

## **The ‘Honour All Cards’ Rule in the Visa Debit and Visa Credit Card Systems and the ‘No Surcharge’ Rule in the Visa Debit System**

### **Objective**

*The objective of this Standard is to ensure that the rules of the Visa Debit system and the Visa credit card system promote:*

- (i) efficiency; and*
- (ii) competition*

*in the Australian payments system.*

### **Amended and restated Standard**

1. This Standard is an amended and restated Standard of that gazetted on 7 July 2006.

### **Application**

2. This Standard is determined under Section 18 of the *Payment Systems (Regulation) Act 1998*.
3. This Standard applies to the payment system operated within Australia known as Visa Debit, which was designated as a payment system on 23 February 2004, and to the Visa credit card system operated within Australia which was designated as a payment system on 12 April 2001 (together referred to as the ‘Scheme’).
4. In this Standard:

an ‘acquirer’ is a participant in the Visa Debit system in Australia that provides services to a merchant to allow that merchant to accept a Visa Debit card;

‘merchant’ means a merchant in Australia that accepts a Visa Debit card or Visa credit card for payment for goods or services;

‘merchant service fee’ means a transaction-based fee charged to a merchant for acquiring Visa Debit card transactions from that merchant whether collected on an *ad valorem* or flat-fee basis, or charged as a blended rate with Visa credit cards or on an interchange plus acquirer margin basis or any other basis;

‘rules of the Scheme’ means the constitution, rules, by-laws, procedures and instruments of the Visa Debit system and of the Visa credit card system as applied in Australia respectively, and any other arrangement relating to the Scheme by which participants consider themselves bound;

‘Visa credit card’ means a card issued by a participant in Australia in the Visa credit card system, under the rules of the Scheme, that allows the cardholder to make payments to merchants for goods or services on credit, or any other article issued under the rules of the Scheme and commonly known as a credit card;

‘Visa credit card transaction’ means a transaction in Australia between a Visa credit card holder and a merchant involving the purchase of goods or services using a Visa credit card;

‘Visa Debit card’ means a card issued by a participant in Australia in the Visa Debit system, under the rules of the Scheme, that allows the cardholder to make payments to merchants for goods or services by accessing a deposit account held at an authorised deposit-taking institution;

‘Visa Debit card transaction’ means a transaction in Australia between a Visa Debit card holder and a merchant involving the purchase of goods or services using a Visa Debit card;

terms defined in the *Payment Systems (Regulation) Act 1998* have the same meaning in this Standard.

5. Each participant in the Visa Debit system and the Visa credit card system must do all things necessary on its part to ensure compliance with this Standard.
6. If any part of this Standard is invalid, the Standard is ineffective only to the extent of such part without invalidating the remaining parts of this Standard.
7. This Standard is to be interpreted:
  - in accordance with its objective; and
  - by looking beyond form to substance.
8. This Standard originally came into force on 1 January 2007. This Standard as amended and restated comes into force on 18 March 2013.

### **Merchant Pricing**

9. Neither the rules of the Scheme, nor any participant in the Visa Debit system, shall prohibit:
  - (i) a merchant from recovering part or all of the reasonable cost of acceptance of Visa Debit cards issued under the Scheme by the merchant charging fees or surcharges to Visa Debit card holders; or
  - (ii) a merchant, in recovering part or all of the reasonable cost of acceptance of Visa Debit cards issued under the Scheme, from applying different fees or surcharges to Visa Debit card holders for different card types either within the Scheme or across card schemes.
10. For the purposes of paragraph 9, the merchant’s cost of acceptance of Visa Debit cards issued under the Scheme may, for the purpose of determination of a fee or surcharge, be determined by reference to:
  - (i) the cost to the merchant of the Visa Debit card transaction in relation to which the fee or surcharge is to be levied;
  - (ii) the average cost to the merchant of acceptance of all Visa Debit cards of all types issued under the Scheme; or

- (iii) the average cost to the merchant of acceptance of a subset of Visa Debit cards issued under the Scheme that includes the type of debit card in relation to which the fee or surcharge is to be levied,

and includes, but is not necessarily limited to, in the case of (i), the applicable merchant service fee and, in the case of (ii) and (iii), all applicable merchant service fees.

### **Honouring cards**

- 11. Neither the rules of the Scheme, nor any participant in the Visa Debit system, or the Visa credit card system, may require a merchant to accept Visa Debit cards as a condition of the merchant accepting Visa credit cards. Likewise, neither the rules of the Scheme, nor any participant in the Visa Debit system or the Visa credit card system, may require a merchant to accept Visa credit cards as a condition of the merchant accepting Visa Debit cards.

### **Transparency**

- 12.
  - (i) All Visa Debit cards issued after 1 January 2007 must be visually identified as debit cards. By 31 December 2009, all Visa Debit cards on issue must be visually identified as Visa Debit cards.
  - (ii) From 1 January 2007, all Visa Debit cards issued in Australia must be issued with a Bank Identification Number (BIN) that allows them to be electronically identified as Visa Debit cards.
  - (iii) On request, acquirers must provide to merchants for which they acquire Visa Debit and credit card transactions, BINs that would permit the merchant to identify separately Visa Debit and Visa credit card transactions electronically.
  - (iv) Each acquirer must notify merchants to which it provides acquiring services of the provisions of this Standard (as amended) either before, or as soon as practicable after, this Standard (as amended) comes into force.