

Mr. Rod Sims
Chairman Australian Competition and Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2601
CC: Mr. Mick Keogh – ACCC Deputy Chairman

Dear Rod,

26th March 2021

Re: Proposed amalgamation of BPAY, eftpos and NPPA

1. MGA TMA strongly believes the amalgamation of three entities into one, through the consolidation of three payment platforms in Australia, will lessen competition and place more power into the hands of the banks, large retailers and international card schemes.
2. The absence of small business having "a seat at the table" does not consider the impacts of policy and decision making that the Directors (banks and big business) will make in this new entity. This may risk a detrimental impact on MGA TMA's small business and family enterprise members.
3. The Industry Committee Administration (ICA) claims that the purpose of consolidating Australia's three domestic payment systems is to develop a strong Australian competitor to Visa and Mastercard.
4. On its face, the idea that consolidating three separate domestic payment entities into one will enhance competition defies logic:
 - a. particularly as the banks and large retailers (who are acquirers in their own right), which are motivated by their own profit-maximising financial interests, will have the decision-making power on the board of the consolidated entity.
 - b. small businesses simply cannot afford to 'take on trust', that a consolidated payments entity controlled by the banks and Australia's largest retailers (acquirers) will have MGA TMA members best interests at heart.
5. If the Industry Committee Administration (ICA) is genuine about a strong Australian competitor to Visa and Mastercard, they will agree to the one major initiative that will make a real difference to the sustainability of small businesses and family enterprises, and that is to reduce the cost of

merchant payment fees by making “least cost routing” the default option and a guaranteed condition of any payment platform consolidation.

6. MGA TMA strongly encourages the ACCC to not agree to any payment platform consolidation without an enforceable undertaking by the shareholders (Directors) of the consolidated entity, to not allow debit transaction fee offers that do not make “least cost routing” the default option across all channels.
7. Without this guaranteed safeguard, MGATMA has zero confidence that the payment platform consolidation will do anything but allow Visa and Mastercard to further entrench their debit card monopolies, both at point-of-sale and online, with small businesses and family enterprises paying the price.
8. Reliance upon card-based payments, particularly debit cards, has exploded and driven unsustainable and exponential increased merchant payment fees.
9. Over the last 12 months, family and privately owned supermarkets, liquor stores, timber and hardware businesses have collectively transacted sales revenue as follows:
 - a. \$19 billion in revenue dollars annually \$17.1 billion via card transactions (based upon 90% customer use in store)
 - b. Over 534 million card transactions - \$88 million in annual merchant payment fees
10. MGA TMA wishes to offer, if the Industry Committee is genuine about a strong Australian competitor to Visa and Mastercard that will drive down payment transaction costs for small businesses, then they must make “least cost routing” the default option for all forms of debit transactions both at the point-of-sale and online and lock this in as a guaranteed condition of the consolidation.
11. Thank you for your consideration of the points that MGA TMA has made to assist the ACCC to better understand the potential issues that family and private businesses – MGA TMA members, may face should the consolidation of payment systems be allowed to go ahead as proposed.

Yours sincerely,



Jos de Bruin
CEO MGA TMA.