

E-commerce leader CommSecure reveals that more than 50% of its local councils will implement surcharges on credit card payments

Electronic commerce specialist CommSecure has revealed that more than half of its current local government customers have implemented CommSecure's payment surcharge module. This enables councils to add surcharges where residents select to pay rates and other bills by credit card.

The company's PaySecure and IVRSecure solutions make it easy for councils and other billers to add credit card surcharges to bill payments. CommSecure's clients can set surcharge rates by type of credit card, either as a percentage of the bill or as a flat fee through Internet or interactive voice response (IVR) payment systems. This approach recently became permissible following changes initiated by the Reserve Bank of Australia. Many of the councils are accepting credit card payments for the first time and finding they are typically cheaper to process than cheques or over-the-counter transactions, increase convenience for residents and reduce reconciliation work for their accounts groups. Yet credit cards also carry fees for merchants, with many councils paying up to 1.5 per cent of the value of rate notices and other bills in merchant service fees. So where customers choose to pay via credit card, rather than a lower cost transaction type such as direct debit, some organisations are taking the view that the user should pay for this convenience directly via a surcharge.

While credit card charges may seem small, they quickly add up for councils. For example, an average resident might pay their council \$1,200 a year in rates in quarterly instalments. At a conservative 1 per cent merchant service fee and including transaction charges, the total credit card fees on these payments would usually be around \$14, compared to around \$1.20 for direct debit transactions.

If 10,000 ratepayers paid by credit card instead of direct debit then the council would incur an additional \$128,000 in fees for the year, money that could be spent on child care centres, Meals on Wheels or other council programs.

"Councils are starting to apply a "user pays" approach to the use of credit cards," said Mr Ray Loyzaga, CommSecure Managing Director. "It's reasonable that payers who wish to use credit cards can do so, but councils have distinct views about whether or not these costs should be borne equally by all ratepayers."

CommSecure typically advises clients to encourage customers to embrace electronic forms of payment, including credit cards, but then seek to move them to lower cost types of payment such as BPAY, direct debit and customer-initiated direct debit (where customers establish a standing direct debit authority but control when payments are withdrawn).

"CommSecure's advice is simple: go electronic, take an end-to-end view of your processes and seek the lowest cost channel at every turn," said Mr Loyzaga.

CommSecure is the leading provider of electronic commerce solutions to NSW local government organisations and is rapidly expanding in other states. It was recently appointed as the supplier of e-commerce systems to the Local Government and Shires Associations of NSW, which together represent 172 councils, and is installing electronic payment and billing systems at councils around Australia.

About CommSecure

CommSecure Limited (ASX:CMS) is a technology and services company providing comprehensive e-business solutions to corporate, government and other clients in Australia, Asia and the US. Established in 1998, it is one of Australia's leading e-commerce specialists with solutions that include: PaySecure (Australia's most complete e-payments gateway service); IVRSecure (telephone-based payment capability integrated to PaySecure); BillSecure (electronic bill payment and presentment); MarketSecure (online share trading and financial markets systems); and HostSecure (specialist Internet hosting). It captures and manages Direct Debit Request forms via its DDRSecure service and provides sophisticated Web Development and Technical Consulting services. See www.commssecure.com