

BILL PAYMENT MARKET

MISC Australia
• • • • •
**Market
Intelligence
Strategy Centre**



*FINAL PRESS RELEASE
EMBARGOED FOR RELEASE, 12.05 PM
MONDAY 14 NOVEMBER 2005*

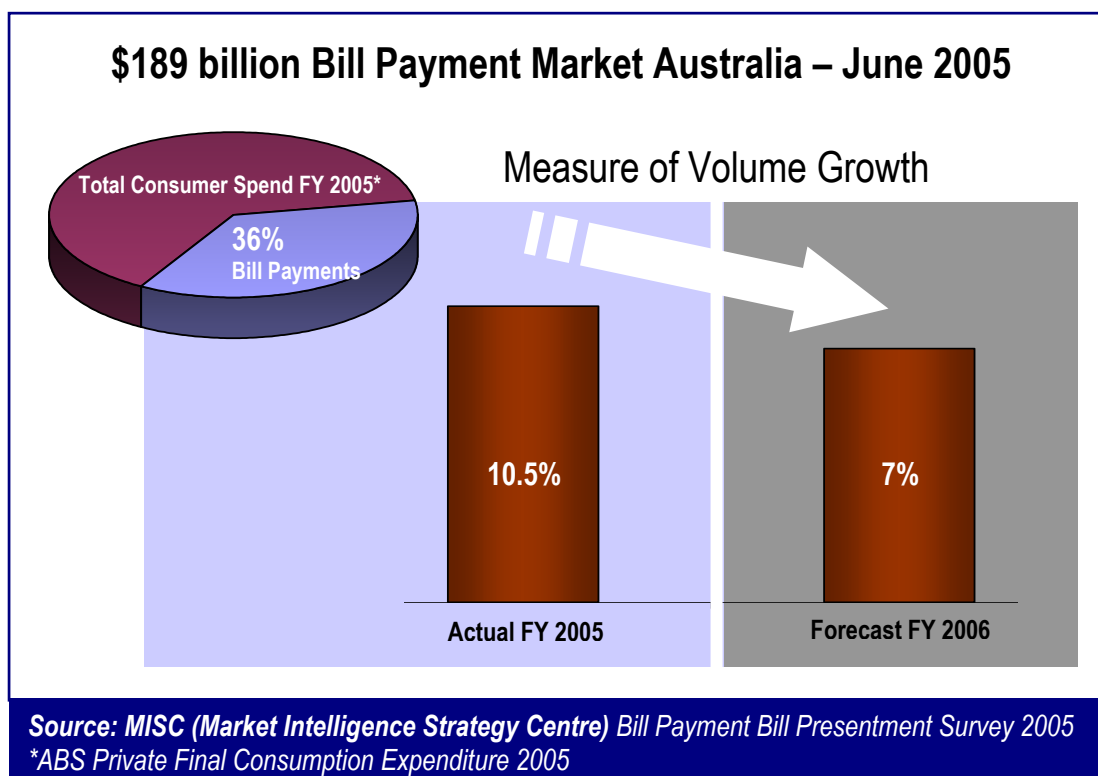
**\$189 billion regular consumer bills now absorb 36%
of all spending as bills grew 11% on previous year**

\$189 billion regular consumer bills now absorb 36% of all spending as bills grew 11% on previous year

In 2005 Australian households paid 36% of all spending on regular bills (mostly services). Regular bill expenditure reached \$189 billion accounting for 36% of all household spending for the year. On the back of a 11% bill transaction volume gain in 2005 MISC (Market Intelligence Strategy Centre) now predicts that bill volumes will grow by just 7% in the coming 12 months.

These results reflect the latest Bill Payment and Presentment quarterly survey from the MISC Group (Market Intelligence Strategy Centre). MISC (Market Intelligence Strategy Centre) regularly surveys its leading biller panel of some 150 billers Australian wide who account for 67% of all Bill payment cash flow each year and forecasts annually the expected Bill payment behaviours of Australia's seven million households.

This is good news for many of the countries large government and private corporations who increasingly have become players in this hidden e-commerce space. The industry attracts the likes of Australian Post and the banks, which has increased their exposure independently and through their own collectively owned BPay consortium. International groups have been keen to reap rewards, either through direct or indirect third party exposure, to this lucrative and growing market. Some more recent international examples of groups now competing along side domestic players include companies like Clear2Pay. This international e-payment enabler with no EBPP exposure, through its merge last year with local Sienna Technologies, has now become a major bill presentment operational software provider to the Internet Banks using the BPay view option. The US based Check Free group who is a household bill payment facilitator, has entered the domestic market through its local software affiliate "Accurate". In the bill aggregation space the US giant First Data established an earlier footprint in Australia through a series of timely acquisitions. Its recent partnership with BankWest facilitating potential Kiosk bill payment through 7/11 stores. These are just three examples of international groups attracted to this growing hidden market, as have some of the billers themselves. The Telco's for instance in addition to using bill payment services of third parties also operate their own Internet and IVR platforms for merchants as well as their own aggregation facilities. Billers have been keen to further develop bill presentment capability and several have further enhanced their presentment support. Country energy who had embraced presentment as early as 2000 last year launched a separate online electronic billing services system for its business customers.



The MISC survey reveals the bill payment and presentment market is now worth more than \$189 billion and payments by consumers of their regular bills comprise 36% of all goods and services spending each year (Private Final Consumption expenditure ABS). MISC says that if one off payments such as taxation (a regular bill but only once yearly) were included, the value of bills would be substantially greater. Traditionally the processing of bills has attracted little attention as it inherently has been considered by most vendors as an administrative cost to be borne in the normal process of collection. With greater awareness of the value of out-sourcing and a better realisation of actual cost as well as an expansion in the number and form of Bill Payment options this is changing.

MISC says the volume of bill payment transactions grew by 11% in the year ending 30 June 2005 and MISC now forecasts that regular bill payments will grow in 2006 by 7% - a significantly lower growth rate but still healthy. MISC says the growth rate will slow as the Telco's continue to bundle fixed line bills with Internet and mobile and as pre paid mobile phoned top ups continue to increase share. The market will also be negatively impacted on, in financial services billing, as credit card spending suffers in the context of lower retail growth, impacted on by rising fuel prices and some inflationary pressure. Accordingly, MISC believes a less buoyant motor vehicle sector will impact on related service bills e.g. registration.

APPENDIX 1:

Electronic Bill Payment is the sum of a number of payment options identified by MISC, including:

- Australia Post BillPay OTC Electronic (EFTPOS)
- Australia Post BillPay Telephone (IVR)
- Australia Post BillPay Internet
- Non-Australia Post OTC Electronic – other OTC (i.e. agency, own outlet or Bank - EFTPOS)
- Independent Phone (IVR)
- Independent Internet
- BPAY Phone Banking (incl. Mobile Phone)
- BPAY Internet Banking
- Maxi - Victoria only (i.e. Kiosk, Phone or Internet)
- Austouch - ACT only (Kiosk only)
- Direct Debit (incl. direct deposit, payroll deductions)
- Other (incl. Bulk Payments, giroPost and ATM for Credit Card payments, other Kiosks e.g. Brisbane City Council, Coles, eBill, Stored Value Cards, Fax etc)

Non-Electronic Bill Payment is the sum of a number payment options identified by MISC, including:

- Australia Post BillPay OTC Non-Electronic (cash or cheque)
- Non-Australia Post OTC Non-Electronic - other OTC (i.e. agency, own outlet or Bank cash or cheque)
- Mail - cheque or money order