

ITEM 18 NOTICE OF MOTION - COUNCILLOR THOMAS QUINN - RESERVE BANK CONSULTATION PAPER SUBMISSION

Councillor Thomas Quinn has submitted the following Notice of Motion –

“I formally move that Council makes a submission to the “Review of Merchant Card Payment Costs and Surcharging Consultation Paper” released by the Reserve Bank of Australia (RBA), in support of the “Preferred package of policy options”.”

Background provided by Councillor Thomas Quinn:

On the 15 July 2025 the Reserve Bank of Australia (RBA) released its Consultation Paper, "Review of Merchant Card Payment Costs and Surcharging Consultation Paper". This document is the culmination of research which has identified that previous policy work which introduced surcharging to Australia is no longer fit for purpose.

To address concerns the paper lists 11 Preferred Policies Changes intended to reduce cost for Australian Consumers, Australian Businesses and provide greater transparency that will enable a more efficient economy:

- Policy 1** Removing the RBA's prohibition on 'no-surcharge' rules for all designated debit, prepaid and credit card systems.
- Policy 2** Reducing the domestic *credit* interchange cap to 0.3 per cent of transaction value and removing the weighted-average benchmark.
- Policy 3** Reducing the domestic *debit* and *prepaid* interchange weighted-average benchmark and cap to 6 cents per transaction and lowering the ad-valorem cap to 0.12 per cent of transaction value.
- Policy 4** Introducing caps on interchange fees paid on foreign-issued card transactions acquired in Australia:
 - with card-present transactions subject to caps of 0.2 per cent of transaction value for *debit* and *prepaid* cards and 0.4 per cent of transaction value for *credit* cards
 - with card-not-present transactions subject to caps of 1.15 per cent of transaction value for *debit* and *prepaid* cards and 1.5 per cent for *credit* cards.
- Policy 5** Amending the net compensation provision so that all Australian issuers are captured (including those sponsored by a foreign entity).
- Policy 6** Requiring card networks to publish their aggregate interchange fees on a quarterly basis with breakdowns by card type and form factors.
- Policy 7** Requiring card networks to publish their aggregate scheme fees on a quarterly basis with breakdowns by acquirer and issuer scheme fees, card type and form factors.
- Policy 8** Setting an expectation for card networks to work with PSPs to simplify scheme fees by reducing complexity, improving the clarity and ensuring the usefulness of scheme fee information.
- Policy 9** Setting an expectation that card networks justify any scheme fee increases, by providing PSPs with a clear explanation of the additional services and/or value provided.
- Policy 10** Requiring acquirers to publish their average costs of acceptance for 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 annually.
- Policy 11** Requiring acquirers to include additional detail in cost of acceptance disclosures to merchants, including a breakdown by domestic versus foreign-issued cards.

It is anticipated that these changes in policy will delivery over \$1.2 Billion dollars in savings for Australian consumers which is about \$60.00 each per year and, it will save small business \$185 Million.