

## ACCC RFI 09062021 – Non-confidential response

On 9 June 2021, the Commission requested that eftpos provide further information for the purpose of the ACCC conducting its analysis in relation to the proposed amalgamation (**RFI**). The below information and attachments comprise eftpos' response to the RFI. For convenience, the requests for information are included in the first column with eftpos' response in the second column.

This response contains information in the body of the response and its attachments that is confidential to eftpos and could cause harm to eftpos if disclosed. eftpos is mindful that the Commission has requested that this response be provided on the basis that the information be made public, but the nature of many of the questions requires eftpos to provide information that is of assistance to the Commission but is confidential in nature.

eftpos considers that the confidential information provided is 'protected information' as defined in section 155AAA(21) of the Competition and Consumer Act 2010 (Cth) (**Act**), and respectfully requests that the Commission not disclose this information and treats it as confidential in accordance with the Act.

eftpos has provided both a confidential and non-confidential response. We have indicated the content over which eftpos claims confidentiality in the body of the response and the annexures. The confidential version is to assist the Commission, and the non-confidential version can be made publicly available.

### [Confidential to eftpos Payments Australia Limited] – green type indicates confidential information

#	Question	Response
1	Please provide the most recent version of the eftpos Constitution.	See confidential document attached as Confidential Annexure A
2	Please: a. identify each member of eftpos and state whether they are an Issuer Member or an Acquirer Member (as defined in the eftpos Constitution);	a. Please see confidential document attached as Confidential Annexure B b. Please see confidential document attached as Confidential Annexure C – last calculated for December 2020 AGM For (i) to (iii) inclusive, the proportion of votes a member has [Confidential to eftpos Payments Australia Limited] is calculated as a percentage 30 days before any member vote at an annual general meeting or extraordinary general meeting. For an extraordinary resolution both an Acquirer Class Meeting and an Issuer Class Meeting is required and the number of votes that any one member has for either an Acquirer Class Meeting or an Issuer

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	<p>b. state:</p> <ul style="list-style-type: none"> <li>i. the number (and proportion) of votes each member has at a general meeting;</li> <li>ii. the number (and proportion) of votes each member has at an Acquirer Class Meeting (as defined in the eftpos Constitution);</li> <li>iii. the number (and proportion) of votes each member has at an Issuer Class Meeting (as defined in the eftpos Constitution); and</li> <li>iv. The number (and proportion) of votes each director (identified by their name and nominating member/s) has at a meeting of directors.</li> </ul>	<p>Class Meeting is calculated according to <b>[Confidential to eftpos Payments Australia Limited]</b>. The voting entitlement of any member that is both an issuer and an acquirer may be different for the different class meetings. The total possible votes at each of an Acquirer Class meeting or Issuer Class meeting or a general meeting is 100% of the voting entitlement. (iv) Each independent director has <b>[Confidential to eftpos Payments Australia Limited]</b> at a Board meeting and the CEO/Managing Director has <b>[Confidential to eftpos Payments Australia Limited]</b> (only if Members approve any voting rights for the CEO, <b>[Confidential to eftpos Payments Australia Limited]</b> and then the number of votes each nominee director has is a fluctuating number according to <b>[Confidential to eftpos Payments Australia Limited]</b> out of 100. Some directors are appointed by groups of members and their voting entitlement is the aggregate of the <b>[Confidential to eftpos Payments Australia Limited]</b> for all members that director represents. The total number of possible votes at a Board meeting is 120. See Confidential Annexure C, which is the voting entitlement calculation done for the December 2020 AGM, which shows separately the <b>[Confidential to eftpos Payments Australia Limited]</b> per member, the <b>[Confidential to eftpos Payments Australia Limited]</b> per member, <b>[Confidential to eftpos Payments Australia Limited]</b> per member and also shows which directors represent more than one member.</p>
3	<p>Please:</p> <ul style="list-style-type: none"> <li>a. describe the extent to which, if at all, the individual Scheme</li> </ul>	<ul style="list-style-type: none"> <li>a. Member <b>[Confidential to eftpos Payments Australia Limited]</b> and voting entitlements has changed over time due to <b>[Confidential to eftpos Payments Australia Limited]</b> We have taken “time” for the purposes of this question to mean the last 5 years in line with other requests. Please let us know if the Commission would like periods beyond this as this may take time to source. In addition to Confidential Annexure C, we have included in Confidential</li> </ul>

