

Legal matters



RELATED TOPICS

[Australian Bankers' Association](#), [banking](#), [business operations](#), [Consumer Action Law Centre](#), [credit cards](#), [Eftpos](#), [EPAL](#), [Tyro](#)

CATEGORIES

[Finance](#) | [Cash flow](#) | [Management](#) | [Legal matters](#)

Businesses face new EFTPOS fees

By Michelle Hammond
Tuesday, 08 March 2011

Small retail businesses will be hit with a five-cent fee for every EFTPOS transaction valued at over \$15 under a new scheme announced by payment network regulator EPAL.

After weeks of consultation with industry bodies, EPAL has announced a new fee model will be introduced for EFTPOS network transaction. However, because the system is multilateral, it will affect different businesses in different ways.

For charities, Medicare Easyclaim and every transaction below \$15, the interchange fee will be set at zero cents.

For every transaction above \$15, a fee has been set at five cents. This compares to the current fee of 12 cents for transactions made on the Visa and MasterCard networks through debit cards.

EPAL managing director Bruce Mansfield says the new interchange fee – which comes into effect on October 1 – represents a discount when compared to the 12 cents charged for debit cards, which is at the top of the RBA-regulated range for fees.

"Our new multilateral interchange fees should be considered alongside the separate scheme fees that apply to both EFTPOS and international scheme debit cards," Mansfield says.

"When the significantly cheaper EFTPOS scheme fee is factored in, EFTPOS transaction charges will be three to four times cheaper for retailers than international debit card transactions."

Mansfield says that given 20% of EFTPOS transactions are below \$20, the new fee structure means businesses won't be penalised for continuing to offer EPAL services.

He also points out that the reverse interchange fee is still at -15 cents, meaning merchants still have an incentive to provide cashout.

But Jost Stollman, chief executive of EPAL rival Tyro, says SMEs will be forced to cough up extra cash for EFTPOS transactions.

Stollman says the fee structure is "worlds apart" from the current model, whereby businesses are provided a reverse interchange fee of -4 cents for every EFTPOS transaction.

"The difference is quite large. So the merchants will actually be charged if the transaction is above \$15, which is still a significant part of the market," he says.

However, Mansfield says the new system will be fairer for businesses wanting to offer EFTPOS for cheap transactions.

Meanwhile, business has balked at a new draft bill released by the Government, which plans to crack down on credit card operators.

The new laws would see a ban on fees when cardholders exceed their credit limit, and stop people from exceeding their limit by more than 10%.

But the Australian Bankers' Association has slammed the new bill, with chief executive Steve Munchenberg saying it goes against what the government had previously announced.

"The problem that we see is that when a new customer comes into a bank now for a credit card, the bank will be conservative about what they will give them until they show they can service that debt and meet their repayments," he says.

But the Consumer Action Law Centre supports the reforms, arguing current laws around credit cards pose problems.

"Credit cards have been a product where industry has done all they can to gently suck consumers in to higher limits and we see the detriments of that," CALC co-chief executive Carolyn Bond says.

The proposed legislation is expected to enter Parliament within the next two weeks.

[<< Previous](#)

[Australia's Top 40 Female Entrepreneurs revealed](#)

[Next >>](#)

[THE NEWS WRAP: Bryce calls for boardroom quotas to break Australia's 'old boys' club'](#)

Like

Sign Up to see what your friends like.

0

SHARE THIS PAGE :

RELATED ARTICLES :

- [Consumers ultra-conservative despite growth](#)
- [Smoothie operators](#)
- [What do I need to look for in a cross-promotions partner?](#)
- [Flexible working touted as answer to commuting gripes](#)
- [Start-ups urged to prepare for NAB-style marketing success](#)

TOP FINANCE ARTICLES :

- [Flood relief for Qld small businesses](#)
- [Pulling up your start-up by its bootstraps](#)
- [Top 10 excuses for late payment – and how to tackle them](#)
- [Top 10 tips to attract venture capital funding](#)
- [Top 10 ways to drive a better deal from your bank](#)

LATEST NEWS ARTICLES :

- [THE NEWS WRAP: World financial markets slump in response to Japan's nuclear crisis](#)
- [Government launches business naming proposals](#)
- [Japan braces itself for nuclear disaster](#)
- [Consumers ultra-conservative despite growth](#)
- [Domino's joins fast food franchisee push](#)