



Responses to additional questions

From Committee Chair, the Hon Ed Husic MP:

- 1. The RBA has noted that in 2024/25, Australian acquirers and issuers paid \$2 billion in scheme fees after rebates. This was an 11 per cent increase from the previous year. Growth in net scheme fees for domestic transactions has noticeably outpaced transaction growth since 2021/22. What specific services were delivered in Australia in the last year account for that increase?**

Scheme fees reflect the investment needed to operate a global, always-on, highly secure payments network. These fees fund innovation and the capabilities that protect Australians – and people and businesses around the world – from increasingly sophisticated, AI-enabled fraud, and ensures the network remains resilient at scale. Visa’s fees currently cover a broad spectrum of services and solutions, including the VisaNet processing capability that is available globally 24/7. Visa’s fees also cover a range of services for ecosystem participants to serve their end customers, including merchants and consumers. These include dynamic risk solutions that can protect ecosystem participants from increasingly advanced, AI-powered and scaled fraud attacks. In 2023 alone, Visa’s risk solutions helped prevent US\$40 billion in attempted fraudulent transactions globally.¹

Visa cannot confirm the accuracy of the figures quoted by the Reserve Bank of Australia (RBA), in particular, neither the \$2 billion in scheme fees, nor the 11 per cent increase,² due to these being aggregated market figures. To elaborate on Visa’s response regarding this topic during our appearance before the Committee, Visa’s data indicates that any increases in net scheme fees charged are mainly a result of growth in payment volume and changes in the overall composition of that payment volume. Specifically, the volume of international transactions has grown, and these transactions have a higher value and risk proposition, thus making them more costly to process, given the additional services required. The increase in payment volume, for example, is best exemplified by the significant rise in travel in and out of Australia once the COVID-19 border closures ended. For example, international short-term arrivals into Australia rose about 150 per cent between 2022 and 2025, according to government data.³

- 2. Do Visa’s scheme fee structures differ in ways that disproportionately affect merchants with low transaction volumes or higher e-commerce share?**

Visa charges scheme fees to acquirers; Visa does not charge scheme fees to merchants. The cost of acceptance paid by merchants depends on the commercial arrangements merchants negotiate and agree to directly with acquirers. Visa is not a part of those commercial agreements.

The fees that Visa charges to acquirers are based on standard acquirer fee structures. The standard acquirer fee structure does not vary by merchant transaction volume; all acquirers receive the same fee structure. Due to greater fraud risk and higher security costs, certain e-commerce transactions incur higher fees than face-to-face payments.

¹ Visa (2025), [Visa Unveils its Scam Disruption Practice, Helping Protect Consumers and the Financial Ecosystem Globally](#).

² Reserve Bank of Australia (2026), Inquiry into Schemes, Digital Wallets and Innovation in the Payments Sector, p4.

³ Based on Australian Bureau of Statistics data.

3. Australian banks argue they fund our nation's core domestic payments infrastructure, while schemes monetise activity on those rails. What direct investment has Visa made in Australian payments infrastructure over the past decade?

Over an extended period, Visa has made highly valuable contributions to support Australia's core domestic payments infrastructure. For example, research has estimated that contactless payments, along with tokenisation, another major payments innovation, will save Australian consumers and businesses over \$4.8 billion in the ten years to 2027.⁴ More specifically, we outline below four areas of direct investment that Visa provides to clients in Australia, which also benefit consumers, merchants, and the broader economy:

1. Maintaining network resilience
2. Ensuring payments security and fraud prevention
3. Enabling next-generation payments innovation
4. Helping businesses grow

Maintaining network resilience

Visa deploys proprietary scheme hardware and software within Australian client data centres and operates an open-loop card network that processes Visa transactions in Australia. This infrastructure supports Visa's scheme services only and does not constitute, nor replace, Australia's shared domestic clearing and settlement rails, which are funded and operated by Australian banks and the RBA. To support this infrastructure, Visa has made sustained capital and operating investments in Australia, including:

- Visa-owned hardware and software deployed within issuer, acquirer, and processor environments;
- local network access points and redundancy to support authorisation, routing, and resilience; and
- certification, testing, and connectivity upgrades required as scheme requirements and security standards evolve.

