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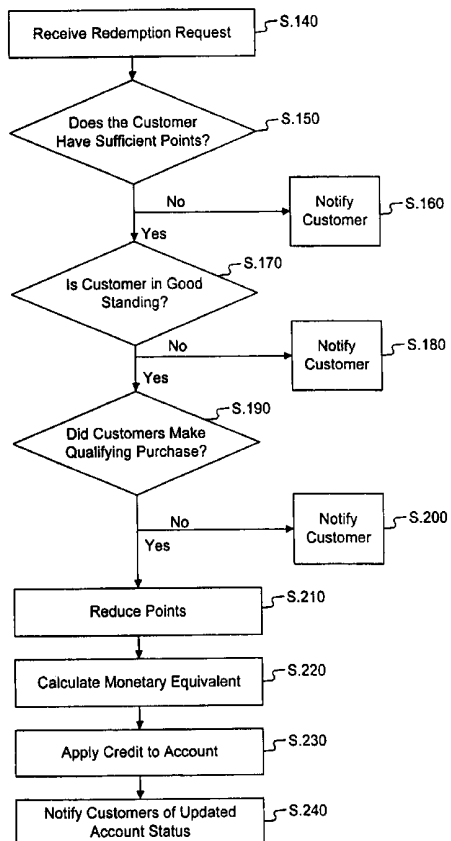
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- (71) Applicant: **CAPITAL ONE FINANCIAL CORPORATION** [US/US]; 11013 W. Broad Street, Glen Allen, VA 23060 (US).
- (72) Inventors: **SOLOMON, Marc**; 2130 P Street, N.W. #910, Washington, DC 20037 (US). **WINTERS, Kanti**; 5000 New Hampshire Avenue, N.W. #206, Washington,
- (74) Agents: **GARRETT, Arthur, S.** et al.; Finnegan, Henderson, Farabow, Garrett & Dunner, L.L.P., 1300 I Street, N.W., Washington, DC 20005-3315 (US).
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(54) Title: SYSTEM AND METHOD FOR ISSUING AND REDEEMING CREDIT CARD REWARD POINTS



(57) Abstract: A system and method is provided for providing reward points for a credit card product. The reward points are issued to a cardholder's account for each credit card transaction. The cardholder may accrue the awarded points and redeem them (S.140), to be applied as a credit against the purchase of predefined or predetermined types of goods or services (S.190) also made using the credit card product. The points are applied in the form of a monetary credit applied to the balance owing on the cardholder's account according to a predetermined formula (S.220). After processing the redemption request from the customer, the number of points is adjusted (S.210) and the billing statement provided to the cardholder (S.240) reflects the monetary credit against the balance (S.230).



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SYSTEM AND METHOD FOR ISSUING AND REDEEMING CREDIT CARD REWARD POINTS

BACKGROUND OF THE INVENTION

I. Field of the Invention

5 The present invention relates generally to credit card products. More particularly, the present invention relates to systems and methods for issuing and redeeming reward points for a credit card product, wherein accumulated reward points may be redeemed to facilitate the purchase of certain qualifying products or services.

II. Background and Material Information

10 Credit card products are so ubiquitous that they have fundamentally changed how financial transactions and dealings are conducted. Credit card products are most commonly represented by thin plastic card-like members that are offered and provided to customers through credit card issuers (such as banks and other financial institutions). With a credit card, a customer or authorized cardholder is capable of purchasing services
15 and/or merchandise without an immediate, direct exchange of cash. With each purchase, the cardholder incurs debt which the cardholder pays (in full or in part) upon receipt of a balance statement. The terms of a credit card, such as the credit limit, annual fees, interest rates and finance charges, are established by the issuer of the card.

20 The public has embraced credit cards, and as a result, credit card issuers compete to boost their revenue by motivating card holders to choose one issuer's card above the others and to encourage the exclusive use of that card for purchasing. Such incentives have taken many forms. For example, there are cards which are free from annual member fees, cards that have low interest rates, either for an introductory period or long-term, and cards which carry a very high line of credit. Other cards permit customers to accumulate
25 points, based on the aggregate purchases made, and redeem some or all of the accumulated points to obtain a rebate, or in exchange for items selected from a catalog, or apply them as a credit for the acquisition of other goods, such as a particular brand of automobile, or services, for example, airline tickets. Many programs are currently being

marketed, with the result being that customers are frequently confused about the benefits of a specific card over the plethora of cards that are currently available.

In view of the foregoing, there is a need to provide a system that encourages customers to use a specific credit card for reasons that are readily apparent to the cardholder. There is also a need for a process that allows the cardholder to obtain tangible advantages from using a card. Therefore, in accordance with an aspect of the invention, there is provided a credit card reward and redemption system and method that permits a cardholder to accumulate reward points for all purchases and selected other types of transactions made using such a card. As contrasted with previous methods, the cardholder exercises significant control over the redemption process by permitting the cardholder to have complete freedom to select any merchant from which to purchase any goods or services, as long as they fall within the definition of qualifying items, and so long as the purchase of those items is made on the same credit card account. Earned reward points may be redeemed and applied as a credit on the credit card account for such purchased qualifying goods or services (up to the purchase price of the goods or services).

SUMMARY OF THE INVENTION

Systems and methods consistent with the principles of the present invention address the needs and drawbacks of past attempts by enabling a cardholder to accumulate credits or points arising from the use of a specific credit card and redeem such points in a greatly enhanced manner. Further, systems and methods consistent with the principles of the present invention provide an increased response level by providing a credit card product with a reward points feature that allows customers to redeem points in a more flexible manner that is not constrained by a limited catalog of goods or services or by a specific merchant. Thus, the present invention offers a wider selection of goods and services than is present in past attempts.

More specifically, systems and methods consistent with the invention provide reward points for a credit card transactions, wherein the reward points are credited to a cardholder's account for each period or billing cycle during which the cardholder makes a credit card transaction. After reward points have been accumulated, the cardholder may use the earned points to obtain a credit on their credit card account for a qualifying

product or service previously purchased. For example, the cardholder may redeem his or her points for one or more qualifying purchases made using that same credit card, the redemption being in the form of an account credit.

