



Retail payment system

Commercial Credit Cards Interchange Fee Regulation for Mastercard and Visa Networks – Final Decision and Reasons Paper

22 October 2026



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Executive summary

Promoting more competitive and efficient commercial credit card payments

- X1 This paper sets out our final decision and reasons for regulating interchange fees on commercial credit card transactions made through the Mastercard and Visa networks.¹
- 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.
- X3 Interchange fees make up a significant component of the merchant service fees businesses pay to accept Mastercard and Visa commercial credit cards. Reducing interchange fees through regulatory caps helps ensure that the costs businesses incur when accepting these payments are no more than is reasonable.

Businesses are paying too much to accept commercial credit cards

- X4 In our July 2025 interchange fee decision, we concluded that commercial credit card interchange fees were unreasonably high.² However, we decided not to regulate at that time and instead signalled that we would intervene if these fees did not come down. We have not observed a meaningful reduction in these fees.
- X5 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.³

¹ Commercial credit card means a credit card that is issued to a business (within the meaning of the Fair Trading Act 1986) for use wholly for purposes other than personal, domestic or household purposes. Mastercard and Visa Interchange Fee Amendment Network Standard 2026 clause 6.1.7, available at <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/>

² Commerce Commission "[Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper](#)" (17 July 2025), para 3.60.

³ For the period between December 2024 and November 2025, based on monitoring data received from Mastercard and Visa.

Interchange fees should better reflect merchant benefits

- X6 We consider the 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 generally passed on as higher retail prices and/or surcharges paid by a wider group of consumers, regardless of the payment product used.

Determining appropriate caps is a balancing exercise

- X7 Determining appropriate commercial credit card interchange fee caps is a balancing exercise. In reaching our final decision, we applied a multi-factorial analysis that considers comparator jurisdictions, the New Zealand context, and relevant issuer costs and merchant benefits. This approach is consistent with the methodology used to set interchange fees for the July 2025 Pricing Standard.⁴

Consultation has informed our decision

- X8 Our final commercial credit interchange fee caps build on the insights gathered as part of consultation on the draft decision, including submissions.⁵ We have also actively engaged with stakeholders such as schemes, issuers, acquirers and merchants and commissioned an expert report.⁶ Thank you to the 21 organisations who made submissions, including cross submissions on our June 2026 draft decision. Thank you also to the 94 merchants and merchant associations who responded to our survey and to those stakeholders who met with us during the process.

Our decision to introduce new interchange fee caps for commercial credit

- X9 **Table X1** provides our new interchange fee caps, compared with current rates and the caps we proposed in our draft decision.

⁴ Commerce Commission "[Retail payment system - Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper](#)" (17 July 2025), p.31-48.

⁵ Available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

⁶ This is the fourth in a series of expert reports we have commissioned since 2023 from Dr Wilko Bolt and Dr Amelia Fletcher. See Dr W Bolt "Expert report on the regulation of commercial credit cards in New Zealand: some theoretical and practical considerations" (23 September 2026), available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

Table X1 Commercial credit interchange fee caps⁷

	Payment method	Current rates	Draft decision⁸	New caps (Final Decision)
Domestic commercial credit	In-person	0.20-2.20%	0.50%	0.70%*
	Online	0.20-2.20%	0.90%	1.10%*
Foreign-issued commercial credit	In-person	1.85%-2.05%	0.70%	0.70%
	Online	1.85%-2.05%	1.50%	1.50%
* The asterisk refers to domestic commercial credit transactions, where the new caps are the percentage cap shown in Table 1.1 or interchange fees per transaction as at 1 December 2025, whichever is lower. The latter (the temporary limiting mechanism) applies for a period of two years until 21 April 2029.				

- X10 We have decided to regulate commercial credit card interchange fees by introducing caps for domestic and foreign-issued commercial credit card transactions. Following consultation and consideration of additional evidence, we have increased the domestic commercial credit card caps proposed in our draft decision by 0.20%.⁹
- X11 This increase reflects further consideration of Australia as our appropriate comparator jurisdiction. Our final decision is more closely aligned to observed weighted average commercial credit interchange rates between New Zealand and Australia when accounting for the impact of the limiting mechanism.
- X12 We have also considered submitter concerns regarding the potential impact of lower interchange fees on smaller domestic issuers. We note that smaller issuers continue to operate successfully in Australia and evidence from other smaller markets with lower commercial credit rates, including Israel and Switzerland, does not indicate that lower interchange settings constrain issuer participation.¹⁰ However, we consider that the additional 0.20% premium will support smaller issuers.

⁷ Footnotes in Table 3.1 outline further detail on the current rates which are unregulated.

⁸ Commerce Commission “[Retail Payment System Commercial Credit Card Interchange Fee Regulation of Mastercard and Visa Networks – Draft Decision and Reasons Paper](#)” (4 June 2026), p.7.

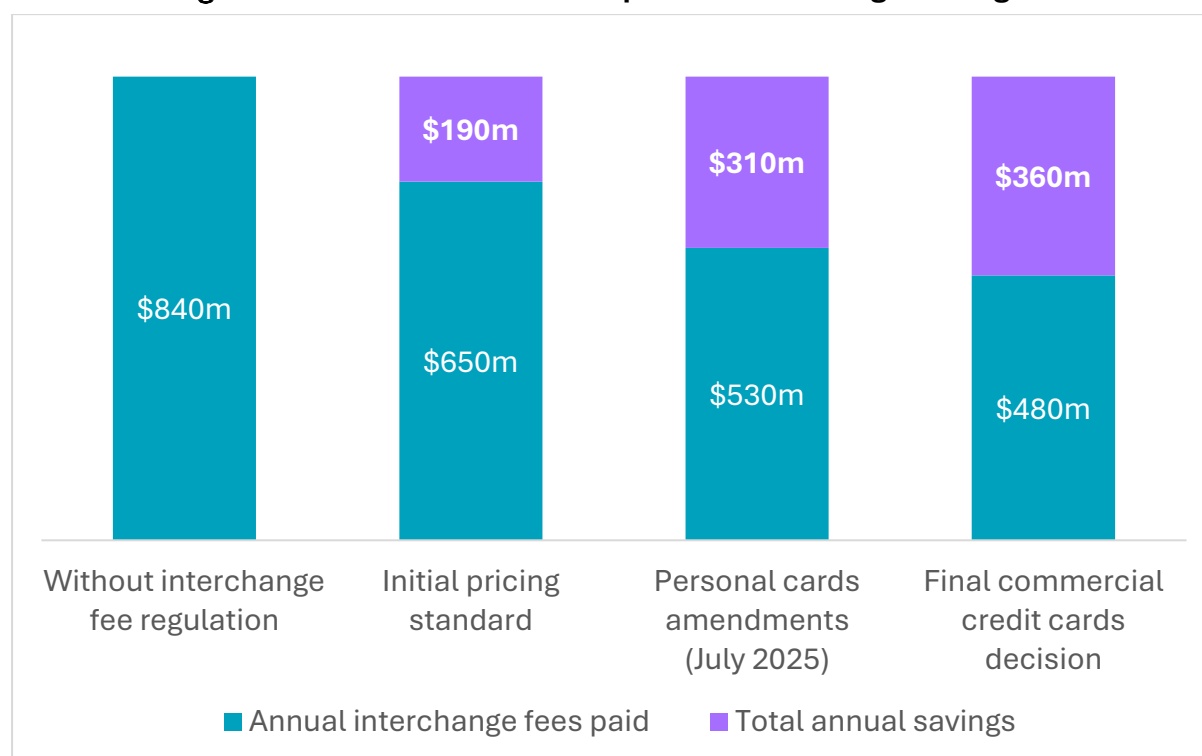
⁹ The estimated impact remains unchanged from the draft decision. This reflects offsetting effects from the revised domestic-issued caps and updated modelling assumptions that incorporate the limiting mechanism.

¹⁰ Information available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

- X13 Our final caps on foreign-issued commercial credit transactions remain unchanged from our draft decision and are aligned to current foreign-issued personal credit caps. We consider the premium applied to foreign-issued personal credit cards sufficiently captures relevant foreign-issuer costs and that no additional benefits accrue to merchants from foreign-issued commercial credit cards.
- X14 We have retained a 0.40% differential between in-person and online transactions, consistent with existing personal credit card settings.

We estimate that our final decision will save a further \$50 million in interchange per year

Figure X1 Estimated annual impact of interchange fee regulation¹¹



¹¹ The estimated annual savings and interchange fees paid are based on Mastercard and Visa transactions between December 2024 and November 2025 from our ongoing monitoring data. We applied pre-regulation interchange fee rates (prior to November 2022) to the data to estimate counterfactual costs, then incorporated the estimated annual reductions in interchange fees from the initial pricing standard, the new caps introduced in our decision in July 2025, and the final commercial credit caps to estimate total annual savings. Exact savings per year depend on the value and mix of transactions in that year, among other factors.

- X15 We estimate that the initial pricing standard implemented in November 2022 reduced interchange fees by around \$190 million per year. Our July 2025 decisions are expected to deliver a further \$120 million in annual savings.¹² We estimate that this decision will reduce interchange fees by an additional \$50 million per year by introducing caps for commercial credit cards. Together, these measures are expected to reduce interchange fees by around \$360 million annually.
- X16 We expect this to lower merchant service fees paid on Mastercard and Visa commercial credit cards by approximately \$40 million annually.¹³ We will monitor merchant service fees and undertake targeted reviews to ensure that interchange fee savings are being passed through to merchants and benefiting consumers through increased downward pressure on retail prices and/or surcharge rates.

Limiting mechanism to preserve the benefits of regulation

- X17 We have decided to introduce a temporary two-year limiting mechanism on commercial credit interchange fees to ensure the benefits of lower interchange fee caps are delivered to merchants. The mechanism prevents interchange fees that are currently below the caps from increasing for two years and is consistent with the approach adopted in the Initial Pricing Standard introduced in 2022.¹⁴ The two-year provision also gives merchants an opportunity to adopt new payment methods.
- X18 While we recognise that commercial credit interchange fees may change over time, we will continue to monitor the impact of our regulation on interchange fees paid across card types and payment methods, including strategic and industry rates before, during and after the limiting mechanism. This will include monitoring how commercial credit interchange fees in New Zealand track with comparator jurisdictions, including Australia.

¹² See Attachment B for interchange fee caps from the July 2025 decision.

¹³ See Chapters 1 and 4 for further detail on the estimated reductions.

¹⁴ The Initial Pricing Standard was the interchange fee caps in Schedule 1 of the Retail Payment System Act 2022. The July 2025 Pricing Standard replaced and revoked the Initial Pricing Standard.

Implementation to minimise operational disruption and delay of merchant benefits

- X19 We have listened to concerns about implementation timing. In response, we have decided to extend implementation timing for both domestic and foreign-issued commercial credit cards to six months from the release of the final decision. This will take effect from 22 October 2026 meaning that the new caps will take effect from 22 April 2027.
- X20 We expect schemes to confirm applicable rates and criteria with acquirers no later than two months from the release of the final decision. This is to support a smooth transition, by giving other market participants time to adjust their pricing and communicate that with their customers.

Monitoring market developments and promotion of open banking alternatives

- X21 We will also monitor changes in merchant service fees, including scheme fees, and shifts in transaction volumes across regulated and unregulated payment methods and networks, including American Express.
- X22 Findings from our on-going monitoring will inform whether additional regulatory intervention is required to ensure merchants are receiving the full benefit of interchange fee regulation. We will also be considering how to promote transparency in the retail payment system, including by potentially publishing some findings from our monitoring work.
- X23 We will also monitor and support the continued adoption of open banking alternatives, which have the potential to increase payment choice and help reduce merchant costs over time.

Associated documents¹⁵

Publication date	ISBN	Title
22 October 2026		Wilko Bolt expert report – On regulation of commercial credit cards in New Zealand: Some theoretical and practical considerations – 23 September 2026
4 June 2026	978-1-99-133208-0	Retail payment system Commercial Credit Card Interchange Fee Regulation for Mastercard and Visa Networks – Draft Decision and Reasons Paper
4 June 2026	978-1-991414-21-2	Retail payment system [Draft] Mastercard and Visa Interchange Fee Amendment Network Standard 2026
14 August 2025	978-1-99-133292-9	Mastercard and Visa Interchange Fee (Cross-reference Correction) Amendment Network Standard 2025 – August 2025
14 August 2025	978-1-99-133291-2	Mastercard and Visa Interchange Fee Network Standard 2025 (Amendment Consolidation) – August 2025
17 July 2025	978-1-99-133272-1	Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper
17 July 2025	978-1-99-133271-4	Retail Payment System Mastercard and Visa Interchange Fee Network Standard 2025
17 July 2025		Cross-submissions on interchange fee regulation for Mastercard and Visa networks
21 May 2025		Interchange fee process update - timing of our final decision and early notification of the final implementation period
17 April 2025		Summary of consumer and business feedback received via online survey - Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reasons Paper
17 April 2025		Submissions on Interchange fee regulation for Mastercard and Visa networks

¹⁵ Available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

18 December 2024	978-1-99-133214-1	Retail Payment System Interchange fee regulation for Mastercard and Visa networks Draft Decision and Reasons Paper
18 December 2024	978-1-99-133215-8	Retail Payment System Draft Mastercard and Visa Interchange Fee Network Standard 2025
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)

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, our final decision and its expected impact. It also covers terminology used and summarises our consultation process.

