


**Community Perceptions of the  
RBA Changes to the Credit  
Card system  
DRAFT**



May 2006  
Prepared by UMR Research




## The Research

- ❑ Telephone (CATI) survey
- ❑ Sample of 400 credit / charge cardholders across Australia
- ❑ Nationally representative
  - Age, Sex, Region
- ❑ Fieldwork 4-7 May 2006
- ❑ Comparability with earlier tracking research for Visa


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## Research Objectives




- ❑ Current and historical measures of awareness, attitudes and impacts on cardholders of RBA changes to the credit card system in January 2003
- ❑ Impacts of changes
  - ❑ Perceived impacts and day-to-day effects, including prevalence of surcharging
- ❑ Rewards and best brand for these
- ❑ Fairness of changes


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## Key Players



## Visa image outshines those of the other brands as well as the RBA




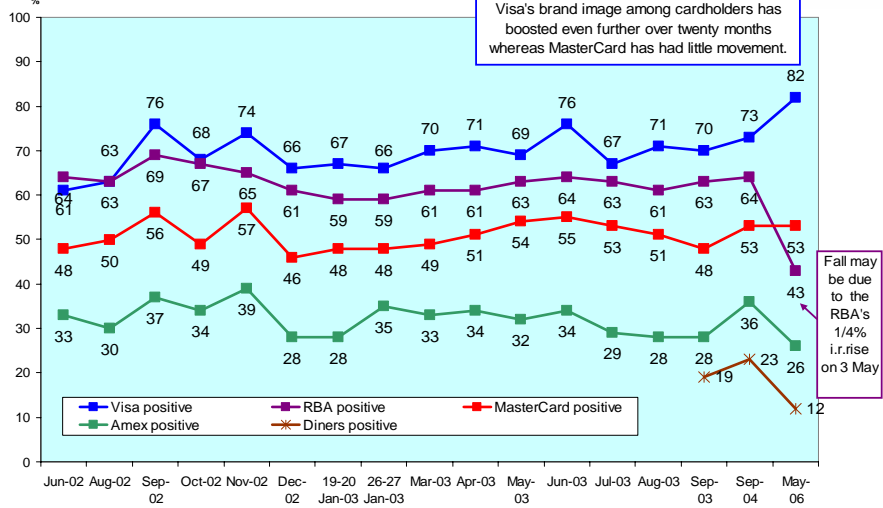
	Positive	Negative	Haven't heard of	Unsure
	%	%	%	%
Visa	82	5	1	12
MasterCard	53	10	1	36
Reserve Bank of Australia	43	14	3	40
American Express (AMEX)	26	32	4	38
Diners Club	12	28	4	56

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

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## Image of Key Players: Trendline





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

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## Visa is in a strong brand position

	Positive	Negative	Haven't heard of	Unsure
	%	%	%	%
All Cardholders	82	5	1	12
Visa cardholder	94	3	-	3
MasterCard	69	9	1	21
AMEX	86	5	-	9
Other*	71	10	3	16
Rewards	86	6	1	7
Frequent Flyer	87	5	1	7

**Among its own cardholders, Visa's image is exceptionally good.**

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

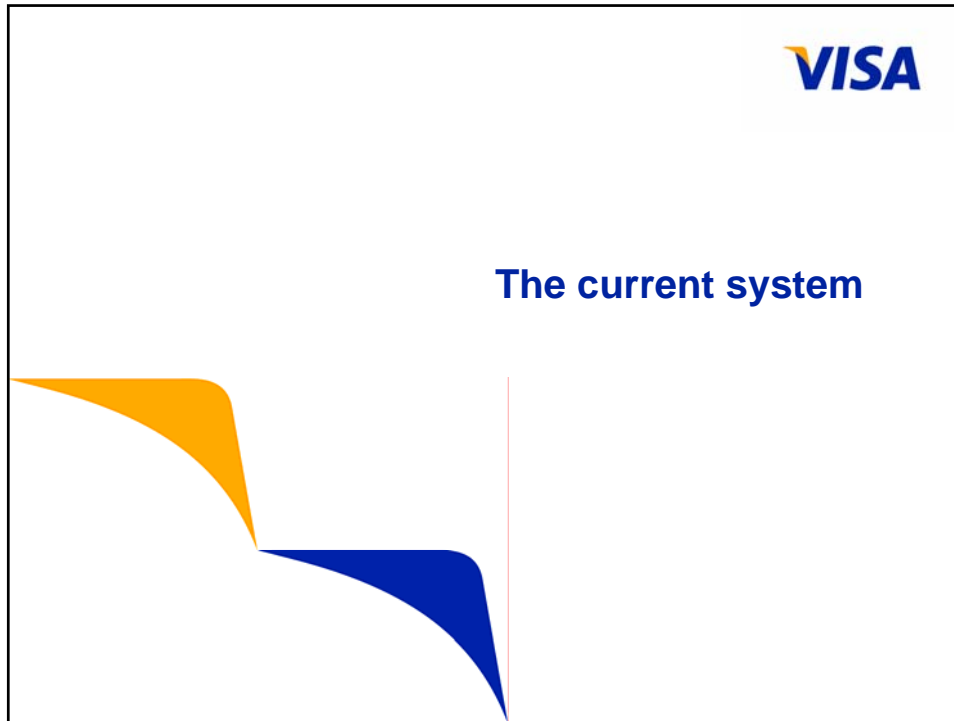
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## No clear consensus on which brand has the best rewards

