



22 May 2012

Australian Competition and Consumer Commission
Adjudication Branch
Dr Richard Chadwick
General Manager
23 Marcus Clarke Street
Canberra ACT 2601

Dear Richard

Comment on third line forcing notification (N95824) that was lodged by First Class Taxis Pty Ltd

Tyro Payments Limited is a Specialist Credit Card Institution authorised by the Australian Prudential Regulation Authority. Tyro is a member of the Australian clearing and settlement systems CECs and BECs and of Visa and MasterCard.

It is Australia's only independent provider of merchant services for credit, scheme debit and EFTPOS cards and electronic Medicare processing services for patient paid and bulk-bill claims.

Tyro provides a customised real-time and online EFTPOS platform that addresses the main risks faced by the public in payment systems used in the taxi industry. In particular, we address the lack of reliability and security present in the taxi industry payment systems.

The key issues in lowering risk to the public are:

1. The elimination of any manual paper based transactions;
2. Elimination of off-line ("store and forward") transactions;
3. Improved fraud control through a highly available online and real-time reporting system; and
4. Removal of cardholder and transaction data exposure through a certified PCI PA-DSS integration architecture and tokenisation.

First Class Taxis Pty Ltd (First) Notification of 18 April 2012 is a considerable improvement over its initial Notification submitted on 21 September 2011. It goes a long way to addressing the obvious "lock in" impacts in the previous proposal which would have simply cemented Cabcharge as the only EFTPOS terminal in taxis on the Gold Coast in its fleet, delivering a sub-optimal outcome for taxi users and First itself.

The Criteria for EFTPOS suppliers in the latest Notification fails to address a significant flaw in First's previous submission. That is, it fails to address the issue of minimising fraud in the EFTPOS system.

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It is well known that the taxi and limousine industry has a high level of fraud in Australia. Card issuers attempt to manage fraud in this industry by imposing the highest Merchant Service Fees to price the risk on transactions and also to not offer merchant facilities to individual taxi operators.

Tyro, as a “Specialist Card Transaction Acquirer”, manages its risk by working with National Billing Group Pty Ltd, to eliminate the main sources of fraud and data breaches through the concerted application of an integrated suite of security initiatives based around Payment Industry Standards (PCI).

If First is serious about its concern for transparency, accountability and quality in EFTPOS transaction processing then it should supplement its proposed criteria with a focus on security and fraud.

The relevant Industry Standards against which an EFTPOS system and terminals should be assessed, and hence the standards on which First should rely are:

1. PCI DSS Compliance of the total EFTPOS Payment System
2. PCI PA-DSS Compliance of the EFTPOS Terminal Payment Application
3. APCA certification of the EFTPOS Terminal, preferably at the Type 1 Level as this prevents tampering and modification at the terminal level.
4. PCI PTS certification of the EFTPOS Terminal
5. EMV Certification of the EFTPOS Terminal and the Payment System
6. Transaction acquisition is undertaken
 - o Within the security envelope of the Australian Banking System and NOT on third party servers. (Transaction processing outside the Banking System exposes cardholder data to hacking and theft.)
 - o Transactions are processed in real-time and not batch processed.

If First were to supplement the criteria it has proposed with the above criteria then passengers, card issuers, drivers, and First would have significantly enhanced transparency and accountability as well as a far higher quality electronic transaction.



As a minimum, the criteria it requires should be supplemented with three additional criteria for approved EFTPOS Suppliers namely:

1. EFTPOS Terminal should be APCA certified and PCI PTS certified and PCI PA-DSS Compliant;
2. EMV Certification of the EFTPOS Terminal and the Payment System. This will maximise Cardholder security and ensure that EMV enabled cards capability is not bypassed.
3. The total EFTPOS Payment system associated with the EFTPOS terminal should be PCI DSS Compliant.

By applying industry standards for EFTPOS payment systems and equipment, First Class Taxis will deliver a risk free, high quality and accountable outcome for the Taxi end user.

Please let me know if you need any further information.

Regards

A handwritten signature in blue ink, appearing to read 'Jost Stollmann'.

Jost Stollmann
CEO