



ATM Industry Steering Group

Direct Charging

02 March 2004

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ATM Industry Steering Group - Request for Review and Development of Access

Following our recent communications, the ATM Industry Steering Group (“**AISG**”) would like to clarify its request to the Australian Payments Clearing Association (“**APCA**”).

We would respectfully ask that APCA undertake a project to develop conditions of entry, which would facilitate access to the ATM network in the context of a direct charging regime for foreign ATM transactions. The primary objectives of the work would be to develop a practicable and equitable regime to facilitate effective access to ATM networks for ATM operators and card issuers.

AISG has been working through proposed reforms of ATM interchange fee arrangements. The Reserve Bank of Australia has explained that its support for those reforms is contingent upon work being undertaken to resolve ATM access issues in the reformed environment. As AISG is a committee of member institutions, it unfortunately doesn't possess the appropriate structure and resourcing to conduct this project itself. APCA however, has an appropriate legal structure as well as the expertise and experience to undertake this project.

At present, participants in foreign ATM transactions have access through a variety of means. Some participants have access to ATM networks through bilateral interchange agreements. Other participants have access through shared ATM network arrangements (eg, CUSCAL's Rediteller networks) or through sponsorship arrangements (eg, Banktech and Westpac).

AISG requests that in undertaking a project to develop the conditions of entry that facilitate access to the ATM network, APCA examines the existing environment and any access issues as they may pertain to both incumbent and new network participants. Participation may include participation as a card issuer, an acquirer of ATM transactions or an ATM operator, or any combination of these.

AISG has not undertaken the task of identifying and defining the access issues that may arise in the context of the direct charging model. We understand that APCA may commission independent experts with this work as part of the overall project.

It would be appreciated if you could confirm that APCA is prepared to undertake the project as requested. In due course please also provide an initial indication of the timeframe for the project in addition to scope and key deliverables.

AISG (or some of its members) as stakeholders, would anticipate being involved in the project through the PSG and any working committee established by APCA in addition to subject matter expert or stakeholder groups.

On behalf of the AISG I would like to thank APCA for their assistance (and forbearance) to date in defining this initiative at a high level and potentially commissioning the task.

Yours sincerely

Gavin Napier
Chairman, AISG

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ATM Industry Steering Group

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