



Commerce Commission
Retail Payment System Team

By email only:

retailpaymentsystem@comcom.govt.nz

25 September 2023

Dear Retail Payments System Team,

RE: Interbank payment network request for views paper

Thank you for the opportunity to provide our views on the Commission's Payments Between Bank Accounts paper.

Mastercard has been a vital part of the NZ payment ecosystem for more than 20 years. Our investment in innovation has helped advance convenience and the safety of the payments ecosystem. Our work with banks, non-bank licensed institutions, merchants and fintechs has seen the adoption and growth of secure contactless transactions, implementation of safer online transactions, and rapid growth of cross border spend – enabling convenient transactions for kiwi merchants when visitors come to Aotearoa, and when kiwis travel abroad.

About Mastercard

Mastercard is a technology company in the global payments industry. We operate a multi-rail payments network that provides choice and flexibility for consumers, merchants and our customers. As a network our role is to balance the ecosystem to ensure all participants derive value from the ecosystem.

Using these capabilities, we offer integrated payment products and services and our investments in new networks, such as open banking solutions and digital identity capabilities, support and strengthen our payments and services solutions. Our payment solutions are designed to ensure safety and security for the global payments ecosystem.

Mastercard is also a global participant in account-based payment solutions and open banking with leading businesses in the United States, UK, Europe and more recently in Australia. Through our open banking businesses we are striving to achieve better financial outcomes for consumers. Thoughtful and responsible use of consumer data can open-up a range of use cases, including opening new accounts, better lending and credit-decisioning experiences, and account-to-account payment capabilities.

Consultation response

Mastercard welcomes the promotion of an environment that promotes consumer and merchant choice through innovation and new entrants, including new payment options for payments between bank accounts in New Zealand.

NZ's payments between bank accounts landscape

For any payment network or product to be successful, innovative and secure, there needs to be careful consideration of the distribution of value and cost. Benefits to merchants, consumers, distribution parties and other potential third parties need to be considered and cost distributed accordingly. Where focus disproportionately favours one party in the ecosystem, we see limits to sustainable growth.

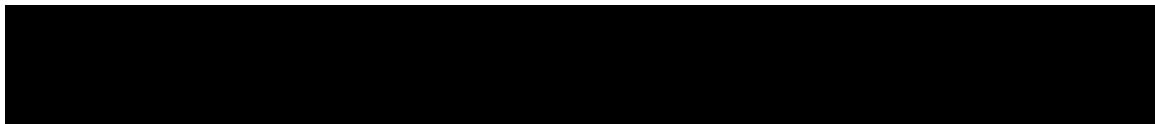
We refute the consultation suggestion there is limited competitive constraint to Visa or Mastercard debit cards, and that innovation isn't happening in the space. The New Zealand payments market has evolved significantly over the past few years.

Innovation in the account-to-account space has increased – New Zealand has seen the introduction of contactless debit payments, mobile debit payments, tokenisation of debit cards, liability shift options for merchants and softpos acceptance to name a few. We have also seen new entrants in the account-to-account space both online and in-store. This has increased choice and innovation for merchants and consumers in New Zealand.

The key features of traditional bank services

We note that the paper is correct in identifying that Mastercard processed card payments usually settle the following business day, however, the Mastercard network promises merchants instant guaranteed payments – which in our experience is more important to the majority of merchants than the actual settlement timeframes. Instant guaranteed payments allow for an efficient checkout process for both parties, and merchant peace of mind whether in store or online.

It is also important to highlight that Chargebacks/consumer protection/liability shift around account-to-account payments are currently less well developed. Establishing a secure, trusted, resilient and appropriately regulated digital ecosystem is critical to the future of the payments system and, the economy.







Re: possible regulatory intervention

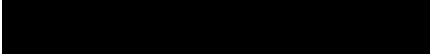

We respectfully encourage the Commission to engage in further consultations with the industry, merchants and even consumers before moving quickly towards regulatory intervention to accommodate and incorporate feedback and concerns from relevant stakeholders.

In particular, we wish to highlight that any new technology and innovation even if mandated by way of possible regulatory invention requires a sustainable commercial model for innovative business models to work and to be maintained and a base level of consistency to inform the infrastructure build and adherence to standards and uptake to drive efficiency of scale for merchants and end users.

Conclusion

We appreciate the efforts of the Commission to take a systems-wide approach and learn from other markets.

We appreciated the opportunity to meet with the Commission last week and look forward to continuing our discussion.

Please do not hesitate to contact me at  or Tanya Stoianoff, VP Public Policy and Government Relations at  if you have any questions.

Yours Sincerely,

