

# BankingDay

on topic | on time

Eftpos targets cash, not cards

**Thursday 3rd June 2010 7:04 am EST**

The infant Eftpos Payments scheme will mandate a shift to chip-based cards, and the replacement of the ubiquitous magnetic stripe technology, between 2011 and 2014, the Financial Review reported. Eftpos Payments Australia Ltd may publicise its decision as soon as today, according to the newspaper.

Making Eftpos cards useable in contactless payments (with no need to swipe or insert the card into a payments terminal) is the initial rationale for the switch to chip, according to the AFR. This means banks will also have to accelerate their investment in contactless terminals (as CBA, mainly, is doing).

The switch to chip bank-issued Eftpos (and ATM) cards will thus catch up with a shift in technology that is fast becoming the standard for bank-issued credit cards.

Banks and merchants formed Eftpos Payments Australia Ltd last year to centrally manage the development of the 30-year-old, card-based payments system.

In the card-issuing segment big banks have over recent years shown a preference to issue "scheme debit" cards carrying the MasterCard or Visa marques, partly to take advantage of the better interchange fees that apply to these cards and partly to provide a more functional card for customers (as they can be used for internet, telephone and mail orders, unlike Eftpos cards).

MasterCard and Visa have for years endeavoured to have bank-issued chip-based cards that comply with the EMV standard, while Eftpos terminals are also all supposed to be upgraded to cater to those cards (as many already have been).

All content is protected by © Copyright 2003— 2010 Banking Day