

# Study of Consumer Payment Preferences



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- **Biennial studies conducted in partnership with Dove Consulting, a division of Hitachi Consulting.**
- **The first study launched in 1999 with a focus on in-store purchases only, particularly on the role of PIN and Signature debit.**
- **The scope of the study was broadened in 2001 to cover in-store, Internet, and bill payment behavior among consumers.**

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## 2005 / 2006 Study Scope

In-Store	Internet	Bill Payment
<ul style="list-style-type: none"> <li>• Cash</li> <li>• Paper Check</li> <li>• Credit Card</li> <li>• PIN Debit</li> <li>• Signature Debit</li> <li>• Gift/Prepaid Card</li> </ul>	<ul style="list-style-type: none"> <li>• Credit Card</li> <li>• Debit Card</li> <li>• Prepaid Card / Account</li> <li>• Money Order</li> <li>• Paper Check</li> <li>• Internet Check</li> <li>• P2P Services</li> </ul>	<ul style="list-style-type: none"> <li>• Paper Check</li> <li>• Automatic Payment</li> <li>• Online Bill Payment at a FI Web site</li> <li>• Online Bill Payment at a biller Web site               <ul style="list-style-type: none"> <li>• Cash</li> </ul> </li> <li>• Money Order</li> </ul>

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## 2005 / 2006 Study Outlines

- **Payment methods currently used by consumers**
- **Consumer perception of these payment methods**
- **Consumers' expected future use of different payment methods**
- **Influential factors that determine how consumers pay in stores, on the Internet, and for bills**
- **Consumer preferences for using and accessing cash**
- **Consumer use, preferences, and understanding of debit and prepaid cards**
- **Penetration and usage (current and planned) of emerging payment technologies**

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## 2005 / 2006 Survey Methodology

- Data were gathered from 3,008 consumers
- Paper and Web-based surveys were used to collect data
- Responses were weighted by age to accurately represent the overall distribution of the U.S. population

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## Key Findings / Observations

- **Comfort and speed drive consumer payment preferences.**
- **While consumer adoption of electronic payments is maturing in stores, migration to electronic bill payments is accelerating.**
- **Debit has emerged as the clear winner in consumers' payments migration. Checks are the clear loser. Credit cards and cash have maintained their relative shares of payments.**
- **More and more consumers now prefer to pay electronically, but few have completely abandoned paper-based payment methods.**
- **As awareness of ID theft and fraud rises, consumers are becoming increasingly concerned.**

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## Uses of Study Findings

- Development of integrated payments strategy
- Product development
- Risk management
- Policy implications