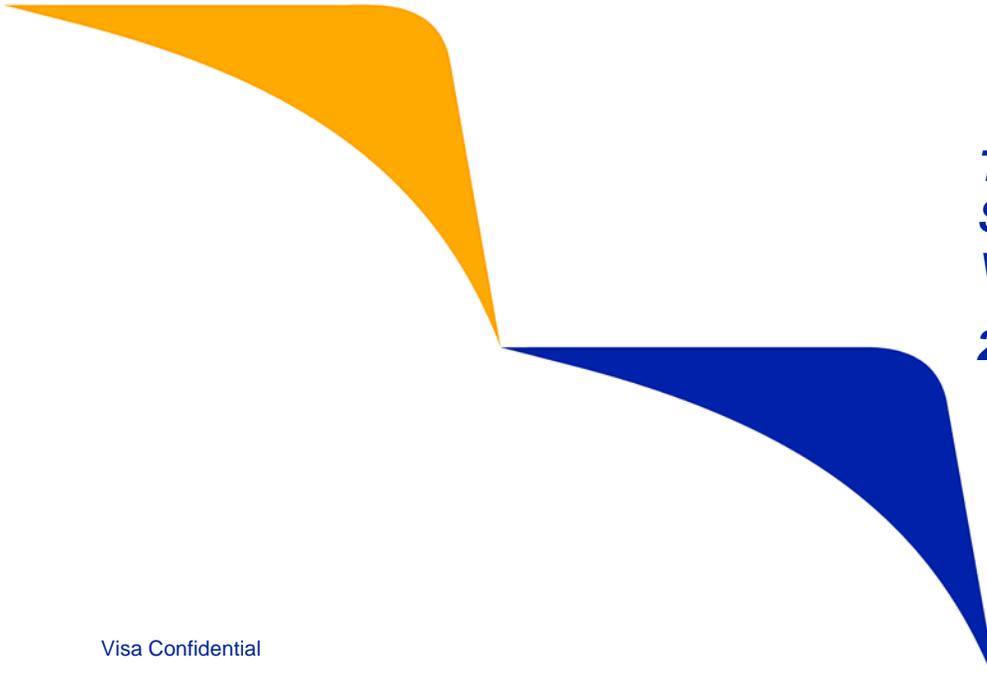




Consumer Payment Trends

Federal Reserve Bank of Boston

Consumer Behavior & Payment Choice Conference

A decorative graphic on the left side of the slide, consisting of a yellow shape on top and a blue shape on the bottom, both with curved, pointed ends. A thin vertical red line is positioned to the right of the blue shape.

*Tracy Hampton
Senior Vice President
VISA RESEARCH SERVICES*

25-27 July, 2006

Visa Payment Panel Study Methodology



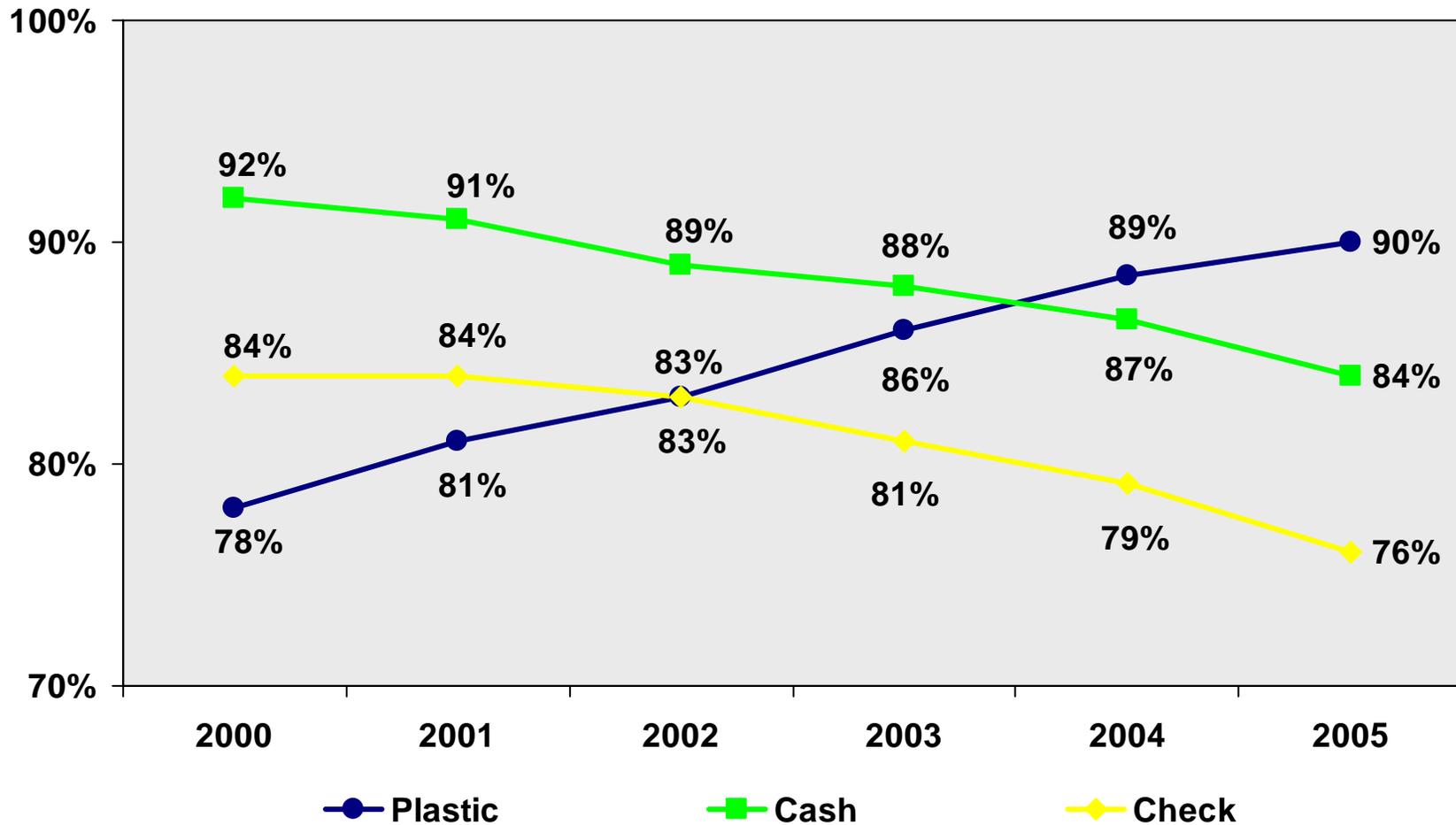
- Consumers aged 18+ years, HHI of \$10K+, own plastic
- Staggered sample of 3 matched groups, 4,800 quarterly
- All payments except paper under \$5, loan payments, taxes
- Response rates vary by panelist group
 - 35-40% of new recruits return first diary
 - ~70% of monthly outgo returns a diary
 - 85% of panelists are repeaters
 - Panelists purged if 2 of last 3 diaries skipped
- Weighted on multiple variables using latest US Census CPS
- Margin of error ~1.5% at 95% confidence interval
- Average panelist tenure from 1997-2005 ~7 diaries (1.8 years)



