

Reserve Bank of Australia
Payments Division
8 Chiefly Square
Sydney, Australia 2000

[via email: pysubmissions@rba.gov.au]

August 26, 2025

Please find below a response from Stripe Australia to the RBA's consultation paper on surcharging and merchant fees.

By way of background, we reiterate our view that payments are critical to the Australian financial ecosystem. Each day millions of consumers around the country rely on the payments network to power their businesses, to engage with essential services and generate economic activity that supports jobs. Australia's payment landscape must remain competitive, accessible, and innovative to drive efficiency and productivity across the economy.

In short, we recommend that the RBA;

1. Amend the recommendations around scheme fees to ensure that they are delivered in a machine readable manner, delivering greater efficiency to payment providers and, in turn, to merchants. This change would deliver immediate efficiency and transparency dividends across the ecosystem.
2. Convene an industry forum that would allow participants to better understand scheme fee costs and structures with a view to delivering greater transparency and efficiency within the system.
3. Amend the approach to PSP transparency, in line with the prevailing approach of providers, that is segmented on pricing structure - blended vs IC+ for example, and require reporting on an annual basis. The cost of acceptance definition should also be reviewed to ensure a more 'like for like' comparison.

Stripe's previous submission can be found [here](#). An overview of Stripe in Australia can be found [here](#). We look forward to continuing to engage with the Reserve Bank of Australia on this issue.

Sincerely,

Stripe Australia

SURCHARGING

Stripe is agnostic on the move to lift the 'no surcharge' rule at the scheme level which would, in effect, prevent merchants from surcharging.

As Stripe's earlier submission noted, surcharging is not commonplace on our platform and we encourage users to maximise for conversion by reducing friction in the checkout process.

INTERCHANGE

As per our earlier submission, Stripe, broadly, favours the move towards the European model, with lower caps on interchange.

Stripe notes the position advanced most notably by Fintech Australia and the Tech Council, that the economics of issuing may become unviable, particularly for new entrants and fintechs who will be seeking to provide innovation to consumers. Stripe supports this position and refers the RBA to this argument advanced in their respective submissions.

WHOLESALE FEES

Stripe does not offer any comment in this area.

SCHEME FEES

Stripe supports increasing the clarity of the information that is made available on scheme fees to acquirers and merchants. In delivering on this ambition, the RBA should enable PSPs and merchants to better understand and control their card payment fees and ultimately help reduce costs. To this end, Stripe makes two specific recommendations that could be **easily enacted and would deliver tangible outcomes**.

1. We propose that the RBA mandate that technical details about each scheme fee are made available, ideally in the schemes portal, in a way that is **machine readable and accessible by an API call**. This could include information such as the name, definition, cost structure, justification, and network logic of each fee.
2. Stripe recommends that the RBA consider **convening an industry forum** that would enable participants, large and small, merchant and processor, to align on key aspects of scheme fee structures and the broader card payment ecosystem. This collaborative forum, enacted with the authority of the Central Bank, would deliver greater transparency and efficiency to the system at a time when it is often overwhelmed by opacity.

We think that both measures would significantly improve the current environment in which scheme fees are set and promote competition and efficiency for all participants in the payments system.

PSP TRANSPARENCY

Stripe supports the move towards delivering greater transparency across the ecosystem as a means to lower costs to merchants. Stripe's pricing is available publicly on our website - www.stripe.com/au/pricing - with a clear and concise explanation of the breakdown of fees. As the UK's Payment System Regulator has observed, *'Stripe has a quick and simple onboarding process, and offers simple standard pricing for card acquiring services consisting of two headline rates'*.

However, Stripe does not believe that the recommendations in their current form will deliver enhanced competition or efficiency within the payments ecosystem. The proposed PSP transparency measures oversimplify the variety of factors that contribute to pricing and are likely to provide a distorted view of the sector without delivering a dividend to merchants.

Payments are, by virtue of the connectivity between multiple components, complex. Stripe removes that complexity, especially for smaller merchants. We allow businesses to focus on their core day to day offering.

As the RBA considers how to move forward on PSP transparency, we submit that at least the following considerations need to be taken into account:

Recognising the full cost of payments:

1. Transparency beyond blended pricing rates becomes burdensome and complex. For example, larger merchants who prefer IC++ pricing rather than blended, do so on the basis of having internal resources to measure, reconcile and manage that. If fee transparency does not include a component that is the internal cost to a merchant of managing IC++ payments, then it is not an accurate reflection of the full cost.

Transparency measures should recognise costs outside of the control of PSPs:

2. Transparency measures should also acknowledge that there are inputs to costs that are beyond a PSP's control, for example *Strategic Merchant Rates*. To provide an accurate picture of cost, any transparency measures could exclude reporting for merchants that are on Strategic Merchant Rates, or require that these be put into a stand alone category.

Serving smaller merchants, especially on blended rates, comes at additional cost to the PSPs:

3. Any publicly available reporting would need to clearly state that there are additional costs to PSPs of serving smaller merchants.
 - a. As noted in our earlier submission, there is a considerable cost and risk borne by Stripe to onboard small merchants. When an acquirer is underwriting large merchants, they face significantly lower information asymmetry. There is usually enough publicly available information on the merchant that reduces friction in this process. As such, acquirers are well placed to measure risk and appropriately price it. With smaller merchants, less information is available and while the credit risk is often higher, the quantum is often unknown. These are just some of the factors that drive price economics across merchants of varying sizes.
 - b. Also, acquirers take on considerable card mix margin risk for users on blended pricing. As noted on the RBA's website; *With fixed prices, the acquirer takes on the risk that there could be changes in the*

merchant's transaction mix from one period to the next that result in higher wholesale costs for the acquirer (because the wholesale cost of individual transactions can vary significantly).

And in fact, merchants with a higher cost cards mix, e.g. Amex and commercial cards, may actually end up paying less under blended pricing, to the extent that Stripe at times has a negative margin with some users.

Transparency measures should not inadvertently discourage issues like fraud protection:

4. Incentivising fraud protection. In our view, it is important that there is transparency of simple standard pricing. There is then a question of what should be included in that: pure payment processing, or also fraud management? It is important that efforts to enhance transparency don't inadvertently discourage fraud protection measures. For example, we understand that not everyone with a payments offering in the market currently provides fraud management, so side by side cost of acceptance would not be an apples for apples comparison. However, were the RBA to require transparency of just payment processing fees, then it would discourage organisations from driving uptake of arrangements with fraud management included. This would require amendments to the RBA's definition of cost of acceptance if this is to be used for transparency purposes.

Ultimately, there is a need to support the modern economy's ability to bring GDP online in a way that is safe, secure and reliable - and sustainable. That means not disincentivising sophistication, particularly where that could impact safety and security online - for example, investments in fraud technology.

By way of an alternative way forward to PSP fee transparency, Stripe proposes that the segmentation for pricing should be based on fixed and variable (blended vs IC+) with those on Strategic Merchant Rates also split out. This in our view would be a more accurate representation than transaction volume and merchant size. The cost of acceptance definition should also be amended to ensure fees are truly comparable.

Further, in our view reporting should be annual. We submit that rates and data would not materially change over shorter time periods and hence there would not be utility in more frequent reporting, particularly in light of the compliance burden.

LEAST COST ROUTING

Stripe does not offer any comment in this area.

GENERAL

Stripe does not offer any comment in this area.

Stripe Australia