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Competition and Consumer Policy  
Building, Resources and Markets  
Ministry of Business, Innovation & Employment  
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To whom it may concern

Thank you for the opportunity to provide comment on the Issues Paper considering New Zealand's retail payment systems.

I am the owner of Fresh Choice Glen Eden, a small-medium sized grocery store that employs 50 people in the West Auckland community.

As outlined in the Paper, the issues around retail payments are significant and it is timely that they are being considered in a comprehensive way. I appreciate that the Government is taking the time to get the views of a wide range of New Zealanders before deciding how it will proceed in terms of potential policy or regulatory change.

Over the last several years, New Zealand has witnessed significant changes to the way consumers purchase and pay for goods and services. Further developments in this area are likely, with new technologies already in the pipeline. Consumer appetite for easy payments and access to card reward scheme incentives are on the rise.

As people move away from cash and cheques, and with EFTPOS use on the decline, the cost of alternative payment methods such as contactless debit cards and credit cards has become an increasingly significant issue for my business. My business is facing increasing fees from accepting these cards, the use of which is increasing. To provide customer convenience, I must accept a range of payment forms and must essentially suffer these additional costs.

Large merchants, with strong negotiating power, are in a better position to negotiate discounted merchant service fees. However, smaller retailers such as myself are unable to access more competitive rates. We have little option but to accept card fees as a cost of doing business. The increased costs of doing business increase the pressure on us to put up the prices of groceries for consumers.

I am also concerned that as consumers increase their use of these cards and new technologies, promoted by the credit/debit card companies, their market power and ability to set pricing increases further. This ultimately risks higher scheme and transaction costs.

In light of the important issues outlined in the MBIE Paper, I would encourage the Government to formalise its intent to have greater oversight of the retail payment system. One way of doing this may be to establish a governance entity tasked with development and implementation of an equitable and efficient retail payment system in New Zealand. I note that other comparable jurisdictions have successfully established similar entities to oversee retail payment systems whilst ensuring the cost of these systems is competitive and justifiable whilst retaining the key principles of ease of access and security.

An oversight group, as mentioned above, would need to have full transparency in order to make an assessment about the future of retail payments in New Zealand. This transparency does not currently exist.

Finally, my business is a franchise, part of the Progressive Enterprises business. I am aware that Countdown has also provided a submission to the Issues Paper which we also support. I endorse the key issues that they note the Government must act on – a transparency framework, and the establishment of an empowered and independent regulatory body.

I wish you well with your deliberations.

Yours sincerely

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