

Dear RBA,

I'm writing to you today as a small business owner who has been operating for three years. I have been concerned about credit card charges for a while now and am happy to see you taking action. While these fees are often presented as unavoidable, I believe they are a result of a lack of action by those with regulatory authority.

I was pleased to see in your draft proposal that you are considering a reduction in the interchange fee cap to 0.3%. This is a positive step, especially considering that in Europe, I've observed a cap of 0.5%.

However, I am concerned about the proposed 1.5% cap on "card not present" transactions. If this cap applies to online purchases, phone tap payments (such as Google Wallet), and PayPal transactions, it would not be sufficient. This feels like outdated legislation, perhaps appropriate five to ten years ago, but not in today's evolving digital landscape. Such a discrepancy could create a loophole, incentivizing banks to push consumers towards cardless transactions to secure a larger share of transaction fees. I anticipate that if this rule is implemented, there will be a surge in advertising promoting cardless payment methods.

From a business owner's perspective, I am generally supportive of banning consumer surcharges, provided that small businesses are adequately protected from the monopolistic power of banks, which has not been the case. If, after this legislation is enacted, I am still incurring a 1.5% fee on every card payment made through my website and am unable to apply a surcharge, I will likely increase all my prices by 1.5% and potentially offer a discount for cash payments.

Conversely, if you appropriately cap fees across virtually all payment scenarios, you will have successfully reduced a significant and wasteful loss of hard-earned Australian money to the ever-expanding power of the banks.

Sincerely,
Benjamin Dalby