

ELECTRONIC PAYMENT SURCHARGE GUIDE FOR TRAVEL AGENTS.

Status: Current, 7 December 2015

This notice is to assist AFTA members following the introduction of the *Competition and Consumer Amendment (Payment Surcharges) Bill 2015*, by the Commonwealth Government on 4 December 2015.

The details of the proposed regulation have yet to be released by the Government and AFTA is in discussions with the Reserve Banks of Australia (RBA) and the Commonwealth Treasury. The aim of these discussions is to identify which elements of the current RBA Guidance Note will continue in any new regulation. It is important to note that the Assistant Minister to the Treasurer confirmed to the Parliament that any pending changes will not take place until early to mid-2016 and that the **current credit card surcharging arrangements instituted by the RBA and Commonwealth Government continue.**

The current cost for a business to accept payment by a credit card is highly complex. As the fees that a business are charged vary between different card types and card issuers (Visa, MasterCard, American Express, and Diners Club). The Commonwealth Government, allows any business who accepts payment from its customers via a credit card to charge a surcharge *that covers all fixed costs of accepting a credit card.*

The below information provided to AFTA members details the current standards on how a surcharges should be calculated. This has been developed from the *RBA Guidance Note: Interpretation of Surcharging Standards, 2012.*

Defining the responsible cost of acceptance?

- The surcharge must represent the direct cost of providing this payment option to the consumer.

What is included in the surcharge?

- **The interchange fee:** A merchant is charge an interchange fee for every payment it accepts from a credit or debit card
- **The cost of maintaining the merchant terminal:** This includes costs for example the phone line, applicable insurance and bank fees charged to have a merchant terminal
- **Fraud prevention:** Business must ensure they are not facilitating a fraudulent payment. Therefore business may implement fraud prevention procedures and in some circumstances a business will be required to do so by the bank and card issuer

Travel agents have been recognised for providing competitive surcharging rates for Australian Consumers. AFTA's recent survey of surcharging rates for Australian travel agents were between 2% - 4% depending on the card type. These rates of surcharge indicate compliance with the current RBA guidance note.

Further information on this matter please refer to the RBA 2012, Guidance Note: Interpretation of Surcharging Standards. <http://www.rba.gov.au/payments-system/reforms/cards/201211-var-surcharging-stnds-guidance/guidance-note.html>.