

# Review of Merchant Card Payment Costs and Surcharging

## Consultation Paper

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# Glossary of Key Terms<sup>1</sup>

<b>Acquirers</b>	Acquirers provide card acceptance services to merchants through their membership of the relevant card networks. This involves processing transactions on behalf of merchants and often includes providing merchants with a point-of-sale terminal that allows merchants to accept card payments. Acquirers can provide card acceptance services both in store and online through a payment gateway.
<b>Australia Competition and Consumer Commission (ACCC)</b>	<p>The ACCC is an independent Commonwealth statutory authority that promotes competition, fair trading, and product safety for the benefit of consumers, businesses and the Australian community.</p> <p>The ACCC's responsibilities include enforcing compliance with the <i>Competition and Consumer Act 2010</i>. Section 55B of the Act prohibits merchants from charging a card payment surcharge that is excessive. A card payment surcharge is excessive if it is higher than a merchant's cost of accepting payments by the relevant card of a designated debit, prepaid or credit card network.</p> <p>The ACCC has powers to investigate and take enforcement action in relation to alleged excessive card payment surcharging.</p>
<b>Benchmark</b>	A benchmark in relation to interchange fees refers to the RBA's regulation that is designed to ensure that card schemes do not charge total interchange fees in a given period above the level of the weighted-average benchmark on a per-transaction basis.
<b>Blended plans</b>	Blended plans are pricing plans provided to merchants by acquirers or PSPs that 'blend together' certain transactions for a single price. An example of this could be one rate for all Visa (debit and credit) transactions, one rate for all Mastercard (debit and credit) transactions, and a different rate for all eftpos transactions.
<b>Cap</b>	A cap in relation to interchange fees refers to the RBA's regulation that effectively prevents card schemes from setting interchange fee rates on a per-transaction basis above the level of the cap. This sets a maximum fee for each individual interchange fee category.

<sup>1</sup> The purpose of this glossary is to provide a general meaning or explanation of key terms used in this Consultation Paper to assist stakeholders with their understanding of the issues and questions covered by it. Many of these terms have a specific meaning under, and for the purposes of, the current RBA Standards and/or proposed variations to those RBA Standards (see Appendix D: Draft Standards).



<b>Card networks</b>	The RBA regulates payment systems including the eftpos, Mastercard and Visa card networks. The card networks facilitate electronic payments being made by debit, prepaid and credit cards by cardholders at businesses that accept card payments through their PSP.
<b>Card-not-present (CNP) transactions</b>	Transactions made by consumers online.
<b>Card-present (CP) transactions</b>	Transactions made by consumers in store at the merchant's premises or at the merchant's physical point-of-sale device.
<b>Combination cards</b>	A payment card that allows the cardholder to access both debit card and credit card functionality (see 'Credit cards'; 'Debit cards').
<b>Commercial cards</b>	A commercial card is a business or corporate debit or credit card that is issued to businesses or their employees to make business-related purchases.
<b>Cost of acceptance</b>	A merchant's cost of acceptance refers to the fees merchants are charged by their PSP to accept card payments. There are several components to a merchant's cost of acceptance including interchange fees, scheme fees and an acquirer or PSP margin. Merchants are generally not permitted to surcharge above their cost of acceptance. For more information, see the <a href="#">Backgrounder on Payment Surcharges in Australia</a> .
<b>Credit cards</b>	A payment card that allows cardholders to borrow money via the card issuer to undertake transactions, with the obligation on the cardholder to repay the borrowed amount at a pre-determined date. These cards can attract interest and other fees but may also provide other benefits such as loyalty points or travel insurance.
<b>Debit cards</b>	A payment card where the cardholder's own funds are used for transactions.
<b>Designated debit, prepaid and credit card systems</b>	<p>Card systems that have been 'designated' by the RBA as subject to its regulations under the PSRA.</p> <p>The RBA regulates the following designated debit card systems: eftpos, Debit MasterCard and Visa debit.</p> <p>The RBA regulates the following designated prepaid card systems: eftpos prepaid, MasterCard prepaid and Visa prepaid.</p> <p>The RBA regulates the following designated credit card systems: MasterCard and Visa.</p> <p>For more information, see <a href="#">Regulations</a>.</p>

<b>Drip pricing</b>	Drip pricing is when a price is advertised at the beginning of a purchase, but then extra fees and charges (such as booking and service fees) are gradually added during the purchase process. This can result in consumers paying more than they initially expected.
<b>Dual-network debit cards</b>	Dual-network debit cards are debit cards that can have transactions routed via more than one card network. They typically have a different card network on the front of the card and another card network on the back of the card.
<b>Dynamic least-cost routing</b>	Dynamic routing is a form of LCR where each transaction is assessed at the individual level to determine which is the cheapest card network for that particular transaction to be routed through for processing.
<b>Interchange fee</b>	When a card payment is made, interchange fees are paid by the merchant's acquirer to the cardholder's card issuer. For more information, see the <a href="#">Backgrounder on Interchange and Scheme Fees</a> .
<b>Issuers</b>	A card issuer provides payment cards to consumers and businesses. They are typically financial institutions. Card issuers may provide additional services with the payment cards they issue such as a line of credit, rewards and fraud protection. Domestic card issuers are based in Australia and typically provide cards to Australian customers, while foreign card issuers typically provide cards to customers located overseas. Domestically issued cards can sometimes be used overseas and foreign-issued cards can sometimes be used in Australia.
<b>Issues Paper</b>	The first stage of the RBA's Review of Merchant Card Payment Costs and Surcharging began with the publication of an <a href="#">Issues Paper</a> .
<b>Least-cost routing (LCR)</b>	A function that allows the merchant to choose which card network processes dual-network debit card transactions. The aim of LCR is to provide merchants with the ability to route transactions to the cheaper network to reduce merchants' card payment costs.
<b>Merchants</b>	A business selling goods or services.
<b>'No-surcharge' rules</b>	'No-surcharge' rules have previously been imposed by the card networks on merchants to prevent them from applying an extra fee (surcharge) when consumers pay with a card from their network. That is, the merchant is not allowed to surcharge a consumer to accept a card payment from certain card networks. See also 'Surcharges'.
<b>Payment facilitator</b>	A PSP that arranges or procures acquiring services from an acquirer for its merchants. Payment facilitators are often not direct members of card networks and rely on an acquirer to process transactions on behalf of its merchants.

<b>Payment service providers (PSPs)</b>	A PSP is a broad term for entities that provide card payment acceptance services to merchants. This includes acquirers, payment facilitators and those that provide online payment gateway services. PSPs may or may not be direct members of card networks.
<b>Payments System Board (PSB)</b>	Under the <i>Reserve Bank Act 1959</i> , the PSB has responsibility for determining the RBA's payment system policy, which includes policy for the purposes of the RBA's functions and powers under the PSRA. Broadly speaking, section 10B of the Reserve Bank Act requires the PSB to fulfil this responsibility in a way that is directed to the greatest advantage of the Australian people and to ensure that the RBA's powers under the PSRA are exercised in a way that best contributes to the efficiency, competitiveness and safety of the payments system.
<b><i>Payment Systems (Regulation) Act 1998 (Cth) (PSRA)</i></b>	The PSRA sets out the regulatory powers of the RBA in respect of payment systems.
<b>Prepaid cards</b>	A payment card that allows cardholders to undertake transactions using funds that have been prepaid or pre-funded onto the card. This differs from a debit card, which is linked directly to a cardholder's bank account.
<b>Reserve Bank of Australia (RBA)</b>	The RBA has powers under the PSRA to regulate participants in payment systems in the public interest. While the PSB sets the RBA's payments policy, the RBA has the powers to implement these policies through its ability to designate payment systems, set standards and impose access regimes.
<b>RBA Standards</b>	The RBA may designate a payment system if it considers that designating the system is in the public interest. It may then determine standards that participants in the system must comply with. Standards determined by the RBA to date have generally set out rules that relate to the governance or operation of designated payments systems and the conduct of participants within those systems. The RBA has three current standards in relation to card payments: Standard No. 1 of 2016, Standard No. 2 of 2016 and Standard No. 3 of 2016. For more information, see <a href="#">Regulations</a> .
<b>Scheme fees</b>	Scheme fees are charged by card networks – such as eftpos, Mastercard and Visa – to acquirers and issuers for the services they provide. These fees can include assessment fees, processing fees, licensing fees or access fees. For more information, see the <a href="#">Backgrounder on Interchange and Scheme Fees</a> .
<b>Simple or single-rate plans</b>	Simple or single-rate plans are pricing plans provided to merchants by acquirers or PSPs that charge merchants one single rate for all transactions.

<b>Surcharges</b>	A surcharge in the context of card payments is an extra fee charged by a merchant to a consumer for using a particular card to pay for a transaction.
<b>Unblended plans</b>	Unblended plans (also called ‘interchange plus’ or ‘interchange plus plus’ plans) are pricing plans provided to merchants by acquirers or other PSPs that charge merchants the wholesale cost (i.e. relevant interchange and scheme fees) of each transaction plus the acquirer’s or PSP’s margin. This means merchants pay a different rate for each transaction, depending on factors such as the card type (e.g. credit or debit), transaction type (e.g. in-person or online) and card network (eftpos, Visa or Mastercard).
<b>Wholesale fees</b>	Wholesale fees refers to interchange and scheme fees.



# Executive Summary

This paper presents the preliminary conclusions of the Payments System Board (PSB) following the public consultation process undertaken after the release of the Merchant Card Payment Costs and Surcharging Issues Paper (the Issues Paper) in October 2024 (RBA 2024b). This paper also includes for consultation some draft standards that would implement the preliminary conclusions, using the powers granted to the Reserve Bank of Australia (RBA) under the *Payment Systems (Regulation) Act 1998* (PSRA). The RBA seeks comments on these preliminary conclusions and draft standards, with the expectation that the PSB will reach its final conclusions by the end of 2025.

This Review has benefited from engagement with a range of stakeholders with diverse views on these issues. The PSB has given careful consideration to these views in assessing which regulatory actions would best support the public interest in line with the PSB's responsibility to promote efficiency, competition and safety in the payments system.

The PSB has reached the view that the surcharging framework, introduced more than two decades ago, is no longer achieving its intended purpose. The RBA's surcharging framework required the credit, prepaid and debit card networks to remove their 'no-surcharge' rules, thereby allowing merchants to apply a surcharge to card transactions. One of the key objectives of surcharging was to provide a price signal to consumers regarding the costs of payments, and incentivise them to choose lower-cost payment methods. However, the framework has become less effective due to a decline in consumers' cash use, the prevalence of single-rate payment plans among merchants and the difficulty of enforcing surcharging rules.

The PSB recognises that issues associated with card payment costs and surcharging are interconnected. Amendments to the surcharging framework without corresponding regulatory actions to lower card payment costs would simply redistribute costs in the payments system while allowing inefficiencies to remain. Action to lower merchants' card payment costs is therefore necessary, particularly if merchants' ability to surcharge consumers for those costs is no longer available. The PSB also recognises the case for addressing the large disparity in card payment costs between small and large merchants, the high costs for Australian merchants accepting international transactions, and the opacity and complexity of pricing across the card payments industry.

**The PSB has reached the preliminary policy view that competition and efficiency in the payments system would be enhanced by:**

- **removing surcharging** on all designated debit, prepaid and credit card systems<sup>2</sup>
- **lowering wholesale card payment costs, particularly for small merchants**, by lowering caps on domestic interchange fees and capping the interchange on foreign-card transactions
- **increasing the transparency of card payment costs** to help payment service providers (PSPs) and merchants compare fees across the market and shop around for better-value payment deals.

Accordingly, the RBA proposes to revoke its prohibition on 'no-surcharge' rules for each of the designated card systems. Based on historical experience and arrangements in other jurisdictions, the RBA considers that this would likely be followed by the designated card networks reimposing 'no-surcharge' rules.

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<sup>2</sup> Mastercard, Visa, Visa Debit, eftpos, Debit Mastercard, eftpos prepaid, Mastercard prepaid and Visa prepaid.

It is unlikely that the RBA could directly impose an effective ban on surcharging by merchants, as merchants are generally not considered ‘participants’ in the designated card systems under the PSRA. If surcharging continued after the prohibition on ‘no-surcharge’ rules under the RBA’s standard was lifted – which would be counter to the spirit of the proposed policy reforms – the RBA could recommend that the Government legislate a ban on the surcharging of cards of the designated card systems.

Removing surcharging, combined with reductions in interchange fees and greater transparency of payment costs, would:

- **make card payments simpler, more transparent and more efficient for consumers and merchants.** Consumers are estimated to pay around \$1.2 billion in payments surcharges each year. A full removal of surcharges on all designated card networks would reduce broader economic inefficiencies associated with consumers finding it difficult to avoid a surcharge, inadequate merchant disclosure, drip pricing involving added card payment surcharges and the complexity of surcharging rules. This policy would also be easier for market participants to understand and implement than only removing surcharges on debit card payments.
- **lower wholesale card payment costs for merchants by around \$1.2 billion per year** through lowering interchange caps on domestic card transactions and introducing interchange caps on foreign-issued cards. The PSB expects PSPs to pass savings from lower interchange fees on to merchants in full.
- **reduce the disparity in card payment costs faced by small and large merchants.** Small merchants tend to pay high interchange fees, at or near the current regulatory caps. Lowering these caps would therefore benefit small merchants the most and reduce their cross-subsidisation of large merchants, improving the efficiency of the payments system for the broader economy. Around 90 per cent of small merchants would be better off under the proposed measures than under the current framework.
- **improve the ability of merchants to find a better payment plan** by increasing the transparency of acquirer pricing and requiring acquirers to provide more information to merchants about their card payment costs. More clear and consistent information about acquirer pricing and merchant card payment costs should increase competition in the market.
- **increase competitive pressure between the designated card networks** by requiring each network to publish their wholesale fees (interchange and scheme fees), reduce the complexity of these fees and justify any future increases in scheme fees. PSPs would be able to use the published information to negotiate better deals from the card networks and pass on the savings to merchants and consumers.
- **reduce the cross-subsidisation of credit cardholders by debit cardholders.** Reducing the difference between the interchange caps on debit and credit card transactions would result in a more efficient distribution of those costs between the consumer choosing the payment method and the merchant accepting the payment.
- **reduce regulatory complexity and promote a level playing field between regulated card networks and payment methods that are not subject to price regulation.** By removing the ability to surcharge for card networks that are already subject to price regulation, these networks will be better able to compete with higher-cost payment methods that do not allow surcharging (such as some ‘buy-now pay-later’ products).
- **lower the enforcement and compliance burden for merchants and the Australian Competition and Consumer Commission (ACCC)** by removing surcharging. Given the large number of merchants and

the complexity of the surcharging rules, enforcement of the current surcharging rules has been difficult.

The PSB has also considered how the removal of surcharging alongside the RBA's other proposed policy reforms could impact the various users and providers in the card payments ecosystem.

**Consumers** would benefit from no longer facing surcharges on card payments through regulated networks. Preliminary estimates indicate that consumers would pay around \$1.2 billion less in surcharges per year, equivalent to around \$60 per card-using adult per year. Cardholders would no longer need to switch to alternate payment methods to avoid surcharges.

**Small merchants** would be better off by around \$185 million under the proposed measures than under the current framework, with around 90 per cent of small merchants benefiting from the measures in net terms. That is because most small merchants currently pay interchange fees above the proposed interchange caps, and 90 per cent of small merchants do not currently surcharge and instead choose to include their payment costs in the price of their goods or services. As a result, the proposed reductions in interchange fees would outweigh any loss in surcharging revenue for most small merchants. The 10 per cent of small merchants that currently surcharge would need to either absorb their payment costs in their margins or incorporate these costs in their advertised prices. The proposed transparency measures for payment costs, with specific breakdowns for smaller merchants and additional information on merchants' cost of acceptance, should help small merchants to search and switch to more cost-effective payments plans.

**Larger merchants** already face lower interchange fees on domestic transactions via strategic rates, some of which appear to be below issuers' costs. This has arguably resulted in smaller merchants cross-subsidising larger merchants. Large merchants stand to benefit from the proposed caps on interchange fees on foreign-issued card transactions. While some larger merchants may raise their advertised prices to incorporate payment-related costs if the ability to surcharge were to be removed, only around 12 per cent of large merchants currently choose to surcharge.

It is estimated that **acquirers and other PSPs** would incur around \$25 million in total costs across the industry to remove surcharges and some additional costs to publish their merchants' average costs of acceptance. The PSB expects acquirers to fully pass on the proposed reductions in interchange fees to merchants.

**Domestic card issuers** are expected to experience an initial reduction in interchange revenue of around \$900 million. According to the RBA's estimates, the proposed interchange caps would remain above issuers' costs. The ultimate impact on issuers' revenue would, however, depend on how interchange fees are adjusted under the new cap, how issuers respond to the reduction in interchange revenue, and potential changes in the volume of card payments as a result of the removal of surcharging.

**Card networks** would likely benefit in aggregate from higher card usage, including more credit card use. Card networks would also incur minimal costs to publish wholesale fee data. This greater transparency would be expected to subject them to additional competitive pressure.

# 1. Background

The RBA has regulatory powers in respect of payment systems and their participants under the PSRA. Under the *Reserve Bank Act 1959*, the RBA's payments system policy is set by the PSB with a mandate to control risk in the financial system, promote the efficiency of the payments system and promote competition in the market for payment services consistent with the overall stability of the financial system. The RBA has used these powers since the early 2000s to introduce standards and access regimes relating to card payments and has periodically reviewed its regulations to ensure they remain fit for purpose.

The RBA commenced a review of merchant payments costs and surcharging (the Review) with the publication of an Issues Paper in October 2024 (RBA 2024b). The Issues Paper sought views from stakeholders on whether there are further regulatory actions the RBA could take to promote competition and efficiency by putting downward pressure on merchant card payment costs, and whether the RBA's surcharging framework remains fit for purpose. The RBA received 94 written submissions to the Issues Paper from organisations and individuals. The majority were published on the RBA's website, with the remainder submitted in confidence.<sup>3</sup> The RBA conducted around 40 consultation meetings, including with consumer groups, merchant groups, issuers, acquirers, PSPs, card networks and other regulators.

This Consultation Paper presents the preliminary conclusions of the PSB on the matters discussed in the Issues Paper, drawing on the extensive public consultation process. A summary of the PSB's preferred policy package and a proposed implementation timeline can be found in Chapter 8: Policy Options for Consultation. Appendix D: Draft Standards presents some draft variations to the RBA's standards for designated card payment systems that would implement the preliminary conclusions.

Stakeholders are invited to provide written submissions on the preliminary conclusions, proposed implementation timeline and draft standards by 26 August 2025. The RBA will review the written submissions and endeavour to meet with key stakeholders to discuss their submissions in more detail where appropriate. The RBA will draw on this feedback to determine the conclusions that are in the public interest. The RBA intends to publish these conclusions and an implementation timeline for any regulatory action by the end of the year.

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<sup>3</sup> To view public submissions, see RBA, [‘Submissions on Review of Retail Payments Regulation’](#).

## 2. Surcharging

The RBA's surcharging framework was first introduced in 2003. The framework requires the card networks to remove their 'no-surcharge' rules, thereby allowing merchants to apply a surcharge to card transactions.<sup>4</sup> Prior to the introduction of the framework, these card network rules generally prevented Australian merchants from applying a surcharge to card transactions.<sup>5</sup> The framework was intended to promote the efficiency of the payments system by encouraging consumers to use lower-cost payment methods at a time of high growth in the higher-cost credit card market, and to increase the competitive pressure on card networks. The framework has been amended over time reflecting changes in the payments landscape, including in 2013 and 2016 to define the costs that merchants are permitted to recover through a surcharge. The ACCC was also given powers in 2016 under the *Competition and Consumer Act 2010* to take action against merchant surcharging that exceeds the merchant's cost of card acceptance. However, as the payments landscape has continued to evolve, it has become apparent that the current surcharging framework is no longer best supporting competition and efficiency in the payments system.

**Submissions in response to the Issues Paper broadly agreed that the surcharging framework has become less effective in achieving the public interest in recent years:**

- **The price signal to consumers has become less effective because:**
  - **consumers are less able to avoid surcharges as cash use has fallen.** The 2022 Consumer Payments Survey found that the share of transactions paid with cash fell from 69 per cent in 2007 to 13 per cent in 2022 (Nguyen and Watson 2023). The survey also found that 29 per cent of consumers had no cash in their wallet at the time; these consumers would not be able to pay in cash to avoid a surcharge.
  - **merchants, especially small merchants, are increasingly taking up single-rate or 'simple' plans** that charge the same percentage fee for all card types. Some of these merchants also impose a surcharge on consumers at the same rate for all card transactions. This is despite different card types having different underlying costs, such as lower-cost debit cards compared with higher-cost credit cards or charge cards. Around 39 per cent of merchants were on single-rate plans in 2024.
  - **inadequate disclosure of surcharges** by some merchants reduces the ability of consumers to understand the relative costs of card payments and make informed choices about which payment method to use. In the 18 months to June 2024, the ACCC received around 2,500 reports about payment surcharging and disclosure of add-on costs, which included consumer complaints and queries, as well as merchants seeking to better understand their obligations.
- **The cost of accepting card payments may now be lower than the cost of accepting cash**, which has risen as consumer cash use has declined since the RBA's surcharging framework was introduced. A recent report from the Boston Consulting Group (commissioned by Mastercard) found cash to be more than twice as expensive for merchants to accept than card payments due to much higher back-office and labour costs (Mastercard 2025a). Submissions from consumers generally argued that, as with cash, merchants should absorb card payment costs as a general cost of doing business.

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<sup>4</sup> The current surcharging regulations prohibit designated card networks from imposing 'no-surcharge' rules; however, American Express (a non-designated network) is under a voluntary agreement with the RBA to not impose 'no-surcharge' rules. Regulated card networks are also subject to the RBA's interchange regulation.

<sup>5</sup> Some exceptions applied. For example, surcharging of some cards was allowed in taxis (see RBA and ACCC 2000).



Surcharging card payments might now be discouraging the use of more efficient electronic payment methods.

- **Some merchants may be surcharging above their cost of acceptance, and it is challenging for the ACCC to enforce compliance.** The enforcement challenges generally arise from:
  - the large number of merchants that surcharge across the economy (even though the share of merchants that surcharge is small)
  - the substantial number of these that are smaller merchants, which presents challenges for proportionate enforcement action
  - the complexities of calculating the cost of acceptance for each merchant.
- **Some PSPs have gone beyond the spirit of the regulations.** For example:
  - **PSPs bundling non-payments services into the cost of acceptance**, which some merchants pass through to consumers via payments surcharges. In recent years, more ancillary services have been offered to merchants by PSPs, such as data analytics, invoicing services and inventory management. These services are designed to support the general business operations of the merchant and are not related to the merchant's cost of acceptance of a given payment method.
  - **PSPs marketing their payment services as 'free' for merchants**, with the full cost of payments being 'automatically' passed on to the consumer. This can reduce the incentive for merchants to shop around and seek lower-cost payments services.
  - **PSPs offering merchants incentives**, such as frequent flyer points, for their customers' card transactions, with a higher cost of acceptance that the merchant can pass on to the consumer via a surcharge.

## 2.1 Policy options

The PSB recognises that action to address these issues is in the public interest and has considered the following options:

### Option 1: Retain the current surcharging framework and narrow the definition of a permitted surcharge to include only wholesale fees

**Merchants would continue to be allowed to surcharge costs related to providing payment services, but the definition of the costs that can be included in the permitted surcharge would be narrowed.**

This option would allow merchants to pass on only the **wholesale fees** (interchange and scheme fees) of each designated network to consumers via payment surcharges. This approach could require merchants either to surcharge each of the networks separately, or to surcharge the lowest blended rate of the networks.<sup>6</sup>

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<sup>6</sup> Blended plans have some transaction types 'blended together' at one price, such as one rate for all debit card transactions (including eftpos, Mastercard and Visa debit). Merchants on such plans would be able to set a surcharge using the combined rate for eftpos, Mastercard and Visa debit, even if the wholesale fees for accepting debit card transactions from one network were cheaper than the average rate for debit transactions across all the card networks.

The ACCC would continue to enforce the excessive surcharging laws, but under the narrowed permitted surcharge definition. The RBA would require PSPs to report wholesale fees separately from other fees in merchant reports.

## Option 2: Remove surcharging on designated debit (and prepaid) cards

**The RBA would lift its prohibition of ‘no-surcharge’ rules for the designated debit (and prepaid) card systems.** Based on historical experience and arrangements in other jurisdictions, the RBA considers that this would likely be followed by the designated debit and prepaid card networks reimposing ‘no-surcharge’ rules. It is unlikely that the RBA could directly impose an effective ban on surcharging for debit and prepaid cards by merchants, as merchants are generally not considered ‘participants’ in the designated card systems under the PSRA. If surcharging on these cards continued after the prohibition of ‘no-surcharge’ rules under the RBA’s standard was lifted, which would be counter to the spirit of the proposed policy reforms, the RBA could recommend that the Government legislate a ban on the surcharging of cards of the designated debit and prepaid card systems.

One addition to this option could be a cap on credit card surcharge rates alongside a removal of debit (and prepaid) card surcharging. For credit card transactions, the permitted surcharge definition would be retained, and merchants would be required to surcharge at the lower of their cost of acceptance or the cap. This would mitigate the risk of PSPs lowering their fees on debit transactions, and increasing their fees on credit transactions, to help merchants recoup more of their total card payment costs through credit card surcharges.

## Option 3: Remove surcharging on designated debit, prepaid and credit card networks

**The RBA would lift the prohibition on ‘no-surcharge’ rules for the designated debit, prepaid and credit card systems (eftpos, Mastercard and Visa).** Based on historical experience and arrangements in other jurisdictions, the RBA considers that this would likely be followed by the designated card networks reimposing ‘no-surcharge’ rules. It is unlikely that the RBA could directly impose an effective ban on surcharging for debit, prepaid and credit cards by merchants, as merchants are generally not considered ‘participants’ in the designated card systems under the PSRA. If surcharging continued after the prohibition on ‘no-surcharge’ rules under the RBA’s standard was lifted, which would be counter to the spirit of the proposed policy reforms, the RBA could recommend that the Government legislate a ban on the surcharging of cards of the designated systems.

## Other options raised in submissions

Some submissions to the Issues Paper supported retaining surcharging – particularly submissions from merchants and merchant representatives – with some amendments to the existing framework. Some submissions proposed improving enforcement by the regulator, which is not within the RBA’s powers. Other submissions proposed setting a requirement for acquirers to separate the pricing of debit and credit card transactions. This would involve regulating acquirer pricing and would be a significant step beyond the RBA’s existing regulation of wholesale costs in the card payments system.

Some submissions supported narrowing the definition of an acceptable surcharge, but less than under Option 1, to allow merchants to pass on only wholesale fees plus the acquirer margin. However, there is a risk

that PSPs could circumvent these restrictions by raising the ‘acquirer margin’ and notionally providing non-payment-related services for free. The definition and enforcement of what costs would be included in the acquirer margin would be challenging for regulators.

Some submissions argued that ‘interchange plus plus’ pricing should be mandated to reduce cross-subsidisation of credit card transactions by debit card holders.<sup>7</sup> However, PSPs that offered simple plans were strongly opposed to this, arguing that it could result in some PSPs leaving the market, reduce competition and result in greater market concentration.

Some submissions suggested mandating that merchants must offer a fee-free digital payment method (which could, for example, be an account-to-account payment method). However, such an approach is less feasible at this stage, since alternative digital payment methods to debit and credit cards are not yet widely available for consumer payments.

## 2.2 Considerations

### Option 1: Retain the current surcharging framework and narrow the definition of a permitted surcharge to include only wholesale fees

The **expected benefits** of this option would be:

- **lower surcharges paid by consumers.** Surcharges are estimated to decline by over one-third on average if merchants can only pass on current wholesale fees to consumers.
- **continued price signalling effects of surcharging.** RBA analysis has found that when faced with a surcharge, consumers are less likely to use credit cards and more likely to use debit cards or cash.<sup>8</sup> Allowing merchants to surcharge the wholesale costs of debit and credit card payments would retain this price signalling effect. However, given that the cost of accepting cash may no longer be lower than the cost of accepting cards, it is not clear that this price signal would still be incentivising consumers to make efficient payment choices.
- **continued recovery of wholesale payment costs by merchants.** Merchants would need to absorb, or recover through an increase in base prices, a smaller proportion of payment costs than under the options that would remove surcharging.
- **retained bargaining power for large (strategic) merchants in negotiations with card networks.** Large merchants that can negotiate strategic merchant agreements with card networks could continue to use the threat of surcharging to bargain for lower wholesale payment fees.
- **prevention of non-payment costs being included in surcharges.** This approach would prevent PSPs from bundling in fees for ancillary or non-payment-related services into the cost of acceptance.

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<sup>7</sup> ‘Interchange plus’ or ‘interchange plus plus’ plans (also called ‘unblended’ plans) charge merchants the wholesale cost of each transaction plus the PSP’s margin, meaning merchants pay a different rate for each transaction, depending on factors such as the card type (e.g. credit or debit), transaction type (e.g. in-person or online) and card network (eftpos, Visa or Mastercard).

<sup>8</sup> This analysis used the 2022 Consumer Payments Survey to determine the difference in payment mix between respondents who claimed they changed payment method to avoid a surcharge and respondents who did not avoid a surcharge in the survey week. Of respondents who owned a credit card, those who avoided a surcharge were more likely to use cash than those who did not avoid a surcharge in the survey week. This effect was also observed in merchant-level surcharging data – merchants that apply a surcharge have a lower proportion of credit transactions in aggregate than merchants that choose not to surcharge.

Merchants would absorb these non-payment costs, or build them into base prices, like other costs of doing business, rather than passing them on as a surcharge. This would result in price signals to consumers that better reflect the cost of different payment methods.

- **increased incentives for merchants to shop around**, providing an incentive for PSPs to compete to offer more efficient payment methods. If merchants were required to absorb the cost of the acquirer margin, or build it into their base prices, they may be more incentivised to switch to a lower-cost payments plan. This would also encourage PSPs to offer cheaper plans.

The **expected drawbacks** of this option would be:

- **greater costs for merchants to absorb** relative to the status quo. In submissions, merchant groups noted that some merchants rely on the ability to pass on payment costs as a surcharge, particularly those operating on low margins. However, some merchants will be able to increase their base prices to recover the cost of the acquirer margin.
- **significant implementation costs** for merchants and PSPs to enable the separate surcharging of the cost of debit and credit card transactions. Merchants would be required to either: surcharge each debit and credit card network separately; or, if preferring to surcharge a single blended rate across multiple designated networks, to surcharge at a rate equal to the lowest wholesale fees of the networks being blended).<sup>9</sup>
- **increased complexity of merchant pricing** if PSPs that currently offer single-rate (or 'simple') plans choose to price debit and credit transactions differently. While this would improve price signalling, submissions from some PSPs and merchant advocates noted that single-rate plans are valued by merchants for their simplicity and certainty.
- **potentially increased compliance and enforcement challenges**, which could increase incidences of excessive surcharging. This option does not reduce the complexity of the framework and may be more confusing for merchants to understand and implement than the current framework. In turn, consumers may be faced with inconsistent or erroneous price signals. The existing enforcement challenges would persist.

The PSB's preliminary view is that, on balance, this option is unlikely to substantially improve the **efficiency and competitiveness of the card payments system** because it does not address many of the deficiencies of the current surcharging framework. The price signal provided by surcharging is unlikely to steer consumers towards using more efficient payment methods because:

- most merchants do not surcharge, and most of those that do surcharge set the same surcharge for debit and credit
- fewer consumers are able to avoid surcharges as cash use has declined
- concerns around merchants' disclosure of surcharges would remain, which would continue to hinder the ability of consumers to make efficient payment choices.

While merchants would be more incentivised to shop around for a better payment plan due to having to absorb acquirer margins under this option, these small benefits are likely to be offset by the increased

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<sup>9</sup> For example, if a merchant was charged a blended rate for all debit card transactions, the merchant could set a permitted surcharge using the combined rate for eftpos, Mastercard and Visa debit, even if the wholesale fees for accepting debit card transactions from one network were cheaper than the average rate for debit transactions across all the card networks.

complexity of the framework, as well as costs related to implementation and ongoing compliance and enforcement.

## Option 2: Remove surcharging on designated debit (and prepaid) cards

The **expected benefits** of removing surcharging on debit (and prepaid) cards would be:

- **a widely available surcharge-free and efficient payment method for consumers.** Some submissions from consumers and consumer groups highlighted that declines in the use of cash have made it difficult for consumers to avoid a surcharge as cash is often the only non-surcharged method of payment. Debit cards are much more widely used by consumers and accepted by merchants.<sup>10</sup> Removing surcharging on debit card transactions and retaining surcharges on credit card transactions would enable consumers to use debit cards at virtually all merchants to avoid payments surcharges. Around \$650 million in surcharges paid by consumers each year would be eliminated. As debit cards may also be cheaper to accept than cash for many merchants, this option could lower costs in the payment system overall and incentivise consumers to choose the most efficient payment method at the checkout.
- **strengthened price signal between credit and debit cards.** This option would incentivise consumers to switch from using higher-cost credit cards to using debit cards more often. As debit cards often have lower merchant fees than credit cards, this would reduce total merchant fees. The price signal between credit and debit cards would also help retain downward pressure on wholesale fees for credit card transactions set by the card networks. This option could also promote efficiency by preventing the cross-subsidisation of higher-cost credit cards by debit card users, which often benefits higher-income and higher-wealth individuals.
- **continued recovery of some payment costs by merchants.** Merchants would retain the ability to pass on the costs of credit card transactions to consumers. This would reduce the amount of costs that merchants would need to absorb in their margins or pass on through increased consumer prices, relative to the option of removing surcharging on both credit and debit card transactions. RBA analysis shows that if the cost of debit transactions was passed through to consumers, the effect on aggregate consumer prices is likely to be small. This is due to the low share of merchants surcharging in aggregate and the low costs of debit compared with other payment methods.<sup>11</sup>
- **increased incentives for merchants to shop around.** Merchants would be required to absorb the cost of accepting debit payments or increase their prices. However, removing surcharging on debit cards could increase the incentive for merchants to find a cheaper payment plan, which would also encourage PSPs to offer cheaper plans to attract and retain merchants.
- **increased simplicity in compliance and enforcement** compared with the status quo, resulting in more accurate price signals to consumers more often. Although submissions were mixed on whether removing debit card surcharging would improve compliance and enforcement overall, it is much easier to identify whether a debit card surcharge exists, than to assess whether the surcharge is

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<sup>10</sup> In 2022, around 13 per cent of payments were made using cash, compared with 51 per cent that were made using debit cards, according to the 2022 Consumer Payments Survey (Nguyen and Watson 2023).

<sup>11</sup> For example, the average cost for merchants to accept debit is 0.5 per cent, compared with 1 per cent for credit (although these costs are higher for small merchants).



excessive relative to a merchant's cost of acceptance. It is also much easier for consumers to understand the rule that they should never be surcharged on debit transactions.

The **expected drawbacks** of this option are:

- **greater costs for merchants to absorb or pass on through higher consumer prices.** Merchants that surcharge debit card payments would be faced with the choice of increasing their prices or absorbing their debit payments costs through reduced margins. However, merchants would retain the right to surcharge credit card payments. Some submissions argued that this would put pressure on merchant profitability in the absence of other policies to reduce merchant fees. This may particularly affect small merchants that often have higher payment costs, merchants in low-margin industries such as hospitality that have higher instances of surcharging, and merchants in sectors where pricing is regulated (such as newsagencies selling lottery tickets). However, stricter interchange regulation, as proposed in the package of reforms put forward in this paper, would be expected to lower payment costs and therefore reduce the impact on merchants' margins and/or prices.
- **increased complexity of the surcharging framework.** Although instances of surcharging on debit cards would be easier to identify, some submissions argued that the added complexity to the surcharging framework may increase implementation and enforcement challenges overall. Some merchants and consumers may find it difficult to distinguish between debit and credit cards, especially when consumers 'tap and pay' a card or mobile wallet, or use a combination card (which has both credit and debit functionality); there are currently almost 8 million combination cards on issue in Australia. This confusion could lead some merchants to unintentionally surcharge debit cards, or lead consumers to believe they have been wrongly surcharged. Removing debit card surcharging also does not improve existing enforcement challenges with credit card surcharging.
- **increased complexity of merchant pricing.** If debit card surcharging were removed, some PSPs that currently offer single-rate (or 'simple') plans may choose to price debit and credit transactions differently. While this would improve price signalling, submissions from some PSPs and merchant advocates noted that single-rate plans are valued by merchants for their simplicity and certainty.<sup>12</sup>
- **adverse effects on credit card networks and users.** Credit card networks could see their volumes shift to debit if merchants continue to surcharge credit, particularly if PSPs responded to the debit surcharging removal by lowering their pricing on debit (which cannot be passed on by merchants via a surcharge) and increasing pricing on credit transactions (which can be passed on via a surcharge) to compensate.
- **less innovation and competition from potentially cheaper payment methods,** such as account-to-account payments, since merchants would no longer be able to set lower surcharge rates on alternative payment methods than on debit to incentivise consumers to choose the alternative method. However, merchants could still provide discounts on alternative payment methods relative to debit card payments if they so choose.<sup>13</sup>
- **higher costs for PSPs to implement than removing both debit and credit card surcharging.** In response to an information request, most PSPs estimated the cost and time required to implement the

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<sup>12</sup> Some non-bank PSPs that offer simple plans also argued that a ban on debit card surcharging would reduce their attractiveness to merchants relative to more traditional acquirers, and ultimately reduce merchant choice and competition in the acquiring market. The PSB does not place much weight on this argument since some traditional acquirers also offer simple plans, so presumably newer PSPs offer merchants more than just the convenience of a single price.

<sup>13</sup> At the time of writing, Amazon Australia was providing a 2 per cent discount for some customers paying with PayTo.

removal of only debit surcharging to be the same or substantially higher than removing surcharging from both debit and credit cards. PSPs estimated a wide range of costs and time, ranging from almost no cost to over \$10 million and up to 20 months to ensure compliance. The total cost to industry is estimated to be around \$45 million. The higher cost estimates were provided by PSPs that use terminals that currently cannot distinguish between card types, which would therefore need to be replaced. Merchants would also face upfront costs of retraining staff and updating their pricing.

One risk with removing debit card surcharging is that it could increase merchant surcharges on credit card transactions above efficient levels. Introducing a cap on credit card surcharges, along with retaining the cost of acceptance limit, could help to reduce this risk and simplify enforcement. However, introducing a cap could encourage more merchants to impose surcharges at the cap, potentially resulting in higher credit card surcharges than under the status quo. The appropriate level of the cap would be difficult to determine given the wide range of payments plans offered in the market, and it could disadvantage (typically smaller) merchants with higher payment costs. It would also require regular review.

**The PSB's preliminary view is that this option is likely to improve efficiency in consumers' choice of payment method but is also likely to come with significant costs and complexity that will offset some of the benefits.** This option would steer more consumers towards using cheaper debit card payments and away from credit cards or cash, which are more expensive for merchants to accept. However, the expected benefits of price signalling would be reduced if there was confusion from consumers and merchants or difficulties for payment terminals in correctly distinguishing between debit and credit cards (which may be particularly challenging if a combination card is used). Given only around 10 per cent of merchants surcharge and most consumers do not switch payment methods in response to a surcharge, the expected benefits of retaining this price signal are modest. Removing merchants' ability to surcharge debit transactions would likely increase their incentive to shop around for a better payment plan. However, retaining the surcharging framework for credit cards may offset this benefit and lead to other costs being bundled into the permitted surcharge for credit cards. There are also significant costs to removing surcharging on debit and prepaid cards only and it would add complexity to the surcharging framework, which would increase compliance and enforcement costs.

