

Mozo Experts Choice Awards

CREDIT CARDS

Research Report
October 2016



Mozo Experts Choice Awards

The Mozo Experts Choice Awards are an initiative that recognises Australia's best value products and helps Australians to save money by choosing better products.

The Mozo Experts Choice Awards are designed to recognise products that provide consumers with value for money. Mozo maintains an extensive database of products covering the majority of providers in each of the markets we service. We use this data to calculate the cost or benefit to the consumer of the key pricing elements in a product, after grouping products into categories so that we are comparing products of similar type. Experts Choice awards are given to those products that represent the best value in their category.

Within each category, awards are typically given to the top 10% of products based on the calculated value to the customer. All winning products are deemed worthy of consideration as a good value product in that category; we do not publish a ranking of products within the winners list.

Additional awards may also be given to recognise a product provider who has won more product awards than any other.

This report explains the methodology in detail.

Credit Cards

- what products do we consider?

In carrying out the Mozo Experts Choice Awards in Credit Cards we analysed 175 personal credit card products issued by 59 Australian financial institutions based on data contained in Mozo's product database as at 20 September 2016.

Cards with multiple offers (such as choice of rewards programs, or different combinations of fees and interest rate offers) 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 and any offers included must be available to the general public on the provider's website.

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

How many winners are there?

For the Experts Choice Awards Mozo awards the top 10% of products, but no more than 10, in each category. Where the same card product is available from a number of related institutions all institutions were given the award.

To recognise that some people would prefer to conduct their banking with a product offered by one of the 'big 4' banks we aim to award a 'big 4' product in each category. Where none appears in the winner group the highest ranked product offered by a big 4 bank is awarded, providing all criteria for that award has been met. Any awards of this type are noted as such at the bottom of the results list for the category.

Mozo Experts Choice winners 2016

Credit Cards

1) LOW RATE CREDIT CARD

Provider	Product
Bank Australia	Low Rate Visa
Bankwest	Breeze Gold MasterCard
Bankwest	Breeze MasterCard
Coles	Low Rate MasterCard
Community First Credit Union	McGrath Pink Visa
G&C Mutual Bank	Low Rate Visa Credit Card
Intech Credit Union	Titanium 55 Credit Card
Maritime, Mining & Power Credit Union	Visa Credit Card
SCU	Low Rate Visa Credit Card
Teachers Mutual Bank / UniBank	Credit Card
Major Bank award - NAB	Low Rate Card

2) LOW RATE PLATINUM CARD

Provider	Product
ANZ	Low Rate Platinum
Bankwest	Breeze Platinum MasterCard
Citibank	Clear Platinum
P&N Bank	Visa Platinum Credit Card
St.George	Vertigo Platinum
Bank of Melbourne	Vertigo Platinum
BankSA	Vertigo Platinum
Victoria Teachers Mutual Bank	Visa Platinum Credit Card

3) NO ANNUAL FEE CREDIT CARD

Provider	Product
American Express	Essential Credit Card
Bank Australia	Visa Credit Card
Bankwest	Zero Gold MasterCard
Bankwest	Zero MasterCard
Hume Bank	Visa Value
ME	frank Credit Card
QBANK	Bluey Card
Teachers Mutual Bank / UniBank	Credit Card
Victoria Teachers Mutual Bank	Visa Classic Credit Card

4) LOW FEE PLATINUM CARD

Provider	Product
28 Degrees	Platinum MasterCard
ANZ	Platinum
Bankwest	Zero Platinum MasterCard
Macquarie	Hilton HHonors Platinum Card
Victoria Teachers Mutual Bank	Visa Platinum Credit Card
Woolworths	Everyday Platinum Credit Card

5) BALANCE TRANSFER CREDIT CARD

Provider	Product
American Express	Essential Card
Australian Military Bank	Low Rate Visa Card
Beyond Bank	Low Rate
Heritage Bank	Gold Low Rate
NAB	Low Rate Card
Police Bank	Visa Credit Card
St.George	Vertigo
Bank of Melbourne	Vertigo
BankSA	Vertigo
St.George	Vertigo Platinum
Bank of Melbourne	Vertigo Platinum
BankSA	Vertigo Platinum
Virgin Money	No Annual Fee Card
Westpac	Low Rate

