

# Loyalty in Financial Services

## STRATEGIC OVERVIEW

### This overview at a glance

**Who:** Financial Services loyalty professionals  
**What:** Financial Services loyalty - now and next  
**Read:** 5 minutes



## Market dynamics and major trends



PSD2 and Open Banking opened up the market - new payment providers and other financial services intermediaries now vying for FS customer loyalty



'New' entrants include brands such as Monzo, Starling and Revolut (challenger banks) and other aggregators, Payment Initiation Service Providers (PISPs), innovative lenders, SuperApps and API intermediaries



Disintermediation threat, with new players offering better value propositions and/or interfaces. Differentiated value proposition required to compete/succeed, often using a loyalty programme



AI and agentic deployments a key development - beyond AI chatbots and digital screens to 'voice first' customer interfaces and potentially visualised personal avatars in future



Crypto adoption - Web3 wallets, exchanges and crypto currencies all becoming more prevalent with a race to provide Web3 wallets and 'own' the customer



## The customer landscape

Nothing demonstrates better the dramatic shift in FS customers and their loyalty needs than comparing the Traditional Finance vs. Decentralised Finance audience mindsets:

**‘TradFi’ audiences are more typically Boomers and Gen X**

Grew up using cheque books, visiting a branch and trusting banks

**‘DeFi’ audiences are more typically Millennials and Gen Z**

Grew up using digital payment and apps, interacting in virtual worlds and not trusting banks

### Looking at loyalty needs through generational lens:

Segment	Trust in Banks	Use of Branches	Digital Comfort	Loyalty Potential	Reward Types
Boomers	High	High	Low-Moderate	High if tangible	Cashback, concierge, travel
Gen X	Moderate	Moderate	Moderate-High	High if family/household linked	Bundles, lifestyle, status
Millennials	Low	Low	High	High if gamified or ESG-aligned	Tokens, cashback, digital assets
Gen Z	Very Low	Very Low	Very High	High if fun/social	NFTs, XP, social badges
Underbanked	Varies	Low	Mobile-first	High if practical	Fee waivers, airtime, cash
Entrepreneurs	Varies	Low	High	High if business-enhancing	Fee waivers, funding boosts, B2B benefits

Customers now expect personalisation at scale, real-time engagement, omnichannel seamlessness, gamified experiences, AI-powered service/support and lifecycle rewards.

# What Good Looks Like

## American Express Membership Rewards - leveraging strategic assets and partnerships

In our view, American Express Membership Rewards leads the way in FS customer loyalty and engagement.

### Strategic Asset

### How It Creates Value for Members

**Closed-loop payments network**

Enables tailored rewards, exclusive offers, and rich data insights

**Airline & hotel partnerships**

Points transfer for high-value redemptions; co-branded card benefits

**Premium card ecosystem**

Tiered loyalty value from Green to Centurion, with elite services and concierge

**American Express Offers platform**

Targeted merchant-funded offers linked directly to spend

**Brand prestige and exclusivity**

Aspirational value for members through premium access and experience curation

**Lifestyle partnerships**

Dining, events, and luxury lifestyle redemptions integrated into daily member life

**AI-driven personalisation**

Smarter targeting of rewards and redemptions based on real-time behaviour



## Ten business goals addressed by FS loyalty programmes

Business Goal	How Loyalty Contributes
1 <b>Increase Customer Lifetime Value (CLV)</b>	Encourages repeat purchase, upsell and cross-sell through rewards and engagement strategies
2 <b>Improve Retention and Reduce Churn</b>	Keeps customers returning through status recognition, rewards accumulation and emotional connection
3 <b>Grow Share of Wallet</b>	Converts infrequent or single-category shoppers into multi-category, high-value customers via tiered or multi-brand schemes
4 <b>Acquire First-Party Customer Data</b>	Drives opt-ins and behavioural data collection, helping FS comply with data privacy changes and personalise marketing
5 <b>Enable Personalisation at Scale</b>	Uses segmentation and AI to deliver relevant offers, improving campaign performance and customer satisfaction
6 <b>Enhance Brand Differentiation and Loyalty</b>	Builds emotional and values-based relationships that distinguish a brand beyond pricing or products
7 <b>Drive Operational Efficiency</b>	Helps manage mark-downs, surplus inventory or soft-launch new products through targeted member campaigns
8 <b>Foster Customer Advocacy and Referrals</b>	Turns loyal customers into brand ambassadors through referral rewards, social sharing and VIP communities
9 <b>Support Sustainable Revenue Streams</b>	Reduces reliance on discounting by using personalised value incentives instead of broad price cuts
10 <b>Drive wider business decisions</b>	Loyalty data and insights are used right across the business

## Profitability and measuring success

Setting clear KPIs and measuring commercial and customer success is key.

**A commercial metrics dashboard should cover:**

Incremental revenue, customer lifetime value (CLV), retention and churn rates, frequency, marketing ROI/cost efficiency and redemption cost vs. value delivered.

**A customer metrics dashboard might include:**

Engagement rate, tier progression, redemption rate, Net Promoter Score (NPS), Customer Effort Score (CES) and Emotional Loyalty.



# The digital workforce – transforming loyalty delivery

We can already see some of the key AI adoption changes which will affect the delivery of loyalty:

## AI examples in FS loyalty

Financial Services Provider	AI Application	Loyalty Use Case / Benefit
American Express	Churn modelling & analytics	Identifies at-risk customers and offers tailored engagement
National Australia Bank (NAB)	Customer Brain predictive AI	Boosts engagement and loyalty via personalised outreach
ANZ / OCBC / US Bank	Generative AI chatbots & educational content	Enhances programme retention through contextual financial education
Citibank	AI chatbot virtual assistant	Improves satisfaction and reduces friction in loyalty interactions
BNP Paribas	Behavioural modelling via knowledge graph AI	Enables adaptive loyalty campaigns across segments and products



## Key AI Types Driving Loyalty in FS

1. Predictive analytics & ML for churn/CLV – anticipating customer needs and maximising retention.
2. Generative AI / content AI – producing personalised content, financial guidance or nudges at scale.
3. Virtual assistants / chatbots – 24/7 conversational support integrated within loyalty flows.
4. Behavioural modelling & segmentation – driving hyper-relevant reward targeting using detailed customer signals.
5. Loyalty-management platforms with embedded AI – third-party tools that unify partner rewards, personalisation, gamification and fraud monitoring.

The future of loyalty lies in human-led strategy powered by machine-driven execution.

## Partners driving profitability

Start your journey with Collinson advisory to design optimal programmes, with Salesforce Loyalty - the leading LMS software solution. Augment your platform with other pre-integrated products or connect to third party applications with Salesforce.

### Salesforce Solution Enables loyalty for

**Salesforce Data Cloud** Data Unification of Customer, Member data across the Enterprise

**Marketing Cloud** Personalised Member Engagement across the lifecycle

**Agentforce** Autonomous member engagement for Sales, Service & Marketing

**Commerce Cloud** Seamless purchase online with embedded Loyalty Offers and Rewards

**Service Cloud** Easily service your loyalty members with queries and issue resolution

**Mulesoft** Easily integrate your Loyalty Solution with Upstream and Downstream solutions

## Conclusion

The global FS loyalty market is a mature one, with some prolific schemes generating billions. However the pace of digital transformation, emerging new FS audiences and rapid development of technologies including AI will take programmes to new levels of sophistication and we will see a widening gap between leaders leveraging technology and laggards whose legacy systems simply can't keep up. Strategically designed programmes will harness the latest technology AND emotionally differentiate, embracing trends and techniques to build true brand affinity.

