

Card Acceptance and Contactless

A Success Story

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Coles Financial Services



A bit about Coles...

coles **HELPING AUSTRALIA GROW**

coles

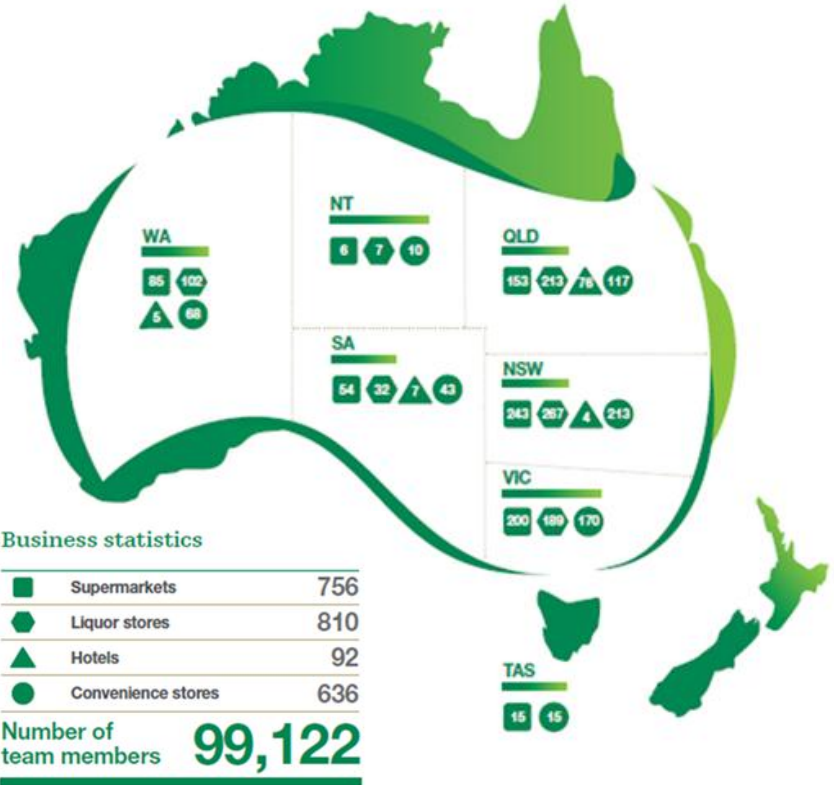
BI-LO

**coles
express**

**CHOICE
LIQUOR
SUPERSTORE**

LIQUORLAND

VINTAGE CELLARS
AUSTRALIA'S FINE WINE SPECIALIST



coles
100 YEARS
1914-2014

Coles Financial Services



Cards & Insurance



"I saved \$260* on my coles shopping last year."

Get \$10 OFF in a single Coles shop instantly each time you redeem 2,000 flybys points.

I SAVED \$260

MasterCard

\$50 OFF on a single Coles Supermarket shop

...if you apply and are approved for a Coles MasterCard. Apply online. Today at coles.com.au/creditcards

coles Financial Services

We guarantee to beat your price by \$100 or more!

PRICE BEAT

1800 RED CAR (935 2477) | coles.com.au/insurance

coles Financial Services

By shopping with a Coles MasterCard at flybuys partners you could have collected **29,500 flybys POINTS***

Plus **\$50 OFF** on a single Coles Supermarket shop

That's a total of \$140 off your Coles shop! When you redeem 2,000 points at the checkout for \$10 off instantly.

