



Press Release

J.D. Power and Associates Reports: American Express Ranks Highest in Credit Card Customer Satisfaction for a Second Consecutive Year

Encouraging Reward Redemptions and the Use of Benefits Substantially Boosts Credit Card Customer Satisfaction

WESTLAKE VILLAGE, Calif.: 3 September 2008 — American Express ranks highest in overall customer satisfaction with credit card issuers for a second consecutive year, according to the J.D. Power and Associates 2008 Credit Card Satisfaction StudySM released today.

Now in its second year, the study measures [customer satisfaction with credit cards](#) by examining five key factors: interaction; billing and payment process; fees and rates; reward programs; and benefits and services.

American Express ranks highest among credit card issuers with a score of 783 on a 1,000-point scale. American Express performs well in all five factors driving customer satisfaction. Discover Card follows American Express in the rankings with a score of 751, performing particularly well in interaction, billing and payment processes, and reward programs.

“American Express and Discover Card are very different in their fees, reward programs and incentives, and their strong performances indicate their ability to suit the various needs that dissimilar types of cardholders have,” said Rocky Clancy, executive director of financial services at J.D. Power and Associates. “American Express appeals to customers looking for benefits and reward programs, and these customers are generally willing to pay higher fees for the additional value the card provides. Conversely, Discover Card has found success with customers looking for simplicity, which it offers through no annual fees, cash rewards and fewer problems than other issuers.”

The study finds that transactors—customers who primarily use their card as a payment device and typically pay their entire card balance each month—often select their card based on reward programs (77%). Conversely, revolvers—customers who carry a balance month to month—focus on low interest rates and fees, with 65 percent selecting their card for this reason. Transactors tend to be more satisfied overall with their credit card and are twice as likely as revolvers to remain with their primary credit card issuer.

While reward programs are more important to transactors than revolvers, 72 percent of all cardholders participate in some type of reward program. Cash rewards are the most common type of reward redeemed and the second-most satisfying type of reward. Hotel stays are the most satisfying type of reward. Additionally, reward programs have a positive impact on cardholder satisfaction, largely driven by how often cardholders use the rewards they’ve earned. Satisfaction among customers who redeem rewards is 117 points higher, on average, compared with customers who do not redeem rewards.

“Customer satisfaction improves with use of rewards, therefore it is critical for credit card issuers to ensure that cardholders are taking advantage of these programs,” said Clancy. “Making the reward redemption process as easy as possible by removing limits—such as point expiration dates or restrictions on use—encourages use of reward programs, thus enhancing overall satisfaction.”

Moreover, special analysis conducted for the 2008 study by J.D. Power and Associates and First Annapolis Consulting, a leading credit card consultancy, further illustrates the power of rewards programs. Findings from the analysis emphasize the relationship between satisfaction, frequency and size of transactions, participation in rewards programs and the financial performance of a credit card issuer. Greater satisfaction, transaction volume, and reward usage are linked to higher levels of incremental risk-adjusted revenue for issuers.

The study also finds that increasing customer awareness and the use of cardholder benefits is also important in achieving high levels of satisfaction. Overall satisfaction increases by 53 points, on average, among customers who report that they are aware of standard benefits such as fraud protection and e-mail alerts. However, 25 percent of customers say they do not know if their card has additional benefits, and one-third of customers who are aware say they have not used any of their card's benefits or services within the past year. Satisfaction among customers who report not using card benefits is 35 points lower, on average, compared with customers who do utilize their card's benefits.

“As with rewards programs, communicating with customers and making them aware of available benefits is critical to issuers in delivering a better experience for their cardholders,” said Clancy. “By ensuring that cardholders are aware of programs and services available, issuers can optimize use of these programs, which can ultimately result in improved satisfaction. In addition, it's important for customers to learn about the benefits their card offers to gain the maximum value from their relationship with the card issuer. Taking this initiative can reap great rewards for customers as they help create a more satisfying cardholder experience for themselves.”

The 2008 Credit Card Satisfaction Study is based on responses from 7,665 credit card users. The study was fielded in April and May 2008. To read an article based on findings from the study, [please click here](#).

