

Consumer Enthusiasm and Desire for Chip Cards Growing

Consumers Asking for Specifics on
Chip Card Functionality and Availability:
How Does It Work and When Can I Get It?

2,000+ CONSUMERS
SURVEYED

As chip cards and acceptance points become increasingly available across the U.S., MasterCard has again surveyed more than 2,000 consumers to measure their current attitudes toward chip.¹ This in-depth look at consumer attitudes as they have evolved over time revealed significant increases in:

- Awareness and ownership of EMV cards
- Interest in EMV features and benefits
- Likelihood of switching issuer if EMV cards were not offered
- Interest in the positive attributes of chip (i.e., reducing fraud, ease of use)



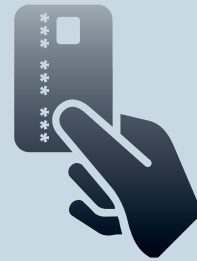
RESEARCH SUMMARY:

Consumer Interest and Enthusiasm for Chip Cards on the Rise



75%

of consumers agree that the increased security of chip cards greatly reduces thieves' ability to clone, copy, or use their card for unauthorized purchases.



73%

of consumers say owning a chip card would encourage them to use their card more often.



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consumers would be extremely or very likely to switch card issuers if not offered a chip card by their current issuer.



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consumers expect to use their chip card at the merchants where they shop today.

RESEARCH FINDING:

Consumers Are More Aware of Chip Cards, and Curious About How They Function

Awareness of chip cards has risen steadily since 2013, with seven out of ten respondents surveyed in March 2015 aware of them and 15 percent owning one. Over that time, consumers’ questions about chip have evolved as well, from “What is chip?” to “Exactly how does it work?” With more consumers owning a chip card, we expect the questions will continue to evolve. Across all segments, including Young Professionals and the Mass Affluent, consumers express greater readiness for chip cards.

CONSUMERS ARE MORE AWARE OF CHIP CARDS

Overall, consumer awareness of chip cards has risen significantly since 2014

	2015	2014
Awareness of EMV	69%	60%
Ownership of EMV	15%	3%
Interest Before Full Exposure	57%	42%
Interest After Benefit Exposure	68%	50%
Understanding of Benefits	65%	52%
Opinion of Financial Institution when EMV Is Offered	51%	49%
Opinion of Merchant when EMV Is Accepted	47%	42%
Likelihood to Switch Card Issuer if Not Offered	33%	15%

CONSUMERS STILL HAVE MANY QUESTIONS ABOUT CHIP CARD TECHNOLOGY

“How is the chip more secure?”

“Who provides these chip cards?”

“I think that a video illustrating its use would be beneficial.”

“Where would it be usable if, say, I got this next week?”

“Is there any additional cost? Will I have to pay for a new chip card? Will there be a fee for transactions?”

57% ➔ 68%

After reading a short description explaining chip cards and their benefits, consumers’ interest in chip cards rose substantially—from 57 percent of all consumers beforehand to 68 percent after reading the description.

RESEARCH FINDING:**Security Tops Features of Interest to Consumers**

Increased protection against cloning or unauthorized face-to-face use was the most interesting feature of the chip card for consumers, as it was in 2014. When asked to name key words that describe the potential benefits of chip cards, consumers mentioned *security*, *ease of use*, and *safety* most often. However, this latest research revealed growing consumer interest in innovative features of the new technology, including contactless payments.

CHIP CARD FEATURES OF MOST INTEREST

Percent of consumers rating features as very/extremely interesting

	2015	2014
Increased security greatly reduces thieves' ability to clone, copy, or use your card for unauthorized purchases	75%	70%
Using a chip card to make purchases is more secure than using a traditional card with a magnetic stripe on the back	72%	61%
Chip card technology is cutting edge and the security it provides will protect payments now and in the future	70%	47%
Using a PIN protects me from other people using the card to make unauthorized purchases	68%	57%
When using a chip card, you are always in control of your card. There is no need to hand the card over to a cashier or sales clerk	65%	56%
When traveling outside the country, reduces the possibility that I will be stranded without the ability to pay	59%	48%
Ensures acceptance of your payment card when traveling to parts of the world where they may only accept chip cards	58%	46%
Allows even more innovative ways to pay for products and services	55%	38%
Chip cards may also come with contactless technology devices, such as mobile phones, so you can just "tap and go" at the payment terminal	50%	36%

