

The World Today with Eleanor Hall

An hour of current affairs background and debate from Australia and the world every Monday to Friday, 12:10 pm, ABC [Local Radio](#) and [Radio National](#).

EFTPOS to cost more

Matt Wordsworth reported this story on [Friday, September 30, 2011 12:22:00](#)

PETER CAVE: The company which runs EFTPOS says it needs to increase its charges so that banks can afford to invest in new debit card technology.

Consumer group Choice says the charges will eventually be passed on to customers. One business which provides EFTPOS services says the major banks could earn \$150 million a year.

Matt Wordsworth has more.

MATT WORSWORTH: When EFTPOS technology was first introduced it was the cardholder's bank which paid the 5 cent fee for the transaction with the retailer's bank. That was designed to minimise the cost to the retailer and so encourage the uptake in retail outlets.

It succeeded magnificently. There are now about two billion EFTPOS transactions in Australia each year, but the system is about to change. From tomorrow the retailer's bank will pay the 5 cent fee.

Russell Zimmerman is executive director of the Australian Retailers Association. He says some businesses may absorb the fee.

RUSSELL ZIMMERMAN: Look some retailers will need to surcharge but I think you'll find the majority of our retailers out there will not be surcharging. They don't surcharge currently for Visa credit cards or MasterCards and the same with both of those schemes and often don't charge for American Express or Diner's Club cards which often have a much higher interchange fee than what EFTPOS has.

But for some retailers, particularly retailers in very low profit rating, then you may see them come up and decide that they're going to charge a small fee at the counter.

MATT WORSWORTH: Like petrol stations, for instance?

RUSSEL ZIMMERMAN: Well it could be, it could be. There are all sorts of retailers that have got high volume, low profit margin goods and those retailers will need to consider whether or not they need to surcharge.

MATT WORSWORTH: Jost Stollman's company Tyro provides the EFTPOS banking services for many retailers, competing against the banks for the business.

He now faces paying the charge without receiving in return anything as a card-holding bank, so is at an instant disadvantage.

JOST STOLLMAN: For our merchants and for us this is a very significant change in the fee structure in the Australian market. I mean take the example of a small newsagent. He's actually competing with Coles and Woolworths when he sells his newspaper and if he is charged 5 cents more or less on each transaction, makes a difference to his bottom line.

MATT WORSWORTH: The company which manages EFTPOS is called ePAL and is owned by the big four banks along with Coles and Woolworths.

A spokesman declined an interview but says the charge was designed to deliver more money for debit card technology so it could compete against the new chip technology being used in credit cards.

Jost Stollman says if the banks pass on the charge to retailers and pocket it as card-holding banks, they could reap \$150 million a year.

JOST STOLLMAN: I think there's an interesting campaign by one of the major banks which is called Break Up, so wouldn't it be nice if one or two banks would say enough is enough?

MATT WORSWORTH: Westpac says it will pass on the charge. ANZ says it hasn't decided what to do, while the Commonwealth Bank and the National Australia Bank have not yet responded to the ABC's request.

Christopher Zinn from consumer group Choice certainly believes what used to be a free swipe will end up costing something.

CHRISTOPHER ZINN: Well look interesting I have already found a Chinese restaurant in Bondi that last week, before any changes, was charging a 2 per cent fee for EFTPOS.

Now if you bear in mind that \$15 is free, there's no fee for \$15 and after \$15 it's 4 or 5 cents, there's really no justification for any kind of fee with percentages. It's way over the top. I'm afraid either through ignorance or opportunism we're starting to see these fees creep in and I think consumers need to be aware of that, resist and question them where they can.

PETER CAVE: Christopher Zinn from Choice ending that report from Matt Wordsworth.

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