These local investments form part of a globally integrated, highly resilient network architecture designed to ensure that Australian cardholders and merchants can pay and be paid. We view our responsibilities to Australian financial stability as foundational and remain highly focused on operational resilience in an increasingly digital world.

Ensuring payments security and fraud prevention

Over the past five years, Visa has invested US\$10 billion globally in technology and innovation, with security, fraud prevention, and network resilience as core priorities.⁵ This investment underpins the infrastructure that Australian financial institutions (and, by extension, consumers and merchants) place trust in every day, including real-time risk scoring, authentication, token services, and fraud detection operating directly within VisaNet.

The latest fraud prevention tools that Visa provides to clients in Australia include **Visa Advanced Authorisation (VAA)**, which uses hundreds of AI models to score every Visa transaction globally in

⁴ Visa (2025), [Visa response to the Reserve Bank of Australia's Merchant Card Payment Costs and Surcharging Consultation Paper](#), p9.

⁵ Visa (2024), [Security Roadmap Australia 2025-2028](#).

milliseconds. In Australia, VAA has helped financial institutions prevent \$714 million in fraud in a single year.⁶ In addition, **Visa Protect Authentication Intelligence (VPAI)** is a machine-learning-based, risk-scoring capability that assesses the likelihood that an online transaction is fraudulent. In Australia, one bank that adopted VPAI recorded a 48 per cent reduction in challenge rates, a 6 basis point reduction in fraud, and a 113 basis point reduction in checkout abandonment.⁷ As referenced above, in December 2024, Visa acquired **Featurespace**, and its AI-powered Risk Hub, which has been used by AP+ for fraud protection across the eftpos network and is available to all Australian banks. Globally, Visa's risk solutions helped prevent over US\$40 billion in attempted fraudulent transactions globally in 2023 alone.⁸

The impact of this investment is measurable in Australia. Despite rising scam and fraud losses across the broader market, fraud rates on domestic Visa card transactions in Australia have fallen by around 40 per cent over the past five years, reaching their lowest point in six years. This reflects sustained investment not only in technology, but in the active monitoring, detection, and pre-emptive disruption of fraud and scam activity at network level to the benefit of Australia's payments ecosystem.

Enabling next-generation payments innovation

Australia has a thriving payments sector, and Visa has played a key role in the development and rollout of a wide range of innovations here, including:

- **Contactless payments**, with Australia being an early adopter. By 2014, over 75 million Visa contactless transactions were taking place each month in Australia.⁹ This outcome reflected coordinated investment across terminal enablement, issuer and acquirer integration, and consumer education. Australia's world-leading contactless penetration rate means it contributes a disproportionately high per-capita volume of Visa transactions relative to its population. Supporting this level of usage requires continuous investment in capacity, resilience, latency optimisation, and security.
- **Tokenisation**, which replaces sensitive card details with a secure digital substitute (a "token") to enhance security. Visa's investment in network tokenisation has helped establish tokenisation as a viable, scalable payments infrastructure, which Australia has since adopted and built upon across card and domestic payment systems. More specifically, tokenisation has led to increased authorisation rates, reduced transaction times, and prevented billions of dollars in lost sales for merchants. Globally, Visa payment approval rates have improved by 3 per cent and fraud rates for merchants across have fallen by 28 per cent due to high tokenisation adoption.¹⁰
- **Payment authentication methods**, which have evolved significantly with technological advances and shifts in consumer preferences and, with tokenisation, is now foundational to digital commerce, mobile wallets, and online payments in Australia. In Australia our Security Roadmap¹¹ prioritises fraud prevention, scam disruption, cyber security resilience, and the uplift of ecosystem-wide security standards. Under the Roadmap, Visa is shifting the ecosystem away from SMS one-time passwords,

⁶ Visa (2024), [Visa prevents more than \\$700 million in fraud from disrupting Australian businesses](#). All dollar amounts are in AUD unless otherwise specified.

⁷ Visa (2024), [Security Roadmap Australia 2025-2028](#), p17.

