wexinc.com
1 Hancock Street, Portland
ME, 04101, USA

[redacted]

Commerce Commission of New Zealand
Level 9, 44 The Terrace
WELLINGTON 6011
New Zealand

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By email to: paymentsteam@comcom.govt.nz; katie.sargisson@comcom.govt.nz

Dear Sir or Madam

WEX Submission - Retail payment system - Commercial Credit Card Interchange Fee Regulation

WEX Inc (NYSE: WEX) (**WEX**) welcomes the opportunity to provide feedback on the Commerce Commission of New Zealand (**ComCom**)'s Draft Decision and Reasons Paper on Commercial Credit Card Interchange dated 4 June 2026 (**Reasons Paper**) and Draft Mastercard and Visa Interchange Fee Amendment Network Standard 2026 (**Draft Amendment Pricing Standard**).

This submission paper follows WEX's earlier relevant engagement with the ComCom:

- in February 2025 in response to the ComCom's consultation on interchange fee regulation for the Mastercard and Visa networks; and
- in January 2026 responding to the ComCom queries on WEX's global cost of issuance.

WEX would like to express its sincere appreciation to the ComCom for its careful consideration of WEX's February 2025 submission, and further engagement in January 2026, in formulating the Reasons Paper and Draft Amendment Pricing Standard.

WEX acknowledges the significance of this proposed regulatory reform for the New Zealand commercial credit card market. WEX's feedback is aimed at enabling the ComCom to achieve its vision as set out in its 2026-2031 Statement of Intent, which states that:

> *"New Zealanders are better off because markets work well and consumers and businesses are confident market participants."* (**ComCom's Vision**)

In WEX's view, in order to best achieve the ComCom's Vision, the ComCom should introduce commercial credit interchange caps in a way that achieves an appropriate balance of lowering costs to merchants and consumers while simultaneously ensuring that new and existing payment service providers are commercially incentivised to enter, and remain operating in, New Zealand's commercial credit payments market.

In providing its submission, WEX has sought to leverage its extensive global regulatory experience in the facilitation of domestic and international B2B payments to provide pragmatic views with an intention to assist the ComCom to achieve ComCom's Vision. We are grateful for the opportunity to contribute to this important regulatory reform.

WEX has structured this submission as follows:

1. A brief relevant background of WEX.
2. A high-level summary of WEX's key submissions.
3. WEX's responses to each of the targeted questions set out in the Reasons Paper (**Targeted Questions**).

1. Background of WEX

WEX is a leading global commerce platform that simplifies the business of running a business. Reporting total revenue of $2.66 billion in 2025, WEX operates across three primary pillars: **Mobility**, providing solutions for businesses to manage the costs and complexities associated with running their fleet vehicles; **Corporate Payments**, featuring B2B automation and virtual card technology; and **Benefits**, which streamlines health plan administration primarily in the US market. WEX is both one of the largest commercial payment companies globally and a trusted technology partner for some of the largest organisations in the world. WEX products are chosen by businesses worldwide to eliminate complexity and drive productivity.

Global regulatory experience

WEX is subject to substantial global regulation, enabling it to provide unique international perspectives to benefit the ComCom consultation. Specifically regarding payments:

- **United States**: WEX is subject to money transmission laws and subsidiary WEX Bank (an insured depository institution) is supervised by the Federal Deposit Insurance Corporation and the Utah Department of Financial Institutions.
- **United Kingdom:** Subsidiary Optal Financial Limited is authorised as an electronic money institution supervised by the Financial Conduct Authority.
- **Europe:** Operations subject to payment services regulations, including the Payment Services and Electronic Money Directives; Subsidiary Optal Financial Europe

Limited is an Irish-authorised electronic money institution supervised by the Central Bank of Ireland.

