



SURCHARGE TRACKING

COMMUNITY PERCEPTIONS OF CHANGES TO THE CREDIT CARD SYSTEM

Summary of Tracking Monitor

Prepared By UMR Research Pty Ltd



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Introduction

- This report is based on a national telephone survey (n=1000) of Australians aged over 18 years.

- Fieldwork was conducted from 3/9/04 to 6/9/04.

- Results are also presented from previous RBA research conducted in 2002 and post changes in and 2003 *where applicable*.

- Nets and totals have been calculated using exact cell counts and hence may vary from the 'actual' difference i.e. "rounding effects".

Summary of Findings

- While consumers are losing focus on the RBA's credit card changes implemented in January 2003, they nevertheless feel as though they are the losers from the change but the connection of the day-to-day impacts to the reforms hasn't really been made.
- Awareness of the change is now generally low on all levels, even on a prompted basis. Recall of surcharging, while moderate, is down from a year ago; whereas awareness of the reform to encourage transparency of real service costs is lower. Recall of the introduction of non-financial institutions into the market is even worse, and poor on a prompted basis.
- The day-to-day effects of the change, though, are now beginning to hit consumers directly as they fail to experience the benefits pushed for in the arguments for change while starting to lose it in terms of benefits and costs. This is particularly so as surcharging becomes more common, but also in terms of card benefits and conditions, such as higher fees and rates, and a net worsening of reward benefits including specific frequent flyer rewards.
- However, the connection between these impacts and the RBA's reforms has not clearly registered as confusion and misinformation obscures what happened and why. In particular, consumers attribute the system changes, and any blame for it, towards the banks, credit card institutions and merchants rather than the government or RBA.

- Against this background, the preference is for retaining the current status quo although if the reform decision was made now, the balance would tip, although not definitively, towards reverting back to the old system, but when those in doubt are considered, it could potentially swing either way.

Discussion

1 Issue Salience

- Over eighteen months since the RBA changes to the credit card system the issue has faded from recalls with consumers also generally satisfied with the system as it stands (65% satisfied to 21% dissatisfied).
- Furthermore, in an environment where federal election campaign issues dominate public attention, the public is not currently tuned into any credit card debates. Among those where such issues register, the focus is mainly on fees and interest rates before surcharging and other concerns such as credit card debt generally.
- When prompted specifically as to the changes, awareness is highest for the surcharging change, although this has dropped from 74% in September 2003 to 64% a year later.
- The RBA's argument of the need for increased transparency, though, has not connected widely with the community as just under half (45%) aware that the change was also to allow consumers and retailers to know the real cost of providing the credit card service. Recall of the change to allow non-financial institutions to provide a card is even lower, with just over a third (36%) aware of this on a prompted basis.

2. Day-to-day impacts of the system change

- While not tuned into the change, there are signs that these are now beginning to hurt in day-to-day terms and influencing cardholder behaviour.
- The change has encouraged a shift away from cardholder use, with four in ten (40%) more commonly using EFTPOS or another payment form instead since the reform last year.
- Surcharging is also becoming more common, with a third now saying that they have personally been charged an extra fee by a merchant or retailer to use their card, compared to only 14% a year ago.
- Nearly half believe that prices have risen and only one percent that they have dropped since retailers have been able to pass on the cost of the credit card service fees onto consumers
- Cardholders also perceive the erosion of some card benefits and conditions since the changes, indicating that the opening to competition and other changes are not delivering better options for consumers
 - Just under half (44%) believe that their card fees have gone up and only 2% that they have declined since January 2003
 - A third (34%) perceive that interest rates on their cards have increased compared to 8% decreased
 - Among those with rewards on their cards, while most see no change in benefits, where there has been, the losses are outweighing the gains. This is especially so in terms of overall rewards received and specific frequent flyer benefits.

- There are also signs that merchants could lose out as six in ten (58%) are less likely to use a particular shopkeeper if they knew they surcharged
- The only indicator of positive change from the reform are early indicators of greater card acceptance, although most (77%) believe that nothing has changed in this area.

3. Drivers for change and blame attribution

- However, where there is no clear connection made between the impacts and the system changes.
 - Despite higher prices and some loss of benefits, most consumers commonly believe things are the same as before the changes. Where they see a difference, though, they are more likely than to see themselves as financially and personally worse rather than better off
- Perceived negative financial impacts have mitigated in the last year, with only a quarter (24%) believing they are financially worse off from the change compared to a third (35%) in September last year.
- However, much of these perceptions and lack of disconnect are likely to be due to the confusion, misunderstanding and lack of adequate information that surrounds who wanted the changes and why.
- While consumers and cardholders are considered the big losers from these changes, any potential “fall out” will hit the banks, card institutions and merchants rather than the RBA or government.

- Merchants, then banks and the banks and credit card institutions are also attributed with blame for surcharging
- These players, perceived as the major beneficiaries, are also believed to be the drivers for the reform, more so than the RBA or federal government.
- Further, the banks issuing the cards are mainly blamed for surcharging, then the credit institutions before the RBA, which enables consumers to some extent discount the issue as part of their overall cynicism towards banks particularly.
- From Visa's perspective, its brand position appears currently protected from the negative impacts of the reform (at 65% positive/14% negative, a stronger position than a year ago). This is likely as any potential residue damage is more likely to have hit the banks which are seen as the main beneficiaries and most commonly blamed for the reform.

4. Attitude towards the change

- While consumers have not yet strongly connected the impacts with the reform, their confusion and misunderstanding belies an underlying resentment about the reforms and how they were sold
- Consumers generally believe that they were not properly informed about the everyday impacts from the system change

-
- Just over a third (36%) believing that there was sufficient information on the day-to-day effects of the changes whereas over half (53%) say there was not sufficient information.
 - Also, while there is a leaning towards maintaining the status quo rather than reversing the changes, there is nevertheless a clear body of interest in wanting to go back to the previous changes, as well as those currently uncertain.
 - 42% say stay with the changes, 38% go back to the previous system and 20% unsure.
 - A sense that it may be all too hard to go back now may influence these views as if the decision was made now the preference, as with a year ago, would be balance towards leaving the system as it was rather than for the reform
 - Only a third (32%) support leaving the system as it is whereas half (48%) would have preferred to leave it as it is
 - However, there appears to be a shift towards support for the change in the system, as only 26% supported the change a year ago.

BACKGROUND: MOOD & KEY PLAYERS

The Mood

Is Australia heading in the right direction or is it on the wrong track?

	Right direction %	Wrong track %	Unsure %
All	61	28	11
September 2003	54	35	11
Cardholders	63	28	9
Non-cardholders	57	29	14
<u>Credit Card Ownership</u>			
Visa	62	29	9
MasterCard	67	25	8
Bankcard	68	21	11
AMEX	64	30	6
Diners Club	69	15	16
Rewards cardholder	64	27	9
Frequent Flyer cardholder	66	26	8
<u>Awareness of RBA Changes</u>			
Unprompted (system change / surcharge)	66	32	2
Aided	60	29	11
Prompted (surcharge)	63	28	9

Upbeat mood nation-wide, with confidence up compared to a year ago.

Economic Expectations

Do you think that the general economic condition of the country will improve, stay the same, or get worse over the next 12 months?

	Improve %	Stay the same %	Get worse %	Unsure %	NET IMPROVE
All	24	41	23	12	+1
September 2003	28		26		+2
Cardholders	23	43	22	12	+1
Non-cardholders	25	37	25	13	0
<u>Credit Card Ownership</u>					
Visa	23	43	21	13	+2
MasterCard	27	44	20	9	+7
Bankcard	21	44	21	14	0
AMEX	28	36	24	12	+4
Diners Club	19	47	15	19	+4
Rewards cardholder	24	42	21	13	+3
Frequent Flyer cardholder	28	37	22	13	+6
<u>Awareness of RBA Changes</u>					
Unprompted (system change / surcharge)	18	51	27	4	-9
Aided	25	41	23	11	+2
Prompted (surcharge)	24	42	22	12	+2

Expectations remain similar to a year ago, with the nation generally split as to whether the economy will improve or decline in the next year

Image – The Players in the Australian Market Among Consumers

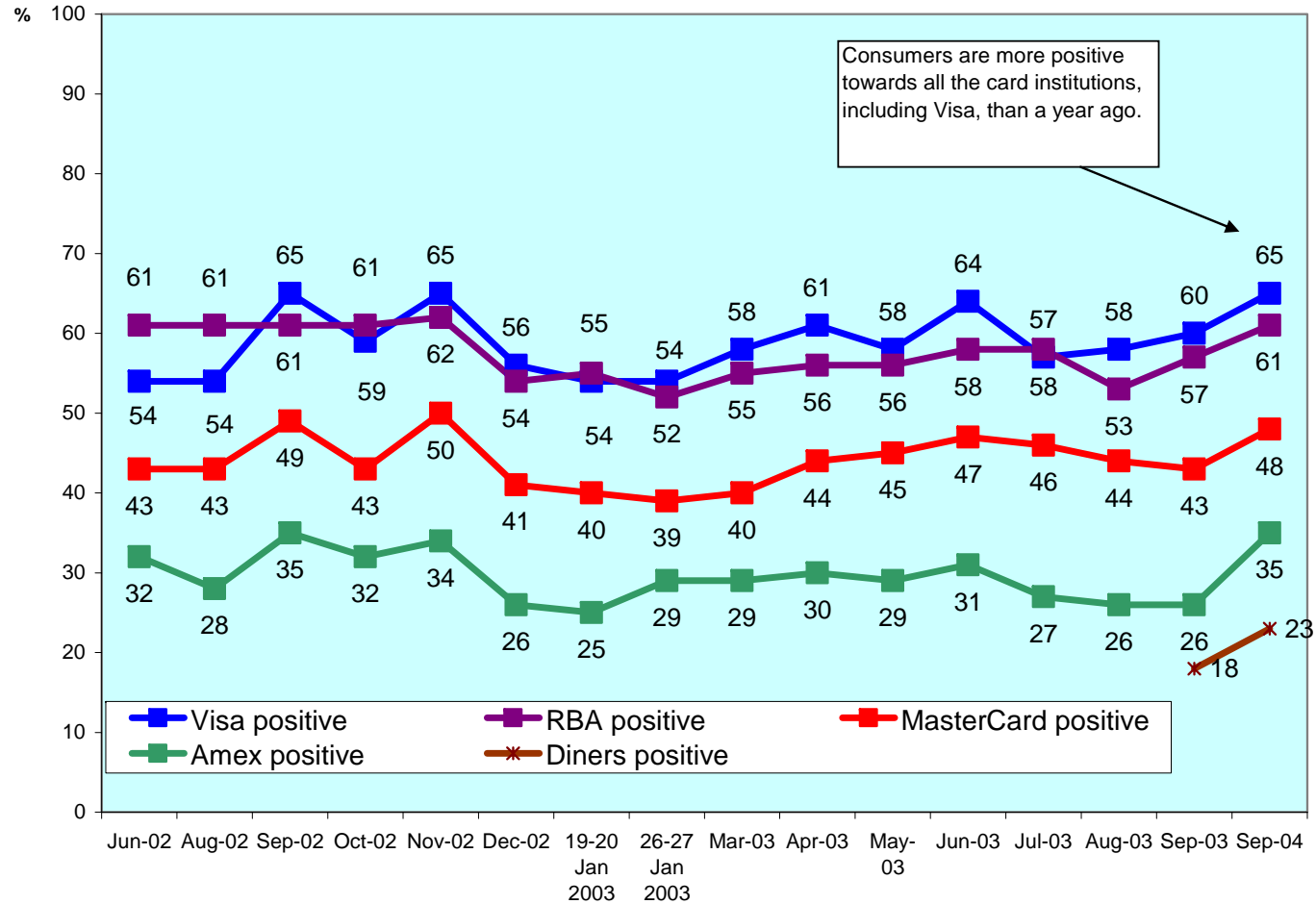
For each of the following companies and organisations, tell me if you have a positive or negative opinion of them. If you don't know enough or have never heard of them just say so:

