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Fear of Rising EFTPOS Fees

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With the recent increase in prices of commodities, fuels and interest rates that are leading to slow regain of consumer confidence, another impending source of expenses for businesses seems to be looming in the horizon. The new advertising and marketing steps for promoting Electronic Funds Transfer at the Point of Sale (EFTPOS) transactions are on-going and retailers now fear the hidden or sneaky charges that would come once consumers start using the new EFTPOS system. Currently, EPAL charges 2 cents per transaction to sustain its operations.

The owners, *EFTPOS Australia Payments Limited*, or EPAL are now planning a change in the structure of fees for a much needed increase this October. Instead of the cardholder's bank being used for the transaction, it will now be the merchants' bank with a cost of 5 cents per transaction above \$15; transactions below that amount will be done for free. This is still a proposal and these interchange fees are still yet to be confirmed by banks next month. Should the banks pass the charge, retailer groups that reach over 1.2 million in number, are saying, *"It will hurt a lot of small businesses that use the EFTPOS system in their stores."*

Australian Newsagents Federation (ANF) is complaining that newsagents would probably be hit the most with thousands of agencies around the country. It is also questionable that the shareholders of EPAL may opt off the interchange fees that are soon to come. Experts say that the passing of the fees may be inevitable and some businesses may even consider giving the extra costs as extra charges for customers because of the tough competition on the market.

EPAL chief executive Bruce Mansfield says, *"The swap is necessary to bring an investment with the EFTPOS as it was observed that last year half of all card transactions were via EFTPOS."* Bankcard had failed because there was no investment in the system. This investment, albeit unnoticeable according to EPAL, would cost retailers to possibly double the costs they pay to their banks. Even the shareholders of EPAL are saying the fees are necessary to avoid EFTPOS ending up like Bankcard. The money will be used to develop the system possibly adding online capabilities

and other upgrades.

Retailers may opt to pass the costs to consumers but it is a low cost, banks are still considering however the offer. Some banks have still not been contacted to present a consideration of this proposal. In considering the current state of consumers, these fees would in the end be disadvantageous as transactions fees would make debit seem more expensive compared to other forms of tender.

Tyro Payments Limited, the independent provider of EFTPOS services and the progenitor of EFTPOS business for more than the past 14 years, takes into consideration the side of the enterprises that would greatly be affected by this plan, saying in a statement by CEO Jost Stollmann, *“Every Australian should have a low cost access to the funds in their own Government guaranteed bank account. Every merchant should have a low cost means to accept card payments.”*

Reserve Bank of Australia (RBA) data presents that there were over 2 billion EFTPOS transactions last year. This could mean a considerable amount of money for issuer banks that can reach around \$2 million dollars if the fees would be imposed and transactions would increase or at least remain the same this year. EPAL is a joint venture company that began in 2009 to monitor, regulate and promote the PIN debit card system in Australia which many consumers use. EFTPOS began about 25 years ago and is the most used card system in the country today.

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