
Payment products as perceived by consumers – a public survey

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Outline presentation

- Introduction/previous research
- Data
- Research results
 - Use of payment products (where and why)
 - Appreciation safety, cost, speed and ease of use
 - ratings
 - Why not satisfied?
- Conclusions

Introduction/background

POS payments Netherlands 2005

	<u>number (in billions)</u>	<u>value (EUR billion)</u>
• Debit card	1.33	59.5
• E-purse	0.15	0.4
• Creditcard	0.05	5.0
• Cash	<u>6.7? +</u>	<u>50? +</u>
• Total	8.33	114.9

Introduction/background

Cost survey (2005):

social costs of POS payments in Nld

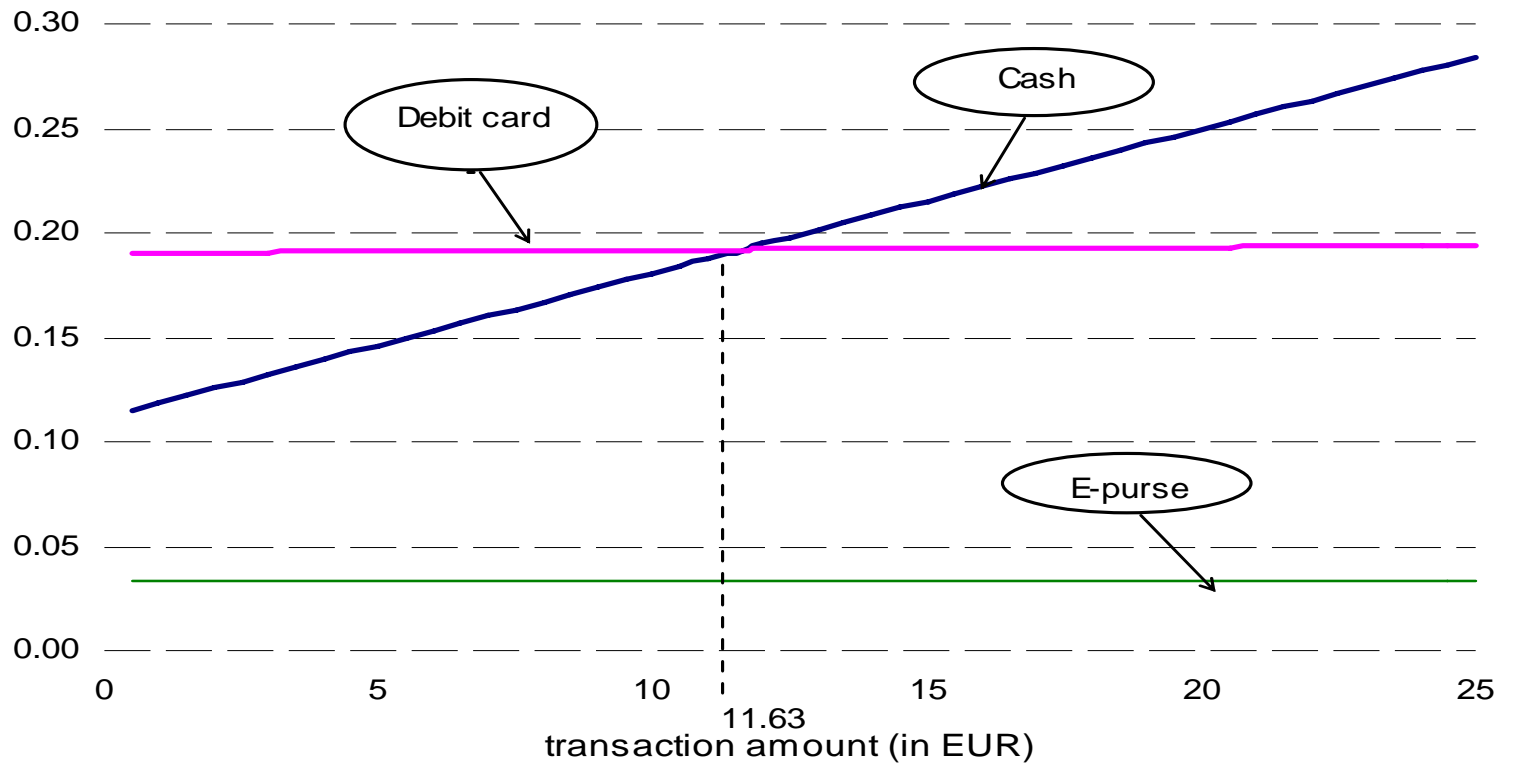
cash, debit card, e-purse and credit card

Social costs: EUR 2.9 billion in 2002, i.e. 0.65% GDP

Costs can decrease when consumers pay more often by debit card or by e-purse instead of by cash

Introduction: cost survey

costs per transaction (in EUR)



