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# 22nd Annual Prepaid Consumer Insights Survey

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Gift Solutions

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## Entering the new era of digital gifting

Today's consumers are rapidly adopting cashless<sup>1</sup>, contactless, and mobile-first solutions to simplify their lives. From Amazon Go's<sup>2</sup> checkout-free shopping experience to McDonald's fully integrated app that allows users to order, pay, and earn rewards without needing cash or a credit card, convenience and technology are reshaping how consumers spend and transact.

Consumers of all ages, including baby boomers, are embracing digital wallets and peer-to-peer (P2P) gift card options. In fact, older generations (60+) are adopting these tools at surprising rates, with 40% using their digital wallet daily and a larger 61% using them weekly or more.

However, with the rising popularity of digital solutions comes an increased focus on cybersecurity. With more than half of consumers reporting they've experienced gift card fraud over the past 12 months, ensuring security has become a top priority for merchants as we move into 2025.

So how can merchants meet consumers' digital demands while ensuring convenience and security? The latest research from Fiserv's 22nd Annual Prepaid Consumer Insights Survey reveals the key shifts in consumers' spending habits and the emerging trends that will shape the future of gift card sales.

<sup>1</sup> [Edgar, Dunn & Company: Cash versus cashless retail](#)

<sup>2</sup> [American Banker: 7 companies that dare to deny cash](#)



# Digital for the win

Consumers set their eyes on digital gifting options.

From the way consumers purchase gift cards to how they deliver them, digital options are rising in the ranks. Merchants should focus on optimizing their digital landscape while still catering to the segment of consumers who prefer physical-based options.



**66%**  
of consumers prefer digital over physical gift cards



**87%**

of consumers prioritize the ability to easily check their gift card balance. For merchants, this underlines the importance of offering a user-friendly experience from purchase through redemption.

Two-thirds of consumers now prefer digital gift cards over physical ones. Why? It's all about the seamless, quick, and convenient experience. Brands like Apple and Lululemon are embracing this trend by allowing customers to purchase and send gift cards directly from their apps. And while some consumers still prefer the tangible card experience, the convenience factor makes digital gifting the preferred choice in today's fast-paced, tech-driven world.

To stay ahead of this trend, merchants need to optimize every step of the digital experience. When choosing digital over physical cards, consumers prioritize ease of purchasing (49%), ease of sharing (51%), and instant delivery (70%) as their top considerations.

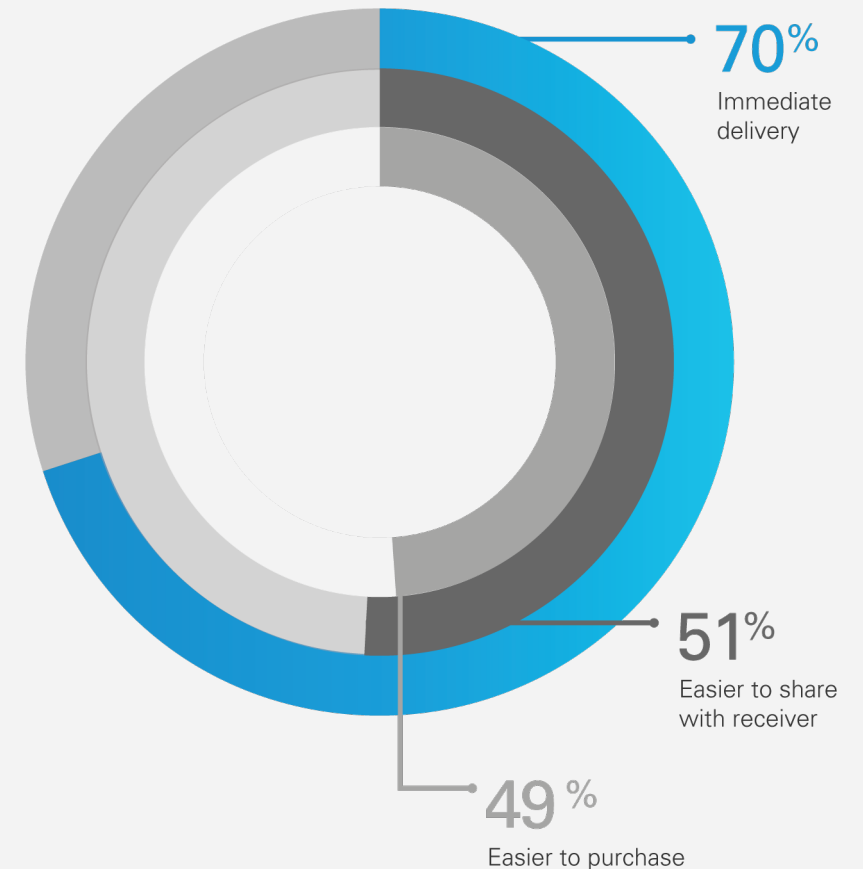
Retailers like Sephora are already ahead of the curve, offering an easy-to-navigate webpage where customers can view all gift cards options and check gift balances in a few clicks. They've

