



Consumer Payments Research Reference Guide

Emerging Payments Research Group (EPRG)

Consumer Payments Research Reference Guide

This Reference Guide provides an overview of organizations that have conducted research on consumer payments or support other research efforts to collect data on consumer payments. The Guide is intended to serve as a resource for interested parties. It contains information obtained from the public domain and interviews with organization representatives, including references to research conducted in the last few years.

Organizations included in the Guide were assigned to one of six categories, identified as Guide sections, based on their service offerings, as defined¹ below:

Section I. *Research/Consulting* –

- A. *Consumer Payment Behavior* – includes consulting firms that conduct primary research and surveys, either in-house or with a third-party, on consumer payment behavior.
- B. *Payments Industry* – includes organizations that conduct research on the payments landscape.
- C. *Broad Topical* – includes companies that conduct research on a wide-range of industries, including payments.

Section II. *Market Research* – includes companies that conduct surveys and market research related to consumer payments on behalf of other organizations.

Section III. *Payments Service Providers* – includes companies or banking networks that provide payments services and publish reports on payments.

Section IV. *Trade Associations* – includes industry-specific organizations that represent the interests of their member businesses and conduct educational research on payment-related issues that concern the consumer.

Section V. *Organizations Conducting Public Policy Research* – includes various organizations, primarily nonprofits and independent research companies that are focused on public policy research. The organizations have conducted studies on topics related to consumer payments or have provided opportunities for other researchers to collect data on consumer payments.

¹ All section categories in the Guide were defined for purposes of the EPRG and are not official classifications of the listed organizations.

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Section VI. *Other Organizations* – includes U.S. government agencies, central bank consortiums, and other statistical or nonprofit organizations that generally are not involved in consumer payments research but offer research or other information of potential interest to readers. For example, some organizations in this section conduct large-scale population surveys and censuses, or collect economic, labor or payments-related statistics.

For readers' convenience, this version of the Guide consolidates the original Reference Guide (Sections I-III, updated July 2008) with the Reference Guide Supplement (Sections IV-VI, updated April 2008).

The *Consumer Payments Research Reference Guide* is provided for informational purposes only. The Federal Reserve Bank of Boston has made a concerted effort to assure that the document is accurate and makes no warranties or representations with respect to any of the products or services offered, nor does the Federal Reserve Bank endorse any organization or product.

If your organization conducts research related to consumer payments and would like to be included in this reference document, or if you need to make changes to the information listed, please send an email to eprg.bos@bos.frb.org. Please include a brief description of your organization, website address, and contact information.

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I.A. Research/Consulting: Consumer Payments Behavior

Organization	Website	Specialty
Aite Group	www.aitegroup.com	Research and consulting including payments (ACH, checks, cash credit, and debit cards)
Collective Dynamics	www.collectivedynamics.com	Research and surveys including debit cards, Check 21, and micropayments
Edgar, Dunn & Company	www.edgardunn.com	Payments and financial services research and consulting
Financial Insights (*of IDC Company)	www.financial-insights.com	Analysis of payments solution providers and financial services positioning
Global Concepts (*of McKinsey & Company)	www.global-concepts.com	Payments consulting
Hitachi Consulting	www.hitachiconsulting.com	Payments consulting
Javelin Strategy & Research	www.javelinstrategy.com	Research on payments, e-commerce, and identity fraud
Phoenix Payments System Practice (*of Phoenix Marketing International)	www.phoenixmi.com	Payments consulting
Synergistics Research Corporation	www.synergisticsresearch.com	Consumer payment behavior, credit cards, epayments, and Check 21

Aite Group

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Company Overview

Founded in early 2005, Aite Group performs independent research and provides advice focused on business, technology and regulatory issues and their impact on the financial services industry. The Aite Group examines strategic issues in the payments industry and applies consumer payment behavior to overall industry coverage. The members bring years of experience from the financial services industry.

Type of Research

Aite Group conducts primary research in-house in addition to using panel data, including TNS Global, to conduct surveys. The company offers syndicated and proprietary research capabilities.

Aite Group publishes three types of reports annually: 1) *Impact Reports* — highlight current market trends that comprise of three different reports: market scope, vendor scope and case studies; 2) *Impact Notes* — provide actionable, strategic advice to clients; and 3) *Impact Alerts* — Aite Group's views on noteworthy events in the industry.

Research

- Segmenting Rewards Program Members (May 2008)
- Online and Mobile Banking Product Development Roadmap (May 2008)
- Usage Trends in Online and Mobile Banking: Upping the Ante (April 2008)
- The State of Rewards: The Consumer Voice (March 2008)
- Who Wants a Decoupled Debit Card? (March 2008)
- Mobile Banking for the Underbanked: Lessons from Africa (February 2008)
- Card Networks' Rebates and Incentives (February 2008)
- Contactless Payments and NFC in the United States: Beyond Science Fiction (January 2008)
- Branded Prepaid Card Issuing: The Issuers' Voice (January 2008)

- Mobile Banking, Payments and Commerce: What Mobile Operators Really Think (December 2007)
- Payment Networks and Mobile Transactions: The Mobile Operator Perspective (December 2007)
- Combating Money Laundering and Terrorist Financing: Evaluating Vendor Solutions (December 2007)
- The Magical Disappearing Check or the "Prestige" (October 2007)
- Mobile Banking Security: The Black Cloud Attached to the Silver Lining (October 2007)
- Mobile Banking v.2.0: Time for the Perfect Storm? (September 2007)
- Prepaid Cards: The State of the Industry (July 2007)
- Mobile Banking Adoption Strategies in the United States (June 2007)
- The Next Big Thing in Cards: Co-Branded Decoupled Debit Cards (June 2007)
- The State of Online Banking Security (April 2007)
- Online Banking: Moving Toward A New Paradigm (September 2006)
- Online Banking Authentication and Fraud Detection: A Vendor Comparison (June 2006)
- The Untapped Financial Consumer (May 2006)
- Walk-In Bill Payments: The Prepaid Storm (March 2006)
- Low Value Payments (November 2005)
- Bill Payments: A Biller Survey (October 2005)
- Prepaid Cards: A Market Overview (September 2005)
- Money Transfer Cards (August 2005)
- Online Banking E-Commerce Payments (July 2005)

Research Sample

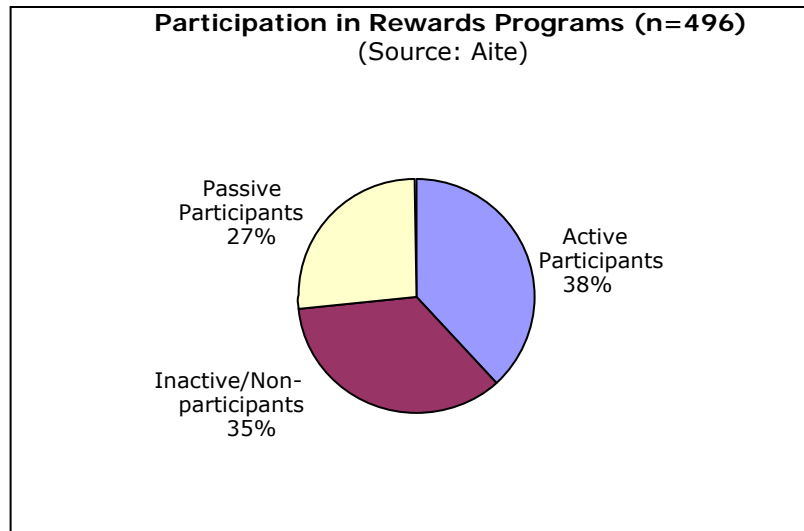
Title: **The State of Rewards: The Consumer Voice**

Methodology: Online survey

Time Series: One time — January 2008

Data Sample: 500 U.S. consumers

Key Findings: ■ Rewards programs shape the behavior of a significant percent of the U.S. cardholder population: 38% of cardholders describe themselves as active participants in reward programs.



Source: Internet & Interview

Last Updated 07.31.08

Collective Dynamics

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Company Overview

Collective Dynamics (CD) is a management consulting and research firm that focuses in the areas of consumer electronic payments, card products, delivery channels, and financial services.

Collective Dynamics' consultants have held key management and consulting roles in the payments and card industry for over thirty years, and they bring an understanding of the evolution and issues associated with these products, as well as knowledge of current best practices.

Type of Research

Collective Dynamics conducts primary market research and conjoint analysis in the financial services and payments arena. CD offers both proprietary and quarterly syndicated studies that include custom analytic services.

Research

Syndicated:

- Bank-Issued Gift Cards (May 2005)
- Small Business Payment Needs (January 2005)
- Bank Customer Service (November 2004)
- Debit Card Payment Research (May 2004)

Proprietary:

- Account Receivable Conversion (ARC)
- ATM-Expanded Functionality
- Consumer/Household Relationships
- Credit Card Payment and Balanced Behaviors
- High Income Households
- Internet Payments – Payment Types
- Internet Payments – Online Content & Low-Dollar Purchases
- Loyalty Programs

- Online Services – Penetration and Usage
- Security & Privacy
- Stored Value Cards
- Merchant Research: Merchant Payment Choices
- Merchant Research: Reaction to Wal-Mart Credit/Debit Card Ruling

Research Sample

Title: **Bank Issued Gift Cards (2005)**

The survey covered a variety of topics, including frequency of use, frequency of purchase, and the most common retailer type where gift cards are used.

Methodology: Online survey

Time Series: One time — June 2005

Data Sample: 1,600 U.S. consumers, age 18 or older. Neither they nor anyone in their household worked for a financial institution or a market research firm.

Key Findings:

- Despite the overwhelming dominance of store-issued gift cards, certain features of bank-issued gift cards are more popular — e.g., card personalization.
- The distribution of use for a Bank Gift Card was quite different from Store Gift Cards. There were specific retailer types where Bank Gift Cards were used more frequently than Store Gift Cards.
- 32% of respondents who had used a Bank-Issued Gift Card received the card as an incentive or reward.
- 84% of Bank-Issued Gift Cards were purchased in-person compared to 61% of Store Gift Cards.

Source: Internet & Interview

Last Updated 07.31.08

Edgar, Dunn & Company

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Company Overview

With over 25 years of experience, Edgar, Dunn & Company provides independent global research and consulting services, specializing in payments and financial services. In December of 2003, the firm acquired PaymentDynamics, a market research company providing perspectives into customer attitudes and behavior related to their payment decisions. Edgar, Dunn also works with players in the industry — card associations, payment processors, and others (e.g., First Data and Total Systems). Its clients include over two-thirds of the top 25 U.S. banks and over ten of the largest European banks.

The company also publishes periodic *Insight* e-letters.

Type of Research

Edgar, Dunn conducts primary research using online techniques and proprietary data research analytics.

Research

- Mobile Financial Services Study (April 2008, February 2007) (with Mobile Payments World magazine)
- Online Payments Survey – conducted for Edgar Dunn by Greenfield Online Research (January 2008)
- PaymentDynamics 2007 Preferred Payment Study (April 2007) (with TransUnion)
- Exploration of Future Electronic Payments Markets in Australia (2006)
- Mobile Payments Study (April 2006) (with Mobile Payments World magazine)
- Technology-Driven Growth Opportunities in the Payments Industry: An International Survey of Retail Banks (2005)

- Beyond Fraud Reduction: Using the Smart Card to Revolutionize the Cardholder Experience (2005)
- 2005 Small Business Banking Study (with Collective Dynamics)
- 2004 Preferred Card Study

Research Sample

Title: **PaymentDynamics 2007 Preferred Payments Study**

This study combines consumer credit risk characteristics with consumer choices of payment options, including cash, check, credit cards, debit cards, electronic payments and new online payment technologies. The study was co-authored with TransUnion Communications, a global company specializing in credit and information management.

Methodology: Online survey

Time Series: September through December, 2006

Data Sample: 10,184 individuals 18 or older who had at least some role in household payment decisions

Key Findings:

- More consumers prefer debit cards than any other type of payment for point of sale purchases. 29% of respondents prefer debit cards vs. 26% who prefer credit cards.
- Consumers appear to be conscientiously and actively managing the payment methods they already own and use. Only 31% of respondents added a new payment device to their wallets in 2006 vs. 56% in 2004, while 20% of consumers said they shed payment products in 2006 compared to 16% in 2004.
- When adding payment options, pricing is the primary driver of choice, followed by rewards programs, particularly among the prime (consumers with TRNA credit scores of 635-764) and super prime (consumers with credit scores of 765-950) risk segments.
- There are significant differences in wallet usage and position across consumer risk segments. More than 50% of consumers who prefer cash, check, and debit cards are in the prime and super prime categories, suggesting that preference is driven by choice and not lack of access to credit.
- 35% of respondents indicated that Relationship Rewards is the leading incentive to acquire a new credit card from their primary financial institution, greater than a reduction in interest rates.
- 55% of respondents said they owned a person-to-person account (e.g., PayPal), while 10% reported active use.

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Company Overview

Financial Insights, an IDC company, focuses on strategic technology investments in the global financial services industry, including Customer Relationship Management, eFinancial Services, Trading and Risk Management and Payments.

The parent company, IDC, fields hundreds of surveys through its Quantitative Research Group (QRG). In 2003, QRG interviewed over 250,000 consumers and business executives via multiple media, such as phone, in-person, and Internet. QRG supplements research analyst expertise with specialized skills in weighting, predictive modeling, perceptual mapping, regression analysis, and survey design.

Type of Research

Financial Insights conducts primary research and offers customized, proprietary research capabilities.

Research

- How Will Digital Marketplaces Change the Game in Financial Services? (May 2008)
- Mobile Payments: Will Telco Carriers, Banks and Payment Vendors Compete or Collaborate? (April 2008)
- Is Mobile a Viable Channel for Banking, Investing and Insurance? (April 2008)
- Mobile Payments: Who Owns the Customer? (December 2007)
- The Canadian Mobile Payments Primer (December 2007)
- European Mobile Payments: A New Tide (December 2007)
- Prepaid Cards 2007-2011: A Time of Change (October 2007)

- The Banking Opportunity in the Healthcare Industry (September 2007)
- U.S. Remote Deposit Capture 2007-2011 Spending Forecast and Analysis Price (June 2007)
- HSA Cards: Their Past, Present, and Future (June 2007)
- U.S. General Purpose Card 2007-2011 Transaction Forecast and Analysis: Debit Surges Ahead (June 2007)
- U.S. Check 2007-2011 Transaction Forecast and Analysis: Image Takes Over (June 2007)
- Consumers Speak about Identity Theft: Does Perception Equal Reality for U.S. Banks? (June 2007)
- Financial Insights Consumer Payments Survey (2007, 2006)
- U.S. Internet Banking 2006: Here We Grow Again (December 2006)
- Winning the Interchange Wars By Opening The Network (November 2006)
- Financial Insights Global Small and Medium-Sized Business Online Payment Survey (September 2006)
- U.S. ACH 2005-2010 Spending Forecast and Analysis: Transaction and Dollar Volume (September 2006)
- Check 21 at the Crossroads: Shakedown or Shakeout? (March 2005)

Research Sample

Title: 2007 Consumer Payments Survey

The survey asked about payments behavior in the previous three months.

Methodology: Telephone interviews

Time Series: 2007, 2006, 2005, 2003
2007 survey conducted February 5-20, 2007

Data Sample: 1,013 U.S. adults aged 18 or older. Data weighted to be representative of the continental U.S. based on age, according to the U.S. Census Bureau's Current Population Survey.

Key Findings:

- Payment methods used by respondents during the three months prior to the survey included: closed loop/single merchant gift cards (about 45% of respondents), contactless cards (almost 45%), open loop/multi-merchant gift cards (about 26%), person-to-person mobile payments (about 15%), and mobile payments on device (about 11%).
- General trends:
 - There has been substantial growth in the use of online card security programs such as Verified by Visa and MasterCard SecureCode.
 - Single-merchant gift cards continue to lose share to multi-merchant gift cards.
 - Reward points are losing influence with young people.
 - Mobile payments show a generation gap.
 - Payroll and benefit cards show increasing strength.

Global Concepts

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Company Overview

Global Concepts, a wholly-owned subsidiary of McKinsey & Company, is a management consulting firm specializing in payment systems. The company provides research, analysis and advisory services in: check processing, image archiving, remittance operations, treasury services, electronic payments, cash vault, inter-bank payments and emerging payments.

Type of Research

Global Concepts conducts primary studies and offers proprietary and syndicated research on payments. Its Payments Strategy Research Program is an ongoing, year-long series of research designed to help clients understand, predict, and make strategic adjustments for changes in the payments system.

Global Concepts research provides objective, independent analysis of industry changes. Recommendations are based on survey data from consumers, businesses, and organizations within the industry, such as financial institutions, technology vendors, processors, and other non-bank organizations. Global Concepts enhances its independent research with analysis performed by industry leaders.

Recent research topics have included mobile banking and payments, emerging payments threats and opportunities, cash displacement, and check electronification. The company also conducts an annual payments study to measure payments volumes and payments-related strategic initiatives at the largest financial institutions in the U.S.

Global Concepts collaborated with the Federal Reserve on the Check and Electronic Payment Instruments Study in 2000, 2001 and Federal Reserve Payments Study in 2004 and 2007. Global Concepts assisted the Federal Reserve with two components of the 2007 Federal Reserve Payments Study — the Depository Institutions Payments Study and the Check Sample Study.

Research

- Annual Payments Study (since 2001)
- Emerging Payments Monitor: Mobile Banking And Payments (May 2008)
- Emerging Payments Monitor: U.S. Emerging Markets Part 1 (April 2008)
- Emerging Payments: Facts and Fiction, Threats and Opportunities (November 2007)
- Cash displacement: The Next Great Frontier (October 2007)
- Risk Management Across Payment Channels (September 2007)
- Check Electronification: Progress, Promise and Pipe Dreams (March 2007)
- Drivers Behind Bill Pay Behavior (December 2006)
- Emerging Trends in Check Conversion: How Much Paper can the ACH Eliminate? (November 2006)
- Banking Hispanics: Lessons from the MSB Paradigm (October 2006)
- Enterprise Payments Strategy – A Roadmap to the Future (August 2006)
- Multifactor Authentication Trends: An Industry-Wide Update (June 2006)
- The 2005 Biller and Merchants Receipts Strategy Study (April 2006)
- Nonbanks Nibbling at the Payments Value Chain (March 2006)
- Trends in Consumer Payment Behavior (2005, 2006)
- The Great Migration to Electronics: Fixing the ACH (2006), ACH Risks (2005)
- The Future of Interchange in the U.S. (2006)
- Image Replacement Document (IRD) Market Analysis (2005)
- State of the Industry: Image Exchange Market Analysis (2005)
- Emerging Payments Research: The Rise of Credit Cards (April 2005)
- Evolving Consumer Payment Strategies (2004)

Research Sample

Title: Drivers Behind Bill Pay Behavior (December 2006)

Methodology: Telephone interviews

International Communications Research (ICR) fielded the survey and conducted the interviews for Global Concepts.

Time Series: 2006, 2005
2006 survey conducted during July and August 2006

Data Sample: 2,500 U.S. households, including about 340 who participated in the 2005 wave of the study. Survey was a random consumer sample, representing a cross-section of U.S. adults stratified and weighted to the most recent U.S. Census estimates.

Key Findings:

- There are two distinct groups of bill payers: traditionalists and electronic payers.
- Traditionalist Group (54% of all bill payers)
 - Comprised of households that pay the majority of their bills (81%) by mailing checks

- Includes a large cross-section of American consumers with a higher-than-average concentration of retirees. Three-fourths of the group is a combination of families, married couples and singles from all economic backgrounds.
- Not necessarily technology shy — 65% have Internet access.
- Primary reasons for preferring checks for bill payment are a desire to remain safe from ID theft or hidden bill payment fees, and a desire for control over their money.
- Electronic Payers (39% of U.S. households)
 - Diverse group, but white-collar families are disproportionately represented.
 - Primarily want options that are quick and enable them to use a single avenue to pay their bills.
 - Concerns about security and hidden fees have less effect on their choice of bill payment method.
 - Still pay roughly one-third of their bills by mail or walk-in methods that rate poorly for speed. This is probably because the users still have bills that they can only pay via check.

Hitachi Consulting

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Company Overview

Hitachi Consulting specializes in strategy and technology consulting services. The company provides solutions in the areas of business and technology strategy, process improvement, market research, project management, and industry and regulatory compliance.

Hitachi Consulting's Financial Services practice (formerly Dove Consulting, a division of Hitachi Consulting) focuses on consumer and small business transaction accounts, with particular emphasis on companies participating in core banking, payments, insurance, and wealth management. It addresses aspects of growth, retention, and access channels and devices. The company has performed strategy work with eight of the top ten U.S. banks, major payment networks, and government entities. Industry research addresses payment trends related to consumers, retailers, ATM deployers, card issuers, and remittance processors. Hitachi Consulting also publishes a quarterly e-newsletter.

Type of Research

Hitachi Consulting conducts proprietary studies and syndicated research in-house. It conducted several research studies for the Department of the Treasury to assist with products and policies to convert from paper checks to electronic payments.

Research

- Survey of Banks' Efforts to Serve the Unbanked and Underbanked for the FDIC (Results of this national study are anticipated to be released in the fall of 2008.)
- Study of Consumer Payment Preferences (with BAI) (September 2008 — *pending*, 2005/2006, 2003/2004, 2001, 1999)
- Consumer Interest in Mobile Commerce Extends Beyond Banking (January 2008)

- 2007 Electronic Payments Study (conducted as part of the *2007 Federal Reserve Payments Study*, also conducted in 2004, 2001)
- Study of Small Business Payment Preferences (2006/2007)
- Debit Issuer Study (2007) (commissioned by Pulse EFT Association)
- ATM Deployer Study (2006, 2004, 2002, 2000)
- Remittance Processing Benchmarking Study (2005)
- Debit Card Fraud & Performance Benchmarking Study (2005)

Research Sample

Title: **Consumer Interest in Mobile Commerce Extends Beyond Banking (January 2008)**

Study sponsored by PCSU Financial Services, a large credit union service organization serving more than 1,100 financial institutions nationwide.

The study gauged consumer interest in and predicted future use of three major mobile applications: mobile banking (using a mobile device to access banking information), mobile payment at the POS (using a mobile device to make purchases), and mobile person-to-person payments (using a mobile device to send money to another mobile device).

Methodology: Focus groups

Time Series: Unavailable

Data Sample: U.S. consumers in multiple cities

Key Findings:

- Mobile applications consumers were most excited about using:
 - Nearly two-thirds of study participants chose mobile banking.
 - 30% chose mobile payment at the POS.
 - Only a handful indicated they were excited about mobile person-to-person (P2P) payments.
- Participants indicated that they are ready to start using mobile banking and mobile payment at the POS now. Few indicated that they would adopt P2P mobile payments at any time.
- Convenience is the most compelling feature of both mobile banking and mobile payment at the point-of-sale.
- Participants cited the ability to perform banking functions, such as check balances and pay bills, from anywhere without a computer as the major convenience of mobile banking.
- The prospect of no longer carrying a wallet was cited as the major convenience of mobile payments at POS.
- Security and fraud are the main concerns regarding these mobile applications, particularly what would happen if their mobile devices were lost or stolen.

Javelin Strategy & Research

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Company Overview

Javelin provides independent, quantitative and qualitative research and strategy consulting, focused solely on the financial services and payments industries. Javelin's research-based guidance factors in the interdependence of consumer and business end-users, financial services providers, payments firms, technology vendors, merchants, billers and other third parties.

Javelin focuses on Financial Services and Payments and Identity Fraud. Javelin offers clients three services: 1) Syndicated subscription; 2) Custom strategy consulting; and 3) Proprietary custom research.

Type of Research

Javelin offers both primary proprietary and primary syndicated research. Javelin conducts multiple surveys including the "Spring Financial Household Survey" and the "Fall Identity Fraud Survey". Subscribers can add questions to surveys based on the level of subscription.

Research

- Online Banking Behavior Segmentation: A Behavioral Approach to Improving Adoption (February 2008)
- (Annual) Identity Fraud Survey Report (February 2008, February 2007, January 2006)
- Mobile Channel Usage Forecast: Setting the Stage for Revenue Opportunities (January 2008)
- Identity Fraud Protection Services: Double Digit Growth to Continue, Yet Confusion and Usability Issues Threaten Market Share (December 2007)
- Generation Y Payments Behaviors and Attitudes: Customer Service and Targeted Rewards Attract Lucrative Young Adult Segment (December 2007)

- PCI Compliance: Finding Value beyond Fine Avoidance (November 2007)
- Banking Identity Safety Scorecard: The Wave of the Future is Multi-Channel Security (November 2007, January 2006)
- The Identity Fraud Economic Divide: Reduce Consumer Losses by Customizing Protection Efforts to Income Levels (October 2007)
- Online Payments Forecast: Alternative Payments to Go Mainstream as Consumers Seek Security and Convenience (September 2007)
- Online Banking and Bill Payment: Trends, Forecasts, and Strategies for Reinvigorating Growth and Adoption (June 2007)
- Mobile Payments Forecast: Contactless Evolution Flounders Without Heightened Attention to Merchants And Wireless Carriers (June 2007)
- Mobile Banking Security: The Call for Technology Standards and Proactive Security Messaging (April 2007)
- Payments Interchange: The Tenuous Balance - Merchant, Issuer and Network Uncertainty Calls for Policy Changes and the Elimination of Rhetoric (April 2007)
- Mobile Banking — Getting It Right This Time: Segmenting Customers and Assessing Platforms in a Unique Channel (April 2007)
- Expedited Bill Payments Forecast 2007 to 2009: Effective Strategies to Create Revenue and Enhance Relationships (February 2007)
- Contactless Technology: Focus on Younger Customers to Grow Adoption and Acceptance (December 2006)
- Debit Rewards Programs: Formulating Offerings that Accelerate ROI (December 2006)
- Reaching Underbanked Latinos: Better Product and Sub-Segment Definition Required to Realize Growth and Retention (November 2006)
- Beyond FFIEC Compliance: Creating an Evolving Authentication Platform for Higher Lifetime Consumer Value (October 2006)
- Data Breaches and Identify Fraud: Misunderstanding Could Fail Consumers and Burden Businesses (August 2006)
- Debit versus Credit: New Developments Affect Consumer Choice (August 2006)
- Consumer Security Preferences: Increase Online Adoption by Meeting Targeted Needs (July 2006)
- Consumer Adoption of Alerts Doubles: What Do Consumers Want Now? (June 2006)
- Online Consumer Payment Preference Poll (2006)
- Online Bill Viewing and Payment (June 2006)
- Consumer Credit Card Preferences: Using Rewards programs Linked to Interest Rates to Drive Usage and Profitability (May 2006)
- The Demographics of Identity Fraud: Through education and vigilance, banks can prepare and protect those most vulnerable (April 2006)
- Contactless Payments: New Merchant Data Reveals Opportunities and Threats for Bankcard Issuers (April 2006)
- Alternative Payments Online: Market Realities Keep Security on Top, and ACH Underneath (March 2006)

Research Sample

Title: 2008 Identity Fraud Survey Report

Methodology: 49-question telephone interviews using random-digit-dialing, conducted between September 25 and November 8, 2007

- Time Series:** Annual. Longitudinal update to the 2005, 2006, and 2007 identity fraud survey reports
- Data Sample:** 5000+ U.S. adults over age 18 representative of the U.S. Census demographic distribution, including 445 identity fraud victims
- Key Findings:**
- Overall ID fraud is declining in the U.S. The annual cost of ID fraud decreased by an estimated 12% or \$6 billion over 2006, from \$51 billion to \$45 billion. These figures represent the total amount that criminals were able to obtain illegally, before detection.
 - Traditional methods still pose the greatest risk. Fraudsters are turning to lower-tech methods by utilizing telephone theft more than ever before. Access through mail and telephone transactions grew from 3% of ID theft in 2006 to 40% in 2007.
 - States are not affected equally. Fraud risk is lowest in the Northeast while residents in California and other states are at the highest risk.
 - Fraud response varies by age. Young adults who fall victim to fraud are most likely to purchase ID fraud insurance and sign up for fraud alerts. Older adults who fall victim often react by no longer sending bill payments and checks through unsecured mailboxes.
 - The cost of ID fraud per consumer in 2007 averaged \$691, an increase of 25% over the \$554 recorded in 2006.
 - Approximately 300,000 fewer adults in the U.S. fell victim to ID fraud in 2007 than in 2006. In 2007, 3.58% of U.S. adults were victims of identity fraud.
 - Factors contributing to the decline in ID fraud include greater consumer vigilance and awareness, improvements in systems and practices by companies that manage personal information, increased frequency of viewing personal account information, and consumers more frequently updating spyware and anti-virus software.

Phoenix Marketing International: Phoenix Payments System Practice

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Company Overview

Phoenix Payments System Practice (PPSP) is a member of the Phoenix Marketing International (PMI) family of research and consulting companies. It provides a holistic approach to tracking the U.S. payments system, by examining traditional and emerging delivery channels and payments systems.

PPSP's Consumer and Business Research Program covers topics such as consumer payment preferences, online purchasing behavior and trends, and business-to-consumer and business-to-business billing and payment practices. The *Consumer Payments Research Programs* focus on consumer use of and preferences for billing and payment methods and services.

Type of Research

PPSP conducts more than 10,000 interviews annually with banks, credit unions, consumers, small and middle market businesses and large corporations, building on large and extensive research databases. PPSP also purchases primary proprietary panel research from TNS Global to analyze. In addition, PPSP offers custom market research and syndicated research. In custom research, PPSP manages projects including nearly 30,000 small business and middle market corporate interviews annually. Surveys may include custom questions and over-sampling on request.

Syndicated Research Programs:

- Consumer Payment Preferences
- Unbanked & Low Income Financial Services Market Research
- Large Business Billing & Payments

- Small Business Credit Card Monitor
- Small Business Billing & Payments
- Future of ATMs
- Delivery Channel Strategies
- Business Delivery Strategies
- Check & Image Processing in the 21st Century

Research

- Mobile Payment Solutions Are Ready, But Are Consumers? (2007)
- Consumer Payment Preferences and Usage Study (Annual)

Research Sample

Title: **2007 Consumer Payments Preferences and Usage Study**
Debit Card Opportunities and Challenges

The annual study examines consumers' preferences and use of billing and payment methods and services. Research covers point-of-sale and recurring bill payments. The 2007 study focused on debit card issues, such as consumer preferences, attitudes, and usage (both current and future intentions). It also looks at debit's relationship to other payment methods, in particular, credit cards.

Methodology: Online survey

Time Series: Annual — Online since 2005, mailed from 2000-2004. Continues work provided by PSI trending since 1970.

Data Sample: 2,000+ households. Nationally representative of the online U.S. population, controlled to approximate census counts by age, income, gender, and census division. Participants had to own a credit card.

Key Findings:

- Roughly three-fourths of U.S. consumers have a card-association branded debit card tied to their primary bank account, making them unlikely to switch debit cards simply due to a "better offer" as some consumers do with credit cards.
- Less than one-third of consumers' primary credit cards are with their primary bank.
- Slightly more than one-third of debit cardholders keep larger balances in their accounts than they would otherwise, due to the active use of their debit cards.
- The preference for debit cards over credit cards to pay bills is strongest among middle-aged and lower-income consumers. Older consumers and those with incomes above \$100,000 are evenly divided in their preferences for the two card types.

- The impact on credit card usage due to debit usage is strong — 45% of respondents strongly agree that they will use debit instead of credit over the next three years vs. 22% who strongly disagree.

Source: Internet & Interview

Last Updated 07.31.08

Synergistics Research Corporation

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Company Overview

Synergistics provides multi-client consumer and small business marketing research for the financial services industry. The company has conducted more than 300 financial services projects on both consumer and corporate topics over the last 20 years. Synergistics assists clients in all phases of research and planning, including consulting and secondary research services.

