

WINTER 2013

Talkingshop

**TAPPING
INTO CHINA'S
E-COMMERCE
MARKET**



3-D SECURE:

Reduce the risk
of online fraud

IS CASH STILL KING?



nab

more give, less take

Welcome

● The Winter edition of *Talking Shop* has a new look in addition to the usual insights from industry experts on the latest security, technology and industry developments you need to know about.

Here's a snapshot of what's inside this issue:

- **Managing the risk of online fraud** – 3-D Secure provides an additional layer of authentication that confirms the true cardholder is actually making the transaction.
- **The 'cash' debate** – time spent reconciling and banking cash may cost more than you think.
- **Merchant Insights reporting** – access detailed information about your customers and your performance against local competitors.

- **Tapping into the Chinese e-commerce market** – offering a Chinese version of your website and accepting UnionPay cards for payment by Chinese customers could provide you with endless new sales opportunities.

- **Online success** – how to generate the most sales through your website.

We hope you enjoy this edition of *Talking Shop*. You can also visit our website nab.com.au/talkingshop to view current and past editions of *Talking Shop*.

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We look forward to receiving your feedback and suggestions at merchant_news@nab.com.au.

Want to grow your business through understanding the shopping habits of your potential customers?

● NAB is able to collate your potential customers' spending behaviour, including their demographics, from purchases made on credit and debit cards at and around your store.

By utilising the transaction data based on purchases made through NAB-issued cards, you can receive a report detailing consumer spending behaviours, which means you can benchmark sales at your business versus those of local competitors.

NAB Merchant Insights provides you with valuable information to help you understand your customers. You can then make informed decisions to help you grow your business by making the right operational and marketing improvements.



To find out about NAB Merchant Insights email merchant.insights@nab.com.au

Examples of what can be identified	Actions you can take
Low transaction value compared to competitors	Review your pricing strategy. Are your products priced differently to your competitors?
Customers visiting similar stores within an hour of shopping at your store	Use insights to see what customers want but can't find in your store
Measure your repeat customer business against your competitors	Do more of what you do to create loyalty or change strategy and loyalty program approach
Where your customers live and shop	Promote in the right geographic areas to maximise returns on a tight marketing budget



Securing the future

Reduce the risk of online fraud with 3-D Secure.

● With so much publicity about online fraud, everyone's focused on making online transactions safer. 3-D Secure is designed to do just that by authenticating a cardholder's identity with their bank right at the online checkout.

How does it work?

Using Merchant Plug-in (MPI) software installed on your web server or the hosted services of your payment gateway, 3-D Secure works with Visa and MasterCard's authentication services, Verified by Visa and MasterCard® SecureCode™ to provide transaction information to the card issuer.

If a transaction is seen as high risk, an authentication page hosted by the card issuer will appear within your website's payment page.

3-D Secure enrolled cardholders use a specific password or phrase for authentication with their card issuer. The issuer can also link the authentication process with the cardholders' SMS security for internet banking. The cardholder simply types in their password or SMS authentication to verify their identity.

If the check fails you should halt the transaction as this is a strong indicator of potential fraud.

Not all transactions will need a verification check. In fact, depending on your business type, most will pass through without a challenge.

What are the benefits of using 3-D Secure?

Reduce fraud and chargebacks – identify cardholders at the time of purchase, significantly reducing the number of disputes and fraudulent payments.

Shift the balance – 3-D Secure will generally make the issuer responsible for the chargeback liability on fraudulent transactions; merchants remain liable for chargebacks related to goods and services, for example if the goods are not received.

Increase customer confidence – the added security will give cardholders greater confidence when shopping online.

3-D Secure for NAB Transact merchants

If you use the NAB Transact payment gateway, you'll have the added comfort of knowing that NAB Transact supports 3D-Secure. You can consult your web developer or e-commerce software provider to have your integration with NAB Transact upgraded to use 3-D Secure authentication.

