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Are Crypto Rewards Credit Cards A Good Idea?

 Toni Perkins-Southam, Robin Saks Frankel
Contributor, Forbes Advisor Staff

Updated: Jan 10, 2022, 6:54pm

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Crypto rewards credit cards are the newest incentive-style payment option meant to reward users via the ability to earn cryptocurrencies. These cards can be great for varying degrees of crypto enthusiasts—from the crypto curious person who is finally ready to dabble in [cryptocurrency](#) but does not have the risk tolerance to jump in the market, to those deep into crypto—the ones who have a strong belief in the longevity of the digital currency movement and its potential for growth and profit.

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Introduction and a Short History


Cryptocurrencies haven't been around for too long, but in a brief period of time they've made a monumental impact.

Electronic money first emerged in the late 1980s, but it wasn't until 2009 that a truly decentralized cryptocurrency, known as [Bitcoin](#), hit the market. Considered to be the pioneer of the movement, Bitcoin was introduced by an anonymous individual or group of individuals, no one really knows, using the pseudonym Satoshi Nakamora. When Bitcoin first entered the market, it was valued at basically nothing. That's right—it was essentially worthless when applying a fiat value to it. By 2010, it was worth roughly 0.0008 USD. In February 2021, Bitcoin value topped \$50,000 per coin.


As Bitcoin grew in popularity, loads of [other cryptocurrencies](#) emerged—estimated at over 4,000 as of early 2021. Users now have more options than ever when it comes to cryptocurrencies.

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gaining today. But what exactly are crypto rewards credit cards?

Although on the surface they sound confusing, crypto rewards credit cards are really no different than most traditional rewards credit cards. Just like the majority of credit cards in circulation, the transfers are facilitated through the world's largest payment processing networks: Visa or Mastercard. So if your crypto rewards card is issued by Visa, your card will be accepted everywhere Visa credit cards are accepted.

Depending on their processing network, Crypto rewards cards can also be eligible with the benefits and card protections offered by Visa or Mastercard. You can use a crypto rewards card for purchases just like any other type of credit card. Every time you spend with your crypto rewards credit card, you will be eligible to earn rewards. While some credit cards offer airline miles or cash back, crypto credit cards reward you with Bitcoin and other cryptocurrencies or in some cases, allow you to redeem your earnings for cryptocurrency.

What is a Crypto Debit Card

The rise in cryptocurrency popularity has simultaneously created a need for crypto holders to be able to quickly access their funds for spending. Up until recently, the only options for cryptocurrency owners was to either invest and hold long term (HODL) or speculatively trade. In order to cash out their crypto to fiat currency for day-to-day spending, holders need to convert their coins to a fiat currency and then wait for their funds to hit their bank account. This is a slow and inefficient way to access funds.

To meet this need, crypto debit cards began popping up on the market. Their launch revolutionized the movement, helping to drive interest and ultimately, public adoption. Although we have all seen the growth of cryptocurrency, the inability to spend it in a real world setting made it more of a "Monopoly" type of money for many.

Crypto rewards debit cards can be used at merchants just like a standard debit card is used, but instead of being backed by a bank account, it is backed by your own crypto wallet. Think of it as more of a prepaid debit card than a traditional debit card.

First, the cryptocurrency is converted into the user's choice of fiat currency before being loaded to the debit card. Once loaded and ready to use, purchases are processed in that specific currency. Rewards, however, are given as a specific digital coin depending on the debit card.

Many of these crypto debit cards also earn rewards in the form of cryptocurrencies on day-to-day spending. Some cards can even offer pretty lucrative rewards, depending on how you value digital currencies.

Crypto debit cards, similar to crypto credit cards and other traditional payment options run on the major payment processing networks like Visa and Mastercard. If your crypto rewards debit card is issued by Visa, the card will work anywhere Visa is accepted. You can even withdraw cash from ATMs worldwide with crypto debit cards.

Crypto Rewards Credit Cards vs. Crypto Rewards Debit and Prepaid Debit Cards

Despite running on major processing networks and having the ability to earn rewards in the form of cryptocurrencies, crypto rewards credit cards are actually quite a bit different than the prepaid debit options available.

The main difference is that with crypto credit cards, cardmembers make purchases on credit via the credit line allowed by the issuing institution and are responsible for paying back the balance. Crypto debit cards involve the user using their own funds—if they don't have the money, they can't use their card.

One pitfall of the crypto prepaid debit cards when compared to crypto rewards credit cards is that they generally earn rewards in a bank specified crypto, which is usually significantly less valuable than some of the more popular cryptos like Bitcoin and Ethereum.

The Crypto.com Rewards Visa card*, for example, touts up to 8% back on all purchases but the reality is not quite as exciting. It earns that 8% back in the form of CRO rewards, Crypto.com's own coin token, which are valued around just 0.08 USD. A \$100 purchase would earn 8 CRO, but once converted to USD, it's actually closer to \$6.40. Still, a 6% cashback card on purchases is a great deal, but with the volatile crypto market, if the coin trends downward, that percentage can dip significantly.

Another essential difference is the proof of stake obligation of many prepaid debit cards. Proof of stake, in its most basic form, is when a crypto holder contributes some of their digital coins to a specific blockchain network in order to support said network. Some debit cards require proof of stake as a term of card membership.

[Things To Do Before Canceling A Credit Card](#)

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Comparing Crypto Credit Cards

BlockFi Rewards Visa® Signature Card

The [BlockFi Visa credit card](#) offers potential applicants an opportunity to see if they're likely to be approved for the card via a soft credit check before formally applying. That's fairly unique among crypto card issuers.

