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In reply please quote **FI**
Filename

21 March 2003

Mr Paul Palisi
General Manager, Adjudication Branch
Australian Competition and Consumer Commission
P O Box 1199
DICKSON ACT 2602

Dear Mr Palisi,

APPLICATIONS FOR AUTHORISATION IN RELATION TO EFTPOS INTERCHANGE FEES

Thank you for the opportunity to comment on the applications for authorisation that the ACCC has recently received relating to interchange fees for EFTPOS transactions (Nos A30224 and A30225).

The Reserve Bank strongly supports the proposed reforms that aim to bring to an end the current structure of bilateral interchange fees in the EFTPOS network. In its view, the reforms would produce significant public benefits and would not have any anti-competitive impact. The Reserve Bank looks to card issuers to pass the reduction in interchange fees, if authorised by the ACCC, immediately and fully to EFTPOS users through lower transaction fees.

Our comments are provided in the attached note. Please feel free to contact Dr John Veale, Head of Payments Policy, or myself if you have any questions.

Yours sincerely,

J.F. Laker
Assistant Governor (Financial System)

Encl.