

Mozo Experts Choice Research Report

Product Category:
CREDIT CARDS

6 May 2014



Who is Mozo?

Mozo Pty Ltd (“Mozo”) provides a financial 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 more.

Currently around 300,000 Australians a month use Mozo’s financial comparison service. Mozo’s comparison technology and expertise is 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, and actuarial services to product development, and technology. Mozo’s Team are often called upon to provide expert media commentary in relation to retail financial services.

Our Experts Choice awards analysis is carried out by our Research & Insights Director and our Product Data Manager, who between them have 54 years of financial services experience and 19 years in online financial services comparison.

Andrew Duncanson is our Research & Insights Director. Andrew has worked in financial services for over 20 years in Australia and the UK and is a qualified actuary. Andrew is also a Responsible Manager for Mozo’s Australian Financial Services Licence.

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

Mozo Experts Choice Awards

The Mozo Experts Choice Awards are a new initiative from Mozo.com.au that recognises Australia's best value financial products and helps Australians save money by choosing better products.

The Experts Choice Awards are designed to complement the popular Mozo People's Choice Awards, which are voted by customers and recognise banking and insurance institutions with the highest customer satisfaction levels.

For the Experts Choice Awards Mozo uses a simple Gold, Silver and Bronze awards classification system that are determined based on the methodology outlined in this document. The remaining top 10% of products in each awards category are awarded a Highly Commended award.

What credit card products do we consider?

In carrying out the Mozo Experts Choice Awards research report we analysed 203 personal credit card products issued by 57 Australian financial institutions based on data contained in Mozo's product database as at 7 April 2014.

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. Reward credit card schemes were not considered. Mozo Experts Choice awards specifically for rewards value will be determined later in the year and are not part of this round of judging.

Any credit card product we review must be available in the market at the time of our analysis and available until at least the end of the month in which the product issuer is given a Mozo Experts Choice award. Please note that credit unions and mutual banks with membership restrictions can only be awarded a 'Highly commended', but not a Gold, Silver or Bronze medal.

The Mozo Experts Choice Credit Card Award Winners

BEST LOW RATE CREDIT CARD

PROVIDER

CREDIT CARD

Gold winner

Community First

McGrath Pink Visa

Silver winner

Credit Union SA

Visa Credit Card

Bronze winner

Maritime, Mining and
Power Credit Union

Visa Credit Card

Highly commended winners

SCU

Low Rate Visa Card

bankmecu

Low Rate

Victoria Teachers Mutual Bank

Visa Platinum Credit Card

Teachers Mutual Bank

Teachers Credit Card

Beyond Bank

Low Rate

Police Bank

Police Bank Visa

BankVic

Visa Silver

Greater Building Society

Greater Visa

Defence Bank

True Blue Credit Card

ADCU

Low Rate Visa

QANTAS Credit Union

Lifestyle

Heritage

No Frills Classic

Heritage

No Frills Gold

P&N Bank

Easypay Visa Credit Card

Virgin Money

Low Rate Card

BEST BALANCE TRANSFER CREDIT CARD

PROVIDER	CREDIT CARD	SPECIAL BALANCE TRANSFER RATE IF APPLICABLE
Gold winner		
Police Bank	Police Bank Visa	0% for 9 months
Silver winner		
Westpac	Low Rate	0% for 14 months
Bronze winner		
Bankwest	Breeze MasterCard	0% for 13 months
Highly commended winners		
St.George/Bank of Melbourne/BankSA	Vertigo	0% for 14 months
nab	Low Rate Card	0% for 15 months
Bankwest	Breeze Gold MasterCard	0% for 13 months
ANZ	Low Rate	0% for 12 months
Bankwest	Breeze Platinum MasterCard	0% for 13 months
Community First	McGrath Pink Visa	8.99% ongoing
nab	Low Fee Card	0% for 15 months
ADCU	Low Rate Visa (option 1)	4.99% for 9 months
Teachers Mutual Bank	Teachers Credit Card	7.90% for 6 months
QANTAS Credit Union	Lifestyle	4.99% for 5 months
ADCU	Low Rate Visa (option 2)	3.99% for 6 months
ANZ	Low Rate Platinum	0% for 12 months
Maritime, Mining and Power Credit Union	Visa Credit Card	7.99% for 6 months
SCU	Low Rate Visa Card	10.49% ongoing
Defence Bank	True Blue Credit Card	3.99% for 6 months
nab	flybuys Rewards Cards	0% for 15 months
American Express	Low Rate Credit Card	0.99% for 6 months

BEST FEE FREE CREDIT CARD

PROVIDER

CREDIT CARD

Gold winner

Bankwest	Zero Platinum
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Silver winner

28 Degrees	MasterCard
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Bronze winner

bankmecu	VISA Credit Card
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Highly commended winners

Victoria Teachers Mutual Bank	Visa Classic Credit Card
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Teachers Mutual Bank	Teachers Credit Card
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Coles	No Annual Fee MasterCard
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Hume Building Society	Visa Value
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Bankwest	Zero
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Bankwest	Zero Gold
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HSBC	Credit Card
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Westpac	55 Day Credit Card
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Westpac	55 Day Platinum Visa
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Commonwealth Bank	Low Fee Student Credit Card
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HSBC	Premier World MasterCard
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GE Money	GO MasterCard
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BEST PREMIUM CREDIT CARD

PROVIDER

CREDIT CARD

Gold winner

Bankwest	Zero Platinum
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Silver winner

Westpac	55 Day Platinum Visa
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Bronze winner

nab	flybuys Rewards Card
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Highly commended winners

ANZ	Platinum
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St.George/Bank of Melbourne/ BankSA	Platinum
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How the Mozo Experts Choice awards are determined

Mozo Experts Choice Credit Card awards are awarded based on the following criteria and across the following categories:

[1] BEST LOW RATE CREDIT CARD

Description:

The best value credit card for consumers with an ongoing revolving balance.

