Credit Card Rewards Shift as Budgets Tighten

Less Luxury, More Necessity

Key Highlights:

Consumers are leaning more on credit card rewards to help offset the rising costs of gas, groceries and other essentials, according to a USAA-commissioned study.

Consumers are using points more often and for smaller amounts, especially as 'Pay with Points' options expand, per USAA Bank data.

Overall, consumers say they get meaningful value from their rewards.

Real Life > Dream Trip

Card rewards become a tool to fight rising costs.

Higher living costs are driving consumers to change their credit card reward behaviors. As the price of gas, groceries and other needs increases, more people are using credit card rewards for immediate relief rather than saving them for big-ticket purchases.

According to a March 2026 USAA survey, the percentage of consumers who said their current credit card rewards strategy centered on using points to offset expenses was nearly equal to that of those who were saving their rewards for "big" or "dream" redemptions.

36% are using rewards points as soon as possible to offset "everyday expenses" like groceries and gas.

37% are saving rewards for "big" or "dream" redemptions.

And when it comes to redeeming points for smaller expenses, needs beat wants. Only 16% of respondents said that they redeem points for smaller discretionary purchases or "treats."

Consumers with lower credit scores were more likely to use rewards as a cost management tool. **Among respondents with self-reported credit scores in the 300-660 range, the percentage that said they used rewards to help with everyday costs increased to 45%.** On the other end of the spectrum, nearly half of consumers with a 780 or higher credit score continue to save points for larger purchases.

Rewards credit card holders in that lower 300-660 range were also three times as likely to say they didn't have a specific strategy for using their rewards compared to their peers with a 780 or higher.

Respondents age 18-24 (40%) and 35-44 (38%) were slightly more likely to use rewards for everyday expenses. Those ages 25-34 (40%) were more likely to save points for larger redemptions like travel.

A Move Toward Immediacy

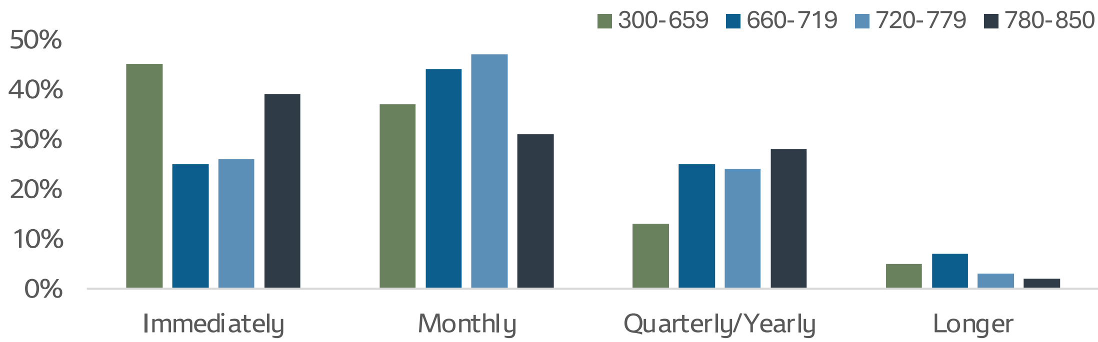
Consumers are redeeming rewards more frequently.

As more consumers leverage rewards for immediate relief, we can expect to see redemptions happening more frequently. This is especially true given the growing usage of 'Pay with Points' at retailers, where consumers can use points to pay some or all of a purchase at the point of sale. We'll look at this trend in more detail shortly.

First, let's look at the survey data on redemption frequency. We see the "everyday expenses" trend play out here, as 72% of respondents said they redeem their rewards monthly or as immediately as possible, compared to 24% who said they let their rewards build to a bigger sum.

Looking at the same data by credit score, we see that those in the lowest and highest ranges are more likely to use points immediately. People in the 720-779 range were most likely to redeem monthly.

When you earn rewards, how quickly do you redeem them?
View by credit score range:



Redemption frequency also differs by age, with younger consumers using their points more frequently: 51% of respondents ages 25-34 said they use points monthly, compared to just 33% of those ages 45-54. In the 18-24 age group, 72% either use points monthly or as quickly as possible.

Using rewards points for statement credits was a popular choice among respondents, with 79% having done so at least once in the previous six months.

