



Australia's First Bank

Westpac Banking Corporation ABN 33 007 457 141

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1 February 2007

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

Dear Sir/Madam

Credit Card Interchange Fees

I write in response to your request for submissions on this matter (media release dated 11 December 2006).

As you point out in the media release, the existing standard was structured to reduce the cost of complying with the standard. Any move to change this standard requiring more frequent interchange resets would increase the cost to Westpac of complying with the standard.

From the limited detail provided in the media release, we do not see how the structure of the interchange standard will affect competition between the card schemes. If there is an issue, we agree that this would be best conducted as part of the broader 2007/08 Review of Payment System Reforms noted in your media release. This would allow the full detail to be considered in a more transparent fashion.

We would be very happy to discuss this matter further with you.

Yours Sincerely

Alexandra Holcomb
General Manager, Working Capital and Trade Solutions