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UPDATE 1-JPMorgan follows competition with richer cash-back credit card

(Adds details of competition)

Feb 29 JPMorgan Chase & Co will offer a richer cash-back credit card in April to better compete against products from Capital One Financial Corp and Citigroup Inc.

The new "Freedom Unlimited" card will pay back 1.5 percent on all purchases, a higher standard rate than its current Freedom card, Pamela Codispoti, president of Chase Consumer Branded Cards, said in an interview.

The new card is the latest salvo in credit card wars that have escalated in recent years due to new regulations imposed on other bank businesses after the financial crisis.

Capital One's Quicksilver card is currently the best cash-back card for customers with limited, fair or good credit scores, according to cardhub.com. It pays back 1.5 percent. Citi's Double Cash Card, which pays 2 percent, is rated best for people with excellent credit.

JPMorgan CEO Jamie Dimon said at the company's annual investor day conference last week that Chase would "have a new card coming out that would compete better with (Capital One's) cash-back product."

Citi's 2 percent rate, introduced in September 2014, is at the limit of profitability because banks often collect less than that amount from merchants who accept the cards, industry experts have said.

Last year, Citi raised the stakes for co-branded cards with retailers and travel companies when it took the Costco Wholesale Corp business from American Express Co. Since then, JPMorgan has agreed to give up some \$900 million in annual revenue to renew some co-brand deals.

Chase is the biggest issuer of general purpose credit cards in the United States, according to the Nilson Report. It also operates the biggest wholly-owned business handling payments to merchants for their card transactions.

JPMorgan's card operations earned \$3.9 billion in 2015, accounting for 16 percent of total net income.

The credit card business is attractive for banks because it does not face the same fee

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restrictions as debit cards under post-crisis regulations. And, it requires less capital than trading businesses.

Codispoti said the Freedom Unlimited card will available as an alternative, or a companion, to Chase's current Freedom card, whose standard cash-back rate is back 1 percent. It also offers quarterly specials of 5 percent back on changing categories of spending, such as groceries or gasoline, up to \$1,500.

"I don't think we were late, per se," with the simpler, richer cash-back card, she said. Different customers like different offers and some like the current Freedom card, she said. (Reporting by David Henry; Editing by Lisa Shumaker)

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