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 costs, as well as merchant 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.¹⁶

¹⁶ 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. 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'). Further detail can be found in Chapter 2 and **Attachment A**.
- 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.¹⁷ To reflect our final decision on commercial credit card interchange fees, we have now published an amendment to the July 2025 Pricing Standard - Mastercard and Visa Interchange Fee Amendment Network Standard 2026 (**Amendment Pricing Standard 2026**).¹⁸
- 1.8 From 1 July 2026, the Regulatory Standards Act 2025 requires an agency responsible for secondary legislation to publish a statement or explanatory note alongside secondary legislation. The explanatory note must include a Consistency Accountability Statement (CAS).¹⁹ As our final decision is amending the July 2025 Pricing Standard which is secondary legislation, we have also published a CAS alongside the Amendment Pricing Standard 2026.²⁰

¹⁷ 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>

¹⁸ Mastercard and Visa Interchange Fee Amendment Network Standard 2026, available at <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/>

¹⁹ A CAS 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. 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.

²⁰ Mastercard and Visa Interchange Fee Amendment Network Standard 2026, available at <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/>

Our commercial credit card interchange fee caps and estimated impact

1.9 Our final caps are outlined in the table below:

Table 1.1 Final commercial credit card interchange fee caps²¹

	Payment method	Current rates	Draft decision June 2026 ²²	New caps (Final decision)
Domestic commercial credit	In-person	0.20-2.20%	0.50%	0.70%*
	Online	0.20-2.20%	0.90%	1.10%*
Foreign-issued commercial credit	In-person	1.85%-2.05%	0.70%	0.70%
	Online	1.85%-2.05%	1.50%	1.50%
Estimated annual reduction in interchange fees			\$50m	\$50m²³
Estimated annual reduction in merchant service fees			\$40m	\$40m
* The asterisk refers to domestic commercial credit transactions, where the new caps are the percentage cap shown in Table 1.1 or interchange fees per transaction as at 1 December 2025, whichever is lower. The latter (the temporary limiting mechanism) applies for a period of two years until 21 April 2029.				

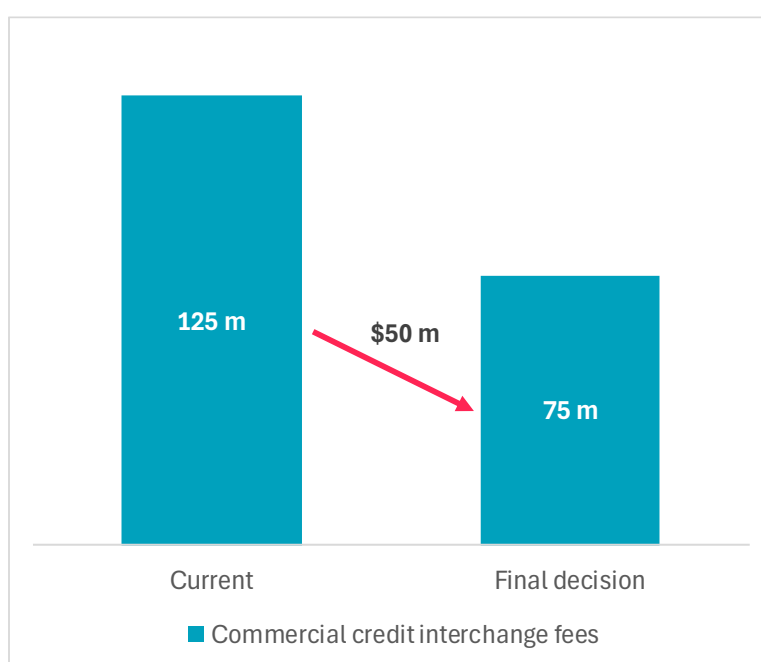
1.10 We expect our caps to reduce commercial credit interchange fees by \$50 million annually while the limiting mechanism applies. **Figure 1.1** outlines this impact on the interchange fees paid on commercial credit cards. We have not estimated impacts beyond the expiry of the limiting mechanism, as future strategic and industry interchange fee levels remain uncertain. We will continue to monitor these rates.

²¹ Footnotes in Table 3.1 outline further detail on the current rates which are unregulated.

²² Commerce Commission “[Retail Payment System Commercial Credit Card Interchange Fee Regulation of Mastercard and Visa Networks – Draft Decision and Reasons Paper](#)” (4 June 2026), p.7.

²³ The estimated impact to interchange fees and merchant service fees remain unchanged from the draft decision. This reflects offsetting effects from the revised domestic-issued caps and updated modelling assumptions that incorporate the limiting mechanism. Further detail can be found in Chapters 3 and 4.

Figure 1.1 Estimated annual impact on commercial credit interchange fees²⁴



Terminology used through the paper

- 1.11 The Mastercard and Visa Interchange Fee Amendment Network Standard 2026 is referred to as the 'Amendment Pricing Standard 2026' throughout this paper.²⁵ In this paper, 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).²⁶
- 1.12 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. Throughout the paper we use the term "foreign-issued card transactions". These are defined as "inbound cross-border transactions" in the July 2025 Pricing Standard. This is where a payment is made at a merchant outlet located in New Zealand using a card issued by an issuer based outside of New Zealand.

²⁴ Based on monitoring data received from Mastercard and Visa. Savings from the final decision are estimated by applying the new caps and limiting mechanism to the value of commercial credit transactions from December 2024 to November 2025. Exact savings per year depend on the value and mix of transactions in that year, among other factors.

²⁵ 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).

²⁶ Mastercard and Visa Interchange Fee Network Standard 2025, cl 6.1.5.

Our process has included extensive consultation, and this has informed our final decision

- 1.13 We have considered all views expressed as part of our consultation in reaching our final decision and issuing a new pricing standard under section 17 of the Act. We thank the survey respondents and submitters for engaging in the process by providing their views, sharing quantitative information, and making suggestions on how to further strengthen our approach.²⁷
- 1.14 To support our consideration of key issues raised in submissions, we commissioned an expert academic report which we have published alongside this paper. The report complements earlier expert work that has informed our regulation of interchange caps.²⁸

21 submissions and one cross-submission received in July 2026

- 1.15 We received 21 submissions in July 2026. Two submitters, Mastercard and Visa, provided additional expert reports, one of which was provided on a confidential basis. Some submitters supported the proposed regulation and considered that further reductions in commercial credit card interchange fees would benefit merchants through lower payment acceptance costs. However, others were concerned that there was an insufficient evidential basis for further regulating interchange fees and that the proposed approach may not deliver the expected benefits to merchants and consumers. Several submitters also highlighted issues relating to increasing surcharging, fee transparency and cost of payment acceptance.
- 1.16 Many submitters called for changes to, or the removal of, the proposed interchange fee caps on commercial credit and foreign-issued commercial credit cards. Their concerns included the distinct economics of commercial card products, the role these products play in supporting business cashflow and working capital, the higher costs associated with commercial card issuance, and the potential impact of regulation on competition, innovation and investment. Some submitters also raised concerns about the competitive implications of American Express remaining outside the proposed regulatory framework.

²⁷ Submissions and cross-submissions are available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

²⁸ This is the fourth in a series of expert reports we have commissioned since 2023 from Dr Wilko Bolt and Dr Amelia Fletcher. See Dr W Bolt “Expert report on the regulation of commercial credit cards in New Zealand: some theoretical and practical considerations” (23 September 2026), available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

- 1.17 We received one cross-submission in August 2026. The cross-submission- generally echoed the key themes raised in the initial submissions, including: the proposed two-to-three-month implementation period being too short, opposition to the proposed limiting mechanism and risk of substitution to non-regulated networks such as American Express. The cross-submission was also critical of the Commission’s merchant survey (see paragraphs 1.18 – 1.19), noting its small and heavily concentrated representation of certain sectors such as hotels and tourism.

94 responses to our merchant survey

- 1.18 We received 94 completed responses to our online, anonymous merchant survey. Merchants generally supported the draft decision.
- 1.19 Most merchant survey respondents considered that accepting commercial credit cards provides benefits to their business. However, most respondents (71%) did not see additional advantages in accepting commercial credit cards over personal credit cards. Most respondents (78%) would prefer lower acceptance fees, even if as cardholders they received fewer benefits.

Other issues raised that sit outside of this decision

- 1.20 Submissions raised other issues that impact merchant service fees, which are not in scope of this process. These include, but are not limited to, merchant service fee transparency, the pass-through of interchange fee reductions, the treatment of American Express and other unregulated networks, scheme fee transparency, surcharging practices, and merchant choice regarding acceptance of commercial credit cards. We will be looking at whether to address these wider potential issues in future work.

Chapter 2 Our approach in reaching our final decision to regulate commercial credit card interchange fees

- 2.1 This chapter sets out our approach in reaching our final decision to regulate commercial credit interchange fees. It explains why regulatory intervention is 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 used 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 if rates did not fall.²⁹

²⁹ Commerce Commission "[Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper](#)" (17 July 2025) para 3.60

- 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 personal credit cards.^{30 31} Furthermore, domestic commercial credit card interchange fees are almost double those observed in Australia which are near 0.8%.³² 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.³³
- 2.4 These observations support our conclusion that commercial credit card interchange fees remain above efficient levels. We have therefore decided to regulate these fees.
- 2.5 Several submitters questioned whether there was sufficient evidence to justify regulation.³⁴ As discussed in Chapter 2 below, we consider there is a clear case for intervention (see paragraphs 2.14 to 2.31).
- 2.6 Most submitters focused on the appropriate calibration of the proposed caps, implementation timing, competition impacts and related measures. Stakeholder feedback is addressed in Chapters 2, 3, and 4.

³⁰ For the period between December 2024 and November 2025, based on our monitoring data obtained from Mastercard and Visa.

³¹ 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% for foreign-issued. 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.

³² 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/>

³³ For the period between December 2024 and November 2025, based on monitoring data received from Mastercard and Visa.

³⁴ For example, Mastercard and Visa challenged the evidential basis for intervention, Revolut argued that capping commercial interchange is not the appropriate regulatory tool. See Mastercard "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p1; Visa "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p6; Revolut Payments of New Zealand "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), pp 1-4.

The mandatory considerations provide the framework for intervention

- 2.7 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 must carry out our functions and exercise our powers under the Act for this purpose.
- 2.8 We must take into account, to the extent we consider them relevant, the following principles: merchants and consumers should pay no more than reasonable fees for the supply of payment services; and the retail payment system provides a reasonable degree of transparency.
- 2.9 In reaching our final decision, we have considered both the reasonable fees and transparency principles. Given this decision concerns the level of interchange fees, we have placed greater weight on the reasonable fees principle.
- 2.10 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.
- 2.11 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.
- 2.12 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 objective of promoting competition and efficiency for the long-term benefit of merchants and consumers in New Zealand.
- 2.13 Further detail on these mandatory considerations features in Attachment A.

The problem: features of the network are reducing or are likely to reduce competition and efficiency and are resulting in merchants and consumers paying more than reasonable fees for the supply of payment services

Commercial credit card interchange fees are inefficiently high

- 2.14 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.³⁵
- 2.15 Unlike debit and personal credit cards, which have been subject to regulation since November 2022, until now commercial credit cards have remained unregulated. 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.³⁶
- 2.16 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.³⁷

³⁵ 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.

³⁶ For the period between December 2024 and November 2025, based on monitoring data received from Mastercard and Visa.

³⁷ 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.

- 2.17 We have concluded that 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. A significant proportion of commercial credit interchange revenue is used to fund cardholder benefits that deliver limited value to merchants or would be more appropriately funded on the card issuing side, where cardholders can more directly assess benefits relative to costs.

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

- 2.18 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:

2.18.1 **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.³⁸ However, the need for high interchange fees diminishes once adoption becomes widespread.

2.18.2 **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.³⁹ With commercial credit cards, these effects enable issuers in some cases to offer low cardholder fees,⁴⁰ and/or excessively generous benefits to cardholders such as rewards.

³⁸ Dr W Bolt "[The Retail Payment System in New Zealand – Efficiency, pricing and competition](#)" (December 2023) p.26, section 4.2.

³⁹ Dr A Fletcher "[Literature Review on Competition, Efficiency and surcharging in the Retail Payment System](#)" (November 2023), p.5-7; Dr W Bolt "[The Retail Payment System in New Zealand – Efficiency, pricing and competition](#)" (December 2023) p.36-40.

⁴⁰

2.18.3 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.⁴¹ Based on information gathered during consultation, merchant resistance not to accept commercial credit cards is further compounded by the inability to distinguish and/or refuse commercial cards at the point of acceptance.⁴² Commercial credit card interchange fees are therefore insufficiently constrained as most merchants are effectively price takers, making the level of interchange a must-accept cost included in total merchant service fees.⁴³

2.18.4 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.

⁴¹ 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.

⁴² Retail NZ "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), para 8; Paymark "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.2.

⁴³ Dr W Bolt "[The Retail Payment System in New Zealand – Efficiency, pricing and competition](#)" (December 2023) section 5.2. and Dr A Fletcher "[Literature Review on Competition, Efficiency and surcharging in the Retail Payment System](#)" (November 2023) section 4.3.

2.18.5 Merchants cross-subsidising cardholders and the cost shift arising from commercial credit card interchange. 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.⁴⁴ As these benefits accrue primarily to cardholders, the resulting cross-subsidisation shifts costs from commercial credit cardholders to merchants accepting commercial credit cards.

2.18.6 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.⁴⁵ 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.

2.19 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 interchange rates. These changes have had the effect of offsetting or diluting the intended impact of regulation. We discuss this further in Chapter 3.

⁴⁴ Retail NZ “[Submission on Retail Payment System – Interchange fee regulation for Mastercard and Visa networks – Draft Decision and Reasons Paper](#)” (18 March 2025), para 5 and question 2 at p.4; “[Merchant Survey Summary produced by Commerce Commission on Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks](#)” (20 July 2026) p.38-39 and additional stakeholder engagement conducted since July 2025 final decision.

