The Reinvention of Loyalty

How technological change and evolving consumer behaviours are transforming the loyalty industry

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A CURRENSEA WHITE PAPER

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Contents

Chapter 1

The rising popularity and significance of loyalty programmes

Recent geopolitical shocks and inflationary pressures have compounded a long-term squeeze on consumer spending.

That squeeze has been mitigated in the airline and hospitality industries by a weighting towards wealthier consumers and an apparent willingness by consumers to ringfence their high-value discretionary spend on travel[1].

But the reliance on discretionary spend, recent disruption to international travel and the prospect of rising input costs from fuel supply constraints all pose potential threats to these industries.

The battle between brands to attract consumer spend is intensifying. Brands increasingly need to use loyalty-driving techniques to further engage with their customers.

These techniques are already most well-established and sophisticated in the airline and hotel industries.

But to weather the storm in uncertain times, these brands must drive ever deeper engagement with their most loyal customers. This can be seen in the rapid growth of airline and hotel groups' loyalty schemes in recent years.

Lufthansa saw a

161%

increase in enrolment in its Miles & More offer from 2021 to 2024.

Delta has seen a

50%

increase in Skymiles membership from 2017 to 2024.

IHG One Rewards has grown to more than

160m

members.

> *Loyalty programs have evolved from marketing tools into some of the most valuable strategic assets in global aviation.*
>
> *Over the past decade, loyalty programs have become central to airline financial strategy.*
>
> *Their highly scalable economics, diversified revenue streams, and predictable cash flows make them uniquely valuable within an otherwise cyclical industry.*
>
> *Investors and leadership teams are increasingly recognizing loyalty programs as stand-alone businesses rather than ancillary marketing initiatives.*
>
> *Loyalty programs will play a central role in the next phase of industry transformation.*[2]
>
> **Evert de Boer & Xiao Yao Chin**
> On Point Loyalty

Loyalty schemes are therefore emerging as an increasingly important commercial driver for airline and hotel groups. BA owner IAG's latest full-year results highlighted loyalty as offering "higher growth and higher margins than our core businesses as well as sustainable, non-seasonal cash generation".

The growth in the market for loyalty points has also attracted intermediaries looking to capitalise on brands and consumers' interest in buying, earning, trading and spending loyalty points.

New entrants like Revolut (Rev points) have joined Amex's more long-established points offering, reflecting the expansion of points-based ecosystems beyond traditional card issuers.

In an age of rapid, tech-enabled shifts in consumer behaviour, the appetite among consumers to earn rewards and perks from their favourite brands on their spending, and particularly in big-ticket categories like air travel and hospitality, has proven hugely resilient.

This offers brands a reliable and valuable lever for driving recurring spend from their most loyal customers.

IHG data shows that loyalty members were 10x more likely to book direct and spend 20% more than non-members.

Chapter 2

The challenge posed to traditional loyalty models in Europe

By comparison to the US market, the UK and European loyalty market for airlines and hotels is much less mature, with significant scope for further penetration.

BA is the stand out exception in the UK. This June, BA's owner IAG set ambitious growth targets for its loyalty division operating Avios, aiming to almost double operating profit to €1 billion within five years, highlighting its importance as a standalone profit maker.

In fact, the scale of take-up of its loyalty scheme has, at times, forced it to recalibrate the proposition - most notably through recent changes to benefits such as lounge access, where these had been extended too widely.

However, in Europe, the vast majority of the airline and hotel industries have not come close to matching the success and penetration of BA.

This was reflected in how competitors like Virgin Atlantic launched 'points-matching' offers, through its 'Save Your Tiers' campaign, to poach disaffected BA customers.

One of the most effective ways to drive customer loyalty is to secure a top-of-wallet position.

Brands do this by incentivising customers to use their co-branded card — *typically a credit card* — as their primary payment method. This, in turn, reliably drives higher spend.

United Airlines recognised this in the recent overhaul of its MileagePlus programme to further reward travellers who carry a United co-branded credit or debit card, while dialling back mileage earning for members who do not.

This co-branded payment card model was pioneered in the US - and here the UK and Europe lag behind in terms of adoption again, for two reasons.

The first is regulatory. Merchants pay interchange (or 'swipe') fees on each card payment they accept.

