

New group to advocate fairer rules and fees for electronic payments, as cost of living climbs and cash disappears

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A new independent payments group launched today will advocate for fairer regulation, lower debit transaction fees and greater reliability for Australian businesses and their customers, as the cost-of-living climbs and cash is rapidly replaced by digital payments in the Australian economy.

The Independent Payments Forum Australia (IPF) aims to represent voices that currently go unheard in a payments debate dominated by the big banks and their subsidiaries, global technology players and card schemes, Visa and Mastercard.

IPF founders and self-confessed “payments nerds”, Brad Kelly and Warwick Ponder, believe the current payment landscape in Australia leaves little room for many payments participants to have their say and affect change in a system that is costing businesses and their customers more than a billion dollars in unnecessary debit fees. It is essential to maintain innovation and competition in the market which provides real value for small businesses and consumers, they said.

Small business currently pays about \$1.7billion in extra debit and credit card transaction fees annually, compared to the big retailers on special rates.

Former Australian Retail Association boss, Russell Zimmerman, and payments data analyst, Peter Drennan, have also joined the IPF cause, and the group is already working closely on policy issues with a number of small business and industry associations including the Australian Association of Convenience Stores (AACS), The Council of Small Business Associations Organisations Australia (COSBOA), and the Australian Convenience and Petroleum Marketers Association (ACAPMA).

“Payments impact all Australians as we go about our daily lives, shopping and earning a living,” Mr Kelly said. “We want to provide a policy forum and an alternative voice on a range of critical but complex payments issues that impact millions of businesses and consumers every single day.

“We think there’s an urgent need to insist that payment fees and regulations are kept fair, and that networks provide reliable services, as our society moves away from cash. One example is that small and medium businesses are paying over \$1 billion more than they need to because least cost routing for debit cards hasn’t been implemented properly by banks and other payments providers. The knock-on effect is that we all pay for it, through higher prices for goods and services.”

IPF is currently focused on a number of key issues including:

- Efficiency, security, and resilience of networks
- Innovation and competition adding value for small businesses and consumers
- Fair fees and surcharging, including protections for merchants and consumers
- Least cost routing, including mobile digital wallets, online and dynamic routing
- Transparency and fairness in pricing for all businesses and their customers
- Appropriate regulation, controls and penalties for bad behaviour
- Real time payments, including its fees, consumer protection and network reliability and stability
- Access to cash

AACS CEO, Theo Foukkare, said payments and merchant fees were key issues for small businesses, particularly as the cost of living continues to climb: “Businesses and their customers are doing it tough, and we need to ensure that payments remain accessible for everyone as cash usage declines. There is no doubt that the cost of debit payments for many small businesses is crippling. We simply don’t have the right rules in place to ensure we’re getting a fair go.”

COSBOA CEO, Luke Achterstraat, said: "In an environment where the majority of Australians are struggling with the cost of living, we must improve our payments system so small businesses and consumers can keep more of their money in their own pockets".

ACAPMA CEO, Mark McKenzie said: "The cost of electronic payments has become significant in the retailing of fuel across the country and is ultimately being paid by consumers each time they fill up at the petrol pump. There is an absolute need to increase transparency of merchant fees and do everything possible to ensure market transparency of these costs and increase competition between providers of merchant services".

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