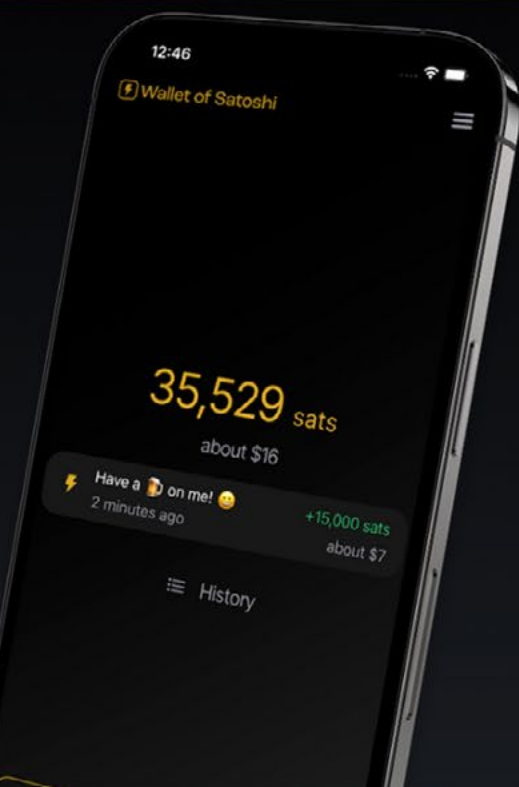




Submission to the Reserve Bank of Australia review into Merchant Card Payment Costs and Surcharging





"In 2024 and beyond, fee-free digital payments should be the norm, not an exception."

MP Jerome Laxale

20 August 2025

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

Dear Sirs,

Re: Merchant Card Payment Costs and Surcharging

We refer to your recent Consultation Paper and welcome the opportunity to provide input on the proposals arising from the Reserve Bank of Australia's (RBA's) work.

Introduction

Bitcoin Policy Australia (BPA) and the Australian Bitcoin Industry Body (ABIB) commend the RBA for its considered and transparent approach to addressing inefficiencies and anti-competitive elements in Australia's retail payment system.

The July 2025 Consultation Paper reflects a step forward in recognising and mitigating excessive merchant fees and opaque pricing in card-based payment networks. Addressing and mitigating these excessive fees would be important for enabling a more efficient financial system and to help ease cost of living pressures for ordinary Australians.

We support the three key proposals advanced by the RBA:

- Removal of surcharging on eftpos, Mastercard and Visa cards;
- Reduction of interchange fees paid by merchants; and
- Mandatory publication of fee schedules by card networks and large acquirers.

These reforms - if implemented - have the potential to deliver measurable benefits to Australian merchants and consumers. We note the RBA's estimate that these reforms could reduce transaction costs to Australian consumers by up to A\$1.2 billion annually.

However, they represent only incremental improvements to a structurally flawed system. In this submission, we reiterate the foundational arguments presented in our November 2024 submission in response to the Issues Paper and offer updated analysis in light of recent developments that validate the long-term superiority of open, public payments infrastructure - namely, Bitcoin and its associated Layer 2 technologies (such as the Lightning Network).

Original 2024 Submission

In our [original submission](#) dated 29 November 2024, we argued that the current structure of Australia's card payment system is inherently anti-competitive, regressive, and opaque. Our primary concerns included:

- The asymmetrical power dynamic between card networks and merchants
- The inability of consumers to make fully informed payment choices
- The imposition of excessive transaction costs, especially on small businesses



We reiterated the importance of open financial infrastructure and drew attention to Bitcoin as an example of a neutral, open-source protocol that enables low-cost, secure and irreversible payments without the need for centralised intermediaries.

2025 Developments

Since the publication of our original submission, a number of significant developments have taken place within the global payments space, all of which have only served to reinforce the arguments made in that document.

Square's Bitcoin Payments Rollout

In July 2025 Block Inc. [announced](#) that it will be incorporating native support for Bitcoin payments (using the Lightning Network) into its Square point-of-sale devices.

This will:

- Provide its more than four million merchant clients (including 60,000 Australian businesses) with a more cost-effective solution compared to traditional payment rails
- While representing the first large-scale integration of open-source, non-bank payment infrastructure into mainstream retail point-of-sale systems.

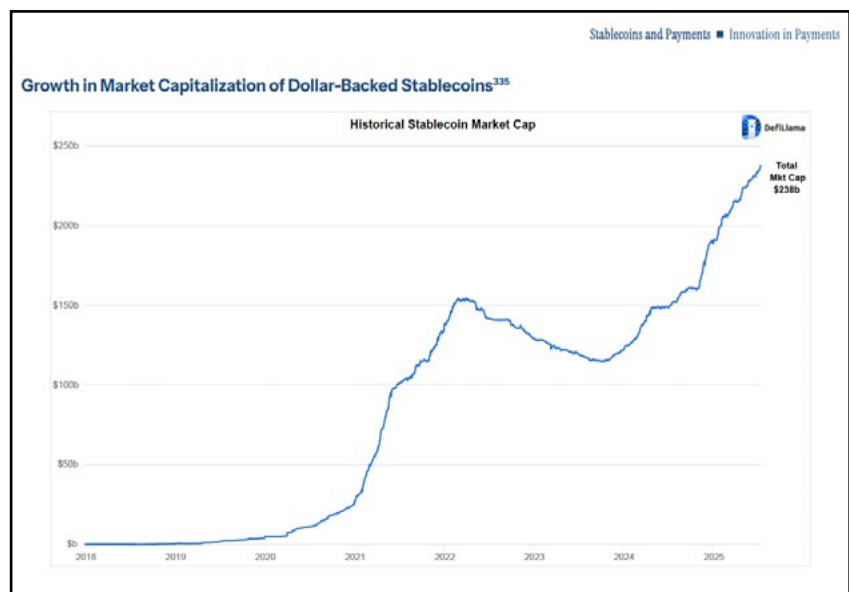
Appendix A sets out a comparison of the typical costs involved across these competing networks.

