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## RBA Proposes Sweeping Reforms to Slash Card Fees for Consumers and Businesses

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The Reserve Bank of Australia (RBA) has unveiled radical plans to eliminate card surcharges and cut payment processing fees, potentially saving Australians \$2.4 billion annually. In a landmark consultation paper released today, the central bank proposes banning surcharges on debit and credit card transactions while slashing interchange fees the hidden costs merchants pay banks for card payments. These reforms aim to simplify Australia's payment system as cash transactions dwindle to just 13% of consumer payments.

The RBA's bold package targets three key pain points: scrapping the \$1.2 billion consumers pay yearly in card surcharges, reducing business interchange fees by another \$1.2 billion, and forcing payment providers to disclose their fee structures. "Surcharging has lost its purpose in a cashless society," stated the RBA's Payments System Board, noting that 78% of businesses now charge flat fees across card types. Small businesses stand to gain most, as they typically pay the highest percentage of sales in processing fees.

Financial experts warn the reforms could reshape Australia's payments landscape. While consumers would enjoy simpler checkout experiences, banks and payment networks face revenue hits from lower interchange fees currently averaging 0.5% for debit and 0.8% for credit transaction. The RBA also plans to cap international card fees, a move that could pressure global networks like Visa and Mastercard. "This levels the playing field for local payment solutions," noted one banking analyst, suggesting the reforms may boost Australia's nascent digital currency initiatives. As the August 26 consultation deadline approaches, all eyes are on how banks and retailers will respond. The RBA's proposal marks a decisive shift toward consumer-first payment policies, one that could finally end the era of checkout surprises. For Australian households and small businesses battered by cost-of-living pressures, these changes can't come soon enough. The question remains: will the financial industry embrace fairer fees, or fight to protect its \$2.4 billion golden goose? One thing's certain: the days of hidden payment costs are numbered.

