



Our ref: MA1000020  
Contact officer: Alex Reed / Sophie Mitchell  
Contact phone: 02 6243 1364 / 03 9290 1822

30 March 2021

Dear interested party

### **Proposed amalgamation of BPAY, eftpos and NPPA – interested party consultation**

The Australian Competition and Consumer Commission (**ACCC**) has received an application for merger authorisation from Industry Committee Administration Pty Ltd (**ICA**) seeking to amalgamate ownership of BPAY Group Pty Ltd and BPAY Pty Ltd (together **BPAY**), eftpos Payments Australia Limited (**eftpos**) and NPP Australia Limited (**NPPA**) under a new entity (**NewCo**) by way of share acquisition.

The ACCC's consideration of the application will focus on the likely effects on competition, as well as whether the public benefit from the proposed amalgamation outweighs the public detriment. The ACCC is seeking submissions on the following issues:

- How closely BPAY, eftpos and NPPA currently compete in the Australian payments industry.
- How closely BPAY, eftpos and NPPA might compete in the future if the proposed amalgamation does not occur.
- Whether competition from other payment systems providers (for example, Visa, MasterCard, Apple and Google) will constrain the services provided by NewCo (i.e. BPAY, eftpos and NPPA).
- Whether the proposed amalgamation is likely to alter ICA and its members':
  - incentive to provide open and non-discriminatory access to payment services and infrastructure, and
  - ability to foreclose competitors or otherwise frustrate the ability of other businesses to compete.
- The extent and likelihood of public benefits and detriments, claimed by the applicant or otherwise, arising from the proposed amalgamation.
- Any other competition issues relevant to the ACCC's consideration of the proposed amalgamation under section 90(7) of the *Competition and Consumer Act 2010* (**the Act**).

A copy of the application for merger authorisation is available on the ACCC's [Merger authorisations register](#), with an executive summary at pages 6 to 13. **Attachment A** to this letter provides a summary of the parties, the proposed amalgamation and claimed public benefits.

## Merger authorisation

Merger parties may apply for merger authorisation from the ACCC, which gives them legal protection from section 50 of the Act to acquire the relevant shares or assets.

The ACCC may grant merger authorisation if it is satisfied that either:

- the proposed acquisition would not be likely to substantially lessen competition, or
- the likely public benefit from the proposed acquisition outweighs the likely public detriment.

The ACCC will make a determination by 30 July 2021. Further information on the merger authorisation process is available in the ACCC's [Merger authorisation guidelines](#).

## Making a submission

We request that you provide your submission by no later than **Friday 16 April 2021**. Under the Act the ACCC may, but need not, take into account submissions received after this date. If you wish to make a submission but cannot provide it by the specified date you should contact us to seek an extension.

You should email any submissions to [mergerauthorisations@acc.gov.au](mailto:mergerauthorisations@acc.gov.au) with the subject [your company name]: MA1000020 – submission.

Alternatively, if you would like to provide comments orally, please contact Alex Reed on 02 6243 1364 or Sophie Mitchell on 03 9290 1822 or to organise a suitable time.

## The public register and requesting confidentiality

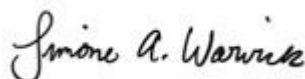
Authorisation is a public process. The ACCC must keep a public register of documents relating to the application for merger authorisation, including submissions made by interested parties. The ACCC's public register can be found at the following link: [Merger authorisations register](#).

All submissions (including yours) **will be published** subject to confidentiality claims. You may request that your submission, or parts of it, be excluded from the public register for confidentiality reasons. For example, if your submission contains commercially sensitive information or if revealing that you have made a submission could cause you commercial harm. You must make your claim for confidentiality at the time of providing the submission to the ACCC and all claims must be substantiated.

Refer to the ACCC's [Guidelines for excluding information from the public register](#) for any requests for material to be excluded from the public register.

This matter is public and you may forward this letter to anybody who may be interested.