6a) REWARDS CREDIT CARD

Provider	Product
Coles	Rewards MasterCard
Jetstar	MasterCard (Jetstar Dollars)
St.George	Amplify Classic (Rewards)
Bank of Melbourne	Amplify Classic (Rewards)
BankSA	Amplify Classic (Rewards)
Virgin Money	Virgin Australia Velocity Flyer Card
Major Bank award - Commonwealth Bank	Awards Credit Card

6b) REWARDS CREDIT CARD (AMEX)

Provider	Product
American Express	Qantas Discovery Card
American Express	Velocity Escape Card
Major Bank award - nab	Velocity Rewards Card

7a) PREMIUM REWARDS CARD

Provider	Product
Bank Australia	Platinum Rewards Visa
G&C Mutual Bank	Platinum Visa Credit Card
Jetstar	Platinum MasterCard
Macquarie	Black Card (Qantas)
Qudos Bank	Visa Platinum Credit Card
Virgin Money	Virgin Australia Velocity High Flyer Card
Major Bank award - ANZ	Rewards Platinum

7b) PREMIUM REWARDS CARD (AMEX)

Provider	Product
Commonwealth Bank	Diamond Awards Credit Card
NAB	Velocity Rewards Premium Card

8a) RETAIL REWARDS CREDIT CARD

Provider	Product
Coles	Rewards MasterCard
HSBC	Platinum Credit Card
Myer	Visa Card

8b) RETAIL REWARDS CREDIT CARD (AMEX)

Provider	Product
American Express	Essential Credit Card
American Express	Qantas Discovery Card
American Express	Velocity Escape Card
Westpac	Altitude (Rewards)

Credit Cards

- how are the winners determined?

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

1) LOW RATE CREDIT CARD

Aim:

To identify the best value credit cards for consumers who carry an ongoing revolving balance.

Method:

We rank cards based on the cost over 5 years assuming a continuous interest-accruing balance of \$4,400 *. taking into account:

- ongoing interest rates
- introductory interest rates
- annual fees
- introductory annual fee reductions or waivers.

The calculation does **not** take into account:

- annual fee waivers for reaching annual spend thresholds
- balance transfer interest rates
- interest free periods
- 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 \$4,400 is based on the RBA's figure for total balances accruing interest, divided by the number of cardholders in Australia (Roy Morgan, June 2015). We feel this figure gives 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.

2) LOW RATE PLATINUM CARD

Aim:

To identify the best value Premium credit card for consumers who carry an ongoing revolving balance.

Method:

This award was judged using the same process as the Low Rate Credit Card category above, however only Premium cards were included. In this category, the judges decided that less than 10% of eligible cards were worthy of an award because ongoing rates over a certain threshold can't be considered 'low'. As all winners were Platinum cards, the name of the award reflects this.

3) NO ANNUAL FEE CARD

Aim:

To identify the best value credit cards to avoid paying fees (provided outstanding balances are paid in full each month).

Method:

To be considered for this award, credit cards must have an interest free period of at least 55 days. All qualifying cards were ranked in ascending order of annual fee then purchase rate. No other card fees or features were taken into account, except that to break a tie for the final spot in the top 10% we excluded the product with the higher fees for foreign currency transactions and late payments. We name the award 'Low Fee' or 'No Annual Fee' depending on the top 10%.

4) LOW FEE PLATINUM CARD

Aim:

To identify the lowest cost Premium cards for those paying off their balance in full each month.

Method:

To be considered for this award, credit cards must have an interest free period of at least 55 days. All qualifying Premium cards were ranked first on annual fee, then on purchase rate. As all winners were Platinum cards, the name of the award reflects this.

5) BALANCE TRANSFER CREDIT CARD

Aim:

To identify the cards that offer the lowest cost when transferring a balance of \$4,400 to another card, repaid at a rate of \$100 per month. In this category both Standard and Premium credit cards were assessed together.

