



29 April 2005

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

Dear John,

Reform of the EFTPOS and Visa Debit Systems in Australia

I refer to the Reserve Bank of Australia's press release of 24 February 2005 and the Bank's release of draft standards for the EFTPOS and Visa Debit payment systems for public comment, together with its Consultation Document setting out the reasons why these draft standards are proposed.

Visa International's comments on the above proposals are set out in the enclosed document.

You will note from our submission that following the RBA's announcement on 24 February 2005, Visa and its major Debit Issuers in Australia completed a cost study based on data for the 12 month period ending 31 December 2004. The study was undertaken by Bayshore Consulting Inc. Bayshore, as you know, is the independent expert appointed by the Bank for the purpose of calculating a credit card cost benchmark pursuant to Standard No. 1 "The Setting of Wholesale ("Interchange") Fees. Visa International believes that this study represents a far more logical basis for the calculation of a cost based benchmark should the Bank remain committed to a cost based methodology for interchange.

Finally, we have again raised our ongoing concerns regarding the unequal playing field created as a result of regulations affecting four-party payment networks, but not three-party payment networks. While we know that you and Dr Lowe are aware of these concerns through previous conversations and correspondence, the fact that we raise them again in this public submission is reflective of the very grave competitive concerns that this asymmetric regulation causes us.

I look forward to discussing these matters with you.

Yours sincerely,

A handwritten signature in black ink that reads "Bruce Mansfield". The signature is written in a cursive, slightly slanted style.

Bruce Mansfield
General Manager, Australia & New Zealand

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