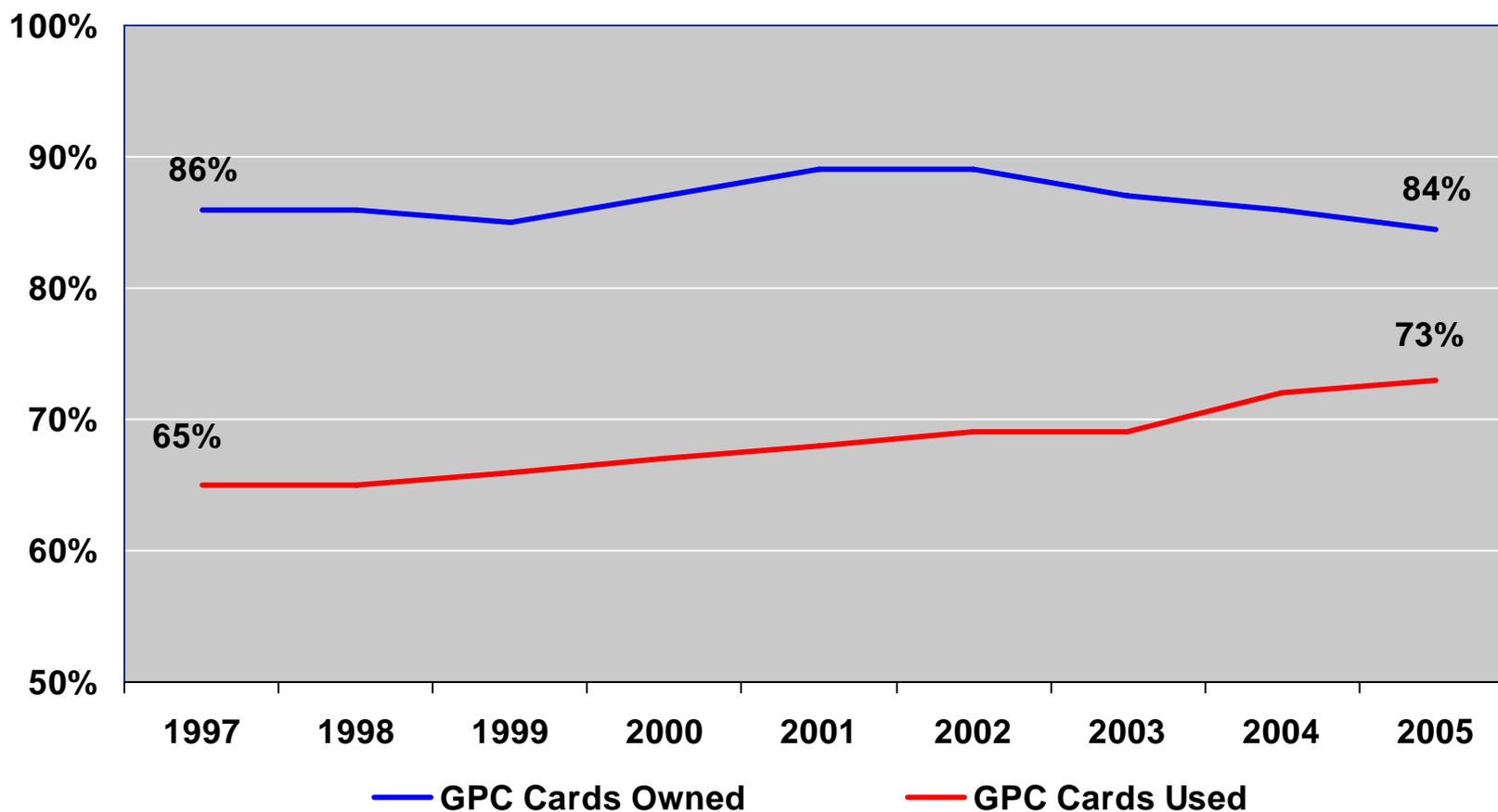
Payment Trends Highlights

- Paper is out, Plastic is in
- Cards meet bills
- Rewards rule
- Debit is in demand

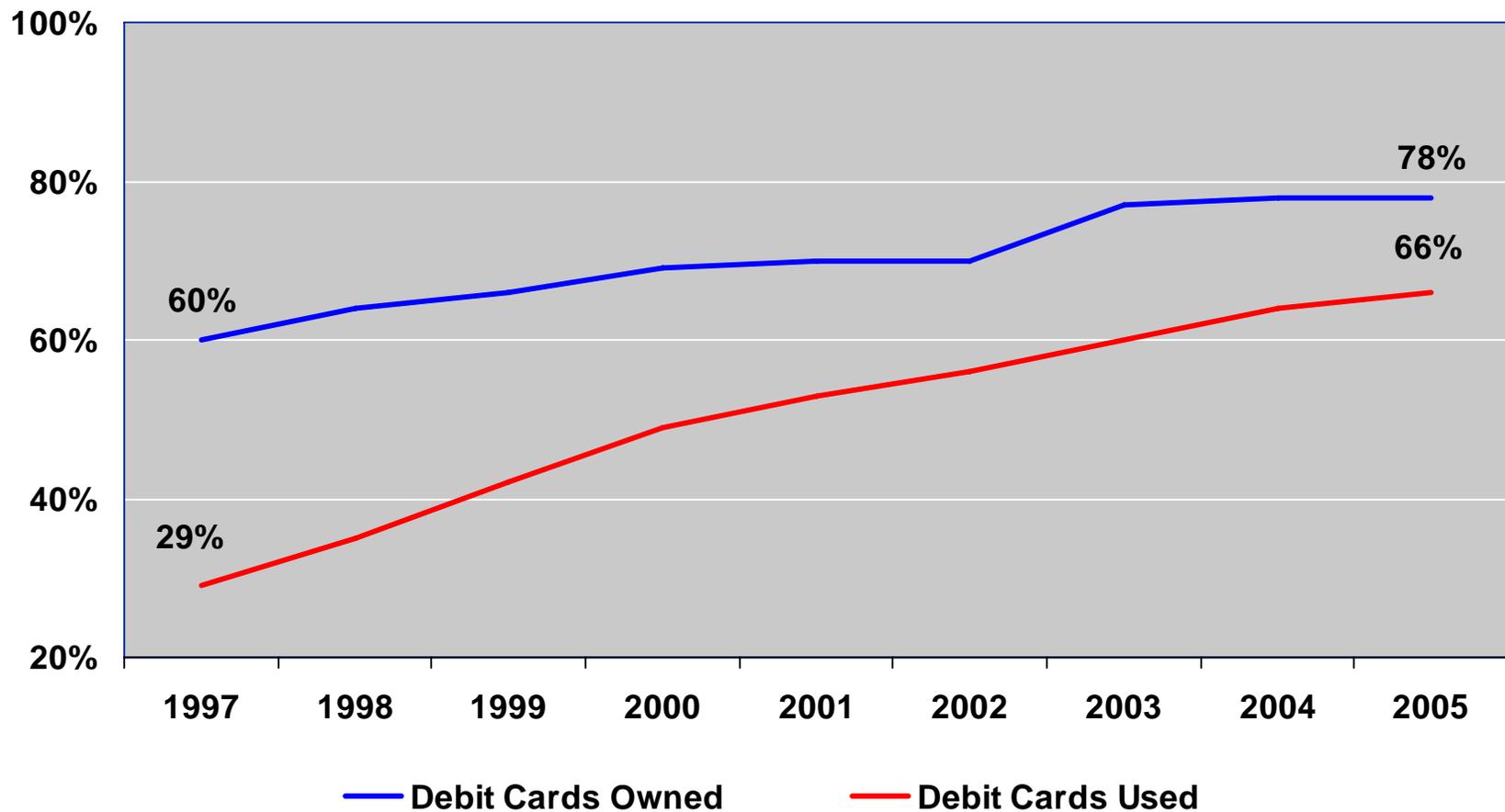
Incidence of Monthly Payment Method Usage



