

4 May 2018

The Registrar
Mergers and Authorisations
Commerce Commission
PO Box 2351
WELLINGTON

By email: registrar@comcom.govt.nz

ACQUISITION OF PAYMARK BY INGENICO

Introduction

1. Retail NZ is a not for profit membership organisation representing the interests of the retail sector. We have about 4,000 members which collectively account for about two-thirds of total retail turnover in New Zealand.
2. The processing of electronic card payments is an essential facility for the retail sector. It underpins the retail sector, and needs to work efficiently and cost-effectively to support the entire economy.
3. We wish to make some comments about the proposed acquisition of Paymark by Ingenico.

The maintenance of our domestic EFTPOS network is essential

4. Paymark operates New Zealand's domestic EFTPOS network, providing a low-cost transactional network to facilitate electronic debit card transactions. It is critical that this network be retained because it provides an important competitive counterweight to the substantial market power of the international card schemes.
5. There has been insufficient investment and innovation in the domestic EFTPOS network over a number of years. This has meant that, unlike its international competitors, it has not been possible to use the service for online purchases (although some work in this area is underway).
6. We think it is essential that the new owners of Paymark retain the domestic EFTPOS network, and invest in it to provide greater functionality to consumers.
7. If this is achieved it will improve the overall competitiveness of our payments network and help to bring merchant and consumer fees down.

The combined entity will have greater leverage on hardware

8. We note that Ingenico is a supplier of payments hardware while Paymark sets standards for connection to the Paymark network. There is potential for the combined entity to have a conflict of interest: it could hypothetically seek to prevent competition in the provision of hardware.

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Conclusion

9. We hope these issues will form part of the Commission's consideration of the proposed merger. Please do not hesitate to contact me if you require more information.

Yours sincerely



Scott Fisher
Chief Executive