



Changes to card payment surcharging

Last week, the Reserve Bank of Australia (RBA) released its Conclusions Paper into its Review of Card Payments Regulation and the final standards for card payment surcharging (which can be accessed [here](#)).

These changes will directly affect ticketing agents that currently (or intend to) surcharge customers who purchase tickets using a credit or debit card.

What has changed?

- The new standard defines the 'permitted surcharge' for each type of card, which is based on a merchant's average cost of acceptance for that type of card
- The definition of costs of acceptance is more narrowly defined than the existing standards (but broader than originally proposed) to improve enforceability
- The ACCC has been given powers to enforce breaches of excessive surcharging
- If merchants choose to apply a single surcharge rate for two or more types of cards, they may not do so at a rate that would imply excessive surcharging of any card
- A list of BINs will be published to allow merchants to distinguish electronically between different card types from 1 July 2017
- Service providers cannot refuse to provide card services to merchants because they surcharge or intend to surcharge
- Banks (and other payment facilitators) will provide merchants with easy-to-understand information on the costs of acceptance for each type of card from 1 June 2017. This information will help merchants determine the 'permitted surcharge'.

What costs are allowed as part of the permitted surcharge?

The permitted surcharge may take into account costs directly related to accepting a particular card type and which must be verified by statements, accounts or invoices from an external provider. The allowable costs are:

- merchant service fees
- gateway fees paid to a payment service provider
- the cost of fraud prevention services paid to an external provider
- any terminal costs paid to a provider other than the merchant's acquirer or payments facilitator
- fraud-related chargeback fees (but not the cost of any actual chargebacks)
- the cost of insuring against forward delivery risk.

When do the changes come into effect?

The changes will take effect on **1 September 2016 for large merchants** and on **1 September 2017 for small merchants**. Until these changes take effect, the existing framework applies.

How is a large merchant defined?

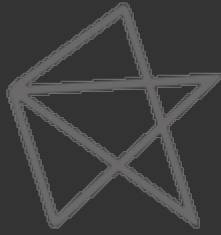
A large merchant is defined as those that meet at least two of the following criteria:

- Consolidated turnover (including that of related companies) of more than \$25 million in the most recent financial year
- Consolidated gross assets at 30 June 2015 of \$12.5 million or more

- 50 or more employees as at 30 June 2015.

For more information

If you have any queries related to card payment surcharging or compliance with the new standards, please contact **Kim Tran** via [email](#) or on 03 8613 2000.



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