



15 March 2002

Head of Payments Policy  
Reserve Bank of Australia  
65 Martin Place  
SYDNEY NSW 2001

Dear Sir,

**Reform of Credit Card Schemes in Australia: A Consultation Document (the “Consultation Document”)**

I refer to our various conversations and conversations since publication of the Consultation Document. As contemplated by section 5.4 of the Consultation Document and as discussed between Visa’s CEO, Mr Malcolm Williamson, and Visa Asia Pacific Region CEO, Mr Rupert Keeley, and the Governor on 6 March 2002, Visa wishes to continue to consult with the Reserve Bank of Australia (RBA) in relation to the draft Standards and Access Regime set out in the Consultation Document.

As I said in my letter to you on 18 February 2002, Visa is not in a position to finalise any consultation with the RBA before full and complete answers are given to the various enquiries already raised in the last two months by Visa and, on Visa’s behalf, by Freehills and until the documents requested under the Freedom of Information Act 1982 are produced. (Freehills have written to you again separately and in more detail about this matter.)

I nonetheless enclose a “Response to the Reserve Bank of Australia’s Consultation Document and Report of Professor Michael Katz”, prepared for Visa by Network Economics Consulting Group Pty Limited. This document sets out Visa’s response to the RBA Consultation Document. I also enclose:

- “An Economic Critique of the Reserve Bank of Australia’s Proposal for Interchange Fee Regulation”, prepared for Visa by Howard H. Chang, David S. Evans, and Richard Schmalensee; and
- “An Economic Analysis of the Determination of Interchange Fees in Payment Card Systems”, prepared for Visa by Jean-Charles Rochet and Jean Tirole.

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AUST. REG’D No. A.R.B.N. 007 507 511 – A B N 70 007 507 511  
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I look forward to discussing these documents and the various outstanding issues with you going forward, building on the spirit of co-operation established at last week's meeting. I would like to arrange a timetable for these discussions as soon as possible so that I can ensure our experts are available, as appropriate, for these discussions.

I also look forward to sharing with you the details of some very recent analysis of some Roy Morgan data (which we understand the RBA has already considered to some extent) together with confidential data collected from Visa internal resources.

Obviously, as we go forward with our discussions further issues will undoubtedly arise and I am assuming that we will not be precluded from raising them. Finally, as a matter of good practice, and to avoid unproductive differences in interpretation or understanding, we will be happy to document with you our various discussions and the outcomes as we proceed through the consultation process.

I look forward to continuing and fruitful consultation with you.

Yours faithfully,



Gordon Wheaton  
Executive Vice President  
Australia/New Zealand

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