

For immediate release

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Appetite for contactless card technology but banks and retailers need to do more, research finds.

The latest research from YouGov's Mobile Wallet study reveals low awareness and usage rates for contactless card technology. Findings indicate that banks and retailers need to do more in order to increase usage of the technology.

Mobile Wallet, a study looking at NFC (Near field communication) and contactless technology, has found that just 12% of the British population believe they own a contactless card. Yet according to the UK Cards Association, there were 19.6 million active cards in the UK in November. Similarly, consumer's awareness levels into retailers providing the technology remains incredibly low. Just 8% of the British population and 13% of contactless card owners recognise McDonalds as a "wave and pay" provider – the most recognised outlet in our findings. Results indicate that educating consumers about contactless technology remains key in increasing awareness and adoption rates.

Russell Feldman, Associate Director in YouGov's Technology and Telecom's team said: "As expected, more and more retailers are hopping on-board the contactless bus with McDonalds and Starbucks being some of the bigger names. However, the vast majority of retailers do not offer the technology and could potentially be missing out on reducing queue times and gaining more foot fall – something retailers desperately need in the current climate."

Awareness rates of banks offering contactless cards amongst the British public remains low - two-thirds of the population (67%) are unsure as to which bank offers contactless cards. As expected, awareness levels amongst contactless card owners are much higher, with most owners identifying at least one bank that offers the technology – Barclays/Barclaycard remains at the forefront of the competition with 66%.

Feldman continued "It is up to the banks and other financial institutions to help educate the consumer in the technology, its benefits, and allaying any security fears. Retailers also need to make the public aware that they accept the technology and that paying with contactless cards can speed up the payment process."

As well as the highest awareness levels, Barclays/Barclaycard also has a considerable share of the market – 71% of contactless card owners own a Barclays card with contactless technology. The next highest competitor is MBNA (10%), followed by Lloyds TSB (5%).

Surprisingly, actual usage rates amongst owners of contactless technology remains low as the vast majority of contactless owners state that they have never used their card for a contactless transaction (80%), with most owners making transactions using chip and pin. Only 5% of owners use their card for contactless transactions more than once a week.

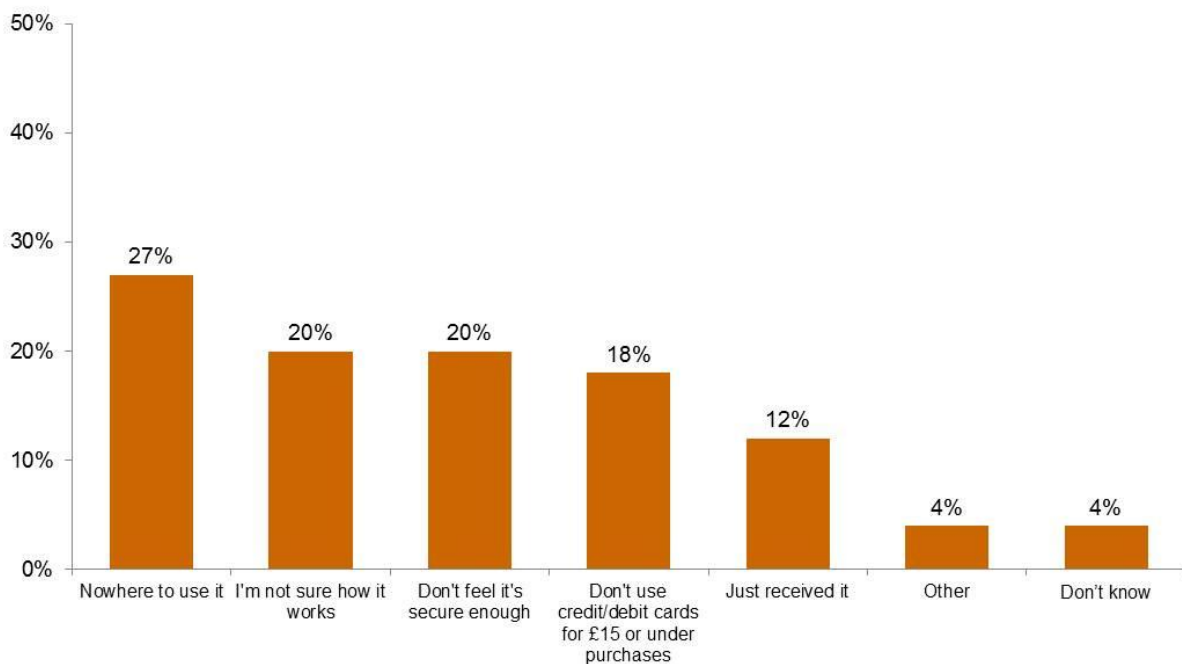
Looking at contactless card owners who use their cards regularly in further detail, our research found that they typically use the technology to pay for small transactions in food and drink outlets. The most popular venues being fast food restaurants (27%), coffee shops (26%) and sandwich and grocery shops (26%). The majority of consumers are spending up to £10 on each transaction (74%). Interestingly, consumers are spending a smaller amount

(wave on wave) – wave one (conducted in May 2011) saw 34% of consumers spending £10 to £15 compared to just 18% by wave three (conducted in November 2011).

Amongst those contactless card owners who do not use contactless as a method of payment, over half have expressed a desire to use the technology in future (59%). The majority of these cited ease of payment/convenience (41%) and speed (26%) as key advantages as to why they wish to adopt the technology.

The main encumbrance cited from owners of contactless technology who don't use their card in a contactless transaction is the lack of retailers offering the service (27%). Security is also a growing issue amongst consumers – an increase in 12% (May 2011) to 20% (November 2011).

Reasons for not using contactless cards



Base: All that have contactless cards but do not use them (614)

Q: You said that you do not use your contactless credit or debit card to make purchases. Why is this? Please tick all that apply

YouGov's Mobile Wallet study, interviews over 2,500 respondents, on a quarterly basis. This is the third wave of research, with previous waves conducted in May and August 2011. The next wave is due in February with a report scheduled in March 2012.

The study covers the following topics:

- NFC/mobile wallet awareness levels (including recognition levels for suppliers/handsets and vendors).
- Banks, Building Societies and the role they play in this technology.
- Understanding prospective as well as current mobile wallet users – demographics including which handset they own, what operator they use and who they bank with.
- Barriers to mobile wallet and the reasons why.

- NFC – purchasing and retailers/suppliers consumer insight.
- Views on payment methods for NFC.
- Security issues - who should be responsible for setting up the technology and policing it?
- Contactless cards.
- Retailers and logos
- And a lot more.

-ENDS-

Notes to editors:

Figures, unless otherwise stated, are from YouGov Plc.

Total sample size was 2,927 British adults. Fieldwork was undertaken 4th – 8th November 2011. Each interview was conducted online and was approximately 20 minutes in length.

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