



RESERVE BANK OF AUSTRALIA

Payment Systems (Regulation) Act 1998

Access Regime for the Visa Debit System

This notice is published in accordance with the requirements set out in section 29(2)(a) of the *Payment Systems (Regulation) Act 1998* ('the Act').

The Reserve Bank of Australia has today announced the imposition in accordance with section 12 of the Act the attached Access Regime to be complied with by the participants in the designated Visa Debit system operated within Australia. This Access Regime is essentially identical to that released by the Bank for public consultation on 20 July 2005, with the exception that the definition of 'debit card' has been amended to make it accord with that in draft Standard No. 5 (entitled *The 'honour all cards' rules in the Visa Debit and Visa credit card systems and the 'no surcharge' rule in the Visa Debit system*), published by the Bank on 23 February 2005.

Summary of purpose and effect of the Access Regime

The purpose of the Access Regime is to ensure that Specialist Credit Card Institutions (SCCIs) are eligible to participate in the Visa Debit system as well as the Visa credit card system.

Visa has advised the Reserve Bank that, in the absence of the Access Regime for the Visa Debit system, its international rules may prevent an SCCI from joining the Visa scheme. This is despite the access regime for the Visa credit card system, previously imposed by the Bank, prohibiting discrimination against SCCIs. Visa has indicated that, since this latter regime strictly only applies to the credit card system, an SCCI intending to acquire both Visa credit and *debit* card transactions might not be able to join the Visa scheme.

The Access Regime for the Visa Debit system will ensure that SCCIs are able to join the Visa system to undertake both credit and debit card transactions. It will promote efficiency and competition in the provision of card payment services to merchants and cardholders by facilitating participation in the Visa Debit system and the Visa credit card system of institutions that specialise in card issuing, acquiring, or both, but that do not conduct other banking business.

Signed

A handwritten signature in black ink, appearing to read 'IJ Macfarlane'.

19/8/05

IJ Macfarlane
Governor
Reserve Bank of Australia

Access Regime for the Visa Debit system

Objective

The objective of this Access Regime is to promote efficiency and competition in the Australian payments system, having regard to:

- (i) the interests of current participants;*
- (ii) the interests of people who, in the future, may want access to the system;*
- (iii) the public interest; and*
- (iv) the financial stability of the Visa Debit system.*

Application

1. This Access Regime is imposed under section 12 of the *Payment Systems (Regulation) Act 1998*.
2. This Access Regime applies to the debit card system operated within Australia known as the Visa Debit system designated on 18 February 2004 by the Reserve Bank of Australia under section 11 of the *Payment Systems (Regulation) Act 1998*, and referred to as follows as 'the Scheme'.

3. In this Access Regime:

an 'acquirer' is a participant in the Scheme in Australia that provides services to a merchant to allow the merchant to accept a debit card;

an acquirer is a 'self acquirer' if it acquires transactions for which it or a related body corporate (as that term is defined in the *Corporations Act 2001*) is the merchant;

'authorised deposit-taking institution' has the same meaning given to that term in section 5(1) of the *Banking Act 1959*;

'debit card' means a card issued by a participant in the Visa Debit payment system, under the rules of the Scheme, that allows the cardholder to make payments to merchants for goods and services by accessing a deposit account held at the participant;

an 'issuer' is a participant in the Scheme in Australia that issues debit cards to the issuer's customers;

'merchant' means a merchant in Australia that accepts a debit card for payment for goods or services;

'rules of the Scheme' means the constitution, rules, by-laws, procedures and instruments of the Scheme as applied in Australia, and any other arrangement relating to the Scheme by which participants in the Scheme in Australia consider themselves bound;

a 'specialist credit card institution' is an authorised deposit-taking institution that engages in, or proposes to engage in, debit card issuing, debit card acquiring or both (within the

meaning of Regulation 4 of the *Banking Regulations 1966*) and does not otherwise conduct banking business within the meaning of section 5 of the *Banking Act 1959*;

terms defined in the *Payment Systems (Regulation) Act 1998* have the same meaning in this Access Regime.

4. Each participant in the Scheme must do all things necessary on its part to ensure compliance with this Access Regime.
5. If any part of this Access Regime is invalid, it is ineffective only to the extent of such part without invalidating the remaining parts of this Access Regime.
6. This Access Regime is to be interpreted:
 - in accordance with its objective; and
 - by looking beyond form to substance.
7. This Access Regime comes into force on 1 September 2005.

Eligibility for participation

8. Any person who is an authorised deposit-taking institution is eligible to apply to participate in the Scheme in Australia. Subject to paragraph 9, any criteria may be applied by the Scheme in assessing applications for participation in the Scheme in Australia.
9. Neither the rules of the Scheme nor any participant in the Scheme shall discriminate between specialist credit card institutions as a class and other authorised deposit-taking institutions as a class in relation to any of the criteria applied in assessing applications for participation or in relation to the rights and obligations of participants in the Scheme in Australia.

Terms of participation

10. Neither the rules of the Scheme nor any participant in the Scheme shall prevent a participant in the Scheme in Australia from being:
 - (i) an issuer only; or
 - (ii) an acquirer only; or
 - (iii) both an issuer and an acquirer.

11. Neither the rules of the Scheme nor any participant in the Scheme shall impose on a participant in the Scheme in Australia any fee, charge, loading or any form of penalty as a consequence of, or which is related in any way to, that participant's activity as an acquirer relative to its activity as an issuer in the Scheme.
12. Neither the rules of the Scheme nor any participant in the Scheme shall prohibit a participant in the Scheme in Australia from being a self acquirer if the participant can reasonably establish in accordance with the rules of the Scheme that, as a self acquirer, it has the capacity to meet the obligations of an acquirer.

Transparency

13. The administrator of the Scheme or a representative of the participants in the Scheme in Australia must publish the criteria applied in assessing applications for participation in the Scheme in Australia on the Scheme's website, or make such criteria generally available through other means within three months after this Access Regime comes into force.
14. The administrator of the Scheme must provide to a person that has applied to participate in the Scheme in Australia an estimate of the time it will take to assess the application before a decision on the application will be made. The administrator must assess applications in a timely manner without undue delay.
15. The administrator of the Scheme must provide to a person that has applied to participate in the Scheme in Australia reasons in writing if the application is rejected, within one month after such rejection.