	Positive	Negative	Unsure	Haven't Heard Of
	%	%	%	%
Visa	65	14	21	-
Mastercard	48	17	35	-
American Express (AMEX)	35	30	34	1
Diners Club	23	26	49	2
Reserve Bank of Australia (RBA)	61	9	29	1

Visa's image is robust not only against its competitors but also relative to the Reserve Bank

Positive Images of the Players: Trendline

For each of the following companies and organisations, tell me if you have a positive or negative opinion of them. If you don't know enough or have never heard of them just say so:



Positive Images of the Players among Cardholders: Trendline

For each of the following companies and organisations, tell me if you have a positive or negative opinion of them. If you don't know enough or have never heard of them just say so:

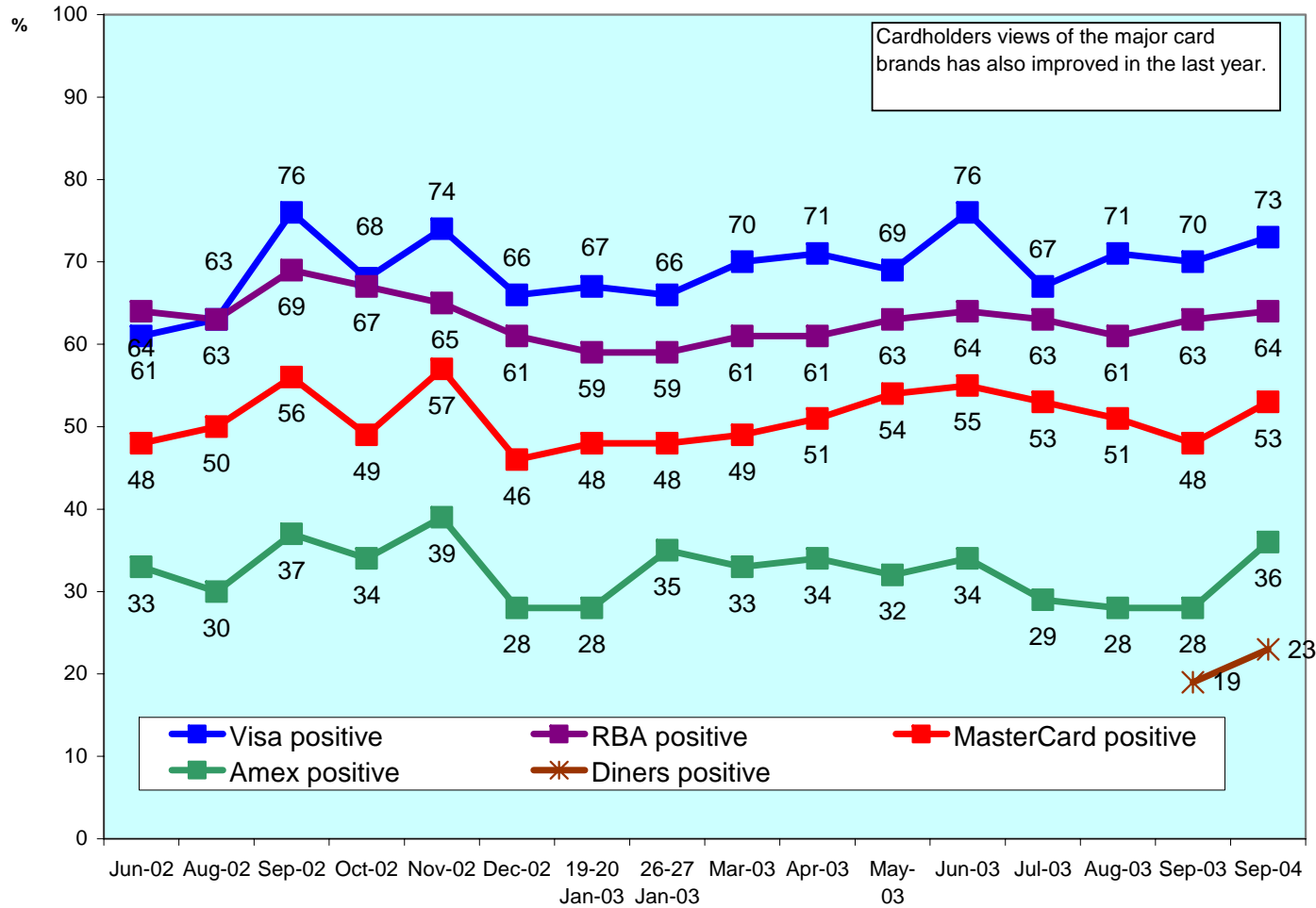


Image of Visa

For each of the following companies and organisations, tell me if you have a positive or negative opinion of them. If you don't know enough or have never heard of them just say so:

	Positive %	Negative %	Unsure %	Haven't Heard Of %
All	65	14	21	-
Cardholders	73	11	16	-
Non-cardholders	40	21	38	1
<u>Credit Card Ownership</u>				
Visa	82	10	8	-
MasterCard	70	10	20	-
Bankcard	67	12	20	1
AMEX	75	7	18	-
Diners Club	88	-	12	-
Rewards cardholder	77	10	13	-
Frequent Flyer cardholder	76	12	12	-
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	70	16	14	-
Aided	64	15	21	-
Prompted (surcharge)	68	14	18	-

Visa's brand position is strong across all cardholders, but particularly among its customers and those of Diners Club.

However, there is potential to improve Visa's standing among non-cardholders, a high proportion who are uncertain about the brand.

Visa: Demographics

For each of the following companies and organisations, tell me if you have a positive or negative opinion of them. If you don't know enough or have never heard of them just say so:

	Positive %	Negative %	Unsure %	Haven't Heard Of %
All	65	14	21	-
NSW	68	12	20	-
VIC	68	14	18	-
QLD	64	10	26	-
Other	57	18	24	1
Metropolitan	64	14	21	1
Regional	66	12	22	-
Male	64	16	19	1
Female	65	11	24	-
<u>Age</u>				
Under 30	68	13	19	-
30-39	64	16	19	1
40-49	66	12	22	-
50-64	64	13	22	1
65 & Over	60	13	27	-
<u>Household Income Before Tax</u>				
Under \$30,000	58	17	24	1
\$30,000 - \$50,000	67	11	22	-
\$50,001 - \$80,000	71	11	17	1
Over \$80,000	70	13	17	-
Under financial pressure	61	17	21	1
University degree or higher education	69	12	19	-

MasterCard

For each of the following companies and organisations, tell me if you have a positive or negative opinion of them. If you don't know enough or have never heard of them just say so:

	Positive %	Negative %	Unsure %	Haven't Heard Of %
All	48	17	35	-
Cardholders	53	14	32	1
Non-cardholders	33	24	43	-
<u>Credit Card Ownership</u>				
Visa	47	14	38	1
MasterCard	80	10	10	-
Bankcard	49	17	33	1
AMEX	58	11	31	-
Diners Club	77	4	19	-
Rewards cardholder	56	14	29	1
Frequent Flyer cardholder	54	15	30	1
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	43	14	41	2
Aided	51	17	31	1
Prompted (surcharge)	50	16	34	-

MasterCard appears to be satisfying its cardholders but having more trouble convincing the rest of the market, with its customers much more positive towards the brand.

MasterCard: Demographics

For each of the following companies and organisations, tell me if you have a positive or negative opinion of them. If you don't know enough or have never heard of them just say so:

	Positive %	Negative %	Don't Know/Unsure %	Haven't Heard Of %
All	48	17	35	-
NSW	49	17	33	1
VIC	49	12	38	1
QLD	51	16	32	1
Other	43	22	35	-
Metropolitan	48	17	35	-
Regional	48	17	34	1
Male	50	18	31	1
Female	45	16	38	1
<u>Age</u>				
Under 30	54	16	30	-
30-39	49	15	35	1
40-49	52	18	29	1
50-64	47	17	36	-
65 & Over	35	17	48	-
<u>Household Income Before Tax</u>				
Under \$30,000	39	22	39	-
\$30,000 - \$50,000	53	15	31	1
\$50,001 - \$80,000	55	15	29	1
Over \$80,000	55	15	30	-
Under financial pressure	44	22	32	2
University degree or higher education	49	16	34	1

American Express (AMEX)

For each of the following companies and organisations, tell me if you have a positive or negative opinion of them. If you don't know enough or have never heard of them just say so:

	Positive %	Negative %	Don't Know/Unsure %	Haven't Heard Of %
All	35	30	34	1
Cardholders	36	31	32	1
Non-cardholders	31	26	42	1
<u>Credit Card Ownership</u>				
Visa	37	31	31	1
MasterCard	38	31	30	1
Bankcard	34	38	27	1
AMEX	77	15	8	-
Diners Club	68	24	8	-
Rewards cardholder	41	31	27	1
Frequent Flyer cardholder	45	30	24	1
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	38	39	18	5
Aided	32	39	28	1
Prompted (surcharge)	36	30	33	1

Cardholders of the traditional charge card brands (AMEX and Diners Club) are more positive towards American Express than those with the credit card brands.

