



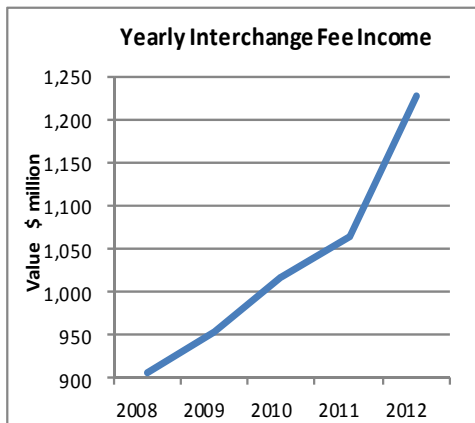
Tyro Media Release 27 October 2011

Bank fees up by \$300 million as profits expected to reach record levels

AUSTRALIAN banks' credit and debit card related 'interchange' fee⁽¹⁾ income will increase by \$300 million from about \$900 million when the Global Financial Crisis hit in 2008 to an estimated \$1.23⁽²⁾ billion this financial year.

The fee increase comes as banks are expected to announce record industry profits of about \$24 billion over coming weeks.

Only three weeks ago on 1 October they introduced a fee increase that adds \$150 million in full year income.



Tyro, the only independent EFTPOS provider in Australia, said the fee increases came despite the major banks presiding over numerous glitches, failures and outages that hit consumers and retailers hard in 2010.

"These fee increases came during a year when the big banks failed to provide the reliable and regular EFTPOS service that consumers expect," Tyro CEO Jost Stollmann said today.

"The RBA's Payment Systems Board Annual Report this year⁽³⁾ found that Westpac, NAB and CBA suffered a 'number of difficulties' delivering consistent and reliable EFTPOS services to their customers in 2010-11.

"What is at stake is the reliability of the retail payment system with \$400 billion spent annually. Credit and debit card transactions grew sevenfold from 574 million transactions in 1996 to 4 billion in 2011. Today, almost 390,000 retailers operate 700,000 EFTPOS terminals in their premises.

"How can the banks justify such fee increases when their service is so unreliable?"

Mr Stollmann said last year's outages translated into lost sales for retailers and caused significant inconvenience for consumers.

(1) The 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). Retailer's banks charge retailers a merchant service fee. Retailers can elect to charge their customers an additional fee (surcharge).

(2) The interchange fee income calculation for the past years and estimate for the current year are based on RBA data applying the regulated interchange cap and since 1 October the new ePAL multilateral interchange fee. Actual income numbers may vary depending on the actual card mix and on the actual timing of banks adopting the new ePAL multilateral interchange fee.

(3) RBA Payment Systems Board Annual Report 2010/2011: "In late November 2010, National Australia Bank (NAB) 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. In March, CBA experienced problems with its internet banking site, as well as its POS and ATM services, and in early May an operational difficulty at a data centre caused Westpac's eftpos, internet banking and ATM services to shut down for a morning."

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“Today, more than ever, we expect a reliable electronic payments system that is always available to access funds,” he said.

“To improve the situation is not rocket science, but a case of fostering innovation and investment.”

Tyro delivered 100 per cent availability of its credit and debit card acquiring system.

Tyro is the successful new entrant into the payment space, competing heads-on with the big banks by providing fast, safe and reliable credit and debit card solutions to Australian retailers and medical practices.

Tyro grew by 50 per cent last year and processed \$2 billion in credit and debit card transactions, servicing 5,000 retailers, pharmacies and practices.

Mr Stollmann said merchants should consider switching to the better deal.

“They should give the alternative a go. Banks have to perform or lose the business.”

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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.