

Review of Payments System Regulation

Summary of Submissions to
the Issues Paper

6 October 2026

© Reserve Bank of Australia 2026

For the full copyright and disclaimer provisions that apply to this publication,
see <https://www.rba.gov.au/copyright>.

Contents

1.	Introduction	1
2.	Merchant Choice in Payments	2
2.1.	Competition across debit card networks	2
2.2.	Integrated platforms and bundling of payment services	3
2.3.	Portability and syncing of tokenised card information	4
2.4.	Use of AI agents for payments in e-commerce	5
3.	Mobile Payments, Non-designated Card Networks and Buy Now Pay Later	7
3.1.	Mobile payments	7
3.2.	Non-designated card networks	8
3.3.	BNPL providers	10
4.	Account-to-account Payments	12
4.1.	Future of A2A payments	12
4.2.	Competition between cards and A2A payments	14
5.	Cryptography and Fraud Prevention	16
5.1.	Cryptography in the payments system	16
5.2.	Card payments fraud overseas	17
6.	Other Issues	19

1. Introduction

The RBA received written submissions from 75 stakeholders to its Issues Paper on the Review of Payments System Regulation, released on 25 June 2026. The RBA published 56 of these submissions on its website in August, with the remaining submissions provided to the RBA on a confidential basis; some stakeholders provided a confidential submission as well as a public submission.

Submissions came from a broad range of stakeholders including consumers, small businesses, large corporations and government entities. Payments industry stakeholders included payment systems (such as card and account-to-account payments networks), payment service providers (such as authorised deposit-taking institutions, fintechs, other issuers and acquirers and payment gateways), wallet providers and providers of integrated platform services. The submissions expressed views on the payments policy issues that the RBA should prioritise for further consideration as part of the Review.

This document provides a summary of the submissions and additional information received to date (where that information is not confidential).

The RBA will draw on submissions, together with other information and analysis, in considering which issues to prioritise under its legislative mandate. This includes controlling risk in the financial system, promoting the efficiency of the payments system, and promoting competition in the market for payment services consistent with the overall stability of the financial system. The RBA intends to publish a list of regulatory priorities by the end of 2026 and commence further consultation on prioritised issues from mid-2027.

2. Merchant Choice in Payments

2.1. Competition across debit card networks

Many stakeholders stated that the RBA should prioritise regulatory action to address barriers to competition between debit card networks for mobile wallet and online transactions, particularly among merchants, issuers and other payment service providers (PSPs). These stakeholders stated that:

- **The way that the tokenisation of payment credentials was implemented has constrained competition between debit card networks.** Stakeholders generally considered that international card networks benefited from substantial first-mover advantages with the implementation of tokenised online and mobile wallet transactions. Several noted that when dual-network debit cards (DNDCs) were first tokenised, only the international card networks had the capability to support these form factors. In practice, this meant that eftpos was not available to merchants when making routing decisions for tokenised transactions, even where their acquirer had enabled least-cost routing (LCR). These stakeholders stated that, while eftpos has since developed the necessary capabilities, adding an eftpos token to a mobile wallet or in an online environment where a DNDC is already represented by a single network token creates substantial implementation challenges. Some stakeholders considered that this dynamic had disadvantaged eftpos and continued to limit the volume of contestable debit card transactions.
- **Emerging payment technologies could replicate or amplify existing barriers to competition.** Stakeholders identified this risk in relation to passkeys, virtual cards, flexible credentials, Click to Pay and agentic payments. They stated that if these technologies only support single network tokens when first launched or as a default, merchants may have increasingly limited ability to choose their preferred debit network, with further implications for competition in the debit card market. Some also noted that it could become more difficult and costly to add support for two network tokens to these payment technologies after they become widely adopted.
- **Where eftpos can contest only a subset of debit transactions, some merchants may have limited incentives to enable LCR.** Several stakeholders noted that merchants may minimise their total acceptance costs by routing all transactions through an international card network, even when eftpos is cheaper for some transactions. Because eftpos can contest only a subset of transactions, routing those transactions to eftpos may reduce the volume discounts available from international card networks, increasing the merchant's total card acceptance costs.
- **Some intermediaries have not enabled LCR.** Although eftpos has developed its online capability, stakeholders noted that some online platforms, gateways and acquirers support only one debit network or do not enable routing functionality when it is available. Some suggested these intermediaries may have limited incentives to build or provide this capability, particularly if an intermediary is owned by a debit card network and building a routing functionality requires integration with a competing debit card network.
- **Australian Payments Plus (AP+) can do more to invest in and support the competitiveness of eftpos.** Some stakeholders pointed to issues such as delay in developing new capabilities, lower transaction approval rates or other non-price related factors that may hinder the competitive position of eftpos.

Many of these stakeholders proposed that the RBA should take action to ensure merchants can choose their preferred debit card network regardless of how a transaction is made. Specific proposals included:

- requiring both networks on a DNDC to be comprehensively provisioned in all form factors including mobile wallets and online
- setting implementation timelines for large acquirers and PSPs
- publishing data on actual routing outcomes.

Some card networks, mobile wallet providers, issuers and other PSPs identified factors that may reduce the need for the RBA to take further action to improve competition across debit card networks. These stakeholders stated that:

- **Ongoing industry progress may address implementation concerns.** Several stakeholders considered that the enablement of LCR in mobile wallets was improving. One mobile wallet provider expected that all DNDCs in its wallet would support eftpos card-not-present transactions by the end of 2026. Some card networks stated that LCR for online transactions is generating meaningful competitive pressure, citing a decline in online debit net scheme fees following the introduction of eftpos' online functionality.
- **Any further regulatory action should be proportionate and directed at participants responsible for specific barriers to competition.** Some stakeholders considered that the RBA should distinguish persistent competitive bottlenecks from temporary implementation constraints. They supported targeted interventions where an entity can control or restrict access to a capability required for routing, such as particular PSPs that have not performed technical integrations necessary to enable LCR. Some suggested that the investment required to extend LCR to *all* mobile and online transactions may be disproportionate to the resulting benefits, including implementation costs and operational risks.
- **Other payment methods, including in-person account-to-account (A2A) payments, may provide stronger long-term competitive pressure on card networks.**

2.2. Integrated platforms and bundling of payment services

There was some support from stakeholders for the RBA prioritising actions to address competition concerns about the way payment services are bundled on some integrated platforms.

