

How banks can drive adoption and repeat usage on a rewards marketplace

A rewards marketplace pays back only when customers keep coming back to it. That takes a planned sequence of segments, offers, and campaigns, not a launch announcement.

32%

higher card spend after joining a 1% cash-back program

11%

of dormant cardholders spent \$50+ in the first month of cash-back

16% → 5%

annual attrition, one account vs four or more

+8%

redemption rate from one pre-holiday bank campaign

ABOUT THIS GUIDE

Who this guide is for

This guide is for heads of cards, loyalty, and digital banking who run a marketplace, or are about to, and need it to show up in card spend, product holding, and retention numbers. It covers objectives, KPIs, segmentation, incentive mechanics, a 90-day launch plan, and a campaign calendar that works across markets.

01 - WHY MARKETPLACES

Why banks are investing in rewards marketplaces and where they fall short

Rewards change how customers use their cards, and a marketplace gives those rewards somewhere useful to go. A 2025 study in the Journal of Banking and Finance found that cardholders who joined a 1% cash-back program raised card spending by 32%, and the effect lasted rather than coming from other cards. An earlier Federal Reserve Bank of Chicago paper found that 11% of cardholders who had not used their card in three months spent at least \$50 in the first month of a cash-back program.

What a marketplace adds beyond a points catalog

A points catalog asks customers to save up for something they may not want. A marketplace lets them buy what they already plan to buy, such as gift cards, electronics, travel, and dining, using points, cash, or both. Card spend earns points, points are redeemed on the marketplace, and card-paid marketplace purchases earn more points. Every pass through that loop produces interchange income and another reason to open the banking app.

The business case in banking terms

The strongest argument for a marketplace is product depth and retention, not engagement. Vericast puts annual attrition at around 16% for customers with one account, against about 5% for customers with four or more. A marketplace gives the bank a reason to reward customers for adding a second card, a deposit, or a loan.

Business outcome	How the marketplace contributes
Higher card spend and interchange income	Accelerated earn on marketplace categories and card-paid purchases
More products per customer	Bonus rewards for opening and using a second product
Lower churn among single-product customers	Regular, relevant reasons to stay active with the bank
Longer relationship tenure	Tenure and milestone rewards that grow over time
Differentiation in crowded markets	Lifestyle value competitors cannot copy by matching a rate

Where marketplace programs fall short

Most marketplaces underperform for predictable reasons. The bank launches with one announcement and then goes quiet. Every customer sees the same offers. Rewards sit apart from the card program, so spending does not feel connected to earning. Success is measured in visits instead of transactions and product holding.

Banking loyalty is also moving toward rewards that recognize the whole relationship, including deposits, loans, and digital usage. A marketplace that only sells products will lose relevance. One that is wired into the bank's earn rules and product goals becomes harder to replace.

02 - OBJECTIVES

Setting marketplace objectives that map to banking outcomes

A marketplace objective gets budget when it names a banking result, a number, and a date. "Increase engagement" will not get past a head of cards or a CFO. "Move 8% of single-card customers to a second product within 12 months" will. Set objectives at two levels and link them, so the program team knows which marketplace behavior serves which business result.

Business objective	Program objective	Example target
Grow card spend and interchange income	Increase card-paid marketplace transactions	Card-paid share of orders above 70%
Raise products per customer	Reward second-product activation	5% of single-product customers add a product in 12 months
Reduce single-product churn	Get dormant customers to transact again	10% of 90-day dormant cardholders reactivate per campaign
Extend relationship tenure	Build repeat purchase habits	35% of first-time buyers buy again within 60 days
Increase digital banking usage	Convert app users into marketplace users	15% of monthly active app users visit the marketplace

These targets are illustrative. Replace them with figures from the bank's own baseline.

How to write an objective leadership will sign off on

- Name the banking metric first and the marketplace behavior second.
- State the baseline, the target, the time frame, and the segment it applies to.
- Agree on how incremental impact will be measured, usually against a control group.
- State the funding source and the maximum cost per incremental result.

