

# Australian Merchant Acquiring & Cards Markets

Market Analysis Report  
June 2011

Institutional, Corporate, SME and Micro Business Market Segments





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## Introduction

This is the fifteenth issue of East & Partners' Australian Merchant Acquiring and Cards Markets Report, an ongoing six-monthly research service designed to deliver accurate market intelligence to assist clients in service implementation, business development and strategy formulation.

Merchant acquiring markets in Australia remain a key battleground in transaction banking for service providers, as merchants continue responding to market changes brought about by regulatory reforms and competitive reactions to these. The effects of these reforms range from greater apparent transparency and charging practices, flowing from interchange re-regulation, to the removal of restrictions on merchant behaviour, resulting in a growing appetite for surcharging credit card transactions and increasingly other payments streams. The need for quality market analysis is critical at a time when the merchant stands at the centre of all major market developments and has effectively become the traffic controller of consumer payments behaviour.

East & Partners first deployed this market analysis service in June 2004 in response to strong interest from clients in accurately monitoring this important market segment. Although it was originally intended to focus on the Institutional and Corporate segments, the first release also covered the increasingly important SME merchant market. Analysis of the critical Micro Business segment, where the bulk of merchants reside, was included from the program's second round of research, rounding off East's market segmentation which is based on customer (i.e. merchant) turnover. The segments covered in this research program, based on merchant turnover, are thus:

- Institutional.....A\$530 million plus
- Corporate.....A\$20–530 million
- SME .....A\$5–20 million
- Micro Business.....A\$1–5 million

Designed to provide our clients with clear measures of product penetration, channel metrics, competitive market share/share of wallet, customer satisfaction performance and merchant churn, the program is based on a structured sample of the enterprises in each segment, reflecting the actual distribution of enterprises by industry and geographic location.

In addition to the core multi-client content of the program, clients are also able to add proprietary questions to each six-monthly interview sweep, using the vehicle of this ongoing research as a means of both adding valuable supplementary material to their use of the service and the generation of responsive tactical information solutions.

This report delivers detailed data analysis from the customer fieldwork executed during June 2011. All client proprietary question analysis is subject to separate reporting with individual clients.

## Methodology

The fieldwork for this fifteenth round of the Australian Merchant Acquiring Markets took place in June 2011 with a total market sample, structured by segment, of 2,292 merchants.

**TABLE A**  
**Sample Geographical Distribution**

	% of Total	
	Dec 10 (N: 2294)	Jun 11 (N: 2292)
New South Wales	39.5	39.7
Victoria	29.6	29.8
Queensland	14.6	14.4
Western Australia	7.0	6.9
South Australia	3.5	3.7
Other	5.8	5.5
TOTAL	100.0	100.0

All merchants were interviewed on a direct basis using the structured Interview Questionnaire, reproduced here as Appendix I, through the individual holding primary responsibility for decision making over the organisation's acquiring relationships.

**TABLE B**  
**Sample Interviewee Distribution**

	% of Total	
	Dec 10 (N: 2294)	Jun 11 (N: 2292)
Chief Financial Officer	21.2	20.3
Group / Corporate Treasurer	18.5	18.2
Group Accountant	18.3	18.7
Finance Director	16.3	16.6
Finance Manager	12.9	13.3
Other	12.8	12.9
TOTAL	100.0	100.0

Industry sector distribution of these 2,292 merchants interviewed is a function of screening done at the start of each interview. Interviews continued only with those enterprises which confirmed they did have card based receivables. This fifteenth round of the research has again achieved a very pleasing completion rate at 84.3 percent (only 426 merchants approached declining to participate) – a direct reflection of the strong level of interest in their merchant service arrangements.

Distribution of this sample across the four revenue based segments used in the program has been:

- Institutional..... 344
- Corporate..... 325
- SME ..... 674
- Micro Business ..... 949

**TABLE C**  
**Sample Industry Sector Distribution**

	% of Total	
	Dec 10 (N: 2294)	Jun 11 (N: 2292)
Agriculture, Forestry and Fishing	1.2	1.2
Mining	—	—
Manufacturing	2.7	2.6
Electricity, Gas and Water Supply	3.3	3.5
Construction	0.5	0.5
Wholesale Trade	12.6	12.8
Retail Trade	61.5	60.9
Accommodation, Cafes and Restaurants	7.4	7.5
Transport and Storage	1.2	1.3
Communication Services	1.7	1.9
Finance and Insurance	3.2	3.1
Property and Business Services	3.5	3.5
Government Administration and Defence	0.2	0.2
Education	0.3	0.2
Health and Community Services	0.2	0.2
Cultural and Recreational Services	0.2	0.3
Personal and Other Services	0.3	0.3
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

# Appendix I

Questionnaire



East & Partners Pty Ltd, a leading specialist market research firm in the business, corporate and investment banking markets of Asia Pacific, works across 11 countries in the region delivering both multi-client and proprietary market analysis services to financial services providers.

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