

MasterCard
Australasia
Level 8, 100 Arthur Street
North Sydney NSW 2060
Australia
tel +61 2 9466 3700
fax +61 2 9959 3296
www.mastercard.com.au



September 5, 2016

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

Email: adjudication@accc.gov.au

Dear Ms Camilleri,

A91525 & A91546 & A91547 – Bendigo and Adelaide Bank & ors – interested party consultation

Mastercard writes in response to your consultation paper dated 28 July 2016 inviting comments from interested parties on the application from certain Australian financial institutions for authorisation to collectively bargain with providers of third party mobile wallets (“**Application**”). We appreciate the opportunity to provide our comments on the Application to the Australian Competition and Consumer Commission.

At the outset, we wish to clarify that Mastercard has no involvement with the Application as it relates to discussions between the applicant financial institutions and third party wallet providers. On that basis, we are unable to comment on the specific aspects of the discussions stated in the Application. However, we have an interest in the Application due to the role Mastercard plays in the global payments ecosystem.

Mastercard believes that enabling issuers and third party wallets to offer mobile payments directly to consumers on a variety of mobile platforms may increase competition, consumer choice and benefit the payment ecosystem and help accelerate digital payments in Australia. These are the types of benefits that often result from open and interoperable standards.

Mastercard’s role in digital payments

Mastercard is a technology company in the global payments industry that connects consumers, financial institutions, digital wallet providers, merchants, governments and businesses worldwide, enabling them to use electronic forms of payment instead of cash and cheques.

Mastercard enables card issuers in Australia through our Masterpass™ digital wallet platform and Mastercard Digital Enablement Service (“MDES”) to offer digital wallets to consumers directly as well as through third party wallet providers. We believe in promoting choice for consumers by supporting our issuers, merchants and digital wallet providers to develop diverse but interoperable and secure digital payment solutions, while at the same time protecting the proprietary rights of the firms involved. Open access that eliminates friction for the consumer and creates interoperability is one model for encouraging effective competition amongst them, and for multiple credible solutions to emerge that deliver secure and convenient digital payments to consumers. Contactless payments in Australia are an example of how open platforms led to faster adoption of new technologies.

Contactless Payments

Over the past few years, Mastercard has worked with banks, merchants, payments services providers and device manufacturers to launch and grow contactless payments in Australia. In our view, the following factors were primarily responsible for the fast adoption of contactless payments in Australia are a) Standards: use of voluntary industry standards promoted interoperability b) Access: Enabling platforms were readily accessible to the ecosystem c) Investment: banks, merchants and networks invested significantly to create the infrastructure and d) Choice: this was preserved via consumer choice at the point of sale in determining which payment method they preferred.

Mobile Payments

MasterCard has supported several third party mobile wallet services such as Apple Pay™, Android Pay™ and Samsung Pay™ that have launched in Australia recently through our MDES platform. MDES is based on the tokenization standards developed by EMV and allows issuers to digitize and provision their cards onto digital wallet platforms in a secure and seamless manner.

As Australian consumers are beginning to make payments through a variety of devices such as mobile phones and smart watches, it is vital that the payment platforms implemented by the device manufacturers are compatible and interoperable to every participant in the payments ecosystem. On that basis, we are of the view that:

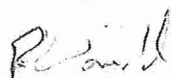
- Australian consumers would benefit from competition to provide the best mobile wallet by creating full interconnectivity and eliminates friction throughout the consumer experience;
- Open standards are often the best way to promote technological development and maximize consumer welfare, and would likely do so for mobile wallets; and
- Digital payment solutions provided by all participants must comply with internationally accepted standards for security and fraud prevention.

This, in our view, would provide the maximum flexibility and consumer choice for facilitating the efficient scaling of diverse digital payments in Australia.

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We remain available to provide the ACCC any assistance in this matter. Should you require any further information from MasterCard, please contact Melissa Letford, Senior Region Counsel for Australia & New Zealand, at +61 2 9466 3748 or melissa.letford@mastercard.com.

Sincerely,



Richard Wornald
Division President
Australasia