Synergistics offers three different products: 1) FOCUS — a large comprehensive product that allows charter sponsors to review the draft questionnaire and suggest additions and revisions; 2) ADVANTAGE — a smaller product delivered within two months of questionnaire design; and 3) MONITOR — a yearly survey focusing on tracking and trending for major product or business lines.

Type of Research

Synergistics conducts primary research and some secondary studies using panel data. In addition to core syndicated research products, Synergistics offers custom research services to address specific business needs or objectives.

Research

- The Future for Direct Banking (November 2007)
- The Threat of Alternative Financial Providers (October 2007)
- Evaluating Debit Card Reward Programs (October 2007)
- The Outlook for ATMs (October 2007)
- A New Look at Consumer Payment Habits (August 2007)

- Tailoring Card Services for Small Businesses (June 2007)
- Marketing Credit to Low Income Households (April 2007)
- Women Small Business Owners (March 2007)
- Mobile Banking: The Consumer Viewpoint (February 2007)
- The Consumer Perspective on Micro-Payments (January 2007)
- Credit Cards – Marketing Warfare (November 2006)
- The Consumer View on Biometrics for Financial Services (November 2006)
- Identity Theft: Consumers Speak Out (October 2006)
- The Consumer Perspective on Health Savings Accounts (March 2006)
- Hispanic Market Monitor (January 2006; 2005)
- Contactless Payments – Wave of the Future? (February 2006)
- Insights into the Unbanked and Under-Banked (Fall 2005)
- Marketing Debit Cards – The New Reality (August 2005)
- Evolving Consumer Payment Habits (December 2005)
- Financial Insights: Students and Recent Graduates (September 2005)

Research Sample

Title: **A New Look at Consumer Payment Habits (August 2007)**

The study examines consumer payment behavior at the point of sale, for bill payment, and for e-commerce. It assesses current use of various payment methods and consumer reaction to innovative payment options and technology.

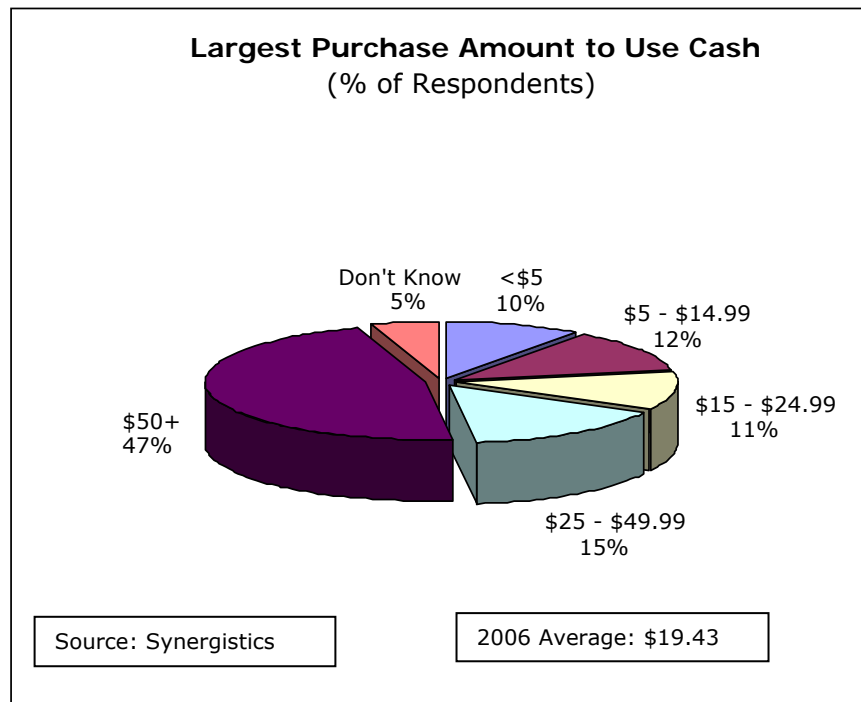
Methodology: Online survey

Time Series: Late 2006

Data Sample: 1,000 U.S. consumers ages 18 or older with household income of \$25K+

Key Findings:

Payment Methods for POS Purchase Under \$5	% of Respondents
Cash	81%
Debit Cards	24%
Credit Cards	17%
Gift / Prepaid Cards	6%



Source: Internet & Interview

Last Updated 07.31.08

I.B. Research/Consulting: Payments Industry

Organization	Website	Specialty
<u>BetterBuyDesign</u>	<u>www.betterbuydesign.com</u>	Payment system consulting
<u>Celent</u>	<u>www.celent.com</u>	Research and consulting focused on IT in financial services focusing on payments
<u>Consult Hyperion</u>	<u>www.chyp.com</u>	IT consulting on implementing new technologies, including Contactless (RFID)
<u>Datamonitor</u>	<u>www.datamonitor.com</u>	Research and analysis including cards and payments
<u>First Annapolis</u>	<u>www.1st-annapolis.com/index.cfm</u>	Payments consulting
<u>Forrester Research Group</u>	<u>www.forrester.com</u>	IT consulting, includes online consumer purchase behavior
<u>Frost & Sullivan</u>	<u>www.frost.com/prod/servlet/frost-home.pag</u>	Consulting on emerging high-technology and industrial markets
<u>Gartner</u>	<u>www.gartner.com/Init</u>	IT consulting
<u>Glenbrook Partners</u>	<u>www.glenbrook.com</u>	Electronic payments consulting
<u>JupiterResearch</u>	<u>www.jupiterresearch.com/bin/item.pl/home</u>	Consulting on online and emerging technologies
<u>Mercator Advisory Group</u>	<u>www.mercatoradvisorygroup.com</u>	Research and advisory services firm exclusively focused on the payments industry
<u>RBR – Retail Banking Research</u>	<u>www.rbrlondon.com</u>	Research and consulting on banking technology, cards and payments
<u>Smart Card Alliance</u>	<u>www.smartcardalliance.org</u>	Member association on smart card acceptance
<u>The PELORUS Group</u>	<u>www.pelorus-group.com</u>	Research and consulting in financial services and telecom, including wireless payments and SVCs
<u>TowerGroup</u> (*of MasterCard)	<u>www.towergroup.com/research/index.jsp</u>	Research and consulting including payments

BetterBuyDesign

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Company Overview

Better Buy Design (BBD) is a payments system consulting firm that provides “idea brokering” of advanced technology products and services between small, high-tech firms and large corporations that seek to deploy competitive services in online and mobile environments. A particular focus of “idea-brokering” is on fostering the development and adoption of innovative transactional environments — especially creating new payment options. BBD offers consulting services from strategy review and development to due diligence for M&A events and related business development activities.

Type of Research

Steve Mott speaks regularly at conferences, trade shows, and industry events, including:

- Association for Financial Professionals (AFP) Retail Payments Conference
- BAI TransPay, SmartTactics, and Retail Delivery Conferences
- BITS Authentication Conference
- Direct Response Forum
- ETA (Electronics Transactions Association)
- Financial Services Technology Consortium (FSTC)
- Intel-card Expo
- Internet Retailer Conference
- IRR Prepaid Markets Expo
- Merchant Risk Council
- Mobile Commerce Summit
- NACHA Annual Payments Conferences, Councils (EBP, Internet) and Payments Institute
- NY Cash Exchange
- Online Resources Customer Conference (ORCC)
- Princeton eCom Conference
- Stored Value Summit
- WACHA Electronic Payments

Presentations may be available on some conference websites.

Celent

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Company Overview

Celent is a research and consulting firm focused on the application of information technology in the global financial services industry. Celent's analyst team is organized vertically by financial services industry: Banking, Securities & Investments, and Insurance.

Research and consulting on payments include areas of micropayments (e.g., mobile commerce), risk issues (e.g., payment fraud, identity theft), and emerging technologies in payments (such as proximity payments, smart cards, and biometric technology).

Oliver Wyman, a management consulting firm, acquired Celent in February 2008. See Section I.C. of the Guide for more information about Oliver Wyman.

Type of Research

Celent publishes ongoing reports that generally fall into one of four categories: 1) *Overall trends analysis* — a high-level view of vertical industry trends; 2) *Vendor comparisons* — a detailed examination of technology vendors' offerings and recommendations to financial institutions; 3) *Case studies* — close-up reports focusing on a single firm's experience launching a specific technology initiative; and 4) *Market data* — focuses on end-user behavior, spending levels, and market sizes.

Access to research requires membership.

Research

- The Would-Be Disruptors: New Technologies in the Remittance Space (May 2008)
- Disruption in the Payments World (May 2008)
- Mobile Banking Services in Western Europe (May 2008)
- Where the Banks Aren't: Nontraditional/Nonbank Advances in Branded Prepaid Cards (December 2007)
- Back Office Conversion: Too Little Too Late? (December 2007)
- Electronic Money: Contactless Payment in Japan (December 2007)
- Corporate Mobile Banking: The Times They Are a-Changing (November 2007)

- Mobile Banking Vendors: Tackling the Technology-Distribution Tradeoff (October 2007)
- Multifactor Authentication: Forging Ahead in 2007 (July 2007)
- The Millennials, Financial Services, and the Web (July 2007)
- Electronic Payments:
 - Crossing Frontiers in Business-to-Business Electronic Payments (Part I) (January 2007)
 - Standards: The Pony Express to E-Payments (Part II) (January 2007)
- The State of Distributed Capture: Imaging in the Retail Channel (June 2007)
- State of Remote Deposit Capture: Entering the Mainstream (June 2007)
- U.S. Mobile Banking: Beyond the Buzz (May 2007)
- Making Loyalty Pay: The Relationship Between Rewards and Payments (December 2006)
- Check Electronification: Roads to Rome Revisited (November 2006)
- The Future of Consumer Card Payments (November 2006)
- The French Generation 18-25 and Financial Services (November 2006)
- Contactless and the Dawn of a New Payment Era (September 2006)
- The British Generation Y and Financial Services (May 2006)
- Online Payment Providers: Disrupting the Status Quo (May 2006)
- Interchange: Recalibrating the Scale (March 2006)
- Mobile Commerce: Dealing with the Devil in the Details (February 2006)

Research Sample

Title: **The Millennials, Financial Services and the Web (July 2007)**

Methodology: Online survey

Time Series: One time — May 2007

Data Sample: 591 college students, ages 18-24, at 34 U.S. universities

Key Findings:

- Millennials (also known as Gen Y or the Internet generation) highly value remote channels, such as email, Internet and mobile phone.
- Checking accounts and debit cards are the most pervasive products for Gen Y.
- Gen Y uses debit cards more frequently than other payment forms and for lower dollar values than other age segments.
- Reward programs tied to debit cards, especially those that give money back, are especially attractive to Gen Y. 67% of respondents preferred a cash-back reward, compared to 37% who liked getting a travel-related benefit.
- When asked if they would be willing to use a mobile banking service, 31% of respondents indicated that they would use the service to make a bill payment.

Consult Hyperion

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Company Overview

Consult Hyperion is an independent IT management consulting firm with a global client base focusing on secure electronic transactions. The company helps organizations bridge the gap between business and technology. Consult Hyperion specializes in a wide range of systems and applications, including national ID cards, mobile top-up, retail payments and customer relationship management. The company focuses on four main sectors: financial services, retail, public sector, and telecommunications, media and technology.

Work in the banking, finance and financial services sector has included both retail and wholesale, domestic and international businesses. Current work has enabled Consult Hyperion to develop an industry-wide reputation around a number of key themes, including the deployment of contactless payment schemes and multi-channel EMV.

Research

White Papers:

- The Payment Services Directive (Special Briefing) (January 2007)
- Securing Retail Payments (January 2004)
- Mobile Payments (July 2003)
- The Future of U.K. Transportation Ticketing (June 2003)
- Token Authentication (June 2003)

Conferences:

Consult Hyperion speaks and conducts workshops at various payments conferences

- Digital Money Forum Conference (April 2008, annually since before 2000)
- Contactless Payments Conference (February 2008)
- Digital Identity Forum Conference (November 2007, annually since 2000)
- International E-Finance Intensive (November 2007)
- Smart University (September 2007)
- NFC Technology & Applications Forum (June 2007)
- Developing Strategies to Exploit Mobile and NFC (Workshop conducted at Mobile Payments Conference) (March 2007)

- Contactless Workshop (March 2007)
- New Payment Channels 2007 Conference (February 2007)
- European Plastic Card & Online Fraud Detection & Prevention 2006 Conference (January 2006)
- Mobile Payment Strategies 2005 Conference (December 2005)
- The Future of Oyster 2005 Conference (December 2005)

Source: Internet & Interview

Last Updated 07.31.08

Datamonitor

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Company Overview

Datamonitor is a market research firm that provides a wide range of industry data reports tracking trends in such sectors as energy, financial services, consumer products, health care, and technology. Datamonitor offers its information to more than 5,000 customers, primarily through its subscription-based Strategic Planning Programs (SPPs), which include industry reports and advisory services.

Type of Research

Datamonitor conducts primary and secondary research and offers custom as well as independent reports.

Consumer market research focuses on the food and beverage industry. The interview process is based on the company's proprietary database of more than 15,000 food, drink and personal care industry contacts (e.g., executives, retailers, distributors, wholesalers, suppliers, etc.).

Research

- Online Consumer Payments (May 2008)
- Payment Card Competitor Tracker (February 2008, January 2008, 2007, 2006)
- Consumer Payments in Europe (November 2007)
- U.K. Plastic Cards (November 2007, 2006, 2005)
- U.K. Consumer Credit Market Outlook: Q2 2007 (October 2007), (2006)
- The Threat from Debit to the U.K. Credit Card Market (October 2007)
- Innovations in Payment Card Loyalty (March 2007)
- Retail Payments in the Global Economy (February 2007)
- Co-branded Cards in Europe and the U.S. 2006 (January 2007), 2005 (December 2005)

- Non-traditional Players in the Retail Banking Market
- Retail Payments: Preparing for the Future (October 2006)
- Billing and Payment Preferences in Australian Residential Supply (October 2006)
- Retail Payment Mechanisms on the Forecourt (September 2006)
- Contactless Payments 2006 (June 2006)

- Future of Online (May 2006)
- Mobile Payments (July 2005)
- Card Payments in the U.S. and Europe (July 2005)
- Consumer Spending Patterns — where do cards fit in? (March 2005)
- Payment Cards in Ireland 2007 (February 2008), 2006 (October 2006)
- Payment Cards in Canada 2006 (September 2006)
- Plastic Cards in Hong Kong 2005 (December 2005)
- Plastic Cards in Singapore 2005 (December 2005)
- North American Cards Database 2006 (July 2006)

Research Sample

Title: **Online Consumer Payments (May 2008)**

The study examines the ways consumers pay for goods and services online. It also highlights key components of successful online payment solutions. Online payment methods discussed include credit and debit cards, prepaid cards, eWallets and P2P payment solutions. The bulk of the data covers Europe and the U.S. Where possible, general consumer trends are considered on a global scale.

Methodology: Information was compiled based on primary and secondary research. Primary research was conducted among industry executives. Consumer data is from sources such as ACNielsen and the European Commission.

Time Series: One time — 2008

Data Sample: Industry Executives

Key Findings:

- Online consumer payment volumes continue to grow rapidly.
- The credit card is the most frequently used payment method online.
- Debit cards are not widely used for online payments.
- PayPal is growing rapidly and is among the top five payment methods online.
- Prepaid cards are least commonly used but are becoming more widespread.

First Annapolis

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Company Overview

Founded in 1991, First Annapolis specializes in advising clients on strategic and tactical matters across all major payment products and services including credit cards, deposit access products, and commercial payment vehicles. Its analysts are considered experts in the traditional and emerging payment market segments.

The firm advises companies around the world with a particular focus on North America, Europe, and Latin America.

Type of Research

First Annapolis conducts primary research targeting financial institutions, issuers, acquirers, processors, merchants and other industry constituents to understand market sentiment related to new offerings. The company helps clients build an objective view of market opportunities by researching market trends, assessing competing products, and synthesizing retailer and consumer attitudes.

First Annapolis provides both customized and syndicated proprietary research and consulting services to clients. Customized research report topics include:

- Financial services strategies and tactics of various retailers
- Strategies of card issuers and networks to target the affluent market segment
- Diversification strategies and results of credit card issuers
- Emerging payments providers, products, and strategies
- New product developments and launches in the credit card industry
- Branch-based new account acquisition practices
- Field marketing practices used in retail credit card programs
- Benchmarking of gift card program strategies

The company also publishes a monthly newsletter, *Navigator*, which provides articles on payment industry trends.

Research

- The Battle for the Low Income Consumer in Latin America (January 2008)
- Trends in the Retail Gift Card Market and Product Penetration in the U.S. and Western Europe (December 2007)
- Key Considerations for Stakeholders in the Prepaid Market (November 2007)
- The Current State of Debit Rewards (October 2007)
- Increasing Revolving Behavior in Europe (June 2007)
- Banks & Retailers Tap into Booming, Controversial Hispanic Market (March 2007)
- Strategic Considerations for the ATM Business (November 2006)
- Transit Payments Have Room for Growth in the U.S. But Face Challenges (July 2006)
- The Status of Contactless Cards: An Acquirer Perspective (April 2006)

Research Sample

Title: Trends in the Retail Gift Card Market and Product Penetration in the U.S. and Western Europe (December 2007)

This study looks at the prevalence of “closed loop” gift card offerings by top retailers in Western Europe and the U.S.

Methodology: Telephone interviews and Internet research during October 2007

Time Series: 2007, 2005, 2004

Data Sample: Top merchants (including fashion and grocery retailers) in the U.K., Germany, Ireland and Spain. U.S. data is based on primary and secondary research from other sources, including Stores Top 100 retailers and projections from Giftex.

- Key Findings:**
- Despite significant growth, there is still a large opportunity for financial service providers to issue gift card programs in conjunction with European retailers.
 - In the U.S., nearly all major retailers now have card programs. In contrast, European retailers are four to five years behind in developing gift card programs.

Country Researched	Merchants Examined	% of Merchants with a Gift Card Program		
		2007	2005	2004
U.K.	Top 35	41%	20%	10%
Ireland	Top 30	40%	10%	5%
Germany	Top 20	44%	30%	5%
Spain	Top 30	31%	25%	25%
U.S.	Top 100	99%	94%	84%

- During the 2006 Christmas season, over 10% of total retail sales in the U.S. were conducted via gift cards. Research by American Express indicated that almost four in five U.S. consumers planned to purchase a gift card during the 2007 holiday season and that the average consumer would purchase almost four cards.

Source: Internet & Interview

Last Updated 07.31.08

Forrester Research Group

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Company Overview

Forrester Research, Inc., an independent technology research company, conducts research and provides advice about the impact of technologies on business, consumers, and society. Forrester offers products and services in the areas of research, data, consulting, and community. Research serves as the foundation of all offerings and comprises annually renewable memberships to *WholeView 2 Research*. Its data products include consumer and business technographics data and services, consumer technographics omnibus surveys, and custom consumer research. The company's consulting services leverage *WholeView 2 Research* to deliver customized research services designed to assist clients in executing corporate strategy, promoting new initiatives, or making technology investments. Its community products and services include annual memberships in the Forrester oval program, participation in website reviews and boot camps, and attendance at Forrester events. The company's *WholeView Research* platform combines with data, consulting, and community products and services to provide clients with access to its research, analysts, online tools, presentations, advice, and speeches.

Type of Research

Forrester conducts primary research through its own panels and secondary studies utilizing panels from market research companies such as TNS Global. Forrester offers customized, syndicated, and independent reports.

Research

- Biometrics: Beginning to Fulfill Its Promise (February 2008)
- Top U.S. eCommerce and Online Retail Predictions for 2008 (February 2008)
- Why Consumers Like Alternative Payment Methods When Shopping Online (February 2008)
- U.S. eCommerce Forecast: 2008-2012 (January 2008)
- eCommerce Best Practices Adoption (January 2008)
- Technographics® Insight: Beauty is in the Eye of the Gen Y Consumer (January 2008)

- Technographics® Survey Highlights: North American Consumer Technographics Retail Online Survey Q3 2007 (January 2008)
- Trends 2008: European eCommerce and Online Retail (January 2008)
- Online Bill Pay's Last Mile (December 2007)
- Online Bill Pay 2007: Understanding the Mindset of Holdouts, Fence-Sitters, and Quitters (December 2007)
- Technographics Insight: Mobile Shopping Gets a Foothold with Gen Yers and Gen Xers (November 2007)
- Mobile Authentication Marries Security with Convenience (November 2007)
- Benchmark 2007: Financial Services Early Adopters Dominate Online (November 2007)
- Banks Will Take a "Wait and See" Approach to Yodlee's New EBPP Service (October 2007)
- The Changing Retail Payment Systems Landscape (September 2007)
- Raining on the Mobile Banking Parade (September 2007)
- Coming Soon: Remote Deposit Capture for Consumers? (July 2007)
- Online Banking Holdouts Still Want Security Guarantees (June 2007)
- Person-to-Person Payment Goes Mobile (April 2007)
- U.S. Mobile commerce 2007: Low Reception (March 2007)
- The Big, Ugly Obstacle Holding Back eCommerce (March 2007)
- U.S. Online Banking: Five-Year Forecast (March 2007)
- Identifying Big Spenders Across Online Businesses-More Advanced Online Activities Correlate to Increased Online Spending (February 2007)
- Trends 2007: eCommerce and Online Retail (February 2007)
- Travel Sellers Should Adopt Alternative Payment Options (February 2007)
- Consumers' Behavior Online: A Deep Dive (January 2007)
- EBPP Forecast: 2006 To 2011 — The Number of EBPP Users Will Grow By 63% During The Next Five Years (January 2007), 2005-2010 (October 2005)
- European Retailers Still Need to Offer Multiple Online Payment Methods (January 2007)
- The Checkout Tools That Boost eBusiness — Why PayPal, Bill Me Later, and Google Checkout Work (January 2007)
- Breaking the Mobile Internet's Low Adoption Sell (December 2006)
- SMS-Based Mobile Payment: Popular With The Young But Is There A Wider Mobile Payment Opportunity? (November 2006)
- The Changing Financial Consumer (July 2006)
- Are Your Online Customers For Real? Online Credit Card Fraud Detection Services (October 2006)
- The Banking Channel Popularity Contest — Consumer Preferences for Buying, Banking and Service Interactions (August 2006)
- Males Are The Most Active Online Bankers — Online Banking and Product Research Across Genders and Generations (August 2006)
- Strategies for Combating Online Fraud (June 2006)
- Why Half of Europe's Net Users Don't Bank Online (May 2006)
- Online Retailers Face A Tough Road Ahead (April 2006)
- Capturing Value From Check 21 (March 2006)
- Contactless Mission: Impossible — Proximity Bank Cards Won't Displace Nickels And Dimes (July 2005)
- FastPay's Closure Confirms Limited Demand For Alternative Payments (June 2005)
- Pan-European Mobile Payment Initiative Falls Apart Simpay Calls It Quits (June 2005)
- Payment Card Security: Self-Assessment Is Not Enough (June 2005)
- Which New Payment Systems Do Europeans Use? (March 2005)
- What Makes A Credit Card Top Of Wallet? (March 2005)

- ARC: A Viable Alternative To Substitute Checks And Image Exchange For Banks And Processors (January 2005)

Research Sample

- Title:** **Online Bill Pay 2007: Understanding the Mindset of Holdouts, Fence-Sitters, and Quitters (December 2007)**
- Methodology:** Online survey
- Time Series:** 2007, 2004
2007 survey conducted in Q3 2007
- Data Sample:** 4,197 U.S. consumers
- Key Findings:**
- Just 35% of online consumers pay bills online at their bank or credit union.
 - Among non-adopters:
 - 71% say they'll never pay bills online, citing a preference for check-writing and the need for paper bills for record keeping.
 - 23% plan to pay bills online but just haven't gotten around to it yet.
 - 6% paid bills online but quit using the service.
 - Non-adopters report they could be coaxed into adoption — at the top of their wish list is an online security guarantee.

Source: Internet & Interview**Last Updated 07.31.08**

Frost & Sullivan

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Company Overview

Frost & Sullivan has 26 global offices with more than 1500 industry consultants, market research and technology analysts, and economists. They specialize in research and market strategies, growth consulting and corporate training, and client support focused on the following areas: aerospace and defense; automotive and transportation; chemicals, materials, and food; energy; environmental, building controls, and PPE; healthcare; industrial automation and electronics; information and communication technologies; and professional services. Clientele include Global 1000 companies, emerging companies, and the investment community.

Frost & Sullivan's work in industrial automation and electronics includes extensive research on the smart card industry. Areas of focus include the smart cards market, smart card ICS market, smart card readers/terminals markets, and vertical/application markets.

Type of Research

Frost & Sullivan offers nine research methodology types covering nine industry sectors including conjoint analysis, focus groups, interactive forecasting, Internet research, and quick data service. Each of the nine research types has its own distinct research methodology and sources.

Research

- Smart Card Outlook in APAC 2008 — The Next Era of Smart Cards (February 2008)
- World Contactless Smart Card Markets (February 2008, February 2007, January 2006, February 2005)
- Integrated Smart Cards and Biometrics Market — The Next Level of Security (December 2007)
- U.S. Mobile Payments and Mobile Banking Insight (September 2007)
- 2007 North American Mobile Communications Outlook (March 2007)
- Mobile Data Protection Sector Assessment (January 2007)
- World Smart Card Markets (December 2007, December 2006, December 2005, July 2004)
- World SIM Smart Card Markets (December 2007, November 2006, November 2005)
- World Financial Biometrics Markets (November 2007)

- Mobile Contactless Payment Holds Huge Potential for Japanese Smart Card Market (August 2007)
 - World Smart Card IC Markets (August 2007, July 2006, June 2005, May 2004)
 - Mobile NFC — Assessing the premier technology for enabling contactless mobile transactions and applications (July 2007)
 - RFID Vs Contactless Smart Cards (June 2007)
 - M-banking — To Bank the 'Un-banked' (May 2007)
 - Lack of Understanding the Differences between RDID and Contactless Smart Cards Causing Concerns (May 2007)
 - North American Prepaid Calling Cards Markets (August 2006)
 - RFID Vs. Contactless Smart Cards – an unending debate (October 2006)
 - The Prospects for a New Distribution Channel – As Retailers Embrace 3G Mobile Services When Will Consumers Follow? (May 2006)
 - Hypermarkets and Pay-at-the-Pump: Why are POS vendors so excited? (April 2006)
 - Verifone to be #1? (March 2006)
 - Americas Smart Card Market Analysis (September 2005)
-

Research Sample

Title: **Americas Smart Card Market Analysis**

The Smart Card Alliance and Frost & Sullivan collaborated to evaluate the North and Latin American microcontroller smart card markets. The resulting report concludes that the smart card market will grow rapidly over the next five years throughout the Americas. The study provides detailed analysis of the size and growth of both microcontroller smart card shipments and revenue through 2010 by market sector, along with an analysis of key market trends and drivers.

Methodology: Qualitative and quantitative analyses were performed based on interviews conducted amongst smart card industry participants in the Americas. The primary research was supported with Frost & Sullivan's ongoing smart card research coverage. Through triangulations and cross-verification of information/data collected by the different sources, reached a close to accurate analysis of the market.

Time Series: One time — 2005

Data Sample: Smart Card industry participants

Key Findings:

- 132.2 million smart cards are expected to be shipped to North America in 2005, with over 27% CAGR projected through 2010.
- Subscriber Identity Module (SIM) is the largest market segment in 2005 followed by payments, pay TV, government & ID and access control. SIM share of market is expected to drop dramatically over the next 5 years as other applications become more widely deployed.
- HSPD-12 is a key driver for the government & ID market. The deployment of FIPS 201-compliant ID applications within federal agencies, as well as

the U.S. e-passport project, will be the key growth factors in this market.

- Enterprise access control applications will feature a marked convergence between physical & logical access control. This, in turn, is driving smart-card-based ID badges that combine physical and logical access.

Source: Internet & Interview

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Gartner

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Company Overview

Gartner is a leading provider of research and analysis on the global information technology industry. The company's businesses consist of research and events for IT professionals; Gartner executive programs, membership programs and peer networking services; and Gartner consulting, customized engagements for outsourcing and IT management. Founded in 1979, Gartner has more than 3,900 associates, including more than 1,200 research analysts and consultants, in over 75 countries.

Type of Research

Gartner takes a dual approach to studying consumer payments: panels and focus groups. Focus groups are employed to understand emerging payment trends while panels are used to quantify the market and understand consumer attitudes. Gartner works with third parties for panels, but has an in-house statistical team that reviews methodology.

Research

- U.S. Consumer Secure Payment Preferences Create Opportunities for Nonbanks (February 2008)
- Western Union: A Drive for Banks' Global Payment Aspirations (February 2008)
- NTT DoCoMo's Approach to Opportunities in the Credit Card and Mobile Payment Business (February 2008)
- Cut through the Hype: Mobile Contactless Payments Offer Less to Banks and Their Customers (February 2008)
- M-Commerce Retail Consumer Shopping Preferences (February 2008)
- PCI Compliance Grows but Major Industry Problems Remain (January 2008)
- Google's Mobile Payment Ambitions: A Step Forward, but Still a Way to Go (January 2008)

- Phishing Attacks Escalate, Morph and Cause Considerable Damage (December 2007)
- Understanding the Online Banking Customer (December 2007)
- Mobile Banking: Think Mobile Financial Services First (December 2007)
- The Future of Money (December 2007)
- Mobile Banking Needs an Ecosystem, as well as a Platform, to Succeed (December 2007)
- Mobile Phone Money Transfer Services: Compliance is a Bank's Best Friend (November 2007)
- Google-Sponsored Mobile Platforms Likely to Be a Market Force (November 2007)
- Banks Gain Trust through Secure Applications on Mobile Phones (October 2007)
- Consumers Care More about Bank Fees than Security (October 2007)
- Stored Value Cards Can Be a Risk, Threat, Menace or Opportunity (August 2007)
- PayPal Pay Later Maintains Consumer Privacy (August 2007)
- The Demise of the Magnetic Stripe and the Rise of the Chip (July 2007)
- Barclays and Oyster Card Collaboration Points the Way (June 2007)
- Faster Payments, Stronger Authentication (April 2007)
- The Truth Behind Identify Theft Numbers (February 2007)
- FFIEC Guidance Drives Online U.S. Banking Security Upgrades (January 2007)
- Mobile Collaboration Will Be Driven by Consumer Technologies and Behaviors (December 2006)
- Growing Opportunities for Contactless Smart Cards (Dataquest Insight, December 2006)
- Forecast: Smart Cards, Worldwide 2005-2010 (December 2006)
- Mobile Banking and Mobile Payments (December 2006)
- A Road Map for the Payment Standards Landscape (December 2006)
- PayPal and Google Checkout Show the Way for Banks' Payment Operations (December 2006)
- Online Banking Needs More Security to Retain Customers (Toolkit, November 2006)
- NFC Mobile Payment Calls for Cross-Industry Collaboration (Dataquest Insight, October 2006)
- Security Concerns Influence Consumer Payment Choices (Toolkit, October 2006)
- Bank of America's SiteKey Fosters Confidence, but Issues Remain (September 2006)
- Changes Will Improve PCI Security, But Not Enough (September 2006)
- Banks Must Deliver High-Touch Customer and Merchant Models to Succeed With Contactless Payments (July 2006)
- Google Checkout Seeks to Add Value to Search (July 2006)
- Innovative Online Billing Services Are Emerging for Healthcare Payers (July 2006)
- Limit ID Fraud: Use Identity Scoring, Not Credit Monitoring (July 2006)
- Overview of Consumer Mobile Applications, 2007 (August 2007), 2006 (June 2006)
- Banks and Credit Card Issuers Must Prepare for Integrated Contactless Mobile Payments (May 2006)
- State of the Art for Online Consumer Authentication (May 2006)
- Credit/Debit Cards Are Becoming Key to Consumer Healthcare Payments (April 2006)
- PayPal's Entry Will Make Mobile Payments a Reality at Last (April 2006)
- Research Preview: Pressure on Payment Standards (April 2006)
- Banking on Mobile Phones: Proceed With Caution (March 2006)
- Wal-Mart's Payment Initiative Should Spur Banks to Improve Customer Relationships (March 2006)

Research Sample

Title: Consumer Preferences for Secure Payments Create Opportunities for Non-Banks (February 2008)

Methodology: Online survey

Time Series: One time — August 2007

Data Sample: 4,500 U.S. adults

Key Findings: **Consumer Preferences for Grocery Store Payments**
(1=most preferred method, 7=least preferred method)

Payment Method	Rank
Cash	2.88
Debit card with PIN	3.64
Credit card with signature	3.70
Debit card with signature	4.00
Credit or debit card without signature or PIN	4.08
Check	4.41
Contactless payment card	5.28

- Despite significant efforts by banks and card issuers to steer consumers towards using signature debit cards, consumers prefer using PIN debit to pay for groceries over all types of signature-based card payments (credit or debit).
- When shopping at grocery stores, consumers prefer using PIN debit cards despite the fact that only signature-based card payments typically earn reward points.
- Consumers who have been affected by data breaches are more prone to change their online payment behavior than other online or offline activities. These consumers are more likely to call the online store and give them their payment account number over the phone.
- Online businesses should enhance their ability to offer secure automated phone payments. For the customer base affected by data breaches, online merchants should promote alternative payments, such as PayPal and Bill Me Later. The younger the consumer's age, the greater their interest in using these payment methods.

