

# Payments in Australia: Costs and Use

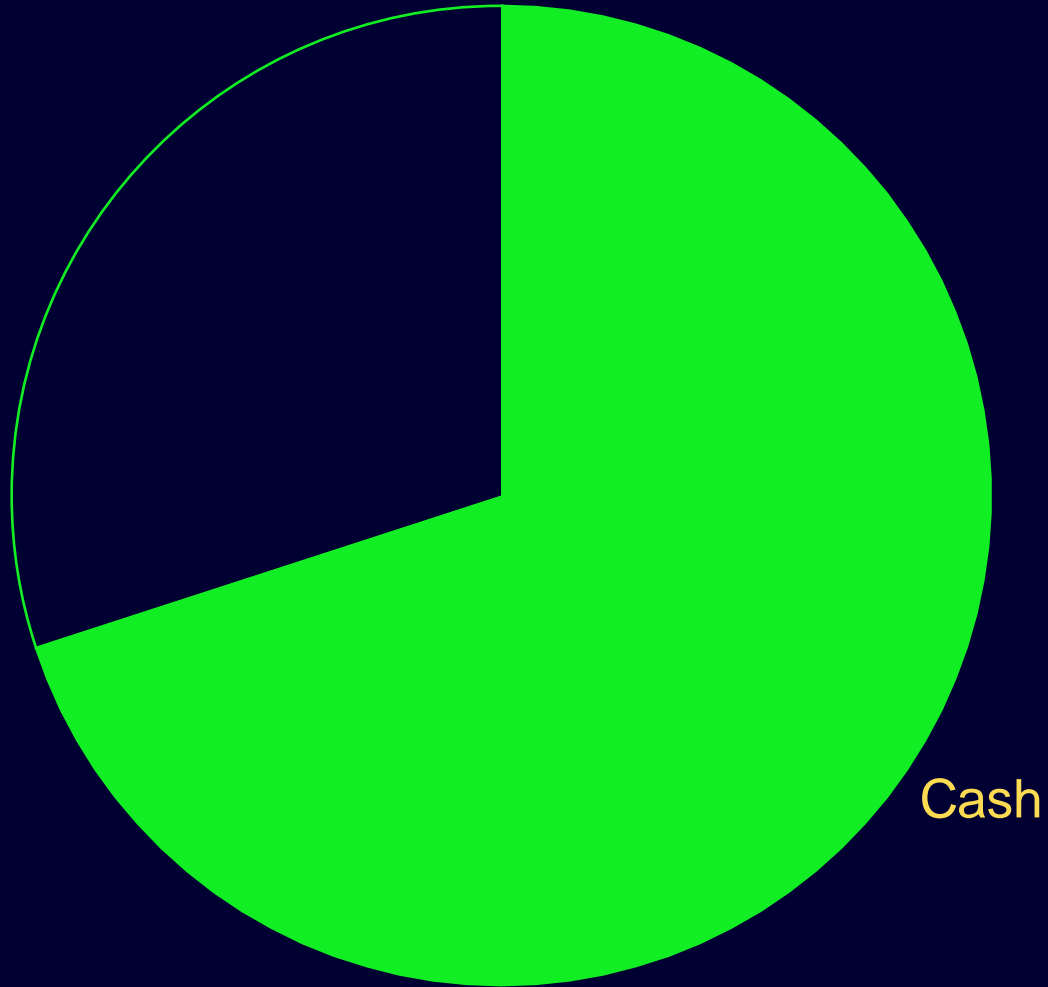
Carl Schwartz (on behalf of many others)  
Reserve Bank of Australia

# Overview

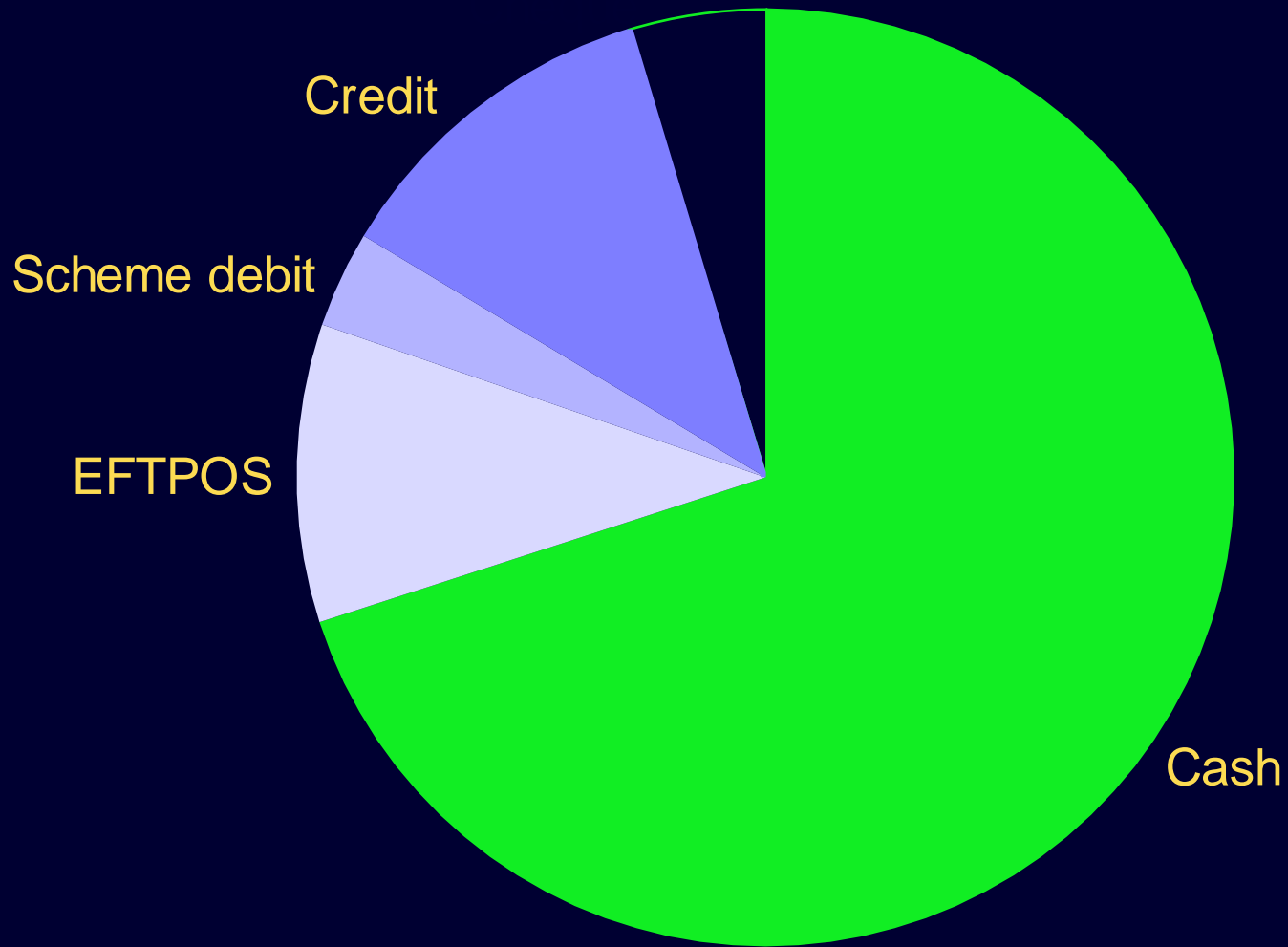
- Payment activity
- Payment costs
  - Aggregate
  - Financial institutions
  - Merchants
  - Overall per payment costs
  - The influence of payment size

