



JAVELIN STRATEGY & RESEARCH

2006 Contactless Payments Consumer Survey

Presented to: SmartCard Alliance

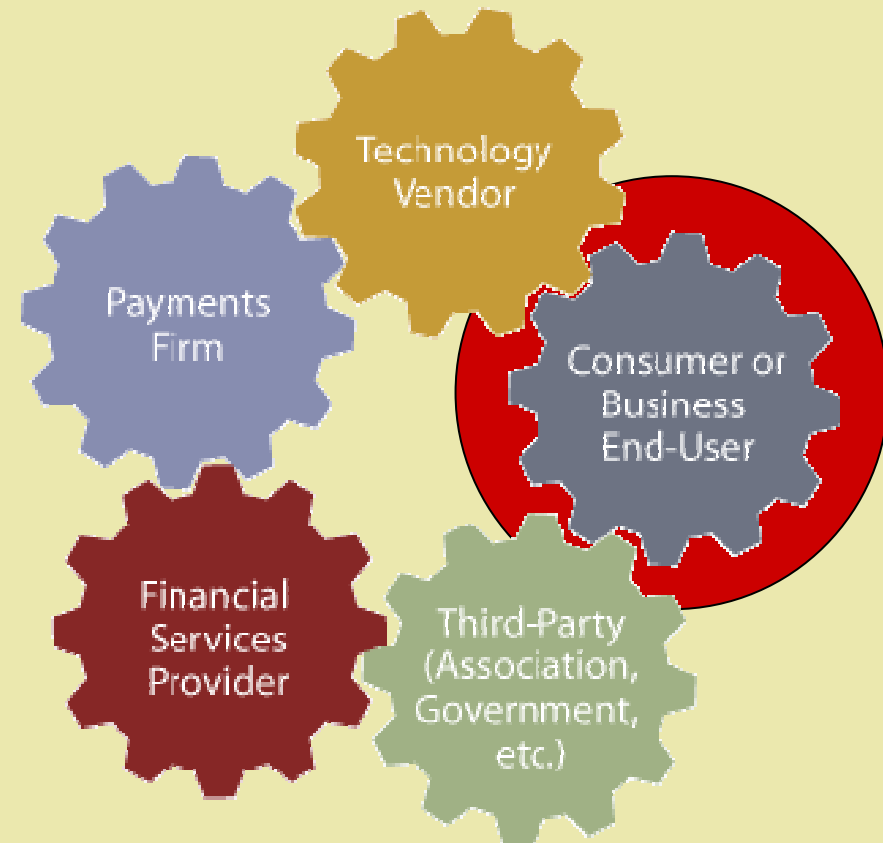
September 27, 2006

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About Javelin

- Javelin provides independent, action-ready research and strategy consulting, focused solely on the financial services and payments industries
- Javelin's methodology factors in the impact of all market stakeholders



Stages of Payments Technology

1800's-1960's: <i>Human Contact</i>	Credit Cards and Tokens Appear
Mid 1900's-now: <i>Machine contact</i>	Card and token form factors reach maturity
Mid/late 1900's: <i>Contact-to-Network</i>	Payments become networked
Late 1900's: <i>New-Era Technology</i>	Chip, CNP and Telco advancements
21 st Century: <i>Tech Payments Revolution</i>	<i>Mass adoption for Contactless?</i>

Research Methodology

- The survey was conducted online from a random-sample panel
- Data was collected in August, 2006
- The total number of respondents is 3,135
- The survey targeted respondents based on representative proportions of overall US gender, age, and income, as compared to the overall US online population
- Margin of sampling error of ± 1.75 percentage points at the 95% confidence level
- Margin of error is larger for subsets of respondents

Key Findings of Consumer Research

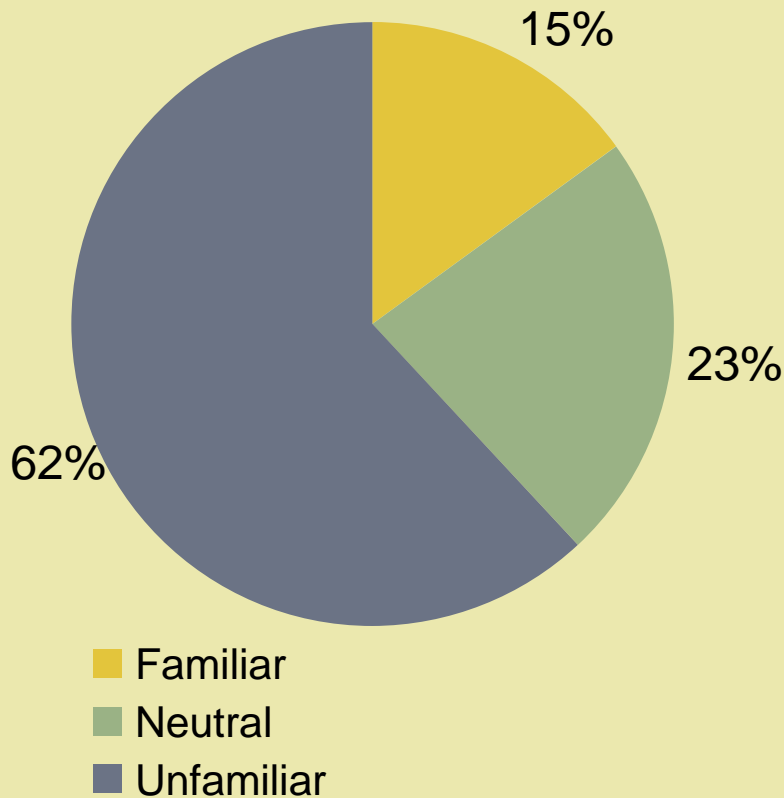
- 75% of consumers yet-to-try contactless are somewhat likely or very likely to adopt
- For 84% of consumers who tried or are likely to try contactless, it's at least as safe or safer than swiping credit or debit cards
- Awareness increases likelihood of adoption
 - 60% of consumers familiar with contactless are very likely to use contactless
- However, security concern is a potential barrier to adoption:
 - 61% of non-adopters report safety as the top concern

Key Findings of Consumer Research

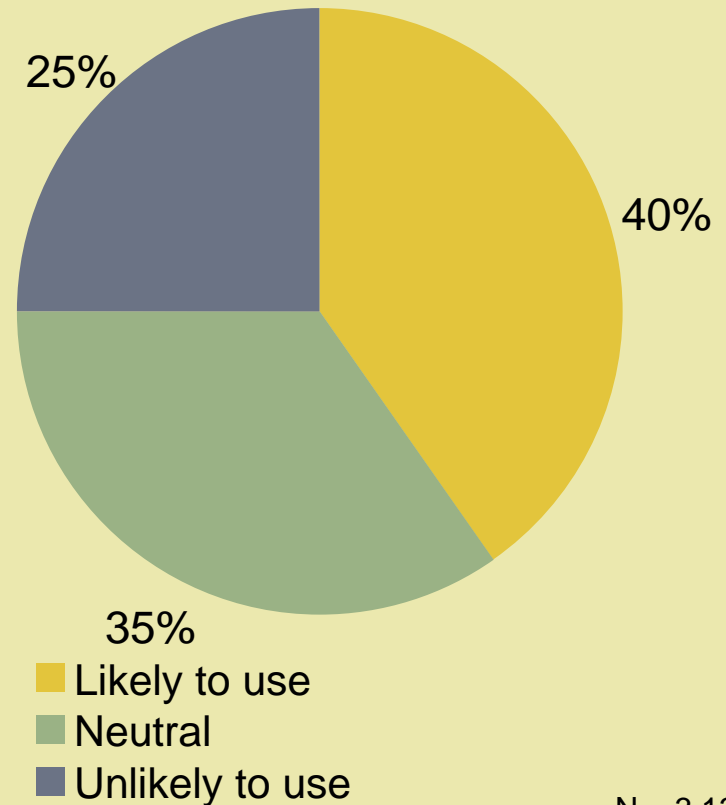
- 13% of respondents have used contactless payments.
 - More than nine out of ten reporting very positive experiences.
 - 88% of consumers report that the cashier knew how to accept the contactless payment.
- Convenience at check-out is the primary benefit to consumers.
 - 71% reported “speed at check-out” would cause them to use contactless.
- 85% of consumers are willing to make large contactless payments (\$50 or More).
- Minicards/key fobs and traditional cards are equal in preference (48% vs. 46%).

