

# Retailer Financial Services in Asia Pacific and the Middle East, 2009 / 2010

## **Report Prospectus**

*March 2010*

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## What is the research?

*Retailer Financial Services in Asia Pacific and the Middle East* is a report, based on a survey of 1,810 high profile retail brands in 20 countries, about the activity and partnerships of major retailers in areas of financial services including payment cards, consumer finance, retail banking and mainstream insurance policies, namely motor insurance, household insurance, accident insurance, dental insurance, other health insurance, travel insurance, pet insurance and life insurance. In addition, the study also covers proprietary and coalition loyalty schemes and international remittances. Countries covered are Australia, Bahrain, China, Hong Kong, India, Indonesia, Japan, Kuwait, Malaysia, New Zealand, Oman, Philippines, Qatar, Saudi Arabia, Singapore, South Korea, Taiwan, Thailand, United Arab Emirates and Vietnam.

In fact, the study provides a comprehensive and detailed overview of the market for retailer financial services across the 20 countries in Asia Pacific and the Middle East that goes far beyond the scope of previously published research. Moreover, the PartnerBASE™ database that accompanies the report details each of the many marketing initiatives for co-branded and store cards, proprietary and coalition loyalty programs, consumer finance, banking products, retailer insurance and international remittances traced by Finaccord. Other global regions covered in sister reports and associated databases are Eastern and South-Eastern Europe, Northern and Central Europe, Southern and Western Europe, and North and Latin America.

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## What is the rationale?

A number of factors, some of which are specific to financial services and some to retailing, provide ample justification for the development of this report and the sister reports covering the same subject in four other broad global regions. With regards to financial services, this rationale can be broken down between what might be characterized as ‘traditional’ retailer financial services (i.e. co-branded / store cards and consumer finance / personal loans) and ‘non-traditional’ retailer financial services (i.e. insurance, mortgages and savings accounts). For example, in the field of ‘traditional’ retailer financial services, the experience of card issuers is that the profitability of successful co-branded card schemes, including retailer programs, usually exceeds that of standard payment cards.

As for ‘non-traditional’ retailer financial services, it can be asserted that in much of the world, consumers are changing the way in which they acquire financial services and demonstrating an increasing willingness to use alternative distribution systems, including major non-financial brands such as large retailers. Furthermore, the Asia Pacific and Middle East regions also include economies characterised by very high growth rates, such as China, India, Indonesia and Vietnam, in which consumer expenditure patterns are shifting rapidly from informal street markets and the like to modern, organised retailing concepts although in which the latter still accounts for a fairly small proportion of total retail sales.

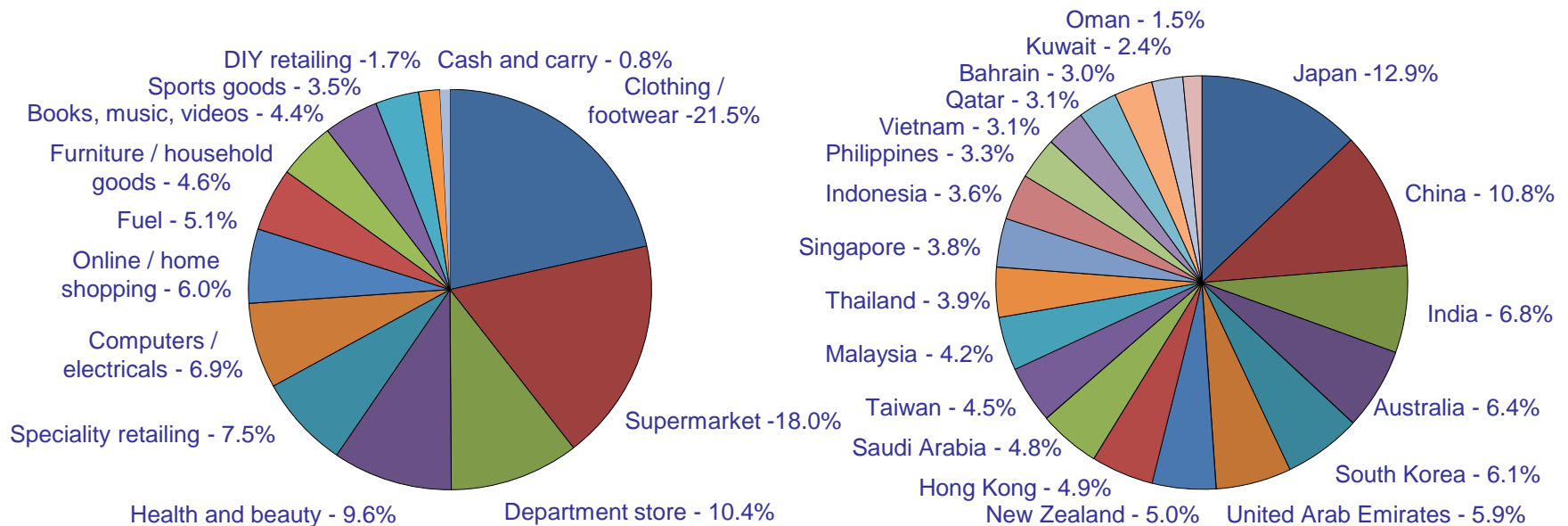
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## What methodology has been used?

