**APG Pay Pty Ltd**
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29 June 2026

Commerce Commission
PO Box 2351
Wellington 6140
New Zealand

By email: PaymentsTeam@comcom.govt.nz

**Re: Submission on the Draft Decision — Interchange Fee Regulation for Commercial and Corporate Mastercard and Visa Credit Cards**

Dear Commissioners,

APG Pay Pty Ltd (APG Pay) welcomes the opportunity to comment on the Commission's draft decision, published 4 June 2026, proposing interchange fee caps on commercial and corporate Mastercard and Visa credit cards. APG Pay supports the Commission's objective of a more competitive and innovative payments system that lowers costs for New Zealand businesses, and we offer the comments below in that constructive spirit.

We make this submission ahead of the 12pm, Monday 13 July 2026 deadline, and would welcome the opportunity to discuss it further with the Commission.

**Who we are, and why this matters to us directly**

APG Pay is an Australian Financial Services Licence (AFSL) holder, a UATP and Mastercard scheme issuer, and an active card issuer in the Australian corporate payments market across travel payment and B2B supply chain finance. [redacted]

[redacted]

- [redacted]
- [redacted]

[redacted]

[redacted]

**What we are already seeing in the New Zealand market is a warning sign**

[redacted]

In the Australian market, APG Pay has had to be very selective over the type of customers it supports due to interchange capping, instead designing closed-loop payments in some instances which can restrict who a Corporate customer can settle with, instead of utilising the wide acceptance networks of Visa and Mastercard, together with the controls and protections these schemes offer to SMEs and Corporates.

**Commercial card margins are already tight, and unlike consumer cards we cannot simply raise fees to compensate**

We would encourage the Commission to examine an assumption that may sit behind the draft decision: that issuers can absorb a lower interchange cap and rebalance economics elsewhere, as has occurred to some extent in the consumer market through cardholder fees.

In the corporate and commercial segment this is far more constrained:

- [redacted]

- [redacted]

[redacted]

Taken together, our realistic assessment is that margins available to a commercial card issuer in New Zealand are already very thin before any further interchange reduction. A cap calibrated without reference to these economics risks making the product line uneconomic for a new entrant before it has even launched.

**The practical consequence for entry incentives**

We want to be transparent with the Commission about the commercial reality this creates. Developing the products described above — IRD-approved, tax-data-rich travel payments, Peppol-connected supplier automation, and SME-friendly early settlement financing — requires significant time and capital. For an entrant without an existing deposit or balance-sheet franchise, interchange is effectively the whole business case. If the post-cap return is negligible or negative, the rational response across the sector is for finite product-development investment to flow to markets with more workable economics. We would note candidly that our own New Zealand plans face exactly that test.

**The likely market-wide effect may sit in tension with the Commission's objectives**

[redacted]

[redacted]

[redacted]

[redacted]

We are concerned that these effects may sit in tension with the Commission's stated objectives for this round of regulation: a more competitive, more innovative payments system that lowers costs for New Zealand businesses without simply reallocating share among incumbents.

**What we are asking the Commission to do**

- Treat new and prospective entrants, and fintech issuers without an existing deposit or balance-sheet franchise in New Zealand, as a distinct category in setting any cap, rather than calibrating solely off incumbent bank and scheme economics;
- Test the draft decision's assumptions against the post-implementation experience in the personal card market, including the apparent shift in share toward Amex and other less interchange-dependent players, before finalising commercial card settings;
- Recognise that virtual-card, single-lodged-account commercial programs cannot rebalance lost interchange through cardholder fees in the way personal or simple T&E cards can, and for the reasons above, be cautious about setting commercial caps below 1% and calibrate accordingly; and
- Provide a transition timeframe for commercial cards that gives issuers genuine visibility before committing further product investment, and engage with us directly on the cost data underlying our New Zealand business case, on a confidential basis if useful.

**Conclusion**

APG Pay supports a New Zealand payments system that is efficient and fair to merchants and consumers. We do not believe the draft decision, in its current form, achieves that for the commercial and corporate segment. Rather than improving competition, we believe it risks deterring the very fintech entrants — including APG Pay — that the Commission's broader competition agenda is trying to attract into the market, while leaving SMEs exposed to reduced cashflow, reduced protections and reliance on large existing banking providers as a second-order effect. We would welcome the opportunity to discuss this submission, and our New Zealand market entry plans, with the Commission directly.

We thank the Commission for its consideration and look forward to participating in the remainder of this process, including the cross-submission period.

Yours sincerely,

[redacted]