Glenbrook Partners

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Company Overview

Glenbrook is a consulting and research firm that identifies, develops and implements strategies for electronic payments and related technologies. Founded in 2001, Glenbrook's partners bring years of operating experience to projects with clients seeking market opportunity evaluation, strategy definition, new product development, value pricing, and the application of technologies to electronic payments, security, identity and risk management. Their mix of skills and experience in electronic payments along with a global network of relationships and business focus helps ensure clients achieve project results. On-going market research and monitoring helps Glenbrook's clients anticipate, identify, and pursue opportunities. Glenbrook tracks important payments industry developments each day on its Payments News blog: www.paymentsnews.com. Glenbrook also offers Payments Bootcamp workshops to provide education on core and emerging areas of electronic payments for financial services and merchants.

Type of Research

Glenbrook periodically performs primary and secondary research on various client issues in the payments industry. Its research explores industry structure, documents value chains, sizes the opportunities, and identifies probable barriers.

Glenbrook draws on existing public data, and performs primary research on the organizations and institutions in question.

Research

- Converting Customers with TrialPay — A New Payment Alternative for Online Merchants (January 2008)
 - Peppercoin in the Payments Industry (June 2006)
 - Payment Card Chargebacks (March 2006, March 2004)
-

JupiterResearch

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Company Overview

JupiterResearch provides research, analysis and advice, backed by proprietary data, to help companies profit from the impact of the Internet and emerging consumer technologies on their businesses.

The company is headquartered in New York City and has offices in San Francisco, London and Paris. Forrester Research acquired JupiterResearch in July 2008.

Type of Research

Jupiter conducts primary consumer research and offers customized and syndicated reports. Jupiter surveys over 100,000 consumers each year drawn from panels of over one million Internet users. In addition, the company surveys top industry decision-makers, using WebTrack, a Jupiter-developed database, to measure the perspectives of top executives in dozens of market sectors. Jupiter also offers market forecasts built on complex models developed from the collective judgment, relevant experiences, and broad perspectives of Jupiter's analysts.

In 2008, the company launched a new subscription service, *Quantify*, to give subscribers instant, on-demand access to Jupiter's entire library of proprietary data, including consumer and executive surveys and five-year market forecasts for dozens of markets in Europe and North America relating to emerging consumer technologies and digital media, marketing, advertising and commerce.

Research

- U.S. Mobile Payments: Key Interim Steps for Driving Interest and Uptake (June 2008)
- Alternative Payment Update: Tracking and Driving Consumer Adoption (May 2008)
- U.S. Online Banking Forecast, 2007 to 2012 (May 2008)

- NFC-Based Mobile Payments in the U.S.: Understanding Challenges of an Early-Stage Market (March 2008)
- Merchant Data Security: Increasing Compliance and Fostering Trust Among Consumers (January 2008)
- Information Security: Assessing the Burden of Consumers' Data Security Concerns (October 2007)
- Payment Preferences Online: Analyzing Payment Ownership, Preference, and Spending Patterns Beyond Credit Cards (September 2007)
- Alternative Payments at the Point of Sale: Assessing the Progress of Fingerprint Biometrics (July 2007)
- Recurring Payments: Promoting Consumers' Adoption of Automated Credit and Debit Card Payments (May 2007)
- Recurring Payments: Considering Consumers' Preferences for Paying Recurring Bills (May 2007)
- Payment Preferences Online: Managing the Generation Gap Between Younger and Mature Adults (April 2007)
- U.S. Online Payments Forecast, 2006 to 2011 (April 2007)
- Mobile Banking: Assessing Servicing Opportunities via Cell Phones (April 2007, April 2006)
- U.S. Online Bill Viewing and Payment Forecast, 2006 to 2011 (February 2007)
- Holiday 2006 Postmortem: Continued Wallet Shift Fueled Strong Growth (February 2007)
- European Online Retail: Understanding the Payment Behavior of Online Buyers (January 2007)
- U.S. Online Banking Forecast, 2006 to 2011: Capitalizing on the Rise of the Multichannel Customer (January 2007)
- Hispanics and Online Financial Services: Aggressively Closing the Gap (December 2006)
- U.S. Contactless Payments: Primed for Supply, but Industry Must Coordinate to Reach Non-Users (November 2006)
- U.S. Online Banking Consumer Survey, 2006: Identifying Industry Best Practices (November 2006)
- Online Banking Penetration at U.S. Banks (November 2006)
- Online Banking Inhibitors (November 2006)
- Online Alternate Payments: Profiling Users of Cardless Deferred Billing (September 2006)
- Consumers' Preferences in Regard to Specific Approaches to Enhanced Authentication (July 2006)
- Online Financial Site Authentication: Understanding Consumers' Perspectives on Layered Security (July 2006)
- Online Banking Landscape: Key Trends for 2006 and Beyond (June 2006)
- U.S. Wireless Consumer Survey, 2006: Finding the Low Hanging Fruit (June 2006)
- European Mobile Services Consumer Survey, 2006 (May 2006)
- Strong Authentication and the FFIEC Guidance: Balancing Security and Convenience (May 2006)
- Top Motivators of Online Buyers' Use of Credit/Debit Cards for Purchases Made on the Internet (March 2006)
- The Move to Debit from Credit: Understanding Drivers of Online Consumers' Habit Shift (March 2006)
- Credit Cards Online: Understand Consumers Preferences (January 2006)

Research Sample

- Title:** **Payment Preferences Online: Managing the Generation Gap Between Younger and Mature Adults (April 2007)**
- Methodology:** Online surveys
- Time Series:** January 2006 — JupiterResearch/Ipsos-Insight Consumer Survey
June 2006 — JupiterResearch/Ipsos-Insight Financial Services Consumer Survey
- Data Sample:** 2,369 individuals responded to the January 2006 survey and 3,663 individuals responded to the June 2006 survey. Consumers were selected randomly from the Ipsos U.S. online consumer panel. The samples were balanced by a series of demographic and behavioral characteristics to ensure that they were representative of the online population.
- Key Findings:**
- Younger consumers (those under 35 years of age) are driving much of the use of PayPal and debit cards for online purchases, product preferences which are helping to drive the marked differences in payment habits that exist between younger adults and baby boomers.
 - 48% of consumers ages 25 to 34 prefer debit cards for Internet transactions, as compared to only 39% of all online consumers.
 - 34% of online consumers ages 18 to 24 prefer PayPal or similar services, versus 27% of all online consumers.
 - The deviation in online payment habits between younger and mature consumers can be directly linked to a number of social and technology trends that have emerged during the past two decades. The introduction of the Internet, maturation of PayPal and related services, emergence of debit cards and stored value cards, and availability of data-capable mobile phones are embraced by younger consumers as they have co-existed with technology for most of their lives.

Mercator Advisory Group

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Company Overview

Mercator Advisory Group is an independent research and advisory services firm exclusively focused on the banking and payments industry. Mercator Advisory Group offers separate member service areas, each with its own analyst teams including: Credit, Debit, Prepaid, Emerging Technologies, International, Retail Banking, and Corporate Banking. They also provide reports on Payments Industry Mergers and Acquisitions. Clients range from the world's largest payment issuers, acquirers, processors, and associations to leading technology providers.

Type of Research

Mercator uses publicly available data, paid subscription resources, government and Federal Reserve data, and proprietary data from clients to analyze the payments landscape. Additionally, Mercator will conduct spot surveys of businesses or consumers on a particular payment topic. Consumer spot surveys are client driven and proprietary and use a third-party panel.

Research

- Top U.S. Emerging Payment Technologies: Some Leverage for the Merchant (May 2008)
- U.S. Mobile Banking: Sedate Growth, Disruptive Potential (May 2008)
- 2007 Online Payments Market in China: Market Overview and Major Players (April 2008)
- Testing Merchant Acceptance of PrePaid Online: Have Gift Card, Will Lift (April 2008)
- U.S. Wireless POS: Gets Up from the Table and Runs Out the Door (March 2008)
- A Seamless POS Future: Moving Order Entry and Payments into an iPod (February 2008)
- Loyalty and Rewards: Welcome to the New Normal (February 2008)
- Mobile Banking: Just Getting Off the Ground (February 2008)
- Mobile Payment Case Studies: UMPay and China's Mobile Payment Market (February 2008)
- Remote Deposit Capture for the Consumer (January 2008)

- Online Security Review 2007: Better Defenses, Still Exposed (December 2007)
- International Transit and Payment: Finding the Contactless Breakout Strategy (December 2007)
- Mobile Financial Services Security: A New Ecosystem at Risk (November 2007)
- Prepaid Market Forecasts 2007 to 2010 (November 2007)
- Biometric Authentication Gains Momentum (November 2007, May 2006)
- Decoupled Debit — Let's Take a Closer Look (October 2007)
- 4th Annual Network Branded Prepaid Market Assessment (September 2007)
- Alternative Payment Services: Moving into Traditional Payment Territory (August 2007)
- U.S. B2B Payments: State of the Market (April 2007)
- Solving the Micropayment Problem: Online and at the POS (April 2007)
- U.S. Mobile Banking and Payments: Finding the Seams, Accelerating the Pace (March 2007)
- Anti-Money Laundering Update: Moving Toward The "Total Mix" (January 2007)
- Credit Card Fraud Update: Silos Versus The Balloon Effect (January 2007)
- Hungry for Adoption: Pay At Table Viewpoint And Wireless Point of Sale Update (December 2006)
- U.K. Credit Card Issuing: Across The Pond, But Not Out Of The Woods (December 2006)
- EFT/ATM Network Processing Review: Purchasing Services, Building Volume (December 2006)
- A True Test for Contactless Payments: The Market For Open-Network Transit Solutions (November 2006)
- Third Annual Closed Prepaid Market Performance: Spend, Growth and Opportunity (October 2006)
- Third Annual Open Prepaid Market Performance: Spend, Growth and Opportunity (September 2006)
- Declining Credit Card Growth: A Glass Half Full (August 2006)
- Extending the PIN: Evaluating the Growth of EFT Networks Into New Markets (July 2006)
- Walk-in Bill Payments (July 2006)
- To Steer or Not to Steer? That's Not the Question (May 2006)
- Mobile Payments in the U.S.: SMS and NFC Implementation Enter the Market (April 2006)
- The Online Debit Opportunity for PIN-Based and 'PIN-Less' Debit (April 2006)
- Predicting Mobile Payment Success in Asia (March 2006)
- Global Initiatives: Identifying Key Drivers of Smart Card Adoption (February 2006)
- U.S. Smart Card Update: Contactless Emerges as a Viable Smart Card Platform (February 2006)
- Total Transaction Security: Best Practices in Limiting Fraud Exposure Online and Offline (January 2006)

Research Sample

- Title:** U.S. Mobile Banking: Sedate Growth, Disruptive Potential (May 2008)
- Methodology:** Review of mobile banking availability based on financial institutions' (FI) website declarations
- Time Series:** Quarterly count, beginning in Q4 2007
- Data Sample:** 260 top U.S. financial institutions: 125 large retail banks, the top 75 credit unions and the top 60 community banks. Data is for 1Q 2008.

- Key Findings:**
- Across the FI landscape, mobile banking deployment is proceeding unevenly.
 - 17% of the largest retail banks and none of the largest community banks offer mobile banking.
 - 23% of the largest credit unions have mobile banking solutions in place.
 - Steady growth in mobile banking users is forecast, from 2 million in 2007 to 33.1 million by 2012.
 - FI marketing and consumer education will be determinants of mobile banking success. Uneven efforts to date speak to uncertainty around the business case and competing internal priorities.
 - Mobile banking technology providers have lowered the bar through pricing at the low end and straightforward technical integration.

Source: Internet & Interview

Last Updated 07.31.08

RBR – Retail Banking Research

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Company Overview

Retail Banking Research (RBR) is a strategic research and consulting firm with over two decades of experience in banking automation, ATMs, cards and payments. The company provides independent advice and intelligence through published reports, consulting, and newsletters.

Type of Research

RBR's research is independent and specialized, leveraging an extensive network of experts around the world. RBR offers a subscription service for online access to research.

Research

- Payment Cards Central and Eastern Europe (November 2007, October 2005)
- Payment Cards Western Europe (November 2007, August 2005)
- Deposit Automation (March 2007)
- Teller Automation (March 2007)
- Global ATM Market and Forecasts (October 2006)
- Global ATM Market and Forecasts (November 2004)
- Interchange Fees (October 2003, supplement December 2005)
- Banking Automation Bulletin (10 times per year)
- ATM Deployer Strategy
- Merchant Acquiring in France (September 2006)
- Merchant Acquiring in the U.K. (February 2006)
- Merchant Acquiring in Spain (December 2005)
- Merchant Acquiring in Germany (December 2004)

Research Sample

Title: **Payment Cards Western Europe (published November 2007)**

The report provides detailed, country by country quantitative and qualitative information on card issuing. Analysis of the card market includes sections on merchant acquiring and processing.

Methodology: Primary research comprised of a detailed survey, supported by executive interviews and desk research

Time Series: 2006, 2004

Data Sample: Card issuers and network organizations across Europe (17 countries)

Key Findings:

- The number of payment cards in Western Europe increased by 9% to 787 million from 2004 to 2006.
- Nearly every adult in Western Europe has more than two payment cards.
- Six countries account for more than 80% of cards in the region:
 - The U.K. remains the largest market, with 161 million cards.
 - Germany is the second-largest, with 127, followed by France, Spain, Turkey and Italy.
 - Finland, Austria, Denmark and Ireland all have fewer than 10 million cards.
- Debit cards increased by 10.4% between 2004 and 2006, to 406 million cards. More than half of cards issued in W. Europe are debit cards, one-third are credit cards and the remaining 15% are charge cards.
- The number of credit cards in the U.K. fell 7.9% between 2004 and 2006, primarily the result of the closure of dormant accounts. In most countries, however, credit cards are driving growth.
- Issuing financial institutions account for 84% of payment cards in circulation.
- Private-label cards are being converted to "bank cards" as issuers have added the MasterCard or Visa brand to extend their acceptance network.
- 27.2 billion card payments were made in the region in 2006, an increase of 17% from the 23.2 billion payments made in 2004.
- Debit cards are the dominant form of card payment based on volumes, accounting for 63% of transactions, but only 52% of actual cards. By contrast, credit cards represent 17% of card payment volumes, but 33% of cards in circulation.

Smart Card Alliance

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Company Overview

The Smart Card Alliance is a not-for-profit, multi-industry association working to accelerate the widespread acceptance of multiple application smart card technology. More than 170 members include leading companies worldwide in the banking, financial services, computer, telecommunications, technology, healthcare, retail, and entertainment industries, as well as government agencies.

Type of Research

Smart Card Alliance's research is focused on five areas: enterprise and government; general information; health care; retail; and transit. Five Industry and Technology Councils within the Alliance structure include: Contactless Payments; Healthcare; Identity; Physical Access; and Transportation. The Contactless Payments Council focuses on facilitating the adoption of contactless payments in the U.S. Its projects include web seminars and conference workshops, white papers, case studies and other educational resources. The Alliance makes available a variety of reports and publications to the general public.

Primary research consists of interviews with industry participants and is conducted in collaboration with third parties for Smart Card Alliance research reports.

Smart Card Alliance uses secondary research in its white papers. Content generally comes from a collaboration of industry members referring to member data or other data sources. Sources may be cross-verified through a review process by the full committee responsible for the document.

Research

- Serving Unbanked Consumers in the Transit Industry with Prepaid Cards (June 2008)
- Co-Branded Multi-Application Contactless Cards for Transit and Financial Payment (February 2008)
- Proximity Mobile Payments: Leveraging NFC and The Contactless Financial Payments Infrastructure (September 2007)
- Accepting Contactless Payments: A Merchant Guide (July 2007)

- Contactless Payments: Frequently Asked Questions (February 2007)
- Smart Cards in U.S. Healthcare: Benefits for Patients, Providers and Payers (February 2007, February 2006)
- RF-Enabled Applications and Technology: Comparing and Contrasting RFID and RF-Enabled Smart Cards (February 2007)
- Retail Contactless Payments System Benchmark Report: Improving Customer Retention and Loyalty (Aberdeen Group Report, January 2007)
- Best Practices for the Use of RF-Enabled Technology in Identity Management (January 2007)
- The What, Who, and Why of Contactless Payments (November 2006)
- Contactless Payments: Consumer Attitudes and Acceptance in the United States (October 2006)
- Transit and Contactless Financial Payment: New Opportunities for Collaboration and Convergence (October 2006)
- EPC Gen 2 RFID Tags vs. Contactless Smart Cards: Frequently Asked Questions (July 2006)
- Smart Cards and Parking (January 2006)
- Americas Smart Card Market Analysis Report (2005) (with Frost & Sullivan)
- Contactless Smart Chip Technology: The Business Benefits (2005)
- Mobile Payments at the Physical Point-of-Sale: Assessing U.S. Market Drivers and Industry Direction (April 2005)

Research Sample

Title: **Contactless Payments: Consumer Attitudes and Acceptance in the United States (October 2006)**

(Conducted by Javelin Strategy & Research)

Methodology: Online survey

Time Series: One time — August 2006

Data Sample: 3,135 respondents. Respondents were targeted based on representative proportions of gender, age and household income compared to the online consumer average.

Key Findings:

- Of the consumers surveyed, 13% have already used contactless payments, and 95% of that group said the payment method was both easy and fast.
- 84% said contactless payments were as safe as or safer than credit cards, and that they would use them for large purchases also.
- Of consumers who have yet to try contactless payments, 75% are somewhat likely or very likely to adopt this payment method.
- 61% of the consumers who said they were unlikely to use contactless payments indicated that security would be their biggest concern.

The PELORUS Group

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Company Overview

The PELORUS Group is an independent market research and consulting company in the financial services and telecommunication industries. The PELORUS Group produces analysis and research reports, provides custom business planning services, and offers industry conferences.

Type of Research

The PELORUS Group uses interviews, publicly available data, and data from industry participants to analyze the financial services and telecommunication industries and produce syndicated reports. The Future Series subscription offers the choice of a basic or enhanced package of research reports.

Research

- Stored Value: Open Loop Markets (August 2007)
- Mobile Banking for the U.S.: On the Cusp of Development (May 2007)
- Biometric Authenticated Payments (March 2007)
- Mobile Payments: Assessing Market Dynamics, Opportunities and Challenges To 2011 (March 2007)
- Contactless Cards (March 2007)
- Alternative Payments: Changing The Rules (January 2007)
- The Mobile Payments Consumer Survey (December 2006)
- The Stored Value Survey (November 2006)
- The Wireless Payments Survey (July 2006)
- Stored Value: New Markets, New Growth (February 2006)
- Stored Value: Growth and Growing Pains (January 2006)
- Wireless Payments: The New Payments Paradigm — 2005 to 2010 (September 2005)
- Stored Value: A Global Perspective (June 2005)

Research Sample

Title: **The Mobile Payments Consumer Survey (December 2006)**

The objective of the report is to provide a better understanding of the potential of using cell phones as a payment option and the perceptions and preferences of consumers.

Methodology: Online survey

Time Series: One time — September 2006

Data Sample: 634 consumers. Respondents had to be cell phone users.

Key Findings:

- 71% of respondents were not aware that a cell phone could be used for a payment method, while 29% were aware that financial transactions could be completed using a cell phone.
- 56% of respondents indicated that they would not use their cell phones for financial transactions.
- Reasons for not using a cell phone for financial transactions included security concerns (67%), and the possibility of losing or someone stealing the phone with account information or cash on it (54%).
- 44% of respondents indicated that they would use their cell phone for financial transactions.

Source: Internet & Interview

Last Updated 07.31.08

TowerGroup

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Company Overview

TowerGroup specializes in research and consulting focused on financial services and technology industries. Clientele include leading financial institutions, technology companies, and professional services firms.

TowerGroup's work in the banking and payments industry focuses on bank cards, consumer lending, delivery channels, global payments, retail banking, and wholesale banking. The Bank Cards service focuses on the use of payments cards, and coverage includes credit cards, debit cards, prepaid cards, emerging card alternatives, merchant acquisition strategies and developments at the point-of-sale.

MasterCard Advisors, a subsidiary of MasterCard International, acquired TowerGroup from Reuters in 2004. TowerGroup continues to operate as a separate business with full editorial independence.

Type of Research

TowerGroup conducts primary research in-house. They offer proprietary custom and syndicated reports.

Research

- Charred Card: Private-Label Gift Cards Stumble in a Weak Economy (May 2008)
- Follow the Money: New Opportunities for Payments Fraud? (April 2008)
- Two If by Mobile Phone: Remote Consumer Deposits Are Coming to U.S. Banks (March 2008)
- The Changing Face of Mobile Commerce: U.S. Forecast for 2008-12 (February 2008)
- The Ignition of U.S. Mobile Banking in 2008: Do the Core Banking Vendors Hold the Key? (February 2008)
- Walk-in Bill Payment: The Rational Option for the "Cash-Preferred" Market (February 2008)
- Deciphering Decoupled Debit: Deign, Deflect, Despond, or Deflate? (February 2008)

- Real-Time Check Deposit Fraud Detection Protects U.S. Consumers and Banks (February 2008)
- Mobile Banking and Payments Security and Usability: What's in Your Mobile Wallet? (December 2007)
- Near Field Communications Forecast, 2008-12: Mobile Money and Beyond (December 2007)
- South Korean Mobile Banking and Payments: The Proof Is in the Pudding (December 2007)
- Online e-Commerce Nonbank Wallet Payment Alternatives: Bankers' Friends of Foes? (December 2007)
- U.S. Mobile Banking Forecast: 2007-2012 (November 2007)
- Mobile Banking Evolution: Issues and Considerations for 2008 (November 2007)
- Bank of America Drives a Half-Million Customers to Web-Based Mobile Banking (November 2007)
- Which Way to the Revolution? Or, the Cracks are Showing in the Card Business (November 2007)
- Meeting the FFIEC Authentication Guidance Deadline: U.S. Banks Receive an A (October 2007)
- Know Canada: Differences between U.S. and Canadian Payments Cards (October 2007)
- Crediting Debit: How Debit Cards Will Grow in a Changing Environment (September 2007)
- Anti-Money Laundering: A European Perspective on a Global Issue (September 2007)
- Payment Card Industry Data Security Standard (PCI DSS): Rx to Ensure Confidence (July 2007)
- PINless Debit: Finally Taking Off or Headed for a Crash landing: (July 2007)
- Mobile Peer-to-Peer Payments: Verizon Wireless and Obopay Take a Short Step Down a Long Road (July 2007)
- Safeguarding Personally Identifiable Information: Always Use Protection! (July 2007)
- Round 2: A New Bout for Cross-Border Payments AML Compliance for U.S.-based Institutions (April 2007)
- Micropayments: Turning Nickels and Dimes into Profits (April 2007)
- Debit Cards as Enablers for Health Care: The Clipboard Turns Plastic (March 2007)
- Fraud and ID Theft Via Malware on Mobile Devices: Deterring the Threat to Mobile Commerce (January 2007)
- Gift Cards: How to Keep Them From Becoming Drift Cards (January 2007)
- Beyond Images: The Impact of Declining Check Volumes In The United States (December 2006)
- Prepaid Cards: The Latest Payment Option (July 2006)
- Global Multifactor Authentication Trends (July 2006)
- Debit Card Fraud: Because That's Where The Money Is (May 2006)
- The Cashless, Cardless Society: Coming Soon to a Paypoint Near You (January 2006)
- Recurring Bill Payment: A Transaction Wellspring for Credit and Debit Cards (January 2006)

Research Sample

Title: **Mobile Banking and Payments Security and Usability: What's in Your Mobile Wallet? (December 2007)**

This research provides insight on key issues surrounding mobile banking development, authentication and security. The research also discusses the challenges of balancing customer trust with convenience.

Time Series: One time — 2007

- Key Findings:**
- Almost 1 million U.S. consumers were using mobile banking at the end of 2007.
 - The most critical driver for the successful evolution of mobile banking and payments will be the ability of financial institutions and mobile operators to balance ease of use with security.
 - One specific deployment approach — the mobile wallet — presents particular security concerns for many financial institutions.
 - By implementing mobile banking solutions that align with market expectations and needs, consumer banks can lay the foundation for mobile banking and payments success — and ensure their central role in future deployments.

Source: Internet & Interview

Last Updated 07.31.08

I.C. Research/Consulting: Broad Topical

Organization	Website	Specialty
<u>ABI Research</u>	<u>www.abiresearch.com</u>	Research includes mobile technologies
<u>Abt Associates</u>	<u>www.abtassociates.com</u>	Research and consulting in social and economic policy, economic development, business research, and clinical trials and registries
<u>Applied Management and Planning Group (AMPG)</u>	<u>www.ampgconsulting.com</u>	Consulting firm focused on transportation, education, environment, healthcare and workforce development
<u>Business Insights</u>	<u>www.globalbusinessinsights.com</u>	Market and company analysis on a variety of areas, including finance
<u>ICR (International Communications Research)</u>	<u>www.icrsurvey.com</u>	Market research firm. The ICR Technology Group focuses on payments issues and emerging technology trends
<u>Juniper Research</u>	<u>www.juniperresearch.com</u>	Research and consulting to telecom industry
<u>Macro International</u>	<u>www.macrointernational.com</u>	Research and consulting, including polling on health and education issues for government agencies
<u>Market Platform Dynamics</u>	<u>www.marketplatforms.com</u>	Research and consulting related to the payment card industry
<u>Mintel</u>	<u>www.mintel.com</u>	Market research
<u>Oliver Wyman</u>	<u>www.oliverwyman.com</u>	Management consulting in a variety of industries, including the global financial services industry.
<u>The Marketing Workshop, Inc.</u>	<u>www.mwshop.com</u>	Marketing research and consulting on a variety of areas, including e-commerce and emerging technologies
<u>Yankee Group</u>	<u>www.yankeegroup.com</u>	Research and consulting on telecom, IT, and consumer technology industries

ABI Research

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Company Overview

ABI Research specializes in wireless semiconductor components. In the 1990s, ABI expanded its analytical coverage to a broader base of manufacturers and service companies participating in the technology market revolution.

Type of Research

ABI Research services include research reports and briefs, market data, online databases, analyst access, ABI Insights, and their unique Vendor Matrices.

ABI Research is based on a hybrid approach that encompasses the basic tenets of intelligence gathering and classic industrial market research. In this approach, they rely heavily on the knowledge base and networking skills of their analysts. This is accomplished as follows:

- 1) In-House Analyses
ABI Research gathers intelligence through a team approach in which analysts share knowledge, ideas, contacts, insights, and basic data.
- 2) Primary and Secondary Research
The intelligence documents are developed from a combination of primary data gathering (executive-level interviews) and secondary data gathering (published sources, the Internet, and public and private databases).
- 3) Non-disguised Judgment Sampling
All executive interviews are conducted using an open-ended, discussion-based model. This information exchange allows both sides to share knowledge and benefit from a candid dialogue.
- 4) Combined Feedback
ABI Research's goals are developed through a team approach incorporating each analyst's core knowledge base, management's business insights, and a familiarity with the trends and needs of the industry being assessed. An ongoing dialogue with key industry participants is a critical component of their research efforts.

Research

- Mobile Internet Devices and UMPCs: Market Analyses and Forecast (Q3 2007)
- Mobile Money Services — Harnessing Mobile Commerce for Fund Transfers and Financial Services (Q2 2007)
- Near Field Communication (NFC) — Leveraging Contactless for Mobile Payments, Content and Access (Q2 2007)
- Simplifying NFC Payments: MiFARE and FeliCa on a Single IC (January 2007)
- RFID Contactless Payments Market Research Report (Q4 2006)
- Contactless Payments in Europe — Will EMV (EuroPay, MasterCard, Visa) Help Accelerate Contactless Uptake? (Q4 2006)
- NFC for Mobile Payments — Why Carriers Should Support Near Field Communication, and How to Break the Deadlock (Q3 2006)
- Vending Contactless Commerce and M2M Applications: Enabling Direct Customer Contact at the Point of Sale (July 2006)
- Contactless Payment Markets in Japan and South Korea — Secure Payment Chips, Cards, Mobile Devices, and Readers (Q2 2006)
- Contactless Transit Opens Eyes to New Opportunities (Q4 2005)
- The Market for RFID Readers (Q4 2005)
- RFID Contactless Payments: Cashless Economy Small and Micro Payment Markets (Q1 2005)

Source: Internet**Last Updated 07.31.08**

Abt Associates

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Company Overview

Abt Associates offers a wide array of research-based consulting services to global businesses, government agencies, and other organizations. The company's business research operations include market research, customer satisfaction measurement, and strategic marketing consulting. In addition to market research, Abt Associates designs and implements clinical trials for pharmaceutical and biotech firms, and serves the public sector through its work in policy analysis and international economic development. The employee-owned company was founded in 1965 and has seven offices in the U.S. and over 35 project sites in 30 countries.

In 2007, Abt acquired Schulman, Ronca & Bucuvalas, Inc. (SRBI), a full-service global strategy and research organization specializing in public policy and opinion surveys, banking and finance, telecommunications, transportation, and other areas. Clients include major financial institutions, Fortune 500 companies, federal, state and local governments, foundations and universities. Abt SRBI is headquartered in New York City.

Type of Research

Abt Associates designs and conducts complex survey research projects to evaluate public policy and programs, and to provide statistical information to support decision-making in both business and government. Abt Associates has developed innovative approaches to computer-assisted data collection, including applications in personal screening and interviewing, record abstraction in institutional settings, and telephone surveys. Abt Associates offers proprietary market research on consumer habits, perceptions, and buying patterns to augment corporate marketing activity and customer-retention strategy.

Abt SRBI has conducted a variety of surveys related to consumer payments. Examples include surveys of consumer acceptance of POS and debit cards, and surveys of credit card customers to determine the market impact of various enhancement strategies. Abt SRBI's mass transit division regularly conducts large-scale surveys using in-person intercepts, focus groups, mail formats and telephone interviewing. SRBI work has included surveys on customer satisfaction, awareness, attitude and usage, and several studies of consumer acceptance of automated fare cards to replace tokens. The company has also conducted studies related to online banking and e-commerce/m-commerce.

Source: Internet

Last Updated 07.31.08

Applied Management and Planning Group (AMPG)

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Company Overview

The Applied Management and Planning Group (AMPG) is a full-service consulting firm serving government agencies, businesses, and institutions. Founded in 1989, the firm specializes in developing solutions to problems relating to organizational effectiveness, strategic planning, workforce development, and the impact of technology and information systems.

