



16 October 2025

Dr John Small  
Chair  
Commerce Commission  
PO Box 2351  
Wellington 6140  
Email: [REDACTED]

Dear John

## RETAIL PAYMENTS REGULATION – MINISTERIAL EXPECTATIONS

I write to convey my expectations for the Commerce Commission (the Commission)'s regulation of the retail payment system. This letter supplements my 2025/26 letter of expectations, which presents my priorities for the Commerce and Consumer Affairs portfolio and the specific priorities for the Commission.

### Contributing to the Government's banking and payments agenda

The Government's Going for Growth agenda sets out our approach to making New Zealand's economy grow faster, to increase living standards and opportunities for all New Zealanders.

An efficient, competitive banking and retail payments sector is critically important to this, and we have a significant programme of work underway in this space:

- **Inquiry into banking competition** – The Finance and Expenditure Committee concluded its inquiry into banking competition on 22 August 2025, making 19 recommendations for improving banking competition in New Zealand. Several of these recommendations are designed to address issues in the payments sector, including real-time payments investment and improvements to Payments New Zealand's governance.
- **Kiwibank capitalisation** – The Government has approved Kiwibank to proceed with a capital raise of up to \$500m by June 2026 to enable it to continue to grow its loan book at above system growth.
- **RBNZ focus on competition** – The December 2024 Financial Policy Remit specifies that the Minister of Finance considers it desirable for the RBNZ to have regard to competition in performing its functions. The RBNZ is [seeking to lead the investigation and development of a proposal to modernise the New Zealand retail payments landscape] and is progressing several prudential regulation reforms.
- **Open banking** – Cabinet has agreed to implement regulated open banking this year, administered by the Ministry of Business, Innovation and Employment. This system will enable more competition and innovation in the payments industry, so that New Zealand customers and businesses have a wider range of low-cost ways to make payments.

The Government is also focused on directly improving consumers in-store payments experience and simplifying retail prices. The proposal to ban merchant surcharges on in-store EFTPOS, Visa and Mastercard transactions is expected to come into force by May 2026, or earlier if possible.

I expect the Commission will contribute to achieving results for these workstreams, and the Government's overall Going for Growth agenda, through your oversight of the retail payment system.

### **The Commission's retail payments work**

In light of the continued high cost of retail payments in New Zealand, I expect that the Commission will have particular regard to using its existing functions and powers to:

- promote increased transparency of payment costs to merchants,
- monitor whether interchange fees and other fees are appropriate,
- review of commercial card interchange fees.

### **Work to promote a transparent retail payment system**

The Retail Payment System Act 2022 (**RPS Act**) requires the Commission when deciding whether to exercise its functions and powers, and in exercising them, to take into account, to the extent it is considered relevant, the principle that the retail payment system provides a reasonable degree of transparency.

I am concerned that some merchants do not currently have access to clear and straightforward information from payment service providers about their payment costs. I consider this to be a key reason for the prevalence of excessive surcharging in New Zealand.

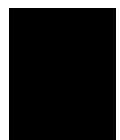
In light of the surcharge ban proposal, I expect the Commission to be focused on work to promote transparency under the RPS Act, with respect to merchant service fees as well as input costs like scheme fees and digital wallet fees.

A transparent retail payment system will promote competition in the acquiring market and reduce barriers to merchants ability to compare and switch acquirers.

### **Ongoing monitoring of interchange fees and other fees**

The Commission's final decision to further regulate interchange fees in the Visa and Mastercard networks is expected to reduce merchants' payment fees by as much as \$90 million a year. This is a positive step towards a more efficient retail payment system.

However, I remain concerned that New Zealand merchants will continue to pay substantially more to accept card payments than their peers in the United Kingdom and European Union. I expect the Commission to focus on establishing an ongoing monitoring programme to assess whether fees are at levels above those of certain peer jurisdictions interchange caps continue to remain appropriate in the New Zealand context.



I understand the Commission has publicly commented that you are monitoring other components of merchant service fees and have the power to intervene if non-interchange charges creep upwards.

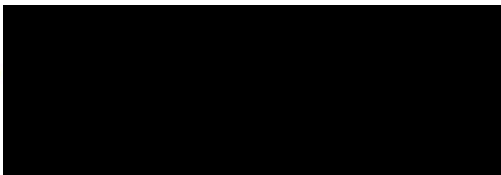
### **Review of commercial card interchange fees**

The Commission has publicly commented that you consider that commercial card interchange fees are too high. I expect you to review these charges in a timely manner and impose caps if you consider that they are higher than warranted.

### **Response**

I would appreciate your response by 31 October 2025 outlining how you propose to address my expectations set out in this letter.

Yours sincerely



Hon Scott Simpson  
**Minister of Commerce and Consumer Affairs**

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