

15 July 2021

Dr Tony Richards
Head of Payments Policy Department
Reserve Bank of Australia

Via email: pysubmissions@rba.gov.au

Dear Dr Richards,

Review of Retail Payments Regulation: Consultation Paper, May 2021

Coles would like to thank the Reserve Bank of Australia (the **Bank**) for the opportunity to respond to the *Review of Retail Payments Regulation: Consultation Paper* dated May 2021 (the **Paper**), which supplements Coles' submission on 7 February 2020 in response to the *Review of Retail Payments Regulation: Issues Paper* dated 29 November 2019. Coles provides fresh food and grocery services, liquor, fuel and financial services to approximately 20 million customers on average each week through its store network and online platform. Coles also operates as an acquirer with our own payments switch to process customer card transactions.

Given the unique nature of our business, we have sought to provide our comments in the context of a retail merchant whilst also leveraging our experience as an acquirer and a participant in payment industry forums, with a focus on the needs of our retail customers and merchants, as well as the broader public interest.

Coles agrees with the Bank's assessment that the payments ecosystem is becoming increasingly complex. The retail payments landscape has changed significantly in recent years, with technological changes, new innovations and changing behaviours of consumers (as a result of COVID19 and otherwise). As a result, Coles is supportive of the Bank's view it is an appropriate time to consider whether the current regulatory settings remain fit-for-purpose to achieve the Bank's mandate.

Regarding the Bank's preliminary assessment, Coles is supportive of the Bank's focus on policy changes in the following areas:

- reduction of the cents-based debit (and prepaid) interchange fee cap to 10 cents for debit cards;
- limiting and slowing the shift of Dual-network Debit Cards to Single-network Debit Cards;
- increasing the availability and take up of LCR functionality for both 'device-present' (in-person) and 'device-not-present' (online) transactions; and
- prevention of "tying conduct".

If the Bank has any queries on our comments above, please contact us.

Yours sincerely,

Paul Askew

Paul Askew
General Manager, Financial Services