

Standard No. 5

The ‘honour all cards’ rules in the Visa Debit and Visa credit card systems and the ‘no surcharge’ rule in the Visa Debit system

Objective

The objective of this Standard is to ensure that the rules of the Visa Debit system and the Visa credit card system promote:

(i) efficiency; and

(ii) competition

in the Australian payments system.

Application

1. This Standard is determined under Section 18 of the *Payment Systems (Regulation) Act 1998*.
2. This Standard applies to the payment system operated within Australia known as Visa Debit, which was designated as a payment system on 18 February 2004 and to the Visa credit card system operated within Australia known as the Visa system or the Visa network card system which was designated as a payment system on 11 April 2001.
3. In this Standard:
 - an ‘acquirer’ is a participant in the Visa Debit system that provides services to a merchant to allow that merchant to accept a Visa Debit card;
 - ‘credit card’ has the meaning it has in Standard No. 1;
 - ‘credit transaction’ means a transaction in Australia between a credit cardholder and a merchant involving the purchase of goods or services using a credit card;
 - ‘financial year’ is the 12-month period ending 30 June;
 - ‘Visa Debit card’ means a card issued by a participant in the Visa Debit payment system, under the rules of the Scheme, that allows the cardholder to make payments to merchants for goods and services by accessing a deposit account held at the participant;
 - ‘Visa Debit card transaction’ means a transaction in Australia between a Visa Debit cardholder and a merchant involving the purchase of goods and services using a Visa Debit card;

an ‘issuer’ is a participant in the Visa Debit system that issues Visa Debit cards to its customers;

‘merchant’ means a merchant in Australia that accepts a Visa Debit card for payment of goods and services;

‘rules of the Scheme’ means the constitution, rules, by-laws, procedures and instruments of the Visa Debit system and the Visa credit card system as applied in Australia, and any other arrangement relating to the scheme by which participants consider themselves bound;

terms defined in the *Payment Systems (Regulation) Act 1998* have the same meaning in this Standard.

4. Each participant in the Visa Debit system and the Visa credit card system must do all things necessary on its part to ensure compliance with this Standard.
5. If any part of this Standard is invalid, the Standard is ineffective only to the extent of such part without invalidating the remaining parts of this Standard.
6. This Standard is to be interpreted:
 - in accordance with its objective; and
 - by looking beyond form to substance.
7. This Standard comes into force on [1 July 2006.]

Merchant pricing

8. Neither the rules of the Scheme nor any participant in the Visa Debit system shall prohibit a merchant from charging a Visa Debit cardholder any fee or surcharge for a Visa Debit card transaction.
9. Notwithstanding paragraph 8, an acquirer and a merchant may agree that the amount of any such fee or surcharge charged to a Visa Debit cardholder will be limited to the fees incurred by the merchant in respect of a Visa Debit card transaction.

Honouring cards

10. Neither the rules of the Scheme nor a participant in the Visa Debit system or Visa credit card system may require a merchant to accept Visa Debit cards as a condition of the merchant also accepting Visa credit cards. Likewise, neither the rules of the Scheme nor a participant in the Visa Debit system or Visa credit card system may require a merchant to accept Visa credit cards as a condition of the merchant also accepting Visa Debit cards.

Transparency

11. Visa Debit cards must be identifiable as such, both visually and electronically.

12. The administrator of the Visa Debit system and Visa credit card system must certify in writing to the Reserve Bank by 30 September each year that the Visa Debit system and Visa credit card system and participants in those systems complied with this Standard in the previous financial year.