also integrated these features into their mobile app, making it even easier for users to manage their cards on the go. This level of convenience is becoming the expectation, not the exception.

When it comes to delivering digital cards, consumers have clear preferences. Most favor email (63%) and text (36%), and clever retailers are identifying ways to personalize digital delivery. For example, American Greetings offers animated digital greeting and gift card combinations and customizable features to create a personalized touch in the digital space.

Even though digital gifting is on the rise, physical gift cards aren't going anywhere anytime soon so merchants must balance their physical and digital approaches. By leveraging these insights and combining them with the understanding of their customer base, savvy merchants can tailor their gift card offerings to meet the needs of today's consumers.

## Why digital over physical?

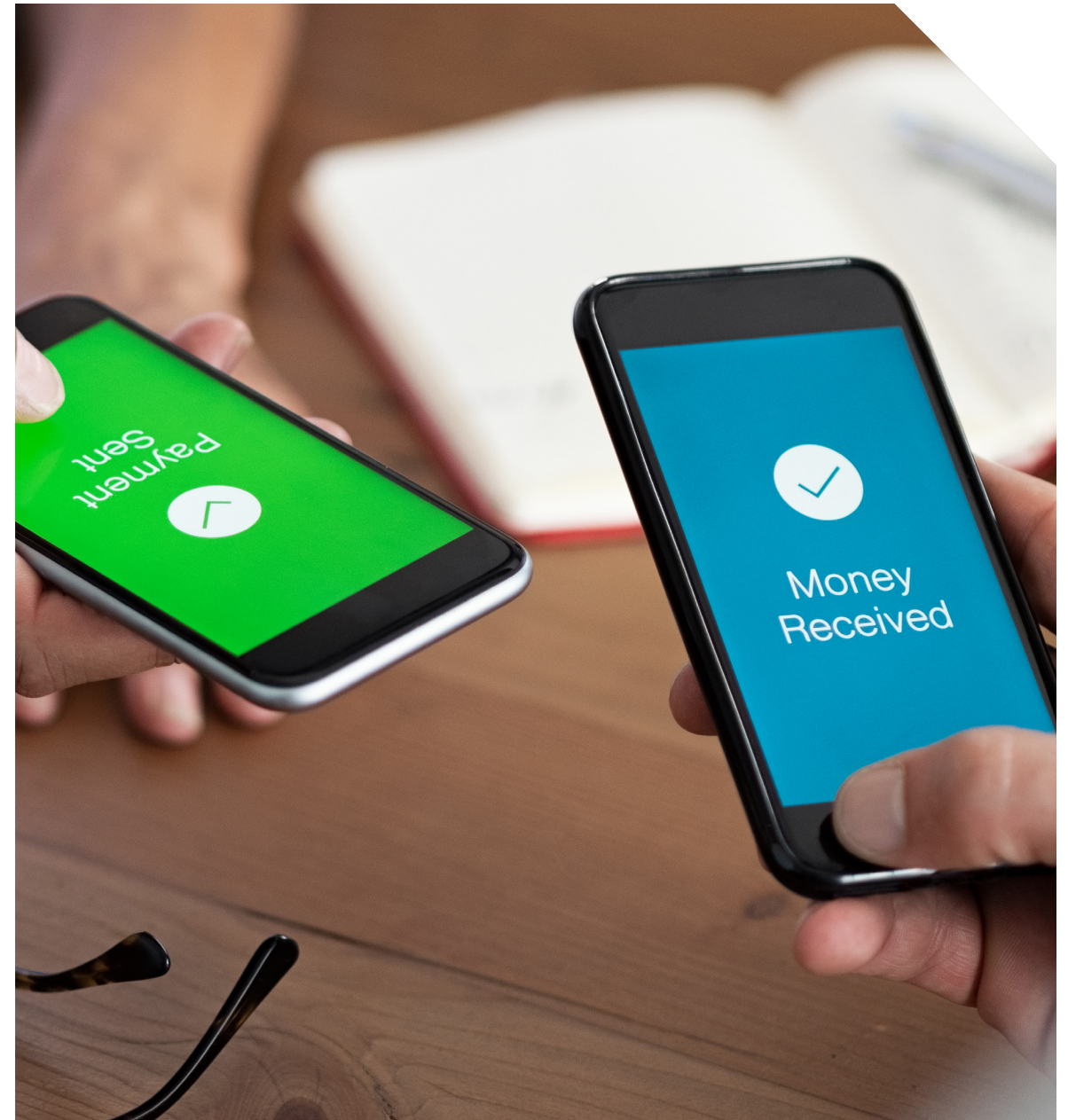
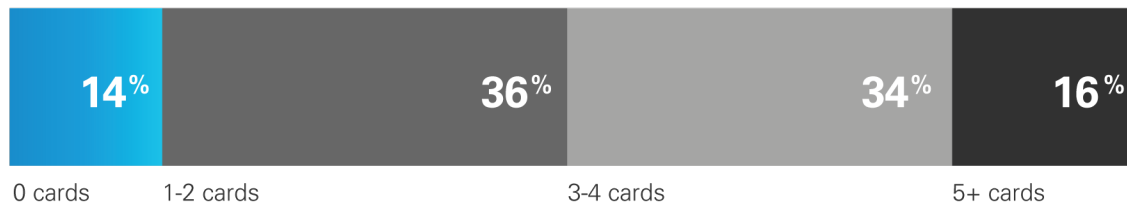


