

Consumer Online Shopping Fears

Key Insights

1. **Nearly 9% in Online Sales are Lost Annually Due to Consumers' Security Concerns**

Roughly \$21B in online sales revenue is lost annually because victims of identity theft have stopped shopping online (12%) or because consumers do not believe that the Internet is safe enough for online shopping (13%).

2. **Most Consumers Would Blame Merchants for Identity Theft**

60% of consumers would blame the online merchant if the consumer were a victim of identity fraud as a result of shopping online.

3. **Secure Web Site Logos Indicate Trustworthiness of Web Site**

86% of consumers stated that they look for a secure web site logo, such as VeriSign or TRUSTe, to determine whether a web site is trustworthy.

4. **Consumers Need Security Assurances from Merchants**

83% of consumers indicated that online merchants' assurance of secure processing of payment and personal information would be the most motivating factor for shopping online in the future.

5. **Fraud Victims Would First Seek Assistance from Payment Providers**

Nearly half (47%) of consumers stated that they would seek assistance first from their payment provider (e.g. bank or credit card company) if they were a victim of identity fraud.

About this Study

First Data was one of the sponsors for the Consumer Online Shopping Fears study conducted in December 2008 by Javelin Strategy. 2,000 U.S. consumers completed a survey (1,000 via telephone and 1,000 online) to determine their attitudes and behaviors about shopping online and to uncover the specific nature of consumer fears related to online shopping. The total annual financial loss due to consumer online shopping fears was estimated based on the results of this study.

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Key Insights #1: Nearly 9% in Online Sales are Lost Due to Consumers' Security Concerns

Roughly \$21B (8.6% of total annual online sales) is lost annually in online sales revenue because victims of identity theft have stopped shopping online (12%) or because consumers do not believe that the Internet is safe for online shopping (13%). 17% of online shoppers have been a victim of identity theft. As a result of identity theft, 40% of victims only purchase from well known shopping sites. The continued trend of consumer online shopping fears has proven beneficial for alternative payment providers such as PayPal.

Revenue Opportunity Lost Calculations (Annualized Using December Values)			
December Opportunity Cost	Non-Victims Subtotal (13% of Consumers Do Not Believe the Internet is Safe Enough for Making Online Purchases)	Victims Subtotal (12% of Victims No Longer Shop Online)	Annualized Opportunity Cost
\$2B	\$1.37B	\$0.67B	\$21.1B

* 2008 online sales, including travel, estimated at \$242B
(Source: eMarketer)

Calculation is based on the following:

Victims:

Have you or a family member ever been a victim of identity theft?

- Yes, both a family member and I have been victims of identity theft
- Yes, I have been a victim of identity theft

} Respondents who answered yes = victims

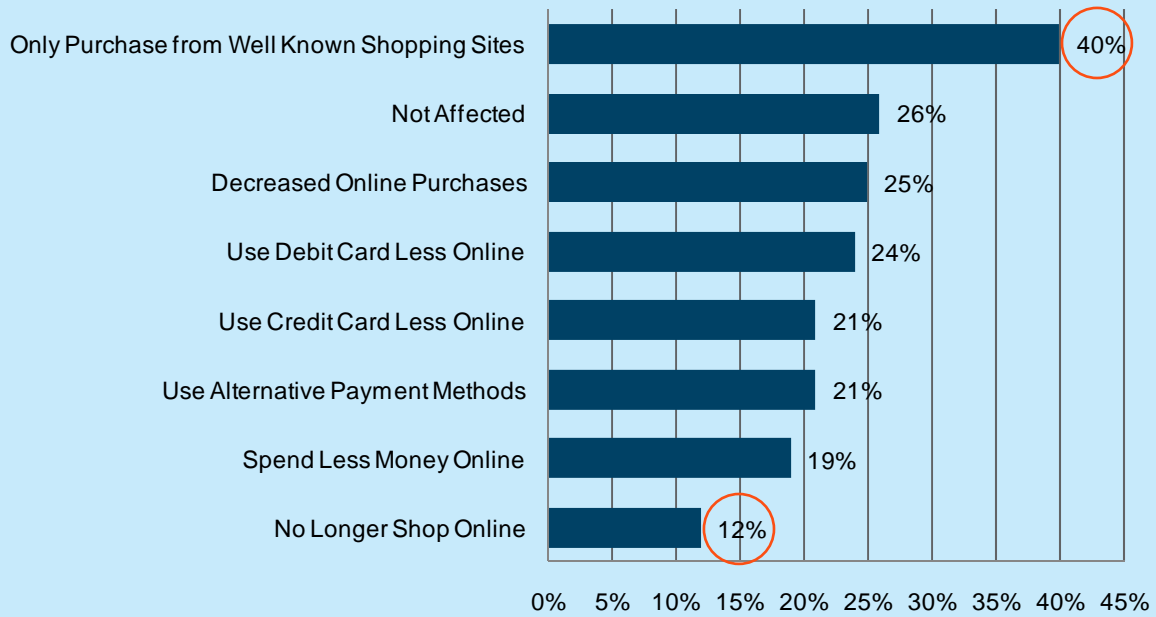
- Yes, a family member has been a victim of identity theft
- No, neither a family member nor I have never been victims of identity theft

