



Clubs Australia

3 December 2024

Head of Payments Policy Department  
Reserve Bank of Australia  
GPO Box 3947  
Sydney NSW 2001

By email: [pysubmissions@rba.gov.au](mailto:pysubmissions@rba.gov.au)

To whom it may concern,

Clubs Australia appreciates the opportunity to provide a submission to the Review of Merchant Card Payment Costs and Surcharging.

Clubs Australia represents over 5,000 not-for-profit, licensed clubs that provide their communities with a range of hospitality, entertainment, social and recreation activities. These clubs, owned by their members, come in diverse sizes and are important community assets, particularly in rural and regional areas.

Clubs offer various services including food and beverage, live entertainment, gambling and sporting events. Clubs accept cash and credit/debit cards for most of these services unless the law requires a specific payment method. For example, most jurisdictions only permit cash or a 'ticket' type system to use electronic gaming machines. However, Clubs Australia notes that several jurisdictions have either announced the introduction of account-based gaming.

Clubs Australia recommends:

1. The elimination of different interchange fees being charged by financial institutions, particularly to smaller clubs, by reducing or removing interchange benchmarks for all debit card payment types.
2. That clubs will not be restricted from applying a surcharge to recoup fees incurred through payment processing.

Clubs Australia also wishes to convey its support for the Fee-Free Digital campaign.

If you would like to discuss this submission further, please contact Alison Tehan, Deputy Executive Director, at [REDACTED]

Kind regards,  
[REDACTED]

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## **A. Interchange Fees**

Interchange fees are paid by a club's payment service provider to a customer's card issuer when a card payment is made. Clubs Australia supports the consideration of the RBA in the Issues Paper of lowering or removing interchange benchmarks (to the extent that lower fees should lead to lower card payment costs for clubs).

Small clubs already operate in a significantly challenging economic environment and that the current system is not proportionate. In its current operation, interchange fees and other merchant costs have a greater impact smaller clubs. These clubs generally face higher card acceptance costs where they cannot negotiate a cheaper rate due to various factors, including a lack of scale due to their size and/or the usage of these payment services.

- 1. Recommendation: Clubs Australia recommends removing interchange benchmarks for all debit card payment types to ensure a more proportionate system.**

## **B. The ability to surcharge**

Clubs should not be expected to absorb all merchant card payment fees and payment costs if the Government introduces a ban on debit card surcharges. Surcharging is essential for clubs, particularly small ones, to recoup the cost of accepting card payments where reasonable to do so. Some clubs have indicated that they cannot absorb these costs in the current environment due to financial viability reasons, so they pass them on to consumers.

Several jurisdictions have announced the introduction of account-based gaming, where the use of cash may not be permitted. If this is to occur, it will be important that clubs can recoup the costs associated with accepting card payments.

If clubs were required to absorb these fees, customers would suffer adverse outcomes. Clubs would have to consider alternative options, such as raising the prices of goods and services to account for the merchant fees. This would also have inflationary impacts on the broader economy.

- 2. Recommendation: Clubs Australia recommends that clubs are not prevented from applying a surcharge for the purpose of recouping fees through payment processing.**