Study of Consumer Payment Preferences
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- Biennial studies conducted in partnership with Dove Consulting, a division of Hitachi Consulting.
- The first study launched in 1999 with a focus on in-store purchases only, particularly on the role of PIN and Signature debit.
- The scope of the study was broadened in 2001 to cover in-store, Internet, and bill payment behavior among consumers.
### Study of Consumer Payment Preferences

#### 2005 / 2006 Study Scope

<table>
<thead>
<tr>
<th>In-Store</th>
<th>Internet</th>
<th>Bill Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Cash</td>
<td>• Credit Card</td>
<td>• Paper Check</td>
</tr>
<tr>
<td>• Paper Check</td>
<td>• Debit Card</td>
<td>• Automatic Payment</td>
</tr>
<tr>
<td>• Credit Card</td>
<td>• Prepaid Card / Account</td>
<td>• Online Bill Payment at a FI Web site</td>
</tr>
<tr>
<td>• PIN Debit</td>
<td>• Money Order</td>
<td>• Online Bill Payment at a biller Web site</td>
</tr>
<tr>
<td>• Signature Debit</td>
<td>• Paper Check</td>
<td>• Cash</td>
</tr>
<tr>
<td>• Gift/Prepaid Card</td>
<td>• Internet Check</td>
<td>• Money Order</td>
</tr>
<tr>
<td></td>
<td>• P2P Services</td>
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</tr>
</tbody>
</table>
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2005 / 2006 Study Outlines

- Payment methods currently used by consumers
- Consumer perception of these payment methods
- Consumers’ expected future use of different payment methods
- Influential factors that determine how consumers pay in stores, on the Internet, and for bills
- Consumer preferences for using and accessing cash
- Consumer use, preferences, and understanding of debit and prepaid cards
- Penetration and usage (current and planned) of emerging payment technologies
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2005 / 2006 Survey Methodology

- Data were gathered from 3,008 consumers
- Paper and Web-based surveys were used to collect data
- Responses were weighted by age to accurately represent the overall distribution of the U.S. population
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Key Findings / Observations

- Comfort and speed drive consumer payment preferences.
- While consumer adoption of electronic payments is maturing in stores, migration to electronic bill payments is accelerating.
- Debit has emerged as the clear winner in consumers’ payments migration. Checks are the clear loser. Credit cards and cash have maintained their relative shares of payments.
- More and more consumers now prefer to pay electronically, but few have completely abandoned paper-based payment methods.
- As awareness of ID theft and fraud rises, consumers are becoming increasingly concerned.
Uses of Study Findings

- Development of integrated payments strategy
- Product development
- Risk management
- Policy implications