Introduction

- How can we stimulate consumers to pay more electronically? → Perception survey
 - Where does one usually pay by cash, debit card, e-purse and credit card ? And why (pros)
 - Appreciation cash, debit card, e-purse and credit card on safety, transaction speed, costs and ease of use
 - Low appreciation → why?
 - Cons of cash, debit card, e-purse and credit card

Data: perception survey

- Perception survey part of DNB Household survey
- DNB household survey:

Internet panel of 2000 households

Weekly questionnaires

17 September 2004

Results

98% has a debit card

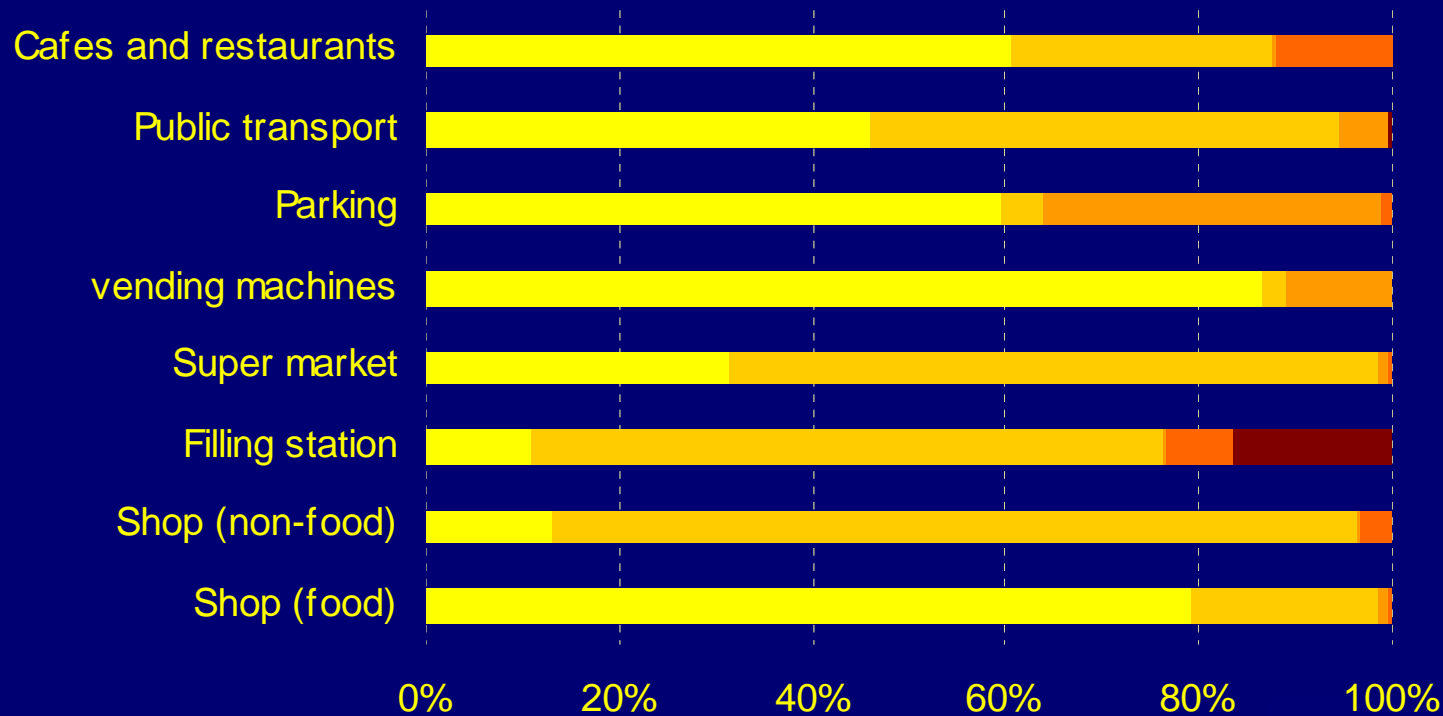
55% has an e-purse

49% has a creditcard

1% always pays with cash

Results: Where do people pay with.....?

Which payment product do you usually use at.....?



■ cash ■ debit card ■ e-purse ■ credit card ■ loyalty card

Results: Where do people pay with.....?

Cash and debit card are used most, and e-purse and credit card rarely

Consumers already pay rather cost effectively

Consumers pay relatively often with **cash** in case of **low transaction amounts** (vending, shop (food), parking, cafes and restaurants)...

....and they pay relatively often by **debit card** in case of **high transaction amounts** (super market, filling station, shops (non-food))

Results: why do people pay with ..?

Cash

- fastest
- expense monitoring
- only possibility

Debit card

- fastest
- short of cash
- exact payment

Results: why do people pay with ..?