#	Question	Response
	<p>Volume and/or voting entitlements of members of eftpos has fluctuated over time;</p> <p>b. explain what factors have caused such fluctuations;</p> <p>c. explain how frequently the Scheme Volumes are calculated for the purposes of ascertaining the voting rights of members and directors; and</p> <p>d. provide the Scheme Volumes for each member as calculated for the purposes of ascertaining the voting rights of members and directors since 1 January 2019</p>	<p>Annexure D past voting entitlement calculations from previous AGMs and EGMs that have required a member vote.</p> <p>b. <b>[Confidential to eftpos Payments Australia Limited]</b></p> <p>c. <b>[Confidential to eftpos Payments Australia Limited]</b> is calculated 30 days before any member vote at an annual general meeting or extraordinary general meeting or if a matter goes to a poll at the Board <b>[Confidential to eftpos Payments Australia Limited]</b>.</p> <p>d. See Confidential Annexures C and D.</p>
4	Describe the types of matters or decisions that are the subject of each type of resolution able to be passed by members (i.e. at general meetings, Acquirer Class meetings and Issuer Class meetings) of eftpos, especially with respect to 'ordinary' member resolutions.	<p><b>Types of resolutions:</b></p> <p><b>Extraordinary Resolution</b> – appointing or extending the term of an Independent Director, adding to, deleting or varying <b>[Confidential to eftpos Payments Australia Limited]</b>; provision of security by eftpos <b>[Confidential to eftpos Payments Australia Limited]</b>, whether to consolidate with BPay and NPP (which in the form proposed requires a conversion of nature of company and replacement of or significant amendment of the constitution impacting member rights), changes to or replacement of eftpos constitution.</p>



#	Question	Response
		<p><b>Class Special Resolution</b> - initial adoption of the Scheme Rules.</p> <p><b>Special Resolution</b> – adding to, deleting or varying all other articles of the Constitution than those that need an Extraordinary Resolution, transfer or distribution of assets at or before the time of winding up or dissolving eftpos, conversion of the company to a company limited by shares (per s163 <i>Corporations Act</i>).</p> <p><b>Ordinary Resolution</b> – appointment of CEO as a Director and giving voting rights to CEO, setting the remuneration pool for Independent Directors.</p>
5	By reference to relevant provisions of the eftpos Constitution or other governing rules, please explain how eftpos makes pricing decisions with respect to interchange fees and scheme fees.	<p>Interchange</p> <ul style="list-style-type: none"> <li>• Interchange fees are the wholesale fees payable between Acquirers and Issuers (eftpos Scheme Rule – 33)</li> <li>• eftpos has: <ul style="list-style-type: none"> <li>• Interchange Fee Principles (published on website),</li> <li>• Strategic Pricing Objectives,</li> <li>• Interchange Fee Rates (published on website); and</li> <li>• Pricing Decisions Policy.</li> </ul> </li> <li>• Each of the above are reviewed annually</li> <li>• Interchange Fee Rates have to comply with the RBA’s Standard No2 of 2016 “<a href="#">Standard No.2 of 2016: The Setting of Interchange Fees in the Designated Debit and Prepaid Card Schemes and Net Payments to Issuers (compilation)</a>” <ul style="list-style-type: none"> <li>• <b>[Confidential to eftpos Payments Australia Limited]</b></li> <li>• On the effective date, the interchange fee rate table is updated on the website</li> </ul> </li> <li>• Scheme Fees <ul style="list-style-type: none"> <li>• Scheme fees are the fees payable by each member to the company for services (eftpos Scheme Rules - 33)</li> <li>• <b>[Confidential to eftpos Payments Australia Limited]</b></li> </ul> </li> </ul>
6	Please identify the number of directors on the eftpos Board and the composition of the eftpos Board, including which members nominated and/or	

