



Mail Address:
PO Box E445
Kingston ACT 2604

Tel: 02 6242 7339
Fax: 02 6242 7336

Chair : Ella Keenan
CEO : Mike Potter
www.cosboa.org

Mob: 0418 303 427
Mob: 0418 860 519
Email: ccouncil3@bigpond.net.au

Council of Small Business Organisations of Australia Ltd.

ABN 43 008 597 304

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Payments Policy: EFTPOS Reform
Reserve Bank of Australia
GPO Box 3947
Sydney NSW 2001

Email: EFTPOS@rba.gov.au

Attention: EFTPOS Industry Working Group

In reviewing the issues for consideration as set out in your document I would like to comment as follows. In respect to the proposed options in changing the arrangements for EFTPOS interchange your objectives of flexibility, customer acceptance, efficiency, competition, access, sustainability and the practicalities of implementation is commendable. In reviewing the three categories of interchange fee arrangements that summarises the basic options for EFTPOS interchange fee reform requires one basic question to be answered, how will these reforms lead to a reduction in actual cost to the merchant who has EFTPOS facilities?

In reviewing the EFTPOS fee structure that consists of interchange fees, merchant fees, switching fees, gateway fees and card holder fees requires negotiation to all parties in establishing the appropriate fee. In reviewing Option 1, 2 and 3 the simplicity would be to take up Option 3 No Interchange Fee and re-examine the impact this would have on the other four categories of the present structure. It would appear that by eliminating a cost in terms of interchange fee this will be passed on to either the consumer or the merchant. If it is passed on to the merchant under the present rules it would appear that the merchant is not able to pass it on other than through indirect methods in his standard cost setting of prices. On the other hand if there is no change to the merchant fee then the cost to the consumer will increase, thus whichever way the reform goes in order to give the impression there is no interchange fee a cost will be borne ultimately by the merchant and/or consumer. If the present system is working fine then why change it. However in reviewing the various discussions on change it really could be masquerading ways in which additional fees and charges could be made to the merchant and/or consumer in the guise of reform.

The Council of Small Business Organisations of Australia Ltd is more than happy to see reform taking place providing there is no impact on either the end user or the merchant. This will require a very clear open method of fee calculation that is fair to both the merchant and consumer requiring both the issuer and acquirer costs to be reduced by efficiencies and more effective technology.

If you have any questions do not hesitate to contact me.

Yours sincerely

Mike Potter
CEO
Ph – 02 6242 7339
Fax – 02 6242 7336
Email – ccouncil3@bigpond.net.au