

19 April 2008

The Secretary
Reserve Bank of Australia
PO Box 3947
SYDNEY NSW 2001

Re: Bendigo Bank Limited – New Fee on Visa Blue Debit Card Accounts

Dear Sirs,

I enclose a copy of a letter dated 27 March 2008, sent to me by Bendigo Bank Limited

In the letter, Bendigo Bank announces that from 1 May 2008 a monthly fee of \$3 will be introduced in relation to the abovementioned accounts.

You will note that in the letter, Bendigo Bank refers to the regulatory changes introduced in 2004 by the Reserve Bank, and states that these changes reduced “the income received by Bendigo Bank on card transactions.” But is it not the case that those changes were introduced because the retail banks were overcharging their customers for those transactions. Is it appropriate for Bendigo Bank to now purport to charge a flat monthly fee to recover income lost as a result of the Reserve Bank’s regulatory changes which were defined by the Reserve Bank as: “the adoption of an objective, transparent and cost-based benchmark which will be used as a basis for determining interchange fees in credit card schemes.” Is not the proposed \$3 fee effectively an interchange fee? And is it transparent and cost-based? I would think not.

Bendigo Bank also states in your letter that “The new fee has been implemented in line with our key fee principles - that only those using a service should pay...” That is clearly untrue: how on earth could anyone believe that a flat fee of \$3 per month, **whether or not the credit facility on a Visa Blue card on the account is used or not**, could represent a “user pays” approach, let alone a “fair” policy or a “value for money”? A person with such a card, who does not use the credit facility in a

particular month, is not a user of the card system unless he uses that facility. Just having that facility but not using it, is not using that facility.

I call upon the Reserve Bank of Australia to exercise its powers to prevent Bendigo Bank Limited levying a flat fee of \$3 or any other amount for persons who have the facility to use the "credit" function of an account with a Visa Blue debit card, and to instead approve a fee per transaction, should the Reserve Bank find that there is a basis for a such a fee to be imposed, and to establish the quantum of such "per transaction".

You should be made aware that I also hold a cheque account with Westpac. I am charged a flat fee of \$5 per month, compared with fees totalling \$15.50 for February 2008 for my Bendigo Bank account. I have a debit MasterCard on my Westpac account, in respect of which I pay no fees for use of the credit facility.

Yours faithfully,

John Christiansen