	Visa	MasterCard	AMEX	Diners Club	None / Depends	Unsure
	%	%	%	%		
All Cardholders	24	10	12	2	5	47
Visa cardholder	31	6	12	1	5	45
MasterCard	20	19	13	2	5	41
AMEX	31	6	39	1	3	20
Other*	29	13	7	11	2	38
Rewards	33	10	17	3	3	34
Frequent Flyer	33	7	20	3	2	35

*Which of the following in your view offers the best rewards generally?*

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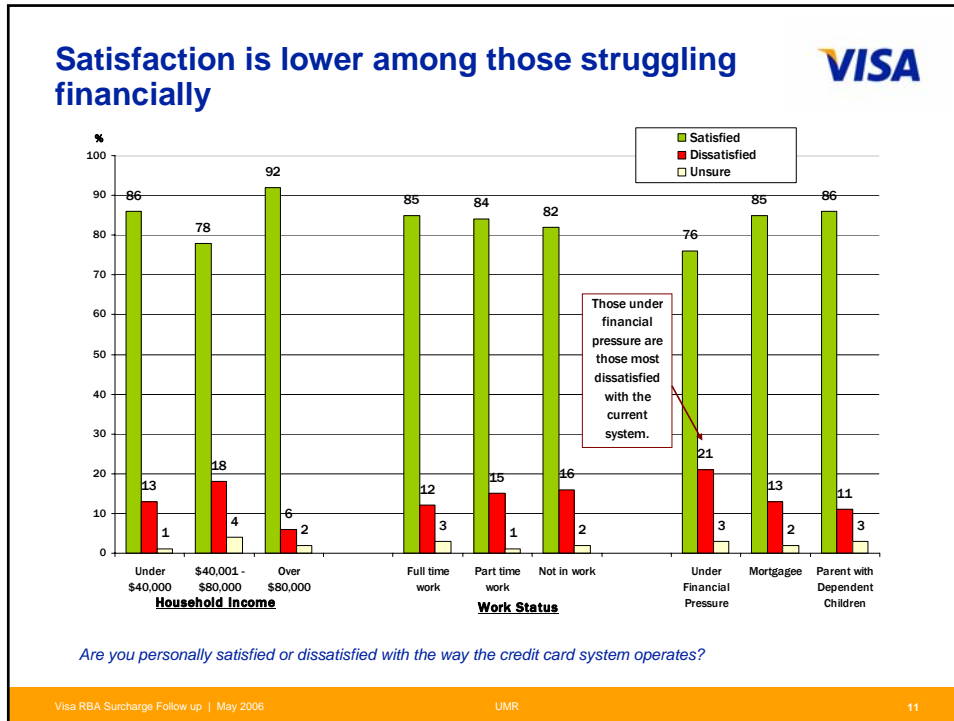


**On the surface cardholders appear happy with the system** **VISA**

	Satisfied	Dissatisfied	Unsure
	%	%	%
All Cardholders	84	14	2
Visa cardholder	86	13	1
MasterCard	84	13	3
AMEX	80	17	3
Other*	72	22	6
Rewards	84	14	2
Frequent Flyer	87	10	3

*Are you personally satisfied or dissatisfied with the way the credit card system operates?*

