

PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

MOBILE PAYMENT AND DIGITAL WALLET FINANCIAL SERVICES

Commonwealth Bank of Australia

Senator O'NEILL: I'm happy for this one to be on notice, because I'm pretty sure we're out of time—

CHAIR: Senator O'Neill, last question, please.

Senator O'NEILL: I have been musing that, while things seem impossible, things happen in the future that we don't always anticipate. If Google or Apple were to be acquired by a company that resided in a non-democratic country, what risk would that provide to the Australian financial market and financial activities?

Mr Comyn: It could be significant, but I would note that, given their valuation—

CHAIR: Mr Comyn, I'm happy for you to take that on notice, unless you've got a very quick response.

Mr Comyn: Sure. I'm happy to take that on notice.

Senator O'NEILL: And compare it to the restrictions that you would be under if you were to sell, in terms of the national interest. If you could help with that, that would be good.

Mr Comyn: Sure.

Answer: Given the size of the companies in question, it is unlikely they could or would be acquired.

However, it may be relevant to the Committee's considerations that the regulatory controls governing the provision of financial services in Australia largely do not apply to any of the services provided by large technology companies.

CBA considers any organisation that holds a significant position of influence over a key part of the economy – such as payments – requires some level of oversight and transparency. This is an issue independent of the source of the underlying investment, be that offshore or domestic.

If the status quo is maintained and digital wallet payments continue to grow rapidly as expected, we could see:

- Flow of payments via one provider that is not regulated under financial services law with respect to payments system efficiency and resilience.
- A market concentration risk, with the potential for bottlenecks to arise if services provided by the dominant player were interrupted.

- Terms of access over time becoming less favourable to Australians and Australian businesses and more favourable to the dominant provider, reflecting a concentration of market power – i.e. unreasonable customer data access and usage terms and conditions, and charges for each purchase could go up, with that cost spread across the economy in various ways.
- Less competition for the customer, and in turn less investment in innovation and new product offerings for customers.

The final report of the Australian payments system review, released in August 2021, recognised the evolving nature of the Australian payments system, including the growing role of digital platforms and the regulatory challenges presented by new payment methods such as digital wallets.¹

Increased regulatory oversight or monitoring would help to ensure:

- consumers are able to benefit from all new digital payment innovations irrespective of the device they use;
- the overall cost efficiency of payments in the economy is maintained, avoiding rising costs of doing business;
- reliability and resilience risks of mobile payment infrastructure are appropriately monitored and managed; and
- the relevant regulators maintain appropriate levers to manage stability in the payment and financial system.

¹ Department of the Treasury, 2021, *Review of the Australian payments system – Final report*. Available online: <https://treasury.gov.au/publication/p2021-198587>