# Payment Activity

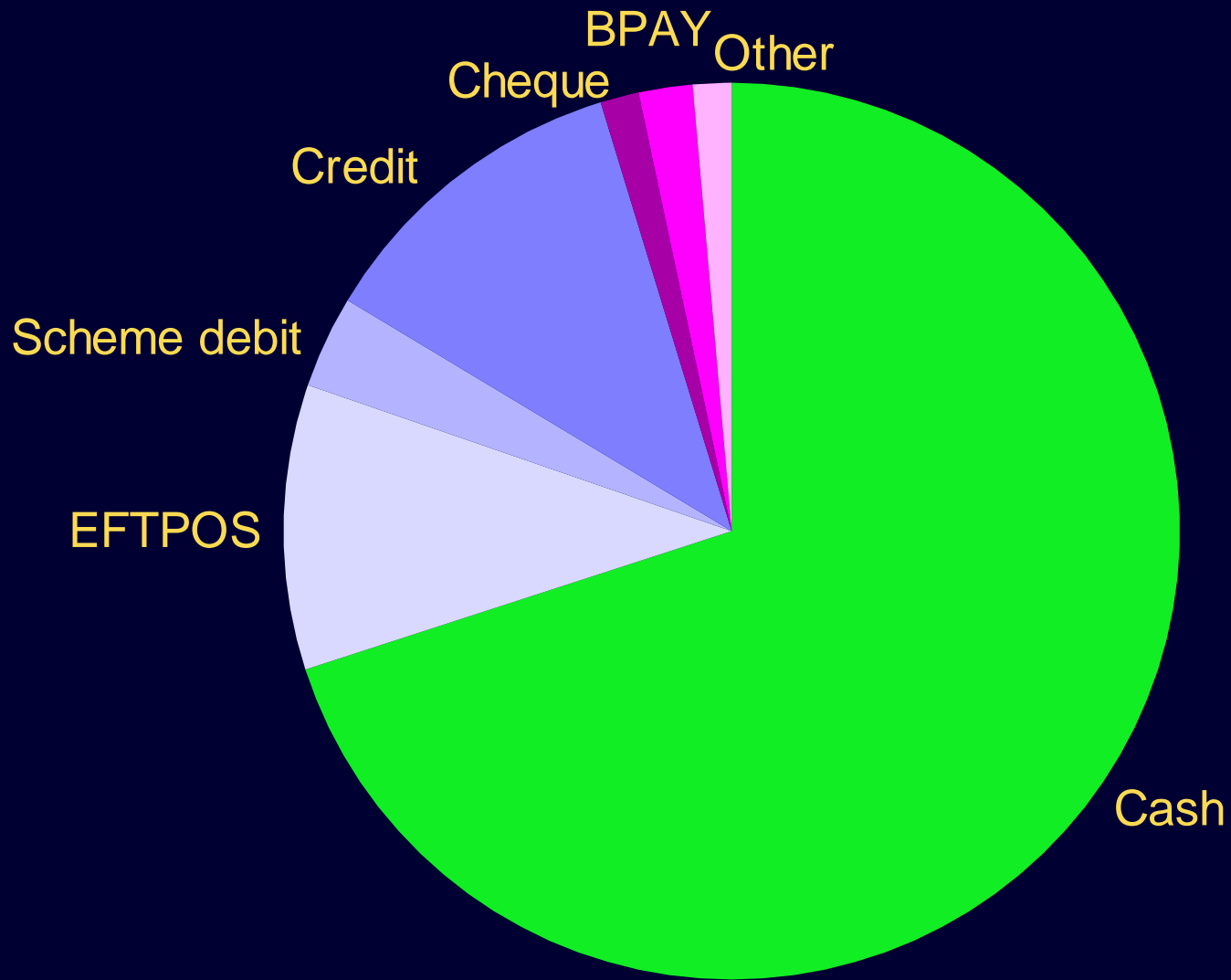
# Payment Share by Number



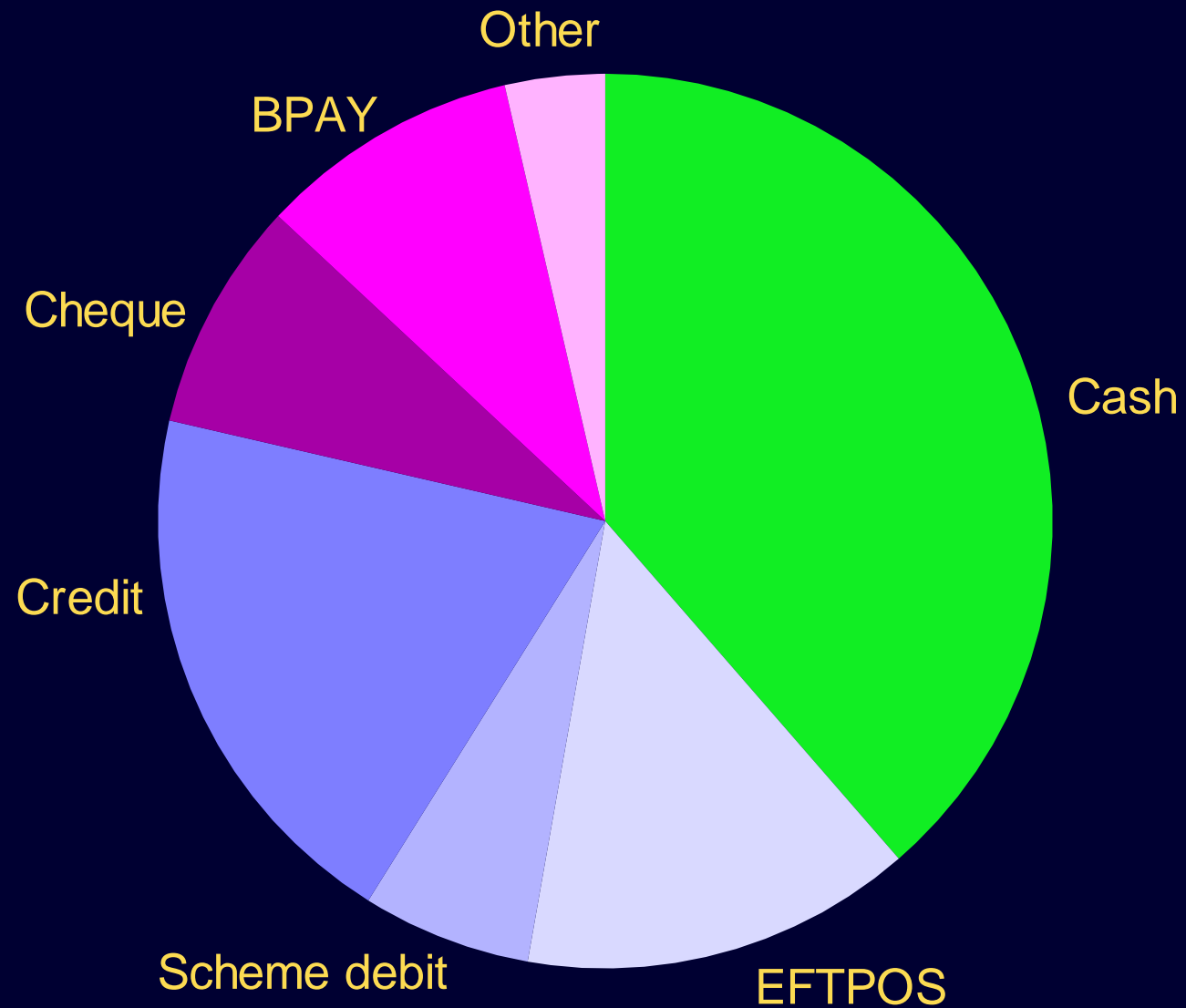
# Payment Share by Number



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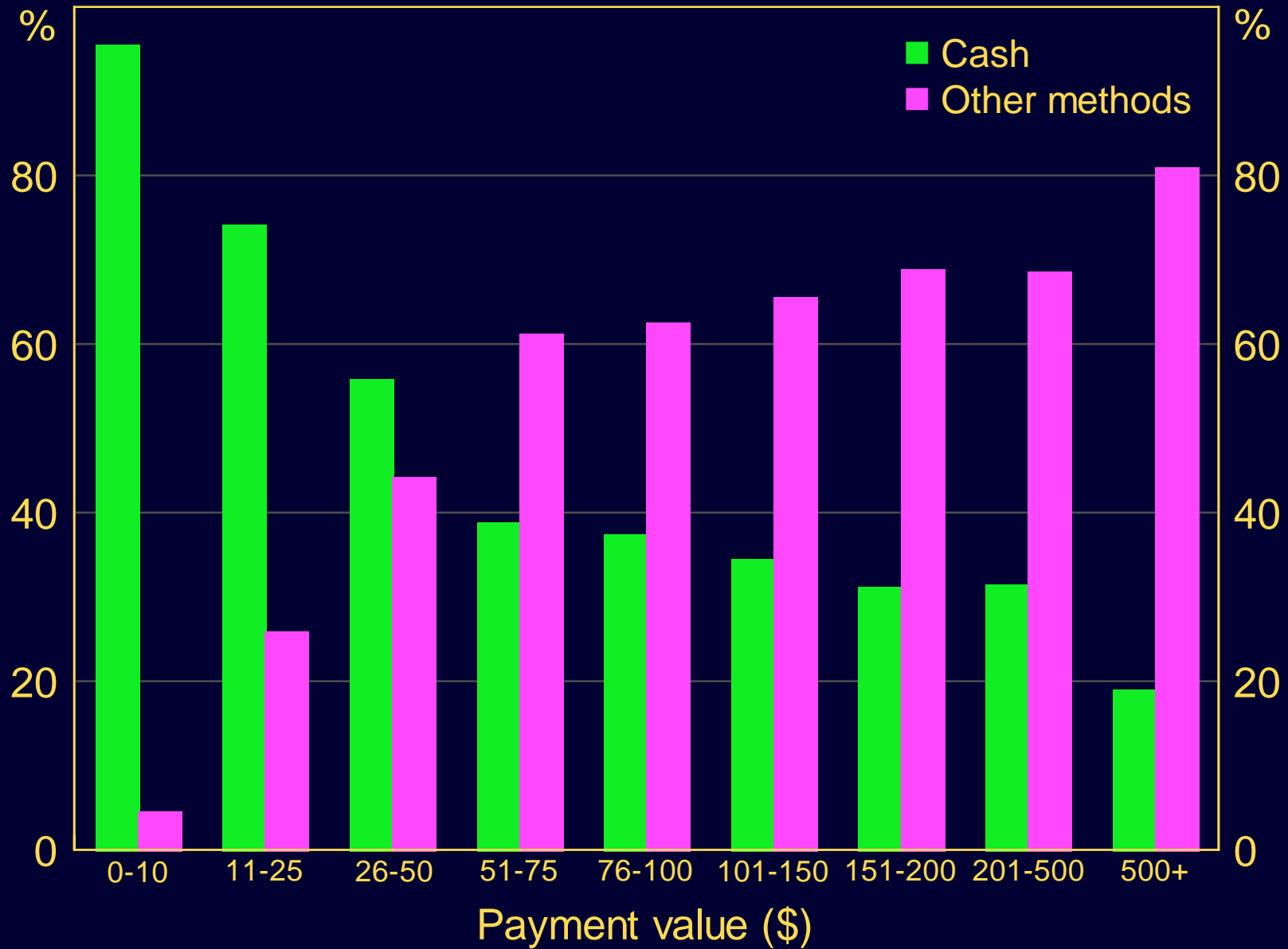


