



FOR IMMEDIATE RELEASE

Contact: Julie Goldman or Payal Cudia
Schwartz Communications
781-684-0770
peppercoin@schwartz-pr.com

**MORE THAN 67 MILLION AMERICANS HAVE USED CREDIT OR DEBIT CARDS
FOR PURCHASES OF LESS THAN \$5 IN THE PAST 30 DAYS**

*Survey Reveals Consumer Behavior Change from Interest in Cards for
Small Payments to Use of Cards*

NEW YORK (MICRO AND SMALL PAYMENTS CONFERENCE)—November 28, 2006—

More than 67 million Americans have used a credit or debit card for a purchase of less than \$5 in the past 30 days according to the fourth annual comprehensive, quantitative survey on the small payments market released today at the 2006 Micro and Small Payments Conference in New York City. This shows that consumers are willing and ready to use credit and debit cards for small payments.

Additionally, the survey found that merchants face limited growth opportunities with traditional membership rewards cards used today as part of loyalty programs. Less than 20 percent of survey respondents indicated they would be willing to carry additional reward cards.

However, consumers did express strong interest in using a prepaid balance at merchants where they frequently shop with 27 percent of survey participants responding positively when asked if this was of interest. Younger Americans are even more likely to adopt a prepaid program with a positive response rate of 42 percent for those ages 18 to 34.

"The data shows that credit and debit cards are becoming a preferred payment method for a variety of small payments purchases in the physical world," said Matt Kleinschmit, vice president with global survey-based market research group Ipsos Insight. "This suggests that merchants, retailers and card issuers alike could all benefit from increased consumer access to credit and debit cards as a small payment option."

The survey examined consumers' spending habits for low-priced items, and points to potential new markets for card use.

The survey, conducted by Ipsos Insight and Peppercoin, was a scientific, random sample telephone survey of 1,000 Americans ages 18 and older, and has a margin of error of +/- three percent.

"This year we reached an inflection point in the small payments industry. Consumers have clearly demonstrated that when given the chance they will use credit and debit cards for small payments purchases," said Mark Friedman, president and CEO of Peppercoin. "Additionally, the current loyalty program model needs to be reworked to eliminate the overwhelming amount of cards consumers need to carry. Merchants today have an unprecedented growth opportunity by combining credit and debit card-based small payments with loyalty and prepaid programs."

Specific survey responses include:

- **Hot small payments markets**—Consumers are most likely to use credit or debit cards for small payments purchases at convenience stores, quick service restaurants, to buy coffee or pay for the subway or tolls. Specifically, over the past 30 days:
 - More than 67 million consumers have used a card for a payment of less than \$5 at a convenience store
 - More than 57 million consumers have used a card to make a purchase at a quick service restaurant
 - Roughly 42 million consumers used a credit or debit card to purchase coffee
 - Roughly 26 million consumers used a credit or debit card to pay for the subway or tolls
- **Pent-up demand in transportation and vending**—The survey found that 63 million Americans would use credit or debit cards to make purchases for transportation services (subways and tolls) if they could, but only 25 million have done so to date. The vending market reported similar numbers, with more than 42 million willing to use credit or debit cards. This represents a significant revenue growth opportunity for transit and vending operators and card companies, as consumers typically spend more when using card-based payment mechanisms.
- **Overcoming loyalty card overload**—In addition to being overwhelmed by the number of loyalty cards they need to carry, the survey found three of the most significant obstacles to loyalty program enrollment were:
 - Twenty-one percent of respondents found carrying a separate card inconvenient
 - Twenty-one percent reported that rewards did not accumulate fast enough
 - Eighteen percent found program enrollment to be too much of a hassle

- **Frequent transactions**—By examining consumer spending habits, the survey sheds light on the most common cash transactions. When asked where they made frequent purchases over the past 30 days respondents indicated:
 - Thirty-two percent purchased coffee or a beverage at least six times. Approximately 11 percent (or roughly 21 million Americans) purchased coffee more than 20 times over the last 30 days.
 - Twenty-four percent purchased items at a fast-food restaurant at least six times
 - Fifteen percent purchased items from vending machines/kiosks at least six times

About Ipsos Insight

Ipsos Insight is a member of the Ipsos Group, a leading global survey-based market research company. As the company's flagship marketing research division in the U.S., Ipsos Insight provides custom and tracking research to domestic clients as well as U.S.-based multinationals. Ipsos Insight specializes in research for the Consumer Products, Technology & Communications, Financial Services, and Health industries. Visit www.ipsosinsight.com.

About Peppercoin, Inc.

Peppercoin is a small payments technology company transforming routine card transactions into new revenue opportunities. Peppercoin's platform accelerates the cash-to-card transition, getting customers to come back more often and spend more using the cards in their wallets—all while costing merchants less. Only Peppercoin provides a loyalty-rich PCI-compliant small payments suite for all payment models, including prepaid, subscription, and pay-as-you-go with Intelligent Aggregation. For more information, please visit www.peppercoin.com.

#

All trademarks are the property of their respective owners.