Some PSPs and merchants stated that the RBA should prioritise this issue because:

- **Some integrated platforms have financial and non-financial barriers to merchants choosing a PSP other than the platform's preferred or default payment service.** Some stakeholders referred to Shopify imposing an additional ad valorem fee if merchants use a third-party PSP other than Shopify's own payments platform. They stated that this fee can make it uneconomical to use alternative PSPs. More generally, some stakeholders referred to other factors that may disincentivise merchants from choosing alternative PSPs, such as platform settings or tying certain non-payments features to the use of the preferred payments service. Some stakeholders stated that some integrated platforms may not allow merchants to use the PSP of their choice as the platform did not support integration with that PSP.
- **Non-preferred PSPs may face integration barriers.** Some stakeholders stated third-party PSPs face challenges when seeking to integrate with platforms, including restrictive integration arrangements, high fees or limited access to merchant data. These stakeholders stated that this could reduce competition for payment processing services, as well as hinder competition from alternative payment methods like A2A.

- **When choosing a platform, merchants may not have information about the cost of payment processing services or the potential cost of switching from the default payments service.** Stakeholders identified other factors that may hinder competition for payment processing services on integrated platforms: lack of information about switching PSPs when merchants are signing up to an integrated platform; some platforms do not distinguish between platform fees from payment processing costs; contractual restrictions and termination charges; and merchants face operational challenges when switching providers.

Stakeholders suggested several potential initiatives to address the barriers they identified. These include:

- prohibiting fees for using third-party providers
- requiring platforms to provide equivalent functionality to preferred and non-preferred PSPs
- mandating disclosures about switching costs
- mandating unbundling of payment processing costs from platform fees.

Some platforms, industry associations representing merchants and technology firms, and a few PSPs did not support the RBA prioritising this issue. These stakeholders stated that:

- **Bundling can provide substantial efficiency benefits, both to merchants (particularly for small and medium-sized enterprises) and service providers.** Some stakeholders stated that platforms should retain the ability to adopt different business models, including by pricing different parts of their services differently to help merchant adoption. These stakeholders asked the RBA to consider the platforms' offerings as a whole.
- **Integrating payment processing services can improve reliability and financial safety.** Some stakeholders noted that maintaining a few tightly managed integrations best supports the platform's security environment, reduces third-party risks and can improve fraud controls and chargeback handling.
- **The operational complexity of switching is a natural consequence of changing providers and is not inherently anti-competitive.** Some stakeholders stated these operational requirements highlight the value of integration offered by such platforms. One PSP stated competition is already robust and enhanced disclosures would be sufficient to address any remaining switching concerns.

2.3. Portability and syncing of tokenised card information

There was some support for the RBA to prioritise action to support portability of tokens and synchronisation of token lifecycle events.

Some stakeholders, including industry groups, technology firms and PSPs, stated that the RBA should prioritise these issues. These stakeholders stated:

- **Merchants using proprietary gateway/PSP tokens can face challenges when switching PSPs.** Some stakeholders stated that when merchants switch PSPs, only the relevant cardholder data are transferred, as the proprietary tokens themselves are tied to the incumbent PSP. Stakeholders noted while the Payments System Board has set an Expectation about token portability and AusPayNet has set a standard about the porting of cardholder data by PSPs, the standard does not enforce PSP facilitation of token transfer through decryption and re-tokenisation. Some stakeholders stated that, as a result, merchants encounter difficulties re-tokenising credentials or may need to ask customers to re-enter card details after switching in order to process affected card-on-file or recurring payments. This can lead to failed recurring payments, checkout abandonment and operational disruption.

- **There are inconsistent practices in migrating cardholder data.** Some stakeholders stated that data migration practices differ across industry, which can result in delays, incomplete migrations or provision of data in non-standard formats. This compounds the challenge that merchants face when seeking to switch PSPs.
- **Portability outcomes are unlikely to improve without regulation and enforcement.** Stakeholders proposed a number of initiatives to improve portability outcomes. These include:
 - expanding portability requirements to require the porting of gateway/PSP tokens
 - formal regulations standardising the token migration process, including setting specific timing obligations and the fees that can be charged
 - regulation targeting the conduct of specific participants that imposed barriers on portability.
- **A few stakeholders also supported action to address token synchronisation issues that may limit the effectiveness of online LCR.** They noted that merchants can sometimes lose access to one of the network tokens on a DNDC following card replacement or other lifecycle events, or after tokens are migrated across providers. When that occurs, merchants are unable to choose the network through which transactions on those cards are routed. These stakeholders supported clearer information about token lifecycle events, stronger processes for ensuring synchronisation during token migrations, and issuer-orchestrated synchronisation.

Some stakeholders did not support the RBA prioritising these issues. These stakeholders stated:

- **Further regulation on these topics would be unnecessary or premature.** Some stakeholders noted that the AusPayNet portability standard commenced on 1 July 2026. These stakeholders suggested the RBA should monitor the implementation of the standard and only intervene if material barriers to portability or synchronisation persist. Schemes and wallet providers stated that any efforts to promote greater portability should not weaken the security features of tokens.

2.4. Use of AI agents for payments in e-commerce

Many merchants, PSPs and issuers raised concerns about the implications of agentic commerce for competition in payment services, the allocation of liability for agent-initiated transactions and cybersecurity. These stakeholders stated that:

- **AI agents can make decisions about which card networks and PSPs to send transactions to.** Some stakeholders considered that commercial arrangements with the companies that provide agents could build in preferences for some card networks, which could reduce merchants' ability to choose their preferred debit network and undermine the RBA's LCR policy. Similarly, several stakeholders stated that built-in preferences for some PSPs could reduce competition between providers of acquiring services.
- **Use of AI agents could add to merchant costs.** Some stakeholders stated that agentic commerce introduces another intermediary or sales channel that can add to the fees that merchants pay in e-commerce. One stakeholder referred to reports that in early 2026, when customers used one AI agent to complete a purchase, the merchant would be charged an additional fee of 4 per cent.
- **Chargeback arrangements do not clearly allocate liability where an agent may have acted outside its authority.** A large number of submissions stated that current rules are unclear on who should bear losses in a dispute about AI-initiated transactions. Without a framework for identifying agentic transactions and recording an agent's instructions, merchants, issuers and PSPs may be unable to determine whether the agent acted within its authority. Some merchants were particularly concerned that these areas of uncertainty could increase chargebacks.

