

15 January 2014

Head of Payments Policy Department
Reserve Bank of Australia
GPO Box 3947
SYDNEY NSW 2001

Dear Sir,

Consultation on Proposed Variation to the MasterCard and Visa Access Regimes

First Data is making this additional submission in response to the Consultation Document issued by the Reserve Bank of Australia "the Bank" in December 2013. It should be read in conjunction with First Data's July 2013 submission in response to the Bank's initial May 2013 Consultation Document.

First Data agrees with the view expressed by the Bank in its Preliminary Assessment to vary the current Access Regimes in terms of Option 2 as described in Section 6 of the Consultation Document.

In summary, First Data concurs that the current access arrangements are more restrictive than necessary, particularly in preventing non ADIs/SCCIs from joining the schemes. Under current arrangements, the cost and resources required to gain approval as an ADI/SCCI, in addition to the ongoing compliance responsibilities and fees, make the process prohibitive for many potential scheme entrants. By nature of their participation, acquiring-only entities do not introduce the same level of risk to any payment system as issuing entities do. The issue of possible systemic risk due to providing access to new participants should not be ignored, but dealt with by the schemes in line with their existing proven global risk mitigation strategies.

It is also important that the Bank should take an active role in ensuring that the schemes establish non-discriminatory eligibility and assessment criteria and that the schemes publish these on their websites, together with their timing for making decisions on applications. This appears to have been satisfactorily dealt with in the proposed changes to the Access Regimes under "Transparency and assessment of applications" and "Certification and reporting".

As pointed out in the Bank's paper, the removal of the necessity to be an ADI/SCCI is not solely dependent on the Access Regimes, but also appears to be dependent upon the removal of Regulation 4 from the Banking Regulations 1966 (This defines credit card issuing and acquiring to be banking business, requiring APRA supervision). First Data believes that there is a need to vary the regimes as soon as possible; however it is concerned that the implementation of any changes may be prolonged due to the need for this change to the Banking Regulations. Any means of hastening this change should be pursued.

In summary, First Data fully supports the options for reform and the draft Access Regimes proposed under Option 2 in the Bank's December 2013 Consultation Document.

Yours Sincerely



John Tait
Managing Director,
Australia and New Zealand