



Notice of Mastercard Undertaking provided in favour of the Reserve Bank of Australia (RBA) in relation to Least Cost Routing of Debit Transactions by Merchants with a place of business in Australia

Effective on 1 July 2023, MAPPL and Mastercard Asia/Pacific (Australia) Pty Ltd (MAPA) (together **Mastercard**) provided an undertaking in favour of the RBA in relation to least cost routing of debit transactions (the **Undertaking**). A copy of the Undertaking is available on the RBA's website at <https://www.rba.gov.au/payments-and-infrastructure/payments-system-regulation/undertakings/pdf/2023-05-26-mastercard-rba-undertaking-no-1-of-2023.pdf>.

What does this mean for a Strategic Merchant Agreement (SMA)?

Mastercard will not make the offer of strategic credit interchange rates conditional on debit volume/value or debit routing decisions.

In accordance with the Undertaking, neither:

- i. the volume or value of a merchant's transactions routed through a particular debit card network in Australia; or
- ii. a merchant's decision on the debit card network through which it routes dual network debit card transactions in Australia,

will influence eligibility for any credit strategic merchant rates in relation to Mastercard credit or other credit rates applicable under the SMA.

Eligibility Criteria for Determining Debit and/or Prepaid Strategic Merchant Rates

The eligibility criteria for determining the debit and/or prepaid (as applicable) strategic merchant rates which may be offered to a Merchant by Mastercard include, among others, where applicable:

- a. the volume and value of intracountry debit and/or prepaid (as applicable) transactions processed by the Merchant through the Mastercard network (including opportunities for growth);
- b. how any savings derived from the debit and/or prepaid (as applicable) strategic merchant rate will benefit Mastercard cardholders, such as the Merchant's reduction and/or removal of any surcharges applying to Mastercard intracountry debit and/or prepaid (as applicable) transactions;
- c. the Merchant's commitment to invest savings generated from the provision of the debit and/or prepaid (as applicable) strategic merchant rate into Mastercard services, customer benefits, and promotional activity for customers; and
- d. the Merchant's commitment to supporting technology initiatives to promote safety, security, and efficiency of electronic payment transactions.

Eligibility Criteria for Determining Credit Strategic Merchant Rates

The eligibility criteria for determining the credit strategic merchant rates which may be offered to a Merchant by Mastercard include, among others, where applicable:

- a. the volume and value of intracountry credit transactions processed by the Merchant through the Mastercard network (including opportunities for growth);
- b. how any savings derived from the credit strategic merchant rate will benefit Mastercard cardholders, such as the Merchant's reduction and/or removal of any surcharges applying to Mastercard intracountry credit transactions;
- c. the Merchant's commitment to invest savings generated from the provision of the credit strategic merchant rate into Mastercard services, customer benefits, and promotional activity for customers; and
- d. the Merchant's commitment to supporting technology initiatives to promote safety, security, and efficiency of electronic payment transactions.

In addition, Merchants may be eligible for segment rates based on their merchant category code and the interchange rate program priority. For the avoidance of doubt, where a Merchant is eligible for both credit and debit strategic merchant rates, Mastercard will permit the Merchant's preferred order in which the negotiation of credit and debit strategic merchant rates (including simultaneous negotiation) takes place.

Alternatively, relevant product and/or channel interchange rates may apply as described in the Mastercard intracountry interchange schedules and the relevant qualifying criteria as defined in the description of the respective interchange program, which are available on Mastercard's website (mastercard.com.au/enau/business/overview/support/interchange.html)

Please note Mastercard evaluates these criteria in relation to debit and credit independently, as applicable. These criteria are only applicable for intracountry Australia transactions.