

Retail payments — Monitoring snapshots

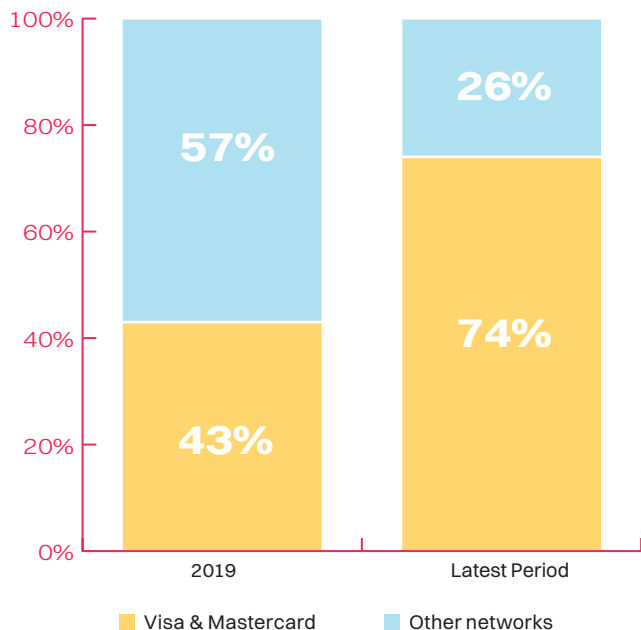
Convenience of Visa and Mastercard sees businesses pay more

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Our goal is to promote efficiency in the payments system, while supporting the entry and growth of new payment alternatives.

3 in 4 payments now use Mastercard and Visa*



*Total payments include Visa, Mastercard, EFTPOS, open banking payments and American Express.

Growth in Visa and Mastercard use since 2019 reflects how payment preferences have evolved. Consumer payment preferences have shifted to contactless and online payments which accelerated during COVID-19 and the rise of mobile wallets has favoured widely accepted and easily integrated payment methods.

The share of EFTPOS payments is declining as it is unable to support evolving online, contactless and device-based payment preferences.

\$1 billion

what New Zealand businesses pay each year to accept Visa and Mastercard payments.

**based on our ongoing monitoring data*

What this means for New Zealand businesses

The cost of accepting payments varies across payment methods. Unlike EFTPOS which charges a monthly fee for unlimited payments, Visa and Mastercard payments attract a percentage-based fee per transaction. This can add up to a significant amount for businesses.

As more consumers pay online, tap their cards, phones or devices, a greater share of transactions will incur payment fees. Over time, this will increase the overall cost to New Zealand businesses to accept payments.



Entry and growth of new payment alternatives will reduce costs for businesses.

New pay by bank alternatives — Where people pay directly from their bank account, often near instantly and without using a card are emerging. These alternatives have the potential to compete effectively for everyday payments, particularly for debit transactions and offer a lower-cost alternative to card-based payments for businesses.

Adoption challenges

Consumers: Card payments are increasingly convenient and built into how people pay, including through mobile wallets, devices and online platforms. Alternative options are less visible, and will need to build awareness, trust and work seamlessly in the ways people prefer to pay.

Businesses: While lower-cost payment options are attractive, they need to integrate with existing systems and fit easily into the checkout experience without creating additional friction for customers.

Access challenges

Platforms and payment providers: Shape how payment options are integrated and presented at checkout, affecting how easily new methods can be used. These include apps, websites and systems where payments are made.

Pay by bank providers: Need access to payment interfaces and visibility at checkout to scale, which can depend on integration requirements and how options are prioritised.

Banks: Enable access to customer accounts and payment functionality, with integration, customer experience and commercial arrangements influencing how easily new methods can scale and compete.

What we're doing

We are developing a clearer understanding of how the payments system operates, including through merchant and consumer surveys on costs, behaviour and barriers to switching.

We focus on the conditions that enable effective competition:

Access: Can providers participate on fair terms?

Adoption: Are payment options visible, trusted and widely used?

Scale: Can pay by bank alternatives grow to provide effective competitive pressure?

Our work includes how pricing, contracts and product design affect business payment choices and the uptake of new payment methods.

The payments landscape is shaped by government, regulators and industry participants, each with distinct roles and responsibilities. How competition develops will depend on how we work together over time.

We welcome industry views and evidence on barriers to competition and growth.

Contact us at: PaymentsTeam@comcom.govt.nz