

22 February 2017

Dr. Tony Richards
Head of Payments Policy Department
Reserve Bank of Australia
GPO Box 3947
Sydney NSW 2001

pysubmissions@rba.gov.au

Dear Dr. Richards,

Dual-Network Cards and Mobile Wallet Technology Consultation Paper December 2016

Woolworths Ltd. appreciates the opportunity to respond to the consultation paper published by the Reserve Bank of Australia (RBA) with regards to the Dual-Network Cards (DNC) and Mobile Wallets in December 2016 (the **Consultation Paper**).

Background

As you are aware, Woolworths Ltd is Australia's largest retailer servicing millions of customers each week through brands such as Woolworths Supermarkets, Big W, Dan Murphy's and BWS. Woolworths has invested in its own transaction processing technology that is capable of processing large volumes of electronic transactions, to provide a fast and reliable experience to our customers.

Woolworths also provides cash out services to its customers at point of sale. The combination of these factors makes Woolworths one of largest processor of debit transactions in the country. Accordingly, Woolworths is keen to work with regulators, and all levels of government, to be a part of the conversation around the regulation of payments in Australia.

Australia has been a leader in adopting EMV (i.e. 'chip') and contactless payments. Woolworths in particular was a leader in relation to the mass acceptance of contactless cards in Australia by rolling out contactless technology to our fleet of terminals across 3,000 sites in Australia and New Zealand. The take-up of contactless debit cards in Australia in 2012 was also facilitated by these technological upgrades to Woolworths' terminal fleet. Since then, Woolworths has seen a significant growth in the use of contactless debit cards in Australia.

Australia, which has the world's highest Smartphone adoption, is also well placed to expand further into the mobile payments space.

Response to the Consultation Paper

In the context of all the innovation in the payments industry, Woolworths believes it is important to ensure that customer convenience is maintained when using mobile wallets, whilst also providing transparency of choice for the consumer.

Woolworths also notes that the introduction of cashout fees at ATMs and the decline in cash usage has seen a trend of customers using our Supermarkets as a cost-effective and convenient way to withdraw cash. With the use of DNC in mobile wallets, Woolworths would still like to continue providing cashout services to customers.

We believe ensuring an equal playing field for the different schemes fosters an environment for innovation and competition for all players across the payments industry, such as Fintechs, Acquirers, Issuers and Merchants. It is therefore important to provide parity in this context.

We don't envisage any significant compliance costs if an industry standard in relation to the above was to be introduced and would welcome such a move from the RBA for the overall good of the payment industry.

Should you wish to further discuss any aspect of Woolworths' submission please feel free to contact us at any time.

Yours sincerely,



Paul Monnington
Head of Digital and Payments