



# A SHORT HISTORY OF LOYALTY PROGRAMS FOR FINANCIAL INSTITUTIONS



## WAY-WAY-WAY BACK



The earliest treasuries and banks lended grain and cows. If you trusted them with your wealth, they'd give you a fat hen.



## 20TH CENTURY LOYALTY INITIATIVES

In the 20th century, FIs modeled their loyalty and rewards programs after other industries.

Banks ❤️ to give away toasters!



### 1950s

The government capped interest rates, so FIs wooed customers with appliances & furs.



### 1966

American Express segmented customers. Gold Card offered to high profile business travelers.



### 1980s

American Airlines & then other airlines offered frequent flyer loyalty incentives.



### 1990s

Retailers got in on loyalty incentives with punch cards and stamp programs.

## WHO PAID FOR LOYALTY EFFORTS?

### 1990s - early 2000s



#### Bank-funded programs

Banks paid for goods and rewards to give to customers. This was costly and did not increase revenues (especially interchange).



### Beginning in mid-2000s



#### Merchant-funded programs

Merchants began paying and even gave banks a percentage of revenues. Consumers had to navigate cumbersome online portals to retrieve rewards.

## WHAT'S HAPPENED IN THE PAST 3 YEARS?



Consumers have trouble tracking cards and forget to use rewards.



**21.9**

(SHEESH, THAT'S A LOT!)

Avg US household participates in 21.9 loyalty programs.



Consumers move from magnetic cards toward mobile platforms.



Real-time, point-of-sale loyalty programs introduced.

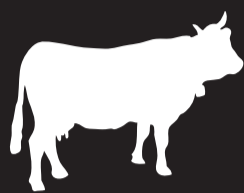
In 2014 **34%** of banking executives said customer loyalty is their biggest challenge.



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## WHAT DIFFERENTIATES TODAY'S LOYALTY PLATFORMS?



Cost to financial institution



Cost to customer



White-label platform with FI branding



Contextual discounts at point-of-sale



Number & quality of participating merchants

Larky is a mobile loyalty platform that amazes and works. To learn more visit [LARKY.COM](http://LARKY.COM) or follow us @getlarky.

Data from The Financial Brand and Colloquy.



**LARKY**  
ALWAYS ENGAGING