



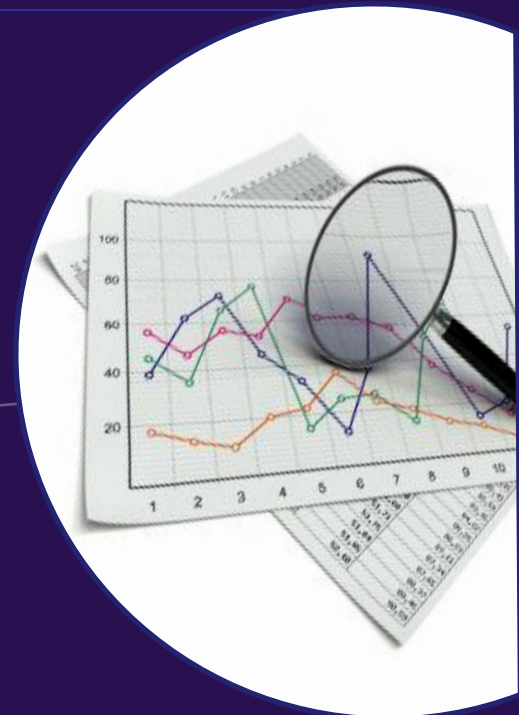
Global @dvisor

European Public Opinion Survey on Payment Cards: Results for Croatia

Conducted for MasterCard Worldwide



FINDINGS



Introduction Screen to Respondents

Welcome to the survey – thank you for your participation! Your responses will help us to better understand how Europeans view some of the current issues being discussed in the European Parliament. Your responses are confidential and anonymous.

In the remainder of this survey, we are going to be asking your opinions about various issues related to the technology and regulation of credit, debit and pre-paid cards.

Currently, when a retailer decides they want to let customers pay with credit, debit, or pre-paid cards, they negotiate an agreement with a bank to process those payments. The retailer's bank is responsible for getting the funds from the customer's bank and they use the technology of electronic payment networks to request, authorize and transfer funds.

Retailer's banks share some of the costs of the secure networks by paying the customer's bank an interchange fee as part of the transaction. Interchange helps pay for the secure network, fraud protection, purchase guarantees, value retailers receive from accepting cards, ongoing innovations and customer service. The companies that develop and maintain the technology of the networks set the default interchange rates for using their systems.

The European Commission is considering several new rules related to credit, debit, and pre-paid cards. Any new rules will change the system for retailers, banks and consumers. In this survey, we are going to describe several of these possible rule changes and ask you for your opinion on how it will affect you as a consumer.

Inflexible Cap on Interchange Rates

1. The first possible rule change is described below. Please read the description, and some possible advantages and disadvantages, listed. Then indicate on the answer grid whether you feel the potential change would make using credit, debit and pre-paid cards better or worse for consumers.

DESCRIPTION: A new rule that would create an inflexible cap on interchange rates for every debit or credit card transaction anywhere in the EU.

[ROTATE ORDER OF ADVANTAGES AND DISADVANTAGES. RECORD IN DATA ORDER SHOWN.]

[NOT CLICKABLE ITEM.] **POTENTIAL ADVANTAGES:** Retailers will pay the same interchange rate for every card transaction and some of them may save money on their overall costs for accepting cards. Retailers could pass along any of their savings on to customers by lowering prices but there is no guarantee they will do so.

[NOT CLICKABLE ITEM.] **POTENTIAL DISADVANTAGES:** Consumers may pay more to have and use cards, or have greater restrictions and limitations on their use, consumer protections or consumer rewards. Future improvements in the security and consumer convenience of payment card technology may also be jeopardized if retailers start paying lower interchange rates.

Overall this change would make using credit, debit and pre-paid cards...

