



Windcave Limited
33 Wilkinson Road, Ellerslie
Auckland 1060
New Zealand

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Commerce Commission
Level 12, 55 Shortland Street
PO BOX 105-222, Auckland 1143
New Zealand

By email: RetailPaymentSystem@comcom.govt.nz

Consultation on Payments between Bank Accounts PROJ0045837

Windcave Limited (**Windcave**) welcomes the opportunity to respond and engage with the Commerce Commission (**Commission**) on the publication "*Retail Payment System – Payments between bank accounts*" (**Publication**).

Windcave supports the aim of the Commission to promote competition and efficiency in the Retail Payment System and a competitive market is fundamental to achieving this broad purpose.

Windcave notes that the Commission has also identified in the Publication that there is currently an existing cost-effective method of processing in store card present transactions, and this is using domestic EFTPOS transactions. Major retail banks are not incentivised to encourage the use of the domestic EFTPOS network as they receive additional revenue from acquiring and issuing when transactions are processed direct to the card schemes.

There is a lack of competition in the domestic EFTPOS debit network as all domestic EFTPOS transactions are processed through a single switch (the Worldline switch) which effectively controls the entire domestic EFTPOS network for card present transactions.

An alternative to processing through the Wordline switch is for a payments processor such as Windcave to establish direct debit links with the major retail banks. For more than five years Windcave has been trying to establish direct debit links with the major retail banks (as issuers of NZ EFTPOS cards) and the banks have been unwilling to fully engage or provide access to Windcave to these links.

In Windcave's view the key benefits to such access to the debit links would:

- 1) lower the cost per transaction for EFPTOS issuer which would reduce the cost to run the debit network;
- 2) allow Windcave to add more value and provide better solutions for consumers such as contactless and QR code payment methods;
- 3) give more choice to the EFTPOS issuing bank for routing and have sustainable EFTPOS debit solution;



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- 4) provide a secure transaction experience; and
- 5) increased competition which will result in lower cost to the merchant (low network fee).

We would appreciate it if the Commission could check in with the major retail banks about the status of granting access to the debit links.

I would be happy to discuss this with you further if needed.

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[Redacted]

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