The last point matters most in budget conversations. A program that shows it generated an extra transaction for a known cost is easier to fund than one that reports total marketplace sales.

03 - KPI FRAMEWORK

Building a KPI framework with leading and lagging indicators

Track leading indicators weekly so the team can act, and lagging indicators monthly or quarterly so leadership can judge results.

KPI	What it measures	Type	Cadence
Mobile banking to marketplace conversion	Share of active app users who visit the marketplace	Leading	Weekly
Activation and first-transaction rate	Share of eligible customers who activate, then make a first purchase	Leading	Weekly
Campaign response rate	Share of targeted customers who complete the campaign action	Leading	Per campaign
Transacting customers	Unique customers who purchased in the period	Leading	Weekly
Repeat purchase rate	Share of buyers who purchase again within 60 or 90 days	Lagging	Monthly
Average order value and GMV growth	Order size and quarter-over-quarter gross merchandise value	Lagging	Monthly
Card-paid share and payment adoption	Orders paid with the bank's cards, points plus pay, or installments	Lagging	Monthly
Products per customer and churn	Product holding and attrition for marketplace users against non-users	Lagging	Quarterly
Cost per incremental transaction	Campaign cost divided by transactions above the control group	Lagging	Per campaign

Making the results credible to finance and leadership

- Set baselines before launch. Capture at least three months of card spend, product holding, and churn for the segments you plan to target.
- Hold out a control group. Keep 5% to 10% of each targeted segment out of a campaign so you can separate new purchases from ones that would have happened anyway.
- Track points liability alongside activity. Rising issuance with falling redemption builds a balance-sheet liability and usually signals weak perceived value.

04 - SEGMENTATION

Segmenting customers so each group gets an offer it will act on

Segmentation is the biggest driver of campaign cost efficiency. A 10% cashback offer sent to every customer pays mostly for purchases that would have happened anyway. The same budget aimed at dormant cardholders or single-product customers buys behavior change.

Five dimensions banks can segment on today

Most banks already hold this data in their core banking, card management, and CRM systems. Card or relationship tier (classic, platinum, priority, private) tells you the expected reward value and preferred categories. Product holding (card only, deposit only, card plus loan) tells you which cross-sell offer is relevant. Spend behavior (high, regular, low, or dormant for 90 days) tells you which incentive will change behavior and at what cost.

Lifecycle stage (new to bank, first 90 days, established, lapsing) tells you which message fits the moment. Life events and interests, such as a birthday, salary credit, a booked trip, or a new home loan, tell you when an offer will feel timely instead of random.

Matching the offer type to what each segment values

Segment	Offer that tends to work	Goal
Premium and private banking	Hotel stays, lounge access, curated experiences, early access to limited stock	Retention and share of wallet
Mass-market cardholders	Everyday gift cards, mobile top-ups, grocery and fuel vouchers, instant cashback	Frequency of use
New-to-bank customers	First-purchase discount or bonus points	Activation
Dormant cardholders	A time-limited bonus that requires a card transaction	Reactivation
Single-product customers	Bonus points for opening and using a second product	Product depth
Frequent travelers	Accelerated earn on flights and hotels, travel insurance, luggage	Spend in high-value categories

Keeping segments accurate and compliant

- Refresh behavioral segments at least monthly, and apply suppression rules before every send: opt-outs, do-not-disturb flags, recent complaints, and customers in collections.
- Cap how many campaigns one customer can receive in a week so overlapping segments do not flood the same person.
- Check that targeting meets local rules on fair treatment and data use, especially where offers differ by income or credit profile.

05 - GROWTH LEVERS

Growth levers that increase adoption and transaction volume

Six levers do most of the work in a bank marketplace. Each moves a different KPI, so choose based on the objective, not on what a competitor launched last month.

