



6 August 2026

Attn: Payments Team Secretariat, Commerce Commission | Te Komihana Tauhokohoko

By email: paymentsteam@comcom.govt.nz

Cross-submission: Commercial Credit Card Interchange Fee Regulation for Mastercard and Visa Networks – Draft Decision and Reasons Paper

Dear Secretariat

Mastercard welcomes the opportunity to respond to public versions of submissions received on the Commerce Commission's Draft Decision and Reasons Paper on commercial credit card interchange fee regulation, published 4 June 2026, and to the Commission's Merchant Survey Results, published on 23 July 2026. This cross-submission is confined to specific points raised by other submitters and by the Commission's survey. It does not restate the evidence and arguments set out in Mastercard's submission of 16 July 2026, which Mastercard maintains in full.

Pass-through Evidence

Mastercard's submission of 16 July 2026 made the point that the Commission has not established that previous interchange fee reductions were passed on to consumers, and that the evidentiary base for further intervention pre-dates the December 2025 domestic reductions and May 2026 caps on foreign-issued cards. Evidence submitted by other stakeholders in this consultation supports that concern.

That concern is also consistent with the Commission's own position. In its 17 July 2025 Final Decision on interchange fee caps for personal cards in New Zealand, the Commission did not present measured evidence of consumer pass-through. It committed instead to monitor merchant service fees (MSF), issuer scheme fees and rebates, and acquirer scheme fees, and to reassess pass-through after implementation. Mastercard is not aware of any published assessment by the Commission since the December 2025 and May 2026 implementation dates.

Retail NZ's member survey found that, after the December 2025 cap on personal credit card interchange fees, 46.3% of respondents had seen no change in the fees shown on their monthly bank statements, and 21% had not looked closely enough to know. Only 26.3% noticed a small change, and just 5% reported a significant decrease. On Retail NZ's figures, around two-thirds of respondents were unable to identify or confirm whether they had received a reduction, supporting the need for greater transparency about whether and how interchange savings flow through to merchants.

Other submitters raise the same transparency concern. The Restaurant Association says members remain unclear about how regulated reductions appear in their statements. Contact Energy says customer benefit depends on whether reductions flow through bundled MSF fees.

ANZ's submission provides further evidence of weak pass-through. ANZ states that reductions in interchange and MSF did not result in equivalent reductions in surcharging or prices. Its data show the average MSF fell 44 basis points, from 1.35% to 0.91%, while the average surcharge fell only 22 basis points, from 2.24% to 2.02%. The proportion of ANZ terminals surcharging above the MSF

rose from 91% to approximately 94%, and the proportion of ANZ merchants surcharging at all rose from 8% in 2022 to 26% in 2026. ANZ concludes that these outcomes provide further evidence that reductions in payment acceptance costs are not consistently passed through to consumers.

The Commission's own 2023 monitoring found similar issues after the 2022 interchange caps. More than half of merchants did not know their MSF rate, most acquirers did not publish interchange-plus rates, and 82% of surcharging merchants believed they were surcharging at or below their MSF, which terminal-provider data indicated was not accurate for many. That confirms a longstanding lack of transparency about whether savings from interchange fee reductions flow through to merchants and consumers and shows merchant self-reporting alone is not enough to establish pass-through.

Mastercard therefore recommends that before proceeding with commercial credit card interchange fee regulation, the Commission complete and publish the post-implementation monitoring it committed to following its December 2025 decision. That monitoring should assess whether savings from measures already implemented have reached merchants and consumers, including through changes in MSF, surcharge levels, and scheme fees and rebates.

Merchant Survey

The Commission's 2026 Merchant Survey Results have important limitations as a basis for reducing or removing the commercial card premium. Its leading design, small sample size, and non-representative respondent mix mean the results cannot support conclusions or decisions applying to merchants market-wide. The survey is based on 94 completed responses, whereas the Commission's 2022 Kantar Public merchant research surveyed over 1,100 merchants and was weighted to be nationally representative by industry, employee numbers and region. The Commission's 2023 observations from the earlier research identified issues of merchant fee awareness, transparency and surcharge alignment.

Of the 94 completed responses to the 2026 survey, 46 came from accommodation providers and 26 from hospitality businesses. Those two tourism-exposed sectors account for 77% of respondents, while retail, professional services, trades and other sectors have single-digit response counts. A sample this small and concentrated cannot support market-wide conclusions.

