

Addendum to Regulatory Impact Statement: Ban on merchant surcharges for accepting payments

New information and additional policy matters

1. On 17 July 2025, the Commerce Commission (**the Commission**) released its final determination on interchange fee regulation for the Mastercard and Visa networks.¹ This post-dates the impact statement: *Ban on merchant surcharges for accepting payments*, finalised on 17 June 2025, which refers to the Commerce Commission’s draft determination. For the purposes of the counterfactual (Option One), the final reductions in interchange fee caps are less than initially proposed.
2. In addition, during drafting of the Retail Payment System (Ban on Merchant Surcharges) Amendment Bill to give effect to the preferred option outlined in the impact statement (Option Three), issues have arisen which make it desirable to amend the approach in some areas. These changes primarily relate to the scope of the initial ban and reflect feedback from external stakeholders of the importance of a simple ban that is easy for merchants and consumers to understand. A ban that differentiates between card types within the Visa and Mastercard networks would be complex for industry to implement, and would likely create friction at the till when consumers go to pay.
3. This new information and the additional policy matters are outlined below. We consider this does not alter the overall preferred Option Three, nor does it materially change the assessment of costs and benefits of the preferred Option Three.

Final Determination on Interchange Fee Regulation

4. The Commission’s final determination, relative to the current caps and its draft determination, is outlined below. This updates Table 1 in the impact statement.

Card type	Payment method	Current cap	Draft cap	Final cap
Domestic debit (personal and commercial)	In-person - contacted	0.00%	No change	0.00%
	In-person - contactless	0.20%	No change	0.20%
	Online	0.60%	0.40%	0.60%
Domestic credit (personal)	In-person	0.80%	0.20%	0.30%
	Online	0.80%	0.40%	0.70%
Domestic credit (commercial)	In-person	Unregulated	0.20%	Unregulated
	Online	Unregulated	0.40%	Unregulated

¹ Commerce Commission, *Retail Payment System, Interchange Fee Regulation for Mastercard and Visa Networks – Final Decision and Reasons Paper*, 17 July 2025 (https://comcom.govt.nz/_data/assets/pdf_file/0032/367457/Retail-Payment-System-Interchange-fee-regulation-for-Mastercard-and-Visa-networks-Final-Decision-and-Reasons-Paper-17-July-2025.pdf).

Card type	Payment method	Current cap	Draft cap	Final cap
Domestic prepaid cards	In-person and online	Unregulated	Unregulated	Unregulated
Foreign-issued debit cards (personal, prepaid, and commercial)	In-person	Unregulated	0.60%	0.60%
	Online	Unregulated	1.15%	1.40%
Foreign-issued credit (personal)	In-person	Unregulated	0.60%	0.70%
	Online	Unregulated	1.15%	1.50%
Foreign-issued credit (commercial)	In-person	Unregulated	0.60%	Unregulated
	Online	Unregulated	1.15%	Unregulated

5. This updated information means that the net impact of the preferred option on merchants will be slightly more than indicated, with a differential remaining between interchange caps for domestic in person credit relative to domestic in person contactless debit (ie 0.30% vs 0.20%).
6. At the time of the impact statement, there was uncertainty about whether the Commission would finally determine to introduce new caps for foreign-issued cards. New caps for foreign-issued cards (excluding commercial credit) are confirmed to come into effect on 1 May 2026.

Additional policy matters

7. The preferred option (Option Three) in the impact statement provides for an initial ban on surcharging to be prescribed in legislation, supplemented by new regulation-making powers that would allow the initial ban to be extended to additional payment cards, methods, and/or networks in future. The initial ban was described as applying to in-store EFTPOS and domestic-issued Visa and Mastercard debit and credit cards (with limited exceptions). Examples of the types of payments that would not be covered by the initial ban were prepaid cards and foreign-issued cards.
8. The policy changes and their impacts are as follows:
 - a. Foreign-issued cards – The initial ban is proposed to be extended to cover in-person foreign-issued Visa and Mastercard debit and credit payments. The confirmation of new caps by the Commission for foreign-issued debit and personal credit, while at rates slightly higher than for equivalent domestic Visa and Mastercard cards, means that differential treatment is no longer justified. This change would lower compliance costs for merchants. It would also have higher consumer benefits, as it would prevent hidden, excess fees causing tension at the till.
 - b. Prepaid cards – The initial ban is proposed to be extended to cover in-person Visa and Mastercard prepaid debit (both domestic and foreign-issued cards). The exclusion of prepaid cards (eg Wise’s travel cards) was originally intended to

support competition by providing fintechs a margin to compete and sending signals to switch to new payment methods. However, feedback from external stakeholders is that Visa and Mastercard branded prepaid products are frequently offered by fintechs and a surcharge would reduce the attractiveness of these innovative offerings. Extending the ban to prepaid cards supports competition.

- c. Commercial cards² – The impact statement was unclear on the treatment of commercial cards. The initial ban is proposed to be extended to cover in-person Visa and Mastercard commercial debit and credit cards (both domestic and foreign-issued cards). This change reflects feedback from external stakeholders that the initial ban should be simple and easy to implement.

- 9. We have consulted the Commerce Commission, who are supportive of the changes proposed above. We have also consulted a range of industry and merchant stakeholders.

Delivering the preferred option

- 10. The proposed changes do not alter most of the arrangements for implementation and operation of the regime outlined in the impact statement. However, a broadly scoped ban will be easier to understand and reduce the practical difficulties associated with implementing a selective ban through payment terminals.
- 11. The impact statement outlined that the initial ban was proposed to take effect on and from 1 April 2026, approximately one month after enactment. This implementation date could be advanced, which could increase some of the implementation risks identified. This is expected to be further tested in select committee.
- 12. The monitoring and evaluation arrangements outlined in the impact statement are unaffected.

3 September 2025.

² Issued to businesses for use wholly for purposes other than personal, domestic or household purposes.