



THE MARKET

In the past quarter century, the contents of Australian wallets have changed very significantly. The money looks different, for a start, and one and two dollar notes are no more. But there is a great deal more buying power in each wallet, the result of a rising standard of living (though it might not always seem like it). And yet chances are there isn't actually any more cash in each wallet; in fact, there will almost certainly be less.

Instead of the extra cash you might expect to see, there will be something almost unheard of back in 1972 - credit cards. And no matter what cards there are, one of them will almost certainly be a Bankcard. That's only fair, because after all it was Bankcard that started the entire credit card industry rolling in Australia.

Bankcard is unique to Australia (and New Zealand), the result of an historical match between consumer expectations and pending commercial initiatives of the banks on the one hand, and limited technology on the other. Nothing like it could ever be created again. Yet, created it was - and for a huge number of Australians it changed the world.

Today, with credit cards, charge cards and other bits of plastic in every wallet, it is hard to

remember just how much Bankcard changed the way we did things.

ACHIEVEMENTS

The Bankcard Scheme introduced the credit card to the Australian general public, and made possible the spectacular growth that card use has experienced. Today, Bankcard generates around 70 million transactions every year, for a total amount in excess of \$5.5 billion. There are well over 2.3 million cardholder accounts, and more than 350,000 merchants accept Bankcard in Australia.

More than that, Bankcard also liberated Australians from carrying large sums of cash, made it possible for them to spread repayments for major purchases much more evenly by making credit easily available, and allowed consumers to take much greater advantage of limited-time discounts and sales. When cash is required it can be obtained with a Bankcard card from Automatic Teller Machines.

Merchants have found that the use of Bankcard has allowed them to make larger sales. The card has also made telephone and mail order sales much easier to administer.

HISTORY

It was 1972, and those Australians who knew about credit cards were keen to get hold of some and enjoy their many advantages. Several banks were just as keen, seeing the benefits of making credit available to their customers in this way and stimulating the use of bank services. But for the banks it wasn't just a matter of launching a card.

Australia still has a relatively small population, but it was even smaller then. And that population, despite being somewhat concentrated in cities, was spread over a huge geographical area. At any rate it would not have been enough to extend credit card services to city people; to be truly effective, a card needed to be usable everywhere in Australia. This is not a problem today; computer and telecommunication technologies have made enormous leaps, and distance is no

Bankcard makes your business a more convenient place to buy and attracts new customers.



longer a tyrant. But in 1972 the cost of a national data net was simply not viable for any one bank.

After much research and planning, a lengthy market analysis and the solution of many problems unique to Australia, the major Australian banks were finally ready to launch their credit card. The Australian banking environment was heavily regulated at the time, so talks with the Reserve Bank of Australia and the Federal Treasury were necessary before this momentous move could happen. Finally, after discussion and the submission of reports in 1972, the Reserve Bank gave approval.

The banks that were initially party to the scheme formed a service company to conduct Bankcard's operations - Charge Card Services Limited - which allowed the banks to avoid duplicating costly capital installations like computers and communications networks.

But it was still to be some time before the Bankcard Scheme could be launched. By 1974 electronic data processing and communications technology had advanced sufficiently for a national credit card service to be viable, and the shared facility was finally established.

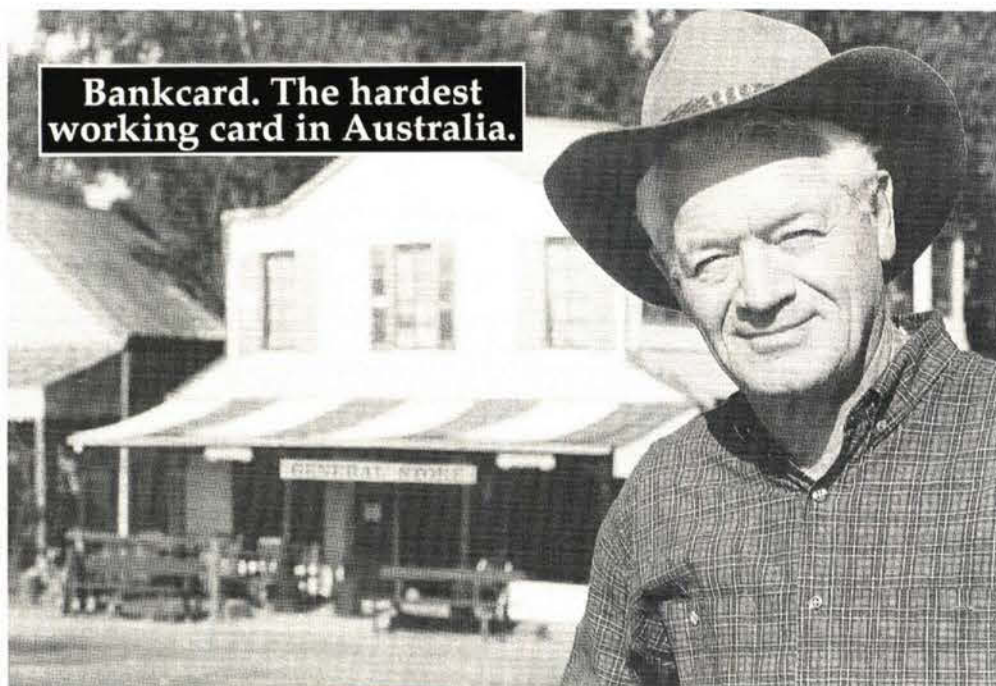
Charge Card Services Limited provided the services needed by the scheme as a whole. This way, complete customer service in day-to-day operations was achieved and the cost of processing credit card transactions could be firmly controlled.

