

**18 DECEMBER 2024**

**Retail Payment System**

Interchange fee regulation for Mastercard and Visa networks – Draft decision and reasons paper

Submission Template



Purpose of this template

* 1. This template provides details on how to make submissions on our Interchange fee regulation for Mastercard and Visa networks – Draft Decision and Reasons Paper and the confidentiality considerations.[[1]](#footnote-2) It also provides a full list of questions to assist with written submissions.

Providing your views by submission

* 1. We are seeking your feedback on our proposal to simplify and lower interchange fee caps and on other elements of our draft decision such as our proposed implementation timing. Your feedback will inform our final decision and pricing standard.
	2. You do not need to respond to all the questions raised in this paper, you can instead just respond to the questions that relate to your business operations or experience.
	3. Whilst we will accept a range of formats, our preference is for submitters to use this template. Responses can be emailed to paymentsteam@comcom.govt.nz with ‘Draft Decision on interchange fee regulation for Mastercard and Visa networks’ in the subject line.
	4. To ensure your feedback can be considered, please provide this to us by 5.00pm, Tuesday 18 February 2025.

Confidentiality

* 1. While we encourage public submissions so that all information can be tested in an open and transparent manner, we recognise that there may be cases where parties that make submissions wish to provide information in confidence.
	2. We take the protection of confidential information seriously. If you include confidential material in a submission, the information should be clearly marked, with reasons why that information is confidential.
	3. Where commercial sensitivity is asserted, you must explain why publication of the information would be likely to unreasonably prejudice your commercial position or that of another person who is the subject of the information.
	4. When including confidential information in your submission:
		1. Please provide clearly labelled confidential and public versions. We intend to publish all public versions on our website.
		2. The responsibility for ensuring confidential information is not included in a public version of a submission rests entirely with the party making the submission.
		3. Please note that all submissions we receive, including any parts that we do not publish, can be requested under the Official Information Act 1982 (**OIA**). This means we would be required to release material that we do not publish unless a good reason existed under the OIA to withhold it. We would normally consult with the party that provided the information before any disclosure is made.
	5. We will consider any request from a party who wishes to keep their identity and/or the content of their submission anonymous. However, this request must be discussed with us first before the submission is provided to us. Submitters must justify any request for anonymity by providing reasons.
	6. Table 1.1 provides the full list of our submission questions. We welcome responses to these questions and any additional comments you would like to make.

Full list of our submission questions

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| Question number | Question |
| 1 | Overall, do you agree with the proposed simplified and lowered interchange fee caps? If not, why not? Please provide reasoning and evidence for the proposed caps you disagree with. (Relevant sections: Chapter 2, Table 2.1)*[insert your views here]* |
| 2 | Overall, do you agree with our reasons for this draft decision, including how this impacts competition and efficiency in the retail payment system for the long-term benefit of merchants and consumers? If not, why not? Please provide reasoning and evidence. (Relevant sections: Chapters 2 and 3) |
| 3 | Do you agree with our base interchange fee level of 0% for contacted debit and a maximum of 0.20% for contactless debit? If not, why not? Please provide substantive quantitative evidence. (Relevant sections: Chapter 3)  |
| 4 | Do you agree with our view that lower interchange fees are unlikely to have a material impact on fraud protection and are unlikely to materially increase losses to fraud across the retail payment system? If not, why not? Please provide substantive quantitative evidence. (Relevant sections: Chapter 3) |
| 5 | Do you agree with our view that credit and debit should be treated the same for interchange fees, and our draft decision of no premium on interchange fee rates for in-person credit transactions? If not, why not? Please provide substantive quantitative evidence. (Relevant sections: Chapter 3) |
| 6 | Do you agree with our view that commercial transactions do not warrant premium interchange fee rates? If not, why not? Please provide substantive quantitative evidence. (Relevant sections: Chapter 3) |
| 7 | Do you agree with our view that online transactions warrant higher interchange rates than in-person transactions? Do you agree with our draft decision of an interchange fee rate cap of 0.40% for domestic debit and credit online transactions? If not, why not? Please provide substantive quantitative evidence. (Relevant sections: Chapter 3) |
| 8 | Do you agree with our view that foreign-issued cards warrant higher interchange rates than domestically issued cards? Do you agree with our draft decision of an interchange fee rate cap for foreign issued cards used at New Zealand merchants of 0.60% for in-person and 1.15% for online transactions respectively? If not, why not? Please provide substantive quantitative evidence. (Relevant sections: Chapter 3) |
| 9 | Do you agree with our draft decision to leave interchange fees for transactions using domestic prepaid cards unregulated for now? If not, why not? (Relevant sections: Chapter 3)  |
| 10 | Do you agree with our view that card issuance and currency costs for international payments are unlikely to justify substantive changes to interchange fee rates? If not, why not? Please provide substantive quantitative evidence. (Relevant sections: Chapter 3)  |
| 11 | Do you agree with our proposed new approach for assessing anti-avoidance? If not, why not? (Relevant sections: Chapter 4 and proposed network standard published alongside this paper)  |
| 12 | Do you agree with our proposed implementation period (implementation of final pricing standard by 1 November 2025)? If not, why not? (Relevant sections: Chapter 4)  |
| 13 | Do you agree that it seems likely that some form of surcharging regulation will be needed? What are your views on the possible options we discuss? Do you see other possible options? If so, which? We welcome feedback on possible options to address excessive surcharging. (Relevant sections: Chapter 5) |
| 14 | Do you agree with our proposed amendments to the pricing standard? If not, please explain why not and provide an alternative. (Please see the proposed network standard published alongside this paper)  |

1. Commerce Commission “Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reasons Paper” (18 December 2024) available at <https://comcom.govt.nz/regulated-industries/retail-payment-system#projecttab> [↑](#footnote-ref-2)