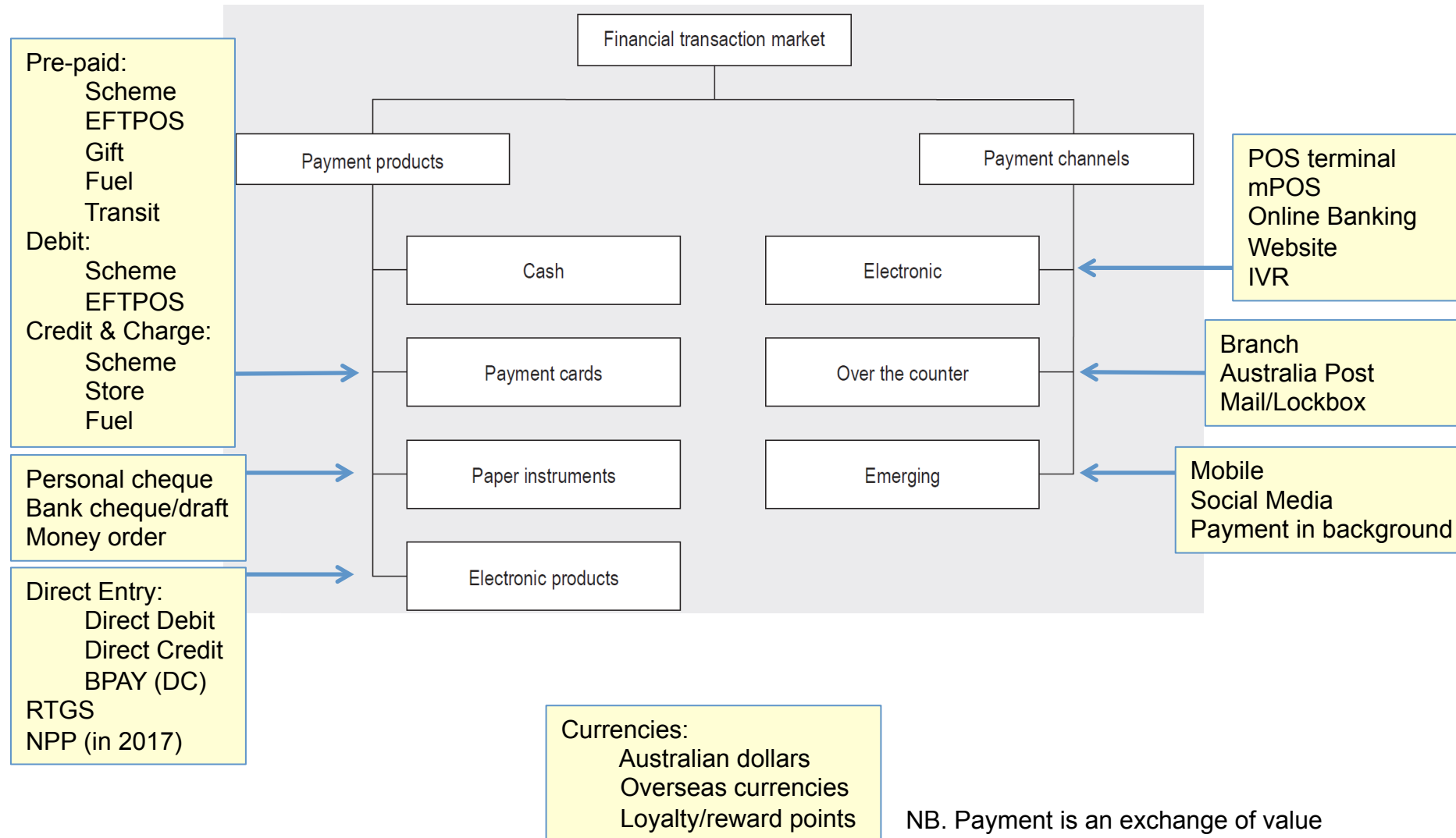
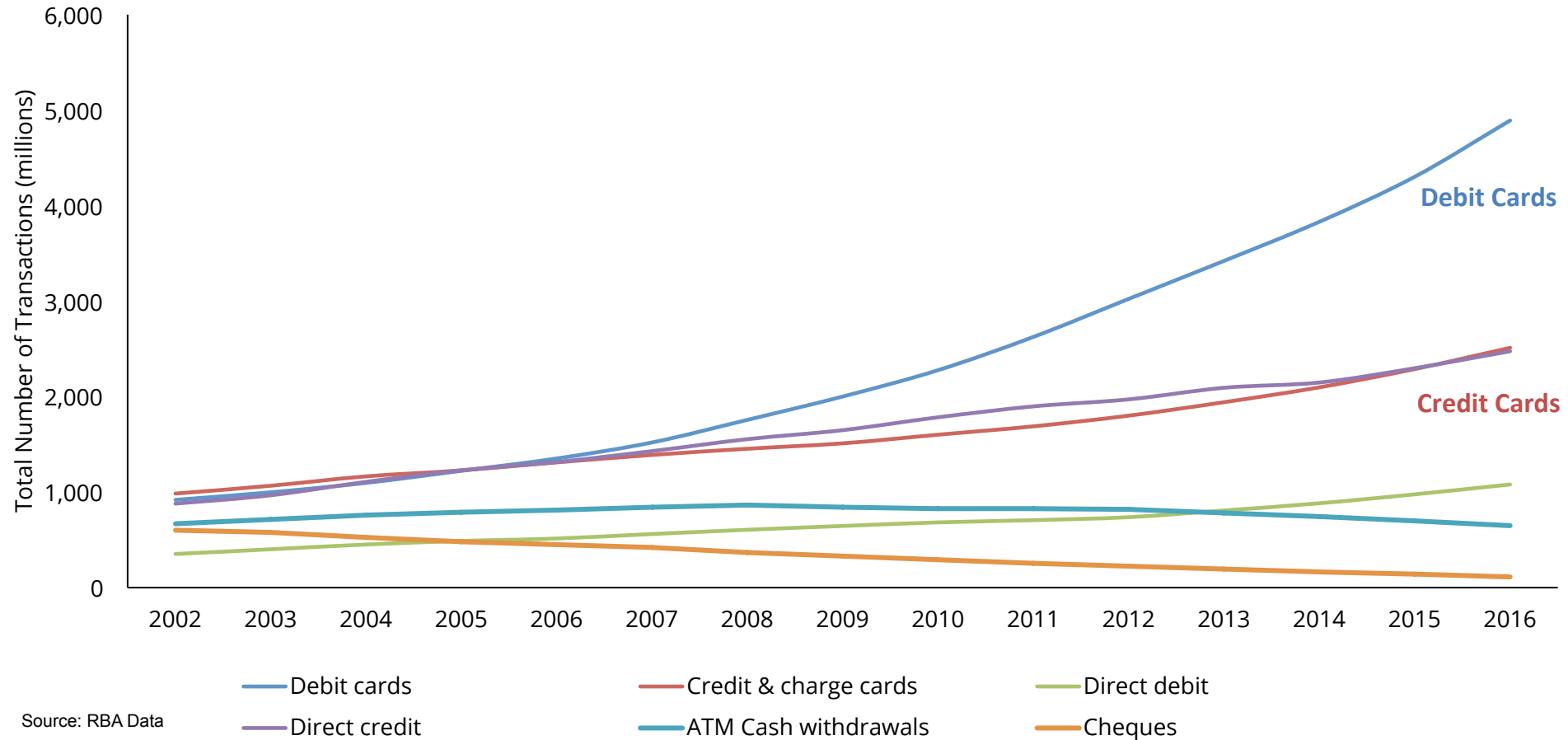