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	appointed how many directors, and whether individually or jointly with other members.	<table border="1"> <thead> <tr> <th>Name</th> <th>Member organisation</th> <th>Date of appointment</th> </tr> </thead> <tbody> <tr> <td>Leigh Clapham, Chairman</td> <td>Independent Director</td> <td>14/6/2018</td> </tr> <tr> <td>Katherine Ostin</td> <td>Independent Director</td> <td>05/11/2018</td> </tr> <tr> <td>Alex Twigg</td> <td>Independent Director</td> <td>28/03/2018</td> </tr> <tr> <td>Stephen Benton</td> <td>Managing Director &amp; CEO</td> <td>14/5/2018</td> </tr> <tr> <td>James Fowle</td> <td>CBA</td> <td>24/11/2020</td> </tr> <tr> <td>Shane Harris</td> <td>Coles</td> <td>22/08/2017</td> </tr> <tr> <td>David Hemingway</td> <td></td> <td>11/08/2020</td> </tr> <tr> <td>Cornelis Kees Kwakernaak</td> <td></td> <td>04/07/2017</td> </tr> <tr> <td>Vinay Rao</td> <td>Woolworths</td> <td>26/09/2016</td> </tr> <tr> <td>Mandy Rutherford</td> <td>Westpac</td> <td>25/09/2020</td> </tr> <tr> <td>Sarah Stubbings</td> <td>ANZ</td> <td>29/11/2017</td> </tr> <tr> <td>Allan Goldring</td> <td>NAB</td> <td>27/05/2019</td> </tr> </tbody> </table> <p>See Confidential Annexure C which indicates which members have appointed which directors.</p>	Name	Member organisation	Date of appointment	Leigh Clapham, Chairman	Independent Director	14/6/2018	Katherine Ostin	Independent Director	05/11/2018	Alex Twigg	Independent Director	28/03/2018	Stephen Benton	Managing Director & CEO	14/5/2018	James Fowle	CBA	24/11/2020	Shane Harris	Coles	22/08/2017	David Hemingway		11/08/2020	Cornelis Kees Kwakernaak		04/07/2017	Vinay Rao	Woolworths	26/09/2016	Mandy Rutherford	Westpac	25/09/2020	Sarah Stubbings	ANZ	29/11/2017	Allan Goldring	NAB	27/05/2019
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7	<p>Please:</p> <ol style="list-style-type: none"> <li>identify the number (and proportion) of votes held by each director (identified by their name and nominating member/s) of eftpos; and</li> <li>explain how a member's Scheme Volume (which is a percentage figure) is converted into a number of votes for their nominee director in light of the votes held by the</li> </ol>	See response to question 2 above.																																							

#	Question	Response
	independent directors and Chair	
8	<p>In its statement, eftpos expresses concern that the proposed governance structure for eftpos (following the proposed amalgamation) will enable dividends to be declared in favour of NewCo and for the funding that would support eftpos initiatives to be shifted within the group (i.e. funding will be shifted away from eftpos initiatives such as Beem It and digital ID). Please explain:</p> <p>a. whether eftpos considers the NewCo Board would have an incentive to compel eftpos to pay a dividend, to shift funding away from eftpos or both, and, if the NewCo Board has such an incentive, explain the nature of the incentive(s); and</p> <p>b. the extent to which the NewCo Board could act on any incentives</p>	<p><b>(a) Incentive to compel eftpos to pay a dividend</b></p> <p><b>Proposed governance structure for NewCo and opcos:</b></p> <p>The NewCo board may have an incentive, and has the right, to either:</p> <ul style="list-style-type: none"> <li>• compel eftpos to pay a dividend; or</li> <li>• shift funding away from eftpos to another OpCo or NewCo itself,</li> </ul> <p>where the NewCo Board considers that doing so would be in the best interests of NewCo having regard to its objects.</p> <p>NewCo, its board and its “lean centre” does, we understand, intend to operate at a cost neutral basis when looking at the total costs of the three entities. We also understand the mechanics of cost transfer between the opcos and NewCo have not been determined however they are likely to be via staff secondment and/or cost allocations and while funding via dividends is an option this is not the likely pathway.</p> <p>Currently it is proposed that:</p> <ul style="list-style-type: none"> <li>• The eftpos opco will have a basic constitution for a pty ltd subsidiary company, which would ordinarily enable the directors to declare a dividend to shareholders – the draft eftpos opco constitution has not yet been provided to eftpos for review but the TAC responses to the Commission’s statement of preliminary views indicates a standard pty ltd constitution will apply</li> <li>• NewCo is the sole shareholder of the eftpos opco (Part B Schedule 4 IA);</li> <li>• NewCo directors are permitted to consider the interests of the shareholder that appointed them (article 10.10 draft NewCo constitution);</li> <li>• We understand that it is proposed that the eftpos opco constitution will allow the directors to consider the interests of the shareholder/sole parent when making decisions; and</li> <li>• The same directors will sit on both the NewCo Board and the eftpos opco Board (current TAC governance working group proposal as stated in TAC response to the Commission’s Issues List).</li> </ul>