- **Australia:** Subsidiaries Optal Australia Pty Ltd and eNett International (Singapore) Pte Ltd hold Australian Financial Services Licences and issue corporate payment products, including products subject to the Reserve Bank of Australia (**RBA**)'s recent interchange cap decision.
- **Singapore:** Subsidiaries WEX Finance and Optal Singapore Pte Ltd are licensed to carry on the business of issuing credit cards and/or charge cards and are supervised by the Monetary Authority of Singapore.

New Zealand operations

WEX holds Mastercard and Visa licences, which allow it to issue payment network cards globally and in New Zealand. WEX's primary connection with the New Zealand payments market is through:

- its global subsidiaries who issue foreign-issued virtual commercial cards (**VCNs**),[1] with near-zero fraud rates,[2] to our major global online travel agency and other travel intermediary (**OTA**) customers for secure cross-border payments to New Zealand travel merchants; and
- WEX Bank issuing domestic VCNs to corporate customers for domestic B2B payments in New Zealand,

(together, **Existing Products**).

WEX is also in the planning stages to offer other innovative payment products to businesses in APAC jurisdictions, including [redacted] (**Proposed Product**). WEX is currently exploring the viability of launching the Proposed Product in New Zealand.

Offering both the Existing Products and Proposed Product uniquely positions WEX to provide perspectives as an issuer of domestic and foreign-issued, in-person and online commercial credit cards, acting as both an active market participant and an organisation considering expanding its New Zealand offering.

[1] Virtual Commercial Cards (**VCNs**) issued by WEX are much like plastic Visa or Mastercard, but without the plastic and typically with 10+ controls available to manage the transactions that can be processed on the given card. Most WEX VCNs are also single use, and are closed automatically after the payment for which they were created is completed.

[2] The fraud rate for WEX's VCN is close to 0%.

2. Key submissions

WEX's submission is structured around three core positions:

Support for online foreign-issued (1.5%) and online domestic (0.9%) interchange caps: WEX supports the ComCom's recognition that online commercial credit cards carry higher issuance costs yet deliver vital value, to New Zealand merchants in particular. The commercial reality justifies the proposed 1.5% and 0.9% interchange caps on online commercial credit interchange.

Suggestion to raise the lowest proposed caps: WEX urges the ComCom to lift its lowest proposed caps–specifically the 0.50% cap for domestic in-person and 0.70% cap for foreign-issued in-person commercial credit. Failing to do so risks several unintended policy outcomes, including:

- ***Stifled competition:*** A failure to attract new card issuers to the New Zealand payments market.
- ***Issuer attrition:*** A lack of incentive for existing issuers to remain in the New Zealand payments market.
- ***Suppressed innovation***: Insufficient incentives for issuers to invest in payment product innovation.
- ***Increased complexity and risk for merchants:*** New Zealand merchants may need to pivot to less reliable, less efficient and more complex payment alternatives.
- ***Market distortion:*** Reduced fair competition between issuers of regulated and unregulated products.
- ***Higher merchant costs:*** A net increase in overall merchant costs if cardholders migrate in large numbers to alternative payment methods including unregulated card networks.

Extension of transition timeline: WEX argues that the proposed 2-3 month transition window is operationally insufficient. To ensure all necessary technical and operational steps can be successfully completed, this period should be 12 months or the integrity of the ComCom's important regulatory reform may be undermined.

3. Responses to Targeted Questions

a. Question 1 - Impact on commercial credit transactions

We are interested in observations from card schemes on the impact of commercial credit card interchange fee regulation on commercial credit card transactions. For example, we welcome views on:

- Changes in acceptance or transaction volumes following the introduction of such regulation.
- The scale and persistence of any substitution to alternative payment networks (such as American Express)

While WEX lacks card scheme data, it offers the following observations on potential market impacts of ComCom's proposed regulations.