Key practice areas include: market research/public opinion surveys, statistical analysis and modeling, transportation planning, program evaluation, management and organizational reviews, health care strategic planning, and workforce development policy and evaluation.

Type of Research

AMPG focuses on five research areas: transportation, education, environment, healthcare and workforce development. The company's services include market research, surveys and data collection, geocoding and mapping, management consulting, analysis and reporting, and focus groups.

Surveys include transportation-related studies (origination and destination studies, intercept and on-board surveys), telephone surveys, mailback surveys, customer and employee surveys, and public opinion polls. Activities include survey instrument design, sampling plans, pretesting, survey administration and reporting. AMPG has conducted customer surveys for federal agencies, national associations, national ATM and POS networks, local transit agencies and regional planning organizations. Surveys are client driven and proprietary.

AMPG conducted the annual First Data/STAR Consumer Payments Usage Study for several years and conducts other payments-related studies for First Data/STAR. The Consumer Payments Usage Study's purpose is to better understand consumer electronic payments usage habits and attitudes. See the entry for First Data/STAR in Section III for details about this study.

Research

- First Data/STAR Consumer Payments Usage Study
- First Data/STAR Consumer Awareness Trial and Usage Study
- First Data/STAR Honor Network Awareness Study
- First Data/STAR Rural Awareness and Usage Study
- First Data/STAR Membership Study
- Golden Empire Transit Customer Survey
- Omnitrans: Fare Restructuring Focus Groups
- Los Angeles Department of Water and Power (LADWP): DPW Internet Usage Study

Research Sample**Title: STAR System: Consumer Awareness Trial and Usage Study**

Study includes identifying the level of utilization of ATM and POS (point of sale) services among consumers residing in larger, predominantly urban communities. It also probes for consumers' reactions to the availability of new technology services, such as home banking, electronic check transactions, and self-service banking, as well as the importance of security in these new transaction methods.

Methodology: Telephone interviews**Time Series:** Annual, since 1995**Data Sample:** More than 13,300 consumers are interviewed each year from 35 states across the country, plus the District of Columbia.**Key Findings:** Unavailable (proprietary)

Business Insights

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Company Overview

Business Insights (formerly Reuters Business Insight) specializes in market and company analysis. Its goal is to provide a single, off-the-shelf, objective source of data, analysis and market insight. Business Insights works with leading industry experts to produce reports across a wide range of industry sectors, such as consumer goods, energy, finance, healthcare and technology. Information partners include TNS, McCloskey and Reuters Health.

Type of Research

Business Insights' research involves proprietary analysis techniques; quantitative and qualitative data; independent expert authors; access to key industry players; and database and library resources. Research reports are publicly available and can be purchased through the company's website.

Research

- The Mobile Enterprise Market Outlook: Trends in mobilizing the enterprise and vendor assessments (November 2007)
 - The Future of Regulatory Compliance: Strategies for a second wave of regulation (March 2007)
 - Future Online Strategies and Technologies: Creating value, improving communications and driving online business in the verticals (February 2007)
 - Emerging Security Trends and Market Opportunities: Competitive response to new threats and evolving technologies (June 2006)
 - e-Retail 2006 (February 2006)
 - Future Trends in Cards and Payments: Key issues, innovation and competition in Europe and U.S. (September 2005)
 - The ePayments and eBanking Market Outlook (August 2004)
 - The European Cards and Payments Market Outlook (March 2004)
-

ICR (International Communications Research)

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Company Overview

ICR is a full service market research firm, founded in 1983. ICR conducts research in major and emerging markets in North America, Europe, Latin America, and Asia/Pacific Rim.

ICR's clients range from industry leaders to venture capital-funded startups in financial services, healthcare, government, entertainment, media, pharmaceutical, advertising and consulting sectors.

The ICR Technology Group focuses on payments issues and emerging technology trends. The Group includes researchers, economists and policy analysts, which enables them to tailor their level of support to fit client requirements. Group members have detailed knowledge of technology, e-commerce and payments methods.

ICR is part of AUS, Inc., an economic consulting firm founded in 1967, with nearly 700 full-time and part-time employees and offices in eight states. See www.ausinc.com.

Type of Research

ICR conducts qualitative and quantitative primary research and provides secondary analysis on future trends. Quantitative data collection methods include telephone, web, mail, in-person, and IVR (interactive voice response). Qualitative research includes in-depth executive and personal interviews and focus groups (in-person, teleconference-based, web-based).

ICR also offers omnibus research where multiple sponsors share the cost of survey administration. The omnibus surveys include:

- **ExceIsm** – survey of American heads of households (1,000 per wave, 2 waves per week)
- **HispanicExceIsm** – survey of Hispanic households, conducted in both Spanish and English (1,000 per month)

- **TeenExcelsm** – survey of 12 to 17 year olds (500 per month)
- **Small BusinessExcelsm** – survey of companies with under 100 employees (500 per wave)

The bulk of the research conducted by ICR is proprietary and is the property of the sponsoring organization. ICR has conducted payments research studies in conjunction with Global Concepts (McKinsey unit) and with Unisys, involving both consumers and treasury professionals.

Research

Press releases:

- U.K. Consumers Reject Mobile Payments (May 2008)
- “ICR Survey: THE GHOST OF CHRISTMAS PAST” (October 2007)
- “ICR Survey: 9% of Homeowners Report Having Difficulty Paying Their Mortgage or Taxes” (September 2007)
- “Accenture Survey Finds that Customer Loyalty Can Be Lost in a Click” (December 2005)
- “More Americans (32%) Than Last Year Plan to Use Less Credit Card Debt When Buying Holiday Gifts” (December 2005)
- “Gift Cards Change How Holiday Shoppers Shop, Shift Consumer Mindset, According to American Express Gift Card Survey” (November 2005)
- “22% of U.S. Households Will Buy Online this Holiday Season” (December 2004)

Research Samples

Title: “ICR Survey: THE GHOST OF CHRISTMAS PAST” (October 2007)

Survey explores consumers’ spending plans for the holidays.

Methodology: Telephone survey

Time Series: Survey conducted between October 25 and October 29, 2007

Data Sample: 1,001 U.S. adult heads of households

Based on a stratified, random probability sample of adults. Data is weighted according to latest U.S. Census Bureau projections.

- Key Findings:**
- 30% of U.S. households plan to trim holiday spending in 2007.
 - Most consumers will do their holiday shopping offline: 9% of U.S. adults say they will do most of their spending via the Internet or catalogues, 58% will do little or no shopping through catalogues or online.
 - Gasoline prices are having an impact on spending.

- Title:** "ICR Survey: 9% of Homeowners Report Having Difficulty Paying Their Mortgage or Taxes" (September 2007)
- Study to understand the impact of today's housing market on homeowners' ability to pay their mortgage or taxes and to assess plans for selling/buying a new primary residence over the next three months
- Methodology:** Telephone survey in English, stratified RDD sample, weighted to most recent Census estimates (fact sheet on sampling method available on request)
- Time Series:** Weekly
- Data Sample:** 800 homeowners out of a total sample of 1,000 heads of household, using the *Excelsm* omnibus program.
- Key Findings:**
- 20% of homeowners making less than \$25,000 per year are having difficulty making their mortgage obligation

Source: Internet & Interview

Last Updated 07.31.08

Juniper Research

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Company Overview

Juniper Research is a European-based provider of analytical research reports and consulting services to the communications industry. Juniper's expertise includes the mobile, wireless, broadband and IP-convergence sectors.

Type of Research

Juniper Research publishes off-the-shelf research reports and provides business modeling, market sizing, forecasting and competitive analysis to consultancy clients around the world.

Juniper conducts primary and secondary research to understand the wireless, voice and data markets. Primary research is obtained from interviews conducted with industry leaders in each market. Secondary research analyses include paid news, information and database resources as well as information drawn from the extensive Internet pool. These sources are supplemented with conference proceedings, white papers, press releases, reports and articles.

Research

- Mobile Financial Services — Banking & Payment Markets 2007-2011 (February 2008)
- Mobile Payments — Strategies & Markets 2007-2011 (July 2007)
- Mobile Data Security: Access, Content, Identity & Threat Management, 2006-2011 (October 2006)

- Mobile Commerce Strategies: Ticketing, Retail, Payment & Securities (Second Edition) (January 2006)
- RFID Opportunities: Markets and Technologies in Western Europe (February 2005)
- Mobile Commerce (M-Commerce) and Micropayment Strategies (August 2004)

Research Sample

Title: Paying By Mobile (July 2007)

This whitepaper is an extract from Juniper's *Mobile Payments: Strategies & Markets 2007-2011* report. The report includes five-year forecasts across eight regions of the world: North America, South America, West Europe, East Europe, Far East and China, Indian Sub Continent, the rest of Asia Pacific, and Africa and the Middle East.

Methodology: One-on-one interviews with leading companies. Information was reconciled with published market data and existing industry analysis.

Key Findings:

- Mobile payment applications and services are already available in most regions in a variety of formats. Where they are being adopted, either in trial or production mode, the customer feedback has been very favorable.
- The current mobile payment market does not have a single, definitive, payment method and there is substantial variation between what particular method is adopted from region to region.
- The demand for mobile payments is forecasted to grow in the 5 years from 2007 to enable the processing of nearly \$22 billion worth of payment transactions by 2011.
- In terms of payment methods, mobile payments will be a niche player in the overall payment market.
- Market drivers for mobile payments include: customer demand, increase in retail basket size, alternative to cash, first-time access to payments for many customers in the developing world, increase in customer retention for operators, increased demand for smart phones, faster than cash at POS.
- Market constraints include: availability of capable handsets, customer experience, lack of a clear business model, resistance from banks, security, lack of technology standards, financial regulations, support issues such as who owns the customer, and transaction costs for the retailer.

Macro International

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Company Overview

Macro International Inc. (Macro) focuses on research and evaluation, management consulting, marketing and communications, and information technology.

Research and evaluation projects, both within the U.S. and around the world, support federal, state, and international programs related to health, housing, education, science, energy, nutrition, natural resources, business, and many other areas.

The company is headquartered in Maryland and maintains offices across the U.S. It was known as ORC Macro from 1999 to 2006.

Type of Research

Macro provides services to clients in the following broad areas: Survey Research; Policy Analysis, Research and Evaluation; Management Consulting; Information Management; Computer Systems and Services; Training and Organization Development; and Facilities Management and Operations.

Each year, Macro conducts numerous survey research and evaluation projects that help clients understand issues such as health care usage and satisfaction; tobacco use and other at-risk behaviors; adult and youth attitudes and behavior; public awareness and opinion; program effectiveness; customer satisfaction; advertising effectiveness; and strategic planning.

Macro has built expertise in areas such as demographic and health surveys, policy research, substance abuse prevention, post secondary education, special education, product development and research, employment and training, health promotion, and AIDS research. Research staff are knowledgeable in a variety of subjects including health care and insurance, public health issues, housing and urban development, elder care services, utilities and transportation, and more.

Macro's research is conducted using a variety of techniques. Methods include telephone, mail, Internet, and in-person surveys. Other research and evaluation capabilities include automated data collection, computerized receipt control systems, online reporting, customized Web sites and databases, twice-a-week national surveys, and a proprietary system for analyzing verbatim

responses. The company conducts qualitative research using focus groups, in-depth interviewing and site visits. Macro operates seven telephone survey centers, four Internet survey centers, and two mail survey centers. The company has been researching and developing cell phone interviewing methodologies and launched a national cell phone omnibus survey, MacroPoll Wireless, in 2007.

Since the 1960s Macro has managed CARAVAN, a continually running consumer study in the U.S. For the CARAVAN omnibus survey, Macro interviews 1,000 adult U.S. residents in each of two weekly surveys using a computer-assisted telephone interviewing (CATI) system. Clients can use CARAVAN to find out what people think about an issue, how they behave as consumers, or how they view a company's products and services. Results are provided three to four business days after receiving questions.

Although Macro does not specialize in payments research, the company has conducted market research on consumer financial behavior, including studies of the financial behavior and banking of low-income households, households with and without credit card debt, and customer satisfaction with financial services.

Research

- Survey of Financial Attitudes and Practices Among Residents of Low- and Moderate-Income Neighborhoods

Research Sample

Title:	Survey of Financial Attitudes and Practices Among Residents of Low- and Moderate-Income Neighborhoods
Methodology:	CATI and CAPI interviewing
Time Series:	One time
Data Sample:	1,000 telephone interviews and 500 face-to-face interviews with minority and low- and moderate-income populations in Chicago, Los Angeles, and Washington, DC
Key Findings:	Unavailable (Proprietary)

Market Platform Dynamics

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Company Overview

MPD is a management consulting firm focused on enabling businesses to profit from industry disruption and positioning them for long-term growth. MPD's team of economists, business strategists, multi-sided platform, product design, pricing and marketing experts focus on helping companies to generate profits, create value and stimulate innovation. Core competencies include market entry and growth strategies (both in market and cross border), demand studies, customer segmentation/analysis, and pricing and product design.

MPD's researchers have spent more than twenty-five years helping payment industry players capitalize on changes to industry structure, changes in industry economics, changes in use of payment cards, and changes brought by new technologies and market entrants, through the design and redesign of their business models, product and pricing and go-to-market strategies. *Paying with Plastic (2nd edition)*, by MPD Founder David S. Evans and MPD Chairman Richard Schmalensee, examines the inner workings of the payment card industry.

MPD has offices in the U.S., Europe, and Asia.

Type of Research

MPD conducts primary research, including large-scale survey design and complex data analysis. MPD also analyzes existing research for new insights. One specialty is survey design and building predictive models that anticipate consumer preferences and adoption strategies. Analyzing large data sets helps clients evaluate opportunities for new products, services, and revenue streams. MPD's core research emphasizes predictive modeling; organizational productivity/information workflow design; information product design; and decision analytics/executive dashboards.

Research

Inflection Point Series (IPS): This series of reports aims to provide new thinking on the business challenges facing the payment industry.

- Generations X and Y: Path to the Future or Direction Without A Difference? (June 2006)
- i-modes and Octopi: Will Asia Reshape the World's Payment Industry (January 2006)
- The Perfect Storm: Why Gales of Creative Destruction May Soon Sweep the Card Industry and How to Survive and Prosper (April 2005)

Other Reports:

- Call to Action: The Payment Roadmap for 2008 (May 2008)
- B2B Online Purchasing and Payment Trends: How Small Businesses Buy and Pay Online (October 2007)
- Loyalty 2.0 (May 2007)
- Next Generation Payment: Tracking the Payment and Technology Behaviors of Those Under 43 (January - December 2006)
- Killing Cash? The Development of the Payment Ecosystem in China (November 2006)
- Payment Card Industry Futures – Mobile Commerce (February 2006)
- The Architecture of Product Offerings: A Rational Framework for Designing Profitable Product Offerings (February 2006)

Research Sample

Title: **Next Generation Payment: Tracking the Payment and Technology Behaviors of Those Under 43 (2006)**

This report provides insights on the payment, device usage and buying behavior of 4,000 Generation X (born between 1963 and 1976) and Generation Y (born between 1977 and 1990) consumers.

Methodology: Randomly selected individuals living in the U.S. were interviewed and asked to keep a diary for all transactions within one week.

Time Series: January to December 2006

Data Sample: 4,000 individuals between the ages of 16 and 43

Key Findings:

- Cash is still a predominant payment device for Gen X and Y, but that percentage declines significantly with age.
- Rewards drive the acquisition of payment devices, but not the decision to use a particular payment device at the point of sale. Men in Gen X and Y tend to be more motivated by rewards than women.
- Women tend to be heavier users of debit cards while men are heavier users of credit cards.
- There is interest in using mobile phones as payment devices but not a strong willingness to pay at this point.

- Contactless card penetration among this target group is less than 4% and transaction volume is less than 1%.

Source: Internet & Interview

Last Updated 07.31.08

Mintel

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Company Overview

Mintel is a global supplier of consumer, media and market research. Mintel publishes over 45 reports a month, covering a wide range of sectors and focusing on topical marketing issues. Divided between U.K.-specific, European and U.S. reports, Mintel Reports analyze market sizes and trends, market segmentation, and consumer attitudes and purchasing habits, as well as assess the future of the market. The Mintel Reports offer analyses of specialist sectors by providing a comprehensive picture of the consumer. Mintel's team of researchers also provides tailored consulting services.

Type of Research

Mintel Reports are compiled using a variety of sources. Consumer research is conducted by a dedicated consumer research and statistical team experienced in questionnaire design. The primary survey is executed through NOP, TGI, TGI Europa and ICR/SIMMONS. Industry research is also collected by formal and informal interviews with key members of the trade, desk research, government statistics, trade press, and other sources, while exclusive 'market size' and 'macro-economic' information is gathered from accumulative in-house Mintel databases.

Mintel Comperemedia is a searchable competitive database tracking direct mail and printable advertising in the U.S. and Canada. Each record contains detailed images and information about a campaign's offer, incentive and pricing. Direct mail panels include U.S. and Canadian households, as well as small businesses, insurance brokers, and technology decision makers in the U.S. A demographic profile displays the age, income, and geographic area of mail recipients. The print advertising data covers 100 U.S. national newspapers and magazines and 50 Canadian newspapers and magazines.

In 2006 Mintel Comperemedia launched a new e-mail panel that allows marketers to monitor e-mail. With the e-mail panel, companies can monitor their competitors within Mintel Comperemedia's key coverage areas: credit card, banking, investment, telecom, insurance, technology, travel, mortgage and loan. Clients can view, search and analyze actual e-mails that consumers receive from companies. Clients can track e-mail strategies of competitors and can also use the panel to track campaign timing and frequency.

Research

- Credit and Debit Cards: Marketing to Small Businesses – U.S. (March 2008)
- E-commerce – Europe (February 2008, March 2006)
- Online Financial Services: Convenience vs. Personal Service – Ireland (December 2007)
- Credit Cards: Loyalty and Retention – U.S. (November 2007)
- Convergence and Brand Management in Financial Services – U.S. (November 2007)
- Marketing Financial Services to Baby Boomer Retirees – U.S. (October 2007)
- Credit and Debit Cards – U.K. (September 2007, July 2006, July 2005)
- Credit Cards: Rewards Programs – U.S. (August 2007)
- Tulip: Promoting Financial Services to the Wealthy in 2007 – U.K. (July 2007)
- Small Businesses: Marketing Financial Services to Professionals – U.S. (June 2007)
- Emerging Banking Markets – U.S. (March 2007)
- Marketing Financial Services to Younger Consumers (February 2007)
- Store Cards – U.K. (January 2007, October 2004)
- Security and ID Theft – U.S. (December 2006)
- Credit Cards – U.S. (November 2006, October 2005)
- Small Business Banking – U.K. (October 2006)
- Debit Cards – U.S. (September 2006), Ireland (July 2006)
- Online Banking – U.S. (June 2006)
- Behavioral Finance – U.S. (March 2006)
- Internet Selling in Financial Services – U.K. (February 2006)
- Checking – U.S. (October 2004)
- Online Banking – Ireland (May 2004)
- The European Credit Card Market – Europe (February 2004)

Research Sample

Title: Debit Cards (September 2006)

The report examines the growth of debit cards within the larger U.S. payments market and the factors contributing to this growth, including growing debit card payment acceptance, consumer preference for debit, and the decline of paper check payments. Mintel also reviews the size of the debit card market within the context of the overall payments market.

Methodology: Various sources (primary and secondary research)

Time Series: One time — 2006

Data Sample: Adults 18 years and older

Key Findings: *General Trends:*

- Debit cards outpacing credit cards
- Debit card popularity leads to the decline of paper checks

Opportunities for growth:

- Created by economic forces (rising interest rates, predicted burst of the housing “bubble”), innovative use of traditional debit card model for other

types of funds transfer, such as electronic benefits transfers, health savings accounts, and prepaid debit cards

- Competitive measures by card association and card issuers
- Consumer acceptance will be impacted by deployment of loyalty programs already in use for credit cards, such as rewards cards.

Challenges:

- Identity theft and consumer fraud: phishing scams, card skimming, and ATM fraud

Source: Internet

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Oliver Wyman

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Company Overview

Oliver Wyman is a full service, global management consulting firm. It combines industry knowledge with expertise in strategy, operations, risk management, organizational transformation and leadership development to help clients optimize their businesses, improve their operations and risk profile, and accelerate organizational performance.

The company's Financial Services Group provides strategy and risk management consulting to the global financial services industry, working with clients in North America, Europe, and Asia/Pacific. The firm is organized vertically by retail and business banking, corporate and institutional banking, insurance, and wealth and asset management. It also has a practice dedicated to risk and capital management.

Formed in May 2007, Oliver Wyman combines Mercer Oliver Wyman, Mercer Management Consulting, and Mercer Delta Organizational Consulting. It has more than 2,900 employees in over 40 cities worldwide.

In February 2008, Oliver Wyman acquired Celent, a research and advisory firm dedicated to helping financial institutions and industry participants formulate comprehensive business and technology strategies. Celent provides a research subscription service to its clients as well as commissioned research projects. See the entry for Celent in Section I.B. of the Guide for more information.

Type of Research

Each of Oliver Wyman's industry practices focuses on the competitive dynamics, customer issues, and management disciplines particular to that industry.

Within the Financial Services Group, the Retail and Business Banking Practice works with financial institutions that provide credit, savings, investments and payment products to consumers and small businesses. In the card payments arena, Oliver Wyman has worked with clients on customer acquisition, product pricing, risk management and risk modeling. Examples of client projects include: developing and helping execute payment strategies for various financial institutions, creating a new segmentation approach for an airline's loyalty card program,

developing and helping implement a new approach to account-level decision-making for credit cards, and designing a new card offer for a major European bank.

The company publishes an annual report, *The State of the Financial Services Industry*, released at the World Economic Forum in Davos every year. It covers industry trends and developments. In partnership with The Wharton Financial Institutions Center, the Oliver Wyman Institute researches developments in the financial services sector and helps advance risk management best practices.

Oliver Wyman conducts extensive consumer, B2B and industry research in the financial services industry. Most of the firm's work is proprietary for specific clients. Examples of Oliver Wyman's recent public research are listed below.

Additionally, Oliver Wyman conducted the 2008 Debit Issuer Study. For more information, see the entry for PULSE in Section III of this Guide.

Research

- Batten Down the Hatches — A Review of the U.S. Deposit Business (2008)
- European Advanced Payments (2008)
- How to Catch U.S. Mass Affluent Customers (2008)
- Sharing for Growth — How Shared Services Have Come of Age (2008, 2007)
- Strategic Expense Management in U.S. Banking (2008)
- The Future of Transaction Banking (2008)
- The Future of U.S. Private Banking (2008)
- The New Retirement Landscape (2007)
- The Evolution of Financial Services (with professor Niall Ferguson) (2007)
- Value Sourcing in Financial Services (2008)

Source: Internet & Interview

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The Marketing Workshop, Inc.

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Company Overview

The Marketing Workshop, Inc. (MWI) is a full-service marketing and survey research organization founded in 1972. It offers a full range of project design, data collection, data processing, analytical and reporting services utilizing telephone, mail, personal, and web-based techniques. Financial research is one the firm's major areas of activity, including more than 100 studies in the electronic bill paying industry. The company has also conducted studies related to gift cards.

Type of Research

Research information and data are gathered through Internet web-based interviewing; focus groups and one-on-one interviews; and data processing using multivariate analyses, such as derived importance, indiscriminant analysis, regression analysis, factor analysis, CHAID analysis, market segmentation and price modeling. All research conducted by The Marketing Workshop is proprietary and clients decide whether to share the results.

Research

- Adult Gift Card Study 2007 (October 2007), (2006)
 - Post Holiday Gift Card Study 2007 (conducted for Comdata Payment) (February 2007)
-

Research Sample

Title: **Adult Gift Card Study 2007**
(conducted for Comdata)

Methodology: Online survey

Time Series: Survey conducted September 12 to September 18, 2007

Data Sample: National sample of 802 consumers who previously purchased a gift card, received a gift card, or were likely to purchase a gift card in the 2007 holiday season.

Key Findings:

Summary of Gift Card Purchase Behavior

	2007	2006
Ever received or purchased	95%	95%
Never received or purchased	5%	5%
Average number of cards purchased for others in the past year	4.83	4.90
Average value of cards purchased for others in the past year	\$53	\$46
Total Spending	\$256	\$225

Summary of Gift Card Usage Habits

	2007	2006
Average number of gift cards received in past year	3.76	3.82
Average value of gift cards received	\$46	\$43
Always/Often spend more than card value	53%	52%
Ever paid retailer to add value	20%	16%
Average added value	\$47	\$32
Cards redeemed within one month	52%	58%

- Two recipients in five say they have left value on a card, averaging \$2.30 in 2007.
- Card features most likely to be preferred are: being usable at both a location and online; being usable at multiple locations; having a design that reflects the proper occasion; and having wording that is appropriate for the occasion.
- Respondents who purchase cards for themselves say that they do so to budget or put money aside, or to get a discount.

Yankee Group

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Company Overview

The Yankee Group specializes in providing knowledge, tools, and support to help clients make decisions on business opportunities intersecting with technology solutions through research products and consulting services.

Yankee Group Surveys cover usage, adoption, spend, and demand for an array of business and consumer markets, gauging attitudes, preferences, and practices to help clients better understand their target customers, predict product and service demand, and monitor the impact of shifting market dynamics on their business.

Type of Research

Yankee Group conducts online survey research using specialized databases and normalized, representative panels, from which the company can draw research participants. It also uses telephone interviewing for surveys that require an alternative methodology (telephone interviews are more appropriate for certain countries and types of respondents). Other methodologies (e.g., focus groups, mail surveys) are available for custom studies upon client request. Yankee Group analysts are directly involved in the development and analysis of the survey products.

Research products include:

Attitude and Behavior Surveys — Yankee Group conducts the surveys in three market segments: Consumers, Small and Medium Enterprises (2 to 499 employees) and Large Enterprises (500 or more employees). The Attitude and Behavior Surveys combine qualitative data with analyst insight into consumer technology adoption and interest, and enterprise demands for communications, technology, services and strategies.

Market Adoption Monitors and Forecasts — The monitors are available across four market segments (consumer, enterprise, wireless and network) and four regions (North America, Europe-the Middle East-Africa or EMEA, Asia-Pacific and Latin America). They provide a comparison of industry-specific metrics, which include customer acquisition and growth data, capital expenditures, and financial information.

Global Regulatory Dashboards — The interactive online dashboards provide information about current regulatory policies of more than 100 countries and territories to facilitate comparisons and analytical queries across technologies, regulatory categories or geographies.

Research

- Mobilizing Money (May 2008)
- Riding the Wave from Mobile Commerce to Mobile Transactions (March 2008)
- The Power Struggle to Control the Mobile Wallet (March 2008)
- Predictions for the 2008 Mobile Transactions Market (February 2008)
- Defending Against Web Business Model Threats (January 2008)
- Mobile Banking Lessons from International Low-Income Initiatives (December 2007)
- Secure Mobile Commerce Transactions Must Not Eliminate Convenience (November 2007)
- Avoiding the Downfalls of Mobile Banking (June 2007)
- Anywhere Consumer: 2007 U.S. Teens and Technology Survey (April 2007)
- What It Takes to Succeed in Mobile Commerce in 2007 (March 2007)
- U.S. Mobile NFC Payment Players Threaten to Take Their Ball and Go Home (March 2007)
- Online Scam Artists Get Craftier: The Fraud Prevention Landscape (January 2007)
- The Mobile Enterprise Requires Increasing Levels of Security for Data (December 2006)
- Mobile Phones Transform into Mobile Payment Devices (August 2006)
- SMEs Accelerate Adoption of E-Commerce and Online Marketing (August 2006)
- Mobile Commerce Will Cash in on Convenience (November 2005)
- 2005 U.S. Mobile User Survey (1997-2005)

Research Sample

Title: **Riding the Wave from Mobile Commerce to Mobile Transactions (March 2008)**

This report focuses primarily on consumers and enterprises in the United States and Western Europe.

Methodology: Interviews

Time Series: Unavailable

Data Sample: Key stakeholders across the mobile transactions ecosystem, including:

- Four service providers
- Five merchants and retailers
- Nine application vendors
- One public transportation entity
- Three card associations

- Three NFC chip manufacturers
- Five financial institutions
- Two handset manufacturers

Key Findings:

- Payment substitution will accelerate — just as electronic methods (credit, debit, EFT and ACH) have replaced cash, mobile payment technologies (NCF, SMS) will displace traditional electronic payments.
- Phones will increasingly act as “e-wallets.”
- The necessary infrastructure is now in place to enable secure, real-time wireless financial transactions.
- Business models must evolve to match shifts in consumer demand and available infrastructure.
- Mobile transactions are expected to follow an adoption curve similar to traditional PC-centric e-commerce. E-commerce emerged over a period of 15 years, growing to \$100 billion by 2006, with anticipated annual growth rates of 15% to 20%. Mobile transactions should reach an equivalent level of market maturity by 2012.

II. Market Research

Organization	Website	Specialty
<u>ACNielsen</u>	<u>www.acnielsen.com</u>	Consumer behavior and market analysis
<u>BIGresearch</u> (*of Prosper International Company)	<u>www.bigresearch.com</u>	Consumer research and consulting
<u>Experian Consumer Research</u>	<u>www.smr.com</u>	Market research on American consumer
<u>GMI</u>	<u>www.gmi-mr.com</u>	Market research and consumer related polls; payment methods, branding, perception
<u>Greenfield Online</u>	<u>www.greenfieldonline.com</u>	Consumer and marketing research
<u>Harris Interactive</u>	<u>www.harrisinteractive.com</u>	Internet market-based research
<u>Ipsos Insight</u>	<u>www.ipsos-insight.com</u>	Payments survey-based market research
<u>Lightspeed Research</u>	<u>www.lightspeedresearch.com</u>	Online global consumer market research
<u>Mindwave Research</u>	<u>www.mindwaveresearch.com</u>	Market research for technology companies
<u>NPD Group</u>	<u>www.npd.com</u>	Market research on wide range of vertical markets
<u>Packaged Facts</u>	<u>www.packagedfacts.com</u>	Consumer market research, including various payment methods
<u>Scarborough Research</u>	<u>www.scarborough.com</u>	Market research on adult consumers in the U.S.
<u>Synovate</u>	<u>www.synovate.com</u>	Global consumer market research
<u>TNS North America</u> (previously TNS NFO Research Inc.)	<u>www.tns-global.com</u>	Market research

ACNielsen

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Company Overview

ACNielsen, part of The Nielsen Company (formerly VNU), provides market research, information, analysis and insights to the consumer products and service industries. Offering services in more than 100 countries, the company offers measurement and analysis of marketplace dynamics and consumer attitudes and behavior.

Type of Research

ACNielsen offers customized services and conducts a regular syndicated online consumer survey across multiple countries that provides information about the attitudes and opinions of consumers worldwide.

ACNielsen publishes a number of magazines that track trends and insights including its *Consumer Insight Magazine* and its free e-newsletter *Facts, Figures & the Future*, produced with the Food Marketing Institute. In addition, the company has produced independent reports such as *RFID: Insights Beyond the Bar Code*.

ACNielsen's consumer panel research tracks the purchasing behavior of consumers in over 260,000 households in 27 countries worldwide, primarily through the use of in-home scanners. Panel information reveals consumers' purchasing from all outlets they visit and provides insights into who is buying, methods of payment, use of coupons and participation in frequent shopper programs.

ACNielsen's customized research services help clients obtain qualitative and quantitative measures of consumers' attitudes and purchasing behavior, customer satisfaction, brand awareness and equity, advertising effectiveness and other marketing issues.

The company also conducts the Nielsen Global Online Consumer Survey twice a year to gauge current confidence levels, spending habits/intentions and current major concerns of consumers across the globe.