# Rising popularity of P2P gift cards

As digital commerce continues to evolve, P2P apps are becoming an essential part of the consumer experience.

With 77% of consumers aware they can send gift cards through platforms like Venmo, CashApp, and PayPal, it's clear that P2P has become more than just a tool for sending money and splitting bills—it's an additional resource for merchants looking to engage with their audiences in new ways.

## Frequency of gift cards sent through P2P methods (Past 12 months)





Over 1 in 4 consumers named P2P apps as one of their top two preferred methods for sending digital gift cards.

P2P apps offer consumers an intuitive, seamless way to share gift cards. In fact, many are already finding this process easier and more convenient than traditional methods, as 34% have utilized P2P to share gifts 3-4 times in the last 12 months, and more than half of consumers (54%) plan on using P2P for gift cards significantly more in 2025.

Some merchants have already noticed this growing demand and shifted action accordingly. Hallmark's<sup>3</sup> recent partnership with Venmo is a great example—by offering a physical greeting card that includes a QR code for Venmo payments,

Hallmark merges the physical and digital worlds, offering a new way for consumers to give and receive without friction.

By embracing P2P as a sales channel, merchants can keep pace with consumers' increasing preference towards digital, flexible payment solutions.

<sup>3</sup> [ConsumerAffairs: Hallmark launches new gift card with Venmo](#)