In addition to the survey, we examined 2025 rewards redemption data from over four million USAA Bank credit card holders. This data also highlighted how more members are using their rewards, doing so more frequently and in smaller increments. Among USAA credit cardholders, reward redemption volumes were up significantly in 2025 versus the previous year, driven by new point-of-sale redemption options ("Shop With Rewards" in USAA parlance). The monthly number of unique redeemers also grew by a sizable margin.

47% increase in reward redemption volume in 2025 over the previous year.

28% increase in the monthly number of unique redeemers.

With "Shop With Rewards" redemptions at retailers being a significant driver.

The total monetary value of rewards redeemed also grew, though at a more measured pace. This was expected, as the average "Shop With Rewards" redemption size is smaller.

Though "Shop With Rewards" is driving much of this volume, there was growth across most redemption channels in 2025, namely cash redemptions (including statement credits) and gift cards. With more redemption options available, we're seeing some diversification in rewards usage; the percentage of cash-only redeemers declined to 62% in 2025, down from 83% the year prior.

'Pay With Points' as a Catalyst

Point-of-sale redemptions are increasingly popular.

Let's look at "Pay With Points" more broadly. The availability of point-of-sale redemption options has increased recently, with more (but still few) card issuers and major retail partners participating. Many of these partners include gas stations and grocery stores, two places where Americans are especially feeling the impact of rising prices.

"Pay With Points" options are compelling to consumers because of their immediacy and their "just-in-time" nature, with offers delivered right as the payment is being made. When given the opportunity to use their credit card points to pay for a portion of their purchases at checkout or at the pump, more consumers are taking it.

For most users, these aren't one-offs. In 2025, 56% of USAA Bank's "Shop With Rewards" users utilized the option more than once.

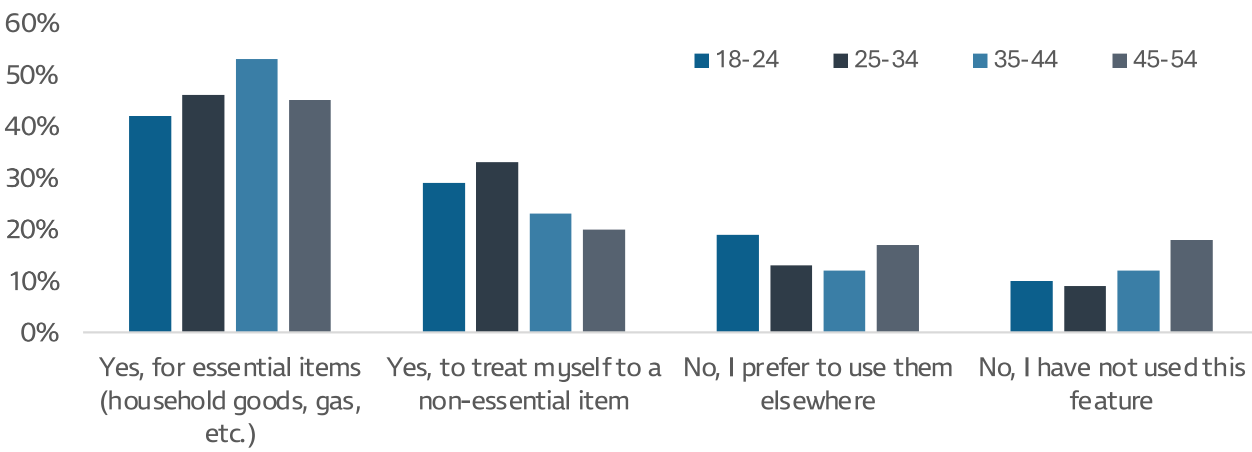
When we asked March 2026 survey participants what they redeemed their rewards for at the point-of-sale, managing everyday costs was almost twice as likely to be the reason as buying a non-essential or "fun" item. With sticker shock on everyday purchases becoming more common, Pay With Points offers a source of immediate relief.

47% of survey respondents reported using 'Pay With Points' for essential items.

26% reported using 'Pay With Points' for discretionary items (or "treats").