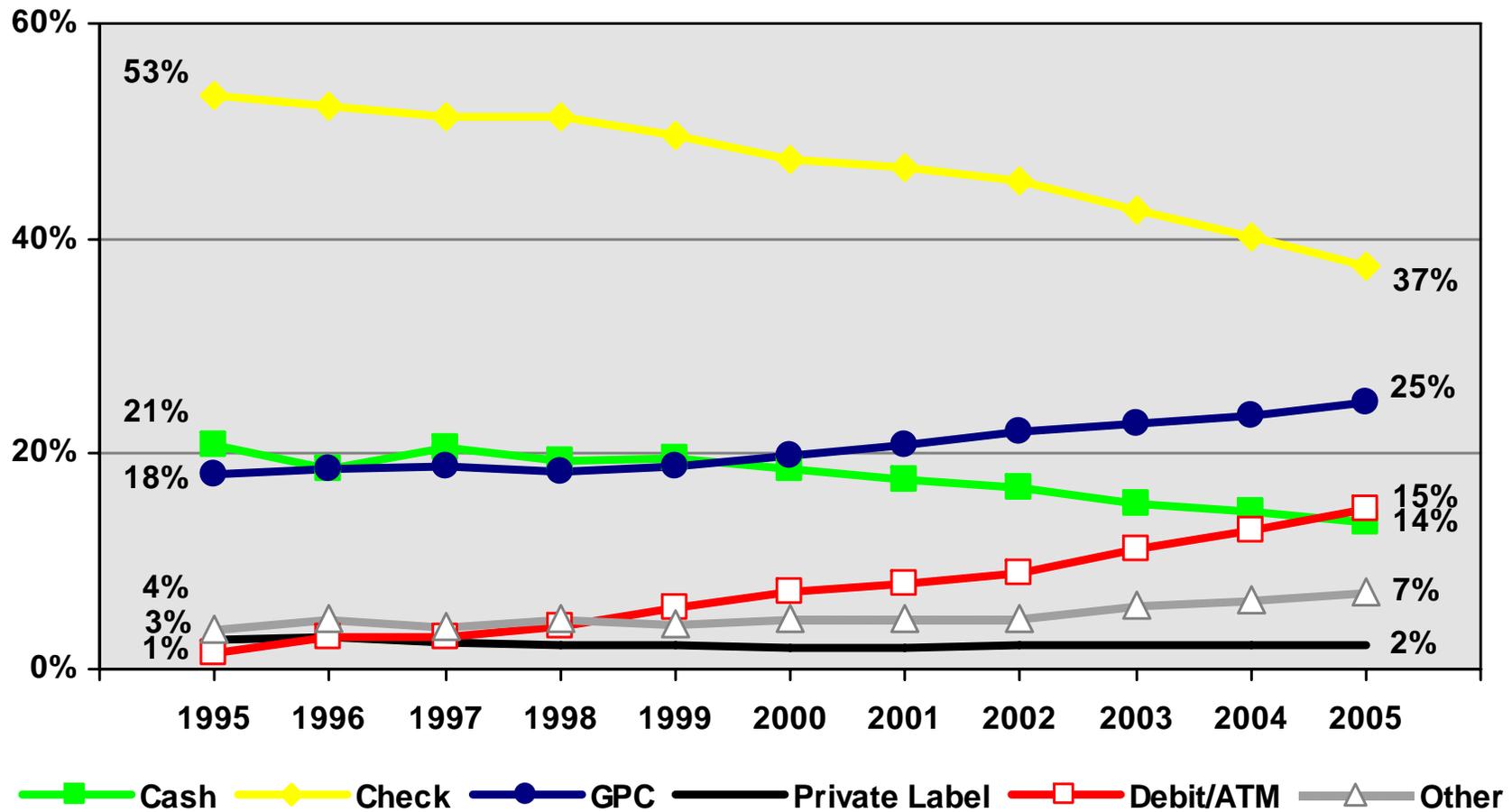
Ownership and Usage of GPC Cards



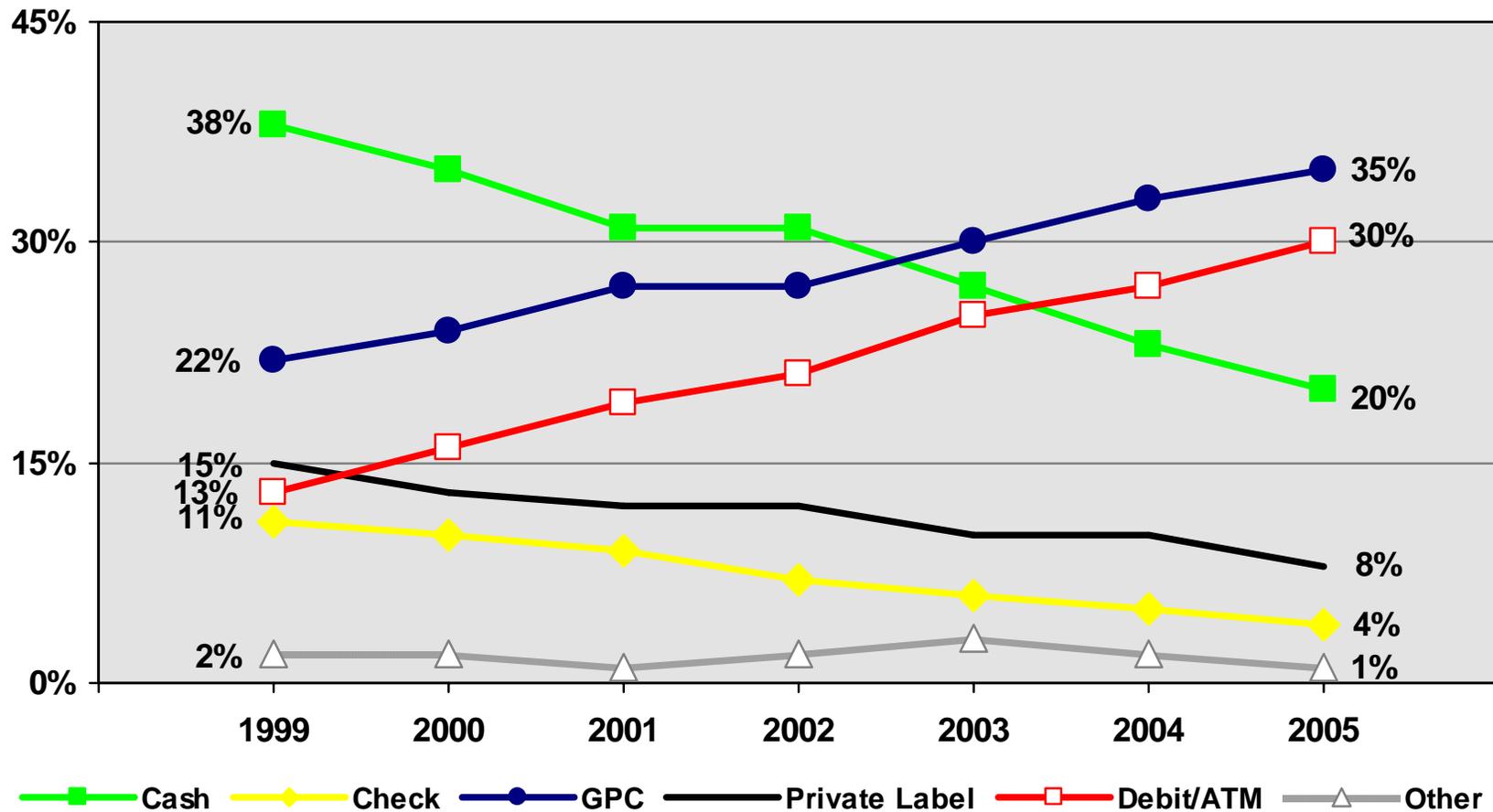
