

Mastercard New Zealand
Mastercard House
Level 3, 136 Customs Street West
Viaduct Precinct, Auckland 1010
New Zealand
tel +64 9 375 5020
www.mastercard.co.nz



Competition and Consumer Policy
Building, Resources and Markets
Ministry of Business, Innovation & Employment
PO Box 1473
Wellington 6140
New Zealand

buynowpaylater@mbie.govt.nz.

21 December 2021

Dear BNPL Project Team,

Mastercard is pleased to provide a submission to the consultation on Buy-Now, Pay-Later (BNPL). We look forward to working with the Government to find the best outcomes for all groups using BNPL including consumers, retailers, lenders, financial institutions, and technology providers.

Mastercard is a technology company in the global payments industry. We operate in 210 markets around the world, and while we don't issue cards or provide credit, we are the technology rails that enable millions of people around the world to transact, almost instantaneously, on cards from anywhere in the world to anywhere else in the world.

For more than twenty years, our work in New Zealand with banks and retailers has enabled the adoption and growth of contactless transactions via both a card and a device, the implementation of safer online transactions, and rapid growth of quick and easy international transactions. More recently, Mastercard has been working with our banking partners to enable both consumers and retailers to access BNPL solutions via our broad acceptance network, while also lowering the acceptance costs for retailers. In the same way we offer traditional payment methods, Mastercard provides the technology and acceptance network, while our partner financial institutions provide the consumer facing functions such as providing credit and issuing the card.

As outlined in the discussion paper, there are multiple models of BNPL in the NZ market. These models, both online and in store, provide consumers with additional choices.

However, the features of BNPL are different from other forms of credit. This includes, for example, that the potentially greater range of players involved, some of whom are providing technology- or payment-related services rather than anything that relates to credit. Another is that the technological processes for facilitating BNPL payments, both online and in store, can be separate from the provision of

funds by a financial institution. To us, this means that it is logical for MBIE to consider differences in approach to conventional credit regulation. While Mastercard has no comment on specific matters in scope of the consultation given the nature of its business, we note that changes to policies or regulation in relation to the provision of credit may negatively impact the way in which the model can be delivered and therefore may have a negative impact for consumers and retailers.

We therefore express no view for example on the MBIE's question about Code of Practice vs regulation. We would note the following general points however:

1. We recognise why MBIE might be focused on credit advertising and requirements as to credit worthiness is a logical consideration as BNPL oversight is considered.
2. A point that we think also remains important is user experience, including at point of sale. To us, this points towards specific solutions that do not, for example, create process issues around standard form or printed contracts, wet ink signatures etc.
3. We return to the greater range of providers potentially involved in a BNPL flow, notably on-line. Credit is involved but we think it important that credit broking for BNPL is not drawn so widely that even technical - or payment-service providers are in scope of such regulation (unless of course they offer it on a remunerated basis to an end-user).

While we support policies, which address the observed risks to consumers, we urge the Ministry to ensure they do not detrimentally impact the operation of technology which is unique to BNPL.

We would be happy to speak with you further on this matter and will arrange a meeting with you. In the meantime, if you have any questions, please do not hesitate to contact me at [REDACTED]

Yours sincerely,



Peter Chisnall
Country Manager
Mastercard New Zealand