⁸ Visa (2025), [Visa Unveils its Scam Disruption Practice, Helping Protect Consumers and the Financial Ecosystem Globally](#).

⁹ Visa (2015), [Tokenisation to help accelerate Australia's move to digital payments in 2015](#).

¹⁰ Visa (2024), [Visa's journey through tokenization](#).

¹¹ Visa (2024), [Security Roadmap Australia 2025-2028](#).

which are increasingly bypassed through social engineering, impersonation, and phishing, towards stronger, device-linked methods, such as biometrics and in-app approvals. This enables seamless authentication that reduces scam success rates and improves genuine customer experience at the same time.

These innovations have transformed the way in which consumers transact with Australian merchants. As noted above, research has estimated that contactless and tokenisation technologies will have saved Australian consumers and merchants over \$4.8 billion in the ten years to 2027.¹² A 2024 study estimates that Visa has invested US\$530million and US\$1,877 million into developing contactless and tokenisation technologies respectively.¹³

Other examples of Visa innovations launched in the last several years, which have generated benefits for Australian financial institutions, merchants, and consumers, include:

- **Payment acceptance infrastructure** offers businesses a choice of payment methods that expand their consumer reach, enable seamless omni-channel payment experiences, and reduce risk. From launching **Click to Pay** in Australia in 2020,¹⁴ among the first markets globally to do so, to enabling **Tap to Pay on iPhone** in Australia in May 2023,¹⁵ to deploying AI-powered fraud and authentication tools that have measurably reduced both fraud and checkout abandonment for Australian merchants, Visa's acceptance investments reduce the cost and friction of accepting payments.
- **Issuer processing and core banking technologies**, such as **Pismo**¹⁶, which enable financial institutions, including in Australia, to create and launch banking and payments products using cloud-native APIs.
- **Artificial Intelligence (AI)**, with Visa investing over US\$3 billion in AI over the past decade to ensure our payments network remains not only resilient and secure, but also adaptive to AI-driven commerce and future innovation.¹⁷ Visa has active pilots for agentic commerce with major Australian banks.
- **Stablecoins** are emerging as one of the most promising tools to enable faster, more accessible transactions and complement traditional payment methods in Australia.¹⁸

Helping businesses grow

In addition to the comments already made on contactless payments and fraud protection, in a sample of about 275,500 merchants¹⁹, David Bounie and Youssouf Camara have estimated that adopting contactless acceptance increased card-sales value by about 15.3 per cent and card-sales count by around 17.1 per cent, relative to comparable merchants who did not adopt contactless payments²⁰. They also found a 1.3 per cent spillover to non-contactless card sales, with larger effects for small and new businesses. On fraud protection,

¹² Visa (2025), [Visa response to the Reserve Bank of Australia's Merchant Card Payment Costs and Surcharging Consultation Paper](#), p9.

¹³ Daniel Garcia-Swartz et al. (2024), [The Social Value of Innovation in Payments](#), p83.

¹⁴ Visa (2020), [Australian online shoppers can now click to pay with Visa, making checkout easy, smart and secure.](#)

¹⁵ Apple (2023), [Apple introduces Tap to Pay on iPhone in Australia.](#)

¹⁶ Pismo (2023), [Visa to Acquire Pismo for US\\$ 1 billion.](#)

¹⁷ Visa (2025), [AI: The Next Frontier.](#)

¹⁸ Crypto.com (2021), [Crypto.com Visa Cards Begin Shipping in Australia.](#) Visa also supports the Wirex Visa card, a crypto-enabled debit card available to Australians since 2023.

¹⁹ The sample involved a large merchant level analysis using score matching and difference-in-differences.

²⁰ David Bounie and Youssouf Camara (2020), [Card-sales response to merchant contactless payment acceptance.](#)

a 2024 Deloitte Access Economics survey of Australian merchants found that 53 per cent of firms experienced less fraud when using card payments²¹, reflecting features such as built-in fraud protection.

For further information on Visa's support for the payments ecosystem and infrastructure in Australia, please see Appendix A below.

