



26 June 2020

Stephanie Woodbridge
Senior Research Officer
House of Representatives Standing Committee on Economics
Parliament of Australia
Parliament House
CANBERRA ACT 2600

Dear Stephanie,

**Review of the four Major Banks and other Financial Institutions
HSBC Bank Australia Limited (HBAU) and The Hongkong and Shanghai Banking
Corporation (HBAP) – Collectively HSBC Australia**

We refer to your letter dated 11 June 2020 regarding the review of the four Major Banks and other Financial Institutions.

Please find attached the completed response from HSBC Australia, noting that answers to questions HSB04QW(g) and HSB04QW(h) are provided on a commercial in confidence basis.

With reference to your questions on Merchant Acquiring and Least Cost Routing (HSB02QW – HSB05QW), we would like to provide the following details.

HSBC Australia launched its proposition for corporate merchant customers in January 2020 in partnership with First Data Merchant Solutions Australia (FDMSA). The latter is the merchant acquirer on record and HSBC Australia provides consolidated reporting to users.

This proposition, called Omni-Channel, is a single platform which allows merchants to receive payments from customers in a number of different ways, including cheques, direct entry, RTGS (Real Time Gross Settlement), telegraphic transfer, online and point of sale (POS) merchant acquiring.

At June 25, we currently provide Omni-Channel services to 10 customers and none of our customers are using the POS facility / strategic merchant services. However, our proposition supports POS merchant acquiring solution and we expect to have customers opting for this option in the future.

The Omni-Channel proposition supports POS and eCommerce merchant acquiring solutions. It provides Least Cost Routing (LCR) capability as a default option for POS, with digital EFTPOS scheduled to go live early in the third quarter of 2020. We also promote Interchange++ (IC++) pricing to merchants as it allows full transparency of all costs.

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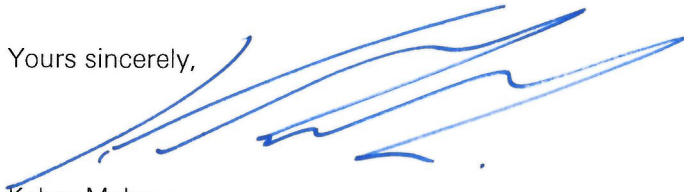
www.hsbc.com.au

Furthermore, our partner FDMSA has supported LCR since its implementation and actively promoted it in public forums such as Channellife Australia, IT Brief Australia and CFOtech Australia.

We believe that promoting LCR as a preferred choice of payment routing will reduce costs burden on merchants and consumers, as well as improve overall productivity within the Australian economy. We will continue to work with FDMSA to deliver better technical and commercial outcomes to merchants and consumers within the POS and Digital Merchant Acquiring space.

Should you have any questions or require further information please do not hesitate to contact us.

Yours sincerely,

A handwritten signature in blue ink, consisting of several overlapping, fluid strokes that form a cursive name.

Kaber Mclean
Chief Executive Officer
HSBC Bank Australia Limited