Much worse for consumers

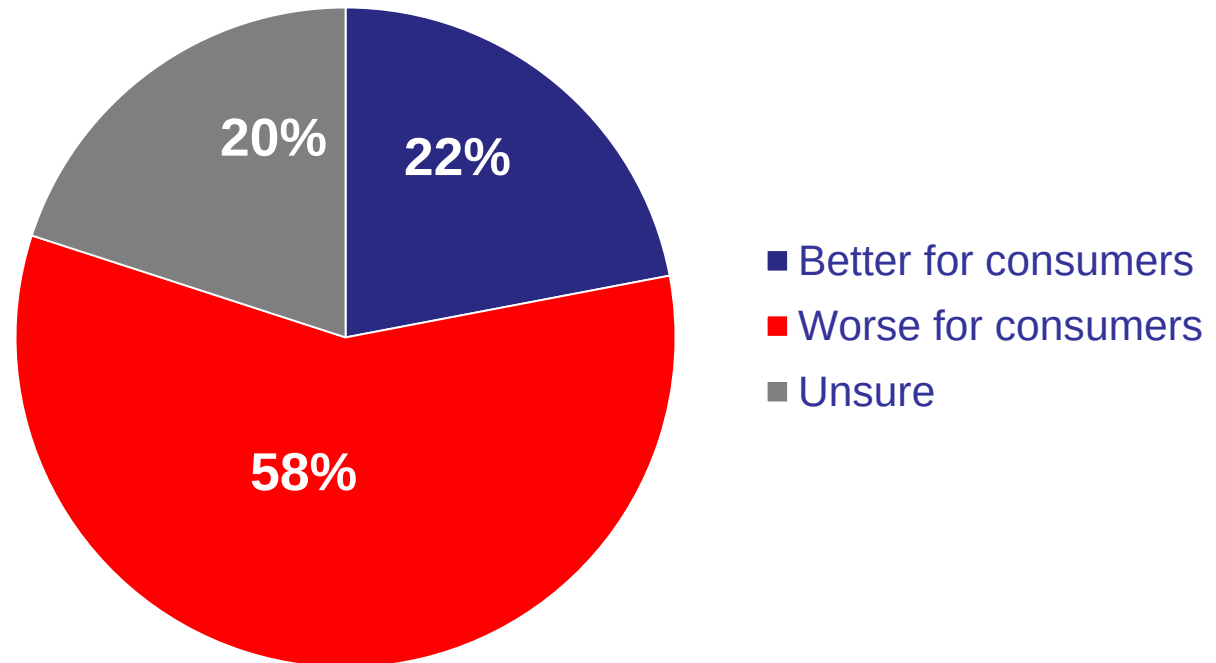
Somewhat worse for consumers

Somewhat better for consumers

Much better for consumers

Unsure

Majority of consumers feel an inflexible cap on interchange rates for card transactions would be worse for them



Q1. The first possible rule change is described below. Please read the description, and some possible advantages and disadvantages, listed. Then indicate on the answer grid whether you feel the potential change would make using credit, debit and pre-paid cards better or worse for consumers.
Base: All respondents n=1006

Full questionnaire verbiage found on slide 4.

Fairness Ratings for Interchange Rates

