

CELEBRATING

10

YEARS

Established 1997

The way Australia pays

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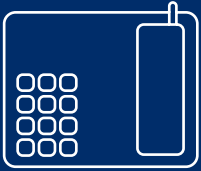
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Introduction

“An amazing invention – but who would ever want to use one?” – one of the first people to try Alexander Graham Bell’s telephone in 1876.

On November 18, 2007, BPAY turns 10. And although the BPAY team was more confident of the scheme’s acceptance than the telephone sceptic, the launch of a single bill payment service adopted across the banking sector was a global first. Today, BPAY remains a distinctively Australian invention, with innovation a pre-requisite for its success.

To commemorate this significant milestone, this special edition of News and Views features a series of articles that captures our collective story as it continues to unfold.

Also in honour of our 10th year, we have designed an anniversary logo with a tagline that succinctly summarises our achievements – ‘the way Australia pays’.



Charting the Growth

In 10 years, BPAY has become the most popular bill payment service in Australia, and its logo is now considered one of the country’s most recognised brands. The characteristically bold ‘B’, which symbolises ease, convenience and security, has gained tremendous traction with Australian billers and bill payers alike.

The tables provide a snapshot of the decade past with statistics that give credence to Australia’s reputation as an early adopter of IT.

Australian Households

1997	2007
16: Percentage of Australian households with Internet access*	60: Percentage of Australian households with Internet access (5.67 million households)*
5.3: Average number of monthly bills paid per Australian household (2001)**	7.2: Average number of monthly bills paid per Australian household**
1: Percentage of Australians who have paid bills via the Internet in the last 12 months*	55: Percentage of Australians who have paid bills via the Internet in the last 12 months (2006)**

* Australian Bureau of Statistics (ABS)
 ** Annual TNS Attitudes & Usage Study for BPAY

BPAY Timeline

November 1997

BPAY launches to provide Australians with a more efficient way to make bill payments (9 banks, 35 billers)

April 1999

BPAY employs two staff

January 2002

BPAY launches BPAY View, its entry into electronic bill presentment

BPAY

1997	2007
9: Number of financial institutions that offered BPAY at launch	168: Number of financial institutions that offer BPAY
37: Number of billers signed up with BPAY at launch	15,236: Number of billers that offer BPAY in July 2007, increasing at an annual rate of 4.5%
235,000: Number of BPAY payments made in its first full month of operation	18 million: Number of BPAY payments made in July 2007
\$37 million: Value of BPAY payments made in its first full month of operation	\$11.2 billion: Value of BPAY payments made in July 2007
30: Percentage of BPAY payments made through Internet banking (2000)**	77: Percentage of BPAY payments made through Internet banking**
1: Number of full time BPAY staff	10: Number of full time BPAY staff

BPAY View (launched in 2002)

2002	2007
4: Number of billers signed up with BPAY View at launch	21: Number of billers signed up with BPAY View
91,000: Number of bills presented via BPAY View in its first year of operation	2.2 million: Number of bills presented via BPAY View in 2006/2007
36,000: Number of people registered for BPAY View	370,000: Number of people registered for BPAY View

Quote Unquote

Whether it is through one-on-one conversations, focus groups or via TNS – a leading market research group – BPAY is continually tracking marketplace trends to ensure that the brand's core benefits of convenience, choice and ease of use remain relevant to the target market.

This is particularly critical as research reveals that since 2003, the number of bills paid monthly continues to increase significantly, with mobile phones, pay TV and Internet providers gaining widespread penetration.

Both users and billers frequently tell us 'BPAY just works' – an answer which belies the complexity of the scheme, but is perhaps the best indicator of why the service continues to grow.

"Being in another country, there was no other way to pay our bills besides international phone calls, which can cost up to fifteen dollars per call."

– Jan Elliott, Australian living overseas

"BPAY has proven to be a key enabler for improved taxpayer service and more efficient tax administration."

– Geoff Robinson, Deputy Commissioner, Tax Office

"It works because it is paperless, immediate and available 24/7."

– Peter Nicholas, Director of Savings & Retirement, AMP

In 2006, BPAY was the only payment method that had expanded its number of users with more than half of all Australian bill payers (56%) having used it.

"BPAY provides a convenient low cost payment service that works for our business and consumer customers alike."

– Guy Mendelson, ANZ, and a Director of BPAY Pty Ltd

Not surprisingly then, in terms of share of bills, BPAY is the most popular payment method (31%).

"I can use BPAY to pay the dog registration notice – at three in the morning."

– Deb Phyland, first time mother

"BPAY is a familiar and easy process for our customers."

– Gerald O'Sullivan, General Manager Administration, TNT Express

And as expected, BPAY's popularity is driven by Internet payments, with significant year-on-year growth.

The freedom to pay bills anytime of the day throughout the entire week underlies the increasing appeal of internet payments. The trend of the past few years still holds with a concentration of bill payments being made in the latter part of the week, particularly Thursday morning.

