

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

Hume Bank

HUM06QW: Eftpos.

Answer: *(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?*

No.

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

As Hume Bank is an issuing institution and not an acquiring institution, our digital messaging is consumer based only. We have enabled messaging services in accordance with mandated changes from the Eftpos scheme.

(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?

Hume Bank updates its payment scheme capabilities in line with mandated changes. The timing of the implementation of mandated changes is driven by the timetables set by the schemes and our partners, Indue Ltd and FiServ. Changes implemented since 2018 include the Eftpos digital acceptance framework, open loop transit and contactless transactions.

(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?

As noted above, Hume Bank updates its payment scheme capabilities in line with mandated changes. The timing of the implementation of mandated changes is driven by our partners, Indue Ltd and FiServ.

It is conceivable that digital for Eftpos could increase in price competition in the market. However, price competition will not necessarily adversely impact issuer income as not all issuers earn an income from interchange fees. In our view, competition is more likely to be driven by customer experience as the ability for merchants to utilise least cost routing may remove some customer friction points, such as the charging of additional fees for transactions made by particular payment methods.

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

Hume Bank does not provide merchant services so we consider this question to be not applicable to us.

