

## **Merchant Pricing for Credit Card Purchases**

### **Objective**

*The objective of this Standard is to promote:*

- (i) efficiency; and*
- (ii) competition*

*in the Australian payments system by providing merchants the freedom to make a reasonable charge according to the means of payment.*

### **Amended and restated Standard**

1. This Standard is an amended and restated Standard of that gazetted on 27 August 2002.

### **Application**

2. This Standard is determined under Section 18 of the *Payment Systems (Regulation) Act 1998*.
3. This Standard applies to the credit card system operated within Australia known as the VISA system or the VISA network card system designated on 12 April 2001 by the Reserve Bank of Australia under Section 11 of the *Payment Systems (Regulation) Act 1998*, and referred to in this Standard as the Scheme.
4. In this Standard:

an ‘acquirer’ is a participant in the Scheme in Australia that provides services to a merchant to allow the merchant to accept a credit card;

‘credit card’ means a card issued under the rules of the Scheme that can be used for purchasing goods or services on credit, or any other article issued under the rules of the Scheme and commonly known as a credit card;

‘credit card transaction’ or ‘transaction’ means a transaction in Australia between a credit card holder and a merchant involving the purchase of goods or services using a credit card;

‘merchant’ means a merchant in Australia that accepts a credit card for payment for goods or services;

‘merchant service fee’ means a transaction-based fee charged to a merchant for acquiring credit card transactions from that merchant whether collected on an *ad valorem* or flat-fee basis, or charged as a blended rate across all credit card types or on an interchange plus acquirer margin basis or any other basis;

‘rules of the Scheme’ mean the constitution, rules, by-laws, procedures and instruments of the Scheme as applied in Australia, and any other arrangement relating to the Scheme by which participants in the Scheme in Australia consider themselves bound;

terms defined in the *Payment Systems (Regulation) Act 1998* have the same meaning in this Standard.

5. Each participant in the Scheme must do all things necessary on its part to ensure compliance with this Standard.
6. If any part of this Standard is invalid, it is ineffective only to the extent of such part without invalidating the remaining parts of this Standard.
7. This Standard is to be interpreted:
  - in accordance with its objective; and
  - by looking beyond form to substance.
8. This Standard originally came into force on 1 January 2003. This Standard as amended and restated comes into force on 18 March 2013.

### **Merchant Pricing**

9. Neither the rules of the Scheme nor any participant in the Scheme shall prohibit:
  - (i) a merchant from recovering part or all of the reasonable cost of acceptance of credit cards issued under the Scheme by the merchant charging fees or surcharges to credit card holders; or
  - (ii) a merchant, in recovering part or all of the reasonable cost of acceptance of credit cards issued under the Scheme, from applying different fees or surcharges to credit card holders for different card types either within the Scheme or across card schemes.
10. For the purposes of paragraph 9, the merchant’s cost of acceptance of credit cards issued under the Scheme may, for the purpose of determination of a fee or surcharge, be determined by reference to:
  - (i) the cost to the merchant of the credit card transaction in relation to which the fee or surcharge is to be levied;
  - (ii) the average cost to the merchant of acceptance of all credit cards of all types issued under the Scheme; or
  - (iii) the average cost to the merchant of acceptance of a subset of credit cards issued under the Scheme that includes the type of credit card in relation to which the fee or surcharge is to be levied,

and includes, but is not necessarily limited to, in the case of (i), the applicable merchant service fee and, in the case of (ii) and (iii), all applicable merchant service fees.

## **Transparency**

11. Each acquirer must notify, in writing, each merchant to whom the acquirer provides services of the provisions of this Standard (as amended) either before, or as soon as practicable after, this Standard (as amended) comes into force.