Lever	Example	KPI it moves
Segment-specific offers	Platinum cardholders get 15% off premium audio; classic cardholders get 10% off mobile top-ups	Response rate, cost efficiency
Time-bound discounts and cashback	Up to 30% off fragrances in the two weeks before a major festival	Transactions, GMV
Promo codes	FIRST50 gives 5 units of local currency off a first order above 50	First-transaction rate
Accelerated earn linked to the card program	2x points on flights and hotels booked with the bank's card	Card spend, card-paid share
Points plus pay	Redeem 2,000 points and pay the balance by card	Redemption rate, AOV, interchange
Merchandising	A banking app homepage banner for back-to-school electronics	App-to-marketplace conversion

Deciding who pays for the incentive

Most marketing programs combine four funding sources. Marketplace margin share keeps campaigns self-funding but limits discount depth. The bank's marketing budget suits acquisition and reactivation, where the payoff is product holding or card spend. Merchant-funded offers work best in competitive categories such as electronics, travel, and dining. Card scheme co-funding is sometimes available for campaigns that drive spend on a specific card product, but budgets are usually set annually, so ask early.

Whatever the source, set a total budget and a per-customer cap for every campaign, limit promo codes to one use per verified account, and require a named budget owner before any offer goes live.

06 - CAMPAIGN MECHANICS

Campaign mechanics library mapped to customer intent

Every campaign is built from a small set of mechanics. The right one depends on the behavior you want: a first purchase, more frequent purchases, larger purchases, or purchases in a specific category.

Mechanic	Example message	Best for	KPI it moves	Watch out for
First transaction	50% off your first marketplace order, up to 10 units of local currency	Never-transacted customers	First-transaction rate	One-time buyers; pair with a second-purchase offer
Assured reward	Spend 100 on your card this week for a free mobile top-up	Mass-market and dormant	Activation, reactivation	Rewards too small to register
Multiplier	2x points on weekend travel booked with your card	Active cardholders	Card spend, category share	Paying for spend that would happen anyway
Spend threshold	Spend 500 this month for 1,000 bonus points	Regular spenders	AOV per customer, AOV	Thresholds set too high
Prize draw	Every card purchase above 20 enters you to win a smartphone	Broad awareness	Participation, transactions	Legal rules; see below
Milestone reward	Your fifth marketplace order earns 500 bonus points	Established customers	Repeat rate, tenure	Milestones that feel unreachable
Birthday reward	A birthday-month voucher for any marketplace purchase	All segments	Retention	Missing date-of-birth data
Cross-sell reward	Open a savings account and get 3,000 points to spend	Single-product customers	Products per customer	Reward use, not just opening

A note on prize draws across markets

Prize draws are regulated differently in almost every market. Many jurisdictions require a free entry route, published terms, independent oversight, or a local permit, so involve legal and compliance early. Islamic banks can run draws with Sharia board approval; in Oman, for example, Meethaq has run its Hibati savings prize scheme with prizes structured as a gift (hiba) from the bank. For Islamic banks and windows, an assured or milestone reward is often simpler to approve.

07 - FIRST 90 DAYS

Sequencing campaigns across the first 90 days after launch

Treat the first 90 days as four phases, each with one behavior to change and one KPI to watch. Move to the next phase only when the current KPI is tracking toward target. If activation is weak at week 3, extend phase 1 instead of pushing repeat-purchase offers.

- Launch and access, weeks 1 to 3 (KPI: activation rate). Announce the marketplace, show customers how to reach it from the banking app or website, and launch the first-purchase offer in the same window.
- First purchase, weeks 3 to 6 (KPI: first purchases). Introduce the main categories, remind customers who logged in but did not buy, and start the monthly birthday-month bonus from week 4.
- Repeat usage, weeks 6 to 9 (KPI: repeat purchase rate). Run category bonus alerts, a double points weekend on card purchases, and first milestone rewards.
- Habit and seasonal, weeks 9 to 13 (KPI: GMV and AOV). Settle into seasonal offers, a monthly category newsletter, and win-back messages for customers who bought once and stopped.

Choosing channels for each message

Use the channel that fits the message, not every channel for every message. Over-messaging is one of the most common reasons customers opt out.

