

Banking survey (Part III)

Survey explores plastic card habits and use

The retail market for credit and debit cards in Lebanon has seen substantial modernization and a considerable shift from the use of cash to plastic money. Accordingly, the Central Bank has specified the following types of cards for use in the country: Visa, Mastercard, American Express, Diner's Club, Cashless Card, Bankernet/Visa Electron - Maestro Cirrus.

Also, local banks have begun to respond to the rising demand with an increase in the number of ATMs and points of sale around the country (see [Table 1](#)).

ATMs are distributed by mohafaza as follows:

- Beirut and its suburbs: 56%
- Mount Lebanon: 20%
- North Lebanon: 9.5%
- South Lebanon and Nabatieh: 8.5%
- Bekaa: 6%

In this part of *Information International's* survey, plastic card use and habits are explored. According to the survey, 29.2% of Greater Beirut residents have some kind of plastic card, or 52.1% of bank clients.

The majority of card holders (84.6%) said they have only one card, while 11.4% said they have two, 2.9% have three and 1.1% have four cards. Penetration was not gender specific.

Distribution by age

In terms of age, the largest proportion of plastic card holders fell into the 25-34 year age group, that represented 32.6% of card holders. This was followed by those aged 35-44 and 45-54.

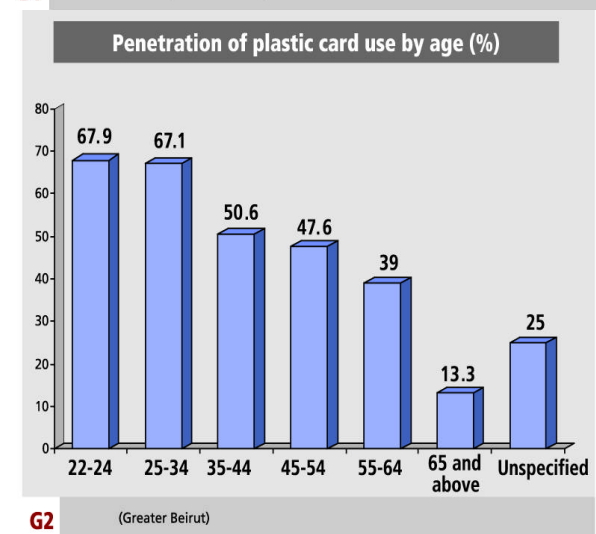
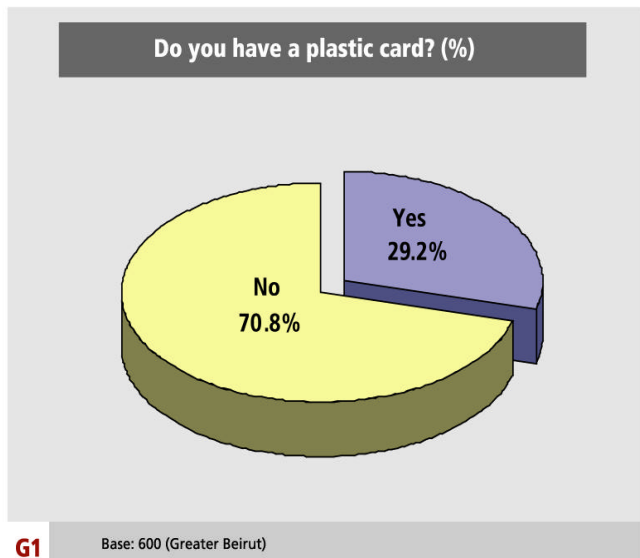
Penetration by age

A positive correlation in terms of penetration was detected between age and plastic card holders, with the highest penetration (68%) in the lowest age bracket of 22-24. This figure fell to 67% in the 25-34 bracket and progressively decreased in the older age brackets (see [Graph 2](#)).

These figures reveal that this retail banking product is more popular among younger clientele, who tend to be bigger risk-takers. While the use of plastic cards has become more prevalent, this product is still perceived to be somewhat risky, as clients still prefer to make transactions in cash or checks.

Personal income

In terms of distribution, those with a personal income



NUMBER OF ATMS AND POINTS OF SALE (1997-2002)

Table 1

Year	No. of ATMs	Points of sale
1997	183	N/A
1998	290	N/A
1999	377	N/A
2000	442	N/A
2001	580	23,853
2002	686	26,622
2003 (*till end of June)	731	23,853

*Figures from 1997–2000 are no longer applicable due to the Central Bank's adoption of a new method for calculating points of sale.

Source: Compiled by li from the Central Bank

ranging from \$501–\$1,000 made up the largest proportion of plastic card holders, followed by the \$200–\$500 bracket and \$1,001–\$1,500 bracket. They made up 43.2%, 19.1% and 16.7% of card holders respectively.

Typically, there was a positive relationship, in terms of penetration, between income and plastic cards holders, with penetration at its highest in the upper income brackets, falling to 67.5% in the \$1,001–\$1,500 bracket and 61.4% in the \$501–\$1,000 bracket.

Types of cards

While all plastic card holders can use their cards for cash withdrawals from ATM machines, only 68% have cards that can also be used at points of sale, like retail shops.

The debit card was by far the most popular type of card (85%), followed by charge cards (13.1%) and credit cards (8%). Again, the higher preference for debit cards, in which the whole amount is instantly debited from a client's account, illustrates the relative inexperience of the Lebanese market in the use of credit.

Use

The majority of card holders (89.7%) use this product mostly for ATM withdrawals. Others (24%) use cards to make small purchases and 17.7% use them for large purchases. Credit cards are also used for travel (16%), or at restaurants (14.9%) and a little less than 1% reserve the card for emergency use (see [Graph 3](#)).

ATM use

A small percentage (8.6%) of card holders have never used an ATM machine and only use it at points of sale. Out of those who use their cards at ATM machines, the highest proportion (30%) use it once a week, followed by 23.3% who only use a machine once a month. Another 13.8% use an ATM twice a week, and 61.6% believe it reduces their visits to the bank by more than 70%.

Penetration of once-a-week users was highest in the older age groups, declining progressively in lower age groups.

The majority of those who use ATMs (99.4%) go to withdraw cash, while 35.8% go to check their account balance and 13.8% go to review their previous transactions.

Almost 60% of those who use ATM machines feel that it would be more efficient to pay bills through an ATM. While age was not a significant factor, those most receptive to the idea were in the 25–34 age bracket, followed by those in the 35–44 bracket.

Most important factors in choosing a plastic card

Respondents were asked to rank the importance of factors when choosing a plastic card, from a scale of 1 to 5, with 1 being the least important and 5 being the most important. The results showed that the service charge on ATM withdrawals was the number one factor considered, ranked at 4.41. This was followed by the ease in acquiring the card at 4.35 and the length of the process at 4.34. The applicable interest rate came next at 4.28, while the requirements for obtaining a card were ranked at 4.20. Annual card fees were also a factor, but ranked at a lower 4.19 and the least important factor was considered the allowable card limit, at 4.16.

However, it was noticed that cardholders were generally unaware of either the fees or interest rates that the banks charge. Half of those with cards didn't know the interest rate they were being charged and half of those who claimed they knew suggested unrealistic rates. ■

Please note that some percentages add up to more than 100% because respondents could give multiple answers.

Sample and methodology

The survey was based on a stratified random sample of 600 respondents derived from the number of residents across different areas of Greater Beirut. In each area, respondents were randomly selected in line with gender specifications and some age restrictions. In addition, the timing of interviews was administered in a way to avoid any bias that might occur in the sample selection. Respondents were interviewed in their homes and the survey's margin of error is $\pm 1.8\%$.

