

From: [Theo Foukkare](#)
To: [Wu, Connie](#)
Cc: [Merger Authorisations](#)
Subject: RE: Proposed amalgamation of BPAY, eftpos and NPPA [SEC=OFFICIAL]
Date: Tuesday, 4 May 2021 12:06:21 PM
Attachments: [image001.png](#)
[image002.png](#)

Hi Connie,

Thanks for your note. The AACCS's response is below.

1. The proposed amalgamation will remove any incentive of the firms involved to compete with each other, or to compete between financial service products. Instead, there will be a strong incentive in any amalgamated firm to focus on promoting the most profitable services, and to discontinue or reduce the profile of other, less profitable service offerings. Eftpos, credit and debit cards are competing services, with differential degrees of attractiveness to both consumers and small retailers (such as convenience store operators). Given that credit cards are more profitable than debit and eftpos, there will be a strong financial incentive and commercial logic to reduce or remove least cost routing from the suite of products to be offered by the amalgamated business. Why would a payments firm continue to offer a financial product that generates less income, and currently has fewer customers, than other more profitable product streams?

Indeed, the directors of the amalgamated company will have both a commercial and legal incentive to suppress LCR, as they have a fiduciary duty to act in the best interests of the company, not of consumers. Hence they will have a strong rationale to suppress LCR.

This logic will inevitably lead to less consumer choice, fewer competing payment options for retailers to choose from, and hence greater operating costs to retailers.

2. We believe the same logic will apply in regards to the recessing of cards, and that for the same reasons the Visa/MasterCard routes will be preferred by the amalgamated firm over any other route.

Happy for this to be published.

Should you require any further clarity, please don't hesitate to contact me.

Thanks

Theo Foukkare

CEO



Australasian Association of Convenience Stores

m: [REDACTED]

e: [REDACTED]

w: www.aacs.org.au

a: PO Box 3111, Burleigh Heads. QLD. 4200



From: Wu, Connie <connie.wu@accc.gov.au>

Sent: Friday, 30 April 2021 12:50 PM

To: Theo Foukkare [REDACTED]

Cc: Merger Authorisations <MergerAuthorisations@accc.gov.au>

Subject: Proposed amalgamation of BPAY, eftpos and NPPA [SEC=OFFICIAL]

OFFICIAL

Dear Theo,

Thank you for providing a submission to assist with the ACCC's assessment of ICA's merger authorisation application for the proposed amalgamation of BPAY, eftpos and NPPA. We appreciate it.

Your submission raises concerns that the proposed amalgamation may have a negative impact on the implementation of 'least cost routing' (LCR) for processing payments made using dual-network debit cards (among other issues).

In order for us to better understand these issues and assess the impact of the proposed amalgamation, we would like to ask you the following questions:

1. Could you please clarify the extent to which the concerns you have raised about LCR might apply regardless of the proposed amalgamation, and whether – and if so how – the proposed amalgamation would increase those concerns. More specifically, how would the proposed amalgamation change the incentives of the banks (and separately, NewCo) with regards to the implementation of LCR?
2. We note that your submission indicates that the banks may currently have an incentive to favour processing of dual-network debit card payments via VISA and Mastercard instead of eftpos. If this is the case, how would the proposed amalgamation affect those incentives?

If you are inclined to provide a response to the above questions, we would really appreciate it if you could do so by **7 May**. As this review is a public process, please note that we intend to publish this email and your response to our questions on the ACCC's merger authorisations [register](#).

If you have any questions or require any clarification regarding this email, please don't

hesitate to let me know.

Thanks in advance for your assistance.

Kind regards

Connie

Connie Wu

Assistant Director | Mergers Exemptions and Digital

Australian Competition & Consumer Commission

Level 5 | 1 William Street Perth 6000 | www.accc.gov.au

T: + 61 8 9325 0637

The ACCC acknowledges the traditional custodians of Country throughout Australia and recognises their continuing connection to the land, sea and community. We pay our respects to them and their cultures; and to their Elders past, present and future.