



Parliamentary Joint Committee on Corporations and Financial Services
Parliament House
CANBERRA ACT 2600
By email: corporations.joint@aph.gov.au

3 August 2021

Dear Committee,

Thank you for the Committee's recent email to Mastercard's Executive Chairman Ajay Banga to inquire whether Mastercard would be willing to appear as a witness at the Committee's upcoming public hearing on 13 August.

Mr Banga has asked me to respond on behalf of Mastercard.

While we appreciate the Committee's interest in having Mastercard appear, I'd like to provide you with some further details about Mastercard's role in the payments system.

A typical transaction on our network involves four participants in addition to us: the cardholder, merchant (a business who accepts payment for goods or services provided), issuer (the cardholder's financial institution) and acquirer (the merchant's financial institution).

Through the Mastercard Network, we enable the routing of a transaction to the issuer for its approval. After the transaction is authorised by the issuer, we help to settle the transaction by facilitating the exchange of funds between parties via settlement banks chosen by us and our customers.

Mastercard does not issue cards, extend credit, determine or receive revenue from interest rates or other fees charged to cardholders by issuers, or establish the rates charged by acquirers in connection with merchants' acceptance of our branded cards.

In most cases, cardholder relationships belong to, and are managed by, our bank or financial institution customers.

While the Committee may be considering a range of potential regulatory measures, it is important to note that blocking payments by cards for gambling activity will require one or more participant(s) in the ecosystem to identify these transactions.

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It has been suggested in the past that these transactions could be identified by Merchant Category Code (MCC) and blocked by schemes such as Mastercard.

Merchant Category Codes (MCCs) classify merchants into specific categories based on the type of business, trade or services supplied. MCCs are issued globally by agreement between all card payments scheme operators when the business first starts accepting a form of electronic payment.

Merchants that offer gambling services are classified under MCC 7995- Gambling Transactions.

Mastercard does not see all transactions on cards carrying our brand. Only the card issuer – who authorises transactions and has the direct relationship with the cardholder – sees all transactions on their cards.

For this reason, if any form of payment blocking was to be mandated in Australia, then responsibility for imposing the block should reside with the issuing bank rather than with the card scheme.

Mastercard understands some Australian banks have already made the decision to prohibit the use of credit cards to pay for gambling transactions. In some cases, the decision is based on commercial considerations as gambling transactions tend to result in a greater number of disputed transactions compared to other, non-gambling, transactions.

I trust that this information is of assistance to the Committee. If you require further detail or to discuss this matter further, please contact [Chris Siorokos](#).

Yours sincerely

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Division President Australasia
Mastercard

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