



COVERSHEET

Minister	Hon Scott Simpson	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Ban on merchant surcharges for accepting payments	Date to be published	17 September 2025

List of documents that have been proactively released

Date	Title	Author
July 2025	Ban on merchant surcharges for accepting payments	Office of Minister of Commerce and Consumer Affairs
16 July 2025	Ban on merchant surcharges for accepting payments ECO-25-MIN-0106 Minute	Cabinet Office
17 June 2025	Regulatory Impact Statement: Ban on merchant surcharges for accepting payments	MBIE
23 May 2025	Competition analysis of banning card surcharges	Axiom Economics

Information redacted

YES

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982 (OIA). Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of commercial information and constitutional conventions.



Cabinet Economic Policy Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Ban on Merchant Surcharges for Accepting Payments

Portfolio **Commerce and Consumer Affairs**

On 16 July 2025, the Cabinet Economic Policy Committee:

Background

- 1 **noted** that Consumer NZ has launched a campaign to ban surcharging for payment cards in response to hundreds of complaints from consumers about hidden and often excessive fees;
- 2 **noted** that the Commerce Commission estimates that consumers are paying about \$150 million annually in payment surcharges, of which it estimates \$45-65 million exceeds merchants' reasonable acceptance costs;
- 3 **noted** that the Commerce Commission has signalled its intention to review the surcharging framework in 2025, but a decision to ban surcharging is likely to be outside its cost-reflective mandate and an amendment to primary legislation is desirable to give it effect;
- 4 **noted** that the Commerce Commission intends to issue its final decision on reducing interchange fees within the Visa and Mastercard payment networks on 17 July 2025, which is to come into effect by 1 May 2026, leading to savings in payment costs for merchants;

Proposal to ban surcharges

- 5 **agreed** to an initial ban on payment surcharges, and include the ability for the scope of the ban to be further extended by regulations;
- 6 **agreed** that the scope of the initial ban will be:
 - 6.1 Visa and Mastercard in-store domestic debit and credit payments (all methods, including contactless);
 - 6.2 EFTPOS in-person debit payments;
- 7 **agreed** to empower the making of regulations, on the recommendation of the Minister of Commerce and Consumer Affairs, to:
 - 7.1 extend the ban to other payment methods (e.g. online), classes of issuer (e.g. foreign-issued), classes of payment (e.g. prepaid cards) and payment networks (e.g. PayPal);

- 7.2 provide appropriate statutory prerequisites before a recommendation can be made, including consultation with the Commerce Commission and persons representative of affected parties;
- 8 **agreed** that the Commerce Commission be empowered to monitor and enforce the ban;
- 9 **agreed** that, for any breach of the ban by a merchant, the Commerce Commission may issue corrective notices or apply to the court for pecuniary penalties (maximum of \$200,000 for an individual, or \$600,000 in any other case);
- 10 **agreed** that a demand for a surcharge will be unenforceable and, if paid, the consumer will be entitled to a refund from the merchant;

Legislative implications

- 11 **agreed** to give effect to the above paragraphs through an amendment to the Retail Payment System Act 2022;
- 12 **agreed** to add the Retail Payment System (Ban on Surcharges) Amendment Bill to the 2025 Legislation Programme Constitutional conventions
- 13 **invited** the Minister of Commerce and Consumer Affairs to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above paragraphs;
- 14 **authorised** the Minister of Commerce and Consumer Affairs to make additional policy decisions and minor or technical changes to the above policy decisions, consistent with the general policy intent, on issues that arise in drafting and passage through the House.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Christopher Luxon
Hon David Seymour (Chair)
Rt Hon Winston Peters
Hon Simeon Brown
Hon Shane Jones
Hon Erica Stanford
Hon Paul Goldsmith
Hon Louise Upston
Hon Dr Shane Reti
Hon Tama Potaka
Hon Chris Penk
Hon Penny Simmonds
Hon Andrew Hoggard
Hon Mark Patterson
Hon James Meager
Hon Scott Simpson
Simon Court MP

Officials present from:

Office of the Prime Minister
Officials Committee for ECO