biggest challenge and an average of five revision cycles causing significant delays. In this context, automating content creation is no longer optional—it's essential.

Generative AI transforms the content supply chain by enhancing speed, scale, and personalization. To meet the demands of modern loyalty programs, banks should:

**Automate content creation and campaign briefs** to reduce reliance on manual processes and accelerate go-to-market. (Figure 3)

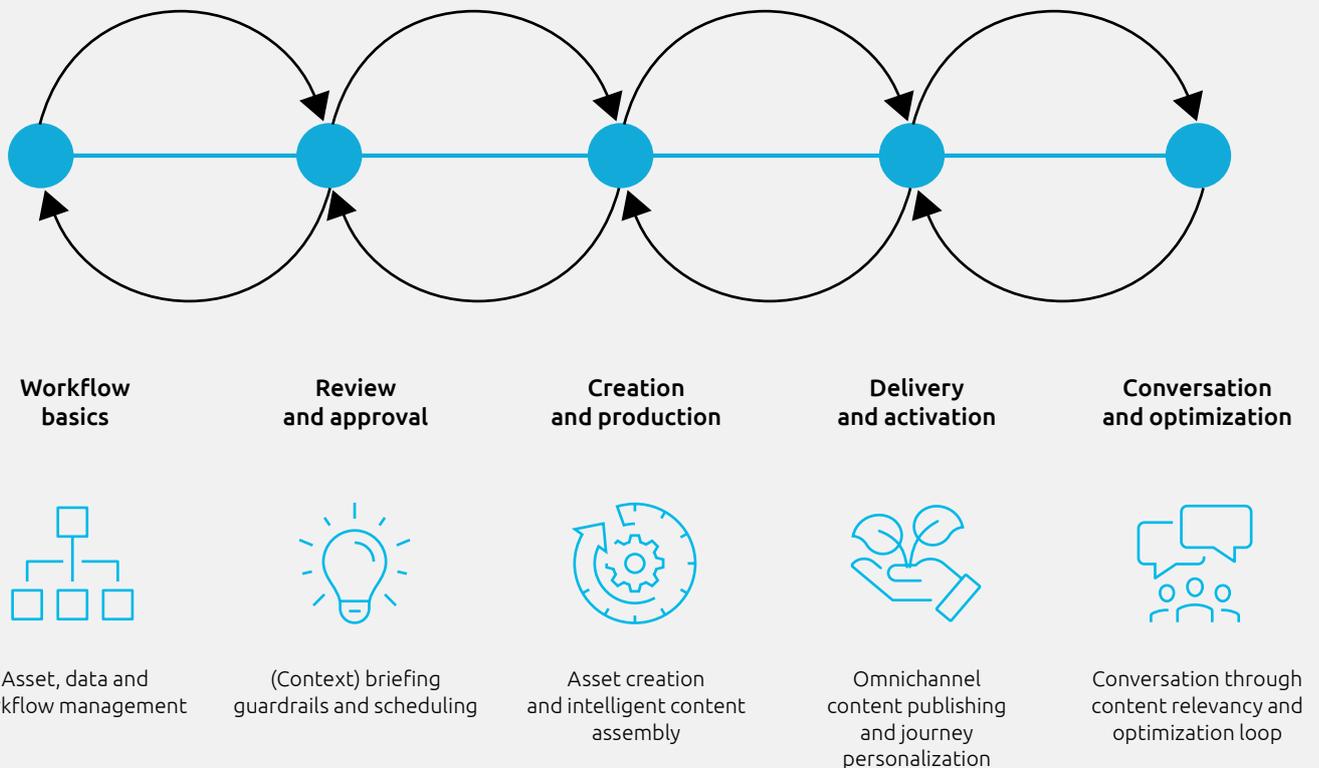
**Use GenAI and AI-driven tagging** to dynamically update offers and personalize content by customer segment and behavior.

**Test and refine promotions in real-time**, creating multiple content variations for rapid experimentation.

**Implement end-to-end offer management and validation**, streamlining compliance checks and disclosure reviews via GenAI-powered workflows.

**Leverage AI-powered storytelling** to craft immersive, resonant loyalty experiences that reflect the brand voice and regulatory standards.

