





Annual Fee

In addition to interest, you can also charge an annual fee on your credit cards. The annual fee is a fee every customer pays each year.

As with interest rates, raising this fee makes you less attractive to customers and prospects, leading to lower response rates and lower retention rates. However, higher fees will generate more revenue from each customer.

Annual Fee	Revenue	Retention Rate	Response Rate
			
As you raise your Annual Fee...	...your revenue will grow...	...but your retention rate will fall....	...as will your response rate from new customers

More specifically:

- If your Annual Fee is within +/- 10% of the market average, there is no impact on your response rates
- If your Annual Fee is outside this +/- 10% range, your response rates will be adjusted by 50% of the difference between your fee and the market average
- If your Annual Fee is within +/- 15% of the market average, there is no impact on your retention rates
- If your Annual Fee is outside this +/- 15% range, your retention rates will be adjusted by 25% of the difference between your rate and the market average