Response to RBA Issues Paper

The Payment Dispute Institute (PDI), 6th Aug 2026

The Payment Dispute Institute (PDI) focuses exclusively on disputes and chargebacks, aiming to advance fairer, faster, and more transparent resolution.The PDI engages with the broader payments landscape encompassing financial institutions, merchant entities, and regulatory bodies to deliver objective, data-driven insights grounded on the issue of disputes & chargebacks instead of any particular party. Our submission examines the Issues Paper through this lens.

Q6: Are there competition, efficiency and/or financial safety issues relating to the use of AI agents for payments in e-commerce? If so, are there any regulatory actions that the RBA should consider?

Agentic payments will be another access layer utilising assets the payments industry has been building over the last decade - such as tokenisation, domain controls, 3DS, biometric authentication; as well as legacy processes such as chargebacks. Whilst most technological foundations are sufficiently flexible, the chargeback system is harder to retrofit for various reasons:

1) Transactions can no longer be cleanly defined into unauthorised and authorised, i.e. where an agent acted outside of the consumers expectations, either through technical error or ambiguity in intent.
2) Today, it's either consumer liability, issuer liability or merchant liability and the current 4 party model is able to assign liability to each of these actors, however, as payment messages are used, the agent sits outside of the liability construct logically and physically at this stage.
3) Chargeback rules today are not well defined, understood, and subject to interpretation of each issuer with little scrutiny. Chargebacks relating to agentic transactions will require issuers to define further interpretations of scheme rules and ePayments Code - however those foundational documents are already causing operational challenges and exploitation today across the ecosystem and will be further exacerbated through agentic commerce.
4) Schemes are mostly experimenting with single adhoc purchases through agents but actively looking at other use cases such as points optimisation agents, stock/availability agents and price optimisation agents. In these instances the time of the consumer intent might be days or weeks prior to the initiation of the payment - a time when the consumer potentially forgot about the instruction or no longer requires an item. This scenario may cause an increase of chargeback volumes.
5) Furthermore, through the agent performing a transaction - the selection of the underlying merchant of record might be a) chosen by the agent, b) less known to the consumer, in particular when appearing on a transaction statement. Agents choosing merchants may be influenced through commercial preferences or at least agentic readiness of merchants and hence potentially shifting competition and access for small businesses. Consumers not necessarily being aware where they shopped, may cause an increase of unrecognised transaction disputes and friendly fraud.

6) Multi-basket and multi-merchant use cases are tabled as use cases for agentic commerce, so that through a single agent interaction multiple transactions at multiple merchants could be triggered which causes at least 2 considerations for chargebacks: a) It's harder to detect for a consumer which transaction belongs to one purchase event as the event or correlation of transactions is not evident in the transaction or statement. Banks are already facing significant chargeback volumes where consumers are not recognising transactions. b) there is more room for error, i.e. holiday booking and the dates and times the agent booked are not matching, i.e. rental car not booked for the right day, booked too many activities/trips for one day, flight and shuttle service timing or hotel booking period not aligning, connecting flights from wrong airports (i.e. Melbourne Tullamarine vs Melbourne Avalon). Travel agents already today see a plethora of scenarios for cancellation and chargebacks. Bookings that are not connected through a liable party, i.e. travel agent or booking platform or without consistent and shared purchasing intent are more likely to be prone to errors and ultimately chargebacks where neither the consumer, nor the issuer nor merchant have done anything wrong.
7) Agentic chargebacks rely on purchasing intent as evidence. Current design of agentic commerce will primarily utilise existing fields in the payment message which are already being used for tokenised transactions. Purchasing intent is not part of it and hence not available to issuers at time of authorisation including transaction monitoring for fraud. It's understood that purchasing intent is only available through services like Ethoca subject to additional cost for implementation and access. Chargebacks investigations are still labour and cost intensive, accessing another system and type of evidence will add to this. Existing straight-through processing might also be impacted due to additional manual checks being necessary which impacts resolution SLAs and compliance with the ePayments code. Commercially, it may be more beneficial for issuers to proceed with a chargeback with only preliminary assessments and let merchants respond through representments, adding further costs and strain on merchants and the ecosystem as a whole.

   It's yet to be seen across the protocols how easily merchants will have access and ability to use agentic purchasing intent in the representment.

Currently, the Banking Code of Practice stipulates that consumers are entitled to their money back pending Issuer determination and lieu of merchant representation in line with scheme rules. If a consumer receives their money back depends on the respective issuer as each one applies their own "service promise" and risk appetite to interpreting the scheme rules. There is no consistency. An identical chargeback at the identical merchant might have different outcomes depending on which issuing bank processed it.

