



31% of Rewards Cardholders Didn't Redeem Any Points, Miles or Stays in 2020

Nearly half who redeemed rewards in past year did so for something significant

NEW YORK – February 22, 2021 – Nearly 1 in 3 rewards cardholders (31%) did not redeem any rewards in 2020, according to a new Bankrate.com report. Meanwhile, 46% of rewards cardholders who redeemed rewards in the past year did so for something of substantial value, like \$300+ in cash back/gift cards (30%), a free hotel stay (15%) or a free flight (11%). Click [here](https://www.bankrate.com/finance/credit-cards/preferred-payments-survey/) for more information:

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While 55% of rewards cardholders who redeemed their cash back, points or miles in the past year did so for less than \$300 in value, Bankrate.com credit card analyst Ted Rossman notes that this is free money that can easily be put towards everyday purchases. “Credit card rewards do not become more valuable the longer you hold onto them. I would encourage all rewards cardholders to pay attention to those rewards balances and redeem them more often. The simplest way can be to apply the rewards to your next statement to help pay for things you are buying anyway.”

Other than sitting on rewards for too long, many rewards cardholders are leaving money on the table by simply not using their cards for common purchases like gas, groceries, restaurants and travel. Among rewards cardholders that typically pay their balances in full each month, just 51% who buy groceries prefer to pay with credit, 56% who spend money at restaurants typically use credit, and just 59% who buy gas usually pay with credit. Credit is more common for travel (83% who buy plane tickets usually pay with credit and 79% who stay at hotels usually put the charges on a credit card).

“As long as you’re avoiding interest, using credit can pay you back for all of your purchases big and small,” adds Rossman. “Many credit card issuers leaned hard into groceries, food delivery, streaming services and other everyday categories in 2020, so it is easier than ever to earn and burn rewards for routine expenses.”

For instance, if a consumer were to have a lucrative no annual fee card such as Discover it Miles (1.5 miles on all purchases, which is doubled at the end of a new cardholder’s first year and can yield an effective 3% cash back), Citi Double Cash (1% cash back when you make a purchase and another 1% when you pay it off) or the Wells Fargo Propel American Express Card (3% cash back on dining, gas, travel and select streaming services and 1% on everything else), they could earn hundreds of dollars in rewards. If their gas, grocery, restaurant and travel spending matched the latest national averages from the Bureau of Labor Statistics, they would earn \$360 annually with Discover it Miles, \$267 with Wells Fargo Propel, and \$240 with Citi Double Cash. Other spending could raise these totals substantially. The Propel card also offers a 20,000-point welcome bonus worth \$200 after new cardholders spend \$1,000 in their first three months.

Overall, 59% of U.S. adults have at least one rewards credit card, including 36% of Gen Zers (ages 18-24), 57% of millennials (ages 25-40), 56% of Gen Xers (ages 41-56) and 69% of baby boomers (ages 57-75). Roughly two-thirds (66%) of these rewards cardholders typically pay their balances in full each month, which Rossman says is even more important since rewards cards tend to carry higher interest rates.

Methodology:

Bankrate.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,449 adults, including 1,437 who have at least one rewards credit card. Fieldwork was undertaken January 6 – 8, 2021. The survey was carried out online and meets rigorous quality standards. It employed a nonprobability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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