# Payment Share by Value



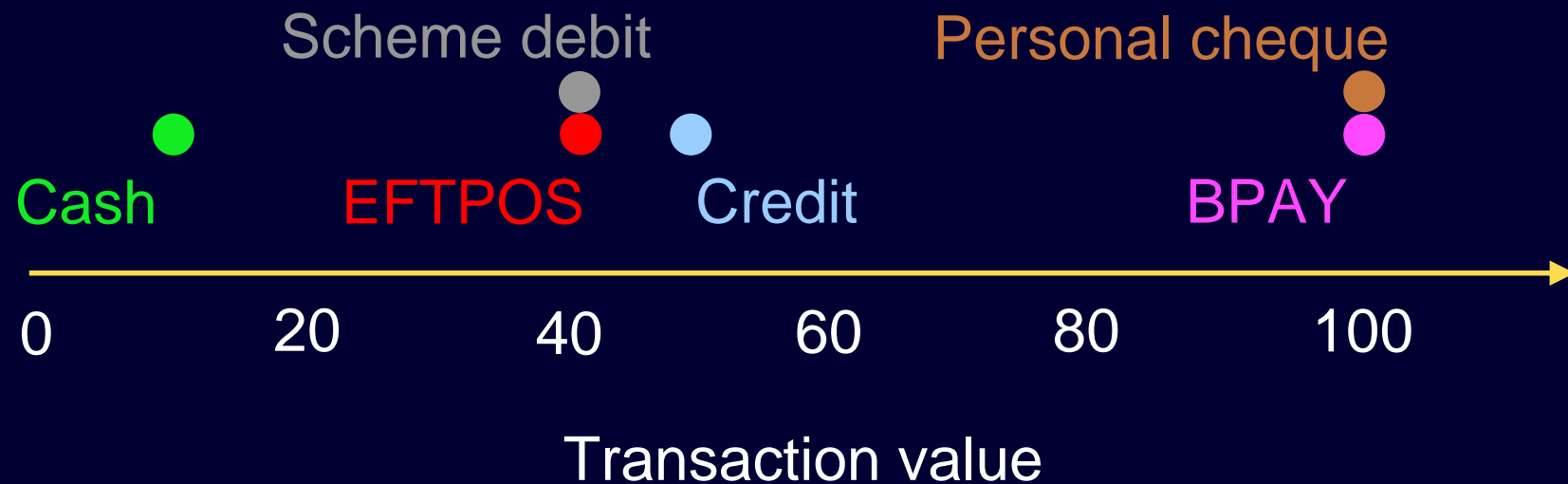
# Use of Cash

Per cent of number of payments





# Median Payment Values



# Payment Costs

# Measuring Costs

- ❑ Resource costs

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- ❑ Resource costs
- ❑ Average costs

# Measuring Costs

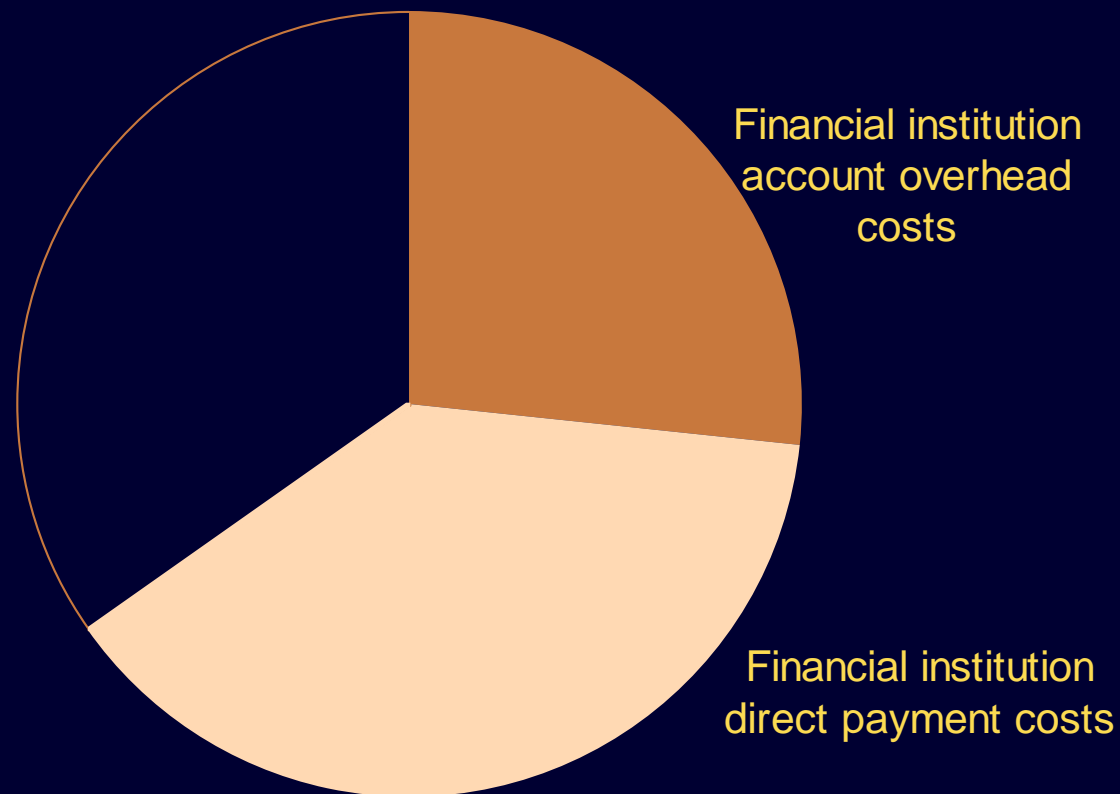
- ❑ Resource costs
- ❑ Average costs
- ❑ Sample of financial institutions and merchants

# Measuring Costs

- ❑ Resource costs
- ❑ Average costs
- ❑ Sample of financial institutions and merchants
- ❑ Indicative rather than definitive estimates