Research

- Consumer Confidence, Concerns and Spending Intentions (June 2008, February 2008, July 2007)
- Trends in Online Shopping: A Global Nielsen Consumer Report (February 2008)
- Half of U.S. Consumers Reduce Spending to Combat High Gas Prices (January 2008)
- Hispanic Consumer Shopping Behavior Insights (September 2007)
- Age Lessons Reveal New Type of Baby Boomer: The Pivot Spender (May 2007)
- Global Consumer Attitudes Towards Online Shopping (October 2005)

Research Sample

Title: Trends in Online Shopping (February 2008)

Methodology: Online survey

Time Series: October to November 2007

Data Sample: 26,312 Internet users aged 15+ in 48 markets from Europe, Asia Pacific, North America and the Middle East

- Key Findings:**
- Over 85% of the world's online population has used the Internet to make a purchase, up 40% from two years ago.
 - More than half of Internet users are regular online shoppers, making online purchases at least once a month.
 - Credit cards are the most common payment for online purchases — 60% of global online consumers used their credit card for a recent online purchase, while one in four online consumers chose PayPal.
 - Of those paying with a credit card, 53% used Visa.
 - Debit cards are most popular among U.K. (59%) and U.S. (40%) online shoppers.
 - 60% of online shoppers say they buy mostly from the same site.

Source: Internet

Last Updated 07.31.08

BIGresearch, LLC

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Company Overview

BIGresearch is a market intelligence firm providing analysis of consumer behavior in the areas of retail, politics and media.

Its mission is to:

- 1) Provide a forum for consumers to anonymously communicate their opinions or concerns on economic and retail expenditure issues to influence retail and manufacturing executives and public policy decision makers
 - 2) Provide a premier knowledge base of consumer insights (past, present and future) to industry executives to foster more successful decision making
 - 3) Provide clients with robust samples from BIGresearch's community of opt-in email consumers which are accurate (+/- 1%), actionable and cost-effective.
-

Type of Research

BIGresearch offers a full range of custom and syndicate research services. It also develops independent reports including the *RFID Consumer Buzz*.

BIGresearch has a large online community of 60 million consumers to draw from to gather intelligence about the changing marketplace.

BIGresearch offers consumer insights through the following products and services: *Syndicated Market Intelligence, Knowledge Mining, Tracking/Trending, and Custom Solutions*.

BIGresearch's syndicated Consumer Intentions and Actions (CIA) survey monitors over 7,500 consumers each month. It delivers current, demand-based information on where retail consumers are shopping and their changing behaviors. Unlike indicators based on past performance, the data provides intelligence on where retail consumers are going, their intentions and their actions.

The syndicated Simultaneous Media Usage Study (SIMM) provides a tool for understanding the inter-relationships of multiple media usage, which impact marketing effectiveness and ROI of

communications expenditures. SIMM usage is available for specific retailers or targeted consumer groups, i.e., age, gender, income, lifestyle, geography, etc.

The Retail Ratings Report (RRR) is a syndicated product that provides a monthly scorecard for the retail industry to determine top performers from the consumer's point of view.

BIGresearch also licenses access to its databases to allow clients to discover relationships appropriate to a company and its competitors. The large sample sizes and proprietary software, which dynamically weights and balances 14 age/gender cells to their known relationship to the market, enable companies to perform very granular analyses of consumer behavior. Clients are using these insights as an overlay with existing internal data, appending it to other data sources, linking it with proprietary panel data or by itself to uncover unique consumer insights.

In addition, BIGresearch continuously tracks the following variables: Consumer Confidence, Employment Environment, Purchase Intentions, Life Changes, Financial Plans, Shopping – 90 Day Expenditure Forecast, Stores Shopped More Often, Consumer Packaged Goods.

BIGresearch also creates Proprietary Online Panels for clients who have ongoing needs to gather intelligence and consumer insights. The clients have sole and exclusive access to a panel that is developed and managed to meet their unique needs.

The company conducts surveys for the National Retail Federation (NRF) that provide information about consumers' gift card use and monitor attitudes and shopping habits during key holidays.

Research

- American Pulse Survey: More Americans Would Rather Receive Gift Cards or Cash than a Gift This Holiday Season (November 2007)
- Gift Cards Get Hotter This Year (November 2006)

Research Sample

Title: American Pulse Survey: More Americans Would Rather Receive Gift Cards or Cash than a Gift This Holiday Season

Methodology: Online survey

Time Series: November 2007

BIGresearch conducts its American Pulse Survey monthly, covering topics such as politics, religion, pop culture and the economy.

Data Sample: 4,069 respondents from Survey Sampling International's (SSI) U.S. panel

Key Findings:

- 52.1% of respondents say they would rather receive a gift card or cash than a gift.
- 82.4% say gift cards are a smart gift alternative for people they don't know well.

- 10.5% have “re-gifted” gift cards received and 22.5% have “re-gifted” gifts received.
- 13.5% have received gift cards that they’ve never redeemed.
- 16.1% have received gift cards that they’ve only partially redeemed.

Source: Internet

Last Updated 07.31.08

Experian Consumer Research

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Company Overview

Experian Consumer Research (ECR), previously known as Simmons Market Research Bureau, provides market research data to more than 500 clients worldwide. It covers a number of different areas, from automobiles to consumer goods to media choices, as well as demographic and consumer behavior data. It offers custom market research services and statistical modeling expertise. The company was founded by a market research pioneer, Willard Simmons, in 1962, acquired by Experian Marketing Solutions in 2004, and rebranded as Experian Consumer Research in 2008.

Type of Research

ECR offers a suite of survey-based consumer studies, segmentation systems, and custom research solutions. Its syndicated National Consumer Study (NCS) draws on interviews with over 25,000 adults nationwide to analyze the demographic and psychographic characteristics of customers. The NCS annually collects over 60,000 data variables, including information on debit and credit card use and bill payment methods.

The NCS is designed to measure and analyze consumer behavior and attitudes among all American adults, including English and Spanish-speaking Hispanics, in a single cross-cultural database. ECR also collects comprehensive information on teenagers and children to assist marketers in targeting their products and services to these segments of the population. The segmentation systems are based on marrying NCS behavioral data with transactional data from other companies, such as Nielsen Media, MasterCard and AOL.

ECR's Data Integration product typically includes a link to NCS, which provides clients access to their proprietary data, enhanced with the 60,000+ variables within the NCS. This enhancement allows clients to better profile target segments against a full range of product, psychographic, lifestyle and media data in the NCS.

Custom survey questions can also be linked to the nationally representative NCS so that these results are projectable to the U.S. population and delivered within a single platform.

Source: Internet

Last Updated 07.31.08

GMI (Global Market Insite, Inc.)

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Company Overview

GMI provides integrated solutions for global Internet-based market research. Net-MR®, GMI's online market research software suite, provides tools to manage and automate research functions throughout the project lifecycle. GMI offers one of the world's largest, highly profiled, managed panels, providing reach to six million consumers in 200+ countries. Founded in 1999, with world headquarters in Bellevue, Washington, GMI has operations on five continents.

Type of Research

GMI provides global panels and a range of integrated software applications to enable corporations and market research firms to conduct global research targeted to specific groups or panels of consumers. It also provides syndicated research data.

The company offers specialty panels and will build panels based on specific attributes such as employment, financial, household or technology profiling.

GMI offers public opinion data to news agencies via its GMI Poll service. GMI Poll gathers international opinions about topical issues and critical global events. GMI surveys global opinions in real time, on-line, with results available electronically in as little as 24 hours. The GMI Poll is a monthly survey sent to qualified panelists in 200 countries. Customization is available for daily or weekly surveys, as well as for specific geographies.

The sample source for the GMI Poll is GMI's global panels. The fully profiled, double opt-in panels are recruited from more than 500 sources. Surveys are completed in the panelist's native language, and response quality is evaluated after each survey.

GMI Poll is representative of a demographically balanced population of "informed individuals," defined as having access to the Internet and maintaining email accounts. To the extent people

with email accounts differ from people without email accounts, the samples are demographically representative, but include a selection bias for on-line, or informed, individuals. This potential selection bias is mitigated by the high response rates to the GMI Poll, with participation percentages typically more than 30%.

Respondents for the GMI Poll are selected randomly using a method that produces a sample balanced by age, gender, geographic region, and where applicable, race and ethnicity.

The results of the GMI Poll are an internationally comparable set of data based on responses from 1,000 informed respondents per country, for a total of 8,000 respondents. These results can be monitored online as soon as the survey is launched. The data remains available as long as necessary. Clients can analyze and cross tabulate the data, and then export the data into numerous formats, including common programs, such as Excel.

Research

- Holiday Poll Finds American Consumers are Spending Strong, but Buying Cheaper (2006)
- 'Tis the Season for Online Shopping (2005)
- Online Banking Gaining Worldwide Momentum (2005)
- Do You Know What's In Your Wallet? (2005)

Research Sample

Title: Holiday Poll Finds American Consumers are Spending Strong, but Buying Cheaper (2006)

Methodology: Online survey

Time Series: GMI Poll conducted October 30 to November 7, 2006

Data Sample: 14,201 consumers in 15 countries (i.e., Australia, Brazil, Canada, China, Denmark, France, Germany, Italy, Norway, Russia, Spain, Sweden, The Netherlands, U.K., U.S.)

Key Findings:

- The majority of U.S. consumers planned to shop online during the 2006 holiday season, with nearly 80% of respondents choosing it as a destination and 39% of those consumers selecting it #1.
- Of the 1,000 U.S. consumers surveyed, 60% said that a recommendation from a friend influenced their purchasing decisions.
- 64% of respondents said they liked to buy gift cards from stores that have multiple items or products. The next most popular choice for gift cards was for CDs and DVDs, which 40% of U.S. respondents selected.

Greenfield Online

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Company Overview

Greenfield Online provides Internet survey solutions to the marketing research industry in the U.S. and internationally. The company provides survey research services by gathering demographic data over the Web from its panel. Greenfield Online performs surveys to track brand awareness and test new advertising campaigns for its clients, as well as surveys to measure consumer interest in new products and services. Greenfield Online's clients include more than 300 marketing and market research firms. In 2005, the company bought Rapidata.net, Zing Wireless, and CIAO AG, extending its depth and service offerings.

Type of Research

Greenfield Online offers various Internet data collection products and services. They include tracking studies to determine advertising awareness and brand usage; conjoint studies that conduct a trade-off analysis of features/functionality; and concept testing studies that present product concepts to potential consumers. Products and services also include media/audio testing studies to evaluate the persuasiveness and key message recall associated with advertising; in-home usage testing studies that ask respondents to try new products in their home; and omnibus studies that enable clients to pool small sets of questions and receive feedback within three days.

Greenfield Online offers a full-service Internet-enabled survey solution. The company programs and hosts surveys on its infrastructure, invites respondents to participate, collects the respondent data and opinions, and delivers the data file to its clients.

Greenfield has a large, demographically diverse, panel with nearly five million people, including a Hispanic Panel. Greenfield Online has developed several tools to facilitate consumer survey interviews. Its proprietary Survey Alerts Manager (SAM) is installed on panelists' PCs and functions as an instant alert system. Using Dynamic HTML (DHTML) technology, Greenfield Online has also developed its "Card Sort" technology, which respondents can complete using a visual exercise of sorting statements as they would a deck of cards. The technique provides an alternative to typical online questions and is designed to maximize respondent cooperation and thoughtfulness of response. The company has also developed and launched a wireless panel (www.text2express.com) that enables survey respondents to provide feedback via mobile phones.

In addition to its global panel capabilities, Greenfield Online offers "Real-Time Sampling®." Respondents who may be willing to take a survey from time to time, but may not be willing to join an online research panel, are recruited and randomly assigned to an open survey based on their responses to screening questions.

In 2008, Greenfield Online and database company Opinion Research Corporation (ORC) partnered to develop a panel of small business decision-makers. The panel, known as 'infoUSA Small Business Trendsetters,' gives business product and service providers insight into the opinions of small business decision-makers and owners across the U.S.

Greenfield Online publishes a quarterly electronic newsletter designed to keep marketing research companies abreast of industry news and trends. Updates on specific new products and services are included, as well as topical information on the marketing research industry as a whole.

Source: Internet & Interview

Last Updated 07.31.08

Harris Interactive

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Company Overview

Harris Interactive is a global research firm that blends strategic consulting with innovative methods of investigation, analysis and application. It is well known for The Harris Poll Online Panel.

Harris Interactive offers research services to companies in such industries as financial services, consumer goods, health care, transportation, government and technology. Its Harris Interactive Service Bureau provides market research services to other market research firms.

It has several wholly owned subsidiaries: London-based HI Europe, Paris-based Novatris, Tokyo-based Harris Interactive Japan, U.S.-based WirthlinWorldwide, and a global network of affiliate firms.

Type of Research

Harris Interactive provides market research and polling services, including custom, multi-client and service bureau research. The Harris Group conducts various types of custom research, including customer satisfaction surveys, market share studies, new product introduction studies, brand recognition studies, reputation studies and ad concept testing. The company offers services in all phases of the study including design, development, reporting and analysis.

Harris Interactive's panel of consumers is comprised of about seven million respondents. Approximately 60% of research is conducted online and 40% via telephone or mail. Harris Interactive also has a panel of elderly Asian Americans in New York who are surveyed door-to-door, and a national panel of Hispanics who participate in a similar door-to-door panel.

Harris Interactive adapted the Computer Assisted Personal Interviewing (CAPI) software to create a sophisticated online interviewing capability.

Using Computer Assisted Telephone Interviewing (CATI) technology, Harris Interactive offers telephone research services. Harris Interactive also has an integrated CATI Web-Assisted Personal

Interviewing (WAPI) proprietary technology designed to facilitate a smooth and accurate transition from phone to web interviewing.

In addition to quantitative studies, Harris Interactive offers qualitative research that includes in-depth interviews and focus groups, which can be conducted in person or online, moderated over three days.

Research

- Consumers Increasingly Embrace Mobile Phone Commerce with Banking and Buying On-The-Go (March 2008)
- Teens Welcome Gift Cards at the Holidays (December 2007) (sponsored by First Data)
- Positive Response to Chip & Pin, but Notes of Caution Sounded (November 2006)
- Substantial Numbers of U.S. Adults Taking Steps to Prevent Identity Theft (May 2006)

Research Sample

Title: Consumers Increasingly Embrace Mobile Phone Commerce With Banking and Buying On-The-Go

Methodology: Online survey

Time Series: One time — December 2007

Data Sample: 1,072 U.S. adults ages 18 and over

- Key Findings:**
- 16% of mobile phone subscribers already use mobile banking services, with 60% of them using the services at least once a week.
 - About 25% of mobile phone users with mobile access to the Internet now use their mobile devices to buy goods and services online via a credit card.
 - 20% of respondents would like to someday use their phones like a “mobile wallet,” where charges would be billed directly to their mobile account.
 - Among those surveyed, the biggest barrier affecting consumer acceptance of mobile banking and commerce is security concerns over personal data.
 - 66% expressed apprehension about using their mobile phone to transmit sensitive financial information.
 - 63% reported fears about the medium exposing them to potential fraud and financial scams.
 - 61% worried about losing a mobile phone containing personal financial information.
 - Other consumer concerns with mobile commerce include questions about usability (43%), reliability (37%) and speed of the wireless network (23%).

Ipsos Insight

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Company Overview

Ipsos Insight is a member of the Ipsos Group, one of the world's largest market research firms. Industry sectors covered include Financial Services, Technology and Communications, and Consumer Products.

Ipsos member companies offer expertise in advertising, customer loyalty, marketing, media, and public affairs research, as well as forecasting, modeling, and consulting. Ipsos has a full line of custom, syndicated, omnibus, panel, and online research products and services, guided by industry experts and bolstered by advanced analytics and methodologies. The company was founded in 1975 and has been publicly traded since 1999.

Type of Research

Ipsos conducts primary research using both syndicated and proprietary payment panels. Ipsos acquired a division of NPD and integrated that unit into the company. Ipsos has several proprietary payment panels ranging between 3,000-10,000 respondents. Syndicated panels generally have about one million respondents (combined on-line and call center). Panelists are contacted once a month for a 30-40 minute survey. Panelists sign up to be part of the panel and receive incentives for survey participation. Ipsos also conducts some proprietary panels to generate press release figures or to provide as promotional data. For example, in 2005 they looked at consumers paying taxes with a credit card.

Ipsos conducted annual comprehensive, quantitative surveys for the Small Payments Conference in 2004, 2005 and 2006. Key findings include credit and debit cards are steadily becoming more commonly used for small value payments both on and off-line; and in 2006, during the 30 days

prior to the survey, an estimated 67+ million Americans had used credit or debit cards for purchases of \$5 or less.

In addition, Ipsos' Public Affairs research area produces the RBC CASH (Consumer Attitudes and Spending by Household) Index, a monthly national survey of consumer attitudes on the current and future state of local economies, personal finance situations, savings and confidence to make large investments.

Ipsos Insight offers a suite of state-of-the-art data collection methods to meet clients' needs. Data collection is conducted via online, telephone using CATI technology, mail surveys, diary studies, focus groups, and one-on-one interviews.

Ipsos has sizeable panels with 1.4 million households and 3.6 million individuals around the world, including online, household and Hispanic panels.

Ipsos' U.S. Online Panel consists of over 950,000 pre-screened households. The U.S. Household Panel (a.k.a. Home Testing Institute (HTI) Panel) consists of 400,000 pre-recruited households (more than a million individuals) available for custom research. The outgoing sample is adjusted to ensure a balanced return. Panelists can be contacted via mail, telephone and the Internet. The U.S. Hispanic Panel consists of 10,000 pre-screened households, the majority of whom are Spanish-speaking. The panelists can be reached by telephone or mail via in-language surveys. Central location testing among Hispanics is also available.

Ipsos also conducts various Omnibus surveys. Its Online Omnibus surveys 1,000 adults in the U.S. once per week. The Telephone Omnibus survey is conducted twice a week and surveys up to 2,000 U.S. adults. Ipsos also runs a Global Omnibus survey of 500 respondents per country.

Research

- More Than 67 Million Americans Have Used Credit or Debit Cards for Purchases of Less Than \$5 in the Past 30 Days (November 2006)
- Fees Keeping American Taxpayers from Using Credit Cards to Make Tax Payments (March 2006)
- An Estimated 45 Million Americans Would Use Their Credit or Debit Cards for Purchases of Less Than \$5 (December 2005)
- Interest in Online Banking Flattens (September 2005)
- Paying Taxes by Credit Card Remains Stagnant (April 2005)
- Cash or Charge? Understanding Consumer Payment Behavior (December 2004)
- Paying Taxes by Credit Card Off to a Slow Start (April 2004)
- Is Using Your Credit Card Online Safer? (January 2004)

Research Sample

Title: **More Than 67 Million Americans Have Used Credit or Debit Cards For Purchases Of Less Than \$5 In The Past 30 Days (November 2006)**

This Small Payments Market Survey, conducted with Peppercoin, a "small payments" technology company, examined consumers' spending habits for low-priced items.

Methodology: Telephone survey

Time Series: Annually, 2003 to 2006

Data Sample: 1,000 U.S. adults ages 18 and over

- Key Findings:**
- Consumers are most likely to use credit or debit cards for small payments purchases at convenience stores, quick service restaurants, to buy coffee or pay for the subway or tolls.
 - When asked where they made frequent purchases during the prior 30 days,
 - 32% of respondents purchased coffee or a beverage at least six times. Approximately 11% purchased coffee more than 20 times.
 - 24% purchased items at a fast-food restaurant at least six times.
 - 15% purchased items from vending machines/kiosks at least six times.
 - 27% of respondents expressed interest in using a prepaid balance at merchants where they frequently shop. Younger consumers are more likely to adopt a prepaid program — 42% of respondents ages 18 to 34 expressed interest in such a program.
 - Merchants face limited growth opportunities with traditional membership rewards cards used today as part of loyalty programs. Less than 20% of survey respondents said they would be willing to carry additional rewards cards.
 - Three of the most significant obstacles to loyalty program enrollment were:
 - Inconvenience of carrying a separate card (21%)
 - Rewards do not accumulate fast enough (21%)
 - Program enrollment is too much of a hassle (18%)

Source: Internet & Interview

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Lightspeed Research

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Company Overview

Lightspeed Research is a global interactive data solutions provider delivering market research results through a network of global panels and products.

Lightspeed Research's panels are recruited and maintained to ensure quality and representative sampling to support studies that range in scope and complexity across most industry sectors. Lightspeed Research operates panels covering healthcare, finance, automotive, B2B, mobile, media, beverage, travel, sports and leisure, and family.

The Lightspeed Research Financial Services Group provides clients with research, analysis and guidance about consumers' use of credit, debit and alternative payment products to help clients grow their wallet share among target customers.

Headquartered in New Jersey, Lightspeed has offices in North America, Europe and Asia Pacific. Lightspeed's Financial Services Group is based in Cambridge, MA.

Type of Research

Lightspeed Research's Financial Services Group provides clients with insights into consumers' use of credit, debit and alternative payment products by passively gathering information from their financial accounts and merging it with third-party behavioral datasets, attitudinal insights, and industry expertise. The company provides a "full wallet" view across customers' many financial services relationships. Consumers are profiled based on demographics, credit usage, and interests/ associations.

Data collection techniques provide a detailed view of:

- Account characteristics (i.e., product pricing, credit line, rewards)
- Cardholder behavior (i.e., payment profile, utilization, spend volume)
- Transaction details (i.e., merchant-level information, fees).

The company is able to identify trends on a quarter-over-quarter or year-over-year basis. Clients include credit card issuers, retail banks, payment networks and other industry stakeholders.

Lightspeed Research delivers results to clients through customized reporting, ongoing analyst support, and project-based consulting engagements. Representative topics recently delivered to

clients based on Lightspeed's Financial Services behavioral tracking panel (continuously updated) include: co-branded credit card dynamics, comparative credit line profiles and impact on usage, segment-specific credit and debit usage trends, and the impact of customer satisfaction on card usage.

Beyond the detailed behavioral analysis and insight available through Lightspeed's Financial Services Group, Lightspeed's global network of online panels provides primary research capabilities that can be conducted quickly and accurately within the U.S. or on a multi-country basis.

Research

- The Stored Value Card Market Today: Capitalizing on Evolving Opportunities (August 2008)
- Shopping from Your Mobile — Dial S for Shopping (May 2008)
- Economic Stimulus Tax Rebate Plan: Will It Actually Stimulate Spending? (January 2008)

Research Sample

Title: The Stored Value Card Market Today: Capitalizing on Evolving Opportunities (August 2008)

Methodology: Online survey

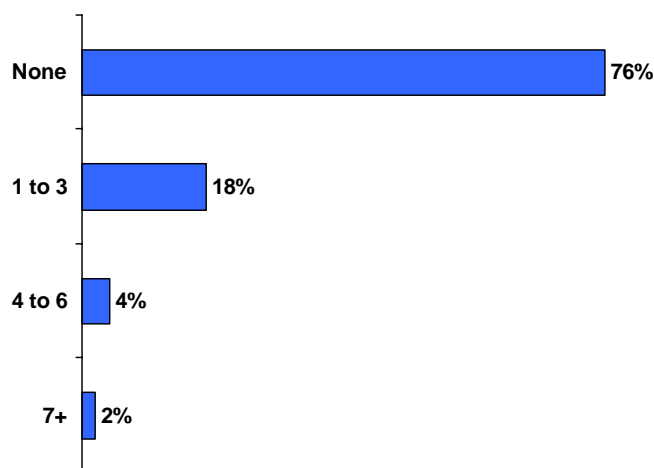
Time Series: One time — July 2008

Data Sample: 2,039 U.S. consumers

Key Findings:

- Over three-quarters of the respondents have not purchased any open loop gift cards in the past twelve months

Number of Open Loop Gift Cards Purchased in the Past 12 Months



Source: Lightspeed Research Survey, July 2008

Mindwave Research

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Company Overview

Founded in 1999, Mindwave Research is a full-service quantitative and qualitative research firm. Mindwave designs and executes research in support of strategic business decision-making at IT companies. Clients include hardware and software manufacturers.

Mindwave researchers have worked at research companies including the Gartner Group, DataQuest, IDC, IntelliQuest and Reality/CMP. They have managed projects for more than 100 large computer, communications and Internet-based companies.

Type of Research

Mindwave offers custom research and syndicated studies. The company conducts online and telephone-based surveys, online and traditional (in-person) focus groups, and in-depth interviews. Mindwave provides global research capabilities by collaborating with selected research partners in other countries.

Mindwave maintains its own online sample panel of consumers and IT professionals and also uses other sample partners to provide clients with a broad range of online samples. The online panel is created by recruiting specific respondents and then profiling their demographic, technological and corporate information. The online panel profiling database contains variables that are specially constructed for each client. The company offers custom panel services including panel design, recruitment, data collection, database management, analysis and maintenance.

Mindwave has experience conducting many types of qualitative studies including brand research; message, positioning and advertisement testing; market trends; purchase process; product concept testing; software usability testing; and web design testing.

Observations: CyberSource, a payment service provider, publishes an Annual Online Fraud Report that is based on surveys of online merchants conducted by Mindwave Research. The annual survey addresses the detection, prevention, and management of online fraud. See the entry for CyberSource in Section III of this Guide for more information.

NPD Group

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Company Overview

NPD offers consumer panel and retail sales tracking services, special reports, modeling and analytics, and custom research.

The NPD Group, a leading market research firm, tracks consumer buying behavior both online and in stores through consumer panels and electronic feeds from cash registers. NPD offers market insight in several industry areas, including apparel, consumer electronics, music, software, and video games. It operates through about two dozen offices in North America, Europe, and Asia. NPD also has alliances with global research organizations such as Gfk and Taylor Nelson Sofres. Clients include manufacturers, retailers, and service companies. NPD also provides market research information to foodservice operators, technology distributors, and financial services companies that track the industry sectors and companies they monitor. NPD has over 1600 clients, ranging from Fortune 100 leaders to smaller businesses.

Type of Research

NPD conducts primary syndicated research using only an online panel. The panel consists of more than three million registered adults and teens. NPD also uses the panel to conduct short, online custom consumer behavior studies ("fast follow-up" surveys) for clients who want more detailed information about their target consumers.

NPD surveys consumers on purchase behavior in the following industries: apparel, appliances, automotive, beauty, cellular, consumer electronics, food and beverage, food services, footwear, home improvements, home textiles, housewares, imaging, information technology, movies, music, software, toys, video games, videos and wireless. While NPD does not conduct payment specific panels, it does question consumers on the payment type used for each purchase.

Research

- Fast Checks Study: Consumers Speak Out On the U.S. Economy (April 2008)
- Annual Survey of Consumers' Holiday Purchase Intentions (October 2007, October 2006)
- When It Comes to Gift Cards Most Kids Use Them to Purchase Something On Impulse (May 2007)
- Holiday Mid-point Consumer Survey (December 2006)
- Gift Cards Keep On Giving Throughout the Year (March 2006)
- Japan Offers Key Lessons for Wireless Market Innovation in the U.S. (February 2006)

Research Sample

Title: **When It Comes to Gift Cards Most Kids Use Them to Purchase Something On Impulse (May 2007)**

The report provides insight into the overall dynamics surrounding the acquisition and redemption of gift cards, while examining children's attitudes toward them.

Methodology: Online survey

Time Series: February 16 to March 2, 2007

Data Sample: Nationally representative sample of mothers with children ages 2 to 14. Final survey data was weighted to represent the population of children ages 2 to 14. Qualified respondents with more than one child in this age range were asked to answer the survey as it related to only one child via random selection.

Key Findings:

- During the few months prior to the survey, 60% of children received a gift card. Mass merchandiser and toy stores were the most frequently mentioned types of gift cards received, followed by food service gift cards.
- Close to 58% of children appear to use gift cards to purchase something on impulse.
- The average value of a gift card was \$44.00.
- While most respondents (55%) did not spend additional money when they redeemed their gift card, 39% spent more than the face value of the card. The majority of this additional money was paid for by the kids' parents (67%) followed by the kids' own money (28%).
- Christmas (73%) and birthdays (18%) were the most popular occasions for receiving gift cards. Giving gift cards as a reward or allowance is a concept some seem to be adopting.

Packaged Facts

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Company Overview

Packaged Facts, a division of Market Research Group, LLC, is a leading producer of syndicated market research in the food, beverage, consumer packaged goods and demographic sectors. The company has provided comprehensive market intelligence to top industry decision-makers for over 30 years.

Type of Research

Packaged Facts *Market Profiles* are comprehensive industry and demographic market research studies written by independent analysts and industry specialists. The analysts rely on both primary and secondary research to analyze trends, define the current state of the market and predict where the market or population segment is headed over the next three to five years. The research studies offer insights on buyer behavior, competitive players, distribution channels and emerging products and trends.

The following research is conducted during the development of each Packaged Facts *Market Profile*:

Primary research can entail on-site examinations of the retail businesses to obtain first-hand knowledge of the products covered as consumers encounter them. In addition, interviews and consultations are conducted with industry sources, experts, retailers and distributors, and trade associations to gather information about overall trends, promotional programs, new product introductions and regulatory issues pertaining to the market.

Secondary research entails extensive data-gathering from relevant trade, business, consumer and government sources. Additional data and information are derived from annual corporate reports, 10Ks, and other financial releases from public companies. Private company information is gathered via proprietary databases as well as primary research efforts. Detailed secondary research includes:

- **Data from government sources**, including the U.S. Bureau of the Census, U.S. Department of Agriculture, U.S. Department of Commerce and Bureau of Labor Statistics.

- **Supermarket, drug store and mass merchandiser sales figures** are gathered and interpreted from the Information Resources, Inc. (IRI) InfoScan sales-tracking database. Additional research is conducted and analyzed which allows for the extrapolation of comprehensive market sizings.
- **Quantitative consumer demographics** are derived from the Experian Consumer Research (ECR) National Consumer Survey (NCS). Twice a year, ECR surveys over 25,000 adults over 18 years of age about their buying habits. ECR has access to complete demographic information about survey participants, who are selected to represent a statistically accurate cross-section of the U.S. population.
- **Advertising expenditures** for food, beverage and consumer products are analyzed via data compiled by Competitive Media Reporting (CMR), a Taylor Nelson Sofres company and the nation's largest advertising tracking service.
- **New product introductions** are also analyzed and discussed extensively in each Market Profile. Information assessed is gathered via literature research, personal interviews and data compiled by ProductScan, a service of Marketing Intelligence Service Ltd.

Research

- Financial Services for Small Businesses in the U.S. (March 2008)
- Teens, Money, Payment Cards and Financial Services in the U.S. (January 2008)
- The U.S. Market for Prepaid Cards with a Focus on Gift Cards (December 2007)
- African American Credit, Debit and Prepaid Card Users: Undervalued and Overlooked (September 2007)
- Non-traditional Financial Services to the Unbanked, Underbanked and WhyBank? in the U.S. (August 2007)
- Smart Cards in the U.S.: Contactless Payment Cards (May 2007)
- Corporate Credit Cards in the U.S. (March 2007, February 2005)
- Gen X in the U.S. (November 2006)
- Hispanic Americans and Credit Cards (September 2006)
- The U.S. Market for Private-Label Credit Cards – 5th Edition (September 2006)
- Debit Cards in the U.S. (May 2006, January 2004)
- Baby Boomers in the U.S. (May 2006)
- The U.S. Financial Services Internet Security, Privacy, and Fraud: Issues and Solutions (October 2005)
- Market Trends: Opportunities in the “Unbanked” Consumer Market (July 2005)
- The U.S. Online Retail Banking Market (February 2005)

Scarborough Research

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Company Overview

Scarborough Research is a market research firm that measures the shopping, media and lifestyle patterns of adult consumers in the U.S.

The company was founded in 1975 and was originally developed as a newspaper measurement tool. In the early 1990's Scarborough expanded to include broader media and lifestyle research. The company measures 2,000 categories and serves a broad client base of approximately 3,500 subscribers including local and national media, advertising agencies, sports teams and leagues, major advertisers, and out-of-home (outdoor) companies. Scarborough is a joint venture between Arbitron, Inc. and The Nielsen Company.

