

28 October 2025

Hon Scott Simpson  
Minister of Commerce and Consumer Affairs  
Parliament Buildings  
Wellington 6160  
[REDACTED]

Dear Minister

**Re: Retail Payments Regulation – Ministerial Expectations**

Thank you for your letter setting out your expectations for the Commerce Commission's (the Commission's) regulation of the retail payment system. This letter sets out how we are meeting, and will meet, your expectations, and should be read together with our response to your 2025/26 letter of expectations.

**Contributing to the Government's Banking and Payments Agenda**

We will support the Government's Going for Growth agenda by continuing to operate as a courageous and impactful regulator and promote competition across the economy.

We note the Government's work programme underway to support an efficient and competitive banking and retail payments sector. We will continue to support the Government to achieve its aspirations across these workstreams through our oversight of the retail payment system.

Our key focus for the remainder of 2025 is continuing preparations to communicate and enforce the Government's surcharge ban and support broad compliance as quickly as possible following the ban coming into force. This work is well progressed, and aims to:

- Ensure consumers understand their rights so they can benefit from the ban;
- Ensure merchants understand their obligations under the ban and are supported to benefit from reduced interchange fees or consider open-banking enabled payment options;
- Ensure consumer complaints are managed efficiently;
- Ensure enforcement action can be taken quickly where needed;

- Continue engagement with industry representative groups and payment services providers to disseminate education and guidance about the ban; and
- Provide clear communication about the ban to all those who inquire about it.

### **The Commission's Retail Payments Work**

We work to promote competition and efficiency in the retail payment system for the long-term benefit of merchants and consumers.

#### **Improved Transparency**

We are starting work to help smaller merchants understand the costs of payments services they receive, including publishing publicly available information about acquirer offerings and information to help merchants to estimate their costs. We intend to encourage increased transparency of industry-level information on merchant service fees and the underlying costs charged by Mastercard, Visa and other large payment providers that can be shared with merchants. This includes work to simplify and clarify merchant service fees and the billing statements that acquirers issue merchants to enable better comparability.

Better information will help merchants lower their payment costs by allowing more informed cost comparisons and will foster competition and efficiency in the retail payment system by supporting merchants to more confidently compare and switch.

#### **Monitoring of Interchange and other Fees**

New interchange fee limits for credit and foreign issued cards take effect from 1 December 2025 and 1 May 2026 respectively. We will monitor compliance with the new requirements as well as monitor how the fee reductions flow through to merchants and how the market responds.

Monitoring will help ensure that Visa, Mastercard and other payment providers comply with the new limits, and will help to identify any unintended effects of these changes.

We will also continue to monitor other key payment system performance metrics and publish information on market trends and insights.

Leveraging our connections with international peer regulators in the UK, Australia and Canada, we will carry out an initial scan of merchant service fee information from other jurisdictions and any information that is publicly available. We anticipate that due to the commercially sensitive nature of merchant service fees it may be challenging to get a complete picture. We will provide you with an update on our progress by the end of this calendar year.

## Commercial Card Interchange Fees

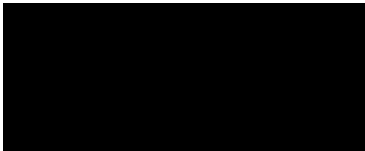
Regulating commercial card interchange fees could reduce costs merchants face to accept Visa and Mastercard payments. These fees appear to be high and drive up the total merchant service fees paid by New Zealand merchants, particularly those that operate in hospitality, tourism and retail.

We are gathering further information on the costs and benefits associated with commercial card products to help us assess whether to initiate a review. This would require analysis to support a draft decision next year and time for consultation, before setting of any proposed caps.

We will make and publicly communicate a decision by the end of this calendar year on whether to undertake a review. If we decide to initiate a review we will inform you about potential timings at that point.

Thank you for sharing your expectations for the Commission's regulation of the retail payment system. We look forward to providing you and MBIE officials with further updates about our work in due course.

Yours sincerely | Nāku noa nā



Dr John Small  
Chair

Copy to: Adrienne Meikle  
Chief Executive, Commerce Commission  
Email: [REDACTED]

Andrew Hume  
General Manager, Commerce, Consumer and Business Branch, MBIE  
Email: [REDACTED]