Apply now at coles.com.au/creditcards

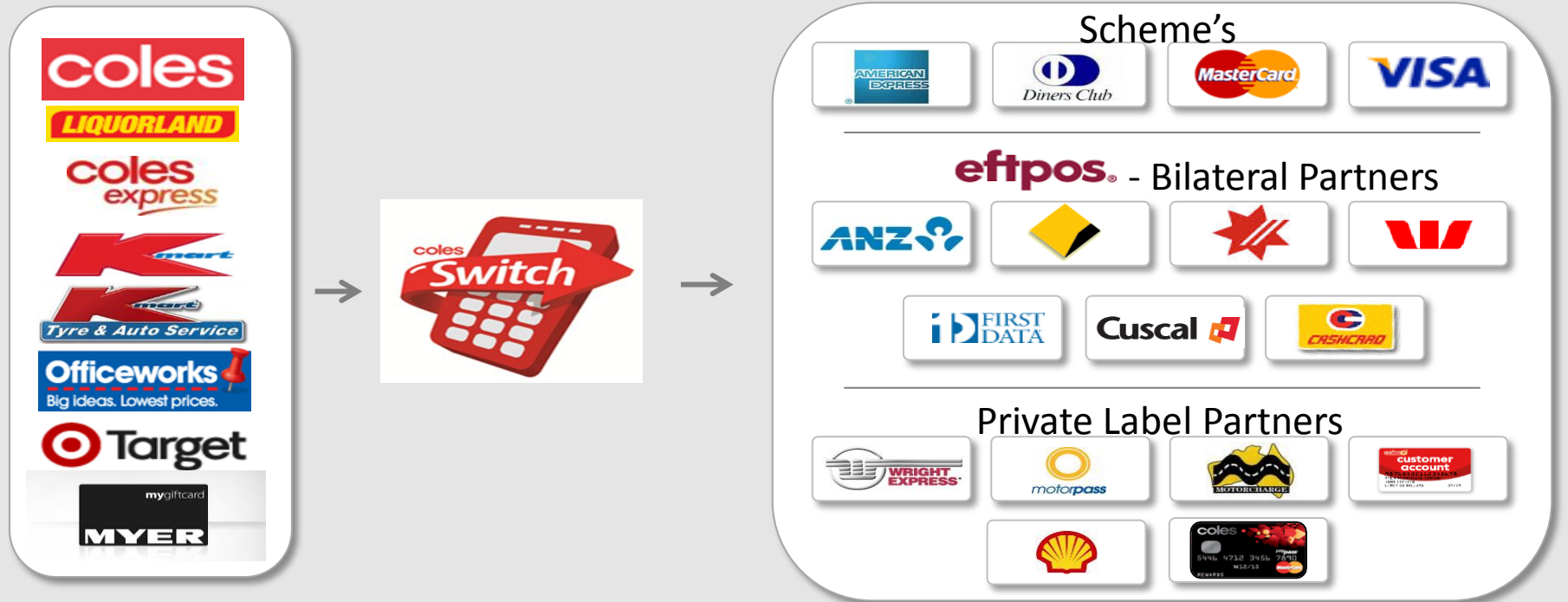
coles Financial Services



Providing Coles Customers with award winning solutions helping them save more money more often



Merchant Acquiring and Payment Services

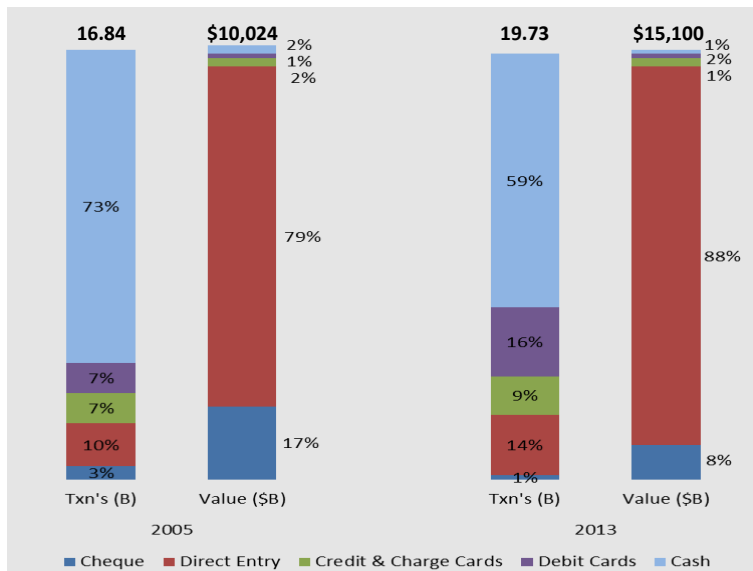


- 16% card processing in Australia over 3% terminal footprint
- Biggest contactless acquirer in the world
- First merchant in the world to have their own core payment systems
- 43rd biggest acquirer in the world
- Fastest merchant in the world at enabling card scheme connectivity

