The Pharmacy Guild of Australia

21 August 2026

Head of Payments Policy Department
Reserve Bank of Australia

Via - pysubmissions@rba.gov.au

Dear Head of Payments Policy

Submission to Review of Payments System Regulation – Issues Paper

Thank you for the opportunity to provide a submission to the Reserve Bank of Australia's Review of Payments System Regulation – Issues Paper.

The Pharmacy Guild of Australia (the Guild) supports the submission made by the Independent Payments Forum (IPF) and its broad position that the Reserve Bank should prioritise the core payments issues that affect small and medium businesses and consumers every day. This includes merchant choice, card payment costs, payment system reliability and the future of cash accessibility. As operators of small business delivering essential healthcare services, community pharmacies have a strong interest in ensuring Australia's payments system remains efficient, reliable, competitive and accessible.

Inefficient, unreliable or high-cost payment systems can affect the cost of delivering pharmacy services, the experience of patients, and the ability of pharmacies to continue serving communities, including in regional, rural and lower-income areas. Community pharmacies process high volumes of transactions that include prescription medicines, over-the-counter medicines, health products and professional services. Pharmacists operate in a regulated environment, where pricing of pharmaceutical benefits and some professional services are not set in the same way as ordinary retail. This results in pharmacies having less practical capacity than other businesses to absorb or pass on rising payment acceptance costs. The payments system must be efficient, safe and reliable enough to support people who are accessing medicines and health services through community pharmacy, including older Australians, people living with disability, concession card holders, carers, and those living in regional and remote communities.

Card payments remain central to pharmacy transactions, and the Guild believes the RBA should prioritise scheme fees, blended and flat-rate pricing, least-cost routing and pricing transparency. With debit cards representing a substantial proportion of card transactions, it is critical that the 1 October 2026 surcharge ban does not result in merchants and consumers facing inflated costs because of weak regulation of scheme fees or the absence of mandated least-cost routing. For pharmacies on blended or flat-rate pricing plans, the benefits of lower-cost debit transactions may not flow through, despite debit making up a significant share of card payments.

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This is particularly important for community pharmacy as the pricing of pharmaceutical benefits is heavily regulated, and pharmacies have limited practical capacity to pass on increased payment acceptance costs. The Guild supports regulatory action to ensure payment reforms are passed through to small businesses. The RBA should not assume that interchange caps or other technical reforms will benefit pharmacies unless PSPs are required to transparently disclose pricing and ensure small business can access dynamic least-cost routing.

Community pharmacies rely on specialised systems across dispensing, point-of-sale, inventory management, ordering, professional services and business reporting. The Guild is concerned that PSPs, fintech acquirers and commerce platforms are increasingly seeking to combine payment acquiring with accounting, payroll, e-commerce and customer relationship management. Where payment acceptance becomes bundled into broader software and business systems, pharmacies may be constrained in their ability to switch payment providers due to integration costs, business disruption or loss of system functionality. The RBA's regulatory approach should therefore consider whether bundled platforms reduce the practical ability for pharmacies and other small businesses to choose lower-cost payment providers or payment methods.

Some Community pharmacies also accept card types such as American Express and buy now, pay later (BNPL) services for higher-value retail items, including health devices and professional services. The Guild supports consistent regulatory treatment of these payment types, including on surcharging, to ensure pharmacies are not required to absorb the higher acceptance costs associated with these schemes.

With the increasing dependence on card payments, mobile wallets and online banking services, it is important that Australian payments systems are resilient and reliable. For community pharmacy, payment outages are not merely a commercial inconvenience, as they can disrupt timely access to medicines, business continuity, staff workflows and consumer confidence. Community pharmacies have experienced situations where payment outages have disrupted normal business operations, requiring staff to manage patient expectations and apply manual workarounds at the point of care. These issues are particularly significant in regional and remote communities, where telecommunications resilience may already be under pressure and alternative payment methods may be limited. Given the essential nature of the healthcare services provided by community pharmacy, payments system resilience should be a priority focus for the RBA. This should include centralised outage reporting, timely and standardised notifications to merchants, and practical contingency arrangements for essential service providers.

While not included as part of this review, cash remains relevant for community pharmacy in serving patients with different needs, capabilities and preferences. Some patients rely on cash for budgeting, privacy, accessibility or because they have limited access to digital banking. Cash also remains an important fallback during payment system or telecommunications outages, particularly where patients require timely access to medicines. Cash users should not be disadvantaged, and cash policy should not shift costs and obligations on to small business without addressing the role of banks and the broader cash distribution system.

Community pharmacies rely on payment systems that are efficient, reliable, and competitive. Payments regulation should ensure that pharmacies can access lower-cost payment options, are not locked into opaque or bundled pricing arrangements, and are not left carrying unnecessary costs or risks created elsewhere in the payments ecosystem. These issues are not only commercial matters for pharmacies, as they also affect the cost and reliability of delivering medicines and health services to Australian patients.

The Guild makes the following recommendations:

- Mandate dynamic least-cost routing for debit transactions, with savings to flow to merchants.
- Ban blended credit and debit pricing for small business and mandate interchange-plus-plus pricing.
- Regulate scheme fees and require greater fee transparency, including timely publication of changes and clear disclosure to merchants.
- Ensure that small business can access simple tools to compare payment plans and providers.
- Bring integrated payment platforms and PSPs within the regulatory framework where their conduct impacts payment acceptance, merchant choice and competition.
- Require interoperability and portability where payment services are bundled with broader business software.
- Prioritise payment system resilience, including centralised outage reporting, standardised merchant notifications and practical contingency arrangements for essential service providers.
- Recognise cash as part of an inclusive and resilient payments system and consult separately on the future of cash access and distribution.

The Guild also supports the recommendations made in *A level Playing Field – Report on the inquiry into schemes, digital wallets and innovation in the payments sector*[1] by the Standing Committee on Economics.

The Guild would welcome the opportunity to continue engaging with the Reserve Bank as it identifies regulatory priorities and considers further consultation on specific reforms.

Yours sincerely

Gerard Benedet

Gerard Benedet
Executive Director

[1] Inquiry into Schemes, Digital Wallets and Innovation in the Payments Sector – Parliament of Australia