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Jennifer Fagg
Managing Director
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15 September 2005

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

Dear Dr Veale

**PAYMENTS SYSTEM REFORM
PROPOSED CHANGES TO THE CREDIT CARD INTERCHANGE STANDARD –
A CONSULTATION DOCUMENT – JULY 2005**

Australia and New Zealand Banking Group Limited ("ANZ") is grateful for the opportunity to comment on the above consultation document issued by the Reserve Bank of Australia ("RBA").

ANZ has previously made a submission to the RBA supporting a common benchmark interchange fee including eligible costs from the Visa and MasterCard schemes. Without resiling from that position, this submission is offered on the basis that ANZ accepts that the RBA has now determined to establish a common benchmark interchange fee including Bankcard costs.

In terms of the two approaches to calculation of the common benchmark interchange fee proposed by the consultation document, ANZ supports Version A, where each scheme would appoint an independent expert to calculate a cost based benchmark. While Version B may be superficially more administratively straight forward than Version A, in ANZ's view the appointment of a single expert may prove to be problematic in practice. It is not clear how the single expert proposed by Version B would be nominated or appointed. Importantly there may be concerns about the integrity of the approach and the outcome if a number of issuers unsuccessfully opposed a single appointment.

Please let me know if you would like to meet to discuss.

Yours sincerely,

Jennifer Fagg
Managing Director, Consumer Finance

Cc: Jane Nash, Head of Government & Regulatory Affairs, ANZ