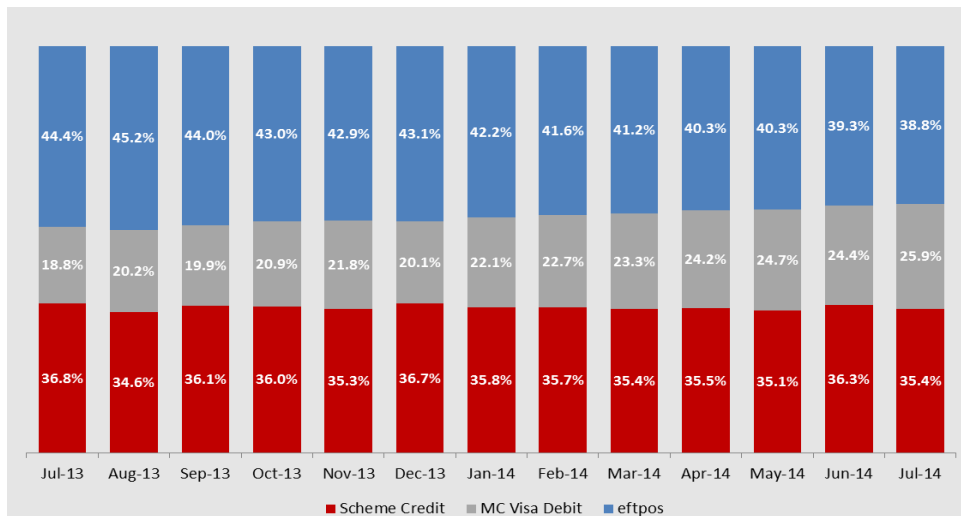
Cash,
Cards
and
Contactless



What does the payment landscape in Australia look like?



An evolutionary change is occurring in the payments landscape with a fundamental shift from paper based to electronic forms of payment



When it comes to card payments (\$459bn), we are closely monitoring the performance of each of the 3 key schemes

Electronic Payments Are Significant

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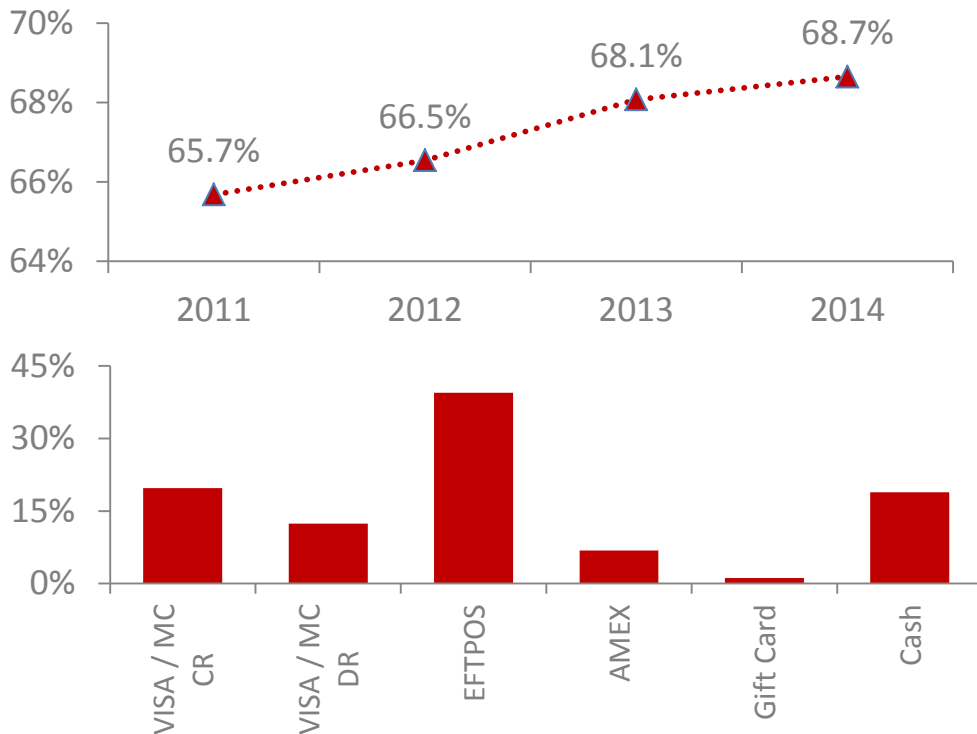
CHOICE
LIQUOR
SUPERSTORE

