

Extract from:

CITIGROUP GLOBAL MARKETS / EQUITY RESEARCH
Industry In-Depth Report
Australia/NZ Banks
12 September 2007

Tyro (formerly Moneyswitch)

Tyro is a start-up transaction processing business that has built a switch which utilizes broadband internet technology (rather than telephone lines). Retailers currently wait up to 15 seconds to process transactions with traditional telephone based technology. Aside from increased speed, Tyro claims its technology is up to a third cheaper.

After a period of testing and proving the robustness of the technology, the business is now deriving revenue. It recently signed an exclusive deal to be the EFTPOS provider to all Australian Toyota dealers.

While it's too early to call this business a significant threat to major bank revenues, the banks need to ensure their EFTPOS technology is competitive with the best in the market. An easy way to achieve this would be to acquire industry innovators such as this company before they do become a threat. Such a move might also be a way to get an edge on major competitors in this space.