



NATIONAL AUSTRALIA BANK SUBMISSION

Inquiry into Schemes, Digital Wallets and
Innovation in the Payments Sector

January 2026

Introduction

National Australia Bank (NAB) welcomes the opportunity to provide a submission to the House Economics Committee's Inquiry into schemes, digital wallets and innovation in the payments sector.¹

NAB's response has been guided by the Inquiry's terms of reference. As the Committee will be aware, the Reserve Bank of Australia (RBA) review into merchant payment costs and surcharging is ongoing and due to be completed by March 2026. NAB has provided feedback to this process, including via a written submission. Some of those views are repeated in this submission where it relates to the Inquiry's terms of reference.

Executive summary

Payments are fundamental to the daily activities of Australians, businesses and governments, with large volumes of domestic and international transactions moving through the system each year. According to the RBA, in 2024 almost \$300 billion in payments settled across their infrastructure per day.²

A healthy payments ecosystem must be easy for end-users, efficient, safe and secure. Australia's payments ecosystem has historically met these expectations, supported by strong innovation.

The ecosystem is also undergoing significant transformation driven by digitisation, modernisation, rising complexity and investment needs. Digitisation continues to accelerate as consumers adopt new payment options such as real-time account-to-account (A2A) transfers and contactless card payments via mobile wallets. Modernisation is also reshaping the landscape as volume shifts from legacy systems, such as cheques, to more contemporary platforms such as the New Payments Platform (NPP). While this shift is essential for the future needs of the economy, it introduces new risks and operational challenges that require sustained attention.

Ongoing investment is critical to maintaining the efficiency, safety and security of Australia's payments system. As expectations for resilience increase, so too does the level of investment required to keep pace. However, the ecosystem has become progressively more complex, with Australians now using a broad range of payment methods and providers. For example, NAB offers customers 15 different payment methods to provide wide choice for making and receiving payments – an essential requirement for business customers.

Australia was among the first countries to embed payment system efficiency as a statutory objective for its central bank and NAB strongly supports this goal.³ Three key drivers underpin efficiency:

¹ NAB has drawn on artificial intelligence (e.g. Copilot) to assist with research to inform and develop this submission, but all drafting has been completed by NAB.

² [The Future of the Payments System | Speeches | RBA](#) (Brad Jones, December 2024)

³ [Payments System | RBA](#) (Efficiencies of the Payments System)

competition, transparency and scale. Competition is evident in the diversity of payment options. For example, more than 100 entities connect to the NPP, there are four main card schemes and many emerging digital wallet providers. However, competition is constrained in some areas, such as open access to digital wallet infrastructure.

Transparency continues to improve through mechanisms such as RBA merchant cost reporting and Australian Payment Plus (AP+) wholesale cost reporting for the NPP. Despite this, card scheme fees remain highly complex and less transparent for end-users, impeding price comparability.

Scale also plays a crucial role in a well-functioning payment system. For example, NPP transaction volumes have grown to 1.8 billion payments per year across 128 million bank accounts and more than 100 providers.⁴ The value of mobile wallet transactions increased from \$7 billion in 2019 to more than \$160 billion in 2024.⁵ While scale helps drive lower unit costs, infrastructure investment responsibility for all participants who derive direct commercial benefit from Australian payments infrastructure has not broadened proportionately, creating long-term sustainability challenges.

NAB supports the development of emerging technologies (e.g. stablecoins and tokenised deposits) that may offer improved efficiency and user experience. Regulatory consistency remains a core requirement to ensure adequate protection for Australians and high levels of trust in the safety and resilience of new systems. NAB also welcomes reforms such as updates to the *Payment Systems (Regulation) Act* 1998, which bring digital wallets under RBA oversight.

In this submission NAB recommends:

- Increasing transparency around the drivers of fees across the industry (including scheme, wallet and participants) to enable practical actions from participant (i.e. small business needs may be different from Acquirer or Corporate).
- Simplifying payment systems and card scheme fee structures to assist with comparability and competitiveness.
- Ensuring all entities (e.g. digital wallet providers) who benefit directly from established, resilient and efficient Australian payments infrastructure also contribute fairly to system infrastructure maintenance and upgrade requirements.
- Reducing the cost of card payments for small businesses.