Reflecting these economics, US restaurant chain Steak and Shake announced in May 2025 that it has implemented a similar solution leveraging Bitcoin and Lightning. Commenting on the launch, COO Dan Edwards has [stated](#) that processing fees within this channel are 50% less than their existing methods.

(Under these circumstances it is reasonable to expect Australian retailers to migrate away from expensive, domestically-controlled payment rails in favour of cost-effective, globally-accessible open-source alternatives).

Stablecoins

The rapid growth of stablecoin networks such as [Tether](#) and [Circle](#) reflects the speed and scale of disruption being witnessed within payment markets globally.





This market dynamic is illustrated by a recent Wall Street Journal [article](#) which reported that Amazon and Walmart are exploring the potential of issuing their own stablecoins, with the aim of reducing the billions in transaction fees which they currently pay to companies like Visa and Mastercard.

The U.S. GENIUS Act

At the same time as these announcements were being made, the United States Congress was enacting the GENIUS Act. This legislation establishes a federal framework for the issuance and use of stablecoins. This landmark legislation is expected to catalyse merchant adoption of stablecoin-based payments (many of which will serve as a bridge to Bitcoin rails).

US Working Group on Digital Asset Markets

On 30 July 2025, the U.S. President's Working Group on Digital Asset Markets released its [first report](#), identifying digital assets — including Bitcoin — as a cornerstone of future financial innovation and economic competitiveness.

The report:

- Explicitly endorses the role of decentralised, open-source payment protocols
- Acknowledges the termination of 'Chokepoint 2.0' (being previous regulatory efforts that have denied banking services to the digital assets industry)
- Emphasises the need for regulatory clarity and public-private collaboration in order to drive innovation.

Notably, the Working Group directly cited Satoshi Nakamoto, reflecting a new level of institutional recognition of Bitcoin's foundational principles.

Stablecoins and Payments

With e-currency based on cryptographic proof, without the need to trust a third party middleman, money can be secure and transactions effortless.

P2P Foundation Forum Post re: "Bitcoin open source implementation of P2P currency"

Satoshi Nakamoto, February 2009³²⁵

As other jurisdictions progress with greater implementation and integration of digital assets within existing / updated regulatory and legal frameworks (and across broad parts of their financial systems), the RBA should consider:

- Whether Australia has policy settings that are fit-for-purpose in an increasingly digitised economy
- Revisiting [previous comments](#) from Governor Bullock that Bitcoin has no role to play in the Australian payments system

Recommendations

Endorse the RBA's Proposals with Caveats

We support removal of surcharging, but urge that accompanying safeguards be implemented to ensure least-cost routing remains in place, lest merchants bear hidden costs.

Establish Mandates for Least-Cost Routing

Ensure that the lowest-cost payment pathway is prioritised by default across all point-of-sale environments.



Encourage Fee Transparency Beyond Card Networks

Extend the transparency requirement to all major payment platforms, including emerging digital and crypto-native intermediaries.

Recognise Bitcoin Infrastructure in Regulation

Include Bitcoin payment processors and wallet providers within the regulatory perimeter to ensure consistency and forward-compatibility.

Monitor and Align with International Best Practices

The RBA should proactively monitor and engage with international developments - including the U.S. framework for digital payments and stablecoins - to ensure alignment with emerging global standards and to avoid regulatory divergence that could disadvantage local innovators and merchants.

Commit to a Future-Oriented Payments Roadmap

Develop a forward-looking policy framework that explores the role of Bitcoin in Australia's retail payments ecosystem (an outcome that was discussed at length in our original submission).

Conclusion

The RBA's July 2025 proposals mark an important milestone in the ongoing reform of Australia's payments system.

However, as other jurisdictions move swiftly to modernise payments infrastructure, Australia must decide whether to lead or lag. A proactive embrace of Bitcoin and decentralised payments technologies can deliver structural cost savings while fostering local innovation and global competitiveness.

We encourage the RBA to view its current proposals as the beginning of a broader transition, one that ultimately leads to a payments system that is not only more cost-efficient, but also more inclusive, resilient, and innovation-friendly.

BPA and the ABIB would welcome the opportunity to further assist the RBA in its consultation process and would be pleased to participate in any public hearings or working groups related to the implementation of these proposals.

Regards

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Appendices

Appendix A

Cost Comparison Table (Card vs Lightning Payments)

Payment Method	Average Fee per Transaction	Settlement Time	Chargeback Risk	Infrastructure Control
Visa / Mastercard	1.5% – 3.5%	1–3 business days	High	Centralised
eftpos	0.2% – 0.5%	1–2 business days	Moderate	Centralised
Bitcoin (on-chain)	~AUD \$1.00 (variable)	~10 minutes	None	Decentralised
Bitcoin (Lightning)	< AUD \$0.01	Instant	None	Decentralised