



Tyro Commentary 29 September 2011

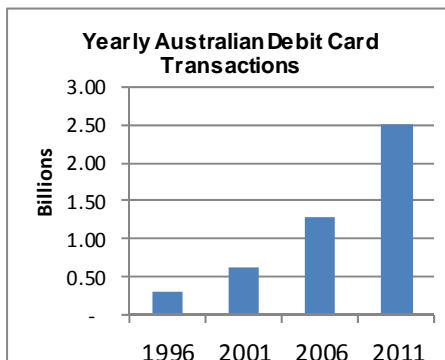
The Federal Court protects retailers and merchants enforcing transparency in eftpos fees

AUSTRALIA's only independent payments provider, Tyro Payments, has today welcomed the Federal Court's decision in the case ALDI Stores v EFTPOS Payments Australia Limited (ePAL).

Today's judgement criticises EFTPOS Payments Australia Limited (ePAL) for failing to be clear and open that some retailers and consumers might be impacted by the decision to raise eftpos interchange fees⁽¹⁾.

Tyro Payments applauds the decision to protect retailer and consumer rights through full and fair disclosure by promoting a culture of transparency and fairness in banking.

The issue is of critical importance to Australians because of the enormous increase in debit card use over recent years.



Source: RBA statistics

With 389,000 retailers having rolled out 700,000 EFTPOS terminals debit card transactions grew almost tenfold from 313 million in 1996 to 2.5 billion in 2011, with more than 83 per cent of these using the eftpos network.

However, ePAL which represents the banks, Coles and Woolworths announced in March that it would raise the eftpos interchange fee by 10 cents⁽²⁾ as of October 2011.

The ALDI v ePAL case unveiled the truth. Some banks have already notified retailers about increased fees. Other banks have not yet decided. Coles and Woolworths are carved out.

"It is unfair that retailers and consumer will or may be burdened while Coles and Woolworths are not affected," Tyro Payments CEO Jost Stollmann said today.

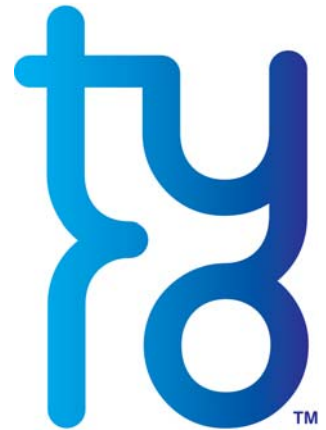
"There is no more equal playing field, not for ALDI and not for Tyro's small and medium merchants."

For example, any fee increase will make it hard for newsagents to accept eftpos payments for small ticket purchases like bus tickets or newspapers. They are already doing it tough. How will they compete with Coles and Woolworths?

(1) 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). Today, the issuer pays a regulated fee of 4 to 5 cents to the acquirer contributing to the investment into the EFTPOS infrastructure including EFTPOS terminals. The new fee proposal reverses the fee flow, so that the issuer charges 5 cents to the retailer's bank. This bank may or may not pass on the cost increase to the retailer. The retailer may or may not pass on the increase to the consumer.

(2) www.eftposaustralia.com.au/docs/media-releases/epal-announces-new-efpos-interchange-fee.pdf

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“After the Federal Court judgement, banks should reconsider the fee increase. Instead, they should keep eftpos a safe and low cost debit card solution for Australian retailers and consumers,” says Jost Stollmann.

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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.