

Dear RBA,

We wish to highlight the significant imbalance between the costs borne by large and small businesses regarding digital payment systems, which currently amounts to approximately \$1.7 billion annually. This disparity creates barriers for small businesses, hindering their growth and competitiveness.

Cost Imbalance: The high fees associated with digital payment processing disproportionately affect small businesses, which typically operate with tighter margins compared to larger corporations. We want to draw attention to the significant financial disparity between large and small businesses in Australia regarding digital payment costs, which currently totals around \$1.7 billion annually. This imbalance imposes a substantial burden on small businesses, hindering their growth and competitiveness in the market.

1. International Examples:

- **India:** The Unified Payments Interface (UPI) enables fee-free digital transactions, fostering a robust ecosystem for small businesses.
- **Hong Kong:** The introduction of the Faster Payment System (FPS) allows instant fund transfers between banks without transaction fees, encouraging widespread adoption.
- **European Union:** The EU has implemented regulations that promote fee transparency and reduce costs for businesses using digital payment systems.
- **United Kingdom:** Initiatives like the Faster Payments Service provide low-cost options for businesses, helping to level the playing field.

These international examples demonstrate that fee-free digital payment systems can successfully support small businesses, promoting a more equitable economic landscape.

We urge the RBA to consider policies that can help reduce transaction costs for small businesses in Australia. By learning from international models, we can create a more supportive environment for small enterprises, driving innovation and economic growth.

Thank you for considering this critical issue.

Sincerely,
Jessica Leat
01/11/24