



NATIONAL AUSTRALIA BANK SUBMISSION

Review of Retail Payments Regulation: Merchant Card Payment Costs and Surcharging Consultation Paper

September 2025

Introduction

NAB appreciates the opportunity to respond to the Reserve Bank of Australia's (RBA) Merchant Card Payment Costs and Surcharging Consultation Paper (Consultation Paper). Australia currently has a strong, innovative payments system which is underpinned by the sharing of costs. NAB proudly helps millions of its consumer and business customers to make and accept payments and supports a safe and innovative low-cost payments system for Australian businesses and consumers.

NAB's response and focus is guided by the questions in the RBA's Merchant Card Payment Costs and Surcharging Issues Paper. NAB has responded to each of the 14 stakeholder questions and has thematically grouped responses where appropriate. As a member of the Australian Banking Association (ABA) and the Australian Payments Network (APN), NAB has also contributed to their respective responses.

Executive Summary

While NAB supports the RBA's objectives, it believes some of the proposed changes may not achieve the desired level of competition, efficiency or safety in the Australian payments system.

The proposed measures may cause unintended consequences which undermine competition, innovation and customer benefits, including current product offerings and costs.

NAB supports the RBA's proposals in relation to:

- surcharging;
- foreign-issued card interchange caps;
- reducing the interchange disparity between small and large merchants;
- domestic and international merchant statement breakdowns;
- net compensation;
- retaining the status quo in relation to Least Cost Routing; and
- changes to improve scheme fee transparency and achieve downward pressure on scheme fees, although suggests the RBA should adopt a more prescriptive approach which requires a simpler fee structure and exerts pressure on costs for issuers and acquirers.

NAB's overarching concerns with the RBA's proposed regulations captured in its Consultation Paper include:

- the potential to increase costs for consumers and merchants. NAB does not support any changes to domestic credit and debit interchange for consumer or commercial cards. NAB believes any changes could result in material negative impacts to card propositions. This would drive customers to alternative payment methods such as three-party card schemes, Buy Now Pay Later (BNPL), cash or cheques, which are more costly payment methods for merchants to accept. Merchants stand to benefit more if consumers choose cards payments, which tend to be more efficient and cost effective than other payment methods. As referenced below, the application of a 30 basis point interchange cap in the UK and EU saw costs rise and benefits reduce. These markets have seen a decrease in rewards and other benefits and an increase in fees charged to cardholders;¹
- creating an uneven playing field. Competition would be negatively affected as the proposed changes do not cover unregulated payments system participants. This includes wallet

¹ Edgar, Dunn & Company (2020) Interchange Fee Regulation Impact Assessment Study Report.

providers, three-party card schemes or BNPL services, all of which leverage and benefit from the payment system;

- the true cost of providing card payments being materially understated. NAB does not believe any changes should be made to the interchange cap, noting a proposed cap of 30 basis points would not cover NAB's eligible costs. The RBA's Issuer Cost Study fails to capture all costs associated with issuing and processing transactions incurred by issuers. This extends to commercial cards, where the benefits of using them to pay suppliers, compared to alternatives such as cheques and direct entry payments, outweigh the associated costs. This has led to other markets, including the United Kingdom (UK), European Union (EU) and New Zealand, excluding commercial cards from interchange reductions; and
- requiring the provision of commercially sensitive pricing information. This data is highly confidential and subject to significant variability. NAB continues to see limited evidence that such publication would yield tangible customer benefits.

NAB believes any changes should maintain the appropriate balance between consumer protection, merchant flexibility, incentives for innovation and commercial viability for all players. Card payments offer additional security and safety benefits and act as a cash flow tool. As previously shared with the RBA, it should also be acknowledged that providing cash has inherent costs. A 2024 BCG report estimated there was a 3.9 per cent cost per transaction for dealing with cash at the point-of-sale (POS) for businesses, compared to 1.8 per cent for card payments and 5.3 per cent for BNPL services.²