In the UK*[4]

26%

are still not part of any airline loyalty scheme

29%

are not part of any hotel loyalty scheme

In the US[5]

82%

of all 'travellers' are in frequent flyer programmes

*among those with household income of more than £150k and who flew more than five times last year

> *Co-brand debit cards have unique benefits over credit cards - a faster route to market, limited regulation and a broader pool of potential cardholders.*
>
> *The UK has shown that the concept quickly gains acceptance once people can see the strength of the co-brand proposition.*
>
> *The key is deciding whether to appeal to the broadest possible market or to double-down on your most loyal existing members.*
>
> **Rob Burgess**
> Editor at Head for Points, the UK's biggest frequent flyer and business travel website

The consumer might get some of that back, as credit card rewards, or as cashback on debit spending.

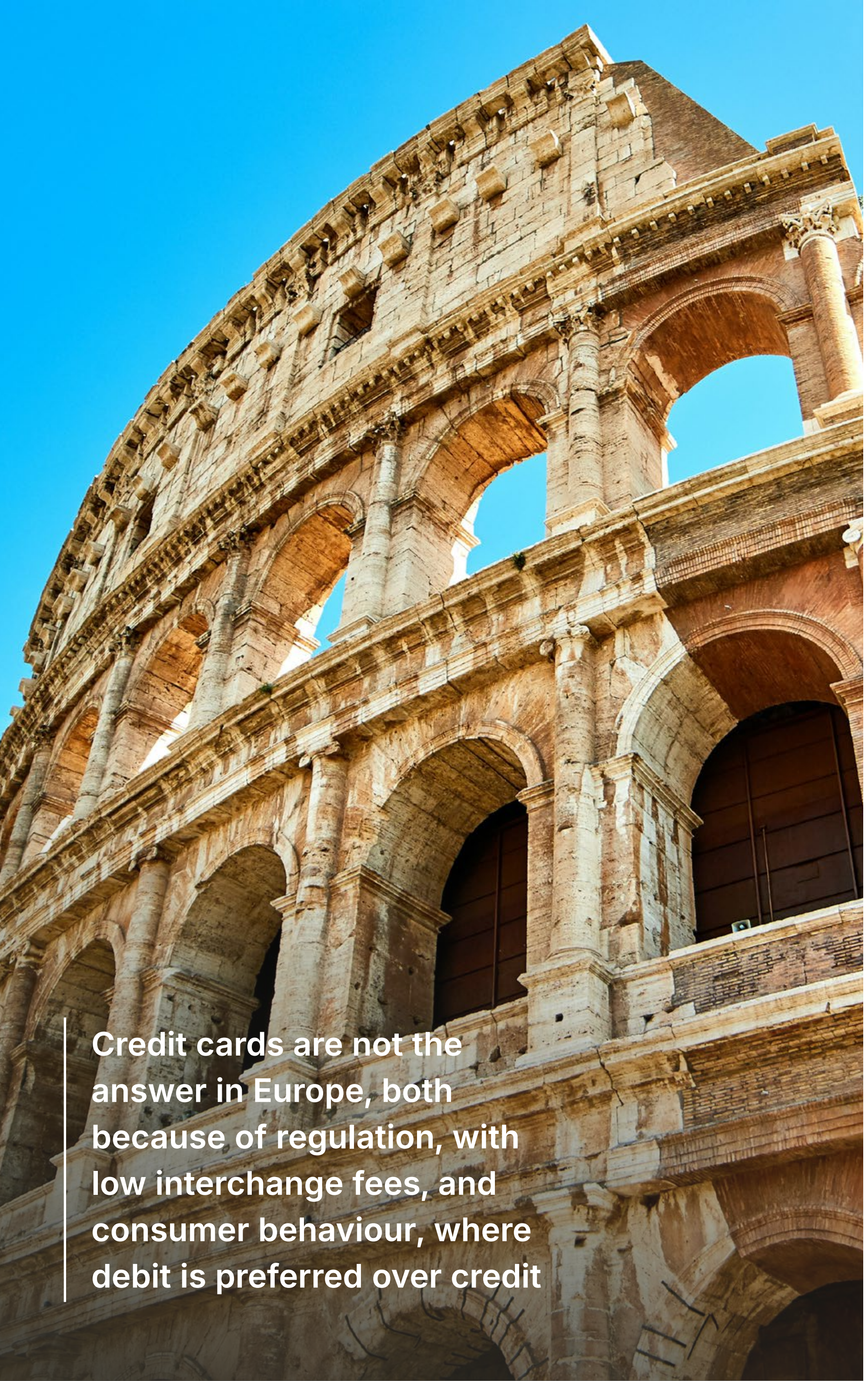
In the UK and EU, interchange fees have been capped at roughly one-tenth of the US level since 2015.

