

# Retail payment system

## Commercial Credit Card Interchange Fee Regulation for Mastercard and Visa Networks – Draft Decision and Reasons Paper

4 June 2026



## Associated documents<sup>1</sup>

Publication date	ISBN	Title
14 August 2025	978-1-99-133292-9	<a href="#">Mastercard and Visa Interchange Fee (Cross-reference Correction) Amendment Network Standard 2025 – August 2025</a>
14 August 2025	978-1-99-133291-2	<a href="#">Mastercard and Visa Interchange Fee Network Standard 2025 (Amendment Consolidation) – August 2025</a>
17 July 2025	978-1-99-133272-1	<a href="#">Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper</a>
17 July 2025	978-1-99-133271-4	<a href="#">Retail Payment System Mastercard and Visa Interchange Fee Network Standard 2025</a>
17 July 2025		<a href="#">Cross-submissions on interchange fee regulation for Mastercard and Visa networks</a>
21 May 2025		<a href="#">Interchange fee process update - timing of our final decision and early notification of the final implementation period</a>
17 April 2025		<a href="#">Summary of consumer and business feedback received via online survey - Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reasons Paper</a>
17 April 2025		<a href="#">Submissions on Interchange fee regulation for Mastercard and Visa networks</a>
18 December 2024	978-1-99-133214-1	<a href="#">Retail Payment System Interchange fee regulation for Mastercard and Visa networks Draft Decision and Reasons Paper</a>
18 December 2024	978-1-99-133215-8	<a href="#">Retail Payment System Draft Mastercard and Visa Interchange Fee Network Standard 2025</a>

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<sup>1</sup> Available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

22 November  
2024

[Expert Support on the NZ Commerce Commission Consultation Paper "Retail Payment System - Costs to Businesses and Consumers of Card Payments in Aotearoa NZ" \(Expert Report by Dr Wilko Bolt\)](#)

23 July 2024

[Retail Payment System – Costs to businesses and consumers of card payments in Aotearoa New Zealand: Consultation Paper](#)

December 2023

[The Retail Payment System in New Zealand: Efficiency, Pricing and Competition \(Expert Report by Dr Wilko Bolt\)](#)

November 2023

[Literature Review on Competition, Efficiency and Surcharging in the Retail Payment System \(Expert Report by Dr Amelia Fletcher\)](#)

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## Executive summary

### Draft decision to regulate commercial credit interchange fees

- X1 This paper sets out our draft decision and reasons to regulate interchange fees on the Mastercard and Visa domestic and foreign commercial credit networks.
- X2 Our role under the Retail Payment System Act 2022 (**the Act**) is to promote competition and efficiency in the retail payment system for the long-term benefit of merchants and consumers in New Zealand. As part of this role, we monitor and regulate interchange fees and consider commercial credit interchange fees are unreasonably high.
- X3 Interchange fees charged on the Mastercard and Visa networks make up a significant component of merchant service fees businesses pay to accept commercial credit cards on these networks. Reducing these fees helps New Zealand businesses and consumers pay no more than is reasonable for the supply of payment services.

### Businesses are paying too much to accept commercial credit cards

- X4 Last year we issued the Mastercard and Visa Interchange Fee Network Standard 2025 (**July 2025 Pricing Standard**), in which we decided not to regulate commercial credit cards - both those issued in New Zealand and overseas.<sup>2</sup> However, we considered that commercial credit interchange fees were unreasonably high and signalled that we would regulate if these fees did not come down. New Zealand merchants currently pay approximately \$125 million per year in interchange fees to accept domestic and foreign-issued commercial credit cards. This represents around 19% of total interchange fees paid, despite commercial credit transactions accounting for only 8% of the total value of transactions.<sup>3</sup>
- X5 As we have not observed any meaningful reduction in commercial credit interchange fees, we are now proposing to regulate and are seeking feedback on our proposed caps.

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<sup>2</sup> Commerce Commission "Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper" (17 July 2025), p67, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

<sup>3</sup> Based on monitoring data received from Mastercard and Visa.

## Determining appropriate caps is a balancing exercise

X6 Determining the appropriate caps on interchange fees is a balancing exercise that requires us to apply our judgement and weigh up a number of factors to ensure we are promoting competition and efficiency for the long-term benefit of New Zealand merchants and consumers. We have struck this balance by adopting a multi-factorial analysis, informed by benchmarking against comparator jurisdictions, the New Zealand context, and both relevant issuer costs and merchant benefits. This is consistent with the methodology used to set our most recent interchange fee pricing standard.<sup>4</sup>

## More efficient and reasonable pricing

X7 Our proposed commercial credit interchange fee caps build on the insights gathered as part of our July 2025 Pricing Standard, including relevant submissions. We have also used updated monitoring data and actively engaged with stakeholders, gathering additional evidence on issuer costs and merchant benefits to inform our draft decision.

X8 We propose setting the domestic commercial credit interchange cap at a 0.20% premium above current personal credit caps.<sup>5</sup> This reflects the following key drivers:

X8.1 additional issuer costs, including fraud risk and administrative costs, and additional benefits to merchants associated with the administrative cost of alternatives, such as trade accounts, due to the nature of repeat customers in commercial settings; and

X8.2 promoting stable and sustainable market outcomes by using Australian rates as an appropriate benchmark.

X9 We retain a 0.40% differential between in-person and online transactions, consistent with personal credit settings.

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<sup>4</sup> Commerce Commission "Retail payment system - Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper" (17 July 2025), p31-42, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

<sup>5</sup> We have used % in relation to both the caps and the premium throughout this paper. For example, this premium of 0.20% means a premium of 0.20 percentage points.

- X10 For foreign-issued commercial credit, we have aligned our proposed caps with the current foreign-issued personal credit caps. This reflects our view that relevant foreign issuer costs for foreign-issued commercial credit cards are already sufficiently captured by the premium applied to foreign-issued personal credit cards, and that no additional benefits accrue to merchants from foreign-issued commercial credit cards.
- X11 We consider that benefits that commercial credit cardholders receive (such as rewards, loyalty points and expense management tools) should not necessarily be fully paid for by interchange fees. This is because these benefits are ultimately paid by merchants through merchant service fees when accepting commercial credit cards. These merchant service fees are then often passed on as higher retail prices and/or surcharges paid by a wider group of consumers, regardless of the payment product used.
- X12 The proposed caps reduce the current cross-subsidisation that occurs from merchants paying for cardholder benefits by bringing interchange fees more into line with the benefits merchants receive.

## Draft decision on interchange fee caps for commercial credit

- X13 **Table X1** provides our draft interchange fee caps on commercial credit.

**Table X1 Proposed commercial credit interchange fee caps<sup>6</sup>**

	Payment method	Current rates	Proposed caps May 2026 <sup>7</sup>
Domestic commercial credit	In-person	0.20-2.20%	<b>0.50%</b>
	Online	0.20-2.20%	<b>0.90%</b>
Foreign-issued commercial credit	In-person	1.85%-2.05%	<b>0.70%</b>
	Online	1.85%-2.05%	<b>1.50%</b>

## We estimate that our draft decision would save a further \$50 million in interchange a year

- X14 Based on our analysis of transaction values, current interchange rates, and the proposed interchange caps, we estimate the draft decision would reduce commercial credit interchange fees by \$50 million. We estimate that merchant service fees on Mastercard and Visa commercial credit cards would reduce by approximately \$40 million annually and benefit consumers through reduced upward pressure on retail prices and/or surcharge rates.<sup>8</sup>

<sup>6</sup> Footnotes in Table 3.1 outline further detail on the current rates which are unregulated.

<sup>7</sup> Or interchange fees per transaction as at 1 December 2025, whichever is lower.

<sup>8</sup> See Chapters 1 and 4 for further detail on the estimated reductions.

## **Our proposed implementation**

- X15 Our draft decision proposes implementation through an Amendment Pricing Standard, covering both domestic and foreign-issued commercial credit in the final quarter of 2026. This is intended to minimise operational disruption and avoid delaying merchant benefits.
- X16 We are also proposing to introduce a limiting mechanism to ensure that any commercial credit interchange fees that would have been below the proposed caps as at 1 December 2025 do not increase. This is to ensure the reductions in total interchange revenue are realised and schemes are limited in their ability to re-price existing commercial credit interchange fees that may currently fall below the proposed caps, thereby undermining the intended effect of intervention.

## **Your feedback will inform our final decision**

- X17 We are seeking feedback and evidence from stakeholders to inform our final decision on commercial credit interchange fees. Please submit your views by **12pm on Monday 13 July 2026**. We also expect to have a cross-submission process which will run for two weeks, once submissions are published.

## **Monitoring market developments**

- X18 Our ongoing market monitoring is intended to complement and inform any future regulation. We expect to monitor whether our regulatory decisions are having their intended effect and how fees for different payment options, and volumes on different payment networks, including American Express, are tracking.

## Chapter 1 Introduction

- 1.1 This chapter describes our role to promote competition and efficiency in the retail payment system for the long-term benefit of merchants and consumers. It also covers our draft decision and expected impact, the terminology used in this paper, and how to provide your views.

### **Promoting competition and efficiency and making commercial credit card interchange fees reasonable for merchants and consumers**

#### **What are interchange fees?**

- 1.2 Set by Mastercard and Visa, interchange fees are paid by the merchant's acquirer (that is, the bank or other payment service provider that enables the merchant to accept credit and debit card payments) to the customer's card issuer for each transaction on the Mastercard and Visa networks. Across all card types, interchange fees make up a significant component of the merchant service fee that merchants pay to their acquirer. Scheme fees (paid to Mastercard and Visa), switching or processing fees, and acquirer charges make up the remaining components of the merchant service fee. Together, these components of the merchant service fee flow directly through to consumers as surcharges or indirectly as higher prices for goods and services.
- 1.3 Interchange exists, in theory, to balance the benefits and costs in the Mastercard and Visa networks between the card issuing side and the card acquiring side of the payment network. It provides a revenue stream incentive for issuers to enter and supply cards to cardholders. Interchange can help fund issuing credentials and physical cards, anti-fraud measures, fraud losses, scheme fees, rewards and digital wallet fees. We have been conscious of these potential benefits in determining the appropriate interchange fee caps.
- 1.4 Merchants currently pay approximately \$170 million in merchant service fees each year to accept Mastercard and Visa commercial credit card payments. Interchange fees make up approximately \$125 million of merchant service fees on commercial credit transactions.<sup>9</sup>

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<sup>9</sup> Based on monitoring data received from Mastercard, Visa (up to November 2025) and large acquirers (up to March 2024). The acquiring data was used to estimate the average non-interchange fee component of merchant services fees on Mastercard and Visa commercial credit card transactions.

## Our role in regulating interchange fees

- 1.5 The Retail Payment System Act 2022 (**the Act**) stipulates that the functions and powers of the Commission must be exercised for the purpose of promoting competition and efficiency in the retail payment system for the long-term benefit of merchants and consumers in New Zealand.
- 1.6 The Commission may issue network standards that impose requirements on participants in designated networks and/or set out requirements applying to designated networks with which participants must ensure compliance. These include pricing standards such as interchange fee regulations for Mastercard and Visa networks
- 1.7 Last year we issued the Mastercard and Visa Interchange Fee Network Standard 2025 (**July 2025 Pricing Standard**) which revoked and replaced the initial pricing standard in subpart 3 of Part 1 of Schedule 1 of the Act.<sup>10</sup>

## The mandatory considerations to issue a draft Amendment Pricing Standard

- 1.8 We are required to take several factors into account in deciding whether, and on what terms, to issue a pricing standard under the Act (we refer to these as the 'mandatory considerations'). Determining appropriate interchange fee caps for commercial credit cards is a balancing exercise, which requires us to apply our judgement and weigh up several factors with the ultimate object of promoting competition and efficiency for the long-term benefit of merchants and consumers in New Zealand.
- 1.9 The mandatory considerations set out in the Act include whether issuing the pricing standard will achieve the purpose of the Act, the section 4 principles and the Section 18 criteria.
- 1.10 The purpose of the Act is to promote competition and efficiency in the retail payment system for the long-term benefit of merchants and consumers in New Zealand.<sup>11</sup> We must carry out our functions and exercise our powers under the Act for this purpose.<sup>12</sup>

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<sup>10</sup> It was subsequently amended for a correction on 14 August 2025. Commerce Commission: Mastercard and Visa Interchange Fee Network Standard 2025 (Amendment Consolidation) – August 2025 (14 August 2025), available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

<sup>11</sup> Retail Payment System Act 2022, s 3.

<sup>12</sup> Retail Payment System Act 2022, s 4(1).

- 1.11 We must take into account, to the extent we consider them relevant, the following principles:
- 1.11.1 merchants and consumers should pay no more than reasonable fees for the supply of payment services; and
  - 1.11.2 the retail payment system provides a reasonable degree of transparency.<sup>13</sup>
- 1.12 In relation to reasonable fees, this includes ensuring that the costs to merchants of accepting commercial credit transactions are reasonable relative to the benefits received. As 'transparency' is a very broad concept, we have focused on those aspects most relevant to our decision such as the transparency of interchange fees and those fees which it impacts (eg, merchant service fees).
- 1.13 We must also take into account whether there are any features of the retail payment network, or any conduct of participants in the network, that reduces, or are likely to reduce, competition or efficiency.<sup>14</sup> Further detail on these mandatory considerations is included in **Attachment A**.

## Our proposed commercial credit card interchange fee caps and estimated impact

- 1.14 We consider commercial credit card interchange fees to be inefficiently high relative to the costs and benefits involved and we are now proposing to intervene. Our proposed caps are outlined in the table below:

**Table 1.1 Proposed commercial credit card interchange fee caps<sup>15</sup>**

	<b>Payment method</b>	<b>Current rates</b>	<b>Proposed caps May 2026<sup>16</sup></b>
Domestic commercial credit	In-person	0.20-2.20%	<b>0.50%</b>
	Online	0.20-2.20%	<b>0.90%</b>
Foreign-issued commercial credit	In-person	1.85%-2.05%	<b>0.70%</b>
	Online	1.85%-2.05%	<b>1.50%</b>

- 1.15 We expect our proposed caps to reduce commercial credit interchange fees by \$50 million annually. **Figure 1.1** outlines this impact on the interchange fees paid on commercial credit cards.

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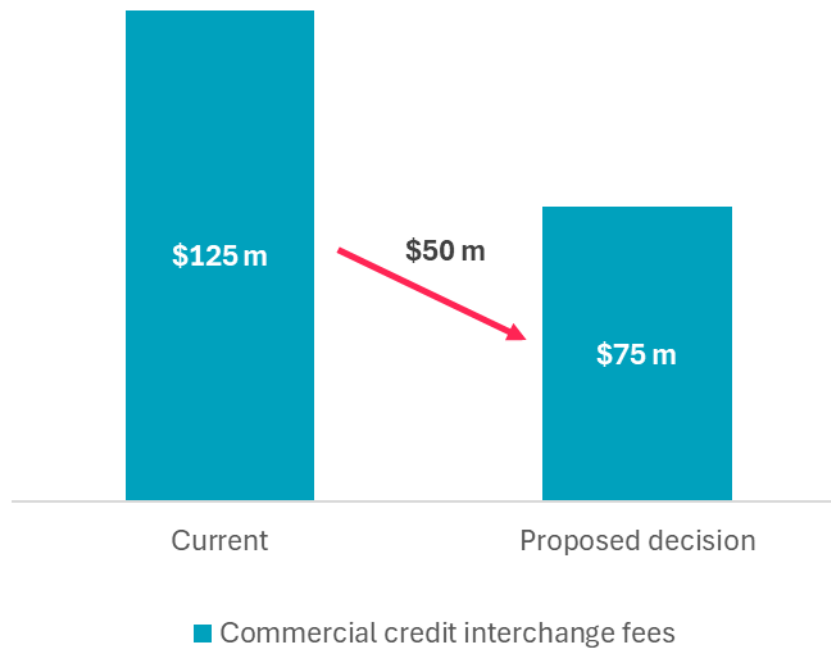
<sup>13</sup> Retail Payment System Act 2022, s 4(2).

<sup>14</sup> Retail Payment System Act 2022, s 18(a).

