

## Stop the \$1.2bn Charge to Use our Own Money

**Public Money Australia** is calling on the government and the Reserve Bank of Australia to use its regulatory and legislative powers to ban the debit and credit card surcharges that cost consumers \$1.2bn a year.

**How Surcharges Work** – When you pay with a debit or credit card the vendor has the option to add a surcharge. They can charge all cards the same or select different amounts depending on the card e.g. debit cards 0.5% and credit cards 1%. The vendor must pay a payment service provider (PSP) a fee to process card payments, and these vary widely between PSP providers and card types. The PSP then pays the card issuer an interchange fee.

**Consumers**- In the UK and Europe debit card surcharges are banned but Australia simply requires the charges to reflect the ‘actual costs’, and the numbers of vendors applying these charges has increased dramatically since they were first allowed in 2003. The ACCC has received 2500 complaints about card surcharging in a recent 18-month period and charges are often as high as 1.5% for all card transactions.

**Vendors** – Small businesses typically pay the PSPs 0.7% for debit and 1.2% for credit card transactions and larger businesses eg Coles, Woolworths etc. often pay only a fifth of this. Small businesses face a higher cost and that has led to the growth in surcharging consumers although system complexity makes it difficult to accurately pass through the costs.

**Payment Service Providers (PSPs)** – EFTPOS is the cheapest method for vendors with a typical cost of less than 0.2% compared with 0.6% for Visa and Mastercard. The PSP pays an interchange rate to the card issuer (Visa, Mastercard, Banks) and this is capped at 0.2% for debit and 0.8% for credit cards. Expensive reward cards such as American Express are excluded from the regulatory framework and can cost the vendor 2% or more. It is proposed that Vendors will continue to be able to charge for the use of these reward cards.

**Typical Cost Summary** - \$100 product on Visa credit card -consumer pays \$1.5 fee, vendor pays \$1.2 to PSP's who pays \$0.6 to the card issuer.

**What Needs to Change** – The Reserve Bank Australia (RBA) has been developing a solution which it detailed in a consultation paper published in July 2025. [Review of Merchant Card Payment Costs and Surcharging Consultation Paper](#). Consultation has been completed and these recommendations need to be fully implemented in the next session of parliament with a ban on surcharging and a new lower cap on the fees that vendors must pay. This makes all payments in cash, card, PayID etc. free of charge for consumers and will reduce the costs for vendors. Card Issuers will lose income of up to \$900m but we feel that is justified despite the protests from the big banks, Visa and Mastercard.

### **What can you do to help?**

Public Money Australia is encouraging people to follow and support the PMA campaigns and write to their Federal Member and the Reserve Bank of Australia to encourage them to fully implement the recommendations from the July 2025 consultation paper.

Follow [Public Money Australia – Money for the greater good](#) to learn more about the campaign to improve the financial system for all Australians.