That means lower fees for merchants, but also lower rewards for card users.

To illustrate the impact of interchange fee caps on the rewards card market: just over a decade ago, there were 750 MBNA credit cards available in the UK. Today there are zero.

The second is cultural. The proportion of people with credit cards is lower.

Global precedents show that a cardholder will stay 2x and spend 2x on brand vs. a non cardholder



But the bigger difference is in utilisation. In the US, credit card spending volumes are bigger than debit[3]. In the UK and on the continent, debit accounts for the large majority of consumer card spending.

In short - Europeans don't like putting the bulk of their day-to-day spend on credit.

The European loyalty industry has huge potential - combining rising commercial demand for new techniques to drive customer loyalty, and more room for growth compared to the more mature US market.

The proportion of people with **credit** cards:

In the UK[6]	In the US[7]
68%	81%

Consumer spending using **debit** cards:

In the UK:	In Europe:
85%	77%

Chapter 3

The threat of AI and payments disruption to the loyalty market

To fully realise its growth potential, the European loyalty industry must also navigate major technological changes taking place globally.

Hotel and airline groups' loyalty offerings have become bigger and higher-margin parts of their overall business. AI agents won't disrupt flights or overnight stays. You will still travel by plane and sleep in a hotel room in the AI world. But they will transform every aspect of the booking process.

The susceptibility of loyalty offerings to AI disruption is particularly true where they are based on habit, rather than either emotional connection or meaningful benefits /status tiers.

And it's particularly true where brands rely on their customers earning intermediary points currencies (e.g. Rev points, Amex points) which they can then redeem with them or many of their competitors.

Where consumers have earned loyalty points from intermediaries that are convertible into a range of different airline or hotel loyalty points, AI agents will quickly be able to pick the best flight or hotel based on intermediary points and cash, then convert those points automatically to make the booking.

Concept illustration

LLMs and AI agents are set to transform every aspect of the booking process.

Mastercard forecasts debit cards per capita to increase from 2.7 in 2022 to 3.5 in 2030.

In this new AI age, successful loyalty schemes will be:

- **Friction-free**
  Because we'll be accustomed to AI agents making booking processes seamless and won't tolerate arduous processes to earn points
- **Experience-led**
  Offering not just substantive savings but memorable real-life benefits with a tangible presence, giving consumers an emotional reason to override their AI agent's purely transactional view of earning points
- **Tangible and visible**

That eliminates the friction and habit that some brands previously relied on when engaging customers in their loyalty schemes via intermediary points.

In addition, conversions will always flow towards the highest redemption value across brands, driving up the cost of providing points for all providers.

Agentic payments made by a purely transactional AI buyer who feels no brand affiliation mean that loyalty points become commoditised, rather than driving recurring spend from loyal customers.

Meanwhile, the UK and EU are both exploring new payments infrastructures that would potentially promote account-to-account transfers and other payment methods that don't require debit or credit cards. These alternative payment rails have already been adopted in markets like Brazil and carry no loyalty.

Against this backdrop of potential new payment rails, there are several considerations for card-based loyalty schemes:

1. Despite the emergence of alternative payment infrastructure, consumer payments behaviour remains highly sticky. UK Finance data shows debit and spending volumes continuing to trend up, continuing their post-Covid surge towards a record share of payment volumes. Mastercard forecasts debit cards per capita to increase from 2.7 in 2022 to 3.5 in 2030. Payment cards are not going anywhere.

2. In the coming decades, a more diverse payments ecosystem may emerge. Competition to be a consumer's chosen payment product will intensify, coming not just from card issuers but other payment providers too.

3. Technological change has already made being 'top-of-wallet' even more important for capturing spending volumes, e.g. by being the default option on Apple/Google Pay. The rise of alternative payment methods will accelerate that trend.

