

## Provender Credit Card Processing Fee Explained

Provender® has a surcharge on purchases made with a Credit or Debit card from our Vending Machines. The surcharge is 20c per transaction and not a certain percentage of the purchase amount. **This 20c transaction fee does not cover the full transaction costs we are charged for each transaction as outlined below.** As we are not passing on the full cost of the Credit Card processing charges we are not contravening the **Competition and Consumer Amendment (Payment Surcharges) Act 2016** which became law in February 2016.

Credit Card processing for vending machines is quite different from the Credit Card processing usually done in brick and mortar retail shops. There are several areas that are quite different from normal retail credit card processing:

- Special equipment is required to interface to a vending machine and any equipment requires special certification which is very costly to obtain.
- There are very few suppliers of this specialised equipment and low volume production, so the equipment costs are significantly more expensive than standard retail EFTPOS terminals. (Nayax VPOS Touch currently cost \$570 per unit. Source: [https://shop.nayax.com.au/aus\\_en/vpos-touch-aus.html](https://shop.nayax.com.au/aus_en/vpos-touch-aus.html).)
- The equipment suppliers take a charge on each transaction that goes through their equipment which doesn't normally happen in retail.
- There are charges applied to each transaction by the company that provides the gateway for the transaction to the bank.
- The banks themselves charge a fee for processing the actual transaction. The percentage is significantly higher for these "low value" transactions than normal retail transactions – often more than 3 times the amount normally charged to do the transaction.
- Because the transactions from vending machines are for very small amounts some of the charges are levied as a "cost per transaction" rather than a straight percentage of the transaction value as is done normally in retail.
- Cancellations fees – If a customer engages the Nayax VPOS Touch and the transaction fails, or the customer cancels the transaction after pre-authorisation we are charged by Nayax for the cancellation fee at our cost.

### RBA, Standards and Regulation

Source: <https://www.rba.gov.au/payments-and-infrastructure/review-of-card-payments-regulation/q-and-a/card-payments-regulation-ga-conclusions-paper.html>

#### What are the rules for surcharging?

Merchants have the right to impose a cost-based surcharge on card payments, but any surcharge is limited to the amount it costs the merchant to accept that type of card for that transaction. There are three key elements to the surcharging framework:

- The definition of card acceptance costs. Acceptable costs are limited to fees paid to the merchant's acquirer (or other payments facilitator) and certain other observable costs paid to third parties for services directly related to accepting particular types of cards.
- Acquirers and payment facilitators must provide merchants with an annual statement that clearly sets out their average cost of acceptance for each of the card payment systems regulated by the RBA. Acceptance costs must be expressed in percentage terms.
- The Australian Competition and Consumer Commission (ACCC) has investigation and enforcement powers over cases of possible excessive surcharging.

## ACCC, Governance and enforcement:

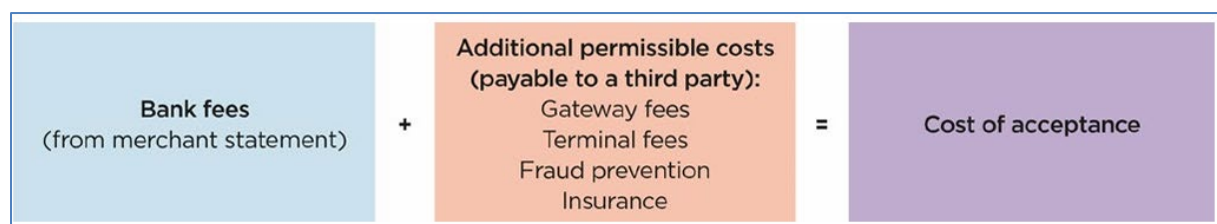
Source: <https://www.accc.gov.au/consumers/pricing/card-surcharges>

### Card surcharges:

- Businesses can charge a surcharge for paying by card, but the surcharge must not be more than what it costs the business to use that payment type.
- If a business charges a payment surcharge, it must be able to prove the costs it is based on.
- If there is no way for a consumer to pay without paying a surcharge, the business must include the surcharge in the displayed price.

To calculate costs the ACCC has set out guidelines on how to calculate a surcharge

( [https://www.accc.gov.au/system/files/1193\\_Payment%20surcharges\\_FA\\_web03.pdf](https://www.accc.gov.au/system/files/1193_Payment%20surcharges_FA_web03.pdf))



For most businesses, the fees include (exert from above link):

*Your costs of acceptance are provided to you on a statement from your bank or payment facilitator, typically shown as a percentage figure amount. For most businesses, the fees include:*

- *merchant service fees*
- *fees paid for the rental and maintenance of payment card terminals*
- *any other fees incurred in processing card transactions, including cross-border transaction fees, switching fees, and fraud related chargeback fees (but not the cost of any actual chargebacks).*

*You can also choose to pass on additional permissible costs, but you are required to calculate the permitted surcharge yourself. Additional permissible costs paid to other providers are:*

- *gateway fees paid to a payment service provider*
- *the cost of fraud prevention services paid to an external provider*
- *any fees paid for the rental or maintenance of card terminals paid to a provider other than your bank or payment facilitator*
- *the cost of insuring against forward delivery risk.*

*These must be able to be verified by contracts, statements or invoices.*

## Nayax Fee Breakdown

Payment Tech and Platforms charge 0.17c per transaction (+GST), plus \$20 merchant fee per month, plus the extra \$14.50+GST per month access fee for cashless payable per unit to Nayax, plus amortisation of the capital cost of the equipment (\$570 over 5 years i.e. \$118 per year), plus the cost of employing a resource to provide refunds and answers questions on disputed transactions, plus cancellation costs per month averaged out. **The surcharge of 20 cents we charge is less than the cost we incur.**

The following information is published at <https://provender.au/free-machine/#faq> - Provender Credit Card Processing Fee Explained.