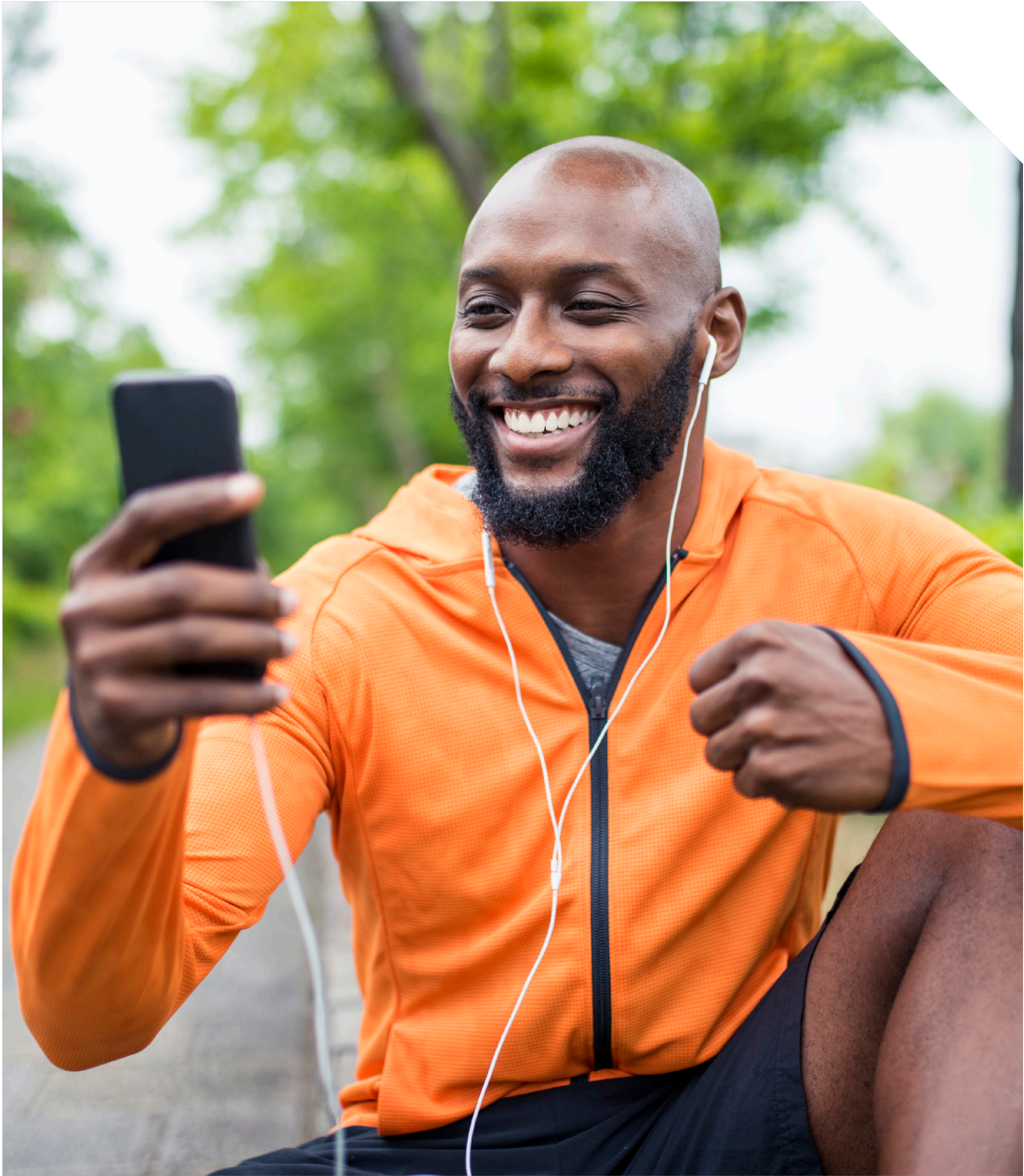
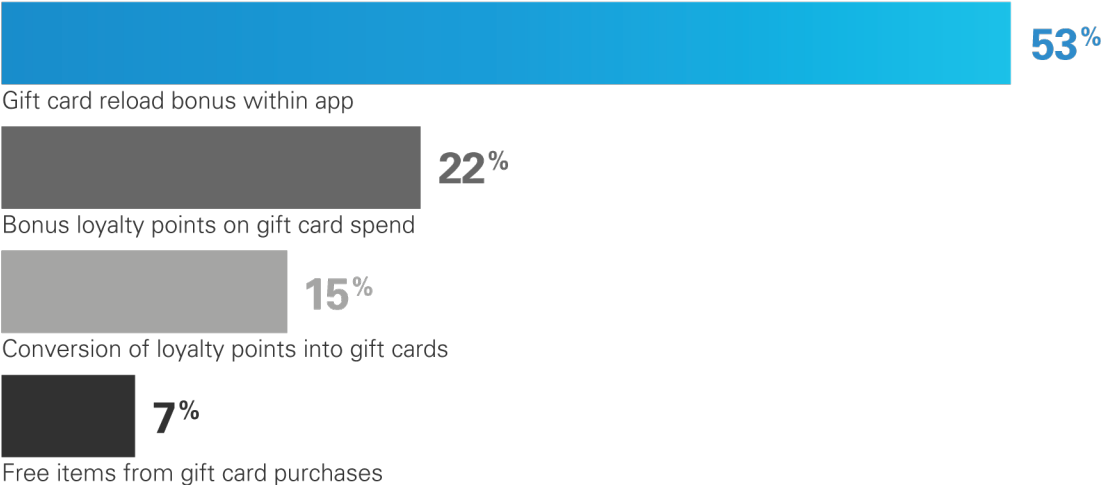


# Loyalty programs and consumer engagement

70% of consumers leverage gift card loyalty incentives, making them essential for customer retention.

