

19 April 2021

Mr Alex Reed and Ms Sophie Mitchell
Senior Analysts
Australian Competition and Consumer Commission
2 Lonsdale Street
MELBOURNE VIC 3000
Email: mergerauthorisations@accc.gov.au

Dear Mr Reed and Ms Mitchell

PROPOSED AMALGAMATION OF BPAY, EFTPOS AND NEW PAYMENTS PLATFORM AUSTRALIA

The Australian Finance Industry Association (AFIA) appreciates the opportunity to respond to the Consultation.

As context to this submission, AFIA is a leading advocate for the Australian financial services industry. AFIA represents over 100 providers of consumer, commercial and wholesale finance across Australia.

We believe that our industry can best support Australia's economy, and particularly our economic recovery, by promoting choice in and access to consumer and business finance, driving competition and innovation in financial services, and supporting greater financial, and therefore social, participation across our community.

OUR SUBMISSION

In principle, AFIA supports the amalgamation of BPay Group, eftpos and New Payments Platform Australia.

The merger would promote innovation in the Australia payments infrastructure and accelerate development of new payment features in the market. We believe the proposal to amalgamate will increase innovation and efficiency by allowing participants to be better able to compete with the growing scale of overseas multinational payment platforms.

The proposal provides for the three payment schemes to remain distinct entities, governed by a single board. In practice, this will support better coordination of investment and interoperability with other processes, accelerate the roll-out of new payments services and features, promote accessibility and adaptation to changing needs, and reduce operating costs. Continuing innovation and efficiency is key to ensuring ongoing benefits and minimising barriers to entry and costs for all participants in the payments system.

In particular, we were pleased to see that the proposed deal includes assurances that each company will continue to prioritise the rolling out of new features, including around digital identity services. Digital identity services are a key part of the government's Digital Business Plan¹, announced as part of the 2020 Federal Budget, to protect and create jobs, build momentum in the economic recovery, and secure Australia's economic future.

The proposed merger is consistent with Treasury's review of the regulatory architecture of the payments system to ensure that it 'remains fit-for-purpose and is capable of supporting continued innovation for the benefit of consumers, businesses, and the broader economy.' We believe that regulation should only be used to intervene in the advent of a market failure or when it is required to deliver balanced outcomes for customers, businesses in the financial system, and the broader economy.

In this instance, we believe there is a competitive marketplace, and that it will remain competitive post-merger, such that regulatory intervention to prevent it is likely to negatively impact business models, hinder the evolution of products, services and technologies, and adversely impact on the cost, efficiency and availability to merchants and customers.

A continued focus on improving efficiency, competition and innovation within the payments system will support Australia's economic recovery. If implemented, we believe the merger will promote access and choice to consumer and business finance, drive competition and innovation in Australia's financial services industry and support economic and social participation across our community.

Thank you for the opportunity to engage with the ACCC on the proposed merger.

Should you wish to discuss our submission or require additional information, please contact me or Chalisa Parekowhai, Associate Director Policy at [REDACTED] or [REDACTED].

Yours sincerely



Diane Tate
Chief Executive Officer

¹ <https://www.pm.gov.au/media/digital-business-plan-drive-australias-economic-recovery>