

Banks Outperform Fintechs and Scale Processors in Merchant Services Customer Satisfaction, J.D. Power FindsRelationships, Cost of Service and Innovative Technology Are Key Satisfaction Drivers

COSTA MESA, Calif.: 26 Feb. 2019 — With fewer consumers in America than ever before making purchases with cash,¹ the market for merchant services providers—those that supply businesses with the technology and processing capabilities they need to accept credit and debit cards and other forms of digital payments—has become increasingly competitive. According to the J.D. Power 2019 U.S. Merchant Services Satisfaction Study,SM released today, large banks have emerged as the leaders in merchant services customer satisfaction with small businesses, outperforming a field that includes a dozen fintech companies and scale processors.

The inaugural study evaluates small business satisfaction with 19 merchant services providers and explores the key variables that influence customer choice, satisfaction, and loyalty based on four factors (in order of importance): cost of service; service interactions; payment processing; and equipment & technology. Four peer groups of merchant services providers were evaluated: Bank Acquirers (BB&T, Capital One, Chase); Bank/First Data Joint Ventures (Bank of America, Citibank, PNC, Wells Fargo); Fintechs (Intuit, PayPal, Square, Visa); and Scale Processors (Elavon, First American, First Data, FIS, Global Payments/Heartland, North American Bancard, TSYS, Worldpay/Vantiv).

“Whether they are selling goods online, through retail locations or in business-to-business markets, small businesses in America are being required to accept a range of card and digital payment options, and merchant services providers are a vital partner in that process,” said **Paul McAdam, Senior Director of Banking Intelligence at J.D. Power**. “While overall satisfaction with merchant services providers is strong, there is room for improvement in the areas of helping businesses understand the pricing of merchant services and in providing consistent technology training and support.”

Following are key findings of the 2019 study:

- **Banks outperform fintechs and scale processors:** On a peer group basis, merchant services offerings from Bank Acquirers have the highest levels of overall satisfaction, scoring 863 (on a 1,000-point scale). They are followed by Bank/First Data Joint Ventures (847), Fintechs (843) and Scale Processors (806).
- **Banks benefit from having deeper customer relationships:** Small business customers of large banks are more likely to use additional financial and business services, have assigned account managers and receive proactive contact about their payment needs than are customers in other peer groups. The proportions of small businesses that use other financial and business services with their merchant services provider are strikingly different by peer group: 97% for large banks, 75% for fintechs and 52% for scale processors.
- **Technology engagement drives higher satisfaction:** Satisfaction is higher for new technologies (e.g., cloud-based POS and mobile card readers) than established technologies such as countertop card readers and payment gateways. Small business satisfaction with equipment and technology increases the more they are used beyond payment acceptance, and especially if business tools associated with inventory and sales tax management, employee payroll and invoice generation are used.

¹ <https://news.gallup.com/poll/193649/americans-using-cash-less-compared-five-years-ago.aspx>

- **E-commerce merchants much more satisfied than card-present merchants:** Small businesses that conduct sales online using a website or mobile app have far higher overall satisfaction with merchant services providers (849) than their counterparts in physical/card-present locations (809), which is due to higher satisfaction with cost of service and technology. However, satisfaction among e-commerce small businesses with annual sales less than \$500,000 is 823, while satisfaction among those with sales above \$500,000 is 857. Technology plays a role, as 31% of businesses below \$500,000 use a cloud-based, dedicated or customized POS payment processing system vs. 51% of those above \$500,000.
- **Lower satisfaction with cost of service hurts scale processors:** Given the prevalence of outsourced processing relationships, and at times having less control over pricing and servicing due to ISO relationships, it is not unexpected that scale processors achieve lower satisfaction. Also, many of the large banks and fintechs profiled in the study are strategically partnered with scale processors.

The J.D. Power 2019 Merchant Services Satisfaction Study is based on responses from 3,544 small business customers of merchant services providers. The study was fielded in October-November 2018.

The 19 brands evaluated in the study include:

- | | |
|----------------------------------|--------------------------|
| • Bank of America | • Intuit |
| • BB&T | • North American Bancard |
| • Capital One | • PayPal |
| • Chase | • PNC |
| • Citibank | • Square |
| • Elavon | • TSYS |
| • First American Payment Systems | • Visa |
| • First Data | • Wells Fargo |
| • FIS | • Worldpay/Vantiv |
| • Global Payments/Heartland | |

For more information about the Merchant Services Satisfaction Study, visit <https://www.jdpower.com/business/resource/us-merchant-services-study>

See the online press release at <http://www.jdpower.com/pr-id/2019028>.

J.D. Power is a global leader in consumer insights, advisory services and data and analytics. These capabilities enable J.D. Power to help its clients drive customer satisfaction, growth and profitability. Established in 1968, J.D. Power has offices serving North America, South America, Asia Pacific and Europe.

Media Relations Contacts

Geno Effler, J.D. Power; Costa Mesa, Calif.; 714-621-6224; media.relations@jdpa.com

John Roderick; St. James, N.Y.; 631-584-2200; john@jroderick.com

About J.D. Power and Advertising/Promotional Rules: www.jdpower.com/business/about-us/press-release-info

###

NOTE: One chart follows.

J.D. Power 2019 U.S. Merchant Services Satisfaction StudySM

Overall Satisfaction by Payment Processor Type

(Based on a 1,000-point scale)