Chapter 4

The answer: multi-bank loyalty debit cards

The ideal solution is a payment product that turns European consumers' everyday spend into always-on brand engagement, and that's resilient to agentic AI and payment disruption.

As detailed in *Chapter 2*, credit cards cannot be the answer in Europe, for both regulatory (low interchange) and consumer-behaviour (debit vs. credit) reasons.

A co-branded debit card is the solution in the UK and Europe, guaranteeing:

- Large share of spend
- No reliance on borrowing – which affluent credit card holders don't do
- Guaranteed merchant acceptance
- Limited competition – rewards on debit spend are rare
- Easy marketing – fewer advertising restrictions than credit cards

But, historically, co-branded debit cards forced customers to either switch bank accounts or top up an additional account.

The difficulty of convincing users to switch or open a new account limits growth.

Fewer than 1 in 50 Britons switch banks every year[8]. Only 5% of Britons use a secondary bank account for daily spending[9].

Currensea has solved that problem and removed this barrier to success, by pioneering a new product category for European consumers: **co-branded multi-bank debit cards.**

These effectively transform all major bank current accounts into rewards cards.

Currensea's co-branded multi-bank debit cards drive customer loyalty and address the emerging challenges facing brands' loyalty programmes by:

- Ensuring high take-up and use, because they allow co-branded cardholders to link their new card to their existing bank account, avoiding the usual debit card pitfall of requiring consumers to open and switch to or top up a separate account.

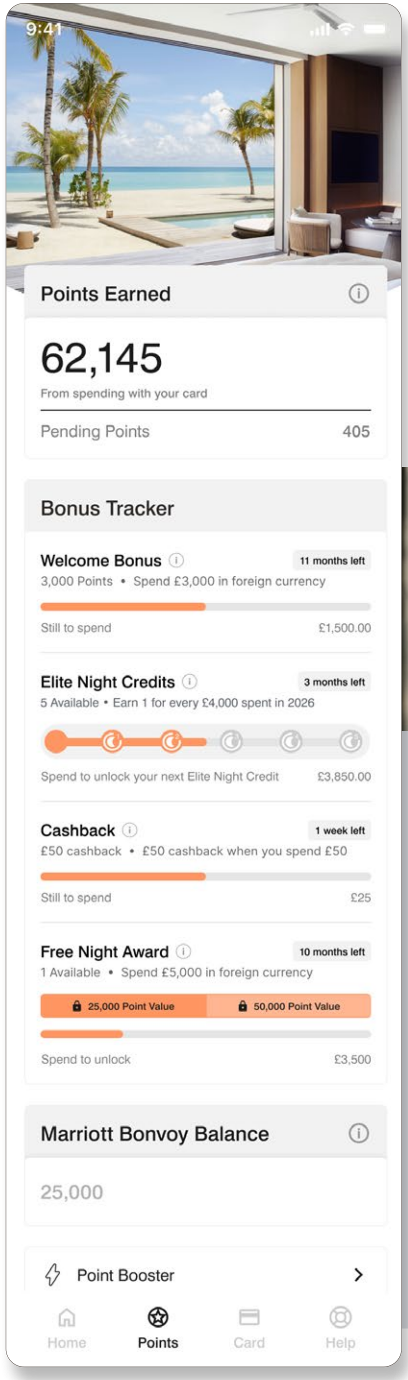
How Currensea works

1. Currensea partners with global brands to offer a **co-branded multi-bank debit card** to their customers in Europe.
2. Currensea's multi-bank model allows cardholders to link this new card **to their existing bank account** - meaning there's no need to switch account, top-up or pre-pay.
3. Cardholders earn loyalty points from the co-brand on all their day-to-day debit spend, turning that co-brand into their default **front-of-wallet payment card**.
4. The co-brand puts its brand top-of-wallet, benefitting from unrivalled engagement and **driving customer loyalty**.

- Simplifying onboarding, with 93% of applicants typically approved, maximising cardholder numbers and avoiding brand-damaging application rejections.
- Maximising utilisation, with a debit (rather than credit) offering that's preferred by European customers – resulting in up to 7x more transactions per cardholder than credit cards.
- Offering rewards that work for both brands and consumers in a low-interchange environment.
- Putting the partner's brand top-of-wallet, as physical card use declines and the growth of digital wallets puts an even greater premium on being top-of-wallet.
- Delivering genuine loyalty in an increasingly transactional AI world.