# Australia Payments Landscape Overview: Methods and Channels



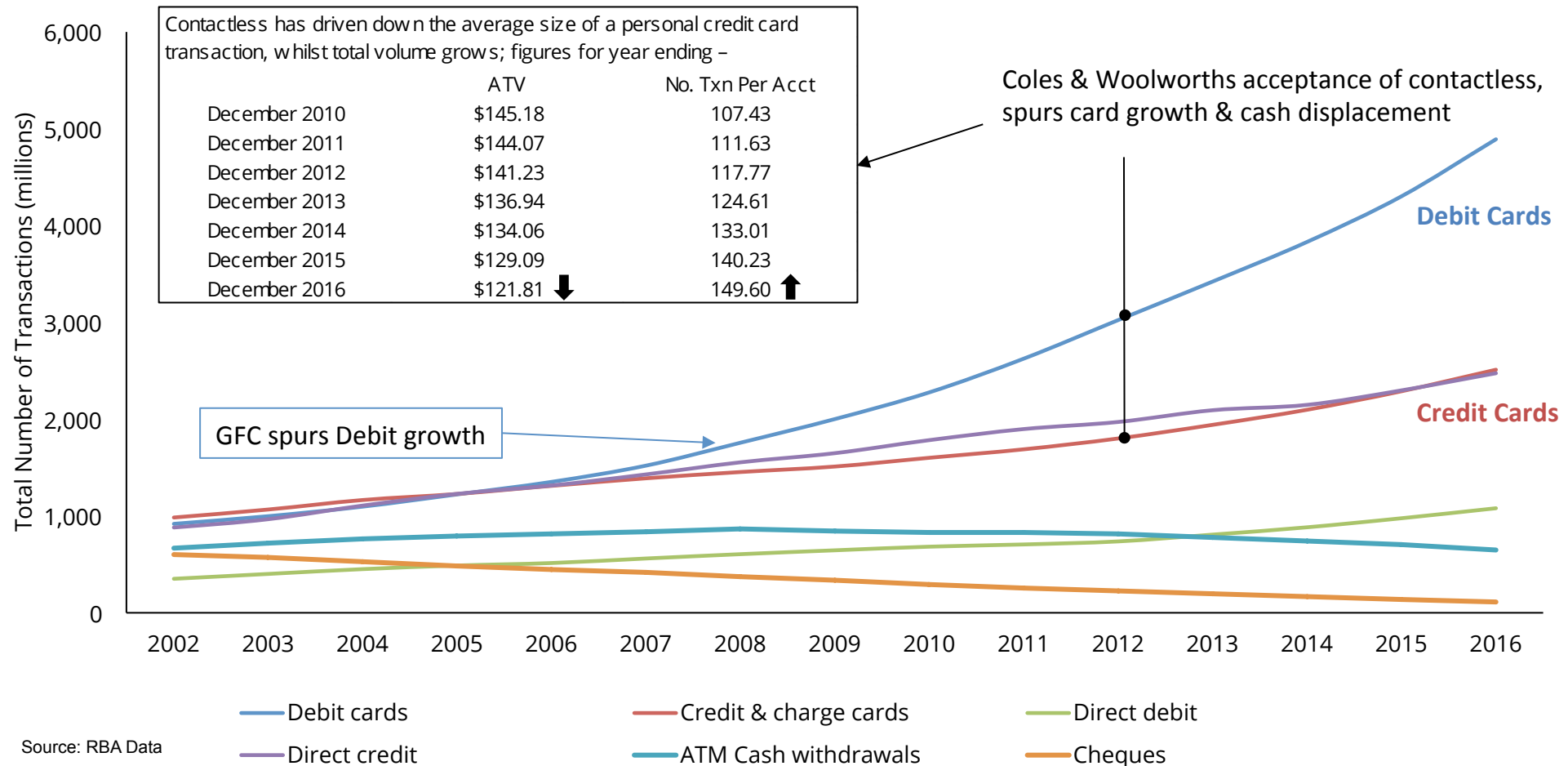
# Credit card transactions are growing, albeit outstripped by Debit