Yours sincerely



Simone Warwick  
General Manager (A/g)  
Merger Investigations

## Attachment A

### ICA

Industry Committee Administration Pty Ltd (**ICA**) makes its application on behalf of certain members of eftpos Payments Australia Limited (**eftpos**), shareholders of BPAY Group Holding Pty Ltd, and/or shareholders of NPP Australia Limited (**NPPA**). These members comprise Australia and New Zealand Banking Group Limited, Australian Settlements Limited, Bendigo and Adelaide Bank Limited, Commonwealth Bank of Australia, Coles Group Limited, Cuscal Limited, First Data Network Australia Limited trading as Fiserv, HSBC Bank Australia Limited, Macquarie Bank Limited, National Australia Bank Limited, Tyro Payments Limited, Westpac Banking Corporation and Woolworths Group Limited.

### The proposed amalgamation

ICA's members and Citigroup Pty Limited, ING Bank (Australia) Limited, Indue Limited, EFTEX Pty Limited, Suncorp Metway Ltd, Adyen Australia Pty Limited, Bank of Queensland Limited and Windcave Pty Ltd propose to acquire shares in a new entity (**NewCo**). NewCo will acquire shares in BPAY Group Pty Ltd and BPAY Pty Ltd (together **BPAY Opco**), eftpos and NPPA to the effect that each will become a wholly owned NewCo subsidiary.

### BPAY Opco

BPAY Opco are propriety companies limited by shares that operate payments services comprising BPAY, BPAY View and Osko. BPAY is an electronic bill payment service that enables payments through a financial institution's online, mobile, or telephone banking facility to organisations that are registered billers. BPAY View provides in bank digital bill presentment services. Osko is a payments service facilitating real-time funds transfers between individuals or businesses using the New Payments Platform (**NPP**).

Over 60,000 businesses offer BPAY to their customers to enable them to pay their bills securely from over 150 financial institutions.

### eftpos

eftpos is an unlisted public company responsible for managing and promoting the Australian eftpos payment system (and its associated payments and processing infrastructure and services). The eftpos scheme is Australia's debit card payment system, allowing real-time electronic payments accessing a debit account. eftpos is used by all major Australian banks and 30 additional second tier financial institutions. eftpos has launched limited online/digital payments with more than 34 financial institutions, including three major banks.

In 2018/19, eftpos processed approximately 2.2 billion transactions, up from approximately 1.8 billion transactions in 2017/18.

### NPPA

NPPA is an unlisted public company responsible for the management and operation of the NPP, Australia's instantaneous payment platform for real-time bank transfers. The NPP provides Australian businesses, government agencies and consumers with a fast, versatile, data-rich payments system for making payments, and has been developed collaboratively with the NPPA and 13 financial institutions. NPPA is currently developing a Mandated Payments Service that will enable recurring and 'debit-like' payments on the NPP.

NPPA's sales revenue for the 2020 financial year was \$43.9 million, and its net profit was \$4 million. As of December 2020, NPPA had 20 employees.

## Public Benefits

ICA submits that the proposed amalgamation will deliver public benefits including:

- Enhanced ownership interests of smaller participants, including non-Authorised Deposit-taking Institutions (**ADIs**), and non-bank acquirers.
- Enhanced voting rights of smaller participants, including non-ADIs, and non-bank acquirers.
- Enhanced engagement with small businesses and other participants in the Australian payments' ecosystem.
- Reduction in uncertainty allowing for more efficient deployment of capital, sooner.
- Enhanced speed to market of innovations developed by Australia's three payment schemes.
- Increased likelihood of hybrid and targeted local innovations.
- Reduction in the risk of stranded payments assets from innovations which fail to achieve network effects and ubiquity (both necessary for their success) in a timely way.
- Reduction in transaction costs for the three payments schemes and their scheme members.
- Greater import substitution.
- Creation of policy benefits (including sovereignty over Australia's payments systems) and support for the Australian Government policy objective to ensure Australia is a leading digital economy by 2030.
- Increased ease for third parties to develop more payments innovation by allowing them to access account-to-account and cards infrastructure through a single commercial entry point with clearer connection points to the schemes and harmonised standards, including technology standards.
- Potential for synergies.
- Over time, the potential to:
  - minimise the regulatory burden associated with complying with three separate sets of compliance obligations; and
  - adopt common standards across the three payment systems.