Nor does the survey show that commercial cards fail to deliver value above cost. Question 7 compared commercial cards with invoicing and trade accounts, the realistic alternative for business-to-business payments. 78 of 92 respondents (85%) cited faster payment, 56 (61%) less administrative work, 48 (52%) not having to extend credit, and 36 (39%) attracting more customers. That is the more probative comparison because commercial cards displace invoicing and trade credit, not personal cards.

Question 8 asked the narrower question whether commercial cards offer additional advantage over personal credit cards. The fact that 71% answered no does not establish that commercial cards deliver no merchant value. Question 16 reinforces the point. Of 54 respondents receiving virtual card or one-time virtual card number payments, 46 (85%) identified specific merchant benefits, including faster and guaranteed payment (26 respondents) and reduced fraud risk (12 respondents).

Question 22 shows that 78% of cardholding merchants would prefer lower fees even if cardholders received fewer benefits. That is a preference about how benefits should be allocated, not evidence that commercial card acceptance costs exceed merchant value.

The 2022 Kantar research did not test the specific propositions now relied on from Questions 8 and 22 of the 2026 survey. The Commission's 2023 observations instead point to merchant confusion

about fees and a gap between perceived and actual surcharge levels. That is a transparency problem, not evidence that commercial card acceptance lacks value.

A level playing field

A pro-competitive regulatory framework for New Zealand payments should apply consistently to functionally equivalent payment activities, whether delivered through a three-party or four-party network model, to ensure a level playing field.

Amex's own advocacy supports that principle. In its submission, Amex cautions in relation to surcharging that selective regulation can distort competition where one payment model is regulated differently from another.

The same competitive neutrality concern therefore also applies to interchange regulation.

While Amex does not charge interchange fees in the same way as four-party schemes where interchange is paid between acquirers and issuers under rates set by the schemes, its arrangements can perform functions economically equivalent to four-party interchange, including funding cardholder incentives and influencing merchant pricing and card acceptance costs.

A regulatory perimeter that captures four-party interchange but leaves economically comparable three-party arrangements outside it risks producing the selective outcome that Amex itself cautions against: regulation that changes competitive dynamics by reference to legal form rather than economic substance.

The policy question is therefore whether a network with meaningful New Zealand market presence, materially higher merchant charges, and the ability to fund cardholder incentives should remain outside the regulated framework.

The European Union's regulatory approach towards three-party network activity is instructive: it reinforces that assessment of three-party network activity should turn on economic substance and effect, not contractual or corporate form, to prevent equivalent activity from avoiding regulation through categorisation alone.

A level playing field in New Zealand payments therefore requires the Commission to consider whether functionally equivalent payment arrangements should be subject to equivalent regulatory treatment. That is consistent with Mastercard's broader position that the regulatory perimeter should turn on economic substance, competitive effect and outcomes, rather than formal categorisation. Without that approach, regulation can reasonably expect to encourage substitution that undermines the Commission's objectives of promoting competition and efficiency for the benefit of New Zealand businesses and consumers, as evidenced by the Australian experience.

Implementation Timing Concerns

Several submitters describe the proposed two-to-three month implementation period as unworkable and support a longer period. This aligns with Mastercard's recommended implementation period of nine to twelve months. ANZ recommends at least six months or alignment with the schemes' structured update cycle. BNZ recommends at least six months and avoiding the pre-Christmas trading period. Citibank recommends at least twelve months, mapped to quarterly technology release cycles.

These submissions reinforce Mastercard's position that the proposed period is insufficient for the required system, contractual, and customer-communication changes.

Limiting Mechanism

ANZ raises concerns with the proposed Limiting Mechanism that reinforce Mastercard's 16 July 2026 submission that the introduction of such a mechanism is inconsistent with the cap-setting framework. ANZ says the mechanism creates a floor based on historical pricing, entrenches advantages existing at an arbitrary date, discourages rate simplification, and adds unnecessary compliance complexity. ANZ recommends removing the mechanism or retaining it only as a targeted deterrent where the Commission observes conduct undermining regulatory intent.

Although ANZ reaches the point through an operational lens, it supports the same outcome identified in Mastercard's submission: the Limiting Mechanism should not proceed in its current form.

Mastercard would welcome the opportunity to discuss any aspect of this cross-submission further.

Ngā mihi,

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Mastercard