



RESERVE BANK OF AUSTRALIA

Review of Merchant Card Payment Costs and Surcharging

Conclusions Paper

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Contents

Glossary of Key Terms	4
Executive Summary	9
The PSB's decisions	9
Expected impacts of the policy reforms	13
1. Introduction	15
1.1. Background	15
1.2. Review process and PSRA reforms	15
2. Surcharging	17
2.1. Issues for the Review	17
2.2. Options presented in consultation	18
2.3. Stakeholder views	19
2.4. The PSB's assessment and conclusions	25
3. Interchange Fees	35
3.1. The RBA's approach to interchange regulation	35
3.2. Interchange fees on domestic-issued card transactions acquired in Australia	36
3.3. Interchange fees on foreign-issued card transactions acquired in Australia	38
3.4. Stakeholder views	39
3.5. The PSB's assessment and conclusions	45
4. Scheme Fees	64
4.1. Issues for the Review	64
4.2. Options presented in consultation	65
4.3. Stakeholder views	66
4.4. The PSB's assessment and conclusions	68
5. Transparency of Wholesale Fees	72
5.1. Issues for the Review	72
5.2. Options presented in consultation	72
5.3. Stakeholder views	73
5.4. The PSB's assessment and conclusions	74



6.	Competition in Card Acquiring Services	76
6.1.	Issues for the Review	76
6.2.	Options presented in consultation	78
6.3.	Stakeholder views	79
6.4.	Pass-through of interchange reductions	80
6.5.	The PSB's assessment and conclusions	84
7.	Least-cost Routing of Debit Card Transactions	89
7.1.	Issues for the Review	89
7.2.	Options presented in consultation	90
7.3.	Stakeholder views	90
7.4.	The PSB's assessment and conclusions	92
8.	Impact and Implementation	94
8.1.	Summary of the RBA's policy package of reforms	94
8.2.	Implementation	95
8.3.	Impact on stakeholders	97
8.4.	Evaluation and monitoring	101
8.5.	Future reviews	102
	References	103
	Appendix A: RBA Consumer Survey Questions	105
	Appendix B: Issuer Cost Study	106
	Appendix C: Transparency Requirements	111
C.1	Wholesale fee transparency for card networks	111
C.2	Transparency requirements for large acquirers	116
C.3	Transparency requirements for merchant statements	119
	Appendix D: Varied Standards	121
D.1	Transition arrangements for the 2026/27 financial year	121
D.2	Varied Standards	125

Glossary of Key Terms¹

Acquirers	<p>Acquirers provide card acceptance services to merchants through their membership of the relevant card networks. This involves processing transactions on behalf of merchants and often includes providing merchants with a point-of-sale terminal that allows merchants to accept card payments. Acquirers can provide card acceptance services both in store and online through a payment gateway.</p>
Australian Competition and Consumer Commission (ACCC)	<p>The ACCC is an independent Commonwealth statutory authority that promotes competition, fair trading, and product safety for the benefit of consumers, businesses and the Australian community.</p> <p>The ACCC’s responsibilities include enforcing compliance with the <i>Competition and Consumer Act 2010</i>. Section 55B of the Act prohibits merchants from charging a card payment surcharge that is excessive. A card payment surcharge is excessive if it is higher than a merchant’s cost of accepting payments by the relevant card of a designated debit, prepaid or credit card network.</p> <p>The ACCC has powers to investigate and take enforcement action in relation to alleged excessive card payment surcharging.</p>
Benchmark	<p>A benchmark in relation to interchange fees refers to the RBA’s regulation that is designed to ensure that card networks do not charge total interchange fees in a given period above the level of the weighted-average benchmark on a per-transaction basis.</p>
Blended plans	<p>Blended plans are pricing plans provided to merchants by acquirers or PSPs that ‘blend together’ certain categories of transactions for a single price, but still provide differentiated pricing for different transaction types (i.e. do not include ‘simple or single-rate plans’). An example of this could be one rate for all debit (eftpos, Mastercard and Visa) transactions and one rate for all credit (Mastercard and Visa) transactions.</p>
Cap	<p>A cap in relation to interchange fees refers to the RBA’s regulation that effectively prevents card networks from setting interchange fee rates on a per-transaction basis above the level of the cap. This sets a maximum fee for each individual interchange fee category.</p>
Card networks	<p>The RBA regulates payment systems including the eftpos, Mastercard and Visa card networks. The card networks facilitate electronic payments being made by debit, prepaid and credit cards by cardholders at businesses that accept card payments through their PSP.</p>
Card-not-present (CNP) transactions	<p>Transactions made by consumers online.</p>

¹ The purpose of this glossary is to provide a general meaning or explanation of key terms used in this Conclusions Paper to assist stakeholders with their understanding of the issues and questions covered by it. Many of these terms have a specific meaning under, and for the purposes of, the current and varied RBA Standards (see Appendix D: Varied Standards).



Card-present (CP) transactions	Transactions made by consumers in store at the merchant’s premises or at the merchant’s physical point-of-sale device.
Combination cards	A payment card that allows the cardholder to access both debit card and credit card functionality (see ‘Credit cards’; ‘Debit cards’).
Commercial cards	A commercial card is a business or corporate debit or credit card that is issued to businesses or their employees to make business-related purchases.
Consultation Paper	The second phase of the RBA’s Review of Merchant Card Payment Costs and Surcharging began with the publication of a Consultation Paper in July 2025.
Cost of acceptance	A merchant’s cost of acceptance refers to the fees merchants are charged by their PSP to accept card payments. There are several components to a merchant’s cost of acceptance including interchange fees, scheme fees and an acquirer or PSP margin. Merchants are generally not permitted to surcharge above their cost of acceptance. For more information, see the Backgrounder on Payment Surcharges in Australia .
Credit cards	A payment card that allows cardholders to borrow money via the card issuer to undertake transactions, with the obligation on the cardholder to repay the borrowed amount at a pre-determined date. These cards can attract interest and other fees but may also provide other benefits such as loyalty points or travel insurance.
Debit cards	A payment card where the cardholder’s own funds are used for transactions.
Designated debit, prepaid and credit card systems or designated card networks	<p>Card systems that have been ‘designated’ by the RBA as subject to its regulations under the PSRA.</p> <p>The RBA regulates the following designated debit card systems: eftpos, Debit MasterCard and Visa debit.</p> <p>The RBA regulates the following designated prepaid card systems: eftpos prepaid, MasterCard prepaid and Visa prepaid.</p> <p>The RBA regulates the following designated credit card systems: MasterCard and Visa.</p> <p>For more information, see Regulations.</p>
Domestic-issued card transactions acquired in Australia	These are transactions that are accepted by a merchant in Australia made by a card issued in Australia.
Drip pricing	Drip pricing is when a price is advertised at the beginning of a purchase, but then extra fees and charges (such as booking and service fees) are gradually added during the purchase process. This can result in consumers paying more than they initially expected.



Dual-network debit cards (DNDCs)	DNDCs are debit cards that can have transactions routed via more than one card network. In Australia, they have one card network on the front of the card and a different card network on the back of the card.
Dynamic least-cost routing	Dynamic routing is a form of LCR where each transaction is assessed at the individual level to determine which is the cheapest card network for that particular transaction to be routed through for processing.
Foreign-issued card transactions acquired in Australia	These are transactions that are accepted by a merchant in Australia made by a card issued overseas.
Interchange fee	When a card payment is made, interchange fees are paid by the merchant's acquirer to the cardholder's card issuer. For more information, see the Backgrounder on Interchange and Scheme Fees .
Issuers	A card issuer provides payment cards to consumers and businesses. They are typically financial institutions. Card issuers may provide additional services with the payment cards they issue such as a line of credit, rewards and fraud protection. Domestic card issuers are based in Australia and typically provide cards to Australian resident customers, while foreign card issuers typically provide cards to customers residing overseas. Domestically issued cards can sometimes be used overseas and foreign-issued cards can sometimes be used in Australia.
Issues Paper	The first phase of the RBA's Review of Merchant Card Payment Costs and Surcharging began with the publication of an Issues Paper in October 2024.
Least-cost routing (LCR)	A function that allows the merchant to choose which card network processes DNDC transactions. The aim of LCR is to provide merchants with the ability to route transactions to the cheaper network to reduce merchants' card payment costs. For more information, see the Backgrounder on Least-cost Routing .
Merchant	A business selling goods or services.
'No-surcharge' rules	'No-surcharge' rules have previously been imposed by the card networks on merchants to prevent them from applying an extra fee (surcharge) when consumers pay with a card from their network. That is, the merchant is not allowed to surcharge a consumer to accept a card payment from a card network that imposes a 'no-surcharge' rule. See also 'Surcharges'.
Payment facilitator	A PSP that arranges or procures acquiring services from an acquirer for its merchants. Payment facilitators are often not direct members of card networks and rely on an acquirer to process transactions on behalf of its merchants.
Payment service providers (PSPs)	A PSP is a broad term for entities that provide card payment acceptance services to merchants. This includes acquirers, payment facilitators and those that provide online payment gateway services. PSPs may or may not be direct members of card networks.



Payments System Board (PSB)	Under the <i>Reserve Bank Act 1959</i> , the PSB has responsibility for determining the RBA's payments system policy, which includes policy for the purposes of the RBA's functions and powers under the PSRA. Broadly speaking, section 10B of the Reserve Bank Act requires the PSB to fulfil this responsibility in a way that is directed to the greatest advantage of the Australian people and to ensure that the RBA's powers under the PSRA are exercised in a way that best contributes to controlling risk in the financial system and promoting the efficiency and competitiveness of the payments system.
Payment Systems (Regulation) Act 1998 (Cth) (PSRA)	The PSRA sets out the regulatory powers of the RBA in respect of payment systems and payment system participants.
Prepaid cards	A payment card that allows cardholders to undertake transactions using funds that have been prepaid or pre-funded onto the card. This differs from a debit card, which is linked directly to a cardholder's bank account.
Public interest	<p>When setting standards under the PSRA, section 8 of the Act sets out that in determining public interest, the 'Reserve Bank is to have regard to the desirability of payment systems:</p> <ul style="list-style-type: none"> (a) being (in its opinion): <ul style="list-style-type: none"> (i) financially safe for use by participants; and (ii) efficient; and (iii) competitive; and (b) not (in its opinion) materially causing or contributing to increased risk to the financial system.' <p>The RBA may have regard to other matters that it considers are relevant, but is not required to do so.</p>
Reserve Bank of Australia (RBA)	The RBA has powers under the PSRA to regulate payment systems and payment system participants in the public interest. The PSB sets the RBA's payments system policy and the RBA implements these policies through its ability to designate payment systems, set standards and impose access regimes.
RBA Standards	The RBA may designate a payment system if it considers that designating the system is in the public interest. It may then determine standards that participants in the system must comply with. Standards determined by the RBA to date have generally set out rules that relate to the governance or operation of designated payment systems and the conduct of participants within those systems. The RBA has three current standards in relation to card payments: Standard No. 1 of 2016, Standard No. 2 of 2016 and Standard No. 3 of 2016. For more information, see Regulations .
Scheme fees	Scheme fees are charged by card networks – such as eftpos, Mastercard and Visa – to acquirers and issuers for the services they provide. These fees can include assessment fees, processing fees, licensing fees or access fees. For more information, see the Backgrounder on Interchange and Scheme Fees .



Single-network debit cards (SNDCs)	SNDCs are debit cards where transactions can only be routed via one card network.
Single-rate plans	Single-rate plans are pricing plans provided to merchants by PSPs that charge merchants one single rate for all transactions.
Surcharges	A surcharge in the context of card payments is an extra fee charged by a merchant to a consumer for using a particular card to pay for a transaction.
Tokenised transactions	Tokenisation of card payments involves replacing sensitive information – the cardholder’s primary account number (PAN) – with a unique ‘token’ that contains less critical information than the PAN and can be restricted for use on a particular device, at a specific merchant or for a limited number of uses. For more information, see The Australian Debit Card Market: Default Settings and Tokenisation , p 8.
Unblended plans	Unblended plans (also called ‘interchange plus’ or ‘interchange plus plus’ plans) are pricing plans provided to merchants by PSPs that charge merchants the wholesale cost (i.e. relevant interchange and scheme fees) of each transaction plus the PSP’s margin. This means merchants can pay a different rate for each transaction, depending on factors such as the card type (e.g. credit or debit), transaction type (e.g. in-person or online) and card network (eftpos, Visa or Mastercard).
Wholesale fees	Wholesale fees refers to interchange and scheme fees.

Executive Summary

The Reserve Bank of Australia (RBA) has conducted a Review of Merchant Card Payment Costs and Surcharging (the Review) as part of the RBA's regular review of its retail payments regulation. Phase 1 of the Review began in October 2024 with the publication of an Issues Paper. Phase 2 followed with the publication of a Consultation Paper in July 2025 that outlined the preliminary decisions of the Payments System Board (PSB). This Conclusions Paper is Phase 3 (and final phase) of the Review. It presents the PSB's final decisions and a set of variations to the RBA's Standards that, in the PSB's view, best promotes the public interest.

The Review has benefited from engagement with a wide range of stakeholders with diverse views on the issues associated with card payment costs and surcharging. The PSB has given careful consideration to the views and evidence provided to assess which regulatory actions would best support the public interest in line with the PSB's responsibility to promote the efficiency and competitiveness of the payments system and control risk in the financial system.

This Executive Summary provides an overview of the key decisions of the PSB, covering how the decisions support the PSB's mandate to act in the public interest and the expected impact of the policy reforms on stakeholders. Chapter 1 provides background on, and describes the process of, the Review. Chapters 2–7 cover the key issues for the Review: surcharging; interchange fees; scheme fees; transparency of wholesale fees; competition in card acquiring services; and least-cost routing of dual-network debit cards. Chapter 8 summarises the implementation timeline and impact of the policy reforms, as well as next steps for future reviews.

The PSB's decisions

As part of the Review, the PSB examined public interest considerations regarding merchants' card payment costs and the framework for surcharging, for each designated payment system and the payments system as a whole. Australians extensively use cards to pay for goods and services, and they benefit from the convenience and security provided by card payments. However, in an environment of heightened concern around the cost of living, card payment costs and surcharging have been attracting more attention from merchants and consumers. These issues are linked as merchants would be less likely to surcharge consumers if their card payment costs were lower.

Surcharging

The PSB has decided that it would be in the public interest to remove surcharging by lifting the prohibition on 'no-surcharge' rules for all designated card networks (debit, prepaid, credit). This decision covers eftpos, Mastercard and Visa cards.

The PSB's assessment is that the surcharging framework, introduced more than two decades ago, is no longer achieving its intended purpose. The RBA's Standards have prohibited the designated card networks² from imposing no-surcharge rules on their card transactions. One of the RBA's key objectives when allowing surcharging was to provide price signals to consumers regarding the costs of payments and so incentivise them to choose lower cost payment methods. The PSB's view is that the framework no longer achieves this objective effectively for three main reasons:

² Designated cards refer to the debit, prepaid and credit cards of the eftpos, Mastercard and Visa card networks.

1. Single-rate payment plans for merchants that charge the same fees for all types of cards have become more prevalent.
2. It is difficult to enforce the surcharging rules to ensure that merchants adequately disclose and calculate their surcharges.
3. Consumers find it harder to avoid surcharges, with many consumers using less cash and the prevalence of card surcharging doubling since 2022.

Therefore, removing surcharging would enhance competition and efficiency in the payments system, without increasing risk to the financial system, by:

- **making card payments simpler and more transparent for consumers and merchants.** Consumers are estimated to be paying \$1.6 billion of a total \$1.8 billion in card payment surcharges charged each year on designated card networks. This estimate includes unexpected surcharges that obscure the total amount consumers are paying due to poor compliance with signage requirements, which make it difficult for consumers to make efficient choices. Removing surcharging aligns with strong feedback from a large majority of consumers that they would prefer payment costs to be incorporated in the advertised prices of goods and services. The PSB therefore anticipates that the 16 per cent of merchants that currently surcharge may increase their advertised prices to cover the cost of accepting card payments. Fully removing surcharging will be simpler for merchants than just removing surcharging on debit cards or continuing to comply with the existing surcharging framework.
- **incentivising merchants to choose lower cost payments plans.** Merchants that currently surcharge would be incentivised to review their payments plans and shop around for better deals so they can offer their customers the most competitive prices.
- **being less costly for payments service providers (PSPs) to implement and less disruptive to existing business models than removing surcharging on debit cards only.** The RBA estimated the system cost of removing surcharging would be around \$25 million, based on feedback from PSPs. This is lower than the estimated cost of \$45 million to remove surcharging on debit cards only, reflecting less substantial infrastructure upgrades and more straightforward communication with merchants. PSPs will also be able to continue offering the single-rate plans that some merchants value due to their simplicity and certainty of pricing. Removing surcharging on both credit and debit cards is likely to be less confusing for consumers and avoid adding friction at checkout.
- **encouraging the use of lower cost payment methods.** Recent studies suggest that cash is no longer clearly cheaper for merchants to accept than debit or credit cards, due to cash handling and back-office costs. Retaining surcharging on card payments does not reflect the relative cost of these payment methods. Merchants retain the ability to offer a discount for their preferred payment method, which allows them to incentivise the use of payment methods that they consider to be cheaper to accept. Consumers may choose to pay by card or cash without facing surcharges for card transactions.³
- **enabling four-party card networks to compete on a more level playing field with higher cost payment methods** that do not allow surcharging, such as some 'buy-now pay-later' (BNPL) products. Some merchants were concerned that they may lose the ability to surcharge American Express cards. This issue will be considered as part of the next RBA review planned for mid-2026, following the 2025 amendments to the *Payment Systems (Regulation) Act 1998* (PSRA).

³ The RBA is committed to supporting the Australian Government's policy objective of ensuring cash remains a viable means of payment for as long as Australians want or need to use it as cash is a critical part of an inclusive and resilient payments system. See Bullock (2026).

The RBA will lift the prohibition on ‘no-surcharge’ rules for all currently designated card networks (eftpos, Mastercard and Visa). Based on historical experience and arrangements in other jurisdictions, the RBA considers that this will likely be followed by the designated card networks imposing ‘no-surcharge’ rules. If surcharging continues after the prohibition on ‘no-surcharge’ rules is lifted, which would be counter to the spirit of the policy reforms, the RBA could recommend that the Government legislate a ban on surcharging.

Interchange fees

For card transactions acquired in Australia, the PSB has decided that it would be in the public interest to:

- lower interchange fee caps on domestic-issued card transactions, particularly on consumer credit cards
- retain the existing interchange cap on domestic-issued commercial credit cards
- introduce a cap on interchange fees on foreign-issued card transactions
- update the net compensation framework to reflect existing practice and prevent circumvention of interchange regulations.

The PSB’s view is that surcharging and merchant card payment costs are interconnected issues. Removing the ability of merchants to surcharge without introducing corresponding regulatory actions to lower their card payment costs would simply redistribute costs in the payments system onto merchants while allowing inefficiencies in card payment costs to remain. The PSB also recognises the case for addressing the large disparity in card payment costs between small and large merchants and the high costs for Australian merchants accepting foreign-issued card transactions.

The new and reduced caps on interchange fees for card transactions acquired in Australia would enhance competition and efficiency in the payment system, without increasing risk to the financial system, by:

- **lowering wholesale card payment costs for merchants** by around \$910 million per year through reducing interchange caps on domestic-issued cards and introducing an interchange cap on foreign-issued cards. The RBA has set interchange caps using eligible issuer costs as a reference point. This is consistent with a ‘user pays’ philosophy, where merchants should not have to subsidise benefits, such as rewards points, that issuers offer their cardholders to encourage them to use more expensive credit cards. Lower card payment costs should eventually flow through to consumers, since merchants will be able to set lower advertised prices for their goods and services.
- **reducing the disparity in card payment costs faced by small and large merchants.** Small merchants tend to pay much higher interchange fees than large merchants, at or near the current regulatory caps, so lowering these caps would mainly benefit small merchants. This would improve the efficiency of the payments system by lessening the extent of cross-subsidisation of large merchants’ payment costs by small merchants.
- **reducing the extent of cross-subsidisation of consumer credit cardholders by debit cardholders.** Reducing the difference between the interchange caps on debit and consumer credit cards would reduce the extent to which merchants and debit cardholders are subsidising the benefits that issuers provide to their credit cardholders.
- **preserving the competitive tension between card networks processing commercial credit cards.** Allowing for a separate interchange cap for commercial credit cards supports a more even playing field between Mastercard, Visa and American Express. American Express is the largest issuer of commercial cards and on average these cards cost more for merchants to accept than cards processed through the Mastercard and Visa credit networks. The RBA plans to commence a further review in mid-2026, following the 2025 amendments to the PSRA, which will include consideration of public interest issues involving American Express.

The RBA is also taking action to support the interchange reductions being passed on to merchants in full (see below).

Increased transparency

The PSB has decided that it would be in the public interest to:

- set expectations for designated card networks to improve scheme fee billing procedures by making their price-setting practices more transparent and better supporting scheme fee reconciliation processes for participants – this should make it easier for PSPs to understand, reconcile and manage scheme fees and scrutinise fee changes
- increase the transparency of card payment costs to help merchants compare fees across acquiring services and shop around for better payment deals
- increase transparency over the pass-through of interchange reductions to merchants to increase competition among acquirers and incentivise them to pass on the savings to merchants.

The PSB's view is that pricing within the payments system is overly complex and opaque. More transparency and simplification of the fees charged by the card networks would promote competition and better enable PSPs to scrutinise fee changes. Currently, many merchants, particularly small merchants, are not equipped with relevant information to compare payment fees easily across providers and may not be aware they are paying significantly higher fees than other merchants of a similar size.

The PSB's view is that these transparency measures would promote competition and efficiency in the payments system, without increasing risk to the financial system, by:

- **providing merchants with more useful and consistent information on the fees charged by PSPs.**
The measures will increase the transparency of acquirers' pricing and require them to provide more information to merchants about their payment costs. This would enable merchants to better understand the fees they are charged and how they compare with those charged to similar merchants. Merchants will be better placed to compare providers' pricing and shop around for better deals.
- **increasing competitive pressure among acquirers to pass on savings from interchange reductions** by requiring them to publish their merchant service fees and publish a measure of interchange pass-through. Doing so will make it easier for merchant customers to identify acquirers that pass on interchange reductions in full, and can help inform their decision to switch to those providers. The RBA plans to implement additional measures to closely monitor pass-through and highlight acquirers that fail to pass on these savings to merchants.
- **increasing competitive pressure on the card networks** by requiring each network to publish their interchange and scheme fees, reduce the complexity of their scheme fees and justify any increases in scheme fees in disclosures to PSPs. Less complex scheme fees would make it easier for PSPs to understand, reconcile and manage their scheme fees, and scrutinise fee changes. PSPs can use the published information to negotiate better deals from the card networks and pass on the savings to merchants and consumers.

Broader payments policy issues

The RBA will start a public consultation in mid-2026 to assess the public interest case for regulating areas of the retail payments system that are not covered under this Review. This next consultation will seek feedback on a range of competition, efficiency and safety issues including those related to mobile wallets, three-party card networks (such as American Express), BNPL services and e-commerce platforms.

Some stakeholders urged the PSB to give weight to funding investment in Australian payments infrastructure as part of the Review. However, the PSB judged these concerns to not be persuasive in forming a public interest case as part of the RBA's legislative mandate under the PSRA. Separate to this Review, the RBA is involved in several other initiatives that support ongoing investment in critical Australian payments infrastructure. The RBA has been working closely with industry to modernise account-to-account payments. The RBA also supports the Australian Government's policy objective of ensuring cash remains a viable means of payment for as long as Australians want or need to use it. In addition, the RBA continues to conduct research and assess the policy case for central bank digital currency.

Expected impacts of the policy reforms

The PSB has considered how the policy reforms would affect participants and end users in the payments system.

Consumers would benefit from the reforms as they would no longer have to pay surcharges on designated cards.⁴ They would be able to make more informed payment choices because a merchant's advertised price will be the price they pay. While the advertised prices at merchants that currently surcharge are expected to go up to cover their payment costs, consumers should end up paying less overall. This is because under the policy reforms, payment costs for merchants should come down and this should flow through to lower prices for goods and services than would be the case without the reduction in interchange fees. Lowering interchange fees on consumer credit cards will also reduce the extent to which lower income cardholders cross-subsidise benefits received by holders of premium credit cards (which are held primarily by higher income households). Some card issuers have indicated they would choose to boost their profitability in response to interchange reductions by reducing the benefits they provide to their consumer credit cardholders or by increasing card fees and interest rates.

Merchants that do not surcharge currently, which is the large majority of small and large merchants, are expected to benefit from the reforms. Merchants that currently surcharge would be able to include their payment costs in their advertised prices (as they do with other costs they incur in generating sales), and they no longer would need to comply with the existing complex surcharging rules.

- **Small merchants** are expected to benefit the most from the reduction in interchange fees, which should significantly lower their payment costs. The RBA is implementing a range of measures to strongly encourage payment providers to pass those savings on to merchants. The new transparency measures will help small merchants monitor whether their provider is passing on savings from interchange reductions, and more broadly, to assess whether their payment plan is giving them value for money. The many merchants that currently pay significantly higher fees than comparable merchants would be able to use the information published on the RBA website to seek to negotiate lower fees with their existing provider or to search for a better-value payment plan at another provider.
- **Large merchants** are expected to benefit from the reduction in interchange fees on foreign-issued card transactions. Large merchants are typically on unblended plans and will receive automatic pass-through of interchange reductions on foreign-issued card transactions.

PSPs will incur some costs to implement the policy reforms, though the costs are substantially lower than under alternative proposals considered by the PSB. PSPs are estimated to incur costs of \$25 million across the industry to implement a removal of debit and credit card surcharging, which is less than the estimated cost of \$45 million of removing surcharging on debit cards only. PSPs would also retain the ability to offer a variety of pricing plans, including those that blend debit and credit pricing together. PSPs would incur additional costs

⁴ This is based on the RBA anticipating that no-surcharge rules would be imposed by the designated card networks after the RBA removes its prohibition on such rules for the eftpos, Mastercard and Visa debit, prepaid and credit card networks.

to implement transparency measures relating to the fees they charge merchants. However, PSPs are expected to benefit from less complex scheme fees, which should reduce their operational burden, as well as more competition between card networks due to greater transparency of wholesale fees.

Large domestic issuers will experience a reduction in interchange revenue, though to a lesser extent than initially proposed in the Consultation Paper. The interchange reductions will redistribute costs in a more efficient way by limiting the capacity of issuers to pass on the costs of consumer credit card rewards and loyalty programs to merchants. The PSB has decided to retain a higher cap for commercial credit cards to promote competition in the issuance of commercial credit cards. The ultimate effect on issuers would depend on whether the card networks adjust individual interchange rates under the new caps, how issuers respond to the reduction in interchange revenue and any changes in the volume and composition of card payments upon the removal of surcharging. In response to the interchange reductions, some issuers have suggested they would reduce the benefits they provide to their consumer credit cardholders or increase card fees and interest rates.

Small domestic issuers would mostly experience a lower reduction in interchange revenue than initially proposed in the Consultation Paper. Many small issuers, such as customer-owned banks, mainly provide debit cards, where the reduction in the interchange cap has been halved relative to the Consultation Paper. These small issuers also continue to benefit from being able to issue single network debit cards, while large issuers incur the additional cost of issuing dual-network debit cards (DNDCs). Small domestic issuers that provide innovative commercial credit card services, including some fintechs, will not be affected, as the interchange cap on commercial credit cards acquired in Australia is being retained at its current level.

Card networks would be expected to benefit from increased use of cards following the removal of surcharging, but would incur some costs to implement the reforms. The expected cost to publish interchange and scheme fee data is likely to be small given similar data are already provided to the RBA. Simplifying fee schedules may result in additional costs, but networks that already have simpler fee schedules would incur lower costs to adhere to the regulatory expectations.

1. Introduction

1.1. Background

The RBA has regulatory powers in respect of payment systems and their participants under the PSRA. Under the *Reserve Bank Act 1959*, the RBA's payments system policy is set by the PSB with a mandate to control risk in the financial system, promote the efficiency of the payments system and promote competition in the supply of payment services consistent with the overall stability of the financial system. The RBA has used these powers since the early 2000s to introduce standards and access regimes relating to card payments and has periodically reviewed its regulations to ensure they remain fit for purpose. The previous review of retail payments regulation was undertaken by the RBA in 2019–2021.

The RBA had originally intended to undertake a holistic review of the payments system under an expanded remit with amendments to the PSRA. However, delays in the passage of these amendments, combined with the heightened concerns around merchant card payment costs and surcharging, meant the PSB decided to commence a targeted review sooner, focusing on issues within the RBA's powers at the time. In October 2024, the RBA launched the Review of Merchant Card Payment Costs and Surcharging (the Review). This Conclusions Paper sets out the final decisions of the PSB. It includes a copy of the RBA's Standards incorporating the variations that the RBA intends to determine and lodge for registration on the Federal Register of Legislation and that are to take effect in accordance with the implementation timeline set out in this paper.

1.2. Review process and PSRA reforms

The RBA published an Issues Paper in October 2024,⁵ which sought stakeholder views on whether the RBA could take further regulatory actions to promote competition and efficiency by putting downward pressure on merchant card payment costs, and whether the surcharging framework remains fit for purpose. Consistent with previous regulatory reviews conducted by the RBA, the consultation period ran for six weeks, with extensions granted to some stakeholders upon request. The RBA received 94 written submissions to the Issues Paper from organisations and individuals and conducted around 40 consultation meetings.⁶ From February 2025, to inform any proposed changes to interchange regulations, the RBA undertook the first iteration of the Issuer Cost Study in consultation with issuers.

The RBA published a Consultation Paper in July 2025, presenting the preliminary conclusions of the PSB and draft variations of the RBA's Standards for stakeholder feedback. **The PSB's preliminary view was that competition and efficiency in the payments system would be enhanced by:**

- **removing surcharging** on all designated debit, prepaid and credit card networks⁷
- **lowering wholesale card payment costs**, particularly for small merchants, by lowering caps on interchange fees on domestic-issued card transactions acquired in Australia and introducing a cap on interchange fees for foreign-issued card transactions acquired in Australia
- **increasing the transparency of card payment costs** to help PSPs and merchants compare fees across providers and shop around for better-value payment deals.

⁵ See RBA (2025d).

⁶ To view public submissions, see RBA (2025f).

⁷ Mastercard, Visa, Visa Debit, eftpos, Debit Mastercard, eftpos prepaid, Mastercard prepaid and Visa prepaid.

Stakeholders were invited to provide submissions on the policy proposals outlined in the Consultation Paper by late August 2025. The RBA received numerous queries on surcharging statistics and the Issuer Cost Study referred to in the Consultation Paper. In the interests of transparency and open access to information, the RBA decided to publish additional material including statistics on surcharging⁸ and further information on the Issuer Cost Study⁹ in August 2025 to assist stakeholders with preparing their submissions on the Consultation Paper.

The consultation period ran for a total of six weeks, with extensions provided of up to two weeks, consistent with previous regulatory consultations run by the RBA. The RBA received over 170 written submissions,¹⁰ conducted over 100 stakeholder meetings and wrote to numerous stakeholders seeking further evidence and feedback in the months following the publication of the Consultation Paper. The RBA published a summary of submissions in October 2025.¹¹ Given the volume of evidence and feedback from stakeholders, reflecting divergent and sometimes opposing views, the PSB decided to extend the time for the Review until March 2026 to enable further detailed assessment of the policy options.

The RBA continued to gather further evidence from stakeholders in the second half of 2025. The RBA conducted a second iteration of the Issuer Cost Study to increase the scope of the data collected. These data were provided to the RBA by early 2026. The RBA also sought further written feedback from merchants, merchant groups, acquirers and PSPs in late 2025 on issues relating to scheme fees, commercial cards, transparency of merchant fees and the pass-through of interchange reductions. Throughout the Review, the RBA has also sought information from various stakeholders in the payments industry on the time and resources required to implement the policy options.

Amendments to the PSRA were passed by Parliament in September 2025 and took effect in December 2025. This expanded the RBA's regulatory remit by broadening the definitions of 'payment system' and 'participant'. Some stakeholders asked the RBA to undertake a longer term, holistic assessment of the payments system before making decisions about policy issues in this Review. The PSB decided that it was not in the public interest to further delay the conclusions to this Review given the importance of the reforms being considered. However, in concluding this Review, the PSB considered the potential interplay between policy proposals in this Review and regulatory issues that may be considered under the amended PSRA.

This Review has benefited from strong engagement with a range of stakeholders with diverse views on these issues. The PSB has given careful consideration to these views in assessing which regulatory actions would best support the public interest in line with the PSB's responsibility to control risk in the financial system and promote the efficiency and competitiveness of the payments system.

⁸ See RBA (2025a).

⁹ See RBA (2025b).

¹⁰ To view public submissions, see RBA (2025e).

¹¹ See RBA (2025g).

2. Surcharging

Summary of the PSB's decision

The PSB has concluded that it is in the public interest to remove surcharging by lifting the prohibition on 'no-surcharge' rules for all designated card networks (eftpos, Mastercard and Visa).

Consumers will benefit from greater price transparency – they will no longer be faced with unexpected payment surcharges that obscure the total amount they are paying. The simplicity of this policy will make it easier for merchants and consumers to understand the applicable regulatory regime, significantly reduce current enforcement issues with surcharging, and have lower implementation costs than removing surcharging on debit (and prepaid) cards only. The removal of surcharging on all designated card networks is expected to incentivise merchants to shop around for lower cost payment services, supporting competition in card acquiring services.

The PSB does not expect the removal of surcharging on designated card networks to result in a significant increase in consumers' use of (higher cost) credit cards given that there is currently limited evidence of there being a price-signalling effect from surcharging regulated credit cards; this will be further supported by the PSB's decision to significantly lower the interchange cap on consumer credit cards.

2.1. Issues for the Review

The RBA's surcharging framework was first introduced in 2003. The framework prohibits card networks from imposing 'no-surcharge' rules, thereby allowing merchants to apply a surcharge to card transactions.¹² Prior to the introduction of the framework, these card network rules generally prevented Australian merchants from applying a surcharge to card transactions. The framework was intended to promote the efficiency of the payments system by encouraging consumers to use lower cost payment methods at a time of strong growth in higher cost credit card transactions, and to increase the competitive pressure on card networks.

The framework has been amended over time reflecting changes in the payments landscape, including in 2013 and 2016 to define the costs that merchants are permitted to recover through a surcharge. The ACCC was also given powers in 2016 under the *Competition and Consumer Act 2010* to take action against merchant surcharging that exceeds the merchant's cost of card acceptance. Using multiple sources, the RBA estimates that 16 per cent of Australian merchants surcharged designated network card payments in the 2024/25 financial year, charging around \$1.8 billion in surcharges.¹³

The surcharging framework is no longer fit for purpose given the significant changes in the payments landscape since its introduction, including the increasing prevalence of single-rate payment plans among merchants, the difficulty of enforcing surcharging rules and a decline in consumers' use of cash for payments:

- Merchants, especially small merchants, are increasingly taking up single-rate merchant payment plans that charge the same percentage fee for all card types. Some of these merchants also impose a surcharge on consumers at the same rate for all card transactions. This is despite different card types having different underlying costs, such as debit cards being lower cost than credit cards or charge cards.

¹² The current surcharging regulations prohibit designated card networks from imposing 'no-surcharge' rules; however, American Express (a non-designated network) entered into a voluntary agreement with the RBA to not impose 'no-surcharge' rules. Designated card networks are also subject to the RBA's interchange fee regulation.

¹³ Independent estimates calculated using the RBA's 2025 Consumer Payment Survey and separately using data provided from large Australian PSPs both indicated that around 16 per cent of merchants surcharged designated network card payments. An estimated \$1.6 billion of these surcharges were paid by consumers, with the remaining \$0.2 billion paid by businesses.

- Inadequate upfront disclosure of surcharges by some merchants reduces the ability of consumers to understand the relative costs of card payments and make informed choices about which payment method to use.
- Consumers are less able to avoid surcharges at point-of-sale. Cash use has declined and it is no longer clearly cheaper for merchants to accept than debit or credit cards due to higher back-office, handling and labour costs.¹⁴

2.2. Options presented in consultation

Option 1: Retain the current surcharging framework and narrow the definition of a permitted surcharge to include only wholesale fees

Merchants would continue to be allowed to surcharge costs related to providing payment services, but the definition of the costs that can be included in the permitted surcharge would be narrowed.

This option would allow merchants to pass on only the wholesale fees (interchange and scheme fees) of each designated network to consumers via payment surcharges. This approach could require merchants either to surcharge each of the networks separately, or to surcharge the lowest blended rate of the networks.¹⁵

The ACCC would continue to enforce the excessive surcharging laws, but under the narrowed definition of a permitted surcharge. To facilitate this, the RBA would require PSPs to report wholesale fees separately from other fees in merchant reports.

Option 2: Remove surcharging on designated debit (and prepaid) card networks¹⁶

The RBA would lift its prohibition of 'no-surcharge' rules for the designated debit card networks. One addition to this option could be a cap on credit card surcharge rates alongside a removal of debit card surcharging. For credit card transactions, the permitted surcharge definition would be retained, and merchants would be allowed to only surcharge at the lower of their cost of acceptance or the cap. This would mitigate the risk of PSPs lowering their fees on debit transactions, and increasing their fees on credit transactions, to help merchants recoup more of their total card payment costs through credit card surcharges.

Option 3: Remove surcharging on all designated card networks

The RBA would lift the prohibition on 'no-surcharge' rules for all currently designated card networks (eftpos, Mastercard and Visa). Based on historical experience and arrangements in other jurisdictions, the RBA considers that this would likely be followed by the designated card networks imposing 'no-surcharge' rules.

In the event surcharging continued after the prohibition on 'no-surcharge' rules was lifted, which would be counter to the spirit of the proposed policy reform, the RBA could recommend that the Government legislate a ban on the surcharging of cards of the designated card networks.

¹⁴ See Mastercard (2025).

¹⁵ Blended plans have some transaction types 'blended together' at one price, such as one rate for all debit card transactions (including eftpos, Mastercard and Visa debit). Merchants on such plans would be able to set a surcharge using the combined rate – in this example for eftpos, Mastercard and Visa debit – even if the wholesale fees for accepting debit card transactions from one network were cheaper than the average rate for debit transactions across all the card networks.

¹⁶ In this chapter, references to debit cards and networks include prepaid cards and networks.

2.3. Stakeholder views¹⁷

This section summarises stakeholder feedback on the options proposed in the Consultation Paper.

Option 1: Retain the current surcharging framework and narrow the definition of a permitted surcharge to include only wholesale fees

There was little support for narrowing the definition of a permitted surcharge.

However, many merchants and some PSPs and consumers supported retaining the current surcharging framework on all designated card networks, arguing the framework:

- **allows merchants to recover their card payment costs and supports the ‘user pays’ principle.** These stakeholders argued that merchants should be allowed to pass on payment costs to consumers when those consumers choose to use expensive payment methods such as credit cards.
- **can steer consumers towards cheaper payment methods,** which supports efficiency in the card payments system. Some merchants provided evidence that differential surcharging affects their cost of acceptance (see Box B: Evidence of the price-signalling effect of surcharging).
- **provides downward pressure on merchant fees,** including for merchants that do not surcharge. Several merchants argued card networks are incentivised to keep wholesale fees on credit cards lower to reduce surcharges and encourage use of their credit cards. According to those merchants, this is particularly important for credit cards because least-cost routing (LCR) is not available to place downward pressure on wholesale fees at the transaction level. Several large merchants that do not surcharge considered the threat of surcharging to be an important negotiating tool to exert downward pressure on merchant fees.
- **supports innovation and competition in card acquiring services,** according to a group representing the technology industry. This group considered that surcharging allows new entrants to gain revenue and market share at no cost to merchants (as these merchants are able to pass on the costs through card surcharges). The group nevertheless noted that surcharging is not the only lever for innovation.

These stakeholders argued that removing surcharging would result in:

- **an increase in the price of goods and services for all consumers,** regardless of how they pay, because merchants will need to incorporate the cost of accepting card payments into their advertised prices rather than passing them on as a surcharge. Some merchants argued that it was not practicable for them to provide discounts to steer consumers to their preferred payment methods.
- **threats to the viability of some merchants,** particularly those operating on low margins and those with regulated pricing (such as lotteries and pharmacies), if merchants have to absorb payment costs into their margin.
- **more use of high-cost credit cards,** which would reduce efficiency. They argued that consumers would be incentivised to use higher cost cards such as premium credit cards or American Express cards to earn rewards without being surcharged.
- **some merchants reconsidering whether to accept card payments** if the cost of accepting cards remains substantially higher than alternatives.
- **less incentive to adopt lower cost payment technologies** because consumers would have no financial incentive to switch payment methods in the absence of surcharging. This could entrench cards as the dominant payment method. Some submissions noted the relatively low uptake in retail settings of lower cost payment methods such as account-to-account solutions (e.g. the New Payments Platform), even at a time when surcharging is allowed on cards.

¹⁷ For further details, see RBA (2025g).

- **little-to-no merchant switching** as the costs of switching acquirers are high.

Option 2: Remove surcharging on designated debit (and prepaid) cards

Some large merchants, issuers and PSPs that already offer differential surcharging supported removing surcharging on debit cards only, arguing that this option would:

- **strengthen the price signal of surcharging and encourage consumers to use lower cost debit cards**, which would improve efficiency. Some merchants provided evidence that differential surcharging has lowered their cost of acceptance by encouraging greater use of lower cost payment methods (see Box B: Evidence of the price-signalling effect of surcharging).
- **reduce the cross-subsidisation of higher cost payment methods by debit card users**. Currently, consumers are typically charged the same overall price regardless of whether they pay with a debit or credit card (most of the merchants that surcharge apply the same surcharge rate to debit and credit cards even though credit cards tend to be more expensive to accept). If surcharging was retained on credit cards only, debit cardholders would no longer face surcharges that cross-subsidise the rewards and other benefits accruing to credit cardholders. This would better align how much cardholders pay with actual card payment costs.
- **generate greater downward price pressure on credit card wholesale fees** than a full removal of surcharging because merchants would retain the ability to use surcharging as a negotiating tool. This negotiating tool was particularly valued by larger merchants that do not surcharge.
- **reduce the costs merchants would be required to absorb or pass on through higher prices** by allowing merchants to pass on the cost of accepting credit cards to consumers as a surcharge.
- **likely disrupt single-rate pricing models**, which some stakeholders argued could be more efficient by enhancing the price signal both to merchants and consumers.

However, other stakeholders including issuers, PSPs and card networks raised concerns about the implementation and enforcement costs of this option because removing surcharging on debit cards only would:

- **increase the complexity and costs of enforcement** relative to the other options, particularly as some merchants may find it difficult to understand and comply with the regulations
- **be expensive and require significant time to implement**, in part because many merchants may require new or upgraded terminals. Some merchants also described difficulties in upgrading terminals in the past.

The RBA also received evidence of the practical challenges for businesses in distinguishing debit cards from credit cards, particularly when consumers pay using contactless or online payment methods:

- Some bank identification numbers (BINs) are incorrectly set up such that some debit cards are incorrectly identified as credit cards by card terminals.¹⁸ This issue appears to mainly affect cards held within the same digital wallet and combination cards.¹⁹ This would increase the risk that debit card users are incorrectly surcharged.
- It would be inefficient for businesses to train their staff to find out from customers whether they are using a debit or credit card, as this would slow down transactions and introduce frictions at the point of payment for businesses and customers.

¹⁸ BINs are the component of a card number that identify the issuing bank, card type and region.

¹⁹ Combination cards allow the cardholder to access both debit card and credit card functionality. There are eight million combination cards in circulation.

- Complexities in the arrangements between merchants, PSPs and other types of integrated service providers can make it difficult to determine who is responsible for levying the card payment surcharge and whether the relevant surcharge is excessive.
- There are instances of consumers not being refunded card payment surcharges when receiving refunds for returned products. This is an increasing problem with the growth in online commerce.

Some PSPs that offer differential surcharging challenged these concerns. They argued that implementation, compliance and enforcement costs were overestimated since differential surcharging is fairly common, and that high implementation costs for some PSPs reflect a historical lack of investment in flexible systems by those PSPs.

Option 3: Remove surcharging on all designated card networks

A majority of stakeholders (including most consumers who made submissions, card networks and issuers, and some acquirers) supported removing surcharging on all designated card networks. They argued that the surcharging framework was no longer effective and that removing surcharging on all cards would:

- **simplify payments, make pricing more transparent and reduce drip pricing.** An RBA survey of consumers indicated most would prefer to pay an all-inclusive price with no separate card payment surcharge (see Box A: Consumer experiences with the surcharging framework).
- **increase payment system efficiency by incentivising the use of cards.** Cash is no longer clearly cheaper for merchants to accept than card payments.
- **increase competition among providers of card acquiring services by incentivising merchants to shop around** for a better payment plan.
- **be less disruptive than removing surcharging only on debit cards** for most participants in the payments industry. Groups representing the payments industry generally reported that most of their members supported a full removal over a removal on debit only. One PSP industry group stated that removing surcharges would hurt PSPs whose business models rely on the surcharging capabilities they offer merchants and could result in some exits or fewer entrants. However, one PSP provided evidence that following the introduction of a surcharge ban in Europe, the number of acquirers did not change and that new non-bank and fintech acquirers began to offer their services in the United Kingdom following the surcharge ban.
- **eliminate some practices that are counter to the policy intent of the surcharging regulations,** such as excessive surcharging and inadequate signage.
- **reduce the system-wide compliance and enforcement burden.** Under the current framework, it is difficult for consumers to know whether merchants are excessively surcharging because they cannot see merchants' true costs of acceptance. This lack of visibility has also made enforcement of the existing surcharging framework difficult. The removal of all surcharges would also mean that merchants have less need to calculate and monitor their cost of acceptance to ensure they are not excessively surcharging.
- **bring payments in line with other cost items by incorporating card acceptance costs into the base price.**

Most merchants, groups representing merchants and some PSPs opposed the full removal of surcharging. Their arguments are outlined above under Option 1.

Alternative options raised in submissions

Stakeholders raised alternative options that were not covered in the Consultation Paper including:

- **differential surcharging rules for card-present (CP) and card-not-present (CNP) transactions.** Some stakeholders proposed allowing surcharging on CNP (online) transactions only. They noted that the challenges related to surcharging, such as inconsistent merchant disclosure and a weak price-signalling effect, are less of a concern in the online environment.
- **exemptions from any removal of surcharging for certain sectors or payments.** Overall, the RBA received over a dozen requests for carveouts from any change in surcharging policy.²⁰

Other feedback

- Some card networks indicated that they would impose no-surcharge rules if the RBA removed its prohibition on such rules across all networks. The application of these rules could differ across networks, resulting in inconsistent scope or implementation for different card networks.
- Several submissions stated that the Government should legislate a ban on surcharging to ensure consistency across all card networks and merchants and give the ACCC powers to enforce the legislated ban.
- A banking industry group and some card networks stated that removing surcharging should not be conditioned on reductions in interchange.

²⁰ For further details, see RBA (2025g), p 8.

Box A: Consumer experiences with the surcharging framework

The RBA undertook research to examine consumer experiences and preferences within the current surcharging framework. To inform this analysis, JWS Research conducted a survey in September 2025 of a representative sample of 3,000 respondents, reflecting the Australian population across age, gender and location.

Consumers are not consistently notified of payment surcharges

A large majority of consumers indicated that they are notified of surcharges before making payments only sometimes or rarely (Graph 1). This is consistent with feedback the RBA has received over the consultation period, with acquirers, industry groups and other stakeholders identifying poor compliance with disclosure requirements as a key challenge of the existing surcharge framework. This suggests surcharges are not being used effectively by merchants to direct consumers towards cheaper payment methods.



Consumers prefer an all-in price when shopping

Consumers have a strong preference for removing card surcharging. Around three-quarters of respondents thought surcharging was unnecessary and should stop (Table 1). When deciding to purchase products or services, most respondents prefer advertised prices be the all-inclusive checkout price, without a surcharge for card payments.

Table 1: Consumer views towards surcharging and surcharging policy

	Per cent of respondents (%)
Consumers' views on surcharging. <i>'Some shops apply a surcharge (or fee) on card transactions. How do you feel about this practice?'</i>	
– Necessary for business to cover costs	19
– Surcharging is unnecessary and should stop	76
– Do not understand or no preference	5
Consumers' preferred surcharging policy. <i>'When deciding whether to purchase products or services, would you prefer to see...'</i>	
– All-inclusive price which does not change depending on method of payment	60
– Price exclusive of card-payment cost, with surcharge if paying by card	27
– Do not understand or no preference	13

Sources: JWS Research; RBA.

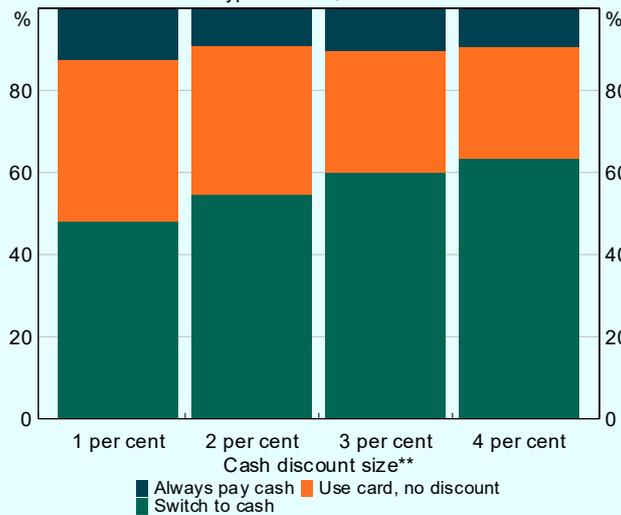
Consumers report strong responsiveness to discounts

Consumers indicated that relatively modest discounts can incentivise them to adopt alternative payment methods (Graph 2). Over half of card users indicated they would switch to cash if offered a 1 per cent discount on a \$50 transaction. This increased to over two-thirds for a 4 per cent discount.

Graph 2

Consumer Response to Cash Discount*

On a hypothetical \$50 transaction



* Question: 'If you were offered a discount of X per cent for paying with cash to make a \$50 purchase (that is, a \$x.xx discount), and there was no discount for other payment methods, would you...'

** Respondents were randomly assigned a cash discount level.

Sources: JWS Research; RBA.

2.4. The PSB's assessment and conclusions

The PSB has concluded that fully removing surcharging on designated card networks (Option 3), when implemented alongside the proposed reduction in interchange fees and increased transparency initiatives in this paper, would best promote the public interest by enhancing competition and efficiency in the card payments system. This assessment reflects the significant changes in the Australian payments landscape since the introduction of the surcharging framework in the early 2000s.

The RBA will lift its prohibition of 'no-surcharge' rules for all designated card networks. If surcharging continues after the prohibition of 'no-surcharge' rules is lifted, the Government could legislate a ban on surcharging cards of the designated card networks.

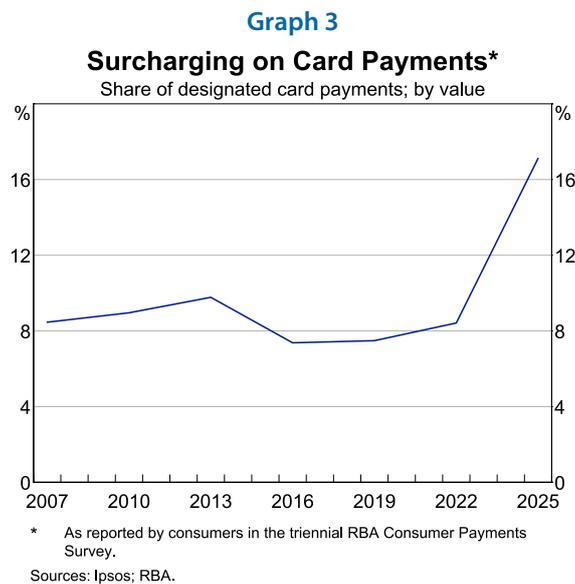
The surcharging framework is no longer effective

The PSB has concluded that the significant changes in the Australian payment system since the introduction of the surcharging framework mean the framework is no longer effectively supporting competition and efficiency in the card payments system. The PSB has reached this conclusion based on evidence that surcharging is no longer effectively steering consumers towards making efficient payment choices as:

- **consumers are less able to avoid surcharges.** According to the RBA's 2025 Consumer Payments Survey, merchant surcharging on card payments doubled in prevalence since 2022 (Graph 3). Cash, which is often the surcharge-free payment method, declined to around 15 per cent of in-person transactions in 2025 from 69 per cent in 2007. Evidence suggests that cash is no longer clearly cheaper for merchants to accept than debit or credit cards, with the cost of each cash transaction having risen as consumer use has declined.²¹
- **merchants on single-rate payment plans usually impose the same surcharge for all card transactions** when they choose to surcharge, despite different card types having different underlying costs. Consumers at these merchants are therefore not incentivised to switch to a lower cost payment method, such as a debit card over a credit card. Only around 5 per cent of merchants differentially surcharge debit and credit cards.
- **inadequate disclosure of surcharges by some merchants** reduces the ability of consumers to make an informed choice about which payment method to use. In the 18 months to June 2024, the ACCC received around 2,500 reports about payment surcharging and disclosure of add-on costs, which included consumer complaints and queries, as well as merchants seeking to better understand their obligations. A survey found consumers are frequently surprised about surcharges when making a payment (see Box A: Consumer experiences with the surcharging framework).
- **some merchants may be surcharging above their cost of acceptance**, which distorts the price signal and reduces the efficiency of the payments system as consumers are unable to make informed decisions about the cost of their chosen method of payment.
- **it is challenging for the ACCC to enforce compliance.** The enforcement challenges generally arise from:
 - the large number of merchants that surcharge across the economy (even though the share of merchants that surcharge is estimated to be around 16 per cent)
 - the substantial number of these being smaller merchants, which presents challenges for proportionate enforcement action
 - the complexities of calculating the cost of acceptance for each merchant.

