

Recurring Payments 2005 Consumer Awareness, Behavior, and Attitude Research

American consumers spend more than \$1.4 trillion every year on recurring services, the payments associated with ongoing services ranging from cell phones to cable TV to offsite storage units. According to online payments industry newsletter *CardWeb*, Americans paid nearly \$128 billion in household bills using credit or debit cards in 2004.

MasterCard Recurring Payments 2005 Awareness, Behavior, and Attitude Research Study Findings

- Virtually every U.S. household has some type of recurring bill, including payments for mortgage/rent, electric/gas utilities, telephone, cable television, Internet service, and insurance, among others
- Fewer households are paying their recurring bills by check than in the past, with recurring payments linked to payment cards—especially debit cards—growing in popularity
- More consumers (67%) now pay recurring bills automatically than by check (64%), the first time automatic payments have surpassed checks as the most common method of paying recurring household bills:
 - In households that pay bills automatically, an average of 4.4 bills per household are paid in that way, increases of 29% from 2003 and 42% from 2000, compared with previous MasterCard Worldwide survey results
 - Check writing to pay recurring bills continues to decline, from 74% of households in 2000 to 68% in 2003 to 64% currently
- Credit card recurring payments (CCRP) is the number-one method of paying bills automatically:
 - 38% of households have at least one recurring payment linked to a credit card
 - Households that use CCRP are now paying more of their bills this way (2.6 bills per household in 2005, up 8% from 2003 and 24% from 2000)
 - 47% of credit card owners said they would consider adopting or adding additional recurring payments to their card
- Debit card recurring payments (DCRP) have shown the most growth of any automatic method in terms of proportion of households and the number of bills per household:
 - 31% of households use DCRP, an increase of five percentage points compared with 2003
 - The number of bills paid by households using DCRP has risen to three per household, up 50% from 2003 and 76% from 2000

What It Means to Nonprofit Organizations

- Consumers have realized that there are multiple benefits to paying many of their recurring bills automatically. According to MasterCard research, while 67% of consumers report making recurring payments, 47% of credit card users would consider making additional recurring payments by credit cards, and 53% of debit card users would consider making additional recurring payments using a debit card.
- Due to the prevalence of recurring payments in other sectors (for example, telecommunications and cable), many donors are accustomed to this form of payment. Among those surveyed who already use recurring payments—including donors and non-donors—more than 10% also make recurring donations to nonprofits.
- Among donors only, 5% report using credit cards to make automatic donations but 13% say they would probably or definitely consider making recurring donations by credit card if it were offered to them by their selected charitable organizations.
- Many donors are seeking ways to make giving more convenient, but only 28% are aware of automatic donations by payment card as a giving option. This represents a tremendous opportunity for nonprofit organizations to build relationships with donors by introducing an option they're already looking for.