

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

HSBC

HSB03QW: Acquiring merchant facilities:

HSB03QW(a): Please provide details for debit transactions through your Acquiring merchant facilities for calendar year 2019 and calendar year 2020 (to date) including:

Answer: N/A - At June 25, none of our Omni-Channel customers are using the POS facility. However, our proposition supports POS merchant acquiring solution for debit transactions and provides Least Cost Routing (LCR) capability as a default option which we have actively been promoting to our Merchant clients.

HSB03QW(a)(i): The total number?

Answer: N/A

HSB03QW(a)(ii): In dollar terms?

Answer: N/A

HSB03QW(a)(iii): Total fees received by the bank?

Answer: N/A

HSB03QW(b): Please provide details for debit transactions through your Acquiring merchant facilities for financial year 2018/2019 and financial year 2019/2020 (to date):

Answer: N/A - At June 25, none of our Omni-Channel customers are using the POS facility. However, our proposition supports POS merchant acquiring solution for debit transactions and provides Least Cost Routing (LCR) capability as a default option which we have actively been promoting to our Merchant clients.

HSB03QW(b)(i): The total number?

Answer: N/A

HSB03QW(b)(ii): In dollar terms?

Answer: N/A

HSB03QW(b)(iii): Total fees received by the bank?

Answer: N/A

HSB03QW(c): Please outline the schemes that provide debit card payments services currently contracted by the bank, including:

HSB03QW(c)(i): The name of the card payments service provider.

Answer: HSBC Australia does not have any contract with individual schemes. This is managed by our acquirer partner FDMSA directly.

HSB03QW(c)(ii): The length of their current contract.

Answer: HSBC Australia does not have any contract with individual schemes. This is managed by our acquirer partner FDMSA directly.

HSB03QW(c)(iii): How far through the contract the bank currently is.

Answer: HSBC Australia does not have any contract with individual schemes. This is managed by our acquirer partner FDMSA directly.

HSB03QW(c)(iv): How much of the contract remains.

Answer: HSBC Australia does not have any contract with individual schemes. This is managed by our acquirer partner FDMSA directly.

HSB03QW(c)(v): Whether the contract involves the provision of card payments with debit, credit or other products.

Answer: HSBC Australia does not have any contract with individual schemes. This is managed by our acquirer partner FDMSA directly.

HSB03QW(c)(vi): Whether the contract applies incentive payment arrangements based on volume of processed transactions or other performance criteria per payment type or as an aggregate volume.

Answer: HSBC Australia does not have any contract with individual schemes. This is managed by our acquirer partner FDMSA directly.

HSB03QW(c)(vii): Details of the 'profit' or 'premium' charged to the business between the cost of the transaction fees charged to the acquiring bank by various schemes, and the transaction fees charged to small and medium business customers by the acquiring bank, including interchange, scheme fees, acquirer margin and terminal rental.

Answer: HSBC has opted for the Interchange ++ (IC++) methodology as part of the Omni-Channel offering. This pricing mechanism provides transparency to the merchant with regards to the:

- Interchange fee
- Scheme fee
- Merchant service margin
- Terminal rental
- Debit transaction fee

The merchant service margin is pre-agreed with the merchant customer and represents the profit or premium charged to the merchant.