Collaboration between government and industry remains essential to ensuring an efficient, safe, resilient and innovative payments ecosystem that continues to serve Australia's evolving needs.

⁴ See Australian Payments Plus, [NPP/Australia's Payment Future - Australian Payments Plus](#) (September 2025)

⁵ See Australian Banking Association, [Mobile wallet payments soar amid digital banking boom - Australian Banking Association](#) (July 2025)

Terms of Reference

1. Card based payment schemes and digital wallets and whether the current payment schemes landscape is fair and accessible, including:

a) transparency and affordability of scheme fees for payments services providers

The payment ecosystem is highly complex with many participants. This includes domestic scheme operators, international scheme operators, merchants, bank acquirers, non-bank acquirers, wallet providers (e.g. Apple) and payment gateways. This complexity can result in a range of fees and charges being applied and downstream impacts when a participant makes a change.

As stated in NAB's submission to the RBA last year, scheme fees and interchange represent a significant proportion of total costs for payment service providers.⁶ NAB believes greater transparency on scheme fees for all participants and targeted policy interventions will help reduce the cost of payments for end-users. In addition, requiring simplification of scheme fee structures will help reduce cost disparities with the aim of placing downward pressure on fees over time.

It is important to recognise the legitimate costs incurred by schemes in providing payments infrastructure, particularly in the context of rising expectations of resiliency, safety and innovation by consumers, businesses, regulators and government. Relying on bilateral negotiations between schemes, issuers and acquirers has delivered some progress to date, however, this approach may not achieve the desired policy outcomes of continued fee reduction in the future.

b) the inequity of payment costs for small businesses

In NAB's experience, small businesses prefer simple, predictable pricing that bundles all card types and schemes into a single rate. The main components of this pricing are interchange and scheme fees. Scheme fees can be highly complex and depending on the pricing model, they can disproportionately affect smaller merchants. NAB supports reducing the cost of card payment acceptance for smaller merchants.

c) the extent to which consolidated market power between payment schemes has impacted choice and accessibility to alternative payment systems

NAB challenges the assertions that market power has been consolidated, and choice and access to alternative systems have been restricted. NAB offers consumers and merchants a wide range of options to make and receive payments. In addition to cash and credit and debit cards, alternative payment types include Osko (fast payments), PayID, PayTo, BPAY and BPAY batch, Direct Credit, Direct Debit, Real Time Gross Settlement and international payments. Fast payments via the NPP have grown rapidly since 2018. In the 12 months to October 2025, more than 1.8 billion real-time transactions were processed through the NPP, a 14% increase year on year.⁷

⁶ See p. 4 of NAB's submission to the RBA's Review of Merchant Card Payment Costs and Surcharging.

⁷ See Australian Payments Plus, 'NPP adoption climbs as Australia shifts to real-time payments', 16 December 2025, available at [NPP adoption climbs as Australia shifts to real-time payments - Australian Payments Plus](#)

Each one of these systems must be carefully maintained to a very high resiliency and reliability standard which requires substantial ongoing investment.

Digital wallets

Digital wallets continue to change the way Australians make and accept payments by providing enhanced convenience for consumers and small businesses. They represent a growing share of all card transactions which continues to increase rapidly. The value of mobile wallet transactions increased from \$7 billion in 2019 to more than \$160 billion in 2024.⁸

Apple Pay fee rates charged to NAB have remained unchanged since their introduction in 2015, as stipulated by Apple. Given the exponential growth in the volume and value of Apple Pay transactions, NAB's costs to support this payment type continue to increase significantly.

Digital wallet providers are currently not required to invest in the domestic payment ecosystem or infrastructure, unlike other payment providers. For these reasons, digital wallets represent a growing cost to issuers and an uneven playing field.

NAB welcomes the recent *Payment Systems (Regulation) Act 1998* reforms which brings digital wallets within the RBA's regulatory scope and gives the RBA the ability to regulate all entities that play a role in facilitating or enabling payments. NAB recommends a more level playing field for the investment burden to enhance the long-term sustainability of the payments ecosystem.

2. New and emerging payment technologies in the payments space

New and emerging technologies create opportunities and risks to be carefully managed. When adopting new technology, NAB considers how such technology can support a large proportion of customers with a better experience and meet expectations on safety and security. A significant new technology to emerge that provided a material improvement in end user experience was the introduction of real-time fast payments on the NPP. The superior experience has led to high adoption by Australians and businesses.