Scope of the review

Delivering a sound, strong payments system requires the consideration and inclusion of all market participants including banks, all schemes, issuers, mobile wallet providers and users of the system. There are many significant and growing payments ecosystem participants that are not currently covered by the RBA's proposed changes. NAB encourages the RBA to consider all participants within the payments ecosystem to ensure no participant gains an unfair advantage. The changes may otherwise drive consumers to use higher-cost payment methods, which may ultimately increase the cost of acceptance for merchants. For example, as of recent reporting, leading three-party card schemes had reached their highest market share since 2002 and were on an upward trend. NAB also notes the volume of BNPL spend is growing at a compound annual growth rate of 20 per cent. More than 60 per cent of Australians have now used BNPL, which accounts for approximately 37 per cent of the volume of e-commerce transactions in Australia.³

High cost of providing secure, efficient, innovative payments

The payments ecosystem requires significant continuous investment from participants to remain fit for purpose and provide innovative, safe and efficient payments solutions. Fees charged to customers primarily cover the costs of facilitating electronic payments, including card issuance, customer service, transaction processing, security and fraud prevention. For example, NAB provided detailed data on its fraud costs in its response to the RBA's Issuer Cost Study in May 2025. As mobile wallet transactions continue to increase, so do the material processing costs for issuers,

² Stewart S, Dobbeni J, Folch F, The Hidden Cost of Cash and the True Cost of Electronic Payments in Australia, Europe, New Zealand and the UK – Addendum (White Paper, Boston Consulting Group, August 2024).

³ Johnstone, P. Fifth Quadrant, 'New BNPL regulations in Australia in 2025' (6 June 2025)
<https://www.fifthquadrant.com.au/new-bnpl-regulations-in-australia-in-2025>.

particularly for Apple Pay transactions. This further erodes interchange revenue. NAB believes many of the RBA's core assumptions do not accurately represent the true costs of providing secure payments. Like all businesses, NAB may need to consider recouping this shortfall through other means, such as reconsidering pricing structures to ensure the current offering consumers and merchants receive can be maintained or exceeded. If the RBA's proposed changes were implemented, NAB may need to consider curtailing investment into innovation and product offerings for customers. This would not lead to positive outcomes for customers, nor confidence in the safety and security of the broader industry.

Acquirer fee transparency

NAB supports the RBA's objective of increased transparency but its current proposal improves neither competition nor efficiency. While NAB supports the sharing of common, industry-wide pricing, it does not support the publication of commercially sensitive average cost of acceptance data. The RBA is encouraged to consider what information is meaningful to the merchant and tailored to their specific requirements.

Scheme fees

Scheme fees comprise a significant proportion of the total costs incurred by both issuers and acquirers. While requiring scheme networks to publish aggregate interchange and fee data may improve transparency, it will not resolve the complexity of the current interchange and fee structures and ensure a competitive fee structure. To drive meaningful change, the RBA's industry-led policy on scheme fees should adopt a more prescriptive approach. This would help simplify fee structures and exert downward pressure on costs for issuers and acquirers while acknowledging the costs that schemes incur in providing these services. The focus should be on simplification and reducing the substantial disparities in scheme costs. Without accompanying structural reforms, simply mandating public disclosure of scheme fees will not yield information that is genuinely useful or actionable for merchants.

Timing

Given the breadth and complexity of the proposed reforms, a six-month implementation window is inadequate. To ensure a thorough, effective, safe and market-ready implementation that upholds industry compliance and minimises adverse impacts on cardholders and merchants, a minimum lead period of eighteen months following the release of the final policy is essential. To meet a 1 July 2026 implementation date would require NAB to commence design and build without confirmed regulations, which would introduce material systemic risks. The implementation timeline must also allow for the inclusion of all participants across the payments ecosystem to avoid any competitive imbalance.

Q1: Would removing surcharging on designated card networks best support the RBA's objectives to promote the public interest through improving competition, efficiency and safety in the payments system? In particular, the RBA welcomes feedback on whether there are additional public interest considerations that should be taken into account for each policy option.

NAB supports the RBA's intent to ban surcharging on both debit and credit transactions. NAB understands the RBA's rationale and agrees with its assessment that surcharging is no longer achieving its intended purpose. Surcharging can be confusing and NAB wants to help to create a simpler payment experience for all Australians. NAB supports the RBA's proposal to simplify the system for merchants while giving customers a clearer, more consistent experience.

Q2: Do the proposed changes to interchange regulation promote the public interest by improving competition and efficiency in the payments system?