The main research input into this study is a survey, carried out between December 2009 and March 2010, of 1,810 major retailing brands across 20 countries in the Asia Pacific and Middle East regions. The aim of this investigation has been to gather top level data concerning the provision of financial services by the organizations in question, the operating models that they use and the financial partners with which they work in this context. Naturally, given that there are literally millions of smaller retailers in total in the territories reviewed, the majority with just a single outlet, Finaccord has sought to focus on the very largest entities that are likely to be of most strategic interest to providers of financial services. Indeed, the 1,810 major retailers break down by country and by category as illustrated in the graphic overleaf.

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# How do organisations surveyed break down?



**BY TYPE**

**BY COUNTRY**

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## Which specific retailing groups have been researched?

Among the major retailing groups included in the research are:

Aeon Group	China Paradise Electronics	Gigas K's Denki	Mercury Drug	Shenzhen A-Best
Al Safeer	China Resources Enterprise	Gome Electrical Appliances	Metcash Trading Australasia	Shin Kong Mitsukoshi
ALDO	CK Tang	Grupo Inditex	Metro Group	Shinsegae
Alshaya	Coles Group	GS Retail	Mitra Adiperkasa	SM Group
Alticor	Daiei	Harvey Norman	Mitsukoshi	Suning Appliance Chain Store
Amazon	Daimaru	Hi-Mart	Myer	Takashimaya
Arcadia	Dairy Farm International	Hyundai Department Store	Nine West	Tata Retail
AS Watson	Daiso Sangyo	Ikano	Office Depot	Tesco
Auchan	Direct Group	Isetan	OTTO	The Mall Group
Avon	E.Land	Jiangsu Five Star Appliance	Pantaloon Retail	The Sultan Center
Benetton	Edion	Kojima	Parkson	Trust-Mart
Best Buy	Ek-Chai Distribution System	Lawson	PresiCarre	Uni-President Enterprises
Bic Camera	Elken	LG International	Reliance Group	Uny
Big C Supercenter	Emke Group	Life	Robinson & Co	Viveks
Bokwang Family Mart	Esprit Holdings	L'Oréal	RSH	Wal-Mart
Bright Foods	F.J. Benjamin	Lotte Shopping	Rustan Group	Warehouse Group
Brilliance Group	Family Mart	Marks & Spencer	Saigon Coop	Wesfarmers
Carrefour	Far Eastern Group	Maruetsu	Sanlian Commercial	Woolworths
Casino	Fast Retailing	Marui	Seven & I Holdings	Yamada Denki
Central Retail	Foodstuffs	Matahari Prima Putra	Shanghai Lotus	Yodobashi Camera

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# What is the report structure?

0. *Executive Summary*: providing a concise evaluation of the principal findings of the report.

1. *Introduction*: offering rationale, description of methodology and other related notes.

