



RESERVE BANK OF AUSTRALIA

Review of Merchant Card Payment Costs and Surcharging

Issuer Cost Study

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The Issuer Cost Study

Interchange fees are paid by the merchant's payments service provider (PSP) to the customer's card issuer when a card payment is made, with the PSP passing on these costs to the merchant. These wholesale fees are set by the card network (e.g. eftpos, Mastercard or Visa). The RBA has set caps and weighted-average benchmarks for interchange fees on domestic debit (and prepaid) and credit card transactions, which have helped to reduce card payment costs. The view of the Payments System Board (PSB) is that interchange fee regulation has contributed to a more efficient payments system over time.

The RBA regularly reviews these regulations to ensure the settings remain in line with this objective and launched a consultation on 15 July 2025 on proposed amendments to the interchange benchmarks and caps in its [Review of Merchant Card Payment Costs and Surcharging](#).

As part of the Review, the RBA conducted an Issuer Cost Study to estimate the costs to issuers of providing card payments. The proposed calibration of interchange benchmarks and caps in the Consultation Paper considers the findings of the Cost Study but also reflects broader policy considerations beyond cost recovery, in line with the PSB's legislated mandate and longstanding practice of setting interchange regulations. In the interest of informed public debate, the RBA is publishing further information in this document on the Issuer Cost Study as part of its commitment to transparency and open access to information.

The RBA first adopted a definition of eligible costs for calculating the cost-based benchmark for interchange in 2002.¹ This definition was intended to capture costs borne by card issuers related to network considerations that should be passed on to merchants in the public interest, taking into account that issuers also have other sources of revenue to cover costs.

Under the methodology adopted, these eligible costs should be limited to those that would be unavoidable in the provision of card network services to merchants, such as authorisation and transaction processing, fees and other costs associated with mobile wallet providers, fraud and net scheme fees. See the 2025 Consultation Paper for further details.

Process

The Cost Study was conducted between February and July 2025 and collected data from 11 institutions, which together account for slightly over 90 per cent of the aggregate card issuing market in Australia.

The RBA drew on methodology used in previous cost studies for collecting data, with modifications to facilitate targeted lines of enquiry (such as international/domestic card transactions, consumer/commercial card transactions and costs associated with mobile wallet transactions) and minimise burden to participating institutions given time constraints (by not collecting data beyond card issuing costs that were not necessary for the Review).

The RBA sought feedback from institutions on the data collection prior to issuing requests and took this feedback into account in the final data collection forms. In particular, most issuers noted that it would be difficult to report separately the costs associated with card-present transactions compared to card-not-present transactions, so the final data collection forms sought to limit the categories for which this data would be collected. Some issuers indicated that they would have difficulty apportioning costs across different payment types using the instructions provided by the RBA. The RBA reasonably accepted different apportionment

¹ For further details on eligible costs, see RBA (2002), '[Reform of Credit Card Schemes in Australia IV – Final Reforms and Regulation Impact Statement](#)'.

methodologies from institutions in line with their individualised institutional constraints. Where institutions needed to make assumptions, the RBA requested that these be documented with the submission to assist in the aggregate analysis. Some institutions suggested changes to proposed definitions and guidance to allow for more accurate capture of relevant costs, which the RBA took into account in the final data collection forms and guidance.

Institutions were asked to provide data on their issuing costs data split across 12 categories. The data collection forms are set out in Appendix A. The definitions and reporting guidance provided to institutions are set out in the accompanying explanatory notes in Appendix B. Upon receiving the data submissions, each institution's response was subject to a validation process. This involved checking that the reported data aligned with the structure and requirements of the data template, comparing reported costs across comparable and peer institutions, and cross-referencing relevant data against other data collections. This validation process resulted in several institutions resubmitting their data.

Cost data were aggregated across each major cost category for all reporting institutions, as well as across relevant institutional groupings and product types (such as smaller versus larger issuers and commercial card products). Transaction volumes and values, sourced from the RBA's Retail Payment Statistics and data directly collected from responding institutions, were used to derive cost ratios. Using the aggregated cost and transaction data, costs were expressed as a percentage of transaction value. For debit card transactions, costs were also expressed on a per-transaction basis (in cents), by dividing total dollar-value costs by the number of transactions.

