

From: [REDACTED]
To: [Payments Consultation](#)
Subject: Payment Systems Comments
Date: Friday, 3 February 2023 1:01:37 AM
Attachments: [image005.png](#)

Dear Treasury,

We respectfully submit our observations regarding payment systems in Australia. As a family-owned business in the travel and tourism sector, we have experienced significant difficulties with payment systems, particularly EFTPOS facilities, over the past ten years now. This is a widespread problem affecting small to medium-sized travel businesses in Australia, hindering their ability to compete with Australian publicly listed companies or international counterparts.

Our travel business was established in July 2001 and initially banked with ANZ, which provided us with EFTPOS facilities. In 2014 due to the de-regulation of the travel industry to compete in the international market, ANZ deemed the travel industry to be high-risk due to the potential for chargebacks and required a deposit of \$1.4 million, within 14 days to retain the EFTPOS facilities. Despite lodging a complaint with the Australian Financial Complaints Authority (AFCA), the authority was unable to force ANZ to reconsider its decision, and by the time AFCA responded, ANZ had already removed the EFTPOS facilities. This matter was presented to the Banking Royal Commission, but small business was largely overlooked in the report. At this point we had had one chargeback for \$734 in 2001 due to the collapse of Ansett.

We sought EFTPOS facilities from other major Australian banks, including NAB and Bankwest, but all deemed the travel industry to be high-risk, all requiring significant cash deposits. As a result, we were forced to obtain EFTPOS facilities from an overseas provider, First Data. Unfortunately, First Data also cancelled our EFTPOS facilities in 2021 after a chargeback resulting from the COVID-19 pandemic. This is only our second chargeback in 22 years of business.- First Data were not members of AFCA and as such we were not able to dispute this chargeback.

Following the loss of First Data, we secured EFTPOS facilities from Square in 2021, but at the end of 2022 Square also deemed our business and the travel industry to be high-risk and cancelled the facilities, the cancellation occurred after a particularly busy day with transactions exceeding AUD\$40,000.00. Despite being a member of AFCA, Square refused to offer an internal or external dispute resolution, contrary to AFCA rules and regulations, and kept \$11,000 due to us.

We have now secured EFTPOS facilities from Stripe, but we remain concerned that our banking facility may be cancelled again in the future with little to no notice. It is getting to a situation where all EFTOS facilities will be exhausted. The continuing situation makes it impossible for small, family-owned Australian companies to compete in the global market and will result in the loss of billions of Australian travel dollars going overseas to .

We request the government's consideration of the following suggestions to

address the issues faced by small business:

1. Greater protection for small businesses to reduce monopoly behaviour of publicly listed or foreign owned companies.
2. Banks and financial institutions are not allowed to label entire industries as high-risk.
3. Banks and financial institutions should not classify a business as high-risk based solely on the industry it operates in.
4. Companies obtaining an Australian financial license should be required to provide EFTPOS facilities to all Australian companies.
5. All payment providers in Australia should be members of AFCA.
6. AFCA should have the resources and authority to investigate and act more swiftly to halt financial losses of small businesses in these situations.
7. Financial institutions should not be allowed to cancel EFTPOS facilities without proper internal complaints processes, external review and complaint processes, and independent review by a body such as AFCA.
8. If a EPTOS provider cancels a service, there needs to be a greater period of notice to allow businesses to find new providers. In the case of Square, we were given 24hours notice causing detrimental financial situation for our business.

Without government intervention to assist small travel businesses in obtaining EFTPOS facilities, we fear a monopoly of the Australian travel industry, higher travel costs for the Australian consumer and, most importantly, the loss of billions of Australian travel dollars going overseas.

Thank you for your attention to this matter.

Regards

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Owner / Manager



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