

## Appendix 2: Survey questionnaire

### Purpose of the survey

Credit card fraud in South Africa had increased alarmingly in 2006. The total estimated fraud quoted by SABRIC over this period totaled R275 million. Of this figure, an estimated R179 million (70%) was fraud perpetrated within the borders of South Africa. This worrisome trend is expected to continue in 2007. A debate has been ensuing between issuers and acquirers on the feasibility of adopting zero floor limits. The topics of debate have been the ability of point of sale telecommunications to sustain zero floor limits, issuer's and acquirer's ability to process an increased volume of transactions attributable to a zero floor limit and the increase in merchant's operational costs for the increased authorisation requests.

I am currently doing a masters research report on credit card fraud in South Africa. The purpose of this study is to analyze the effect that merchant floor limits have on bank-issued credit card fraud in the South African credit card industry and compare this to the ability and cost of telecommunications to sustain a zero floor limit environment.

The benefits of this study will enable local issuing and acquiring banks implement a strategy to reduce fraud losses originating from floor limits. Your contribution to this survey would benefit the research in terms of providing a solution to this problem.

The questionnaire comprises a 5-point Likert scale per the example below:

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Strongly agree	Agree	Neither Agree nor disagree	Disagree	Strongly disagree
[     ]	[     ]	[     ]	[     ]	[     ]

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In answering this questionnaire which should take no longer than **x**, please place a cross (X) in the relevant box.

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**Name:** \_\_\_\_\_

**Surname:** \_\_\_\_\_

**Company:** \_\_\_\_\_

**Position:** \_\_\_\_\_

*(Executive, Manager, Team Leader,  
Clerical)*

**Functional  
Area:** \_\_\_\_\_

**Number of years in current position:**  
\_\_\_\_\_

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**Section A**

**Question 1:**

The local telecommunications infrastructure (telephone, radio pad or GPRS) from the point of sale to the issuing bank during an authorisation request have the ability to sustain a zero floor limit.

<b>Strongly agree</b>	<b>Agree</b>	<b>Neither Agree nor disagree</b>	<b>Disagree</b>	<b>Strongly disagree</b>
[     ]	[     ]	[     ]	[     ]	[     ]

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**Question 2:**

TELKOM is a reason for not adopting zero floor limits.

<b>Strongly agree</b>	<b>Agree</b>	<b>Neither Agree nor disagree</b>	<b>Disagree</b>	<b>Strongly disagree</b>
[     ]	[     ]	[     ]	[     ]	[     ]

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**Question 3:**

The reduction of floor limits will not have a negative impact on cardholders at the point of sale.

<b>Strongly agree</b>	<b>Agree</b>	<b>Neither Agree nor disagree</b>	<b>Disagree</b>	<b>Strongly disagree</b>
[     ]	[     ]	[     ]	[     ]	[     ]

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**Question 4:**

Local **issuers** have the technological capacity to entertain a zero floor limit environment in terms of handling an increase in authorisation requests.

<b>Strongly agree</b>	<b>Agree</b>	<b>Neither Agree nor disagree</b>	<b>Disagree</b>	<b>Strongly disagree</b>
[     ]	[     ]	[     ]	[     ]	[     ]

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**Question 5:**

Local **acquirers** have the technological capacity to entertain a zero floor limit environment in terms of handling an increase in authorisation requests.

<b>Strongly agree</b>	<b>Agree</b>	<b>Neither Agree nor disagree</b>	<b>Disagree</b>	<b>Strongly disagree</b>
[     ]	[     ]	[     ]	[     ]	[     ]

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**Question 6:**

An increase in authorisation volumes attributable to a zero floor limit will adversely affect issuers in their ability to process the transactions.

<b>Strongly agree</b>	<b>Agree</b>	<b>Neither Agree nor disagree</b>	<b>Disagree</b>	<b>Strongly disagree</b>
[     ]	[     ]	[     ]	[     ]	[     ]

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**Question 7:**

An increase in authorisation volumes attributable to a zero floor limit will adversely affect acquirers in their ability to process the transactions.

<b>Strongly agree</b>	<b>Agree</b>	<b>Neither Agree nor disagree</b>	<b>Disagree</b>	<b>Strongly disagree</b>
[     ]	[     ]	[     ]	[     ]	[     ]

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**Section B**

**Question 8:**

Issuers and acquirers can wait for the full implementation of EMV as a solution to reduced fraud.

Strongly agree	Agree	Neither Agree nor disagree	Disagree	Strongly disagree
[     ]	[     ]	[     ]	[     ]	[     ]

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**Question 9:**

Below floor-limit credit card fraud is a cost of doing business on a credit card and is controllable in your institution.

Strongly agree	Agree	Neither Agree nor disagree	Disagree	Strongly disagree
[     ]	[     ]	[     ]	[     ]	[     ]

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**Section C**

**Question 10:**

Reduced floor limits will increase merchant's operational (telephony) costs as they have to now pay extra for the authorisation request. This cost is greater for the merchant than the cost of chargebacks and voucher retrievals.

Strongly agree	Agree	Neither Agree nor disagree	Disagree	Strongly disagree
[     ]	[     ]	[     ]	[     ]	[     ]

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**Question 11:**

Floor limits should be incrementally decreased based on credit card fraud at certain merchant categories.

Strongly agree	Agree	Neither Agree nor disagree	Disagree	Strongly disagree
[     ]	[     ]	[     ]	[     ]	[     ]

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