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TIME FOR GREATER TRANSPARENCY ON BANK AND CREDIT CARD FEES, SAY RETAILERS

New research by Covec shows that Kiwi retailers and consumers appear to pay substantially more than their overseas counterparts for credit and debit card transactions, and Retail NZ is calling for greater transparency and oversight of fees set by banks and card companies.

"While standard EFTPOS transactions have generally been free for merchants and most consumers, contactless debit card transactions cost merchants an average 1% in fees, while credit card transactions cost, on average, 1.4%," Retail NZ General Manager Public Affairs Greg Harford said today. "For example, a New Zealand retailer taking a \$50 payment via a credit card transaction pays, on average, 70 cents in fees, while currently the same transaction would cost a UK retailer 50 cents, and an Australian retailer 42 cents.

"It's a little hard to understand why New Zealand retailers and consumers seem to be paying quite a bit more than their counterparts in overseas markets, except that most other jurisdictions now have agencies charged with providing oversight of bank and card fees.

"Retail NZ is calling for the introduction of a comprehensive information disclosure regime, so that everyone can understand the fees charged, and the total cost to the economy every year.

"While a fee of 1% may not sound like much, it adds up. The report by Covec forecasts that, over the next 10 years, retailers could be paying as much as \$3 billion in charges. These costs are ultimately paid by New Zealand consumers, and as a large proportion of this money could also end up flowing offshore, there's potentially a significant impact to the New Zealand economy."

"These costs could also grow over time as new payment technologies continue to displace New Zealand's traditional EFTPOS system, particularly if you account for spending in the hospitality and tourism sectors as well.

"It looks like New Zealanders are probably paying too much, particularly when costs are compared internationally, and we want to see greater transparency and oversight. Retailers are keen to work with all parties to see increased transparency introduced as soon as possible."

A copy of Retail NZ's paper *Towards Fairer Payments Fees* is available online at www.retail.kiwi/advocacy/payments.

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