

TV yourmoney

READ THIS BEFORE YOU 'TAKE OFF' WITH AN AIRLINE CO-BRANDED CREDIT CARD!

YOUR BANKING WATCH FREQUENT FLYERS HAVE A REASON TO SMILE. NO, IT'S NOT BECAUSE AIRFARES HAVE DROPPED FURTHER, BUT IT'S THANKS TO THE BEVY OF 'AIRLINE CO-BRANDED CARDS' THAT ISSUERS HAVE IN STORE FOR YOU. IS IT WORTH TAKING THIS CO-BRANDED CARD? LET'S FIND OUT...



A marketing professional in a multinational firm, Chetan Bagaria (name changed), usually lives out of his suitcase. Not only does he travel frequently for work, but the jetsetter that he is, never misses an opportunity to take his family to exotic locales for a holiday every now and then. As confessed by Chetan, his itinerary is incomplete without his 'airline co-branded card', which, according to him, is his most prized possession where his travel is concerned.

Why is Chetan so gung-ho about his co-branded card? Does it indeed offer unmatched benefits as against a regular card? Let's check in and

ascertain if these cards are really worth all the privileges that they boast of...

CO-BRANDED CARDS - OFF TO A 'FLYING' START!
Co-branded cards are the 'in thing' for everyone - credit card holders, card issuers as well as for co-branded companies. As a card holder, you get freebies, discounts and add-on services on your airline card while card issuers and the associated companies or the 'co-brands' also benefit with increased revenue and enhanced brand recognition. Thus, prima facie, it's a win-win deal for all the three parties concerned with the card.

YOUR 'TICKET' TO DISCOUNTS AND FREEBIES

Most of the major card issuers have tied up with one or more leading airlines for offering co-branded cards. For instance, ICICI Bank, AMEX, Standard Chartered Bank and Citibank have tied up with Kingfisher Airlines, Indian Airlines, Air Sahara and Jet Airways respectively for offering co-branded cards.

The Unique Selling Proposition (USP) of these cards is the discount offered on flight tickets booked through the card. The discounts range from 2.5 per cent to 25 per cent of the airfare. The quantum of discount given depends upon the card issuer and the co-brand, the class that you travel in - economy or business, and the scheme availed of by you, while purchasing the ticket, such as apex fares, etc.

Along with discounts, a bevy of add-on services such as travel insurance, excess baggage allowance, upgrade vouchers from economy to business class, access to airport lounges, etc. are also offered. (See: A look at what's on offer by some popular airline co-branded cards).

GET 'REWARDED' BY USING YOUR AIRLINE CARD

To encourage greater usage of these cards, issuers also offer reward schemes. Under this, reward points are given on the amount spent through the card. Once you gather sufficient points, you can re-

deem them for freebies, gift vouchers, free air tickets, etc. **THESE CARDS ARE HIGHLY 'CHARGED' UP!**

As compared to regular credit cards, a fine co-branded cards can prove to be very costly. You have to pay a high premium in terms of annual fees and/or joining fees. These vary from Rs 1,500 to Rs 6,000 depending upon the lender and type of card.

Further, the interest rates on these cards are the highest as compared to any other card. The rate ranges from a hefty 2 per cent to 5 per cent per month. Thus, delay in payments on such cards may prove to be extremely costly to you.

AIRLINE CO-BRANDED CARDS - BENEFICIAL ONLY TO FREQUENT FLYERS

In order to derive maximum benefits

airline with which your card is associated. For instance, you take a StanChart Air Sahara Card and pay Rs 3,000 as annual fees. You will gain monetary benefits from your card only once the discount earned by you crosses Rs 3,000 within a given year. For this, you will need to spend a minimum of Rs 60,000 on air travel annually, as the discount offered on airfare is 5 per cent. To top it, the discount is applicable only on the actual fare excluding the taxes, fuel surcharge and other statutory charges, if any.

IS THIS CARD SUITABLE FOR YOU?

Today, discounts and offers are available on various travel websites across most airlines and for all days round the year. So, it may not be prudent to buy such co-branded cards only for discounts alone.

Another shortcoming of such cards is that you have to be loyal to one airline to reap the full benefits of the card, which in turn means forgoing discounts offered by other airlines. Besides, your chosen airline may not operate on all routes that you desire to travel to.

THINK TWICE BEFORE YOU 'JET SET GO' ON THIS CARD!

Airline co-branded cards are primarily suitable for those who fly frequently and

to a common set of destinations and routes, such as business travelers, etc. And if you do avail of an airline co-branded card, ensure you settle your card dues on time in order to have a 'happy landing'!

● **Rahul Mantri**

A look at what's on offer by some popular airline co-branded cards

CO-BRANDED CARD	ANNUAL FEES (IN RS)	DISCOUNTS	ADD-ON BENEFITS	INTEREST RATE (IN PERCENT, PER MONTH)
AMEX IA Gold Card	5,900	15 per cent on economy and 25 per cent on business class fares.	<ul style="list-style-type: none"> 10 kg of extra baggage allowed. Free upgrades from economy to business class on card renewal. 	5
Jet Airways Citibank Card	2,000, additional 1,000 add-on card fee (if required)	2.5 - 3.5 per cent	<ul style="list-style-type: none"> Automatic membership to Jet Frequent Flyer Program. Air insurance of Rs 2 lakh plus an additional lost baggage cover. 	2.95
ICICI Bank Kingfisher Card	Nil	3.5 per cent	<ul style="list-style-type: none"> 5 Reward Points on every Rs 100 spent on the card which can be exchanged for various gift vouchers. 	2.95
StanChart Air Sahara Card	3,000, additional 3,000 add-on card fee (if required)	5 per cent	<ul style="list-style-type: none"> Access to Air Sahara business lounge. Priority check-in and excess baggage up to 30 kgs free. 	2.95

As on March 26, 2007. Source: Individual lenders. Note: Details are merely indicative. Please check with your lender for actual details.



>> As an airline co-branded card holder, you get discounts on airfares, reward points and various other freebies and offers such as excess baggage allowance, insurance, etc.

>> Compared to regular cards, these cards come with greater annual charges and interest costs.

>> In order to derive maximum benefits from these cards, you ought to be a regular traveler and moreover, with the same airline with which your card is associated.

from these cards, you ought to be a regular traveler and moreover, you need to undertake your travel with the same