

Open Letter to Hon. Scott Simpson, Minister of Commerce and Consumer Affairs

Re: Proposed Ban on Payment Surcharges

22 September 2025

Dear Minister Simpson,

Retail NZ and the undersigned 36 Chambers of Commerce, industry and business associations, representing thousands of businesses across Aotearoa, are deeply concerned about the Government's proposal to ban surcharges on in-person domestic debit and credit card transactions via the Mastercard and Visa networks.

While the intention behind this policy may be to protect New Zealand consumers, we believe it is a misguided intervention that risks harming both consumers and the businesses that serve them. The ability to apply surcharges is a vital tool for cost recovery, especially for small and medium-sized enterprises already facing rising operational expenses.

Many New Zealand businesses do not apply surcharges, demonstrating that the market is functioning and that businesses are making informed decisions based on what works for them and their customers. A blanket ban will remove this flexibility, imposing a one-size-fits-all solution to a complex issue.

Credit card transactions carry significantly higher processing costs than EFTPOS or debit card payments. Surcharges reflect this reality – not as a means of profiteering, but as a transparent mechanism for cost recovery. Eliminating surcharges does not eliminate these costs; it merely obscures them. Retailers will be forced to absorb these fees, likely resulting in higher prices for all consumers, regardless of their payment method.

This cross-subsidisation is inherently unfair. Customers who use low-cost payment methods will end up subsidising those who use high-cost credit cards, often linked to rewards programmes.

We note that commercial and international cards have now been included in the Retail Payment System (Ban on Merchant Surcharges) Amendment Bill. While we believe that it is important to regulate all credit cards equitably (including Amex, Diners, Union Pay, etc.), we are also conscious that the commercial and international card inclusion will further increase the costs to businesses because these cards have significantly higher fees than personal domestic debit or credit cards.

Moreover, the surcharge ban risks accelerating the decline of EFTPOS, further increasing costs for businesses, and likely driving prices higher for consumers while banks and credit card

companies benefit through increased fee collection with a higher number of transactions flowing through the Mastercard and Visa network.

We also note that excessive surcharging is already prohibited, and the Commerce Commission has the authority to ensure fair treatment of consumers. What is needed is not more regulation, but greater clarity and transparency from banks and payment providers. Many businesses struggle to navigate the complex web of fees – interchange, scheme, switch and more. Simplifying these structures would go much further in supporting fair outcomes.

We supported the process put in place by the Commerce Commission to review the retail payment system and were comfortable that this consultation process would provide a balanced outcome for both consumers and businesses.

As part of this process, we welcomed the recent cap on interchange fees due to be implemented on 1 December. However, interchange fees represent only part of the total Merchant Service Fees (MSF). Addressing interchange fees alone will not resolve the broader cost challenges businesses face.

Therefore, we urge you to reconsider the proposed surcharge ban and instead:

- maintain transparency so consumers understand the cost of their payment choices
- encourage terminal providers to invest in technology that enables retailers to set surcharge fees accurately based on payment type
- embrace innovation across the payments lifecycle, including lower-cost acceptance infrastructure such as tap-to-phone solutions.

New Zealand businesses are committed to delivering excellent customer experiences. To do so sustainably, they need fair and flexible tools to manage their costs. A surcharge ban removes that flexibility and risks unintended consequences for businesses and consumers alike.

We stand ready to work with you to build a payments system that is fair, transparent, and sustainable.

Signed by:

Carolyn Young
Chief Executive
Retail NZ



Simon Bridges
CEO
Auckland Business Chamber



Garth London
President
Bed & Breakfast Association New Zealand



Renee Rowland
Association Manager
Booksellers Aotearoa NZ



Emily Byrne
Chief Executive
Holiday Parks New Zealand



Wayne Naylor
Chief Executive
Te Kahu Pairuri o Aotearoa -
Hospice New Zealand



Sam MacKinnon
Head of Communications and
Advocacy
Hospitality New Zealand



Marisa Bidois
Chief Executive
Restaurant Association of New Zealand



Reuben Sharples
President
Retail Meat New Zealand



Jason Copus
Chief Financial Officer
SPCA



Leah McKerrow
CEO
North Chamber



Kelly Bouzaid
CEO
Cambridge Chamber of
Commerce



Cathy Balvert
CEO
Morrinsville Chamber of
Commerce



Matt Cowley
CEO
Tauranga Business Chamber



Melanie Short
CEO
Rotorua Business Chamber



Karla Lee
CEO
Hawke's Bay Chamber of
Commerce



Arun Chaudhari
CEO
Taranaki Chamber



Helen Garner
CEO
Business Whanganui



Patrick McKibbin
CEO
Hutt Valley Chamber



Leeann Watson
CEO
Business Canterbury



Glenn Peat
CEO
Wanaka Business Chamber



Viv Beck
Chief Executive
Heart Of The City



Amanda Linsley
CEO
Manawatu Chamber



Ali Boswijk
Chief Executive
Nelson Tasman Chamber of Commerce



Wendy Smith
CEO
South Canterbury Chamber of Commerce



Sharon Fifield
CEO
Queenstown Business



Mark Knoff-Thomas
Chief Executive
Newmarket Business Association



Nicola Belsham
CEO
Business Wairarapa



Kylie Cornelius
Executive Officer
Marlborough Chamber of Commerce



Mike Collins
CEO
Business South Inc



Sheree Carey
CEO
Southland Chamber of Commerce



Don Good
Chief Executive
Waikato Chamber of Commerce



Cheryl Adamson
General Manager
Parnell Business Association



Brent Kennedy
Uptown Precinct Leader
Uptown Business Association



Terence Harpur
Chief Executive
Takapuna Beach Business
Association



Kevin O'Leary
General Manager
Business North Harbour



Jamey Holloway
General Manager
Karangahape Road Business
Association

