

18 August 2016

The General Manager  
Adjudication Branch  
Australian Competition and Consumer Commission  
GPO Box 3131  
Canberra ACT 2601

Attention: Lyn Camilleri  
Director  
Adjudication Branch  
Email: adjudication@accc.gov.au

Dear Madam,

## **A91546 & A91547 – Bendigo and Adelaide Bank & Ors**

eftpos Payments Australia Limited (eftpos) appreciates the opportunity to comment about the above referenced applications.

eftpos operates the designated eftpos Payment System, an Australian owned and based ubiquitous retail debit payments system providing point of sale access for cardholders to their funds. eftpos' membership includes a number of financial institutions (including the applicants) and the two largest Australian retailers.

We are currently investing significantly in and working on implementing a number of payments technology initiatives which will enable eftpos Issuers to provide products with eftpos functionality across a range of additional channels, including mobile NFC ecosystems being developed by Issuers, Merchants and Third Party Wallet Providers. As such, eftpos is an active participant in the fast changing mobile payments landscape in Australia and believes it important that eftpos be made available as a payment option in these emerging mobile payment solutions.

To enable ubiquity and speed to market of secure payment methods, eftpos supports:

1. the need for open competition in payments;
2. access across all platforms and channels for consumers, merchants and all payment schemes;
3. the ability for consumers and merchants to know what payment methods are available when a particular card or device is used, and the ability for consumers to choose the payment method that best suits their needs; and
4. security and efficiency in payments across a range of form factors and mobile devices.

With respect to the authorisation application, eftpos' specific comments are:

- **Open Access** - No agreement or conduct by third parties should block, prohibit or impede the ability of all payment functions that are available on a payment card to also be available through a mobile payment solution, and any such agreement between third parties to block, prohibit or impede this will have an adverse effect on competition in the payments market.

This detrimental effect on competition is already evident in the technology lockout being experienced by eftpos with respect to contactless payments from multi-network cards (MNCs). A MNC is a particular card that offers payment access for consumers and merchants through more than one payment system, using the same card. MNC's have been available in Australia for more than thirty years with both eftpos and another payment scheme functionality, and are an essential part of the payments landscape offering substantial benefit to consumers and merchants.

In recent times, and with the widespread introduction and adoption of contactless functionality on EMV chip/contactless cards and at the point of sale, eftpos has experienced a form of technology lockout due to third party conduct that requires eftpos contactless to be second priority on MNC's and not able to be selected by consumers at the point of sale when transacting.

This technology lockout has important potential consequences with regard to the adoption of mobile payment solutions in Australia, in that eftpos would not like to see any restrictions placed on the provisioning of eftpos functionality within a mobile payments solution or device. This is particularly important when provisioning MNC's into a mobile wallet and, without eftpos functionality being enabled via the serving of two payment tokens from an MNC consumers would not be able to select and change their preferred payment method within the mobile wallet.

**In sum, payment cards are provisioned into mobile devices to effect mobile payments. eftpos' position is that all payment functions available on an MNC should be provisioned and available as a choice to consumers through all channels and platforms for which that MNC is enabled;**

- **Security** – eftpos plays an active role in ensuring the security of the eftpos payment system and participates in industry forums that considers standards for security to be applied to payments. The submission in support of the application refers to the Third Party Digital Wallet Security Industry Guideline (Guideline) and notes that the Australian payments industry developed the Guideline through the Australian Payments Clearing Association (APCA).

eftpos is a non-voting participant in APCA and was consulted when the Guideline was developed. eftpos notes that the Guideline refers to a specific technology solution as a requirement to be implemented on enrolment of a card to a mobile solution. eftpos' preference, as expressed in such industry forums, is to stipulate security principles rather than a specific technology solution.

**In sum, the adoption of best practice standards relating to fraud management, security and identity and verification (ID&V) in mobile payment systems is important. eftpos' position is that best practice principles (and standards where appropriate) should be implemented in a collaborative manner to preserve the safety and security of mobile payments, and that the implementation of these principles should not lead to a technology lockout scenario; and**

- **Price transparency** – eftpos believes in price transparency to provide appropriate price signals to consumers and merchants, which enables them to make informed payments choices. eftpos' scheme fees and interchange fees are published on our public website and are simplistic in their nature, given the small number of fee categories that apply in the eftpos payment system.

Scheme fees payable by participants in the eftpos system are singular, uniform and typically lower than other schemes' fees ,thereby promoting efficiency and transparency . Interchange fees are payable between acquirers and issuers and are set at levels that balance the support requirements from both sides to an eftpos transaction, in line with the regulatory framework.

**In sum, efficiency and transparency is an important feature in all payment systems as it allows both consumers and merchants to make informed payment choices.**

In conclusion, eftpos considers that a secure, efficient and open payments system is in the best interests of consumers; and believes that the principles of open access, security and price transparency should apply to the emerging digital payments ecosystem.

eftpos appreciates the opportunity to make this submission and would be pleased to discuss our submission in more detail with the Commission at their convenience.

Yours faithfully,



Bruce Mansfield  
**Managing Director**