 VERY/EXTREMELY INTERESTING

The majority of consumers in the study said that chip cards offer multiple benefits, with fraud and counterfeiting prevention resonating most strongly, especially among Young Professionals and International Travelers. Also striking is the greater number of consumers who said that a chip card would encourage them to make greater use of the card—rising from 19 percent of respondents in 2014 to 73 percent in 2015. “Ease of use” grew in popularity by 12 percentage points over the 2014 study to capture second place among perceived benefits. Other attributes that made strong gains in the past year were innovative payment technology and reduced likelihood of card rejection.

ASPECTS OF CHIP CARD TECHNOLOGY OF MOST INTEREST

“The fraud protection seems great. I like that I slide the card myself so no one has to take it from me.”

“I can use it myself without handing it over to a cashier.”

“I think it is very exciting to be able to purchase something by tapping a card.”

“It makes it much easier and convenient. It provides more security.”

PREVENTING FRAUD AND COUNTERFEITING, AND OTHER SECURITY FEATURES, TOP BENEFITS IN CONSUMERS’ MINDS

Percent of consumers who agree with the following statements

	2015	2014 Top 2
Reduce the risk of card fraud by making it harder to counterfeit a card	31% 65%	58%
Easy to use	35% 62%	50%
Represents new and innovative payment technology	35% 61%	47%
Would better protect me from identity theft or some other compromise of my card information	33% 61%	52%
Safe, secure way to prevent unauthorized use of my card	34% 61%	49%
When used with a PIN, it would provide a secure way to verify my identity as the card owner	36% 60%	54%
Would make me feel more secure in using the card in new places at which I’ve never used it before	37% 56%	44%
Useful when I am traveling abroad	37% 55%	43%
Reduce the likelihood that my card would be rejected by a store/merchant	45% 43%	31%
Would encourage me to use my card more often	42% 31%	19%

SOMEWHAT AGREE/AGREE STRONGLY/VERY STRONGLY AGREE



RESEARCH FINDING:

Consumers' Concerns About Chip Easing

When thinking about using the chip card, the most common concerns among respondents were security and privacy. Yet, compared to 2014, consumer's concerns have ebbed slightly as familiarity grows.

CONCERNS ABOUT CHIP CARD TECHNOLOGY

"How long do the cards last? Can they go bad? How fragile are they?"

"Are stores going to have the technology for chip card/contactless card?"

"Are there any safety features for using the chip card online?"

"Only would be concerned that I would have to pay a fee for this card or that merchants have the ability to accept it."

CONSUMER CONCERNS ABOUT THE SECURITY OF CHIP HAVE EASED

Areas of concern about chip cards by all consumers

	2015	2014
What could happen to my personal information if the card were lost or stolen	54%	56%
The ability for someone to use my chip card fraudulently for online shopping	49%	47%
My options if the PIN or card terminal did not work	46%	41%
The ability of the card to protect my privacy	44%	46%
Whether the card would be accepted everywhere/by all merchants	43%	41%
The ability for someone to use my chip card by forging my signature	42%	44%
Forgetting my card in the card reader after paying for my purchases	33%	25%
The fact that I am asked to use a PIN at the point of sale*	28%	21%
The need to enter a PIN seems like an inconvenience*	23%	17%

VERY/EXTREMELY CONCERNED

*For cardholders not familiar with verifying themselves by entering a PIN.

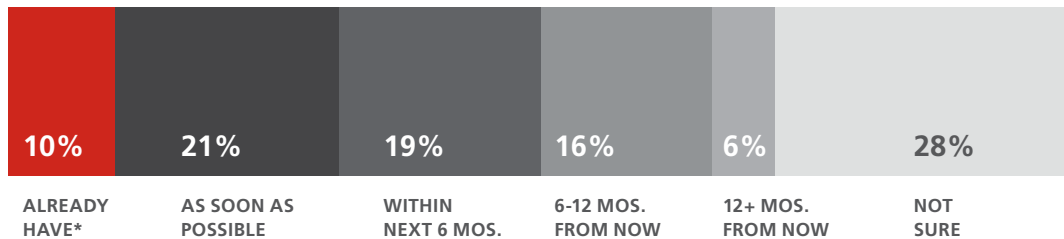
For successful implementation of chip, issuers need to address these remaining concerns and explain that chip enhances the level of security over the magnetic stripe technology used today.