Channel	Best used for
In-app banners and cards	Launch, category promotions, and personalized offers; usually the highest-converting placement
Push notifications	Time-sensitive offers, points earned, and expiry reminders; keep to one or two a week
Email	Launch announcements, category newsletters, and festive campaigns
SMS	Deadlines and mid-campaign reminders; check local rules on promotional SMS
WhatsApp and messaging apps	Offers and reminders where customers prefer messaging; needs opt-in and approved templates
Statements and e-statements	Points summaries and redemption prompts customers already read monthly
Branches and relationship managers	Premium customers and high-value redemptions

08 - MARKETING CALENDAR

Building a marketing calendar around regional retail and festive cycles

The best-performing campaigns line up with moments when customers already plan to spend. A global template is a starting point, but every bank should rebuild the calendar around its own market. A Diwali campaign works in India and Nepal; it has little relevance in Ghana or Oman.

Moment	Where it matters most	Timing	What customers buy
Ramadan and Eid al-Fitr	Middle East, North Africa, South and Southeast Asia, parts of Africa	Ramadan expected around Feb 8, 2027; Eid around Mar 9 or 10	Groceries, gifts, clothing, food, travel
Eid al-Adha	Same markets as above	Expected around May 16 or 17, 2027	Travel, family gifts, clothing
Lunar New Year	China, Hong Kong, Singapore, Malaysia, Vietnam, South Korea	Late January to mid-February	Gifts, travel, dining
Diwali and festive season	India, Nepal, South Asian communities	October or November	Gold, electronics, home goods
Singles' Day (11.11)	China and Southeast Asia	November 11	Electronics, fashion, beauty
Black Friday and White Friday	Americas, Europe, Middle East, Africa	Late November	Electronics, fashion, home
Christmas and year-end	Americas, Europe, Africa, Oceania, Philippines	December	Gifts, travel, dining
Summer travel	Most markets	June to August	Flights, hotels, luggage, insurance
Back to school	Varies by hemisphere	Aug to Sep north; Jan to Feb in parts of the south	Laptops, tablets, uniforms

Islamic holidays follow the lunar calendar and move about 11 days earlier each year. The dates above are astronomical estimates and must be confirmed locally. Start messaging three to four weeks before major festivals and six to eight weeks before peak travel.

Moments that are specific to your bank

Bank-specific moments often outperform public holidays because fewer brands compete for attention. Salary days lift spending in the days that follow. Statement dates are a natural point to show points earned and prompt redemption. Product anniversaries suit tenure rewards. Points expiry reminders sent 30 and 7 days ahead drive redemption and reduce complaints. Sponsorships and bank events give the program content competitors cannot copy.

Map each moment to a segment and a mechanic, leave at least two weeks between major campaigns for any one segment, and lead creative and offer approvals four to six weeks ahead, since banking approvals usually take longer than retail ones.

09 - CASE STUDIES

Two bank campaign case studies: activation and redemption

Both campaigns followed ran for banks on Xoxoday's platform using only email and SMS. Both show that timing and message design matter as much as the size of the reward.

Case study 1: an activation campaign for a credit card portfolio

Bank A had 200,000 credit card customers, but only about 50,000 were active loyalty members. It targeted 150,000 non-activated cardholders with 1,000 bonus points for activating, aiming for at least 50,000 activations a year. Messages were written for each segment's profile and sent weekly on Sundays and Thursdays, the highest-response days, over two months, with a dedicated mid-campaign reminder.

What happened. Response spiked in the first 15 days, and the mid-campaign reminder produced a second rise over the next 15. The campaign added about 10,000 activations in the year.

What to take from it. Plan the mid-campaign reminder from the start, and concentrate sends on proven high-response days. The result fell short of target because activation alone is a weak goal: an activated account with no purchase does little for the bank. Pairing the activation bonus with a first-purchase offer and an in-app prompt would turn activation straight into a transaction.

Case study 2: a redemption campaign before the holiday season

Bank B had 350,000 cardholders in its loyalty program, and about 125,000 held points they had not redeemed. The bank split them into high and mid-level spenders and ran an accelerator with aspirational messages such as "Your first-class seat is reserved" and "Shop brands for free." Weekly sends ran for two months before the holidays. A pilot first tested the same message with two different calls to action.