The BlockFi Visa credit card comes with a welcome offer: 3.5% back, up to \$100 in crypto, during the first 3 months. The card has a \$0 annual fee. All purchases earn a base rate of 1.5% back in crypto. You can earn 2% back in crypto on every purchase over \$50,000 of annual spend. Your annual spend resets at the beginning of each card anniversary year.

Brex Cards

Although it doesn't earn cryptocurrency exclusively, the Brex cards now include redemptions for Bitcoin (BTC) and Ethereum (ETH) along with other options including miles, gift cards, cash or travel, making it the first business card to include crypto as a redemption option.

Brex offers two different business cards, each aimed at a different type of company. One version, the [Brex Card](#) paid monthly allows well-funded companies to access capital quickly, while the Brex Card paid daily has no minimum balance requirement and allows a company to charge up to 80% of their limit. On both cards, earnings can be redeemed for Bitcoin or Ethereum the same way they're redeemed for miles, gift cards, cash or travel.

Gemini Credit Card™**

The [Gemini Credit Card](#), like the BlockFi Visa, has the ability to earn rewards in the form of Bitcoin and other cryptocurrencies. Cardholders use USD to make purchases but can earn rewards in cryptocurrencies.

Gemini's new card details are somewhat vague, but we do know that it will earn up to 3% back on purchases. It will also offer zero exchange fees on crypto rewards and will be available in all 50 states of the U.S.

Scheduled to be released sometime in 2021, you can [hop on the waitlist for the Gemini card now](#).

Crypto.com Visa Card**

The [Crypto.com Rewards Visa card](#) is a prepaid debit card that includes 5 different "flavors," each with its own unique set of perks and benefits. These tier levels are determined by how much you "stake," or essentially loan, the crypto card issuing institution. The lowest tier requires no staking, but the rewards are minimal. The highest tier requires a 5,000,000 CRO, the digital token of Crypto.com, staking requirement. 5,000,000 CRO rewards is equivalent to \$400,000 USD, making the highest tier out of reach for all but a very limited group of Crypto investors.

Crypto.com Rewards Visa's mid-tier cards seem to be the most logical as the staking requirements are less egregious, yet the benefits are still enticing. Perks include free Amazon Prime, Spotify monthly subscriptions, Netflix, airport lounge access and more.

SoFi Credit Card

If you have an active SoFi investment account, the SoFi Credit Card allows you to redeem your points for cryptocurrency. You'll earn 2% cash back on all eligible purchases and can redeem it directly into one of 20 different types of crypto offered through SoFi Invest.

Tomo Credit Card*

With the [Tomo Card](#), customers who have accumulated at least \$10 worth of rewards can choose to redeem their earnings for any of the three major cryptocurrencies: Bitcoin, Ethereum and Litecoin, with more options to become available down the line, said Kristy Kim, CEO and founder of TomoCredit in an interview with Forbes Advisor. You can redeem your earnings 28 days after the previous month's statement has been paid in full.

Upgrade Bitcoin Reward Card*


The [Upgrade Bitcoin Reward Card](#)* earns an unlimited 1.5% back in Bitcoin on purchases. You can hang onto the Bitcoin as an investment or sell it at any time and redeem the value towards a statement credit. Your Bitcoin will be held by NYDIG, a technology and financial services firm focused solely on Bitcoin. When you do choose to sell your Bitcoin, you'll be subject to a 1.5% transaction fee. So \$10 worth of Bitcoin will result in a \$9.85 in sale proceeds to apply as a statement credit. The first time you earn Bitcoin with the card, you'll be subject to a 90-day holding period before you can sell it.

The allows you to select a "Cash Back for Crypto" option. This will allow you to use your normal cash back from your Venmo account to buy the cryptocurrency of your choosing. You can hold that crypto, buy more crypto, or sell it

your holdings.

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Credit Score ⓘ

Excellent/Good Credit

Regular APR

14.99% - 24.99% (Variable)

Brex 30 Card



Apply Now

On Brex's Secure Website

Welcome Bonus ⓘ

50,000 points

Annual Fee

\$0


Credit Score ⓘ

Good/Excellent

Regular APR

N/A

SoFi Credit Card



Apply Now

On SoFi's Secure Website

Welcome Bonus ⓘ

Up to \$100

Annual Fee

\$0

Credit Score ⓘ


Good

Regular APR

12.99%-24.99%

The Bottom Line

No doubt, cryptocurrencies are here to stay, but are they the way of the future? How you feel about this question could very well decide if a cryptocurrency rewards credit card is right for you. More established crypto enthusiasts may find that crypto rewards credit cards as a great addition to their wallet and offer help growing these digital assets. However, given the relatively low risk of crypto rewards credit cards, they may appeal to those wanting to finally take their first steps into the world of crypto.

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Toni Perkins

Toni Perkins-Southam

Contributor

Toni Perkins-Southam is a points and miles enthusiast who has been leveraging credit card rewards programs to travel around the world, for nearly free, with her husband and their four young children. Together, Toni and her kids have spent the last 4 summers living in Europe, Central and South America and have encountered countless adventures throughout their travels. Her passion is to inspire other big families by showing and teaching them that traveling with kids is not only logistically possible, but with the right knowledge, financially feasible for even the smallest budgets.



Robin Saks Frankel

Forbes Advisor Staff

Robin Saks Frankel is a credit cards and personal finance writer for Forbes Advisor. Previously, she covered credit cards and related content at other national web publications including NerdWallet, Bankrate and HerMoney. She's been featured as a personal finance expert in outlets including CNBC, Business Insider, CBS Marketplace, and has appeared on or contributed to Fox News, CBS Radio, ABC Radio, NPR, International Business Times and NBC, ABC and CBS TV affiliates nationwide. Follow her on Twitter at @robinsaks.

