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Clarifying Recent Headlines Concerning Imposition of DuitNow QR Transaction Fees on Traders from Nov 1

28 September, 2023. Kuala Lumpur. On 26 September 2023, several online and mainstream media covered a story on a local banking institution notifying its customers on the impending imposition of transaction fees for DuitNow QR payments and transfers made with credit cards effective 1 November 2023. The story also cited a few banks who were purportedly unaware of this matter.

Payments Network Malaysia Sdn Bhd (PayNet), the operator of DuitNow QR, wishes to issue this clarification to ensure the facts on this matter is correctly and accurately reflected as well as clearly understood.

The concerns raised on the impact of the fees imposed on merchants and prices of goods and services are understandable. However, there are several confusions that should be clarified. The story has inaccurately described two different types of e-payments as one and the same:

- **One actually concerns e-payments made by a customer to any merchant.** This normally attracts merchant discount rate (MDR) which is charged based on a percentage of the payment transaction value. A merchant would receive the payment made by their customers after deducting the MDR. At present debit and credit card payments incur MDRs whereas there is MDR waiver on QR payments. From 1 October 2023, this MDR waiver for DuitNow QR payments will be uplifted.
- **On the other hand, the RM0.50 fee for transactions above RM5,000 mentioned in the story is for peer-to-peer fund transfers from a personal QR to another personal QR, not payments to merchants.** This is completely unrelated to the first mentioned QR payments to a merchant and under no circumstances will both fees be imposed for the same transaction.

For the first mentioned type of payment, the collected MDR will be shared between PayNet and the relevant bank or third-party acquirer. It is to cover upkeep of our network as well as costs incurred by banks and third-party acquirers for onboarding merchants to enjoy this valuable service.

To incentivize adoption during the QR payment introductory period in 2019, MDR was waived. This waiver was further extended due the outbreak of COVID-19. It is neither a new nor an additional fee. Instead, 1 October 2023 is the end of the MDR waiver that was supposed to have been done over 9-months ago.

A reserve fund will be established with the MDR collected by PayNet to incentivise acquirers not to charge the smaller businesses. Whilst PayNet is not in a position to dictate what the market charges merchants, several banks and third-party acquirers intend to either continue to defer imposing MDR or absorb it for smaller businesses. In this respect, merchants should check with their bank or third-party acquirer to confirm this matter.

The RM0.50 sen fee is for fund transfers above RM5,000 using personal DuitNow QRs. It is inaccurate to state RM0.50 charge applies to payments made to merchants. It is also inaccurate to state that MDRs is charged for funds transfers using personal QRs.

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To concerns that MDRs will be passed on to consumers, PayNet wishes to clarify purchases using credit and debit cards are already subject to MDR. Products and services purchased with credit or debit cards are priced the same as cash purchases. Likewise, we do not foresee prices of goods and services to be affected by purchases using DuitNow QR after MDR is imposed.

To allegations that transacting in cash is free, PayNet wishes to clarify that a study by Roubini Thoughtlab in 2018 confirmed that this belief is misplaced because the estimated benefit of going cashless to businesses far outweighs the cost. The 15-year (2017-2032) cumulative net benefit of USD4.2 bil can be expected due to the savings from reduced paperwork and benefits of e-payments (namely increased interest earned, no manual reconciliation, no shortfall related losses, lesser headcount and time saved from handling cash).

PayNet is compelled to issue this statement as any discussion or dialogue on this matter should be premised on accurate, correct and fully informed understanding of the facts and how the digital payment industry actually operates.

About DuitNow QR and Payments Network Malaysia

DuitNow QR is Malaysia's interoperable QR standard that allows payments and receiving funds from any participating Bank and eWallet with just one QR code and is operated by Payments Network Malaysia (PayNet).

PayNet is Malaysia's premier payments network and central infrastructure for financial markets. We innovate, build and operate world-class payment systems and financial market infrastructures that safely, reliably and efficiently enable the functioning and development of Malaysia's financial system as well as the economy as a whole.

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