



Security still the biggest obstacle in accepting online payments

(5 March 2012 – Australia) East & Partner’s just released 2012 Merchant Payments report has shown that online payments among merchants is experiencing significant uplift despite a slow beginning, however a number of merchants are still unwilling to adopt online payment channels due to perceived issues around transaction safety and security.

East’s latest round of research shows that 19.2 percent of all merchants and 29.2 of all non-retail merchants now accept online payments. An additional 20.4 percent are currently planning to implement online payments. Four out of ten merchants believe internet payment platforms should receive greater funding and development, a significant proportion have also identified mobile phone payment systems as a priority technology over the coming year.

This embracing of online payment structures varies by industry with the retail sector much less likely to accept online payments compared to other sectors. The main concern merchants have in accepting internet payment is security of the payment with 64.4 percent of merchants identifying this as their primary obstacle in actioning online payment platforms. Security is followed by Reliability of Payment Gateway (20.6 percent) and Speed of Payment (15 percent) as the three dominating concerns in relation to the acceptance of online payments.

Exhibit 1:

Acceptance of Payments Online - All Merchants

	% of Total	
	Dec 10	Dec 11
Accept payments online	13.9	19.2
Planning to accept payments online	11.8	20.4
Don't currently accept payments online	55.2	43.3
Never considered / no need to accept	19.1	17.1
TOTAL	100.0	100.0

Source: East & Partners Australian Merchant Payments report (February 2012)

East & Partners Principal Analyst Paul Dowling commented, “The drive to online payments clearly has a head of steam but by no means are all merchants on board with it. Adoption remains patchy and retailers with a high street presence are the most reluctant adopters, seeing their bricks and mortar shopfront investments potentially compromised by online.”

“Notwithstanding the big strides in payments security from solution vendors, messaging from the industry is not ringing bells with a large proportion of businesses” added Mr Dowling.

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About East & Partners' Australian Merchant Payments report

The Merchant Payments report provides a deep and unique insight into key drivers of Australian merchants' behaviour and payment practices. It draws upon East & Partners' rich data on the payments market which has been supplemented with further reanalysis and additional primary data gathering executed directly with merchants. The report provides important market analysis across a number of critical areas including, the composition of merchant receivables, acceptance of payment products, online payments uptake, merchants' future product priorities and credit card surcharging behaviour.

All of the figures included in the Australian Merchant Payment report are derived from direct interviews with 2,500 Australian merchants, conducted as part of East & Partners' ongoing Merchant Acquiring and Cards Markets twice annual research program.

Note: 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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