Method:

The cost of repaying the balance in full was calculated using the Balance Transfer option in the Mozo site Credit Card Search tool. This calculation includes any discounted 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 also checked 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.

6a) REWARDS CREDIT CARD

Aim:

To identify the standard and gold Visa and MasterCard rewards credit cards that give the best value reward for a person spending \$18,000 per annum.

Method:

For the Rewards Credit Card category (and all other rewards 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.

For this Rewards Credit Card category the assumed spend level was \$18,000 per annum, the average annual spend on a credit card in Australia (rounded to the nearest \$1,000) according to RBA statistics. Interest costs are not taken into account; we assume the card is paid in full each month.

Rewards options assessed

We calculated the relative value of points used for four different redemption options, and took the most valuable one:

- a one-way Sydney-Melbourne flight excluding taxes and charges
- a return Sydney-London flight excluding taxes and charges
- a \$100 shopping gift card
- \$100 cashback.

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

Bonus points and other benefits

We have not included bonus points accumulated for using the credit card at specific merchants or specific categories of spend, introductory offers or special offers. We have not assigned any value to instant discounts, insurances, ticketing and concierge services or other such benefits.

Rewards value calculations do not take any other non-reward product features into account.

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, Virgin Getaway including baggage 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, Singapore, Virgin Atlantic and Malaysian 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 shopping and cashback 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 account.

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.

Dual credit card accounts

For products that have more than one credit card (otherwise known as 'dual credit card accounts'), a different mix of spend between American Express / Visa / MasterCard will give different results as reward points earn rates may vary depending on the card used. For the Rewards Credit Card category, dual credit cards were assessed based on 100% of the spend level being spent on the Visa or MasterCard and standalone American Express cards were ineligible.

Credit cards with 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.

6b) REWARDS CREDIT CARD (AMEX)

Aim:

To identify the standard and gold American Express rewards credit cards that give the best value reward for a person spending \$18,000 per annum.

Method:

This category assesses dedicated American Express credit cards and dual credit card accounts where one of the cards is an American Express credit card. The calculation method is the same as for the Rewards Credit Card category except dual credit cards were assessed based on 100% of the spend level being spent on the American Express card and standalone Visa or MasterCard products were ineligible.

7a) PREMIUM REWARDS CARD

Aim:

To identify the premium Visa and MasterCard rewards credit cards that give the best value reward for a person spending \$60,000 per annum.

Method:

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

7b) PREMIUM REWARDS CARD (AMEX)

Aim:

To identify the premium American Express rewards credit cards that give the best value reward for a person spending \$60,000 per annum.

Method:

The calculation methodology is identical to that used for the American Express Rewards Credit Card category, except assuming annual spend of \$60,000.

8a) RETAIL REWARDS CREDIT CARD

Aim:

To identify the Visa and MasterCard rewards credit cards (of any status level) that give the best value retail reward for a person spending \$18,000 per annum.

Method:

As per the Rewards Credit Card category, but only taking account of the shopping gift card rewards net value. To receive an award in this category the net value must be great than \$75.

8b) RETAIL REWARDS CREDIT CARD (AMEX)

Aim:

To identify the American Express rewards credit cards (of any status level) that give the best value retail reward for a person spending \$18,000 per annum.

Method:

The calculation method is the same as for the Retail Rewards Credit Card category except dual credit cards were assessed based on 100% of the spend level being spent on the American Express card.

Mozo Experts Choice Awards

- how we manage conflicts of interest

Mozo Experts Choice 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. Our internal structures help to avoid conflicts of interest arising between our research team and other areas of the business in the generation of our research reports.

A provider can participate in the Mozo Experts Choice Awards free of charge.

Mozo charges a licence fee to providers should they wish to use the Mozo Experts Choice Awards badges in their own marketing activities. Mozo may also offer promotional packages that may be purchased.

A product provider may also choose to list its products on the Mozo website in a way that may generate revenue for Mozo.

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

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Who is Mozo?