Officeworks
The works

Target.

Kmart

% of Total Txn's

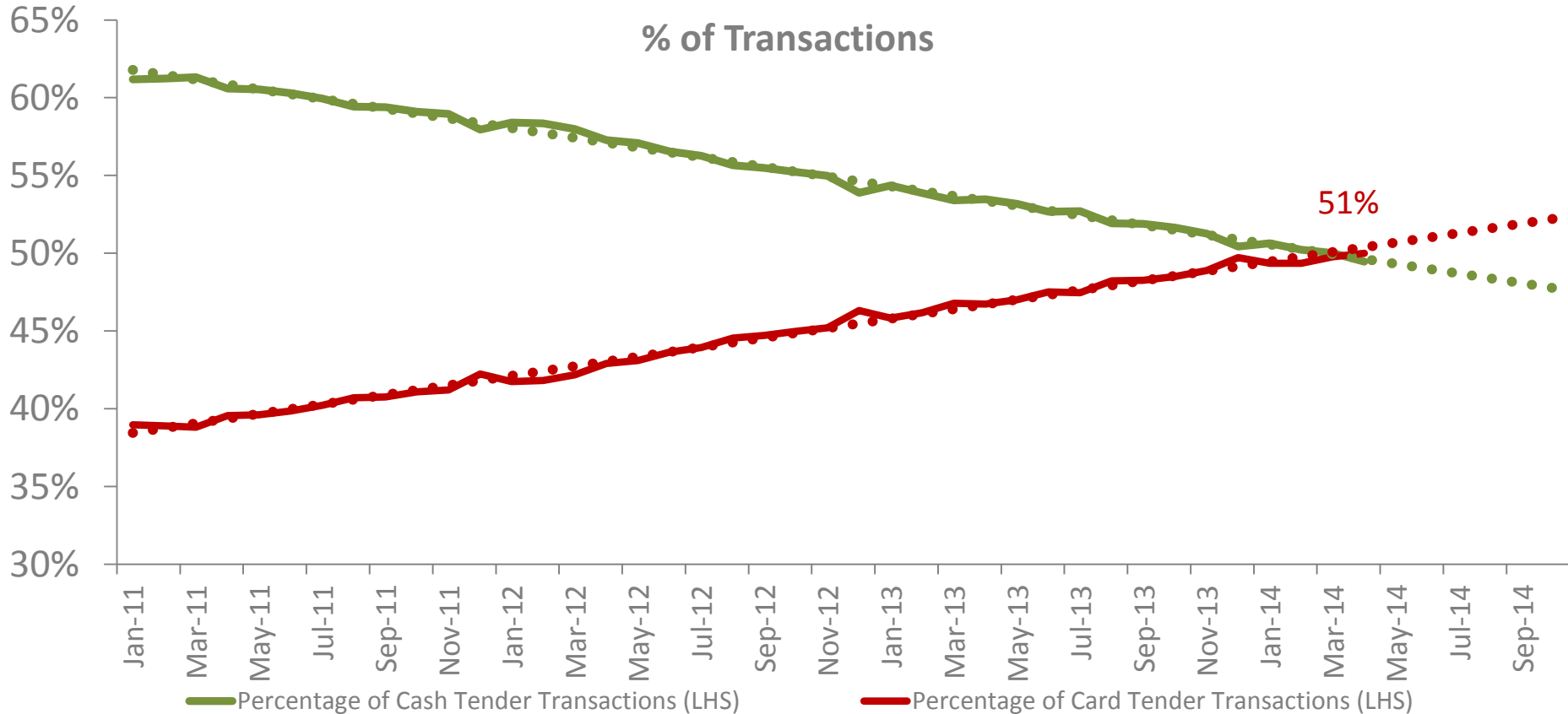


In the last 2 years;

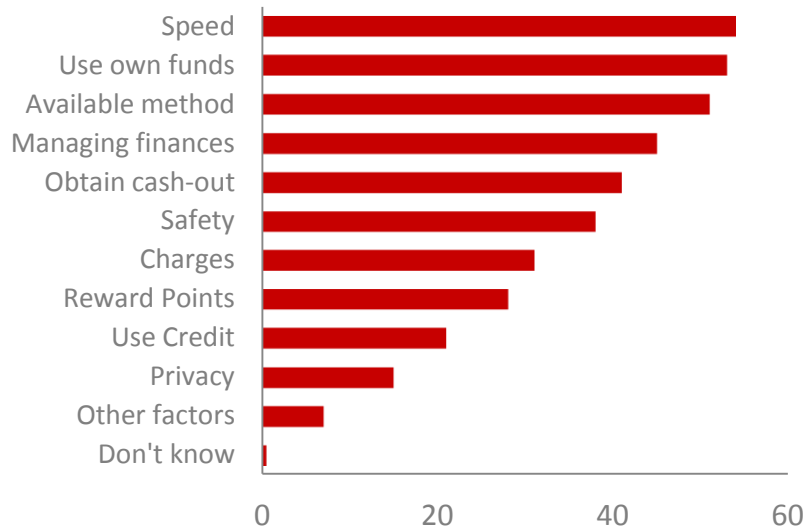
- Number of Card transactions has grown by 10% CAGR