RESEARCH FINDING:

Consumers Expect to Receive a Chip Card Soon— and Expect Merchants Will Accept Them

The majority of consumers in the study (35 percent) anticipate receiving a chip card within six months or less. Of all segments, International Travelers have the highest expectations for card availability (as soon as possible for 38 percent), followed by the Mass Affluent at 25 percent. Uncertainty about the timing of card upgrade schedules and the growing number of cardholders who already possess a chip card have impacted these numbers since the last study.

MOST CONSUMERS EXPECT CHIP CARDS WITHIN SIX MONTHS
Percent of all respondents' expectations of receiving a chip card



* Have one chip card but want more.

RESEARCH FINDING:

Chip Cards Have Halo Effect on Financial Institutions and Merchants

About half of the respondents said they would have a more favorable opinion of financial institutions and retailers that offered and accepted chip cards.

Financial institutions	Merchants	Purchase behaviors
One-third of consumers would be extremely or very likely to switch card issuers if not offered a chip card by their current issuer. This represents a twofold increase over the 2014 results. International Travelers were twice as likely (61 percent) to depart.	In terms of retailer loyalty, 40 percent of consumers said they would prefer to shop at a store that accepts chip cards—an increase of 10 percentage points over 2014.	In 2015 the number of respondents who said they would make more purchases if their primary credit card were updated with chip technology increased from 13 to 22 percent. International Travelers showed the greatest affinity, with over 50 percent responding affirmatively.

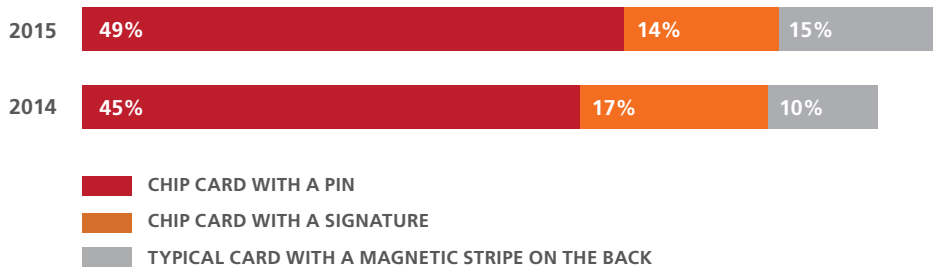
RESEARCH FINDING:

How Cardholders Prefer to Pay

Using a PIN to verify their chip card transactions continues to be the preferred way to use a payment card among all segments. Contactless payments—a new answer option this year—was the second most popular preference. All segments ranked a chip card with a PIN as most secure. When it came to speed and convenience, a contactless card was ranked highest among respondents overall.

CONSUMERS VIEW CHIP AND PIN AS MOST SECURE

Percent of all consumers' perceptions of security, speed, and convenience of card types



RESEARCH FINDING:

Consumers Expect Chip Cards to Be Widely Accepted

The vast majority of consumers we surveyed expect all types of stores to accept cards using chip technology. Only public transit and taxis or other car services were viewed by less than 50 percent of consumers as less likely to accept chip card technology.

CONSUMERS EXPECT THEIR CHIP CARDS WILL BE WIDELY ACCEPTED
 Consumers expect to use their chip cards to shop at stores in these retail categories

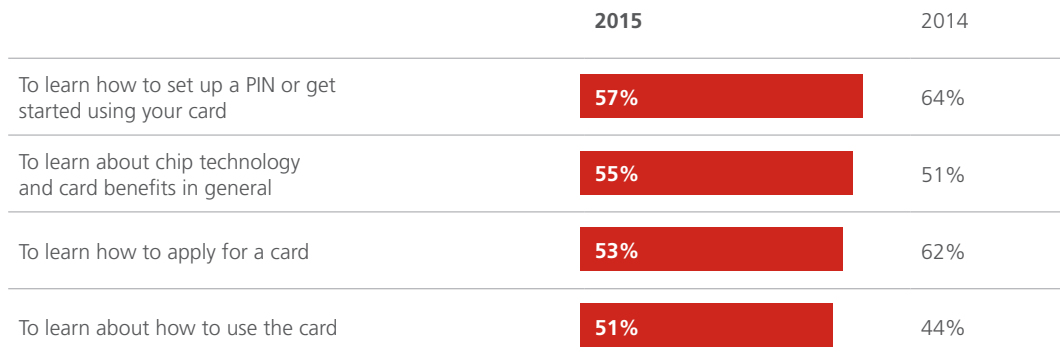


RESEARCH FINDING:

Consumers Look to Their Banks for Guidance

Respondents continued to feel that financial institutions or banks should bear the greatest responsibility for educating card users on the logistics of using/setting up the card. More than half of all consumers surveyed want their bank to help them get started using their chip card and its features.

CONSUMERS EXPECT BANKS TO EDUCATE THEM
 Percent of consumers who think financial institutions should take responsibility for educating card users about chip cards



RESEARCH FINDING:**A Welcome Kit Is Essential**

As in 2014, a majority of consumers in the 2015 study (63 percent) would like to receive a comprehensive “Welcome Kit” accompanying the delivery of their new chip card. Of all forms of issuer communications, a kit was judged “most helpful” by a margin of 24 percentage points over the second most popular educational tool (instructions on the issuer Web site). Respondents also found value in informational pamphlets sent by mail, emails with links to the issuer Web site, and in-person assistance at local bank branches.

When strategizing about the specific content of educational materials, issuers should heed respondents’ primary areas of confusion and/or concern about chip card technology. In addition to general information about safety and usage, consumers want to better understand:

- Where to use chip cards
- How chip technology affects card usage
- The relation of chip technology to tap/contactless technology
- When chip cards will be available
- How to handle the physical loss of a chip card

A WELCOME KIT WOULD BE MOST HELPFUL FOR CONSUMERS
 Percent of all consumers who would find the following types of communications most helpful

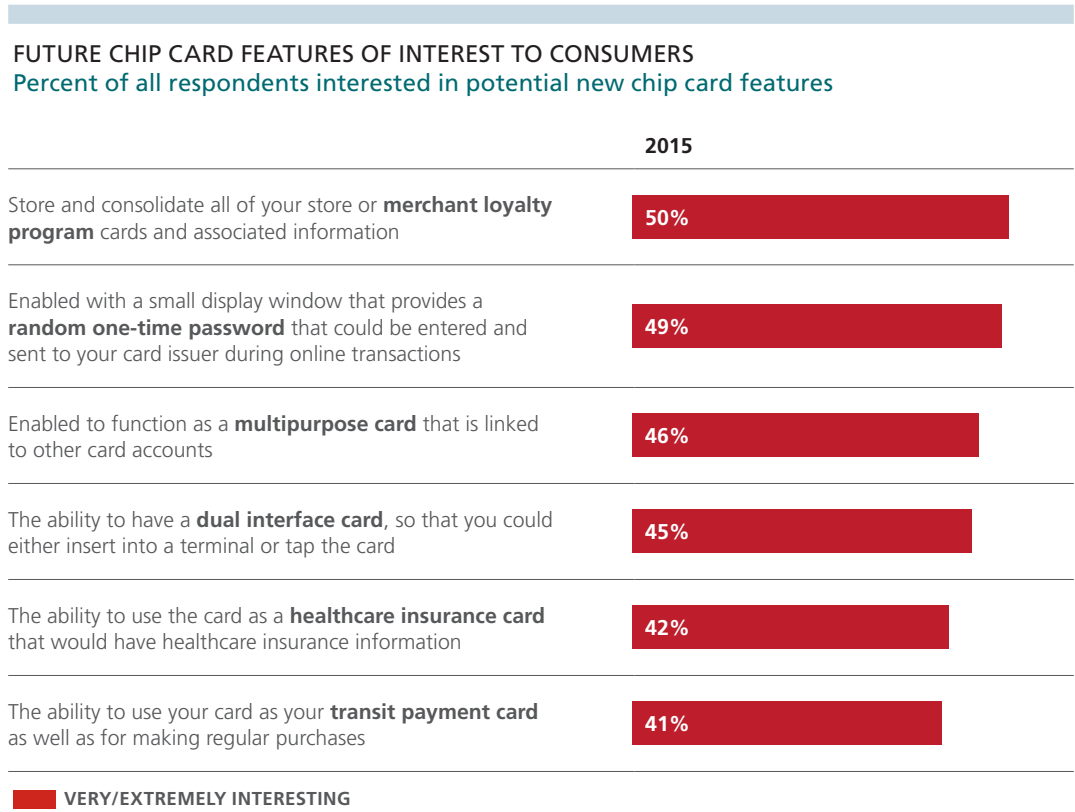
	2015	2014
A thorough welcome kit when the card is delivered	63%	73%
Featured details/instructions on your bank’s Web site	39%	41%
Information/pamphlets sent by mail	36%	35%
Email communications linking you to a Web site for specific details	35%	38%
In-person assistance at your financial institution/bank	34%	32%
Point-of-sale signage at stores/merchants with instructions on how to use the chip card	23%	23%
Webinars or how-to videos on your bank’s Web site	20%	16%
Assistance from merchant clerks and salespeople	19%	15%
A courtesy call from a customer service representative from your bank or card issuer	16%	14%
Assistance in English when traveling abroad	15%	11%
Other	1%	1%

