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How 'Platinum' And 'Gold' Credit Cards Lost Their Shine



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I write about credit cards.

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Your "platinum" or

“gold” credit card should live up to its name. But these days, it might not.

Cards named for precious metals once offered superior benefits and were exclusive to high-income cardholders. But with the exception of offerings from American Express — which first introduced the color-coded system — today’s [best credit cards](#) don’t include any gold- or platinum-labeled cards. In fact, nowadays you’ll see metallic cards more frequently pitched to people with bad credit than to those with good credit scores.

Platinum and gold cards are “really legacy products,” says David Robertson, publisher of the Nilson Report, a leading publication



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about the credit card industry. “They’re kind of like mass-market restaurants that have been around forever. ... In contemporary times, there’s no sizzle associated with it.”

If you want to find out whether a credit card is really a good deal for you today, look at its rewards structures and interest rates — not its hue.

In the past, platinum dazzled

The color-coded card system was first devised by American Express, according to “The History of Money,” by Jack Weatherford, former professor of anthropology at Macalester College in Minnesota. AmEx introduced its Gold Card in 1966 for “big-spending members.” In 1985, the company came out with its Platinum

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Card, an even more exclusive product. The “plain” product was green — the color of cash.

“The credit card system of platinum, gold and plain corresponded to the upper, middle and working classes in the stratification of debt in America,” Weatherford writes.



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By the mid-1990s, gold and platinum credit cards were no longer unique to AmEx. MasterCard and Visa credit cards also began to use the terms as a sign of exclusivity. In 1998,

each of the eight largest banks in the U.S. issued a “gold” credit card, and three of the eight issued a “platinum” card, according to a study from the [Federal Reserve Bank of Kansas City](#).

These “exclusive” deals quickly became not-so-exclusive. In a frenzy to clinch market share, some major issuers sent out preapproved platinum and gold credit card offers to massive mailing lists. By the first quarter of 2002, almost a third of households held platinum credit cards, economists David S. Evans and Richard Schmalensee write in their book “Paying with Plastic.”

“Gold and platinum became so ubiquitous as to be meaningless — and therefore, lost

certainly any cachet they might have originally had,” says Robertson, the Nilson Report publisher. “Beyond that, they really lost any efficacy as a marketing tool.

Why the shine wore off

Banks used to differentiate platinum and gold cards from classic cards in three key ways. Historically, platinum and gold cards promised:

- Higher credit limits.
- Lower APRs.
- Benefits, such as extended warranties and various kinds of travel insurance.



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But in time, these distinctions faded, and platinum and gold cards became less exceptional. Here’s what happened:

Promises of high limits

disappeared. One credit card issuer [made headlines](#) in 1996 after announcing that its platinum card would offer credit limits up to \$100,000. But while many people may have received direct mail offers saying they had been preapproved for six-digit limits, few actually received them. By 2001, the average credit limit on platinum cards was only \$9,728, according to economists Evans and Schmalensee.

These days, if you want to apply for a card that promises a high limit, you'll have a heck of a time finding one. Because of newer federal regulations and tighter underwriting standards, credit card companies generally won't tell you how high your

credit limit might be before you apply. You still have the option of [requesting a credit limit increase](#) from your issuer, though, regardless of what color your card is.

Zero percent APR periods got easier to find.

Many platinum and gold cards touted low ongoing APRs in the late '90s, and later, 0% introductory APR periods. But other cards began offering the same features. A credit card survey from 2005 by the [Woodstock Institute](#), a nonprofit research and policy organization, shows that many classic cards came with 0% APR periods, just like their gilded counterparts. In fact, the highest ongoing APR rate surveyed in that report — 20.25% — was found on a platinum card,

not a classic card.

As low-interest cards became more common, platinum and gold cards struggled to compete. In fact, you can easily find platinum and gold cards these days with APRs north of 20% and no 0% APR period at all.

“Add-on” benefits became the norm.

Visa and MasterCard require banks that issue gold and platinum cards to offer certain minimum benefits, Robertson says. Those include perks such as different types of travel insurance, extended warranties and emergency assistance. Decades ago, these ancillary benefits used to add perceived value to cards. Not anymore.

These perks are now far easier to find, as the [Visa Signature](#)

and MasterCard World and World Elite programs have grown in popularity. Still, many cardholders don't know such benefits exist or don't use them. Meanwhile, the Visa and MasterCard platinum and gold programs still exist, but aren't marketed, Robertson says.

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