2. *Regional Overview*: comprising a regional overview of the activity of major retail brands in payment cards, proprietary and coalition loyalty programs, consumer finance / personal loans, banking, mainstream insurance policies and international remittances. As well as analyses of the operating models used by retailers for financial services, this section also analyses the extent to which retailer cards are affiliated to MasterCard, Visa and other international payment brands in each country and identifies retailers operating through captive or joint venture finance arms..

3. *Australia*: an in-depth analysis of the market for retailer financial services in Australia with separate consideration given to initiatives in payment cards, loyalty schemes, consumer finance / personal loans, banking products, insurance and international remittances. Key partnerships between retail chains and banks, card issuers and insurance providers are identified for each of these financial services while retailers are analyzed according to whether they possess proprietary loyalty programs or participate in coalition loyalty schemes.

4 - 17: *chapters for China, Hong Kong, India and all other countries to Vietnam are structured along similar lines to that for Australia.*

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# What are the key features of the research?

Key features of this report include:

- comprehensive coverage of the involvement in financial services of 1,810 major retail brands in 20 countries in the Asia Pacific and Middle East regions;
- investigation of over 600 schemes for retailer payment cards and point-of-sale finance: which finance providers are strong in which countries and with which retail chains do they collaborate?
- identification of 845 proprietary retailer loyalty programs including the split by country according to whether they are linked to a corresponding payment card or to a card with no payment function;
- focus on key initiatives in retailer banking such as AEON Bank, Rakuten Bank and Seven Bank in Japan and FairPrice Plus (NTUC FairPrice / OCBC) in Singapore;
- in-depth consideration of retailer provision of mainstream insurance: 32 major retail brands in the Asia Pacific and Middle East zones were active in 'brandassurance' by the first quarter of 2010.

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## How can the research be used?

You may be able to use this report and the PartnerBASE™ that accompanies it in one or more of the following ways:

- gain rapid access to a unique source of intelligence covering virtually all significant retail groups across an extremely wide range of geographies;
- monitor the activity of key national and international competitors in retailer financial services including the many international subsidiaries of Aeon Credit Service, Citigroup, GE Capital and HSBC;
- understand the potential in each country for converting proprietary retailer loyalty cards and coalition loyalty schemes into fully-fledged payment cards;
- evaluate the actual and potential impact of coalition loyalty programs in the region, with Middle Eastern countries and South Korea acting as a point of reference in this respect;
- retailers in Europe are becoming increasingly involved in insurance intermediation - appreciate the opportunity for their counterparts in Asia Pacific and the Middle East to replicate this approach.

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# How can the PartnerBASE be used?

Filter by type of retailer      Select country      Filter by type of card

Retailer	Type	Country	PAYMENT CARD			Operating model	Partner(s)	Network
			Credit / deferred debit card	Debit card	Rechargeable prepaid card			
Homewide	Cash and carry	Japan	Yes			Captive	Aeon Credit Service	JCB, MasterCard, Visa
Hualian GMS	Supermarket	China	Yes			Single partner	Bank of Shanghai	UnionPay
Hue Place	Health and beauty	South Korea	Yes			Single partner	Shinhan Bank	Visa
Hypermart	Supermarket	Indonesia	Yes			Single partner	Bank Mandiri	Visa
Hyundai Department Stores	Department store	South Korea	Yes			Joint venture	Hyundai Card	Private

Look up specific retailers      Choose operating model      Identify financial services partners

