

## Select Committee on Financial Technology and Regulatory Technology

### ANSWERS TO QUESTIONS ON NOTICE

Public hearing held on 27 February 2020

**Department/Agency:** Australian Competition and Consumer Commission

**Topic:** Foreign exchange pricing

**Date:** 27 February 2020

#### Question:

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**Senator MARIELLE SMITH:** I want to bring you to the question of foreign exchange pricing. We heard from a fintech called Airwallex about foreign exchange and some of their concerns around competition in the foreign exchange product market. I understand you had an inquiry into foreign exchange pricing. It's a question more broadly around whether you believe every enterprise offering this product should be required to display foreign exchange and international payment pricing transparently in their product. We've heard some of the evidence that there's a lack of competition, because others have it buried well within their product disclosure statements or other methods as opposed to transparently. Can you comment on that?

**Mr Cooper:** You may be aware that the ACCC has a financial services unit and that—

**Senator MARIELLE SMITH:** If you would prefer to take that on notice, I'm happy for you to do that. Don't feel like you have to provide a response if—

**Mr Cooper:** I would be happy to take that on notice.

#### Answer:

On 2 September 2019, the final report of the ACCC's *Foreign currency conversion services inquiry* made several relevant findings and recommendations.<sup>1</sup>

Among other findings, the report found signs that recent competition from new entrants was delivering better consumer outcomes through lower prices and improved service offerings. However, we saw scope for more robust competition, particularly in the supply of international money transfers (IMTs).

In relation to pricing in particular, we found (p. 10) that prices are difficult to compare for a number of reasons:

- prices are complex,
- prices are presented in different ways by different suppliers, and
- prices lack transparency.

To address these, the ACCC recommended the following measures to improve transparency and encourage consistency in how prices are presented to consumers across different foreign currency suppliers (p. 12):

#### **Up-front correspondent banking fees**

International money transfer (IMT) suppliers should take the necessary steps to inform their customers up-front of the total price, inclusive of any retail mark-ups and fees, of conducting an IMT transaction.

#### **Online calculator**

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<sup>1</sup> <https://www.accc.gov.au/publications/foreign-currency-conversion-services-inquiry-final-report>

Suppliers of IMTs and foreign cash should offer digital tools on their websites to calculate the total price, inclusive of any retail mark-ups and fees, for those services for consumers.

### **Foreign cash prices on rate boards**

Foreign cash suppliers should ensure that they provide price information that will enable an in-store consumer to understand the total price, inclusive of any retail mark-ups and fees, of foreign cash transactions.

### **Disclosure of international transaction fees**

Merchants offering goods and services online to Australian consumers should inform consumers if they are likely to be charged an international transaction fee. Merchants should provide this information prominently and clearly, before a customer enters into a transaction. If consumers are charged an unexpected international transaction fee, they should contact their bank or card scheme to request a refund of the fee.

In December 2019, the ACCC published on its website best practice guidance documents for businesses on the transparent pricing of foreign currency conversion services, and on the disclosure of international transaction fees.<sup>2</sup>

The Treasurer has required the ACCC to report back to Government by September 2020 on industry's implementation of the ACCC's recommendations.

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[https://www.accc.gov.au/system/files/1651FAC\\_FX%20busines%20guide%20Transparent%20pricing%20D02.pdf](https://www.accc.gov.au/system/files/1651FAC_FX%20busines%20guide%20Transparent%20pricing%20D02.pdf).

## Select Committee on Financial Technology and Regulatory Technology

### ANSWERS TO QUESTIONS ON NOTICE

Public hearing held on 27 February 2020

**Department/Agency:** Australian Competition and Consumer Commission

**Topic:** Complaints regarding anticompetitive conduct

**Date:** 27 February 2020

#### Question:

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**CHAIR:** I've already asked the consumer regulator, ASIC, about their view and they've given a view on it. I'm more interested in your view about the anticompetitive allegations. I'm a large bank. I use screen scraping in my own business, but I'm saying to these start-ups they shouldn't be doing it.

**Mr Franklin:** I guess there are potentially conflicting views. The question is: is the bank doing something they've been asked to do for many years, which is to continually remind their customers about security of their credentials, or are they overstepping a boundary?

**CHAIR:** What's your view on that?

**Mr Cooper:** We're coming from the consumer data right angle, which I know is not going to help you answer that particular question, but I will answer your question. We could talk quite well about how screen scraping is going to apply with the consumer data right—

**CHAIR:** How can one organisation do something in their own place and say that a smaller organisation can't? You've already got, in your own words, an oligopoly.

**Mr Cooper:** I would say that we at the ACCC are aware of those concerns.

**CHAIR:** If you don't know, you can take it on notice.

**Mr Cooper:** I'm aware that there have not been complaints that are currently under investigation on this issue at the ACCC.

**CHAIR:** There are complaints?

**Mr Cooper:** There aren't.

**CHAIR:** There are no complaints?

**Mr Cooper:** There are no current—

**CHAIR:** Has the ACCC written about this issue to any of the majors?

**Mr Cooper:** I would need to take that on notice. This is the conduct kind of inquiries—

**CHAIR:** If you could take that on notice, I'd be grateful. I'd be grateful. In terms of the consumer data right, the policy of our government is to widen CDR to other industries. What would be useful for this committee to produce for it to be widened to industries like superannuation? What would you like us to do? How could we help you do that? Take it on notice, if you like.

**Mr Franklin:** One of the roles of the ACCC in relation to the consumer data right is to do studies of other industries that could be open. We could take a request to consider superannuation. We're happy to do that.

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**CHAIR:** I just want to make sure I understand this right. So, you've not received any submissions or correspondence from neobanks, or new banks, complaining about the conduct of larger banks?

**Mr Cooper:** We're aware from media reports rather than complaints.

**CHAIR:** You haven't received any?

**Mr Cooper:** Not as far as I'm aware.

**Mr Franklin:** We would have to check our records.

**CHAIR:** Maybe you should take that on notice.

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**CHAIR:** Just so we get it right, because it's important for you as well that we get the record right, you're saying that there have been no complaints made by any of these neobanks about anticompetitive behaviour in this jurisdiction?

**Mr Cooper:** In relation to correspondence from major banks warning their customers not to do screen scraping; that was the question.

**CHAIR:** Yes, I wanted to clarify this. I thought it was curious. Will you take it on notice, just to make sure?

**Mr Franklin:** We will verify that.

**CHAIR:** Will you write back to us?

**Mr Cooper:** Absolutely.

**Answer:**

On Thursday, 27 February 2020, the ACCC appeared before the Senate Select Committee on Financial Technology and Regulatory Technology (**the Committee**). During this appearance, the Committee made reference to evidence it had received of alleged anti-competitive conduct engaged in by the major banks concerning the practice of screen scraping. Specifically, the Committee described the alleged conduct as major banks seeking to protect their market share against neobanks by warning their customers about the dangers of screen scraping, including in relation to security and safety. The Committee sought to clarify whether the ACCC had received any complaints, submissions or correspondence from neobanks, or had contacted the major banks in respect of the alleged conduct.

The ACCC confirms that as at the date of the ACCC's appearance before the Committee, it had not received any complaints, submissions or correspondence from any neobank in relation to this issue.

On 2 March 2020, following the ACCC's appearance before the Committee, the ACCC received correspondence from two financial institutions in relation to this issue. The ACCC is considering this correspondence in accordance with its Compliance and Enforcement Policy.

At this stage, the ACCC has not contacted any of the major banks in relation to the alleged conduct.