

Executive Summary Report: Merchants Payment Coalition Interchange Fees Study

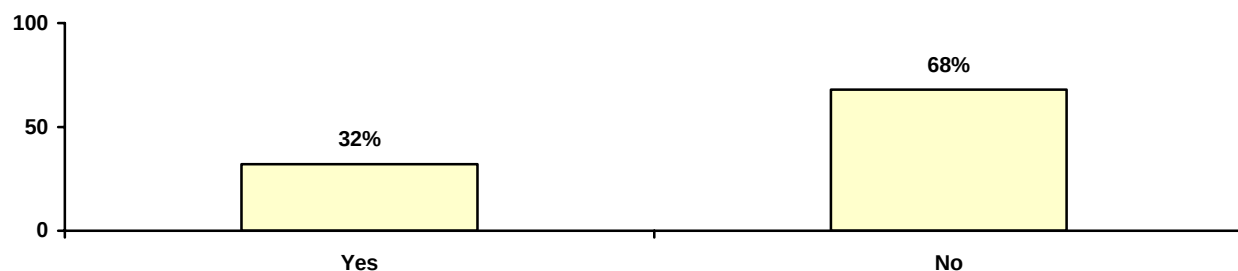
This survey was conducted online within the United States by Harris Interactive via its QuickQuerySM online omnibus service on behalf of The Merchants Payments Coalition (MPC) between January 16-18, 2007 among 2,214 adults (aged 18 and over). Figures for region, age within gender, education, household income and race/ethnicity were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents' propensity to be online.

With a pure probability sample of 2,214 one could say with a ninety-five percent probability that the overall results would have a sampling error of +/- 3 percentage points. Sampling error for data based on sub-samples would be higher and may vary. However, that does not take other sources of error into account. This online survey is not based on a probability sample and therefore no theoretical sampling error can be calculated.

Key Findings – Awareness of Interchange Fees

When U.S. adults were given a description of interchange fees, then asked if they had ever heard of them before, they responded:

Ever Heard of Interchange Fees



Question:

Credit card companies, such as Visa or MasterCard, charge an interchange fee which is a transaction fee that occurs whenever a consumer uses a credit or signature based debit or check card. The fee varies but it averages two dollars on every hundred dollars of goods and services purchased. Typically, the interchange fee is not broken out separately on credit card statements but is reflected in the price of everything you buy even when you pay using cash, check, or PIN debit. The interchange fee automatically passes through to the consumer.

Have you ever heard of an interchange fee as described above?
(n=2,214)

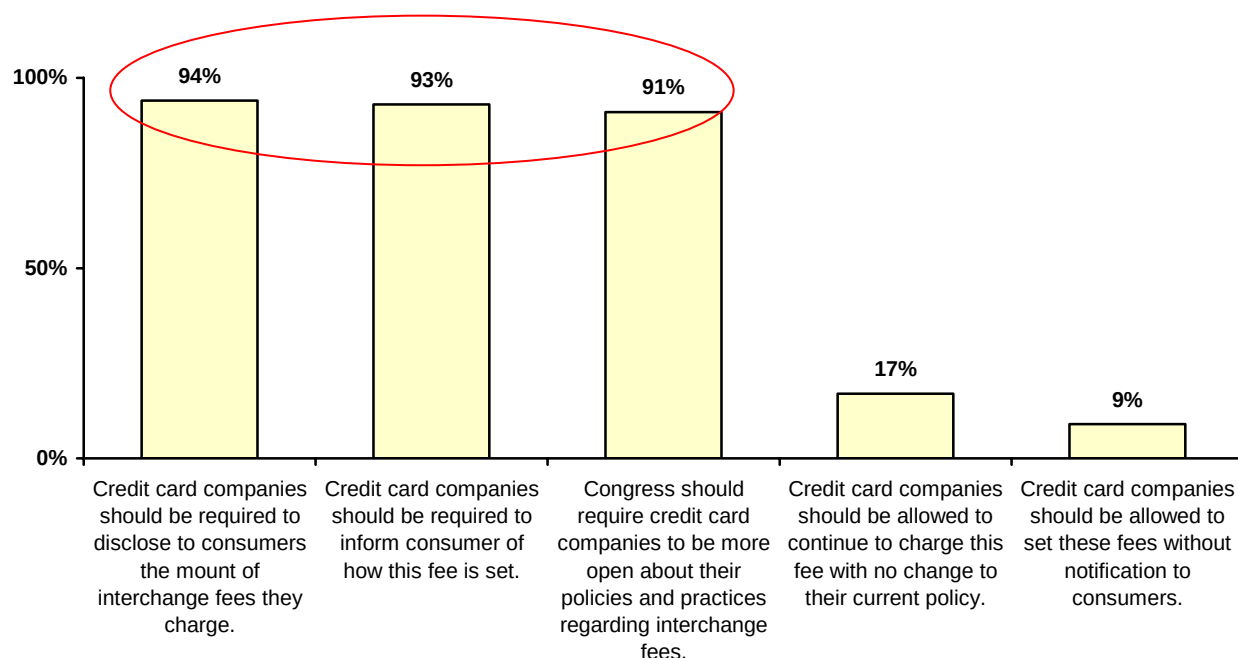
About one-third (32%) of U.S. adults have heard of interchange fees.

