

26 August 2025

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

By email: [pysubmissions@rba.gov.au](mailto:pysubmissions@rba.gov.au)

Dear Sir/Madam,

## Re: Review of Merchant Card Payment Costs and Surcharging – Consultation Paper

On behalf of Retail Drinks Australia (**RDA**), we appreciate the opportunity to provide feedback in response to the Reserve Bank of Australia's Consultation Paper regarding merchant card payment costs and surcharging.

### About RDA:

By way of background, RDA is the national industry association representing the interests of Australia's \$18 billion retail liquor industry. Our diverse membership represents the majority of the more than 7,500 packaged liquor (retail) licences across the country, which directly employ over 75,000 people, and comprise some of the most recognised and trusted companies and brands in the industry, including:

- *Independent Retailers*, small family owned and operated stores under a known retail banner, or their own.
- *Chain Retailers*, including Coles Liquor and Endeavour Group.
- *Online Retailers*, marketplaces, and delivery partners.
- *Retail Banner Groups*, who act as buying, marketing and promotional groups for independent retailers.
- Small and large beverage producers, suppliers, and service providers to the retail liquor industry.

### Response to Policy Proposal:

RDA notes the preliminary policy view as expressed by the Consultation Paper that *“that competition and efficiency in the payments system would be enhanced by:*

- *removing surcharging on all designated debit, prepaid and credit card systems*
- *lowering wholesale card payment costs, particularly for small merchants, by lowering caps on domestic interchange fees and capping the interchange on foreign-card transactions*
- *increasing the transparency of card payment costs to help payment service providers (PSPs) and merchants compare fees across the market and shop around for better-value payment deals.”*<sup>1</sup>

Our responses to each of these three proposals are as follows:

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<sup>1</sup> Reserve Bank of Australia (2025) Review of Merchant Card Payment Costs and Surcharging – Consultation Paper, p.8.

### 1) Removing Surcharges

RDA is concerned about the proposed removal of surcharging on all debit, prepaid and credit systems and the consequences of this proposal on liquor retailing businesses across the country.

With the rise in cashless spending in recent years, we point out that the cost of merchant fees is now in the top 5 highest costs of operating a retail liquor store, alongside the cost of purchasing stock, rent, wages, and electricity, typically followed by insurance. It should be noted that, unlike many businesses in the hospitality sector such as cafés and restaurants, surcharging is not common practice amongst retailing businesses.

We contend that this proposal will have a significant financial impact on liquor retailers, particularly small businesses who will be unable to absorb increased costs and will not on-charge to consumers to maintain consumer price competitiveness. If they do, it may cause a change in consumer purchasing habits due to the price-sensitive nature of the typical Australian, and consequently adversely impact the sector.

One of the perverse outcomes of the proposal is that it essentially removes transparency and choice for consumers to choose lower-cost payment methods.

### 2) Lowering Wholesale card payment costs

RDA welcomes the proposal to lower the interchange fee caps. Irrespective of surcharging policy this would directly lower payment costs. However, we point out that this needs careful consideration given that the differences in interchange rates across categories. We also advise that the existing categories need review, as some already have significantly lower interchange rates than others.

### 3) Increasing the Transparency of Card Payment Costs

RDA welcomes the proposal to increase the transparency of card payment costs to allow for greater comparisons to be made across the market. By having increased visibility of card payment costs, this will allow business-owners to make more informed choices resulting in cost savings. We believe that this will be of most benefit to smaller liquor retailing businesses who are unable to negotiate with providers in the same way that larger businesses are able to and therefore do not receive the most competitive prices.

Once again, we appreciate the opportunity to provide a submission in response to this Consultation Paper. Should there be any matters raised in this submission which you wish to discuss directly, I may be contacted via (P) 02 8335 3200 or (E) [info@retaildrinks.org.au](mailto:info@retaildrinks.org.au).

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Waters".

**Michael Waters**  
**Chief Executive Officer**