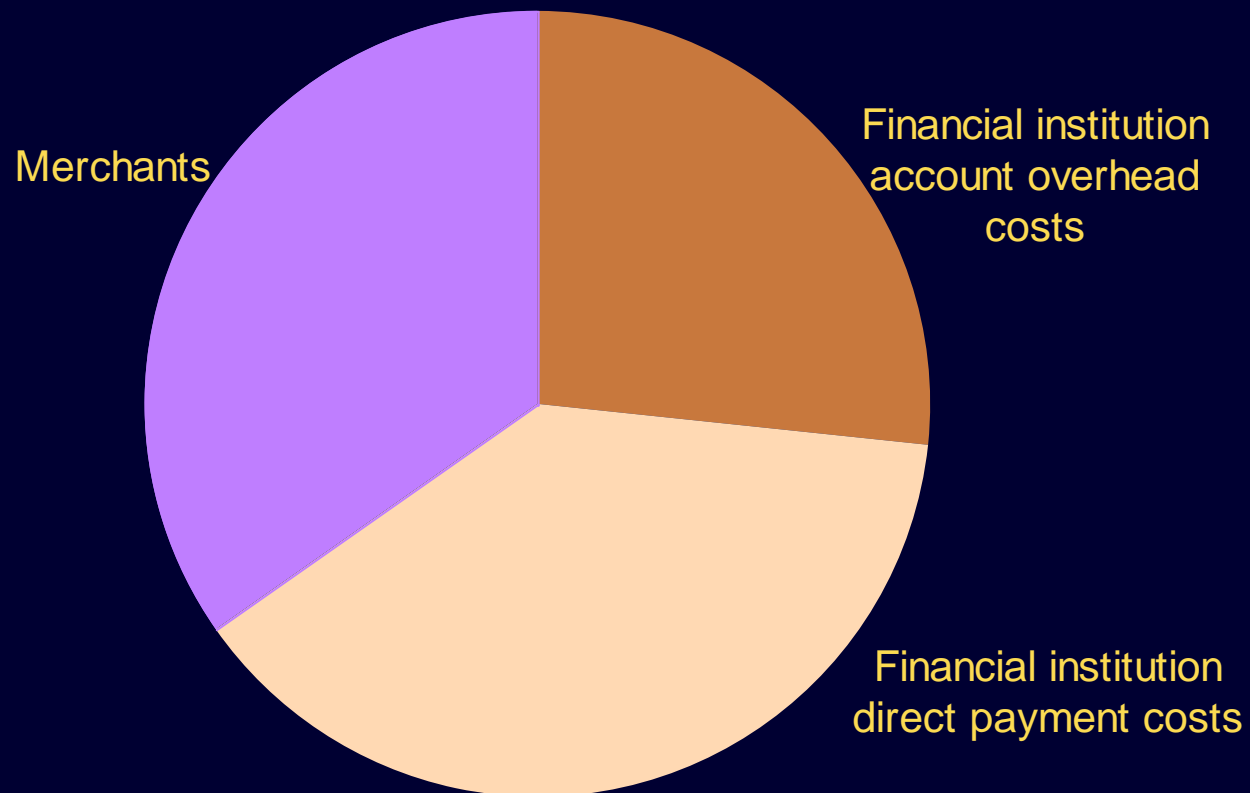
# Aggregate Costs of Payments by Individuals

- Around 0.8 per cent of GDP



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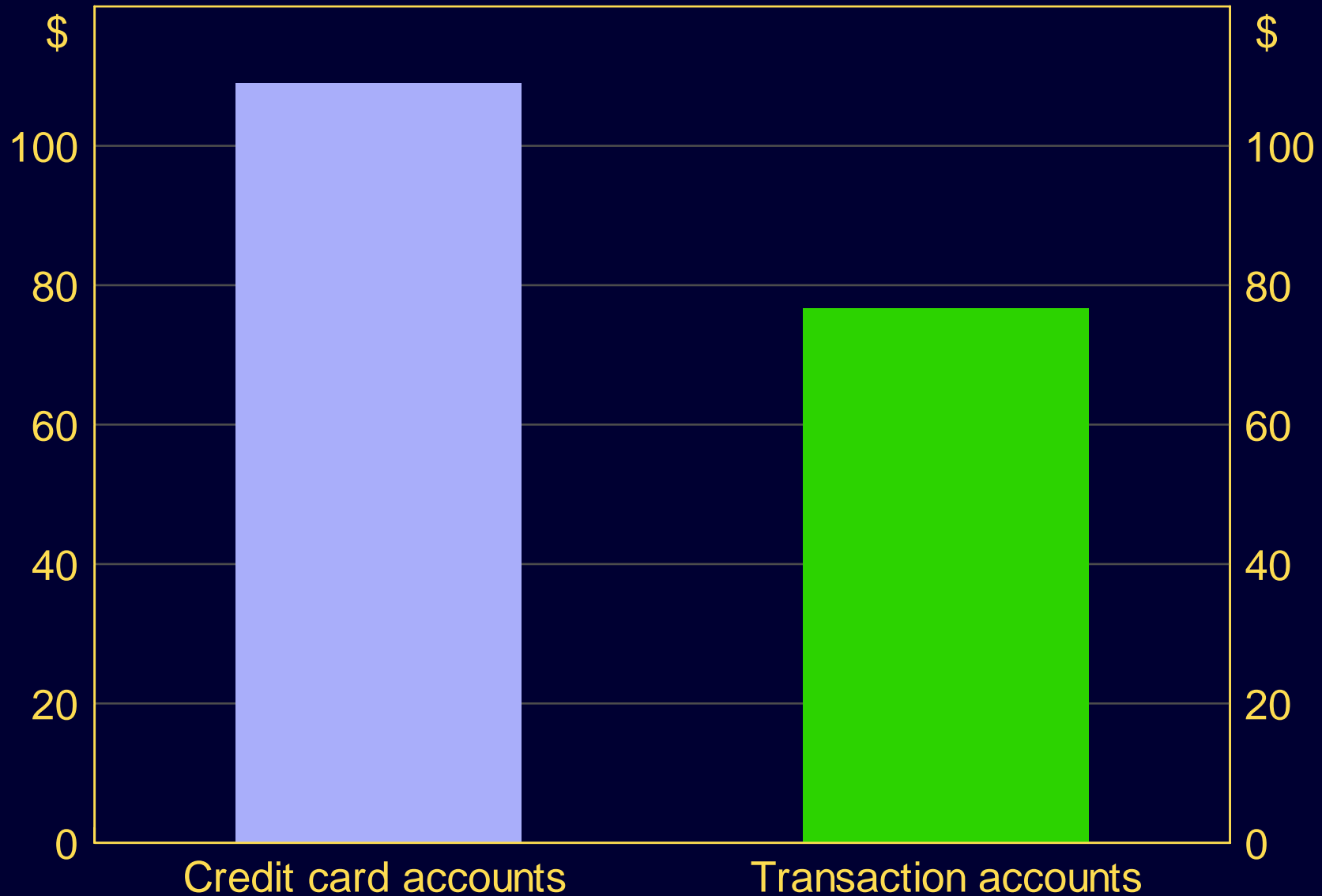
□ Around 0.8 per cent of GDP





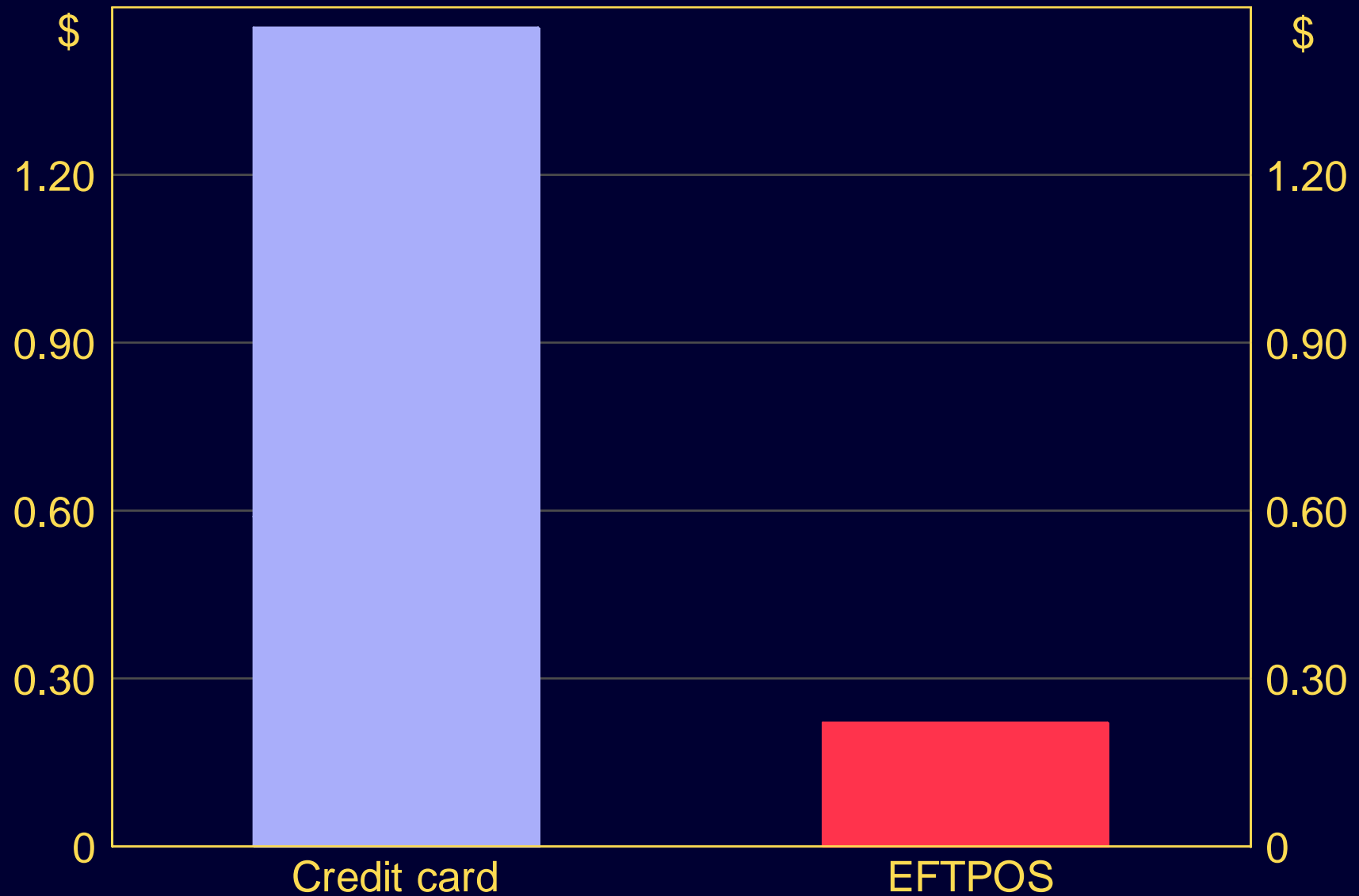
# Financial Institution Account Overhead Costs