Findings

The findings of the Issuer Cost Study are set out in the following tables for domestic card transactions (Table 1), credit card transactions split between consumer and commercial cards for those institutions that issue commercial credit cards (Table 2) and international card transactions (Table 3).

Domestic card transactions

Table 1: Estimated Issuer Costs Related to Card Issuing and Processing for Domestic Card Transactions

Separated by aggregate costs, and costs excluding the major banks

	Aggregate costs			Costs excluding the Major Banks		
	Cents	Debit ^(a) %(b)	Credit %(b)	Cents	Debit ^(a) %(b)	Credit %(b)
Eligible costs						
Authorisation and transaction processing	1.9	0.04	0.02	3.8	0.09	0.12
Fees and other costs associated with mobile wallet providers	0.7	0.01	0.02	0.7	0.02	0.02
Fraud	0.8	0.02	0.02	1.3	0.03	0.04
Net scheme fees	1.6	0.03	0.04	4.2	0.10	0.07
Cost of funding interest-free periods			0.12			0.29
Non-eligible costs						
Account set-up, overheads and maintenance	15.8	0.32	0.54	14.7	0.35	0.25
Card production and delivery	0.8	0.02	0.02	0.8	0.02	0.03
Product development	1.7	0.03	0.07	0.5	0.01	0.00
Cardholder reward programs	0.1	0.00	0.47	0.1	0.00	0.30
Disputes, chargebacks and collections and write-offs	0.7	0.01	0.17	0.6	0.02	0.05
Cost of capital	0.7	0.01	0.12	1.2	0.03	0.15
Other	3.0	0.06	0.06	0.00	0.00	0.00
Total costs^(c)						
Eligible costs excl. the cost of funding interest-free periods	5.00	0.10	0.10	10.0	0.24	0.25
Eligible costs incl. the cost of funding interest free periods			0.22			0.54
All costs	27.8	0.57	1.67	28.0	0.66	1.31

(a) Consumer cards only.

(b) Per cent of transaction value.

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

Source: RBA.

Domestic commercial credit card transactions

Table 1: Estimated Issuer Costs Related to Card Issuing and Processing for Domestic Credit Card Transactions

Separated by consumer and commercial credit for participant institutions that issue commercial credit cards

	Consumer credit	Commercial credit
	% ^(a)	% ^(a)
Eligible costs		
Authorisation and transaction processing	0.02	0.01
Fees and other costs associated with mobile wallet providers	0.02	0.01
Fraud	0.03	0.01
Net scheme fees	0.06	0.06
Cost of funding interest-free periods	0.12	0.10
Non-eligible costs		
Account set-up, overheads and maintenance	0.73	0.49
Remaining non-eligible costs ^(b)	1.03	0.62
Total costs^(c)		
Eligible costs excl. the cost of funding interest-free periods	0.13	0.09
Eligible costs incl. the cost of funding interest free periods	0.25	0.19
All costs	2.02	1.30

(a) Per cent of transaction value.

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

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

Source: RBA.

International card transactions

The cost of processing foreign card transactions for domestic issuers is used as an indicator for foreign issuers to process transactions in Australia because the RBA is not able to directly survey foreign issuers.

Table 3: Estimated Issuer Costs Related to Card Issuing and Processing on Foreign Outbound Transactions

Separated by aggregate costs, and costs excluding the major banks

	Aggregate costs			Costs excluding the Major Banks		
	Cents	Debit %(a)	Credit %(a)	Cents	Debit %(a)	Credit %(a)
Eligible costs						
Authorisation and transaction processing	3.7	0.05	0.04	7.6	0.13	0.13
Fees and other costs associated with mobile wallet providers	0.8	0.01	0.01	1.6	0.03	0.02
Fraud	8.1	0.11	0.06	1.8	0.03	0.04
Net scheme fees	8.1	0.11	0.21	14.3	0.25	0.40
Cost of funding interest-free periods			0.13			0.30
Non-eligible costs						
Account set-up, overheads and maintenance	26.5	0.37	0.72	20.3	0.35	0.20
Card production and delivery	1.7	0.02	0.01	1.6	0.03	0.02
Product development	2.8	0.04	0.12	0.6	0.01	0.00
Cardholder reward programs	0.1	0.00	0.68	0.3	0.00	0.33
Disputes, chargebacks and collections and write-offs	11.3	0.16	0.24	0.9	0.02	0.05
Cost of capital	1.1	0.02	0.11	1.7	0.03	0.14
Other	3.7	0.05	0.07	0.0	0.00	0.00
Total costs^(b)						
Eligible costs excl. the cost of funding interest-free periods	20.8	0.29	0.32	25.3	0.44	0.59
Eligible costs incl. the cost of funding interest free periods			0.45			0.89
All costs	68.0	0.96	2.42	50.7	0.88	1.63

(a) Per cent of transaction value.