**Figure 3:** Automating content creation for dynamic offer delivery



## 5. Connect experiences across channels

With customers increasingly demanding seamless experiences that follow them across channels, banks must replace traditionally fragmented and disjointed interactions across physical branches, digital platforms, and mobile apps. This requires banks to:

- **Ensure consistent reward redemption** across mobile banking, web, and in-branch experiences.
- **Use real-time data** to synchronize offers across all customer touch points.
- **Enhance the in-app card experiences** by integrating loyalty features natively within digital banking interfaces.

**Figure 4:** Common challenges to delivering real-time personalized experiences across channels

<p><b>CURRENT STATE OF MARTECH</b></p>	<p><b>Fragmented logic</b></p> <p>Communications and their trigger logic are built into each marketing tool</p>	<p><b>Fragmented preferences</b></p> <p>Communication preferences are set for each marketing tool, and there is no way to manage preferences across tools or channels</p>	<p><b>Duplicated effort</b></p> <p>Executing campaigns requires moving and maintaining the same data and rules across multiple systems</p>	<p><b>Incomplete picture</b></p> <p>No tool has access to all the data and history we have with a client, prospect, or participant</p>	<p><b>Lack of tools for marketing team</b></p> <p>No tool enables marketing operations to build and deploy cross-channel journeys</p>
<p><b>CHALLENGES TO MARKETERS</b></p>	<p>We can't enforce contact frequency caps to avoid "spamming" clients</p>	<p>We cannot respect clients' real-life communication preferences</p>	<p>We spend time building the "same" campaign multiple times instead of delivering more total campaigns</p>	<p>We can't leverage AI to make the most intelligent decisions to personalize content for each recipient in near real-time</p>	<p>Many campaigns require dev effort to coordinate and deploy campaigns</p>

## 6. Establish new business models

Rather than continuing to view cards as standalone products, it's imperative for modern loyalty programs to position them as **financial companions**. By **leveraging real-time transaction data**, banks can unlock new loyalty-driven products and services that go beyond outdated cashback incentives. The goal is to design and deliver **holistic financial benefits** that keep customers engaged.

To effectively leverage customer data, banks should:

- **Use social-listening** tools and strategies to identify new loyalty-driven financial products and services aligned with each customer's desires and preferences.
- **Generate real-time transaction insights** to deliver **hyper-personalized lending and savings** solutions.
- **Co-create with partners and customers** to shape new banking experiences. Collaborating with partner brands can help eliminate boundaries across visual identity and messaging, while also enabling enhanced personalization powered by partner data and insights.
- **Offer community-driven banking rewards**, that incentivize financial behaviors aligning with customer values. Examples include charitable giving, sustainability, and other options that directly impact a customer's community.

## 7. Implement a real-time value loop

Leading loyalty programs function as a **continuous engagement cycle**, with ongoing refinements based on continuous customer feedback and behavior monitoring. (Figure 5) The four key phases of this cycle are:

1. **Acquire:** Use AI-powered insights to deliver **contextual onboarding offers**.
2. **Engage:** Maintain engagement through **real-time personalized recommendations**.
3. **Delight:** Surprise customers with **experiential rewards** that go beyond standard cashback.
4. **Repeat:** Continuously iterate to ensure the program **remains relevant and valuable**.

*Figure 5: Harnessing the flywheel to create a real-time value loop*



Source: Capgemini Research Institute for Financial Services analysis, 2025

# Beyond rewards programs: Building purposeful loyalty across every experience

Although this POV focuses on card loyalty programs, banks must holistically embrace and build purposeful loyalty across every aspect of customer-facing operations. As we discussed, purposeful loyalty is based on engagement, trust, and personalization to drive customer retention and bank product utilization. The fundamental elements that require implementation bank-wide include:

- **Moving beyond** transactional interactions to **personalized, community-driven experiences.**
- **Empowering customers** with tools and rewards that support their **broader financial goals.**
- **Embedding loyalty** into the entire banking ecosystem, making it an **outcome of great customer experiences** rather than a separate program.
- **Facilitating collective financial impact**, where customers can pool rewards for shared financial goals or social causes, **fostering deeper engagement** with their bank.

*In conclusion*

## Start now to stay ahead

With digital-first customers expecting hyper-personalized, seamless experiences, banks must take immediate steps to transform their loyalty strategies. Forward-thinking institutions are already integrating AI, machine learning, and dynamic personalization into their rewards ecosystems. Those who delay, risk losing wallet share to more agile competitors.

By focusing on purposeful loyalty, banks can create deeper emotional and transactional bonds with customers, ensuring long-term engagement and sustained revenue growth.

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