About J.D. Power and Associates

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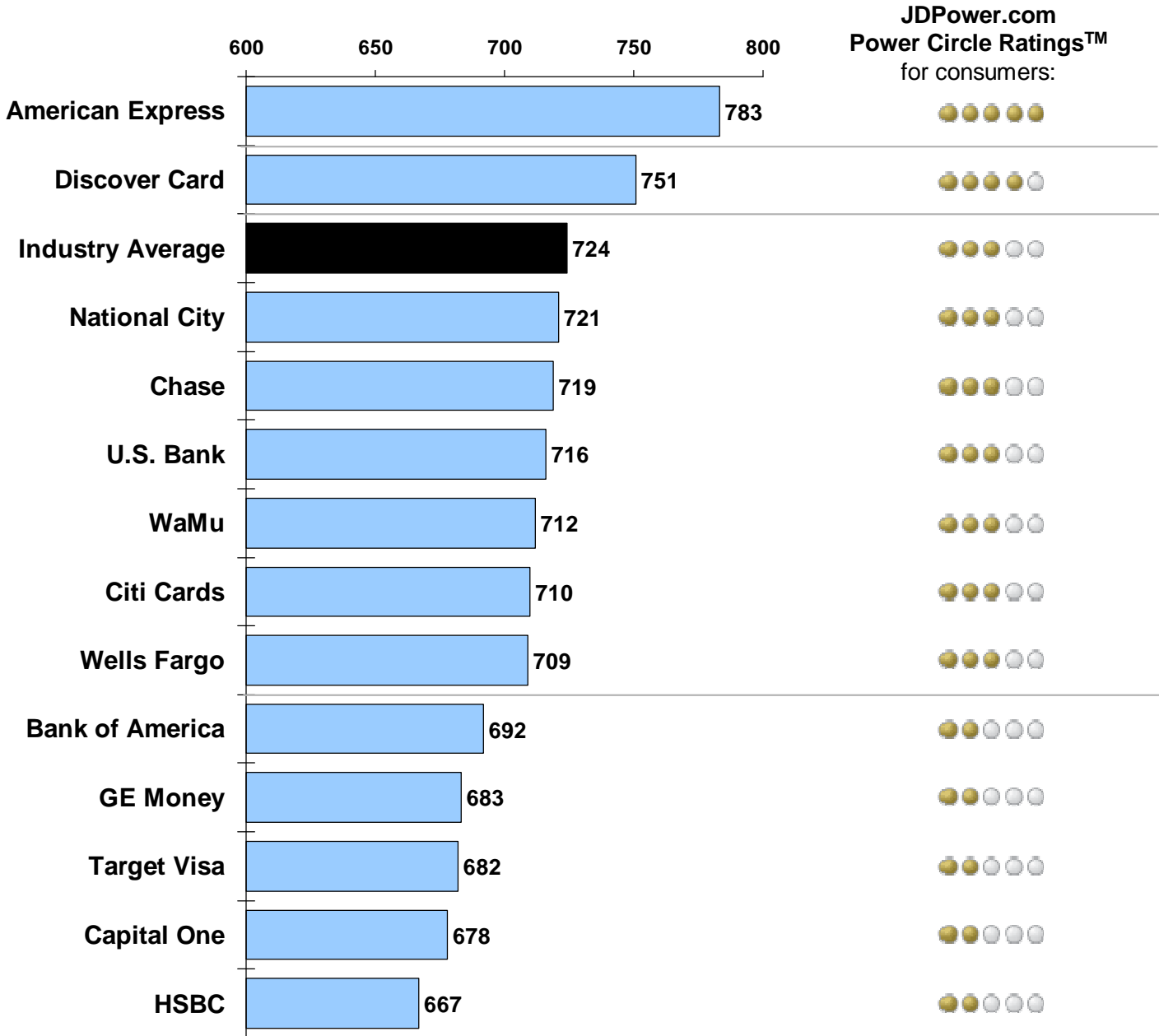
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NOTE: One chart follows.

J.D. Power and Associates 2008 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: Barclays, FNB of Omaha, Juniper, Orchard Bank and Wachovia.

Source: J.D. Power and Associates 2008 Credit Card Satisfaction StudySM

Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

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