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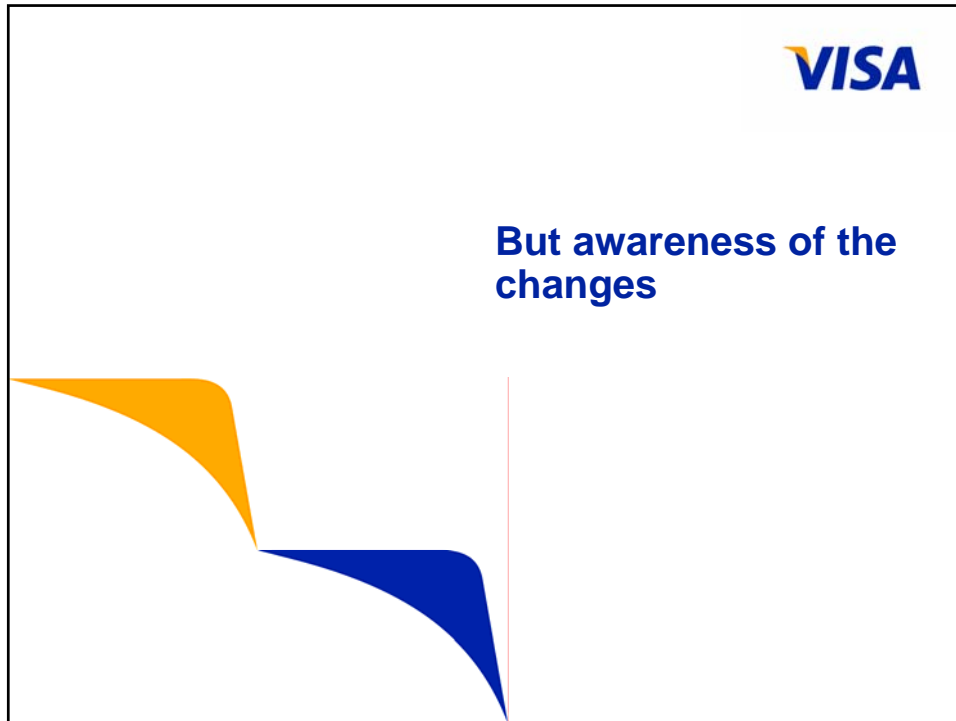


### No clear view that the system has changed significantly over five years VISA

	Better %	Worse %	The same %	Unsure %
All Cardholders	17	16	49	18
Visa cardholder	17	16	49	18
MasterCard	19	17	48	16
AMEX	20	21	41	18
Other*	18	16	46	20
Rewards	19	15	47	19
Frequent Flyer	23	10	50	17
Satisfied with CC payment system	19	13	51	17
Dissatisfied	5	43	32	20

*Do you believe that the way the credit card payment system operates is better, worse or the same as five years ago?*

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**Low unprompted awareness of the RBA reforms** **VISA**

	Yes, aware %	No, not aware %	Unsure %
All Cardholders	16	80	4
Visa cardholder	19	77	4
MasterCard	19	77	4
AMEX	11	84	5
Other	13	81	6
Rewards	18	78	4
Frequent Flyer	18	78	4
Satisfied with CC payment system	17	79	4
Dissatisfied	15	83	2

*Since these changes came in on January 2003, have you personally been charged an extra fee by a merchant or retailers when using a credit card?*

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## But when told about specific changes cardholders have much higher prompted awareness

	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	69	30	1
So That Non-Financial Institutions Can Provide a Credit Card	49	50	1
To Restrict the Fees Banks Can Charge Each Other* When Processing Credit Card Transactions	38	61	1