### Option 3: Remove surcharging on designated debit, prepaid and credit card systems

The **expected benefits** of removing surcharging on designated debit, prepaid and credit card systems would be:

- **substantially reduced payments surcharges for consumers.** Around \$1.2 billion in surcharges paid by consumers each year would be eliminated. However, some of the consumer benefits from the reduction in surcharges would be offset by higher prices charged by merchants. The aggregate impact on consumer prices from a removal of surcharging is estimated to be very small (around 0.1 percentage points) as only around 10 per cent of merchants currently impose payments surcharges. In any case, this would only be a very small one-off impact on measured inflation; consumers are already paying these costs via payment surcharges (which are not included in the Consumer Price Index) and if these costs are instead fully passed on through higher prices, the final amount paid by the consumer in practice would be similar.
- **less confusion about surcharging among merchants and consumers.** Removing surcharging for designated card payment systems would reduce confusion for consumers and merchants, and



improve efficiency by lowering compliance and investigation costs associated with surcharging. Submissions noted that the current surcharging framework can be challenging to understand due to its complexity.

- **elimination of drip pricing involving added card payment surcharges.** Drip pricing makes it difficult for consumers to make efficient choices by obscuring the final price of goods and services. An example of drip pricing is adding a payment surcharge after a consumer has decided to purchase a product at the advertised price. Removing card surcharging on designated cards would mean that consumers are able to more easily compare the advertised prices across merchants and not be surprised by additional card surcharges towards the end of the payment process.
- **increased merchant incentive to shop around for lower-cost payments services.** If merchants are required to absorb payment costs, or increase their base prices, they may be more likely to seek a cheaper payment plan. Data from large PSPs suggest that at least 88 per cent of their merchants did not switch providers in 2023/24. An increase in merchants switching and renegotiating their fees is likely to encourage PSPs to lower prices to retain and attract merchants.
- **substantially simplified enforcement.** Removing surcharging for all card payments was supported by most consumers and some PSPs due to its simplicity and ease of enforcement. It is much easier for consumers to identify whether a card surcharge exists, than to assess whether the surcharge is excessive relative to a merchant's cost of acceptance. It would also be much easier for consumers to understand rules that they should never be surcharged on eftpos, Mastercard and Visa card transactions.
- **lower implementation costs than a removal of debit surcharging only.** PSPs estimated their upfront and ongoing costs of removing surcharging to range from almost zero to around \$5 million. The total cost estimated by industry submissions equated to around \$25 million, which was \$20 million less than the cost of removing only debit surcharging. The time required to implement and ensure compliance was also shorter than if only debit surcharging was removed. These lower costs can largely be attributed to less substantial software and hardware upgrade requirements and more straightforward communication to merchants. Merchants that surcharge would face some upfront costs to update pricing and retrain staff.
- **less disruption to PSPs' business models than only removing debit surcharging.** Submissions by some PSPs indicated that removal of all card surcharges would be cheaper to implement and be less likely to disrupt their existing single-plan pricing models, which are typically chosen by smaller merchants. This would support merchant choice and competition in the acquiring market.

The **expected drawbacks** of this option are:

- **greater costs for merchants to absorb, or pass on through higher consumer prices,** than under the other options. Merchants that surcharge would be faced with the choice of absorbing their payments costs through reduced margins or increasing their prices. Some submissions argued that this would put pressure on merchant profitability. This may particularly affect small merchants that often have higher payment costs, merchants in low-margin industries such as hospitality that have higher instances of surcharging, and merchants in sectors where pricing is regulated. However, the reductions in interchange caps proposed in this paper (see Chapter 3: Interchange Fees) would be expected to lower merchant payment costs and therefore reduce the impact on merchant margins and/or prices.

- **reduced ability of merchants to use payments surcharges to provide consumers with a price signal** differentiating the cost of cash, debit cards and credit cards. However, changes in the payments landscape, such as the decline in cash use and increased prevalence of single-rate plans, mean that the efficacy of the current surcharging framework in providing appropriate price signals has diminished. RBA analysis using merchant-level data found that changes in consumer payment patterns are unlikely to substantially increase payment costs if surcharges are removed.<sup>14</sup> Merchants would also retain the ability to offer discounts to steer consumers towards cheaper payment methods.
- **reintroduction of some cross-subsidisation of credit card costs by users of lower-cost payment methods**, such as debit cards. However, the reductions in credit card interchange caps proposed in this paper (see Chapter 3: Interchange Fees) would significantly narrow the difference between interchange fees on debit and credit cards and reduce the extent of any cross-subsidisation.
- **removal of the downward pressure on fees that surcharging may provide.** Merchants, particularly large (strategic) merchants, can bargain for lower payment fees by agreeing not to apply surcharges. Without surcharging, some downward pressure on payment costs could be lost, particularly for these large merchants. Surcharging may have also helped to put downward pressure on merchant service fees for charge cards such as American Express that are not subject to interchange regulation. Removing surcharging may also reduce competitive pressure on credit card scheme fees, though RBA analysis has not found any evidence of scheme fees being higher in foreign jurisdictions where surcharging is banned.

**The PSB's preliminary view is that removing surcharging on designated card networks would increase competition and efficiency** in the card payments system by focusing the incentive to make efficient payment choices on merchants via their choice of payment plan rather than consumers. As discussed above, the surcharging framework is no longer effectively steering consumers towards choosing lower-cost payment methods. Instead, the ability to pass on payment costs via a surcharge is at times being used by merchants to also pass on the cost of non-payment-related services to consumers and disincentivises merchants to choose lower-cost payment providers. Merchants would also retain the option of choosing simple plans, and PSPs that offer this plan type could still compete against traditional acquirers. Merchants that wish to continue using PSPs' non-payment-related services could pay for these services under a 'user-pays' approach rather than passing them onto consumers via a surcharge. Removing surcharging on debit and credit cards will reduce the costs of compliance, investigation, implementation and enforcement within the card payments system for consumers, merchants, PSPs and regulators.

While there are potential drawbacks with removing surcharging, the PSB considers that there are likely to be sufficient mitigating factors to limit these negative effects. Although merchants would be unable to surcharge payments, they would still retain the ability to offer discounts to steer consumers towards cheaper payment methods. Proposed transparency initiatives (see Chapter 6: Transparency of Merchant Fees) could help merchants search for and switch to a cheaper PSP or plan to manage their payment costs. The cross-subsidisation of credit card costs by debit card users would be substantially mitigated by reducing the differential in wholesale costs for credit and debit cards via proposed interchange reductions that would

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<sup>14</sup> A counterfactual analysis using merchant-level data revealed that merchant fees would not increase substantially if consumers at surcharging merchants used credit cards at the same rate as they do at merchants that currently do not surcharge. Although credit card use would increase marginally, a low difference in the cost of acceptance between credit and debit for most merchants means that merchant fees would only increase by a few dollars annually per merchant in the sample on average. Similar analysis using the 2022 Consumer Payments Survey found that consumers would move away from cash and towards credit on net in the case of a surcharging ban. As the cost of accepting cash may no longer be lower than the cost of accepting credit, increases in interchange costs due to higher credit card use could be offset by reductions in cash acceptance costs.

significantly lower the cost of credit cards (see Chapter 3: Interchange Fees). Any rise in credit card scheme fees could also be monitored via proposed transparency initiatives (see Chapter 4: Transparency of Wholesale Fees).

### Exemptions for commercial credit cards, foreign cards and small merchants

As part of this option, the PSB is considering whether, as a policy matter, it is appropriate to allow some types of merchants to continue surcharging for some card types (potentially combined with differential treatment for interchange regulation – see Chapter 3: Interchange Fees). Some submissions claimed that there should be an exemption for commercial cards, given concerns around regulated four-party networks being less able to compete with unregulated three-party networks in the commercial card market. However, if surcharging for commercial credit cards were allowed, the potential reduction in complexity and enforcement burden from removing surcharging on debit and credit cards would not be fully realised.

Some participants submitted that a variation of this option could include exemptions or carve-outs to continue to allow surcharging for small merchants and/or for foreign card transactions. An exemption for small merchants that typically pay higher interchange fees than large merchants, or for foreign card transactions that typically attract higher overall fees, would allow merchants to pass on the associated higher costs, but would significantly raise the complexity of the surcharging framework.

The PSB considers that simplicity and ease of enforcement for consumers, merchants, payments service providers and the ACCC outweigh the potential benefits of exceptions to removing surcharging.

## 2.3 Preliminary assessment

The PSB recognises that the existing surcharging framework has deficiencies and is no longer achieving its intended purpose, and that the payments landscape has evolved sufficiently to warrant change.

The RBA's preliminary view is that removing surcharging for credit, debit and prepaid cards (Option 3), when implemented alongside the proposed reduction in interchange fees and increased transparency initiatives in this paper, would best promote the public interest by enhancing competition and efficiency in the card payments system.

The RBA proposes to lift its prohibition of 'no-surcharge' rules for the designated debit, prepaid and credit card systems. It is unlikely that the RBA could directly impose an effective ban on surcharging by merchants, as merchants are generally not considered 'participants' in the designated card systems under the PSRA. If surcharging continued after the prohibition of 'no-surcharge' rules under the RBA's standard was lifted, the RBA could recommend that the Government legislate a ban on the surcharging of cards of the designated card systems.

**A removal of surcharging on designated credit, debit and prepaid cards would be expected to enhance competition and efficiency in the card payments system.** Surcharging is no longer effectively steering consumers towards making efficient payment choices due to: consumers not carrying cash; some merchants not accepting cash; many merchants surcharging all card types at the same rate; excessive surcharging (and consumers being unable to know if a surcharge is excessive without knowledge of merchants' cost of acceptance); and deficiencies in merchant disclosure of surcharges, which amounts to drip pricing via card payments surcharges. A removal of surcharging would instead shift the incentive onto merchants to make more efficient choices in regard to their payments provider. Merchants would be incentivised to seek lower-cost payment providers or plans, particularly if they could no longer bundle additional services into a payment



surcharge and pass on the cost to consumers; this would also promote competition among PSPs to offer lower-cost payment services. This would be expected to lower overall card payment costs in the system.

**Option 3 would also reduce costs and improve efficiency in the card payments system in other ways:**

- Non-payment-related costs would be paid for by merchants that are using the services rather than being passed onto consumers via a surcharge. This may incentivise merchants to reconsider and reduce services they no longer require. In comparison, this benefit would only be partially realised under Options 1 and 2.
- Removing surcharging would substantially simplify enforcement and lessen the cost of compliance in the card payments system as merchants would not need to engage with the potential complexities of calculating their costs of acceptance. Identifying the presence of surcharges would be much easier than assessing excessive surcharging under the current surcharging framework that requires knowledge of each merchant's cost of acceptance. By contrast, retaining the surcharging framework in some form via Options 1 or 2 would require higher costs of compliance and enforcement of the framework.
- Removing surcharging would be less costly for PSPs to implement and less disruptive to existing business models than only removing debit surcharges, which would otherwise increase costs in the card payments system.
- Removing surcharging would likely increase consumers' use of card payments relative to cash. Consumers would no longer need to expend effort attempting to avoid card payments surcharges by paying in cash. Since the costs for merchants to accept cash have risen as cash use has declined, it is no longer clear that paying in cash is more efficient than paying by card.

**The PSB considers that actions can be taken to reduce the negative effects of Option 3:**

- Despite losing the ability to surcharge, merchants would retain the ability to steer consumers towards paying with cheaper payment methods by offering discounts. Merchants can also switch to a cheaper PSP or plan, or can choose to incorporate their payment costs in the price of their goods and services. Around 90 per cent of small merchants would be better off under the proposed measures than under the current framework even with no plan switching, since only 10 per cent of small merchants choose to surcharge.
- The cross-subsidisation of credit card costs by debit card users can be partly offset by reducing the differential in credit and debit interchange fees, as proposed in Chapter 3: Interchange Fees. In addition, the cost differential between debit and credit has already decreased partly due to the increased prevalence of single-rate plans, particularly for small merchants.
- While surcharging would no longer be a competitive constraint on scheme fees, RBA analysis has not found any evidence that scheme fees are lower in jurisdictions that allow surcharging. In addition, other initiatives that directly target scheme fees may act to constrain schemes from raising their fees (see Chapter 4: Transparency of Wholesale Fees and Chapter 5: Scheme Fees).

Merchants, particularly large (strategic) merchants, would no longer be able to use the threat of surcharging when negotiating with the card networks on strategic rates. However, this would reduce the competitive disadvantage of small merchants relative to large merchants in the market for payment services, since small merchants do not have the bargaining power to receive strategic merchant rates from the schemes.

## Proposal summary

The PSB proposes to remove the RBA's current prohibition on 'no-surcharge' rules for debit, prepaid and credit cards for designated card schemes.

## Questions for consultation

**Q1:** Would removing surcharging on designated card networks best support the RBA's objectives to promote the public interest through improving competition, efficiency and safety in the payments system? In particular, the RBA welcomes feedback on whether there are additional public interest considerations that should be taken into account for each policy option.

## 3. Interchange Fees

Interchange fees are paid by the merchant's PSP to the customer's card issuer when a card payment is made, with the PSP passing on these costs to the merchant. These wholesale fees are set by the card network. The RBA has set caps and weighted-average benchmarks for interchange fees on domestic debit (and prepaid)<sup>15</sup> and credit card transactions, which have helped to reduce card payment costs. The PSB's view is that interchange fee regulation has contributed to a more efficient payments system over time. Reviewing these regulations is important to ensure the settings remain in line with this objective.

### 3.1 The level of domestic interchange fees

Card schemes set interchange fee rates for different types of transactions using different interchange categories. Certain preferential interchange fee categories also apply for different merchants. The card schemes publish their interchange fee categories and rates on their respective websites.<sup>16</sup>

The RBA Standards [No. 1](#) and [No. 2](#) of 2016 currently place caps on individual interchange fees on domestic transactions, and provide a benchmark for weighted-average interchange fees on those transactions over a rolling 12-month period (Table 1).<sup>17</sup>

**Table 1: Interchange Fee Caps and Benchmarks**

	Standard No. 1 (credit)	Standard No. 2 (debit and prepaid)
Caps	0.8 per cent	10 cents (fixed fee) or 0.2 per cent (ad-valorem fee)
Benchmarks	0.5 per cent	8 cents (all debit cards); 8 cents (single-network debit cards)

Source: RBA.

The RBA first introduced cost-based benchmarks on a per-scheme basis in 2002 (taking effect from 1 July 2003), which resulted in each card scheme having a different weighted-average benchmark. The regulations were later amended in 2005 to establish a common benchmark, based on cost data collected from issuers and the definition of 'eligible costs'. The common benchmark for credit of 0.5 per cent applied to all designated card schemes at the time, first taking effect from 1 November 2006. A benchmark for debit was also initially set at 12 cents per transaction and has been reduced in subsequent reviews to its current level of 8 cents. Interchange benchmarks were introduced to constrain the potential for interchange fees to distort efficient payment choices and to put downward pressure on the overall resource cost of payments. Establishing a weighted-average benchmark allows schemes to set different interchange rates (both below and above the benchmark level) and the flexibility to encourage certain behaviours such as adopting new technologies.

<sup>15</sup> Later references to 'debit' in this chapter refer to 'debit (and prepaid)'.

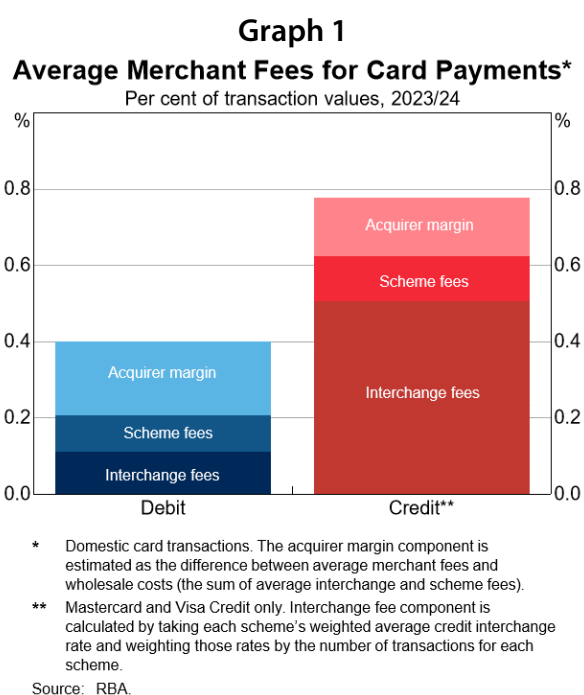
<sup>16</sup> See Visa (2025); Mastercard (2025c); Australian Payments Plus (2025).

<sup>17</sup> A reference to interchange fee caps in this chapter refers to the effective prevention of card schemes from setting interchange fee rates on a per-transaction basis above the level of the cap. This has the effect of capping the rates of each individual interchange fee category. A reference to benchmarks in this chapter refers to regulation ensuring card schemes do not charge total interchange fees in a given period above the level of the weighted-average benchmark on a per-transaction basis.

The RBA first introduced caps in 2017, following the 2015–16 Review of Card Payments Regulation (RBA 2016). These caps, or ‘ceilings’ on individual interchange categories, were introduced to supplement the weighted-average interchange benchmarks. Caps were imposed at levels that required reductions in several interchange fee categories, including for commercial cards and premium consumer cards. The caps also narrowed the range of interchange fees faced by merchants that do not benefit from strategic or preferred rates, and reduced the difference in interchange fees paid by merchants on strategic rates and those on non-strategic rates.

Overseas jurisdictions that regulate interchange fees have generally adopted caps rather than weighted-average benchmarks. Europe, the United Kingdom and New Zealand have adopted caps for domestic debit and credit interchange. The United States uses caps on individual domestic debit transactions but does not regulate interchange on credit. Brazil previously had a weighted-average benchmark for debit transactions but replaced this with a cap in 2023. Australia appears to be unique in adopting both benchmarks and caps for debit and credit interchange (see Appendix B: International Comparison of Card Surcharging and Interchange Frameworks).

**Domestic credit card transactions are subject to a weighted-average interchange benchmark (0.5 per cent of transaction value) and cap on individual fees (0.8 per cent of transaction value).** The weighted-average interchange fee on domestic credit card transactions is close to the 0.5 per cent benchmark. Interchange on these transactions amounted to around \$1.5 billion or around 65 per cent of merchant service fees for credit transactions in 2023/24 (Graph 1). These fees are **higher in Australia than in some other jurisdictions**, notably Europe and the United Kingdom (which have caps of 0.3 per cent). The weighted-average benchmark in Australia was originally set based on calculations of ‘eligible’ costs for issuing credit cards in 2006, which included the costs of funding any interest-free period. Given changes in the card payments landscape over the past two decades, these costs and the methodology for calculating the weighted-average benchmark require review. This includes reconsidering what is included in the ‘eligible’ costs of issuers, to be borne by merchants.



**The weighted-average interchange fee on domestic *debit* cards has drifted noticeably below the weighted-average interchange benchmark of 8 cents per transaction and is now far below the caps (of 10 cents per transaction or 0.2 per cent of transaction value).** This suggests that the benchmark and caps are no longer exerting downward pressure on interchange fees. Interchange fees for domestic debit transactions amounted to around \$650 million or around 30 per cent of merchant service fees on debit transactions in 2023/24.

Groups representing consumers and small merchants, as well as acquiring-focused PSPs, advocated for lower credit and debit interchange fee benchmarks in their submissions to the Issues Paper, on the basis that:

- high fees are no longer required to promote payment cards given widespread adoption
- the fixed costs of processing payments can be spread across a larger volume of transactions
- interchange fees are no longer the primary driver of innovation, as evidenced by continued innovation despite a steady decline in fees.

By contrast, international card networks, major banks, groups representing large merchants, and some PSPs opposed lower interchange benchmarks, arguing that:

- existing benchmarks are low by global standards
- merchant service fees have declined since earlier changes to interchange settings came into effect in 2017
- investment in critical services and innovation by issuers might fall in response to lower interchange fee revenue
- competition in the issuing market might weaken, because lower interchange fees could threaten the viability of smaller issuers or new entrants, which tend to rely heavily on interchange revenue
- the benefits of card payment services to end users may decline; specifically, issuers could charge higher card fees or reduce the value of card benefits or rewards programs, and acquirers could capture the savings from lower interchange fees by increasing their margins
- transaction authorisation rates could decline, as lower interchange revenue may reduce the incentives for issuers to authorise some (e.g. riskier or high-value) transactions
- the competitive balance could be distorted in favour of unregulated payment methods, particularly in the credit card market, which faces competition from issuers of charge cards.

**There is also reason to consider the case for regulatory intervention to narrow the gap between ‘strategic’ or discounted interchange fees for large merchants and the fees paid by small merchants.** The fraud risk to issuers associated with processing transactions for small merchants may be slightly higher than for large merchants, due to small merchants being less likely to have internal fraud-prevention measures. This may result in the costs to issuers of processing transactions for small merchants being slightly higher than for large merchants. However, feedback from issuers has indicated that any difference in processing costs is unlikely to be significant, and the PSB considers this difference alone does not justify the gap between the interchange fees paid by merchants on strategic rates and those paid by small merchants. There was strong support from stakeholders for narrowing the gap between strategic merchant interchange rates and the rates paid by small merchants, but little consensus on the best approach to adopt.



## Policy options

The PSB is considering several options for interchange fee settings. These options are not mutually exclusive, and some may be pursued together.

### Option 1: Retain the current benchmarks and caps on both debit and credit (status quo)

This option maintains the current interchange benchmarks and caps for designated debit schemes (benchmark of 8 cents, and cap of 10 cents or 0.2 per cent of transaction value) and credit schemes (benchmark of 0.5 per cent and cap of 0.8 per cent of transaction value).<sup>18</sup>

### Option 2: Reduce the *credit* cap to 0.3 per cent and abolish the benchmark

The credit interchange framework would be simplified to a cap-only regime, with the cap set at 0.3 per cent of the transaction value.

### Option 3: Reduce the *credit* benchmark to 0.3 per cent and the cap to 0.5 per cent

The benchmark for weighted-average credit interchange fees would be reduced from 0.5 per cent of the transaction value to 0.3 per cent and the cap from 0.8 per cent to 0.5 per cent.

### Option 4: Reduce the cent-based *debit* benchmark and the cap to 6 cents, and the ad-valorem cap to 0.12 per cent

The cent-based debit benchmark for weighted-average interchange fees would be reduced from 8 cents to 6 cents and the cap from 10 cents to 6 cents (and the ad-valorem cap from 0.2 per cent to 0.12 per cent). The cent-based sub-benchmark for weighted-average interchange fees on single-network debit cards would also be reduced from 8 cents to 6 cents in line with the debit benchmark.

### Option 5: Apply separate interchange regulation to commercial *credit* cards

The reductions in interchange from Options 2 or 3 would apply to consumer cards only, and the current interchange cap of 0.8 per cent would continue to apply to commercial credit card transactions.

## Considerations

**Competition in well-established payment card networks can counterintuitively result in higher interchange fees and thereby lead to higher merchant service fees and costs for consumers** (RBA 2007; Fletcher 2023). This is because networks competing for issuers' cards are incentivised to offer higher interchange fee revenues for issuers to allow issuers to generate higher profits, offer more generous rewards to cardholders and increase the use of their cards. If the network is mature (i.e. widely used by consumers and accepted by merchants across the economy), merchants may feel that they have little choice but to continue accepting the network's cards, despite the higher cost through high interchange fees. A logical competitive response from other mature networks in the payments system is to increase their interchange fees as well.

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<sup>18</sup> As at the publication of this paper, the RBA has designated eftpos debit and prepaid, Mastercard debit and prepaid, Visa debit and prepaid, Mastercard credit, and Visa credit.

The PSB has long held the view that this dynamic warrants regulation of interchange fees, which should be set by taking into account the costs borne by issuers in issuing cards and processing transactions, to bring the market closer to efficient outcomes. As part of this Review, the RBA has conducted a study of these costs (see Appendix C: Further Details on the Issuer Cost Study). The PSB has also considered whether the categories of eligible costs for inclusion in the cost-based methodology remain appropriate.

### Eligible costs for issuers for calculating cost-based benchmarks for interchange

The RBA first adopted a definition of eligible costs for calculating the cost-based benchmark for interchange in 2002 (RBA 2002). This definition was intended to capture costs borne by issuers related to network considerations that should be appropriately passed on to merchants, taking into account that issuers also have other sources of revenues to cover costs. Under the methodology adopted, these eligible costs should be limited to those that would be unavoidable in the provision of card network services to merchants.

The Issues Paper asked whether it remained appropriate for merchants to effectively bear the cost of funding interest-free periods through interchange fees. The RBA originally included the cost of funding interest-free periods as an 'eligible cost' when setting the current benchmark. However, the RBA flagged at the time that this inclusion was not intended to be permanent and would be subject to subsequent reviews of the benchmark.

Card networks have argued in the past that merchants should continue to bear the cost of funding interest-free periods through interchange because they receive value from the provision of interest-free periods, through greater use of credit cards. They have contended that this value includes more impulse purchases and higher spending by consumers, with the merchant not having to incur any costs related to the provision of credit. Indeed, the emergence of higher cost 'buy-now, pay-later' services that are accepted by some merchants suggests that these merchants derive benefits from services that effectively provide interest-free credit to consumers.

**The PSB's view is that the benefits from interest-free periods do not solely accrue to merchants.**

Cardholders arguably receive the most substantive value from access to interest-free credit by delaying the cost of their purchases. As a result of providing a credit product with an interest-free period, issuers also derive benefits in the form of higher interchange income from larger transaction values than may have occurred otherwise and increased customer attraction and retention.

**Applying a user-pays approach suggests that most of the cost of funding interest-free periods should be borne by the issuer and cardholder, rather than entirely by the merchant.** If the cost of these interest-free periods were effectively removed from interchange fees and instead recouped from cardholders, cardholders would bear closer to the true cost of their credit card usage, which would lead to more efficient decision-making in the payments system. Issuers could recover these costs from cardholders via higher cardholder fees or higher interest rates, or could mitigate these costs by shortening interest-free periods. Demonstrating the ability of issuers to adjust these features, there has been strong growth in credit card fees over recent years and some issuers have reduced the length of their interest-free periods from 55 days to 44 days.<sup>19</sup> Some issuers have also recently announced reductions in card benefits.<sup>20</sup>

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<sup>19</sup> See Gao (2025); the major banks have reduced interest-free periods on many credit card products from 55 days to 44 days over recent years.

<sup>20</sup> For examples, see Citi (2025); NAB (2025); Westpac (2025).

**The PSB also considers it appropriate that costs associated with credit losses and loyalty programs remain outside the scope of eligible costs for determining interchange fees.** Costs associated with credit risk and credit losses are standard features of the provision of credit to customers, which are most efficiently borne by the customer. Similarly, given the maturity of established card networks in Australia, there are little to no system-wide benefits associated with loyalty or rewards programs that could justify their cost being distributed across participants in the payments system rather than borne by the individual cardholder.

## Benchmarks and caps

**The adoption of benchmarks has given the schemes flexibility to set different interchange rates and encourage certain behaviours such as adopting new technologies. However, it has also resulted in small merchants paying much higher interchange rates than large merchants that are able to negotiate lower strategic interchange rates.** It is not efficient nor competitive for small merchants to be effectively subsidising large merchants.

This issue was raised in previous reviews and caps were introduced in 2017 partly to address this concern. However, small merchants are currently still paying much higher interchange rates than large merchants, typically at rates that are above the benchmark. Setting caps at lower levels informed by the Issuer Cost Study should have the effect of further reducing this gap, but raises the question of whether benchmarks are still the most efficient way to regulate interchange fees.

- For credit – where there is an ad-valorem cap, a lower cap informed by issuer costs would make the benchmark redundant.
- For debit – where there are separate cents-based and ad-valorem caps, retaining benchmarks would restrain any upward drift in weighted-average interchange rates as general prices increase over time, and ensure intended cents-based caps are not circumvented by schemes adopting ad-valorem rates.

Another benefit of eliminating the credit benchmark may be to reduce the frequency of changes to the schemes' credit interchange schedules. As weighted-average credit interchange fees charged by the schemes have been close to the benchmark, the schemes need to make frequent adjustments to their interchange fee categories and rates to comply with the RBA's interchange regulations. Reducing the frequency of these changes should help to improve the efficiency of the card payment system for participants.

One potential consequence of lower caps will be less flexibility for schemes to set differential interchange rates, though flexibility will remain up to the cap. Differentiation to promote certain behaviour or technologies can alternatively also be achieved through adjustments to scheme fees.

**The Issuer Cost Study found that eligible issuer costs were significantly below the current benchmarks and caps. This supports a lowering of these benchmarks and caps** (Table 2). This is consistent with feedback received in some submissions that the cost per transaction for issuers has come down over the years, because the fixed costs of processing transactions are spread over a larger volume of transactions as adoption of card payments has increased (Graph 2; Graph 3). This reinforces the PSB's view that maintaining the current interchange fee settings (Option 1), and the higher costs these impose on merchants and their payments service providers, is difficult to justify in Australia's mature card system.

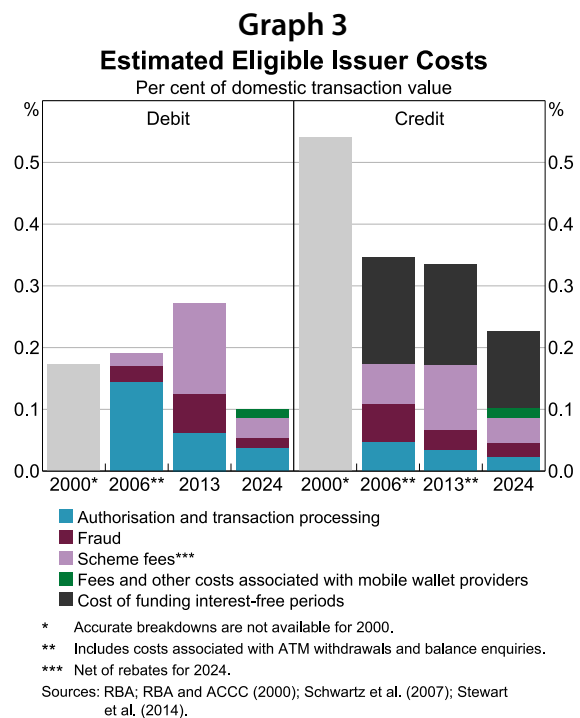
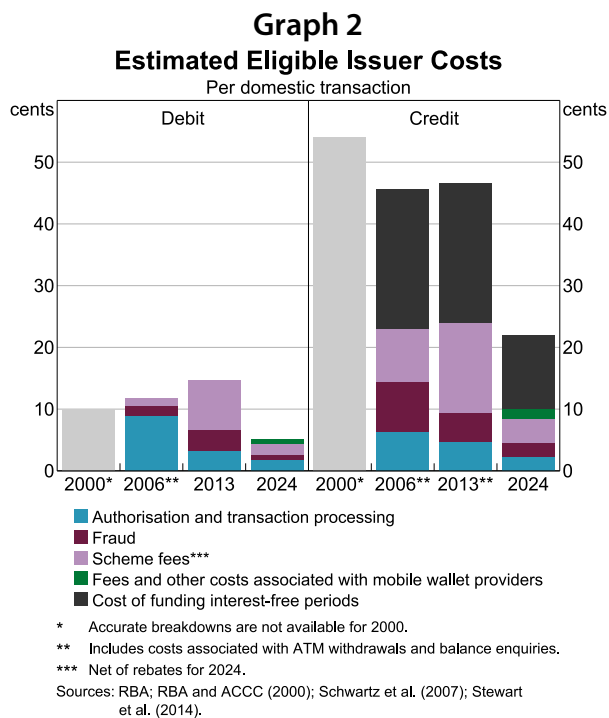
**Table 2: Estimated Eligible Issuer Costs related to Card Issuing and Processing**

	Debit <sup>(a)</sup>		Credit
	Cents	% <sup>(b)</sup>	% <sup>(b)</sup>
<b>Domestic transactions</b>			
- Excluding cost of funding interest-free periods	5	0.10	0.10
- Including cost of funding interest-free periods			0.22
<b>International transactions</b>			
- Excluding cost of funding interest-free periods	21	0.29	0.32
- Including cost of funding interest-free periods			0.45

(a) Consumer cards only for domestic transactions.

(b) Per cent of transaction value.

Source: RBA.



**Reducing the domestic *credit* interchange cap to 0.3 per cent and abolishing the benchmark (Option 2) would be consistent with the cost-based approach taken historically by the RBA when setting interchange regulations.** The RBA adopted a common cost-based benchmark for all designated schemes in 2005 (RBA 2005). Based on calculations using the definition of eligible costs, the common benchmark was set at 0.5 per cent of transaction value and took effect from November 2006, subject to regular reviews. Subsequent reviews of interchange regulation have not altered the level of the benchmark for credit interchange. The Issuer Cost Study estimates the current average cost of processing credit transactions is 0.22 per cent, including the cost of funding interest-free periods, and is only 0.10 per cent if the cost of funding interest-free periods is excluded. Therefore, a domestic credit interchange cap of 0.3 per cent would fully cover the average cost for issuers of processing credit transactions.

These reductions would bring credit interchange fees into line with jurisdictions such as Europe and the United Kingdom. It is estimated that this would reduce domestic credit interchange fees in Australia by around \$720 million per year as rates that are above the cap are brought to the cap.<sup>21</sup>

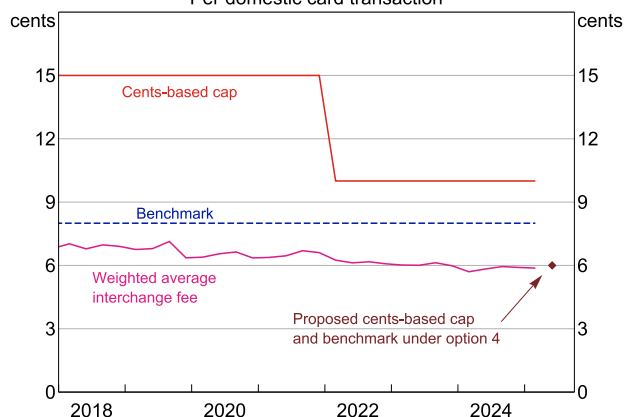
The PSB considers that the case for substantially lowering credit interchange rates would be even stronger if surcharging were removed on credit transactions, since the latter would eliminate the ability of merchants to pass the costs of these transactions on to cardholders and incentivise the use of lower-cost payment methods through differential surcharging.

**There is a strong case to reduce the cent-based *debit* benchmark to 6 cents and the ad-valorem cap to 0.12 per cent, given declines in average interchange fees over recent years.** As a result of strong competition between the schemes, average interchange fees across all debit schemes are currently under 6 cents and below 0.12 per cent, which is well below the 8 cent benchmark and 0.2 per cent ad-valorem cap (see Graph 4; Graph 5). Lowering the benchmark to 6 cents and the ad-valorem cap to 0.12 per cent would help to ensure that interchange fees do not increase in future were the competitive dynamics between schemes to change. Retaining a cents-based benchmark also mitigates against schemes introducing more ad-valorem rates to circumvent the cents-based cap, which would otherwise raise payment costs in dollar terms.

**Graph 4**

**Debit and Prepaid Card Interchange Fees**

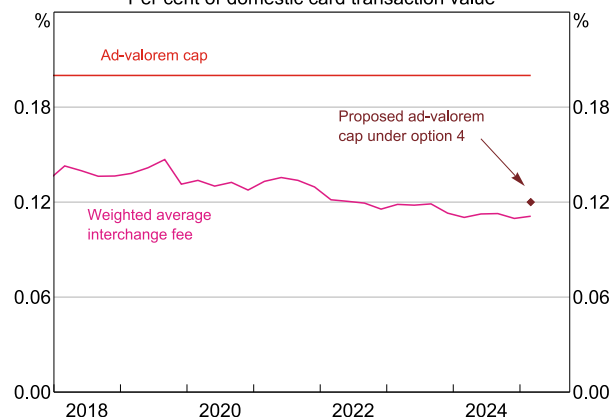
Per domestic card transaction



**Graph 5**

**Debit and Prepaid Card Interchange Fees**

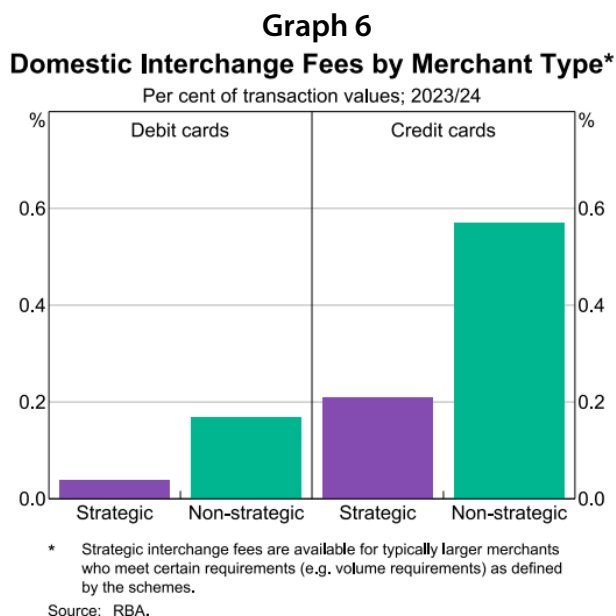
Per cent of domestic card transaction value



**Lowering interchange caps would substantially reduce the gap between interchange fees paid by large merchants and small merchants (i.e. under Options 2, 3 and 4).** On average, smaller merchants (that are not eligible for strategic interchange rates) pay around 13 basis points per transaction more than large (strategic) merchants on debit transactions and 36 basis points more on credit transactions (Graph 6). This difference – which can be present even for transactions of the same type and value – often results in large merchants being charged interchange fees that are below issuer costs, with small merchants partly subsidising these costs through higher interchange fees. For example, the lowest strategic merchant rate offered by the international card schemes is 1 cent, which is well below issuer costs of 5 cents. While some participants noted that smaller merchants are less likely to have their own internal fraud protection systems, none of the largest issuers indicated that transaction processing costs were materially different for small and large merchants. This indicates potential inefficiencies in the card payments system. Given that higher interchange fees are largely paid by smaller merchants, the benefits of lowering interchange caps would be most pronounced for

<sup>21</sup> Lowering the credit interchange cap to 0.3 per cent could result in interchange fees for different categories converging towards the cap (i.e. interchange fees that are below the cap may increase), as happened in Europe.

smaller merchants. The reductions in domestic interchange caps could generate interchange savings of around \$550 million per year for smaller merchants. However, it is unclear whether total interchange fees would be reduced to the same extent. This would depend on whether schemes choose to raise the interchange fees for strategic merchants, which are currently as low as 1 cent per transaction.



