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

16 July 2025

Dear Sirs,

Review of Merchant Card Payment Costs and Surcharging

I wish to write to oppose the proposal by the PSB and RBA to remove surcharging on card payments.

Very simply, there is already a way of avoiding surcharge fees, being payment in cash, which is the legal tender of the Commonwealth. The survey by Nguyen and Watson indicates that 29 per cent of consumers carry no cash and therefore cannot avoid a surcharge. This does not seem like a relevant concern. Consumers are able to carry cash if they wish to avoid a surcharge. If they do not care enough about surcharges to carry cash, that is their own decision.

It is pointless to argue that customers find it difficult to avoid surcharges because they don't carry cash, as there is no evidence that access to cash is an issue, if customers wish to withdraw cash. I note that many institutions allow for cash out without fees, including Australia Post and the network of ATMs. The perception, clear in the Paper, that cash requires "expending effort", is unfounded—any effort is trivial.

As the RBA states, "RBA analysis has found that when faced with a surcharge, consumers are less likely to use credit cards and more likely to use debit cards or cash." Clearly, then, surcharging has some effect. Efficiency for businesses is not, in my view, relevant: cash payments are free when directly between parties. Banking, security, counting &c. are not relevant considerations for the customer in choosing to pay by cash to avoid fees.

Furthermore, this statement by the RBA is concerning as it suggests that increased reliance on cards to pay (or the abolition of surcharging) will further incentivise merchants to cease accepting cash payments. This would not be in the public interest, and it is clear that the vast majority of the public value the availability of cash payment methods, even as a secondary form of payment. It is little wonder that Mastercard would be interested in altering the public perception of cash to be costly and inconvenient, as it would directly benefit their business.

Therefore, I would strong insist that surcharging be retained as an effective way of incentivising the maintenance of the acceptance of cash in our public spaces.

Yours faithfully,


JEFFREY FONG