2. Which of the following do you feel are fair when it comes to interchange fees (the costs associated with providing the technology and security of card payments that retailers pay to banks)? Please select all that apply.

(Select multiple) [DOWN. RANDOMIZE]

Retailers should pass the fees on to consumer

Retailers should absorb the fees as the cost of doing business

Retailers should share the fees with the consumer as the cost of doing business

Technology companies running the payment card networks should not determine the fees

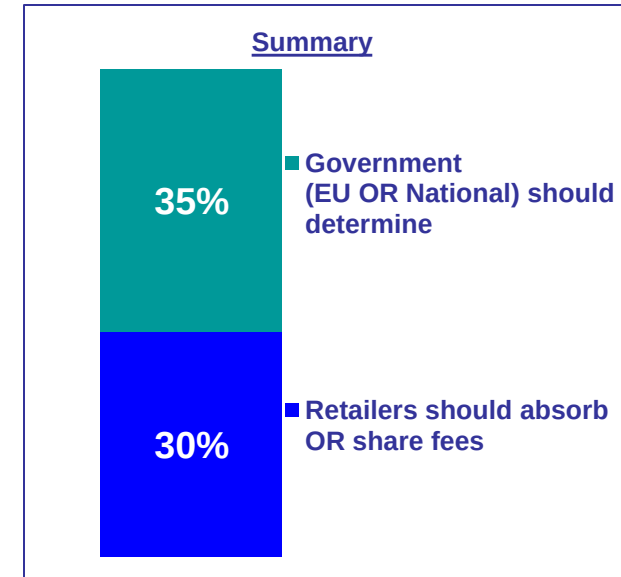
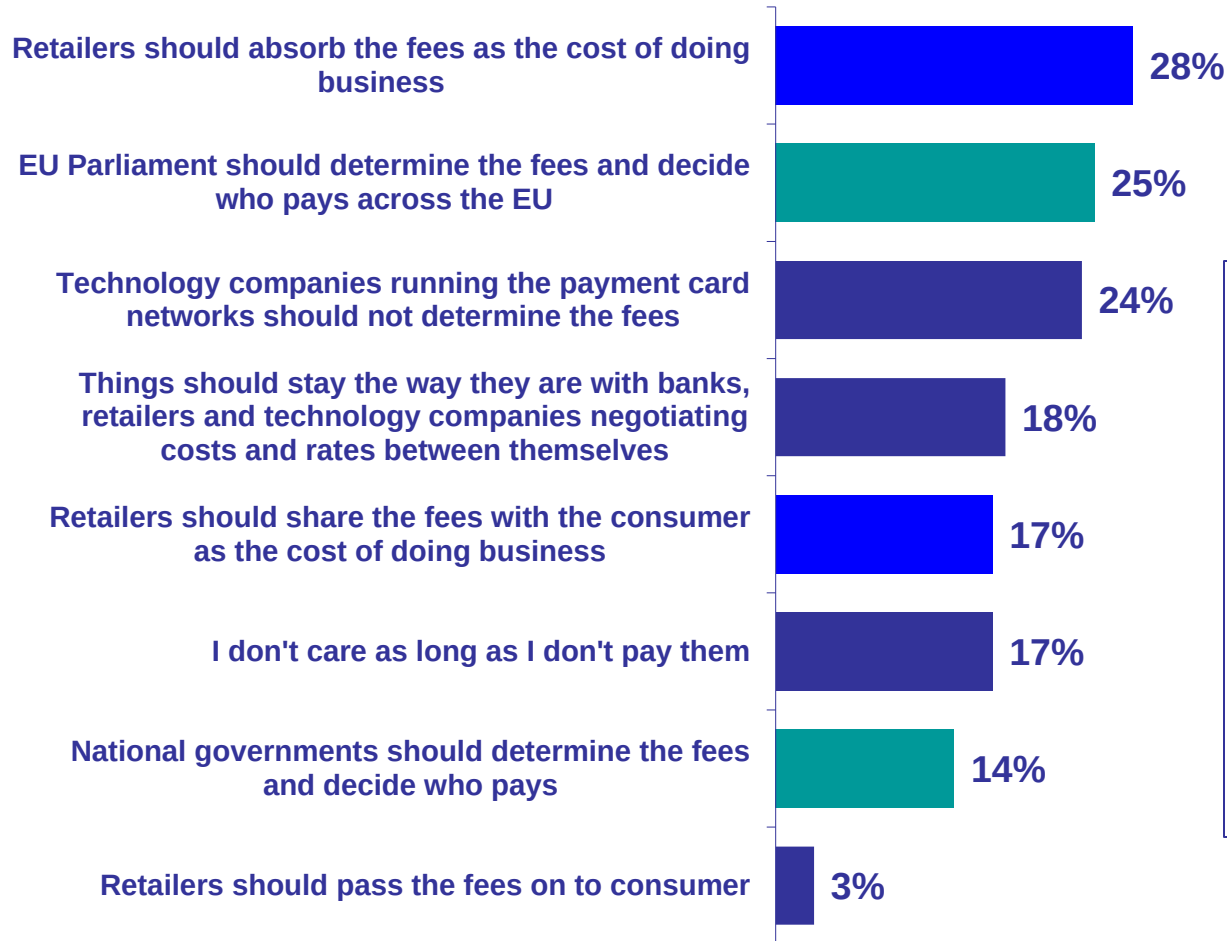
National governments should determine the fees and decide who pays

