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Tyro's Submission to the Productivity Commission: The Australian Retail Community is under Threat

The digital economy will allow big retailers to expand their domination and further squeeze the remaining retail community.

The increasing preponderance of smartphones and ever-present broadband access allows big retailers to deploy customer engagement strategies through the bundling of financial and marketing services.

Let us assume for a moment, that a big retailer upgrades their tens of thousands of EFTPOS terminals through their supermarkets, general merchandise, liquor, electronics, hardware stores, petrol stations and pubs to accept contact-less payment devices using a new technology called Near Field Communication. Now let us assume that Australian consumers upgrade their telephones to smart phones and download the big retailer's application.

What would be the impact of these changes in practice? We cannot know exactly yet, but what if the consumer could conveniently benefit from this big retailer's rewards, discounts and coupons by simply hovering the phone at the point of payment. What if consumers could use credit from this big retailer or own money deposited into a big retailer's account that works like an electronic wallet.

And thinking further afield, what if the big retailer could in real time take the consumer's personal profile and purchase patterns and marry them to their location. What if this data could be used to expeditiously craft a message including a discount, coupon or reward that motivates the consumer away from the nearby owner-operated store and into the big retailer's format outlet three blocks further on? Just in time and just at the right place.

We have seen big retailers already increasingly promoting and discounting across their broadening range of retail categories through loyalty and coupon programs. The digital revolution will bring this to an entire new and threatening level.

For the retail community to survive in this new media-rich and interconnected digital world, a vigilant regulator and competition authority is required so big banks and big retailers will refrain from discriminatory behaviours and anti-competitive bundling opportunities made possible by the new digital environment.

It requires the business software industry, innovative payment partners and the retailer community to work together and use the abundance of new ideas and products, such as convergent payment, marketing and promotion technology, to also deliver the shopping experience that the new generation of digital-savvy consumers expects. This is a matter of survival.

Tyro's is the only banking institution that unequivocally sides with the Australian SME community to face the challenges of competing with the big bank and big retailer establishment. Every new retailer that entrusts Tyro with their, business, helps this challenger grow and invest in the required capabilities. It is a race.

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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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