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## Shops expected to foot bill for eftpos rise

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RETAILERS are likely to shoulder the bulk of the \$220 million in additional annual costs to run the eftpos network after the payments system operator lifted its fees.

The fee rise has raised concerns that retailers could be steered away from using eftpos.

Eftpos has come under increasing pressure from debit card payment schemes run by global companies such as Visa and MasterCard. Such schemes have higher interchange fees, which translate to higher revenue for banks that issue the cards instead of eftpos cards.

Previously, retailers received a rebate of 4¢ to 5¢ from their bank for use of the eftpos network. This often translated to hefty discounts for renting the payments hardware, underpinning the rapid expansion of the system over the past decade.

Under the changes, for purchases over \$15 the retailer's bank will now be charged 5¢ by the cardholder's bank for every transaction. Such charges are likely to be passed directly to the retailer.

For lower cost transactions, the retailer's bank must still pay a network processing fee of 1¢ per transaction. And the retailer's bank will no longer receive a rebate.

Charities and government agencies using the payments system, including Medicare, will also lose their rebate for the hardware.

Eftpos Payments Australia's managing director, Bruce Mansfield, said the fee changes were necessary to ensure the long-term viability of the eftpos payments system.

"We need to invest in and upgrade the existing eftpos system to ensure that it offers a world-class system - to ensure it is fast, cheap and safe for consumers and merchants."

Mr Mansfield said the new pricing structure still provided effective competition for debit schemes operated by Mastercard and Visa.

The fees are not directly levied on consumers, but retailers will either absorb the costs or claw back charges as part of running the business.

A rival player in the debit card system, Tyro Payments, said the changes made eftpos more expensive for smaller retailers. Combined with the loss of a rebate, the fee changes represented an effective rise of 11¢ per transaction.

"The eftpos fee increase does nothing to help Australia's debit payment system to compete," the chief executive, Jost Stollmann, said. "Now the merchants face higher costs - and cardholders, too."

Given their large volume of transactions, Coles and Woolworths are likely to secure a better deal because they negotiate interchange fees directly with card issuers.

Every 1¢ fee increase is likely to translate to an annual cost of \$20 million, figures from Tyro suggest.

The new fees are scheduled to begin in October.

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