

What are co-branded credit cards and who should opt for them?

By: [Adhil Shetty](#) | Updated: October 28, 2018 8:52 AM

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Credit cards have made their way into our pockets not just because of the convenience they offer but also the benefits associated in terms of cashbacks, reward points and discounts. And the changing needs of consumers and the ever-evolving financial eco-system have seen new types of credit cards come

into the market. Typically, the average credit card user has access to two kinds of cards: the vanilla card and the co-branded card. While a regular credit card offers uniform benefits on every transaction, a co-branded credit card offers additional benefits at specific merchandises. For the ones with specific spending habits and brand preferences, co-branded credit cards are the right choice.

What are co-branded cards?

Co-branded credit cards are products jointly offered by banks/FIs and retail companies or merchandises and routed through credit card companies. For example, high flyer cards offered by airline companies and banks to give away discounts and extra reward points upon booking air tickets through these cards at associated businesses.

Repeated use of these cards attract discounts and upgrades. So, if you are a loyal customer of a store/brand, opt for co-branded cards.

Benefits of co-branded credit cards

Co-branded credit cards offer significant benefits upon repeated purchases through specific cards at associated merchandises or outlets. So, at a time when fuel prices are skyrocketing, if you have a co-branded card that gives you attractive reward points and discounts on fuel purchase, you can save a good deal of money in the long run.

You can redeem the reward points to purchase goods and services. These cards give you the option of making purchases through EMIs and to avail

benefits like lower interest rate, discount on processing fees etc.

Who should opt for a co-branded credit card?

If your purchases are not limited to one brand, co-branded credit cards may not have anything additional to offer compared to a regular credit card. On the other hand, if you are loyal to a specific brand, you get an edge over other customers through exclusive sale reviews, reward point multipliers and discounts. The reward point structure is built keeping in mind the interest of the business partner. These cards may come with a joining fee and annual charge. Therefore, you need to ensure that the benefits you draw from these cards outweigh the cost of owning it.

Things to keep in mind

Sometimes you may not be able to cover all your purchases using a single credit card. In such cases, you may need to apply for multiple co-branded cards to increase the span of benefits.

However, you need to be careful with your usage when you hold multiple cards. You don't want to end up overspending just because there are offers available on the cards and repeated use will fetch you reward points. Brand loyalty should not lead to undue spending. Do read the fine print before you take a card to be well-versed with the terms and conditions.

(The writer is CEO, BankBazaar.com)

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