

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

RE: Variation to Surcharge Standards.

## **Feedback**

To the Payment Systems Board,

This does not address any of the issues raised by the public as per the submissions on the RBA website. Where in the below statement is the interest in the public considered?

The removal of the no-surcharge rules was expected to have a number of benefits for the efficiency of the payments system. First, it was expected to improve price signals to cardholders about the relative costs of different payment methods. This was clearly stated in the Gazette notice that accompanied the first of the Standards:

... the price signals facing consumers choosing between different payment instruments would lead to a more efficient allocation of resources in the payments system, in the public interest.<sup>1</sup>

Second, the ability to surcharge provides a negotiating tool for merchants who might use the threat of surcharging to negotiate lower fees. Third, with the ability to surcharge, merchants no longer need to build the costs of accepting card payments into the overall prices of their goods and services; hence, customers who choose alternative payment methods are no longer subsidising credit card users. The Payments System Board is satisfied that surcharging has been successful in achieving these benefits and by reviewing the Standards it is seeking to ensure that this continues to be the case.

As noted in the above excerpt, all interest is given to the merchant but not to the public. You purport to believe that the introduction of the surcharging transparency system has improved the public interest by no longer "subsidising" credit card users. This is patently untrue. In situations where payments are limited to over the internet, fees are charged regardless as noted by one of the submissions. Your introduction of the transparency legislation has failed to be in the public interest. Perhaps you should rephrase and instead refer to it as the merchant interest.

Your proposed changes to the standard are pointless. They do not address the underlying issues.

Very disappointing.

Regards,

Adrian Hewitt