The ePayments Code already presents operational challenges today in unclear definitions such as what sections apply for authorised and unauthorised transactions, timing and liability. When overlaying agentic commerce, agentic transactions can be interpreted in multiple ways and trigger different liability provisions, i.e. is an agent considered a user or a system? Is giving an agent payment credentials and a passkey considered as a contribution to a loss and hence a consumer is liable for both unauthorised and out-of-mandate transactions? Will agents be considered a party to network definitions? Will agents out-of-mandate transactions be considered a “system or equipment malfunction” and where would this definition place liability? “Loss of device” provisions were drafted with physical cards and personal devices in mind, however agentic transactions are less device bound and credentials can be compromised remotely and less knowingly by consumers. Today' s payment flows are deterministic in nature as such a consumer chooses an item and places the item in the shopping basket, a consumer chooses a payment method and pays. Agentic shopping protocols are abstracting this intent aware deterministic flow. For liability to be assigned to any party, upstream ambiguity and hallucination doesn’t just need to be managed but a minimum level of deterministic needs to be defined and enforced, i.e. should “goods & services not as described” chargeback reasons be allowed for “buy black pants size 10” vs “buy black Levi model 518 jeans size 10 womens that can be delivered by next Tuesday to post code 2000”

These challenges need to be reviewed before agentic transactions will be adopted in production. In 2015 mobile payments were enabled with CDCVM as a means for liability shift mimicking chip + PIN even though none of the code sets in Australia had such provisions at the time. The risk of repetition of enablement before defined legislation is likely for agentic commerce but the impact far greater.

Regulatory action should include updates to the ePayments Code, provide an application layer of consumer law on evolving purchasing use cases and stagnant scheme rules; and encourage a democratisation of purchasing intent information to warrant fraud risk assessment ability for participants of a transaction. Neither issuers or merchants should be expected to purchase third-party services to access purchasing intent data to perform fraud risk assessments - especially when they are wearing the liability. Furthermore, a close review of competition and influences should examine the impact of participants external to the payment system triggering transactions, creating operational challenges and costs to the existing parties yet likely not wear any liability and create an access layer that could be subjected to both interference (i.e. through preferring some merchants over others) and future fees (i.e. like Apple charging for digital wallet transactions). An after-the-fact-legislation will be insufficient and years to mitigate, i.e., mobile wallets, cross-tokenisation.

Data on friendly fraud/first-party fraud is inconsistent - ranging from up to 21% (Mastercard, State of Chargeback report, 2025), 75% (Visa, 2022), 86% (Chargeback911, 2024) of total chargeback volume as global averages. We have not been able to source verifiable data for Australia but note that the definitions applied for above numbers have not been publicly disclosed. However, directionally these stats already indicate significant shortfalls of chargeback processes and costs for the Australian economy before adding the complexity of agentic payment initiation into the mix.

Q12: Is there a case for the RBA to take any regulatory action in relation to A2A payments to support efficiency, competition or financial safety, or control risk to the financial system? If so, what regulatory actions should be considered?

Over the past decade, the industry invested billions of dollars in standing up and integrating the newest A2A payments offerings. Given the richness of ISO20022, it is far superior to AS2805. ISO20022 is more suitable for current and future context dependent purchasing use cases, if that's subscription payments or agentic commerce. From a fraud and chargeback perspective, a trust and integrity layer is crucial to any payment rail.

It's welcomed that the A2A roundtable's A2A vision includes disputes. However, copying other schemes' chargeback mechanism should be avoided. Current mechanisms were created as an escalation pathway decades ago when commerce was less complex, lodgement processes not digitised and evidence more reliable. Providing no chargeback options and non-standardised ambiguous guidance creates efficiency, competition and financial safety concerns. Only supporting a process at arbitration stage is appealing to avoid complexity, volume and the challenges of the card chargeback processes, however a competitive and consistent trust layer is essential for use cases where consumers are required to choose between payment methods. Banks and participants currently rely on either the AFCX FRX ticket system or emails depending on their association. If A2A rails are to be used at scale for complex consumer or agent initiated payments and with that a trust and integrity instilled with consumers (especially after Bonza, Binance and Revolut cases), purpose build and consistent disputes mechanisms, systems and liability regimes are required that are grounded both in specific application of payments and in consumer law. Any new dispute mechanics and rules should be designed through a working group of issuers, merchants and consumer advocates and consumer law experts. One set of rules and application should be applicable and not several issuer interpretations.

Q19: Are there any other issues relating to payments that the RBA should consider prioritising to promote competition, efficiency and financial safety in the payments system? Are there regulatory options outside of the RBA's formal powers under the PSRA to address the issues outlined in this paper? Are there issues in the broader payments system that have implications for the design and implementation of the RBA's payments system regulation?