<sup>15</sup> Footnotes in Table 3.1 outline further detail on the current rates which are unregulated.

<sup>16</sup> Or interchange fees per transaction as at 1 December 2025, whichever is lower.

**Figure 1.1 Estimated annual impact on commercial credit interchange fees<sup>17</sup>**



### Terminology used through the paper

- 1.16 In line with our previous decision, the Mastercard and Visa Interchange Fee Network Standard 2025 is referred to as the "July 2025 Pricing Standard" throughout this paper.<sup>18</sup> We also have used % in relation to both the caps and the premium.
- 1.17 We define card-present (in-person) transactions as payments where both the consumer and their card are present at the merchant's physical point of sale device, whether this is attended or unattended at the time the payment is initiated. In these cases, the consumer's card is electronically read by the merchant's physical point of sale device (typically a terminal).<sup>19</sup>
- 1.18 Card-not-present transactions refer to card payments made online or by any other payment method and we refer to these as "online" transactions throughout this paper.

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<sup>17</sup> Based on monitoring data received from Mastercard and Visa. Savings from the draft decision are estimated by applying the new caps to the value of commercial credit transactions from December 2024 to November 2025. Exact savings per year depend on, among other factors, the value and mix of transactions in that year.

<sup>18</sup> A 'pricing standard' is a network standard issued under s 17 of the Act which deals with or otherwise relates to pricing for payment services in accordance with s 20(1)(b).

<sup>19</sup> Mastercard and Visa Interchange Fee Network Standard 2025, cl 6.1.5.

- 1.19 Throughout the paper we use the term "foreign-issued card transactions". These are defined as "inbound cross-border transactions" in the [draft] Mastercard and Visa Interchange Fee Amendment Network Standard (draft Amendment Pricing Standard).<sup>20</sup> This is where a retail payment is made at a merchant outlet located in New Zealand using a card issued by an issuer based outside of New Zealand.<sup>21</sup>

## Next steps

### Providing your views

- 1.20 This paper seeks views on:
- 1.20.1 the proposed interchange fee caps on commercial credit transactions;
  - 1.20.2 the premiums applied as part of our methodology, including any quantitative evidence to support your views;
  - 1.20.3 our proposed implementation period; and
  - 1.20.4 how we have proposed to give effect to our draft decision through the draft Amendment Pricing Standard published alongside this paper.<sup>22</sup>
- 1.21 We are seeking feedback on our draft decision and draft Amendment Pricing Standard by **12pm on Monday 13 July 2026** and will allow two weeks after publication of submissions for cross-submissions. We are accepting written submissions from all stakeholders.
- 1.22 **Attachment B** consists of a list of questions that submitters may wish to use when responding to this consultation. It provides details on how to make submissions on this paper and confidentiality considerations.
- 1.23 We have also published a one-page summary for merchants (businesses) and their associations that accept and/or use commercial credit cards and are seeking responses from them through a survey.<sup>23</sup>

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<sup>20</sup> [Draft] Mastercard and Visa Interchange Fee Amendment Network Standard 2026, cl 6.1.17.

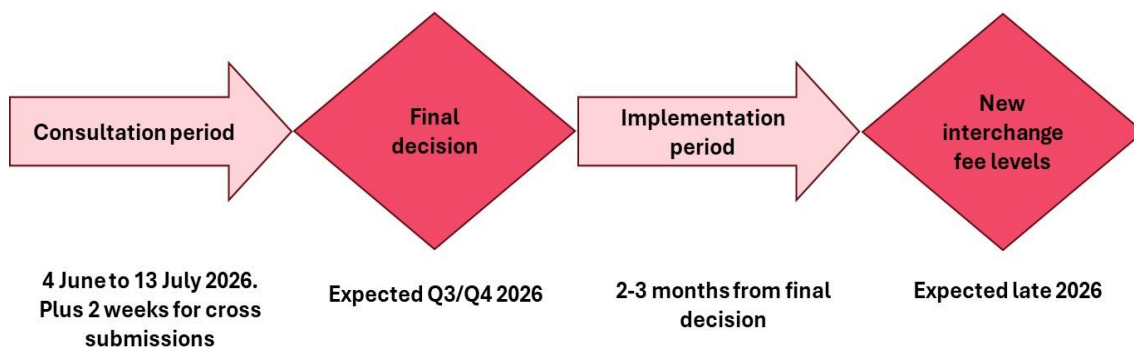
<sup>21</sup> Mastercard and Visa Interchange Fee Network Standard 2025, cl 6.1.17.

<sup>22</sup> [Draft] Mastercard and Visa Interchange Fee Amendment Network Standard 2026.

<sup>23</sup> The one-page summary for merchants can be found here: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/>. It includes a link to a survey directed at merchants (businesses) who accept and use commercial credit cards.

- 1.24 We will consider all relevant points raised in submissions and cross-submissions in coming to our final decision. Following consultation, we will issue the final Amendment Pricing Standard and publish our reasons for the decision. We will then have an implementation period before the new commercial credit interchange fee levels apply. Figure 1.2 provides indicative dates for the next steps of this work.

**Figure 1.2 Indicative dates for our next steps on commercial credit card interchange fees**



## Regulatory Standards Act

- 1.25 From 1 July 2026, the Regulatory Standards Act will require an agency responsible for secondary legislation to publish a statement or explanatory note alongside secondary legislation when it is published. The explanatory note must include a Consistency Accountability Statement (CAS) which confirms that the agency has reviewed the secondary legislation, and its process for developing it, for consistency with the principles of responsible regulation and a statement explaining the reasons for any inconsistencies with the principles of responsible regulation.
- 1.26 Our proposal would involve amending the July 2025 Pricing Standard, which is secondary legislation. The Commission therefore expects to need to publish a CAS and a statement explaining any inconsistency with the principles of responsible regulation (if such inconsistency exists) should we amend the July 2025 Pricing Standard as a part of our final decision.<sup>24</sup>

<sup>24</sup> Section 9 of the Regulatory Standards Act outlines the principles of responsible regulation: Rule of law; Liberties; Taking of property; Taxes, fees, and levies; Role of courts; and Good law-making.

## Chapter 2 Our approach in reaching this draft decision to regulate commercial credit card interchange fees

2.1 This chapter sets out our approach in reaching this draft decision to regulate commercial credit interchange fees. It explains why regulatory intervention is now warranted, outlines how we have taken into account the mandatory considerations under the Act, and identifies the key competition and efficiency issues associated with the current commercial credit interchange fees. The chapter also outlines the methodology we apply to determine our proposed caps.

### Why we are intervening now

2.2 We decided not to regulate commercial credit cards at the time we issued the July 2025 Pricing Standard. Based on the information available to us at the time we considered that commercial credit interchange fees were unreasonably high. However, we did not have sufficient information to determine an appropriate cap and intended to seek further information to undertake this analysis. We signalled that we would consult further on interchange fee caps for commercial credit transactions if these fees did not reduce.<sup>25</sup>

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<sup>25</sup> Commerce Commission "Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper" (17 July 2025) p67, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

- 2.3 Since that decision we have not observed any meaningful reduction in commercial credit card interchange fees. Current weighted average domestic commercial credit card interchange rates remain around 1.40%, more than double those on domestic issued personal credit cards.<sup>26 27</sup> Furthermore, domestic commercial credit card interchange fees are almost double those observed in Australia which are near 0.8%.<sup>28</sup> We estimate that the current weighted average for foreign-issued commercial credit card interchange rates are also elevated at around 2% and substantially exceed the caps applying to foreign-issued personal credit cards.<sup>29</sup>
- 2.4 These conditions reinforce our concern that commercial credit card interchange fees remain above efficient levels. Despite our expectation that commercial credit card interchange fees would reduce, we have not observed any meaningful decline and have instead seen increases for some merchants. On this basis, we continue to consider that regulatory intervention is now warranted.
- 2.5 The proposed commercial credit card interchange fee caps build on the insights gathered as part of our July 2025 decision, including relevant submissions.<sup>30</sup> We have also gathered additional evidence through updated monitoring data and undertaken targeted engagement with merchants, issuers, and schemes to help determine appropriate proposed caps for consultation. This includes further analysis of fraud, cost drivers, and merchant acceptance benefits for both domestic and foreign-issued commercial credit. This new information has informed our analysis and enabled us to set proposed commercial credit card interchange fee caps as discussed in Chapter 3.

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<sup>26</sup> Based on our monitoring data obtained from Mastercard and Visa.

<sup>27</sup> As shown in Tables X1 and 3.1, the current commercial credit interchange fee rates set by the schemes range from 0.20% to 2.20% for domestic, and from 1.85%-2.05% for foreign-issued. We note that in June 2025, the corresponding ranges were 0.45%-2.20% for domestic and 1.85%-2.35%. The impact of the reductions in the lower bound for domestic and the upper bound for foreign-issued commercial credit on overall interchange fee rate is not straightforward and the net effect will depend on transaction values and the share of affected card categories.

<sup>28</sup> Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging Conclusions Paper" (March 2026), p55, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/>

<sup>29</sup> Based on our monitoring data obtained from Mastercard and Visa.

<sup>30</sup> Submissions and cross submissions that informed our July 2025 decision are available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

## **How we have taken into account the mandatory considerations**

2.6 From our monitoring information and evidence gathered, we consider that certain features of the Mastercard and Visa networks, along with the conduct of the participants within them, are contributing to commercial credit card interchange levels being set at inefficiently high levels to the detriment of merchants.

## **Commercial credit card interchange fees are inefficiently high**

2.7 Mastercard and Visa are the largest card payment networks globally and attract commercial credit card issuers through offering them interchange fee revenue on their cardholders' transactions. This interchange revenue is used by issuers to compete for cardholders through rewards programmes and other benefits. These benefits are ultimately paid by merchants, who face a 'must-take' situation with Mastercard and Visa cards. In this way, unregulated competition between card schemes tends to increase commercial credit card interchange fees.

2.8 Commercial credit cards account for a small share of transactions, but disproportionate share of interchange fees paid by New Zealand merchants for Mastercard and Visa payments. Commercial credit card interchange fees amount to around \$125 million and represent approximately 19% of total interchange fees paid despite commercial credit transactions accounting for 8% of total value of transactions.<sup>31</sup>

2.9 Monitoring data shows that over December 2024 to November 2025, the value of interchange fees paid on domestic commercial credit transactions grew by 9% compared to 6% growth in the value of those transactions. This implies an increase in interchange fees per dollar of spend on domestic commercial credit cards than previously.<sup>32</sup>

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<sup>31</sup> For the period between December 2024 and November 2025, based on monitoring data received from Mastercard and Visa.

<sup>32</sup> Our analysis based on ongoing monitoring data received from Mastercard and Visa. We compared year-on-year growth rates across consecutive 12-month periods to account for seasonality, using December 2023 to November 2024 as the base period. We acknowledge differences in growth rates may also reflect changes in other factors, such as shifts in the mix of merchant types at which commercial credit card payments are made. Furthermore, the extent to which merchants experience any increase likely depends on their pricing arrangements with their acquirers.

2.10 Unlike debit and personal credit cards, which have been subject to regulation since November 2022, commercial credit cards have remained unregulated. We consider current commercial credit card interchange fees exceed reasonable levels when assessed against the benefits merchants receive from accepting commercial credit cards and the relevant costs of issuing those cards. In our view it is inefficient for a significant proportion of commercial credit interchange revenue to fund cardholder benefits that deliver limited value to merchants.

### Features of the network are reducing or are likely to reduce competition and efficiency

2.11 We have observed features of the Mastercard and Visa networks that reduce or are likely to reduce competition and efficiency. These network features lead to Mastercard and Visa setting commercial credit card interchange fees above efficient levels and merchants and consumers paying more than reasonable fees for the supply of payment services. These include:

2.11.1 **Interchange fees in mature scheme networks.** High interchange fees can play a role in the early stages of a retail payment network to "get the network going" by transferring revenue between the acquirer and the issuer to foster supply and demand.<sup>33</sup> However, the need for high interchange fees diminishes once adoption becomes widespread.

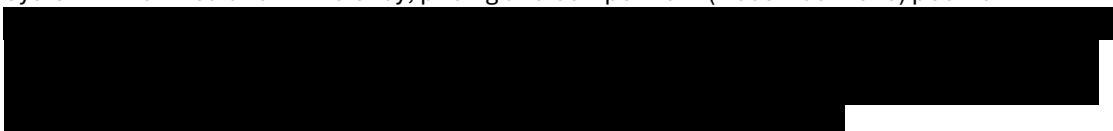
2.11.2 **The schemes do not have incentives to set interchange fees at efficient levels.** Competition and network effects in the multi-sided market drive Mastercard and Visa to set interchange fees above efficient levels to win market share with issuers and, consequently, cardholders.<sup>34</sup> With commercial credit cards, these effects enable issuers in some cases to offer low cardholder fees,<sup>35</sup> and/or other benefits to cardholders such as rewards, and reporting tools.

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<sup>33</sup> Dr W Bolt "The Retail Payment System in New Zealand – Efficiency, pricing and competition" (December 2023) p26, section 4.2, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

<sup>34</sup> Dr A Fletcher "Literature Review on Competition, Efficiency and surcharging in the Retail Payment System" (November 2023), p5-7, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>. Dr W Bolt "The Retail Payment System in New Zealand – Efficiency, pricing and competition" (December 2023) p36-40.

<sup>35</sup>



2.11.3 **The 'must-take' nature of established card networks allows higher interchange fees to be set with minimal merchant resistance.** The must-take nature of established card networks arises from the fear of missed sales if merchants do not accept Mastercard and Visa cards. This implies that Mastercard and Visa can set interchange fees higher than efficient levels with minimal merchant resistance.<sup>36</sup> Commercial credit card interchange fees are not sufficiently constrained as most merchants are effectively price takers, making the level of interchange a must-accept cost included in total merchant service fees.<sup>37</sup>

2.11.4 **Merchant service fee structures limit cost transparency and merchant responsiveness.** Merchant service fee pricing structures limit merchants' ability to observe, attribute and respond to the acceptance costs associated with different card types. In practice, merchants are typically unable to directly and transparently pass the higher acceptance costs of commercial credit cards to the users of those cards. This reflects a combination of factors, including the complexity of merchant statements and the prevalence of pricing arrangements that do not provide transaction-level cost visibility (like blended merchant service fee pricing where acceptance costs are averaged across card types and payment methods). As a result, the higher costs associated with commercial credit card transactions are masked at the point of acceptance, weakening merchants' ability to detect elevated interchange fees or make informed acceptance and pricing decisions. Instead, these costs are absorbed into merchants' overall cost base and passed on indirectly through higher prices and/or imperfect surcharging.

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<sup>36</sup> Dr W Bolt "The Retail Payment System in New Zealand – Efficiency, pricing and competition" (December 2023) section 4.3. Dr A Fletcher "Literature Review on Competition, Efficiency and surcharging in the Retail Payment System" (November 2023) section 3.4.

<sup>37</sup> Dr W Bolt "The Retail Payment System in New Zealand – Efficiency, pricing and competition" (December 2023) section 5.2. Dr A Fletcher "Literature Review on Competition, Efficiency and surcharging in the Retail Payment System" (November 2023) section 4.3.

2.11.5 **Cross-subsidisation and cost shifting arising from commercial credit interchange.** High commercial credit card interchange fees result in cross-subsidisation and cost shifting within these networks. Stakeholder engagement we have conducted so far, suggests that merchants place greater value on lower merchant service fees when accepting commercial credit card payments than on cardholder benefits such as rewards and enhanced reporting tools provided through commercial credit card programs.<sup>38</sup> These benefits accrue primarily to cardholders.

2.11.6 **Consumers who use lower-cost payment methods subsidise consumers who use commercial credit cards.** Where merchants cannot effectively differentiate or surcharge higher-cost commercial credit card transactions, these interchange-funded benefits are financed collectively through higher merchant costs.<sup>39</sup> This contributes to higher retail prices or surcharges and reduced allocative efficiency as those consumers using lower-cost payment methods cross-subsidise benefits delivered to commercial credit cardholders.

