

# Strategic Brief

The Future of Australian Payments

July 2010

The logo for RFI (Reserve Bank of Finance Institute) is displayed in white text on a dark blue square background. The letters 'R', 'F', and 'I' are stylized and connected.

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## Introduction

The Australian payments landscape is seeing many changes owing in part to regulatory reforms, technological advancement and changing consumer spending behaviour. This report outlines the Australian payments landscape, focusing on the issues and future outlook of main payment methods in use, including cash, cheques, EFTPOS/ATM, scheme debit cards, credit cards, scheme prepaid cards, PayPal and e-payments.

## Scope and methodology

This report is largely informed by RFi's E-diary study of the behaviour and usage of different types of payment methods of 2,055 Australian consumers over a week in April 2010, which captured the types of payments used as well as the volume and value of each purchase transaction. The report also uses in-depth consumer studies conducted by RFi in the first half of 2010 and historical and current data from the APCA and RBA. The data is used to:

- Calculate the volume and value of payment types per transaction
- Examine the growth of payment types over recent times
- Identify Australian consumers' attitudes and concerns in regards to different payment types
- Forecast future uptake of different payment types

## Highlights

Australia is becoming an increasingly cashless society and the introduction of contactless card technology is likely to mean more low-value payments being made on payment cards.

Scheme debit cards have outperformed EFTPOS/ATM cards with latest RBA data showing that the number of purchase only transactions made with scheme debit cards between April 2009 and April 2010 increased by 22%, compared to 16% for EFTPOS. RFi expects that growth in scheme debit purchases to outstrip that of EFTPOS/ATM card purchases.

The e-commerce industry is likely to take off in Australia, as growing number of Australians shop online and more retailers build their online presence and facilitate e-payments.

## Reasons to read this report

- To gain in-depth knowledge of the current state of the payments landscape in Australia
- To understand the key drivers behind changing consumer behaviour in the payments landscape
- To identify the opportunities in the payment landscape and how payment tools can be developed to win greater share of wallet