²¹ See Mastercard (2025).

- **some PSPs have gone beyond the policy intention of surcharging regulations.** Examples include PSPs:
 - **bundling non-payments services into the cost of acceptance** (such as business data or inventory management services), which some merchants pass through to consumers via payments surcharges. These services are designed to support the general business operations of the merchant and are not related to the merchant’s cost of acceptance for a given payment method.
 - **marketing their payment services as ‘free’ for merchants**, with the full cost of payments being ‘automatically’ passed on to the consumer as a surcharge. This can reduce the incentive for merchants to shop around and seek lower cost payments services.
 - **offering merchants incentives**, such as frequent flyer points, for their customers’ card transactions, with a higher cost of acceptance that the merchant can pass on to the consumer via a surcharge.



The above evidence has reaffirmed the PSB’s view that the current surcharging framework is no longer operating effectively. The PSB has assessed that the relatively minor changes to the surcharging framework proposed under Option 1 would not sufficiently address the issues with the framework. The PSB assessed that Option 1 would therefore not be in the public interest.

Removing surcharging on all designated card networks is in the public interest

The PSB has assessed that removing surcharging by lifting the prohibition on ‘no-surcharge rules’ for all designated card networks would best promote the public interest (Option 3). This policy will more strongly advance the public interest than removing surcharging on debit cards only (Option 2). Removing surcharging on all designated cards is in the public interest as it will:

- **reduce the inefficiencies for consumers and merchants** associated with the complexity of surcharging rules and poor disclosure of surcharges.
 - An RBA survey of consumers indicated that most consumers would prefer to pay an all-inclusive price with no card payment surcharges and that they are often not notified of card surcharges. These consumer responses are consistent with surcharging being viewed as a form of drip pricing that makes it difficult for consumers to make efficient choices by obscuring final prices – contrary to the intent of the surcharging framework. An example of drip pricing is adding a payment surcharge after a consumer has decided to purchase a product at the advertised price.



- Removing card surcharging on designated cards would mean that consumers are able to more easily compare the advertised prices across merchants and not be surprised by additional card surcharges towards the end of the payment process. This benefit would be realised across all cardholders (rather than only for debit cardholders) by removing surcharging on all designated card networks.
- The checkout experience would be more efficient for users of designated cards. By contrast, if surcharging is removed on debit cards only, merchants may need to find out from customers at the point of sale whether they are using a debit or credit card to ensure they are applying the correct surcharge. This would generate inefficiencies for businesses and customers by slowing down transactions and introducing frictions and potential mistakes into the payment process.
- The aggregate impact on measured consumer prices from a removal of surcharging is estimated to be small (around 0.1 per cent) as only around 16 per cent of merchants currently impose payments surcharges. In any case, this would only be a small, one-off impact on measured inflation; consumers are already paying these costs via payment surcharges – which are not included in the Consumer Price Index.²²
- **simplify enforcement, reduce regulatory complexity and lessen the cost of compliance for merchants.**
 - Removing surcharging for all designated card payments would be easier for consumers and merchants to understand and implement than removing surcharges on debit cards only or retaining the current surcharging framework. It is much easier for consumers and regulators to identify whether or not a surcharge is being applied than to assess whether the surcharge is excessive relative to a merchant's cost of acceptance.
 - The PSB was particularly concerned about the challenges that merchants and PSPs would face in applying surcharges correctly if surcharging was only removed for debit cards. Some merchants and PSPs have difficulty distinguishing debit cards from credit cards, particularly when consumers make contactless payments. These challenges would be compounded if a combination card is used. There are eight million combination cards in circulation, which are processed either as a credit card or debit card transaction depending on how the customer presents the card at the terminal.
 - Enforcing the surcharging framework is challenging and would continue to be so if surcharging was removed on debit cards only. The ACCC highlighted the challenges of enforcing the framework across the large number of merchants that surcharge and difficulties in calculating a merchant's cost of acceptance. Lowering the compliance and enforcement burden for merchants and regulators will improve regulatory simplicity and enhance the efficiency of the payment system.
- **shift the incentive onto merchants to make more efficient choices when choosing their PSP and which payment methods to accept.**
 - If merchants are required to directly absorb payment costs or increase their advertised prices, rather than passing these costs on to consumers via a surcharge, they would be more incentivised to seek a cheaper payment plan. Data from large PSPs suggest only a small share of merchants have switched providers over recent years; at least 90 per cent of their merchants did not switch providers in the 2024/25 financial year despite many merchants paying significantly more in payment fees than their peers. While switching PSPs is costly, the removal of surcharging will increase incentives for merchants to switch, which is likely to encourage PSPs to lower prices to retain and attract merchants.

²² This estimate was constructed using 2024/25 financial year merchant-level surcharging data to determine the share of merchants that applied payment surcharges and the typical surcharge applied to designated card payments. These estimates were scaled to estimate the total value of card surcharges paid on designated personal cards in Australia in the 2024/25 financial year (\$1.6 billion). These surcharges – if fully incorporated into sticker prices on household consumption goods – would result in a 0.1 per cent increase in the Consumer Price Index (proxied by the ABS National Accounts measure of household final consumption expenditure).



- The PSB views that this increased incentive for merchants to shop around for better value plans can help to increase efficiency and competition in the payments system. To support this, the RBA is also implementing in this Review several measures to give merchants more information to help them shop around for better deals (for more details, see Chapter 6: Competition in Card Acquiring Services).
- Merchants will be more incentivised to explore alternative, potentially cheaper, payment methods and would have the option to use discounting to encourage uptake of these lower cost payment methods. The PSB continues to support merchants' use of discounting to help direct consumers to lower cost payment methods, in line with consumer preferences (see Box A: Consumer experiences with the surcharging framework). This is also consistent with behavioural economics literature, which suggests that consumers are loss-averse and dislike the perceived loss from surcharges.²³ In addition to directly lowering payment costs, this mechanism would contribute indirect pressure on payment networks' wholesale fees by encouraging competition on cost.
- **ensure non-payment-related costs are paid for by merchants that are using the services rather than being directly passed onto consumers via a surcharge.**
 - Some PSPs bundle non-payments services into their merchant service fees. This allows merchants with these providers to surcharge the cost of receiving these non-payment services. This is contrary to the intent of the surcharging framework.
 - Removing merchants' ability to surcharge these services will incentivise them to evaluate the value provided by their PSP's offering, including bundled services. Merchants that wish to continue using PSPs' non-payment-related services could pay for these services under a 'user-pays' approach.
 - If surcharging was removed only on debit cards, PSPs could bundle non-payment services into the cost of acceptance for credit cards. Such bundling would allow merchants to continue to pass those costs to credit card users via a surcharge, adversely affecting credit card users and dampening the incentive for merchants to shop around for a better payment plan. Continuing to allow surcharging on credit cards would therefore reduce competition between PSPs (relative to removing surcharging on all cards).
- **be less costly to implement and less disruptive to existing business models.**
 - Acquirers and PSPs estimated it would cost around \$25 million to implement a full removal of surcharging, compared with around \$45 million for removing surcharging on debit cards only. PSPs and merchants indicated that they would require less time to comply with a full removal. These differences are due to a full removal of surcharging involving less substantial infrastructure upgrades and more straightforward communication to merchants than removing surcharging on debit cards only.
 - PSPs will be able to continue offering the single-rate plans that many merchants value due to their simplicity and certainty of pricing. These PSPs can continue to provide competition in card acquiring services. A debit-only surcharge removal may lead to PSPs ceasing to provide card acquiring services, fewer entrants or the disruption of business models that meet the needs of smaller merchants.
- **likely increase some consumers' use of cards to make payments relative to cash.** Recent research suggests that cash is no longer clearly cheaper for merchants to accept than debit or credit cards.²⁴ Consumers use cash for a range of reasons, including sometimes to avoid payment surcharges. They would no longer need to expend effort to avoid card payment surcharges, including by paying in cash. Since evidence suggests the costs for merchants to accept cash have risen as cash use has declined, paying in cash is generally no longer more efficient than paying by card.²⁵

²³ Kahneman and Tversky (2000).

²⁴ See Mastercard (2025).

²⁵ The RBA is committed to supporting the Australian Government's policy objective of ensuring cash remains a viable means of payment for as long as Australians want or need to use it as cash is a critical part of an inclusive and resilient payments system. See Bullock (2026).

- The RBA's 2025 Consumer Payments Survey showed that around 20 per cent of consumers avoided surcharges on in-person transactions by switching payment methods. These consumers were 12.5 percentage points more likely to use cash than other consumers. If these consumers were to switch away from cash to card payments, around 2½ percentage points of in-person consumer payments would shift from cash to card.
- **enable four-party card networks to compete on a more level playing field with higher cost payment methods** that are not subject to price regulation and do not allow surcharging, such as some BNPL products.

The PSB also assessed the potential negative impacts of removing surcharging on all designated card networks and considers that actions can be taken to mitigate these effects or that they are unlikely to materialise:

- The removal of surcharging reduces the ability of merchants to provide a price signal to consumers. However, merchants would retain the ability to steer consumers towards paying with cheaper payment methods by offering discounts. Removing the RBA's prohibition on 'no-surcharge' rules is not intended to prevent discounts being offered to consumers for using certain payment methods. The PSB was not convinced by arguments raised by some stakeholders that discounting is not practical given the widespread use of discounting in retail settings more generally, both in-person and online. An RBA survey indicated that consumers may be responsive to even modest discounts (See Box A: Consumer experiences with the surcharging framework).
- While a full removal of surcharging could facilitate some cross-subsidisation of credit card costs by debit card users, this will be largely offset by reducing the differential in credit and debit interchange fees (see Chapter 3: Interchange Fees). In addition, the cost differential between debit and credit has already decreased partly due to the increased merchant preferences for single-rate plans. Under these plans, merchants are charged the same rate for all card payments and therefore surcharge their customers the same amount regardless of the type of card used.
- Merchants that currently surcharge will face the costs of accepting card payments. Merchants can reduce this impact by switching to a cheaper PSP or plan and incorporating their payment costs in the price of their goods and services. The reduction in interchange fees would likely mean that merchants would need to increase their prices by less than the amount they currently surcharge.
- Removing surcharging may incentivise more consumers to use cards, but would be unlikely to result in a significant increase in credit card use. Evidence suggests that the price-signalling effect of surcharging is modest (see Box B: Evidence of the price-signalling effect of surcharging). Evidence provided by large merchants suggested that surcharging cards at different rates was only sometimes effective at steering consumers towards cheaper payment methods. In addition, the RBA found little evidence of an effective surcharging price signal in the aggregate data for Australia. Evidence from the European Economic Area (EEA) and the United Kingdom shows that credit card usage did not increase significantly after the removal of surcharging.²⁶ Based on this evidence, the PSB has concluded that any shift towards credit cards following a removal of surcharging is likely to be modest.
 - Some merchants were particularly concerned about losing the ability to surcharge American Express cards. The PSB is aware of these concerns and intends to consider the appropriate regulatory settings for American Express as part of the next Review planned for mid-2026 under the broader scope of the amended PSRA (see Box C: Surcharging and payment systems not subject to price regulation).

²⁶ See European Commission: Directorate-General for Competition, Copenhagen Economics and EY (2020), p 44. See also UK Finance and Accenture (2024), p 8.

- While surcharging would no longer be a competitive constraint on scheme fees, RBA analysis has not found any evidence that scheme fees are lower in jurisdictions that allow surcharging. Other initiatives that directly target scheme fees are likely to be more effective at constraining networks from raising their fees (see Chapter 4: Scheme Fees; Chapter 5: Transparency of Wholesale Fees).

Box B: Evidence of the price-signalling effect of surcharging

One of the key objectives of surcharging was to provide a price signal to consumers regarding the costs of payments and incentivise them to choose lower cost payment methods.

There is evidence of a weak price signal at the merchant level ...

Several large merchants provided evidence of the impact of surcharging on their payment mix:

- A merchant that processes payments across several separate businesses provided evidence that usage of more expensive cards rose a little at some businesses after surcharging was removed. However, this did not occur at all of its businesses that changed their surcharging practices.
- A merchant saw a substantial increase in debit card volumes after adopting differential surcharging for debit and credit cards in place of surcharging all cards at the same rate.
- Another merchant's card mix did not change materially following changes in surcharging practices, including adding and subsequently removing debit surcharging.
- Data shared by several merchants suggest that the price signal provided by surcharging may be stronger for American Express cards than for designated network cards.

This mixed evidence at the merchant level might overstate the strength of the price signal given it was provided by a small number of merchants that predominantly accept payments online, where the price signal is likely strongest. When paying online, consumers may have more time to decide on a payment method and typically benefit from greater visibility of payment options, surcharges and discounts.

... and the aggregate price-signalling effect of surcharging is small.

Analysis of a merchant-level dataset with a sample of over one million merchants (collected by the RBA from eight large Australian PSPs including major banks and specialist providers) suggests that the price-signalling effect of surcharging is small in aggregate:²⁷

- The median merchant that started surcharging between the 2023/24 and 2024/25 financial years did not experience a meaningful change in its credit card share of payments or merchant payment costs, and nor did the median merchant that removed surcharging.
- Merchants that did not surcharge processed on average 66.1 per cent of card payments through debit cards, while merchants that did surcharge had only a modestly higher 67.8 per cent debit share of card payments. Merchants that applied a higher surcharge on credit payments than on debit payments processed an average of 67.0 per cent of their payments through debit cards.

²⁷ This dataset includes merchant-level data on total card payments made at each merchant on each designated card network, the surcharge on each payment method (if applicable), merchant fees on each payment method and merchant characteristics such as industry. It does not include cash payments.

- Regression analysis of the 2023/24 financial year sample showed that merchants that surcharged card payments had a 0.9 percentage point lower credit card share of payments, after controlling for merchant-level variables such as acquirer, industry and merchant size. This suggests surcharging has minimal impact on merchant card payment costs; a merchant accepting \$1 million in card payments would save \$36 in lower card payment costs as a result of surcharging.²⁸

The 2025 Consumer Payments Survey data suggest that removing surcharging would not result in an economically significant increase in credit card use. In the survey, around 20 per cent of credit-card owning consumers avoided a surcharge by switching payment methods. This group was around 12 percentage points less likely to use a credit card and 13 percentage points more likely to pay with cash than other consumers when making in-person payments (with no statistically significant impact on debit card use). If surcharging were removed and these consumers ceased switching payment method to avoid surcharges, these estimates indicate that there could be a one-off increase in credit card use of 1½ per cent of in-person transactions. The additional cost of these transactions would largely be offset by lower cash-handling costs and lower interchange on credit card payments (see Chapter 3: Interchange Fees).

The evidence collected over the consultation period suggests the price-signalling impact of surcharging in Australia has diminished since the introduction of the surcharging framework and is now modest. This is consistent with the experience in both the EEA and the United Kingdom, where credit card payments did not increase as a share of total card payments following the removal of surcharging.

The alternative of retaining surcharging on credit cards only

The PSB considered the case for removing surcharging on debit cards only as less compelling than removing surcharging on all designated card networks. As outlined above, many benefits of removing surcharging would be less effective (or not realised at all) if surcharging was removed on debit cards only. Compared with fully removing surcharging, removing surcharging on debit cards only would be more complex for merchants and consumers to understand, retain existing enforcement challenges and have higher implementation costs.

The PSB recognises that retaining surcharging on credit cards may have some competition and efficiency benefits relative to removing surcharging on all designated cards, including:

- steering more consumers towards using cheaper debit card payments and away from credit cards or cash, which are generally more expensive for merchants to accept. Consumers would be incentivised to use debit cards as these cards would never be surcharged.
- putting greater downward pressure on wholesale fees (scheme and interchange fees) on credit cards. Some merchants have argued that card networks are incentivised to keep wholesale fees on credit cards lower to reduce surcharges and encourage use of their credit cards. According to those merchants, this is particularly important in the credit card context because LCR is not available to place downward pressure on wholesale fees at the transaction level. Large merchants that do not surcharge reported that the threat of surcharging is an important negotiating tool to exert downward pressure on merchant fees.

²⁸ Surcharging would result in 0.9 percentage points of total card payments – \$9,000 – shifting from being paid by debit cards to being paid by credit cards. On average, debit cards are 0.40 percentage points cheaper for merchants to accept than credit cards, and so the merchant would save \$36 in merchant fees.

However, the PSB has not received compelling evidence that these benefits would be significant. The share of card payments made on credit cards would need to increase markedly for the lower merchant costs resulting from the RBA's interchange reforms to be offset by increased credit card use. The PSB views this as unlikely (see Box B: Evidence of the price-signalling effect of surcharging). The RBA has not found any evidence that scheme fees are lower in jurisdictions that allow surcharging, and the PSB views the interchange reforms as more effective at lowering wholesale fees than indirect pressure through surcharging.

If the RBA were to remove the surcharging framework for debit cards only, there may be a policy case for imposing a cap on credit card surcharges to make enforcement easier and limit the bundling of non-payment services into credit card merchant fees such that they could be passed on as a surcharge. However, doing so could reduce efficiency. Merchants may be incentivised to impose surcharges at the cap, even if their merchant fee is below the cap, resulting in credit card surcharging being above efficient levels. While this could be mitigated by defining a permitted surcharge as the lower of the cap or cost of acceptance, this would greatly increase regulatory complexity and make compliance and enforcement more difficult and costly. Determining the appropriate level of the cap would be difficult given the wide divergence in merchant service fees and would require regular review. In addition, legislation may be required to effectively implement and enforce any cap on credit card surcharging.

Other policy options and considerations

The PSB considered the public interest cases of alternative policy options raised by stakeholders and has concluded that these options are not in the public interest at this time:

- **Differential surcharging rules for CP and CNP transactions.** Some merchants suggested the challenges the PSB has identified in the surcharging framework such as poor disclosure or differential surcharging are less prevalent in the online environment, though the evidence supporting this case is weak. The PSB considers that differential surcharging between CP and CNP transactions is not in the public interest because it would result in additional complexity in the surcharging framework, continue to enable drip pricing and create perverse incentives for merchants' billing practices. The PSB is particularly concerned that merchants and PSPs would be incentivised to encourage CNP transactions and could stop offering or restrict the useability of in-person payment options in retail settings. For example, consumers ordering at a restaurant could be required to pay through an app without the option to pay in person to force them to pay with a payment method that can be surcharged. The PSB notes that online merchants retain the options of providing discounts or designing the online checkout to encourage consumers to use lower cost payment methods.
- **Exemptions from the removal of surcharging.** The PSB received many requests for carve-outs from the removal of surcharging.²⁹ The PSB acknowledges that removing surcharging will affect some business models more significantly than others. The PSB anticipates merchants – particularly smaller merchants – will raise their headline prices to incorporate payment costs. This is in line with consumer preferences for sticker prices to be all-inclusive (see Box A: Consumer experiences with the surcharging framework). The PSB considers that exemptions from the removal of surcharging would significantly raise the complexity of the surcharging framework. The simplicity and ease of enforcement for consumers, merchants, PSPs and the ACCC will support efficiency and competition in the payments system and outweigh the potential benefits of exceptions to removing surcharging.

²⁹ See RBA (2025g), p 8.



- The PSB recognises that some merchants (such as pharmacies and lottery agencies) sell goods which are subject to regulated pricing and so will not be able to adjust the prices of these products following the removal of surcharging. To address this concern, the RBA is engaging with the federal, state and territory governments to inform them of its decision to remove surcharging so that price regulators can take this change into account in their future decisions.
- Surcharging of taxi fares is subject to regulation by relevant state and territory regulators. The RBA’s surcharging framework currently provides a carve-out in respect of payments for taxi fares using a designated network card. This carve-out is being removed from the relevant RBA Standard and the transparency requirements under that Standard will apply to payments for taxi fares that are made using a designated network card (see section C.3 Transparency requirements for merchant statements). To the extent that surcharging continues in respect of payments for taxi fares, these surcharges will continue to be subject to any applicable relevant state and territory legislation.



Box C: Surcharging and payment systems not subject to price regulation

Many stakeholders expressed concerns that the removal of surcharging alongside reductions in interchange fees on designated card networks may provide a competitive advantage to payment methods that are not subject to the RBA's interchange regulation. These alternative payment networks include three-party card networks and BNPL providers, and concerns were particularly acute in relation to American Express.

Many submissions suggested that American Express would prevent the surcharging of its cards if surcharging was removed on four-party credit cards. Stakeholders argued this could adversely impact competition and efficiency in the payment system in two ways:

- American Express cards would be able to offer more generous rewards than four-party issuers, given American Express is not subject to the RBA's interchange regulation. Consumers would therefore be incentivised to switch to American Express and would be able to use these cards without being surcharged. This could raise costs in the payments system because American Express cards are generally more expensive for merchants to accept.
- Losing the ability to surcharge American Express cards could reduce the downward pressure on these fees. Some large merchants argued that surcharging (or the threat to surcharge) is their only credible bargaining tool in negotiations with American Express given they consider American Express cards to be 'must take'. Nonetheless, the lower rate of merchant acceptance of American Express relative to designated card networks suggests merchants opting out of the American Express network exerts some measure of competitive pressure on its merchant fees.

The 2025 amendments to the PSRA brought three-party card networks and BNPL services clearly within the RBA's regulatory perimeter. The RBA plans to commence another consultation in mid-2026 under the broader scope of the amended PSRA powers. The PSB considers that competition and efficiency issues related to three-party card networks and BNPL services would be best considered as part of this next review.

3. Interchange Fees

Summary of the PSB's decision

For card transactions acquired in Australia, the PSB has concluded that it is in the public interest to:

1. maintain the domestic-issued debit and prepaid card interchange benchmark at 8 cents and lower the cap to 8 cents (or 0.16 per cent on an ad-valorem basis)
2. lower the cap on domestic-issued consumer credit card interchange to 0.3 per cent and abolish the benchmark
3. maintain the interchange cap for domestic-issued commercial credit cards at 0.8 per cent and abolish the benchmark
4. introduce interchange caps for all foreign-issued card transactions at 1.0 per cent
5. amend the net compensation requirements to ensure all Australian issuers are subject to the requirements, irrespective of the domicile of any sponsor.

This decision follows the consideration of evidence suggesting current interchange levels are materially above efficient levels. For commercial credit cards, the PSB judges that current competitive dynamics between three- and four-party card networks necessitate retaining an interchange cap above what would be considered efficient.

3.1. The RBA's approach to interchange regulation

Competition between networks for issuers' business can lead to higher interchange fees in well-established card networks, which can in turn increase merchant service fees and ultimately consumer costs. This dynamic arises because networks competing for issuers' business can offer higher interchange revenue to attract issuers. Issuers use this revenue to boost profits and fund generous rewards programs to incentivise card usage. As other networks respond by raising their own interchange fees, the result is an upward spiral in costs as merchants, especially small and medium-sized merchants, have little bargaining power to push down interchange fees and little capacity to refuse card payments. The PSB has long considered that this dynamic warrants regulatory intervention to promote efficiency and competition in the payments system. This remains the case today in Australia's highly mature and ubiquitous card system.

Setting interchange caps and benchmarks

The PSB has long held the view that efficient interchange settings should reflect costs borne by issuers that provide direct value to merchants in the context of processing or authorising transactions, and fraud prevention (or 'eligible' costs). Consistent with this, the PSB recognises that merchants benefit directly from reliable authorisation and transaction processing, a secure payments environment, and an effective dispute resolution framework that protects and supports trust in card payments. Interchange fees that are materially above the level required to achieve these outcomes may be inefficiently high, distorting price signals across payment methods and leading to cross-subsidisation between different merchant and consumer segments. Interchange should not fully compensate issuers for costs arising from broader banking or account-related services that primarily benefit cardholders.

Eligible issuer costs are a reference point and not the sole consideration for setting interchange regulation. The RBA’s concept of ‘eligible costs’ and cost studies are a useful reference point when considering interchange policy settings. The PSB also considers other factors relevant to an efficient and competitive payments system, as well as not increasing risk in the financial system.

To assist in its regulation of interchange, the RBA has conducted several studies of issuer costs. The nature of these cost studies has varied over time according to prevailing system characteristics, policy issues or other practical considerations. In the early 2000s, the RBA required card networks to conduct cost studies each time the RBA sought to review interchange policy settings.³⁰ In 2008, the PSB removed this requirement following feedback from financial institutions that the costs of complying with this requirement were material.³¹ The RBA then reduced the debit and prepaid interchange benchmark and introduced caps on both credit and debit and prepaid interchange fees in 2016 without conducting additional cost studies. The latter decisions were informed by issuer costs from a broader cost study, alongside data on interchange rates at the time.³²

3.2. Interchange fees on domestic-issued card transactions acquired in Australia

Issues for the Review

The RBA Standards No. 1 and No. 2 of 2016 place caps on individual interchange fees on domestic-issued card transactions acquired in Australia and benchmarks for weighted-average interchange fees calculated over a rolling 12-month period (Table 2).³³

Table 2: Current interchange fee caps and benchmarks

	Credit (Standard No. 1)	Debit and prepaid (Standard No. 2)
Caps	0.8 per cent	10 cents (fixed fee) or 0.2 per cent (ad-valorem fee)
Benchmarks	0.5 per cent	8 cents (all debit cards); 8 cents (single-network debit cards)

Source: RBA.

The RBA regularly reviews its interchange regulations to ensure they support competition and efficiency in the payments system, without increasing risk to the financial system. This Review considered the case for changing interchange settings given:

- consumer credit card interchange fees on domestic issued card transactions acquired in Australia remain higher than in some jurisdictions, notably the EEA and the United Kingdom, where consumer credit card interchange is capped at 0.3 per cent of transaction value.

³⁰ Initial credit benchmarks were set differentially according to the costs to each network by an independent expert appointment by the relevant network. The RBA moved away from differential interchange caps in 2005 with the introduction of the ‘Common Benchmark’ for credit interchange.

³¹ See RBA (2015b).

³² See Stewart *et al* (2014).

³³ References to interchange fee caps relate to the requirement that card networks must not set interchange fee rates for any transaction above the prescribed cap. This effectively limits the rate applicable to each individual fee category. References to benchmarks relate to the requirement that, over a specified period, the total interchange fees charged by a card network must not exceed the level implied by the weighted-average benchmark on a per-transaction basis.

- the weighted-average interchange fee on domestic-issued debit and prepaid card transactions acquired in Australia has fallen to around 6 cents, below the benchmark of 8 cents per transaction and far below the caps of 10 cents per transaction or 0.2 per cent of transaction value. This suggests that current benchmarks and caps are no longer exerting material downward pressure on debit and prepaid card fees.
- there may be a case for regulatory intervention to narrow the gap between 'strategic' interchange rates for large merchants and the rates paid by small merchants. While benchmarks have given card networks flexibility to set different rates and encourage adoption of new technologies, this has resulted in small merchants paying significantly higher interchange fees than large merchants. While processing and other costs for small merchants may be higher, these factors do not appear to justify the size of the gap in interchange fees. Lowering interchange caps is one measure that can help to reduce this disparity and promote competitive neutrality across merchants of different size.
- eligible issuer costs have fallen significantly below current benchmarks and caps. Per-transaction costs have declined over time, partly because fixed processing costs are spread across a growing transaction base.

For the purposes of this chapter, references to debit cards includes both consumer and commercial debit cards and prepaid cards. Where relevant, distinctions have been made between DNDCs and single-network debit cards (SNDCs).

Options presented in consultation

Option 1: Retain the current benchmarks and caps on both debit and credit (status quo)

This option maintains the current benchmarks and caps for designated debit card networks (benchmark of 8 cents; cap of 10 cents or 0.2 per cent of transaction value) and credit card networks (benchmark of 0.5 per cent; cap of 0.8 per cent of transaction value).

Option 2: Reduce the credit cap to 0.3 per cent of transaction value and abolish the benchmark

This option simplifies the credit interchange framework to a cap-only regime, with the cap set at 0.3 per cent of transaction value.

Option 3: Reduce the credit benchmark to 0.3 per cent and the cap to 0.5 per cent of transaction value

This option lowers the benchmark for weighted-average credit interchange fees from 0.5 per cent to 0.3 per cent of transaction value, and reduces the cap from 0.8 per cent to 0.5 per cent of transaction value.

Option 4: Reduce the cent-based debit benchmark and the cap to 6 cents, and the ad-valorem cap to 0.12 per cent of transaction value

This option lowers the cent-based debit benchmark for weighted-average interchange fees from 8 cents to 6 cents, and reduces the cap from 10 cents to 6 cents (and the ad-valorem cap from 0.20 per cent to 0.12 per cent of transaction value). The cent-based sub-benchmark for weighted-average interchange fees on SNDCs would also be reduced from 8 cents to 6 cents, in line with the debit benchmark.

Option 5: Apply separate interchange regulation to commercial credit cards

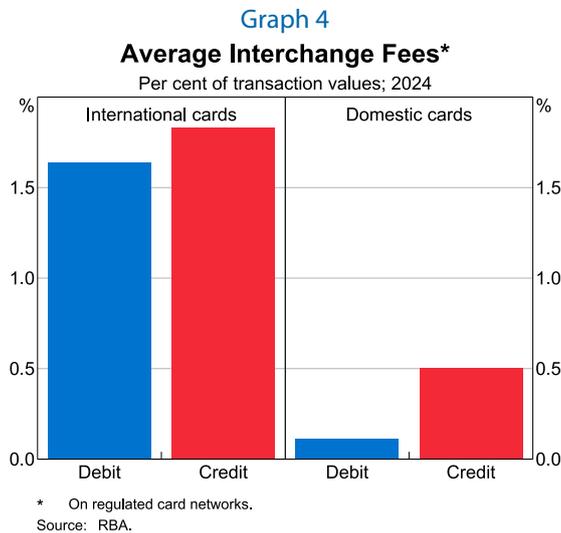
This option applies the reductions in interchange from Options 2 or 3 to consumer cards only, while maintaining the current 0.8 per cent cap for commercial credit card transactions.

3.3. Interchange fees on foreign-issued card transactions acquired in Australia

Issues for the Review

The cost of accepting foreign-issued card transactions acquired in Australia is substantially higher for acquirers and merchants than for equivalent domestic-issued card transactions (Graph 4).

Despite foreign-issued cards accounting for around 3 per cent of total card transactions in Australia, they represent approximately 20 per cent of total interchange fees paid by merchants. Current interchange fees on foreign-issued cards acquired in Australia are significantly above the levels agreed to by Mastercard and Visa in the EEA and the United Kingdom. High interchange fees on foreign-issued cards are also raising costs for consumers on domestic-issued card transactions in Australia because of the increasing prevalence of single-rate merchant pricing plans which charge Australian merchants the same fee for domestic and foreign-issued cards.



Options presented in consultation

Option 6: Continue to exclude transactions on foreign-issued cards from the RBA’s interchange regulation (status quo)

Card networks would continue only to be expected to publish international multilateral interchange fee rates or amounts on their websites.

Option 7: Cap interchange on foreign-issued card transactions at 1.15 per cent of value for debit and 1.5 per cent of value for credit

Interchange on foreign-issued card transactions acquired in Australia would be capped at 1.15 per cent of value for debit transactions and 1.5 per cent for credit.

Option 8: Cap interchange on foreign-issued card transactions differentially for CP and CNP transactions

Interchange on foreign-issued card transactions acquired in Australia would be capped at 0.2 per cent of value for debit transactions and 0.4 per cent of value for credit transactions, where card payments are made in person in store (CP, including transactions made in store with a device such as a mobile wallet). Interchange on online (CNP) transactions would be capped at 1.15 per cent of value for debit transactions and 1.5 per cent for credit transactions.

3.4. Stakeholder views³⁴

Consumer interchange fees

Submissions from consumers, merchants, industry groups, PSPs, and government agencies broadly supported lowering interchange caps (Options 2 and 4). These stakeholders argued that:

- **high interchange fees are no longer necessary to promote card adoption in a mature payment system** with widespread card usage. Stakeholders noted that the cost to issuers of processing transactions has declined over time as fixed costs are spread across a growing transaction base.
- **issuers have demonstrated the ability to raise revenue through more allocatively efficient means.** For example, most issuers charge higher fees to cardholders for card products that offer more rewards and benefits (which benefit the cardholder).
- **reducing interchange would bring Australia closer to peer jurisdictions** such as the EEA and the United Kingdom, where consumer credit interchange is capped at 0.3 per cent of transaction value.
- **lowering interchange caps would reduce cross-subsidisation within the payments system and improve efficiency.** Lower caps would narrow the gap between fees paid by small merchants and those paid by large merchants on strategic rates, reducing the extent to which small businesses subsidise larger ones. Narrowing the gap between credit and debit interchange would reduce the cross-subsidisation of credit cardholders by debit cardholders, particularly given the growing prevalence of single-rate merchant pricing plans.
- **current interchange levels allow issuers to ‘double dip’ by receiving compensation for services for which they already charge merchants separately.** For example, some merchants reported that they pay for fraud and chargeback protection through interchange fees, while also incurring separate charges from issuers for dispute management services.
- **fraud rates in Australia are low by global standards and have been falling,** which suggests that Australian issuers require less interchange revenue to compensate them for fraud than global peers or than in the past. A few submissions suggested that higher caps could be maintained for transactions that have higher fraud risks (e.g. CNP and non-tokenised transactions).

These stakeholders generally considered that lowering interchange caps would not have significant negative impacts for the card payment system. They provided evidence that:

- interchange is no longer the primary driver of innovation, as innovations such as tokenisation, click-to-pay and DNDC routing have emerged despite declining interchange fees.
- the level of interchange is not correlated to the incidence of card payment fraud. Stakeholders pointed to evidence from other jurisdictions that interchange reductions did not result in an increase in card fraud rates.

³⁴ For further details, see RBA (2025g).

- lowering interchange has not reduced the availability of consumer credit in other jurisdictions.

By contrast, most issuers and networks supported retaining current interchange caps (Option 1) because:

- **lower interchange revenue could negatively impact competition in card issuing.** They argued that reduced interchange revenue could threaten the viability of smaller issuers, deter new entrants, and entrench the position of larger institutions, particularly as smaller issuers lack alternative revenue streams and may struggle to cover issuing costs under proposed caps. They noted that, unlike larger issuers, their revenue pools lack diversity and scale, and they are less able to recoup revenue losses through higher fees on cardholders.
- **a lower interchange benchmark for debit cards was unnecessary.** These stakeholders noted that interchange rates for debit transactions are already below the weighted-average benchmarks, reflecting strong competition and the benefits of LCR.
- **the proposed reductions in interchange would result in larger falls in interchange revenue for issuers than the RBA suggested in the Consultation Paper, particularly for debit cards.**
 - The debit benchmark represents a weighted average across all debit card interchange categories, which allows some flexibility for card networks to set higher rates for certain categories provided the overall average remains within the benchmark. Reducing the cap to the level of the benchmark, as proposed in the Consultation Paper, would remove this flexibility. This would effectively require all categories to be priced at or below the proposed benchmark. Issuers argued that this would compress interchange revenue more than intended, as the benchmark is an average rather than a ceiling. They argued this could result in revenue falling below sustainable levels.
 - These concerns are amplified by debit card issuers lacking alternative revenue levers such as the ability to earn interest income or increase account fees (some of which are restricted under the Banking Code of Practice). Furthermore, cents-based benchmarks mean interchange revenue remains fixed while costs rise with inflation, reducing real revenue over time. These stakeholders viewed this dynamic, combined with a lower cap aligned to the benchmark, as placing additional pressure on issuers' ability to recover costs associated with debit card issuance.
- **existing benchmarks are already low by international standards.** Interchange caps on debit cards are already lower in Australia than in the EEA, New Zealand and the United Kingdom. Some stakeholders were also of the view that comparisons to the EEA and the United Kingdom were inappropriate because they claimed Australia has smaller transactions volumes. A banking industry group also opposed comparing the jurisdictions on the basis that Australian issuers incur higher cash distribution costs due to the country's vast and dispersed geography.

Several large issuers indicated they would consider taking action to maintain the profitability of their card issuing business if interchange revenue was lowered including by:

- **increasing card fees or interest rates, or reducing card rewards programs.** This would diminish the value of cards for consumers.
- **reducing their investment in fraud prevention,** which could leave their customers more vulnerable to fraud and malicious actors.
- **reducing investments in new technologies** such as agentic commerce. Card networks and issuers argued this would be compounded because lower interchange caps would reduce the ability for the card networks to set differential interchange rates to incentivise take-up of new innovations.
- **tightening their credit assessments,** which could reduce credit access for their customers including lower income households and small businesses.

Issuers considered that their responses could cause cardholders to shift to more expensive payment methods. Higher cardholder fees, increased interest rates, and reduced access to credit could lead some consumers to shift to higher cost alternatives such as payday loans or BNPL products. Similarly, reductions in rewards programs could prompt consumers to switch to products such as American Express, which are not subject to the RBA's interchange regulations, and typically involve higher acceptance costs for merchants. This could raise system-wide costs if the extent of customer switching was significant.

There was limited support for reducing the credit benchmark to 0.3 per cent and cap to 0.5 per cent (Option 3). A few large merchants stated this option would reduce overall costs but retain sufficient flexibility for strategic rates.

Commercial credit interchange fees

Most stakeholders that supported interchange reductions did not differentiate between consumer and commercial cards. A few submissions specifically supported capping interchange on commercial cards at the same (lower) rate as consumer cards because eligible issuer costs are similar for both products. Some stakeholders also highlighted that issuers often pass on a portion of commercial credit card interchange revenue to cardholders in the form of cash rebates, a practice confirmed by several issuers. Some viewed this as an indication that interchange on commercial cards was too high and questioned whether merchants should be funding this practice through interchange.

Some issuers, card networks, large travel merchants and a group representing payments industry participants advocated for leaving interchange on commercial cards capped at a higher level than consumer cards (Option 5) or entirely uncapped, on the basis that:

- **commercial cards provide significant value to cardholders, including:**
 - through reconciliation information, expense and tax management capabilities
 - by providing a source of working capital for small businesses
 - by removing the need to raise invoices and allowing merchants to receive payments earlier.
However, this view was disputed by some merchants who noted that they issued invoices and offered similar payment terms regardless of payment methods.
- **American Express would gain an unfair competitive advantage over four-party commercial card networks.** Many submissions stated that American Express would grow its share of commercial card transactions significantly from an already dominant position, which could raise merchant payment costs.
- **some issuers could stop issuing commercial card products.**
 - Some submissions reported that some new issuers rely on commercial cards to cover costs due to their high interchange rates.
 - One small issuer stated they would consider withdrawing from this segment.
- **issuers are less able to recoup costs via other means** because many commercial cards are charge cards that are paid off in full every month and therefore do not incur interest.
- **commercial cards have fewer viable substitutes than consumer cards.** An issuer stated that cash is less available for business-to-business transactions. However, several submissions noted the higher prevalence of account-to-account payment methods for these transactions.
- **commercial cards are more expensive to issue** than consumer cards according to a group representing the payments industry. They stated that increasing the number of small issuers surveyed in the issuer cost study could have resulted in higher aggregate costs. An issuer also stated that their costs of issuing commercial cards are larger than their costs of issuing consumer cards.

- **peer jurisdictions do not regulate interchange on commercial cards.** Interchange on commercial cards is currently uncapped in the EEA, the United Kingdom and New Zealand. Interchange on commercial credit cards generally exceeds 1.5 per cent of transaction value in those jurisdictions.

Applying differential treatment to small issuers

Small issuers, including several smaller fintechs, supported higher interchange caps or exemptions for small issuers. They noted that smaller issuers rely heavily on interchange revenue due to limited alternative income streams and that card networks charge them higher net scheme fees than larger issuers. These stakeholders argued that lower interchange could force small issuers to exit the market or deter new entrants, reducing competition. They also noted that an exemption for small issuers would have minimal impact on overall costs because these issuers account for a small share of transaction volumes.

Conversely, a few issuers and one large merchant argued that all issuers should be subject to the same interchange regulation, with no exemption for smaller issuers. They noted that small issuers already benefit from regulatory relief through exemptions from DNDC requirements and argued that participants should not subsidise inefficient issuers with high cost bases. These submissions warned that exemptions could distort competition or create opportunities for regulatory arbitrage, and suggested that uniform caps would incentivise smaller issuers to invest in lower cost payment methods, thereby improving system efficiency.

Several stakeholders suggested that interchange reforms could come into effect at a later date for small issuers to give these institutions more time to prepare for the changes.

Other issues

Many issuers raised concerns about the design of the Issuer Cost Study.

- Several issuers stated that they were not given sufficient time to provide their cost data to the RBA and as a result, the data submitted was not representative of actual issuer costs. These same submissions acknowledged that the time provided for this study was broadly in line with the timeframe for the system-wide Payment Costs Study in 2013–2014, which required more granular data across a wider range of payment services than this Review's Issuer Cost Study.³⁵
- Some issuers noted that some definitions in the study were unclear, which led to resubmissions of cost data after the publication of the Consultation Paper. One issuer stated that knowing which cost categories would count as eligible costs influenced how they reported costs in the study.
- Smaller issuers expressed concern that the results of the study did not adequately reflect costs for small and emerging issuers, which have higher fixed costs spread across lower transaction volumes. They argued that their costs were much higher than the estimates presented in the Consultation Paper. Some argued that interchange caps and benchmarks should cover the costs of all issuers rather average costs across the industry.
- Several issuers raised concerns that the Issuer Cost Study underestimated the fees paid to mobile wallet providers. They noted that, while these fees were included as eligible costs, because they are spread across an issuer's entire transaction base in the calculations rather than *only* mobile wallet transactions, it implied mobile wallet costs are small. These issuers also expected the share of mobile wallet transactions to increase over time, which they argued would raise the per-transaction cost for issuers.

³⁵ See Stewart *et al* (2014).

- **Many issuers and some networks opposed the Consultation Paper proposal to exclude the cost of providing interest-free periods from eligible issuer costs.** They argued that merchants derived benefits from interest-free periods, such as increased sales and improved customer purchasing power, and therefore merchants should bear most or all of the associated costs. A few issuers also argued that it was not appropriate to use the cash rate in the calculation of the cost of interest-free periods because market funding costs were higher.

Several stakeholders argued that the definition of eligible costs should be expanded to include:

- exchange rate risk
- disputes and chargeback costs; however, some merchants stated they are already being charged by issuers for chargebacks and that compensating issuers via interchange for those costs amounted to double counting
- system and IT costs
- product development costs
- costs that could arise in coming years
- a portion of the cost of account overheads, set-up and maintenance, card production and delivery, and cost of capital.

A network and an issuer proposed using a merchant indifference test³⁶ to calibrate interchange caps.

This approach compares merchant payment costs of alternative methods to determine efficient interchange levels that balance benefits across merchants, consumers, issuers and acquirers. The network argued that this method would also account for the risk of consumers switching to American Express or BNPL products.

Some submissions proposed alternative policy options beyond those outlined in the Consultation paper.

These options included:

- lowering interchange on debit and credit cards close to zero.
- banning strategic rates or volume-based discounts.
- imposing a cap on strategic rates at a fixed discount of 30 per cent to the rate available to small merchants (as opposed to the current practice of 60–80 per cent).
- reducing interchange fees for small businesses only. Stakeholders suggested this could be achieved by the RBA introducing a separate (lower) cap for small businesses in its standards. Alternatively, card networks could work with the payments industry themselves to design and implement programs that offer lower interchange rates to small businesses. These suggestions were put forward conditional on interchange caps for other businesses not being lowered and overall revenue for issuers remaining little changed from current levels.
- introducing a floor on interchange to reduce the disparity between the interchange rates faced by small and large merchants on strategic rates.
- applying different caps for CP and CNP transactions to reflect higher fraud risk in CNP transactions, as well as costs linked to future product developments that are more prominent in CNP transactions (such as agentic commerce).

³⁶ The merchant indifference test is considered appropriate in some jurisdictions on the basis that it theoretically ensures cost neutrality for merchants, supports economic efficiency and promotes fair competition between alternative payment methods where cash is typically used as the primary alternative payment method.

Interchange on foreign-issued card transactions acquired in Australia

Most submissions that addressed this issue suggested that interchange on foreign-issued card transactions in Australia should remain higher than on domestic-issued card transactions, reflecting the greater complexity and fraud risk associated with cross-border payments.

Some networks, foreign issuers, and groups representing the payments industry opposed the introduction of caps on foreign-issued card transactions in favour of the status quo (Option 6). They argued that:

- cross-border transactions represent a small share of total card payments in Australia, so caps would only have a marginal effect on overall merchant costs.
- higher interchange fees are necessary to compensate issuers for the higher complexity and risk involved in cross-border transactions relative to domestic-issued card transactions acquired in Australia.
- the proposal to cap interchange on foreign-issued cards is not informed by foreign issuer costs on transactions in Australia because the RBA has not collected these data. Several stakeholders including foreign issuers and card networks stated that using Australian issuer costs on foreign transactions is not an adequate proxy because issuing costs could differ across jurisdictions and institutions.
- the RBA should conduct a merchant indifference test to calibrate potential interchange caps rather than be informed by a cost study. A foreign issuer stated that a merchant indifference test would capture the full benefits derived by merchants from accepting foreign-issued cards.

These stakeholders argued that reducing interchange fees on foreign-issued cards could have adverse impacts:

- Some foreign issuers might respond by blocking or restricting card usage in Australia or imposing prohibitive fees on cardholders travelling to Australia.
- This could discourage foreign tourist spending in Australia, harming sectors such as tourism and retail.
- Lower interchange revenue could disrupt challenger fintech business models, entrench incumbent banks, and give a competitive advantage to payment methods that are not subject to interchange regulation such as American Express.

In addition, some stakeholders argued that the EEA and the United Kingdom are not appropriate benchmarks when considering caps on cross-border interchange. They argued that:

- Australia has a smaller population and lower payment volumes than the EEA and the United Kingdom.
- the equivalent caps in the EEA were originally based on average issuing costs calculated across the 10 largest payment services markets and applied uniformly across all EEA member states. As a result, the framework did not account for cost variations between countries or for structural differences between larger jurisdictions and smaller payment markets. This approach reflected broader policy objectives, principally the development of a single European market, rather than a focus solely on underlying economic cost differentials.
- The EEA benchmarks are not appropriate even in the EEA context because of deficiencies in the original methodology. For example, a card network stated that online transactions were inadequately captured and that the sample size was too small in the merchant indifference test conducted by the European Commission. The card network noted that its preferred methodology suggests cross-border interchange in the EEA should be above 2 per cent for both debit and credit.

By contrast, some merchants, merchant groups and PSPs stated that current levels of interchange on foreign-issued cards were not justified and supported measures to reduce them (Options 7 or 8) on the basis that:

- while fraud rates on cross-border transactions are higher than those for domestic transactions, cross-border fraud rates on foreign-issued card transactions acquired in Australia remain low by global standards and do not warrant interchange fees that are 1–1.5 percentage points above equivalent domestic-issued card transactions acquired in Australia.
- current fees impose significant costs on merchants and consumers without commensurate benefits.
- lowering fees on cross-border payments could facilitate international commerce through reducing acceptance costs for in-person card payments by international visitors and online purchases made from overseas customers using foreign-issued cards. The RBA received evidence that the volume of cross-border transactions rose after the introduction of interchange caps on those transactions in the EEA.
- it would align with G20 objectives to reduce cross-border payment costs.³⁷

The majority of stakeholders that favoured introducing a cap on interchange fees for foreign-issued cards did not specify which option was preferred. A small number of merchants and PSPs specifically supported splitting the caps by CP and CNP (Option 8). There was little direct support for caps that were differentiated only by credit and debit transactions (Option 7).

Several submissions raised concerns regarding the possible circumvention of interchange caps on domestic-issued card transactions acquired in Australia using foreign-issued virtual cards under the status quo (Option 6). A typical example involves an online platform for hotel bookings accepting a domestic-issued card transaction from the booking customer in Australia for an Australian hotel and then paying the Australian hotel using a foreign-issued virtual card, instead of making a domestic payment. This results in the Australian hotel paying much higher interchange and scheme fees than intended by the RBA's regulations. Regulation of interchange on foreign-issued cards would reduce the detrimental effect on Australian merchants from this practice.

3.5. The PSB's assessment and conclusions

In forming its conclusions on appropriate interchange settings, the PSB has drawn on a wide range of evidence. This includes analysis of issuer costs, competitive dynamics across card networks and merchant segments, evidence on price-signal distortions and cross-subsidisation, stakeholder submissions, and where relevant, international experience with interchange regulation. The PSB has considered these factors in the context of its public interest mandate.

Issuer Cost Study

The RBA re-ran the Issuer Cost Study following stakeholder feedback on the initial Issuer Cost Study process. The subsequent study featured the following changes:

- The RBA collected data for 2024/25 and 2023/24 reporting years, in response to feedback that there had been structural changes affecting issuer costs since 2023/24, such as growth in the use of mobile wallets.³⁸ The Cost Study confirmed that mobile wallet-related costs remained very small, and the share of mobile wallet transactions did not change materially between studies.
- The RBA clarified the definitions of some cost categories following consultation with participants to assist institutions with reporting and improve consistency across submissions.

³⁷ The G20 Roadmap for Enhancing Cross-border Payments, established in 2020, includes a target for average 'retail' cross-border payment costs of 1 per cent.

³⁸ Data for the 2023/24 reporting period is available in Appendix B: Issuer Cost Study.

- The scope of the study was slightly broadened to include: issuer costs related to *commercial* debit cards; a cost breakdown for the net costs of disputes, chargebacks, collections and write-offs; and a disaggregation of costs by CP and CNP for transactions acquired in other countries on Australian-issued cards.
- In response to feedback that small issuers had not been adequately captured in the initial cost study, a much broader range of institutions were given the opportunity to voluntarily participate, including members of the Customer Owned Banking Association and Fintech Australia.
- In response to feedback that the RBA should seek to collect issuer cost information from foreign issuers, the RBA contacted 30 foreign issuers to give them the opportunity to voluntarily provide information on their issuer costs for cross-border card transactions.

Following consultation with stakeholders on the design of the Cost Study, the process of collecting data from institutions and resolving data queries took place over a total of 11 weeks. The RBA considered this timeframe appropriate given that:

- the timeframe was consistent with previous, broader cost studies. The 2014–2015 system-wide cost study allowed participating institutions nine weeks for data completion and query resolution, despite requiring significantly more data inputs than this Cost Study.
- the Cost Study was substantially similar to the study conducted for the Consultation Paper, so institutions were familiar with the template and process.
- two rounds of consultations were held with participating institutions to ensure clarity on updated definitions and accurate cost reporting ahead of the Cost Study being issued.
- most institutions indicated that the timeframe was sufficient to complete the study accurately. Extensions and guidance were offered where requested and necessary.
- reporting was staggered between card issuing costs for transactions acquired in Australia and internationally to allow for adequate time for accurate compilation of costs for each transaction type.

The PSB's longstanding position is that, in a mature card network, interchange fees should be efficiently set such that they compensate issuers only for the costs of services that directly benefit merchants, because these services support merchants' ability to accept card payments safely, reliably and at scale. Costs that primarily benefit cardholders, or relate to broader banking services, are not considered eligible because passing these costs through to merchants via interchange would undermine efficiency.

Consistent with this, the RBA considers the following issuer costs as eligible, because they represent services that clearly and directly benefit merchants in the context of processing and authorising transactions, and fraud prevention:³⁹

- **authorisation and transaction processing** – these functions allow merchants to accept card payments with confidence that the transaction will be validated, routed and settled reliably.
- **fees and other costs associated with mobile wallet providers** – these costs relate to enabling acceptance of card-based payments through digital wallets, a channel increasingly used by consumers; merchants benefit directly from being able to accept these transactions given they are made in the same fashion as 'tap and go' card payments.
- **fraud, including net fraud losses and fraud prevention** – merchants benefit from issuers' fraud-mitigation activities through reduced fraudulent transactions, fewer disputed payments and a safer payments environment.

³⁹ See Appendix B: Issuer Cost Study for more detail on the Issuer Cost Study and eligible costs.

- **net scheme fees** – these fund card network services that underpin acceptance and network integrity (such as interoperability, risk controls, dispute frameworks and technology upgrades) and therefore support merchants' ability to accept card transactions. Net scheme fees appropriately take into account the rebates provided to issuers by the card networks, such that merchants are not charged twice for the same service (once through acquirer scheme fees, and a second time through interchange to cover gross issuer scheme fees that have been offset by rebates from the card networks).
- **net costs of disputes and chargebacks, including chargeback write-offs** – merchants benefit from fair and efficient dispute resolution that protects revenue, reduces uncertainty and supports trust in the card network. While this cost category was excluded in the definition of eligible costs in the Consultation Paper, its exclusion was not consistent with prior cost studies, and it has therefore been reinstated following stakeholder feedback.