Consumer Credit

RBA assumptions regarding consumer credit

NAB believes many of the RBA's core assumptions from its Issuer Cost Study are inaccurate (refer to Table 1 below). NAB's analysis of issuing and processing costs amount to 42 basis points, in contrast to the 22 basis points stated in Table 4 of page 36 of the Consultation Paper.

The key differences between the RBA's assumptions and NAB's actual costs relate to authorisation and transaction processing. NAB incurs a 16 basis point cost to provide this service, versus a 2 basis point cost assigned by the RBA. Additionally, the cost of funding (interest-free days) is a 16 basis point cost to NAB versus a 12 basis point cost assigned by the RBA. The authorisation and transaction process includes receipt and processing of electronic credits to accounts, internet banking, telephone banking, general customer service and general account management.

The RBA utilised an interbank rate of 1.9 per cent to calculate the cost of funding, which is derived from a historical three-year average. This rate was significantly impacted by COVID-19, a one-off pandemic event. The rate remained as low as 0.1 per cent until April 2022. The current interbank rate is significantly higher at 3.60 per cent. In addition, card issuers do not fund credit cards on the interbank rate and NAB's true cost of funds in 2026 is expected to be 4.72 per cent. A funding cost of 4.72 per cent will result in NAB's overall costs of issuing and processing increasing to 46 basis points; higher than the 42 basis points as per Table 1.

Table 1: Cost comparison between NAB and RBA

	Domestic Credit	
Costs of issuing and processing (Credit)	NAB calculated %	RBA calculated %
Authorisation & Transaction processing	0.16% ⁴	0.02%
Cost of funding (interest free days)	0.16% ⁵	0.12%
Other eligible costs (per RBA)	0.10%	0.08%
Total costs of issuing and processing (Credit)	0.42%	0.22% ⁶

⁴ The costs associated with authorisation and transaction processing were included within the 'account set-up, overheads and maintenance' costs (to be apportioned) as part of the NAB's Issuer Cost Study submission to the RBA. The total cost submitted has now been broken down by NAB to only include the RBA's definition of eligible costs.

⁵ Figure calculated using current interbank rate of 3.85 per cent.

⁶ RBA costs per the published RBA Card Issuer Study (19 August 2025).

NAB does not believe any changes should be made to consumer credit interchange and encourages the RBA to reconsider making any changes to the cap for consumer credit card transactions. Specifically, the proposed interchange cap rate of 30 basis points makes the current economics behind consumer credit products unsustainable. NAB predicts it may result in higher costs for consumers and businesses, reduce investment in the payments system and significantly devalue credit card propositions. To mitigate the impact of the reduction in interchange caps, it would be necessary to implement significant changes to NAB's products and services. Such changes may include modifications to overall card offerings and reassessing complimentary features and pricing structures.

A revision of interchange that does not include unregulated industry participants is also likely to result in customers' increased usage of these payment methods. These payment methods are more expensive for merchants, which would need to either accept the higher cost of acceptance or pass on these costs via surcharges to customers.

Costs associated with issuing and processing domestic credit card payments

The RBA's assessment of issuing and processing costs for credit card transactions understates the actual costs faced by issuers. Interchange revenue enables investment in essential payment system capabilities such as fraud detection, cybersecurity, contactless payments, and digital wallet integration. If the RBA was to cap interchange at 30 basis points, NAB would not be able to cover its eligible costs of processing transactions.

Rapid growth in mobile wallet transactions, particularly for Apple Pay, has amplified processing costs for issuers. Domestic mobile wallet spend has increased from 2.4 billion transactions in 2022 to over 4 billion transactions in 2024.⁷ As mobile wallet usage grows, so will the material cost to issuers as a proportion of their overall costs, further eroding interchange. This should be factored into any assessment of future issuing and processing costs.

Lowering the interchange cap may undermine issuers' ability to compete with unregulated participants and increase merchant acceptance costs, especially as consumers migrate to unregulated, higher-fee payment alternatives. Cardholders may shift to three-party card schemes, which can carry the cost of acceptance over one and a half times higher than for Visa and Mastercard. BNPL services may also become more attractive, despite offering fewer consumer protections and typically charging merchants fees of two to six per cent.

