



Submission via email: hayley.parkes@accc.gov.au

10 July 2013

Australian Competition and Consumer Commission
Adjudication Branch
Ms Marie Dalins
Director
23 Marcus Clarke Street
Canberra ACT 2601

Dear Ms Dalins

**Visa Worldwide Pte Limited & Ors - applications for authorisation
A91379 & A91380 - interested party consultation**

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.

By way of background, effective 1 April 2013 Visa had originally announced to us as Visa member that PIN would become mandatory and signature was not going to be accepted anymore for face-to-face Visa payment card transactions.

Tyro embraced the mandate and reacted immediately by developing and deploying an integrated payment solution allowing consumers to conveniently and securely pay entering their PIN using our stationary or mobile EFTPOS terminals at the point of payment.

In our view, an expedient implementation of the PIN mandate by Visa and MasterCard is in the interest of the Australian community, because the PIN mandate would reduce the card present share of fraudulent transactions.

The total incidences of fraud amounted to more than one million last year and total fraud losses added up to \$261 million.

When one considers the significant financial costs of issuing new cards, administrative burdens and personal inconvenience, using chip card technology and PIN entry becomes an attractive method to stamp out physical card theft and skimming and the share of card present fraudulent transactions.

The PIN requirement puts the consumer back in control, it is virtually impossible for a fraudster to ascertain a PIN, while forging a signature is easy.

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The challenge is to educate the 45% of Australian Visa and MasterCard cardholders who currently do not use their PIN to provide themselves with the required PIN and to use their PIN safely.

Millions of Australian consumers will have to learn that except for contactless transactions below \$100 and low value transactions below \$35, domestic chip card transactions will be declined unless the valid PIN is entered into the EFTPOS terminal.

Tyro supports the applications for authorisation regarding the implementation of a PIN@POS (point of sale) mandate at the same time and on the same terms, because such an arranged coordinated implementation with common timeline, processes and messages will reduce complexities, cost and confusion for all industry participants and for Australian consumers.

Regarding the specific issues you raised, we comment as follows:

If authorisation was not granted, whether MasterCard and Visa would be likely to implement mandatory PIN@POS and, if so, on what terms.

We have no knowledge of whether the schemes would be likely to implement mandatory PIN@POS or under what terms.

Tyro however expects and hopes that the PIN mandate would nevertheless proceed and Tyro will deploy such a PIN mandate regardless.

We were very dissatisfied with Visa moving the original deadline, because as we understand it, the other financial institutions were not ready for the implementation whereas we were and they presumably pushed back on an uncoordinated Visa alone approach.

Whether the coordination of Visa, MasterCard and specific financial institutions' activities in relation to mandatory PIN@POS is likely to lead to:

- **a lessening of competition in the relevant markets (e.g. for the supply of payment card schemes) or any other public detriments; and**
- **any public benefits, for example efficiency benefits for merchants or participating financial institutions.**

We see significant benefit from the PIN mandate as a proven method to reduce fraud.



Since the competing domestic debit card network, eftpos Payments Australia Limited, has always required a mandatory PIN entry, we see the PIN mandate rather as levelling the field.

The proposed arranged PIN mandate implementation will reduce significantly the confusion, complexity and cost of the roll-out, the training of the merchants' staff and the education of the card holders.

All participants greatly benefit from the coordination and funding arrangement as proposed.

In conclusion, Tyro has no concern and supports the application for authorisation.

Please let me know if you need any further information.

Regards

Jost Stollmann
CEO