

Commonwealth Bank

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THE COMMONWEALTH BANK RESTRUCTURES CREDIT CARD OFFERING AHEAD OF PLATINUM LAUNCH

Sydney, Friday 20 February: As a result of the Reserve Bank of Australia's recent credit card reforms, the Commonwealth Bank will be making changes to its credit cards and award program.

The changes which encompass alterations to the Qantas Frequent Flyer point redemption rate and the introduction of points capping for Commonwealth Awards members will not come into effect for 4 months (From 1 July 2004).

The Bank is also launching one of the most affordable Platinum credit cards in Australia.

The Commonwealth Bank's Award program will now align membership in Commonwealth Awards to the credit card type. Customers with Standard cards will remain in Commonwealth Awards; Gold card holders will become members of Commonwealth Awards Gold and Platinum credit card holders will become members of Commonwealth Awards Platinum.

From 1 July 2004, Commonwealth Awards members will have points capped at 50,000 annually and if they choose to redeem Commonwealth Award points for Qantas Frequent Flyer points, they will need 2 Commonwealth Awards points for each Qantas Frequent Flyer point. Commonwealth Awards Gold members will now have points capped at 100,000 annually and will need to redeem 1.5 Commonwealth Awards points to receive 1 Qantas Frequent Flyer point. New Platinum cardholders will maintain a redemption rate of 1 Commonwealth Awards point for every Qantas Frequent Flyer point, with no capping on the amount of points accumulated. All other redemption alternatives are **not impacted** by the change.

Customers will continue to earn 1 Commonwealth Awards point for every dollar spent.

According to Rod Hyde, the Commonwealth Bank's General Manager, Consumer Financing & Relationship Marketing, the changes to the Commonwealth Awards program is in direct response to the Reserve Bank of Australia's recently introduced credit card reforms.

The new Qantas Frequent Flyer redemption rate will not be effective until July 1, 2004. Cardholders who choose to upgrade to either Gold or Platinum at any time will take the points they have already accrued to the next membership level. Many customers will be invited to upgrade to the new Platinum card where they can continue to redeem Commonwealth Award points for Qantas Frequent Flyer points at the current rate.

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The new Qantas Frequent Flyer redemption rate will affect only a small proportion of the cardholder base: less than 20% of current cardholders have ever redeemed their Commonwealth Awards points for Qantas Frequent Flyer points.

"Qantas Frequent Flyer points are relatively more expensive than other awards and, flowing on from the Reserve Bank of Australia's changes, we've taken this opportunity to make this differential clear to our customers. As the program currently stands, a small proportion of customers are enjoying a benefit which is being subsidised by the majority," Mr Hyde said.

There are now more travel options available in all Commonwealth Awards programs, with Flight Centre, Escape Travel, Student Flights and Travel Associates offering card holders a wider choice of holiday and travel redemption offerings. The availability of instant travel vouchers also means card holders will be able to redeem and use their points for travel within minutes. Customers making credit card purchases through these travel partners will receive 2 Commonwealth Awards points for each dollar spent.

Customer research has shown that in regards to travel partners, Flight Centre is regarded as a positive award option.

"Our Flight Centre offer provides access to some of Australia's most competitive airfares and other travel needs. With the option to top up travel vouchers with cash, travel using award points is more flexible and attainable than ever before." Mr Hyde said.

From 1 July 2004, the interest rate for credit card customers who enjoy the benefits of the Commonwealth Awards and Commonwealth Awards Gold programs will be increased by 1% pa. The Platinum credit card will launch with an interest rate of 18.15% pa.

"Combined with the launch of the Platinum credit card, the enhanced redemption and bonus partnerships and the continuation of up to 55 days interest free, we are able to continue to offer a substantial rewards program to meet the needs of our customers".

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For more information or to arrange an interview with a Commonwealth Bank representative, please contact:

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