"BPAY is a natural extension of my lifestyle: I use the Internet for almost everything – from staying in touch with friends to helping with my university studies."

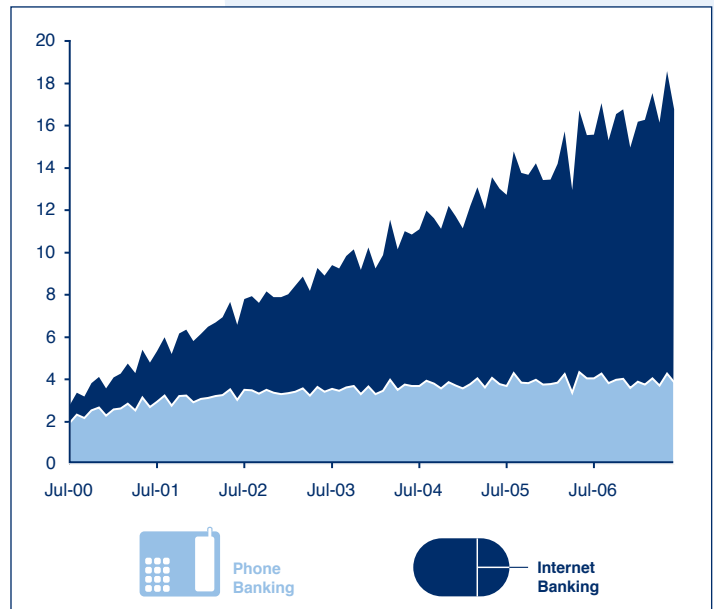
– Liz Hayward, full time university student

"It works because it's easy to use, reliable and allows good control of bill payments."

– David Nichols, Retail Marketing & Products, BankWest

As part of BPAY's ongoing initiative to monitor bill payment habits and trends, its 2007 Usage & Attitudes study is currently underway.

Monthly BPAY Payments



October 2002

BPAY exceeds eight million monthly payments for the first time

November 2002

BPAY celebrates its 5th Birthday (185 financial institutions, 8,800 billers)

January 2003

BPAY Internet payments (58%) surpass BPAY phone payments (42%) for the first time

November 2004

The 100,000th bill is registered for BPAY View

Award Winning Imagery

Much of BPAY's growing brand awareness can be attributed to its ongoing marketing initiatives – a clever mix of advertising, promotions and direct mail activities that communicate a call-to-action to its target audience.

Advertising agency BMF has been driving BPAY's creative direction since the beginning. According to Creative Director, Dylan Taylor, BPAY is willing to test, refine and try new things.

This collaborative approach has resulted in many national and international industry accolades including The Australian Direct Marketing Awards (ADMA), The Caples Award (New York), the Cannes International Advertising Festival and the Australian Web Designers Network.



Many cite 'Billosaurus' as one of the most memorable concepts. This 2004 BPAY View campaign ingeniously predicted the demise of the paper bill on the radio, online and in outdoor advertising. This creative effort achieved 50% awareness amongst Internet banking customers.

BPAY's marketing has been driven by twice yearly advertising campaigns. For instance, in 2005 there was the 'Favourite Things' promotion, as well as The BPAY View Bill Monsters campaign, which achieved a 34% growth in BPAY View registrations over a six month period.

The longest running concept – Why Do Things the Hard Way – was refreshed three times throughout 2006 and 2007, achieving a remarkable 108% increase in payments over the forecast objective.

Additionally, these campaigns have been supported by a microsite, created by Loaded Technologies, that has lent greater depth to the advertising message by giving consumers the opportunity to navigate an interactive and animated site based on their knowledge and needs.

This past September, BPAY launched its most recent campaign, entitled 'Keep Bills at Bay'. The concept centres on the theme 'one place to pay all your bills' and is featured nationally in major market newspapers, outdoor advertising, online and a national consumer magazine.

The campaign is designed to encourage a habit in consumers who only occasionally use the service, and for the first time, the target audience was broadened to capture the younger consumer.

Although reticent to pinpoint his favourite concept, Taylor believes this latest effort is one of the freshest and most visually intriguing BPAY campaigns BMF has ever produced.

February 2006

Bills valued at a record \$10 billion are passed through the scheme during February

March 2007

A new class of members is added to BPAY known as PIMs (Payer Institution Members)

November 2007

BPAY celebrates its 10th birthday (expected to have 168 financial institutions and over 15,000 billers)

December 2007

It is predicted that the one billionth BPAY payment is made

Generation Next

It really was not so long ago that the touch-tone phone was considered a novel amenity and Bill Gates was an unknown Harvard University drop out. A natural consequence of innovation however, means that virtually everything (or anyone) is eventually superseded by its 'next generation'.

In the 10 years that B_{PAY} has been carving its space in electronic bill payments, we take a look at the everyday conveniences that have experienced a modern makeover. Ask yourself, where were you...?

