



1 Simple Change That Will Make the CIBC Costco Mastercard Far Superior to All Those That Came Before

Description

So far, Costco has had a handful of credit card partnerships. First, they went with American Express, and when that ended they turned to Capital One. Now that Capital One is basically exiting Canada, Costco has decided to partner with a Canadian native: CIBC.

For one, I'm pretty excited about this partnership. It's no secret that CIBC has a slew of great travel and cash-back cards. And with their recent push to attract more Canadian consumers to the CIBC brand, they're certainly not going to miss an opportunity to give the Costco credit card a boost in value.

So what can CIBC do to make the CIBC Costco Mastercard far superior to all those that came before it? It's painfully obvious, but I have to state it anyway: The card needs a higher earn rate for Costco purchases.

Higher earn rate for Costco purchases

To me, this was always the biggest flaw. The Capital One Costco Mastercard has two special earn rates: one for restaurants and the other for gas. With the first, you'll earn 3% cash back on restaurant purchases. With the second, you'll earn 2% back on gas. Aside from those, you'll earn .5% on every other purchase, including Costco purchases (1% after you spend \$3,000).

To give you some perspective, that means you'll earn \$15 when you spend \$3,000 at Costco. After that, you'll earn 1%. With that base rate, you'd have to spend \$10,000 to earn \$100 in cashback. That's not very good, especially when many other rewards cards or cashback cards will give you a 2% earn rate.

At the very least, I'd like to see CIBC match the Costco Executive Gold Star Membership's earn rate of 2% on Costco purchases. To me, it doesn't even matter if they cap our earnings at \$1,000 (or \$50,000 spent). Just as long as they make this card more relevant to Costco purchases, I feel like the card would be far superior to any that have come before.

Don't get me wrong. The earn rates on the Capital One Costco Mastercard aren't bad, especially when you consider that the card has no annual fee. But I think Costco and CIBC could draw in far more cardholders if they make their new Mastercard more suitable to Costco warehouses.

Will CIBC Costco Mastercard do this?

It's certainly possible. At this point, we don't know what the new CIBC Costco Mastercard will look like. All we know is that CIBC wants to "enhance the rewards program" and "deliver more value to their members."

CIBC also suggested that they'd like to offer more value for purchases made at Costco, as well as online at Costco.ca. Does that mean we'll see a 2% earn rate on Costco rate? I have faith in CIBC. At the very least, they could give us a higher earn rate for *grocery* purchases made at Costco stores, along with some discounts for Costco's other services.

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