American Express (AMEX): Demographics

For each of the following companies and organisations, tell me if you have a positive or negative opinion of them. If you don't know enough or have never heard of them just say so:

	Positive %	Negative %	Unsure %	Haven't Heard Of %
All	35	30	34	1
NSW	36	32	31	1
VIC	39	23	36	2
QLD	33	30	35	2
Other	30	32	37	1
Metropolitan	36	31	32	1
Regional	33	27	38	2
Male	38	30	30	2
Female	31	29	39	1
<u>Age</u>				
Under 30	46	25	27	2
30-39	35	30	34	1
40-49	38	29	32	1
50-64	31	32	36	1
65 & Over	22	30	47	1
<u>Household Income Before Tax</u>				
Under \$30,000	28	31	40	1
\$30,000 - \$50,000	35	28	35	2
\$50,001 - \$80,000	37	28	33	2
Over \$80,000	45	29	25	1
Under financial pressure	35	35	28	2
University degree or higher education	39	32	28	1

Diners Club

For each of the following companies and organisations, tell me if you have a positive or negative opinion of them. If you don't know enough or have never heard of them just say so:

	Positive %	Negative %	Unsure %	Haven't Heard Of %
All	23	26	49	2
Cardholders	23	27	48	2
Non-cardholders	23	22	51	4
<u>Credit Card Ownership</u>				
Visa	24	28	47	1
MasterCard	23	28	48	1
Bankcard	27	29	41	3
AMEX	29	22	48	1
Diners Club	88	4	8	-
Rewards cardholder	25	27	47	1
Frequent Flyer cardholder	24	30	44	2
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	16	39	43	2
Aided	21	33	45	1
Prompted (surcharge)	24	26	48	2

Diners Club appears to be satisfying its cardholders but having trouble making an impression with the rest of the market which is largely uncertain about the brand.

Diners Club: Demographics

For each of the following companies and organisations, tell me if you have a positive or negative opinion of them.
If you don't know enough or have never heard of them just say so:

	Positive %	Negative %	Unsure %	Haven't Heard Of %
All	23	26	49	2
NSW	21	28	49	2
VIC	29	23	45	3
QLD	19	27	51	3
Other	23	25	50	2
Metropolitan	23	26	49	2
Regional	23	25	49	3
Male	25	28	44	3
Female	21	24	53	2
Age				
Under 30	29	23	41	7
30-39	20	23	55	2
40-49	27	23	49	1
50-64	22	29	48	1
65 & Over	14	30	55	1
Household Income Before Tax				
Under \$30,000	22	29	47	2
\$30,000 - \$50,000	22	25	49	4
\$50,001 - \$80,000	26	23	49	2
Over \$80,000	27	26	45	2
Under financial pressure	25	27	46	2
University degree or higher education	25	28	46	1

Reserve Bank of Australia (RBA)

For each of the following companies and organisations, tell me if you have a positive or negative opinion of them. If you don't know enough or have never heard of them just say so:

	Positive %	Negative %	Don't Know/Unsure %	Haven't Heard Of %
All	61	9	29	1
Cardholders	64	9	27	-
Non-cardholders	55	9	34	2
<u>Credit Card Ownership</u>				
Visa	64	9	27	-
MasterCard	65	11	24	-
Bankcard	68	7	24	1
AMEX	68	12	20	-
Diners Club	81	7	12	-
Rewards cardholder	65	10	24	1
Frequent Flyer cardholder	66	12	22	-
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	77	7	16	-
Aided	77	7	16	-
Prompted (surcharge)	67	8	24	1

The reforms appear to have only boosted the RBA's credentials as those with the strongest awareness of the changes by the RBA are slightly more positive than others towards this organisation.

Reserve Bank of Australia (RBA): Demographics

For each of the following companies and organisations, tell me if you have a positive or negative opinion of them. If you don't know enough or have never heard of them just say so:

	Positive %	Negative %	Unsure %	Haven't Heard Of %
All	61	9	29	1
NSW	62	10	27	1
VIC	65	5	28	2
QLD	60	9	30	1
Other	57	11	32	-
Metropolitan	61	9	29	1
Regional	62	8	29	1
Male	69	9	21	1
Female	54	8	37	1
Age				
Under 30	44	13	39	4
30-39	61	7	32	-
40-49	70	9	21	-
50-64	66	8	26	-
65 & Over	61	6	32	1
Household Income Before Tax				
Under \$30,000	54	11	33	2
\$30,000 - \$50,000	60	9	31	-
\$50,001 - \$80,000	65	6	29	-
Over \$80,000	70	9	20	1
Under financial pressure	60	10	29	1
University degree or higher education	68	8	24	-

AWARENESS

Unprompted Awareness of Changes

Recently, have you seen, read or heard anything about the credit card industry in the news?

	Yes %	No %	Unsure / Refused %
All	35	62	3
Cardholders	35	62	3
<u>Credit Card Ownership</u>			
Visa	37	61	2
MasterCard	36	60	4
Bankcard	34	65	1
AMEX	34	62	4
Diners Club	38	62	-
Rewards cardholder	36	60	4
Frequent Flyer cardholder	37	61	2

What specifically do you remember seeing, reading or hearing about? Anything else?

	%
Change to credit card system	4
Surcharge / Paying extra when pay by credit card / surcharge	14
Consumers with credit card debt	13
Higher credit card fees / interest rates	38
Credit card fraud / theft	
New card launched	2
Other	38

Unprompted awareness
(10% of all consumers)

Top of mind recall specifically for the credit card system change including surcharging, is low. However, credit card news generally is not currently prominent in consumers' minds, with interest rates and fees the main focus when tuned in.

News influence on image of credit card industry

(If 'yes', read, seen or heard something about credit card industry in the news) And did what you saw, read or heard make you MORE or LESS favourable towards the credit card industry? [IF MORE FAVOURABLE: Is that much more or somewhat more favourable?] [IF LESS FAVOURABLE: Is that much less or somewhat less favourable?]

	Much more favourable	Somewhat more favourable	No Impact	Somewhat less favourable	Much less favourable	Unsure
	%	%	%	%	%	%
All	7	8	30	34	15	6
Cardholders	7	8	30	34	15	6
<u>Credit Card Ownership</u>						
Visa	7	9	31	33	12	8
MasterCard	7	6	30	36	14	7
Bankcard	6	6	35	36	13	4
AMEX	5	8	39	32	8	8
Diners Club	10	-	71	19	-	-
Rewards cardholder	7	6	29	39	10	9
Frequent Flyer cardholder	10	8	28	31	12	11
<u>Awareness of RBA Changes</u>						
Unprompted (system change / surcharge)	6	2	23	46	9	14
Aided	8	5	35	28	13	11
Prompted (surcharge)	7	7	29	35	15	7

Aided Awareness

Are you aware of any changes that the Reserve Bank (RBA) made to the credit card system early last year?

	Yes, aware %	No, not aware %	Unsure %
All	27	70	3
Cardholders	30	67	3
Non-cardholders	18	79	3
<u>Credit Card Ownership</u>			
Visa	31	66	3
MasterCard	35	62	3
Bankcard	38	60	2
AMEX	37	61	2
Diners Club	62	34	4
Rewards cardholder	36	61	3
Frequent Flyer cardholder	36	61	3

The change has registered more among cardholders for whom it is more salient, although even among this group recall on an aided basis is relatively low.

Perceived Necessity of Changes among the Aided Aware

(If 'yes', aware of any changes the RBA made to the credit card system early last year:) In your opinion, were these changes necessary or unnecessary?

	Necessary %	Unnecessary %	DK/Refused %
All	46	40	14
Cardholders	45	41	14
Non-cardholders	52	33	15
<u>Credit Card Ownership</u>			
Visa	41	44	15
MasterCard	46	41	13
Bankcard	51	36	13
AMEX	46	42	12
Diners Club	56	44	-
Rewards cardholder			
Frequent Flyer cardholder	45	44	11
	42	47	11
<u>Awareness of RBA Changes</u>			
Unprompted (system change / surcharge)	40	53	7
Aided	46	40	14
Prompted (surcharge)	45	40	15

Effect of Changes among the Aided Aware

(If 'yes', aware of any changes the RBA made to the credit card system early last year:) In your opinion, have these changes made the credit card system work better, worse or made no difference?

	Better %	Worse %	Made no difference %	Unsure %
All	11	21	60	8
Cardholders	10	20	63	7
Non-cardholders	20	23	44	13
<u>Credit Card Ownership</u>				
Visa	8	23	63	6
MasterCard	9	19	63	9
Bankcard	18	17	60	5
AMEX	10	20	70	-
Diners Club	6	13	75	6
Rewards cardholder	9	26	60	5
Frequent Flyer cardholder	12	29	52	7
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	15	36	42	7
Aided	11	21	60	8
Prompted (surcharge)	11	20	61	8

Prompted Awareness of the Three Main Changes

Now specifically, are you aware that in January 2003 the Reserve Bank changed the credit card system regulations:

	Yes, aware %	No, not aware %	Unsure %
So as to allow retailers and businesses to charge cardholders a fee or surcharge when making a purchase using a credit card?	64	35	1
So that non-financial institutions can provide a credit card service?	36	63	1
So that consumers and shopkeepers know the real cost of providing the credit card service?	45	53	2

Many of the details of the reforms have failed to properly register, with surcharging the key aspect coming through.
Awareness of the change to allow non-financial institutions to provide a credit card service is especially low.

Prompted Awareness of Surcharging

Now specifically, are you aware that in January 2003 the Reserve Bank changed the credit card system regulations So As to Allow Retailers and Businesses to Charge Cardholders a Fee Or Surcharge When Making a Purchase Using a Credit Card?:

	Yes, aware %	No, not aware %	Unsure %
All	64	35	1
Cardholders	71	28	1
Non-cardholders	46	52	2
<u>Credit Card Ownership</u>			
Visa	73	26	1
MasterCard	74	25	1
Bankcard	68	31	1
AMEX	78	21	1
Diners Club	81	19	-
Rewards cardholder	77	23	-
Frequent Flyer cardholder	76	23	1

