

# Changes to the way contactless payments are processed

The popularity of contactless payments such as payWave has grown exponentially over the past few years because of its convenience. Until recently, all of these payments were processed through the credit network. Merchants now have the choice to process these through the EFTPOS network, changing the transaction type from 'CR' (credit) to 'SAV' (savings).

Merchants who choose to do this may display a sign at the point of transaction and some may even choose to treat all contactless transactions as savings transactions.

## **What this means**

This change does have the potential to impact CMCU Members because of the way our Schedule of Fees and Charges is currently structured. At the moment, while transactions going through the credit network are free, transactions going through savings are charged at \$0.75 per transaction (once a Member's monthly Fee Allowance has been exhausted). That means if you start tapping often at a merchant that starts redirecting contactless transactions through the savings network, you could see a significant increase in your monthly fees (depending on the level of Fee Allowance you are entitled to).

## **What you need to do**

Even if a merchant decides to default contactless transactions through the savings network, you still have the option to request the payment be processed as a credit transaction, and you should do this every time you go to make a contactless payment.

## **What about digital wallet solutions?**

As transactions using digital wallet solutions such as Apple Pay, Google Pay and Samsung Pay are contactless payments, this change impacts these types of payments as well. It is important to keep in mind and you should also adopt the same practice of asking the merchant to process the transaction as credit when using these.

## **Further information**

In order to redirect contactless payments through savings, merchants need to upgrade their POS software and this only became available recently. We are unsure at this stage how many merchants have taken up this option but it is important CMCU members are aware of this change. If you become aware of particular merchants redirecting these payments through savings, you can request these be processed as credit transactions.

If you have any questions regarding this or know of a retailer that has implemented these changes, please contact your local branch.

CMCU are aware of the following retailers that have transitioned to this system.

- Ritches IGA
- Target
- Yarrawonga Hotel