### Surcharging stands out most among the changes made

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

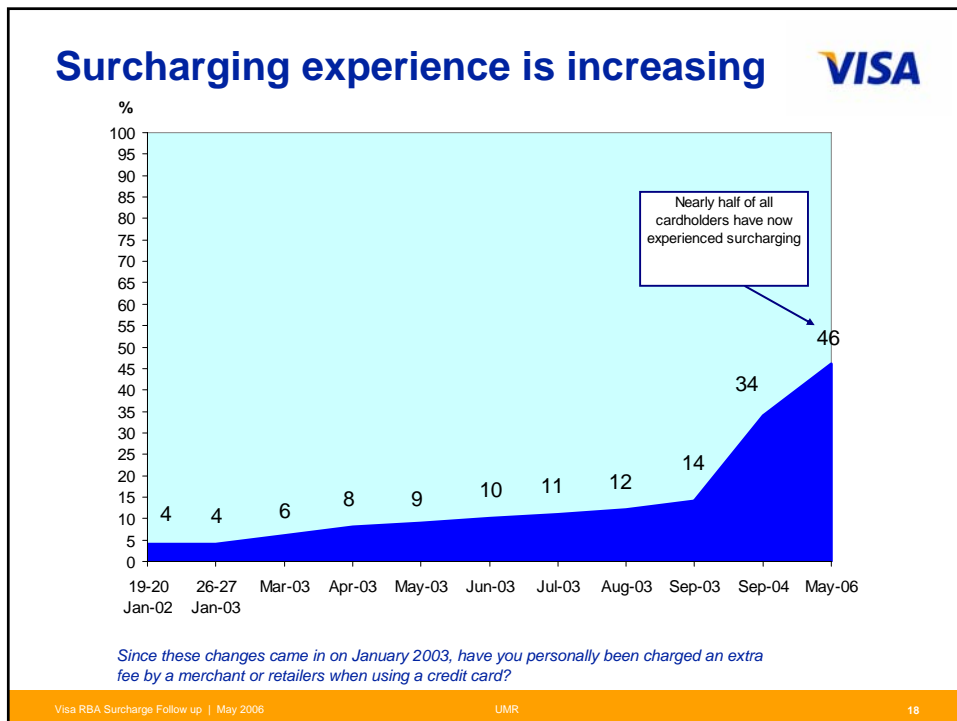
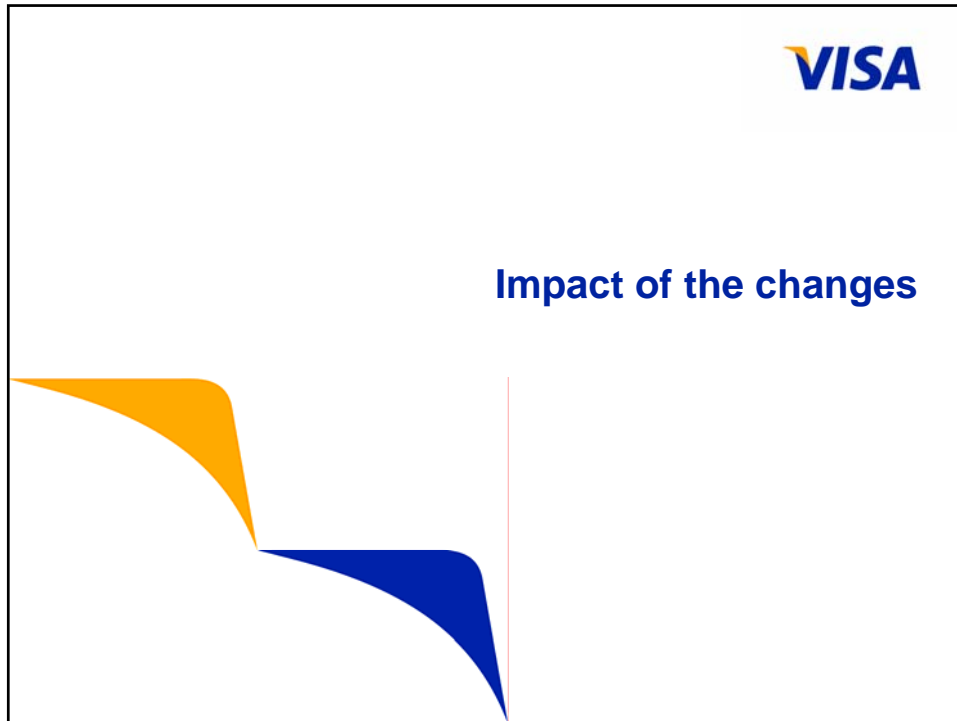
## Awareness of surcharging is high across-the-board