Non-Victims:

- Those who believe the internet is not safe enough for making online purchases (Bottom-2) = 13%.

December value deflated by .86 for seasonality and then annualized

How Has Identity Theft Affected Your Online Shopping Behavior



Date: December, 2008

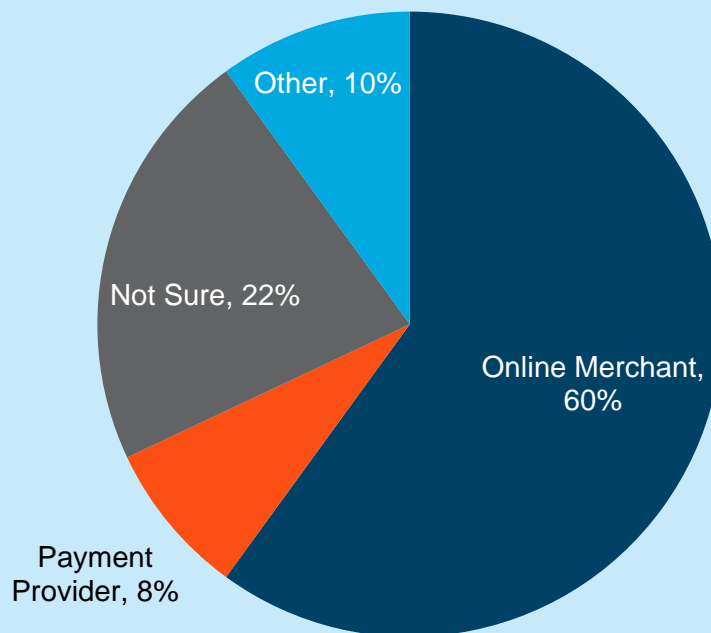
N = 378

Base: Online shoppers who are fraud victims

Key Insight #2: Most Consumers Would Blame Merchants for Identity Theft

60% of consumers would blame the online merchant if the consumer were a victim of identity fraud as a result of shopping online. Nearly one-quarter (22%), however, are not sure who is at fault. Because the majority of consumers blame merchants for identity theft caused by online shopping, First Data has the opportunity to become a thought leader in this area by educating merchants and providing consumers with information about what to do if they were a victim.

If You Were to Experience Identity Theft as a Result of Online Shopping, Who Would You Consider to be Primarily at Fault?



