

**Assessment by the Malaysia Competition Commission
on the
Parking Surcharge by Touch ‘n Go Sdn. Bhd.**

Executive Summary

INTRODUCTION

A preliminary assessment was conducted by the Malaysia Competition Commission (“the Commission”) following a complaint received on the surcharge that is being imposed at parking lots over and above the parking fees that are being paid by Touch ‘n Go (TNG) card users.

OVERVIEW

This conduct of imposing surcharges by TNG may have raised competition concern mainly due to the fact that TNG is currently seen as the only service provider in offering cashless transactions at parking facilities in Malaysia.

Apart from providing this service at parking facilities, TNG is the one and only Electronic Toll Collection (ETC) operator for all highways in Peninsular Malaysia. The TNG system is also being utilized for major public transportations in Klang Valley. TNG system has also diversified its business and has ventured into providing its services at theme parks and retail outlets.

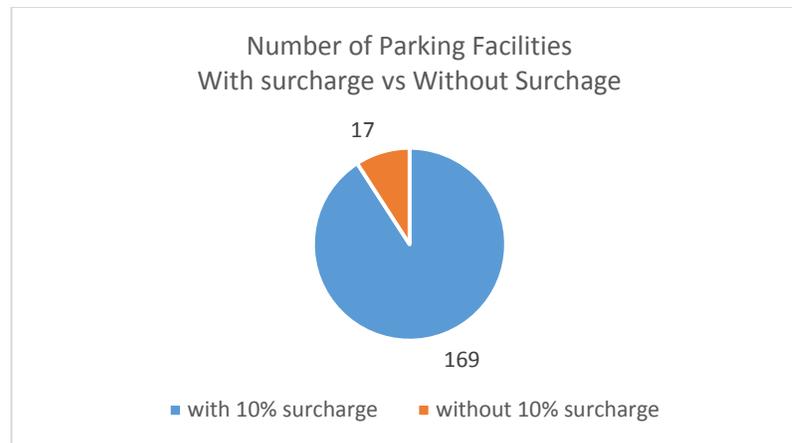


Figure 1.1 (as at 30 September 2016)

Figure 1.1 depicts that majority of the parking facilities with TNG system subject the users to parking surcharges.

The surcharge amount varies from one parking facility to another. However, majority of the parking facilities charge 10% in addition to the parking fees but some parking facilities are also known to charge RM0.20 per transaction. There are also parking facilities that do not impose any surcharge on its users, and instead, absorb the cost to benefit its customers.

Site surveys were conducted by the Commission on a few random locations comprising shopping malls, business centers and hospitals that provide TNG facilities. The Commission also held a meeting with TNG management team on 7 September 2016 in order to address the complaint and understand TNG business model and the factors leading to the parking surcharge. Following the meeting, TNG was requested to furnish the

Commission further with relevant information and documents pertinent to the assessment.

SUMMARY OF FINDINGS

The site survey conducted by the Commission revealed that the parking lots with TNG facilities consist of two (2) types; one that imposes surcharge over and above the existing parking fees and the other one that does not impose any surcharge to the user. It is noted, however, that the parking lots that impose such surcharges display notices to inform customers on this additional charge at the entry point of the parking facilities. Apart from TNG facilities, customers are also being given the option to enter the parking facilities via the cash ticketing system whereby customers can pay their parking fees with cash.



*Figure 2.2**Figure 2.3*

Both *Figures 2.2* and *2.3* above are examples of TNG facilities that are provided at parking facilities at Wangsa Walk Kuala Lumpur and Paradigm Mall Petaling Jaya respectively.

It was also made known by TNG that the surcharge is basically to recover the cost of investing and maintaining the TNG facilities by the operators. There are a few business model arrangements that can be adopted by the operators and the selection depends on the commercial negotiation between TNG and its partners.

On 26th August 2016, the same surcharge issue was discussed at the User Consultative Group, National Payment Advisory Council (NPAC) meeting held at Bank Negara Malaysia (BNM) between TNG, BNM, government departments/agencies, business/merchant associations, insurance/takaful sector players and other organizations such as Malaysian Electronic Payment System Sdn Bhd, Malaysian Electronic Clearing Corporation Sdn Bhd and Association of Banks in Malaysia. The direction from this meeting is for TNG to engage with the public and educate users on the value propositions of TNG facilities via advertorial media campaigns. The campaign is currently ongoing and write-ups are being published in various newspapers. TNG representatives also added that although TNG will always advocate the business model with the least cost impact to the end customers, it is still a commercial decision resulting from the business negotiations between TNG and its partners.

CONCLUSION

Based on the Commission's assessment, there is no competition concern arising from this complaint due to the following points:

- the surcharge is justified as it is due to the investment and maintenance costs of the TNG system, incurred by the operators
- the TNG facility offers cashless convenience to the customer
- a cash alternative is also made available to the customer apart from the TNG option at the parking entry points.

We have advised TNG to continue to educate its customers and spread awareness within the community through advertorial media campaigns on the benefits of TNG. While customers are being charged the surcharge for added convenience for using TNG, customers are still being given the option to pay by cash at no surcharge where parking is concern.