RESEARCH FINDING:

Keen Interest in the Future Possibilities of Chip Cards

There was greater enthusiasm this year about the future possibilities of chip card technology. The majority of consumers identify chip cards as new and innovative technology, with nearly half showing strong interest in potential chip card features that would affect everything from loyalty programs to online transactions to healthcare insurance information.

Among the highest-rated features were the ability to consolidate all store and merchant loyalty rewards on the chip card (50 percent compared with 38 percent in 2014), followed by a card enabled with a random one-time password to facilitate online transactions (49 percent versus 39 percent in 2014).



Consumers Are Ready to Switch...With Your Help

The 2015 study revealed a significant shift in consumer attitudes toward chip cards, with positive takeaways and practical insights for both issuers and merchants:

- Across the board, the general consumer population shows a greater willingness to accept and use chip cards.
- As in previous years, International Travelers and Technophiles registered the highest approval ratings, but other key segments – Mass Affluents, Online Shoppers, and Young Professionals – demonstrated significant increases in positivity as well.



- To further consumer understanding, trust, and adoption of chip cards, issuers need to pay attention to the basics of chip card education and keep reiterating the “how, where, and when” of chip cards in consumer communications:

How chip cards provide more security

How to use a chip card

Where to use the card (and any associated fees)

When the chip card will be available

- Financial institutions that lag in transitioning cardholders to chip technology risk losing high-value customers and leaving revenue on the table. The 2015 study saw a twofold increase in the number of consumers likely to switch to another issuer if not offered access to chip cards. In addition, more consumers expect to increase their card usage if upgraded to a chip card.
- Consumers clearly prefer to shop with merchants that accept chip cards, and they expect retailers in all categories, from mass merchandisers to drugstores and gas stations, to welcome and support usage of their new cards.
- A chip card with PIN continues to be the most appealing card format to consumers because of its perceived security. While consumers consider contactless cards to be the most convenient, they are confused about how the “tap and go” design fits with chip card technology – an educational area that issuers should pay attention to in their consumer communications.

MasterCard, in conjunction with our business partners, has created resources to help inform, educate, and support our customers in their chip migration activities. These include:

- Turnkey Customer Communication Materials available at MasterCard Connect
- MasterCard’s EMV Web site – www.mastercard.us/mchip-emv.html
- EMV Migration Forum’s GoChipCard.com – www.gochipcard.com
- U.S. Product Delivery Managers – a dedicated, no-cost resource to help build and execute implementation plans
- MasterCard Advisors – subject matter experts consulting services

**Your Partner for
the Next Generation
of Payments**

To learn more about the benefits of implementing EMV chip technology with MasterCard as your partner, contact your MasterCard relationship manager. You can also learn more about EMV from our Web site at www.mastercard.us/mchip-emv.html

¹ Unless otherwise indicated, all data on consumer attitudes toward chip cards is drawn from MasterCard EMV Chip Card Consumer Survey, commissioned by MasterCard, and conducted March 13–19, 2015, among a general population of consumers with bank accounts and credit cards (N=2,283).