- **Compromised or malicious agents could create new security risks.** Stakeholders stated that a malicious actor could manipulate or otherwise compromise an agent, or use compromised credentials to impersonate an agent. In these scenarios, the agent may transact beyond authority, initiate unauthorised payments or allow payment credentials to be used for fraud. These risks may be harder to detect or resolve where payment industry participants cannot identify that a transaction was initiated by an agent or access reliable records of the agent's instructions.
- **Current system design choices may become difficult to reverse once agentic commerce scales.** Stakeholders suggested that principles or protocols governing key aspects of agentic commerce transactions, including authority and liability, should be established while technologies and commercial models are developing. Some were concerned that international companies may define industry standards, potentially building in barriers to competition or efficiency in the Australian market and making later intervention more costly.

Despite these risks, stakeholders generally proposed that the RBA continue to monitor developments and support the development of industry standards rather than considering regulation. These stakeholders stated that:

- **Agentic commerce remains at an early stage of adoption and evidence of harm is limited.** Agentic commerce use cases, standards and commercial models are under development. Several stakeholders noted that existing evidence did not establish the likelihood or scale of competition, efficiency or financial safety harms, and considered regulatory intervention would be premature.
- **Regulation could inhibit innovation and prevent some efficiencies from being realised.**
- **Other frameworks may address risks.** Some stakeholders considered that many of the issues may be addressed through existing initiatives including the ePayments Code, the RBA's tokenisation expectations and industry-led initiatives.

3. Mobile Payments, Non-designated Card Networks and Buy Now Pay Later

3.1. Mobile payments

Many stakeholders stated that the RBA should prioritise regulatory intervention in relation to mobile wallets, particularly Apple Pay, which account for a large and growing share of transactions. These stakeholders stated that:

- **Integrated providers of mobile devices and mobile wallets could control whether and how competing providers can access device functionality.** Some stakeholders stated that where this control is applied to exclude third-party wallets from the device, this could limit competition between wallets.
- **Apple has offered restricted or commercially unattractive terms of access to near field communication (NFC) technology and other device-level functionality on Apple devices.** Some stakeholders noted that third-party wallet providers in Australia can apply for access to the NFC technology through Apple's NFC & Secure Element (SE) platform. However, these stakeholders pointed to limited uptake to date and stated the platform terms were too onerous or commercially unviable, limiting the ability of alternative wallet providers to compete. Some stakeholders highlighted that Apple has granted fee-free access to host card emulation (HCE) functionality on Apple phones in Europe, which has enabled the launch of third-party wallets that offered competitive and different functionality to the native wallet.
- **Fees charged for transactions on Apple devices are not reflective of costs and could rise in the future.** Some stakeholders stated that fees charged for Apple Pay transactions have not changed since its launch in Australia despite transaction volumes increasing and unit costs decreasing, and stated these prices are not representative of fair and reasonable pricing. Some stakeholders stated even large issuers have been unable to negotiate the fees paid for transactions on Apple devices. Some stakeholders suggested that a lack of competitive pressure on Apple Pay fees may allow Apple to increase these fees in the future.
- **Apple Pay fees are generally not visible to, and cannot be passed directly onto, merchants or consumers.**
- **Other restrictive commercial terms are difficult for issuers to negotiate or avoid.** Some stakeholders indicated that other commercial terms, including strict confidentiality requirements, are additional impediments to competition, in conjunction with NFC access.
- **Mobile wallets have significant control over how payments are presented and processed.** Some stakeholders stated that wallet providers can influence which payment methods are available to the consumer and the merchant, how they are presented, and how transactions are routed. Some stakeholders considered this has potential to influence a consumer's ability to exercise choice in payment method, thereby impacting competitive dynamics between different payment rails. Some stakeholders provided examples of adoption of mobile wallet A2A payments in overseas jurisdictions.

A number of stakeholders proposed the RBA take a range of actions to address the concerns identified in the submissions:

- To address the concerns relating to access to the NFC technology and related device functionality, most stakeholders supported access on fair, reasonable and non-discriminatory terms; some stakeholders

proposed regulations granting access on terms similar to those in Europe; some stakeholders proposed granting access to wearable devices, in addition to phones; some stakeholders asked the RBA to consider additional terms of access that may in practice limit competition from third-party wallets, such as approval requirements, confidentiality obligations and technical conditions.

- To address the concerns relating to fees, many stakeholders proposed the RBA collect and publish fee information and removing contractual restrictions on the disclosure of fees; some stakeholders proposed the RBA consider controls where fees are found not to be reflective of costs.
- Some stakeholders proposed the RBA review Apple Pay's contractual terms and consider appropriate intervention.
- Some stakeholders proposed a phased approach to any regulatory intervention. Some proposed commencing with information gathering and monitoring, followed by other measures if material competition or efficiency problems are identified. Some proposed applying price controls as well as granting access to the NFC technology.

A few stakeholders did not support prioritising the consideration of mobile wallets.