5 According to an aspect of the invention, a method for providing a credit card account with reward points includes posting the dollar amount of all of the purchases made by the cardholder. As purchases are posted, a number of reward points are earned by the cardholder according to a fixed ratio. For example, each dollar in purchases made and posted may earn one point. Reward points may also be earned when the cardholder transfers balances from another credit card account to the reward account.

10 The cardholder may also use the credit card to make purchases of specific qualifying goods or services. The specific items eligible for an account credit are predefined or predetermined by the card issuer. Once points have been accumulated and a qualifying purchase has posted to the account, the cardholder may then request that the accumulated reward points be redeemed, in whole or in part, by applying the points
15 against the purchase amount of the qualifying item.

According to another aspect of the invention, a computer program product for providing a credit card account with reward points includes program code for determining the aggregate amount of purchases posted to a credit card account and issuing a predetermined number of reward points to the credit card account based on the aggregate
20 amount of qualifying transactions.

According to yet another aspect of the invention, a system for providing a reward credit card product includes means for issuing reward points to an account associated with the credit card product and means for redeeming a portion of the reward points to be applied as a credit against qualifying goods or services also purchased by using the
25 same card. The means for issuing reward points may further comprise means for crediting the account with a predetermined amount of reward points for purchases made and posted to the account during a billing cycle. The means for issuing reward points may also comprise means for crediting the account with a predetermined amount of reward points for other types of credit card transactions charged to the account during the
30 billing cycle.

According to yet another aspect of the invention, a method for providing a credit card account with reward points includes determining whether reward points have been earned, which points may be applied against qualifying purchases also made on the account to reduce the outstanding balance of the credit card account. When any purchase is made and posted to the credit card account, a predetermined number of reward points is issued to the account when the account cycles. After receiving a request to redeem all, or a portion of, the earned reward points, it is determined, for each request received, whether the credit card account also contains purchases of qualifying goods or services. When a redemption request is received, and it is determined that the account contains reward points and one or more purchases of qualifying items, the balance on the account is reduced by crediting the reward points, in a predetermined ratio, against the prices of the qualifying items purchased.

It is to be understood that both the foregoing general description and the following detailed description are exemplary and explanatory only and are not restrictive of the invention, as claimed. Further features and/or variations may be provided in addition to those set forth herein. For example, the present invention may be directed to various combinations and subcombinations of the disclosed features and/or combinations and subcombinations of several further features disclosed below in the detailed description.

BRIEF DESCRIPTION OF THE DRAWINGS

The accompanying drawings, which are incorporated in and constitute a part of this specification, illustrate various embodiments and aspects of the present invention and, together with the description, explain the principles of the invention.

In the drawings:

FIG. 1 illustrates an exemplary system environment in which the features of the present invention may be implemented;

FIG. 2 is an exemplary flowchart of a process for tracking and issuing reward points for a credit card product, consistent with the principles of the present invention; and

FIG. 3 is an exemplary flowchart of a process for redeeming the reward points of a credit card product, in accordance with further principles of the invention.

DETAILED DESCRIPTION

Systems and methods consistent with the present invention provide reward points for a credit card product of a cardholder who may desire to use a card which provides the ability to earn reward points with use of the card and to exchange accumulated points for specified classes or categories of goods or services purchased, thereby acquiring such items at little or no cost. According to the principles of the invention, reward points are issued to the credit card for each purchase made utilizing the card and posted by the card issuer during a billing cycle. Reward points may also be issued for certain qualifying transactions performed by the cardholder during the billing cycle. The exact amount of reward points issued for each card purchase and/or transaction may vary according to the type of credit card product and the incentives that the credit card issuer wishes to provide. For example, for credit card products issued to preferred customers, the amount of reward points may be set at a higher level than for other classes of customers. Similarly, since specific classes or categories of goods or services are contemplated for redemption, the reward points issued may be correlated to the classes of items to be redeemed. For example, it may be desirable to issue cards which earn reward points that may be redeemed for computer-related goods. Thus, for these types of products, reward points may be earned at a rate of, for example, one (1) point for each dollar spent and posted. For other items, such as airline travel, cards may be issued in which the exchange rate may be higher or lower, say, for example, five (5) points to the dollar.

After the cardholder has accumulated reward points, the cardholder may request to redeem the points to thereby credit qualifying purchases also made with the same card. For example, the cardholder may choose to apply the accumulated reward points to one or more items which have also been purchased using the same card, and which fall within the classes of goods or services authorized by the card issuer. The reward points may be redeemed by filling out a coupon, sending a request via facsimile or regular mail, calling a customer service representative or an automated voice response unit, or completing an electronic form via an electronic link or on the Internet. For many customers, a credit card with reward points enables the cardholder to acquire qualifying items at little or no cost within a short time period (e.g., a few months). As a result, with the features of the present invention, a credit card issuer is capable of attracting a greater number of

customers for a reward credit card product, including individuals who have not responded to credit card products marketed without any reward, or with reward programs that are limited in scope or impractical for many individuals.

5 The above-noted features and other aspects and principles of the present invention may be implemented in various system or network environments to provide automated, computational tools to facilitate data collection and maintenance of customer accounts. Such environments and applications may be specially constructed for performing the various processes and operations of the invention, or they may include a general-purpose computer or computing platform selectively activated or reconfigured by program code
10 to provide the necessary functionality. The processes disclosed herein are not inherently related to any particular computer or other apparatus, and may be implemented by a suitable combination of hardware, software, and/or firmware. For example, various general-purpose machines may be used with programs written in accordance with teachings of the invention, or it may be more convenient to construct a specialized
15 apparatus or system to perform the required methods and techniques. The present invention also relates to computer readable media that include program instruction or program code for performing various computer-implemented operations based on the methods and processes of the invention. The media and program instructions may be those specially designed and constructed for the purposes of the invention, or they may
20 be of the kind well-known and available to those having skill in the computer software arts. Examples of program instructions include both machine code, such as produced by compiler, and files containing a high level code that can be executed by the computer using an interpreter.