Type of Research

Scarborough conducts primary research. The company measures *demographics* (such as age, sex, household income, etc.), *lifestyles* (such as leisure activities, personal activities and sports attendance/avidity), *media patterns* (including television viewing, radio listening, newspaper readership, Internet patterns), and *shopping preferences* (stores shopped, purchasing patterns, brand preferences).

Scarborough's products and services include local market consumer insight studies in 81 Top-Tier and Mid-Tier Markets, Scarborough USA+ (a national database), Scarborough Multi-Market Database, Hispanic studies, customer relationship management and database integration solutions.

Scarborough uses a two-phase methodology to collect consumer information: (1) a randomly dialed telephone interview (which measures radio listening, newspaper reading, some television viewing, Internet websites visited and demographics), followed by (2) a mailed, self-administered consumer survey booklet and seven-day television diary. The Consumer Survey Booklet captures the respondent's retail behavior, product/service usage and lifestyle information. The Seven-Day Television Diary measures personal television viewing for seven days in 30-minute intervals. The two-phase methodology results in a multi-step relationship with the respondent tailored to maximize cooperation. Up to 14 attempts are made to reach the designated respondent.

Scarborough employs continuous measurement, interviewing and collecting data 48 weeks of the calendar year to even out any marketplace disruptions and seasonality issues. Data is released to

Scarborough clients twice a year. The database is delivered with a 12-month rolling average to ensure a complete local, regional and national overview. Scarborough's annual sample size is 220,000.

Scarborough uses sample balancing and weighting. Data is weighted and projected to adults 18+ in the local market. Balancing variables include geography, age within gender, household size, education, race and Hispanic ethnicity (where applicable).

In 2008, the company launched the Scarborough Kids Internet Panel, or SKIP, a new custom research service intended to provide insights into the consumer behaviors of children ages 5 – 17.

Research

- Harrisburg, PA and Chicago, IL Are The Top Local Markets For Gift Card Purchasers (November 2006)
- Visa Gold/Platinum Is The Number One Credit Card Brand Among Baby Boomers (October 2006)
- Today's Mass Transit Consumers Are Not As Elusive As You Think: Subway Riders, Rail Riders, and Power Pedestrians Are A Plugged-In Audience Who Have More Ways To Make Immediate Purchase Decisions (June 2006)
- Unbanked Consumers: A Unique Opportunity for Financial Marketers (March 2006)

Research Sample

Title: **Unbanked Consumers: A Unique Opportunity for Financial Marketers (March 2006)**

This analysis provides in-depth information about the demographics, spending patterns, and purchasing plans of "unbanked" consumers. Unbanked consumers are defined as those who indicate that they live in a household that does not make use of a "financial institution" of any kind for banking or financial services.

Methodology: Information drawn from the Scarborough USA+ database (2005 Release 1)

Time Series: One time — 2005

Data Sample: 8,748 unbanked consumers

- Key Findings:**
- 5%, or more than 10.2 million consumers nationally, are unbanked.
 - Unbanked consumers are more likely to be young, single and in lower income brackets. More women are unbanked than men, and unbanked consumers are more likely to be blue collar. 35% of the unbanked population is Hispanic.
 - Credit cards provide an option for unbanked consumers to make purchases. Almost one quarter (22%) of the unbanked used a credit card during the three months prior to the study. VISA is the preferred brand. 13%, or nearly 1.3 million unbanked consumers, used a VISA card during the previous three months.

- Only one in ten of the unbanked uses check cashing services, a relatively small portion of this market.
- Prepaid options are critical to the unbanked consumer. There are many available, especially in the telecom category. Unbanked consumers are 26% more likely than the average consumer to use a prepaid cell phone plan.
- One third of unbanked consumers use the Internet. 41% of online unbanked consumers made an Internet purchase during the year leading up to the survey.
- Banks seeking to build lifelong customers have an opportunity in reaching out to the unbanked population. As this consumer group ages, becomes more established, and accumulates more wealth, their need for banking services will also increase.

Source: Internet and Interview

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Synovate

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Company Overview

Synovate is the market research arm of global communications specialist Aegis Group plc. In January 2003, the market research companies belonging to Aegis formed a new global research company, Synovate. Founder companies included Market Facts and its subsidiaries (USA and Canada); Asia Market Intelligence (or AMI, Asia Pacific); Pegram Walters and Sample Surveys Research Group (U.K.); MEMRB, Demoscopie, Market&More and INNER (Europe, the Middle East and Africa); and Research Fact (Japan).

In 2007, Synovate entered a worldwide partnership with GMI (Global Market Insite, Inc.), a leading panel and market research software provider. The partnership gives Synovate access to over six million panelists across the globe. Combined with its existing ViewsNet panels, the partnership enables Synovate to offer panel research in more than 50 markets. Synovate employs over 5,800 staff in 121 cities across 57 countries.

Type of Research

Synovate provides custom qualitative and quantitative research services, including data collection and analyses, and has many in-house research initiatives. The company also regularly collects consumer data worldwide for clients through omnibus studies. Research objectives include understanding changing consumer attitudes and determining how research can be practically applied to initiate change.

Mail Monitor® and Inside Track® are part of Synovate's Financial Services Practice, which provides marketing research, competitive intelligence and consulting services to the banking and payments industries. Mail Monitor® provides information about credit card direct mail volume and response rates in the U.S. and Canada, and analyzes the performance of credit card direct mail acquisition programs. Inside Track® is a source of credit card competitive direct mail retention and activation information, as well as a survey of cardholder attitudes and spend behavior. The Inside Track® program is designed specifically for the U.S. credit card industry.

Card communication pieces are provided online and reports on satisfaction, key attitudes and behavior, and usage trends for card competitors are shared nationwide.

Synovate's online panel and research division, ViewsNet, provides online, telephone, mail and face-to-face data collection methods. Respondents are drawn from ViewsNet's own panels or acquired from specialist panel bureaus.

One example of Synovate's numerous omnibus research surveys is TeleNation, a quantitative national telephone survey of two waves of 1,000 American adults each week, for a total of 2,000 interviews. Each wave of 1,000 American adults is balanced to be nationally representative. The sample consists of 50% men and 50% women, 18 years of age and older. Each survey is conducted using Synovate's Global Opinion Panels. The surveys are conducted on a multi-client basis and the cost of a national survey is shared. TeleNation offers fast turnaround for national consumer research. Survey questions are submitted by noon (CST) the day interviewing begins and can be delivered via electronic tables, the day after interviewing ends. Synovate also has an online omnibus service, and an omnibus product specifically designed for the Hispanic population in the U.S.

Research

- U.S. Diversity Market Reports (2008, 2006)
- Federal Trade Commission – Identity Theft Survey Report (November 2007, September 2003)
- Insights Into Low Income Consumers (Hong Kong, December 2006)
- China Digital Life Reports (2006)

Research Sample

- Title:** **Federal Trade Commission 2006 Identity Theft Survey Report**
(published November 2007)
- Methodology:** Telephone interviews using Random-Digit-Dialing (RDD) sampling methodology
- Time Series:** Interviews conducted between March 27 and June 11, 2006
- Data Sample:** 4,917 U.S. adults age 18 and older
- Key Findings:**
- 3.7% of survey participants were victims of ID theft in 2005.
 - Of the survey participant victims:
 - 1.4%, representing 3.3 million American adults, experienced misuse of their existing credit card accounts
 - 1.5% experienced misuse of non-credit card accounts (e.g., checking or savings accounts or telephone accounts)
 - 0.8% found that new accounts were opened or other frauds were committed using their personal identifying information
 - Costs due to ID theft varied widely. The median value of goods and services obtained by the identity thieves for all categories of ID theft was \$500. In 10% of cases, thieves got at least \$6,000 worth of goods or services.

- In more than 50% of ID thefts, victims incurred no out-of-pocket expenses. However, some victims incurred substantial out-of-pocket expenses: 10% of all victims reported out-of-pocket expenses of \$1,200 or more.
- Victims estimated the amount of time they spent resolving problems caused by the theft. The median time victims spent resolving problems was 4 hours. 10% of victims spent at least 55 hours resolving their problems, and half of those spent at least 130 hours.

Source: Internet

Last Updated 07.31.08

TNS North America

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Company Overview

TNS is a large, world-wide market research company, as well as a leading provider of social and political polling. TNS is also a major supplier of consumer panel, TV audience measurement and media intelligence services. TNS operates a global network spanning 80 countries and employs over 15,000 people. TNS North America (formerly NFO WorldGroup), a leading provider of panel-based market research in the U.S., collects data on consumer behavior, brand performance, and campaign effectiveness by mail and telephone surveys of about 500,000 households. The company also gathers data online from more than one million other homes. Founded by Howard Trumbull as National Family Opinion in 1946, NFO was acquired by TNS in 2003. NFO's U.S. business was rebranded as TNS NFO before becoming TNS North America (See www.tns-us.com).

Type of Research

TNS Global conducts syndicated and proprietary primary research on consumer payments. TNS conducts proprietary panels for many important players in the payments industry. TNS' syndicated panel, which companies can buy into, looks at consumer card usage behavior. Issuing banks generally buy data to understand consumer credit card behavior and what incentives will help sell more credit cards.

TNS primarily conducts quantitative research using either an online panel or a phone/paper panel. The firm also conducts qualitative research using methods such as diaries, focus groups, and one-on-one interviews both on- and off-line.

Panel respondents agree to participate and provide TNS with basic demographic information upon joining the panel. The phone/paper panel is approximately one million households and the online panel is over one million households.

Online panelists are recruited from multiple sources: web sites, other panelists, pop ups, and banner ads. For phone/paper panelists, TNS purchases lists (randomized) and sends packages to households. The overall opt in rate for this panel is approximately 10%.

Observations: TNS conducted the 2006/2007 and 2007/2008 versions of First Data's Consumer Payments Usage and Segmentation Study. See the entry for First Data/STAR in Section III for more information about the survey.

Research

Syndicated panel topics:

- Credit card ownership, activation, usage, attitudes towards financial decisions such as choosing credit card accounts
- Primary card status among brands and leading issuers
- Charge volume, balances, fees, transfers, APRs, for more than 300 cards
- Acquisition channel and behavior; Methods of applying for credit cards: mail, telephone, in-person, and Internet
- Rewards cards, affinity cards, co-brand cards and their impact on behavior
- Loyalty, retention, imagery, importance ratings, and satisfaction ratings — all of which can be run against different client-defined segments and demographics
- Acquisition channel and impact on behavior; Selection criteria for new cards, including rates, price, and motivation factors such as rewards and other features
- Card offerings and solicitation methods
- Account openings and cancellations
- Debit/ATM cards, stored cards/prepaid cards, mini-cards, and contactless cards
- Private label cards – store and gasoline
- Attitudes and preferences in general and card-specific
- Payment methods used and recurring bills paid by credit cards; perceived benefits of using different payment media
- Online purchasing behavior and attitudes
- FICO awareness, usage, and self-reported score ranges
- Other financial products and services purchased from Issuer and use of other financial services companies

Source: Internet & Interview

Last Updated 07.31.08

III. Payments Service Providers

Organization	Website	Specialty
CyberSource	www.cybersource.com	Service and software provider for e-payments and fraud management
First Data/STAR	www.star.com	Consumer research and surveys
PULSE	www.pulse-eft.com	Research on consumer payments trends, electronic banking, ATM surcharging

CyberSource

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Company Overview

CyberSource is a leading provider of electronic payment and risk management solutions. Its solutions enable electronic payment processing for Web, call center, and POS environments. CyberSource also offers industry-leading risk management solutions for merchants accepting card-not-present transactions. Its Professional Services Group designs, integrates, and optimizes commerce transaction processing systems. Approximately 228,000 businesses use CyberSource solutions, including half the companies comprising the Dow Jones Industrial Average. The CyberSource eCommerce Transaction Suite, used by more than 2,200 businesses worldwide, offers customer-controlled, real-time services, including Payment, Tax Calculation, Stored Value, Risk Management and Fulfillment Management.

Type of Research

CyberSource research focuses on online merchant fraud and its impact on businesses.

The company's Annual Fraud Survey, which began in 2002, addresses the detection, prevention, and management of online fraud.

Research

- The Insider's Guide to ePayment Management (2008, 2006, 2004)
- Annual Online Fraud Report: Online Payment Fraud Trends, Merchant Practices & Benchmarks (January 2008, January 2007, January 2006)
- Best Practices White Paper: Managing eCommerce Payment Fraud
- A Solution to Payment Security & Centralizing Payment Management (2006)
- Fraudsters Will Take \$2.8 Billion out of eCommerce in 2005 (November 2005)
- Online Fraud Report: Online Credit Card Fraud Trends and Merchants' Response (November 2005, November 2004, November 2003, November 2002)

Research Sample

Title: **Annual Online Fraud Report (January 2008)**
(Conducted for CyberSource by Mindwave Research)

Managing online fraud (eCommerce fraud) continues to be a significant and growing cost for merchants of all sizes. This survey is conducted annually to better understand the impact of payment fraud for online merchants and to address the detection, prevention and management of online fraud. The 2008 report summarizes the findings compiled from more than 315 merchants participating in the 2007 survey.

Methodology: Online questionnaire survey completed by merchants between September 13 and October 1, 2007

Time Series: Annual

Data Sample: Over 315 online merchants

All participants were either responsible for or influenced decisions regarding risk management in their companies.

Key Findings:

- The percent of online revenues lost to payment fraud has been slowly declining over the past few years: it decreased from 1.8% in 2004 to 1.4% in 2007.
- Even with such a low percentage of lost revenue, the report estimated \$3.6 billion in lost online revenue for 2007, an increase over 2006's estimate of \$3.1 billion.

First Data/STAR

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Company Overview

First Data Corp. (FDC) is a leading provider of electronic commerce and payment solutions for businesses and consumers worldwide. Serving more than five million merchant locations, 1,900 card issuers and millions of consumers, First Data enables easy, fast and secure purchases of goods and services using virtually any form of payment. FDC provides credit, debit, private-label, smart and stored-value card issuing and merchant transaction processing services. It also offers fraud protection and authentication solutions, check guarantee and verification services through TeleCheck, and Internet commerce and mobile solutions.

STAR Systems, a First Data company, is a large coast-to-coast electronic payments network, with staff expertise in secure, real-time electronic transactions. It offers PIN-secured debit acceptance at approximately two million ATM and retail locations.

STAR regularly conducts research on issues of importance to member financial institutions, retailers, check acceptance companies and trade associations.

Type of Research

FDC has been researching consumer use of debit cards for 21 years via an annual large scale consumer survey, the Consumer Payments Usage Study. The goal of this research is to understand how consumers use cards and how to incent them to use debit cards more. The 2006/2007 and 2007/2008 editions of the study, conducted by TNS, include a segmentation analysis of specific market groups based on their payment tendencies at the point of sale. The six segments covered in the research include signature debit, PIN debit, cash/PIN debit, cash, check and credit card segments. The segments were determined by an analysis of payment behavior, demographics, attitudinal characteristics, payment preference and value-based characteristics.

Research

- Consumer Payments Usage Study (June 2008, October 2007, July 2006, April 2005)
- Gift Card Appeal Remains Strong and Continues to Grow (May 2008)
- Gen X/Gen Y Payment Trends (May 2006)

- Influencing How the Next Generation of “Seniors” Will Pay: Strategies for Shaping the Payment Behavior of Boomers 50+ (2006)
- Payment Fraud: Protecting Your Debit Business, Make Cardholders Aware of the Growing Possibilities in Debit Point of Sale (POS)

Research Sample

Title: Consumer Payments Usage and Segmentation Study (2007/2008)

Methodology: Telephone interview (CATI). Sample method consisted of random-digit-dialing.

Time Series: Annual since 2002
Interviews conducted October 31 to December 2, 2007

Data Sample: 3,523 consumers age 18 or older. Nationally representative sample targeted to the four U.S. Census regions subdivided into nine areas. Data weighted by age within regions and by males/females on an overall basis.

Due to changes in survey design and sample selection, results of the 2006 and 2007 waves may not be directly comparable with previous survey waves.

- Key Findings:**
- Debit activity at the POS continues to grow. 74% of survey respondents reported using their ATM/debit card in the previous 30 days to pay for goods and services, up from 70% in 2006 and 62% in 2005.
 - Cardholders continued to prefer the PIN-secured debit at the POS (54%) over signature-based debit (38%).
 - Top reasons for preferring PIN-secured debit at the POS included security (44%), easier/simpler (28%) and faster use (25%). Respondents preferring the signature-based method also cited security (39%) as the top reason, followed by “can’t remember pin” (12%), and more convenient (11%).
 - Consumers who used both PIN-secured and signature debit at the POS conducted more total transactions (23.3) in the previous 30 days than those who used signature only (17 transactions) or PIN-secured only (12.2 transactions).
 - Half (51%) of POS purchasers using PIN-secured debit feel they spend more money when paying with their ATM/debit card than when paying with cash or checks.
 - Debit card use is strong in all age groups: ages 18 to 24 (77%), ages 25 to 41 (82%), ages 42 to 60 (70%), ages 61+ (59%).
 - Non-owners of ATM/debit cards constitute 18% of the adult market. Non-owners cited “lack of need” as their primary reason for non-ownership.

PULSE

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Company Overview

PULSE is one of the nation's leading ATM/debit networks, serving more than 4,500 bank, credit union and savings institution participants across the U.S. The PULSE network links cardholders with more than 265,000 ATMs and POS terminals at retail locations nationwide.

PULSE delivers switching and settlement services to financial institutions and other program participants for a variety of ATM, point-of-sale and other electronic banking transactions. PULSE® is also a resource for consumer research related to electronic payments, and provides its participants with education on evolving products, services and trends in the payments industry.

PULSE is owned by Discover Financial Services.

Type of Research

PULSE has sponsored research on consumer payment trends and other EFT-related issues.

Research

- Debit Issuer Study (February 2008, January 2007)
- The Untapped Market for Financial Services — A Multicultural Study of Consumer Preferences (2006)
- Debit Card Fraud and Performance Benchmarking (October 2005)
- ATM Deployer Study (September 2005, May 2004)
- Consumer Research: Understanding Consumer Payment Choices in a Changing World (March 2004)
- Consumer Research: Consumer Payment Preferences, 2003-2004
- Debit in Canada (February 2004)

Research Sample

Title: **2008 Debit Issuer Study**
(conducted for PULSE by Oliver Wyman)

Methodology: Quantitative data collected by electronic survey form, followed by in-depth, open-ended telephone interviews with debit card managers at participating financial institutions.

Time Series: 2008, 2007

The 2008 study was conducted in February 2008. Full year data, such as transaction growth and fraud statistics, are for 2007. Data on the number of transactions per card are from July 2008. Fee information is as of the date of the study in 2008.

Data Sample: 62 financial institutions that are debit card issuers, including large banks (31 of the top 60), large credit unions (19 of the top 60) and 12 smaller regional/community banks. Participating institutions collectively issue more than 74 million debit cards, or 28% of the debit cards in the U.S. The institutions represent 46,000 ATMs and are balanced across institution size, type, geography and network participation.

Key Findings:

- Issuers surveyed experienced debit transaction growth of 14.4% in 2007, a 15% increase in signature debit transactions and 14% growth for PIN debit.
- Respondents indicated that 86% of their debit cards are signature-capable, with 14% being ATM/PIN-only cards. Approximately 20% said they are planning to convert at least some portion of their ATM/PIN-only cards to dual-capability (PIN and signature) cards during 2008.
- Of the debit transactions conducted by the issuers' cardholders in 2007, 65% were signature authorized and 35% were PIN authorized.
- Active cardholders performed 16.6 POS transactions per month in 2007. The average ticket size was \$43 for PIN debit and \$38 for signature debit.
- 9% of PIN debit purchases included cash back.
- 25% of respondents reported charging a PIN debit transaction fee at the POS to some cardholders. Per-transaction fees averaged \$0.53 but affected only 0.6% of cardholders.
- Debit card issuers' fraud loss rates were higher for 2007 than for 2005. All of the 62 financial institutions surveyed had debit cards potentially compromised in data breaches in 2007. At the same time, more than 80% of respondents reported implementing new fraud tools within the last year.

IV. Trade Associations

Organization	Website	Specialty
<u>AARP</u>	<u>www.aarp.org</u>	Research on the needs, concerns and interests of people age 50 and over in the U.S.
<u>American Bankers Association (ABA)</u>	<u>www.aba.com</u>	Benchmarking and survey research
<u>Americans for Consumer Education and Competition (ACEC)</u>	<u>www.todaysmoneymatters.org</u>	Consumer education and financial literacy
<u>Association for Financial Professionals (AFP)</u>	<u>www.afponline.org</u>	Treasury, finance and payments topics
<u>BAI</u>	<u>www.bai.org</u>	Performance benchmarking and consumer research for financial service institutions
<u>Food Marketing Institute (FMI)</u>	<u>www.fmi.org</u>	Food distribution and related business
<u>Independent Community Bankers of America (ICBA)</u>	<u>www.icba.org</u>	Community Bank issues
<u>NACHA</u>	<u>www.nacha.org</u>	ACH electronic payments
<u>National Restaurant Association</u>	<u>www.restaurant.org</u>	Restaurant industry trends and statistics, including information about changing consumer preferences
<u>National Retail Federation (NRF)</u>	<u>www.nrf.com</u>	Retail industry trends and strategies, including consumer trends

AARP

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Company Overview

With over 35 million members, AARP is the leading nonprofit, nonpartisan membership organization for people age 50 and over in the U.S. AARP informs members and the public on issues important to this age group; advocates on legislative, consumer and legal issues; promotes community services; and offers a range of special products and services to members.

One of AARP's goals is to educate and inform opinion leaders and the public about the realities and challenges facing an aging America. AARP's advocacy activities include monitoring issues affecting older Americans, taking public positions and expressing those views to state and national lawmakers and regulatory agencies.

AARP's staff of policy analysts, economists, attorneys, researchers and industry experts specializes in a range of topics concerning older adults and the aging population, both domestically and globally. AARP's research includes some studies related to consumer payments and finances.

Type of Research

AARP reviews existing data, conducts its own research and surveys members to gather information on their concerns and views. It also uses third parties to conduct surveys. AARP's research is publicly available on its website.

The AARP Public Policy Institute (AARP PPI) is the focal point for the organization's public policy research and analysis. Its mission is to provide input to AARP's public policy positions and to contribute to and influence public debate on issues of importance to midlife and older Americans. PPI conducts research on issues that reflect AARP's strategic priorities: health, economic security, independent living, long-term care, and consumer protection. The Institute also conducts work on emerging public policy issues in both the domestic and international arenas.

AARP's Knowledge Management Group conducts national- and state-based research on the needs, concerns and interests of AARP members and the 50+ population.

AARP cooperates regularly with organizations that share similar concerns and goals, and provides funds to co-sponsor research.

Research

- Consumer Payment Study (February 2007)
- Understanding Women's Financial Needs & Behavior (January 2007)
- Protecting Social Security Numbers from Identity Theft (September 2005)
- Older Consumers' Attitudes Toward the Use of Credit Scores (July 2005)
- Beyond 50.04: A Report to the Nation on Consumers in the Marketplace (May 2004)
- The Alternative Financial Services Industry (August 2001)

Research Sample

Title: **Consumer Payment Study** (published February 2007)
(Conducted for AARP by Woelfel Research)

The survey examined the extent to which U.S. households use electronic payment methods that rely on the Internet and other advanced technology. The survey explored the use of automatic bill payment and online methods as well as more traditional payment methods, such as cash, checks, and credit cards.

Methodology: National telephone survey using random digit dialing (RDD)

Time Series: One time — survey conducted between April 10 and May 17, 2006

Data Sample: 1,500 individuals, 25 and older, who have primary or shared responsibility for paying household bills. The data were weighted to reflect the U.S. population of adults 25 and older based on age, sex, educational attainment, and race/ethnicity. The margin of error for total respondents is +/- 2.5%.

Key Findings:

- Use of electronic payment methods in general is more widespread among younger individuals (ages 25-49) than among individuals ages 50 and older. However, many individuals ages 50+ regularly use certain electronic payment methods.
- Automatic bill payment is as common among respondents ages 50+ as it is among younger respondents. Approximately half of respondents in each of the three age groups examined (25-49, 50-64, 65+) reported that they use automatic bill payment at least once each month.
- 63% of respondents ages 25+ have an ATM card. Among respondents of all ages, the primary reason for not having an ATM card is the perceived absence of need or lack of desire for such a card.

- Approximately one in five individuals ages 25+ report using each of the online payment methods examined in the survey: 21% reported monthly online bill payment through their bank's website and 19% reported monthly use of online bill payment at their billers' websites. Monthly use of both types of online bill payment is less common among individuals ages 65+ than among individuals ages 25-49 and ages 50-64.
- Internet privacy and security concerns are the most frequently cited explanations for not banking or paying bills online.
- Credit cards, ATM cards, and check/debit cards are equally common among younger respondents (ages 25-49). Among older respondents (ages 50+), credit cards are more prevalent than both ATM cards and check/debit cards.

Source: Internet & Interview

Last Updated 04.18.08

American Bankers Association (ABA)

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Company Overview

ABA is the largest banking trade association in the country, representing banks of all sizes. ABA's mission is to serve its members by enhancing the role of financial services institutions as the preeminent providers of financial services. It accomplishes this mission through federal legislative and regulatory activities, legal action, communication and consumer education, research, and products and services that promote, educate, train, inform, and support members.

Type of Research

ABA's Benchmarking and Survey Research (BSR) department conducts primary research to support members' business and strategic decisions. It facilitates best practices among peer banks and provides research expertise for confidential benchmarking of operation and fraud losses. BSR conducts industry surveys and publishes survey reports on topics related to bank operations and bank performance.

ABA uses both primary and secondary research to conduct conjoint analysis and publish syndicated reports. Access to ABA's benchmarking and survey research data can be obtained online through e-Data (offers data from most survey reports), RateDex Pro (provides access to interest rate data from over 15,000 banks and credit unions), and ABA Executive Compensation Survey (provides compensation information for bank executive and management positions).

ABA's Economic Policy and Research department monitors the financial performance and condition of the banking industry and studies legislative and regulatory issues as they pertain to the banking industry. The group conducts research on a variety of industry issues including payment system trends and issues, and electronic banking.

ABA partners with Dove Consulting to conduct the *Study of Consumer Payment Preferences* every two or three years. Other payments-related research topics include bank cards (debit and credit) and deposit account fraud.

Research

- 2007 Deposit Account Fraud Survey Report (November 2007)
- ABA Bank Marketing Survey Report (September 2006)
- Study of Consumer Payment Preferences (October 2005, December 2003, October 2001) (with Dove Consulting)
- ABA Bank Card Survey Report: Strategic Outlook (July 2003) (with Edgar Dunn & Company)
- ABA Retail Banking Survey Report: Eleventh Edition (May 2003)

Research Sample

Title: **ABA Bank Card Survey Report: Strategic Outlook (2003)**

This ABA survey report outlines card strategic directions by institution size, from debit to credit to merchant acquiring. Also included are combined VISA and MasterCard statistics and updates on legislation and regulation that affect the card industry. There are over 200 tables and charts detailing results of the survey by asset size and portfolio size.

Methodology: Mail survey

Time Series: One time — 2003

Data Sample: 100+ banks nationwide

Key Findings:

- 21% of debit card-issuing banks reported that they planned to offer stored-value cards in 2003, compared to 8% in 2002.
- Penetration for POS-debit cards was expected to reach 51% for small issuers and 72% for large issuers in 2003.
- 25% of large issuers with loyalty programs planned to increase cardholder benefits, as did 50% of small issuers and 57% of mid-sized issuers.

Source: Internet & Interview

Last Updated 04.18.08

Americans for Consumer Education and Competition (ACEC)

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Company Overview

ACEC is a consumer education group that has the financial support of Visa USA, and working partnerships with national organizations that share ACEC's goal to establish an educational environment in the U.S. where financial literacy is promoted and improved among young people.

ACEC also serves as a clearinghouse for information on financial issues. ACEC monitors, tracks and provides analysis of financial legislation and litigation that has a direct impact on consumers.

Type of Research

ACEC uses third parties to conduct primary research including occasional surveys related to consumer payment behavior. Reports are publicly available.

Research

- Nation's Consumers Put Retailers on Notice: Seller Beware! (January 2006)
 - National Survey Indicates Consumers Still Wild About Gift Cards (November 2004)
 - When it Comes to Money Management Skills, Majority of Students are Home-Schooled (August 2004)
-

Research Samples

Title: Nation's Consumers Put Retailers on Notice: Seller Beware!

Methodology: Poll

Time Series: One time — January 2006

Data Sample: 1,000 American adults nationwide

- Key Findings:**
- 62% of American adults would abandon their purchase if charged a check out fee (or surcharge) for paying with a debit or credit card.
 - 62% of those who have been surcharged said getting hit with the fee gave them a negative impression of the retailer.

Title: National Survey Indicates Consumers Still Wild About Gift Cards

The goals of the survey were to measure consumer perceptions of gift cards as both giver and receiver; understand consumer perceptions of gift cards as they relate to alternatives like cash or traditional gifts; and measure attitudes about the value of the product in relation to the fees that are charged.

Methodology: Poll

Time Series: One time — August 2004

Data Sample: 1,000 American adults nationwide

- Key Findings:**
- Most consumers appreciate receiving a gift card for the holidays or their birthday, and fear that the trend toward regulating the plastic wallet-sized gifts will limit the variety in card options now available and possibly increase the cost.
 - 56% of consumers are aware of the fees. The majority of those who receive gift cards tend to spend the entire value of the card in the first month, thereby avoiding any fees for delayed use.
 - The majority of survey respondents prefer receiving gift cards to a traditional gift for birthdays or holidays.

Association for Financial Professionals (AFP)

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Company Overview

AFP represents over 14,000 individuals in the corporate treasury and financial management fields. It provides training, certification, career counseling, public policy research and other professional development services and hosts an annual conference. AFP is an advocate for financial professionals and lobbies for improved industry standards and systems. AFP was founded in 1980.

Type of Research

AFP's research department conducts studies that provide benchmarks and industry trends. Research studies draw on the knowledge of the Association's members and subject matter experts in areas that include bank relationship management, risk management, payments, and financial accounting and reporting. Payments-related research includes surveys on fraud, risk, electronic payments, consumer payments, and interchange fees.

Most detailed research is available only to AFP members. Certain executive summaries and reports are available to AFPonline registered users, and public policy research is often available to the public.

The organization also publishes *AFP Exchange*, a bimonthly magazine.

Research

- AFP Payments Fraud and Control Survey (March 2008, March 2005)
- AFP Electronic Payments Survey (October 2007, October 2004)
- AFP Payments Fraud Survey (March 2007)
- Payments Risk Survey (March 2006)
- The AFP Interchange Survey (October 2005)
- 2005 Retail/Consumer Payments Survey (May 2005)

Research Sample

Title: 2005 Retail/Consumer Payments Survey

This survey tracks the payment methods accepted and preferred by merchants/businesses versus those used by their customers, the impact of interchange rates, and the impact technology has had on the number of cash management and depository banks retailers use.

Methodology: Mail survey

Time Series: 2005, 2004, 2003

Data Sample: 92 AFP members who identified their organization's industry as either "retail," "hospitality," "health care," "communications," or "utility."

Key Findings: Payment Methods Accepted by Retailers Only vs. All Businesses

	% of All Businesses	% of Retailers Only
MasterCard	89	98
Visa	89	98
Cash	90	97
Checks	91	90
American Express	69	86
Visa debit	67	82
MasterCard debit	66	80
Gift Certificates	60	68
Online debit	44	48
Private label credit cards	26	31
Electronic Benefits Transfer	20	13
Smartcards	5	6

Top Payment Methods Used by Customers

	All Businesses	Retailers Only
1	Visa	Visa
2	Cash	Cash
3	Checks	MasterCard

Top Payment Methods Preferred by Retailers vs. All Businesses

	All Businesses	Retailers Only
1	Cash	Cash
2	Check	Check
3	Online debit	Online debit

BAI

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Company Overview

BAI is a professional organization focused on providing financial services organizations with the information and intelligence they need to innovate and stay relevant in an evolving marketplace. For more than 80 years, BAI has concentrated on advancing the financial services industry through education and research. BAI's services include industry events such as the BAI Retail Delivery Conference & Expo, research and performance metrics, professional learning and development programs, and editorial coverage through its *Banking Strategies* magazine.