If interchange was reduced, NAB may need to consider curtailing its investment in innovation and product offerings for customers, including for critical components of a credit card's value proposition, or reconsider pricing structures. These changes would have negative implications for customers; offsetting NAB's costs payable to card schemes may include charging for services such as dispute resolution. Potential APR increases would impact the broader credit card market and disproportionately impact customers who borrow on credit cards for short term cashflow. Structural reforms must consider the broader competitive landscape to avoid unintended consequences for merchants and cardholders.

Following the 2016 interchange reduction in Australia, annual fees rose by 47 per cent and rewards programs were significantly devalued. Research shows the annual net value to cardholders, which

⁷ ABA, 'Bank on it: Customer Trends 2025' (August 2025) https://www.ausbanking.org.au/wp-content/uploads/2025/07/252903-Bank-on-It-Report-2025-ART_compressed.pdf

is the annual fee less rewards costs, dropped from \$72 in 2015 to \$27 in 2017, and has remained relatively stable since.⁸ This aligns with blended interchange remaining at 50 basis points.

Learnings from UK and EU reforms

Experience in overseas markets highlights the abovementioned risks. UK and EU reforms have led to higher Annual Percentage Rates (APRs), increased annual fees and diminished rewards value, with cost savings not passed on to consumers.⁹ It has been found that consumers faced “increased cost of ownership for regulated credit and debit cards post-changes,” as issuers revised cost structures and pricing “as a result of the decrease in interchange fees received.”¹⁰ The reduction in interchange made the business case for entry into the issuing side of payments more difficult and innovation has been impacted by reduced revenue potential.¹¹

When the EU’s interchange reform was introduced in 2015, the APRs applied to revolving balances increased by 2.57 per cent, the average annual fee increased by 13 per cent and average late payment fees increased by 17.6 per cent. Over the same period, the European Central Bank marginal lending rate decreased by 0.05 per cent (from 0.30 per cent to 0.25 per cent).¹²

Alternative proposed approach

While NAB believes lowering the interchange cap will not achieve the RBA's objectives, it suggests the RBA could consider two fallback measures to mitigate significant adverse impacts. NAB proposes separate interchange rates for Card Present (CP) and Card Not Present (CNP) transactions. Specifically, NAB recommends a blended interchange rate of 30 basis points for CP transactions and 80 basis points for CNP transactions. The lower rate for CP transactions would support reduced costs for merchants providing everyday goods and services, such as groceries or fuel. The higher rate for CNP transactions would reflect their significantly higher processing costs and allow issuers to recover related expenses. NAB also supports a second alternative; to reduce costs for small merchants through a lower interchange rate on their transactions and is open to considering a separate small merchant program. Such a program would introduce operational complexity and place ongoing monitoring and compliance requirements on an acquirer. Further consideration would be required to ensure a cost reduction for small merchants is achieved.

Debit Cards

NAB does not support any changes to the interchange cap on consumer debit cards. Changes to the cap could necessitate substantial changes to the overall structure of debit card offerings and the reassessment of complimentary features. It could curtail investment in innovation and services and require the reconsideration of pricing structures. Ongoing investment and innovation, including from Fintechs, are instrumental in advancing the Australian payments ecosystem and depend in part on interchange revenue.

⁸ Based on research by comparison sites [savings.com.au](https://www.savings.com.au) and [Mozo](https://www.mozo.com.au); <https://www.smh.com.au/money/borrowing/credit-card-reward-value-falls-63-per-cent-over-past-year-20170831-gy7zun.html> (1 September 2017).

⁹ In the UK, the average APR reached over 36 per cent in June 2025 and has increased ~370 basis points since July 2023. In 2020, the average rate was below 30 per cent; the increases have material impacts on customers.

¹⁰ Edgar, Dunn & Company (2020) Interchange Fee Regulation Impact Assessment Study Report.

¹¹ Ibid.

¹² Ibid.

Importantly, NAB does not charge account keeping fees on its personal everyday banking account (NAB Classic Banking) and relies significantly on interchange revenue to sustain and enhance its debit card products. Maintaining this income stream is essential to supporting service quality and product innovation.

