

Australian community attitudes toward changes in the payments system

Cardholders unhappy with the impact of changes

Key findings

Finding 1: One in five believe they are better off

Finding 2: One in four say they're financially worse off

Finding 3: Families with mortgages and children worst hit

Finding 4: Over 50 per cent say prices have increased

Finding 5: Over three in four disapprove of surcharging

Finding 6: Nearly half of all cardholders have been surcharged

Finding 7: One in five have been surcharged three percent or more

Finding 8: Half of all cardholders have paid cash to avoid a surcharge

Finding 9: Over half say card charges have increased

Finding 10: Over half say interest rates have increased

Finding 11: Over half say card annual fees have increased

Finding 12: Many believe reward programs are worse

Finding 13: Two thirds say it is unfair that American Express is excluded from regulation

About the research

- Random sample of 400 credit / charge cardholders across Australia; nationally representative by age, sex, region; telephone (CATI) survey; fieldwork 29 June – 1 July 2007
- The project was conducted by UMR (www.umar.com.au)

For further information

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Finding #1

No recognition that the changes of 2003 have dramatically improved things for cardholders

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

	Better %	Worse %	The same %	Unsure %
All Respondents	20	17	51	12
May 2006	17	16	49	18
Visa cardholder	21	18	50	11
MasterCard	19	15	53	13
AMEX	22	21	53	4
Rewards	25	18	47	10
Frequent Flyer	26	17	48	9
Satisfied with CC payment system	23	11	54	12
Dissatisfied	6	49	38	7

Finding #2

Just over a quarter [27%] of cardholders believe they are worse off financially because of the changes

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

	Better off %	Worse off %	About the same %	Unsure %
All Respondents	5	27	63	5
May 2006	6	20	67	7
Visa cardholder	5	29	60	6
MasterCard	3	25	66	6
AMEX	9	36	51	4
Rewards	8	29	58	5
Frequent Flyer	9	27	60	4
Satisfied with CC payment system	5	22	68	5
Dissatisfied	4	52	37	7

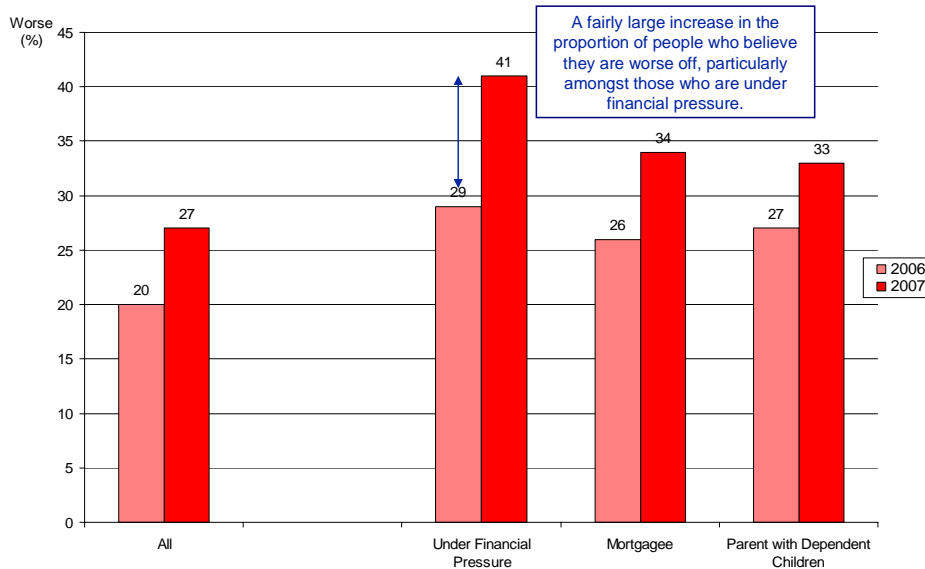
More people believe they are worse off financially because of the changes now than did in May 2006. AMEX cardholders are particularly likely to believe they are worse off because of the changes.

Finding #3

As in 2006, families with kids, mortgagees and those under financial pressure hit most



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



Finding #4

Strong perception that retailers have increased prices since surcharging came in



Do you believe that since these changes, overall retailers have increased prices, decreased prices or kept prices the same?