What happened. The redemption rate rose by 8%, with the strongest response in the last three weeks of the second month.

What to take from it. Testing the call to action first let the bank put its budget behind the stronger version. Customers redeem when they have a reason to buy, so time redemption pushes for the weeks before major spending moments.

10 - CAMPAIGN CREATIVE

Writing campaign creative that gets customers to act

Good campaign creative tells customers what they get, what to do, and by when, within the first few seconds. Most bank reward emails fail because they open with brand language and bury the offer. Every program needs four templates: a launch announcement, a seasonal or festive offer, a monthly category newsletter, and an accelerated rewards message that states the multiplier, qualifying spend, dates, and an example of what the customer will earn.

Copy principles for reward communications

- Put the offer in the subject line and first line. "Earn 2x points on flights booked by March 31" outperforms "Your journey just got more rewarding."
- Show value in money terms. "Your 12,400 points are worth a 50 voucher" is clearer than a balance alone.
- Use one line to action per message, and personalize with real data such as name, points balance, card tier, and last category purchased.
- Write SMS and push copy separately. A 160-character version needs the offer, the deadline, and a short link.
- Respect language and local context. Send in the customer's chosen language, use right-to-left layouts for Arabic, and use imagery that reflects the local customer base.

Compliance checks to complete before every send

Confirm that terms and conditions match the offer, required disclosures are included for any message promoting credit, the sender name and domain are the bank's verified ones, and marketing consent and opt-outs have been applied. Remind customers that the bank never asks for card details, PINs, or passwords, since reward messages are a common phishing target.

11 - THE PLATFORM

How Loyalfife supports the program from setup to reporting

Loyalfife, Xoxoday's loyalty management platform, runs the earn side of the program, and Plum, Xoxoday's rewards marketplace, gives customers a ready-made catalog to redeem against. Banks can use both together or connect Loyalfife to their own redemption engine or cashback flow.

- Earning and offers. A rule engine awards points on multiple attributes across cards, deposits, and loans, with caps, exclusions, and budgets. Accrual can follow each cardholder's billing cycle, and rules can run time-bound multipliers, category bonuses, or issue a voucher directly instead of points.
- Segments and campaigns. Segments refresh on a schedule and keep version history. Campaigns, including recurring ones, can be previewed, tested on sample members, and approved through maker-checker before going live. Email and SMS go out through the bank's own gateway and verified sender domain.
- Redemption and service. Plum is a white-labeled marketplace reached by single sign-on from the bank's app. Pay with rewards and cashback lets customers apply points against their own card spend. On-behalf redemption lets service staff and relationship managers redeem for a customer after identity verification.
- Control and reporting. Tiers, referrals, and gamification are available as modules. Fraud prevention with anomaly detection and a full audit trail support risk teams, while dashboards and exports track redemptions, reversals, and points liability. Loyalfife can be deployed in the cloud, in a private cloud, or on premise for banks with data residency requirements.

12 - LAUNCH CHECKLIST

Launch readiness checklist for bank marketplace teams

Work through this list four to six weeks before launch.

Objectives and measurement agreed with the business

- Business objectives, baselines, and targets are agreed with the head of cards or retail banking
- KPI dashboard, control group approach, and points liability reporting are in place

Segments, offers, and incentive funding ready for launch

- Launch segments are defined, sized, and cleaned with suppression rules
- Launch and first-purchase offers are approved with budget caps, per-customer limits, and a funding source

Marketplace catalog and app integration tested

- Catalog reflects local brands and top spending categories
- Single sign-on, card payment, and points plus pay are tested end to end
- Service teams and relationship managers are trained

Campaigns and customer communication ready to send

- First 90 days of campaigns are scheduled and approved
- Templates are built in every required language and tested on mobile
- Terms, disclaimers, and the 12-month calendar are approved

Risk controls and governance in place

- Fraud rules and anomaly alerts are configured
- Prize draw or Sharia board approvals are secured where required
- Roles, permissions, and approval workflows are set

SOURCES

Sources used in this guide

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