



Consumer Behavior &  
Payment Choice

TNS

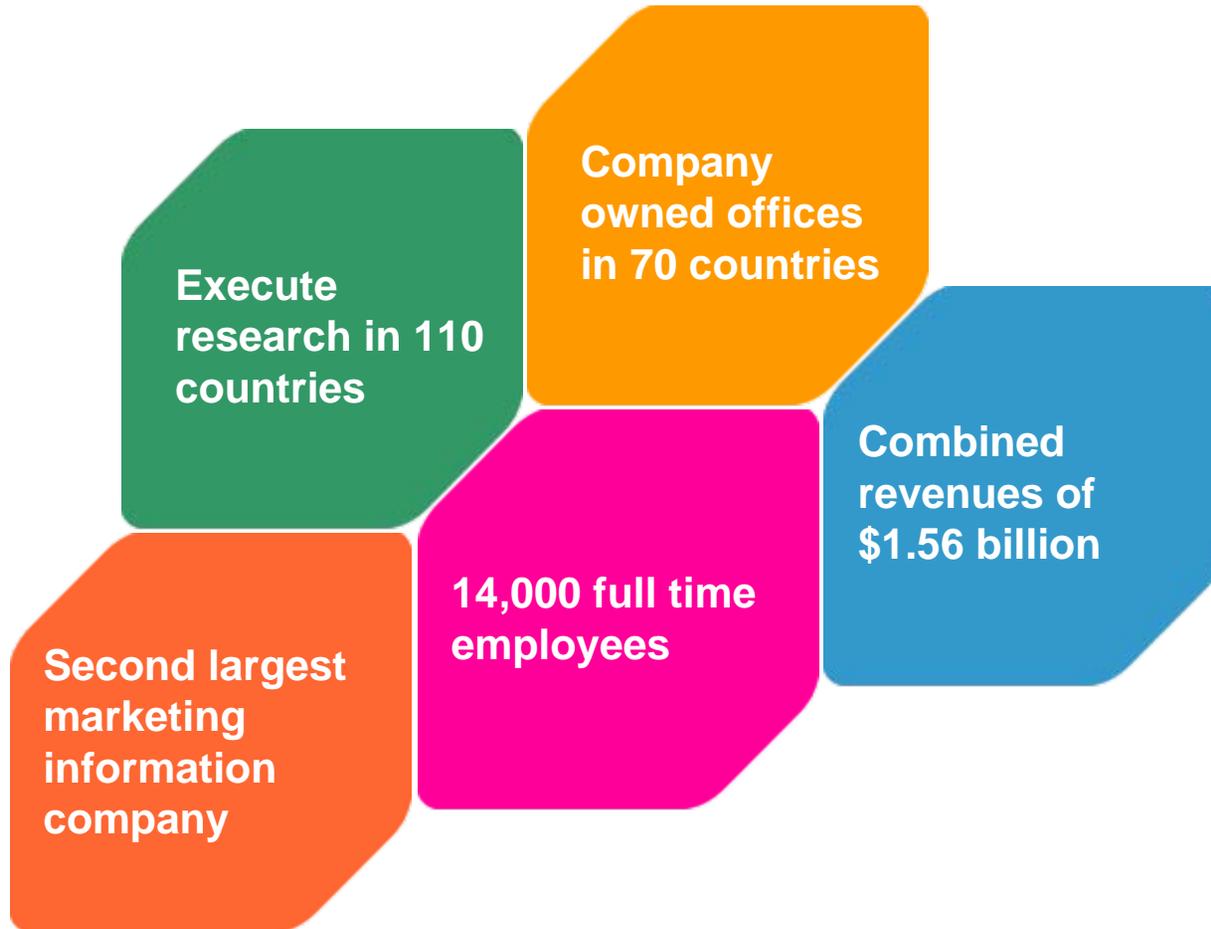
July 26, 2006



the sixth sense of business™

# TNS is a global marketing information company

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# Our sector expertise

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Specialists dedicated to specific industry sectors to offer actionable business counsel