Most Consumers are Unaware but Willing to Use Contactless

Q1. Familiarity of Contactless:



Q5. Likelihood of Usage:



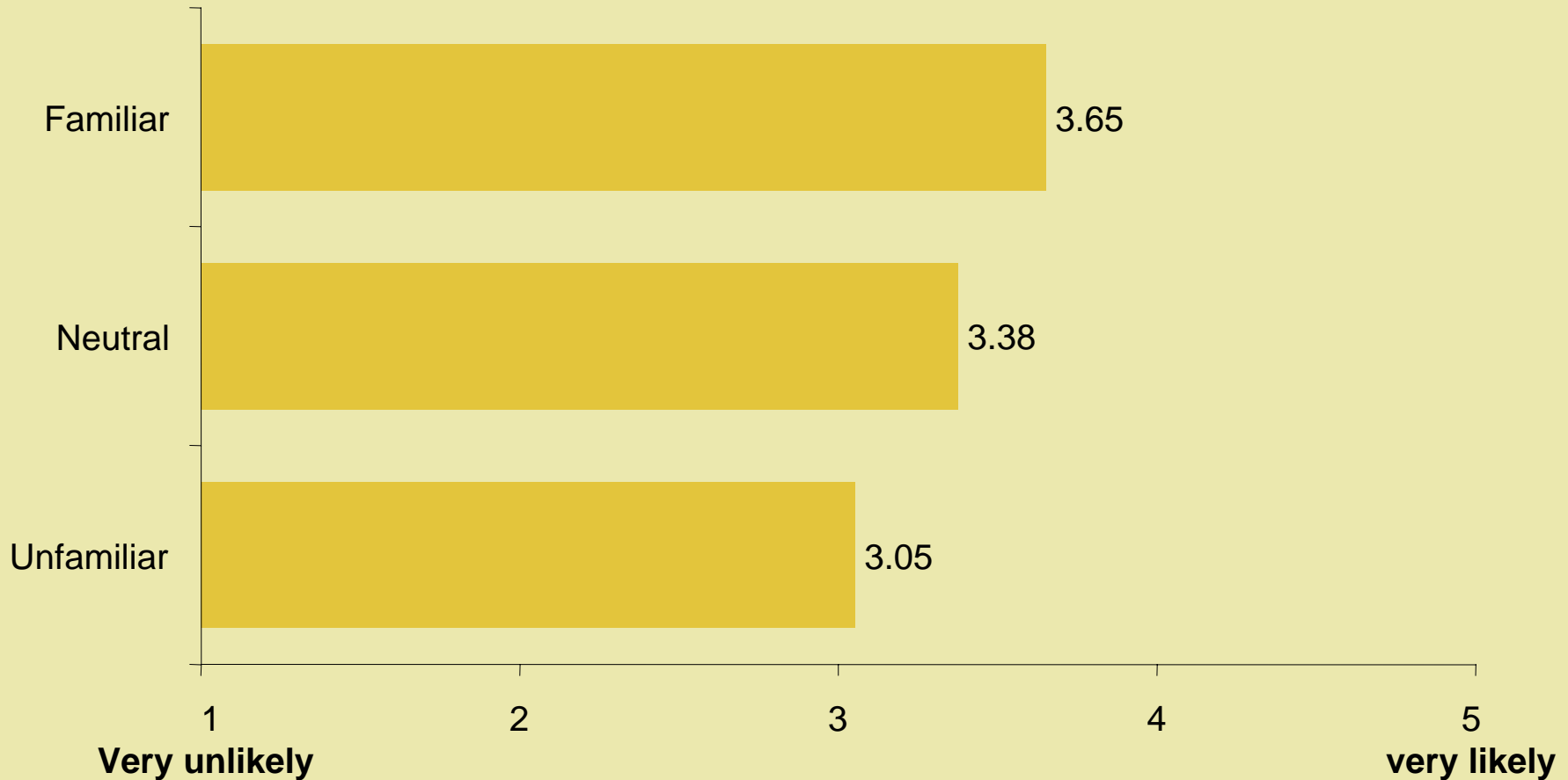
N = 3,135. 2,735

Base: All respondents, Those who have never used contactless

Q1: Please rate your familiarity with contactless payment options.
 Q5: How likely are you to use this payment method if offered to you?



