



Mozo Experts Choice Awards **Credit Cards 2020**

Methodology Report
September 2020



Mozo Experts Choice Awards Credit Cards 2020

Every day, Mozo keeps track of thousands of products in banking, insurance and energy.

Throughout the year, we use our knowledge and experience to identify those products that offer great value or market-leading features, and we recognise them with the Mozo Experts Choice Awards.

For consumers, a Mozo Experts Choice Award badge is a sign that a product is among the leaders and is worthy of consideration.

This report summarises the categories, lists the winners and explains the judging methodology for our 2020 Mozo Experts Choice Awards for Credit Cards.

Credit Card - 2020 Winners

Credit Card Provider of the Year



2020 marks the fourth year in a row that American Express has taken out the Credit Card Provider of the Year award. This year they collected eight wins across both consumer and small business cards, in categories ranging from low rate to frequent flyer rewards cards, and everything in between.

Six different Amex cards were recognised as winners: Low Rate Credit Card, Essential Credit Card, Qantas Discovery Card, Qantas Ultimate Card, Explorer Card and Business Explorer Credit Card.

Consumer Credit Cards

Low Rate Credit Card

Credit card interest rates can vary enormously, and make a real difference to the cost of carrying a balance on the card. The winners in this category have some of the lowest purchase rates available, but the judges also took into account the impact of the annual fee charged for holding the card and the number of interest free days on offer.

American Express

Low Rate Credit Card

Auswide Bank

Low Rate Visa Credit Card

Bank of us

Visa Credit Card

Community First Credit Union

Low Rate Credit Card

Credit Union SA

Education Community Credit Card

Easy Street

Easy Low Rate Visa Credit Card

G&C Mutual Bank

Low Rate Visa Credit Card

Illawarra Credit Union

Low Rate Credit Card

MOVE Bank

Low Rate Credit Card

Unity Bank

Visa Credit Card

Low Rate Platinum Credit Card

This category proves that you don't have to pay exorbitant interest rates to carry a platinum card and take advantage of the extra benefits they usually bring. As for the Low Rate category, judging is based on the interest rate and annual fee.

Bank First	Visa Platinum Credit Card
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Bankwest	Breeze Platinum Mastercard
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Bendigo Bank	Low Rate Platinum Mastercard
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Citi	Clear Credit Card
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P&N Bank	Visa Platinum Credit Card
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St. George Bank of Melbourne BankSA	Vertigo Platinum
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No Annual Fee Credit Card

For people who usually pay off their credit card balance every month with the aim of not paying interest, the annual fee and interest free days are critical, while interest rates are also important, should plans change. The judges identified those cards with no annual fee and good interest free periods, and awarded those cards with the lowest interest rates.

American Express	Low Rate Credit Card Essential Credit Card
Bank Australia	Visa Credit Card
Bank First	Visa Classic Credit Card
Credit Union SA	Education Community Credit Card
Hume Bank	Value Visa Card
ME	frank Credit Card
QBANK	Bluey Card
Teachers Mutual Bank, Firefighters Mutual Bank, Health Professionals Bank and UniBank	Credit Card

No Annual Fee Platinum Credit Card

Only two platinum cards met our criteria for this category of charging no annual fee and offering an interest free days period. The interest rates on these cards are not as low as the winners in the standard No Annual Fee category, but for customers who confidently clear the balance every month that cost disappears.

Bankwest	Zero Platinum Mastercard
Latitude	28° Global Platinum Mastercard

Balance Transfer Credit Card

Balance transfers come in all shapes and sizes, which can make it very hard to compare options when paying down an existing debt is your priority. The Mozo judges crunched the numbers to find which offer the best value for a typical cardholder, taking into account not only the balance transfer terms, but also the annual fee and what it might cost once the introductory rate expires.

Bendigo Bank	Low Rate First Mastercard
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Coles	No Annual Fee Mastercard
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HSBC	Low Rate Credit Card
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QBANK	Bluey Card
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Qudos Bank	Lifestyle Credit Card
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St. George Bank of Melbourne BankSA	Vertigo + Rainbow Vertigo
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Balance Transfer Platinum Credit Card

For customers looking to transfer a balance to a Platinum card, these cards came out on top.

