



# Important information on RBA changes to card surcharging.

**Important information:** This guide is published solely for information purposes. As this guide has been prepared without considering your objectives, financial situation or needs, you should consider its appropriateness to your circumstances and if necessary seek the appropriate professional advice before acting on the information in this guide. Where this guide is inconsistent with the Merchant Agreement Terms and Conditions, the Merchant Agreement Terms and Conditions prevail to the extent of such inconsistency.

We would like to inform you of important regulatory changes to merchant surcharging standards, as revised by the Reserve Bank of Australia (RBA). The change will affect the amount that merchants can surcharge for credit, debit and prepaid card transactions.

We have outlined the key changes below, and what this means for you.

## Changes to cards and surcharges

Last year, the RBA made changes to its card payments regulations which included a review of surcharging practices. The new Standard No. 3 of 2016 (**Standard**) defines what costs merchants can recover through applying a card payment surcharge.

The purpose of the new Standard is to promote efficiency and competition in the Australian payments system, while maintaining the rights for merchants to apply a cost-based surcharge on card payments (limited to the amount it costs to accept that transaction).

## What this means for merchants

Merchants who choose to apply a surcharge must adhere to the Standard established by the RBA. Surcharging will generally be priced as a percentage and merchants will be prohibited from applying a surcharge in excess of the 'Cost of Acceptance', which is the cost incurred for credit, debit and prepaid card transactions.

The Australian Competition and Consumer Commission (ACCC) has been given powers to enforce compliance with this new Standard from 1 September 2016 for 'large merchants' and 1 September 2017 for all remaining merchants.

The ACCC website provides criteria on what is considered a 'large merchant'.

## Calculating surcharging costs

A surcharge cost is the amount incurred by a business to accept and process a credit or debit card transaction – which is also known as 'Cost of Acceptance'. The level of these costs can vary according to the size of the business and which payment method is used.

Some businesses include these costs in the price they charge for goods or services. Others choose to pass the costs on to customers as a payment surcharge. As per the RBA Standard, surcharges will be limited to the amount it costs the business to accept that type of transaction.

### **Calculating the amount to surcharge is the responsibility of the business, and may include but is not limited to:**

- Merchant service fee
- Chargebacks
- Terminal rental
- Monthly access fees

### **The Standard applies to the following card schemes:**

- Visa credit / debit / pre-paid
- Mastercard credit / debit / pre-paid
- American Express Companion Card / Eftpos debit / pre-paid

**NOTE: Other schemes not listed above are out of scope as per the Standards (e.g. UnionPay, JCB, and Diners Club)**

You should review your Cost of Acceptance at least once a year. You may have other costs, separate to those charged by us, that you can include in your Cost of Acceptance – see the Standard for more details.

## More information

For more information, please review the following websites:

### **RBA information**

[www.rba.gov.au](http://www.rba.gov.au)

### **ACCC information**

[www.accc.gov.au](http://www.accc.gov.au)