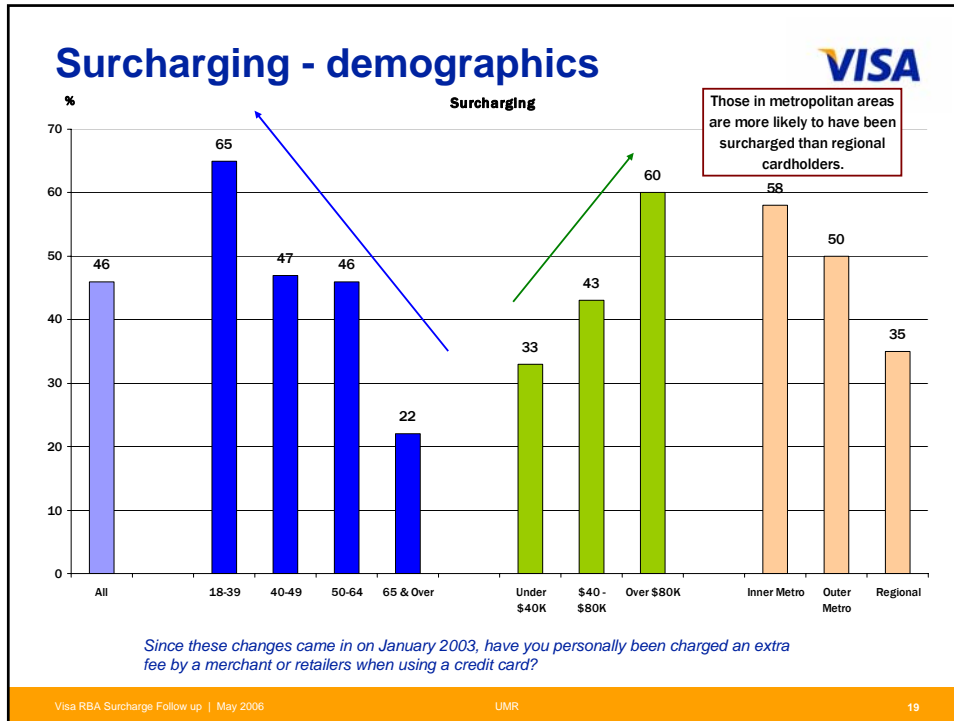
	Yes, aware %	No, not aware %	Unsure %
All Cardholders	69	30	1
Visa cardholder	71	28	1
MasterCard	73	27	-
AMEX	69	30	1
Other	70	25	5
Rewards	76	23	1
Frequent Flyer	78	20	2
Satisfied with CC payment system	70	29	1
Dissatisfied	62	38	-

### And even higher among those in reward programs

*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*



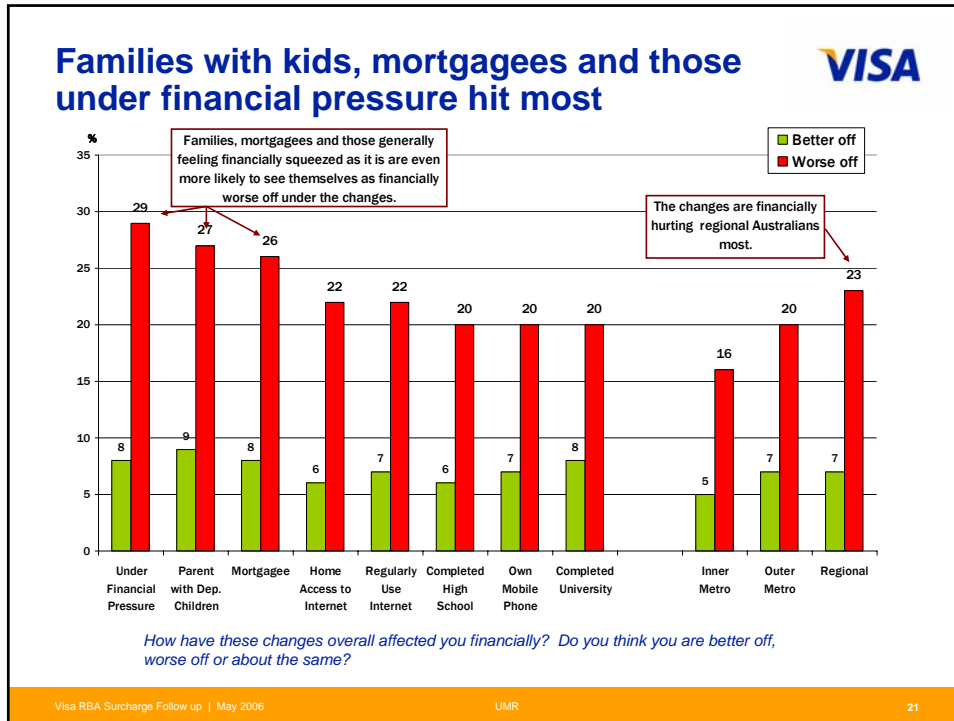


### One out of five cardholders say they are worse off financially because of surcharging

	Better off %	Worse off %	About the same %	Unsure %
All Cardholders	6	20	67	7
Visa cardholder	6	19	68	7
MasterCard	7	23	64	6
AMEX	3	22	69	6
Other*	12	31	53	4
Rewards	7	22	65	6
Frequent Flyer	7	25	64	4
Have been surcharged	7	28	60	5
Not surcharged	6	13	72	9
Satisfied with CC payment system	6	17	70	7
Dissatisfied	12	41	41	6

