



ALDI Stores
(A Limited Partnership)
1 Sargents Road
Minchinbury NSW 2770

Media Statement

12 September 2011

ALDI has initiated legal proceedings in the Federal Court, seeking greater transparency of the new multi-lateral interchange fee model for EFTPOS transactions being introduced on 1 October 2011. The company that has introduced the changes, ePAL, is a joint venture company owned by Australia's major banks, Coles, Woolworths and other financial institutions.

ALDI understands that the new interchange fee model is changing the way fees are paid between those who collect the money in an EFTPOS transaction (Acquirers) and those who issue the EFTPOS card used in the transaction (Issuer). Formerly, the Issuer paid the Acquirer five cents (\$0.05) per transaction for purchases that did not involve cash-out. Under the new model, for non-charity transactions above \$15 dollars with no cash-out involved, the Acquirer will pay the Issuer five cents (\$0.05) per transaction and an additional one cent (\$0.01) fee to ePAL.

Further, it is understood that this one cent (\$0.01) scheme fee was effective from 1 January 2011 and the changes to the interchange fee are effective from 1 October 2011. As Australia's major banks both acquire and issue, the changes amount to a reversal in the cyclical flow of fees and the net increase in costs across the industry is predominantly limited to the additional one cent (\$0.01) fee to ePAL.

ALDI has confirmed that coinciding with the introduction of the new interchange fee model, at least two banks have advised retailers and other merchants that an additional fee of up to ten cents (\$0.10) per EFTPOS transaction over \$15 dollars will be charged to the retailer for transactions that do not involve cash-out. If Coles and Woolworths, who are themselves Acquirers, do not elect to opt-in to the new multi-lateral interchange agreement, they will be exempt from the new charges, as they have been permitted to remain on pre-existing interchange fee agreements.

With over five million EFTPOS transactions per day across Australia, it is possible that these new fees levied on retailers and merchants could lead to the banking industry reaping substantial additional revenue each year.

ALDI's Group Managing Director, Tom Daunt, said "ALDI supports changes to the interchange fee model that improves the competitiveness of EFTPOS in the market, but is very concerned about the transparency of the changes and potentially unjustified fee increases levied by the banks on retailers beyond their additional costs."

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For more information, please contact:

Libby Hay

ALDI media

M: 0419 326 150

E: libby.hay@baldwinboyle.com.au