



**Australian
Competition &
Consumer
Commission**

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9 July 2013

Dear Sir/Madam

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

The Australian Competition and Consumer Commission (the ACCC) has received applications for authorisation from Visa Worldwide Pte Limited, Visa AP (Visa) and MasterCard Asia/Pacific Pte Ltd (MasterCard) (collectively, the applicants). These applications also included a request that interim authorisation be granted to allow the parties to engage in particular types of conduct prior to the ACCC making a final decision in relation to the applications.

The purpose of this letter is to invite you, as a potentially interested party, to comment on the applications for interim authorisation and the applications for authorisation more broadly.

A full copy of the applications for authorisation are available on the ACCC's website www.accc.gov.au/AuthorisationsRegister.

Applications for authorisation

Visa and MasterCard seek authorisation to make and give effect to arrangements regarding the implementation of a PIN@POS (point of sale) mandate at the same time and on the same terms. The ACCC notes that both Visa and MasterCard have the ability to separately implement mandatory PIN@POS mandates without authorisation.

The Applicants have also sought authorisation for conduct, including arrangements with specific financial institutions, relating to the coordination and joint funding of a public communications strategy concerning the implementation of mandatory PIN@POS in Australia. Mandatory PIN@POS will require merchants to verify particular credit card transactions at point of sale by PIN rather than by signature.

The applicants have sought authorisation until 30 June 2015.

The ACCC invites you to make a submission on the likely public benefits and effect on competition, or any other public detriment, from the proposed arrangements by **9 August 2013**.

In particular, the ACCC would appreciate your views on the following issues:

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

Application for interim authorisation

The applicants have sought interim authorisation to enable them and specific financial institutions to commence the communications strategy to encourage the voluntary adoption of PIN@POS by cardholders. Specifically, the applicants are seeking authorisation to be able to jointly fund and agree to a public communications strategy concerning the implementation of voluntary PIN@POS in Australia. This is distinct from the substantive application, where the applicants are seeking approval in relation to the implementation of mandatory PIN@POS.

The ACCC invites you to make a submission in relation to the application for interim authorisation by **19 July 2013**. In particular, the ACCC would appreciate your views as to the likely effect of coordination of Visa, MasterCard and specific financial institutions' activities in relation to the public communications strategy for voluntary PIN@POS prior to the ACCC making a decision in relation to the application relating to the coordinated implementation of mandatory PIN@POS.

The ACCC decides whether to grant interim authorisation on a case by case basis. The ACCC will usually consider a range of factors including:

- harm to the applicants and other parties if interim is or is not granted;
- possible benefit and detriment to the public;
- the urgency of the matter; and
- whether the market would be able to return to substantially its pre-interim state if the ACCC should later deny authorisation.

The ACCC endeavours to deal with requests for interim authorisation quickly. The ACCC may grant interim authorisation where the ACCC considers it appropriate to allow the parties to engage in the conduct while the ACCC is considering the substantive application for authorisation.

If the ACCC decides to grant the application for interim authorisation it will come into effect immediately.

Request for submissions

Please see the ACCC's attached publication *Authorisation process - the basics* for a summary of the authorisation process and details regarding how to make a submission to the ACCC.

Written submissions may be provided by emailing hayley.parkes@accc.gov.au. Alternatively, if you would like to provide comments orally, please contact Hayley Parkes on 03 9290 6926 to organise a suitable time.

Submissions, including oral submissions, will be placed on the ACCC's public register subject to any request for exclusion. For further information regarding excluding documents from the public register please see www.accc.gov.au/excludinginformationfrompublicregister.

Timetable

The ACCC will progress its assessment of the application in a timely manner. An indicative timetable is set out below for your information.

4 July 2013	Lodgement of application and supporting submission.
9 July 2013	Public consultation process begins.
19 July 2013	Closing date for submissions on interim authorisation.
July 2013	ACCC decision regarding interim authorisation.
9 August 2013	Closing date for submissions from interested parties.
August 2013	Applicant responds to issues raised in the public consultation process.
September/October 2013	Draft determination.
October/November 2013	Public consultation on draft determination including any conference if called.
November/December 2013	Final determination.

Please advise if you do not wish to make a submission at this time, but would like to be informed of the progress of the applications at the draft and final determination stages.

You can also forward this letter to any other party who may wish to make a submission to the ACCC regarding the applications.

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Hayley Parkes on 03 9290 6926.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Marie Dalins', is positioned above the printed name.

Marie Dalins
Director
Adjudication Branch

Applications for authorisation A91379 – 80 lodged by Visa and MasterCard

List of interested parties – initial consultation

AiG
AMEX
AMP Bank Limited
ANZ
Australasian Association of Convenience Stores Limited (AACS)
Australasian Convenience and Petroleum Marketers Association (ACAPMA)
Australian and Securities and Investments Commission
Australian Bankers Association
Australian Central Credit Union
Australian Chamber of Commerce and Industry
Australian Defence Credit Union
Australian Financial Markets Association
Australian Human Rights Commission
Australian Liquor Stores Association (ALSA)
Australian Payments Clearing Association
Australian Prudential Regulatory Authority
Australian Retailers Association
Australian Small Business Commissioner
Bananacoast Credit Union
Bank of Queensland
Bank of Western Australia Ltd
Bendigo Bank
Big Sky Credit Union
Business Council of Australia
Central Murray Credit Union Limited
CHOICE
Citigroup Pty Limited
Citigroup Pty Limited
Citigroup Pty Ltd
Coles Supermarkets Australia Pty Ltd
Commonwealth Bank of Australia
Community Alliance Credit Union
Community CPS Credit Union
Consumer Action Law Centre
Consumers Federation of Australia
Council of Small Business of Australia
Country First Credit Union Limited
Credit Ombudsman Service Limited
Credit Suisse
Credit Union Australia Limited
Cuscal Limited
Deutsche Australia Limited
Diners Club
Finance Sector Union
Financial and Consumer Rights Council
GE Capital Finance Australia
GE Money Australia
Goldfields Credit Union
Heritage Building Society Limited
HMC Staff Credit Union Ltd

Home Building Society Ltd
HSBC Bank Australia Limited
Hume Building Society Ltd
IMB Ltd
Indue Ltd
ING Bank
ING Bank (Australia) Limited
Investec Bank (Australia) Limited
Investment and Financial Services Association
LaTrobe Country Credit Union
Maitland Mutual Building Society Limited
Master Grocers Australia (MGA)
ME Bank
Mizuho Corporate Bank Ltd
Mortgage and Finance Association of Australia
My State Financial Credit Union of Tasmania
National Australia Bank Limited
Newcastle Permanent Building Society Limited
Northern Inland Credit Union
NSW Small Business Commissioner
NSW Teacher's Credit Union
Police & Nurses Credit Society Ltd
Powerstate Credit Union
Qantas Staff Credit Union
Rabobank Australia Limited
Railways Credit Union Ltd
Regional One Credit Union
Reserve Bank of Australia
Rural Bank
Satisfac Direct Credit Union
Select Credit Union
South Australia Small Business Commissioner
Suncorp-Metway
The Summerland Credit Union Limited
UBS Advisory and Capital Markets Australia Limited
United Overseas Bank Limited
Victoria Teachers Credit Union
Victorian Small Business Commissioner
Western Australian Small Business Commissioner
Westpac Banking Corporation
Wide Bay Australia Ltd
Woolworths Employees Credit Union
Woolworths Limited