Ownership and Usage of Debit Cards



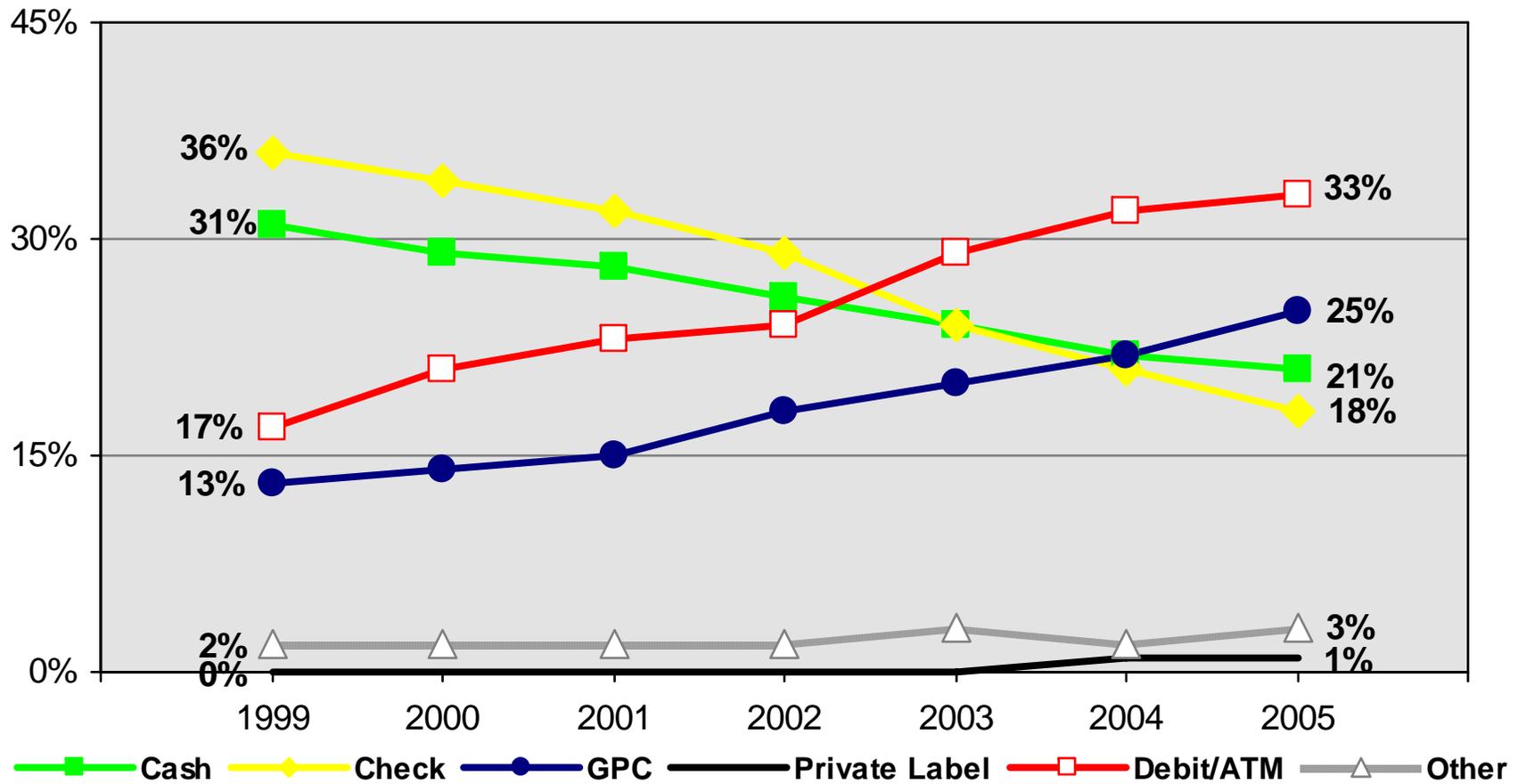
Payment Method Share of Total Dollar Volume – All Merchant Categories