Australian Annual Transaction Volume by Type of Retail Payment



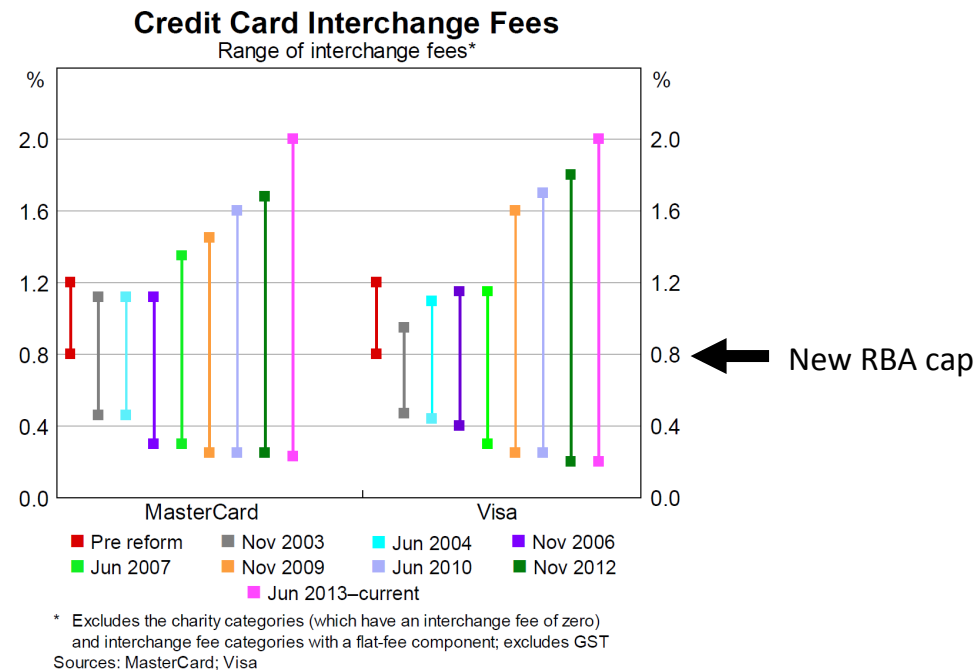
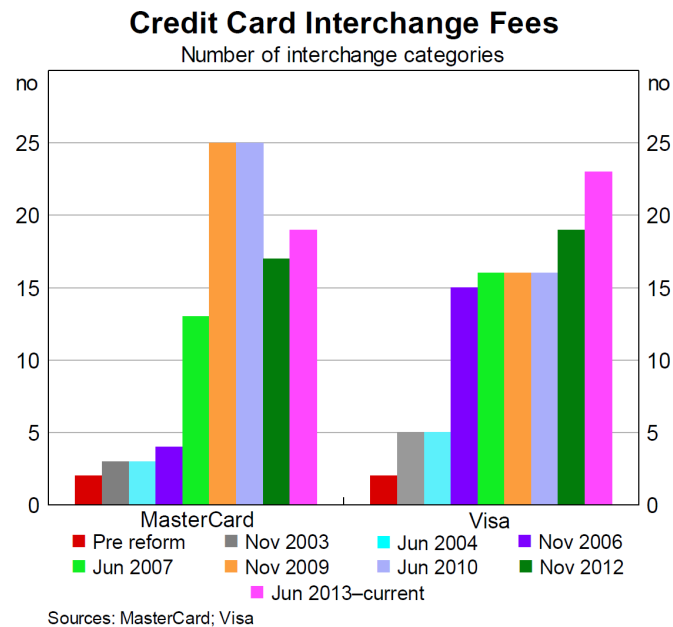
# Debit card transactions have been pushed by changes in consumer payment behaviour, including contactless

