

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

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



**29 August 2025**

**RE: Review of Merchant Card Payment Costs and Surcharging**

Airlines for Australia & New Zealand (A4ANZ) welcomes the opportunity to respond to the Reserve Bank of Australia's (RBA) consultation paper on the preliminary findings, and policy options, resulting from the public consultation process on the Merchant Card Payment Costs and Surcharging Issues Paper late last year.

A4ANZ is an industry group representing airlines based in Australia and New Zealand, including international, domestic, regional, full service, and low-cost carriers. Established in 2017, A4ANZ's members include Air New Zealand, Qantas, Virgin Australia, Regional Express (Rex), and Jetstar.

While A4ANZ is not a direct participant in the payments ecosystem, we recognise that this is a critical issue for airlines and the aviation industry more broadly and seek to work constructively with the RBA on issues that may have cost impacts on airlines. Accordingly, in this submission, we have not responded to each of the questions posed in the Consultation Paper; instead providing high-level commentary on the approach to, and timing of, the proposed reforms. A4ANZ member airlines will also be making individual submissions in response to the Consultation Paper.

A4ANZ and our member airlines are supportive of the RBA's overarching goal of improving competitiveness, efficiency and safety in the payments ecosystem to deliver benefits to consumers, small businesses and merchants, especially given cost of living pressures. However, we are concerned that the RBA's preferred package of policy options, as outlined in the Consultation Paper, may result in unintended consequences and will not achieve the quantum of benefits that have been estimated for consumers.

*Approach to Reforms*

A4ANZ appreciates the intent of the reforms proposed by the RBA, and notes that data presented by the ACCC shows that in the 18 months to June 2024, the ACCC received around 2,500 reports about payment surcharging and disclosure of add-on costs, which included consumer complaints and queries, as well as merchants seeking to better understand their obligations.

We also appreciate that insufficient transparency or disclosure of surcharges by some merchants reduces the ability of consumers to understand the relative costs of card payments to make informed decisions about which payment method to use.

However, it is of note that there are sectoral differences in how surcharges are levied on consumers. For example, more than a third of the complaints to the ACCC resulted from the food and beverage sector. The process for payments in this sector – generally in-person and with limited upfront information on surcharging costs – is radically different from the aviation sector.

All A4ANZ airlines operating domestic services in Australia currently offer surcharge-free payment options for consumers, and display costs (including the cost of surcharges) in a clear and transparent manner to enable consumers to make an informed decision on which payment method to use – including surcharge-free

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options, should a consumer choose. Furthermore, many consumers do make an informed decision to use payment methods that attract surcharges – particularly for large purchases – as they may derive additional benefits such as insurance for travel and other purchases.

A4ANZ supports the current provisions in the payment framework that allow for merchants to recover the costs of various payment methods, and is concerned that any move to change these – and remove the opportunity for merchants, specifically airlines, to recover these costs – will create upward pressure on the price of goods and services, including the price of flights.

Additionally, A4ANZ believes that introducing changes for a subset of payment options may distort the market and encourage the use and growth of unregulated payment options. As such, A4ANZ urges the RBA, and the Government more broadly, to pursue a wider review of the entire payments framework and ecosystem in a holistic manner, and aligned with the intent of amendments to the *Payment Systems (Regulation) Act 1998* (PSRA).

#### *Timing*

As noted above, A4ANZ believes that reforms to the payments ecosystem should be pursued in a holistic manner and align with the intent of the proposed amendments to the PSRA, and we also believe that any reforms to this system should be implemented with a sufficient lead time.

A4ANZ notes that in the Consultation Paper, the RBA has suggested that the proposed reforms be implemented from 1 July 2026.

A4ANZ is concerned by this proposal and believes that this timeframe is untenable as it does not allow adequate time for merchants to understand the impact of the proposed reforms, nor time to enact the changes necessary to comply with the proposed reforms.

We would encourage the RBA to undertake further consultation with merchants and other stakeholders from across the economy to understand what implementation timeframe – for any changes or reforms – would be appropriate, and whether the introduction of reforms should be staged to allow for the full impact of individual measures to be evaluated before proceeding with additional measures.

Thank you again for the opportunity to respond to the Merchant Card Payment Costs and Surcharging Issues Consultation Paper. A4ANZ and our members look forward to continuing to participate in discussions on this important issue.

Sincerely,



**Emma Wilson**  
**Chief Executive Officer**  
**Airlines for Australia & New Zealand**  
c/- Level 26, 360 Collins Street  
Melbourne Vic 3000  
E: [ewilson@a4anz.com](mailto:ewilson@a4anz.com)  
[www.a4anz.com](http://www.a4anz.com)

