

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

Suncorp

SCB12QON:

CHAIR: Can I ask a somewhat crude question—I get a merchant service from Suncorp: what is the default setting that it has?

Mr Carter: I'd need to come back to you with a bit more explanation of how it works and how people choose it, but my understanding is that merchants are just finding it complex to understand how they have a conversation with their customers and explain to the customer why they should choose a different route. I'd be happy to provide the committee with a bit more detail behind it.

CHAIR: I find it a bit odd because, if you're providing a merchant service, it offers low-cost routing; if it isn't offering low-cost routing as a default, it's offering something else as a default setting. What is that? Why, if you want uptake, don't you just offer it as the default?

Mr Carter: I need to come back to you. If we can solve it, we'd be very happy too.

Answer:

All new merchant facilities have low cost routing (LCR) built into their default pricing. This means transactions will automatically be directed to the scheme that will apply the smallest fee to the merchant. The fee charged by the schemes, is dependent on the type of and value of the transaction. This therefore determines which scheme will apply the least cost. It may not be EFTPOS in every instance.

For all customers who were Suncorp merchants prior to the implementation of LCR, we continue to proactively engage them about switching over to Suncorp's LCR pricing. Suncorp is currently working on an awareness campaign to assist merchant to calculate the savings their specific business will achieve by introducing LCR. This includes educating merchants on how to convert pricing on their current fee statements to calculate the equivalent fees under LCR.