The proposed interchange caps in Options 2 and 4 would not be expected to result in a significant reduction in fraud prevention, safety or innovation in the Australian card payments system, despite arguments to the contrary from the international card networks. The PSB is unconvinced by those arguments because:

- **The debit interchange cap of 6 cents is above the average costs of 5 cents for issuers to issue cards and process transactions.** The issuer costs measured in the study include the cost of funding innovation and fraud protection, both directly by issuers themselves, and through the scheme fees that they pay to the card schemes, which the schemes use to fund innovation and fraud protection initiatives (among other things).
- **Reducing debit interchange caps (as per Option 4) to 6 cents and 0.12 per cent would not necessarily result in a substantial reduction in interchange revenue for issuers,** because the effective average interchange fee on debit transactions is already below these caps. Any significant reduction in interchange revenue for issuers would be a result of decisions by the schemes, such as if they decide to continue setting interchange fees for strategic merchants well below the issuer cost for these transactions.
- **Issuers have been able to fund innovations and fraud protection measures for debit transactions at the existing levels of debit interchange fees,** including tokenisation, click-to-pay, dual-network routing compatibility and eftpos online functionality.
- **The results of the Issuer Cost Study suggest that the proposed lower interchange levels for credit cards would be above issuers' costs,** even *including* the cost of funding interest-free periods. This indicates that issuers would still be able to maintain other service levels and continue to innovate even with lower interchange fees.



- **The PSB has not seen compelling evidence in submissions or elsewhere that there is a strong relationship between the level of interchange and fraud prevention, safety or innovation outcomes** in the current market. For example, no evidence has been presented to suggest that fraud prevention, safety or innovation has been compromised in Europe following reductions in interchange rates implemented by the European Commission. By contrast, there is evidence in the public domain that the European card payments market is considered innovative at current levels of interchange, including the development and adoption of new tokenisation, fraud mitigation and online checkout initiatives.<sup>22</sup>
- **The schemes would continue to be able to offer ‘targeted discounts’ on interchange** to promote the adoption of innovations by merchants/acquirers (such as contactless card payments or tokenisation). This could similarly also be achieved through adjustments to scheme fees.
- **The proposed interchange caps would not be expected to result in a significant reduction in competition in the card-issuing market from smaller issuers.** Some stakeholders argued that reducing interchange would disadvantage small and medium issuers, as smaller issuers are particularly reliant on interchange fees to fund their card-related services and to grow their business more generally. This could potentially have consequences for competition in the card-issuing market. Evidence from the Issuer Cost Study suggests that smaller issuers do face materially higher costs than larger issuers (Table 3). However, a benchmark and cap of 6 cents for domestic debit is in line with the current average interchange rate charged, so depending on the interchange fees that the schemes set, smaller issuers would not necessarily face a significant reduction in interchange revenue from current levels. The lower credit benchmark of 0.3 per cent is also above smaller issuers’ costs once the cost of funding interest-free periods is removed; as explained above, the PSB’s view is that most of the cost of funding interest-free periods should be borne by the issuer and cardholder, rather than entirely by the merchant.

**Table 3: Estimated Eligible Issuer Costs related to Card Issuing and Processing, *excluding the Major Banks***

	Debit <sup>(a)</sup>		Credit
	Cents	% <sup>(b)</sup>	% <sup>(b)</sup>
<b>Domestic transactions</b>			
- Excluding cost of funding interest-free periods	10	0.24	0.25
- Including cost of funding interest-free periods			0.54
<b>International transactions</b>			
- Excluding cost of funding interest-free periods	25	0.44	0.59
- Including cost of funding interest-free periods			0.89

(a) Consumer cards only for domestic transactions.

(b) Per cent of transaction value.

Source: RBA.

**The PSB also considered lowering the credit cap to 0.5 per cent and lowering the credit benchmark to 0.3 per cent (Option 3).** An interchange framework that combines benchmarks and caps can provide additional flexibility for networks to differentiate fees and encourage certain behaviours. However, this option would be less effective at reducing the large difference in interchange fees paid by small and large merchants.

<sup>22</sup> See, for example, Mastercard Europe (2025); Mastercard (2025b).

Large merchants with bargaining power would be able to continue negotiating strategic rates significantly below the benchmark, leaving small merchants to pay higher interchange fees and effectively subsidise large merchants. Consistent with this, the current lowest credit interchange fees are around 0.2 per cent for the top tier of strategic merchants, whereas small merchants would likely be paying closer to the 0.5 per cent cap.

### *Commercial credit cards*

**Commercial credit cards are regulated as part of the RBA's interchange standards and are included for the purposes of testing compliance with the weighted-average credit interchange benchmarks.** Interchange fees on commercial credit card transactions tend to be well above average interchange levels, typically sitting near the credit interchange fee cap of 0.8 per cent. Mastercard and some PSPs submitted that commercial credit cards should not be subject to interchange caps, or if they are, they should be subject to higher caps than consumer cards, especially if interchange caps were to be lowered. They argued that:

- commercial credit cards involve higher transaction values and complex risk profiles, which results in higher costs for issuers and so requires higher compensation through interchange
- reductions in interchange for commercial credit cards could result in less issuance of commercial credit cards, thereby reducing access to credit for small and medium businesses
- some issuers rely on commercial credit cards for a large share of their revenue, so lower interchange could result in reduced investment in the payments sector and a more concentrated (and therefore potentially less competitive) issuer market
- reducing interchange fees, without special treatment for commercial credit cards, would disadvantage four-party networks (i.e. Visa and Mastercard) in competing with the charge cards of three-party networks such as American Express, which are not subject to interchange caps and can therefore offer more generous rewards<sup>23</sup>
- commercial cards are not subject to interchange regulation in jurisdictions such as Europe, the United Kingdom and New Zealand.

**The PSB has considered these arguments in assessing whether the interchange cap on commercial credit cards should remain at 0.8 per cent, with any reduction to credit interchange applying only to consumer cards (Option 5).<sup>24</sup>**

**The PSB remains unconvinced by stakeholder views that commercial and consumer credit cards warrant differential interchange treatment.** Both types of cards serve similar purposes in facilitating payments and managing expenses and are 'must-take' for merchants (in the case of four-party cards). There is no clear evidence, including from the Issuer Cost Study, that issuers incur higher costs on commercial cards than on consumer cards on a percentage basis (Table 4).

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<sup>23</sup> A transaction on a four-party network (i.e. Visa and Mastercard) involves four parties – the cardholder, the card issuer, the merchant and the merchant's payments provider (the acquirer) – as well as the scheme. A transaction on a three-party network (such as American Express) involves three parties – the cardholder, the merchant and the scheme (acting as sole-issuer and sole-acquirer). Rewards programs on four-party networks may be funded through interchange, whereas on three-party networks they are funded directly through fees from the merchant. For further information, see RBA (2024a); Chan, Chong and Mitchell (2012).

<sup>24</sup> Given most of the arguments raised were related to credit cards, the PSB did not consider treating commercial *debit* cards differentially to consumer debit cards.

**Table 4: Estimated Eligible Issuer Costs related to Card Issuing and Processing on Domestic Credit Cards**

	Consumer credit <sup>(a)</sup>	Commercial credit
	% <sup>(b)</sup>	% <sup>(b)</sup>
<b>Eligible costs</b>		
- Authorisation and transaction processing	0.02	0.01
- Fees and other costs associated with mobile wallet providers	0.02	0.01
- Fraud	0.03	0.01
- Cost of funding interest-free periods	0.12	0.10
- Net scheme fees	0.06	0.06
<b>Total eligible costs</b>		
- Excluding cost of funding interest-free period	0.13	0.09
- Including cost of funding interest-free period	0.25	0.19

(a) Only includes costs for those institutions that also issue domestic commercial credit cards.

(b) Per cent of transaction value.

Source: RBA.

**The PSB is also sceptical of the view that merchants should bear the cost of commercial card programs through higher interchange.** Submissions highlighted that these programs primarily deliver benefits to commercial cardholders, including risk management and reporting tools, integration with expenditure management software, enhanced fraud protection, and ongoing relationship management. Applying a user-pays approach would support the costs of these programs being borne by commercial cardholders rather than merchants. To the extent the provision of these additional services or functionality may impose additional costs on issuers, they could be better managed from an efficiency perspective for the payments system through higher cardholder fees or a reduction in program benefits.

**The PSB's longstanding principle is that regulation should seek to be competitively neutral and would be concerned if a reduction in commercial card interchange resulted in a deterioration in competition by advantaging unregulated three-party networks.** This might occur if three-party networks were able to fund higher rewards through merchant fees and offer those rewards to cardholders, winning market share from four-party network commercial cards. The PSB notes that in recent years, three-party card schemes have had around a 50 per cent share of the commercial card issuing market. However, the PSB considers that this risk is mitigated by several factors:

- **Costs of issuing commercial credit cards will remain below the reduced interchange cap.** As estimated in Table 4 above, the average per-transaction eligible cost to issuers of commercial card transactions is 0.08 per cent (excluding the cost of funding the interest-free period) and 0.2 per cent (inclusive). These cost estimates are substantially below the proposed interchange cap of 0.3 per cent in Option 2.
- **Acquirers that offer simple merchant plans that include American Express in the same flat fee charged for debit and credit card transactions may exert pressure on American Express to lower the wholesale fees it charges those acquirers** in line with those charged by four-party networks if American Express wants to remain included in those plans.
- **Some merchants may be able to constrain the ability of American Express to raise its prices** by threatening or choosing not to accept American Express altogether; unlike Visa and Mastercard, American Express is not a 'must-take' card for many merchants.

- **The Government has proposed reforms to the PSRA that would bring three-party networks clearly within the regulatory perimeter.** In 2021, when the RBA previously considered its interchange regulations, the PSB was concerned that a reduction in the credit interchange benchmark and cap could provide an advantage to three-party card schemes because these arrangements are not subject to the RBA's interchange regulations, which allows them to fund more benefits for consumers through higher merchant fees. However, the Government has proposed reforms that would bring three-party networks within the scope of the PSRA, with these reforms receiving broad support when reviewed by the Senate Economics Legislation Committee (2024). This is a significant development, that would enable the RBA to consider taking regulatory action under the PSRA if efficiency or competition issues were to arise involving the three-party networks.

**Retaining a higher interchange cap on commercial cards could lower competition and efficiency in other ways.** It could lead to higher average interchange fees for these cards and higher overall payment costs – for instance, interchange fees on Mastercard and Visa commercial cards are around 1.5 per cent in Europe, which is significantly above the costs borne by issuers for those cards (based on the Issuer Cost Study). Another key concern is that issuers could respond to any carve-out in interchange regulation for commercial cards by heavily promoting more expensive commercial cards. New business models could also emerge that seek to arbitrage differences in interchange.<sup>25</sup> Differential treatment of commercial cards would also increase the complexity of the interchange framework.

**There are also good reasons why commercial cards should be treated differently in Australia relative to other jurisdictions that currently do not regulate them.** In Europe, credit cards (including commercial cards) are much less prevalent in general and therefore are a much smaller share of total payment costs for merchants, which reduces the need to regulate them. To account for their use, surcharging on those commercial cards is typically allowed in Europe, while it is banned on regulated consumer cards. This approach would introduce a significant degree of complexity if mirrored in the Australian market due to the interaction with the PSB's preferred surcharging policy, which may undermine broader policy objectives.

### *Net compensation*

The RBA's 'net compensation' provisions are designed to prevent circumvention of the interchange fee regulation and the PSB's assessment is that they are broadly operating as intended. However, the RBA has become aware of a potential regulatory gap where indirect issuer participants sponsored by overseas entities may not technically be captured, either directly or indirectly, by the net compensation provisions. Although the RBA does not believe this gap is currently being exploited, it does raise the possibility of an uneven playing field. The PSB proposes to amend the net compensation requirements to ensure all Australian issuers are subject to the requirements, irrespective of the domicile of any sponsor. The RBA seeks feedback on whether Australian issuers sponsored by overseas entities are capable of complying with the proposed changes. The PSB also proposes to amend the net compensation provisions to capture transactions acquired overseas to reflect the PSB's intent, consistent with existing practice.

For further details on the proposed changes, see Appendix D: Draft Standards.

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<sup>25</sup> For example, the RBA is aware of at least one instance of an issuer seeking to arbitrage similar rules in another jurisdiction by issuing a prepaid card that allowed its customers to make payments with any of their other cards (including American Express) and collect the associated points, even if the merchant did not accept that card. Because the card was a commercial card, the issuer would earn the difference between the (typically lower) consumer interchange fee it paid to its customer's issuer and the (typically higher) commercial interchange it received from the merchant's acquirer.

## 3.2 Interchange fees on foreign card transactions

The cost of accepting foreign-issued card transactions is much higher for acquirers and merchants in Australia than for equivalent domestic card transactions. Foreign cards used in Australia account for around 20 per cent of total interchange fees paid by merchants in Australia, despite only accounting for around 3 per cent of total transactions. These fees are also significantly above the levels Mastercard and Visa have agreed to set on equivalent transactions in Europe and the United Kingdom. These high costs for foreign card transactions are also raising the costs to consumers for domestic card transactions, given the increasing prevalence of single-rate merchant plans that charge merchants the same rate for domestic and international card transactions.

Many stakeholders supported measures to lower interchange fees on foreign card transactions, citing their high total costs and in line with broader efforts by the G20 countries to reduce cross-border payment costs.<sup>26</sup>

By contrast, Mastercard, Visa and a few PSPs opposed introducing a cap on interchange fees for foreign card transactions. In their view:

- a cap on interchange fees for these transactions would have little overall impact on merchant costs, given they account for a low share of card transactions
- foreign card issuers may block or restrict the use of their cards in Australia, or impose prohibitive fees on users for doing so
- higher interchange on foreign card transactions is justified because they are more complex and riskier for issuers than domestic card transactions
- it would provide an advantage to unregulated networks
- it could disrupt the business models of some challenger fintechs and potentially entrench incumbent banks.

### Policy options

The PSB is considering three options for the treatment of foreign-issued card transactions acquired in Australia.

#### Option 6: Continue to exclude foreign card transactions from the RBA's interchange regulation (status quo)

Card networks would continue only to be expected to publish international multilateral interchange fee rates or amounts on their websites.

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<sup>26</sup> The G20 roadmap to enhance cross-border payments, established in 2020, includes a target for total 'retail' cross-border payment costs of 1 per cent. On average, Australian merchants currently pay around 2.5 per cent to accept international cards, including interchange fees and scheme fees.

### Option 7: Cap interchange on foreign card transactions at 1.15 per cent of value for *debit* and 1.5 per cent of value for *credit*

Interchange on foreign-issued card transactions acquired in Australia would be capped at 1.15 per cent of value for *debit* transactions and 1.5 per cent for *credit*.

### Option 8: Cap interchange on foreign card transactions differentially for card-present and card-not-present transactions

Interchange on foreign-issued card transactions acquired in Australia would be capped at 0.2 per cent of value for *debit* transactions and 0.4 per cent of value for *credit* transactions, where card payments are made in-person in-store ('card-present' or CP; including transactions made in-store with a device such as a mobile wallet). Interchange on online ('card-not-present' or CNP) transactions would be capped at 1.15 per cent of value for *debit* transactions and 1.5 per cent for *credit* transactions.

## Considerations

**The weighted average interchange fee on foreign card transactions is around 1.75 per cent, which is three and half times higher than the domestic credit interchange benchmark.** Furthermore, interchange fees on foreign card transactions can be as high as 2.4 per cent of value, which is three times the highest domestic credit interchange fees.

**Most submissions that commented on foreign card transactions acknowledged that interchange on those transactions should be higher than domestic card transactions, given higher processing costs and fraud risks.**

**However, the current very high levels of interchange charged on foreign card transactions acquired in Australia do not appear justified, particularly for CP (in-person) transactions:**

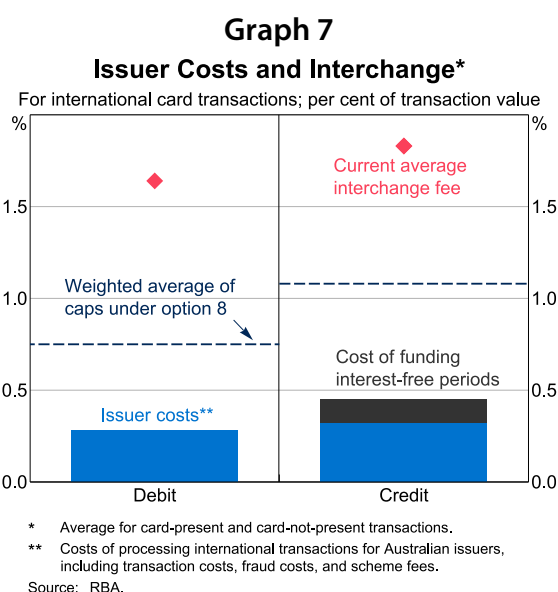
- Australian issuer costs (inclusive of issuers' transaction costs, fraud costs and scheme fees) on international transactions are much lower than the levels of interchange charged on foreign cards in Australia (Graph 7).
- Evidence from the Issuer Cost Study indicates that processing costs for Australian issuers are only slightly higher for international card transactions compared with domestic card transactions.<sup>27</sup> These costs for Australian issuers are estimated to be only 1–2 basis points of transaction value higher on international card transactions. Assuming that this cost differential between domestic and international transactions for Australian issuers is indicative of the cost differential for foreign issuers, then processing costs would only justify slightly higher interchange fees on foreign card transactions processed in Australia relative to transactions using domestic cards.
- Fraud rates on CP transactions acquired in Australia are low for foreign-issued cards and only slightly higher than the very low fraud rates on domestic cards. Fraudulent transactions are around 0.1 per cent of the total value of foreign CP transactions in Australia and 0.04 per cent for domestic CP transactions. This difference could only justify slightly higher interchange on foreign CP transactions than on domestic transactions.

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<sup>27</sup> The cost of processing foreign card transactions for domestic issuers is used as an indicator of the costs for foreign issuers to process transactions in Australia because the RBA is not able to directly survey foreign issuers.



- While higher interchange fees appear justified on CNP (online) transactions relative to CP transactions to compensate foreign issuers for higher fraud costs, it is questionable that current levels of interchange are warranted in a relatively low-fraud jurisdiction such as Australia. Fraud rates on foreign-issued CNP transactions are significantly higher than for CP transactions, at around 0.4 per cent of transaction value. CNP transactions account for around 90 per cent of fraudulent transactions in Australia on foreign-issued cards. However, fraud rates on foreign-issued cards acquired in Australia have been falling and are around one-third of that on Australian-issued cards used overseas. The Australian Payments Network (2024) attributes this difference to the robust fraud prevention measures put in place by Australian merchants over recent years. This indicates that there is a relatively low fraud rate in Australia for international card transactions, which raises doubt about the appropriateness of the high interchange rates being paid by Australian acquirers and merchants.
- Evidence from the Issuer Cost Study indicates that net scheme fees to issuers on international card transactions are on average around 17 basis points higher than on domestic transactions. Scheme fees account for the majority of the difference in costs between domestic and international card transactions. Issuer scheme fees on international transactions are often set at a regional level and are likely to be common across issuers outside of Australia. Therefore, the 17 basis point difference in scheme fees could explain less than one-fifth of the 125 basis point difference between domestic and international interchange rates paid by Australian acquirers and merchants on credit cards.



**Overall, the RBA considers that high interchange fees on foreign card transactions disproportionately inflate payment costs for merchants, and consequently increase prices for all cardholders.** A cap on interchange fees for these transactions would improve efficiency by reducing the cross-subsidisation of foreign issuers and cardholders by Australian merchants and cardholders. In the PSB's view, it is appropriate to set the caps to reflect expected differences in issuers' costs for foreign-issued card transactions acquired in Australia. Similarly, differences in fraud rates across payment types (i.e. CP versus CNP) should be appropriately reflected in the caps to promote the efficient allocation of costs.

**Mastercard and Visa have agreed to cap interchange fees on foreign-issued card transactions in Europe.** Interchange on foreign-issued CP transactions acquired in Europe is capped at 0.2 per cent for debit and 0.3 per cent for credit; these caps are the same as for domestic transactions. Interchange on CNP transactions is capped at 1.15 per cent for debit and 1.5 per cent for credit. These caps have been in place in Europe since

2019 and were recently extended for another five years by mutual agreement between the networks and the European Commission.<sup>28</sup> Mastercard and Visa also voluntarily set interchange rates at the same levels in the United Kingdom. Meanwhile, the New Zealand Commerce Commission is also proposing differential interchange caps on foreign-issued card transactions for in-person and online transactions.

**The PSB has used the interchange rates on international transactions in Europe and the United Kingdom as a useful starting point for considering appropriate caps for international transactions in Australia.** In Option 8, the caps on CNP transactions would be the same as relevant levels in Europe and the United Kingdom, and well above the interchange caps on domestic transactions. This would more than account for the higher fraud costs on international CNP transactions. The RBA notes that the UK Payment Systems Regulator (PSR) recently concluded that these rates are ‘unduly high’ and higher than if the schemes were subject to competitive constraints in setting these fees. The PSR is considering capping interchange on international CNP transactions at lower levels (PSR 2024b).

**The PSB acknowledges the arguments for interchange rates on CP transactions to be higher for international transactions than for domestic transactions.** Consistent with this, in Option 8, the cap for international CP debit transactions would be 0.2 per cent, which is above the proposed 0.12 per cent cap for domestic debit transactions. Similarly, the cap for international CP debit transactions would be 0.4 per cent, which is above the proposed 0.3 per cent cap for domestic credit transactions. Taking the weighted average of the caps on CP and CNP transactions in Option 8, the amount of interchange that foreign issuers would be receiving under these caps would still be around three times higher than the costs faced by Australian issuers for processing international transactions.

**The PSB is unconvinced by the arguments raised by the international card networks that reducing interchange on foreign-issued cards would disrupt cross-border transactions or result in significant harm to sectors such as tourism or export industries.** In Europe, cross-border payments increased following the introduction of the European interchange regulations. The European Commission attributed this to the wider acceptance of foreign-issued cards by merchants as the cost of accepting these cards fell (European Commission 2020). The PSR found no evidence that levels of cross-border interchange fees lower than those in Option 8 had a negative impact on users of the card systems, including issuers and acquirers, in the United Kingdom or in the European Economic Area (PSR 2024b). The availability of alternative payment methods for tourists and foreign importers transacting with Australian merchants also mitigates the risk of harm to those sectors (these alternative payment methods include cash for in-person payments, and account-to-account or digital wallet transfers for online payments).

**Foreign issuers have alternative sources of revenue other than interchange to recover any reduction in revenues as a result of the interchange caps proposed in Option 8.** It is common for issuers globally to charge ad-valorem foreign transaction fees to cardholders of up to 3 per cent of transaction value.<sup>29</sup> Issuers can also offer cards that do not charge cardholders additional fees for international transactions but carry higher annual fees. Reallocating some of the costs of foreign card transactions towards the users of those cards, who get significant benefits from making cross-border transactions, would align with a user-pays approach to efficiency in the Australian card payments system.

**The PSB is of the view that consumer and commercial cards do not warrant differential interchange treatment for cross-border transactions.** There is no clear evidence, including from the Issuer Cost Study, that

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<sup>28</sup> For more information, see European Commission (2019); European Commission (2024).

<sup>29</sup> For example, see ANZ (2025); HSBC (2025); Wells Fargo (2025).

issuers incur higher costs on a percentage basis for cross-border transactions involving commercial cards than consumer cards. As for domestic transactions, the PSB considers that both types of cards serve similar purposes and are 'must-take' for merchants (in the case of four-party card networks). The PSB is also sceptical that merchants should bear the cost of commercial card programs through higher interchange fees. As noted in section 3.1, the proposed reforms to the PSRA would allow the RBA to consider taking regulatory action if efficiency or competition concerns were to arise involving the three-party networks.

**There is a risk that the international card networks could seek to circumvent any new caps on foreign interchange by increasing scheme fees and using those to compensate foreign issuers, or by increasing the margins on the foreign exchange rates they set.** To address this risk, the draft standards for consultation include an anti-avoidance clause and would require schemes to publish their scheme fees on foreign card transactions. The RBA will monitor these scheme fees and would consider further regulatory action if required.

### 3.3 Preliminary assessment

The PSB's preliminary assessment is that the efficiency of the payments system would be substantially improved by:

- reducing the domestic credit interchange cap to 0.3 per cent of transaction value and abolishing the benchmark (**Option 2**)
- reducing the domestic debit interchange benchmark to 6 cents per transaction and cap to 6 cents or 0.12 per cent of transaction value (**Option 4**)
- introducing a cap on interchange fees on foreign-issued card transactions (**Option 8**) at:
  - 0.2 per cent of transaction value for *debit* and 0.4 per cent for *credit* for card-present transactions
  - 1.15 per cent of transaction value for *debit* and 1.5 per cent for *credit* for card-not-present transactions.

These proposed lower interchange levels are consistent with the RBA's historical cost-based approach to setting interchange fees, and reflect the PSB's view that merchants should not fully bear the cost of interest-free periods on credit cards. International evidence indicates mature card markets continue to function well under interchange settings around the levels proposed for domestic and international transactions. Lowering interchange caps would also narrow the gap between interchange fees paid by small and large merchants, thereby reducing the cross-subsidisation of the payments costs of large merchants by small merchants.

The PSB also takes the view that removing the credit benchmark would simplify the interchange framework and reduce the regulatory burden. It is likely that interchange fee schedules would become simpler under a cap-only framework, as has been seen in other jurisdictions, while compliance costs would lessen for the card networks. The PSB's view is that a credit interchange cap of 0.3 per cent would still provide considerable scope for flexibility and differential pricing for schemes. Schemes could also provide differential pricing by offering discounted scheme fees. However, the PSB proposes to retain the debit interchange benchmark to prevent upward drift in weighted-average interchange rates as general prices increase over time and ensure intended cents-based caps are not circumvented by schemes adopting ad-valorem rates.

The PSB expects PSPs to pass on savings to merchants in full to deliver the benefits outlined above. The PSB's proposed transparency measures are intended to support this outcome and serve to increase public scrutiny on fees more broadly (see Chapter 6: Transparency of Merchant Fees).

## Proposal summary

The PSB proposes the following actions on interchange:

1. Reduce interchange on domestic debit (and prepaid) card transactions to a weighted-average benchmark of 6 cents per transaction with a cap of 6 cents or 0.12 per cent of transaction value on individual interchange fees.
2. Reduce the cap on domestic credit card transactions to 0.3 per cent of transaction value and remove the weighted-average benchmark of 0.5 per cent.
3. Introduce a cap on foreign-issued card transactions acquired in Australia of 0.2 per cent of transaction value for *debit* and 0.4 per cent for *credit* for card-present transactions, and 1.15 per cent for *debit* and 1.5 per cent for *credit* for card-not-present transactions.
4. Amend the net compensation provisions to include international transactions and capture Australian issuers sponsored by overseas entities.

## Questions for consultation

**Q2:** Do the proposed changes to interchange regulation promote the public interest by improving competition and efficiency in the payments system?

**Q3:** Are there further considerations for smaller issuers that the RBA should take into account to enhance competition and efficiency in the payments system?

**Q4:** Do the proposed changes to the net compensation provisions effectively achieve the RBA's objectives and promote the public interest? Will Australian issuers sponsored by overseas entities be able to comply with the changes?

## 4. Transparency of Wholesale Fees

**Many submissions argued that regulatory action was required to reduce the complexity and enhance the transparency of wholesale (interchange and scheme) fees.** Submissions generally argued that this complexity and opacity raises challenges for PSPs in pricing and communicating their services to merchants.

**Interchange fee schedules have become more complex over time.** The number of interchange categories in these schedules have nearly doubled since 2020. While different interchange fees can be useful for promoting the use of secure payment methods or the adoption of new technologies, the rationale for such extensive and complex schedules is not clear.

Submissions generally supported:

- reducing the number of interchange fee categories; although the card networks argued that differentiated interchange fees are required to tailor service to the needs of members, to encourage the adoption of new technology and mitigate risks
- standardising fee categories across networks for easier comparison and promotion of competition
- requiring networks to publish aggregate interchange fees and transactions data to support cost comparisons across networks; a few submissions also suggested breaking those fees down by merchant size and card type.

**Nearly all submissions that commented on scheme fees highlighted that fees set by the international card networks are opaque and complex.** Card acquirers and issuers pay scheme fees to card networks such as Visa, Mastercard and eftpos for using their services. These costs are typically passed on to merchants as part of the service fees charged by PSPs. PSPs, including large financial institutions, reported difficulty understanding scheme fees and applying the correct scheme fees to individual transactions in real time, which is important for accurate least-cost routing (LCR). Common issues raised included the large number of fees, with over 100 fee categories and some transactions incurring over a dozen fees, and a lack of standardisation of fee categories across card networks. It is unclear whether such complexity is necessary. By contrast, eftpos has only two scheme fees – one for issuers and one for acquirers.

**There was widespread support in the submissions to improve the transparency of scheme fees** on the basis that:

- The lack of standardisation makes it hard for merchants and PSPs to compare card networks and negotiate better deals.
- Even large merchants have little visibility over the effect of scheme fees on their payment costs.
- Card networks sometimes introduce new fees with limited or no consultation. One merchant group expressed concerns that card networks sometimes mandate fees for non-critical services without the ability to opt out or to negotiate terms.
- Increased transparency can act as a constraint on further scheme fee increases.

**The international card networks opposed more transparency measures.** Visa and Mastercard argued that their interchange fee structures are transparent and publicly available, and that publication of aggregate data on interchange rates may lead to confusion as interchange is only one component of the cost of acceptance for merchants. They also argued that scheme fees are sufficiently clear and transparent to the issuers and

acquirers that pay them via access to the scheme fee hierarchy documents (though these documents are often complex and can be as long as 800 pages) and other resources available through their online portals. The international card networks indicated that they announce the size and rationale for new fees before implementation. They argued that no further regulatory action is necessary to promote transparency.

## 4.1 Policy options

The PSB is considering several non-mutually exclusive options to reduce the complexity and improve the transparency of wholesale fees.

### Option 1: Retain current publication requirements (status quo)

Card networks continue to be required to publish on their website their multilateral interchange fee rates or amounts (whichever is applicable) in Australia.

The RBA continues to publish aggregate industry information on issuing and acquiring scheme fees charged by the networks. No data on fees charged by individual card networks are published, since the international card schemes have refused to give the RBA permission to publish this information.

### Option 2: Require each card network to publish aggregate data on interchange fees

On a quarterly basis, each card network would be required to publish more detailed data on their total interchange fees, transaction values and volumes. The data would provide a breakdown of fees for domestic and international cards, further divided into debit and credit transactions. Each category would also be split by card-present and card-not-present transactions. Additionally, fees for mobile wallet transactions would be separately listed for domestic card transactions (see Appendix D: Draft Standards – Schedule 1 in Standards No. 1 and No. 2). The card networks would be required to provide the RBA with a copy of the data, so that the RBA could republish data on its website.

### Option 3: Require each card network to publish aggregate data on scheme fees

On a quarterly basis, each card network would be required to publish data on total gross issuing and acquiring scheme fees, rebates, and transaction values and volumes. The data would be split by domestic and international cards, further divided into debit and credit transactions. Each category would also be split by card-present and card-not-present transactions. Fees for mobile wallet transactions would be separately listed for domestic and international cards (see Appendix D: Draft Standards – Schedules 2 and 3 in Standards No. 1 and No. 2). The card networks would be required to provide the RBA with a copy of the data, so that the RBA could republish data on its website.



## Option 4: Set an expectation that card networks work with industry to reduce the complexity and improve the transparency of their scheme fee schedules

The PSB would set an expectation that the card networks work with PSPs to address the issues that have been identified regarding the complexity and large number of scheme fees, without seeking to be prescriptive on how this is achieved. Card networks would be expected to work with PSPs to:

- reduce the complexity of scheme fee schedules where possible
- identify what information gaps exist for PSPs in understanding existing fees, and work to fill those gaps
- assess what information is necessary for PSPs to understand new fees or changes in existing fees. Additional accessible information could include items such as:
  - classification, such as whether the fee is mandatory, optional or behavioural
  - clear and detailed information regarding when the fee will apply
  - the history of changes to the level of a fee including where the fee was renamed or split.

The PSB would expect the card networks to submit, by September 2026, a clear and actionable plan outlining how they will meet this expectation. The plan should show how they have engaged with PSPs and explain how the proposed improvements will enhance transparency and support better outcomes for stakeholders. It should also include anticipated timelines and a strategy for measuring and evaluating progress.

## 4.2 Considerations

**Several stakeholders supported additional measures to increase the transparency of wholesale fees so PSPs and merchants can better understand these costs and make more informed decisions.** The current publication requirements for interchange fees are designed to help merchants understand the relevant interchange fees, how these rates apply, and enable them to discuss these rates with PSPs and networks as part of their negotiations for payment services. However, the information currently available to market participants does not appear to be sufficient to support efficient and competitive market outcomes:

- The information card networks publish on their interchange fee rates or amounts (whichever is applicable) is not always clearly broken down by types of transactions (e.g. card present/card not present) and is difficult to compare across networks.
- While the RBA publishes some aggregate information on scheme fees, it has been unable to publish data on the fees charged by individual card networks, because the networks have not consented to publication on the basis of commercial sensitivity (Connolly 2024).

**The PSB considers that additional measures to address complexity and promote transparency appear necessary to improve competition and efficiency in the payments system.** In weighing the options for regulatory intervention on the transparency of wholesale fees, the PSB has considered factors including the usefulness of the information for market participants, implementation costs, commercial sensitivity and the risk of price coordination from greater transparency.

**Publishing aggregate information under Options 2 and 3 would allow PSPs and merchants to more directly compare average fees across networks, which in turn may increase competitive pressure on these**

**fees.** More directly comparable information about the cost of the services provided by different card networks would be beneficial for PSPs in negotiations with card networks and would increase scrutiny over fee increases. Greater transparency of wholesale fees would also help PSPs and merchants make decisions regarding LCR, further driving efficiency in the payments system.

**The PSB sees value in including information on card-present and card-not-present transactions in this reporting, with transactions through mobile devices also separately identified (Options 2 and 3).**

Wholesale costs are higher for mobile wallet and card-not-present transactions than for physical card-present transactions, and additional transparency at the network level would help PSPs and merchants understand their payment costs and negotiate with the card networks. The burden on the card networks from publishing this information would be small, given the RBA's existing reporting requirements closely mirror what is being proposed to be published under these options.

**Less complex scheme fee schedules would help PSPs better understand the scheme fees they pay and implement LCR (Option 4). The RBA was particularly concerned by some acquirers reporting difficulty in determining the scheme fees paid by individual merchants.** The RBA expects the fees charged to merchants to accurately reflect the card usage of their customers. Simplification of scheme fee schedules could reduce these challenges. PSPs would also be able to more easily identify and understand changes to scheme fees in a less complex schedule. Reducing the current complexity would also assist PSPs in their negotiations with card networks and make it easier for them to implement LCR for their merchant customers.

**The PSB considers that scheme fee simplification should be driven by industry in the first instance.** The PSB and RBA favour an industry-led solution for reducing the complexity of scheme fee schedules. However, the RBA stands ready to consider taking regulatory action if it judges that progress is insufficient or too slow. Progress could be measured by some, or all, of:

- a reduction in the number of active scheme fees and the average number of scheme fees applied per transaction
- the RBA requesting reports and evidence from card networks and PSPs on progress towards simplifying scheme fee schedules and improving the adequacy of information
- the RBA monitoring compliance with agreed measures.

**The PSB is also conscious of the risk of upward price coordination in response to greater transparency.**

Upward price coordination could occur as an unintended consequence of transparency measures if a scheme that charges lower fees increases their fees to a similar level to competitors to increase their profits. Upward price coordination that is the result of cooperation, rather than independent business behaviour, will raise competition concerns. This could occur informally and would increase payment costs in the system.

Additionally, price coordination may give rise to potential contraventions of the *Competition and Consumer Act 2010*, which is enforced by the ACCC.<sup>30</sup>

**However, the PSB considers the risk of upward price coordination as a result of the proposed disclosures to be low for wholesale fees.** The PSB assesses that proposed disclosures are sufficiently aggregated that sensitive information – for example, on individual scheme fees – could not be derived for the purposes of anti-competitive practices. The lack of adverse outcomes in the credit card market from current transparency measures, alongside competitive pressures from LCR in the debit market, suggest that the risk of the proposed

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<sup>30</sup> In response to greater transparency, there may be a risk of parties engaging in anti-competitive conduct, including concerted practices that are prohibited by section 45 of the *Competition and Consumer Act 2010*. More information can be found in the ACCC's 2018 updated Guidelines on Concerted Practices.

disclosures producing undesirable market outcomes is low. The RBA would continue to monitor competition between card networks in the debit and credit card markets, and stands ready to consider taking further regulatory action if evidence emerges of anti-competitive behaviour (see Chapter 5: Scheme Fees).

## 4.3 Preliminary assessment

**The PSB's preliminary assessment is that there is a strong case for the card networks to publish quarterly data on interchange and scheme fees with breakdowns across key transaction categories (Options 2 and 3).** This would make merchants and PSPs better placed to: compare their wholesale fees across the market; negotiate deals with the networks; and determine how merchants could most effectively benefit from LCR. This would improve competition and efficiency in the payments sector, while minimising the risks of disclosing competitively sensitive information.

**The PSB also assesses that it is necessary to address the complexity of scheme fees,** given there is evidence that the current complexity hinders competitive dynamics and efficient outcomes. To this end, the PSB proposes to set a regulatory expectation for the card networks to improve the quality of their scheme fee information available to network members, with a focus on reducing complexity. The PSB considers that this approach would be preferable to formal regulatory intervention in the first instance. The PSB would closely monitor progress towards improving the transparency and reducing the complexity of scheme fees and would revisit the case for formal regulatory intervention if necessary.

### Proposal summary

The PSB proposes the following actions on wholesale fee transparency and complexity:

1. Require card networks to publish quarterly aggregate interchange fee data, broken down by key transaction types.
2. Require card networks to publish quarterly aggregate scheme fee data, broken down by key transaction types.
3. The RBA to set an expectation that card networks work with industry to reduce the complexity and improve the transparency of their scheme fee schedules.

### Questions for consultation

**Q5:** Does the proposal for card networks to publish aggregate wholesale fee data achieve the RBA's objectives of improving competition and efficiency among the card networks? Does the proposal adequately balance the information needs of the market with commercial concerns?

**Q6:** Does the proposal for card networks to work with industry to reduce the complexity and improve the transparency of their scheme fee schedules enhance the competitiveness and efficiency of the card payments system?

## 5. Scheme Fees

**Scheme fees have risen over time, putting upward pressure on card payment costs for merchants.** On average, scheme fees account for around one-quarter of merchants' domestic debit card transaction costs and around one-sixth of domestic credit card transaction costs. For domestic transactions, scheme fees are higher for credit than for debit card transactions. Several submissions to the Issues Paper questioned the extent to which these circumstances reflected a lack of competitive pressure rather than differences in the cost and/or quality of services provided by the networks. Unlike interchange fees, scheme fees are not currently subject to regulatory caps.

**Submissions from merchants and PSPs generally supported regulatory limits on scheme fees.** Several submissions suggested that intervention was particularly needed in the credit card market. This may partly reflect less competitive tension in this market, relative to the debit card market, given the absence of dual-network cards and LCR functionality in the credit card market. Limits on scheme fees may also be more appropriate in an environment without card payment surcharging to act as a restraint on costs.

**The international card networks argued that scheme fees are necessary to fund key services such as fraud prevention and security and they remain a small part of the overall cost of acceptance.**

### 5.1 Policy options

#### Option 1: Maintain the status quo

The RBA would continue to use its information-gathering powers under section 26 of the PSRA to monitor scheme fees.

#### Option 2: Set an expectation that any further increases in scheme fees require adequate explanation by schemes

The PSB would set an expectation that average scheme fees per transaction should not increase without clear explanation, based on the specific cost or quality of services provided.

