

## Media Release

## Internet and mobile payment platforms are the key product priorities for merchants

(12 March 2018 – Australia) Australian businesses report that just 6.6 percent of all payments in 2017 were made with cash, down 56 percent from 2012, new research from East & Partners has found.

Meanwhile, credit card payments at the point of sale have also decreased by nearly 20 percent, compared to online payments which have surged 184 percent. Similarly, payments via bank issued debit cards, such as Visa and MasterCard have increased 78 percent to nearly a quarter (24 percent) of all transactions since 2012.

The results, derived from interviews with more than 2,240 Australian merchants align with ATM withdrawal figures released by the Reserve Bank of Australia (RBA) in March 2017. According to the RBA, 7.7 percent fewer withdrawals occurred in 2016, compared to the year prior, with the total value also dropping by around four percent.

"Cash has well and truly lost its mantle as king," said Martin Smith, Head of Markets Analysis at East & Partners.

"The emergence of contactless, mobile and wearable payment technology has pushed the preference for debit and credit cards beyond cash usage, as more consumers opt for those for lower value purchases."

Mirroring the increase in usage and customers' needs, merchants report that their key payment product priorities over the next two years are internet payment platforms, and mobile payments.

The Australian Merchant Payments Report also found that the RBA's surcharging rules have made a marked impact on fees and charges.

According to the latest results, the number of merchants planning to apply a surcharge in the coming year has collapsed from 29.6 percent in 2015 to less than 12 percent today. Further, one in three (33.4 percent) merchants hold no current plans of applying a surcharge.

Non-retail merchants are about twice as likely to apply a surcharge than retail at 69.5 percent and 36.4 percent respectively.

In a bid to recoup the cost of card acceptance, 58.5 percent of merchants said they publish an explicit transaction or booking fee, while 40 percent increase product pricing, and bundle the acceptance cost. The report found that the larger the business, the more likely they are to bundle surcharging into higher product pricing.

"The changes instigated by the Reserve Bank, which fully came into effect in September 2017 have clearly worked and is benefitting retail and business customers alike," said Smith.

“As they face tightening margins, payment service providers must ensure that they are providing businesses customers with best-of-breed service and technology features to attract new customers, and ward off ever increasing competition in the market.”

### **About East & Partners' Australian Merchant Payments Report**

The Australian Merchant Payments Report aims to provide accurate intelligence on the merchant acquiring market. The report incorporates full analysis alongside direct interviews with a large scale natural sample of Australian merchants and key RBA statistics.

The Merchant Payments report is published annually to provide deep and unique insights into key drivers of Australian merchants' current behaviour and payment practices. It is set to monitor a range of merchant behaviour metrics by drawing on East & Partners' rich data on the payments market, supplemented by further analysis and additional primary data gathering executed directly with merchants.

The report is complemented by similar program based in the United Kingdom, providing the ability to compare and contrast key industry trends and benchmarks in the payments market

For more information, or to access the report contact:

Regional Insights Manager  
Sian Dowling  
e: [sian.d@eastandpartners.com](mailto:sian.d@eastandpartners.com)  
t: +61 420 583 553

### **Methodology**

This research is from the tenth edition of East & Partners Australian Merchant Payments Report, an annual research program. In total 2,248 Australian enterprises from Micro, SME, Corporate and institutional segments were interviewed directly by telephone in December 2017. Interviews were conducted with the CFO, Business Owner, Corporate Treasurer, Company Accountant or designated FX officer using a structured questionnaire.

The Micro segment comprises businesses turning over up to A\$1-5 million each year, while the turnover band for SMEs is A\$5-20 million and Lower Corporates A\$20-100 million.

The interview sample was dispersed geographically across Australia and the sector distribution reflects a natural sample of the Australian enterprise population in these segments.

### **About East & Partners**

East & Partners is a leading specialist business banking market research and analysis firm. The firm's core expertise is in the provision of analysis and advisory services tailored for the commercial, business and institutional banking markets across Asia Pacific, Australasia, Europe and North America