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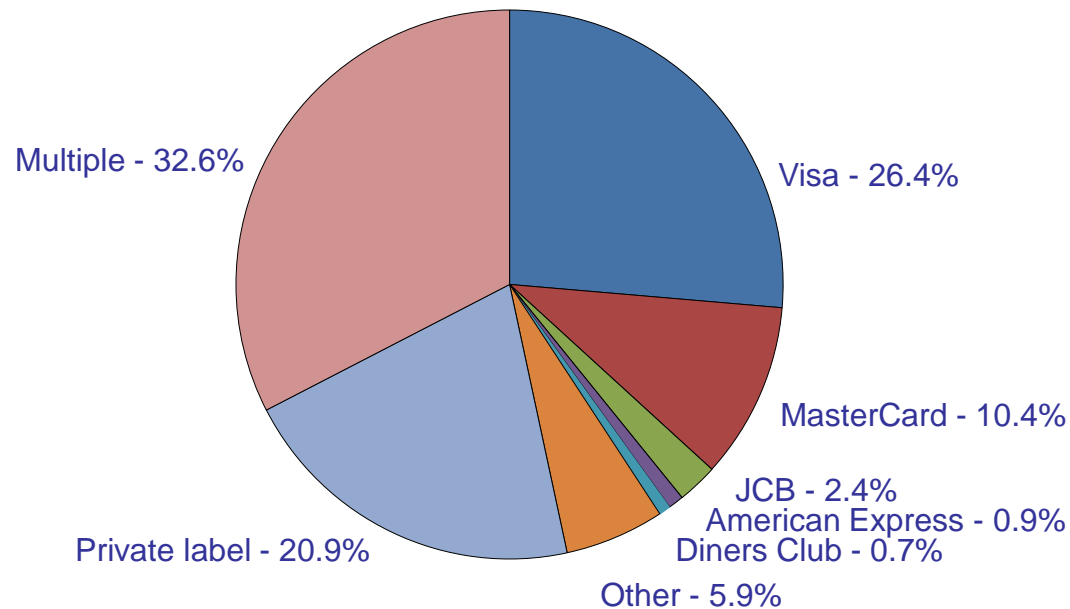
## Who can use the research?

1. *Payment card issuers:* this study is an up-to-date and comprehensive source of information about retailer payment cards in 20 markets in Asia Pacific and the Middle East with coverage of credit / deferred debit, debit and rechargeable pre-paid products;
2. *Banks and lending institutions:* partnerships with major retailers for the provision of point-of-sale finance, especially in categories such as computers / electricals, furniture / household goods and online / home shopping, offer a potentially strong growth channel;
3. *Insurance companies:* as merger and acquisition activity brings about the creation of larger, more international retailing groups, the opportunities for underwriters and brokers to set up retailer insurance programs are sure to multiply;
4. *Retailers:* Aeon Credit Service generated net profits of around USD330 million in the most recent financial year and lays claim to a portfolio of over 20 million cardholders: to what degree is there an opportunity for your organisation to expand profitably into financial services?
5. *Loyalty management companies:* the research offers a thorough guide to over 845 proprietary retailer loyalty programs in Asia Pacific and the Middle East as well as coverage of the leading coalition loyalty schemes.

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## What are some of the key findings?

1. Almost one third of retailers offering co-branded or private label payment cards promote cards that are linked to more than one network