- Volume of Card transaction has grown by 7% CAGR

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100 YEARS
1914-2014

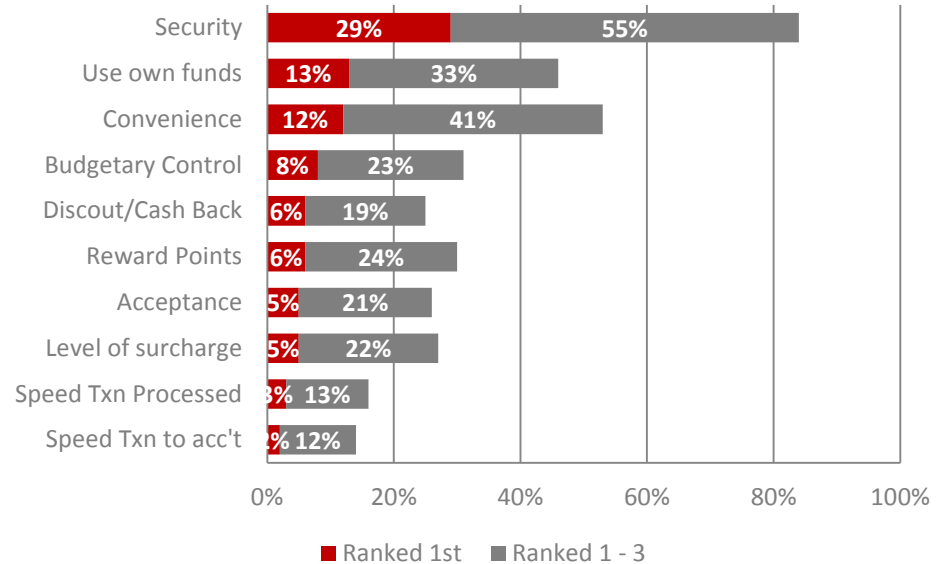
Cash Is King.....or is it?