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

Source: RBA.

Appendix A: Data Templates

PERSONAL CARD PAYMENTS - ISSUERS: COSTS

Period covered by costs information:	Domestic personal card transactions		International personal card transactions (cards issued in Australia)	
	MasterCard and Visa <i>credit</i> (incl. cash advances) Total	MasterCard, Visa and eftpos <i>debit</i> Total	MasterCard and Visa <i>credit</i> (incl. cash advances) Total	MasterCard and Visa <i>debit</i> Total
	\$m	\$m	\$m	\$m
Account set-up, overheads and maintenance (to be apportioned)				
Sub-categories 1 to 11				
Other (please specify)				
Card production and delivery				
Physical card				
Digital cards (i.e. provisioning costs)				
Authorisation & Transaction processing				
Physical card				
Mobile device contactless (excluding DNP)				
Mobile device online (excluding DP)				
Online (excluding mobile device)				
Fees and other costs associated with mobile wallet providers				
Product development				
Physical card				

Mobile device

Online (excluding mobile device)

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Cardholder reward programs

Operating costs

Rewards

Travel insurance

Ticket offerings

Other cardholder benefits

Disputes, chargebacks and collections and write-offs

Fraud

Physical card

Mobile device contactless (excluding DNP)

Mobile device online (excluding DP)

Online (excluding mobile device)

Cost of funds

Cost of capital

Credit risks

Operating risks

Net-scheme fees (total)

Authorisation and transaction processing

Fraud investigation and prevention

Other

Other (please specify)

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COMMERCIAL CARD PAYMENTS - ISSUERS: COSTS

Period covered by costs information:	Domestic commercial card transactions	International commercial card transactions (cards issued in Australia)	
	MasterCard and Visa <i>credit</i> (incl. cash advances)	MasterCard and Visa <i>credit</i> (incl. cash advances)	MasterCard and Visa debit
	\$m	\$m	\$m
Account set-up, overheads and maintenance (to be apportioned)			
Sub-categories 1 to 11			
Other (please specify)			
Card production and delivery			
Physical card			
Digital cards (i.e. provisioning costs)			
Authorisation & Transaction processing			
Physical card			
Mobile device contactless (excluding DNP)			
Mobile device online (excluding DP)			
Online (excluding mobile device)			
Fees and other costs associated with mobile wallet providers			
Product development			
Physical card			
Mobile device			
Online (excluding mobile device)			
Cardholder reward programs			
Operating costs			
Rewards			
Travel insurance			
Ticket offerings			
Rebates			
Other cardholder benefits			
Disputes, chargebacks and collections and write-offs			
Fraud			
Physical card			
Mobile device contactless (excluding DNP)			
Mobile device online (excluding DP)			
Online (excluding mobile device)			

COMMERCIAL CARD PAYMENTS - ISSUERS: COSTS

Period covered by costs information:	Domestic commercial card transactions	International commercial card transactions (cards issued in Australia)	
	MasterCard and Visa <i>credit</i> (incl. cash advances)	MasterCard and Visa <i>credit</i> (incl. cash advances)	MasterCard and Visa debit
	\$m	\$m	\$m
Cost of funds			
Cost of capital			
Credit risks			
Operating risks			
Scheme fees (total)			
Authorisation and transaction processing			
Fraud investigation and prevention			
Other			
Other (please specify)			

PREPAID CARD PAYMENTS - ISSUERS: COSTS

Period covered by costs information:	Domestic personal card transactions	Domestic commercial card transactions	International personal card transactions	International commercial card transactions
	MasterCard and Visa and eftpos Total	MasterCard, Visa and and eftpos Total	MasterCard and Visa Total	MasterCard and Visa Total
	\$m	\$m	\$m	\$m
Account set-up, overheads and maintenance (to be apportioned)				
Sub-categories 1 to 11				
Other (please specify)				
Card production and delivery				
Physical card				
Digital cards (i.e. provisioning costs)				
Authorisation & Transaction processing				
Physical card				
Mobile device contactless (excluding DNP)				
Mobile device online (excluding DP)				
Online (excluding mobile device)				
Fees and other costs associated with mobile wallet providers				
Product development				
Physical card				
Mobile device				
Online (excluding mobile device)				

