

2 September 2024

Commerce Commission

Via email: [PaymentsTeam@comcom.govt.nz](mailto:PaymentsTeam@comcom.govt.nz)

**RE: RETAIL PAYMENT SYSTEM CONSULTATION**

Tenā koe,

We are writing to you on the Retail Payment System consultation.

As the representative voice of the hospitality and tourism sector, Hospitality New Zealand (Hospitality NZ) takes immense pride in advocating for the interests of over 2,500 diverse businesses, including cafés, restaurants, bars, nightclubs, commercial accommodation, country hotels, and off-licences. With a history spanning over 120 years, we have been steadfast in our commitment to fostering a thriving and responsible sector.

We welcome the Commerce Commission's investigation into the retail payment system.

Retail payments are a contentious area for our members. As the Commission acknowledges, the complexity of interchange fees makes it incredibly difficult for a merchant to understand the cost of accepting different forms of payments. Furthermore, the complexity inhibits a business's ability to appropriately offset the costs incurred across the payment system.

More broadly, the complexity of the digital payments scheme involves a broad set of participants, including customers, merchants, the payment networks processing the transactions, technology companies providing point of sale infrastructure, and the banks that issue cards to their customers and work with retailers.

We question why the Commerce Commission has chosen only to focus on Mastercard and Visa. We would like to see the investigation expanded to regulate all card providers and payment types.

We believe there is an opportunity to reduce the complexity associated with digital payments and provide clarity around the role of each participant. This includes clarity over the costs associated with payments acceptance. Encouraging transparency and simplification from other parts of the retail payment system enables merchants to surcharge at an appropriate rate, if needed at all.

We note that the Commission is considering further regulation which could lead to merchant service fees for domestic Mastercard and Visa card payments reducing to less than 1%. In our view, if the entire retail payment system isn't regulated, issuers and banks could increase charges to merchants in other areas. Otherwise, we do not believe a regulated reduction in merchant service fees will have an impact on the overall cost to merchants (and therefore customers), except to prevent merchants from recovering costs. We support further work in this area, provided this considers all the fees a merchant incurs and accounts for the variations across card and payment methods.

We continue to support the merchant's legitimate right to surcharge to recover payment costs. To do this accurately they require greater clarity from their acquirers about the fees they pay for different services. Greater simplification and standardisation of fee structures would assist all businesses to meet this objective, as would guidance or regulation addressing how acquirers communicate fees in their statements.

Thank you for the opportunity to comment on the investigation into the retail payment system.

Ngā mihi nui,

■



**Steve Armitage**  
**Chief Executive**  
**Hospitality New Zealand**