EU Parliament should determine the fees and decide who pays across the EU

Things should stay the way they are with banks, retailers and technology companies negotiating costs and rates between themselves

I don't care as long as I don't pay them [ANCHOR. MUTUALLY EXCLUSIVE]

Respondents split on who they prefer to absorb or determine fees on payment cards



Q2. Which of the following do you feel are fair when it comes to interchange fees (the costs associated with providing the technology and security of card payments that retailers pay to banks)?

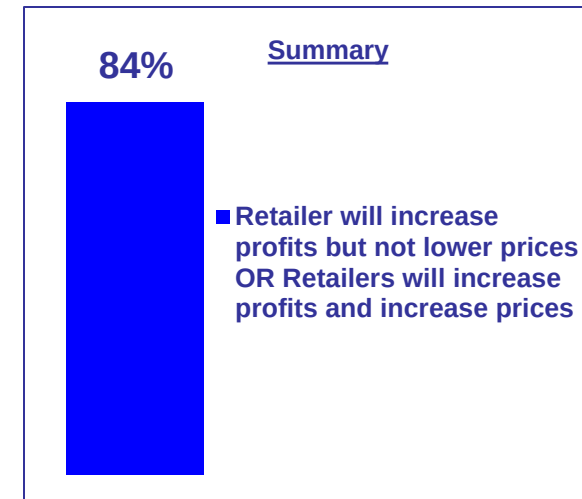
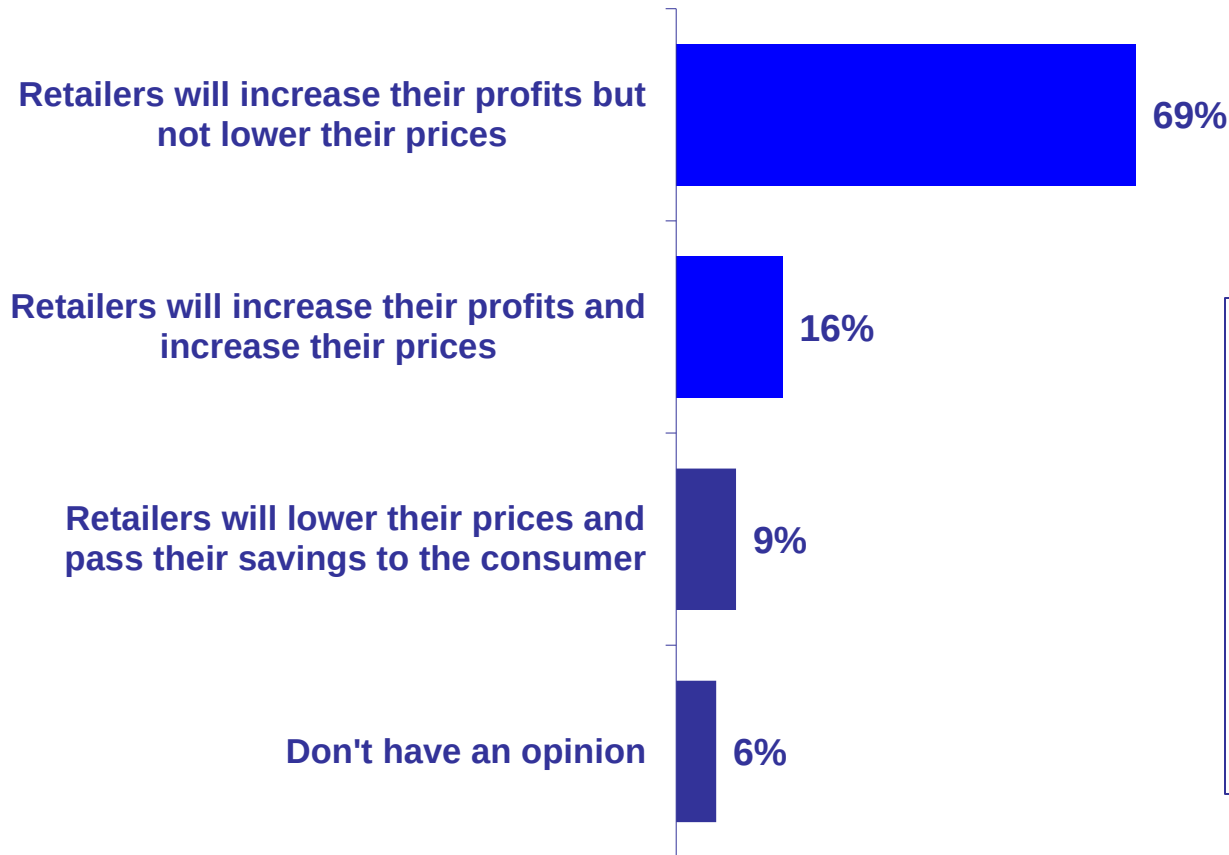
Full questionnaire verbiage found on slide 6.

Expected Result of Lowered Interchange Fees

3. If the EU passes legislation that reduces interchange fees (the fees that retailers pay for the access to payment card networks and benefits), what do you think retailers will do as a result?
(Select one)

- Retailers will lower their prices and pass their savings to the consumer
- Retailers will increase their profits but not lower their prices
- Retailers will increase their profits and increase their prices
- Don't have an opinion [ANCHOR LAST]

If the EU reduces interchange fees, consumers do not believe retailers will lower prices and pass their savings to customers



Q3. If the EU passes legislation that reduces interchange fees (the fees that retailers pay for the access to payment card networks and benefits), what do you think retailers will do as a result?

Full questionnaire verbiage found on slide 8.

Scenario: Multiple Network Logos on Same Card

[RANDOMIZE ORDER OF QUESTIONS 4-7. RECORD IN DATA ORDER SHOWN.] The next four questions describe other potential rule changes. As you did earlier, please read the description and the potential advantages and disadvantages listed. Then indicate on the answer grid whether you feel the potential change would make using credit, debit and pre-paid cards better or worse for consumers.

4. DESCRIPTION: A new rule that would allow banks to offer credit and debit cards with multiple payment network logos on the same card – such as Visa, MasterCard or other domestic networks. Retailers and consumers could choose which network they want to use for the transaction.

[ROTATE ORDER OF ADVANTAGES AND DISADVANTAGES. RECORD IN DATA ORDER SHOWN.]

[NOT CLICKABLE ITEM.] **POTENTIAL ADVANTAGES:** Even if they only make an agreement to process transactions with one payment network, retailers could reduce how often a customer is frustrated when they don't accept all brands of cards.

[NOT CLICKABLE ITEM.] **POTENTIAL DISADVANTAGES:** A lack of consumer control when using cards with retailers, automated tellers and kiosks may cause confusion and delays when customers and retailers try to decide which network will be used for each transaction. Consumers potentially lose enhanced fraud protections, customer services and rewards features of their cards when an alternative to their first choice of networks is used.

Overall this change would make using credit, debit and pre-paid cards...