It is essential to ensure a level playing field across the payments system to safeguard competition and efficiency. The RBA should use its regulatory powers, which will be expanded when amendments to the Payment Systems (Regulation) Act 1998 receive Royal Assent, to ensure all participants, including currently unregulated issuers, digital wallets, and BNPL providers are subject to the same oversight and requirements as incumbent institutions, driving costs down and promoting a competitive environment for domestic issuers.

Australia already maintains one of the lowest debit interchange rates in the world. Debit card cost of acceptance has significantly reduced and now sits well below previous benchmarks.

The proposed changes to debit card interchange rates would continue to converge the costs of processing transactions through the International Card Schemes (ICS) versus eftpos. ICS providers offer advanced risk scoring, fraud modelling, dispute capabilities and chargeback processes; features crucial for maintaining the integrity and security of electronic payments. If an ICS can provide a superior product at a similar cost, debit card issuers of any size should have the flexibility to choose to issue Single-Network or Dual-Network Debit Cards based on strategic fit and customer need. This would accelerate the evolution of the domestic payments system, fostering competition and helping to deliver satisfactory customer outcomes.

Learnings from UK and EU reforms

As above, it has been found that changes in the UK and EU have led to “increased cost of ownership for regulated credit and debit cards.”¹³

Banks in the UK often also charge customers basic transaction account keeping fees which offers an additional revenue stream. NAB does not charge account keeping fees on its personal everyday banking account (NAB Classic Banking) so does not have this revenue stream. NAB is the only major Australian bank to take this position for customers and has foregone an estimated \$500 million in fees since making this decision in 2010.

Commercial Cards

Commercial cards should be excluded from any interchange caps proposed by the RBA. Commercial cards offer business customers a range of additional payment and working capital solutions. Continued growth of this market provides businesses with more payment solutions while Australia moves away from legacy, slower and less secure payment processes such as cheques and direct entry payments. Any lowering of the interchange cap would likely necessitate changes to NAB’s commercial card offerings and services. This could result in reduced interest-free working capital benefits for customers, the removal of product functionality, or the reconsideration of pricing structures such as card, reporting, mobile wallet and data feed fees to maintain commercial

¹³ Edgar, Dunn & Company (2020) Interchange Fee Regulation Impact Assessment Study Report.

viability. With lower margins, issuers are also likely to be more selective in who they provide credit to.

Commercial cards are crucial for the Australian economy. They enable quicker payments to both domestic and international businesses, as opposed to standard invoice payments which are inherently more expensive and operationally complex. In some instances, payments made by commercial cards can result in cardholders receiving more favourable payment terms with suppliers. Additionally, commercial cards are an essential tool for business customers to help employees purchase goods and travel without making out-of-pocket claims, which are inherently slower and more operationally challenging. Commercial cards are used in a different mix of sectors to consumer cards and face a different set of competing payment methods (namely with B2B payments). Other key differences between commercial cards and consumer cards include:

- *Complex onboarding and higher operating costs:* onboarding a commercial card customer often involves a comprehensive implementation process. The ongoing servicing requirements for these programs are more complex to ensure compliance with regulatory obligations and to meet customer expectations.
- *Lower revolve rates:* business and institutional customers typically pay off their card balances in full each month. Revolve rates are 21.3 per cent on commercial cards compared to 53.7 per cent on consumer cards (as at June 2025, according to RBA data), which increases NAB's reliance on interchange to fund product constructs.
- *Low or no card fees:* industry-wide, corporate card programs often carry no annual card fees and limited other fees.
- *Reporting functionality:* typically, commercial cards are provided to customers with advanced reporting tools and data to enable the reconciliation of charges. These features come at a cost to NAB, including continuous investment to ensure compliance and suitability and are largely funded by interchange fees.
- *Complex integrations:* Banks must build and maintain relationships with accounting software platforms, expense management systems, travel management companies and financial management platforms to support commercial card programs. These require continuous investment.
- *Potential for longer payment days:* commercial credit cards are used as an effective cash flow tool, offering longer interest-free periods, subsidised by interchange fees.

Reducing interchange fees on commercial cards could disrupt these benefits, adding friction to payments and potentially leading to the increase of existing fees, the introduction of new fees or the removal of product functionality. This would negatively impact the customer experience, hinder innovation and increase fraud risks. Fees payable to wallet providers will further erode revenue to the point where it is likely functionality will be switched off or new fees introduced for their use.