The PSB has determined that costs associated with interest-free periods on credit cards are no longer eligible. While these costs were included when setting the credit benchmark in 2002, it was indicated at the time that this inclusion was temporary. The treatment of the costs of the interest-free period was subsequently reviewed as part of this Consultation process. The PSB did not receive compelling evidence that merchants derive most of the benefit from interest-free periods; instead, the PSB considers the primary benefit accrues to cardholders, through deferred payment, and issuers, through higher interchange revenue from more credit card purchases and customer retention. As such, to promote efficiency in the payment system through a user-pays approach, the PSB determined that the cost of funding interest-free periods should be excluded as an eligible cost so that merchants would not bear these costs through higher interchange fees.

Stakeholders proposed including a range of broader business and product costs within eligible costs, many of which have never been considered by the RBA to be appropriate for merchants to fund through interchange. The PSB did not treat the following as eligible because they do not relate to costs incurred in processing or authorising transactions, or costs related to fraud or fraud prevention:

- **general institutional costs**, such as the cost of capital, resilience and risk-management investments outside of fraud prevention, and compliance with prudential or anti-money laundering and counter-terrorism financing obligations. Such costs reflect an issuer's overall risk profile and the cost of internal controls. Costs associated with directly protecting merchant outcomes, such as processing controls or fraud prevention, are already captured within eligible cost categories.
- **general system and information technology costs.** Operational information technology directly tied to authorisation and transaction processing or fraud systems is included within the relevant eligible categories; broader systems supporting product development, marketing, account management and customer service primarily benefit cardholders and issuers and therefore are not appropriate to include in eligible costs.
- **product development and feature costs** unrelated to merchant protection, such as channel enablement, user experience enhancements, and loyalty program development costs. While these may be strategically valuable for issuers and cardholders, they are not prerequisites for a merchant to authorise, clear or settle transactions safely via the card network.
- **exchange rate costs** borne by issuers. To the extent some foreign exchange-related costs are embedded in relevant categories, such as within net scheme fees, they are already captured in eligible costs. Further, many issuers already recoup many transaction-related foreign-exchange costs directly through their customers through additional fees.
- **account set-up, overheads and maintenance costs.** These costs largely relate to activities that primarily benefit cardholders and issuers rather than directly supporting card acceptance, such as marketing, general customer service, and account management functions, that would be incurred even in the absence of card issuing.

- **card production and delivery costs** not associated with fraud-related card replacement or security features. Routine card production and delivery costs have never been considered an eligible cost. These costs are more closely associated with account establishment and lifecycle management, which are similarly not considered eligible.

Some issuers proposed adding ‘buffers’ for prospective trends, such as the growth in mobile wallet or tokenised transactions, the increasing share of CNP transactions, scheme fee changes, and evolving resilience and security standards. The Issuer Cost Study is designed as a point-in-time measurement of actual costs incurred, which has, at some points, benefited industry (such as when costs have been abnormally high due to point-in-time migrations or card-related projects at some card issuers). Incorporating forecasts would introduce subjectivity and be arbitrary. The PSB considers the role of the cost study in the interchange regulatory framework to be appropriate.

The PSB also considered suggestions from stakeholders to adopt different methodologies to inform its regulation of interchange but concluded that those were not as appropriate as a targeted study of issuer costs. These suggestions included:

- **conducting a merchant indifference test.** In Australia, it is not clear which alternative payment method would be the most appropriate for conducting a merchant indifference test with robust results, since cash use has declined from around 70 per cent of consumer payments by number in 2007 to 15 per cent in 2025 and is not typically an alternative payment method for CNP transactions. There are other challenges associated with data collection in this type of study. In particular, a merchant indifference test requires merchants to provide detailed cost information across a range of payment methods. Overseas experience highlights that such a process is highly complex and can result in substantial data quality issues. While these exercises often take considerable time to execute, the principal concern is that, in the Australian context, a merchant indifference test is unlikely to yield results that are more reliable or relevant than an Issuer Cost Study for the purpose of informing interchange regulation.
- **a holistic, end-to-end study of the Australian payment system.** There can be value in intermittently conducting such holistic reviews, as was last done in 2014, when considering broader changes than those proposed by this Review. However, to avoid delaying the conclusions of this Review through unnecessary data collection and imposing undue burden on the payments industry, it was appropriate to restrict the focus of the Cost Study to card issuing.

Domestic-issued debit and prepaid card interchange

For all domestic-issued debit and prepaid cards acquired in Australia, including SNDCs and commercial debit cards, the PSB has concluded that it is in the public interest for the:

- **interchange cap to be reduced to 8 cents (or 0.16 per cent on an ad-valorem basis)** because aligning the cap with the current benchmark will narrow the dispersion in interchange fees between large strategic merchants and smaller merchants, thereby reducing cross-subsidisation.
- **interchange benchmark to remain at 8 cents** because a lower benchmark (in combination with a lower cap) would risk undermining competition in debit card issuing. Updated evidence indicates that eligible issuer costs are higher than originally estimated, and reducing the benchmark below current settings would push interchange levels below these costs. The PSB judges that the impact of any reduction in competition in debit card issuing from current levels would outweigh the marginal efficiency gains from a lower interchange benchmark. The sub-benchmark for weighted-average interchange fees on SNDCs would also remain at 8 cents.

Lowering the debit cap

The PSB had proposed in the Consultation Paper to reduce the interchange debit cap to 6 cents (or 0.12 per cent on an ad-valorem basis). The intention was to reduce the disparity in interchange fees between large strategic merchants and smaller merchants that are not eligible for strategic rates.

The PSB consider there is a compelling case for reducing the interchange debit cap from current levels because:

- **there remains a strong case to improve efficiency by lowering the cap to reduce the disparity between lower strategic rates paid by large merchants and higher non-strategic rates paid by small merchants.** On average, smaller merchants pay around 0.13 percentage points per transaction more in interchange fees per debit transaction than strategic merchants. This results in a degree of cross-subsidisation from small to large merchants. Lowering the cap will reduce the upper bound on fees faced by merchants.
- **the capacity for international card networks to maintain differentiated interchange categories is preserved.** The networks retain the flexibility to promote certain behaviour or technologies through differential rates.
- **the PSB has not received compelling evidence that current interchange fee levels have constrained the adoption of security or innovation initiatives in the domestic debit card system.** The proposed reduction to debit interchange is not expected to materially change these outcomes or increase risk in the payments system.

However, the PSB has concluded that it is in the public interest to lower the cap from 10 cents to 8 cents (or 0.16 per cent on an ad valorem basis) per transaction, instead of 6 cents (or 0.12 per cent on an ad valorem basis) as proposed, because:

- **eligible issuer costs are higher than originally reported.** Estimated costs are around 7 cents per debit transaction according to the revised Issuer Cost Study (Table 3).
- **issuers have limited ability to offset reductions in interchange revenue for debit cards, relative to credit cards.** For example, debit cards do not generate interest revenue as credit cards do.

Table 3: Estimated eligible issuer costs on domestic-issued debit card transactions acquired in Australia in the 2025 reporting period^(a)

Eligible cost category	% ^(b)	Cents
Authorisation and transaction processing	0.06	3
Fees and other costs associated with mobile wallet providers	0.01	1
Fraud	0.02	1
Net scheme fees	0.03	1
Net disputes, chargebacks, and chargeback write-offs	0.01	0
Total eligible costs^(c)	0.13	7

(a) Most issuers provided data for the Australian 2024/25 financial year. Others provided data based on their internal reporting periods.

(b) Per cent of transaction value.

(c) Totals may not be equal to the sum of their components due to rounding.

Source: RBA.

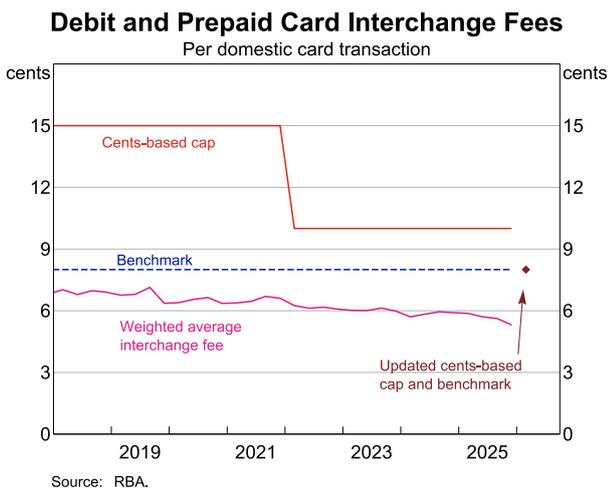
Maintaining the debit benchmark

The PSB has determined that it would be in the public interest to maintain the current benchmark of 8 cents for debit interchange. The PSB has concluded that lowering the interchange benchmark on debit transactions to 6 cents, as proposed in the Consultation Paper, could harm competition in debit card issuing for similar reasons as given for the debit interchange cap.

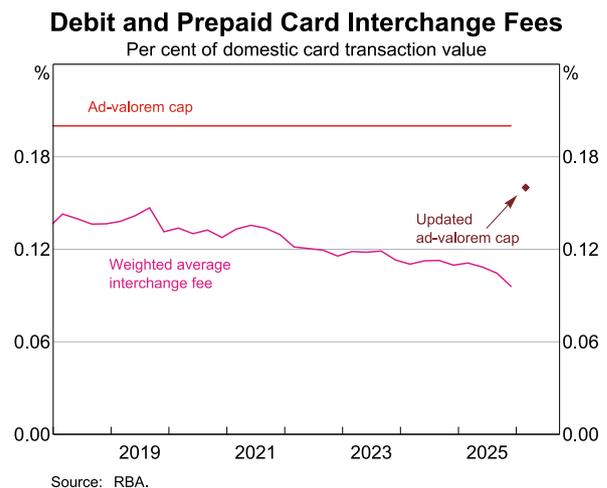
It would also offer only limited efficiency gains, given that the weighted average interchange fee on domestic-issued debit card transactions is already close to 6 cents, driven by competition between issuers for merchants' transactions on DNDCs (Graph 5; Graph 6).

The PSB considers it appropriate to maintain the debit benchmark rather than remove it in order to retain the efficiency gains from the existence of the benchmark. For debit card transactions, eftpos predominantly prices interchange in cents-based terms, while the international networks typically set ad-valorem interchange rates. Where there are separate cents-based and ad-valorem interchange rates on debit card transactions, retaining the benchmark constrains upward drift in weighted-average interchange rates as prices rise over time, and ensures that card networks cannot circumvent the intent of cents-based caps by shifting towards ad-valorem interchange rates for higher transaction values. This issue arises only for debit cards, as credit card interchange fees are all priced in ad-valorem terms.

Graph 5



Graph 6



Domestic-issued consumer credit card interchange

The PSB has determined that it is in the public interest to:

- reduce the consumer credit interchange cap on domestic-issued card transactions acquired in Australia to 0.3 per cent of transaction value; and
- remove the credit benchmark.

The PSB has determined it is in the public interest to reduce the consumer credit interchange cap. For clarity, this also applies to consumer charge cards. This assessment is based on evidence that:

- there is a large disparity between lower strategic rates paid by large merchants and higher non-strategic rates paid by small merchants. The average interchange rate on consumer credit card transactions is 0.47 per cent of transaction value, with small merchants facing interchange rates of up to 0.8 per cent while the largest merchants receive strategic rates as low as 0.18 per cent. An interchange cap of 0.3 per cent will significantly reduce the extent to which small merchants cross-subsidise large merchants by paying higher interchange rates.



- **the Issuer Cost Study demonstrated that the current cap of 0.8 per cent materially exceeds estimated eligible issuer costs on consumer credit cards.** The Issuer Cost Study indicates that average eligible costs to issuers on consumer credit cards are approximately 0.2 per cent of transaction value (Table 4).⁴⁰ An interchange cap of 0.3 per cent of transaction value on consumer credit transactions would, on average, provide revenue sufficient to cover eligible costs for issuers in Australia's mature card payment systems.
- **evidence shows consumer credit interchange is being used to fund cardholder rewards programs by multiple issuers.** Reducing the consumer credit card cap to a level where issuers would not be in a position to use interchange fees to fund rewards programs would result in a more efficient payment system. The PSB continues to hold the view that credit card frequent flyer or other reward programs reduce the efficiency of the payment system by encouraging consumers to use higher cost payment methods. If issuers wish to attract customers by offering them frequent flyer or other rewards points, it would be more efficient for those issuers to bear the cost rather than those rewards programs being funded by merchants through higher interchange fees.
- **the large differential between debit and credit interchange settings facilitates inefficient cross-subsidisation between debit and credit cardholders.** Reducing the consumer credit interchange cap will narrow the difference in wholesale merchant costs between debit and credit transactions and reduce the extent of the cross-subsidisation that occurs when merchants include their payment costs in retail prices. The case for lowering consumer credit card interchange rates to promote efficiency is stronger given that surcharging is expected to be removed. This would eliminate the ability of merchants to pass the costs of these transactions onto cardholders and incentivise them to use lower cost payment methods through differential surcharging.

The PSB considers that a consumer credit cap of 0.3 per cent of transaction value achieves an appropriate balance between maintaining competition and efficiency in the consumer credit card market.

The PSB has determined removing the consumer credit benchmark will simplify the interchange framework and reduce the regulatory burden. As has been seen in other jurisdictions, it is likely that interchange fee schedules would become simpler under a cap-only framework and require less frequent revision than has been occurring with the benchmark. This would reduce compliance costs for the card networks and the complexity of interchange fee schedules for issuers, acquirers and merchants. Where all rates are already ad-valorem, a single cap can constrain the weighted average at efficiently low levels of interchange, so a benchmark would add complexity without materially improving efficiency.

⁴⁰ As explained earlier in this chapter, the PSB has determined that costs associated with interest-free periods on credit cards are not eligible. The difference in eligible costs since the publication of the Consultation Paper is driven by a large increase in the estimated costs of authorisation and transaction processing. This was driven by two large institutions that identified significant errors in their previous submissions and substantially revised their reported costs.

Table 4: Estimated eligible issuer costs on domestic-issued consumer credit card transactions acquired in Australia in the 2025 reporting period^(a)

Eligible cost category	% ^(b)
Authorisation and transaction processing	0.09
Fees and other costs associated with mobile wallet providers	0.02
Fraud	0.03
Net scheme fees	0.05
Net disputes, chargebacks, and chargeback write-offs	0.01
Total eligible costs^(c)	0.20

(a) Most issuers provided data for the Australian 2024/25 financial year. Others provided data based on their internal reporting periods.

(b) Per cent of transaction value.

(c) Totals may not be equal to the sum of their components due to rounding.

Source: RBA.

The PSB considered arguments from stakeholders opposing reducing the consumer credit interchange cap to 0.3 per cent of transaction value. The PSB did not find the following arguments persuasive and judged that some had limited relevance to PSB’s mandate to act in the public interest by promoting efficiency and competition in payment systems, without increasing risk to the financial system. In particular, **the PSB does not consider that a reduction to the consumer credit interchange cap would:**

- **undermine fraud protection, payments system safety and innovation.** The new cap is set above eligible costs, which include fraud-related costs (fraud losses and fraud mitigation) and net issuer scheme fees that are used, in part, to fund security and innovation features. Issuers also have some regulatory obligations to maintain fraud prevention measures related to scams and financial crime independent of interchange rates. The PSB also did not receive compelling evidence that lower interchange caps were associated with increases in fraud overseas. Australian issuers have been able to fund innovation and fraud protection measures for debit transactions, despite much lower interchange levels than those for the consumer credit transactions.
- **increase merchant costs because consumers would shift to higher cost providers of credit in the absence of attractive credit card offers,** which would offset merchant savings from lower consumer credit interchange fees.
 - Many stakeholders argued that American Express, which does not have interchange fees, could continue to offer substantial consumer reward programs unencumbered by revenue reductions. The PSB reiterates its longstanding position that interchange should not be used to fund consumer reward programs. American Express’ consumer card offering primarily targets affluent consumers, making it a less close substitute to four-party network credit cards for most consumers.
 - The consumer shift to higher cost payment methods, such as American Express and BNPL, would need to be significant and broad-based to erode the anticipated benefit of lower interchange for merchants. The PSB has not received evidence suggesting a shift to this extent is likely to occur, given the size of both the American Express consumer card business and BNPL, which tend to target particular segments of consumers. Merchants would maintain the right to not accept these more expensive payment methods and instead encourage their customers to use lower cost payment methods such as debit cards. The PSB also considers that competition and efficiency issues related to American Express and BNPL would be best addressed in the upcoming review under the amended PSRA.

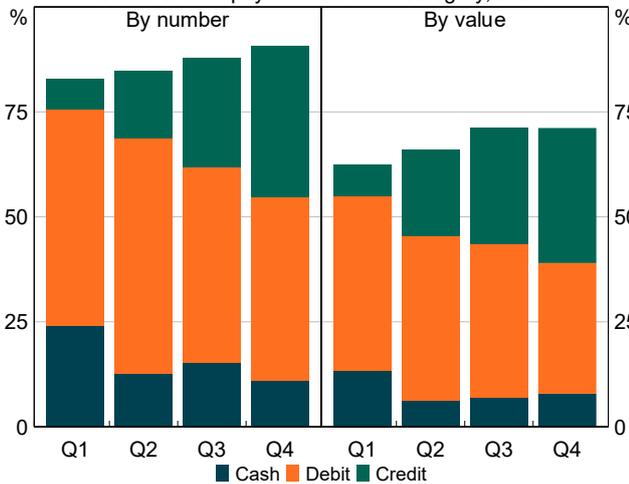
- **reduce access to credit, particularly for low-income households.**

- The PSB has not received evidence that access to mainstream credit has been curtailed in jurisdictions that reduced interchange caps, including to the levels proposed.
- The lowest income quarter of households in Australia is much less likely to use credit cards than the highest income quarter (Graph 7). The small share of lower income households that use credit cards are more likely to hold basic low-fee cards that already attract relatively low interchange fees (Graph 8). The cap would primarily reduce interchange on premium, high-interchange credit cards that are predominantly held by higher income households. Therefore, the cap would reduce the inefficient cross-subsidisation of high-income credit cardholders by other users of the payment system.
- Issuers will retain flexibility to design their credit card offering in a way that responds to customer preferences, including those of lower income customers.

Graph 7

Card and Cash Payments by Income*

Share of total payments in each category; 2025

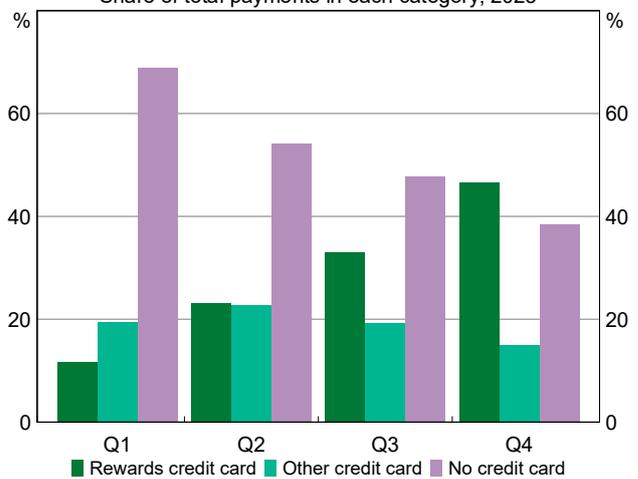


* Because of the overlap between age and income groups, the figures for income quartiles are adjusted for respondents' age.
Source: RBA calculations, based on data from Ipsos.

Graph 8

Credit Card Ownership by Income*

Share of total payments in each category; 2025



* Because of the overlap between age and income groups, the figures for income quartiles are adjusted for respondents' age.
Source: RBA calculations, based on data from Ipsos.

- **be inappropriate given Australia's smaller population, when compared with similar interchange levels in peer jurisdictions such as the EEA or the United Kingdom.** Large Australian issuers are comparable to leading issuers in the EEA and the United Kingdom by transaction volumes, despite Australia's smaller population. Higher volumes enable economies of scale, allowing costs to be spread over a larger transaction base.

The PSB notes that issuers indicated in consultation that they are likely to review their product offerings in response to amended consumer credit interchange settings, including by adjusting rewards programs, account and transaction fees or other features across their product portfolio. To the extent these changes mean the costs of discretionary benefits are borne by the cardholders who choose to access them rather than being borne by merchants, they would be consistent with the PSB's public interest objectives by promoting efficiency in the payments system.

Domestic-issued commercial credit card interchange

The PSB has concluded that it is in the public interest to retain a cap for interchange fees on *commercial credit card transactions acquired in Australia at 0.8 per cent (without a benchmark)*. For clarity, this also applies to commercial charge cards. The PSB has formed the view that, even though interchange fees on commercial credit cards are above efficient levels, significant cuts to interchange on these cards could have adverse impacts on competition between issuers subject to interchange regulation and American Express that is not subject to interchange regulation.

The PSB did not receive compelling evidence that setting a separate higher cap on commercial credit cards than on consumer credit cards would improve *efficiency* within the system.

- **Commercial credit cards are similar products to consumer credit cards.** Both products serve similar purposes of facilitating payments and smoothing consumption, and are generally ‘must-take’ for merchants in the case of four-party networks. Evidence from the Issuer Cost Study suggests that the eligible costs of issuing commercial credit card products are slightly lower than the costs of issuing consumer credit cards on a percentage basis, reflecting that commercial credit card transaction values are significantly higher on average (Table 5).
- **Additional benefits of commercial credit cards accrue to the cardholder, not the merchant.** Many commercial credit card issuers pointed to the existence of benefits such as spending management tools as justifications for higher interchange on commercial credit cards. The RBA has not received evidence that these features provided additional benefit to merchants accepting commercial credit cards. It would be more efficient for there to be a user-pays approach, where cardholders (rather than merchants) pay for the benefits they derive from commercial credit cards.
- **Several issuers use commercial credit card interchange revenue to provide cash rebates or rewards to cardholders.** This practice was confirmed by multiple issuers and is an indication that the level of interchange on commercial credit cards is above efficient levels. The PSB reiterates its longstanding position that interchange should not be used to fund reward programs for cardholders.
- **The PSB does not consider there is a compelling efficiency case to retain high levels of interchange on commercial credit cards so as to fund any working capital benefits.** Card networks and issuers argued that commercial credit cards allow payees to receive the funds immediately rather than issuing an invoice and waiting for settlement, while the cardholder is not required to repay the funds until their statement is due. However, evidence suggests that these benefits primarily accrue to the cardholders rather than the merchant receiving the funds. It is common practice for merchants to offer similar payment terms for commercial credit cards and account-to-account payments, and some merchants noted that the relatively high acceptance costs of commercial credit cards outweigh the value of any working capital benefit they would otherwise obtain from earlier receipt of funds.

Table 5: Estimated eligible issuer costs on domestic-issued commercial credit transactions acquired in Australia in the 2025 reporting period^(a)

Eligible cost category	%(^b)
Authorisation and transaction processing	0.08
Fees and other costs associated with mobile wallet providers	0.01
Fraud	0.02
Net scheme fees	0.06
Net disputes, chargebacks, and chargeback write-offs	0.03
Total eligible costs^(c)	0.19

(a) Most issuers provided data for the Australian 2024/25 financial year. Others provided data based on their internal reporting periods.

(b) Per cent of transaction value.

(c) Totals may not be equal to the sum of their components due to rounding.

Source: RBA.

However, the PSB has concluded that reducing interchange on commercial credit cards at this time would harm competition for commercial credit cards, which would likely offset any efficiency benefits of lower interchange fees. The PSB considers that there is a substantial risk that such reductions could materially advantage three-party networks that are not subject to interchange regulation, given the current competitive dynamics, where American Express is by far the largest issuer of commercial credit cards. This would likely raise payment costs for merchants.

The PSB assessed that American Express would likely grow its share of commercial credit cards from an already dominant position if interchange on commercial credit cards was reduced significantly.

Submissions from commercial credit card issuers cited the role of rewards and expense management services to cardholders in their arguments for maintaining high commercial credit interchange caps so they can compete with American Express. While these programs are considered outside the scope of the RBA's eligible costs framework when assessing interchange settings in the public interest, they nonetheless play a role in influencing competitive outcomes and many issuers use interchange revenue to fund them. It is therefore possible that businesses could switch to American Express commercial credit cards if issuers of four-party commercial credit cards elect to reduce their cardholder benefits programs. This could raise payment costs because domestic-issued American Express cards are on average more expensive for Australian merchants to accept than equivalent four-party network cards.

The risk of cardholders switching to American Express is higher for commercial credit cards than consumer credit cards because:

- American Express has a much stronger presence in the commercial credit card segment than in the consumer credit card segment. Its commercial products and marketing target business customers of all sizes, from small businesses through to large corporations. By contrast, American Express' consumer card offering is more niche and primarily targets affluent consumers, making it a less close substitute for most consumers.
- the proposed interchange reduction would result in a larger percentage fall in revenue for commercial credit cards. The average interchange fee for four-party commercial credit cards is 0.78 per cent of transaction value, so a reduction in the cap to 0.3 per cent would represent a much larger percentage reduction in interchange fees for commercial credit cards compared with consumer credit cards, which have an average interchange fee of 0.47 per cent of transaction value.

- commercial credit card issuers may have fewer revenue sources to fund issuance. Issuers indicated that commercial credit cards are typically paid off in full each month and therefore generate less interest income.

The PSB judges that the efficiency losses of leaving the commercial credit card interchange cap at 0.8 per cent of transaction value are relatively limited. Commercial credit cards account for around 13 per cent of domestic-issued Visa and Mastercard credit card transactions. The majority of efficiency gains from lowering credit card interchange therefore come from reductions in consumer credit card interchange, rather than commercial credit cards.

The PSB does not consider that there are material risks of issuers migrating cardholders onto higher cost commercial products to circumvent the intent of this policy. There is very little evidence that such migration has occurred in jurisdictions such as the EEA and the United Kingdom where commercial credit card interchange is not subject to interchange caps and the difference between commercial and consumer credit card interchange is much larger than proposed in Australia.

While differential treatment of commercial and consumer credit cards will add some complexity to the RBA's interchange framework, card networks already set differential interchange fees across those cards. Removing the credit benchmark will help offset some of this increased complexity.

The PSB will monitor the effects of differential interchange caps across consumer and commercial credit cards and could reconsider this issue in future reviews of retail payments regulation. The PSB will consider competition and efficiency issues related to three-party networks in the review commencing in mid-2026 under the broader scope of the amended PSRA powers.

Small issuers

The RBA received widespread feedback from the payments industry about the potential detrimental effects of lower interchange caps on small issuers. The PSB is aware that card issuing in Australia is more concentrated than those in other advanced economies and less competitive than acquiring services. There are higher barriers to card issuance compared with providing acquiring services, as issuing activity is closely linked to other banking services. Major banks benefit from economies of scale, while smaller institutions face higher per-customer costs, limiting their ability to compete on price or product features.

A number of the broader interchange adjustments adopted in this Review will provide support to small issuers relative to those options taken to Consultation:

- Many small domestic issuers are primarily active in the issuance of debit cards, and earn greater than 6 cents per debit transaction on average because they can issue SNDCs. In comparison, large issuers typically earn less than 6 cents per transaction, as the RBA expects large domestic issuers to issue DNDCs, and the networks compete for merchants to route transactions to them by offering lower interchange rates. Small issuers will benefit from the decision to retain the debit interchange benchmark at 8 cents per transaction and to reduce the cap only to 8 cents per transaction, rather than the 6 cent per transaction cap proposed in the Consultation Paper.
- Because networks have strong incentives to price SNDC interchange rates at the cap to compete for issuing contracts, the revised settings are expected to maintain current interchange revenue for small issuers that issue SNDCs. Maintaining the benchmark at 8 cents reduces the revenue risk for smaller debit issuers while small merchants still benefit from the reduction in the cap to 8 cents.
 - The PSB also notes that the continuation of the SNDC framework provides an additional source of support for small issuers. The ability of smaller institutions to issue SNDCs avoids the additional costs associated with issuing DNDCs.



- The average estimated eligible costs of non-major bank issuers of credit cards are approximately 0.27 per cent of transaction value (Table 6). An interchange cap of 0.3 per cent of transaction value on consumer credit transactions would, on average, provide revenue sufficient to cover eligible costs for smaller issuers in Australia’s mature card payments system.

Table 6: Estimated eligible issuer costs on domestic-issued debit and credit card transactions acquired in Australia in the 2025 reporting period for issuers, excluding the major banks^(a)

Eligible cost category	Debit		Credit ^(b)
	Cents	% ^(c)	% ^(c)
Authorisation and transaction processing	4	0.08	0.12
Fees and other costs associated with mobile wallet providers	1	0.01	0.02
Fraud	1	0.03	0.04
Net scheme fees	4	0.08	0.08
Net disputes, chargebacks, and chargeback write-offs	0	0.01	0.02
Total eligible costs^(d)	10	0.20	0.27

(a) Most issuers provided data for the Australian 2024/25 reporting year. Others provided data based on their internal reporting periods.

(b) Consumer cards only

(c) Per cent of transaction value.

(d) Totals may not be equal to the sum of their components due to rounding.

Source: RBA.

- The PSB notes that several issuers of commercial cards are small or non-bank issuers. The decision to retain the commercial credit interchange cap separately at 0.8 per cent of transaction value will assist these issuers in continuing to compete with larger issuers and American Express.

While the eligible costs of small debit issuers are slightly higher than the proposed debit benchmark and cap, the PSB concluded that increasing the interchange benchmark on debit transactions to the level of small issuers’ eligible costs would not be in the public interest. Doing so would raise the interchange fees paid by merchants, reducing efficiency in the payment system.

The PSB considered additional potential policy options to support small issuers, beyond the adjustments to the debit benchmark and cap and commercial credit card interchange cap relative to the Consultation Paper proposals. The PSB concluded there were limited possibilities within the scope of its mandate to address these challenges further. There are efficiency costs to the payments system of offering direct support to small issuers through specific interchange exemptions or net compensation rule modifications, including the introduction of regulatory complexity, opportunities for regulatory arbitrage and evasion, higher end-user costs to merchants and consumers, and the risk that such support promotes inefficient business models without an offsetting increase in long-term competitive dynamics.

The PSB’s view based on the evidence available is that the costs of providing favourable regulatory treatment or subsidies specifically for small issuers are unlikely to be in the public interest and would outweigh the benefits to the card payments system overall. The PSB also judges that the risk of unintended consequences from pursuing any targeted support in this manner is high.

Other options

The PSB considered that proposals in submissions from some issuer-acquirers and card networks to voluntarily introduce small business interchange programs would not deliver the same efficiency improvements as direct regulatory intervention. Several issuer-acquirers indicated support for programs that would provide small businesses with lower interchange rates to help address disparities in fees paid by small and large merchants. However, many of these issuer-acquirers proposed implementing such programs only if interchange caps and benchmarks remained unchanged. It was suggested the RBA may act as convener or facilitator in the design and application of these programs.

- There is a strong likelihood that these programs would fail to deliver the same efficiency gains as holistic interchange cap reductions, given they would only be applied selectively by issuer-acquirers and card networks, and would not address inefficiencies associated with the cross-subsidisation of credit cardholders by debit cardholders, inappropriate funding of rewards programs through interchange, and maintaining interchange rates above eligible issuer costs. Further, the voluntary nature of the programs risks any efficiency gains being small and temporary. The card networks already have small business programs in place for debit cards and they have not seen commercial benefit in developing these programs for credit cards independent of the current Review.
- The PSB also holds concerns that any coordination or facilitation role of the RBA in developing these voluntary programs would not be consistent with Australian competition law.

The PSB has concluded that introducing a floor on interchange rates or setting a cap on strategic discounts for the purpose of narrowing the disparity in interchange fees paid by small and large merchants would not promote efficiency in the payments system. In particular:

- there is no clear basis for calibrating an appropriate floor or discount cap. Setting a floor above the current average strategic interchange rate would increase payment acceptance costs for some merchants, while setting it below the rates currently applied to most strategic merchants would render the floor ineffective.
- some interchange categories, such as those for charities, are currently set at zero. Establishing a floor or restricting the discount would either require these interchange rates to be raised and materially raise the payment costs for these merchants, or necessitate a more complex regulatory framework to allow for exemptions for certain merchant types.

The PSB has concluded that establishing differential interchange caps for CP and CNP transactions on domestic cards acquired in Australia would not promote efficiency in the payments system:

- there is no compelling evidence of material cost differences between CP and CNP transactions on domestic cards. Issuers that provided disaggregated data in the Issuer Cost Study reported only immaterial differences between CP and CNP costs, even though CNP transactions incur slightly higher fraud-related costs.
- costs for both CP and CNP domestic consumer credit transactions appear to remain below the current interchange caps and benchmarks. Many stakeholders proposing differential caps suggested reducing CP rates while maintaining existing CNP rates, partly on the basis that smaller merchants typically accept only CP transactions. However, available evidence indicates that CP and CNP costs are similar and below current interchange settings. The RBA's data collections also indicate that around 30 per cent of small merchants accept CNP transactions.
- introducing differential caps would add unnecessary complexity to the regulatory framework and increase compliance burdens. Interchange schedules would become more complex across issuers, acquirers and merchants, and card networks would face higher compliance costs.

Interchange on foreign-issued cards acquired in Australia

The PSB has concluded that it is in the public interest to introduce a single cap of 1.0 per cent of transaction value on interchange fees for all transactions on foreign-issued cards acquired in Australia. This cap will apply uniformly across debit, prepaid and credit cards of the designated card networks, and across CP and CNP transactions. Interchange on foreign-issued card transactions is judged to be inefficiently high, significantly increasing merchants' card payment costs; foreign-issued card transactions account for 20 per cent of interchange paid by acquirers in Australia even though they are only 3 per cent of total card transactions.

The PSB acknowledges feedback during consultation that relying on domestic-issuer costs on transactions acquired outside Australia as a proxy for foreign-issuer costs on transactions acquired in Australia may not fully reflect foreign-issuer cost structures. To address this, the RBA contacted over 30 of the largest foreign issuers whose cards are used in Australia, across multiple jurisdictions. However, only two issuers agreed to participate, which the RBA did not consider to be a sufficient number of foreign issuers for estimating eligible costs. The international card networks were asked to, but were unable to, provide additional information at the level of detail required to support a more robust estimation of the costs of foreign issuers. This included the costs of issuer net scheme fees on transactions acquired outside Australia, that were a key element cited by issuers as differing from those on transactions acquired in Australia. Given the lack of data provided by foreign issuers and the international card networks, the PSB has concluded that domestic-issuer costs on transactions acquired outside Australia are the most appropriate available data for informing interchange caps on foreign-issuer transactions acquired in Australia. As a cross-check, the cost data from the two foreign issuers did not indicate that domestic-issuer costs related to fraud and authorisation and transaction processing on transactions acquired outside Australia were significantly different from foreign-issuer costs.

The PSB considers that interchange fees on foreign-issued card transactions acquired in Australia should be regulated to support efficiency in the Australian payments system, based on evidence that:

- **these fees are more than three times higher than domestic interchange rates**, and the PSB has not received convincing evidence that these high rates are justified on efficiency or competition grounds.
- **eligible issuer costs are likely well below current interchange rates.** Evidence from the Issuer Cost Study suggests that eligible issuer costs on domestic-issued card transactions acquired outside Australia are materially below prevailing interchange rates on foreign-issued card transactions acquired in Australia (Table 7). The weighted-average interchange fee on foreign-issued debit and credit cards acquired in Australia is estimated to be around 1.75 per cent of transaction value. By contrast, average estimated eligible issuer costs on domestic-issued card transactions acquired outside Australia range between 0.31 and 0.57 per cent of transaction value, depending on transaction type. The two largest contributors to the higher eligible issuer costs for domestic-issued card transactions acquired outside Australia are fraud costs and net scheme fees.

Table 7: Estimated eligible issuer costs on domestic-issued card transactions acquired outside Australia in the 2025 reporting period^(a)

Eligible cost category	Credit (%) ^(b)		Debit and prepaid (%) ^(b)	
	Card present	Card not present	Card present	Card not present
Authorisation and transaction processing	0.08	0.07	0.06	0.05
Fees and other costs associated with mobile wallet providers	0.03	0.01	0.02	0.02
Fraud	0.10	0.24	0.12	0.24
Net scheme fees	0.29	0.22	0.10	0.12
Net disputes, chargebacks, and chargeback write-offs	0.02	0.03	0.01	0.03
Total eligible costs^(c)	0.51	0.57	0.31	0.46

(a) Most issuers provided data for the Australian 2024/25 financial year. Others provided data based on their internal reporting periods.

(b) Per cent of transaction value.

(c) Totals may not be equal to the sum of their components due to rounding.

Source: RBA.

- fraud differentials between domestic-issued and foreign-issued card transactions acquired in Australia are not large enough to justify the extent to which interchange is higher on foreign-issued cards.** While fraud rates for transactions acquired in Australia are higher for foreign-issued than domestic-issued cards for both CP and CNP transactions (by up to 0.29 percentage points on average; Table 8), these differentials are much smaller than the disparity in interchange fees between domestic-issued and foreign-issued cards of around 1.25 percentage points. It is also important to note that the cost of fraud is not all borne by issuers, with these costs also borne by acquirers and merchants.
 - The net fraud and fraud-prevention costs in the issuer cost study are likely an upper bound estimate of these costs for foreign issuers.** The Issuer Cost Study found that net fraud and fraud-prevention costs for issuers are on average 24 basis points for CNP transactions on domestic-issued cards acquired outside Australia. Evidence received from foreign issuers suggests their net fraud costs are similar, if not lower, for foreign-issued card transactions acquired in Australia.
 - Fraud rates on CNP domestic-issued card transactions acquired outside Australia are almost three times higher than on foreign-issued cards acquired in Australia,** according to the Australian Payments Network’s fraud statistics. This indicates that there is a relatively low fraud rate in Australia for international card transactions, which raises doubt about the appropriateness of the high interchange rates being paid by Australian acquirers and merchants on foreign-issued card transactions.



Table 8: Fraud costs on transactions acquired in Australia in financial year 2024/25

Card present transactions (%) ^(a)		Card not present transactions (%) ^(a)	
Domestic-issued cards	Foreign-issued cards	Domestic-issued cards	Foreign-issued cards
0.01	0.10	0.07	0.36

(a) Per cent of transaction value.

Sources: Australian Payments Network; RBA.

- **net scheme fees for domestic-issued card transactions acquired overseas are unlikely to be substantially higher for foreign-card issuers.** Issuer scheme fees on international transactions are often set at a regional level and are likely to be common across issuers outside of Australia. Therefore, the 19 basis point difference in net scheme fees could explain less than one-fifth of the 125 basis point difference between domestic and foreign-issued card interchange rates paid by Australian acquirers and merchants on foreign-issued cards.
- **high interchange fees on foreign-issued cards acquired in Australia disproportionately inflate payment costs for Australian merchants and cardholders.** Given the prevalence of single-rate merchant pricing plans that charge merchants the same fee for all cards, high interchange on foreign cards is being cross-subsidised by higher payment costs on domestic-issued card transactions, reducing the efficiency of the payment system. Imposing a cap on interchange on foreign-issued card transactions acquired in Australia reduces this cross-subsidisation of foreign issuers and cardholders by Australian merchants and cardholders.
- **regulating interchange fees on foreign-issued cards reduces the efficiency losses for Australian acquirers and merchants from intermediaries in the payments chain substituting domestic-issued card transactions with foreign-issued virtual card transactions that incur much higher interchange fees.** In the RBA's 2015–2016 Review of Retail Payments Regulation, the PSB considered imposing a cap on interchange for foreign-issued cards acquired in Australia due to concerns about circumvention of domestic-issued card interchange caps using foreign-issued virtual cards.⁴¹ The international card networks provided commitments to the RBA that their network rules were sufficient to prevent circumvention. However, the RBA has received evidence in several submissions that this practice is still ongoing and adding to costs for Australian acquirers and merchants, against the spirit of the RBA's interchange regulation. The PSB is aware of several settings where this practice is occurring or could arise in future:
 - *Online travel booking platforms:* The RBA received evidence in submissions that online platforms for hotel bookings in Australia are paid via domestic-issued card transactions from Australian customers and then pay Australian hotels using foreign-issued virtual cards, instead of making domestic payments, resulting in Australian hotels paying much higher interchange fees.
 - *Agentic commerce:* if artificial intelligence (AI) agents located outside Australia start acting as intermediaries in card transactions between Australian consumers and merchants, this could replace domestic-card transactions with foreign-card transactions, increasing the amount of interchange paid by Australian merchants and their acquirers.
 - *Wallet-as-issuer functionality:* some card networks are starting to enable digital wallets to issue virtual cards for their consumers. If Australian consumers start using this functionality to pay Australian merchants instead of using a domestic-issued card, and the virtual cards are issued outside Australia, then a domestic card transaction would be substituted by a foreign-card transaction, increasing the amount of interchange paid by Australian merchants and their acquirers.

⁴¹ See RBA (2015a), p 18.

Introducing a cap materially reduces the profit motive for intermediaries to adopt these practices that circumvent the RBA's interchange regulations, now and in possible future scenarios. Given measures employed by card networks have been insufficient in preventing or discouraging this practice to-date, the PSB judges that a cap on foreign-issued card interchange is now warranted.

The PSB judges that a single cap of 1.0 per cent of transaction value is appropriate to enhance efficiency in the payment system, because:

- **a uniform cap limits opportunities for circumvention of the RBA's interchange regulations and simplifies compliance.** Multiple different interchange caps on foreign-issued card transactions could have incentivised issuers and acquirers to encourage or discourage particular types of transactions, reducing efficiency and adding complexity for cardholders and merchants.
- **the differences in eligible costs in the Issuer Cost Study between CP and CNP, or debit and credit, transactions are not large enough to justify different interchange caps.** The cost study shows that cost components for foreign outbound transactions vary only marginally across cost categories and are well within the 1.0 per cent cap. Foreign issuers that voluntarily responded to the Study provided no evidence that the differentials would be materially different from those observed for Australian-issued cards.
- **a cap of 1.0 per cent of transaction value roughly aligns on a weighted-average basis with the proposed caps in the Consultation Paper.** The effective average interchange rate implied by the Consultation Paper's category-specific caps is 0.99 per cent. A single 1.0 per cent cap therefore achieves a similar overall calibration while ensuring that all transaction types are treated consistently, reflecting that estimated eligible issuer costs are broadly similar across categories.

Introducing caps on interchange for foreign-issued cards acquired in Australia is consistent with regulations in comparable jurisdictions. Caps on foreign-issued transactions acquired in the EEA have been in place since 2019 and were recently extended by mutual agreement between the card networks and the European Commission.⁴² Mastercard and Visa also voluntarily set interchange rates at the same level in the United Kingdom.⁴³ The New Zealand Commerce Commission has similarly introduced interchange caps on foreign-issued card transactions, taking effect on 1 May 2026.⁴⁴

The PSB is not persuaded by arguments that reducing interchange on foreign-issued cards would disrupt cross-border transactions or harm sectors such as tourism or exports:

- The 1 per cent cap is well above both the estimates of eligible costs in the Issuer Cost Study and the interchange caps on domestic-issued card transactions. The PSB considers that this higher interchange appropriately compensates foreign issuers for the greater complexity and risk involved in cross-border transactions, particularly to lower risk jurisdictions such as Australia.
- The PSB considers it unlikely that foreign-card issuers would seek to block or restrict use of their cards in Australia as a result of lower interchange revenue. It is common for issuers globally to charge ad-valorem foreign transaction fees to cardholders of up to 3 per cent of transaction value. Some issuers also offer cards that do not charge cardholders additional fees for international transactions but carry higher annual fees. Reallocating some of the costs of foreign card transactions towards the users of those cards, who receive significant benefits from making cross-border transactions, would enhance efficiency in the Australian card payments system.
- In the EEA, cross-border payments increased following the introduction of the European Commission's interchange regulations. The European Commission also found no evidence of higher card transaction decline rates as a result of introducing foreign interchange caps. Similarly, claims of higher decline rates

⁴² See European Commission (2019); European Commission (2024).

⁴³ See PSR (2024b).

⁴⁴ See NZCC (2025).

resulting from cross-border interchange caps in the EEA could not be substantiated by the New Zealand Commerce Commission during consultation with issuers. No further evidence was provided to the RBA to support a causal relationship of this nature. Therefore, the PSB has concluded that it is unlikely that decline rates on transactions acquired in Australia would increase.

- The interchange cap on foreign-issued card transactions is not expected to give a competitive advantage to American Express. The cost for merchants to accept foreign-issued American Express cards in Australia is generally much lower than the wholesale costs of foreign-issued four-party card network transactions.⁴⁵ This is the opposite of the situation for domestic-issued card transactions, where American Express transactions are typically more expensive for merchants than four-party card network transactions. By lowering the cost of foreign-issued four-party card network transactions, the interchange cap is expected to increase the cost-competitiveness of these cards relative to American Express.

The PSB has therefore concluded that introducing a uniform cap of 1.0 per cent of transaction value on foreign-issued cards acquired in Australia is in the public interest. This cap will strengthen efficiency in the payment system by more effectively constraining excessive interchange fees on transactions on foreign-issued cards acquired in Australia, and reduce the scope for regulatory circumvention of domestic interchange regulations.

The PSB has considered the potential for circumvention of any new caps on foreign interchange through the international card networks increasing scheme fees and using those to compensate foreign issuers, or by increasing the margins on the foreign exchange rates they set. The relevant RBA Standards will require card networks to publish their scheme fees on foreign card transactions. The RBA will monitor these scheme fees and would consider further regulatory action if required.

Net compensation

The PSB has decided to amend the net compensation provisions to ensure all Australian issuers are clearly subject to the requirements under the relevant RBA Standards, irrespective of the domicile of any sponsor. This will also include amendments to capture transactions on domestic-issued cards acquired overseas to reflect the RBA's intent, consistent with existing practice. The PSB received very little feedback on this; however, among those who did comment, the large majority supported the amendments. The RBA has become aware of entities with Australian-issuing activities that may be operating against the spirit and intent of this regulation, which indicates that clarifying regulatory policy through the proposed amendments to the relevant RBA Standards will provide regulatory certainty to payments system participants.

Non-designated card networks

The PSB may consider whether the designation and application of interchange caps or other regulation to other card networks would be in the public interest. The PSB notes that interchange regulation only applies to four-party card networks that are currently designated in Australia. The RBA will continue to monitor developments in the card payments system, including the share of domestic- and foreign-issued card transactions acquired in Australia for networks that are not currently designated, along with the interchange rates of those networks. The next review, planned for mid-2026, will also consider the public interest case to designate and regulate three-party card networks.

⁴⁵ The cost for merchants to accept foreign-issued American Express card transactions in Australia is around 1.65 per cent; the wholesale cost (interchange plus scheme fees) of foreign-issued Visa and Mastercard credit transactions in Australia has been between 2.6 and 2.75 per cent. So, a merchant on an unblended plan would be paying substantially more to accept a foreign-issued Visa or Mastercard credit card than an American Express card.

4. Scheme Fees

Summary of the PSB’s decision

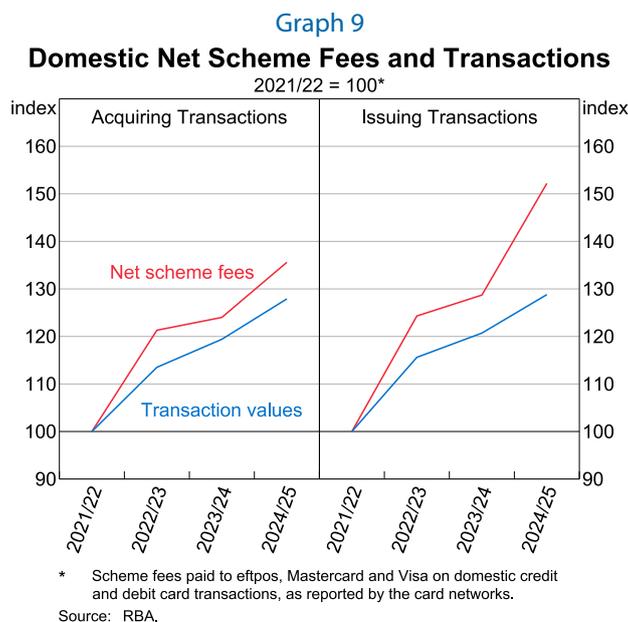
To promote the efficiency of the retail payments system, the RBA expects the designated card networks to improve scheme fee billing procedures by making their price-setting practices more transparent and better supporting scheme fee reconciliation processes for participants.

To help deliver this, designated card networks will be expected to work with the payments industry to design Scheme Fee Roadmaps in accordance with the principles and measures set out in Box D. The PSB expects card networks to publish these Roadmaps and make them available to the RBA for publication on its website by 1 April 2027.

The RBA will monitor progress by the card networks on improving scheme fee management and transparency. The RBA will consider further regulatory action if it considers that progress is insufficient.

4.1. Issues for the Review

Scheme fees have grown faster than transaction values in recent years, putting upward pressure on card payment costs for card network participants and merchants (Graph 9). Card acquirers and issuers pay scheme fees to card networks such as Visa, Mastercard and eftpos for using their services. These costs are typically passed on to merchants as part of the service fees charged by PSPs (acquirer scheme fees can be directly passed on to merchants while issuer scheme fees can be indirectly recouped from merchants through interchange fees). Scheme fees paid by acquirers tend to account for around one-sixth of Australian merchants’ domestic-issued card transaction costs, with fees being higher for credit than for debit card transactions (Table 9).



Scheme fees set by the international card networks are opaque and complex. This inhibits competition by restricting the ability of merchants and PSPs to accurately understand and compare pricing. It also gives rise to concerns that prices are set inefficiently high in the absence of meaningful competitive pressures.

The RBA sought more information on the extent to which the level and complexity of scheme fees may be the result of a lack of competitive pressure, rather than differences in the cost or quality of services provided by the networks. Unlike interchange fees, scheme fees are not currently subject to regulatory caps.

Table 9: Net scheme fees 2024/25^(a)

	Net scheme fees (\$, millions)	Net scheme fees (basis points of transaction value)	Net scheme fees (Proportion of MSFs; per cent) ^(b)
Domestic-issued card transactions acquired in Australia			
Acquirers	992.1	10.5	17.8
– Debit cards	612.9	9.8	21.5
– Credit cards	379.2	11.9	14.8
Issuers	310.7	3.3	–
– Debit cards	163.6	2.6	–
– Credit cards	147.1	4.6	–
Cross-border card transactions			
Australian Acquirers	514.2	158.2	58.0
Australian Issuers	207.5	34.5	–

(a) Includes scheme fees paid to eftpos, Mastercard and Visa in financial year 2024/25.

(b) Merchant service fee (MSF) data is annualised using data from October 2024 to June 2025 due to reporting changes.

Source: RBA.

4.2. Options presented in consultation

Option 1: Maintain the status quo

The RBA would continue to use its information-gathering powers under section 26 of the PSRA to monitor scheme fees.

Option 2: Set an expectation that any further increases in scheme fees require adequate explanation by networks

The RBA would set an expectation that average scheme fees per transaction should not increase without clear explanation, based on the specific cost or quality of services provided.

Option 3: Set a cap on scheme fees

Under this option, the RBA would set a cap on the level of scheme fees. The cap would be informed by a targeted study on scheme fees, prior to consulting with stakeholders on any proposed regulation.

Option 4: Set an expectation that card networks work with the industry to reduce the complexity and improve the transparency of their scheme fee schedules⁴⁶

The RBA would set an expectation that the card networks work with PSPs to address the issues that have been identified regarding the complexity and large number of scheme fees, without seeking to be prescriptive on how this is achieved. Card networks would be expected to work with PSPs to:

- reduce the complexity of scheme fee schedules where possible
- identify what information gaps exist for PSPs in understanding existing fees, and work to fill those gaps
- assess what information is necessary for PSPs to understand new fees or changes in existing fees.

Additional accessible information could include items such as:

- classification of fees, such as whether the fee is mandatory, optional or behavioural
- clear and detailed information regarding when the fee will apply
- the history of changes to the level of a fee including where the fee was renamed or split.

The RBA would expect the card networks to submit, by September 2026, a clear and actionable plan outlining how they will meet this expectation. The plan should show how they have engaged with PSPs and explain how the proposed improvements will enhance transparency and support better outcomes for stakeholders. It should also include anticipated timelines and a strategy for measuring and evaluating progress.

4.3. Stakeholder views⁴⁷

Most stakeholders expressed the view that the PSB's preferred policy option, which would expect card networks to provide explanations for increases in scheme fees (Option 2), was inadequate. They considered that scheme fees should not rise relative to transaction values without clear explanation and noted concerns over existing practices whereby fees can be changed without consultation or sufficient notice to network participants. These stakeholders argued that the RBA's proposed expectation would not meaningfully constrain undue fee growth because of a lack of enforceability, ambiguity in terms, and insufficient disclosure expectations.

Many stakeholders who expressed views on scheme fees supported direct regulation through the use of price caps (Option 3). Those that supported price caps often argued that Visa and Mastercard held too much market power to be meaningfully influenced by the RBA's proposed expectation. Several stakeholders that supported Option 2 also supported price caps as an escalation measure if desired policy outcomes were not achieved.

⁴⁶ In the Consultation Paper, Option 4 was presented in Chapter 4: Transparency of Wholesale Fees.

⁴⁷ For further details, see RBA (2025g).