#	Question	Response
	<p>identified in your response to the preceding subparagraph, including details of any limitations on the NewCo Board’s ability to act on those incentives.</p>	<p>Further, the eftpos subsidiary businesses of Beem It and connectID are not within the Prescribed Services under the NewCo Constitution and the Transition Plan attached to the IA and are not part of the eftpos payment system, so are unprotected within the consolidated structure and being pre-revenue, may be at risk if cash and earnings from eftpos are used for other purposes or not provided through to those subsidiaries. Article 10.5 of the NewCo constitution does not address Beem It or connectID as they are not part of the eftpos “Payment Service” as defined in the NewCo constitution. NewCo Board could choose to invest in things other than Beem It or Connect ID, and use the funds that eftpos has put aside for those services elsewhere.</p> <p>As such, there could be an incentive for the directors of NewCo/eftpos opco to seek to declare a dividend from the eftpos opco to NewCo. In considering this, directors would have to fulfil their director’s duties, in respect of NewCo and all three opcos, including ensuring that each entity can pay their debts when due and are not trading in an insolvent manner. The above options would be open to be considered by the NewCo Board. Another potential way of doing that is through consolidated accounting and a deed of cross guarantee which would see creditors of each opco also able to rely on the deed of cross guarantee to call on eftpos cash reserves to pay the debts of NewCo or another opco. However, these events are highly unlikely to arise so long as all three OpCos remain profitable.</p> <p><b>(b) Extent to which NewCo could act on the incentives</b></p> <p><b>Voting rights at Newco level</b></p> <p>Currently under article 10.5 the proposed NewCo constitution, if, in the opinion of a NewCo director, a decision made by the NewCo directors would result in a fundamental change in the manner of funding the operating costs of providing a Payment Service (including any requirement for particular shareholders to fund new investment) or the manner in which funds generated by a Payment Service are utilised (including the use of funds generated by a Payment Service for investment in another payment service) then, any two NewCo directors may request in writing to the NewCo secretary that the decision require ratification by a “Special Majority Band Resolution of the Band”.</p> <p><b>Special Majority Band Resolution</b> means, in respect of a Payment Service (defined to mean either BPay, eftpos or NPP, not their individual products or services), a resolution of the Shareholders that</p>



#	Question	Response
		<p>hold classes of Preference Shares in the Band for that Payment Service present and voting (who are not disqualified from voting on that resolution) passed by 75% or more of the Shareholders holding Preference Shares in that Band.</p> <p>While a fundamental change in funding therefore may trigger approval by eftpos banded shareholders, given it firstly requires two NewCo directors to request ratification, the protection is dependent upon this “gatekeeper” role of directors to act to protect eftpos’ interests, which may not occur if it isn’t considered by the directors to be aligned with their duties to act in the best interests of the company (ie NewCo or the eftpos opco which is permitted to take the interests of the owner ie NewCo into account) as a whole or if the change is not to the manner of funding or the utilization of the funding.</p> <p>If the options presented to the directors to ensure each entity in the group is able to pay its debts when due are for member funding requests, a secured loan from one member or dividend funding, then it may be difficult to get two directors to challenge the vote.</p> <p>We note further that amending the banding rules only requires a “Special Majority Resolution” rather than a Special Majority <b>Band</b> Resolution (ie 75% of all members can agree to amend the banding rules or article 10.5 which sets out how bands are determined – rather than being 75% of that band). <b>[Confidential to eftpos Payments Australia Limited]</b>. Following consolidation, based on the percentage with one vote for current membership, it would require 6 organisations to actively vote against a resolution to veto it. This is a significant change from the current state, <b>[Confidential to eftpos Payments Australia Limited]</b>.</p> <p>While the Special Majority Band Resolution with respect to funding may afford some protection from the NewCo Board making fundamental funding changes to eftpos, as discussed above, changes to the constitution (including changes to the funding limitations requiring a Special Majority Bank Resolution) can be amended by a “Special Majority Resolution”, so there is no guarantee this limited protection will continue.</p> <p>Taking a broader, long term view, eftpos recognizes that the NewCo board will act in the overall interests of NewCo and that those interests could conceivably diverge from the interests of eftpos at some point in future. Taking account of NewCo’s corporate objects, which include ‘providing globally competitive payment services which are resilient, safe, efficient, fair, accessible and cost effective’</p>



