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RE: Reserve Bank of Australia Review of Payments System Regulation

Introduction

1. Booking Holdings is a conglomerate comprising of the world's leading providers of online travel & related services, provided to consumers and local travel service partners in more than 220 countries and territories through six primary brands: Booking.com, Priceline, Agoda, Rentalcars.com, KAYAK and OpenTable. Our mission is to 'make it easier for everyone to experience the world'. By investing in technology that takes the friction out of travel, Booking Holdings seamlessly connects millions of travellers to travel experiences, transportation options, accommodation and further types of travel-related services across the world. We also enable properties and businesses around the world, including in Australia, to reach a global audience.

2. In Australia, Booking Holdings is proud to offer services through our brands, including Booking.com and Agoda, which are among the most prominent travel booking websites used by Australian customers and travel services providers.

3. This submission provides our perspectives on two areas of the RBA's Review of Payments System Regulation Issues Paper, released June 2026 (the 'Review'):[1] proposed reforms to the integration and bundling of payment services (section 2.2) and proposed reforms to address overseas card payments fraud (section 5.2). We support the RBA's policy objectives to promote competition, efficiency, innovation and financial safety in the payments system. We welcome appropriate measures to improve consumer protection and reduce payment fraud.

Integrated platforms and bundling of payment services (section 2.2)

4. The RBA is seeking views on whether the bundling of payment services with non-payment services may raise competition, efficiency or financial safety concerns in the payments system. We understand that the RBA is concerned that bundling practices may detrimentally limit or influence merchant choice, pricing outcomes, efficiency, financial safety, or limit the ability for competition between payment service providers (PSPs).

5. Integrated services are an important feature of the digital economy. Platforms commonly combine technology, distribution, customer support, fraud prevention, payment processing, reporting and other operational services together that cannot be assessed meaningfully in isolation.

[1] Reserve Bank of Australia (RBA) Review of Payments System Regulation Issues Paper, June 2026

6. The travel sector is particularly complex when it comes to payment services. We believe that integration of payment services provides significant value to our travel service partners ('merchant partners') due to the nature of the travel sector, and other Online Travel Agencies (OTAs) such as Expedia and Airbnb also have integrated payments, generally the industry standard. Merchant partners face distinct payment processing challenges due to the cross-border and high transaction value nature of international travel. These challenges include:

   a. Foreign exchange (FX) transactions are commonplace in international travel, presenting unique challenges for our merchant partners, including managing variable transaction costs and volatility in exchange rates, which can be particularly pronounced for bookings that are made well in advance, but not settled until the booking commences or is completed; and

   b. There are wide variances in payments methods globally, with methods ranging from cash, electronic payments, buy-now-pay-later (BNPL), and Open Banking, and there are varied and fragmented jurisdictional regulatory and security compliance requirements that may apply (for example, PCI-DSS compliance and Strong Customer Authentication / 3DS).

7. We consider that these pain points may be particularly profound for merchant partners in the accommodation sector in Australia, as they vary substantially in size, sophistication, payment volumes and access to financial and technical resources.

8. In addition, given the delays between booking and consuming travel services, the inherent cross-border nature of the travel sector and the high transaction value, PSPs evaluate the travel sector as having an increased risk profile. This can make it challenging for travel providers to find a PSP willing to provide payment services at a reasonable price or without requesting unreasonable financial securities.

9. While Booking Holdings' OTA brands offer payment facilitation services such as Payments by Booking.com as an optional add-on for their merchant partners, Booking Holdings notes that integrated payment services are more likely to offer key benefits to merchant partners because they are tailored to respond to the distinct challenges of payment processing in international tourism.

10. As an illustrative example only, our Payments by Booking.com service:

    a. Gives the merchant partners easy access to integrated payment services and lets the merchant partners share in the scale advantages achieved by the platforms;

    b. Provides merchant partners with the ability to accept payments through various localised payment methods, tapping into international customers that otherwise may not be able to book Australian accommodation or experiences;

    c. Gives merchant partners more control over FX risk, as Payments by Booking.com merchant partners control the currency listed and the currency received; and

    d. Mitigates chargeback and fraud liability for merchant partners, as Payments by Booking.com absorbs chargeback and fraud liability on qualifying bookings we collect.

11. Results from internal surveys demonstrate the value of these features. In internal surveys we conduct annually with more than 2,000 accommodation partners using our payment facilitation services,

including small and large Australian partners, the vast majority report that these services make their operations easier, provide protection against fraud and chargebacks, and greater revenue security through guaranteed payments.

12. Over the past 12 months, data across our businesses also showed a significantly lower cancellation rate for online payments facilitated through our own payment facilitation services compared to pay-at-property bookings.

13. The integrated payments services offered by Booking Holdings' OTA brands also create value for the tourism economy by simplifying inbound payment demand. Integrated payment services also provide benefits for Australian consumers in the context of cross-border travel:

    a. Consumers are able to pay using payment methods that are familiar and comfortable for them, including local card schemes, digital wallets and other domestic payment rails. For customers based outside Australia booking accommodation in Australia, payment method availability follows the customer's origin market (for example, on Booking.com or Agoda, a Dutch traveller can pay via iDeal, a Thai traveller via PromptPay, and a Taiwanese traveller via LinePay);

    b. There can be greater FX transparency or elimination of hidden bank surcharges as integrated payment services can enable consumers to view prices, lock in rates and complete transactions in their currency of choice; and

    c. Integrated payment services can offer a more secure channel for consumers to make payments to overseas merchants, reducing the need to send sensitive information such as unencrypted credit card details to overseas merchants. Centralised payment processing allows the application of sophisticated fraud detection, tokenisation, encryption and other security measures that may not otherwise be available across a fragmented network of individual merchants. This can ensure more consistent and accurate application of fraud prevention mechanisms such as Strong Customer Authentication, and anti-money laundering measures such as transaction monitoring.

