

## Barclaycard launches 'green' credit card

### News Story

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Barclaycard today launched its long-awaited 'green' credit card to mixed reactions from financial experts.

Barclaycard has promised to donate half of the profits from the new Breathe card to efforts to reverse climate change.

Today's launch follows a series of high-profile environmental initiatives by financial institutions aimed at boosting their green credentials.

Many of these initiatives have been greeted with scepticism by critics who accuse the banks of jumping on the climate change bandwagon to get more publicity.

Barclaycard's new card, which has a standard interest rate of 14.9%. offers a number of incentives to encourage greener spending. Cardholders will pay an interest rate of 5.9% on purchases of rail and bus tickets, and get discounts on home insulation, green energy and holidays in the UK.

Barclaycard has promised to donate 50% of its profits from Breathe to PURE, a UK charity that invests in low energy projects. In the first year, it has pledged that donations will total at least £1m.

However, Michelle Slade, an analyst at the financial website Moneyfacts.co.uk., questioned the idea of linking donations with profits, pointing out that cardholders who pay their balance on time will not be contributing to carbon reduction programmes.

"By paying no interest, these customers will be loss makers for Barclaycard, especially when you take into account the operational and administration costs of running a card," she said.

She said customers who paid interest each month on their accounts would end up contributing more to green projects but "only at the cost of hurting their own pockets".

"You could argue that it would be better to grab yourself the best deal, save money on interest and use this cost saving to donate to your own chosen cause," she said.

Elsewhere the launch received a positive reaction, with the price comparison Moneysupermarket.com calling Breathe "the most generous card in this category by some distance".

Sean Gardner, chief executive of website MoneyExpert.com, said the card was "a genuine breath of fresh air in the credit card market".

"There is some form of carrot instead of the stick which is too often used when it comes to trying to persuade people to change their behaviour on climate change," he said.

Other green ethical credit cards include American Express Red, which is supported by the pop star and activist Bono and contributes to the Global Fund to help fight Aids in Africa, as well as a range of credit cards from the Co-operative Bank that donate money to charities of the cardholder's choice, including Greenpeace and Oxfam.

HSBC has launched a 'green' option on its current account today which will see customers opt out of receiving monthly statements, cheque books, letters or other paper mail relating to their accounts.

A £5 donation will be given to conservation and climate change charities for every customer who chooses the green option before August 26, and consumers will be able to access a range of savings on environmentally friendly goods and services.