25 By way of a non-limiting example, FIG. 1 illustrates a system environment 50 in which the features and principles of the present invention may be implemented. In FIG. 1 and FIGS. 2-3 (discussed in greater detail below), a cardholder and a cardholder's account for a credit card are generally referred to as a "customer" and a "customer's account." These designations are used solely for purposes of illustration and should not be interpreted as any form of limitation. Further, while the various components of the
30 system environment 50 in FIG. 1 are preferably owned and/or operated by a credit card

issuer, these components of course can be owned and/or operated by any number of entities for the benefit of the credit card issuer and cardholders.

As illustrated in the block diagram of FIG. 1, the system environment 50 preferably includes a rule system 100, a mediation system 200, a customer transaction system 300, a resource management and customer service system 500 and a communications network 400. Mediation system 200 may be provided to mediate between rule system 100 and customer transaction system 300 and to facilitate modification of a customer's account. Preferably, requests by customers to redeem their earned reward points are received by resource management and customer service system 500 and transferred to rule system 100.

Rule system 100 is adapted to provide and implement the rules for managing the reward points associated with a customer's account. That is, rule system 100 increases and decreases the reward points associated with a customer's account according to a set of rules or instructions for monitoring points stored in memory. For this purpose, rule system 100 may include a computing platform 110 and a database 120. The reward points associated with each customer's account may be stored in database 120. Computing platform 110 provides the necessary functionality and computing capabilities to update (i.e., increment or decrement) the points associated with each customer's account when an a purchase is made and posted or redemption is made. Computer platform 110 may be interfaced to various input and output devices (not shown), such as a keyboard, a mouse, a disk drive, read-only memory (ROM) devices or random access memory (RAM) devices, a display, a printer, etc. to facilitate data entry and output.

In the exemplary environment of FIG. 1, computing platform 110 preferably comprises a personal computer (PC) or mainframe computer for performing various functions and operations of the invention. Computing platforms 110 may be implemented, for example, by a general purpose computer selectively activated or reconfigured by a computer program stored in the computer, or may be a specially constructed computing platform for carrying-out the features and operations of the present invention. Computing platform 110 may also be implemented or provided with a wide variety of components or subsystems including, for example, one or more of the following: one or

more central processing units, a co-processor, memory, registers, and other data processing devices and subsystems.

Customer transaction system 300 is responsible for most of the main functions performed in system environment 50. Customer transaction system 300 stores information regarding a customer's account, such as the terms of the account, the transactions on the account, the customer's address, etc. For these purposes, customer transaction system 300 may include a computing platform 310 and a database 320. Database 320 may contain information associated with a customer's account. Examples of such information include the credit card account number, the terms of the account, and the customer's mailing address and telephone number. The customer's account information may also include transaction data indicating each item that has been charged by the customer during the life of the account, the amount and time each payment has been made, the number of reward points redeemed and the monetary equivalent thereof credited to the account, and a record stating the nature and time of each inquiry the customer has made to customer service. Other relevant cardholder and account information may also be stored in database 320.

Computing platform 310 may be configured to update the items in database 320. For example, computing platform 310 may update the customer's account stored in database 320 upon receiving a request from mediation system 200. Similar to computing platform 110, computing platform 310 may be interfaced to various input and output devices (not shown) to facilitate data entry and output. Computing platform 310 may be implemented, for example, by a general purpose computer selectively activated or reconfigured by a computer program stored in the computer, or may be a specially constructed computing platform for carrying-out the features and operations of the present invention. Computing platform 310 may also be implemented or provided with a wide variety of components or subsystems including, for example, one or more of the following: one or more central processing units, a co-processor, memory, registers, and other data processing devices and subsystems.

As described previously, mediation system 200 serves as an interface between rule system 100 and customer transaction service 300. Mediation system 200 is responsible for notifying rule system 100 of a credit card transaction, and updating the

status of a customer's account stored in customer transaction system 300 in response to a request from rule system 100. As shown in FIG. 1, mediation system 200 may include a computing platform 210 and a database 220. In database 220, the account numbers associated with each customer with a reward credit card may be stored.

5 Computing platform 210 provides the necessary functionality and computing capabilities to interface between the rule system 100 and the customer transaction system 300. For example, the computing platform 210 enables the mediation system 200 to check the customer transaction system 300 for credit card transactions, and to notify the rule system 100 if a timely payment or transaction was made.

10 Rule system 100, mediation system 200, customer transaction system 300 and resource management and customer service system 500 communicate via the communications network 400. Network 400 may comprise, alone or in any suitable combination, a telephony-based network (such as a PBX or POTS), a local area network (LAN), a wide area network (WAN), a dedicated intranet, and/or the Internet. Further, any suitable
15 combination of wired and/or wireless components and systems may be incorporated into network 400.

 One skilled in the art will appreciate that the systems 100, 200, 300 and 500 may be distributed, as shown in FIG. 1, or combined onto one or more platforms. For example, in another embodiment, the rule system 100 and mediation system 200 may be
20 combined into one system, with the customer transaction system 300 remaining as a separate system. In yet another configuration, each of the systems may be incorporated into one mainframe that has software configured to perform the functions of the rule system 100, the mediation system 200, the customer transaction system 300 and the resource management and customer service system 500.

25 In accordance with the principles of the present invention, an exemplary process for assigning reward points associated with a customer's account and for redeeming points will now be described with reference to FIGS. 2 and 3. The features and aspects of FIGS. 2 and 3 may be implemented alone or in any suitable combination by a credit card issuer to provide a reward points program for new or existing credit card products.

30 FIG. 2 is an exemplary flowchart, consistent with the principles of the present invention, of a process for issuing reward points to a customer's account. For purposes

of illustration, the embodiment of FIG. 2 discloses a technique for issuing reward points based on purchases made by the customer and posted to the account. However, it will be appreciated that the invention is not limited to this aspect and that the exemplary process of FIG. 2 may be modified so that reward points are issued to a customer's account based on other events (either alone or in combination), such as in return for specific types of credit card transactions performed by the customer during a billing cycle. For example, reward points may also be earned for specific events, for example, transferring balances from other credit card accounts. Furthermore, reward points in the form of bonus points may also be credited for special events, such as opening the account, timely payment history, high card usage during specified periods, and the like.