- **Apple did not support wallet-specific regulation and stated that existing arrangements support competition, choice and security, stating that:**
 - **Apple Pay is network-neutral and is available to all payment institutions in Australia**, regardless of size, on the same terms and without preference, and that more than 125 Australian financial institutions support the service. The Apple NFC & SE platform has been available in Australia since October 2024, offering access to authorised developers.
 - **Apple's fees reflect the value Apple Pay provides to card issuers, as well as the competitive and dynamic payments landscape in which it operates.** It stated that their wallet fees have not increased since launch and that Apple Pay transactions have materially lower fraud rates than the broader industry average. Apple charges a uniform fee regardless of issuer, which promotes competition between issuers.
 - **Apple's contractual terms do not have restrictions on issuers' ability to offer, promote, or steer customers towards alternative payment methods.** Additionally, Apple's terms are set out in bilateral contracts agreed individually with each issuer and Apple has no contractual mechanism to increase its fees unilaterally.
- **Some stakeholders proposed the RBA undertake further assessment, rather than proceed to consider regulatory intervention.** Some stakeholders stated that any access requirements should preserve features such as security, user authentication and liability controls, and should not require all mobile wallets to adopt identical architectures or commercial models.

3.2. Non-designated card networks

Many stakeholders stated that the RBA should consider regulatory action on American Express as a priority, particularly four-party networks and issuers, along with some other PSPs and merchants. These stakeholders stated that:

- **American Express is not subject to the same regulatory requirements as designated four-party networks despite competing for the same cardholders and transactions.** As a three-party network, American Express has direct relationships with both cardholders and merchants and combines the issuing, acquiring and network functions performed by separate entities in four-party networks. As a result, there is no interchange payment between an issuer and acquirer, and American Express is not subject to interchange fee regulation. Stakeholders considered that this gives American Express greater capacity to

use merchant revenue to fund rewards and other cardholder benefits, strengthening customer demand for its cards and, in turn, incentives for merchants to accept them. Stakeholders stated American Express had increased its merchant acceptance and cited RBA estimates that three-party networks accounted for almost one quarter of credit and charge card transaction value in 2024. Some merchants also provided evidence that American Express accounted for a significant share of transactions within their businesses or sectors.

- **American Express' use of third-party acquiring relationships is functionally similar to four-party networks, but is not regulated equivalently.** Some stakeholders noted that American Express increasingly relies on third-party acquirers to distribute merchant acceptance services, making aspects of its operation resemble a four-party model. They considered that regulation should have regard to the economic substance of these arrangements and pointed to the UK approach, where transactions involving an additional issuer or acquirer may be treated like four-party transactions. Some stakeholders also raised concerns that merchants acquired through a third party may be required to establish a direct relationship with American Express after meeting criteria such as specified transaction volumes. They suggested that these arrangements allow American Express to expand acceptance of its cards while limiting competitive pressure on the fees it charges the merchants that depend more heavily on American Express transactions.
- **It is generally more expensive for merchants to accept American Express cards than four-party credit cards.** Stakeholders cited data from the RBA showing that merchant fees for accepting American Express cards are materially higher, on average, than for credit cards from designated networks. Several merchants provided evidence that American Express accounted for a higher share of their card acceptance costs relative to its share of transaction value and stated these higher costs may be embedded in general retail prices and partly borne by customers who use lower cost payment methods.
- **American Express cardholder demand increasingly incentivises merchants to accept American Express cards.** Some merchants considered American Express to be a must-take payment method, particularly in sectors such as travel where American Express cards account for a material share of spending. Other merchants considered that these acceptance pressures have become stronger as American Express increased its cardholder base, transaction share and merchant acceptance, even while its acceptance costs remain materially higher than those of competing card networks.
- **The forthcoming changes to card interchange caps and surcharging may amplify these trends.** Several stakeholders noted that, from 1 October 2026, designated four-party networks would be subject to lower interchange fee caps while American Express would not be subject to equivalent regulations. Some noted that American Express had announced changes preventing merchants from surcharging its cards from the same date. Stakeholders considered these changes may increase consumer demand for American Express relative to lower cost payment methods while limiting merchants' ability to signal American Express' higher acceptance costs to consumers, amplifying cross-subsidisation concerns.

These stakeholders generally supported functionally equivalent and proportionate regulation rather than applying identical rules to all card networks. Proposed initiatives include:

- requiring greater transparency of merchant fees, cardholder rewards and network economics
- applying interchange-equivalent or outcome-based regulation.

A small number of stakeholders, including American Express and associations representing the finance and technology sectors, did not support further regulation of American Express. They stated that:

- **Interchange regulation should not be applied to three-party networks** because the policy concerns that interchange regulation was designed to address do not arise in the same way under a three-party model.
- **American Express provides meaningful competition to four-party networks.** Stakeholders stated that three-party networks provide an alternative to the designated four-party credit card networks by offering

merchants simpler pricing, a single relationship covering acceptance, settlement and disputes, and greater end-to-end visibility over service and fraud management. Stakeholders stated that imposing regulation designed for larger four-party networks would disregard important differences in the structures and business models of three- and four-party networks, could weaken an existing source of competition and reduce incentives to develop differentiated products.

- **American Express' fees are already subject to material competitive pressure and may not require direct fee regulation.** Some stakeholders stated that merchants generally can choose to decline or discontinue acceptance of American Express if the benefits do not justify the cost. They noted that American Express has lower merchant acceptance than the major four-party networks and is not a close substitute for those networks across all merchants or transactions.
- **Further monitoring of recent reforms is warranted.** They stated that RBA should monitor the impact of the upcoming reforms and only consider further regulation if the RBA identifies a specific problem and there is evidence of harm contrary to the public interest that cannot be addressed through existing regulations.

There was some support for regulating other non-designated networks such as JCB and UnionPay:

- **Some card issuers and industry associations stated that payment networks performing economically equivalent functions should be subject to consistent regulation,** regardless of their current scale or organisational structure. These stakeholders considered that not designating JCB and UnionPay could create scope for regulatory arbitrage and may require future regulatory reform. Some proposed applying consistent regulations to all card networks accepted in Australia, while others proposed that regulation should only apply when a card network reached pre-determined materiality thresholds.
- **Other card issuers, card networks, and industry associations stated small, non-designated networks do not have sufficient scale or market power to warrant regulation.** Many stakeholders stated that these networks' Australian operations were too limited to materially affect competition, efficiency or financial safety. Some stakeholders considered the cost of regulation could be disproportionate to the size of the networks' domestic business. Some stakeholders stated that these smaller networks provided alternatives to larger card schemes, particularly in areas such as international travel and tourism. Some stakeholders stated that regulating these networks could discourage new entrants and innovation, and reinforce reliance on the designated card networks.