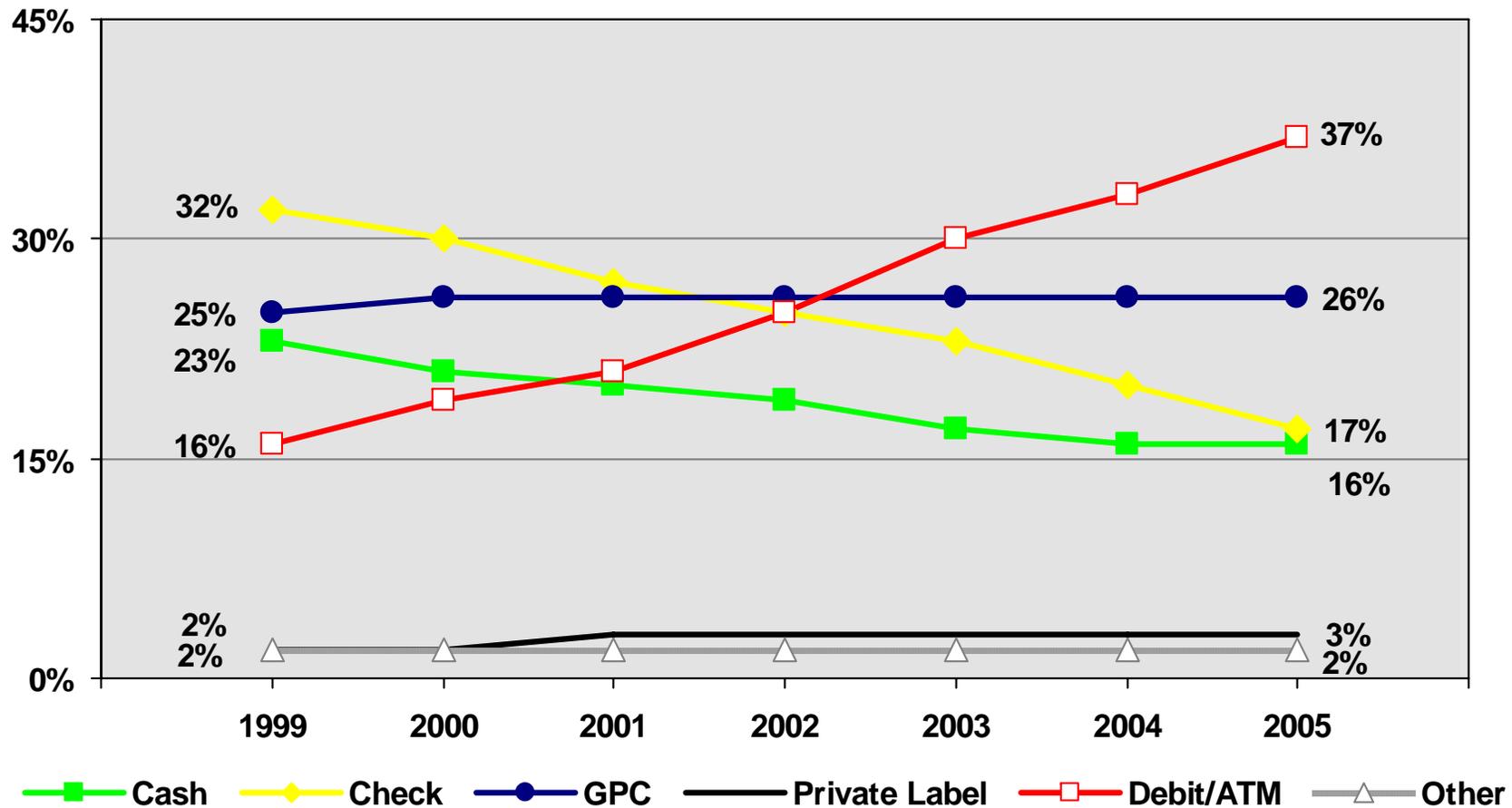
Payment Method Share of Dollar Volume Gas Stations



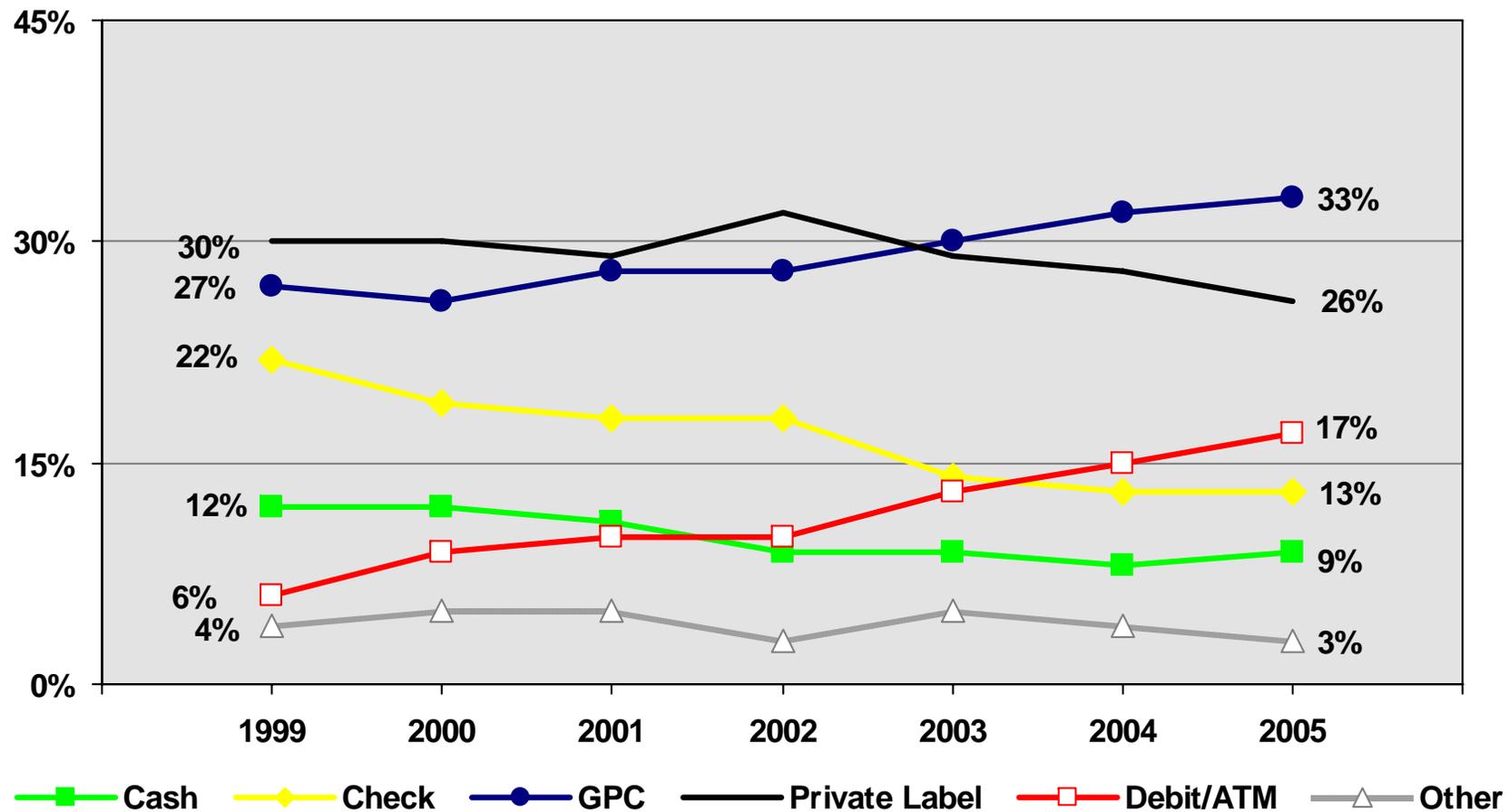
Payment Method Share of Dollar Volume Grocery Stores



