



Incidence of surcharging catching amongst non-retail businesses

(28 February 2011 – Australia) The latest Australian Merchant Payments report from East & Partners has shown that the incidence of businesses applying surcharges in the non-retail industry group has doubled in the last year.

Enterprises in non-retail industry groups applying a surcharge substantially increased over a one year period, rising from 14.7 percent in December 2009 to 33.4 percent in December 2010.

Meanwhile, businesses in the non-retail industry are also applying significantly higher surcharges on average per transaction than their retail industry counterparts.

From December 2009 to December 2010, non retail enterprises increased their surcharges on average from 2.3 percent to 4.96 percent, while businesses in the retail sector actually detracted, falling from 2.4 percent to 2.34 percent.

Across both segments combined, the average surcharge applied by merchants per transaction is currently 2.55 percent, which is in stark contrast to the average merchant service fee for Bankcard, MasterCard and Visa of 0.81 percent, American Express at 1.92 and Diners at 2.12.

Furthermore, the credit card is losing ground to the debit card; merchants have reported that debit cards now account for 40.5 percent of their overall annual receivables stream, up from 21.1 percent three years ago, while the credit card has dropped from 27.1 percent to 22.0 percent.

About East & Partners' Australian Merchant Payments report

East & Partners' annual Merchant Payments report provides a deep and unique insight into key drivers of Australian merchants' current 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 quality market analysis across a number of important areas including, the breakdown of merchants' receivables, acceptance of payment products, online payments uptake, merchants' future product priorities and credit card surcharging behaviour.

East & Partners Pty Ltd

Level 39, 2 Park St Sydney NSW 2000 Australia

p: +61 2 9004 7848 f: +61 2 9004 7070

www.east.com.au

ABN: 76 072 374 406

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

For more information please contact:

Kimberley Burgess
Marketing and Communications
East & Partners
t: 02-9004 7848
m: 0405 250 796
e: kimberley.b@east.com.au

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Level 39, 2 Park St Sydney NSW 2000 Australia
p: +61 2 9004 7848 f: +61 2 9004 7070
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ABN: 76 072 374 406