3.3. BNPL providers

There was some support for prioritising buy now pay later (BNPL), primarily from merchants and small-business representatives, and a small number of card issuers, other PSPs, card networks, and finance industry associations. These stakeholders stated that:

- **BNPL transactions have continued to grow and increasingly compete with credit cards for the same transactions.** Such stakeholders cited RBA estimates of BNPL transactions more than doubling over the past five years and noted that BNPL services are increasingly common at both online checkouts and in-person environments, in part due to their increased integration with mobile wallets.
- **It is generally more expensive for merchants to accept BNPL than card payments.** Several stakeholders stated that BNPL merchant fees remained materially higher than card acceptance costs despite recent declines. Some cited RBA estimates that BNPL fees were around 3 per cent on average in 2025, which is around three times higher than average four-party card payment fees. Several merchants stated that BNPL fees accounted for a disproportionately large share of their total payment acceptance costs relative to BNPL transaction volumes.

- **No-surcharge rules can weaken price signals and encourage cross-subsidisation.** Stakeholders stated that merchants should be able to recover BNPL acceptance costs from customers choosing BNPL. They considered that the no-surcharge rules imposed by many BNPL providers result in BNPL's higher acceptance costs to be embedded in general retail prices.
- **The lack of transparency of BNPL fees may limit the ability of merchants to negotiate with BNPL providers and reduce competitive pressure on these fees.** These concerns were considered particularly relevant for small merchants, who may have limited bargaining power and may regard BNPL acceptance as necessary in sectors such as retail. Some stakeholders also pointed to the withdrawal of smaller providers and the resulting increase in provider concentration as potentially weakening competitive dynamics.
- **BNPL raised consumer protection, fraud and financial safety risks.** A card issuer considered that these risks could be amplified if BNPL transactions were initiated by AI agents with reduced payment friction.

Stakeholders that supported action generally supported targeted measures rather than direct fee regulation. Proposed measures include:

- reviewing BNPL no-surcharge rules
- requiring publication of merchant fees and other data
- mandating comparable consumer protections as four-party card systems.

A smaller group of stakeholders opposed further regulation of BNPL. They included BNPL providers, as well as some PSPs and industry associations. They stated that:

- **Additional regulation of BNPL is premature given recent regulatory changes.** These stakeholders highlighted that the National Consumer Credit Protection regime has applied to BNPL arrangements since June 2025, and that existing regulation already addresses the principal public interest concerns.
- **BNPL may not be sufficiently material to warrant priority regulatory attention.** One stakeholder stated that BNPL's current scale did not justify regulation under the *Payment Systems (Regulation) Act 1998* (PSRA), citing an RBA estimate that BNPL accounted for around 2 per cent of Australian retail payments in 2025. The stakeholder pointed to commercially negotiated pricing and declining merchant fees as indicators of a competitive market.

These stakeholders generally supported monitoring and transparency rather than designation or prescriptive rules.

4. Account-to-account Payments

4.1. Future of A2A payments

Many stakeholders raised issues with the current A2A system, and in some cases stated that the RBA should intervene to address them. Issues raised included that:

- **Payment system access arrangements limit competition and innovation.** A range of non-bank PSPs and fintechs highlighted that current arrangements for directly participating in A2A payments systems such as the New Payments Platform (NPP) are generally aligned with ADI status. Furthermore, direct participation can involve technical requirements and onboarding processes that are, in some cases, costly and opaque. Given the barriers involved, many smaller institutions are reliant on larger sponsors to clear and settle payments on their behalf. This can constrain these institutions' ability to innovate and compete, as product functionality is dependent on sponsoring institutions. While upcoming payment licensing reforms could improve non-bank PSP's ability to directly participate in A2A payment systems, some submissions stated that the RBA should separately assess the suitability of current access arrangements.

On the other hand, some stakeholders cautioned that direct participation carries material obligations and requirements. They stated that current access models provide appropriate pathways for smaller participants, and that operational and risk obligations should remain consistent for direct participants.

- **Sponsorship arrangements may raise competition and transparency concerns.** Submissions stated that sponsored institutions in A2A payments have limited ability to negotiate key commercial terms with actual or prospective sponsors, including pricing and service availability, and that access may be withdrawn at short notice with limited pathways for appeal. Some stakeholders stated that switching sponsors can be difficult: there are a limited number of potential sponsors and opaque sponsorship terms can make it challenging to evaluate them. Another concern raised was that sponsors can compete in the same market as sponsored institutions while also controlling the functionality available to those institutions. Stakeholders suggested that the RBA should promote greater transparency of sponsorship arrangements and standardise some sponsorship conditions such as minimum service levels and appeal pathways.

Conversely, sponsors outlined that the requirements to monitor and enforce compliance of indirect participants involves significant operational, compliance and risk-management costs, reducing the commercial attractiveness of sponsorship.

- **Insufficient account reach for NPP payments limits take up of modern payment capabilities and adversely affects efficiency in A2A payments.** Submissions noted that a range of use cases (such as payroll, superannuation, tax and supplier payments) depend on universal account reach, but this is not currently present for the NPP. Account reach gaps can require manual workarounds to be implemented and/or constrain the adoption of NPP-based payment capabilities such as PayTo.
- **The current lack of interoperability and technical standardisation reduces the efficiency and resilience of the A2A payments system.** Submissions noted that differences in data, messaging and functionality for A2A payments requires service providers to manage multiple technical integrations and increases their costs. A lack of interoperability also makes it difficult to deliver consistent experiences to providers and end-users across multiple rails. Views differed on the level of standardisation that was optimal. Some suggested that many aspects of the payment experience should be standardised, including messaging, authorisation, portability and end-user functionality. Others considered that standardisation should be limited to the underlying technical infrastructure such as payment initiation and messaging to allow competitive differentiation in products, features and services.

