

PAYMENTS LANDSCAPE

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Presentation to the Australian Mutual's Institute - Business Strategy Forum 2011
Sebel Heritage Yarra Valley Victoria

13th March 2011

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Regulation, supervision, innovation and operation of the payments systems in Australia are not in one set of hands.

who	instruments	responsibilities	participation
APCA	<ul style="list-style-type: none"> • cheques • direct entry • EFTPOS debit • high value • cash distribution & exchange 	<ul style="list-style-type: none"> • clearing of payment instruments • rules & regulations • membership • standards & monitoring • innovation 	<ul style="list-style-type: none"> • tier 1 or tier 2 membership • bilateral links & interchanges T1's
SCHEMES	<ul style="list-style-type: none"> • visa • mastercard • bpay <div style="border: 1px dashed gray; padding: 2px;"> <ul style="list-style-type: none"> • epal </div>	<ul style="list-style-type: none"> • clearing • transaction interchange • rules, regulation, standards & monitoring • settlement • innovation 	<ul style="list-style-type: none"> • principal or associate (cards) participant and associate (bpay) • issuer and/or acquirer • scheme routing of txn's
RBA	<ul style="list-style-type: none"> • payment systems board (PSB) • payments settlement 	<ul style="list-style-type: none"> • payments policy • risk, efficiency & competition • ESA account issuing and management 	

There are some important payments trends within Australia and broader global indicators of change

how cash is accessed	increasing use of cash out at EFTPOS, move to own bank ATM's, overall reduction in total ATM transaction numbers.
growth in payment types	decline in cheques (down 60% in 10 years), total payments up 3 fold since 1994, electronic payments up 8 fold in the same period.
person to person	growth in online payments – PayPal, evolution of bpay (mambo), p to p innovation (ANZ iphone app).
debit vs credit	growth in EFTPOS debit at expense of credit cards post the 2006 card reforms.
resurgent scheme debit	strong push by visa & mastercard, major banks on issuance of scheme debit products – transaction volume growth starting to show.

and some more

convenience
payments

increasing use of non cash payment for smaller cost items.

growth in
online
payments

more and more demand for online payments as increasing numbers of consumers go online to purchase.

And also some strategically important industry activities

innovation	who	objective & impacts	when
<p>COIN 'community of interest network'</p>	<p>APCA</p>	<p>simplify the connectivity between t1 participants in direct entry & EFTPOS debit.</p>	<p>2011</p>
<p>epal</p>	<p>APCA</p>	<p>development of scheme based EFTPOS debit product to produce a robust competitor to scheme debit programs.</p>	<p>2011</p>
<p>mambo</p>	<p>bpay</p>	<p>innovation of the bpay system to create next generation of "enhanced" payment solutions.</p>	<p>2012</p>

And some more

innovation	who	objective & impacts	when
contactless & NFC technology	card schemes	capture the cash transactions, grow volumes, compete to define new form factors for payments	2011 & on
strategic review of innovation in payments system	RBA	looking at how it can foster an improvement of innovation in the Australian payments system.	2011

What are major choices for financial institution participation?

major banks

- cheques
- direct entry
- bpay
- high value

cuscal/indue/asl

- cheques
- direct entry
- EFTPOS debit
- high value
- bpay
- visa
- switching
- fraud management
- lost stolen
- ATM driving/services
- ATM networks

FDI/others

- switching
- ATM driving/services
- fraud management
- lost stolen

direct

- practical limitations

What's the case for splitting your services amongst suppliers rather than choosing a single vendor for all services?

benefits

- ability to select best of breed provider for each service
- ability to select on best value for money
- better matching business needs to service purchased
- lower risk through multiple relationships
- possibility to isolate member impact of transition and therefore minimise this risk
- build competition for your business

barriers / risks

- greater complexity
- possibility of vendor(s) opting out of process
- management of multiple relationships
- lost ability to leverage some infrastructure
- possibility for cost duplications eroding other financial benefits
- price incentives for vendors

How does your payments vendor stack up?

innovative

capable of ensuring that you are positioned to capture the evolution in payments coming.

value for money

lowering your cost of business by focusing on the services you need at a price that allows you to deliver effective competition to the big guys.

flexible

able to support your business with a non-cookie cutter approach

educator

ensuring your team builds its understanding of payments and the opportunity for your business to benefit from them

That you can choose vendors ,not who you choose, is the main game, and the following are key to providing your organisation this flexibility.

own your BIN's

ensures portability of visa and EFTPOS products switching and sponsorship arrangements without mass card reissuance – invest in the future do it once.

own your own
“industry” BSB

ensures portability of your cheque and direct entry service requirements without member impact.

own customer
call numbers

no need to re-issue plastic or other member materials if “lost card” or other services are moved.

EFTPOS debit vs
scheme debit

consider the case for supporting only one going forward as strategically they are going to become more alike.

avoid the use of
licensed
trademarks

by all means participate in suitable networks (Redicard, Cuecard, Cashcard) but avoid the use of licensed trademarks which could force card reissuing or other member collateral changes.

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