



Visa International
Level 42, AMP Centre
50 Bridge Street
Sydney NSW 2000
Australia
A.R.B.N. 007 507 511

www.visa.com.au
t +61 2 9253 8800
f +61 2 9253 8801

Visa International Service Association
(Incorporated in Delaware, U.S.A.
Reg'd in Victoria as a foreign company)
A.B.N. 70 007 507 511
The liability of the members is limited

10 October 2006

Dr. Philip Lowe
Assistant Governor (Financial System)
Reserve Bank of Australia
GPO Box 3947
Sydney NSW 2001
Australia

Re: Review of the reforms to card payment systems

Dear Dr. Lowe,

I am writing in response to the invitation from the Reserve Bank of Australia (RBA) in its media release dated 13 September 2006 requesting submissions from interested parties on how best to undertake a review of the reforms introduced to the card payment systems in 2003.

Visa International welcomes the opportunity to put forward its views on the content and process of the review. We also pledge our support of the review process as we believe important changes are necessary to the current regulations. The attached document summarizes Visa's suggested approach on both issues.

Visa believes the review should be based on the primary principle of whether or not the public has benefited from the regulations introduced in 2003. The implementation of policy instruments is one issue. Whether they have delivered the intended outcomes and a benefit to the public in financial and non-financial terms is another.

The regulations introduced in 2003 have forced the introduction of higher bank fees and charges for all Australians. There has been no substantial evidence presented to date that retail prices have fallen. More and more Australians are feeling the impact of surcharging and the reforms have left the financial services industry with little incentive to invest.

In addition, Visa and the majority of those in the industry have specific concerns about the continuing exclusion of American Express from the regulations. The RBA needs to act in the interests of all cardholders and small business and remove this regulatory imbalance.

The review should also include an examination of international perspectives on the Australian experience and benchmark the Australian regulations against other markets both in terms of public benefit and market efficiency.

We look forward to participating in this important review.

Yours sincerely,

A handwritten signature in black ink that reads "Bruce Mansfield" with a stylized flourish at the end.

BRUCE MANSFIELD
Executive Vice President and General Manager
Australia and New Zealand

Telephone: 02 9253 8816
Email: mansfiel@visa.com