

Jahnavi Manubolu

From: Adam Reis [REDACTED]
Sent: Wednesday, 10 February 2021 10:18 p.m.
To: Competition Policy
Subject: Submission on regulating to reduce merchant service fees

To whom it may concern,

I would like to write in a submission on the topic of regulating to reduce merchant service fees.

We provide an online service, mainly for (sports) clubs and membership based organisations, which amongst other things, allows them to collect online payments from their members for transactions like membership renewals, events or bookings.

To facilitate these payments, we currently use a 3rd party service called Stripe, which allows us to process credit and debit card payments through our online application. It is my understanding that behind the scenes, Stripe works with the card merchants to facilitate the actual payments.

The rates that our customers are charged for those payments by Stripe are currently 2.9% + \$0.30 per transaction. For a typical Family membership of around \$700, that comes down to a fee of over \$20.

This is in our opinion a pretty hefty amount to charge, simply for facilitating a payment.

As we are mainly dealing with non-profit organisations, they will often want to avoid incurring these costs themselves, so they choose to offset them against their members instead. This makes paying online to renew their memberships frustrating, because they are essentially "punished" for the convenience of paying safely online by a \$20 additional fee.

As a result, many of them will prefer to make a manual bank transfer instead, which is of course far less convenient.

It is our opinion that these high fees stagnate innovation and introduce a stigma on online payments.

Comparing New Zealand to Australia, we note that fees on domestic cards in Australia are only 1.7% + \$0.30. This is still significant, but in the example above the fee would be reduced to almost half the cost, just over \$12, which is far more reasonable for a \$700 payment.

We urge the government to look into the fees that these merchants charge, and assess how it is possible that our Australian counterparts are able to pay so much less for online payment processing fees.

Lower fees will benefit not only the organisations, but ultimately the people making the payments and will encourage more online payments and the accompanying innovation and ease of payment for everyone.

If you'd like more information about our submission, please feel free to contact me any time.

Kind regards,

Adam Reis
CTO and CFO at Hello Club



Adam Reis, Co-founder



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