

Our ref: PJA\AJT\02 1383 8501
Your ref: 51693
Partner: Peter Armitage
Direct line: +61 2 9258 6119
Email: peter.armitage@ashurst.com

Ashurst Australia
Level 36, Grosvenor Place
225 George Street
Sydney NSW 2000
Australia

GPO Box 9938
Sydney NSW 2001
Australia

Tel +61 2 9258 6000
Fax +61 2 9258 6999
DX 388 Sydney
www.ashurst.com

30 September 2013

BY EMAIL

PUBLIC REGISTER VERSION

Ms Hayley Parkes & Ms Marie Dalins
Assistant Director / Director
Australian Competition & Consumer Commission

The logo for Ashurst, featuring the word "ashurst" in a lowercase, bold, sans-serif font.

Dear Ms Parkes and Ms Dalins

Authorisations A91379 & A91380

We refer to the submissions received from the NSW Small Business Commissioner (dated 19 July 2013 and 13 September 2013 respectively), the Australian Small Business Commissioner (dated 18 July 2013) and the Restaurant and Catering Industry Association (dated 16 August 2013) (collectively the **Small Business Submissions**).

This letter responds to concerns raised in the Small Business Submissions regarding the level of engagement the Applicants will have with small business merchants that may be affected by the move to mandatory PIN@POS.

As a preliminary matter, the Applicants note that the concerns raised in the submissions do not arise as a result of the conduct for which authorisation is sought, that is, the coordinated introduction of mandatory PIN@POS. Moreover, the Applicants note that they are seeking to coordinate the introduction of mandatory PIN@POS in order to minimise the disruption and confusion that would arise for merchants as well as cardholders if PIN@POS was mandated separately by MasterCard and Visa.

The Applicants also note that the vast majority of small business merchants are accustomed to processing transactions where a PIN is used for cardholder verification. This method of cardholder verification must be used for EFTPOS transactions, and is also selected by a significant number of Visa and MasterCard cardholders who have the option to verify transactions using either PIN or signature. Accordingly, the introduction of mandatory PIN@POS does not represent a significant departure from current methods of processing card transactions, nor will it require hardware changes (in terms of providing terminals that are capable of processing PIN transactions), for the majority of small business merchants. The Applicants are, however, aware that the introduction of mandatory PIN@POS may require changes in the restaurant, bar and café industry due to the prevalent use of signature for cardholder verification in this industry.

Although it is ultimately the responsibility of acquiring institutions and merchants to ensure that staff are properly trained to process PIN@POS transactions, the Applicants make the following comments in relation to the concerns raised in the Small Business Submissions regarding engagement with small business merchants:

- (a) Following the ACCC's grant of interim authorisation on 18 September 2013, the Applicants have commenced their public communications campaign regarding the move to PIN@POS. As part of this campaign:

- (i) a toolkit has been released to the Participating Financial Institutions to assist them with communications with their customers about the implementation of mandatory PIN@POS. These financial institutions are currently developing programs to communicate with cardholders and merchants regarding these changes. The Applicants understand that these programs will include written communications as well as telephone/face-to-face meetings with merchants.
 - (ii) merchants and cardholders will be able to access the PINWISE website, which will contain information regarding the move to PIN@POS. The Applicants anticipate that this website will be live within two weeks. This website will also contain contact information for merchants to contact their respective acquiring institution regarding PIN@POS.
 - (iii) the Applicants plan to publish a range of advertising/educational materials regarding PIN@POS through outlets and channels, including the "Retailer" magazine published by the Australian Retailers Association.
- (b) The Applicants have extended an invitation (copy attached) to John Hart, the Chief Executive Officer of the Restaurant and Catering Industry Association (**RCA**), to have a representative of the RCA sit on the Communications Subcommittee, which reports to the Steering Committee of the PIN@POS initiative, and provide input on the concerns/views of small business merchants in this industry. Mr Hart has responded positively, and a representative of the RCA has been nominated. The Applicants also note that a representative of the Australian Retailers Association currently sits on this Subcommittee.
- (c) It is proposed to establish a central telephone contact centre (via the appointed PR agency) to handle inbound queries from merchants and media regarding issues arising during the initial implementation of PIN@POS. Through the communications programme, cardholders will be encouraged to contact their own Financial Institution if they have any questions or need to be provided with a new PIN.