Bankwest	Zero Platinum Mastercard Breeze Platinum Mastercard
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Bendigo Bank	Low Rate Platinum Mastercard
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Citi	Rewards Credit Card
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CUA	Platinum Credit Card
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HSBC

Platinum Credit Card
Platinum Qantas Credit Card

Rewards Credit Card

Cards with rewards can be very attractive, but there are a lot of them, and each is a bit different from the rest, so how to find the best? At Mozo we developed a way of taking into account the number of points earned for every dollar spent, then calculating the value of some items commonly redeemed for those points. We wrapped it all up with the cost of the annual fee and found that these cards are more rewarding than the rest.

American Express Essential Credit Card

Coles Rewards Mastercard

Latitude Infinity Rewards Visa

Premium Rewards Credit Card

The fees can be larger on a premium rewards card than on a standard card, but so too can the rewards. We ran our calculations to find which platinum, black, and titanium cards give the best rewards bang for your fee buck, and these came out on top.

American Express Explorer Credit Card

Bank of Queensland Platinum Visa Credit Card

Bank of Sydney Platinum Credit Card

Commonwealth Bank Ultimate Awards Credit Card

HSBC Platinum Credit Card

Suncorp Clear Options Platinum Credit Card

Qantas Frequent Flyer Credit Card

Rewards cards that earn Qantas Frequent Flyer points can be great value, particularly for people who travel often and use Qantas services regularly. To find the winners in this category we not only looked at the value of rewards points that can be earned, but also any ongoing discounts including free or discounted flights and lounge access.

American Express

Qantas Discovery Card

Qantas Money

Qantas Premier Everyday

Qantas Frequent Flyer Premium Credit Card

To find the best premium Qantas Frequent Flyer rewards cards we assessed the value of points earned on a higher spend level than for the category, then assessed the value of any ongoing discounts including free or discounted flights and lounge access.

American Express

Qantas Ultimate Card

Bankwest

Qantas World Mastercard

Qantas Money

Qantas Premier Platinum

Premium Card Benefits

Once again ANZ has taken out the Premium Card Benefits award. This is presented to the card issuer that offers the leading suite of insurances and other card benefits on their platinum or higher tiered cards. Emergency card replacement cost, concierge service and insurances such as international travel, domestic rental car excess cover, and purchase protections are included in the award criteria.

ANZ

Frequent Flyer Black
Frequent Flyer Platinum
Platinum
Rewards Black
Rewards Platinum

Innovation

NAB's new StraightUp card blends the convenience of a credit card with the simple price and payment structure of Buy Now Pay Later services. The card can help people manage cashflow for a set cost and no risk of accumulating a large interest bill. NAB's card came out just before a similar offer by another major bank, but has lower fees and a higher minimum repayment rate to ensure purchases are paid off swiftly.

NAB

StraightUp Card

Business Credit Cards

Low Rate Business Credit Card

Business credit cards can help to manage company expenses and balance cash flow, but keeping costs low is an important consideration when choosing a card. The below cards offer both the lowest purchase rates and overall costs around, even when ongoing fees are taken into account.

Heritage Bank	Business Visa
NAB	Low Rate Business Card
Newcastle Permanent	Business+
St. George Bank of Melbourne BankSA	BusinessVantage

Rewards Business Credit Card

Using similar methods as our consumer cards calculations, we assessed the real dollar return from rewards schemes when making purchases for your business. This category is calculated on the total redemption value of cashback and other reward options commonly redeemed, excluding flight redemptions.

American Express	Business Explorer Credit Card
NAB	Rewards Business Signature Card
Queensland Country Bank	Business Credit Card
Suncorp	Clear Options Business Credit Card

Qantas Frequent Flyer Business Credit Card

This category is for companies looking to convert business spending into Qantas Frequent Flyer points that could send owners or employees jet setting to airports near and far. The two cards awarded offered the leading returns of those assessed.

Bendigo Bank

Qantas Business Mastercard

How do we judge the winners?