Referring to FIG. 2, the exemplary process begins by checking the customer transaction system 300 for purchases made and posted to the account. Generally, when a card holder uses a credit card to make a purchase, the merchant reports the transaction to the credit card issuer. Such reporting may be done via a real-time electronic system, using a dial-up phone link or dedicated computer connection. Some smaller merchants may forward the credit card paper receipts signed by the cardholder to the issuer, either directly or indirectly. In any event, posting occurs when the transaction is reported to the card issuer who then records or "posts" the same on the cardholder's account for subsequent billing at the end of the current billing cycle. Specifically, at the end of a customer's billing cycle (e.g., every 28 or 30 days), mediation system 200 searches the customer transaction system 300 to determine whether any purchases and other transactions were posted for that cycle (step S.100). One skilled in the art will recognize that in an alternative embodiment, points earned may be updated when those purchases and other transactions are posted by the card issuer, rather than at the end of the billing cycle. For example, the mediation system may search the system 300 daily so that points are updated more quickly and on a real-time basis.

If one or more purchases were made for the current billing cycle, mediation system 200 sends an indication to rule system 100 that a purchase was made. Rule system 100 then credits the customer's account with a predetermined amount of reward points and stores the updated level of accumulated points in database 120 (step S.110). In a preferred embodiment of the invention, the customer receives a fixed amount of

reward points for each purchase. In an alternative embodiment, the customer may receive a variable number of points depending on any special incentives or bonus programs that might be in effect during the billing cycle.

5 If an account is overdrawn, i.e., it has exceeded the authorized credit limit, or, if on-time payment was not made for the current billing cycle and the account is past due for a predetermined period of time (e.g., at least 60 days past due), mediation system 200 may send an indication to rule system 100 that the account is in bad standing or in default. Rule system 100 then may suspend the privilege of redeeming points, or even decrease the total number of reward points associated with the account by a certain
10 number of points. Thus, through the reward points system of the invention, customers may receive penalties for defaulting on their account and rewarded for on-time payments.

Various point award schemes can be implemented in connection with the embodiment of FIG. 2. For example, mediation system 200 may also check the customer transaction system 300 at the end of a customer's billing cycle for card activity (i.e., credit
15 card transactions by the customer). If a customer transaction has occurred for that cycle, the mediation system 200 sends an indication to the rule system 100 of such activity. The rule system 100 may then credit the customer's account with a fixed number of reward points for any card activity during the billing cycle. In such a case, reward points can be awarded to a customer's account for on-time payments, as well as for customer
20 transactions. In this manner, a customer may be rewarded for not only using their credit card, but also making on-time payments.

Referring again to FIG. 2, after a customer's account has been credited with reward points, the customer may receive notification of the updated point level (step S.120). For example, a mailed periodic account statement may include a message
25 ("account level message") indicating when and how many reward points have been credited during a previous cycle and the total point level accumulated by the customer to date. Due to processing constraints in some network environments, the points reflected in the periodic statement may be one or two cycles behind current points totals based on applicable points calculators. Therefore, in accordance with another preferred
30 embodiment of the invention, the customer may receive a separate notification by electronic mail that confirms, in real time, the points that have been added or accumu-

lated. In addition, the customer may call a customer service representative or a voice response unit (VRU) to check the current point level associated with their account. Alternatively, to provide accurate point level information, the customer may access their account information through an Internet Web page or via a dial-up telephone modem connection to check the amount of available points. In this manner, the customer may know the current amount of points associated with their account without having to wait to receive his or her next account statement.

With the above rule process, a customer may continue to accrue points associated with his account each month or billing period that he makes purchases. In accordance with an aspect of the invention, a customer may earn, by way of example, one (1) reward point for each one dollar purchase amount. The customer may then redeem all or part of the accumulated points to offset the cost of their purchase of certain qualifying goods or services. For example, in accordance with an embodiment of the invention, a cardholder may use the card to purchase certain qualifying goods, such as, for example, computers and computer-related items. Card holders will have been advised of the specific types of goods or services that are considered qualifying by the card issuer when they applied for the card, by virtue of the promotional materials provided to customer prospects during marketing activities. Alternatively, existing card holders may be given an opportunity to avail themselves of the inventive reward program by the card issuer adopting such a program and announcing its availability to its customers.

Referring now to FIG. 3, an exemplary process for redeeming points will be described. As shown in FIG. 3, the process begins when the credit card issuer receives a request from a cardholder for a redemption (step S.140). The customer may request the redemption of points through several channels. For example, to make a redemption request, the customer may complete a coupon attached to their statement, send an email or complete a form on the Internet, or via a telephone modem dial-up connection, that is forwarded to the credit card issuer. Alternatively, to make a redemption request, the customer could be given the option to telephone a customer service representative or an automated voice response unit (VRU).

Regardless of the manner in which the customer requests the redemption, the customer is generally informed of the current number of points associated with their

account by virtue of the information provided on their latest credit card account statement, enabling the customer to realize the reward for which they are eligible. The customer may indicate the number of reward points they want credited by sending an email to the issuer or checking an appropriate reward listed on the coupon or Internet form and submitting the completed information to the issuer. Alternatively, if a VRU system is used, the customer may press a particular button on the telephone to send a DTMF tone associated with the desired reward. The customer could also simply state the request when speaking with a customer service representative.

The redemption request provided by the customer can be handled by the credit card issuer in several ways. For example, in the exemplary environment of FIG. 1, the customer's redemption request may be received by resource management and customer service system 500. System 500 contains various means of collecting redemption requests. For example, system 500 may include personnel to key the requests manually into spreadsheets. System 500 also may include other systems for automatically collecting voice and electronic requests, such as those requests submitted by email, over the Internet or a VRU. System 500 may upload the stored redemption requests to rule system 100. The requests may be uploaded to rule system 100 on a weekly or periodic basis.

Upon receipt of the redemption request, rule system 100 may determine whether the customer has the necessary amount of points required to complete the redemption request (step S.150). If the amount of points associated with the customer's account is sufficient, rule system 100 forwards the redemption request to mediation system 200. If the points are not sufficient, a letter is generated to the customer indicating that the request will not be fulfilled (step S.160). Alternatively, if the customer has contacted the redemption program electronically, or by voice, the system may communicate non-eligibility on a near real-time basis by, for example, a computer-generated message, e-mail, recorded voice announcement or live response by a customer service representative.

