



Card points schemes don't add up, say analysts

No rewards with credit

Karen Collier
 consumer reporter

STOCKPILING reward points for flights and shopping freebies is a waste of time and money for the average credit card customer, researchers say.

Most programs are practically worthless if you spend a standard \$14,000 a year, a study by financial comparison website Mozo has found.

Some schemes leave consumers out of pocket because the annual fee costs more than what you get back in return.

On the flip side, big spenders who carefully choose whether they want flights, cash or shopping vouchers and pay off bills

before being slugged the stellar interest rates on rewards cards are reaping benefits.

More than 10 million credit and charge cards of Australians are linked to rewards.

The loyalty cards account for more than half the market, and typically attract the highest interest rates and an annual fee.

The latest report follows a separate survey by consumer group Choice that warned cardholders spending \$1000 a month were taking on average more than five years to earn enough points for a \$500 digital camera, and needed to splurge \$6600 on an average card to earn enough points for a \$50 toaster.

Mozo.com.au managing director Rohan Gamble said some cardholders were being sucked in.

"We knew there were going to be some rotten deals out there, but we were shocked to discover that for the average cardholder rewards cards on the whole just aren't worth chasing," Mr Gamble said.

"Our advice is to look at their annual spend level and shop around for a card that will deliver real value, not the illusion of value."

The research assumed customers spent the average \$14,000 a year on credit, wanted a mix of different rewards, and paid their bill off in full without interest.

Just two out of 76 cards returned rewards worth more than \$100 once an annual fee was deducted.

In one in five cases, the fee cost more than the value of rewards, leaving cardholders in the red.

Mr Gamble said the best schemes varied depending on an individual's shopping behaviour and preferred rewards.

Credit card analyst Mike Ebstein, of MWE Consulting, said consumers putting less than \$30,000 a year on their plastic and failing to pay off accounts in full each month should opt for a no-frills card with a low interest rate.

FLIGHTS OF FANCY			
Best			
Provider	Product	Interest Rate	Annual Fee
American Express	Blue Sky Credit Card	20.49	\$0
Myer	Myer Visa Card	19.99	\$39
Jetstar	Jetstar Mastercard	11.99	\$49
Worst			
NAB	Gold Card	19.49	\$90
American Express	Qantas American Express Premium Card	20.49	\$249
Citibank	Gold Card	20.74	\$149

Based on a \$14,000 annual spend (excluding platinum cards, after annual fee) and a mix of rewards. Results change with different individual spending habits and preferred rewards.
 Source: Mozo.com.au