



26 August 2025

Reserve Bank of Australia
Email: pysubmissions@rba.gov.au

To the Payments Policy Team,
RE: Review of Merchant Card Payment Costs and Surcharging

Thank you for the opportunity to comment on the consultation paper released by the Reserve Bank of Australia on 15 July 2025. CHOICE is glad to be able to make a short submission on the paper and the issues surrounding it. Our submission is supported by the Financial Rights Legal Centre and Mob Strong Debt Help.

Summary of CHOICE's recommendations

For the reasons outlined below, we recommend that the RBA:

1. Proceed with its proposed ban on card surcharges;
2. Commit to a post-implementation review within 2-3 years of the proposals coming into effect, with a particular focus on whether cross-subsidisation is occurring between credit and debit card users, and whether further regulatory intervention is necessary to bring down scheme fees;
3. Encourage the Federal and State Governments to revisit the taxi industry's exemption from surcharging rules; and

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4. Recommend that the Federal Government proactively ban surcharges on cash transactions.

We support the removal of debit card surcharges and will monitor the impact of removing credit card surcharges

We strongly support the RBA's proposal to remove debit card surcharges. Debit card surcharges have become more and more frequent, and more and more costly, and we will be glad to be rid of them, as will more than 22,000 CHOICE members and supporters who have signed a petition calling for them to be banned. The existing payments framework, which allows surcharging, has outlived its useful purpose and become a drain on consumers. We commend the RBA for listening to the views of consumer groups like CHOICE, who have been highlighting the creeping cost of surcharges for more than a decade.

On credit card surcharging, the picture is more complicated. While CHOICE remains concerned about the cross-subsidisation of credit card users by debit card users, we acknowledge that the RBA has recognised this issue and taken a number of steps to address it.

The RBA has indicated that reducing the difference between the interchange caps on debit and credit cards will minimise the amount of cross-subsidisation, and we will continue to monitor developments in this area once surcharges have been removed. We recommend that the RBA also commit to a post-implementation review within a few years of the proposals coming into effect.

We are also glad to see the RBA proposing to introduce a cap on interchange fees for foreign-issued cards, and to see steps to address the bargaining imbalance faced by small businesses.

Increased transparency around scheme fees is positive, but more intervention may be needed

We support the proposal to increase the amount of information available around scheme fees, both as a way to put downward pressure on costs and to encourage least-cost routing, as discussed in our original submission. However we remain wary of the potential consequences of a blanket ban on surcharging without direct regulatory intervention to reduce the complexity of scheme fees and drive costs down.

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As set out in our original submission, the experience in the UK suggests that a blanket ban on debit and credit card surcharges led to a sharp rise in scheme fees. The RBA's decision to pursue its own blanket ban in Australia makes regulatory scrutiny on scheme fees more necessary than ever. A post-implementation review will provide an opportunity to consider whether further intervention is needed once the surcharge ban is in place.

The taxi exemption should also be revisited

We support the RBA's proposal to remove the exemption on taxi fares from reporting requirements on merchant statements. As per our original submission, we also urge the RBA to recommend that Federal and State Governments revisit the taxi industry's broader exemption from surcharging rules.

There is nothing about the taxi industry that warrants this special treatment, and it is plainly unworkable for surcharges to be banned in every industry but one. In addition to the obvious unfairness, allowing taxis to charge 4-6% card surcharges at the same time surcharges are being banned everywhere else would cause enormous consumer confusion and frustration. The taxi exemption is an unnecessary complication in a process which has otherwise placed a high value on simplification and uniformity.

In addition, people in regional and remote areas continue to rely on taxis far more than the rest of Australia. Many towns do not have ride share services and many have limited public transport, meaning taxis play an outsized role in these areas, and the people who use them are disproportionately affected by continued high surcharging.

Surcharges on cash are likely without a proactive ban

In our submission responding to the initial issues paper, CHOICE called on the RBA to recommend that the Government take steps to ban surcharge fees on cash payments. The details contained in this consultation paper make that even more urgent.