- 4. It is understood Visa has a specific mechanism designed to pass on savings to small business customers via acquirers.**
 - a. Can Visa inform the committee as to what percentage of acquirers have actively passed these savings on to small business customers?**
 - b. Does Visa contractually require in arrangements with acquirers that these savings be passed on?**
 - c. If acquirers are not passing these savings on, does Visa consider it misleading to suggest that small businesses are beneficiaries of this discount?**

Small businesses are vital to Australia's economy, and Visa is committed to supporting their growth, including through offering programs to acquirers designed to support their merchant clients. As a result, Visa launched its refreshed Acquirer Small Business Program (ASP) in Australia, with the intention of benefitting small merchants and offering preferential interchange rates for domestic debit transactions to acquirers who acquire for small business merchants on the Visa network. Although the refreshed ASP has been in operation for less than a year, the initial response from acquirers has been positive, with the participating acquirers representing the equivalent of about one in five small businesses in terms of Visa debit volume in Australia. A primary purpose of the ASP is that merchants benefit, although acquirers ultimately determine the cost of acceptance.

Acquirers' specific offerings to small merchants, including pricing, enable acquirers to distinguish themselves from their competitors and can include additional services, such as accounting software and analytics, from which small merchants can benefit. In short, their offering to merchants is not just based on pricing. In Visa's experience, it is not standard practice for service providers to require downstream providers to pass through a minimum cost or the savings. The ultimate level of savings passed through to merchants depends on how acquirers manage their relationships with merchants, and can be influenced by acquirer pricing models, competitive dynamics, and the broader bundle of services offered to merchants. Since the cost of acceptance paid by merchants is typically negotiated directly and bilaterally with acquirers – in which Visa is not involved – acquirers are best placed to advise on this matter.

From Jerome Laxale MP:

- 1. How many global agreements/arrangements does Visa have for card payments that encompass global businesses and/or global merchants that operate in Australia and accept card payments?**

²¹ Deloitte Access Economics (2024), [The value of Australia's retail payments system | Deloitte Australia](#), p5.

2. Do these global deals have any restraining effect on the ability of those global merchants that operate in Australia to negotiate and/or choose alternative card schemes to process their Australian transactions?

Global merchant service agreements are bilateral commercial arrangements between a Visa entity and a merchant. They are negotiated freely on arm's-length, commercial terms and designed to support a range of objectives, including ecosystem and security enhancements, product innovation, market development, acceptance enhancement, and are globally competitive in nature and do not prohibit merchants from accepting alternative card schemes to process their Australian transactions.

Visa does not believe that these global merchant service agreements limit negotiations or choice. Regarding decisions on routing, these choices remain subject to a range of factors, including merchant configuration choices, terminal capabilities, issuer and network rules, customer preferences, and broader commercial considerations. Any commercial arrangements between Visa and any merchants with respect to routing are commercial-in-confidence. Disclosure of this information could cause significant commercial harm by revealing strategic insights to competitors and other market participants, including merchants, potentially distorting competition and undermining Visa's ability to operate effectively in the Australian and global payments market.

3. How do you define or classify a merchant as a "small business" in Australia for:

- a. scheme fee programs;**
- b. rebate eligibility; and**
- c. any other pricing concessions.**

Visa does not apply a single, universal "small business" definition across all commercial arrangements. Rather, eligibility criteria are set by reference to the specific program or pricing initiative and are designed to be objective, transparent, and administrable.

As per Visa's response to Question 4 above, the ASP in Australia offers preferential interchange rates for domestic debit transactions to acquirers who support small business growth on the Visa network. Visa classifies a small business in Australia in the program guide for ASP. The definitions and classifications that apply are program specific and the specific terms and conditions are commercial-in-confidence. Disclosure of this information could cause significant commercial harm by revealing strategic insights to competitors and other market participants, potentially distorting competition and undermining Visa's ability to operate effectively in the Australian and global payments market.