Familiarity Increases the Likelihood to Adopt



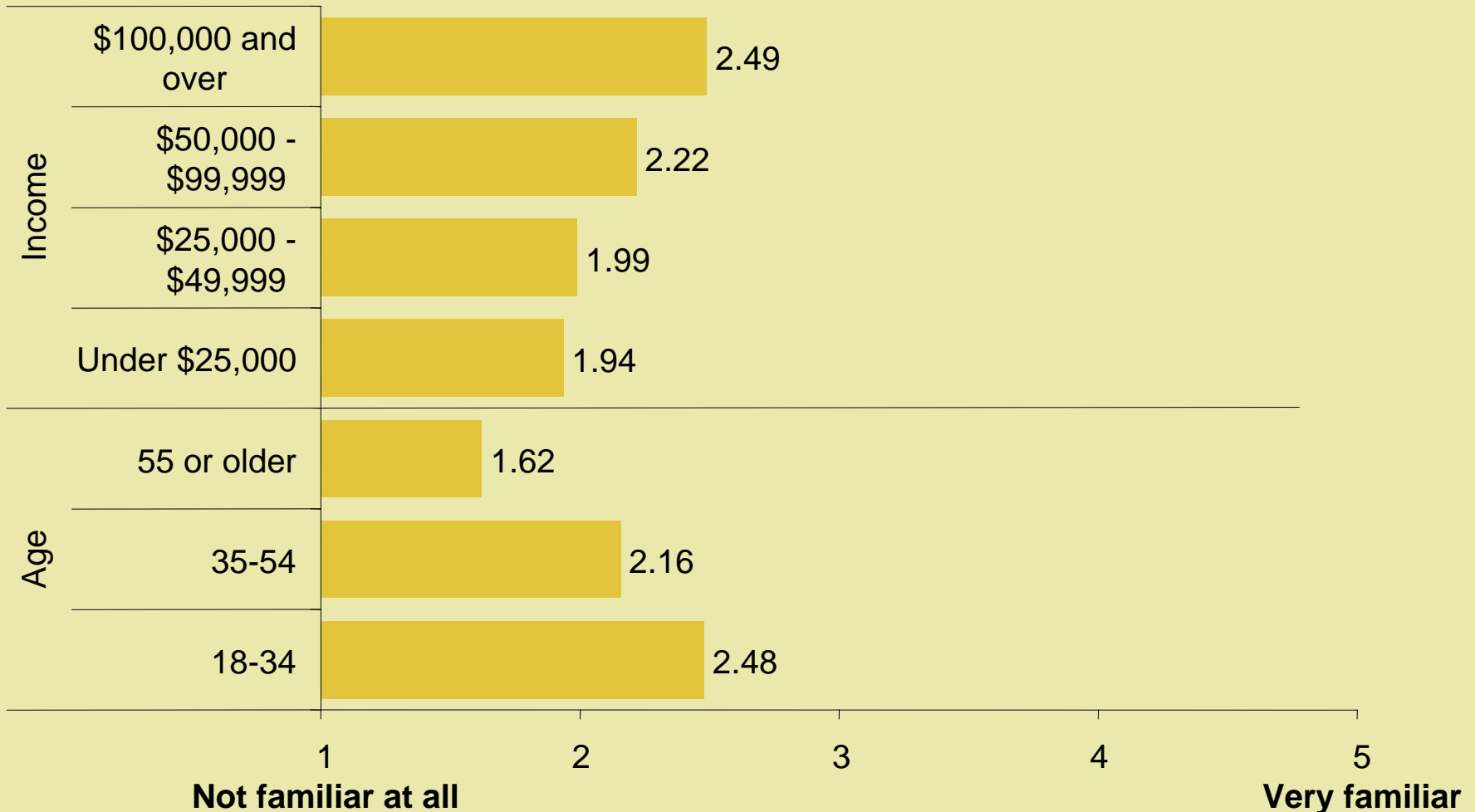
N = 2,735

Base: Consumers who have not used contactless

Q5: On a scale of 1 (very unlikely) to 5 (very likely), how likely are you to use this payment method if offered to you? By Q1. Please rate your familiarity with contactless payment options.



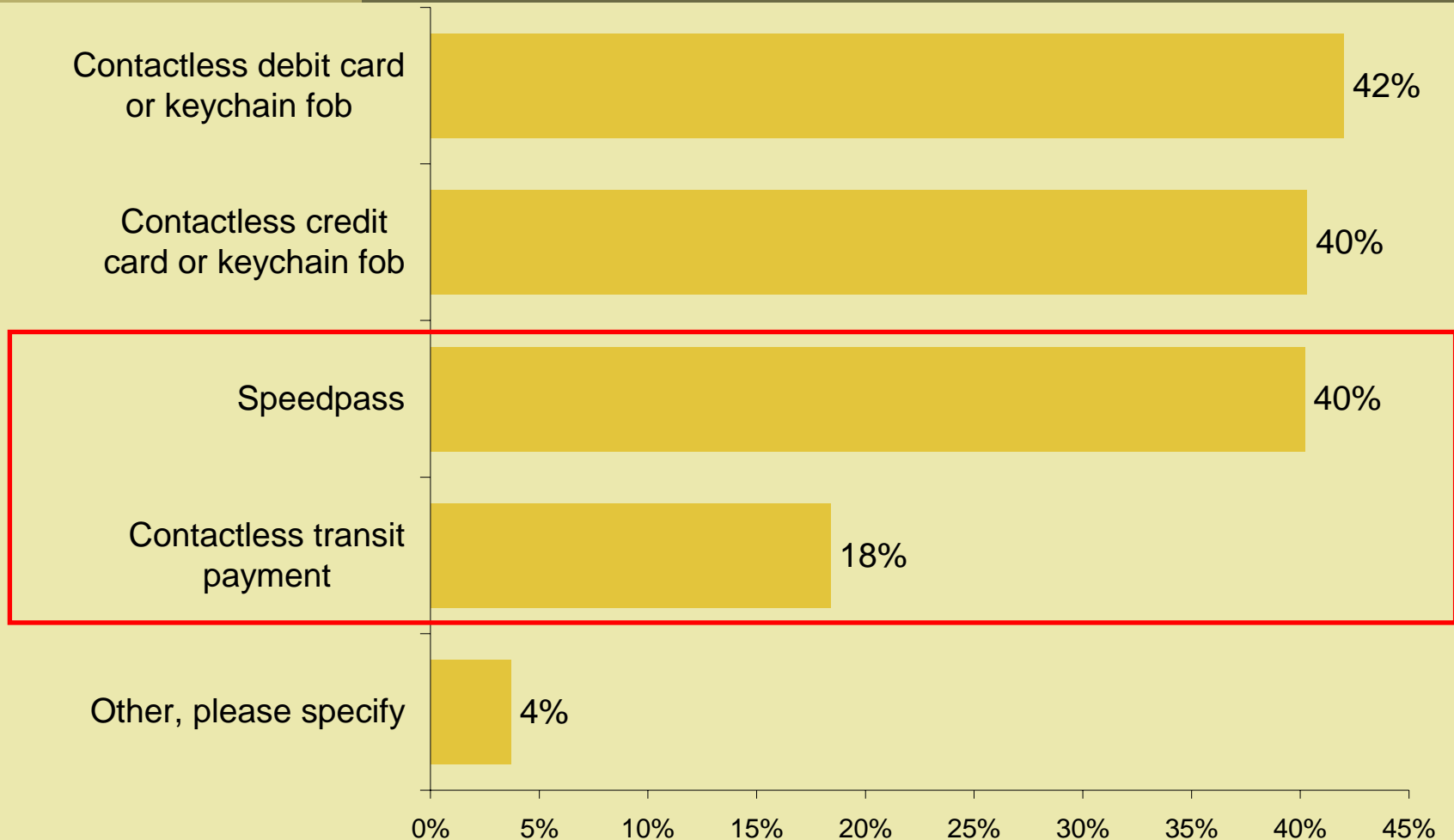
Seniors and Low Income Missing Contactless Information



Q1: On a scale of 1 (not familiar at all) to 5 (very familiar), please rate your familiarity with contactless payment options.

