

## Survey suggests Aussies ready to abandon rewards credit cards

- Two-thirds of rewards cardholders don't spend enough in a year to earn a \$100 gift card
- One-third have cancelled a card because value of rewards program declined

**Tuesday 18 April 2017:** The majority of rewards credit cardholders believe it takes too long to earn enough points for a worthwhile reward and close to two-thirds say they would ditch their rewards card if the value dropped further, according to a new consumer survey by Mozo.com.au.

The financial comparison site says rewards cardholders need to spend nearly \$20,000 over a year to earn a \$100 gift card yet the survey results show two-thirds spend less.

“With one-third of rewards cardholders saying they have ditched a rewards card in the past because the value of the rewards program declined and two-thirds saying they would do so if their rewards program was scaled back, we could be witnessing the beginning of the end of these schemes,” says Mozo Director Andrew Duncanson.

“Banks have long relied on interchange fees to fund expensive rewards programs, however with the Reserve Bank capping fees we have already seen card providers slash the value of rewards cards. We expect banks will become increasingly stingy with rewards points as they turn to other incentives to lure customers in, such as free travel credits, frequent flyer lounge passes, and cashback offers.”

Mozo's survey results show that three-quarters of Aussies have at least one rewards credit card yet half of them say the rewards are poor value and around the same number say the annual fee is too high.

“The value of rewards cards has rapidly declined over the past couple of years with cardholders now having to spend \$1,789 more than they did two years ago to earn a measly \$100 gift card,” says Duncanson.

“The reality of most rewards credit cards now is that unless you're a really big spender, and can afford to pay off your balance in full each month, you're simply not able to earn enough rewards to outweigh the high annual fees and interest rates on these cards.”

Mozo says the average rewards card annual fee is \$177, more than four times the average non-rewards card fee, while the average purchase interest rate for rewards credit cards is 19.78% compared with 14.10% for non-rewards cards.

To find out which card reward programs deliver the most value, consumers can crunch the numbers using Mozo's Rewards Revealer, which compares 115 rewards cards from 38 providers based on an individual's spending habits and preferred rewards type.

### **Survey findings**

- 76% of Australians have at least one rewards credit card.
- 70% of rewards cardholders say it takes too long to earn enough points to redeem anything worthwhile.
- 68% say the annual fee on their rewards card is too high.

- 51% say their rewards card is poor value.
- 65% say they would cancel their card if the rewards program reduced in value.
- 34% say they have cancelled a rewards card in the past because the value declined.

**Top credit cards based on rewards net value**

Provider	Product	Annual fee	Interest rate
American Express	Qantas Discovery Card	\$0	20.74%
NAB	Qantas Rewards Premium Card	\$250	19.99%
NAB	Qantas Rewards Card	\$95	19.99%
NAB	Velocity Rewards Premium Card	\$150	19.99%
HSBC	Premier World MasterCard (Qantas)	\$99	19.99%

*Source: Mozo.com.au Mozo.com.au as at 27 March 2017. Rewards net value is the dollar value of rewards redeemed less annual fees and based on \$21,500 annual spend.*

**-ENDS-**

**Notes on research:**

- A nationally representative survey of 1595 Australians aged 18 years and above was conducted for Mozo by Pureprofile between 1 and 8 March 2017.
- Spend required is based on how much needs to be spent on the card to earn the required amount points to redeem for a \$100 gift card or cashback, whichever is less.

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