Global brands Hilton Hotels, United Airlines, and Marriott Bonvoy have all launched loyalty debit cards with Currensea.

IHG has recently announced a new single-bank partnership with Revolut to offer a reward-earning debit card – so other brands and fintechs are now following suit and adopting the co-branded loyalty debit model.



Currensea's annualised co-brand data shows that:

The top quartile of spenders spent

£36.7k

on their co-branded Currensea card on average

On average, over

50%

of cardholders' annual spending was on lodging, dining out, travel and leisure

On average,

17%

of cardholders' spending was directly with the co-brand partner, e.g. on hotel stays

More than

75%

of cardholders have used their card for spending abroad, and of those, the average number of countries visited and spent in is four

> *Our research consistently shows co-brand debit is far more than a niche product – for many holders it becomes their primary way to pay.*
>
> *More than a third of users tell us it's the payment card they reach for most often, and the market is growing rapidly as more and more users realise the benefits these cards can have. In many places, there just haven't been enough viable options. That gap is the opportunity.*
>
> *In markets like the UK and Europe, where everyday spending overwhelmingly runs through debit, co-brand debit propositions can outcompete many credit rewards schemes on this side of the Atlantic.*
>
> *These products have real room to grow.*
>
> **Matt Simester**
>
> Head of International Partnerships at payments consultancy Auriemma Group

However, single-bank debit propositions can come with inherent limitations: they are typically confined to a narrower addressable customer base, and may offer a more fragmented or diluted brand experience compared to multi-bank models, like Currensea's, which can integrate more seamlessly into consumers' existing financial relationships.

By contrast, the unique structure of a multi-bank model drives adoption and ensures high take-up by avoiding the inconvenience of transferring funds between accounts and the confusion of having to manage multiple bank accounts.

By positioning itself at the forefront of brands' growing interest in reward-earning debit cards for European customers, Currensea has established a differentiated multi-bank model that is gaining traction with both partners and consumers, placing it among the UK's fastest-growing fintechs and fuelling its expansion into continental Europe.

Global brands Marriott Bonvoy, Hilton Hotels and United Airlines have all launched loyalty debit cards with Currensea.

Recent polling from Currensea has found not only that just 1 in 20 Britons use a secondary bank account for daily spending, but also that:

1. Receptiveness to using a secondary bank account begins declining from your 40s onwards.
2. 50% of Britons have used their current bank account as their primary provider for 10 years; another 27% have done so for 3-10 years.
3. When high-earning frequent flyers don't use a secondary bank account, that's disproportionately because of the inconvenience of transferring funds between accounts and the hassle of having to manage multiple bank accounts.
4. High-earning frequent flyers are more loyal to their existing bank account provider than the national average, based on a measurement of what proportion have used their bank for 3+ years.
5. Hotel loyalty scheme members, regular international travellers, frequent flyer scheme members and high-earning frequent flyers all worry more about running out of money when making payments from a secondary account that they regularly top up, than the national average.

Conclusion

Loyalty through integration

It's the combination of switching the co-brand model to debit, and delivering it from customers' existing bank accounts, that has changed the game for brands' everyday loyalty programmes for European customers.