Potential commercial credit card transaction shifts

Should interchange caps for foreign-issued online commercial cards be set below an economically viable threshold for WEX VCNs, WEX foresees several unintended consequences for the New Zealand tourism sector:

- **Elevated fraud exposure:** OTAs may bypass pre-payment entirely and pass the traveller's personal payment details directly to New Zealand merchants. This forces local merchants to manage a fragmented influx of consumer payment methods while exposing them directly to heightened fraud risk.
- **Disruption to traveller pre-payment options:** OTAs may restrict pre-payment functionality for global travellers booking New Zealand travel, despite currently supporting a wide variety of preferred payment methods (including BNPL). Consequently, travellers may divert to alternative destinations where their preferred pre-payment methods remain seamless.
- **Increased administrative and cash flow burdens:** OTAs that maintain pre-payment options may pivot to online fund transfers. However, these payments would likely be bundled and settled periodically (e.g., monthly) for multiple bookings. This would introduce reconciliation complexities and cash flow constraints for local merchants.

WEX highlights these risks because their impact will be felt acutely in New Zealand. As ComCom notes in its Reasons Paper, international tourism is the nation's second-largest export, contributing 4.6% (approximately $18 billion) to national GDP. VCNs serve as a critical engine for this inbound economic growth, seamlessly bridging global travellers and local tourism operators.

Setting the cap too low would run directly counter to the ComCom's Vision–ultimately escalating merchant costs, currency conversion complexities, reconciliation burdens, and fraud exposure.

For these reasons, WEX supports ComCom's proposed 1.50% cap on online foreign-issued commercial cards. This threshold recognises the substantial cost for issuers when providing foreign-issued cards as well as the fraud protection, administrative efficiencies, and settlement certainty that VCNs deliver to New Zealand travel merchants.

Potential shift to alternative payment methods

While it is too early to see exactly what volume of cardholders switch from four-party regulated networks to three-party unregulated networks in Australia following the RBA's

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ME, 04101, USA

recent commercial credit interchange decision (due to take effect between 1 October 2026 and 1 April 2027), WEX notes the following:

- commentators have predicted that customers will migrate away from cards that are subject to interchange fee price controls to those that are unregulated;[3]
- past evidence has shown significant increases in market share of three-party cards and proportionate reduction in market share of four-party cards following the 2003 introduction of four-party network regulation in Australia;[4] and
- the ComCom's own commissioned research highlighted that regulating four-party schemes alone creates 'risks, both in terms of regulatory arbitrage and consumer substitution'.[5]

Recent Australian developments clearly illustrate this precise risk. Following the RBA's 2026 retail payments reform, American Express has reportedly[6] announced that it will contractually prohibit merchant surcharging nationwide, effective 1 October 2026. In WEX's view, as regulated card features become compressed due to interchange caps, cardholders will be heavily incentivised to abandon regulated networks for alternative payment methods–including unregulated networks–to retain premium features.

This behavioural shift may force more merchants to accept alternative payment methods (including payment methods that command high, uncapped merchant fees) to continue to attract clients. Because merchants will lose the ability to recover these expenses through surcharging, they will be forced to absorb these higher fees entirely. This dynamic will inflate the total cost of acceptance for merchants, achieving the exact opposite of the RBA's policy intent.

In order to prevent market distortion, and to achieve the ComCom's Vision, the ComCom must set interchange caps on regulated networks at a rate that will allow issuers to remain commercially competitive with unregulated alternatives. Notably, the RBA set its domestic commercial interchange cap at 0.80% specifically to avoid materially advantaging unregulated three-party networks.[7]

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[3] See, for example, Morris, Julian; Zywicki, Todd J; Manne, Geoffrey A; The Effects of Price Controls on Payment-Card Interchange Fees: A Review and Update, International Center for Law and Economics, (2022); Page 19 [The Effects of Price Controls on Payment-Card Interchange Fees: A Review and Update].

[4] Morris, Julian; Zywicki, Todd J; Manne, Geoffrey A; The Effects of Price Controls on Payment-Card Interchange Fees: A Review and Update, International Center for Law and Economics, (2022); Page 19-21; in particular see table on page 21 for illustrative example [The Effects of Price Controls on Payment-Card Interchange Fees: A Review and Update].