Automotive

Financial

FMCG

Healthcare

Telecom

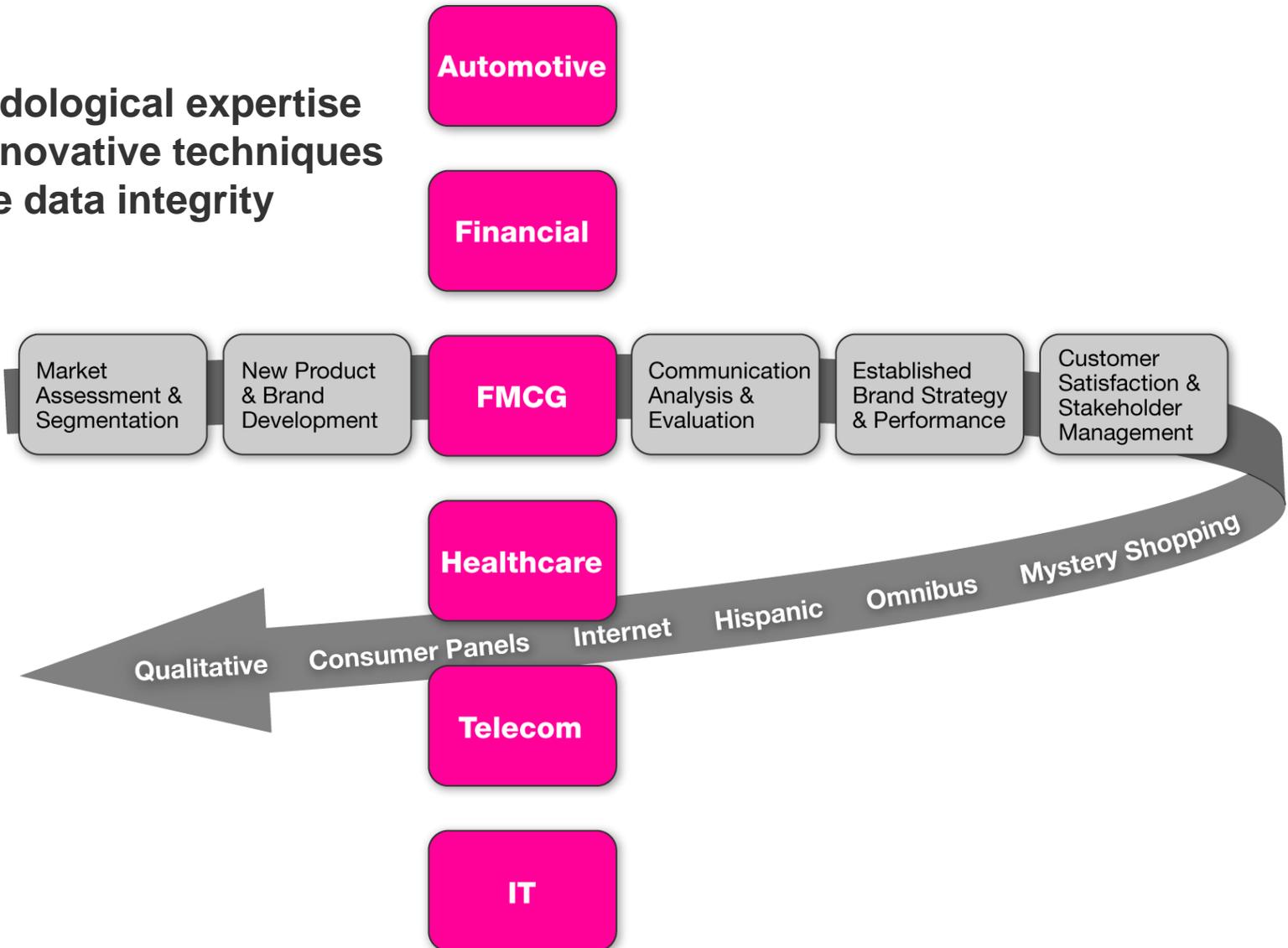
IT

*As well as...*

- Home Improvement
- Media and Entertainment
- Polling and Social Research
- Restaurants
- Retail
- Sports
- Transportation, Travel & Hospitality