⁴⁵ 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 final decision promotes competition and efficiency for the long-term benefit of merchants and consumers

- 2.20 Our 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 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

- 2.21 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

- 2.22 Our final 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 increased downward pressure on prices and/or lower surcharges.
- 2.23 Our decision promotes efficiency in various ways, including by:
- 2.23.1 encouraging better price transparency for commercial credit cardholders about the 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;
 - 2.23.2 aligning interchange fee revenue to be more proportionate to the benefits received by merchants, also promoting allocative efficiency;
 - 2.23.3 reducing the costs of accepting transactions made with commercial credit cards on the acquiring/merchant side of the market, which increases productive efficiency to the extent that businesses can support the same volume of transactions at a lower cost; and

2.23.4 reducing disincentives for card issuers to offer and for cardholders to use, alternative payment methods, in order to promote dynamic efficiency.

2.24 Some submissions raised concerns about the potential impact of our draft decision on commercial credit card issuance and merchant acceptance benefits. These matters are covered in Chapter 3.

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

2.25 Some submitters raised concerns that lower interchange fees could reduce issuer profitability and weaken incentives to invest.⁴⁶ While we acknowledge these concerns, the evidence before us does not indicate that our final caps would materially weaken incentives to invest. We assess these issues in Chapter 3.

2.26 Furthermore, our final caps on domestic-issued commercial credit cards are higher than those proposed in our draft decision. This supports the incentives of incumbent issuers to continue offering commercial credit card products and invest in scheme-based payment services. It also provides incentives to incumbents to invest in innovative payment methods outside of traditional scheme networks such as open banking.

2.27 Our final caps also reflect that domestic-issued commercial credit cards may have higher fraud related issuer costs than personal credit. This maintains the ability to invest in product features, such as fraud prevention.

Maintaining incentives for smaller and challenger issuers

2.28 Our final decision addresses concerns about the ability of smaller and challenger issuers to compete. The additional 0.20% on domestic commercial credit interchange fee caps helps maintain incentives for these issuers to offer commercial credit card products and compete effectively with incumbent issuers.

⁴⁶ For example, Visa “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.3 and p.7; ASB “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.4 and p.7.

Lowering barriers to adoption and use of alternative payment methods

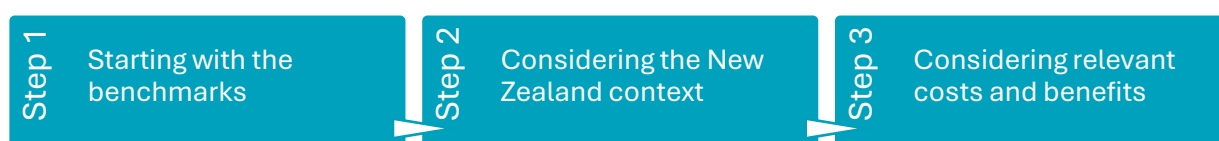
- 2.29 The final decision is expected to lower barriers to adoption and use of alternative payment methods by reducing interchange funded rewards from commercial credit cards. This includes open banking payment products and other payment solutions that compete on cost, functionality, or use-case.
- 2.30 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.
- 2.31 Some submitters highlighted the importance of increasing competition and reducing adoption barriers to lower-cost payment alternatives.⁴⁷ Our decision to introduce a temporary two-year limiting mechanism helps ensure merchants receive the benefits of existing lower interchange fees and provides them with an opportunity to adopt alternative payment methods prior to the limiting mechanism being withdrawn.

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

- 2.32 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.
- 2.33 We begin with benchmarks, which include both New Zealand's current interchange fee cap levels and those in comparator jurisdictions where commercial credit card interchange fees are regulated. 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.

⁴⁷ Retail NZ “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), para 35-38; Paymark “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.1-5.

Figure 2.1 Our three-step methodology



Step one: Starting with the benchmarks

Existing New Zealand interchange settings

2.34 In establishing appropriate interchange fee caps for commercial credit card transactions, we started with the interchange fee settings that already apply in New Zealand as outlined in **Attachment B**. 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 our 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.

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

- 2.35.1 **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.
- 2.35.2 **the 0.10% premium for personal credit**, additional to the personal debit rate.⁴⁸ 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.
- 2.35.3 **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.

⁴⁸ 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.

- 2.36 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.
- 2.37 Submitters expressed differing views on the starting points used in our methodology. Some supported maintaining separate interchange fee caps for in-person and online transactions,⁴⁹ while others favoured a single cap across all commercial credit card transactions regardless of whether they were domestic or foreign-issued, or conducted in person or online.⁵⁰ Some submitters also questioned our approach to foreign-issued commercial credit card transactions,⁵¹ [REDACTED]
[REDACTED].⁵² We considered these views and remain comfortable with using the foreign-issued commercial debit caps as the relevant base rate for foreign-issued commercial credit card transactions. More broadly, we remain satisfied that the existing regulated debit and credit settings provide appropriate reference points for our analysis.

International sense-checks

Considering the caps set in Australia

- 2.38 Australia remains the best benchmark available to us due to its comprehensive regulation of commercial credit interchange fees which has been in place for several years, allowing the impacts of regulation to be observed. We therefore consider that Australia's interchange fee caps provide the primary benchmark for commercial credit.
- 2.39 Some submitters challenged whether Australia should remain the primary benchmark jurisdiction as relying on Australia alone risks selective benchmarking and may not reflect New Zealand's market characteristics.⁵³

⁴⁹ Citibank NA NZ "[Submission to the Commerce Commission of New Zealand Retail Payment System Commercial Credit Card Interchange Fee Regulation for Mastercard and Visa Networks - Draft Decision and Reasons Paper](#)" (20 July 2026) p.5.

⁵⁰ ASB "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026) p.1 and p.6.

⁵¹ For example, WEX "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.11.

⁵² Visa/CRA "Commercial credit card interchange fees in New Zealand – An economic assessment" (13 July 2026) p.15.

⁵³ For example, Mastercard "[Response to Commercial Credit Card Interchange Fee Regulation for Mastercard and Visa Networks - Draft Decision and Reasons Paper](#)" (20 July 2026) p.7 and p.11; Kiwibank "[Submission to the Commerce Commission on its Draft Decisions and Reasons Paper relating to Commercial Credit Card Interchange Fee Regulation for Mastercard and Visa Networks](#)" (20 July 2026) p.2-3.

2.40 We reviewed the Reserve Bank of Australia (**RBA**)’s approach and considered that it is an appropriate benchmark for setting commercial credit card interchange fee caps in New Zealand. In its review of interchange fee regulation, the RBA decided to:

2.40.1 maintain the interchange fee cap for domestic commercial credit cards at 0.8% and abolish its weighted-average benchmark;^{54 55} and

2.40.2 introduce interchange fee caps for all foreign-issued card transactions, including foreign-issued commercial credit cards at 1.0%.⁵⁶

Why the UK and EU are not our primary comparator benchmarks

2.41 We were unable to use the United Kingdom (**UK**) and European Union (**EU**) as benchmarks for setting interchange fee caps on commercial credit cards, as they are not subject to interchange regulation in either jurisdiction. Some submitters argued that the absence of commercial credit card interchange fee regulation in other jurisdictions is a factor weighing against regulation in New Zealand.⁵⁷ However, we reiterate recent concerns from regulators about the impact of not regulating some interchange categories, including commercial credit cards:

2.41.1 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.⁵⁸

⁵⁴ The weighted-average benchmark is the maximum permitted level of total interchange fee revenue, divided by the total transaction volume, over a year period.

⁵⁵ Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging – Conclusions Paper" (31 March 2026) p.54, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/>

⁵⁶ Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging – Conclusions Paper" (31 March 2026) p.59, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/>

⁵⁷ For example, Mastercard "[Response to Commercial Credit Card Interchange Fee Regulation for Mastercard and Visa Networks - Draft Decision and Reasons Paper](#)" (16 July 2026) p.7 and p.11; Anonymous "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026 p.3-4.

⁵⁸ The PSR found that after the removal of EU caps, Visa and Mastercard: increased cross-border interchange fees significantly, which were not subject to effective competitive constraints from 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), p.4-5, available at: <https://www.psr.org.uk/media/vrcimoxw/mr22-27-xbif-final-report-dec-2024-v3.pdf>

- 2.41.2 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.⁵⁹

Useful insights from small countries that have restricted commercial credit interchange fees

- 2.42 To provide a sense-check on our approach, we also examined approaches taken in other smaller countries, including Switzerland and Israel, as outlined in Chapter 3. We examined these jurisdictions because both align interchange fee rates across domestic personal credit and domestic commercial credit. This provided useful case studies for considering the potential impacts of low commercial credit interchange fees.

Step two: Considering the New Zealand context

- 2.43 As our second step, we tested 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. 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 three.

Limited competition in New Zealand banking

- 2.44 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 2001.⁶⁰

⁵⁹ 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>

⁶⁰ Commerce Commission "[Final Report Personal banking services market study](#)" p.1 Executive Summary.

- 2.45 As part of our assessment in Chapter 3, we considered 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. We received several submissions noting the importance of smaller issuers in New Zealand.⁶¹

Prevalence of small businesses as commercial credit cardholders

- 2.46 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.⁶² While this is high, the proportion of firms classified as SMEs by employee count is broadly similar to comparator jurisdictions such as Australia,⁶³ and the United Kingdom.⁶⁴

⁶¹ For example, Revolut “[Response to: Commercial Credit Card Interchange Fee Regulation for Mastercard and Visa Networks – Draft Decision and Reasons Paper](#)” (20 July 2026) p.3-4 and p.6; Kiwibank “[Submission to the Commerce Commission on its Draft Decisions and Reasons Paper relating to Commercial Credit Card Interchange Fee Regulation for Mastercard and Visa Networks](#)” (20 July 2026) p.3-4; TSB “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.3 and p.5.

⁶² Stats NZ “[New Zealand business demography statistics: At February 2025](#)”, Table 17, totals from Employee count size group 0 and Employee count size group 1-19, divided by total number of enterprises (October 2025).

⁶³ 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>

⁶⁴ 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>

- 2.47 Submissions outlined the importance of SMEs to the economy,⁶⁵ [REDACTED].⁶⁶ This is supported by our monitoring data which indicates that the incidence of domestic commercial credit card usage is heavily concentrated among SMEs, accounting for around 86% of domestic commercial credit card transaction value.⁶⁷ For these businesses, commercial credit cards are a widely used payment method for business expenditure, reflecting their broad acceptance and ease of use. As part of our analysis in Chapter 3 we consider whether SME commercial cardholders rely upon commercial credit cards to grow.
- 2.48 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. We consider these interactions as part of our analysis in Chapter 3.

Proportion of commercial credit cards relative to all transactions

- 2.49 We use our monitoring data to assess the share of commercial credit card transactions relative to total transactions in New Zealand both over time, and where data is available, in comparison with other jurisdictions.

⁶⁵ For example, Visa “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.9.

⁶⁶ Visa/CRA “Commercial credit card interchange fees in New Zealand – An economic assessment” (13 July 2026) para 28.

⁶⁷ For the period between December 2024 and November 2025, based on monitoring data received from Mastercard and Visa.

New Zealand's reliance on tourism and business travel

- 2.50 Another contextual difference we consider is New Zealand's 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%),⁶⁸ which is materially higher than tourism's share of economic activity in Australia (around 2.9%).⁶⁹ This relative reliance contributes to New Zealand merchants having higher exposure to foreign-issued card transactions.
- 2.51 Our understanding is that commercial credit cards are used more intensively in some sectors than others, such as the travel sector. Consultation responses have reinforced this view.⁷⁰ 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

- 2.52 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.
- 2.53 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 and a smaller share than in Australia.⁷¹ Submissions have not changed our view on the extent of higher cost payment use in NZ and we consider the implications of this contextual factor for setting efficient caps in Chapter 3.

⁶⁸ 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/>

⁶⁹ 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>

⁷⁰ Visa "Submission on Retail Payment System - Interchange Fee regulation for Mastercard and Visa networks - Draft Decision and Reasons Paper" (18 March 2025) p39.

⁷¹ Based on our analysis of information provided by American Express as part of our ongoing monitoring. The RBA has described American Express as the largest issuer of commercial cards in Australia. Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging – Conclusions Paper" (31 March 2026) p.11, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/>

Step three: Considering relevant costs and benefits

- 2.54 As our third step, we considered the relevant costs and benefits of different transaction types, and how this should impact proposed commercial credit card interchange fee caps.

Considering relevant costs

- 2.55 Consistent with our previous approach, while we consider some issuer costs are relevant to determining an efficient level for interchange fees, the funding of other costs does not necessarily reflect benefits to merchants from accepting commercial credit cards. Given the multi-sided nature of scheme networks, the appropriate level of interchange is not necessarily the sum of issuer costs we consider to be relevant.⁷²
- 2.56 We sought further information from issuers on their costs and considered this updated evidence as part of step three.⁷³ 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

- 2.57 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.⁷⁴ As fraud protection benefits both merchants and cardholders these costs are relevant to determining interchange fee caps.
- 2.58 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.

⁷² Dr A. Fletcher "[Literature Review on Competition, Efficiency and surcharging in the Retail Payment System](#)" (November 2023), p.8 and p.21.

⁷³ 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.

⁷⁴ Commerce Commission "[Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper](#)" (17 July 2025), p.44.

Decline rates

- 2.59 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.
- 2.60 As part of our methodology, we consider whether interchange fee settings are likely to materially affect transaction decline rates.

Cost of alternatives

- 2.61 As part of our methodology, we considered the cost of alternative payment methods to provide context for issuer costs and merchant acceptance decisions. We have considered these as part of the merchant benefits section below (paragraph 2.70).