Factors Influencing Choice of Payment



Source: Roy Morgan Research, Reserve Bank of Australia Bulletin, September Quarter 2011



Source: HP-RFi Australian Payments Report, September 2013

Customer expectations change materially and rapidly. Our strategies need to continue to focus on their needs and our cost of acceptance.



Technology Evolution in Payments

1996

Magstripe & PIN



- Card present
- PIN /signature required

2009

Chip & PIN (EMV)



- Card present
- PIN /signature required

2011

Small Ticket



- Card present
- No PIN for <\$35
- Works on all credit cards

2012

Contactless



- Tap & go card
- No Pin for <\$100
- Only works with contactless cards

2013+

NFC Mobile & Digital Wallets



- Integrated NFC payment app
- Multiple credit card + loyalty

Business Case-What to consider



Delivery and Implementation



Tender Options – Cost Reduction Drivers

Cash

Card

Contactless

Speed

✓ 4-25 seconds

✓ 7- 8 seconds

✓ 5-6 seconds

Value

✓ Cash introduces wages and costs into the business

✓ Card is 3 times cheaper than cash
✓ Card transaction is double the value of the average cash transaction

✓ No PIN under \$100
✓ Platform for Mobile and Wallet

Labour

✓ Reconciliation
✓ Cash handling, transport and storage (9 activities)

✓ Reconciliation is accurate and automated

✓ Fast

Staff

✓ Focused on non-customer, sale facing activities

✓ Staff redeployed to other activities

✓ Modern and easy to use

Risk

✓ Increased risk of theft and armed hold up


✓ Fraud can be tracked at trend and transactional level

✓ Secure



Has it worked?

- Transactional Profile
- Customer Feedback
- Store Feedback




New

FASTPAY

Tap to pay

with your Visa payWave™ or MasterCard paypass™ enabled card.

No sign, No PIN. When you spend \$100 or less.