Mozo Experts Choice Awards for Credit Cards are awarded in the following categories and based on the following methodology:

Low Rate Credit Card

To identify the best value credit cards for consumers who carry an ongoing revolving balance, we ranked cards based on the cost over 5 years assuming a continuous interest-accruing balance of \$4,000* taking into account:

- ongoing interest rates
- introductory interest rates
- annual fees
- introductory annual fee reductions or waivers
- at least 30 interest free days before payment is due

The calculation does not take into account:

- annual fee waivers for reaching annual spend thresholds
- balance transfer interest rates
- interest rates on cash advances or other special transactions
- transaction fees
- penalty fees
- fees for optional services
- rewards schemes

** The interest-accruing balance amount of \$4,000 is chosen to give appropriate weight to the interest cost versus fees. The time frame of 5 years was chosen as a reasonable period over which to assess the cost of holding a credit card, ensuring that any introductory offers did not dominate the outcome.*

Low Rate Platinum Credit Card

This award was judged using the same process as the Low Rate Credit Card category above, however only Premium cards were included. As all winners were Platinum cards, the name of the award reflects this.

No Annual Fee Credit Card

To be considered for this award, credit cards must have an interest free period of at least 55 days and no annual fee. Cards are then assessed on purchase rate. No other card fees or features were taken into account.

No Annual Fee Platinum Credit Card

To be considered for this award, credit cards must be Platinum or better, have an interest free period of at least 55 days and have no annual fee. Cards are then assessed on purchase rate. No other card fees or features were taken into account.

Balance Transfer Credit Card

The cost of repaying the balance in full was calculated assuming a balance of \$4,000 transferred from another card and repaid at a rate of \$200 per month. This calculation includes the balance transfer interest rate, the interest rate applicable beyond any discounted period, any fees that may be charged to gain access to a balance transfer rate, and annual fees.

We assessed two scenarios: one in which the card *is also* used for new purchases, and one where the card *is not* used for any new purchases. In the first scenario, we took account of whether interest accrues on new purchases on each card while the balance transfer amount is not yet fully repaid. The leading few cards in each scenario were deemed worthy of an award.

Additionally, we confirmed that any discounted balance transfer rates had been in the market for at least the last 3 months to avoid awarding short term tactical offers.

Balance Transfer Platinum Credit Card

Winners in this category were determined using the same method as the Balance Transfer Credit Card category.

Rewards Credit Card

For the Rewards Credit Card category, Mozo calculates the value of rewards as explained in the following section ‘How do we assess the value of Rewards?’. Essentially, we calculate the retail value of the rewards that could be earned on the card in a year and then subtract the annual fee.

For this Rewards Credit Card category the assumed spend level was \$20,000 per annum, the average annual spend on a credit card in Australia (rounded to the nearest \$1,000) according to RBA statistics. The calculated value of points in this award was based on the best redemption method excluding Qantas and Velocity schemes (these are included in a separate category). Interest costs are not taken into account as we assume the card is paid in full each month.

Premium Rewards Credit Card

For the *Premium* categories the assumed spend was \$60,000 as these credit cards are targeted towards higher income earners. Otherwise, the calculation methodology is identical to that used for the Rewards Credit Card category.

Qantas Frequent Flyer Credit Card

This category only considered cards where points are automatically credited to the Qantas Frequent Flyer program.

We assessed the value of rewards points earned assuming a total annual spend of \$20,000. We then added the value of any ongoing discounts including free or discounted flights and lounge access. Finally, we deducted the cost of the annual fee. We did not assess the value of any other offers such as hotel or dining discounts, nor did we take into account any one-off sign-up offers such as bonus points.

Qantas Frequent Flyer Premium Credit Card

Winners in this category were determined using the same method as the Qantas Frequent Flyer Credit Card, but using premium cards and an annual spend of \$60,000.

Velocity Frequent Flyer Credit Card and Velocity Frequent Flyer Premium Credit Card

In previous years we have considered credit cards where points are automatically credited to the Velocity Frequent Flyer program, as well as cards with other rewards programs where the best option for obtaining a flight reward was through transferring the points to Velocity.

