

 <p>QUEENSLAND CONSUMERS ASSOCIATION</p>	<p>A non-profit, volunteer organisation, advocating to advance the interests of consumers in Queensland</p> <p>Secretary: [REDACTED] PO Box 261 Corinda Q 4075</p>
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22 October 2018

SUBMISSION ON ACCC ISSUES PAPER ON INQUIRY INTO FOREIGN CURRENCY CONVERSION SERVICES

BACKGROUND

The Queensland Consumers' Association (the Association) is a non-profit organisation established over 40 years ago and which exists to advance the interests of Queensland consumers. The Association's members work in a voluntary capacity and specialise in particular policy areas.

The Association is a member of the Consumers' Federation of Australia, the peak body for Australian consumer groups, and works closely with many other consumer and community groups.

The Association has a strong interest in policies and practices likely to improve the effectiveness of markets and especially in the need for effective consumer protections and ongoing effective consumer demand created by many engaged consumers making well-informed choices.

Therefore, the Association welcomes the opportunity to make this submission. The contact person is [REDACTED] email [REDACTED]

COMMENT

Our comment relates largely to *Issue 4 – How prices are communicated and factors limiting the ability of consumers to effectively compare price.*

Our comment is about:

Card providers charging international transaction fees on transactions that at the time of the transaction the consumer is advised and considers will be an A\$ transaction.

The background to this is that some card issuers charge the consumer fees for such some transactions as if they were international transactions even though the transaction with the consumer is indicated as being in A\$.

This seems to occur mainly with transactions involving merchants or their financial institutions etc. located overseas and the practice varies between issuers.

Also whether it happens seems to vary depending on the overseas merchant or financial institution.

This means that at the time of the transaction the consumer has no way of knowing whether there will be an international transaction fee.

We believe that this greatly limits the ability of consumers to know prior to completing the transaction what the final cost will be and to compare prices with alternative merchants and card providers i.e. to make informed choices.

We request the ACCC to include this issue in its inquiry.

We consider that as an absolute minimum, any card issuer that may make such charges should disclose that to the consumer in its fees and charges schedule.

However, in practice such disclosure will be of limited benefit/use to consumers other than in allowing those consumers (probably very few) who read terms and conditions, to know whether there is any likelihood of incurring these charges when using a specific card. However, for consumers using cards for which there may be a charge, there remains the major problem of the consumer having no easy way of knowing at the time of the transaction whether or not there will be a charge.

Therefore, we consider that other approaches to this matter should be considered including that any such charges only reflect the actual cost to the card issuer. A benefit of this approach is that, assuming that the costs to the issuers are much lower than the current charges; it is likely to result in greatly reduced charges and in some cases their elimination.

Another approach, that has the benefit of removing all uncertainty for the consumer, and which would be easy for consumers to understand, would be to prohibit charges for these types of transactions.