

10 June 2014

Professor Ian Harper  
Chair, Competition Policy Review  
Competition Policy Review Secretariat  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Professor Harper,

**Re: APCA Submission to the Commonwealth Competition Policy Review**

The Australian Payments Clearing Association (APCA) is pleased to make this submission to the Competition Policy Review.

APCA is the payments industry self-regulatory body with the purpose of enhancing competition, innovation, safety and efficiency of the Australian payments system. APCA has nearly 100 members including Australia's leading financial institutions, major retailers and other principal payment service providers. More information about APCA can be found at [www.apca.com.au](http://www.apca.com.au).

APCA supports effective competition as a key policy objective for government. Competition drives efficiency, innovation and better deals for consumers. However network industries, such as payments, often require collaboration amongst competitors. This coordination can take many forms, ranging from joint ventures through to multilateral structures and industry regulation.

There are a number of reasons why network industries may require coordination including:

- Basic efficiency, security and interoperability may require agreement on common business process flows, technology, data standards and allocation of liability;
- Network development, necessary to support many payment service enhancements and innovations, usually requires a level of coordination amongst competitors;
- Industry coordination may also be needed to provide a platform for effective competition; and
- As network industries often deliver services that are important to the well-being and proper functioning of the economy, public policy objectives, such as financial stability, may need to be addressed through the coordinated efforts of the network members.

In seeking to coordinate, the industry is often confronted with having to reconcile the interests of different regulators. In the case of payments, it can involve reconciling the interests of the Reserve Bank of Australia (RBA), which, beyond promoting competition, has a mandate for controlling risk and promoting efficiency in the payments system, with the mandate of the Australian Competition and Consumer Commission (ACCC), which is to promote the welfare of Australians through the promotion of competition and fair trading and the provision of consumer protection.

This difficulty has, in the past, manifested itself through the need to separately seek ACCC public interest authorisation for a public policy measure already supported by RBA. An example was the need to seek ACCC authorisation of "zero interchange fees" to enable the introduction of ATM direct charging, which was actively supported by the RBA. The need for industry to effectively broker a deal between regulators on a public policy matter can result in an inefficient and time-consuming process.

As noted in our submission to the Financial System Inquiry, a copy of which is available from our website [www.apca.com.au](http://www.apca.com.au), APCA believes the current regulatory structure for payments has served the community and the industry well. The RBA, as the lead payments regulator, remains alive to the unique challenges facing payments, in particular the need for industry collaboration.

Ideally for payments, all major policy decisions, including competition concerns, associated with achieving a public policy objective sought by a particular regulator should reside with the regulator seeking the changes or enhancements. As part of this, we recognise that the main regulator, in this instance the RBA, may wish to consult with and potentially involve other regulators including the ACCC. In this way, it should be the regulators that reconcile their different agendas rather than expecting industry to resolve differing approaches.

Please do not hesitate to contact myself or our Head of Industry Policy, Dr Brad Pragnell, should you require any further information. We would be pleased to make ourselves available to meet with you, your fellow panellists and review secretariat to further discuss and expand on these issues.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Chris Hamilton', written in a cursive style.

Chris Hamilton  
**CHIEF EXECUTIVE OFFICER**