Some card networks opposed the RBA's proposed expectation that they explain scheme fee changes, advocating instead for the status quo (Option 1). These submissions stated that designated card networks already face competitive pressure, in part from alternative payments options (such as three-party card networks, real-time payments, BNPL, and digital wallets), and stated the PSB's proposals would lead to unfair competitive advantages for these alternative services. They also warned that the proposed measures could limit pricing flexibility in a manner that would negatively affect innovation and resilience.

One card network stated that transparency measures should be focused on end-user prices that merchants ultimately pay rather than on wholesale fees. That card network supported the RBA maintaining its current approach to transparency through the RBA's publication of merchant service fees data. They noted that these data show stable or declining average merchant service fees, and cited this as evidence that competition is functioning effectively.

A card network also stated that the RBA's proposed expectation regarding pricing justifications was too unclear and required clarification.

Stakeholders provided near-unanimous support for the simplification of scheme fee schedules, but were also sceptical that the RBA's proposed simplification expectation (Option 4) was sufficient to achieve the intended policy outcomes. Many PSPs and issuers reported significant difficulties estimating and reconciling scheme fees. They often stated that these difficulties create additional operational costs in trying to understand, manage and ensure accurate billing of fees. Some PSPs indicated they have elected not to invest resources in ensuring they are consistently billed correctly, instead only investigating their fees when they exceed their expectation by a pre-determined threshold; they indicated that because scheme fees are opaque, complex and frequently revised, it is more cost-effective to absorb any resulting fee inaccuracies.

Several issuers and PSPs supported directly simplifying scheme fees by capping the total number of fees in card networks' schedules or by capping the total number of fees that can be charged per transaction.

Some stakeholders confidentially argued that the complexity of scheme fees is a deliberate feature of card network pricing designed to obfuscate the true cost of services to extract more fees. Examples cited included:

- behavioural fees with limited ability for issuers or acquirers to adjust behaviour to avoid the fee⁴⁸
- involuntary product trial periods incurring fees
- difficult opt-out processes for voluntary services incurring fees
- bills for fees provided in unstructured and inconsistent formats
- difficult remediation procedures for fee billing errors
- frequent changes to the same fee type within a short period, and the persistence of redundant fees in schedules.

Most submissions received by the RBA noted exceptionally strict confidentiality terms and information restrictions in their contractual arrangements with the card networks, which effectively prevents them from comparing pricing, or in some cases, understanding their own billing accounts. Stakeholders that provided these submissions cited concerns over potential negative commercial repercussions from the international card networks if they were overtly critical of these practices in public forums.

⁴⁸ Behavioural scheme fees are designed to incentivise PSPs or merchants to behave in certain ways. The RBA received evidence that behavioural fees are not always avoidable for the issuer, PSP or merchant. One example is when a customer attempting to purchase a good or service seeks to retry a card payment multiple times but the merchant is charged additional fees for repeatedly attempting the payment, even if it is ultimately successful.

While Visa recognised the importance of transparency and offered to work with the RBA to ensure that the scheme fees framework remained robust, both international card networks argued against the RBA's proposed simplification expectation, and in favour of the status quo. One argument made in defence of the status quo was that the large number of fees in schedules reflects the variety of products and services available to participants and end-users. Another argument made by a card network was that the RBA's expectation did not take into account recent work to improve communications with participants, including through online platforms. One card network also stated that the expectation was too vague to be implemented.

4.4. The PSB's assessment and conclusions

The PSB considers that scheme fees, particularly for credit cards, are not subject to effective competitive constraints. The complexity of scheme fees is likely to be adding inefficiencies to the retail payments system, including through inaccurate downstream billing to merchants. Four-party card networks process 70 per cent of consumer-to-business transactions in Australia, with cash being the next largest payment method accounting for 15 per cent of these transactions. Although alternative payment products (including BNPL, account-to-account payments and three-party networks) offer some competition in the payments system, they do not meaningfully constrain scheme fees because they are not ubiquitously accepted and are therefore not direct substitutes to card products issued by designated networks.

While the presence of a third debit card network and the RBA's LCR policy has improved competition for debit card transactions and put downward pressure on scheme fees, there is no equivalent mechanism to encourage competition between the international card networks for credit card transactions. The RBA continues to observe considerable variation in scheme fees between different card networks without clearly commensurate differences in the cost and quality of services, suggesting a notable degree of price-setting power. Evidence provided by stakeholders indicates that card networks raise prices and adopt concerning commercial practices in the absence of the disciplining effects of robust competition. The PSB therefore considers that there is a strong risk that card networks may increase scheme fees if competitive pressures were to lessen following a removal of card surcharging, which currently provides some price signal to customers of the cost of their card usage.

To promote the efficiency of the retail payments system, the RBA is setting an expectation that designated card networks improve scheme fee billing procedures by making price-setting practices more transparent and better supporting scheme fee reconciliation processes for participants. The RBA will strengthen its expectations related to scheme fees by combining elements of Options 2 and 4 into a single expectation, and providing greater detail as to how this expectation should be achieved. As part of this expectation, card networks should publish a 'Scheme Fee Roadmap' (Roadmap) detailing how they will meet these objectives.⁴⁹

Consistent with the PSB's longstanding preference for industry-led solutions, Roadmaps should be developed in consultation with network participants, including issuers, acquirers and other PSPs. The Roadmaps should have clearly scheduled milestones, and detail how card networks intend to fulfil the principles listed in Box D. The PSB considers that implementing changes in line with these principles will benefit the efficiency of the payments system, through issuers and PSPs being better able to assess and understand their scheme fees and make more informed decisions. The RBA expects card networks to consult with the full range of network participants when developing the Roadmaps, including small PSPs and issuers.

⁴⁹ It is expected that two versions of the Roadmap may be necessary to protect commercially sensitive information while supporting public accountability: one for public viewing, with the other to be provided to the RBA so the RBA may gain confidence in the degree of detailed consideration and intended action by the card networks.



The PSB acknowledges the role that scheme fees play in enhancing security and fraud prevention and supporting resilience in a well-functioning card network. However, the complexity and level of scheme fees more broadly suggests that additional measures to address complexity and promote transparency are necessary to improve competition and efficiency in the payments system.

Box D: Principles and measures for the PSB's expectation to improve card networks' scheme fee management and transparency

Principle 1: Card networks should manage scheme fee changes with due consideration to impacts on stakeholders. To support this, the RBA expects that Roadmaps will set out plans to:

- circulate at no additional cost structured reports, or bulletin-style notices, to all network participants to provide greater contextual justification for fee changes (such as links to service quality improvements or the provision of new services) and expected outcomes for participants⁵⁰
- implement six-month minimum notice periods for fee changes
- following changes to a fee, seek to avoid further changes to that particular fee for at least an additional six months to offer greater certainty to network participants over a period of 12 months from the initial announcement of a fee change.

Principle 2: Card networks should provide scheme fee schedules that are concise, clearly presented, and allow for network participants to develop a practical understanding of the applicable fees.

To support this, the RBA expects that Roadmaps will set out plans to:

- remove superseded fees in a timely manner
- in consultation with participants, provide information in fee schedules about the nature and purpose of each fee in a manner that facilitates participants' understanding. The RBA considers, at a minimum, that schedules should include the following types of information:
 - classification of fees as either mandatory, optional or behavioural⁵¹
 - unit of charge (e.g. per transaction, per cent of value, per account) and, for future changes, the effective date
 - rate of billing (actual price)
 - justification for the fees, which provides a non-technical explanation of the cost area/s that each fee contributes to (e.g. authorisation, processing, fraud prevention, network development or network maintenance).

⁵⁰ Expected outcomes refer to the expected benefits and costs that participants are expected to incur as a result of the fee change and any associated adjustments to services.

⁵¹ The RBA understands these terms to have the following definitions:

- Mandatory fees are charged for services that participants must pay for as a condition for participating in the card network or processing transactions through the card network.
- Optional fees are charged for services that are available to participants, but do not need to be paid for as a condition of participation in a card network and are not a condition for processing transactions through the network.
- Behavioural fees are charged to disincentivise specific behaviours by participants, or to incentivise them to adopt specific technical solutions.



Principle 3: Card networks should invoice and provide billing reports in a manner that allows participants to efficiently reconcile fees. To support this, the RBA expects that Roadmaps will set out plans to:

- clearly identify whether a listed fee is mandatory, optional or behavioural
- facilitate automation of scheme fee reconciliation processes for participants by making invoices available in machine-readable formats at no additional cost
- in consultation with participants and as a standard service at no additional cost, provide on-demand billing reports enabling participants to:
 - understand the scheme fees that have been charged against each transaction
 - provide timely and accurate pricing of fees that have been incurred by each merchant.

Principle 4: Card networks should establish and implement transparent billing practices. To support this, the RBA expects that Roadmaps will set out plans to:

- provide actionable information at no additional cost on how participants can avoid optional fees, supported by clear and simple opt-out procedures
- establish robust procedures for the comprehensive remediation of errors, ensuring that:
 - all potentially impacted card network participants are notified in a timely manner where the card network becomes aware that a fee has been charged incorrectly
 - incorrect charging is remediated for all potentially impacted participants, not just those participants that have identified the error
- consistent with Principle 1, ensure that behavioural fees are only charged to parties that have been provided with a reasonable opportunity to adapt their behaviour, including by:
 - ensuring that behavioural fees are charged to parties that are able to avoid those fees
 - charging for behavioural fees in a transparent and timely manner such that parties can easily identify behaviours that trigger the extra fees.

The RBA expects Roadmaps to be available on the RBA website and card network websites by 1 April 2027.

The PSB considers that publicly available Roadmaps will increase the likelihood of meaningful improvement by providing transparency to all stakeholders, who can then scrutinise card networks' actual practices against their stated intentions. Once the plans to address the RBA's expectations have been published, the RBA expects card networks to consult with the payments industry regularly to monitor whether outcomes meet the RBA's expectations. The RBA will also monitor progress by the card networks on improving scheme fee management and transparency, and the PSB may consider further regulatory action if there is unsatisfactory progress.

While several stakeholders suggested directly simplifying card network billing practices by limiting the total number of scheme fees charged to participants, the PSB does not consider that such measures would deliver significant net benefits for the efficiency of the payments system. The PSB judges that mandating a reduction in the total number of fees in fee schedules, or fees charged per transaction, would likely lead to card networks bundling a wider range of services together. While this would make schedules simpler to understand, it would reduce flexibility for the card networks in delivering tailored services to participants and likely result in inefficient cross-subsidisation of some services. It could mean that participants would have less opportunity to choose the services that best suits their needs, reducing the allocative efficiency of the payments system.



The PSB does not consider that the RBA has sufficient evidence to pursue scheme fee price caps at this time (Option 3). In order to estimate appropriate price caps or benchmarks, the RBA would need more information about the costs involved in servicing and developing card network services. Determining these costs would require more time, resourcing and cooperation from the card networks and participants. Further consideration would need to be given to designing the appropriate regulatory mechanism to ensure that policy objectives are met without generating unintended consequences for the payments system. There would also be ongoing system costs associated with the regulatory burden of complying with new mandates. By contrast, an industry-led approach may be able to achieve some of the same benefits without incurring these costs.

The RBA will continue to monitor developments in scheme fees and seek to gather additional evidence to determine whether further intervention is necessary. While retaining its preference for an industry-led approach, the PSB does not rule out additional formal or targeted policy measures on scheme fees should its expectations not be met. Further options to improve competition and efficiency in the payments system through action targeting scheme fees may include drafting and consulting on a standard regarding scheme fee practices, scheme fee price caps or the introduction of dual network credit cards and the extension of LCR initiatives to credit card transactions, given the effectiveness of these initiatives in supporting competition between debit card networks.

5. Transparency of Wholesale Fees

Summary of the PSB's decision

The PSB has concluded that it is in the public interest to require each designated card network to publish quarterly aggregate data on: scheme fees and rebates for issuers and acquirers; and interchange fees. These data include the total dollar value of fees, and the values and volumes of the transactions on which these fees are levied. Networks will be required to report breakdowns of these data for domestic and international transactions,⁵² further divided into debit and credit transactions, as well as CP and CNP transactions. Fees for tokenised transactions will be separately listed for domestic and international transactions; this will provide information about the fees for mobile wallet transactions, especially for CP transactions.

Publishing these data will allow card network participants and merchants to more directly compare average fees across networks.

5.1. Issues for the Review

Interchange fee schedules have become more complex over time. The number of interchange categories in these schedules has nearly doubled since 2020 and feature inconsistent naming conventions. While different interchange fees can be useful for promoting the use of secure payment methods or the adoption of new technologies, the rationale for such extensive and complex schedules is not clear.

Scheme fees are even less transparent than interchange fees and highly complex (see Chapter 4: Scheme Fees). Full scheme fee schedules are not publicly available and are only provided to participants in the networks. Even sophisticated network participants with access to these documents find them difficult to interpret or use.

Some transparency measures could give rise to risks related to anti-competitive behaviour. As there are only a limited number of designated card networks in Australia, too much information about a competitor's pricing strategy may result in upward price coordination.

5.2. Options presented in consultation

The RBA consulted on several non-mutually exclusive options to improve wholesale fee transparency.

Option 1: Retain current publication requirements (status quo)

Card networks continue to be required to publish on their website their multilateral interchange fee rates or amounts (whichever is applicable) in Australia.

The RBA continues to publish aggregate payments industry information on issuing and acquiring scheme fees charged by the networks. No data on fees charged by individual card networks are published, since the international card networks have refused to give the RBA permission to publish this information.

⁵² For interchange and acquirer scheme fees, the domestic/international breakdown is by whether cards processed in Australia are domestic-issued or foreign-issued; for issuer scheme fees, the breakdown is by whether the issuer's cards are acquired in Australia or overseas.

Option 2: Require each card network to publish aggregate data on interchange fees

On a quarterly basis, each card network would be required to publish more detailed data on their total interchange fees, transaction values and volumes. The data would provide a breakdown of fees for domestic and international transactions, further divided into debit and credit transactions. Each category would also be split by CP and CNP transactions. Additionally, fees for mobile wallet transactions would be separately listed for domestic and international transactions (see Appendix C: Transparency Requirements). The card networks would be required to provide the RBA with a copy of the data, so that the RBA could republish it on its website.

Option 3: Require each card network to publish aggregate data on scheme fees

On a quarterly basis, each card network would be required to publish data on total gross issuing and acquiring scheme fees, rebates, and transaction values and volumes. The data would be split by domestic and international transactions, further divided into debit and credit transactions. Each category would also be split by CP and CNP transactions. Fees for mobile wallet transactions would be separately listed for domestic and international transactions (see Appendix C: Transparency Requirements). The card networks would be required to provide the RBA with a copy of the data, so that the RBA could republish it on its website.

5.3. Stakeholder views⁵³

Stakeholders were generally supportive of proposals requiring quarterly publication of aggregate wholesale fees. However, some submissions stated that publishing these data would not adequately address the underlying opaqueness of wholesale pricing, arguing that these measures will not meaningfully improve their ability to forecast fees and compare them over time and across networks.

Those stakeholders that supported publishing interchange fee data in the proposed format often cited the overly complex structure and presentation of existing interchange schedules. Many submissions highlighted the opaqueness of interchange fees, strategic rates and volume discounts. While publicly available interchange fee schedules have helped increase transparency, some stakeholders still found that it was difficult to reconcile actual fees charged with the schedules of interchange fees. They stated that the standardised format of the publication requirement could support competition without compromising commercially sensitive information.

Some submissions argued the RBA should require networks to publish more granular splits of interchange fee data and disclosure of strategic interchange rates and volume discounts. Other suggestions to improve the transparency of interchange fees included mandating a reduced number of interchange fees used by each card network and requiring interchange fee information to be provided by card networks in a more user-friendly format.

Many stakeholders, including PSPs and issuers, were supportive of the proposal to require card networks to publish their aggregate scheme fees on a quarterly basis. Stakeholders that supported publishing scheme fee data in the proposed format often cited the limited availability of public data on scheme fees. These stakeholders argued that publishing the aggregate data suggested in the Consultation Paper would be likely to increase public scrutiny on scheme fees, while avoiding commercial sensitivity concerns because of the level of aggregation. However, several submissions that supported the proposal indicated that it would not be enough on its own to resolve the complexity of scheme fees and/or put enough competitive

⁵³ For further details, see RBA (2025g).

pressure to prevent scheme fees from rising further. One submission suggested to split data by transactional and non-transactional components of scheme fees, and another suggested to limit data published to average fees per-transaction to mitigate risk of upward price coordination.

A few stakeholders, including some card networks, opposed the publication of wholesale fee data and supported continuation of the status quo. They argued that the publication of aggregate quarterly data would be of limited utility as it was unclear how the data could be used to help merchants reduce their card payment costs. Some also argued that the proposed measures would raise commercial sensitivity concerns as the data could be used by other card networks (in Australia or overseas) to reverse engineer scheme fee rates. Further, some card networks argued that it would create an uneven playing field with non-designated networks and other payments industry competitors, as designated card networks would face comparatively greater transparency obligations.

5.4. The PSB's assessment and conclusions

The RBA will require each designated card network to publish aggregate data on interchange fees and scheme fees on a quarterly basis, in line with the above descriptions of Option 2 and Option 3 (see Appendix C: Transparency Requirements). Making these data publicly available will complement the PSB's expectation to improve card networks' scheme fee management and transparency.

The PSB considers that publishing aggregate information will enhance the efficiency and competition of the payments system by allowing card network participants and merchants to more directly compare average fees across networks. Publishing aggregate information on wholesale fees in a manner that facilitates direct comparisons between card networks will allow participants to make better informed decisions that align with their preferences and support efficient outcomes in the payment systems. More information about the level and growth of wholesale fees across networks will also allow merchants to make better informed decisions regarding LCR, as they will be able to better compare the relative costs of the debit card networks.

The PSB considers that the granularity of data specified in the Consultation Paper remains an appropriate balance between the information needs of stakeholders and the commercial sensitivity concerns of the card networks. Publishing data at the card network level will improve the position of acquirers and merchants in negotiations with card networks by reducing information asymmetries regarding major fee categories. Following consultation feedback, the PSB judged that tokenised transactions would be a more appropriate reporting category than mobile wallet transactions and likely to be more robust to future technological changes.⁵⁴ In addition, the decision to include information on CP and CNP transactions, will help acquirers and merchants make informed comparisons based on the transaction types that their businesses receive. There is also substantial overlap between this and the card networks' current reporting obligations to the RBA, so this requirement will not add significantly to compliance costs.

The PSB did not receive compelling evidence that publishing these data would materially increase the risk of upward price coordination. The PSB assesses that there is no increased risk of upward price coordination of interchange fees because full interchange schedules are already publicly available and fee levels are regulated. The PSB is conscious of the risk of upward price coordination of scheme fees; however, stakeholders that opposed publication have not explained how card networks could derive sensitive information – for example, on individual scheme fees – about their competitors from the aggregate data that will be published.

⁵⁴ Tokenised contactless CP transactions are a close proxy for mobile wallet transactions. CNP tokenised transactions can include mobile wallet (such as Apple Pay, Google Pay or Samsung Pay), virtual card or Click-to-Pay transactions.

Greater comparability of scheme fees will enable network participants and merchants to more readily scrutinise scheme fee increases, offsetting the risk of anti-competitive coordination. The RBA will continue to monitor competition between card networks and will consider taking further regulatory action if evidence emerges of anti-competitive behaviour.

The transparency of the wholesale fees charged by non-designated networks and other competitors to designated card networks would be more appropriately considered as part of the next Review planned for mid-2026 following the 2025 amendments to the PSRA.

6. Competition in Card Acquiring Services

Summary of the PSB's decision

The PSB has concluded that it is in the public interest to:

1. **require large acquirers (processing above \$10 billion in card transactions annually) to publish their merchant service fees on a quarterly basis.** This will enable merchants to better compare the average fees charged by acquirers.
2. **publish information on acquirers' merchant service fees on the RBA's website.** This will promote competition among acquirers and incentivise them to pass through reductions in interchange to merchants.
3. **require acquirers to provide merchants with additional information on their statements** about the relative costs of accepting domestic-issued and foreign-issued card transactions, and payments made in store (CP) or online (CNP). This information will provide merchants with visibility over their payment costs and enable them to obtain quotes from other providers.
4. **require large acquirers to publish a measure of interchange pass-through** for four quarters following changes in interchange regulations on domestic-issued cards, which will be republished on the RBA's website. This will provide public accountability for acquirers to pass on savings to merchants.
5. **require acquirers to provide the RBA with a breakdown of their merchant service fees** by interchange fees, scheme fees and margins. This will enable the RBA to monitor whether interchange savings are being passed through to merchants.

6.1. Issues for the Review

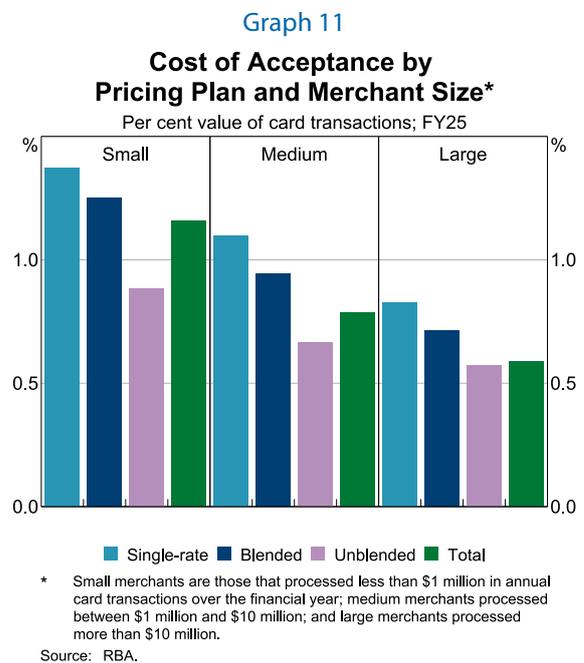
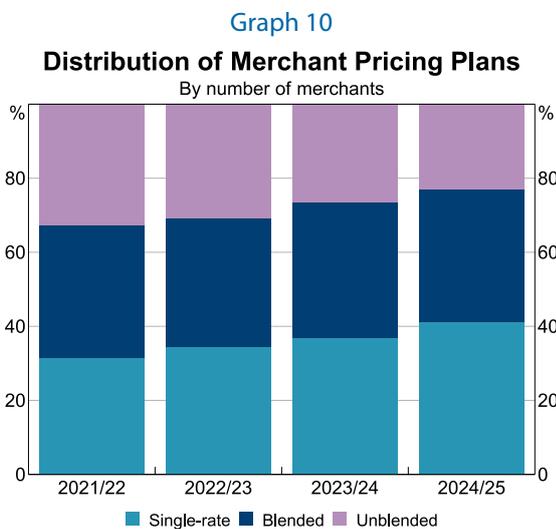
There is a strong degree of non-price competition for card acquiring services. There are many providers of acquiring services and traditional providers such as major banks have a substantially lower share of transactions in card acquiring compared to issuing. Lower market concentration in acquiring service provision reflects the growth of newer specialist acquirers in recent years and the increased use of payment facilitators, especially among smaller merchants. The shift towards new entrants reflects the increasing popularity of simplified pricing models such as single-rate or blended plans.⁵⁵ There is also a substantial degree of product differentiation across acquiring services; specialist acquirers tend to tailor their offerings to target certain merchant segments and often provide additional convenience to merchants by allowing their payment terminals to be purchased at major retailers. Specialist acquirers and payment facilitators may also offer value-added services not typically provided by traditional banks such as industry-specific software solutions.

Many merchants have been moving onto single-rate or blended pricing plans that tend to charge higher merchant service fees than unblended plans (Graph 10). In particular, single-rate plans are common among specialist acquirers and payment facilitators and have also been introduced in recent years by traditional acquirers. Single-rate plans have become increasingly popular with small merchants partly due to the certainty they provide merchants over the fees they would be charged and the reduced need for merchants to understand complex payment concepts under an unblended pricing model. While the pricing of single-rate plans is transparent and often coincides with the advertised rate on PSPs' websites, the trade-off is that these

⁵⁵ See the Glossary of Key Terms for further information on single-rate and blended pricing plans.

fees are often more expensive than those of unblended plans, which are not typically advertised. Merchants on unblended plans are charged fees that differ based on the wholesale cost of the transaction; therefore, merchants can benefit from lower fees than may be offered on single-rate plans for low-cost transactions. Due to the complex and opaque nature of unblended pricing, many merchants may not be aware that they can obtain more competitive pricing by switching plans.

As a result, card payment costs can vary widely even among small merchants, as well as between small and large merchants. Merchants on single-rate or blended plans tend to pay higher rates than similar sized merchants on unblended plans (Graph 11). On average, it costs a small merchant on a single-rate plan 1.4 per cent of their transaction value to accept card payments, while a small merchant on an unblended plan would be charged a lower fee on average at 0.9 per cent. Despite the differences in fees, only 19 per cent of small merchants are on unblended plans. On average, large merchants tend to be charged lower fees (0.6 per cent of transaction value) as they tend to have greater resources to manage their payment costs. Large merchants on unblended plans also tend to be charged lower fees than those on single-rate or blended plans.



Complex pricing models and the lack of consistent publicly available information on the fees charged by acquirers makes it more difficult for merchants to compare pricing across providers and for providers to assess their competitors' offerings. Pricing plans can be complex and competitive offerings are typically negotiated confidentially at levels below advertised rates. It can be difficult for merchants to know whether the prices they are receiving are comparable to similar merchants using their provider or other providers. Search costs can be high because merchants need to approach various acquirers and PSPs to obtain personalised quotes, there are many types of payment plans offered by providers and many payment plans include other bundled services.

Merchants also do not receive consistent information from their PSPs on their merchant statements, making it difficult for some to compare providers. While large merchants tend to receive highly detailed information on their card transactions and choose unblended plans, small merchants have been moving onto single-rate or blended pricing plans partly in order to receive certainty on their payment costs. Some merchants on single-rate plans receive minimal information about their card mix, which is important information required for merchants to receive accurate quotes from other PSPs. Merchants that tend to accept lower cost transactions may not be aware that they can negotiate a lower price with their PSP or use this information to seek a more competitive quote from another PSP.

Transparency issues tend to be greater for small merchants, which tend to pay higher merchant service fees than larger merchants. Small merchants:

- have less bargaining power to negotiate better fees with acquirers and networks due to their size
- are more likely to be on single-rate or blended pricing plans; merchants on these types of plans tend to pay higher rates than similar sized merchants on unblended plans
- are less likely to get the information on their merchant statements that they need to shop around
- have less resources to manage and reduce their payment costs.

While some of these issues may be beyond the RBA's remit, the PSB considers that greater transparency of acquirers' pricing can promote competition between acquirers, including by empowering merchants to seek a better deal with their current provider or to switch to another acquirer. Increasing both public transparency and the information merchants receive should put downward pressure on merchants' payment costs and result in lower costs for consumers.

6.2. Options presented in consultation

The RBA consulted on Options 1–4 in the Consultation Paper released in July and had proposed to proceed with Options 2 and 3.

Option 1: Status quo

Acquirers would not be required to publish any of their fees or provide further information on merchant statements beyond current requirements. Merchants would continue to observe acquirers' advertised rates but would need to approach acquirers individually for bespoke quotes. Merchants would continue to receive information about their card payment costs directly through the statements provided by their acquirer or payment facilitator.

Option 2: Require large acquirers to publish their average cost of acceptance by card type and merchant size

The RBA would set a standard that requires acquirers that process more than \$10 billion in card payments annually (equivalent to approximately 1 per cent share of designated card transactions acquired) to publish their average cost of acceptance rate on their website on a quarterly basis.⁵⁶ These acquirers would be required to publish their fees across card types (debit and prepaid vs credit), card origin (domestic vs foreign) and merchant size (small, medium, all). While the PSB would encourage all acquirers and other PSPs to publish these data, the acquirer size threshold would provide new entrants or small acquirers with the option to opt out if they find these reporting requirements unduly burdensome. Acquirers would also be required to provide the RBA with a copy of the data so that the RBA could republish the information on its website.

⁵⁶ Where an acquirer is also a payment facilitator, the acquirer will be obliged to publish data for merchants that have a direct relationship with the payment facilitator. This requirement is otherwise not intended to apply to transactions that are indirectly acquired via a payment facilitator or transactions that are self-acquired.

Option 3: More information provided by acquirers on merchant statements

The RBA would amend its current standard on merchant cost of acceptance reporting to also include further breakdowns for the cost of accepting card payments. These breakdowns would include foreign-issued cards (which tend to be the most expensive cards to accept), such that the cost of accepting domestic- and foreign-issued cards would be separately identifiable. This would be in addition to the current requirements to report merchants' cost of acceptance by card network on merchant statements. Acquirers that process transactions on behalf of merchants indirectly via a payment facilitator would continue to be able to meet their obligations via their payment facilitator(s).

Option 4: Create an online quotation or comparison tool for merchants to compare pricing across acquirers

The RBA would require acquirers to provide their pricing information to a centralised comparison website so that merchants could gather quotes and compare pricing across acquirers in one location by entering their merchant characteristics (e.g. average transaction size, turnover, card transaction mix and industry). The comparison website would then produce indicative quotes based on all plans offered by participating acquirers as well as outline the services included in the quote. Merchants could then use this information to decide whether to switch to another provider or plan. This information would need to be updated whenever acquirers changed their pricing or service offerings.

An alternative approach would be for the RBA to set a standard that requires acquirers to provide an online quotation tool on their own website similar to the policy recently introduced by the Payments System Regulator in the United Kingdom.⁵⁷ Through this tool, acquirers would be required to provide tailored pricing that accounts for merchant characteristics such as the size and composition of their cards transactions and their industry. Acquirers would be responsible for keeping their online quotation tool updated.

6.3. Stakeholder views⁵⁸

There was widespread support for proposals to increase the transparency of the fees that merchants are charged, both in aggregate (Option 2) and on merchant statements (Option 3), on the basis that:

- **the information would help merchants better understand and manage their payment costs.** Most merchants currently have little visibility over the costs they incur for accepting foreign-issued card payments, which tend to be the most expensive to accept. Some merchants noted that greater transparency would help them determine whether the fees they are charged are competitive.
- **the information would help merchants compare fees across providers.** Many submissions noted that comparing pricing was difficult because the fees charged by acquirers were not always public and, when they were, not always representative of the fees charged to merchants. Merchants also indicated that inconsistent reporting made it difficult to compare pricing across acquirers, particularly when a merchant used multiple acquirers.
- **the proposed data categories, frequency of publication and acquirer size thresholds were appropriate and would enable more accurate price comparisons for acquiring services.**

⁵⁷ See PSR (2024b) for further detail on the Payment System Regulator's initiatives in the United Kingdom.

⁵⁸ For further details, see RBA (2025g).

Some stakeholders suggested adjustments to the proposed transparency measures including:

- further breakdowns of fees, including for CP and CNP transactions, or by reporting merchant services fees split by interchange fees, scheme fees and acquirer margins.
- changing the scope of reporting requirements, including to exclude large merchants and include three-party networks.
- requiring greater consistency in reporting across PSPs to help merchants (and in particular large merchants) reconcile the fees they are charged with interchange and scheme fee schedules. While acquirers generally supported consistency across participants, many argued they should retain the ability to provide additional information on merchant statements if they chose to.

Some submissions opposed these proposals because:

- the new information would not be used by merchants or help them switch providers. Some acquirers and PSPs questioned the value of providing further information given many merchants are now on single-rate plans, which have a pricing structure that is easy to understand and compare.
- aggregate fee information could be misleading given merchant card payment costs are driven by a range of factors not included in the proposals such as merchant industry and risk profile.

The estimated time and cost to implement these measures varied significantly across providers:

- For Option 2, most acquirers would require six months and up to a few hundred thousand dollars to publish their fees. A few expected it would take 12 or more months and cost them over \$1 million.
- For Option 3, acquirers and PSPs expect implementation costs and timelines would increase if the RBA chose to be more prescriptive in the format of the data needed to be provided to merchants. Acquirers and PSPs estimated the costs of providing this information would be higher than Option 2; median responses indicated this would cost at least a few hundred thousand dollars and take six to eight months; a few expected the costs and time for implementation to be minimal, while a few expected implementation to take up to 18 months and costs to exceed \$1 million. Some payment facilitators also noted they may not be able to provide additional breakdowns (e.g. foreign-issued card transactions) because they do not receive this information from their acquirer.

There was limited support for the RBA establishing a comparison tool or website for merchants to compare pricing plans across acquirers (Option 4). A small number of submissions argued that a centralised location for small and medium-sized merchants to search for pricing plans could reduce the searching and switching costs for merchants and help them to find a better payment plan.

6.4. Pass-through of interchange reductions

Many stakeholders agreed that the transparency measures proposed in the Consultation Paper would support the pass-through of interchange reductions to merchants. There was broad agreement that there would be greater competitive pressure on acquirers to pass on savings if their fees are in the public domain and can be easily compared across providers. This transparency may be particularly valuable for the large share of (mainly smaller) merchants on single-rate or blended pricing who do not receive automatic pass-through of interchange reductions – unlike merchants on an unblended plan.

However, many submissions raised concerns that merchants would not receive the full benefits of any interchange reductions without further regulatory intervention.

- Several pointed to evidence that acquirers and card networks raised their fees following interchange reductions in other jurisdictions, resulting in merchants sometimes only receiving a portion of the savings from lower interchange (see Box E: International comparison of interchange pass-through).

- Concerns were most acute for small merchants because pass-through in other jurisdictions generally was lowest for the single-rate or blended plans that small merchants tend to favour. In Australia, around three-quarters of merchants are on single-rate or blended plans, including the majority of small merchants.

By contrast, some acquirers argued that the strong competition for the supply of card acquiring services would create pressure for acquirers to pass through savings from interchange reductions without regulatory intervention.

Box E: International comparison of interchange pass-through

United Kingdom

The Payment Systems Regulator found that small and medium-sized merchants experienced little-to-no pass-through of interchange savings from the 2015–2016 Interchange Fee Regulation because acquirers and card networks increased their fees:⁵⁹

- Merchants on unblended plans (mostly large merchants) received full pass-through of interchange savings.
- Acquirers passed on savings in full to large merchants (those with over £50 million annual card transactions) that were on single-rate or blended plans; however, the actual saving was small because Visa raised its interchange fees on high-value transactions after the regulations took effect.

New Zealand

The New Zealand Commerce Commission estimated that merchants received around 90 per cent of the savings from the 2022 interchange reductions.⁶⁰ Pass-through was boosted by some acquirers automatically shifting merchants to unblended pricing.⁶¹

European Union

The European Commission found that 45 per cent of the interchange reductions from the 2015–2016 Interchange Fee Regulation were passed onto merchants. The remainder was absorbed by higher acquirer margins (45 per cent) and scheme fees (10 per cent).⁶²

Canada

The Canadian Government secured agreements from Mastercard and Visa to lower the interchange fees charged to small businesses. These changes came into effect in 2024, with only some acquirers stating that they would pass-through the interchange savings to merchants.⁶³

Australia's initial credit interchange reforms⁶⁴

The RBA introduced regulation of credit interchange fees in the early 2000s on the Bankcard, Mastercard and Visa credit card systems. In 1999, these credit card networks had an average interchange fee of 0.95 per cent and average merchant service fees were 1.8 per cent of transaction values. Data collected by the RBA showed that competitive pressures ahead of the introduction of credit interchange regulation led merchant service fees to decline to 1.4 per cent of transaction value by March 2003. After the interchange regulations in October 2003 came into effect, merchant service fees declined a further 0.35 percentage points to 1.05 per cent, while the average interchange fee following the reforms had fallen 0.4 percentage points to 0.55 per cent.

⁵⁹ See PSR (2021), pp 69–73.

⁶⁰ See NZCC (2025), p 23.

⁶¹ See NZCC (2023).

⁶² See European Commission: Directorate-General for Competition, Copenhagen Economics and EY (2020), p 15.

⁶³ See Canadian Federation of Independent Business (undated).

⁶⁴ See RBA (2004) for more information.

To reduce the risk of incomplete pass-through of interchange reductions, the RBA considered and conducted targeted consultation on further options to support full interchange pass-through beyond those in the Consultation Paper.⁶⁵

Option 5: Require acquirers to provide comparison data on merchant statements

The RBA would set a standard requiring all acquirers to provide additional comparison data on merchant statements. This could include how the merchant's merchant service fees have changed over time (e.g. compared with the same billing period in the previous year) and/or how the merchant's fees compare with other merchants of a similar size at the same acquirer.

Option 6: Require acquirers to publish interchange pass-through

The RBA would set a standard that requires acquirers that process more than \$10 billion in card payments annually to publish the change in their average merchant service fees charged to their merchants divided by the change in their average interchange fees for the first four quarters following the changes to interchange regulations. This requirement would only apply to transactions acquired for the designated card networks and would be reported relative to the value of those transactions in percentage points.

Acquirers would also be required to provide the RBA with a copy of the data so that the RBA could publish information on interchange pass-through on its website.

Option 7: Require acquirers to provide detailed fees data to RBA

The RBA would use its information gathering powers to obtain quarterly data from acquirers on total merchant service fees, broken down by interchange fees, scheme fees and acquirer margin. The data would also include total transaction volumes and values across multiple card types. The RBA could use these data to monitor whether interchange reductions are being passed through or being eroded by an increase in scheme fees or acquirers' margins. The RBA would not publish the acquirer-level data but could use these data to publish industry aggregates, undertake further analysis and determine whether further regulatory action is required.

Option 8: Requiring acquirers to offer unblended plans

The RBA would set a standard requiring acquirers to only offer unblended pricing plans. Alternatively, the RBA could require acquirers to *offer (but not require)* unblended pricing plans to all merchants while preserving the ability for merchants to choose a blended pricing plan.

Option 9: Direct regulation of merchant service fees

The RBA would set a standard, set an expectation or obtain voluntary undertakings from acquirers to ensure that acquirers reduce their merchant service fees by at least the amount of interchange reductions.

⁶⁵ The targeted consultation consisted of a list of survey questions requesting feedback from stakeholders on the topics of scheme fees, commercial cards, the transparency of merchant fees and interchange pass-through. Questions were sent to merchants, merchant groups representing small businesses, acquirers and other PSPs that had made written submissions to the Consultation Paper. Participation was voluntary and the RBA received 26 responses to this survey.

Stakeholder views

Stakeholders' views were mixed on whether further comparison data on merchant statements would be useful (Option 5):

- Most merchants supported receiving additional information on how their cost of acceptance had changed over time and how it compared with other merchants at their provider. They argued it would prompt merchants on higher cost deals to negotiate a lower rate with their existing provider or to switch to a cheaper provider. It would also incentivise acquirers to pass on interchange reductions.
- Acquirers, PSPs and some merchants opposed the proposal. They argued that merchants already have access to this information, prefer simple rather than detailed information and that there were legitimate reasons for pricing to vary over time and across merchants of the same size (e.g. industry, card mix, changes in wholesale costs). PSPs also noted that these changes would be difficult and costly to implement. Some suggested that the RBA could instead publish averages by merchant size, industry and card mix to help merchants benchmark their costs against more representative groups.

Stakeholders expressed mixed views on whether requiring acquirers to publish measures of interchange savings (Option 6) would create competitive pressure among acquirers to pass through these savings:

- Several merchants and merchant groups argued that public accountability would put pressure on acquirers to lower their fees in line with interchange reductions, particularly for acquirers that offer bundled payment plans for which pass-through of reduced interchange rates is not automatic.
- Acquirers generally opposed publishing interchange savings due to the risk of potentially being misleading or confusing for merchants. They noted that aggregate figures would not be applicable to individual merchants' circumstances. They also raised concerns that card networks could raise their scheme fees, as had occurred in other jurisdictions, which could force acquirers to either reduce their margins or risk being unduly blamed for not lowering their merchant service fees.

There was broad agreement that the RBA should monitor whether savings are being passed on to merchants (Option 7). Stakeholders noted the importance of the RBA monitoring whether acquirers or card networks are responsible for any incomplete pass-through.

There was mixed support for mandating unblended plans (Option 8) or enforcing pass-through of interchange reductions through more direct measures (Option 9):

- A few stakeholders argued that single-rate and blended pricing obscure payment costs for merchants and generally results in higher merchant fees. However, many stakeholders argued that a large share of merchants, and particularly small merchants, preferred certainty in their payment costs and the simplicity of a single-rate or blended plan.
- A few stakeholders supported the RBA requiring audits or imposing pricing restrictions on acquirers in the months that follow changes to interchange regulations.
- Several stakeholders noted that these options would be very interventionist and not warranted given current levels of competition for acquiring services.

6.5. The PSB's assessment and conclusions

Transparency measures for merchant fees

The PSB's conclusion is that increasing the transparency on merchant fees would promote competition and efficiency within card acquiring services. This would be best done by:

- requiring large acquirers to publish the fees they charge merchants and provide these data to the RBA for republication (Option 2)
- requiring acquirers to provide more information on merchant statements (Option 3).

The PSB has concluded that the existing public information on merchant service fees is insufficient to promote competition and efficiency in the card payment system. The fees paid by some merchants vary significantly from advertised rates, with the most competitive rates negotiated on a commercial basis between merchants and PSPs. The current lack of publicly available information makes it difficult for merchants to compare pricing across acquirers. This is particularly relevant for merchants on single-rate plans that do not have visibility over other offerings. Comparing providers can also be costly and time-consuming for merchants because there are many acquirers and PSPs, and no easy way for merchants to compare their fees.

Requiring that large acquirers publish the fees they charge merchants and provide these data to the RBA for republication (Option 2) will significantly improve transparency of merchant service fees. The PSB has taken into consideration stakeholder feedback and made the following adjustments to Option 2 from its Consultation Paper proposal to best meet the public interest:

- To best aid comparability of published information across providers, the PSB has decided that acquirers should publish their merchant service fees, which generally reflect the actual per-transaction fees that acquirers charge merchants for acquiring transactions, rather than the 'cost of acceptance' that can currently include other costs. Acquirers also already report their merchant service fees to the RBA.
- To reflect the differences in payment costs between CP and CNP transactions, the published data will have a further breakdown of fees for these two categories for domestic transactions.
 - Most stakeholders agreed that the proposal to break down published fees by merchant size, card mix and card origin would be useful in capturing some of the largest differences in card acceptance costs across merchants.
 - Stakeholders also provided compelling evidence that whether a transaction occurs in store or online has a significant bearing on the fees charged to the merchant. Adding this additional breakdown would make the transparency measure more useful for merchants at a similar cost to the original proposal, according to feedback from acquirers and PSPs.

The revised categories balance simplicity and usefulness for merchants. The categories are not overly detailed to preserve commercial sensitivity for acquirers, reduce the risk of price coordination, reduce implementation costs and avoid confusion for merchants. Other aspects of the PSB's original proposal for Option 2 would remain unchanged.

Republishing these data on the RBA website will help merchants more easily compare actual pricing across providers in one centralised location. This direct comparison may incentivise acquirers to lower their fees to ensure they compare favourably with their competitors. The PSB acknowledges that some acquirers' fees include additional services. Acquirers would be free to list the services included in their fees on their website and it would be up to merchants to determine whether they are receiving additional value commensurate with the cost.

The PSB considers that all merchant statements should separately identify the costs for merchants to accept foreign-issued cards (Option 3), with an additional breakdown for CNP (online) payments. As with Option 2, the PSB has decided to make the following changes to Option 3 from the Consultation Paper proposal to best promote competition and efficiency:

- To best aid comparability of merchant statements with published information, acquirers should provide merchants with their merchant service fees, which generally reflect the actual per-transaction fees that acquirers charge merchants for acquiring transactions, rather than the ‘cost of acceptance’ that can currently include other costs.⁶⁶
- Stakeholders provided compelling arguments that the cost of CP and CNP payments can vary significantly for merchants. As above in Option 2, the PSB has decided that it would be in the public interest for merchants to have visibility over the differences in CP and CNP costs on their merchant statements.

In determining the standardised information that merchants should have access to, the PSB considered that the information should enable merchants to obtain quotes from other PSPs and understand their payment costs. The RBA sought feedback from merchants, acquirers and PSPs on information required to provide an accurate quote for a payment plan. Merchants and PSPs indicated that information on expected transaction volumes and values, average transaction size and card mix were required to provide an accurate quote. The main categories of card mix cited by merchants and PSPs were: debit vs credit, CP vs CNP and domestic vs foreign-issued card transactions. Having merchants’ fees broken down this way will enable them to see which types of card payments are relatively expensive to accept, make it easier for them to obtain quotes from other PSPs and would aid their decisions as to the type of payment plan that would best suit their business needs.

The PSB’s view is that providing merchants with information about their payment costs broken down in this way would best promote competition and efficiency in combination with the information to be published under Option 2:

- Many merchants currently do not receive information about the breakdown of domestic and foreign transactions. The PSB considered stakeholder feedback that merchants would value visibility over these costs because foreign-issued card transactions tend to be more expensive for merchants to accept. These merchants are therefore unable to make fully informed decisions about what types of payments they accept, what payments plan suits their circumstances best or which provider offers them the best value.
- The fee categories reported to merchants on their statements would match those published by large acquirers and republished on the RBA’s website. This consistency will make it easier for merchants to accurately compare fees and switch providers, thereby supporting competition.

Appendix C: Transparency Requirements provides further detail on the publication requirements for large acquirers and the information that would be required to be provided on merchant statements.

The PSB’s assessment is that the potential benefits of the proposed transparency requirements would outweigh the costs. The PSB considered the implementation costs of Options 2 and 3 on acquirers and other PSPs. In general, PSPs’ largest costs were predominantly one-off implementation costs of around \$18 million for both initiatives with smaller ongoing costs to update data. However, these costs are relatively small compared with the total expected interchange savings that merchants could potentially receive from increased competition among acquirers. Even a small saving on merchant service fees as a result of increased competition between acquirers would be expected to outweigh the costs of implementation, given merchant service fees are around \$7 billion per year.

⁶⁶ The concept of ‘cost of acceptance’ is more relevant for the purposes of calculating the maximum permitted surcharge a merchant can apply. It allows merchants to include the cost of renting payment terminals as well as other costs that may not be incurred on a per-transaction basis.

The PSB has determined that it is not in the public interest to create an online comparison tool for merchants to compare payment plans (Option 4). The PSB considered that:

- it would be significantly more costly to design, implement and maintain the comparison tool compared with the other transparency options. Significant resources would be required to build a comparison website and update the data regularly. The burden for acquirers to report pricing changes to the administrator of the tool in real time would also be high.
- any comparison tool would likely need to be independently funded and operated such that providers would be displayed in an impartial manner.⁶⁷
- a comparison tool would be difficult to design well, given that there are many types of payment plans (single-rate, blended, unblended) and the service offerings included within each plan or provider can differ substantially. Some providers also charge separately for terminal rental fees, making it difficult to compare plans and providers in a standardised way.
- even a well-designed comparison tool may not increase rates of merchants switching providers due to real or perceived switching costs. Switching costs may arise from:
 - the cognitive burden involved in comparing providers through research, obtaining quotes and negotiating fees. More complex pricing structures may also increase the complexity of the research, negotiation or decision process.
 - the potential loss of non-payments services also provided by the merchant's current provider.
 - the potential retraining of the merchant's staff, and the cost of setting up new systems or software and/or purchasing new hardware.
 - lock-in contracts from the merchant's current provider.
- The PSB also considered the Payment System Regulator's initiative in the United Kingdom that required acquirers to provide a quotation tool on their websites. There was limited stakeholder support for this option, particularly given the additional search costs that merchants would face with a decentralised comparison tool.

Supporting pass-through of interchange reductions

The PSB acknowledges the risk raised by some stakeholders that reductions in interchange fees would not be passed through to merchants. Stakeholders provided persuasive evidence from overseas jurisdictions where card networks and/or acquirers increased their fees to offset the intended savings for merchants. The PSB gave considerable weight to evidence that merchants on single-rate or blended pricing plans tended to receive incomplete or limited pass-through of savings from interchange reductions in other jurisdictions. While there are many participants providing card acquiring services in Australia, the RBA has not received evidence that it is more price competitive than the overseas jurisdictions that only experienced moderate pass-through of interchange savings.

The risk of incomplete pass-through is greatest for merchants on single-rate or blended price plans as they do not automatically receive savings from interchange reductions in the way that occurs for unblended plans. In Australia, around three-quarters of merchants are on single-rate or blended plans, which are the most common types of payment plans among small merchants.

⁶⁷ See ACCC (2015) for potential issues surrounding comparison websites.

To strengthen the pass-through of interchange reductions to merchants, the PSB has concluded that it is in the public interest to require large acquirers to:

- **publish a measure of interchange pass-through (Option 6).** Public accountability will put competitive pressure on acquirers to pass on interchange savings to merchants. To promote this competitive pressure, the RBA intends to republish this information to compare acquirers and draw attention to those that do not pass on the savings to merchants. Large acquirers will be required to publish this measure for the first four quarters that follow the change in interchange regulation, in recognition that changes in services or business models may warrant legitimate changes to acquirers' margins or pricing thereafter. Acquirers estimated that reporting this figure would cost them between a few thousand dollars to slightly over \$1 million each. These costs are very small relative to the reductions in interchange that the PSB expects acquirers to pass on to merchants. The RBA will monitor the pass-through of interchange savings closely and engage further with acquirers with less than full pass-through in order to consider whether further regulatory action is required.
- **provide the RBA with detailed information about the composition of their merchant service fees (Option 7).** To supplement the aggregate publication requirements under Option 2, this data collection will separately identify the components of merchant service fees relating to acquirer margins and scheme fees at the acquirer level. This level of granularity will allow the RBA to determine the extent to which any incomplete pass-through was due to increases in acquirer or scheme fees. The PSB has determined that acquirer-level data on margins, interchange fees and scheme fees should not be published due to commercial sensitivity. These data will assist the PSB in assessing whether to take future regulatory action on acquiring fees or scheme fees.

These measures are in addition to the transparency measures outlined above.

The PSB has considered other options but determined that there is not currently a public interest case to:

- **require acquirers to provide comparison data on merchant statements (Option 5).** This would be expensive for acquirers and PSPs to implement and the benefits are uncertain. Providing comparisons across merchants of a similar size at the same acquirer would likely be a technically complex project and risks not being useful or accurate because many factors besides the value of transactions can influence a merchant's average fee. Merchants can also typically access their historical statements. At the merchant level, fees may also change over time for a variety of reasons unrelated to interchange pass-through including changes in card mix.
- **prescribe the types of payment plans offered by acquirers (Option 8).** Stakeholder feedback and data collected by the RBA indicate that many small merchants prefer single-rate or blended pricing plans due to the certainty they provide about payment costs. It is therefore unclear that requiring acquirers to *offer* unblended plans would result in actual take-up of these plans by merchants. Many small merchants also use payment facilitators that are not within the scope of this Review, potentially creating concerns of uneven experiences across providers. Given the costs that some providers would incur to comply with this measure, the PSB has decided not to explore this option further at this stage. However, the PSB could revisit this option if pass-through was incomplete for merchants on blended price plans.
- **directly regulate the price of acquiring services (Option 9).** The PSB continues to favour market-led outcomes and views this option as highly interventionist and unwarranted given:
 - the current level of competition for card acquiring services
 - the transparency measures announced in this Review will likely exert downward pressure on merchant service fees
 - merchants currently surcharging will be more incentivised to shop around for a cheaper payment plan once surcharging is removed

- it would be challenging to implement price regulation given the diversity of products and services for card acquiring.

The RBA will closely monitor the pass-through of interchange reductions and stands ready to take further regulatory action if competition or efficiency issues arise. This could involve revisiting some of the options that the RBA has chosen not to implement at this time as part of the next review that will consider use of the RBA's expanded regulatory powers following the 2025 amendments to the PSRA.

7. Least-cost Routing of Debit Card Transactions

Summary of the PSB's decision

The PSB has concluded that it is in the public interest to maintain the existing approach to implementing LCR for in-person (CP) transactions using physical cards. The PSB expects acquirers and payment facilitators to continue to offer and promote LCR to their merchants, with large acquirers and payment facilitators expected to continue reporting to the RBA on their LCR availability and merchant take-up every six months. The PSB considers this approach best balances the benefits of LCR and the costs associated with implementing the RBA's policy position.

The RBA reiterates its expectation that large debit card issuers (with more than 1 per cent of the total value of debit card transactions) continue to issue DNDCs, and that these issuers provision both card networks in all form factors that they offer. Issues related to LCR for online and mobile wallet transactions will be considered as part of the consultation expected to commence in mid-2026 following the 2025 amendments to the PSRA.

7.1. Issues for the Review

LCR gives merchants the ability to route DNDC transactions via the network on the card they prefer, based on cost and other considerations. Around 90 per cent of debit cards issued in Australia are DNDCs, which allow domestic payments to be processed via either eftpos or one of the international debit networks (Debit Mastercard or Visa Debit). LCR can directly reduce card payment costs for merchants while also increasing the competitive pressure on debit networks to lower their wholesale fees, thereby putting downward pressure on payment costs across the economy.⁶⁸

The RBA has been strongly encouraging the payments industry to provide LCR to merchants since 2017, but progress has been uneven. In 2021, in response to slow industry progress, the RBA set an explicit expectation that PSPs offer and promote LCR in both the in-person and online environments. In 2022, the RBA set a further expectation that the industry make LCR available for mobile wallet transactions by the end of 2024. To provide greater transparency on industry progress, in 2023 the RBA started publishing a table on LCR availability and take-up across the major acquirers.⁶⁹ The share of merchants with LCR enabled for in-person transactions had risen from 50 per cent in June 2022 to 84 per cent at the end of 2025.

