

Thursday, 18 August 2016

By email

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

Attention: Fei Wu

Dear Ms Camilleri

**Bendigo and Adelaide Bank & Ors – applications for authorisation
A91546 & A91547 - Interested Party Consultation**

Thank you for your letter dated 28 July 2016 inviting APCA to comment on the applications for authorisation submitted to the ACCC by Bendigo and Adelaide Bank, Commonwealth Bank of Australia, National Australia Bank and Westpac Banking Corporation (the **Applicants**). APCA welcomes the opportunity to contribute to the consultation.

APCA represents the Australian payments industry. Our membership and affiliate membership encompasses Australian authorised deposit-taking institutions, including the Applicants, retailers, card scheme operators and technology companies that participate in payment systems. We develop and administer the technical and security standards and procedures for the interbank clearing systems which form the basis of the Australian payments system.

Third party and proprietary mobile wallets have the capacity to deliver substantial consumer benefits, particularly in Australia, which has one of the highest smartphone penetration and 'contactless' hardware deployment rates in the world. We anticipate increasing consumer demand for and adoption of mobile payment products in the next five years as consumer behaviours adapt to, and increasingly gravitate towards, digital and mobile banking and payment platforms.

In that context, APCA developed and issued the **Third Party Digital Wallet Security Guidelines**. These Guidelines provide members (particularly card issuers) with a statement of voluntary industry best practice. They also provide a frame of reference, for implementing third party wallet tokenisation services and for considering and managing potential fraud risk, data transaction security risks and privacy risks inherent in third party mobile wallet implementations. It is our view that the adoption and use of the Guidelines by members and third parties will promote the safety and security of mobile payments in Australia and mitigate liability for fraud and unauthorised transactions. This is particularly important in the context of mobile wallet implementations which are designed by the Third Party Wallet Provider to be as frictionless as possible, but which present the risk that liability for fraudulent card enrolment and use will be attributed to the card issuer.

APCA supports the application. In particular, we support the Applicants' submission that collective negotiation with Third Party Wallet Providers on the basis of a common set of security standards, including those set out in the Guidelines, will provide net public benefits to all parties in the mobile

payments ecosystem by maximising efficiencies that flow from a single set of negotiations over security matters and by enabling the extension of those security standards and requirements to all mobile payment facilities and transactions.

APCA also supports payments innovation and consumers being able to exercise choice in relation to payment services and products. In particular, we consider that access to payment platforms and competition on open platforms, are key enablers of innovation in payment services and products, and deliver tangible benefits to consumers and merchants. We consider that exclusivity and restrictions on access to platforms and functionality, by contrast, may tend to stifle innovation and competition.

Please contact Vanessa Chapman, General Counsel on (02) 9216 4888 or vchapman@apca.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 'Andy White', with a horizontal line underneath.

Andy White
ACTING CHIEF EXECUTIVE OFFICER