

ERIC J. ANCICH
Chartered Professional Engineer

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2 December 2024

Head of Payments Policy Department
Reserve Bank of Australia
GPO Box 3947
Sydney NSW 2001

Dear Sir,

Re: Merchant Card Payment Costs and Surcharging – Issues Paper – October 2024

I am grateful for this opportunity to make a submission in relation to the Bank's October 2024 Issues Paper.

The basis of this submission is that merchant fees or payment surcharges are not mechanisms for cost recovery. Rather, they are little more than profit maximisation opportunities for the merchants that levy such charges. If I make a \$5, \$500 or \$5,000 card purchase or payment, the transaction cost to the merchant is the same. Yet, I am charged a fee based on a fixed percentage of the value of the transaction.

It is my view that using a credit or debit card to make purchases actually decreases the transaction cost to the merchant as cleared funds are instantly deposited into the merchant's bank account. However, whenever a cash purchase is made, the merchant needs to count their cash takings before personally taking the cash to their bank where a teller will also count the cash before the deposit may be completed. Accordingly, I submit that cash payments should attract a service charge before card payments.

I refer to the attached correspondence from the Australian Banking Association. In their email dated 31 October 2024, they acknowledge that "*...there are indeed costs associated with cash acceptance, including handling and transport...*"

Yours faithfully,



Dr E.J. Ancich
PhD, FIEAust, CPEng (Ret.)
Attach: Correspondence with Australian Banking Association