- **Fragmented and inconsistent implementation of PayTo limits greater uptake.** Stakeholders reported that consumer and merchant demand for using PayTo remains limited due to inconsistent enablement across institutions, variable approaches to authorisation, restrictive or inconsistent transaction limits, and gaps in accounts that are enabled for PayTo, particularly business accounts. These issues can necessitate additional processing and operational workarounds, and result in inconsistent user experiences. Some stakeholders contended that the slow adoption of modern A2A payments capabilities like PayTo limits efficiency in the payment system.
- **Gaps in refunds, disputes and liability arrangements may weaken trust in A2A payments.** Many stakeholders observed that, unlike for card transactions, there are no industry-wide refund, chargeback and disputed transaction mechanisms for A2A payments. This can create inconsistency in how consent and authority are created and managed across institutions and payment rails. Stakeholders stated that customer protection gaps can weaken trust, reduce adoption and create uncertainty around loss allocation. Submissions expressed differing views on how liability should be allocated for A2A payment transactions. Many stakeholders supported risk-aligned liability models, stating that liability should sit with the party that is best able to prevent and control potential risks. Some submissions cautioned that liability models should not place disproportionate costs on smaller providers, and should account for each participant's size and ability to manage risks.
- **Existing governance of A2A payments may not consistently deliver public interest outcomes.** Some stakeholders identified governance challenges, including uncertainty around decision-making authority for industry-wide issues, unclear enforcement of industry standards, and overlapping arrangements within industry forums and within scheme-level governance. One submission noted that some industry-led processes operate on a consensus basis, which may not deliver decisions in a timely manner. Some stakeholders stated that scheme governance and the A2A Payments Roundtable should include broader industry and end-user representation, noting that decisions should not be determined by entities with ownership interests alone. Other submissions stated that institutions that fund infrastructure and carry operational risk should have a proportionate role in shaping decisions. Stakeholders suggested that the RBA promote more transparent and representative governance arrangements.
- **The transition of A2A payments from the Bulk Electronic Clearing System (BECS) to the NPP involves coordination challenges and risks to competition, efficiency and resilience.** Stakeholders noted that uncertainty about the timing, governance and sequencing of the transition away from BECS may lead to duplicated investment and inhibit development of modern A2A payments capabilities. Stakeholders emphasised that modern payment capabilities must maintain or improve on current capabilities. Submissions suggested that the RBA publish information on current NPP adoption and A2A capability availability.

Some stakeholders considered that intervention by the RBA is not currently warranted. They stated that identified issues are better addressed through existing industry-led processes, or that the cost of addressing them through regulatory action would outweigh the benefits. These stakeholders stated that:

- **The RBA should steward the A2A Payments Roadmap and assess the outcomes from this process before considering the need for regulatory intervention.** Stakeholders noted that most of the issues affecting A2A payments are currently being assessed in the development of the Roadmap. Some stakeholders considered that the A2A Payments Roundtable and associated forums are the most appropriate mechanisms for coordinating industry-wide reforms and balancing competing priorities. Regulatory intervention by the RBA prior to the completion of the Roadmap could risk duplicating existing workstreams and disrupt industry processes.
- **It may also be premature for the RBA to intervene in A2A payments given other regulatory processes are ongoing.** Submissions noted that the new payments licensing framework may alter the obligations applied to direct and indirect participants, including the allocation of responsibility between sponsors and sponsored PSPs and access models. Submissions also identified the broader development of the Scams

Prevention Framework and ePayments code, which are progressing through other regulatory processes. Stakeholders were concerned that intervention in parallel to other regulatory reforms could duplicate reforms and participant obligations.

- **The scale and materiality of the issues do not meet the PSRA threshold for intervention.** Some stakeholders acknowledged that issues existed in A2A payments but stated that there was not a demonstrated market failure or financial stability concern that would warrant formal intervention under the PSRA.
- **Industry bodies and payment system participants are better positioned than the RBA to resolve issues** that may require implementing and enforcing technical standards or operational requirements. Stakeholders holding this view generally consider the RBA should focus on convening, oversight and public-interest monitoring rather than direct intervention.

4.2. Competition between cards and A2A payments

The availability of A2A payments for consumers at physical points of sale and e-commerce transactions remains limited relative to cards. Submissions identified several factors limiting further uptake of A2A payments in retail settings:

- **A2A payments cannot match the convenient and seamless experience offered by cards.** Stakeholders identified several factors negatively affecting the consumer experience for A2A payments including complicated and inconsistent user experiences, low consumer familiarity with A2A payments options, fragmented payer bank hand-off experiences and limitations with PayTo. In contrast, cardholders can make payments through a single tap in person or, in some cases, a few clicks online. Some stakeholders suggested that uptake of A2A payments for in-person retail settings would remain limited unless consumers were able to 'tap' to make these payments including via their mobile device. Stakeholders identified several infrastructure constraints faced by A2A payments at the point of sale, including immature in-person acceptance infrastructure such as QR codes.
- **Consumer confidence and financial safety arrangements were widely regarded as less mature for A2A than for cards.** Stakeholders cited fewer or less familiar protections from fraud and scams, including less developed refund, chargeback and disputed transaction mechanisms.
- **There may be limited commercial incentives for providers to invest in A2A payment capabilities for retail transactions.** Developing online and in-person A2A payment services requires sustained investment in infrastructure, merchant acceptance and fraud controls. Some consider that for A2A payments to compete with cards, fees may need to increase to fund the required investment, reducing the current cost advantage of A2A payments for merchants. One submission outlined that determining the costs of using the NPP in a retail setting can be complex and time-consuming, potentially deterring investment in the ecosystem. It also stated that using the NPP for smaller-value transactions may not be viable under current pricing arrangements. Some submissions suggested that the RBA should regulate wholesale A2A payments fees to ensure transparency.