Encyclopaedia vs. the Internet: Nimble Internet search engines have replaced the rigid row of well-worn encyclopaedias – and with it a band of beloved salesmen. Generations past could not imagine the agility of a mouse click that allows anyone to access virtually anything instantly – even using our pointer finger to read could not get us there as fast!

Letter vs. Email: We were wowed when we thought the fax had replaced FedEx...and then came email. This virtual paper trail lets us send and receive across borders and time zones, giving new meaning to the dreaded phrase 'client deadline'.

Plastic vs. Green Bag: While we don't always remember to bring our 'green' bags, we do know the no-no of plastic bags. Green is the 'new black' and definitely in-fashion at the supermarket checkout.

Shopping Mall vs. Shopping Site: Traditional bricks and mortar stores may never be replaced, but armchair shopping is more than a stylish trend. From organising holidays to ordering the latest DVD, never has forgetting an anniversary present been so fraught with consequence.

Garbage vs. Recycling: In 10 years, separating our garbage, paper, plastic and glass has gone from novelty to second nature – but we still need to wheel the bins to the kerb.

Office vs. Home Office: In real estate terms, a house without a home office is a deal breaker. Coupled with the adoption of the Internet, a deal maker's location – whether at home or at the office – is now irrelevant.

Travellers Cheque vs. Travel Cards: The cumbersome travellers cheque, a stand-alone option for holiday makers for the past century, is nearly obsolete with the introduction of pre-paid travel cards, offering a convenient and secure way to carry holiday funds. If only reading a map was as easy.

Film vs. Digital: The instantaneous nature of digital cameras not only contributes to their unrelenting popularity, but offers both immediate gratification and unrivalled archival properties.



Mobile Phone vs. Mobile Computer: While the mobile phone, along with our keys, was already considered a 'don't leave home without it' necessity 10 years ago, it is the mobile computer in all its forms – laptop, BlackBerry, iPhone – that allows us the freedom to walk out the door and go just about anywhere.

Cheque vs. B_{PAY}: To those university students who are now starting to receive their first bills, they may never own a chequebook, let alone learn to balance it. Internet banking, with its services like B_{PAY}, means that pen to paper may never happen at bill payment time.

Work in Progress

As the company's longest serving employee, B_{PAY} GM Andrew Arnott has a singular 360 degree perspective on the brand's past and future.

As we wrap up this commemorative issue of News and Views, we have asked Andrew Arnott to finish a few sentences.

I knew B_{PAY} was a success when...every month we would receive emails and calls from customers listing the billers they wanted added to the scheme.

B_{PAY} just works because...it remains true to the brand's core values established 10 years ago – it is quick, easy, convenient and secure.

The brand will evolve by...continuing to help financial institutions build better ways to tailor the way they serve their individual customers.

Success over the next 10 years will be measured...by how B_{PAY} remains relevant and grows.



The Informer

The News and Views newsletter will be going 'green' with the next edition only available online. This decision is in keeping with growing consumer demand for more sustainable products and services.

The emergence of the TV program Carbon Cops is just one example of how 'going green' has become a mainstream issue. Consumers are looking for opportunities to make more ecologically sound choices. And BPAY View is an enabler for better environmental outcomes.

To give this some perspective, consider these facts:

- Since its launch, BPAY View has helped financial institutions to electronically present 4,158,829 bills.
- Conservatively estimating that there is an average of two pages per bill, 8,317,658 pieces of paper have not been distributed via the traditional mail method.
- This equals 16,635 reams of paper that were not wasted. Or, 1,000 trees that were not cut down.

The long term environmental savings of the service are staggering: If the 5.67 million Australian households that currently subscribe to an Internet service provider received only half of their monthly bills online, this would save 81,648 reams of paper a month or, 4,919 trees every month.

These statistics do not take into consideration the energy required or the pollution generated from transporting paper bills across the country on a monthly basis.

BPAY View has recently experienced a significant increase in the number of energy companies signing on to the service, which now account for 20% of the service's billers. Soon to support existing energy billers such as Ergon Energy, Horizon Power, Integral Energy and TRUenergy will be EnergyAustralia, AGL and Origin Energy.

Energy companies in particular are becoming 'greener' with environmentally-friendly initiatives such as carbon emissions offset programs and selling renewable energy.

BPAY

168 Financial Institutions
2 Payer Institution members
15,236 Billers

BPAY View

78 Financial Institutions
26 Billers

Which billers offer BPAY View

3 Australia
Alinta
BOC
Brisbane City Council
CityLink Melbourne
EnergyAustralia
Ergon Energy
Horizon Power
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

Billers soon to offer BPAY View

AGL
Origin Energy

There are now 78 financial institutions offering BPAY View. Recently we have welcomed onboard:

Plenty Community Credit Union

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

Clear2Pay	NetTeller	Data Action
Sandstone Technology	Ultradata	Swift Call

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

CommSecure	HPA	Computershare
E Com Industries	Salmat	QM Technologies



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