



Australian
Retailers
Association

Australian Competition and Consumer Commission

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Third Party Mobile Wallet Application

To whom it may concern,

The Australian Retailers Association (ARA) support the application for authorisation made by Bendigo and Adelaide Bank, Commonwealth Bank, National Australia Bank and Westpac to jointly negotiate with mobile wallet providers on issues of competition, industry standards and transparency.

We are excited by the opportunities that mobile wallets and mobile payments can provide for merchants and customers. For customers, they have the potential to make life simpler and more convenient by combining payment cards, loyalty cards, identification, public transport cards and more into one device. From the point of view of merchants, mobile wallets can improve and simplify the payment experience, while creating the opportunity to deepen the relationship with customers.

This is an important time in the development of mobile wallets and mobile payments. There is now an opportunity for rapid innovation and for new players, platforms and services to emerge in a quickly developing market.

However, in order to realise these benefits, it is important that consumers and merchants have a choice between mobile wallets and mobile payment services whichever mobile device or platform they have chosen.

A new service is unlikely to be successful unless it is available on all the major mobile platforms. With Apple's iOS or Google's Android installed on almost every smartphone sold today, a service only available on one of those platforms will struggle to succeed. Indeed, most apps or services are developed for both platforms, since both provide similar levels of access to similar kinds of mobile hardware. For example, Google Maps has been successful on both iOS and Android because it can access the GPS functionality of both platforms. This is not the case when it comes to accessing the Near Field Communication (NFC) chip on Apple's iOS.

Modern mobile payment apps and services rely heavily on NFC technology, as NFC has already been installed by most retailers as part of the rollout of contactless card payments such as PayWave and PayPass. There are other technologies available, such as Bluetooth beacons and barcode scanners, but these require additional equipment to be purchased and installed and are unfamiliar to customers and retail merchants.

We believe that NFC technology will be essential for mobile wallet and mobile payment services for some time to come. It will take years for any alternative standard to be agreed and to become as ubiquitous and familiar as NFC.



In our view, for as long as Apple Pay remains the only app that can use the iPhone's NFC functionality, the potential for innovation in mobile wallets and mobile payments will be limited. A number of banks and merchants overseas have tried to develop mobile wallets and payment services using alternative technologies, but none have been successful.

The ARA supports the application for collective negotiation on industry standards and guidelines that involve all participants in the industry in the design of security and other processes, rather than relying on individual wallet providers to determine these processes.

The issue of reasonable and cost-reflective surcharging is familiar in Australia and has recently been addressed by the Reserve Bank and the ACCC in relation to fees charged by merchants. While we anticipate that issuers would prefer not to charge their customers for use of a mobile wallet (and some may well choose this option), preventing them from doing so may lead to unreasonably high costs and unfair and inefficient cross-subsidies.

We would like to see all customers have a choice of mobile wallets and payment services using the mobile phone they already have and the bank debit and credit cards and loyalty cards they already use.

If authorisation is granted, we believe that the opportunity to collectively negotiate with Apple could benefit not only the applicants but all banks, merchants, app developers and ultimately customers in Australia and overseas. These benefits are likely to include:

- more innovation and investment in mobile payment and mobile wallet apps and services;
- more competition and choice for customers, issuers, merchants and others in the apps and platforms they can participate in;
- more customer confidence in mobile wallets and payments as customers are able to choose the suppliers they trust;
- greater participation in mobile wallets and mobile payments by merchants, public transport operators, governments and service providers – all leading to greater customer convenience arising from the ability to have all payment, transport, loyalty, membership, access and identification cards securely stored on a mobile device;
- more inclusive and relevant industry standards, particularly in relation to security; and
- fairer and more transparent costs.

We understand that the issue of Apple's exclusive access to the iPhone's NFC chip has been raised as a concern for individual card issuers and consumer groups overseas but that Apple has not changed its position. We would hope that the ACCC's authorisation of this collective negotiation may add to this growing concern and encourage Apple to reconsider its position.

We also support the application for interim authorisation so that collective negotiations can start immediately, and ideally will end with the ACCC's final determination rather than waiting to begin with it.



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Interim authorisation will minimise any delay in the introduction of mobile wallet and mobile payment services, whatever the outcome of the negotiations.

Kind regards,

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