



FOR IMMEDIATE RELEASE

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Annual Fees, Overseas Customer Service Provoke Consumer Ire

WESTBURY, N.Y. — Credit card issuers who are considering whether to impose annual fees will encounter stiff consumer resistance, according to a recent study by Cardbeat[®], a syndicated market research report published by Auriemma Consulting Group (ACG). New regulations, coming at a time of high losses, are driving many issuers to consider ways to increase revenues. While consumers predictably dislike any changes that increase the cost of credit cards, they reserve their strongest condemnation for annual fees.

Unlike activity-related fees that only affect a minority of cardholders, annual fees are highly visible to both revolvers and transactors. A majority said that the imposition of an annual fee would cause them to reduce their credit card usage in favor of debit cards and/or cash.

Moving customer service overseas also provoked strong negative reactions. “We believe their concerns are motivated by a sense of patriotism and the desire to retain jobs in the U.S., as well as the comfort of speaking with a representative whose native language is (American) English,” says Nancy Stahl, editor of Cardbeat[®]. “While significant cost savings are well-documented, it is important issuers make the customer service experience a good one for the consumer, regardless of the location of the call center, and monitor it regularly.”

The way consumers will actually behave will depend on the overall competitive environment (how many issuers are doing the change) and the details of how the change is executed. “Issuers will need to consider their overall strategy when making decisions of which changes to implement,” says Stahl.

The information in this release includes data from a survey of 503 credit card users in June 2009. The results from this survey were recently published in Cardbeat[®], a syndicated market research study from ACG that provides insight into how consumer perceptions impact credit card acquisition and usage.

About Auriemma Consulting Group

Since 1984, ACG has offered comprehensive management consulting, consumer research, industry roundtable and benchmarking services to the financial services industry. ACG clients include credit card issuers, commercial banks, auto and mortgage lenders, merchants, networks, and industry vendors. With offices in New York and London, ACG offers actionable solutions to help clients make important business decisions to maximize their efficiencies and revenues. For more information, contact Nancy Stahl at 516-333-4800 or nancy.stahl@acg.net.