



Restaurant
& Catering

SAVOUR
AUSTRALIA

16 August 2013

The General Manager
Adjudication Branch
Australian Competition Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

By email: hayley.parkes@accc.gov.au

To whom it may concern

Visa Worldwide Pte Ltd & Ors – application for authorisation A91379 & A91380 interested party consultation

Restaurant & Catering Australia (R&CA) were not invited to provide a submission by the Australian Competition and Consumer Commission (ACCC) for the authorisation on the implementation of PIN@POS (pin at point of sale). R&CA would like this submission to be accepted and considered by the ACCC as this authorisation will affect many restaurants, cafés and catering businesses.

R&CA is the only peak organisation representing the interests of 37,000 restaurants, cafes and catering businesses in Australia. The restaurant, café and catering sector turns over more than \$20 Billion per year. Of this volume, it is estimated that the proportion of card transactions is 73% or \$12.99 Billion in transactions. At the average merchant service fee of 1%, fees earned by acquirers from the restaurant industry total approximately \$130 Million per annum.

The Association understands a new joint arrangement will be mandatory from April 1 2014, whereby consumers will be able to authenticate their identity for credit and debit cards payments only by personal identification number (PIN) at the point of sale.

R&CA believe there will be some benefit in the joint implementation of the PIN@POS mandate for restaurants and cafés, as the new mandate will reduce fraud and thereby decrease the cost of disputed transactions and facilitate quicker transactions in a busy venue. VISA and Mastercard have indicated they will introduce PIN@POS independently of each other and believe there will be no additional confusion and minimal costs.

However, the Association believes there are other issues which need to be considered by the ACCC before it's the final authorisation.

Firstly, there may need to be a modification of premises and/or method of operating by restaurants and cafés, for example, some venues may need to install mobile terminals. Many restaurants and cafés issue a bill to a seated customer, who then provides payment by card, the wait staff then provides a receipt for signing by the customer. With the introduction of PIN@POS, the venues would need to utilise mobile terminals for staff to carry to the customer instead of requesting the customer walk to the cash register/terminal. To alleviate some of the costs on these small businesses, consideration could be provided by VISA and Mastercard to assist businesses in making this transition.

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RESTAURANT & CATERING INDUSTRY ASSOCIATION

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Secondly, many customers tip wait staff in restaurants and cafes. These tips are normally added to a bill by a customer before they authorise it. However, some existing systems may not facilitate the addition of tips when a PIN is used. Given the possible change to PIN@POS, the facility to add tips before PIN entry could be made available at no additional costs to business.

There is also an issue with price clarity with PIN@POS. The current system allows customers to see the price on the receipt before signing the authorisation. However with PIN@POS, a customer will not see the price displayed on the terminal when wait-staff hand the mobile terminal to the customer to enter their PIN. Given that all transactions would require a PIN, there is a greater need to either change the system to ensure price clarity and/or educate businesses and customers on how to use the terminals to ensure that the price being paid is clear to both parties. This would avoid restaurants and cafes needing to deal with disputes over a wrong price being entered and the customer not being able to check the amount until they receives their receipt and/or monthly statement.

Fourthly, the implementation of PIN@POS will reduce overall system costs for VISA, MasterCard and other financial institutions compared with the current paper based system. There will be a significant cost savings by removing paper transactions (reduced system and operational costs and reduced staff administration costs from collecting, verifying, recording and storing signed paper transactions). The financial institutions will unreasonably profit from this more efficient payment system (significantly reduced operating costs means increased profits) at the expense of small business merchants whose operating fees and expenses will increase or remain the same. To address this issue, the ACCC should authorise a condition that financial services providers should not unreasonably profit from the implementation of PIN@POS – evidence of this would be reduced fees and charges to small business merchants to reflect the reduced costs from removing paper transactions. Otherwise, there are significant private benefits accruing only to the financial institutions which small businesses and consumers do not benefit.

Finally, the Steering Committee (joint advisory group) only comprises of two applicants and acquiring institutions. Given this, the Steering Committee must consider and have regard to any recommendations from the formal working group in making decisions on the implementations of PIN@POS. R&CA advocate for a representative from the industry to be added to the Steering Committee so valuable input can be given and implementation can be efficient.

The Association is available for further comments during the authorisation process, if you would like to discuss this submission further, please call me on (02) 9966 0055 or email at jhart@restaurantcater.asn.au.

Yours faithfully



John Hart
Chief Executive Officer

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