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CommBank network failure sign of things to come if banks don't invest in IT: Expert

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Banks must continue to upgrade their payment networks or risk losing more customers if more incidents like yesterday's Commonwealth Bank outage occur, which caused ATMs and EFTPOS capabilities to shut down for two hours.

Commonwealth Bank has assured customers all services are back online and fully operational, but small businesses have vented their frustrations online and through social media, with the incident just being one of many that have occurred over the past year.

Each major bank has suffered a network outage, some more serious than others – NAB's network failure last year saw payments delayed for weeks.

Jost Stollman, chief executive of payments company Tyro, says the outages are "completely unacceptable".

"Transaction volumes peak at the end of the year, so any outage like this just makes the situation so much more painful for everyone involved."

"Retailers are having a hard time already, and for this to happen is incredibly frustrating. We just have to increase the reliability of the system."

Commonwealth Bank confirmed in a statement this morning that NetBank, ATM and EFTPOS services are all back online, but some payments may be delayed and posted to accounts during the course of the day.

It also said this is not related to the outage that occurred last December, when services were shut down. Others in the banking industry also say these network failures aren't necessarily related, given the millions of dollars' worth of transactions that flow through each day.

Customers who incurred fees yesterday are eligible for refunds.

But Stollman says the issue is set to get worse, with all the major banks having suffered outages. He predicts unless networks are upgraded, this will happen again.

"What the banks need to do is just introduce more redundancy programs. They have the technology to do this, so that if one or two or three of your systems fail, then everything is still online."

"This is not rocket science. It's just an investment issue."

While Stollman says it's unlikely that a major outage could occur before Christmas, he does say the timing couldn't have been worse – and that higher transaction volumes put strain on aging networks.

"In peak Christmas trading, the response time for these networks degrades. But the problem is that when a complete network fails, you can't just go to the ATM and get money out. The entire thing goes down."

"We need more investment in the system, otherwise more failures will happen."

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