

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

CBA

CBA45QW: Eftpos:

(a) Do you intend to pass on savings from the eftpos interchange wholesale repricing for routed multi-network debit card transactions that is being introduced on 1 July? If so, how much of the 2 cent reduction per transaction will be passed on?

(b) When do you intend to turn on all eftpos digital messages?

(c) Have you turned on at least the low risk transactions such as card on file and D&W that were technically available in 2018? If not, why?

(d) Do you believe turning on digital for eftpos will create more price competition and place issuer income at risk? If so, is this one of the reasons you have been slow to launch eftpos digital?

(e) Do you think you are acting in your merchants' best interests by not turning on eftpos digital transactions sooner?

Answer:

(a) All customers on an "interchange plus" pricing plan who choose to route transactions to eftpos will benefit from this interchange reduction. CBA will continue to promote its MCR solution to all customers and its associated potential benefits, and as noted in our response to CBA42QW we have plans for an elevated awareness campaign to be in market over the coming weeks.

(b) Specifications relating to these capabilities have only recently become available with any great certainty and clarity. These delays not only impact on CBA's ability to prioritise the necessary resources, but also on the availability of services from vendors required to support the delivery of these capabilities to our customers.

CBA is committed to addressing gaps in the eftpos value proposition and has prioritised the necessary work to enable eftpos digital features including mobile wallet transactions, card on file, transit and deposit and withdrawal messages gradually over the next 12 to 18 months. The enablement of eftpos in our digital wallet offerings is currently on track for a November launch.

(c) See our answer to (b) above.

(d) As mentioned above, eftpos digital is still in the process of being delivered by CBA due to delays in the enablement of critical capability by eftpos such as automated dispute and chargeback handling, automated bill update services and the ability to provide details of recurring payments (as required under the Banking Code of Practice).

CBA's merchant acquiring business makes decisions to build support for new technology based on the demand from its merchant customers, cost, and priority against other initiatives in the pipeline to meet merchant needs, system resilience and regulatory compliance. For example, in recent years we have enabled simple access to Alipay and American Express to our merchants, both of which are likely to have a negative impact on our issuer revenues.

(e) It is not in our merchants' best interests to turn on eftpos digital before eftpos is ready to support e-commerce with a mature and tested disputes process. We are in the process of developing capability to combat and minimise fraud in e-commerce that will provide greater benefit to merchants than an earlier launch of eftpos digital.