Administrative costs

- 2.62 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

- 2.63 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.
- 2.64 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).⁷⁵

⁷⁵ 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.

RBA Cost Study

- 2.65 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.”⁷⁶ This finding was maintained in the RBA's conclusion paper following the running of an updated cost study.⁷⁷
- 2.66 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 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

- 2.67 As part of our methodology, we considered 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 distinguished between those that accrue primarily to merchants and those that are exclusively or disproportionately enjoyed by commercial credit cardholders.
- 2.68 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.

⁷⁶ Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging – Consultation Paper" (15 July 2025), p.35, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2025-07/pdf/review-of-merchant-card-payment-costs-and-surcharging.pdf?v=2025-07-14>

⁷⁷ Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging – Conclusions Paper" (31 March 2026) p.52,55,107 and109, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf>

2.69 Table 2.1 sets out the merchant benefits we considered when setting the caps outlined in the draft decision. In response to submissions, we have also considered the benefits that merchants receive by accepting commercial credit cards instead of trade invoices, such as cashflow benefits of faster payment and lower credit-related losses and recovery costs.⁷⁸ Our consideration of these benefits is in Chapter 3.

⁷⁸ For example, Mastercard “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.5; Citibank NA NZ “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.4-5.

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

Domestic commercial credit cards	
Relevant merchant benefit	Detail
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. ⁷⁹
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. ⁸⁰
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 cash flow benefits and additional revenues for merchants that are over and above bringing forward future transactions.
Foreign-issued commercial credit cards	
Relevant merchant benefit	Detail
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.

⁷⁹ Commerce Commission "[Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper](#)" (17 July 2025), para 3.28-3.40.

⁸⁰ For the period between December 2024 and November 2025, based on monitoring data received from Mastercard and Visa.

Cost of alternatives

- 2.70 The cost of alternative payment options is relevant to both our consideration of issuer costs and merchant benefits. Where merchants do not have lower cost-alternatives, it is important that any interchange cap is set a level that keeps the payment product viable.
- 2.71 In relation to costs of alternatives, we have identified American Express commercial credit cards as an alternative to Mastercard and Visa commercial credit 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. For foreign-issued cards, we also acknowledge that bank transfers are more expensive for New Zealand. See Chapter 3 for further detail on the costs of alternatives.

Chapter 3 Our rationale for new caps

- 3.1 This chapter sets out our interchange fee cap decisions on commercial credit cards and our rationale for them. We have used the methodology outlined in the previous chapter to determine the new interchange fee caps. We have highlighted changes from the draft decision based on feedback from submitters and further analysis.

New interchange fee caps on commercial credit cards

- 3.2 Table 3.1 sets out the final interchange fee caps on commercial credit cards. It also shows current and estimated weighted average interchange fees, alongside corresponding figures for our primary comparator jurisdiction, Australia, where available.

Table 3.1 Commercial credit interchange fees

	Current rates ⁸¹	Australia caps ⁸²	June 2026 Draft decision ⁸³	Final decision caps	Current weighted average ⁸⁴	Expected weighted average (new standard) ⁸⁵	Australia weighted average ⁸⁶
Domestic							
In-person	0.20-2.20%	0.80%	0.50%	0.70%*			
Online	0.20-2.20%	0.80%	0.90%	1.10%*			
Total					1.39%	0.82%	0.78%
Foreign-issued							
In-person	1.85%-2.05%	1.00%	0.70%	0.70%			
Online	1.85%-2.05%	1.00%	1.50%	1.50%			
Total					1.99%	1.37%	n/a
All card types					1.77%	1.09%	1.75%
* The asterisk refers to domestic commercial credit transactions, where the new caps are the percentage cap shown in Table 1.1 or interchange fees per transaction as at 1 December 2025, whichever is lower. The latter (the temporary limiting mechanism) applies for a period of two years until 1 April 2029.							

⁸¹ For domestic transactions, merchants categorised as strategic or subject to industry rates are likely to 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 schemes' international interchange schedules published on Australian websites and assumed these rates apply to transactions occurring in New Zealand. Mastercard domestic rates sourced from <https://www.mastercard.co.nz/en-nz/business/overview/support/interchange.html> (accessed 13 October 2026). Mastercard's charity, rewards and large ticket item rates are excluded. Visa domestic rates sourced from <https://www.visa.co.nz/about-visa/interchange.html> (accessed 13 October 2026). Mastercard international rates sourced from <https://www.mastercard.com.au/en-au/business/overview/support/interchange.html> (accessed 13 October 2026). Visa international rates from <https://www.visa.com.au/about-visa/inter-regional-interchange.html> (accessed 13 October 2026).

⁸² 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).

⁸³ Commerce Commission "[Retail Payment System Commercial Credit Card Interchange Fee Regulation of Mastercard and Visa Networks – Draft Decision and Reasons Paper](#)" (4 June 2026), p.7.

⁸⁴ Based on ongoing monitoring data from Mastercard and Visa for the 12-month period December 2024 to November 2025.

⁸⁵ We estimated expected weighted averages using domestic, foreign-issued, in-person and online splits from the monitoring data, interchange fee categories from our compliance data and submissions to incorporate the impact of the limiting mechanism. We have not estimated impacts beyond the expiry of the limiting mechanism, as future strategic and industry interchange fee levels remain uncertain.

⁸⁶ Australia domestic commercial credit and foreign-issued cards weighted averages are based on 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> p.55 and p.59.

Accounting for the temporary limiting mechanism on domestic-issued transactions in our revised modelling

- 3.3 In the draft decision, we did not explicitly account for the effect of the limiting mechanism on transactions already priced below the proposed caps when estimating the resulting weighted average interchange fee for domestic-issued commercial credit transactions.⁸⁷ Several submitters noted that this approach overstated the weighted average interchange fee that would result from the draft decision.⁸⁸
- 3.4 Having considered this feedback, we revised our estimation methodology to explicitly incorporate the limiting mechanism. When the impact of the limiting mechanism is fully reflected, we estimate that the draft decision caps imply a weighted average interchange fee of 0.67%, rather than the 0.78% estimated in the draft decision.
- 3.5 We estimate that our final decision for domestic commercial credit caps, including the additional 0.20% premium and the temporary limiting mechanism, results in a weighted average interchange fee of 0.82% across all merchants. This is broadly comparable to Australia's weighted average interchange fee of 0.78%.

⁸⁷ Commerce Commission “[Retail Payment System Commercial Credit Card Interchange Fee Regulation of Mastercard and Visa Networks – Draft Decision and Reasons Paper](#)” (4 June 2026), Table 3.1 and para 3.3.

⁸⁸ [REDACTED]; Kiwibank “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.2.

1. Domestic commercial credit

Our final decision is to introduce a cap of 0.70% for domestic in-person commercial credit and 1.10% for domestic online commercial credit transactions.

Final decision

- 3.6 Our final decision is to introduce interchange fee caps for domestic commercial credit card transactions. We have set domestic commercial credit interchange fee caps at 0.70% for in-person transactions and 1.10% for online transactions. These caps reflect our consideration of comparator jurisdictions, the New Zealand context, and the costs and benefits associated with commercial credit cards. They are intended to better align interchange fees with the benefits merchants receive while continuing to recognise the additional costs and functionality associated with commercial credit cards.

Draft Decision

- 3.7 Our draft decision proposed to cap domestic commercial credit interchange fees at 0.50% for in-person transactions and 0.90% for online transactions, a premium of 0.20% above domestic personal credit card interchange fee caps. We maintained the 0.40% difference in interchange fee caps between in-person and online transactions that is applied to personal credit cards.
- 3.8 In our draft decision, we proposed a 0.20% premium above domestic personal credit card interchange fee caps. This premium reflected additional issuer costs and merchant benefits associated with commercial credit cards, as well as the need to support stable and sustainable market outcomes by using Australian rates as an appropriate benchmark.

What we heard from submitters

- 3.9 Many submitters expressed concerns that the proposed caps were too low. Several referred to the Australian experience as a comparator benchmark and raised concerns that the proposed caps could provide American Express with a competitive advantage and increase its share in the commercial credit market, consistent with developments observed in Australia in recent years.⁸⁹

⁸⁹ For example, Mastercard "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.6-7; Anonymous "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.4.

- 3.10 Some submitters argued commercial credit cards differ to personal credit cards as they are more reliant on interchange revenue and should therefore be subject to a different regulatory approach.⁹⁰ They submitted that lower interchange revenue could lead to a decrease in issuance and/or benefits for cardholders, many of whom are SMEs.⁹¹
- 3.11 Some submitters highlighted potential disproportionate impacts on smaller issuers and new entrants and supported differentiated caps or exemptions to address these concerns.⁹²
- 3.12 Merchant representatives generally supported the intervention to reduce commercial credit card interchange fees, emphasising the costs these fees impose on merchants.⁹³ Some submitters, including merchant associations, considered the proposed interchange fee caps and our intervention did not go far enough.⁹⁴

⁹⁰ For example, Visa “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.8; ASB “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.4.

⁹¹ Westpac New Zealand “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026) para. 3.19; Citibank NA NZ “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026) p.5.

⁹² For example, APG Pay “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026) p. 3-4; HSBC “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026) p.2-3; TSB “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026) p.1-2.

⁹³ Restaurant Association of New Zealand “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.1-2.

⁹⁴ Hospitality New Zealand “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.1; Retail NZ “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.1-3; Paymark “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.1-4.

Applying our methodology in response to submissions

Step one: Starting with the benchmarks

Consideration for caps that already exist in New Zealand

- 3.13 We started with our domestic personal credit card interchange fee cap of 0.30% for in-person and 0.70% for online transactions. This is to ensure consistency with our existing caps and simplicity, which can help interchange reductions flow to merchant service fees. See Chapter 2 for full discussion.

Consideration of appropriate comparator jurisdictions

- 3.14 As part of our methodology, we consider the most appropriate comparator jurisdiction to be Australia given their regulation of commercial credit card interchange.

Overview of submissions

- 3.15 Some submitters challenged whether Australia should remain the primary benchmark jurisdiction, citing difference in scale and proposing that comparator jurisdictions should include those that have chosen not to regulate commercial credit,⁹⁵ or where there is some evidence of lower commercial card issuance and usage following regulation.⁹⁶

Our assessment

- 3.16 Australia is the most relevant comparator jurisdiction for commercial credit interchange fees. Australia has applied commercial credit interchange fee regulation for several years, providing observable evidence of how regulation operates in practice and its impact on market outcomes. We therefore place significant weight on Australian settings and observed outcomes in step one of our methodology.

⁹⁵ For example, Mastercard “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026) p.7 and p.11; and Anonymous “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.3-4

⁹⁶ Keystone on behalf of Mastercard “[Submission on Commercial Credit Card interchange fee regulation for Mastercard and Visa network – Draft Decision](#)” (20 July 2026) para 129, made reference to Mastercard/Oxera “The economics of commercial cards” (6 February 2019) p.3-4, available at: https://www.mastercard.hu/content/dam/public/mastercardcom/eu/hu/pdfs/Oxera_Commercial_Policy_Paper.pdf

- 3.17 In response to submitter concerns about differences between Australia and New Zealand, we have considered the New Zealand context and differences between New Zealand and comparator jurisdictions below in step two of our methodology. We have also considered other jurisdictions beyond our primary benchmark of Australia as a sense check, including jurisdictions that are closer in size to New Zealand (Switzerland and Israel) and those that do not currently regulate commercial credit (the EU and the UK).

Consideration of the caps set in Australia

- 3.18 In our draft decision, we used Australia as a benchmark because the RBA had simplified its interchange fee framework and provided clearer post-review cap levels since our July 2025 decision. The RBA's decision was to retain a commercial credit interchange fee cap of 0.80%, and the Australian weighted average interchange fee was estimated at 0.78%.^{97 98}

Overview of submissions

- 3.19 A number of submissions highlighted that our weighted average would be lower than our Australian benchmark, once the impacts of the limiting mechanism and strategic merchant pricing are considered.⁹⁹ We also received views on benchmarking to the RBA's 0.50% commercial premium above consumer caps, rather than Australia's 0.80% commercial credit interchange fee cap.¹⁰⁰

Our assessment

- 3.20 As noted in the draft decision, the estimated weighted average interchange fee implied by the proposed caps without explicitly considering the limiting mechanism would have been approximately 0.78%.¹⁰¹

⁹⁷ We note that Australia does not differentiate between card-present and card-not-present in setting its caps.

⁹⁸ Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging Conclusions Paper" (31 March 2026) p. 54-55, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf>

⁹⁹ For example, Citibank NA NZ "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026) p.5; [REDACTED]

¹⁰⁰ ASB "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p. 4-5.

¹⁰¹ Commerce Commission "[Retail Payment System Commercial Credit Card Interchange Fee Regulation of Mastercard and Visa Networks – Draft Decision and Reasons Paper](#)" (4 June 2026), Table 3.1.

- 3.21 Evidence we received during consultation informed our modelling of the impact of the limiting mechanism, which indicated that the expected weighted average interchange fee under the draft decision would have been approximately 0.67%. Given this is below Australia's weighted average interchange fee of 0.78%, we have reassessed the premium over personal credit in the final decision. Consistent with our view that Australia is the most appropriate comparator for step one of our methodology, our reassessment indicated that a higher premium than the draft decision would be appropriate. We considered this alongside steps two and three of our methodology in determining the final premium of 0.40%.
- 3.22 After accounting for the impact of the limiting mechanism, we estimate the final domestic commercial credit caps imply a weighted average interchange fee of approximately 0.82%. This is broadly comparable to the currently observed weighted average commercial credit interchange rate in Australia of 0.78%, which provides a useful sense-check on the outcome of our methodology.¹⁰²
- 3.23 We consider this outcome is appropriate given the New Zealand specific context discussed below and because the Reserve Bank of Australia'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.¹⁰³ Although the market share of American Express has grown in the Australian commercial credit market under their current caps, we consider our final caps are unlikely to cause a similar shift due to the downward pressure regulation of Mastercard and Visa interchange fees indirectly places on American Express merchant fees.¹⁰⁴ 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.

