

1 June 2018

Gift Card Expiry Dates Consultation Paper  
Consumer and Corporations Policy Division  
The Treasury  
Langton Crescent  
Parkes ACT 2600  
consumerlaw@treasury.gov.au.

Dear Sir,

**Consultation: Gift Card expiry**

eftpos Payments Australia Limited (**eftpos**) is grateful for the opportunity to respond to the above consultation.

eftpos:

- administers the eftpos payment system that has been used for over 30 years (initially through bilateral arrangements between financial institutions) to process eftpos debit and prepaid card transactions initiated by cardholders at merchant points of sale;
- is a mutual style card scheme with a membership that includes financial institutions, aggregators and retailers; and
- operates a business that covers both eftpos debit cards and eftpos prepaid cards and involves setting common rules and interchange for eftpos debit and prepaid card transactions, providing processing, settlement and tokenisation infrastructure and developing products and services for our Members to provide to their cardholder and merchant customers.

Currently, eftpos facilitates use of millions of gift cards in market. Gift card Program providers can be direct eftpos members or sponsored by direct eftpos members. All eftpos members need to comply with the eftpos scheme rules, which is a contract between eftpos and each of its Members and each Member with each other Member. Those rules apply to all direct and indirect participants in that payment system. The eftpos Scheme Rules and those supply and service agreements underpin the security, reliability and integrity of the eftpos payment system.

eftpos set rules for Issuers and Gift card providers to issue/distribute cards and the parameters for those cards as used in the eftpos payment system. Below are the type of gift cards within eftpos payment system.

Program Type	Description
Open Loop	<ul style="list-style-type: none"><li>• acceptance is not restricted by the Program Provider (accepted at merchants that accepts gift card)</li></ul>
Closed Loop	<ul style="list-style-type: none"><li>• Acceptance restricted to one merchant</li><li>• Acceptance restricted to one retail group</li></ul>
Semi-open Loop	<ul style="list-style-type: none"><li>• a particular merchant type,</li><li>• a franchised merchant chain,</li><li>• a particular location (eg all merchants within a shopping mall; all merchants on a cruise ship, all merchants at a sporting venue) or</li><li>• retailers signed up to a particular program (eg loyalty/affinity program)</li></ul>

**Submission:**

To provide clarity and certainty to the market, clarity is needed about:

- the definition of cards to which any regulation applies;
- whether any proposed regulation applies to gift cards (eg fixed value gift cards) as opposed to reloadable gift cards (which are more akin to debit cards); and
- the transition arrangements that will apply.

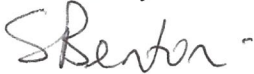
Some additional commercial questions arise about the scope of the proposed regulation, specifically:

- a) Current prepaid card stock that is already in store and available for sale; and
- b) from different prepaid distribution channels, the cost associated with destroying the current stock of prepaid cards

As eftpos is not an issuer or provider of these cards, we cannot comment about the underlying commercial models nor the impact of introducing an expiry date to cards already in stock and under commercial agreements. Any new regulation should consider the commercial impact on Gift Card program providers when setting the transition period to apply.

We would be pleased to discuss this submission if required or desirable.

Yours faithfully

A handwritten signature in black ink that reads "S Benton". The signature is written in a cursive, slightly slanted style.

Stephen Benton  
**Managing Director**