Cardholder reward programs

Operating costs				
Rewards				
Travel insurance				
Ticket offerings				
Other cardholder benefits				

Disputes, chargebacks and collections and write-offs

Fraud

Physical card				
Mobile device contactless (excluding DNP)				
Mobile device online (excluding DP)				
Online (excluding mobile device)				

Cost of funds

Cost of capital

Credit risks				
Operating risks				

Net-scheme fees (total)

Authorisation and transaction processing				
Fraud investigation and prevention				
Other				

Other (please specify)

Appendix B: Explanatory Notes for Data Templates

Overview

The RBA is seeking to identify the costs for issuers associated with issuing payment cards and processing card payment transactions in Australia. Along with other major financial institutions, your involvement in the project will help inform the RBA's review of interchange regulation as part of the Review of Retail Payments Regulation.

We are interested in the costs to issuers of consumers making payments using the following card payment types:

- Personal domestic credit card transactions (MasterCard and Visa)
- Personal domestic debit card transactions (MasterCard, Visa and eftpos)
- Personal international outbound credit card transactions (MasterCard and Visa)
- Personal international outbound debit card transactions (MasterCard and Visa)
- Commercial domestic credit card transactions (MasterCard and Visa)
- Commercial international outbound credit card transactions (MasterCard and Visa)
- Commercial international outbound debit card transactions (MasterCard and Visa)
- Domestic personal prepaid card transactions (MasterCard, Visa and eftpos)
- Domestic commercial prepaid card transactions (MasterCard, Visa and eftpos)
- International personal prepaid card transactions (MasterCard and Visa)
- International commercial prepaid card transactions (MasterCard and Visa)

This request is designed to collect long-run average cost information and we appreciate efforts to allocate costs across card payment types where they apply to multiple card payment types, as well as other payment methods. This information will allow us to analyse the resource costs of different card payment types. We have not sought transaction number and value data to minimise burden on respondents and will be relying on data obtained through the Retail Payments Statistics (RPS) collection to conduct necessary calculations and analysis. We are seeking costs data in relation to international outbound card transactions to help inform us of the likely costs to issuers for international inbound card transactions.

These explanatory notes set out some general guidelines and then follow the structure of the templates. Please feel free to contact us if you have any questions regarding the templates.

General Guidelines

This section provides general guidance that is relevant for completing the cost templates.

- **Sectoral classification:** We have separated personal and commercial cards, as well as prepaid cards. Please refer to the definitions adopted in the [Explanatory Notes for Completing Retail Payments Statistics Forms](#).
- **Reporting period:** the most recent twelve-month financial reporting period for which your institution has data.
- **Scope:** data as appropriate relating to domestic and international outbound transactions only.
- **Total costs and fees:** where possible, complete *all* cost sub-categories in the templates. If the costs within some sub-categories cannot be completed, record the total costs of a payment-related activity. Where resource costs are difficult to measure, we can accept estimates based on prices paid for services, rather than measuring costs incurred by the service provider. Please also record whether any fees paid are inclusive or exclusive of GST.
- **Account set-up, overheads and maintenance:** We have included guidance in the section below on which general costs associated with account set-up, overheads and maintenance need to be apportioned across the different card payment types.
- **Labour/employee costs:** employee costs should be broadly defined and include all wages, training, benefits and other costs. Report labour costs as part of the costs associated with each functional category.
- **Operational costs:** costs incurred in maintaining and operating the current system, including replacing components, security, problem fixes and other maintenance costs that are treated as current costs for accounting purposes. Please report current period costs.
- **Investment costs:** costs incurred making significant improvements to features or capacity of the system. These costs are normally capitalised and may well be project based. The current period costs of such expenditure are calculated by amortising the capitalised cost of the project over its expected lifetime. The current period (i.e. amortised) costs should be reported here. **Sunk costs** that have been fully written off should be ignored.
- **Joint/common costs:** several of the costs identified in the templates will be common to several card payment types (i.e. need to be apportioned to more than one card payment type). Joint costs should be allocated using an appropriate activity-based cost driver. Please indicate how these costs have been allocated and the cost driver employed. Examples of cost drivers include the number or value of transactions for each card payment type, the proportion of staff time spent on a particular activity, etc. Where it is not possible to apportion these costs using an appropriate activity-based cost driver and assumptions need to be made, please outline the assumptions and methodology adopted. Where it is not possible to apportion these costs across the different card payment types at all, please provide the aggregated cost and identify the card payment types those costs have been allocated to.
- **Float and cost of capital:** please indicate how calculations have been made for any float costs and cost of capital.
- **Double counting:** please ensure that costs are not double counted in the different cost categories, particularly when allocating across different form factors or payment initiation methods.
- **Not applicable:** Please indicate where any costs are not relevant to your business.
- **Comments:** If there is insufficient room in the template for comments or details explaining cost estimates please provide a separate word document.