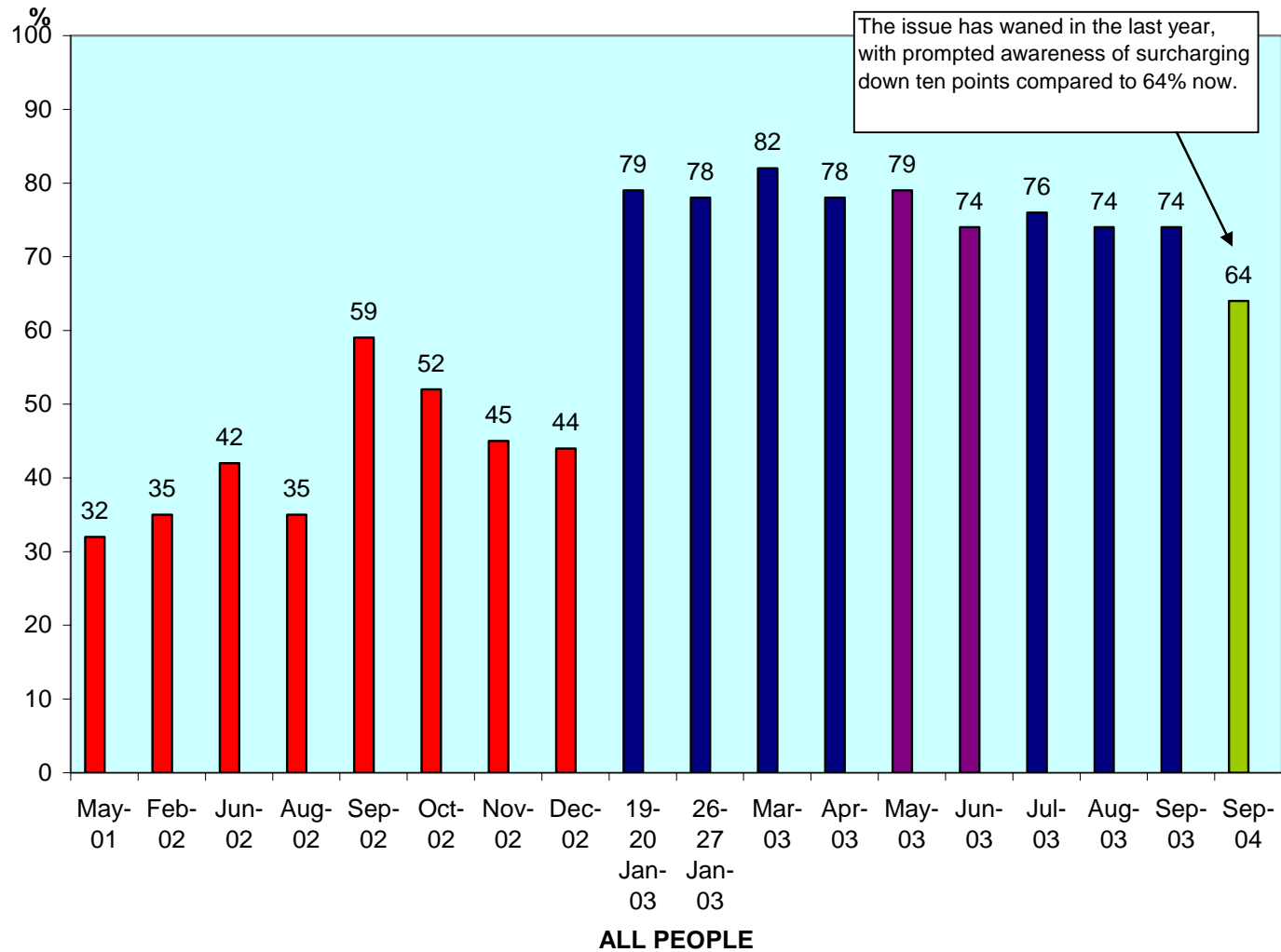
Awareness of Surcharging: Demographics

Now specifically, are you aware that in January 2003 the Reserve Bank changed the credit card system regulations so as to allow retailers and businesses to charge cardholders a fee or surcharge when making a purchase using a credit card?:

	Yes, aware %	No, not aware %	Unsure %
All	64	35	1
NSW	64	35	1
VIC	66	33	1
QLD	62	38	-
Other	66	33	1
Metropolitan	67	32	1
Regional	61	38	1
Male	67	32	1
Female	61	38	1
<u>Age</u>			
Under 30	48	51	1
30-39	64	35	1
40-49	65	34	1
50-64	73	26	1
65 & Over	67	32	1
<u>Household Income Before Tax</u>			
Under \$30,000	60	38	2
\$30,000 - \$50,000	65	34	1
\$50,001 - \$80,000	67	32	1
Over \$80,000	69	31	-
Under financial pressure	58	40	2
University degree or higher education	70	29	1

Awareness of Surcharging: Trendline

Now specifically, are you aware that in January 2003 the Reserve Bank changed the credit card system regulations So As to Allow Retailers and Businesses to Charge Cardholders a Fee Or Surcharge When Making a Purchase Using a Credit Card?



Prompted Awareness that Non-financial Institutions are Able to Provide a Credit Card Service

Now specifically, are you aware that in January 2003 the Reserve Bank changed the credit card system regulations So That Non-Financial Institutions Can Provide a Credit Card Service?

:

	Yes, aware %	No, not aware %	Unsure %
All	36	63	1
Cardholders	38	60	2
Non-cardholders	29	69	2
<u>Credit Card Ownership</u>			
Visa	40	58	2
MasterCard	42	57	1
Bankcard	41	57	2
AMEX	42	55	3
Diners Club	51	38	11
Rewards cardholder	44	54	2
Frequent Flyer cardholder	44	54	2

Awareness of change to allow non-financial institutions into the cards market is higher among cardholders with rewards.

Awareness Non-financial Institutions Able to Provide a Credit Card Service: Demographics

Now specifically, are you aware that in January 2003 the Reserve Bank changed the credit card system regulations:

	Yes, aware %	No, not aware %	Unsure %
All	36	63	1
NSW	37	61	2
VIC	39	60	1
QLD	32	66	2
Other	34	65	1
Metropolitan	40	58	2
Regional	30	68	2
Male	42	57	1
Female	30	68	2
<u>Age</u>			
Under 30	23	76	1
30-39	37	63	-
40-49	39	57	4
50-64	41	57	2
65 & Over	34	65	1
<u>Household Income Before Tax</u>			
Under \$30,000	32	67	1
\$30,000 - \$50,000	31	67	2
\$50,001 - \$80,000	34	65	1
Over \$80,000	49	49	2
Under financial pressure	34	66	-
University degree or higher education	45	53	2

Prompted Awareness of Consumers and Retailers Knowing the Real Card Service Costs

Now specifically, are you aware that in January 2003 the Reserve Bank changed the credit card system regulations so that consumers and shopkeepers know the real cost of providing the credit card service?

	Yes, aware %	No, not aware %	Unsure %
All	45	53	2
Cardholders	50	48	2
Non-cardholders	31	67	2
<u>Credit Card Ownership</u>			
Visa	52	46	2
MasterCard	54	45	1
Bankcard	55	42	3
AMEX	56	42	2
Diners Club	65	27	8
Rewards cardholder	55	43	2
Frequent Flyer cardholder	55	43	2

Awareness of the change to increase transparency in the cost system is moderately low, with less than half of consumers aware of this on a prompted basis.

Awareness of Consumers and Retailers Knowing Real Card Service Costs: Demographics

Now specifically, are you aware that in January 2003 the Reserve Bank changed the credit card system regulations so That Consumers and Shopkeepers Know the Real Cost of Providing The Credit Card Service?

	Yes, aware %	No, not aware %	Unsure %
All	45	53	2
NSW	46	52	2
VIC	49	50	1
QLD	45	55	-
Other	41	57	2
Metropolitan	47	52	1
Regional	43	55	2
Male	48	50	2
Female	42	56	2
<u>Age</u>			
Under 30	30	69	1
30-39	42	57	1
40-49	46	50	4
50-64	56	42	2
65 & Over	45	55	-
<u>Household Income Before Tax</u>			
Under \$30,000	38	60	2
\$30,000 - \$50,000	45	54	1
\$50,001 - \$80,000	47	50	3
Over \$80,000	51	48	1
Under financial pressure	41	58	1
University degree or higher education	51	48	1

**ATTITUDES TOWARDS CHANGE,
UNDERSTANDING & BLAME**

Perceptions of the Current System

Are you personally satisfied or dissatisfied with the way the credit card payment system in shops currently operates?

	Satisfied %	Dissatisfied %	Unsure %
All	65	21	14
Cardholders	76	17	7
Non-cardholders	34	31	35
<u>Credit Card Ownership</u>			
Visa	78	17	5
MasterCard	75	17	8
Bankcard	75	20	5
AMEX	78	17	5
Diners Club	81	11	8
Rewards cardholder	79	17	4
Frequent Flyer cardholder	76	20	4
<u>Awareness of RBA Changes</u>			
Unprompted (system change / surcharge)	61	32	7
Aided	67	25	8
Prompted (surcharge)	69	21	10

Cardholders are clearly satisfied with the system as it is, whereas, while non-cardholders are more unsure as well as more divided when they have an opinion.

The Current System: Demographics

Are you personally satisfied or dissatisfied with the way the credit card payment system in shops currently operates?

	Satisfied %	Dissatisfied %	Unsure %
All	65	21	14
NSW	64	21	15
VIC	71	17	12
QLD	67	19	14
Other	59	26	15
Metropolitan	66	22	12
Regional	63	20	17
Male	65	21	14
Female	65	21	14
<u>Age</u>			
Under 30	62	18	20
30-39	70	20	10
40-49	63	24	13
50-64	63	25	12
65 & Over	71	12	17
<u>Household Income Before Tax</u>			
Under \$30,000	57	23	20
\$30,000 - \$50,000	66	19	15
\$50,001 - \$80,000	72	18	10
Over \$80,000	71	21	8
Under financial pressure	58	30	12
University degree or higher education	70	20	10

Attitudes towards System Change

Now that these changes have been implemented, do you support the change in the system or would you have preferred to leave it as it was?

	Support the change in the system %	Preferred to leave it as it was %	Unsure %
All	32	48	20
December 2002	26	57	17
Cardholders	31	52	17
Non-cardholders	32	38	30
<u>Credit Card Ownership</u>			
Visa	32	52	16
MasterCard	33	52	15
Bankcard	29	53	18
AMEX	35	53	12
Diners Club	19	73	8
Rewards cardholder	31	53	16
Frequent Flyer cardholder	31	56	13
<u>Awareness of RBA Changes</u>			
Unprompted (system change / surcharge)	30	63	7
Aided	35	53	12
Prompted (surcharge)	33	52	15

Support for the change is up slightly compared to before the changes, although the preference remains for keeping to the system as it was.

Attitudes towards System Change: Demographics

Now that these changes have been implemented, do you support the change in the system or would you have preferred to leave it as it was?

	Support the change in the system %	Preferred to leave it as it was %	Unsure %
All	32	48	20
NSW	36	43	21
VIC	31	53	16
QLD	32	51	17
Other	26	48	26
Metropolitan	33	48	19
Regional	29	49	22
Male	36	46	18
Female	27	50	23
<u>Age</u>			
Under 30	35	46	19
30-39	38	47	15
40-49	28	47	25
50-64	30	51	19
65 & Over	29	47	24
<u>Household Income Before Tax</u>			
Under \$30,000	33	47	20
\$30,000 - \$50,000	39	42	19
\$50,001 - \$80,000	27	51	22
Over \$80,000	36	51	13
Under financial pressure	29	47	24
University degree or higher education	33	48	19

Interest in Going Back to Previous System

Do you think we should stay with the changes or go back to the previous system?