However, a risk of new technologies is that new providers are subject to less regulation, which can expose Australians to unexpected or unfair outcomes. NAB encourages government and regulators to consider policies which promote trust, stability and resiliency in new technology and ensure appropriate levels of consumer protection. Other important considerations are:

- Encouraging competition across schemes (including three party systems), digital wallets and A2A payment alternatives to strengthen choice and efficiency; and

⁸ See Australian Banking Association, [Mobile wallet payments soar amid digital banking boom - Australian Banking Association](#) (July 2025)

- Supporting the de-commissioning of legacy payments systems (e.g. Bulk Electronic Clearing System [BECS], cheques) to simplify the payments ecosystem and create the capacity to invest in these new and emerging opportunities.

a) Digital currency and blockchain technology

Globally there is a renewed focus from governments and financial industry participants on digital assets and seeking more efficient ways to move money, fund and settle transactions.

As payment technologies evolve, NAB believes entities performing the same functions should be regulated in the same way. This will help avoid unnecessary regulatory overlap where risks are already addressed by other legislation.

NAB supports expanding existing financial system regulations to ensure rules are proportionate to the level of risk posed to customers and the wider financial system. This strikes the appropriate balance between protecting consumers, including from scams, and allowing room for innovation that benefits customers.

NAB supports the Government's recent progress in developing an innovative Australian digital asset industry, including the introduction of the *Corporations Amendment (Digital Assets Framework) Bill* 2025 into Parliament and the expansion of the *Payment Systems (Regulations) Act* 1998 to include stablecoins.

b) Account to account-based payments

NAB is a major participant in all Australian designated A2A payment schemes, including BECS, High Value Clearing System (HVCS), BPAY and NPP, offering multiple A2A payment methods to consumer, small business, corporate and institutional customers. These payment schemes are critical to enabling economic activity and require substantial resources by Australian banks to maintain and upgrade.

Most A2A infrastructure in Australia is built by banks to provide secure, efficient and highly performant nationwide systems for domestic and international payments that process more than \$300 billion on behalf of Australians each day. NAB supports further A2A adoption through capabilities such as NPP PayTo (pre-authorised payments), PayID and Category Purpose payments for superannuation, salary and tax payments. Early commercial adoption has been strong, such as PayTo at checkout, indicating high customer appetite for more control, speed, certainty and less friction.

c) opportunities for Australia to increase competition and consumer choice and decrease fees in the digital payment processing industry;

Opportunity for reform

NAB believes that a strong, safe and efficient payment system is critical for Australia. Regulatory reform should consider how best to strengthen competition, enhance choice and improve efficiency

of the overall ecosystem by simplifying requirements as much as possible. Practical examples of focus areas are:

- Expanding A2A adoption, reducing reliance on card schemes and associated fee structures;
- Ensuring open, risk-appropriate access to payment systems for both authorised deposit-taking institutions (ADIs) and non-ADIs;
- Promoting transparency to help consumers and merchants compare payment options on price, speed and security;
- Encouraging innovation in digital wallets and emerging technologies to support new entrants to deliver lower-cost alternatives;
- Ensure like-for-like payment functions face the same rules enabling competition on service and cost;
- Sharing costs across a broader group of participants in the market; and
- Regulations that consider both incentives as well as deterrents, and which recognise the high complexity of the payment ecosystem.

Interchange

As outlined through the RBA's process, NAB does not support the RBA's proposed changes to domestic credit and debit interchange for consumer or commercial cards.⁹ The application of a 30-basis point cap on interchange would mean that NAB would not be able to cover its eligible costs of processing transactions. As a potential alternative, NAB has proposed separate rates for Card Present (CP) and Card Not Present (CNP) transactions. Commercial cards should also be excluded from any interchange caps proposed by the RBA, as commercial cards are used by many businesses as a form of working capital.¹⁰ NAB notes that New Zealand, the European Union and the UK do not cap commercial interchange.

Conclusion

Thank you for the opportunity to provide a submission. NAB looks forward to further engagement with the Inquiry.

⁹ See p. 2-3 of NAB's submission to the RBA's Review of Merchant Card Payment Costs and Surcharging.

¹⁰ Ibid, p. 8-9.