Much worse for consumers

Somewhat worse for consumers

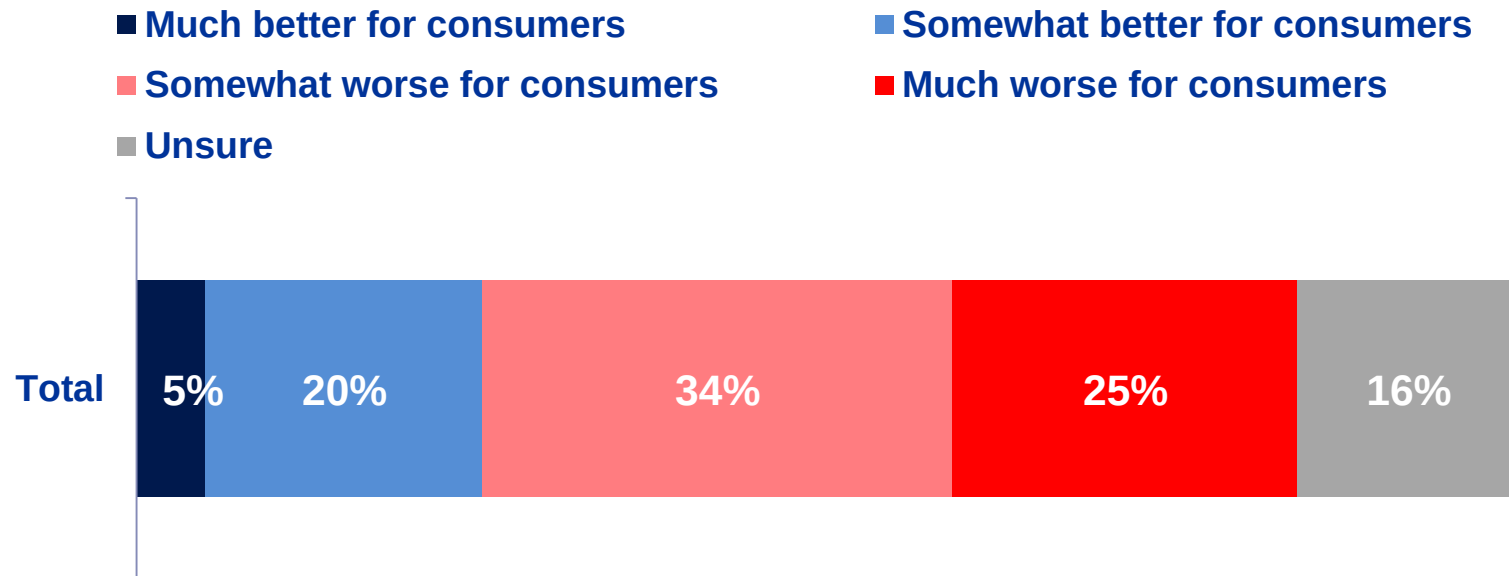
Somewhat better for consumers

Much better for consumers

Unsure

Scenario: Multiple Network Logos on Same Card

A new rule that would allow banks to offer credit and debit cards with multiple payment network logos on the same card – such as Visa, MasterCard or other domestic networks. Retailers and consumers could choose which network they want to use for the transaction.



Q4. Overall this change would make using credit, debit and pre-paid cards...

Scenario: Inflexible Interchange Fees Only on Select Networks

5. DESCRIPTION: A new rule that would enable the EU to impose inflexible interchange caps on some electronic payment networks such as Visa and MasterCard, but not on others such as American Express, PayPal and other networks.

[ROTATE ORDER OF ADVANTAGES AND DISADVANTAGES. RECORD IN DATA ORDER SHOWN.]

[NOT CLICKABLE ITEM.] POTENTIAL ADVANTAGES: This change allows the EU to control the amount of money different networks make for providing the same basic service which will enable the EU to determine which networks make extra to perhaps pay for service development and enhancements, or to simply generate greater revenue for themselves.

[NOT CLICKABLE ITEM.] POTENTIAL DISADVANTAGES: Different networks would develop their services and security protections in different ways at different times depending on whether they are subjected to an inflexible interchange cap leading to confusion in the market place, weaknesses in the overall systems and disadvantages for consumers who prefer some cards over others. Might be seen as giving an unfair advantage to some payment network companies over others.

Overall this change would make using credit, debit and pre-paid cards...

