

The future online payments experience is here

Maxine Elliott, 29 October 2018

If you've ever tried to shop online using your phone, you know how it feels: phone in one hand, credit card in the other hand, trying to type in the numbers with one thumb.

Online Eftpos is here to rescue you from juggling your devices and your credit card, enabling you to pay online using your mobile banking app in seconds. It's satisfyingly simple, secure and fast – you can do it all with your phone in one hand and your coffee in the other. It pays the merchant directly from your bank account, without taking the risk of giving your username and password to a third party. It works like this:



Step 1

Select Online Eftpos as your payment method at the checkout.



Step 2

Enter your mobile number.



Step 3

A notification arrives in your mobile banking app - you approve the payment. That's it.

Once the payment is made – it appears immediately on your bank statement and the money goes to the merchant on the spot.

All you need to use Online Eftpos is a bank account and a smartphone – no credit card required. This opens up online shopping for the cohort of New Zealanders who choose not to use a credit card. Whether they don't like debt or their credit has been damaged, there's a certain group of New Zealanders who are now going to be able to spend online more easily – and if you're old enough for an Eftpos card you can shop online using your own funds, rather than needing to wait until you can get a credit card.

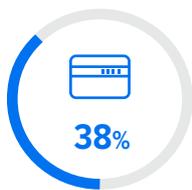
It also lets Kiwi consumers spend online the same way they spend in store. Most of us use our Eftpos cards for the little items, like a bottle of milk from the dairy or takeaways for dinner. Then we use our credit cards to buy spendier items and put them towards our credit card rewards. Now we're able to use the same system online, using Eftpos to pay for BurgerFuel or order a \$15 phone charger, instead of pulling out a credit card. It also avoids any additional credit card fees that are charged by some merchants.

Using Online Eftpos is so easy that we're already seeing strong repeat business: 20% month-on-month transaction growth since the launch. That growth is likely to increase soon, because Westpac is joining The Cooperative Bank and ASB in offering Online Eftpos to its customers. Those three banks encompass two-thirds of Kiwi consumers – and that number is likely to expand rapidly as more banks join in.

The number of merchants is also growing fast – which is no surprise since Online Eftpos is great value for the stores. When we designed this system, fair merchant pricing was a priority, and that's something we've stuck by. Because it charges a flat fee plus a small gateway charge, Online Eftpos doesn't penalise merchants who make lots of small transactions. That's great for a merchant like Tank; it's customers like to order drinks and salads online before pick-up, and transactions are often under \$10. A \$10 transaction means the merchant pays a fee of about 20 cents. It's also cost-effective for merchants with typically higher-value transactions. Playtech, for instance, might sell a laptop online for \$1,000, and that transaction will cost about \$5, which compares to a credit card fee of around \$20.

Merchants are finding Online Eftpos works for them because they don't need a gateway to get going and they don't need to visit a bank branch. If they're integrated with their bank they can sign up online and be ready to go in five minutes. There's no ongoing contracts and if they decide they don't like it, they can turn it off. Merchants are only charged for approved transactions – and we guarantee all the approved funds. That's a big bonus for merchants who have been hit by the type of credit card fraud we're hearing about more often, where shoppers buy expensive items and then cancel their cards. The merchant is left without the product, without the money, and stung by an extra reversal charge by their bank. That's not an issue with Online Eftpos.

Consider some numbers:



38% of all cards in circulation are not capable of online shopping.



Online merchants now see 55% of traffic via mobile.

Given these advantages, it's no surprise that the number of retailers accepting Online Eftpos is growing quickly. As well as BurgerFuel, Tank and Playtech, the list to date includes Mighty Ape, Smith & Caugheys, Dunkin Donuts, Alert Taxi, iTicket and Nova Energy.

It also works brilliantly for call centres, because the staff can push out a payment notification to a caller's phone and immediately have it approved and processed. The call centres gets 100% confirmation on funds and perfect reconciliation.

Online Eftpos is the first stage for Paymark in delivering new payment systems that are a win-win-win for consumers, merchants and banks. It's the first product on the OPEN (Open Payments Enabled Network) API platform that will bring together all banks to create better buying experiences for all of us.

Thirty years ago we launched Eftpos, bringing all the banks together to make New Zealand a world leader in payment technology. OPEN is a chance for New Zealand banks to come together again, to provide digital payment systems that provide innovative a low cost alternatives, for merchants and consumers, to the global options currently on offer. Paymark is building a platform that will allow us to innovate, provide choice and help banks to give their customers a superior payments experience.



ABOUT THE AUTHOR

Maxine joined Paymark in November 2017 after working in the telecommunications and fibre industry for over 14 years. She has experience as a General Manager and CEO in wholesale and B2B markets. With a background in marketing, her experience spans from development of high level strategy to business start-up and hands on implementation of business plans in global and local organisations.

A little bit about Paymark

For almost 30 years, Paymark has been connecting Kiwi businesses with world-leading EFTPOS, eCommerce and business insights. We process 75% of the country's transactions, for over 80,000 businesses up and down the country.