From the outset, each member bank issued its own variant of the then universal Bankcard card, and was solely responsible for the administration of its own credit rules and customer relations with its own cardholders. As a result, the normal competitive relations between the banks were maintained.

October of 1974 saw the launch of Bankcard, a launch considered by the marketing media as one of the most successful ever. The card was welcomed by the general public and merchants alike.



Bankcard. The hardest working card in Australia.



For almost 20 years, more Australian credit card because, when

This early optimism was not misplaced. Bankcard is still regarded by many as Australia's number one credit card.

Eighteen months after the launch there were 1,054,000 cardholders, and 49,000 merchants accepted Bankcard.

Today there are over 2.3 million cardholder accounts, more than 350,000 merchant outlets and transaction value for the year is in excess of \$5.5 billion.

Three of the Australian member banks had operations in New Zealand, so it was natural to introduce a New Zealand Bankcard as well.

This was done five years after the Australian launch. Eventually, the area in which Bankcard could be used included mainland Australia, Tasmania and Lord Howe Island; Norfolk Island; New Zealand; and the Cook Islands.

Fourteen years after the launch of Bankcard,



the exceptional growth of credit card operations and the improvements in technology finally allowed member banks to perform their own data capture and processing in-house.

Charge Card Services Limited, which had served the banks so well, ceased operations at the end of March 1988.

THE PRODUCT

Credit cards are such an integral part of everyday life today that it can be difficult to remember how recent their advent really was. Bankcard, the first credit card to be available in Australia in really significant numbers, is little more than a couple of decades old. But it is also ubiquitous.

Bankcard offers cardholders the opportunity to make purchases without cash, while paying no more. Once a month, the cardholder receives a statement and then has the opportunity to either pay the total amount or a set fraction.

If total payment is made within a set time, no interest is normally due. The cardholder does, however, have the option of spreading payments out. In this case a set rate of interest is charged.

The merchant who makes Bankcard facilities available to customers gains additional business as well as a very secure method of payment. Since no cash changes hands, physical security is also improved. There is a small charge for this, but the widespread holding of Bankcards means that few merchants fail to accept it.

RECENT DEVELOPMENTS

The Bankcard Scheme is capable of matching any services provided by any other credit card inside Australia, and will continue to update its services to maintain this capability.

Since June 1st 1997, bankcard customers can use their cards to access funds via the Automatic Teller Machines of any member bank in Australia.

PROMOTION

Bankcard provides a carefully supervised

point-of-sale kit which leans heavily on the well-known Bankcard symbol, the multicoloured lower case 'b' on its green ground.

Initially there was a great deal of 'generic' advertising promoting Bankcard's many advantages without reference to a particular bank. Promotion revolved around careful explanations of the way Bankcard could help in a variety of situations, and undoubtedly contributed to the rapid uptake of Bankcard.

Member banks soon began to produce their own advertising. Initially, they sold the advantages of the card to their customers with slogans like 'Money when you need it', 'Need cash? Get it with Bankcard' and 'Every day, in many ways, Bankcard helps'. Today that is not really necessary any more. The public is 'sold' on the benefits and advantages of Bankcard, and generally the point-of-sale kit is all that is required to keep Bankcard before the eyes of consumers.

BRAND VALUES

Bankcard is one of the most recognised and trusted brands in Australia. Brand recognition is high at well over 90 per cent, which is not surprising considering that few stores, restaurants, petrol stations or other merchants fail to display the Bankcard 'b'.

Paying by Bankcard is as natural to Australians as paying cash.

Things you didn't know about Bankcard

- The Bankcard Scheme introduced the first credit card generally available in Australia.
- The Bankcard launch was the largest direct mail marketing effort Australia had seen.
- Customers can use their Bankcard card as far afield as the Cook Islands.
- The data net established to make the Bankcard Scheme possible was the first comprehensive banking data net across Australia.