The following NAB accredited payment gateways provide support for 3-D Secure:

- Advam
- Card Access Services
- Ctel
- CyberSource
- DPS Payment Express
- eWay
- Merchant Warrior
- PayPal Payflow
- SecurePay

Manage your risk

While the use of 3-D Secure authentication will generally make the card issuer responsible for the chargeback risk on fraudulent transactions, it's not a substitute for your own risk management. Stay vigilant when it comes to high risk or suspicious sales and remember to cancel and refund any order that seems suspicious.

Currently, 3-D Secure authentication is optional but Visa and MasterCard will soon require a range of business types to use Verified by Visa and MasterCard SecureCode for their transactions.



Contact the NAB Transact Service Centre on 1300 138 313 or email support@transact.nab.com.au to find out more. Alternatively, contact your payment gateway provider.



Tapping into China's e-commerce market

It's time for Australian businesses to start thinking more about how they can tap into China's booming e-commerce market. *By Lisa Goodhand – Director, China Blueprint Online.*

● It's no wonder all eyes are on China. With 580 million online shoppers – all with a taste for a good deal – China has one of the largest online shopping markets in the world.

In the third quarter of 2012, China's online retail market exceeded US\$53.81 billion¹. While the numbers are already staggering, Chinese online shoppers don't tend to buy from overseas sites. They're not familiar with Australian web tools and purchase platforms, and in the majority of cases they're not able to actually make a purchase.

Speak the right language

So what would it take for an Australian e-commerce site to open its shopping cart to the millions of online shoppers that China has to offer?

First and foremost – say it in Chinese!

While more and more Chinese are now learning English, the majority still search and read in traditional Chinese.

Shopping is a leisure activity, so why would Chinese

1. MARKET MONITOR REPORT, ENFODESK 2012

You need to offer your Chinese customers a suitable payment platform that can receive Chinese currency.

consumers want the hassle of having to do it in a second language? By having all your business and product information mirrored in Chinese you're potentially welcoming a much larger audience.

And don't forget your call to action. Once you convince your shopper to buy, make sure you have a Chinese language shopping cart.

Get busy

When you start looking at .cn (China) websites you'll notice that 'more is better'. Typical Chinese sites are very content heavy, loading up the home page with lots of links and information. While the trend in the West is to have concise and to the point content with lots of nice white spaces and borders, if you want to appeal to Chinese shoppers you need to get busy.

Video is good in any language

One of the most popular activities for Chinese online shoppers is streaming video content. So include plenty of video content on your site and make sure it's featured on Youku or Tudou – China's answer to YouTube (which can't be viewed there).

Offer a solution they can actually use

The two single biggest issues for Western sites offering an e-commerce experience to a shopper located in China are payment and freight.

The ordinary household citizen can't simply pay you in Renminbi (RMB) and let the bank do the maths and send you Australian dollars.

You need to offer your Chinese customers a suitable payment platform that can receive Chinese currency. The solution is UnionPay Online Payments (UPOP). NAB has enabled UnionPay eCommerce on its NAB payment gateway

for business. Once you integrate with NAB, you can accept UnionPay, which is China's equivalent to EFTPOS, and your site can start accepting payments in RMB. Around 50 percent of cards in China are UnionPay cards – that's just over 1.5 billion cards!

Freight can also be a challenge. While Chinese shoppers love a good deal, sometimes the cost of freight to deliver your goods can change their mind, as it's generally quite expensive to express ship goods to China from Australia. There's no point express shipping a lip gloss that costs \$6 to China when the freight will cost you \$30.

This is where you should negotiate with your freight company and strike a deal.

You should also think about what goods have the highest perceived value so your shoppers feel they're getting quality and value for money.