N = 3,135
Base: All respondents

Current Usage not Confined to Credit/Debit Payments

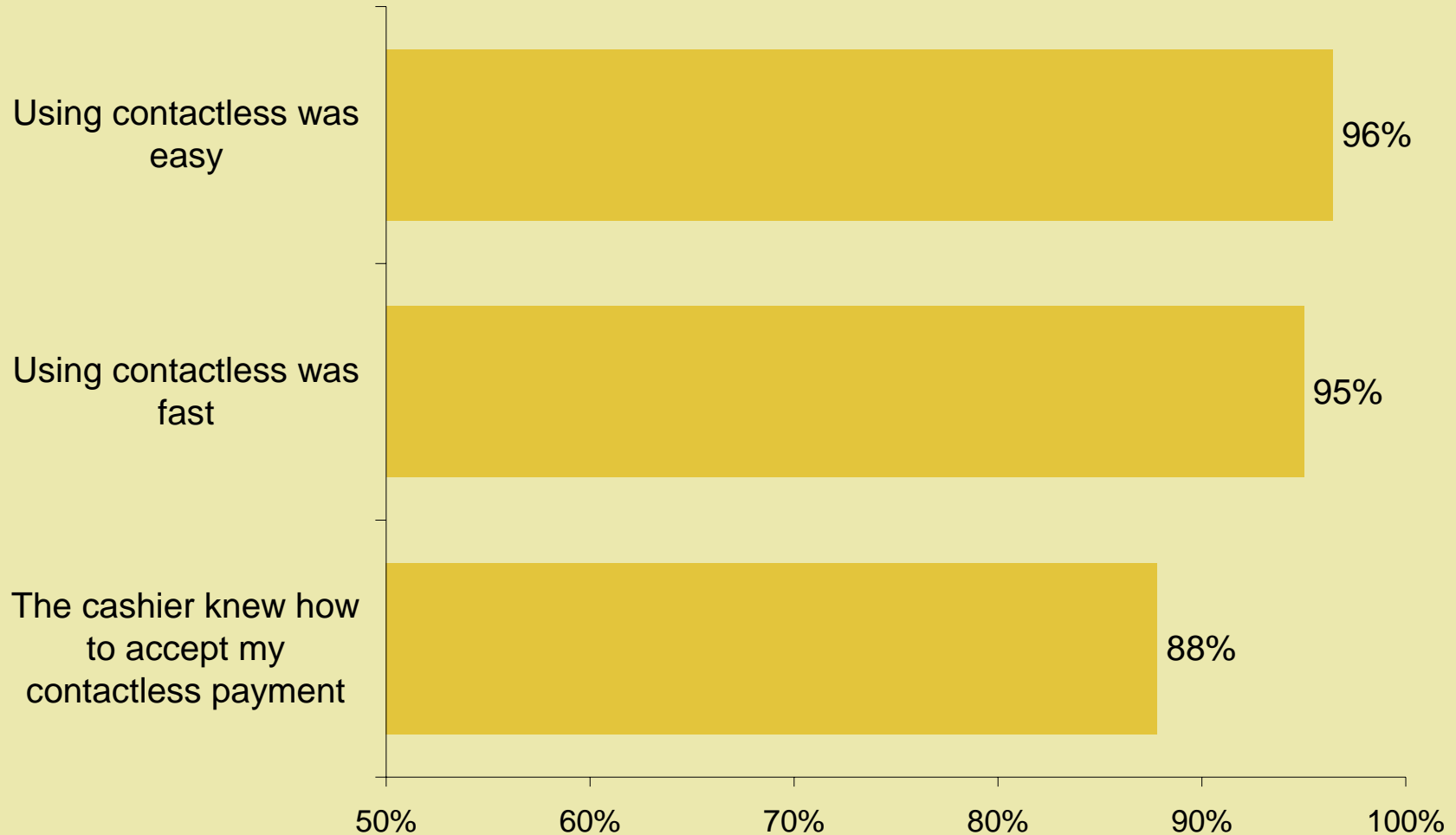


Q3: Which of the following best describes the kind of contactless payment option you used? *(Select all that apply)*

N = 400

Base: Consumers who have used contactless

Convenience is High Among Existing Contactless Users

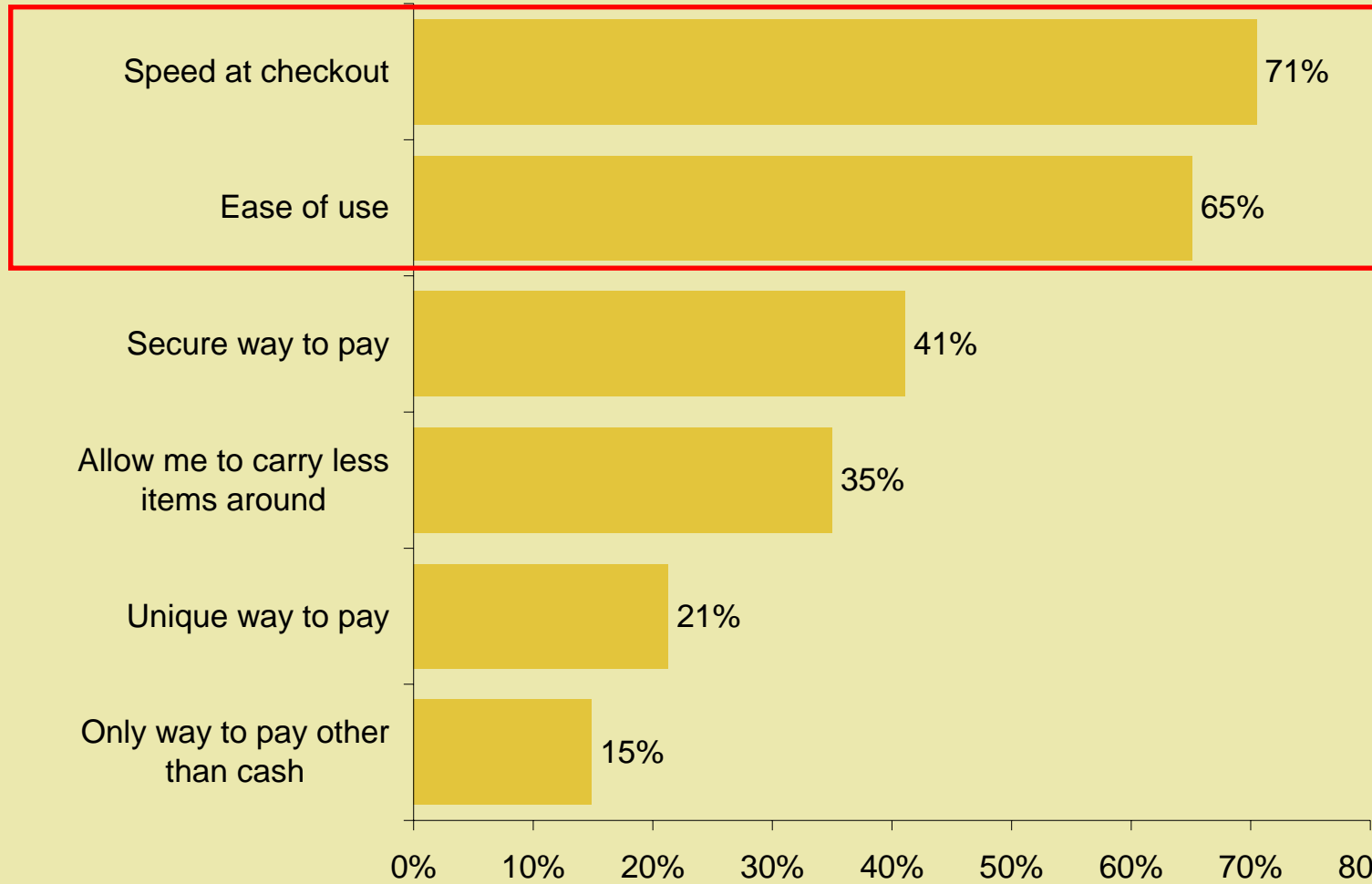


Q4: By selecting Yes or No, please indicate if the following statements accurately reflect your experience with contactless payments:

