

JPMorgan Pressures AmEx With Richer-Reward Business Card

Hugh Son Jennifer Surane

Hugh_Son jennysurane

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JPMorgan Chase & Co. is continuing its push to snag wealthier credit-card users and gain market share by introducing a top-tier small-business card with richer rewards than products from rivals.

Called Chase Ink Business Preferred, the card offers users an 80,000-point signing bonus when it rolls out later this year, according to Pam Codispoti, president of branded cards for the New York-based bank. Business owners earn 3 points a dollar for the first \$150,000 spent on travel, telecommunications, shipping and advertising on social-media and search engines. Purchases after that limit or in other categories earn 1 point per dollar.

“The credit-card space is incredibly competitive, and we want to be aggressive in investing in the best products,” Codispoti said in a telephone interview. “Customers tell us the way they’re marketing their products and services is changing -- they’re spending more on things like Facebook paid search. To have the opportunity to earn triple points on that is important to them.”

Banks have turned to fee-rich credit cards as stubbornly low interest rates crimp profits elsewhere. The frenzied competition has forced them to boost spending on incentives, debut rewards-heavy products and bolster existing offerings. In August, JPMorgan made waves when its new **Sapphire Reserve** card became available with a 100,000-point signing bonus. The escalating card wars have become costly -- American Express Co. lost its largest co-brand relationship with Costco Wholesale Corp. to Citigroup Inc. after it couldn’t come to an agreement with the retailer on fees.

[Credit-Card Rewards War Crimps Bank Profits as Eyes Turn to AmEx](#)

American Express, which is scheduled to report third-quarter results after markets close Wednesday, calls itself the top credit-card issuer for U.S. small businesses, according to a [presentation](#) in March. The New York-based company doesn't disclose total purchase volume for the category. Small businesses spend about \$61.6 billion a year on JPMorgan's cards, \$28.4 billion on Bank of America Corp.'s and \$28.2 billion on Capital One Financial Corp.'s, according to a June 2015 edition of the Nilson Report.

The Chase Ink Business Preferred card's signing bonus kicks in after users spend \$5,000 within the first three months, said Codispoti, who spent almost 12 years at American Express before joining JPMorgan in 2014. The \$95 annual fee is waived for the first year if the account is opened at a branch. Users can pool rewards points with JPMorgan's other cards, she said.

Potential Rewards

The new card's \$150,000 limit for triple points means higher potential rewards than JPMorgan's existing small business cards, Ink Plus and Ink Cash, as well as competitor offerings including the AmEx Business Gold Rewards [charge card](#). That comes with a 25,000 point signing bonus and triple points in one of five categories on the first \$100,000 in purchases.

American Express has slumped 14 percent this year, the second-worst performance in the Dow Jones Industrial Average, after competitors bid away some of its biggest partnerships with retailers, airlines and other companies. Chief Executive Officer Kenneth Chenault, who's been shaking up management and reshaping divisions, vowed to trim \$1 billion in expenses by the end of 2017.

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Felicia Mowll, an AmEx spokeswoman, declined to comment on the competitive landscape for small-business credit cards beyond the company's Oct. 5 statement announcing expanded rewards for its business Platinum card, with a \$450 annual fee. Cardholders now earn 1.5 points per dollar on business purchases of at least \$5,000 and get 50 percent of their points back on first- and business-class airline tickets booked through American Express Travel Services.

During a conference call last week, an analyst asked JPMorgan Chief Financial Officer Marianne Lake how much more share the bank wanted to grab. It already has about one-fifth of credit-card volume, according to Betsy Graseck, a Morgan Stanley analyst.

“It’s a very competitive business and it’s very profitable,” Lake responded. “All other things being equal, we would like to continue to gain share.”

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