14. We therefore suggest that the RBA should be wary of viewing this issue of payments integration from a blanket perspective across all e-commerce models. There are reasons why integrated payment services are helpful for specific industries like travel and act to enhance, not detract from, consumer and merchant welfare.

15. For these reasons, we do not consider that regulatory action should be introduced for this sector and posit that further regulation may impact digital platforms' abilities to further innovate to increase the level of security, reliability and customisability in the context of payments in connection with cross-border travel.

Card payments fraud overseas and Strong Customer Authentication implementation (section 5.2)

16. Booking Holdings supports the RBA's objective of reducing card not present (CNP) fraud. Maintaining consumer confidence in online payments is essential to the continued growth of digital commerce, including travel bookings. Booking Holdings therefore supports practical measures that improve payment security, reduce fraud and strengthen trust across the payments ecosystem.

17. However, any proposal to require additional or more frequent Strong Customer Authentication (SCA) should carefully consider its full economic and operational impact. SCA requirements may be

directed at issuers, but the implementation will affect merchants, acquirers, PSPs and other participants in the payment chain. Any requirement to strengthen SCA will impose additional technical actions, system integrations, monitoring and compliance processes, as well as the establishment, maintenance and regular refreshing of infrastructure such as 3-D Secure (3DS) servers, token vaults, authentication systems and fraud-management tools.

18. The additional cost for compliance will ultimately be reflected in the prices paid by merchants and consumers. Larger businesses may be able to absorb or distribute the costs across high transaction volumes, but smaller merchants are likely to face a more significant relative burden. Consumers may also bear these costs through higher prices, reduced payment options, or additional transaction friction. Regulation should therefore be proportionate, risk-based and designed to deliver measurable improvements in fraud outcomes rather than impose authentication requirements on all transactions regardless of risk.

19. Booking Holdings is committed to complying with the proposed SCA requirements and already applies a range of multifactor validation and fraud-prevention measures across its platform. These measures include internal fraud-detection systems, machine-learning tools, risk-based transaction monitoring and optional two-step verification. Such layered controls allow Booking Holdings to identify and respond to elevated-risk activity while limiting unnecessary authentication steps for legitimate consumers.

20. However, SCA is a blunt tool and may not be the most effective economy-wide solution. Rather, we believe tackling fraud ultimately requires a collection of measures, dependent on sector, for example:

    a. Requiring PSPs and card schemes to enrich the data provided to the merchant during the transaction processing and fraud screening, for example, name-consistency and token/device assurance, as better data will enable better fraud prevention decisions;

    b. Allowing cardholders to register certain merchants as “trusted” with their card issuer, allowing customer-controlled exemption from issuers;

    c. Allowing merchants and PSPs which have a demonstrated and consistent track record of low fraud rates to opt-out of applying SCA for as long as they maintain these fraud levels below pre-defined levels;

    d. Requiring issuers to send mandatory push notifications the first time a transaction is made with a merchant so cardholders would be instantly aware of potentially fraudulent transactions. Ensure that cardholders can flag these as fraud so that issuers can instantly escalate back through the PSPs to merchants. Realtime notifications would increase the possibility of being able to cancel these purchases/payments; or

    e. Requiring merchants to notify BNPL customers of an upcoming payment 1-2 days prior to charging to prevent confusion or the confirmation of purchases that are no longer wanted.

21. The objective should be a payments system that is secure, trusted, convenient and accessible. Booking Holdings supports further work towards that objective and would welcome the opportunity to contribute its experience as a global digital platform operating across multiple payment systems and regulatory environments.

Conclusion

22. Booking Holdings supports the RBA's objective of maintaining a payments system that is competitive, efficient, innovative, safe and trusted. We encourage the RBA to recognise that integrated platforms payment services can deliver substantial benefits for businesses of all sizes, particularly within the travel sector, including lower costs, improved access to payment services, stronger fraud controls and greater operational efficiency. Any regulatory intervention in this area should be evidence-based, proportionate and focused on demonstrable consumer or merchant harm.

23. We encourage the RBA to consider the full impacts of any proposed SCA requirements across merchants, acquirers, PSPs, consumers and smaller businesses. A heavy-handed SCA authentication approach could increase processing costs, reduce conversion rates for our merchant partners, and create barriers to legitimate digital commerce without delivering proportionate improvements in fraud prevention.

24. Booking Holdings is committed to complying with applicable Australian requirements and to continuing to invest in secure, reliable and convenient payment services. We would welcome the opportunity to work with the RBA and other stakeholders on reforms that strengthen digital trust, support competition and innovation, reduce scams and fraud and maintain an accessible payments system for Australian consumers and businesses.

25. We would welcome the opportunity to further discuss any aspect of this submission with you; please reach out to karam.kim@booking.com.

Best regards,

Karam Kim

Head of Public Policy
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