	Stay with changes %	Go back to previous system %	Unsure %
All Cardholders	42	38	20
<u>Credit Card Ownership</u>			
Visa	41	39	20
MasterCard	45	36	19
Bankcard	46	36	18
AMEX	36	47	17
Diners Club	38	43	19
Rewards cardholder	40	41	19
Frequent Flyer cardholder	38	45	17
<u>Awareness of RBA Changes</u>			
Unprompted (system change / surcharge)	34	55	11
Aided	43	43	14
Prompted (surcharge)	42	42	16

Interest in reverting back to the previous system appears to increase with awareness of the details, as those with top of mind awareness particularly most want to go back to the previous system.

Interest in Going Back to Previous System: Demographics

Do you think we should stay with the changes or go back to the previous system?

	Stay with changes %	Go back to previous system %	Unsure %
All Cardholders	42	38	20
NSW	42	37	21
VIC	39	40	21
QLD	44	39	17
Other	43	37	20
Metropolitan	43	38	19
Regional	40	38	22
Male	43	37	20
Female	41	39	20
<u>Age</u>			
Under 30	43	42	15
30-39	42	39	19
40-49	38	39	23
50-64	40	41	19
65 & Over	54	21	25
<u>Household Income Before Tax</u>			
Under \$30,000	51	30	19
\$30,000 - \$50,000	51	37	12
\$50,001 - \$80,000	34	42	24
Over \$80,000	40	41	19
Under financial pressure	40	39	21
University degree or higher education	38	38	24

Adequacy of information on change

Now that the changes are in effect, do you believe that the information about day to day impacts of the changes was:

	Sufficient %	Not sufficient %	Unsure %
All Cardholders	36	53	11
<u>Credit Card Ownership</u>			
Visa	39	51	10
MasterCard	36	55	9
Bankcard	41	48	11
AMEX	31	61	8
Diners Club	30	58	12
Rewards cardholder	38	51	11
Frequent Flyer cardholder	37	53	10
<u>Awareness of RBA Changes</u>			
Unprompted (system change / surcharge)	39	52	9
Aided	44	50	6
Prompted (surcharge)	42	48	10

Universal sense that the information provided about the day to day impacts of the changes was not sufficient.

Adequacy of information on change: Demographics

Now that the changes are in effect, do you believe that the information about day to day impacts of the changes was:

	Sufficient %	Not sufficient %	Unsure %
All	36	53	11
NSW	37	55	8
VIC	34	53	13
QLD	35	51	14
Other	39	50	11
Metropolitan	37	55	8
Regional	36	49	15
Male	42	48	10
Female	31	57	12
<u>Age</u>			
Under 30	35	62	3
30-39	32	58	10
40-49	31	61	8
50-64	40	47	13
65 & Over	49	33	18
<u>Household Income Before Tax</u>			
Under \$30,000	42	40	18
\$30,000 - \$50,000	38	53	9
\$50,001 - \$80,000	35	53	12
Over \$80,000	33	62	5
Under financial pressure	27	62	11
University degree or higher education	34	56	10

Perceived Proponents for the Change

Specifically, of the following, who do you think MOST wanted the change in the system

	The Reserve Bank of Australia %	The Federal Government %	Banks %	Credit card institutions %	Consumers %	Ordinary credit cardholders %	Merchants such as shopkeepers %	Other %	Unsure %
All	9	14	20	12	8	3	26	-	8
Cardholders	9	13	20	11	8	2	30	-	7
Non-cardholders	9	15	21	15	8	4	16	1	11
<u>Credit Card Ownership</u>									
Visa	8	13	19	12	7	3	31	-	7
MasterCard	11	16	20	9	8	-	30	-	6
Bankcard	12	16	20	9	6	4	26	1	6
AMEX	12	13	17	11	5	1	39	-	2
Diners Club	15	8	11	12	12	8	34	-	-
Rewards cardholder	9	13	17	12	7	2	34	1	5
Frequent Flyer cardholder	11	14	19	11	7	2	31	-	5
<u>Awareness of RBA Changes</u>									
Unprompted (system change / surcharge)	20	11	19	7	5	-	32	2	4
Aided Prompted	12	14	17	11	7	1	33	1	4
(surcharge)	9	12	20	12	7	2	31	1	6

Perceived Proponents for the Change: Demographics

Specifically, of the following, who do you think MOST wanted the change in the system:

	The Reserve Bank of Australia	The Federal Government	Banks	Credit card institutions	Consumers	Ordinary credit cardholders	Merchants such as shopkeepers	Other	Unsure
	%	%	%	%	%	%	%	%	%
All	9	14	20	12	8	3	26	-	8
NSW	9	12	16	15	9	4	27	1	7
VIC	9	10	25	10	7	4	28	-	7
QLD	8	22	16	14	6	1	23	-	10
Other	10	13	23	9	7	2	27	-	9
Metropolitan	10	12	20	10	8	3	28	1	8
Regional	6	17	20	14	8	2	24	-	9
Male	10	15	17	10	8	3	30	1	6
Female	7	13	23	14	7	3	23	-	10
Age									
Under 30	7	19	16	13	9	5	24	-	7
30-39	10	12	19	10	6	3	33	1	6
40-49	11	15	19	12	9	2	27	-	5
50-64	8	12	21	14	8	2	25	1	9
65 & Over	7	12	28	7	5	1	23	-	17
Household Income Before Tax									
Under \$30,000	8	18	23	9	8	3	19	1	11
\$30,000 - \$50,000	6	17	22	11	10	2	23	-	9
\$50,001 - \$80,000	9	10	20	11	5	4	34	1	6
Over \$80,000	11	10	14	15	8	2	36	-	4
Under financial pressure	10	16	20	11	8	2	24	-	9
University degree or higher education	9	11	19	13	8	1	33	1	5

Winners from the Change

Now specifically from the following list, who do you think GAINED the MOST from these changes?

	Big business %	Small business %	Banks %	Credit card institutions %	Consumers %	Ordinary credit cardholders %	Unsure / Refused %	Other %
All	17	8	38	21	4	2	7	3
Cardholders	17	10	39	20	3	2	6	3
Non- cardholders	15	5	37	24	5	3	9	2
<u>Credit Card Ownership</u>								
Visa	17	11	38	21	2	2	6	3
MasterCard	20	10	33	19	4	3	8	3
Bankcard	17	9	41	21	3	1	3	5
AMEX	17	13	26	24	6	5	4	5
Diners Club	15	19	24	19	8	-	11	4
Rewards cardholder	18	11	37	20	3	3	5	3
Frequent Flyer cardholder	16	9	38	22	3	4	5	3
<u>Awareness of RBA Changes</u>								
Unprompted (system change / surcharge)	13	16	28	14	9	2	11	7
Aided Prompted (surcharge)	16	14	38	13	5	3	7	4
	17	10	39	20	4	1	6	3

The Losers

Now specifically from the following list, who do you think LOST the MOST from these changes?

	Big business %	Small business %	Banks %	Credit card institutions %	Consumers %	Ordinary credit cardholders %	Unsure / Refused %	Other %
All	1	13	6	5	37	31	4	3
Cardholders	1	13	6	5	39	30	4	2
Non-cardholders	-	14	5	5	33	34	3	6
<u>Credit Card Ownership</u>								
Visa	1	12	6	5	40	30	4	2
MasterCard	1	14	8	6	42	25	2	2
Bankcard	2	14	5	2	33	35	8	1
AMEX	2	9	11	6	41	23	5	3
Diners Club	-	11	4	7	46	24	8	-
Rewards cardholder	1	13	7	5	41	27	4	2
Frequent Flyer cardholder	2	13	6	5	42	27	3	2
<u>Awareness of RBA Changes</u>								
Unprompted (system change / surcharge)	-	11	6	7	48	21	5	2
Aided Prompted	1	16	9	7	36	25	4	2
(surcharge)	1	14	7	5	37	32	2	2

Blame for Surcharging

Who would you MOSTLY blame for being surcharged?

	The merchant or shopkeeper %	The credit card company %	The bank issuing the credit card %	The Reserve Bank of Australia %	No one %	Unsure %	Other %
All	16	22	33	19	1	8	1
Cardholders	18	21	33	19	1	7	1
Non-cardholders	12	25	30	20	1	10	2
<u>Credit Card Ownership</u>							
Visa	18	22	33	19	2	6	-
MasterCard	19	21	31	20	1	6	2
Bankcard	18	25	27	19	3	5	3
AMEX	30	24	27	13	-	4	2
Diners Club	19	27	27	19	4	4	-
Rewards cardholder	19	22	31	18	2	6	2
Frequent Flyer cardholder	16	23	33	20	2	5	1
<u>Awareness of RBA Changes</u>							
Unprompted (system change / surcharge)	16	16	37	20	2	9	-
Aided Prompted (surcharge)	20	21	31	19	2	6	1
Prompted (surcharge)	17	22	34	18	2	6	1

