

19 July 2018

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Letter of Issues - Ingenico Group SA / Paymark Limited

Thank you for your letter of 11 July 2018 and for a further opportunity to submit on behalf of Woolworths New Zealand on this matter.

Paymark claim in para 44.1 that it is not necessary to build links to all Issuers to offer a credible proposition to merchants (and that building links to only the big four banks will provide 88% coverage). In our view, this situation would still prevent retailers from serving those customers who have a payment product issued by an institution other than one of the big four banks. This means we could not offer a ubiquitous payment experience and may lose customers.

With regard to para 45, customers expect retailers to be able to offer them a seamless and frictionless payment experience - one that does not discriminate between Issuers.

We doubt any retailer would support a proposition that allows them to (under normal circumstances i.e. not during an outage or adverse event) only accept 88% of transactions.

Both paras 44 and 45 need to be considered in the context of wider underlying issues around a lack of regulated access rules to the national payments system which regrettably is outside the scope of this investigation.

As per para 50 - the banks submit they have enough countervailing power to prevent adverse competitive effects. However, they are only referring to switching costs. The total merchant fee pricing includes a number of other cost components, including interchange, scheme fees, acquirer margins etc. These generally are not broken down in a transparent manner for retailers to understand or negotiate on. Again we note this matter is outside this current review.

In summary, we do not support the views raised by the parties supporting the proposed acquisition. We are not confident that the domestic payments environment will not be adversely impacted on. Our original submission sets out our position. We are happy to discuss any of the above if that would assist the Commerce.

Yours sincerely,