2.12 In addition to the features above, we have also considered participant conduct following our decision to reduce interchange rates in 2025. Re-pricing activity by schemes, particularly changes to category structures and eligibility criteria, has meant that some merchants have experienced increases in their effective interchange rates. These changes have had the effect of offsetting or diluting the intended impact of the recent interchange fee caps. We discuss this further in Chapter 3.

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<sup>38</sup> Retail NZ “Submission on Retail Payment System – Interchange fee regulation for Mastercard and Visa networks – Draft Decision and Reasons Paper” (18 March 2025), p4, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents> and additional stakeholder engagement conducted since July 2025 final decision.

<sup>39</sup> By requiring merchants to accept all card types, the honour-all-cards rules imposed by Mastercard and Visa remove merchants’ ability to differentiate acceptance by card type.

## **How our draft decision promotes competition and efficiency for the long-term benefit of merchants and consumers**

- 2.13 Our draft decision promotes competition and efficiency in the retail payment system for the long-term benefit of merchants and consumers in New Zealand. This is achieved by imposing caps on commercial credit interchange fees that better reflect the benefits merchants receive from accepting these cards while accounting for the relevant costs issuers face. By lowering interchange fees, the draft decision is expected to reduce merchant service fees, limit the funding of cardholder benefits through merchant-paid interchange fees and reduce cross-subsidisation across payment types.

### **Merchant service fees are expected to reduce by \$40 million annually**

- 2.14 Of the estimated \$50 million annual reduction in interchange fees, we expect approximately \$40 million to be passed through as lower merchant service fees annually. See Chapter 4 for more detail.

### **Rebalancing to better reflect merchant benefits and improve price transparency**

- 2.15 Our draft decision moves commercial credit card interchange fees towards more efficient levels and represents a rebalancing of how commercial credit cardholder costs and benefits are paid for. This rebalancing will benefit merchants directly, who should face lower merchant service fees and, subsequently, consumers through reduced upward pressure on prices and/or lower surcharges.
- 2.16 Our decision promotes efficiency in various ways, including by:
- 2.16.1 encouraging better price transparency for commercial credit cardholders about cost of cardholder benefits such as rewards, expense management tools and loyalty benefits, which may move towards a more user-pays model rather than reliance on interchange, thereby promoting allocative efficiency;
  - 2.16.2 incentivising interchange fee revenue to be more proportionate to the benefits received by merchants, also promoting allocative efficiency;
  - 2.16.3 reducing the costs of accepting transactions made with commercial credit cards on the acquiring/merchant side of the market which increases productive efficiency for these transactions; and
  - 2.16.4 reducing disincentives for card issuers to offer and for cardholders to use, alternative payment methods, in order to promote dynamic efficiency.

## **Supporting issuer and scheme incentives to invest in innovative and secure payment services**

- 2.17 Our proposed interchange caps on commercial credit cards are the outcome of applying our three-step methodology, which ensures incumbent issuers have the ability and incentives to continue offering commercial credit card products and invest in scheme-based payment services. It also ensures incumbents have incentives to invest in innovative payment methods outside of traditional scheme networks such as open banking. While innovative payments methods such as open banking may not currently fully substitute scheme commercial credit cards, they could over time develop into competitive alternatives for certain payment use cases. The proposed caps reflect domestic-issued commercial credit cards may have higher fraud related issuer costs than personal credit. This maintains incentives to invest in product features, such as fraud prevention.

## **Maintaining incentives for smaller and challenger issuers**

- 2.18 We are maintaining sufficient incentives with our proposed caps for issuers to offer commercial credit cards and for issuer costs to be covered. We consider that reducing interchange revenue to more efficient levels, still provides incentives for smaller and challenger issuers to compete with incumbents and participate in commercial credit card issuance, and to compete on service quality, pricing and innovation.

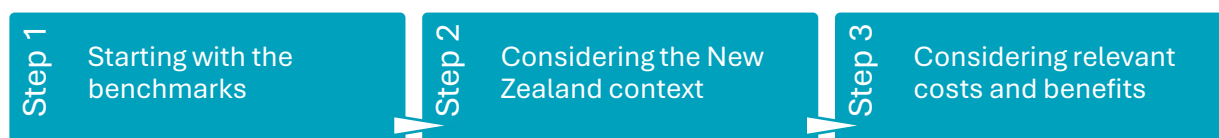
## **Lowering barriers to adoption and use of alternative payment methods**

- 2.19 The draft decision is expected to lower barriers to adoption and use of alternative payment methods by reducing interchange funded rewards from commercial credit cards. This includes open banking payment products and other payment solutions that compete on cost, functionality, or use-case.
- 2.20 Over time, this supports more effective competition between payment methods and improves incentives for issuers and consumers to consider lower-cost or more innovative alternatives where they provide comparable value.

## Our methodology for determining reasonable proposed commercial credit card interchange fee caps

- 2.21 Consistent with how we set the July 2025 Pricing Standard, we have used a three-step methodology to determine proposed commercial credit card interchange fee caps. Determining an appropriate cap is a balancing exercise that requires us to apply our judgement and weigh up several factors to ensure we are promoting competition and efficiency for the long-term benefit of merchants and consumers in New Zealand.
- 2.22 We begin with benchmarks, which include both New Zealand's current interchange fee cap levels and those in comparator jurisdictions such as the European Union (EU) and Australia. These serve as an initial starting point only and are not applied rigidly. From there, we place weight on the New Zealand context, recognising domestic market features, and our final step considers relevant issuer costs and merchant benefits. Figure 2.1 outlines this methodology.

**Figure 2.1 Our three-step methodology**



- 2.23 The outcome of this balancing exercise is that we have proposed applying a premium for domestic commercial credit card interchange fee caps to the equivalent domestic personal interchange fee caps outlined in July 2025. We have also proposed to align the foreign-issued commercial credit interchange fee caps with the foreign-issued personal credit interchange fee caps set in July 2025.

### Step one: Starting with the benchmarks

#### Existing New Zealand interchange settings

- 2.24 In establishing appropriate interchange fee caps for commercial credit card transactions, we start with the interchange fee settings that already apply in New Zealand as outlined in **Attachment C**. In line with the July 2025 Pricing Standard, we consider 0.20% to be an appropriate base interchange rate for domestic in person debit contactless transactions. This base rate applies to both personal and commercial and therefore provides a relevant starting point for this draft decision. The existing interchange fee settings, including established premiums for credit functionality, online transactions and foreign-issued cards, inform the basis for our commercial credit card interchange fee caps.

2.25 To ensure consistency and simplicity, which can help flow through to merchant service fees, we have considered the following caps and premiums:

2.25.1 **the domestic commercial debit cap of 0.20%** for in-person transactions has been in place since the initial pricing standard and was maintained in our last decision to provide reasonably sufficient margins for alternative payment providers and small issuer banks to compete.

2.25.2 **the 0.10% premium for personal credit**, additional to the personal debit rate.<sup>40</sup> This creates the starting point or base rate for commercial credit card transactions. We consider that higher issuer costs, such as those associated with credit risk, and the relative merchant benefits for personal credit apply at least equally to commercial products.

2.25.3 **the 0.40% premium for online transactions**. This is to reflect the higher issuer costs, such as fraud, and merchant benefits, such as greater market access, associated with online payments. This same structural difference is carried over to commercial credit, preserving the established gap between in-person and online transaction categories.

2.26 In addition to the above, for foreign-issued commercial credit cards, we considered foreign-issued commercial debit caps. These are set at 0.60% for in-person and 1.40% for online.

## **International sense-checks**

### **Considering the caps set in Australia**

2.27 In our previous decision, we considered Australian caps as a sense check and attached lower weight to these caps as they included a more complex weighted-average benchmark approach and were under review.<sup>41</sup>

2.28 Now that the Reserve Bank of Australia (RBA) has made its final decision, we have reviewed its approach and consider that it is an appropriate benchmark for setting commercial credit card interchange fee caps in New Zealand. We note that in relation to commercial credit card transactions, the RBA's final decision is to:

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<sup>40</sup> We have used % in relation to both the caps and the premium throughout this paper. For example, this premium of 0.10% means a premium of 0.10 percentage points.

<sup>41</sup> Commerce Commission "Retail payment system - Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper" (17 July 2025), paras 2.61-2.62.

- 2.28.1 maintain the interchange fee cap for domestic issued commercial credit cards at 0.8% and abolish the benchmark; and
- 2.28.2 introduce interchange fee caps for all foreign issued card transactions, including foreign-issued commercial credit cards at 1.0%.<sup>42</sup>
- 2.29 As part of our assessment in Chapter 3, we compare New Zealand’s average interchange fee levels with Australia’s current settings and the potential weighted averages resulting from the RBA’s latest decisions.

**Why the UK and EU are not available or relevant benchmarks**

2.30 Unlike in our July 2025 decision, we are unable to use the United Kingdom (UK) and EU as benchmarks for setting interchange fee caps on commercial credit cards, as they are not subject to interchange regulation in either jurisdiction. Furthermore, international commercial credit card interchange rates are not published. However, we note recent concerns from regulators about the impact of not regulating some interchange categories - including commercial credit cards:

2.30.1 In December 2024 in the UK, the Payments System Regulator found that once interchange fees for certain transaction types fell outside regulation, Mastercard and Visa increased fees to unduly high levels without cost justification, demonstrating the risks of leaving fee categories unregulated.<sup>43</sup>

2.30.2 More recently in June 2025, the UK Competition Appeal Tribunal found that Mastercard and Visa's default multilateral interchange fee arrangements that apply to personal and commercial cards constitute unlawful restrictions on competition under UK and EU competition law.<sup>44</sup>

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<sup>42</sup> Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging - Conclusions Paper" (March 2026) p35.

<sup>43</sup> The PSR found that after the removal of EU caps, Visa and Mastercard increased cross-border interchange fees significantly, were not subject to effective competitive constraints the acquiring side of the network, did not demonstrate evidence justifying the increases, and set fees at unduly high levels. PSR "Market review of UK-EEA consumer cross-border interchange fees - Final Report" (December 2024), p4-5, available at: <https://www.psr.org.uk/media/vrcimoxw/mr22-27-xbif-final-report-dec-2024-v3.pdf>

<sup>44</sup> Competition Appeal Tribunal "Judgement" (27 June 2025) para 353, available at: <https://www.catribunal.org.uk/sites/cat/files/2025-06/151711722%20%28UM%29%20Merchant%20Interchange%20Fee%20Umbrella%20Proceedings%20-%20Judgment%20%2027%20Jun%202025.pdf>

## Step two: Considering the New Zealand context

- 2.31 As our second step, we test the appropriateness of applying benchmarked interchange fee caps in New Zealand, given the contextual differences that exist between our selected comparator jurisdictions and New Zealand.
- 2.32 We recognise there are some differences between the jurisdictions - both costs and benefits - and some further factors to be considered. These contextual differences matter because they determine whether New Zealand is sufficiently different to warrant adjustments to premiums beyond those justified by relevant issuer costs or merchant benefits in step 3.

### Limited competition in New Zealand banking

- 2.33 In our 2024 market study into personal banking, we found New Zealand's four largest banks do not face strong competition and no new entrants have been able to meaningfully increase competition faced by the major banks since the establishment of Kiwibank in 2001.<sup>45</sup>
- 2.34 As part of our assessment in Chapter 3, we consider whether caps on domestic commercial credit card interchange fees would adversely impact the incentives of entrants that issue domestic commercial credit cards and how relevant this is to promoting competition in personal banking.

### Prevalence of small businesses as commercial credit cardholders

- 2.35 New Zealand's economy is characterised by a high prevalence of small and micro businesses or enterprises (SMEs). Around 97% of New Zealand businesses can be described as small and medium - defined as less than 20 employees.<sup>46</sup>The persistence of small firm size over time suggests that many businesses face limited bargaining power in relation to card acceptance costs. The proportion of firms classified as SMEs by employee count is broadly similar to comparator jurisdictions such as Australia,<sup>47</sup> and the United Kingdom.<sup>48</sup>

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<sup>45</sup> Page 1 Final Report Personal banking services market study Executive Summary, available at: [https://www.comcom.govt.nz/assets/pdf\\_file/0018/362034/Executive-summary-Final-report-Personal-banking-services-market-study-20-August-2024.pdf](https://www.comcom.govt.nz/assets/pdf_file/0018/362034/Executive-summary-Final-report-Personal-banking-services-market-study-20-August-2024.pdf)

<sup>46</sup> Stats NZ "New Zealand business demography statistics - Enterprises and employee count by age of firms" (February 2025), available at: <https://www.stats.govt.nz/information-releases/new-zealand-business-demography-statistics-at-february-2025/>

<sup>47</sup> As of June 2025, around 97% of businesses in Australia are defined as having less than 20 employees, Australian Small Business and Family Enterprise Ombudsman, available at: <https://www.asbfeo.gov.au/small-business-data-portal/number-small-businesses-australia>

<sup>48</sup> As of January 2025, around 99% of businesses in the UK were defined as having less than 50 employees, Official Statistics, available at: <https://www.gov.uk/government/statistics/business-population-estimates-2025/business-population-estimates-for-the-uk-and-regions-2025-statistical-release>

- 2.36 Analysis of our monitoring data indicates that the incidence of domestic commercial credit card usage is heavily concentrated among small businesses, accounting for around 86% of domestic commercial credit card transaction value.<sup>49</sup> For these businesses, commercial credit cards are a widely used payment method for business expenditure, reflecting their broad acceptance and ease of use.
- 2.37 At the same time, many small businesses also act as merchants accepting these cards and are likely to have limited ability to negotiate merchant service fees or resist “must-take” Mastercard and Visa acceptance. In this context, competition, transparency and surcharging are less effective at constraining commercial credit card pricing than in jurisdictions where commercial credit card usage is more concentrated among larger or medium-sized merchants with greater bargaining power.

#### **Proportion of commercial credit cards relative to all transactions**

- 2.38 In order to understand what the impact of regulating domestic commercial credit card interchange fees would be on merchant service fees, we consider it is important to establish the proportion of domestic commercial credit card transactions relative to total transactions.

#### **New Zealand’s reliance on tourism and business travel**

- 2.39 New Zealand has a relatively high reliance on tourism and business travel compared with many comparator jurisdictions. Tourism is New Zealand’s second-largest export earner, generating a direct contribution to GDP of around \$18 billion (4.6%),<sup>50</sup> which is materially higher than tourism’s share of economic activity in Australia (around 2.9%).<sup>51</sup> This relative reliance contributes to New Zealand merchants having higher exposure to foreign-issued card transactions.

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<sup>49</sup> Based on monitoring data from Mastercard and Visa.

<sup>50</sup> Stats NZ "Tourism satellite account - provisional figures for year ended March 2025" (3 March 2026), available at: <https://www.stats.govt.nz/information-releases/tourism-satellite-account-year-ended-march-2025/>

<sup>51</sup> Australian Bureau of Statistics "Tourism satellite account" (17 December 2025), available at: <https://www.abs.gov.au/statistics/economy/national-accounts/tourism-satellite-account/latest-release#tourism-gross-domestic-product>

- 2.40 Our understanding is that commercial credit cards are used more intensively in some sectors than others, such as the travel sector.<sup>52</sup> In these sectors, merchants often have limited ability to steer customers to lower-cost payment methods or to surcharge. This sectoral exposure is a relevant contextual factor when interpreting commercial credit card usage patterns and comparing outcomes across jurisdictions.

#### Existing use of higher cost payment methods in New Zealand

- 2.41 New Zealand merchants already accept a range of unregulated higher-cost card payment methods, including American Express, particularly among larger merchants and in travel-related industries. While alternative card schemes like American Express have a much larger presence in Australia, their scale in New Zealand remains more limited and materially different from conditions in Australia and the EU.
- 2.42 Monitoring data shows that, although American Express' share of commercial credit card spend is growing, it continues to represent a relatively small proportion of domestic commercial credit card transactions.<sup>53</sup> This suggests that the risk of card holder substitution to higher-cost networks should be considered but does not undermine the rationale of regulating Mastercard and Visa commercial credit card interchange (see Chapter 3).

### Step three: Considering relevant costs and benefits

- 2.43 As our third step, we considered the relevant and relative costs and benefits of different transaction types, and how this should impact proposed commercial credit card interchange fee caps. As we explain further in Chapter 3, this has meant that in some cases we have recognised the need for a higher cap for some categories of commercial credit card interchange fee in comparison to personal credit card interchange fees.

