



RESERVE BANK OF AUSTRALIA

Payment Systems (Regulation) Act 1998

Explanatory Statement - Variation to the Access Regimes for MasterCard and Visa Credit Card Systems

Purpose and Effect

The purpose of this variation to the *Access Regime for the MasterCard credit card system* and the *Access Regime for the Visa credit card system* (together, the Access Regimes) is to provide MasterCard and Visa with greater flexibility to expand the membership of their respective schemes beyond existing participants. The existing access framework, implemented in 2004 and 2005, allowed new entrants that would otherwise have been ineligible for membership to participate in the card schemes without compromising the financial safety of the schemes. This coincided with the establishment of the specialist credit card institution (SCCI) as a new class of authorised deposit-taking institution (ADI). However, recent developments suggest that the Access Regimes in their current form may no longer be fulfilling their original objective and may be preventing some prospective scheme participants from entry.

The main effect of the variation to the Access Regimes is to provide MasterCard and Visa with the ability to make entities other than ADIs eligible to participate in their respective schemes. Each of the varied Access Regimes specifies that ADIs and entities that were SCCIs as at 31 December 2014 ('former SCCIs') will be eligible to participate in the relevant scheme. Under the varied Access Regimes, each scheme will have the ability to establish eligibility criteria for entities other than ADIs and former SCCIs and any of those entities will be eligible to participate in the relevant scheme provided they meet any eligibility criteria established by the scheme. MasterCard and Visa must establish and apply criteria to assess applications from eligible applicants for participation in their respective systems. Each scheme must also publish its eligibility and assessment criteria on its website.

Consultation

The Reserve Bank of Australia (the Bank) initiated a public consultation on the Access Regimes applying to the MasterCard credit and the Visa credit and Visa Debit systems in May 2013, releasing *Review of Card System Access Regimes: A Consultation Document*. The Bank sought the views of interested parties on three policy options: varying the Access Regimes to expand eligibility to a wider range of entities, revoking the Access Regimes and maintaining the status quo. The Bank also sought views on a number of questions related to the risks faced by card schemes and their members, how they should be addressed and the shape and potential effect of possible revised access arrangements.

Taking into account views expressed by stakeholders, the Bank released *Proposed Variation to the MasterCard and Visa Access Regimes: Consultation Document* in December 2013 and began a second round of consultation. The December 2013 document refined the three options outlined in the May 2013 paper, with more detailed consideration of how each option could be implemented. The document also included draft variations to the Access Regimes for the option viewed by the Bank's Payments System Board (the PSB) as best serving the public interest. In accordance with its obligations under section 28 of the *Payment Systems*

(Regulation) Act 1998, the Bank published the draft variations to the Access Regimes in the Gazette on 9 December 2013 and considered all submissions received in response. The PSB's in-principle decision to vary the Access Regimes applying to the designated MasterCard and Visa credit card systems in Australia was published on 7 March 2014.

Consultation Documents

Further information regarding the consultation process undertaken by the Bank may be found in the following documents:

- RBA (2014), *Variation to the MasterCard and Visa Access Regimes: Details-stage Regulation Impact Statement*, March.
Available at < <http://www.rba.gov.au/payments-system/reforms/cc-schemes/201403-impact-stmt/index.html> >
- RBA (2014), *Payment Card Access Regimes: Conclusions*, March.
Available at < <http://www.rba.gov.au/payments-system/reforms/cc-schemes/201403-impact-stmt/conclusions/index.html> >
- RBA (2013), *Proposed Variations to the MasterCard and Visa Access Regimes: Consultation Document*, December.
Available at < <http://www.rba.gov.au/publications/consultations/20131206-prop-variations-to-mc-visa-access-regimes/index.html> >
- RBA (2013), *Review of Card System Access Regimes: A Consultation Document*, March.
Available at < <http://www.rba.gov.au/publications/consultations/201305-review-card-sys-access-regimes/index.html> >

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