N = 400

Base: Consumers who have used contactless

Convenience at Checkout are the Strongest Motivators for Usage

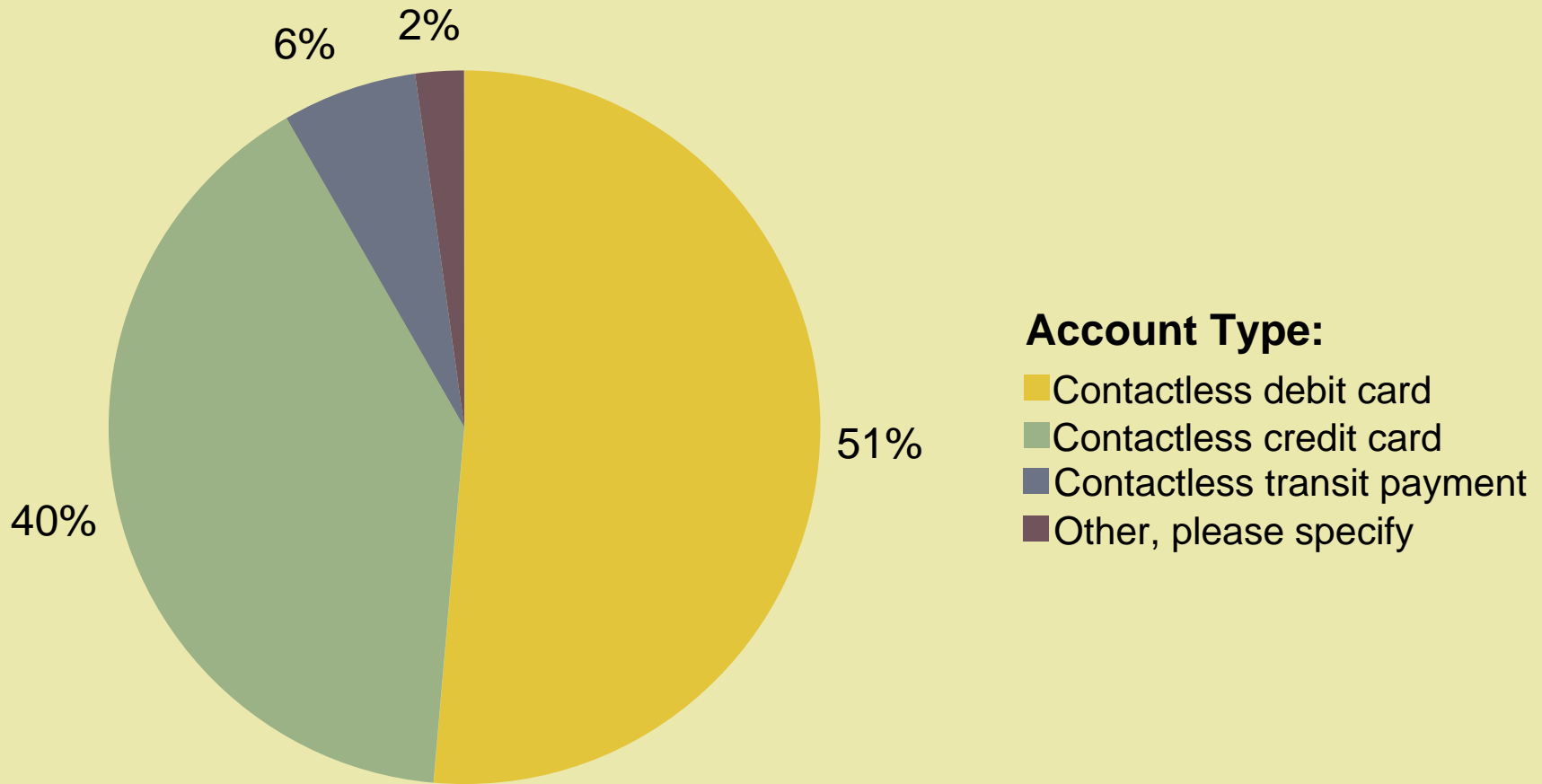


N = 2,447

Q9: Please indicate the factors that would cause you to use contactless payment options. (Select up to three)

Base: Consumers who have used or are likely to use contactless

Contactless Preferences Are Close To Current Payments Usage

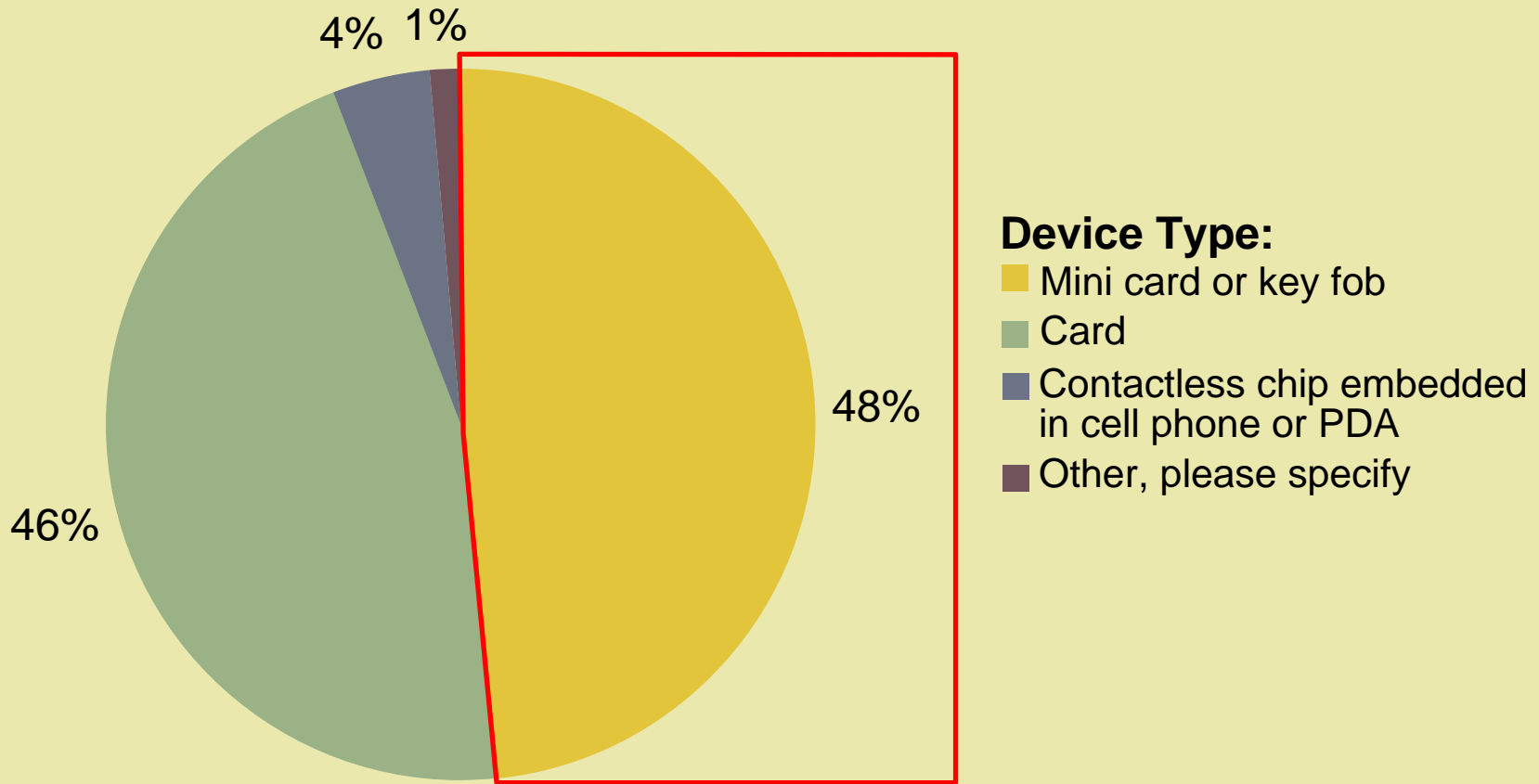


N = 2,447

Base: Consumers who have used or are likely to use contactless

Q7: Which of the following contactless account types would you be most interested in using? (Select one only)

