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Jennifer Fagg
Managing Director

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Dr John Veale
Head of Payments Policy Department
Reserve Bank of Australia
GPO Box 3947
Sydney NSW 2001

Dear Dr Veale

I refer to calls for submissions on whether the Reserve Bank of Australia's Review of Payment Systems Reforms should consider credit card interchange fees separately to the timetable established for a fuller review of payment systems reforms.

The RBA's media release of 11 December 2006 outlines the review process and timing with an emphasis on consultation around the complete findings of the preliminary and then final review phases. The release says that *"any specific proposed changes to the current standards/access regimes would then be considered at the end of this process, with any changes again subject to a further round of consultation."* Pre-empting this process by separating out aspects of the credit card reforms undermines the robustness of the review approach.

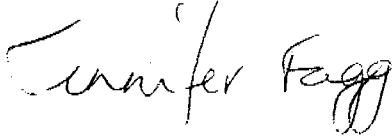
There are a number of issues related to the credit card reforms, not just the interchange standard, that warrant review and isolating some issues for earlier review potentially distorts the regulatory review process.

Further, the RBA reforms were conceived as a package but were implemented separately - there was a three-year delay between the credit card and EFTPOS reforms being implemented. This approach has meant that the impact on the various stakeholders of the credit card reforms was not been offset by the impact of the debit reforms. It also meant that the net impact on payment system participants was not immediately obvious to observers. Adopting a separated review process continues this disconnect rather than bringing the reforms back into a holistic framework.

ANZ welcomes the launch of a comprehensive review of payments system reforms that covers all aspects of the reforms in their entirety before findings are delivered.

We look forward to being an active and constructive participant in the review process.

Yours sincerely

A handwritten signature in cursive script that reads "Jennifer Fagg". The signature is written in black ink and is positioned above the printed name and title.

Jennifer Fagg
Managing Director Consumer Finance