

Debit wins over credit: East

(14 December 2012 – Australia) Debit cards have won the race over credit cards in the Australian payments receivables market, according to East & Partners most recent Merchant Payments report.

The report, which is based on interviews with 2,247 Australian businesses conducted in December, shows that debit cards now account for 50.2 percent of business receivables, an increase from 46.1 percent over the last 12 months.

At the same time, the use of credit cards has declined to 17.7 percent from 20.4 percent of receivables.

“In previous surveys we have said that credit and debit were in a race for supremacy in the Australian payments market, but now it is clear that race is over and that debit has won,” commented Lachlan Colquhoun, East & Partners Head of Markets Analysis.

“The uptake in debit cards has been consistent. The momentum is irresistible, and that is something which is also being well understood by our banks.”

Merchants’ Annual Receivables – All Merchants

	Average % of Total Annual Receivables	
	Dec 2011 (N: 2287)	Dec 2012 (N: 2247)
Debit Cards	46.1	50.2
Bank Issued	16.2	23.1
Scheme Issued	29.9	27.1
Credit Cards	20.4	17.7
Terminal Payments	11.8	7.6
Website Based	7.1	8.8
IVR	0.1	0.1
Mail	1.3	1.1
Other	0.1	0.1
Cash / OTC	11.6	8.9
Cheque	12.8	11.0
Direct Credits and Standing Orders	9.1	12.2
TOTAL	100.0	100.0

Source: East & Partners’ Australian Merchant Payments Report – December 2012

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Earlier East & Partners Australian Merchant Payments reports show the uptake in debit cards was driven by the growth of scheme cards, however, they fell as a percentage of all debit cards in this survey for the first time in several years, down from 29.9 percent to 27.1 percent.

Bank issued debit cards showed a substantial increase, up to 23.1 percent from 16.2 percent of all debit card receivables.

Website based payments were the only method of payment via credit card experiencing continual growth. Cash and cheque annual receivables have also continued their decline accounting for only 8.9 percent and 11 percent of annual receivables, respectively.

“Perhaps the new race is now between bank and scheme debit,” said East’s Colquhoun.

“The next survey will give a very strong indication as to these trends, and confirm what this survey suggests - that bank issued debit cards are gaining significant traction and could well become the dominant theme in our market.”

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 Payments report are derived from direct interviews with 2,247 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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