

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS

#### Westpac Banking Corporation

##### WBC51QW: Eftpos:

(a) Do you intend to pass on savings from the eftpos interchange wholesale repricing for routed multi-network debit card transactions that is being introduced on 1 July? If so, how much of the 2 cent reduction per transaction will be passed on?

(b) When do you intend to turn on all eftpos digital messages?

(c) Have you turned on at least the low risk transactions such as card on file and D&W that were technically available in 2018? If not, why?

(d) Do you believe turning on digital for eftpos will create more price competition and place issuer income at risk? If so, is this one of the reasons you have been slow to launch eftpos digital?

(e) Do you think you are acting in your merchants' best interests by not turning on eftpos digital transactions sooner?

##### Answer:

- (a) Managing pricing is complex, particularly in a multi brand setting, across multiple segments, pricing styles schemes and vendors. We are moving towards a simplified pricing approach in particular for our small and medium segments. With changes to interchange and scheme fees across all three major schemes throughout the year it is not feasible nor is it desirable to change pricing on blended rates each time there is a change in the market. It is not only disruptive to our customers, it is also a complex internal process. As a result, some changes made in the market are not implemented at the same time they occur. We take this approach whether the changes potentially lead to cost increases or decreases.
- (b) Westpac Group is working towards turning on all digital messages subject to successfully meeting ongoing regulatory obligations. We are actively working on ensuring compliance with the Banking Code of Practice (BCOP) before enabling eftpos recurring transactions
- (c) Westpac Group issuing is yet to make available card on file and D&W to customers as these types of transactions have ongoing regulatory obligations that must be met before enablement.
- (d) Westpac Group is focusing on ensuring ongoing regulatory obligations are met before enabling the capability for customers. Price competition or issuer income are not factors that have affected Westpac's timeframe in launching eftpos digital.

(e) Westpac Group prioritises development of new capability and functions in line with customer demand. Our decision to prioritise capability development into other areas above Digital message functionality over the last 18 months reflects this approach