¹⁰² Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging Conclusions Paper" (31 March 2026) p.55, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf>.

¹⁰³ Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging Conclusions Paper" (31 March 2026) p.54-55, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf>

¹⁰⁴ Based on our analysis of information provided by American Express as part of our ongoing monitoring.

Step two: Considering the New Zealand Context

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

Limited competition in New Zealand banking

- 3.25 Given the concentration of New Zealand's banking and card-issuing markets, we considered whether reductions in interchange fee revenue could affect the ability of small issuers to compete in commercial credit card products, including the risk of product withdrawal or reduced competitive intensity.¹⁰⁵ This concern is more pronounced in New Zealand's small and concentrated market than in larger jurisdictions.

Overview of submissions

- 3.26 Some submissions raised concerns that Australia has a larger market and is therefore better able to support higher levels of card issuance than New Zealand.¹⁰⁶
- 3.27 Submitters also highlighted the importance of smaller issuers given limited competition in the New Zealand banking sector. In particular, submitters argued that smaller issuers face higher fixed costs, smaller customer bases, less scale and fewer diversified revenue streams than larger international issuers, and that these differences weigh against capping commercial credit card interchange fees.¹⁰⁷

¹⁰⁵ 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-banking-services/

¹⁰⁶ Westpac New Zealand "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), paras 3.8-3.9; Citibank NA NZ "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.3-4; Visa "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.13-14 and p.21.

¹⁰⁷ For example, Kiwibank "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.3-4; TSB "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.1, 3 and 5.

- 3.28 Some submissions also raised concerns that a uniform interchange cap would have unequal effects on smaller issuers, increasing the risk of exit and deterring entry.¹⁰⁸
- 3.29 Considering these differences between issuers, several submitters advocated for a higher overall premium to preserve the profitability of small issuers and support competition.¹⁰⁹ Others suggested differentiated treatment for smaller issuers, including exemptions or implementation delays.¹¹⁰

Our assessment

- 3.30 In assessing the potential impact on smaller issuers, we considered evidence from Australia and other smaller jurisdictions. Australia provides the closest comparator as it regulates commercial credit interchange fees and, like New Zealand, has a concentrated banking sector with a small number of large issuers. We note that the Reserve Bank of Australia retained a separate commercial credit interchange fee cap of 0.80%, recognising the role that smaller and non-bank issuers play in competing with larger issuers and American Express.¹¹¹

¹⁰⁸ HSBC "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.2; Mastercard "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.7-8, p.11 and 13 ; Visa "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.11 and p.25-26; WEX "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p. 4 and p. 9-10; [REDACTED]

¹⁰⁹ ASB "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p. 4 and 6, [REDACTED] Mastercard "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.7-8,

¹¹⁰ TSB "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.4-5; APG Pay "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.4; HSBC "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.2.

¹¹¹ Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging Conclusions Paper" (31 March 2026) p.57, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf>.

- 3.31 We also considered evidence from smaller jurisdictions such as Israel and Switzerland where interchange fees are constrained through other mechanisms and domestic interchange rates are aligned across personal credit and commercial credit.¹¹² The experience of these smaller countries indicates that issuer behaviour does not change once interchange fees are lower.
- 3.32 We recognise that a uniform interchange fee cap may have a greater impact on smaller issuers than larger issuers. Higher interchange inevitably makes marginal issuers more profitable and promotes new issuers of Mastercard and Visa cards. This needs to be balanced against the benefits and costs to merchants and end-users who will paying the higher interchange.
- 3.33 However, the information available to date indicates that domestic commercial credit cards are not typically entry-level products for smaller issuers and relatively few smaller issuers have chosen to offer them.¹¹³ We therefore do not consider that concerns regarding smaller issuers justify either a higher premium across all issuers or differentiated treatment for smaller issuers. A higher premium would increase costs for all merchants that accept Mastercard and Visa cards, while differentiated treatment would add complexity and compliance costs.
- 3.34 Additionally, highly valuable competition also comes from entry which bypasses the Mastercard and Visa networks. Increasing interchange may hinder this as higher interchange also means more revenue to the existing issuers on Mastercard and Visa networks and higher rewards and benefits to cardholders. Therefore, higher interchange may reduce the comparative incentive for issuers to offer payment products that use alternative networks or for cardholders to adopt alternatives.
- 3.35 We consider that our final decision to increase the domestic commercial credit premium by 0.20% relative to the draft decision, provides an appropriate balance between the interests of small issuers and merchants.

¹¹² Information available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/?section=documents>

¹¹³ Based on ongoing monitoring data from Mastercard and Visa, supplemented by stakeholder engagement with issuers and our understanding of market conditions in New Zealand.

Prevalence of SMEs as commercial credit cardholders

- 3.36 In our draft decision, we noted that SMEs account for the majority of domestic commercial credit card transaction value.¹¹⁴ We considered concerns that regulating interchange could reduce access to credit for SME cardholders but did not find evidence that New Zealand businesses rely on commercial credit cards to grow and therefore did not consider a higher interchange fee is justified.

Overview of submissions

- 3.37 Submitters, including issuers and schemes, argued that commercial credit cards provide SMEs with access to working capital through interest-free periods and that SMEs rely on this feature due to limited alternative sources of financing.¹¹⁵ They submitted that reducing interchange fees could reduce issuers' ability to offer credit and other cardholder benefits, potentially constraining access to credit and affecting investment and business growth.¹¹⁶
- 3.38 Merchant views were more mixed. While some submissions noted the value of interest-free periods, others emphasised the purchasing control benefits of commercial credit cards.¹¹⁷ Responses to our merchant survey similarly suggested that access to interest-free credit is generally of secondary importance relative to operational benefits such as expense reporting.¹¹⁸

¹¹⁴ Domestic commercial credit cards are predominantly used by SMEs, which account for 86% of domestic commercial credit card transactions. This is based on our monitoring data acquired from Mastercard and Visa and is a percentage of transaction value. Commerce Commission "[Retail Payment System Commercial Credit Card Interchange Fee Regulation of Mastercard and Visa Networks – Draft Decision and Reasons Paper](#)" (4 June 2026), para 2.36.

¹¹⁵ [REDACTED]

¹¹⁶ For example, Visa "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.8; ASB "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.4; Revolut Payments of New Zealand "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.8.

¹¹⁷ Restaurant Association of New Zealand "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.4; Retail NZ "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), paras 27-28.

¹¹⁸ Commerce Commission "[Merchant Survey Summary produced by Commerce Commission on Commercial Credit Card Interchange fee regulation for Mastercard and Visa network](#)" (20 July 2026), p.15-16.

Our assessment

- 3.39 We acknowledge that commercial credit cards may provide cash flow and working capital benefits for some SMEs. However, we have not found evidence that New Zealand businesses rely on commercial credit cards to such an extent that maintaining higher interchange fees is justified. We continue to consider that commercial credit cards are primarily used for payment, expense management and operational purposes, rather than as a substitute for business lending. We also note that Australia does not consider there is a compelling efficiency case to retain high levels of interchange on commercial credit cards to fund working capital benefits.¹¹⁹

Proportion of commercial credit card transactions relative to all transactions

- 3.40 In our draft decision, to support our understanding of the potential impacts of regulating interchange fees, we considered the share of commercial credit card transactions in New Zealand relative to other jurisdictions. We noted that commercial credit card transactions have remained relatively stable over time in Australia,¹²⁰ while the share of commercial credit card transaction value in New Zealand appears somewhat higher than historic levels in the EU (noting that the EU figures include both commercial credit and debit transactions).¹²¹
- ¹²² These comparisons provided additional context for our assessment but did not alter our understanding of the New Zealand market and our assessment of the need for regulation.

¹¹⁹ Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging Conclusions Paper" (31 March 2026) p.54, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf>

¹²⁰ Our analysis indicates that 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" Original Series C1.2, 2.1 and 2.2, available at: <https://www.rba.gov.au/payments-and-infrastructure/resources/payments-data.html> RBA reported commercial credit cards account for around 13% of domestic-issued Mastercard and Visa credit card transactions. See RBA Review of merchant card payment costs and surcharging p.56, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf>

¹²¹ 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%.

¹²² 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; p.8 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/publication/study-on-the-application-of-the-interchange-fee-regulation>

Overview of submissions and our assessment

- 3.41 We acknowledge Mastercard's submission that Australia's commercial card market is materially larger and more mature than New Zealand's.¹²³ However, this does not alter our assessment. We remain satisfied that the current commercial credit share of transactions, together with the relatively high share of interchange fees attributable to those transactions, supports regulating interchange fees to benefit merchants and, ultimately, consumers.

Impact of substitution to American Express on merchant costs

- 3.42 In our draft decision, we acknowledged concerns that regulating commercial credit interchange fees could encourage some cardholders to switch to alternative payment networks, such as American Express, to retain rewards and other cardholder benefits. However, we considered this risk was unlikely to undermine the effectiveness of regulation. We noted that American Express has a much smaller presence in New Zealand than in Australia and is not a must-take network for most merchants. Our assessment indicated that American Express' share of commercial credit card transactions would need to increase substantially before any merchant service fee savings from regulation were materially offset.

¹²³ Mastercard noted commercial card spend is 4.3% of Australian GDP compared with 1.9% of New Zealand GDP, suggesting Australia's commercial card market is materially larger and more mature. Mastercard "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.7 and p.11

Overview of submissions

- 3.43 Submitters raised concerns that regulating Mastercard and Visa commercial credit interchange fees could provide a competitive advantage to American Express and encourage cardholder switching. Mastercard submitted that a larger premium was required to account for this risk and proposed a 40 basis point adjustment compared to personal credit caps, to preserve competitive neutrality with American Express.¹²⁴ Visa's CRA report [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED].¹²⁵ Some submitters suggested

designating American Express to promote competitive neutrality across providers.¹²⁶

- 3.44 American Express also opposed reducing Mastercard and Visa interchange fees, noting the downward pressure this would place on its own merchant fees.¹²⁷

Our assessment

- 3.45 We recognise that regulation may lead to increased incentives for some cardholders to switch to American Express. We have assessed the concern that this may increase merchants' cost of accepting commercial credit cards, [REDACTED]
[REDACTED].¹²⁸ Our final caps should mitigate this risk by supporting issuers' ability to retain cardholders and compete with American Express.

¹²⁴ Mastercard "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026) p.6 and p.11.

¹²⁵ Visa/CRA "Commercial credit card interchange fees in New Zealand - An economic assessment" (13 July 2026), para 99, p.31.

¹²⁶ For example, [REDACTED]
[REDACTED]; Mastercard "[Response to Commercial Credit Card Interchange Fee Regulation for Mastercard and Visa Networks - Draft Decision and Reasons Paper](#)" (20 July 2026), p.7 and p.10

¹²⁷ American Express "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026) p. 2-3.

¹²⁸ Based on our analysis of information provided by American Express as part of our ongoing monitoring.

- 3.46 Our analysis indicates that the competitive impact of migration to American Express on merchant acceptance costs depends on, among others, the fee differential between networks. Our monitoring data indicates that the difference between domestic merchant service fees for American Express and Mastercard and Visa commercial credit is materially smaller than assumed in submissions.^{129 130} We therefore consider the estimates of the impact of substitution to American Express on merchant acceptance costs in submissions to be overstated. Based on the observed fee differential and estimated reduction in Mastercard and Visa merchant service fees, our analysis indicates that American Express would need to increase its commercial credit market share by a substantial margin before the merchant savings from regulation would be fully offset.
- 3.47 American Express' commercial credit market share remains relatively small in New Zealand, at approximately [REDACTED] of domestic commercial credit transaction value, an increase of approximately [REDACTED] since 2019.¹³¹ Focusing on commercial credit card market share in isolation could risk overstating the case for designating American Express. We are not proposing to recommend the designation of American Express at this time.
- 3.48 We will continue to monitor American Express' market share, merchant service fees, and the effectiveness of regulation. We will consider proposing further regulatory intervention if warranted.

¹²⁹ Our monitoring data shows the current average domestic merchant service fee for American Express is approximately [REDACTED], compared to our estimated weighted average merchant service fee of 1.83% for domestic Mastercard and Visa commercial credit transactions. This is materially smaller than the differential cited in Visa/CRA [REDACTED]. We estimate that American Express would need to grow by more than [REDACTED] to fully offset the savings from regulation of commercial credit interchange fees. American Express does not have interchange fees. For comparability, we estimate the non-interchange fee component of Mastercard and Visa merchant service fees for domestic commercial credit to be on average 0.4%-0.5%, based on our monitoring data from large acquirers.

¹³⁰ American Express has previously submitted publicly that their merchant service fees do not vary between card types. American Express "[Submission on Retail Payment System – Consultation on costs businesses and consumers of card payments](#)" (2 September 2024) p.1

¹³¹ Based on monitoring data from Mastercard, Visa and American Express, for the period between December 2024 and November 2025.

Impacts on corporate travel

- 3.49 In our draft decision, we noted concerns raised in earlier submissions that regulating commercial credit card interchange fees could affect business travel programmes.¹³² We also observed that, in the absence of evidence from comparator jurisdictions that travel-related use warrants differential treatment, this did not justify a higher interchange fee cap or exemption for domestic commercial credit cards.

