



Press Release

J.D. Power and Associates Reports: Fees and Rates Drive Decline in Overall Credit Card Customer Satisfaction

American Express Ranks Highest in Credit Card Customer Satisfaction for a Third Consecutive Year

WESTLAKE VILLAGE, Calif.: 1 September 2009 — Driven by a significant decrease in satisfaction with fees and rates, overall credit card customer satisfaction declines to a three-year low, according to the J.D. Power and Associates 2009 Credit Card Satisfaction StudySM released today.

The study finds that overall credit card customer satisfaction decreases to 703 on a 1,000-point scale—the lowest level since the study’s inception in 2007. Overall satisfaction among credit card customers remains the lowest across the financial services industries in which J.D. Power and Associates conducts research, including insurance, banking and investment services.

The study measures [customer satisfaction with credit cards](#) by examining six key factors: interaction; fees and rates; billing and payment process; rewards; benefits and services; and problem resolution. Satisfaction with fees and rates drops to 603 points—down 37 points from 2008—contributing considerably to the decrease in overall satisfaction.

Nearly 20 percent of customers report experiencing an increase in their interest rate since 2008, almost double the 10 percent who said the same in 2008. The largest decline in satisfaction with fees and rates is among revolvers—customers who carry a balance from month to month—a drop of 53 index points from 2008. Nearly one-fourth of revolvers report an increase in their interest rate from 2008. In addition, late payment fees, which have the greatest negative impact on satisfaction, were incurred by 14 percent of customers, compared with 11 percent in 2008.

“Overall satisfaction declines 86 index points when a customer incurs a late fee,” said Michael Beird, director of banking services at J.D. Power and Associates. “Issues with fees also contribute to the high incidence of problems and complaints in 2009, with 18 percent of customers reporting problems, compared with 10 percent in 2008.”

The study finds that proactive and clear communication is key to improving satisfaction among credit card customers. For example, when an interest rate change occurs, satisfaction scores are 97 index points higher when customers say they were notified ahead of time by the credit card issuer, compared with when customers say they were not notified in advance.

“These findings raise questions about the effectiveness of the recent implementation of legislation aimed at helping credit card customers,” said Beird. “It’s important to note that 53 percent of customers are unaware of the current APR on their cards, despite the APR being disclosed on their statements every month. Unless issuers do more than simply follow the regulations, customers will likely not be any more satisfied. Communicating and actually connecting with customers with the same intensity used to acquire customers in the first place—rather than just complying with regulations—is critical to customer satisfaction.”

American Express ranks highest among credit card issuers for a third consecutive year with an index score of 762. American Express performs particularly well in the rewards, benefits and services, and billing and payment process factors. Discover Card (751) and National City (740) follow American Express in the rankings.

Effective communication with cardholders that reinforces the value of being a customer is a key best practice common among the high-performing credit card issuers. For example, 82 percent of cardholders with American Express are aware of the benefits and services associated with their card, compared with an industry average of 70 percent. American Express customers also report having access to an average of approximately five benefits and services, compared with the industry average of less than three. This awareness is an important contributor to the high level of satisfaction with rewards and benefits among American Express customers (757), compared with an industry average of 690.

Another differentiator of high performers is the importance of customer interaction. Discover Card, for example, performs particularly well in customer interaction through its Web site, automated phone service and customer service representatives. Discover Card also has a low percentage of Web site inaccessibility (13%) and an average wait time of only 3.3 minutes to speak with a customer service representative.

“For credit cards, customer satisfaction is definitely a two-way street,” said Beird. “Customers who actively manage their credit card relationships will have a more positive experience than those who passively take what they get.”

To improve overall satisfaction with credit cards issuers, consumers should take the following steps:

- Compare the performance of credit card issuers, starting with comparative performance ratings at www.jdpower.com/finance/ratings/credit-card-ratings.
- Make sure you are getting a card with the features and benefits that are important to you and that fit how you plan to use the card. For instance, if you plan to carry a balance on the card, find one with the lowest rates and fees. On the other hand, if you use the card to pay for everything from gas to groceries to vacations and pay off the balances each month, you may want a card with a rich and flexible reward program.
- Educate yourself on the benefits and services available on the card and use them. Customers who are both aware and take advantage of card features are more satisfied than those who don't.
- When there's a question about the appropriateness or accuracy of a fee or rate, request that it be waived or adjusted. Issuers are anxious to fix mistakes on their part and are willing to make accommodations for valued customers.

The 2009 Credit Card Satisfaction Study is based on responses from more than 9,000 credit card users. The study was fielded in May and June 2009.