Australian Annual Transaction Volume by Type of Retail Payment

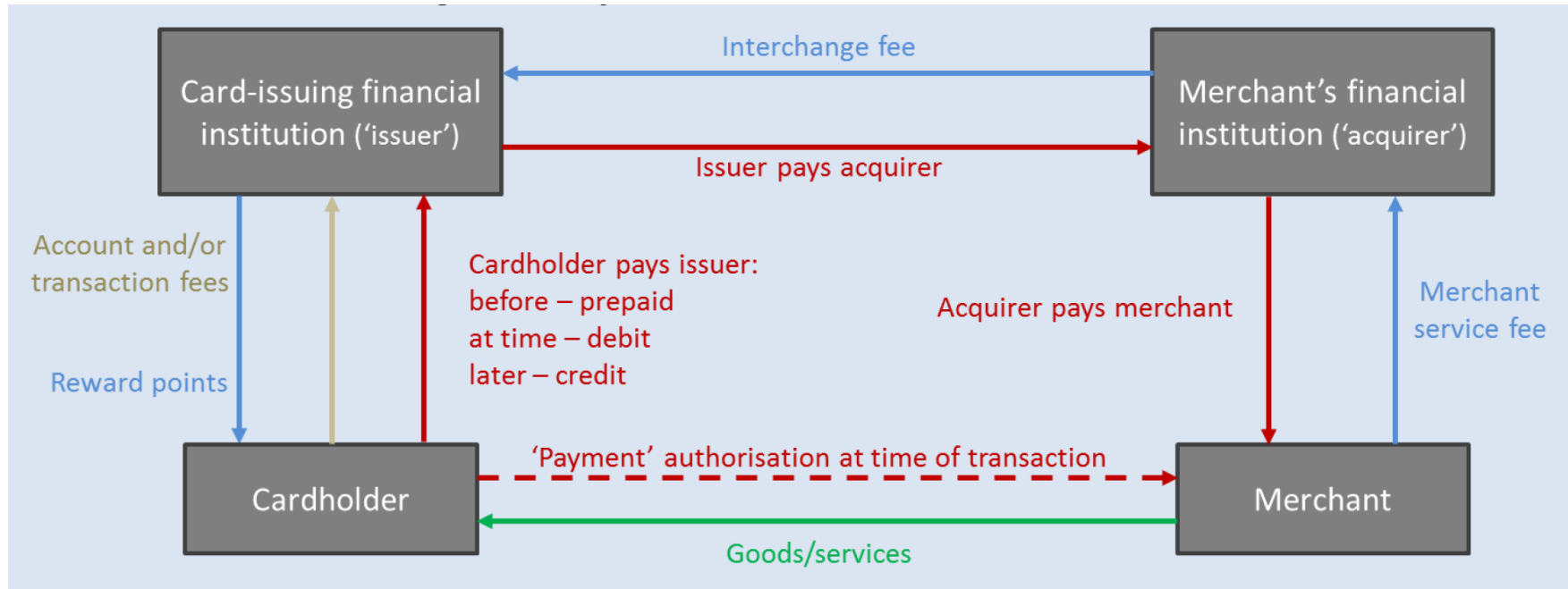


# Interchange revenue streams will alter in July 2017 with the new RBA regulations

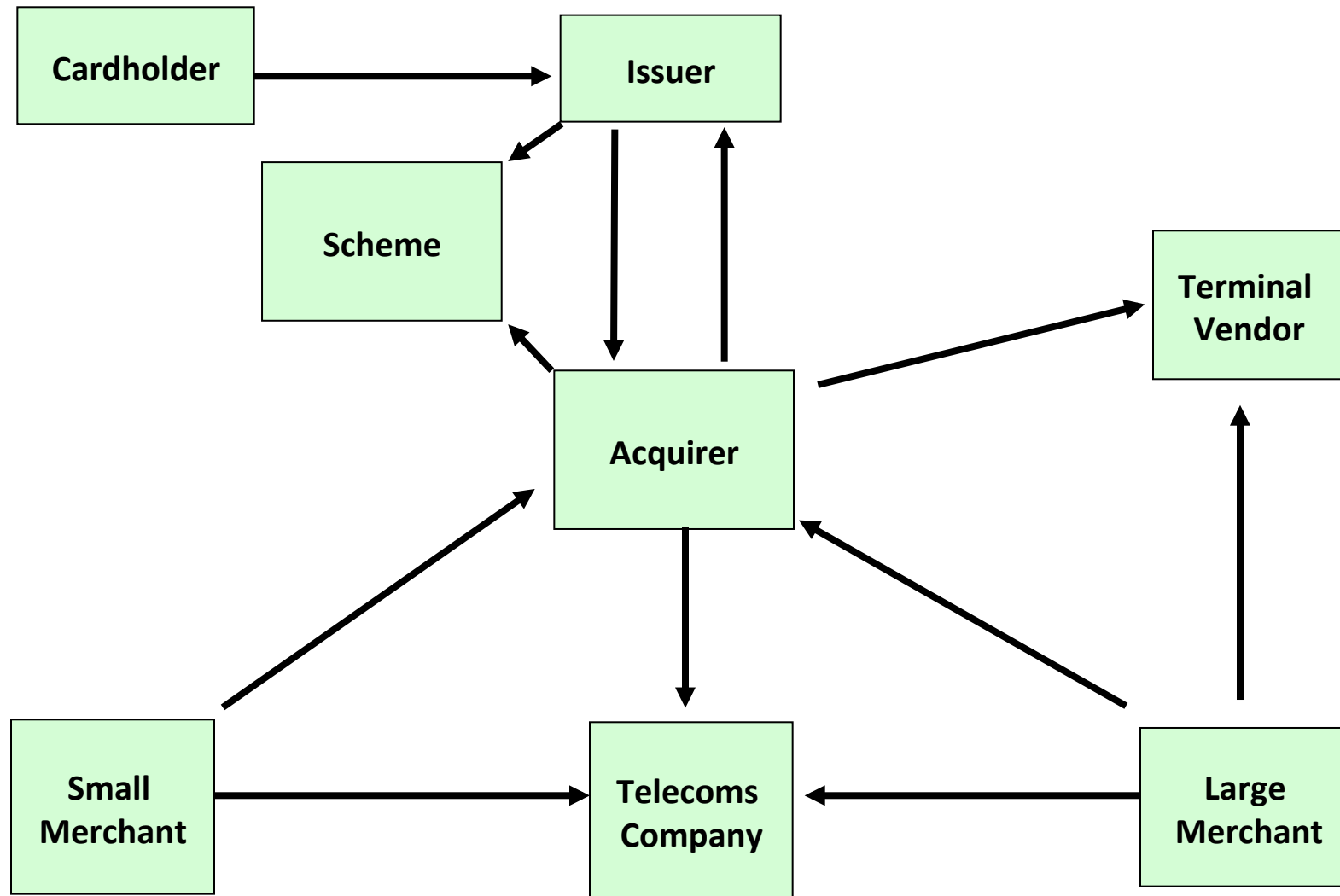
- 1 July 2017: keep 0.5% weighted average on V/MC credit cards, but checked quarterly
- Bring in American Express companion cards of the Big 4 banks
- Cap the top interchange rate at 0.8%. Bank interchange/rebate streams available on rewards cards to fund loyalty will reduce from ~75bps today to ~45bps in FY18 and going forward
- Merchant surcharging rules tightened