NAB's large-scale corporate card programs, which serve many public sector customers, often have limited fees and complex integrations at no cost. Significant reductions in interchange fees could jeopardise these programs, affecting the public sector and the wider economy.

Importantly, New Zealand, the EU and the UK do not cap commercial interchange.

International Cards

Given the disproportionate cost of foreign-issued cards acquired in Australia, the inclusion of interchange caps on international cards will help to reduce merchant's costs.

Q3: Are there further considerations for smaller issuers that the RBA should take into account to enhance competition and efficiency in the payments system?

As above, if interchange caps are implemented, all card schemes and issuers in Australia should be subject to the same interchange caps to ensure fairness and clarity. NAB does not support an interchange model with varying rates based on an issuer's size. This approach would not simplify the system for merchants.

Q4: Do the proposed changes to the net compensation provisions effectively achieve the RBA's objectives and promote the public interest? Will Australian issuers sponsored by overseas entities be able to comply with the changes?

NAB is supportive of the RBA's proposed changes, which it believes will effectively support domestic entities in competing with Australian issuers sponsored by overseas entities.

Q5-Q8:

Does the proposal for card networks to publish aggregate wholesale fee data achieve the RBA's objectives of improving competition and efficiency among the card networks? Does the proposal adequately balance the information needs of the market with commercial concerns?

Does the proposal for card networks to work with industry to reduce the complexity and improve the transparency of their scheme fee schedules enhance the competitiveness and efficiency of the card payments system?

Does the proposed expectation on scheme fees achieve the RBA's objectives of competition and efficiency in the payments system?

Should the PSB consider further regulatory measures in relation to the level of scheme fees to promote competition and efficiency in the payments system?

Scheme Fee Transparency

Scheme fees constitute a significant proportion of costs for issuers and acquirers. Requiring scheme networks to publish aggregate interchange and scheme data does not address the underlying complexity of their fee structures. Despite banks' efforts to streamline these fees over the years, progress has been limited.

The RBA's industry-led policy on scheme fees should be more prescriptive to simplify scheme fee structures for card issuers and acquirers. The RBA has an opportunity to mandate reduced complexity over time, rather than relying on issuers and acquirers to negotiate directly with schemes.

Downward Pressure on Scheme Fees

Setting an expectation that scheme fees should not rise without clear explanation or adequate notification will not meet the RBA's objectives of competition and efficiency in the payments system. Significant new fees and increases to existing fees for both issuing and acquiring have been

announced for 2026 and NAB does not believe a requirement to provide an explanation would limit these increases.

The RBA's industry-led policy on scheme fees should be more prescriptive to create downward pressure on fee charging to card issuers and acquirers. The focus should be on simplifying and reducing the disparity in scheme costs. These costs should reflect increasing payment volumes and therefore benefits of scale attained as global scheme participants. Regulating the public sharing of scheme fees without requiring additional changes will not provide valuable or usable information to merchants. For significant fee increases, a greater notice period should be provided due to the market implications. The current approach is unlikely to result in downward cost pressure or less complex fee charging.

Q9: Does the proposed requirement for acquirers to publish their merchants' cost of acceptance enhance competition and efficiency by helping merchants search for a better plan? In particular, the RBA welcomes feedback on:

- **whether the size threshold for acquirers is appropriate**
- **whether the category breakdowns (merchant size and card type) are likely to be useful to merchants without compromising commercial sensitivity**
- **whether the quarterly frequency of publication is appropriate**
- **what an appropriate implementation timeline would be.**

NAB supports disclosure of industry-wide data such as scheme fees but opposes the publication of commercially sensitive information such as average cost of acceptance data. This data is highly confidential and subject to significant variability driven by factors extending beyond merchant size, such as risk profile, split of card present and card not present payments, industry segment, and value-added services. NAB continues to see limited evidence that such publication would yield tangible customer benefits. NAB is also concerned that there may be inconsistencies as to what costs would be included in published data from different institutions. Differing data sets would prevent data from being comparable.