- Differences between age groups, education levels, employment and marital status can be observed with regard to the awareness of interchange fees.
 - Those aged 45-54 were significantly more likely to have ever heard of interchange fees (40%, vs. 32% of all adults and 29% of those aged 18-34).
 - Those with at least a 4-year college degree or higher were also significantly more likely to have heard of interchange fees (41%, vs. 32% of all adults and 25% of those with a high school diploma or less education).
 - Those who are married are also significantly more likely to be aware of interchange fees than those who identify themselves as single (36% vs. 27%, respectively).

Key Findings – Level Of Agreement With 5 Statements Related To Interchange Fees

When U.S. adults were asked to indicate how strongly they agree or disagree with statements related to interchange fees, they responded:

Agree Strongly/Somewhat



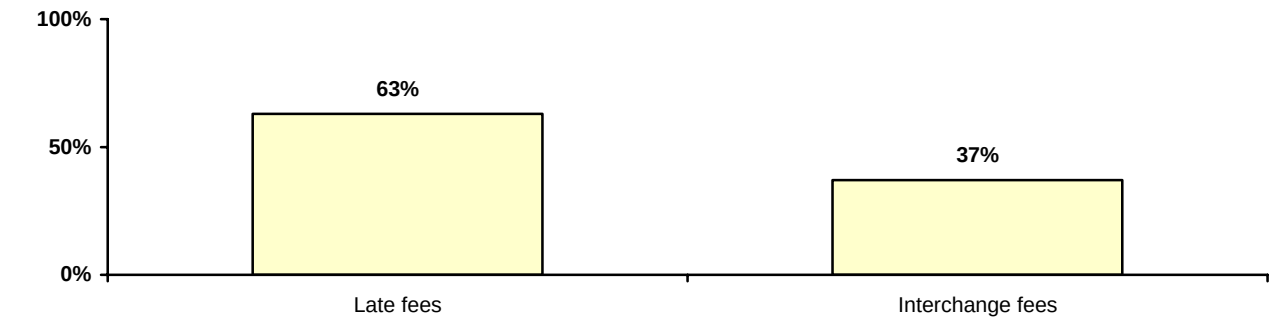
Overwhelmingly, U.S. adults strongly/somewhat agreed with the three statements asking that credit card companies be required to be more forthcoming with information regarding interchange fees. Age seems to be a factor that affects how strongly consumers agree with various statements regarding interchange fees, but the majority of all age/demographic groups appear to hold much the same opinions on all five of the statements offered. Education, income and employment break-outs largely fall in line with the general population.

- 94% agreed strongly or somewhat that credit card companies should be required to disclose to consumers the amount of interchange fees they charge.
 - Older adults (aged 55+) are significantly more likely than younger consumers (aged 18-34) to agree with this statement (97% vs. 90%).
- 93% agreed strongly or somewhat that credit card companies should be required to inform consumers how this fee is set
- 91% agreed strongly or somewhat that Congress should require credit card companies to be more open about their policies and practices regarding interchange fees
 - Younger adults aged 18-34 are much less likely to agree that Congress should be involved in setting these requirements (85%) vs. all other age groups (94% of those aged 35-54 and 93% of those aged 55+).
- 17% agree strongly or somewhat that credit card companies should be allowed to continue to charge this fee with no current change to their policy
 - 20% of those aged 18-34 agree with this
- 9% agreed strongly or somewhat that credit card companies should be allowed to set these fees without notification to consumers
 - 13% of those aged 18-34 agree with this, significantly so above the total population (9%).

Key Findings – Credit Card Companies Make More From Late Fees Or Interchange Fees

When U.S. adults were asked whether they think credit card companies make more money from late fees or interchange fees, they responded:

Make More From Late Fees or Interchange Fees



Question: Do you think credit card companies make more from interchange fees or late fees?
(n=2,214)

Almost two-thirds (63%) believe that credit card companies make more money from late fees than they do from interchange fees.

- Differences among age groups continue to be seen among this issue as well.
 - 72% of those aged 18-34 believe that late fees contribute more income to credit card companies, a significantly higher percentage than all other age groups: 54% of those 35-44, 60% of those 45-54 and 62% of those 55+.