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Stuff that matters to Wayne

Why Visa Points and Visa Dollars are Worthless

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I just wanted to write a quick post about my experience with my Coast Capital Savings Visa Desjardins and the 'visa bonus dollars' program they have. First, as an FYI, if you do not pay \$30/year annual fee you get .05% of purchases converted into bonus dollars instead of the whopping 1%... For the longest time we couldn't figure out why my card always got more points than my wife and finally one year we figured out they snuck in an annual fee. Of course, I'm sure it was legal and something I agreed to in haste at some point when I started the bad deal but the actual annual fee was really hard to see for me on the physical statement. So, I cancelled that right away after discovering it and now I'm back to an even more useless visa dollar program. But that's fine. Because the whole concept of 'points' on a visa card is useless on many fronts. In short, the customer pays for their points out of their pocket and here is why:

- Visa charges the business (aka the 'merchant') that takes the card merchant fees.
- Visa gives the incentive to the customer, so the customer starts using their card more and more
- The more points the customer redeems, the more it costs Visa, and because Visa would never actually give anything for free because they are in the business of sucking your will to live, they simply raise the fees the merchant has to pay.
- The merchant says 'oh crap. I'm losing money on this visa scam. I better raise my prices' And so they do. and who pays for those service/product price increases?
- The customer pays for the service/product price increases. Yes, the very same customer who just got their shiny, new, overpriced toaster for 'free'.

So it's not free. But it's even better because I was doing some further thinking. In the case of my Visa Desjardins card, I got a little catalogue sent to me once per year showing me all the shiny new things I could get for free if I just bought more and used my visa more and made my life more trackable and less private and more susceptible to fraud and theft. While I was flipping through the pages I finally found one thing I actually needed (kind of) - a bluetooth mini speaker that we could use as a flexible sound system. Cool device. Just before buying it I did a quick search online to find that on most websites it was selling at \$199 but in this catalogue it was \$225. So, I grab my calculator to figure it out since I suck at math and figure out that's 12.5% more than any regular listed retail price from anywhere... what a great deal so far! So I 'buy' it because what else would I do with these dollars? I can't take them and buy a meal for my family after all.... Amazing service. That little gaffer showed up at my door about 5 seconds after I clicked submit. Slight exaggeration but it was fast. Then I started thinking about how there must be this little 'store' sitting somewhere that fires out the orders and that's when I started thinking about how they probably buy 10,000 of each product and get pricing SUPER low. This is a full-blown racket. And then, to finalize this bad deal, I was looking at my statement today and there was a transaction for \$1.00 from something called 'Rideau Inc' in Montreal. Because it was only \$1.00 I, like most people, considered strongly not even calling to figure out what the heck this transaction was for. I put on some tunes and got on hold for 25 minutes to find out that that \$1.00 fee was actually a charge for buying something with my 'bonus dollars'. Some company out of Montreal takes a shiny looney every time some fool redeems his worthless hello kitty dollars. So I cancelled the deal and decided I'm

going to make a concerted effort to use my visa even less in 2015. And invest the \$30 into an RESP or TFSA for my kids....

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