

Store-Branded Gift Cards Charge Fewer Fees than Those Offered by Banks and Credit Card Companies

November 12, 2012 8:01 AM ET

NEW YORK, Nov. 12, 2012 /PRNewswire/ -- Store-branded gift cards charge fewer fees than the all-purpose versions issued by banks and credit card companies, according to new research released today by [Bankrate.com](http://www.bankrate.com) (NYSE: RATE). Of the 55 widely-held store-branded gift cards that Bankrate examined in its 2012 Gift Card Survey, only nine percent charge a purchase fee and only two percent charge a dormancy or maintenance fee.

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Bankrate surveyed eight prominent gift cards offered by banks and credit card companies and all of them charge a purchase fee ranging from \$2.95 to \$6.95. Seventy-five percent charge a dormancy or maintenance fee (up to \$3 per month) if the card is unused for 12 or more months.

"The key takeaway for consumers is that they're going to get the most value from store-branded gift cards," said Janna Herron, credit card analyst, Bankrate.com. "The benefit of general-purpose cards offered by banks and credit card companies is that they can be used anywhere, but because of the fees, you would be better off giving cash."

Banks and credit card companies are more likely to charge fees because they need to generate revenue for their gift card businesses. Retailers, in contrast, are less dependent on those fees since the money on the card will be used for goods and services at their stores.

Additional Findings

- Federal rules require gift cards to stay open for at least five years. Ninety-five percent of the cards that Bankrate surveyed do not have an expiration date.
- Six retailers that offered reloadable gift cards last year discontinued those offerings, while three others began offering reloadable gift cards this year. At present, 51% of the gift cards that Bankrate surveyed can be reloaded.
- Whereas electronic gift card (e-card) availability rose sharply from 2010 to 2011, the trend over the past year was essentially flat. Two retailers added e-cards and one discontinued its offering. In all, just over half of the issuers that Bankrate surveyed offer e-cards, about the same as last year.
- Two-thirds of gift card issuers will replace the card and/or funds in the event of loss or theft.

The full survey is available here: <http://www.bankrate.com/finance/credit-cards/compare-gift-cards.aspx>.

Methodology: Bankrate surveyed 63 widely-held gift cards from October 1-13, 2012.

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