Beyond the aforementioned issues and considerations concerning disputes specifically to agentic commerce and account-to-account, there are broader and intertwined dynamics at play and only multi-pronged strategies will be able to solve these strategically.

Interchange compression increases fees for fraud protection features. Restrictions to surcharging and interchange as recently communicated by the RBA are a welcomed relief for consumers and create greater transparency in pricing. However, at least two less intended consequences need to be carefully monitored and considered. Whilst merchants may be more motivated to opt for lower cost payment options such as A2A payments, for consumers the motivations are reversed. With no financial penalty, consumers could be reasonably expected to remain or be reaffirmed using their cards with added benefits of a trust layer through chargeback mechanisms and other benefits associated with card usage. Furthermore, within days of the announcement, some schemes have communicated increase of prices for i.e. 3DS. We are aware of at least one international acquirer who increased their fraud protection pricing. If security features become more expensive due to margin compression on standard interchange, this will likely have adverse effects on overall fraud levels. With the objective of efficiency, cost of payments must be allocative, however quality and protection of transactions should not be compromised.

Deficiencies of chargeback rules & mechanics

The underlying assumption of the Banking Code of practice in the disputes section is the scheme chargeback rules are functional and effective. However, beyond the surface level they are not. For unauthorised CNP transactions the determining factor of liability is strong cardholder authentication. If prior authentication was provided and 3DS indicators are in the authorisation message, there will be no chargeback. Wherever 3DS was not present, there are little questions asked, no evidence requirement and a chargeback is lodged against a merchant. With development of tokenisation and automated update of digital wallet and subscription, the inconvenience factor has significantly reduced for fraud events over the past decade. Compelling evidence programs are allowing merchants to represent if prior purchases during certain timeframes have occurred on a card, yet it doesn't prevent a chargeback being lodged in the first place. For authorised transactions the most common reason codes are "Goods & Services not received" and "Goods & Services not as described". Both reason codes have very little content in the scheme rules. Scheme rules aim to be as agnostic and future-proof as possible, but as card payments have been used across a plethora of eCommerce use cases in particular over the past decade, these rules are no longer fit for purpose. Each issuer has to apply their own risk appetite statement and interpretation of the scheme rules on every incoming dispute. A consumer with the exact same dispute at the exact same merchant can have different disputes outcomes depending on the card issuer. Examples where we have observed differences based on industry interviews:

- Food quality and quantity (Visa has exclusions, Mastercard rules not)
- Meal choices not honoured on flights
- Medical certificates not stating the requested days off work
- Items still in transit but original delivery ETA missed by one day
- Online orders through QR codes in restaurant (typical card-present environment)
- Free gifts or bonus credit not provided
- Dissatisfaction with trades such as plumbers, electricians, accountants
- Unsubstantiated "word-against-word" consumer claims or AI-generated evidence

Pulling money out of a merchants account can not be based on the risk appetite and customer service promise of a third party; and needs for the benefit of all involved parties specific and targeted rules as well as exclusions and feedback loops. Banks need to safely be able to deflect consumer requests without fearing repercussions from angry consumers complaining to AFCA.

One-sided complaints mechanics and inconsistent consumer and merchant education. At PDI our working hypothesis is that there is a large population of consumers that don't understand and differentiate between a chargeback (expensive means to force-pull money from a merchant's account) and a refund (cost-effective credit initiated by a merchant). It doesn't help the matter if multiple government websites (i.e. NSW government, Victorian government etc.) state "A chargeback is like a refund". Social media videos promote raising chargebacks as "hacks" in the cost of living crisis. Additionally, a consumer who "just wants their money back" might be familiar with their frequently visited banking app