Cost of acceptance data is inherently complex and averages of the total costs for merchants are not readily translatable to an individual merchant without tailored, granular context for each merchant. NAB's merchant statements provide actual individual costs and are designed to reflect the specific value of services provided; disseminating generic, aggregate figures risks misleading merchants, impeding effective price benchmarking and eroding the utility of meaningful comparisons across acquirers.

Merchants typically compare actual pricing plans, rather than aggregated averages. Publishing such data risks diminishing market differentiation, ultimately disadvantaging merchants requiring customisation or value-added service offerings. Aggregated cost of acceptance does not reflect individual merchant arrangements and may generate further confusion, undermining rather than advancing merchant decision-making in relation to searching for a better plan.

In addition, as a signatory to the Code of Banking Practice, NAB is committed to delivering clear and transparent communications. Broad publication of complex cost data, without merchant-specific context, would seemingly be at odds with these standards.

Should publication be mandated, NAB strongly recommends the data be consolidated and centrally published by the RBA on its website. This approach would align with policy requirements on scheme

transparency (for schemes to provide the data to the RBA so that the RBA can republish on its website).

Implementation of any changes cannot commence prior to the final policy release, anticipated at the end of 2025. To ensure robust, compliant and market-ready execution with minimal disruption to cardholders and merchants, NAB recommends a minimum lead time of eighteen months be allowed for implementation following the final policy release (also refer Q13).

Q10: Does the proposal to amend the cost of acceptance reporting on merchant statements to include a breakdown for domestic and international cards promote competition by helping merchants receive more information about the fees they pay? Is there a public interest case to exempt taxi fares from this requirement?

Supporting the inclusion of international cards in cost of acceptance reporting on merchant statements will enhance transparency for merchants. This change requires operational adjustments to NAB's reporting process and additional costs, which are addressed under Qs 5-8.

Excluding any merchant segment would add complexity and cause confusion for cardholders and merchants, undermining the policy's aim. Including taxis in this requirement and the surcharging requirement will simplify implementation.

Q11: Are there any changes that should be made to the RBA's existing industry expectation on LCR implementation to improve competition and efficiency in the debit card market?

NAB believes the current Least Cost Routing (LCR) regulatory settings are appropriate, and no further changes are required. NAB has made significant progress in relation to LCR availability and enablement. NAB expects the availability and enablement of LCR will continue to increase. For example, for CP transactions, NAB has increased enablement for its customers from 14 per cent in December 2022 to 67 per cent in June 2025. NAB expects the availability and enablement of LCR will continue to increase.

Q12: Does the PSB's preferred package meet its objectives of competition, efficiency and safety in the payments system? Are there any variations to the package that the PSB should consider that would yield higher net public benefits? Is there any additional evidence that the RBA should consider before finalising its decision?

While NAB supports the RBA's objectives, it believes the proposal requires further refinement to achieve the desired outcomes of competition, efficiency, and safety in the payments system. The RBA should consider the variations and additional evidence provided throughout this document to ensure a balanced, fair and effective regulatory framework. Given learnings from overseas jurisdictions, proposed measures in their current form will cause unintended consequences which undermine customer benefits, competition, and innovation.

NAB has provided potential alternative approaches for the RBA to consider at Q2.

Q13: What is your feedback on the proposed implementation timeline for these reforms?

Given the breadth and complexity of the proposed reforms, a six-month window for implementation is inadequate. NAB recommends that an eighteen-month lead time from the time regulations are confirmed is required to ensure compliance, operational readiness and equitable outcomes across the payments industry. It is imperative that the final version of the policies is available before NAB initiates the necessary technical and operational planned activities. An eighteen-month

implementation period would allow time for customer communications and allow for the inclusion of all participants within payment ecosystem to prevent competitive imbalances.

Q14: Do the draft standards in Appendix D achieve the intended policy objectives? Are there factors that have not been properly addressed or considered in the drafting of the proposed standards?

NAB believes the RBA's desired policy objectives are unlikely to be achieved with the proposed positions. The draft standards are constrained by the limitations inherent in the proposed policies, which fail to adequately address the broader economic challenges at play.

NAB also questions whether the publishing of BIN tables required under Standard NO. 3 of 2016 (clause 4 "Card Identification") is still required if the proposed ban on surcharging for both debit and credit transactions is implemented.