

American Express - responses to Questions on Notice - March 2026

Question	Answer
<p>Mr Husic asked about American Express' arrangements with wallet providers, which were taken on notice.</p>	<p>American Express' arrangements with Apple, including any fees, are subject to confidential, commercially negotiated agreements. Accordingly, we cannot disclose specific fee arrangements. More broadly, our participation in digital wallets is part of ensuring our Cardmembers can use their American Express Cards wherever and however they choose to pay.</p>
<p>Mr Laxale asked questions about chargebacks which were taken on notice. More information on American Express' chargeback policy is included.</p>	<p>The chargeback system is fundamental to maintaining trust in the payments ecosystem. It provides Cardmembers with confidence that legitimate disputes can be raised in an orderly way, and it provides merchants with a structured, rules-based process, including defined documentation standards, response timeframes, substitute receipt capability where appropriate, and escalation rights - to defend transactions. A chargeback is not automatic.</p> <p>The rules and procedures governing chargebacks of American Express transactions – including how non-delivery of goods is handled - are set out in the American Express Merchant Regulations – Australia, which are publicly available.</p> <p>American Express funds the chargeback process. American Express is the acquirer in a three-party network and under the American Express network model, chargebacks are effected through the American Express settlement system. The American Express chargeback rules operate alongside applicable laws and regulations, including the ePayments Code and Australian Consumer Law. For Cardmembers, The Australian Financial Complaints Authority also has jurisdiction on complaints and appeals related to chargeback decisions.</p>

	<p>While chargeback systems across schemes pursue similar objectives such as consumer protection and fraud management - they may differ in governance structure, process design and operational mechanics.</p> <p>Fraud monitoring is embedded within American Express' chargeback framework. Chargebacks are determined on a case-by-case basis, in accordance with American Express' Merchant Regulations, working directly with cardholders and merchants. More information can be found here .</p>
<p>Mr Gregg asked a question in relation to American Express' share of credit and charge cards, which was taken on notice.</p>	<p>Based on American Express internal data and Published RBA data for 2025 (credit and charge cards only, consumer and commercial) approximate shares are:</p> <ul style="list-style-type: none"> • Share by transaction volume: 8.7% • Share by cards on issue: 9.6% • Share by transaction value: approximately 22% <p>American Express' share by number of transactions is lower than its share by value. This reflects that American Express Card Members tend to spend more per transaction, but overall transaction volume is lower given the smaller number of American Express Cards in circulation and comparatively narrower acceptance relative to the major four-party schemes. When combined, the data demonstrates that American Express it not a must-take card in Australia. For completeness, American Express considers the relevant competitive market to include at a minimum all payment cards (e.g. debit, prepaid, credit and charge).</p> <p>On that basis, American Express approximate shares for 2025 are:</p> <ul style="list-style-type: none"> • Share by transaction volume: 2.2% • Share by cards on issue: 2.4% • Share by transaction value: less than 10%

	<p>Moreover, we consider other payment options also compete vigorously with payment cards, so would view the relevant market to extend more broadly than cards.</p>
<p>After a customer demonstrates consistent on-time repayment over an extended period, what specific mechanisms exist at Amex to reduce their interest rate or improve their terms?</p>	<p>For American Express Charge Card products, we do not charge interest. For Credit Card products, customers who repay their balance in full and on time, are not charged interest given American Express' up to 55-day 'interest-free' period. For existing customers whose needs and circumstances may have changed, American Express monitors customer repayment behaviour as part of its ongoing credit risk and responsible lending obligations. Where this monitoring identifies customers who may be experiencing financial difficulty or vulnerability, American Express can offer a range of measures such as repayment moratorium, suppression of interest, fee waivers and varied repayment terms. More broadly, American Express offers a range of card products with various features, benefits and fees. These are distributed to clearly defined customer groups in accordance with our Design & Distribution Obligations. Customers are free to select the product that best suits their needs, and to upgrade or downgrade to another product at any time, subject to appropriate responsible lending assessment.</p>
<p>What data does Amex use to identify customers who would be better suited to a low fee or no-rewards product?</p>	<p>As described above, American Express products are designed and distributed to clearly defined customer groups in accordance with our Design & Distribution Obligations. Customers are free to apply for any product that best meets their needs and objectives, subject always to American Express' responsible lending assessment in line with its National Consumer Credit Protection obligations. American Express monitors a range of data to ensure that products are targeted and distributed to the appropriate group of consumers consistent with our regulatory obligations, including monitoring cancellation, attrition, complaints, low repayment behaviour, persistent debt and financial hardship data. These measures are designed to minimise the risk that customers end up with a product that is not suitable to their financial situation or needs.</p>