Annual average per account



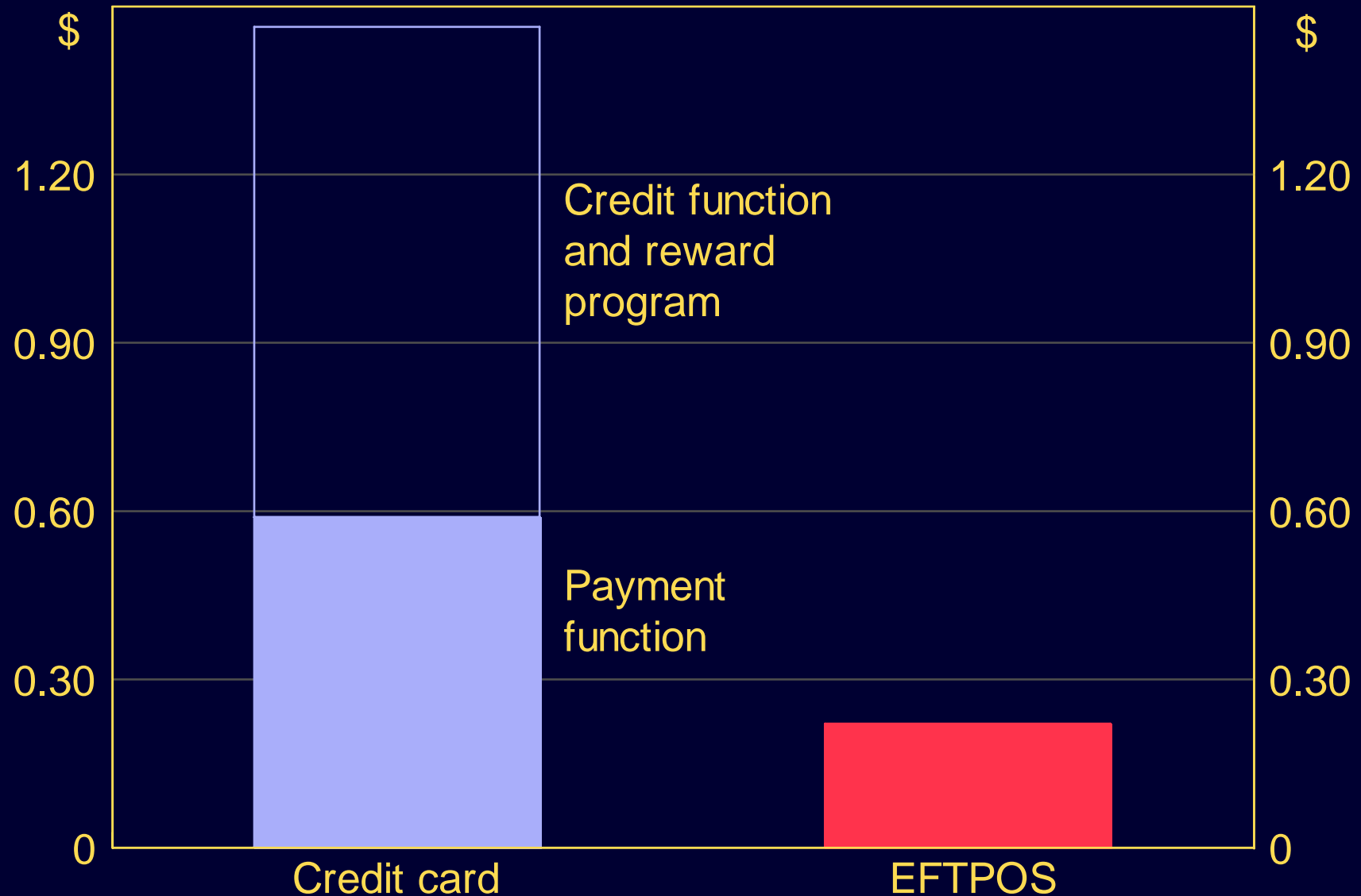
# Financial Institution Card Payment Costs

Per average transaction for each payment method



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Per average transaction for each payment method



# Financial Institution Cash Costs

## Per Withdrawal / Deposit

☐ ATM withdrawals	\$0.75
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# Financial Institution Cash Costs