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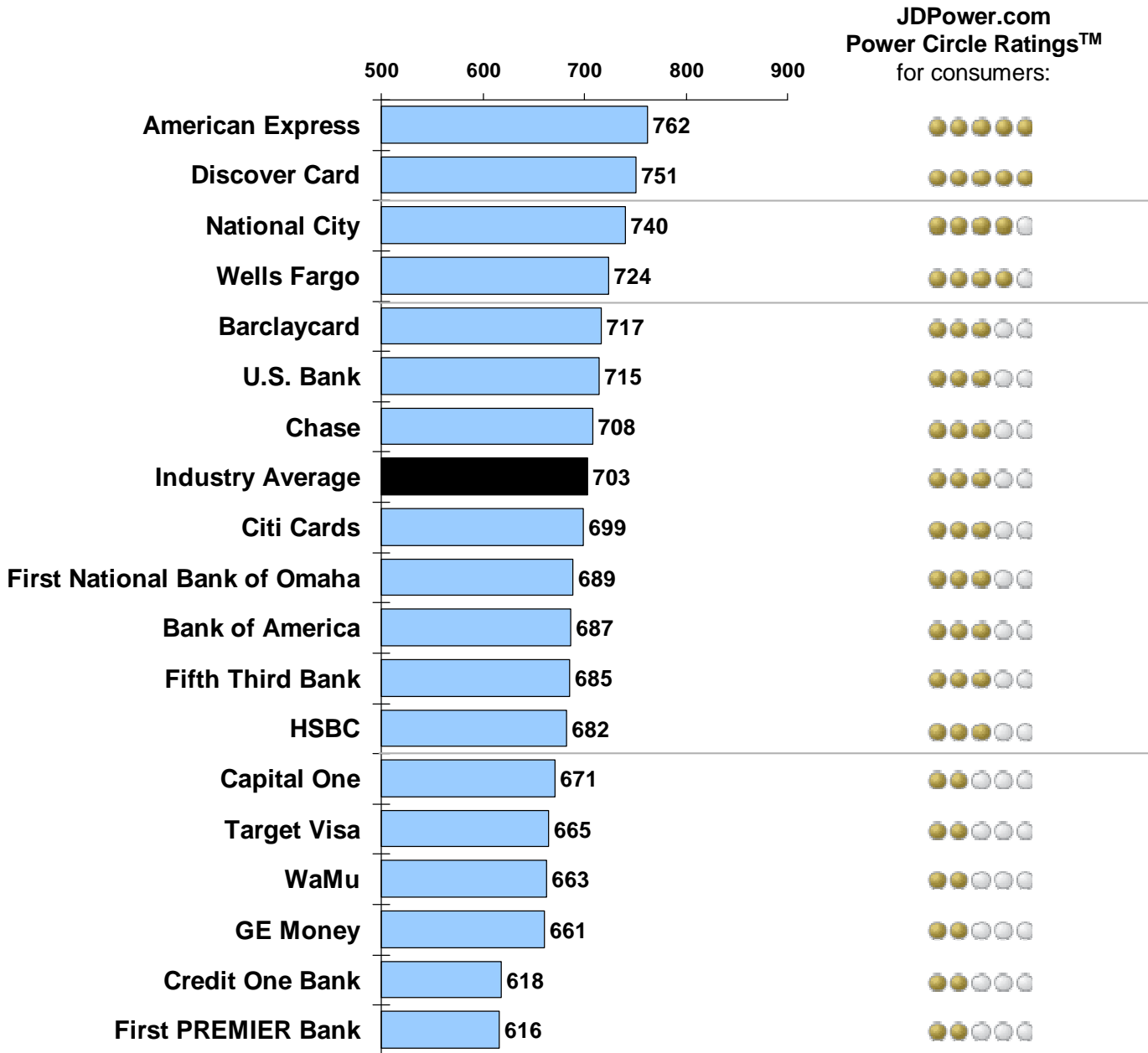
(Page 2 of 2)

NOTE: One chart follows.

J.D. Power and Associates 2009 Credit Card Satisfaction StudySM

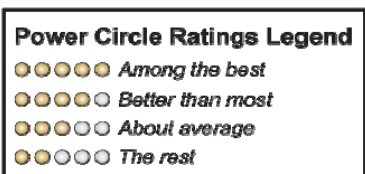
Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)



Included in the study but not ranked due to small sample size are Cabela's WFB, RBS Citizens and Merrick Bank.

Source: J.D. Power and Associates 2009 Credit Card Satisfaction StudySM



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