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Specialist business bank Tyro yesterday turned up the heat on the four major banks to accelerate their planned rollouts of eftpos routing on contactless debit card payments.

Tyro is promising to deliver eftpos routing capability to its 20,000 merchant customers across Australia by the end of March next year.

ANZ is the only major bank to indicate that some of its merchants will be hooked up to eftpos for contactless payments early in 2018, while the three other big banks are yet to commit to schedules.

The major banks stand to lose hundreds of millions in fee revenue when their merchant terminals are upgraded to facilitate eftpos' entry into contactless payments.

Data published by the Reserve Bank shows that on average Australian merchants are likely to save more than 50 per cent on what they pay in merchant service fees by routing contactless payments via eftpos rather than existing default platforms operated by Visa and Mastercard.

It is now almost certain that Tyro will be first-to-market with the new eftpos capability, a move that acting chief executive Rob Ferguson says will generate substantial savings on acquiring fees for businesses using the company's terminals.

"Our plan to decrease acquiring costs for debit contactless payments through the eftpos network will be seamless for merchants, easy to enable and there will be no extra fees," he said.

"This initiative is a win for our customers."?

Several features of the Tyro announcement could influence the Reserve Bank's jawboning of the major banks into complying with its call to opening the point of sale terminals to least-cost routing.

The first was the involvement of the Australian Retailers Association's executive director, Russell Zimmerman, in the official launch of Tyro's adoption of contactless eftpos.

If payments executives at the major banks still harboured views that retailers were complacent about the fees levied on contactless transactions routed through Mastercard and Visa, then Zimmerman probably dispelled them.

"eftpos is a low-cost payment routing option for merchants and we are pleased to hear Tyro is working to implement least-cost routing," he said in a press release issued by Tyro.

"The ability to route transactions via the eftpos network instead of the current Visa and Mastercard schemes will save merchants significant costs instead of hitting their bottom lines."

Another feature of the Tyro move likely to garner the attention of RBA payments reformers is the company's assertion that technical challenges associated with the introduction of eftpos capability might not be as onerous as some of the large banks have indicated.

To appease concerns among retail industry leaders about the time it might take to upgrade their terminals, banks such as Commonwealth Bank probably need to explain why their rollouts of new eftpos capability are likely to be "complex".

Awareness of the benefits of widening competition in the contactless market is growing among leaders of retail groups representing small merchants.

Jos de Bruin, the chief executive of Master Grocers Australia, said his organisation was advising members to actively engage with banks on the issue.

"Contactless payments are a convenient way of paying for consumers but their phenomenal growth has also meant they are one of the fastest growing costs borne by retailers," he said.

"We are urging our members whose bank doesn't offer eftpos for contactless payments to ask their bank to offer it.

"We've told the banks that we think that supporting contactless eftpos represents a win for small businesses."

In response to questions from Banking Day on Monday, NAB said that it was committed to providing business customers with choice so they could best manage the cost of accepting payments.

However, a NAB spokesman yesterday rejected suggestions that its strategic partnership with Visa had influenced its response to the RBA's call for it to allow merchant customers to decide which payments network contactless transactions are routed through.

The spokesman also said that the prospect of losing fee revenue under the RBA reforms was not a factor guiding its strategic thinking.

NAB entered a ten-year strategic agreement with Visa in November 2015.

In a press statement issued at the time, NAB said the partnership with Visa would boost the bank's access to key data and lead to more informed business decisions and better products for customers.

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