



30 January 2020

Head of Payments Policy Department
Reserve Bank of Australia
GPO Box 3947
Sydney NSW 2001
Emailed to: pysubmissions@rba.gov.au

Dear Sir/Madam,

Review of Retail Payments Regulations

I am writing in regard to your issues paper regarding the “Review of Retail Payments Regulations”. This is a significant matter and the RBA is commended for initiating this review.

Payment systems

The AHA has been reviewing the payments systems for hotels in the last year or so. We have met with senior managers at Visa, Mastercard, Eftpos, Tyro, major banks, community banks and top four accounting firms. We have also met with venture capitalists in the tech finance sector to see if there is a new way of processing payments that is effective, efficient, cheaper and safe. We have not been able to find another way – which leaves us with trying to improve the current system. In our conversations with nearly all the above, we made the observations that:

- The subject matter and architecture is difficult to understand
- The fees are “hidden”
- There are significant profits being made by the incumbent operators (some of whom have very poor recent track records in looking after customers) and this will only increase
- Those things combined cause us to be concerned that retailers and consumers are not getting a fair deal

If the current system of payments continues, our view is that imposing mandatory “least cost routing” should be considered as part of your review. This is far more transparent and ensure the lowest costs for consumers.

Cheques

We note your observation that “it is likely that it will be appropriate at some point for the industry to wind up the cheque system”. The AHA notes that many state regulators enforce a regime where cheques must be used to pay gambling wins. Therefore, we note that the cheque system should continue until as you say “a suitable alternative payment method is available”.

Thank you for the opportunity to have made a submission.

STEPHEN FERGUSON
AHA NATIONAL CEO