Loyalty programs are key for retaining and attracting customers. Fifty-nine percent of consumers prioritize shopping where they are loyalty members, and 54% join to maximize savings, making loyalty a powerful tool for merchants to build stronger consumer relationships.

### Gift card loyalty incentives consumers took advantage of:



In today's market, loyalty programs are the expected as merchants look to boost retention, increase revenue and show customers appreciation for their patronage. But as consumer expectations evolve, merchants must look beyond the “earn points, get rewards” model and determine the best personalized, seamless experience for their customers.

Merchants who think creatively about loyalty can further strengthen this brand engagement.

Costa Coffee, for example, takes loyalty to a new level. Members of its loyalty program, Costa Club, can collect “beans” to go toward a free coffee, earn extra points by utilizing reusable cups, swap beans for other rewards and even earn extra money when purchasing online gift cards.

Some, like Delta and Starbucks<sup>4</sup>, are even collaborating to improve loyalty. Their current offer of a \$10 Starbucks gift card with the purchase of \$150 in Delta gift cards delivers a compelling reason to return and make further purchases while expanding cross-brand loyalty. Customers now expect multi-dimensional offers that provide real value and experience, rather than just transactional rewards.

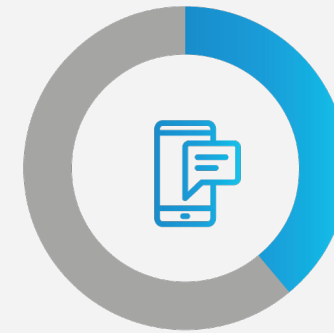
But even with compelling offers, merchants must cut through the noise. Nearly half of consumers miss out on loyalty incentives simply because they aren't aware of them. 55% want to be first to know about exclusive offers, like early bird specials, and 46% want flash sale updates.

Merchants must communicate loyalty incentives through preferred channels to stay front and center.

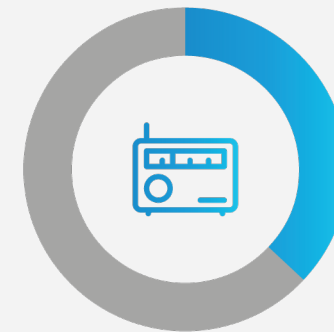
### Preferred methods for gift card promotions



61% Emails



39% Text messages



37% TV/radio commercials

<sup>4</sup> [LoyaltyLobby: \\$10 Starbucks Gift Card for \\$150 Delta Give Card Purchase October 2, 2024](#)

# New barrier unlocked: Gift card fraud

Cybersecurity concerns make their way into the gift card market.

A growing number of consumers across generations are facing the dangers of gift card fraud and, as a result, are starting to approach their purchases with more caution.



As the digital commerce market grows with new retailers entering the mix (TikTok Shop, Temu, etc.), cybersecurity concerns are heightening across the board. In fact, more than half (57%) of consumers have experienced a gift card scam within the past 12 months.

The aftermath of these incidents? There's increased caution surrounding gift card security, as reported by 58% of consumers who experienced fraud. And scams don't seem to be on their way out with three-quarters of respondents anticipating gift card fraud and scams to worsen in 2025.

In response to this escalating concern, merchants are seeking ways to protect against fraud. Walmart, for example, created an internal database that tracks where and how quickly their gift cards are purchased and spent to prevent such scams.<sup>5</sup> Gift cards moving too quickly across the U.S. are frozen, and they no longer work outside the country.

Gift card fraud prevention is also being supported by government measures. Maryland recently signed the Gift Card Scams Prevention Act of 2024, the country's first law aimed at reducing card draining.<sup>6</sup>

Interestingly, young adults are highly susceptible to these scams, with 41% of respondents aged 18-29 admitting to falling victim to fraudulent schemes alongside a staggering 56% of individuals aged 30-44.

For merchants looking to overcome these barriers, acknowledging the rise of scams and fraud can repair the trust lost by preexisting scams and offset future incidents. Additionally, staying informed about any new regulations will be key to ensuring they are up to code for their gift card operations.

