

9 March 2017

Head of Payments Policy Department
Reserve Bank of Australia
GPO Box 3947
SYDNEY NSW 2001

Dear Sir/Madam

Dual-Network Cards and Mobile Wallet Technology – Consultation Paper

The Tourism & Transport Forum Australia (TTF) welcomes the opportunity to provide a submission to the Reserve Bank of Australia's *Dual-Network Cards and Mobile Wallet Technology* consultation paper. The issues surrounding the future of payment systems in Australia, particularly given the rapid nature of technological change, are of importance to the tourism and transport sectors and to consumers generally.

Advances in communications and mobile technology have rapidly changed the payment services sector globally. The use of cash as the most convenient form of payment for consumers and merchants alike has diminished and been replaced by alternative payment platforms such as dual-network debit cards, contactless payments, and more recently, mobile wallet applications. Indeed, KPMG notes that consumers in North America, Western Europe and Asia make only small payments with cash, with the majority of purchases now made by debit or credit card or other cash-free payment methods.

Dual-network debit cards, issued by banks and other financial institutions, allow payments to be made from two separate networks. It is noted that the Reserve Bank supports the use of dual-network debit cards as they offer consumers greater choice, convenience and flexibility at the point of sale. TTF supports this approach and agrees that providing choice at the point of sale promotes competition and reduces costs for consumers and merchants.

As smart-phone penetration increases and supporting payment technology evolves, it is likely that the take-up of mobile wallet applications such as Apple Pay, Android Pay and Samsung Pay will grow rapidly in coming years. Mobile wallet applications provide consumers and merchants with greater flexibility and ease to make and accept payments. TTF believes that the combination of convenience and the pace of technological change will increase the demand for mobile wallet payment platforms in years to come.

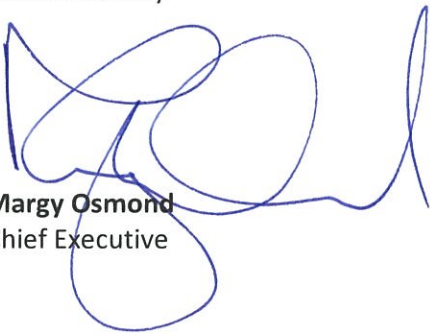
This evolution will have significant implications for dual-network cards and may impact on the ability of consumers and merchants to choose the payment network that best suits their needs. On this basis, the RBA should work with card issuers, card schemes and third party mobile wallet providers to ensure that the migration to mobile payment platforms can occur without the imposition of barriers that restrict competition or limit choice at the point of sale.

While a level playing field in relation to dual-network cards and mobile wallet payment systems is the desired outcome for both consumers and issuers, artificial regulatory intervention should be avoided where possible. It is important that government does not stymie innovation in the sector through the introduction of burdensome red-tape or over-regulation.

Card payment systems and platforms should be applauded for developing and implementing innovative solutions that benefit consumers by reducing costs and providing greater competition. TTF encourages the RBA to continue to monitor the dual-network and mobile wallet payment ecosystems to ensure a transparent and level playing field is maintained to ensure that competing payment platforms are able to co-exist into the future.

Thank you again for the opportunity to provide further information and input into this important issue. Should the Committee require any additional information, please do not hesitate to contact Mr Sam Moreton, Director – Policy & Research on (02) 9240 2004 or smoreton@tff.org.au

Yours sincerely



Margy Osmond
Chief Executive