Go social

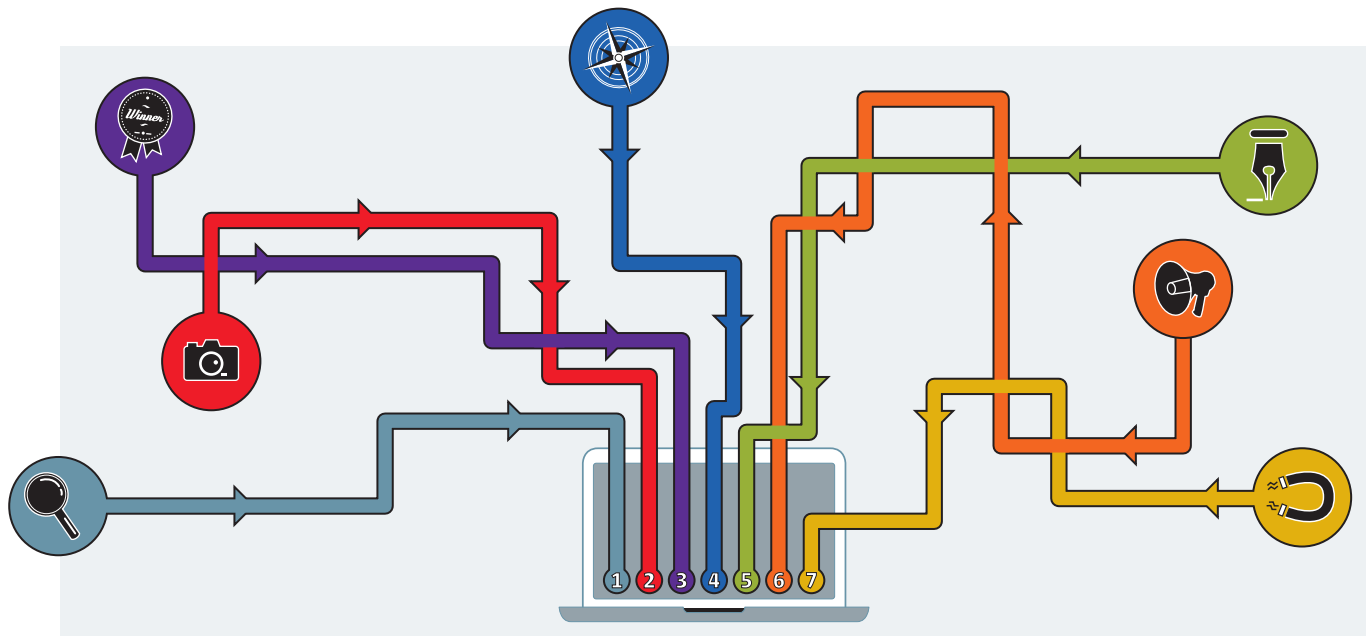
Finally, explore social media – the Chinese kind. Facebook and Twitter are banned in China, but there are plenty of others to choose from, such as Weibo and Renren.

Chinese shoppers look to online communities and forums about new products and may rate new brands based on a business's social media activity. So if you're not social you may be rated poorly.

Having an e-commerce site that appeals and is practical for mainland shoppers in China is possible. With a few tweaks, some Chinese language lessons and great products or services, you may be well on your way to boosting your sales.



Find out more about UnionPay Online Payment, visit nab.com.au/asia



The seven keys to a successful e-commerce website

A website is your online face to the world, but how do you turn it into a sales generation machine?

By Bianca Board – Director, Web123.

● NAB's Group Chief Economist, Alan Oster, recently projected that although retail spend is about 5 percent of total retail sales in Australia, he expects online sales to grow by 20 percent this year. While 5 percent might not sound like a lot, it's actually worth about \$10.5 billion dollars.

And if only 50 percent of Australian businesses have a website, according to a recent poll commissioned by Google Australia, there's a clear motivator for jumping online.

Your website can be a real revenue earner if you build it the right way. Don't worry, you don't need to be an expert to get this right. There are some very simple but crucial elements you need to create a successful e-commerce site.

- 1. Clarity of offer:** If a person finds you on Google, they'll generally give you about three seconds to impress them. Be clear on what you do and make sure they can easily see why they should buy from you.
- 2. Great photography:** Stock photography is usually ignored so invest in a good photo shoot and personalise your website.
- 3. Credibility/strong trust signals:** Social signals can play a big part in building credibility so make it easy to share

your products and pages. Add industry association logos to your page if you're a member and highlight any awards or testimonials you've received.

4. Ease of navigation: Categorise your products clearly and logically so shoppers can find what they're looking for as quickly as possible.