The sophistication of LCR implementation varies across PSPs. Most PSPs use a simple 'binary' approach (routing transactions to eftpos, as the cheaper debit network on average) or the slightly more sophisticated 'threshold' approach to LCR (routing transactions above a value threshold to eftpos). The RBA is aware of very few PSPs that offer 'dynamic' LCR, which seeks to maximise savings by routing each individual transaction to the cheapest network for that particular transaction.

Issues related to LCR for online and mobile wallet transactions were outside the scope of this consultation. These issues will be considered as part of another public consultation, planned to commence in mid-2026, following the 2025 amendments to the PSRA.

⁶⁸ For more background information on LCR, see the Glossary of Key Terms.

⁶⁹ See RBA (2026).

7.2. Options presented in consultation

Option 1: Status quo

The RBA would continue to:

- set expectations that providers enable LCR (at any level of sophistication) for in-person transactions for merchants that could benefit from it and pass on the savings to merchants
- provide transparency on the extent to which large acquirers are supporting LCR by publishing LCR availability and take-up every six months.

Option 2: Introduce a formal requirement for LCR for all in-person transactions

The RBA would set a standard requiring acquirers to enable LCR for in-person transactions for all merchants by default, with merchants able to opt out if they wish.

Option 3: Introduce a formal requirement for dynamic LCR for all in-person transactions

The RBA would set a standard requiring acquirers to enable dynamic LCR for in-person transactions for all merchants by default, with merchants able to opt out if they wish.

7.3. Stakeholder views⁷⁰

Some stakeholders argued that the RBA's existing expectations was working and that further intervention was unnecessary (Option 1) because:

- LCR is already widely available and adopted. Around 84 per cent of large acquirers have enabled LCR for their merchants processing in-person transactions and it is available to nearly all merchants at these acquirers.
- competition between the debit card networks is already strong. Some noted that the interchange rate on DNDCs was around 6 cents and below the benchmark of 8 cents due to strong competition between networks.
- the high costs of further intervention would not be justified by the incremental benefits of an LCR mandate. Some acquirers and PSPs submitted that the current approach provides PSPs flexibility in how they implement LCR.
- LCR may not benefit all merchants. Some stated that mandating LCR also would not guarantee that savings are passed on to merchants by acquirers, particularly for merchants on single-rate and blended plans.
- concerns that eftpos may not have functionality for some transactions, for example, for transactions requiring pre-authorisation under dual-messaging systems, such as for transit services.
- the benefits of dynamic routing were limited and did not outweigh the costs. Some submitted that the incremental benefit of dynamic routing over binary or threshold routing was minimal and did not justify the implementation costs involved. One reason cited for this was that scheme fees were difficult to determine in real-time, particularly when accounting for rebates or incentives.

⁷⁰ For further details, see RBA (2025g).

Some PSPs, industry bodies, merchant associations and consumers supported a formal requirement to mandate LCR for in-person transactions as a default with merchants retaining the ability to opt-out (Option 2), stating that it would:

- increase merchant savings. Stakeholders cited the inconsistent rollout of LCR by acquirers, difficulties for some merchants to access LCR and the potential for greater LCR take-up under a formal requirement to mandate LCR for in-person transactions.
- mostly benefit small merchants because large merchants are more likely to benefit from strategic merchant arrangements.

Several merchant groups, a few PSPs and some government or regulatory agencies supported a formal requirement to mandate dynamic LCR on all transactions (Option 3), arguing that it would:

- maximise savings for merchants by ensuring cost is minimised on every debit transaction. Some highlighted the limitations of binary LCR and potential savings from a more dynamic form of LCR. A group representing merchants stated that dynamic LCR could lower merchant payment costs substantially relative to single-rate plans.
- increase competition between networks by incentivising networks to charge lower fees on a per-transaction basis rather than on average as would be the case under binary or threshold-based LCR.
- lower set-up costs for merchants by reducing the need for merchants to access or configure complex manual settings.
- be warranted given the inconsistent rollout to date. Several merchant groups stated that some acquirers and PSPs had made it difficult for some merchants to access and turn on LCR, and/or applied LCR unevenly across channels (e.g. online vs in-person).
- increase resilience by automatically re-routing transactions during an outage.

Several submissions supported extending LCR expectations to all form factors including online, mobile wallets, tokenised transactions and Click to Pay. Some of these submissions advocated for the RBA to mandate a formal requirement for LCR across all form factors, citing slow progress by acquirers and PSPs in meeting the RBA's expectations for online transactions, with inconsistent implementation limiting efficiency gains.

Some stakeholders also suggested that the RBA should further promote the benefits of LCR for merchants by:

- taking regulatory action to ensure pass-through of LCR savings to merchants. There was particular concern around pass-through for merchants on single-rate or blended plans, and especially by PSPs offering single-rate plans.
- requiring acquirers to report LCR savings to merchants such as via their merchant statements.
- mandating that routing choice should always belong to merchants, rather than acquirers or consumers, because merchants pay the associated merchant service fees.
- publishing the type of LCR enabled by each acquirer (e.g. binary, threshold, dynamic).

A few submissions stated that the RBA's current approach requiring large issuers to issue DNDCs had gone too far and they supported more issuance of single-network debit cards because:

- some consumers may prefer eftpos-only debit cards. A few consumers submitted that they preferred to have eftpos-only debit cards and not have transactions routed through the international card networks.
- it would lower the associated compliance burden for issuing DNDCs. A few submissions from issuers argued that the threshold where issuers are expected to issue DNDCs should be raised (the threshold is currently set where an issuer's share of transactions rises above 1 per cent of all debit card transactions).

- concerns about the eftpos network. Some issuers argued that the cost of supporting the eftpos network were greater than the international networks, citing costs associated with processing transactions and remediating network errors.
- LCR was no longer needed because interchange rates were sufficiently low for debit cards. Some submissions argued that any further reductions in interchange on debit transactions would not be sustainable or attractive for issuers and would prevent new entry and hinder innovation.
- it would support innovation. A network stated that the status quo entrenches eftpos as the default network on the back of debit cards. Its view was that LCR has led to reduced incentives to innovate, operational complexity and increased risk to security as routing decisions are based purely on cost rather than considerations of functionality, fraud protection capabilities and services levels.

7.4. The PSB's assessment and conclusions

The PSB's assessment is that there is not a strong case for a formal regulatory requirement to enable LCR in the in-person environment. The PSB is therefore maintaining the status quo with the 'expectations' approach, with acquirers and payment facilitators expected to continue reporting to the RBA on their LCR availability, and on merchant take-up of LCR, every six months. The PSB arrived at this conclusion for the following reasons:

- **Substantial progress has been made by the payments industry** to improve merchant take-up of LCR in the in-person environment. As at December 2025, 84 per cent of merchants had LCR enabled for in-person transactions.
- **The 'expectations' approach is achieving the intended policy outcome**, as the ongoing rollout of LCR has put downward pressure on wholesale costs for CP transactions. As a result of greater competition between the card networks, all merchants have benefited from this downward pressure on wholesale costs, even those without LCR enabled.
- **A formal LCR requirement is unlikely to justify the additional cost**, as further increases in LCR enablement in the in-person environment are not expected to generate significant additional savings for merchants. Competitive activity for routing of in-person debit card transactions has increased in recent years, reflecting the benefits of existing LCR arrangements. This is to be weighed against the significant costs of implementing a formal LCR requirement, including costs associated with some acquirers updating their systems to comply. There are also circumstances where LCR may not be suitable for some merchants for valid reasons, including non-price considerations or other factors such as transaction authorisation and clearance practices. Further, a formal requirement for LCR would not, of itself, guarantee the pass-through of any savings to merchants.
- **There is not compelling evidence that the benefits of mandating dynamic routing would outweigh the costs involved.** The PSB assesses that dynamic routing would only provide incremental benefits over and above existing LCR practices such as binary and threshold routing. A large acquirer provided evidence that a threshold-based approach to LCR would deliver almost 90 per cent of the savings possible from dynamic routing, at much lower cost. Some submissions argued that dynamic routing would provide significant benefits, particularly for merchants on single-rate and blended plans. The RBA accepts that the degree of incremental benefit from dynamic routing will vary from merchant to merchant, depending on how the debit networks choose to price different transaction types for those merchants and the commercial arrangements in place. The PSB also recognises that mandating dynamic LCR would involve substantial investment costs for acquirers that would flow through to higher costs for merchants.⁷¹ The PSB considers that competition between PSPs for merchant customers would be the more efficient way to drive the development and adoption of more sophisticated routing. Some PSPs are seeking to differentiate

⁷¹ One acquirer estimated it would cost it close to \$30 million to develop and implement.

themselves on their routing capabilities and merchants can shift to those PSPs where they offer better value.

The PSB does not see a case to adopt the LCR-specific transparency measures suggested in some submissions. While these measures appear to be aimed at improving the pass-through of cost savings from LCR by acquirers to merchants, the PSB considered these measures were not warranted following an assessment of potential benefits against likely costs:

- **Requiring acquirers to report their acquirer-level LCR savings to merchants via their merchant statements** would require a definition of these 'LCR savings' and specification of what exactly needs to be reported. This would be difficult to standardise across acquirers given the variety of pricing models available across providers. It is also unclear how to effectively assess whether providers passed on those savings to merchants that already had LCR enabled at various points in time in the past via lower fees given the range of reasons that could motivate providers to update their pricing.
- **Publishing the type of LCR enabled by each acquirer** may provide additional information around acquirers' LCR practices, but it is not clear to what extent this would facilitate increased competition or improve cost pass-through. Some acquirers may also offer more than one form of LCR (i.e. binary, threshold, dynamic) depending on the merchant. The RBA considers this proposal risks creating more confusion for some merchants than benefit.
- The RBA considers that the measures to provide greater transparency in acquiring pricing outlined in Chapter 6: Competition in Card Acquiring Services are likely to be more effective in helping merchants find the provider that can offer them the best value.

The RBA reiterates its expectation that large debit card issuers (with more than 1 per cent of the total value of debit card transactions) continue to issue DNDCs, and that these issuers provision both card networks on their DNDCs in all form factors offered by the issuer. While acknowledging that some stakeholders expressed views on the RBA's approach to DNDC issuance given the relationship to LCR, the PSB remains of the view that the expectations on DNDC issuance in their current form are fundamental to the success of LCR. If issuers do not meet the expectation, then the RBA would consider consulting on a standard.

The PSB will consider issues relating to online and mobile wallet transactions in the consultation following the 2025 amendments to the PSRA, which is expected to commence in mid-2026. The PSB noted that several submissions supported extending LCR expectations to all form factors, including transactions made online and through mobile wallets.

8. Impact and Implementation

8.1. Summary of the RBA's policy package of reforms

The PSB's view is that competition and efficiency in the payments system will be best enhanced by implementing the following policies, without increasing risk to the financial system.

Surcharging	
Policy 1	Removing surcharging by lifting the RBA's prohibition on 'no-surcharge' rules for all designated debit, prepaid and credit card networks.
Interchange Fees	
Policy 2	Reducing the interchange cap on domestic-issued <i>consumer credit</i> card transactions acquired in Australia to 0.3 per cent of transaction value and removing the weighted-average benchmark.
Policy 3	Retaining the interchange cap on domestic-issued <i>commercial credit</i> card transactions acquired in Australia at 0.8 per cent of transaction value and removing the weighted-average benchmark.
Policy 4	Reducing the interchange cap on domestic-issued <i>debit</i> and <i>prepaid</i> card transactions acquired in Australia to 8 cents per transaction and 0.16 per cent of transaction value. Retaining the weighted-average interchange benchmark at 8 cents per transaction. The sub-benchmark for weighted-average interchange fees on SNDCs would also remain at 8 cents per transaction.
Policy 5	Introducing caps on interchange fees paid on foreign-issued card transactions acquired in Australia at 1.0 per cent of transaction value.
Policy 6	Amending the net compensation provision so that all Australian issuers are captured (including those sponsored by a foreign entity).
Scheme Fees	
Policy 7	Setting an expectation that the card networks improve scheme fee billing procedures by making their price-setting practices more transparent and better supporting scheme fee reconciliation processes for participants.
Transparency of Wholesale Fees	
Policy 8	Requiring card networks to publish their aggregate interchange fees on transactions acquired in Australia on a quarterly basis with breakdowns by card type and form factors.
Policy 9	Requiring card networks to publish their aggregate scheme fees and rebates charged to Australian acquirers and issuers on a quarterly basis with breakdowns by acquirer and issuer scheme fees, card type and form factors.
Competition in Card Acquiring Services	
Policy 10	Requiring acquirers to publish the fees they charge merchants on a quarterly basis, with breakdowns by merchant size and card type. This would only apply to acquirers that process more than \$10 billion of card transactions in Australia annually with direct merchant relationships.
Policy 11	Requiring acquirers to include more information on merchants' statements, including a breakdown by domestic-issued versus foreign-issued cards and CP versus CNP.

Policy 12	Requiring acquirers to publish a measure of interchange pass-through for the first four quarters following the interchange reductions.
Policy 13	The RBA collecting quarterly data from acquirers on their merchant service fees , broken down by interchange fees, scheme fees and acquirer margin.

8.2. Implementation

Table 10 outlines the dates on which each policy will become effective.

Table 10: Implementation timeline

Policy	Effective date	Comments
Removing surcharging (Policy 1)	1 October 2026	The RBA will lift its prohibition on 'no-surcharge rules' for designated debit, prepaid and credit cards.
Amendments to interchange regulation on domestic-issued card transactions acquired in Australia (Policies 2–4)	1 October 2026	
Amendments to net compensation regime (Policy 6)	1 October 2026	See Appendix D: Varied Standards for transitional arrangements for the financial year 2026/27.
Aggregate data publications by card networks (Policies 8–9)	First publication date by 30 October 2026 for the period 1 July 2026 – 30 September 2026	Subsequent quarterly data publications would be required 30 days after the end of the quarter.
Merchant Service Fee data publication by acquirers (Policy 10)	First publication date by 30 October 2026 for the period 1 July 2026 – 30 September 2026	Subsequent quarterly data publications would be required 30 days after the end of the quarter.
Data collection from acquirers on merchant service fees (Policy 13)	First data reporting period: 1 July 2026 – 30 September 2026 Reporting deadline: the RBA will consult relevant acquirers on an appropriate deadline	The RBA intends to use its information gathering powers to begin collecting quarterly data from acquirers from the 2026/27 financial year.
Publishing interchange pass-through by acquirers (Policy 12)	First publication date by 30 January 2027 for the period 1 October 2026 – 31 December 2026	
Introduction of interchange caps on foreign-issued card transactions acquired in Australia (Policy 5)	1 April 2027	



Policy	Effective date	Comments
Additional information on merchant statements (Policy 11)	1 April 2027	Applies to the first full statement period that commences on or after 1 April 2027.
Expectations on Scheme Fee Roadmap (Policy 7)	Roadmap expected by 1 April 2027	

The PSB considers that the removal of surcharging and the amendments to interchange regulation on domestic-issued card transactions acquired in Australia should come into effect at the same time to maximise the benefits of the reforms and to balance the interests of consumers and merchants. A broader removal of surcharging is more straightforward to implement than alternative options involving a partial removal of surcharging. Given the delay to releasing the final conclusions of this Review, the PSB has taken this into consideration when setting implementation dates for the reforms.

The PSB had initially proposed an implementation period of six months across the whole suite of reforms. Many stakeholders submitted that six months would not be adequate time to implement the entire package of reforms. Several stakeholders submitted that a longer implementation period would be required to allow them to adjust their business or offerings in response to the changes to surcharging and interchange. By contrast, consumers preferred the removal of surcharging to come into effect sooner.

The PSB has decided that the removal of surcharging and changes to interchange on domestic-issued card transactions acquired in Australia should be implemented in six months' time. This will include the RBA lifting its prohibition on no-surcharge rules with effect on 1 October 2026. Based on past experience, the card networks would be likely to impose no-surcharge rules shortly after this occurs. Changes to interchange caps and benchmarks on domestic-issued card transactions acquired in Australia will also come into effect on 1 October 2026. The PSB has decided that six months is enough time for merchants and payments industry participants to implement these changes; the industry has been on notice that such changes were being seriously considered since October 2024. The PSB considers that it would not be in the public interest to further delay implementation of these important reforms in order to provide additional time requested by issuers for them to fully adjust their business models to maximise their profits.

The PSB also considers that the publication of fees charged by acquirers and card networks should include periods prior to the changes to interchange regulation, to allow the public to monitor the effects of the policy reforms on these fees. These measures include:

- card networks publishing their quarterly interchange fees
- card networks publishing their quarterly scheme fees
- acquirers publishing their quarterly merchant service fees.

These publication requirements will come into effect on 1 October 2026, with publication by 30 October 2026 of one-quarter of data from prior to the interchange reductions on domestic-issued cards.

The PSB expects the card networks to take steps to simplify their scheme fee schedules and improve their fee billing practices. The PSB considers that each of the designated card networks should start consulting as soon as possible with their participants to determine the steps it will take to achieve the principles outlined in Chapter 4: Scheme Fees and publish their Scheme Fee Roadmaps by 1 April 2027.

The PSB considers that acquirers should publish a measure of interchange pass-through following the changes in interchange. Acquirers will need to publish a measure of pass-through of interchange reductions on a quarterly basis for the first four quarters beginning on 1 October 2026. The first publication of data will occur by 30 January 2027, following the first quarter of transactions under the new interchange caps on domestic-issued card transactions acquired in Australia. The third and fourth quarters will also align with reductions in interchange on foreign-issued card transactions acquired in Australia.

The PSB's view is that there is a case to extend the implementation timeline for changes to the information provided on merchant statements as well as the introduction of interchange caps for foreign-issued card transactions acquired in Australia to 1 April 2027. The PSB took into account stakeholder feedback noting the work required to apply these changes consistently across numerous merchants and multiple jurisdictions. The PSB considers a longer 12-month implementation period to be more appropriate for these aspects of the reforms.

8.3. Impact on stakeholders

This section discusses the expected impact of the policy reforms on stakeholders in the payments system.

Consumers are expected to benefit from the policy reforms, directly from the removal of surcharging and indirectly through the lowering of merchants' wholesale costs. Card payments are extremely popular with Australian consumers, with around three-quarters of transactions being made by credit and debit cards. Under the current surcharging framework, consumers pay an estimated \$1.6 billion of the total \$1.8 billion in card surcharges each year on designated card networks. Consumers report being frustrated by surcharges and expressed a preference for merchants to incorporate the cost of payments in their advertised pricing.

These reforms will benefit consumers in the following ways:

- Upon the removal of surcharging from eftpos, Mastercard and Visa cards, consumers will benefit from having greater certainty of the final price at the checkout.⁷² Consumers will no longer need to calculate the total price including the surcharge or to work out whether a surcharge may be excessive.
- Most merchants do not surcharge and already incorporate their payment costs into their advertised prices, so consumers are not expected to experience increased advertised prices at these merchants. Many of these merchants would benefit from reduced fees, which may result in lower prices for consumers.
- Consumers are already paying surcharges, so shopping at merchants that currently surcharge should not result in a material change in the total price paid by consumers. While some merchants may decide to round up pricing, the RBA expects this inflationary impact to be negligible. Merchants are expected to benefit from reduced payment costs, which should reduce the extent to which they need to increase their prices when surcharging is removed.
- Removing surcharging on both debit and credit cards, rather than just on debit cards, will be less confusing for consumers, who will not need to distinguish between their debit and credit cards at the checkout to avoid payment surcharges. This will be particularly beneficial for the eight million cardholders with combination cards (that have credit or debit functionality depending on the way they are presented at the checkout). This would result in less friction for consumers at the checkout.
- Consumers that use cheaper payment methods such as debit cards would be cross-subsidising users of expensive cards (and their benefits such as rewards points) to a lesser extent than the status quo due to the new interchange caps, which will reduce the average difference in interchange between consumer debit and credit cards from 0.4 percentage points to around 0.25 percentage points.

⁷² Non-payment related surcharges (such as weekend and public holiday surcharges) are beyond the scope of this Review.

- While merchants' ability to surcharge would be removed, consumers could still take advantage of any discounts offered by merchants for using a particular payment method that merchants wish to encourage.

Most small merchants are expected to benefit from the policy reforms due to wholesale payment costs being lowered, as interchange reductions will mostly accrue to those without access to strategic rates.

A majority of small merchants (85 per cent) do not surcharge and will not be impacted by the removal of surcharging. Merchants that currently surcharge will need to incorporate their payment costs in their advertised prices. The RBA will also be engaging with the federal, state and territory governments to inform relevant regulators about the removal of surcharging for goods and services that they price regulate.

Some of the expected impacts on merchants include:

- Small merchants that do not surcharge are expected to benefit from interchange reductions that should reduce their total merchant service fees paid to their PSP. The RBA is also taking a range of measures to encourage greater competition among acquirers to pass through the interchange savings to merchants. Merchants are encouraged to shop around to find a better deal to maximise their savings.
- Small merchants tend to pay higher interchange fees closer to the current interchange caps and are expected to gain the most from reduced interchange caps.
- Merchants that surcharge will need to incorporate their payment costs into their advertised price. However, most consumers prefer to be shown the all-inclusive price of goods or services rather than a separate payment surcharge. This will reduce friction in the checkout process for merchants and eliminate the cost of complying with complex surcharging rules.
- Small merchants will benefit from increased transparency of merchant fees, which will enable them to more easily compare pricing with public information and also receive more comprehensive information on their regular statements. Acquirers that specialise in servicing small merchants tend to provide the least information on their merchant statements currently; this means that small merchants will be able to use the additional information to obtain more accurate quotes from other providers.
- Small merchants will retain the option to choose single-price or blended pricing plans and continue to benefit from the simplicity and certainty offered by these plans.
- Some merchants may switch to offering discounts instead of using surcharges to steer consumers to other payment methods.

Large merchants are expected to similarly experience a reduction in their overall card payment costs.

A majority of large merchants do not surcharge (89 per cent). Compared with small merchants, large merchants tend to have greater bargaining power, pay lower fees and benefit from strategic interchange rates. Some large merchants are on strategic interchange rates that are below issuers' eligible costs, which has resulted in cross-subsidisation of large merchants' fees by small merchants.

The expected effects of the policy reforms on large merchants include:

- Large merchants should benefit from interchange reductions on foreign-issued card transactions acquired in Australia, which are currently not subject to interchange regulation. Large merchants are more likely to be on unblended plans and therefore receive automatic pass-through of interchange reductions.
- Some large merchants reported that while they do not surcharge, they are able to use surcharging as a bargaining tool to receive lower fees from their PSP. However, it will still be possible for merchants to offer discounts for preferred payment methods as an alternative to surcharging.
- The merchants that currently surcharge will incur costs to update their advertised pricing to cover their payment costs. However, these merchants will also no longer need to incur costs to comply with the complex surcharging framework.

Acquirers and other PSPs will incur some costs to implement the reforms, but some may also benefit.

Acquirers and PSPs offer a diverse range of business models and pricing plans to cater for the varied needs of Australian merchants.

Some of the expected effects of the reforms on PSPs include:

- PSPs are expected to incur around \$25 million across the industry to implement the removal of surcharging for debit and credit cards. This is lower than the cost of the alternative option of removing debit cards only.
- PSPs will retain the ability to offer pricing models that blend debit and credit card fees together, which many providers stated would not be viable if surcharging was only removed on debit cards. PSPs can continue to attract merchants that prefer these types of plans.
- PSPs will no longer be able to offer 'fee free' payment plans that rely on automatically surcharging consumers. This would likely motivate merchants currently using these plans to find a lower cost provider, which could incentivise these PSPs to lower their fees to remain competitive.
- Large acquirers will incur additional costs to implement the public transparency measures. PSPs will incur costs to upgrade the information provided on merchant statements.
- The simplification of scheme fee schedules and reform of scheme fee billing practices should particularly benefit acquirers and other PSPs, which have raised concerns about these issues in the Review.
- Acquirers retain the choice to implement their preferred method of LCR, since the RBA is not requiring them to implement dynamic LCR.

Domestic issuers of debit, prepaid and consumer credit cards are expected to receive less interchange revenue on transactions acquired in Australia. Many issuers have been receiving interchange revenue above efficient levels and incentivising consumers to use payment methods that increase costs for merchants and the payments system more broadly.

The expected impacts on domestic issuers include:

- Issuer interchange revenue is expected to be reduced by an estimated \$660 million per year (assuming no other changes in behaviour), with the bulk of this reduction affecting issuers of consumer credit cards.
- Adjustments by consumers and networks are expected to partly offset the reduction in interchange for issuers. In response to the removal of surcharging, some consumers are expected to shift from cash towards greater card use, which would boost issuers' revenue. Issuers' revenue could also increase if the networks choose to raise the interchange fees that are currently below the proposed caps, such as strategic interchange rates paid by large merchants.
- Issuers have indicated that they could respond to a reduction in interchange revenue by reducing the benefits available on their consumer credit cards, such as lowering rewards points, shortening interest free periods or raising credit card interest rates. However, if issuers respond in this way, it would be expected to result in consumers using credit cards less frequently, which will reduce interchange revenue.
- Issuers of commercial credit cards will largely be unaffected, since the RBA will retain a higher cap for commercial credit cards to promote competition in the commercial credit card segment, where American Express is the dominant issuer.

Small issuers may also experience the following impacts:

- Some small issuers, such as customer-owned banks, focus predominantly on debit card issuing and have limited credit card offerings. A more modest reduction in the debit interchange caps and benchmark than initially proposed in the Consultation Paper will help small issuers that tend to have higher costs of issuing. Small issuers will also continue to benefit from being able to issue single-network debit cards, while large issuers incur the higher cost of having to issue DNDCs.

- Many small issuers, including fintechs, focus on issuing commercial credit cards. Retaining the higher interchange cap for these cards means that these issuers can continue to innovate and compete against American Express and other large issuers.

Card networks are expected to benefit from increased card use due to the removal of surcharging but incur some costs to implement the reforms. The card networks will incur some costs to publish their interchange and scheme fees, but this is expected to be small given they already publish or provide similar data to the RBA. The card networks will incur some costs to simplify their fee schedules and enhance their fee billing practices. However, networks that already have simple fee schedules will incur lower costs to adhere to the roadmap.

Box F: Scenarios

Case study 1: Consumer



Alice is a consumer who shops at a mix of small local and larger retailers throughout the week. She prefers to pay with her card most of the time because she finds it more convenient than having to carry cash.

When surcharging ends:

- she no longer needs to worry about being surcharged unexpectedly nor having to add the surcharge to the sticker price to work out the final price she needs to pay at checkout. The price she sees is the price that she pays. This will be a much better shopping experience for her.
- if she shops at businesses that currently surcharge, she pays similar amounts for her purchases as she is paying now – just in a different form, via the sticker price rather than a surcharge. This will make it easier for Alice to know what she needs to pay. In some cases, Alice may save money. While some businesses may choose to increase their prices, this increase may be less than the surcharge amount that they apply to card payments currently. This is because payment fees for businesses should be lower.

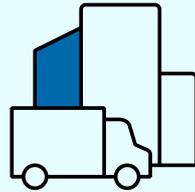
Case study 2: Small merchant that does not surcharge



Aiden is a small business owner who does not currently surcharge card payments in his shop. When the policy changes start, he should receive a bigger reduction in interchange fees than the larger business located next door. The reduction should help to lower the fees that Aiden has to pay to accept card payments and could help make his business more competitive.

It should also be easier for Aiden to work out if he is getting a good deal on his card payment fees. This is because he can compare his fees with the fees that different providers charge other small merchants. He will be able to use his merchant statement to get accurate quotes from other providers to help lower his payment costs.

Case study 3: Medium-sized merchant that currently surcharges



Priya is the owner of a medium-sized business that currently surcharges card payments. Most of her customers pay by card. When the policy changes start and she can no longer surcharge card payments, Priya may choose whether to include payment costs in her advertised sticker prices. To keep her prices as low as possible, Priya can review her current payment plan to make sure she is not paying more than she needs to.

Priya can use the data that will be published on the RBA website to check if she pays significantly higher payment fees than the average medium-sized merchant. If her provider is one of the more expensive providers in the market, Priya may decide that her current card payment plan is no longer giving her value for money and that she should shop around for a better deal.

Priya will be able to use the information on her merchant statement to get accurate quotes from other providers to help her decide whether to switch to a cheaper provider.

If Priya pays lower fees under another provider, she may choose not to raise her prices as much. Even if there is an increase to sticker prices, her customers would pay a similar amount as they are paying now (just in a different form, via the sticker price rather than the surcharge). Priya will also be able to offer discounts if she chooses.

8.4. Evaluation and monitoring

The RBA will continue monitoring developments in the payments system to assess whether the policy reforms are achieving their intended purpose and whether participants are complying with the new regulations from the effective dates. This monitoring would include a continuation of data collection and monitoring as well as new initiatives. The RBA will:

- continue its regular liaison with stakeholders to understand the impacts of its regulation and whether regulatory expectations are being met, particularly on the card networks' progress on the roadmap for scheme fees.
- work closely with other regulators and government agencies to monitor the process of the removal of surcharging to assess whether further government action is required. This will include engagement with the federal, state and territory governments regarding the implications of the removal of surcharging for merchants selling goods and services with regulated prices.
- monitor developments in the card payments system and assess compliance with regulations through regular or new data collections.
- publish new findings and analysis to raise awareness of issues, evaluate the impact of the reforms and assess whether further regulatory action is required.
- monitor international developments and regulatory initiatives overseas relating to payments regulation.

The RBA will continue conducting regular reviews of its retail payments regulation to ensure they remain fit for purpose and consider appropriate regulatory action if there is evidence of non-compliance with its regulations.

8.5. Future reviews

Throughout this Review, the RBA has heard strong feedback from some stakeholders that there are issues not within the scope of the current Review that should be addressed following the 2025 amendments to the PSRA that expand the remit of the RBA's regulatory powers. The PSB decided to complete this Review given the importance of addressing the issues within its scope in a timely way.

The passage of the amendments to the PSRA in December 2025 expands the scope of the RBA's powers to regulate payments systems and their participants. Accordingly, the RBA is planning to commence another review in mid-2026 seeking stakeholder views on which issues should be prioritised under the new regulatory remit. This upcoming review is intended to cover issues that are not within the scope of this current Review, including public interest issues raised by developments in online payments, mobile wallets, three-party card networks and BNPL providers.

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Appendix A: RBA Consumer Survey Questions

Question 1. Some shops apply a surcharge (or fee) on card transactions. How do you feel about this practice?

Note: Response Options 1–3 were presented in a random order.

1. Card surcharging is necessary for businesses to cover the costs of providing card payments
2. I don't care about card surcharging
3. Surcharging is unnecessary and should stop

Question 2. When deciding whether to purchase products or services, would you prefer to see ...

Note: Response Options 1–2 were presented in a random order.

1. The advertised price excluding the cost of paying by card, and then paying a surcharge on top of this at the checkout if you use a card
2. The all-inclusive price, which includes the advertised price and the cost of paying by card, with this all-inclusive price applying at the checkout regardless of how you pay
3. I don't understand the difference
4. I understand the difference but I don't care

Question 3. If you were offered a **discount of X per cent for paying with cash** to make a **\$50 purchase** (that is, a **\$Y discount**), and there was no discount for other payment methods, would you ...⁷³

1. Make no change to your choice of how to pay – you always use cash anyway
2. Switch from using a card to paying cash and receive the discount
3. Use a credit card and not receive the discount
4. Use a debit card and not receive the discount
5. Use another method (please specify _____)

Question 4. Thinking about card surcharges currently, do you feel you are notified about them by the shop before you pay ...

1. All of the time (I know about surcharges before I pay)
2. Some of the time (I sometimes know about surcharges but am sometimes surprised)
3. Rarely (I am often surprised by surcharges)
4. Unsure

⁷³ Respondents were randomly assigned either a 1, 2, 3 or 4 per cent discount, along with the corresponding discount in dollar terms (i.e. \$0.50, \$1.00, \$1.50 or \$2.00).

Appendix B: Issuer Cost Study

The RBA conducted the second iteration of the Issuer Cost Study for this Review (the second study) between October 2025 and January 2026, collecting two years' worth of data for the 2023/24 and 2024/25 reporting periods. The study covered the same set of 11 institutions as the first iteration of the study (the first study)⁷⁴ that was included in the July 2025 Consultation Paper and accounted for slightly over 90 per cent of aggregate card issuing transactions by value. Four smaller issuers also voluntarily provided cost information. Because these voluntary returns were not submitted with sufficient granularity or in the required template format, or included information beyond the scope of card issuing, they could not be included in the numerical analysis of the Issuer Cost Study. However, the information provided by these was still considered in the advice provided to the PSB in relation to issuer costs.

Domestic institutions reported issuing costs for domestic-acquired cards separately from costs associated with transactions acquired outside Australia. The RBA contacted over 30 of the largest foreign issuers whose cards are used in Australia, across multiple jurisdictions, to address feedback received during consultation that relying on domestic-issuer costs on transactions acquired outside Australia as a proxy for foreign-issuer costs on transactions acquired in Australia may not fully reflect foreign-issuer cost structures. However, only two issuers agreed to participate. Given the lack of participation from foreign issuers, the RBA continued to rely on the data from the cost study on domestic-issued card transactions acquired outside Australia. The information provided by foreign issuers was still considered in the advice provided to the PSB.

Participating institutions completed structured collection forms accompanied by definitions and reporting guidance. The second study applied targeted refinements to improve clarity and comparability relative to the first study run ahead of the Consultation process, which had been modified to balance industry burden with targeted lines of enquiry of the RBA. The specific refinements and process timeline in the second study are described in Chapter 3: Interchange Fees and are not repeated here.

Received submissions were subject to a multi-step validation process that included:

- internal consistency checks against the template structure and definitions
- comparison with each institution's first Issuer Cost Study submission, where applicable
- peer benchmarking across institutions with similar profiles
- cross-referencing to other relevant data collections, where available.

The RBA engaged directly with institutions to resolve any discrepancies and ensure consistent interpretation of definitions before finalising the dataset. This resulted in resubmissions from several participating institutions.

Transaction volumes and values were sourced directly from reporting institutions for time-series consistency. These were cross-checked against data from the RBA's Retail Payment Statistics for accuracy. Using aggregated cost and transaction data:

- costs were expressed as a percentage of transaction value
- for domestic-issued debit transactions acquired in Australia, costs were also expressed on a per-transaction cents basis, calculated as total dollar costs divided by the number of transactions.

As explained in Chapter 3: Interchange Fees, the approach reinstated the net costs of disputes and chargebacks, including chargeback write-offs, as eligible costs to maintain consistency with cost studies conducted prior to this Review and in response to stakeholder feedback. The discussion of the eligible-costs

⁷⁴ See RBA (2025b) for further details.

rationale and the list of categories is set out in the body of the paper and is not repeated here. Issuer costs have generally trended lower as a share of transaction values and volumes, partly reflecting greater scale and technological improvements, which lower costs. In the most recent year, estimated eligible issuer costs were within one basis point of the prior year's estimate

As with the first study, the RBA undertook a thorough quality-assurance process. In re-running the study, the RBA also recognised potential incentives for some participants to reallocate costs toward eligible cost categories; validation steps were calibrated to detect and address such behaviours to preserve the integrity and comparability of the dataset.

Headline results from the second Issuer Cost Study are presented in Chapter 3: Interchange Fees, and more detailed results can be found below.

Table 11: Estimated eligible issuer costs on domestic-issued debit and credit card transactions acquired in Australia in the 2024/25 reporting period^(a)

	All issuers			Issuers excluding the major banks		
	Debit		Credit ^(b)	Debit		Credit ^(b)
	Cents	% ^(c)	% ^(c)	Cents	% ^(c)	% ^(c)
Eligible costs						
Authorisation and transaction processing	3	0.06	0.09	4	0.08	0.12
Fees and other costs associated with mobile wallet providers	1	0.01	0.02	1	0.01	0.02
Fraud	1	0.02	0.03	1	0.03	0.04
Net scheme fees	1	0.03	0.05	4	0.08	0.08
Net disputes, chargebacks, and chargeback write-offs	0	0.01	0.01	0	0.01	0.02
Non-eligible costs						
Account set-up, overheads and maintenance	20	0.38	0.57	16	0.31	0.22
Card production and delivery	1	0.01	0.01	1	0.02	0.02
Product development	2	0.03	0.05	1	0.01	0.00
Cardholder reward programs	0	0.00	0.53	0	0.00	0.31
Collections and credit write-offs	0	0.00	0.19	0	0.00	0.05
Cost of capital	1	0.02	0.13	1	0.02	0.15
Cost of funding interest-free periods	0	0.00	0.15	0	0.00	0.25
Total costs^(d)						
Eligible costs	7	0.13	0.20	10	0.20	0.27
All costs	31	0.58	1.82	29	0.57	1.27

- (a) Most issuers provided data for the Australian 2024/25 financial year. Others provided data based on their internal reporting periods.
 (b) Consumer cards only
 (c) Per cent of transaction value.
 (d) Totals may not be equal to the sum of their components due to rounding.
 Source: RBA.

Table 12: Estimated eligible issuer costs on domestic-issued debit and credit card transactions acquired in Australia in the 2023/24 reporting period^(a)

	All issuers			Issuers excluding the major banks		
	Debit		Credit ^(b)	Debit		Credit ^(b)
	Cents	% ^(c)	% ^(c)	Cents	% ^(c)	% ^(c)
Eligible costs						
Authorisation and transaction processing	3	0.05	0.09	4	0.08	0.12
Fees and other costs associated with mobile wallet providers	1	0.01	0.02	1	0.01	0.02
Fraud	1	0.03	0.03	1	0.03	0.05
Net scheme fees	2	0.03	0.05	5	0.09	0.07
Net disputes, chargebacks, and chargeback write-offs	0	0.01	0.01	0	0.01	0.02
Non-eligible costs						
Account set-up, overheads and maintenance	20	0.38	0.56	16	0.32	0.24
Card production and delivery	1	0.01	0.02	1	0.02	0.02
Product development	2	0.03	0.06	1	0.01	0.00
Cardholder reward programs	0	0.00	0.50	0	0.00	0.31
Collections and credit write-offs	0	0.00	0.18	0	0.00	0.05
Cost of capital	1	0.02	0.13	1	0.02	0.15
Cost of funding interest-free periods	0	0.00	0.12	0	0.00	0.29
Total costs^(d)						
Eligible costs	7	0.13	0.19	11	0.22	0.27
All costs	30	0.58	1.75	30	0.59	1.32

- (a) Most issuers provided data for the Australian 2023/24 financial year. Others provided data based on their internal reporting periods.
 (b) Consumer cards only
 (c) Per cent of transaction value.
 (d) Totals may not be equal to the sum of their components due to rounding.
 Source: RBA.

Table 13: Estimated eligible issuer costs on domestic-issued commercial credit transactions acquired in Australia in the 2024/25 reporting period^(a)

	All issuers	Issuers Excluding the major banks
	% ^(b)	% ^(b)
Eligible costs		
Authorisation and transaction processing	0.08	0.09
Fees and other costs associated with mobile wallet providers	0.01	0.01
Fraud	0.02	0.03
Net scheme fees	0.06	0.11
Net disputes, chargebacks, and chargeback write-offs	0.03	0.00
Non-eligible costs		
Account set-up, overheads and maintenance	0.40	0.28
Cost of funding interest-free periods	0.17	0.32
Remaining non-eligible costs ^(c)	0.67	0.49
Total costs^(d)		
Eligible costs	0.19	0.25
All costs	1.43	1.32

(a) Most issuers provided data for the Australian 2024/25 financial year. Others provided data based on their internal reporting periods.

(b) Per cent of transaction value.

(c) Remaining non-eligible costs have been aggregated to limit the disclosure of potentially commercially sensitive information.

(d) Totals may not be equal to the sum of their components due to rounding.

Source: RBA.

Table 14: Estimated eligible issuer costs on foreign-issued card transactions acquired in Australia in the 2024/25 reporting period^(a)

	Credit (%) ^(b)		Debit and prepaid (%) ^(b)	
	Card present	Card not present	Card present	Card not present
Eligible costs				
Authorisation and transaction processing	0.08	0.07	0.06	0.05
Fees and other costs associated with mobile wallet providers	0.03	0.01	0.02	0.02
Fraud	0.10	0.24	0.12	0.24
Net scheme fees	0.29	0.22	0.10	0.12
Net disputes, chargebacks, and chargeback write-offs	0.02	0.03	0.01	0.03
Non-eligible costs				
Account set-up, overheads and maintenance	0.51	0.45	0.29	0.28
Card production and delivery	0.02	0.01	0.02	0.01
Product development	0.05	0.03	0.02	0.04
Cardholder reward programs	0.80	0.69	0.00	0.00
Collections and credit write-offs	0.16	0.15	0.00	0.00
Cost of capital	0.11	0.11	0.01	0.02
Cost of funding interest-free periods	0.18	0.16	0.00	0.00
Total costs^(c)				
Eligible costs	0.51	0.57	0.31	0.46
All costs	2.34	2.16	0.65	0.81

(a) Most issuers provided data for the Australian 2024/25 financial year. Others provided data based on their internal reporting periods.

(b) Per cent of transaction value.

(c) Totals may not be equal to the sum of their components due to rounding.

Source: RBA.

Appendix C: Transparency Requirements

This appendix describes the transparency requirements that would apply as a result of the RBA’s reforms.

In this appendix, a quarter refers to January to March, April to June, July to September and October to December of each calendar year (inclusive).

C.1 Wholesale fee transparency for card networks

The following tables (Tables 15–20) are required to be published by the designated card networks and provided to the RBA on a quarterly basis. The first reporting period would include the quarter ending 30 September 2026 and the first publication of data would be required by 30 October 2026. Publication of subsequent quarters’ data would occur no later than 30 days after the end of each quarter.

Table 15: Interchange fees on credit cards

Quarterly reporting requirements for designated credit card systems

Credit card transactions	Interchange fees		Transactions
Domestic card transactions ^(a)	Value (\$000)	Value (\$000)	Number ('000)
Credit	[xx]	[xx]	[xx]
Card present	[xx]	[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]	[xx]	[xx]
Card not present	[xx]	[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]	[xx]	[xx]
International card transactions ^(b)			
Credit	[xx]	[xx]	[xx]
Card present	[xx]	[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]	[xx]	[xx]
Card not present	[xx]	[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]	[xx]	[xx]

(a) Refers to transactions on domestic-issued credit cards acquired in Australia.

(b) Refers to transactions on foreign-issued credit cards acquired in Australia.

Source: RBA.

Table 16: Interchange fees on debit and prepaid cards

Quarterly reporting requirements for designated debit and prepaid card systems

Debit and prepaid card transactions	Interchange fees		Transactions
Domestic card transactions ^(a)	Value (\$000)	Value (\$000)	Number ('000)
Debit and prepaid	[xx]	[xx]	[xx]
Card present	[xx]	[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]	[xx]	[xx]
Card not present	[xx]	[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]	[xx]	[xx]
International card transactions ^(b)			
Debit and prepaid	[xx]	[xx]	[xx]
Card present	[xx]	[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]	[xx]	[xx]
Card not present	[xx]	[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]	[xx]	[xx]

(a) Refers to transactions on domestic-issued debit and prepaid cards acquired in Australia.

(b) Refers to transactions on foreign-issued debit and prepaid cards acquired in Australia.

Source: RBA.

Table 17: Acquiring scheme fees and rebates on credit cards
 Quarterly reporting requirements for designated credit card systems

Credit card transactions	A. Gross scheme fees from acquirers	B. Rebates provided to acquirers	C. Transactions	
Domestic card transactions^(a)	Value (\$000)	Value (\$000)	Value (\$000)	Number ('000)
Credit	[xx]	[xx]	[xx]	[xx]
Card present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]
Card not present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]
International card transactions^(b)				
Credit	[xx]	[xx]	[xx]	[xx]
Card present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]
Card not present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]

(a) Refers to transactions on domestic-issued credit cards acquired in Australia.

(b) Refers to transactions on foreign-issued credit cards acquired in Australia.

Source: RBA.

Table 18: Acquiring scheme fees and rebates on debit and prepaid cards

Quarterly reporting requirements for designated debit and prepaid card systems

Debit and prepaid card transactions	A. Gross scheme fees from acquirers	B. Rebates provided to acquirers	C. Transactions	
Domestic card transactions ^(a)	Value (\$000)	Value (\$000)	Value (\$000)	Number ('000)
Debit and prepaid	[xx]	[xx]	[xx]	[xx]
Card present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]
Card not present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]
International card transactions ^(b)				
Debit and prepaid	[xx]	[xx]	[xx]	[xx]
Card present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]
Card not present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]

(a) Refers to transactions on domestic-issued debit and prepaid cards acquired in Australia.

(b) Refers to transactions on foreign-issued debit and prepaid cards acquired in Australia.

Source: RBA.

Table 19: Issuing scheme fees and rebates on credit cards

Quarterly reporting requirements for designated credit card systems

Credit card transactions	A. Gross scheme fees from issuers	B. Rebates provided to issuers	C. Transactions	
Domestic transactions ^(a)	Value (\$000)	Value (\$000)	Value (\$000)	Number ('000)
Credit	[xx]	[xx]	[xx]	[xx]
Card present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]
Card not present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]
International transactions^(b)				
Credit	[xx]	[xx]	[xx]	[xx]
Card present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]
Card not present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]

(a) Refers to transactions on domestic-issued credit cards acquired in Australia.

(b) Refers to transactions on domestic-issued credit cards acquired overseas.

Source: RBA.

Table 20: Issuing scheme fees and rebates on debit and prepaid cards

Quarterly reporting requirements for designated debit and prepaid card systems

Debit and prepaid card transactions	A. Gross scheme fees from issuers	B. Rebates provided to issuers	C. Transactions	
Domestic transactions ^(a)	Value (\$000)	Value (\$000)	Value (\$000)	Number ('000)
Debit and prepaid	[xx]	[xx]	[xx]	[xx]
Card present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]
Card not present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]
International transactions ^(b)				
Debit and prepaid	[xx]	[xx]	[xx]	[xx]
Card present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]
Card not present	[xx]		[xx]	[xx]
<i>of which: Tokenised transactions</i>	[xx]		[xx]	[xx]

(a) Refers to transactions on domestic-issued debit and prepaid cards acquired in Australia.

(b) Refers to transactions on domestic-issued debit and prepaid cards acquired overseas.

Source: RBA.

C.2 Transparency requirements for large acquirers

Quarterly publication of merchant service fees

Large acquirers are required to publish their merchant service fees each quarter as a percentage of card transactions acquired and also provide this information to the RBA. The first reporting period would cover the quarter ending 30 September 2026. The first publication of data would be required by 30 October 2026. Publication of subsequent quarters' data would occur no later than 30 days after the end of each quarter.

Large acquirers are acquirers that have processed more than \$10 billion in eftpos, Mastercard and Visa card transactions directly on behalf of merchants for the designated networks in the last 12 months. Transactions processed for merchants indirectly via a payment facilitator are excluded, unless the payment facilitator is also a related entity of the acquirer. Self-acquirers (where a merchant acquires transactions for itself or a related entity) are also excluded from this requirement.

Acquirers that charge the same merchant service fee rate for multiple categories would still be required to report their merchant service fee for all categories.

Table 21: Merchant service fees charged by large acquirers

Quarterly reporting requirements for transactions of designated debit, prepaid and credit card systems

Merchant categories		Merchant service fee (%)
All direct merchants^(a)		[xx]
Domestic ^(b) (card present)	Debit and prepaid	[xx]
	Credit	[xx]
Domestic ^(b) (card not present)	Debit and prepaid	[xx]
	Credit	[xx]
Foreign ^(c)	Debit and prepaid	[xx]
	Credit	[xx]
Small merchants^(d)		[xx]
Domestic ^(b) (card present)	Debit and prepaid	[xx]
	Credit	[xx]
Domestic ^(b) (card not present)	Debit and prepaid	[xx]
	Credit	[xx]
Foreign ^(c)	Debit and prepaid	[xx]
	Credit	[xx]
Medium-sized merchants^(e)		[xx]
Domestic ^(b) (card present)	Debit and prepaid	[xx]
	Credit	[xx]
Domestic ^(b) (card not present)	Debit and prepaid	[xx]
	Credit	[xx]
Foreign ^(c)	Debit and prepaid	[xx]
	Credit	[xx]

(a) Direct merchants refer to merchants for which the acquirer directly processes transactions (that is not a related entity of the acquirer, also known as a self-acquirer). It does not include transactions processed on behalf of a merchant indirectly via a payment facilitator (unless the payment facilitator is a related entity of the acquirer).

(b) Refers to transactions on domestic-issued cards acquired in Australia.

(c) Refers to transactions on foreign-issued cards acquired in Australia.

(d) Small merchants are direct merchants for which the acquirer processes \$1 million or less in eftpos, Mastercard and Visa card transactions annually (or a pro-rated value each quarter). Where acquirers are aware that multiple merchants are related entities, their transactions should be aggregated in assessing whether they meet the transaction processing threshold.

(e) Medium-sized merchants are direct merchants for which the acquirer processes between \$1 million and \$10 million in eftpos, Mastercard and Visa card transactions annually (or a pro-rated value each quarter). Where acquirers are aware that multiple merchants are related entities, their transactions should be aggregated in assessing whether they meet the transaction processing threshold.

Source: RBA.

Publication of interchange pass-through measure

For the first four quarters following the changes in the interchange caps and benchmarks for domestic-issued card transactions acquired in Australia (1 October 2026), large acquirers must publish a measure of interchange pass-through on their website no later than 30 days after the end of the quarter.

Large acquirers are acquirers that have processed more than \$10 billion in eftpos, Mastercard and Visa card transactions directly on behalf of merchants for the designated networks in the last 12 months. The following exclusions apply:

- Transactions processed for merchants indirectly via a payment facilitator are excluded from calculation of the \$10 billion threshold, unless the payment facilitator is also a related entity of the acquirer.
- Transactions that are self-acquired (where a merchant acquires transactions for itself or a related entity) are also excluded from this requirement.
- 'On-us' transactions (where the acquirer and issuer are the same brand) are excluded from the \$10 billion threshold and are not to be included in the calculation of interchange pass-through below.

The pass-through rate can be rounded to the nearest per cent (e.g. 70.1 per cent can be rounded to 70 per cent).

The measure of interchange pass-through is defined as:

$$\text{Passthrough rate} = \left(\frac{\text{change in average merchant service fees}}{\text{change in average interchange fee}} \right) \times 100$$

Where:

$$\begin{aligned} \text{change in average merchant service fees} &= \left(\frac{\text{value of merchant service fees in reporting period}}{\text{value of transactions in reporting period}} \right) \\ &\quad - \left(\frac{\text{value of merchant service fees in reference period}}{\text{value of transactions in reference period}} \right) \\ \text{change in average interchange fee} &= \left(\frac{\text{value of interchange fees in reporting period}}{\text{value of transactions in reporting period}} \right) \\ &\quad - \left(\frac{\text{value of interchange fees in reference period}}{\text{value of transactions in reference period}} \right) \end{aligned}$$

The reference period is the quarter immediately preceding changes in interchange regulations (i.e. 1 July 2026 – 30 September 2026). There would be four reporting periods, as outlined in Table 22.

Table 22: Reporting periods for interchange pass-through measures

Quarterly reporting periods and deadlines for large acquirers

Reporting period	Deadline for reporting
1 October 2026 – 31 December 2026	30 January 2027
1 October 2026 – 31 March 2027	30 April 2027
1 October 2026 – 30 June 2027	30 July 2027
1 October 2026 – 30 September 2027	30 October 2027

Source: RBA.

Acquirers would need to keep the data on their website until 30 September 2028.

C.3 Transparency requirements for merchant statements

Acquirers currently have an obligation under the RBA’s Standards to report information to their merchants that would assist them in calculating their ‘cost of acceptance’ for the purposes of determining merchants’ maximum permitted surcharge.⁷⁵ The RBA is amending its requirements for the information acquirers must provide to merchants to reflect the removal of surcharging and ensure they have detailed information on the composition on their card transactions.

Acquirers that process transactions on behalf of merchants directly or indirectly via a payment facilitator are obligated to provide this information to all their direct and indirect merchants (including any taxi merchants if applicable).⁷⁶ An acquirer that processes transactions via a payment facilitator would be taken to have complied with these requirements if it has an agreement with the payment facilitator for the information to be provided by the payment facilitator to the acquirer’s indirect merchants in accordance with the requirements of the RBA’s Standard.

The minimum data elements that acquirers must report are outlined in Table 23 (with example data). This table outlines all the compulsory data elements. However, acquirers have the ability to choose:

- the format to display the data (the RBA is not prescribing a particular table format)
- to include more granular breakdowns (as long as the required data points are also reported) or additional more aggregated data points (e.g. sub-total or total columns or rows)
- to include data for transactions from other card networks besides eftpos, Mastercard and Visa.⁷⁷

⁷⁵ This requirement currently does not apply in respect of payments of a taxi fare made using a designated network card due to the carve-out for payments of this kind in the relevant RBA Standard – see clause 2.7 of [Standard No. 3 of 2016: Scheme Rules Relating to Merchant Pricing for Credit, Debit and Prepaid Card Transactions](#).

⁷⁶ The RBA decided to extend these transparency requirements to taxi payments so that all merchants can benefit from having detailed information on the composition of their card transactions to enable them to compare pricing across PSPs.

