

Feedback on proposed merchant surcharge ban

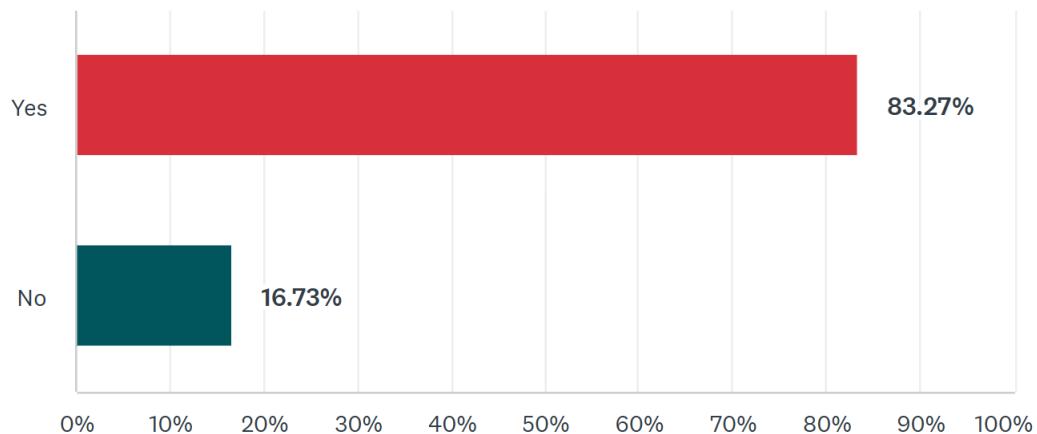
NATIONWIDE

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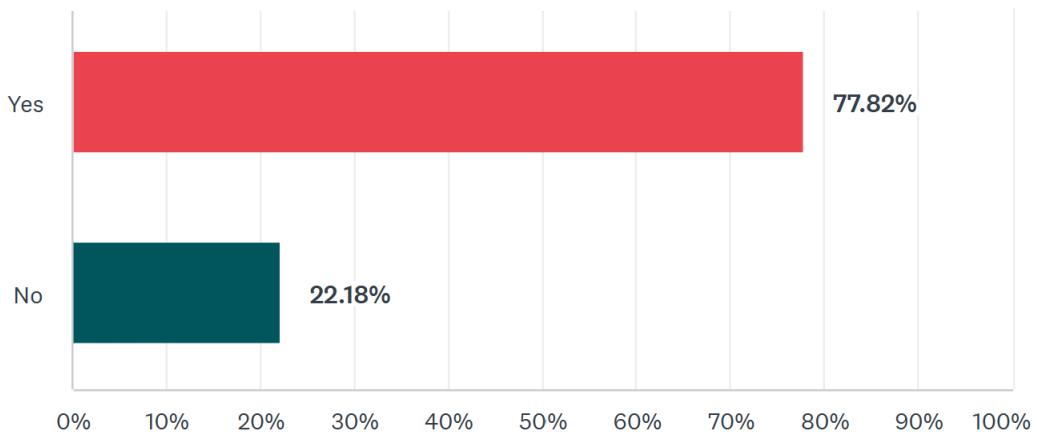
www.restaurantnz.co.nz

Proposed merchant surcharge ban

Q.1. Do you have a surcharge in place on your point-of-sale?



Q.3. If the surcharge ban comes into effect, will you increase your prices?



Q.2. What are your current merchant service fees (per annum)?

Less than \$10K	28.13%
\$10-20K	37.50%
\$20-30K	11.72%
\$30-40K	11.33%
\$40-50K	2.34%
\$50-60K	2.73%
\$60-70K	1.17%
\$70-80K	0.78%
\$80-90K	1.56%
More than \$90K	2.73%

SELECTED RESPONSES:

The ban should not be put in place without a counter move to help business owners. More consumers are going to use their credit cards/paywave once the ban takes place, which is clearly beneficial to the banks and is the reason this ban is happening. This is going to hit small business owners hard.

We are currently maxed out at what we can charge customers and don't feel we would be able to remain competitive if we were forced to increase our prices further.

With the slim margins on offer in hospitality at the moment, we will have no choice but to up our prices to cover the fees. Although it is a small percentage of our revenue, we have had to absorb so many costs that we are left with no choice but to pass on this one. I feel like many will do the same and this unfairly penalises customers who pay using cash or eftpos. I think legislation targeting the actual beneficiaries of surcharges (i.e. the merchants) is a much fairer and meaningful solution.

There are bigger fish to fry. Our card fees are less than half of one percent of gross revenue. We are just not that cheap.

Small businesses cannot afford to absorb this consumer cost. The only people benefiting from this are the banks (not the consumers as we will have to put up prices).

Now those using eftpos / debit cards will now go back to credit cards to gain the rewards that card companies offer.. so it won't cost us 90 k it will actually cost approximately 120 k plus.. I'm so against this legislation.. it's the worst decision for hospitality.. we are already on fine margins.

For the first 6 months of the year we had \$27k in fees. We do not stress as we collect and pass on. We have been offered a flat rate of 0.8% across all cards straight away if we go with new terminals that can't accept surcharges. This actually cuts our fees back by \$14k which is great how eve that means \$13k then comes straight off our bottom line over the first 6months of the year.

