

3 October 2019

By Email: loyaltyschemes@acc.gov.au

Dear ACCC,

Customer Loyalty Schemes – Draft Report

American Express Australia Limited (*American Express*) welcomes the opportunity to comment on the Customer Loyalty Schemes draft report.

American Express Australia is a card issuer, acquirer and a network operator in Australia. In its capacity as a card issuer, American Express Australia holds a Credit License and an Australian Financial Services License, and its conduct is subject to oversight by the Australian Securities & Investments Commission. Membership Rewards is a key feature of the cards that American Express issues, in addition to a range of other benefits such as insurance, concierge services, airport lounge access and travel vouchers.

We consider the American Express Membership Rewards Program a ‘best in class’ customer loyalty scheme. Membership Rewards has been a mainstay of the American Express value proposition for many years.

Response to Recommendations

Recommendation 1

American Express supports this recommendation. We regularly review our customer communications including terms and conditions to ensure our membership rewards constructs are clear, simple and easy to understand.

Aside from recent changes made on 15 April 2019, American Express has not made material changes to the overall redemption rate of the American Express Membership Rewards Program for over a decade. In relation to that recent change:

- American Express Card Members were notified 4 months in advance of the change through multiple communications channels; and
- During that notice period American Express ran a range of promotions allowing customers to transfer and redeem points at superior redemption rates to avoid negative impact to their points balance.

Whilst the draft report has identified instances of sharp practice and poor transparency by other schemes, we genuinely believe that American Express is a model of ‘best practice’ when it comes to customer communications and notice.

Recommendation 2

American Express is generally supportive of this recommendation. As the ACCC has rightly called out, the collection and use of consumer data raise important considerations beyond mere privacy and go to fundamental questions of fairness and value exchange.

We agree with the ACCC's assessment that the proposed prohibition on 'unfair trading practices' requires careful consideration and further consultation.

Recommendation 3

American Express supports this recommendation. Trust and transparency are critical to the American Express brand and we periodically review our privacy practices, policies and disclosures to ensure that customers are never surprised by how their data is being used.

American Express does not need to collect any additional data from Card Members to manage its loyalty scheme, given it already collects the data as part of its card account relationship with the customer.

American Express does not sell any personal information to third parties.

Recommendation 4

American Express supports greater transparency around data practices to help customers make better decisions in relation to their data. Any review of Australia's Privacy Laws however needs to be carefully considered and ensure an appropriate balance is struck between protecting consumers from actual harm whilst not curtailing innovation or development in the fields of data science and analytics.

We note that the ACCC has identified instances of unease on the part of consumers in relation to how their data has been processed by data holders, but the draft report does not appear to identify any instances of actual harm or detriment in relation to data processing by loyalty schemes. We think such unease can be addressed with improved transparency and education but would query the need for more substantive change in respect of loyalty schemes specifically.

American Express intends to submit further on these matters through the ACCC's Digital Platforms Inquiry.