



Any difference between an ATM and a Debit Card?

You may not really care, but perhaps you should. Knowledge is power, only if you know to how to use it. The transition from passive to active requires a catalyst. That catalyst could well be you, dear reader.

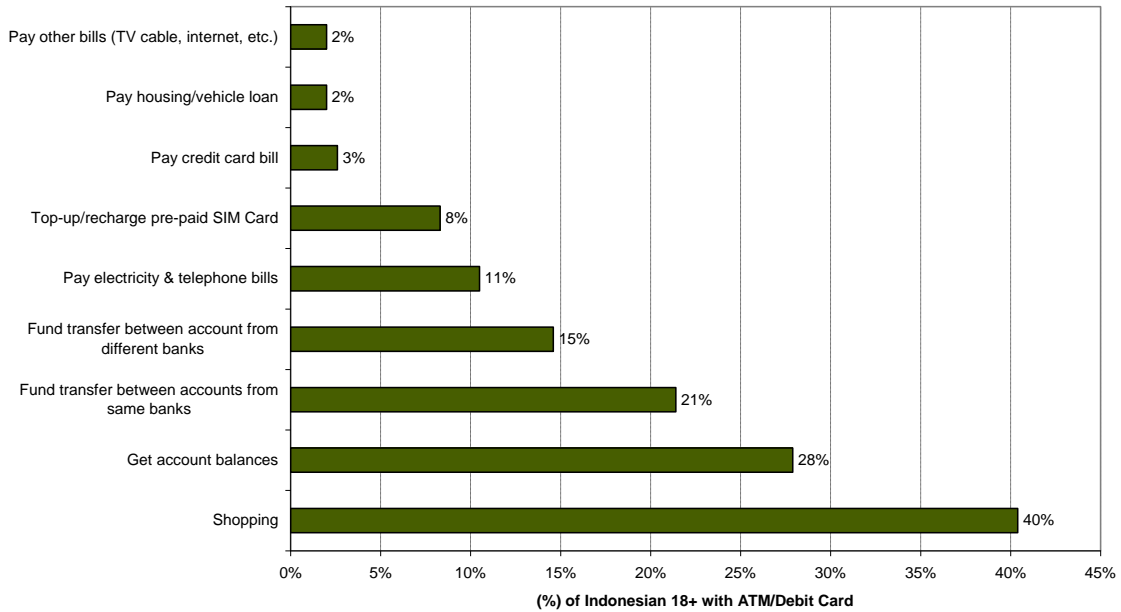
At Roy Morgan Research for example, we do not claim to know everything about everything. While the quest for deeper insight is never-ending, there is a point at which data becomes no longer actionable. The continuous Single Source survey is a resource for a plethora of insights for a host of industries. It also reflects Life as it is led by all cross-sections of society in the cities, towns and villages spread across the archipelago. While it cannot answer every single question, it isn't inflexible either. For those who want to know more, it remains a platform from which to mount an even more detailed search. In that sense it is a living organism capable of improvements and corrections, even transformations.

Here's an example of an important correction we are in the process of making. I can share the evolution, without divulging anyone's trade secrets. Concerned with the repeatedly low count of debit cards, we probed the issue in recent weeks. Back to basics, we wondered if people with debit cards knew what the term meant. So we enlarged the canvas and added a popular acronym to make the description "ATM/Debit Card". The usual count of people with at least one debit card jumped from around 8 million people nationwide, to 16 million. That's an increment of 100 per cent, aged 18 years and older. In other words, we have been misrepresenting the number of these cards, simply because we and our clients assumed that people knew what they owned. After all, debits are a process and the ATM is a channel. The card is capable of different things, not just one function. It is unlikely in today's Indonesia that a bank issues an ATM card and a debit card, separately. That's what our bank clients tell us, so we are all learning.

There are a few critical conclusions to draw from this discovery in the marketplace. To begin with, it's important to get not just the question right, but also the terminology. Sometimes, even the seemingly obvious should not be presumed. Re-examination can be illuminating. Second, it points to the urgent need for each and every bank that issues ATM/Debit Cards to educate their own customers. I have friends who have one, friends who have more than one, and don't really know what they are able to do with them. And thirdly, opportunity beckons. While 25 million people have a banking relationship, only 16 million of them have one of these cards. It's a convenient, cost-efficient instrument, good for everyone concerned.

After all, bank tellers are an expensive resource. They are also the point at which human error occurs, where customer satisfaction gets affected often rather negatively. We know that two out of three customers don't want to visit a branch unless they have to. Viewed from either the customer's or the bank's perspective, it's a good idea to empower people so they don't visit the branch unless they have to. ATMs, internet and mobile banking are cost-effective and convenient alternatives that have a direct effect on bank profitability as well as customer satisfaction. If that's where the focus is shifting, if automation is where more money is going to be spent, better efforts at customer education will pay rich dividends.

Things Usually Do With an ATM/Debit Card



By digging deeper into the minds of those with an ATM/Debit card, some useful insights emerge. Not surprisingly, three out of four owners are from urban Indonesia. Two out of three are male. 85 per cent of them have only one, 12 per cent have two, 2 per cent three and 1 per cent four or more. While all of them understand the ATM function, it's obvious many don't quite comprehend how to use the 'debit' capability. Of the 16 million who have an ATM/Debit card, only 40 per cent use it for shopping, 11 per cent use it to pay utility bills, 8 per cent to re-charge their SIM cards. While fewer women have these cards, more women use it for shopping than men. And they use it do so much more often than men as well.

More plastic cards are being issued each month, both debit and credit. In sharp contrast, the number of people with an active bank account continues to plummet. At the end of March 2010, the percentage of Indonesians with a banking relationship had dipped to 19.2 per cent of the population 18 years and older. While more people are earning more than ever before, while unemployment is at record lows, the bottom continues to fall out of the banking sector. No wonder eight out of ten Indonesians believe that "the gap between the rich and poor is increasing. Prices of essential goods and services continue to add pressure to the domestic budget of the humble household. Once again, the average breadwinner is incapable of paying all the bills all by himself. Sobering thoughts, not just for the people who issue the plastic, but for all of us who are privileged to carry them.

These conclusions are influenced by Roy Morgan Single Source, the country's only syndicated survey that covers the cities, towns and villages of Indonesia. With over 25,000 respondents each year, the data is updated every 90 days.

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