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Contact:

Tim Sansbury tim@jzmcbride.com 513.231.5115 or
Will Sikes will@jzmcbride.com 513.231.5115

Financial Services Industry Surpasses Airline Sector as Largest Single U.S. Market for Loyalty Rewards Programs, COLLOQUY's 2009 Census Shows

Financial Services Achieve 77% Growth Since 2007 Census

Card issuers will turn from growing portfolios to retaining their most profitable customers, Census Experts Say

CINCINNATI (April 20, 2009) - For the first time, U.S. credit card reward program members outnumber airline frequent flyers.

COLLOQUY's 2009 U.S. loyalty marketing census shows that membership in U.S. financial services rewards programs has reached 422.0 million, a 77% increase since COLLOQUY's 2007 census, vaulting financial services past airline frequent flier programs as the economy's largest market for loyalty programs. Airline loyalty programs count 277.4 million members.

"Clearly, loyalty membership growth in the financial services sector was pronounced during much of our latest census period, prior to the economic free fall," said COLLOQUY Partner Kelly Hlavinka, who provided loyalty marketing insights in a presentation today at the 21st Annual Card Forum & Expo in Marco Island, Florida.

"Just a few years ago, the industry regularly talked about how 50% of all credit cards had reward programs tied in. Today, estimates range from 75% to 80%. For debit cards, 2006 estimates were 10% to 15%, but the latest industry analyses put the numbers at 25% to 50% due to the explosion of merchant funded network programs," Hlavinka said. "Rarely are companies truly thinking through how crowded the marketplace has become and how to evolve their loyalty strategy to differentiate from competitors."

A loyalty marketing program recognizes and rewards the best customers of a business. COLLOQUY's financial services loyalty data is part of a broader U.S. loyalty marketing census covering 13 industry sectors. The census tabulates program memberships, not unique individuals. COLLOQUY provides a complete report on the 2009 census in a white paper titled, "The Big Sort: The 2009 COLLOQUY Loyalty Marketing Census." The paper is available free of charge at www.colloquy.com/whitepapers.



AllianceData.

LoyaltyOne

1000 Summit Drive, Suite 200
Milford, Ohio 45150
513 248-9184

colloquy.com
loyalty.com



With the dramatic growth in recent years, the banking crisis and the recession, COLLOQUY predicts that financial services reward program membership will experience slow growth in the coming years. The American Express decision to pay unprofitable cardholders \$300 to close accounts is emblematic of the new reality, COLLOQUY says. It also cites regulatory changes that may affect reward program budgets, portfolio consolidation and card issuers exiting the business.

“Card issuers will turn from growing their portfolios to retaining their most profitable and credit-worthy customers,” said COLLOQUY Editorial Director Rick Ferguson. Ferguson and Hlavinka co-authored COLLOQUY’S 2009 loyalty marketing census white paper.

COLLOQUY is a provider of loyalty marketing publishing, education and research. Its 2009 census is based on information from its own archives, program web sites, sponsor-company press releases, annual report filings, third party publications and research reports.

COLLOQUY’S 2009 census shows that total membership in U.S. loyalty rewards programs has reached 1.808 billion. U.S. loyalty program memberships ranked by industry are as follows (in millions): Financial Services 422.0; Airline 277.4; Specialty Retail 191.3; Hotel 161.8; Grocery 153.3; Mass Merchants 124.8; Gaming 106.0; Dept. Stores 92.8; Drug Stores 73.9; Fuel Convenience 51.2; Restaurant 13.7; Car Rental and Cruises 10.7; and Other 127.9.

The results of COLLOQUY’S 2009 census study will be presented in a webinar cosponsored by The Direct Marketing Association, June 25, 2009. Registration and information available at www.the-dma.org/seminars/loyaltyweb/20090625.shtml.

About COLLOQUY

COLLOQUY comprises a collection of publishing, education and research resources devoted to the global loyalty-marketing industry. COLLOQUY® has served the loyalty-marketing industry since 1990 with over 30,000 global subscribers to its magazine and www.colloquy.com is the most comprehensive loyalty web site in the world. COLLOQUY’S research division develops consumer and B-to-B research studies and white papers including industry-specific reports, sizing studies and insights into the drivers of consumer behavior. COLLOQUY also provides educational services through workshops, webinars and speeches at events throughout the world and is the official loyalty-marketing partner of both the Direct Marketing Association and the Canadian Marketing Association. COLLOQUY also operates The COLLOQUY Network, a global consortium of practitioners certified in COLLOQUY’S proprietary methodology. COLLOQUY magazine subscriptions are available at no cost to qualified persons at www.colloquy.com or by calling 513-248-9184.



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