Templates 1, 2 and 3: Card Payments – Issuers

This section provides guidance on the categories to be completed for the costs incurred by issuers of cards (credit cards, scheme debit, and eftpos). These costs can be broken down into 12 broad categories: 1) account set-up, overheads and maintenance, 2) card production and delivery, 3) authorisation and transaction processing, 4) fees paid to mobile wallet providers, 5) product development, 6) cardholder reward programs, 7) disputes, chargebacks and write-offs, 8) fraud, 9) cost of funds, 10) cost of capital, 11) net scheme fees, and 12) other fees.

Please indicate how joint/common costs have been allocated and the cost drivers employed.

Account set-up, overheads and maintenance comprises the costs of setting-up and maintaining relevant deposit/transaction, credit card and prepaid card accounts that enable the payment card transaction types identified. This could include: 1) systems and IT, 2) account product development, 3) marketing, 4) application processing and set-up, 5) receipt and processing of electronic credits to account, 6) internet banking, 7) telephone banking, 8) statement production and distribution, 9) general customer service, 10) general account management, 11) insurance and 12) other.

Please apportion these joint/common costs as appropriate to each card payment type identified (the vertical columns in each of the templates). **Indirect costs that are not specifically related to a card payment type, such as general corporate overheads, should not be included.**

We do not require reporting for the costs of account set-up, overheads and maintenance that would be apportioned to other payment methods such as account-to-account transfers, cheques or over-the-counter services, etc. However, identification of such costs for other payment methods may be required in order for your institution to conduct the appropriate apportionment for the requested card payment types.

We provide additional guidance on for each identified sub-category below:

Systems and IT (excluding Internet and Telephone banking) includes all costs relating to the operation, development and maintenance of systems and IT which support account infrastructure in each of the following functional areas:

- Product development and marketing.
- Application processing and set-up.
- Receipt and processing of electronic credits to accounts (excluding over-the-counter cash and cheque deposits).
- Statement production and distribution.
- General customer service.
- General account management.
- Other general account infrastructure.

Systems and IT costs relating to Internet banking and Telephone banking should not be double counted here.

Account product development comprises the development of account products, including account design, development and launch. It excludes card design and specifications which are for fraud prevention or management.

Marketing involves costs associated with the solicitation of prospective account holders and costs associated with encouraging existing account holders to remain customers or open further accounts. Costs may include:

- Developing and implementing marketing programs for the relevant account.
- Developing, producing and distributing account marketing materials to target new account holders.
- Payments to third party agencies assisting with account marketing activities.
- Performance monitoring of account marketing programs.
- Customer retention programs.
- Repricing.

Application processing and set-up includes:

- Account application processing.
- Reviewing applications.
- Receiving and entering new account information into systems.
- Storage of applications.
- Processing enquiries relating to the state of applications still being processed.
- Responding to new account holders with account documentation (excluding cards, PINs or cheques books).
- Responding to rejected applications.
- Screening applications for application fraud.
- Credit evaluation. This is only applicable to credit card accounts. It includes:
 - Purchasing pre-screened/pre-approved lists from credit agencies.
 - Conducting credit evaluations.
 - Setting credit limits.
 - Reviewing applications for changes in credit limits.
 - Responding to applications for changes in credit limits.
 - Responding to enquiries relating to the state of credit limit change applications still being processed.