#### Considering relevant costs

- 2.44 Consistent with our previous approach, while we consider some issuer costs are relevant to determining an efficient level for interchange fees, others do not necessarily reflect benefits to merchants from accepting commercial credit cards given the multi-sided nature of scheme networks.<sup>54</sup>

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<sup>52</sup> Visa "Submission on Retail Payment System - Interchange Fee regulation for Mastercard and Visa networks - Draft Decision and Reasons Paper" (18 March 2025) p39, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

<sup>53</sup> Based on our analysis of information provided by American Express as part of our ongoing monitoring.

<sup>54</sup> Dr A. Fletcher "Literature Review on Competition, Efficiency and surcharging in the Retail Payment System" (November 2023), p8,21.

2.45 We have sought further information from issuers on their costs and considered this updated evidence as part of step 3.<sup>55</sup> The main categories of costs we have considered in setting the proposed caps on commercial credit card interchange fees (for both domestic and foreign-issued) are outlined below.

#### **Fraud prevalence and costs**

2.46 In our previous decision we recognised that fraud prevalence and prevention costs vary across transaction types, reflecting differences in risk, losses and measures required to prevent fraud.<sup>56</sup> As fraud protection benefits both merchants and cardholders these costs are relevant to determining interchange fee caps.

2.47 As part of our methodology, we assess fraud related costs. This involves comparing fraud prevalence and issuer-borne fraud losses between commercial and personal credit card transactions using issuer-provided information where available, while recognising the limits of a purely cost-based approach. The outcomes of this assessment are considered alongside other issuer cost categories in Step 3.

#### **Decline rates**

2.48 Decline rates arise from issuer fraud-prevention measures and can impose costs on merchants and cardholders through lost transactions. They also impose costs on the issuer through the cost of implementing fraud measures and the interchange revenue foregone that otherwise would have been received.

2.49 As part of our methodology, we consider whether interchange fee settings are likely to materially affect transaction decline rates. Consistent with our previous decision, we have seen little evidence that interchange fee regulation has a material impact on transaction decline rates, either based on evidence from overseas jurisdictions or from New Zealand issuers. This suggests that decline rates do not vary by jurisdiction where interchange fee caps differ.<sup>57</sup>

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<sup>55</sup> We have taken into account the reasonable cost consideration in the Retail Payment System Act 2022, s 4(2)(a) as part of our overall analysis.

<sup>56</sup> Commerce Commission "Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper" p44, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

<sup>57</sup> Commerce Commission "Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper" p45.

### Cost of alternatives

2.50 As part of our methodology, we consider the cost of alternative payment methods to provide context for issuer costs and merchant acceptance decisions. Our previous decision identified American Express as an alternative to the designated network cards. For domestic commercial credit cards, we also consider the cost of trade accounts which merchants establish themselves - often with the provision of credit terms. This is considered as part of our merchant benefit analysis in step 3. For foreign-issued cards, we also acknowledge that bank transfers are more expensive for New Zealand.<sup>58</sup>

### Administrative costs

2.51 As part of our methodology, we sought information from issuers about the differences in administrative costs between commercial credit and personal credit payment products.

### Other relevant costs and considerations

2.52 We also considered whether credit losses - when cardholders fail to re-pay their borrowed funds - should be funded through interchange fees. Mitigations against credit losses such as credit checks and holding of reserves should be intentionally priced into issuers' credit-product cardholder fees and not be fully funded by merchants through interchange.

2.53 Unlike domestic personal credit, issuers can raise card fees for commercial credit cards more easily than for personal credit cards due to their exemption from the Credit Contracts and Consumer Finance Act 2003 (CCCFA).<sup>59</sup>

### RBA Cost Study

2.54 Another consideration is the cost study conducted by the RBA for its consultation paper published in July 2025. In its paper, the RBA stated that "There is no clear evidence, including from the Issuer Cost Study, that issuers incur higher costs on commercial cards than on consumer cards on a percentage basis."<sup>60</sup> This finding was maintained in the RBA's conclusion paper following the running of an updated cost study.<sup>61</sup>

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<sup>58</sup> Commerce Commission "Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper" p46.

<sup>59</sup> The CCCFA limits issuers' ability to recoup costs through fees charged to personal credit cardholders. Changes to personal credit card fees must comply with Section 41 of the CCCFA, which stipulates that personal credit card fees must not be unreasonable.

<sup>60</sup> Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging – Consultation Paper" (15 July 2025), p35, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2025-07/>

<sup>61</sup> Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging – Conclusions Paper" (31 March 2026) p52,55,107,109, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/>

2.55 While there may be cost differences between commercial and personal credit cards in New Zealand, the RBA cost study provides a useful sense check and comparison. We would expect there to be some similarities between the dynamics of commercial and personal credit cards in New Zealand and Australia and consider this alongside the issuer cost information we have sought from New Zealand issuers.

### Considering relevant merchant benefits

2.56 As part of our methodology, we consider the merchant benefits from accepting commercial credit cards compared to other payment methods. This includes benefits enjoyed directly by merchants, as well as cardholder benefits indirectly enjoyed by merchants. In assessing the relevance of these benefits, we distinguish between those that accrue primarily to merchants and those that are exclusively or disproportionately enjoyed by commercial credit cardholders.

2.57 Benefits that primarily accrue to cardholders are not treated as costs that need to be fully funded by merchants through interchange fees. Some of these benefits can be recovered through other revenue streams, such as cardholder fees.

2.58 Table 2.1 sets out the merchant benefits we have considered in setting proposed caps on commercial credit interchange fees.

**Table 2.1 Merchant benefits considered in the assessment of commercial credit interchange**

<b>Commercial credit card type</b>	<b>Relevant merchant benefit</b>	<b>Detail</b>
Domestic commercial credit	Network externality	Universal acceptance accrues as benefits to both the cardholder (eg ease of use) and merchant (eg credible form of payment)
	Transaction processing efficiency and speed	Merchants benefit from operational efficiencies such as faster checkout, no cash handling or account reconciliation.
	Guaranteed payment and settlement certainty	Guaranteed payment would occur both at the time the transaction is conducted as well as future payments through pre-authorisation, eg re-occurring payments. This feature shifts the risk of cardholders defaulting payment from merchants to issuers.
	Fraud protection and security	Credit products exhibit higher fraud risk than debit and so stronger fraud protections and chargebacks increase consumer confidence and support merchant acceptance.

	Access to online commerce	Through online commerce, merchants have access to additional customers and an easier transaction process for the customer - both which have the potential to stimulate and increase demand. <sup>62</sup>
	Facilitation of higher value transactions	Commercial credit card products may be more valuable to merchants due to the larger average transaction size - almost 2.5 times larger than personal credit. <sup>63</sup>
	Outsourced provision of credit - cost of alternatives (trade accounts)	Merchants can indirectly benefit from cardholders' access to credit as they do not need to provide credit terms to customers.
	Outsourced provision of credit - potential to induce additional demand for merchant	Where cardholders do not have access to immediate funds, payment via credit card can create additional revenues for merchants - if the transaction is not simply bringing forward future transactions.
Foreign-issued commercial credit	Convenience benefits for accepting payments from international customers who have few alternatives	Allows merchants a convenient way to accept international transactions and provides merchants with the benefit of a larger potential customer base.
	Guaranteed settlement in foreign exchange context	Guaranteed settlement may be particularly important for the travel sector merchants, that have higher exposure to foreign-issued commercial credit. For example, merchants may need to take deposits, and there may be long periods of time between a booking and taking receipt of goods and services.
	Fraud protection and security	In setting our foreign-issued personal credit interchange caps, we recognise the need for fraud protection given the higher fraud risk, particularly with online transactions.

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<sup>62</sup> Commerce Commission "Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper" (17 July 2025), p56-57.

<sup>63</sup> Based on monitoring data from Mastercard and Visa.

## Chapter 3 Our rationale for the proposed caps

- 3.1 This chapter sets out our proposed caps on commercial credit card interchange fees and our rationale for the proposed caps. We have used the methodology outlined in the previous chapter to determine the proposed caps. We are seeking feedback and supporting evidence from a broad range of stakeholders, including merchants, on our proposed caps.

### Proposed caps on commercial credit interchange fees

- 3.2 The proposed interchange fee caps are provided in Table 3.1. As part of the draft Amendment Pricing Standard, we are also proposing to introduce a limiting mechanism to ensure that any commercial credit interchange fee caps that would have been below the proposed caps at 1 December 2025 do not increase. This is to ensure the reductions in total interchange revenue are realised and schemes are limited in their ability to re-price existing commercial credit interchange fees that may currently fall below the proposed caps. See the accompanying draft Amendment Pricing Standard for further detail.
- 3.3 Table 3.1 also shows current and estimated weighted average interchange fees, alongside corresponding figures for Australia where available. In estimating weighted averages under the proposed caps, we have not explicitly modelled transactions already priced below the proposed caps, to which the limiting mechanism would apply. Our analysis focuses on outcomes most relevant to the majority of merchants, as these are likely to be most indicative of expected pricing outcomes overall.
- 3.4 While we recognise that the limiting mechanism may influence realised interchange levels, the extent of this effect will depend on the prevalence and structure of existing pricing arrangements, including for foreign-issued transactions where such pricing arrangements are less clearly observed. We invite schemes to provide further evidence, drawing on their data, to demonstrate how the caps and limiting mechanism are expected to operate in practice and how these will affect realised pricing outcomes.

**Table 3.1 Proposed caps on commercial credit interchange fees**

	Current rates <sup>64</sup>	Australia caps <sup>65</sup>	December 2024 Draft decision <sup>66</sup>	Proposed caps May 2026 <sup>67</sup>	Current weighted average <sup>68</sup>	Implied weighted average <sup>69</sup>	Australia weighted average <sup>70</sup>
<b>Domestic</b>							
In-person	0.20-2.20%	0.80%	0.20%	<b>0.50%</b>			
Online	0.20-2.20%	0.80%	0.40%	<b>0.90%</b>			
Total					<b>1.39%</b>	<b>0.78%</b>	<b>0.78%</b>
<b>Foreign-issued</b>							
In-person	1.85%-2.05%	1.00%	0.60%	<b>0.70%</b>			
Online	1.85%-2.05%	1.00%	1.15%	<b>1.50%</b>			
Total					<b>1.99%</b>	<b>1.37%</b>	<b>NA</b>
All foreign-issued cards					<b>1.77%</b>	<b>1.09%</b>	<b>1.75%</b>

<sup>64</sup> We note that for domestic transactions, merchants categorised as strategic or subject to industry rates will be paying at the lower end of the cited range. In the absence of publicly available New Zealand schedules for foreign-issued rates, we have used scheme international interchange schedules published on Australian websites and assumed these rates apply to transactions occurring in New Zealand. Foreign-issued commercial credit card rates do not appear to be differentiated by strategic merchant or industry rates. Mastercard domestic rates sourced from <https://www.mastercard.co.nz/en-nz/business/overview/support/interchange.html> (accessed 23 April 2026). We have excluded Mastercard's charity, rewards and large ticket item rates. Visa domestic rates sourced from <https://www.visa.co.nz/about-visa/interchange.html> (accessed 23 April 2026). Mastercard international rates sourced from <https://www.mastercard.com.au/en-au/business/overview/support/interchange.html> (accessed 23 April 2026). Visa international rates from <https://www.visa.com.au/about-visa/inter-regional-interchange.html> (accessed 23 April 2026).

<sup>65</sup> Australia caps sourced from <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/interchange-fees.html> (accessed 23 April 2026).

<sup>66</sup> See Commerce Commission "Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reasons Paper" (13 December 2024) Table 1.1, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

<sup>67</sup> Or interchange fees per transaction as at 1 December 2025, whichever is lower.

<sup>68</sup> Based on monitoring data from Mastercard and Visa for the 12-month period December 2024 to November 2025.

<sup>69</sup> We estimated the implied commercial credit weighted average interchange fees under the proposed caps using ongoing Mastercard and Visa monitoring data, based on transaction values from December 2024 to November 2025 split by card type (domestic and foreign-issued) and payment method (in-person and online).

<sup>70</sup> Australia domestic commercial credit and foreign-issued cards weighted averages. These figures represent current weighted average interchange rates prior to the implementation of Australia's revised caps. Sourced from <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf> p55 and p59.

- 3.5 For completeness we also include the commercial credit caps proposed in our previous draft decision in December 2024. We note that the proposed new caps are higher than those we initially proposed in December 2024.

## 1. Domestic issued commercial credit

**Our draft decision is to apply a 0.50% cap to domestic in-person commercial credit and 0.90% to domestic online commercial credit. This would be a 0.20% premium above the caps set for domestic personal credit transactions.**

- 3.6 Our draft decision is to set a small, proportionate premium of 0.20% above domestic personal credit card interchange fee caps (currently 0.30% for in-person and 0.70% for on-line transactions). We also maintain the 0.40% difference in interchange fee caps between in-person and online transactions that is applied to personal credit cards.
- 3.7 The addition of the 0.20% above domestic personal credit card interchange fee cap more closely aligns our weighted average interchange fee caps with Australia (see Table 3.1). It has been informed by the following considerations:
- 3.7.1 commercial credit cards are associated with higher fraud prevalence and administrative costs borne by issuers, as well as the administrative cost of alternatives if a merchant had to offer trade accounts instead of accepting commercial credit card payments due to the nature of repeat customers in commercial settings. We have applied 0.10% to reflect this.
- 3.7.2 promoting stable and sustainable market outcomes by using Australia as an appropriate benchmark for New Zealand. This supports continued commercial credit card issuance and helps mitigate the risk of unintended market disruption, including that lower caps could materially advantage three-party payment networks, such as American Express, which could raise payment costs to merchants. We have applied 0.10% to reflect this.

### Step one: Starting with the benchmarks

#### Consideration for caps that already exist in New Zealand

- 3.8 We have considered current New Zealand caps and approaches to ensure consistency and simplicity which can help flow through to merchant service fees. We started with our domestic personal credit card interchange fee cap of 0.30% for in-person and 0.70% for online transactions. See Chapter 2 for full discussion.

## Consideration of appropriate comparator jurisdictions

3.9 Australia provides the most relevant benchmark as it is the only jurisdiction with regulated commercial credit card interchange. The UK and EU offer only contextual insight because commercial credit card interchange fees are unregulated and rates vary widely, although regulators in these jurisdictions are now considering intervention as commercial credit card interchange fees continue to rise (see Chapter 2 above).<sup>71</sup>

## Consideration of the caps set in Australia

3.10 Australian caps were previously used only as a sense-check due to its more complex weighted-average benchmark approach and because its caps were under review. The recent RBA review has simplified its methodology and provided clearer, post-review cap levels, allowing Australia to serve as a more appropriate benchmark for New Zealand.

3.11 Recently Australia announced to retain an interchange fee cap of 0.80% on commercial credit card transactions acquired in Australia and remove the weighted average benchmark of 0.50% across all credit card transactions over a 12-month period. Australia does not differentiate between card-present and card-not-present in setting its caps. As shown in Table 3.1, the weighted average interchange fee implied by the proposed caps for domestic commercial credit across all payment methods is approximately 0.78%. Assuming the weighted average in Australia remains at the current level of 0.78%, this would place New Zealand's average at a similar level to Australia.<sup>72</sup>

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<sup>71</sup> As at our search from March 2026 with Mastercard commercial credit interchange typically ranging from 1.25-1.90% and Visa ranging from 0.30-1.90%. Mastercard Intra-EEA commercial credit interchange fees sourced from <https://www.mastercard.com/europe/en/business/support/merchant-interchange-rates.html>. Mastercard UK domestic commercial credit interchange fees sourced from <https://www.mastercard.com/europe/en/business/support/merchant-interchange-rates.html#accordion-08b17bb319-item-53b8fdf58c>. Visa Intra-Europe EEA commercial credit interchange fees sourced from <https://www.visa.co.uk/content/dam/VCOM/regional/ve/unitedkingdom/PDF/fees-and-interchange/april-25/intra-eea-apr25.pdf>. Visa UK domestic commercial credit interchange fees sourced from <https://www.visa.co.uk/content/dam/VCOM/regional/ve/unitedkingdom/PDF/fees-and-interchange/april-25/uk-apr25.pdf>.