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

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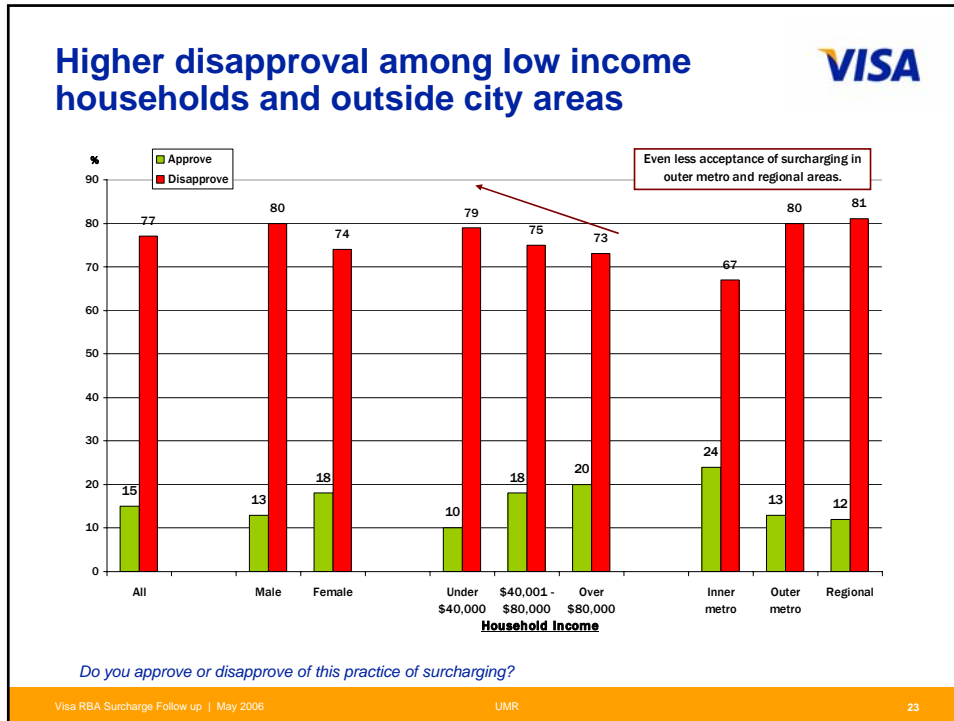
### Strong disapproval of surcharging

	Approve %	Disapprove %	Depends %	Unsure %
All Cardholders	15	77	5	3
Visa cardholder	16	77	5	2
MasterCard	14	78	5	3
AMEX	16	73	4	7
Other	11	78	2	9
Rewards	18	75	5	2
Frequent Flyer	21	73	4	2
Have been surcharged	14	78	6	2
Not surcharged	17	77	3	3
Satisfied with CC payment system	18	75	5	2
Dissatisfied	5	85	4	6

