CONSUMER PAYMENT CARD DATA SECURITY PERCEPTIONS

A report prepared by Transaction Network Services
July 2017
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Executive Summary

Security concerns remain an important issue for consumers and the payments industry alike. Consumers around the world are continuing to embrace the shift to card payments over cash, but at the same time criminals are finding increasingly sophisticated ways to target valuable payment card data.

This report reveals the interesting findings of a recent survey conducted in the US, UK and Australia, including:

- High levels of concern about the security of credit and debit card data
- Falling levels of trust in the security of payments made in-store
- Strong feelings globally that more needs to be done to protect personal card data
- Concerns that the amount of criminals targeting credit/debit card data is increasing
- Reports that their personal credit/debit card data had been used fraudulently
- An alarming number of respondents that felt their information had been put at risk by a data breach, irrelevant of whether they were subsequently the victim of fraud

It also explores:

- Where consumers believe the responsibility for payment data security lies
- Consumer attitudes to encryption as a possible protective measure
About this Report

Transaction Network Services (TNS) commissioned a US, Australian and UK Ncompass International Omnibus Survey by Kantar TNS which ran between 4th - 6th May 2017 and covered 1,037 US adults, 1,002 Australian adults and 1,010 UK adults.

The survey asked respondents to agree or disagree with a series of statements which reflected their attitudes to and experiences with credit and debit card data security issues.

This report presents the key findings of this survey and, where available, compares and contrasts the results with the same questions asked between 28th May and 1st June 2015, and covered 1,005 US adults, 1,005 Australian adults and 1,026 UK adults.
1. Security Perceptions

Significant concerns voiced about the security of credit/debit card data

67% of respondents reported that they were concerned about the security of their credit/debit card data with the results highlighting a correlation with age. Graph 1 shows that the older age groups exhibit greater levels of concern.

*Graph 1 - Global concern by age*

This pattern was consistent across the three countries surveyed.

Data breach risks remain

Our survey asked respondents if they believed their private credit/debit card data had been put at risk by a data breach, irrelevant of whether they were subsequently the victim of fraud. Globally, 38% felt that their data had been put at risk, however, US adults stood out with a significantly larger proportion reporting concerns in this area.
When comparing this with perceptions from 2015, when we asked the identical question, we see that these fears have reduced. In our 2015 survey 60% of US adults, 42% of Australian adults and 39% of UK adults felt their data had been put at risk by a data breach.

This suggests that recent moves within the industry to enhance security are reassuring consumers, however, there is an exception within the UK data worth highlighting:

- UK adults aged 25 to 34 did not see a marked drop and instead gave virtually consistent ratings in both surveys – 43% believed their private credit/debit card data had been put at risk by a data breach in 2017 and 45% in 2015

**In-store payments see drop in consumer trust**

The data shows that trust in the security of payments made in-store over online or telephone payments has weakened. In 2015, 57% of respondents felt their credit card data was more secure in-store than online or over the telephone. In 2017 this has fallen to 55%. The biggest drop was observed in the US where just 49% of adults surveyed believed in-store payments to be more secure.

When looking at the impact of age on perceptions of in-store payments security, the youngest age group demonstrated the most trust, however, the other age groups varied by geography. The widest variation between the age groups was shown in the US data set with the oldest and youngest age groups being almost 20 points apart. This is depicted in Graph 3.
Graph 3 - US responses by age

Graph 4 - UK responses by age

Graph 5 - Australian responses by age
Where do consumers perceive responsibility lies?

In our 2017 survey we included a new question to explore if consumers believe retailers are ultimately responsible for protecting their private credit and debit card data rather than their bank or credit/debit card firm.

An overwhelming 62% hold the retailer responsible for protecting their credit card data when they make a purchase, instead of their bank or credit/debit card company.

This includes:

- **US**: 66%
- **UK**: 64%
- **Australia**: 57%

Men and women in the US and UK are in agreement, however, in Australia there is a disparity between the sexes where 60% of men hold the retailer ultimately responsible compared to only 53% of women.

More needs to be done to protect personal card data

82% of respondents think banks, retailers and other organizations involved in the credit/debit card industry need to do more to protect their personal card data. Again, the results correlated with age with the older groupings most adamant on this ranking.

Those aged 55 and over in Australia felt the strongest with 93% saying more needs to be done, while those aged 18 to 24 in the UK were least in agreement with just 66% advising they felt more needed to be done.

Across the US and UK, specific regions gave largely consistent responses, but disparities were evident in Australia. These are depicted on the next page in Figure 1.
Survey respondents voiced strong concerns about the future with 85% stating that they believe the number of criminals trying to steal credit/debit card data is increasing. Australians were most concerned, as well as the older age groups.
2. Fraudulent Card Usage Rates

Our survey investigated consumer experiences with card fraud and pleasingly found that the reported instances of credit and debit cards being used fraudulently had slightly decreased in 2017, compared with the data recorded in 2015.

My credit/debit card has been used fraudulently in the last two years

The US remains the most affected country of the three we surveyed, but also saw the biggest drop of nine percentage points, while Australia remained in second place and the UK reported the least instances of fraudulent card use in the last two years.

Graph 7 – Respondents reporting fraudulent card use in 2017 by country

Graph 8 – Respondents reporting fraudulent card use in 2015 by country
My credit/debit card has been used fraudulently in the last five years

The pattern remains true for reported fraudulent use in the last five years with the US reporting the greatest levels, followed by Australia and then the UK.

**Graph 9 – Respondents reporting fraudulent card use in 2017 by country**

![Graph 9](image)

**Graph 10 – Respondents reporting fraudulent card use in 2015 by country**

![Graph 10](image)
My credit/debit card has been used fraudulently in the last 10 years

When reviewing the data for the same question, but with a 10 year time frame, we see Australia and the UK switch positions, putting the UK consistently as the least affected country across all durations.

