



21 May 2021

Parliamentary Joint Committee on Corporations and Financial Services
Inquiry into Mobile Payment & Digital Wallet Financial Services

By Email.

Dear Committee

Restaurant & Catering Australia (R&CA) thanks the committee for the opportunity to provide a submission to the Parliamentary Joint Committee on Corporations and Financial Services' Inquiry into Mobile Payment & Digital Wallet Financial Services.

R&CA is the national industry association representing the interests of over 48,000 restaurants, cafés, and catering businesses across Australia. The café, restaurant and catering sector is vitally important to the national economy, generating over \$38 billion in retail turnover pre-covid each year as well as employing 580,000 people. Critically, over 93 per cent of businesses in the café, restaurant and catering sector are small businesses, employing 19 people or less.

R&CA delivers tangible outcomes to small businesses within the hospitality industry by influencing the policy decisions and regulations that impact the sector's operating environment. R&CA is committed to ensuring the industry is recognised as one of excellence, professionalism, profitability and sustainability. This includes advocating the broader social and economic contribution of the sector to industry and government stakeholders, as well as highlighting the value of the restaurant experience to the public.

Restaurants, Cafes and Catering businesses across Australia have not been immune from the rapid transformation of payment services and the ongoing transition towards digital payment methods.

In our 2020 Benchmarking Survey, R&CA surveyed hundreds of member businesses across the country regarding issues relating to card payments and payment methods. The 2020 survey asked businesses for detailed responses relating to payment methods and payment platforms.

An overwhelming number of businesses indicated that card payment – either credit or debit card) – was the most common payment method (90 per cent).

Phone or device touch payment e.g. Apple Pay significantly increased in 2020 to 5.4 per cent compared to just 0.9 percent in 2019. Cash continued to decrease in popularity, accounting for just 1.5 per cent of all respondents. When asked about payment processing methods, the most common form of card payment was PayPass or 'Tap & Go' with 77.7 per cent of respondents indicating it was the method of choice for customers. This was followed by payment requiring the entering of a pin (10.8 per cent). When asked about why businesses choose what payment methods to adopt in their businesses, simplicity (46.7 per cent) and integration with existing software (24.1 per cent) and cost (20.3) were listed as the most common reasons.

Given the dramatic drop in the use of cash across our member businesses as listed in the 2020 Benchmarking Report, the role of LCR becomes increasingly important. Merchant fees often operate with little or no transparency and are difficult to understand. In many instances they are part of a broader service package that is linked to other key measures such as sales volumes, making difficult for small business owner to understand, budget for and calculate. Any move towards not only lowering these merchant fees, but also making the process more transparent, is one that R&CA is in strong support of.

R&CA is also in strong support of a truly open & competitive market for digital wallets and mobile payment platforms, so merchants can access affordable, secure, and efficient payment solutions that meet the current and future needs of their customers for a fast and secure shopping experience. While digital wallets can bring enhanced customer experiences, they should not be deployed in a way that limits competition, particularly as more and more Australians increase their usage of these modes of payment.

Currently, restaurants, cafes and catering businesses are impacted by limitations on competition and innovation due to restrictions imposed by Apple on its iPhone which effectively leave developers, small businesses and consumers no choice but to use Apple's own payment application and systems for contactless transactions using Apple mobile phones and technology.

Regards

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