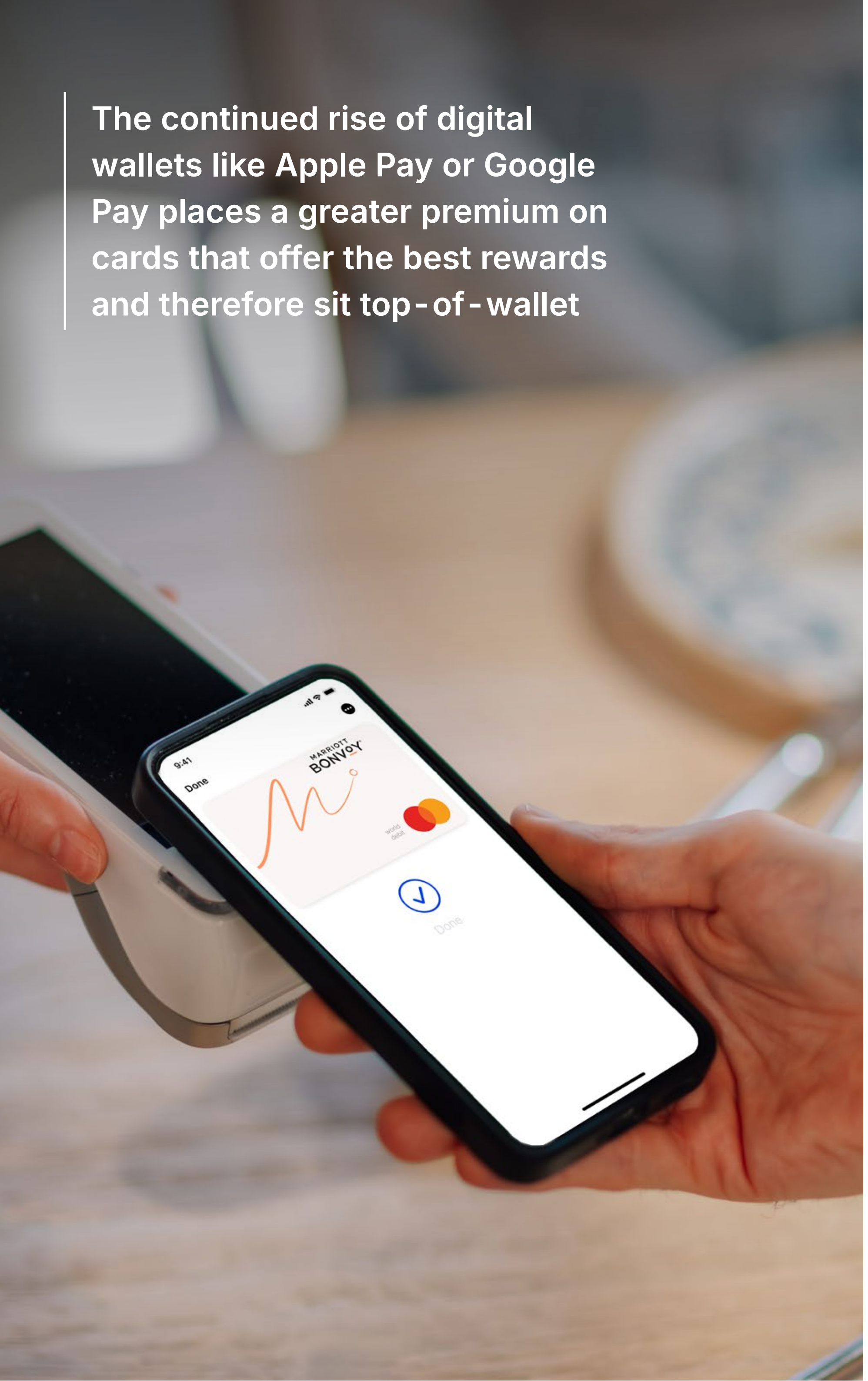
This model allows them to navigate the regulatory and consumer-behavioural challenges that are unique to the European market.

This model will also be resilient to changes in technology and distribution. The continued rise of digital wallets like Apple Pay or Google Pay places a greater premium on cards that offer the best rewards and therefore sit top-of-wallet.

The emerging technology of account-to-account payments has been proven in the UK for use cases like settling your tax bill with HMRC. But there are significant regulatory and consumer-behavioural obstacles to displacing the card payment rails for the bulk of everyday tap-and-go transactions, particularly as card payments still have the strongest offer in terms of rewards on spending, lack of friction and consumer protections.

Co-branded multi-bank debit cards drive customer loyalty and address emerging challenges

The continued rise of digital wallets like Apple Pay or Google Pay places a greater premium on cards that offer the best rewards and therefore sit top-of-wallet



It is also well-positioned for the upcoming AI disruption of loyalty schemes. As Agentic AI begins to automate consumer decisions and bypass traditional brand interfaces, the battle for loyalty is moving from the screen to the transaction layer. When the customer interface diminishes, the most seamless and value-driven payment rail wins.

We call this 'loyalty through integration'. In a world where AI agents hunt for the lowest fees, there is a growing case for travel loyalty offerings to move beyond being a destination for points and become more closely integrated into the underlying transaction.

