

Media Release 9 September 2011

Banks commence raising the eftpos interchange fees – Retailers and Consumers might face increased eftpos charges



CONSUMERS and RETAILERS could suffer from increased EFTPOS charges.

The implementation of the planned eftpos interchange fee⁽¹⁾ increases will commence from 1 October 2011⁽²⁾.

The Australian banks should reverse their decision.

Yesterday's media release by eftpos Payments Australia Limited (ePAL), representing the banks, Coles and Woolworths, clarified that the eftpos interchange fee increase may burden consumers versus prior claims that Australian consumers should not face any new charges.

Now it says: "It is therefore pre-mature to state with certainty what impact the planned changes will have on retailers or then upon their consumers."

Australians pay over two billion times a year with their eftpos card.

"This fee increase comes at a time when Australian shops and consumers are doing it tough. They certainly do not need the risk of further charges to access their own money with their debit card," says Jost Stollmann, CEO of Tyro Payments.

"Banks should first deliver a safer, reliable and better payment experience to Australian consumers before they consider increasing fees. Yesterday a major bank reported yet again an EFTPOS outage.

"The industry is in dire need of innovation. That is what we demand from the industry and what Tyro delivers. We believe in fair and transparent fees.

"We certainly consider it unfair for Australia's shops to face the risk of up to 10 cents higher eftpos costs, when Coles and Woolworths continue to be paid 5 cents for each of their eftpos transactions."

Now ePAL admits that consumers and small businesses may be worse off. Banks will certainly be better off.

The eftpos fee should stay, where it is currently set: 4 to 5 cents contributing to the costs of acquirers and retailers to offer the consumer a safe and low cost debit card payment solution and that for everyone.

(1) Interchange fees are payments made between the retailer's bank or financial institution (known as the acquirer) and the EFTPOS cardholder's bank or financial institution (known as the issuer). Today, the issuer pays a regulated fee of 4 to 5 cents to the acquirer contributing to the investment into the EFTPOS infrastructure including EFTPOS terminals. The new fee proposal reverses the fee flow, so that the issuer charges 5 cents to the retailer's bank. This bank may or may not pass on the cost increase to the retailer. The retailer may or may not pass on the increase to the consumer.

(2) Eftpos Payment Australia Limited media release 8 September 2011



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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.