



17 August 2021

Australian Competition & Consumer Commission

Your ref: MA1000020

Contact officer: Alex Reed / Sophie Mitchell

Contact phone: 02 6243 1364 / 03 9290 1822

Email: mergerauthorisations@accc.gov.au

Dear Alex Reed / Sophie Mitchell,

Visa – MA100020 – Proposed amalgamation of BPAY, eftpos and NPPA – interested party consultation, submission in response to ACCC’s preliminary views and issues letter (Issues Letter)

Visa welcomes the opportunity to provide feedback on the draft section 87B undertaking proposal from Australian Payments Plus Ltd (**AP+**) (**Proposed Undertaking**). Visa understands that the Proposed Undertaking is intended to help ensure that post-merger, eftpos will develop and improve its debit-based payment services for point of sale, online and in-app and person to person payments, and NPPA its B2B, B2C and P2P payments capability.

In Visa’s view, the Proposed Undertaking does not address any material competition concern resulting from the proposed transaction. It merely describes and provides a commitment in respect of activity which industry participants would simply expect of eftpos and NPPA with or without the proposed transaction, being development of eftpos’ and NPPA products and services. The Proposed Undertaking does not present any material development in respect of core competition law concerns. Rather it provides commitments which are, in Visa’s view, in the ordinary course for eftpos and NPPA.

The Application Summary explains the rationale for the proposed amalgamation is to enable the merger parties to:

- co-ordinate their innovations, creating efficiencies for their customers (including by reducing transaction costs), businesses and consumers and reducing the risk of stranded assets from innovations that are not able to succeed due to their inability to achieve network effects in a timely manner; and
- better compete against existing and future global payment companies, enhancing competition in domestic payments markets¹.

¹ Application Summary filed by the partner, section 1.4

The Industry Committee Administration Pty Ltd (ICA) has submitted that the proposed amalgamation is necessary in order to allow innovations by the three Australian payment schemes to achieve ubiquity and network effects faster than in the counterfactual situation.

If that is correct, Visa considers that the matters which are the subject of the Proposed Undertaking should be outcomes of the proposed amalgamation without the need for an undertaking. To the extent that the undertaking is designed to address any competition concern, its necessity calls into question the rationale for the proposed amalgamation more generally, including whether the proposed amalgamation does present public benefits, at least in respect of the position of eftpos.

Visa reiterates its position that the principal concerns in connection with the proposed amalgamation that should properly be the subject of commitments by the merger parties for example through an undertaking are:

- the importance of appropriate safeguards to ensure that the proposed amalgamation does not increase structural and strategic barriers to entry which make it difficult for new entrants and existing players, including global payment network participants, to enter, innovate and compete; and
- the importance of a strong governance regime that is fit for purpose for the proposed amalgamated entity and which will guard against the flow of commercially sensitive information that may detrimentally impact participants in the Australian Payments System.

Visa has detailed its position and its suggestions in respect of these matters in its letters dated 23 April 2021 and 23 June 2021 and does not repeat those here. Those are matters which Visa would expect to be the subject of an undertaking - not commitments in respect of conduct which is likely to occur in any event.

Visa would be pleased to discuss any aspect of this submission with the ACCC's case team. Visa's contact for this purpose is Linda Luu at [REDACTED].

Yours sincerely,



Julian Potter
Group Country Manager, Australia, New Zealand and South Pacific