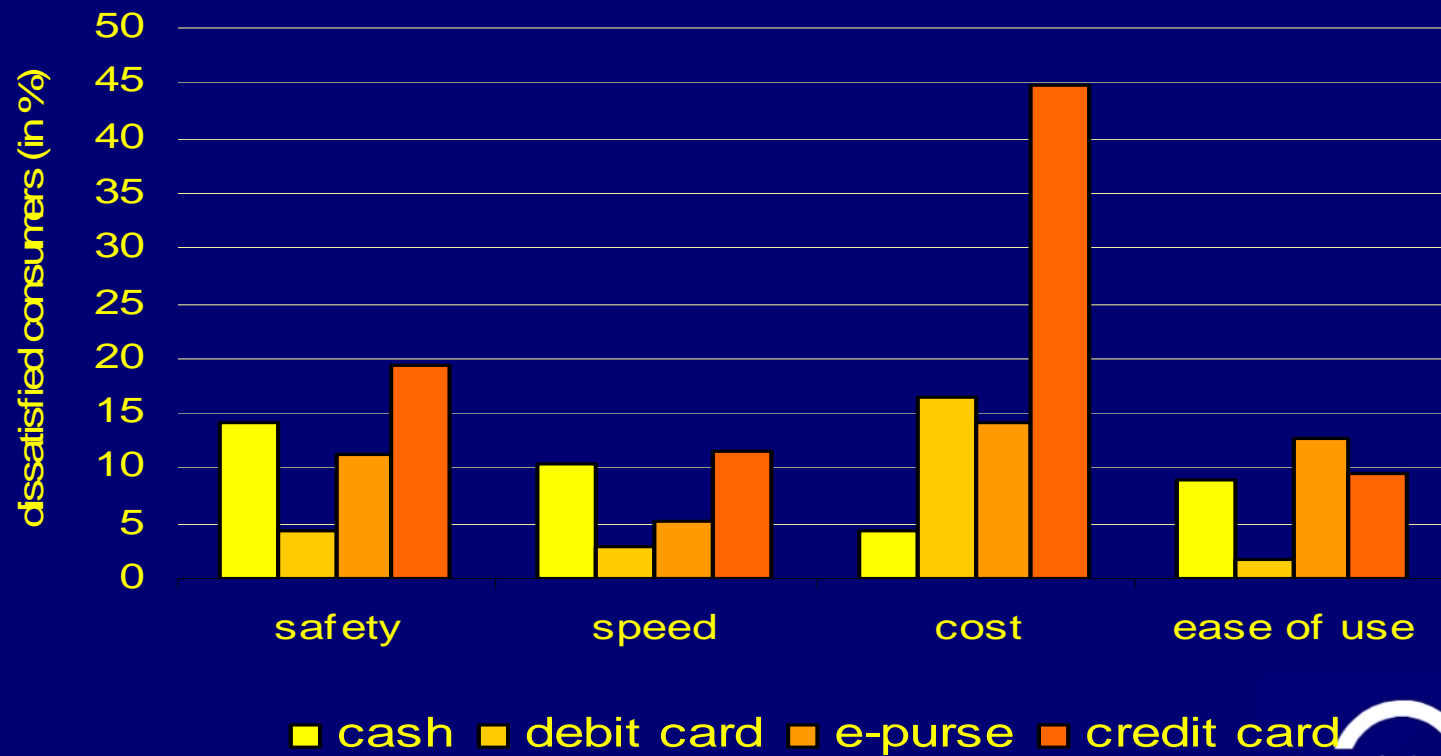
E-purse

- fastest
- no searching for coins
- cash not accepted

Credit card

- delayed payment
- short of cash

Results: dissatisfied consumers



Results: cons of cash

- Safety: Larceny (29%)
Loss (26%)
- Speed: Searching for exact amounts (46%)
Receiving change (42%)
- Cost: Cardholder fee (39%)
Foregone interest (37%)
- Ease of use Worries about shortness of cash (42%)
Heavy purse (30%)

Results: cons of the debit card

- Safety: Copying of card data by retailer (24%)
Copying PIN number by other people (24%)
- Speed: Processing delay (54%)
Technical failures (29%)
- Cost: Cardholder fee (50%)
Surcharge on low-value purchases (37%)
- Ease of use Need to carry card (21%)

Results: cons of the e-purse

•Safety:	Loss of card	(30%)
	Larceny	(18%)
•Speed:	Card reloading	(42%)
	Processing payment	(37%)
•Cost:	Cardholder fee	(44%)
	Foregone interest	(30%)
•Ease of use	Uncertain balance	(30%)
	Non-universal acceptance	(21%)

Conclusions

- Dutch consumers are satisfied with cash, debit card, e-purse and credit card regarding their safety, transaction speed, cost and ease of use
- They seem to be most content with the debit card, followed by cash, e-purse and credit card

Conclusions

- Cash is regarded as a cheap payment product, whereas the debit card and the e-purse are perceived as relatively expensive in use
- → make costs of payment products more transparent to consumers
- Transaction speed:
 - Make consumers aware of the low transaction time of the e-purse

Conclusions

- E-purse (or future off-line payment cards)
 - many acceptance points
 - reloading less cumbersome
 - make balance more easily visible

- Debit card
 - Providing clients with fewer debit notices makes it more difficult to monitor expenses. Provide them at least once a week.