⁷⁷ Requirements relating to American Express will be considered in the upcoming review under the amended PSRA.

Table 23: Required data fields on merchant statements

Example data used

Card Type	Channel	Network	Value of transactions	Number of transactions	Merchant service fee	Merchant service fee
			(\$)	(#)	(\$)	(%)
Debit and prepaid	Card present	Eftpos	1,000,000	20,000	10,000	1.00
		Mastercard	1,000,000	20,000	10,000	1.00
		Visa	1,000,000	20,000	10,000	1.00
	Card not present	Eftpos	1,000,000	20,000	10,000	1.00
		Mastercard	1,000,000	20,000	10,000	1.00
		Visa	1,000,000	20,000	10,000	1.00
Credit	Card present	Mastercard	1,000,000	20,000	10,000	1.00
		Visa	1,000,000	20,000	10,000	1.00
	Card not present	Mastercard	1,000,000	20,000	10,000	1.00
		Visa	1,000,000	20,000	10,000	1.00
International debit and prepaid	All	Mastercard	1,000,000	20,000	10,000	1.00
	All	Visa	1,000,000	20,000	10,000	1.00
International credit	All	Mastercard	1,000,000	20,000	10,000	1.00
	All	Visa	1,000,000	20,000	10,000	1.00

Source: RBA.

The changes to merchant statement requirements would come into effect on 1 October 2026, but there is a transition period (see below) until 1 April, which means that compliance with the new requirements would only be required for statements issued covering the first full month after 1 April 2027.

To ensure a smooth transition period for acquirers across multiple transparency initiatives, statements issued between 1 October 2026 and 31 March 2027 will be deemed compliant with the RBA's Standards if they are compliant with either the new requirements (that come into effect on 1 October 2026) or the existing requirements as in effect on 30 September 2026.

Financial year statements

Acquirers are typically required to provide a merchant statement that covers the full financial year during the last full statement period of that financial year. Due to the new reporting requirements coming into effect in the last quarter of the financial year, acquirers would not be subject to any particular reporting requirements for the 2026/27 financial year period. In other words, acquirers would not be required to update their full financial year statements to meet the new requirements until the last statement period for the 2027/28 financial year.

See Appendix D: Varied Standards for further information on the transitional arrangements that apply to the financial year 2026/27.

Appendix D: Varied Standards

D.1 Transition arrangements for the 2026/27 financial year

As outlined in Chapter 8: Impact and Implementation, many policies will come into effect part way through the 2026/27 financial year (1 July 2026 to 30 June 2027). This section provides an overview of the transitional arrangements for that financial year and outlines some key requirements. This section is not intended to be an exhaustive explanation of the variations to the Standards. See section D.2 for further details.

Standards No. 1 and No. 2 of 2016

Wholesale fee transparency

As outlined in Appendix C: Transparency Requirements, designated card networks would be required to report data relating to their interchange fees and scheme fees (including gross scheme fees and rebates). This would occur on a quarterly basis, with the first publication of data occurring on 30 October 2026 which would cover the quarter 1 July 2026 to 30 September 2026 inclusive. See section C.1 for more information.

Changes to caps and benchmarks for interchange fees

Table 24 indicates the timeline for changes in the interchange caps and benchmarks set by the RBA. Changes for domestic-issued transactions acquired in Australia will come into effect on 1 October 2026, while caps on interchange fees for foreign-issued transactions acquired in Australia will come into effect on 1 April 2027.

Table 24: Changes to the RBA’s interchange caps and benchmarks

Designated card networks (eftpos, Mastercard, Visa)

Type of transaction acquired in Australia	Until 30 September 2026	1 October 2026 – 31 March 2027	1 April 2027 onwards
Domestic-issued debit and prepaid cards	Current caps and benchmark apply	New caps and benchmark applies	
Domestic-issued credit cards	Current caps and benchmark apply	Separate interchange caps for consumer and commercial cards apply; benchmark abolished	
Foreign-issued debit and prepaid cards	Not regulated	New interchange cap of 1.0 per cent applies	
Foreign-issued credit cards	Not regulated	New interchange cap of 1.0 per cent applies	

Source: RBA.

Net compensation

The net compensation provisions operate to prevent circumvention of interchange fee caps and benchmarks through rebates via the card networks. There are two key changes being made to the rules surrounding net compensation received by Direct Issuer Participants.

Inclusion of receipts from overseas-acquired transactions

Direct Issuer Participant receipts in respect of both domestic and overseas acquired transactions using domestic-issued cards will be included for the purposes of assessing whether net compensation is received by Direct Issuers in Australia. This amendment is to update the RBA's Standards to be consistent with existing industry practice.

Direct Issuers typically need to comply with the net compensation provisions in respect of a financial year. The changes are to come into effect on 1 October 2026, which is part-way through the 2026/27 financial year. As many issuers may already be complying with the new requirements, this may mean no practical change for the purposes of certifying compliance. For the financial year 2026/27, Direct Issuers will be able to certify their compliance with the new requirements (that include overseas-acquired transactions). Alternatively, Direct Issuers may choose to certify their compliance with the requirements as in effect on 30 September 2026 for the financial year 2026/27 if they wish. Direct Issuers will need to notify the relevant card network of their choice of transitional arrangements in accordance with clause 7.6 of Standard No. 1 or Standard No. 2 (as varied).

Clarifying treatment of foreign-sponsored issuers

The Standards will clarify that Australian issuers sponsored into a card network via a foreign entity will be considered a Direct Issuer Participant and are therefore required to certify their compliance with the net compensation provisions.

This requirement will come into effect on 1 October 2026. As this is part way through a financial year, the RBA will effectively treat these issuers as a 'New Issuer' having commenced issuing cards on 1 October 2026, consistent with the principles outlined in the guidance provided for new issuers.⁷⁸ For these new issuers, the 'Initial Reporting Period' will therefore be 1 October 2026 to 30 June 2028 and these issuers will be first required to certify their compliance for this period by 31 July 2028.

Summary table of transitional arrangements for reporting and certification

Table 25: Transition arrangements for reporting and certification under Standards No. 1 and No. 2

Relevant clause	Description of requirement	First reporting period	First reporting deadline
6.2	Reporting non-multilateral interchange fees for domestic transactions	1 July 2026 – 30 June 2027	31 July 2027
6.2A	Reporting non-multilateral interchange fees for	1 April 2027 – 30 June 2027	31 July 2027

⁷⁸ See RBA (undated), '[Guidance for New Issuers on Certification under Standard No. 1 of 2016 and Standard No. 2 of 2016](#)'.



Relevant clause	Description of requirement	First reporting period	First reporting deadline
	foreign-issued transactions		
6.3	Reporting compliance for interchange fees on domestic and foreign-issued card transactions	<p>For interchange fees on <i>domestic-issued</i> card transactions in the period 1 July 2026 – 30 June 2027, designated networks must:</p> <ul style="list-style-type: none"> (a) Certify compliance for 1 July 2026 – 30 September 2026 under the previous interchange caps and benchmarks (b) Certify compliance for 1 October – 30 June 2027 under the new caps (and benchmarks if applicable). <p>For interchange fees on <i>foreign-issued</i> card transactions in the period 1 July 2026 – 30 June 2027:</p> <ul style="list-style-type: none"> (a) No certification of compliance is required for 1 July 2027 – 31 March 2027 (as caps do not apply) (b) Designated networks must certify compliance for 1 April 2027 – 30 June 2027 for new foreign interchange caps. 	31 July 2027
6.4	Certifying compliance with net compensation provisions	<ul style="list-style-type: none"> • Existing Direct Issuer Participants can elect to comply with clauses 5 and 6.4 for the full year ending 30 June 2027, either as those clauses of the Standards were on 30 September 2026 or as varied with effect from 1 October 2026. If no election is made, existing Direct Issuer Participants must comply with clauses 5 and 6.4 as they were on 30 September 2026. • New Direct Issuer Participants will be required to comply with the net compensation provisions and certify compliance in respect of the period 1 October 2026 – 30 June 2028. 	<p>Existing Issuers: 31 July 2027</p> <p>New Issuers: 31 July 2028</p>
6.7	Providing data on interchange fees and transactions relating to foreign-issued card transactions acquired in Australia	1 October 2026 – 31 December 2026	30 January 2027
6.8–6.15	Publication of wholesale fee data	1 July 2026 – 30 September 2026	30 October 2026

Source: RBA.

Standard No. 3 of 2016

The key changes in Standard No. 3 include:

- removing the prohibition on ‘no surcharge rules’
- removing the exclusion for payment of taxi fares using designated network cards
- requiring acquirers to publish their merchant service fees on a quarterly basis (see section C.2)
- amending the information that acquirers are required to provide on merchants’ statements (see section C.3)
- requiring acquirers to publish their interchange pass-through rate for four quarters following the new caps (and benchmark) for interchange fees for domestic-issued cards acquired in Australia (see section C.2).

Table 26: Transitional arrangements for acquirer transparency initiatives

Relevant clause	Description of requirement	First reporting period	First reporting deadline
7.1	Large acquirers publish their merchant service fees	1 July 2026 – 30 September 2026	30 October 2026
7.2(b)	Monthly merchant statements – updated requirements	<p>For a Statement Period commencing before 1 October 2026, acquirers must comply with the Standard as it was in effect on 30 September 2026.</p> <p>For any Statement Period commencing on or after 1 October 2026 and before 1 April 2027, acquirers may comply with clause 7.2(b) of the Standard as it was in effect on 30 September 2026 or as varied with effect from 1 October 2026 (i.e. the relevant requirements under the current Standard or the updated requirements under the varied Standard).</p> <p>For any Statement Period commencing on or after 1 April 2027, acquirers must comply with the Standard as varied.</p>	<p>First full monthly statement starting on or after 1 October 2026; or if relying on the transitional arrangements until 31 March 2027, then the first full monthly statement starting on or after 1 April 2027.</p>
7.2(c)	Annual merchant statements (i.e. last merchant statement in the financial year) – updated requirements	No requirements for annual merchant statements to apply for the 2026/27 financial year	New requirements apply starting from the 2027/28 financial year
7.4	Large acquirers publish their interchange pass-through rate	1 October 2026 – 31 December 2026	30 January 2027

Source: RBA.

D.2 Varied Standards

This section includes the set of Standards incorporating the variations that the RBA intends to determine and lodge for registration on the Federal Register of Legislation. These Standards have been marked up to show the changes to the existing Standards for stakeholders' ease of comparison between the current Standards and the Standards as intended to be varied by the RBA with effect on and from 1 October 2026.

THE SETTING OF INTERCHANGE FEES IN THE DESIGNATED CREDIT CARD SCHEMES AND NET PAYMENTS TO ISSUERS

1. Objective

The objective of this Standard is to ensure that the setting of interchange fees and payments and other transfers of valuable consideration having an equivalent object or effect to interchange fees in each designated credit card scheme is transparent and promotes:

- *efficiency; and*
- *competition*

in the Australian payments system.

2. Application

2.1 This Standard is determined under Section 18 of the *Payment Systems (Regulation) Act 1998* (the **Act**).

2.2 This Standard applies to each of the following, each of which is referred to in this Standard as a **Scheme**:

- (a) the payment system operated within Australia known as the MasterCard system which was designated under the Act as a payment system on 12 April 2001 and which is referred to in this Standard as the **MasterCard System**; and
- (b) the payment system operated within Australia known as the VISA system, which was designated under the Act as a payment system on 12 April 2001 and which is referred to in this Standard as the **VISA System**.

2.3 In this Standard:

~~Above-Benchmark Reference Period~~ has the meaning given to it in clause 4.2;

Acquired includes accepted;

Acquirer means a participant in a Scheme in Australia that:

- (a) provides services, directly or indirectly, to a Merchant [in Australia](#) to allow that Merchant to accept a Credit Card of that Scheme; or
- (b) is a Merchant [in Australia](#) that accepts, or is a Related Body Corporate of a Merchant [in Australia](#) that accepts, a Credit Card of that Scheme and bears risk as principal in relation to the payment obligations of the Issuer of that Credit Card in relation to that acceptance;

Associated Entity has the meaning given by Section 50AAA of the *Corporations Act 2001*;

Benefit means:

- (a) a payment, receipt, rebate, refund or allowance;
- (b) in relation to any Property or service received or receivable by a Direct Issuer Participant:
 - (i) where there is a Regular Price for that Property or service, any discount or deduction from that price;
 - (ii) where there is not a Regular Price for that Property or service, an amount by which the Fair Value of the Property or service exceeds the payment or other similar financial consideration made or given for it by the Direct Issuer Participant; and
- (c) a benefit (however named or described) of a similar nature to, or having the same effect as, a benefit of the kind specified in (a) or (b) above;

Card Not Present Transaction means, in relation to a Scheme, a Credit Card Transaction, International Card Transaction or Overseas Merchant Transaction other than a Card Present Transaction;

Card Present Transaction means, in relation to a Scheme, a Credit Card Transaction, International Card Transaction or Overseas Merchant Transaction, in respect of which:

- (a) the holder of the Device is with the Device and is with the Merchant's Physical Point of Sale Device at the time of the transaction; and
- (b) the Device or tokenised version of the primary account number relating to the Device is electronically read or recorded by the Merchant's Physical Point of Sale Device.

and, for the avoidance of doubt, does not include a transaction completed online via a website or application accessed by the holder of a Device through a QR code or website link;

Commencement Date means 1 July 2017;

Commercial Credit Card means, in relation to a Scheme, a Credit Card of that Scheme issued for use by the holder of the Credit Card wholly or predominantly for business purposes;

Commercial Credit Card Transaction means, in relation to a Scheme, a Credit Card Transaction where the Credit Card of that Scheme that was used was a Commercial Credit Card;

Consumer Credit Card Transaction means, in relation to a Scheme, a Credit Card Transaction that is not a Commercial Credit Card Transaction;

Core Service means, in relation to a Scheme, a service provided by the administrator of the Scheme in Australia or any of its Associated Entities that meets the requirements in the following paragraphs (a), (b) and (c):

- (a) the service is used by a participant in the Scheme in Australia in relation to Devices of the Scheme that can be used for purchasing goods or services on credit or transactions initiated using those Devices; and
- (b) without the service it would not be possible for a Direct Issuer Participant to be an Issuer or for another entity to be an Issuer through Sponsorship by a Direct Issuer Participant of the Scheme; and
- (c) the service (however named or described) relates to one or more of the following (each a Core Function) and only to one or more Core Functions:
 - (i) the licensing of the Scheme's brands and other intellectual property owned by, or licensed to, the administrator of the Scheme in Australia or any of its Associated Entities, a licence (or sub-licence) of which is required in order to be a participant in the Scheme;
 - (ii) connection to, and/or maintenance of a connection to, the systems to which it is necessary to connect in order to be a participant in the Scheme;
 - (iii) transaction processing (including processing of charge-back transactions);
 - (iv) clearing and settlement (including clearing and settlement of charge-back transactions);
 - (v) authentication;
 - (vi) authorisation;
 - (vii) stand-in processing, clearing and settlement;
 - (viii) fraud prevention; and
 - (ix) handling, investigating and settling disputes, and requests or claims for chargebacks, raised by holders of Devices.

A service will relate only to one or more Core Functions for the purpose of this paragraph (c) even if it involves or includes incidental services necessary to support one or more Core Functions;

~~**Credit Card Account** means, in relation to a Credit Card of a Scheme, the account that is debited when that Device is used to purchase goods or services on credit;~~

Credit Card of a Scheme or **Credit Card of that Scheme** or **Credit Card of the Scheme**

means, in relation to a Scheme, a Device issued by a participant in the Scheme in Australia under the Rules of the Scheme that can be used for purchasing goods or services on credit;

Credit Card Transaction means, in relation to a Scheme, a transaction in that Scheme between a holder of a Credit Card of that Scheme and a Merchant [in Australia](#) involving the purchase of goods or services using a Credit Card of that Scheme that is Acquired by an Acquirer (but does not include any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction);

Debit Card Scheme means each payment system referred to as a ‘Scheme’ under *Standard No. 2 of 2016 The Setting of Interchange Fees in the Designated Debit and Prepaid Card Schemes and Net Payments to Issuers*;

Device means any card, plate or other payment code or device, including a code or device where no physical card or other embodiment is issued and a code or device used or to be used for only one transaction;

Direct Issuer Participant means, in relation to a Scheme, a participant in that Scheme in Australia as an Issuer, or as a Sponsor for one or more Issuers, that is not an Indirect Issuer Participant in that Scheme in Australia. Without limitation, ~~for the~~:

(a) [for the MasterCard System this means:](#)

(i) ~~(a) MasterCard System this means~~ any Principal Customer or Association Customer, each as defined in the Rules of the Scheme, in its capacity as Issuer or as Sponsor for one or more Issuers; or

(ii) [any Affiliate Customer as defined in the Rules of the Scheme in its capacity as Issuer, excluding an Indirect Issuer Participant in that Scheme in Australia; or](#)

(b) [for the VISA System this means:](#)

(i) ~~(b) VISA System this means~~ any Principal-Type Member as defined in the Rules of the Scheme in its capacity as Issuer or as Sponsor for one or more Issuers; or

(ii) [any Participant-Type Member or Associate-Type Member, each as defined in the Rules of the Scheme, in its capacity as Issuer, excluding an Indirect Issuer Participant in that Scheme in Australia;](#)

Direct Issuer Participant Payments has the meaning given to it in clause 5.2;

Direct Issuer Participant Receipts has the meaning given to it in clause 5.2;

Fair Value means, in relation to any Property or service:

- (a) subject to paragraph (b), the amount that would be paid to acquire the Property or service in an orderly transaction between independent, unrelated and well informed parties at the earlier of:
- (i) the date the Property or service was first provided; and
 - (ii) the date the Property or service was committed to be provided,

to the Direct Issuer Participant [or Acquirer \(as applicable\)](#); but

- (b) if at any subsequent time the amount that would be paid to acquire the Property or service in an orderly transaction between independent, unrelated and well informed parties (**Revised Value**) is materially different from the amount determined in accordance with paragraph (a) (or, if any adjustment is made in accordance with this paragraph (b), the most recent such adjustment), the Fair Value may be adjusted to that Revised Value provided:
 - (i) use of that Revised Value as Fair Value is fair and reasonable and consistent with the objective of this Standard; and
 - (ii) the Fair Value may be adjusted to a Revised Value no more than once in a Reporting Period;

Incentive Test: a Benefit meets the **Incentive Test** in relation to a Scheme if it is given for a purpose of, or has or will likely have the effect of, any one or more of the following:

- (a) incentivising the entry into of a contract relating to the issue of Credit Cards of the Scheme;
- (b) promoting or incentivising the issuance or use of Credit Cards of the Scheme; or
- (c) providing or funding incentives to holders of Credit Cards of the Scheme to use those cards.

Benefits that meet the Incentive Test in relation to a Scheme include lump-sum, volume based and transaction-specific Benefits such as:

- (i) incentives to market Credit Cards of the Scheme; and
- (ii) any of the following earned, accrued or receivable by a Direct Issuer Participant for agreeing to issue Credit Cards of the Scheme or for Credit Card Transactions [or Overseas Merchant Transactions](#) undertaken in the Scheme meeting or exceeding a specific transaction volume, percentage share or dollar amount of transactions processed:
 - (A) a rebate on any fees or other costs or charges, whether for a Core Service or for any other product or service;
 - (B) a discount from the Regular Price of any Property or service, whether the Property or service is related to Credit Cards of the Scheme or not;

Indirect Issuer Participant means, in relation to a Scheme, a participant in that Scheme in Australia as an Issuer that participates in the Scheme in Australia as Issuer through the Sponsorship of another participant in that Scheme [in Australia](#). Without limitation, for the:

- (a) MasterCard System this means any Affiliate Customer as defined in the Rules of the Scheme in its capacity as Issuer; or

- (b) VISA System this means any Participant-Type Member or Associate-Type Member, each as defined in the Rules of the Scheme, in its capacity as Issuer;

but in each case, only where that Issuer participates as Issuer through the Sponsorship of another participant of that Scheme in Australia;

Initial Reporting Period means, in relation to a New Issuer, the period commencing on the first date on which any Direct Issuer Participant Payments or Direct Issuer Participant Receipts were paid, became payable, were earned or accrued, or became receivable by or to the New Issuer (as applicable) and ending on the last day of the first full Reporting Period following Public Launch by that New Issuer;

Interchange Fee Category has the meaning given to it in clause 4.1(b);

Interchange Fees means, in relation to a Scheme, wholesale fees, known as interchange fees, which are payable between an Issuer and an Acquirer, directly or indirectly, in relation to Credit Card Transactions in the Scheme;

International Acquirer means an entity that participates in a Scheme that:

- (a) provides services, directly or indirectly, to a Merchant to allow that Merchant to accept a Credit Card of that Scheme; or
- (b) is a Merchant that accepts, or is a Related Body Corporate of a Merchant that accepts, a Credit Card of that Scheme and bears risk as principal in relation to the payment obligations of the Issuer of that Credit Card in relation to that acceptance,

but that is not an Acquirer;

International Card Transaction means, in relation to a Scheme, a transaction in that Scheme that:

- (a) is between a holder of an International Credit Card of the Scheme ~~Device issued by an International Issuer~~ and a ~~merchant~~ Merchant in Australia;
- (b) involves the purchase of goods or services using that International Credit Card; and
- (c) is Acquired by an Acquirer,

but does not include any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction;

International Credit Card of that Scheme or International Credit Card of the Scheme means, in relation to a Scheme, a Device issued by an International Issuer that can be used in the Scheme for purchasing goods or services on credit;

International Interchange Fees means, in relation to a Scheme, wholesale fees, known as interchange fees, which are payable between an International Issuer and an Acquirer, directly or indirectly, in relation to International Card Transactions in the Scheme;

International Interchange Fee Category means a category of International Card Transactions in relation to which a particular International Interchange Fee applies, which may be:

- (a) determined by reference to the nature of the holder or type of the Device, the identity or nature of the ~~merchant~~ Merchant, the means of effecting the transaction, the security or authentication that applies or any other matters; or
- (b) a residual category covering transactions not in any other category;

International Issuer means ~~a participant~~ an entity that participates in a Scheme and that has a contractual relationship with its customers under which it issues Devices of the Scheme to those customers or their nominees but that is not an Issuer;

International Multilateral Interchange Fee means, in relation to a Scheme, an International Interchange Fee that is determined by an administrator of the Scheme or any of its Associated Entities and applies regardless of the identity of the Acquirer or International Issuer paying or receiving the International Interchange Fee;

Issuer means a participant in a Scheme in Australia that has a contractual relationship with its customers under which it issues Credit Cards of a Scheme to those customers or their nominees;

Merchant means, in relation to a Scheme, a merchant ~~in Australia~~ that accepts a Credit Card of that Scheme or International Credit Card of that Scheme for payment for goods or services;

Multilateral Interchange Fee means, in relation to a Scheme, an Interchange Fee that is determined by an administrator of the Scheme and applies regardless of the identity of the Acquirer or Issuer paying or receiving the Interchange Fee;

Net Compensation has the meaning given to it in clause 5.1;

New Issuer means a Direct Issuer Participant in a Scheme that has not, before commencing the issue of any Credit Cards of that Scheme, issued in Australia any Devices of any other Scheme or any Debit Card Scheme;

Overseas Merchant Transaction means, in relation to a Scheme, a transaction in that Scheme that:

- (a) is between the holder of a Credit Card of that Scheme and a Merchant not in Australia;
- (b) involves the purchase of goods or services using a Credit Card of that Scheme; and
- (c) is Acquired by an International Acquirer,

but does not include any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction;

Overseas Merchant Transaction Interchange Fees means, in relation to a Scheme, wholesale fees, known as interchange fees, which are payable between an Issuer and an International Acquirer, directly or indirectly, in relation to Overseas Merchant Transactions in the Scheme;

Physical Point of Sale Device means a Merchant's physical device that electronically reads or records a customer's Device for payment for goods or services, such as a Merchant's card terminal, kiosk, machine, card reader, tablet, smartphone or other smart device, and does not include a QR code or website link that enables the holder of a Device to make or complete a transaction online for the purchase of goods or services;

Property means any property including any good and any proprietary right or interest;

Public Launch in relation to a New Issuer, occurs when the New Issuer begins offering to issue Credit Cards of a Scheme to its intended customer base and will not be taken to have occurred when a New Issuer has only issued Credit Cards of that Scheme to its staff or a select group of its customers or other persons as part of a trial or test phase;

~~**Property** means any property including any good and any proprietary right or interest;~~

Quarter means a 3 month period ending on 30 June, 30 September, 31 December or 31 March;

Rebate (Acquirer) in relation to a Scheme and a Quarter means so much of any of the following in relation to the Scheme that are earned or accrued during, or receivable in respect of, the Quarter by an Acquirer and payable, allowable or otherwise to be provided, directly or indirectly, by the administrator of a Scheme in Australia or any of its Associated Entities to an Acquirer (in its capacity as an Acquirer):

- (a) a payment, receipt, rebate, refund or allowance;
- (b) in relation to any Property or service received or receivable by an Acquirer:
 - (i) where there is a market price for that Property or service, any discount or deduction from that price;
 - (ii) where there is not a market price for that Property or service, an amount by which the Fair Value of the Property or service exceeds the payment or other similar financial consideration made or given for it by the Acquirer; and
- (c) a benefit (however named or described) of a similar nature to, or having the same effect as, a benefit of the kind specified in paragraph (a) or (b) above,

but if such an Associated Entity is an Issuer or International Issuer, excluding Interchange Fees and International Interchange Fees;

Rebate (Issuer) in relation to a Scheme and a Quarter means so much of the Direct Issuer Participant Receipts as are earned or accrued during, or receivable in respect of, that Quarter by Direct Issuer Participants and payable, allowable or otherwise to be provided, directly or indirectly, by the administrator of the Scheme in Australia or any of its

Associated Entities but, if such an Associated Entity is an Acquirer or International Acquirer, excluding Interchange Fees and Overseas Merchant Transaction Interchange Fees;

~~Reference Period means a 12 month period ending on the last day of a Quarter;~~

Regular Price means, in relation to Property or a service, a supplier and a Direct Issuer Participant at any time, the price at which the supplier is regularly supplying Property or services of the same description to entities of a class, group or type that includes the Direct Issuer Participant at that time;

Related Body Corporate has the meaning given in the *Corporations Act 2001*;

Relevant Portion has the meaning given to it in clause 5.2;

Relevant Rebate means a Rebate (Acquirer) or a Rebate (Issuer);

Reporting Period means a 12 month period ending 30 June;

Required Information has the meaning given to it in clauses 6.9, 6.11 or 6.13 (as applicable);

Rules of a Scheme or Rules of the Scheme means the constitution, rules, by-laws, procedures and instruments of the relevant Scheme as applied in Australia, and any other arrangement relating to the Scheme by which participants in that Scheme in Australia are, or consider themselves to be, bound;

Scheme Fees means Scheme Fees (Acquirer) or Scheme Fees (Issuer);

Scheme Fees (Acquirer) means, in relation to a Scheme, fees which are paid or payable, directly or indirectly, by an Acquirer (in its capacity as an Acquirer) to or in favour of the administrator of the Scheme in Australia or any of its Associated Entities in relation to any service provided by the administrator of the Scheme in Australia or any of its Associated Entities where the service is used in relation to Credit Cards of that Scheme, International Credit Cards of that Scheme, Credit Card Transactions or International Card Transactions, but if such an Associated Entity is an Issuer or International Issuer, excluding Interchange Fees and International Interchange Fees;

Scheme Fees (Issuer) means, in relation to a Scheme, fees which are paid or payable, directly or indirectly, by an Issuer (in its capacity as an Issuer) to or in favour of the administrator of the Scheme in Australia or any of its Associated Entities in relation to any service provided by the administrator of the Scheme in Australia or any of its Associated Entities where the service is used in relation to Credit Cards of that Scheme, Credit Card Transactions or Overseas Merchant Transactions but if such an Associated Entity is an Acquirer or International Acquirer, excluding Interchange Fees and Overseas Merchant Transaction Interchange Fees;

Sponsor means a participant in a Scheme in Australia who has accepted responsibility in whole or in part for, or to act as agent for, another entity under and in accordance with the Rules of the Scheme so that the other entity may participate in the Scheme and

Sponsorship has a corresponding meaning;

Tokenised Transaction means, in relation to a Scheme, a Credit Card Transaction, International Card Transaction or Overseas Merchant Transaction in respect of which the primary account number relating to the Device was replaced with a tokenised version;

Transaction Category means each type of transaction at clause 6.10(a)(i) to (v), clause 6.10(b)(i) to (v), clause 6.12(a)(i) to (v) and clause 6.12(b)(i) to (v);

include or **including** or **such as** when introducing an example do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and terms defined in the Act have the same meaning in this Standard.

2.4 For the purposes of this Standard:

- (a) a provision of a plan, arrangement or agreement shall be deemed to have a particular purpose if the provision was included in the plan, arrangement or agreement by a party or parties for purposes that include that purpose and that purpose was a substantial purpose; and
- (b) conduct including the payment or receipt of a fee or the giving of a benefit or other valuable consideration shall be deemed to have been made for a particular purpose if the person undertaking the conduct, payment or receipt did so for purposes that include that purpose and that purpose was a substantial purpose.

2.5 Each participant in a Scheme must do all things necessary on its part to ensure compliance with this Standard.

2.6 If any part of this Standard is invalid, this Standard is ineffective only to the extent of such part without invalidating the remaining parts of this Standard.

2.7 This Standard is to be interpreted:

- (a) in accordance with its objective; and
- (b) by looking beyond form to substance.

2.8 For the purposes of this Standard, an Interchange Fee or International Interchange Fee paid ~~from~~or payable by an Acquirer ~~to an Issuer~~ is to be expressed as a positive number and an Interchange Fee or International Interchange Fee paid ~~from an Issuer~~or payable to an Acquirer is to be expressed as a negative number.

2.9 On the Commencement Date this Standard replaces *Standard No. 1, The Setting of Wholesale (Interchange) Fees in the Designated Credit Card Schemes* relating to each of the VISA System and MasterCard System. Neither the registration nor the terms of this Standard affect that standard before the Commencement Date.

3. **Anti-Avoidance**

A participant in a Scheme must not, either alone or together with one or more other persons, enter into, begin to carry out or carry out a plan or arrangement or otherwise be knowingly involved in a plan or arrangement if it would be concluded that the person did so

for a purpose of avoiding the application of this Standard, and the plan or arrangement or part of the plan or arrangement has achieved or would but for this provision have achieved or could reasonably be considered to have achieved that purpose.

4. Interchange Fees and International Interchange Fees

4.1 (a) An Interchange Fee (exclusive of goods and services tax) in relation to a:

(i) Consumer Credit Card Transaction must not exceed 0.300 per cent of the value of the Consumer Credit Card Transaction to which it relates; and

(ii) Commercial Credit Card Transaction must not exceed 0.800 per cent of the value of the Commercial Credit Card Transaction to which it relates.

~~4.1(aaa)~~ An International Interchange Fee (exclusive of goods and services tax) paid or payable by an Acquirer in relation to ~~a Credit~~an International Card Transaction on and from 1 April 2027 must not exceed ~~0.800~~1.000 per cent of the value of the ~~Credit~~International Card Transaction to which it relates.

(b) If an Interchange Fee applies in relation to a category of Credit Card Transactions (whether that category is determined by reference to the nature of the holder, or type, of the Credit Card of the Scheme, the identity or nature of the Merchant, the means of effecting the transaction, the security or authentication that applies or any other matter, or is a residual category covering transactions not in any other category) (**Interchange Fee Category**), that Interchange Fee must be:

- (i) a percentage of the value of the Credit Card Transaction to which it relates; or
- (ii) a fixed amount,

applying to all Credit Card Transactions in the category, and cannot be expressed as a range of rates or amounts.

(c) On and from 1 April 2027, if an International Interchange Fee applies in relation to an International Interchange Fee Category, that International Interchange Fee must be:

(i) a percentage of the value of the International Card Transaction to which it relates; or

(ii) a fixed amount,

applying to all International Card Transactions in the International Interchange Fee Category, and cannot be expressed as a range of rates or amounts.

~~4.2 If the total value of Interchange Fees (exclusive of goods and services tax) payable in relation to Credit Card Transactions undertaken in a Scheme during a Reference Period exceeds 0.500 per cent of the total value of those Credit Card Transactions:~~

~~(a) that Reference Period will be an **Above Benchmark Reference Period**; and~~

~~(b) the participants in that Scheme must take all necessary steps to vary the rates or amounts~~

~~of Interchange Fees applicable under that Scheme, with effect no later than 2 months and 1 day after the end of the Above Benchmark Reference Period, to rates or amounts such that, had those varied rates or amounts applied under the Scheme during that Above Benchmark Reference Period, that Reference Period would not have been an Above Benchmark Reference Period.~~

~~4.3 If at any time any Interchange Fee applicable under a Scheme is introduced or removed, or the rate or amount of any Interchange Fee under a Scheme is varied, the Interchange Fees applicable under that Scheme following that change must be such that, had they applied for the whole of the most recent Reference Period prior to the date of the change, that Reference Period would not have been an Above Benchmark Reference Period. Nothing in this clause 4.3 limits clause 4.2.~~

5. Net Payments to Direct Issuer Participants

- 5.1 Subject to clause 6.5, no Direct Issuer Participant in a Scheme may receive, directly or indirectly, Net Compensation in relation to Credit Card Transactions [or Overseas Merchant Transactions](#) undertaken in that Scheme. **Net Compensation** is received by a Direct Issuer Participant if the Direct Issuer Participant Receipts of the Direct Issuer Participant for that Scheme in respect of a Reporting Period exceed the Direct Issuer Participant Payments of the Direct Issuer Participant for that Scheme in respect of that Reporting Period.
- 5.2 For the purpose of this clause 5:
- (a) subject to paragraphs (c), (d), (e), (f) and (g), **Direct Issuer Participant Receipts** of the Direct Issuer Participant for a Scheme and a Reporting Period is the total of the Benefits that meet the Incentive Test in relation to the Scheme that are earned or accrued during, or receivable in respect of, the Reporting Period by the Direct Issuer Participant and payable, allowable or otherwise to be provided, directly or indirectly, by the administrator of the Scheme in Australia or any of its Associated Entities but, if such an Associated Entity is an Acquirer [or International Acquirer](#), excluding Interchange Fees [and Overseas Merchant Transaction Interchange Fees](#);
 - (b) subject to paragraphs (c), (d), (e), (f) and (g), **Direct Issuer Participant Payments** of the Direct Issuer Participant for a Scheme and a Reporting Period is the total amount paid or payable, directly or indirectly, by the Direct Issuer Participant to or in favour of the administrator of the Scheme in Australia or any of its Associated Entities in relation to Core Services provided during or in respect of the Reporting Period for Credit Cards of the Scheme or Credit Card Transactions [or Overseas Merchant Transactions](#) undertaken in the Scheme;
 - (c) if a Benefit referred to in paragraph (a) or (b) does not relate solely to Credit Cards of the Scheme or Credit Card Transactions [or Overseas Merchant Transactions](#) undertaken in the Scheme and also relates to other Devices or other transactions:
 - (i) the Benefit must be apportioned between:
 - (A) the Credit Cards of the Scheme and Credit Card Transactions [and Overseas Merchant Transactions](#) on the one hand; and

- (B) the other Devices and other transactions on the other,
- fairly and reasonably, having regard to, where relevant, the transaction history on Devices used in the payment systems to which the Benefit relates and the proportion of the Devices to which the Benefit relates that are Credit Cards of the Scheme issued by the Direct Issuer Participant or by any Indirect Issuer Participant through Sponsorship by that Direct Issuer Participant; and
- (ii) the portion referable to Credit Cards of the Scheme and Credit Card Transactions [and Overseas Merchant Transactions](#) determined in accordance with sub-paragraph (i) (the **Relevant Portion**) must be included in the determination of Direct Issuer Participant Receipts or Direct Issuer Participant Payments, as applicable;
- (d) one method of apportionment under clause 5.2(c) that will be fair and reasonable for the purpose of that provision is an apportionment on a pro-rata basis, based on the value of Credit Card Transactions [and Overseas Merchant Transactions](#) undertaken in the Scheme using Credit Cards of the Scheme during the Reporting Period as a proportion of the total value of the transactions undertaken in any payment system to which the Benefit relates during the Reporting Period. This does not preclude an apportionment in another way that meets the requirements of clause 5.2(c);
- (e) where a Benefit referred to in paragraph (a), (b) or (c) relates to a period that spans more than one Reporting Period, the Benefit or, in the case of a Benefit referred to in paragraph (c), the Relevant Portion of the Benefit, may be allocated among Reporting Periods, in which case the allocation must:
- (i) be on a pro-rata basis based on the number of months in each relevant Reporting Period to which the Benefit relates if an allocation on that basis would fairly and reasonably align the Benefit to the activity to which the Benefit relates; or
- (ii) otherwise on some other basis that fairly and reasonably aligns the allocation of the Benefit to the activity to which the Benefit relates,
- in each case provided that:
- (iii) no part of it is allocated to any Reporting Period the whole of which occurs before the term of the contract or arrangement under which the Benefit is payable, receivable or allowable has commenced;
- (iv) no part of it is allocated to any Reporting Period the whole of which occurs after the term of the contract or arrangement under which the Benefit is payable, receivable or allowable has ended; and
- (v) it may not be allocated among more than 10 consecutive Reporting Periods;
- (f) a Direct Issuer Participant who adopts a particular method permitted by clause 5.2 of this Standard of:

- (i) determining whether and to what extent:
 - (A) Benefits are earned or accrued during, or are receivable in respect of, a Reporting Period for the purposes of paragraph 5.2(a); or
 - (B) Core Services are provided during or in respect of a Reporting Period for the purposes of paragraph 5.2(b); or
- (ii) allocating or apportioning Benefits for the purpose of paragraph (c), (d) or (e), must, unless the Reserve Bank of Australia otherwise agrees in writing, continue to use the same method consistently from one Reporting Period to the next; and
- (g) for the purpose of this clause 5, a Direct Issuer Participant must ensure that:
 - (i) a Benefit paid, allowed or otherwise provided, directly or indirectly, by the administrator of the Scheme in Australia or any of its Associated Entities that meets the Incentive Test is included as a Direct Issuer Participant Receipt in the calculation of Net Compensation in respect of a Reporting Period; and
 - (ii) an amount treated as a Direct Issuer Participant Payment in the calculation of Net Compensation in respect of a Reporting Period is not included as a Direct Issuer Participant Payment in the calculation of Net Compensation for any other Reporting Period.

6. Reporting and Transparency

6.1 An administrator of a Scheme in Australia or a representative of the participants in the Scheme in Australia must publish on the Scheme's website:

- (a) the Multilateral Interchange Fee rates or amounts (whichever is applicable) of the Scheme in Australia, including the rates or amounts for each Interchange Fee Category; and
- (b) the International Multilateral Interchange Fee rates or amounts (whichever is applicable) of the Scheme, including the rates or amounts for each International Interchange Fee Category.

6.2 Each:

- (a) Acquirer; and
- (b) Issuer that is a Direct Issuer Participant,

that is a party to an agreement with one or more other participants in a Scheme to pay or receive Interchange Fees in relation to Credit Card Transactions in the Scheme that are not Multilateral Interchange Fees must report to the Reserve Bank of Australia by 31 July each year the range of Interchange Fee rates or amounts (whichever is applicable) it received or paid in respect of the most recent Reporting Period. The Reserve Bank of Australia may publish the reported range of these Interchange Fees for the Scheme on its website.

- 6.2A [Each Acquirer that is a party to an agreement with one or more International Issuers to pay International Interchange Fees in relation to International Card Transactions in the Scheme that are not International Multilateral Interchange Fees must report to the Reserve Bank of Australia by 31 July each year the range of International Interchange Fee rates or amounts \(whichever is applicable\) it paid in respect of the most recent Reporting Period. The Reserve Bank of Australia may publish the reported range of these International Interchange Fees for the Scheme on its website.](#)
- 6.3 An administrator of a Scheme in Australia or a representative of the participants in the Scheme in Australia must on or before 31 July each year certify in writing to the Reserve Bank of Australia in respect of the most recent Reporting Period, that Interchange Fees of the Scheme in Australia [and the International Interchange Fees of the Scheme paid or payable by an Acquirer](#) were during that Reporting Period in compliance with this Standard.
- 6.4 Subject to clause 6.5, each of an administrator of a Scheme in Australia and each Direct Issuer Participant in the Scheme in Australia must on or before 31 July each year certify in writing to the Reserve Bank of Australia that it was, in respect of the most recent Reporting Period, in compliance with clause 5.
- 6.5 Where a Direct Issuer Participant in a Scheme is a New Issuer, each of the administrator of the Scheme in Australia and the New Issuer will be taken to have complied with its obligations under clause 5 and clause 6.4 in respect of the period prior to and including the Initial Reporting Period if it:
- (a) complies with clause 5 as if each reference to ‘Reporting Period’ is read as a reference to the Initial Reporting Period; and
 - (b) certifies in writing to the Reserve Bank of Australia that it was, in respect of the Initial Reporting Period, in compliance with clause 5 read as specified in clause 6.5(a) and provides such certification on or before 31 July in the year that the Initial Reporting Period ends.
- 6.6 An administrator of a Scheme in Australia or a representative of the participants of the Scheme in Australia must, not later than 30 days after the end of each Quarter, certify in writing to the Reserve Bank of Australia each of the following for that Quarter for the Scheme:
- (a) the total value of Credit Card Transactions undertaken in the Scheme in that Quarter;
 - (b) the number of Credit Card Transactions undertaken in the Scheme in that Quarter;
 - (c) the total value of all Interchange Fees (exclusive of goods and services tax) payable in respect of the Credit Card Transactions undertaken in the Scheme during that Quarter;
 - (d) the total value of Interchange Fees (exclusive of goods and services tax) payable in respect of Credit Card Transactions undertaken in the Scheme during the Quarter

divided by the total value of the Credit Card Transactions undertaken in the Scheme during the Quarter; and

- (e) each Interchange Fee Category that applied for some or all of the Quarter and, for each of those categories:
 - (i) the Interchange Fee rates or amounts (whichever is applicable) that applied during the Quarter (expressed as a percentage or an amount, not as a range); and
 - (ii) the total value of Interchange Fees (exclusive of goods and services tax) payable in respect of that Quarter that are referable to Credit Card Transactions undertaken in the Scheme in that Quarter in that category.

6.7 An administrator of a Scheme in Australia or a representative of the participants of the Scheme in Australia must, not later than 30 days after the end of each Quarter, certify in writing to the Reserve Bank of Australia each of the following for that Quarter for the Scheme:

- (a) the total value of International Card Transactions undertaken in the Scheme in that Quarter;
- (b) the number of International Card Transactions undertaken in the Scheme in that Quarter;
- (c) the total value of all International Interchange Fees (exclusive of goods and services tax) payable in respect of the International Card Transactions undertaken in the Scheme during that Quarter;
- (d) the total value of International Interchange Fees (exclusive of goods and services tax) payable in respect of International Card Transactions undertaken in the Scheme during the Quarter divided by the total value of the International Card Transactions undertaken in the Scheme during the Quarter; and
- (e) each International Interchange Fee Category that applied for some or all of the Quarter and, for each of those categories:
 - (i) the International Interchange Fee rates or amounts (whichever is applicable) that applied during the Quarter (expressed as a percentage or an amount, not as a range); and
 - (ii) the total value of International Interchange Fees (exclusive of goods and services tax) payable in respect of that Quarter that are referable to International Card Transactions undertaken in the Scheme in that Quarter in that category.

6.8 An administrator of a Scheme in Australia or a representative of the participants in the Scheme in Australia must, not later than 30 days after the end of each Quarter, give to the Reserve Bank of Australia and publish on the Scheme's website, in accordance with the form of the table in Schedule 1, the Required Information for that Quarter in respect of:

- (a) Credit Card Transactions undertaken in the Scheme in that Quarter divided into:
 - (i) all Credit Card Transactions;
 - (ii) all Card Present Transactions;
 - (iii) Card Present Transactions that are also Tokenised Transactions;
 - (iv) all Card Not Present Transactions; and
 - (v) Card Not Present Transactions that are also Tokenised Transactions; and
- (b) International Card Transactions undertaken in the Scheme in that Quarter divided into:
 - (i) all International Card Transactions;
 - (ii) all Card Present Transactions;
 - (iii) Card Present Transactions that are also Tokenised Transactions;
 - (iv) all Card Not Present Transactions; and
 - (v) Card Not Present Transactions that are also Tokenised Transactions.

6.9 For the purposes of clause 6.8, the Required Information is:

- (a) the total value, expressed in thousands of Australian dollars, of all Interchange Fees or International Interchange Fees (exclusive of goods and services tax) payable in respect of those transactions;
- (b) the total value, expressed in thousands of Australian dollars, of those transactions;
- (c) the total number, expressed in thousands of transactions, of those transactions; and
- (d) the Quarter and year to which the information relates.

6.10 An administrator of a Scheme in Australia or a representative of the participants in the Scheme in Australia must, not later than 30 days after the end of each Quarter, give to the Reserve Bank of Australia and publish on its website, in accordance with the form of the table in Schedule 2, the Required Information for that Quarter in respect of:

- (a) Credit Card Transactions undertaken in the Scheme in that Quarter divided into:
 - (i) all Credit Card Transactions;
 - (ii) all Card Present Transactions;
 - (iii) Card Present Transactions that are also Tokenised Transactions;
 - (iv) all Card Not Present Transactions; and
 - (v) Card Not Present Transactions that are also Tokenised Transactions; and

- (b) International Card Transactions undertaken in the Scheme in that Quarter divided into:
 - (i) all International Card Transactions;
 - (ii) all Card Present Transactions;
 - (iii) Card Present Transactions that are also Tokenised Transactions;
 - (iv) all Card Not Present Transactions; and
 - (v) Card Not Present Transactions that are also Tokenised Transactions.

6.11 For the purposes of clause 6.10, the Required Information is:

- (a) the total value, expressed in thousands of Australian dollars, of all Scheme Fees (Acquirer) (exclusive of goods and services tax) payable in relation to those transactions;
- (b) for the categories in clause 6.10(a)(i) and (b)(i) only, the total value, expressed in thousands of Australian dollars of all Rebates (Acquirer) (exclusive of goods and services tax) in relation to those transactions;
- (c) the total value, expressed in thousands of Australian dollars, of those transactions;
- (d) the total number, expressed in thousands of transactions, of those transactions; and
- (e) the Quarter and year to which the information relates.

6.12 An administrator of a Scheme in Australia or a representative of the participants in the Scheme in Australia must, not later than 30 days after the end of each Quarter, give to the Reserve Bank of Australia and publish on its website, in accordance with the form of the table in Schedule 3, the Required Information for that Quarter in respect of:

- (a) Credit Card Transactions undertaken in the Scheme in that Quarter divided into:
 - (i) all Credit Card Transactions;
 - (ii) all Card Present Transactions;
 - (iii) Card Present Transactions that are also Tokenised Transactions;
 - (iv) all Card Not Present Transactions; and
 - (v) Card Not Present Transactions that are also Tokenised Transactions; and
- (b) Overseas Merchant Transactions undertaken in that Scheme in that Quarter divided into:
 - (i) all Overseas Merchant Transactions;
 - (ii) all Card Present Transactions;

- (iii) Card Present Transactions that are also Tokenised Transactions;
- (iv) all Card Not Present Transactions; and
- (v) Card Not Present Transactions that are also Tokenised Transactions.

6.13 For the purposes of clause 6.12, the Required Information is:

- (a) the total value, expressed in thousands of Australian dollars, of all Scheme Fees (Issuer) (exclusive of goods and services tax) payable in relation to those transactions;
- (b) for the categories in clause 6.12(a)(i) and (b)(i) only, the total value, expressed in thousands of Australian dollars of all Rebates (Issuer) (exclusive of goods and services tax) in relation to those transactions;
- (c) the total value, expressed in thousands of Australian dollars, of those transactions;
- (d) the total number, expressed in thousands of transactions, of those transactions; and
- (e) the Quarter and year to which the information relates.

6.14 For the purposes of clauses 6.11(a) and (b) and 6.13(a) and (b):

- (a) if a Relevant Rebate or Scheme Fee does not relate solely to Credit Cards of the Scheme, International Credit Cards of the Scheme, Credit Card Transactions, International Card Transactions or Overseas Merchant Transactions undertaken in the Scheme, and also relates to other Devices or other transactions, the Relevant Rebate or Scheme Fee must be apportioned between:
 - (i) the Credit Cards of the Scheme, International Credit Cards of the Scheme, Credit Card Transactions, International Card Transactions and Overseas Merchant Transactions undertaken in the Scheme (as the case may be) on the one hand; and
 - (ii) the other Devices and other transactions on the other,
fairly and reasonably, having regard to, where relevant, the transaction history on Devices used in the payment systems to which the Relevant Rebate or Scheme Fee relates and the proportion of the Devices to which the Relevant Rebate or Scheme Fee relates that are Credit Cards of the Scheme or International Credit Cards of the Scheme;
- (b) one method of apportionment under paragraph (a) that will be fair and reasonable for the purpose of that provision is an apportionment on a pro-rata basis, based on the value of Credit Card Transactions, Overseas Merchant Transactions or International Card Transactions undertaken in the Scheme during the Quarter as a proportion of the total value of the transactions undertaken in any payment system to which the Relevant Rebate or Scheme Fee relates during the Quarter. This does not preclude an apportionment in another way that meets the requirements of paragraph (a);

(c) if a Relevant Rebate or Scheme Fee does not solely relate to or is not referable to a particular Transaction Category, the Relevant Rebate or Scheme Fee must be apportioned across Transaction Categories based on the value of transactions in that Quarter of that Transaction Category as a proportion of the total value of all Credit Card Transactions, International Card Transactions and Overseas Merchant Transactions undertaken in the Scheme in that Quarter;

(d) where a Relevant Rebate or Scheme Fee referred to above relates to a period that spans more than one Quarter, the Relevant Rebate or Scheme Fee or, in the case of a Relevant Rebate or Scheme Fee referred to in paragraph (a), the relevant portion of the Relevant Rebate or Scheme Fee, may be allocated among Quarters, in which case the allocation must:

(i) be on a pro-rata basis based on the number of months in each relevant Quarter to which the Relevant Rebate or Scheme Fee relates if an allocation on that basis would fairly and reasonably align the Relevant Rebate or Scheme Fee to the activity to which the Relevant Rebate or Scheme Fee relates; or

(ii) otherwise on some other basis that fairly and reasonably aligns the allocation of the Relevant Rebate or Scheme Fee to the activity to which the Relevant Rebate or Scheme Fee relates,

in each case provided that:

(iii) no part of it is allocated to any Quarter the whole of which occurs before the term of the contract or arrangement under which the Relevant Rebate or Scheme Fee is payable, receivable or allowable has commenced;

(iv) no part of it is allocated to any Quarter the whole of which occurs after the term of the contract or arrangement under which the Relevant Rebate or Scheme Fee is payable, receivable or allowable has ended; and

(v) it may not be allocated among more than 40 consecutive Quarters; and

(e) where a particular method permitted above has been adopted of:

(i) determining whether and to what extent Relevant Rebates or Scheme Fees are earned or accrued during, or are receivable in respect of, a Quarter; or

(ii) allocating or apportioning Relevant Rebates or Scheme Fees for the purpose of paragraph (a), (b) or (c),

that method must, unless the Reserve Bank of Australia otherwise agrees in writing, continue to be used consistently from one Quarter to the next.

6.15 All information that an administrator of a Scheme has published pursuant to clauses 6.8, 6.10 and 6.12, other than the information in respect of the most recent Quarter, must be displayed on a separate page of the website, and a link to that page must be displayed in a location that is easily accessible.

7. Commencement and Implementation

7.1 This Standard came into force on the Commencement Date, but certain provisions in it had a transitional application as set out in clause 7 of this Standard as at the Commencement Date.

7.2 ~~On~~ Subject to clauses 7.3, 7.4, 7.5, 7.6, 7.7, 7.8, 7.9 and 7.10, on and from 1 ~~January 2022, October 2026~~, each participant in a Scheme must comply with this Standard as varied with effect from that date.

7.3 Clause 6.2A of this Standard as varied with effect from 1 October 2026 must be complied with for the Reporting Period ending 30 June 2028 and all subsequent Reporting Periods. For the Reporting Period ending 30 June 2027, clause 6.2A of this Standard as varied with effect from 1 October 2026 must be complied with as if the reference to Reporting Period is read as a reference to the period commencing on 1 April 2027 and ending on 30 June 2027.

7.4 Clause 6.3 of this Standard as varied with effect from 1 October 2026 must be complied with for the Reporting Period ending 30 June 2028 and all subsequent Reporting Periods. For the Reporting Period ending 30 June 2027, clause 6.3 of this Standard as varied with effect from 1 October 2026 must be complied with as if the requirement in that clause was for the administrator of the Scheme in Australia or a representative of the participants in the Scheme in Australia to, on or before 31 July 2027, certify in writing to the Reserve Bank of Australia in respect of that Reporting Period, that:

(a) Interchange Fees of the Scheme in Australia were:

(i) during the period 1 July 2026 to 30 September 2026 in compliance with clauses 4.1(a), 4.1(b), 4.2 and 4.3 of the Standard as it was in effect on 30 September 2026; and

(ii) during the period 1 October 2026 to 30 June 2027 in compliance with clauses 4.1(a) and 4.1(b) of this Standard as varied with effect from 1 October 2026; and

(b) International Interchange Fees of the Scheme paid or payable by an Acquirer were during the period 1 April 2027 and 30 June 2027 in compliance with clauses 4.1(aa) and 4.1(c) of this Standard as varied with effect from 1 October 2026.