#	Question	Response
		and 'facilitating the provision of low cost solutions for retailers, other businesses and their customers', NewCo acting in this manner may well be consistent with the broader public interest.
9	By reference to the relevant provisions of the eftpos Constitution or other governing rules, please explain the process through which eftpos could impose mandates on members to support roll out of new eftpos services	<p>In the normal course, eftpos prefers not to rely on mandates but rather makes changes to its scheme rules and technical, operational and security rules to facilitate introduction of new products and services <b>[Confidential to eftpos Payments Australia Limited]</b>.</p> <p>However, where a mandate is needed to set a deadline for capability to be enabled, mandates can be:</p> <ul style="list-style-type: none"> <li>• and usually are, consulted through the membership as to scope and timing; or</li> <li>• passed by the Board without member consultation.</li> </ul> <p><b>[Confidential to eftpos Payments Australia Limited]</b></p>
10	<p>In relation to the following services – 'Core', 'MCR', 'Mobile', 'CNP', 'QR Code', 'Deposit and Withdrawal', and 'Other' – mentioned in the 'eftpos transaction and revenue summary 5 years_5May21' spreadsheet, please explain:</p> <p>a. what services are included in 'Mobile';</p> <p>b. what service is 'Deposit @ ATM', and how it would operate;</p>	<p><b>a. Mobile</b> covers transactions initiated by Apple Pay, Google Pay, Samsung Pay and CBA's BankPay service. Transactions may be from Prop cards or from Multi-Network Debit (MND) cards where eftpos is selected as the preferred network. <b>[Confidential to eftpos Payments Australia Limited]</b></p> <p><b>b. [Confidential to eftpos Payments Australia Limited]</b></p> <p><b>c. connect ID</b> is the eftpos digital ID service that is designed to operate as an "Identity Broker" between a "Relying Party" (e.g. a liquor retailer requiring proof of age for online sales) and an "Identity Service Provider (ISP)" (e.g. drivers licence authority that has date of birth). <b>[Confidential to eftpos Payments Australia Limited]</b> The Broker role in the digital ID market is akin to the network switching role that eftpos provides in the payment market. The Broker and ISP roles are distinct and separate and will face their own competitive forces and ultimately subject to merchant/consumer choice.</p> <p><b>d. Key assumptions by product line:</b></p>

#	Question	Response
	<p>c. how 'BeemIt – connect ID identify provider' would operate (including whether connect ID would only be operated within the Beem It app);</p> <p>d. the assumptions that have been made in order to calculate the transaction volumes and revenue forecast (including price assumptions) for each of these services, and the basis of those assumptions;</p> <p>e. the amount of forecast investment costs that would be required by eftpos in each of the next 5 years in order to fund the development and/or launch of each of the services;</p> <p>f. how eftpos will fund the development and/or launch of these services;</p> <p>g. how eftpos plans to launch these services, including what actions</p>	<p><b>Core</b> – includes plastic dip (when card is inserted into a terminal and CHQ or SAV selected) and contactless transactions (when card is tapped on a terminal) from Prop cards, and the dip transaction (and CHQ or SAV chosen) for Multi-Network Debit (MND) and Multi-Network Credit (MNC) transactions. Forecasts are based on historical trends and known one off events <b>[Confidential to eftpos Payments Australia Limited]</b> and known pricing to members with demonstrably robust accuracy over many years.</p> <p><b>MCR</b> – Merchant Choice Routing (MCR) (this is the same thing as least cost routing) volume forecasts are based on <b>[Confidential to eftpos Payments Australia Limited]</b></p> <p><b>Mobile</b> – mobile volumes follow an extremely predictable volume trend following service launch and consumer adoption. <b>[Confidential to eftpos Payments Australia Limited]</b></p> <p><b>CNP</b> – Card Not Present (CNP) volumes <b>[Confidential to eftpos Payments Australia Limited]</b></p> <p><b>[Confidential to eftpos Payments Australia Limited]</b></p> <p><b>Deposit &amp; Withdrawal (D&amp;W)</b> – D&amp;W messages are purpose built for funds transfer in P2P and Disbursement use cases on MND debit cards. A dedicated message type supports accurate monitoring and reporting by participating members. <b>[Confidential to eftpos Payments Australia Limited]</b></p> <p><b>Other</b> – eftpos earns revenue from a number of currently smaller services including:</p> <ul style="list-style-type: none"> <li>• eftpos Data Subscription Services (eDSS) for Card Linked Offer (CLO) providers. Revenue is collected from providers when consumers successfully redeem an offer that is matched to an eftpos transaction. Volume forecasts are based on CLO provider estimates with pricing based on specific agreement.</li> <li>• ATM Deposit revenues from the development of a new service on eftpos ATM switch to allow independent ATM operators to offer secure cash deposits for consumers into their own accounts. <b>[Confidential to eftpos Payments Australia Limited]</b></li> </ul>

