

Backing your local Travel Professional: Fair Payments For All

This has a direct, positive impact on:

- Accredited travel businesses and their staff in your electorate
- With 72% of the travel workforce consisting of females, this will have a significant impact on the females in your electorate.

The Challenge: Unfair Payment Rules Will Threaten Travel Sector

Travel businesses are at risk from a payments system stacked against them. Removing their ability to recover the cost of accepting debit and credit card payments through surcharging will mean businesses will be asked to cover costs incurred through a consumer's choice to use a particular payment method.

It will **drastically impact small businesses**, which generally operate on low margins and who make up 92% of ATIA's members.

It will also **disproportionately harm the travel industry**, which is subject to unique chargeback exposure resulting in the requirement to pay **bonds of greater than \$1 million** to maintain their merchant terminal.

Without the ability to recover the true costs of card payments, these businesses face cuts, closures, or passing costs to customers – resulting in rising prices and reduced options.

The Opportunity: A Fair Deal for Travel Payments

To ensure a fair payments system, there is a critical need for businesses to retain the ability to surcharge to **recover the true costs of facilitating electronic transactions**.

Regulatory frameworks should account for the travel industry's unique chargeback exposure and forward delivery risks.

Avenues to ensure Least-Cost-Routing can be fully utilised and enhancement of the ACCC's enforcement powers should be first explored to protect against unreasonable surcharges, without penalising small business.

Here's What Your Support Delivers

Fairness for Small Business

- Enabling businesses to continue to recover the true cost of facilitating electronic transactions directly supports the 98% of businesses that are small and family-run.

Support for Travel Businesses & Customers

- An approach that recognises the travel industry's unique circumstances will support your travel professional to remain open.
- It will reduce the risk of the merchant terminal being removed from businesses; impacting their livelihood and lowering of consumer protection.

Travel Industry Disproportionately Impacted

The Reserve Bank of Australia (RBA) has previously accepted that travel businesses should be able to surcharge to offset unique card chargeback risks and associated costs. This includes a **"rolling" no fault third party chargeback exposure of around \$5.4 billion for up to 120 days post-payment** due to heightened "forward delivery risk" (FDR). With some travel booked up to 36 months in advance, the chargeback exposure can be even greater.

This is not the same as retail or cafés, where the transaction size is typically smaller and with a much shorter window for chargeback risks, which would generally be a maximum of 30 days.

This impacts an agency's cost of acceptance, because FDR is viewed as an unsecured debt by potential acquirers. While techniques have varied, larger merchants can demonstrate mitigation strategies using their balance sheet, but smaller merchants are extremely vulnerable to excessive bonds charged by the acquirers.

Some travel agents have had requests for bonds of greater than \$1 million to maintain a merchant terminal over the past five years. **If a bond is unable to be paid the merchant terminal has been removed**, severely limiting the ability to do business.