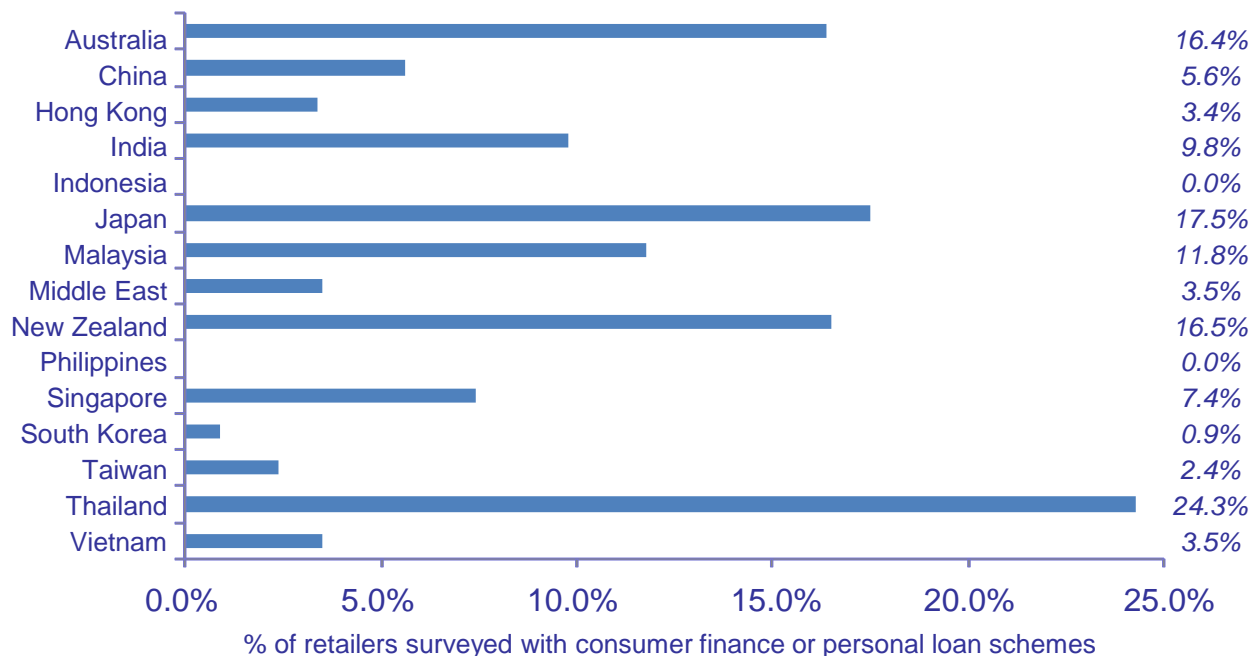


Source: Finaccord Retailer Financial Services in Asia Pacific / Middle East survey

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## What are some of the key findings? (cont.)

### 2. Schemes for classic point-of-sale consumer finance do not exist at all in either Indonesia or the Philippines but are comparatively widespread in Thailand