Submissions proposed some measures to address these barriers, though views differed on the appropriate role and response of the RBA to enable competition between cards and A2A. Submissions outlined that:

- **The RBA could consider some measures that would reduce structural differences between A2A payments and card payments including:**
 - addressing PayTo issues, including account reach, inconsistent user experiences and business account functionality
 - improving consumer protections for A2A payments including return mechanisms, and liability and dispute frameworks

- requiring fair access to NFC, wallets and other payment-initiation interfaces
- considering measures to improve the checkout experience for A2A payments such as common APIs, bank-agnostic hand-offs, deep links, pre-populated payment details and standardised QR acceptance.
- **The A2A Payments Roadmap may be the appropriate forum to pursue some of these actions, with scheme operators and infrastructure providers best placed to then develop the necessary technical and product solutions.** Several mobile wallet providers noted that their wallet technology could support A2A payments, and already supported multiple payment models around the world.
- **Other submissions stated that cards and A2A payments serve different use cases and cautioned against mandates or standardisation aimed at addressing perceived deficiencies in A2A payments.** These submissions noted that cards and A2A payments have different architectures, risks, protections and use cases, and stated that competition at the point of sale should occur on merit. Submissions cautioned against mandates that would impose significant cost or operational complexity without a clear operational or end-user benefit. Stakeholders stated that lower payment costs alone may not be sufficient to drive consumer or merchant adoption of A2A payments, given the convenience, reliability, rewards, refund arrangements and dispute rights associated with card schemes.

5. Cryptography and Fraud Prevention

5.1. Cryptography in the payments system

Many stakeholders considered that strengthening cryptographic protections should be a priority for the payments industry. However, fewer submissions supported the introduction of regulatory mandates for encryption by the RBA.

Stakeholders that supported the RBA prioritising this issue outlined the following challenges with progressing cryptographic uplift:

- **While industry has been undertaking work to strengthen cryptographic security, further uplift in efforts and scope may be required.** Stakeholders acknowledged initiatives, such as the industry-led Advanced Encryption Standard (AES) Migration Program; and participant-level investments into stronger encryption and authentication, tokenisation, hardware-backed security, dynamic cryptograms, short-lived keys and cryptographic agility. Some stakeholders also stated that cryptographic protections should extend beyond payment credentials to user authorisations, permissions for recurring payments, card-on-file payments, beneficiary and evidence records, particularly as payments become more automated and delegated.
- **The scale and interdependence of the payments system may make cryptographic uplift difficult to achieve.** Stakeholders noted that migration must be coordinated across financial institutions, schemes, processors, merchants, technology providers, gateways, wallets, terminals and ATMs. Several submissions cited estimates that around 970,000 payment terminals and 25,000 ATMs may require replacement or upgrade as part of AES migration. Some stakeholders noted that a weakness or delay in one part of the transaction chain could undermine the effectiveness of uplift elsewhere.
- **Numerous barriers could slow or fragment implementation.** Commonly cited barriers included legacy systems and devices with lengthy hardware replacement cycles, limited key-translation capability, lack of vendor readiness and dependence exacerbated by skills shortages, competing cyber and resilience priorities, implementation costs, compliance fatigue and uncertainty about the timing of quantum threats. Smaller institutions and merchants were considered likely to face disproportionately greater financial and technical constraints.
- **Different standards, risk assessments and implementation timelines could create coordination and interoperability problems.** Stakeholders noted possible divergence between international card and security standards, domestic national security guidance and organisation-specific risk assessments. In particular, some identified a risk of conflict or misalignment between the Australian Signals Directorate's (ASD) objectives and the PCI Security Standards Council's (PCI) global security standards. Cross-border harmonisation of post-quantum approaches was also described as incomplete, with new algorithms potentially imposing greater processing, bandwidth and data-size requirements on terminals and chip cards.

A small number of stakeholders called for a regulatory mandate from the RBA on cryptographic practices. One industry group proposed a standard set and enforced by the RBA for all critical payment systems. This mandate would set a regulatory floor to meet 2030 readiness and cover symmetric and asymmetric cryptography, payments in transit and data at rest, quantum-resistant protection (where relevant) and full lifecycle key management.

However, most stakeholders did not support the RBA setting mandatory technical standards. These stakeholders stated that:

- **Premature mandates could create stranded costs or lock participants into immature solutions; a better alternative is a gradual transition supported by ongoing testing and evaluation.** Stakeholders noted that participants are already building cryptographic inventories, assessing supplier readiness, monitoring evolving standards and preparing migration plans. Some characterised quantum readiness as a long-term transition comparable to planning for the Year 2000 problem, while others supported evaluating post-quantum algorithms as they advance, before committing to any specific solutions. Premature regulatory intervention could incur costs that could not be recovered due to unanticipated changes in the environment, or lock participants into immature solutions. Some stakeholders considered that moving too early on industry mandates could require replacement of systems or algorithms before standards mature, while algorithm-specific mandates could inhibit crypto-agility. A gradual industry-led transition involving parallel testing and evaluation was therefore preferred by some stakeholders.
- **Several stakeholders considered that established industry programs and international standards already provide an appropriate basis for uplift.** These stakeholders generally supported completing the AES Migration Program and continuing alignment with PCI requirements, ASD guidance and standards developed through the National Institute of Standards Technology (NIST), International Standards Organization (ISO), EMVCo and other specialist bodies. Some also noted that duplicative or divergent domestic requirements could increase cost, disruption and interoperability risk. A separate Australian approach through RBA technical mandates could fragment implementation and create difficulties for globally connected schemes and service providers.
- **The majority of stakeholders supporting RBA involvement identified a coordination and facilitation role as being more appropriate for shepherding a coherent system-wide transition.** Suggested roles included convening participants, monitoring readiness and interdependencies, aligning expectations across domestic agencies and international bodies, setting high-level outcomes or reference timelines, collecting evidence, promoting crypto-agility and supporting pilots or proofs of concept. Some stakeholders considered that visible RBA support could increase awareness, provide investment certainty and encourage participants to prioritise quantum-safe payments.

