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An infrequent rewards plan

Many cards not worth it



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PUBLIC DEFENDER

MILLIONS of Australians earn frequent flyer points every time they use their credit card but a new survey proves when it comes to cashing in there is no such thing as a free flight.

Some card-holders could even save money paying for a flight instead of redeeming their frequent flyer points.

Product comparison website WhistleOut released its survey findings of 29 card schemes last week and revealed:

ONLY nine card schemes would take less than three years to accumulate enough points for a one-way flight to London based on the average credit card bill;

THE total spend on a credit card to earn enough points for this flight varied from almost \$28,000 to more than \$130,000; and

COMBINED card fees, surcharges and airline taxes for this flight range

from \$778 to \$5018 – while buying the flight could be as little as \$1300.

WhistleOut director Cameron Craig said frequent flyer points were the most advertised feature on new credit cards, which are typically linked to Qantas, Virgin, Singapore and Emirates airlines.

The most popular, Qantas, has 7.8 million frequent flyer members, followed by Virgin with 1.5 million members, while two-thirds of all credit cards come with a points reward scheme.

Mr Craig said the survey “found some standout cards contrasted by some terrible performances on the entry-level cards”.

“Between cards, the difference in points-earning potential and cost to you is huge,” he said.

Independent watchdog Consumers SA was surprised at the variance

between cards.

Spokesman David Schomburgk, a former manager with the Office of Consumer Affairs, said it was important people considered some key factors to determine if a scheme was worthwhile.

“People should look at how many points they received for each dollar spent, points required for where they want to fly and if that includes airline taxes and baggage fees, and find out if the points have an expiry date,” Mr Schomburgk said.

He warned people not to be attracted by spending more on their card to earn more points, only to end up paying exorbitant interest rates up to 20 per cent on their debt.

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A statement of clarity

FINANCIAL institutions will have to be much more transparent with their credit card statements under proposed new reforms.

Under the Federal Government plan, statements will be required to include:

- How much it will cost in extra interest repayments if a customer only pays the minimum amount;

- How many more years it will take the consumer to pay off their card if they make minimum repayments;

- How much time and interest they could shave off their bill if they paid a bit extra, and;

- If they fail to make a repayment by a certain date, what amount they will be charged by their bank.

FYI Crash landing

Lowest spend schemes to redeem a one-way flight to London

Scheme	What you need to spend	How long will that take*	Total cost**
Westpac Singapore Airlines Platinum Cards	\$27,945	2.04 years	\$1546
ANZ Frequent Flyer Platinum Credit Card	\$29,910	2.18 years	\$1716
American Express Velocity Platinum Card	\$30,480	2.22 years	\$1603
Qantas American Express Ultimate Credit Card	\$31,223	2.28 years	\$2053
NAB Velocity Rewards Gold Card	\$32,005	2.34 years	\$978

Highest spend schemes to redeem a one-way flight to London

NAB Qantas Credit Card	\$133,333	9.73 years	\$1475
BankSA Amplify Credit Card	\$128,020	9.34 years	\$1587
St George Amplify Credit Card	\$128,020	9.34 years	\$1587
Suncorp Options Credit Card	\$96,985	7.08 years	\$1893
Commonwealth Bank Awards Credit Card (with Qantas Direct Earn Option)	\$85,347	6.23 years	\$1493

Source: WhistleOut.com.au
 *based on the Australian average monthly credit card spend of \$1142
 **annual card fees, purchase surcharges and airline taxes and fees