Please do not include any agency fees paid to third parties (e.g. Australia Post) for the creation of relevant accounts in this category. These can be separately identified in the residual category 'Other' below.

Receipt and processing of electronic credits to relevant accounts (excluding over-the-counter cash and cheque deposits) includes all costs (other than systems and IT costs) related to the receipt and processing of funds credited electronically to relevant accounts. Please exclude all cash and cheque deposits made over-the-counter at financial institutions or agencies. Costs captured here include:

- The acceptance of electronic deposits including inter and intra financial institution transfers (excluding over-the-counter deposits).
- The posting of all deposits/credits to the account (excluding over-the-counter deposits).
- The posting of interest payments to deposits accounts (credits only).
- Reconciling deposits with the daily customer balances.

For credit cards this includes the receipt, processing and posting of cardholder payments to the cardholder's account.

Internet banking (including systems and IT) is a system of banking in which customers can obtain their account details, pay bills, transfer money, and perform other account related tasks by means of the Internet, including through mobile devices and apps. Costs captured here should include:

- Systems and IT costs specific to Internet banking.
- Internet banking management costs.
- Costs specific to mobile app services.
- Other direct Internet banking costs.

Telephone banking (including systems and IT) is a system of banking in which customers can obtain their account details, pay bills, transfer money, and perform other account related tasks by calling a telephone number. Costs captured here should include:

- Systems and IT costs specific to Telephone banking.
- Telephone banking management costs.
- Other direct Telephone banking costs.

Statement production and distribution is the generation and sending of statements (both physically and electronically) to account holders. It includes:

- Producing and archiving statements.
- Delivering statements.
- Managing address changes on returned statements.

General customer service includes all costs arising from the receipt and processing of account holder initiated enquiries and requests.

Typical activities that are part of this category include:

- Name and address changes.
- Balance enquiries (excluding via ATM).
- Account fees and interest charge enquiries.
- Password changes.
- PIN changes (excluding via ATM).
- Account closure.
- Complaints related to the account (other than complaints related to a specific payment instrument).
- Transferring account holder enquiries to other departments and/or specialist response centres (e.g. fraud, credit assessment, credit collections, etc).
- Predictive information (non-statement) services that anticipate an account holder's enquiries and respond with information before an enquiry is made (e.g. text messages that are sent to an account holder when they are near their credit limit).
- Other general account enquiries.

Costs that should not be double counted in this category are costs associated with:

- The reporting of lost and stolen cards (reported as part of the Fraud category).
- Enquiries related to voucher retrieval requests and chargeback processing (reported as part of the Disputes, chargebacks and collections and write-offs category).
- Enquiries related to the state of account applications.
- Enquiries related to the state of credit limit change applications.
- Fraud enquiries.
- Disputed transactions.
- Credit assessment enquiries.
- Credit collection enquiries (reported as part of the Disputes, chargebacks and collections and write-offs category).

General account management includes the administrative and managerial activities involved in providing a deposit/transaction account business, a credit card account business or a prepaid card account business.

Activities may include:

- Deposit/transaction account services management, credit account services management or prepaid account services management.
- Strategic planning and development related to the deposit/transaction account products, credit account products or prepaid account products.
- The preparation and dissemination of management information which is used as an input in management decisions related to account products.

Where these are joint costs, please apportion costs based on the proportion of staff time spent on each activity.

Insurance (net of claims) includes any insurance costs (net of successful claims) for fraud and theft related to payment activities.

Other is a residual category. Please record and specify all other costs associated with general account infrastructure. This might include any general compliance costs (e.g. for anti-money laundering (AML)).

Please separately identify in this section any agency fees paid to third parties (e.g. Australia Post) for the creation of relevant accounts. Please do not include any other agency fees (e.g. those for cash withdrawals).

Card production and delivery includes both newly issued and re-issued cards, and covers all aspects from the cards' production to the cards' arrival in the hands or digital wallets of the cardholder (including costs related to card dispatch and postage, and to the issuance and provisioning of tokens for digital cards). However, it excludes card design features that relate to fraud prevention (e.g. hologram and chip), as well as additional costs associated with tokenisation separate to the issuance and provisioning of tokens, such as lifecycle management (these are included in the 'Fraud' category below). Please report card production costs separately for two different types of cards:

1. *Physical cards*
2. *Digital cards* – to the extent there are any additional costs to the issuance of a physical card, or any costs specific to digital-only cards.

