



CIBC Is the New Costco Mastercard Partner: What Does This Mean for You?

Description

The cat is out of the bag: starting in 2022, CIBC will replace Capital One as Costco's new credit card partner.

Though few details around the partnership have been released, we know CIBC acquired Capital One's Canadian portfolio, taking on over \$3 billion in outstanding credit card balances.

It's an exciting partnership, especially as it could lead to CIBC improving the Costco Mastercard, which, trust me, could use some heavy renovations. Let's break down what we know and what we're hoping to see in 2022.

What do we know?

As of right now, CIBC and Costco have released little information about the new credit card. We do, however, know a few things.

Like the Capital One Costco hybrid, we know the CIBC card will function as your Costco membership card. We also know the CIBC will be a Mastercard and that it will earn rewards on everyday purchases.

We also know that your current Costco Mastercard will still work until January 2022. More importantly, any rewards that you earn on this card will be sent to you as a cash coupon early next year.

What can we expect?

Aside from these facts, Costco also hinted at some possible changes. Pierre Riel, Costco Canada's SVP Country Manager, wrote in a press release that the new credit card will give members "more ways to get the most out of their membership." He cited "leading digital capabilities," "robust features," and "stronger rewards."

I don't know about you, but my ears perked up at "stronger rewards." Perhaps my biggest criticism of

the Capital One Costco credit card is its rather unexciting rewards program. While, sure, you could earn 3% cashback on restaurant purchases and 2% on gas, the base rate was .5% (after you spend \$3,000, it bumps up to 1%). On top of that, the Capital One Costco Mastercard doesn't earn extra cashback for purchases at Costco (a *huge* miss in my opinion) and there's no welcome bonus for new cardholders.

My hope is that Costco will vamp up its rewards program with higher earn rates for Costco purchases, a hefty welcome bonus, and deals and promotions sent exclusively to CIBC Costco Mastercard holders.

Perks that (hopefully) carry over

Though, sure, the rewards program on the [Capital One Costco Mastercard](#) is a little flat, it does have some features that (fingers crossed) won't disappear under the new partnership.

First off, I'd like to see the slew of insurance carry over. Right now, your Capital One Costco Mastercard has a fairly comprehensive package of travel insurance, including travel accidents, baggage delays, rental car damage, and 24/7 travel assistance. It also has a hefty amount of shopping insurance, too, including price protection, extended warranty, and purchase protection. In addition to these features, I'd like to see the CIBC Costco Mastercard offer mobile phone insurance (replacement for your phone if it's damaged, lost, or stolen), as that's a key feature on many of Canada's top credit cards.

I also hope the new card will have no [annual fee](#) (like the Capital One Costco card) and that your cashback earnings have no cap. On the flip side, I'd be willing to pay an annual fee if the new CIBC Costco Mastercard has higher earning potential and possibly a rebate on my Costco membership.

The Costco curse: Will this last?

Perhaps the biggest question on my mind is — will we see another breakup in the years to come? Just to recap, we've already seen two partnerships end in the last decade. In 2014, Costco terminated a 15-year partnership with American Express, electing to partner with Capital One instead. Last year, after Capital One's card sales in Canada were declining, the two companies respectfully ended the relationship. And now we have CIBC.

I think there's hope. Either way, I don't doubt that the CIBC Costco Mastercard will be an improvement on the Capital One card, sealing its rank among [Canada's top credit cards](#).

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