

Bread Financial rounds out product suite with general-purpose credit card

Article

The news: Bread Financial (formerly Alliance Data Systems) launched the **Bread Cashback American Express credit card**, which offers unlimited 2% cash back and zero annual fees or

foreign transaction fees, per a press release. The card's benefits also include zero fraud liability, identity theft insurance, and Amex lifestyle perks like dining and entertainment discounts.

The bigger picture: Bread Financial is repositioning itself as a tech-forward and consumer-focused brand.

- Bread Financial **rebranded** in March, taking up the name of the buy now, pay later (BNPL) startup it **acquired** in 2020 for \$450 million.
- The name change emphasizes the brand's ties to BNPL, which is attracting consumers despite **regulatory scrutiny**: **The number of US BNPL users is expected to grow 31.4% year over year in 2022 and hit 59.3 million, per** Insider Intelligence forecasts.

And the new card highlights Bread Financial's push into general-purpose cards. Bread Financial is one of the top private-label issuers, so moving into general-purpose cards might indicate a desire to diversify its offerings. General-purpose cards cater to a wider consumer market than co-brand and private-label cards, which lets them rake in higher volume in comparison.

Can it succeed? While the Bread Cashback Amex card offers fewer bells and whistles than other general-purpose cards, it might be attractive for consumers who desire a straightforward card with key security perks.

The card's uncomplicated rewards structure is a plus.

- Rewards are a major customer acquisition and retention driver for issuers—but **29% of US adults said they find reward programs confusing**, per December 2020 Ipsos data. Offering unlimited 2% cash back with no caps or categories to manage takes the hassle out of rewards redemption, which might encourage adoption.
- And the card's 2% cash-back rate helps it stand out from other flat-rate cash-back cards on the market, many of which **offer** 1.5% cashback.

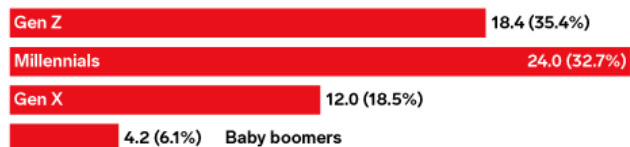
Consumers like security benefits—and BNPL.

- Offering purchase protection, zero fraud liability, emergency assistance, and identity theft insurance can play into in-demand card features: Consumers ranked security and control as the second-most-important feature category in our 2021 US Cash-Back Credit Card Emerging Features Benchmark **report**.

- If Bread Financial later integrates BNPL into the card, it would become even more compelling, especially for younger consumers: **35.4% of Gen Zers and 32.7% of millennials use BNPL**, per [our](#) forecasts.

US Buy Now, Pay Later Users, by Generation, 2022

millions and % of population in each group



Note: ages 14+; internet users who have accessed a buy now, pay later account digitally and have made a payment toward a purchase at least once in the past year; Includes purchases of goods and services; Gen Z are individuals born between 1997 and 2012; millennials are individuals born between 1981 and 1996; Gen X are individuals born between 1965 and 1980; baby boomers are individuals born between 1946 and 1964
Source: Insider Intelligence, May 2021

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