

Real time settlement and reporting a focus for merchants

(11 June 2013 – Australia) Real time settlement and reporting are increasingly driving Australian merchants to consider changing their card service provider, according to research from industry analysts East & Partners.

East's latest Merchant Acquiring and Cards Market report interviewed 2247 merchants spanning Micro businesses turning over \$1 million to large institutions with annual revenues of more than \$530 million, and found that a total of 29.6 percent cited real time settlement as a reason to change card provider. This figure had increased from 25.6 percent in the previous research round 12 months earlier.

Corporate businesses, or those with \$20-530 million annual turnover, are the most focussed on real time settlement, with 40.4 percent saying it is a factor driving change, a larger factor even than substantially reduced pricing (39.4 percent).

In terms of real time transaction reporting, 7.5 percent of merchants say it is an inducement to change, compared with 6 percent a year earlier.

The report also shows that 7.3 percent of merchants are "definitely" planning a change in supplier relationship in the next six month, up from 6.6 percent a year earlier.

While pricing continues to be the largest factor inducement change, cited by a total of 53.3 percent of merchants, this figure is down significantly from the 60.2 percent for this criteria a year earlier.

Lachlan Colquhoun, Head of Markets Analysis at East & Partners, said the results underline the growing importance of real time payments to merchants, which also explains the priority banks are placing on payments technology.

"The banks have been in a technology race to build out better and faster payment solutions, and these results illustrate why," said Colquhoun.

"The merchant community are demanding a real time world, and are increasingly prepared to 'vote with their feet' and move provider if they can see a better and faster service delivered elsewhere.

"Real time cash settlement has been on the merchant's wish list for a long time and with a number of acquiring banks having deployed such solutions, led notably by the Commonwealth Bank, this function we sense will quickly become a 'given' for merchants in their acquirer relationships."

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About East & Partners' Australian Merchant Acquiring and Cards Market report

The six monthly produced reports is a demand research service focussed on the Australian Merchant Acquiring market covering the Top 500 institutional, corporate, SME and micro business merchant markets, the service is based on direct interviews with approximately 2,700 companies every six months.

Market analytics reported to clients of this program include transaction and dollar value volumes in merchant payments, merchant relationship development and management, terminal population, merchant channels, product penetration, share of mind, market size and forecasts analytics, acquirer market share, service pricing and competitive merchant service satisfaction and churn opportunities.

Merchant Segments

- › Institutional – A\$530 million plus
- › Corporate – A\$20-530 million
- › SME – A\$5-20 million
- › Micro – A\$1-5 million

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