

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

HSBC

HSB04QW: For each provider, provide the following information based on the method of calculation for each merchant category type in your debit Acquiring portfolio:

HSB04QW(a): Contracted provider (e.g. Visa)

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

HSB04QW(b): Interchange fee (e.g. 0.04 per transaction)

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

HSB04QW(c): Scheme fee based on an \$40 transaction (e.g. \$0.01 per transaction for first twenty transactions, then \$0.02 for every transaction thereafter)

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

HSB04QW(d): Acquirer costs and margin (e.g. 1 per cent of transaction)

Answer: HSBC Australia does not have any contract with providers. This is managed by our acquirer partner FDMSA directly. HSBC does not have visibility of the operating cost and margin.

HSB04QW(e): Any other cost (i.e. any fee not listed above)

Answer: HSBC Australia does not have any contract with providers. This is managed by our acquirer partner FDMSA directly. HSBC does not have visibility of the operating cost and margin.

HSB04QW(f): Any 'profit' or 'premium' charged in addition by the bank that is passed onto the merchant (i.e. any fee not listed above)

Answer: Merchants are provided with pricing following the Interchange ++ (IC++) methodology. 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.