

19 July 2013

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

By Email to: hayley.parkes@accc.gov.au

Dear Ms Dalins,

Reference: Visa Worldwide Pte Limited & Ors – application for authorisation A91379 & A91380 – interested party consultation

Thank you for your correspondence dated 9th July 2013 relating to the above matters. On behalf of Woolworths Limited we appreciate the opportunity to provide commentary on the application submitted.

Woolworths is not a member of either Visa or MasterCard. However, we are the second largest transaction processor in Australia and the largest retailer in Australia with more than 3,000 physical stores that serve over 12 million customers every week. Woolworths endorse and is supportive of the applications submitted. We believe that PIN@POS will be beneficial for both customers and also the broader retail community, as it will significantly mitigate fraud and improve operational efficiencies.

In response to the questions proposed in your correspondence requiring input, please find detailed below our responses:-

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

Woolworths is not in a position to comment on the intentions of Visa and MasterCard should the ruling not be in their favor. For clarity, this question should be posed directly to both schemes. However, it is important to note that in 2009 Visa originally mandated PIN@POS to be effective from the 1st of April 2013. Given this position by Visa, and as outlined in the application by both schemes detailing the benefits associated with PIN@POS, it is our opinion that should authorisation not be granted, both schemes will progress this initiative forward to mandate separately. Potentially, this will mean higher implementation costs for retailers through duplication of effort and an inconsistent customer experience, which will create confusion and frustration for both customers and retailers.

- *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*

A coordinated approach to facilitate implementation and communication to customers and retailers by the schemes and financial institutions in adopting PIN@POS should not be regarded as anti-competitive behavior nor is it likely to lessen competition. Instead, there are many benefits for customers and retailers if scheme mandates were managed and coordinated by an independent body which would include the following:

- Consistent approach to scheme rules and requirements including implementation dates
- Mitigating duplication of implementation / staff training cost
- Consistent message to customers and retailers; creates greater awareness and understanding; eliminates confusion and supports a consistent customer experience

In summary, the change proposed by Visa and MasterCard is not uncommon in the Australian market, given that domestic proprietary debit (eftpos) transactions can only be completed using a PIN to finalise a transaction at the point of sale. Woolworths Limited is in support of the PIN@POS initiative as there is a joint benefit to customers and retailers in mitigating fraud and operational efficiencies.

From a customer perspective, not all customers will prefer this due to the need to remember many PIN numbers and loss of flexibility/choice. Retailers will take the majority of this negative impact and hence any change will need to be accompanied by a well thought out communication program.

Thank you for providing us with the opportunity to share our thoughts and views pertaining to the Visa and MasterCard application. Should you have any further questions please don't hesitate to contact me on (02) 8885 1055

Yours sincerely



Dhun Karai (Ms.)
Head of Group Financial Services
Woolworths Limited

CC: Tom Pockett, Finance Director, Woolworths Limited.