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2007 Consumer Payments Preferences and Usage Study

Executive Summary of Findings

Debit Card Opportunities and Challenges



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Roughly three-fourths of the U.S. population has a debit card – a percentage that is stable. Overwhelmingly, these cards are card association branded. In contrast to credit cards, most consumers typically have just one debit card, placing it by default at ‘top of wallet’ for debit.

The relative stability of consumers’ primary bank accounts, with their tie to debit cards, means that consumers are unlikely to switch debit cards simply due to a ‘better offer’ as some consumers do with credit cards.

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.

Less than one-third of consumers’ primary credit cards are with their primary bank. As debit card use increases, transactional activity with a customer’s primary bank increases. Debit activity creates the opportunity to drive customer wallet share and loyalty.

Debit card usage will continue to experience strong growth. Point-of-sale transactions will grow, but PIN debit in particular has growth potential at walkup centers and for recurring bill payments.

Shift from Credit to Debit Cards Will Continue

Methodology

Phoenix Marketing International’s ESP Payments Practice completed the data collection of its annual consumer payments study in June 2007. The study was conducted online with slightly more than 2000 consumers. The study is nationally representative of the online U.S. population, controlled to approximate census counts by age, income, gender, and census division. Additionally, the population was controlled by credit card ownership.

The study covered multiple payment areas, but had a strong focus on debit card issues. This report covers consumer preferences, attitudes, and usage (both current and future intentions) of debit cards. It also looks at debit’s relationship to other payment methods, in particular, credit cards.



Findings

Debit card transaction volumes continue to grow, replacing check and cash usage, and slowing the growth of credit card transactions. The impact on credit card usage due to debit usage is strong – nearly half of respondents agree that they will use debit instead of credit over the next three years, double the percentage that disagree.

The shift to debit card usage is in part accompanied by a decrease in credit card usage for some consumers. The percentages expecting decreases in both forms of debit is low, and is nearly three times less than the percentage expecting a decrease in credit card usage.

Intended Use of Debit and Credit Cards:

“Over the next three years, I will use my debit card more and my credit card less often.”

