

Cash flow



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Small businesses urged to rethink Eftpos provider

By Michelle Hammond
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An independent Eftpos provider has attempted to convince small businesses to consider alternatives to ePAL in light of new interchange fees, as research shows Eftpos transaction volume continues to grow.

The Eftpos system, which is run by ePAL, is owned by major entities including banks and supermarket chains Coles and Woolworths.

Whenever a consumer made a purchase under the old Eftpos structure, the consumer's bank paid an interchange fee to the retailer's bank for processing the payment.

The fee, which is fixed at four to five cents per transaction, is set by the Reserve Bank.

But on October 1 the process was reversed, with the retailer's bank paying a five-cent interchange fee to the consumer's bank for each Eftpos transaction over \$15.

Jost Stollmann, chief executive of independent Eftpos provider Tyro, says the new system will create an additional \$1.23 billion in income for the banks this financial year.

According to Stollmann, the new system doesn't reflect the level of service delivered to consumers and retailers over the last year – the banks have been plagued by “technical glitches”.

“These fee increases come during a year when the big banks failed to provide the reliable and regular Eftpos service that consumers expect,” Stollmann says.

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

In a bid to carve a larger slice of the Eftpos pie, Stollmann says merchants should consider switching to an independent option if they're unhappy with the service of their current provider.

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

It's becoming increasingly important for small business owners to rethink their Eftpos provider, with new researching showing Eftpos volumes continue to grow as the role of cash diminishes.

The growth of Eftpos is detailed in the latest Eftpos Bulletin, issued by Sefiani Communications Group on behalf of ePAL, which analyses RBA payments data to the end of August.

“Eftpos volumes continued to experience growth, with the total number of transactions increasing from 187.6 million in July to 191.5 million in August,” the report says.

“This was a significant 16.5% above the August 2010 result. The total value in August was \$11,635 million, up by 2.6% from July and 13.5% above August 2010.”

According to the report “the great majority” of Eftpos transactions are purchases, and there were 189.9 million in August 2010.

“This is a massive 35% above the level of August 2009. The value of these purchases was \$10.3 billion in August 2011 and this was 28.1% higher than two years ago,” the report says.

“Volume is growing faster than value as Eftpos further penetrates the smaller ticket size markets.”

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