



Banking on Telstra & Oz Post

While convergence *within* the communications industry continues to grab attention, the convergence of corporate interests *between* the communications and finance sectors has been going on quietly in the background.

Three months ago, Telstra launched its Telstra/ANZ Visa card followed, not long after, by Australia Post's giroPost - an electronic banking scheme which gives a growing number of banks an outlet through post offices.

The banks and credit card companies involved in both schemes have relished the opportunity to access the vast, established customer bases of the state-run enterprises. Telstra alone has a customer base reaching 95.5 per cent of households while Australia Post boasts 800,000 customer visits a day to its over 3,000 postal outlets throughout the country.

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In just three months since its launch, the Telstra/ANZ Visa Card has been taken up by more than 125,000 of the one million 'preferred' Telstra customers who were directly mailed about the scheme.

Meanwhile, the two-months old giroPost scheme has given Australia Post customers access to up to ten different banks and a building society through an on-line network linking 2,200 postal outlets throughout the country. After an investment of \$80 million in networking technology over the past five years, Australia Post now regards itself as a major player in the agency banking and electronic bill-paying business and expects to have 7,000 banking terminals in 3,000 postal outlets by 1997.

Telstra's Bob Gilman, an ex-American Express executive who was lured to Australia a year ago with the task of establishing one of the most aggressive credit-reward programs Australia has ever seen, predicts that within three or four years, the card will have at least a million customers. This would make it competitive with the major banks, he said.

Late last year, Telstra put out a tender with all the major banks, seeking a partner for a card which would allow its customers to pay their telephone bills, make calls from anywhere in the world, use automatic teller machines, make credit purchases for up to 44 days interest free and win bonus points towards such rewards as car rental vouchers, holiday packages, airline frequent flyer points, telecommunications equipment and even food vouchers. An aggressively fought competition resulted in ANZ - with a 20 per cent share of the Australian credit card business - coming out on top.

A \$10 million marketing program including full-page advertisements in all metropolitan newspapers and a six-week television ad campaign, helped snare the first 100,000 card holders within less than two months - well ahead of projections. Telstra customers who spend more than \$750 a year in phone bills were directly

mailed about the card. Gilman, sees the program as a 'pre-emptive and defensive strategy to establish a significant customer base' in the run-up to post 1997 competition.

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Australia Post's giroPost scheme gives banks like Citibank, whose own outlets are restricted mainly to metropolitan areas, access to customers in rural and remote areas around the country.

The scheme is part of a general overhaul of Australia Post's customer service approach which has seen post offices becoming 'a full retail experience.'

Tom Baxter, group manager Business Products for Australia Post, says the focus is on changing post offices into 'more convenient and pleasurable' places. Consequently, older postal outlets have been sold and moved out of established residential areas and into shopping precincts.

Responding to concerns from consumer groups that giroPost may give banks an excuse to close branches - especially in rural and remote areas - Baxter says there is no link between the two.

'There's no doubt that banks have closed some 500 branches around Australia in recent years but that was well before giroPost,' he said. 'We have embarked on this exercise to provide more extensive services for customers and wider choice for people in rural and remote communities.' □