We did not assess cards based on Velocity points this year due to the temporary removal of many direct earning Velocity cards from the market and Virgin Australia being placed into voluntary administration and subsequent acquisition, making the long term implications of opening a new Velocity point earning card unclear.

Premium Card Benefits

To identify the cards that offer the best range of support extras which we've defined as a concierge service, travel and other insurances and emergency overseas card replacement.

To assess these extras we allocated points for:

- a concierge service
- the activation criteria and key cover levels for Travel Insurance
- each of the other insurances offered
- the cost of replacing a lost card while overseas

The winning provider was the one with the highest ranking from this scoring process. The award applies to all of their cards that offer this level of benefits.

Low Rate Business Credit Card

This award utilises the same methods as the consumer *Low Rate Credit Card*. We assessed business credit cards that do not require a security facility.

Rewards Business Credit Card and Qantas Frequent Flyer Business Credit Card

These awards used the same methods as the equivalent consumer categories - *Rewards Credit Card* and *Qantas Frequent Flyer Credit Card* - with the cost calculated on two different scenarios of \$20,000 and \$100,000 per annum. Business credit cards that require security were excluded.

Credit Card Provider of the Year

To be crowned Provider of the Year, a provider should have won awards for a range of different products and should have won more awards in total than any of its competitors. Extra weight is given for awards in key categories including the Low Rate category and the Frequent Flyer Rewards categories. If no provider stands out in this way, we may look more closely at relative rankings across each category to see if we can identify a good all-round performer.

In 2020, American Express won 8 awards, almost twice as many as the next most successful provider. Their awards cover low fee, low rate, balance transfer, rewards and business categories.

While the judges acknowledge that the value of holding an American Express card can be subject to merchant surcharges and reduced acceptance, and consequently not all consumers will consider one, it was felt that the breadth of offerings from American Express was worthy of recognition.

How do we assess Rewards value?

For the Rewards Credit Card categories, Mozo calculates the value of rewards earned by determining how many points would be earned in a year for a given spend level, the rewards that could be redeemed for those points, and the retail value of those rewards minus annual fees.

Due to the effect the COVID-19 pandemic has had on flight prices, availability and accessibility, the flight value calculations are based on data obtained **before** the impact of global travel restrictions came into effect.

Rewards options assessed

We calculated the relative value of points used for four different redemption options, and used the one most relevant to the specific award: a one-way Sydney-Melbourne flight excluding taxes and charges, a return Sydney-London flight excluding taxes and charges, a \$100 shopping gift card and \$100 cashback.

These are the only rewards options assessed for these awards, although other options may be available.

How we determine the value of flight rewards

The flights used for comparison of flight rewards are 'classic' or 'reward' economy seats with restricted seat availability. 'Any seat' rewards will probably cost more. To compare the value of flight rewards, we sample online retail flight prices once a quarter based on the average price on a Wednesday 3 months in advance (outside NSW school holidays).

For domestic flights we take the lowest available fare from each flight on that day from Qantas Red e-deal and Jetstar Starter including baggage. We calculate the average price excluding taxes and surcharges for each airline. If the rewards are travel agent vouchers we calculate the average price excluding taxes and surcharges across those three airlines.

For international flights, we take the lowest available fares on that same Wednesday from each of Qantas, Emirates, Etihad, Singapore Airlines and Malaysian Airlines for a return flight returning after 2 weeks. We calculate the average price across those airlines before taxes and surcharges and use this as our assumed cost of a flight.

How we determine the value of other rewards

Shopping rewards are based on \$100 gift cards from a major national department store and cashback is based on redeeming points to gain a \$100 credit to your credit card account.

Bonus points and other benefits

Bonus points are not considered in the value calculations for any awards. The value of annual travel credits, lounge passes and similar ongoing benefits are only used in 'Frequent Flyer' categories.

Only in the Premium Cardholder Care category do we make any allowance for the value of insurance and concierge services.

We have not assigned any value to instant discounts, ticketing and other such benefits.

Rewards 'Net Value'

The 'net value' of awards are the equivalent retail value of the reward, assuming all of the points earned at the assumed spend limit are redeemed on that particular reward category, less the annual fee. Where cards also features establishment or servicing fees, these were taken into account.

