

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

Hume Bank

HUM03QW: Merchant services and low cost routing

Answer: *(a) In terms of your Point of Sale (POS) strategic merchant services:*

- (i) What is the total number of your POS strategic merchant services customers?*
- (ii) What is the number small and medium business customers?*

Hume Bank does not currently provide merchant services. If customers are seeking merchant services they are referred to National Australia Bank Limited. Hume Bank does not receive any benefits from referring its customers.

(b) What number and share (percentage of total) of your total strategic merchant services customers and the number and share of small and medium business merchant services customers:

(i) Use the Least Cost Routing (LCR) or Merchant Choice Routing (MCR) option for multi-network debit transactions?

(ii) Have a contract for the lowest cost routing option, when including all fees associated with the transaction including interchange and scheme fees?

Please refer to question (a) – Hume Bank does not currently provide merchant services.

(c) Is LCR or MCR on multi-network debit transactions offered to all customers as an opt-out option to ensure all get access to savings? If not:

(i) Why?

(ii) Considering that the Reserve Bank of Australia has advocated LCR since 2013, why have you not found a way provide this service and the associated cost savings to all of your merchant services customers?

(iii) Do you believe you are acting in your merchants' best interests by not passing on possible savings?

Please refer to question (a) – Hume Bank does not currently provide merchant services.

(d) Are LCR or MCR services offered on all terminal types for multi-network debit transactions? If not:

(i) Which terminal types do not have LCR or MCR?

(ii) What percentage of your terminal fleet does this represent?

(iii) When do you plan to upgrade those terminal types that do not have LCR or MCR to enable those merchants with those terminal types to access LCR or MCR?

Please refer to question (a) – Hume Bank does not currently provide merchant services.

(e) Are LCR or MCR services offered on all pricing plans for multi-network debit transactions? If not:

(i) Which pricing plans do not have LCR or MCR as an option?

(ii) What percentage of your small and medium business merchant customers are on these plans?

(iii) Why?

Please refer to question (a) – Hume Bank does not currently provide merchant services.

(f) If you provided all your strategic and small and medium business POS merchant services customers access to the lowest cost scheme on all multi-network debit transactions, what would the savings be for:

(i) Your strategic merchant customers?

(ii) Your remainder of medium and small business merchant customers?

Please refer to question (a) – Hume Bank does not currently provide merchant services.