

Westpac customers braced for Apple Pay

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Reporter

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Westpac is likely to switch on Apple Pay for its customers soon, according to investors and analysts who agreed that the bank risked losing market share so long as it remained the sole major bank without the mobile payment service.

National Australia Bank said on Tuesday it would begin to offer Apple Pay immediately, which left Westpac as the last of the big four holding out against the global technology giant.

NAB cited customer demand as a reason for introducing Apple Pay and one portfolio manager predicted that Westpac would soon follow suit or risk customers switching to a rival.

"It's a gesture on NAB's part that shows they acknowledge there needs to be more value in their services, particularly to younger customers," said Stuart Jackson of Montgomery Investment Management.

"The decision implies that customers are switching banks because of this."

ANZ Banking Group was the first to accept Apple Pay into its systems, while the Commonwealth Bank [began its implementation about two years later in January 2019](#).

They have joined a growing group of about 80 banking operators – including Macquarie Group, CUA and MyState – in offering the mobile payments solution.

Apple Pay allows customers to use their iPhone or Apple Watch to make tap-and-go payments, using card details stored on the device that are secured with codes unique to both the individual transaction and the device. Apple charges the banks fees, which the technology company has gone to great lengths to keep under wraps, for each transaction.

Mr Jackson said Westpac's resistance to Apple Pay was probably linked to those costs.

These fees had initially forced the big four to oppose the system. CLSA analyst Brian Johnson said the costs ate into the banks' profits in a way that he did not feel was justified.

"As long as the oligopoly of ANZ, CBA, Westpac, and NAB were against Apple Pay, none of them would sign up," he said.

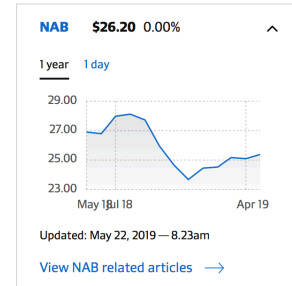


Westpac didn't commit to implementing Apple Pay on Tuesday, but said they were open to considering the system in the future. **Wayne Taylor**

KEY POINTS

- ◆ Westpac is now the only big four bank without Apple Pay functionality.
- ◆ NAB, on Tuesday, switched on Apple Pay across its services.
- ◆ ANZ introduced the system in 2016, and CBA introduced Apple Pay in January.
- ◆ Investors and analysts do not believe Westpac's resistance can be maintained.

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But that oligopoly failed when ANZ introduced the system three years ago, and Mr Johnson said this development had forced the others to grapple with Apple Pay as well.

"The Apple brand is far stronger than that of any of the major banks," he said.

Mr Johnson said Westpac, too, would have to implement the system soon or contend with customers jumping ship; however, the bank only said it was open to considering Apple Pay for its Australian customers.

"We continually review how we help our customers with their mobile banking needs," a Westpac spokeswoman said. "It is part of our ongoing strategy to provide our customers with the technology and tools to make their banking simpler and faster."

Despite being the lone major bank that hasn't switched on Apple Pay, [Westpac does offer its customers Samsung Pay and Google Pay options.](#)

Both the Samsung and Google options are similar to Apple Pay, in that they allow customers to make regular card payments through their smartphone, but are exclusive to devices developed by those manufacturers.

The rest of the big four also offer both Samsung and Google options.

NAB is in the process of contacting customers that are eligible to start using Apple Pay. The service is available across its business and consumer banking customers, and its UBank brand.