Mozo Pty Ltd ("Mozo") provides a comparison service that was launched in 2008 by a team of passionate financial services enthusiasts with the goal of creating an online service that helped consumers to make their own financial decisions and save money. Mozo offers consumers a comprehensive product comparison service that covers the retail banking market, general insurance, life insurance, business banking, and in 2015 Mozo expanded into comparison of residential energy plans.

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.

Our Experts Choice Awards analysis is carried out by our Director of Comparison Data Services and our Product Data Manager, who between them have over 50 years of experience in financial services and 21 years in online financial services comparison.

Andrew Duncanson is our Director of Comparison Data Services. Andrew has worked in financial services and product comparison for over 25 years in Australia and the UK and is a qualified actuary. Andrew is a Responsible Manager for Mozo's Australian Financial Services Licence.

Peter Marshall is our Product Data Manager. He has over 30 years' experience in finance, including managing product data at other financial comparison sites before Mozo. Peter is also a Responsible Manager for Mozo's Australian Financial Services Licence.

Appendix

Provider	Product
28 Degrees	Platinum MasterCard
American Express	Essential Credit Card
American Express	Explorer Credit Card
American Express	Platinum Edge Credit Card
American Express	Qantas Discovery Card
American Express	Qantas Premium Card
American Express	Qantas Ultimate Card
American Express	Velocity Escape Card
American Express	Velocity Platinum Card
ANZ	Balance
ANZ	First
ANZ	Frequent Flyer
ANZ	Frequent Flyer Black
ANZ	Frequent Flyer Platinum
ANZ	Low Rate
ANZ	Low Rate Platinum
ANZ	Platinum
ANZ	Rewards
ANZ	Rewards Black
ANZ	Rewards Platinum
ANZ	Rewards Travel Adventures Card
Australian Military Bank	Low Rate Visa Credit Card
Auswide Bank	Low Rate MasterCard
Auswide Bank	Platinum Rewards MasterCard
B&E Personal Banking	Visa Credit Card
Bank Australia	Low Rate Visa
Bank Australia	Platinum Rewards Visa
Bank Australia	Visa Credit Card
Bank of Melbourne	Amplify Classic
Bank of Melbourne	Amplify Platinum
Bank of Melbourne	Amplify Signature
Bank of Melbourne	No Annual Fee
Bank of Melbourne	Vertigo

Bank of Melbourne	Vertigo Platinum
Bank of Queensland	Blue Visa Credit Card
Bank of Queensland	Low Rate Visa Credit Card
Bank of Queensland	Platinum Visa Credit Card
BankSA	Amplify Classic
BankSA	Amplify Platinum
BankSA	Amplify Signature
BankSA	No Annual Fee
BankSA	Vertigo
BankSA	Vertigo Platinum
BankVic	Visa Gold
BankVic	Visa Silver
Bankwest	Breeze Gold MasterCard
Bankwest	Breeze MasterCard
Bankwest	Breeze Platinum MasterCard
Bankwest	More Gold MasterCard
Bankwest	More MasterCard
Bankwest	More Platinum MasterCard
Bankwest	Qantas Gold MasterCard
Bankwest	Qantas MasterCard
Bankwest	Qantas Platinum MasterCard
Bankwest	Zero Gold MasterCard
Bankwest	Zero MasterCard
Bankwest	Zero Platinum MasterCard
BCU	Classic
BCU	Rewarder
Bendigo Bank	Basic Black
Bendigo Bank	Platinum
Bendigo Bank	Ready Red
Bendigo Bank	RSPCA Rescue
Bendigo Bank	RSPCA Rescue Rewards
Beyond Bank	Low Rate
Big Sky	Low Rate Visa
Big Sky	Visa