4. What turnover, transaction volume, or other criteria must be met for a merchant to qualify as:

- a. a "strategic merchant";**
- b. a "preferred partner"; or**
- c. any other discounted category?**

Visa offers a limited number of strategic merchant rates for interchange through separate debit and credit strategic merchant programs. These programs have eligibility requirements and are offered in exchange for major businesses and government entities making commitments, which support network enhancements that deliver better, more secure customer payment experiences that can then be rolled out across all merchant acceptance points. The most visible evidence of this in Australia is the widespread adoption of contactless card payments where coordinated investment and robust security and standards quickly scaled

consumer habits into ubiquitous acceptance. As referenced above, research estimates that contactless payments, along with tokenisation, another major payments innovation, will have saved Australian consumers and businesses over \$4.8 billion in the ten years to 2027.²²

Visa maintains certain requirements for strategic merchant debit and strategic merchant credit programs which, depending on each individual agreement, relate to, among other things, new product capability enablement, customer payment experience, and surcharging. The eligibility criteria include turnover and transaction volume, which are program specific and the specific terms and conditions are commercial-in-confidence. Disclosure of this information could cause significant commercial harm by revealing strategic insights to competitors and other market participants, potentially distorting competition and undermining Visa's ability to operate effectively in the Australian and global payments market.

As outlined in the response directly above, under the ASP in Australia, Visa also offers preferential interchange rates for domestic debit transactions to acquirers who support small business growth on the Visa network in Australia.

5. How many Australian merchants currently qualify for "strategic" or equivalent discounted interchange categories?

Approximately 100 organisations and government authorities have qualified for Visa's strategic merchant program. In addition, Visa provides access to its strategic merchant programs to organisations which operate franchisee or licensee models that meet the qualifying criteria collectively, resulting in the SMR rates being offered to thousands of independently-owned businesses. For example, Visa has partnered with Metcash to support thousands of independently owned Australian retailers across food, liquor and hardware. The multi-year partnership provides access to competitive pricing to help drive growth, efficiency and innovative payment experiences for small businesses in Metcash's retailer network.

Furthermore, segment specific programs for credit transactions, such as Government, Service Station, Transit, Supermarket and Insurance, are available to all merchants operating under those specific merchant category codes. Visa also offers reduced interchange rate programs for merchants who process recurring payments, as well as those who adopt new payment capabilities.

As already stated in response to Question 4 (Chair Husic's written Questions on Notice) above, the acquirers participating in the ASP represent about one in five small businesses in terms of Visa debit volume in Australia.

6. What proportion of your FY2024/25 gross revenue was returned to:
a. issuers;
b. acquirers; and
c. large merchants,
via rebates, marketing incentives, or volume-based arrangements?

Issuer, acquirer, and merchant incentive arrangements are bilateral commercial arrangements between Visa and individual issuers, acquirers or merchants. These arrangements are negotiated on arm's-length, commercial terms and are designed to support a range of different objectives, which are dependent upon the participant's role in the ecosystem. For example, participants may agree terms relating to product innovation,

²² Visa (2025), [Visa response to the Reserve Bank of Australia's Merchant Card Payment Costs and Surcharging Consultation Paper](#), p9.

market development, risk and ecosystem and security enhancements, while issuers have cardholder enablement terms, and acquirer terms focus on expanding acceptance and service delivery to merchants.

The nature, scale, and structure of incentive arrangements vary by counterparty and reflect a range of commercial and competitive considerations, including the specific services provided, investments made, and outcomes sought. Any further detail regarding the financial terms or relative scale of individual issuer, acquirer or merchant incentive arrangements is commercially sensitive and confidential. Disclosure of such information could cause significant commercial harm by revealing strategic insights to competitors and other market participants, potentially distorting competition and undermining Visa's ability to compete effectively in the Australian and global payments market.

Responses to Questions on Notice during Visa's appearance

1. How many scheme fees does Visa charge its clients in Australia?

While Visa has about 150 scheme fees, our top 20 scheme fees comprise 99 per cent of total issuing fees and 98 per cent of total acquiring fees.

2. How many acquirers have signed up to Visa's small business interchange program?

Seven acquirers have signed up with the program thus far.

