

MasterCard Europe welcome the opportunity to respond to the National Payments Plan and share the view of the Chairman that electronic payments systems such as our own have a great deal to contribute to efficiencies within the UK Economy.

Although the consultation exercise is predominantly aimed at the UK payments landscape MasterCard would also like to remind the Payments Council that the payments business is a truly global one and that organizations such as our own deliver value and efficiencies to the UK economy precisely because of our global scale, acceptance network, branding and expertise. We would also suggest that the best outcomes may often be achieved through the operation of market forces alone.

For example, the migration of the UK domestic SWITCH card scheme towards our global MAESTRO brand provided global utility and convenience to UK cardholders and opened new opportunities for merchants to accept efficient, convenient payments from cardholders from across the globe.

We would like to make some specific comments relating to the plan:

Q2 – When Debit Cards were introduced in the UK, they were positioned as an alternative to cheques at the point of sale. MasterCard believe that use of card payments in settlement of bills can bring greater efficiencies. Many Credit Card issuers allow their customers to pay their Credit Card bills by Debit Card instead of mailing a Cheque. Not only is a Payment Card less costly to accept than processing a Cheque, but the merchant receives a guarantee of payment and can ‘authorise’ the payment in real-time. This real-time authorization of payment is unique to the card payments network and works well in environments where time is of the essence, such as to re-load pre-paid airtime to a mobile phone account. In addition, a card payment facility gives the consumer much more control as to when and how they pay. Unlike a Direct Debit or a Standing Order, consumers feel more ‘in-control’ of a payment they send, rather than one that is deducted from their account. Utility Bills are one of the last bastions of cheques and MasterCard see this sector as a significant opportunity to bring greater efficiencies and convenience to consumers.

We also believe that there are significant opportunities to use the card payment networks to deliver efficiencies in the commercial sector as well as to facilitate person-to-person (P2P) payments for which cheques still dominate.

Q10 – MasterCard would welcome an independent study by Payments Council regarding the full costs of cash (relative to other means of payment) to the retail sector. MasterCard believes that this would assist greatly to drive merchants towards to more efficient payment mechanisms.

Q17 – MasterCard would like to point out that LINK currently have an effective monopoly on the processing of ATM cash withdrawals on domestic debit and ATM cards in the UK. MasterCard would welcome measures to stimulate competition in this market and would stress that fair and open competition tends to boost innovation.

Q20 – MasterCard would like to point out that international card payments are our core business and that we are supporters of SEPA. Europe wants to reduce reliance on cash in favour of electronic payments, which are safer, cheaper, more secure and more convenient for consumers and merchants, especially smaller ones. The best way to accomplish this is to allow open, transparent and efficient payment systems like MasterCard’s to compete unhindered in the market.

Q23 – MasterCard agree that at the present stage of market development the contactless and

prepaid card sectors are best left to initiatives from individual payment service providers and the card schemes

Q24 – The contactless cards being issued by banks in the UK already conform to international standards and are comparable to the tens of millions of contactless payment cards issued elsewhere in the world. A UK issued MasterCard PayPass card can be used in any one of the MasterCard PayPass acceptance points across the globe. MasterCard has licensed its technology to other card payment schemes to ensure global interoperability across all major schemes.

Q26 – MasterCard believes that there are sufficient standards bodies for Mobile Payments in existence.

Q29 – MasterCard believes that mobile phones should be viewed as an access channel to payments (such as the Internet or Digital TV), rather than a payment system in itself. As Internet access on mobile phones becomes faster and more user friendly MasterCard would suggest that investment would be better focused on 'remote payments' rather than channel specific forms of payment.

MasterCard supports the efforts of Payments Council to drive efficiencies in the UK payments market, and will work closely across the industry in support of this objective.

With kind regards

Oliver Steeley

Head of Strategy and Business Planning
Developed Markets Region