Authorisation & transaction processing includes all the issuer costs incurred in providing authorisation and processing card transactions, including clearing and settlement. This includes costs associated with compliance with scheme requirements related to processing and authorisation. We ask that you exclude any costs associated with:

- 'Reverse' interchange fees paid by issuers in relation to cash-out or ATM withdrawals.
- Receiving and processing retrieval requests, chargeback processing and write-offs (these are included in other categories below).
- Core IT costs attributable to account set-up, overheads and maintenance (these are included in the category above).
- Any fees paid directly to mobile wallet providers for transactions initiated through their mobile wallets (these are reported separately in the category below).
- Scheme fees related to authorisation and transaction processing (these are reported in the category below).

Please report authorisation and transaction processing costs for four different types of transactions, where possible:

1. *Physical card transactions* – whether contact or contactless.
2. *Mobile device contactless transactions* – where the customer 'taps' the mobile to the terminal.
3. *Mobile device online* – where the customer makes a device-not-present transaction using a mobile wallet.
4. *Online (excluding mobile device)* – where the customer makes a device-not-present transaction such as through a website, excluding mobile wallet transactions.

Fees and other costs associated with mobile wallet providers includes any fees paid directly to mobile wallet providers for transactions initiated through their mobile wallets, whether charged on a per-account or per-transaction basis, and whether in-person, in-app or online; and any additional costs occasioned by or due to or connected to providing mobile wallet payments (for example marketing, project and usage fees).

Product development comprises the development of products that are specific to a scheme or card payment type. An example might be scheme specific solutions to EMV, contactless cards, tokenisation or 3DS.

Please report product development costs for the three different types of transactions identified in the template, where possible.

Cardholder reward programs includes:

1. *Operating costs*. This includes:
 - The development and implementation of cardholder reward programs.
 - The monitoring and ongoing costs of running cardholder reward programs.
2. *Rewards*. This includes the purchase of loyalty points, partner payments and cash payments to cardholders.
3. *Travel insurance*. This includes purchase of travel-related insurance offered to cardholders.
4. *Ticket offerings*. This includes purchase or provision of events tickets, early access or associated benefits.

5. *Rebates for corporate clients.* Where applicable, any rebates provided to corporate clients for card spend according to a contract.
6. *Other cardholder benefits.* Any other benefits that do not fall within the above categories.

Please report the cost of the five categories above separately.

Disputes, chargebacks and collections and write-offs includes costs associated with managing, processing and pursuing disputes, chargebacks and delinquent accounts/bad losses. This also includes net write-off amounts (excluding fraud losses).

Fraud includes:

- Net losses – this is the net amount written off as (card issuing) fraud losses after allowing for all recoveries.
- Prevention, monitoring, mitigation, investigation and remediation, including:
 - Card design and security features to reduce fraud (e.g. hologram, chip, tokenisation), and developing and maintaining systems and procedures for fraud prevention and detection.
 - Screening tools and practices. ○ Investigating, processing and managing cases of intentional card misuse.
 - Scam related costs.

Please report fraud costs for the four different types of transactions identified, where possible.

Cost of funds is the cost to the issuer for funding interest free balances (in line with the credit card interchange costs calculations – refer p 15/16 of ‘Common Benchmark for the Setting of Credit Card Interchange Fees’) [Common Benchmark for the Setting of Credit Card Interchange Fees](#).

Cost of capital includes:

1. *Cost of capital (credit risks):* this is the cost of capital employed by the issuer to cover the credit risk associated with funding its outstanding credit card portfolio balances. Please note that this cost is only applicable to credit cards.
2. *Cost of capital (operating risks):* this is the cost of capital employed by the issuer to cover operational risk. (If there are costs of capital associated with other factors please report separately with details).

Please report the cost of the categories above separately. Please specify how the costs for these categories are calculated, particularly any cost of capital not relating to credit or operating risk.

Net scheme fees (total) is the net fee paid to schemes for issuing activity, including rebates from schemes but not revenue from interchange or other revenue. If possible, please provide a breakdown for:

1. *Authorisation and transaction processing*
2. *Fraud investigation and prevention*
3. *Other*

Please indicate if the fees reported are inclusive or exclusive of GST.

Other includes any card issuing costs not covered by the above categories. Please specify all costs included in this category.