



Media Release

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Changes to ANZ co-branded credit card programs

ANZ today announced changes to its co-branded credit card programs following significant increases in the costs of running the programs including the cost of providing rewards.

Effective 3 December 2002 for the Qantas ANZ Visa Card and 12 December 2002 for the Telstra Visa Card, the following changes to fees will be made:

- Qantas ANZ Visa Card – the Annual Fee will increase from \$27 to \$40 (\$67 to \$95 for Gold Cards) per account. The annual Rewards Program Fee will increase from \$33 per account to \$55 per card, and will now apply to each additional card on an account.
- Telstra Visa Card – the Annual Fee will increase from \$19 to \$26 per account; and the annual Rewards Program Fee will increase from \$11 to \$22 per account. Fee waivers based on annual spend will be removed following the cardholder's next anniversary date.

The fee increases reflect increased program costs including the cost of providing rewards and of undertaking the administration of the programs. The costs of both co-branded programs are primarily borne by ANZ.

The changes are not related to credit card scheme reforms announced recently by the Reserve Bank of Australia.

ANZ Managing Director Consumer Finance Mr Brian Hartzler said ANZ faced very difficult choices about fees and the cost of providing rewards.

"Our dilemma is that the cost of running reward programs has risen to the point where these programs are not sustainable in their current form. We were faced with a decision to either significantly change the programs or keep them operating in their current form and pass on some of the increased costs," he said.

"Given the popularity of the programs, and after customer research, we decided to pass on some of the costs through increased fees but to continue to provide the current level of rewards.

"We know this may be difficult for some customers so we are providing all customers with the option of moving, at no cost, to another ANZ credit card which has lower fees.

"We are acutely conscious of the concern about fees, however the Qantas ANZ Visa Card and Telstra Visa Card still represent good value for customers who want rewards. These changes are not retrospective and the rate at which cardholders earn points has not changed. And, with the largest network of Bonus Partners, the Qantas ANZ Visa Card is still one of the fastest ways to earn Qantas Frequent Flyer points," he said.

All Qantas ANZ Visa Card and Telstra Visa Card customers will receive a personal letter with details of the changes.

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Background Information

Qantas ANZ Visa Card and Telstra Visa Card Program Changes

All program costs are primarily borne by ANZ. These include:

- Cost of funding points
- Operational costs such as customer servicing departments and the customer call centre
- Marketing and printing production costs
- Product development costs
- Bonus partner promotions and newsletters
- Cost of crediting points to customers' Qantas Frequent Flyer account each month.

Implementation of Fee Increases

- The new fees apply from 3 December 2002 for the Qantas ANZ Visa Card and 12 December 2002 for the Telstra Visa Card. For existing account holders fee increases occur on the customer's next anniversary ie. the anniversary of the month in which they were first issued their card. For example, customers who paid their annual fee in November 2002 will not be charged the new fees until November 2003.
- The removal of the annual fee waiver for Telstra Visa Card customers spending more than \$2,400 each year on their card will occur on the customer's next anniversary date. This ensures the change is not retrospective with any value already accumulated by the customer toward the waiver fully maintained.

Reward Programs Provide Good Value

Qantas ANZ Visa Card

- Account holders earn 1 Qantas Frequent Flyer point per dollar spent on purchases in Australia, and 2 Points per Australian dollar on purchases overseas.
- Account holders earn bonus Qantas Frequent Flyer points on purchases at thousands of Bonus Partners outlets in Australia.
- The Qantas ANZ Visa Card is the only card program in Australia that earns Qantas Frequent Flyer points instead of other loyalty program reward points. So, the points earned are credited to a customer's Qantas Frequent Flyer account without having to be converted or redeemed.
- Qantas Frequent Flyer points never expire (provided the Qantas Frequent Flyer account is used at least once every 3 years).

Telstra Visa Card

- Account holders earn 1 Reward Point per dollar spent on purchases in Australia, and 2 Reward Points per Australian dollar on purchases overseas.
- Account holders earn up to 4 Reward Points on purchases at thousands of Bonus Partner outlets in Australia.
- Attractive rewards, with one of the largest range of redemption options, including merchandise, shopping vouchers, Mobil fuel vouchers and travel vouchers.
- From 12 December 2002, Telstra Visa Card customers can use Reward Points to pay for their total Annual Fee.