#	Question	Response
	<p>consumers/merchants would need to take to adopt these services;</p> <p>h. the nature and extent of support (in dollar terms if possible) that would likely be required from eftpos members (by membership type, e.g. the major banks, retailers, and other members) to develop and/or launch those services, and whether any rebates will be paid to members; and</p> <p>i. the level of costs merchants and other customers would be likely to incur to adopt these services.</p>	<p>e. forecast investments aligned to product lines have been provided over FY21 to FY24 planning years based on eftpos planning window and included in updated 'eftpos transaction and revenue summary 5 years_5May21' spreadsheet.</p> <p><b>Re f and h</b></p> <p>1 eftpos is self-funded, which is outlined further in paragraphs 129 to 137 of the Stephen Benton Statement which accompanied the ACCC Application. eftpos' revenue streams are also outlined at paragraphs 23 to 36 of the Stephen Benton Statement. Some parts of those paragraphs of the Stephen Benton Statement have been marked confidential.</p> <p>2 <b>[Confidential to eftpos Payments Australia Limited]</b></p> <p>g. <b>[Confidential to eftpos Payments Australia Limited] eftpos launch plans by product line:</b></p> <p>i. <b>cost to merchants and other customers by product line:</b>  Please note that eftpos sets and publishes the interchange fee rates (between acquirers and issuers) for eftpos transactions and charges scheme fees to issuers and acquirers but does not have any input into the MSF charged by the acquirer to the merchants or charges by issuers to their customers.</p> <ul style="list-style-type: none"> <li>• <b>Core</b> – merchants are charged Merchant Services Fees (MSF) by their Acquirer. Different pricing approaches are available depending on merchant size and complexity from a simple one average price to accept any payment to full price transparency for largest merchants wanting to manage different service elements. An MSF typically comprises interchange, scheme fee and acquirer fees and margin.</li> <li>• <b>MCR</b> – service provided by the merchant's Acquirer and subject to their pricing strategies. Large merchants typically received "interchange plus" pricing enabling access to cheaper interchange rates available for routing to eftpos. Some acquires are routing to the lowest cost network and passing on those savings to smaller merchants as a lower overall average cost.</li> </ul>



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		<ul style="list-style-type: none"> <li>• <b>Mobile</b> – typically there is no charge by an issuer to the consumer, although some do charge a fee. Merchants are charged relevant MSF from their acquirer.</li> <li>• <b>CNP</b> – typically there is no charge by an issuer to the consumer. Merchants are charged relevant MSF from their acquirer and payment gateway (as a service provider).</li> <li>• <b>QR Code</b> – typically there is no charge by an issuer to the consumer. Merchants are charged relevant MSF from their acquirer and other service provider for any transactions processed. <b>[Confidential to eftpos Payments Australia Limited]</b></li> <li>• <b>Deposit and Withdrawal</b> – typically there is no charge by an issuer to the consumer. Merchants are charged relevant MSF from their acquirer and payment gateway (as a service provider).</li> <li>• <b>Other:</b> <ul style="list-style-type: none"> <li>○ eDSS – Verrency applies a margin to eftpos wholesale charges for matched transactions. CLO providers charge merchants for an offer programs (typically on redemption) and pay Verrency matching fee that powers their proposition.</li> <li>○ ATM deposits – consumers may or may not be charged to deposit cash based on agreements between independent ATM operators and issuing banks. Where agreements exist between ATM operators and issuing banks expected a per transaction fee to be charged to issuing bank (and not fee passed onto that bank’s customers). eftpos will charge processing fees to acquirers and issuers <b>[Confidential to eftpos Payments Australia Limited]</b></li> </ul> </li> </ul>
11	<p>Paragraph 46 of eftpos’ statement indicates that eftpos’ Deposit and Withdrawal services allow real time transfer in and out of accounts using card rails. Please explain:</p> <p>a. how the services work, including by reference to what card rails (Visa,</p>	<p>a. eftpos Deposit &amp; Withdrawals operates per the following key points:</p> <ul style="list-style-type: none"> <li>• Multi-Network Debit cards only (no credit)</li> <li>• Operates on eftpos upgraded infrastructure for CNP transactions and processes stored <b>[Confidential to eftpos Payments Australia Limited]</b> as an eftpos deposit or withdrawal transactions to connected member</li> <li>• The <b>[Confidential to eftpos Payments Australia Limited]</b> is by design connected to an underlying cheque or savings account and, <b>[Confidential to eftpos Payments Australia Limited]</b></li> <li>• Beem It operates as a service provider for P2P transactions where the funding transaction uses a withdrawal message from the senders underlying account and then a</li> </ul>

