



Bankcard Association of Australia

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Dr John Veale
Head of Payments Policy
Reserve Bank of Australia
65 Martin Place
SYDNEY NSW 2000

Dear Dr Veale

REFORM OF CREDIT CARD SCHEMES IN AUSTRALIA

I refer to the notice published by the Reserve Bank of Australia ("RBA") in the Gazette of 14 December 2001, extending an invitation to make submissions on actions proposed by the RBA in relation to the designated credit card schemes.

Bankcard is pleased that the RBA has now formally commenced its consultation processes and has prepared the attached submission for the RBA's consideration.

In lodging its submission, however, Bankcard also wishes to register its concern regarding the RBA's actions to date and its apparent intention to treat all of the designated schemes as if they are the same.

As the RBA is aware, Bankcard does not have any rules that would restrict merchants' ability to recover the cost of Bankcard acceptance from Bankcard cardholders, it reviewed its membership rules and fees in early 2001 and the members of the Scheme offered to have interchange fee setting arrangements authorised under the Trade Practices Act (on the basis of no admission of contravention of that Act). Bankcard and its members believe therefore, that they have attempted to find solutions to regulators' concerns with the Scheme and that Bankcard is in a different situation from the other open credit card schemes.

Bankcard understands that the RBA intends to announce a three-month period for consultation before it makes its final decisions.

Bankcard considers that it is not too late for changes to be achieved on a voluntary basis and looks forward to an early opportunity to discuss the issues with the Reserve Bank.

Yours sincerely

(signed)

Geoff Bennett
Chairman