Methodology:

We calculate the cost of each credit card product over 5 years. Our calculations assume a continuous interest-accruing balance of \$4,400.¹

Our calculation takes into account:

- ongoing interest rates
- introductory interest rates
- annual fees
- introductory annual fee reductions or waivers
- annual fee waivers for reaching annual spend thresholds

The calculation does NOT take into account:

- 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

Products are ranked from lowest to highest cost based on the above calculations, with the top 3 lowest cost credit card products awarded Gold, Silver and Bronze awards respectively. The remainder of the top 10% were awarded 'highly commended' awards.

¹ 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, December 2013). 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] BEST BALANCE TRANSFER CREDIT CARD

Description:

The best value credit card for consumers wanting to pay off debt by transferring the balance of their existing credit card to a new credit card.

Methodology:

We calculate the cost to pay off a \$4,400 balance, which has been transferred from an existing credit card to a new credit card product.² Our calculations assume regular monthly payments of \$100 each month, plus any annual fees and reward fees.

Our calculation takes into account:

- balance transfer interest rates
- ongoing interest rates
- annual fees
- introductory annual fee reductions or waivers

The calculation does NOT take into account:

- new spending while repaying the balance transfer (new purchases may be charged a higher interest rate)
- minimum monthly repayment rules that might require higher repayments than \$100 per month
- transaction fees
- penalty fees
- fees for optional services
- rewards schemes

Credit card products are ranked according to which would cost the least to pay off the \$4,400 balance in \$100 monthly installments, with the top 3 awarded Gold, Silver and Bronze awards respectively. The remainder of the top 10% were awarded 'highly commended' awards.

² 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, December 2013). The repayment amount of \$100 was chosen as a reasonable repayment amount to clear the balance in around 5 years, ensuring that balance transfer offers played a large part in the outcome but ongoing cost of ownership of the card was also taken into account.

[3] BEST FEE FREE CREDIT CARD

Description:

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

Methodology:

To be considered for this award, credit cards must have both:

- a minimum of 55 interest free days
- no annual fee

All qualifying cards were ranked in ascending order of foreign exchange margin, and then in ascending order of ongoing purchase interest rate. No other card fees or features were taken into account when completing the award rankings.

The top 3 ranked cards were awarded Gold, Silver and Bronze medals respectively and all of the remaining qualifying credit cards were awarded 'highly commended' medals.

[4] BEST PREMIUM CREDIT CARD

Description:

Lowest cost way to gain primary benefits of Platinum Card ownership. We assumed the primary benefits of Platinum card ownership as:

- Concierge

a service which assists the cardholder with personal services and bookings such as entertainment and travel

- Travel Insurance:

complimentary travel insurance which the cardholder may have to activate by purchasing a minimum amount of the travel with their credit card. Benefit levels and exclusions for claims were not assessed.

- Warranty Extension:

provides an additional warranty period for goods purchased using the credit card. Benefit levels and exclusions for claims were not assessed.

- Purchase Insurance:

provides a limited period of insurance against loss, theft or accidental damage in certain circumstances for goods purchased using the credit card. Benefit levels and exclusions were not assessed.

Methodology:

Credit cards must offer Concierge, Travel Insurance, and either Warranty Extension or Purchase Insurance features to qualify for this category of Mozo Experts Choice. 49 card products qualified and were firstly ranked from lowest to highest fee, then lowest to highest ongoing interest rate.

The top 3 ranked credit cards were awarded Gold, Silver and Bronze awards respectively and the remainder of the top 10% of qualifying credit cards were awarded 'highly commended' awards.

How we manage conflicts of interest

Mozo Experts Choice awards are based on objective verifiable facts and analysis that is derived from Mozo's product database, which covers approximately 1400 products from 180 financial institutions. Our database is available on the Mozo website for both consumers and financial providers to access free of charge.

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 are held to avoid conflicts of interest arising between our research team and other areas of the business in the generation of our research reports.

Details of how we are paid are contained in our [Financial Services Guide](#).

Credit card product issuers can participate in the Mozo Experts Choice awards free of charge. Currently Mozo doesn't, but reserves the right to charge a licence fee to a credit card issuer to allow them to use the Mozo Experts Choice badges in their own marketing activities.

Financial providers that are awarded a Mozo Experts Choice Award may or may not choose to participate on the Mozo site in a way that may generate revenue for Mozo. Mozo Experts Choice awards are awarded irrespective of a financial provider's commercial relationship with Mozo.

DISCLAIMER:

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