coles

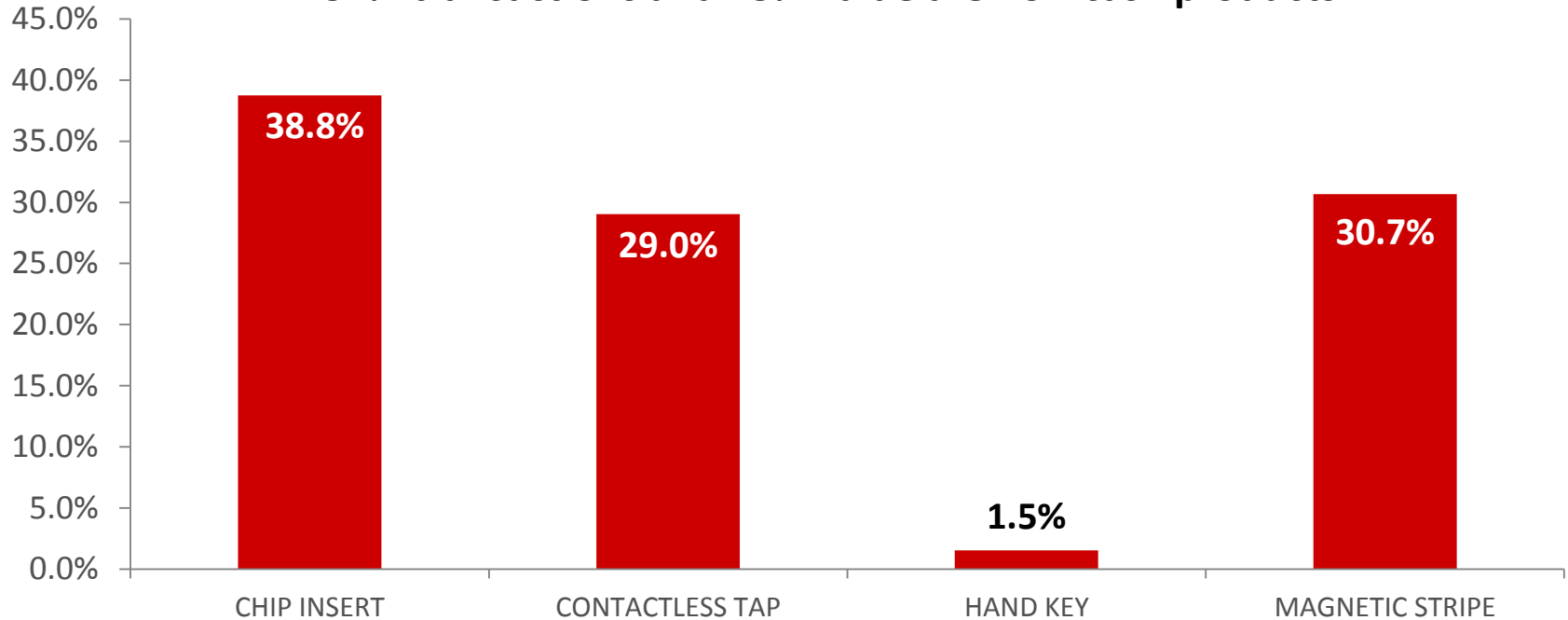
A faster way to pay at Coles

Tap & Go™ for all purchases under \$100

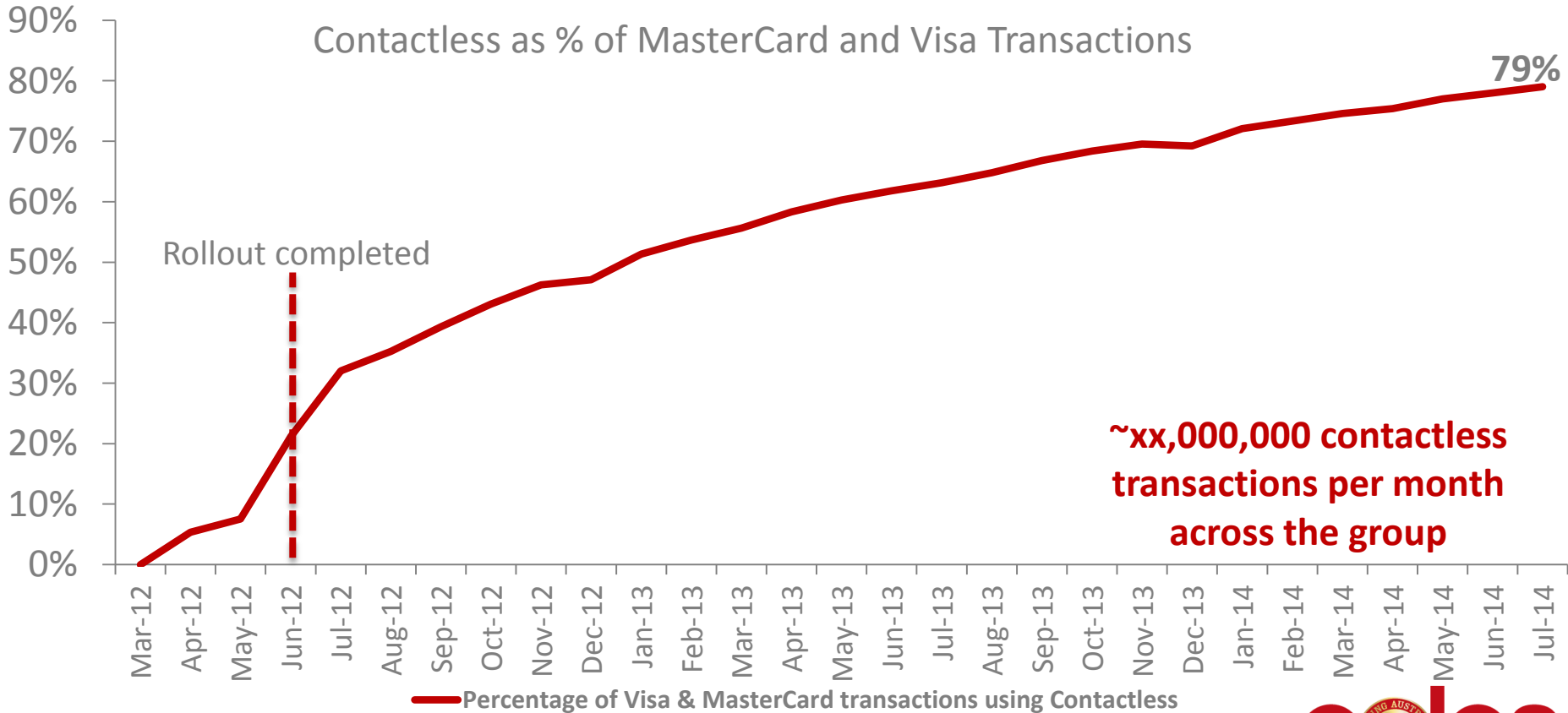
MasterCard
paypass

Transactional Profile

52% transactions and 75% value are non-cash products



Contactless Resonates With Customers



Feedback

Customer

- "The pin-pad processes my transaction so quickly when I use contactless."
- "I get through the checkout quicker when I use contactless."
- "This is so much easier than signing or entering my PIN."

Store Staff

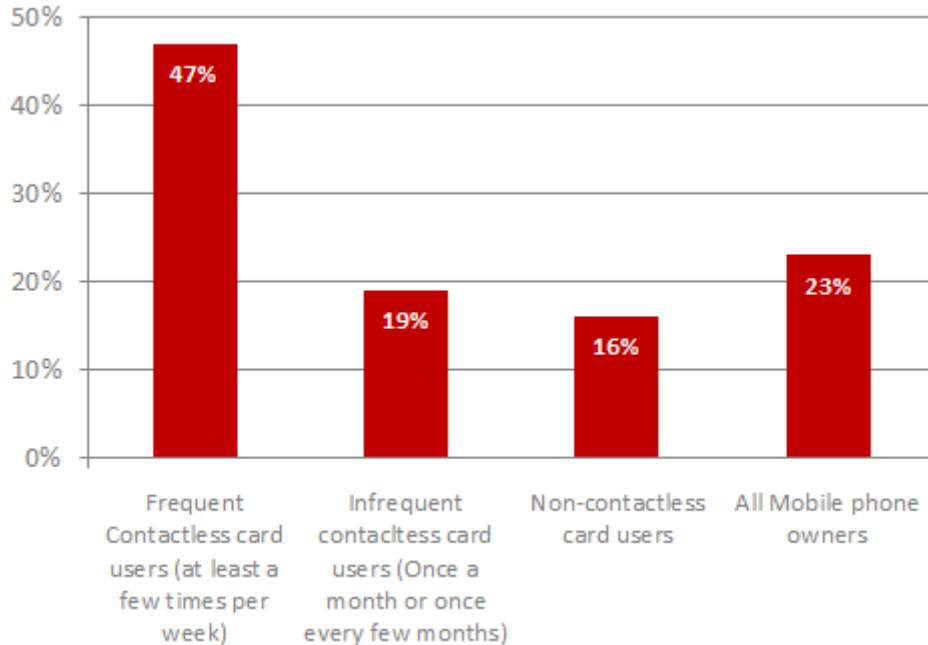
- "Transactions are so much faster with contactless, we can serve more people in less time, reducing customer queues."
- "Contactless helps us reduce our cost of doing business as we can process transactions faster."
- "The take up of contactless and other card technologies has meant we can install 'card only' self checkouts in stores, reducing our cash handling costs."

How are we evolving mobile?



Consumers Are Ready For Mobile

Can you envisage a scenario where your mobile phone becomes your most used method of payment? Yes



We are solving this through innovation

1



NFC Payment at the checkout

2



Better experiences in store

3



Use in App purchasing to support online

coles Financial Services

Thank You



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