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Senate banking competition inquiry – no silver bullet Rebuilding a more competitive environment is hard work

The Senate Economics Committee would like to see greater competition in the provision of payment, clearing and settlement services. Tyro welcomes the recommendation of an ACCC examination of the barriers to competition in the Australian payment and banking system.

As the only new entrant into the card payment system, Tyro identified 13 barriers to entry and expansion that need to be addressed for a more competitive and consumer-friendly payment sector. Those include:

1. Banks should be required to pay merchants (including SMEs) every day the same day.
2. Bank should not be allowed to offer worse settlement terms to new entrant merchants versus their own merchants thus reducing competition.
3. Banks should not be allowed the bundling of acquiring services as working capital packages or support for debt facilities thus eliminating competition.
4. Banks should not be allowed to increase interchange fees cross-subsiding the acquiring business, lowering competitive pressure and sheltering their fee revenue against competitive tension.
5. Banks should not decide to raise EFTPOS interchange charged to acquirers and eventually to retailers and that without increasing charges to Coles and Woolworths.
6. Government should ensuring proper access to oligopolistic and monopolistic markets such as private health funds.

Tyro believes that there needs to be a continuous effort in detailed reform steps to secure real banking reform. The playing field needs to be levelled for new players to enter this space and to build up scale. The banks have to credibly undertake to refrain from bundling and discriminatory behaviour.

It took Tyro four years to overcome most EFTPOS entry barriers. Tyro has introduced transparent pricing, non-stop acquiring, broadband integrated EFTPOS and specific solution in the health, newsagents, duty free and restaurant space. For four years Tyro has been battling the many barriers to expansion in order to build an overall market presence.

“Now it is all about keeping up the momentum and reducing entry and expansion barriers, one by one without delay. The enemy is the defeatist attitude. There is no silver bullet. Rebuilding a more competitive environment is hard work, let us get on with it” said Jost Stollmann, CEO of Tyro Payments.

Is it important? Tyro is the voice for 300,000 SMEs offering EFTPOS. Tyro provides millions of cardholder with a fast and highly secure payment experience. A successful Tyro would be the proof point that here in Australia innovators can take on the establishment and provide the community with better outcomes.

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About Tyro Payments Limited

Tyro is Australia's EFTPOS innovation institution and is the first new entrant into the EFTPOS business in over 14 years. Tyro holds an authority under the Banking Act to carry on a banking business as a Specialist Credit Card Institution (SCCI) and operates under the supervision of the Australian Prudential Regulation Authority (APRA). Under this authority Tyro provides credit, debit, EFTPOS, gift and loyalty card acquiring and Medicare claiming and rebating services, but may not take money on deposit.

Tyro's transparent payment solutions are uniquely merchant focused, enabling reduced fees, greater productivity, better cost management and a superior payment experience for consumers.

Tyro is a wholly Australian-owned company with no external venture capital. The company has been fully funded by the Executives, Directors, independent and strategic investors.

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