Please contact us if you have any questions concerning these matters.

Yours faithfully



Ashurst Australia

Subject: FW: Industry Security Initiative: representation

From: Lance Blockley
Sent: Friday, 27 September 2013 10:34 AM
To: 'jhart@restaurantcater.asn.au'
Cc: Ian Jamieson; Ryan Yuzon (RYuzon@rfintelligence.com)
Subject: Industry Security Initiative: representation

John

I am Lance Blockley and act as Project Director for the payment card Industry Security Initiative, which is the subject of the joint application by Visa and MasterCard to the Australian Competition and Consumer Commission.

We agree with your assessment (in your ACCC submission of 16 August) that the café, bar and restaurant trade has special requirements and needs in regard to PIN@POS, as has been the case in other countries where signature as a method of cardholder verification has been phased out. Indeed this industry has been called out by the industry Steering Committee as requiring specific attention by the merchant acquiring institutions in many of our meetings, including back at the start of deliberations in early 2013. The merchant acquiring relationship is of course between the individual café, bar and restaurant business and their selected financial institution, and the onus is upon the acquiring institution to ensure that their clients are fully prepared for the change to PIN@POS.

At an industry level, however, we do want to support the institutions by relevant communications, education programmes, etc targeted at each of the different audiences impacted by PIN@POS. To this end, we have established a Communications Sub-Committee and have involved the Australian Retailers Association (Russell Zimmerman) in this committee. Although the ARA does represent small retailers, we do recognise that the café, bar and restaurant trade may require its own representation. Hence we would like to invite a representative of your Restaurant & Catering Industry Association to join the Communications Sub-Committee, so that we can be sure the needs of your sector are taken into account.

Ian Jamieson (copied on this email) is leading the Communications workstream, and has organised the next Communications Sub-Committee meeting to occur next Wednesday 2 October at the offices of the Commonwealth Bank in Sydney. He will forward all of the meeting details to you. I would be grateful if you could let me and Ian know who will be your representative on the sub-committee, and whether they will be able to attend the meeting next week.

Please feel free to call me (contact details below) to discuss the PIN@POS initiative, and I would be happy to meet with you in person if that would be helpful.

Best regards

Lance



Lance Blockley

Direct [+61 2 9146 5957](tel:+61291465957)

Main [+61 2 9146 5950](tel:+61291465950)

Managing Director – RFi Consulting

Mobile [+61 418 479 027](tel:+61418479027)

lblockley@rfintelligence.com

Fax [+61 2 9267 2470](tel:+61292672470)

Level 13, 92 Pitt Street, Sydney, NSW
2000

Subject: FW: Industry Security Initiative: representation

From: John Hart [<mailto:jhart@restaurantcater.asn.au>]
Sent: Monday, 30 September 2013 2:28 PM
To: Lance Blockley
Subject: RE: Industry Security Initiative: representation

Lance

Thank you for the invitation to be part of the Communication Sub-Committee of the payment card Industry Security Initiative.

We accept the invitation and I nominate Ms April Hosking, Marketing and Communications Manager for Restaurant & Catering as our representative.

Regards

John Hart | Chief Executive Officer

Restaurant & Catering

t 1300 722 878 | f 1300 722 396 | m 0407 554 878

Restaurant & Catering is the peak national organisation representing the interests of restaurateurs and caterers. The Association exists to lead the restaurant and catering industry.

www.restaurantcater.asn.au (Trade/Members) | www.savouraustralia.com.au (Consumer)

Follow us on
twitter

Like Us On
facebook 

SAVOUR 
AUSTRALIA