

Customers Willing to Pay Extra for Card Fraud Protection, survey results reveal

While few financial institutions want to admit it, payment card fraud is continuing to increase year-over-year. And while consumers themselves may not feel the brunt of credit card fraud due to “zero liability” protections, debit card fraud is another story altogether.

Ever-Increasing Card Fraud

According to [FICO’s 2023 review of Debit Card Skimming](#), there was a 96% increase in the number of debit cards compromised from the previous year, and a 30% increase in the number of financial institutions with compromised cards. These increases are despite the efforts of FIs to better educate their consumers on protecting themselves from fraud, but putting the onus of protection on the individual has proven ineffective.

This is likely why a recent survey conducted by [FIS \(Fidelity Information Services\)](#) showed that a majority of card owners would be willing to pay more for an on-card fraud protection mechanism, such as [EVC®](#) – a dynamic CVC/CVV micromodule built into an on-card display.

FIS SURVEY INDICATES CUSTOMERS WOULD PAY FOR AN EVC CARD



Consumers Willing to Pay Extra for Fraud Protection

According to the survey, 68% of debit card owners would pay an extra \$1 per month for a card with this type of fraud protection, and 60% would pay \$2 per month. Even when surveyed on this technology for credit card – where they are less liable for fraudulent activity – 54% said they would pay and extra \$1 per month.

These survey results imply that most consumers are concerned enough about card fraud to take on an extra expense for more preventative technology, rather than continuing to bear the burden of caution and diligence. Similar to paying for antivirus software, consumers seem willing to pay an extra cost to their issuers for a more secure product.



Customers Willing to Switch Issuers for Better Fraud Protection, Survey Results Reveal

If card issuers are reluctant to offer such an upgrade to payment cards, would consumers be willing to take their business elsewhere?

Card Holders Value Better Fraud Protection from Issuers

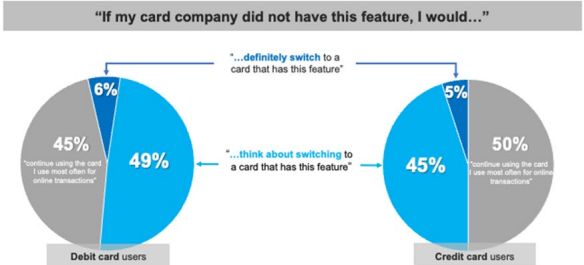
Card holders are increasingly becoming savvy about the state of fraud in the payment industry and becoming more wary about who they give their business to. According to research by PYMNTS, 69% of consumers prioritize fraud protection when selecting a financial institution, and nearly a third (32%) “consider this the most critical factor in their decision-making.”

The year-over-year increase in fraud has forced consumers to take matters into their own hands and be more selective with their banks and credit card issuers, even in light of the industry-standard “zero liability” benefit inherent to credit cards. This suggests that the inconvenience and lost sense of security can outweigh even the perceived benefit of fraud-loss reimbursements.

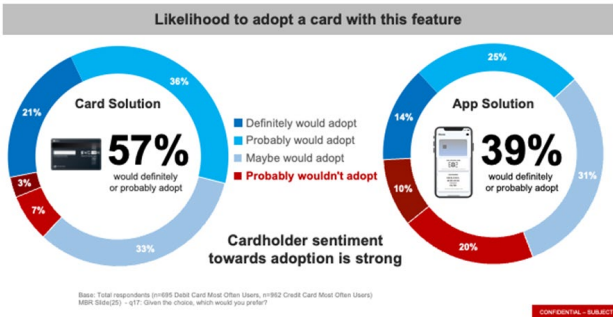
Consumers Willing to Switch Issuers for Better, Easier Fraud Protection

Furthermore, today’s card holders are more likely to switch issuers for better protection. A recent survey conducted by FIS (Fidelity Information Services) showed that when shown a card with dynamic security code technology such as EVC® from Ellipse, half of all card holders (50%), both credit and debit, would switch cards – and thus, their issuers – if they did not offer cards with this feature included.

DYNAMIC SECURITY CODE – ACQUISITION



DYNAMIC SECURITY CODE – ADOPTION



Another data point that the survey uncovered was that customers were looking for a less app-based fraud prevention solution. When given the option of a dynamic security code that is on-card versus on-app, card holders were more likely to choose the former. 57% would “definitely” or “probably” adopt the card-based technology over the app-based technology (39%).

This highlights the desire for easy, frictionless solutions to combat fraud. By embedding the dynamic code technology in the card itself without the need of a secondary device, the experience is more convenient and doesn’t disrupt their payment habits at the register.

These survey results show that banks and other payment card issuers are at risk of losing customers if they don’t offer convenient fraud protection technology that fit into the habits and lifestyles of today’s card holders. Even app-based solutions can add friction to the customer experience, and data suggests market share can be won by implementing a card-based fraud solution.

Note: This survey was conducted by FIS in the US across 2000 participants.

For more information on EVC, a battery-free module developed by Ellipse, [click here](#).