### Gift card fraud's impact on consumers

59%



increased caution when using gift cards

48%



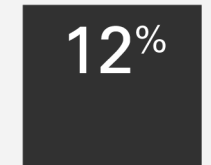
increased skepticism towards gift cards

25%



loss of trust in gift cards

12%



loss of trust in brand

<sup>5</sup> [Axios: Retailers can't keep scammers away from their favorite payment form: gift cards](#)

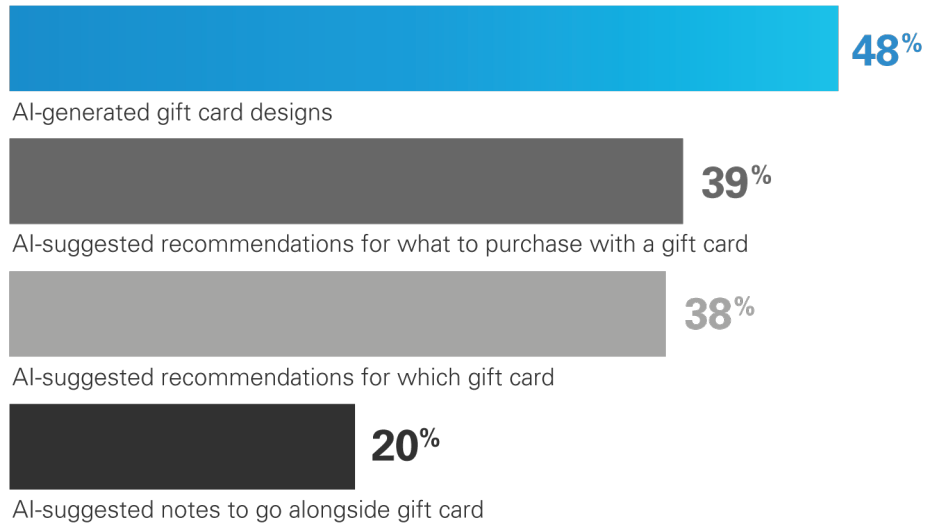
<sup>6</sup> [ProPublica: The Nation's First Law Protecting Against Gift Card Draining Has Passed. Will It Work?](#)

# The evolution of gifting in 2025

In 2025, consumers will be looking for more than just traditional gift cards.

Expect to see gifting options evolve beyond traditional methods, with an emphasis on digital-first convenience, personalized experiences, and more sustainable options.

## What AI features would you be most interested in pertaining to gift cards?



Digital-first experiences will take center stage, with gift cards becoming increasingly integrated into seamless online transactions. Personalization will play a key role, as consumers seek unique and tailored gifting experiences that go beyond the basic transactional nature of cards. Additionally, sustainability will be a top priority, driving demand for eco-friendly solutions.

### **Here's what to expect in the future of gifting:**

#### **Digital Convenience**

Consumers will prioritize digital gift cards, with 65% already seeking these options. The convenience of instant delivery and use, especially for online shopping, will make digital-first options the go-to choice.

#### **Personalized Experiences**

Beyond traditional gift cards, personalized options will become the norm. Whether through AI-designed cards (48%) or curated experience bundles like wellness and entertainment pairings, consumers want gifts that feel unique and thoughtful.

#### **Experience-Based Gifting**

More than half of consumers (54%) are moving toward gifting experiences, such as wellness treatments, dining, and entertainment.

As a result, merchants should consider bundling gift cards with experiences to meet this growing demand.

