

26/08/2025

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

Merchant Card Payment Costs and Surcharging, Consultation Paper

Thank you for the opportunity to make a submission in response to the consultation paper.

National Seniors Australia (NSA) is the leading advocacy organisation for older Australians. Through our research and advocacy activities, NSA works to improve the wellbeing of all older Australians, including self-funded retirees, pensioners, part-pensioners, veterans, and carers.

We strongly welcome and support the RBA's conclusions in the consultation paper, which takes seriously the interests of consumers raised in our earlier submission.¹ We urge the RBA to maintain its proposals, which put the interests of consumers first.

As stated in our earlier submission, NSA's position is that Australia should ban surcharges for card payments. Transactions costs are a cost of doing business and should be incorporated into the purchase price of goods and services, rather than as a separate charge applied at the end of a purchase.

As the RBA is likely aware, there has been an increase in media stories creating concern among consumers about the potential impact if card surcharges are banned and interchange fees (charged between the payment service provider and the cardholder bank²) are reduced. This includes higher card fees, higher supermarket prices, and impacts on "rewards" programs.³ We urge the RBA to reject these arguments as fearmongering by parties who benefit from the current arrangements.

For example, the argument that banning surcharges will lead to higher prices is flawed. If the surcharge is built into the price of goods and services there should be no overall increase in the price the consumer pays; charging a surcharge doesn't save the consumer money, it just makes displayed

¹ [NSA submission, Merchant Card Payment Costs and Surcharging | NSA](#)

² [Backgrounder on Interchange and Scheme Fees | Explainer | RBA](#)

³ [Mastercard reveals dire \\$1.5 billion 'consequence' for everyday Aussies if RBA's proposed surcharge ban goes ahead | Yahoo! finance](#)

prices opaque. Under the current system a retailer charges \$10 for an item and then charges a surcharge of 20c. Under a surcharge ban the price of the item should theoretically be \$10.20, encapsulating the cost of the surcharge, such that there is no difference in the overall price to the consumer.


In terms of credit card rewards programs, charging all consumers higher fees on the basis that it cross-subsidises rewards programs for some people is unfair to those who do not participate in these schemes. If people wish to take part in rewards programs then this should be funded through the program, not by charging fees to all consumers. If you are a pensioner who does not have a credit card with a rewards program, why should you pay higher transaction fees to deliver rewards to those who have reward-based credit cards.

In conclusion, we are supportive of all three of the preliminary policy views:

- removing surcharging on most cards,
- lowering wholesale card payment costs for small merchants, and
- increasing transparency of card payment costs.

We agree these changes would be of substantial benefit to consumers and small merchants, who have not been well-served by card and payment suppliers under the existing rules.

Yours Sincerely



Chris Grice
Chief Executive Officer