Helping Australians travel smarter

FLIGHTIQ SUBMISSION TO THE RESERVE BANK OF AUSTRALIA

Review of Payments System Regulation

5 AUGUST 2026

EXECUTIVE SUMMARY

FlightIQ welcomes the opportunity to provide feedback on the Reserve Bank of Australia's Review of Payments System Regulation.

FlightIQ supports the Reserve Bank's objective of ensuring Australia's payments system remains efficient, competitive, innovative and delivers strong outcomes for consumers and businesses. We also recognise the Review's focus on reducing payment costs and improving consumer welfare.

Our submission focuses on one aspect of consumer welfare that we believe has received comparatively little attention throughout the Review: the value created by Australia's payment-linked rewards ecosystem.

Over the past three decades, reward programs have become a mainstream feature of Australia's payments landscape. Millions of Australians now rely on airline loyalty programs and reward credit cards to access travel opportunities that would otherwise remain beyond their financial means. These benefits extend well beyond premium travel and include family holidays, visiting relatives, business travel and greater consumer choice.

We encourage the Reserve Bank to ensure that any assessment of consumer welfare also considers the substantial value Australians derive from payment-linked reward programs before implementing further reforms arising from this Review.

INTRODUCTION

FlightIQ is an Australian consumer education business specialising in airline loyalty programs, reward strategy and premium travel. Through our work with Australian consumers, we observe first-hand how payment-linked rewards influence household financial decisions and enable travel opportunities that would otherwise remain financially inaccessible.

We appreciate the opportunity to contribute to this Review because we believe the consumer value created by Australia's payment-linked rewards ecosystem was not comprehensively examined during the previous *Review of Merchant Card Payment Costs and Surcharging*, and should form part of the broader consumer welfare assessment in the current Review.

CONSUMER WELFARE EXTENDS BEYOND TRANSACTION COSTS

FlightIQ supports the Reserve Bank's objective of improving efficiency, competition and transparency within Australia's payments system. However, consumer welfare should not be measured solely through reductions in transaction costs.

The previous *Review of Merchant Card Payment Costs and Surcharging* appropriately examined the benefits of reducing payment costs for consumers and merchants. As the Reserve Bank undertakes the broader *Review of Payments System Regulation*, FlightIQ believes there is an opportunity to expand the assessment of consumer welfare by explicitly considering the value created through Australia's payment-linked rewards ecosystem.

Consumers derive significant value from the opportunities created through payment-linked reward programs. These programs increase purchasing power, expand consumer choice and enable Australians to convert everyday household expenditure into meaningful travel experiences.

A comprehensive assessment of consumer welfare should therefore consider both the benefits of lower payment costs and the value created through Australia's payment-linked rewards ecosystem.

REWARD PROGRAMS HAVE DEMOCRATISED TRAVEL

Over the past three decades, payment-linked reward programs have become one of the principal mechanisms through which millions of Australians access international travel and aspirational travel experiences.

Today, the Qantas Frequent Flyer program has more than 18 million members[1], while Velocity Frequent Flyer has more than 13 million members[2]. The scale of these programs demonstrates that payment-linked rewards have become an established feature of Australia's consumer payments ecosystem and play a significant role in how many Australians engage with travel and financial products.

Importantly, Australia's payment-linked rewards ecosystem has helped democratise premium travel. For many middle-income Australians, airline loyalty programs provide one of the few realistic pathways to experiencing premium cabins, international family holidays and long-distance travel that may otherwise remain financially out of reach.

As cost-of-living pressures continue to constrain discretionary spending, these programs have become increasingly important in preserving opportunities for aspiration and mobility. International travel forms an important part of the Australian way of life, and payment-linked reward programs have helped ensure those opportunities are accessible to a broader cross-section of the community.

POTENTIAL UNINTENDED CONSEQUENCES OF FURTHER PAYMENT REFORMS

FlightIQ recognises that the objective of this Review is to improve outcomes for Australian consumers. However, reforms affecting the economics of payment-linked reward programs may also reduce a significant source of consumer value.

Australian consumers have already experienced declining reward earn rates, reduced credit card sign-up bonuses and fewer premium card benefits. These trends demonstrate that changes to the economics of payment products can materially affect the value delivered through payment-linked reward programs. As the Reserve Bank considers further reforms to Australia's payments system, these impacts should be explicitly identified and assessed as part of the overall consumer welfare framework.

The precise value of payment-linked reward programs will vary between consumers according to their spending patterns, card products and redemption choices. However, the consumer benefits generated through these programs can be substantial and should be explicitly considered alongside the anticipated benefits of payment system reform.

[1] Qantas Airways Limited. [Qantas Half Year Results 2026 (February 2026)].
[2] Virgin Australia, *About Us*, accessed August 2026 https://www.virginaustralia.com/au/en/about-us

RECOMMENDATIONS

FlightIQ recommends that the Reserve Bank:

1. Explicitly recognise payment-linked reward programs as an important component of consumer welfare when assessing the impact of payment system regulation.

2. Undertake and publish an independent assessment of the consumer value created by Australia's payment-linked rewards ecosystem, including the likely impact of proposed reforms on reward earn rates, cardholder benefits and consumer outcomes, before implementing further reforms arising from the Review of Payments System Regulation.

CONCLUSION

FlightIQ supports the Reserve Bank's objective of improving the efficiency, competition and transparency of Australia's payments system. However, Australia's payment-linked rewards ecosystem delivers significant consumer benefits that have developed alongside the existing payments framework.

For millions of Australians, these programs are not simply marketing initiatives. They have become an important mechanism for increasing purchasing power, expanding consumer choice and democratising access to travel experiences that would otherwise remain financially out of reach.

As the Reserve Bank considers future reforms, we encourage it to adopt a broader assessment of consumer welfare: one that recognises not only the benefits of lower payment costs, but also the substantial value created through Australia's payment-linked rewards ecosystem.

FlightIQ believes that recognising and quantifying the value of Australia's payment-linked rewards ecosystem will enable the Reserve Bank to make more informed decisions that reflect the full spectrum of consumer welfare outcomes arising from payment system regulation.

We welcome the opportunity to engage further with the Reserve Bank as this Review progresses.

Submitted by
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