

# IMPORTANT INFORMATION ABOUT A NEW SURCHARGING REGULATION AND CHANGES TO YOUR MERCHANT STATEMENT

## About the new surcharging and related regulations

The Reserve Bank of Australia recently introduced a new regulation for merchants who choose to apply a surcharge on card payments.

The regulation defines how much a merchant can surcharge and prohibits merchants from applying a surcharge that is greater than their cost of accepting a card payment.

It's your decision whether you choose to surcharge for card payments.

If you **do not** surcharge for card payments your business is not affected by the regulation, unless you decide to surcharge in the future.

If you **do** surcharge for card payments the amount of the surcharge must not exceed your average costs of accepting that card type.

If your business is classified as a Large Merchant<sup>2</sup>, this requirement came into effect on 1 September 2016. All other businesses (excluding those in the taxi industry) must comply with the regulations from 1 September 2017.

Further information is available at [anz.com/rbaregulations](http://anz.com/rbaregulations)

## About the changes to your merchant statement

We've made some simple changes to your merchant statement to help you comply with the new surcharging regulation.

Your merchant statement will now include a "Monthly Cost of Acceptance" table and a "12 Month (Annual) Cost of Acceptance" table. These tables show the average costs of accepting each

payment type during the respective periods, based on the Net Sales and Net Fees that appeared on your ANZ statement<sup>1</sup>.

## How to read your Monthly and 12 Month (Annual) Cost of Acceptance table

**1. Table:** the Monthly table shows net sales, net fees and the average cost for the statement period. The 12 Month (Annual) Cost of Acceptance table shows this information for the previous 12 months, inclusive of the current statement period.

**2. Card types:** each card type will be listed as a row in the table. If you had no sales or fees during the period for a particular card type, you may not see values shown against that card type. The Visa Debit, MasterCard Debit and eftpos rows will include Prepaid transactions where applicable. Note that UnionPay cards are not covered by the surcharging regulation.

**3. Net Sales:** this is the net sales for the period.

**4. Net Fees:** this is all fees and charges for the period that appeared on your ANZ statement, net of any ascertainable rebates.

**5. Average Cost %:** this percentage is calculated by dividing your net fees by net sales.

If you surcharge for card payments, the amount of the surcharge must not exceed the Average Cost % in the 12 Month table, unless you have evidence of other eligible costs<sup>3</sup>. It is recommended that you review this at least once per year, as the regulation requires a surcharge is based on your average costs for a 12 month period that ended not more than 13 months ago<sup>4</sup>.

1 Monthly Cost of Acceptance	3	4	5
	Net Sales	Net Fees (GST inclusive)	Average Cost % (Net Fees/Net Sales)
2	Visa Debit	50,000.00	0.70%
	Visa Credit	100,000.00	1.50%
	MasterCard Debit	50,000.00	0.70%
	MasterCard Credit	100,000.00	1.50%
	UnionPay	10,000.00	2.00%
	eftpos	20,000.00	0.40%

## More information

More information, including a link to the new regulations, is available at [anz.com/rbaregulations](http://anz.com/rbaregulations)

You should read this information if you choose to impose a surcharge on card payments.

It is your responsibility to provide the following information to any parts of your business that may apply a surcharge for card payments:

- The information included in this notification
- The Monthly and 12 Month (Annual) Cost of Acceptance tables

- This regulation only applies to following card types:
  - MasterCard Credit, MasterCard Debit and MasterCard Prepaid;
  - Visa Credit, Visa Debit and Visa Prepaid;
  - eftpos and eftpos Prepaid;
  - American Express companion cards (note that ANZ is not an acquirer for American Express)
 The regulation does not apply to UnionPay International cards.
- Large Merchants are defined by the regulation as those that meet at least two of the following criteria:
  - consolidated turnover (including that of any related companies) of more than \$25 million in the most recent financial year;
  - consolidated gross assets at 30 June 2015 of \$12.5 million or more; or
  - 50 or more employees as at 30 June 2015.

- The ANZ supplied Cost of Acceptance tables and Average Cost % are based on the net fees and net sales that appeared on your ANZ statement during the relevant period. The regulations permit certain other costs to be recovered via a payment surcharge, if they are directly related to the card type being surcharged. These costs may include:
  - fraud prevention services,
  - direct gateway costs,
  - switching fees, or
  - insurance premiums for provision of goods/services not being provided due to payments effected by card transactions.
 These costs must be verifiable via contracts, statements or invoices. Costs internal to your business cannot be included in a surcharge.
- A surcharge must not exceed the average costs of accepting a card type over a 12 month period that ended not more than 13 months ago. If 12 months of information is not available, you should make a good faith estimate of your cost of acceptance based on the available information, such as any recent statements you have received.