



No prize for loyalty

Most shoppers lose on points

By **KAREN COLLIER**

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 survey by con-

sumer group Choice, which 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 duped.

"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 delivers real value, not the illusion of value."

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

Only 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.

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		INTEREST RATE	ANNUAL FEE
PROVIDER	PRODUCT		
American Express	Blue Sky Credit Card	20.49	\$0
Myer	Myer Visa Card	19.99	\$39
Jetstar	Jetstar Mastercard	11.99	\$49
WORST		INTEREST RATE	ANNUAL FEE
PROVIDER	PRODUCT		
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