## Per Withdrawal / Deposit

☐ ATM withdrawals	\$0.75
☐ EFTPOS cash-outs	\$0.22

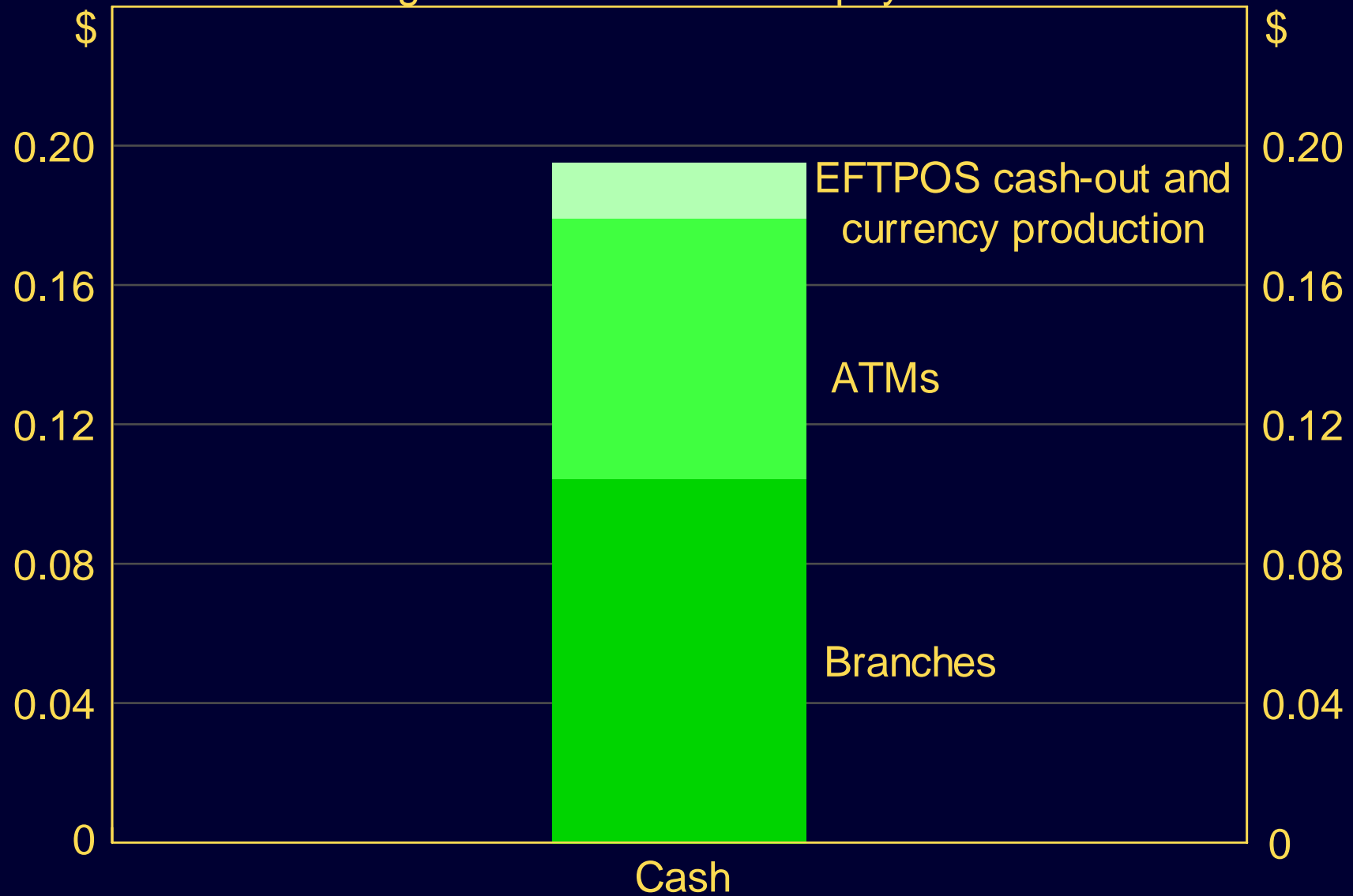
# Financial Institution Cash Costs

## Per Withdrawal / Deposit

❑ ATM withdrawals	\$0.75
❑ EFTPOS cash-outs	\$0.22
❑ Branch withdrawals / deposits	\$3.40

# Financial Institution Cash Payment Costs\*

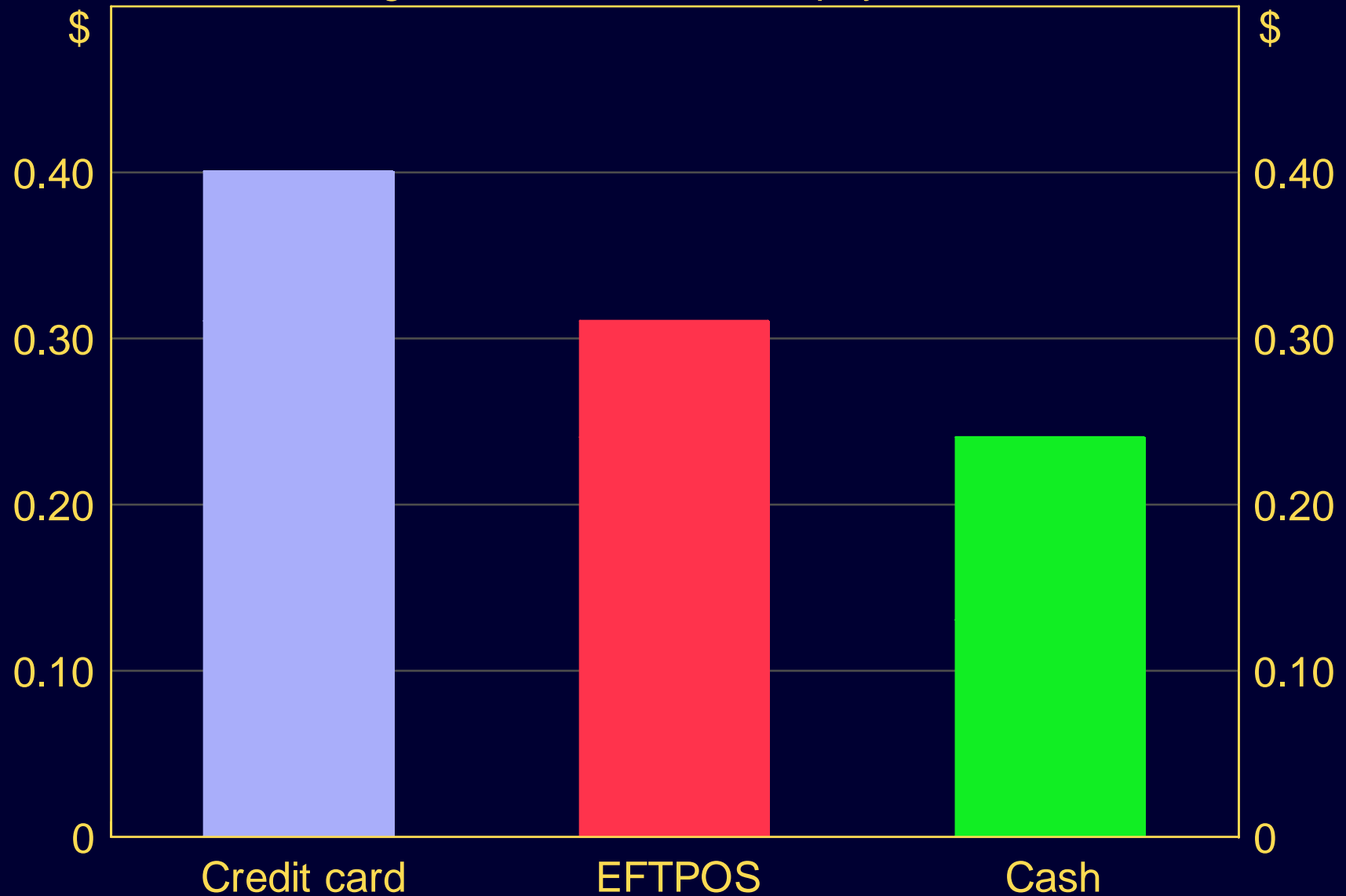
Per average transaction for each payment method



\* Including public sector costs of currency production

# Merchant Payment Costs

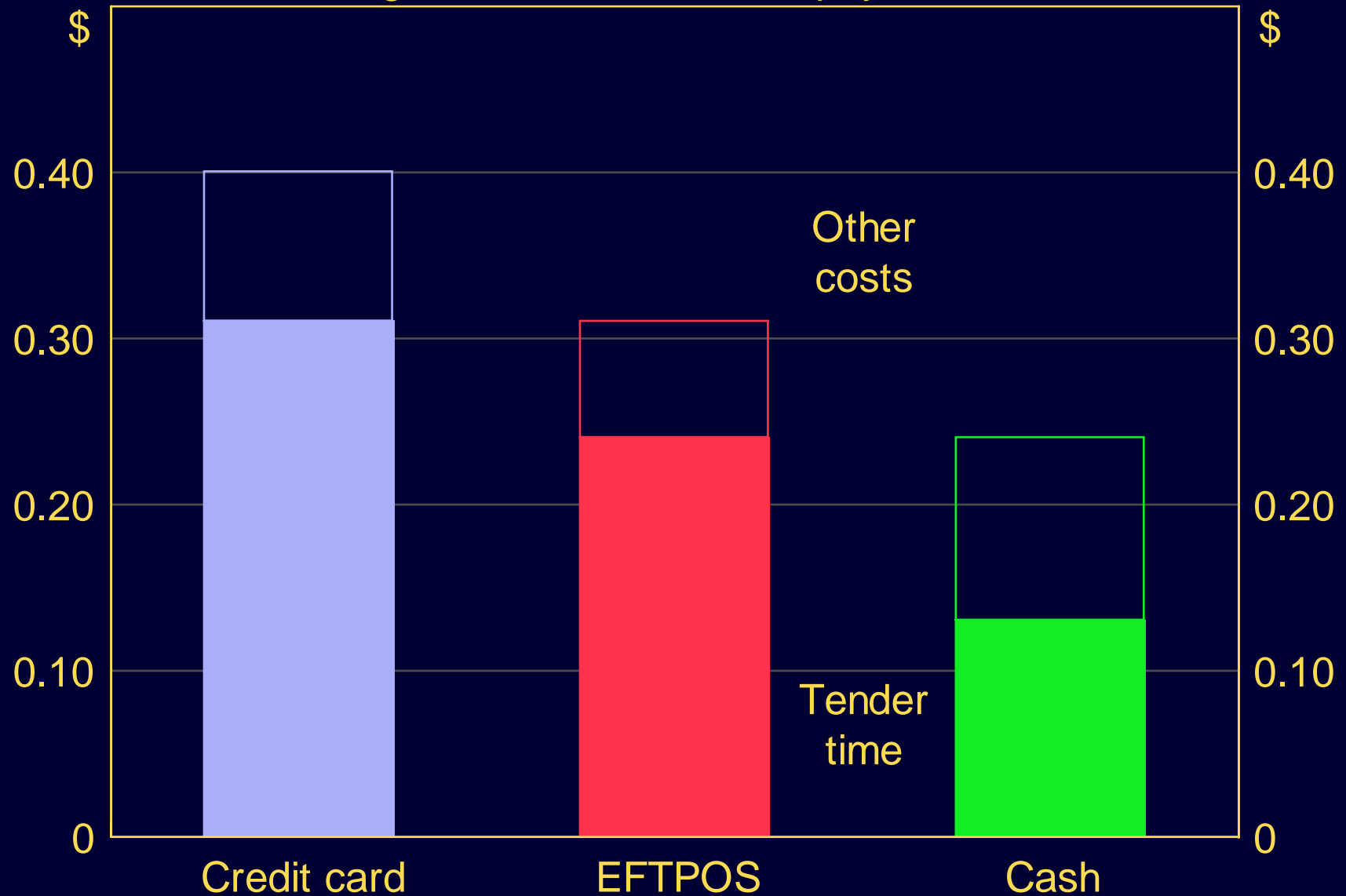
Per average transaction for each payment method