Mini-cards, Key Fobs and Cards are Equal in Preference



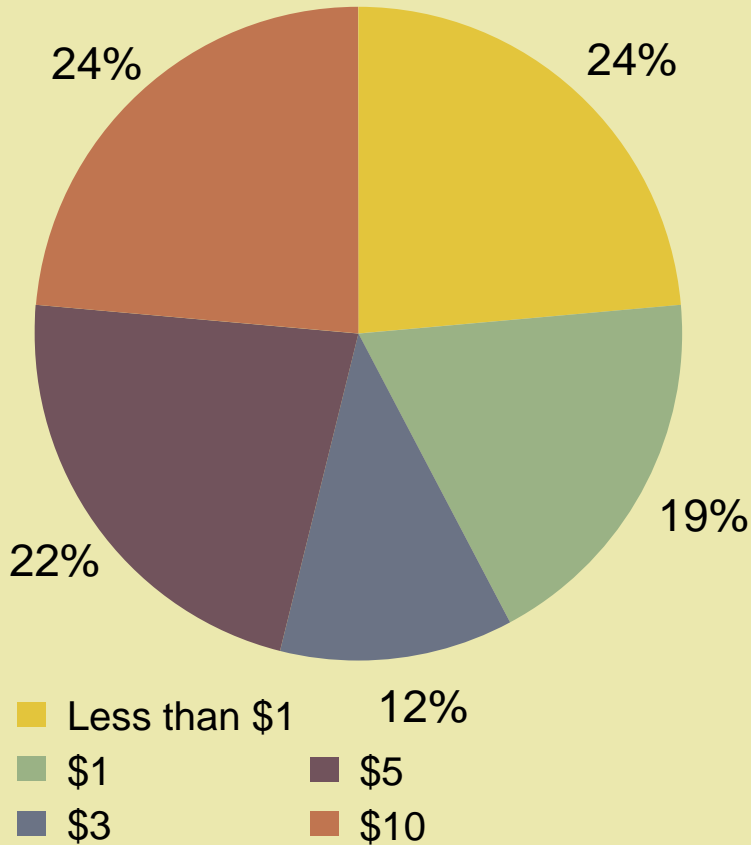
N = 2,447

Base: Consumers who have used or are likely to use contactless

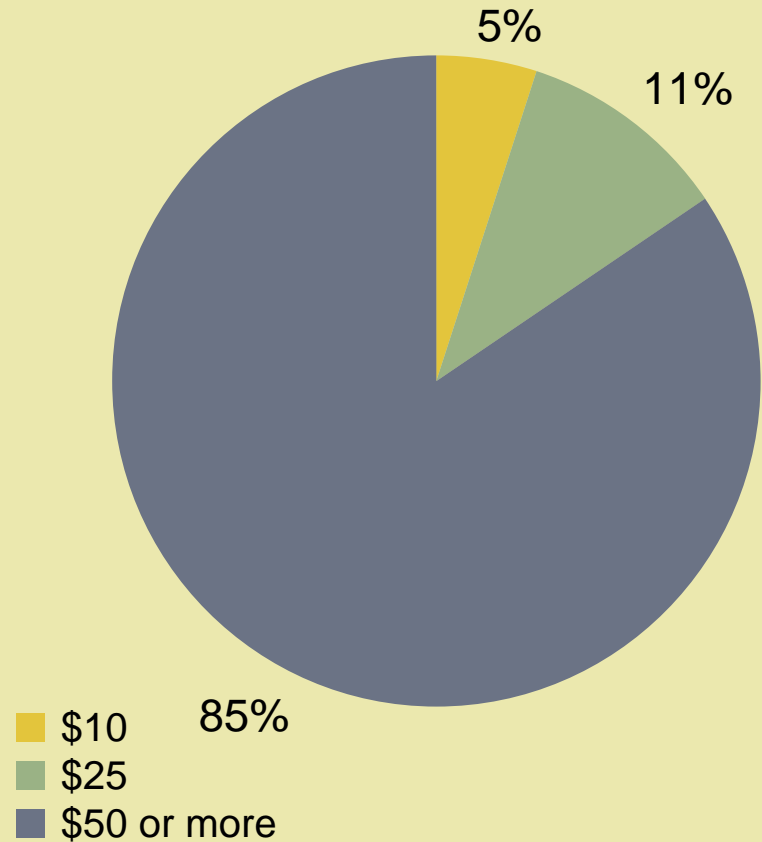
Q8: What form would you like your contactless payment method to take? (Select one only)

85% of Adopters Will Use Contactless for Large Purchases

Minimum Purchase:



Maximum Purchase:

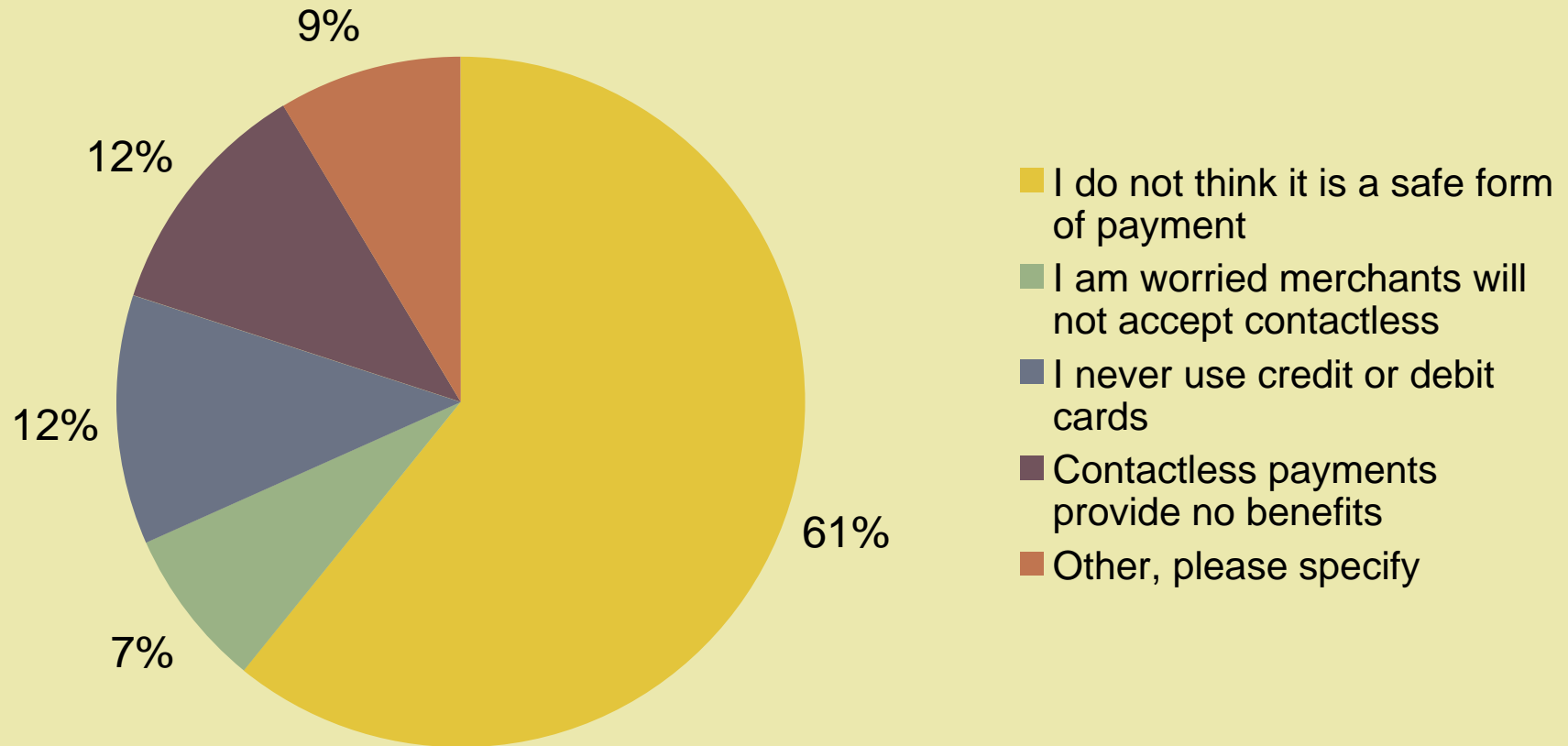


Q10: What is the smallest transaction amount for which you'd be willing to use a contactless payment method? Q11: What is the largest transaction amount for which you'd use a contactless payment method?