7.5 For and in relation to any participant in a Scheme that:

(a) was not a Direct Issuer Participant in that Scheme under the Standard as it was in effect on 30 September 2026 at any time during the period 1 July 2026 to 30 September 2026; and

(b) is a Direct Issuer Participant in that Scheme on 1 October 2026 under this Standard as varied with effect from that date (other than because it first commenced issuing Credit Cards of a Scheme on that date and as a result, became a New Issuer on that date).

clause 5 and clause 6.4 of this Standard as varied with effect from 1 October 2026 must be complied with in relation to that Scheme:

- (c) for the Reporting Period ending 30 June 2029 and all subsequent Reporting Periods; and
- (d) for any Reporting Period ending on or before 30 June 2028 as if:
 - (i) each reference to 'Reporting Period' in clause 5 and clause 6.4 is read as a reference to the period 1 October 2026 to 30 June 2028; and
 - (ii) the reference to '31 July each year' in clause 6.4 is read as a reference to 31 July 2028.

7.6 In relation to clauses 5, 6.4 and 6.5 of this Standard as varied with effect from 1 October 2026, for the Reporting Period ending on 30 June 2027, a Direct Issuer Participant in a Scheme who was at any time during the period 1 July 2026 to 30 September 2026 a Direct Issuer Participant in that Scheme under the Standard as it was in effect on 30 September 2026 may elect to comply, in relation to that Scheme, with either:

- (a) clause 5 and clause 6.4 and (where relevant) clause 6.5 of this Standard as in effect on 30 September 2026; or
- (b) clause 5 and clause 6.4 and (where relevant) clause 6.5 of this Standard as amended with effect on 1 October 2026 as if this Standard so amended had been in effect from 1 July 2026,

and must notify its election of paragraph (a) or (b) (Transitional Election) to the administrator of the Scheme no later than 1 April 2027.

7.7 Each of administrator of a Scheme in Australia that receives a notification under clause 7.6 from a Direct Issuer Participant and that Direct Issuer Participant must provide certification of compliance under clause 6.4 as that compliance relates to that Direct Issuer Participant and the Reporting Period ending 30 June 2027 on the same basis as that specified in the Transitional Election made by that Direct Issuer Participant.

7.8 If a Direct Issuer Participant in a Scheme does not give a Transitional Election in accordance with clause 7.6 then:

- (a) it is taken to have elected to comply, in relation to that Scheme, with clause 5 and clause 6.4 of this Standard as in effect on 30 September 2026; and
- (b) each of the administrator of the Scheme in Australia and that Direct Issuer Participant must provide its certification under clause 6.4 in relation to that Direct Issuer Participant and the Reporting Period ending 30 June 2027 accordingly.

7.9 Clause 6.7 of this Standard as varied with effect from 1 October 2026 does not apply to the Quarter ending 30 September 2026 or any previous Quarter.

7.10 Clauses 6.6, 6.8, 6.10 and 6.12 of this Standard as varied with effect from 1 October 2026 must be complied with in respect of the Quarter ending 30 September 2026, no later than 30 October 2026.

Schedule 1

[Insert Quarter and year]

<u>Credit Card Transactions</u>	<u>Interchange fees</u>	<u>Transactions</u>	
	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Number ('000)</u>
<u>Credit</u>	<u>[Insert value in accordance with cl 6.8(a)(i) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(a)(i) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(i) and cl 6.9(c)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.8(a)(ii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(a)(ii) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(ii) and cl 6.9(c)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.8(a)(iii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(a)(iii) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(iii) and cl 6.9(c)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.8(a)(iv) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(a)(iv) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(iv) and cl 6.9(c)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.8(a)(v) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(a)(v) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(v) and cl 6.9(c)]</u>
<u>International Card Transactions</u>			
<u>Credit</u>	<u>[Insert value in accordance with cl 6.8(b)(i) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(i) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(i) and cl 6.9(c)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.8(b)(ii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(ii) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(ii) and cl 6.9(c)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.8(b)(iii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(iii) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(iii) and cl 6.9(c)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.8(b)(iv) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(iv) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(iv) and cl 6.9(c)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.8(b)(v) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(v) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(v) and 6.9(c)]</u>

Schedule 2

[Insert Quarter and year]

<u>Credit Card Transactions</u>	<u>A. Gross scheme fees from acquirers</u>	<u>B. Rebates provided to acquirers</u>	<u>C. Transactions</u>	
	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Number ('000)</u>
<u>Credit</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(d)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.10(a)(ii) and cl 6.11(a)]</u>		<u>[Insert value in accordance with cl 6.10(a)(ii) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(ii) and cl 6.11(d)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.10(a)(iii) and cl 6.11(a)]</u>		<u>[Insert value in accordance with cl 6.10(a)(iii) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iii) and cl 6.11(d)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.10(a)(iv) and cl 6.11(a)]</u>		<u>[Insert value in accordance with cl 6.10(a)(iv) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iv) and cl 6.11(d)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.10(a)(v) and cl 6.11(a)]</u>		<u>[Insert value in accordance with cl 6.10(a)(v) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(v) and cl 6.11(d)]</u>
<u>International Card Transactions</u>				
<u>Credit</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(d)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.10(b)(ii) and cl 6.11(a)]</u>		<u>[Insert value in accordance with cl 6.10(b)(ii) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(ii) and cl 6.11(d)]</u>

<u>Credit Card Transactions</u>	<u>A. Gross scheme fees from acquirers</u>	<u>B. Rebates provided to acquirers</u>	<u>C. Transactions</u>	
	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Number ('000)</u>
<u>of which: Tokenised Transactions</u>	[Insert value in accordance with cl 6.10(b)(iii) and cl 6.11(a)]		[Insert value in accordance with cl 6.10(b)(iii) and cl 6.11(c)]	[Insert value in accordance with cl 6.10(b)(iii) and cl 6.11(d)]
<u>Card not present</u>	[Insert value in accordance with cl 6.10(b)(iv) and cl 6.11(a)]		[Insert value in accordance with cl 6.10(b)(iv) and cl 6.11(c)]	[Insert value in accordance with cl 6.10(b)(iv) and cl 6.11(d)]
<u>of which: Tokenised Transactions</u>	[Insert value in accordance with cl 6.10(b)(v) and cl 6.11(a)]		[Insert value in accordance with cl 6.10(b)(v) and cl 6.11(c)]	[Insert value in accordance with cl 6.10(b)(v) and cl 6.11(d)]

Schedule 3

[Insert Quarter and year]

<u>Credit Card Transactions</u>	<u>A. Gross scheme fees from issuers</u>	<u>B. Rebates provided to issuers</u>	<u>C. Transactions</u>	
	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Number ('000)</u>
<u>Credit</u>	<u>[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(a)]</u>	<u>[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(b)]</u>	<u>[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(d)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.12(a)(ii) and cl 6.13(a)]</u>		<u>[Insert value in accordance with cl 6.12(a)(ii) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(a)(ii) and cl 6.13(d)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.12(a)(iii) and cl 6.13(a)]</u>		<u>[Insert value in accordance with cl 6.12(a)(iii) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(a)(iii) and cl 6.13(d)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.12(a)(iv) and cl 6.13(a)]</u>		<u>[Insert value in accordance with cl 6.12(a)(iv) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(a)(iv) and cl 6.13(d)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.12(a)(v) and cl 6.13(a)]</u>		<u>[Insert value in accordance with cl 6.12(a)(v) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(a)(v) and cl 6.13(d)]</u>
<u>Overseas Merchant Transactions</u>				
<u>Credit</u>	<u>[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(a)]</u>	<u>[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(b)]</u>	<u>[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(d)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.12(b)(ii) and cl 6.13(a)]</u>		<u>[Insert value in accordance with cl 6.12(b)(ii) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(b)(ii) and cl 6.13(d)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.12(b)(iii) and cl 6.13(a)]</u>		<u>[Insert value in accordance with cl 6.12(b)(iii) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(b)(iii) and cl 6.13(d)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.12(b)(iv) and cl 6.13(a)]</u>		<u>[Insert value in accordance with cl 6.12(b)(iv) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(b)(iv) and cl 6.13(d)]</u>

<u>Credit Card Transactions</u>	<u>A. Gross scheme fees from issuers</u>	<u>B. Rebates provided to issuers</u>	<u>C. Transactions</u>	
	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Number ('000)</u>
<u>of which: Tokenised Transactions</u>	[Insert value in accordance with cl 6.12(b)(v) and cl 6.13(a)]		[Insert value in accordance with cl 6.12(b)(v) and cl 6.13(c)]	[Insert value in accordance with cl 6.12(b)(v) and cl 6.13(d)]

THE SETTING OF INTERCHANGE FEES IN THE DESIGNATED DEBIT AND PREPAID CARD SCHEMES AND NET PAYMENTS TO ISSUERS

1. Objective

The objective of this Standard is to ensure that the setting of interchange fees and payments and other transfers of valuable consideration having an equivalent object or effect to interchange fees in each designated debit card scheme and prepaid card scheme is transparent and promotes:

- *efficiency; and*
- *competition*

in the Australian payments system.

2. Application

- 2.1 This Standard is determined under Section 18 of the *Payment Systems (Regulation) Act 1998* (the **Act**).
- 2.2 This Standard applies to each of the following, each of which is referred to in this Standard as a **Scheme**:
- (a) the payment system operated within Australia known as Visa Debit, which was designated under the Act as a payment system on 23 February 2004 and which is referred to in this Standard as **Visa Debit**;
 - (b) the payment system operated within Australia known as Visa Prepaid, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this Standard as **Visa Prepaid**;
 - (c) the payment system operated within Australia known as Debit MasterCard, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this Standard as **Debit MasterCard**;
 - (d) the payment system operated within Australia known as MasterCard Prepaid, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this Standard as **MasterCard Prepaid**;
 - (e) the debit card payment system operated within Australia known as the EFTPOS payment system, which was designated under the Act as a payment system on 12 June 2012 and which is referred to in this standard as the **EFTPOS System**; and
 - (f) the prepaid card payment system operated within Australia under the EFTPOS Scheme Rules, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this standard as **EFTPOS Prepaid**.

2.3 In this Standard:

Above Benchmark Reference Period has the meaning given to it in clause 4.2;

Acquired includes accepted;

Acquirer means a participant in a Scheme in Australia that:

- (a) provides services, directly or indirectly, to a Merchant [in Australia](#) to allow that Merchant to accept a Card of that Scheme; or
- (b) is a Merchant [in Australia](#) that accepts, or is a Related Body Corporate of a Merchant [in Australia](#) that accepts, a Card of that Scheme and bears risk as principal in relation to the payment obligations of the Issuer of that Card in relation to that acceptance;

Associated Entity has the meaning given by Section 50AAA of the Corporations Act 2001;

Benefit means:

- (a) a payment, receipt, rebate, refund or allowance;
- (b) in relation to any Property or service received or receivable by a Direct Issuer Participant:
 - (i) where there is a Regular Price for that Property or service, any discount or deduction from that price;
 - (ii) where there is not a Regular Price for that Property or service, an amount by which the Fair Value of the Property or service exceeds the payment or other similar financial consideration made or given for it by the Direct Issuer Participant; and
- (c) a benefit (however named or described) of a similar nature to, or having the same effect as, a benefit of the kind specified in (a) or (b) above;

~~**Card Account** means, in relation to a Card of a Scheme, the account that is debited when that Device is used to purchase goods or services;~~

Card Not Present Transaction means, in relation to a Scheme, a Card Transaction, International Card Transaction or Overseas Merchant Transaction other than a Card Present Transaction;

Card of a Scheme or **Card of that Scheme** or **Card of the Scheme** means a Debit Card of a Scheme or a Prepaid Card of a Scheme;

Card of a Scheme Pair means a Card of a Scheme that is part of a Scheme Pair;

Card Present Transaction means, in relation to a Scheme, a Card Transaction, International Card Transaction or Overseas Merchant Transaction, in respect of which:

- (a) [the holder of the Device is with the Device and is with the Merchant's Physical Point of Sale Device at the time of the transaction; and](#)

(b) the Device or tokenised version of the primary account number relating to the Device is electronically read or recorded by the Merchant's Physical Point of Sale Device.

and, for the avoidance of doubt, does not include a transaction completed online via a website or application accessed by the holder of a Device through a QR code or website link;

Card Transaction means a Debit Card Transaction or a Prepaid Card Transaction;

Commencement Date means 1 July 2017;

Core Service means, in relation to a Scheme, a service provided by the administrator of the Scheme in Australia or any of its Associated Entities that meets the requirements in the following paragraphs (a), (b) and (c):

- (a) the service is used by a participant in the Scheme in Australia in relation to Devices of the Scheme that can be used to make payments for goods or services by:
 - (i) accessing a deposit account held at an authorised deposit-taking institution or a bank or other financial institution; or
 - (ii) using a store of value that has been prepaid or pre-funded,or in relation to transactions initiated using those Devices; and
- (b) without the service it would not be possible for a Direct Issuer Participant to be an Issuer or for another entity to be an Issuer through Sponsorship by a Direct Issuer Participant of the Scheme; and
- (c) the service (however named or described) relates to one or more of the following (each a Core Function) and only to one or more Core Functions:
 - (i) the licensing of the Scheme's brands and other intellectual property owned by, or licensed to, the administrator of the Scheme in Australia or any of its Associated Entities, a licence (or sub-licence) of which is required in order to be a participant in the Scheme;
 - (ii) connection to, and/or maintenance of a connection to, the systems to which it is necessary to connect in order to be a participant in the Scheme;
 - (iii) transaction processing (including processing of charge-back transactions);
 - (iv) clearing and settlement (including clearing and settlement of charge-back transactions);
 - (v) authentication;
 - (vi) authorisation;
 - (vii) stand-in processing, clearing and settlement;

- (viii) fraud prevention; and
- (ix) handling, investigating and settling disputes, and requests or claims for chargebacks, raised by holders of Devices.

A service will relate only to one or more Core Functions for the purpose of this paragraph (c) even if it involves or includes incidental services necessary to support one or more Core Functions;

Credit Card Scheme means each payment system referred to as a ‘Scheme’ under *Standard No. 1 of 2016 The Setting of Interchange Fees in the Designated Credit Card Schemes and Net Payments to Issuers*;

Debit Card of a Scheme or Debit Card of that Scheme means, in relation to a Scheme, a Device issued by a participant in the Scheme in Australia under the Rules of the Scheme that can be used to make payments for goods or services by accessing a deposit account held at an authorised deposit-taking institution or a bank or other financial institution;

Debit Card Scheme means Visa Debit, Debit MasterCard or the EFTPOS System;

Debit Card Transaction means, in relation to a Scheme, a transaction in that Scheme between a holder of a Debit Card of that Scheme and a Merchant [in Australia](#) involving the purchase of goods or services (whether or not it also involves the obtaining of cash) using a Debit Card of that Scheme that is Acquired by an Acquirer (but does not include any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction);

Device means any card, plate or other payment code or device, including a code or device where no physical card or other embodiment is issued and a code or device used or to be used for only one transaction;

Direct Issuer Participant means, in relation to a Scheme, a participant in that Scheme in Australia as an Issuer, or as a Sponsor for one or more Issuers, that is not an Indirect Issuer Participant in that Scheme in Australia. Without limitation, ~~for~~:

[\(a\) for Debit MasterCard and MasterCard Prepaid this means:](#)

- [\(i\) ~~\(a\) Debit MasterCard and MasterCard Prepaid this means~~ any Principal Customer or Association Customer, each as defined in the Rules of the Scheme, in its capacity as Issuer or as Sponsor for one or more Issuers; \[or\]\(#\)](#)
- [\(ii\) any Affiliate Customer as defined in the Rules of the Scheme in its capacity as Issuer, excluding an Indirect Issuer Participant in that Scheme in Australia; or](#)

[\(b\) for Visa Debit and Visa Prepaid this means:](#)

- [\(i\) ~~\(b\) VISA Debit and Visa Prepaid this means~~ any Principal-Type Member as defined in the Rules of the Scheme in its capacity as Issuer or as Sponsor for one or more Issuers; or](#)

(ii) any Participant-Type Member or Associate-Type Member, each as defined in the Rules of the Scheme, in its capacity as Issuer, excluding an Indirect Issuer Participant in that Scheme in Australia; or

(c) for EFTPOS System and EFTPOS Prepaid this means:

- (i) any eftpos Issuer that is not an Indirect Settler; or
- (ii) any Settlement Agent,

with each of those expressions having the meaning given in the Rules of the Scheme;

Direct Issuer Participant Payments has the meaning given to it in clause 5.2;

Direct Issuer Participant Receipts has the meaning given to it in clause 5.2;

Dual-Network Debit Card or **DNDC** means a Debit Card of a Scheme (the 'First Scheme') that incorporates the functionality necessary to enable a transaction between the holder of the Device and a Merchant to be processed through:

- (a) the payment network of the First Scheme; or
- (b) the payment network of one or more of:
 - (i) the other Debit Card Schemes; and
 - (ii) any other payment system under which the holder of a Device may, using that Device, initiate or effect a transaction to make payments for goods or services by accessing a deposit account held at an authorised deposit-taking institution or a bank or other financial institution (whether or not the transaction also involves the obtaining of cash) provided that other payment system is not administered by the administrator of the First Scheme or any Associated Entity of the administrator of the First Scheme;

EFTPOS Scheme Rules are the rules promulgated under the constitution of EFTPOS Payments Australia Limited (ABN 37 136 180 366) and any schedule, document, specification or rule published by EFTPOS Payments Australia Limited pursuant to those rules;

Fair Value means, in relation to any Property or service:

- (a) subject to paragraph (b), the amount that would be paid to acquire the Property or service in an orderly transaction between independent, unrelated and well informed parties at the earlier of:
 - (i) the date the Property or service was first provided; and
 - (ii) the date the Property or service was committed to be provided, to the Direct Issuer Participant or Acquirer (as applicable); but
- (b) if at any subsequent time the amount that would be paid to acquire the Property or service in an orderly transaction between independent, unrelated and well informed

parties (**Revised Value**) is materially different from the amount determined in accordance with paragraph (a) (or, if any adjustment is made in accordance with this paragraph (b), the most recent such adjustment), the Fair Value may be adjusted to that Revised Value provided:

- (i) use of that Revised Value as Fair Value is fair and reasonable and consistent with the objective of this Standard; and
- (ii) the Fair Value may be adjusted to a Revised Value no more than once in a Reporting Period;

Incentive Test: a Benefit meets the **Incentive Test** in relation to a Scheme Pair if it is given for a purpose of, or has or will likely have the effect of, any one or more of the following:

- (a) incentivising the entry into of a contract relating to the issue of Cards of any Scheme in the Scheme Pair;
- (b) promoting or incentivising the issuance or use of Cards of any Scheme in the Scheme Pair; or
- (c) providing or funding incentives to holders of Cards of any Scheme in the Scheme Pair to use those cards.

Benefits that meet the Incentive Test in relation to a Scheme Pair include lump-sum, volume based and transaction-specific Benefits such as:

- (i) incentives to market Cards of any Scheme in the Scheme Pair; and
- (ii) any of the following earned, accrued or receivable by a Direct Issuer Participant for agreeing to issue Cards of any Scheme in the Scheme Pair or for Card Transactions [or Overseas Merchant Transactions](#) undertaken in any Scheme in the Scheme Pair meeting or exceeding a specific transaction volume, percentage share or dollar amount of transactions processed:
 - (A) a rebate on any fees or other costs or charges, whether for a Core Service or for any other product or service;
 - (B) a discount from the Regular Price of any Property or service, whether the Property or service is related to Cards of any Scheme in the Scheme Pair or not;

Indirect Issuer Participant means, in relation to a Scheme, a participant in that Scheme in Australia as an Issuer that participates in the Scheme in Australia as Issuer through the Sponsorship of another participant in that Scheme [in Australia](#). Without limitation, for:

- (a) Debit MasterCard and MasterCard Prepaid this means any Affiliate Customer as defined in the Rules of the Scheme in its capacity as Issuer; or
- (b) [Visa](#) ~~VISA~~-Debit and Visa Prepaid this means any Participant-Type Member or Associate-Type Member, each as defined in the Rules of the Scheme, in its capacity as Issuer; or

- (c) EFTPOS System and EFTPOS Prepaid this means any eftpos Issuer that is an Indirect Settler, with each of those expressions having the meaning given in the Rules of the Scheme.

but in each case, only where that Issuer participates as Issuer through the Sponsorship of another participant of that Scheme in Australia;

Initial Reporting Period means, in relation to a New Issuer, the period commencing on the first date on which any Direct Issuer Participant Payments or Direct Issuer Participant Receipts were paid, became payable, were earned or accrued, or became receivable by or to the New Issuer (as applicable) and ending on the last day of the first full Reporting Period following Public Launch by that New Issuer;

Interchange Fee Category has the meaning given to it in clause 4.1(b);

Interchange Fees means in relation to a Scheme, wholesale fees, known as interchange fees, which are payable between an Issuer and an Acquirer, directly or indirectly, in relation to Card Transactions in the Scheme but excluding any such fees to the extent that they are referable only to the obtaining of cash by the Card holder;

International Acquirer means an entity that participates in a Scheme that:

- (a) provides services, directly or indirectly, to a Merchant to allow that Merchant to accept a Card of that Scheme; or
- (b) is a Merchant that accepts, or is a Related Body Corporate of a Merchant that accepts, a Card of that Scheme and bears risk as principal in relation to the payment obligations of the Issuer of that Card in relation to that acceptance,

but that is not an Acquirer;

International Card of that Scheme or International Card of the Scheme means, in relation to a Scheme, a Device issued by an International Issuer that can be used in the Scheme to make payment for goods or services by (as applicable);

- (a) accessing a deposit account with a bank or other financial institution; or
- (b) using a store of value that has been prepaid or pre-funded and is accessible to make payments for goods or services only through the use of that, or a linked or related, Device;

International Card Transaction means, in relation to a Scheme, a transaction in that Scheme that:

- (a) is between a holder of an International Card of the Scheme ~~Device issued by an International Issuer~~ and a ~~merchant~~ Merchant in Australia;
- (b) involves the purchase of goods or services (whether or not it also involves the obtaining of cash) using that International Card; and
- (c) is Acquired by an Acquirer,

but does not include any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction;

International Interchange Fees means, in relation to a Scheme, wholesale fees, known as interchange fees, which are payable between an International Issuer and an Acquirer, directly or indirectly, in relation to International Card Transactions in the Scheme but excluding any such fees to the extent that they are referable only to the obtaining of cash by the Device holder;

International Interchange Fee Category means a category of International Card Transactions in relation to which a particular International Interchange Fee applies, which may be:

- (a) determined by reference to the nature of the holder or type of the Device, the identity or nature of the ~~merchant~~ [Merchant](#), the means of effecting the transaction, the security or authentication that applies or any other matters; or
- (b) a residual category covering transactions not in any other category;

International Issuer means ~~a participant~~ [an entity that participates](#) in a Scheme [and](#) that has a contractual relationship with its customers under which it issues Devices of the Scheme to those customers or their nominees but that is not an Issuer;

International Multilateral Interchange Fee means, in relation to a Scheme, an International Interchange Fee that is determined by an administrator of the Scheme or any of its Associated Entities and applies regardless of the identity of the Acquirer or International Issuer paying or receiving the International Interchange Fee;

Issuer means a participant in a Scheme in Australia that has a contractual relationship with its customers under which it issues Debit Cards of a Scheme or Prepaid Cards of a Scheme (as the case may be) to those customers or their nominees;

Merchant means, in relation to a Scheme, a merchant ~~in Australia~~ that accepts a [Card of that Scheme or International](#) Card of that Scheme for payment for goods or services;

Multilateral Interchange Fee means, in relation to a Scheme, an Interchange Fee that is determined by an administrator of the Scheme and applies regardless of the identity of the Acquirer or Issuer paying or receiving the Interchange Fee;

Net Compensation has the meaning given to it in clause 5.1;

New Issuer means a Direct Issuer Participant in a Scheme that has not, before commencing the issue of any Cards of that Scheme, issued in Australia any Devices of any other Scheme or any Credit Card Scheme;

Overseas Merchant Transaction means, in relation to a Scheme, a transaction in that Scheme that:

- (a) is between the holder of a Card of that Scheme and a Merchant not in Australia;
- (b) involves the purchase of goods or services using a Card of that Scheme; and

(c) is Acquired by an International Acquirer,

but does not include any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction;

Overseas Merchant Transaction Interchange Fees means, in relation to a Scheme, wholesale fees, known as interchange fees, which are payable between an Issuer and an International Acquirer, directly or indirectly, in relation to Overseas Merchant Transactions in the Scheme;

Physical Point of Sale Device means a Merchant's physical device that electronically reads or records a customer's Device for payment for goods or services, such as a Merchant's card terminal, kiosk, machine, card reader, tablet, smartphone or other smart device, and does not include a QR code or website link that enables the holder of a Device to make or complete a transaction online for the purchase of goods or services;

~~**Public Launch** in relation to a New Issuer, occurs when the New Issuer begins offering to issue Cards of a Scheme to its intended customer base and will not be taken to have occurred when a New Issuer has only issued Cards of that Scheme to its staff or a select group of its customers or other persons as part of a trial or test phase;~~

Prepaid Card of a Scheme or **Prepaid Card of that Scheme** means, in relation to a Scheme, a Device issued by a participant in the Scheme in Australia under the Rules of the Scheme that can be used to make payments for goods or services using a store of value that has been prepaid or pre-funded and is accessible to make payments for goods or services only through the use of that, or a linked or related, Device;

Prepaid Card Transaction means, in relation to a Scheme, a transaction in that Scheme between a holder of a Prepaid Card of that Scheme and a Merchant in Australia involving the purchase of goods or services (whether or not it also involves the obtaining of cash) using a Prepaid Card of that Scheme that is Acquired by an Acquirer (but does not include any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction);

Property means any property including any good and any proprietary right or interest;

~~**Public Launch** in relation to a New Issuer, occurs when the New Issuer begins offering to issue Cards of a Scheme to its intended customer base and will not be taken to have occurred when a New Issuer has only issued Cards of that Scheme to its staff or a select group of its customers or other persons as part of a trial or test phase;~~

Quarter means a 3 month period ending on 30 June, 30 September, 31 December or 31 March;

Rebate (Acquirer) in relation to a Scheme and a Quarter means so much of any of the following in relation to the Scheme that are earned or accrued during, or receivable in respect of, the Quarter by an Acquirer and payable, allowable or otherwise to be provided, directly or indirectly, by the administrator of a Scheme in Australia or any of its Associated Entities to an Acquirer (in its capacity as an Acquirer);

- (a) a payment, receipt, rebate, refund or allowance;
- (b) in relation to any Property or service received or receivable by an Acquirer:
 - (i) where there is a market price for that Property or service, any discount or deduction from that price;
 - (ii) where there is not a market price for that Property or service, an amount by which the Fair Value of the Property or service exceeds the payment or other similar financial consideration made or given for it by the Acquirer; and
- (c) a benefit (however named or described) of a similar nature to, or having the same effect as, a benefit of the kind specified in paragraph (a) or (b) above,

but if such an Associated Entity is an Issuer or International Issuer, excluding Interchange Fees and International Interchange Fees;

Rebate (Issuer) in relation to a Scheme and a Quarter means so much of the Direct Issuer Participant Receipts as are earned or accrued during, or receivable in respect of, that Quarter by Direct Issuer Participants and payable, allowable or otherwise to be provided, directly or indirectly, by the administrator of the Scheme in Australia or any of its Associated Entities but, if such an Associated Entity is an Acquirer or International Acquirer, excluding Interchange Fees and Overseas Merchant Transaction Interchange Fees;

Reference Period means a 12 month period ending on the last day of a Quarter;

Regular Price means, in relation to Property or a service, a supplier and a Direct Issuer Participant at any time, the price at which the supplier is regularly supplying Property or services of the same description to entities of a class, group or type that includes the Direct Issuer Participant at that time;

Related Body Corporate has the meaning given in the *Corporations Act 2001*;

Relevant Portion has the meaning given to it in clause 5.2;

Relevant Rebate means a Rebate (Acquirer) or a Rebate (Issuer);

Reporting Period means a 12 month period ending 30 June;

Required Information has the meaning given to it in clauses 6.9, 6.11 or 6.13 (as applicable);

Rules of a Scheme or Rules of the Scheme means the constitution, rules, by-laws, procedures and instruments of the relevant Scheme as applied in Australia, and any other arrangement relating to the Scheme by which participants in that Scheme in Australia are, or consider themselves to be, bound;

Scheme Benchmark is 8.0 cents;

Scheme Fees means Scheme Fees (Acquirer) or Scheme Fees (Issuer);

Scheme Fees (Acquirer) means, in relation to a Scheme, fees, which are paid or payable, directly or indirectly, by an Acquirer (in its capacity as an Acquirer) to or in favour of the administrator of the Scheme in Australia or any of its Associated Entities in relation to any service provided by the administrator of the Scheme in Australia or any of its Associated Entities where the service is used in relation to Cards of that Scheme, International Cards of that Scheme, Card Transactions or International Card Transactions, but if such an Associated Entity is an Issuer or International Issuer, excluding Interchange Fees and International Interchange Fees;

Scheme Fees (Issuer) means, in relation to a Scheme, fees, which are paid or payable, directly or indirectly, by an Issuer (in its capacity as an Issuer) to or in favour of the administrator of the Scheme in Australia or any of its Associated Entities in relation to any service provided by the administrator of the Scheme in Australia or any of its Associated Entities where the service is used in relation to Cards of that Scheme, Card Transactions or Overseas Merchant Transactions but if such an Associated Entity is an Acquirer or International Acquirer, excluding Interchange Fees and Overseas Merchant Transaction Interchange Fees;

Scheme Pair means:

- (a) Visa ~~VISA~~-Debit and Visa ~~VISA~~-Prepaid;
- (b) Debit MasterCard and MasterCard Prepaid; or
- (c) EFTPOS System and EFTPOS Prepaid;

Scheme Pair Transaction has the meaning given in clause 5.1;

Sponsor means:

- (a) in relation to a Scheme which is Visa ~~VISA~~-Debit, Visa ~~VISA~~-Prepaid, Debit MasterCard or MasterCard Prepaid, a participant in the Scheme in Australia who has accepted responsibility in whole or in part for, or to act as agent for, another entity under and in accordance with the Rules of the Scheme so that the other entity may participate in the Scheme; and
- (b) in relation to a Scheme which is EFTPOS System or EFTPOS Prepaid, a participant in the Scheme in Australia who has accepted responsibility to carry out settlement (the process of exchanging value to discharge payment obligations between Issuers and Acquirers), directly or indirectly, on behalf of one or more other entities,

and **Sponsorship** has a corresponding meaning;

SNDC Transaction means a Debit Card Transaction that is not effected using a DNDC;

Tokenised Transaction means, in relation to a Scheme, a Card Transaction, International Card Transaction or Overseas Merchant Transaction in respect of which the primary account number relating to the Device was replaced with a tokenised version;

[Transaction Category](#) means each type of transaction at clause 6.10(a)(i) to (v), clause 6.10(b)(i) to (v), clause 6.12(a)(i) to (v) and clause 6.12(b)(i) to (v);

include or **including** or **such as** when introducing an example do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and terms defined in the Act have the same meaning in this Standard.

2.4 For the purposes of this Standard:

- (a) a provision of a plan, arrangement or agreement shall be deemed to have a particular purpose if the provision was included in the plan, arrangement or agreement by a party or parties for purposes that include that purpose and that purpose was a substantial purpose; and
- (b) conduct including the payment or receipt of a fee or the giving of a benefit or other valuable consideration shall be deemed to have been made for a particular purpose if the person undertaking the conduct, payment or receipt did so for purposes that include that purpose and that purpose was a substantial purpose.

2.5 Each participant in a Scheme must do all things necessary on its part to ensure compliance with this Standard.

2.6 If any part of this Standard is invalid, this Standard is ineffective only to the extent of such part without invalidating the remaining parts of this Standard.

2.7 This Standard is to be interpreted:

- (a) in accordance with its objective; and
- (b) by looking beyond form to substance.

2.8 For the purposes of this Standard, an Interchange Fee [or International Interchange Fee](#) paid ~~from~~[or payable by](#) an Acquirer ~~to an Issuer~~ is to be expressed as a positive number and an Interchange Fee [or International Interchange Fee](#) paid ~~from an Issuer~~[or payable](#) to an Acquirer is to be expressed as a negative number.

2.9 On the Commencement Date this Standard replaces each of the following Standards:

- (a) *The Setting of Interchange Fees in the Visa Debit Payment System*; and
- (b) *Interchange Fees in the EFTPOS System*.

Neither the registration nor the terms of this Standard affect those standards before the Commencement Date.

3. **Anti-Avoidance**

A participant in a Scheme must not, either alone or together with one or more other persons, enter into, begin to carry out or carry out a plan or arrangement or otherwise be knowingly involved in a plan or arrangement if it would be concluded that the person did so for a purpose of avoiding the application of this Standard, and the plan or arrangement or

part of the plan or arrangement has achieved or would but for this provision have achieved or could reasonably be considered to have achieved that purpose.

4. **Interchange Fees [and International Interchange Fees](#)**

4.1 (a) An Interchange Fee (exclusive of goods and services tax) in relation to a Card Transaction must:

- (i) where the Interchange Fee is a fixed amount per transaction, not exceed ~~10.08.0~~ [8.0](#) cents; or
- (ii) where the Interchange Fee is calculated by reference to the value or amount of the transaction, not exceed ~~0.200~~ [0.160](#) per cent of that amount or value.

[\(aa\) An International Interchange Fee \(exclusive of goods and services tax\) paid or payable by an Acquirer in relation to an International Card Transaction on and from 1 April 2027 must not exceed 1.000 per cent of the value of the International Card Transaction to which it relates.](#)

(b) If an Interchange Fee applies in relation to a category of Card Transactions (whether that category is determined by reference to the nature of the holder, or type of the Card of the Scheme, the identity or nature of the Merchant, the means of effecting the transaction, the security or authentication that applies or any other matter, or is a residual category covering transactions not in any other category) (**Interchange Fee Category**), that Interchange Fee must be:

- (i) a percentage of the value of the Card Transaction to which it relates; or
- (ii) a fixed amount,

applying to all Card Transactions in the category, and cannot be expressed as a range of rates or amounts.

[\(c\) On and from 1 April 2027, if an International Interchange Fee applies in relation to an International Interchange Fee Category, that International Interchange Fee must be:](#)

- [\(i\) a percentage of the value of the International Card Transaction to which it relates; or](#)
- [\(ii\) a fixed amount,](#)

[applying to all International Card Transactions in the International Interchange Fee Category, and cannot be expressed as a range of rates or amounts.](#)

4.2 If:

(a) in relation to a Scheme:

- (i) the total value of Interchange Fees (exclusive of goods and services tax) payable in relation to Card Transactions undertaken in the Scheme during a

Reference Period divided by the number of those Card Transactions exceeds the Scheme Benchmark; and

- (ii) for the Scheme Pair of which the Scheme referred to in sub-paragraph (a)(i) forms part, the total value of Interchange Fees (exclusive of goods and services tax) payable in relation to Card Transactions undertaken in each of the Schemes in the Scheme Pair during the Reference Period divided by the number of those Card Transactions exceeds the Scheme Benchmark; or
- (b) in relation to a Debit Card Scheme, the total value of Interchange Fees (exclusive of goods and services tax) payable in relation to SNDC Transactions undertaken in the Scheme during a Reference Period divided by the number of those SNDC Transactions exceeds the Scheme Benchmark,

that Reference Period will be an **Above Benchmark Reference Period** for the Scheme referred to in paragraph (a) or (b) above (as applicable) and the participants in that Scheme must take all necessary steps to vary the rates or amounts of Interchange Fees applicable under that Scheme, with effect no later than 2 months and 1 day after the end of the Above Benchmark Reference Period, to rates or amounts such that, had those varied rates or amounts applied under the Scheme during the Above Benchmark Reference Period, that Reference Period would not have been an Above Benchmark Reference Period for that Scheme unless, in relation to a Scheme referred to in paragraph (a) above:

- (c) prior to the end of that period of 2 months and 1 day, a variation to the rates or amounts of Interchange Fees applicable under the other Scheme in the Scheme Pair takes effect; and
- (d) the varied Interchange Fees referred to in paragraph (c) are such that, had they applied under that other Scheme during the Above Benchmark Reference Period, the Reference Period would not have been an Above Benchmark Reference Period.

4.3 If at any time any Interchange Fee applicable under a Scheme is introduced or removed, or the rate or amount of any Interchange Fee under a Scheme is varied, the Interchange Fees applicable under that Scheme following that change must be such that, had they applied for the whole of the most recent Reference Period prior to the date of the change, that Reference Period would not have been an Above Benchmark Reference Period. Nothing in this clause 4.3 limits clause 4.2.

5. Net Payments to Direct Issuer Participants

5.1 Subject to clause 6.5, no Direct Issuer Participant in a Scheme may receive, directly or indirectly, Net Compensation in relation to Card Transactions [or Overseas Merchant Transactions](#) undertaken in any of the Schemes in the Scheme Pair of which that Scheme forms part (**Scheme Pair Transactions**). **Net Compensation** is received by a Direct Issuer Participant if the Direct Issuer Participant Receipts of the Direct Issuer Participant for that Scheme Pair in respect of a Reporting Period exceed the Direct Issuer Participant Payments of the Direct Issuer Participant for that Scheme Pair in respect of that Reporting Period.

5.2 For the purpose of this clause 5:

- (a) subject to paragraphs (c), (d), (e), (f) and (g), **Direct Issuer Participant Receipts** of the Direct Issuer Participant for a Scheme Pair and a Reporting Period is the total of the Benefits that meet the Incentive Test in relation to that Scheme Pair that are earned or accrued during, or receivable in respect of, the Reporting Period by the Direct Issuer Participant and payable, allowable or otherwise to be provided, directly or indirectly, by the administrator in Australia of any Scheme in the Scheme Pair or any of the Associated Entities of any administrator in Australia of any Scheme in the Scheme Pair but, if such an Associated Entity is an Acquirer [or International Acquirer](#), excluding Interchange Fees [and Overseas Merchant Transaction Interchange Fees](#);
- (b) subject to paragraphs (c), (d), (e), (f) and (g), **Direct Issuer Participant Payments** of the Direct Issuer Participant for a Scheme Pair and a Reporting Period is the total amount paid or payable, directly or indirectly, by the Direct Issuer Participant to or in favour of the administrator in Australia of any Scheme in the Scheme Pair or any of the Associated Entities of any administrator in Australia of any Scheme in the Scheme Pair in relation to Core Services provided during or in respect of the Reporting Period for any of the Cards of the Schemes in the Scheme Pair or Scheme Pair Transactions;
- (c) if a Benefit referred to in paragraph (a) or (b) does not relate solely to Cards of any Scheme in the Scheme Pair or Scheme Pair Transactions and also relates to other Devices or other transactions:
 - (i) the Benefit must be apportioned between:
 - (A) the Cards of any Scheme in the Scheme Pair and Scheme Pair Transactions on the one hand; and
 - (B) the other Devices and other transactions on the other,fairly and reasonably, having regard to, where relevant, the transaction history on Devices used in the payment systems to which the Benefit relates and the proportion of the Devices to which the Benefit relates that are Cards of a Scheme in the Scheme Pair issued by the Direct Issuer Participant or by any Indirect Issuer Participant through Sponsorship by that Direct Issuer Participant; and
 - (ii) the portion referable to Cards of any Scheme in the Scheme Pair and Scheme Pair Transactions determined in accordance with sub-paragraph (i) (the **Relevant Portion**) must be included in the determination of Direct Issuer Participant Receipts or Direct Issuer Participant Payments, as applicable;
- (d) one method of apportionment under clause 5.2(c) that will be fair and reasonable for the purpose of that provision is an apportionment on a pro-rata basis, based on the value of Scheme Pair Transactions using Cards of any Scheme in the relevant Scheme Pair during the Reporting Period as a proportion of the total value of the transactions undertaken in any payment system to which the Benefit relates during

the Reporting Period. This does not preclude an apportionment in another way that meets the requirements of clause 5.2(c);

- (e) where a Benefit referred to in paragraph (a), (b) or (c) relates to a period that spans more than one Reporting Period, the Benefit or, in the case of a Benefit referred to in paragraph (c), the Relevant Portion of the Benefit, may be allocated among Reporting Periods, in which case the allocation must:
 - (i) be on a pro-rata basis based on the number of months in each relevant Reporting Period to which the Benefit relates if an allocation on that basis would fairly and reasonably align the Benefit to the activity to which the Benefit relates; or
 - (ii) otherwise on some other basis that fairly and reasonably aligns the allocation of the Benefit to the activity to which the Benefit relates,

in each case provided that:

- (iii) no part of it is allocated to any Reporting Period the whole of which occurs before the term of the contract or arrangement under which the Benefit is payable, receivable or allowable has commenced;
 - (iv) no part of it is allocated to any Reporting Period the whole of which occurs after the term of the contract or arrangement under which the Benefit is payable, receivable or allowable has ended; and
 - (v) it may not be allocated among more than 10 consecutive Reporting Periods;
- (f) a Direct Issuer Participant who adopts a particular method permitted by clause 5.2 of this Standard of:
 - (i) determining whether and to what extent:
 - (A) Benefits are earned or accrued during, or are receivable in respect of, a Reporting Period for the purposes of paragraph 5.2(a); or
 - (B) Core Services are provided during or in respect of a Reporting Period for the purposes of paragraph 5.2(b); or
 - (ii) allocating or apportioning Benefits for the purpose of paragraph (c), (d) or (e),

must, unless the Reserve Bank of Australia otherwise agrees in writing, continue to use the same method consistently from one Reporting Period to the next; and

- (g) for the purpose of this clause 5, a Direct Issuer Participant must ensure that:
 - (i) a Benefit paid, allowed or otherwise provided, directly or indirectly, by the administrator of a Scheme in Australia or any of its Associated Entities that meets the Incentive Test in relation to the Scheme Pair of which that Scheme is part is included as a Direct Issuer Participant Receipt in the calculation of Net Compensation in respect of a Reporting Period; and

- (ii) an amount treated as a Direct Issuer Participant Payment in the calculation of Net Compensation in respect of a Reporting Period is not included as a Direct Issuer Participant Payment in the calculation of Net Compensation for any other Reporting Period.

6. Reporting and Transparency

6.1 An administrator of a Scheme in Australia or a representative of the participants in the Scheme in Australia must publish on the Scheme's website:

- (a) the Multilateral Interchange Fee rates or amounts (whichever is applicable) of the Scheme in Australia, including the rates or amounts for each Interchange Fee Category; and
- (b) the International Multilateral Interchange Fee rates or amounts (whichever is applicable) of the Scheme, including the rates or amounts for each International Interchange Fee Category.

6.2 Each:

- (a) Acquirer; and
- (b) Issuer that is a Direct Issuer Participant,

that is a party to an agreement with one or more other participants in a Scheme to pay or receive Interchange Fees in relation to Card Transactions in the Scheme that are not Multilateral Interchange Fees must report to the Reserve Bank of Australia by 31 July each year the range of Interchange Fee rates or amounts (whichever is applicable) it received or paid in respect of the most recent Reporting Period. The Reserve Bank of Australia may publish the reported range of these Interchange Fees for the Scheme on its website.

[6.2A Each Acquirer that is a party to an agreement with one or more International Issuers to pay International Interchange Fees in relation to International Card Transactions in the Scheme that are not International Multilateral Interchange Fees must report to the Reserve Bank of Australia by 31 July each year the range of International Interchange Fee rates or amounts \(whichever is applicable\) it paid in respect of the most recent Reporting Period. The Reserve Bank of Australia may publish the reported range of these International Interchange Fees for the Scheme on its website.](#)

6.3 An administrator of a Scheme in Australia or a representative of the participants in the Scheme in Australia must on or before 31 July each year certify in writing to the Reserve Bank of Australia in respect of the most recent Reporting Period, that Interchange Fees of the Scheme in Australia [and the International Interchange Fees of the Scheme paid or payable by an Acquirer](#) were during that Reporting Period in compliance with this Standard.

6.4 Subject to clause 6.5, each of an administrator of a Scheme in Australia and each Direct Issuer Participant in the Scheme in Australia must on or before 31 July each year certify in writing to the Reserve Bank of Australia that it was, in respect of the most recent Reporting Period, in compliance with clause 5.

6.5 Where a Direct Issuer Participant in a Scheme is a New Issuer, each of the administrator of the Scheme in Australia and the New Issuer will be taken to have complied with its obligations under clause 5 and clause 6.4 in respect of the period prior to and including the Initial Reporting Period if it:

- (a) complies with clause 5 as if each reference to 'Reporting Period' is read as a reference to the Initial Reporting Period; and
- (b) certifies in writing to the Reserve Bank of Australia that it was, in respect of the Initial Reporting Period, in compliance with clause 5 read as specified in clause 6.5(a) and provides such certification on or before 31 July in the year that the Initial Reporting Period ends.

6.6 An administrator of a Scheme in Australia or a representative of the participants of the Scheme in Australia must, not later than 30 days after the end of each Quarter, certify in writing to the Reserve Bank of Australia each of the following for that Quarter for the Scheme (and in the case of paragraph (f), the relevant Scheme Pair):

- (a) the total value of Card Transactions undertaken in the Scheme in that Quarter;
- (b) the number of Card Transactions undertaken in the Scheme in that Quarter;
- (c) the total value of all Interchange Fees (exclusive of goods and services tax) payable in respect of the Card Transactions undertaken in the Scheme during that Quarter;
- (d) the total value of Interchange Fees (exclusive of goods and services tax) payable in respect of Card Transactions undertaken in the Scheme during the Quarter divided by the total number of the Card Transactions undertaken in the Scheme during the Quarter;
- (e) in relation to a Debit Card Scheme:
 - (i) the total value of SNDC Transactions undertaken in the Scheme in that Quarter;
 - (ii) the number of SNDC Transactions undertaken in the Scheme in that Quarter;
 - (iii) the total value of all Interchange Fees (exclusive of goods and services tax) payable in respect of SNDC Transactions undertaken in the Scheme during that Quarter; and
 - (iv) the total value of Interchange Fees (exclusive of goods and services tax) payable in respect of SNDC Transactions undertaken in the Scheme during the Quarter divided by the total number of the SNDC Transactions undertaken in the Scheme during the Quarter;
- (f) the total value of Interchange Fees (exclusive of goods and services tax) payable in respect of Scheme Pair Transactions undertaken in ~~the Schemes~~[each Scheme](#) that ~~form~~[forms](#) part of that Scheme Pair during the Quarter divided by the total number

of the Scheme Pair Transactions undertaken in ~~the Schemes~~ each Scheme that ~~form~~ forms part of that Scheme Pair during the Quarter; and

- (g) each Interchange Fee Category that applied for some or all of the Quarter and, for each of those categories:
- (i) the Interchange Fee rates or amounts (whichever is applicable) that applied during the Quarter (expressed as a percentage or an amount, not as a range); and
 - (ii) the total value of Interchange Fees (exclusive of goods and services tax) payable in respect of that Quarter that are referable to Card Transactions undertaken in the Scheme in that Quarter in that category.

6.7 An administrator of a Scheme in Australia or a representative of the participants of the Scheme in Australia must, not later than 30 days after the end of each Quarter, certify in writing to the Reserve Bank of Australia each of the following for that Quarter for the Scheme (and in the case of paragraph (e), the relevant Scheme Pair):

- (a) the total value of International Card Transactions undertaken in the Scheme in that Quarter;
- (b) the number of International Card Transactions undertaken in the Scheme in that Quarter;
- (c) the total value of all International Interchange Fees (exclusive of goods and services tax) payable in respect of the International Card Transactions undertaken in the Scheme during that Quarter;
- (d) the total value of International Interchange Fees (exclusive of goods and services tax) payable in respect of International Card Transactions undertaken in the Scheme during the Quarter divided by the total value of the International Card Transactions undertaken in the Scheme during the Quarter;
- (e) the total value of International Interchange Fees (exclusive of goods and services tax) payable in respect of Scheme Pair Transactions undertaken in each Scheme that forms part of that Scheme Pair during the Quarter divided by the total number of the Scheme Pair Transactions undertaken in each Scheme that forms part of that Scheme Pair during the Quarter; and
- (f) each International Interchange Fee Category that applied for some or all of the Quarter and, for each of those categories:
 - (i) the International Interchange Fee rates or amounts (whichever is applicable) that applied during the Quarter (expressed as a percentage or an amount, not as a range); and
 - (ii) the total value of International Interchange Fees (exclusive of goods and services tax) payable in respect of that Quarter that are referable to

International Card Transactions undertaken in the Scheme in that Quarter in that category.

6.8 An administrator of a Scheme in Australia that forms part of a Scheme Pair, or a representative of the participants in the Schemes in Australia that form part of that Scheme Pair, must, not later than 30 days after the end of each Quarter, give to the Reserve Bank of Australia and publish on the Scheme's website, in accordance with the form of the table in Schedule 1, the Required Information for that Quarter in respect of:

(a) Card Transactions undertaken in each Scheme that forms part of that Scheme Pair in that Quarter divided into:

- (i) all Card Transactions;
- (ii) all Card Present Transactions;
- (iii) Card Present Transactions that are also Tokenised Transactions;
- (iv) all Card Not Present Transactions; and
- (v) Card Not Present Transactions that are also Tokenised Transactions; and

(b) International Card Transactions undertaken in each Scheme that forms part of that Scheme Pair in that Quarter divided into:

- (i) all International Card Transactions;
- (ii) all Card Present Transactions;
- (iii) Card Present Transactions that are also Tokenised Transactions;
- (iv) all Card Not Present Transactions; and
- (v) Card Not Present Transactions that are also Tokenised Transactions.

6.9 For the purposes of clause 6.8, the Required Information is:

- (a) the total value, expressed in thousands of Australian dollars, of all Interchange Fees or International Interchange Fees (exclusive of goods and services tax) payable in respect of those transactions;
- (b) the total value, expressed in thousands of Australian dollars, of those transactions;
- (c) the total number, expressed in thousands of transactions, of those transactions; and
- (d) the Quarter and year to which the information relates.

6.10 An administrator of a Scheme in Australia that forms part of a Scheme Pair, or a representative of the participants in the Schemes in Australia that form part of that Scheme Pair, must, not later than 30 days after the end of each Quarter, give to the Reserve Bank of

Australia and publish on its website, in accordance with the form of the table in Schedule 2, the Required Information for that Quarter in respect of:

- (a) Card Transactions undertaken in each Scheme that forms part of that Scheme Pair in that Quarter divided into:
 - (i) all Card Transactions;
 - (ii) all Card Present Transactions;
 - (iii) Card Present Transactions that are also Tokenised Transactions;
 - (iv) all Card Not Present Transactions; and
 - (v) Card Not Present Transactions that are also Tokenised Transactions; and
- (b) International Card Transactions undertaken in each Scheme that forms part of that Scheme Pair in that Quarter divided into:
 - (i) all International Card Transactions;
 - (ii) all Card Present Transactions;
 - (iii) Card Present Transactions that are also Tokenised Transactions;
 - (iv) all Card Not Present Transactions; and
 - (v) Card Not Present Transactions that are also Tokenised Transactions.

6.11 For the purposes of clause 6.10, the Required Information is:

- (a) the total value, expressed in thousands of Australian dollars, of all Scheme Fees (Acquirer) (exclusive of goods and services tax) payable in relation to those transactions;
- (b) for the categories in clause 6.10(a)(i) and (b)(i) only, the total value, expressed in thousands of Australian dollars of all Rebates (Acquirer) (exclusive of goods and services tax) in relation to those transactions;
- (c) the total value, expressed in thousands of Australian dollars, of those transactions;
- (d) the total number, expressed in thousands of transactions, of those transactions; and
- (e) the Quarter and year to which the information relates.

6.12 An administrator of a Scheme in Australia that forms part of a Scheme Pair, or a representative of the participants in the Schemes in Australia that form part of that Scheme Pair, must, not later than 30 days after the end of each Quarter, give to the Reserve Bank of

Australia and publish on its website, in accordance with the form of the table in Schedule 3, the Required Information for that Quarter in respect of:

(a) Card Transactions undertaken in each Scheme that forms part of that Scheme Pair in that Quarter divided into:

- (i) all Card Transactions;
- (ii) all Card Present Transactions;
- (iii) Card Present Transactions that are also Tokenised Transactions;
- (iv) all Card Not Present Transactions; and
- (v) Card Not Present Transactions that are also Tokenised Transactions; and

(b) Overseas Merchant Transactions undertaken in each Scheme that forms part of that Scheme Pair in that Quarter divided into:

- (i) all Overseas Merchant Transactions;
- (ii) all Card Present Transactions;
- (iii) Card Present Transactions that are also Tokenised Transactions;
- (iv) all Card Not Present Transactions; and
- (v) Card Not Present Transactions that are also Tokenised Transactions.

