



Abacus
Australian Mutuals

Association of Building Societies and Credit Unions

MEDIA RELEASE

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Woolworths wrong about impact on customers

It is now clear that Woolworths was wrong in its April Fools' Day claim that its decision to disable the 'credit' button for scheme debit cardholders was "unlikely to cause inconvenience to customers."

"Customers are being inconvenienced by Woolworths' decision to deny them choice at the checkout," said Abacus CEO Louise Petschler. "EFTPOS and scheme debit are different payment systems and the 'credit' button is the point of access to the Visa and MasterCard schemes."

"Customers don't like being told they can't use a payment choice that they value and prefer. Customers who don't have a PIN are being forced by Woolworths to obtain and remember one, if they want to shop in Woolworths' stores. Customers may come up against daily transaction limits in the EFTPOS system that will prevent them making a purchase. Customers may face higher transaction fees or higher account keeping fees if Woolworths increases its revenue by increasing costs for scheme debit card issuers.

"Woolworths is arguing that the decision is about reducing costs for all of its customers because scheme debit is more costly for Woolworths than EFTPOS.

"However, this claim must be taken with a grain of salt because EFTPOS is actually a revenue earner for Woolworths. Woolworths collects a fee when a customer presses the 'savings' or 'cheque' button.

"It is also a fact that other payment cards such as credit cards, American Express cards and Diners Club cards can be much more costly for Woolworths than scheme debit.

"The relevant interchange fees for credit cards are at least 27.5 cents for a \$100 purchase compared to 4 to 6.6 cents for scheme debit. On a \$300 trolley of groceries the credit card interchange fee is 82.5 cents while the scheme debit rate is still a flat 4 to 6.6 cents.

"Average merchant service fees as a percentage of purchase value levied by Diners Club are 2.13 per cent, or \$2.13 on a \$100 purchase, and for American Express they are 1.93 per cent.

"Woolworths is not banning these payment choices so it should not single out scheme debit cardholders. Woolworths has forgotten that the customer comes first and that customers value choice," Petschler said.

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