N = 2,447

Base: Consumers who have used or are likely to use contactless

Security Concerns are on the Top of Non-Adopters' Minds

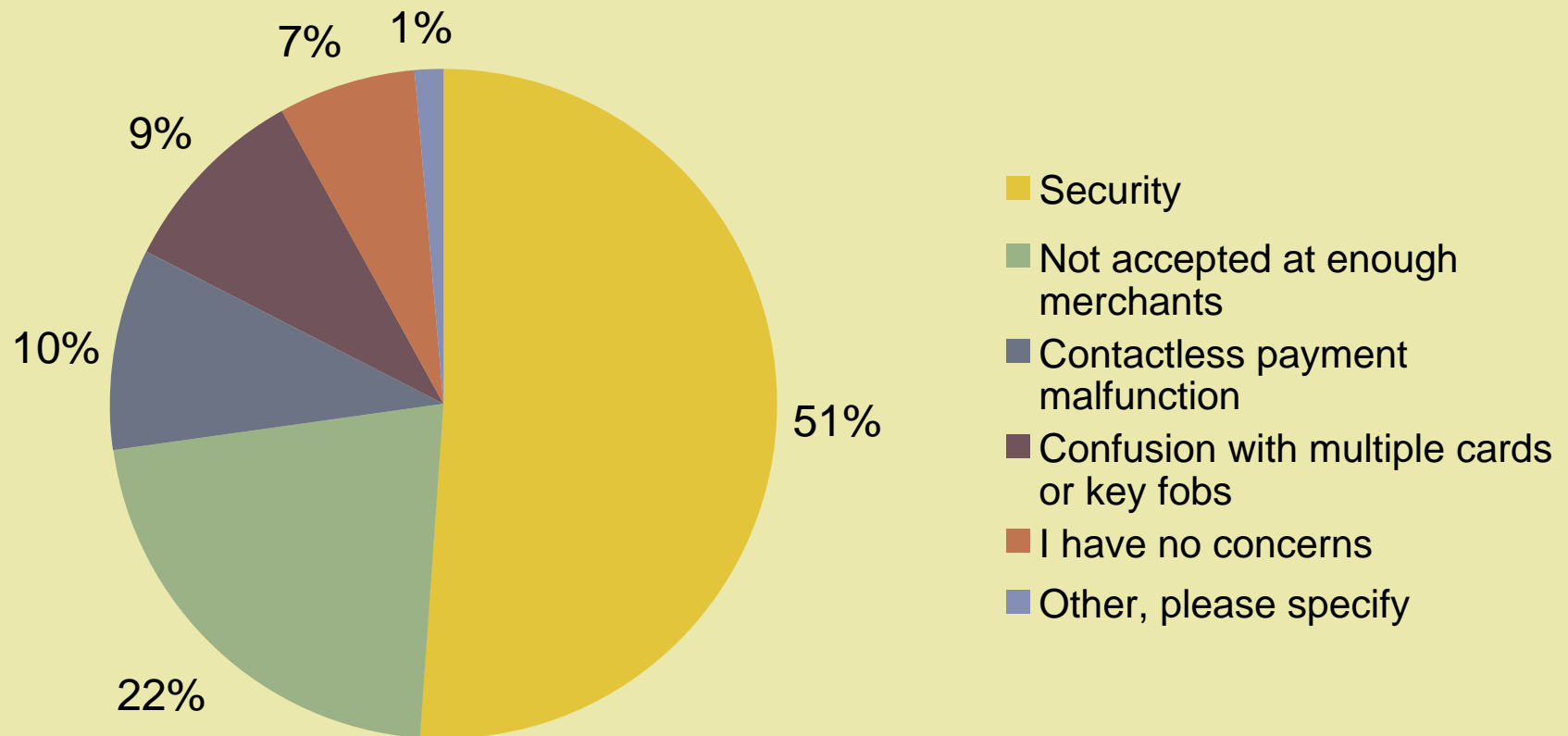


N = 687

Q6: You responded that you are not likely to use a contactless payment option. Please select the reasons why. (Select one only)

Base: Consumers who have not used contactless and are unlikely to use

Security Concerns are High Even for Those Willing to Adopt



Q14: What is your main concern with using contactless payment options? (Select one only)