Much worse for consumers

Somewhat worse for consumers

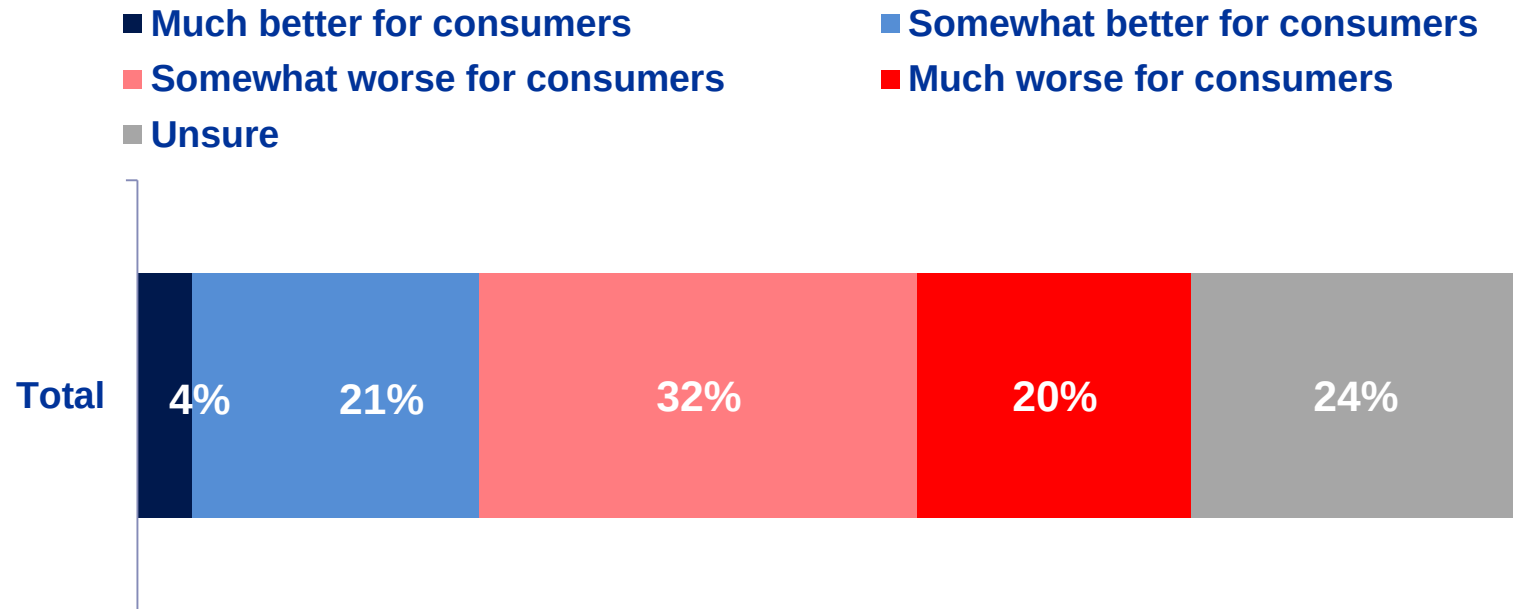
Somewhat better for consumers

Much better for consumers

Unsure

Scenario: Inflexible Interchange Fees Only on Select Networks

A new rule that would enable the EU to impose inflexible interchange caps on some electronic payment networks such as Visa and MasterCard, but not on others such as American Express, PayPal and other networks.



Q5. Overall this change would make using credit, debit and pre-paid cards...

6. DESCRIPTION: A new rule that would give retailers the right to decide which specific cards they will or will not accept even among cards carrying the same network logos (such as Visa or MasterCard). For example some credit and debit cards with the same logos may offer different levels of reward points, cash back and fraud protection, etc. Higher levels of consumer benefits usually come with a higher interchange rate for the retailer. Currently, if a retailer accepts any Visa card, they must accept all types of Visa cards. The same is true for MasterCard cards.

[ROTATE ORDER OF ADVANTAGES AND DISADVANTAGES. RECORD IN DATA ORDER SHOWN.]

[NOT CLICKABLE ITEM.] POTENTIAL ADVANTAGES: Allows retailers to only accept certain cards as a way for them to reduce the interchange rates they pay to process transactions. Retailers could lower their card acceptance costs.

[NOT CLICKABLE ITEM.] POTENTIAL DISADVANTAGES: Consumers lose the convenience and confidence of knowing that their card will be accepted wherever they see the network's logo, which might create confusion and frustration. This could also reduce some of the benefits and rewards consumers obtain by using their preferred cards for transactions.

Overall this change would make using credit, debit and pre-paid cards...

