



Commonwealth Bank

Media Release

PROPOSED CHANGES TO EFTPOS INTERCHANGE FEES

Sydney 13 September 2002: The Commonwealth Bank today released its submission to the EFTPOS Industry Working Group¹.

The Bank's submission reaffirms its commitment to ensuring that its customers and Australia retains world class electronic payments networks that deliver long term benefit to personal and business customers.

The Bank's Executive General Manager Retail Customer Services, Mr Nick Kennett, said: "The Commonwealth Bank has Australia's largest EFTPOS network and with around 10 million customers wants to ensure that Australian consumers and businesses continue to enjoy a competitive and robust EFTPOS network that provides benefits to all participants".

"While the Bank believes that the current interchange fee arrangements have served retailers and consumers well and created a world class payments system, the Bank has proposed changes to these arrangements. This should ensure that the EFTPOS network continues to provide ease of access, technological advancements and is cost effective to meet customer needs".

The Bank believes that voluntary change is preferable to regulatory intervention and proposes a move to zero EFTPOS interchange fees, subject to:

- Establishing a framework to fund future one-off EFTPOS infrastructure developments (such as "chip" enhancements or other fraud mitigation measures);
- Cost recoupment for unsuccessful transactions; and
- An industry review three years after implementation.

"These proposals can be viewed as complementary to recently announced changes to credit card schemes", Mr Kennett said. "In order to minimise the number of changes for consumers and businesses, we would like to see these changes introduced concurrently with the changes to credit cards in October 2003. The Commonwealth Bank urges the Working Group to strive for implementation at that time", he added.

Mr Kennett foreshadowed that the Commonwealth Bank's proposals would lead to improved transparency of prices charged to consumers and businesses.

A copy of the Bank's submission is available at www.commbank.com.au

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¹ The EFTPOS Industry Working Group is a working group of financial services industry participants formed to facilitate the process of reforming existing EFTPOS, or debit, interchange fee arrangements. The Working Group published a "Discussion Paper" on 4 July 2002, addressing options for revisions to interchange fee arrangements and sought submissions from interested parties. The Commonwealth Bank's submission is in response to that paper.