Overview of submissions

- 3.50 Some submitters argued that commercial credit cards play an important role in corporate travel and travel-related payments, including through virtual card solutions used by online travel agencies and accommodation providers.¹³³ One submitter proposed excluding virtual credit cards (VCCs) and virtual card numbers (VCNs) from interchange fee regulation.¹³⁴ Most concerns raised about corporate travel related to foreign-issued commercial cards and cross-border travel payment flows.

Our assessment

- 3.51 Our assessment remains unchanged. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]¹³⁵ We have not seen evidence that travel-related use of commercial cards justifies differential treatment, a system-wide premium or higher acceptance costs for domestic commercial credit cards.

¹³² Commerce Commission “[Retail Payment System Commercial Credit Card Interchange Fee Regulation of Mastercard and Visa Networks – Draft Decision and Reasons Paper](#)” (4 June 2026), para 3.26.

¹³³ For example, WEX “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.5; Anonymous “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.3.

¹³⁴ Revolut Payments of New Zealand “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.8.

¹³⁵ [REDACTED]

Step three: Considering relevant issuer costs

- 3.52 Our decision on relevant issuer costs remains unchanged from the draft decision – to apply a small premium above the personal credit-related allowances to account for costs that are relevant to setting the interchange fee. These are:¹³⁶
- 3.52.1 fraud losses and fraud-prevention costs, where some transactions exhibit a higher prevalence of fraud;¹³⁷
 - 3.52.2 other relevant costs such as administration costs;
 - 3.52.3 the cost of viable alternatives; and
 - 3.52.4 decline-rate-related impacts that link to fraud management.
- 3.53 As part of our draft decision, we sought information from issuers on their costs as part of step three.¹³⁸ We do not consider that interchange revenue should necessarily cover issuer costs entirely. However, we give consideration to relevant issuer costs as part of our three-step methodology to ensure the viability of these payment products are sufficiently preserved.

Fraud losses and fraud-prevention costs

- 3.54 We considered whether differences in fraud – in terms of prevalence, impact and subsequent fraud prevention costs are higher for commercial credit cards than personal credit cards. In line with our draft decision, we factor in a small premium above the personal credit card premium to account for fraud losses and fraud prevention costs. This small premium also covers administration costs (see below).

¹³⁶ Commerce Commission "[Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper](#)" (17 July 2025), p.44.

¹³⁷ As acknowledged in our previous decision.

¹³⁸ 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.

Overview of submissions

3.55 Some submitters outlined that we had understated issuer fraud and credit-loss costs, resulting in an insufficient issuer-cost uplift.¹³⁹ However, we were also challenged by merchant representatives that our higher fraud rates and/or incurred fraud costs were overstated.¹⁴⁰

3.56 [REDACTED]
[REDACTED]
[REDACTED]¹⁴¹ Another submission argued that analysing cost data over a period longer than 12 months would better demonstrate average costs.¹⁴²

Our assessment

3.57 In line with our draft decision, our analysis of the information from issuers has found that commercial credit cards have slightly higher fraud prevalence and higher fraud loss rates than personal credit cards. We also recognise that fraud losses vary among different issuers. 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.

3.58 We accept that analysing data for a longer time period than 12 months would better demonstrate average costs. However, given the existing variability of data across issuers, we consider that the data we have provides a reasonable basis to estimate average issuer costs and inform an appropriate premium for commercial credit cards.

¹³⁹ For example, ASB “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.6; Kiwibank “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.3.

¹⁴⁰ Retail NZ “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), paras 31-34.

¹⁴¹ ASB “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026) p.6.

¹⁴² Kiwibank “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), para 16.

Administrative costs

- 3.59 Our assessment for administrative costs is unchanged from the draft decision. As supported by submissions from card issuers, 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.¹⁴³ However, we consider this difference to likely have a small effect on total issuer costs. We therefore consider that a small premium above personal-credit-related allowances is appropriate to account for administrative costs.
- 3.60 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.¹⁴⁴ 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.

Decline rates related to fraud management

- 3.61 Our assessment on decline rates used for fraud prevention is unchanged from our draft decision. 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.¹⁴⁵

¹⁴³ For example, Keystone on behalf of Mastercard "[Submission on Commercial Credit Card interchange fee regulation for Mastercard and Visa network – Draft Decision](#)" (20 July 2026), para 8 "(commercial cards) are typically embedded within broader banking and commercial relationships.". 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), p.17-18.

¹⁴⁴ 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. Reserve Bank of Australia "Review of Merchant Card Payment Costs and Surcharging Conclusions Paper" (31 March 2026), p.107 and 109, available at: <https://www.rba.gov.au/payments-and-infrastructure/review-of-retail-payments-regulation/2026-03/conclusions-paper/pdf/conclusions-paper.pdf>

¹⁴⁵ 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.

3.62 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.¹⁴⁶

Considering commercial credit product viability

3.63 Some submitters argued that commercial card issuers are more reliant on interchange revenue than personal credit card issuers and submitted profitability analysis suggesting our proposed caps could make some commercial credit card portfolios unprofitable.^{147 148}

3.64 We acknowledge that commercial credit card products may be more reliant on interchange revenue than personal cards. However, we do not consider the evidence demonstrates that the final caps would undermine the viability of these products.

3.65 However, increasing revenue for these products is more complex and likely faces more limitations than reducing costs. [REDACTED]

[REDACTED]¹⁴⁹ As noted in our Draft Decision, we consider this may represent a more efficient market outcome than maintaining higher interchange fees paid by merchants.

146 Commerce Commission "[Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper](#)" (17 July 2025), p.45.

147 Visa “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.8; ASB “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.4.

148 New evidence submitted includes

149

Step three: Considering relevant merchant benefits

- 3.66 We assessed the benefits that merchants receive from accepting domestic commercial credit cards, compared to commercial debit cards and personal credit cards. Our view remains unchanged from the draft decision where we applied a small premium over and above personal credit cards to account for the administrative benefits of commercial credit cards above alternatives such as trade accounts. We assessed:
- 3.66.1 benefits that accrue to merchants directly from accepting domestic commercial credit cards; and
 - 3.66.2 whether certain value-added services, that commercial credit cardholders receive, indirectly benefit merchants.
- 3.67 Therefore, we considered that a merchant benefit is relevant to interchange, and any potential premium, if it:
- 3.67.1 reduces merchant cost, operational complexity or risk; and/or
 - 3.67.2 increases the merchant's ability to make a sale over and above transactions using commercial debit and/or personal credit cards which already have interchange fee caps.

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

- 3.68 In our draft decision, we assessed whether domestic commercial credit cards provide merchants with acceptance benefits beyond those already reflected in commercial debit cards and/or personal credit cards. We proposed that many of the benefits cited by submitters were already reflected in existing interchange fee settings and did not warrant an additional premium.

Overview of submissions

- 3.69 Several submissions argued that we had understated the benefits to merchants of accepting commercial credit cards, such as not having to reconcile debt using survey evidence.¹⁵⁰ The survey evidence provided in these submissions was based on large firms across the Asia-Pacific region, including New Zealand, and in relation to trade invoices rather than personal credit cards which we account for as part of the premium for domestic commercial credit (see step one).
- 3.70 While noting concerns on limitations in the merchant survey,¹⁵¹ merchant responses indicated that the primary benefits of commercial credit cards relative to alternative payment methods may be faster payment, rather than reduced administrative costs associated with invoices and trade accounts.¹⁵² Most respondents did not identify material advantages of commercial credit cards over personal credit cards, while a small number identified benefits relating to payment security and reduced default risk.¹⁵³

¹⁵⁰ Mastercard “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.5;

[REDACTED]; Citibank NA NZ “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.4; Anonymous “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026) p.3 referred to “KoreFusion report – From Transaction to Transformation, Quantifying the Value of B2B Card Acceptance to Large Asia Pacific Suppliers” (June 2025).

¹⁵¹ Mastercard “Cross submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa network” (6 Aug 2026) p.2, available at: <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/>

¹⁵² Commerce Commission “[Merchant Survey Summary produced by Commerce Commission on Commercial Credit Card Interchange fee regulation for Mastercard and Visa network](#)” (20 July 2026) p.15-16.

¹⁵³ Commerce Commission “[Merchant Survey Summary produced by Commerce Commission on Commercial Credit Card Interchange fee regulation for Mastercard and Visa network](#)” (20 July 2026) p. 17-18. We asked merchants whether accepting commercial credit cards offers any advantage over accepting personal credit cards. Based on 92 responses, 71% (65) noted no difference, 20% (18) noted not sure and 10% (9) stated yes. Of those who stated yes, 5 said that the benefit of commercial over personal was largely customer driven, 4 stated that it was due to ease and security of payments such as less risk of default with commercial credit cards than personal credit cards.

- 3.71 Merchant associations also submitted that merchants have limited ability to distinguish commercial cards from personal credit cards or steer customers to alternative payment methods, making commercial credit cards effectively a "must-take" form of payment.¹⁵⁴ As a result, merchants often incur the higher merchant service fees associated with commercial card transactions, not because they actively choose to accept those costs in exchange for the additional benefits commercial cardholders may bring, but because they have limited practical ability to avoid them.

Our assessment

- 3.72 Our assessment remains unchanged from the draft decision. We consider that benefits such as universal acceptance, transaction processing and efficiency, settlement certainty and access to online commerce are already reflected in the baseline for commercial debit cards. Similarly, faster payment relative to trade accounts does not justify an additional premium over commercial debit cards given they offer the same benefits. Therefore, we have not applied an additional premium for these benefits beyond what has been considered in personal credit card interchange fee caps.
- 3.73 We continue to consider that commercial credit cards provide merchants with greater value 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 cards, consistent with the premium applied to personal credit card interchange fee caps. We consider that this premium also captures any reduction in debt reconciliation costs associated with trade accounts.
- 3.74 We acknowledge that credit card products (both personal and commercial) generally facilitate higher-value transactions than debit cards. However, we continue to consider that the ad valorem fee structure already captures this benefit.¹⁵⁵ As this applies equally to personal and commercial credit cards, it does not justify an additional premium for commercial credit cards relative to personal credit cards.

¹⁵⁴ Retail NZ "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), para 8, 16 and 26; Restaurant Association of New Zealand "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.2.

¹⁵⁵ Commerce Commission "[Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper](#)" (17 July 2025), p.54.

Merchant benefits related to credit

- 3.75 In our draft decision, we considered that merchants benefit from accepting commercial credit cards because they reduce the need for merchants to offer and administer trade credit arrangements directly, including managing payment default risk. We therefore proposed a small premium above the personal credit card interchange fee cap to recognise these benefits.

Overview of submissions

- 3.76 Several submitters argued for a higher uplift on domestic commercial credit interchange on the basis that merchants benefit indirectly when commercial cardholders have access to credit. Submitters pointed to cashflow benefits arising from faster payments relative to trade invoices,¹⁵⁶ and argued that commercial credit cards encourage greater card usage and spending, increasing demand for accepting merchants.^{157 158}

Our assessment

- 3.77 Our assessment remains unchanged from the draft decision. We continue to consider that merchants benefit from not having to provide and administer trade credit directly. We remain satisfied that the premium relative to personal credit cards appropriately recognises these benefits, including any associated cashflow and administrative advantages. Stakeholder engagement indicated that a higher volume of repeat customers occurs through commercial credit cards. However, we also recognise that trade accounts may not be available to all sectors.¹⁵⁹

¹⁵⁶ Mastercard “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p. 5;

¹⁵⁷ [REDACTED]; Anonymous “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.3

¹⁵⁸ References to overseas studies are limited to personal credit and debit cards and overall findings that rewards programmes drive higher merchant revenue and larger basket sizes are dampened by consumers left with higher unpaid balances which widens disparities, [Han, Federal Reserve, 2023](#) available at: <https://doi.org/10.17016/FEDS.2023.007>, higher merchant acceptance fees, [Hayashi, Federal Reserve Bank of Kansas City, 2009](#) available at: <https://ideas.repec.org/a/fip/fedker/y2009iqip37-63nv.94no.1.html> and that payments methods would continue even if rewards no longer offered, [Hayashi and Ching, Journal of Banking and Finance, 2010](#) available at: <https://www.sciencedirect.com/science/article/abs/pii/S0378426610001196>

¹⁵⁹ Retail NZ “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), para 26.

- 3.78 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:
- 3.78.1 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
 - 3.78.2 small business credit card holders who are more likely to exhibit revolving balances.
- 3.79 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.
- 3.80 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. Furthermore, views expressed by merchants suggests that while demand may tilt towards rivals who accept commercial credit cards, overtime this entrenches the must-take nature of commercial credit cards, particularly in sectors where alternatives are limited.¹⁶⁰ Therefore, we do not consider that there is an additional benefit to a merchant accepting payment from commercial credit cards over domestic personal credit cards.

Cost of alternatives

- 3.81 To ensure that the interchange cap is set at a level that keeps Mastercard and Visa commercial credit cards viable, we consider the cost of alternatives to commercial credit cards.

¹⁶⁰ Retail NZ "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), para 26.

- 3.82 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.¹⁶¹ However, American Express' smaller market share of commercial credit cards and cost means it may not be a practical alternative for all merchants. While noting the limitations of the Merchant survey, 34 respondents (or 37%) who do not accept AMEX (or previously did but no longer accept AMEX) stated that the high cost (24 responses) and low demand (12 responses) were reasons for not accepting from trade/corporate customers.¹⁶²
- 3.83 We consider the premium applied to interchange caps for personal credit also broadly accounts for the cost of other credit alternatives, such as merchant trade accounts. Merchant trade accounts may not be available to all merchants and may also be less viable, as merchants must manage credit in-house and bear the risk of losses, resulting in higher overall costs (see merchant benefits section above where we consider this in detail).

2. Foreign-issued commercial credit

Our final decision is to introduce a 0.70% cap for foreign-issued in-person commercial credit and a 1.50% cap on foreign-issued online commercial credit transactions.