3. Would Visa mandate acquirers to pass on the cost savings from the program to businesses?

Given the reasons outlined in response to Question 4 on page 5 mandating acquirers to pass on cost savings from the program to merchants would not be a viable pathway forward. In Visa's experience, it is not standard practice for service providers to require downstream providers to pass through a minimum cost or the savings. Rather, acquirers negotiate bilaterally and directly with merchants on the cost of acceptance. Visa does not participate in the negotiations of these commercial arrangements. As such, the ultimate level of savings passed through to merchants would depend on acquirer pricing models, competitive dynamics, and the broader bundle of services offered to merchants, which are beyond Visa's control.

Appendix A – Further information on Visa’s support for the payments ecosystem and infrastructure in Australia

Visa operates and continuously invests in a **globally distributed, highly resilient payments network** that supports Australian card payments across authorisation, clearing and settlement. This includes:

- multi-region processing architecture with real-time failover;
- continuous capacity expansion to support peak transaction volumes;
- redundancy across data centres, networks, and telecommunications providers; and
- and ongoing resilience testing and operational risk management.

Visa also invests in contingency capabilities designed to support the stability of the payments system during disruptions. One example is Stand-In Processing (STIP), which allows transactions to be authorised on behalf of issuers when issuer systems are unavailable, subject to issuer-defined parameters. Visa participates, alongside Australian banks and other stakeholders, in the AusPayNet-led Industry Resilience Initiative (IRI), which is focused on strengthening the resilience of the Australian payments ecosystem during severe disruption scenarios.²³ Within this context, capabilities such as STIP support issuer-level continuity arrangements and complement broader industry-led resilience planning.

These investments ensure that payments can continue to flow even when individual participants experience outages, cyber incidents, or operational failures, reducing the risk of single-point-of-failure events taking place across the ecosystem. Every Visa transaction in Australia is processed through this infrastructure, continuously and in real-time.

In addition, even in the event of power outages, natural disasters or cyberattacks, our data centres’ multi-layered redundancies ensure payments remain uninterrupted.²⁴

Visa’s investments in **payments security and fraud prevention** have contributed to:

- **Providing security**, which is more important than ever, given the concerning levels of new types of fraud and threat actors, including rapid developments in cyber-related crimes. The investments that Visa and the rest of the ecosystem have made have ensured that fraud rates on our network are near historic lows. For example, in response to increasing scam threats, Visa has invested in its Scam Disruption capability²⁵, which combines network-level transaction data, advanced analytics, dedicated investigation teams, and partnerships with financial institutions and law enforcement.
- **Giving cardholders the confidence** they need when spending money, knowing that they will not be held liable for fraudulent activity through our Zero Liability Policy.²⁶ At the same time, merchants can be confident that they will be paid.

Other Visa **fraud prevention products and solutions** that are available to our clients in Australia include:

²³ Reserve Bank of Australia (2025), [Resilience, Innovation and the Future of the Payments System](#).

²⁴ Visa (2025), [The heart of Visa: inside the engine of global commerce](#).

²⁵ Visa (2025), [Protecting consumer payments, one billion dollars at a time](#).

²⁶ Visa (2026), [Zero Liability](#).

- **Visa Provisioning Intelligence**, which enables issuers to evaluate instances where users first set up a new token (e.g., when they set up a payment credential on a digital wallet), ensuring that they relate to legitimate activity rather than bad actors.
- **Visa Transaction Controls**, which give cardholders the power to limit when, where, and how specific cards are used, improving security and preventing fraud, waste, and misuse.
- **Visa Payment Passkey**, which confirms a cardholder's identity and authorises online payments by scanning their biometrics.
- **Chargeback and dispute management tools**, which provide Australian merchants with access to infrastructure that can resolve disputes automatically before they become chargebacks, deflect friendly fraud, and reduce the administrative burden of dispute management, which represents one of the most tangible day-to-day costs for Australian merchants. Through Verifi's pre-dispute resolution tools, including Order Insight, Rapid Dispute Resolution, Cardholder Dispute Resolution Network, and Compelling Evidence 3.0 that are all Visa investments,²⁷ Australian merchants have access to infrastructure that can resolve disputes automatically before they become chargebacks, deflect friendly fraud, and reduce the administrative burden of dispute management.

²⁷ Verifi (2026), [Visa Compelling Evidence 3.0](#).