

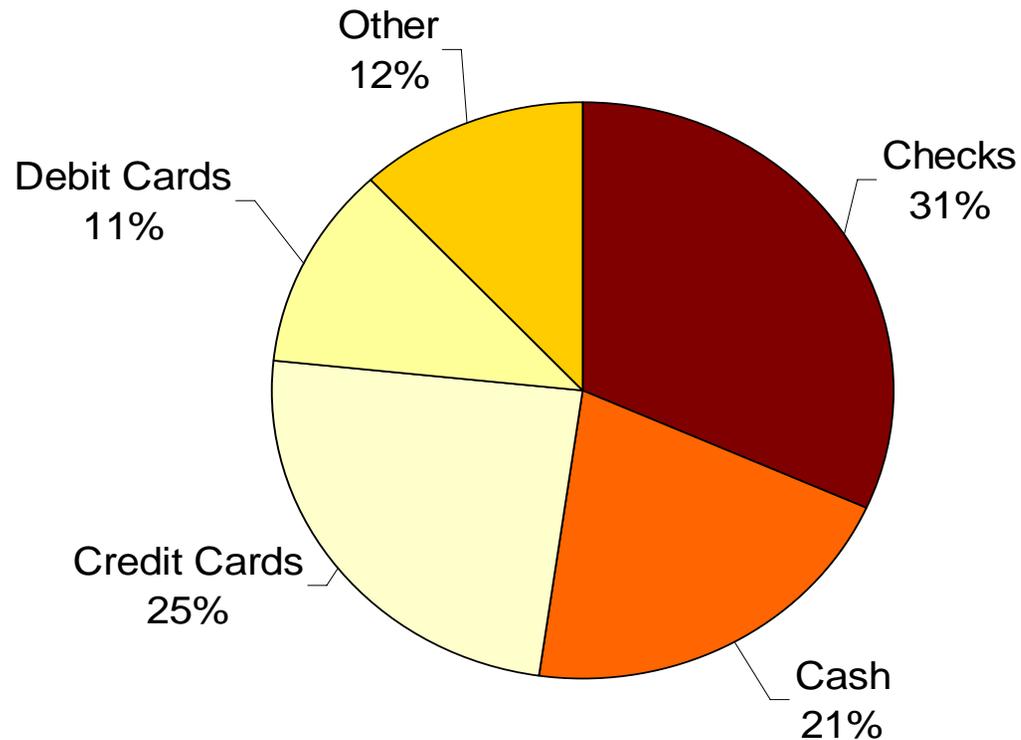
# Consumer Payment Trends: Thoughts on Visa's Research

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# Breakdown of the Consumer Payments Market

**Consumer Payments in 2004**  
(US\$6,366.2 Billion)



Note: Cards therefore represents US\$2.3 trillion.

Source: Data from the Nilson Report

# Primary Pots for Consumer Cash Payments



**Transportation**



**Food**



**Meals & Beverages**



**Gasoline**



**Recreation**



**Gifts**



**Travel-related**



**Other**

# Large Issuers Have Committed to Contactless

- No longer in the pilot stage, large issuers are committed their resources to contactless.
- 2005 was the big year for announcements. In June, both **American Express** and **Chase** announced the official start of their contactless programs. Other issuers have since followed:
  - Chase: Blink credit card through both Visa and MasterCard
  - **KeyBank**: PayPass debit
  - Charter One: PayPass debit
  - Citizens Bank: PayPass debit
  - **MBNA**: PayPass credit (several co-brand cards)
  - **HSBC**: PayPass debit
  - Peoples Bank of Paris Texas: PayPass prepaid
  - **GE Consumer Finance**: Meijer Platinum PayPass credit
- Most recently **Wells Fargo** announced its Visa credit contactless program.