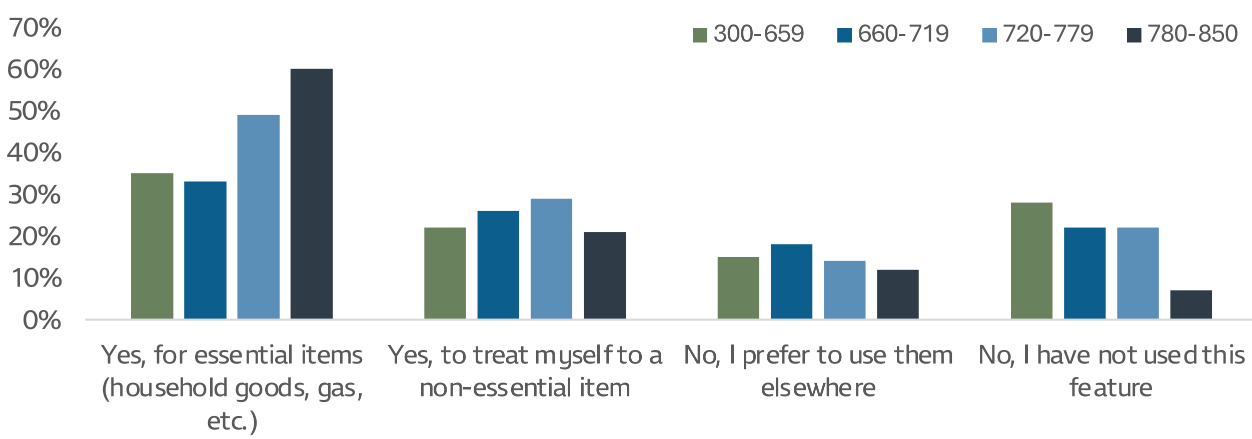
Similar to the survey data on redemption frequency, respondents in the ages 25-34 and ages 35-44 cohorts were more likely than their younger and older peers to have used Pay With Points for everyday needs. Older consumers were more likely to have not used Pay With Points.

Have you used 'Pay With Points' within the last six months and why?
View by age range:



Looking at the same data by credit score range, we see that over 50% of respondents with higher credit scores have utilized 'Pay With Points' for essential items in the last six months, doing so more frequently than peers on the other end. This highlights how consumers with healthy or strong financial profiles are also looking for ways to shave off everyday costs.

Have you used 'Pay With Points' within the last six months and why?
View by credit score range:



Rewards Matter

Consumers want to earn more from everyday spending.

New redemption options and more flexibility to offset essential costs could make rewards even more popular among consumers. Today, most people say that they enjoy the value that rewards provide.

90% believe that credit card rewards provide meaningful value.

73% would choose a higher-APR rewards card over a low-rate card with no rewards.

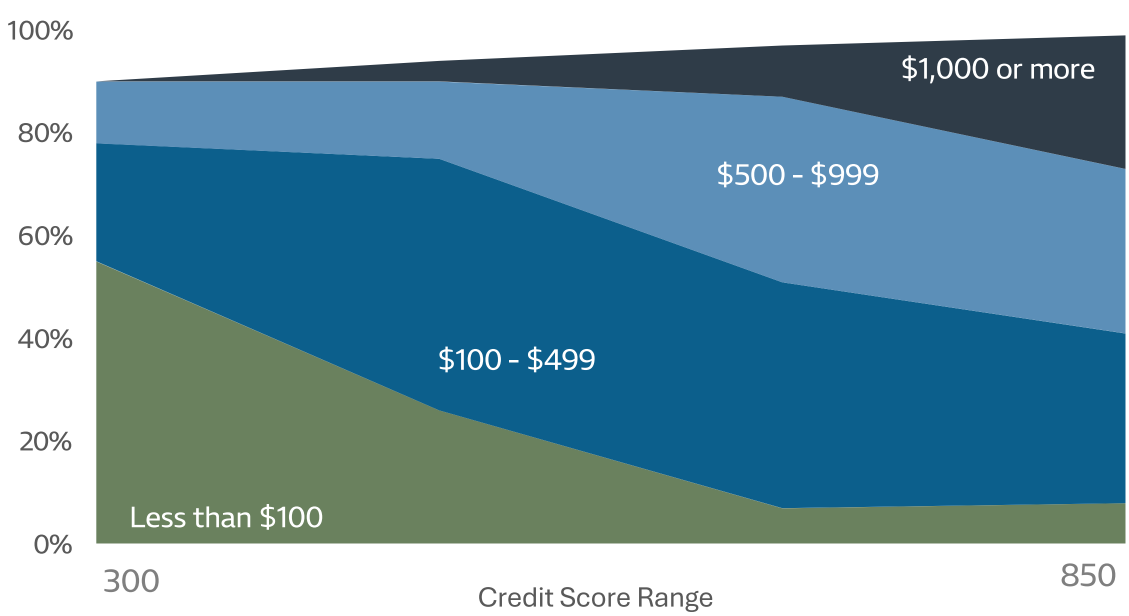
For consumers, getting good value for what they earn and spend influences the cards they choose — and the card issuers they build relationships with. Respondents said that they would readily switch their existing card relationships if they could find better value on what they spend for everyday essentials. Additionally, if credit card rewards were taken out of the equation completely, many consumers would reconsider their relationship altogether.