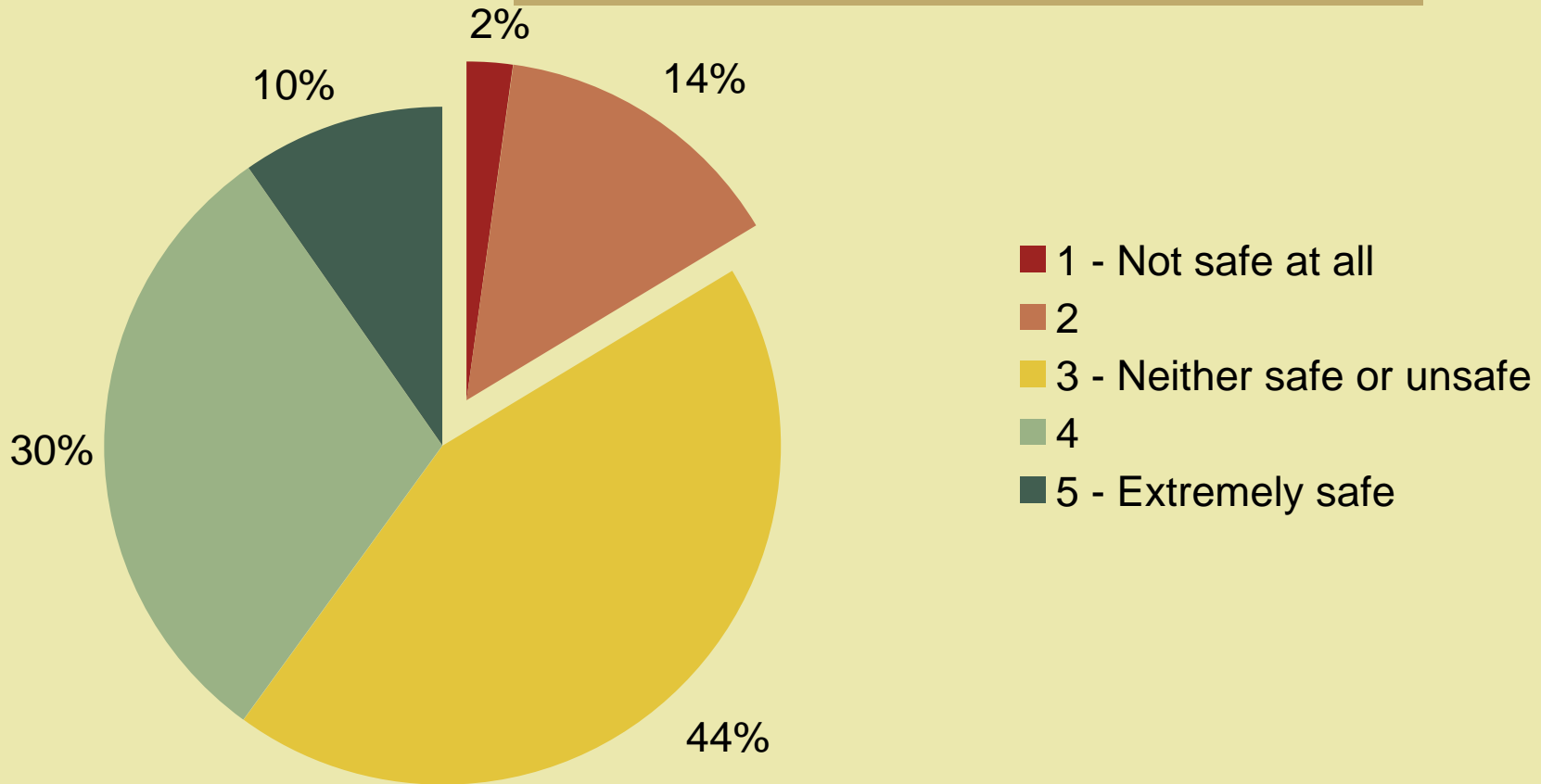
N = 2,447

Base: Consumers who have used or are likely to use contactless



For 84% of Adopters, Contactless is at Least as Safe as Swiping

Consumers who have used or are likely to use contactless



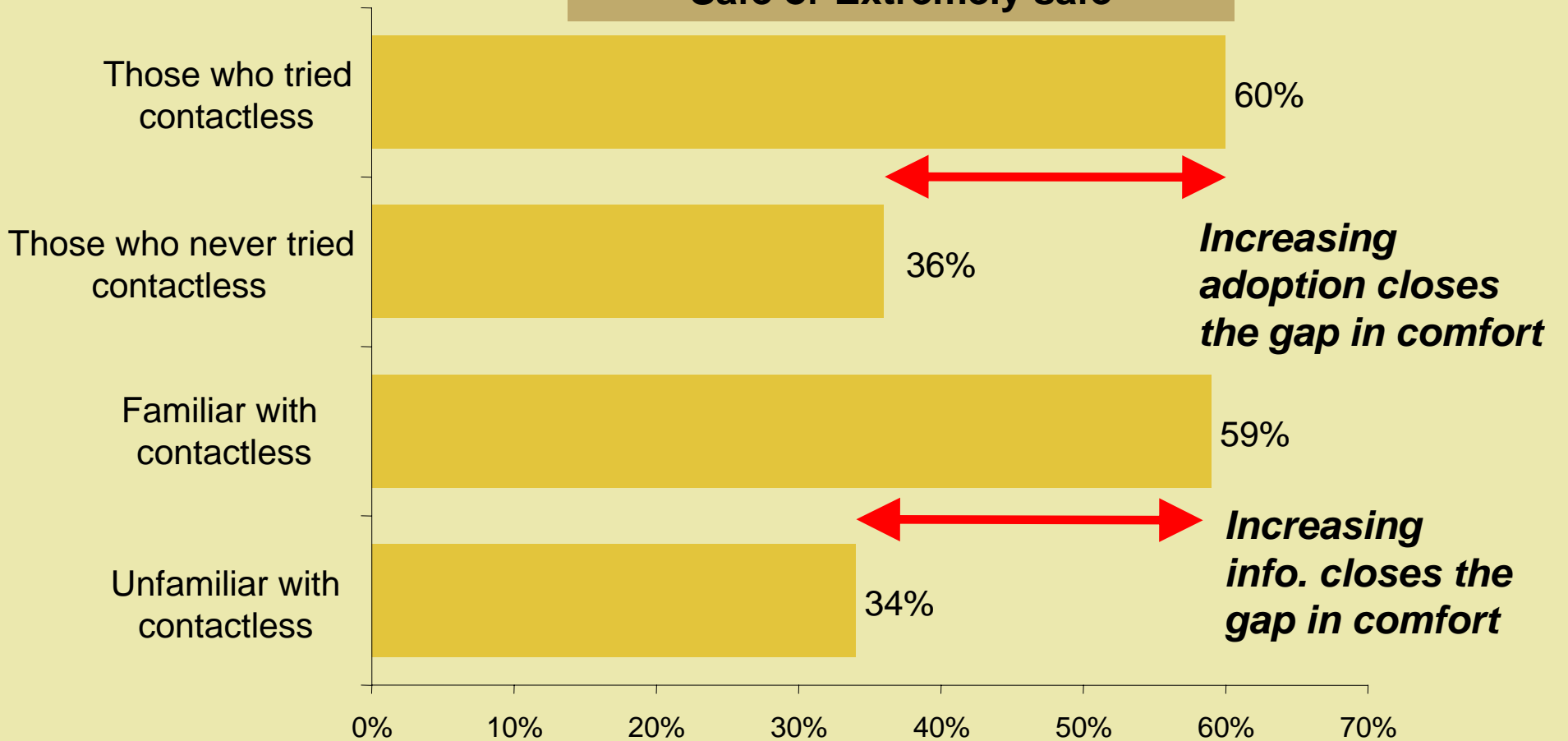
N = 2,447

Q15: How safe you would feel if you were to make a purchase with a contactless payment option as compared to a regular debit or credit card?

Base: Consumers who have used or are likely to use contactless

Increasing Familiarity And Usage Increases Comfort

Top 2 Responses: Somewhat Safe or Extremely safe

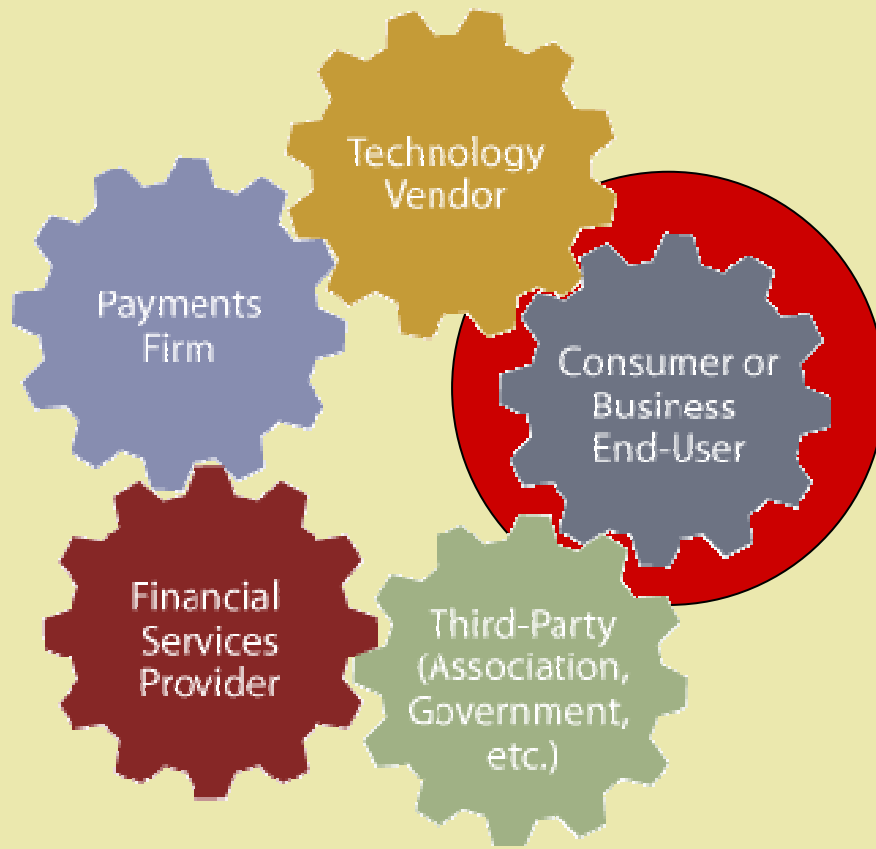


N = 2,447

Q15: How safe you would feel if you were to make a purchase with a contactless payment option as compared to a regular debit or credit card?

Base: Consumers who have used or are likely to use contactless

Thank You!



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