BAI is comprised of two separate non-profit entities, the Bank Administration Institute and the BAI Center.

Type of Research

BAI provides business intelligence and support tools to facilitate strategic decision-making at top U.S. banks. It provides insights, performance benchmarks and consumer research about pressing retail consumer and small business banking issues and opportunities, focused on helping banks generate revenue growth.

BAI partners with many of the largest U.S. banks, leading experts in the industry, and prominent solutions providers to collaborate on research in areas such as deposits, payments, frontline/human capital issues and retirement.

Reports are publicly available. BAI Research studies are available for purchase by financial institutions.

BAI's benchmark reports allow financial institutions to compare their results against their peers, and gain insight into their deposit performance versus actual growth rates in the market. Benchmarking studies include *Deposit Performance Benchmarking*, a biannual measurement of consumer products that provides financial institutions with information about actual deposit changes in the consumer market; and *Deposit Pulse Performance Benchmarking*, a measurement tool that presents product-level detail and balance mix changes in the U.S. consumer banking market on a weekly basis. Institutions can use the benchmarking information to diagnose performance on a timely basis, validate trends and initiatives, and assist in ongoing decision-making.

Research

- Competing in the Retirement-Dominated Future (2007) (with Mercatus LLC)
- Small Business Payments Strategies (2006) (with Oracle and Unisys)
- The Relationship Experience (2006)
- The Frontline Experience (2005)
- The Quest for Deposits (2003)

Research Sample

Title: Small Business Payments Strategies (2006)

The objective was to help banks better understand the factors and forces that help shape demand for payment services by smaller businesses.

Methodology: Surveys and Interviews

Time Series: One time — 2006

Data Sample:

- 854 small business surveys (revenue between \$500,000 and \$20 million)
- 164 interviews with mid-sized businesses (revenue between \$20 million and \$250 million)
- 30+ interviews with small business or payment executives at the largest U.S. banks

Key Findings:

- Small businesses feel underserved, particularly so in the payments arena, with banks potentially missing an opportunity to capitalize on emerging needs. Over half the small businesses interviewed said they were willing to switch banks for better payment offerings.
- In general, small businesses with revenues between \$5 million and \$10 million are the most receptive to payments services. They have the scale to use these services and are also most inclined to switch banks if offered a better competing product.
- 29% of businesses in the \$5 million to \$10 million revenue segment also use their primary card issuer for other services.
- There are key opportunities for banks to increase revenue in cash management, remote deposit capture, credit cards, electronic payments, and risk management.
 - Fewer than half of small businesses surveyed use credit cards issued by their primary deposit service provider. Over 55% of businesses said rewards and points were important when selecting a payment method.
 - Remote Deposit Capture offers revenue opportunities. To ensure adoption, bankers must communicate its benefits effectively and develop a pricing schedule acceptable to the businesses they serve.
 - Fraud is a major concern. Over 70% of the respondents want an identity management platform to safeguard their business' identity and provide electronic access to financial and other key accounts.

Food Marketing Institute (FMI)

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Company Overview

The Food Marketing Institute (FMI) conducts programs in research, education, industry relations and public affairs on behalf of its 1,500 member companies — food retailers and wholesalers — in the U.S. and the world. FMI's U.S. members operate approximately 26,000 retail food stores with a combined annual sales volume of \$680 billion, representing 75% of all food retail store sales in the U.S. FMI's retail membership is composed of large multi-store chains, regional firms, and independent supermarkets. Its international membership includes 200 companies from 50 countries.

FMI members are committed to maintaining and improving a system to distribute grocery products that is responsive to the changing needs and wants of consumers while sensitive to social, economic and governmental concerns.

Type of Research

FMI maintains a comprehensive data bank. Its research emphasizes consumer trends, new technology, improving management practices and total system analysis. FMI publishes studies including *The Food Marketing Institute Speaks*; *U.S. Grocery Shopper Trends*; *Facts About Store Development*; and *Annual Financial Review*. FMI members use supermarket scanner data to collect payment method information for reporting to FMI (i.e., the average percentage of sales by payment type — credit, debit, cash, check and other) and interchange fees as a percentage of total sales. FMI has also collected data and published studies in the past on the cost to retailers of using various payment methods.

FMI frequently collaborates with third-party market research companies to conduct its surveys.

Research

- The Food Retailing Industry Speaks (2007, 2006)
- U.S. Grocery Shopper Trends (2007, 2006)
- Supermarket Pharmacy Trends (2007, 2006)
- El Mercado – U.S. Hispanic Grocery Shopper Trends (2005)
- FMI/ACNielsen Study: Shopping for Food in 2004 (January 2005)
- It All Adds Up: An Activity Based Cost Study of Retail Payments (2000)

Research Sample

Title: **It All Adds Up: An Activity Based Cost Study of Retail Payments (2000)**

The purpose was to accurately assess the costs associated with the retail grocery industry's various payment processes.

Methodology: In-store interviews, paper survey data collection, and physical observations of activity cycle time at stores.

Time Series: One time

Data Sample: 36 FMI member retail food stores segmented by geographic location and size. Survey asked for the most recent full-year financial and transaction data available. Most retailers provided data from FY99 or FY98.

Participant mix – size segmentation:

- 13 large retailers (companies with over 151 stores)
- 14 regional firms (companies with 11-150 stores)
- 9 local independents (companies with 1-10 stores)

Key Findings:

- Cash is still the most common form of payment, representing 39% of transactions, but electronic forms of payment are growing dramatically.
- Checks accounted for 33% of transactions, credit and offline debit cards accounted for 11.5%, online debit cards accounted for 12.2%, and electronic benefit transfer (EBT) made up 1.3%.
- Cashless options tend to increase basket sizes, since shoppers are not limited to the amount of cash in their wallets.
- While cash takes only 28.5 seconds on average to be processed, credit and offline debit take almost 49 seconds, EBT takes 53 seconds, and online debit takes 44 seconds.

Independent Community Bankers of America (ICBA)

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Company Overview

ICBA represents 5,000 community banks of all sizes and charter types throughout the U.S. It is dedicated exclusively to representing the interests of the community banking industry and the communities and customers it serves.

The member banks represent more than 18,000 locations nationwide and employ over 268,000 Americans. They hold more than \$908 billion in assets, \$726 billion in deposits, and more than \$619 billion in loans to consumers, small businesses and the agricultural community.

ICBA's professional staff provides products and services that promote the profitability and competitiveness of community banks nationwide. They provide a voice for community bankers in Washington, educational seminars, and advice on regulatory issues and bank products.

Type of Research

The ICBA conducts primary research through member surveys. It also conducts secondary research. Some research reports are proprietary and available only to members, while others are publicly available either for a price or for free. The ICBA's Community Bank Payments Survey includes information about bank payment trends and strategies relative to consumer payments.

Research

- Community Bank Payments Survey (biennial: 2007, 2005)
- Survey of Banking Habits (2006)
- Community Bank Technology Survey Results (annual: since 2001)

Research Sample

Title: **Community Bank Payments Survey (2007)**

The survey tracks community bank payments trends and strategies.

Methodology: Mail survey

Time Series: Biennial

Data Sample: 8,329 community banks. 1,100+ responses. 13% response rate.

Key Findings:

- Community banks are implementing check image clearing and settlement at an unprecedented rate.
- Community banks are leveraging technology and electronic payments to serve small business customers and extend their market reach.
- Debit cards are the most important payment product for community banks. 97% of responding community banks offer debit cards to consumers, and 62% offer debit cards to businesses.
- An increasing number of community banks are processing more electronic than paper transactions.
- Community banks with assets under \$100 million are less likely to offer consumer and corporate online bill payment/presentment.
- Managing all types of payment fraud is a key concern for community banks.

Source: Internet & Interview

Last Updated 04.18.08

NACHA – The Electronic Payments Association

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Company Overview

NACHA is a nonprofit association that represents more than 11,000 financial institutions through direct memberships and a network of regional payments associations, and 585 organizations through its industry councils. NACHA develops operating rules and business practices for the Automated Clearing House (ACH) Network and for electronic payments in the areas of Internet commerce, electronic bill and invoice presentment and payment (EBPP, EIPP), e-checks, financial electronic data interchange (EDI), international payments, and electronic benefits services (EBS). NACHA publishes *The Electronic Payments Journal*, the official source of news on the latest developments in electronic payments, providing in-depth coverage on a broad array of payment issues. NACHA's website includes *Payments Publications*, a cooperative effort between the Regional Payments Associations and NACHA to provide a comprehensive selection of books, pamphlets, marketing and other educational materials that address current payments issues.

NACHA holds an annual payments conference that brings together industry experts to highlight current key issues and differing perspectives on payments.

Type of Research

NACHA reports quarterly ACH statistics and trends on its *Facts & Statistics* site including debit, credit, commercial inter-bank and government transactions. NACHA also commissions periodic surveys by third-party market research and consulting firms on topics related to electronic retail payments, particularly ACH payments.

Research

- A Comprehensive Strategy for Risk Management in the ACH Network (February 2007)
- Beyond Credit Push: A Strategy for Financial Institutions to Develop a Common Framework for Online Financial Services (March 2006)
- Payo-Online Payment Focus Groups (WB&A Market Research) (August 2005)
- Small and Medium Business ACH Awareness and Usage Survey (May 2005)
- NACHA Consumer Survey: ARC (January 2005)
- Ponemon Institute Survey on Phishing (sponsored by NACHA and TRUSTe) (September 2004)

- Risk Management for Consumer Internet Payments, ACH, Credit Cards, Debit Card, and P2P (2002 publication)

Research Sample

Title: **NACHA Consumer Survey: ARC**

This survey assesses consumer reaction to electronic conversion of checks. Its margin of error is +/- 4.9%.

Methodology: Telephone interviews conducted between October 28 and November 7, 2004

Time Series: One time — 2005

Data Sample: 404 bill-paying consumers

Key Findings:

- 69% of respondents were familiar with ARC (Accounts Receivable Conversion).
- When given an open-ended opportunity to express any objections or concerns about check conversion, 55% said they had none.
- No respondents expressed concerns about checks clearing faster.
- 4% called their banks in the previous six months about a payment made through ARC.

Source: Internet

Last Updated 04.18.08

National Restaurant Association

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Company Overview

Founded in 1919, the National Restaurant Association (NRA) is the leading business association for the restaurant industry. Together with the National Restaurant Association Educational Foundation (NRAEF), a provider of educational resources, the NRA's mission is to represent, educate and promote a rapidly growing industry that is comprised of 945,000 restaurant and food service outlets employing 13.1 million people.

Type of Research

The NRA conducts surveys and publishes research reports and statistics related to the restaurant industry. Its annual *Restaurant Industry Forecast* provides information about demographic trends, consumer preferences, and other factors shaping the restaurant market. The NRA also publishes annual reports on trends in the quickservice restaurant (QSR) (i.e., fast food) and tableservice segments of the restaurant industry that include some research results on consumers' attitudes and expectations. Some NRA industry forecasts and segment reports may provide information on consumer attitudes or restaurant industry trends related to payments.

The NRA's *Restaurant Spending* report provides an analysis of the restaurant spending habits of American consumers. It reveals how characteristics such as household income, geographic region and children impact the amount spent on food away from home. The report and analysis are based on the Consumer Expenditure Survey by the Bureau of Labor Statistics.

The NRA provides benchmarking data in its annual *Restaurant Industry Operations Report*. The NRA also conducts a monthly survey of restaurateurs nationwide to collect data on same-store sales, traffic, labor and capital expenditures, and publishes a monthly Restaurant Performance Index (RPI) with the results.

Research

- Restaurant Industry Forecast 2008 (December 2007); 2007 (2006); 2006 (2005)
- Restaurant Industry Operations Report (2006)
- Restaurant Spending (2006)
- Tableservice Restaurant Trends (2006)
- The Restaurant Industry 2003 in review (2006)

Research Sample

Title: 2008 Restaurant Industry Forecast

This annual study provides an in-depth analysis of 2008 sales by restaurant segment — quickservice, fullservice, catering and more. It includes information on:

- How economic conditions and rising costs across the country could affect restaurant sales
- How changing consumer tastes and preferences will impact restaurant operations in 2008
- Insight into the factors shaping the growth in each restaurant segment, from quickservice to fullservice

Methodology: Unavailable

Time Series: Annual

Data Sample: Unavailable

- Key Findings:**
- U.S. adults buy a meal or a snack from a restaurant 5.8 times per week on average, and spend 48% of their food budget on food away from home (\$1,078 per person annually).
 - There is growing consumer interest in having more options to place orders, including online, by fax or via cell phone.
 - 44% of consumers say they would be likely to use an electronic ordering system at their restaurant table if offered and 53% would utilize electronic payment systems at the table.

National Retail Federation (NRF)

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Company Overview

The National Retail Federation (NRF) is the world's largest retail trade association, with membership that comprises all retail formats and channels of distribution including department, specialty, discount, catalog, Internet, independent stores, chain restaurants, drug stores and grocery stores as well as key trading partners of retail goods and services. NRF represents an industry with more than 1.6 million U.S. retail establishments, more than 24 million employees — about one in five American workers — and 2006 sales of \$4.7 trillion. As the industry umbrella group, NRF also represents more than 100 state, national and international retail associations. NRF provides information about consumer payment behavior through surveys related to gift cards and consumers' shopping habits.

Type of Research

NRF works with BIGresearch on a monthly Consumer Intentions and Actions Survey which monitors consumers' attitudes and shopping habits during key holidays such as Christmas, Halloween, Valentine's Day and Father's Day. NRF also has an annual Gift Card Survey that provides information about consumer use of this payment method.

NRF provides several avenues for collecting information on retail industry trends and strategies, including:

- Consumer Trend Data — data and research on consumer trends shaping the retail industry
- Return Fraud — a survey designed to measure the amount of return fraud occurring in the retail industry (i.e., return of stolen merchandise, returns of merchandise originally purchased with fraudulent or counterfeit tender, returns using counterfeit receipts)
- Retail Horizons — a benchmarking report produced in cooperation with Wells Fargo Retail Finance
- Retail Industry Indicators — an annual collection of statistics describing retail industry indicators for sales, employment, compensation, bankruptcies, profitability, shrinkage and other data reported at the national level.

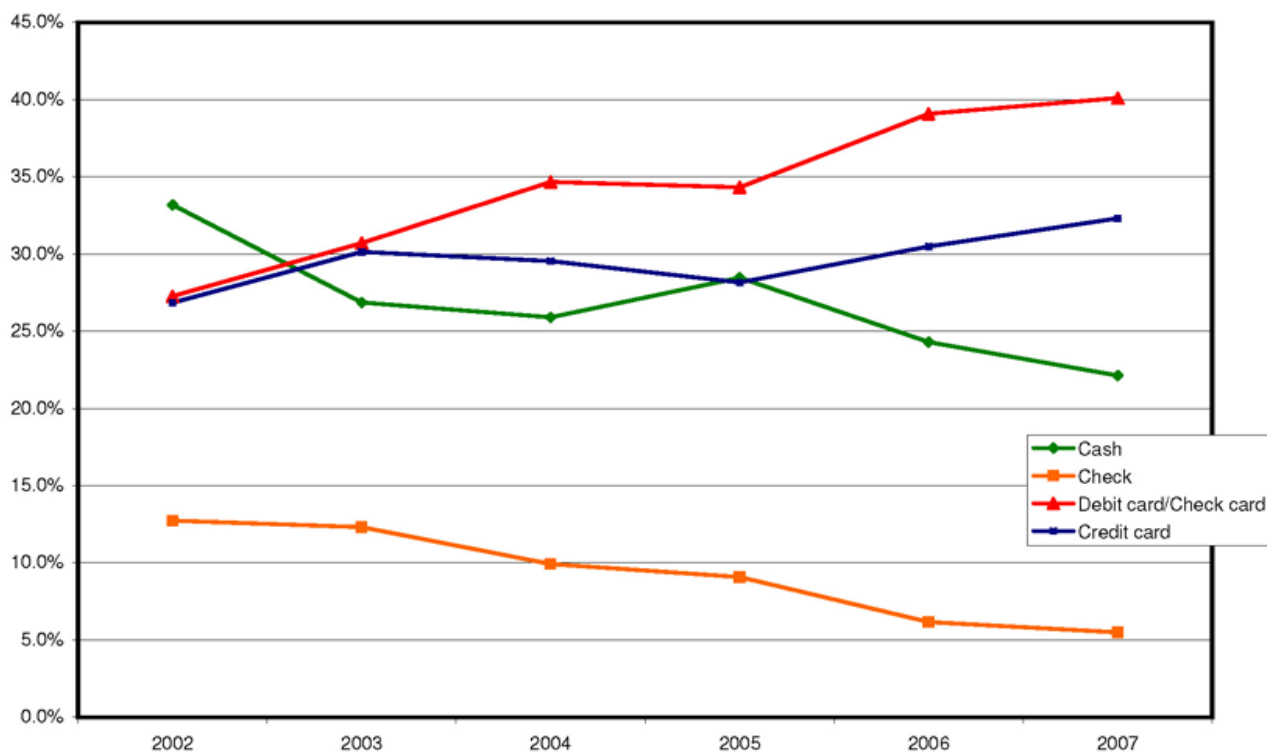
Research

- Retail Industry Indicators (2007)
- Annual Return Fraud Survey (2007, 2006)
- The State of Retailing Online (2007)
- NRF Gift Card Survey (Annual, since 2003)
- NRF Holiday Consumer Intentions and Actions Survey (2007, 2006, 2005)
- NRF 2006 Gas Prices Consumer Intentions and Acts Survey (2006)
- Customer Centricity Study (2006)
- NRF Foundation/American Express 2005 Customer Service survey (2005)
- NRF 2004 Halloween Consumer Intentions and Actions Survey (2004)

Research Sample

Title:	NRF Holiday Consumer Intentions and Actions Survey (2007) Survey designed to gauge consumer behavior and shopping trends related to the winter holidays. The consumer poll has a margin of error of +/- 1.0 percent.
Methodology:	Unavailable
Time Series:	Annual Conducted from October 31–November 7, 2007
Data Sample:	7,982 consumers

Holiday Payment Methods Consumers Use Most Often



Source: Internet

Last Updated 04.18.08

V. Organizations Conducting Public Policy Research

Organization	Website	Specialty
<u>Ohio State University Center for Human Resource Research (CHRR)</u>	<u>www.chrr.ohio-state.edu</u>	Multidisciplinary research, including surveys on labor market experiences and consumer payments
<u>Pew Research Center</u>	<u>www.pewresearch.org</u>	Nonprofit corporation and nonpartisan "fact tank" that provides information on the issues, attitudes and trends shaping America and the world
<u>Princeton Survey Research Associates International</u>	<u>www.psrai.com</u>	Independent research company specializing in social and policy work
<u>RAND</u>	<u>www.rand.org</u>	Public policy research
<u>RTI International (Research Triangle Institute)</u>	<u>www.rti.org</u>	Nonprofit conducting research in areas such as economic and social development, medicine, energy, the environment, advanced technology
<u>The Conference Board</u>	<u>www.conference-board.org</u>	Nonprofit membership organization focused on increasing the effectiveness of business
<u>University of Chicago National Opinion Research Center (NORC)</u>	<u>www.norc.org</u>	Social science and survey research, including surveys on consumer, household and small business finances
<u>University of Michigan Institute for Social Research, Survey Research Center</u>	<u>www.src.isr.umich.edu</u>	Social science research including surveys on economic behavior
<u>Westat</u>	<u>www.westat.com</u>	Survey consulting and research services primarily for government organizations

Ohio State University Center for Human Resource Research (CHRR)

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Company Overview

The Center for Human Resource Research (CHRR), founded in 1965, is a multidisciplinary research organization affiliated with the College of Social and Behavioral Sciences at Ohio State University. Concerned with a wide range of contemporary problems related to developing and conserving human resources, the Center is responsible for designing survey instruments, overseeing field work, and generating and disseminating fully documented data sets to researchers in government, private research organizations, and universities around the world.

Type of Research

The Center's largest project is the National Longitudinal Surveys of Labor Market Experience (NLS). The NLS, sponsored by the U.S. Department of Labor's Bureau of Labor Statistics, gather information on the labor market experiences of American men and women.

The Center's Consumer Finance Research Group (CFRG) produces the Consumer Finance Monthly (CFM) survey which covers consumer payments. This group consists of faculty and technical staff with experience in economics and consumer finance, survey methodology, econometrics, and statistics. Members have extensive knowledge and experience in collecting and analyzing consumer behavior in financial markets.

The Consumer Finance Monthly survey collects data on U.S. consumer credit card use, income, assets, expectations and behaviors. The study samples consumers monthly via telephone to uncover trends in consumer financial management and to detect shifts in spending behavior, financial health and the accumulation of both assets and liabilities. It uses a nationally representative sample with breakouts by region and demographics. Survey questions are based on academic research and tested in sophisticated models to improve understanding and predictions of consumer behavior. Optional deliverables include customized questions, over-

sampling of target market segments, consulting services, and sampling from the clients' customers.

The CFM survey began in 2005. Currently the sample contains about 8,000 respondents. Survey data are available quarterly to researchers in the industry and policy sectors by subscription. Some research executive summaries from the CFM surveys are publicly available on the Center's website.

Research

Consumer Finance Monthly Survey Reports:

- How Credit Card Debt and Repayment Rates Change with Age (2006)
- How Consumers Build the Expectations of Inflation and Income Growth into Credit Card Borrowing (2006)
- Home Bank Versus External Bank Credit Card Holding (2004)
- A New Debt Index to Track Consumers' Credit Card Debt Consolidation (2004)
- How Customers Learn About and Decide to Use Online Banking Services (2004)
- What Kind of Consumers Search for Credit Cards (2002)

Research Sample

Title: How Consumers Learn About and Decide to Use Online Banking Services (2004)

Methodology: Telephone survey

Time Series: Cross-sectional samples. Data are collected monthly using random digit dialing.

Data Sample: 1,000 U.S. consumers

Key Findings:

- Convincing people to use online banking services is a two-step process:
 - 1) Ensure customers are aware of and have access to this new technology.
 - 2) Convince customers to adopt the technology.
- The most effective method of ensuring customers know about the service is having employees talk to customers. The least effective is for banks to rely on word of mouth.
- Four factors that have an impact on using the service are a customer's perception that the service is useful, reliable, secure, and simple to use.
- Customer perception that the service is useful is by far the most important factor, with reliability a distant second. Security and simplicity are the third and fourth factors, but there is little difference between the two.

Pew Research Center

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Company Overview

The Pew Research Center is a nonprofit corporation, established in 2004 as a subsidiary of The Pew Charitable Trusts, a Philadelphia-based public charity.

The Center is a nonpartisan "fact tank" that provides information on the issues, attitudes and trends shaping America and the world. It conducts public opinion polling and social science research; reports news and analyzes news coverage; and holds forums and briefings. It does not take positions on policy issues.

The Center's work is carried out by eight projects. No one project is specifically focused on payments or consumer payments. Three of the projects that sometimes conduct studies related to consumer payments are the "Pew Social and Demographic Trends Project", the "Pew Internet & American Life Project" and the "Pew Hispanic Center." Each project has its own website with information about specific research studies.

Type of Research

Surveys conducted for the "Pew Social and Demographic Trends Project" explore the behaviors and attitudes of Americans in key realms of their lives — family, community, health, finance, work and leisure. Reports analyze changes over time in social behaviors and probe for differences and similarities between key sub-groups in the population. (See <http://www.pewsocialtrends.org>.)

The "Pew Internet & American Life Project" conducts and commissions research that explores the impact of the Internet on children, families, communities, the work place, schools, health care and civic/political life. It seeks to be an authoritative source for timely information on the Internet's growth and societal impact. (See <http://www.pewinternet.org>.)

Methodologies include nationwide random digit dial telephone surveys as well as online surveys. This data collection is supplemented with research from government agencies, academia, and other venues. The Project posts the survey data sets on its website for use by scholars and other interested parties at no charge, generally no earlier than six months after Pew has issued a report about the survey.

The “Pew Hispanic Center” conducts and commissions studies on a wide range of topics. The Center also regularly conducts public opinion surveys that aim to illuminate Latino views on a range of social matters and public policy issues. The Center focuses on eight key subject areas: demography, economics, education, identity, immigration, labor, politics, and remittances (i.e., the billions of dollars sent home by Latino immigrants, how they are sent and how they are spent). (See <http://www.pewhispanic.org>.)

Research

- Mobile Access to Data and Information (Internet & American Life, March 2008)
- Online Shopping (Internet & American Life, February 2008)
- A Typology of Information and Communication Technology Users (Internet & American Life, May 2007)
- What Americans Pay For — and How: ‘Information Age’ Bills Keep Piling Up (Social Trends, February 2007)
- Online Banking 2006: Surfing to the Bank (Internet & American Life, June 2006)
- How Men and Women Use the Internet (Internet & American Life, December 2005)
- The State of Online Banking (Internet & American Life, February 2005)
- The Remittance Marketplace: Prices, Policy and Financial Institutions (Hispanic Center, June 2004)
- Remittance Senders And Receivers: Tracking The Transnational Channels (Hispanic Center, November 2003)
- Billions In Motion: Latino Immigrants, Remittances And Banking (Hispanic Center, November 2002)

Research Sample

Title: **What Americans Pay for - and How (February 2007)**

This survey looks at America’s bill-paying, budgeting and credit card practices.

Methodology: Telephone interviews

Time Series: One time — interviews conducted October 18 to November 9, 2006

Data Sample: 2,000 interviews
Nationally representative sample of adults, ages 18 years and older, living in the continental U.S., telephone households

Key Findings: ▪ For monthly bill paying, 28% say they mostly make electronic or online payments, 54% say they mostly use checks, and 15% mostly use cash.

▪ For everyday purchases, 37% of respondents say they mainly use cash, 31% use debit cards, 16% use credit cards, and 15% use checks.

▪ 58% of adults report having a credit card bill as part of their regular expenses, while 41% do not. Of those who have a credit card bill as a regular expense, 41% generally pay in full each month while 53% say they usually make a payment each month.

Princeton Survey Research Associates International

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Company Overview

Princeton Survey Research Associates International (PSRAI) is an independent research company specializing in social and policy work. The company designs, conducts, and analyzes surveys in the U.S., Europe, South and Central America, Africa, the Middle East and Asia.

Clients include foundations and nonprofit organizations, news organizations and major international corporations. The AARP, the Pew Research Center, the Henry J. Kaiser Family Foundation, the Annenberg Public Policy Center, and the World Bank are some of the firm's clients.

PSRAI's areas of expertise include aging and retirement, children and the family, communities and civic values, elections and politics, global research, government and democracy, healthcare and medicine, Internet, life in America and in the states, media and journalism, nonprofits and charitable giving, and the arts and culture.

Type of Research

PSRAI conducts both quantitative and qualitative research. Data collection methods include telephone, mail and online surveys. The company also conducts focus groups and in-depth interviews.

PSRAI is best known for public opinion and policy attitudes research. The research topics are determined by the client. PSRAI may occasionally conduct payments-related research at the request of clients. The firm has conceived, designed and executed research on the impact of the

Internet on America, including conducting surveys about Internet use for the “Pew Internet and American Life Project”.

Most research is publicly available through PSRAI’s website. Some client research is proprietary.

Research

- Only a Minority of Americans Keep Close Track of Their Spending (April 2007)
- Leap of Faith: Using the Internet Despite the Dangers (for Consumer Reports WebWatch, October 2005)

Research Sample

Title: Leap of Faith: Using the Internet Despite the Dangers (2005)

Methodology: Telephone interviews

Time Series: One time — May 19 to June 21, 2005

Data Sample: Nationally representative sample of 1,500 Internet users age 18 and older living in continental U.S. telephone households

Statistical results are weighted to correct known demographic discrepancies. The margin of sampling error for the complete set of weighted data is +/- 2.7%.

- Key Findings:**
- Nine out of 10 U.S. Internet users over 18 have made changes to their behavior due to fear of identity theft.
 - Of those making changes, 30% say they reduced their overall use of the Internet.
 - 25% say they stopped buying online.
 - Among those who shop online, 29% say they have cut back on how often they make online purchases.

RAND

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Company Overview

The RAND Corporation is a nonprofit institution that helps improve policy and decision making through research and analysis. RAND researchers work with decision makers in both the public and private sectors.

Research and analysis is carried out by five divisions that address social and economic policy issues, in the U.S. and overseas; by three federally funded research and development centers (FFRDCs) that focus on national security policy issues; and by RAND Europe, an independently chartered RAND affiliate. Often, several RAND divisions collaborate to conduct work on a specific issue or research area.

RAND has four principal locations: Santa Monica, CA (Corporate Headquarters), Arlington, VA, Pittsburgh, PA, and Cambridge, the U.K. (RAND Europe).

Type of Research

RAND conducts primary research in areas such as: education, health care, transportation, national security, and science and technology. Much of RAND's research is conducted for public and private grantors and clients. RAND also conducts its own research on issues that otherwise might not receive funding. RAND communicates its findings to a wide audience as a public service, through announcements to media, testimony by experts at RAND, and publications, many of which are available free on the company's website.

RAND's Labor and Population Division conducts research focused on labor markets, social welfare policy, demographic behavior, aging issues, retirement, and international development. This research aims to understand why people make the decisions they do and how markets, society, and policy affect them.

RAND's Roybal Center for Financial Decision-Making, part of the Labor and Population Division, maintains the American Life Panel (ALP). The ALP consists of approximately 1,200 respondents who are regularly interviewed over the Internet. Most of the panel members have their own Internet access, however RAND provided a WebTV and Internet subscription to the remaining panel members for Internet access.

RAND's respondents are recruited from U Michigan's Survey Research Center (SRC) panel for the Monthly Survey of Consumers. After respondents complete the U Michigan Monthly Survey, they are asked to participate in the RAND panel.

The ALP can be used by any researcher with questions or experiments that are suitable for households. Researchers pay a fee per respondent/per minute of interview time to use the ALP. Data are made available in real time. Each time a respondent finishes an interview, the data from that interview are added to the database, which the researcher can access. Final data are delivered to the researcher in an encrypted file or can be downloaded by the researcher. Although RAND does not typically conduct consumer payments research, interested researchers can use the ALP to obtain information about consumer payment attitudes and behavior.

RAND's Multimode Interviewing Capability (MMIC) information system is used to interview respondents and for control and maintenance of the panel. MMIC integrates traditional modes of collecting interview data, including telephone, written, and personal interviewing. MMIC manages the whole interview process from questionnaire design, sample management, and fieldwork monitoring to final dataset production.

Source: Internet & Interview

Last Updated 04.18.08

RTI International (Research Triangle Institute)

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Company Overview

Established in 1958, RTI is an independent, nonprofit organization that engages in research and development with the goal of improving the human condition. The organization works with clients in government, industry, academia, and public service throughout the U.S. and abroad.

With projects in more than 40 countries and a staff of more than 2,600, RTI offers research and technical solutions in the areas of health and pharmaceuticals, education and training, surveys and statistics, advanced technology, democratic governance, economic and social development, energy, and the environment. RTI has conducted payments-related research for a variety of clients.

RTI maintains seven regional offices in the U.S., five international offices, and two international subsidiaries, with headquarters located in Research Triangle Park, North Carolina.

Type of Research

RTI survey services include study design, instrument development and evaluation, pretests and pilot studies, mail surveys, telephone surveys, face-to-face field surveys, web surveys, records abstraction, mixed-mode surveys, subject tracing, and focus groups. Survey researchers are supported by a telephone survey call center and by RTI's experts in information technology, whose knowledge ranges from software and web application development to programming handheld computers for use as data collection devices.