After receiving a redemption request from rule system 100, mediation system 200 checks customer transaction system 300 to determine whether the customer's account is in good standing (step S.170). In other words, mediation system 300 determines whether the customer is using the appropriate card for the particular reward program and whether

he or she is currently late or delinquent in making a payment. If the customer is not using the correct card, or is late or delinquent (i.e., the customer's account is not in good standing) and thus in bad standing (No; step S.170), mediation system 200 provides an indication to rule system 100 that the redemption request is denied. In addition, a letter is generated to the customer stating that the request will not be fulfilled due to their account status (step S.180). Such notification may be sent to the customer by a letter in the mail or over the Internet via electronic mail. Alternatively, a customer service representative or an automated VRU may provide the notification to the customer. A customer who is in bad standing can also return to good standing by, for example, making on-time payments (which include all past-due amounts). In addition to freezing the ability to redeem accumulated points, a credit card issuer may decide not to issue any reward points to a customer who is in bad standing when an on-time payment or credit card transaction is performed. If, however, the customer is in good standing when the redemption request is received (Yes; step S.170), the points are not frozen and the customer may redeem them.

Mediation system 200 next determines whether the cardholder has made a qualifying purchase to which the customer wishes to apply the redeemed points. A qualifying purchase must fall within one or more predefined or predetermined classes of goods or services established by the card issuer and communicated to the card holder. This requirement may be announced to the customer when the credit card is first applied for, or, in the case of already issued credit cards, through promotional mailings sent to cardholders. Qualifying goods or services which fall within the scope of the invention may be broadly or narrowly established by the card issuer. For example, qualifying goods may fall within a broad definition of computer and computer-related products, such as computers, computer software, computer hardware (e.g., modems, monitors, scanners, etc.), but may exclude items such as computer games and general electronic merchandise. Alternatively, qualifying goods and services might be narrowly defined, examples of which would be a particular make and model of automobile, or meals at a given restaurant. Furthermore, the qualifying purchase must also have been purchased using the same credit card as the card with which the reward points have been earned.

If mediation system 200 determines that the purchase is, in fact, qualifying (Yes; step S.190), it sends a request to rule system 100 to reduce the points associated with the customer's account according to the reward requested. Computing platform 110 of rule system 100 then reduces the points by the predetermined amount and stores the resulting
5 quantity of points associated with the customer's account in database 140 (step S.210). Computing platform 210 of mediation system 200 creates a file updating the customer's account to reflect the points redeemed. Since the redeemed points are applied as a credit against the purchase of qualifying items, the cardholder's account balance is reduced to the same extent as if a payment were remitted by the cardholder in the form of a check
10 or money order. Thus, computing platform 210 also determines, by calculation, the equivalency between the number of points redeemed and their dollar value by using the conversion rate established previously by the card issuer (step S.220). Should the purchase not be qualifying, the customer is so notified (step S.200).

The updated file is sent to customer transaction system 300. Computing platform
15 310 of the customer transaction system uses the file to change the information stored in database 120 to reflect the customer's new reward points balance (which may be as low as zero in cases where the cardholder has redeemed the entire balance) and financial account balance which are effective and applied immediately to the customer's account (step S.230). Once the reward points and account balances have been changed in
20 customer transaction system 300, typically the customer would be notified on the next card statement. Alternatively, a letter or another type of notification, including a statement by a customer service representative, indicating the updated status of their account may be generated and sent to the customer (step S.240).

In the embodiments of FIGS. 1-3, a rule system may be provided that awards a
25 fixed amount of points for account activity. The cardholder may accrue the awarded points and redeem them to effectively purchase qualifying goods or services at little or no cost. When cardholders choose to redeem the points, they can fill out a coupon attached to their statement, call a customer service representative or an automated voice response unit, or complete a form on the Internet and identify the qualifying items that
30 they have purchased on the credit card. For example, a card issuer's program may offer the ability to credit reward points towards the purchase of computers and computer-

related goods, such as, computer software, peripherals, modems, and accessories. Typically, the cardholder would contact a representative of the card issuer and confirm their prior purchase of the computer goods with the card. The representative checks the account file and verifies that such computer goods were purchased and the purchases
5 have been posted. Then, the cardholder decides how many of the accumulated number of points he or she wishes to apply against the computer purchases. Thus, if a computer was purchased for \$1,000 and the customer had previously earned 2,000 reward points, the customer may elect to apply 1,000 points as a credit in the amount of \$1,000 to the cardholder's account, effectively reducing the cost of the computer to zero. The
10 cardholder would then be left with a balance of 1,000 reward points which may be applied as a credit against other computer purchases. The amount of the statement credit would be the lesser of the purchase price of the item or the value of the points, expressed as a monetary equivalent, according to a fixed ratio. As a result, with the features of the present invention, the customer understands the process of taking advantage of the
15 benefits associated with the credit card.

While the invention has been described above with reference to utilizing computer based systems and methods, it will be apparent that the invention may also be practiced wholly or partially as a human-implemented business method. The redemption request provided by the customer can be handled by the credit card issuer in several ways.
20 For example, in the exemplary environment of FIG. 3, the customer's redemption request may be received by a customer service system employing various means of interfacing with customers and processing redemption requests, such as telephone representatives to speak with cardholders and personnel to key the requests manually into spreadsheets (S.140).

25 Upon receipt of a redemption request, the customer service system may determine whether the customer has the necessary amount of points required to fulfill a redemption request. Such determination may be facilitated by reference to a computer database. If the amount of points associated with the customer's account is sufficient, the customer service system will so inform the customer (Yes; S.150). If the points are not sufficient,
30 the customer service system will inform the customer accordingly (S.180), thus

permitting a dialog which may clear up any errors, confusion or resolve any discrepancies.

The customer service system next determines whether the customer's account is in good standing (step S.170), by confirming that the appropriate card associated with the particular reward program is being used, and whether the cardholder is currently late or delinquent in making a payment. If the customer is not using the correct card, or is late or delinquent, that is, the customer's account is not in good standing (No; step S.170), the redemption request is denied. The customer service system so notifies the customer stating that the request will not be fulfilled due to their account status (step S.180). Again, any problems may potentially be cleared up at this point.