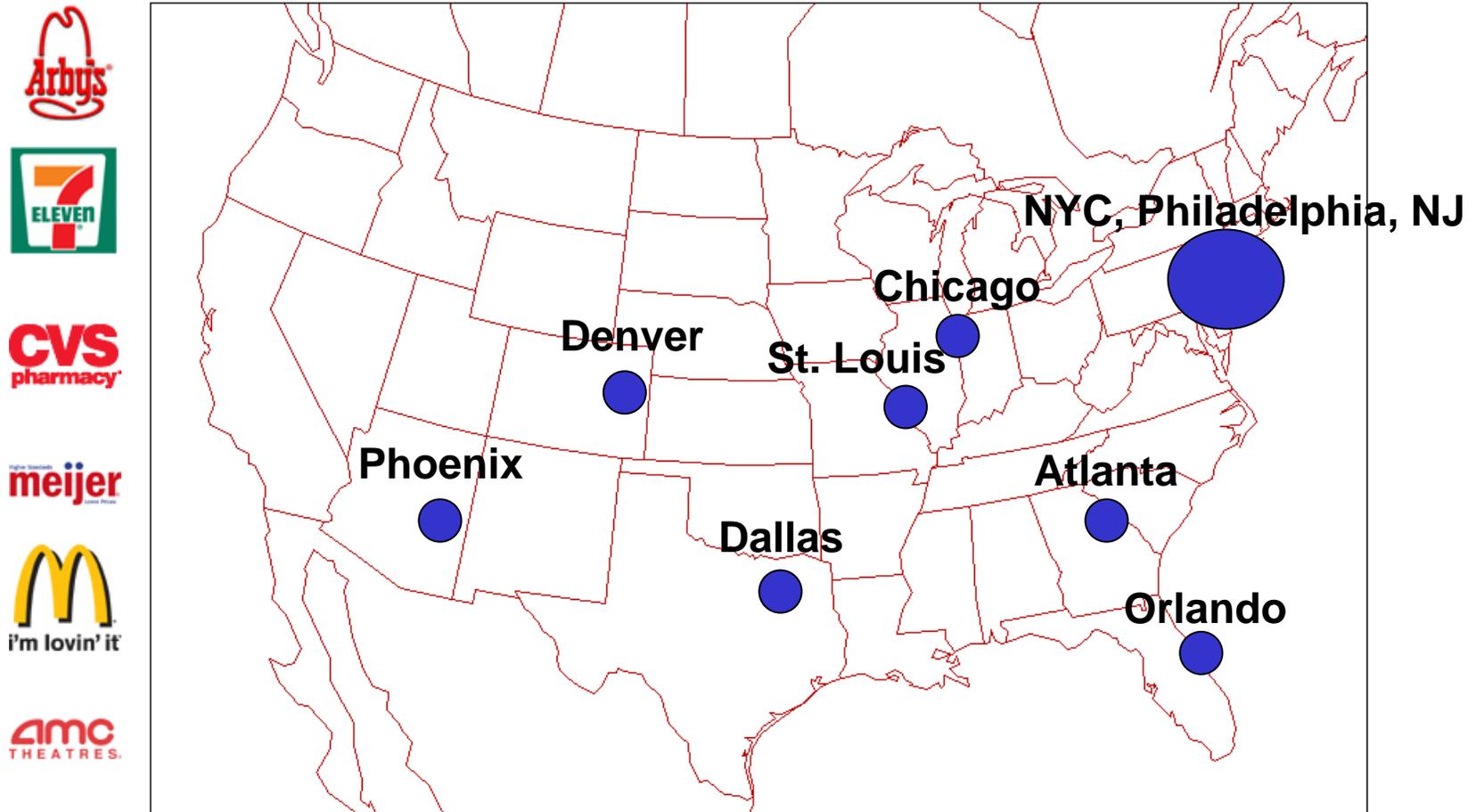
# The Number of Contactless Cards in the US Is Increasing

As of 1Q06, there were over 12 million contactless cards in the hands of consumers.

	<u>As of 1Q06</u>	<u>2006YE</u>
Key Bank:	<2.0 million	2.0 million
HSBC:	<1.0 million	1.0 million
Citibank:	1.5 million	3.4 million
Chase:	7.0 million	7.0+ million
Amex:	2.0+ million	2.5+ million
Citizens:	<1.0 million	1.0+ million
Others:	<2.0 million	??????????
	<hr style="border: 1px solid black;"/>	<hr style="border: 1px solid black;"/>
	12.0+ million	17.0+ million

Source: Celent estimates based on card associations and media reports.