Date: December, 2008

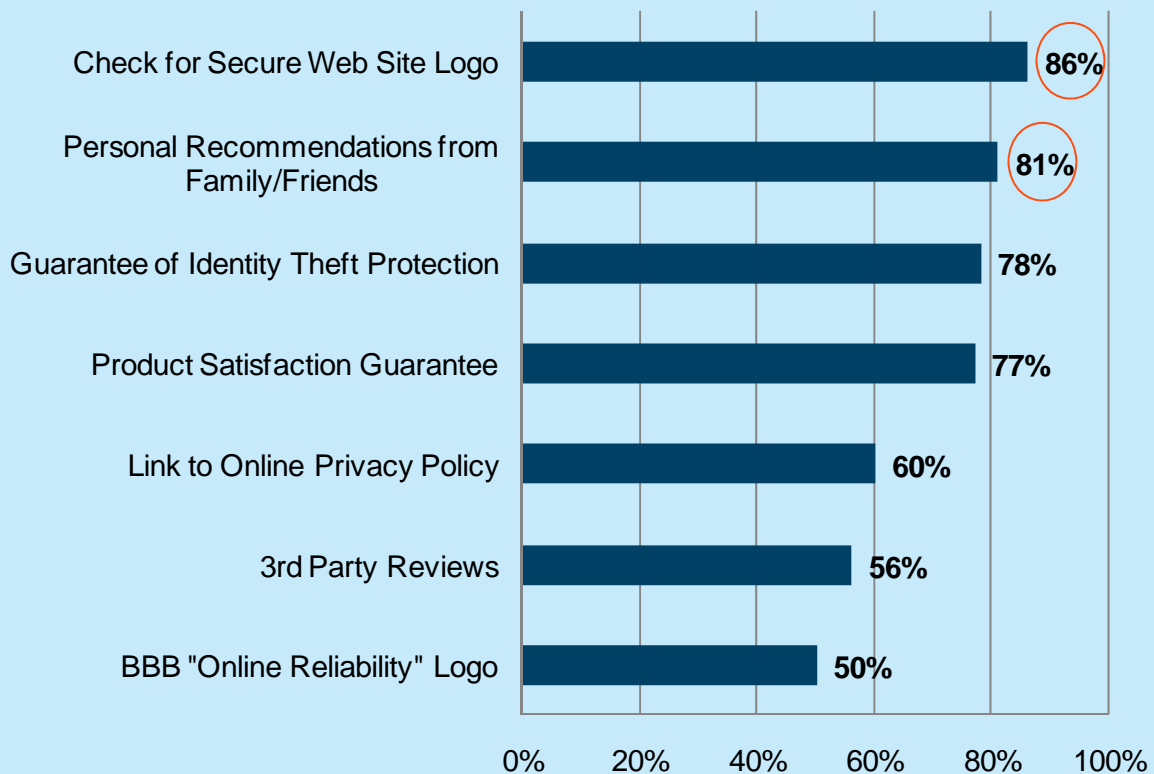
N = 1983

Base: All respondents

Key Insight #3: Secure Web Site Logos Indicate Trustworthiness of Web Site

86% of consumers stated that they look for a secure web site logo, such as VeriSign or TRUSTe, to determine whether a web site is trustworthy. 81% of consumers indicated that they would seek personal recommendations from family or friends in determining whether an online store was trustworthy.

Do You Take Any of the Following Actions to Determine Whether an Online Store Has a Trustworthy Web Site?



