

Ready for a 10c hike on EFTPOS use?

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- From: [The Advertiser](#)
- August 15, 2011 12:00AM



CHARGED: Increases in fees levied on merchants for using eftpos will eventually flow on to customers. *Source:* The Courier-Mail

CONSUMERS can expect a 10c fee rise on EFTPOS use if the banks accept a new payment structure today.

The operator of the system, EFTPOS Payments Australia, has given banks until the close of business to opt into the system affecting all transactions of more than \$15.

Merchants' banks will be charged a 5c fee for each transaction under the proposal, reversing the current system where a cardholder's bank pays a 5c fee to the merchant's bank.

Jost Stollmann, chief executive of EFTPOS competitor Tyro Payments, says consumers will ultimately bear the brunt of the higher charges.

"There is a risk that the banks will pass on their higher costs to retailers, he said. "I don't know why they wouldn't because they won't absorb them.

"The merchants then need to decide what to do about that, whether to absorb it or to increase prices to pass it on."

He said low-margin businesses such as retailers would find it difficult to pass the increase on to customers, increasing pressure on sectors already challenged by a higher dollar and plummeting consumer sentiment.

The new fees will start October 1 and according to Choice spokeswoman Ingrid Just, they will be lower than credit card fees.

The new fees will exclude transactions through Woolworths, Coles and Medicare and any other card issuers that elect to stay with their current contracts.

EFTPOS Payments managing director Bruce Mansfield said there would be no direct charges to customers or merchants, although he would not comment on a bank's ability to recover those costs indirectly.

The company will raise \$40 million annually through a new "scheme charge" of 1c on both the buyer's and seller's banks, levied on every Australian EFTPOS transaction.

Mr Mansfield said the company needed to invest in its future to match the innovation of credit card giants Visa and Mastercard.

"EFTPOS has been around for 30 years and we need to do a bit of a renovation," he said.

"They (Visa and Mastercard) have secure chips, that have 'tap and go' and you can use them on the internet and overseas.

"If we don't bring EFTPOS up to speed, we will follow Bankcard ... and merchants will be left with two products, both controlled by overseas companies."