Much worse for consumers

Somewhat worse for consumers

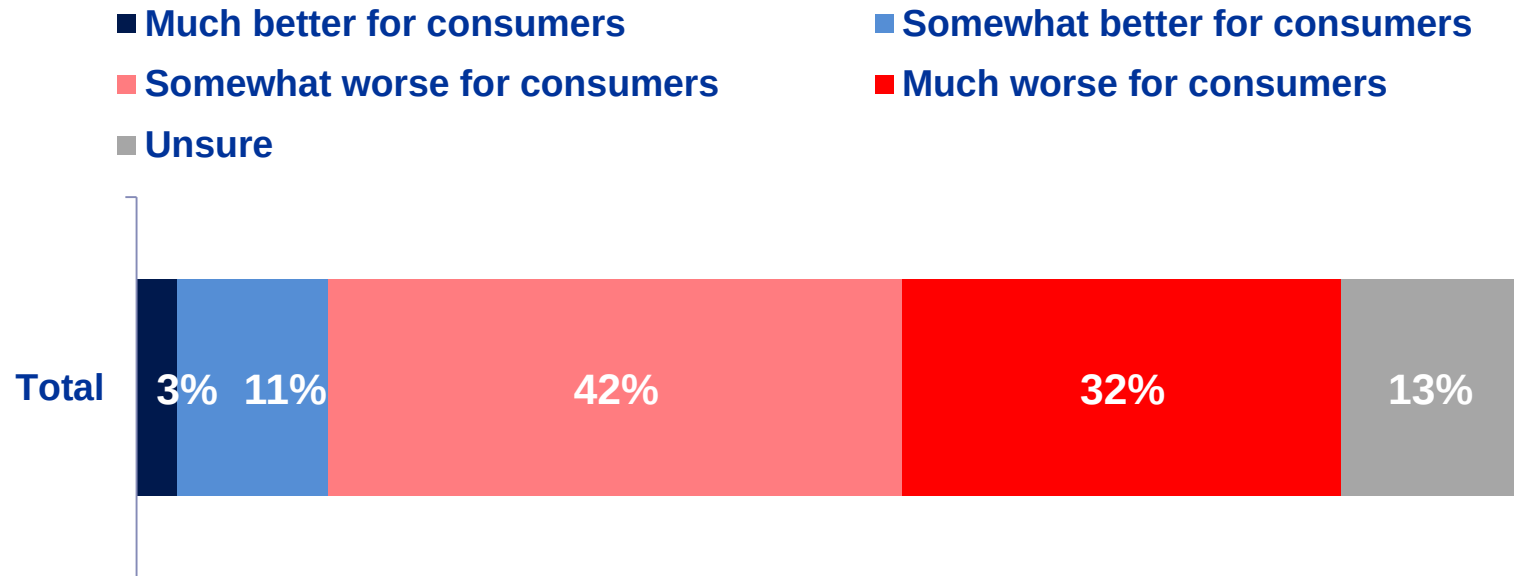
Somewhat better for consumers

Much better for consumers

Unsure

Scenario: Retailers Decide Which Cards They Will Accept

A new rule that would give retailers the right to decide which specific cards they will or will not accept even among cards carrying the same network logos (such as Visa or MasterCard).



Scenario: Encoded PIN Numbers to Replace Secure Electronic Payment Networks

7. DESCRIPTION: A new rule that would allow banks to encode a person's personal bank account number onto their debit card so that the funds for debit transactions could come directly from the person's account rather than passing through a secure electronic payment network such as those offered by Visa or MasterCard.

[ROTATE ORDER OF ADVANTAGES AND DISADVANTAGES. RECORD IN DATA ORDER SHOWN.]

[NOT CLICKABLE ITEM.] **POTENTIAL ADVANTAGES:** Retailers will not need to pay the per transaction interchange fee charged by these electronic payment networks and may choose to pass on any savings to the consumer.

[NOT CLICKABLE ITEM.] **POTENTIAL DISADVANTAGES:** Consumers' personal bank account information could be exposed on less secure electronic networks every time they use a debit card, and some of the fraud protection services offered by through these networks will not be provided for transactions conducted outside the current networks.

Overall this change would make using credit, debit and pre-paid cards...