<sup>72</sup> Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging Conclusions Paper" (31 March 2026) p55, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf>.

3.12 We consider this outcome is appropriate given the New Zealand specific context discussed below and because the RBA's conclusions paper noted that the decision to retain the cap of 0.80% was made to mitigate the risk of indirectly advantaging non-regulated American Express, despite interchange fees on commercial credit card transactions being above efficient levels.<sup>73</sup> Although the market share of American Express has grown in the Australia commercial credit market under their current caps, we consider our proposed caps are unlikely to cause a similar shift. We also note below in step two that the current market share of American Express in the commercial credit market is much lower in New Zealand than in Australia.

## Step Two: Considering the New Zealand Context

3.13 We have assessed features unique to New Zealand that affect the structural and market characteristics that influence whether domestic commercial credit card interchange fee caps should differ from those applied elsewhere.

### Limited competition in New Zealand banking

3.14 Given the concentration of New Zealand's banking and card-issuing markets, we have considered whether reductions in interchange fee revenue could affect the ability of small issuers to compete in commercial credit card markets, including the risk of product withdrawal or reduced competitive intensity.<sup>74</sup> This concern is more pronounced in New Zealand's small and concentrated market than in larger jurisdictions.

3.15 In our previous decision, we looked at the number of card issuers in countries with similar population sizes and lower interchange fee caps. While these jurisdictions do not regulate commercial credit card interchange fees, interchange revenue for card issuance is constrained by lower caps on other card products. We found that the number of card issuers in these countries was broadly comparable, providing relevant structural context for assessing issuer viability in New Zealand's more concentrated market.<sup>75</sup>

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<sup>73</sup> Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging Conclusions Paper" (31 March 2026) p54-55, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf>

<sup>74</sup> The Commission's Market Study into Personal Banking Services identified a high level of concentration in New Zealand's banking sector, which provides relevant context for assessing card-issuing markets. See Commerce Commission "Market Study into personal banking services" all documents available at: [www.comcom.govt.nz/regulated-industries/projects/market-study-into-personal-bankingservices/](http://www.comcom.govt.nz/regulated-industries/projects/market-study-into-personal-bankingservices/)

<sup>75</sup> Commerce Commission "Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper" (17 July 2025) para 2.56 and footnote 64.

- 3.16 In assessing this risk, we have considered both issuer behaviour in comparable regulatory settings and structural comparisons with similarly sized countries. Australia provides the closest comparator, as it regulates commercial credit interchange fees and similarly has four large banks which issue a large majority of Mastercard and Visa commercial credit cards. The continued issuance of commercial credit products by these banks under regulated settings suggests that withdrawal of such products in New Zealand, solely because of lower interchange revenue, is unlikely.
- 3.17 Information available to date indicates that domestic commercial credit cards are not typically offered as entry level products for card issuance by smaller issuers.<sup>76</sup> On that basis, while New Zealand’s market concentration is a relevant contextual consideration, it does not justify a higher interchange fee for commercial credit cards funded by all New Zealand merchants who accept Mastercard and Visa cards.

### **Prevalence of SMEs as commercial credit cardholders**

- 3.18 Monitoring data indicates that domestic commercial credit cards are predominantly used by SMEs, which account for 86% of domestic commercial credit card transactions.<sup>77</sup>
- 3.19 In submissions on our previous decision, some stakeholders argued that including commercial credit cards in the pricing standard would disproportionately affect small business cardholders by reducing issuers' ability to offer them credit, potentially constraining access to credit and curbing the growth of small businesses.<sup>78</sup> Noting this could indirectly impact merchants through a reduction in demand which we consider in step 3 (see below), we accept there may be some benefits to merchants by effectively replacing the need for merchant-provided credit.

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<sup>76</sup> Based on ongoing monitoring data from Mastercard and Visa, supplemented by stakeholder engagement with issuers and our understanding of market conditions in New Zealand.

<sup>77</sup> This is based on our monitoring data acquired from Mastercard and Visa and is a percentage of transaction value.

<sup>78</sup> For example, Westpac “Submission on Retail Payment System – Interchange fee regulation for Mastercard and Visa networks – Draft Decision and Reasons Paper” (18 March 2025), para 3.16; Visa “Submission on Retail Payment System – Interchange fee regulation for Mastercard and Visa networks – Draft Decision and Reasons Paper” (18 March 2025) p17, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

3.20 Studies from overseas suggest that commercial credit cards may, in certain circumstances, help small businesses with short-term cash flow.<sup>79</sup> In relation to New Zealand, evidence on credit financing is focused on young, fast-growing firms and indicates that these firms rely on bank lending to grow.<sup>80</sup> We have not found evidence that New Zealand businesses rely on commercial credit cards to grow and therefore do not consider a higher interchange fee is justified.

### **Proportion of commercial credit card transactions relative to all transactions**

3.21 We have considered the share of commercial credit card transactions in New Zealand relative to other jurisdictions. In Australia, commercial credit card transactions appear to have remained relatively stable, fluctuating within a narrow range over time.<sup>81</sup> The share of commercial credit card transaction value in New Zealand appears somewhat higher than historic levels in the EU (when considering that the EU levels include both credit and debit).<sup>82</sup> <sup>83</sup> These comparisons do not alter our assessment of New Zealand-specific structural and market characteristics. We consider the current commercial credit share of transactions, together with the relatively high share of interchange fees weighs in favour of regulating interchange fees to benefit merchants and, ultimately, consumers.

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<sup>79</sup> For example, Akcigit et al. find that small U.S. businesses use credit cards as a short-term funding source during firm-level and aggregate credit shocks, but their high interest rates raise financing costs and can become unsustainable, weakening firm performance and recovery. Akcigit, U., R. S. Chhina, S. M. Cilasun, J. Miranda, and N. Serrano-Velarde (2025). "Credit Card Entrepreneurs". NBER Working Paper 33618 (2025).

<sup>80</sup> IMF New Zealand: Selected Issues; IMF Country Report No. 25/115; April 29, 2025 p11

<https://www.imf.org/-/media/files/publications/cr/2025/english/1nzlea2025002-print-pdf.pdf>

<sup>81</sup> In Australia commercial credit card transaction values including third parties have fluctuated at around 8–11% of total card transaction value since 2018. See Reserve Bank of Australia "Payments Data" available at: <https://www.rba.gov.au/payments-and-infrastructure/resources/payments-data.html> RBA reported commercial credit cards account for around 13 per cent of domestic-issued Mastercard and Visa credit card transactions. See RBA Review of merchant card payment costs and surcharging p56, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf>

<sup>82</sup> Our monitoring data shows that on an annual basis, commercial credit share of domestically issued card transaction values on the regulated networks in New Zealand has remained relatively steady at roughly 7% from December 2022 to November 2025. Over the same period, commercial credit interchange fee share for domestic transaction value has grown slightly from 19% to 20%.

<sup>83</sup> EU levels for commercial credit and debit combined in 2015-2017 were 7% and stable. EU, Report on the application of Regulation (EU) 2015/751 on interchange fees for card based payment transactions; p8 [https://competition-policy.ec.europa.eu/document/download/d8055968-b4c2-424b-b281-c4c6959df19b\\_en?filename=IFR\\_report\\_card\\_payment.pdf](https://competition-policy.ec.europa.eu/document/download/d8055968-b4c2-424b-b281-c4c6959df19b_en?filename=IFR_report_card_payment.pdf) ; EC, p201 [https://copenhageneconomics.com/wp-content/uploads/2021/12/copenhagen-economics\\_march\\_ifr-report.pdf](https://copenhageneconomics.com/wp-content/uploads/2021/12/copenhagen-economics_march_ifr-report.pdf)

## Role of alternatives such as American Express

- 3.22 We have also considered stakeholder concerns that regulation of commercial credit interchange fees could incentivise commercial credit cardholders to switch to alternative payment networks, such as American Express, to retain rewards and other benefits.<sup>84</sup> This would potentially drive transaction volumes on to an unregulated network and may raise overall merchant acceptance costs.
- 3.23 We note that the recent Australian decision to retain commercial credit at 0.80% was due in part to concerns American Express which already has a large and established position in Australia, would likely grow its share of commercial credit cards if commercial credit interchange fees were capped significantly.<sup>85</sup> These conditions differ materially from New Zealand, where American Express currently has a smaller presence and is not a must-take network for most merchants.<sup>86</sup>
- 3.24 Under our proposed caps, our assessment indicates that American Express' share of domestic commercial credit card transactions would need to increase substantially for cardholder switching to materially offset the merchant service fee savings delivered by the regulation and undermine the effectiveness of the proposed interchange caps. Based on our monitoring data, our view is that such a shift is unlikely to occur in the current competitive landscape.<sup>87</sup>

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<sup>84</sup> Commerce Commission "Retail payment system - Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper" (17 July 2025), para 3.63, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

<sup>85</sup> Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging Conclusions Paper" (31 March 2026) p55, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf>

<sup>86</sup> Based on our monitoring data provided by Mastercard, Visa and American Express.

<sup>87</sup> Based on our internal evaluation of Visa/CRA [REDACTED] using New Zealand monitoring data and the proposed caps. [REDACTED]

[REDACTED] While we accept the methodology makes an illustrative point, we consider empirical evidence on consumer-side factors such as cardholder fees and cross-elasticity are important considerations for analysing switching behaviour arising from interchange fee regulation. We have evaluated Visa/CRA "Costs and benefits of regulating interchange fees - An economic assessment of the New Zealand Commerce Commission's Draft Decision" (18 March 2025).

3.25 We acknowledge that while merchant acceptance for American Express is increasing, current insights suggest that this is alongside Mastercard and Visa rather than instead of the regulated networks.<sup>88</sup> We also acknowledge that American Express is gaining share in terms of commercial credit card transaction value but remains small overall.<sup>89</sup> We will continue to monitor American Express fees, and share of transactions and acceptance and can propose designation under the Act if necessary.

### Impacts on corporate travel

3.26 In submissions on our previous decision, some stakeholders raised concerns that capping commercial credit card interchange fees could affect business travel programmes.<sup>90</sup> [REDACTED]

[REDACTED]<sup>91</sup> In the absence of evidence from comparator jurisdictions that such use warrants differential treatment, we do not consider this justifies a system-wide premium or higher acceptance costs for domestic commercial credit cards. To the extent additional costs or benefits arise, these are more appropriately associated with foreign-issued commercial credit cards.

### Step Three: Considering relevant issuer costs

3.27 Consistent with our previous decision, we consider four main categories of relevant costs that should be funded through interchange revenue:<sup>92</sup>

3.27.1 fraud losses and fraud-prevention costs, where some transactions exhibit a higher prevalence of fraud;<sup>93</sup>

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<sup>88</sup> Based on information received from American Express and internal analysis [REDACTED]

<sup>89</sup> Based on our monitoring data, the overall share of American Express remains low indicating that it is still not a must take card for merchants [REDACTED]

<sup>90</sup> For example, Citibank NA NZ "Submission on Retail Payment System – Interchange fee regulation for Mastercard and Visa networks – Draft Decision and Reasons Paper" (12 March 2025), para15, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

<sup>91</sup> Visa/CRA "Costs and benefits of regulating interchange fees - An economic assessment of the New Zealand Commerce Commission's Draft Decision" (18 March 2025), [REDACTED]

<sup>92</sup> Commerce Commission "Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper" (17 July 2025), p44, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

<sup>93</sup> As acknowledged in our previous decision.

- 3.27.2 other relevant costs such as administration costs;
- 3.27.3 the cost of viable alternatives; and
- 3.27.4 decline-rate-related impacts that link to fraud management.

### **Fraud losses and fraud-prevention costs**

- 3.28 Our analysis of recent information from issuers has found that commercial credit cards have slightly higher fraud prevalence and higher fraud loss rates than personal credit cards.<sup>94</sup> As these cost differences are minor in relation to total issuer costs and are often inconsistent across issuers, we consider that a small premium above personal-credit-related allowances is appropriate when determining the commercial-credit card interchange fee caps, which also factors in differences in administrative costs, as discussed below.

### **Administrative costs**

- 3.29 We consider administrative costs are likely to be higher for issuers, on average, for commercial credit cards than personal credit cards due to the more complex relationship between issuers and a commercial customer rather than an individual cardholder, which results in higher account management costs on average.<sup>95</sup> We therefore consider that a small premium above personal-credit-related allowances is appropriate to account for administrative costs.

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<sup>94</sup> Based on our analysis of information provided by issuers as part of our ongoing monitoring. The information we received varied significantly but generally showed that fraud losses per transaction volume were approximately 20% higher for commercial credit cards than personal credit cards for issuers, which represents an additional cost to issuers of approximately 0.01-0.02% of total transaction volume. Because this difference only relates to a single component of issuer costs, we consider its likely effect on total issuer costs to be small. Most stakeholders provided information that supported the position that commercial credit cards were associated with higher fraud losses, although some reported personal credit cards as having higher fraud losses than commercial credit cards. Fraud loss data can vary substantially between years, and information we have received generally has not provided information across multiple years.

<sup>95</sup> We have received qualitative and quantitative information, from commercial credit card issuers, regarding issuer administrative or operational costs and how they vary between personal and commercial credit cards. We have heard from issuers that administrative costs are higher for commercial credit cards compared to personal credit cards. However, we consider this difference to likely have a small effect on total issuer costs. This is in addition to information received in submissions on our 2024 Draft Decisions Paper. For example, ANZ “Submission on Retail Payment System – Interchange fee regulation for Mastercard and Visa networks – Draft Decision and Reasons Paper” (18 March 2025), p18, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

- 3.30 We note that the RBA's cost study found little difference between eligible issuer costs for personal credit cards and commercial credit cards, however, administrative costs were mostly treated as non-eligible.<sup>96</sup>

### **The costs of viable alternatives**

- 3.31 The cost of alternative payment options is also relevant to our consideration of issuer costs. Where merchants do not have lower-cost alternatives, it is important that any interchange cap is set at a level that keeps the payment product viable.
- 3.32 Since regulated schemes' commercial credit cards attract materially higher merchant service fees than personal credit cards, American Express may be a more comparable alternative, in terms of merchant acceptance costs terms. However, American Express' smaller market share of commercial credit cards means it is not a practical alternative for all merchants. Merchant trade accounts are also less viable, as merchants must manage credit in-house and bear the risk of losses, resulting in higher overall costs (see merchant benefits section below). However, we consider the premium applied to interchange caps for personal credit broadly accounts for the cost of credit alternatives and no further premium is required here.

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<sup>96</sup> The administrative costs reported indicated that smaller issuers incur higher administrative costs for commercial credit than personal credit, despite the estimate for all issuers (inclusive of the major banks) showing personal credit administrative costs are higher than those for commercial credit. This is based on a comparison of the cost category "Account set-up, overheads and maintenance" for "all issuers" and "issuers excluding the major banks" across domestic-issued personal credit and commercial credit cards. For issuers excluding the major banks, this cost is 0.22% for personal credit and 0.28% for commercial credit. For all issuers, this cost is 0.57% for personal credit and 0.40% for commercial credit. This indicates that administrative costs are substantially higher for the major banks for both personal and commercial credit cards, compared to smaller issuers. It also shows the administrative costs for the major banks (large issuers) are higher for personal credit than commercial credit. However, administrative costs are shown to be higher for commercial credit than personal credit for smaller issuers (all issuers excluding the major banks). Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging Conclusions Paper" (31 March 2026), p107, 109, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf>

## Decline rates related to fraud management

- 3.33 On decline rates used for fraud prevention, we consider that our analysis above of fraud levels for commercial and personal credit cards already captures these differences. If issuers are already compensated for higher fraud prevalence, there should be little need for them to make changes to fraud-related decline thresholds.<sup>97</sup>

## Step Three: Considering relevant merchant benefits

- 3.34 We have assessed the benefits that merchants receive from accepting domestic commercial credit cards, compared to commercial debit cards and personal credit cards. We have assessed:
- 3.34.1 benefits that accrue to merchants directly from accepting domestic commercial credit cards; and
  - 3.34.2 whether certain value-added services, that commercial credit cardholders receive, indirectly benefit merchants.
- 3.35 Therefore, we consider that a merchant benefit is relevant to interchange, and any potential premium, if it:
- 3.35.1 reduces merchant cost, operational complexity or risk; and/or
  - 3.35.2 increases the merchant's ability to make a sale over and above transactions using commercial debit and/or personal credit which already have interchange fee caps.

