

Newsletter Spring 2006

BPAY News and Views_

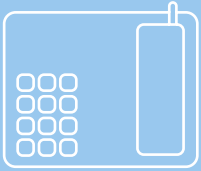
A photograph of a man and a woman looking at a laptop screen. The man is in the foreground, wearing a red button-down shirt, and the woman is leaning over his shoulder, smiling. They appear to be in a professional or collaborative setting.

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In our fourteenth edition of News and Views we reveal how Australia is able to save billions by embracing electronic payment methods and look at the trends in the bill payment market both here and overseas. We also welcome a new biller to BPAY View.

A \$2 billion crystal ball

A recent Federal Government study has shown that Australia still has a massive capacity for electronic payments and, if realised, will generate a potential annual resource saving of \$2 billion.

While the nation has already established an enviable position globally when it comes to electronic payments, the Exploration of Future Electronic Payments Market report¹ by the Department of Communications, Information Technology and The Arts (DCITA) provides a compelling case for a further migration to electronic payments.

The report concludes that the nation needs to take electronic commerce to the next level – well beyond mums and dads paying the gas and electricity bill – to fully capitalise on its benefits. BPAY believes electronic commerce must be viewed as an end-to-end process enhancing the overall customer experience of interacting with a company.

BPAY General Manager, Andrew Arnott, believes the report lays the foundation for the Government to develop a blueprint to help the Australian economy to fully embrace electronic commerce.

“BPAY would welcome the opportunity to assist the Federal Government in developing its strategic plan to ensure all benefits of electronic commerce are realised,” Andrew said.

“There is no doubt the Government is already formulating plans which may include changes to policy and legislation, as well as initiatives that provide incentives for companies which migrate to paperless systems and embrace environmental best practice.

“We also believe the Government needs to lead by example and fully adopt electronic commerce within its own infrastructure, including the notification, payment and receipt of services,” said Andrew.

Payments to government equate to approximately 10% of all payments. Therefore, getting Federal, State and Local government to electronically generate, deliver and accept bill payments would be a big step forward.

If you would like a copy of the full report please contact the Scheme Office.

‘Save your signature for autographs’

ING Australia – one of a growing number of superannuation and investment companies now accepting BPAY – has joined forces with us to promote 13 new biller codes.

In launching the new biller codes, BPAY and ING have teamed up to offer ING and ANZ customers the chance to win a trip of a lifetime to star-studded Los Angeles every time they make a contribution to their investment or super fund via BPAY.

The days of signing and sending cheques to investment companies are almost gone and, appropriately, the Hollywood-themed promotion is encouraging investors to “save their signature for autographs”. Visit www.ing.com.au for full details.

Did you know there are a number of ways we can help you promote BPAY to your customers?

Billers are invited to contact the Scheme Office to discuss the opportunities available.

We're online and loving it

BPAY is forging ahead in leaps and bounds, with impressive growth numbers that speak for themselves.

In the financial year ending June 2006, BPAY payment volumes grew by 18% to 171 million transactions and the value of payments rose by 22%.

In just nine years the annual volume of BPAY payments online and over the phone has grown to reach the same level as traditional over-the-counter bill payments at Australia Post.

The numbers for BPAY View are equally notable. New registrations were up 83% and the number of BPAY View summaries presented more than doubled. Most importantly, BPAY View also welcomed onboard 46 new financial institutions, which means that 90% of the consumer banking population now has access to BPAY View.

Life seems to be getting faster and the nation's migration towards online banking isn't slowing down either.

Research by AC Nielsen² shows that Internet banking has overtaken traditional banking services as the most commonly used every day banking service.

Almost half of the customers surveyed (47%) log onto their Internet banking accounts several times a week and among the most common online transactions is paying bills (85%). Viewing bills also rates highly at 33%.

BPAY expects these numbers to rise rapidly over the next few years, particularly with the anticipated growth of BPAY View.

When we look to the US, we see that their migration towards online banking is similar to Australia with more than two thirds of US online households paying at least one bill online. Notably 35% of all US bill payments are conducted online³.

Americans also prefer to pay their bills at the websites of their financial institutions, not only because they have trust in their banking relationship, but these websites are able to display and process multiple bills at once⁴.

It seems people across the globe and in Australia are jumping online and loving it.

BPAY campaign attracts new users

Whoever said 'life isn't meant to be easy' obviously wasn't referring to BPAY. The tag line of our latest advertising campaign – Why do things the hard way? – seems to have resonated with consumers.

