

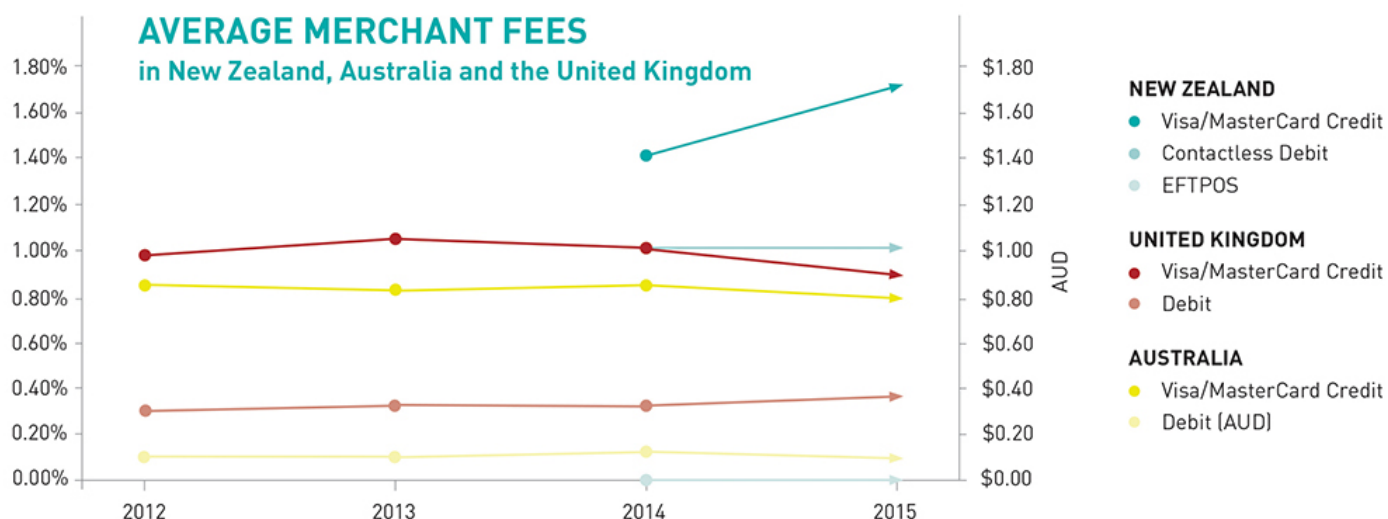
# UPWARDS TREND IN NEW ZEALAND MERCHANT SERVICE FEES

## The 2016 Retail NZ Payments Survey Report

In 2015, *research by Covec* for Retail NZ showed that, on average, New Zealand merchants pay substantially more than merchants in Australia and the UK for handling credit and contactless debit card transactions (although EFTPOS here is free, unlike the other markets).

In 2016, Retail NZ completed its second annual payments survey. This shows that, on average, merchant service fees for contactless debit transactions have remained constant, at 1.0 per cent, but we have seen an increase in merchant service fees for Visa and MasterCard credit transactions from 1.4 to 1.7 per cent. Of course, New Zealand merchants are lucky that standard EFTPOS transactions continue to be free to the merchant; but the increasing consumer demand for contactless debit card, as well as other new and innovative ways to pay, and the displacement of domestic EFTPOS means that merchant costs are likely to rise over time.

Merchant service fees are set by the banks. They reflect the interchange fees and other scheme fees set by the card companies, as well as bank charges. A merchant's bank pays the majority of the merchant fee to the card issuer of the retailer's customers, and a smaller amount to other suppliers to cover processing and operational costs.



## Average Merchant Fees in NZ, Australia and the UK

	2012	2013	2014	2015
<b>New Zealand*</b>				
NZ - Eftpos			0.00%	0.00%
NZ - Contactless Debit			1.00%	1.00%
NZ - Visa/Mastercard Credit			1.40%	1.70%
<b>UK**</b>				
UK - Debit	0.32%	0.32%	0.32%	0.36%
UK - Credit	0.97%	1.04%	1.00%	0.89%
<b>Australia***</b>				
Australia - Debit incl EFTPOS (AUD)	\$0.10	\$0.10	\$0.12	\$0.09
Australia - Visa/Mastercard Credit	0.84%	0.82%	0.82%	0.78%

\*Retail NZ Payments Survey

\*\*British Retail Consortium Payments Surveys

\*\*\*Reserve Bank of Australia, average Merchant Fees For Debit and Credit as at December