CHOICE's nationally representative survey data shows that 65% of Australians routinely carry cash. Cash is critical for people in remote areas facing digital exclusion, for older people not comfortable with online banking, for people with a disability, and in natural disaster areas when digital services become unavailable.¹

¹ CHOICE Consumer Pulse June 2025 is based on an online survey designed and analysed by CHOICE. 1,008 Australian households responded to the survey with quotas applied to ensure coverage across all age groups, genders and locations in each state and territory across metropolitan and regional areas. The data was weighted to ensure it is representative of the Australian population based on the 2021 ABS Census data. Fieldwork was conducted in June, 2025.

The Federal Government have clearly stated that they want to support and protect the future of cash. In a December 2024 Media Release, Treasurer Jim Chalmers said: “People are increasingly using digital payment methods, but there will be an ongoing place for cash in our society under the Albanese Government [...] For many Australians, cash is more than a payment method, it’s a lifeline.”²

Later in the same release, the Treasurer said: “Around 1.5 million Australians use cash to make more than 80 per cent of their in-person payments and up to 94 per cent of businesses continue to accept cash. Cash also provides an easily accessible back-up to digital payments in times of natural disaster or digital outage.”

We note the RBA’s comment on page 23 of the Issues Paper that: “Removing surcharging would likely increase consumers’ use of card payments relative to cash. Consumers would no longer need to expend effort attempting to avoid card payments surcharges by paying in cash.”

This is an entirely sensible assumption, but is not followed with any analysis of what this is likely to mean for consumers.

It is in this context that we also note the following comment on page 12: “The cost of accepting card payments may now be lower than the cost of accepting cash, which has risen as consumer cash use has declined since the RBA’s surcharging framework was introduced.”

Putting these two things together, it is clear that cash is not only expensive to accept now, but is likely to become even more expensive to accept in the future, as its use further declines in response to the proposed card surcharge ban.

Existing rules effectively prohibit a surcharge being applied to every available form of payment. As the ACCC sets out on its website: “If there’s no way for a consumer to pay without paying a surcharge, the business must include the minimum surcharge payable in the displayed price for its products.”³ In practice, this strongly encourages businesses to offer consumers at least one surcharge-free way to pay, because the alternative is to lift the advertised price of the product.

²<https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/media-releases/next-steps-ensuring-future-cash>

³ <https://www.accc.gov.au/consumers/pricing/card-surcharges>

Generally, where businesses have imposed surcharges on card payments, cash has provided the surcharge-free way option. But as cash becomes more and more expensive to accept, and the surcharge ban turns card payments into a free way for consumers to pay, it seems inevitable that some businesses will seek to discourage cash use by placing a surcharge on cash transactions.

We are now in the reverse position to that which led the RBA to allow surcharging in the first place 20 years ago. Then, card payments were more expensive to process than cash payments, and so card surcharging was brought in to send a price signal to consumers. Now, card payments are cheaper to process than cash payments, and cash payments are getting more and more expensive. It follows that some businesses will attempt to discourage cash use by putting a surcharge on it, just as they did with cards two decades ago.

There is nothing currently in place to prevent this.

In the early 2000s, despite their concern about the rising cost of card payments, businesses could not introduce card surcharges until the RBA proactively intervened to remove the card providers' 'no surcharge' rules. The starting position is different now - no such barriers apply for cash. This means that, without proactive action by the Federal Government, businesses could immediately begin placing surcharges on cash transactions once the card surcharge ban comes into effect.

Some businesses may simply stop accepting cash, as many have done already, but others will be covered by the Government's planned cash acceptance mandate. The mandate is an important step, but it will be completely undermined if it comes with a surcharge.

Nobody should have to pay to use their own money. Unless these issues are looked at as a whole, the burden of surcharges will just shift from one group of consumers to another. Instead of card users paying, cash users, many of whom have no other choice, will pay. Accordingly, we re-state our view that the Federal Government should take a proactive step to protect the future of cash for the people who need it, by banning surcharges on cash transactions. And we repeat our call for the RBA to recommend this as part of its review of card surcharging.

For further information, please contact CHOICE at mcampbell@choice.com.au

Yours sincerely,

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