The customer service system next determines whether the cardholder has made a qualifying purchase, as described above, to which the customer wishes to apply the redeemed points. If the purchase is, in fact, found to be qualifying (Yes; step S.190), the points associated with the customer's account are reduced by the amount chosen by the customer (up to and including the total number of reward points accumulated to that point in time). The customer's account file is updated to reflect the points redeemed (step S.210). Since the points redeemed are applied as a credit against the purchase of qualifying items, the cardholder's account balance is reduced to the same extent as if a payment were remitted by the cardholder in the form of a check or money order. A calculation is made to determine the equivalency between the number of points redeemed and their corresponding dollar value by using the conversion rate established previously by the card issuer (step S.220). Should the purchase not be qualifying, the customer is so notified (step S.200).

The updated file is used to change the information stored in a reward points database to reflect the customer's new reward points balance (which may be as low as zero in cases where the cardholder has redeemed the entire balance) and financial account balance which are effective and applied immediately to the customer's account (step S.230). Once the reward points and account balances have been changed, typically, the customer would be notified on the next card statement. Alternatively, a letter or another type of notification, including a statement by a customer service representative, indicating the updated status of their account may be generated and sent to the customer (step S.240).

In the embodiments of FIGS. 1-3, a rule system may be provided that awards a fixed amount of points for account activity. The cardholder may accrue the awarded points and redeem them to effectively purchase qualifying goods or services at little or no cost. When cardholders choose to redeem the points, they can fill out a coupon attached to their statement, call a customer service representative or an automated voice response unit, or complete a form on the Internet and identify the qualifying items that they have purchased on the credit card. For example, a card issuer's program may offer the ability to credit reward points towards the purchase of computers and computer-related goods, such as, computer software, peripherals, modems, and accessories. Typically, the cardholder would contact a representative of the card issuer and confirm their prior purchase of the computer goods with the card. The representative checks the account file and verifies that such computer goods were purchased and the purchases have been posted. Then, the cardholder decides how many of the accumulated number of points he or she wishes to apply against the computer purchases. Thus, if a computer was purchased for \$1,000 and the customer had previously earned 2,000 reward points, the customer may elect to apply 1,000 points as a credit in the amount of \$1,000 to the cardholder's account, effectively reducing the cost of the computer to zero. The cardholder would then be left with a balance of 1,000 reward points which may be applied as a credit against other computer purchases. The amount of the statement credit would be the lesser of the purchase price of the item or the value of the points, expressed as a monetary equivalent, according to a fixed ratio. As a result, with the features of the present invention, the customer understands the process of taking advantage of the benefits associated with the credit card.

Other features and modifications may be provided with the invention. For example, a customer may be awarded bonus points for certain events, such as, signing up for the credit card product; anniversaries as a customer with the issuer; on the customer's birthday; and, certain "good behavior" including on-time payment for a certain number of consecutive months or not exceeding the credit limit of the card. Moreover, a credit card issuer may decrease points for a late payment or charge a one time set-up fee for the reward point program (if added to an existing credit card account).

It will be apparent to those skilled in the art that various modifications and variations can be made to the features of the invention without departing from the scope or spirit of the invention. Although the reward product has been described in terms of a credit card product, the reward product may be used with any credit or loan product. For example, an installment loan may award participants reward points for on-time payments, which the participants may then redeem in exchange for certain goods or services. Therefore, it is intended that the specification and examples be considered as exemplary only, with a true scope and spirit of the invention being indicated by the following claims.

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WHAT IS CLAIMED IS:

1. A method for providing a credit card account with reward points and for allowing points to be redeemed, said method comprising:

defining one or more categories of goods or services as qualifying;

5 determining whether a purchase was made on the credit card account;

issuing, upon determination that a purchase was made, a predetermined number of reward points to the credit card account; and

applying a credit to the credit card account in response to a request to redeem at least a portion of the reward points, said credit being applied only to one or more purchases made through the credit card account for qualifying goods or services.

10

2. A method according to claim 1, wherein the predetermined number of reward points is proportional to the value of a purchase that was made.

3. A method according to claim 1, further comprising:

determining whether a credit card transaction was charged to the credit card account and issuing, when it is determined that a credit card transaction was charged to the credit card account, a predetermined number of reward points to the credit card account.

15

4. A method according to claim 3, wherein:

the predetermined number of reward points is proportional to the value of a credit card transaction charged to the credit card account.

20

5. A method according to claim 1, wherein:

the qualifying goods or services fall within a predetermined class of goods or services.

6. A method according to claim 5, further comprising:

verifying, with each request to redeem reward points, that purchased goods or services fall within a predetermined class.

7. A method according to claim 1, further comprising:

5 issuing bonus reward points to the credit card account based on the occurrence of a predetermined event.

8. A computer program product for providing a credit card account with reward points and for allowing points to be redeemed, the computer program product comprising computer-readable media having computer-readable code, the computer program product comprising:

10 computer-readable program code for effecting actions in a computing platform; program code for determining whether a purchase was made on the credit card account;

program code for issuing, when it is determined that a purchase was made, a predetermined number of reward points to the credit card account;

15 program code for applying a credit towards the credit card account in response to a request to redeem a portion of the reward points; and

program code for defining whether certain goods or services fall within one or more qualifying categories;

20 said credit capable being applied against a purchase of qualifying goods or services made on the credit card account.

9. A computer program product according to claim 8, further comprising:

25 program code for determining whether a credit card transaction was charged to the credit card account and issuing, when it is determined that a credit card transaction was charged to the credit card account, a predetermined number of reward points to the credit card account.

10. A computer program product according to claim 8, wherein the predetermined number of reward points is proportional to the value of a purchase that was made.

11. A computer program product according to claim 8, further comprising program code for issuing bonus reward points to the credit card account based on the occurrence of a predetermined event.

5 12. A system for providing a reward credit card product, said system comprising:

means for issuing reward points to an account associated with the credit card product; and

10 means for redeeming at least a portion of the issued reward points to be applied as a credit against goods or services purchased on the account when such goods or services fall within a predefined class.

13. A system according to claim 12, wherein said means for issuing comprises means for crediting the account with a predetermined amount of reward points for a purchases made on the account during a billing cycle.