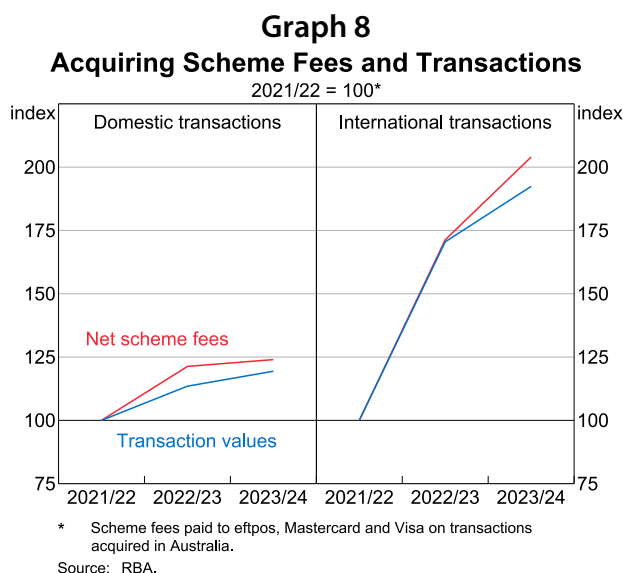
#### Option 3: Set a cap on scheme fees

Under this option, the PSB would set a cap on the level of scheme fees. The cap would be informed by a targeted study on scheme fees, prior to consulting with the industry on any proposed regulation.

### 5.2 Considerations

**The PSB is concerned by the current level of scheme fees in the Australian market and the pace of their growth over recent years.** Given that scheme fees grow organically as transaction volumes and values rise, it is not obvious that card networks should need to raise scheme fees at a faster rate than growth in transaction values to maintain current services (Graph 8). It is also not clear that the large existing difference between scheme fees on credit and debit transactions is justified. The PSB's view is that increases in scheme fees

(beyond transaction-value-based increases) should reflect some reasonable increase in the unit costs of delivering specific services and/or in the quality of the services provided.



The PSB is also mindful of the risk that card networks may seek to increase scheme fees if competitive pressures were to lessen following a removal of card surcharging. Similarly, additional measures to increase the transparency of scheme fees could increase the risk of upward price coordination. These risks suggest that it is appropriate for the PSB to consider regulatory action on scheme fees as part of a broader policy package.

Setting a clear expectation that scheme fees should not rise without justification (Option 2) may be sufficient to address concerns over growth in scheme fees without the need for the RBA to take more material action at this stage. This approach would complement steps to increase the transparency of scheme fees, as it would allow the market to more easily scrutinise any growth in scheme fees relative to transaction values and changes in the services delivered by card networks. Such a justification (provided to PSPs and issuers, as appropriate) could outline reasons for increases in existing fees or the introduction of new scheme fees, such as higher processing costs for schemes or specific additional value propositions funded by the fees. For behavioural fees, justification could include what inefficient behaviours the fees seek to disincentivise and how they do so in an efficient and effective manner. Should issuers or PSPs seek additional information from the card networks on new or increased fees, the PSB would expect the networks to reasonably respond to such requests.

The PSB considers that a regulatory cap on the level of scheme fees relative to transaction values could address excessive growth in scheme fees in sectors of the market that may be subject to less competitive pressure, such as the credit card market or international transactions. Many submissions supported a cap on scheme fees. However, the submissions provided limited feedback on how a cap on scheme fees should be set. Introducing a cap would be complex and require careful consideration, including through extensive consultation with industry, to avoid unintended consequences or adverse incentives for participants in the card payments system. The RBA is not aware of the existence of any such cap on scheme fees in comparable jurisdictions.

The PSB could also explore mandating dual-network *credit* cards and extending LCR to credit card transactions should scheme fee growth be excessive in the credit market. This would likely increase competitive pressures on scheme fees and would be a potential alternative to imposing a cap on scheme fees.

## 5.3 Preliminary assessment

The PSB proposes to set a regulatory expectation that scheme fees should not rise relative to transaction values without clear explanation. The PSB's preference is that card networks and market participants seek a satisfactory industry-led solution in the first instance. However, should scheme fees continue to grow faster than transaction values, the PSB would consider further potential measures to contain their growth including introducing a cap on scheme fees or mandating dual-network credit cards and extending LCR to credit card transactions.

### Proposal summary

The PSB proposes that the RBA set an expectation that scheme fees should not rise without clear explanation.

### Questions for consultation

**Q7:** Does the proposed expectation on scheme fees achieve the RBA's objectives of competition and efficiency in the payments system?

**Q8:** Should the PSB consider further regulatory measures in relation to the level of scheme fees to promote competition and efficiency in the payments system?



## 6. Transparency of Merchant Fees

**The lack of consistent publicly available information on merchants' card payment fees charged by acquirers makes it more difficult for merchants to compare pricing across providers and for providers to assess their competitors' offerings.** Pricing plans can be complex and many competitive offerings are negotiated confidentially at levels below advertised rates. Hence, it can be difficult for merchants to know whether the prices they are receiving are comparable to similar merchants with their provider or other providers. Greater transparency of acquirers' pricing could therefore support competition between acquirers, including by empowering merchants to seek a better deal with their current provider or to switch to another acquirer. This should put downward pressure on merchants' payment costs and result in lower costs for consumers.

**Views from submissions were mixed on whether acquirers should be required to publish information on their average fees, wholesale costs, transactions and margins.** PSPs (including acquirers) and card networks generally opposed this proposal on the grounds that it could result in:

- the publication of information that they consider to be commercially sensitive
- reduced product differentiation if acquirers' business or pricing models converge in order to have a favourable published fee (e.g. by removing additional bundled services)
- a deterrent effect on new entrants or innovations in the market that cannot yet compete on cost
- a disadvantage for acquirers servicing smaller merchants that have higher fixed costs.

**Others supported proposals to promote transparency and competition among acquirers, including requiring acquirers to publish key breakdowns of their fees in a standardised format.** There was less support for publishing acquirers' market shares via their transaction volumes and values. Some submissions raised doubts as to whether additional information would be used by merchants and noted that transparency for complex types of plans would be difficult to implement and may create more confusion for merchants.

**Views were mixed on whether more information on merchant statements would be helpful given the potential drawbacks of adding complexity to these statements.** Many submissions emphasised that merchants do not select their payments providers purely on cost. Respondents indicated that many merchants value the simplicity and certainty of simple (single-rate) plans. Some acquirers also argued that simple plans allowed merchants to better compare pricing across providers.

A few submissions also commented on the cognitive, operational and time constraints associated with switching providers. Newer acquirers generally felt that the acquiring market was quite competitive with high rates of switching.

**Nevertheless, some submissions argued that more information could be presented on merchant statements to help merchants better understand and manage their card payments costs.** Some argued that merchants should be provided with a breakdown of the wholesale costs and acquirer margins charged by their provider. Others suggested that acquirers, including those offering simple plans, should be required to provide a breakdown of debit and credit card fees (including wholesale fees and acquirer margins) on merchant statements. There was also some support for simple and standardised information provided to merchants via a summary box on their statements or an online comparison tool (as in the United Kingdom).

## 6.1 Policy options

The PSB considered various options to improve the transparency of merchants' card payment fees both at the acquirer level and merchant level to promote competition among acquirers and help merchants search for and switch to better deals.<sup>31</sup>

### Option 1: Status quo

Acquirers would not be required to publish any of their fees or provide further information on merchant statements beyond current requirements. Merchants would continue to observe acquirers' advertised rates but would need to approach acquirers individually for bespoke quotes. Merchants would continue to receive information about their card payment costs directly through the statements provided by their acquirer or payment facilitator.

### Option 2: Require acquirers to publish their average cost of acceptance by merchant size and card type

The RBA would set a standard that requires acquirers that process more than \$10 billion in card payments annually (equivalent to approximately 1 per cent market share) to publish their average cost of acceptance rates across card types and merchant size categories on a quarterly basis.<sup>32</sup> While the PSB would encourage all acquirers and other PSPs to publish these data, the acquirer size threshold would provide new entrants or small acquirers with the ability to opt out if they find these reporting requirements unduly burdensome. Acquirers would also be required to provide the RBA with a copy of the data so that the RBA could republish the information on its website. Acquirers that meet the proposed threshold would be required to publish their average cost of acceptance (as a per cent of transaction values) on:

- all debit, prepaid and credit card transactions
- domestic debit and prepaid card transactions
- domestic credit card transactions
- international debit and prepaid card transactions
- international credit card transactions.

Those acquirers would be required to publish these rates separately for:

- small merchants that process \$1 million or less in card payments annually
- medium-sized merchants that process between \$1–10 million in card payments annually
- all merchants.

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<sup>31</sup> The RBA has powers under the PSRA to regulate acquirers, but there is uncertainty as to whether this power extends to the regulation of payment facilitators or other types of PSPs.

<sup>32</sup> Where an acquirer is also a payment facilitator, the acquirer will be obliged to publish data for merchants that have a direct relationship with the payment facilitator.

The proposed format of these publication requirements can be found in Appendix D: Draft Standards (see Schedule 1 in Standard No. 3). Relevant acquirers would be required to publish these in an accessible and prominent part of their websites.

## Option 3: More consistent reporting of fees by acquirers on merchant statements

The RBA would amend its current standard on merchant cost of acceptance reporting to also include a further breakdown for the cost of accepting international cards (which tend to be the most expensive cards to accept), such that the cost of accepting domestic and international cards would be separately identifiable. This would be in addition to the current requirements to report merchants' cost of acceptance by card network on merchant statements (see Appendix D: Draft Standards).<sup>33</sup> Acquirers that process transactions on behalf of merchants indirectly via a payment facilitator would continue to be able to meet their obligations via their payment facilitator(s). As part of this option, the RBA would remove the exemption on taxi fares from reporting requirements on merchant statements.<sup>34</sup>

## Option 4: Create an online quotation or comparison tool for merchants to compare pricing across acquirers

The RBA would require acquirers to provide their pricing information to a centralised comparison website so that merchants could gather quotes and compare pricing across acquirers in one location by entering their merchant characteristics (e.g. average transaction size, turnover, card transaction mix and industry). The comparison website would then produce indicative quotes based on all plans offered by participating acquirers as well as outline the services included in the quote. Merchants could then use this information to decide whether to switch to another provider or plan. This information would need to be updated whenever acquirers changed their pricing or service offerings.

An alternative approach would be for the RBA to set a standard that requires acquirers to provide an online quotation tool on their own website similar to the policy recently introduced by the Payments System Regulator in the United Kingdom.<sup>35</sup> Through this tool, acquirers would be required to provide tailored pricing that accounts for merchant characteristics such as the size and composition of their cards transactions and their industry. Acquirers would be responsible for keeping their online quotation tool updated.

## Other options raised in submissions

Some submissions suggested that fee reporting on merchant statements should be broken down into interchange fees, scheme fees and an acquirer margin. A few submissions suggested that merchants should be provided with estimated (or potential) savings from LCR enablement to incentivise take-up of LCR.

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<sup>33</sup> Although the cost of acceptance reporting was initially intended to aid merchants in setting surcharges, the PSB intends to retain this reporting requirement to promote price transparency for merchants regardless of the policy decision on surcharging.

<sup>34</sup> Because taxi fare surcharging is regulated by state regulations, taxi fares are currently exempt from the RBA's Standard No. 3 of 2016 that prohibits the card networks from imposing no-surcharge rules and requires acquirers to provide information to merchants on their cost of acceptance in their merchant statements for the purposes of calculating permitted surcharges. Even if surcharging were to be removed, the PSB sees a policy case to retain requirements to report cost of acceptance on merchant statements to increase transparency and competition in the card acquiring market. There is not a clear policy case for retaining exemptions on taxi fares as the purpose of the Standard has changed from allowing surcharging to promoting transparency.

<sup>35</sup> See PSR (2024a) for further detail on the Payment System Regulator's initiatives in the United Kingdom.

However, the feasibility of implementing these options is unclear given the challenges acquirers face in determining merchant-specific scheme fees (see Chapter 7: Least-cost Routing).

## 6.2 Considerations

**The PSB considers that transparency measures, if properly designed, can help promote competition and improve the efficiency of the payments system.** Providing merchants with more information can encourage them to switch to a better deal and incentivise acquirers to compete via lowering prices. Greater transparency would also provide visibility on whether acquirers are passing on savings from reductions in wholesale fees (such as the proposed changes to interchange caps and benchmarks) to merchants.

**The PSB considers that requiring acquirers to publish their merchants' average costs of acceptance by merchant size and card type (Option 2) would:**

- **make it easier for merchants to compare their cost of acceptance to those paid by other merchants of similar size.** This would be particularly useful for small merchants given the large dispersion in the level of fees for those merchants. Merchants could use this information to negotiate a better deal with their acquirer or switch to a different provider.
- **make it easier for merchants to compare pricing across acquirers,** since the media and industry groups would be able to use the data to publish league tables of the fees charged by acquirers.
- **balance simplicity and usefulness for merchants.** Merchant size and card mix are key drivers of payment costs and are already reported on many merchant statements.
- **put competitive pressure on acquirers to pass through reductions in wholesale fees** (such as the proposed reductions in interchange rates) and lower their margins to retain or gain market share.

**The PSB's view is that competition in the acquiring market is sufficiently strong such that upward price coordination is unlikely under Option 2.** This assessment reflects that:

- **There are a substantial number of players** and newer entrants have steadily gained market share over recent years, reducing concentration in the acquiring market.
- **Acquirers and other PSPs offer sufficiently differentiated services** as many products are targeted to merchants of a particular size or industry. Many submissions also highlighted that merchants value non-price features such as simplicity and additional services.
- **Acquirers and other PSPs would not be able to view competitors' pricing in detail** as aggregated figures would cover a variety of pricing plans and merchants.

The PSB does not propose to require publication of acquirers' market shares and margins after considering arguments made by some submissions, including that this information could be commercially sensitive and that publishing it may not be required to achieve the PSB's objectives.

The arguments for and against requiring acquirers to publish information on their merchants' costs of acceptance as proposed under Option 2 are summarised in Table 5.

**Table 5: Requiring Acquirers to Publish Average Costs of Acceptance (Option 2)**

Arguments for further transparency	Arguments against further transparency
<ul style="list-style-type: none"> <li>• Could generate more price competition among acquirers and other PSPs.</li> <li>• Could improve merchants' ability to search for a better deal or renegotiate with their acquirer or PSP.</li> <li>• Upwards price coordination is unlikely given strong competition in the acquiring market, the proposed price transparency measures not being detailed enough to be commercially sensitive, and acquirers already publishing some pricing.</li> <li>• Low implementation costs.</li> <li>• Would create public accountability for acquirers to pass on interchange fee reductions.</li> <li>• May reduce cross-subsidisation of large merchants on low rates by small or less-informed merchants on high rates.</li> </ul>	<ul style="list-style-type: none"> <li>• It may lead to more homogeneous product offerings via a convergence of business or pricing models in order to achieve a favourable published fee such as via removing additional services valued by merchants to achieve lower fees.</li> <li>• The published average rates may not reflect the actual prices faced by merchants.</li> </ul>

Source: RBA.

**The PSB's view is that more consistent cost of acceptance reporting on merchant statements (Option 3) could help merchants obtain quotes from other providers at a relatively low implementation cost** for acquirers (or payment facilitators). The RBA received and examined example merchant statements from several large acquirers and other PSPs and found there to be significant variation in the level of detail provided on those statements. Merchant statements for simple plans or from acquirers that tended to service small merchants often provide less information, while statements for 'interchange plus' plans or acquirers targeting larger merchants had significant amounts of detail. The PSB is aware of the complexity that already exists in some merchant statements and seeks to balance disclosure of more information with stakeholder feedback arguing that providing significantly more information on merchant statements may not help merchants to shop around for a better deal.

**The PSB's view is that further transparency should be provided on merchant statements to highlight the much higher costs of accepting international transactions relative to domestic transactions.** In addition to being able to view cost of acceptance by card network,<sup>36</sup> adding an additional layer to report domestic and international transactions could help merchants compare the pricing they receive with the average prices considered in Option 2. This measure could be implemented at relatively low cost and help merchants renegotiate their card payment fees with their existing provider or obtain quotes from other providers.

**Further transparency measures at the merchant level by providing an online comparison tool (Option 4)** could help merchants receive quotes that are more tailored to their circumstances and potentially prompt them to review their payment plan periodically. **However, the PSB assesses that this option would have limited benefits** because:

<sup>36</sup> This would include breakdowns by eftpos debit and prepaid, Mastercard credit, Mastercard debit and prepaid, Visa credit, Visa debit and prepaid, and any other card networks acquired by the PSP.

- **Providing accurate and useful information to merchants can be challenging.** A limitation of this option is that many payment plans are negotiated on a bespoke basis based on merchants' detailed transaction history. In the absence of transaction data sharing arrangements between acquirers and other PSPs for providing merchant-specific quotes, Option 4 may not provide more accurate pricing information than Option 2.<sup>37</sup> A comparison tool is unlikely to be accurate without the ability to provide tailored quotes based on the merchant's characteristics and transaction history:
  - Any potential quotation tool may not provide accurate information for specific merchants because pricing can differ based on merchants' turnover, transaction mix, average transaction size, industry and risk profile. The merchant's detailed transaction data is usually only known to the merchant's current provider and is not always provided in merchants' regular statements.
  - While creating a comparison tool may ease merchants' search costs in comparing offerings, these quotes are unlikely to be personalised to merchants' specific circumstances in the absence of a data sharing arrangement such as the Consumer Data Right. This is unlike the energy market, for example, where consumers' historical energy usage can be accessed via the Consumer Data Right to provide more accurate quotes and comparisons across providers.
  - Pricing may be negotiated as a whole-of-customer relationship with other services included, particularly for large merchants.
- **There would be significant challenges in designing a tool that would effectively increase rates of merchant switching or negotiating a better deal with their current providers.** The PSB's view is that, compared with other markets examined, the complexity and heterogeneity of payments plans is a barrier to implementing an effective comparison tool or transparency initiative on merchant statements.<sup>38</sup> Each provider typically offers multiple types of plans (interchange plus, blended, simple and other types of plans) and not every plan may allow merchants to accept payments from the same card networks. The services included in the pricing may also differ, as may the terminal chosen by the merchant and any additional software or bundled services.
- **Switching costs may limit the effectiveness of transparency measures.** These switching costs include:
  - The cognitive burden involved in comparing providers through research, obtaining quotes and negotiating fees. More complex pricing structures may also increase the complexity of the research, negotiation or decision process.
  - The potential loss of bundled deals or non-payments services provided by the merchant's current provider.
  - The potential retraining of the merchant's staff, and the cost of setting up new systems or software and/or purchasing new hardware.
- **Conversely, increased transparency may equip merchants with better information to renegotiate pricing with their current provider, resulting in lower prices with minimal switching costs.**

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<sup>37</sup> The RBA recommended in its 2021 Review of Retail Payments Regulation that merchant acquiring be included in the Consumer Data Right to facilitate such transaction data sharing (RBA 2021).

<sup>38</sup> In forming this assessment, the PSB examined transparency measures that were designed to help individuals to switch to lower-cost providers in other markets such as the energy market and international money transfers. For more information, see ACCC (2023); ACCC (2024).



Table 6 outlines the arguments for and against policy Options 3 and 4.

**Table 6: Further Action on Merchant-level Transparency (Options 3 and 4)**

Policy option	Arguments for further transparency	Arguments against further transparency
More consistent reporting of fees on merchant statements (Option 3)	<ul style="list-style-type: none"> <li>Some merchants currently have limited information on their statements.</li> <li>Merchant-specific information could be used to obtain quotes from other providers.</li> <li>Low implementation costs for most acquirers.</li> <li>Can be compared with PSPs' average prices to see whether the merchant is paying higher rates compared with similar merchants.</li> </ul>	<ul style="list-style-type: none"> <li>Some merchant statements are already complex.</li> <li>Many merchants prefer simplicity and may not use this additional information.</li> <li>Merchants would only receive pricing information about their current provider.</li> <li>May not improve incentive for merchants to renegotiate with their provider or switch to a new provider due to searching and switching costs.</li> </ul>
Online comparison tools (Option 4)	<ul style="list-style-type: none"> <li>Pricing information may be more relevant and useful to merchants if quotes are tailored to their individual characteristics.</li> <li>A centralised location to compare pricing across providers can reduce search costs for merchants.</li> </ul>	<ul style="list-style-type: none"> <li>Displayed prices may not accurately reflect actual prices faced by the merchant; pricing is often negotiated on a bespoke basis.</li> <li>It would be costly to design, implement and maintain the comparison tool.</li> <li>Even a well-designed comparison tool may not increase rates of merchant switching due to real or perceived switching costs.</li> <li>It is difficult to compare providers and their plans because they are not homogeneous due to the large variety in services included in pricing.</li> </ul>

Source: RBA.

## 6.3 Preliminary assessment

**The PSB's preliminary view is that, while competition in the acquiring market is strong, more can be done to improve the transparency of pricing for merchants.** Transparency of pricing would become more important as a tool for placing downward pressure on card payment costs for merchants if their ability to surcharge were to be removed. The spread of costs for small merchants is quite wide, including for merchants of similar characteristics with the same acquirer. The PSB assesses that the lack of transparent information

around the actual prices paid by merchants is hindering the ability of merchants to find out the typical price charged to a similar merchant and take steps to switch to a better deal if they are paying more. In the absence of increased transparency, there is also a risk that acquirers could take advantage of this opacity and merchant inertia to not pass through savings from the PSB's proposed reductions to interchange caps.

**The PSB's preliminary assessment is that requiring acquirers to publish average costs of acceptance by merchant size and by card type (Option 2) would increase competition and efficiency.** The PSB considers that this would be a low-cost way to increase transparency in the card acquiring market and allow merchants to gauge whether the prices they are paying are comparable with other merchants. The PSB's preferred approach is to require acquirers to publish average cost of acceptance by merchant size for each card type to allow for comparisons across the PSB's proposed scheme and interchange fee transparency initiatives. The PSB's assessment is that this measure is detailed enough to allow merchants to make simple comparisons across acquirers and could further increase price competition in the acquiring market as providers compete to retain or attract prospective merchants.

Of the options that target transparency at the merchant-level, the PSB's preliminary view is that **improvements to acquirers' cost of acceptance reporting on merchant statements (Option 3) would help merchants search for a better deal**, particularly for merchants that have access to minimal information on their statements.

**The RBA has reviewed example merchant statements from major acquirers and observed that some statements appeared not to meet the minimum requirements currently specified in the RBA's standards.** In the PSB's view, acquirers should, at a minimum, provide cost of acceptance and transaction values split by card network (in line with existing requirements), with a further breakdown of these costs by domestic and international transactions (see Appendix D: Draft Standards). This would help merchants in obtaining personalised quotes from acquirers and other PSPs and conduct simple comparisons with published pricing on acquirers' websites, with the aim to promote competition in acquirer pricing. Acquirers are currently required to provide merchants with information on their cost of acceptance by card network, aggregate costs and transaction values, so this should require little change for acquirers that are already compliant with the current requirements.

**While online comparison tools (Option 4) could help merchants better compare pricing plans across acquirers, the PSB's preliminary view is that this option is likely to be costly to implement and would yield uncertain benefits.** For such large-scale initiatives to be effective, further work surveying merchants on their needs, designing and testing experimental solutions and implementing the final product would be required, likely at significant cost to the RBA and the industry. Based on a review of similar transparency initiatives, it is unclear whether these policies would yield significant incremental benefits in terms of increased rates of merchants switching or renegotiating with their acquirer beyond the other policies proposed in this Review. This would be particularly the case if the accuracy of the information cannot be guaranteed and merchant-specific transaction information cannot be used to generate accurate quotes. Even providing accurate quotes would not guarantee that merchants would act on the information and switch providers. Large-scale initiatives such as Option 4 could be revisited in the future as the market changes and responds to the policy proposals implemented in these set of reforms, and as more time passes to assess the effectiveness of the online quotation tool in the United Kingdom.

## Proposal summary

The PSB proposes the following actions to improve the transparency of merchant service fees:

1. Require acquirers that process more than \$10 billion in card payments annually to publish their merchants' average costs of acceptance, broken down by merchant size and card type on a quarterly basis on their website (see Appendix D: Draft Standards).
2. Amend requirements for acquirers' cost of acceptance reporting on merchant statements to include (in addition to a breakdown of fees by card network) a breakdown of domestic and international transactions (see Appendix D: Draft Standards).

## Questions for consultation

**Q9:** Does the proposed requirement for acquirers to publish their merchants' cost of acceptance enhance competition and efficiency by helping merchants search for a better plan? In particular, the RBA welcomes feedback on:

- whether the size threshold for acquirers is appropriate
- whether the category breakdowns (merchant size and card type) are likely to be useful to merchants without compromising commercial sensitivity
- whether the quarterly frequency of publication is appropriate
- what an appropriate implementation timeline would be.

**Q10:** Does the proposal to amend the cost of acceptance reporting on merchant statements to include a breakdown for domestic and international cards promote competition by helping merchants receive more information about the fees they pay? Is there a public interest case to exempt taxi fares from this requirement?

## 7. Least-cost Routing of Debit Card Transactions

**LCR gives merchants the ability to route dual-network debit card (DNDC) transactions via whichever of the two networks on the card costs them less to accept.** Around 90 per cent of debit cards issued in Australia are DNDCs, which allow domestic payments to be processed via either eftpos or one of the international debit networks (Debit Mastercard or Visa Debit). LCR can directly reduce card payment costs for merchants while also increasing the competitive pressure on debit networks to lower their wholesale fees, thereby putting downward pressure on payment costs across the economy.<sup>39</sup>

**The RBA has been strongly encouraging the payments industry to provide LCR to merchants since 2017.** In 2021, in response to slow industry progress, the RBA set an explicit expectation that PSPs offer and promote LCR in both the in-person and online environments. In 2022, the RBA set a further expectation that the industry make LCR available for mobile wallet transactions by the end of 2024. To provide greater transparency on industry progress, in 2023 the RBA started publishing a table on LCR availability and take-up across the major acquirers. The share of merchants with LCR enabled for in-person transactions had risen from 50 per cent in June 2022 to 76 per cent at the end of 2024, whereas LCR for online and mobile wallet transactions is at a much earlier stage of progress.

**The sophistication of LCR implementation varies across PSPs.** Most PSPs use a simple ‘binary’ approach (routing transactions to eftpos, as the cheaper debit network on average) or the slightly more sophisticated ‘threshold’ approach to LCR (routing transactions above a value threshold to eftpos). The RBA is aware of very few PSPs that offer ‘dynamic’ LCR, which seeks to maximise savings by routing each individual transaction to the cheapest network for that particular transaction.

**Issues related to LCR for online and mobile wallet transactions are outside the scope of this consultation due to limitations to the RBA’s regulatory remit.** Any formal intervention in these areas would benefit from reforms to the PSRA to broaden the definition of ‘participants’ in payment systems to include service providers such as mobile wallets and payment gateways.

**The question for this consultation is whether further regulatory intervention is warranted to realise the full benefits of LCR for in-person transactions, since:**

- some merchants do not have LCR enabled
- it is unclear whether the savings from LCR are being fully passed on to merchants, particularly to those merchants on ‘single-rate’ payment plans
- very few PSPs offer a fully dynamic LCR solution that evaluates and routes each individual transaction to the lowest cost network.

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<sup>39</sup> For more background information on LCR, see the [Backgrounder on Least-cost Routing](#).

## 7.1 Policy options

### Option 1: Status quo

The RBA would continue to:

- set expectations that providers enable LCR (at any level of sophistication) for in-person transactions for merchants that could benefit from it and pass on the savings to merchants
- provide transparency on the extent to which major acquirers are supporting LCR by publishing LCR availability and take-up every six months.

### Option 2: Introduce a formal requirement for LCR for all in-person transactions

The RBA would issue a standard requiring acquirers to enable LCR for in-person transactions for all merchants by default, with merchants able to opt out if they wish.

### Option 3: Introduce a formal requirement for dynamic LCR for all in-person transactions

The RBA would issue a standard requiring acquirers to enable dynamic LCR for in-person transactions for all merchants by default, with merchants able to opt out if they wish.

## 7.2 Considerations

**Stakeholder views were mixed on whether acquirers should be required to enable LCR for in-person transactions by default (with merchants able to opt out).** Merchant groups and several PSPs supported such a requirement, arguing that the rollout of LCR had been slow to date, acquirers that also issue cards have less incentive to support LCR, and there was potential for increased uptake to further reduce merchant costs, with many merchants still unaware of the potential savings. By contrast, most PSPs and the international card networks did not support such a requirement, arguing that uptake of LCR had increased recently and was working well, price competition between PSPs will drive further uptake, and LCR is not viable for all merchants.

**While LCR uptake was slow between 2017 and 2022, significant progress has been made over the past two years.** LCR for in-person (physical card present) transactions is now available for all merchants and has been enabled for 76 per cent of merchants. The gradual expansion of LCR to mobile wallets is also a significant step forward and will result in a much larger pool of transactions that can be least-cost routed and hence greater savings for merchants.

**The PSB acknowledges that LCR for in-person transactions is not necessarily suitable for all merchants.** PSPs have indicated that a sizeable share of merchants – possibly between 10 and 20 per cent – do not have LCR enabled for arguably good reasons, including:

- routing through the international debit networks is cheaper in some scenarios (which is relevant where the PSP chooses to implement LCR by sending all transactions to eftpos)

- eftpos, while often the cheaper debit network, does not have the functionality required for the merchant's business (such as the ability to take pre-authorisations)
- the merchant is sufficiently large and sophisticated to make their own routing decisions.

Given that 76 per cent of merchants already have LCR enabled, the residual pool of merchants that could benefit from enabling LCR for in-person transactions is not large.

**The RBA estimates that a formal LCR requirement for in-person transactions could lower wholesale costs by around \$50 million per year.** This savings estimate is based on the existing difference in wholesale fees between eftpos and the international debit networks. The estimate also includes the savings from LCR being available when mobile wallets are presented in person. The relatively small size of the savings from a formal LCR requirement reflects the diminishing pool of merchants that could benefit and the very low difference in wholesale costs between eftpos and the international debit networks for in-person transactions. There has been strong competition in recent years between the debit networks, which has resulted in reductions in wholesale costs and some convergence in these costs across the networks. The take-up of LCR is likely to have contributed to this competitive environment, with the networks offering new programs with heavily discounted interchange fees for some small merchants. In addition, the reductions in debit interchange caps proposed in Chapter 3: Interchange Fees could result in some convergence in the wholesale fees between eftpos and the international networks, particularly for small merchants, which would further reduce the potential savings from a formal LCR requirement.

**A formal regulatory requirement to enable LCR would not, of itself, guarantee the pass-through of savings to merchants.** Absent the RBA attempting to directly regulate acquirer pricing, the mechanism for the savings from LCR to be passed on to merchants is competition in the acquiring market. To further strengthen competition in the acquiring market, the RBA is considering measures to enhance price transparency (see Chapter 6: Transparency of Merchant Fees).

**Some acquirers argue that it is impossible for them to guarantee that their routing choice will be lowest cost for merchants.** This is due to merchants' card and transaction mix varying over time, and wholesale fees set by networks changing regularly. These acquirers are concerned about potential reputational damage and the risk of merchants seeking compensation if they implement a form of LCR that ends up raising costs for some merchants. To minimise these risks, acquirers may need to revisit their routing choice for each merchant at a high frequency; while this could potentially be automated (e.g. fully dynamic), it would require significant additional investment and overhead for the system.

**A formal LCR requirement would involve significant costs.** There would be one-off resource costs for the RBA to develop a prescriptive standard, as well as ongoing costs to monitor and enforce compliance. Acquirers would likely incur technology and staff costs to ensure and monitor compliance. For example, given the technical nature of any routing requirement, an annual audit from each acquirer to demonstrate compliance may be required.



**Table 7: Mandating LCR for In-person Transactions as a Default**

Arguments for	Arguments against
<ul style="list-style-type: none"> <li>• Lower wholesale payment costs.</li> <li>• Progress to enable LCR for merchants historically has been slow.</li> <li>• PSPs that have both issuing and acquiring businesses lack incentives to fully roll out LCR.</li> <li>• Many merchants are unaware of the possible benefits from enabling LCR or switching to a provider offering LCR.</li> </ul>	<ul style="list-style-type: none"> <li>• The ‘expectations’-based regulatory approach has fostered good progress in recent years. LCR is widely available and merchants have the option of enabling LCR if they wish.</li> <li>• A formal regulatory requirement to enable LCR would not, of itself, guarantee the pass-through of savings to merchants.</li> <li>• Merchant take-up is not the sole measure of success; increased competition has led to lower wholesale payment costs for merchants.</li> <li>• There are complexities in designing a mandate, and potential compliance and implementation costs.</li> <li>• Merchants do not choose a network on cost alone (they can also focus on factors such as functionality, system resilience and innovation).</li> </ul>

Source: RBA.

**Stakeholder views were mixed on whether acquirers should be required to provide dynamic LCR for in-person transactions.** Many merchant lobby groups and the ACCC supported the RBA facilitating the implementation of dynamic LCR and some merchant groups called for the RBA to mandate dynamic routing. By contrast, most acquirers argued that their current systems do not support dynamic routing and that significant investment would be required to do so, including in terminal capabilities. These acquirers argued that the costs of dynamic routing may significantly exceed the benefits, and that they do not have the capacity to undertake the required investment in the near term, given the wide range of large payment-related projects and system upgrades underway. Determining scheme fees in real time at the transaction level is a key difficulty, given the complexity of scheme fees. The RBA has heard that some acquirers’ systems are not able to determine scheme fees paid by individual merchants, let alone on individual transactions. In considering whether to push the industry to offer more sophisticated routing, the RBA sought industry estimates on the potential benefits and costs of developing and providing this capability. A large acquirer provided evidence that a threshold-based approach to LCR would deliver almost 90 per cent of the savings possible from dynamic routing, at much lower cost. Some acquirers have estimated that dynamic routing could be quite costly to implement, with one estimate close to \$30 million to develop and implement for a single acquirer.

## 7.3 Preliminary assessment

**On balance, the RBA’s preliminary assessment is that there is not a strong case for a formal regulatory requirement to enable LCR in the in-person environment.** As at December 2024, 76 per cent of merchants had LCR enabled for in-person transactions, and LCR may not be suitable for many of the remaining merchants for valid reasons. The ongoing rollout of LCR has also put downward pressure on wholesale costs for card-present transactions, with merchants benefiting from this even without having LCR enabled. While some stakeholders continue to be concerned about whether the full benefits of LCR are being passed on to

merchants, a formal LCR requirement is unlikely to directly address this issue and would involve significant implementation costs. Measures to improve transparency in the acquiring market could foster greater pass-through of LCR savings.

**It is also not apparent that the benefits of mandating dynamic routing would outweigh the costs involved.** Mandating dynamic LCR would involve substantial investment costs for acquirers that would flow through to higher costs for merchants. Instead, competitive pressure may be better suited to drive the development of more sophisticated routing, with some PSPs seeking to differentiate themselves on their routing capabilities.

## Proposal summary

The PSB proposes maintaining the status quo regarding the RBA's expectations of LCR implementation in retail payments.

## Questions for consultation

**Q11:** Are there any changes that should be made to the RBA's existing industry expectation on LCR implementation to improve competition and efficiency in the debit card market?

## 8. Policy Options for Consultation

The preceding chapters identified several areas where there is a case for changing the existing regulatory arrangements for card payments.

### 8.1 Preferred package of policy options

The PSB's preliminary view is that competition and efficiency in the payments system would be best enhanced by implementing the following policies. Together, these policies form the PSB's 'preferred package'.

<b>Policy 1</b>	<b>Removing the RBA's prohibition on 'no-surcharge' rules for all designated debit, prepaid and credit card systems.</b>
<b>Policy 2</b>	<b>Reducing the domestic <i>credit</i> interchange cap to 0.3 per cent of transaction value</b> and removing the weighted-average benchmark.
<b>Policy 3</b>	<b>Reducing the domestic <i>debit</i> and <i>prepaid</i> interchange weighted-average benchmark and cap to 6 cents per transaction</b> and lowering the ad-valorem cap to 0.12 per cent of transaction value.
<b>Policy 4</b>	<b>Introducing caps on interchange fees paid on foreign-issued card transactions acquired in Australia:</b> <ul style="list-style-type: none"> <li>with card-present transactions subject to caps of 0.2 per cent of transaction value for <i>debit</i> and <i>prepaid</i> cards and 0.4 per cent of transaction value for <i>credit</i> cards</li> <li>with card-not-present transactions subject to caps of 1.15 per cent of transaction value for <i>debit</i> and <i>prepaid</i> cards and 1.5 per cent for <i>credit</i> cards.</li> </ul>
<b>Policy 5</b>	<b>Amending the net compensation provision so that all Australian issuers are captured</b> (including those sponsored by a foreign entity).
<b>Policy 6</b>	<b>Requiring card networks to publish their aggregate interchange fees</b> on a quarterly basis with breakdowns by card type and form factors.
<b>Policy 7</b>	<b>Requiring card networks to publish their aggregate scheme fees</b> on a quarterly basis with breakdowns by acquirer and issuer scheme fees, card type and form factors.
<b>Policy 8</b>	<b>Setting an expectation for card networks to work with PSPs to simplify scheme fees</b> by reducing complexity, improving the clarity and ensuring the usefulness of scheme fee information.
<b>Policy 9</b>	<b>Setting an expectation that card networks justify any scheme fee increases</b> , by providing PSPs with a clear explanation of the additional services and/or value provided.
<b>Policy 10</b>	<b>Requiring acquirers to publish their average costs of acceptance for merchants</b> on a quarterly basis, with breakdowns by merchant size and card type. This would only apply to acquirers that process more than \$10 billion of card transactions annually.
<b>Policy 11</b>	<b>Requiring acquirers to include additional detail in cost of acceptance disclosures to merchants</b> , including a breakdown by domestic versus foreign-issued cards.

## 8.1 Alternative package of policy options

The PSB has also considered other policy options including:

- Retaining the status quo.
- An alternate package of policies that includes:
  - removing the RBA's prohibition on 'no-surcharge' rules for debit (and prepaid) cards *only*
  - lowering the interchange cap on *credit* card transactions to 0.5 per cent of transaction value and lowering the benchmark to 0.3 per cent of transaction value
  - the same changes as listed in Policies 3–11 in the PSB's preferred policy options above.

In calibrating the alternate option, the PSB took the view that the case for lowering credit interchange would not be as strong if merchants retained the right to surcharge credit transactions, since surcharging would enable merchants to directly pass on the higher cost of credit cards to consumers and might keep downward pressure on card networks' wholesale fees.

