



13 August 2025

Head of Payments Policy Department
Reserve Bank of Australia
GPO Box 3947
Sydney NSW 2001
By email: pysubmissions@rba.gov.au

Dear Sir / Madam,

Review of Merchant Card Payment Costs and Surcharging – Tyro Submission

Tyro Payments Limited (**Tyro**) appreciates the opportunity to provide a submission in response to the Merchant Card Payment Costs and Surcharging Consultation Paper as released by the Reserve Bank of Australia (**RBA**) on 15 July 2025 (**Consultation Paper**).

As set out in our response to the Issues paper in December 2024, we believe that a transparent and fair payments system is vital for the prosperity of Australian businesses. Tyro supports the full reform package as proposed and our submission responds to each consultation question, consistent with Tyro's commitment to transparency and structured engagement.

SURCHARGING

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?

Yes. Tyro supports the removal of surcharging on designated debit, credit and prepaid card networks, as proposed. A full removal, if implemented together with proposed interchange caps, scheme fee transparency, and acquirer reporting reforms, will simplify the payments system and enhance competition and efficiency.

We recommend that:

- The RBA adopt a single effective date for interchange and surcharging reforms.
- There be no carve-outs for commercial or international cards, which would reintroduce complexity.

INTERCHANGE FEES

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

Yes. The proposed caps will lower payment costs for SMEs, reduce the gap between large and small merchant rates, and support fairer market outcomes. The approach aligns with global benchmarks and the RBA's long-standing cost-based methodology.

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

We support the proposed framework but defer to issuers to provide feedback on specific impacts and implementation considerations.

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?

Tyro has no comment.

TRANSPARENCY OF WHOLESALE FEES

Q5: 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?

Yes. Tyro supports transparency as a core principle. Standardised, quarterly reporting of wholesale fee data (segmented by transaction type) will help both acquirers and merchants benchmark costs and foster competition. Clear templates are recommended to support comparability while protecting commercially sensitive information.

Q6: 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?

Yes. Simplifying and clarifying scheme fee schedules will help PSPs better understand and price services. Tyro supports increased transparency as a necessary step toward fairer and more efficient scheme pricing.

POLICY OPTIONS FOR CONSIDERATION

Q7: Does the proposed expectation on scheme fees achieve the RBA's objectives of competition and efficiency in the payments system?

Yes. Requiring schemes to justify future increases will introduce greater accountability. If transparency and voluntary compliance fail to contain fee growth, further regulatory measures may be warranted. Tyro supports this staged approach, underpinned by transparency.

Q8: Should the PSB consider further regulatory measures in relation to the level of scheme fees to promote competition and efficiency in the payments system?

Tyro supports further regulatory initiatives aimed at improving transparency and accountability in the setting of scheme fees. As previously submitted, transparency of wholesale pricing — including scheme fees — is essential to ensuring that merchants and acquirers can make informed decisions and exercise genuine choice. This, in turn, fosters competitive pressure between schemes and enhances efficiency across the payments ecosystem.

TRANSPARENCY OF MERCHANT FEES

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?

Yes. Tyro supports publication of average cost of acceptance data, segmented by merchant size and card type and we believe that quarterly publication is appropriate. A clear implementation timeline aligned to the broader reform package would assist.

However, we recommend lowering the proposed \$10 billion threshold. Some providers below this volume level serve very large numbers of small merchants. The number of merchants, not just aggregate volume, could be considered a better indicator of market influence and competitive impact.

We suggest a revised threshold of the lower of \$5 billion total transaction value or 20,000 merchants. Acquirers at this scale are likely to already report cost of acceptance on merchant statements (as required under Standard No. 3 of 2016), and aggregation for publication should not represent a high compliance burden. A lower or tiered threshold would better support the RBA's policy intent and improve competitive outcomes for SMEs.

Further, we also note that some merchant-facing PSPs may not currently fall within the scope of these acquirer-level obligations. Once the *Payment System Regulation Act* reforms are passed, we encourage

the RBA to apply comparable transparency requirements across all entities that set or charge merchant service fees. A level playing field is essential to ensure consistent treatment and fair competition across the acquiring ecosystem.

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?

Yes. Providing a domestic versus international card breakdown will help merchants better understand cost drivers, particularly in sectors like hospitality, tourism, and for card-not-present eCommerce transactions.

LEAST COST ROUTING

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?

Yes. Tyro recommends default LCR opt-in wherever technically feasible and strongly supports extending routing choice to mobile wallets and online channels, subject to enabling reforms under the *Payment System (Regulation) Act*.

SURCHARGING

Q12: Does the PSB's preferred package meet its objectives of competition, efficiency and safety in the payments system?

Yes. We believe that the overall package represents a balanced and pragmatic approach. It aligns with Tyro's positions on interchange caps, surcharging reform, and transparency. Together, the proposals will reduce complexity, enhance competition, and support better merchant outcomes.

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

Tyro considers the implementation timeline reasonable. We recommend a clear 6–9 month window from the final decision date, with aligned effective dates across reforms to minimise disruption. These include updates to pricing systems, POS integration, and wide-reaching merchant communication. Staging and early notice will support industry readiness.

Q14: Do the draft standards in Appendix D achieve the intended policy objectives?

Yes. We believe that the standards appear to meet the intended policy objectives. Tyro supports the proposed approach and recommends that the RBA ensure technical definitions are clear and merchant readable. We also suggest clarifying enforcement and transition provisions to ensure smooth industry adoption.

Tyro would welcome the opportunity to participate in further consultations if considered of assistance by the RBA.

Regards



Jon Davey
CEO & Managing Director