Date: December, 2008

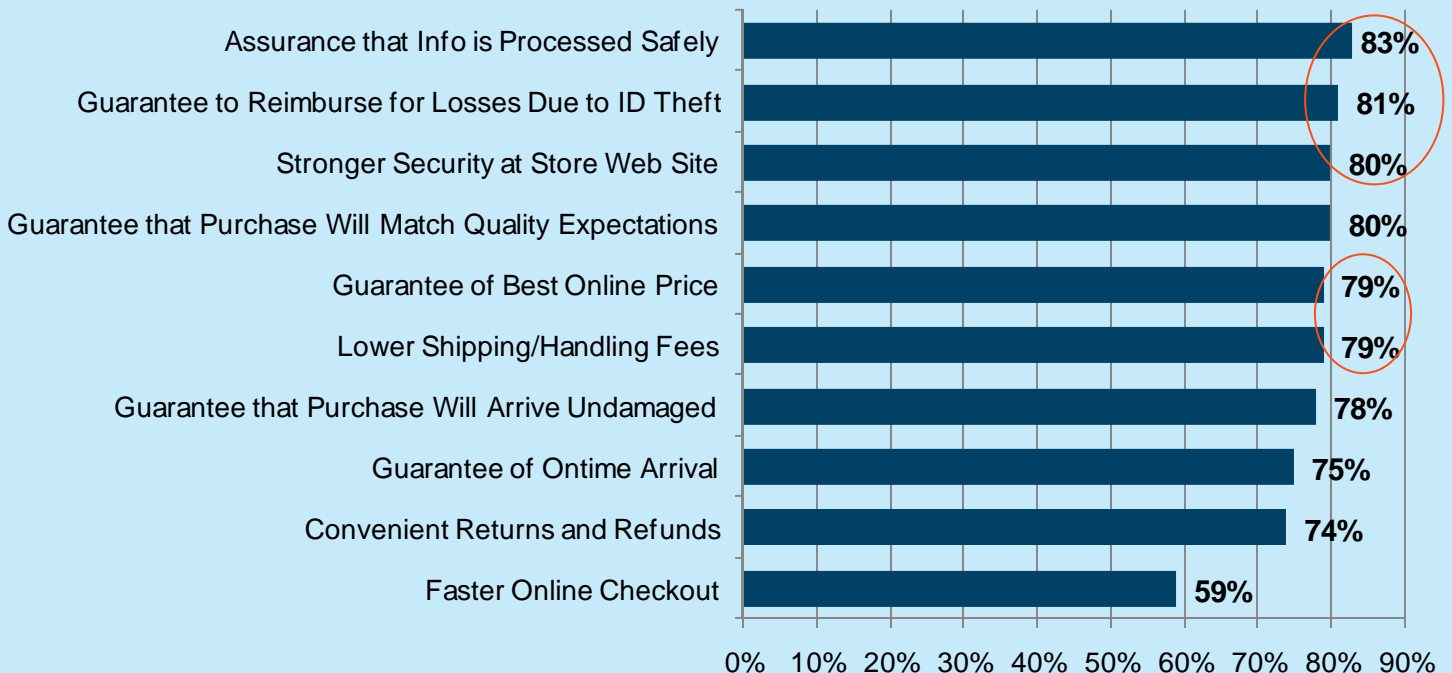
N = 1459

Base: Online Shoppers

Key Finding #4: Consumers Need Security Assurances from Merchants

83% of consumers indicated that online merchants' assurance of secure processing of payment and personal information would be the most effective in motivating them to shop online in the future. Quality and cost guarantees, such as "purchase will match quality expectations" and "best online price" are also effective motivating factors. First Data has the opportunity to provide merchants with security consulting services in addition to software and gateway solutions and identify ways to better position the merchant as a secure shopping site to consumers.

How Effective are Each of the Following in Motivating You to Shop Online in the Future? (Top-2 Box)?



Date: December, 2008

N = 1620

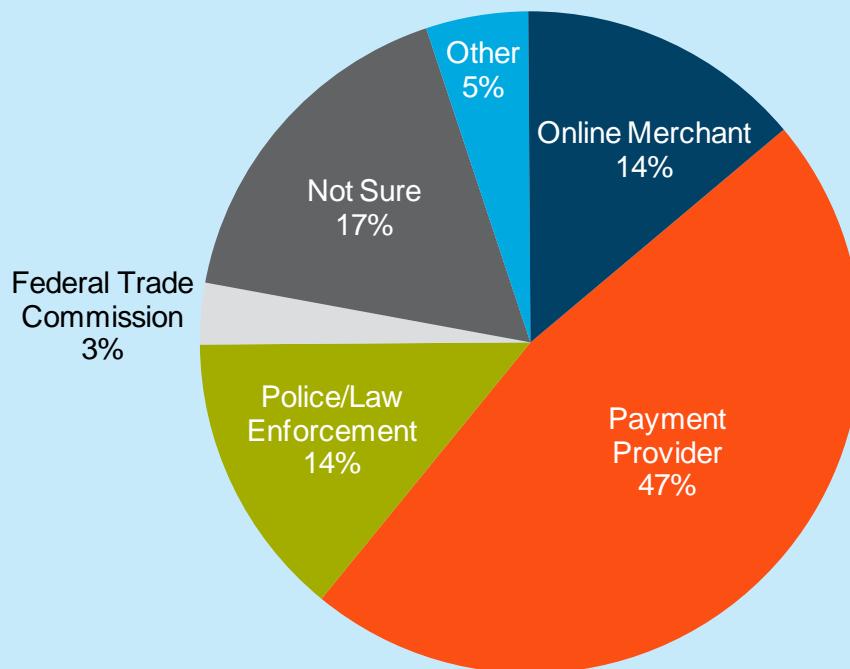
Base: Respondents Who Expect to Make Future Online Purchases

5-Point Scale

Key Insight #5: Fraud Victims Would First Seek Assistance from Payment Providers

Nearly half (47%) of consumers stated that they would seek assistance first from their payment provider (e.g. bank or credit card company) if they were a victim of identity fraud. 14% of consumers don't know who to turn to for help if they are a victim of identity theft.

If You Were to Experience Identity Theft as a Result of Online Shopping, Who Would You First Seek Assistance From?



Date: December, 2008

N = 1988

Base: All Respondents