



Interchange fees remain on short leash

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More competition is needed between payment schemes before the Reserve Bank of Australia is likely to relax eight-year-old controls on credit card interchange fees.

Glenn Stevens, governor of the RBA, told a parliamentary committee on Friday that he had "given a fair bit of thought in the time I have been in this role as to whether it is possible for us to take a step back on interchange, and about the conditions that we would need to see in order to do that.

"I think we would need to see some sense that competition within the system, generally speaking, has increased.

"If we do not see any competition, [well] that is really how we got into the regulation in the first place. If one could see clear evidence that we have competition between card schemes and between competing payment mechanisms or both, that is at least a precondition that you could think about."

Stevens said, "We have seen some encouraging things, one of which, in my opinion, is the development of Eftpos."

He said, "I think if we took our hands off the interchange now the interchange fees would just go back up and we would be back to the situation that... we were trying to move away from."

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