

BUSINESS DAY

Uber and Barclays Team Up to Compete in U.S. Card Rewards War

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(Reuters) - Uber Technologies Inc and a unit of Barclays plc are teaming up to offer a rewards-enriched credit card in the United States through the ride-service company's mobile phone app.

Uber and bank officials said on Wednesday the card will be free and offer a \$100 starting bonus, plus an annual \$50 credit on digital subscription services, such as Netflix. It would also offer cash back on spending, including 4 percent for dining, 3 percent for airfare and 2 percent for Uber rides and many other online transactions.

Curt Hess, chief executive officer of Barclaycard US, said the Uber card spending rewards were set high to attract customers and encourage them to favor it ahead of other cards that they may have.

"Given that it is no-fee, it has some of the best reward points out there," said Hess.

Barclays' Uber offer is another gambit in the post-financial crisis bidding between credit card issuers for customers who will bring in transaction fees from merchants and pay to borrow at interest rates upwards of 15 percent.

Citigroup Inc, for example, has attracted customers with its no-fee Double Cash card which pays 2 percent back on all purchases. And, JPMorgan Chase & Co has challenged American Express Co for people willing to lay out annual fees of \$450 or more in exchange for rich rewards and travel perks.

With the Uber deal, Barclays gets to pitch directly to potential new card customers using the ride service app.

Hess said he expected the offers to be more effective than sending promotions through the mail and asking people to fill out applications with basic information that they have already put into the Uber app.

Uber will not offset Barclays' costs to attract customers, Hess said.

Barclays is the ninth biggest card issuer in the United States by spending volume and outstanding balances, according to The Nilson Report.

The card is first under the Uber name. It comes out on Nov. 2.

Judy Zhu, an Uber business development executive, said the card was a way to encourage customers to use Uber for more than rides.

"We are really starting to think about how to connect Uber to the things you are doing before and after riding," Zhu said.

(Reporting by David Henry in New York)