

# Lowering interchange fees on commercial cards proposal - explainer for businesses



**New Zealand businesses currently pay approximately \$170 million in merchant service fees each year to accept Mastercard and Visa commercial credit card payments, with interchange fees making up approximately \$125 million of this.**

The Commerce Commission is proposing to cap interchange fees on these payment types to drive a more fair and efficient payments system.

Interchange fees help fund cardholder benefits but are paid for by businesses accepting card payments. We found that interchange fees on commercial card products are significantly higher than the benefits these businesses receive and these costs are ultimately passed on to consumers through higher prices and surcharges.

We don't think benefits that are primarily for cardholders should be funded through interchange fees.

By proposing caps on commercial credit card interchange fees, our draft decision aims to ensure businesses and consumers are not overpaying to fund cardholder benefits that provide limited value to the businesses accepting these cards.

We expect our proposed interchange fee caps would reduce merchant service fees by \$40 million annually<sup>1</sup>.

Read our full draft decision <https://www.comcom.govt.nz/regulated-industries/projects/interchange-fee-regulation/>

## We want to hear from you

As businesses, you are a crucial part of the payments system and hold a unique role when it comes to commercial credit cards as both payment receivers and cardholders.

Our draft decision will see a reduction in transaction costs but may also result in a reduction in some benefits commercial credit cardholders receive or costs transferred elsewhere.

We want to hear about your experience using or accepting commercial credit cards, what works well, what doesn't, and any concerns you have about the costs involved.



## Next steps

- We'll be considering all the feedback we receive on our proposed decision before we make our final decision later this year.
- You can learn more about Merchant Service Fees, different payment networks, and more on our website <https://www.comcom.govt.nz/regulated-industries/retail-payments/>

1. We estimate that merchants will pay less in merchant service fees for commercial credit card transactions as a result of our interchange decision. Actual savings will vary from year to year depending on a merchant's share of commercial credit transactions and their pricing arrangements with their acquirer.