

Debit cards now dominate merchant payments

(23 February 2010 – Australia) The latest research from East & Partners has found that the use of debit cards grew substantially during 2009, making these cards the biggest source of merchant receivables.

The findings come from East's six-monthly Merchant Acquiring and Cards Markets research program, based on direct interviews with 2,276 Australian merchants.

The research, conducted at the end of 2009, reveals that 35.8 percent of merchant sales now come through debit card payments, a substantial increase from 24.6 percent recorded a year earlier.

"The era of credit cards taking up the biggest share of merchant receivables has clearly come to an end, despite the recovery in credit card transactions tracked by the Reserve Bank of Australia. Our research shows that debit cards are now the biggest source of merchant receipts," commented East & Partners' head of market analysis Robert Morgan.

"Debit card receivables have been growing consistently for the past several years while credit card growth has been relatively slower. Deleveraging and risk aversion, which followed in the wake of the global financial crisis, merely accentuated these trends," he said.

"A big boost to the growth in debit came from the adoption and promotion of scheme debit, with the share of merchant receivables coming in via these cards soaring by almost 80 percent in the past three years," Mr Morgan concluded.

These developments have now moved Australia in line with many developed countries, like the United Kingdom and the United States, where debit cards are a dominant payment method.

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About East & Partners' Merchant Acquiring and Cards Market Program

East & Partners' Australian Merchant Acquiring and Cards Markets program is an ongoing six-monthly research service which delivers accurate market intelligence on Australia's merchant acquiring and cards markets. The report provides a range of relevant analytics including clear measures of card receivables trends, merchant acquiring market share, satisfaction with acquirers and merchant churn. Each biannual report is based on a structured sample of merchants reflecting the actual distribution of merchants by industry and geographic location. The merchant segments covered in this research program, based on annual turnover, are:

Institutional (Top 500)	A\$340 million plus
Corporate.....	A\$20–340 million
SME.....	A\$5–20 million
Micro Business.....	A\$1–5 million

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