## 8.2 Assessment of packages of policy options

The PSB's preliminary assessment is that the preferred package would best meet its objectives for competition and efficiency in the payments system (Table 8) given this set of changes would:

- **make card payments simpler and more transparent for consumers and merchants.** Fully removing surcharges on all designated card networks would be easier and cheaper for consumers, merchants and PSPs to understand and implement than just removing surcharges on debit cards or retaining the current surcharging framework. This would reduce broader economic inefficiencies associated with the difficulty of avoiding a surcharge, inadequate merchant disclosure such as drip pricing and the complexity of surcharging rules.
- **lower wholesale card payment costs for merchants by around \$1.2 billion per year** through reducing interchange caps on domestic card transactions and introducing interchange caps on foreign-issued cards. The PSB expects PSPs to pass on these reductions in wholesale costs to merchants in full.
- **reduce the disparity in card payment costs faced by small and large merchants.** Small merchants tend to pay high interchange fees, at or near the current regulatory caps. Lowering these caps would benefit small merchants the most, improving the efficiency of the payments system for the broader economy.
- **provide merchants with more useful and consistent information on the fees charged by PSPs** by increasing the transparency of acquirer pricing and requiring acquirers to provide more information to merchants about their card payment costs. The removal of surcharging would incentivise merchants to shop around for a better deal, and the additional information should help merchants find better value payment plans.
- **increase competitive pressure among the card networks** by requiring each network to publish their interchange and scheme fees, reduce the complexity of their scheme fees and justify any increases in scheme fees in disclosures to PSPs. PSPs would be able to use the published information to negotiate better deals from the card networks and pass on the savings to merchants and consumers. These

measures would help offset any reduction in competitive pressure on card networks' wholesale fees due to the removal of surcharging.

- **reduce the cross-subsidisation of credit cardholders by debit cardholders.** Reducing the difference between the interchange caps on debit and credit would reduce payment costs for merchants and result in a more efficient distribution of those costs between credit cardholders and merchants.
- **reduce regulatory complexity and maintain a level playing field between regulated card networks and payment methods not subject to price regulation.** By removing surcharging for card networks that are already subject to interchange regulation, networks will be able to compete on a more level playing field with higher-cost payment methods that do not allow surcharging, such as some 'buy-now pay-later' products.
- **lower the enforcement and compliance burden for merchants and the ACCC** by removing surcharging. Given the large number of merchants and the inability for consumers to know merchants' cost of acceptance, comprehensive enforcement of surcharging rules has not been feasible.
- **cost significantly less to implement than the alternate option.** Change and implementation costs for PSPs would be around \$20 million higher if surcharging was removed for debit cards only, compared with a full removal of surcharging. These costs could be passed on to merchants (and consumers indirectly) via higher prices or reduced service offerings.

**Table 8: Key Considerations for Packages of Policy Options relative to Status Quo**

✓ = partially achieves ✓✓ = mostly achieves ✗ = no improvement from status quo

	Preferred package	Alternate package <sup>(a)</sup>
Simplicity for consumers and merchants	✓✓	✓
Lower gap in costs between small and large merchants	✓✓	✓
Improve ability of merchants to find a better deal	✓✓	✓✓
Competition between PSPs	✓✓	✓
Competition between card networks	✓	✓
Minimise cross-subsidisation of credit cards by debit users	✓	✓✓
Level playing field with unregulated entities	✓✓	✓
Practicality of enforcement	✓✓	✗
Low cost of implementation	✓	✗

(a) This option differs from the preferred package in removing surcharging on debit cards only and lowering the cap on credit interchange to 0.5 per cent (rather than 0.3 per cent) and the benchmark to 0.3 per cent.

Source: RBA.

## Distributional impacts

The PSB has also considered how policy reforms could impact the various users and providers in the card payments ecosystem. Table 9 provides a summary of the estimated direct cash flow effects of the proposed measures, including the implementation costs.

**Table 9: Direct Cash Flow Effects within Payments System**

In the first year of policy changes, relative to status quo

	Preferred package	Alternate package
	\$ million	\$ million
Consumers	1,225	650
Merchants		
– Small merchants <sup>(a)</sup>	185	315
– Larger merchants	-260	75
Payments industry		
– Domestic issuers	-880	-765
– Card networks	–	–
– Acquirer and PSP	-25	-45
implementation costs		

(a) Defined as merchants processing less than \$10 million in card transactions per year.

Source: RBA.

Note these estimates only capture the immediate redistributive effects of the measures and do not account for secondary effects, which could shift the long-run distribution of cash flows. These second-order effects can be uncertain and difficult to quantify, and may include:

- imperfect pass-through of interchange savings to merchants by PSPs (despite the PSB's stated expectation of full pass-through)
- merchants switching their PSP or payment plan to lower their payment costs or varying their consumer prices
- greater use of cards by consumers as a result of card payment surcharging being removed
- a reduction in credit card benefits or an increase in credit cardholding fees, if issuers seek to make up lost interchange revenue through other means.

The rest of this section considers the effects of a removal of surcharging alongside the RBA's other proposed measures on different users and providers in the card payments ecosystem.

**Consumers** would benefit from no longer facing surcharges on card payments through regulated networks. A simpler payments experience would help them to make more efficient payment decisions. Consumers would be less likely to be surprised by surcharges late in the payments process and would not need to raise instances of suspected excessive surcharging with the ACCC. Cardholders would no longer need to switch to alternate payment methods to avoid surcharges. Preliminary estimates indicate that consumers would pay around \$1.2 billion less in surcharges per year, equivalent to around \$60 per card-using adult per year. Lower interchange fees would reduce the need for merchants to raise their consumer prices to compensate for no longer being able to surcharge.



**Small merchants** would be better off by around \$185 million under the proposed measures than under the current framework, with around 90 per cent of small merchants benefiting from the measures in net terms. That is because most small merchants currently pay interchange fees above the proposed interchange caps, and 90 per cent of small merchants do not currently surcharge and instead choose to include their payment costs in the price of their goods and services. As a result, the proposed reductions in interchange would outweigh any loss in surcharging revenue for most small merchants. The 10 per cent of small merchants that currently surcharge would need to either absorb their payment costs in their margins or incorporate these costs in their advertised prices. The proposed transparency measures for payment costs, with specific breakdowns for smaller merchants and additional information on merchants' cost of acceptance, should help small merchants to search and switch to more cost-effective payments plans.

**Larger merchants** already face lower interchange fees on domestic transactions via strategic rates. They stand to benefit from the proposed caps on interchange fees on foreign-issued card transactions. Some of the strategic rates also appear to be below issuers' costs, which has arguably resulted in a cross-subsidisation of larger merchants by smaller merchants. While some larger merchants may raise their prices to incorporate payment-related costs if the ability to surcharge were removed, only around 12 per cent of large merchants currently choose to surcharge. Under both the preferred and alternate packages, merchants that currently surcharge would face the costs of retraining staff and updating pricing (though this would likely be more difficult if surcharging was removed for debit cards only).

Under the preferred package, it is estimated that **acquirers and other PSPs** would incur around \$25 million in costs in total across the industry to remove surcharges and some additional costs to publish their merchants' average costs of acceptance. This amount would almost double under the alternate package. Acquirers may also have to prepare minor updates to their merchant statements to report further breakdowns for cost of acceptance. This is likely to require minimal changes for some acquirers, while others may need to undergo larger changes. The PSB expects acquirers to fully pass on the proposed reductions in interchange to merchants.

**Domestic issuers** are expected to experience a reduction in interchange revenue of around \$900 million under the preferred package and \$800 million under the alternate option. However, the proposed interchange settings are still above issuers' costs. Some issuers may choose to increase cardholder fees or reduce benefits such as rewards points, particularly on credit cards, to boost their profitability in response to reductions in interchange settings. Issuer revenue may also increase if more consumers choose to use credit cards or substitute away from cash use as a result of surcharges being removed. An increase in issuers' revenue could also occur if interchange fees that are currently below the proposed caps converge closer to the cap, as happened in Europe after the introduction of the Interchange Fee Regulation.

**Card networks** would likely benefit in aggregate from higher card usage, including more credit card use. The cost of publishing interchange and scheme fee data would be small given they already produce similar data for the RBA on a regular basis.

## 8.3 Proposed implementation timeline

The RBA will seek to implement this Review's final policies as early as practicable. Table 10 lays out a proposed implementation timeline for the PSB's preferred package, taking into account the need for merchants, PSPs and card networks to have a reasonable amount of time to implement the necessary changes.

The PSB considers that the proposed amendments to surcharging and interchange regulation should come into effect at the same time to maximise the benefits of the proposed package and to balance the interests of consumers and merchants. The PSB also considers that the proposed publication requirements should cover reporting periods slightly ahead of the proposed changes to interchange regulation, to allow the public to monitor the extent to which participants in the relevant payment systems pass through the savings from the PSB's proposed measures to end users.

**Table 10: Proposed Implementation Timeline**

Proposed policies	Proposed effective date	Comments
Amendments to surcharging rules (Policy 1)	1 July 2026	Most PSPs indicated they will require around six months from notification of the required changes to ensure compliance. The RBA plans to publish the Conclusions Paper with the PSB's final decisions by the end of 2025 which would provide around 6 months' notice for PSPs to implement any changes.
Amendments to interchange regulation (Policies 2–5)	1 July 2026	
Aggregate data publications by card networks (Policies 6 & 7)	First data reporting period: 1 July 2025 – 30 September 2025  First publication date: 30 July 2026	Publication of quarterly data for Quarter 3 2025, Quarter 4 2025, Quarter 1 2026 and Quarter 2 2026 would be required by 30 July 2026.  Subsequent quarterly data publications would be required 30 days after the end of the quarter.
Expectations related to scheme fees (Policies 8 & 9)	Q4 2025	Immediately after the publication of the Conclusions Paper
Data publication by acquirers (Policy 10)	First data reporting period: 1 January 2026 – 31 March 2026  First publication date: 30 July 2026	Publication of quarterly data would be required 30 days after the end of the quarter, except for Quarter 1 and Quarter 2 2026 data, which would be required by 30 July 2026.
Additional merchant-level disclosure (Policy 11)	1 July 2026	Applies to the first full statement period that commences on or after 1 July 2026.

## Questions for consultation

**Q12:** Does the PSB's preferred package meet its objectives of competition, efficiency and safety in the payments system? Are there any variations to the package that the PSB should consider that would yield higher net public benefits? Is there any additional evidence that the RBA should consider before finalising its decision?

**Q13:** What is your feedback on the proposed implementation timeline for these reforms?

**Q14:** Do the draft standards in Appendix D achieve the intended policy objectives? Are there factors that have not been properly addressed or considered in the drafting of the proposed standards?

## 9. Next Steps

### 9.1 Consultation process

The RBA will conduct a public consultation process ahead of finalising any proposed regulatory changes. Following the release of this Consultation Paper, stakeholders will have six weeks to make a written submission (see sections 9.2–9.6, below, for further details). The RBA may reach out to those who make a submission to discuss it in further detail. Stakeholder views from written submissions and discussions will be considered in the RBA’s deliberation process ahead of making its final conclusions on the Review. The RBA expects to publish these conclusions and any regulatory changes stemming from these decisions in a Conclusions Paper by the end of the year.

### 9.2 Making a submission

The RBA is seeking views from interested stakeholders on the issues raised in this paper, including the draft standards in Appendix D. Written submissions on the issues discussed in Chapters 2–8 and draft standards should be provided by 26 August 2025 to:

[pysubmissions@rba.gov.au](mailto:pysubmissions@rba.gov.au)

or

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

The RBA asks that, where it is practicable to do so, submissions are provided by email.

Submissions provided by email should be in a separate document, in Word or equivalent format. Submissions in PDF format must be accompanied by a version in an accessible format such as .rtf or .doc.

### 9.3 What will we do with your submission?

Your submission will be read by RBA staff working on, or involved with, the relevant consultation process to which your submission relates.

In the interests of informed public debate, the RBA is committed to transparency in its processes and open access to information. Accordingly, the RBA aims to publish submissions on its website where it is appropriate to do so. However, the RBA reserves the right to redact (e.g. remove defamatory material or, where appropriate, de-identify personal or sensitive information), publish or not publish submissions on its website at its own discretion. The RBA’s publication of a submission is not an indication of the RBA’s endorsement of any views or comments contained in that submission.

Most submissions that are published on the RBA website will include the name of the submitter (unless requested otherwise – see section 9.5, below). If a submission is published, the information in it, including the submitter’s name and any contact details, can be searched for on the internet. You cannot withdraw or alter your submission once the RBA has published it.

Please note that any submission provided to the RBA (including any submission considered to be confidential or containing confidential information) may be shared with the Treasury for the purposes of Treasury carrying out its functions and responsibilities in connection with matters raised in the Consultation Paper.

## 9.4 Requests for submissions not to be published

If you do not want some or all of your submission to be published by the RBA, you should clearly indicate this (e.g. by including the word **confidential** prominently on the front of your submission) and provide reasons for your request. Please note that any submission provided to the RBA (including any submission considered to be confidential or containing confidential information) may be shared with the Treasury for the purposes of Treasury's functions and responsibilities in connection with matters raised in the Consultation Paper. Similarly, please also clearly indicate if you do not want some or all of your submission to be shared with the Treasury. Automatically generated confidentiality statements in emails are not sufficient for these purposes.

Where some parts of your submission are considered to be confidential, the RBA requests that you provide two versions of the submission at the same time prior to the closing date – one for consideration by the RBA and one, with confidential information removed, for publication (this latter version may also have contact details or other personal information removed – see section 9.5, below).

Please also note that any submission provided to the RBA may be the subject of a request under the *Freedom of Information Act 1982*. Any request for access to a confidential submission will be determined by the RBA in accordance with that Act, including any applicable exemptions (e.g. those relating to material obtained in confidence or involving an unreasonable disclosure of personal information).

## 9.5 Privacy

Unless requested otherwise, published submissions will usually include contact details and any other personal information contained in those documents. Where you provide a separate version of your submission for publication with contact details or other personal information redacted or removed, this will be taken as a request for the RBA not to publish such personal information.

For information about the RBA's collection of personal information and approach to privacy, please refer to the Personal Information Collection Notice for Website Visitors and the RBA's Privacy Policy, which are both available at <http://www.rba.gov.au/privacy>.

## 9.6 Intellectual property rights

In making a submission to the RBA, you grant a permanent, irrevocable, royalty-free licence to allow the RBA to use, reproduce, publish, adapt and communicate to the public your submission on the RBA's website (except to the extent that you have specifically requested that all or part of your submission is kept confidential), including converting your submission into a different format to that submitted for the purposes of meeting relevant accessibility requirements.

To the extent that your submission contains material that is owned by a third party, you warrant that you have obtained all necessary licences and consents required for the use of those materials (including for the RBA to use, reproduce, publish, adapt or communicate to the public such material), and have made arrangements for the payment of any royalties or other fees payable in respect of the use of such material.

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# Appendix A: Questions for Stakeholders

**Q1:** Would removing surcharging on designated card networks best support the RBA's objectives to promote the public interest through improving competition, efficiency and safety in the payments system? In particular, the RBA welcomes feedback on whether there are additional public interest considerations that should be taken into account for each policy option.

**Q2:** Do the proposed changes to interchange regulation promote the public interest by improving competition and efficiency in the payments system?

**Q3:** Are there further considerations for smaller issuers that the RBA should take into account to enhance competition and efficiency in the payments system?

**Q4:** Do the proposed changes to the net compensation provisions effectively achieve the RBA's objectives and promote the public interest? Will Australian issuers sponsored by overseas entities be able to comply with the changes?

**Q5:** Does the proposal for card networks to publish aggregate wholesale fee data achieve the RBA's objectives of improving competition and efficiency among the card networks? Does the proposal adequately balance the information needs of the market with commercial concerns?

**Q6:** Does the proposal for card networks to work with industry to reduce the complexity and improve the transparency of their scheme fee schedules enhance the competitiveness and efficiency of the card payments system?

**Q7:** Does the proposed expectation on scheme fees achieve the RBA's objectives of competition and efficiency in the payments system?

**Q8:** Should the PSB consider further regulatory measures in relation to the level of scheme fees to promote competition and efficiency in the payments system?

**Q9:** Does the proposed requirement for acquirers to publish their merchants' cost of acceptance enhance competition and efficiency by helping merchants search for a better plan? In particular, the RBA welcomes feedback on:

- whether the size threshold for acquirers is appropriate
- whether the category breakdowns (merchant size and card type) are likely to be useful to merchants without compromising commercial sensitivity
- whether the quarterly frequency of publication is appropriate
- what an appropriate implementation timeline would be.

**Q10:** Does the proposal to amend the cost of acceptance reporting on merchant statements to include a breakdown for domestic and international cards promote competition by helping merchants receive more information about the fees they pay? Is there a public interest case to exempt taxi fares from this requirement?

**Q11:** Are there any changes that should be made to the RBA's existing industry expectation on LCR implementation to improve competition and efficiency in the debit card market?

**Q12:** Does the PSB's preferred package meet its objectives of competition, efficiency and safety in the payments system? Are there any variations to the package that the PSB should consider that would yield higher net public benefits? Is there any additional evidence that the RBA should consider before finalising its decision?

**Q13:** What is your feedback on the proposed implementation timeline for these reforms?

**Q14:** Do the draft standards in Appendix D achieve the intended policy objectives? Are there factors that have not been properly addressed or considered in the drafting of the proposed standards?

# Appendix B: International Comparison of Card Surcharging and Interchange Frameworks

Jurisdiction	Consumer debit <sup>(a)</sup>		Consumer credit <sup>(a)</sup>		Commercial cards		Foreign-issued cards <sup>(a)</sup>
	Surcharging allowed?	Interchange cap (%) <sup>(b)</sup>	Surcharging allowed?	Interchange cap (%) <sup>(b)</sup>	Surcharging allowed?	Interchange cap	Interchange cap (%) <sup>(b)</sup>
<b>Australia</b>	Yes, up to cost of acceptance	Weighted-average benchmark: 8 cents <sup>(b)</sup> Cap: 10 cents or 0.2 <sup>(b)</sup>	Yes, up to cost of acceptance	Weighted-average benchmark: 0.5 <sup>(b)</sup> Cap: 0.8 <sup>(b)</sup>	Same as consumer cards		Not regulated
<b>Canada</b>	Scheme ban	No cap <sup>(c)</sup>	Yes, up to cost of acceptance, to a maximum of 2.4% set by Visa and Mastercard	Max average: 1.4 <sup>(d)</sup>	Yes	Not regulated	Not regulated
<b>European Economic Area</b>	Regulatory ban	Cap: 0.2 <sup>(b)</sup>	Regulatory ban	Cap: 0.3	Yes	Not regulated	Debit CP: 0.2 <sup>(d)</sup> Credit CP: 0.3 <sup>(d)</sup> Debit CNP: 1.15 <sup>(d)</sup> Credit CNP: 1.5 <sup>(d)</sup>
<b>New Zealand</b>	No for eftpos Yes, up to cost of acceptance for Visa/Mastercard	Eftpos: 0 Visa/Mastercard CP: 0.2 Visa/Mastercard CNP: 0.6	Yes, up to cost of acceptance	0.8	Yes	Not regulated	Not regulated
<b>United Kingdom</b>	Regulatory ban	Cap: 0.2 <sup>(b)</sup>	Regulatory ban	0.3	Yes	Not regulated	Not regulated, consulting on CNP caps
<b>United States</b>	Scheme ban	\$0.22 + 0.05%, exemptions apply for smaller issuers	Allowed in some states up to cost of acceptance, to a maximum of 3% (Visa) or 4% (Mastercard). Some states have lower caps	No cap	Same as consumer cards		Not regulated

(a) CP and CNP refer to card-present and card-not-present transactions respectively.

(b) Caps apply to individual transactions; on a weighted-average basis, interchange fees cannot exceed the benchmark.

(c) Domestic in-person transactions are automatically routed to Interac, the domestic debit card scheme.

(d) Mastercard and Visa have voluntarily committed to these interchange caps.

Sources: Regulators' and schemes' websites.

## Appendix C: Further Details on the Issuer Cost Study

The Issuer Cost Study was a targeted cost study undertaken for the purposes of this Review, seeking to provide estimates of the costs to issuers of providing card payments. The study sought costs data from 13 financial institutions, including the largest card issuers in Australia and some smaller issuers. The RBA received responses from 11 of the 13 institutions. Issuers provided data on costs relating to issuing cards and processing card payments over a 12-month period, including on cost categories relevant to 'eligible costs' as part of the RBA's review of interchange fee regulation. These data were used to estimate issuer costs on a per-transaction basis. Several assumptions and decisions were made in the process of obtaining the estimates contained in the Consultation Paper. These include:

- accepting different (but valid) methodologies from respondents for the apportionment of shared costs across different card and transaction types
- aggregating costs for some categories where some respondents noted that such costs were incurred, but were unable to accurately report or allocate costs to those categories (this may have led to underestimates of the costs for some categories and overestimates for others on an aggregate basis)
- using the cost of processing foreign card transactions for domestic issuers as an indicator of the costs for foreign issuers to process transactions in Australia because the RBA is not able to directly survey foreign issuers.

The RBA sought targeted cost information from institutions relevant to key aspects of the Review while trying to minimise regulatory burden. In particular, the RBA did not seek specific information regarding commercial debit cards due to their smaller market share.

The study benefited from the cooperation of a range of financial institutions that had the opportunity to provide feedback on the study ahead of time and work with the RBA to refine their submissions.

## Appendix D: Draft Standards

This appendix outlines for consultation the draft variations to the following existing RBA standards (the RBA Standards) to implement the policy proposals described in this paper:

- *Standard No. 1 of 2016: The Setting of Interchange Fees in the Designated Credit Card Schemes and Net Payments to Issuers*
- *Standard No. 2 of 2016: The Setting of Interchange Fees in the Designated Debit and Prepaid Card Schemes and Net Payments to Issuers*
- *Standard No. 3 of 2016: Schemes Rules Relating to Merchant Pricing for Credit, Debit and Prepaid Card Transactions.*

The draft variations to the RBA Standards are presented in mark-up against the current version of the relevant RBA Standard.

Subject to certain transitional provisions that delay the date on which particular variations take effect (see section 8.3 and the Commencement and Implementation provisions of the draft varied standards below), it is proposed that the variations to the RBA Standards would come into effect on 1 July 2026.

Prior to 1 July 2026, the RBA's Standards in their current form would continue to apply. Relevant participants would need to complete the certification requirements for the 2025/26 financial year in accordance with the current interchange caps and benchmarks. Merchants could continue to surcharge using the cost of acceptance framework and acquirers would be required to continue reporting merchants' cost of acceptance in line with current requirements in Standard No. 3.

From 1 July 2026, the new interchange caps and benchmarks under the proposed variations to Standards No. 1 and No. 2 of 2016 would apply. It is also proposed that from 1 July 2026, the prohibition on no-surcharge rules under Standard No. 3 would no longer apply and the new requirements for reporting merchants' cost of acceptance would take effect.

The proposed publication requirements for interchange fees and scheme fees would come into effect on 1 July 2026. The card networks would have 30 days to report this data for Quarter 3 2025, Quarter 4 2025, Quarter 1 2026 and Quarter 2 2026. From Quarter 3 2026 onwards, the card networks would be required to report this data no later than 30 days after the end of the relevant quarter.

The proposed requirements for acquirers to publish their merchants' average cost of acceptance would come into effect on 1 July 2026. The relevant acquirers would have 30 days to report this data for Quarter 1 2026 and Quarter 2 2026. From Quarter 3 2026 onwards, these acquirers would be required to report this data no later than 30 days after the end of the relevant quarter.

For more information on the RBA's current regulations, see the [Backgrounder on the RBA's Current Payments Regulations](#).



## THE SETTING OF INTERCHANGE FEES IN THE DESIGNATED CREDIT CARD SCHEMES AND NET PAYMENTS TO ISSUERS

### 1. Objective

*The objective of this Standard is to ensure that the setting of interchange fees and payments and other transfers of valuable consideration having an equivalent object or effect to interchange fees in each designated credit card scheme is transparent and promotes:*

- *efficiency; and*
- *competition*

*in the Australian payments system.*

### 2. Application

2.1 This Standard is determined under Section 18 of the *Payment Systems (Regulation) Act 1998* (the Act).

2.2 This Standard applies to each of the following, each of which is referred to in this Standard as a **Scheme**:

- (a) the payment system operated within Australia known as the MasterCard system which was designated under the Act as a payment system on 12 April 2001 and which is referred to in this Standard as the **MasterCard System**; and
- (b) the payment system operated within Australia known as the VISA system, which was designated under the Act as a payment system on 12 April 2001 and which is referred to in this Standard as the **VISA System**.

2.3 In this Standard:

~~Above Benchmark Reference Period has the meaning given to it in clause 4.2;~~

**Acquired** includes accepted;

**Acquirer** means a participant in a Scheme in Australia that:

- (a) provides services, directly or indirectly, to a Merchant to allow that Merchant to accept a Credit Card of that Scheme; or
- (b) is a Merchant that accepts, or is a Related Body Corporate of a Merchant that accepts, a Credit Card of that Scheme and bears risk as principal in relation to the payment obligations of the Issuer of that Credit Card in relation to that acceptance;

**Associated Entity** has the meaning given by Section 50AAA of the *Corporations Act 2001*;

**Benefit** means:

- (a) a payment, receipt, rebate, refund or allowance;
- (b) in relation to any Property or service received or receivable by a Direct Issuer Participant:
  - (i) where there is a Regular Price for that Property or service, any discount or deduction from that price;

- (ii) where there is not a Regular Price for that Property or service, an amount by which the Fair Value of the Property or service exceeds the payment or other similar financial consideration made or given for it by the Direct Issuer Participant; and
- (c) a benefit (however named or described) of a similar nature to, or having the same effect as, a benefit of the kind specified in (a) or (b) above;

**Card Not Present Transaction** means a Credit Card Transaction, International Card Transaction or International Transaction other than a Card Present Transaction;

**Card Present Transaction** means a Credit Card Transaction, International Card Transaction or International Transaction, in respect of which:

- (a) the holder of the Device and the Device are physically either at the premises of the Merchant or with the Merchant's physical point of sale device at the time of the transaction; and
- (b) the Device is electronically read or recorded by that point of sale device;

**Commencement Date** means 1 July 2017;

**Core Service** means, in relation to a Scheme, a service provided by the administrator of the Scheme in Australia or any of its Associated Entities that meets the requirements in the following paragraphs (a), (b) and (c):

- (a) the service is used by a participant in the Scheme in Australia in relation to Devices of the Scheme that can be used for purchasing goods or services on credit or transactions initiated using those Devices; and
- (b) without the service it would not be possible for a Direct Issuer Participant to be an Issuer or for another entity to be an Issuer through Sponsorship by a Direct Issuer Participant of the Scheme; and
- (c) the service (however named or described) relates to one or more of the following (each a Core Function) and only to one or more Core Functions:
  - (i) the licensing of the Scheme's brands and other intellectual property owned by, or licensed to, the administrator of the Scheme in Australia or any of its Associated Entities, a licence (or sub-licence) of which is required in order to be a participant in the Scheme;
  - (ii) connection to, and/or maintenance of a connection to, the systems to which it is necessary to connect in order to be a participant in the Scheme;
  - (iii) transaction processing (including processing of charge-back transactions);
  - (iv) clearing and settlement (including clearing and settlement of charge-back transactions);
  - (v) authentication;
  - (vi) authorisation;
  - (vii) stand-in processing, clearing and settlement;
  - (viii) fraud prevention; and
  - (ix) handling, investigating and settling disputes, and requests or claims for chargebacks, raised by holders of Devices.

A service will relate only to one or more Core Functions for the purpose of this paragraph (c) even if it involves or includes incidental services necessary to support one or more Core Functions;

~~Credit Card Account means, in relation to a Credit Card of a Scheme, the account that is debited when that Device is used to purchase goods or services on credit;~~

**Credit Card of a Scheme or Credit Card of that Scheme** means, in relation to a Scheme, a Device issued by a participant in the Scheme in Australia under the Rules of the Scheme that can be used for purchasing goods or services on credit;

**Credit Card Transaction** means, in relation to a Scheme, a transaction in that Scheme between a holder of a Credit Card of that Scheme and a Merchant involving the purchase of goods or services using a Credit Card of that Scheme that is Acquired by an Acquirer (but does not include any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction);

**Debit Card Scheme** means each payment system referred to as a 'Scheme' under *Standard No. 2 of 2016 The Setting of Interchange Fees in the Designated Debit and Prepaid Card Schemes and Net Payments to Issuers*;

**Device** means any card, plate or other payment code or device, including a code or device where no physical card or other embodiment is issued and a code or device used or to be used for only one transaction;

**Direct Issuer Participant** means, in relation to a Scheme, a participant in that Scheme in Australia as an Issuer, or as a Sponsor for one or more Issuers, that is not an Indirect Issuer Participant in that Scheme in Australia. Without limitation, ~~for the~~:

(a) for the MasterCard System this means:

- (i) any Principal Customer or Association Customer, each as defined in the Rules of the Scheme, in its capacity as Issuer or as Sponsor for one or more Issuers; ~~or~~
- (ii) any Affiliate Customer as defined in the Rules of the Scheme in its capacity as Issuer, excluding an Indirect Issuer Participant in that Scheme in Australia; or

(b) for the VISA System this means:

- (i) any Principal-Type Member as defined in the Rules of the Scheme in its capacity as Issuer or as Sponsor for one or more Issuers;
- (ii) any Participant-Type Member or Associate-Type Member, each as defined in the Rules of the Scheme, in its capacity as Issuer, excluding an Indirect Issuer Participant in that Scheme in Australia;

**Direct Issuer Participant Payments** has the meaning given to it in clause 5.2;

**Direct Issuer Participant Receipts** has the meaning given to it in clause 5.2;

**Fair Value** means, in relation to any Property or service:

- (a) subject to paragraph (b), the amount that would be paid to acquire the Property or service in an orderly transaction between independent, unrelated and well informed parties at the earlier of:
  - (i) the date the Property or service was first provided; and
  - (ii) the date the Property or service was committed to be provided,to the Direct Issuer Participant or Acquirer (as applicable); but
- (b) if at any subsequent time the amount that would be paid to acquire the Property or service in an orderly transaction between independent, unrelated and well informed parties (**Revised Value**) is materially different from the amount determined in accordance with

paragraph (a) (or, if any adjustment is made in accordance with this paragraph (b), the most recent such adjustment), the Fair Value may be adjusted to that Revised Value provided:

- (i) use of that Revised Value as Fair Value is fair and reasonable and consistent with the objective of this Standard; and
- (ii) the Fair Value may be adjusted to a Revised Value no more than once in a Reporting Period;

**Incentive Test:** a Benefit meets the **Incentive Test** in relation to a Scheme if it is given for a purpose of, or has or will likely have the effect of, any one or more of the following:

- (a) incentivising the entry into of a contract relating to the issue of Credit Cards of the Scheme;
- (b) promoting or incentivising the issuance or use of Credit Cards of the Scheme; or
- (c) providing or funding incentives to holders of Credit Cards of the Scheme to use those cards.

Benefits that meet the Incentive Test in relation to a Scheme include lump-sum, volume based and transaction-specific Benefits such as:

- (i) incentives to market Credit Cards of the Scheme; and
- (ii) any of the following earned, accrued or receivable by a Direct Issuer Participant for agreeing to issue Credit Cards of the Scheme or for Credit Card Transactions [or International Transactions](#) undertaken in the Scheme meeting or exceeding a specific transaction volume, percentage share or dollar amount of transactions processed:
  - (A) a rebate on any fees or other costs or charges, whether for a Core Service or for any other product or service;
  - (B) a discount from the Regular Price of any Property or service, whether the Property or service is related to Credit Cards of the Scheme or not;

**Indirect Issuer Participant** means, in relation to a Scheme, a participant in that Scheme in Australia as an Issuer that participates in the Scheme in Australia as Issuer through the Sponsorship of another participant in that Scheme [in Australia](#). Without limitation, for the:

- (a) MasterCard System this means any Affiliate Customer as defined in the Rules of the Scheme in its capacity as Issuer; or
- (b) VISA System this means any Participant-Type Member or Associate-Type Member, each as defined in the Rules of the Scheme, in its capacity as Issuer~~;~~

[but in each case, only where that Issuer participates as Issuer through the Sponsorship of another participant of that Scheme in Australia;](#)

**Initial Reporting Period** means, in relation to a New Issuer, the period commencing on the first date on which any Direct Issuer Participant Payments or Direct Issuer Participant Receipts were paid, became payable, were earned or accrued, or became receivable by or to the New Issuer (as applicable) and ending on the last day of the first full Reporting Period following Public Launch by that New Issuer;

**Interchange Fee Category** ~~has the meaning given to it in clause 4.1(b);~~ [means a category of Credit Card Transactions in relation to which a particular Interchange Fee applies, which may be:](#)

- [\(a\) determined by reference to the nature of the holder, or type, of the Credit Card of the Scheme, the identity or nature of the Merchant, the means of effecting the transaction, the security or authentication that applies or any other matter; or](#)
- [\(b\) a residual category covering transactions not in any other category;](#)

**Interchange Fees** means, in relation to a Scheme, wholesale fees, known as interchange fees, which are payable between an Issuer and an Acquirer, directly or indirectly, in relation to Credit Card Transactions in the Scheme;

**International Card Transaction** means, in relation to a Scheme, a transaction in that Scheme that:

- (a) is between a holder of a Device issued by an International Issuer and a merchant in Australia;
- (b) involves the purchase of goods or services; and
- (c) is Acquired by an Acquirer,

but does not include any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction;

**International Interchange Fees** means, in relation to a Scheme, wholesale fees, known as interchange fees, which are payable between an International Issuer and an Acquirer, directly or indirectly, in relation to International Card Transactions in the Scheme;

**International Interchange Fee Category** means a category of International Card Transactions in relation to which a particular International Interchange Fee applies, which may be:

- (a) determined by reference to the nature of the holder or type of the Device, the identity or nature of the merchant, the means of effecting the transaction, the security or authentication that applies or any other matters; or
- (b) a residual category covering transactions not in any other category;

**International Issuer** means ~~a participant~~ an entity that participates in a Scheme and that has a contractual relationship with its customers under which it issues Devices of the Scheme to those customers or their nominees but that is not an Issuer;

**International Multilateral Interchange Fee** means, in relation to a Scheme, an International Interchange Fee that is determined by an administrator of the Scheme or any of its Associated Entities and applies regardless of the identity of the Acquirer or International Issuer paying or receiving the International Interchange Fee;

**International Transaction** means, in relation to a Scheme, a transaction in that Scheme that:

- (a) is between the holder of a Credit Card of that Scheme and a merchant not in Australia;
- (b) involves the purchase of goods or services using a Credit Card of that Scheme; and
- (c) is Acquired by a person other than an Acquirer,

but does not include any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction;

**Issuer** means a participant in a Scheme in Australia that has a contractual relationship with its customers under which it issues Credit Cards of a Scheme to those customers or their nominees;

**Merchant** means, in relation to a Scheme, a merchant in Australia that accepts a Credit Card of that Scheme for payment for goods or services;

**Mobile Wallet** means a software application or service that enables a customer to store network-tokenised versions of their Devices issued by an Issuer or an International Issuer on their smartphone or other smart device, and to use those network tokens to make electronic payments either in person via near-field communication (NFC) or online via the application or service;

**Multilateral Interchange Fee** means, in relation to a Scheme, an Interchange Fee that is determined by an administrator of the Scheme and applies regardless of the identity of the Acquirer or Issuer paying or receiving the Interchange Fee;

**Net Compensation** has the meaning given to it in clause 5.1;

**New Issuer** means a Direct Issuer Participant in a Scheme that has not, before commencing the issue of any Cards of that Scheme, issued in Australia any Devices of any other Scheme or any Debit Card Scheme;

**Property** means any property including any good and any proprietary right or interest;

**Public Launch** in relation to a New Issuer, occurs when the New Issuer begins offering to issue Credit Cards of a Scheme to its intended customer base and will not be taken to have occurred when a New Issuer has only issued Credit Cards of that Scheme to its staff or a select group of its customers or other persons as part of a trial or test phase;

**Property** means any property including any good and any proprietary right or interest;

**Quarter** means a 3 month period ending on 30 June, 30 September, 31 December or 31 March;

~~**Reference Period** means a 12 month period ending on the last day of a Quarter;~~

**Rebate** means a Rebate (Acquirer) or a Rebate (Issuer);

**Rebate (Acquirer)** in relation to a Scheme and a Quarter means so much of any of the following in relation to the Scheme that are earned or accrued during, or receivable in respect of, the Quarter by an Acquirer and payable, allowable or otherwise to be provided, directly or indirectly, by the administrator of a Scheme in Australia or any of its Associated Entities to an Acquirer (in its capacity as an Acquirer):

- (a) a payment, receipt, rebate, refund or allowance;
- (b) in relation to any Property or service received or receivable by an Acquirer:
  - (i) where there is a market price for that Property or service, any discount or deduction from that price;
  - (ii) where there is not a market price for that Property or service, an amount by which the Fair Value of the Property or service exceeds the payment or other similar financial consideration made or given for it by the Acquirer; and
- (c) a benefit (however named or described) of a similar nature to, or having the same effect as, a benefit of the kind specified in (a) or (b) above;

**Rebate (Issuer)** in relation to a Scheme and a Quarter means so much of the Direct Issuer Participant Receipts; as are earned or accrued during, or receivable in respect of, that Quarter of the relevant Reporting Period by Direct Issuer Participants and payable, allowable or otherwise to be provided, directly or indirectly, by the administrator of the Scheme in Australia or any of its Associated Entities but, if such an Associated Entity is an Acquirer, excluding Interchange Fees;

**Regular Price** means, in relation to Property or a service, a supplier and a Direct Issuer Participant at any time, the price at which the supplier is regularly supplying Property or services of the same description to entities of a class, group or type that includes the Direct Issuer Participant at that time;

**Related Body Corporate** has the meaning given in the *Corporations Act 2001*;

**Relevant Portion** has the meaning given to it in clause 5.2;

**Reporting Period** means a 12 month period ending 30 June;

**Required Information** has the meaning set out in clauses 6.9, 6.11 and 6.13;

**Rules of a Scheme** or **Rules of the Scheme** means the constitution, rules, by-laws, procedures and instruments of the relevant Scheme as applied in Australia, and any other arrangement relating

to the Scheme by which participants in that Scheme in Australia are, or consider themselves to be, bound;

**Scheme Fees** means Scheme Fees (Acquirer) or Scheme Fees (Issuer);

**Scheme Fees (Acquirer)** means, in relation to a Scheme, fees, which are paid or payable, directly or indirectly, by an Acquirer (in its capacity as an Acquirer) to or in favour of the administrator of the Scheme in Australia or any of its Associated Entities in relation to any service provided by the administrator of the Scheme in Australia or any of its Associated Entities where the service is used in relation to Devices of that Scheme, Credit Card Transactions or International Card Transactions in the Scheme, but if such an Associated Entity is an Issuer or International Issuer, excluding Interchange Fees and International Interchange Fees;

**Scheme Fees (Issuer)** means, in relation to a Scheme, fees, which are paid or payable, directly or indirectly, by an Issuer (in its capacity as an Issuer) to or in favour of the administrator of the Scheme in Australia or any of its Associated Entities in relation to any service provided by the administrator of the Scheme in Australia or any of its Associated Entities where the service is used in relation to Devices of that Scheme, Credit Card Transactions or International Transactions in the Scheme;

**Sponsor** means a participant in a Scheme in Australia who has accepted responsibility in whole or in part for, or to act as agent for, another entity under and in accordance with the Rules of the Scheme so that the other entity may participate in the Scheme and **Sponsorship** has a corresponding meaning;

**Transaction Category** means each type of transaction at clause 6.10 (a)(i) to (v), clause 6.10(b)(i) to (v), clause 6.12 (a)(i) to (v) and clause 6.12(b)(i) to (v);

**Transaction Type** means each of:

- (i) Credit Card Transactions;
- (ii) International Card Transactions; and
- (iii) International Transactions;

**include** or **including** or **such as** when introducing an example do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and

terms defined in the Act have the same meaning in this Standard.