Preliminary research indicates that the campaign has removed barriers among non-users – they now know there's 'safety in numbers'. (After all, if 171 million bills were paid via BPAY last year then it's bound to be safe and reliable.) And with over 13,000 billers accepting BPAY they know it's no longer simply a vehicle for paying the gas and phone bill.

The numbers clearly show that the campaign has had an impact: 45% of people who have seen the campaign have a better opinion of BPAY and 20% have increased or started using BPAY.

In addition to the online, outdoor and press advertising our members played a significant role in the success of the campaign. In total, members sent more than seven million inserts with transaction statements to customers and supported the campaign at their websites and in branches.



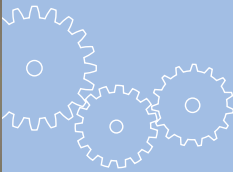
**Pay over
13,000 bills
by phone
or internet**



**Take the hassle out
of paying bills today
Easy as can B_**



The Informer



Keith Brown
Operations Manager

Small businesses thinking big

Small businesses are getting a piece of the BPAY action and are finding it's a great option to help them become more effective and efficient when collecting payments from their customers.

It's no longer just a system for the big guys, with many SMEs ready and able to realise the benefits BPAY brings to their business. The days of waiting patiently for cheques to arrive in the mail are long gone.

Incorporating the BPAY logo on their invoices equates to increased cash flow and faster payments (no dishonours or returns and funds are cleared the next day), along with accurate payment records (you know which accounts have been paid). It could also be the last time they have to hear those infamous words "the cheque's in the mail".

For SMEs, the big plus is lower overall costs and payments that are bank validated. And that means small businesses need not worry about disputes, returns or fraud.

BPAY has agreements with a number of Master Billers, which act on behalf of SMEs

by collecting BPAY payments for them. While BPAY currently has more than 13,000 different biller codes, some of these are Master Billers collecting payments for thousands of SMEs.

The Master Biller arrangement was originally established for the real estate industry, enabling tenants to pay their rent via BPAY to individual real estate agents via a Master Biller. This has been particularly handy for small agents who weren't of sufficient size to set up their own biller code.

It has worked so well the arrangement has spread to other industries and there are now a number of registered Master Billers including franchisors such as Flight Centre.

By collecting payments through one of the established Master Billers, many SMEs may be able to offer their customers the convenience of BPAY. Businesses should contact their financial institution to discuss if using a BPAY Master Biller to assist them in their payment collection is suitable for their situation.

Integral Energy switches on to BPAY View

BPAY View is pleased to welcome on board a new biller, Integral Energy. From September, Integral Energy customers will be able to receive their bills electronically through the BPAY View service. BPAY is also in discussions with other key national billers and we anticipate some exciting announcements about BPAY View very shortly.

There are now 65 financial institutions offering BPAY View. Since last edition we have welcomed onboard:

- Savings and Loans Credit Union
- NSW Teachers Credit Union
- Bank of Queensland
- Big Sky Credit Union
- Community CPS Credit Union
- Fire Brigades Employees Credit Union Ltd
- Intech Credit Union
- Phoenix (NSW) Credit Union

Which billers offer BPAY View

- Alinta
- Bankstown City Council
- Brisbane City Council
- CityLink Melbourne
- Ergon Energy
- Horizon Power
- Hornsby Shire Council
- Integral Energy
- Logan City Council
- Monash City Council
- Optus Mobile
- Optus Phone
- Optus TV/Net Cable
- Penrith City Council
- Primus Telecommunications
- South East Water
- Sydney Water
- Synergy
- Telstra Mobile
- Telstra Residential
- Townsville City Council
- TRUenergy Dual Fuel
- TRUenergy Electricity
- TRUenergy Gas
- Yarra Valley Water

To find out more about BPAY and BPAY View, billers should contact their financial institution, visit the BPAY web site www.bpay.com.au, or contact one of these certified BPAY View Service Providers:

- | | | |
|------------------|--------|-----------------|
| CommSecure | HPA | Computershare |
| E Com Industries | Salmat | QM Technologies |

Financial institutions should contact Bpay or one of these certified Bpay View Service Providers:

- | | | |
|----------------------|-----------|-------------|
| Clear2Pay | NetTeller | Data Action |
| Sandstone Technology | Ultradata | Swift Call |

¹Exploration of Future Electronic Payments Markets by the Centre for International Economics and Edgar, Dunn & Company, 2006. BPAY is a sponsor of the report.

²AC Nielsen Australia, "The retail banking evolution: Battle of the banks heats up as small players take on the big four." June 2006

³Check Free Corporation, "Online payments are increasingly replacing checks for bill payment" 2005

⁴New York Times, "Pay bills with a click? More Americans are doing it and banks are loving it." May 29 2006



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