6.13 For the purposes of clause 6.12, the Required Information is:

- (a) the total value, expressed in thousands of Australian dollars, of all Scheme Fees (Issuer) (exclusive of goods and services tax) payable in relation to those transactions;
- (b) for the categories in clause 6.12(a)(i) and (b)(i) only, the total value, expressed in thousands of Australian dollars of all Rebates (Issuer) (exclusive of goods and services tax) in relation to those transactions;
- (c) the total value, expressed in thousands of Australian dollars, of those transactions;
- (d) the total number, expressed in thousands of transactions, of those transactions; and
- (e) the Quarter and year to which the information relates.

6.14 For the purposes of clauses 6.11(a) and (b) and 6.13(a) and (b):

- (a) if a Relevant Rebate or Scheme Fee does not relate solely to Cards, International Cards of the Scheme, Card Transactions, International Card Transactions or Overseas

Merchant Transactions undertaken in the Scheme, and also relates to other Devices or other transactions, the Rebate or Scheme Fee must be apportioned between:

(i) the Cards of the Scheme, International Cards of the Scheme, Card Transactions, International Card Transactions or Overseas Merchant Transactions (as the case may be) on the one hand; and

(ii) the other Devices and other transactions on the other,

fairly and reasonably, having regard to, where relevant, the transaction history on Devices used in the payment systems to which the Relevant Rebate or Scheme Fee relates and the proportion of the Devices to which the Relevant Rebate or Scheme Fee relates that are Cards of the Scheme or International Cards of the Scheme;

(b) one method of apportionment under paragraph (a) that will be fair and reasonable for the purpose of that provision is an apportionment on a pro-rata basis, based on the value of Card Transactions, Overseas Merchant Transactions or International Card Transactions undertaken in the Scheme during the Quarter as a proportion of the total value of the transactions undertaken in any payment system to which the Relevant Rebate or Scheme Fee relates during the Quarter. This does not preclude an apportionment in another way that meets the requirements of paragraph (a);

(c) if a Relevant Rebate or Scheme Fee does not solely relate to or is not referable to a particular Transaction Category, the Relevant Rebate or Scheme Fee must be apportioned across Transaction Categories based on the value of transactions in that Quarter of that Transaction Category as a proportion of the total value of all Card Transactions, International Card Transactions and Overseas Merchant Transactions undertaken in the Scheme in that Quarter;

(d) where a Relevant Rebate or Scheme Fee referred to above relates to a period that spans more than one Quarter, the Relevant Rebate or Scheme Fee or, in the case of a Relevant Rebate or Scheme Fee referred to in paragraph (a), the relevant portion of the Relevant Rebate or Scheme Fee, may be allocated among Quarters, in which case the allocation must:

(i) be on a pro-rata basis based on the number of months in each relevant Quarter to which the Relevant Rebate or Scheme Fee relates if an allocation on that basis would fairly and reasonably align the Relevant Rebate or Scheme Fee to the activity to which the Relevant Rebate or Scheme Fee relates; or

(ii) otherwise on some other basis that fairly and reasonably aligns the allocation of the Relevant Rebate or Scheme Fee to the activity to which the Relevant Rebate or Scheme Fee relates,

in each case provided that:

- (iii) no part of it is allocated to any Quarter the whole of which occurs before the term of the contract or arrangement under which the Relevant Rebate or Scheme Fee is payable, receivable or allowable has commenced;
- (iv) no part of it is allocated to any Quarter the whole of which occurs after the term of the contract or arrangement under which the Relevant Rebate or Scheme Fee is payable, receivable or allowable has ended; and
- (v) it may not be allocated among more than 40 consecutive Quarters; and
- (e) where a particular method permitted above has been adopted of:
 - (i) determining whether and to what extent Relevant Rebates or Scheme Fees are earned or accrued during, or are receivable in respect of, a Quarter; or
 - (ii) allocating or apportioning Relevant Rebates or Scheme Fees for the purpose of paragraph (a), (b) or (c),

that method must, unless the Reserve Bank of Australia otherwise agrees in writing, continue to be used consistently from one Quarter to the next.

6.15 All information that an administrator of a Scheme has published pursuant to clauses 6.8, 6.10 and 6.12, other than the information in respect of the most recent Quarter, must be displayed on a separate page of the website, and a link to that page must be displayed in a location that is easily accessible.

7. Commencement and Implementation

7.1 This Standard came into force on the Commencement Date, but certain provisions in it had a transitional application as set out in clause 7 of this Standard as at the Commencement Date.

7.2 Subject to clauses 7.3, 7.4, 7.5 ~~and~~, 7.6, 7.7, 7.8, 7.9 and 7.10, on and from 1 ~~January 2022~~October 2026, each participant in a Scheme must comply with this Standard as varied with effect from that date.

~~7.3 For the avoidance of doubt and without limiting clause 7.2, an administrator of a Debit Card Scheme in Australia or a representative of the participants of the Debit Card Scheme in Australia must comply with clause 6.6(e) in respect of the Quarter ending 31 March 2022 and all subsequent Quarters. Nothing in clause 7.5 limits this obligation.~~

7.3 Clause 6.2A of this Standard as varied with effect from 1 October 2026 must be complied with for the Reporting Period ending 30 June 2028 and all subsequent Reporting Periods. For the Reporting Period ending 30 June 2027, clause 6.2A of this Standard as varied with effect from 1 October 2026 must be complied with as if the reference to Reporting Period is read as a reference to the period commencing on 1 April 2027 and ending on 30 June 2027.

~~7.4 Clause 4.1(a)(i) will not apply until 1 February 2022, on which date that clause will commence~~

~~to apply. For the period from and including 1 January 2022 to 31 January 2022, an Interchange Fee (exclusive of goods and services tax) in relation to a Card Transaction must, where the Interchange Fee is a fixed amount per transaction, not exceed 15.0 cents.~~

7.4 Clause 6.3 of this Standard as varied with effect from 1 October 2026 must be complied with for the Reporting Period ending 30 June 2028 and all subsequent Reporting Periods. For the Reporting Period ending 30 June 2027, clause 6.3 of this Standard as varied with effect from 1 October 2026 must be complied with as if the requirement in that clause was for the administrator of the Scheme in Australia or a representative of the participants in the Scheme in Australia to, on or before 31 July 2027, certify in writing to the Reserve Bank of Australia in respect of that Reporting Period, that:

- (a) Interchange Fees of the Scheme in Australia were:
 - (i) during the period 1 July 2026 to 30 September 2026 in compliance with clauses 4.1(a), 4.1(b), 4.2 and 4.3 of the Standard as it was in effect on 30 September 2026; and
 - (ii) during the period 1 October 2026 to 30 June 2027 in compliance with clauses 4.1(a), 4.1(b), 4.2 and 4.3 of this Standard as varied with effect from 1 October 2026; and
- (b) International Interchange Fees of the Scheme paid or payable by an Acquirer were during the period 1 April 2027 and 30 June 2027 in compliance with clauses 4.1(aa) and 4.1(c) of this Standard as varied with effect from 1 October 2026.

~~7.5 — Clause 4.2(b) and the provisions of clause 4.2 that apply as a consequence of the operation of clause 4.2(b) will not apply in respect of any Reference Period prior to the Reference Period ending on 31 December 2022. For the avoidance of doubt, participants in each Debit Card Scheme must comply with all of the provisions of clause 4.2 (as varied with effect from 1 January 2022) in respect of the Reference Period ending on 31 December 2022 and all subsequent Reference Periods.~~

7.5 For and in relation to any participant in a Scheme that:

- (a) was not a Direct Issuer Participant in that Scheme under the Standard as it was in effect on 30 September 2026 at any time during the period 1 July 2026 to 30 September 2026; and
- (b) is a Direct Issuer Participant in that Scheme on 1 October 2026 under this Standard as varied with effect from that date (other than because it first commenced issuing Cards of a Scheme on that date and as a result, became a New Issuer on that date),

clause 5 and clause 6.4 of this Standard as varied with effect from 1 October 2026 must be complied with in relation to that Scheme:

- (c) for the Reporting Period ending 30 June 2029 and all subsequent Reporting Periods; and
- (d) for any Reporting Period ending on or before 30 June 2028 as if:

- (i) each reference to 'Reporting Period' in clause 5 and clause 6.4 is read as a reference to the period 1 October 2026 to 30 June 2028; and
- (ii) the reference to '31 July each year' in clause 6.4 is read as a reference to 31 July 2028.

7.6 In relation to clauses 5, 6.4 and 6.5 of this Standard as varied with effect from 1 October 2026, for the Reporting Period ending on 30 June 2027, a Direct Issuer Participant in a Scheme who was at any time during the period 1 July 2026 to 30 September 2026 a Direct Issuer Participant in that Scheme under the Standard as it was in effect on 30 September 2026 may elect to comply, in relation to that Scheme, with either:

- (a) clause 5 and clause 6.4 and (where relevant) clause 6.5 of this Standard as in effect on 30 September 2026; or
- (b) clause 5 and clause 6.4 and (where relevant) clause 6.5 of this Standard as amended with effect on 1 October 2026 as if this Standard so amended had been in effect from 1 July 2026,

and must notify its election of paragraph (a) or (b) (Transitional Election) to the administrator of the Scheme no later than 1 April 2027.

7.7 Each of administrator of a Scheme in Australia that receives a notification under clause 7.6 from a Direct Issuer Participant and that Direct Issuer Participant must provide certification of compliance under clause 6.4 as that compliance relates to that Direct Issuer Participant and the Reporting Period ending 30 June 2027 on the same basis as that specified in the Transitional Election made by that Direct Issuer Participant.

7.8 If a Direct Issuer Participant in a Scheme does not give a Transitional Election in accordance with clause 7.6 then:

- (a) it is taken to have elected to comply, in relation to that Scheme, with clause 5 and clause 6.4 of this Standard as in effect on 30 September 2026; and
- (b) each of the administrator of the Scheme in Australia and that Direct Issuer Participant must provide its certification under clause 6.4 in relation to that Direct Issuer Participant and the Reporting Period ending 30 June 2027 accordingly.

7.9 Clause 6.7 of this Standard as varied with effect from 1 October 2026 does not apply to the Quarter ending 30 September 2026 or any previous Quarter.

7.10 Clauses 6.6, 6.8, 6.10 and 6.12 of this Standard as varied with effect from 1 October 2026 must be complied with in respect of the Quarter ending 30 September 2026, no later than 30 October 2026.

Schedule 1

[Insert Quarter and year]

<u>Card Transactions</u>	<u>Interchange fees</u>	<u>Transactions</u>	
	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Number ('000)</u>
<u>Debit and Prepaid</u>	<u>[Insert value in accordance with cl 6.8(a)(i) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(a)(i) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(i) and cl 6.9(c)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.8(a)(ii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(a)(ii) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(ii) and cl 6.9(c)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.8(a)(iii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(a)(iii) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(iii) and cl 6.9(c)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.8(a)(iv) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(a)(iv) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(iv) and cl 6.9(c)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.8(a)(v) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(a)(v) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(a)(v) and cl 6.9(c)]</u>
<u>International Card Transactions</u>			
<u>Debit and Prepaid</u>	<u>[Insert value in accordance with cl 6.8(b)(i) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(i) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(i) and cl 6.9(c)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.8(b)(ii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(ii) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(ii) and cl 6.9(c)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.8(b)(iii) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(iii) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(iii) and cl 6.9(c)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.8(b)(iv) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(iv) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(iv) and cl 6.9(c)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.8(b)(v) and cl 6.9(a)]</u>	<u>[Insert value in accordance with cl 6.8(b)(v) and cl 6.9(b)]</u>	<u>[Insert value in accordance with cl 6.8(b)(v) and cl 6.9(c)]</u>

Schedule 2

[Insert Quarter and year]

<u>Card Transactions</u>	<u>A. Gross scheme fees from acquirers</u>	<u>B. Rebates provided to acquirers</u>	<u>C. Transactions</u>	
	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Number ('000)</u>
<u>Debit and Prepaid</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(i) and cl 6.11(d)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.10(a)(ii) and cl 6.11(a)]</u>		<u>[Insert value in accordance with cl 6.10(a)(ii) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(ii) and cl 6.11(d)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.10(a)(iii) and cl 6.11(a)]</u>		<u>[Insert value in accordance with cl 6.10(a)(iii) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iii) and cl 6.11(d)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.10(a)(iv) and cl 6.11(a)]</u>		<u>[Insert value in accordance with cl 6.10(a)(iv) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(iv) and cl 6.11(d)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.10(a)(v) and cl 6.11(a)]</u>		<u>[Insert value in accordance with cl 6.10(a)(v) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(a)(v) and cl 6.11(d)]</u>
<u>International Card Transactions</u>				
<u>Debit and Prepaid</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(a)]</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(b)]</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(i) and cl 6.11(d)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.10(b)(ii) and cl 6.11(a)]</u>		<u>[Insert value in accordance with cl 6.10(b)(ii) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(ii) and cl 6.11(d)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.10(b)(iii) and cl 6.11(a)]</u>		<u>[Insert value in accordance with cl 6.10(b)(iii) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(iii) and cl 6.11(d)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.10(b)(iv) and cl 6.11(a)]</u>		<u>[Insert value in accordance with cl 6.10(b)(iv) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(iv) and cl 6.11(d)]</u>

<u>Card Transactions</u>	<u>A. Gross scheme fees from acquirers</u>	<u>B. Rebates provided to acquirers</u>	<u>C. Transactions</u>	
	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Number ('000)</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.10(b)(v) and 6.12(a)]</u>		<u>[Insert value in accordance with cl 6.10(b)(v) and cl 6.11(c)]</u>	<u>[Insert value in accordance with cl 6.10(b)(v) and cl 6.11(d)]</u>

Schedule 3

[Insert Quarter and year]

<u>Card Transactions</u>	<u>A. Gross scheme fees from issuers</u>	<u>B. Rebates provided to issuers</u>	<u>C. Transactions</u>	
	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Number ('000)</u>
<u>Debit and Prepaid</u>	<u>[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(a)]</u>	<u>[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(b)]</u>	<u>[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(a)(i) and cl 6.13(d)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.12(a)(ii) and cl 6.13(a)]</u>		<u>[Insert value in accordance with cl 6.12(a)(ii) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(a)(ii) and cl 6.13(d)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.12(a)(iii) and cl 6.13(a)]</u>		<u>[Insert value in accordance with cl 6.12(a)(iii) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(a)(iii) and cl 6.13(d)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.12(a)(iv) and cl 6.13(a)]</u>		<u>[Insert value in accordance with cl 6.12(a)(iv) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(a)(iv) and cl 6.13(d)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.12(a)(v) and cl 6.13(a)]</u>		<u>[Insert value in accordance with cl 6.12(a)(v) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(a)(v) and cl 6.13(d)]</u>
<u>Overseas Merchant Transactions</u>				
<u>Debit and Prepaid</u>	<u>[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(a)]</u>	<u>[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(b)]</u>	<u>[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(b)(i) and cl 6.13(d)]</u>
<u>Card present</u>	<u>[Insert value in accordance with cl 6.12(b)(ii) and cl 6.13(a)]</u>		<u>[Insert value in accordance with cl 6.12(b)(ii) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(b)(ii) and cl 6.13(d)]</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.12(b)(iii) and cl 6.13(a)]</u>		<u>[Insert value in accordance with cl 6.12(b)(iii) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(b)(iii) and cl 6.13(d)]</u>
<u>Card not present</u>	<u>[Insert value in accordance with cl 6.12(b)(iv) and cl 6.13(a)]</u>		<u>[Insert value in accordance with cl 6.12(b)(iv) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(b)(iv) and cl 6.13(d)]</u>

<u>Card Transactions</u>	<u>A. Gross scheme fees from issuers</u>	<u>B. Rebates provided to issuers</u>	<u>C. Transactions</u>	
	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Value (A\$'000)</u>	<u>Number ('000)</u>
<u>of which: Tokenised Transactions</u>	<u>[Insert value in accordance with cl 6.12(b)(v) and cl 6.13(a)]</u>		<u>[Insert value in accordance with cl 6.12(b)(v) and cl 6.13(c)]</u>	<u>[Insert value in accordance with cl 6.12(b)(v) and cl 6.13(d)]</u>

SCHEME RULES RELATING TO MERCHANT PRICING FOR CREDIT, DEBIT AND PREPAID CARD TRANSACTIONS

1. Objective

The objective of this Standard is to promote:

- efficiency; and
- competition

in the Australian payments system by ~~providing for scheme rules that require participants to give merchants the freedom to make a charge for accepting payment of a particular kind that reflects the cost to the merchant of accepting that payment type.~~ requiring debit and prepaid cards to be identified and information relating to card acceptance costs to be published or provided.

2. Application

- 2.1 This Standard is determined under Section 18 of the Payment Systems (Regulation) Act 1998 (the **Act**).
- 2.2 This Standard applies to each of the following, each of which is referred to in this Standard as a **Scheme**:
- (a) the payment system operated within Australia known as the MasterCard system, which was designated under the Act as a payment system on 12 April 2001 and which is referred to in this Standard as the **MasterCard System**;
 - (b) the payment system operated within Australia known as the VISA system, which was designated under the Act as a payment system on 12 April 2001 and which is referred to in this Standard as the **VISA System**;
 - (c) the payment system operated within Australia known as Visa Debit, which was designated under the Act as a payment system on 23 February 2004 and which is referred to in this Standard as **Visa Debit**;
 - (d) the payment system operated within Australia known as Debit MasterCard, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this Standard as **Debit MasterCard**;
 - (e) the debit card payment system operated within Australia known as the EFTPOS payment system, which was designated under the Act as a payment system on 12 June 2012 and which is referred to in this Standard as the **EFTPOS System**;
 - (f) the prepaid card payment system operated within Australia under the EFTPOS Scheme Rules, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this Standard as **EFTPOS Prepaid**;

- (g) the payment system operated within Australia known as MasterCard Prepaid, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this Standard as **MasterCard Prepaid**; and
- (h) the payment system operated within Australia known as Visa Prepaid, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this Standard as **Visa Prepaid**.

2.3 In this Standard:

Acquired or **Acquiring** includes accepted or accepting;

Acquirer means a participant in a Scheme in Australia that:

- (a) provides services, directly or indirectly, to a Merchant to allow the Merchant to accept a Card of that Scheme; or
- (b) is a Merchant that accepts, or is a Related Body Corporate of a Merchant that accepts, a Card of that Scheme and bears risk as principal in relation to the payment obligations of the Issuer of that Card in relation to that acceptance;

~~**Acquirer Supplied Element** means in relation to an Acquirer, a Merchant and a Scheme, those of the Permitted Cost of Acceptance Elements for that Merchant and that Scheme that are supplied, directly or indirectly, by that Acquirer;~~

Average Merchant Service Fee means, in relation to an Acquirer, a Relevant Period and Transaction Type, the aggregate of all Merchant Service Fees charged on Card Transactions of the relevant Transaction Type that were Acquired by the Acquirer in the Relevant Period, expressed as a percentage of the aggregate value of those Card Transactions, rounded to two decimal places;

Average Off-Us Interchange Fee has the meaning given to it in clause 7.4;

Average Off-Us Merchant Service Fee has the meaning given to it in clause 7.4;

Card, Card of a Scheme or **Card of that Scheme** means a Credit Card of a Scheme, Debit Card of a Scheme or Prepaid Card of a Scheme;

Card Not Present Transaction means, in relation to a Scheme, a Card Transaction that is not a Card Present Transaction;

Card Present Transaction means, in relation to a Scheme, a Card Transaction in respect of which:

- (a) the holder of the Device is with the Device and is with the Merchant's Physical Point of Sale Device at the time of the transaction; and
- (b) the Device or tokenised version of the primary account number relating to the Device is electronically read or recorded by the Merchant's Physical Point of Sale Device.

[and, for the avoidance of doubt, does not include a transaction completed online via a website or application accessed by the holder of a Device through a QR code or website link;](#)

Card Transaction means a Credit Card Transaction, Debit Card Transaction or Prepaid Card Transaction;

Commencement Date means 1 September 2016;

~~**Cost of Acceptance** has the meaning given to it in clause 5;~~

Credit Card, Credit Card of a Scheme or Credit Card of that Scheme means, in relation to a Scheme, a Device that can, under the Rules of the Scheme, be used in Australia for purchasing goods or services on credit (irrespective of whether the Device is issued in or outside Australia);

Credit Card Scheme means the MasterCard System or the VISA System;

Credit Card Transaction means, in relation to a Credit Card Scheme, a transaction in that Scheme between a holder of a Credit Card of that Scheme and a Merchant involving the purchase of goods or services using a Credit Card of that Scheme that is Acquired by an Acquirer and includes any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction;

Debit Card, Debit Card of a Scheme or Debit Card of that Scheme means, in relation to a Scheme, a Device that can, under the Rules of the Scheme, be used in Australia to make payments to Merchants for goods or services by accessing a deposit account held at an authorised deposit-taking institution or a bank or other financial institution (irrespective of whether the Device is issued in or outside Australia);

Debit Card Scheme means Debit MasterCard, the EFTPOS System or Visa Debit;

Debit Card Transaction means, in relation to a Debit Card Scheme, a transaction in that Scheme between a holder of a Debit Card of that Scheme and a Merchant involving the purchase of goods or services (whether or not it also involves the obtaining of cash) using a Debit Card of that Scheme that is Acquired by an Acquirer and includes any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction;

Device means any card, plate or other payment code or device, including a code or device where no physical card or other embodiment is issued and a code or device used or to be used for only one transaction;

[Direct Merchant means, in relation to an Acquirer, a Merchant who has arranged or procured Acquiring services directly from the Acquirer or indirectly from the Acquirer via a Payment Facilitator that is a Related Body Corporate of that Acquirer;](#)

[Direct Merchant Group means, in relation to an Acquirer:](#)

(a) if there are Direct Merchants of the Acquirer that the Acquirer is aware are Related Bodies Corporate, those Direct Merchants;

(b) otherwise, a Direct Merchant of the Acquirer;

Domestic Credit Card (Card Not Present) Transaction means, in relation to a Credit Card Scheme, a Card Not Present Transaction that is also a Domestic Credit Card Transaction;

Domestic Credit Card (Card Present) Transaction means, in relation to a Credit Card Scheme, a Card Present Transaction that is also a Domestic Credit Card Transaction;

Domestic Credit Card Transaction means, in relation to a Credit Card Scheme, a Credit Card Transaction involving the use of a Credit Card of that Scheme issued by a participant in the Scheme in Australia;

Domestic Debit and Prepaid Card (Card Not Present) Transaction means, in relation to a Debit Card Scheme or Prepaid Card Scheme, a Card Not Present Transaction that is also a Domestic Debit and Prepaid Card Transaction;

Domestic Debit and Prepaid Card (Card Present) Transaction means, in relation to a Debit Card Scheme or Prepaid Card Scheme, a Card Present Transaction that is also a Domestic Debit and Prepaid Card Transaction;

Domestic Debit and Prepaid Card Transaction means, in relation to a Debit Card Scheme or Prepaid Card Scheme, a Debit Card Transaction or Prepaid Card Transaction involving the use of a Debit Card of that Scheme or a Prepaid Card of that Scheme, in each case issued by a participant in the Scheme in Australia;

EFTPOS Scheme Rules means the rules promulgated under the constitution of EFTPOS Payments Australia Limited (ABN 37 136 180 366) and any schedule, document, specification or rule published by EFTPOS Payments Australia Limited pursuant to those rules;

Financial Year means a period from 1 July to the following 30 June;

Interchange Fee means, in relation to a Scheme, wholesale fees, known as interchange fees, which are payable between an Issuer and an Acquirer, directly or indirectly, in relation to Card Transactions in the Scheme but excluding any such fees to the extent that they are referable only to the obtaining of cash by the Card holder;

International Credit Card Transaction means a Credit Card Transaction that is not a Domestic Credit Card Transaction;

International Debit and Prepaid Card Transaction means, in relation to a Debit Card Scheme or Prepaid Card Scheme, a Debit Card Transaction or Prepaid Card Transaction that is not a Domestic Debit and Prepaid Card Transaction;

Issuer means an entity that issues Cards of a Scheme to its customers;

Large Acquirer means an Acquirer that Acquired Card Transactions for Direct Merchants of the Acquirer with an aggregate value of more than \$10 billion in the last four Quarters, excluding:

- (a) the amount of any cash obtained by the holder of a Card of a Scheme or other Device as part of a Card Transaction or other transaction; and
- (b) the value of any Self Acquired Card Transactions;

~~Large Merchant~~ means a Merchant that satisfies two or all of the following:

- ~~(a) — the consolidated gross revenue for the Financial Year ended 30 June 2015 of the Merchant and its Related Bodies Corporate was \$25 million or more;~~
- ~~(b) — the value of the consolidated gross assets at 30 June 2015 of the Merchant and its Related Bodies Corporate was \$12.5 million or more;~~
- ~~(c) — as at 30 June 2015 the Merchant and its Related Bodies Corporate between them had 50 or more employees (whether full time, part time, casual or employed on any other basis);~~

Medium-sized Merchant means, in relation to an Acquirer, a Direct Merchant Group of the Acquirer for which the Acquirer Acquired Card Transactions with an aggregate value of:

- (a) between \$1 million and \$10 million in the 12 month period expiring at the end of the last Quarter; or
- (b) if none of the Merchants in the Direct Merchant Group was a Direct Merchant of the Acquirer for the whole of that 12 month period, between \$250,000 and \$2.5 million in the last Quarter,

in each case excluding the amount of any cash obtained by the holder of a Card of a Scheme or other Device as part of a Card Transaction or other transaction;

Merchant means, in relation to a Scheme, a merchant in Australia that accepts a Card of that Scheme for payment for goods or services;

Merchant Category has the meaning given to it in clause 7.1A;

Merchant Service Fee means a transaction-based fee (or a time-period-based fee that covers a specified or maximum number of transactions) charged to a Merchant by an Acquirer for Acquiring, or by a Payment Facilitator for arranging the Acquisition of, one or more types of Card Transaction ~~from~~for that Merchant whether collected on an ad valorem or flat-fee basis, or charged as a blended or bundled rate across more than one type of Card Transaction or on an interchange plus acquirer margin basis or any other basis;

Off-Ur Transaction has the meaning given to it in clause 7.4;

Passthrough Rate has the meaning given to it in clause 7.4;

Payment Facilitator means an entity which arranges or procures Acquiring services from an Acquirer for one or more Merchants;

~~**Payment Service Provider** means, in relation to a Merchant and a Scheme, an entity that is not a Related Body Corporate of the Merchant that provides services and/or equipment to the Merchant that directly relate to, or are directly used for or in connection with, the acceptance by that Merchant of Cards of that Scheme for payment for goods or services;~~

~~**Permitted Cost of Acceptance Elements** in relation to a Merchant and a Scheme are the fees and premiums referred to in clause 5.1(a) for that Merchant and that Scheme;~~

~~**Permitted Surcharge** has the meaning given to it in clause 4.1;~~

Physical Point of Sale Device means a Merchant's physical device that electronically reads or records a customer's Device for payment for goods or services, such as a Merchant's card terminal, kiosk, machine, card reader, tablet, smartphone or other smart device, and does not include a QR code or website link that enables the holder of a Device to make or complete a transaction for the purchase of goods or services online;

Prepaid Card, Prepaid Card of a Scheme or Prepaid Card of that Scheme means, in relation to a Scheme, a Device that can be used in Australia, under the Rules of the Scheme, to make payments for goods or services using a store of value that has been prepaid or pre-funded and is accessible to make payments for goods or services only through the use of that, or a linked or related, Device (irrespective of whether the Device is issued in or outside Australia);

Prepaid Card Scheme means EFTPOS Prepaid, MasterCard Prepaid or Visa Prepaid;

Prepaid Card Transaction means in relation to a Prepaid Card Scheme a transaction in that Scheme between a holder of a Prepaid Card and a Merchant involving the purchase of goods or services (whether or not it also involves the obtaining of cash) using a Prepaid Card relating to that Scheme and includes any transaction to reverse such a transaction or provide a credit or make a chargeback in relation to such a transaction;

Quarter means a 3 month period ending on 30 June, 30 September, 31 December or 31 March;

~~**Reference Period** has the meaning given to it in clause 4.2;~~

Related Body Corporate has the meaning given in the *Corporations Act 2001*;

Relevant Period means, in relation to:

- (a) clause 7.1, a Quarter;
- (b) clause 7.2A, to the extent it relates to clause 7.2(b), a Statement Period; and
- (c) clause 7.2A, to the extent it relates to clause 7.2(c), a Financial Year;

Represented Acquirer has the meaning given to it in clause 7.4;

Represented Issuer has the meaning given to it in clause 7.4;

Required Information has the meaning given to it in clause 7.2A;

Rules of a Scheme or Rules of the Scheme means the constitution, rules, by-laws, procedures and instruments of the relevant Scheme, and any other arrangement relating to the Scheme by which participants in that Scheme are, or consider themselves to be, bound;

Scheme Pair means:

- (a) Visa Debit and Visa Prepaid;
- (b) Debit MasterCard and MasterCard Prepaid; or
- (c) EFTPOS System and EFTPOS Prepaid;

Self Acquired Card Transaction means a Card Transaction in respect of which:

- (a) the Merchant accepts a Card of that Scheme for payment of goods or services and bears risk as principal in relation to the payment obligations of the Issuer of that Card in relation to that acceptance; or
- (b) the Acquirer is a Related Body Corporate of the Merchant and the Merchant is not a Payment Facilitator in respect of the Card Transaction;

Small Merchant, in relation to an Acquirer, means a Direct Merchant Group of the Acquirer for which the Acquirer Acquired Card Transactions with an aggregate value of less than:

- (a) \$1 million in the 12 month period expiring the end of the last Quarter; or
- (b) if none of the Merchants in the Direct Merchant Group was a Direct Merchant of the Acquirer for the whole of that 12 month period, \$250,000 in the last Quarter,

in each case excluding the amount of any cash obtained by the holder of a Card of a Scheme or other Device as part of a Card Transaction or other transaction;

Specified Period has the meaning given to it in clause 7.4;

Statement Period has the meaning given to it in clause 7.2(a);

~~**Surcharge** means, in respect of any Card Transaction, any of the following, however named or described:~~

- ~~(a) an amount charged, in addition to the price of goods or services, for the relevant Merchant accepting payment through the Card Transaction; or~~
- ~~(b) an amount charged for making payment through the Card Transaction. An amount will be charged for making payment through a Card Transaction if:
 - ~~(i) that amount is charged because the purchase of the relevant goods or services is effected using the relevant Card; or~~
 - ~~(ii) the goods or services could be purchased from the relevant Merchant by a different payment method without that amount being charged;~~~~

Transaction Type has the meaning given to it in clause 7.1;

include or **including** or **such as** when introducing an example do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and terms defined in the Act have the same meaning in this Standard.

- 2.4 Each participant in a Scheme must do all things necessary on its part to ensure compliance with this Standard.
- 2.5 If any part of this Standard is invalid, this Standard is ineffective only to the extent of such part without invalidating the remaining parts of this Standard.
- 2.6 This Standard is to be interpreted:
- (a) in accordance with its objective; and
 - (b) by looking beyond form to substance.

~~2.7 This Standard shall not apply in respect of Rules of a Scheme that relate, or the conduct of participants in a Scheme that relates, to charges made by Merchants for accepting Cards for payment of a taxi fare in a State or Territory of Australia. Accordingly payment of a taxi fare in any State or Territory of Australia effected using a Card is not a payment of a kind covered by this Standard.~~

- 2.8 This Standard replaces each of the following Standards or parts of Standards:
- (a) each of Standard No. 2 *Merchant Pricing for Credit Card Purchases* which applied to the MasterCard System and Standard No. 2 *Merchant Pricing for Credit Card Purchases* which applied to the VISA System; and
 - (b) clauses 9 and 10 and sub-clauses 12(i), (ii) and (iii) of *The Honour All Cards Rule in the Visa Debit and Visa Credit Card Systems and the No Surcharge Rule in the Visa Debit System* Standard.

~~3. Merchant Pricing~~

~~Neither the Rules of a Scheme nor any participant in a Scheme shall prohibit or deter:~~

- ~~(a) a Merchant from recovering, by charging a Surcharge in respect of a Card Transaction in a Scheme at any time, an amount that does not exceed the Permitted Surcharge for that Merchant and that Scheme at that time; or~~
- ~~(b) a Merchant, in recovering part or all of the Cost of Acceptance of Cards of the Scheme, from applying different Surcharges in respect of Card Transactions in different Schemes (except that, in relation to a Scheme Pair, the Rules of a Scheme may require that if a Surcharge is applied in respect of Card Transactions in one Scheme in the Scheme Pair, any Surcharge applied in respect of Card Transactions in the other Scheme in the Scheme Pair must be the same).~~

~~4. Permitted Surcharge~~

~~4.1 The Permitted Surcharge for a Merchant and a Scheme at any time is an amount not exceeding the Cost of Acceptance for that Merchant and that Scheme applicable at that time.~~

~~4.2 For the purpose of clause 4.1 the Cost of Acceptance of Cards of a Scheme applicable at a time~~

is:

- ~~(a) subject to paragraph (b), the Cost of Acceptance of Cards of the Scheme calculated for a 12 month period that ended not more than 13 months before that time; or~~
- ~~(b) if the Cost of Acceptance of Cards of the Scheme for a Merchant for a 12 month period preceding that time is not reasonably ascertainable, an estimate of the average cost of acceptance of Cards of the Scheme for a period of 12 months calculated by the Merchant in good faith using only known and/or estimated Permitted Cost of Acceptance Elements and Card Transaction volumes for Cards of the Scheme.~~

Each 12 month period referred to in paragraph (a) or paragraph (b) is a **Reference Period**.

5. Cost of Acceptance

5.1 Subject to the other provisions of this clause 5, **Cost of Acceptance** for a Merchant, a Scheme and a Reference Period at any time means, in relation to the Merchant's acceptance of a Card of the Scheme, the average cost per Card Transaction in the Scheme calculated for the Reference Period as follows:

- ~~(a) by adding only the following amounts paid by the Merchant in respect of that Scheme during that Reference Period, which are to be determined taking into account any discount, rebate or other allowance received or receivable by the Merchant to the extent any such discount, rebate or other allowance is ascertainable:~~
 - ~~(i) the applicable Merchant Service Fee or Merchant Service Fees in respect of Card Transactions in the Scheme;~~
 - ~~(ii) fees paid to any entity that was the Merchant's Acquirer, Payment Facilitator or Payment Service Provider during the Reference Period for:
 - ~~(A) the rental and maintenance of payment card terminals that process Cards of that Scheme; or~~
 - ~~(B) providing gateway or fraud prevention services referable to that Scheme;~~~~
 - ~~(iii) fees incurred in processing Card Transactions in that Scheme and paid to any entity that was the Merchant's Acquirer or Payment Facilitator during the Reference Period including international service assessments or cross-border transaction fees, switching fees and fraud-related chargeback fees (but, for the avoidance of doubt, excluding the amount of chargebacks); and~~
 - ~~(iv) if the Merchant acts as agent for a principal, fees or premiums paid by the Merchant to an entity that is not a Related Body Corporate of the Merchant to insure against the risk that the Merchant will be liable to a customer for the failure of its principal to deliver goods or services purchased through a Card Transaction provided that such risk arises because payment for the relevant goods or services is effected through a Card Transaction,~~

but in each case only if those fees or premiums are:

 - ~~(iv) directly related to Card Transactions in that Scheme. A fee or premium will not be so directly related if it is incurred in relation to or in connection with a payment, or the sale or purchase to which the payment relates, irrespective of the method used~~

to make the payment; and

~~(v) subject to clause 4.2(b), documented or recorded in:~~

~~(A) a contract in effect between the Merchant and its Acquirer, Payment Facilitator or Payment Service Provider that relates to or covers the Scheme or Card Transactions in the Scheme (whether or not it also relates to or covers other Schemes or Card Transactions in other Schemes); or~~

~~(B) a statement or invoice from the Merchant's Acquirer, Payment Facilitator or Payment Service Provider that relates to or covers the Scheme or Card Transactions in the Scheme; and~~

~~(b) expressing the total of the amounts in paragraph (a) above as a percentage of the total value of Card Transactions in the Scheme between the Merchant and holders of Cards in the Scheme in that Reference Period, with that percentage being the average cost per Card Transaction in the Scheme.~~

~~5.2 In relation to a Merchant's acceptance of a Card of a Scheme that is part of a Scheme Pair **Cost of Acceptance** for a Reference Period will be calculated as provided in clause 5.1, except that the average cost per Card Transaction for the Reference Period must be calculated across the Scheme Pair using only the Permitted Cost of Acceptance Elements for both Schemes in the Scheme Pair.~~

~~5.3 If a Permitted Cost of Acceptance Element is not levied or charged on a per transaction basis and is not referable only to Card Transactions undertaken in a single Scheme (or Scheme Pair where clause 5.2 applies) (for example, a fixed monthly terminal rental cost that allows Card Transactions in more than one Scheme to be made), that Permitted Cost of Acceptance Element is to be apportioned among the relevant Schemes, Scheme Pairs and other payment systems (as the case may be) to which it relates for the purpose of determining Cost of Acceptance on a pro-rata basis. The apportionment is to be based on the value of the Card Transactions in the relevant Scheme or Scheme Pair (as applicable) over the period to which the cost relates as a proportion of the total value of transactions undertaken in any payment system to which the cost relates over that period (in each case, the value of the Card Transactions and transactions excludes the amount of any cash obtained by the holder of a Card of a Scheme or other Device as part of a Card Transaction or other transaction).~~

6. Card Identification

6.1 All Debit Cards issued after 1 July 2017 in Australia by a participant in a Debit Card Scheme that are capable of being visually identified as Debit Cards must be so identified. All Prepaid Cards issued after 1 July 2017 in Australia by a participant in a Prepaid Card Scheme that are capable of being visually identified as Prepaid Cards must be so identified.

6.2 All Debit Cards issued in Australia by a participant in a Debit Card Scheme must be issued with a Bank Identification Number (BIN) that allows them to be electronically identified as Debit Cards. All Prepaid Cards issued after 1 July 2017 in Australia by a participant in a Prepaid Card Scheme in Australia must be issued with a BIN that allows them to be electronically identified as Prepaid Cards.

6.3 Without limiting clause 6.2:

- (a) an administrator of a Scheme in Australia or an Acquirer that Acquires both Credit Card Transactions and Debit Card Transactions for a Merchant must provide to the Merchant, or publish, lists of BINs that permit the Merchant to separately identify Credit Card Transactions and Debit Card Transactions electronically; and
- (b) from 1 July 2017, an administrator of a Scheme in Australia or an Acquirer that Acquires Card Transactions of more than one Scheme for a Merchant must provide to the Merchant, or publish, lists of BINs that permit the Merchant to separately identify Card Transactions of each applicable Scheme electronically.

7. Transparency

~~7.1 Subject to clause 7.3, each Acquirer must, on or as soon as practicable after the Commencement Date, notify in writing each Merchant for which the Acquirer directly or indirectly provides Acquiring services of the provisions of this Standard.~~

7.1 Each Large Acquirer must, not later than 30 days after the end of each Quarter, publish on its website and give to the Reserve Bank of Australia, in accordance with the form of the table set out in Schedule 1, the Average Merchant Service Fee for the most recent Quarter for each Merchant Category in respect of each of the following types of Card Transactions (each a **Transaction Type**) Acquired by the Large Acquirer for Merchants in that Merchant Category in that Quarter:

- (a) Domestic Debit and Prepaid Card (Card Present) Transactions;
- (b) Domestic Credit Card (Card Present) Transactions;
- (c) Domestic Debit and Prepaid Card (Card Not Present) Transactions;
- (d) Domestic Credit Card (Card Not Present) Transactions;
- (e) International Debit and Prepaid Card Transactions;
- (f) International Credit Card Transactions; and
- (g) all Card Transactions.

7.1A For the purpose of this clause 7.1, a Merchant Category in relation to an Acquirer is each of:

- (a) Direct Merchants;
- (b) Small Merchants; and
- (c) Medium-sized Merchants.

7.1B Each Large Acquirer must publish the information referred to in clause 7.1 on a separate page of its website in a location that is easily accessible, and include a link on its website to any table published pursuant to clause 7.1 that relates to any Quarter before the last Quarter.

7.2 Subject to clause 7.3, each Acquirer must issue, or cause to be issued, monthly statements to each Merchant ~~for~~to which the Acquirer provides Acquiring services, directly or indirectly. Each such statement must set out:

- (a) the dates on which the period covered by the statement begins and ends (**Statement Period**). For that purpose, for all statements except the first, the date a statement period begins must be the day after the day the immediately previous statement period ends;

~~(b) for the relevant Statement Period:~~

~~(i) the aggregate cost of the Acquirer Supplied Elements of the Cost of Acceptance for the Merchant of:~~

~~(A) Credit Cards of each applicable Credit Card Scheme; and~~

~~(B) Debit Cards and Prepaid Cards of each applicable Scheme Pair,~~

~~over the Statement Period (each such aggregate being a **Month Element Cost Total**);~~

~~(ii) the aggregate value of Card Transactions Acquired for the Merchant for:~~

~~(A) each applicable Credit Card Scheme; and~~

~~(B) each applicable Scheme Pair,~~

~~over the Statement Period (each such aggregate being a **Month Value Total**); and~~

~~(iii) for each applicable Credit Card Scheme and each applicable Scheme Pair, the Month Element Cost Total expressed as a percentage of the corresponding Month Value Total; and~~

(b) for the relevant Statement Period, and separately for each applicable Credit Card Scheme and Scheme Pair, the Required Information in respect of each of the following Transaction Types:

(i) Domestic Debit and Prepaid Card (Card Present) Transactions;

(ii) Domestic Credit Card (Card Present) Transactions;

(iii) Domestic Debit and Prepaid Card (Card Not Present) Transactions;

(iv) Domestic Credit Card (Card Not Present) Transactions;

(v) International Debit and Prepaid Card Transactions; and

(vi) International Credit Card Transactions; and

~~(c) if it is the statement for the last full Statement Period within a Financial Year:~~

~~(i) the aggregate cost of the Acquirer Supplied Elements of the Cost of Acceptance for the Merchant over the 12 month period ending on the last day of that Statement Period (an **Annual Period**) of:~~

~~(A) Credit Cards of each applicable Credit Card Scheme; and~~

~~(B) Debit Cards and Prepaid Cards of each applicable Scheme Pair,~~

~~(each such aggregate being an **Annual Element Cost Total**);~~

- ~~(ii) — the aggregate value of the Card Transactions Acquired for the Merchant for:

 - ~~(A) — each applicable Credit Card Scheme; and~~
 - ~~(B) — each applicable Scheme Pair,~~
 over the Annual Period (each such aggregate being an **Annual Value Total**); and~~
 - ~~(iii) — for each applicable Credit Card Scheme and each applicable Scheme Pair, the Annual Element Cost Total expressed as a percentage of the corresponding Annual Value Total.~~
- (c) if it is the statement for the last full Statement Period within a Financial Year, separately for each applicable Credit Card Scheme and Scheme Pair, the Required Information in respect of each of the following Transaction Types:
- (i) Domestic Debit and Prepaid Card (Card Present) Transactions;
 - (ii) Domestic Credit Card (Card Present) Transactions;
 - (iii) Domestic Debit and Prepaid Card (Card Not Present) Transactions;
 - (iv) Domestic Credit Card (Card Not Present) Transactions;
 - (v) International Debit and Prepaid Card Transactions; and
 - (vi) International Credit Card Transactions.

7.2A For the purposes of clauses 7.2(b) and 7.2(c), the Required Information is each of the following in respect of Card Transactions of the relevant Transaction Type that the Acquirer Acquired for the Merchant during the Relevant Period:

- (a) the aggregate value of the Card Transactions;
- (b) the number of the Card Transactions;
- (c) the aggregate of the Merchant Service Fees charged on the Card Transactions; and
- (d) the Average Merchant Service Fee.

7.3 An Acquirer will not contravene clause ~~7.1 or~~ 7.2 if:

- (a) the Acquirer provided Acquiring services to the Merchant indirectly via a Payment Facilitator;
- (b) prior to the time the Acquirer was required to ~~notify or~~ give a statement under clause ~~7.1 or~~ 7.2 (~~as applicable~~), it entered into a written agreement with the Payment Facilitator which obliged the Payment Facilitator to provide the ~~notice and~~ statements described in ~~clauses 7.1 and~~ clause 7.2 at the times described in ~~those clauses~~ that clause;
- (c) after conducting due inquiries of the Payment Facilitator before that agreement was entered into, the Acquirer was satisfied that the Payment Facilitator had sufficient

processes in place to provide those ~~notices and~~ statements at the times described in ~~clauses 7.1 or~~ clause 7.2 (as applicable); and

- (d) after entering into that agreement and prior to the time the ~~notice or~~ statement (~~as the case may be~~) was required to be sent, the Acquirer had not had cause to suspect that the ~~notice or~~ statement would not be sent to the Merchant by the Payment Facilitator in accordance with ~~clauses 7.1 or~~ clause 7.2 (as applicable).

7.4 Each Large Acquirer must, for each Specified Period, not later than 30 days after the end of the Specified Period, publish on its website until 30 September 2028 and give to the Reserve Bank of Australia the Passthrough Rate calculated for the most recent Specified Period. The Passthrough Rate for a Specified Period is to be calculated using the formula:

$$\frac{x}{y} \times 100$$

where:

- x** is the Average Off-Us Merchant Service Fee for all Off-Us Transactions Acquired by the Large Acquirer in the Specified Period less the Average Off-Us Merchant Service Fee for all Off-Us Transactions Acquired by the Large Acquirer in the Quarter ending 30 September 2026,
- y** is the Average Off-Us Interchange Fee in relation to all Off-Us Transactions Acquired by the Large Acquirer in the Specified Period less the Average Off-Us Interchange Fee in relation to all Off-Us Transactions Acquired by the Large Acquirer in the Quarter ending 30 September 2026.

The Passthrough Rate is to be expressed as a percentage and may be rounded to the nearest whole number.

In this clause 7.4:

- (a) the **Average Off-Us Interchange Fee** means, in relation to a period of time and a Large Acquirer, the aggregate of all Interchange Fees payable by the Large Acquirer (minus any Interchange Fees payable to the Large Acquirer) in relation to Off-Us Transactions that were Acquired by the Large Acquirer in that period of time, divided by the aggregate value of those Off-Us Transactions;
- (b) the **Average Off-Us Merchant Service Fee** means, in relation to a period of time and a Large Acquirer, the aggregate of all Merchant Service Fees charged on Off-Us Transactions that were Acquired by the Large Acquirer in that period of time, divided by the aggregate value of those Off-Us Transactions;
- (c) **Off-Us Transaction** means a Card Transaction in respect of which the Acquirer provided Acquiring services directly to the Merchant (and not indirectly via a Payment Facilitator) and in respect of which the Represented Issuer of the Card used in the transaction is not also the Represented Acquirer for the transaction;

- (d) Represented Acquirer means in respect of a Card Transaction, the Acquirer, as represented in the contract for the provision of Acquiring services to the Merchant in respect of the transaction. Where an Acquirer acquires Card Transactions under more than one brand and is represented in that contract under one of those brands the Represented Acquirer is that brand (and not the Acquirer entity);
- (e) Represented Issuer means in respect of a Card Transaction, the Issuer of the Card, as represented by the bank identification number relating to the Card used in the transaction. Where an Issuer issues Cards under more than one brand and has separate bank identification numbers for any of those brands, the Represented Issuer is the brand represented by the bank identification number relating to the Card used in the transaction (and not the Issuer entity); and
- (f) Specified Period means each of:
 - (i) 1 October 2026 to 31 December 2026;
 - (ii) 1 October 2026 to 31 March 2027;
 - (iii) 1 October 2026 to 30 June 2027; and
 - (iv) 1 October 2026 to 30 September 2027.

8. Anti-Avoidance

- 8.1 A participant in a Scheme must not, either alone or together with one or more other persons, enter into, begin to carry out or carry out a plan or arrangement or otherwise be knowingly involved in a plan or arrangement if it would be concluded that the person did so for a purpose of avoiding the application of this Standard, and the plan or arrangement or part of the plan or arrangement has achieved or would but for this provision have achieved or could reasonably be considered to have achieved that purpose.
- 8.2 For the purpose of this Standard, a provision of a plan or arrangement shall be deemed to have a particular purpose if the provision was included in the plan or arrangement by a party or parties for purposes that include that purpose and that purpose was a substantial purpose.

~~8.3 Without limiting clause 8.1, neither the Rules of a Scheme, nor a participant in a Scheme, shall directly or indirectly deny a Merchant access to Acquiring services or decline to provide Acquiring services to a Merchant for the reason (whether solely or in combination with other reasons) that:~~

- ~~(a) the Merchant imposes or intends to impose a Surcharge in relation to Card Transactions in that Scheme; or~~
- ~~(b) the amount of any Surcharge charged, or proposed to be charged, by the Merchant in relation to Card Transactions in the Scheme is a particular amount, either in absolute terms or relative to any other Surcharge (unless that amount would exceed the Permitted Surcharge for Card Transactions in that Scheme).~~

9. Commencement and implementation

- 9.1 This Standard came into force on the Commencement Date, but certain provisions in it had a transitional application as set out in clause 9 of this Standard as at the Commencement Date.
- 9.2 ~~On~~ Subject to clauses 9.3, 9.4, 9.5 and 9.6, on and from 1 ~~January 2022~~ October 2026, each participant in a Scheme must comply with this Standard as varied with effect from that date.
- 9.3 Clause 7.1 of this Standard as varied with effect from 1 October 2026 must be complied with in respect of the Quarter ending 30 September 2026 no later than 30 October 2026.
- 9.4 Subject to clause 9.5, clause 7.2(b) of this Standard as varied with effect from 1 October 2026 must be complied with for any Statement Period commencing on or after 1 October 2026 and all subsequent Statement Periods. For a Statement Period commencing before 1 October 2026 and ending after that date, clause 7.2(b) must be complied with as it was in effect on 30 September 2026.
- 9.5 A participant will be taken to have complied with its obligations under clause 7.2(b) of this Standard as varied with effect from 1 October 2026 for any Statement Period commencing on or after 1 October 2026 and before 1 April 2027, if the participant complies, for that Statement Period, with either:
- (a) clause 7.2(b) of the Standard as it was in effect on 30 September 2026; or
- (b) clause 7.2(b) of this Standard as varied with effect from 1 October 2026.
- 9.6 Clause 7.2(c) of this Standard as varied with effect from 1 October 2026 must be complied with for the Financial Year ending 30 June 2028 and all subsequent Financial Years.

Schedule 1

[Insert Quarter and year]

<u>Merchant Categories</u>		<u>Merchant service fee (%)</u>
<u>All Direct Merchants</u>		<u>[insert value in accordance with clause 7.1A(a) and clause 7.1(g)]</u>
<u>Domestic (card present)</u>	<u>Debit & prepaid</u>	<u>[insert value in accordance with clause 7.1A(a) and clause 7.1(a)]</u>
	<u>Credit</u>	<u>[insert value in accordance with clause 7.1A(a) and clause 7.1(b)]</u>
<u>Domestic (card not present)</u>	<u>Debit & prepaid</u>	<u>[insert value in accordance with clause 7.1A(a) and clause 7.1(c)]</u>
	<u>Credit</u>	<u>[insert value in accordance with clause 7.1A(a) and clause 7.1(d)]</u>
<u>International</u>	<u>Debit & prepaid</u>	<u>[insert value in accordance with clause 7.1A(a) and clause 7.1(e)]</u>
	<u>Credit</u>	<u>[insert value in accordance with clause 7.1A(a) and clause 7.1(f)]</u>
<u>Small merchants</u>		<u>[insert value in accordance with clause 7.1A(b) and clause 7.1(g)]</u>
<u>Domestic (card present)</u>	<u>Debit & prepaid</u>	<u>[insert value in accordance with clause 7.1A(b) and clause 7.1(a)]</u>
	<u>Credit</u>	<u>[insert value in accordance with clause 7.1A(b) and clause 7.1(b)]</u>
<u>Domestic (card not present)</u>	<u>Debit & prepaid</u>	<u>[insert value in accordance with clause 7.1A(b) and clause 7.1(c)]</u>
	<u>Credit</u>	<u>[insert value in accordance with clause 7.1A(b) and clause 7.1(d)]</u>
<u>International</u>	<u>Debit & prepaid</u>	<u>[insert value in accordance with clause 7.1A(b) and clause 7.1(e)]</u>
	<u>Credit</u>	<u>[insert value in accordance with clause 7.1A(b) and clause 7.1(f)]</u>
<u>Medium-sized merchants</u>		<u>[insert value in accordance with clause 7.1A(c) and clause 7.1(g)]</u>
<u>Domestic (card present)</u>	<u>Debit & prepaid</u>	<u>[insert value in accordance with clause 7.1A(c) and clause 7.1(a)]</u>
	<u>Credit</u>	<u>[insert value in accordance with clause 7.1A(c) and clause 7.1(b)]</u>
<u>Domestic (card not present)</u>	<u>Debit & prepaid</u>	<u>[insert value in accordance with clause 7.1A(c) and clause 7.1(c)]</u>
	<u>Credit</u>	<u>[insert value in accordance with clause 7.1A(c) and clause 7.1(d)]</u>
<u>International</u>	<u>Debit & prepaid</u>	<u>[insert value in accordance with clause 7.1A(c) and clause 7.1(e)]</u>
	<u>Credit</u>	<u>[insert value in accordance with clause 7.1A(c) and clause 7.1(f)]</u>