2.4 For the purposes of this Standard:

- (a) a provision of a plan, arrangement or agreement shall be deemed to have a particular purpose if the provision was included in the plan, arrangement or agreement by a party or parties for purposes that include that purpose and that purpose was a substantial purpose; and
- (b) conduct including the payment or receipt of a fee or the giving of a benefit or other valuable consideration shall be deemed to have been made for a particular purpose if the person undertaking the conduct, payment or receipt did so for purposes that include that purpose and that purpose was a substantial purpose.

2.5 Each participant in a Scheme must do all things necessary on its part to ensure compliance with this Standard.

2.6 If any part of this Standard is invalid, this Standard is ineffective only to the extent of such part without invalidating the remaining parts of this Standard.

2.7 This Standard is to be interpreted:



- (a) in accordance with its objective; and
  - (b) by looking beyond form to substance.
- 2.8 For the purposes of this Standard, an Interchange Fee or International Interchange Fee paid ~~from~~or payable by an Acquirer ~~to an Issuer~~ is to be expressed as a positive number and an Interchange Fee or International Interchange Fee paid ~~from an Issuer~~or payable to an Acquirer is to be expressed as a negative number.
- ~~2.9 On the Commencement Date this Standard replaces Standard No. 1, The Setting of Wholesale (Interchange) Fees in the Designated Credit Card Schemes relating to each of the VISA System and MasterCard System. Neither the registration nor the terms of this Standard affect that standard before the Commencement Date.~~

### 3. Anti-Avoidance

A participant in a Scheme must not, either alone or together with one or more other persons, enter into, begin to carry out or carry out a plan or arrangement or otherwise be knowingly involved in a plan or arrangement if it would be concluded that the person did so for a purpose of avoiding the application of this Standard, and the plan or arrangement or part of the plan or arrangement has achieved or would but for this provision have achieved or could reasonably be considered to have achieved that purpose.

### 4. Interchange Fees and International Interchange Fees

- 4.1 (a) An Interchange Fee (exclusive of goods and services tax) in relation to a Credit Card Transaction must not exceed ~~0.800~~0.300 per cent of the value of the Credit Card Transaction to which it relates.
- (b) An International Interchange Fee (exclusive of goods and services tax) paid or payable by an Acquirer in relation to an International Card Transaction must not exceed the following percentage of the value of the International Card Transaction to which it relates:
- (i) for Card Present Transactions, 0.400 per cent;
  - (ii) for Card Not Present Transactions, 1.500 per cent.
- ~~(b)~~ If an Interchange Fee or International Interchange Fee applies in relation to a category of Credit Card Transactions ~~(whether that category is determined by reference to the nature of the holder, or type, of the Credit Card of the Scheme, the identity or nature of the Merchant, the means of effecting the transaction, the security or authentication that applies or any other matter, or is a residual category covering transactions not in any other category)~~ (Interchange Fee Category) or International Card Transactions, that Interchange Fee or International Interchange Fee must be:
- (i) a percentage of the value of the Credit Card Transaction or International Card Transaction to which it relates; or
  - (ii) a fixed amount,
- applying to all Credit Card Transactions or International Card Transactions in the category, and cannot be expressed as a range of rates or amounts.
- ~~4.2 If the total value of Interchange Fees (exclusive of goods and services tax) payable in relation to Credit Card Transactions undertaken in a Scheme during a Reference Period exceeds 0.500 per cent of the total value of those Credit Card Transactions:~~
- ~~(a) that Reference Period will be an Above Benchmark Reference Period; and~~

~~(b) the participants in that Scheme must take all necessary steps to vary the rates or amounts of Interchange Fees applicable under that Scheme, with effect no later than 2 months and 1 day after the end of the Above Benchmark Reference Period, to rates or amounts such that, had those varied rates or amounts applied under the Scheme during that Above Benchmark Reference Period, that Reference Period would not have been an Above Benchmark Reference Period.~~

~~4.3 If at any time any Interchange Fee applicable under a Scheme is introduced or removed, or the rate or amount of any Interchange Fee under a Scheme is varied, the Interchange Fees applicable under that Scheme following that change must be such that, had they applied for the whole of the most recent Reference Period prior to the date of the change, that Reference Period would not have been an Above Benchmark Reference Period. Nothing in this clause 4.3 limits clause 4.2.~~

## 5. Net Payments to Direct Issuer Participants

5.1 Subject to clause 6.5, no Direct Issuer Participant in a Scheme may receive, directly or indirectly, Net Compensation in relation to Credit Card Transactions [or International Transactions](#) undertaken in that Scheme. **Net Compensation** is received by a Direct Issuer Participant if the Direct Issuer Participant Receipts of the Direct Issuer Participant for that Scheme in respect of a Reporting Period exceed the Direct Issuer Participant Payments of the Direct Issuer Participant for that Scheme in respect of that Reporting Period.

5.2 For the purpose of this clause 5:

- (a) subject to paragraphs (c), (d), (e), (f) and (g), **Direct Issuer Participant Receipts** of the Direct Issuer Participant for a Scheme and a Reporting Period is the total of the Benefits that meet the Incentive Test in relation to the Scheme that are earned or accrued during, or receivable in respect of, the Reporting Period by the Direct Issuer Participant and payable, allowable or otherwise to be provided, directly or indirectly, by the administrator of the Scheme in Australia or any of its Associated Entities but, if such an Associated Entity is an Acquirer, excluding Interchange Fees;
  - (b) subject to paragraphs (c), (d), (e), (f) and (g), **Direct Issuer Participant Payments** of the Direct Issuer Participant for a Scheme and a Reporting Period is the total amount paid or payable, directly or indirectly, by the Direct Issuer Participant to or in favour of the administrator of the Scheme in Australia or any of its Associated Entities in relation to Core Services provided during or in respect of the Reporting Period for Credit Cards of the Scheme or Credit Card Transactions [or its International Transactions](#) undertaken in the Scheme;
  - (c) if a Benefit referred to in paragraph (a) or (b) does not relate solely to Credit Cards of the Scheme or Credit Card Transactions [or its International Transactions](#) undertaken in the Scheme and also relates to other Devices or other transactions:
    - (i) the Benefit must be apportioned between:
      - (A) the Credit Cards of the Scheme and Credit Card Transactions [and International Transactions](#) on the one hand; and
      - (B) the other Devices and other transactions on the other,
- fairly and reasonably, having regard to, where relevant, the transaction history on Devices used in the payment systems to which the Benefit relates and the proportion of the Devices to which the Benefit relates that are Credit Cards of the Scheme issued by the Direct Issuer Participant or by any Indirect Issuer Participant through Sponsorship by that Direct Issuer Participant; and

- (ii) the portion referable to Credit Cards of the Scheme and Credit Card Transactions [and International Transactions](#) determined in accordance with sub-paragraph (i) (the **Relevant Portion**) must be included in the determination of Direct Issuer Participant Receipts or Direct Issuer Participant Payments, as applicable;
- (d) one method of apportionment under clause 5.2(c) that will be fair and reasonable for the purpose of that provision is an apportionment on a pro-rata basis, based on the value of Credit Card Transactions [and International Transactions](#) undertaken in the Scheme using Credit Cards of the Scheme during the Reporting Period as a proportion of the total value of the transactions undertaken in any payment system to which the Benefit relates during the Reporting Period. This does not preclude an apportionment in another way that meets the requirements of clause 5.2(c);
- (e) where a Benefit referred to in paragraph (a), (b) or (c) relates to a period that spans more than one Reporting Period, the Benefit or, in the case of a Benefit referred to in paragraph (c), the Relevant Portion of the Benefit, may be allocated among Reporting Periods, in which case the allocation must:
  - (i) be on a pro-rata basis based on the number of months in each relevant Reporting Period to which the Benefit relates if an allocation on that basis would fairly and reasonably align the Benefit to the activity to which the Benefit relates; or
  - (ii) otherwise on some other basis that fairly and reasonably aligns the allocation of the Benefit to the activity to which the Benefit relates,
 in each case provided that:
  - (iii) no part of it is allocated to any Reporting Period the whole of which occurs before the term of the contract or arrangement under which the Benefit is payable, receivable or allowable has commenced;
  - (iv) no part of it is allocated to any Reporting Period the whole of which occurs after the term of the contract or arrangement under which the Benefit is payable, receivable or allowable has ended; and
  - (v) it may not be allocated among more than 10 consecutive Reporting Periods;
- (f) a Direct Issuer Participant who adopts a particular method permitted by clause 5.2 of this Standard of:
  - (i) determining whether and to what extent:
    - (A) Benefits are earned or accrued during, or are receivable in respect of, a Reporting Period for the purposes of paragraph 5.2(a); or
    - (B) Core Services are provided during or in respect of a Reporting Period for the purposes of paragraph 5.2(b); or
  - (ii) allocating or apportioning Benefits for the purpose of paragraph (c), (d) or (e),
 must, unless the Reserve Bank of Australia otherwise agrees in writing, continue to use the same method consistently from one Reporting Period to the next; and
- (g) for the purpose of this clause 5, a Direct Issuer Participant must ensure that:
  - (i) a Benefit paid, allowed or otherwise provided, directly or indirectly, by the administrator of the Scheme in Australia or any of its Associated Entities that meets the Incentive Test is included as a Direct Issuer Participant Receipt in the calculation of Net Compensation in respect of a Reporting Period; and

- (ii) an amount treated as a Direct Issuer Participant Payment in the calculation of Net Compensation in respect of a Reporting Period is not included as a Direct Issuer Participant Payment in the calculation of Net Compensation for any other Reporting Period.

## 6. Reporting and Transparency

6.1 An administrator of a Scheme in Australia or a representative of the participants in the Scheme in Australia must publish on the Scheme's website:

- (a) the Multilateral Interchange Fee rates or amounts (whichever is applicable) of the Scheme in Australia, including the rates or amounts for each Interchange Fee Category; and
- (b) the International Multilateral Interchange Fee rates or amounts (whichever is applicable) of the Scheme, including the rates or amounts for each International Interchange Fee Category.

6.2 Each:

- (a) Acquirer; and
- (b) Issuer that is a Direct Issuer Participant,

that is a party to an agreement with one or more other participants in a Scheme to pay or receive Interchange Fees in relation to Credit Card Transactions in the Scheme that are not Multilateral Interchange Fees must report to the Reserve Bank of Australia by 31 July each year the range of Interchange Fee rates or amounts (whichever is applicable) it received or paid in respect of the most recent Reporting Period. The Reserve Bank of Australia may publish the reported range of these Interchange Fees for the Scheme on its website.

6.2A Each Acquirer that is a party to an agreement with one or more International Issuers to pay International Interchange Fees in relation to International Card Transactions in the Scheme that are not International Multilateral Interchange Fees must report to the Reserve Bank of Australia by 31 July each year the range of International Interchange Fee rates or amounts (whichever is applicable) it paid in respect of the most recent Reporting Period. The Reserve Bank of Australia may publish the reported range of these International Interchange Fees for the Scheme on its website.

6.3 An administrator of a Scheme in Australia or a representative of the participants in the Scheme in Australia must on or before 31 July each year certify in writing to the Reserve Bank of Australia in respect of the most recent Reporting Period, that Interchange Fees of the Scheme in Australia and the International Interchange Fees of the Scheme paid or payable by an Acquirer were during that Reporting Period in compliance with this Standard.

6.4 Subject to clause 6.5, each of an administrator of a Scheme in Australia and each Direct Issuer Participant in the Scheme in Australia must on or before 31 July each year certify in writing to the Reserve Bank of Australia that it was, in respect of the most recent Reporting Period, in compliance with clause 5.

6.5 Where a Direct Issuer Participant in a Scheme is a New Issuer, each of the administrator of the Scheme in Australia and the New Issuer will be taken to have complied with its obligations under clause 5 and clause 6.4 in respect of the period prior to and including the Initial Reporting Period if it:

- (a) complies with clause 5 as if each reference to 'Reporting Period' is read as a reference to the Initial Reporting Period; and

- (b) certifies in writing to the Reserve Bank of Australia that it was, in respect of the Initial Reporting Period, in compliance with clause 5 read as specified in clause 6.5(a) and provides such certification on or before 31 July in the year that the Initial Reporting Period ends.

6.6 An administrator of a Scheme in Australia or a representative of the participants of the Scheme in Australia must, not later than 30 days after the end of each Quarter, certify in writing to the Reserve Bank of Australia each of the following for that Quarter for the Scheme:

- (a) the total value of Credit Card Transactions undertaken in the Scheme in that Quarter;
- (b) the number of Credit Card Transactions undertaken in the Scheme in that Quarter;
- (c) the total value of all Interchange Fees (exclusive of goods and services tax) payable in respect of the Credit Card Transactions undertaken in the Scheme during that Quarter;
- (d) the total value of Interchange Fees (exclusive of goods and services tax) payable in respect of Credit Card Transactions undertaken in the Scheme during the Quarter divided by the total value of the Credit Card Transactions undertaken in the Scheme during the Quarter; and
- (e) each Interchange Fee Category that applied for some or all of the Quarter and, for each of those categories:
  - (i) the Interchange Fee rates or amounts (whichever is applicable) that applied during the Quarter (expressed as a percentage or an amount, not as a range); and
  - (ii) the total value of Interchange Fees (exclusive of goods and services tax) payable in respect of that Quarter that are referable to Credit Card Transactions undertaken in the Scheme in that Quarter in that category.

6.7 An administrator of a Scheme in Australia or a representative of the participants of the Scheme in Australia must, not later than 30 days after the end of each Quarter, certify in writing to the Reserve Bank of Australia each of the following for that Quarter for the Scheme:

- (a) the total value of International Card Transactions undertaken in the Scheme in that Quarter;
- (b) the number of International Card Transactions undertaken in the Scheme in that Quarter;
- (c) the total value of all International Interchange Fees (exclusive of goods and services tax) payable in respect of the International Card Transactions undertaken in the Scheme during that Quarter;
- (d) the total value of International Interchange Fees (exclusive of goods and services tax) payable in respect of International Card Transactions undertaken in the Scheme during the Quarter divided by the total value of the International Card Transactions undertaken in the Scheme during the Quarter; and
- (e) each International Interchange Fee Category that applied for some or all of the Quarter and, for each of those categories:
  - (i) the International Interchange Fee rates or amounts (whichever is applicable) that applied during the Quarter (expressed as a percentage or an amount, not as a range); and
  - (ii) the total value of International Interchange Fees (exclusive of goods and services tax) payable in respect of that Quarter that are referable to International Card Transactions undertaken in the Scheme in that Quarter in that category,

in each case, divided into Card Present Transactions and Card Not Present Transactions;

6.8 An administrator of a Scheme in Australia or a representative of the participants in the Scheme in Australia must, not later than 30 days after the end of each Quarter, give to the Reserve Bank of

Australia and publish on the Scheme's website, in accordance with the form of the table in Schedule 1, the Required Information in respect of:

(a) Credit Card Transactions undertaken in the Scheme in that Quarter divided into:

- (i) all Credit Card Transactions;
- (ii) all Card Present Transactions;
- (iii) Card Present Transactions made using a Mobile Wallet;
- (iv) all Card Not Present Transactions;
- (v) Card Not Present Transactions made using a Mobile Wallet.

(b) International Card Transactions undertaken in the Scheme in that Quarter divided into:

- (i) all International Card Transactions;
- (ii) all Card Present Transactions;
- (iii) Card Present Transactions made using a Mobile Wallet;
- (iv) all Card Not Present Transactions; and
- (v) Card Not Present Transactions made using a Mobile Wallet.

6.9 For the purposes of clause 6.8, the Required Information is:

- (a) the total value, expressed in thousands of Australian dollars, of all Interchange Fees or International Interchange Fees (exclusive of goods and services tax) payable in respect of those transactions;
- (b) the total value, expressed in thousands of Australian dollars, of those transactions;
- (c) the total number, expressed in thousands of transactions, of those transactions; and
- (d) the Quarter and year to which the information relates.

6.10 An administrator of a Scheme in Australia or a representative of the participants in the Scheme in Australia must, not later than 30 days after the end of each Quarter, give to the Reserve Bank of Australia and publish on its website, in accordance with the form of the table in Schedule 2, the Required Information in respect of:

(a) Credit Card Transactions undertaken in the Scheme in that Quarter divided into:

- (i) all Credit Card Transactions;
- (ii) all Card Present Transactions;
- (iii) Card Present Transactions made using a Mobile Wallet;
- (iv) all Card Not Present Transactions;
- (v) Card Not Present Transactions made using a Mobile Wallet; and

(b) all International Card Transactions undertaken in the Scheme in that Quarter divided into:

- (i) all International Card Transactions;
- (ii) all Card Present Transactions;
- (iii) Card Present Transactions made using a Mobile Wallet;
- (iv) all Card Not Present Transactions;
- (v) Card Not Present Transactions made using a Mobile Wallet.

6.11 For the purposes of clause 6.10, the Required Information is:

- (a) the total value, expressed in thousands of Australian dollars, of all Scheme Fees (Acquirer) (exclusive of goods and services tax) payable in relation to those transactions;
- (b) for the categories in clause 6.10(a)(i) and (b)(i) only, the total value, expressed in thousands of Australian dollars of all Rebates (Acquirer) (exclusive of goods and services tax) in relation to those transactions;
- (c) the total value, expressed in thousands of Australian dollars, of those transactions;
- (d) the total number, expressed in thousands of transactions, of those transactions; and
- (e) the Quarter and year to which the information relates.

6.12 An administrator of a Scheme in Australia or a representative of the participants in the Scheme in Australia must, not later than 30 days after the end of each Quarter, give to the Reserve Bank of Australia and publish on its website, in accordance with the form of the table in Schedule 3, the Required Information in respect of:

- (a) Credit Card Transactions undertaken in the Scheme in that Quarter divided into:
  - (i) all Credit Card Transactions;
  - (ii) all Card Present Transactions;
  - (iii) Card Present Transactions made using a Mobile Wallet;
  - (iv) all Card Not Present Transactions;
  - (v) Card Not Present Transactions made using a Mobile Wallet; and
- (b) all International Transactions undertaken in that Scheme in that Quarter divided into:
  - (i) all International Transactions;
  - (ii) all Card Present Transactions;
  - (iii) Card Present Transactions made using a Mobile Wallet;
  - (iv) all Card Not Present Transactions;
  - (v) Card Not Present Transactions made using a Mobile Wallet.

6.13 For the purposes of clause 6.12, the Required Information is:

- (a) the total value, expressed in thousands of Australian dollars, of all Scheme Fees (Issuer) (exclusive of goods and services tax) payable in relation to those transactions;
- (b) for the categories in clause 6.12(a)(i) and (b)(i) only, the total value, expressed in thousands of Australian dollars of all Rebates (Issuer) (exclusive of goods and services tax) in relation to those transactions;
- (c) the total value, expressed in thousands of Australian dollars, of those transactions;
- (d) the total number, expressed in thousands of transactions, of those transactions; and
- (e) the Quarter and year to which the information relates.

6.14 For the purposes of clauses 6.11(a) and (b) and 6.13 (a) and (b):

- (a) if a Rebate or Scheme Fee does not relate solely to Devices of the Scheme, or Credit Card Transactions, International Card Transactions or International Transactions undertaken in the Scheme, and also relates to other Devices or other transactions, the Rebate or Scheme Fee must be apportioned between:



- (i) the Devices of the Scheme and Credit Card Transactions, International Card Transactions or International Transactions (as the case may be) on the one hand; and
- (ii) the other Devices and other transactions on the other,

fairly and reasonably, having regard to, where relevant, the transaction history on Devices used in the payment systems to which the Rebate or Scheme Fee relates and the proportion of the Devices to which the Rebate or Scheme Fee relates that are Devices of the Scheme ;

- (b) one method of apportionment under paragraph (a) that will be fair and reasonable for the purpose of that provision is an apportionment on a pro-rata basis, based on the value of Credit Card Transactions, International Transactions or International Card Transactions undertaken in the Scheme during the Quarter as a proportion of the total value of the transactions undertaken in any payment system to which the Rebate or Scheme Fee relates during the Quarter. This does not preclude an apportionment in another way that meets the requirements of paragraph (a);
- (c) if a Rebate or Scheme Fee does not solely relate to or is not referable to a particular Transaction Category, the Rebate or Scheme Fee must be apportioned across Transaction Categories based on the value of transactions in that Quarter of that Transaction Category as a proportion of the total value of all Credit Card Transactions, International Card Transactions and International Transactions undertaken in the Scheme in that Quarter;
- (d) where a Rebate or Scheme Fee referred to above relates to a period that spans more than one Quarter, the Rebate or Scheme Fee or, in the case of a Rebate or Scheme Fee referred to in paragraph (a), the relevant portion of the Rebate or Scheme Fee, may be allocated among Quarters, in which case the allocation must:
  - (i) be on a pro-rata basis based on the number of months in each relevant Quarter to which the Rebate or Scheme Fee relates if an allocation on that basis would fairly and reasonably align the Rebate or Scheme Fee to the activity to which the Rebate or Scheme Fee relates; or
  - (ii) otherwise on some other basis that fairly and reasonably aligns the allocation of the Rebate to the activity to which the Rebate or Scheme Fee relates,

in each case provided that:

- (iii) no part of it is allocated to any Quarter the whole of which occurs before the term of the contract or arrangement under which the Rebate or Scheme Fee is payable, receivable or allowable has commenced;
- (iv) no part of it is allocated to any Quarter the whole of which occurs after the term of the contract or arrangement under which the Rebate or Scheme Fee is payable, receivable or allowable has ended; and
- (v) it may not be allocated among more than 40 consecutive Quarters;
- (e) where a particular method permitted above has been adopted of:
  - (i) determining whether and to what extent Rebates or Scheme Fees are earned or accrued during, or are receivable in respect of, a Quarter; or
  - (ii) allocating or apportioning Rebates or Scheme Fees for the purpose of paragraph (a), (b) or (c),

that method must, unless the Reserve Bank of Australia otherwise agrees in writing, continue to be used consistently from one Quarter to the next.

6.15 All information that an administrator of a Scheme has published pursuant to clauses 6.8, 6.10 and 6.12, other than the information most recently published in respect of a Quarter, must be displayed on a separate page of the website, and a link to that page must be displayed in a location that is easily accessible.

## **7. Commencement and Implementation**

7.1 This Standard came into force on the Commencement Date, but certain provisions in it had a transitional application as set out in clause 7 of this Standard as at the Commencement Date.

7.2 ~~On~~Subject to clauses 7.3, 7.4 and 7.5 on and from 1 ~~January 2022~~July 2026 each participant in a Scheme must comply with this Standard as varied with effect from that date.

7.3 Clauses 5.1, 6.3, 6.4 and 6.5 of this Standard as varied with effect from 1 July 2026 must be complied with for the Reporting Period ending 30 June 2027 and all subsequent Reporting Periods. For the Reporting Period ending 30 June 2026, clauses 5.1, 6.3, 6.4 and 6.5 must be complied with as they were in effect as at 30 June 2026.

7.4 Clause 6.2A of this Standard as varied with effect from 1 July 2026 does not apply to the Reporting Period ending 30 June 2026 or any previous Reporting Period.

7.5 Clauses 6.8, 6.10 and 6.12 of this Standard as varied with effect from 1 July 2026 must be complied with in respect of each of the Quarters ending 30 September 2025, 31 December 2025, 31 March 2026 and the Quarter ending 30 June 2026 no later than 30 July 2026.

## Schedule 1

*[insert Quarter and year]*

<u>Credit Card Transactions</u>	<u>Interchange fees</u>	<u>Transactions</u>	
	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Number ('000)</u>
<u>Credit</u>	<u>[Insert value in accordance with cl 6.8(a)(i) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8 (a)(i) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(i) and cl 6.9(c)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.8(a)(ii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8 (a)(ii) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8 (a)(ii) and cl 6.9(c)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.8 (a)(iii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8 (a)(iii) and cl 6.9(b)]</u>	<u>- [Insert value in accordance with cl 6.8 (a)(iii) and cl 6.9(c)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.8 (a)(iv) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8 (a)(iv) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8 (a)(iv) and cl 6.9(c)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.8 (a)(v) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8 (a)(v) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8 (a)(v) and cl 6.9(c)]</u>
<u>International Card Transactions</u>			
<u>Credit</u>	<u>[Insert value in accordance with cl 6.8 (b)(i) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8 (b)(i) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8 (b)(i) and cl 6.9(c)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.8 (b)(ii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8 (b)(ii) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8 (b)(ii) and cl 6.9(c)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.8 (b)(iii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(iii) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(iii) and cl 6.9(c)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.8 (b)(iv) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8 (b)(iv) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8 (b)(iv) and cl 6.9(c)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.8 (b)(v) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(v) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(v) and cl 6.9(c)]</u>

## Schedule 2

[insert Quarter and year]

<u>Credit Card Transactions</u>	<u>A. Gross scheme fees from acquirers</u>	<u>B. Rebates provided to acquirers</u>	<u>C. Transactions</u>	
	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Number ('000)</u>
<u>Credit</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(d)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.10(a)(ii) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(a)(ii) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(a)(ii) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(ii) and cl 6.11(d)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.10(a)(iii) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iii) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iii) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iii) and cl 6.11(d)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.10(a)(iv) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iv) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iv) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iv) and cl 6.11(d)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.10(a)(v) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(a)(v) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(a)(v) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(v) and cl 6.11(d)]</u>
<u>International Card Transactions</u>				
<u>Credit</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(d)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.10(b)(ii) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(b)(ii) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(b)(ii) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(ii) and cl 6.11(d)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.10(b)(iii) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(b)(iii) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(b)(iii) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(iii) and cl 6.11(d)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.10(b)(iv) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(b)(iv) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(b)(iv) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(iv) and cl 6.11(d)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.10(b)(v) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(b)(v) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(b)(v) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(v) and cl 6.11(d)]</u>

### Schedule 3

[insert Quarter and year]

<b>Credit Card Transactions</b>	<b>A. Gross scheme fees from issuers</b>	<b>B. Rebates provided to issuers</b>	<b>C. Transactions</b>	
	Value (A\$'000)	Value (A\$'000)	Value (A\$'000)	Number ('000)
<u>Credit</u>	[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(a)]	[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(b)]	[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(c)]	[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(d)]
<u>Card present</u>	[Insert value in accordance with cl 6.12(a)(ii) and cl 6.13(a)]	[Insert value in accordance with cl 6.12(a)(ii) and cl 6.13(b)]	[Insert value in accordance with cl 6.12(a)(ii) and cl 6.13(c)]	[Insert value in accordance with cl 6.12(a)(ii) and cl 6.13(d)]
<u>of which: Mobile wallets</u>	[Insert value in accordance with cl 6.12(a)(iii) and cl 6.13(a)]	[Insert value in accordance with cl 6.12(a)(iii) and cl 6.13(b)]	[Insert value in accordance with cl 6.12(a)(iii) and cl 6.13(c)]	[Insert value in accordance with cl 6.12(a)(iii) and cl 6.13(d)]
<u>Card not present</u>	[Insert value in accordance with cl 6.12(a)(iv) and cl 6.13(a)]	[Insert value in accordance with cl 6.12(a)(iv) and cl 6.13(b)]	[Insert value in accordance with cl 6.12(a)(iv) and cl 6.13(c)]	[Insert value in accordance with cl 6.12(a)(iv) and cl 6.13(d)]
<u>of which: Mobile wallets</u>	[Insert value in accordance with cl 6.12(a)(v) and cl 6.13(a)]	[Insert value in accordance with cl 6.12(a)(v) and cl 6.13(b)]	[Insert value in accordance with cl 6.12(a)(v) and cl 6.13(c)]	[Insert value in accordance with cl 6.12(a)(v) and cl 6.13(d)]
<b>International Transactions</b>				
<u>Credit</u>	[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(a)]	[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(b)]	[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(c)]	[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(d)]
<u>Card present</u>	[Insert value in accordance with cl 6.12(b)(ii) and cl 6.13(a)]	[Insert value in accordance with cl 6.12(b)(ii) and cl 6.13(b)]	[Insert value in accordance with cl 6.12(b)(ii) and cl 6.13(c)]	[Insert value in accordance with cl 6.12(b)(ii) and cl 6.13(d)]
<u>of which: Mobile wallets</u>	[Insert value in accordance with cl 6.12(b)(iii) and cl 6.13(a)]	[Insert value in accordance with cl 6.12(b)(iii) and cl 6.13(b)]	[Insert value in accordance with cl 6.12(b)(iii) and cl 6.13(c)]	[Insert value in accordance with cl 6.12(b)(iii) and cl 6.13(d)]
<u>Card not present</u>	[Insert value in accordance with cl 6.12(b)(iv) and cl 6.13(a)]	[Insert value in accordance with cl 6.12(b)(iv) and cl 6.13(b)]	[Insert value in accordance with cl 6.12(b)(iv) and cl 6.13(c)]	[Insert value in accordance with cl 6.12(b)(iv) and cl 6.13(d)]
<u>of which: Mobile wallets</u>	[Insert value in accordance with cl 6.12(b)(v) and cl 6.13(a)]	[Insert value in accordance with cl 6.12(b)(v) and cl 6.13(b)]	[Insert value in accordance with cl 6.12(b)(v) and cl 6.13(c)]	[Insert value in accordance with cl 6.12(b)(v) and cl 6.13(d)]

## THE SETTING OF INTERCHANGE FEES IN THE DESIGNATED DEBIT AND PREPAID CARD SCHEMES AND NET PAYMENTS TO ISSUERS

### 1. Objective

*The objective of this Standard is to ensure that the setting of interchange fees and payments and other transfers of valuable consideration having an equivalent object or effect to interchange fees in each designated debit card scheme and prepaid card scheme is transparent and promotes:*

- *efficiency; and*
- *competition*

*in the Australian payments system.*

### 2. Application

2.1 This Standard is determined under Section 18 of the *Payment Systems (Regulation) Act 1998* (the **Act**).

2.2 This Standard applies to each of the following, each of which is referred to in this Standard as a **Scheme**:

- (a) the payment system operated within Australia known as Visa Debit, which was designated under the Act as a payment system on 23 February 2004 and which is referred to in this Standard as **Visa Debit**;
- (b) the payment system operated within Australia known as Visa Prepaid, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this Standard as **Visa Prepaid**;
- (c) the payment system operated within Australia known as Debit MasterCard, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this Standard as **Debit MasterCard**;
- (d) the payment system operated within Australia known as MasterCard Prepaid, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this Standard as **MasterCard Prepaid**;
- (e) the debit card payment system operated within Australia known as the EFTPOS payment system, which was designated under the Act as a payment system on 12 June 2012 and which is referred to in this standard as the **EFTPOS System**; and
- (f) the prepaid card payment system operated within Australia under the EFTPOS Scheme Rules, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this standard as **EFTPOS Prepaid**.

2.3 In this Standard:

**Above Benchmark Reference Period** has the meaning given to it in clause 4.2;

**Acquired** includes accepted;

**Acquirer** means a participant in a Scheme in Australia that:

- (a) provides services, directly or indirectly, to a Merchant to allow that Merchant to accept a Card of that Scheme; or
- (b) is a Merchant that accepts, or is a Related Body Corporate of a Merchant that accepts, a Card of that Scheme and bears risk as principal in relation to the payment obligations of the Issuer of that Card in relation to that acceptance;

**Associated Entity** has the meaning given by Section 50AAA of the *Corporations Act 2001*;

**Benefit** means:

- (a) a payment, receipt, rebate, refund or allowance;
- (b) in relation to any Property or service received or receivable by a Direct Issuer Participant:
  - (i) where there is a Regular Price for that Property or service, any discount or deduction from that price;
  - (ii) where there is not a Regular Price for that Property or service, an amount by which the Fair Value of the Property or service exceeds the payment or other similar financial consideration made or given for it by the Direct Issuer Participant; and
- (c) a benefit (however named or described) of a similar nature to, or having the same effect as, a benefit of the kind specified in (a) or (b) above;

~~**Card Account** means, in relation to a Card of a Scheme, the account that is debited when that Device is used to purchase goods or services;~~

**Card Not Present Transaction** means a Card Transaction, International Card Transaction or International Transaction other than a Card Present Transaction;

**Card of a Scheme** or **Card of that Scheme** means a Debit Card of a Scheme or a Prepaid Card of a Scheme;

**Card of a Scheme Pair** means a Card of a Scheme that is part of a Scheme Pair;

**Card Present Transaction** means a Card Transaction, International Card Transaction or International Transaction, in respect of which:

- (a) the holder of the Device and the Device are physically either at the premises of the Merchant or with the Merchant's physical point of sale device at the time of the transaction; and
- (b) the Device is electronically read or recorded by that point of sale device;

**Card Transaction** means a Debit Card Transaction or a Prepaid Card Transaction;

**Commencement Date** means 1 July 2017;

**Core Service** means, in relation to a Scheme, a service provided by the administrator of the Scheme in Australia or any of its Associated Entities that meets the requirements in the following paragraphs (a), (b) and (c):

- (a) the service is used by a participant in the Scheme in Australia in relation to Devices of the Scheme that can be used to make payments for goods or services by:
  - (i) accessing a deposit account held at an authorised deposit-taking institution or a bank or other financial institution; or
  - (ii) using a store of value that has been prepaid or pre-funded,
 or in relation to transactions initiated using those Devices; and



- (b) without the service it would not be possible for a Direct Issuer Participant to be an Issuer or for another entity to be an Issuer through Sponsorship by a Direct Issuer Participant of the Scheme; and
- (c) the service (however named or described) relates to one or more of the following (each a Core Function) and only to one or more Core Functions:
  - (i) the licensing of the Scheme's brands and other intellectual property owned by, or licensed to, the administrator of the Scheme in Australia or any of its Associated Entities, a licence (or sub-licence) of which is required in order to be a participant in the Scheme;
  - (ii) connection to, and/or maintenance of a connection to, the systems to which it is necessary to connect in order to be a participant in the Scheme;
  - (iii) transaction processing (including processing of charge-back transactions);
  - (iv) clearing and settlement (including clearing and settlement of charge-back transactions);
  - (v) authentication;
  - (vi) authorisation;
  - (vii) stand-in processing, clearing and settlement;
  - (viii) fraud prevention; and
  - (ix) handling, investigating and settling disputes, and requests or claims for chargebacks, raised by holders of Devices.

A service will relate only to one or more Core Functions for the purpose of this paragraph (c) even if it involves or includes incidental services necessary to support one or more Core Functions;

**Credit Card Scheme** means each payment system referred to as a 'Scheme' under *Standard No. 1 of 2016 The Setting of Interchange Fees in the Designated Credit Card Schemes and Net Payments to Issuers*;

**Debit Card of a Scheme** or **Debit Card of that Scheme** means, in relation to a Scheme, a Device issued by a participant in the Scheme in Australia under the Rules of the Scheme that can be used to make payments for goods or services by accessing a deposit account held at an authorised deposit-taking institution or a bank or other financial institution;

**Debit Card Scheme** means Visa Debit, Debit MasterCard or the EFTPOS System;

**Debit Card Transaction** means, in relation to a Scheme, a transaction in that Scheme between a holder of a Debit Card of that Scheme and a Merchant involving the purchase of goods or services (whether or not it also involves the obtaining of cash) using a Debit Card of that Scheme that is Acquired by an Acquirer (but does not include any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction);

**Device** means any card, plate or other payment code or device, including a code or device where no physical card or other embodiment is issued and a code or device used or to be used for only one transaction;

**Direct Issuer Participant** means, in relation to a Scheme, a participant in that Scheme in Australia as an Issuer, or as a Sponsor for one or more Issuers, that is not an Indirect Issuer Participant in that Scheme in Australia. Without limitation, ~~for~~:

- (a) for Debit MasterCard and MasterCard Prepaid this means:

- (i) any Principal Customer or Association Customer, each as defined in the Rules of the Scheme, in its capacity as Issuer or as Sponsor for one or more Issuers; or
  - (ii) any Affiliate Customer as defined in the Rules of the Scheme in its capacity as Issuer, excluding an Indirect Issuer Participant in that Scheme in Australia; or
- (b) for VISA Debit and Visa Prepaid this means:
- (i) any Principal-Type Member as defined in the Rules of the Scheme in its capacity as Issuer or as Sponsor for one or more Issuers; or
  - (ii) any Participant-Type Member or Associate-Type Member, each as defined in the Rules of the Scheme, in its capacity as Issuer, excluding an Indirect Issuer Participant in that Scheme in Australia; or
- (c) for EFTPOS System and EFTPOS Prepaid this means:
- (i) any eftpos Issuer that is not an Indirect Settler; or
  - (ii) any Settlement Agent,
- with each of those expressions having the meaning given in the Rules of the Scheme;

**Direct Issuer Participant Payments** has the meaning given to it in clause 5.2;

**Direct Issuer Participant Receipts** has the meaning given to it in clause 5.2;

**Dual-Network Debit Card or DNDC** means a Debit Card of a Scheme (the 'First Scheme') that incorporates the functionality necessary to enable a transaction between the holder of the Device and a Merchant to be processed through:

- (a) the payment network of the First Scheme; or
- (b) the payment network of one or more of:
  - (i) the other Debit Card Schemes; and
  - (ii) any other payment system under which the holder of a Device may, using that Device, initiate or effect a transaction to make payments for goods or services by accessing a deposit account held at an authorised deposit-taking institution or a bank or other financial institution (whether or not the transaction also involves the obtaining of cash) provided that other payment system is not administered by the administrator of the First Scheme or any Associated Entity of the administrator of the First Scheme;

**EFTPOS Scheme Rules** are the rules promulgated under the constitution of EFTPOS Payments Australia Limited (ABN 37 136 180 366) and any schedule, document, specification or rule published by EFTPOS Payments Australia Limited pursuant to those rules;

**Fair Value** means, in relation to any Property or service:

- (a) subject to paragraph (b), the amount that would be paid to acquire the Property or service in an orderly transaction between independent, unrelated and well informed parties at the earlier of:
  - (i) the date the Property or service was first provided; and
  - (ii) the date the Property or service was committed to be provided,
 to the Direct Issuer Participant or Acquirer (as applicable); but
- (b) if at any subsequent time the amount that would be paid to acquire the Property or service in an orderly transaction between independent, unrelated and well informed parties (**Revised Value**) is materially different from the amount determined in accordance

with paragraph (a) (or, if any adjustment is made in accordance with this paragraph (b), the most recent such adjustment), the Fair Value may be adjusted to that Revised Value provided:

- (i) use of that Revised Value as Fair Value is fair and reasonable and consistent with the objective of this Standard; and
- (ii) the Fair Value may be adjusted to a Revised Value no more than once in a Reporting Period;

**Incentive Test:** a Benefit meets the **Incentive Test** in relation to a Scheme Pair if it is given for a purpose of, or has or will likely have the effect of, any one or more of the following:

- (a) incentivising the entry into of a contract relating to the issue of Cards of any Scheme in the Scheme Pair;
- (b) promoting or incentivising the issuance or use of Cards of any Scheme in the Scheme Pair; or
- (c) providing or funding incentives to holders of Cards of any Scheme in the Scheme Pair to use those cards.