#	Question	Response
	<p>Mastercard or eftpos) and what schemes (credit or debit) could be used to transfer payments;</p> <p>b. whether and how the services would support eftpos core volumes to grow;</p> <p>c. what would be required for the services to be used for business or government disbursements, and how this would be achieved in practice; and</p> <p>d. how the services would compare to NPPA's services (e.g. account reach, costs, ease of use, and fraud risks).</p>	<p>deposit message is used to push the funds into the receivers underlying account in real-time against stored MND cards in the Beem It service.</p> <ul style="list-style-type: none"> <li>• <b>[Confidential to eftpos Payments Australia Limited]</b></li> <li>• <b>[Confidential to eftpos Payments Australia Limited]</b>, M/V purchase transactions are still used, per the original Beem It solution design, where strong authentication (3DS) is required due to risk profile. <b>[Confidential to eftpos Payments Australia Limited]</b></li> </ul> <p>b. D&amp;W messages will drive incremental transactions for eftpos but are not counted under the eftpos definition of 'core' transactions which are traditional card present (CP) point of sale (POS) volumes. <b>[Confidential to eftpos Payments Australia Limited]</b></p> <p>c. <b>[Confidential to eftpos Payments Australia Limited]</b></p> <p>d. NPPA's planned service that is not yet commercially available and not expected to be so for some time. As such eftpos is not aware how the service operates and cannot comment on how our service compares to it.</p>
12	<p>In relation to Beem It, please explain:</p> <p>a. what types of cards consumers can use in the Beem It app, and the reasons why particular cards can or can't be used;</p>	<p>a. Today Beem It P2P service used MND cards to support their flows as eftpos is the only card network that commercially supports appropriately designed messages for funds transfer between parties. Service expansion into retail payments (physical point of sale) is underway that would be designed to support merchant and consumer choice of payment instrument including eftpos, Visa, Mastercard and Amex cards. <b>[Confidential to eftpos Payments Australia Limited]</b></p> <p>b. See 11a. above. For P2P transactions there are no viable alternative card networks to the eftpos D&amp;W service. <b>[Confidential to eftpos Payments Australia Limited]</b></p>

#	Question	Response
	<p>b. whether payments made through Beem It can be routed through the eftpos network, the ICS networks, or both. If both, please explain how the network through which a payment is routed is determined; and</p> <p>c. whether the Beem It app relies solely on eftpos' Deposit and Withdrawal services for its real time payment functionality</p>	<p>c. Yes. No other card based network can support real time transfers. <b>[Confidential to eftpos Payments Australia Limited]</b> We do also support non real time payments such as bill payment via BPay and Beem It needs to be rail agnostic to deliver the best customer experience and would by definition offer NPPA services that deliver better customer and commercial outcomes. Card based payments remain the most logical medium term choice due to scale, ubiquity, cost, reliability and fraud protection.</p>
13	<p>Please describe the similarities and differences between the use cases for, and functionalities of, eftpos' 'card on file' service and the services offered by BPAY, such as BPAY Payments.</p>	<p>eftpos' Card on File (COF) service provides merchant routing choice (typically to reduce processing costs) for online transactions where an MND card has been stored with a merchant and/or their service provider. COF transactions may be merchant initiated for regular payments (e.g. monthly charges for an internet TV service subscription) or customer initiated (e.g. for a food delivery service).</p> <p>BPAY payments are typically payment arrangements that allow for payments back to a BPAY biller from within the banking application of the consumer. These are traditionally related to utility payments but are expanding into other sectors.</p> <p>It is not uncommon that a business will support both card on file based payments (for payments made through their own website) and also BPAY options for bills mailed/mailed to their customers for payment through their banking service. The two services therefore provide choice to consumers on how to pay.</p>