Much worse for consumers

Somewhat worse for consumers

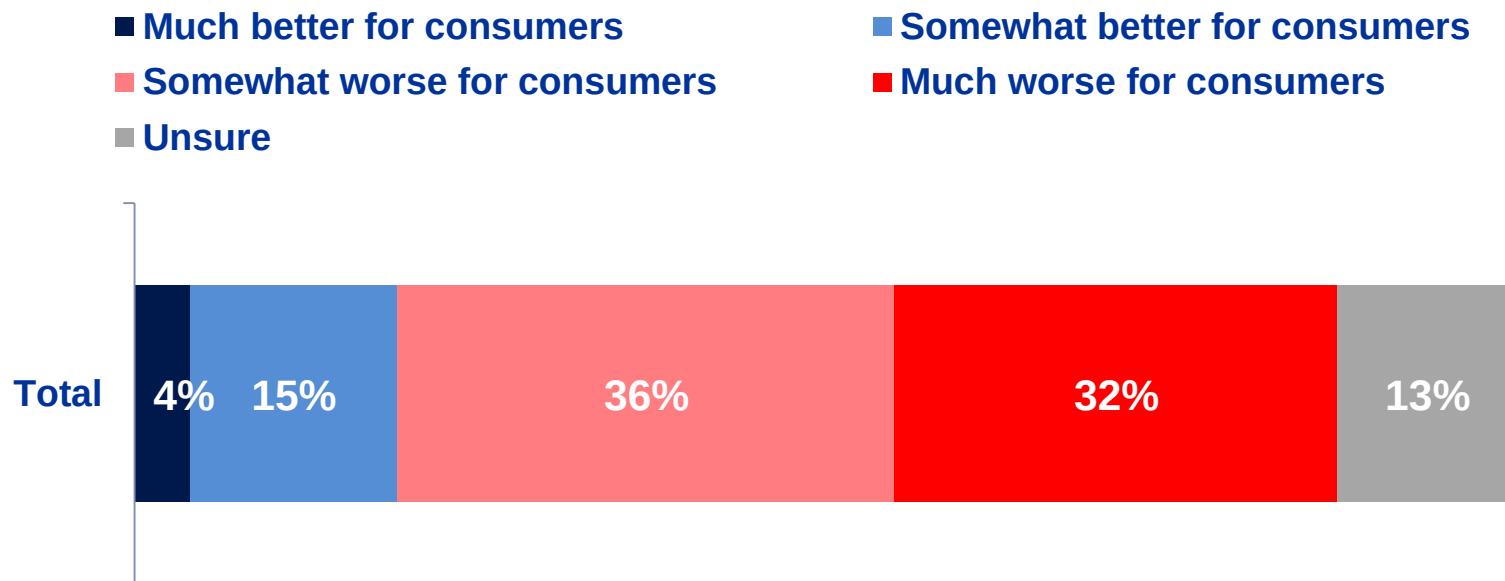
Somewhat better for consumers

Much better for consumers

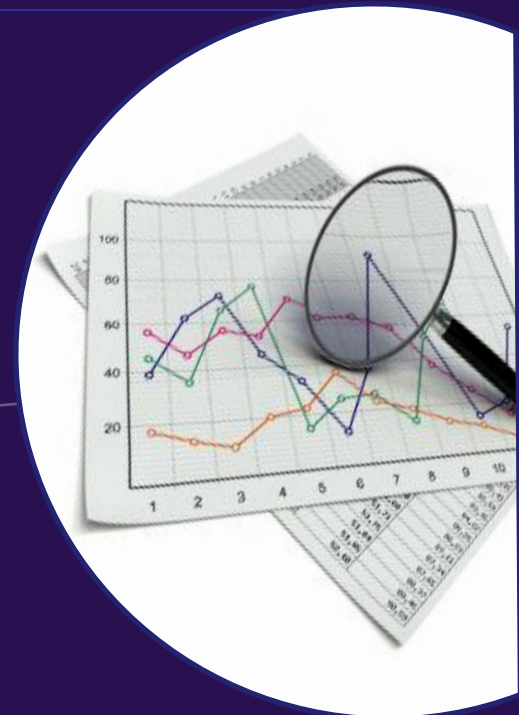
Unsure

Scenario: Encoded PIN Numbers to Replace Secure Electronic Payment Networks

A new rule that would allow banks to encode a person's personal bank account number onto their debit card so that the funds for debit transactions could come directly from the person's account rather than passing through a secure electronic payment network such as those offered by Visa or MasterCard.



NOTES



Methodology

- These are findings of research conducted by global research company Ipsos on behalf of MasterCard Worldwide. The research was conducted online on among adults aged 18+ with the following field dates and sample sizes in each country:

Country	Field Start	Field Close	Sample size
Croatia	27-Jan	29-Jan	n=1,006
Czech Republic	24-Jan	28-Jan	n=1,002
Finland	24-Jan	28-Jan	n=1,007
France	23-Jan	27-Jan	n=1,000
Germany	23-Jan	27-Jan	n=1,000
Great Britain	17-Jan	21-Jan	n=1,007
Italy	24-Jan	28-Jan	n=1,001
Netherlands	24-Jan	28-Jan	n=1,003
Poland	24-Jan	28-Jan	n=1,004
Portugal	24-Jan	28-Jan	n=1,002
Slovakia	26-Jan	28-Jan	n=1,002
Spain	26-Jan	28-Jan	n=1,007
Sweden	24-Jan	28-Jan	n=1,008

- Approximately 1000+ individuals participated on a country by country basis via the Ipsos Online Panel in the following countries: Croatia, Czech Republic, Finland, France, Germany, Great Britain, Italy, the Netherlands, Poland, Portugal, Slovakia, Spain and Sweden.
- The precision of Ipsos online polls are calculated using a credibility interval. In this case, a poll of 1,000 is accurate to +/- 3.5 percentage points in their respective general populations.

About Ipsos

- Ipsos is an independent market research company controlled and managed by research professionals. Founded in France in 1975, Ipsos has grown into a worldwide research group with a strong presence in all key markets. In October 2011 Ipsos completed the acquisition of Synovate. The combination forms the world's third largest market research company.
- With offices in 85 countries, Ipsos delivers insightful expertise across six research specializations: advertising, customer loyalty, marketing, media, public affairs research, and survey management.
- Ipsos researchers assess market potential and interpret market trends. They develop and build brands. They help clients build long-term relationships with their customers. They test advertising and study audience responses to various media and they measure public opinion around the globe.
- Ipsos has been listed on the Paris Stock Exchange since 1999 and generated global revenues of €1,789 billion (2.300 billion USD) in 2012.
- Visit www.ipsos.com to learn more about Ipsos' offerings and capabilities.

Keren Gottfried
Senior Research Manager
 Toronto, ON, Canada
keren.gottfried@ipsos.com