# Our operational expertise

Methodological expertise  
and innovative techniques  
ensure data integrity



# Financial Services

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- Worldwide we provide **marketing insight** and counsel to 40 of the top 50 financial institutions
- In the US in 2005 TNS worked with 106 companies
- Completed 646 Research Projects
- 92% of Business was Proprietary with companies including:
  - Bank of America
  - Wachovia
  - Visa
  - Providian Financial
  - Capital One
  - Fidelity
  - Western Union
  - Wells Fargo
  - MasterCard

# Financial Services

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- 9% of Business was from Syndicated Programs:
  - Consumer
    - Consumer Card Research Program
    - Affluent Market Research Program
  - B2B
    - Micro Business
    - Small Business
    - Middle Market

# Consumer Card Strategies Research Program

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- Ongoing annual measurement since 1990
- Provides an in-depth understanding of the consumer card marketplace including analysis of the elements that drive Cardholder acquisition, retention and satisfaction as well as the factors that allow a credit card to achieve primary status
- Study sample is selected from the TNS Access Panel and uses a nationally representative sample of more than 4,000 households stratified by age, income and region to ensure representation of small but meaningful market segments
- The study also includes a robust Hispanic sample (25% of the survey sample)

# Consumer Card Strategies Research Program

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- Respondents complete a 24-page self administered mail survey
- Survey Topics cover:
  - Credit card ownership, activation, usage, attitudes toward financial decisions such as choosing credit card accounts
  - Primary card status among brands and leading issuers
  - Charge volume, balances, fees, transfers, APRs for more than 300 cards
  - Acquisition channel and behavior; methods of applying for credit cards
  - Rewards cards, affinity cards, co-brand cards and their impact on behavior
  - Loyalty retention, imagery, importance ratings and satisfaction ratings
  - Acquisition channel and impact on behavior
  - Selection criteria for new cards including rates, price, and motivation factors such as rewards and other features

# Selected Highlights from 2005

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## Rewards Cards are more popular than ever and are a prime source for loyalty

- In 2005, 64% of general purpose cardholders were rewards card owners. Overall growth for rewards cards is growing each year (54.3% in 2002 to 64% in 2005)
- Among the rewards card owners, 86% indicated that their rewards card was the primary card.
- Rewards cards are especially attractive to consumers with household incomes greater than \$50K.

## Debit Cards are securing a major role in the card market

- The outlook for debit cards and stored cards is extremely positive as more innovative options become accessible such as rewards on debit cards and wider merchant acceptance for contactless cards.
- Debit card penetration continues to be strong, with three-fifths of consumers owning a debit card. Pin-based debit is favored by consumers aged 35 and older, whereas younger debit card users have no distinct preference between pin or signature-based debit.

## Attaining primary status among cardholders has significant benefits for issuers

- Issuers that can reach primary status among their cardholders are not only better positioned for increasing retention and loyalty, but also in developing greater spend volume on a per card basis. Cardholders that name their card as primary are more likely to spend more on their card than each of their non-primary cards (\$973 versus \$460, respectively).
- A primary card is carried in the wallet everyday, which makes it the most accessible card for purchases. Compared to non-primary cards carried in the wallet (55%), a primary card is front-of-wallet with 83% of cardholders.