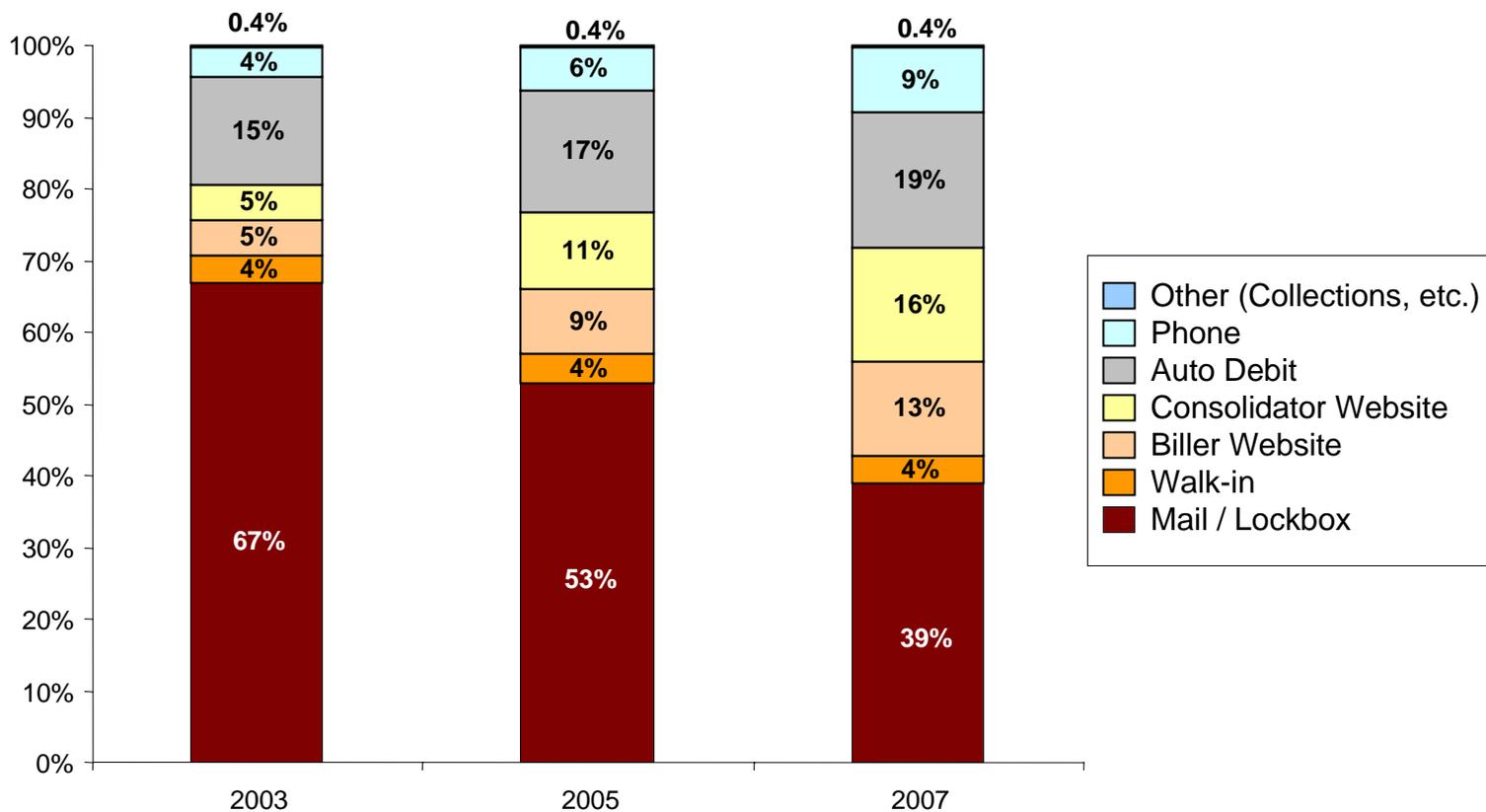
# Contactless Is Still Regionally Concentrated, but it Is Expanding



Over 30,000 merchant locations equipped for contactless

\*Of course all merchants can accept these cards (mag stripe)

# Share of Bill Payments By Payment Type



## Concluding Points

- Keep in mind that the market does not necessarily reflect the true value of debit. Over 40 percent of credit users are non-revolvers. Industry participants are guiding consumers down the path they desire most.
- Growth in payment card usage will be fueled by new technologies (e.g. contactless); online transactions (e.g. online bill pay, eCommerce); and new merchants accepting cards (particularly small ticket industries).