Citibank	Classic
Citibank	Clear Platinum
Citibank	Emirates World MasterCard
Citibank	Platinum
Citibank	Prestige
Citibank	Qantas Prestige
Citibank	Qantas Signature
Citibank	Signature
Citibank	Simplicity
Coles	Low Rate MasterCard
Coles	No Annual Fee MasterCard
Coles	Rewards MasterCard
Commonwealth Bank	Awards Credit Card
Commonwealth Bank	Diamond Awards Credit Card
Commonwealth Bank	Gold Awards Credit Card
Commonwealth Bank	Low Fee Credit Card
Commonwealth Bank	Low Fee Gold Credit Card
Commonwealth Bank	Low Rate Credit Card
Commonwealth Bank	Low Rate Gold Credit Card
Commonwealth Bank	Platinum Awards Credit Card
Community First Credit Union	McGrath Pink Visa
Credit Union SA	Visa Credit Card
CUA	Low Rate Credit Card
CUA	Platinum Credit Card
David Jones	American Express Card
David Jones	American Express Platinum Card
Defence Bank	True Blue Credit Card
G&C Mutual Bank	Low Rate Visa Credit Card
G&C Mutual Bank	Platinum Visa Credit Card
Greater Bank	Greater Visa
Heritage Bank	Classic
Heritage Bank	Freedom Visa
Heritage Bank	Gold Low Rate
Heritage Bank	Platinum

HSBC	Credit Card
HSBC	Platinum Credit Card
HSBC	Platinum Qantas Credit Card
HSBC	Premier World MasterCard
Hume Bank	Visa Clear
Hume Bank	Visa Value
Hunter United	Low Rate Visa Credit Card
IMB Bank	Low Rate MasterCard
IMB Bank	Platinum Rewards MasterCard
Intech Credit Union	Titanium 55 Credit Card
Jetstar	MasterCard
Jetstar	Platinum MasterCard
Latitude Financial Services	GEM Visa Card
Latitude Financial Services	GO MasterCard
Latitude Financial Services	MasterCard
Macquarie	Black Card
Macquarie	Hilton HHonors Platinum Card
Macquarie	Platinum Card
Macquarie	RateSaver Card
Maritime, Mining & Power CU	Visa Credit Card
ME	frank Credit Card
Myer	Visa Card
MyState	Low Rate MasterCard
MyState	Platinum Rewards MasterCard
NAB	flybuys Rewards Card
NAB	Low Fee Card
NAB	Low Rate Card
NAB	Premium Card
NAB	Qantas Rewards Card
NAB	Qantas Rewards Premium Card
NAB	Velocity Rewards Card
NAB	Velocity Rewards Premium Card
Newcastle Permanent	Value+
P&N Bank	Visa Classic Credit Card

P&N Bank	Visa Platinum Credit Card
People's Choice Credit Union	Visa Credit Card
Police Bank	Visa Credit Card
Police Credit Union	Extralite Credit Card
QBANK	Bluey Card
QBANK	Bluey Rewarder Card
QT Mutual Bank	Low Rate MasterCard
QT Mutual Bank	Platinum Rewards MasterCard
Qudos Bank	Lifestyle
Qudos Bank	Lifestyle Plus
Qudos Bank	Visa Platinum Credit Card
Queensland Country CU	Rewarder
Queensland Country CU	Visa Credit Card
Regional Australia Bank	Your Choice
SCU	Low Rate Visa Credit Card
St.George	Amplify Classic
St.George	Amplify Platinum
St.George	Amplify Signature
St.George	No Annual Fee
St.George	Vertigo
St.George	Vertigo Platinum
Suncorp	Clear Options Gold
Suncorp	Clear Options Platinum
Suncorp	Clear Options Standard
Teachers Mutual Bank	Teachers Credit Card
UniBank	Credit Card
Victoria Teachers Mutual Bank	Visa Classic Credit Card
Victoria Teachers Mutual Bank	Visa Platinum Credit Card
Virgin Money	Low Rate Card
Virgin Money	No Annual Fee Card
Virgin Money	Virgin Australia Velocity Flyer Card
Virgin Money	Virgin Australia Velocity High Flyer Card
Westpac	55 Day Card
Westpac	55 Day Platinum Card

Westpac	Altitude
Westpac	Altitude Black
Westpac	Altitude Platinum
Westpac	Low Rate
Woolworths	Everyday Platinum Credit Card
Woolworths	Qantas Platinum Credit Card