	Increased prices %	Decreased prices %	Kept prices about the same %	Unsure %
All Respondents	57	-	28	15
May 2006	50	1	31	18
Visa cardholder	56	1	29	14
MasterCard	57	-	29	14
AMEX	56	-	27	17
Rewards	56	-	30	14
Frequent Flyer	54	-	33	13
Satisfied with CC payment system	57	1	28	14
Dissatisfied	60	-	22	18

Although it should be noted that consumers may believe that prices would have gone up anyway, in line with the general cost of living.

Finding #5

Disapproval of surcharging remains strong 

Do you approve or disapprove of this practice of surcharging?

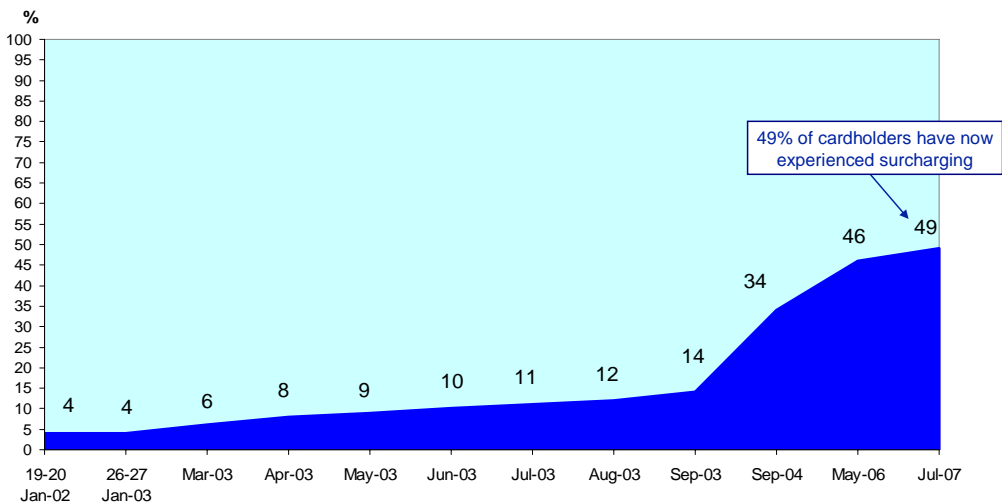
	Approve %	Disapprove %	Depends %	Unsure %
All Respondents	14	77	6	3
May 2006	15	77	5	3
Cardholder				
Visa	14	78	5	3
MasterCard	17	75	5	3
AMEX	17	69	14	-
Rewards	16	75	7	2
Frequent Flyer	19	67	10	4
Have been surcharged	15	77	7	1
Not surcharged	13	78	4	5
Satisfied with CC payment system	16	75	6	3
Dissatisfied	5	91	2	2

A huge 91% of those dissatisfied with the credit card payment system generally are dissatisfied with this practice, suggesting surcharging may underlie some of their dissatisfaction with the system. Cardholders also appear to disapprove of surcharging out of principle – even those who have never experienced it personally disapprove of the practice.

Finding #6

Surcharging experience is still increasing 

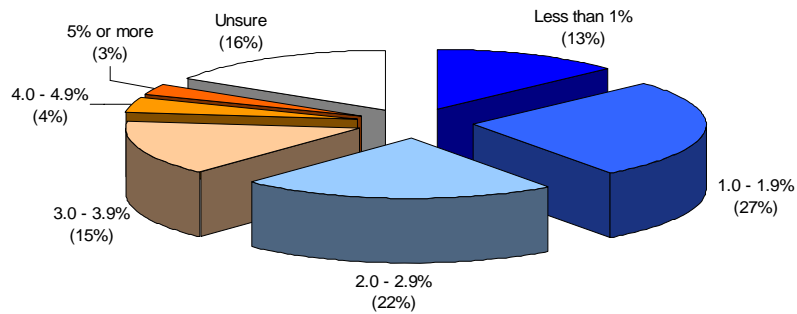
Since these changes came in on January 2003, have you personally been charged an extra fee by a merchant or retailers when using a credit card?



Finding #7

Cardholders have had a variety of experiences in terms of highest surcharge paid

How much was the highest surcharge?



Most cardholders who have been charged an extra fee [62%] have been charged less than 3%. Around 1 in 5 [22%] have been charged 3% or more. The rest are unsure what the highest surcharge they've paid is.

Base: Cardholders who have personally been charged an extra fee by a merchant or retailer when using a card (n=195).

Finding #8

Half of all cardholders have paid cash to avoid a card surcharge

Have you ever paid by cash to avoid a card surcharge?