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<sup>97</sup> We note that we have not identified new evidence specifically covering decline rate risks for domestic commercial credit. We also consider risks to decline rates to be of greater relevance in the context of foreign-issued cards, where differing risk dynamics could apply, as discussed in the foreign-issued commercial credit section below.

## **Merchant benefits which are present for commercial debit cards and/or personal credit cards**

- 3.36 Positive network externalities, such as universal acceptance, benefit both cardholders and accepting merchants and should therefore be apportioned between them, rather than fully funded through interchange fees.<sup>98</sup> Transaction processing and efficiency, guaranteed payment and settlement certainty and access to online commerce accrue to merchants, but as these are similarly present for commercial debit cards, they are already incorporated into the baseline for commercial credit cards. Therefore, we are not proposing an additional premium for these benefits beyond what has been considered in personal credit card interchange fee caps.
- 3.37 Relative to commercial debit cards, we consider domestic commercial credit card provide greater value to merchants through, fraud-related protections which are inherent to credit products. These features shift default risk away from merchants, support remote and digital transactions, and reduce the administrative and financial burden of managing credit relationships. This supports a small premium over commercial debit card, consistent with the premium applied to personal credit card interchange fee caps.
- 3.38 We acknowledge that credit card products (both personal and commercial) are more valuable to merchants due to their larger average transaction size compared to debit cards. However, in line with our previous decision, we consider that the ad valorem fee structure captures the larger average credit card transaction size.<sup>99</sup> As this ad-valorem pricing applies both to personal and commercial credit cards, we have not applied an interchange fee premium for higher value transactions associated with commercial credit cards relative to personal credit cards.

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<sup>98</sup> We also note that the must-take nature of Mastercard and Visa cards suggests that merchants have little countervailing power and subsequently paying higher interchange fees than the value they receive from network externalities.

<sup>99</sup> Commerce Commission "Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper" (17 July 2025) p54, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

## **Merchant benefits related to credit**

- 3.39 Merchants benefit from accepting credit products (both personal and commercial) that otherwise would require them to provide credit terms to customers, which would be costly both in terms of operation and in the event of payment defaults. Furthermore, stakeholder engagement we have conducted so far indicated that a higher volume of repeat customers occur through commercial credit cards. We therefore consider a small premium above personal credit interchange fee cap is warranted to account for the merchant not having to establish and operate trade accounts.
- 3.40 We have also considered whether the availability of commercial credit to cardholders indirectly induces additional merchant demand. Based on the evidence to date, we understand that there are two key distinct commercial credit card offerings, tailored to:
- 3.40.1 medium to large commercial credit cardholders, designed to have multiple card holders, card usage restrictions, and likely to be paid in full and on time; or
  - 3.40.2 small business credit card holders who more likely to exhibit revolving balances.
- 3.41 Where balances are paid in full, this suggests that additional spending beyond the expenditure limits is unlikely. In cases where domestic commercial credit cards are used to manage employee expenses, there may be incentives on the cardholder (employee) to maximise expenditure. However, this is constrained by limits (both amounts and types of expenditure) imposed by the employer. We therefore do not consider that medium to large commercial credit card holders induce any significant additional demand to merchants.
- 3.42 We have also considered situations where commercial credit cardholders exhibit revolving credit balances and whether this induces additional demand to the merchant. These commercial credit cardholders are typically smaller businesses and credit underwriting of these commercial credit cardholders often relies on personal credit assessments or director guarantees - similar to personal credit cards. This indicates that the cost of providing domestic commercial credit is similar to providing domestic personal credit. Therefore, there is no material additional benefit to a merchant accepting payment from commercial credit cards over domestic personal credit cards.

## 2. Foreign-issued commercial credit

**Our draft decision is to apply a 0.70% cap to foreign-issued in-person commercial credit card interchange fees and 1.50% to foreign-issued online commercial credit card interchange fees. This is consistent with the caps for foreign-issued personal credit card interchange fees.**

- 3.43 We propose to apply the foreign-issued personal credit card premiums to foreign-issued commercial credit cards. This reflects our view that foreign-issued commercial credit cards provide no material additional merchant benefit relative to foreign-issued personal credit cards and faces materially identical issuer cost drivers already captured in existing foreign-issued premium, once the benefits of commercial credit cards are incorporated.<sup>100</sup>
- 3.44 Any relevant benefits, such as access to international customers with limited alternatives and elevated fraud-risk protections, are already fully recognised in the existing foreign-issued personal credit card premium. This also reflects that conditions specific to New Zealand do not warrant an additional premium for foreign-issued commercial credit cards.

### Step One: Starting with the benchmarks

#### Consideration for New Zealand caps

- 3.45 Our foreign-issued commercial debit card interchange fee caps are set at 0.60% for in-person and 1.40% for online.<sup>101</sup> These serve as the base rates for foreign-issued commercial credit cards. We then apply the same 0.10% premium used for personal credit cards over personal debit cards to reflect the merchant benefits of commercial credit cards relative to commercial debit cards (see above).

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<sup>100</sup> Commerce Commission "Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper" (17 July 2025), p60-64, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

<sup>101</sup> Mastercard and Visa Interchange Fee Network Standard 2025, cl 7.2.1(a) and cl 7.2.2(a).

## Consideration of the caps set in Australia

- 3.46 Until recently, Australia had left foreign-issued commercial credit card interchange fees uncapped. From 1 April 2027, all foreign-issued transaction types will be capped at 1%.<sup>102</sup> This cap includes debit, credit and commercial cards and does not differentiate between in-person and on-line payment methods. Given the broad nature, Australia's caps provide a useful sense check to our approach - rather than a strict benchmark. **Table 3.1** shows unregulated weighted average interchange fees across foreign-issued card transactions are broadly comparable between New Zealand (1.77%) and Australia (1.75%).
- 3.47 As shown in **Table 3.1**, the proposed interchange fee caps imply a weighted average interchange fee of around 1.37% for foreign-issued commercial credit cards, largely driven by the higher share of card not present transactions (83%). The implied weighted average across all foreign-issued cards based on the recently implemented personal credit card caps and proposed commercial credit card caps is around 1.09%. Assuming Australia's average interchange for foreign-issued card transactions converged towards the 1.00% flat cap, New Zealand's average would sit at a similar level to Australia.

## Consideration of UK and EU

- 3.48 The UK and EU offer limited insight for benchmarking purposes, due to the lack of regulation and publicly available data in these jurisdictions.

## Step Two: Considering the New Zealand context

- 3.49 Across all contextual factors assessed at step two, our view is that no additional premiums over personal credit cards are warranted for foreign-issued commercial credit cards. We consider the caps for foreign-issued personal credit cards to be sufficient to reflect New Zealand specific conditions, including reliance on inbound tourism, greater exposure to foreign-issued transactions and alternative payment costs.

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<sup>102</sup> Reserve Bank of Australia Review of Merchant card payment costs and surcharging - conclusions paper, (March 2026), p59, available at: [www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf](http://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf)

3.50 We do not consider cross-jurisdictional market share comparisons provide a sound basis for adjustment. American Express' competitive position on foreign-issued commercial credit card transactions is modest and does not justify excluding Mastercard and Visa commercial credit cards from regulation.<sup>103</sup> We also consider it unlikely that aligning commercial credit card caps with personal credit card caps would materially affect foreign issuers' incentives to support acceptance in New Zealand, given that these caps are sufficient in covering their costs and given the country's small market size.

### Higher exposure to foreign-issued card transactions

3.51 International tourism is New Zealand's second largest export earner, generating a direct contribution to GDP of \$18B, a share of 4.6%. This is an increase of \$0.6B or 3.4% from the previous year.<sup>104</sup> In comparison, the share of tourism in relation to all economic activity in Australia remained steady at 2.9% in 2024-25, unchanged from 2023-24.<sup>105</sup>

3.52 Since July 2025, we have obtained more recent, granular data on foreign-issued card transactions in New Zealand on the Mastercard and Visa networks. Foreign-issued cards represent a larger share of total transactions in New Zealand than in Australia (11% versus 3%). Consistent with this, foreign-issued cards account for a larger share of total interchange fees in New Zealand than in Australia (30% versus 20%).<sup>106</sup> Australia has introduced a hard cap of 1% on all foreign-issued card interchange fees, including foreign-issued commercial credit cards.<sup>107</sup>

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104 For the year end March 2025. NZ Tourism "New data reiterates importance of tourism in New Zealand's economy" (4 March 2026), available at: <https://www.tourismnewzealand.com/news-and-activity/new-data-reiterates-importance-of/>

105 Australian Trade and Investment Commission "National Tourism Satellite Account 2024-25" available at: <https://www.tra.gov.au/en/economic-analysis/tourism-satellite-accounts/national-tsa>

106 New Zealand figures are based on monitoring data from Mastercard and Visa covering the 12-month period between December 2024 and November 2025. Australia figures are sourced from Reserve Bank of Australia Review of Merchant Card Payment Costs and Surcharging Conclusions Paper (March 2026), p59, available at: [www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf](http://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf)

107 Reserve Bank of Australia Review of Merchant card payment costs and surcharging - conclusions paper, (March 2026), p59, available at: [www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf](http://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf)

- 3.53 Insights from submissions on the RBA's recent interchange fee review indicated that tourism and hospitality are sectors where card payment costs are hardest to absorb and pass forward, reflecting exposure to foreign-issued cards and customer sensitivity to surcharging.<sup>108</sup> These merchants may be unable to steer customers to cheaper payment methods and so would benefit from lower interchange caps on foreign-issued commercial credit cards.
- 3.54 Given that New Zealand has greater exposure to foreign-issued card transactions than Australia, and that Australia will implement caps in this area, it is appropriate for New Zealand to adopt similar regulatory measures. Doing so, would benefit merchants most affected by these costs, particularly in the tourism and hospitality sectors.

### **Costs of alternatives**

- 3.55 We have previously recognised that New Zealand faces higher merchant acceptance costs for alternative cross-border payment methods, such as international bank transfers and that these higher costs justify the elevated online and in-person premium for foreign-issued personal credit card transactions.<sup>109</sup> We do not however, find any difference between foreign-issued personal credit cards and foreign-issued commercial credit cards regarding these costs. We therefore consider that the current foreign-issued personal credit card interchange fee cap is appropriate to also apply to foreign-issued commercial credit cards.

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<sup>108</sup> Australian Restaurant & Café Association, “Submission to the Review of Merchant Card Payment Costs and Surcharging” (September 2025), pp1–2; Australian Hotels Association, “Submission to Merchant Card Payments Costs and Surcharging Issues Paper” (17 December 2024), p2–3 available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2025-07/submissions/>. See also RBA, “Review of Merchant Card Payment Costs and Surcharging – Conclusions Paper” (March 2026), Section 3, noting separate treatment of foreign-issued card interchange.

<sup>109</sup> In our July 2025 decision, this comparison was made primarily with jurisdictions within the Single Euro Payments Area (SEPA), where EU regulation requires cross-border euro-denominated bank transfers to be priced in line with domestic transfers (Regulation (EU) 2021/1230, article 3). New Zealand does not have an equivalent regime, and international bank transfers are typically subject to fixed fees and intermediary charges. Commerce Commission “Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper” (17 July 2025), p46.

## Foreign issuer incentives to continue acceptance in New Zealand

- 3.56 We acknowledge the concerns raised regarding the potential impact on the travel sector arising from foreign issuer response to interchange fee regulation.<sup>110</sup> However, given the size of the New Zealand market and transaction volumes, any regulation here is unlikely to have substantive impact on individual foreign-card issuers' incentives. We consider there is a sufficient premium on personal credit cards such that no additional consideration is needed for commercial credit cards for foreign-issuer incentives.

### Step Three: Considering relevant issuer costs

- 3.57 We want to ensure foreign issuers receive sufficient interchange to maintain transaction acceptance in New Zealand. This includes ensuring foreign issuers receive sufficient interchange from transactions in New Zealand to cover their relevant costs, for example by supporting continued issuer participation and avoiding higher decline rates that could arise if interchange were set below cost.
- 3.58 With New Zealand transactions making up a small portion of foreign issuers' total transactions, we consider there to be a low risk of adverse impacts to the payments market from the implementation of interchange fee caps. Of the costs that we do consider relevant to the level of interchange for foreign issuers, we consider the premium already applied in the personal foreign-issued interchange caps is sufficient.
- 3.59 Foreign-issued cards are associated with higher costs and more limited viable alternatives. These effects both put upward pressure on the appropriate level of interchange compared to domestic-issued cards. Our foreign-issued caps for personal and commercial debit cards already account for these characteristics, so a higher interchange level is not necessary and, if allowed, may result in double counting of costs.

### Step Three: Considering relevant merchant benefits

- 3.60 Guaranteed settlement for foreign-issued credit cards is a genuine benefit of all credit card products, but not uniquely a benefit of foreign-issued commercial credit cards.

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<sup>110</sup> Tourism Industry Aotearoa "Cross-submission - Payments - Interchange fee regulation for Mastercard and Visa networks" (14 May 2025), available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

- 3.61 Our current evidence suggests that merchants gain additional benefits from accepting foreign-issued commercial credit cards in comparison to domestic commercial credit cards.<sup>111</sup> These are:
- 3.61.1 convenience of being able to accept payments from international customers who have few other alternatives; and
  - 3.61.2 fraud protection and security due to foreign-issued credit products having a higher risk profile for fraudulent transactions, particularly on-line transactions.
- 3.62 We consider that, compared with domestic commercial credit cards, foreign-issued commercial credit cards offer merchants additional value by enabling access to international business travellers and customers. This supports a premium above domestic commercial credit cards. However, we do not have evidence of additional benefit beyond what already exists for foreign-issued personal credit cards.
- 3.63 Similarly, we recognise that fraud protection for foreign-issued commercial credit cards is a relevant merchant benefit over and above domestic commercial credit cards. Foreign-issued cards carry higher fraud risk, especially online, so a premium mirroring foreign-issued personal credit (for in-person and online) is appropriate for foreign-issued commercial credit.
- 3.64 We have also considered the merchant benefits of accepting payments made using virtual card numbers (VCNs) which are issued to online travel booking platforms or online travel agencies (OTAs) who use these to pay merchants. In these business cases, we consider that higher interchange is justified to cover the costs of fraud but not [REDACTED] [REDACTED] which should be considered as cardholder benefits rather than merchant benefits.<sup>112</sup> We note that because VCNs can only be processed as a ‘card not present’ transaction, they would have the online premiums for both domestic commercial credit cards and foreign-issued commercial credit cards.<sup>113</sup>

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<sup>111</sup> Stakeholder engagement activity undertaken by the Commerce Commission, Q3 2025 to Q1 2026.

<sup>112</sup> WEX “Submission on Retail Payment System – Interchange fee regulation for Mastercard and Visa networks – Draft Decision and Reasons Paper” (17 February 2025), p10.

<sup>113</sup> As noted in WEX “Submission on Retail Payment System – Interchange fee regulation for Mastercard and Visa networks – Draft Decision and Reasons Paper” (17 February 2025), p3.

3.65 We note that in its recent conclusions paper, the RBA received evidence that bookings made through online travel booking platforms, paid for by Australian customers using domestic issued cards, are then paid to Australian hotels using foreign-issued virtual cards. This results in Australian hotels paying higher interchange fees.<sup>114</sup>

## **Proposing a limiting mechanism in the draft Amendment Pricing Standard to support these reductions**

3.66 In the July 2025 Pricing Standard, we removed the mechanism set under the initial pricing standard (which came into force on 13 November 2022) that limited interchange fees so that they would not exceed the lower of:

3.66.1 the interchange fees per transaction as at 1 April 2021; or

3.66.2 the relevant specified maxima.<sup>115</sup>

3.67 This limiting mechanism was removed on the basis that the revised caps were expected to deliver the intended outcomes. Following our final decision, Mastercard and Visa undertook re-pricing activity to their domestic interchange structures. These changes included the removal, consolidation and repricing of preferential interchange fee categories, while remaining compliant with the July 2025 Pricing Standard. This type of participant conduct has informed our assessment of how schemes may respond to our proposal to regulate commercial credit in practice.

