

**From:** [EXTERNAL - Jos Debruin](#)  
**To:** [Wu, Connie](#)  
**Cc:** [Mark Paladino](#); [Merger Authorisations](#)  
**Subject:** RE: Proposed amalgamation of BPAY, eftpos and NPPA [SEC=OFFICIAL]  
**Date:** Monday, 10 May 2021 9:53:43 AM  
**Attachments:** [image001.jpg](#)  
[image002.jpg](#)

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Dear Connie, thank you again for this opportunity to provide additional information you have requested in your email below.

- 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?*

MGA and its members around Australia have always been concerned with the power of the Big 4 Banks as well as the role Coles and Woolworths play as Board members of eftpos etc.....and possibly NEWCO

Small business has paid the higher merchant payment fee price for far too long. Coles and Woolworths being Acquirers in their own right are in fact a bank. They do not incur the massive merchant payment fees that small businesses do. This puts the small business sector at a complete competitive disadvantage as with so many other costs to do business.

Now the big six will preside over a newly formed entity NEWCO – which will encapsulate 3 payment platforms – eftpos, NPP and BPay. More power to the big six with little to no input from Small Businesses.

At this point the synergies proposed do not translate into delivering more efficient and cost effective benefits to small businesses – that's our biggest concern!

Baically, MGA doesn't believe the NEWCO will have any desire to do anything about least cost routing - this is small businesses big issue. It seems there will a big new board with lots of different folks ... but small business may or may not be invited and I they are invited how can they then be heard?

It is apparent that Nine of the 13 board members will be banks and a big retailer ... but nothing for Small Business to worry about here

That SME advisory committee that has been promised will also involve a bunch of other parties including charities, consumer groups, government departments, Fintechs and whoever else may cause NEWCO issues

Somehow there will be more competition and lower prices but there appear to be no detail/plan about how that will happen.

MGATMA wishes to offer that SMEs represent well over 50% of transactions in the eftpos network and it is clear they bear the cost through higher merchant payment fees fees than big retailers.

The claim in the amalgamation proposal is that the big 4 banks are not having all the say. Maybe not but who are the other 5 shareholders on the Board – a bunch of smaller banks and Coles or Woolies? Are they the same small banks who are already dropping eftpos from their debit cards (Cuscal and Macquarie are on the NPP Board) and have no intention of competing with Visa and MasterCard?

So you can see Connie – MGATMA does have a very cynical view toward the amalgamation of 3 payment platforms to form NEWCO.

Kind Regards and please call me should you have any further queries.

Jos

**Jos de Bruin**

Chief Executive Officer | GAICD

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