15 14. A system according to claim 12, wherein said means for issuing comprises means for crediting the account with a predetermined amount of reward points for a credit card transaction charged to the account during the billing cycle.

15. A system according to claim 13, wherein the predetermined number of reward points is proportional to the value of a purchase that was made.

20 16. A system according to claim 12, wherein said means for redeeming comprises means for a receiving a request for a credit to be applied against a previous purchase of goods or services within a predetermined class using the credit card product and means for determining the amount of credit to be applied as a fixed ratio to the reward points credited.

25 17. A method for providing a credit card account with reward points and for allowing points to be redeemed, said method comprising:

predefining one or more categories of goods or services;
determining whether an purchase was made on the credit card account;
issuing, when it is determined that a purchase was made, a predetermined number
of reward points to the credit card account;

5 receiving a request to redeem at least a portion of the issued reward points, the
request also including an indication of goods or services that were also purchased on the
credit card account and; and

applying a monetary credit to the account against the cost of the purchased goods
or services that fall within the predefined categories.

10 18. A method according to claim 17, wherein:
there is a fixed ratio between the reward points and the monetary credit.

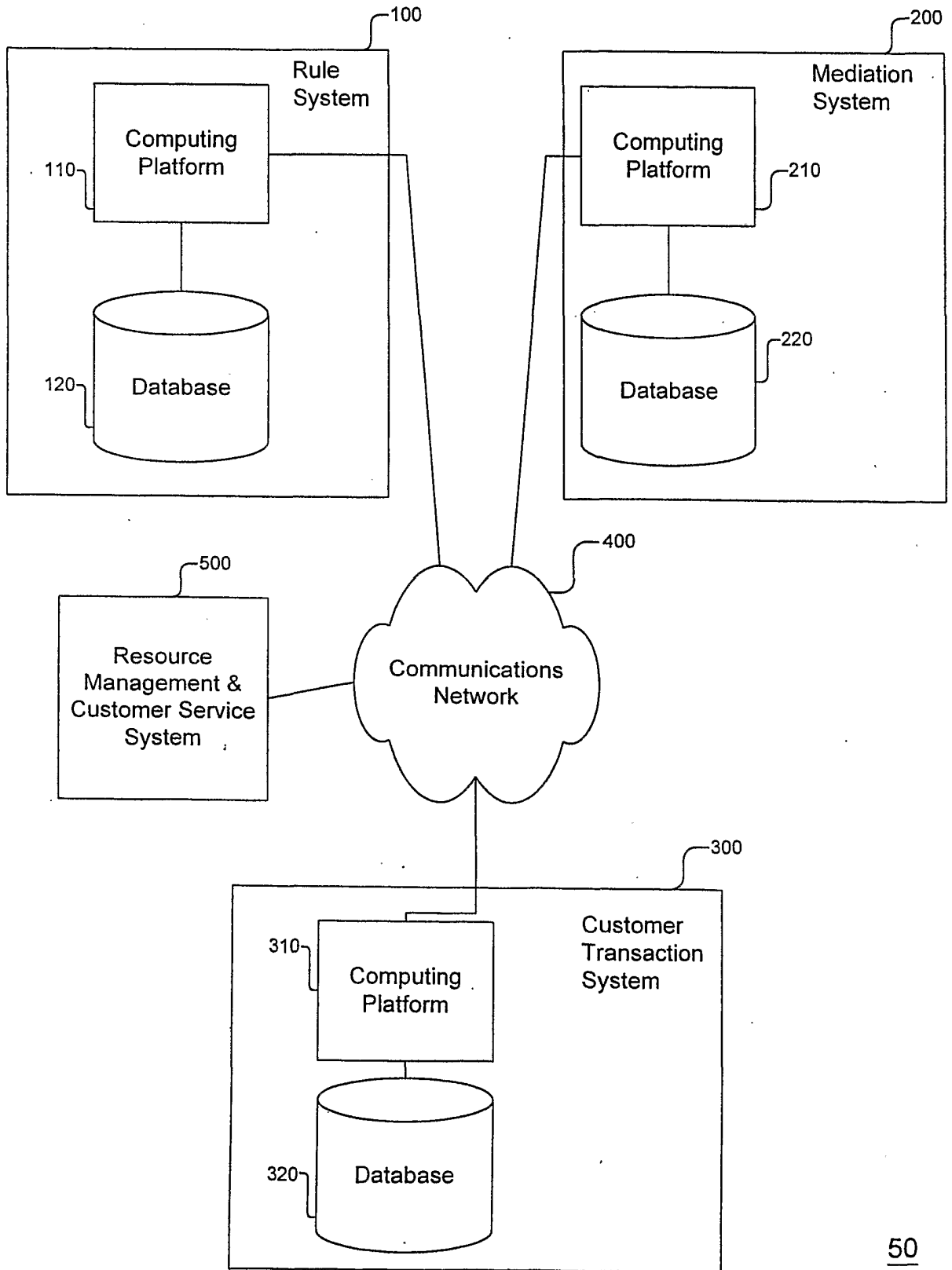


Fig. 1

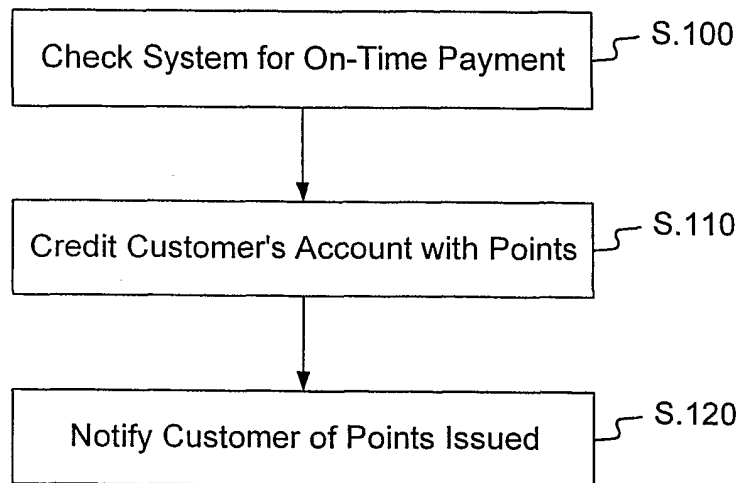


Fig. 2.