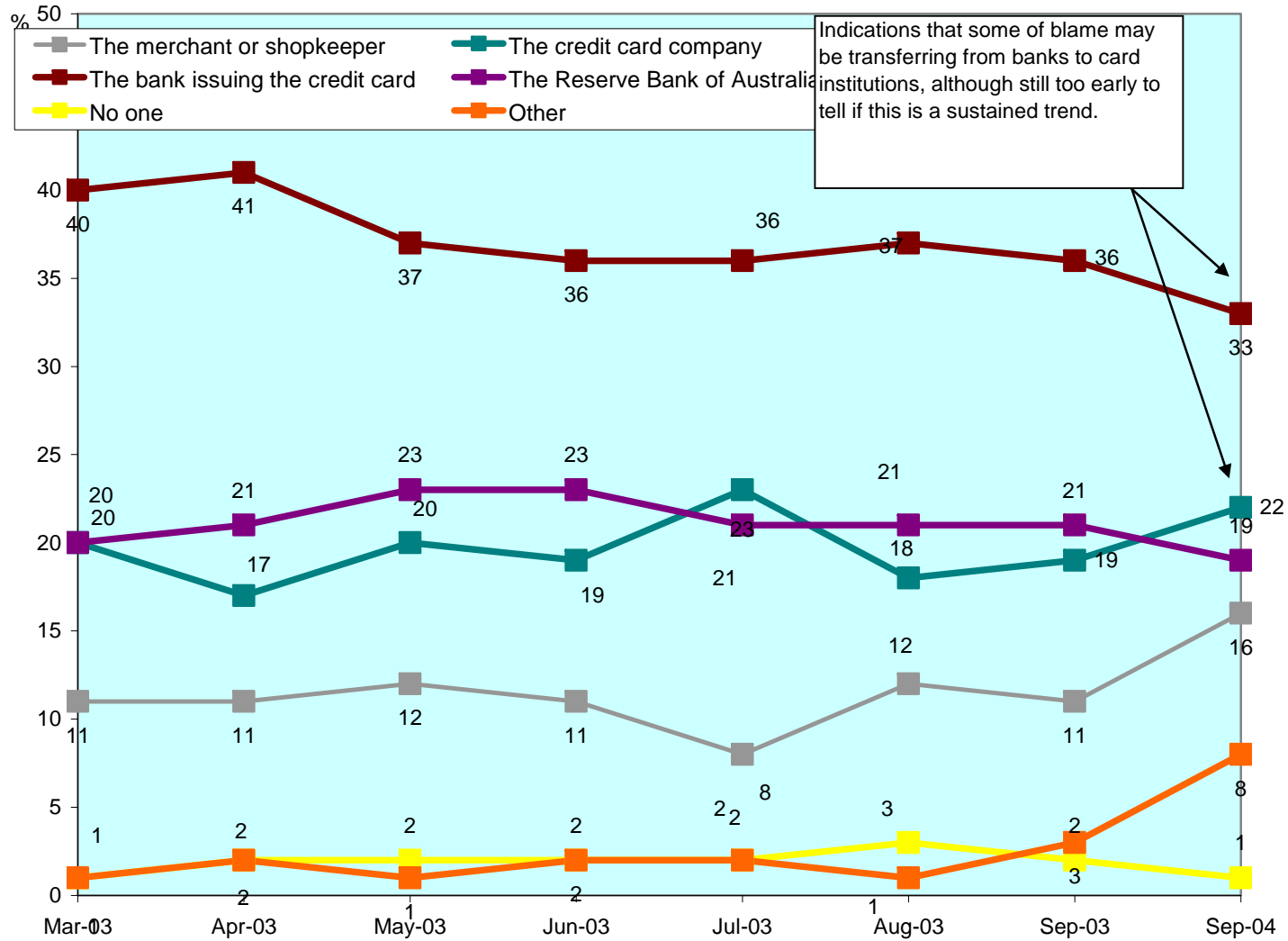
Blame for Surcharging: Demographics

Who would you MOSTLY blame for being surcharged?

	The merchant or shopkeeper	The credit card company	The bank issuing the credit card	The Reserve Bank of Australia	No one	Unsure	Other
	%	%	%	%	%	%	%
All	16	22	33	19	1	8	1
NSW	17	22	29	19	2	9	2
VIC	15	23	34	20	1	5	2
QLD	14	23	36	19	1	6	1
Other	18	21	34	17	1	8	1
Metropolitan	18	23	31	18	1	7	2
Regional	14	22	35	20	1	7	1
Male	17	23	30	20	2	7	1
Female	16	22	35	18	1	7	1
Age							
Under 30	19	25	24	26	-	5	1
30-39	17	26	29	19	2	7	-
40-49	13	24	34	20	1	6	2
50-64	15	20	36	16	2	9	2
65 & Over	20	14	37	14	2	12	1
Household Income Before Tax							
Under \$30,000	13	18	32	26	-	10	1
\$30,000 - \$50,000	14	18	38	18	3	8	1
\$50,001 - \$80,000	16	25	34	16	1	7	1
Over \$80,000	23	23	26	22	1	4	1
Under financial pressure	13	23	35	20	-	9	-
University degree or higher education	20	23	27	20	2	7	1

Blame for Surcharging: Trendline

Who would you MOSTLY blame for being surcharged?



IMPACTS OF THE CHANGE

Financial Impact of the Changes

How have these changes overall affected you financially, do you think you are better off, worse off, or that things are about the same?

	Better off %	Worse off %	Things are about the same %	Unsure %
All	3	24	68	5
Cardholders	3	26	68	3
Non-cardholders	4	17	69	10
<u>Credit Card Ownership</u>				
Visa	2	28	67	3
MasterCard	6	26	65	3
Bankcard	1	22	73	4
AMEX	4	27	65	4
Diners Club	-	43	57	-
Rewards cardholder	3	31	63	3
Frequent Flyer cardholder	4	33	59	4
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	6	39	50	5
Aided	3	30	64	3
Prompted (surcharge)	3	26	68	3

Cardholders, especially those with rewards attached, are more inclined than non-cardholders to believe they will be financially worse off from the changes.

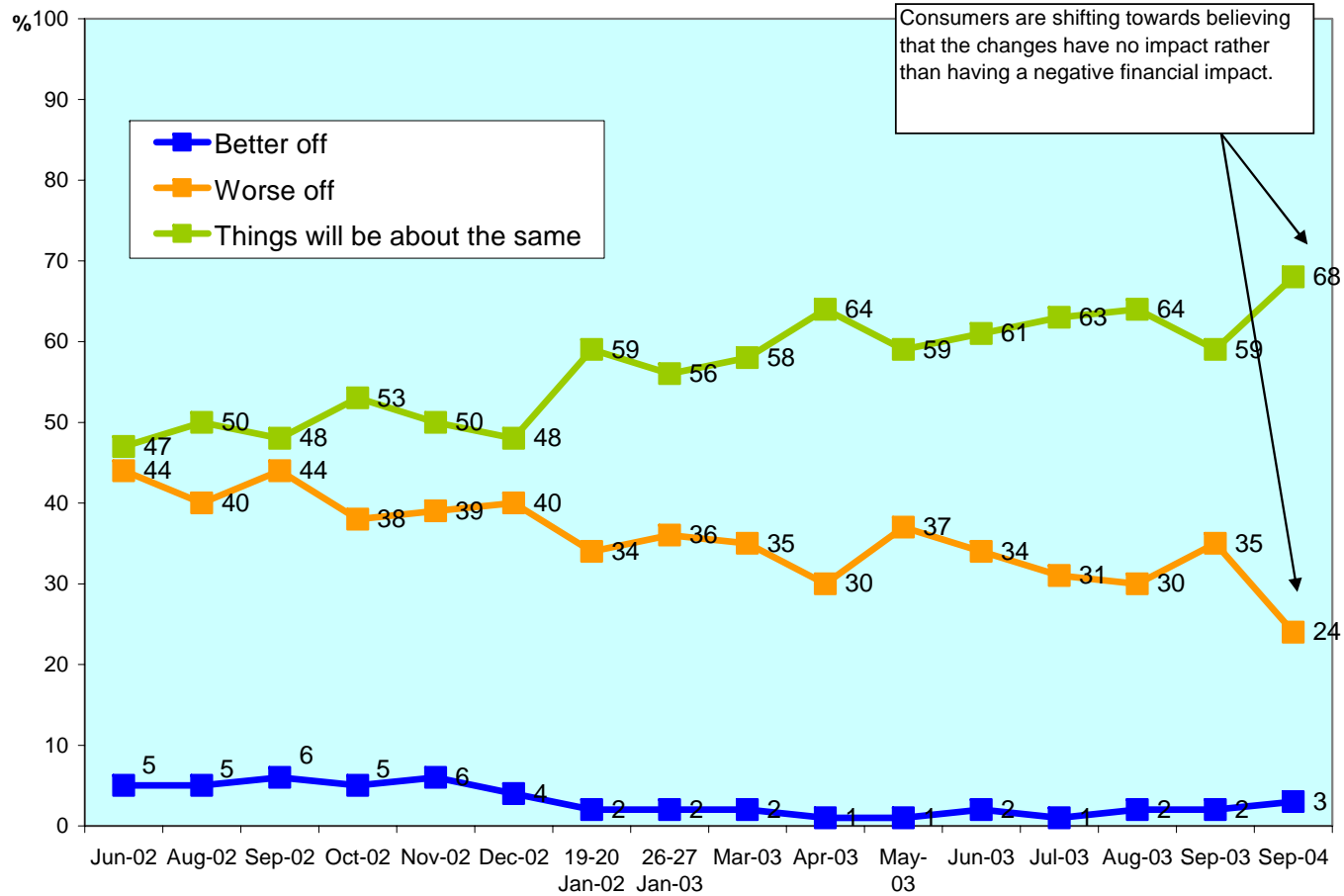
Financial Impact of the Changes: Demographics

How have these changes overall affected you financially, do you think you are better off, worse off, or that things are about the same?

	Better off %	Worse off %	Things are about the same %	Unsure %
All	3	24	68	5
NSW	3	23	71	3
VIC	3	23	70	4
QLD	3	30	61	6
Other	5	20	67	8
Metropolitan	5	22	68	5
Regional	2	26	67	5
Male	4	24	67	5
Female	3	24	68	5
<u>Age</u>				
Under 30	3	15	77	5
30-39	2	27	67	4
40-49	3	29	63	5
50-64	3	27	64	6
65 & Over	6	15	73	6
<u>Household Income Before Tax</u>				
Under \$30,000	5	21	70	4
\$30,000 - \$50,000	4	21	71	4
\$50,001 - \$80,000	3	24	69	4
Over \$80,000	2	30	64	4
Under financial pressure	3	33	60	4
University degree or higher education	5	25	66	4

Financial Impact of the Changes: Trendline

How have these changes overall affected you financially, do you think you are better off, worse off, or that things are about the same?



Personal Impact

Thinking about these changes, do you think you are personally better off or worse off because of these, or are things about the same?

	Better	Worse	The same as before the changes	Unsure
	%	%	%	%
All Cardholders	4	28	66	2
<u>Credit Card Ownership</u>				
Visa	3	28	68	1
MasterCard	6	30	63	1
Bankcard	6	26	62	6
AMEX	2	30	67	1
Diners Club	4	38	54	4
Rewards cardholder	3	28	67	2
Frequent Flyer cardholder	5	31	62	2
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	2	34	64	-
Aided	4	30	64	2
Prompted (surcharge)	4	30	65	1

Personal Impact of the Changes: Demographics

Thinking about these changes, do you think you are personally better off or worse off because of these, or are things about the same?

	Better	Worse	The same as before the changes	Unsure
	%	%	%	%
All Cardholders	4	28	66	2
NSW	4	26	70	-
VIC	4	28	65	3
QLD	3	29	65	3
Other	4	30	64	2
Metropolitan	4	28	66	2
Regional	3	28	67	2
Male	5	29	64	2
Female	3	26	69	2
<u>Age</u>				
Under 30	4	30	65	1
30-39	2	33	64	1
40-49	3	33	62	2
50-64	3	25	70	2
65 & Over	9	13	75	3
<u>Household Income Before Tax</u>				
Under \$30,000	8	19	71	2
\$30,000 - \$50,000	5	23	68	4
\$50,001 - \$80,000	1	32	66	1
Over \$80,000	3	33	62	2
Under financial pressure	1	36	60	3
University degree or higher education	2	33	63	2

Retail Prices since the Changes

Do you believe that since these changes, overall retailers have:

	Increased prices %	Decreased prices or %	Kept prices the same %	Unsure %
All	48	1	37	14
Cardholders	46	1	40	13
Non-cardholders	55	1	30	14
<u>Credit Card Ownership</u>				
Visa	44	1	42	13
MasterCard	48	1	38	13
Bankcard	48	1	38	13
AMEX	35	2	52	11
Diners Club	43	4	46	7
Rewards cardholder	41	1	45	13
Frequent Flyer cardholder	44	1	41	14
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	34	5	50	11
Aided	41	1	48	10
Prompted (surcharge)	45	1	42	12

Retail Prices since the Changes: Demographics

Do you believe that since these changes, overall retailers have:

	Increased prices %	Decreased prices or %	Kept prices the same %	Unsure %
All	48	1	37	14
NSW	41	1	44	14
VIC	47	1	38	14
QLD	59	-	30	11
Other	51	1	33	15
Metropolitan	45	1	40	14
Regional	52	1	34	13
Male	45	2	41	12
Female	51	-	34	15
Age				
Under 30	48	2	42	8
30-39	45	-	42	13
40-49	48	1	36	15
50-64	51	-	37	12
65 & Over	48	-	28	24
Household Income Before Tax				
Under \$30,000	57	1	30	12
\$30,000 - \$50,000	50	1	37	12
\$50,001 - \$80,000	48	-	40	12
Over \$80,000	38	2	45	15
Under financial pressure	52	-	34	14
University degree or higher education	39	1	43	17

Experience of Surcharging

Since these changes came in on January 2003, have you personally been charged an extra fee by a merchant or retailer?