Credit cards with a choice of rewards program

Where a credit card offers the choice of rewards program, each program was assessed separately. For these cases the results tables specify which rewards

program was awarded, and in some cases both rewards programs may be awarded.

Excluded products

Cards are not eligible for an award if they are only available to customers with significant other banking relationships with the institution.

What products do we consider?

In carrying out the Mozo Experts Choice Awards in Credit Cards we analysed 215 personal and 45 business credit card products issued by 72 Australian financial institutions based on data contained in Mozo's product database as at 4th September 2020.

Cards with multiple offers (such as choice of rewards programs, or different combinations of fees and rates) may be assessed more than once in categories where those variations affect the outcome of the calculations performed.

We aim to include most credit card providers in the market in the Mozo Experts Choice Awards. However, not every credit card product on the market will be included in our review.

Any credit card product we review must be available in the market at the time of our analysis.

The Premium categories assessed all 'platinum', 'diamond' and 'black' credit cards, while the Standard categories considered all other credit cards.



How we manage conflicts of interest

Mozo Experts Choice Awards are awarded irrespective of a product provider's commercial relationship with Mozo.

The Awards are based on objective verifiable facts and analysis wherever possible, and any assumptions made are set out in this report. Mozo's research team analyses product data and determines the winners in each Mozo Experts Choice category without reference to Mozo's sales or commercial functions.

Companies do not pay to enter the Mozo Experts Choice Awards. Should a winning product or service wish to use the Mozo Experts Choice Awards badges in their own marketing activities, Mozo charges them a licence fee.



About Mozo

Mozo provides a comparison service with the goal of helping consumers to make their own financial decisions and save money. Mozo offers consumers a comprehensive product comparison service that across the retail banking market, general insurance, life insurance, business banking, energy and more.

Hundreds of thousands of Australians a month use Mozo's comparison service. Mozo's comparison technology and expertise has been used by some of Australia's largest online publishers.

Mozo holds an Australian Financial Services Licence and an Australian Credit Licence. Mozo's management team have experience in consumer credit and financial services in a variety of roles from executive management, marketing, actuarial services and technology. Mozo's team are often called upon to provide expert media commentary in relation to the product areas they cover.

The Mozo Experts Choice Awards analysis is overseen by AJ Duncanson, Mozo's Data Services Director. AJ is a data scientist and actuary, and has worked in financial services and product comparison for almost 30 years. He is a Responsible Manager on Mozo's Australian Financial Services Licence and Australian Credit Licence.

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ABN: 68 128 199 208. AFSL & ACL 328141

Level 10, 89 York Street, Sydney NSW 2000

Appendix

List of all card issuers considered in the awards.

American Express	Defence Bank	Orange Credit Union
ANZ	Easy Street	P&N Bank
Australian Military Bank	Endeavour Mutual Bank	People's Choice Credit Union
Australian Unity	Firefighters Mutual Bank	Police Bank
Auswide Bank	G&C Mutual Bank	Police Credit Union
Bank Australia	GMCU	Qantas Money
Bank First	Greater Bank	QBANK
Bank of Melbourne	Health Professionals Bank	Qudos Bank
Bank of Queensland	Heritage Bank	Queensland Country Bank
Bank of Sydney	HSBC	Regional Australia Bank
Bank of us	Hume Bank	Skye
BankSA	Illawarra Credit Union	South West Slopes Credit Union
BankVic	IMB Bank	St.George
Bankwest	ING	Suncorp
bcu	Jetstar	Sydney Mutual Bank
Bendigo Bank	Kogan Money	Teachers Mutual Bank
Beyond Bank	Latitude	The Mutual Bank
BOQ Specialist	Macquarie	UniBank
Citi	Macquarie Credit Union	Unity Bank
Coles	ME	Virgin Money
Commonwealth Bank	MOVE Bank	Westpac
Community First Credit Union	Myer	Woolworths
Credit Union SA	NAB	
CUA	Newcastle Permanent	
David Jones	Northern Inland Credit Union	