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# Credit Card Experts Opine Netflix's Reasons for Poor Growth are Flimsy

20 Oct, 2015 By: perry

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**Netflix, Inc.(NASDAQ:NFLX)** recently attributed its dismal performance to the latest **chip-based credit cards** that have been launched in the United States.

### Criticism by credit card experts

However, according to **Bloomberg**, there are several credit card experts who have been critical of such claims and said that Netflix's explanation sounds convenient. **Julie Conroy**, who is a payment analyst with **Aite Group**, told that the reason shown by Netflix for their heavy customer attrition is a bit childish.



**Reed Hastings**, who is the Chief Executive Officer of Netflix feels that the churn is happening involuntarily in many cases. But Julia Conroy is unwilling to buy the reason. Conroy said that a significant churn in the number of subscribers can not be attributed to chip migration.

The head of card research at Nilson Report, **David Robertson**, supports Conroy's viewpoint. Even he feels that Netflix is making a flimsy excuse for its high subscriber churn. David also told that a majority of credit card companies would not make any alterations in their subscriber account details like credit card numbers when they switch over to a new technology.

### Netflix's stand

On the other hand, Netflix put forward its point by claiming that the newly launched credit cards come with a date for expiration or a new number. It signifies that subscribers have to modify their **payment** information online to continue their subscription. There are several customers whose subscriptions have lapsed accidentally.

The argument is in direct contrast to the explanation given by Netflix. The company said that till date, only one third of the new credit cards have been rolled out, which should not affect it for a long time. By next year, all its **subscribers** will be possessing chip-based cards.

However if these experts are right, there won't be any big gain in subscriber numbers in the United States even after the completion of rollout. During the third quarter of this year, Netflix could add only about 880,000 new subscribers. However, the number was much lower than what was predicted by analysts. In fact, **Wall Street** had an expectation of approximately 1.25 million domestic subscriber growths which was not met.

Business Insiders have already reached out to Netflix to get its reactions on the points made by some of the experts and are waiting for the latter's revert.

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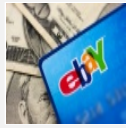
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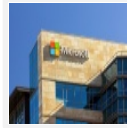
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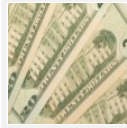
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### Comments

**Nathan Paner**

I know that people are worried about the cyber attacks



**Nathan Paner**

Oct 20, 2015 at 03 27 pm

**Nathan Baxter**

Agreed netflix regardless will be worth \$200 a share that is pre split like \$1400!



**Nathan Baxter**

Oct 21, 2015 at 12 47 am

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