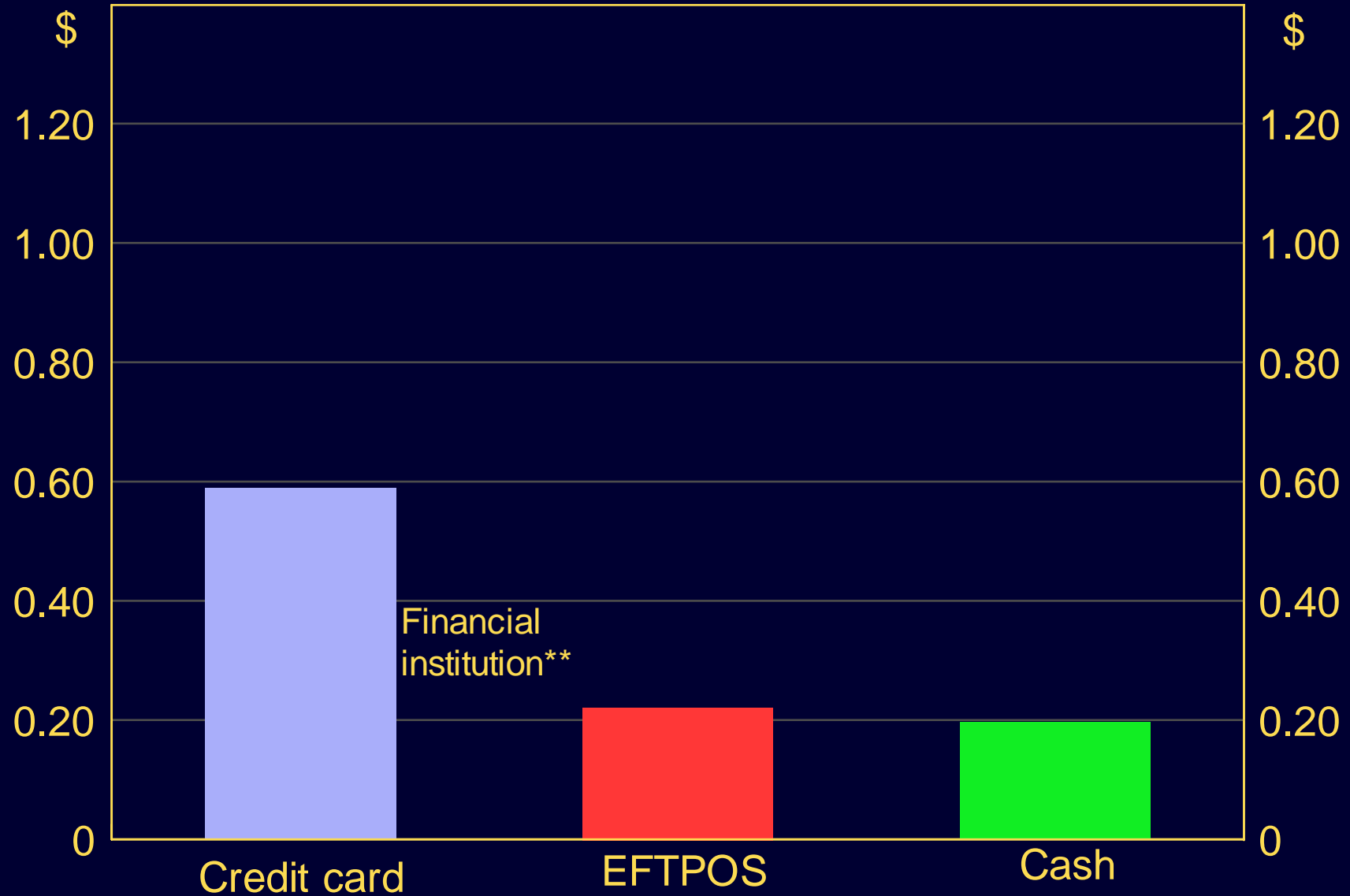
# Merchant Payment Costs

Per average transaction for each payment method



# Total Payment Costs\*

Per average transaction for each payment method

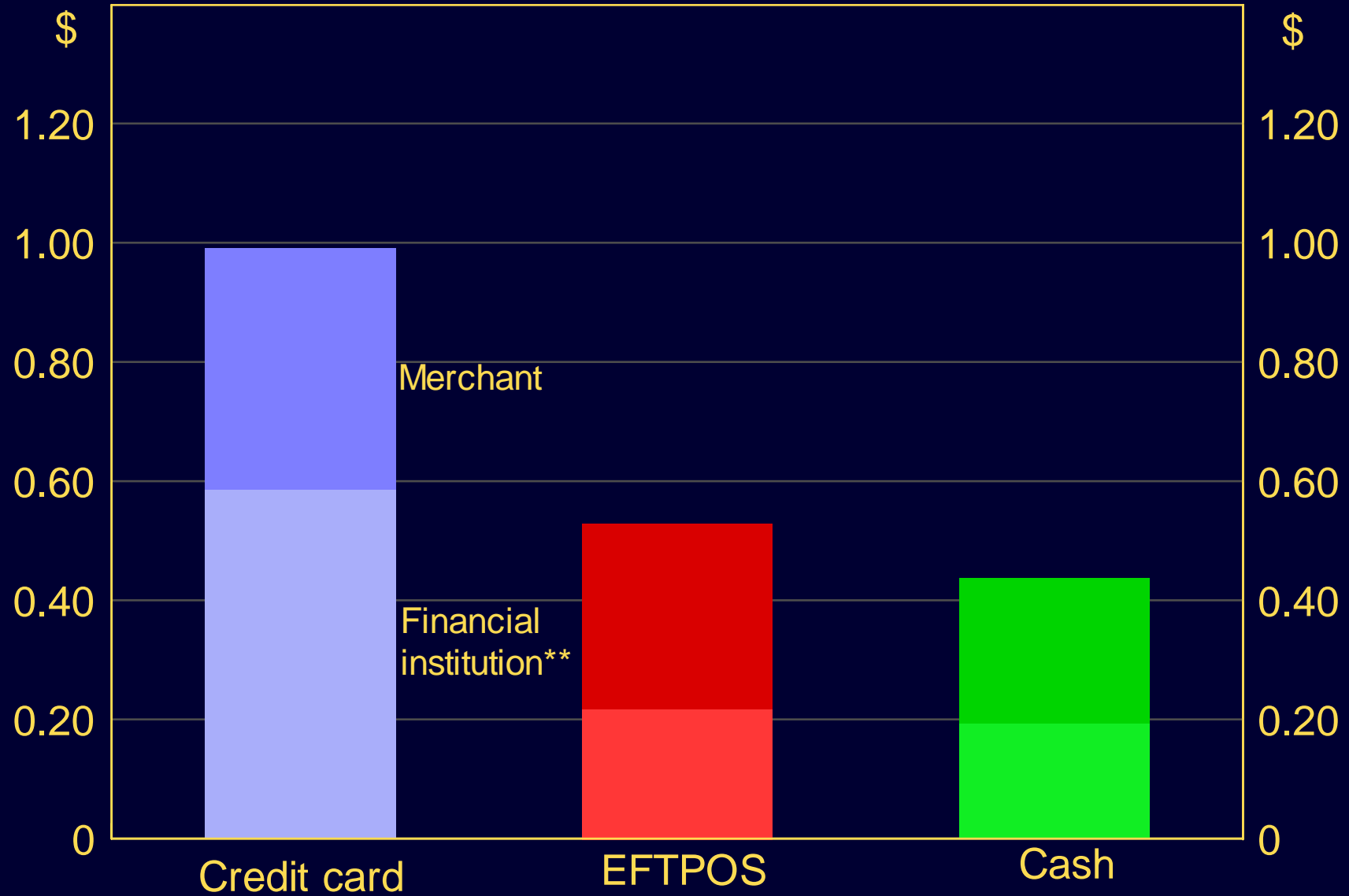


\* Resource costs excluding account overhead costs

\*\* Including costs of currency production for cash

# Total Payment Costs\*

Per average transaction for each payment method

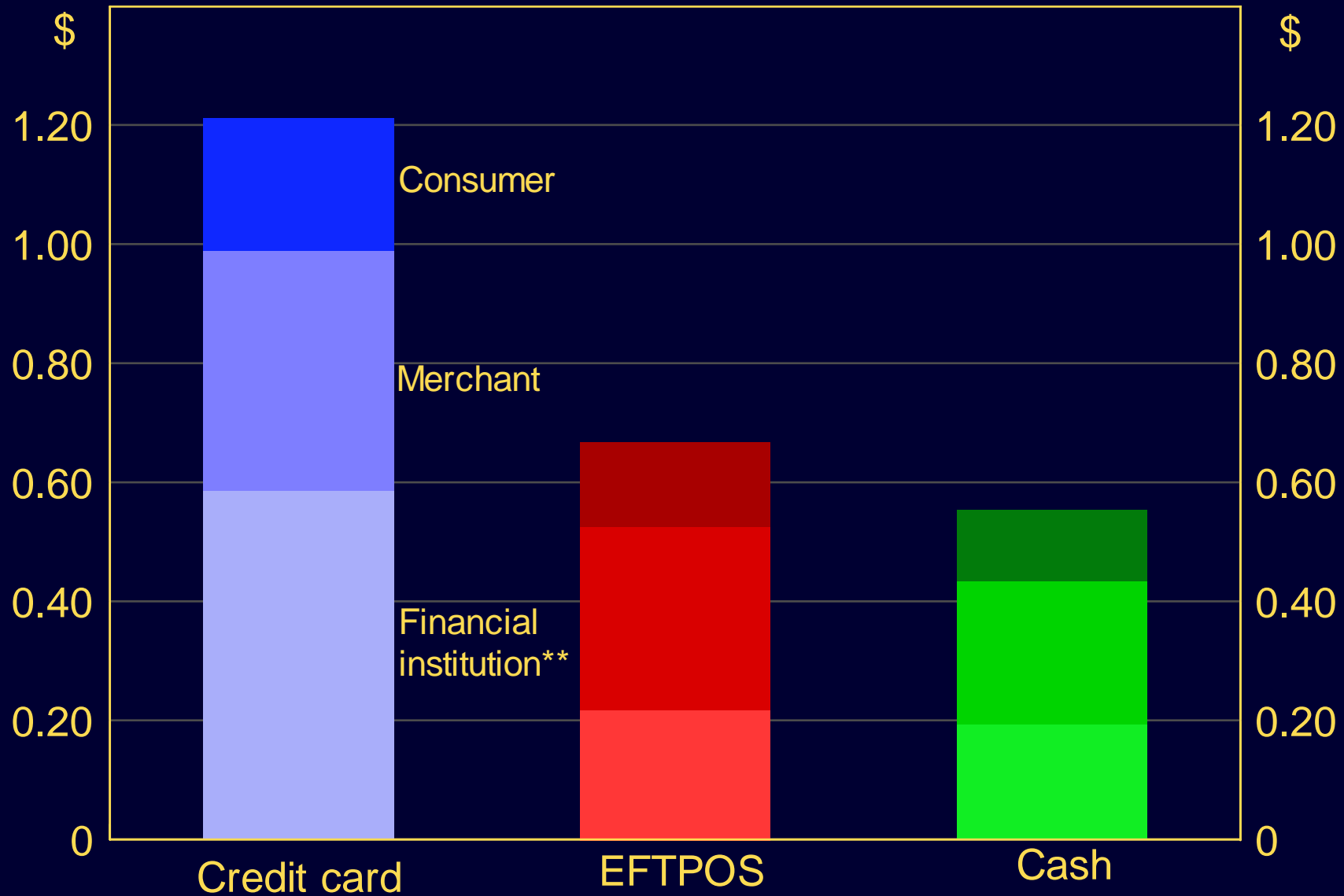


\* Resource costs excluding account overhead costs

\*\* Including costs of currency production for cash

# Total Payment Costs\*

Per average transaction for each payment method

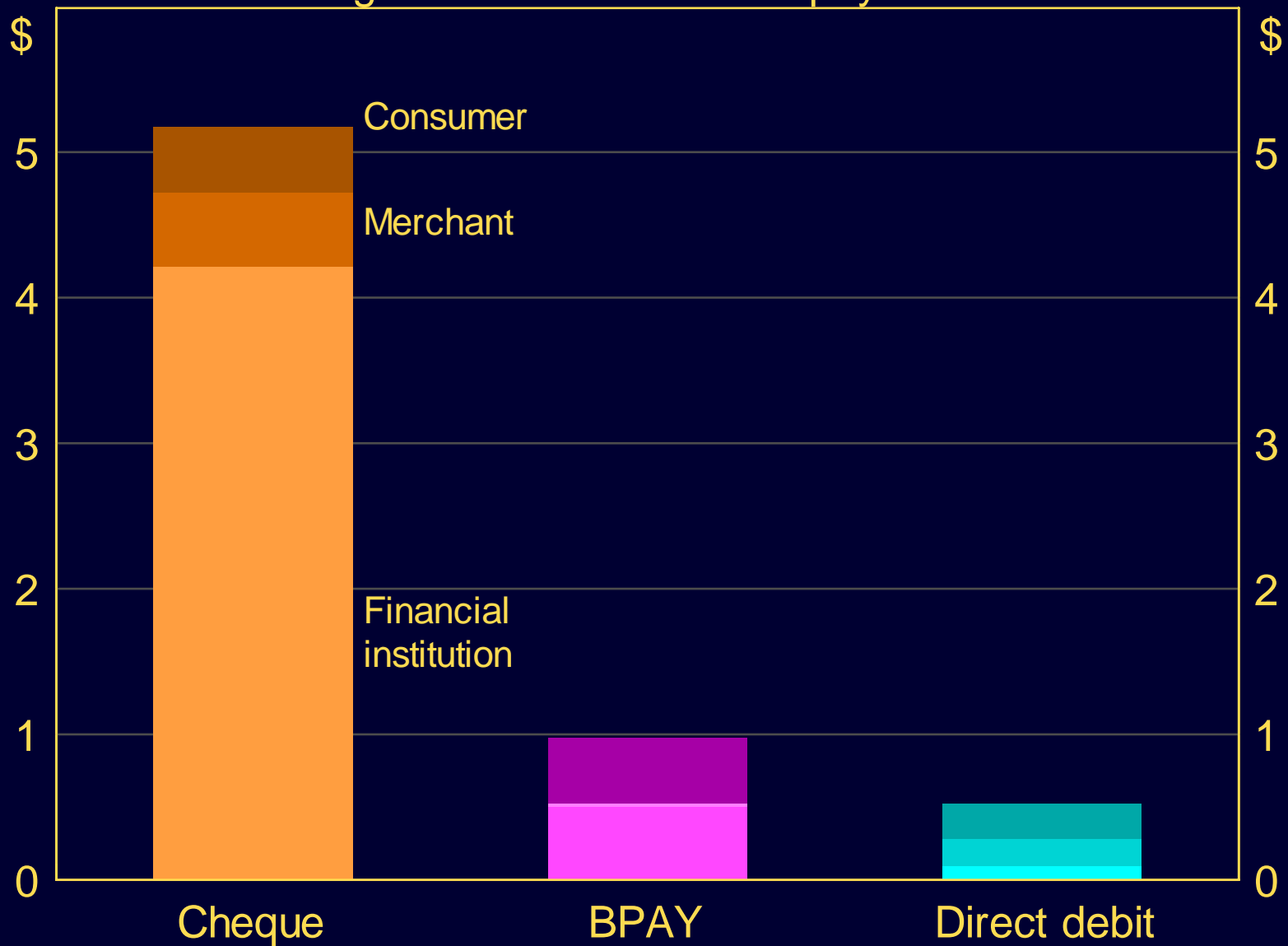


\* Resource costs excluding account overhead costs

\*\* Including costs of currency production for cash

# Total Payment Costs - Non-point of Sale\*

Per average transaction for each payment method



\* Resource costs excluding account overhead costs

# **The Influence on Costs of Payment Size**

# Costs and Payment Size

- ❑ Cash and credit card costs rise more with payment size than EFTPOS

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- ❑ EFTPOS therefore becomes lowest cost for payments of moderate value



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- ❑ Cash and credit card costs rise more with payment size than EFTPOS
- ❑ EFTPOS therefore becomes lowest cost for payments of moderate value
- ❑ On narrow measure of costs, credit card becomes lower cost than cash for higher payment values

# Key Findings

- ❑ Aggregate payment costs
- ❑ Cash
- ❑ Cards
- ❑ Other payment methods