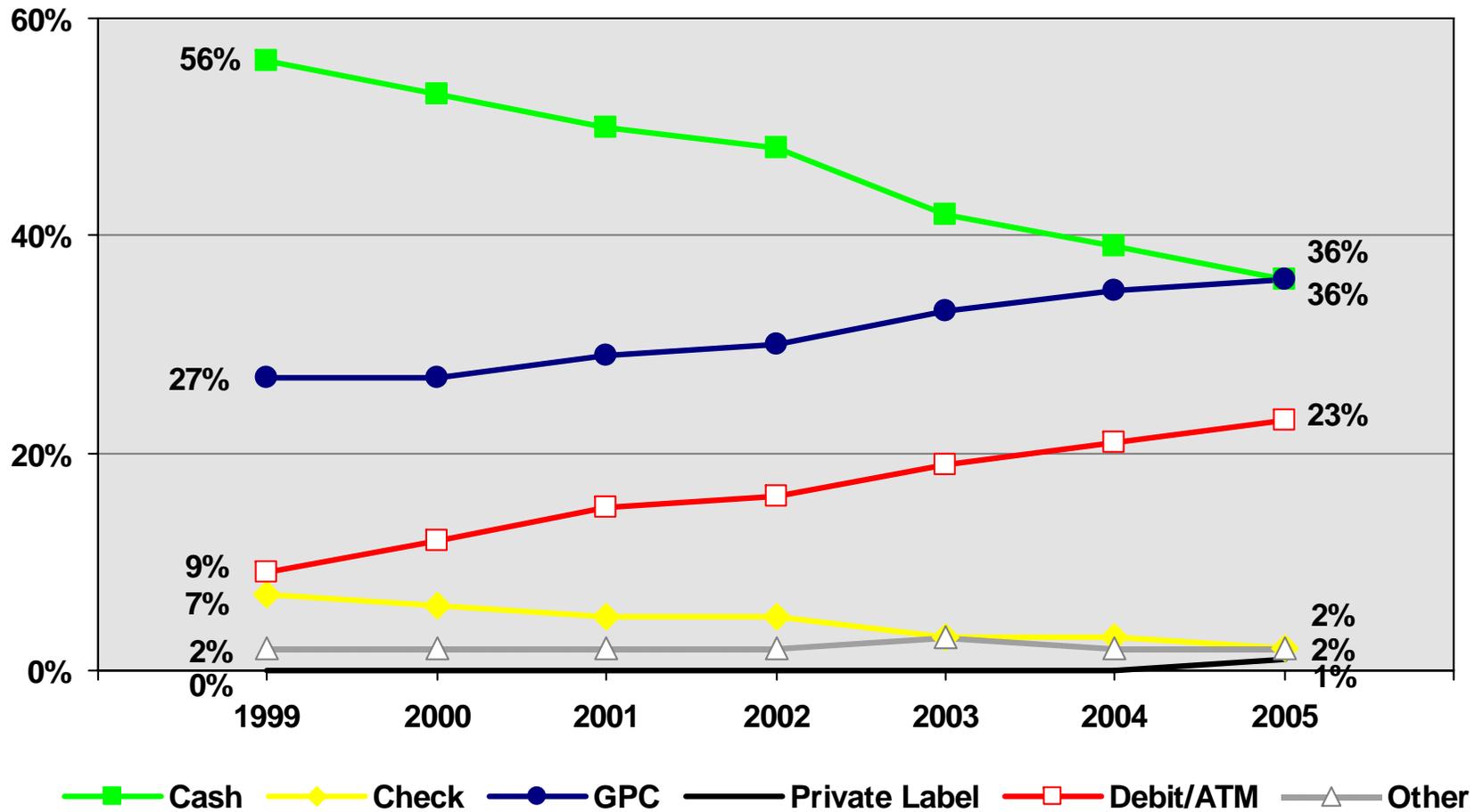
Payment Method Share of Dollar Volume Discount Stores



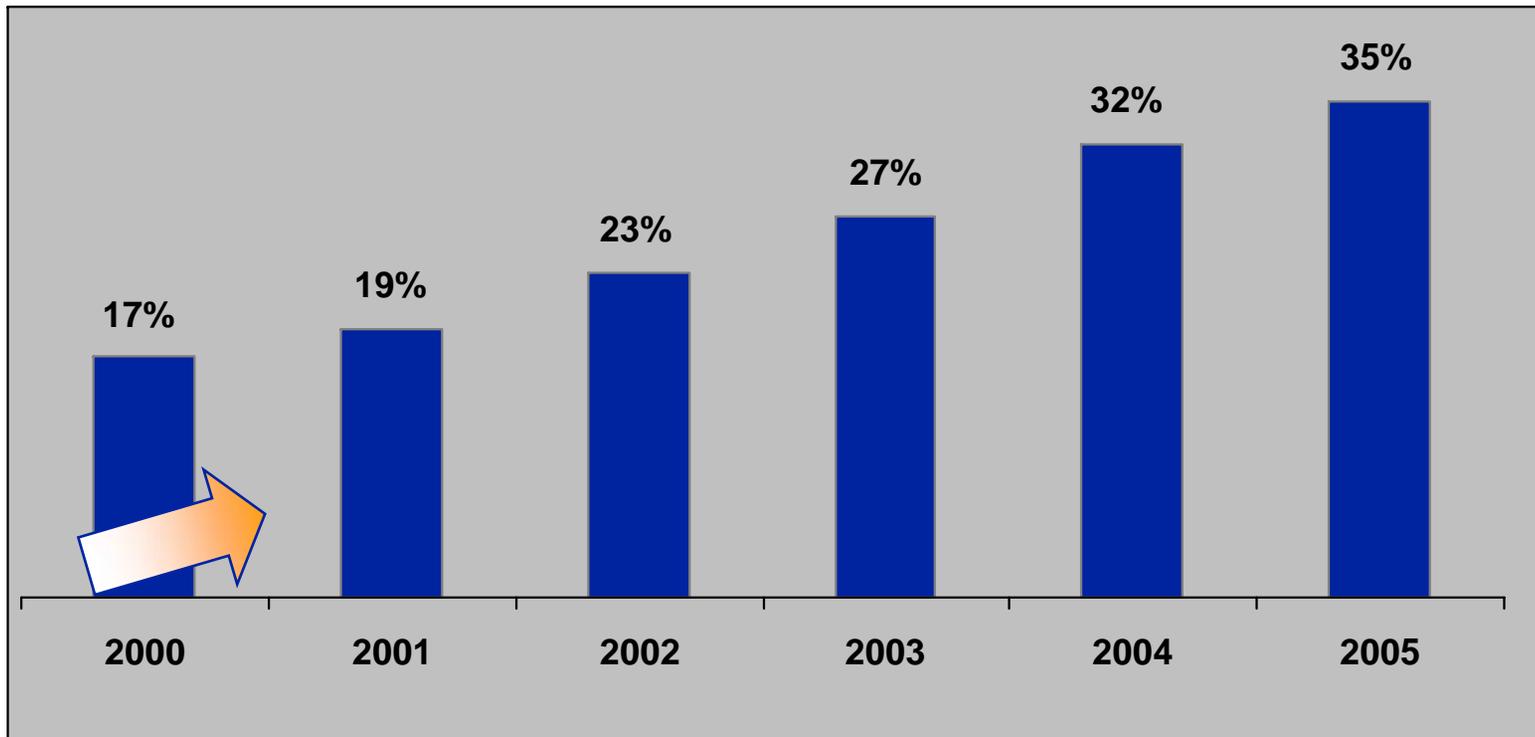
Payment Method Share of Dollar Volume Department Stores



