

Date: 1st December, 2020.

Eftpos Members: Eftex, Adyen, Fiserve, Tyro, Windcave

Dear Eftpos Members,

MGA TMA has been observing the proposed consolidation of payment platforms for some time. Our Board of Directors and members Nationally are extremely concerned about the proposed consolidation and how this will impact our members businesses

This consolidation will undoubtedly add potential additional cost in the overall value of a transaction, through increased to merchant fees.

About MGA Independent Retailers and Timber Merchants Australia (MGA/TMA)

MGA Independent Retailers (MGA/TMA) is a national employer industry association representing independent grocery, liquor, and other retail outlets including timber and hardware, in all States and Territories of Australia.

These businesses range in size from small, to medium and large, and make a significant contribution to the retail industry, accounting for approximately \$16 billion in retail sales.

There are 2,700 branded independent grocery stores, trading under brand names such as: Drakes, Farmer Jacks, FoodWorks, Foodland, Friendly Grocers, IGA, IGA Xpress, Supa IGA and SPAR, with a further approximately 1,300 independent supermarkets trading under their own local brand names.

In addition, there are numerous independent liquor stores operating throughout Australia and trading under names such as: Cellarbrations, The Bottle O, Duncans, and Local Liquor, which are either single or multi-store owners.

Our members also own independent hardware stores and trade under brand names including Mitre 10, Home Timber and Hardware, Thrifty Link and True Value Hardware. These stores which collectively employ more than 120,000 staff are comparatively much smaller when juxtaposed against the large supermarket and hardware chains of Coles, Woolworths and Bunnings, which combined represent approximately 80 per cent of the retail supermarket and liquor industries and 65% of hardware industries.

It is vitally important for merchants and small businesses that any proposal to consolidate Australia's payments platforms:

- maintains least cost routing at point-of-sale and extends it to the online environment
- does not result in any loss of domestic competition to the big international card companies
- maintains a strong decision-making voice for merchants and small businesses
- does not relinquish control over future pricing and investments to the major banks.

We are concerned that consolidation may proceed without full consultation with merchants and small businesses and ahead of the current major payments reviews by Treasury and the RBA.

- MGATMA is concerned that this major consolidation change is occurring without any consultation or scrutiny with regards to its commercial consequences or the real impact on the small businesses whose livelihoods are reliant upon a secure, competitive, and low-cost domestic card payments system.
- We have grave concerns this consolidation proposal will destroy competition in card related payments, handing the advantage to the two large international card schemes. MGATMA considers this is the wrong approach at absolutely the wrong time.
- Reliance on card-based payments in our sectors, particularly debit cards, is going through the roof. In the last 12 months, our sector has:
 - \$16 billion in revenue dollars annually.
 - Estimated 90% of card transactions pre Covid 19 and growing to 95% in recent months as a 'No cash' policy is becoming more common.
 - \$14.4 billion via card transactions – pre Covid (based on 90% customer use in store)

- 450 million card transactions completed each year.
- \$74.25 million in annual merchant fees, via the Supermarket, Liquor, Timber and Hardware sector.

MGATMA submits that It would be totally unacceptable to do anything that undermines eftpos, Australia's domestic cards payment provider, which is driving competition against the two big global card schemes in relation to debit transactions.

For years, eftpos has been driving lower merchant fees by providing real choice to small businesses to choose LCR for their debit transactions. MGA TMA has recently prepared a submission to the ACCC, in relation to this proposed consolidation, this consolidation does not provide small business with the confidence to ensure that they (small business) have a stable and level playing field when it comes to merchant fees.

Having traded through one of the most difficult periods in our time, our members have remained open and continued to be the hub of the local communities that they serve, absorbing many additional costs to implement Covid safety measures, employing additional staff and providing personalised support and service to many customers in need.

As eftpos members, we ask that you take these important considerations into account.

Yours sincerely,



Jos de Bruin
CEO MGA TMA.