[5] Literature Review on Competition, Efficiency and Surcharging in the Retail Payment System; Report prepared for the NZ Commerce Commission, Amelia Fletcher, University of East Anglia, UK, page 47 [Literature Review on Competition, Efficiency and Surcharging in the Retail Payment System].

[6] See, for example, the RBA, Commonwealth Bank of Australia, Eway, Ezidebit's, and Flighthack webpages confirming AMEX's intention to remove surcharging [RBA Frequently Asked Questions; RBA card surcharge impact on small businesses; RBA Reform Response - Eway Australia; Card Surcharges Explained - Ezidebit; American Express Confirms It Will End Card Surcharges From October].

[7] Review of Merchant Card Payment Costs and Surcharging - Conclusions Paper, page 55 [Review of Merchant Card Payment Costs and Surcharging Conclusions Paper | March 2026]

WEX strongly urges ComCom to increase its proposed caps on domestic in-person (0.50%) and foreign-issued in-person (0.70%) commercial credit interchange to prevent driving significant transaction volumes into unregulated card networks.

b. Question 2 - ComCom methodology (steps 1 and 2)

We are interested in any views stakeholders may have on our approach at steps 1 and 2 of our methodology, for example on:

- The relevance of Australia in informing specific elements of our approach, such as issuer incentives and sustaining the ability of smaller card issuers (including smaller banks) or open banking providers to compete, and implied weighted average outcomes.
- How regulation in Australia has affected issuer behaviour, including any changes to product offerings, pricing, or investment.
- Key contextual similarities or differences between New Zealand and Australia (including the role of three-party networks) that should affect how these comparisons are applied. The additional 10 basis-point premium we have applied to promote stable and sustainable market outcomes and mitigate the risk of market disruption.

WEX supports the ComCom's adoption of a transparent methodology and its explicit recognition that a premium is required to 'promote stable and sustainable market outcomes' (**Market Premium**). Imposing an appropriate Market Premium is critical to achieving ComCom's Vision and to mitigate against:

- **Investment flight:** Global and local issuers of in-person commercial credit may prioritise markets like Australia (which adopted a higher 0.80% domestic cap), potentially starving New Zealand of new products and market entrants.
- **Feature reductions or higher fees:** To offset losses, issuers will either degrade vital features (such as bespoke financial reporting) or hike fees for New Zealand businesses to maintain them.
- **Market distortion and higher merchant fees:** Businesses may migrate en masse to less efficient alternative payment methods or unregulated payment service providers, to retain their existing features, which often carry more complexity and result in the driving up overall fees for merchants.

However, WEX considers that the 0.10% Market Premium proposed for domestic commercial credit only is clearly insufficient to achieve the ComCom's desired purpose, particularly as it has resulted in proposed interchange caps set at a level as low as 0.50%.

WEX considers that the ComCom should apply the Market Premium within a range, for example, of between 0.10% and 0.40%, to all interchange categories subject to the ComCom's assessment of how a proposed interchange cap would affect a particular market.

This would provide the ComCom with the discretion and justified rationale to provide a higher premium to specific categories of interchange where it considered that the market disruption would be particularly severe.

If the ComCom adopted this methodology, WEX considers it would be appropriate to apply a Market Premium of between 0.30-0.40% to the lower proposed interchange caps for in-person transactions. Comparatively, WEX considers it would be appropriate to apply a Market Premium of between 0.10-0.20% for online transactions as they more accurately reflect the issuer side-costs and substantial merchant-side benefits, while continuing to allow for scope for issuers to fairly compete and innovate in the New Zealand market.

c. Question 3 - ComCom methodology (step 3) Commercial v personal credit issuer costs

We are interested in any views stakeholders may have on our approach at step 3 of our methodology, for example on:

- The additional 10 basis-point premium we have applied above domestic personal credit card interchange to reflect the incremental issuer costs and merchant benefits associated with domestic commercial credit cards.
- The relevance and scale of the incremental issuer costs (fraud losses, fraud prevention measures, and administrative costs).
- The relevance and scale of the incremental merchant benefits in this context (benefits associated with avoiding the administrative cost of establishing and operating trade accounts).