	Yes	No	Unsure	Haven't used my credit card this year
	%	%	%	%
All	30	55	12	3
Cardholders	34	52	13	1
Non-cardholders	18	64	11	7
<u>Credit Card Ownership</u>				
Visa	36	51	12	1
MasterCard	40	44	15	1
Bankcard	31	54	13	2
AMEX	46	45	9	-
Diners Club	42	46	12	-
Rewards cardholder	43	46	11	-
Frequent Flyer cardholder	43	49	8	-
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	57	36	7	-
Aided	44	48	7	1
Prompted (surcharge)	36	53	9	2

The experience of being surcharged appears to have an impact on awareness of the issue, with those most aware also most likely to have had the fee passed on by a retailer. Rewards cardholders are also more likely than others to have been surcharged.

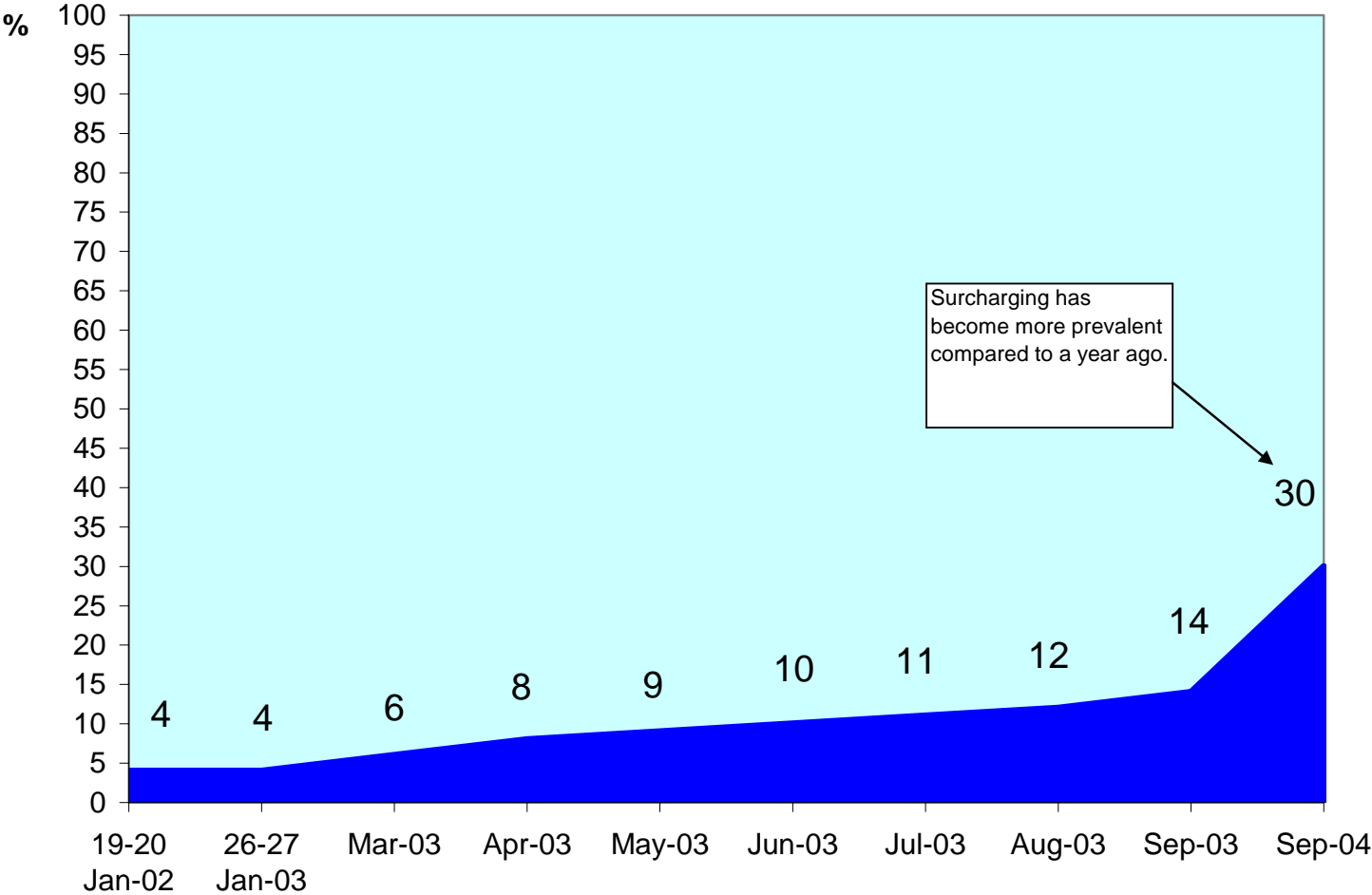
Experience of Surcharging: Demographics

Since these changes came in on January 2003, have you personally been charged an extra fee by a merchant or retailer?

	Yes	No	Unsure	Haven't used my credit card this year
	%	%	%	%
All	30	55	12	3
NSW	27	56	14	3
VIC	30	58	9	3
QLD	35	50	12	3
Other	30	55	13	2
Metropolitan	30	56	12	2
Regional	29	54	13	4
Male	32	53	11	4
Female	28	57	13	2
Age				
Under 30	34	52	11	3
30-39	38	46	15	1
40-49	32	53	13	2
50-64	26	58	13	3
65 & Over	17	71	8	4
Household Income Before Tax				
Under \$30,000	19	66	11	4
\$30,000 - \$50,000	33	51	12	4
\$50,001 - \$80,000	30	53	14	3
Over \$80,000	39	48	12	1
Under financial pressure	33	50	15	2
University degree or higher education	36	51	11	2

Experience of Surcharging: Trendline

Since these changes came in on January 2003, have you personally been charged an extra fee by a merchant or retailer?



Effect of Surcharging on Future Patronage

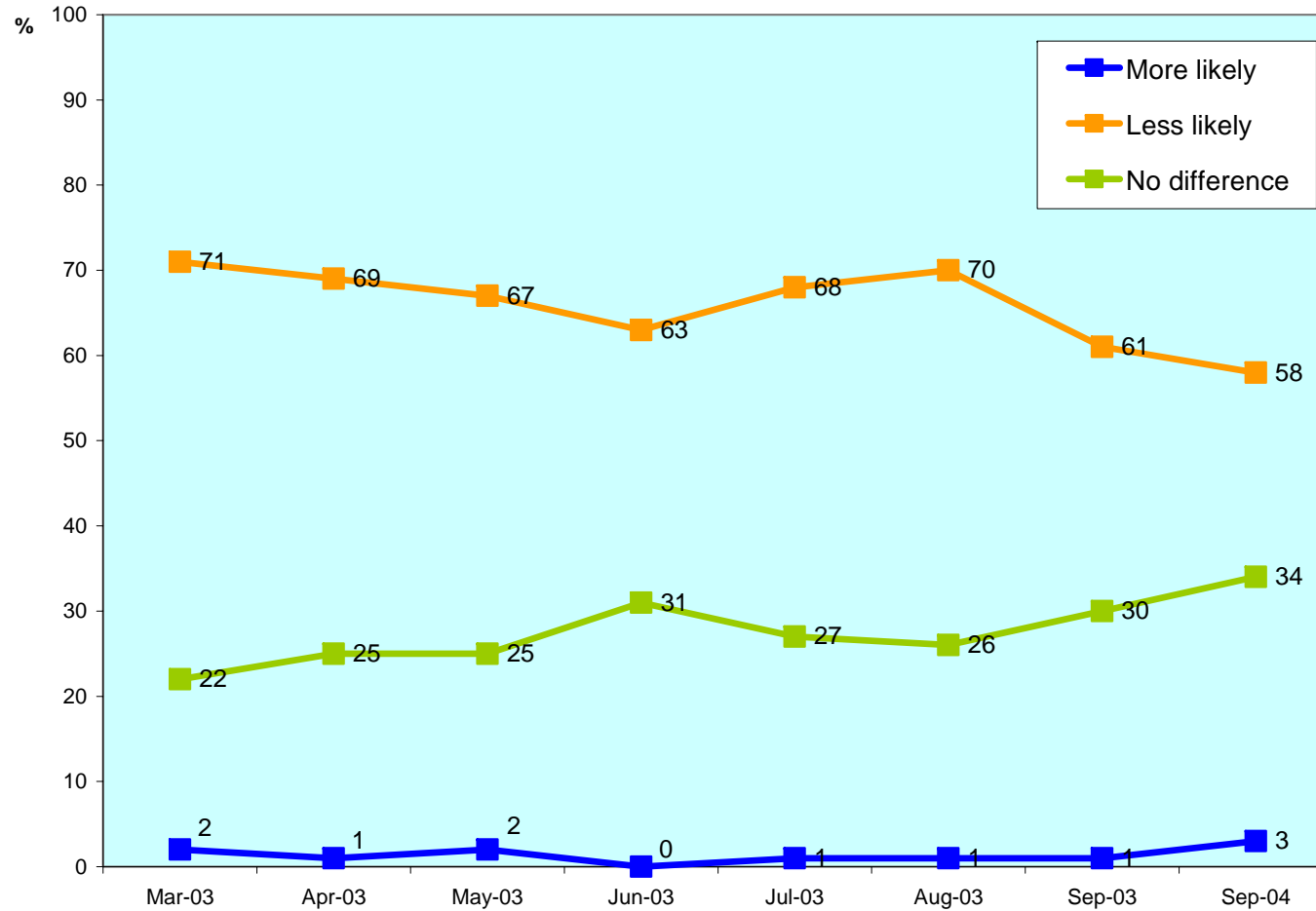
Would knowing that a particular shopkeeper surcharged make you more or less likely to shop at their store in the future, or would it make no difference?

