

Eftpos upgrade deadline may catch out some firms

Ben Heather

Nearly 60,000 retailers will be reduced to cash-only trading for the Rugby World Cup if they fail to meet a deadline to upgrade their eftpos terminals.

At the instigation of the four main Australian-owned banks, Paymark has set June 1 next year as the deadline for 80,000 business operating 100,000 eftpos terminals to upgrade or be cut off from accepting eftpos and credit cards.

About 59,000 terminals are still on the old system and concern is growing about the impact on thousands of businesses if they are reduced to cash-only trading as the Rugby World Cup looms in September 2011.

Most of the old terminals were in Auckland (27,243), followed by

Canterbury (5911), Wellington (4199) and Waikato (4004).

Retail Association chief executive John Albertson said customer expected eftpos and without it businesses would lose their "lifeline".

"A retail outlet without an effective eftpos terminal is in real trouble," Mr Albertson said. "What's going to make it worst is the influx of people from the World Cup with new-generation cards."

While 10 months seemed like plenty of time, conversion rates were too slow, with only 1000 terminals making the switch in the past two months. "We need to get those numbers to come down pretty quickly because we are just not going to have the resources if we leave it to the last minute."

Businesses that spoke to *BusinessDay* yesterday said they had either, or would soon, upgrade to the new system, but some said it was inevitable some would leave it too late.

Central Christchurch takeaway Nomads City owner Mostafa Kaoussi said he was getting a new eftpos terminal delivered within the next month but was less sure that other retailers were following suit.

"Without eftpos I would have to close the business. Nobody carries cash," he said. "But some people still don't know about it."

He hoped the new terminals would avoid a World Cup repeat of eftpos and ATM breakdowns during the 2008 Lions tour, which had reduced his shop to a makeshift ATM for visiting fans.

Foodstuffs, which owns supermarkets New World and Pak 'N Save, is spending more than \$1 million installing the new-generation eftpos terminals nationwide before the deadline.

Christchurch Central City Business Association manager Paul Lonsdale said it was likely some small retailers would miss the deadline, which would have a disastrous impact on their businesses.

"Some people won't even know and we really need to get on top of that," he said.

Paymark sales and marketing head Paul Whiston said uptake had been hampered by economic difficulties, leaving many business reluctant to spend money on new technology.

The terminals cost between

\$1200 and \$1500 each, a cost which could quickly add up for businesses, he said.

The changes follow Visa and Mastercard setting revised global standards for electronic card transaction last year to combat increasingly sophisticated fraudsters who have been exploiting security failings in the current system.

Other countries were also making the switch and New Zealand retailers were already having trouble reading some new-generation overseas credit cards on old eftpos terminals.

New Zealand has the highest level of eftpos usage in the world, and electronic payment provider Paymark, owned by the four big banks, accounts for 75 per cent of all electronic card transactions.