



## Cautious consumers drive merchant credit card payments down

(9 February 2012 – Australia) East & Partners' latest Merchant Acquiring & Cards Markets report has shown that while the credit card component of total merchant receivables is decreasing across all market segments, there is an increasing number of merchants applying a surcharge.

Institutional merchants have experienced a significant 9.8 percent fall (from 36.1 percent in December 2008 to 26.3 percent in December 2011) in the credit card component of their total receivables. This drop is mirrored across all segments from Corporate to Micro businesses.

### *Credit Card Component of Total Merchant Receivables*

	% of Annual Receivables		
	Jun 11	Dec 11	Jun 12 (Forecast)
Institutional	27.4	26.3	25.3
Corporate	24.8	24.1	22.7
SME	16.5	16.5	16.1
Micro	20.9	20.0	18.8

Notwithstanding the total proportion of receivables merchants are obtaining via credit card transactions are declining, a record number of these merchants are applying a surcharge to those credit card transactions. Over the last four years the proportion of Institutional merchants applying a surcharge has risen by 21.6 percent, this is echoed across the market at large with Corporates (16.8 percent), SME's (13 percent) and Micro businesses (12.9 percent) all increasing the incidence of credit card surcharging.

East & Partners' Principal Analyst Paul Dowling commented, "As demand for credit by consumers continues to fade and the outlook remains uncertain, customers' use of Credit cards is rapidly being replaced by Debit / EFTPOS."

"We expect to see a continued decrease in the usage of Credit cards throughout 2012 as merchants continue to experience cautious, non-credit based buying by consumers." Mr Dowling added.

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## About East & Partners' Australian Merchant Acquiring and Cards Market report

The six monthly produced reports is a demand research service focussed on the Australian Merchant Acquiring market covering the Top 500 institutional, corporate, SME and micro business merchant markets, the service is based on direct interviews with approximately 2,700 companies every six months.

Market analytics reported to clients of this program include transaction and dollar value volumes in merchant payments, merchant relationship development and management, terminal population, merchant channels, product penetration, share of mind, market size and forecasts analytics, acquirer market share, service pricing and competitive merchant service satisfaction and churn opportunities.

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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