

18 August 2016

Lyn Camilleri  
Director - Adjudication  
Australian Competition and Consumer Commission

Dear Ms Camilleri,

**RE: Bendigo and Adelaide Bank– applications for authorisation A91546 & A91547 – interested party consultation.**

Thank you for the opportunity to comment on the above applications as part of the authorisation review process.

Coles provides fresh food, groceries, general merchandise, liquor, fuel and financial services to more than 20 million customers on average each week through its store network and online platform. Coles has more than 101,000 team members and operates 2,386 retail outlets nationally. Given the broad nature of our business we have sought to provide our comments in the context of being a Credit Card Issuer, Self-Acquirer and Retail Merchant, with a strong focus on the needs of our customers and also broader public interests.

Coles has been an active participant in the evolution of payments technology, rolling out NFC enabled pinpad terminals to accept contactless cards in 2012 to all stores. In combination with banks issuing contactless cards, this new technology has been embraced by our customers. We are excited to see the continued improvements in payments technology with the development of mobile wallets with additional features that have the potential to make customers lives easier and improve their shopping experience. We see NFC technology as a key enabler of this change and the investment made by local participants means Australia is well placed for the introduction of mobile payments.

Today, Coles MasterCard customers are able to access mobile payments via our Coles Mobile Wallet and Pay Tag which was launched on July 2014. This proposition is free to customers and feedback has been positive with respect to the simplicity and integrated nature of the experience. A customer can “tap & go” using the tag on their mobile phone and, via the app, they can control the tag, check balances and review their flybuys loyalty offers all in one place. We believe the ability to tailor solutions for customers and provide them with greater value should be the driver for customer choice and not a technical lockout that many consumers may not have realised would be imposed when they purchased their mobile device.

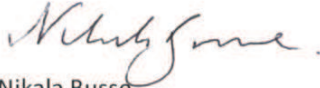
Coles has been a long term supporter of the Payments Industry in Australia and recognises the value and stability that has been delivered by having good industry standards. As such, we do not object to the application for collective negotiation on industry standards and guidelines in the design of security and other processes. It is important to recognise that the industry has collectively made very significant investment in payments technologies like NFC, with an open and inclusive approach aimed at continually improving the experience for all customers.

As a credit card issuer, Coles Financial Services bears the cost of interchange fees for Coles Master Card, and, as a retail merchant, Coles Group does not currently charge customers a credit card processing fee for any payments made in our stores using credit cards. We note that there has been an ongoing

movement in Australia to improve the transparency of costs to consumers related to their banking products. We would envisage that activity that supports cost transparency or creates incentives to lower costs for the benefit of consumers would be in the public interest.

We look forward to monitoring the progress of the applications.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Nikala Busse".

Nikala Busse  
**Head of Payments**