

New study Reveals Electronic Payments Extremely Critical For Two-Thirds of Australian Businesses

Retail, Accommodation and Food service industries leading the way

Noida, India, Australia, Sydney, 29 April 2015 - Australia's hunger for mobile and digital services is gradually revolutionising the way businesses are paid for their goods and services, with almost half (45 per cent) of Australian businesses accepting customer electronic payments using methods such as PayPal or digital wallets. Two-thirds (64 per cent) of these organisations say the practice is "extremely" or "very" critical to their business, according to the March 2015 update of *Business Attitudes to Electronic Payments Systems*, a research study commissioned by HCL Technologies and conducted by Roy Morgan Research.

Among the most frequent recipients of electronic payments are businesses in the retail trade (84 per cent), accommodation and food service industries (87 per cent), organisations with an annual turnover in excess of \$1 million (64 per cent) or with more than 20 employees (72 per cent).

In general, the relationship between businesses and their electronic payments providers is robust. Almost two-thirds (62 per cent) say they are satisfied or more than satisfied with their provider. However, the need to select a payments provider for new payment methods has led some organisations to look beyond the traditional primary business banking account. Three in ten (30 per cent) businesses report using a different bank or work with a non-bank provider for electronic payments.

Michael Horton, Country Manager, Australia and New Zealand, HCL Technologies Ltd, said, "As organisations put in place the processes and procedures to manage new payment methods such as PayPal, they are also faced with an opportunity to consider what they want out of a payments provider relationship. One of the very clear findings of the study is that more than half of businesses will consider changing that relationship for better pricing of services. One in four can be swayed by more reliable technology or by faster funds availability."

Jason Hulme, GM of Financial Services at Roy Morgan, added, "Financial institutions and their customers will experience unprecedented levels of change over the next few years as new payments methods continue to emerge. This will open up opportunities for banks to get closer to their Main Financial Institution customers in a very tangible way. On the flip side, unless Australia's major banks are proactive and support this change, the threat of losing this vital touch point to third parties is very real. Customers will continue to raise their expectations in terms of speed, convenience, and security. As a result, it would be short-sighted to assume that the likes of PayPal, crypto-currencies, and digital wallets will be the end of innovation in this space. Banks must support both their merchants and customers to ensure that, where appropriate, preferred methods of payments are supported."

The research found that only the largest of businesses – those with an annual turnover of \$50 million or more – tend to consider using their bank's working capital solutions, such as cash management functions, automatic notification of receipt funds or withdrawals, trade payment capabilities.

PayPal is by far the most requested of new payment methods, used by more than three in ten organisations operating in the following sectors: wholesale trade; professional, technical and scientific services; retail trade; and manufacturing.



The opportunity for the New Payments Platform

Despite the importance of payments provider technologies, relatively few organisations have any knowledge of Australia's New Payment Platform (NPP), a SWIFT initiative due to roll out in 2017 that will facilitate real-time electronic payments between businesses and consumers. The platform is expected to open up opportunities for new services, streamline the payments process, and will allow payments to be directed to a specific account using either a mobile phone number or an email address.

The research found that just five per cent of organisations are aware of NPP while 22 per cent say they have heard something about NPP but they aren't aware of all the details. This lack of awareness is not surprising given the NPP's early stage of development. Among those that have some knowledge of the project, however, the overall reaction is positive.

The issue of the minimum spend

Whether to impose a minimum level of expenditure on electronic payment transactions appears to be a vexed issue for some organisations. The research found that while the majority cite cost and efficiency as good reasons to avoid minimum spend restrictions, 17 per cent of businesses currently impose minimum limits ranging from \$5 to more than \$20 for electronic payment transactions. Their reasons for doing so include the desire to reduce fees and an attempt to reduce the processing workload.

What businesses want from payments providers

As electronic payments become commonplace and as payments providers roll out new and additional services in the next few years, businesses will be carefully examining the value they receive. As previously noted, price is enough to make an organisation consider changing its payments provider. To add to this, 50 per cent of businesses today feel providers need to offer more value to their customers.

There is an opportunity for payment providers to use the power of electronic payment technologies to offer value-add services such as loyalty programs for their business clients. While the study shows such systems are not considered critical, one-quarter (23 per cent) of organisations say a loyalty program could impact their selection of a payment provider. The major opportunities offered by such a program include access to customer intelligence and data, loyalty as a marketing channel, and the opportunity for POS redemption to drive repeat purchases.

About the research

The March 2015 update of *Business Attitudes to Electronic Payments Systems*, was commissioned by HCL Technologies and conducted by Roy Morgan Research. It is part of a B2B Online Omnibus Study involving 20,000 Australian executives representing the spectrum of Australian businesses and industry.

About HCL Technologies

HCL Technologies is a leading global IT services company working with clients in the areas that impact and redefine the core of their businesses. Since its emergence on global landscape after its IPO in 1999, HCL has focused on 'transformational outsourcing', underlined by innovation and value creation, offering an integrated portfolio of services including software-led IT solutions, remote infrastructure management, engineering and R&D services and Business services. HCL leverages its extensive global offshore infrastructure and network of offices in 31 countries to provide holistic, multi-service delivery in key industry verticals including Financial Services, Manufacturing,





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HCL Technologies, along with its subsidiaries, had consolidated revenues of US\$ 5.8 billion, as on 31st March 2015 (on LTM basis). For more information, please visit www.hcltech.com

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