WEX supports the principle that commercial credit card interchange broadly should carry a premium over personal interchange to reflect higher issuer costs and greater merchant benefits.

Accordingly, WEX agrees with the ComCom's proposed 0.20% premium for domestic commercial cards over domestic personal cards. This premium appropriately recognises higher issuer costs (such as fraud risk and administration), distinct merchant benefits (like costly trade accounts).

However, WEX requests that the ComCom clarify in its final Reasons Paper why a similar 0.20% premium does not apply to foreign-issued commercial cards over foreign-issued personal cards. The commercial justification for a premium is equally compelling–if not stronger–for cross-border transactions including due to:

- **Equal or higher issuer costs:** Managing international credit terms assessing cross-border creditworthiness, and pursuing unpaid debts overseas carry significant administrative and financial weight.
- **Equal or higher merchant benefits:** Accepting foreign-issued commercial cards delivers critical value to merchants by shielding them from complex foreign

exchange management, cross-border debt collection, and high-prevalence international commercial fraud.

d. Question 4 - Commercial credit and market entry dynamics

We welcome card issuer views on the role of commercial credit cards in market entry and competition, including whether they are typically not an entry-level product for challenger or smaller issuers. For example, we welcome views on:

- Whether the proposed interchange caps may affect your ability and/or incentives to enter, expand, or compete in commercial credit card issuance.
- Potential impacts on pricing, product viability, or investment decisions.

As set out above, WEX is currently exploring the viability of launching the Proposed Product in New Zealand, [redacted]

Unlike consumers, business cardholders typically pay their balances in full each month. Without interest revenue, commercial card issuers rely heavily on interchange to fund high-value features like single-use virtual cards, granular spend controls, and deep accounting integrations. WEX's business customers choose to use WEX commercial credit cards to obtain those features.

[redacted]

WEX considers that it is likely that other market participants are undertaking similar analysis on the offer of new products to the New Zealand market that may be caught by these particularly low interchange caps, and that setting the caps as proposed may prevent them from innovating in the New Zealand market.

This view is not unique to WEX. In his expert paper for ComCom, Dr Wilko Bolt notes the views of academics that interchange fees "may still be necessary for providing the right incentives to innovate" and restrictive caps can force a shift to "consumer-pays" models, reducing overall innovation and discouraging the entry of new payments systems.[8] Further, research from the International Center for Law and Economics also shows that interchange caps reduce issuer incentives to invest in new technology and discourage fintechs from entering the market.[9]

[8] Expert Support on th 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) (2024), Page [EXPERT SUPPORT ON THE NZ COMMERCE COMMISSION CONSULTATION PAPER "RETAIL PAYMENT SYSTEM – COSTS TO BUSINESSES AND CONSUMERS O]

[9] See, Morris, Julian; Zywicki, Todd J; Manne, Geoffrey A; The Effects of Price Controls on Payment-Card Interchange Fees: A Review and Update, International Center for Law and Economics, (2022) pages 29-32. [https://laweconcenter.org/wp-content/uploads/2022/03/Payments-2021-Lit-Review.pdf].

WEX is firmly of the view that setting interchange at the 0.50% and 0.70% levels proposed will discourage new market entrants into New Zealand's in-person commercial card market and is unlikely to achieve the ComCom's Vision.

e. Question 5 - Current transactions below proposed cap

We are interested in card scheme views on the extent to which commercial credit card transactions are currently processed below the proposed caps. In particular. Please provide information on the proportion of transactions (by volume and value) that occur at interchange rates below the proposed caps, including any industry specific, strategic, or negotiated rates. Where possible, please provide this separately for domestic and foreign-issued transactions.