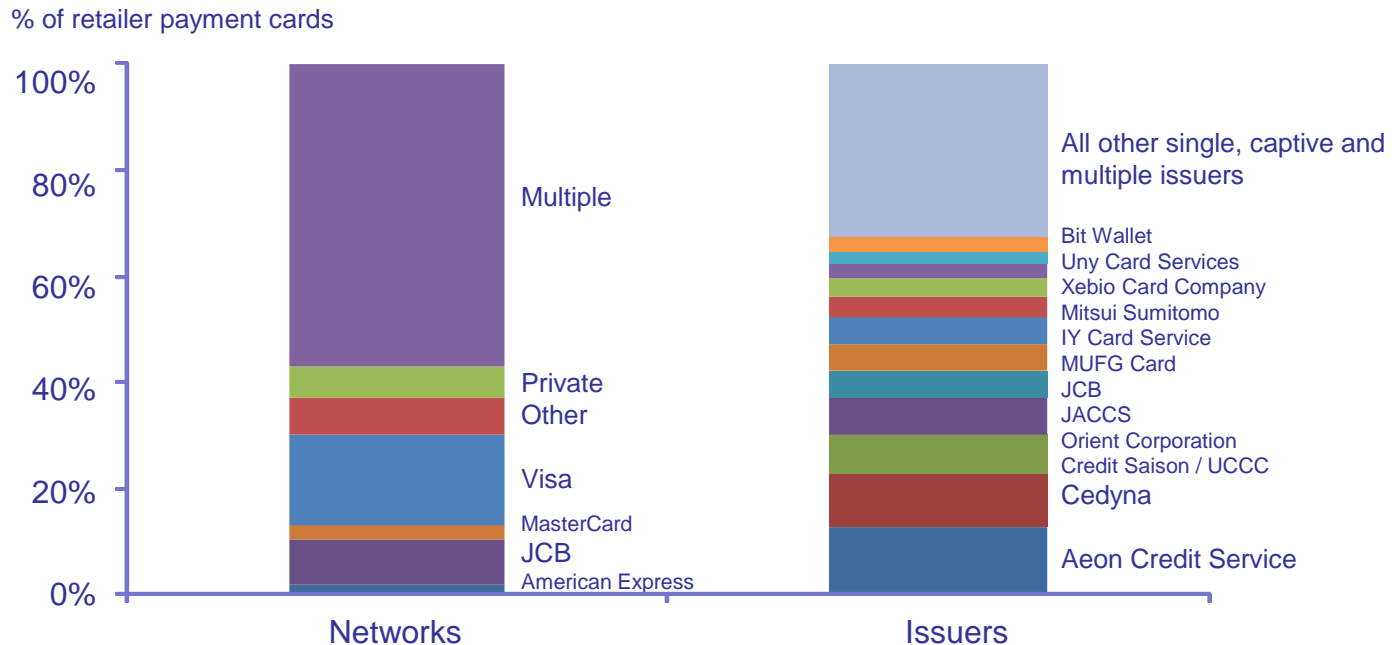


Source: Finaccord Retailer Financial Services in Asia Pacific / Middle East survey

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# What are some of the key findings? (cont.)

## 3. In spite of some consolidation, the Japanese market for issuing retailer payment cards remains extremely fragmented



Source: Finaccord Retailer Financial Services in Asia Pacific / Middle East survey

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## What are some of the key findings? (cont.)

### 4. Key findings from the executive summary include:

- retailer payment cards are most prevalent in Japan, South Korea and Taiwan where 50.4%, 49.1% and 40.2%, respectively, of major retail brands offer them, but are least common in the Middle East, Vietnam and India with data points of 4.3%, 10.5% and 11.4%, respectively;
- as far as coalition loyalty schemes are concerned, the research traced 193 retailer brands across the 20 countries in Asia Pacific and the Middle East participating in such programs, thereby producing an overall rate of involvement of 10.7%;
- as for retailer involvement in the distribution of mainstream lines of insurance in Asia Pacific and the Middle East, Finaccord found entities in nine of the 20 countries investigated making insurance products available with the highest rate of activity being recorded in Japan;
- as elsewhere in the world, it is apparent that banking institutions and insurance companies that develop partnerships with retailers can benefit from several advantages - these include gaining access to a huge number of customers, cutting acquisition costs, obtaining customer data to help define risk profiles and expanding physical distribution channels.

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## What is the cost and format?

*Retailer Financial Services in Asia Pacific and the Middle East* is available as a standard Adobe Acrobat PDF document and / or hard copy. The PartnerBASE™ that accompanies it at no further charge is in Microsoft Excel format. Costs for this research set and selected other comparable, international titles are as follows:

<b>REPORT</b>	<b>COST *</b>	<b>FORMAT</b>
Retailer Financial Services in Asia Pacific and the Middle East	£2,495	c. 280 pages
Global Retailer Cards: Co-Branded, Loyalty and Private Label Programs	£3,995	c. 550 pages
Global Retailer Insurance: Affinity Schemes in Supermarkets and Other Stores	£2,495	c. 210 pages
Retailer Cards in Europe: Co-Branded, Loyalty and Private Label Programs	£1,995	c. 300 pages
Retailer Financial Services in Eastern and South-Eastern Europe	£1,495	c. 170 pages
Retailer Financial Services in Northern and Central Europe	£1,495	c. 240 pages
Retailer Financial Services in North and Latin America	£1,995	c. 225 pages
Retailer Financial Services in Southern and Western Europe	£1,495	c. 170 pages

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## How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site available at [http://www.finaccord.com/order\\_global\\_rfsr.htm](http://www.finaccord.com/order_global_rfsr.htm) and fill in the online order form, clearly indicating:

- report required
- type of corporate user licence, if required \*
- billing name
- address and e-mail address
- purchase order number, if applicable

Please allow up to one working day for the delivery of electronic copy by e-mail.

\* For the **corporate user licence** please choose one of the following options:

1. One office, one country: no supplement over and above basic cost of reports ordered
2. Multiple offices, one country: additional 20% over and above basic cost of reports ordered
3. Multiple offices, two to ten countries: additional 50% over and above basic cost of reports ordered
4. Global (unlimited offices in unlimited countries): additional 100% over and above basic cost of reports ordered

*VAT at the prevailing rate will be added to the price of any corporate user licence acquired by UK-based buyers.*

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