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Banks must invest to stop outages, improve EFTPOS services: Expert

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The Reserve Bank, along with the Australian Prudential Regulation Authority, are looking at ways both can reduce the impact of future outages in electronic payment systems that would affect retail customers, it said in its latest Payment Systems Board report.

The declaration has prompted calls from at least one business in the payment scene for banks to improve current EFTPOS and online banking facilities to ensure infrastructure is up to date and working properly at all times.

Jost Stollman, chief executive of online payments company Tyro, says the report expresses the RBA's concerns that the industry is lacking investment, pointing to a number of EFTPOS and banking failures that have occurred over the last year.

"We are obviously very concerned about EFTPOS, but even that is linked to other systems the banks use," he says.

"There are definitely investments overdue on the part of the banking industry. It's important to note that retail systems are the most critical ones because if the issuer system fails then everything goes down."

The report mentions "a number of difficulties" that affected payments processing at some of the major banks during 2010-11.

In late November 2010, National Australia Bank experienced operational difficulties originating in its overnight processing of direct entry payments."

"Efforts to catch up on processing caused further problems. This was followed by another, unrelated, problem with direct entry payments in April 2011 at NAB."

It also noted that in March, the Commonwealth Bank experienced problems with its banking site, as well as point of sale and ATM services, while in early May a data centre problem caused Westpac EFTPOS, internet banking and ATM services to shut down."

"In light of these and other incidents, the Reserve Bank and the Australian Prudential Regulation Authority are discussing possible approaches to strengthen the handling of any future operational disruptions to retail payments systems."

Stollman says the growing popularity of online payment methods makes it imperative downtime is reduced to nothing. The report found the use of internet to make retail payments has increased, accounting for about 17% of the number and 15% of the value of all non-cash retail payments in 2010-11.

Stollman says investment into new infrastructure innovation is needed to make sure downtime is reduced as much as possible.

"There has to be a move away from this idea that there is a primary data centre, and then a recovery data centre. There needs to be two data centres that are live and active," he says.

"There is too much thinking about dealing with disaster than avoiding disaster. The way the modern consumer pays for things, they expect those systems to be up and running. Innovation is needed, or the scope of these failures becomes more dramatic."

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