WEX lacks card scheme data to enable it to respond directly to the question posed in question 5.

f. Question 6 - Limiting mechanism - domestic only

We propose that the limiting mechanism apply to domestic commercial credit transactions only, on the basis that foreign-issued transactions do not appear to have preferential interchange categories. Do any preferential, negotiated, or industry specific interchange rates exist for foreign-issued commercial credit card transactions? If so, please briefly describe their structure and use in practice.

WEX acknowledges the policy intention behind ComCom's proposed limiting mechanism. However, WEX notes that adopting a limiting mechanism in the way proposed may disproportionately impact some market participants over others, leading to competition issues. WEX's general view is that the market should have the freedom to negotiate commercial arrangements within the scope of the law and regulation should only intervene when there are extraordinary circumstances that would justify it.

g. Question 7 - Limiting mechanism - practical implications

We welcome card scheme views on the practical and compliance implications of the proposed limiting mechanism (i.e. capping fees at the lower of the applicable cap or the published rate as at 1 December 2025). For example, we welcome views on:

- The nature and extent of any implementation or compliance challenges.
- Whether alternative approaches may be more feasible, enforceable, or effective.

WEX does not operate as a card scheme and therefore does not intend to respond directly to the questions posed in question 7.

h. Question 8 - Implementation period (acquirer perspective)

We are interested in card acquirer views on whether a proposed two to three-month implementation period would be sufficient to implement the commercial credit card interchange fee caps and associated limiting mechanism. For example, we welcome views on:

- The adequacy of this timeframe based on your experience.
- Implementing interchange fee changes following the Commission's July 2025 decision, including repricing activity.

WEX does not operate as a card acquirer and therefore has no specific feedback in response to question 8.

i. Question 9 - Implementation period (issuer perspective)

We are interested in card issuer views on whether the proposed two-to-three-month implementation period is sufficient to implement required pricing and system changes from an acquiring perspective. For example, we welcome views on:

- The adequacy of the timeframe for implementation.
- Any practical challenges encountered in pricing, systems, or billing changes
- Impacts on merchant processes, including contract updates or notifications and repricing.
- Coordination considerations with schemes and issuers, including timing dependencies.

While WEX appreciates the ComCom's transparency, the proposed 2-3 month transition window is operationally unfeasible for issuers. Critical steps can only commence after a final decision is made, including:

- **Financial and viability analysis:** Assessing business impacts and determining whether to redesign or withdraw unviable products.
- **Legal & customer management:** Reviewing and amending contracts, and managing customer notifications for any discontinued offerings.
- **Technical implementation:** Executing complex system changes, training staff and building compliance frameworks.

A rushed timeline risks widespread industry non-compliance, which would undermine the integrity of the regulatory reform.

WEX urges the ComCom to adopt a uniform 12-month transition window from the date of the final announcement. This timeline will ensure issuers (and other market participants) have adequate time to execute the final decision. A single, standardised window across all proposed caps will streamline communication and drive higher compliance across all affected entities. Assuming the final decision is released in October 2026, WEX proposes a mandatory implementation deadline of **October 2027**.

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If the ComCom deems a uniform 12-month window excessive, WEX recommends mirroring the staggered approach taken by the RBA, which provided a 6-month notice period for domestic caps and 12 months for foreign-issued caps. While WEX maintains that a staggered framework introduces unnecessary operational and communicative complexity, should ComCom adopt this model, we propose the following timeline (assuming an October 2026 final decision by ComCom):

- Domestic commercial caps: **April 2027** (6-month transition).
- Foreign-issued commercial caps: **October 2027** (12-month transition).

[redacted]

[redacted]

[redacted]

I confirm this redacted version of WEX's submission does not contain any confidential or private information and can be published in full on ComCom's website.

Thank you for the opportunity to contribute to this important consultation. We welcome the opportunity to discuss our submission with the ComCom and to participate in any roundtable discussions.

Yours sincerely

[redacted]

Kim Ford
Vice President, Legal - Global Regulatory and Government Affairs