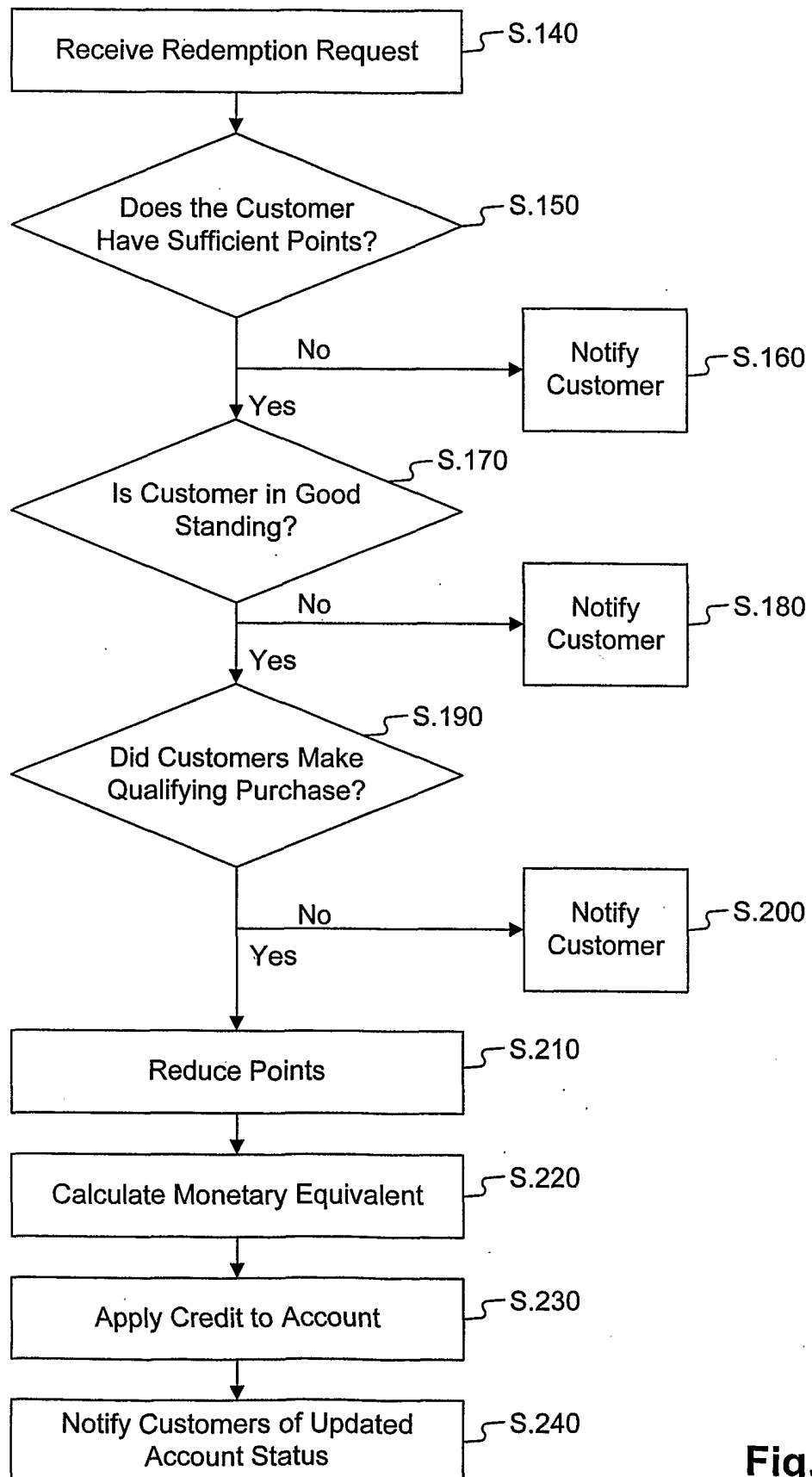


Fig. 3

INTERNATIONAL SEARCH REPORT

International application No.
PCT/US01/23901

A. CLASSIFICATION OF SUBJECT MATTER	
IPC(7) : G06F 17/60 US CL : 705/14 According to International Patent Classification (IPC) or to both national classification and IPC	
B. FIELDS SEARCHED	
Minimum documentation searched (classification system followed by classification symbols) U.S. : 705/14	
Documentation searched other than minimum documentation to the extent that such documents are included in the fields searched	
Electronic data base consulted during the international search (name of data base and, where practicable, search terms used)	
C. DOCUMENTS CONSIDERED TO BE RELEVANT	
Category*	Citation of document, with indication, where appropriate, of the relevant passages
	Relevant to claim No.
A	US 5,806,045 A (BIORGE et al) 08 September 1998, abstract, whole document
A	US 5,537,314 A (KANTER) 16 July 1996, abstract, whole document
A, P	US 6,128,599 A (WALKER et al) 03 October 2000, abstract, whole document
<input type="checkbox"/> Further documents are listed in the continuation of Box C. <input type="checkbox"/> See patent family annex.	
*	Special categories of cited documents:
"A"	document defining the general state of the art which is not considered to be of particular relevance
"E"	earlier document published on or after the international filing date
"L"	document which may throw doubts on priority claim(s) or which is cited to establish the publication date of another citation or other special reason (as specified)
"O"	document referring to an oral disclosure, use, exhibition or other means
"P"	document published prior to the international filing date but later than the priority date claimed
"T"	later document published after the international filing date or priority date and not in conflict with the application but cited to understand the principle or theory underlying the invention
"X"	document of particular relevance; the claimed invention cannot be considered novel or cannot be considered to involve an inventive step when the document is taken alone
"Y"	document of particular relevance; the claimed invention cannot be considered to involve an inventive step when the document is combined with one or more other such documents, such combination being obvious to a person skilled in the art
"&"	document member of the same patent family
Date of the actual completion of the international search	Date of mailing of the international search report
18 SEPTEMBER 2001	31 OCT 2001
Name and mailing address of the ISA/US Commissioner of Patents and Trademarks Box PCT Washington, D.C. 20231 Facsimile No. (703) 305-3230	Authorized officer ERIC STAMBER <i>James R. Matthews</i> Telephone No. (703) 305-3900