	<p>For any customers whose circumstances change leading to financial hardship or vulnerability, American Express has controls in place to proactively identify such circumstances. As described above, American Express can then offer a range of measures to such customers.</p>
<p>It is understood Amex has a specific mechanism designed to pass on savings to small business customers via acquirers.</p> <p>a. Can Amex inform the committee as to what percentage of acquirers have actively passed these savings on to small business customers?</p> <p>b. Does Amex contractually require in arrangements with acquirers that these savings be passed on?</p> <p>c. If acquirers are not passing these savings on, does Amex consider it misleading to suggest that small businesses are beneficiaries of this discount?</p>	<p>As a three-party network, American Express <u>is</u> the acquirer (as well as the issuer and network operator); there are not multiple acquirers. The American Express ‘small business’ rate is offered directly to small merchants, and they remain the exclusive beneficiary of those savings. American Express acceptance can also be incorporated into broader service offerings provided by third party providers. In those arrangements, we utilise some third-party marketing channels to recruit merchants but American Express owns the relationship and pricing, and in other constructs, the third party recruits the merchant and manages the relationship on our behalf. In these constructs, the third party has complete discretion to determine the end price.</p> <p>a. Can Amex inform the committee as to what percentage of acquirers have actively passed these savings on to small business customers?</p> <p>N/A</p> <p>b. Does Amex contractually require in arrangements with acquirers that these savings be passed on?</p> <p>N/A</p> <p>c. If acquirers are not passing these savings on, does Amex consider it misleading to suggest that small businesses are beneficiaries of this discount?</p> <p>N/A</p>

<p>The terms of reference for this inquiry require us to examine whether the current payments scheme landscape is fair, and payments customer data protection is certainly an aspect of that. Given Amex's closed-loop model provides end-to-end visibility of customer and merchant data, what specific technical and governance controls prevent inappropriate internal access to that data?</p>	<p>American Express operates a comprehensive, enterprise-wide information security program comprising a broad set of policies, standards and controls organised within a formal governance framework. Our program complies with applicable laws in the jurisdictions where we operate, and is aligned to recognised industry standards, such as ISO/IEC 27001 and the NIST Cybersecurity Framework; it is underpinned by regular testing, internal reviews and independent external assessments.</p> <p>American Express prevents inappropriate internal access to customer data through a combination of layered technical controls and formal governance. At a technical level, access to customer data is governed through a centralised identity and access management framework based on role-based access controls, granular entitlements and the principle of 'least privilege'. Access is provisioned only where there is a legitimate business need, is subject to approval and periodic recertification, and is reinforced through segregation of duties and authentication controls. Access to customer data is logged across relevant systems to support audit, testing and investigation activities.</p> <p>American Express deploys continuous, automated monitoring that uses behavioural analytics to identify anomalous or out-of-pattern activity. These controls are complemented by automated security testing and resilience measures, including vulnerability scanning, penetration testing, and endpoint and network monitoring with intrusion detection and prevention, which together support timely remediation and ongoing risk prioritisation.</p>
<p>Provide the gross revenue received by Amex in the last financial year (1 July 2024 – 30 June 2025) from merchant fees in Australia.</p>	<p>American Express publicly reports its financial information in accordance with Australian regulatory requirements. Gross revenue from merchant service fees in Australia is disclosed in American Express' Jan 2024-Dec 2024 financial statements, which are lodged with and publicly available through ASIC. Under the American Express three-party model, the merchant service fee represents the total fee agreed with merchants for acquiring services. Unlike four-party schemes, American Express does not charge interchange fees or scheme fees. The merchant service fee therefore reflects the value of American Express acceptance.</p>

<p>Please provide your list price merchant fees by category and transaction type, the equivalent of the interchange fee schedules published online by eftpos, Visa, and Mastercard.</p>	<p>American Express does not operate a four-party model and does not have interchange fees in our model. Accordingly, American Express does not publish interchange fee schedules equivalent to those published by Eftpos, Visa or Mastercard. Under the American Express three-party model, pricing is agreed directly between American Express and the merchant as a merchant service fee. That fee reflects the overall value proposition delivered to the merchant.</p>
<p>How much lower are fees for the largest merchants (e.g., Coles, Woolworths, Amazon) relative to smaller merchants like those on your list pricing?</p>	<p>American Express is not a must-take form of payment. If a merchant does not see the value, they do not accept American Express. American Express offers small merchant pricing for eligible small businesses, which is currently below 1 per cent. This rate is designed to provide a simple and competitive offering for small merchants. For larger merchants, pricing is individually negotiated and reflects a range of commercial factors, including transaction volumes, industry risk profile, customer mix and the overall value delivered to the merchant. As is standard commercial practice, the terms of individual merchant agreements are confidential.</p>
<p>What proportion of your merchant fee funds card holder rewards? What proportion of your merchant fee funds the cost of acceptance as defined by the RBA?</p>	<p>American Express operates a three-party model and agrees a merchant service fee with each merchant. The fee we agree with merchants reflects the value we offer for providing card acquiring services. On rewards, we offer a suite of products that have different benefits and involve different cardholder charges e.g. annual fees. It is the cardholder's choice which product they take out and at which price point. The merchant fee for acquiring card transactions does not differ depending on the card product or rewards offered.</p> <p>In relation to the second question, the Reserve Bank's definition of "cost of acceptance" refers to the total cost incurred by a merchant to accept a payment method. For Visa and Mastercard transactions that may include not only scheme or acquiring fees, but also terminal costs and other payment management expenses that are outside American Express' model. For American Express, the merchant service fee is a simple fee for card acceptance agreed directly with the merchant. That fee represents the amount the merchant pays to accept American Express cards.</p>