Final decision

- 3.84 Our final 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. We consider the premium applied to foreign-issued personal credit cards sufficiently captures relevant foreign-issuer costs and that no additional benefits accrue to merchants from foreign-issued commercial credit cards.

¹⁶¹ American Express does not differentiate its merchant service fees between commercial and personal card transactions, meaning their merchant services fees are closer to those for Mastercard and Visa commercial credit transactions than personal credit transactions.

¹⁶² Commerce Commission "[Merchant Survey Summary produced by Commerce Commission on Commercial Credit Card Interchange fee regulation for Mastercard and Visa network](#)" (20 July 2026), p.20-21.

Draft decision

- 3.85 Our draft decision proposed to apply the foreign-issued personal credit card interchange fee caps to foreign-issued commercial credit cards. Our view was that foreign-issued commercial credit cards did not provide additional merchant benefits relative to foreign-issued personal credit cards or faced materially different issuer cost drivers that would justify higher caps.¹⁶³ This also reflected our assessment that conditions specific to New Zealand do not warrant an additional premium for foreign-issued commercial credit cards.

What we heard from submitters

- 3.86 Submitters expressed mixed views on the proposed foreign-issued commercial credit card caps. Some considered the proposed settings did not provide sufficient differentiation from foreign-issued personal credit card transactions and requested clarification on why the premium applied to domestic commercial credit over domestic personal credit was not applied to foreign-issued commercial credit.¹⁶⁴
- 3.87 One submitter supported the online foreign-issued commercial credit cap but considered the in-person cap was too low,¹⁶⁵ while merchant submitters considered the foreign-issued caps were too high.¹⁶⁶

¹⁶³ Commerce Commission “[Retail Payment System Commercial Credit Card Interchange Fee Regulation of Mastercard and Visa Networks – Draft Decision and Reasons Paper](#)” (4 June 2026), paras 3.43 and 3.44.

¹⁶⁴ WEX “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026) p.8-9, Visa “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026) p.16.

¹⁶⁵ WEX “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.5-7.

¹⁶⁶ For example, Restaurant Association of New Zealand “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.3.

Applying our methodology in response to submissions

Step one: Starting with the benchmarks

Consideration for New Zealand caps

- 3.88 Our foreign-issued commercial debit card interchange fee caps are set at 0.60% for in-person and 1.40% for online.¹⁶⁷ 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.

Overview of submissions

- 3.89 Some submissions provided alternatives to our New Zealand caps (above) by starting with the domestic commercial credit interchange fee cap which incorporates a premium over personal credit, and then applying premiums for foreign issued in-person and foreign issued online.¹⁶⁸ Another submitter advocated for a single interchange fee cap across all commercial credit card products including domestic and foreign, online and in-person.¹⁶⁹

Our assessment

- 3.90 In line with our draft decision, we are not amending the base rate. We do not consider that the domestic commercial credit interchange fee cap is an appropriate starting point as it includes a premium for factors which are specific to the domestic context. Regarding the submission view for a single cap across both domestic and foreign and all payment methods, we consider it is appropriate to differentiate between foreign in-person and foreign online interchange fee caps to reflect higher rates of fraud with foreign online transactions. This is consistent with our previous decision on interchange fee caps.¹⁷⁰

¹⁶⁷ Mastercard and Visa Interchange Fee Network Standard 2025, cl 7.2.1(a) and cl 7.2.2(a). available at: [Mastercard and Visa Interchange Fee Network Standard 2025 \(Amendment Consolidation\) – August 2025](#)

¹⁶⁸ Visa “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026) p16.

¹⁶⁹ ASB “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026) p.6.

¹⁷⁰ Commerce Commission “[Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper](#)” (17 July 2025), p.56-58.

Consideration of the caps set in other jurisdictions

- 3.91 From 1 April 2027, Australia will move from having no regulation of foreign-issued card interchange fees to a uniform 1% cap, with no differentiation by card type or payment method.¹⁷¹ The UK and EU offer limited insight for benchmarking purposes, due to the lack of regulation and publicly available data in these jurisdictions.

Overview of submissions

- 3.92 We did not receive any compelling views on this point. However, one submission noted the distinction between in-person and online interchange fee caps represented a meaningful difference from Australia's approach.¹⁷²

Our assessment

- 3.93 We consider Australia's caps provide a useful sense check to our approach. **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%). The final foreign-issued commercial credit interchange fee caps imply a weighted average interchange fee of around 1.37%, largely driven by the higher share of card not present transactions (83%). The expected weighted average across all foreign-issued card types is 1.09%. We consider this outcome to be broadly consistent with the outcome that will be achieved in Australia under their 1% cap.

Step two: Considering the New Zealand context

- 3.94 Across all contextual factors assessed at step two, our view remains unchanged from the draft decision 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.

¹⁷¹ 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

¹⁷² Citibank NA NZ "Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper" (20 July 2026), p.5.

- 3.95 American Express has a modest share of foreign-issued commercial credit card transactions, and the competitive dynamics do not justify applying a higher cap compared to foreign-issued personal credit or excluding Mastercard and Visa foreign-issued commercial credit cards from regulation.¹⁷³ We also consider aligning commercial credit card caps with personal credit card caps is unlikely to materially affect foreign issuers' incentives to support acceptance in New Zealand, as the existing caps are sufficient to cover issuer costs and take account of New Zealand's small market size in contributing to foreign issuers' revenues.

Higher exposure to foreign-issued card transactions

- 3.96 In our draft decision, we noted that foreign-issued cards account for a greater share of transactions and interchange fees in New Zealand than in Australia, and international tourism generated more contribution to GDP in New Zealand than in Australia. We also noted insights from submissions to the RBA's review that merchants in tourism and hospitality were particularly exposed to the acceptance cost of foreign-issued cards. Against this context, our view was that Australia's move to regulate all foreign-issued cards provides further support for regulation in New Zealand.¹⁷⁴

Overview of submissions

- 3.97 One submission advocated for the exclusion of foreign-issued commercial credit cards due to their distinct business purpose and economic characteristics.¹⁷⁵ Merchant views argued that the proposed foreign-issued interchange caps in the draft decision were too high and that foreign-issued cards are not an insignificant part of the customer base.¹⁷⁶

¹⁷³ Our monitoring data shows American Express has [REDACTED] share of foreign issued commercial credit transaction value between December 2024 and November 2025.

¹⁷⁴ Commerce Commission "[Retail Payment System Commercial Credit Card Interchange Fee Regulation for Mastercard and Visa Networks – Draft Decision and Reasons Paper](#)" (4 June 2026) paras 3.51-3.54.

¹⁷⁵ Visa "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026) p.9-10.

¹⁷⁶ Restaurant Association of New Zealand "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.3; Contact Energy "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.1.

Our assessment

- 3.98 While the feedback was mixed, we consider that merchant views reinforce the concerns identified in our draft decision. Our view remains that regulating foreign-issued commercial credit cards is warranted. New Zealand's greater exposure to foreign-issued card transactions, together with Australia's decision to regulate interchange fees for all foreign-issued cards, further supports regulation of foreign-issued commercial card interchange fees in New Zealand. This would benefit merchants, including those merchants most exposed to these costs in the tourism and hospitality sectors.¹⁷⁷

Foreign issuer incentives to continue acceptance in New Zealand

- 3.99 In our draft decision, we considered concerns that foreign issuer responses to interchange fee regulation could adversely affect the travel sector, including through impacts on card acceptance and spending by international visitors. We concluded that foreign issuers would continue to have sufficient incentives to support acceptance in New Zealand under the proposed caps.

Overview of submissions

- 3.100 In our previous interchange review, submitters raised concerns around the potential impact on the travel sector arising from foreign issuer response to interchange fee regulation, including spend and experience.¹⁷⁸ This concern was reiterated in the consultation where submitters argued that the proposed caps may disincentivise cross border commercial transactions which in turn would result in lower transaction acceptance, higher decline rates and lost sales for merchants.¹⁷⁹

Our assessment

- 3.101 We have considered relevant submissions, and our position remains unchanged from our draft decision. Given New Zealand's small market our view is that regulation is unlikely to materially affect foreign issuers' incentives to support transaction acceptance. We consider the existing caps for foreign-issued personal credit cards are sufficient to account for these incentives and that no additional premium is warranted for commercial credit cards.

¹⁷⁷ Restaurant Association of New Zealand "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.3

¹⁷⁸ For example, Tourism Industry Aotearoa "[Cross-submission - Payments - Interchange fee regulation for Mastercard and Visa networks](#)" (14 May 2025).

¹⁷⁹ Visa "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.9-10.

Step three: Considering relevant issuer costs

- 3.102 In our draft decision, we recognised the upward pressure on foreign-issued card interchange fees compared to domestic-issued cards from higher costs and more limited viable alternatives, including higher fraud risk for international credit transactions. We considered that the existing foreign-issued card caps sufficiently reflected these costs.
- 3.103 As New Zealand commercial credit transactions represent a small share of foreign issuers' global transactions, we considered the risk of regulation materially affecting their incentives to support transaction acceptance and avoid higher decline rates was low. We therefore did not consider an additional premium for foreign-issued commercial credit cards was warranted.

Overview of submissions

- 3.104 For foreign-issued online transactions, we received support that the 1.50% cap appropriately recognised issuer costs, including fraud protection.¹⁸⁰

Our assessment

- 3.105 We have considered relevant submissions and our position remains unchanged from our draft decision. Given that the existing interchange fee caps for foreign-issued cards already account for the relevant issuer costs associated with commercial credit, and a further premium may result in double counting of these costs.

Step three: Considering relevant merchant benefits

- 3.106 In our draft decision, we recognised that foreign-issued commercial credit cards provided additional merchant benefits compared to domestic commercial credit cards, including access to international customers who have fewer alternative payment options, protection against greater fraud risk and guaranteed settlement. However, we did not identify merchant benefits unique to foreign-issued commercial credit cards that would justify a further premium over foreign-issued personal credit. Our view also applied to virtual card numbers (VCNs), including those used by online travel platforms.

¹⁸⁰ Wex "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.5

Overview of submissions

3.107 Regarding online foreign-issued commercial credit interchange cap, one submitter supported the 1.50% cap as it recognised the administrative efficiency and settlement certainty that VCNs, in particular, deliver to New Zealand merchants. However, the submission argued for a higher in-person foreign-issued commercial credit interchange cap to account for potential impacts if transactions shifted to alternative payment options, including greater fraud exposure and administrative costs.¹⁸¹

Our assessment

3.108 In line with our draft decision, we do not consider the merchant benefits identified in submissions provide a basis for revising our approach to the foreign-issued commercial credit premium. While commercial credit may have more costly alternatives than personal credit, such as trade accounts, we consider the foreign-issued personal credit premium is sufficient to account for these higher costs.

3.109 We also note that 83% of foreign-issued commercial credit transactions occur online and will therefore be subject to the higher online cap of 1.50%.¹⁸²

Costs of alternatives

3.110 We did not receive compelling evidence that would warrant changing our view on the costs of alternative payment methods from our draft decision. We continue to consider that the higher costs associated with alternative cross-border payment methods, such as international bank transfers, apply equally to foreign-issued personal and commercial credit cards. As these costs are already reflected in the existing caps on personal credit card interchange fees, we consider no additional premium is warranted for foreign-issued commercial credit cards.¹⁸³

¹⁸¹ WEX "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.5.

¹⁸² For the period between December 2024 and November 2025, based on monitoring data received from Mastercard and Visa.

¹⁸³ Commerce Commission "[Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper](#)" (17 July 2025), p.46.

A temporary limiting mechanism is needed to support the effectiveness of the new caps

3.111 Following consultation on our Draft Decision, we have decided that the limiting mechanism will apply for an initial period of two years. This is consistent with the approach taken following the initial pricing standard reforms, where a similar mechanism was introduced alongside lower caps and later removed.¹⁸⁴

Draft decision

3.112 We proposed to introduce a limiting mechanism to ensure existing commercial credit interchange rates below the proposed caps remain at the level they were at as of 1 December 2025. This was in response to Mastercard and Visa repricing strategic and industry-specific interchange categories following our July 2025 decision, which had the effect of increasing interchange fees paid by some merchants up to or close to the caps. This informed our assessment of how schemes may respond to commercial credit regulation in practice. The proposed mechanism reflected our experience following the July 2025 Pricing Standard, which removed the previous limiting mechanism set under the initial pricing standard on the basis that the revised caps were expected to deliver the intended outcomes.¹⁸⁵

Overview of submissions

3.113 Submitters who provided feedback on the limiting mechanism were generally opposed to it.¹⁸⁶ They argued that the chosen date was arbitrary, and the mechanism would entrench existing pricing decisions and introduce unnecessary complexity for compliance. One submitter supported the limiting mechanism.¹⁸⁷

¹⁸⁴ Commerce Commission "[Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper](#)" (17 July 2025), footnote 96, p.50.

¹⁸⁵ Retail Payment System Act 2022, Schedule 1 cls 7(2) and (3).

¹⁸⁶ For example, ANZ "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.3-4; Mastercard "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.8-9, 13-14; Visa "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p. 27-29.

¹⁸⁷ Restaurant Association of New Zealand "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.3.