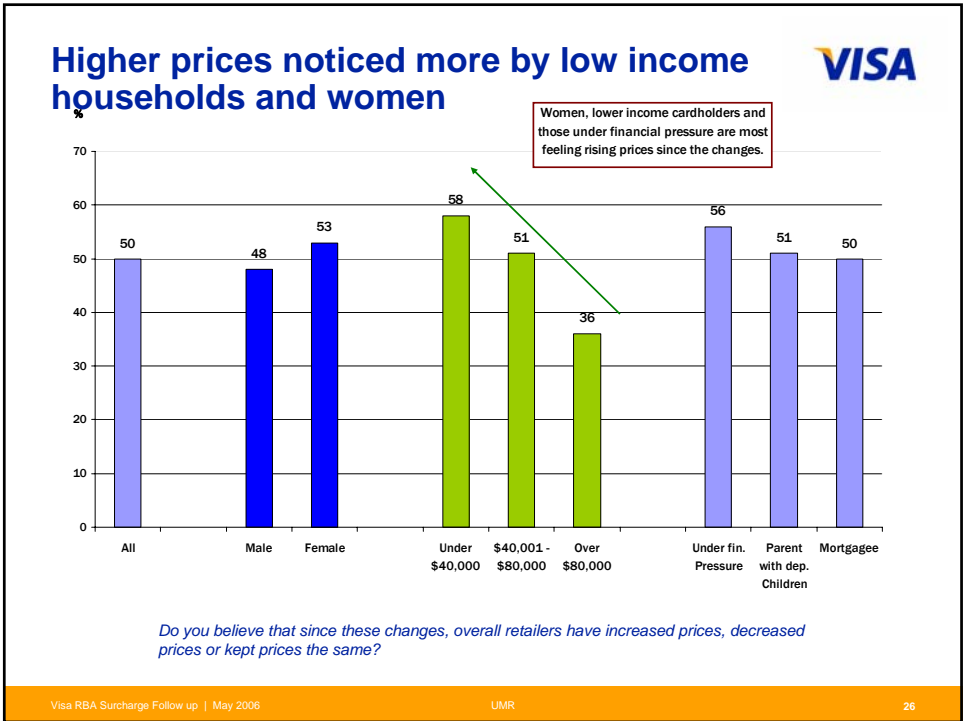
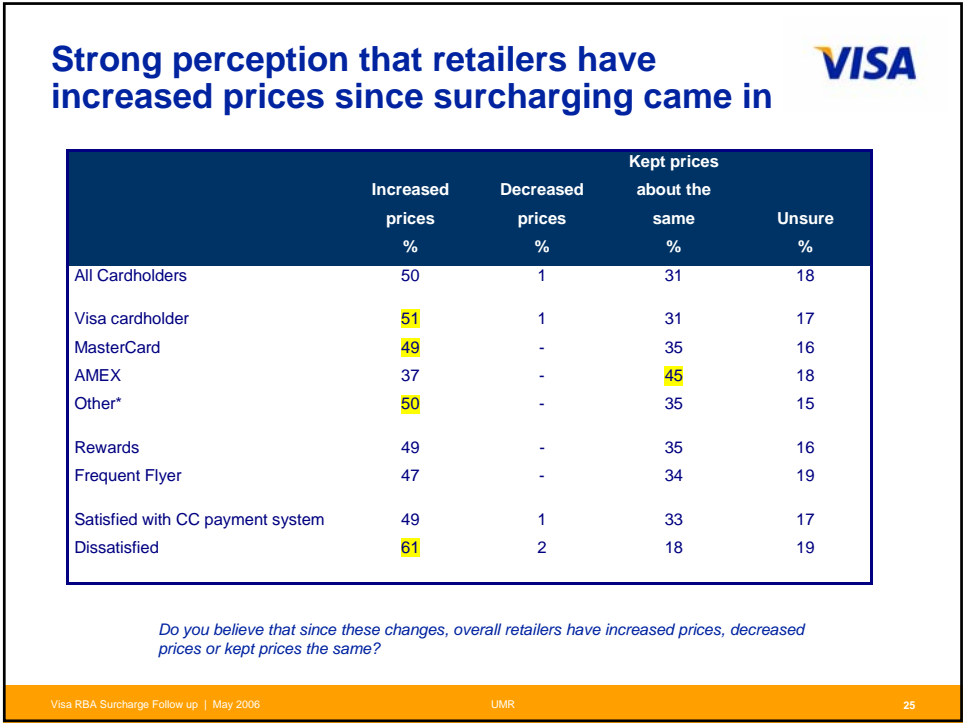
Those not happy with the credit card system are even more against this practice, suggesting this may underlie some of their dissatisfaction with the system

*Do you approve or disapprove of this practice of surcharging?*

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- ### The day-to-day effects from the changes are registering
- 
- VISA**
- ❑ Significant impacts felt in terms of:
    - ❑ Rising prices
    - ❑ Higher card costs
    - ❑ Rewards & frequent flyer programs declining
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## And that card costs have increased:

	Increased	Decreased	Stayed the same	Unsure
	%	%	%	%
Annual fees	53	2	27	18
Charges on cards	52	3	27	18
Interest rates	45	9	24	22

*Since these changes, do you believe that overall on your credit cards:*  
 •Annual fees have increased, decreased or stayed the same?  
 •Interest rates have increased, decreased or stayed the same?  
 •Charges on cards have increased, decreased or stayed the same?

