



ATTACHMENT 2: A CHRONOLOGY OF OFFICIAL SCRUTINY OF CREDIT CARD SCHEMES IN AUSTRALIA

- 1974** The Bankcard credit card scheme introduced by nine Australian banks.
- 1980** The Trade Practices Commission, the predecessor of the ACCC, authorised the Bankcard scheme under the *Trade Practices Act 1974*, on condition that scheme members not impose restrictions on the freedom of merchants to determine the prices charged to customers paying either with cash or Bankcard.
- 1980s (early)** The international credit card schemes, MasterCard and Visa, introduced into Australia.
- 1990** The Trade Practices Commission revoked Bankcard’s authorisation under the *Trade Practices Act 1974*.
- 1991** The House of Representatives Standing Committee on Finance and Public Administration (the “Martin Committee”) published *A Pocket Full of Change: Banking and Deregulation*, which concluded that differential pricing by merchants should not be prevented by financial institutions.
- 1992** The Prices Surveillance Authority published *Inquiry into Credit Card Interest Rates*, which recommended that the efficiency and structure of interchange fees be subject to further review, and concluded that there was an in principle case for giving merchants the freedom to set prices reflecting the methods of payment.
- 1993** MasterCard and Visa introduced domestic interchange fees in Australia determined collectively by their Australian members.
- Australian credit laws were amended, *inter alia*, to allow issuers to charge annual fees on credit cards and merchants to charge different prices for accepting different payment instruments.
- 1996** In its 1995/96 *Annual Report*, the Australian Payments System Council examined the mechanics of credit (and debit) card schemes and the rationale commonly put forward for their pricing structures.



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- 1997** The *Final Report* of the Financial System Inquiry (the “Wallis Committee”) recommended that a Payments System Board be established in the Reserve Bank and that it investigate interchange fee arrangements for debit and credit cards, and that the ACCC monitor membership arrangements and rules of the international credit card schemes.
- 1998** *Payment Systems (Regulation) Act 1998* enacted.
Payments System Board established.
- 1999** The Reserve Bank and ACCC announced a joint study of interchange fees for debit and credit cards, and membership criteria for credit card schemes.
- 2000** The ACCC informed Bankcard, MasterCard, Visa and their members that it considered the collective setting of interchange fees to be a likely breach of the price-fixing provisions of the *Trade Practices Act 1974*, and advised that they seek authorisation of their interchange fee arrangements or cease the conduct.

The ACCC instituted legal proceedings against one major bank for alleged price-fixing behaviour.

The Reserve Bank and ACCC published *Debit and Credit Card Schemes in Australia – A Study of Interchange Fees and Access*.
- 2001** After discussions with a group of banks about a possible application for authorisation of interchange fee arrangements, the ACCC recommended that the Payments System Board consider using the powers available to it under the *Payment Systems (Regulation) Act 1998* to achieve reform of credit card schemes in Australia in the public interest.

The Payments System Board designated the credit card systems operated in Australia by Bankcard, MasterCard and Visa as payment systems subject to its regulation under the *Payment Systems (Regulation) Act 1998*.

The ACCC discontinued legal proceedings.

The Reserve Bank released *Reform of Credit Card Schemes in Australia: A Consultation Document* and published two draft Standards and an Access Regime for the designated credit card schemes in the *Gazette*.