With utilities and food costs continuing to stay high and slightly increase, it means that to cover the surcharge and the increases by bringing the menu prices up, could look hefty and damage return business. So again we are asked to suck it up and absorb what we can. There is literally no reason for this bill to go through.

Not sure yet if we will remove the paywave or put our prices up...

I can't understand how the government has come to this decision. All this time waiting for something on par with the rates Australia pays and they decide we have to cover it. We take over 93% card payments as a percentage of sales and the introduction 3 yrs ago of a modest 1.2% surcharge that the staff notify the customers of and how to avoid it, has pushed down the rate of tap and go. With this change it will increase the usage and our fees will go up. At this point we can't 'turn it off' as a lot of people have no physical card on them or cash. So no payWave equals no purchase.

Customers have a choice of payment method cash, eftpos & credit card. If they want to pay the surcharge they can choose to if they don't there are other payment options. As the margins are so small we will have to increase the price and everyone pays.

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When the ban comes into fruition then (in our case) the 45% of clients that pay with eftpos will be more likely to pay with payWave and hence our merchant fees will increase (noting the proposed reductions in December 25 will not offset this). So the overall impact is greater than just the lost surcharge revenue and is being unfairly burdened on small business and not on large corporates or govt (even the IRD will continue to be allowed to charge their surcharge).

Why should the business pay for a convenience that the bank has put in place for the benefit of the customer but we get to pay for it!

Can't believe the government has banned us from passing on the fees instead of banning the bank from charging them.

We absorbed merchant fees for the first 2.5 years, then introduced a 1.5% charge. It helps but does not cover the cost of corporate or international cards, but also does not unduly punish locals. This new ban law is unfair, it puts the burden on us the ones working so hard to deliver value - we have just heard from our bank BNZ merchant services, as to what our new fees will be, with no room to comment on how they are fairly or unfairly are responding following the Commerce Commission's interchange announcement.

Australia charges a surcharge and our banks are Australian, so why is NZ different!!!

We feel that if a customer wants to use their credit card - then that is their choice and they should pay the fee - not us or that this should be covered by the banks.

As a small hospitality operator I strongly urge the Committee not to rush into a blanket ban on in-store card surcharges. The Commerce Commission's interchange caps (phased in Dec 2025 / May 2026) address the root cause of high merchant fees and should be implemented and independently measured for pass-through before any prohibition. In the meantime, require acquirers to publish merchant fee components, fund a short-term SME transition package, and allow audited, cost-reflective pass-throughs during the transition. A rushed ban risks higher menu prices, business failures and job losses in an already fragile sector – please pilot and measure outcomes first.

Note to government: Banning surcharges without addressing the underlying cost structure simply shifts costs back to businesses. If businesses withdraw from credit card networks entirely, consumer choice diminishes, and the policy will fail to achieve its intended benefit.

I think a more pertinent measure is the % of the fees against profit - if your merchant fees are average 1% of revenue and your profit margin is 5% - that's 20% of your profit going out the door to the bank in fees!

Never have surcharged and never will. Do not see any point in putting barriers in front of customers trying to give us money...

I held off adding passing on the Surcharge as long as possible, but just couldn't sustain it. The charges kept increasing the more customers used Paywave. Sadly we will have to pass it on somehow if the ban comes into effect.

We absorb the cost because we think it's unfair to charge the customers but we feel it should absolutely be banned!

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Our new Smartpay eftpos has all payments of any type capped at 1%. And there are no fees. They have started their own merchant banking, so have changed the game. I see that no business will need to charge any surcharge if they move to this system. It's a total gamechanger.

We don't charge a surcharge but I believe a business should be able to make their own decisions regarding how they pass on this cost.

Recently, we were in Australia and every cafe or restaurant had a surcharge (1%-1.5%), lower than our rates, but possibly inline with Australian bank charges. There is a limit to what small independent businesses can reasonably absorb.

This is yet another "hidden" cost to the business which customers don't see. There is no way around this expense, it has to be absorbed into the operation. If restaurants actually itemised a customer bill like tradies and contractors do, I think it would be eye opening for quite a few people to see what they are being charged for.

Increasing prices if the ban comes into effect is a necessity, it's not because I want to. The ban doesn't fix anything, it squashes small business. The surcharge still exists, it's just the business has to wear it so the banks can continue to benefit.

Most people pay it without even hesitating. It is easy to show the % charge clearly on the eftpos device and no one complains about it - Everyone knows it is the bank charge. I would support a limit on the surcharge amount but I think it is fair to charge it to those who choose those forms of payment. It is not a hidden, or unspecified cost.

We believe the Government is completely out of touch with small business owners at the moment. It is not easy to "just increase prices" in hospitality right now.

We have always included the merchant fees as part of the cost of doing business, it's no different to your power bill.

Instead of it being a ban I recommend they cap a max of the percentage that can be charged, as I feel it's the people that are profiting from it that shouldn't be - should just be what we're charged.

We have never once had a problem or query regarding passing the fee on.

Currently it is a user pays system which makes the most sense.

Even charging a surcharge doesn't cover all of merchant fees, especially if you have a higher number of international tourists who usually pay by credit card which we pay a higher percentage for on merchant fees, well above the 'recommended benchmark' surcharges implied regularly in media by consumer watchdog etc