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Dear Michelle

### **Draft Access Regime for the ATM System**

Thank you for the opportunity to comment on the Draft Access Regime for the ATM System and the issues raised by the Bank in the Consultation Document.

Bank of Queensland supports the industry requested intervention of the Reserve Bank to provide legal certainty to the implementation of the required zero interchange fee component of the Access Code.

### **Connection Charge for providing the Direct Connection Service**

The proposed cap on connection charges follow what has previously been adopted in the EFTPOS Access Regime and as such it would be difficult to implement a significantly different starting position for the ATM system given similarity of the network arrangements.

However, the connection charges as proposed in the Access Regime will only be relevant in the existing ATM network connection arrangements which require the establishment of direct interchange links. With the development of new network arrangements under consideration by the industry, with guidance from APCA, the proposed Connection Charges will, hopefully, become irrelevant.

As has been noted in the Consultation Document, the proposed Access Regime does not provide for access seekers to be charged by access providers for the establishment of direct clearing and settlement arrangements, yet the access provider will incur costs associated with the establishment of such arrangements. This situation could potentially lead to the establishment of low volume direct clearing and settlement arrangements that would be more efficiently conducted through aggregator arrangements.

### **Scheme Restrictions on Direct Charging**

One of the objectives of the introduction of the new ATM arrangements is to provide ATM owners the ability to directly charge cardholders for ATM transactions that they provide to consumers, with any charge clearly shown on the ATM transaction screen for the consumer to decide to continue or not.

The Draft Access Regime document describes an 'ATM Transaction' as a cash withdrawal, balance enquiry, or any other service obtained from an ATM in the ATM system in Australia, however, ATM owners are currently facing restrictions by credit card schemes from applying direct charges on certain types of scheme cards and for certain ATM transactions, which would appear to be at odds with the objectives of the reform.

With the designation of the credit card schemes in August 2002, the Reserve Bank removed two of the scheme rules that prohibited merchants from (1) applying surcharges to credit card purchase transactions and (2) from being able to apply discretion as to the cards, or type of cards, that the merchant accepted. These were the “No Surcharge” and the “Honour all cards” rules.

With approx. half of the ATMs in Australia deployed in merchant locations by independent deployers, we believe that the same removal of restrictive scheme rules is also required in the designation of the ATM system to enable ATM owners to apply consistent direct charge levels across all transactions at their ATMs. This could be achieved by a change to the August 2002 credit card scheme designation rules (Standard No. 2) to specifically include ATM transactions as a transaction type covered by that standard, or to ensure that the designation of ATM system specifically enables ATM owners to apply direct charges to all ATM transactions irrespective of the type of card used by the consumer.

The existing scheme restrictions require ATM owners to attempt to implement costly, complex and unnecessary software logic to differentiate between the various types of scheme cards that will be presented at their ATMs.

A consistent regulatory approach to the scheme rules on merchant surcharges is required across all transactions within credit card schemes.

**Keith Wilson**  
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