

House of Representatives Standing Committee on Economics

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

Follow-up questions from public hearing on 24 February 2026

Additional Questions for all Banks

From Committee Chair, the Hon Ed Husic MP:

1. In the bank's risk models, what weight is given to a customer's debt utilisation and repayment consistency compared to their income?

NAB's credit risk models contain a blend of customer and account performance information that is designed so that no one factor overpowers the final model. Individual weightings also vary across the different models. Income is used directly to assess a customer's ability (capacity) to repay the lending as part of the broader credit assessment, while other factors that strongly correlate with income (e.g. spend behaviour) are used within the credit decision models alongside account repayment and utilisation factors.

2. Does the bank's internal risk models allow customers to move to lower risk categories - and thus attract lower interest rates - based on demonstrated behaviour, regardless of income level?

NAB's credit risk models have 'risk grades' where a customer can transition over time based on ongoing account behaviour. For credit cards, NAB does not apply different interest rates based on the credit risk profile of a customer. Other products have varying interest rate levels based on risk profiles. These risk grades are not visible to the customer.

3. How much does the bank pay in scheme fees to Visa and Mastercard?

NAB considers this information to be commercial in confidence.

a. How much of these fees are rebated each year?

NAB considers this information to be commercial in confidence.

b. Does the bank receive volume incentive bonuses as part of its commercial agreements with the schemes?

NAB does not receive volume incentives from Visa and Mastercard on the acquiring side. Issuing receives volume incentive bonuses as part of its commercial agreements with the schemes.

4. I understand that there are legitimate costs in the payment system associated with interchange fees, such as scam prevention, cyber security infrastructure, and dispute resolution. However, there's limited transparency over the extent to which the major banks profit from what has become essential infrastructure. Has the bank's revenues from fees (less costs) associated with a card transaction increased or decreased in the last 10 years?

Since 2015, the net revenue margin for consumer and commercial credit card transactions has moderately reduced.

5. On average, what margin does the bank price its international payments for consumers?

NAB considers this information to be commercial in confidence.

6. On average, what margin does the bank price its international payments for its bigger business customers?

NAB considers this information to be commercial in confidence.

7. Does the bank price its margins differently for currency routes from AUD to various markets for consumers?

NAB maintains consistent pricing across all currencies and payment destinations. Customers may be charged different fees by correspondent banks/third parties depending on currency routes. NAB waives these fees for consumers using its Internet Banking platform.

8. How much does the bank charge in terms of fixed fees for these payments for consumers and small businesses?

For international payments made in a foreign currency, NAB does not charge consumer or small business customers fixed fees in its internet banking and mobile app channels. For international payments made in Australian dollars, NAB charges a \$30 transaction fee.

9. How much revenue does the bank make from consumer international payments? Break this down between card payments and online transfers.

NAB considers this information to be commercial in confidence.

From Mr Jerome Laxale MP:

1. Who ultimately determines chargeback rules in Australia? Who has oversight over this?

Card scheme chargeback rules are set globally by the card schemes (e.g. Visa, Mastercard). In Australia, there is no direct regulatory approval of scheme chargeback rules; however, unauthorised electronic transactions are subject to the ASIC-administered ePayments Code. Broader payments system oversight sits with the RBA.

2. Do you assess whether the allocation of dispute cost is balanced?

NAB assesses the impacts of dispute and chargeback costs through merchant feedback, dispute outcomes and internal risk monitoring. In NAB's experience, for some small businesses, chargebacks can involve multiple cost components, including lost goods or services, scheme and processing fees and operational impacts that might be more difficult to absorb than for larger merchants.

3. Do you monitor fraud within the chargeback framework? Has it increased/decreased?

NAB collects and tracks data on all instances of fraud, including chargeback fraud. For NAB products operating under the Visa scheme, fraud is actively monitored in accordance with the 'Activity and Compliance Monitoring requirements' of the Visa scheme rules. From a trend perspective, from the period Oct 2024-June 2025 (using quarterly reporting information provided by Visa) overall trend remains consistent and NAB has not observed an increase in fraud chargebacks or merchant contested fraud disputes. Recent activity has been broadly stable, with some moderation observed (i.e. expected seasonal trend during holiday seasons).

4. How do global platforms contribute to dispute resolution costs?

The growth of global digital providers has increased transaction volumes, cross-border activity and the complexity of dispute resolution. This has increased operational and scheme-related costs for banks.

5. Is the current framework fair to small business?

The current chargeback framework places primary evidentiary and timing obligations on merchants. In practice, this can create challenges for small businesses, particularly where resources to respond to disputes are limited.

6. Are you aware of “chargeback fraud” impacting small businesses - where small businesses ship goods, then funds are withdrawn from them following a potentially fraudulent chargeback claim?

NAB recognises chargeback fraud is an issue impacting Australia’s small businesses. Merchants should always be given the opportunity to defend a chargeback, rather than having the funds automatically deducted from their account. NAB works with schemes, within their processes, to help small businesses that have been impacted by potentially fraudulent chargeback claims.

a. If so, have these rates risen or reduced?

Within the Visa chargeback framework for NAB products, chargeback fraud situations are monitored through analysis of merchant dispute responses, pre-arbitration activity, and arbitration outcomes. The data indicates that while merchants, including small businesses, do contest fraud chargebacks, there is no evidence of a sustained increase in inappropriate or abusive fraud claims driving adverse outcomes for merchants. Where merchants provide evidence in line with Visa scheme rules, these cases are assessed through the dispute lifecycle.

b. What data do you have of instances of occurrence of above, or similar, phenomenon?

NAB collects and tracks data on all instances of fraud, including chargeback fraud.

7. What steps are you taking to limit “chargeback fraud”?

NAB’s e-commerce merchant facilities (NAB Transact and NAB Gateway) have built-in fraud-prevention tools that can alert merchants to high-risk transactions that may require a manual review before the provision of goods or services. These tools assist in reducing fraudulent transactions that may otherwise escalate into chargebacks.

Alerts are based on historical patterns of fraudulent transactions and emerging trends in fraud and scams. Suspicious transaction patterns trigger a call to the merchant to ensure the transactions are valid and will prompt an education conversation where the merchant will be reminded of the risks and liabilities associated with processing high-risk card-not-present transactions.

NAB provides detailed guidance online to help merchants understand when chargebacks occur and how to respond.

NAB also has measures in place to reduce fraud in face-to-face environments by encouraging vigilance with terminal security to protect against terminal tampering or takeover, to further lower chargeback risk.