



16 August 2016

Third Party Mobile Wallet Application

Key points for submissions in support

Ms Lyn Camilleri
Director, Adjudication Branch
Australian Consumer and Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2601

Attention: Fei Wu

By email to: adjudication@accc.gov.au

Dear Ms Camilleri

Bendigo and Adelaide Bank & Ors – applications for authorisation A91546 & A91547

1. Introduction

- ASL was formed in 1993 as a mutual organisation by our founding members to provide settlement services to allow them to participate in the various financial sector clearing streams. ASL provides value to its members through the delivery of quality payment solutions and with competitive pricing through using an aggregate delivery model.
- ASL Members are at various stages on the mobile wallet journey. For example, Heritage Bank has an Issuer Mobile Wallet available to its customers, The Rock has launched Android Pay and there are several Members who are yet to provide a mobile wallet offering. However, momentum is growing, and ASL Members are actively investigating both Issuer and Third Party Mobile Wallet solutions.
- We strongly support the application for authorisation made by Bendigo and Adelaide Bank, Commonwealth Bank, National Australia Bank and Westpac to negotiate with Third Party Mobile Wallet providers on issues of access, industry standards and transparency.
- Australia is a global leader in contactless (tap and pay) payment technology. It is highly anticipated that Australian consumers will rapidly adopt mobile wallets as a payment method in the near future. We believe there are many opportunities that mobile wallets will provide for our members and their customers.

2. Non- exclusive access to a mobile's NFC chip to enable contactless mobile payments

- ASL strongly believes it is important for all its members and their customers to have a choice between mobile wallets. Our members want their customers to be able to choose the mobile wallet they want to use for mobile payments, regardless of the mobile phone they are using. Our members have various wallet offerings in development and want to be able to offer their customer's choice irrespective of the type of phone they using. It would not be in our member's customers' interest to force them to use a certain mobile wallet based solely on the type of mobile phone they use.
- ASL also believes this would open up opportunities for other third party wallet access – such as transit and loyalty and we strongly encourage this increased innovation across other industries.
- Additionally, our members are smaller financial service providers. They do not have the scope to develop mobile wallets for each mobile device, rather, they seek to develop one app that can be used on both Apple's iOS or Google's Android OS – as many members do now with their mobile banking apps.
- In order to remain competitive, our Members' mobile banking app suppliers have, or plan to, make significant investment in their mobile banking app to extend its functionality to provide an Issuer Branded Mobile Wallet. For Member's brand reputation and cost efficiency reasons, it would make sense that this solution be extended beyond Android devices to Apple compatible devices.
- ASL understands that Apple Pay is the only payment wallet that can operate on the Apple iPhone using the iPhone's NFC technology.

3. Need for industry guidelines

- As a member of APCA, ASL supports the APCA Third Party Guidelines and encourages all industry participants issuing a Third Party Wallet to adhere to those guidelines. We therefore support this application for the collective negotiation on Third Party Wallet Industry Guidelines.

4. Price Transparency for Payment System Transaction costs

- The Reserve Bank of Australia has recently reviewed its surcharging policy to ensure that the surcharge a merchant may add to a payment transaction reflects the reasonable cost of that transaction. As we understand it, this Application seeks to ensure that the merchant is aware of the costs of the Third Party Mobile Wallet payment transaction and is able to surcharge for that transaction. Additionally, we do not believe that price should be dictated to our members by a mobile wallet provider- rather our members would seek to be able to set their own price – to enable competition in the marketplace.
- We also believe that through price transparency, consumers are empowered to choose the payment method on their device which would further encourage the pervasion of mobile payments services on such devices.

5. Closing

- ASL is a strong supporter of competition in the payments marketplace. We strongly support the concept of customer choice and would like to see a marketplace where the customer can choose the mobile payment wallet of their choice irrespective of the mobile phone they use. We believe that increased competition in payments will benefit our members and their customer's specifically providing increased innovation in mobile payments and mobile wallet apps as well as increased customer convenience as mobile wallets are opened up to other Industries such as transit, retailer loyalty etc.
- We strong encourage the ACCC to grant authorisation to the applicants and ASL and many of its members would like to join the collective bargaining and collective boycott as proposed in the application.

Please contact Mathew Crichton, Chief Innovation and Information Officer, on 0404 844 264 or mcrichon@asl.com.au if you would like to discuss this submission. We confirm that we have no objections to this submission being placed on the ACCC's public register.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'David Jay', with a small flourish underneath.

David Jay
Chief Executive Officer
Australian Settlements Limited