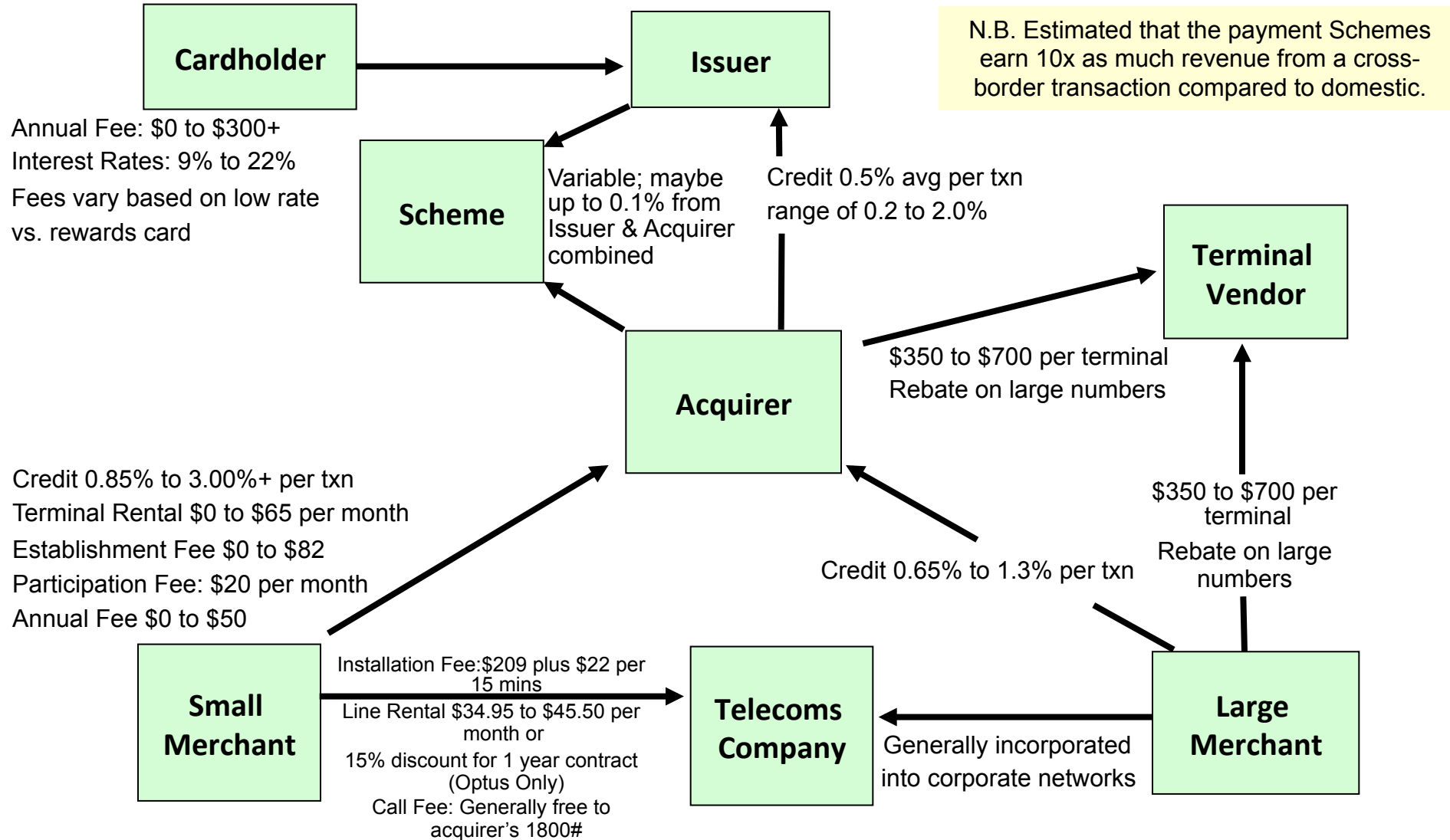
# Standard four party card Scheme model – transaction flow