	Yes %	No %	Unsure %
All Respondents	50	49	1
18 - 39	61	38	1
40 - 49	56	42	2
50 - 64	45	55	-
65 & Over	42	57	1
Under \$40,000	44	56	-
\$40,001 - \$80,000	48	51	1
Over \$80,000	57	43	-
Full time work	52	47	1
Part time work	59	41	-
Not in work	41	58	1
Completed High School	49	50	1
Completed University	55	43	2
Mortgagee	55	44	1
Parent with Dependent Children	59	40	1
Under Financial Pressure	53	46	1

Younger people and higher income earners are more likely to pay cash to avoid a card surcharge.

Finding #9

Charges on cards have increased



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

	Increased %	Decreased %	Stayed the same %	Unsure %
All Respondents	59	3	24	14
May 2006	52	3	27	18
Visa cardholder	61	3	23	13
MasterCard	61	4	20	15
AMEX	62	4	23	11
Rewards	62	3	23	12
Frequent Flyer	60	5	23	12
Satisfied with CC payment system	56	3	25	16
Dissatisfied	77	3	16	4

More cardholders believe that charges on cards have increased since the RBA changes now than did back in May 2006. This is now the number one area in which cardholders believe credit card ownership costs have increased.

Finding #10

Interest rates have increased



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

	Increased %	Decreased %	Stayed the same %	Unsure %
All Respondents	52	8	20	20
May 2006	45	9	24	22
Visa cardholder	53	8	18	21
MasterCard	50	9	22	19
AMEX	43	9	20	28
Rewards	48	9	20	23
Frequent Flyer	47	10	18	25
Satisfied with CC payment system	48	9	21	22
Dissatisfied	74	3	12	11

Since May 2006, there has also been an increase in perceptions that interest rates have increased since the RBA changes. Just over half [52%] believe interest rates have increased.

Finding #11

Annual fees have increased



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

	Increased %	Decreased %	Stayed the same %	Unsure %
All Respondents	56	3	27	14
May 2006	53	2	27	18
Visa cardholder	58	3	26	13
MasterCard	61	3	24	12
AMEX	65	4	20	11
Rewards	65	3	24	8
Frequent Flyer	60	5	27	8
Satisfied with CC payment system	54	3	29	14
Dissatisfied	73	-	18	9

Perceptions of annual fees increasing remain largely unchanged since May 2006.

Finding #12

Rewards and frequent flyers programmes have suffered



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?

	Better %	Worse %	The same %	Unsure %
The overall usefulness of these cards is	12	19	64	5
The overall rewards you receive are	11	30	52	7
The frequent flyer benefits you receive are	10	42	37	11

Across all aspects, more cardholders believe rewards programmes have got worse than believe they have got better. In the case of 'overall usefulness of these cards', opinion is somewhat divided, with two in three [64%] thinking the overall usefulness is about the same. At the other end of the scale, frequent flyer benefits are seen to now be worse rather than better by a ratio of more than 4:1

Base: Rewards cardholders only (n=230). 'Frequent flyer benefits you receive' was only asked of those rewards cardholders with cards linked to a frequent flyers or air points type program (n=136).

Finding #13

The exclusion of AMEX from the RBA changes is widely viewed as unfair



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

	Fair %	Unfair %	Unsure %
All Respondents	12	64	24
May 2006	14	60	26
Visa cardholder	13	64	23
MasterCard	12	64	24
AMEX	22	52	26
Rewards	11	66	23
Frequent Flyer	14	62	24
Satisfied with CC payment system	12	63	25
Dissatisfied	10	74	16

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

About Visa: About Visa: Visa connects cardholders, merchants and financial institutions through the world's largest electronic payments network. Visa products allow buyers and sellers to conduct commerce with ease and confidence in both the physical and virtual worlds. Visa is committed to the sustained growth of electronic payment systems to support the needs of all stakeholders and to drive economic growth.

Visa products currently generate more than \$4.8 trillion in sales volume worldwide. Visa enjoys unsurpassed acceptance around the world. In addition, Visa/Plus is one of the world's largest global ATM networks, offering cash access in local currency in over 170 countries. For more information, visit www.corporate.visa.com.

About Visa Australia: Visa is one of the leading payment brands in Australia with more than 12 million Visa-branded cards in the country and 600,000 acceptance locations for the year ended December 2006. Visa's card sales volume was A\$142 billion for the year ended December 2006. For more information, visit www.visa.com.au or email ausinfo@visa.com.

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