

Submission

Regulating to reduce Merchant Service Fees

Your name and organisation

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Please keep my e-mail address confidential.

My submission is limited to inclusion of "Other Comments."

Other Comments

The impact of merchant fees on product and service providers is clearly evidenced in the number of businesses that now refuse to accept certain payment types (most commonly, Paywave), or that seek to recover the costs via a direct surcharge to the consumer imposed at the time of payment.

I comment specifically on three areas where I have evidenced surcharges being passed to me as a consumer that clearly indicate that the merchant is not prepared to absorb the costs, thereby also demonstrating that the level of fee is unacceptable to the merchant.

The first example involves a Toyota dealership whereby the costs of vehicle servicing are now subject to a surcharge where payment is made by way of a credit card. I was surprised that such an organisation believed it necessary to impose such an additional charge and considered this to be evidence that the merchant believed the merchant fees to be unreasonable.

Then, on a recent trip, the motel that we stayed at requested a 2% additional payment in the event that the payment for the accommodation was completed using a credit card. Again, I believe it to be evidence that the service provider views the merchant fees to be unreasonable and at a level that cannot be absorbed as a normal business expense. Further, the nature of accommodation and the way it is booked and paid for suggests that this is an additional expense that it will be difficult for many consumers to avoid.

Finally, the most egregious example of merchant fees being passed to consumers involves parking fees payable to Auckland Transport for paid street parking. At a fee level of \$0.50 per card transaction, depending upon the hourly parking fee rate and the length of time applicable, this means that the fee surcharge for card use can be at a rate of 25% of the total parking fee, or even higher. Further insult is added to this injury by Auckland Transport reducing the number of parking machines available where cash can be used to pay for parking. One can also question why the surcharge is applied to an electronic method of payment, when it is eminently clear that the costs of collecting and administering cash payments must be so much higher.

I look forward to seeing regulatory development to limit such fees and to encourage or require merchants to offer the widest possible range of payment options.