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Loyalty scheme value up in the air

By Henrietta Cook

They are the most advertised feature of credit cards, but new research shows it takes the average Australian up to nine years to earn enough frequent flyer points for a one-way flight to London.

According to an analysis by internet price comparison site WhistleOut.com.au, credit card holders must spend an average of \$57,530 to earn the frequent flyer points required for a one-way trip to the English capital.

The site analysed the points earned on 29 credit cards linked to frequent flyer programs for Emirates, Qantas, Singapore Airlines and Virgin Australia.

An average credit card user, who spends \$1146 each month on their card, must outlay between \$27,945

and \$133,333 to accrue enough points to travel to London.

WhistleOut director Cameron Craig said credit card surcharges, annual fees and airline taxes had destroyed the economic benefits of rewards programs.

"I wouldn't say it is misleading, but the benefits aren't rosy," he said.

"I don't think people who use these cards know it will take seven to nine years. If you don't use your credit card much you won't be going overseas."

He said credit card surcharges added an average of \$392.52 to the cost of gaining enough points to travel overseas.

The 1 to 3 per cent credit card surcharge passed from retailers to

consumers is being reviewed by the Reserve Bank of Australia.

He said credit card companies provided frequent flyer programs as an incentive for people to spend up big.

"It's aspirational, who doesn't want something for free?"

"They have been doing this since their inception, but over time the value you can get from a rewards program has been eroded."

The stand-out performers were the Singapore Airlines Westpac Platinum Card, the American Express Velocity Platinum Card and the ANZ Frequent Flyer Platinum Credit Card.