Payment Method Share of Dollar Volume Mid-Priced Restaurants



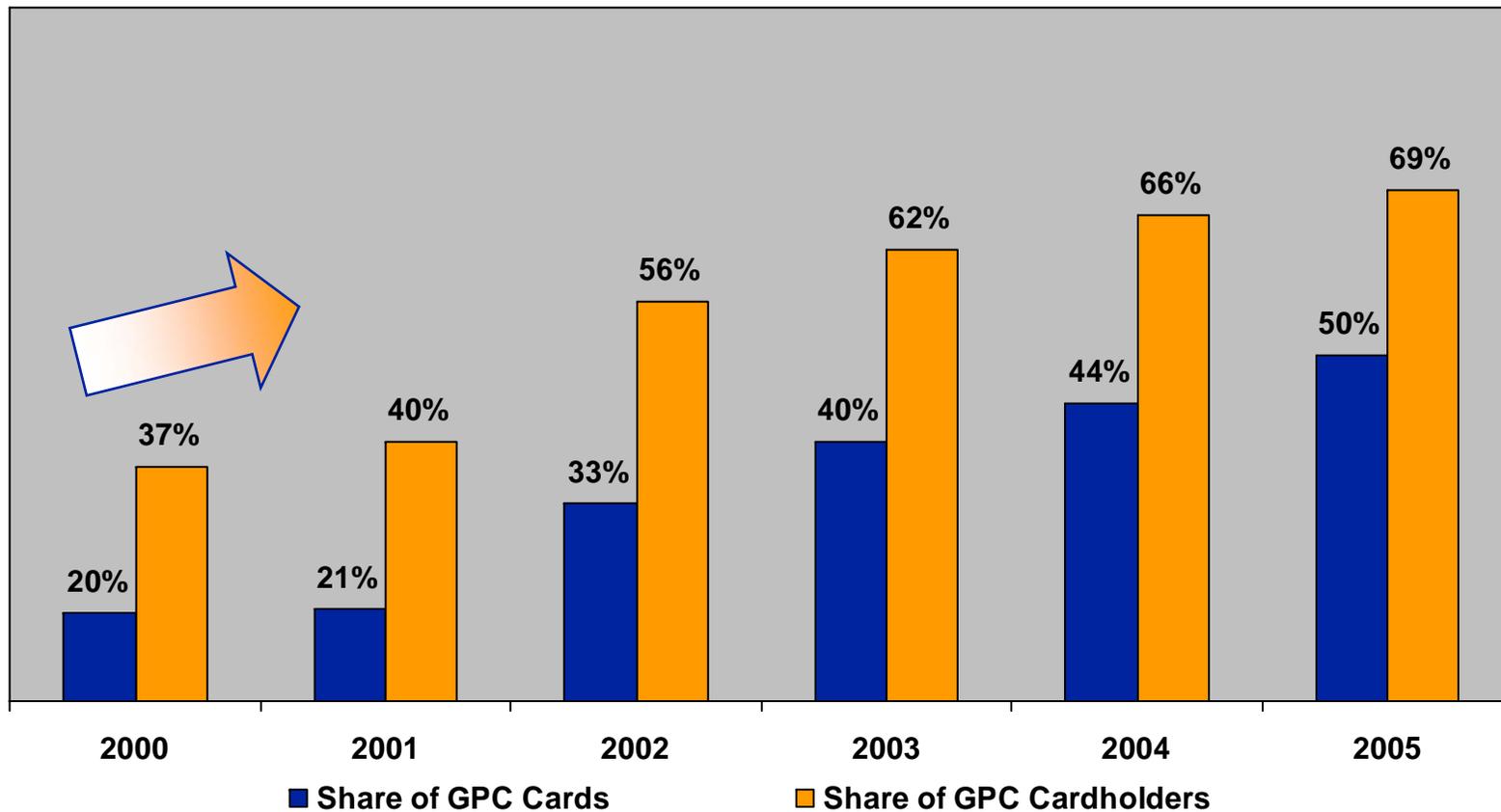
Incidence of Bill Payments With Plastic



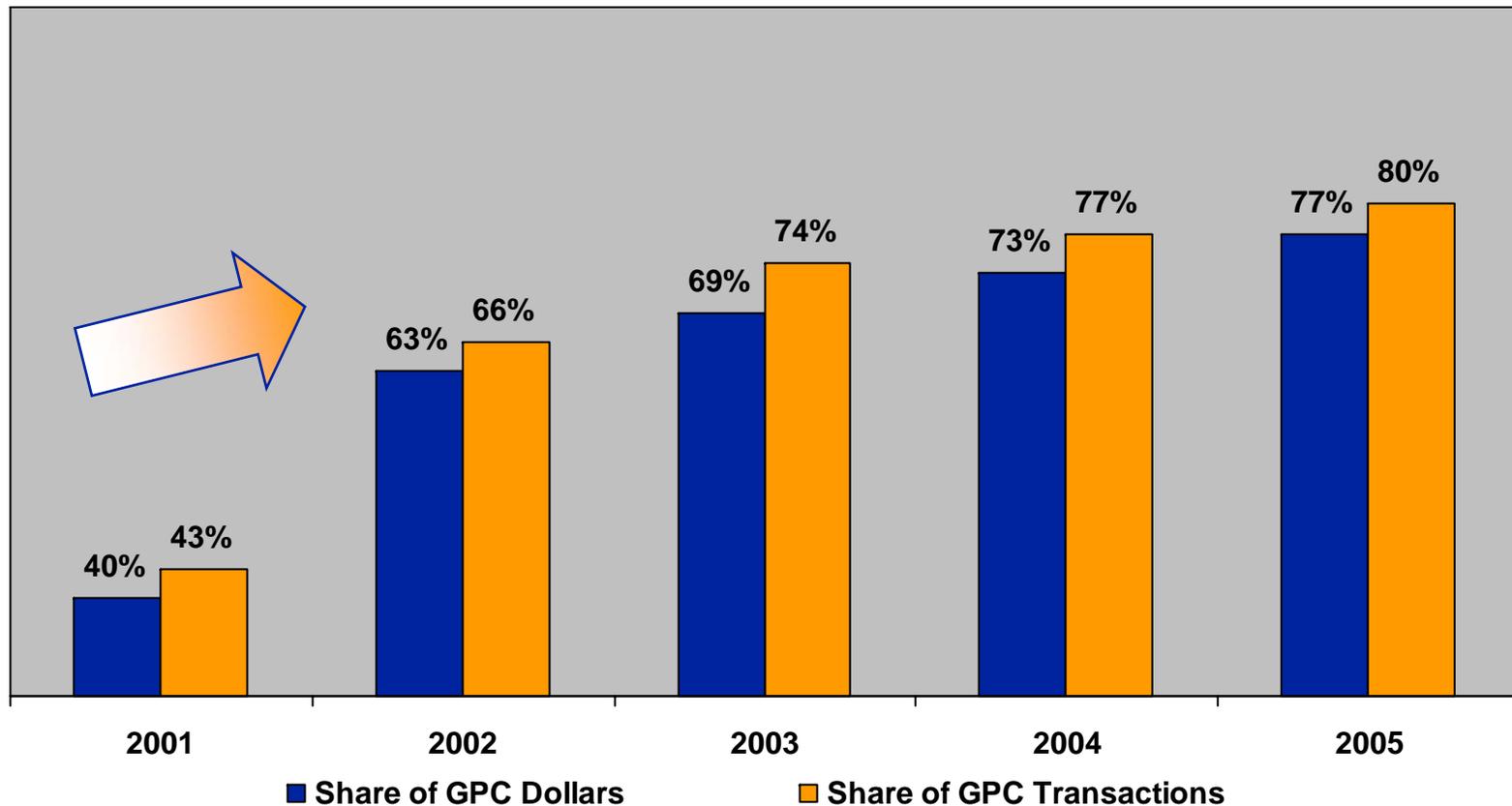


Rewards for Credit Usage

Rewards GPC Cards and Cardholders

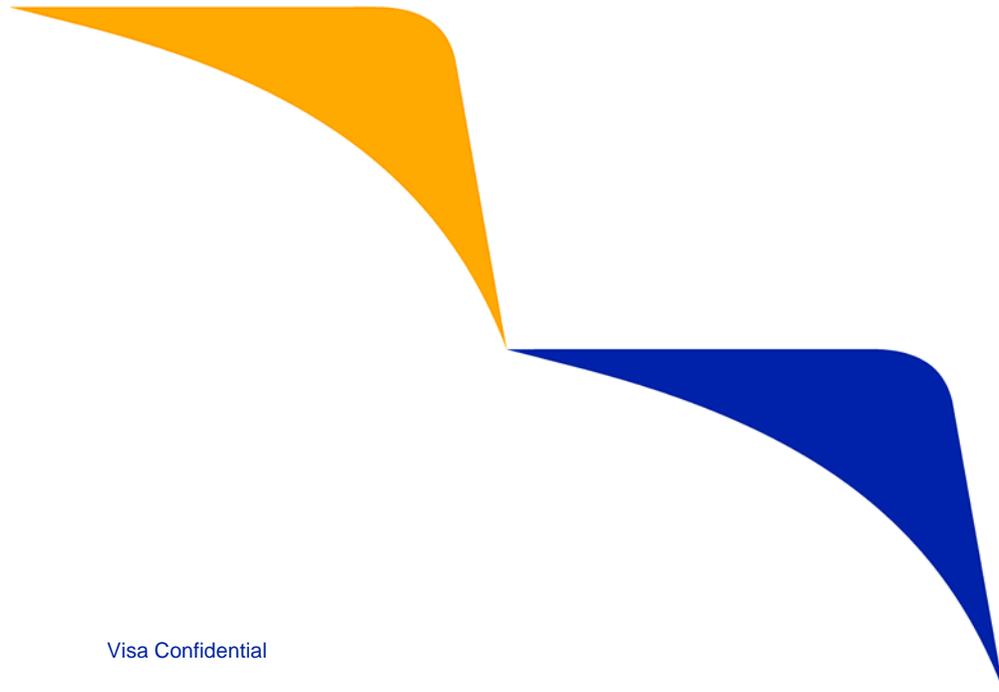


Rewards GPC Dollars and Transactions





Debit User Segmentation



Debit User Segments



	2000	2001	2002	2003	2004	2005
Total Cardholders	100%	100%	100%	100%	100%	100%
Heavy Users	13%		16%	17%	21%	24%
Medium Users	25%	27%	28%	28%	27%	27%
Light Users	27%	26%	25%	24%	23%	22%
Non-Users	35%		31%	31%	29%	28%

Spending* By Debit Card User Group



Spending Metrics	Total Debit Cardholders	Heavy Users	Medium Users	Light Users	Non-Users
Share of Cardholders	100%	24%	27%	22%	28%
Share of Debit Spending	100%	60%	31%	9%	0%
Average Ticket Size	\$41	\$38	\$44	\$55	NA
Average # of Transactions	10.0	30.6	12.0	3.2	0.0

* Debit card spending includes signature and PIN-based transactions

Demographics By Card User Group



Demographics	Total Debit Cardholders	Heavy Users	Medium Users	Light Users	Non-Users
% Female	52%	53%	56%	54%	49%
Average Age	41	38	40	42	51
Average HH Income	\$67k	\$65k	\$62k	\$63k	\$70k
% Married	63%	68%	59%	58%	64%
% With Children (Under 18)	35%	51%	40%	33%	29%
% Employed Full-Time	61%	67%	63%	56%	55%

Strategic Applications

- Consumer Credit strategy
- Consumer Debit strategy
- New product strategies
- Market segment strategies



Thank You