RTI's research statisticians and social scientists conduct all facets of quantitative and statistical analysis, including sampling design and selection, environmental and clinical trials, statistical operations, and research data analysis.

Some research reports are proprietary and it is up to the client to share the results, while other reports are publicly available on RTI's website.

Research (project titles)

- Cash Payment Study Pilot (June 2006 – May 2007)
- Influence of Market Characteristics on Point-of-Purchase Promotions and Sales of Beer: Evidence from Grocery Store Scanner Data (January 2005 – June 2006)
- Adoption of Risk Assessment Modeling for Prospective Payment (July 2004 – June 2006)
- Survey of Hispanic Consumer Behavior in Georgia (July 2003 – August 2003)
- Consumer Expenditure Interview Survey (September 1999 – June 2000)

Source: Internet & Interview**Last Updated 04.18.08**

The Conference Board

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Company Overview

The Conference Board is a nonprofit business membership and research organization. It creates and disseminates knowledge about management and the marketplace to help businesses strengthen their performance and better serve society. Members include top executives and industry leaders from corporations in the U.S. and around the world.

The Conference Board conducts issues-oriented research, convenes conferences, publishes information and analysis, and brings senior executives together for peer-to-peer meetings. Research topics include: Citizenship & Sustainability, Diversity, Economics, Ethics, Finance, Governance, Human Resources, Leadership Development, Marketing, the Mid-Market Sector, Operations, and Risk Management.

Type of Research

The Conference Board's Economics Program provides business economic research and indicators, analyses and forecasts to help companies monitor and assess economic conditions that directly impact their markets and industry.

The Consumer Research Center (CRC) produces several monthly and quarterly reports that track both general and consumer economic trends, including the Consumer Confidence Index obtained from the Consumer Confidence Survey. This monthly survey details consumer attitudes and buying intentions, with data available by age, income, and region. It is based on a representative sample of 5,000 U.S. households and is conducted for The Conference Board by TNS. The CRC also analyzes and forecasts long-term shifts in consumer markets.

The Conference Board conducts a business confidence survey program, and produces the quarterly periodicals Business Executives' Expectations and the Consumer Internet Barometer. The Consumer Internet Barometer is based on a quarterly survey, produced by TNS and The Conference Board, that reveals what U.S. consumers think, feel, and do relating to the Internet. It captures behavioral and attitudinal measures correlated with usage trends. While the Consumer Internet Barometer is not focused on consumer payments behavior, some surveys may provide information on consumer attitudes or trends regarding retail payment methods.

The Conference Board's sponsored research program allows members to participate in research in two ways. Senior executives with expertise in specific functions can join a working-group forum of

sponsors in their area of specialization to work with The Conference Board's professional research team to develop and carry out function-related research initiatives. Members can also sponsor a study as either the sole sponsor or a participant in a multi-company research project. All sponsored research data is proprietary information of The Conference Board and only summary data is shared with sponsors.

Some research publications are proprietary and available only to members. Other reports are available for purchase by non-members.

Research

- Consumer Confidence Survey (monthly)
- Consumer Internet Barometer (quarterly survey)
- A Marketer's Guide to Discretionary Income (November 2007)

Executive Action Reports (available to members only)

- Discretionary Income Trends: An Overview (January 2005)
- The Hispanic Market in 2010 (January 2005)
- Consumers Going Online Before Going on the Road (July 2004)
- Consumer Trends...Why People Shop Online (January 2004)

Research Sample

Title: **Online Tax Filing Continues to Grow**
(Consumer Internet Barometer, February 2008)

Methodology: Mail omnibus survey

Time Series: Quarterly

Data Sample: 5,000 male and 5,000 female heads of household. A unique sample is surveyed each quarter. Return response rates average 70%. Each quarterly data set is weighted to reflect the latest U.S. household demographic information.

Key Findings:

- 40% of respondents plan to file their 2007 taxes online, up from 34% three years ago.
- More consumers are comfortable filing their taxes online, compared to other financial transactions. While half are "extremely concerned" when banking or paying bills online, only 44% express similar concerns when filing taxes.
- Women express greater concern than men about banking, paying bills, brokering trades and filing taxes online.
- About 72% of online tax filers chose to receive their 2006 tax refund last year by direct deposit while less than 15% requested a check.
- The most popular reasons for not filing online are that the consumer does not do his own taxes, and concerns about transmitting personal information over the Internet.

University of Chicago National Opinion Research Center (NORC)

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Company Overview

NORC is a national organization for social science and survey research, headquartered at the University of Chicago. Established in 1941, NORC's mission is to conduct high quality social science research in the public interest. NORC has pioneered studies in health, education, labor and other areas of public policy interest. Social scientists and statisticians at NORC have also been in the forefront of the study of survey research methodology.

NORC focuses on arts and humanities, criminal justice, education, energy and environment, finances, health, labor and employment, organizations, society and culture, and technology. Clients include federal, state and local government agencies; charitable foundations with an interest in program evaluation and policy research; and private-sector organizations requiring support in designing and conducting surveys or other types of data collection.

Type of Research

The Economics, Labor, and Population department oversees NORC's large-scale surveys covering a wide range of factors that contribute to the nation's economic and social life. Research examples include consumer, household and small business finances.

NORC's research services include data collection, information technology, analysis, technical assistance, statistics and methodology, and study design. Surveys are conducted in-person and by mail, telephone, Internet, and audio-self-administered, or by mixed modes, focus groups, key informant and stakeholder interviews, site visits and other observational approaches.

NORC conducts research for many federal agencies. Most research reports are publicly available. Since 1992, NORC has collected the data for the Survey of Consumer Finances (SCF) sponsored by the Federal Reserve Board in cooperation with the Department of the Treasury. The survey is

conducted every three years to provide detailed information on the finances of U.S. families. NORC conducted this survey for the fifth time in 2004 and is engaged in the 2007 data collection process. See the entry for the Federal Reserve for details about this survey.

Source: Internet & Interview

Last Updated 04.18.08

University of Michigan Institute for Social Research, Survey Research Center

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Company Overview

Established in 1948, the University of Michigan's Institute for Social Research (ISR) is one of the world's oldest social science research organizations, and is known for its work in the development and application of social science methodology.

The Survey Research Center (SRC), the largest of the ISR's four Centers, has a wide array of active research programs focused on areas such as economic behavior, family and demography, quantitative methodology, social indicators, and survey methodology. Collectively the SRC research programs have spawned, at a rate of about one per decade, a set of continuing major national data resources for social research and social policy, including the monthly Surveys of Consumers, which captures consumer attitudes and expectations about the U.S. economy.

SRC serves a wide range of clients, from large federal agencies to individual university researchers and small nonprofit groups.

Type of Research

SRC conducts multidisciplinary studies of the beliefs, attitudes, values, environment, and behavior of groups, organizations, and individuals in selected roles and settings.

Survey Research Operations (SRO) is the main data collection unit. It provides a broad range of survey design, data collection and data processing services, and conducts national, small-scale, regional, and methodological surveys. Face-to-face and telephone interviews are conducted using CAPI, CATI and paper-and-pencil mode. Large-scale mail, self-administered and web surveys are also conducted.

Research

Surveys of Consumers

The Reuters/U Michigan Surveys of Consumers has been conducted by the ISR since the late 1940s. The monthly survey of consumer attitudes and expectations about the U.S. economy gauges consumer anticipation of changes in the economic environment. One part of the survey — the Index of Consumer Expectations — is an official component of the U.S. Index of Leading Economic Indicators.

The samples for the Surveys of Consumers statistically represent all American households, excluding Alaska and Hawaii. Each month, a minimum of 500 households are interviewed, of which 300 are a RDD sample and 200 are re-interviewed from the RDD sample surveyed six months previously. Each survey contains approximately 50 core questions, which track different aspects of consumer attitudes and expectations. The core questions cover personal finances, business conditions, and buying conditions. Consumers give their overall opinions, and describe their reasons for holding these views. The follow-up questions reflect a growing interest in not only projecting what consumers will do, but also understanding why consumers make certain spending and saving decisions. Researchers can add questions to the survey for a fee. The 2004 research sample below on debit card use is an example of how the Surveys of Consumers can be used to collect consumer payment data.

Archive and historical data from the surveys are publicly available at the following website: www.sca.isr.umich.edu. Reuters has the exclusive right to distribute the headline survey index numbers for six months after their release, through its news and media services. See www.reuters.com/universitymichigan for the most recent data.

Research Samples

- Title:** **Consumer Growth Engine: Barely Above Stall Speed** (January 2008)
- Methodology:** Telephone interviews
- Time Series:** Monthly, Surveys of Consumers
- Data Sample:** 504 interviews between January 3 and 29, 2008
- Key Findings:**
- Consumer confidence was significantly below the January 2007 level, declining by one-fifth during the past twelve months.
 - Households with incomes under \$75,000 were twice as likely as higher income groups to report that their finances had worsened due to both higher food and fuel prices as well as smaller income increases.
 - More homeowners reported that their home had lost value (31%) than reported it had increased in value (30%).
 - Half of all consumers expected the unemployment rate to rise during 2008, twice the proportion recorded a year ago.

- Title:** **Consumers' Use of Debit Cards²**
- Methodology:** Telephone interviews
- Time Series:** One time. Special module of the Surveys of Consumers with a set of questions about consumers' experience with debit cards — patterns, preferences and price response
- Data Sample:** Nationally representative sample of 1,501 distinct households; data collected during March, April, and May 2004
- Key Findings:**
- 88% of households reported having a checking account or a similar transaction account at a depository institution. About 52% of households (60% of households with a checking account) have debit cards.

Debit Cards vs. Other Payment Methods: Substitution

Substitute*	(users = 674) % who use debit instead of:	(non-users = 109) % who, instead of debit, use:
Cash	48.5	22.9
Check	31.9	31.2
Credit	19.4	55.1
Indeterminate	21.4	22.9
* Categories not mutually exclusive.		

Payment Choice Drivers for Debit and Non-Debit Users:
(% of respondents referencing each utility characteristic)

Utility Characteristic*	(users = 674) Reasons for Debit Use	(non-users = 109) Reasons for No Debit Use
Time	14.1%	5.5%
Convenience	88.1%	8.3%
Money	11.7%	21.1%
Restraint	5.8%	5.5%
Tracking	10.2%	40.4%
Acceptance	4.9%	0.0%
Other	3.0%	35.8%
*Categories not mutually exclusive		

Source: Internet & Interview

Last Updated 04.18.08

² Borzekowski, Kiser, and Ahmed, "Consumers' Use of Debit Cards: Patterns, Preferences and Price Response", February 10, 2006. See <http://www.federalreserve.gov/pubs/feds/2006/200616/200616pap.pdf>.

Westat

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Company Overview

Westat is an employee-owned contract research corporation serving agencies of the U.S. government, as well as businesses, foundations, and state and local governments. In addition to their statistical survey research capabilities, Westat has experience in custom research and program evaluation studies across a broad range of subjects. Westat also has technical expertise in survey and analytical methods, computer systems technology, biomedical science, and clinical trials.

Westat's research, technical, and administrative staff of over 1,900 is headquartered in Rockville, MD. Depending on the number of active projects at any time, up to several thousand data collection and processing staff work at Westat's survey processing facilities, at their Telephone Research Center facilities, and at data collection sites throughout the U.S. Westat also maintains research offices in Bethesda, MD, Raleigh, NC, Atlanta, GA, and Houston, TX.

Type of Research

Westat's capabilities include study design and analysis, research methodology, survey data collection and the development and application of computer systems for efficient collection, processing, and delivery of data.

The company conducts market research studies for industries such as packaged goods and food products, telecommunications, office equipment, data processing, automotive, and health services. Key methodologies include random digit dialing (RDD) telephone surveys of consumers, scientific sampling of business establishments, telephone and in-person interviews with business executives, and qualitative research, including focus group interviews.

Westat's research projects are based on contracts with specific clients. If the client is a federal government agency, the reports about the research results are publicly available from the specific government agency. If the client/sponsor is private, the results are proprietary and the client decides whether or not to share the results. Westat conducted the *Depository Financial Institution Check Study* and the *Check Sample Study* with Global Concepts for the Federal Reserve System's 2001 *Retail Payments Research Project*.

Westat provides training and consulting in survey sample designs for national statistical offices. It has evaluated and refined data collection methods for the Current Population Survey, the

Consumer Expenditure Survey, the Survey of Income and Program Participation, and many other large national surveys, but Westat does not collect data for these surveys.

Source: Internet & Interview

Last Updated 04.18.08

VI. Other Organizations

Organization	Website	Specialty
<u>Bank for International Settlements (BIS)</u>	<u>www.bis.org</u>	Studies and central bank statistics on payment and settlement systems, including retail payment systems
<u>Federal Reserve System, Board of Governors</u>	<u>www.federalreserve.gov</u>	Economic research and policy analysis
<u>U.S. Department of Commerce, Census Bureau</u>	<u>www.census.gov</u>	Large-scale nationwide population surveys and censuses
<u>U.S. Department of Labor, Bureau of Labor Statistics (BLS)</u>	<u>www.bls.gov</u>	Labor economics and statistics
<u>U.S. Government Accountability Office (GAO)</u>	<u>www.gao.gov</u>	Focuses on ways to make government more effective and responsive. Conducts research on credit cards and identity theft

Bank for International Settlements (BIS)

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Company Overview

Established in 1930, the Bank for International Settlements (BIS) is an international organization which fosters international monetary and financial cooperation and serves as a bank for central banks. Its customers are central banks and international organizations.

The BIS fulfills its mission by acting as a forum for discussion and decision-making among central banks and within the international financial and supervisory community; a center for economic and monetary research; a prime counterparty for central banks in their financial transactions; and agent or trustee in connection with international financial operations.

BIS is headquartered in Basel, Switzerland with representative offices in Hong Kong and Mexico City.

Type of Research

BIS conducts economic, monetary, financial and legal research to support its meetings and the activities of the Basel-based committees. The BIS is also a hub for sharing statistical information among central banks and for publishing statistics on global banking, securities, foreign exchange and derivatives markets. BIS publishes statistics on payment systems, including retail payment systems and payment instruments. Its 'Red Book' on payment systems is periodically revised and a statistical update of the data it contains is published each year. All statistical data are national aggregate data, rather than detailed data, collected by the central banks participating in the exercise. The data can be useful for cross-country comparisons.

The Bank's primary publications are its *Annual Report* and its *Quarterly Review* of international financial market developments. The BIS also publishes academic research papers and disseminates information on topics discussed at BIS meetings in its *Working Papers* and *BIS Papers* series. Research is carried out primarily by BIS staff, supplemented by visiting researchers from central banks and the academic community.

The Committee on Payment and Settlement Systems (CPSS) serves as a forum for central banks to monitor and analyze developments in domestic payment, settlement and clearing systems as well as in cross-border and multicurrency settlement systems. It undertakes specific studies in the field of payment and settlement systems at its own discretion or at the request of the G10

Governors. The CPSS has conducted periodic surveys related to the evolution of electronic money. Reports on electronic money developments are publicly available on BIS's website.

Research

- Survey of Developments in Electronic Money and Internet and Mobile Payments (March 2004)
- Survey of Electronic Money Developments (November 2001, May 2000)

Research Sample

Title: **Survey of Developments in Electronic Money and Internet and Mobile Payments (2004)**

The survey covers two categories of payment products. The first category includes reloadable prepaid (electronic money) instruments in the form of stored-value cards and electronic tokens stored in computer memory. The second category includes Internet and mobile payments, defined by the channel through which the payment instruction is entered into the payment system.

Methodology: Mail survey

Time Series: Data are from the end of 2002 or 2003 (depending on the individual country reporting) and provide information on innovative products that are in use or being planned in the countries and territories concerned.

Data Sample: Central banks and monetary authorities from 95 countries and territories around the world

Respondents provided information on card-based and other electronic payment methods, policy responses and statistical data on the use of these payment methods in their respective countries. They also provided information, policy responses and statistical data on Internet and mobile payment methods.

- Key Findings:**
- Card-based electronic payment methods have been launched and are operating relatively successfully in a sizeable number of the countries surveyed.
 - Several measures are commonly taken to address electronic payment security issues. These include tamper-resistant chips on cards and the use of sophisticated encryption techniques. Limits on the amount of value that can be stored on consumers' and merchants' electronic devices, limits on the value for individual transactions, and the use of a PIN for authorizing loading and/or transfer instructions are also widely adopted to limit potential losses on account of a security breach.
 - Payments made using the Internet and mobile phones have advanced rapidly and have become quite important in the field of electronic retail payments compared to prepaid payment methods.

- The Internet is used for making payments in 67 of the reporting countries.
- Mobile payments cater largely to the micropayments segment. Two business models are in use — paying from a prepaid balance or paying later as part of the mobile phone bill. Some products use the phone as an access channel through which to initiate and authenticate transactions from existing payment methods such as bank accounts or payment cards.
- The types of instruments used for making payments through the Internet and mobile phones include credit and debit bank transfers, prepaid card-based or network-based products, server wallets and EBPP. Transaction speed varies from real-time to several days.

Source: Internet & Interview

Last Updated 04.18.08

Federal Reserve System, Board of Governors

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Agency Overview

The Federal Reserve System, often called the Fed, is the central bank of the U.S. As the nation's central bank, the Fed has three major responsibilities: conducting monetary policy, supervising and regulating financial markets, and providing financial services to depository institutions and the U.S. government.

The Federal Reserve System is composed of a central governmental agency — the Board of Governors (the Board) in Washington, DC — and twelve regional Federal Reserve Banks.

Type of Research

Board staff conduct economic research and policy analysis on domestic and international issues. The Division of Research and Statistics and the Division of Monetary Affairs are responsible for domestic issues, and the Division of International Finance is responsible for international issues. The Division of Reserve Bank Operations and Payment Systems is responsible for payment system issues, both domestic and international.

Board economists publish numerous working papers and produce a wide variety of economic analyses and forecasts for the Board of Governors and the Federal Open Market Committee. Economists research a full range of macro- and micro-topics, from large-scale econometric modeling to the economics of regulation. The Board maintains a number of major statistical programs and also conducts several microeconomic surveys.

Survey of Consumer Finances

The Survey of Consumer Finances (SCF) is conducted every three years to provide detailed information on the finances of U.S. families. The study is sponsored by the Board in cooperation with the Department of the Treasury. NORC, a national organization for social science and survey research at the University of Chicago, has collected the data since 1992. The survey collects information from approximately 4,500 respondents.

Data from the SCF are widely used, from analysis at the Federal Reserve and other government branches to scholarly work at major economic research centers. The main purpose of the survey is to help the government and, ultimately, the public at large understand the financial condition of

families in the U.S. and to study the effects of changes in the economy. The data collected in the survey also support a wide variety of research on topics including saving, investment, debt payments, pension coverage, business ownership, use of financial institutions, credit discrimination, and financial markets.

A report containing the major 2004 survey results can be downloaded from the Board's website. (See <http://www.federalreserve.gov/pubs/bulletin/2006/financesurvey.pdf>.) Summary results for the 2007 study will be published in early 2009 after all data from the survey have been assessed and analyzed.

Research

- Survey of Consumer Finances (triennial survey)
- Survey of Small Business Finances (SSBF), (2003)

Research Sample

Title: 2004 Survey of Consumer Finances (SCF) (published in 2006)

Methodology: Computer-assisted personal interviewing. Majority of interviews obtained in person, some conducted by telephone if more convenient for the respondent.

Time Series: Triennial survey – since 1983

Data Sample: 4,522 interviews conducted between May and December 2004

Key Findings: Relative to credit cards:

- From 2001 to 2004, the proportion of families carrying a credit card balance rose 1.8%, to 46.2%.
- Overall, the median dollar amount for those carrying a balance rose 10%, to \$2,200; the mean rose 15.9% to \$5,100.
- Of the 74.9% of families with credit cards in 2004, 58% had a balance at the time of the interview.
- The percent of cardholders with general purpose bank-type cards (such as VISA, MasterCard, Discover, and American Express cards that allow carrying a balance) was unchanged (95.4%).
- The percent of cardholders having most other proprietary card types (e.g., charge accounts, gasoline cards, travel and entertainment cards, private label credit cards, and revolving store accounts that are not tied to a credit card) declined. The declines in card ownership probably reflect, at least in part, a rise during the period of co-branded cards and the issuance of new American Express cards that allow carrying a balance.

U.S. Department of Commerce, Census Bureau

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Agency Overview

The U.S. Census Bureau is part of the Department of Commerce. It is the largest statistical agency of the federal government, conducting numerous surveys and censuses that measure changing individual and household demographics and the economic condition of the nation. Census Bureau information shapes policy decisions that help improve the nation's social and economic conditions.

In addition to its Suitland headquarters, the Census Bureau has 12 regional offices across the U.S.

Type of Research

The Census Bureau conducts large-scale surveys and censuses to collect general statistical information from individuals and establishments. Activities include survey and questionnaire design, data collection, processing, and dissemination. Field staff gathers data from households and businesses. Data collection methods include mail surveys and CATI and CAPI interviews. Some research papers relating to these surveys and censuses are available on the individual program sites on the Census Bureau's website, at www.census.gov. For example, some internal and external research reports on the American Community Survey are available through the Census Bureau's ACS website: www.census.gov/acs/www. Also, the Census Bureau's Center for Economic Studies supports research on ACS data and other data sets through the Census Bureau's Research Data Centers. More information on research opportunities is available at www.ces.census.gov.

The Census Bureau produces official population estimates and projections. It also undertakes ongoing research on statistical standards and census and survey methodology to contribute to improvements in its work, and to the bodies of statistical, economic, and demographic knowledge.

The Bureau develops and maintains a comprehensive international demographic and socioeconomic database. It prepares estimates and projections, special international analyses and interpretive reports and monographs. The agency also provides technical advisory services for foreign governments, including developing and implementing statistical programs for censuses and surveys, conducting training, and developing statistical software and methodology.

Research / Surveys

Censuses

The Bureau's decennial census, the nation's oldest and most comprehensive source of population and housing information, produces the widest range of information available at the smallest geographic levels. The Bureau also conducts an economic census and the census of governments every five years.

Demographic Surveys

The Bureau's demographic surveys encompass households and institutions. Many are sponsored by other federal agencies. Survey information is used to measure subjects vital to understanding people in the U.S. (e.g., income, poverty, housing quality, and many other subjects). The Bureau of Labor Statistics' (BLS) monthly unemployment rate and the Consumer Price Index are based on Census Bureau data. Large-scale, nationwide household surveys include the Consumer Expenditures Survey, the Current Population Survey, and the Survey of Income and Program Participation (SIPP). SIPP provides comprehensive information about the income and program participation of individuals and households in the U.S. The government uses SIPP data to evaluate the effectiveness of federal, state, and local programs.

Economic Surveys

The economic surveys, produced monthly, quarterly, and annually, yield information on the current state of the economy. The Bureau of Economic Analysis uses much of this data to update GDP accounts. The BLS uses economic survey data to report monthly Producer Price Index changes, and the Federal Reserve Board uses it as input to indices of industrial production and capacity utilization.

Other Surveys

The Bureau also conducts sponsored surveys for many government organizations, such as the Bureau of Justice Statistics, Bureau of Labor Statistics, Bureau of Transportation Statistics, Department of Housing and Urban Development, National Center for Education Statistics, National Center for Health Statistics, National Science Foundation and Social Security Administration.

Survey Overview

Title: American Community Survey
Puerto Rico Community Survey

Objectives:

- Provide federal, state, local, and tribal governments an information base for the administration and evaluation of their programs
- Improve the 2010 Census
- Provide data users with timely demographic, housing, social, and economic data updated every year that can be compared across states, communities, and population groups

- Methodology:**
- Monthly mail survey
 - Survey sent to a random sample of approximately 250,000 addresses per month in the U.S. and Puerto Rico
 - Conducted in all counties, American Indian reservations, Alaska Native tribal areas, and Hawaiian homelands in the U.S.
 - Survey conducted separately in Puerto Rico
 - If no response in six weeks, Bureau staff contact the respondent by telephone to complete the survey (CATI). If that fails, Bureau staff visit a sample of the remaining addresses for an in-person interview (CAPI)
 - Survey has 60+ questions
 - Approximately 2.5% of the population receive the survey per year
- Time Series:** Began in 1996 in a sample of counties across the country. Expanded to a full set of counties in 2005.
- Data Access:** Data are publicly available.
- Single-year results are available for population areas of 65,000 or more.
 - Three-year estimates for population areas of 20,000 or more will be available in 2008.
 - Five-year estimates will be available by 2010.
 - In addition to regular data products available at no charge, special tabulations of data are available on a cost-reimbursable basis.
- Contact Information:** www.census.gov/acs/www

U.S. Department of Labor, Bureau of Labor Statistics (BLS)

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Website: www.bls.gov

Agency Overview

The Bureau of Labor Statistics (BLS) is the principal fact-finding agency for the federal government in the field of labor economics and statistics. The BLS is an independent national statistical agency that provides data to the American public, Congress, other federal agencies, state and local governments, businesses, and labor groups. The BLS also serves as a statistical resource to the Department of Labor.

Information specialists in the Division of Information Services, Washington, DC, and the BLS Regional Economic Analysis and Information offices are available to assist customers with locating and using BLS data, publications, and services. The BLS website also provides survey-specific contact pages.

Type of Research

The BLS collects, processes, analyzes, and disseminates statistical data. Topics include employment and unemployment, prices and living conditions, compensation and working conditions, and productivity and technology. BLS contracts with other parties, such as the Census Bureau, to conduct surveys. Surveys and programs include the Consumer Expenditure Survey, the Current Population Survey, the National Longitudinal Surveys, and the Consumer Price Indexes (CPI) program.

Some data from BLS surveys are publicly available on their website either for free or for purchase. Analyses of Consumer Expenditure Survey data appear frequently in articles in the Bureau's *Monthly Labor Review* and occasionally in other economic journals.

Research / Surveys

- The Consumer Expenditure Survey provides data on the buying habits of American consumers, by socioeconomic characteristics. The Census Bureau collects the data. The survey consists of two components, a quarterly interview survey and a weekly diary survey, each with its own questionnaire and sample. The survey includes some information about whether

respondents have any balances for credit cards or other kinds of credit. (See www.bls.gov/cex/home.htm.)

- The Current Population Survey (CPS) is a monthly survey of households conducted by the Census Bureau for the BLS. It provides comprehensive data on the labor force, employment, unemployment, and persons not in the labor force. Data are collected by personal and telephone interviews. (See www.bls.gov/cps/home.htm.)
- The National Longitudinal Surveys (NLS) are designed to gather information at multiple points in time on the labor market activities and other significant life events of several groups of men and women. (See www.bls.gov/nls/home.htm.)
- The Consumer Price Indexes (CPI) program produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services. (See www.bls.gov/cpi/home.htm.)

Survey Overview

Title: Consumer Expenditure Survey

Objective: The survey collects information from U.S. households and families on their buying habits (expenditures). It allows data users to relate consumer expenditures and income to consumer characteristics.

Methodology: The Quarterly Interview Survey collects data on relatively large expenditures, such as major durable goods, and those that occur on a regular basis, such as rent or utilities. Each consumer unit is interviewed every three months over five calendar quarters.

The Diary Survey collects data on frequently purchased smaller items. Respondents track all purchases made each day for two consecutive one-week periods.

Time Series: Annual survey since 1980, with monthly interviews. The Census Bureau delivers data files to the BLS monthly.

Per the BLS, caution should be used in comparing data from the current survey with data from pre-1980 surveys, or even during the first few years of the current survey, due to changes in concepts and definitions.

Data Access: Data is publicly available. Standard data releases include an annual news release; annual report; two-year reports; and diary and interview survey microdata (i.e., data for individual consumer units). Analyses of survey data also appear in articles in the Bureau's *Monthly Labor Review* and occasionally in other economic journals.

Contact

Information: www.bls.gov/cex/csxcont.htm, 202.691.6900

U.S. Government Accountability Office (GAO)

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Agency Overview

The Government Accountability Office (GAO) is an independent, nonpartisan agency that works for Congress. GAO advises Congress and the heads of executive agencies (such as the Environmental Protection Agency, Department of Defense, and Health and Human Services) about ways to make government more effective and responsive. GAO examines the use of public funds, evaluates federal programs and policies, and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions.

Headquartered in Washington, DC, the GAO has offices in several major cities across the U.S. The agency is headed by the Comptroller General. The GAO's 3,100 employees include experts in program evaluation, accounting, law, economics, and other fields.

Type of Research

The GAO conducts primary and secondary research on a variety of topics, including issues related to consumer payments, such as bank fees, credit card payment disclosures, identity theft and data breaches. Primary research methods include in-person interviews, data collection through surveys, and analysis of major agency databases. Copies of GAO documents are available at no cost through the GAO's website.

Research

- Bank Fees: Federal Banking Regulators Could Better Ensure That Consumers Have Required Disclosure Documents Prior to Opening Checking or Savings Accounts, GAO-08-281 (January 2008)
- Credit Card Minimum Payment Disclosures Cardholder Interview Results, GAO-06-611SP (e-supplement for April 2006 report GAO-06-434) (January 2008)
- Personal Information: Data Breaches Are Frequent, but Evidence of Resulting Identity Theft Is Limited; However, the Full Extent Is Unknown, GAO-07-737 (June 2007)

- Credit Cards: Increased Complexity in Rates and Fees Heightens Need for More Effective Disclosures to Consumers, GAO-06-929 (September 2006)
- Personal Information: Key Federal Privacy Laws Do Not Require Information Resellers to Safeguard All Sensitive Data, GAO-06-674 (June 2006)
- Credit Cards: Customized Minimum Payment Disclosures Would Provide More Information to Consumers, but Impact Could Vary, GAO-06-434 (April 2006)
- International Remittances: Information on Products, Costs, and Consumer Disclosures, GAO-06-204 (November 2005)
- Identity Theft: Greater Awareness and Use of Existing Data Are Needed, GAO-02-766 (June 2002)
- Identity Theft: Prevalence and Cost Appear to be Growing, GAO-02-363 (March 2002)
- Internet Gambling: An Overview of the Issues, GAO-03-89 (December 2002)
- Electronic Transfers: Use by Federal Payment Recipients Has Increased but Obstacles to Greater Participation Remain, GAO-02-913 (September 2002)
- Money Laundering: Extent of Money Laundering through Credit Cards Is Unknown, GAO-02-670 (July 2002)

Research Sample

Title: **Credit Cards: Customized Minimum Payment Disclosures Would Provide More Information to Consumers, but Impact Could Vary (April 2006)**

Methodology: In-person interviews with credit cardholders

Study also included interviews with credit card issuers and processors, and a variety of industry, academic, government, consumer interest, and financial education organizations for their opinions on the usefulness of customized minimum payment disclosures in consumer billing statements.

Time Series: One time — between June 2005 and April 2006

Data Sample: 112 adult cardholders in Boston, Chicago, and San Francisco

Cardholders generally resembled the demographic makeup of the U.S. population in terms of age, education level, and income, but did not form a random, statistically representative sample of the U.S. population. The sample included proportionally more people who typically carried balances on their credit card (revolvers) rather than those who regularly paid off their balances (convenience users), compared with their actual proportions in the U.S. population. The sample consisted of 74 revolvers (66%) and 38 convenience users (34%).

- Key Findings:**
- 57% of cardholders who typically carry credit card balances (revolvers) would prefer to receive customized disclosures in their billing statements.
 - Consumers who preferred customized disclosures found them useful because the information would be specific to their accounts, would change based on their transactions, and would provide more information than generic disclosures.
 - 60% of cardholders who pay their balances in full each month said they would be satisfied with receiving either generic disclosures or none at all.
 - Consumer groups, financial educators, and others indicated that customized disclosures could encourage cardholders to pay more than the minimum payments. Conversely, issuers foresaw limited impact because few cardholders make only minimum payments while others can not afford to pay more than the minimum.

Source: Internet & Interview

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