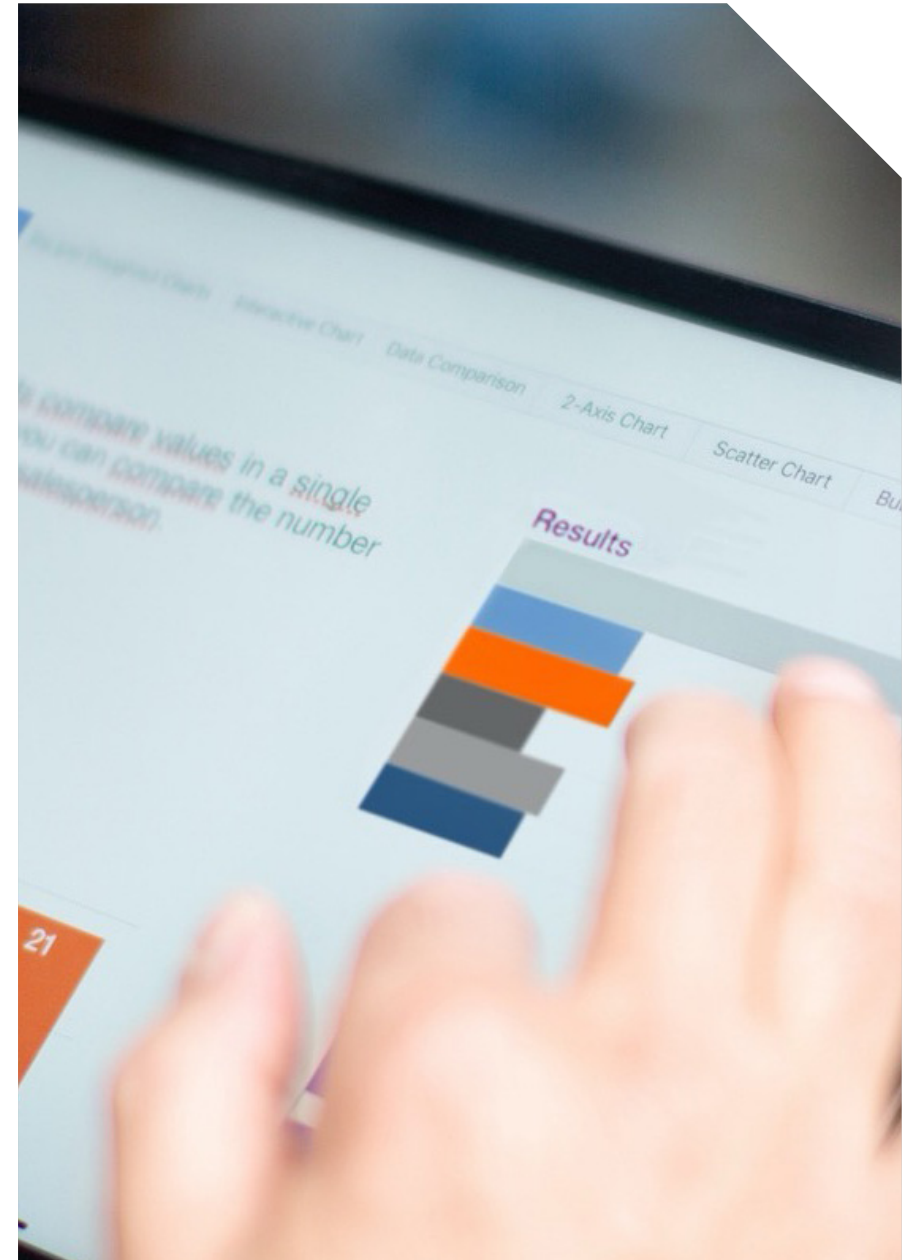
#### **Sustainability**

Eco-friendly gifting is on the rise, with 41% of consumers interested in gift cards made from recycled materials, and three-quarters favoring digital options to reduce waste.

#### **Innovative Technology**

From interactive exchange kiosks (53%) to AI-generated gift suggestions (38%), technology will enhance the gift card experience, making it more engaging and accessible for consumers.

Merchants who stay ahead of these shifts will not only meet the expectations of today's consumers but will build stronger, more meaningful connections that drive long-term loyalty and growth.





## Methodology

The 22nd Annual Prepaid Consumer Insights Survey is an annually produced report focusing on consumer omnichannel preferences. Conducted in November 2024, the most recent report surveyed a national sample of 1,000 U.S. adults employed full time. Respondents cover all age groups (18 and older), regions and genders. Results from the survey have a margin of error of +/- 3.11 percentage points.

## About

Fiserv, Inc. (NYSE: FI), a Fortune 500 company, aspires to move money and information in a way that moves the world. As a global leader in payments and financial technology, the company helps clients achieve best-in-class results through a commitment to innovation and excellence in areas including account processing and digital banking solutions; card issuer processing and network services; payments; e-commerce; merchant acquiring and processing; and the Clover® cloud-based point-of-sale and business management platform. Fiserv is a member of the S&P 500® Index and one of Fortune® World's Most Admired Companies™. Visit [Carat.Fiserv.com](https://Carat.Fiserv.com) and follow on social media for more information and the latest company news.



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Are you gift card ready?  
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Carat is the global commerce platform from Fiserv that orchestrates payments and experiences for the world's largest businesses.