

Federal court orders EFTPOS Payments Australia Limited to stop telling porkies « eCommerce Report

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Australia's Federal Court has ordered EFTPOS system regulator – EFTPOS Payments Australia Limited – to stop claiming its upcoming changes to EFTPOS wholesale interchange fees won't be passed on to consumers.

Justice Jacobsen yesterday issued the orders following a court action initiated by ALDI supermarkets protesting against changes in EFTPOS wholesale fees due to come in from the 1st of October. The new fees affect EFTPOS debit card transactions and will see retailers' banks required to pay card-issuing banks 5 cents on every retailer EFTPOS transaction they process. This will completely reverse the current situation, where

retailers' banks are actually paid a small fee for every retailer EFTPOS debit transaction they process.

There are important exceptions to the new fee structure, including the complete abolition of any fees on transactions worth less than \$15, and the maintenance of the current fee flow on cash-out transactions.

Those exceptions will clearly minimize the overall impact of the fee changes on larger retailers such as Woolies, Coles, the major petrol retailers and fast food franchises.

But, as we've previously reported, smaller retailers such as newsagents reckon the fee changes will hit them hard.

And now ALDI has initiated legal action over the new fees, which appear certain to see banks increasing their EFTPOS fees and charges to retailers.

Indeed both the **NAB** and **Westpac** have been reported as suggesting likely increases of as much as 10c per transaction.

EFTPOS Payments Australia Limited CEO, Bruce Mansfield had said the changes would not affect consumer bank fees

"The changes to EFTPOS .. will not result in any increase in consumer bank fees," he told ZDNet.com.au on the 15th of August.

But in the wake of the NAB and Westpac announcements, and concern raised by **NSW Fair Trading Minister- Anthony Roberts**, Mansfield issued a clarification.

The planned changes to EFTPOS interchange fees will commence to be implemented from 1 October 2011. It remains to be seen whether acquirers will pass part or all of the fee changes on to retailers, and what retailers may do in relation to their consumers as a result of any changes. It is therefore premature to state with certainty what impact the planned changes will have on retailers on then upon their consumers.

Now however, the Federal Court has banned EFTPOS Payments Australia Limited from making any such statements and specifically banned it from claiming that consumers won't get hit as a result of the changes.

(a) It will not make or express any unqualified public statements which express certainty as to the outcome or impact of the planned changes to EFTPOS interchange fees as announced in the media release dated 8 March 2011 (the "planned charges") on consumers in terms of the fees that they may be charged by retailers or on retailers in terms of the fees that they may be charged by their banks or other acquirers.

(b) It will not repeat the statement that "Australian consumers should not face new charges following planned changes to EFTPOS interchange fees".

The orders are not clearly not good news for EFTPOS Payments Australia Limited, and may have

given ALDI the confidence to expand its campaign.

Indeed **ALDI's group national IT director, Alex Richards**, via a post appended to an online news report, today publicly invited retailers to send him evidence to be used in the court battle.

For retailers or merchants who have been informed by their banks of a fee increase from 1st October due to ePAL changes, please email or fax the letter through to me.

E: alex.richards@aldi.com.au F+61 2 9675 9388 Deadline is COB Friday 16th Sep. Thanks for your support, this will help to highlight the widespread impact on Retailers.

Alex Richards – Group National IT Director, ALDI

For more information go to:

<https://www.comcourts.gov.au/file/Federal/P/NSD1531/2011/actions>

www.zdnet.com.au/aldi-sues-EFTPOS-over-new-fee-system-339322395.htm

www.eftposaustralia.com.au