# There are many flows of funds in a card-based transaction

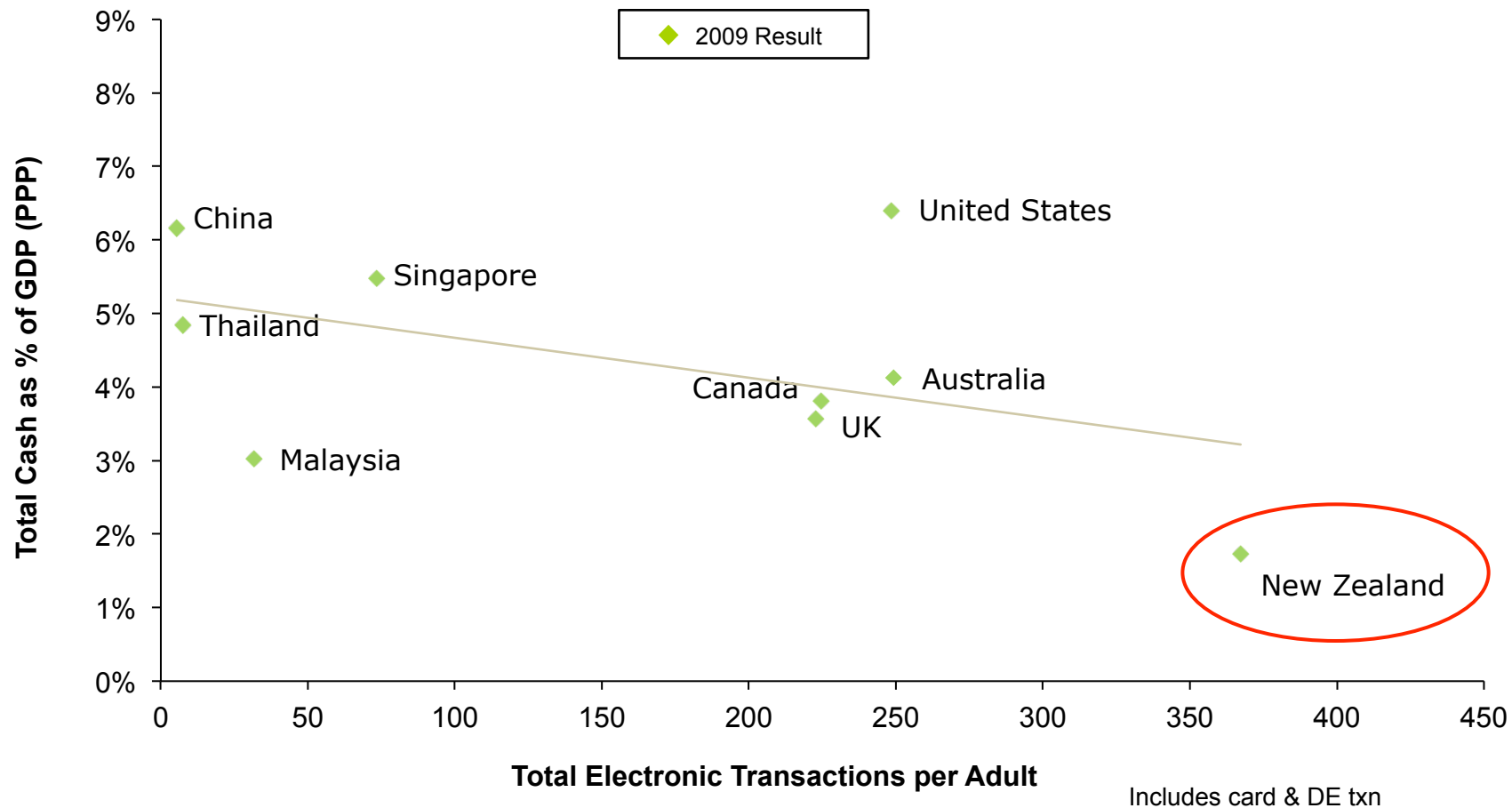


# Typical MasterCard / Visa credit card charges and fees (pre July 2017)



# NZ provides a benchmark for