

Merchant Choice Routing – Information Sheet

What is Merchant Choice Routing?

Merchant Choice Routing is a feature that lets businesses choose which network their contactless debit card transactions are processed. This may reduce the cost of merchant service fees depending on your business as different networks charge different fees.

Merchant Choice Routing provides you the option to process dual branded “Tap & go” debit card transactions through the eftpos or credit (Mastercard® or Visa) networks. This refers to cards which have both the eftpos and Mastercard/Visa logos.

How it works

Without Merchant Choice Routing, all contactless transactions are automatically processed through the Mastercard and Visa networks, depending on the card type.

By opting into Merchant Choice Routing, you can choose to either:

1. Continue to process contactless Mastercard and Visa debit card transactions through the Mastercard and Visa networks;
2. Process contactless Mastercard and Visa debit card transactions through the eftpos network; or
3. Process low value transactions through one network (Mastercard/Visa or eftpos) and higher value transactions through the other network.

Benefits for retailers

- Potential lower transaction costs: any lower transaction costs are dependent on the card and transaction mix.
- Choice and flexibility: you can choose if or when you would like to enable Merchant Choice Routing, and have the flexibility to set the options (per card type) to suit your business.

There are three Merchant Choice Routing options.

Option A – Credit Scheme routing

For Option A, you do not need to do anything, this is how transactions are processed today. For each transaction, a bank Merchant Service Fee (MSF) of 0.21% is applied based on the value of the transaction, plus the Interchange Rate. The Interchange Rate varies depending on the card type as detailed below.

A full list of the Interchange Rate can be found at: [*https://www.mastercard.com.au/en-au/about-mastercard/what-we-do/interchange.html](https://www.mastercard.com.au/en-au/about-mastercard/what-we-do/interchange.html) and [*https://www.visa.com.au/about-visa/interchange.html](https://www.visa.com.au/about-visa/interchange.html)

For members of TSG the fee calculation can be summarised as the Merchant Service Fee (MSF) of 0.21% plus the Interchange rate for the card type. For example, if you accept a \$30 transaction for a Standard VISA debit card, the Fee calculates to \$30 @ 0.21% plus \$0.055 = \$0.118.

Below are some examples of how Credit Scheme Fees are applied to the different Scheme Debit Cards including Mastercard and Visa Standard, Premium & Corporate Cards: <Table Below is for an IC+21 AP Offer> current as at 1st December 2019 and subject to change.

	CommBank Merchant Fee	Interchange Fee*	\$10	\$20	\$30	\$40	\$50
Mastercard Standard	0.21%	\$0.044	\$0.065	\$0.086	\$0.107	\$0.128	\$0.149
Visa Standard	0.21%	\$0.055	\$0.076	\$0.097	\$0.118	\$0.139	\$0.160
Visa & MasterCard Premium	0.21%	\$0.165	\$0.186	\$0.207	\$0.228	\$0.249	\$0.270
Visa & MasterCard Corporate	0.21%	0.220%	\$0.043	\$0.086	\$0.129	\$0.172	\$0.215

The example in the table will not apply if you are on individual pricing.

Option B – eftpos Card Scheme routing

Under this option, all dual-scheme debit contactless ‘Tap & go’ transactions are processed via eftpos, TSG retailers will be charged a flat rate of \$0.17 per transaction regardless of the dollar value.

Option C – Dual routing

Merchants have the ability to set a transaction “threshold”, whereby lower dollar value transactions can be routed to Mastercard and Visa and higher value transactions are routed to eftpos or vice versa.

What it means for you

Currently all Scheme Debit cards are transacted by Option A. The choice is up to you regarding if the Merchant Choice Routing will suit your needs. The table above, as an example, is provided to assist you to determine if changing your Merchant Choice Routing options would benefit you.

Important to note

Merchant Choice Routing is an optional feature on select terminals and pricing plans. Please consider applicable costs before choosing the option that is most suitable for your business. It’s also important to note that the example provided is on the current TSG offer. This example will not apply if you are on individual pricing. This example is a guide only. All of the above is GST inclusive as per your current merchant pricing offer and as detailed on our Merchant Statements.

Things you need to know: This information has been prepared without taking into account your individual and business objectives or needs. You should read and consider the [Merchant Agreement](#) including relevant Merchant Choice Routing terms and conditions, which govern the use and operation of your merchant facility before making a decision. Mastercard and Visa are registered trademarks, and the circles design and Tap & go are trademarks of Mastercard International Incorporated. Commonwealth Bank of Australia ABN 48 123 123 124 AFSL and Australian credit licence 234945.