5.2. Card payments fraud overseas

While submissions regarded fraud as a significant issue for industry and the government, few submissions explicitly supported the RBA prioritising this issue. The small number of stakeholders that supported prioritisation stated:

- **Overseas card-not-present (CNP) fraud is a material consumer protection and efficiency issue, given the overrepresentation of overseas transactions in CNP fraud.** Several industry groups, issuers, PSPs and merchants cited figures from 2024 AusPayNet data such as the estimated \$454 million value of gross overseas fraud on Australian cards; and overseas transactions comprising approximately half of the fraud on these cards despite only forming 3 per cent of the total value of transactions. Fraud-related costs could be borne within Australia even where the relevant merchant or acquirer is overseas.
- **Australia's existing CNP framework only applies to domestic participants, resulting in an overseas gap.** The CNP Fraud Mitigation Framework is enforced via AusPayNet's IAC Code Set. As such, stakeholders flagged how it cannot compel overseas participants to implement an equivalent level of fraud prevention controls. This can leave Australian parties exposed to fraud generated elsewhere in the payment chain.

While there was limited support for regulatory intervention, a few stakeholders addressed potential regulatory initiatives including a Strong Customer Authentication (SCA) mandate for high-risk transactions or the standardisation of issuer-level fraud controls for overseas transactions. Some stakeholders provided

views about the scope of entities to be captured: some proposed regulatory action on a domestic issuer-level, others emphasised card networks and overseas merchants; one issuer supported an ecosystem-wide, end-to-end SCA approach, combined with scheme fraud-performance frameworks and proportionate consequences for excessive fraud.

Many submissions did not support prioritising the issue. These stakeholders stated:

- **Although overseas CNP fraud was recognised as a valid concern, it is a relatively low priority for the Review.** Stakeholders stated that there was limited evidence to suggest that the status quo warrants formal RBA intervention.
- **Industry measures are already underway, and future initiatives are being developed.** A global participant reported that both cross-border CNP fraud rates and overall card fraud rates for Australian cards have declined. Additionally, an industry group noted that it is currently developing a program of work that would help coordinate industry's response to overseas CNP fraud.
- **Various options outside of formal regulatory intervention were supported by stakeholders as means of furthering progress on the issue of overseas CNP fraud.**
 - **International coordination is crucial, given the issue's inherently cross-border nature.** Many stakeholders stated that domestic action would have a limited impact because overseas merchants and acquirers are the underlying driver behind overseas CNP fraud. As such, stakeholders suggested that the RBA play a supporting role and work with card networks, industry bodies, overseas regulators, and international standard-setting processes to encourage the uplift of global CNP standards.
 - **Better data collection and sharing by payments participants was proposed as a way to advance current efforts,** with several stakeholders commenting on how effective fraud prevention and management ultimately relied on participants' continued investment into data, technology, and analytics, and collaborating with others across industry. Some stakeholders suggested that the RBA could support the facilitation of such industry collaborations.
 - **For some stakeholders, effectively addressing overseas CNP fraud means looking towards the wider policy landscape.** Stakeholder suggestions included updating other mechanisms like the ePayments Code or the Scams Prevention Framework. One stakeholder stated that, as telecommunications fraud is becoming increasingly intertwined with CNP fraud, policy responses should also consider the role of telecommunications operators and mobile-device manufacturers.

6. Other Issues

Some stakeholders asked the RBA to consider taking regulatory action on other issues including:

- **Four-party scheme fees.** Some stakeholders raised concerns about the opacity of fee structures, the possibility that upcoming reductions in interchange caps could be offset by increases in scheme fees, and that the existing Scheme Fee Roadmaps may not be sufficient to address concerns regarding the efficiency of fee levels and structures. These stakeholders suggested the RBA should consider:
 - more granular or transaction-level fee disclosure
 - continued assessment of Scheme Fee Roadmap outcomes
 - preventing schemes from replacing or relabelling fees
 - further assessment of issues related to schemes with a view to determining whether formal regulation is necessary.
- **Dynamic LCR.** Some merchant representatives suggested the RBA should mandate dynamic LCR to place additional competitive pressure on wholesale debit fees and increase resilience.
- **Unblended pricing.** Some merchant representatives asked the RBA to mandate that PSPs must offer unblended pricing, such as interchange++ pricing, which would facilitate the pass-through of savings from LCR to merchants.
- **System-wide resilience and outage transparency.** Several stakeholders suggested the RBA should consider further action to support system-wide resilience, noting an increase in the frequency and duration of outages for card services, the NPP and Direct Entry over recent years. Suggestions put forward included common minimum resilience and assurance expectations for critical payment infrastructure, regular attestations and industry reporting on tested recovery capability.
- **Disputes and chargebacks.** A few stakeholders raised concerns with the existing chargeback and dispute arrangements, stating that they were inconsistent and imposed significant costs on participants. These submissions noted the recent and projected growth in chargeback volumes, as well as concerns that existing chargeback processes do not provide small businesses with an impartial avenue to challenge allegedly fraudulent chargebacks.
- **E-conveyancing.** A submission stated that the RBA should take action to increase interoperability, competition and resilience in e-conveyancing.
- **Digitally transmitted stored value.** A stakeholder requested greater focus on the delivery and availability of digital gift cards and similar instruments to recipients, rather than treating issuance or dispatch as proof of completion. It suggested the RBA should collect further information to assess the case for intervention.
- **Exempting salary packaging providers from payments regulation.** A stakeholder noted that, for those providers, payments are incidental to the provision of salary packaging services.
- **Access to cash.** A few stakeholders supported further work to ensure continued access to cash.

Some stakeholders also suggested that, in setting its regulatory priorities, the RBA should consider:

- **The economic sustainability and capability of the domestic payments industry.** Some issuers and their industry representatives stated that payments regulation should consider whether the economics of the system support continued investment in domestic payments infrastructure.
- **Regulation that is technology-neutral, proportionate and evidence-based.** A range of stakeholders supported regulation that focused on activities, functions, risks and outcomes rather than particular

technologies, providers or business models. They generally supported intervention that is proportionate to the scale and risk of the harm. Some stakeholders cautioned that prescriptive or duplicative requirements could impose disproportionate costs, impede innovation or disadvantage smaller participants.

- **Regulatory coordination with other reform programs.** Several stakeholders called for coordination between the RBA and other agencies or regulatory processes to avoid duplication and undue costs. Submissions noted the overlap of potential RBA regulation with other regulatory or industry-led initiatives.