**Graph 11 – Respondents reporting fraudulent card use in 2017 by country**

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>31%</td>
</tr>
<tr>
<td>UK</td>
<td>25%</td>
</tr>
<tr>
<td>Australia</td>
<td>27%</td>
</tr>
</tbody>
</table>

**Graph 12 – Respondents reporting fraudulent card use in 2015 by country**

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>41%</td>
</tr>
<tr>
<td>UK</td>
<td>30%</td>
</tr>
<tr>
<td>Australia</td>
<td>29%</td>
</tr>
</tbody>
</table>
Which age groups have been most affected by fraudulent card use?

One of the most concerning factors unveiled by our survey was the number of young people who have been a victim of fraudulent credit/debit card use in the last two years.
3. Encryption as a Solution

There are several new technologies, which are being developed by the payments industry in a bid to protect sensitive cardholder data and provide an additional layer of protection for consumers. Our survey asked respondents about one of these, encryption, which is now available across all of the countries surveyed.

When making a purchase, do you think encryption, which changes your credit/debit card data into a code of numbers/symbols, would be a secure way of protecting your personal data?

74% of respondents globally agreed that it would be a secure way of protecting their data, including:

The older and potentially more affluent age groups were most supportive:

Graph 13 – US responses by age
Graph 14 – UK responses by age

Graph 15 – Australian responses by age
4. Conclusions

The payments industry collectively needs to do more to reassure consumers who make payments using credit and debit card data. We live in exciting times where consumers are embracing new technologies and methods of making payments, but so too are criminals who are developing sophisticated ways of targeting vulnerabilities.

Consumers are placing their trust in the payments industry and looking to retailers, banks, acquirers, processors, card schemes, alternative payment providers and others to implement well-conceived security practices, processes and procedures. Innovation in security and the protection of sensitive payment card data is as essential as the creation of new payment technologies themselves.
About TNS

TNS is one of the world’s leading payments connectivity providers and is trusted by hundreds of organizations to securely deliver more than 24 billion payments transactions each year. For over two decades, TNS has provided innovative data communications solutions to valued partners including merchants, banks, acquirers, processors, ATM operators and deployers, payment service providers and other financial institutions. The company now proudly serves customers in more than 60 countries.

TNS: A global business with regional strength

- 1,250+ active network connections
- Handles communications to more than 100,000 ATMs
- Manages 500,000+ payment-specific SIMs
- Supports millions of point-of-sale terminals
- A level 1 PCI DSS certified service provider
- Offices in 17 countries
- Driving innovation of new technologies, such as encryption and tokenization

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Appendix – Regional and Demographic Survey Components

The survey was conducted by online self-completion interview between 4th-6th May 2017 by Kantar TNS. Our survey in 2015 was also conducted by Kantar TNS and ran between 28th May and 1st June 2015.

These online surveys are designed to be nationally representative of adults interviewed per country. The surveys use a quota sample (age interlocked within gender, and a regional quota). Post fieldwork correctional weighting within age, gender and region, has been used to ensure the representativeness of the survey.
US 2017 survey demographics
1,037 responses received

Gender breakdown
- Male: 51%
- Female: 49%

Age breakdown
- 18 – 24 year olds: 21%
- 25 – 34 year olds: 22%
- 35 – 44 year olds: 19%
- 45 – 54 year olds: 22%
- 55+: 16%

Region breakdown
- Northeast: 24%
- Midwest: 36%
- West: 22%
- South: 18%

US 2015 survey demographics
1,005 responses received

Gender breakdown
- Male: 50%
- Female: 50%

Age breakdown
- 18 – 24 year olds: 20%
- 25 – 34 year olds: 22%
- 35 – 44 year olds: 22%
- 45 – 54 year olds: 20%
- 55+: 18%

Region breakdown
- Northeast: 37%
- Midwest: 22%
- West: 23%
- South: 18%
UK 2017 survey demographics
1,010 responses received

Gender breakdown
- Male: 50%
- Female: 50%

Age breakdown
- 18 – 24 year olds: 18%
- 25 – 34 year olds: 22%
- 35 – 44 year olds: 22%
- 45 – 54 year olds: 21%
- 55+: 17%

Region breakdown
- North: 33%
- Midwest: 35%
- South: 32%

UK 2015 survey demographics
1,026 responses received

Gender breakdown
- Male: 50%
- Female: 50%

Age breakdown
- 18 – 24 year olds: 19%
- 25 – 34 year olds: 22%
- 35 – 44 year olds: 20%
- 45 – 54 year olds: 22%
- 55+: 18%

Region breakdown
- North: 37%
- Midwest: 33%
- South: 30%
Australia 2017 survey demographics
1,002 responses received

Gender breakdown
- Male: 51%
- Female: 49%

Age breakdown
- 18 – 24 year olds: 19%
- 25 – 34 year olds: 21%
- 35 – 44 year olds: 23%
- 45 – 54 year olds: 23%
- 55+: 22%

Region breakdown
- Victoria & Tasmania: 34%
- Queensland: 11%
- South Australia & Northern Territory: 8%
- Western Australia: 20%

Australia 2015 survey demographics
1,005 responses received

Gender breakdown
- Male: 51%
- Female: 49%

Age breakdown
- 18 – 24 year olds: 18%
- 25 – 34 year olds: 20%
- 35 – 44 year olds: 22%
- 45 – 54 year olds: 22%
- 55+: 18%

Region breakdown
- New South Wales & Australian Capital Territory: 34%
- Victoria & Tasmania: 11%
- Queensland: 8%
- South Australia & Northern Territory: 20%
- Western Australia: 27%