the extent to which electronic transactions can displace paper in Australia and other countries

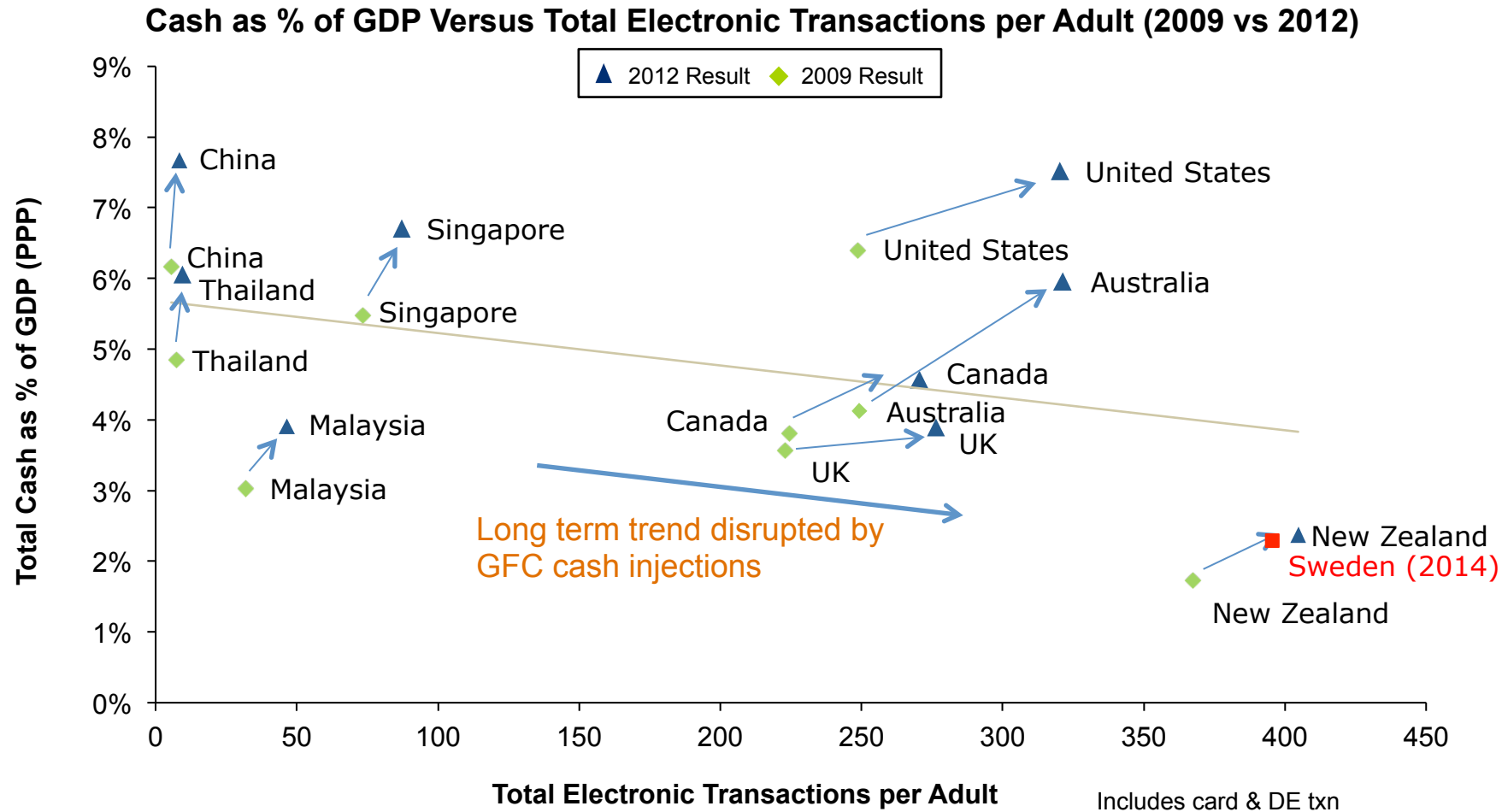
Cash as % of GDP Versus Total Electronic Transactions per Adult (2009)



