



18 August 2016

Ms Lyn Camilleri
Director, Adjudication
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

Via Email: adjudication@accc.gov.au

Dear Ms Camilleri,

**Bendigo and Adelaide Bank & ors – applications for authorisation
A91546 & A91547 – interested party consultation**

Thank you for your letter of 28 July 2016.

Visa submits the following comments to the Applicants' request for authorisation to collectively bargain with providers of 'third party' mobile wallets on issues relating to the supply of mobile wallets or mobile payments services.

Scope

We note that the Applicants seek authorisation to collectively bargain with Third Party Wallet Providers in relation to the following issues:

- **Non-exclusivity:** not being prevented or restricted from accessing payment functionalities built in to devices manufactured by or for Third Party Wallet Providers or used in operating systems developed or distributed by Third Party Wallet Providers (e.g. near-field communication technology used in contactless cards and certain smartphones), or in any other way deploying, developing or participating in other mobile wallets or mobile payment services on any mobile devices or platforms.
- **Industry standards:** the adoption of agreed industry standards or guidelines, or the agreement of best practice principles and technical standards relating to the safety, security and stability of mobile payments systems in Australia.
- **Efficiency and transparency of fees:** the ability to disclose and pass through to cardholders any fees or charges imposed by Third Party Wallet Providers.

We understand that the Applicants seek authorisation to enter into a limited collective boycott where the Applicants and any other card issuers who elect to participate will agree not to negotiate individually with the relevant Third Party Wallet while the collective bargaining is ongoing. We further understand that authorisation is sought for a period of three years.

We note that the conduct that is the subject of the authorisation applies to mobile wallets that have been developed and offered to card Issuers by a third party and explicitly excludes mobile wallets that may be deployed by Issuer for its own cards and cardholders, or any mobile wallets that may be offered by card schemes such as Visa.

Background

Visa is a global payments technology company that connects consumers, businesses, financial institutions and governments in more than 200 countries and territories worldwide. Visa is proud to adhere to its corporate vision of being the best way to pay and be paid, for everyone, everywhere. That is, we aspire to be “*everywhere you want to be*” and we deliver on this through the world’s largest retail electronic payments network.

Visa’s global network encompasses 2.5 billion cards making around 115.3 billion transactions through 13,500 financial institutions. Total volume on Visa Credit, Debit and Prepaid products was US\$7.5 trillion for the year to 30 June 2016 with this activity powered by one of the world’s most advanced processing networks, VisaNet, which is capable of handling more than 47,000 transactions per second reliably, conveniently and securely.

Visa is not a bank and does not issue cards, extend credit or set rates and fees for account holders on Visa-branded cards and payment products. In most cases, account holder and merchant relationships belong to, and are managed by, our financial institution clients. As a network, in general, Visa benefits by increasing the number of participants and transactions that utilise its network.

Viewpoint

Visa observes that there are a number of emerging transaction environments involving mobile devices, e-commerce and point-of-sale environments. Traditional payment methods such as in-store swipe, online payment forms, and person-to-person cash/check are being transformed into digital formats. As a result, we are seeing the introduction of bank-owned digital wallets along with the emergence of new third party solutions such as Apple Pay, Samsung Pay, and Android Pay.

Traditional stakeholders in electronic payments – cardholders, issuers, networks, acquirers/merchants – are all seeing change driven by technology and mobile payments, and are innovating and adapting. Moreover, mobile device makers and operating system developers are becoming payments enablers. Through all of this, there is an increasing emphasis on cardholder security and data protection including the reduction of counterfeit, account misuse, and other forms of fraud.

Visa believes that a competitive mobile payment landscape provides substantial benefits to consumers in Australia. Visa’s own innovations have sought to enable mobile payments in digital wallets by providing technologies to our clients (e.g., issuing and acquiring financial institutions) to enable payment credentials to be loaded into digital wallets and accepted for payment in a safe and secure manner. We will continue to facilitate that role.

With respect to the authorisation sought for collective bargaining with regard to industry standards, Visa acknowledges that industry standards can provide many pro-competitive benefits. Visa would support standards that promote safety, security and stability, which the application notes would be the purpose of such standards. However, the totality of specific standards that would be covered by the authorisation are not identified in the present application, and therefore, it may be difficult to assess the full impact of authorising collective bargaining with respect to industry standards.

Conclusion

We remain available to provide the ACCC any assistance in this matter. Should you require any further information from Visa, please contact Rama Lingard – Senior Counsel, Australia, New Zealand and South Pacific on (02) 9253 8927 or rlingard@visa.com.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Karpin', with a long horizontal line extending to the right.

Stephen Karpin
Group Country Manager
Australia, New Zealand and South Pacific