	More likely %	Less likely %	No difference %	Unsure %	Depends %
All	3	58	34	1	4
Cardholders	2	61	32	1	4
Non-cardholders	4	51	40	2	3
<u>Credit Card Ownership</u>					
Visa	2	63	30	1	4
MasterCard	2	61	33	1	3
Bankcard	1	58	37	1	3
AMEX	1	70	24	-	5
Diners Club	3	62	27	-	8
Rewards cardholder	2	64	28	1	5
Frequent Flyer cardholder	3	69	24	-	4
<u>Awareness of RBA Changes</u>					
Unprompted (system change / surcharge)	-	65	30	-	5
Aided	3	60	32	-	5
Prompted (surcharge)	3	60	32	1	4

Rewards / frequent flyer cardholders especially would be less likely to go back to a retailer if they surcharged.

Effect of Surcharging: Trendline

Would knowing that a particular shopkeeper surcharged make you more or less likely to shop at their store in the future, or would it make no difference?



**CARDHOLDERS:
BEHAVIOUR, USAGE AND BENEFIT SHIFTS SINCE
THE REFORM**

Cardholder Switching and Usage Shifts since the Change

Since these changes, have you:

	Yes %	No %	Unsure %
Been approached by your bank or institution to change your credit or charge card to another card?	26	72	2
Made a decision by yourself to switch from one card to another?	11	89	-
Switched from one card to another because of an approach by your bank or institution?	5	95	-
Shifted use of your main card before January 2003 to another card since?	12	88	-
Shifted to more commonly using cash, EFTPOS or another payment form instead of any of your credit cards?	40	59	1
(Those with rewards or frequent flyer points only:) Lost any rewards benefits on one or more of your credit cards?	20	74	6

Signs that the changes are now beginning to impact in terms of switching and other cardholder behaviour, including a move towards other payment forms.

Card Switching

Since these changes, have you:

	Approached by your bank or institution to change to another card %	Made a decision by yourself to switch from one card to another %	Switched from one card to another because of an approach by your bank or institution
All Cardholders	26	11	5
<u>Credit Card Ownership</u>			
Visa	26	12	5
MasterCard	31	14	8
Bankcard	28	4	4
AMEX	36	15	7
Diners Club	50	27	23
Rewards cardholder	32	13	6
Frequent Flyer cardholder	37	15	8
<u>Awareness of RBA Changes</u>			
Unprompted (system change / surcharge)	39	11	5
Aided	34	13	7
Prompted (surcharge)	29	11	5

Those with frequent flyer benefits are more likely than other cardholders to have been encouraged to switch to another card as well as to have switched.

Card Switching: Demographics

Since these changes, have you:

	Approached by your bank or institution to change to another card	Made a decision by yourself to switch from one card to another	Switched from one card to another because of an approach by your bank or institution
	% Yes	% Yes	% Yes
All Cardholders	26	11	5
NSW	27	12	7
VIC	28	13	5
QLD	23	9	2
Other	27	9	4
Metropolitan	26	12	4
Regional	27	11	6
Male	29	12	6
Female	24	11	4
Age			
Under 30	25	16	8
30-39	24	15	6
40-49	28	10	4
50-64	27	10	5
65 & Over	30	7	4
Household Income Before Tax			
Under \$30,000	20	13	4
\$30,000 - \$50,000	29	9	3
\$50,001 - \$80,000	27	12	4
Over \$80,000	29	13	9
Under financial pressure	28	14	6
University degree or higher education	29	11	5

Shifts in Usage

Since these changes, have you:

	Shifted Use of Your Main Card before January 2003 to another card since % Yes	Shifted to more commonly using Cash, EFTPOS or another payment form instead of any of your credit cards % Yes
All Cardholders	10	44
<u>Credit Card Ownership</u>		
Visa	11	42
MasterCard	13	43
Bankcard	6	49
AMEX	20	39
Diners Club	23	39
Rewards cardholder	13	40
Frequent Flyer cardholder	12	42
<u>Awareness of RBA Changes</u>		
Unprompted (system change / surcharge)	9	45
Aided	11	38
Prompted (surcharge)	11	44

The changes are encouraging cardholders across-the-board to shift towards other payment forms rather than credit cards.

Also, evidence of a move in usage away from American Express and Diners Club since the change.

Shifts in Usage: Demographics

Since these changes, have you:

	Shifted Use of Your Main Card before January 2003 to another card since	Shifted to more commonly using Cash, EFTPOS or another payment form instead of any of your credit cards
	% Yes	% Yes
All Cardholders	10	44
NSW	12	42
VIC	7	45
QLD	9	46
Other	9	44
Metropolitan	10	42
Regional	9	47
Male	10	43
Female	9	46
Age		
Under 30	15	48
30-39	12	48
40-49	8	49
50-64	9	40
65 & Over	3	34
Household Income Before Tax		
Under \$30,000	9	52
\$30,000 - \$50,000	9	50
\$50,001 - \$80,000	8	47
Over \$80,000	14	36
Under financial pressure	11	55
University degree or higher education	10	44

Loss of benefits among reward cardholders

Since these changes, have you:

	Yes %	No %	Unsure %
All Cardholders	20	74	6
<u>Credit Card Ownership</u>			
Visa	24	71	5
MasterCard	18	76	6
Bankcard	23	68	9
AMEX	20	74	6
Diners Club	36	64	-
Rewards cardholder	21	73	6
Frequent Flyer cardholder	26	69	5
<u>Awareness of RBA Changes</u>			
Unprompted (system change / surcharge)	28	69	3
Aided	24	70	6
Prompted (surcharge)	22	72	6

Cardholders with frequent flyer rewards particularly are feeling a loss of rewards benefits since the change.

Card Acceptance

Since the system was changed in January 2003, do you believe that generally your credit cards overall are accepted by:

	More places %	Less places or %	The same number of places? %	Unsure %
All Cardholders	17	3	77	3
<u>Credit Card Ownership</u>				
Visa	17	2	78	3
MasterCard	15	3	79	3
Bankcard	21	3	70	6
AMEX	20	3	73	4
Diners Club	27	4	69	-
Rewards cardholder	17	4	77	2
Frequent Flyer cardholder	18	4	76	2
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	12	2	84	2
Aided	15	2	80	3
Prompted (surcharge)	16	3	78	3

Cardholders on net believe that there is wider acceptance since the changes, with Diners Club cardholders particularly feeling this is the case.

Card fees and rates

Since these changes, do you believe that overall on your credit cards:

	Increased %	Decreased %	Stayed the same? %	Unsure %
Annual fees have	44	2	42	12
Interest rates have	34	8	40	18

Cardholders lean slightly more towards believing their fees have increased rather than not changed since the reform.

However, they are more likely to see interest rates as static, although a third nevertheless also believe these have gone up since the RBA changes.

Annual Fees

Since these changes, do you believe that overall on your credit cards:

	Increased %	Decreased %	Stayed the same? %	Unsure %
All Cardholders	44	2	42	12
<u>Credit Card Ownership</u>				
Visa	46	2	40	12
MasterCard	42	2	47	9
Bankcard	47	1	35	17
AMEX	49	1	41	9
Diners Club	65	-	23	12
Rewards cardholder	49	1	38	12
Frequent Flyer cardholder	50	2	37	11
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	59	-	32	9
Aided	47	1	40	12
Prompted (surcharge)	47	1	41	11

Rewards / frequent flyer cardholders are slightly more inclined than others to have experienced an increase in card fees since the changes.

Interest Rates

Since these changes, do you believe that overall on your credit cards:

	Increased %	Decreased %	Stayed the same? %	Unsure %
All Cardholders	34	8	40	18
<u>Credit Card Ownership</u>				
Visa	31	7	42	20
MasterCard	35	11	39	15
Bankcard	37	11	36	16
AMEX	36	7	40	17
Diners Club	41	8	35	16
Rewards cardholder	35	8	40	17
Frequent Flyer cardholder	35	8	41	16
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	34	5	43	18
Aided	33	10	40	17
Prompted (surcharge)	33	9	42	16

Positively for Visa, its customers are less likely than other cardholders to perceive interest rates as having gone up since the changes.

Rewards Benefits

(Reward cardholders and frequent flyer cardholders:) Thinking only about those credit cards you have with rewards, such as air points, do you believe that since these changes,

	Better	Worse	The same as before the changes	Unsure
	%	%	%	%
The general usefulness of these cards is	6	14	75	5
The overall rewards you receive are	7	24	60	9
The frequent flyer benefits you receive are	6	21	43	30

While rewards benefits presently remain unchanged for most, where there is a shift, this is towards a loss rather than gain of rewards benefits especially but also general usefulness.

General Usefulness of Rewards Cards

(Reward cardholders and frequent flyer cardholders:) Thinking only about those credit cards you have with rewards, such as air points, do you believe that since these changes,

	Better	Worse	The same as before the changes	Unsure
	%	%	%	%
All Rewards / Frequent Flyer Cardholders	6	14	75	5
<u>Credit Card Ownership</u>				
Visa	5	15	75	5
MasterCard	6	15	73	6
Bankcard	6	11	79	4
AMEX	3	19	76	2
Diners Club	12	20	59	9
Rewards cardholder	6	15	74	5
Frequent Flyer cardholder	7	15	74	4
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	3	15	82	-
Aided	5	16	74	5
Prompted (surcharge)	5	16	74	5

Overall Rewards

(Reward cardholders and frequent flyer cardholders:) Thinking only about those credit cards you have with rewards, such as air points, do you believe that since these changes,

	Better	Worse	The same as before the changes	Unsure
	%	%	%	%
All Rewards / Frequent Flyer Cardholders	7	24	60	9
<u>Credit Card Ownership</u>				
Visa	7	26	59	8
MasterCard	7	21	63	9
Bankcard	7	24	61	8
AMEX	8	26	57	9
Diners Club	12	36	48	4
Rewards cardholder	7	24	60	9
Frequent Flyer cardholder	9	30	57	4
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	6	27	64	3
Aided	8	32	55	5
Prompted (surcharge)	6	27	59	8

Frequent Flyer Benefits

(Reward cardholders and frequent flyer cardholders:) Thinking only about those credit cards you have with rewards, such as air points, do you believe that since these changes,

	Better %	Worse %	The same as before the changes %	Unsure %
All Rewards / Frequent Flyer Cardholders	6	21	43	30
<u>Credit Card Ownership</u>				
Visa	6	24	43	27
MasterCard	8	14	45	33
Bankcard	9	22	37	32
AMEX	6	26	51	17
Diners Club	8	44	27	21
Rewards cardholder	6	21	41	32
Frequent Flyer cardholder	8	31	51	10
<u>Awareness of RBA Changes</u>				
Unprompted (system change / surcharge)	3	28	54	15
Aided	3	25	43	29
Prompted (surcharge)	4	23	42	31

Diners Club cardholders, more so than other cardholders, perceive a decline in flight benefits since the reforms.