Source: RFi Consulting Estimate, World Bank, CPSS BIS Reports, RBA, RBNZ, MAS, Bank Negara Malaysia, Bank of Thailand, PBOC



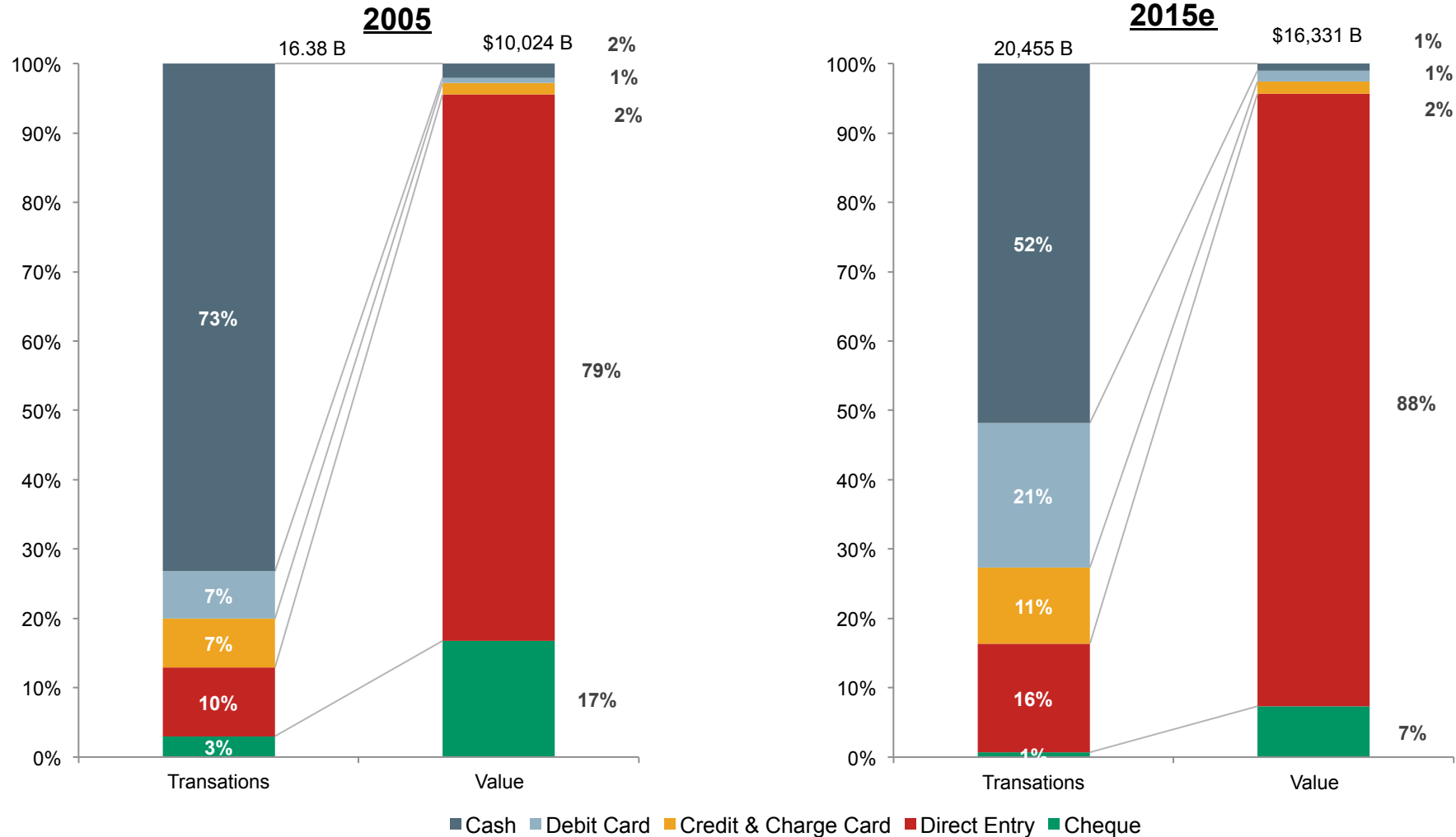
# Unfortunately the GFC bucked the trend, as Central Banks injected more cash into circulation – but card transactions still grew



Source: RFi Consulting Estimate, World Bank, CPSS BIS Reports, RBA, RBNZ, MAS, Bank Negara Malaysia, Bank of Thailand, PBOC

# Indeed, we have seen a significant decrease in the share of cash transactions in the Australian economy between 2005 and 2015

Total transaction volume and value by payment method in Australia



Source: DCITA, RBA and EFTPOS data

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