Benefits that meet the Incentive Test in relation to a Scheme Pair include lump-sum, volume based and transaction-specific Benefits such as:

- (i) incentives to market Cards of any Scheme in the Scheme Pair; and
- (ii) any of the following earned, accrued or receivable by a Direct Issuer Participant for agreeing to issue Cards of any Scheme in the Scheme Pair or for Card Transactions [or International Transactions](#) undertaken in any Scheme in the Scheme Pair meeting or exceeding a specific transaction volume, percentage share or dollar amount of transactions processed:
  - (A) a rebate on any fees or other costs or charges, whether for a Core Service or for any other product or service;
  - (B) a discount from the Regular Price of any Property or service, whether the Property or service is related to Cards of any Scheme in the Scheme Pair or not;

**Indirect Issuer Participant** means, in relation to a Scheme, a participant in that Scheme in Australia as an Issuer that participates in the Scheme in Australia as Issuer through the Sponsorship of another participant in that Scheme [in Australia](#). Without limitation, for:

- (a) Debit MasterCard and MasterCard Prepaid this means any Affiliate Customer as defined in the Rules of the Scheme in its capacity as Issuer; or
- (b) VISA Debit and Visa Prepaid this means any Participant-Type Member or Associate-Type Member, each as defined in the Rules of the Scheme, in its capacity as Issuer; or
- (c) EFTPOS System and EFTPOS Prepaid this means any eftpos Issuer that is an Indirect Settler, with each of those expressions having the meaning given in the Rules of the Scheme;

[but in each case, only where that Issuer participates as Issuer through the Sponsorship of another participant of that Scheme in Australia;](#)

**Initial Reporting Period** means, in relation to a New Issuer, the period commencing on the first date on which any Direct Issuer Participant Payments or Direct Issuer Participant Receipts were paid, became payable, were earned or accrued, or became receivable by or to the New Issuer (as applicable) and ending on the last day of the first full Reporting Period following Public Launch by that New Issuer;

**Interchange Fee Category** ~~has the meaning given to it in clause 4.1(b);~~ means a category of Card Transactions in relation to which a particular Interchange Fee applies, which may be:

- (a) determined by reference to the nature of the holder, or type, of the Card of the Scheme, the identity or nature of the Merchant, the means of effecting the transaction, the security or authentication that applies or any other matter; or
- (b) a residual category covering transactions not in any other category;

**Interchange Fees** means in relation to a Scheme, wholesale fees, known as interchange fees, which are payable between an Issuer and an Acquirer, directly or indirectly, in relation to Card Transactions in the Scheme but excluding any such fees to the extent that they are referable only to the obtaining of cash by the Card holder;

**International Card Transaction** means, in relation to a Scheme, a transaction in that Scheme that:

- (a) is between a holder of a Device issued by an International Issuer and a merchant in Australia;
- (b) involves the purchase of goods or services (whether or not it also involves the obtaining of cash); and
- (c) is Acquired by an Acquirer,

but does not include any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction;

**International Interchange Fees** means, in relation to a Scheme, wholesale fees, known as interchange fees, which are payable between an International Issuer and an Acquirer, directly or indirectly, in relation to International Card Transactions in the Scheme but excluding any such fees to the extent that they are referable only to the obtaining of cash by the Device holder;

**International Interchange Fee Category** means a category of International Card Transactions in relation to which a particular International Interchange Fee applies, which may be:

- (a) determined by reference to the nature of the holder or type of the Device, the identity or nature of the merchant, the means of effecting the transaction, the security or authentication that applies or any other matters; or
- (b) a residual category covering transactions not in any other category;

**International Issuer** means ~~a participant~~ an entity that participates in a Scheme and that has a contractual relationship with its customers under which it issues Devices of the Scheme to those customers or their nominees but that is not an Issuer;

**International Multilateral Interchange Fee** means, in relation to a Scheme, an International Interchange Fee that is determined by an administrator of the Scheme or any of its Associated Entities and applies regardless of the identity of the Acquirer or International Issuer paying or receiving the International Interchange Fee;

**International Transaction** means, in relation to a Scheme, a transaction in that Scheme that:

- (a) is between the holder of a Card of that Scheme and a merchant not in Australia;
- (b) involves the purchase of goods or services using a Card of that Scheme; and
- (c) is Acquired by a person other than an Acquirer,

but does not include any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction;

**Issuer** means a participant in a Scheme in Australia that has a contractual relationship with its customers under which it issues Debit Cards of a Scheme or Prepaid Cards of a Scheme (as the case may be) to those customers or their nominees;

**Merchant** means, in relation to a Scheme, a merchant in Australia that accepts a Card of that Scheme for payment for goods or services;

**Mobile Wallet** means a software application or service that enables a customer to store network-tokenised versions of their Devices issued by an Issuer or an International Issuer on their smartphone or other smart device, and to use those network tokens to make electronic payments either in person via near-field communication (NFC) or online via the application or service;

**Multilateral Interchange Fee** means, in relation to a Scheme, an Interchange Fee that is determined by an administrator of the Scheme and applies regardless of the identity of the Acquirer or Issuer paying or receiving the Interchange Fee;

**Net Compensation** has the meaning given to it in clause 5.1;

**New Issuer** means a Direct Issuer Participant in a Scheme that has not, before commencing the issue of any Cards of that Scheme, issued in Australia any Devices of any other Scheme or any Credit Card Scheme;

~~**Public Launch** in relation to a New Issuer, occurs when the New Issuer begins offering to issue Cards of a Scheme to its intended customer base and will not be taken to have occurred when a New Issuer has only issued Cards of that Scheme to its staff or a select group of its customers or other persons as part of a trial or test phase;~~

**Prepaid Card of a Scheme** or **Prepaid Card of that Scheme** means, in relation to a Scheme, a Device issued by a participant in the Scheme in Australia under the Rules of the Scheme that can be used to make payments for goods or services using a store of value that has been prepaid or pre-funded and is accessible to make payments for goods or services only through the use of that, or a linked or related, Device;

**Prepaid Card Transaction** means, in relation to a Scheme, a transaction in that Scheme between a holder of a Prepaid Card of that Scheme and a Merchant involving the purchase of goods or services (whether or not it also involves the obtaining of cash) using a Prepaid Card of that Scheme that is Acquired by an Acquirer (but does not include any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction);

**Property** means any property including any good and any proprietary right or interest;

~~**Public Launch** in relation to a New Issuer, occurs when the New Issuer begins offering to issue Cards of a Scheme to its intended customer base and will not be taken to have occurred when a New Issuer has only issued Cards of that Scheme to its staff or a select group of its customers or other persons as part of a trial or test phase;~~

**Quarter** means a 3 month period ending on 30 June, 30 September, 31 December or 31 March;

**Rebate** means a Rebate (Acquirer) or Rebate (Issuer);

**Rebate (Acquirer)** in relation to a Scheme and a Quarter means so much of any of the following in relation to the Scheme that are earned or accrued during, or receivable in respect of, the Quarter by an Acquirer and payable, allowable or otherwise to be provided, directly or indirectly, by the administrator of a Scheme in Australia or any of its Associated Entities to an Acquirer (in its capacity as an Acquirer):

(a) a payment, receipt, rebate, refund or allowance;

(b) in relation to any Property or service received or receivable by an Acquirer;

- (i) where there is a market price for that Property or service, any discount or deduction from that price;
- (ii) where there is not a market price for that Property or service, an amount by which the Fair Value of the Property or service exceeds the payment or other similar financial consideration made or given for it by the Acquirer; and
- (c) a benefit (however named or described) of a similar nature to, or having the same effect as, a benefit of the kind specified in (a) or (b) above;

**Rebate (Issuer)** in relation to a Scheme and a Quarter means so much of the Direct Issuer Participant Receipts as are earned or accrued during, or receivable in respect of, that Quarter of the relevant Reporting Period by Direct Issuer Participants and payable, allowable or otherwise to be provided, directly or indirectly, by the administrator of the Scheme in Australia or any of its Associated Entities but, if such an Associated Entity is an Acquirer, excluding Interchange Fees;

**Reference Period** means a 12 month period ending on the last day of a Quarter;

**Regular Price** means, in relation to Property or a service, a supplier and a Direct Issuer Participant at any time, the price at which the supplier is regularly supplying Property or services of the same description to entities of a class, group or type that includes the Direct Issuer Participant at that time;

**Related Body Corporate** has the meaning given in the *Corporations Act 2001*;

**Relevant Portion** has the meaning given to it in clause 5.2;

**Reporting Period** means a 12 month period ending 30 June;

**Required Information** has the meaning set out in clauses 6.9, 6.11 and 6.13;

**Rules of a Scheme or Rules of the Scheme** means the constitution, rules, by-laws, procedures and instruments of the relevant Scheme as applied in Australia, and any other arrangement relating to the Scheme by which participants in that Scheme in Australia are, or consider themselves to be, bound;

**Scheme Benchmark** is 86.0 cents;

**Scheme Fees** means Scheme Fees (Acquirer) or Scheme Fees (Issuer);

**Scheme Fees (Acquirer)** means, in relation to a Scheme, fees, which are paid or payable, directly or indirectly, by an Acquirer (in its capacity as an Acquirer) to or in favour of the administrator of the Scheme in Australia or any of its Associated Entities in relation to any service provided by the administrator of the Scheme in Australia or any of its Associated Entities where the service is used in relation to Devices of that Scheme, Card Transactions or International Card Transactions in the Scheme, but if such an Associated Entity is an Issuer or International Issuer, excluding Interchange Fees and International Interchange Fees;

**Scheme Fees (Issuer)** means, in relation to a Scheme, fees, which are paid or payable, directly or indirectly, by an Issuer (in its capacity as an Issuer) to or in favour of the administrator of the Scheme in Australia or any of its Associated Entities in relation to any service provided by the administrator of the Scheme in Australia or any of its Associated Entities where the service is used in relation to Devices of that Scheme, Card Transactions or International Transactions in the Scheme;

**Scheme Pair** means:

- (a) VISA Debit and VISA Prepaid;
- (b) Debit MasterCard and MasterCard Prepaid; or
- (c) EFTPOS System and EFTPOS Prepaid;

**Scheme Pair Transaction** has the meaning given in clause 5.1;

**Sponsor** means:

- (a) in relation to a Scheme which is VISA Debit, VISA Prepaid, Debit MasterCard or MasterCard Prepaid, a participant in the Scheme in Australia who has accepted responsibility in whole or in part for, or to act as agent for, another entity under and in accordance with the Rules of the Scheme so that the other entity may participate in the Scheme; and
- (b) in relation to a Scheme which is EFTPOS System or EFTPOS Prepaid, a participant in the Scheme in Australia who has accepted responsibility to carry out settlement (the process of exchanging value to discharge payment obligations between Issuers and Acquirers), directly or indirectly, on behalf of one or more other entities,

and **Sponsorship** has a corresponding meaning;

**SNDC Transaction** means a Debit Card Transaction that is not effected using a DNDC;

**Transaction Category** means each type of transaction at clause 6.10 (a)(i) to (v), clause 6.10(b)(i) to (v), clause 6.12 (a)(i) to (v) and clause 6.12(b)(i) to (v);

**Transaction Type** means each of:

- (a) Card Transactions;
- (b) International Card Transactions; and
- (c) International Transactions;

**include** or **including** or **such as** when introducing an example do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and

terms defined in the Act have the same meaning in this Standard.

2.4 For the purposes of this Standard:

- (a) a provision of a plan, arrangement or agreement shall be deemed to have a particular purpose if the provision was included in the plan, arrangement or agreement by a party or parties for purposes that include that purpose and that purpose was a substantial purpose; and
- (b) conduct including the payment or receipt of a fee or the giving of a benefit or other valuable consideration shall be deemed to have been made for a particular purpose if the person undertaking the conduct, payment or receipt did so for purposes that include that purpose and that purpose was a substantial purpose.

2.5 Each participant in a Scheme must do all things necessary on its part to ensure compliance with this Standard.

2.6 If any part of this Standard is invalid, this Standard is ineffective only to the extent of such part without invalidating the remaining parts of this Standard.

2.7 This Standard is to be interpreted:



- (a) in accordance with its objective; and
- (b) by looking beyond form to substance.

2.8 For the purposes of this Standard, an Interchange Fee or International Interchange Fee paid or payable ~~from by~~ an Acquirer ~~to an Issuer~~ is to be expressed as a positive number and an Interchange Fee or International Interchange Fee paid or payable ~~from an Issuer~~ to an Acquirer is to be expressed as a negative number.

~~2.9 On the Commencement Date this Standard replaces each of the following Standards:~~

- ~~(a) The Setting of Interchange Fees in the Visa Debit Payment System; and~~
- ~~(b) Interchange Fees in the EFTPOS System.~~

~~Neither the registration nor the terms of this Standard affect those standards before the Commencement Date.~~

### 3. Anti-Avoidance

A participant in a Scheme must not, either alone or together with one or more other persons, enter into, begin to carry out or carry out a plan or arrangement or otherwise be knowingly involved in a plan or arrangement if it would be concluded that the person did so for a purpose of avoiding the application of this Standard, and the plan or arrangement or part of the plan or arrangement has achieved or would but for this provision have achieved or could reasonably be considered to have achieved that purpose.

### 4. Interchange Fees and International Interchange Fees

- 4.1 (a) An Interchange Fee (exclusive of goods and services tax) in relation to a Card Transaction must:
- (i) where the Interchange Fee is a fixed amount per transaction, not exceed ~~106.0~~ cents; or
  - (ii) where the Interchange Fee is calculated by reference to the value or amount of the transaction, not exceed 0.~~200~~120 per cent of that amount or value.
- (b) An International Interchange Fee (exclusive of goods and services tax) paid or payable by an Acquirer in relation to an International Card Transaction must not exceed the following percentage of the value of the International Card Transaction to which it relates:
- (i) for Card Present Transactions, 0.200 per cent;
  - (ii) for Card Not Present Transactions, 1.150 per cent.
- ~~(b)~~ (c) If an Interchange Fee or International Interchange Fee applies in relation to a category of Card Transactions ~~(whether that category is determined by reference to the nature of the holder, or type of the Card of the Scheme, the identity or nature of the Merchant, the means of effecting the transaction, the security or authentication that applies or any other matter, or is a residual category covering transactions not in any other category)~~ ~~(Interchange Fee Category)~~ or International Card Transactions, that Interchange Fee or International Interchange Fee must be:
- (i) a percentage of the value of the Card Transaction or International Card Transaction to which it relates; or
  - (ii) a fixed amount,

applying to all Card Transactions [or International Card Transactions](#) in the category, and cannot be expressed as a range of rates or amounts.

4.2 If:

(a) in relation to a Scheme:

- (i) the total value of Interchange Fees (exclusive of goods and services tax) payable in relation to Card Transactions undertaken in the Scheme during a Reference Period divided by the number of those Card Transactions exceeds the Scheme Benchmark; and
- (ii) for the Scheme Pair of which the Scheme referred to in sub-paragraph (a)(i) forms part, the total value of Interchange Fees (exclusive of goods and services tax) payable in relation to Card Transactions undertaken in each of the Schemes in the Scheme Pair during the Reference Period divided by the number of those Card Transactions exceeds the Scheme Benchmark; or

(b) in relation to a Debit Card Scheme, the total value of Interchange Fees (exclusive of goods and services tax) payable in relation to SNDC Transactions undertaken in the Scheme during a Reference Period divided by the number of those SNDC Transactions exceeds the Scheme Benchmark,

that Reference Period will be an **Above Benchmark Reference Period** for the Scheme referred to in paragraph (a) or (b) above (as applicable) and the participants in that Scheme must take all necessary steps to vary the rates or amounts of Interchange Fees applicable under that Scheme, with effect no later than 2 months and 1 day after the end of the Above Benchmark Reference Period, to rates or amounts such that, had those varied rates or amounts applied under the Scheme during the Above Benchmark Reference Period, that Reference Period would not have been an Above Benchmark Reference Period for that Scheme unless, in relation to a Scheme referred to in paragraph (a) above:

- (c) prior to the end of that period of 2 months and 1 day, a variation to the rates or amounts of Interchange Fees applicable under the other Scheme in the Scheme Pair takes effect; and
- (d) the varied Interchange Fees referred to in paragraph (c) are such that, had they applied under that other Scheme during the Above Benchmark Reference Period, the Reference Period would not have been an Above Benchmark Reference Period.

4.3 If at any time any Interchange Fee applicable under a Scheme is introduced or removed, or the rate or amount of any Interchange Fee under a Scheme is varied, the Interchange Fees applicable under that Scheme following that change must be such that, had they applied for the whole of the most recent Reference Period prior to the date of the change, that Reference Period would not have been an Above Benchmark Reference Period. Nothing in this clause 4.3 limits clause 4.2.

## 5. Net Payments to Direct Issuer Participants

5.1 Subject to clause 6.5, no Direct Issuer Participant in a Scheme may receive, directly or indirectly, Net Compensation in relation to Card Transactions [or International Transactions](#) undertaken in any of the Schemes in the Scheme Pair of which that Scheme forms part (**Scheme Pair Transactions**). **Net Compensation** is received by a Direct Issuer Participant if the Direct Issuer Participant Receipts of the Direct Issuer Participant for that Scheme Pair in respect of a Reporting Period exceed the Direct Issuer Participant Payments of the Direct Issuer Participant for that Scheme Pair in respect of that Reporting Period.

5.2 For the purpose of this clause 5:

- (a) subject to paragraphs (c), (d), (e), (f) and (g), **Direct Issuer Participant Receipts** of the Direct Issuer Participant for a Scheme Pair and a Reporting Period is the total of the Benefits that meet the Incentive Test in relation to that Scheme Pair that are earned or accrued during, or receivable in respect of, the Reporting Period by the Direct Issuer Participant and payable, allowable or otherwise to be provided, directly or indirectly, by the administrator in Australia of any Scheme in the Scheme Pair or any of the Associated Entities of any administrator in Australia of any Scheme in the Scheme Pair but, if such an Associated Entity is an Acquirer, excluding Interchange Fees;
- (b) subject to paragraphs (c), (d), (e), (f) and (g), **Direct Issuer Participant Payments** of the Direct Issuer Participant for a Scheme Pair and a Reporting Period is the total amount paid or payable, directly or indirectly, by the Direct Issuer Participant to or in favour of the administrator in Australia of any Scheme in the Scheme Pair or any of the Associated Entities of any administrator in Australia of any Scheme in the Scheme Pair in relation to Core Services provided during or in respect of the Reporting Period for any of the Cards of the Schemes in the Scheme Pair or Scheme Pair Transactions.
- (c) if a Benefit referred to in paragraph (a) or (b) does not relate solely to Cards of any Scheme in the Scheme Pair or Scheme Pair Transactions and also relates to other Devices or other transactions:
  - (i) the Benefit must be apportioned between:
    - (A) the Cards of any Scheme in the Scheme Pair and Scheme Pair Transactions on the one hand; and
    - (B) the other Devices and other transactions on the other,fairly and reasonably, having regard to, where relevant, the transaction history on Devices used in the payment systems to which the Benefit relates and the proportion of the Devices to which the Benefit relates that are Cards of a Scheme in the Scheme Pair issued by the Direct Issuer Participant or by any Indirect Issuer Participant through Sponsorship by that Direct Issuer Participant; and
  - (ii) the portion referable to Cards of any Scheme in the Scheme Pair and Scheme Pair Transactions determined in accordance with sub-paragraph (i) (the **Relevant Portion**) must be included in the determination of Direct Issuer Participant Receipts or Direct Issuer Participant Payments, as applicable;
- (d) one method of apportionment under clause 5.2(c) that will be fair and reasonable for the purpose of that provision is an apportionment on a pro-rata basis, based on the value of Scheme Pair Transactions using Cards of any Scheme in the relevant Scheme Pair during the Reporting Period as a proportion of the total value of the transactions undertaken in any payment system to which the Benefit relates during the Reporting Period. This does not preclude an apportionment in another way that meets the requirements of clause 5.2(c);
- (e) where a Benefit referred to in paragraph (a), (b) or (c) relates to a period that spans more than one Reporting Period, the Benefit or, in the case of a Benefit referred to in paragraph (c), the Relevant Portion of the Benefit, may be allocated among Reporting Periods, in which case the allocation must:
  - (i) be on a pro-rata basis based on the number of months in each relevant Reporting Period to which the Benefit relates if an allocation on that basis would fairly and reasonably align the Benefit to the activity to which the Benefit relates; or

- (ii) otherwise on some other basis that fairly and reasonably aligns the allocation of the Benefit to the activity to which the Benefit relates,
- in each case provided that:
- (iii) no part of it is allocated to any Reporting Period the whole of which occurs before the term of the contract or arrangement under which the Benefit is payable, receivable or allowable has commenced;
  - (iv) no part of it is allocated to any Reporting Period the whole of which occurs after the term of the contract or arrangement under which the Benefit is payable, receivable or allowable has ended; and
  - (v) it may not be allocated among more than 10 consecutive Reporting Periods;
- (f) a Direct Issuer Participant who adopts a particular method permitted by clause 5.2 of this Standard of:
- (i) determining whether and to what extent:
    - (A) Benefits are earned or accrued during, or are receivable in respect of, a Reporting Period for the purposes of paragraph 5.2(a); or
    - (B) Core Services are provided during or in respect of a Reporting Period for the purposes of paragraph 5.2(b); or
  - (ii) allocating or apportioning Benefits for the purpose of paragraph (c), (d) or (e),
- must, unless the Reserve Bank of Australia otherwise agrees in writing, continue to use the same method consistently from one Reporting Period to the next; and
- (g) for the purpose of this clause 5, a Direct Issuer Participant must ensure that:
- (i) a Benefit paid, allowed or otherwise provided, directly or indirectly, by the administrator of a Scheme in Australia or any of its Associated Entities that meets the Incentive Test in relation to the Scheme Pair of which that Scheme is part is included as a Direct Issuer Participant Receipt in the calculation of Net Compensation in respect of a Reporting Period; and
  - (ii) an amount treated as a Direct Issuer Participant Payment in the calculation of Net Compensation in respect of a Reporting Period is not included as a Direct Issuer Participant Payment in the calculation of Net Compensation for any other Reporting Period.

## **6. Reporting and Transparency**

6.1 An administrator of a Scheme in Australia or a representative of the participants in the Scheme in Australia must publish on the Scheme's website:

- (a) the Multilateral Interchange Fee rates or amounts (whichever is applicable) of the Scheme in Australia, including the rates or amounts for each Interchange Fee Category; and
- (b) the International Multilateral Interchange Fee rates or amounts (whichever is applicable) of the Scheme, including the rates or amounts for each International Interchange Fee Category.

6.2 Each:

- (a) Acquirer; and

(b) Issuer that is a Direct Issuer Participant,

that is a party to an agreement with one or more other participants in a Scheme to pay or receive Interchange Fees in relation to Card Transactions in the Scheme that are not Multilateral Interchange Fees must report to the Reserve Bank of Australia by 31 July each year the range of Interchange Fee rates or amounts (whichever is applicable) it received or paid in respect of the most recent Reporting Period. The Reserve Bank of Australia may publish the reported range of these Interchange Fees for the Scheme on its website.

6.2A Each Acquirer that is a party to an agreement with one or more International Issuers to pay International Interchange Fees in relation to International Card Transactions in the Scheme that are not International Multilateral Interchange Fees must report to the Reserve Bank of Australia by 31 July each year the range of International Interchange Fee rates or amounts (whichever is applicable) it paid in respect of the most recent Reporting Period. The Reserve Bank of Australia may publish the reported range of these International Interchange Fees for the Scheme on its website.

6.3 An administrator of a Scheme in Australia or a representative of the participants in the Scheme in Australia must on or before 31 July each year certify in writing to the Reserve Bank of Australia in respect of the most recent Reporting Period, that Interchange Fees of the Scheme in Australia and the International Interchange Fees of the Scheme paid or payable by an Acquirer were during that Reporting Period in compliance with this Standard.

6.4 Subject to clause 6.5, each of an administrator of a Scheme in Australia and each Direct Issuer Participant in the Scheme in Australia must on or before 31 July each year certify in writing to the Reserve Bank of Australia that it was, in respect of the most recent Reporting Period, in compliance with clause 5.

6.5 Where a Direct Issuer Participant in a Scheme is a New Issuer, each of the administrator of the Scheme in Australia and the New Issuer will be taken to have complied with its obligations under clause 5 and clause 6.4 in respect of the period prior to and including the Initial Reporting Period if it:

- (a) complies with clause 5 as if each reference to 'Reporting Period' is read as a reference to the Initial Reporting Period; and
- (b) certifies in writing to the Reserve Bank of Australia that it was, in respect of the Initial Reporting Period, in compliance with clause 5 read as specified in clause 6.5(a) and provides such certification on or before 31 July in the year that the Initial Reporting Period ends.

6.6 An administrator of a Scheme in Australia or a representative of the participants of the Scheme in Australia must, not later than 30 days after the end of each Quarter, certify in writing to the Reserve Bank of Australia each of the following for that Quarter for the Scheme (and in the case of paragraph (f), the relevant Scheme Pair):

- (a) the total value of Card Transactions undertaken in the Scheme in that Quarter;
- (b) the number of Card Transactions undertaken in the Scheme in that Quarter;
- (c) the total value of all Interchange Fees (exclusive of goods and services tax) payable in respect of the Card Transactions undertaken in the Scheme during that Quarter;
- (d) the total value of Interchange Fees (exclusive of goods and services tax) payable in respect of Card Transactions undertaken in the Scheme during the Quarter divided by the total number of the Card Transactions undertaken in the Scheme during the Quarter;

- (e) in relation to a Debit Card Scheme:
  - (i) the total value of SNDC Transactions undertaken in the Scheme in that Quarter;
  - (ii) the number of SNDC Transactions undertaken in the Scheme in that Quarter;
  - (iii) the total value of all Interchange Fees (exclusive of goods and services tax) payable in respect of SNDC Transactions undertaken in the Scheme during that Quarter; and
  - (iv) the total value of Interchange Fees (exclusive of goods and services tax) payable in respect of SNDC Transactions undertaken in the Scheme during the Quarter divided by the total number of the SNDC Transactions undertaken in the Scheme during the Quarter;
- (f) the total value of Interchange Fees (exclusive of goods and services tax) payable in respect of Scheme Pair Transactions undertaken in the Schemes that form part of that Scheme Pair during the Quarter divided by the total number of the Scheme Pair Transactions undertaken in the Schemes that form part of that Scheme Pair during the Quarter; and
- (g) each Interchange Fee Category that applied for some or all of the Quarter and, for each of those categories:
  - (i) the Interchange Fee rates or amounts (whichever is applicable) that applied during the Quarter (expressed as a percentage or an amount, not as a range); and
  - (ii) the total value of Interchange Fees (exclusive of goods and services tax) payable in respect of that Quarter that are referable to Card Transactions undertaken in the Scheme in that Quarter in that category.

6.7 An administrator of a Scheme in Australia or a representative of the participants of the Scheme in Australia must, not later than 30 days after the end of each Quarter, certify in writing to the Reserve Bank of Australia each of the following for that Quarter for the Scheme:

- (a) the total value of International Card Transactions undertaken in the Scheme in that Quarter;
- (b) the number of International Card Transactions undertaken in the Scheme in that Quarter;
- (c) the total value of all International Interchange Fees (exclusive of goods and services tax) payable in respect of the International Card Transactions undertaken in the Scheme during that Quarter;
- (d) the total value of International Interchange Fees (exclusive of goods and services tax) payable in respect of International Card Transactions undertaken in the Scheme during the Quarter divided by the total value of the International Card Transactions undertaken in the Scheme during the Quarter;
- (e) the total value of International Interchange Fees (exclusive of goods and services tax) payable in respect of Scheme Pair Transactions undertaken in the Schemes that form part of that Scheme Pair during the Quarter divided by the total number of the Scheme Pair Transactions undertaken in the Schemes that form part of that Scheme Pair during the Quarter; and
- (f) each International Interchange Fee Category that applied for some or all of the Quarter and, for each of those categories:
  - (i) the International Interchange Fee rates or amounts (whichever is applicable) that applied during the Quarter (expressed as a percentage or an amount, not as a range); and

- (ii) the total value of International Interchange Fees (exclusive of goods and services tax) payable in respect of that Quarter that are referable to International Card Transactions undertaken in the Scheme in that Quarter in that category,

in each case, divided into Card Present Transactions and Card Not Present Transactions;

6.8 An administrator of a Scheme in Australia that forms part of a Scheme Pair, or a representative of the participants in the Schemes in Australia that form part of that Scheme Pair, must, not later than 30 days after the end of each Quarter, give to the Reserve Bank of Australia and publish on the Scheme's website, in accordance with the form of the table in Schedule 1, the Required Information in respect of:

(a) Card Transactions undertaken in the Schemes that form part of that Scheme Pair in that Quarter divided into:

- (i) all Card Transactions;
- (ii) all Card Present Transactions;
- (iii) Card Present Transactions made using a Mobile Wallet;
- (iv) all Card Not Present Transactions;
- (v) Card Not Present Transactions made using a Mobile Wallet.

(b) International Card Transactions undertaken in the Schemes that form part of that Scheme Pair in that Quarter divided into:

- (i) all International Card Transactions;
- (ii) all Card Present Transactions;
- (iii) Card Present Transactions made using a Mobile Wallet;
- (iv) all Card Not Present Transactions; and
- (v) Card Not Present Transactions made using a Mobile Wallet.

6.9 For the purposes of clause 6.8, the Required Information is:

- (a) the total value, expressed in thousands of Australian dollars, of all Interchange Fees or International Interchange Fees (exclusive of goods and services tax) payable in respect of those transactions;
- (b) the total value, expressed in thousands of Australian dollars, of those transactions;
- (c) the total number, expressed in thousands of transactions, of those transactions; and
- (d) the Quarter and year to which the information relates.

6.10 An administrator of a Scheme in Australia that forms part of a Scheme Pair, or a representative of the participants in the Schemes in Australia that form part of that Scheme Pair, must, not later than 30 days after the end of each Quarter, give to the Reserve Bank of Australia and publish on its website, in accordance with the form of the table in Schedule 2, the Required Information in respect of:

(a) Card Transactions undertaken in the Schemes that form part of that Scheme Pair in that Quarter divided into:

- (i) all Card Transactions;
- (ii) all Card Present Transactions;
- (iii) Card Present Transactions made using a Mobile Wallet;



- (iv) all Card Not Present Transactions;
- (v) Card Not Present Transactions made using a Mobile Wallet; and
- (b) all International Card Transactions undertaken in the Schemes that form part of that Scheme Pair in that Quarter divided into:
  - (i) all International Card Transactions;
  - (ii) all Card Present Transactions;
  - (iii) Card Present Transactions made using a Mobile Wallet;
  - (iv) all Card Not Present Transactions;
  - (v) Card Not Present Transactions made using a Mobile Wallet.

6.11 For the purposes of clause 6.10, the Required Information is:

- (a) the total value, expressed in thousands of Australian dollars, of all Scheme Fees (Acquirer) (exclusive of goods and services tax) payable in relation to those transactions;
- (b) for the categories in clause 6.10(a)(i) and (b)(i) only, the total value, expressed in thousands of Australian dollars of all Rebates (Acquirer) (exclusive of goods and services tax) in relation to those transactions;
- (c) the total value, expressed in thousands of Australian dollars, of those transactions;
- (d) the total number, expressed in thousands of transactions, of those transactions; and
- (e) the Quarter and year to which the information relates.

6.12 An administrator of a Scheme in Australia that forms part of a Scheme Pair, or a representative of the participants in the Schemes in Australia that form part of that Scheme Pair, must, not later than 30 days after the end of each Quarter, give to the Reserve Bank of Australia and publish on its website, in accordance with the form of the table in Schedule 3, the Required Information in respect of:

- (a) Card Transactions undertaken in the Schemes that form part of that Scheme Pair in that Quarter divided into:
  - (i) all Card Transactions;
  - (ii) all Card Present Transactions;
  - (iii) Card Present Transactions made using a Mobile Wallet;
  - (iv) all Card Not Present Transactions;
  - (v) Card Not Present Transactions made using a Mobile Wallet; and
- (b) all International Transactions undertaken in the Schemes that form part of that Scheme Pair in that Quarter divided into:
  - (i) all International Transactions;
  - (ii) all Card Present Transactions;
  - (iii) Card Present Transactions made using a Mobile Wallet;
  - (iv) all Card Not Present Transactions;
  - (v) Card Not Present Transactions made using a Mobile Wallet.

6.13 For the purposes of clause 6.12, the Required Information is:

- (a) the total value, expressed in thousands of Australian dollars, of all Scheme Fees (Issuer) (exclusive of goods and services tax) payable in relation to those transactions;
- (b) for the categories in clause 6.12(a)(i) and (b)(i) only, the total value, expressed in thousands of Australian dollars of all Rebates (Issuer) (exclusive of goods and services tax) in relation to those transactions;
- (c) the total value, expressed in thousands of Australian dollars, of those transactions;
- (d) the total number, expressed in thousands of transactions, of those transactions; and
- (e) the Quarter and year to which the information relates.

6.14 For the purposes of clauses 6.11(a) and (b) and 6.13 (a) and (b):

- (a) if a Rebate or Scheme Fee does not relate solely to Devices of the Scheme, or Card Transactions, International Card Transactions or International Transactions undertaken in the Scheme, and also relates to other Devices or other transactions, the Rebate or Scheme Fee must be apportioned between:
  - (i) the Devices of the Scheme and Card Transactions, International Card Transactions or International Transactions (as the case may be) on the one hand; and
  - (ii) the other Devices and other transactions on the other,fairly and reasonably, having regard to, where relevant, the transaction history on Devices used in the payment systems to which the Rebate or Scheme Fee relates and the proportion of the Devices to which the Rebate or Scheme Fee relates that are Devices of the Scheme;
- (b) one method of apportionment under paragraph (a) that will be fair and reasonable for the purpose of that provision is an apportionment on a pro-rata basis, based on the value of Card Transactions, International Transactions or International Card Transactions undertaken in the Scheme during the Quarter as a proportion of the total value of the transactions undertaken in any payment system to which the Rebate or Scheme Fee relates during the Quarter. This does not preclude an apportionment in another way that meets the requirements of paragraph (a);
- (c) if a Rebate or Scheme Fee does not solely relate to or is not referable to a particular Transaction Category, the Rebate or Scheme Fee must be apportioned across Transaction Categories based on the value of transactions in that Quarter of that Transaction Category as a proportion of the total value of all Card Transactions, International Card Transactions and International Transactions undertaken in the Scheme in that Quarter;
- (d) where a Rebate or Scheme Fee referred to above relates to a period that spans more than one Quarter, the Rebate or Scheme Fee or, in the case of a Rebate or Scheme Fee referred to in paragraph (a), the relevant portion of the Rebate or Scheme Fee, may be allocated among Quarters, in which case the allocation must:
  - (i) be on a pro-rata basis based on the number of months in each relevant Quarter to which the Rebate or Scheme Fee relates if an allocation on that basis would fairly and reasonably align the Rebate or Scheme Fee to the activity to which the Rebate or Scheme Fee relates; or
  - (ii) otherwise on some other basis that fairly and reasonably aligns the allocation of the Rebate to the activity to which the Rebate or Scheme Fee relates,in each case provided that:

- (iii) no part of it is allocated to any Quarter the whole of which occurs before the term of the contract or arrangement under which the Rebate or Scheme Fee is payable, receivable or allowable has commenced;
- (iv) no part of it is allocated to any Quarter the whole of which occurs after the term of the contract or arrangement under which the Rebate or Scheme Fee is payable, receivable or allowable has ended; and
- (v) it may not be allocated among more than 40 consecutive Quarters;
- (e) where a particular method permitted above has been adopted of:
  - (i) determining whether and to what extent Rebates or Scheme Fees are earned or accrued during, or are receivable in respect of, a Quarter; or
  - (ii) allocating or apportioning Rebates or Scheme Fees for the purpose of paragraph (a), (b) or (c),that method must, unless the Reserve Bank of Australia otherwise agrees in writing, continue to be used consistently from one Quarter to the next.

6.15 All information that an administrator of a Scheme has published pursuant to clauses 6.8, 6.10 and 6.12, other than the information most recently published in respect of a Quarter, must be displayed on a separate page of the website, and a link to that page must be displayed in a location that is easily accessible.

## **7. Commencement and Implementation**

- 7.1 This Standard came into force on the Commencement Date, but certain provisions in it had a transitional application as set out in clause 7 of this Standard as at the Commencement Date.
- 7.2 Subject to clauses 7.3, 7.4, and 7.5 ~~and 7.6~~, on and from 1 ~~January 2022~~ July 2026, each participant in a Scheme must comply with this Standard as varied with effect from that date.

~~7.3 — For the avoidance of doubt and without limiting clause 7.2, an administrator of a Debit Card Scheme in Australia or a representative of the participants of the Debit Card Scheme in Australia must comply with clause 6.6(e) in respect of the Quarter ending 31 March 2022 and all subsequent Quarters. Nothing in clause 7.5 limits this obligation.~~

~~7.4 — Clause 4.1(a)(i) will not apply until 1 February 2022, on which date that clause will commence to apply. For the period from and including 1 January 2022 to 31 January 2022, an Interchange Fee (exclusive of goods and services tax) in relation to a Card Transaction must, where the Interchange Fee is a fixed amount per transaction, not exceed 15.0 cents.~~

~~7.5 — Clause 4.2(b) and the provisions of clause 4.2 that apply as a consequence of the operation of clause 4.2(b) will not apply in respect of any Reference Period prior to the Reference Period ending on 31 December 2022. For the avoidance of doubt, participants in each Debit Card Scheme must comply with all of the provisions of clause 4.2 (as varied with effect from 1 January 2022) in respect of the Reference Period ending on 31 December 2022 and all subsequent Reference Periods.~~

~~7.6 — An administrator of a Scheme in Australia or a representative of the participants in the Scheme in Australia must comply with clause 6.3 in respect of the Reporting Period ending on 30 June 2022 by certifying that:~~

- ~~(a) Interchange Fees of the Scheme in Australia were during the period from and including 1 July 2021 to 31 December 2021 in compliance with this Standard as in effect on 31 December 2021; and~~

~~(b) Interchange Fees of the Scheme in Australia were during the period from and including 1 January 2022 to 30 June 2022 in compliance with this Standard as in effect on and from 1 January 2022, including that:~~

~~(i) for the period from and including 1 January 2022 to 31 January 2022, Interchange Fees of the Scheme in Australia were in compliance with clause 7.4 of this Standard; and~~

~~(ii) for the period from and including 1 February 2022 to 30 June 2022, Interchange Fees of the Scheme in Australia were in compliance with clause 4.1(a)(i) of this Standard.~~

7.3 Clauses 5.1, 6.3, 6.4 and 6.5 of this Standard as varied with effect from 1 July 2026 must be complied with for the Reporting Period ending 30 June 2027 and all subsequent Reporting Periods. For the Reporting Period ending 30 June 2026, clauses 5.1, 6.3, 6.4 and 6.5 must be complied with as they were in effect as at 30 June 2026.

7.4 Clause 6.2A of this Standard as varied with effect from 1 July 2026 does not apply to the Reporting Period ending 30 June 2026 or any previous Reporting Period.

7.5 Clauses 6.8, 6.10 and 6.12 of this Standard as varied with effect from 1 July 2026 must be complied with in respect of each of the Quarters ending 30 September 2025, 31 December 2025, 31 March 2026 and the Quarter ending 30 June 2026 no later than 30 July 2026.