# Affluent Market Research Program

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- The Affluent Market Research Program (AMRP) is one of the longest running programs in the U.S. and provides financial institutions key insights to understanding this market.
- The AMRP consists of two programs:
  - AMRP - core program focusing on the Affluent Market (households with \$500,000 or more in net worth, excluding primary residence)
  - Emerging Affluent Market Monitor (EAMM) – an add-on module that focuses on households with \$100,000 - \$500,000 net worth, excluding primary residence (introduced in 2005)

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- Data weighted by age, income and net worth to be nationally representative.
- Sample identified by geo-demography provided by Claritas

# Affluent Market Research Program

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## Methodology

- Mail-based survey, 20-pages in length
- Tracks all aspects of the Affluent consumer's financial behavior including:
  - Detailed, trended asset allocation and portfolio composition
  - Financial attitudes towards investing and delivery channel preferences
  - Investor confidence and buying behavior
  - Charitable giving product usage, amount donated and attitudes
  - Sources of income and wealth
  - Online usage and behavior including trading
  - Business ownership including relative size of business
  - Financial goals and life events
  - Demographics

# Affluent Market Research Program

## *New Rise in Number of Millionaire Families*

By DAVID CAY JOHNSTON

The number of American households with a net worth of \$1 million or more, excluding their principal residence, grew to a record 8.9 million last year, the British market research firm TNS Financial Services said in a report to be released today.

More than one in seven of the households were in just 13 of the nation's 3,140 counties, TNS said.

The number of millionaire families rose to 7.1 million in 1999, said Jeanette Luhr, a TNS manager who directed the survey, and then, after the Internet bubble burst, dropped steadily to 5.5 million by 2002. The ranks of millionaire households rose to 6.2 million in 2003 and 8.2 million in 2004, she said.

In most large counties, about one household in 12, or about 8.5 percent, was worth \$1 million or more, Ms. Luhr said. An exception was Nassau County on Long Island, where millionaire families were more than twice as common, at 17.5 percent of all households.

The households had an average net worth, excluding principal residence, of nearly \$2.2 million, of which more than \$1.4 million was in liquid, or investable, assets. The survey counted some tax-deferred retirement savings but did not include individual retirement accounts in the liquid assets.

Despite a rising stock market, Ms. Luhr said that more than half of those surveyed said they had "become much more conservative in their investment approach over the past year."

### Counties With the Most Millionaires

Thirteen of the nation's 3,140 counties account for one-seventh of all millionaire households. Estimated number of households with a net worth, excluding primary residence, of \$1 million or more in 2005:

RANK	COUNTY (MAJOR CITY)	STATE	TOTAL MILLIONAIRE HOUSEHOLDS
1	Los Angeles	Calif.	262,800
2	Cook (Chicago)	Ill.	167,873
3	Orange County	Calif.	113,299
4	Maricopa (Phoenix)	Ariz.	106,210
5	San Diego	Calif.	100,030
6	Harris (Houston)	Texas	95,593
7	Nassau	N.Y.	78,816
8	Santa Clara (San Jose)	Calif.	75,371
9	Palm Beach	Fla.	69,871
10	Middlesex (Boston)	Mass.	67,552
11	Suffolk	N.Y.	66,683
12	King (Seattle)	Wash.	65,536
13	New York (New York)	N.Y.	62,773

Source: TNS Financial Services

The New York Times

The survey found that 29 percent of the millionaire households did not own stocks or bonds and 32 percent did not own mutual funds. One in four had a second mortgage on a home.

Half of the heads of millionaire households were 58 or older, Ms. Luhr said, and 45 percent were retired.

Just 18.7 percent of the millionaires own — or owned before they retired — part of a business or professional practice, an indication that

high-wage earners who save and invest are the dominate group, at least among those on the lower rungs of the millionaire class.

TNS also found that while 73 percent of those it surveyed said they would prefer to do all of their financial business at a single institution, hardly anyone did.

Ms. Luhr said that 195 counties had at least 10,000 millionaires and that slightly more than a third of all counties had at least 1,000 millionaires.