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## Annual fees have increased

	Increased	Decreased	Stayed the same	Unsure
	%	%	%	%
All Cardholders	53	2	27	18
Visa cardholder	50	2	29	19
MasterCard	57	4	25	14
AMEX	67	3	20	10
Other	60	2	24	14
Rewards	57	1	24	18
Frequent Flyer	59	1	24	16
Satisfied with CC payment system	52	2	29	17
Dissatisfied	58	2	20	20

*Since these changes, do you believe that overall on your credit cards:*  
 •Annual fees have increased, decreased or stayed the same?

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## Charges on cards have increased

	Increased	Decreased	Stayed the same	Unsure
	%	%	%	%
All Cardholders	52	3	27	18
Visa cardholder	52	3	27	18
MasterCard	48	5	32	15
AMEX	55	3	29	13
Other	56	-	34	10
Rewards	54	3	28	15
Frequent Flyer	51	2	27	20
Satisfied with CC payment system	49	3	29	19
Dissatisfied	73	3	16	8

*Since these changes, do you believe that overall on your credit cards:  
•Charges on cards have increased, decreased or stayed the same?*

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## Interest rates have increased

	Increased	Decreased	Stayed the same	Unsure
	%	%	%	%
All Cardholders	45	9	24	22
Visa cardholder	45	8	25	22
MasterCard	44	14	22	20
AMEX	42	9	25	24
Other	57	3	18	22
Rewards	43	8	26	23
Frequent Flyer	37	11	25	27
Satisfied with CC payment system	42	10	26	22
Dissatisfied	66	3	13	18

*Since these changes, do you believe that overall on your credit cards:  
•Interest rates have increased, decreased or stayed the same?*

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## Rewards and frequent flyers programmes are **VISA** now worse:

	Better	Worse	The same	Unsure
	%	%	%	%
The overall usefulness of these cards	16	14	59	11
The overall rewards you receive	7	33	44	16
The frequent flyer benefits you receive	6	37	39	18

Thinking only about those credit cards you have with rewards, such as frequent flyer points, do you believe since these changes:

- The overall usefulness of these cards is better, worse or the same as before the changes?
- The overall rewards you receive are better, worse or the same as before the changes?
- The frequent flyer benefits you receive are better, worse or the same as before the changes?

Base: Rewards' cardholders only. ('Frequent flyer benefits you receive' was only asked of those rewards' cardholders with cards linked to a frequent flyers or air points type program)

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## Issues with aspects of the change



## Appeal of AMEX due to card changes

	More attractive	Less attractive	Made no difference	Depends	Unsure
	%	%	%	%	%
All Cardholders	8	9	63	4	16
Visa cardholder	8	10	62	4	16
MasterCard	6	11	66	3	14
AMEX	8	12	73	3	4
Other*	7	17	60	4	12
Rewards	11	10	63	4	12
Frequent Flyer	14	10	60	5	11
Satisfied with CC payment system	9	9	64	3	15
Dissatisfied	6	11	60	7	16

Frequent flyer cardholders are the main group likely to see AMEX as slightly better since the RBA changes – but even among these only a relatively small proportion believe this is the case.

This suggests that AMEX's advantage from the changes has not got through yet.

*Do you think this RBA reform process has made getting an AMEX card more or less attractive than getting a card from Visa or made no difference?*

## The exclusion of AMEX from the regulatory scheme is widely viewed as unfair

	Fair	Unfair	Unsure
	%	%	%
All Cardholders	14	60	26
Visa cardholder	15	60	25
MasterCard	11	59	30
AMEX	9	54	37
Other*	23	47	30
Rewards	16	58	26
Frequent Flyer	15	62	23
Satisfied with CC payment system	14	60	26
Dissatisfied	10	67	23

Even AMEX's own cardholders tend to see it as unfair

*Most of these RBA changes only apply to Visa and MasterCard, not to AMEX or Diners Club, do you think this is fair or unfair?*

## Key Take-outs

- ❑ Most on a top of mind basis don't remember the reforms. But when prompted, have relatively good recall for various aspects of it, particularly surcharging, which about half have now experienced.
- ❑ More detailed examination also shows that they see themselves as worse off in various ways due to changes from this system
  - ❑ Prices have gone up
  - ❑ Card fees, cost of fees and charges on cards have also risen
  - ❑ Rewards and frequent flyers are also getting worse for a significant number
- ❑ Further analysis reveals that when they understand more they perceive problems with parts of the reform
  - ❑ Believe it is unfair that the changes don't include AMEX
  - ❑ Disapprove of surcharging

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