3.68 Following the July 2025 Pricing Standard, our information indicates the aggregate level of interchange revenue fell.<sup>116</sup> However, repricing activity meant that some merchants have experienced increases in their effective interchange rates. These changes have, in some cases, had the effect of offsetting or diluting the intended impact of regulation. In the absence of additional safeguards, compliance with the caps does not necessarily equate to achieving the intent of interchange fee regulation.

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<sup>114</sup> Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging – Conclusions Paper" (31 March 2026), p45, 61.

<sup>115</sup> Retail Payment System Act 2022, Schedule 1 cls 7(2) and (3).

<sup>116</sup> Based on our ongoing stakeholder engagement with large acquirers conducted since our July 2025 decision.

- 3.69 In light of the experience late last year, we consider that additional measures are required to support the effectiveness of our proposed interchange fee caps. We therefore propose to introduce a limiting mechanism to ensure that existing commercial credit interchange rates below the proposed caps remain at the level they were at as of 1 December 2025. This includes changes to some categories (ie, industry specific rates) by Mastercard and Visa that were implemented after 1 December 2025 but back dated with a 1 December 2025 effective date.
- 3.70 The purpose of the limiting mechanism is to ensure reductions in interchange fees are realised and are not diluted through upward repricing of lower-rate interchange categories or negotiated rates. In the absence of such a mechanism, schemes would retain the ability to materially offset the intended benefits of the caps through changes to interchange structures, undermining the objectives of this draft decision.
- 3.71 Under the proposed approach, commercial credit card interchange fees would be limited to the lower of:
- 3.71.1 the applicable interchange fee cap; or
  - 3.71.2 the published interchange fee rate for the relevant category as at a specified reference date.
- 3.72 We propose this mechanism operates at the interchange-category level, rather than at the level of individual merchants. While a merchant-specific limiting mechanism would be more targeted in principle, we consider it impractical to implement and enforce. A category-specific approach is feasible, proportionate and consistent with the approach previously adopted under the initial pricing standard. It provides a practical and enforceable means of limiting upward repricing for domestic commercial credit cards.
- 3.73 We note that this limiting mechanism is proposed to apply to domestic commercial credit card transactions only. We are not proposing to apply the mechanism to foreign-issued commercial credit cards at this stage, as the currently published interchange fee schedules for Mastercard and Visa do not appear to include preferential merchant or industry-specific pricing for foreign-issued transactions. However, we are seeking confirmation from the schemes on whether any such pricing exists as part of our questions to stakeholders (Attachment B).

- 3.74 The reference date for the limiting mechanism is **1 December 2025**, aligning with the implementation date of our previous interchange fee decision. This date reflects a stable and published interchange schedule and avoids unnecessary complexity. Prior to 1 December 2025, some Visa industry interchange categories were subject to two-part pricing linked to transaction value. The move to simpler ad valorem rates from that date improves transparency and supports the use of 1 December 2025 as a reference point for the proposed anchor.
- 3.75 Following implementation, we will continue to monitor interchange pricing outcomes and repricing behaviour by Mastercard and Visa. This monitoring will inform our assessment of whether the expected benefits of the draft Amendment Pricing Standard are being realised and whether further regulatory intervention is required.
- 3.76 We recognise that there is a possibility that, over time, schemes may make adjustments that affect how the limiting mechanism operates in practice, and that such behavioural responses cannot be entirely ruled out. While a range of potential safeguards could be considered, such as enhanced disclosure of changes or requirements for prior approval, we do not consider these necessary at this stage. Instead, we propose to monitor outcomes and review the position if evidence emerges that the mechanism is not operating as intended.

### **Consideration of alternative approaches**

- 3.77 We have also considered alternative mechanisms, including a weighted-average interchange benchmark in addition to the proposed price caps. While such an approach could, in theory, constrain aggregate interchange outcomes while allowing greater pricing flexibility, we decided against it as we consider it would be more complicated than the limiting mechanism (described above). We also consider that it would provide less price certainty and clarity for merchants, as it allows interchange rates to be rebalanced across categories and merchant groups over time, making it more difficult for merchants to interpret how changes in aggregate interchange outcomes translate into the rates they pay.<sup>117</sup>

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<sup>117</sup> Section 4(2)(b) of the Act requires us, when deciding whether to exercise our powers, to consider, where we consider relevant, that the retail payment system provides a reasonable degree of transparency.

- 3.78 Under a weighted-average benchmark approach, we would first consider the current, unregulated, weighted-average commercial credit card interchange rate and then estimate how reducing the highest commercial credit card interchange fees under a cap (set at the level determined by the three-step methodology) would affect that average, setting the benchmark at that estimated level. In practice, this approach would require detailed and reliable assumptions about transaction volumes, merchant mix, category usage and likely scheme responses. Small changes in these assumptions could materially affect the benchmark level and compliance assessment. Setting a benchmark (alongside the proposed caps) would keep the weighted-average of interchange fees for commercial credit cards under a benchmark over a rolling 12-month period.
- 3.79 We consider that this uncertainty, together with the increased data, modelling and monitoring requirements, means that the proposed limiting mechanism is likely a lower cost way of achieving the objectives of the draft decision. We also note that the RBA has removed its weighted-average benchmark for domestic commercial credit cards to simplify the interchange framework and reduce regulatory burden.<sup>118</sup>

## Implementation

- 3.80 We propose a two to three-month implementation period from our final decision. For the final interchange fee caps for commercial credit cards, for both domestic and foreign-issued.
- 3.81 We consider this advance notice of our proposed implementation timing, alongside our previous intent to regulate commercial credit cards in the July 2025 decision paper, strikes an appropriate balance. It ensures the benefits to merchants and consumers from interchange fee reductions are promptly realised, while recognising the steps involved in accurately implementing interchange fee changes which require a coordinated response across the industry.

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<sup>118</sup> Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging - Conclusions Paper" (March 2026), p35, 51.

## Chapter 4 Expected impacts and benefits of our draft decision

- 4.1 This chapter explains the expected benefits of our draft decision to regulate commercial credit card interchange fees and how the proposed approach is designed to deliver those benefits. It sets out how the interchange fee caps, together with a limit on commercial credit interchange rates below the proposed caps, are expected to reduce total interchange fees paid by merchants and benefit consumers over time. It also explains how we will review outcomes after implementation to assess whether these benefits are being achieved.

### We expect commercial credit interchange regulation to benefit merchants

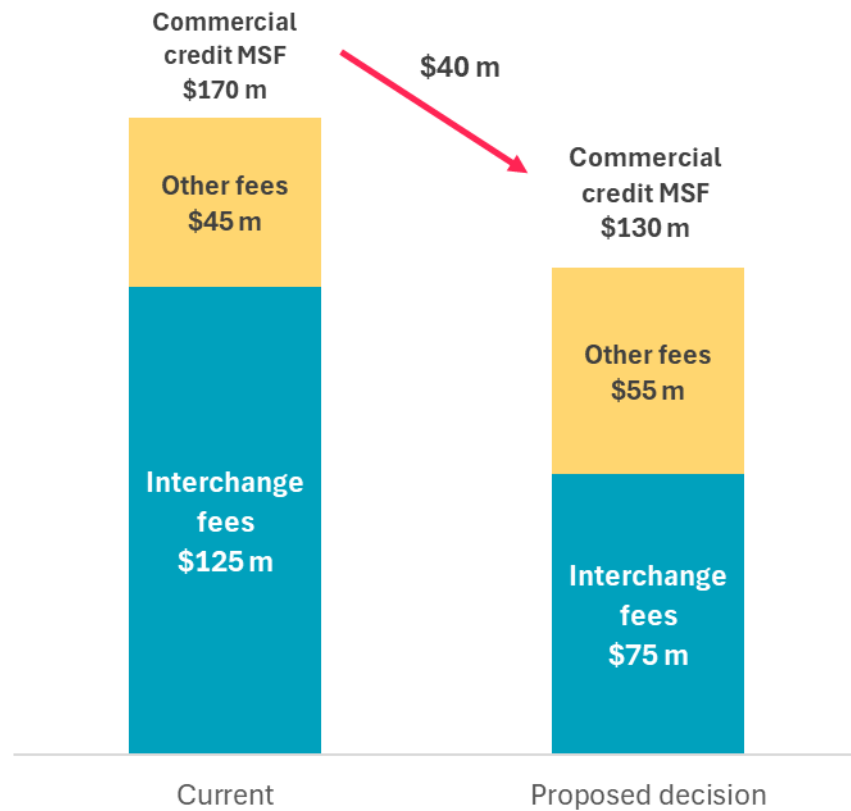
#### We expect our interchange regulation to reduce merchant costs

- 4.2 Based on our analysis of transaction values, current interchange rates, and the proposed interchange caps, we estimate the draft decision to reduce merchant service fees on Mastercard and Visa commercial credit cards by approximately \$40 million annually and benefit consumers through reduced upward pressure on prices and/or surcharge rates.<sup>119</sup> **Figure 4.1** illustrates the estimated annual reduction in merchant service fees resulting from the proposed interchange fee caps.
- 4.3 We estimate the savings in merchant service fees (\$40 million) to be smaller than the reduction in interchange fees (\$50 million). This reflects imperfect cost pass-through from acquirers to merchants arising from acquiring market features such as differences in merchant pricing plans.

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<sup>119</sup> The estimated annual reduction relates to merchant service fees for commercial credit transactions only, based on transaction and interchange fee data for December 2024 - November 2025 submitted by Mastercard and Visa, scheme and other fee data for April 2023 - March 2024 submitted by large acquirers. Our acquirer to merchant pass-through assumptions are based on more recent monitoring data and are more conservative compared to the 90% in the Final Decision published in July 2025, which was based on the savings from the initial pricing standard that we observed from the data submitted by the acquirers. We have excluded transactions with unidentified card types from our calculations. Actual savings per year depend on, among other factors, the value and mix of transaction types in that year.

**Figure 4.1** Expected annual reduction in merchant service fees from draft decision to regulate commercial credit card interchange



### Ensuring reductions are passed through to merchants

- 4.4 The extent to which reductions in interchange fees translate into lower merchant service fees depends on pass-through by acquirers and payment service providers. Drawing on experience from the initial pricing standard and subsequent monitoring, we expect acquirers to pass through interchange fee reductions to merchants over time.
- 4.5 We acknowledge uncertainty in the precise rate of pass-through, particularly given recent changes in pricing models, including the increased use of blended pricing, and merchant use of intermediaries such as digital platforms. To ensure the benefits of further regulation are realised in practice, we intend to assess pass-through following implementation by considering for example:
  - 4.5.1 changes in merchant service fees over time;
  - 4.5.2 differences in outcomes across merchant size and sector;
  - 4.5.3 shifts in pricing structures, including blended and interchange-plus arrangements; and

- 4.5.4 changes in transaction volumes across regulated and unregulated payment methods.
- 4.6 Any findings will inform whether additional regulatory intervention is required to ensure merchants are receiving the full benefit of interchange fee regulation.
- 4.7 We intend to continue to monitor the non-interchange components of merchant service fees, eg, scheme fees and may consider additional regulation if these are increasing to offset interchange fee regulation. We also intend to track transaction volumes and fees on higher cost networks eg, American Express, as moves to these networks are likely to drive up total merchant service fees paid by New Zealand merchants.

## **We expect commercial credit interchange regulation to benefit consumers**

### **Lower prices and more cost-reflective surcharging**

- 4.8 We expect merchants to pass on the benefits of lower merchant service fees resulting from commercial credit interchange fee regulation to consumers through:
  - 4.8.1 lower prices than would otherwise have prevailed; and/or
  - 4.8.2 reduced surcharge levels and structures that better reflect underlying costs.
- 4.9 We expect this proposed interchange regulation to contribute to these outcomes across the economy, particularly in sectors with high exposure to commercial credit transactions.
- 4.10 However, we also observe that current surcharging practices are often imperfect and may not accurately reflect underlying acceptance costs. In this context, interchange regulation alone may not be sufficient to ensure that consumer benefits fully materialise.

### **Reduced cross-subsidisation across payment types**

- 4.11 Current arrangements mean that consumers using lower-cost payment methods may indirectly fund benefits associated with higher-cost commercial credit cards through higher general prices and surcharges. By reducing the extent of this cross-subsidisation between cardholders, the draft decision is expected to support more efficient payment choices and reduce distortions that encourage use of high-reward payment products.

- 4.12 Over time, this may lead to clearer pricing of cardholder benefits, including a greater role for cardholder fees or standalone pricing of bundled services such as expense management.

### **Considering compliance with the draft standard**

- 4.13 In the July 2025 Pricing Standard, an anti-avoidance mechanism applies to prevent Mastercard and Visa from undermining the intended effect of interchange fee regulation through compensatory payments or benefits to issuers.
- 4.14 The anti-avoidance provision limits the extent to which schemes can offset reductions in interchange fees by increasing issuer compensation through other means, such as scheme fees or incentives. Its role is to ensure that reductions in regulated interchange fees translate into genuine reductions in costs faced by acquirers and merchants, rather than being neutralised elsewhere in the system.
- 4.15 The anti-avoidance mechanism adopted in the July 2025 Pricing Standard continues to apply under this draft decision and will extend to commercial credit card transactions that become subject to interchange fee caps. We are not proposing to change the operation or scope of the anti-avoidance provisions as part of this draft decision. Rather, the mechanism remains an important component of the overall regulatory framework supporting compliance with the proposed Amendment Pricing Standard and protecting the expected benefits of interchange fee regulation.

## Attachment A Our legal framework

### Purpose

A1 This attachment sets out the framework under the Retail Payment System Act 2022 (the Act) that the Commission has applied in considering whether, and on what terms, to further regulate interchange fees by issuing a new pricing standard.

### Overview of the Act

A2 The purpose of the Act is to promote competition and efficiency in the retail payment system for the long-term benefit of merchants and consumers in New Zealand.<sup>120</sup> The Act gives the Commission a range of functions and powers which must be carried out for the statutory purpose, including:

- A2.1 recommending a network is designated;
- A2.2 regulating designated networks and their participants through issuing network standards and/or giving directions relating to network rules;
- A2.3 issuing merchant surcharging standards;
- A2.4 market monitoring and disseminating information; and
- A2.5 investigating, compliance monitoring and enforcement.

### Meaning of key terms

#### Retail payment system, networks and participants

A3 The retail payment system is the system comprising all retail payment networks. A retail payment network (**network**) means all participants, arrangements, contracts, and rules that facilitate a class of retail payment.<sup>121</sup>

A4 A participant of a **network** means either a person that:

- A4.1 **Network operator** – is wholly or partly responsible to the participants (or any of them) for the network rules and/or operates or manages the network or the core infrastructure of the network;<sup>122</sup> or

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<sup>120</sup> Retail Payment System Act 2022, s 3.

<sup>121</sup> Retail Payment System Act 2022, s 7.

<sup>122</sup> In the context of the initial designated networks, the subject of this final decision: (a) Mastercard International Incorporated has been designated as the network operator of the Mastercard credit and debit networks; and (b) Visa Worldwide Pte. Limited has been designated as the network operator of the Visa credit and debit networks.

- A4.2 **Service provider** – provides or facilitates the provision of payment services in the network (for example, a payment or an infrastructure service provider), but does not include a merchant.

#### Merchants and consumers

- A5 A consumer is defined as a person (including any individual or business) that acquires goods and services from a merchant.<sup>123</sup> A merchant means a supplier (within the meaning of the Fair Trading Act 1986) of goods or services.<sup>124</sup> In this decision, we use the terms “businesses” and “merchants” interchangeably and these terms include entities such as the Crown, individuals, and sole traders.
- A6 Under these definitions a business is a ‘consumer’ when it acquires goods and services from a merchant (ie, in a business-to-business transaction).