The Currensea model achieves this by embedding the brand into the consumer's existing financial behaviour.

The stickiness from co-branded cards that provide genuine loyalty benefits, and tier earning through bookings/stays, will become the key route for genuine loyalty, in a world where all other forms of points accrual and spending are increasingly transactional and intermediated by AI.

For brands looking to future-proof their loyalty strategy, the Currensea model isn't just an alternative, it is the perfect choice, offering:

- Larger addressable audiences
- Almost universal accessibility
- Higher utilisation
- Zero friction
- Lighter regulatory burdens
- A greater value proposition for both brands and consumers

Appendix

Section 1: comparing US and European credit card use

In the US, credit cards are widely used not just as a borrowing tool, but as a primary way to earn rewards.

A significant share of cardholder activity is driven by points, perks and incentives, making rewards a central feature of the credit card proposition.

The old adage in the US market is that Delta is 'a credit card company with an airline attached'. (Amex's remuneration to Delta has increased from less than $2bn in 2010 to over $7bn in 2024.)

According to the last available full-year data from the CFPB[10], US consumers earned $41.4bn from credit card rewards alone in 2022.

That's over 16x the value[11] of the entire UK loyalty market (for a country with about 5x the population)!

The interchange fee cap introduced in 2015 has helped ensure that the European market for reward-earning co-branded payment cards is already dramatically underserved. Amex, via its partnerships with BA and Air France-KLM, was the only remaining large-scale player.

An ongoing court case in the Netherlands is seeking to subject Amex co-brands to some of the same regulatory caps.

A material reduction in interchange fees would likely have significant knock-on effects on the rewards on offer to consumers from these few remaining cards in the market.

Other markets may be moving in a more European direction, amid increasing scrutiny of interchange fees and their role in underpinning card economics.

In Australia, the Reserve Bank is implementing a series of reforms[12] that includes lowering caps on interchange fees and removing card surcharging, with credit card rewards programmes beginning to recalibrate as a result.

Appendix

Section 2: the impact of AI on the hotel and airline industries

In early 2026, public markets were roiled by a series of sell-offs across industries that investors deemed susceptible to disruption by AI.

This began in software with the so-called ‘SaaSpocalypse’, and then spread to market segments like real estate advisory and logistics.

The core businesses of airlines and hotel groups, two of the chief exponents of loyalty schemes, look well placed to weather fears of AI disruption.

The AI-driven market sell-off prompted much commentary on how investors were now seeking the ‘HALO’ effect – ‘heavy-asset, low-obsolescence’ companies.

The FT’s Rob Armstrong recently argued[13] that hotel chains and airlines were among the archetypal ‘resource-processing’ businesses whose shares performed well in early 2026 amid AI fears, because offering places to stay or the ability to move around could not be disrupted by AI.

AI had turned the conventional economic logic espoused by W Brian Arthur in his “Increasing Returns and the New World of Business” on its head.

Previously, Arthur argued that businesses that process information, rather than physical resources, benefit from higher returns and wide competitive moats due to high development costs, negligible unit costs, network effects and high switching costs.

But vibe-coding apps and agentic assistants now threaten to drive down development costs and switching costs for these businesses’ competitors and customers. Companies that process information are now at less of a competitive advantage.

As detailed in ***Chapter 1***, hotel and airline groups’ asset-light loyalty offerings have become bigger and higher-margin parts of their overall business. Operating profits in IAG’s loyalty division have grown from £217 million in 2019 to £507 million in 2025, for example.

These loyalty divisions seem to have more of the characteristics of an information-processing business that is now more susceptible to AI disruption.

In fact, this is true where those businesses rely on habit-based loyalty, or their customers earning intermediary points currencies which they can then redeem with many of their competitors.

Where this isn’t the case, the growth potential in the AI era remains significant - as underlined by IAG aiming to almost double operating profit of its loyalty division in the next five years.

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Currensea makes spending simpler and more rewarding.

Through partnerships with global travel brands, our co-branded travel debit cards turn your everyday spending into loyalty points and airline miles.

All our cards work through debit and seamlessly connect to your existing UK bank account for a simple, familiar way to pay. Every purchase brings you closer to free hotel nights, flight upgrades and future travel.

Contact us at partnerships@currensea.com

currensea.com/loyalty-cards