78% would switch immediately or consider switching if another issuer offered slightly better rewards on essential spend.

48% would consider switching to debit or cash if credit cards stopped offering rewards altogether.

Collectively, consumers earn and redeem tens of billions in credit card rewards every year[1]. Many respondents reported earning substantial value in the last 12 months. And while higher spenders naturally earn more, those who are earlier in their credit journey or have improving credit profiles are still getting value.

How much value have you earned from credit card rewards in the last 12 months?
View by credit score range:



Helping consumers manage rising everyday costs means delivering more value to mass-market audiences, especially younger cardholders. As survey and usage data in this report has highlighted, rewards are increasingly playing a role in managing affordability challenges. With consumers spending more on everyday essentials, expanding the value they get from those transactions - whether it's earning more or having flexibility to reduce costs — can have a meaningful impact on financial well-being.

[1]Source: CFPB, 2025 CARD Act Report

Maximizing Value

Strategies for getting the most from rewards.

As consumers spend more on everyday needs and use their credit card rewards to offset those costs, the value of what they earn on that spending comes into focus.

Earning more on the likes of groceries and gas, where spending increases have been most pronounced in recent months, puts more money back in the pockets of those consumers. Extracting the maximum value from credit card rewards means being intentional with earning and redemption. For a higher individual spender or family, aligning earning power with where their money is being spent could translate into extra hundreds or thousands of dollars annually to help balance out expenses.

Tips for maximizing the value of credit card rewards:

Adopting a strategy — About 23% of respondents with a credit score of 719 or lower said they don't have a strategy, compared to about 7% with a 720 or higher. Today, there are more rewards cards available to consumers with newer and improving credit profiles. Anyone with a rewards card stands to gain more value with greater awareness.

Align earning with spending habits — Increased competition means card issuers are working harder to differentiate themselves based on what their customers need. For those who are spending more on groceries, gas or retail, there are more options that multiply that spend.

Look for flexible redemption options — This is especially important if the strategy is to offset rising essential costs. Having the ability to pay bills or at point of sale with points creates more opportunities for in-the-moment or monthly budgetary relief.

Start early — Again, those establishing their credit have more options for rewards cards today than in previous years. The earning power from credit-building rewards cards is still meaningful – and the early exposure to managing rewards can help set these consumers up for greater success as they continue their credit journey.

> *"Credit card rewards have become a lever for managing rising costs. In this context, the rewards that people earn on their everyday spending and can use to reduce their gas or grocery bill translate into deep, meaningful value.* ***Behaviors are changing because they help members, consumers and their families keep more in their pockets****."*

Michael Moran
President, USAA Federal Savings Bank

Survey Methodology
Source: 160over90 Research Custom Study. Online survey among n=1,143 U.S. adults ages 18-54, fielded 3/26/2026 - 3/30/2026. Quotas were set on age, gender, and region to ensure a representative sample.

USAA Bank Data Methodology
The analysis was derived from aggregated and anonymized credit card rewards data from over four million USAA Bank credit card holders. Year-over-year data on total reward redemptions and 2025 data on USAA Bank Shop With Rewards were as of December 31, 2025. Data on unique redeemers was calculated as a monthly average between January 1, 2025 and December 31, 2025.