#### Competition and efficiency

- A7 We have interpreted ‘competition’ to refer to “workable or effective competition” (as defined in the Commerce Act 1986) rather than the theoretical concept of perfect competition.
- A8 While the High Court acknowledges that there is no consensus on the precise conditions that define workable competition, it provided the following practical formulation:<sup>125</sup>

[14] A workably competitive market is one that provides outcomes that are reasonably close to those found in strongly competitive markets. Such outcomes are summarised in economic terminology by the term “economic efficiency” with its familiar components: technical efficiency, allocative efficiency and dynamic efficiency. Closely associated with the idea of efficiency is the condition that prices reflect efficient costs (including the cost of capital, and thus a reasonable level of profit).

[15] [T]he practical context is the existence of sufficient rivalry between firms (sellers) to push prices close to efficient costs. The degree of rivalry is critical. In a workably competitive market no firm has significant market power and consequently prices are not too much or for too long significantly above costs.

[16] These terms are admittedly not precise. No two markets are the same and no single market stays the same. Whether workably competitive conditions exist is a judgement to be made in the light of all the information available, rather than something that can be ascertained by testing whether certain precise conditions are satisfied.

[...]

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<sup>123</sup> Retail Payment System Act 2022, s 7.

<sup>124</sup> Retail Payment System Act 2022, s 7. The Fair Trading Act 1986 defines a supplier as a person who (a) supplies goods by way of gift, sale, exchange, lease, hire or hire purchase; or (b) provides, grants or confers a service.

<sup>125</sup> Wellington International Airport Ltd & Ors v Commerce Commission [2013] NZHC 3289, at [14]-[18] and [22]-[23].

[18] In our view, what matters is that workably competitive markets have a tendency towards generating certain outcomes. These outcomes include the earning by firms of normal rates of return, and the existence of prices that reflect such normal rates of return, after covering the firms' efficient costs.

[...]

[22] In short, the tendencies in workably competitive markets will be towards the outcomes produced in strongly competitive markets. The process of rivalry is what creates incentives for efficient investment, for innovation, and for improved efficiency. The process of rivalry prevents the keeping of all the gains of improved efficiency from consumers, and similarly limits the ability to extract excessive profits.

[23] Indeed, the term "workably competitive markets" means markets in which these tendencies are seen. The more those tendencies are seen in a market, the more the market can be regarded as workably competitive. And of course, the more competitive the market, the more those tendencies will be seen.

A9 We have interpreted 'efficiency' as a reference to 'economic efficiency' – which is, as set out in the judgment above, considered to be an outcome of workable competition. Economic efficiency encompasses three components:

A9.1 **Productive efficiency** is present when producers use inputs in such a manner as to minimise costs, subject to technological constraints;

A9.2 **Allocative efficiency** occurs when resources are allocated within the economy to the uses in which they have the highest value; and

A9.3 **Dynamic efficiency** refers to decisions made over time and includes decisions relating to investment and/or innovation that can improve productivity as well as the range and quality of services.

### **Commission's powers to issue network standards**

A10 The Commission may issue network standards imposing requirements on designated networks and participants in those networks.<sup>126</sup> The Mastercard and Visa credit and debit networks are initially designated, which means that the Commission may exercise its powers to issue network standards applying to these networks and any participants in those networks.

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<sup>126</sup> Retail Payment System Act 2022, s 17(1)-(2).

A11 A network standard may deal with or otherwise relate to one or more of the matters listed in s 20(1) which broadly relate to information disclosure, pricing and access to network infrastructure and services. Most relevantly to this decision, a pricing standard may address pricing for payment services, including pricing principles, limits on fees and pricing method requirements.<sup>127</sup>

#### **Powers to revoke and replace the initial pricing standard**

A12 Schedule 1 of the Act sets an initial pricing standard which regulates interchange fees on the Mastercard and Visa credit and debit networks. The Commission may issue a pricing standard to replace the initial pricing standard in respect of all or any of the initial designated networks, with effect no earlier than 13 November 2022.<sup>128</sup>

#### **Mandatory considerations for issuing a pricing standard**

A13 The Commission is required to take account of several factors (referred to as ‘**mandatory considerations**’) in deciding whether, and on what terms, to issue a pricing standard. The mandatory considerations are:

A13.1 whether issuing the pricing standard will achieve the purpose of the Act;

A13.2 the statutory principles; and

A13.3 the section 18 criteria.

#### **How we meet the purpose of the Act**

A14 The purpose of the Act is to promote competition and efficiency in the retail payment system for the long-term benefit of merchants and consumers in New Zealand. We consider that “to promote” in the context of the purpose statement refers to advancing or furthering the objectives of workable competition and economic efficiency.

A15 However, competition and efficiency are not objectives in themselves. Rather they are promoted for and to the extent that this is for the long-term benefit of merchants and consumers.

A16 We must therefore consider how our decisions to promote competition and efficiency in the retail payment system would be likely to impact the long-term interests of merchants and consumers.

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<sup>127</sup> Retail Payment System Act 2022, section 20(1)(b). Under section 20(2), a pricing standard may relate to both fees and to payments having an equivalent object or effect to fees.

<sup>128</sup> Retail Payment System Act 2022, clause 9(1) of Schedule 1.

- A17 While the process of competition is assumed to promote efficient outcomes (such as cost minimisation, efficient allocation of scarce resources, and greater innovation) there may be circumstances where workable competition alone may not deliver efficient outcomes which benefit merchants and consumers in the long-term. In these circumstances we may choose to directly promote efficiency which may in turn impact competition.
- A18 For example, the multi-sided nature of the Mastercard and Visa networks means that an increase in competition alone could drive up interchange fees to an inefficient level to the ultimate detriment of merchants and consumers that end up bearing the cost of these fees. In these circumstances we may choose to directly promote efficiency by prescribing a price that is more reflective of efficient costs even where this may result in a lower level of competition.
- A19 The long-term benefit to merchants and consumers may therefore be achieved through a decision which promotes efficiency to a greater extent and competition to a lesser extent (or vice versa). When making our decision we are guided by our judgement as to what would better promote the long-term benefit of merchants and consumers.

#### **A whole of system approach**

- A20 The Commission is required to take a whole of system approach to promoting competition and efficiency, considering whether the decision has the net result of promoting competition and efficiency across the retail payment system (which is defined to mean "the system comprising all retail payment networks") and whether and to what extent this is expected to benefit merchants and consumers in the long-term.
- A21 This means we must turn our mind to competition and efficiency within the network(s) that are the subject of the decision and other networks that comprise the system, as well as how a decision impacts competition between networks.

#### **Balancing the interests of merchants and consumers**

- A22 The Act seeks to promote the long-term benefit of both merchants and consumers. In assessing these long-term benefits, we will primarily be guided by the benefits to merchants and consumers as end-users of payment services. However, it may also be appropriate to consider the net benefits to society, where doing so would not detract from the purpose of promoting the long-term benefit of merchants and consumers.

A23 While ‘merchants’ is broadly defined, the legislative history suggests that the Act is particularly concerned with the interests of small businesses.<sup>129</sup> In assessing merchant benefit we will consider merchants as a whole but may give particular regard to the impacts to small businesses.

A24 We are conscious that some decisions may promote the interests of consumers to a greater extent than merchants (or vice versa). In these cases, the Commission is required to apply its judgement and undertake a balancing exercise, taking into account the respective benefits to merchants and consumers.

### Principles of the Act

A25 To the extent the Commission considers them relevant, it must also take into account the following principles when exercising its functions and powers:<sup>130</sup>

A25.1 merchants and consumers should pay no more than reasonable fees for the supply of payment services;<sup>131</sup> and

A25.2 the retail payment system provides a reasonable degree of transparency.

### Reasonable fees

A26 What is considered ‘reasonable’ fees will depend on the particular facts and circumstances, although the Commission will generally take into account factors such as:

A26.1 the reasonable costs of providing the payment service to the merchant or consumer;

A26.2 a reasonable rate of return in providing the service; and

A26.3 the benefits to the merchant or consumer of the payment service.

### Transparency

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<sup>129</sup> A key driver for the Act was high merchant service fees, which disproportionately affect small businesses. See, for example Retail Payment System Bill (80 – 2) (Economic Development, Science and Innovation Committee report), at 3. Note also that in the first reading of the Bill, Dr David Clark also made opening remarks that the regime is intended to ensure that the retail payment system “delivers long-term benefits to consumers and to small businesses or merchants” and made a number of remarks as to the specific issues facing small businesses.

<sup>130</sup> Retail Payment System Act 2022, s 4(2).

<sup>131</sup> “Payment services” is broadly defined as services that facilitate retail payments. An example of a fee paid by a merchant for the supply of payment service is the payment of a merchant service fee to an acquirer for the acceptance and processing of card payments.

A27 The concept of ‘transparency’ is also not defined under the Act. At a principled level, we consider this refers to a state where information within the system is readily available, accessible, and easily understandable. The availability of information is subject to certain reasonable limits, however, including legal requirements relating to privacy and confidentiality.

#### Taking these principles into account in practice

A28 The Commission is required to take account of these principles where it considers them relevant but may only do so to the extent that doing so would be consistent with the statutory purpose.

A29 As their relevance and weight will generally depend on the extent to which they promote the statutory purpose in the context of the specific decision being made, we will exercise our judgement on a case-by-case basis.

A30 In practice, we will first consider the relevance of the principle to the statutory purpose in light of the function being carried out, weigh this up against other relevant factors and give the principle the weight that is appropriate in the circumstances.

#### **Section 18 criteria for issuing a pricing standard**

A31 In deciding whether to issue a pricing standard and on what terms, the Commission must take into account whether there are any features of the retail payment network, or any conduct of participants in the network, that reduces, or are likely to reduce, competition or efficiency. This requires the Commission to consider whether:

A31.1 there is a competition or efficiency issue in a retail payment network, or a real potential for one to arise, that is caused by the features of the network and/or the conduct of participants of that network; and

A31.2 the extent to which regulation of that network through a pricing standard, including the specific terms of that standard, is likely to deal with (in whole or in part) the features or conduct at issue.

## **Attachment B      Questions for stakeholders**

### **Confidential Submissions**

- B1      While we encourage public submissions so that all information can be tested in an open and transparent manner, we recognise that there may be cases where parties that make submissions wish to provide information in confidence.
- B2      We take the protection of confidential information seriously. If you include confidential material in a submission, the information should be clearly marked, with reasons why that information is confidential.
- B3      Where commercial sensitivity is asserted, you must explain why publication of the information would be likely to unreasonably prejudice your commercial position or that of another person who is the subject of the information.
- B4      When including confidential information in your submission, provide clearly labelled confidential and public versions. We intend to publish all public versions on our website.
- B5      The responsibility for ensuring confidential information is not included in a public version of a submission rests entirely with the party making the submission.
- B6      Please note that all submissions we receive, including any parts that we do not publish, can be requested under the Official Information Act 1982 (OIA). This means we would be required to release material that we do not publish unless a good reason existed under the OIA to withhold it. We would normally consult with the party that provided the information before any disclosure is made.

### **Stakeholder views**

- B7      We are interested in all stakeholder views on our draft decision. Determining whether to intervene in interchange fees for commercial credit cards, and determining the appropriate interchange fees caps, is a balancing exercise which requires us to apply our judgement and weigh up several factors.
- B8      Stakeholder views are one of the factors that we will weigh up when making our final decision. Our final decision will be the decision that best promotes:
- B8.1      the purpose of the Act;
  - B8.2      the statutory principles; and
  - B8.3      the section 18 criteria.

- B9 To foster easier engagement with our paper, we have developed a survey for businesses (merchants) This survey is open until **5pm on Monday 29 June 2026** and is available here: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/>
- B10 We have set out a list of questions targeted to specific stakeholder groups below. but welcome all stakeholder views on our draft decision. Where possible, we are interested in supporting evidence and practical examples.
- B11 If you have observations from other jurisdictions that regulate personal credit cards but not commercial credit cards, please explain why the evidence is relevant to commercial credit cards (this may include, for example, discussions on substitution to Buy-Now, Pay-Later products) and the extent to which such behaviour is transferable to the New Zealand context.
- B12 Please submit your views by **12pm on Monday 13 July 2026**.

## Targeted Questions

**Please ensure that your views include supporting evidence and practical examples, where at all possible.**

1. We are interested in observations from card schemes on the impact of commercial credit card interchange fee regulation on commercial credit card transactions. For example, we welcome views on:
  - Changes in acceptance or transaction volumes following the introduction of such regulation.
  - The scale and persistence of any substitution to alternative payment networks (such as American Express).
2. We are interested in any views stakeholders may have on our approach at steps 1 and 2 of our methodology, for example on:
  - The relevance of Australia in informing specific elements of our approach, such as issuer incentives and sustaining the ability of smaller card issuers (including smaller banks) or open banking providers to compete, and implied weighted-average outcomes.
  - How regulation in Australia has affected issuer behaviour, including any changes to product offerings, pricing, or investment.
  - Key contextual similarities or differences between New Zealand and Australia (including the role of three-party networks) that should affect how these comparisons are applied.
  - The additional 10 basis-point premium we have applied to promote stable and sustainable market outcomes and mitigate the risk of market disruption.
3. We are interested in any views stakeholders may have on our approach at step 3 of our methodology, for example on:
  - The additional 10 basis-point premium we have applied above domestic personal credit card interchange to reflect the incremental issuer costs and merchant benefits associated with domestic commercial credit cards.
  - The relevance and scale of the incremental issuer costs (fraud losses, fraud-prevention measures, and administrative costs).
  - The relevance and scale of the incremental merchant benefits in this context (benefits associated with avoiding the administrative cost of establishing and operating trade accounts).
4. We welcome card issuer views on the role of commercial credit cards in market entry and competition, including whether they are typically not an entry-level product for challenger or smaller issuers. For example, we welcome views on:
  - Whether the proposed interchange caps may affect your ability and/or incentives to enter, expand, or compete in commercial credit card issuance.
  - Potential impacts on pricing, product viability, or investment decisions.

5. We are interested in card scheme views on the extent to which commercial credit card transactions are currently processed below the proposed caps. In particular, please provide information on the proportion of transactions (by volume and value) that occur at interchange rates below the proposed caps, including any industry specific, strategic, or negotiated rates. Where possible, please provide this separately for domestic and foreign-issued transactions.
6. We propose that the limiting mechanism apply to domestic commercial credit transactions only, on the basis that foreign-issued transactions do not appear to have preferential interchange categories. Do any preferential, negotiated, or industry specific interchange rates exist for foreign-issued commercial credit card transactions? If so, please briefly describe their structure and use in practice.
7. We welcome card scheme views on the practical and compliance implications of the proposed limiting mechanism (i.e. capping fees at the lower of the applicable cap or the published rate as at 1 December 2025). For example, we welcome views on:
  - The nature and extent of any implementation or compliance challenges.
  - Whether alternative approaches may be more feasible, enforceable, or effective.
8. We are interested in card acquirer views on whether a proposed two to three-month implementation period would be sufficient to implement the commercial credit card interchange fee caps and associated limiting mechanism. For example, we welcome views on:
  - The adequacy of this timeframe based on your experience.
  - Implementing interchange fee changes following the Commission's July 2025 decision, including repricing activity.
9. We are interested in card issuer views on whether the proposed two-to-three-month implementation period is sufficient to implement required pricing and system changes from an acquiring perspective. For example, we welcome views on:
  - The adequacy of the timeframe for implementation.
  - Any practical challenges encountered in pricing, systems, or billing changes
  - Impacts on merchant processes, including contract updates or notifications and repricing.
  - Coordination considerations with schemes and issuers, including timing dependencies.

## Attachment C Current interchange fee caps

Table C.1 Current interchange fee caps<sup>132</sup>

	Payment method	Current caps
Debit (personal and commercial)	In-person - contacted	<b>0.00%</b>
	In-person - contactless	<b>0.20%</b>
	Online	<b>0.60%</b>
Personal credit	In-person	<b>0.30%</b>
	Online	<b>0.70%</b>
Debit (personal, commercial and prepaid)	In-person	<b>0.60%</b>
	Online	<b>1.40%</b>
Personal credit	In-person	<b>0.70%</b>
	Online	<b>1.50%</b>

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<sup>132</sup> Commerce Commission: Mastercard and Visa Interchange Fee Network Standard 2025 (Amendment Consolidation) – August 2025 (14 August 2025), available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>