

24 October 2018

SVF Submissions
Payments Policy Department
Reserve Bank of Australia
GPO Box 3947
Sydney NSW 2001

Dear Sir/Madam

Review of Retail Payments Regulation: Stored-Value Facilities

Thank you for the opportunity to provide a submission in response to the above-mentioned Issues Paper. The Shopping Centre Council of Australia (SCCA) represents the owners, managers and developers of shopping centres. Our comments are restricted to the treatment of gift cards in the broader context of the regulation of stored-value facilities.

Gift cards are an important element of some shopping centre operations. The fundamental purpose of shopping centre gift card schemes is to attract customer visitation and secure spending in a shopping centre. This is to the ultimate benefit of a shopping centre's retailers, to which shopping centre gift card funds are remitted upon a purchase of goods and services being made. Gift cards also provide customers with an alternative, convenient and efficient purchase and gift option.

The Issues Paper notes the current regulatory framework applicable to some gift cards, including the specific exemptions which have been granted by the Australian Securities and Investments Commission (ASIC) and the Reserve Bank of Australia (RBA) under the *Corporations Act* and the *Payment Systems (Regulation) Act* respectively.

The Paper also notes prevailing consumer protections available to gift card holders. Although not stated in the Paper, it is also relevant that the Federal Parliament recently passed legislation (the *Treasury Laws Amendment (Gift Cards) Bill 2018*) to regulate additional consumer safeguards specific to the application and disclosure of gift card expiration periods, and a prohibition on most post-supply fees. These new requirements are intended to apply to gift cards supplied on or after 1 November 2019.

It is our view that this framework appropriately reflects of the relatively low level of risk experienced by gift card holders. The intent and effect of the current framework, including the premise of exemptions, should be retained in the context of any future approach to regulating stored value facilities. Certainly, the framework should not become more burdensome for relevant gift card scheme operators such that the cost of any additional regulation may outweigh any risk to consumers.

We note that ASIC's historical view is that unconditional class order relief is appropriate (as opposed to declaring relevant gift cards not to be financial products), with ASIC having noted that potential developments in the gift card market may require a future change in policy. Retaining the existing regulatory relief for products which are low risk, easy to use and readily understood by consumers, while providing regulators the ability to continue to monitor and respond to changes in the market remains, in our view, appropriate.

The SCCA would be pleased to meet with representatives of the Council of Financial Regulators to discuss this letter. Please contact SCCA Deputy Director, Kristin Pryce, on 0417 042 516, as needed.

Yours sincerely,



Angus Nardi
Executive Director