

Question number	Target Audience	Question	Till Payments Response
1	Merchants	Do merchant service fee complexities drive challenges in determining whether and how you surcharge?	N/A
2	Merchants	Would you consider lowering or even ceasing to surcharge if your merchant service fees were less than 1% for in person card payments?	N/A
3	All stakeholders	Is token portability an issue in New Zealand? If yes, what is stopping the implementation of the Reserve Bank of Australia's expectations here?	Yes, Token portability is a significant issue in the context of an open market and the ability of a merchant to freely choose their service provider. Lack of portability lowers competition by not allowing merchants to change gateways. In many cases, this will also prevent a change in the underlying acquirer. It is too time-consuming, expensive and an imposition on their customers for merchants to contact each customer and re-collect card data to allow retokenization on a new platform. This practical inability to move allows the incumbent provider to charge higher margin for service due to the lack of competitive tension.
4	All stakeholders	We welcome further evidence of any other issues within the New Zealand retail payment system	Till Payments Solutions Ltd has been a licenced Visa and Mastercard Acquirer in New Zealand acquiring ecommerce scheme transactions since January 2022. Till is committed to bringing new ecommerce and card-present payment solutions to market to support businesses operating in New Zealand. We have worked with payments industry participants during that time, but have been unable to secure the agreements needed to bring a card present solution to market that includes the authorisation and settlement of domestic EFTPOS transactions. (debit transactions processed outside the scheme payment rails).
5	Schemes, Issuers, Acquirers	What do you consider an appropriate methodology for determining interchange fee caps in New Zealand? Why do you think this best meets the purpose of the Retail Payment System Act, and how would it be practically implemented?	We don't have a specific view on the appropriate methodology. We note that interchange should be set at a level appropriate for all payment ecosystem payers, to provide a cost competitive service while ensuring ongoing investment to deliver a resilient, safe and feature rich payment ecosystem.
6	Schemes, Issuers, Acquirers	What is the rationale for the heavy discounting of interchange fees to large businesses and the evidence to support the extent of the discounting observed?	As an acquirer, we apply the interchange category related to the individual transaction each case. This includes the 'strategic' interchange categories available to some large merchants that give them a significant discount when compared to a different merchant accepting an identical transaction.
7	Mastercard, Visa, Issuers	What evidence is there to support higher interchange fee rates for credit versus debit card payments?	N/A
8	Mastercard, Visa, Issuers	We welcome quantitative evidence justifying higher interchange rates on domestic card not present transactions.	N/A
9	Mastercard, Visa	We are seeking evidence on the rationale and methodology used to set the difference between interchange fee rates on cards issued within New Zealand and foreign issued cards.	N/A
10	Mastercard, Visa	Why are two categories of rates for foreign-issued cards (inter-regional and intra-regional) necessary?	N/A

11	Mastercard, Visa, Issuers, Acquirers	Who is liable for the fraud costs associated with transactions made using a foreign-issued card?	Under normal cases, the liability for fraud isn't different between international and domestically issued scheme cards.
12	Mastercard, Visa, Issuers, Acquirers	We are seeking quantitative evidence of differences between levels of fraud for domestic and foreign-issued cards.	We don't have the scale of data to provide insights.
13	Mastercard, Visa, Acquirers	We welcome evidence and rationale for why merchants are treated differently for interchange fee application.	As an acquirer we apply the interchange rate that is relevant to the transaction based on the scheme hierarchy tables. We have no input into the setting of those rates, or the rationale behind them.
14	Mastercard, Visa, Acquirers, Issuers	We welcome evidence of the impact of hard caps and percentage rates on compliance costs.	As a standalone acquirer, we don't see any compliance cost associated with hard caps and percentage rates
15	Mastercard, Visa, Acquirers, Issuers	Please provide evidence of any other aspects of the implementation of any changes to interchange fee caps that impacts compliance or other business costs.	As a standalone acquirer, we don't see additional compliance costs relating to regulated interchange. The requirement on us is to ensure interchange accuracy, whether the underlying rate is set via regulation or not is immaterial.
16	Acquirers	How would you reduce merchant service fee rates for your customers on fixed or blended pricing?	Till has two sets of blended rates in the New Zealand market. 1) Direct business where Till set the MSF with the merchant. Till will review the blended MSF and lower it by the amount of any reduction in acquiring cost if commercially appropriate 2) Indirect business where the MSF is sold & set by a business partner. This is typically in association with other value added services such as software. We will work with the business partners to ensure they understand the reduced cost of acceptance so they can plan accordingly.
17	Acquirers	How would you provide your customers with an overview of the intended impact on them of further price regulation?	Our preferred pricing methodology is 'interchange plus', or 'cost plus' (also known as interchange plus plus). This provides a direct pass through of the uncontrollable (by Till) external costs of interchange and scheme fees. This provides the merchant with immediate benefit of any cost decrease. We will communicate to all of our customers, regardless of pricing methodology, of the outcomes of regulatory change on their merchant facility.
18	Mastercard, Visa, Issuers, Acquirers	How fit for purpose is the current anti-avoidance provision? Please provide evidence of any challenges and whether there are other more efficient solutions.	As a standalone acquirer, we don't have a view on the fitness for purpose of the anti - avoidance provision.
19	All stakeholders	Please provide any evidence of other impacts a material reduction in interchange fees for Mastercard and Visa could have on the New Zealand retail payment system.	Other than a cost decrease to acquirers and merchants, there was no significant observable change from the initial interchange regulation. We see no change from further regulation.