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Daniel McCracken-Hewson  
General Manager  
Merger Authorisations  
ACCC

**By Email – [mergerauthorisations@acc.gov.au](mailto:mergerauthorisations@acc.gov.au)**

Dear Mr McCracken-Hewson

**Proposed amalgamation of BPAY, eftpos and NPPA – proposed undertaking**

The Reserve Bank is making this brief submission to provide its perspectives on the questions raised by the Commission on 6 August regarding the proposed amalgamation of the three schemes.

The Bank notes the ongoing concerns of some stakeholders regarding the cost of debit card payments and the availability of least-cost routing (LCR) to merchants. We note also that there is intense competition in the debit card market and that eftpos faces a number of challenges regardless of whether amalgamation goes ahead or not.

However, as the Bank indicated in its submission of 9 July, we have not had any concerns regarding any reduction in competition in the debit card market from the proposed amalgamation. We expect that consolidation of the three schemes would be likely to result in a stronger eftpos that would be able to compete more effectively against the two international debit schemes. We expect that a consolidated entity would be better able to deal with coordination issues and the challenges that the three schemes currently face in getting industry participants to take decisions to support new products or build new infrastructure. We expect that the directors appointed to the board of the consolidated entity by its shareholders would be more senior than the directors appointed by those shareholders to the current boards of eftpos and the other two companies. We expect that eftpos in particular would benefit from more strategic decision making involving more senior bank representatives who have greater ability to support eftpos initiatives within their own organisations. We note also that the proposed governance arrangements for Australian Payments Plus Ltd imply that the major banks will have less influence than they currently do in the three existing schemes.

Our understanding is that the proposed undertaking commits Australian Payments Plus Ltd to continuing the eftpos debit card system for at least three years and ensuring that a number of initiatives in eftpos' current workplan will be delivered over the next year or so. These commitments should mitigate the risks that some stakeholders have raised with the Commission. Of course, the prospects for eftpos will also depend on the support from its shareholders – from issuing and acquiring participants, as well as the large retailers – and the undertaking does not include any commitments in this regard. However, the Bank considers that the commitments made by the Industry Committee on behalf of Australian Payments Plus could be a useful focal point for the industry and that support for eftpos from its shareholders is likely to be greater under amalgamation than under a counterfactual where this does not occur. We are also encouraged by some recent indications that we have received from major acquirers regarding increased provision of LCR to small merchants.

I hope this information is helpful to the Commission in its decision-making process. The Bank would be happy to provide any other data or information to support the Commission.

Yours sincerely



Tony Richards  
Head of Payments Policy  
Payments Policy Department