

CARD PAYMENTS FORUM COMMUNIQUE

Monday, 21 September 2009

The Third Card Payments Forum meeting was held in Sydney at the Intercontinental Hotel on Monday, 21 September 2009, chaired by Professor Ian Harper. Thirty-eight participants from twenty-four organisations including merchants, financial institutions, card schemes and industry associations met to explore areas of common interest in improving the Australian card payments system.

Outcomes of the RBA Review of the Payments System

The first part of the meeting focused on the Reserve Bank of Australia's (RBA) recent decision on interchange fee regulation, together with possible future directions for card system regulation. Reserve Bank Assistant Governor Dr Malcolm Edey spoke on the rationale behind the recent decisions of the Payments System Board (PSB) under the 2007/2008 Review. Dr Edey explained that the PSB's decision to maintain interchange fee regulation at current levels pending further competitive developments represented a deferral of the choice between two regulatory alternatives outlined in the September 2008 Conclusions. The decision to maintain interchange regulation at current levels was based on recognition of industry effort to meet prerequisites identified by the RBA, along with continuing concern that competitive pressures on interchange fees were not yet sufficient to dispense with regulation.

Industry participants took the opportunity to seek clarification of elements of this decision and explore implications for the future. Dr Edey and Ms Michele Bullock, Head of Payments Policy at the RBA answered a number of questions on the interchange fee decision and likely future priorities for the RBA.

Forum Views on Future Challenges

Forum participants participated in a survey prior to the Card Payments Forum meeting exploring their views on priorities for future collaboration to improve the card payments system. A summary of the survey results was presented by APCA, and participants discussed the system development priorities and objectives mentioned by survey respondents within the five areas previously identified by the Forum:

1. Network Connectivity
2. Message & Interchange Standards
3. System Integrity & Fraud
4. System Innovation
5. Public Policy Engagement

Industry-wide approaches to fraud prevention were considered by many respondents to be an urgent issue for consideration by the industry. The Forum recognised that a great deal of effective fraud prevention work was already going on across card schemes and other industry groups, and that the full extent of this effort was not always clear to all participants, or indeed to the regulator. It was agreed that this should provide the focus for the next Card Payments Forum meeting. The Forum will seek to draw on participants' expertise in industry anti-fraud initiatives being undertaken across the industry to identify opportunities where the Forum might support and enhance this work.

Respondents to the survey also recognised the desirability of an industry-wide approach to a number of issues relating to network infrastructure. A number of Forum participants expressed support for further work in this area.

Professor Harper expressed on behalf of the Forum its gratitude to the RBA representatives for making themselves available to answer questions arising from the RBA decision. Dr Edey and Ms Bullock left the meeting at the conclusion of the first session.

Future activities for the Forum

Participants further discussed a range of other systemic challenges identified by the survey, and asked APCA to develop a draft industry agenda to provide guidance on opportunities and priorities for future industry coordination. This agenda will be debated at a future meeting of the Forum.

It was agreed that a further meeting of the Card Payments Forum, with a focus on fraud prevention and further consideration of the development of a policy agenda for the payments industry, would take place in March 2010.

Ian Harper
CHAIR