experience and aware of the “something went wrong” button as a service provided by their bank to help them with issues with their purchases. Some merchants don’t make it easy for consumers to contact them or have channel restrictions for instore/click & collect/online. Inconsistent and effort intensive processes are more likely to turn consumers to use their banking app than a merchant’s experience. Where banks digitised their disputes processes there is little friction for consumers. Whilst this is an important measure to gather potential scams intelligence, reduction of friction causes disputes volumes to rise. According to Mastercard, (US,2025) issuers implementing consumer facing digital disputes capture processes observe 30-40% larger disputes volumes. Dispute lodgement might be easy and convenient, however there are no disclaimers on bank websites or government websites that a) chargebacks are hurting businesses and b) can be a criminal offence if raised on illegitimate grounds on either banking or government websites.
Further, information online is inconsistent for the complaints management process through AFCA. For example, the NSW government website states “If you’re unsatisfied with your card issuer’s decision, contact AFCA”. AFCA’s process is intended to capture where a bank might have failed their obligations in a chargeback process and is not a complaints body for consumer dissatisfaction over bank decisions. Whilst between 14 June 2024 and writing of this response only 65 complaints (based on published determinations) have been lodged under the categories chargebacks delayed or denied, a one-sided complaints process and looming threat of hefty fees are likely causing bias in bank assessments of chargebacks as it’s safer “to let the merchant respond” via representment. Merchants on the other hand have no way to contact the issuer outside of the chargeback process or complain to a third-party about inconsistent scheme rule application or first-party fraud. This is not to stipulate that merchants should have a pathway to complain to AFCA about issuers on a case-by-case basis like consumers, however a consumer-facing process might be more hurting than benefiting efficiency; and alternative methods, such as spot checks through “mystery disputers” could be more effective and targeted options with less unintended collateral damage.

Scam Prevention Framework. If an illegitimate chargeback is raised against a small business, the Scam Prevention Framework will create protections for this business with reimbursements up to $3000. The current drafting considers small businesses with less than 100 staff and less than $10m in annual turnover in the definition of SPF consumers. Whilst illegitimate and fraudulent chargebacks can be classified as consumers scamming businesses, it creates new tensions and obligations for banks to test for first-party fraud. Current checks vary greatly depending on the bank and there is no case-by-case assessment (in particular for claimed unauthorised transactions) due to high volume and Service Level Agreements (either internal or for complying with the ePayments code). Furthermore it is not uncommon for merchants to not contest an incoming chargeback due to high costs to fight back, effort and small win-rates. Further, there is no shared intelligence at this point. Hence accurate and near realtime detection at point of claim under the current industry capabilities is not possible. With the SPF going into effect, banks can expect small business merchants to raise scam complaints and banks to become liable. Representments through chargeback rails are expensive and average win rates in Australia are 46.7% (Mastercard, 2025). For small businesses contesting a chargeback, the SPF will be a more cost-effective process to claim back funds. For banks to connect chargeback cases and SPF cases; and trying to claw back those funds from consumers will be a new challenge in already one of the most cost intensive issuing functions (Visa, 2026). We can expect greater scrutiny of chargebacks before lodgement, yet, if there no industry coordination we can also expect “goods & services not as described” or “goods and services not received” to become a 2-sided marketplace to commit criminal offences as seen in other industries (i.e. transportation, fast food delivery services, etc.). On either side of claim - if that’s via a consumer or a small business, if left unchecked or its current rudimentary checks “goods & services not received” or “goods & services not as described” can quickly escalate into an even bigger bill for the economy and productivity.

AusPayNet’s latest fraud statistics show that ~2.4m fraudulent transactions occurred last FY across CNP (and "Other”) in Australia and ~2.8m fraud transactions for Australian cards used overseas. Given other transaction types are less prone to chargebacks, we disregarded those for our estimations.

Considering some of these cases had issuer liability and never resulted in a chargeback and that there is an additional of ~10% of non-fraud chargebacks (“Goods & Services not received” “Goods & Services not as described”) lodged every year, an estimated ~ 9m chargebacks were raised across Australian Banks in FY24. Issuers, acquirers and merchants pay for processing costs (such as call centre inquiries, back office investigations, write-offs, lost chargebacks, third-party disputes solutions, delivery costs, etc) and scheme fees. Assuming an average case costs $50 for a bank to process and merchants 2.96x of the average fraudulent transaction (LexisNexis, 2024), it can be assumed that between $1bn and $1.5bn costs were incurred for chargebacks in Australia for Australian cardholders. Applying the average across the aforementioned friendly fraud rates would consider 60% of that volume to be friendly fraud. Mastercard’s state of chargeback report 2025 assumes total chargeback volumes to increase by 35% (between 2025 to 2028) across APAC. Based on our interviews that number is conservatively estimated and likely higher. Applying 35% growth would mean friendly fraud in chargebacks would exceed $1bn in economic impact annually by 2028. When the SPF comes into effect and small businesses which are the vast majority of businesses in Australia will be able to claim funds for scamming consumers from banks, the cost of chargebacks is set to grow exponentially. This is only a high-level estimation based on assumptions as there are neither common definitions nor data reporting. Further, multiple transactions (up to 35) can be lumped together into one case for some schemes; and vendor/ solution providers have been referenced in this assessment to establish assumptions. Only through regulatory enquiry and dedicated industry engagement reliable data to quantify the economic impact can be established with certainty. It is however clear from the estimation that it’s already a significant issue in Australia and set to grow.

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