5. Compelling product descriptions: You'll be richly rewarded if you take the time to write something unique and compelling about each of your products.

6. Clear calls to action: Work out the one ideal action you want your visitors to take when they come to your site and make sure every page is working towards achieving this goal.

7. A smart lead capture method: A person generally visits your website seven times before they buy, so how do you bring them back? Offer them something compelling in exchange for their basic details. Then gently market to them until they come back and buy.

When you build on the right foundation everything else is easy. An effective e-commerce site doesn't have to cost the earth but it does need to be flexible and smart.

Remove cash to add value

It's time to look more closely at the cost and efficiency of cash. By Andrew Cartwright – Country Manager of MasterCard Australia.

● If you're a small business operator, there's every chance that you prefer to accept payments in cash, particularly for amounts of less than \$20. According to our research, the total pool of transactions below \$20 amounts to around \$100 billion per year – about 15 percent of all consumer spending – and the overwhelming majority of that was in cash.

But what's driving the preference for cash? Businesses – particularly SMEs – have a misconception about the speed of card payments and that accepting cash payments is 'free'. But that's wrong. Cash payments actually generate significant costs, especially to small businesses.

Cash is expensive

How much time do you spend giving, counting and banking change? We observed three Australian cafés and found that even these basic interactions add up to about eight and a half hours per week.

The opportunity cost of having senior people moving currency means there's already a solid financial reason to reconsider card payments. In every case, the owner of the café spent a portion of their Saturday going to the bank with cash and coins.



And studies in mature payments markets such as Europe suggest that the average cost of a cash transaction is 1.3 percent, so cash is actually more expensive than you may think.

Cash is slow for your customer

Time the cash transactions you do from the point of giving your customer a price to you giving them their change and receipt. The result is likely to be between 12 and 25 seconds. But how many times have you watched people walk away while standing at the back of a queue in your store?

Increase speed and lower costs

Using our contactless application *PayPass*, the average transaction time dropped to 11 seconds (including receipt printing) and 7 seconds (excluding receipt). With more than 10 million *PayPass* cards in Australia, the likelihood is that your customers have one in their wallets and want to use it.

But what about the cost? In a world first, MasterCard has reduced costs for Debit MasterCard card transactions less than \$15 in Australia and the great news is that NAB is one of the first to pass this through to their business customers. The interchange cost is less than half of one cent (\$0.004) for these transactions

Every merchant wants to limit cash losses. There's nothing worse than money disappearing from the till whether through miscalculation in change given, coins dropped under the register or deliberate staff theft. These problems are reduced through card transactions and there's more chance customers have double-checked the right amount has been charged on their receipt, which helps everyone have more certainty the goods and value exchange is accurate.

Removing cash from the economy is good for everyone. Cash in wallets or sitting in tills doesn't earn interest or reduce your debt. And unless you do your banking within minutes of taking every single transaction, electronic payments are faster than cash to settle. And there's only one word for that...

Priceless.

Contact us

Support

NAB Merchant Service Centre
(available 24 /7)

1300 369 852

NAB Transact Support
(8am to 8pm AEST Monday to Friday)

1300 138 313

National Online Corporate
(8am to 8pm AEST Monday to Friday)

1300 652 565

NAB Connect
(8am to 9pm AEST Monday to Friday,
9am to 6pm AEST Saturday & Sunday)

1300 888 413

Sales

NAB Payment Solutions
(8am to 6pm AEST Monday to Friday)

**1300 EFTPOS
(1300 338 767)
Option 1**

Merchant fraud team

Phone
(8am to 5pm AEST Monday to Friday)

1300 668 046

Email

merchant.fraud@nab.com.au

Web

nab.com.au/merchantfraud

Authorisations

MasterCard/Visa
(available 24 /7)

13 25 15

Debit account
(available 24 /7)

1300 360 852

American Express
(available 24 /7)

1300 363 614

Diners Club
(available 24 /7)

1800 331 112

Payment Card Industry

Data Security Standard (PCI DSS)

PCI Help Desk (technical assistance)
(8am to 5pm AEST Monday to Friday)

1300 736 216

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