## Schedule 1

*[insert Quarter and year]*

<u>Card Transactions</u>	<u>Interchange fees</u>	<u>Transactions</u>	
	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Number ('000)</u>
<u>Debit and Prepaid</u>	<u>[Insert value in accordance with cl 6.8(a)(i) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(a)(i) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(i) and cl 6.9(c)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.8(a)(ii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(a)(ii) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(ii) and cl 6.9(c)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.8(a)(iii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(a)(iii) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(iii) and cl 6.9(c)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.8(a)(iv) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(a)(iv) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(iv) and cl 6.9(c)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.8(a)(v) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(a)(v) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(v) and cl 6.9(c)]</u>
<b><u>International Card Transactions</u></b>			
<u>Debit and Prepaid</u>	<u>[Insert value in accordance with cl 6.8(b)(i) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(i) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(i) and cl 6.9(c)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.8(b)(ii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(ii) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(ii) and cl 6.9(c)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.8(b)(iii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(iii) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(iii) and cl 6.9(c)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.8(b)(iv) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(iv) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(iv) and cl 6.9(c)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.8(b)(v) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(v) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(v) and cl 6.9(c)]</u>

## Schedule 2

[insert Quarter and year]

<u>Card Transactions</u>	<u>A. Gross scheme fees from acquirers</u>	<u>B. Rebates provided to acquirers</u>	<u>C. Transactions</u>	
	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Number ('000)</u>
<u>Debit and Prepaid</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(d)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.10(a)(ii) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(a)(ii) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(a)(ii) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(ii) and cl 6.11(d)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.10(a)(iii) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iii) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iii) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iii) and cl 6.11(d)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.10(a)(iv) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iv) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iv) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iv) and cl 6.11(d)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.10(a)(v) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(a)(v) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(a)(v) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(v) and cl 6.11(d)]</u>
<u>International Card Transactions</u>				
<u>Debit and Prepaid</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(d)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.10(b)(ii) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(b)(ii) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(b)(ii) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(ii) and cl 6.11(d)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.10(b)(iii) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(b)(iii) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(b)(iii) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(iii) and cl 6.11(d)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.10(b)(iv) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(b)(iv) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(b)(iv) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(iv) and cl 6.11(d)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance cl 6.10(b)(v) and cl 6.12(a)]</u>	<u>[Insert value in accordance with cl 6.10(b)(v) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(b)(v) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(v) and cl 6.11(d)]</u>

## Schedule 3

### *[insert Quarter and year]*

<u>Card Transactions</u>	<u>A. Gross scheme fees from issuers</u>	<u>B. Rebates provided to issuers</u>	<u>C. Transactions</u>	
	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Number ('000)</u>
<u>Debit and Prepaid</u>	<u>[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(a)]</u>	<u>[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(b)]</u>	<u>[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(d)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.12(a)(ii) and cl 6.13(a)]</u>	<u>[Insert value in accordance with cl 6.12(a)(ii) and cl 6.13(b)]</u>	<u>[Insert value in accordance with cl 6.12(a)(ii) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(a)(ii) and cl 6.13(d)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.12(a)(iii) and cl 6.13(a)]</u>	<u>[Insert value in accordance with cl 6.12(a)(iii) and cl 6.13(b)]</u>	<u>[Insert value in accordance with cl 6.12(a)(iii) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(a)(iii) and cl 6.13(d)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.12(a)(iv) and cl 6.13(a)]</u>	<u>[Insert value in accordance with cl 6.12(a)(iv) and cl 6.13(b)]</u>	<u>[Insert value in accordance with cl 6.12(a)(iv) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(a)(iv) and cl 6.13(d)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.12(a)(v) and cl 6.13(a)]</u>	<u>[Insert value in accordance with cl 6.12(a)(v) and cl 6.13(b)]</u>	<u>[Insert value in accordance with cl 6.12(a)(v) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(a)(v) and cl 6.13(d)]</u>
<u>International Transactions</u>				
<u>Debit and Prepaid</u>	<u>[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(a)]</u>	<u>[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(b)]</u>	<u>[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(d)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.12(b)(ii) and cl 6.13(a)]</u>	<u>[Insert value in accordance with cl 6.12(b)(ii) and cl 6.13(b)]</u>	<u>[Insert value in accordance with cl 6.12(b)(ii) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(b)(ii) and cl 6.13(d)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.12(b)(iii) and cl 6.13(a)]</u>	<u>[Insert value in accordance with cl 6.12(b)(iii) and cl 6.13(b)]</u>	<u>[Insert value in accordance with cl 6.12(b)(iii) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(b)(iii) and cl 6.13(d)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.12(b)(iv) and cl 6.13(a)]</u>	<u>[Insert value in accordance with cl 6.12(b)(iv) and cl 6.13(b)]</u>	<u>[Insert value in accordance with cl 6.12(b)(iv) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(b)(iv) and cl 6.13(d)]</u>
<u>of which: Mobile wallets</u>	<u>[Insert value in accordance with cl 6.12(b)(v) and cl 6.13(a)]</u>	<u>[Insert value in accordance with cl 6.12(b)(v) and cl 6.13(b)]</u>	<u>[Insert value in accordance with cl 6.12(b)(v) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(b)(v) and cl 6.13(d)]</u>



## **SCHEME RULES RELATING TO MERCHANT PRICING FOR CREDIT, DEBIT AND PREPAID CARD TRANSACTIONS**

### **1. ~~1~~ Objective**

*The objective of this Standard is to promote:*

- *efficiency; and*
- *competition*

*in the Australian payments system by ~~providing for scheme rules that require participants to give merchants the freedom to make a charge for accepting payment of a particular kind that reflects the cost to the merchant of accepting that payment type~~ requiring debit and prepaid cards to be identified and information relating to card acceptance costs to be published or provided.*

### **2. ~~2~~ Application**

2.1 This Standard is determined under Section 18 of the Payment Systems (Regulation) Act 1998 (the **Act**).

2.2 This Standard applies to each of the following, each of which is referred to in this Standard as a **Scheme**:

- (a) the payment system operated within Australia known as the MasterCard system, which was designated under the Act as a payment system on 12 April 2001 and which is referred to in this Standard as the **MasterCard System**;
- (b) the payment system operated within Australia known as the VISA system, which was designated under the Act as a payment system on 12 April 2001 and which is referred to in this Standard as the **VISA System**;
- (c) the payment system operated within Australia known as Visa Debit, which was designated under the Act as a payment system on 23 February 2004 and which is referred to in this Standard as **Visa Debit**;
- (d) the payment system operated within Australia known as Debit MasterCard, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this Standard as **Debit MasterCard**;
- (e) the debit card payment system operated within Australia known as the EFTPOS payment system, which was designated under the Act as a payment system on 12 June 2012 and which is referred to in this Standard as the **EFTPOS System**;
- (f) the prepaid card payment system operated within Australia under the EFTPOS Scheme Rules, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this Standard as **EFTPOS Prepaid**;
- (g) the payment system operated within Australia known as MasterCard Prepaid, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this Standard as **MasterCard Prepaid**; and
- (h) the payment system operated within Australia known as Visa Prepaid, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this Standard as **Visa Prepaid**.

2.3 In this Standard:

**Acquired** or **Acquiring** includes accepted or accepting;

**Acquirer** means a participant in a Scheme in Australia that:

- (a) provides services, directly or indirectly, to a Merchant to allow the Merchant to accept a Card of that Scheme; or
- (b) is a Merchant that accepts, or is a Related Body Corporate of a Merchant that accepts, a Card of that Scheme and bears risk as principal in relation to the payment obligations of the Issuer of that Card in relation to that acceptance;

**Acquirer Supplied Element** means in relation to an Acquirer, a Merchant and a Scheme, those of the ~~Permitted~~ Cost of Acceptance Elements for that Merchant and that Scheme that are [in respect of services](#) supplied, directly or indirectly, by that Acquirer;

**Average Cost of Acceptance** means, for a Merchant Category, Card Type and a Quarter, the aggregate cost of the Direct Acquirer Supplied Elements for that Card Type for Merchants in that Merchant Category during that Quarter divided by the total value of Card Transactions of that Card Type Acquired for all Merchants in that Merchant Category during that Quarter (excluding the amount of any cash obtained by the holder of a Card of a Scheme or other Device as part of a Card Transaction or other transaction), expressed as a percentage and rounded to the nearest second decimal place;

**Card, Card of a Scheme or Card of that Scheme** means a Credit Card of a Scheme, Debit Card of a Scheme or Prepaid Card of a Scheme;

**Card Transaction** means a Credit Card Transaction, Debit Card Transaction or Prepaid Card Transaction;

**Card Type** means each of:

- (a) [Domestic Debit and Prepaid Cards](#);
- (b) [Domestic Credit Cards](#);
- (c) [International Debit and Prepaid Cards](#); and
- (d) [International Credit Cards](#);

**Commencement Date** means 1 September 2016;

**Cost of Acceptance Elements** has the meaning given to it in clause 53;

**Credit Card, Credit Card of a Scheme or Credit Card of that Scheme** means, in relation to a Scheme, a Device that can, under the Rules of the Scheme, be used in Australia for purchasing goods or services on credit (irrespective of whether the Device is issued in or outside Australia);

**Credit Card Scheme** means the MasterCard System or the VISA System;

**Credit Card Transaction** means, in relation to a Credit Card Scheme, a transaction in that Scheme between a holder of a Credit Card of that Scheme and a Merchant involving the purchase of goods or services using a Credit Card of that Scheme that is Acquired by an Acquirer and includes any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction;

**Debit Card, Debit Card of a Scheme or Debit Card of that Scheme** means, in relation to a Scheme, a Device that can, under the Rules of the Scheme, be used in Australia to make payments to Merchants for goods or services by accessing a deposit account held at an

authorised deposit-taking institution or a bank or other financial institution (irrespective of whether the Device is issued in or outside Australia);

**Debit Card Scheme** means Debit MasterCard, the EFTPOS System or Visa Debit;

**Debit Card Transaction** means, in relation to a Debit Card Scheme, a transaction in that Scheme between a holder of a Debit Card of that Scheme and a Merchant involving the purchase of goods or services (whether or not it also involves the obtaining of cash) using a Debit Card of that Scheme that is Acquired by an Acquirer and includes any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction;

**Device** means any card, plate or other payment code or device, including a code or device where no physical card or other embodiment is issued and a code or device used or to be used for only one transaction;

**Direct Acquirer Supplied Element** means in relation to an Acquirer, a Merchant and a Scheme, those of the Acquirer Supplied Elements for that Merchant and that Scheme that are in respect of services supplied:

(a) directly by that Acquirer; or

(b) indirectly by that Acquirer via a Payment Facilitator that is a Related Body Corporate of the Acquirer;

**Direct Merchant** means, in relation to an Acquirer, a Merchant who has arranged or procured Acquiring services directly from the Acquirer or indirectly from the Acquirer via a Payment Facilitator that is a Related Body Corporate of that Acquirer;

**Domestic Cards** means each of Domestic Credit Cards and Domestic Debit and Prepaid Cards;

**Domestic Credit Cards** means the Credit Cards of any Credit Card Scheme issued by a participant in the Scheme in Australia under the Rules of the Scheme;

**Domestic Debit and Prepaid Cards** means the Debit Cards of any Debit Card Scheme and the Prepaid Cards of any Prepaid Card Scheme, in each case issued by a participant in the Scheme in Australia under the Rules of the Scheme;

**EFTPOS Scheme Rules** means the rules promulgated under the constitution of EFTPOS Payments Australia Limited (ABN 37 136 180 366) and any schedule, document, specification or rule published by EFTPOS Payments Australia Limited pursuant to those rules;

**Financial Year** means a period from 1 July to the following 30 June;

**International Cards** means each of International Credit Cards and International Debit and Prepaid Cards;

**International Credit Cards** means the Credit Cards of any Credit Card Scheme that are not Domestic Credit Cards;

**International Debit and Prepaid Cards** means the Debit Cards of any Debit Card Scheme and the Prepaid Cards of any Prepaid Card Scheme in each case that are not Domestic Debit and Prepaid Cards;

**Issuer** means an entity that issues Cards of a Scheme to its customers;

~~**Large Merchant** means a Merchant that satisfies two or all of the following:~~

~~(a) the consolidated gross revenue for the Financial Year ended 30 June 2015 of the Merchant and its Related Bodies Corporate was \$25 million or more;~~

- ~~(b) the value of the consolidated gross assets at 30 June 2015 of the Merchant and its Related Bodies Corporate was \$12.5 million or more;~~
- ~~(c) as at 30 June 2015 the Merchant and its Related Bodies Corporate between them had 50 or more employees (whether full time, part time, casual or employed on any other basis);~~

**Large Acquirer** means an Acquirer that Acquired Card Transactions from Direct Merchants of the Acquirer with an aggregate value of more than \$10 billion in the last four Quarters excluding the amount of any cash obtained by the holder of a Card of a Scheme or other Device as part of a Card Transaction or other transaction;

**Medium-sized Merchant** means, in relation to an Acquirer, a Direct Merchant of the Acquirer for which the Acquirer Acquired Card Transactions with an aggregate value of:

- (a) between \$1 million and \$10 million in the 12 month period expiring at the end of the last Quarter; or
- (b) if the Merchant has not been a Direct Merchant of the Acquirer for the whole of that 12 month period, between \$250,000 and \$2.5 million in the last Quarter,

in each case excluding the amount of any cash obtained by the holder of a Card of a Scheme or other Device as part of a Card Transaction or other transaction;

**Merchant** means, in relation to a Scheme, a merchant in Australia that accepts a Card of that Scheme for payment for goods or services;

**Merchant Category**, in relation to an Acquirer, means each of following:

- (a) Direct Merchants;
- (b) Small Merchants; and
- (c) Medium-sized Merchants;

**Merchant Service Fee** means a transaction-based fee (or a time-period-based fee that covers a specified or maximum number of transactions) charged to a Merchant by an Acquirer for Acquiring, or by a Payment Facilitator for arranging the Acquisition of, one or more types of Card Transaction from that Merchant whether collected on an ad valorem or flat-fee basis, or charged as a blended or bundled rate across more than one type of Card Transaction or on an interchange plus acquirer margin basis or any other basis;

**Payment Facilitator** means an entity which arranges or procures Acquiring services from an Acquirer for one or more Merchants;

~~**Payment Service Provider** means, in relation to a Merchant and a Scheme, an entity that is not a Related Body Corporate of the Merchant that provides services and/or equipment to the Merchant that directly relate to, or are directly used for or in connection with, the acceptance by that Merchant of Cards of that Scheme for payment for goods or services;~~

~~**Permitted Cost of Acceptance Elements** in relation to a Merchant and a Scheme are the fees and premiums referred to in clause 5.1(a) for that Merchant and that Scheme;~~

~~**Permitted Surcharge** has the meaning given to it in clause 4.1;~~

**Prepaid Card, Prepaid Card of a Scheme or Prepaid Card of that Scheme** means, in relation to a Scheme, a Device that can be used in Australia, under the Rules of the Scheme, to make payments for goods or services using a store of value that has been prepaid or pre-funded and is accessible to make payments for goods or services only through the use of that, or a linked or related, Device (irrespective of whether the Device is issued in or outside Australia);

**Prepaid Card Scheme** means EFTPOS Prepaid, MasterCard Prepaid or Visa Prepaid;

**Prepaid Card Transaction** means in relation to a Prepaid Card Scheme a transaction in that Scheme between a holder of a Prepaid Card and a Merchant involving the purchase of goods or services (whether or not it also involves the obtaining of cash) using a Prepaid Card relating to that Scheme and includes any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction;

~~Reference Period has the meaning given to it in clause 4.2;~~

Quarter means a 3 month period ending on 30 June, 30 September, 31 December or 31 March;

**Related Body Corporate** has the meaning given in the *Corporations Act 2001*;

**Rules of a Scheme** or **Rules of the Scheme** means the constitution, rules, by-laws, procedures and instruments of the relevant Scheme, and any other arrangement relating to the Scheme by which participants in that Scheme are, or consider themselves to be, bound;

**Scheme Pair** means:

- (a) Visa Debit and Visa Prepaid;
- (b) Debit MasterCard and MasterCard Prepaid; or
- (c) EFTPOS System and EFTPOS Prepaid;

Small Merchant, in relation to an Acquirer, means a Direct Merchant of the Acquirer for which the Acquirer Acquired Card Transactions with an aggregate value of less than:

- (a) \$1 million in the 12 month period expiring the end of the last Quarter; or;
- (b) if the Merchant has not been a Direct Merchant of the Acquirer for the whole of that 12 month period, \$250,000 in the last Quarter.

in each case excluding the amount of any cash obtained by the holder of a Card of Scheme or other Device as part of a Card Transaction or other transaction.

**Statement Period** has the meaning given to it in clause ~~7.25.3~~(a);

~~Surcharge means, in respect of any Card Transaction, any of the following, however named or described:~~

- ~~(a) an amount charged, in addition to the price of goods or services, for the relevant Merchant accepting payment through the Card Transaction; or~~
- ~~(b) an amount charged for making payment through the Card Transaction. An amount will be charged for making payment through a Card Transaction if:~~
  - ~~(i) that amount is charged because the purchase of the relevant goods or services is effected using the relevant Card; or~~
  - ~~(ii) the goods or services could be purchased from the relevant Merchant by a different payment method without that amount being charged;~~

**include** or **including** or **such as** when introducing an example do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and

terms defined in the Act have the same meaning in this Standard.

- 2.4 Each participant in a Scheme must do all things necessary on its part to ensure compliance with this Standard.

2.5 If any part of this Standard is invalid, this Standard is ineffective only to the extent of such part without invalidating the remaining parts of this Standard.

2.6 This Standard is to be interpreted:

- (a) in accordance with its objective; and
- (b) by looking beyond form to substance.

~~2.7 This Standard shall not apply in respect of Rules of a Scheme that relate, or the conduct of participants in a Scheme that relates, to charges made by Merchants for accepting Cards for payment of a taxi fare in a State or Territory of Australia. Accordingly payment of a taxi fare in any State or Territory of Australia effected using a Card is not a payment of a kind covered by this Standard.~~

~~2.8~~2.7 This Standard replaces each of the following Standards or parts of Standards:

- (a) each of Standard No. 2 *Merchant Pricing for Credit Card Purchases* which applied to the MasterCard System and Standard No. 2 *Merchant Pricing for Credit Card Purchases* which applied to the VISA System; and
- (b) clauses 9 and 10 and sub-clauses 12 (i), (ii) and (iii) of *The Honour All Cards Rule in the Visa Debit and Visa Credit Card Systems and the No Surcharge Rule in the Visa Debit System* Standard.

### **3 Merchant Pricing**

~~Neither the Rules of a Scheme nor any participant in a Scheme shall prohibit or deter:~~

- ~~(a) a Merchant from recovering, by charging a Surcharge in respect of a Card Transaction in a Scheme at any time, an amount that does not exceed the Permitted Surcharge for that Merchant and that Scheme at that time; or~~
- ~~(b) a Merchant, in recovering part or all of the Cost of Acceptance of Cards of the Scheme, from applying different Surcharges in respect of Card Transactions in different Schemes (except that, in relation to a Scheme Pair, the Rules of a Scheme may require that if a Surcharge is applied in respect of Card Transactions in one Scheme in the Scheme Pair, any Surcharge applied in respect of Card Transactions in the other Scheme in the Scheme Pair must be the same).~~

### **4 Permitted Surcharge**

~~4.1 The Permitted Surcharge for a Merchant and a Scheme at any time is an amount not exceeding the Cost of Acceptance for that Merchant and that Scheme applicable at that time.~~

~~4.2 For the purpose of clause 4.1 the Cost of Acceptance of Cards of a Scheme applicable at a time is:~~

- ~~(a) subject to paragraph (b), the Cost of Acceptance of Cards of the Scheme calculated for a 12 month period that ended not more than 13 months before that time; or~~
- ~~(b) if the Cost of Acceptance of Cards of the Scheme for a Merchant for a 12 month period preceding that time is not reasonably ascertainable, an estimate of the average cost of acceptance of Cards of the Scheme for a period of 12 months calculated by the Merchant in good faith using only known and/or estimated Permitted Cost of Acceptance Elements and Card Transaction volumes for Cards of the Scheme.~~

~~Each 12 month period referred to in paragraph (a) or paragraph (b) is a **Reference Period**.~~

### **3. 5-Cost of Acceptance Elements**

**5.13.1** Subject to the other provisions of this clause **53, Cost of Acceptance Elements** for a Merchant, a Scheme and a ~~Reference Period at any time means~~period, in relation to the Merchant's acceptance of a Card of the Scheme, ~~the average cost per Card Transaction in the Scheme calculated for the Reference Period as follows:~~

~~means (a)~~ by adding only the following amounts paid by the Merchant in respect of that Scheme during that ~~Reference Period~~period, which are to be determined taking into account any discount, rebate or other allowance received or receivable by the Merchant to the extent any such discount, rebate or other allowance is ascertainable:

- (a) ~~(i)~~ the applicable Merchant Service Fee or Merchant Service Fees in respect of Card Transactions in the Scheme;
- (b) ~~(ii)~~ fees paid to any entity that was the Merchant's Acquirer, or Payment Facilitator ~~or Payment Service Provider~~ during the ~~Reference Period~~period for:
  - (i) ~~(A)~~ the rental and maintenance of payment card terminals that process Cards of that Scheme; or
  - (ii) ~~(B)~~ providing gateway or fraud prevention services referable to that Scheme;
- (c) ~~(iii)~~ fees incurred in processing Card Transactions in that Scheme and paid to any entity that was the Merchant's Acquirer or Payment Facilitator during the ~~Reference Period~~period including international service assessments or cross-border transaction fees, switching fees and fraud-related chargeback fees (but, for the avoidance of doubt, excluding the amount of chargebacks); ~~and~~.
  - ~~(iv) if the Merchant acts as agent for a principal, fees or premiums paid by the Merchant to an entity that is not a Related Body Corporate of the Merchant to insure against the risk that the Merchant will be liable to a customer for the failure of its principal to deliver goods or services purchased through a Card Transaction provided that such risk arises because payment for the relevant goods or services is effected through a Card Transaction;~~

but in each case only if those fees ~~or premiums~~ are:

- (d) ~~(iv)~~ directly related to Card Transactions in that Scheme. A fee ~~or premium~~ will not be so directly related if it is incurred in relation to or in connection with a payment, or the sale or purchase to which the payment relates, irrespective of the method used to make the payment; and
- (e) ~~(v) subject to clause 4.2(b),~~ documented or recorded in:
  - (i) ~~(A)~~ a contract in effect between the Merchant and its Acquirer, or Payment Facilitator ~~or Payment Service Provider~~ that relates to or covers the Scheme or Card Transactions in the Scheme (whether or not it also relates to or covers other Schemes or Card Transactions in other Schemes); or
  - (ii) ~~(B)~~ a statement or invoice from the Merchant's Acquirer, or Payment Facilitator ~~or Payment Service Provider~~ that relates to or covers the Scheme or Card Transactions in the Scheme; ~~and~~.

~~(b) expressing the total of the amounts in paragraph (a) above as a percentage of the total value of Card Transactions in the Scheme between the Merchant and holders of~~



~~Cards in the Scheme in that Reference Period, with that percentage being the average cost per Card Transaction in the Scheme.~~

~~5.23.2~~ In relation to a Merchant's acceptance of a Card of a Scheme that is part of a Scheme Pair **Cost of Acceptance** ~~for a Reference Period will be calculated as provided in clause 5.1, except that the average cost per Card Transaction for the Reference Period~~ Elements for a period must be calculated across the Scheme Pair using only the ~~Permitted~~ Cost of Acceptance Elements for both Schemes in the Scheme Pair.

~~5.33.3~~ If a ~~Permitted~~ Cost of Acceptance Element is not levied or charged on a per transaction basis and is not referable only to Card Transactions undertaken in a single Scheme (or Scheme Pair where clause ~~5.23.2~~ applies) (for example, a fixed monthly terminal rental cost that allows Card Transactions in more than one Scheme to be made), that ~~Permitted~~ Cost of Acceptance Element is to be apportioned among the relevant Schemes, Scheme Pairs and other payment systems (as the case may be) to which it relates for the purpose of determining the amount of the Cost of Acceptance Elements on a pro-rata basis. The apportionment is to be based on the value of the Card Transactions in the relevant Scheme or Scheme Pair (as applicable) over the period to which the cost relates as a proportion of the total value of transactions undertaken in any payment system to which the cost relates over that period (in each case, the value of the Card Transactions and transactions excludes the amount of any cash obtained by the holder of a Card of a Scheme or other Device as part of a Card Transaction or other transaction).

#### 4. ~~6~~-Card Identification

~~6.14.1~~ All Debit Cards issued after 1 July 2017 in Australia by a participant in a Debit Card Scheme that are capable of being visually identified as Debit Cards must be so identified. All Prepaid Cards issued after 1 July 2017 in Australia by a participant in a Prepaid Card Scheme that are capable of being visually identified as Prepaid Cards must be so identified.

~~6.24.2~~ All Debit Cards issued in Australia by a participant in a Debit Card Scheme must be issued with a Bank Identification Number (BIN) that allows them to be electronically identified as Debit Cards. All Prepaid Cards issued after 1 July 2017 in Australia by a participant in a Prepaid Card Scheme in Australia must be issued with a BIN that allows them to be electronically identified as Prepaid Cards.

~~6.34.3~~ Without limiting clause ~~6.24.2~~:

- (a) an administrator of a Scheme in Australia or an Acquirer that Acquires both Credit Card Transactions and Debit Card Transactions for a Merchant must provide to the Merchant, or publish, lists of BINs that permit the Merchant to separately identify Credit Card Transactions and Debit Card Transactions electronically; and
- (b) from 1 July 2017, an administrator of a Scheme in Australia or an Acquirer that Acquires Card Transactions of more than one Scheme for a Merchant must provide to the Merchant, or publish, lists of BINs that permit the Merchant to separately identify Card Transactions of each applicable Scheme electronically.

#### 5. ~~7~~-Transparency

5.1 Each Large Acquirer must, not later than 30 days after the end of each Quarter, publish on its website and give to the Reserve Bank of Australia, in accordance with the form of the table set out in Schedule 1, the Average Cost of Acceptance for each of the last four Quarters for Merchants within each Merchant Category for each of:

- (a) Domestic Debit and Prepaid Cards;
- (b) Domestic Credit Cards;
- (c) International Debit and Prepaid Cards;
- (d) International Credit Cards; and
- (e) all Debit Cards, Prepaid Cards and Credit Cards of any Scheme.

~~7.1~~ Subject to clause 7.3, each Acquirer must, on or as soon as practicable after the Commencement Date, notify in writing each Merchant for which the Acquirer directly or indirectly provides Acquiring services of the provisions of this Standard.

5.2 Each Large Acquirer must publish the information referred to in clause 5.1 on a separate page of its website in a location that is easily accessible, and include a link on its website to any table published pursuant to clause 5.1 that relates to any Quarter before the last four Quarters.

~~7.2~~ 7.2.5.3 Subject to clause ~~7.3~~5.4, each Acquirer must issue, or cause to be issued, monthly statements to each Merchant for which the Acquirer provides Acquiring services, directly or indirectly. Each such statement must set out:

- (a) the dates on which the period covered by the statement begins and ends (**Statement Period**). For that purpose, for all statements except the first, the date a statement period begins must be the day after the day the immediately previous statement period ends;
- (b) for the relevant Statement Period, and separately for each applicable Credit Card Scheme and Scheme Pair:

- (i) the aggregate cost of the Acquirer Supplied Elements ~~of the Cost of Acceptance~~ for the Merchant for each of:

(A). ~~(A)~~ Domestic Credit Cards of each applicable Credit Card Scheme; and

(B). International Credit Cards of each applicable Credit Card Scheme;

(C). Domestic Debit and Prepaid Cards of each applicable Scheme Pair;

(D). International Debit and Prepaid Cards of each applicable Scheme Pair;

(E). all Credit Cards of each applicable Credit Card Scheme; and

(F). ~~(B)~~ all Debit Cards and Prepaid Cards of each applicable Scheme Pair,  
over the Statement Period (each such aggregate being a **Month Element Cost Total**);

- ~~(ii)~~ the aggregate value of Card Transactions Acquired for the Merchant ~~for~~made using each of:

(A). ~~(A)~~ Domestic Credit Cards of each applicable Credit Card Scheme; and

(B). International Credit Cards of each applicable Credit Card Scheme;

(C). Domestic Debit and Prepaid Cards of each applicable Scheme Pair;

(D). ~~(B)~~ International Debit and Prepaid Cards of each applicable Scheme  
Pair;

(E). all Credit Cards of each applicable Credit Card Scheme; and

(F). all Debit Cards and Prepaid Cards of each applicable Scheme Pair,  
over the Statement Period (each such aggregate being a **Month Value Total**); and

(ii) for each of:

(A). ~~iii) for~~ Domestic Credit Cards of each applicable Credit Card Scheme ~~and each applicable Scheme Pair;~~

(B). International Credit Cards of each applicable Credit Card Scheme;

(C). Domestic Debit and Prepaid Cards of each applicable Scheme Pair;

(D). International Debit and Prepaid Cards of each applicable Scheme Pair;

(E). all Credit Cards of each applicable Credit Card Scheme; and

(F). all Debit Cards and Prepaid Cards of each applicable Scheme Pair,

the Month Element Cost Total expressed as a percentage of the corresponding Month Value Total; and

(c) if it is the statement for the last full Statement Period within a Financial Year, separately for each Scheme and Scheme Pair:

(i) the aggregate cost of the Acquirer Supplied Elements ~~of the Cost of Acceptance~~ for the Merchant over the 12 month period ending on the last day of that Statement Period (an **Annual Period**) for each of:

(A). ~~(A)~~ Domestic Credit Cards of each applicable Credit Card Scheme; ~~and~~

(B). International Credit Cards of each applicable Credit Card Scheme;

(C). Domestic Debit and Prepaid Cards of each applicable Scheme Pair;

(D). International Debit and Prepaid Cards of each applicable Scheme Pair;

(E). all Credit Cards of each applicable Credit Card Scheme; and

(F). ~~(B)~~ all Debit Cards and Prepaid Cards of each applicable Scheme Pair,

~~(each such aggregate being an Annual Element Cost Total);~~

(ii) the aggregate value of Card Transactions Acquired for the Merchant ~~for~~ made using each of:

(A). ~~(A)~~ Domestic Credit Cards of each applicable Credit Card Scheme; ~~and~~

(B). International Credit Cards of each applicable Credit Card Scheme;

(C). Domestic Debit and Prepaid Cards of each applicable Scheme Pair;

(D). ~~(B)~~ International Debit and Prepaid Cards of each applicable Scheme Pair,

(E). all Credit Cards of each applicable Credit Card Scheme; and

(F). all Debit Cards and Prepaid Cards of each applicable Scheme Pair,

over the Annual Period (each such aggregate being an **Annual Value Total**); and

(iii) for each of:

(A). ~~iii) for~~ Domestic Credit Cards of each applicable Credit Card Scheme;

(B). International Credit Cards of each applicable Credit Card Scheme;

(C). Domestic Debit and Prepaid Cards of each applicable Scheme Pair; ~~;~~

(D). International Debit and Prepaid Cards of each applicable Scheme Pair,

(E). all Credit Cards of each applicable Credit Card Scheme; and

(F). all Debit Cards and Prepaid Cards of each applicable Scheme Pair,

the Annual Element Cost Total expressed as a percentage of the corresponding Annual Value Total.

~~7.3~~5.4 An Acquirer will not contravene clause ~~7.1 or 7.2~~5.3 if:

- (a) the Acquirer provided Acquiring services to the Merchant indirectly via a Payment Facilitator;
- (b) prior to the time the Acquirer was required to ~~notify or~~ give a statement under clause ~~7.1 or 7.2 (as applicable)~~5.3, it entered into a written agreement with the Payment Facilitator which obliged the Payment Facilitator to provide the ~~notice and~~ statements described in ~~clauses 7.1 and 7.2~~clause 5.3 at the times described in ~~those clauses~~that clause;
- (c) after conducting due inquiries of the Payment Facilitator before that agreement was entered into, the Acquirer was satisfied that the Payment Facilitator had sufficient processes in place to provide those ~~notices and~~ statements at the times described in ~~clauses 7.1 or 7.2 (as applicable)~~clause 5.3; and
- (d) after entering into that agreement and prior to the time the ~~notice or~~ statement ~~(as the case may be)~~ was required to be sent, the Acquirer had not had cause to suspect that the ~~notice or~~ statement would not be sent to the Merchant by the Payment Facilitator in accordance with ~~clauses 7.1 or 7.2 (as applicable)~~clause 5.3.

## 6. ~~8~~-Anti-Avoidance

~~8.1~~6.1 A participant in a Scheme must not, either alone or together with one or more other persons, enter into, begin to carry out or carry out a plan or arrangement or otherwise be knowingly involved in a plan or arrangement if it would be concluded that the person did so for a purpose of avoiding the application of this Standard, and the plan or arrangement or part of the plan or arrangement has achieved or would but for this provision have achieved or could reasonably be considered to have achieved that purpose.

~~8.2~~6.2 For the purpose of this Standard, a provision of a plan or arrangement shall be deemed to have a particular purpose if the provision was included in the plan or arrangement by a party or parties for purposes that include that purpose and that purpose was a substantial purpose.

~~8.3 Without limiting clause 8.1, neither the Rules of a Scheme, nor a participant in a Scheme, shall directly or indirectly deny a Merchant access to Acquiring services or decline to provide Acquiring services to a Merchant for the reason (whether solely or in combination with other reasons) that:~~

- ~~(a) the Merchant imposes or intends to impose a Surcharge in relation to Card Transactions in that Scheme; or~~
- ~~(b) the amount of any Surcharge charged, or proposed to be charged, by the Merchant in relation to Card Transactions in the Scheme is a particular amount, either in absolute terms or relative to any other Surcharge (unless that amount would exceed the Permitted Surcharge for Card Transactions in that Scheme).~~

## **7. ~~9~~ Commencement and implementation**

~~9.1~~7.1 This Standard came into force on the Commencement Date, but certain provisions in it had a transitional application as set out in clause ~~9~~7 of this Standard as at the Commencement Date.

~~9.2~~7.2 ~~On~~ Subject to clauses 7.3, 7.4 and 7.5 on and from 1 ~~January 2022~~July 2026, each participant in a Scheme must comply with this Standard as varied with effect from that date.

7.3 Clause 5.1 of this Standard as varied with effect from 1 July 2026:

(a) does not apply in respect of any Quarter commencing before 1 January 2026; and

(b) must be complied with in respect of each Quarter ending 31 March 2026 and 30 June 2026 no later than 30 July 2026.

7.4 Clause 5.3(b) of this Standard as varied with effect from 1 July 2026 must be complied with for any Statement Period commencing on or after 1 July 2026 and all subsequent Statement Periods. For a Statement Period commencing before 1 July 2026 and ending after that date, clause 5.3(b) must be complied with as it was in effect as at 30 June 2026.

7.5 Clause 5.3(c) of this Standard as varied with effect from 1 July 2026 must be complied with for the statement for the last full Statement Period within the Financial Year ending 30 June 2027 and all subsequent Financial Years.

## SCHEDULE 1

<b>Average Cost of acceptance</b>				
	<i><u>[insert Quarter and year]</u></i>	<i><u>[insert Quarter and year]</u></i>	<i><u>[insert Quarter and year]</u></i>	<i><u>[insert Quarter and year]</u></i>
<b><u>Direct Merchants</u></b>	<u>[insert value in accordance with clause 5.1(e)]</u>	<u>[insert value in accordance with clause 5.1(e)]</u>	<u>[insert value in accordance with clause 5.1(e)]</u>	<u>[insert value in accordance with clause 5.1(e)]</u>
<u>Domestic Debit and Prepaid Cards</u>	<u>[insert value in accordance with clause 5.1(a)]</u>	<u>[insert value in accordance with clause 5.1(a)]</u>	<u>[insert value in accordance with clause 5.1(a)]</u>	<u>[insert value in accordance with clause 5.1(a)]</u>
<u>Domestic Credit Cards</u>	<u>[insert value in accordance with clause 5.1(b)]</u>	<u>[insert value in accordance with clause 5.1(b)]</u>	<u>[insert value in accordance with clause 5.1(b)]</u>	<u>[insert value in accordance with clause 5.1(b)]</u>
<u>International Debit and Prepaid Cards</u>	<u>[insert value in accordance with clause 5.1(c)]</u>	<u>[insert value in accordance with clause 5.1(c)]</u>	<u>[insert value in accordance with clause 5.1(c)]</u>	<u>[insert value in accordance with clause 5.1(c)]</u>
<u>International Credit Cards</u>	<u>[insert value in accordance with clause 5.1(d)]</u>	<u>[insert value in accordance with clause 5.1(d)]</u>	<u>[insert value in accordance with clause 5.1(d)]</u>	<u>[insert value in accordance with clause 5.1(d)]</u>
<b><u>Small Merchants</u></b>	<u>[insert value in accordance with clause 5.1(e)]</u>	<u>[insert value in accordance with clause 5.1(e)]</u>	<u>[insert value in accordance with clause 5.1(e)]</u>	<u>[insert value in accordance with clause 5.1(e)]</u>
<u>Domestic Debit and Prepaid Cards</u>	<u>[insert value in accordance with clause 5.1(a)]</u>	<u>[insert value in accordance with clause 5.1(a)]</u>	<u>[insert value in accordance with clause 5.1(a)]</u>	<u>[insert value in accordance with clause 5.1(a)]</u>
<u>Domestic Credit Cards</u>	<u>[insert value in accordance with clause 5.1(b)]</u>	<u>[insert value in accordance with clause 5.1(b)]</u>	<u>[insert value in accordance with clause 5.1(b)]</u>	<u>[insert value in accordance with clause 5.1(b)]</u>
<u>International Debit and Prepaid Cards</u>	<u>[insert value in accordance with clause 5.1(c)]</u>	<u>[insert value in accordance with clause 5.1(c)]</u>	<u>[insert value in accordance with clause 5.1(c)]</u>	<u>[insert value in accordance with clause 5.1(c)]</u>
<u>International Credit Cards</u>	<u>[insert value in accordance with clause 5.1(d)]</u>	<u>[insert value in accordance with clause 5.1(d)]</u>	<u>[insert value in accordance with clause 5.1(d)]</u>	<u>[insert value in accordance with clause 5.1(d)]</u>
<b><u>Medium-sized Merchants</u></b>	<u>[insert value in accordance with clause 5.1(e)]</u>	<u>[insert value in accordance with clause 5.1(e)]</u>	<u>[insert value in accordance with clause 5.1(e)]</u>	<u>[insert value in accordance with clause 5.1(e)]</u>
<u>Domestic Debit and Prepaid Cards</u>	<u>[insert value in accordance with clause 5.1(a)]</u>	<u>[insert value in accordance with clause 5.1(a)]</u>	<u>[insert value in accordance with clause 5.1(a)]</u>	<u>[insert value in accordance with clause 5.1(a)]</u>
<u>Domestic Credit Cards</u>	<u>[insert value in accordance with clause 5.1(b)]</u>	<u>[insert value in accordance with clause 5.1(b)]</u>	<u>[insert value in accordance with clause 5.1(b)]</u>	<u>[insert value in accordance with clause 5.1(b)]</u>
<u>International Debit and Prepaid Cards</u>	<u>[insert value in accordance with clause 5.1(c)]</u>	<u>[insert value in accordance with clause 5.1(c)]</u>	<u>[insert value in accordance with clause 5.1(c)]</u>	<u>[insert value in accordance with clause 5.1(c)]</u>
<u>International Credit Cards</u>	<u>[insert value in accordance with clause 5.1(d)]</u>	<u>[insert value in accordance with clause 5.1(d)]</u>	<u>[insert value in accordance with clause 5.1(d)]</u>	<u>[insert value in accordance with clause 5.1(d)]</u>