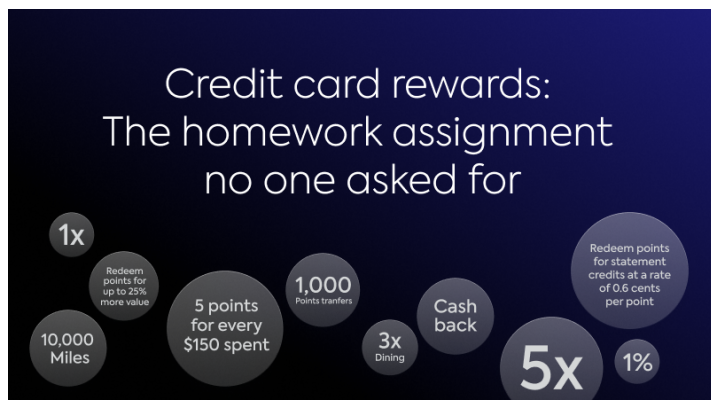




Swipe, "earn", regret: The truth about credit card rewards

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By Vishal Kapoor, SVP of Product, Affirm



What's worth more: points you might redeem someday, or savings you can use today?

Credit card rewards sell us on the dream of free flights, hotel upgrades, lounge access, and cashback just for swiping our cards. Sounds simple, right? Not so fast.

For most consumers, these perks rarely pay off. Unless you're a frequent traveler or high spender who treats optimization like a hobby, the system is stacked against you. Most people don't have the time, budget, or energy to chase points – and they shouldn't have to.

So why chase points at all? What if you could get immediate value from your spending – built directly into the purchase itself?

We're now reaching a tipping point. Annual fees continue to climb – in some cases by 45% or more – while the points become harder to redeem. As one frustrated consumer recently told [The Wall Street Journal](#): "For the amount of money I'm spending, I want freedom. This card is giving me homework."

I get it. I've been there myself. I used to spend hours obsessing over spreadsheets, constantly calculating how to optimize my points across multiple cards. I soon realized that I was the one working for points, not the other way around. And what's worse: those points were always in the future, never in my pocket now.

If you're tired of the "swipe now, maybe benefit later" game, you're not alone. Here's why credit card rewards often fall short, and why it might be time to walk away for good.

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— The Wall Street Journal, “The Most Exclusive Credit Cards Are About to Get Even More Expensive”

Perks come at a heavy cost.

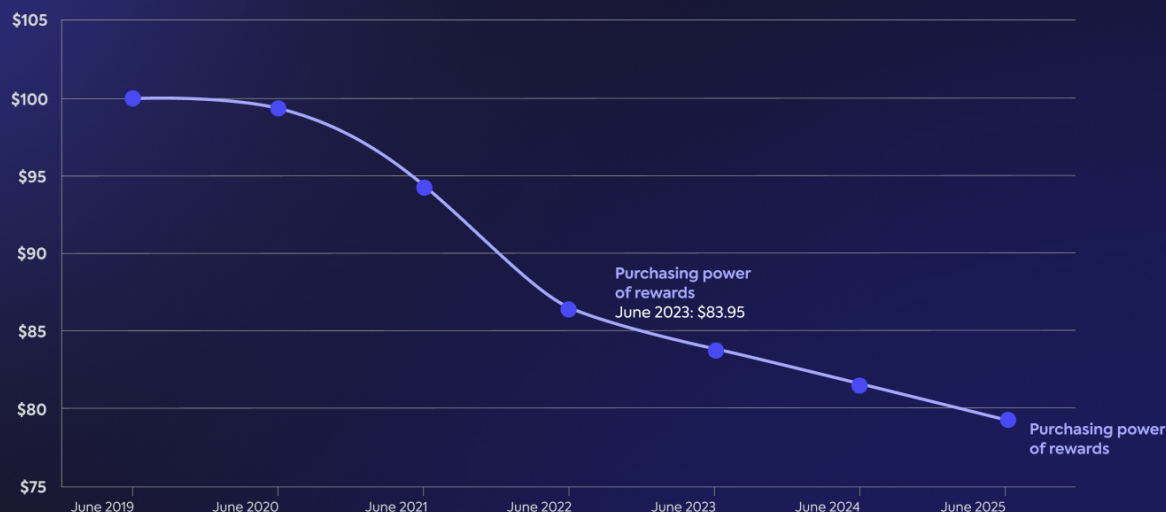
Credit card companies aren't giving away free perks out of generosity. Their rewards programs are funded by the billions they earn from you — through compounded interest, late fees, and spending. More than half of cardholders are revolvers, carrying a monthly balance that racks up interest charges. That's the real business model, and is how credit card companies earn the [majority](#) of their revenue.

Even if you're in the minority who pays off your monthly balance in full, you still have to spend aggressively in high-ticket categories — like travel, luxury goods, and dining — to earn meaningful rewards. Then there are the annual fees: many premium cards now charge \$500 to \$5,000 just to participate in their game.

Sure, some people may come out ahead. But for most of us, the numbers don't add up in our favor. Suddenly, those "free" scrambled eggs from the airport lounge don't taste so free.

Points lose value the second you earn them

Purchasing power of \$100 worth of rewards earned in June 2019



US News & World Report analysis of Bureau of Labor Statistics CPI data

Think saving up points will lead to more value? Think again. Points begin depreciating as soon as they hit your account. You don't earn interest on them and, due to [inflation](#) and changing policies, they're not going to take you as far as they once did. Airlines, hotels, and retailers frequently raise their redemption thresholds, forcing consumers to keep spending more to get the same value. It's a moving target that constantly gets harder to reach, and the credit card companies bank on that (literally).

Complexity is by design – and breakage will cost you

Have you ever tried to redeem points, only to be hit with a tangle of rules, blackout dates, redemption tiers, or category restrictions? This complexity isn't a bug – it's a feature.

The harder it is to navigate these programs, the less likely consumers are to fully redeem their rewards. And unless you're the kind of person who enjoys decoding fine print or building spreadsheets for fun, chances are you're leaving money on the table.

That unclaimed value? It's called breakage, and is a key source of income for the credit card companies. Unused perks mean bigger profits for the credit card companies.

Consumers are never truly in control.

Another harsh truth: these rewards programs can change at any time, without any warning. You could wake up tomorrow to find that your go-to airline no longer accepts points, that your card now comes with new fees, or that your perks are being replaced by a subscription service you have no intention of using. Credit card companies can write and rewrite the rules however they'd like. And when they do, they're usually serving their interests, not yours.

A better way starts with immediate value and clarity



“A 12-month, 0% APR plan on a \$500 purchase, for example, can save around **\$120** compared to revolving credit. That's \$120 that you can spend on a date night, use toward a vacation, or stow away for a rainy day. No points required.”

Most people don't want to spend their Sunday nights decoding redemption tiers or calculating points-per-dollar ROI. They just want to understand what they're paying for and what they're getting in return. They're looking for financial tools that provide clear, upfront value – without any fine print or gotchas.

That's what we aim to deliver at Affirm. Our flexible, personalized payment plans range from 30 days to 60 months, giving consumers the freedom to choose what works best for them. And through our exclusive offers like low APRs, the savings are built in – not buried in points. A 12-month, 0% APR plan on a \$500 purchase, for example, can save around \$120 compared to revolving credit. That's \$120 that you can spend on a date night, use toward a vacation, or stow away for a rainy day. No points required.

After all, managing your money shouldn't feel like a game, it should feel like a win.

