Consultation on Gift Card Expiry Dates
finder.com.au

TO: Consumer Policy Unit The Treasury Langton Crescent PARKES ACT 2600

Thank you for the opportunity to provide a submission on the Consultation Paper on Gift Card Expiry Dates.

finder.com.au ("Finder", "we"), as Australia's most visited comparison site[1], commends the Government and Treasury for seeking feedback on the proposed regulations. Finder is a digital service that compares 50+ product categories, including credit cards, home loans, savings and transaction accounts, personal loans and travel money.

Based on our research into Australian consumer behaviour, there are a range of matters that should be considered in refining the regulation of these products. In particular, we submit that:

- While mandating minimum a three year expiry dates for gift cards is a pragmatic response to a lack of consistency, finder suggests that **gift cards**, which are predominantly used by consumers as an alternative to cash, **should not expire**.
- In the alternative, providers of gift cards to display expiry dates on the cards **AND** confirm the expiry date and relevant restrictions in writing before the issue of the card. Further, issuers should be required to document and confirm consumers' understanding of these elements.
- All post-purchase fees on gift cards (other than fees associated with settling individual purchases using gift cards) should be prohibited.

In our experience, consumers regard gift cards in a fundamentally different fashion to the way the providers of these services view them. Instead of a restricted and time-limited form of store credit, they are more commonly perceived as a transferable and more secure alternative to cash or credit and one that infers a measure of effort on behalf of the purchaser.

In our opinion, Gift Cards could more properly be considered a financial product (non-cash payment) that requires a level of regulation that provides more consumer protection — particularly since the purchase of these instruments can involve an application or purchase fee.

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[1] Experian Hitwise since 2015

Balancing security and convenience

Our 2017 survey of 2,005 Australians confirmed that while consumers value convenience and choice, the utility of gift cards is compromised by their expiry dates. Our 2017 survey found that Australians waste $70 million per year in unredeemed gift cards. Further, 14% of respondents— equivalent to 2.6 million Australian adults— have let funds expire in the past two years.

On average, Australians have left $54 on expired gift cards and older consumers have, on average, lost more than younger consumers[2].

In our view, there is no compelling reason why gift cards — sometimes purchased by consumers at an additional cost — should expire at all. While it benefits the issuers, expiration dates and a lack of clarity about the terms and conditions of the cards, financially disadvantage those who purchase or receive these cards.

While we acknowledge that issuers wish to manage their liabilities, the way in which they do so unfairly addresses consumers' interests.

We therefore recommend the development of more consumer focused regulations, and urge the Government to:
● Remove expiry dates on gift cards;
● Mandate formal disclosure at point of sale;
● Prohibit post-purchase fees; and
● Address the treatment of small balances.

The need for increased consumer protection

We submit that regulatory reforms are necessary to better protect consumers' rights and better reflect the role and function of Gift Cards. We recognise that issuers have compelling commercial reasons to maintain the status quo but submit that consumers' rights should be given more priority in the proposed regulatory review.

Regards,

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[2] Finder.com.au's 2017 survey of 2005 consumers listed unused card value by age group and found that Baby Boomers, on average, wasted $64.28, GenX $57.47 and Gen Y wasted $44.00.