

## The Slow and Steady Rise of Checkout Fees in Australia

In 2003, the Reserve Bank of Australia (RBA) removed the no-surcharge rule imposed by electronic payment companies which allowed merchants to pass on the cost of credit and debit card transactions to their customers via a surcharge.

According to the Reserve Bank's [Review of Card Surcharging](#), a large portion of Australian merchants now charge checkout fees, and many of these fees far exceed card acceptance costs. Following are the RBA's findings on the rise and pervasiveness of checkout fees in Australia today:

- ❖ **Australian consumers did not see checkout fees overnight.**

These fees were slow to catch on among merchants in the first few years following the removal of no-surcharge rules. But over time, the practice of charging a checkout fee grew significantly; nearly 30 percent of merchants charged a checkout fee on at least one of the cards they accepted in December 2010 according to East & Partners' Merchant Acquiring & Cards Market program research.

- ❖ **Checkout fees have become common among all types of merchants.**

Checkout fees are now so commonplace that it's impossible to say one type of merchant is more or less likely to surcharge. In fact, many merchants who today do not surcharge say they are considering it.

- ❖ **Checkout fees have become common among a wide variety of industries, including:**

Accommodation and travel; entertainment; leisure and recreation; professional services; restaurants; retail; taxis; telecommunications and internet.

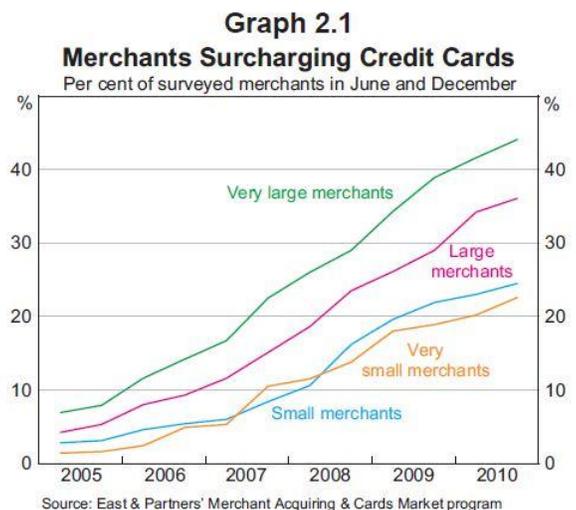
- ❖ **Evidence suggests consumers avoid checkout fees whenever possible.**

According to the Bank's [2010 Consumer Payments Use Study](#), consumers paid checkout fees on just 5 percent of their card transactions over the one-week period that the study was conducted.

About half of consumers that hold a credit card said they would avoid a checkout fee by using cash or by going to another store.

- ❖ **The Reserve Bank has received consumer complaints that merchants are using checkout fees to generate revenue.**

Approximately 10 percent of those merchants identified as surcharging Visa and MasterCard credit cards had surcharges of 3 percent or more, while the average merchant service fee for these is around 0.85 percent for a MasterCard and Visa transaction.



**Sources:**

[A Variation to the Surcharging Standards: Final Reforms and Regulation Impact Statement](#) – Reserve Bank of Australia, June 2012  
[Review of Card Surcharging: A Consultation Document](#) – Reserve Bank of Australia, June 2011