- 3.114 Both schemes argued that the mechanism would limit legitimate future adjustments to interchange fees below the caps and that the Commission should remove the mechanism or adopt alternatives. Mastercard considered that the Standard's existing anti-circumvention provisions adequately addressed conduct that undermines regulatory intent and suggested the weighted average benchmark across categories as an alternative.¹⁸⁸ Visa suggested engaging directly with schemes regarding alternative options to mitigate the repricing concerns.¹⁸⁹ ANZ submitted that the limiting mechanism could instead be applied if needed to address future undermining conduct.¹⁹⁰

Our assessment

- 3.115 We considered the views raised in the submissions and acknowledge that a permanent limiting mechanism may have implications for competition by constraining schemes' flexibility to differentiate pricing for legitimate commercial purposes.
- 3.116 However, in light of the experience late last year, we consider that additional measures are still required to support the effectiveness of our proposed interchange fee caps.
- 3.117 The purpose of the 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. During the two-year period, we will continue to closely monitor and report on market outcomes, including the development and uptake of alternative payment options such as open banking, to assess whether the mechanism remains necessary. We consider two years provides merchants and market participants with sufficient time to review their payment methods and encourage them to explore other, lower cost, options available to them and their customers.
- 3.118 Aside from its temporary duration, the application of the mechanism remains unchanged from the draft decision. Under the mechanism, commercial credit card interchange fees will be limited to the lower of:
- 3.118.1 the applicable interchange fee cap; or

¹⁸⁸ Mastercard "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026) p.8.

¹⁸⁹ Visa "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026) p.13.

¹⁹⁰ ANZ "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026) para 4.2, p.3-4.

3.118.2 the published interchange fee rate for the relevant category as at a specified reference date.

- 3.119 The mechanism will operate 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.
- 3.120 The limiting mechanism will apply to domestic commercial credit card transactions only. We note that Visa [REDACTED]
[REDACTED]
[REDACTED].¹⁹¹ The reference date for the limiting mechanism is **1 December 2025**, aligning with the implementation date of our previous interchange fee decision.¹⁹² As explained previously, 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.
- 3.121 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 Amendment Pricing Standard 2026 are being realised and whether further regulatory intervention is required. If evidence emerges that the mechanism is not operating as intended over the two-year period, we may review the need for potential safeguards such as enhanced disclosure of changes or requirements for prior approval. However, we do not consider these to be necessary at this stage.

¹⁹¹ See Visa "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.27.

¹⁹² The retrospective variations in clauses 7.2.1(b) and 7.2.2(b) of the Amendment Network Standard ensure that the interchange fee cap reflects any corrections or adjustments determined by the schemes to apply as at 1 December 2025, rather than depending on when those changes are administratively implemented. Limiting recognition of such variations to those made on or before 1 March 2026 provides a clear and certain fee cap and prevents later retrospective changes from altering the fee cap.

Consideration of alternative approaches

- 3.122 We also considered whether a weighted-average benchmark should apply alongside the interchange fee caps, an approach supported by Mastercard in its submission. We assessed the extent to which a weighted-average benchmark could constrain interchange fee reductions from being offset by increases in rates that are currently below the caps, while retaining the flexibility to offer differentiated rates to specific merchants and industries. Our analysis indicated that, although a weighted-average benchmark could place constraints on aggregate interchange fee outcomes, it would be more complex to implement, monitor and enforce than the temporary limiting mechanism. In particular, we considered that the temporary limiting mechanism provides greater certainty about the immediate effect of interchange fee caps, whereas under the weighted average approach, interchange rates could continue to be rebalanced across categories while remaining within the benchmark. We consider the temporary limiting mechanism to be a simpler and more proportionate means of achieving the objectives of this decision, and that the additional complexity of a weighted-average benchmark is not justified by the incremental benefits it would provide.
- 3.123 In response to Mastercard’s point on the anti-circumvention clauses in the Network Standard, we did not consider this was relevant as they relate to other types of fees such as scheme fees being used to undermine the intent of regulation.

Implementation

- 3.124 In our draft decision, we proposed a two to three-month implementation period following our final decision for domestic and foreign-issued commercial credit card interchange fee caps.
- 3.125 Submissions raised concerns that the proposed two to three-month implementation period would be insufficient to implement the final commercial credit card interchange fee caps.¹⁹³

¹⁹³ For example, Visa “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.29-32; Mastercard “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.9.

- 3.126 Submitters highlighted the operational complexity associated with system changes, testing, repricing, customer communications, and coordination across schemes, issuers and acquirers.¹⁹⁴ Several submitters also noted the risks of implementing changes during the peak December to January trading period.¹⁹⁵
- 3.127 After considering submissions and further information provided, we have decided to extend this to a six-month implementation period from the release of the final decision. Participants must implement the interchange fee caps for domestic and foreign-issued commercial credit cards by **22 April 2027**.
- 3.128 We consider six months strikes an appropriate balance between providing sufficient time to implement the required changes and ensuring the benefits of lower interchange fees are realised for merchants and consumers without unnecessary delay. While a longer implementation period may further reduce implementation risks, we consider the additional benefits would be outweighed by the delay in delivering savings to merchants. We also consider that applying a common implementation date for both domestic and foreign-issued commercial credit cards is appropriate given the narrower scope of the changes than our previous decision.¹⁹⁶
- 3.129 We also expect schemes to confirm applicable rates and criteria with acquirers no later than two months from the final decision, or by **22 December 2026**, and to notify us.

¹⁹⁴ For example, ANZ "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.1-2; ASB "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.7-8; BNZ "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), paras 3.2-3.4.

¹⁹⁵ For example, Visa "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p. 30; Westpac New Zealand "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), paras 3.21 – 3.23.

¹⁹⁶ The rationale for staggering in our July 2025 decision related to the mix of previously regulated (domestic-issued) and unregulated products (foreign-issued), which is not the case here. Commerce Commission "[Retail Payment System Interchange Fee Regulation for Mastercard and Visa Networks - Final Decision and Reasons Paper](#)" (17 July 2025), p.69.

- 3.130 The two-month timeframe reflects submission feedback that acquirer implementation depends on schemes first confirming the relevant rates and criteria.¹⁹⁷ This will support timely implementation and provide acquirers with sufficient time to complete any necessary system changes and inform their customers before the implementation date.
- 3.131 Stakeholders are free to implement these changes prior to the deadlines, and we invite engagement on implementation progress.

¹⁹⁷ This responds to ASB's suggestion that we provide greater direction on implementation timing and acknowledges feedback from ANZ and BNZ that implementation timeframes depend on Visa and Mastercard establishing new rates. See for example, ASB "[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)" (20 July 2026), p.7.

Chapter 4 Expected impacts and benefits of regulation

- 4.1 This chapter explains the expected benefits of our decision to regulate commercial credit card interchange fees and how the approach is designed to deliver those benefits in line with the purpose of the Act to promote competition and efficiency for the long-term benefit of merchants and consumers in New Zealand. 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.

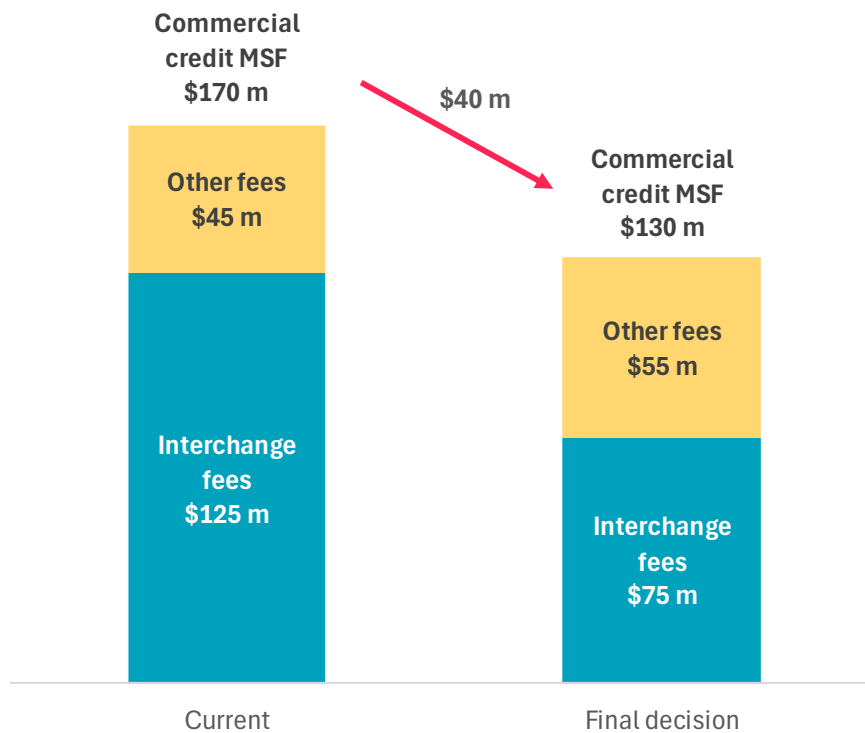
We expect commercial credit interchange regulation to benefit merchants

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 final decision will reduce merchant service fees on Mastercard and Visa commercial credit cards by approximately \$40 million annually, while the limiting mechanism applies.¹⁹⁸ Merchants should pass these savings on to consumers through lower prices and/or surcharge rates. **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.

¹⁹⁸ 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 our decision to regulate commercial credit card interchange



Ensuring reductions are passed through to merchants

- 4.4 As noted in submissions, the effectiveness of interchange regulation depends on whether reductions flow through to lower merchant service fees and lower overall acceptance costs.¹⁹⁹ The extent to which reductions in interchange fees translate into lower merchant service fees depends on pass-through by acquirers and payment service providers. We expect acquirers to pass through interchange fee reductions to merchants in a timely manner, reflecting our expectation that the schemes will notify acquirers of the new rates by 22 December 2026.

¹⁹⁹ Paymark “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.3.

- 4.5 Mastercard argued that the decision should be deferred until updated acquiring monitoring data became available, reflecting the impact of the interchange fee reforms implemented in December 2025 for domestic cards and May 2026 for foreign-issued cards.²⁰⁰ We do not consider there to be a compelling reason to delay regulation pending this data. While we acknowledge that the revised caps on personal cards will affect overall merchant service fees paid, the absence of updated data does not materially affect our assessment that commercial credit card interchange fees remain above efficient levels.
- 4.6 As raised by Visa, 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.²⁰¹ To assess whether benefits of further regulation are realised in practice, we will continue to monitor changes in merchant service fees over time, differences in outcomes across merchant size and sector and shifts in pricing structures, including blended and interchange-plus arrangements.
- 4.7 We will also monitor changes in interchange fees paid across card types and payment methods, including strategic and industry rates. In addition, we will monitor changes in the non-interchange components of merchant service fees, such as scheme fees, and changes in transaction volumes across regulated and unregulated payment methods, including American Express.
- 4.8 Findings will help build our understanding of the impacts of these reforms and whether further regulatory intervention may be needed to ensure merchants receive the full benefits of interchange fee regulation, including merchants that access payment services through intermediaries such as payment facilitators and digital platforms. We will also consider the benefits of making available summary information gathered through our monitoring function to improve transparency in the retail payment system.

²⁰⁰ Mastercard “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.3 and p.10.

²⁰¹ Visa “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.11.

- 4.9 As part of any future consideration of regulatory interventions, we also acknowledge submissions suggesting we should address Visa and Mastercard's mandatory acceptance rules, including the Honour All Cards rule.²⁰² While doing so may help merchants manage acceptance costs and support lower-cost payment alternatives, any benefits would need to be weighed against the implementation complexity and wider market impacts.

We expect commercial credit interchange regulation to benefit consumers

Lower prices and more cost-reflective surcharging

- 4.10 Where merchants experience lower merchant service fees because of this regulation, we expect them to pass these benefits on to consumers through:
- 4.10.1 lower prices than would otherwise have prevailed; and/or
 - 4.10.2 reduced surcharge levels and structures that better reflect underlying costs.
- 4.11 We expect this proposed interchange regulation to contribute to these outcomes across the economy, particularly in sectors with high exposure to commercial credit transactions.
- 4.12 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

- 4.13 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 decision is expected to support more efficient payment choices and reduce distortions that encourage use of high-reward payment products.
- 4.14 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.

²⁰² Paymark “[Submission on Retail Payment System - Commercial Credit Card Interchange fee regulation for Mastercard and Visa networks - Draft Decision and Reason paper](#)” (20 July 2026), p.1-5.

Considering compliance with the standard

- 4.15 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.
- 4.16 The anti-avoidance mechanism adopted in the July 2025 Pricing Standard continues to apply under this 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 decision. Rather, the mechanism remains an important component of the overall regulatory framework supporting compliance with the Amendment Pricing Standard 2026 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.²⁰³ 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.²⁰⁴
- 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;²⁰⁵ or

²⁰³ Retail Payment System Act 2022, s 3.

²⁰⁴ Retail Payment System Act 2022, s 7.

²⁰⁵ 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.²⁰⁶ A merchant means a supplier (within the meaning of the Fair Trading Act 1986) of goods or services.²⁰⁷ 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:²⁰⁸

[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.

[...]

²⁰⁶ Retail Payment System Act 2022, s 7.

²⁰⁷ 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.

²⁰⁸ 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.²⁰⁹ 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.

²⁰⁹ 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.²¹⁰

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 2022.²¹¹

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.

²¹⁰ 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.

²¹¹ 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.²¹² 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:²¹³
- A25.1 merchants and consumers should pay no more than reasonable fees for the supply of payment services;²¹⁴ 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.

²¹² 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.

²¹³ Retail Payment System Act 2022, s 4(2).

²¹⁴ “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.

Transparency

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 Current interchange fee caps

Table B.1 Current interchange fee caps²¹⁵

	Payment method	Current caps
Domestic cards		
Debit (personal and commercial)	In-person - contacted	0.00%
	In-person - contactless	0.20%
	Online	0.60%
Personal credit	In-person	0.30%
	Online	0.70%
Foreign-issued cards		
Debit (personal, commercial and prepaid)	In-person	0.60%
	Online	1.40%
Personal credit	In-person	0.70%
	Online	1.50%

²¹⁵ 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>