

Bendigo positions for new payments regime

Monday 13 October 2014: Bendigo and Adelaide Bank ('Bendigo') will become a substantial shareholder in one of Australia's largest payments providers, Cuscal, following that firm's proposed acquisition of SPS.

If shareholders approve the proposal at Cuscal's AGM in November, Bendigo and Mastercard will both assume a ten per cent stake in the new-look Cuscal. Bendigo and Mastercard jointly launched SPS in 2006.

The SPS merger will firm Cuscal's standing as the only independent ADI licensed wholesale payments company to deliver banking capabilities and payments solutions across the entire spectrum of the payments value chain.

"SPS has successfully carved out an enviable market position as one of the leading independent payment processors in Australia. Combining it with Cuscal makes the best sense strategically and financially in a world where innovation is happening at pace," said Bendigo Managing Director Mike Hirst.

"The payments industry in Australia is going through a period of exciting change. Bendigo is investing in this area to develop innovative and flexible solutions to connect with our customers. This alignment with Cuscal means we are well placed to play a major role in this area, particularly with its focus on the New Payments Platform.

"The combined entity will have the scale and capabilities to compete across the full payments spectrum, but just as importantly the resources to support research and development of new and potentially disruptive payments technologies.

"To achieve our goal to be Australia's most customer-connected bank, we need to deliver solutions that make us even more relevant to customers and their communities and our investment in Cuscal promises to do that in payments."

The combined entity will service more than 100 clients across a number of industries including financial institutions, mutual banks, credit unions, insurers, government departments and agencies and major retail corporations.

The combined infrastructure would support:

- switching technology that enables issuers and acquirers to access the payments system
- a real-time payment platform and 24x7 fraud prevention engine
- connections to all cards and payment schemes
- a digital and mobile infrastructure
- switching for 9000 ATMs, including the rediATM network, one of Australia's largest ATM networks
- a comprehensive merchant management system
- a Tokenisation and Secure Vault system
- comprehensive data analytics capabilities.

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