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Dr Tony Richards  
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GPO Box 3947  
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### **Consultation on replacing the eftpos designation**

Dear Tony

We refer to your media release dated 9 March 2012 announcing the Reserve Bank's decision to conduct a public consultation on whether changes to the existing Standard and Access Regime are appropriate and whether this will firstly require a change to the current designation for the eftpos system.

Broadly speaking, we agree that the current designation for the eftpos system is no longer appropriate given the changes that have occurred in recent years, in particular with the establishment of ePAL and the centralised governance this has provided. As a consequence of these changes, we agree with the Bank that we should consider what this means in terms of current designation and what changes are required to reflect the current eftpos framework.

Having considered the Bank's consultation document, we support the Option 1 as outlined in the consultation document which proposes that the definition of the eftpos system should be based on ePAL's rules and cover participants that are members of ePAL.

Our support of this option however, is based on a premise that participants in the eftpos system have an obligation to become members of ePAL. This requirement will align eftpos with both the MasterCard and Visa schemes which also have a requirement for organisations to become a member of the scheme prior to being able to issue or acquire Visa and MasterCard products.

At present it is possible to be a participant in the eftpos system and not have to adhere to the rules prescribed by the system's governing body. Therefore, any improvement proposed to the system can be frustrated by non-members particularly where the change may not result in an economic benefit to them albeit it may make the system overall more effective. The shift proposed by ePAL to multilateral pricing is one example where non-members can work outside the ePAL rules. If we believe that ePAL and its formation adds to the efficiency of the eftpos system then it is hard to imagine the system ever reaching its full potential and in so doing promote the public interest unless all who participate in the system work within the same rules and standards.

In addition to the differences in interchange, non-members currently have no requirement to pay eftpos scheme fees which affords them a pricing advantage over their ePAL equivalents.

In summary, we support the Bank's current review of eftpos designation and the subsequent review on the eftpos interchange standard and access regime and welcome the opportunity to discuss our submission with you.

In the meantime should you require further information please do not hesitate to contact me on (07) 3258 4248 or [mswannell@indue.com.au](mailto:mswannell@indue.com.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Michael Swannell', with a stylized, cursive script.

Michael Swannell  
Executive Manager - Payments