Payment products as perceived by consumers – a public survey

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Boston, 27 July 2006
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
### POS payments Netherlands 2005

<table>
<thead>
<tr>
<th>Method</th>
<th>Number (in billions)</th>
<th>Value (EUR billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit card</td>
<td>1.33</td>
<td>59.5</td>
</tr>
<tr>
<td>E-purse</td>
<td>0.15</td>
<td>0.4</td>
</tr>
<tr>
<td>Creditcard</td>
<td>0.05</td>
<td>5.0</td>
</tr>
<tr>
<td>Cash</td>
<td>6.7? +</td>
<td>50? +</td>
</tr>
<tr>
<td>Total</td>
<td>8.33</td>
<td>114.9</td>
</tr>
</tbody>
</table>
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)

Transaction amount (in EUR)

- Debit card
- Cash
- E-purse

Cost at 11.63 EUR: 0.1163 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.....?

- Cafes and restaurants
- Public transport
- Parking
- Vending machines
- Super market
- Filling station
- Shop (non-food)
- Shop (food)

0% 20% 40% 60% 80% 100%
- 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

- Safety: Cash (5%), Debit Card (10%), E-Purse (15%), Credit Card (20%)
- Speed: Cash (5%), Debit Card (10%), E-Purse (15%), Credit Card (20%)
- Cost: Cash (5%), Debit Card (10%), E-Purse (15%), Credit Card (20%)
- Ease of Use: Cash (5%), Debit Card (10%), E-Purse (15%), Credit Card (20%)
## Results: cons of cash

<table>
<thead>
<tr>
<th>Category</th>
<th>Problem</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety:</td>
<td>Larceny</td>
<td>(29%)</td>
</tr>
<tr>
<td></td>
<td>Loss</td>
<td>(26%)</td>
</tr>
<tr>
<td>Speed:</td>
<td>Searching for exact amounts</td>
<td>(46%)</td>
</tr>
<tr>
<td></td>
<td>Receiving change</td>
<td>(42%)</td>
</tr>
<tr>
<td>Cost:</td>
<td>Cardholder fee</td>
<td>(39%)</td>
</tr>
<tr>
<td></td>
<td>Foregone interest</td>
<td>(37%)</td>
</tr>
<tr>
<td>Ease of use:</td>
<td>Worries about shortness of cash</td>
<td>(42%)</td>
</tr>
<tr>
<td></td>
<td>Heavy purse</td>
<td>(30%)</td>
</tr>
</tbody>
</table>
## Results: cons of the debit card

<table>
<thead>
<tr>
<th>Category</th>
<th>Cons</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety</td>
<td>Copying of card data by retailer</td>
<td>24%</td>
</tr>
<tr>
<td></td>
<td>Copying PIN number by other people</td>
<td>24%</td>
</tr>
<tr>
<td>Speed</td>
<td>Processing delay</td>
<td>54%</td>
</tr>
<tr>
<td></td>
<td>Technical failures</td>
<td>29%</td>
</tr>
<tr>
<td>Cost</td>
<td>Cardholder fee</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Surcharge on low-value purchases</td>
<td>37%</td>
</tr>
<tr>
<td>Ease of use</td>
<td>Need to carry card</td>
<td>21%</td>
</tr>
</tbody>
</table>
## Results: cons of the e-purse

<table>
<thead>
<tr>
<th>Category</th>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety</td>
<td>Loss of card</td>
<td>(30%)</td>
</tr>
<tr>
<td></td>
<td>Larceny</td>
<td>(18%)</td>
</tr>
<tr>
<td>Speed</td>
<td>Card reloading</td>
<td>(42%)</td>
</tr>
<tr>
<td></td>
<td>Processing payment</td>
<td>(37%)</td>
</tr>
<tr>
<td>Cost</td>
<td>Cardholder fee</td>
<td>(44%)</td>
</tr>
<tr>
<td></td>
<td>Foregone interest</td>
<td>(30%)</td>
</tr>
<tr>
<td>Ease of use</td>
<td>Uncertain balance</td>
<td>(30%)</td>
</tr>
<tr>
<td></td>
<td>Non-universal acceptance</td>
<td>(21%)</td>
</tr>
</tbody>
</table>
Conclusions

• Dutch consumers are satisfied with cash, debit card, e-purse and credit card regarding their safety, transaction speed, cost and ease of use.

• The 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.